GTY Technology Holdings Inc.

TJ Parass, CEO

John Curran, CFO

Q3 2020 Earnings Presentation

November 5, 2020

GTY TECHNOLOGY

Forward Looking Statements

This presentation includes “forward-looking statements” within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995. The company’s actual results may differ from its expectations, estimates and projections and, consequently, you should not rely on these forward-looking statements as predictions of future events. Words such as “expect,” “estimate,” “project,” “budget,” “forecast,” “anticipate,” “intend,” “plan,” “may,” “will,” “could,” “should,” “believes,” “predicts,” “potential,” “continue,” and similar expressions are intended to identify such forward-looking statements. These forward-looking statements include, without limitation, the company’s expectations with respect to future performance. These forward-looking statements involve significant risks and uncertainties that could cause the actual results to differ materially from the expected results. Most of these factors are outside of the company’s control and are difficult to predict. Factors that may cause such differences include, but are not limited to: (1) the impact of the coronavirus outbreak (“COVID-19”), or similar global health concerns, on our operations and customer base; (2) our ability to consummate any proposed transaction with respect to the previously announced review of strategic alternatives; (3) the lack of actionable alternatives being identified in connection with the strategic alternative review; (4) our failure to generate sufficient cash flow from our business to make payments on our debt; (5) our ability to raise or borrow funds on acceptable terms; (6) changes in applicable laws or regulations; (7) the possibility that the company may be adversely affected by other economic, business, and/or competitive factors; (8) other risks and uncertainties included in our Annual Report on Form 10-K for the year ended December 31, 2019, our Quarterly Report on Form 10-Q for the quarter ended March 31, 2020 and our subsequent filings with the Securities and Exchange Commission. We caution you that the foregoing list of factors is not exclusive, and readers should not place undue reliance upon any forward-looking statements, which speak only as of the date made. We do not undertake or accept any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements to reflect any change in our expectations or any change in events, conditions or circumstances on which any such statement is based.

Use Of Non-GAAP Financial Measures

To supplement its condensed consolidated financial statements, which are prepared in accordance with U.S. generally accepted accounting principles, or GAAP, GTY has provided in this release certain financial measures that have not been prepared in accordance with GAAP defined as “non-GAAP financial measures,” which include (i) non-GAAP revenues, (ii) non-GAAP gross profit and non-GAAP gross margin (iii) and non-GAAP loss from operations.

GTY’s management uses these non-GAAP financial measures internally in analyzing its financial results and believes they are useful to investors, as a supplement to the corresponding GAAP measures, in evaluating GTY’s ongoing operational performance and trends. However, it is important to note that particular items GTY excludes from, or includes in, its non-GAAP financial measures may differ from the items excluded from, or included in, similar non-GAAP financial measures used by other companies in the same industry. Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. Investors are encouraged to review the reconciliation of these non-GAAP measures to their most directly comparable GAAP financial measures. A reconciliation of the non-GAAP financial measures to such GAAP financial measures has been provided in the tables included as part of this press release. In addition, as the business combination occurred on February 19, 2019, GTY believes reviewing the operating results on a pro forma basis is more useful in discussing the overall operating performance when compared to the same period in the prior year. Therefore, to compare the nine months ended September 30, 2020 to the nine months ended September 30, 2019, the company combined the GAAP and non-GAAP financial measures of the Predecessor period from January 1, 2019 through February 18, 2019 and the Successor period from February 19, 2019 through September 30, 2019 (“S/P Combined 2019”).

Non-GAAP Revenues. Non-GAAP revenues are defined as GAAP revenues adjusted for the impact of purchase accounting resulting from its business combination which reduced its acquired contract liabilities to fair value. The company believes that presenting non-GAAP revenues is useful to investors as it eliminates the impact of the purchase accounting adjustments to revenues to allow for a direct comparison between current and future periods.

Non-GAAP Gross profit and Non-GAAP Gross margin. Non-GAAP gross profit is defined as GAAP gross profit adjusted for the impact of purchase accounting resulting its business combination and share-based compensation included in cost of revenues. Non-GAAP gross margin is defined as non-GAAP gross profit divided by non-GAAP revenues. The Company believes that presenting non-GAAP gross profit and margin is useful to investors as it eliminates the impact of the purchase accounting adjustments to allow for a direct comparison between periods.

Non-GAAP Loss from operations. Non-GAAP loss from operations is defined as GAAP loss from operations adjusted for the impact of purchase accounting to revenues resulting from its business combination, the amortization of acquired intangible assets, share-based compensation, acquisition related costs, restructuring expenses and the change in fair value of contingent consideration. The company believes that presenting non-GAAP loss from operations is useful to investors as it eliminates the impact of certain non-cash and acquisition related expenses to allow a direct comparison of loss from operations between all periods presented.

GTY Technology

Our cloud-based platforms help our customers to transform the way they engage citizens and manage their organizations.

FRONT OFFICE: Improved Citizen Experience

BACK OFFICE: Improved Visibility, Security, Productivity

Questica
SHERPA GOVERNMENT SOLUTIONS
BUDGETING & PLANNING

What work is the city doing in my neighborhood?

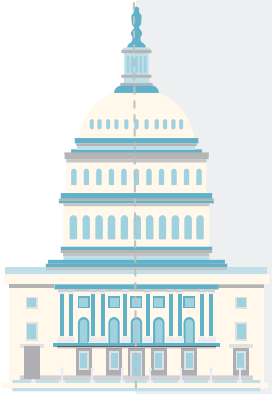
How can we quickly update our budget and collaborate remotely?

Bonfire
PROCUREMENT

Where is my tax-money being spent in my community?

How can we respond quickly to new purchasing requirements and stay compliant?

OpenCounter
PERMITTING



Digital City Hall

What permits do I need to open a new business downtown?

How can we find new grant opportunities, manage the obligations and maximize finding?

eCivis
GRANTS MANAGEMENT

Can I safely pay all my obligations to the city online?

How do we manage all of the payments across the city, maximize collections and keep our employees safe?

CITYBASE
PAYMENTS

Financial Highlights and Indicators

Topline growth, cost management, customer satisfaction and continued strength in government digital transformation:

- GAAP Revenues increased 44% from Q3 2019 and 40% YTD
- Cash flow positive for the quarter
- High demand for GTY Budgeting, Procurement and Grants Management Solutions
- Conclusion of review of strategic alternatives

Covid-19 Market Environment

Greater urgency to move to the Cloud

Current Headwinds

- Budgets shrinking
- Deliver same services for less
- Multiple demands on our customers/workload
- Political uncertainty/stimulus

Current Tailwinds

- Requirement to be able to work remotely
- Need to rapidly iterate on budgets
- Obligation to protect employees and constituents
- Demand for new grants
- Focus on cost management
- COVID Cares emergency program was effective

Why GTY

- Public sector needs to modernize
- Citizens demanding private sector like experiences
- Government staff need contemporary tools

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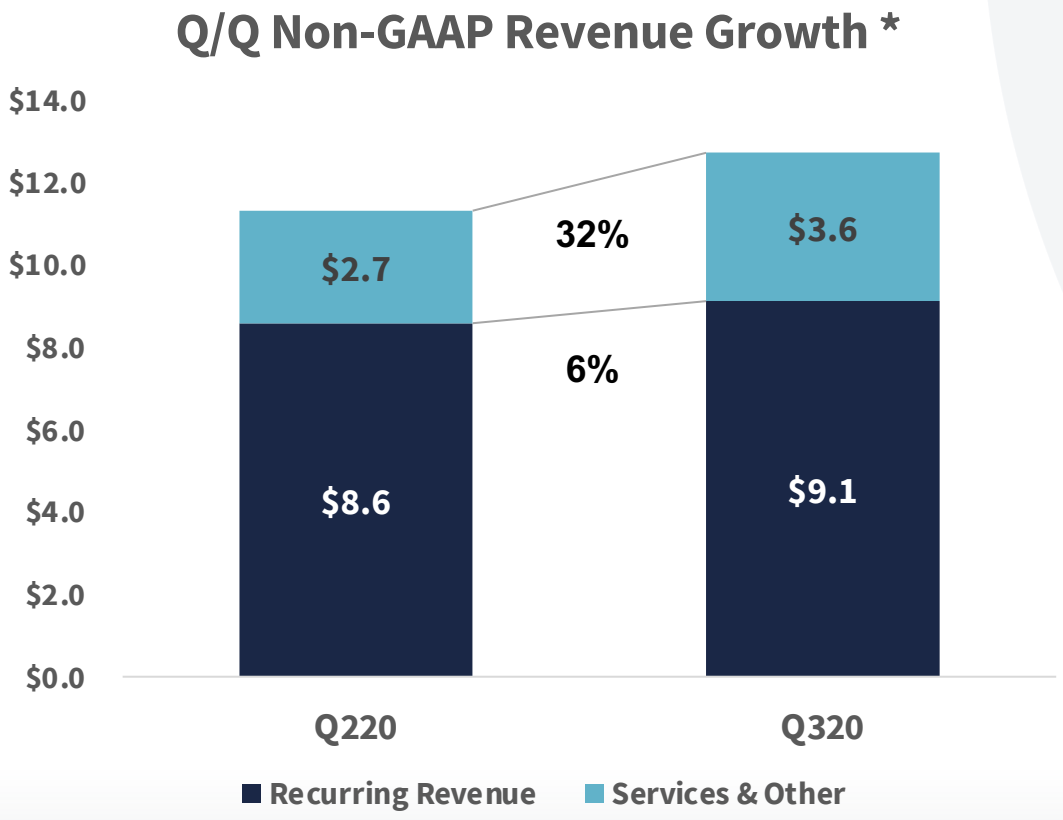
Income Statement Highlights

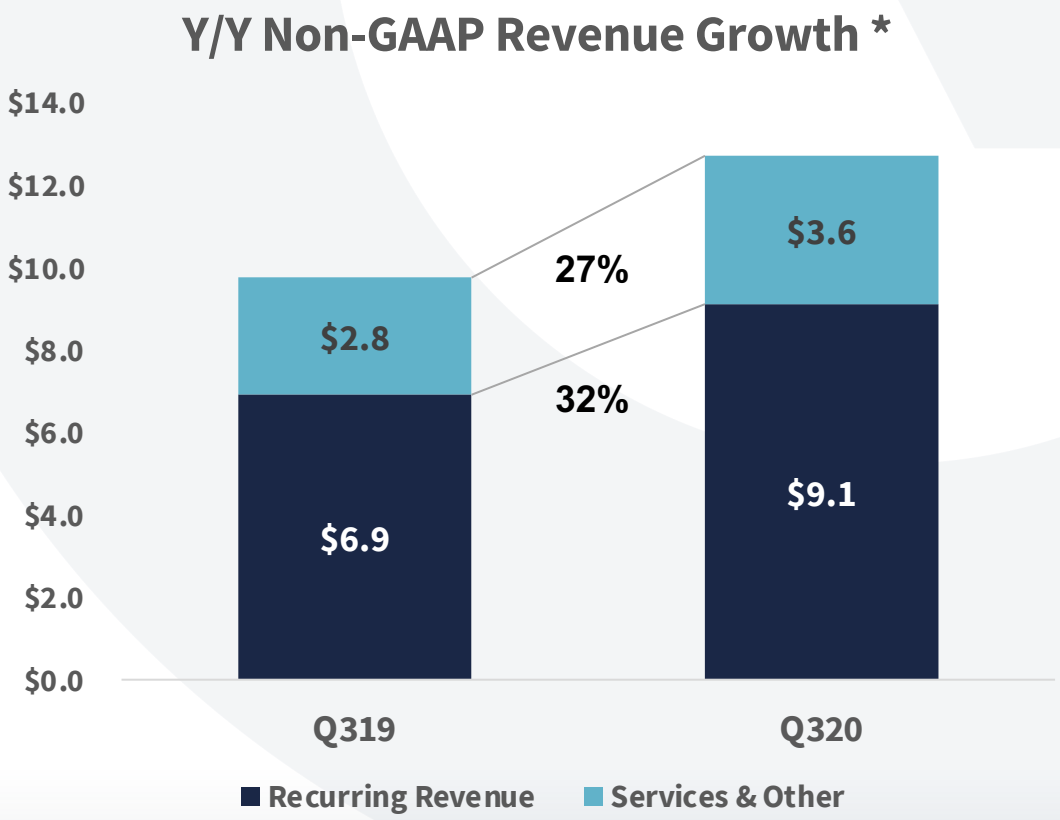
GAAP P&L Metrics							
				Y/Y Change		Q/Q Change	
$ in millions	Q320	Q220	Q319	$	%	$	%
Revenues	**$12.6**	$11.2	**$8.8**	$3.8	**44%**	$1.4	13%
Operating Exp	$15.2	$14.6	$15.8	($0.5)	-3%	$0.7	5%
Operating Loss	**($7.3)**	**($7.8)**	($9.6)	$2.3	-24%	$0.5	-7%

Non-GAAP P&L Metrics							
				Y/Y Change		Q/Q Change	
$ in millions	Q320	Q220	Q319	$	%	$	%
Revenues	**$12.7**	$11.3	**$9.8**	$3.0	**30%**	$1.4	12%
Operating Exp	**$9.8**	**$9.8**	$11.8	($2.0)	-17%	($0.1)	-1%
Operating Loss	**($1.4)**	**($2.8)**	($4.6)	$3.2	-69%	$1.4	**-49%**

Numbers may not foot due to rounding.

Recurring Revenue Growth in line with Base Case





* See the appendix for a reconciliation to the most comparable GAAP metrics. Numbers may not foot due to rounding.

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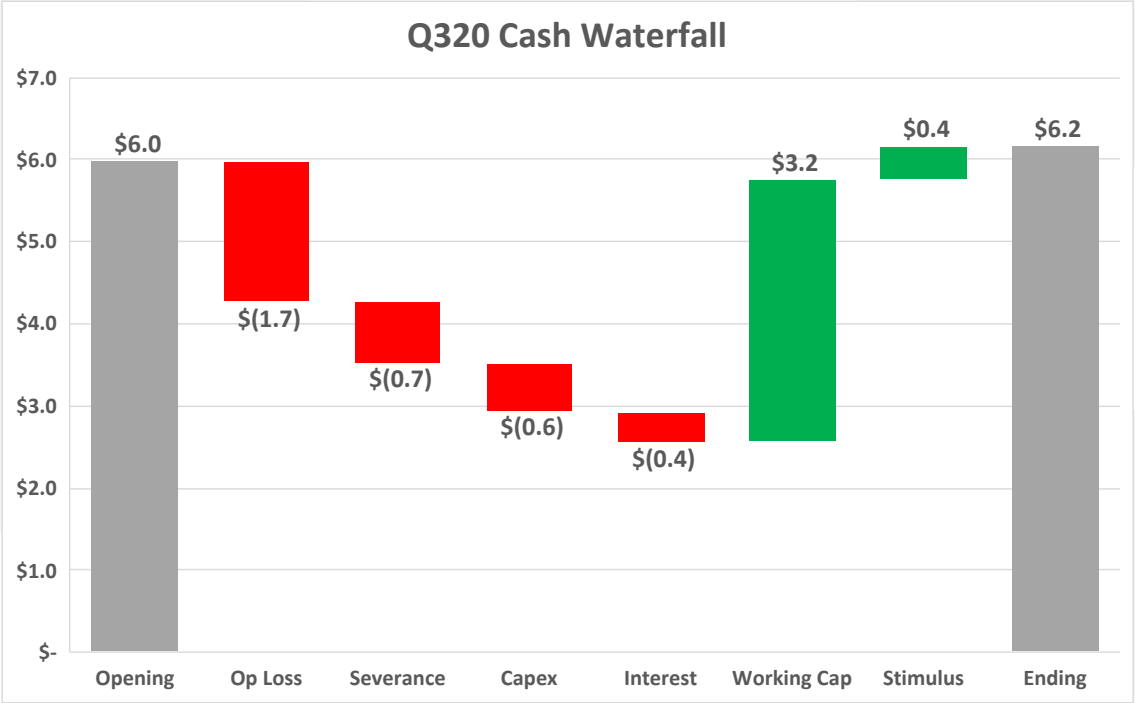
Balance Sheet and Cash Flow Highlights

- Receivables are down $0.5M due to excellent collections in the quarter
- AP and Accruals increased slightly due to timing
- Contract Liabilities/Deferred Revenue are up $3.1M due to seasonally high invoicing
- Total cash increased by $0.2M in the quarter, primarily due to strong collections



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Outlook

- Expect revenue growth north of 20% for the year
- Cash flow positive this quarter from operations; in Q4 we expect a step down due to lower invoicing volume
- Reiterate expectation to be cash flow positive in 2021

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TJ Parass, CEO

Business Unit Insights and Trends

- All Business Unit operations have fully adjusted to COVID climate
- Mid-Market expansion continues
- Cities and States moving away from Monolithic ERP towards “Best of Breed”
- Business Unit Highlights:
    - **Procurement** - Bonfire grew by 60%
    - **Budgeting** – the State of North Dakota selects Sherpa for budgeting solution
    - **Permits** - OpenCounter landed the City of Fort Worth
    - **Grant Management** - eCivis added 20 new logos this quarter
    - **Payments** - CityBase landed the City of Austin

Summary of a Great Quarter

Topline growth, cost management, customer satisfaction and continued strength in government digital transformation:

- GAAP Revenues increased 44% from Q3 2019 and 40% YTD
- Cash flow positive for the quarter
- High demand for GTY Budgeting, Procurement and Grants Management Solutions
- Conclusion of our review of strategic alternatives

Q&A

Appendix

Reconciliation of Non-GAAP Financial Measures

Three Month periods ended 9/30/20, 6/30/20 and 9/30/19

Non-GAAP Reconciliation	Three Months Ended		
	September 30, 2020	June 30, 2020	September 30, 2019
Revenues	$ 12,587	$ 11,164	$ 8,754
Purchase accounting adjustment to revenue	128	146	1,004
Non-GAAP Revenues	**$ 12,715**	**$ 11,310**	**$ 9,758**
Gross Profit	$ 7,967	$ 6,770	$ 6,171
Purchase accounting adjustment to revenue	128	146	1,004
Share-based compensation	$ 225	$ 132	-
Non-GAAP Gross Profit	**$ 8,320**	**$ 7,048**	**$ 7,175**
Gross Margin	63%	61%	70%
Non-GAAP Gross Margin	**65%**	**62%**	**74%**
Loss from operations	$ (7,272)	$ (7,801)	$ (9,615)
Purchase accounting adjustment to revenue	128	146	1,004
Amortization of intangibles	3,683	3,642	3,830
Share-based compensation	2,024	1,019	556
Acquisition costs	-	-	442
Restructuring charges	2	198	-
Change in fair value of contingent consideration	-	-	(812)
Non-GAAP Loss from operations	**$ (1,435)**	**$ (2,796)**	**$ (4,595)**

Reconciliation of Non-GAAP Financial Measures

Nine Month periods ended 9/30/20 and 9/30/19

	Nine Months Ended September 30,	
	2020	2019
Revenues - Successor Period	$ 35,027	$ 20,034
Revenues - Predecessor Period	-	4,928
Pro forma as Adjusted Revenues	35,027	24,962
Purchase accounting adjustment to revenue	589	3,575
Non-GAAP Pro forma as Adjusted Revenues	**$ 35,616**	**$ 28,537**
Gross Profit - Successor Period	$ 21,486	$ 12,944
Gross Profit - Predecessor Period	-	3,314
Pro forma as Adjusted Gross Profit	21,486	16,258
Purchase accounting adjustment to revenue	589	3,575
Share-based compensation	575	-
Non-GAAP Pro forma as Adjusted Gross Profit	**$ 22,650**	**$ 19,833**
Gross Margin - Successor Period	61%	65%
Gross Margin - Predecessor Period	N/A	67%
Pro forma as Adjusted Gross Margin	61%	65%
Non-GAAP Pro forma as Adjusted Gross Margin	**64%**	**69%**
Loss from operations - Successor Period	$ (31,593)	$ (61,330)
Loss from operations - Predecessor Period	-	(1,555)
Pro forma as Adjusted Loss from operations	(31,593)	(62,885)
Purchase accounting adjustment to revenue	589	3,575
Amortization of intangibles	10,998	9,427
Share-based compensation	6,338	2,928
Acquisition costs	-	33,342
Restructuring charges	3,666	-
Change in fair value of contingent consideration	29	(849)
Non-GAAP Pro forma as Adjusted Loss from operations	**$ (9,973)**	**$ (14,462)**