April 29, 2026

Tyler Technologies, Inc. (TYL)

Q1 2026 Prepared Remarks

Corporate Participants

H. Lynn Moore Jr.
President & Chief Executive Officer

Brian K. Miller
Executive Vice President & Chief Financial Officer

Hala Elsherbini
Senior Director, Investor Relations

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, we have also posted on the Financials section of our investor relations website, an investor presentation providing additional information and analysis, and a schedule with supplemental information, including information about quarterly recurring revenues and bookings.

During the past year, we've discussed our intent to simplify the supplemental information we present to focus on our two key performance indicators, annualized recurring revenue (ARR) and free cash flow, along with other metrics we consider meaningful, including quarterly recurring revenues and bookings. We believe this will enable investors and others to focus on relevant metrics that best reflect the performance and trajectory of our business.

This quarter, we published our prepared remarks shortly after our earnings release. We will continue this practice going forward to provide timely context and added color around our results. Beginning next quarter, we also plan to hold our earnings call earlier in the day, before the market opens.

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, President & CEO

Our first quarter results provided a strong start to 2026 and exceeded expectations for our key metrics, with quarterly recurring and total revenues reaching new record highs. We achieved double-digit recurring revenue growth, led by exceptional SaaS growth of 23.5%, extending our impressive record of 21 consecutive quarters of 20% or greater SaaS growth. Our unified transactions strategy also delivered strong results, reflecting our holistic approach to capturing greater value from existing clients and expanding transaction-based service offerings.

We continued to drive margin expansion through revenue mix improvement, cloud efficiency gains, and disciplined expense management. Additionally, we delivered another quarter of robust free cash flow, which more than doubled over last year and reached a new high for a first quarter.

These results reflect strong execution across our strategic priorities and the increasing operational leverage of our cloud-optimized platform.

Resilient Public Sector Market Environment and Strong Sales Execution

Public sector demand remains resilient, with consistently strong request for proposal (RFP) and sales demo activity and sustained pipeline strength across our solutions. Budgets generally remain healthy, and we're seeing no meaningful shift in public sector spending patterns between AI and traditional software solutions. Additionally, with 98% of our revenues generated domestically, current geopolitical events and broader macro uncertainties have little to no impact on our business fundamentals. Against this positive backdrop, bookings growth accelerated in the first quarter as we expected.

Our sales collaboration and enablement initiatives are delivering results, including strong sales momentum and execution from our dedicated state sales team working across Tyler to capture cross-sell opportunities as well as new logo wins.

Notable Sales Wins

- Harris County, Texas, the nation's third largest county, and Miami-Dade County, Florida, the nation's seventh largest county, each signed contracts for our AI-powered Document Automation solution, expanding their existing Enterprise Justice solutions.

- Michigan’s Upper Peninsula 911 Authority, one of the largest multi-county Public Safety Answering Point (PSAP) consortiums in the country, signed a SaaS agreement for our Enterprise Public Safety solutions.

- Hidalgo County and Hays County, both among the 20 largest counties in Texas, signed contracts to move their Tyler Enterprise Justice solutions from on-premises to the cloud.

- The Arkansas Department of Finance & Administration executed a contract for our state-wide Resident Engagement Platform.

- We added a transaction-based state contract for a digital motor vehicle titling and electronic liens solution that we estimate will generate more than $20 million in annual revenues when fully ramped. We expect to see revenues begin in mid-2027. Note that because this arrangement is transaction-based, it is not included in this quarter’s reported bookings.

Executing Our Strategic Growth Pillars

Throughout 2025, we discussed strategic investments positioning Tyler for accelerated growth and market leadership: product innovation, our Cloud Living approach, enhanced client experience, and client-facing agentic AI capabilities. These investments are gaining traction and contributing to our performance.

As we operationalize our cloud strategy, we're driving efficiency as we move to more centralized disciplines across support, development, and implementation. Our goal is to ultimately have every client on a single code stream for each product, on the same version, upgrading at the same time, and enabling seamless integration of multiple products and continuous upgrades.

Our client experience initiatives continue to deliver measurable progress, with enhanced support, improved resolution times, and a streamlined, unified experience. We're embedding One Tyler initiatives to drive higher cross-sell opportunities and deliver the seamless experience our clients expect.

Financial Comments – Brian Miller, EVP & CFO

Total revenues for the quarter were $613.5 million, up 8.6%. Recurring revenues were $538.6 million, up 10.4%, and comprised 87.8% of total revenues.

Subscription revenues increased 14.6% to $429.8 million, driven by robust SaaS revenue growth of 23.5% to $222.4 million.

Transaction revenues grew 6.4% to $207.4 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 13.8%, subscription revenues grew 18.6%, and total revenues grew 11.0%.

Our total annualized recurring revenue was approximately $2.15 billion, up 10.4%.

Our non-GAAP operating margin was 27.2%, an improvement of 40 basis points from last year. Our margin expansion reflects a continued positive shift in revenue mix toward higher-margin SaaS and transaction revenues, as well as efficiency gains across our cloud operations.

Cash flows from operations and free cash flow both reached new highs for a first quarter at $107.3 million and $102.8 million, respectively. Free cash flow increased 113% and our free cash flow margin was 16.8%, compared to 8.5% last year.

Total bookings rose 10.1% to $543 million, a new record for first quarter bookings.

Total SaaS bookings, which includes new SaaS deals, flips of on-premises clients, expansions, and renewals, grew 40.4%, with total contract value of approximately $207 million.

Flips of on-premises clients to the cloud were solid, adding annual contract value of $13.2 million, up 10.1%.

Our balance sheet is exceptionally strong, and we remain committed to disciplined capital allocation while maintaining financial flexibility. In March, we repaid our $600 million convertible debt when it matured. We ended the quarter with cash and investments of approximately $398 million and no debt on our balance sheet.

During the quarter, we repurchased nearly 800,000 shares of our common stock for approximately $250 million under our $1 billion repurchase authorization announced February 4. We also put in place a 10b5-1 trading plan to provide additional execution flexibility, and from the end of the first quarter through April 29, we repurchased an additional 298,000 shares of our stock for approximately $97 million. Year to date, we have now repurchased approximately 2.5% of our outstanding shares, with $653 million remaining under our current authorization.

Annual Guidance for 2026

Guidance for 2026	Range
Total revenues	$2.535 billion to $2.575 billion
Subscription revenue growth	13% to 16%
SaaS revenue growth	21.5% to 23.5%
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 service revenues growth	0% to 2%
Other revenue growth	9% to 11%
Non-GAAP diluted earnings per share	$12.50 to $12.75
Free cash flow margin	26% to 28%
Research and development expense	$245 million to $250 million
Capital expenditures	$18 million to $20 million
Capitalized software development costs included in capex	$6 million
Net interest income	$8 million to $10 million

Our updated guidance includes the impact of the acquisition of For The Record effective April 14, 2026.

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

We're well positioned for 2026 and beyond with a unique combination of durable demand drivers and our core business growth engine augmented by our differentiated domain expertise and trust-based approach to leading the public sector's AI evolution. We're making progress on all fronts, executing our four-pronged growth strategy to drive predictable, higher-value recurring revenue while advancing our strategic direction to deliver on our Tyler 2030 objectives.

For The Record Acquisition Successfully Closed

On April 14, we closed the acquisition of For The Record for approximately $223 million in cash, a strategic addition of a digital court recording pioneer and our third largest acquisition to date. This transaction exemplifies our proactive yet disciplined approach to acquisitions, focused on strategic and cultural fit, technological innovation, and value creation that expands our TAM and unlocks new arenas of competition.

For The Record brings advanced legal-grade speech-to-text and real-time, multilingual transcription technology powered by AI to Tyler's justice portfolio. It enhances our Courts & Justice offering in three meaningful ways: first, it creates a seamless courtroom ecosystem by integrating digital audio recording and transcription with our existing solutions, expanding efficiencies for judges, clerks, and attorneys; second, it accelerates digital transformation by enabling cloud-based audio capture and near real-time transcript access that secures the court record and improves access to justice; and third, it unlocks a new category of "judicial intelligence" by unifying previously fragmented data from inside and outside the courtroom to deliver previously unforeseen productivity using what is now the definitive record.

For The Record's model is in the midst of a SaaS transition, with a revenue mix that will continue to shift to more recurring revenues.

Tyler Connect 2026 Recap and AI Strategy

Earlier this month at Tyler Connect 2026, nearly 6,800 clients, partners, and team members gathered in Las Vegas to explore the future of government technology, including our vision for AI-driven innovation. With a high energy level and positive vibe among attendees, our management team agreed that this was our most successful Connect to date.

Throughout Connect, we dove deep on what makes Tyler's approach to AI in the public sector different. As we said on our last earnings call, technology alone doesn't win in the public sector. Delivering AI that works requires trust, expertise, and relationships, and the bar for getting it right is higher than anywhere else. Clients reinforced that view all week: they told us they see the value AI can bring to their work, and they want it from a partner who understands what's at stake. They want AI from Tyler.

That's where our new Agentic AI platform, Tyler Foundry, comes in. Unveiled at Connect, and built on Tyler's advantages, our data, our domain expertise, and our client partnerships, Foundry is how we deliver trusted, practical, outcome-driven AI across our product portfolio.

Our AI deployments already in the market are addressing practical use cases - automating routine work, reducing manual responses, and freeing government staff for higher-value tasks. Foundry will accelerate that work, delivering productivity gains embedded in the systems clients already run.

Our clients are looking to Tyler as a trusted partner to lead them through both their cloud and AI transformations, and the conversations at Connect made clear that alignment is stronger than ever.

Looking Ahead

We're excited to host our 2026 Investor Day on June 9 in Frisco, Texas, where we'll provide comprehensive insights into our AI strategy and roadmap, our ongoing evolution to Cloud Living, our integrated and differentiated transactions strategy, and our long-term growth and value creation framework. We look forward to seeing many of you in June.

Lastly, we recently published our seventh annual 2025 Corporate Responsibility Report, highlighting our ongoing efforts aligned to our broader strategic objectives, progress on governance practices, team member initiatives, and company impact. I invite you to review the report published on our website here.

Our team continues to deliver exceptional results and execute at a high level with our strategic initiatives. The momentum we're seeing across our business, from cloud conversions to AI adoption to transactions expansion, reinforces our confidence that we are on target to achieve or exceed our 2030 targets, and I've never been more excited about or more confident in Tyler's future.