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# Tyler Technologies, Inc. (TYL)
## Q3 2026 Prepared Remarks

Corporate Participants

H. Lynn Moore Jr.
Executive Chair, President & Chief Executive Officer

Brian K. Miller
Executive Vice President & Chief Financial Officer

Hala Elsherbini
Senior Director, Investor Relations

*These prepared remarks are being provided in advance of Tyler Technologies' third quarter 2026 earnings call, scheduled for October 29 at 7:30 AM CT. The remarks below are intended to be read in conjunction with our earnings release, earnings summary presentation, and KPI-focused supplemental information, all of which have been posted to the Investor Relations section of our website. Management will not read these prepared remarks during the live call. Instead, the call will consist of brief summary comments followed by a question-and-answer session.*

## Hala Elsherbini, Senior Director, Investor Relations

### Introduction and Safe Harbor Statement

These prepared remarks contain information other than historical information and may include projections concerning the Company's future prospects, revenues, expenses, and profits. Such statements are considered forward-looking statements under the Safe Harbor Provision of the Private Securities Litigation Reform Act of 1995 and are subject to certain risks and uncertainties which could cause actual results to differ materially from these projections. We refer you to our Form 10-K and other SEC filings for more information on those risks.

Our earnings release includes non-GAAP measures that we believe facilitate understanding of our results and comparisons with peers in the software industry. A reconciliation of GAAP to non-GAAP measures is provided in our earnings release.

In addition to these prepared remarks, please reference the Financials section of our investor relations website for our earnings summary presentation and a schedule with supplemental information. Our supplemental disclosures remain focused on the metrics that provide the most relevant insight into the performance and trajectory of our business, including annualized recurring revenue (ARR), recurring revenue, bookings, and free cash flow.

Please note that all growth comparisons referenced in our remarks relate to the corresponding period of last year unless specified otherwise.

## Opening Remarks – Lynn Moore, Executive Chair, President & CEO

Our third quarter results reflect continued strong execution across our key financial and operational measures. We delivered strong recurring revenue growth, expanded margins, generated record free cash flow, and continued to build momentum across our strategic growth initiatives. Recurring revenues grew 11%, highlighted by 21.2% SaaS revenue growth. Transactions revenues grew 9.5%. In addition, it was a solid bookings quarter with total SaaS bookings up 14%, reflecting healthy demand and strong client engagement around cloud migration and digital modernization initiatives across the public sector.

Third quarter profitability was equally strong. Free cash flow increased nearly 12% to a quarterly record of $277 million, and operating margins expanded 150 basis points year-over-year, benefiting from our increasingly favorable revenue mix, cloud efficiencies, and disciplined operating execution.

Across our business, our AI strategy is translating into measurable client outcomes, broader adoption, and expanding commercialization opportunities.

### Public Sector Demand Remains Healthy

Public sector demand remains healthy, with robust RFP activity, strong sales demo activity, and an active pipeline across the business. Governments continue to prioritize modernization, cybersecurity, digital service delivery, workforce efficiency, and operational transformation initiatives that improve constituent outcomes and streamline government operations. Budgets remain generally healthy and continue to support investment in mission-critical technology, with no meaningful shift in IT spending patterns.

Importantly, AI is increasingly becoming part of these broader modernization efforts rather than competing for funding. Agencies have a growing interest in leveraging AI to improve workforce productivity, enhance constituent engagement, automate manual processes, and expand service capacity through a digital workforce, creating a natural extension of many existing technology investment priorities.

Enhanced collaboration, deeper strategic account planning, and continued momentum within our dedicated state sales organization are expanding enterprise relationships and driving greater penetration across our markets.

## AI Progress on Track

Our AI strategy continues to progress on the path from early deployments toward scaled commercialization. During the third quarter, we broadened adoption, launched additional agentic capabilities, advanced monetization initiatives, and further demonstrated the measurable value our AI solutions deliver across government agencies.

To date we have closed approximately 300 sales containing AI solutions across our portfolio. We've also brought to general availability 11 AI agents and assistants, with 15 agentic solutions moving into pilot programs this quarter and next. We continue to see adoption expanding across multiple product areas, and we remain on pace to expand AI functionality across our flagship products to 25 AI agents by year-end.

As we discussed during our Investor Day in June, our AI strategy is centered on delivering practical, trusted, and purpose-built AI for government. One of the most encouraging developments this quarter has been the continued validation of our commercialization approach.

## AI Adoption Expands Across Government Workflows

During the quarter, the State of Nebraska selected Tyler's Resident AI Assistant for statewide deployment following a successful pilot and expanded its use of our AI-powered Document Automation capabilities. Resident AI Assistant now supports deployments across 11 states, reinforcing our confidence in leading the public sector in adopting government-grade AI.

Momentum is also building around our AI-powered Priority Based Budgeting solution, where six cities and counties selected the platform this quarter to navigate fiscal challenges and improve resource allocation decisions. These clients include Harris County, Texas, the nation's third largest county; St. Louis County, Missouri; Polk County, Iowa; Corpus Christi, Texas; and National City, California.

With our AI-powered Document Automation solution for courts, we signed contracts with several clients, including Denton County, Texas; and Monroe County Clerk of Court, Florida.

## Cloud Migration Momentum and Cloud Living Milestone

Cloud migration remains one of the most significant drivers of long-term value creation for Tyler. During the quarter, we initiated more proactive steps to help clients establish migration roadmaps, improve readiness, and accelerate future flip activity. In July, we reached out to our on-premises Enterprise clients to begin engaging in deliberate conversations about their path to the cloud. Following that communication, we have seen strong engagement across our client base, including a meaningful cohort of large clients actively advancing their transition plans. We are well positioned to drive an accelerating pace of migrations beginning in 2027.

We also reached an important Cloud Living milestone during the quarter. Wasco County, Oregon, a long-tenured Enterprise ERP client, advanced to our new SaaS operating model in a live environment, marking the first implementation of our multi-tenant solution, representative of our complete Cloud Living commitment. This milestone demonstrates our progress toward operating all clients on a common code stream with automated quarterly upgrades, faster innovation cycles, and more efficient delivery of new capabilities. With this successful go-live and additional pilot clients lined up, we are on track for broader rollouts in 2027.

## Notable Sales Wins

Our strong market position is reflected in broad-based sales activity during the quarter for both new sales and flips of on-premises clients to the cloud.

New SaaS Contracts – State and Local

- Lufkin, Texas - Enterprise ERP, Enterprise Permitting and Licensing, and Enterprise Asset Management
- Terrebonne Parish, Louisiana - Enterprise ERP and Tyler Payments
- Tarrant County, Texas - Enterprise Records
- Lake County, Florida – Enterprise Permitting and Licensing, and Tyler Payments
- The Florida Department of Environment Protection – Recreation Management

New SaaS Contracts – Federal

- Department of Veterans Affairs and Department of Justice – Workforce Case Management, Reasonable Accommodations
- Department of Defense – Workforce Case Management, Employee & Labor Relations

## Notable SaaS Flips

- Cameron County, Texas; and the Superior Court of California, County of Shasta, were among our Enterprise Justice clients moving to SaaS.
- Sangamon County, Illinois; Providence, Rhode Island; and Roseville, California, signed contracts to flip, joining a growing base of public safety clients embracing the cloud.
- Buffalo, New York; Council Bluffs, Iowa; and League City, Texas, were among Enterprise ERP clients migrating from on-premises to the cloud.
- Enterprise Assessment & Tax cloud migrations included Nova Scotia, Canada, and the City and County of Honolulu, Hawaii.

## State Enterprise Agreements and Cross-Sell Wins

We also extended or renewed six state enterprise agreements during the quarter, representing approximately $100 million in ARR, reinforcing the trusted relationships we have built across state governments and the mission-critical nature of the solutions we provide.

Our state sales organization continues to play an important role in expanding enterprise relationships and identifying opportunities across multiple Tyler businesses, supporting stronger account penetration and broader statewide engagements. Notable state wins that leveraged existing enterprise arrangements include:

- Alabama Department of Corrections for Warehouse Management
- Arkansas Department of Health for Vitals Access
- Colorado Office of Administrative Courts, our first Enterprise Justice client in Colorado, including eFile and multiple Justice solutions
- Mobile, Alabama - Enterprise ERP, Enterprise Public Safety, Fire Prevention Mobile

## Transaction-Funded Software Contracts

In addition to our new SaaS contracts, in the third quarter we signed several contracts to provide software solutions under transaction-funded arrangements, which are not included in quarterly bookings or Saas revenues. These contracts include:

- The New Jersey State Police selected Tyler's Regulatory suite to modernize the licensing and oversight of firearm vendors and instructors statewide, building on Tyler's established role supporting New Jersey's firearm background check process. This is the second transaction-based contract for our Regulatory suite and is expected to generate approximately $600,000 in annual recurring revenue when fully implemented.

- The Louisiana State Parks and Yuba County, California, signed contracts for our Outdoor Recreation solutions, with total estimated annual recurring revenue of more than $500,000.
- The Arkansas Supreme Court selected our Engagement Builder solution, along with payment processing.

Our wins across new sales, flips, and expansions reflect the increasing value clients place on Tyler's integrated platform and the strength of our focused sales collaboration, strategic account planning, and cross-divisional enablement that continue to sharpen our go-to-market execution.

**Disciplined Capital Allocation and Strategic M&A**

Our capital allocation strategy is focused on investing in high-return growth opportunities, pursuing disciplined strategic acquisitions, and returning capital to shareholders through share repurchases.

During the quarter, we completed the acquisition of CODY Systems, further strengthening our position in the small and midsize public safety market with cloud-native software and data management solutions. Combined with the acquisition of For The Record earlier this year, these investments reflect our commitment to expanding our addressable market, enhancing our technology capabilities, and creating long-term shareholder value

Year to date, we have repurchased approximately 8.5% of our common shares outstanding, reflecting our confidence in Tyler's long-term outlook and our disciplined approach to capital deployment. Our strong cash generation continues to provide substantial flexibility to invest organically, pursue strategic M&A, and return capital to shareholders while maintaining a strong balance sheet and ample financial flexibility.

## Financial Comments – Brian Miller, EVP & CFO

Total revenues for the quarter were $647.6 million, up 8.7%. Recurring revenues rose 11.0% to $568.8 million and comprised 87.8% of total revenues.

Subscription revenues increased 15.3% to $462.6 million, driven by strong SaaS revenue growth of 21.2% to $242.2 million.

Transaction revenues grew 9.5% to $220.4 million. As we've previously discussed, revenues under the Texas payments contract ended in the fourth quarter of 2025. Excluding the impact of the Texas payments contract, transaction revenues grew 14.2%, subscription revenues grew 17.8%, and total revenues grew 10.2%.

Our total annualized recurring revenue was approximately $2.28 billion, up 11.0%.

Our non-GAAP operating margin was 28.1%, up 150 basis points from last year, reflecting a positive shift in our revenue mix with strong accretive SaaS and transaction revenue growth, along with operating expense efficiencies.

Cash flows from operations and free cash flow were both robust at $282.5 million and $277.0 million, respectively. Free cash flow increased 11.9% to reach a new all-time quarterly high, and our free cash flow margin was 42.8%, compared to 41.5% last year.

Total bookings rose 7.3% to $646 million.

Total SaaS bookings, which includes new SaaS deals, flips of on-premises clients, expansions, and renewals, grew 14.0%, with total contract value of approximately $262 million.

New SaaS deals added approximately $22.0 million in annual contract value. Flips of on-premises clients added annual contract value of approximately $18.6 million. Total SaaS ARR added was approximately $40.6 million, up 32.1%. As a reminder, transaction-funded software deals are not included in SaaS revenues or SaaS bookings.

Our balance sheet is extremely strong, and we remain committed to disciplined capital allocation while maintaining financial flexibility. We ended the quarter with cash and investments of approximately $905 million and $1.4 billion of debt on our balance sheet.

During the quarter, we repurchased approximately 1.1 million shares of our common stock for approximately $379 million. Year to date, we have now repurchased approximately 3.6 million shares, representing approximately 8.5% of our outstanding shares.

We have adjusted our annual revenue guidance to reflect shifts in the timing of new sales during the year, with a 0.2% change to total revenue at the guidance midpoint. Earnings per share and free cash flow guidance ranges are unchanged from prior guidance.

## Annual Guidance for 2026

| Guidance for 2026 | Range |
|---|---|
| Total revenues | $2.535 billion to $2.565 billion |
| Subscription revenue growth | 13% to 16% |
| SaaS revenue growth | 21.5% to 22.5% |
| Transaction revenue growth | 6% to 8% |
| Excluding the impact of the termination of the Texas payments contract | 11% to 13% |
| Maintenance revenue growth | (3)% to (5)% |
| Professional services revenue growth | 0% to 2% |
| Other revenue growth | 15% to 17% |
| Non-GAAP diluted earnings per share | $12.95 to $13.20 |
| Free cash flow margin | 26% to 28% |
| Research and development expense | $245 million to $250 million |
| Capital expenditures | $20 million to $22 million |
| Capitalized software development costs included in capex | $5 million |
| Net interest income | $15 million to $17 million |

Tyler Technologies has not reconciled forward-looking full-year non-GAAP financial measures to their most directly comparable GAAP measures, as permitted by item 10(e)(1)(i)(B) of Regulation S-K. Such reconciliations would require unreasonable efforts at this time to estimate and quantify with a reasonable degree of certainty various necessary GAAP components, including for example those related to stock-based compensation, acquisition transactions, tax items or others that may arise during the year. These components and other factors could materially impact the amount of the future directly comparable GAAP measures, which may differ significantly from their non-GAAP counterparts.

## Closing Remarks – Lynn Moore

As we enter the fourth quarter, our sales pipeline is active, and our recent selections and signings support a positive outlook for the remainder of 2026.

One year ago, much of the conversation around AI centered on vision and potential. Today, that vision is translating into client deployments, measurable outcomes, expanding visibility into monetization, and increasing competitive differentiation. Tyler Foundry, our growing portfolio of AI agents and assistants, and our deep integration within mission-critical government workflows position Tyler to lead in the emerging category of government-grade AI.

Before I close, I am pleased to share a few recent recognitions that reflect the strength of our solutions, our market position, and our culture. Tyler was ranked number one among evaluated public safety software providers in an independent market assessment conducted by Info-Tech Research Group, a strong endorsement of our public safety portfolio and the trust our clients place in our solutions. We were also included on Newsweek's 2027 list of America's Greenest Companies. And, we are proud to be recognized by U. S. News & World Report as one of the 2026-2027 Best Companies to Work For in the Information Technology category, and for the first time, by TIME on its America's Best Companies 2026 list, distinctions that reflect our commitment to our team members and the strong culture we have built at Tyler. Collectively, these recognitions reflect our commitment to excellence for our clients, our team members, and our shareholders.

As we look ahead, I remain highly confident in the opportunities before us. We have a durable recurring revenue model, a significant cloud migration runway, expanding AI monetization opportunities, strong client relationships, and a team executing with focus and discipline. Collectively, these strengths support our confidence in the long-term growth trajectory outlined in our Tyler 2030 strategy.