

2025 First Quarter Earnings Review

Tyler Technologies | April 24, 2025

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Statement Regarding Use of Non-GAAP Measures

Tyler Technologies has provided in this presentation financial measures that have not been prepared in accordance with generally accepted accounting principles (GAAP) and are therefore considered non-GAAP financial measures. This information includes non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating income, non-GAAP operating margin, non-GAAP net income, non-GAAP earnings per diluted share, EBITDA, adjusted EBITDA, free cash flow, and free cash flow margin. We use these non-GAAP financial measures internally in analyzing our financial results and believe they are useful to investors, as a supplement to GAAP measures, in evaluating Tyler's ongoing operational performance because they provide additional insight in comparing results from period to period. Tyler believes the use of these non-GAAP financial measures provides an additional tool for investors to use in evaluating ongoing operating results and trends and in comparing our financial results with other companies in our industry, many of which present similar non-GAAP financial measures. Non-GAAP financial measures discussed above exclude share-based compensation expense, employer portion of payroll taxes on employee stock transactions, expenses associated with amortization of intangibles arising from business combinations, acquisition-related expenses, and lease restructuring costs and other. Annualized recurring revenues (ARR) is calculated by annualizing the current quarter's recurring revenues from subscriptions and maintenance.

Tyler currently uses a non-GAAP tax rate of 22.5%. This rate is based on Tyler's estimated annual GAAP income tax rate forecast, adjusted to account for items excluded from GAAP income in calculating Tyler's non-GAAP income, as well as significant non-recurring tax adjustments. The non-GAAP tax rate used in future periods will be reviewed periodically to determine whether it remains appropriate in consideration of factors including Tyler's periodic annual effective tax rate calculated in accordance with GAAP, changes resulting from tax legislation, changes in the geographic mix of revenues and expenses, and other factors deemed significant. Due to differences in tax treatment of items excluded from non-GAAP earnings, as well as the methodology applied to Tyler's estimated annual tax rate as described above, the estimated tax rate on non-GAAP income may differ from the GAAP tax rate and from Tyler's actual tax liabilities.

Non-GAAP financial measures should be considered in addition to, and not as a substitute for, or superior to, financial information prepared in accordance with GAAP. The non-GAAP measures used by Tyler Technologies may be different from non-GAAP measures used by other companies. Investors are encouraged to review the reconciliation of these non-GAAP measures to their most directly comparable GAAP financial measures, which has been provided in the financial statement tables included in this presentation and our earnings press release.

Forward-Looking Statements

This document contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 that are not historical in nature and typically address future or anticipated events, trends, expectations or beliefs with respect to our financial condition, results of operations or business. Forward-looking statements often contain words such as “believes,” “expects,” “anticipates,” “foresees,” “forecasts,” “estimates,” “plans,” “intends,” “continues,” “may,” “will,” “should,” “projects,” “might,” “could” or other similar words or phrases. Similarly, statements that describe our business strategy, outlook, objectives, plans, intentions or goals also are forward-looking statements. We believe there is a reasonable basis for our forward-looking statements, but they are inherently subject to risks and uncertainties and actual results could differ materially from the expectations and beliefs reflected in the forward-looking statements.

We presently consider the following to be among the important factors that could cause actual results to differ materially from our expectations and beliefs: (1) changes in the budgets or regulatory environments of our clients, primarily local and state governments, that could negatively impact information technology spending; (2) disruption to our business and harm to our competitive position resulting from cyber-attacks, security vulnerabilities and software updates; (3) our ability to protect client information from security breaches and provide uninterrupted operations of data centers; (4) our ability to achieve growth or operational synergies through the integration of acquired businesses, while avoiding unanticipated costs and disruptions to existing operations; (5) material portions of our business require the Internet infrastructure to be adequately maintained; (6) our ability to achieve our financial forecasts due to various factors, including project delays by our clients, reductions in transaction size, fewer transactions, delays in delivery of new products or releases or a decline in our renewal rates for service agreements; (7) general economic, political and market conditions, including continued inflation and rising interest rates; (8) technological and market risks associated with the development of new products or services or of new versions of existing or acquired products or services; (9) competition in the industry in which we conduct business and the impact of competition on pricing, client retention and pressure for new products or services; (10) the ability to attract and retain qualified personnel and dealing with rising labor costs, the loss or retirement of key members of management or other key personnel; and (11) costs of compliance and any failure to comply with government and stock exchange regulations.

These factors and other risks that affect our business are described in our filings with the Securities and Exchange Commission, including the detailed “Risk Factors” contained in our most recent annual report on Form 10-K and quarterly report on Form 10-Q. We expressly disclaim any obligation to publicly update or revise our forward-looking statements.

The Leader in Software Solutions to the Public Sector

TYLER AT A GLANCE

1

MARKET
POSITION

85%

RECURRING
REVENUES 2024

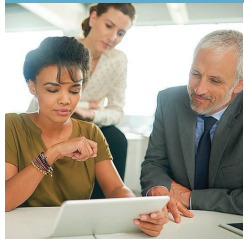
26.9%

FREE CASH FLOW
MARGIN 2024

98%

GROSS CLIENT
RETENTION

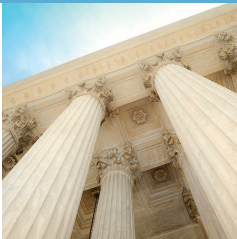
2024 REVENUE BREAKDOWN



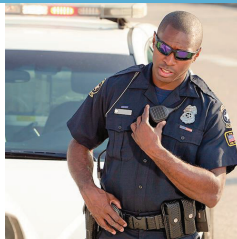
ERP /
FINANCIAL
32%



PLATFORM
TECHNOLOGIES
29%



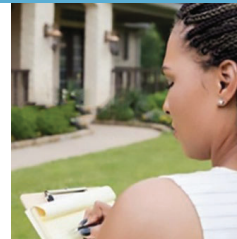
COURTS &
JUSTICE
15%



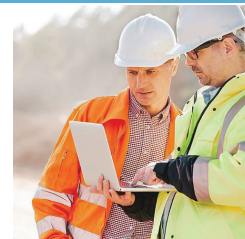
PUBLIC
SAFETY
7%



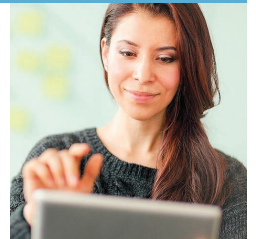
K-12
SCHOOLS
7%



APPRAISAL &
TAX
5%



CIVIC
SERVICES
3%



OTHER
2%

Tyler 2030 | Pillars of Growth



Leveraging
Our Strong
Client Base



Expanding
Into New
Markets



Completing
Our Cloud
Transition



Growing
Our Payments
Business

Goals: Grow revenues, expand margins, and invest in our people & tools

Q1 2025 Summary

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First Quarter Results

CONTINUED STRONG PERFORMANCE ACROSS KEY METRICS



Revenues

Total Revenues \$565.2M, up 10.3%
SaaS Revenues \$180.1M, up 21.0%
ARR \$1.95B, up 13.3%



Non-GAAP Earnings¹

\$2.78 EPS, up 26.4%



Non-GAAP Operating Margin¹

26.8%, up 300 bps

¹ See the reconciliation of GAAP to Non-GAAP measures included in this presentation and in our earnings release.

First Quarter Results

KEY HIGHLIGHTS



Active public sector demand, with continued elevated sales indicators in RFP and demo trends



Healthy public sector budgets primarily funded by property taxes – a stable funding source underlying long-term demand



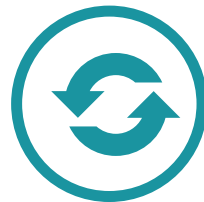
Strength in our transactions sales with 196 new payments wins



Strong margin expansion – cloud efficiency gains driving scalability across our platform



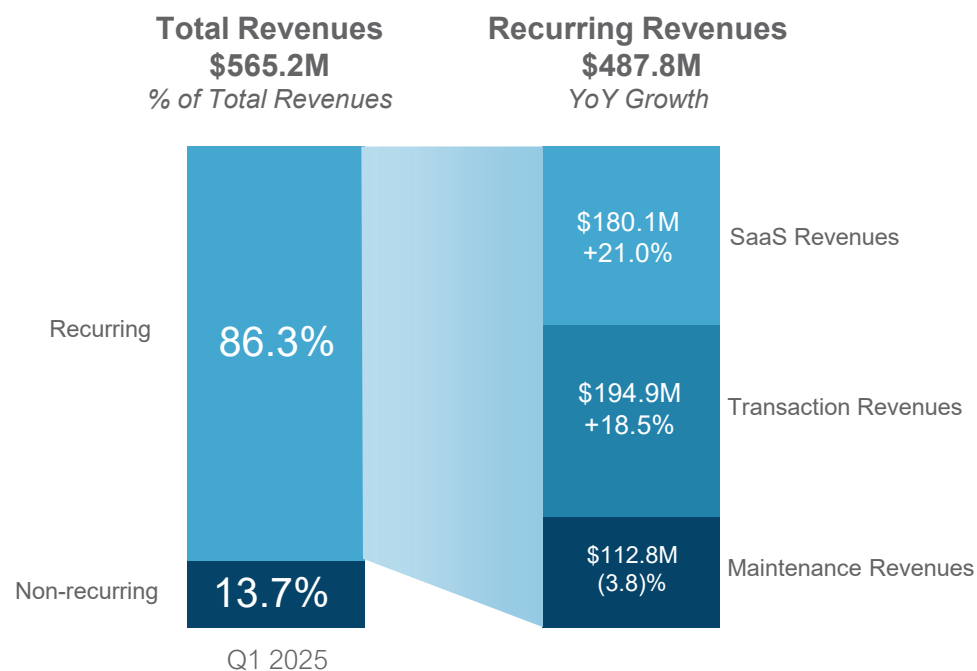
Accelerated SaaS adoption with cloud flips increasing and higher contract value, up 28%



Strong balance sheet with zero net leverage as cash exceeds outstanding debt; \$600M convertible debt matures 2026

Strong Recurring Revenue Growth

- Recurring revenues **up 13.3%**
- Subscriptions **rose 19.7%**
 - SaaS revenues **grew 21.0%** marking the 17th consecutive quarter of SaaS growth of 20%+
 - Transaction revenues outperformed plan with **18.5% growth**, driven by increased adoption and deployment of transaction-based services
 - Maintenance revenues **declined 3.8%**, reflecting the ongoing shift from on-premises license to SaaS



Q1 2025 Strong Performance Across Key Metrics

Total Revenues	Recurring Revenues	Diluted EPS ¹		Adjusted EBITDA ¹
\$565.2M +10.3%	\$487.8M +13.3%	GAAP	\$1.84 +46.0%	\$162.3M +21.5%
		Non-GAAP	\$2.78 +26.4%	
Cash from Operations*	Free Cash Flow* ¹	Gross Margin ¹		Operating Margin ¹
\$56.2M -21.8%	\$48.3M -15.6%	GAAP	47.3% +360 bps	GAAP 15.8% +270 bps
	FCF Margin 8.5%	Non-GAAP	50.4% +350 bps	Non-GAAP 26.8% +300 bps

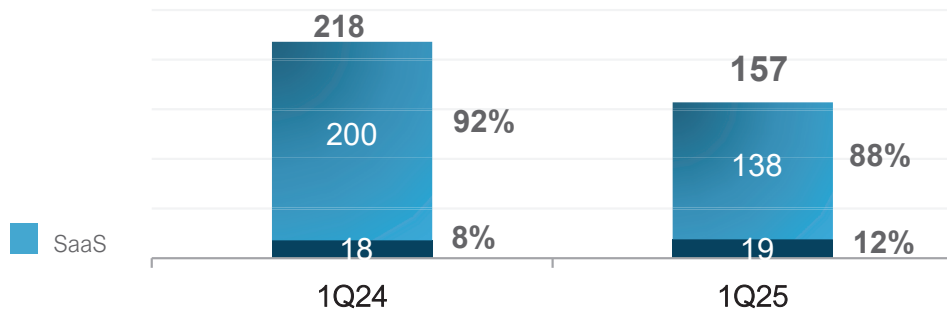
*Cash flow was impacted by the timing of the payment of approximately \$25 million that was received in Q4 2024 related to state disbursement services.

¹ See the reconciliation of GAAP to Non-GAAP measures included in this presentation and in our earnings release.

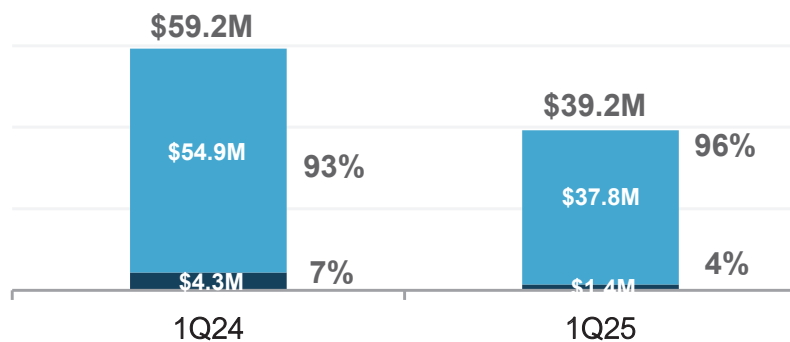
Q1 2025 New Software Business Mix

ACCELERATING SAAS ADOPTION AND GROWTH IN FLIPS

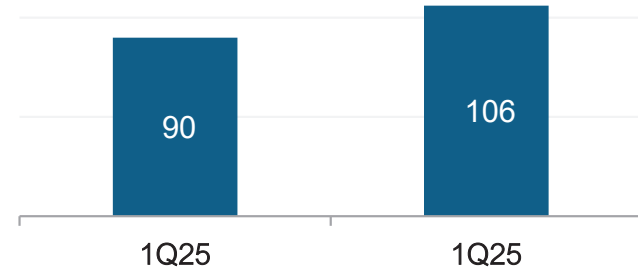
of New Software Deals



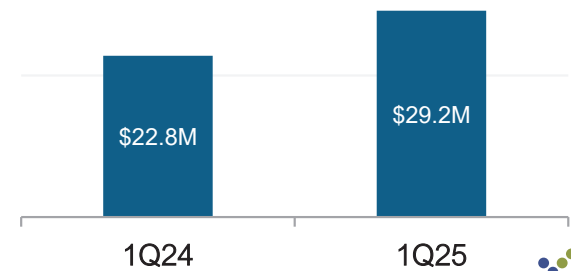
New SW Contract Value



of Flips



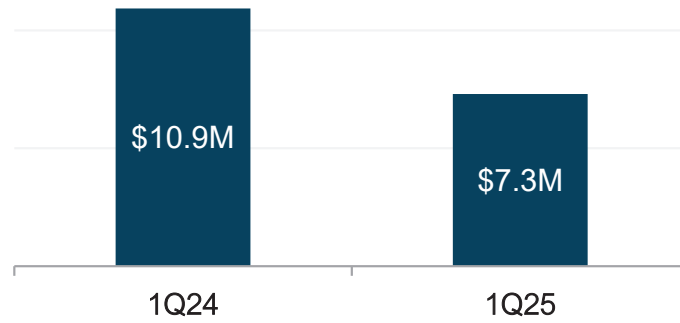
Flip Contract Value



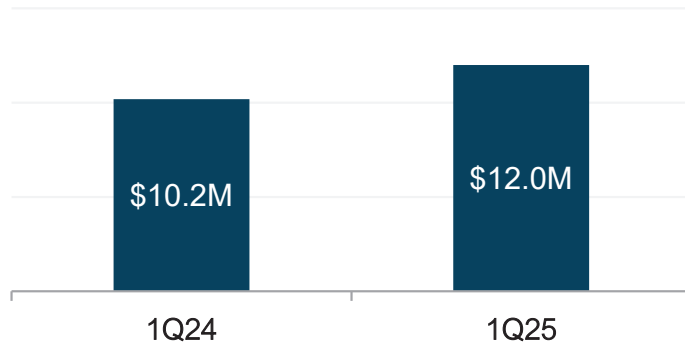
Q1 2025 New ARR

ACCELERATING SAAS ADOPTION

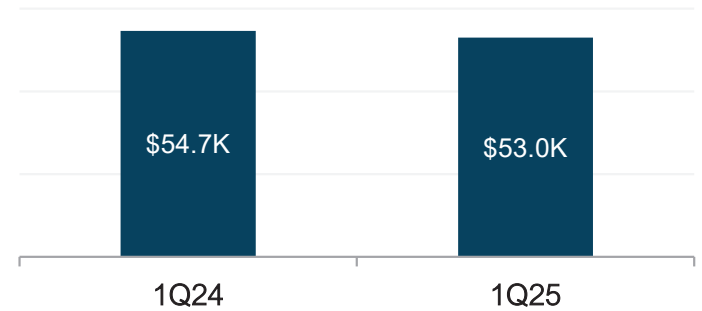
New SaaS Total ARR



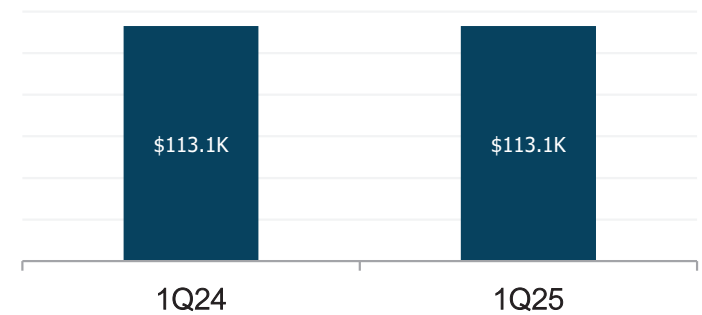
Flips Total ARR



New SaaS Avg ARR



Flips Avg ARR



Notable Q1 Wins

ACCELERATING SAAS ADOPTION AND FLIPS

New SaaS deals

- City of Fort Collins, CO
 - Enterprise Permitting & Licensing
 - Competitive win cited for all-inclusive solution and services transparency
- Jefferson County Public Schools, KY
 - Student Transportation + Tyler Drive
 - Existing Enterprise ERP client
- St. Lucie County, FL
 - Enterprise ERP
- City of El Centro, CA
 - Enterprise ERP
- Siskiyou County, CA
 - Enterprise ERP

New SaaS deals

- Vermont Department of Health
 - Application Platform

AI-Driven Priority Based Budgeting deals

- City of Bloomington, MN
- City of Dallas, TX
- City of Olympia, WA
- Dunn County, WI

Large SaaS flips

- Clackamas Education Services Dist., OR
 - School ERP Pro
 - First major Educational Services SaaS flip, includes 10 school districts and the Educational Services District office
 - \$883K ARR
- Cleveland Municipal Court, OH
 - Enterprise Justice
 - \$801K ARR
- Peoria County, IL
 - Enterprise Justice
 - \$675K ARR
- Tom Green County, TX
 - Enterprise Justice
 - \$616K ARR
- City of Centennial, CO
 - Enterprise ERP, Enterprise Permitting & Licensing, Municipal Justice
 - \$428K ARR

Notable Q1 Wins

State & Federal

- West Virginia Secretary of State
 - State Regulatory Platform
- Alabama Department of Conservation & Natural Resources
 - Outdoor Recreation plus payments
- Virginia Cannabis Control Authority
 - Cannabis Licensing
- Tennessee Department of Veterans Services
 - Application Platform
 - Existing client upgrade to integrated solution
- Four state renewals
 - Connecticut State Enterprise, 3-year extension
 - New Mexico State Enterprise, 3-year extension
 - Florida Payments, 5-year extension

Cross-sell synergies

- Talbot County Department of Emergency Services, MD
 - Enterprise Public Safety suite
 - SaaS win in competitive RFP, leveraged existing Enterprise ERP client relationship
- City of Bloomington, MN
 - Enterprise ERP flip + Priority Based Budgeting
 - Leveraged installed sales team
- Fulton County, GA
 - Enterprise Records Management plus payments
 - Leveraged existing Enterprise Appraisal & Tax and Enterprise Justice client relationships
- State of Maine
 - My Civic
 - ERP + Digital Solutions Division
 - Competitive RFP, leveraged state enterprise relationship

Multi-product wins

- Wright County, MN
 - Enterprise Portal, Tyler Cashiering plus payments
 - Across eight county departments
- Lee County, IL
 - Enterprise Justice, Enterprise Supervision

2025 Annual Guidance

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2025 Annual Guidance

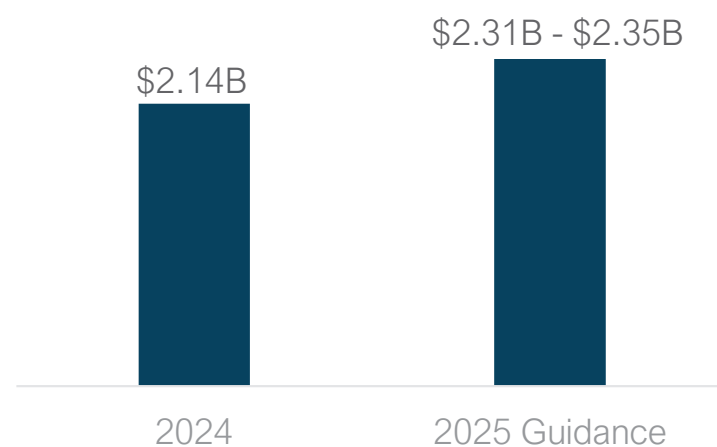
EXECUTING LONG-TERM GROWTH AND CLOUD-FIRST STRATEGY

Revenue Guidance midpoint implies growth of approx. 9.0%

Revenue range percentage growth expectations:

- Subscriptions growth of 15 - 18%
 - SaaS growth of 21 - 24%
 - Transaction growth of 12 - 14%
 - Merchant fees essentially flat
- Maintenance down 4 - 6%
- Professional services flat to down 3%
- Licenses and royalties down 18 - 20%
- Hardware and other down 18 - 20%

Total Revenues

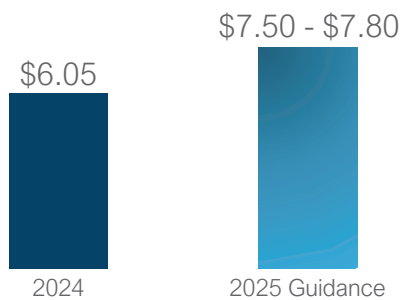


Net interest income growth in the range of \$28 million to \$30 million

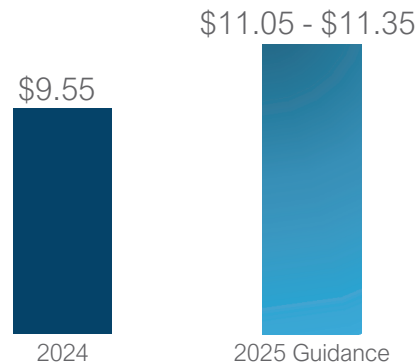
Most recent 2025 guidance provided on 4/23/25

2025 Annual Guidance

Diluted EPS - GAAP



Diluted EPS - Non-GAAP

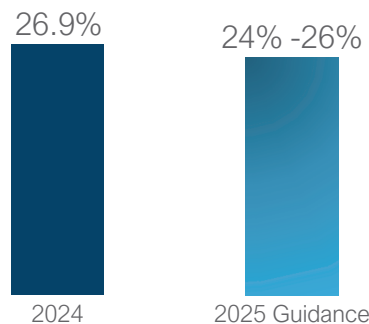


GAAP to non-GAAP guidance reconciliation	2025
GAAP diluted earnings per share ⁽¹⁾	\$7.50 - \$7.80
Plus:	
Share-based compensation expense	3.43
Amortization of acquired software and other intangibles	1.79
Less:	
Income tax impact ⁽¹⁾	(1.67)
Non-GAAP diluted earnings per share	\$11.05 - \$11.35
Shares used in computing diluted earnings per share (millions)	44.6
GAAP estimated annual effective tax rate used in computing GAAP diluted earnings per share ⁽¹⁾	17.0%
Non-GAAP estimated annual effective tax rate used in computing non-GAAP diluted earnings per share ⁽²⁾	22.5%

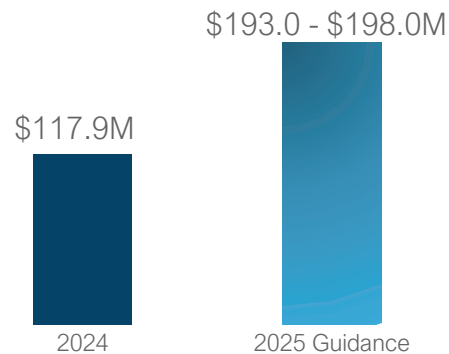
⁽¹⁾ GAAP diluted earnings per share may fluctuate due to the impact on our annual effective tax rate of discrete tax items, such as stock incentive awards, future acquisitions, changes in tax legislation, and other transactions.

⁽²⁾ The non-GAAP estimated annual effective tax rate is expected to be 22.5%, up from 22.0% in 2024.

Free Cash Flow Margin



R&D Expense



Most recent 2025 guidance provided on 4/23/25

Appendix

Non-GAAP Measures

THE TABLE
RECONCILES
THE NON-GAAP
MEASURES
USED IN THIS
PRESENTATION

Reconciliation of non-GAAP gross profit and margin	Three months ended March 31,	
	2025	2024
GAAP gross profit	\$ 267,081	\$ 223,666
Non-GAAP adjustments:		
Add: Share-based compensation expense included in cost of revenues	8,714	7,390
Add: Amortization of acquired software	9,294	9,239
Non-GAAP gross profit	\$ 285,089	\$ 240,295
GAAP gross margin	47.3 %	43.7 %
Non-GAAP gross margin	50.4 %	46.9 %

Reconciliation of non-GAAP operating income and margin	Three months ended March 31,	
	2025	2024
GAAP operating income	\$ 89,173	\$ 66,978
Non-GAAP adjustments:		
Add: Share-based compensation expense	37,660	26,866
Add: Employer portion of payroll tax related to employee stock transactions	1,064	805
Add: Acquisition-related costs	33	27
Add: Lease restructuring costs and other	24	(326)
Add: Amortization of acquired software	9,294	9,239
Add: Amortization of other intangibles	14,139	18,118
Non-GAAP adjustments subtotal	62,214	54,729
Non-GAAP operating income	\$ 151,387	\$ 121,707
GAAP operating margin	15.8 %	13.1 %
Non-GAAP operating margin	26.8 %	23.8 %

Reconciliation of non-GAAP net income and earnings per share	Three months ended March 31,	
	2025	2024
GAAP net income	\$ 81,052	\$ 54,170
Non-GAAP adjustments:		
Add: Total non-GAAP adjustments to operating income	62,214	54,729
Less: Income tax impact	(21,200)	(14,232)
Non-GAAP net income	\$ 122,066	\$ 94,667
GAAP earnings per diluted share	\$ 1.84	\$ 1.26
Non-GAAP earnings per diluted share	\$ 2.78	\$ 2.20

Non-GAAP Measures

THE TABLE
RECONCILES
THE NON-GAAP
MEASURES
USED IN THIS
PRESENTATION

	Three months ended March 31,	
	2025	2024
Detail of share-based compensation expense		
Cost of revenues	\$ 8,714	\$ 7,390
Operating expenses	28,946	19,476
Total share-based compensation expense	\$ 37,660	\$ 26,866

	Three months ended March 31,	
	2025	2024
Reconciliation of EBITDA and adjusted EBITDA		
GAAP net income	\$ 81,052	\$ 54,170
Amortization of other intangibles	14,139	18,118
Depreciation and amortization included in cost of revenues, sales and marketing expense, general and administrative expense, and research and development expense	20,209	21,101
Interest expense	1,246	2,184
Other income, net	(7,363)	(1,845)
Income tax provision	14,238	12,469
EBITDA	\$ 123,521	\$ 106,197
Share-based compensation expense	37,660	26,866
Acquisition-related costs	33	27
Employer portion of payroll tax related to employee stock transactions	1,064	805
Lease restructuring costs and other asset write-offs	24	(326)
Adjusted EBITDA	\$ 162,302	\$ 133,569

	Three months ended March 31,	
	2025	2024
Reconciliation of free cash flow		
Net cash provided by operating activities	\$ 56,158	\$ 71,839
Less: additions to property and equipment	(2,335)	(7,282)
Less: investment in software development	(5,550)	(7,386)
Free cash flow	\$ 48,273	\$ 57,171
Free cash flow margin	8.5 %	11.2 %

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