

# **2024 Fourth Quarter Earnings Review 2025 Annual Guidance**

Tyler Technologies | February 13, 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%



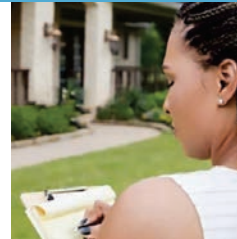
COURTS &  
JUSTICE  
15%



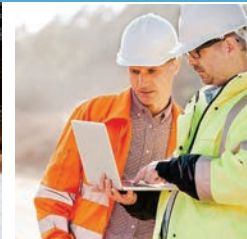
PUBLIC  
SAFETY  
7%



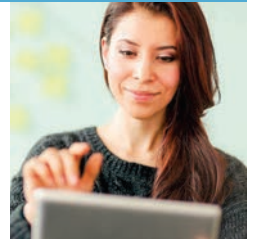
K-12  
SCHOOLS  
7%



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

# Q4 2024 Summary

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# Fourth Quarter Results

CONTINUED STRONG PERFORMANCE ACROSS KEY METRICS



## Revenues

Total Revenues \$541.1M, up 12.5%  
(organic growth of 12.4%)  
SaaS Revenues \$173.4M, up 23%  
ARR \$1.86B, up 14.9%



## Non-GAAP Earnings<sup>1</sup>

\$2.43 EPS, up 28.6%



## Non-GAAP Operating Margin<sup>1</sup>

24.4%, up 210 bps

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



# Fourth Quarter Results

## KEY HIGHLIGHTS



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



Executing enhanced go-to-market **strategy**, driving higher cross-sell and upsell activity



Strength in our **SaaS** and **transactions** sales with nearly 1,000 new payments wins



**Strong balance sheet** –favorable working capital with **free cash flow up 60.7%**, a new fourth quarter high



Accelerated SaaS adoption with **cloud flips increasing** and **average flip ARR value up 32%**

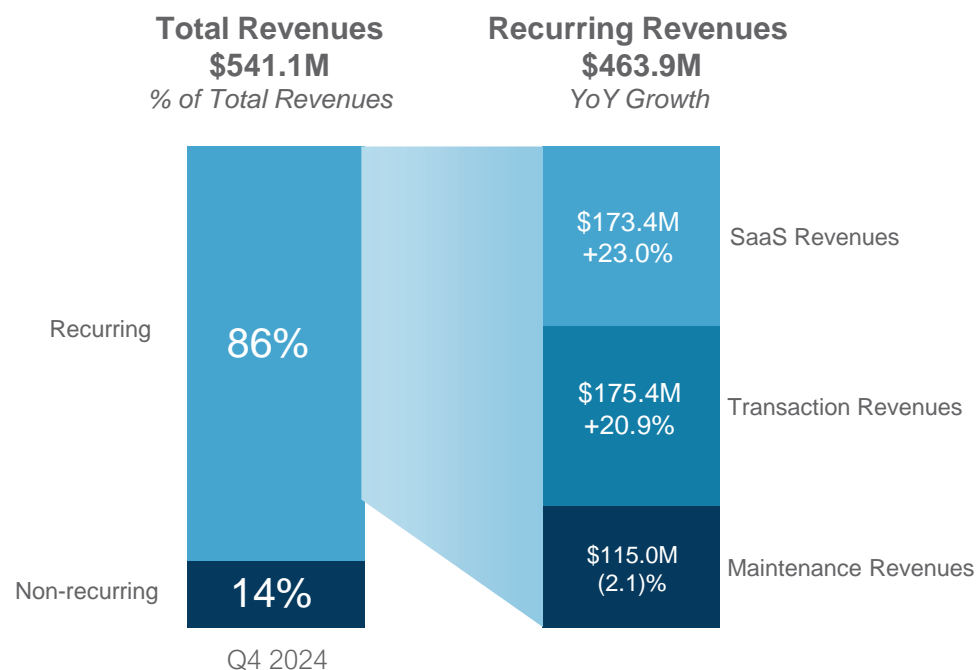


Strong **sales synergies** with inside sales representing a high growth sales channel



# Strong Recurring Revenue Growth

- Recurring revenues up 14.9% (14.9% organic)
- Subscriptions rose 21.9% (21.8% organic)
  - SaaS revenues grew 23.0% (22.8% organic), marking the ,16<sup>th</sup> consecutive quarter of SaaS growth of 20%+
  - Transaction revenues outperformed plan with 20.9% growth, driven by higher volumes and new payment services
  - Maintenance revenues declined 2.1%, reflecting the ongoing shift from on-premises license to SaaS



## Q4 2024 Strong Performance Across Key Metrics

Total Revenues	Recurring Revenues	Diluted EPS <sup>1</sup>		Adjusted EBITDA <sup>1</sup>
<b>\$541.1M</b>  +12.5% +12.4% organic	<b>\$463.9M</b>  +14.9% +14.9 organic	GAAP	<b>\$1.49</b> +63.7%	<b>\$142.8M</b>  +21.0%
		Non-GAAP	<b>\$2.43</b> +28.6%	
Cash from Operations*	Free Cash Flow* <sup>1</sup>	Gross Margin <sup>1</sup>		Operating Margin <sup>1</sup>
<b>\$224.8M</b>  +52.5%	<b>\$216.0M</b>  +60.7%	GAAP	<b>43.8%</b> -50 bps	GAAP <b>13.2%</b> +330 bps
	<b>FCF Margin 39.9%</b>	Non-GAAP	<b>47.0%</b> -60 bps	Non-GAAP <b>24.4%</b> +210 bps

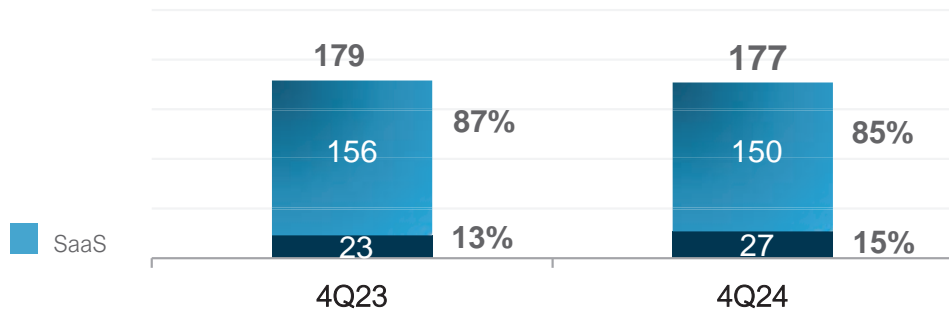
\*Cash flow was positively impacted by \$29 million SaaS prepayment in Oct. 2024 related to State of Kentucky Enterprise Justice contract, and approximately \$25 million related to timing of payments for state disbursement services, offset by incremental cash taxes of approximately \$10 million related to IRC Section 174 capitalization rules.

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

# Q4 2024 New Software Business Mix

ACCELERATING SAAS ADOPTION WITH HIGHER CONTRACT VALUE

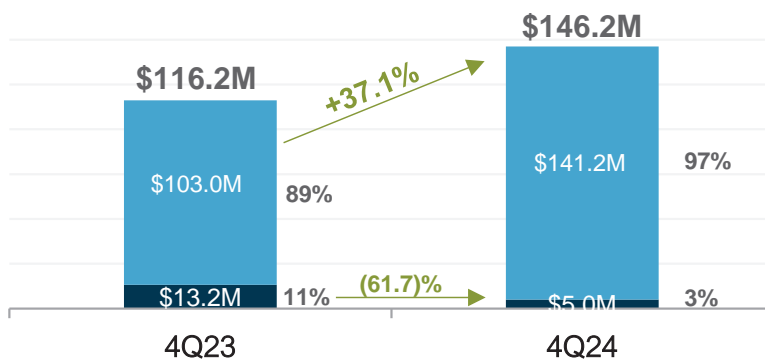
## # of New Software Deals



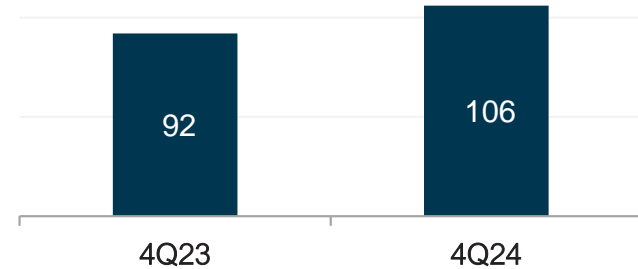
SaaS

License

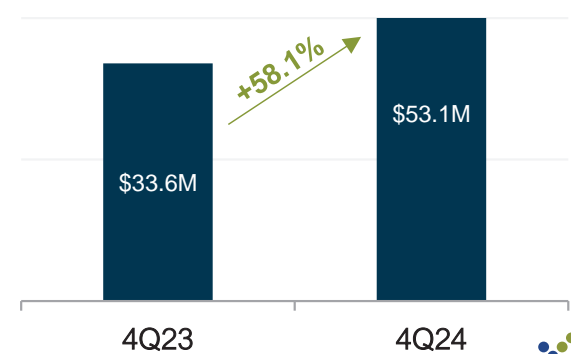
## New Software Contract Value



## # of Flips



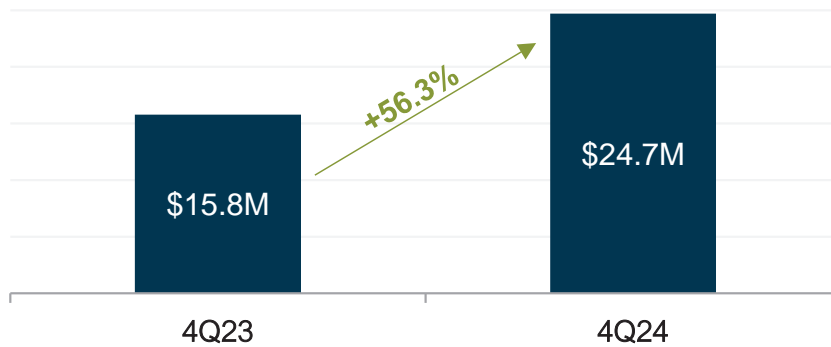
## Flip Contract Value



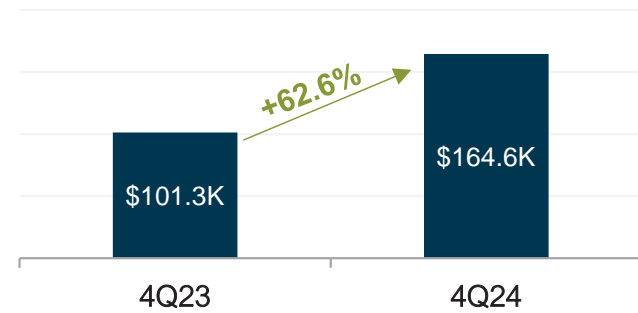
# Q4 2024 New ARR

ACCELERATING SAAS ADOPTION WITH HIGHER AVERAGE ARR

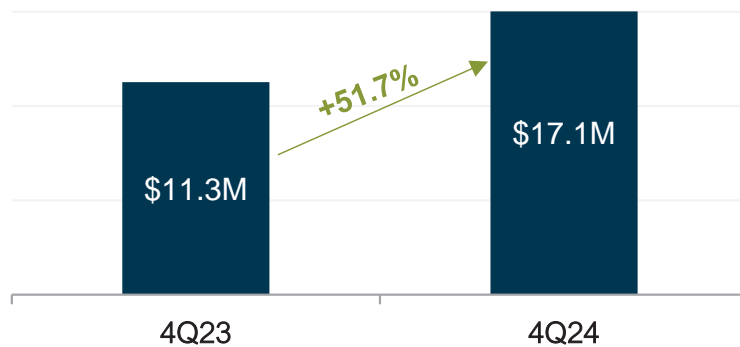
## New SaaS Total ARR



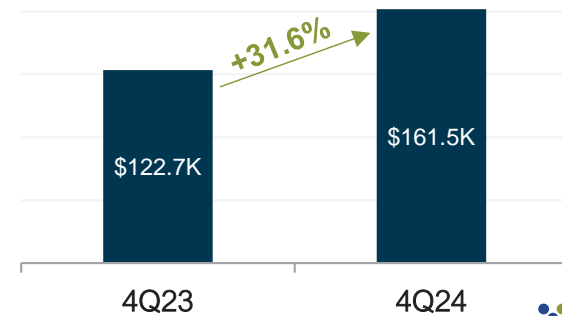
## New SaaS Avg ARR



## Flips Total ARR



## Flips Avg ARR



# Notable Q4 Wins

ACCELERATING SAAS ADOPTION AND FLIPS

## New SaaS deals

- **Southwest Regional Communications Center**
  - A Texas 911 Consortium in the DFW region
  - Consolidated 911 Center for DeSoto, Duncanville, Cedar Hill, University of North TX/Dallas
  - Enterprise Public Safety suite
  - \$510K ARR
- **Peoria, IL Police & Fire**
  - Dispatches to 10 different agencies
  - Enterprise Public Safety suite
  - \$817K ARR
- **Michigan State Police**
  - Enterprise Public Safety suite
  - Eighth state police client
  - \$1.2M ARR

## New SaaS deals

- **State of Maine**
  - Resident Engagement Portal
  - Strong references from other states
  - \$2.2M ARR
  - 8-year term
- **Hernando County, FL**
  - Single platform solution: Enterprise ERP, Enterprise Permitting & Licensing, Enterprise Asset Management
  - \$819K ARR

## New AI-Driven Priority Based Budgeting deals

- **LA County, CA**
  - Largest PBB win to date
  - \$1.2M ARR
- **Kansas City, MO**
  - \$297K ARR
- **Johnson County, KS**
  - \$287K ARR

## Large SaaS flips

- **Tarrant County, TX**
  - Enterprise Jury
  - Early Jury solutions adopter
  - \$547K ARR
- **Clayton County, GA**
  - Enterprise ERP & Civic
  - \$1.1M ARR
- **Lorraine County, OH**
  - Enterprise Public Safety
  - \$1.0M ARR
- **City of Columbia, SC**
  - Enterprise Permitting & Licensing
  - \$376K ARR
- **Brevard County Sheriff, FL**
  - Enterprise Public Safety
  - \$1M ARR

# Notable Q4 Wins

## Cross-sell synergies

- **Nebraska State Patrol**
  - Enterprise Public Safety + Digital Solutions Division
  - Enterprise Public Safety
  - Competitive RFP, leveraged strong state enterprise relationship
  - Ninth state police client
  - \$980K License
- **Iowa Department of Public Safety**
  - Enterprise Public Safety + Digital Solutions Division
  - Enterprise Public Safety suite replaces 30-year homegrown, siloed system
  - Leveraged state enterprise relationship
  - \$825K ARR
- **Iowa State Treasurer**
  - Enterprise ERP + Digital Solutions Division
  - Leveraged state enterprise agreement
  - First Enterprise ERP modules at the state level
  - \$228K ARR

## Multi-product wins

- **City of Kenosha, WI**
  - Joint effort across Public Admin Group
  - Single platform solution: Enterprise ERP, Enterprise Permitting & Licensing, Enterprise Asset Management, Municipal Justice, and Enterprise Assessment & Tax
  - Leveraged expanding footprint and strong client reference in Wisconsin
  - \$11.4M TCV, \$1.6M ARR
- **City of Warner Robins, GA**
  - Enterprise ERP, Enterprise Permitting & Licensing, Enterprise Asset Management and Fire Prevention Mobile
  - \$580K ARR

## State & Federal

- **Utah State Enterprise 2-year extension**
  - Enterprise Portal extension
  - Digital government plus payments
  - \$11.5M ARR
- **Colorado Department of Corrections**
  - Inventory Management, leveraged state reseller agreement
  - \$612K ARR
- **South Carolina State Parks**
  - Outdoor Recreation suite plus payments
  - \$300K ARR, 5-year SaaS arrangement
- **Tennessee Department of Commerce & Insurance**
  - Application Platform
  - Existing client's fourth modernization, moving to State Regulatory Platform upgrade
  - \$570K ARR, 5-year term

# 2024 Annual Summary

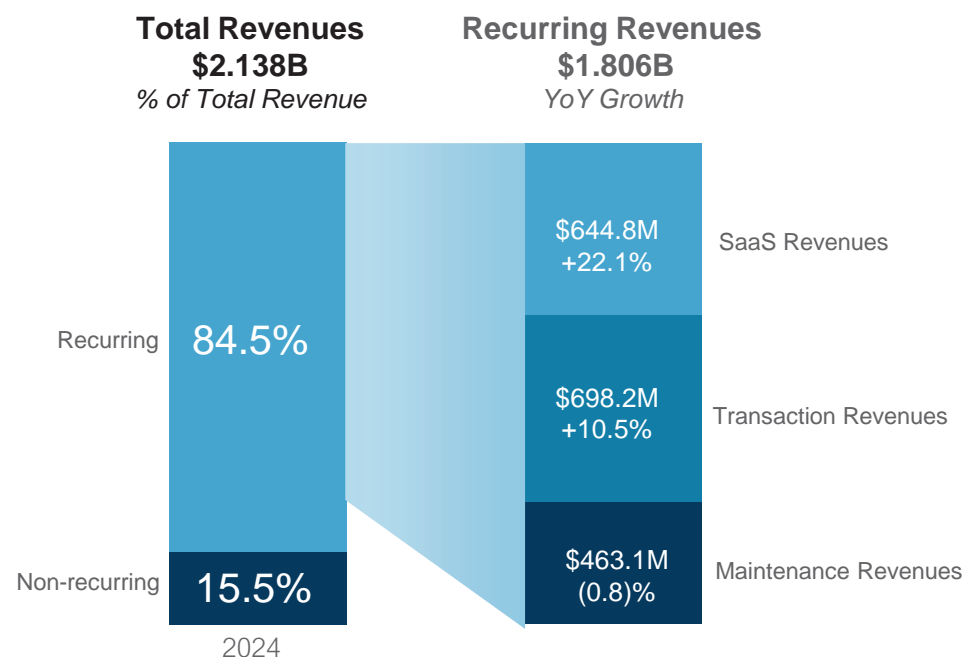
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# Strong Recurring Revenue Growth

- Recurring revenues up 11.1% (10.7 % organic)
- Subscriptions rose 15.8% (15.6% with organic)
  - SaaS revenues grew 22.1% (21.6% organic)
  - Transaction revenues up 10.5% on an organic basis
  - Maintenance revenues declined 1%, reflecting the ongoing shift from on-premises license to SaaS



# 2024 Strong Performance Across Key Metrics

<b>Total Revenues</b>  <b>\$2.138B</b> <b>+9.5%</b> <b>+9.0% organic</b>	<b>Recurring Revenues</b>  <b>\$1.806B</b> <b>+11.1%</b> <b>+10.7% organic</b>	<b>Diluted EPS<sup>1</sup></b>  <b>GAAP</b> <b>\$6.05</b> <b>+55.9%</b>  <b>Non-GAAP</b> <b>\$9.55</b> <b>+22.4%</b>	<b>Adjusted EBITDA</b>  <b>\$567.8M</b> <b>+16.6%</b>
<b>Cash from Operations*</b>  <b>\$624.6M</b> <b>+64.2%</b>	<b>Free Cash Flow*</b>  <b>\$574.7M</b> <b>+75.5%</b>  <b>FCF Margin</b> <b>26.9%</b> <b>+1000 bps</b>	<b>Gross Margin<sup>1</sup></b>  <b>GAAP</b> <b>43.8%</b> <b>-30 bps</b>  <b>Non-GAAP</b> <b>47.0%</b> <b>-30 bps</b>	<b>Operating Margin<sup>1</sup></b>  <b>GAAP</b> <b>14.0%</b> <b>+280 bps</b>  <b>Non-GAAP</b> <b>24.5%</b> <b>+150 bps</b>

\*Cash flow was positively impacted by \$29 million SaaS prepayment in Oct. 2024 related to State of Kentucky Enterprise Justice contract, and approximately \$25 million related to timing of payments for state disbursement services, offset by incremental cash taxes of approximately \$54 million related to IRC Section 174 capitalization rules.

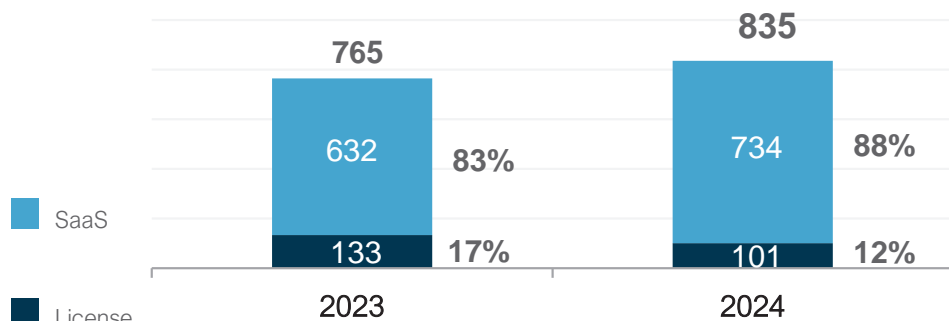
<sup>1</sup> See the reconciliation of GAAP to Non-GAAP measures included in this presentation and in our earnings release.

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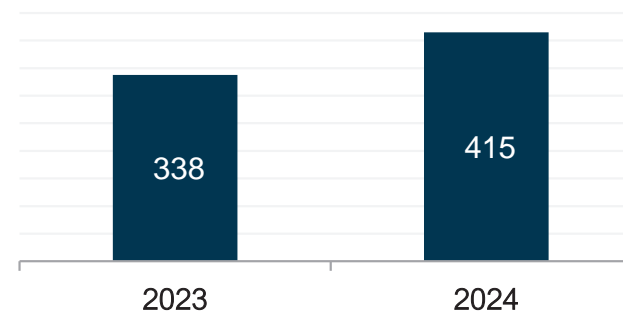


# Annual 2024 New Software Business Mix

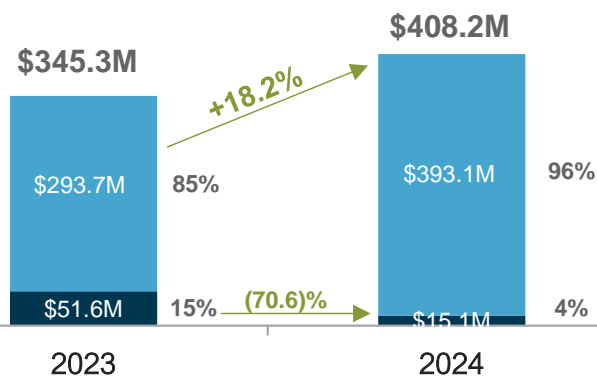
# of New Software Deals



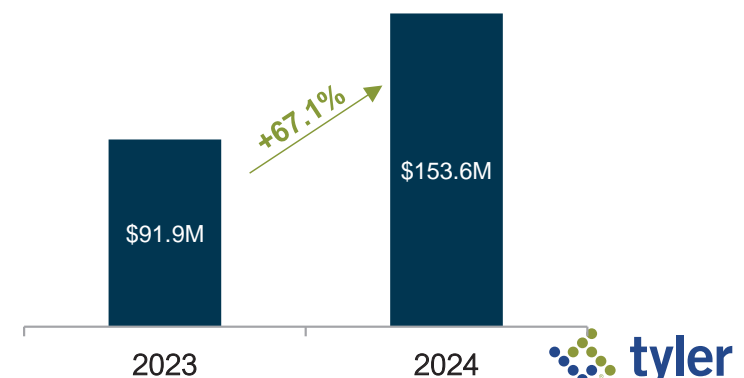
# of Flips



New Software Contract Value



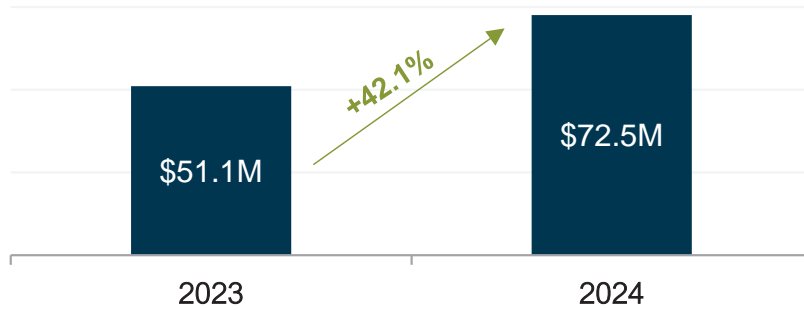
Flip Contract Value



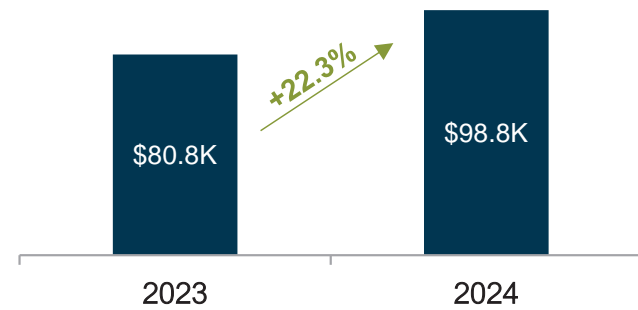
# 2024 Annual New ARR

Higher Average ARR

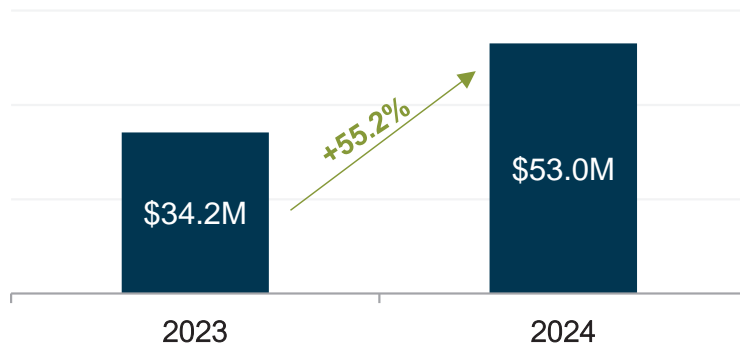
New SaaS Total ARR



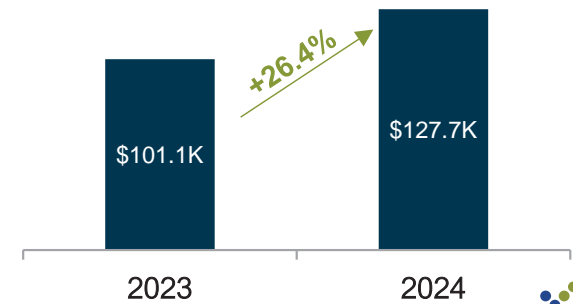
New SaaS Avg ARR



Flips Total ARR

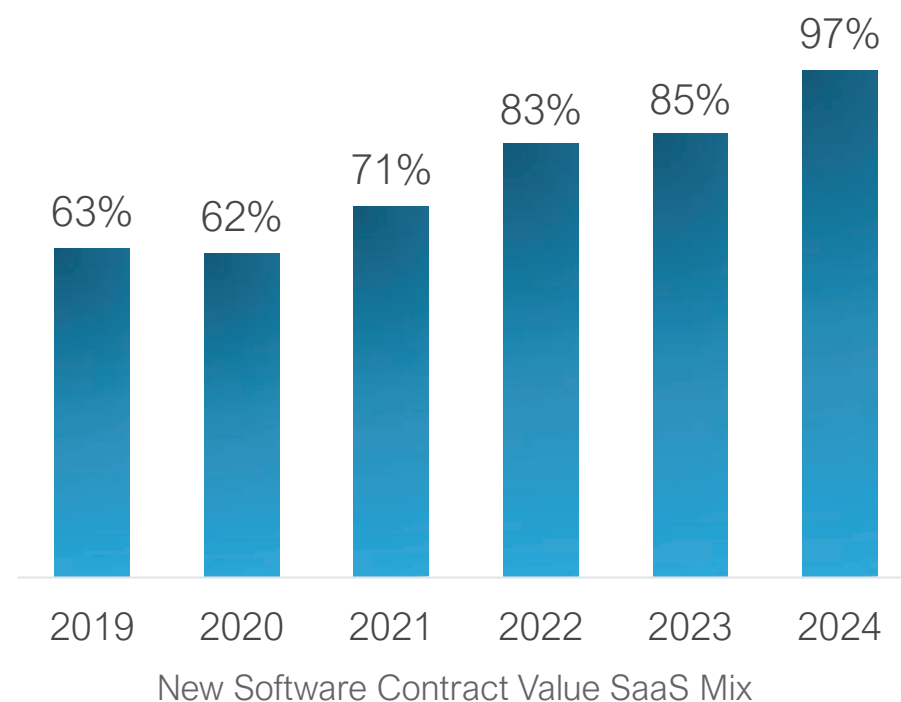


Flips Avg ARR

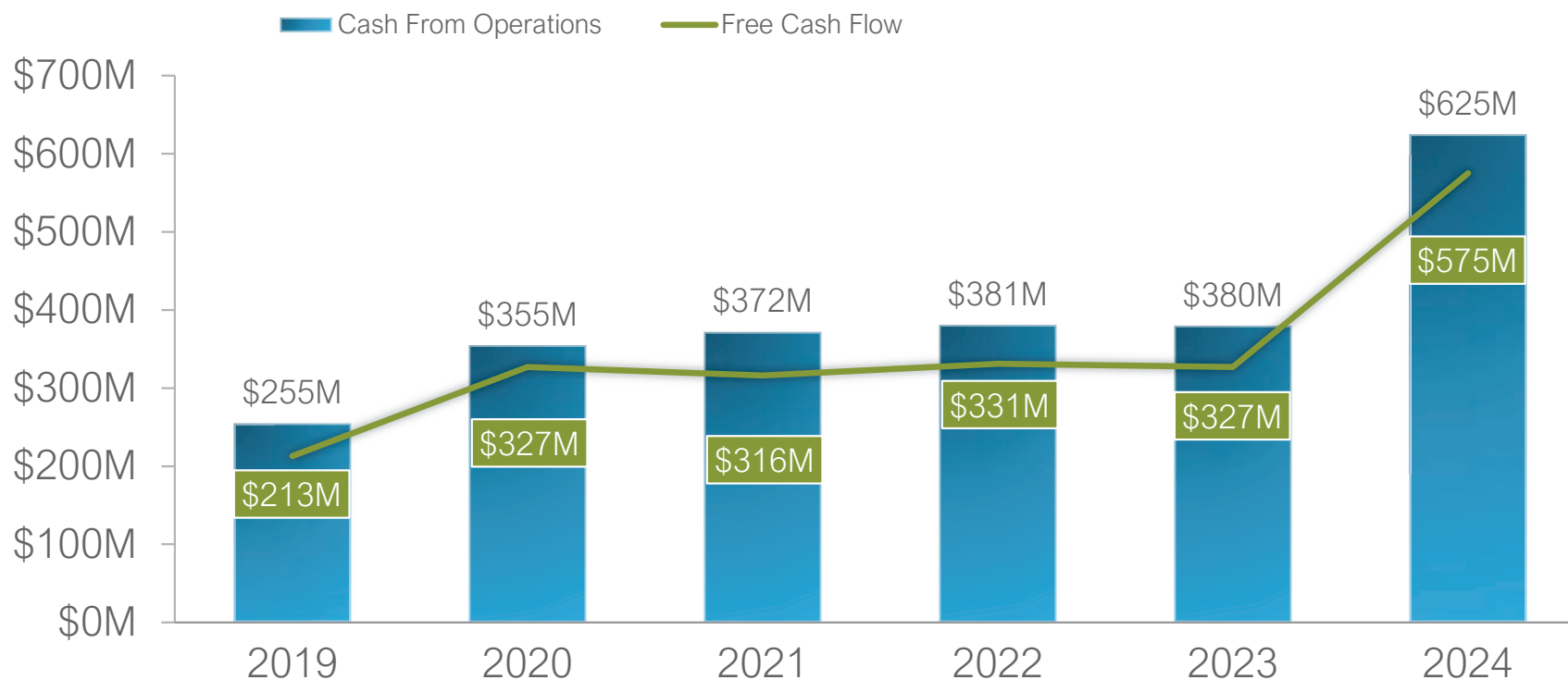


# Executed Key Initiatives in Our Cloud Transition

- ✓ Launched cloud optimized releases across many of our flagship products, driving an accelerated pace of client migrations with more flips of larger clients taking place
- ✓ Solid progress toward version consolidation
- ✓ Tracking well against 2030 goals of migrating more than 80% of on-premises installations to SaaS deployed in the public cloud
- ✓ Accelerating cloud adoption across product suites with increased Public Safety adoption during 2024
- ✓ Executed expanded eight-year strategic collaboration agreement with AWS to further enable the growing adoption of Tyler's cloud-based mission-critical solutions
- ✓ Exited proprietary data center in Dallas during 2024. On track for planned exit of our second data center in Maine by year end 2025



# Strong Cash Flow Generation



*Note: Cash flow was positively impacted by \$29 million SaaS prepayment in Oct. 2024 related to State of Kentucky Enterprise Justice contract, and approximately \$25 million related to timing of payments for state disbursement services, offset by incremental cash taxes of approximately \$54 million related to IRC Section 174 capitalization rules.*

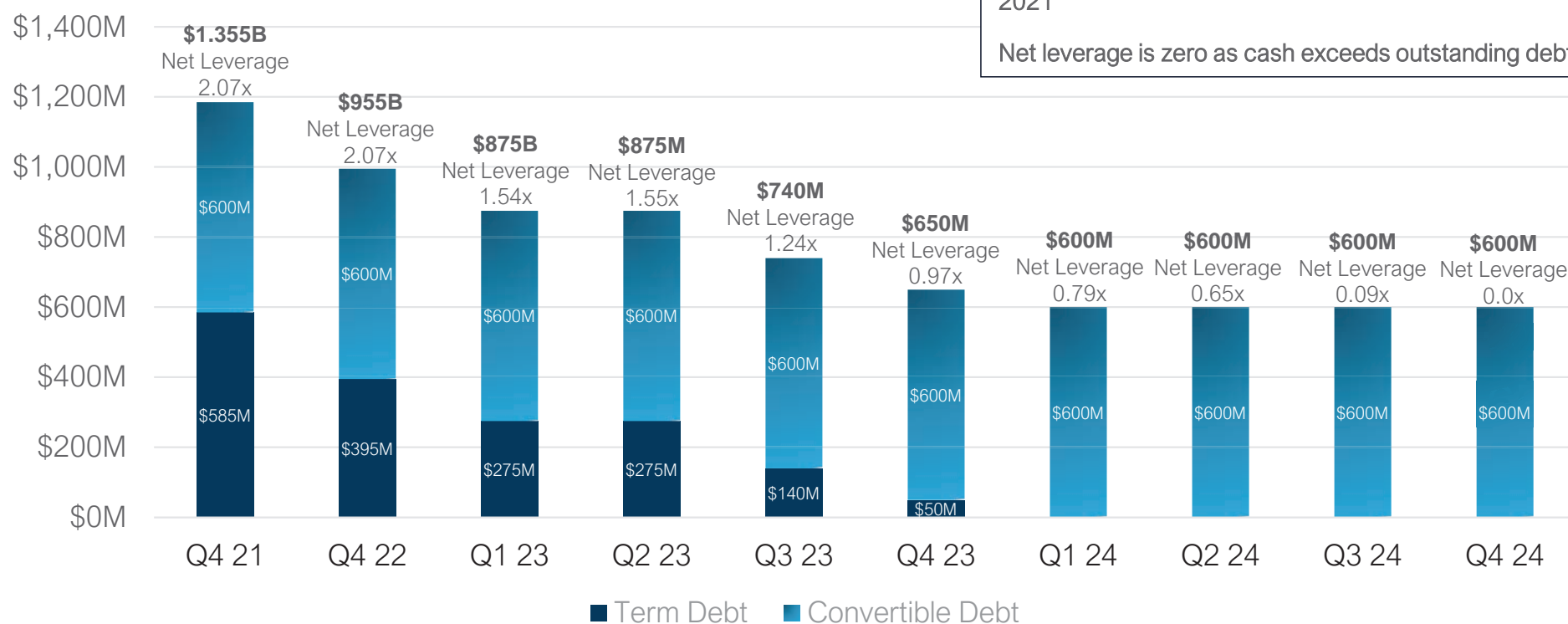
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# Healthy Balance Sheet with Strong Cash Flow

Cash Exceeds Outstanding Debt

Repaid \$1.2B of term debt since NIC acquisition in April 2021

Net leverage is zero as cash exceeds outstanding debt





# 2025 Annual Guidance

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# 2025 Annual Guidance

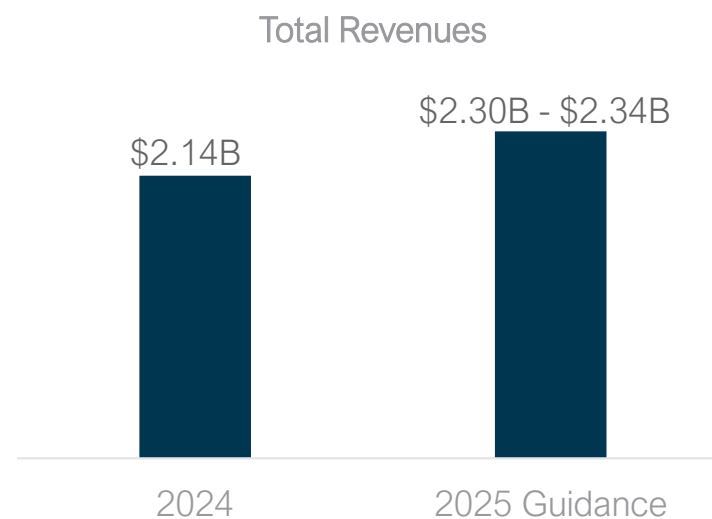
EXECUTING LONG-TERM GROWTH AND CLOUD-FIRST STRATEGY

## REVENUE DRIVERS

### Guidance midpoint implies growth of approx. 8.5%

Revenue range percentage growth expectations:

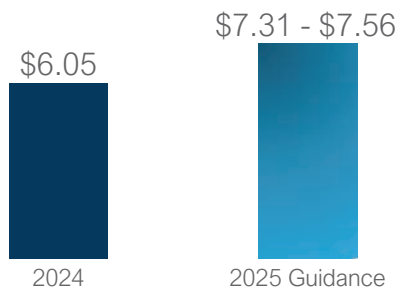
- Subscriptions growth of 15 - 18%
  - SaaS growth of 21 - 24%
  - Transaction growth of 10 - 12%
    - Merchant fees down 7 - 9%
- Maintenance down 4 - 6%
- Professional services flat to down 3%
- Licenses and royalties down 18 - 20%
- Hardware and other down 18 - 20%



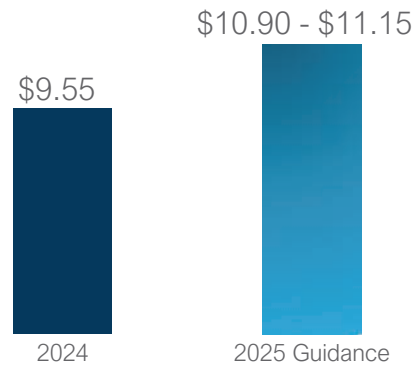
*Most recent 2025 guidance provided on 2/12/25*

# 2025 Annual Guidance

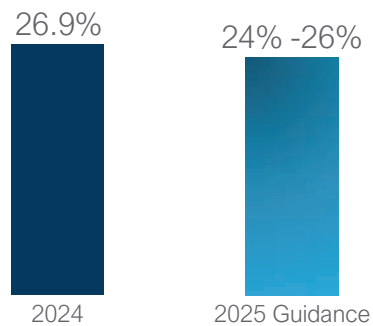
## Diluted EPS - GAAP



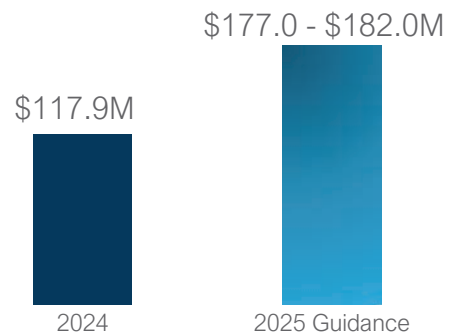
## Diluted EPS - Non-GAAP



## Free Cash Flow Margin



## R&D Expense



*Most recent 2025 guidance provided on 2/12/25*

# Appendix

# Non-GAAP Measures

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

	Three Months Ended December 31,		Twelve Months Ended December 31,	
Reconciliation of non-GAAP gross profit and margin	2024	2023	2024	2023
GAAP gross profit	\$ 236,819	\$ 212,925	\$ 935,761	\$ 861,099
Non-GAAP adjustments:				
Add: Share-based compensation expense included in cost of revenues	8,340	6,981	31,322	26,607
Add: Amortization of acquired software	9,241	9,183	36,964	36,062
Non-GAAP gross profit	\$ 254,400	\$ 229,089	\$ 1,004,047	\$ 923,768
GAAP gross margin	43.8%	44.3%	43.8%	44.1%
Non-GAAP gross margin	47.0%	47.6%	47.0%	47.3%

	Three Months Ended December 31,		Twelve Months Ended December 31,	
Reconciliation of non-GAAP operating income and margin	2024	2023	2024	2023
GAAP operating income	\$ 71,686	\$ 47,748	\$ 299,526	\$ 218,537
Non-GAAP adjustments:				
Add: Share-based compensation expense	34,353	27,433	122,813	108,338
Add: Employer portion of payroll tax related to employee stock transactions	1,303	682	3,606	1,873
Add: Acquisition-related costs	—	154	29	409
Add: Lease restructuring costs and other	1,374	2,863	1,250	8,220
Add: Amortization of acquired software	9,241	9,183	36,964	36,062
Add: Amortization of other intangibles	13,814	19,333	59,627	74,632
Non-GAAP adjustments subtotal	\$ 60,085	\$ 59,648	\$ 224,289	\$ 229,534
Non-GAAP operating income	\$ 131,771	\$ 107,396	\$ 523,815	\$ 448,071
GAAP operating margin	13.2%	9.9%	14.0%	11.2%
Non-GAAP operating margin	24.4%	22.3%	24.5%	23.0%

	Three Months Ended December 31,		Twelve Months Ended December 31,	
Reconciliation of non-GAAP net income and earnings per share	2024	2023	2024	2023
GAAP net income	\$ 65,221	\$ 38,903	\$ 263,026	\$ 165,919
Non-GAAP adjustments:				
Add: Total non-GAAP adjustments to operating income	60,085	59,648	224,289	229,534
Less: Income tax impact	(18,561)	(17,198)	(71,999)	(61,792)
Non-GAAP net income	\$ 106,745	\$ 81,353	\$ 415,316	\$ 333,661
GAAP earnings per diluted share	\$ 1.49	\$ 0.91	\$ 6.05	\$ 3.88
Non-GAAP earnings per diluted share	\$ 2.43	\$ 1.89	\$ 9.55	\$ 7.80

## Non-GAAP Measures

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

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2024	2023	2024	2023
Detail of share-based compensation expense				
Subscriptions, maintenance and professional services	\$ 8,340	\$ 6,981	\$ 31,322	\$ 26,607
Sales and marketing expense	3,457	2,730	12,840	10,118
General and administrative expense	22,556	17,722	78,651	71,613
Total share-based compensation expense	\$ 34,353	\$ 27,433	\$ 122,813	\$ 108,338

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2024	2023	2024	2023
Reconciliation of EBITDA and adjusted EBITDA				
GAAP net income	\$ 65,221	\$ 38,903	\$ 263,026	\$ 165,919
Amortization of other intangibles	13,814	19,333	59,627	74,632
Depreciation and amortization included in cost of revenues, sales and marketing expense, general and administrative expense, and research and development expense	20,235	19,755	80,963	74,954
Interest expense	1,259	3,750	5,931	23,629
Other income, net	(6,340)	(652)	(14,572)	(3,328)
Income tax provision	11,546	5,747	45,141	32,317
EBITDA	\$ 105,735	\$ 86,836	\$ 440,116	\$ 368,123
Share-based compensation expense	34,353	27,433	122,813	108,338
Employer portion of payroll tax related to employee stock transactions	1,303	682	3,606	1,873
Acquisition-related costs	—	154	29	409
Lease restructuring costs and other	1,374	2,863	1,250	8,220
Adjusted EBITDA	\$ 142,765	\$ 117,968	\$ 567,814	\$ 486,963

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2024	2023	2024	2023
Reconciliation of free cash flow				
Net cash provided by operating activities	\$ 224,774	\$ 147,419	\$ 624,633	\$ 380,440
Less: additions to property and equipment	(3,801)	(8,013)	(20,535)	(20,519)
Less: investments in software development	(4,989)	(5,043)	(29,401)	(32,490)
Free cash flow	\$ 215,984	\$ 134,363	\$ 574,697	\$ 327,431
Free cash flow margin	39.9 %	27.9 %	26.9 %	16.8 %

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