

2025 Second Quarter Earnings Review

Tyler Technologies | July 31, 2025



Statement Regarding Use of Non-GAAP Measures

Tyler Technologies has provided in this press release 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 while isolating the effects of some items that vary from period to period without correlation to core operating performance. 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. EBITDA is net income before interest expense, other income, income taxes, depreciation, and amortization. Non-GAAP and adjusted 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 revenue (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, including local, state and federal governments agencies, 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 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%



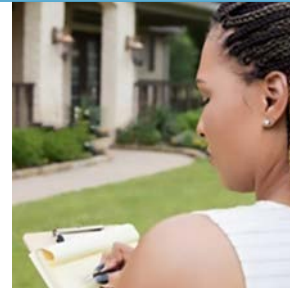
COURTS &
JUSTICE
15%



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

Q2 2025 Summary

Second Quarter Results

C O N T I N U E D S T R O N G P E R F O R M A N C E A C R O S S K E Y M E T R I C S



Revenues

Total Revenues \$596.1M, up 10.2%
SaaS Revenues \$189.6M, up 21.5%
ARR \$2.07B, up 15.2%



Non-GAAP Earnings¹

\$2.91 EPS, up 21.3%



Non-GAAP Operating Margin¹

26.5%, up 200 bps

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

Second Quarter Results

KEY HIGHLIGHTS



Stable public sector market with no fundamental shift in sales demand indicators of RFP and demo trends



Healthy public sector budgets primarily funded by property taxes – a stable funding source underlying long-term demand; prioritizing tech investments to drive efficiencies



Transaction-based revenues surpassed \$200 million for the first time; 113 new payments wins



Strong margin expansion – positive revenue shift and cloud efficiency gains driving scalability across our platform



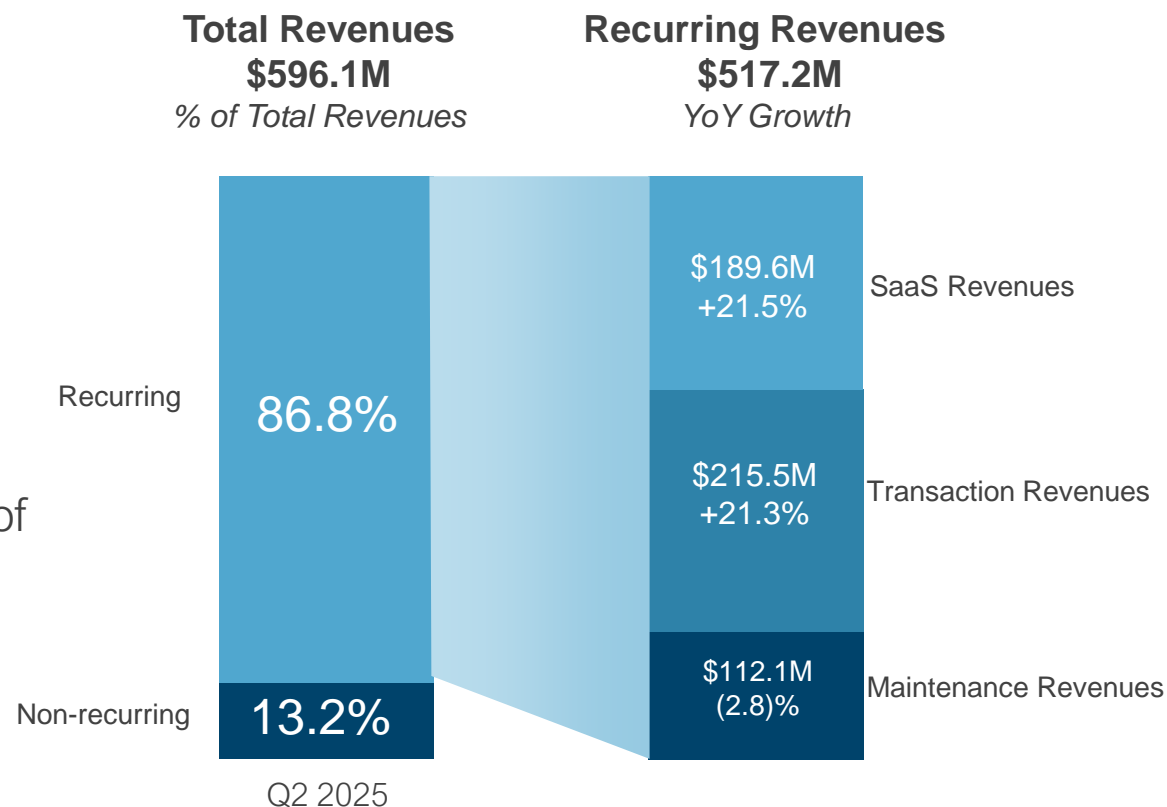
Accelerated SaaS adoption with total SaaS bookings, including expansions, renewals, and flips, up 47.7% sequentially from Q1, and up 8.2% YoY.



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

Strong Recurring Revenue Growth

- Recurring revenues up 15.2%
- Subscriptions rose 21.4%
 - SaaS revenues grew 21.5% marking the 18th consecutive quarter of SaaS growth of 20%+
 - Transaction revenues outperformed and increased 21.3%, driven by increased adoption and deployment of new transaction-based services
 - Maintenance revenues declined 2.8%, reflecting the ongoing shift from on-premises license to SaaS



Q2 2025 Strong Performance Across Key Metrics

Total Revenues	Recurring Revenues	Diluted EPS ¹		Adjusted EBITDA ¹
\$596.1M	\$517.2M	GAAP	\$1.93 +22.9%	\$169.1M +18.3%
+10.2%	+15.2%	Non-GAAP	\$2.91 +21.3%	
Cash from Operations*	Free Cash Flow* ¹	Gross Margin ¹		Operating Margin ¹
\$98.3M	\$88.0M	GAAP	45.8% +180 bps	GAAP 16.0% +160 bps
+52.9%	+80.9%	Non-GAAP	48.9% +180 bps	Non-GAAP 26.5% +200 bps
	FCF Margin 14.8%			

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

Q2 2025 New SaaS and Flip Bookings Highlights

Up Sequentially from Q1

SaaS QTD					
	Q2 2024	Q1 2025	Q2 2025	Sequential Change	YOY Change
# of new deals *	203	138	172	24.6%	-15.3%
% of new software deal mix	88%	88%	90%		
TCV of new deals *	\$84.8M	\$37.8M	\$59.5M	57.4%	-29.8%
% of new software deal mix	97%	96%	96%		
Total ARR of new deals	\$16.2M	\$7.3M	\$15.0M	105.8%	-7.0%
Avg. ARR of new deals	\$79.7K	\$53.0K	\$87.5K	65.1%	9.8%

SaaS YTD					
	Q2 2024		Q2 2025		YOY Change
# of new deals *	403		310		-23.1%
% of new software deal mix	90%		89%		
TCV of new deals *	\$139.7M		\$97.4M		-30.3%
% of new software deal mix	95%		96%		
Total ARR of new deals	\$27.1M		\$22.4M		-17.5%
Avg. ARR of new deals	\$67.3K		\$72.1K		7.2%

Flips QTD					
	Q2 2024	Q1 2025	Q2 2025	Sequential Change	YOY Change
# of new deals	111	106	118	11.3%	6.3%
% of new software deal mix					
TCV of new deals	\$41.8M	\$29.2M	\$31.1M	6.4%	-25.6%
% of new software deal mix					
Total ARR of new deals	\$14.6M	\$12.0M	\$13.3M	10.9%	-9.2%
Avg. ARR of new deals	\$131.9K	\$113.1K	\$112.7K	-0.4%	-14.6%

Flips YTD					
	Q2 2024		Q2 2025		YOY Change
# of new deals	201		224		11.4%
% of new software deal mix					
TCV of new deals	\$64.6M		\$60.3M		-6.7%
% of new software deal mix					
Total ARR of new deals	\$24.8M		\$25.3M		1.9%
Avg. ARR of new deals	\$123.5K		\$112.9K		-8.6%

* Does not include renewals or add-on sales.

Notable Q2 Wins

ACCELERATING SAAS ADOPTION AND FLIPS

New SaaS deals

- Arizona Supreme Court, AZ
 - Enterprise Supervision
 - Expanded our relationship with the Arizona Supreme Court
 - \$11M TCV
- Enterprise Public Safety
 - Arkansas Game and Fish Commission, AR
 - Carson City, NV
 - Campbell County, KY
 - City of Auburn, AL
- Franklin County, NC
 - Enterprise ERP
- City of Hesperia, CA
 - Enterprise Permitting & Licensing
- Administrative Office of the Illinois Courts, IL
 - Analytics
- Johnson County, KS
 - Enterprise Records Management plus payments
 - Existing Appraisal & Tax Pro client

Large SaaS flips

- Superior Court of California, County of Santa Clara
 - Enterprise Justice
 - Sixth most populous county in CA
 - First California court flip
 - \$1.2M ARR
- City of Brockton, MA
 - Enterprise ERP
 - \$1.1M ARR
- Albany County, NY
 - Enterprise ERP
 - \$990K ARR
- Licking County, OH
 - Enterprise Public Safety
 - \$506K ARR
- Ottawa County Central Dispatch, MI
 - Enterprise Public Safety
 - \$511 ARR

AI-Driven deals

- Resident Assistant
 - State of Alabama Department of Revenue
 - Builds on current deployments in four other states:
 - Hawaii
 - Indiana
 - Mississippi
 - South Carolina
- Priority-Based Budgeting
 - City of Dallas, TX, expansion
 - City of Eugene, OR

Notable Q2 Wins

State & Federal

- State of Oklahoma Department of Labor
 - State Regulatory and Augmented Field Operations
- State of Oklahoma Service Oklahoma
 - Tyler Cashiering plus payments
 - First standalone cashiering win at state level
- Texas Health & Human Services
 - Workforce Solutions
- U.S. Department of Forest Service
 - Data & Insights Enhanced Analytics
- USDA Health and Human Services
 - Application Platform – Enhanced Analytics
- State enterprise renewal
 - Kentucky – 1-year extension

Multi-product wins

- West Suburban Consolidated Dispatch Center, IL
 - Enterprise SaaS Public Safety
 - Multi-jurisdictional, multi-product competitive win
 - CAD, Records Management, Enforcement Mobile, Fire Prevention Mobile, Analytics
- Anoka County, MN
 - Enterprise Public Safety
 - Fourth most populous county in MN
 - Competitive SaaS win
 - CAD, Records Management, Mobile, Enforcement Mobile, Civil Process

2025 Annual Guidance

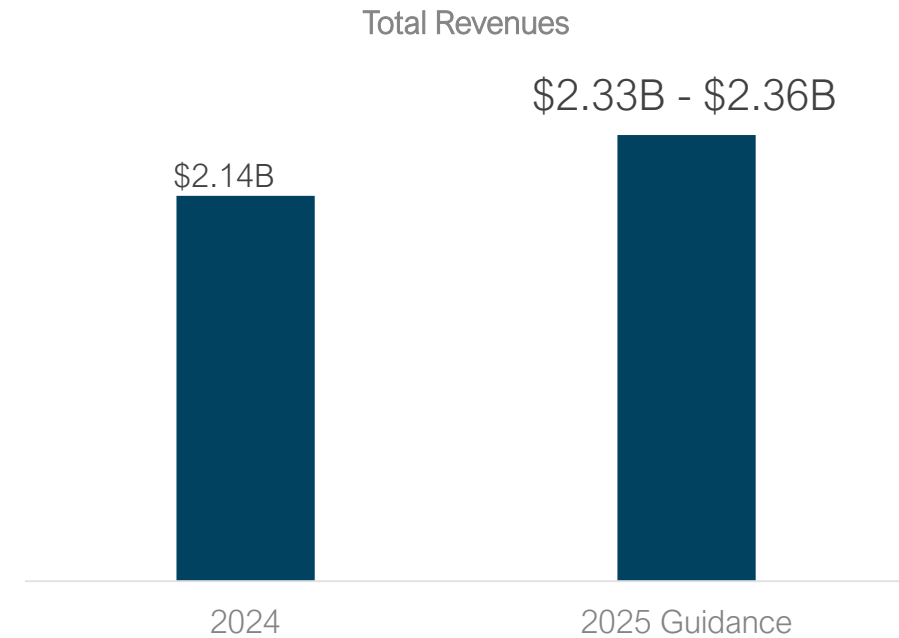
2025 Annual Guidance

EXECUTING LONG-TERM GROWTH AND CLOUD-FIRST STRATEGY

Revenue Guidance midpoint implies growth of approx. 10.0%

Revenue range percentage growth expectations:

- Subscriptions growth of 17 - 19%
 - SaaS growth of 21 - 23%
 - Transaction growth of 14 - 16%
 - Merchant fees growth of 7– 9%
- Maintenance down 4 - 6%
- Professional services down 3 - 6%
- Licenses and royalties down 16 - 18%
- Hardware and other up 3 - 5%

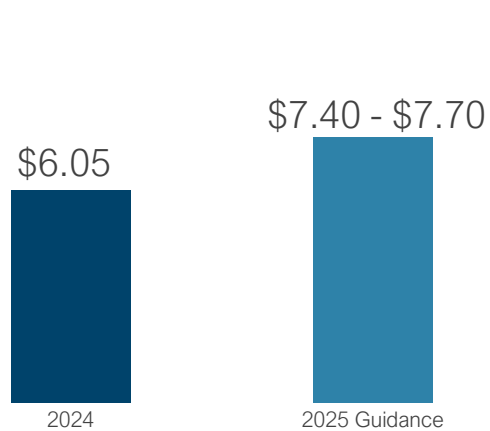


Net interest income in the range of \$29 million to \$31 million

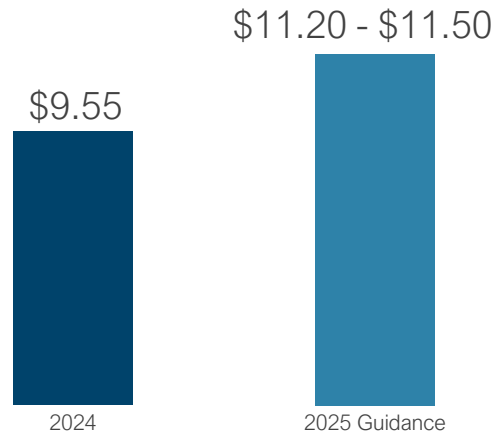
Most recent 2025 guidance provided on 7/30/25

2025 Annual Guidance

Diluted EPS - GAAP



Diluted EPS - Non-GAAP



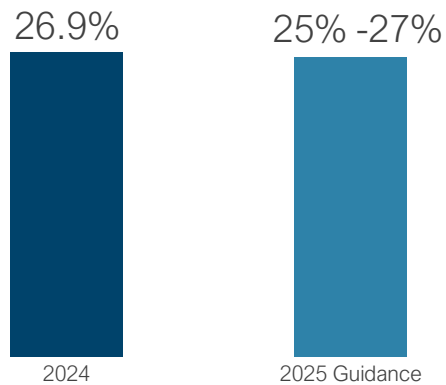
GAAP to non-GAAP guidance reconciliation

	2025
GAAP diluted earnings per share ⁽¹⁾	\$7.40 - \$7.70
Plus:	
Share-based compensation expense	3.47
Amortization of acquired software and other intangibles	2.08
Less:	
Income tax impact ⁽¹⁾	(1.75)
Non-GAAP diluted earnings per share	\$11.20 - \$11.50
Shares used in computing diluted earnings per share (millions)	44.1
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%

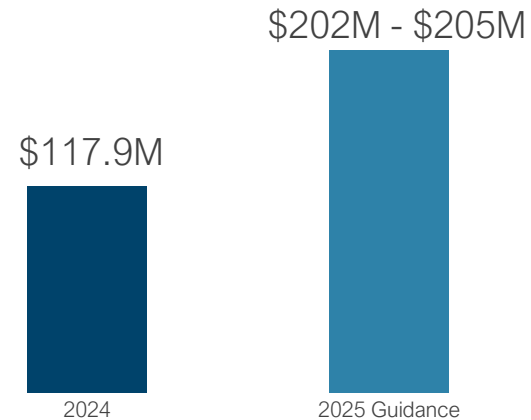
⁽¹⁾ GAAP diluted earnings per share may fluctuate due to the impact on our annual effective tax rate of discrete tax items, such as stock incentive awards, future acquisitions, changes in tax legislation, and other transactions.

⁽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 7/30/25

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 June 30,		Six months ended June 30,	
	2025	2024	2025	2024
GAAP gross profit	\$ 273,184	\$ 237,816	\$ 540,265	\$ 461,482
Non-GAAP adjustments:				
Add: Share-based compensation expense included in cost of revenues	8,891	7,620	17,605	15,010
Add: Amortization of acquired software	9,319	9,240	18,613	18,479
Non-GAAP gross profit	\$ 291,394	\$ 254,676	\$ 576,483	\$ 494,971
GAAP gross margin	45.8 %	44.0 %	46.5 %	43.8 %
Non-GAAP gross margin	48.9 %	47.1 %	49.6 %	47.0 %

Reconciliation of non-GAAP operating income and margin	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
GAAP operating income	\$ 95,596	\$ 78,035	\$ 184,769	\$ 145,013
Non-GAAP adjustments:				
Add: Share-based compensation expense	38,302	30,407	75,962	57,273
Add: Employer portion of payroll tax related to employee stock transactions	1,055	873	2,119	1,678
Add: Acquisition-related costs	—	2	33	29
Add: Lease restructuring costs and other	24	167	48	(159)
Add: Amortization of acquired software	9,319	9,240	18,613	18,479
Add: Amortization of other intangibles	13,833	13,845	27,972	31,963
Non-GAAP adjustments subtotal	62,533	54,534	124,747	109,263
Non-GAAP operating income	\$ 158,129	\$ 132,569	\$ 309,516	\$ 254,276
GAAP operating margin	16.0 %	14.4 %	15.9 %	13.8 %
Non-GAAP operating margin	26.5 %	24.5 %	26.7 %	24.1 %

Reconciliation of non-GAAP net income and earnings per share	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
GAAP net income	\$ 84,627	\$ 67,738	\$ 165,679	\$ 121,908
Non-GAAP adjustments:				
Add: Total non-GAAP adjustments to operating income	62,533	54,534	124,747	109,263
Less: Income tax impact	(19,249)	(18,377)	(40,450)	(32,609)
Non-GAAP net income	\$ 127,911	\$ 103,895	\$ 249,976	\$ 198,562
GAAP earnings per diluted share	\$ 1.93	\$ 1.57	\$ 3.76	\$ 2.82
Non-GAAP earnings per diluted share	\$ 2.91	\$ 2.40	\$ 5.68	\$ 4.59

Non-GAAP Measures

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

Detail of share-based compensation expense	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Cost of revenues	\$ 8,891	\$ 7,620	\$ 17,605	\$ 15,010
Operating expenses	29,411	22,787	58,357	42,263
Total share-based compensation expense	<u>\$ 38,302</u>	<u>\$ 30,407</u>	<u>\$ 75,962</u>	<u>\$ 57,273</u>

Reconciliation of EBITDA and adjusted EBITDA	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
GAAP net income	\$ 84,627	\$ 67,738	\$ 165,679	\$ 121,908
Amortization of other intangibles	13,833	13,845	27,972	31,963
Depreciation and amortization included in cost of revenues, sales and marketing expense, general and administrative expense, and research and development expense	20,322	19,620	40,531	40,721
Interest expense	1,262	1,253	2,508	3,437
Other income, net	(8,179)	(1,883)	(15,542)	(3,728)
Income tax provision	17,886	10,927	32,124	23,396
EBITDA	<u>\$ 129,751</u>	<u>\$ 111,500</u>	<u>\$ 253,272</u>	<u>\$ 217,697</u>
Share-based compensation expense	38,302	30,407	75,962	57,273
Acquisition-related costs	—	2	33	29
Employer portion of payroll tax related to employee stock transactions	1,055	873	2,119	1,678
Lease restructuring costs and other	24	167	48	(159)
Adjusted EBITDA	<u>\$ 169,132</u>	<u>\$ 142,949</u>	<u>\$ 331,434</u>	<u>\$ 276,518</u>

Reconciliation of free cash flow	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Net cash provided by operating activities	\$ 98,311	\$ 64,304	\$ 154,469	\$ 136,143
Less: additions to property and equipment	(5,487)	(6,568)	(7,822)	(13,850)
Less: investment in software development	(4,850)	(9,107)	(10,400)	(16,493)
Free cash flow	<u>\$ 87,974</u>	<u>\$ 48,629</u>	<u>\$ 136,247</u>	<u>\$ 105,800</u>
Free cash flow margin	<u>14.8 %</u>	<u>9.0 %</u>	<u>11.7 %</u>	<u>10.0 %</u>

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tyler
technologies