

July 29, 2026

Tyler Technologies, Inc. (TYL)

Q2 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

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 best reflect the performance and trajectory of our business, including annualized recurring revenue (ARR), recurring revenue, bookings, and free cash flow.

As noted last quarter, beginning with this call, we are holding our earnings call earlier in the day, before the market opens. This is our go-forward earnings call timing.

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 second quarter results reflect another period of solid execution across our business, with strong financial and operational performance while continuing to invest in the long-term growth initiatives that support our Tyler 2030 strategy. We achieved healthy growth across our recurring revenue streams, highlighted by 21.7% SaaS revenue growth, extending our track record to 22 consecutive quarters of 20% or greater SaaS growth. We also achieved record SaaS bookings and total bookings, reflecting customer demand and solid sales execution. These results reflect the continued success of our cloud strategy and the growing demand for Tyler's mission-critical software and services.

We generated solid profitability and record second quarter free cash flow, reflecting disciplined execution and the benefits of our evolving revenue mix. Our first-half performance reinforces our confidence in the business and the opportunities ahead. That confidence was reflected at our Investor Day in June, where we raised our long-term recurring revenue, operating margin, and free cash flow targets, underscoring our belief in the strength of our strategy, the durability of our business model, and our ability to execute against our Tyler 2030 objectives.

Stable Public Sector Demand and Strong Market Position

Public sector demand remains stable, with robust RFP and sales demo activity and a healthy pipeline across our solutions. Government priorities continue to center on modernization, cybersecurity, digital service delivery, and operational efficiency, all areas where Tyler's platform is deeply and uniquely aligned. Budgets generally remain healthy, supported in part by strong property values that continue to reinforce local government funding sources. Agencies are increasingly focused on achieving operational efficiency and pursuing broader enterprise transformation—dynamics that play directly to Tyler's strengths as the most comprehensive and integrated provider of mission-critical software to state and local governments.

Cross-sell momentum continues to build with our dedicated state sales team driving new opportunities and expanding penetration across our installed base. We are further enhancing our go-to-market capabilities through AI-enabled sales tools that improve prospecting, client engagement, and pipeline generation. Combined with continued expansion of our state market presence, these investments are generating an expanding pipeline of high-value strategic opportunities across both new and existing relationships.

Additionally, AI and cloud modernization discussions are increasingly embedded in client technology roadmaps. Agencies recognize that realizing the full benefits of AI requires modern cloud platforms and trusted technology partners capable of delivering secure, governed, and purpose-built solutions. As our clients consistently reinforced at Tyler



Connect in April, governments are looking for practical AI capabilities embedded directly into mission-critical workflows, not standalone tools. Tyler's deep public sector expertise and leadership in the emerging category of government-grade AI position us to lead agencies as they responsibly adopt AI and modernize government service delivery.

Notable Sales Wins

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

AI-Enabled Wins

- Washtenaw County, MI, an existing Tyler client, signed an agreement for Tyler's Priority Based Budgeting solution for countywide deployment, supporting its efforts to modernize budgeting processes and align investments with strategic priorities.
- The City of Doral, Florida, an existing Enterprise Licensing & Permitting client, added our Resident AI Assistant solution.
- The State of Indiana renewed its e-Filing agreement for a three-year term while also adding our AI-powered Document Automation solution, highlighting the opportunity AI creates to deepen existing client relations and create incremental value.

Notable New SaaS and Transactions Wins

- We signed a transaction-based contract for another statewide implementation of an Electronic Vehicle Registration, Title, and Lien solution, making the process more efficient and secure for auto dealers to apply for registration, titles, and file liens on behalf of their customers. These capabilities will be delivered through our partnership with CHAMP, and we estimate they will generate more than \$10 million annually when fully adopted by the market. Note that because this arrangement is transaction-based, it is not included in this quarter's reported bookings.
- We executed a contract for Tyler's Disbursements solution to distribute funds related to the State of New Jersey's Child Care Information System, expanding our presence in state-level health and human services administrations.
- The Mississippi State Department of Health signed an Enterprise Licensing & Permitting agreement, enabling the consolidation of multiple legacy systems, including the Department of Licensure, onto a unified Tyler platform and further solidifying our position as a trusted enterprise partner across Mississippi state government.
- Santa Cruz Regional 911 in California signed an Enterprise Public Safety contract, further demonstrating the momentum we continue to build in the California market.



- For The Record (FTR), which we acquired in April, had a significant SaaS win in the quarter with the Federal Courts of Australia, moving them from a manual transcription process to digital.

Notable SaaS Flips

- The City of Orlando, Florida, one of our largest Enterprise Public Safety clients, signed a contract to flip, joining a growing number of public safety clients embracing the cloud.
- The City of Manhattan Beach, California; Spartanburg County, South Carolina; and Chatham County, Georgia were among our Enterprise ERP clients moving to SaaS.
- Courts in Santa Cruz County, California, and Galveston County, Texas, flipped their Enterprise Justice solutions from on-premises to the cloud.

These wins reflect the breadth of our portfolio and the accelerating demand for enterprise-wide modernization across state and local government.

We are also encouraged by the early commercial momentum from FTR. Beyond strengthening our position within the courts ecosystem, FTR expands our capabilities in judicial intelligence and creates compelling long-term opportunities to deliver AI-powered productivity and workflow solutions throughout the justice market.

Executing Our Strategic Growth Pillars

We continue to make meaningful progress across the key strategic initiatives we outlined at Investor Day. Our Cloud Living strategy is gaining momentum as clients increasingly recognize the tangible benefits of cloud adoption, including enhanced security, faster time to value, improved operational efficiency, and access to capabilities and AI tools that are only available in the cloud. Client conversations are increasingly focused on migration timing and readiness, consistent with our path toward 85% of maintenance revenues migrated to the cloud by the end of the decade.

Our AI strategy is advancing from development to commercialization. At Investor Day, we outlined our key principles guiding our AI strategy:

- Strengthening our core business by embedding AI directly into the mission-critical systems and workflows our clients use every day.
- Leading the emerging category of government-grade AI, delivering secure, governed, and purpose-built solutions designed specifically for the unique requirements of the public sector.



- Unlocking new long-term growth opportunities by helping agencies address workforce challenges, improve productivity, and drive measurable operational outcomes through AI-enabled solutions.
- Creating a scalable AI platform through Tyler Foundry, enabling us to commercialize AI consistently across our portfolio while accelerating innovation for clients.

We continue to advance the commercialization of our AI strategy with monetization frameworks established across the portfolio and active pricing models being tested in the market.

In Q2, our ERP Pro and Schools ERP teams closed over 40 AP Automation deals, and this AI-driven solution also unlocks additional payments opportunities that otherwise would not have been possible. These deals speak to the unique opportunity that can only be captured through a fully integrated, comprehensive portfolio like ours.

Early client adoption and feedback have been consistently positive, validating both the demand for purpose-built AI and our approach to delivering practical solutions that enhance productivity, improve constituent service engagement, and generate measurable ROI.

A powerful example is South Carolina, which in Q2 officially launched "Bradley," marking the eighth state to adopt our Resident AI Assistant solution. Since its initial preview release, Bradley has resolved over 80% of resident inquiries on first contact, and the state credits it with freeing staff to focus on more complex service needs.

What's equally exciting is the opportunity this success has unlocked. Our trusted approach continues to position us as an authority across South Carolina state government. Since launching Bradley with the initial cohort of agencies, we've expanded our Resident AI Assistant with four additional agencies and another ten in the queue. Clients like South Carolina are telling us that our combination of deep domain expertise, technology, long-standing partnerships and practical approach is unique in the market and is essential to helping them capture the benefits of this transformative technology in a safe, trusted way.

Early deals are validating our approach and demonstrating AI's ability to generate new, incremental ARR on top of Tyler's existing SaaS base. AI is increasingly contributing to our competitive differentiation, cross-sell opportunities, and expanded long-term growth potential. We are also beginning to see early internal productivity benefits emerge across development, implementation, and service delivery.



Capital Allocation Supports Long-Term Value Creation

Our capital allocation strategy remains focused on three complementary priorities: investing in organic innovation, executing proactive and disciplined M&A, and returning capital to shareholders through share repurchases.

The acquisition of For The Record, which closed in April, is a great example of our M&A approach, focused on strategic and cultural fit, technological innovation, and value creation that expands our TAM and opens new cross-sell opportunities. FTR brings market-leading digital court recording, legal-grade speech-to-text, and AI-powered transcription capabilities that strengthen our courts and justice portfolio while creating a foundation for new judicial intelligence solutions that combine court records, case data, and AI-driven insights. The acquisition enhances our competitive differentiation, expands our addressable market, and supports our long-term AI and cloud strategy.

Year to date, we have repurchased approximately 5.6% of our outstanding shares under the \$1 billion authorization approved by our Board in February. We are pleased that last week our Board authorized an additional \$1.5 billion share repurchase program. The expanded repurchase plan underscores our ongoing confidence in our strategic objectives and long-term opportunities. It also reflects the view that Tyler's shares continue to be undervalued. As of July 29, approximately \$1.745 billion remains available under the share repurchase authorizations.

Our balance sheet remains exceptionally strong, and we are well positioned to fund both near-term opportunities and our long-term objectives with continued confidence.

Financial Comments – Brian Miller, EVP & CFO

Total revenues for the quarter were \$645.1 million, up 8.2%. Recurring revenues also rose 8.2% to \$559.5 million and comprised 86.7% of total revenues.

Subscription revenues increased 12.0% to \$453.7 million, driven by strong SaaS revenue growth of 21.7% to \$230.6 million.

Transaction revenues grew 3.5% to \$223.1 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 9.9%, subscription revenues grew 15.6%, and total revenues grew 10.5%.

Our total annualized recurring revenue was approximately \$2.24 billion, up 8.2%.



Our non-GAAP operating margin was 25.7%, down 80 basis points from last year as last year's second quarter margin benefited from higher transaction revenues from third party payment processing partners.

Cash flows from operations and free cash flow were both robust at \$124.4 million and \$118.5 million, respectively. Free cash flow increased 34.7% to reach a new high for a second quarter and our free cash flow margin was 18.4%, compared to 14.8% last year.

Total bookings rose 12.5% to \$715 million.

Total SaaS bookings, which includes new SaaS deals, flips of on-premises clients, expansions, and renewals, grew 21.1%, with total contract value of approximately \$264 million. Both total bookings and total SaaS bookings were new quarterly records.

New SaaS deals added approximately \$18.4 million in annual contract value, up 22.3%. Flips of on-premises clients to the cloud rose 18.4%, adding annual contract value of approximately \$15.7 million.

Our balance sheet is extremely strong, and we remain committed to disciplined capital allocation while maintaining financial flexibility. In May, we completed a new \$1.4 billion convertible debt offering with a 0.50% coupon maturing in 2031. In addition, we extended and upsized our revolving credit facility to \$1 billion. Both instruments create significant capital firepower and provide greater flexibility to execute on our strategic initiatives. We ended the quarter with cash and investments of approximately \$1.0 billion and \$1.4 billion of debt on our balance sheet.

During the quarter, we repurchased approximately 1.6 million shares of our common stock for approximately \$505 million. Year to date, we have now repurchased approximately 2.4 million shares, representing approximately 5.6% of our outstanding shares.

Our full-year non-GAAP earnings per share (EPS) guidance has been raised solely to reflect the impact of the share repurchases completed to date and the associated changes in net interest income and does not include any impact from additional share repurchases. Our operating outlook remains unchanged from the annual guidance previously provided.



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 services revenue growth	0% to 2%
Other revenue growth	9% to 11%
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	\$18 million to \$20 million
Capitalized software development costs included in capex	\$6 million
Net interest income	\$19 million to \$21 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

We are well positioned as we enter the second half of 2026, with continuing progress across all dimensions of our strategy and a clear path to achieving our long-term growth targets. Public sector demand remains healthy, our pipeline is active, and cloud migration, transactions, and AI initiatives continue to gain momentum across the business.

Tyler 2030 and Confidence in the Road Ahead

At our Investor Day in June, we reinforced the key themes that will drive Tyler's next phase of growth. We highlighted the consistency and resiliency of the public sector market, our expanding cloud migration opportunity and evolution toward Cloud Living, the significant growth potential of our transactions ecosystem, and the significant role AI will play in strengthening our competitive position and unlocking new long-term revenue opportunities. We also outlined our disciplined capital allocation strategy and increased our 2030 targets for recurring revenue, operating margin, and free cash flow, reflecting our confidence in Tyler's ability to create long-term shareholder value through consistent execution.

In June we also announced new leadership roles that further strengthen our ability to execute in the years ahead. Franklin Williams was appointed Chief AI Officer to lead the development and commercialization of our AI strategy, while Ryan O'Connor was appointed Chief Transactions Officer to accelerate the growth of our expanding transactions ecosystem. These appointments reflect our continued commitment to investing in leadership, innovation, and organizational focus around our most important growth opportunities.

Tyler is exceptionally well positioned with a highly durable recurring revenue model, a significant and visible cloud migration opportunity ahead, and a differentiated AI positioning grounded in trust and domain expertise that no one else can replicate. Together, the momentum we are building across our cloud operations, AI commercialization, and transactions expansion continues to reinforce my confidence that we are squarely on track to achieve our Tyler 2030 objectives. I've never been more confident in Tyler's future, and I've never been more excited about what lies ahead for Tyler, our clients, and our shareholders.

