



# TEMENOS

THE BANKING SOFTWARE COMPANY

# Financial results & business update

**14 February 2022**

Quarter ended 31 December 2021



**TEMENOS**  
THE BANKING SOFTWARE COMPANY



# | Disclaimer

Any remarks that we may make about future expectations, plans and prospects for the company constitute forward-looking statements. Actual results may differ materially from those indicated by these forward-looking statements as a result of various factors.

In particular, the forward-looking financial information provided by the company in the conference call represent the company's estimates as of 14 February 2022. We anticipate that subsequent events and developments will cause the company's estimates to change.

However, while the company may elect to update this forward-looking financial information at some point in the future, the company specifically disclaims any obligation to do so. This forward-looking information should not be relied upon as representing the company's estimates of its future financial performance as of any date subsequent to 14 February 2022.

# Non-IFRS Information

Readers are cautioned that the supplemental non-IFRS information presented in this presentation is subject to inherent limitations. It is not based on any comprehensive set of accounting rules or principles and should not be considered as a substitute for IFRS measurements. Also, the Company's supplemental non-IFRS financial information may not be comparable to similarly titled non-IFRS measures used by other companies.

In the tables accompanying this presentation the Company sets forth its supplemental non-IFRS figures for revenue, operating costs, EBIT, EBITDA, net earnings and earnings per share, which exclude the effect of adjusting for share-based payments, the carrying value of acquired companies' deferred revenue, the amortization of acquired intangibles, discontinued activities, acquisition related charges, restructuring costs, and the income tax effect of the non-IFRS adjustments. The tables also set forth the most comparable IFRS financial measure and reconciliations of this information with non-IFRS information.

When the Company believes it would be helpful for understanding trends in its business, the Company provides percentage increases or decreases in its revenue (in both IFRS as well as non-IFRS) to eliminate the effect of changes in currency values. When trend information is expressed herein "in constant currencies", the results of the "prior" period have first been recalculated using the average exchange rates of the comparable period in the current year, and then compared with the results of the comparable period in the current year.

# | Agenda

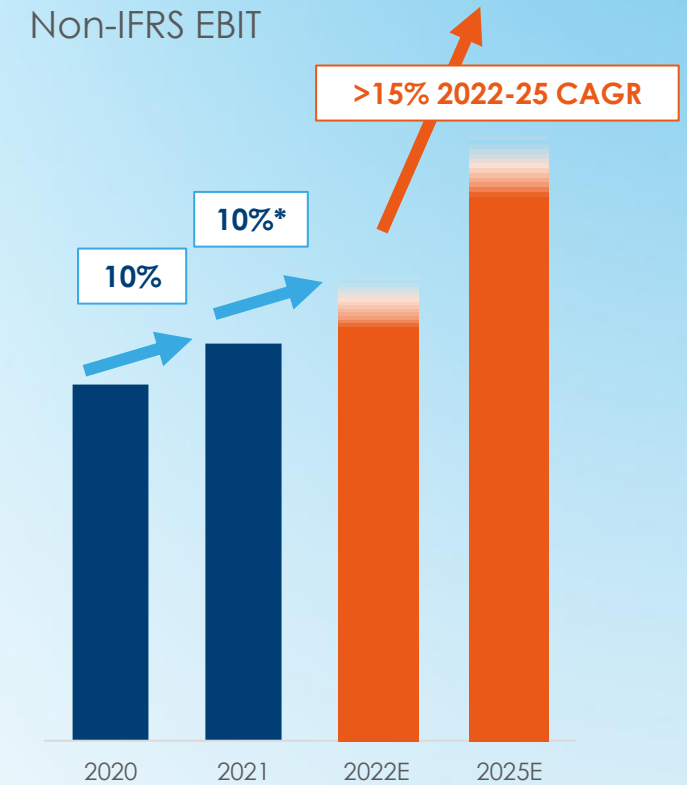
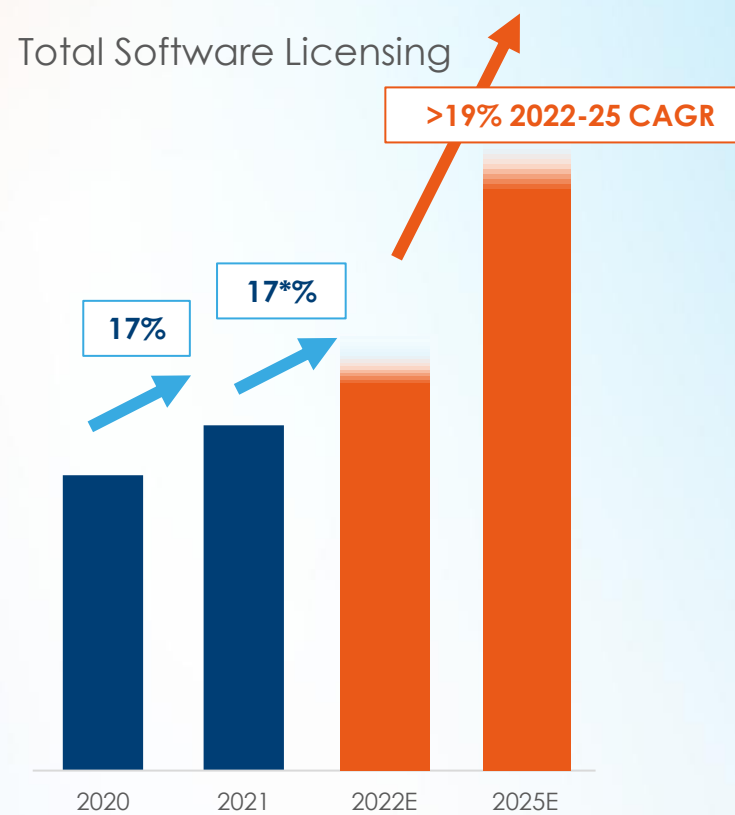
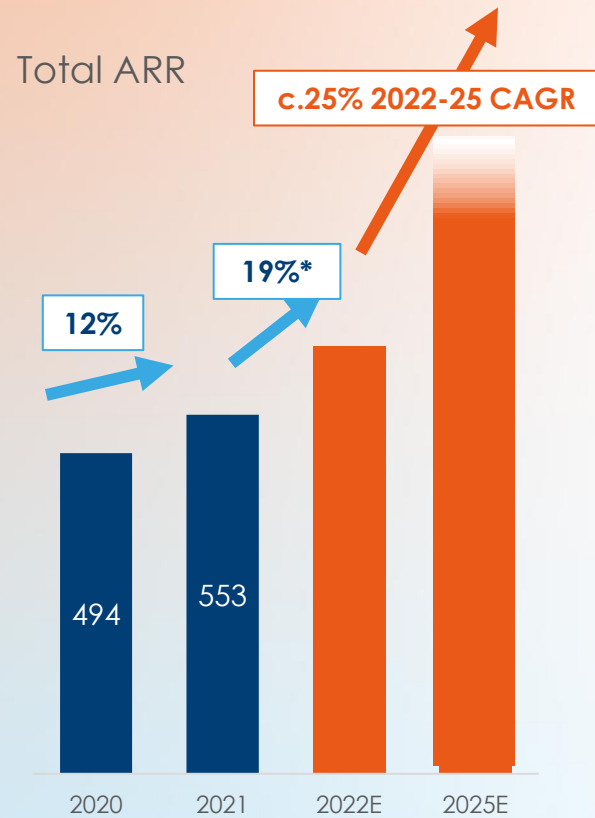
Business update.....	Max Chuard, CEO
Financial update.....	Takis Spiliopoulos, CFO
Summary.....	Max Chuard, CEO
Q&A	

# Business update

**Max Chuard**  
CEO



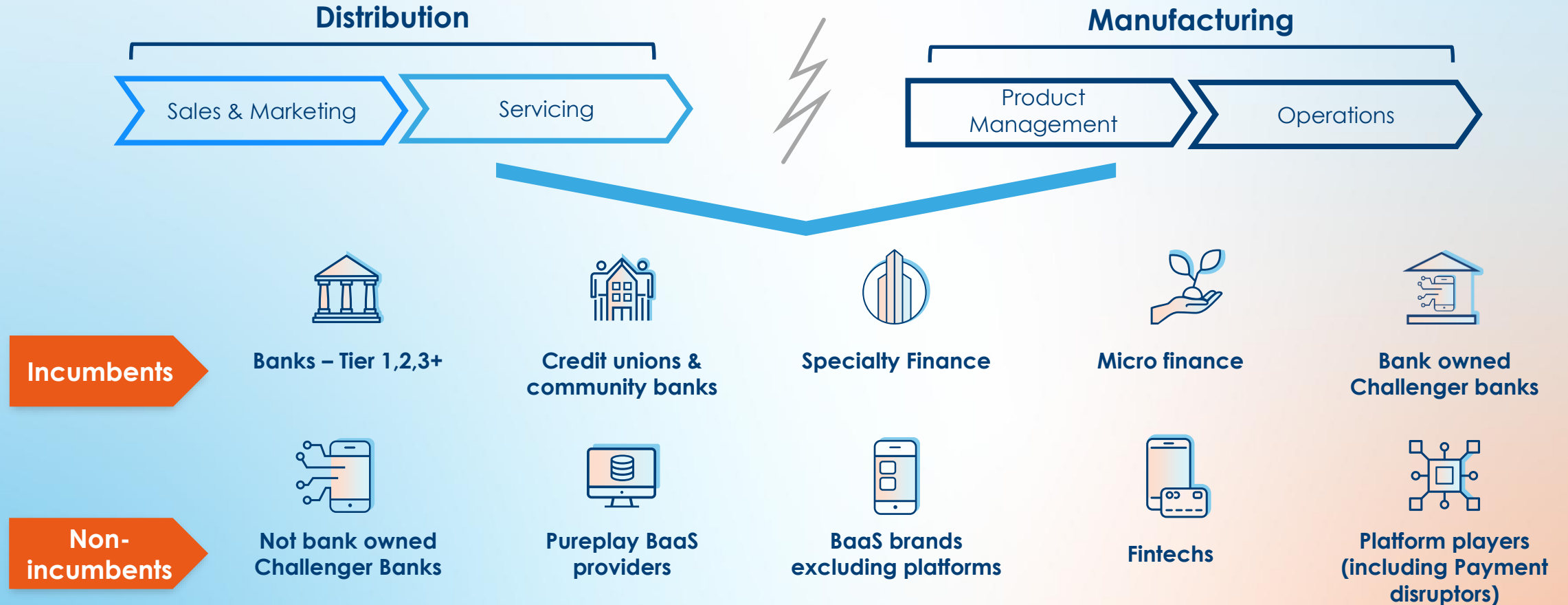
# Accelerating out of the pandemic



Note: Numbers are non-IFRS. 2020 and 2021 at constant currency

\* Mid-point 2022 guidance

# Our market has fundamentally changed

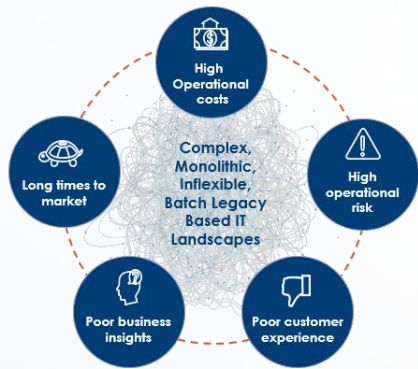


Market opportunity growing and rebalancing between incumbents and non-incumbents

# Temenos is a leader across traditional and non-incumbent markets

## Traditional banks

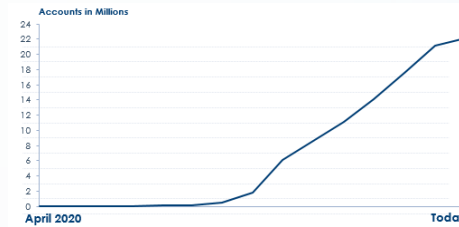
(Digital transformation from legacy to modern)



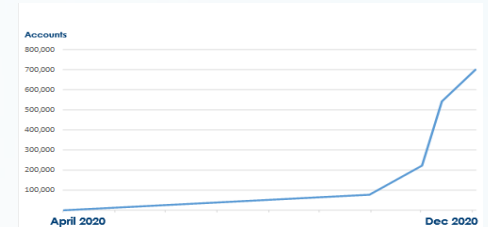
## Non-incumbents

(Rapid scaling of greenfield business)

### Leading Platform player



### Greenfield Challenger Bank

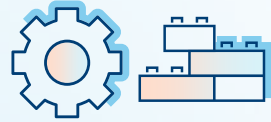


# Innovation focus drives our market leadership

2022 - 2025



Cloud/SaaS



API/Microservices



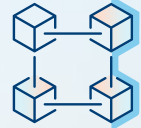
DevOps



Big Data



AI/Machine  
Learning



Blockchain/  
Distributed DB

**\$ 2.5B**

**cumulative R&D investment  
1990-2021**

**\$ 1B**

**R&D investment  
2022-25**

We invest 20% of revenues in R&D...highest in the industry

# Move to subscription captures greater value and accelerates our growth

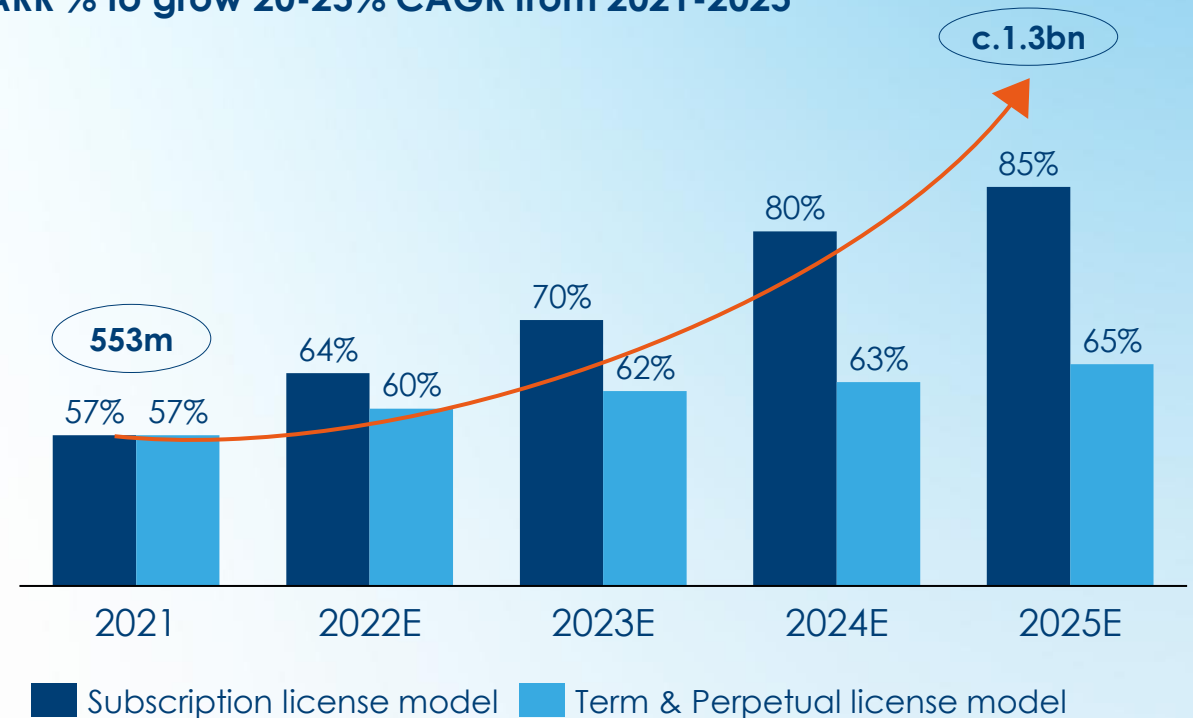
Client across all tiers and business models are increasingly **asking for subscription contracts** rather than traditional upfront license



Temenos will sell **five year subscription contracts** for on-premise license and maintenance **as standard from 2022, including for renewals**

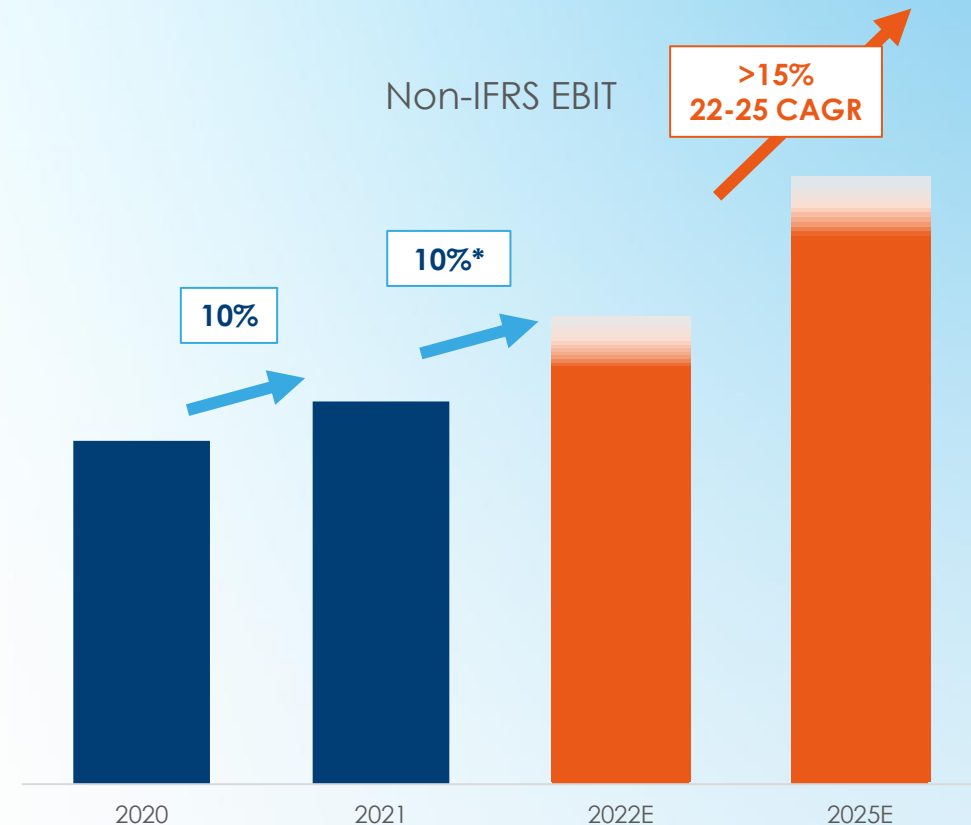
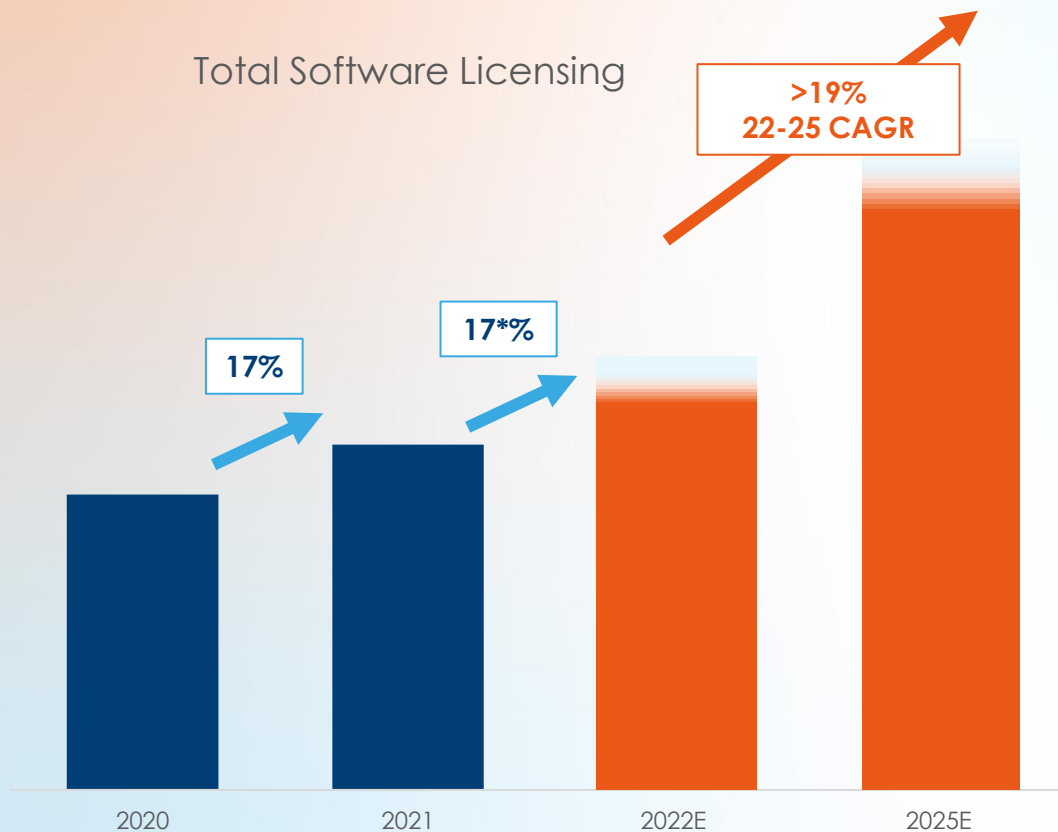
## Significant acceleration in Annual Recurring Revenue

ARR % to grow 20-25% CAGR from 2021-2025



**Growth in subscription and SaaS will drive recurring revenue;  
Subscription model accelerates shift to more predictable financial performance**

# Value creation from Subscription will drive acceleration in Total Software Licensing and EBIT



Note: Numbers are non-IFRS. 2020 and 2021 at constant currency

\* Mid-point 2022 guidance

# Tangible subscription benefits to clients and Temenos

## Benefits to client



**Enhanced value proposition for customers**  
significantly expanding flexibility



**Lower upfront cost**, reflecting a shift to OPEX  
from CAPEX and the time value of money



**Easier to scale with demand**

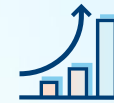


**Flexible maintenance options**



**Easier path to SaaS**

## Benefits to Temenos



**Significantly expanding long-term value creation potential** through incremental growth, higher margins and cash flows



**Accelerate the shift to more predictable financial performance** driven by a much higher proportion of recurring revenues



**Increase total contract values**



**Greater upsell opportunity**



**Better customer retention**

# | A strong Q4-21

## Review of Q4-21

- Strong momentum in the fourth quarter
- SaaS performed particularly well with ACV up 52% and revenue up 33%
- Total Bookings up 10% in the quarter, 37% on FY-20 and also up on FY-19, driving backlog and visibility
- EBIT growth continued to drive operating and free cash flow generation
- Significant investment to ensure we are well positioned for future growth
- Move to subscription model for on-premise licenses will accelerate recurring revenue growth and further increase visibility
- Strong pipeline build in Q4-21 ensures we are well positioned for strong growth in 2022

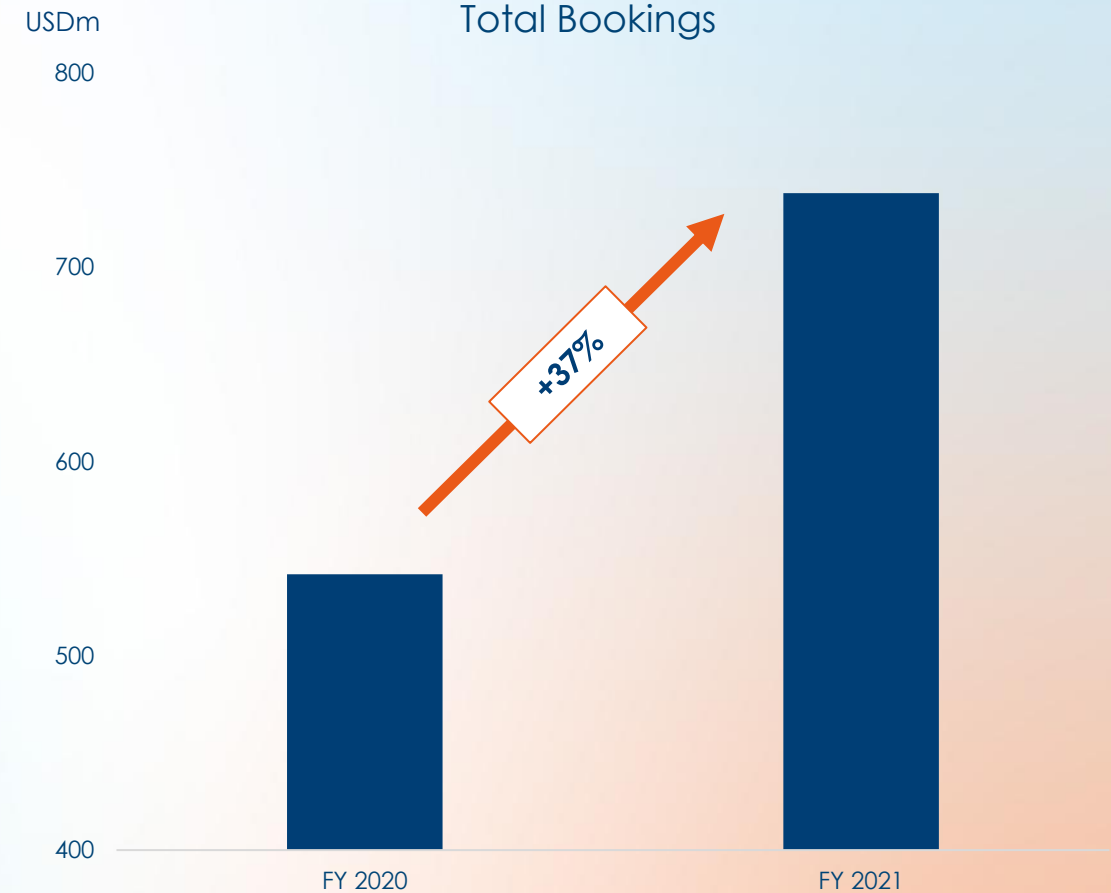
## Q4-21 and FY-21 non-IFRS financial highlights

- Q4-21 SaaS ACV of USD17.0m, up 52%. FY-21 of USD57.3m, up 65%
- Q4-21 SaaS revenue growth of 33%. FY-21 up 27%
- Q4-21 Total software licensing up 11%, FY-21 up 17%
- FY-21 operating cash flow up 16%
- Q4-21 EBIT growth of 2% and 10% for FY-21

**Well positioned for strong growth in 2022**

# Strong growth in Total Bookings

- Total Bookings grew 10% in Q4-21 driven by strong demand across clients
- Total Bookings has now grown 37% in FY-21 as we continue to take market share
- Product demand remains broad based
- Total Bookings increasing backlog and long term visibility for growth
- Combination of strong growth in SaaS and licenses, as well as continued increase in average tenure vs. an average of 3.7 years in FY-20\*

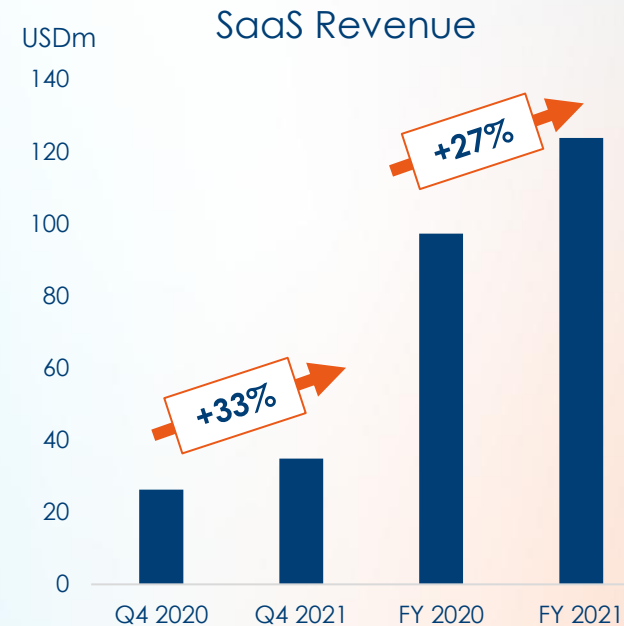
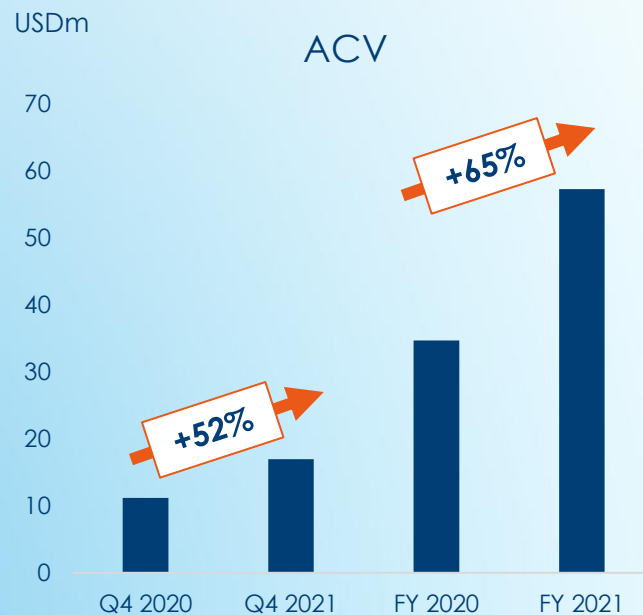


**Total Bookings** – includes fair value of licence contract value, committed maintenance contract value on licence, and SaaS committed contract value. All must be committed and evidenced by duly signed agreements.

*Note: non-IFRS c.c. growth rates. \*refer to slide 44 in appendix for quarterly Total Bookings numbers and slide 45 in appendix for historic average tenures*

# Excellent growth in SaaS

- Continued strong acceleration in SaaS with ACV up 52% in Q4-21 and 65% in FY-21
- US and Europe drove significant majority of signings
- SaaS pipeline continues to build, balanced across Transact and Infinity



Note: non-IFRS c.c. growth rates

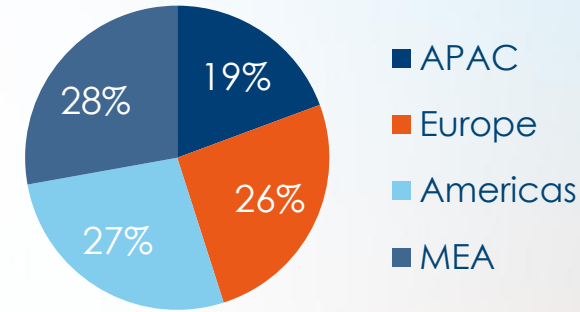
# Q4-21 and FY-21 sales review

- Sales environment continued to improve
- Very strong momentum in SaaS across both Transact and Infinity
- US performed particularly well, as did APAC and MEA
- Sequential improvement in Europe with good level of deal signings across both license and SaaS, strong pipeline build for 2022
- Tier 1 and 2 banks contributed 41% of total software licensing in Q4-21 as strategic transformation projects continue to gain momentum
- Sales to the installed base remained robust, contributing 72% of total software licensing in Q4-21
- 19 new client wins in Q4-21, total of 63 new customer wins in FY-21

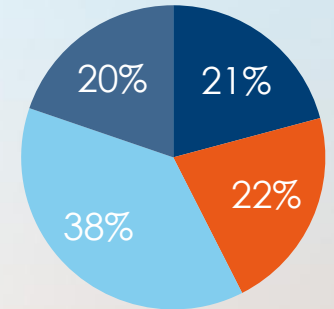
## Total Software Licensing

### Geographic split

Q4-21

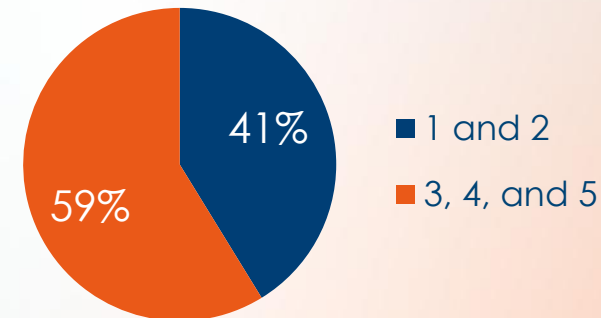


FY-21

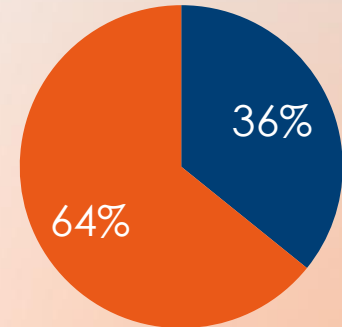


### Tiers

Q4-21



FY-21



# Strong momentum in our US business

- US operations continue to perform very well
- SaaS ACV particularly strong in Q4-21 and expected to continue in 2022
- Reference client base continued to grow with Commerce Bank going live
- Pipeline is robust with ongoing deal processes with several marquee names
- Strategic partnerships with DXC and Salesforce are progressing well
- Investing in Sales & Marketing leadership across client segments

## Building strong US references



## Global Tier 1 corporate bank



# | 2022 – a year of accelerating growth

- Outlook for 2022 is strong with third party market spending accelerating to 10% growth
- Demand for SaaS in particular accelerating driven by non-incumbents and small and mid-size banks
- Spend by non-incumbents growing very fast at 29% p.a. with explosion in new entrants and business models
- Tier 1 and 2 banks increasing their spend to respond to competitive dynamics and changing customer expectations
- US and Europe driving growth in 2022 from a geographic perspective
- Move to subscription will accelerate ARR and TSL in 2022
- Significant investment in 2022 to ensure we are well positioned to drive growth



**Well positioned for accelerating growth in 2022**

# Financial update

**Takis Spiliopoulos**  
CFO



# Performance vs. 2021 guidance (c.c.)

	Guidance	Delivered
SaaS ACV	+50-60% growth	65%
ARR	+10-15% growth	12%
Non-IFRS Revenue	Total software licensing +14-18% growth Total revenue +8-10% growth	17% TSL 7% Total revenue
Non-IFRS EBIT	+12-14% growth	10%
Cash conversion	100%+ conversion of EBITDA into operating cash flow DSOs around c.105 days by year end	124% DSO at 117 days
Leverage	Net leverage of c.2x by year end	1.8x

# Q4-21 and FY-21 non-IFRS financial highlights

## Revenue and profit

- SaaS revenue up 33% in Q4-21 and 27% in FY-21
- Total software licensing up 11% in Q4-21 and 17% in FY-21
- Maintenance growth of 7% in Q4-21 and 4% in FY-21
- Total revenue up 7% in Q4-21 and 7% in FY-21
- EBIT up 2% in Q4-21 and 10% in FY-21
- FY EBIT margin (reported) of 36.9%, up 1%pt (c.c.)
- EPS (reported) up 7% in FY-21

## Cash flow

- FY-21 operating cash flow of USD 473m, up 16% y-o-y
- FY-21 operating cash conversion of 124% of IFRS EBITDA
- FY-21 free cash flow of USD 358m, up 21%
- DSOs at 117 days, up 6 days y-o-y

## Debt and leverage

- Net debt of USD 821m as of 31.12.21
- Leverage at 1.8x at year end, down from 2.1x at year end FY-20



*Note: figures are non-IFRS c.c. growth rates unless otherwise stated*

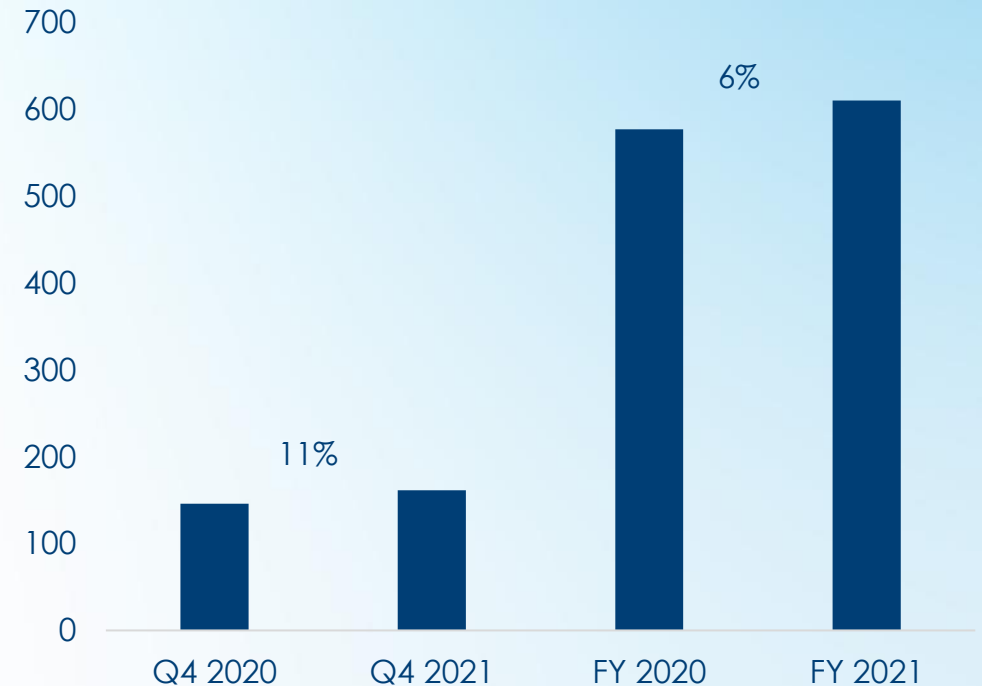
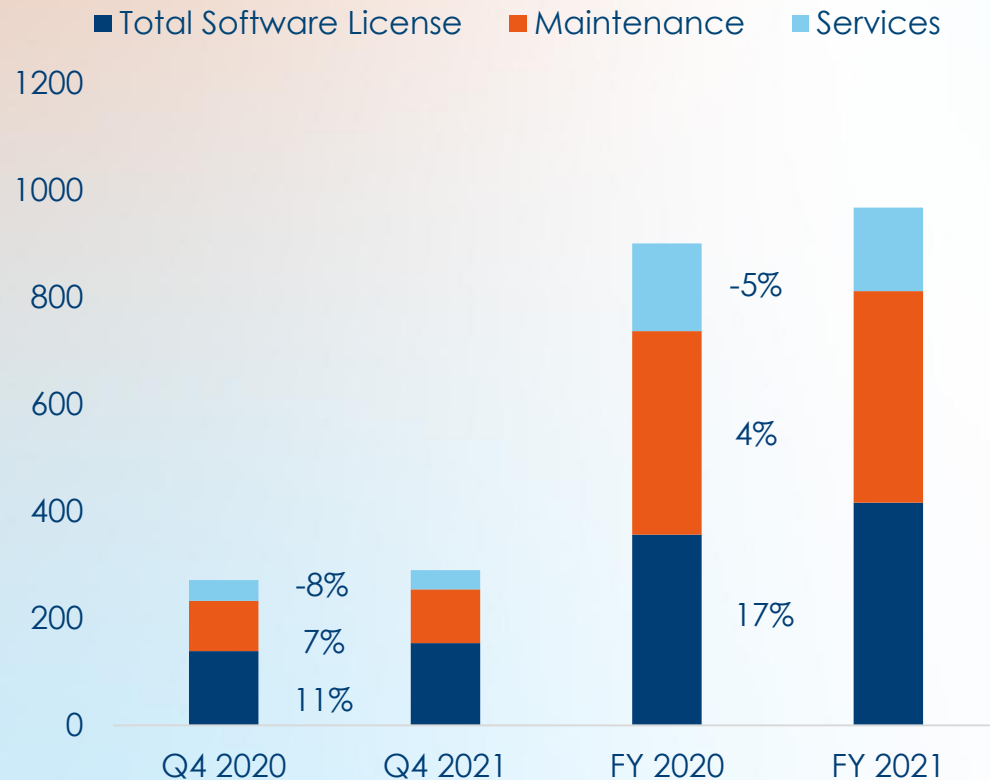
# Non-IFRS income statement – operating

In USDm	Q4-21	Q4-20	Y-o-Y reported	Y-o-Y c.c.	FY-21	FY-20	Y-o-Y reported	Y-o-Y c.c.
Software licensing	118.6	115.3	3%	5%	292.2	259.5	13%	13%
SaaS	34.8	26.5	32%	33%	123.7	96.2	29%	27%
<b>Total software licensing</b>	<b>153.4</b>	<b>141.7</b>	<b>8%</b>	<b>11%</b>	<b>415.9</b>	<b>355.6</b>	<b>17%</b>	<b>17%</b>
Maintenance	100.7	95.4	6%	7%	395.1	381.2	4%	4%
Services	35.9	39.9	-10%	-8%	156.0	163.1	-4%	-5%
<b>Total revenue</b>	<b>290.0</b>	<b>277.1</b>	<b>5%</b>	<b>7%</b>	<b>967.0</b>	<b>899.9</b>	<b>7%</b>	<b>7%</b>
Operating costs	161.6	149.4	8%	11%	610.2	568.9	7%	6%
<b>EBIT</b>	<b>128.4</b>	<b>127.7</b>	<b>1%</b>	<b>2%</b>	<b>356.8</b>	<b>331.0</b>	<b>8%</b>	<b>10%</b>
Margin	44.3%	46.1%	-2% pts	-2% pts	36.9%	36.8%	0% pts	1% pts
<b>EBITDA</b>	<b>152.6</b>	<b>149.0</b>	<b>2%</b>	<b>4%</b>	<b>447.7</b>	<b>414.3</b>	<b>8%</b>	<b>10%</b>
Margin	52.6%	53.8%	-1% pts		46.3%	46.0%	0% pts	
Services margin	7.6%	10.9%	-3% pts		11.5%	13.6%	-2% pts	

# Like-for-like revenue and costs

- Q4-21 LFL non-IFRS revenues up 7%
- FY-21 LFL non-IFRS revenues up 7%

- Q4-21 LFL non-IFRS costs up 11%
- FY-21 LFL non-IFRS costs up 6%

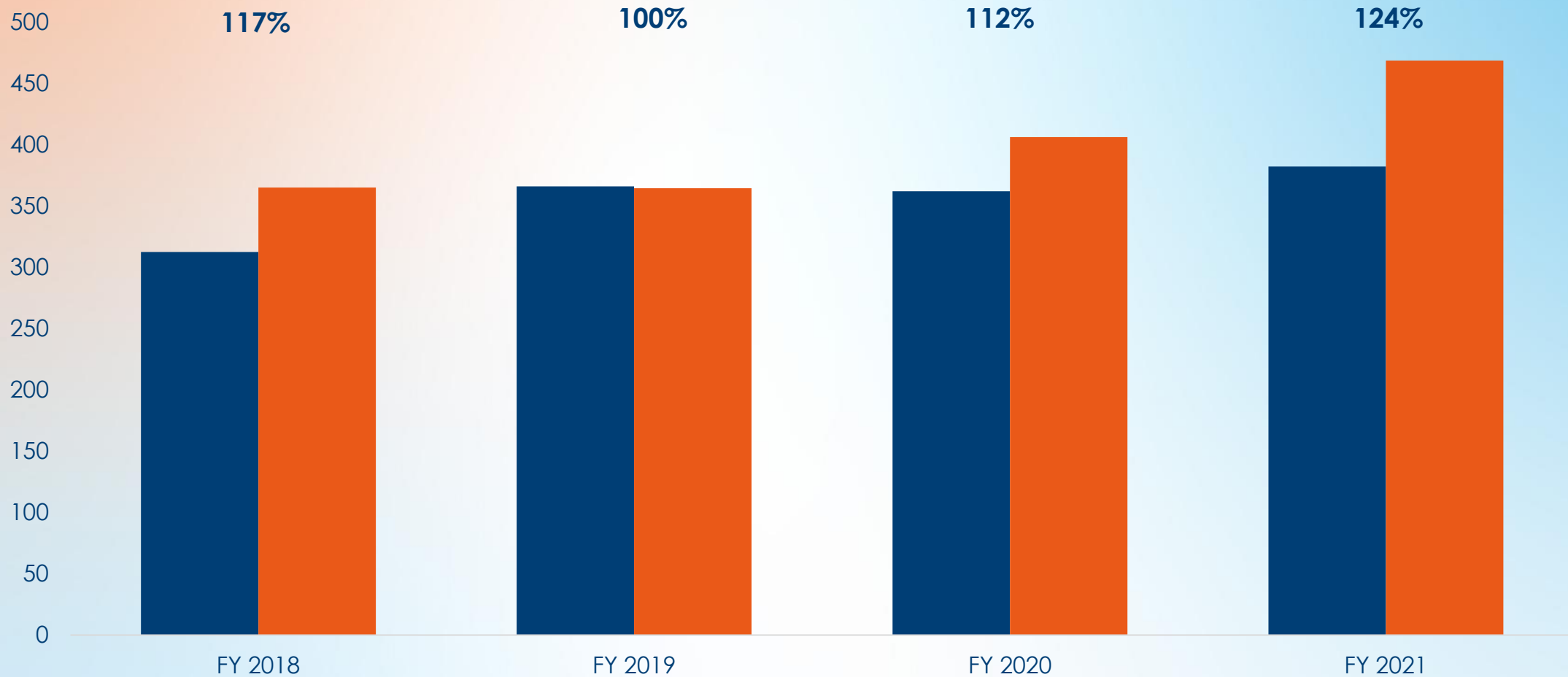


# Non-IFRS income statement – non-operating

In USDm, except EPS	Q4-21	Q4-20	Y-o-Y reported	FY-21	FY-20	Y-o-Y reported
<b>EBIT</b>	<b>128.4</b>	<b>127.7</b>	<b>1%</b>	<b>356.8</b>	<b>331.0</b>	<b>8%</b>
Net finance charge	-6.1	-6.8	-9%	-25.4	-30.1	-10%
FX gain / (loss)	-0.5	-0.3	36%	-1.2	0.8	-16%
Tax	-19.8	-17.3	15%	-55.3	-41.8	32%
<b>Net profit</b>	<b>102.0</b>	<b>103.3</b>	<b>-1%</b>	<b>274.9</b>	<b>259.8</b>	<b>6%</b>
<b>EPS (USD)</b>	<b>1.42</b>	<b>1.41</b>	<b>1%</b>	<b>3.80</b>	<b>3.55</b>	<b>7%</b>

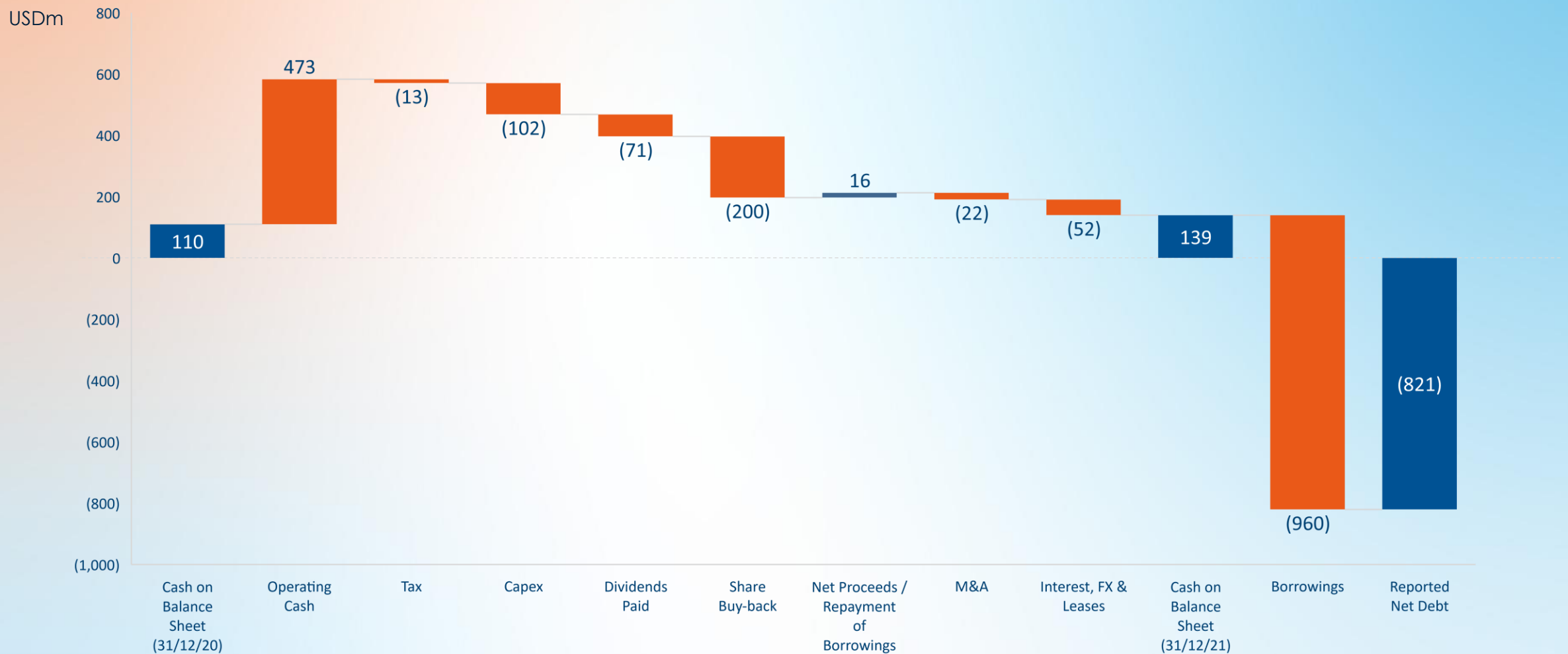
# IFRS cash conversion

USD m



**Cash conversion well above 100% target**

# | Group liquidity



**Leverage at 1.8x at year end 2021**

# Strong growth in ARR, deferred revenue and FCF

- Strong ARR growth of 12% in Q4-21
- Maintenance growth accelerated to 7% in Q4-21
- Maintenance collection and increasing SaaS contribution driving deferred revenue growth and FCF
- ARR growth underpins visibility and confidence in FY-22



Note: ARR is non-IFRS c.c. growth rate, Deferred revenue and FCF are reported growth rate. Please refer to slide 44 in appendix for quarterly ARR and FCF numbers.

# Outlook for 2022

- Increasing competition and customer demands are putting pressure on banks to innovate and invest
- Accelerating SaaS demand from challenger banks and fintech
- Move to subscription for on-premise deals to capture greater value and accelerate growth

## Drivers of revenue visibility

### Robust pipeline growth

- Strong SaaS growth
- Move to subscription to capture greater value

### Higher probability revenue

- Re-licensing and subscription
- Tier 1 and 2 continuous renovation
- Sales to the installed base

### Key drivers of demand

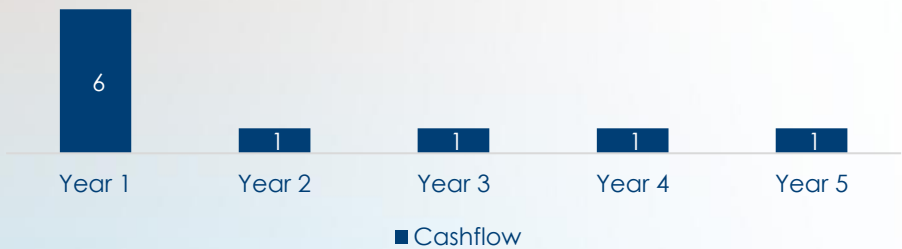
- SaaS and cloud
- US and Europe
- Tier 1 and 2

# Subscription model illustration

Term model – P&L



Term model – Cash



Term model – ARR



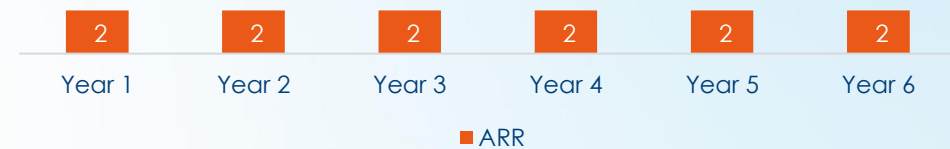
Subscription model – P&L



Subscription model – Cash



Subscription model – ARR



# | Future reporting to break out Subscription revenue

Total Software Licensing (old)	Total Software Licensing (new)
+ License revenue	+ License revenue
+ SaaS	+ Subscription
	+ SaaS
= Total Software Licensing revenue	= Total Software Licensing revenue

ARR (old)	ARR (new)
+ Maintenance	+ Maintenance
+ SaaS	+ Subscription
	+ SaaS
= Annual Recurring Revenue	= Annual Recurring Revenue

# Focused Guidance Metrics

KPI	Reporting	Annual Guidance	Medium term targets (absolute / CAGR)
SaaS ACV	✓		
Total Bookings	✓		
ARR	✓	✓	✓
Total Software Licensing	✓	✓	✓
Total Revenue	✓	✓	✓
EBIT Margin / Growth	✓	✓	✓
Operating Cash Conversion	✓		
Free Cash Flow	✓		✓
Recurring Revenue	✓		
DSO	✓		
Tax Rate	✓		

# | 2022 non-IFRS guidance metrics (c.c.)

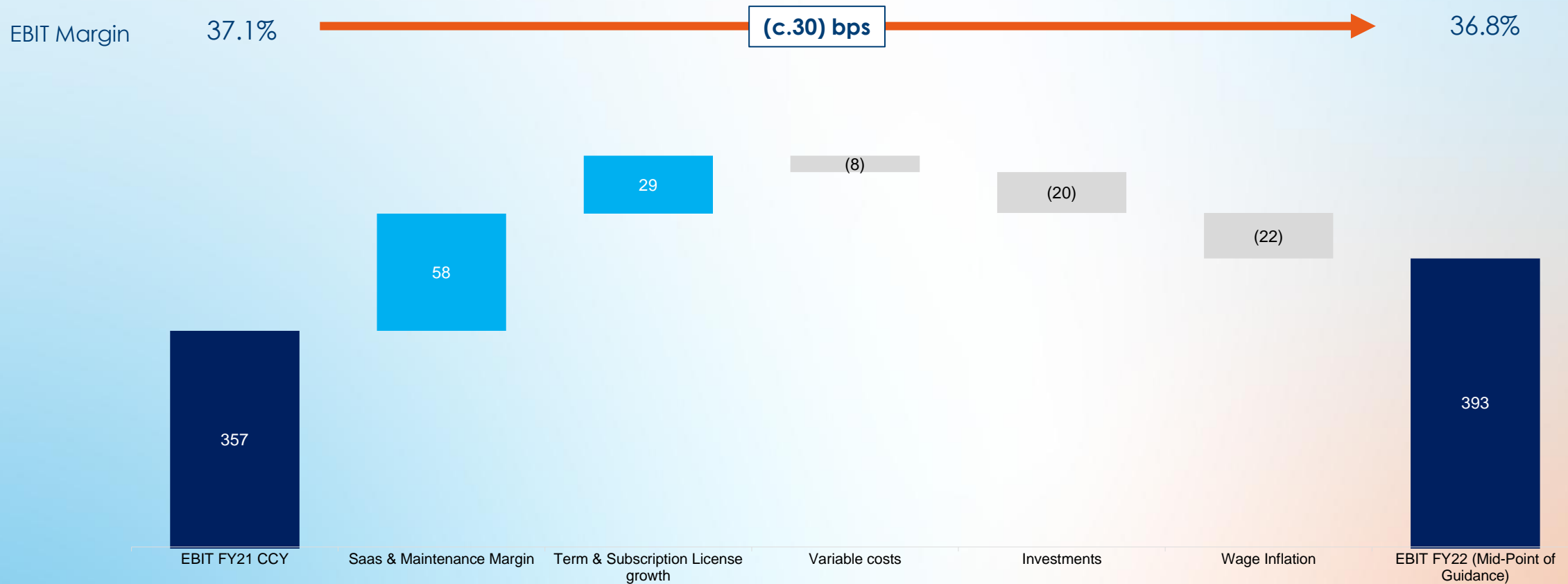
	FY-22 Guidance	FY-21 Base (CCY)
ARR	18% - 20% growth	553m
Total Software Licensing (%)	16% - 18% growth	414m
Total Revenue (%)	At least 10% growth	962m
EBIT growth	+9% - 11% growth	357m

- Cash conversion to remain at 100%+ of EBITDA into operating cash flow
- FY-21 tax rate expected to be between 18-20%

# Medium term targets

Medium term targets	2020 (CCY)	2021 (CCY)	Medium term targets	Previous guidance
ARR	494	553	<b>20-25% CAGR 2021-25 c.USD1.3bn of ARR by 2025</b>	>=15% CAGR 2020-25
Total Software Licensing	356	414	15-20% CAGR 2021-25	15-20% CAGR 2020-25
Total revenue	900	962	10-15% CAGR 2021-25	10-15% CAGR 2020-25
EBIT margin	35.9%	37.1%	c.41% by 2025	c.41% by 2025
FCF	297	358	10-15% CAGR 2021-26 to reach >USD600m by 2026	>=15% CAGR 2020-25 to reach >USD600m by 2025

# Non-IFRS EBIT Bridge 2021/2022



**Strong visibility on SaaS margin expansion and focus on S&M investment**

# | Summary

**Max Chuard**  
CEO



# Temenos Capital Markets Day 2022

- Temenos Capital Markets Day taking place on Tuesday 15<sup>th</sup> February
- Virtual event kicking off at 8am ET / 1pm UK / 2pm CET
- The CMD will include presentations and demonstrations covering:
  - Strategy and Vision
  - Changes in the banking industry and the Temenos Value Benchmark
  - Evolution of Temenos product and services
  - Evolution of Temenos technology
  - Demos on composable banking, BNPL and Temenos for Salesforce
  - Temenos SaaS
  - ESG
  - Our financial growth plan
- Please click [here](#) to access the Capital Markets Day microsite on the day



# Conclusion

- Strong momentum in the fourth quarter
- Sales environment continued to improve
- Very strong momentum in SaaS and the US in particular
- Sequential improvement in Europe in Q4-21, strong pipeline build for 2022
- Continued investment to ensure we are well positioned for future growth
- Move to subscription model for on-premise licenses to capture greater value and accelerate growth

**Well positioned for strong growth in 2022**

# | Appendix



# | Q4-21 and FY-21 operational overview

- 98 implementation go-lives in Q4-21
- Total of 345 go-lives across all clients in FY-21
- Use of cloud continues to increase, driving efficiency
- Services margin of 8% in Q4-21 and 12% in FY-21



**Taking a client live every day**

# | FX assumptions underlying 2022 guidance

**In preparing the 2022 guidance, the Company has assumed the following FX rates:**

EUR to USD exchange rate of 1.14

GBP to USD exchange rate of 1.35; and

USD to CHF exchange rate of 0.91



# | FX exposure

% of total	USD	EUR	GBP	CHF	Other
Total software licensing	71%	18%	2%	1%	9%
Maintenance	77%	15%	2%	1%	5%
Services	47%	29%	4%	4%	16%
<b>Revenues</b>	<b>69%</b>	<b>19%</b>	<b>2%</b>	<b>1%</b>	<b>8%</b>
<b>Non-IFRS costs</b>	<b>24%</b>	<b>20%</b>	<b>11%</b>	<b>5%</b>	<b>40%</b>
<b>Non-IFRS EBIT</b>	<b>146%</b>	<b>17%</b>	<b>(12)%</b>	<b>(5)%</b>	<b>(46)%</b>

NB. All % are approximations based on 2021 actuals

**Mitigated FX exposure – matching of revenues / costs and hedging**

# Quarterly SaaS ACV

USDm			Q3-18	Q4-18
SaaS ACV			2.5	3.4

USDm	Q1-19	Q2-19	Q3-19	Q4-19
SaaS ACV	2.7	2.9	6.6	8.8

USDm	Q1-20	Q2-20	Q3-20	Q4-20
SaaS ACV	5.3	3.5	14.3	11.5

USDm	Q1-21	Q2-21	Q3-21	Q4-21
SaaS ACV	12.1	17.4	10.7	17.0

# Quarterly ARR, Total Bookings, FCF

ARR, USD m	Q1-20	Q2-20	Q3-20	Q4-20	Q1-21	Q2-21	Q3-21	Q4-21
ARR	468.1	475.4	486.4	493.5	500.1	514.4	530.8	553.4

Total Bookings, USD m	Q1-20	Q2-20	Q3-20	Q4-20	Q1-21	Q2-21	Q3-21	Q4-21
Total Bookings	60.5	80.0	128.8	272.8	127.5	165.2	153.0	292.6

FCF, USD m	Q1-20	Q2-20	Q3-20	Q4-20	Q1-21	Q2-21	Q3-21	Q4-21
FCF	36	70	34	158	46	87	40	186

NB. Q4-20 adjusted to include license and SaaS catch-up consistent with FY21

# Total Bookings average tenure

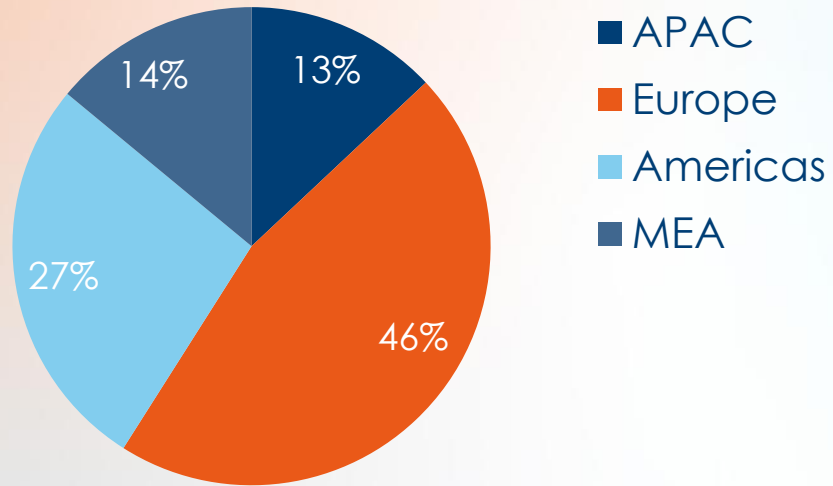
Below is the average tenure in FY-20 for the components of total bookings:

- Average tenure of SaaS contracts in FY-20 was 3.9 years
- Average tenure of license and maintenance contracts in FY-20 was 3.6 years
- Average tenure of total bookings in FY-20 was 3.7 years

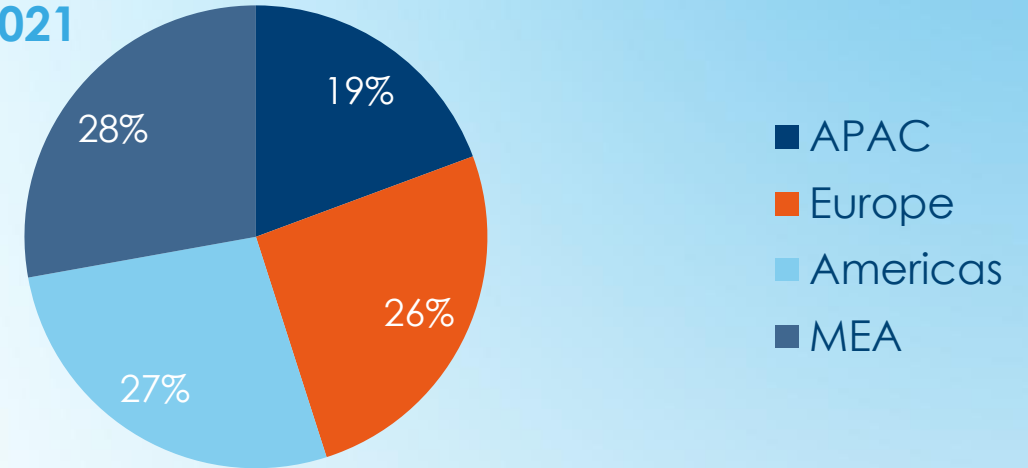


# Total software licensing revenue breakdown by geography

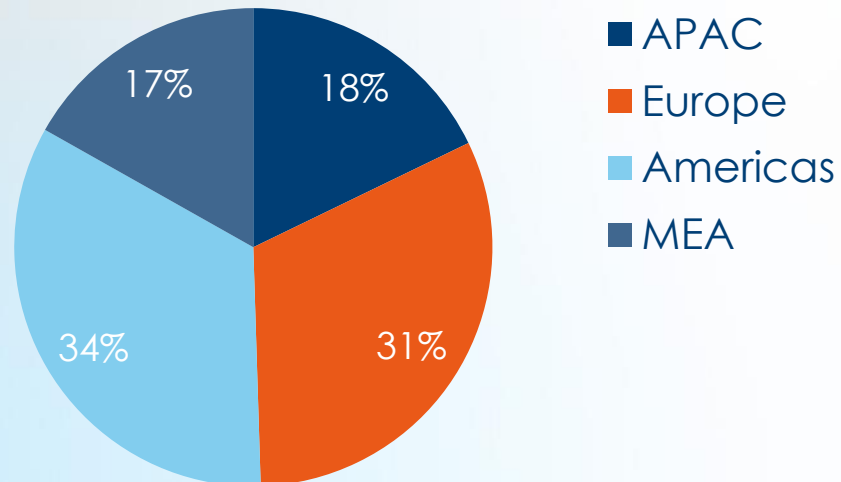
Q4 2020



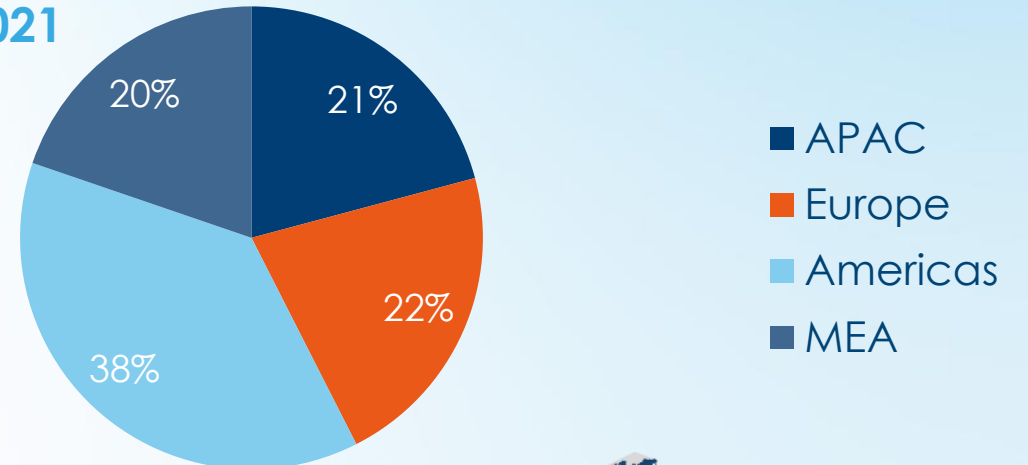
Q4 2021



FY 2020

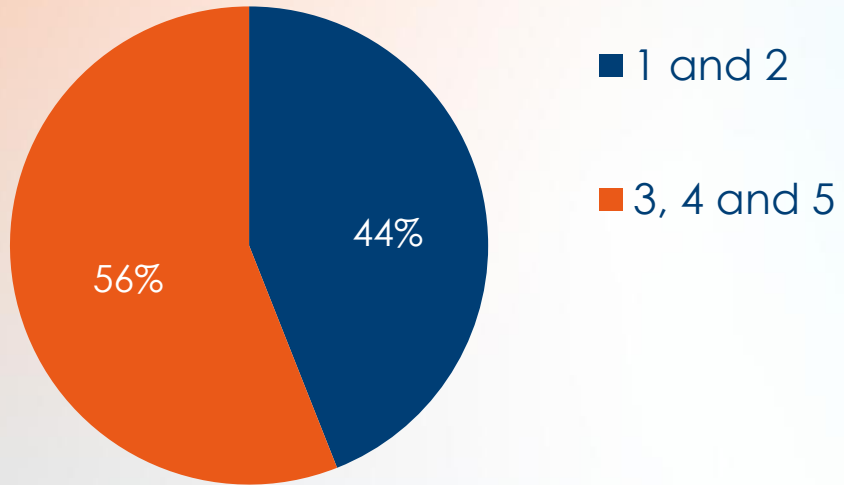


FY 2021

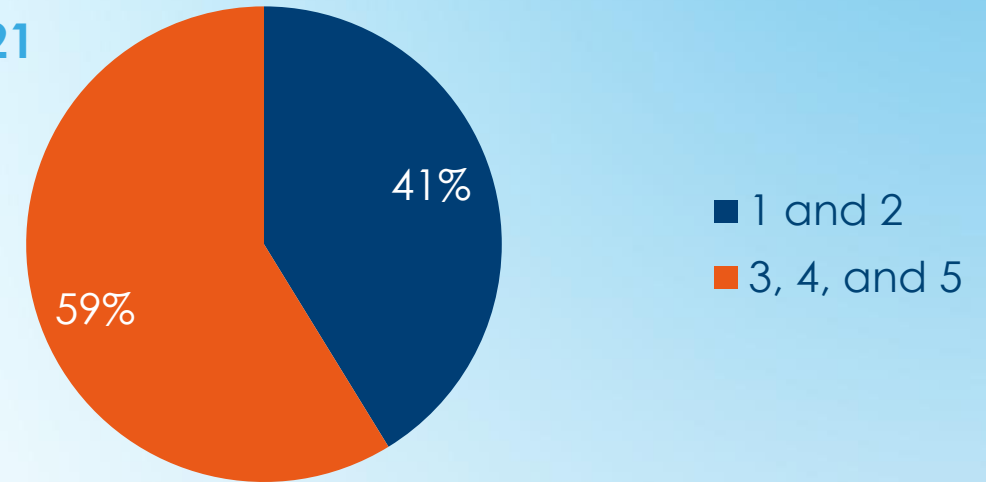


# Total software licensing revenue breakdown by customer tier

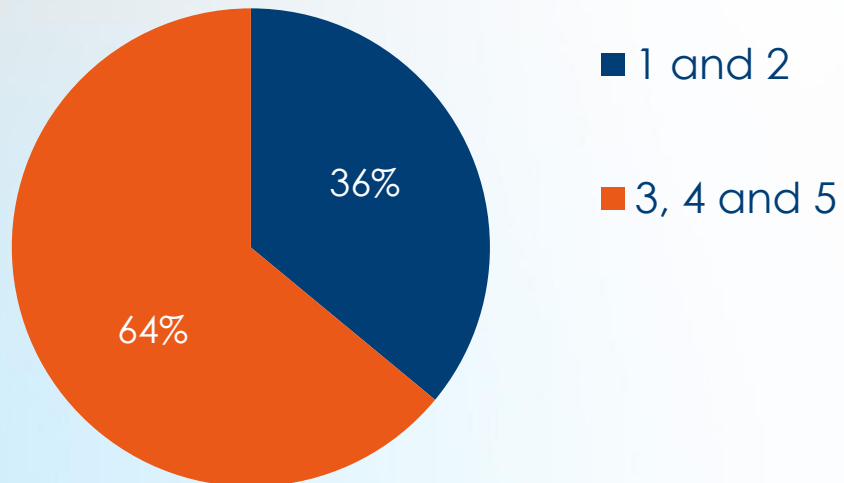
Q4 2020



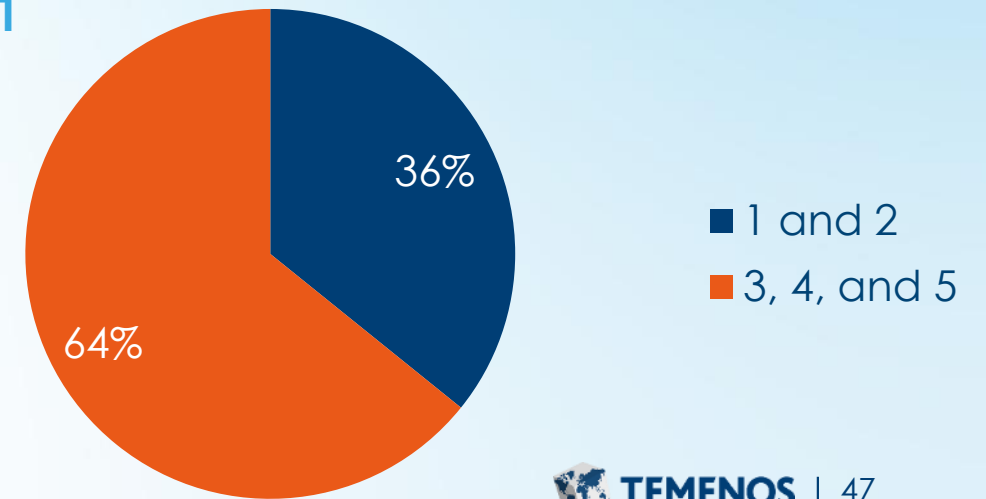
Q4 2021



FY 2020

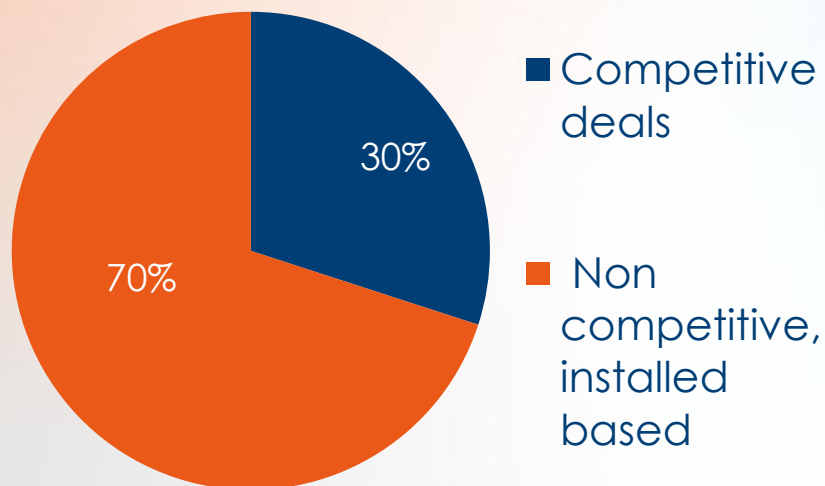


FY 2021

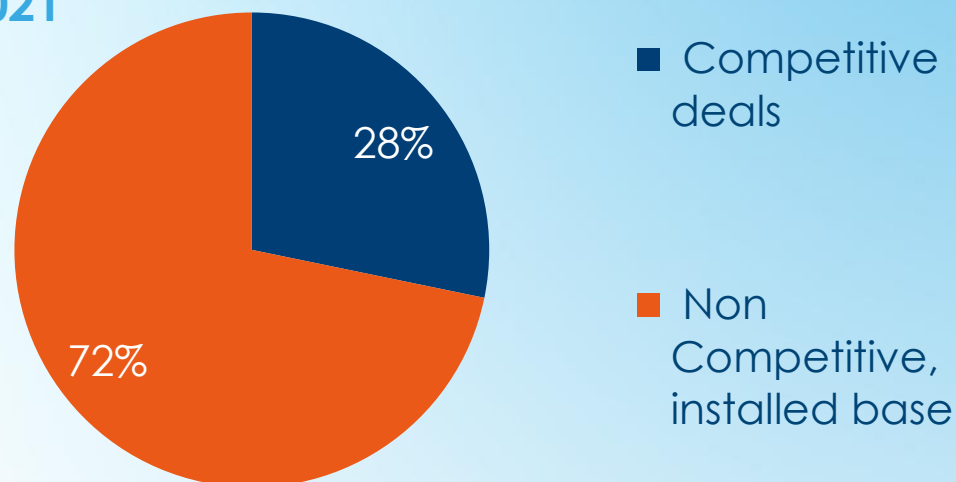


# Software licensing revenue breakdown by competitive deals/ add-ons to installed base

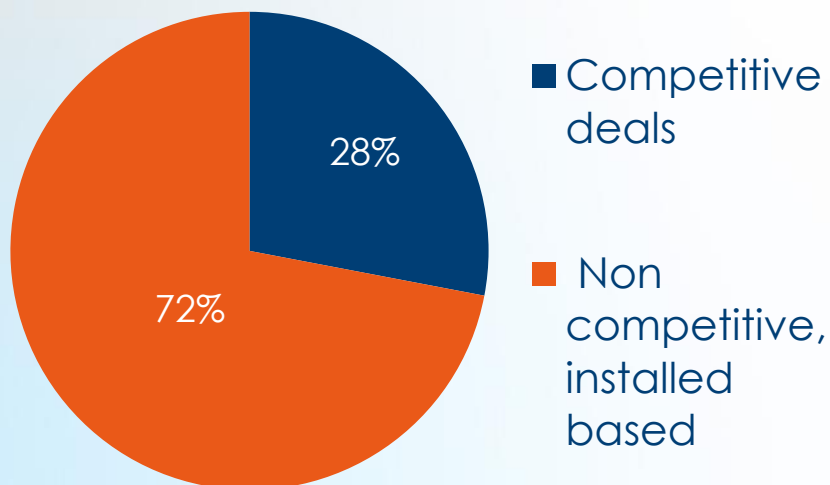
Q4 2020



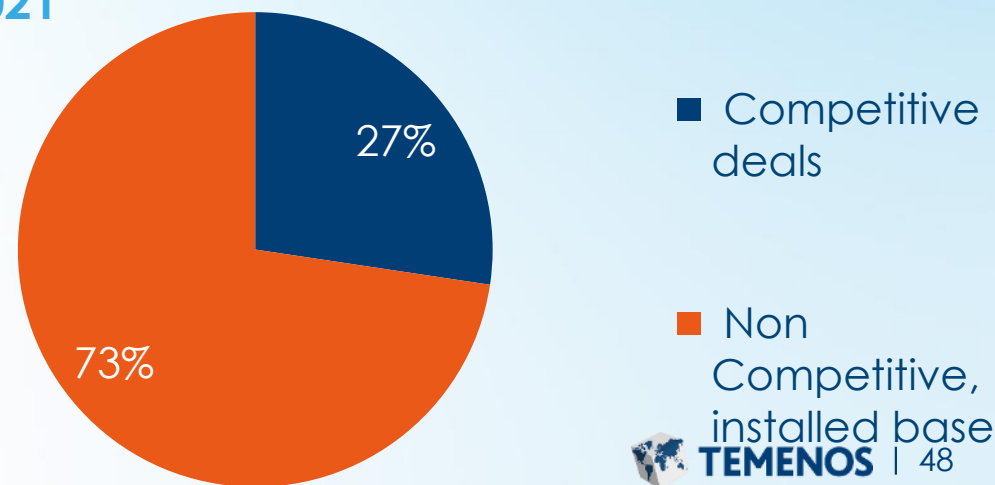
Q4 2021



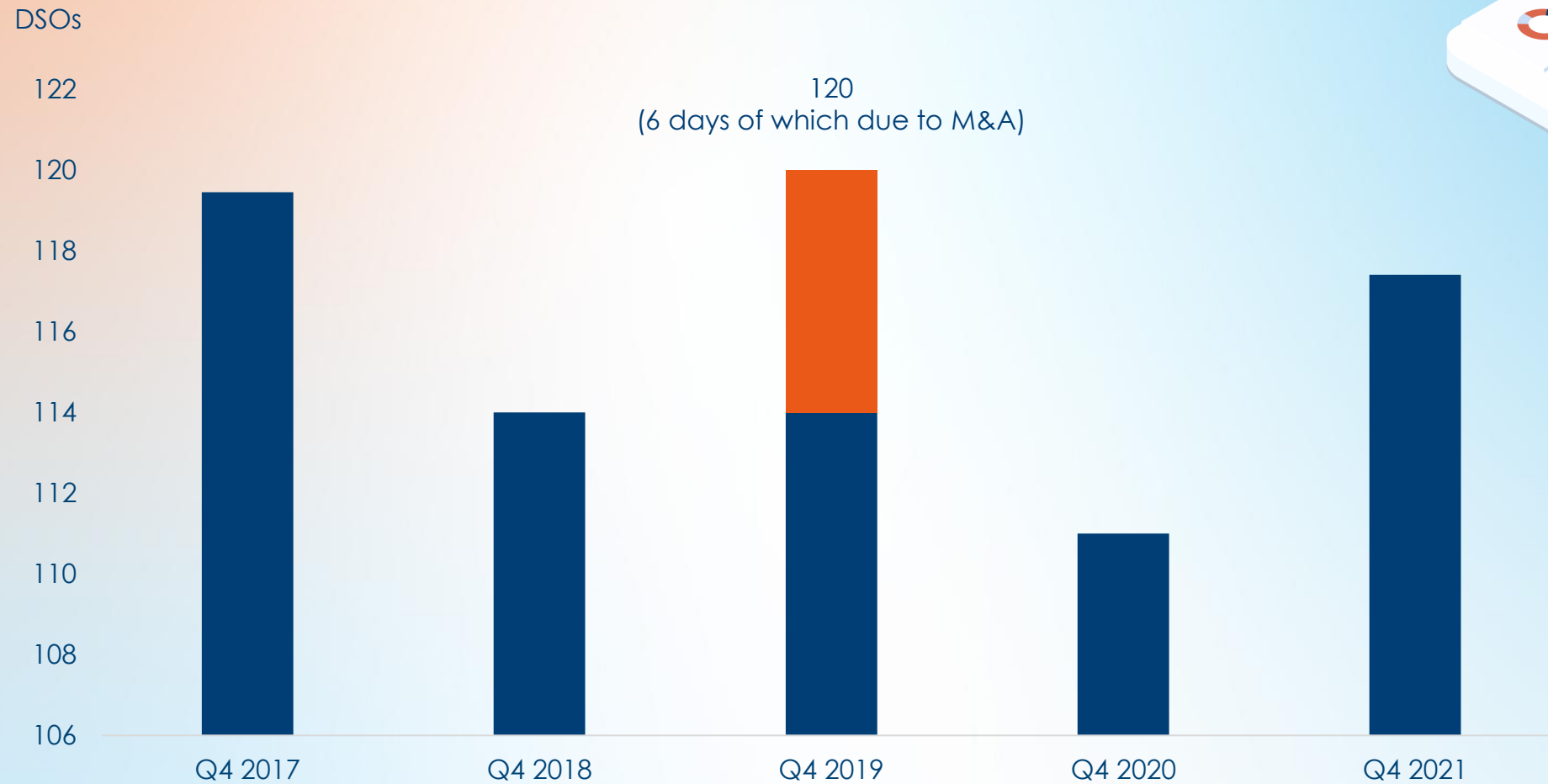
FY 2020



FY 2021



# DSOs



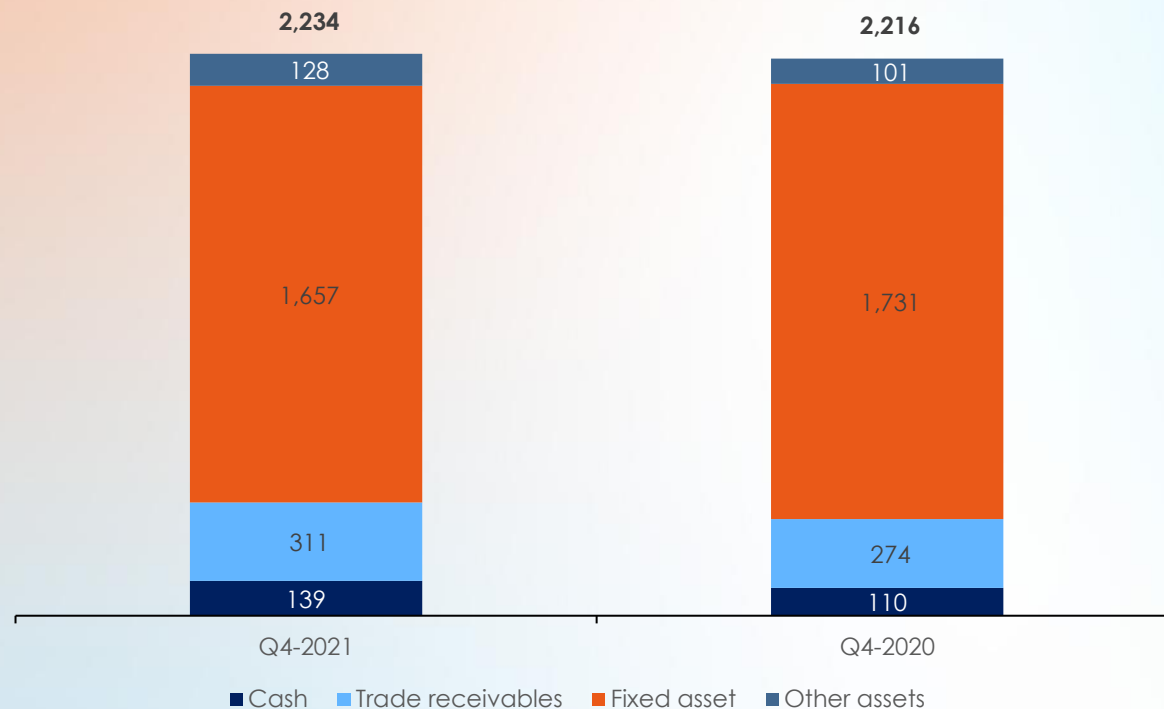
**DSOs at 117 at year end 2021**

# Balance sheet – debt and leverage

Net debt and leverage ratios



# | Q4-21 v Q4-20 assets

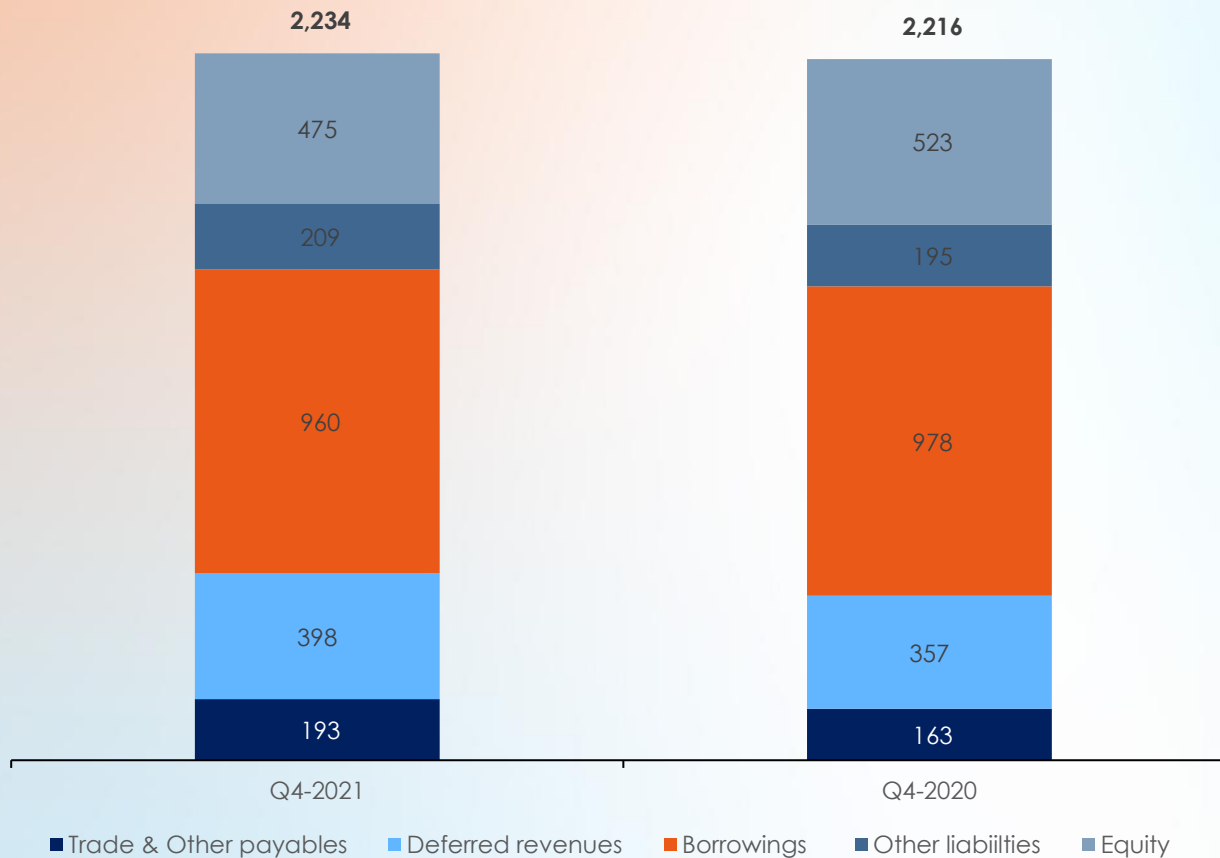


USDm

## Comments:

- Increase in Trade Receivables reflects revenue growth
- Fixed assets reduce due to amortisation and foreign exchange gain on intangibles
- Other assets includes convertible note investment

# Q4-21 v Q4-20 liabilities



USDm

## Comments:

- Increase in Trade and Other Payables reflects growth in activity
- Deferred revenue increase driven by strong SaaS growth
- Reduction in equity reflects share buy-back

# Capitalization of development costs

USDm	Q1-19	Q2-19	Q3-19	Q4-19	FY-19
Cap' dev' costs	(14.1)	(14.3)	(15.2)	(21.0)	(64.6)
Amortisation	11.7	12.0	12.2	13.7	49.6
<b>Net cap' dev'</b>	<b>(2.5)</b>	<b>(2.3)</b>	<b>(3.0)</b>	<b>(7.3)</b>	<b>(15.1)</b>

USDm	Q1-20	Q2-20	Q3-20	Q4-20	FY-20
Cap' dev' costs	(17.7)	(18.0)	(20.8)	(19.9)	(76.3)
Amortisation	12.9	13.6	13.6	13.7	53.8
<b>Net cap' dev'</b>	<b>(4.8)</b>	<b>(4.4)</b>	<b>(7.2)</b>	<b>(6.2)</b>	<b>(22.6)</b>

USDm	Q1-21	Q2-21	Q3-21	Q4-21	FY-21
Cap' dev' costs	(19.2)	(20.9)	(20.9)	(25.2)	86.2
Amortisation	13.8	15.6	15.1	17.0	61.4
<b>Net cap' dev'</b>	<b>(5.4)</b>	<b>(5.4)</b>	<b>(5.8)</b>	<b>(8.2)</b>	<b>(24.8)</b>

# Reconciliation from IFRS to non-IFRS

## IFRS revenue measure

+ Deferred revenue write-down

= **Non-IFRS revenue measure**

## IFRS profit measure

+/- Share-based payments and related social charges

+/- Deferred revenue write down

+ / - Discontinued activities

+ / - Amortisation of acquired intangibles

+ / - Acquisition related charges

+ / - Restructuring

+ / - Taxation

= **Non-IFRS profit measure**



# Accounting elements not included in non-IFRS guidance

Below are the accounting elements not included in the 2022 non-IFRS guidance:

- FY 2022 estimated share-based payments charge of c.5% of revenue
- FY 2022 estimated amortisation of acquired intangibles of USD 50m
- FY 2022 estimated restructuring costs of USD 10m

Restructuring costs include realising R&D, operational and infrastructure efficiencies.

These estimates do not include impact of any further acquisitions or restructuring programmes commenced after 14 February 2022. The above figures are estimates only and may deviate from expected amounts.



# Earnings Reconciliation – IFRS to non-IFRS

In USDm, except EPS	3 Months Ending 31 December			3 Months Ending 31 December		
	2021		2021	2020		2020
	IFRS	Non-IFRS adj.	Non-IFRS	IFRS	Non-IFRS adj.	Non-IFRS
Software licensing	118.5		118.5	115.3		115.3
SaaS	34.9		34.9	26.5		26.5
<b>Total Software Licensing</b>	<b>153.4</b>		<b>153.4</b>	<b>141.7</b>		<b>141.7</b>
Maintenance	100.7		100.7	95.4		95.4
Services	35.9		35.9	39.9		39.9
<b>Total Revenue</b>	<b>290.0</b>		<b>290.0</b>	<b>277.1</b>		<b>277.1</b>
<b>Total Operating Costs</b>	<b>(189.5)</b>	<b>27.9</b>	<b>(161.6)</b>	<b>(166.6)</b>	<b>17.2</b>	<b>(149.4)</b>
Restructuring/acq. costs	(6.0)	6.0	-	(3.9)	3.9	-
Amort of Acq'd Intang.	(12.4)	12.4	-	(15.9)	15.9	-
IFRS 2 Costs	(9.4)	9.4	-	2.5	(2.5)	-
<b>Operating Profit</b>	<b>100.5</b>	<b>27.9</b>	<b>128.4</b>	<b>110.4</b>	<b>17.2</b>	<b>127.7</b>
<b>Operating Margin</b>	<b>35%</b>		<b>44%</b>	<b>40%</b>		<b>46%</b>
Financing Costs	(6.6)		(6.6)	(7.1)		(7.1)
Taxation	(16.9)	(2.9)	(19.8)	(15.2)	(2.0)	(17.3)
Net Earnings	77.0	24.9	102.0	88.1	15.2	103.3
<b>EPS (USD per Share)</b>	<b>1.07</b>	<b>0.35</b>	<b>1.42</b>	<b>1.20</b>	<b>0.21</b>	<b>1.41</b>

# EBIT & EBITDA reconciliation from IFRS to non-IFRS

USDm	Q4 21 EBIT	Q4 21 EBITDA	FY 21 EBIT	FY 21 EBITDA
<b>IFRS</b>	<b>100.5</b>	<b>137.3</b>	<b>238.1</b>	<b>382.1</b>
IFRS 2	9.5	9.5	48.6	48.6
Deferred revenue write-down	-	-	-	-
Amortisation of acquired intangibles	12.4	-	52.7	-
Restructuring	6.0	5.9	16.0	15.6
Acquisition related costs	-	-	1.4	1.4
<b>Non-IFRS</b>	<b>128.4</b>	<b>152.6</b>	<b>356.8</b>	<b>447.7</b>

# Net earnings reconciliation IFRS to non-IFRS

In USDm, except EPS	Q4 21	Q4 20	FY 21	FY 20
<b>IFRS net earnings</b>	<b>77.0</b>	<b>88.1</b>	<b>173.4</b>	<b>175.0</b>
IFRS 2 Cost	9.5	(2.5)	48.6	11.1
Deferred revenue write down	-	-	-	12.6
Amortisation of acquired intangibles	12.4	15.9	52.7	65.6
Restructuring	6.0	3.9	17.4	8.1
Acquisition related costs	-	-	-	-
Taxation	(2.9)	(2.0)	(17.1)	(12.6)
<b>Net earnings for non-IFRS EPS</b>	<b>102.0</b>	<b>103.3</b>	<b>274.9</b>	<b>259.8</b>
No. of dilutive shares (m shares)	<b>72.0</b>	<b>73.1</b>	<b>72.4</b>	<b>73.2</b>
<b>Non-IFRS diluted EPS (USD)</b>	<b>1.42</b>	<b>1.41</b>	<b>3.80</b>	<b>3.55</b>

# Non-IFRS Definitions

## Non-IFRS adjustments

### Share-based payment charges

Adjustment made for share-based payments and social charges

### Deferred revenue write-down

Adjustments made resulting from acquisitions

### Discontinued activities

Discontinued operations at Temenos that do not qualify as such under IFRS

### Acquisition related charges

Relates mainly to advisory fees, integration costs and earn out credits or charges

### Acquisition related finance cost

Mainly relates to fees incurred on acquisition funding

### Amortisation of acquired intangibles

Amortisation charges as a result of acquired intangible assets

### Restructuring

Costs incurred in connection with a restructuring programme or other organisational transformation activities planned and controlled by management. Severance charges, for example, would only qualify under this expense category if incurred as part of a company-wide restructuring plan

### Taxation

Adjustments made to reflect the associated tax charge mainly on deferred revenue write-down and amortization of acquired intangibles, and on the basis of Temenos' expected effective tax rate

## Other

### Revenue visibility

Visibility on revenue includes a combination of revenue that is contractually committed and revenue that is in our pipeline and that is likely to be booked, but is not contractually committed and therefore may not occur.

### Constant currencies

Prior year results adjusted for currency movement

### Like-for-like (LFL)

Adjusted prior year for acquisitions and movements in currencies

### SaaS

Revenues generated from Software-as-a-Service

### Subscription

Revenue from software sold on a subscription basis. License and Maintenance are recognized separately, with the License obligation reported as Subscription under Total Software Licensing.

### Total Bookings

Include fair value of licence contract value, committed maintenance contract value on licence, and SaaS committed contract value. All must be committed and evidenced by duly signed agreements.

### Annual Recurring Revenues (ARR)

Annualized contract value committed at the end of the reporting period from active contracts with recurring revenue streams. Includes New Customers, up-sell/cross-sell, and attrition. Excludes variable elements.

# SaaS Financial metrics definitions and reporting

## Annual Contract Value (ACV)

Annual value of incremental business taken in-year. Includes New Customers, up-sell/cross-sell. Only includes the recurring element of the contract and exclude variable elements.

**Disclosure: quarterly reporting, annual reporting**

## Annual Recurring Revenue (ARR)

Annualized contract value committed at the end of the reporting period from active contracts with recurring revenue streams. Includes New Customers, up-sell/cross-sell, and attrition. Excludes variable elements

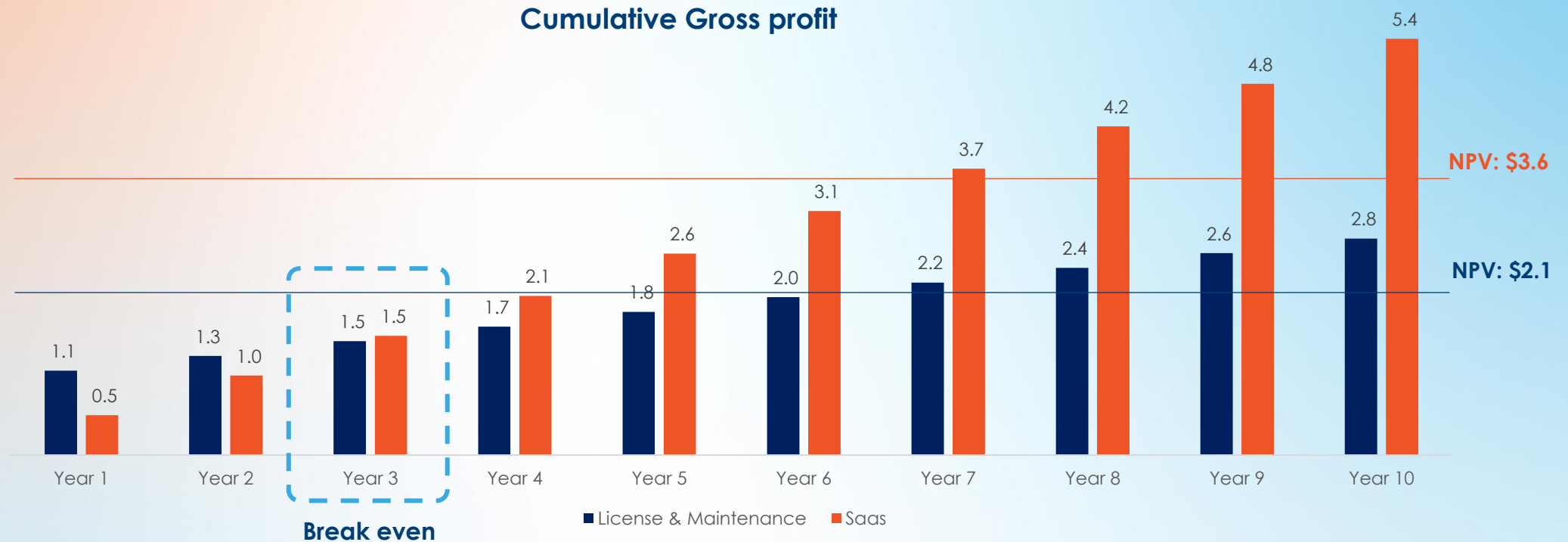
**Disclosure: quarterly reporting, annual reporting**

## Software-as-a-Service Revenue (SaaS)

Software-as-a-Service revenues booked in a period

**Disclosure: quarterly reporting, annual reporting**

# License vs SaaS Profitability



- Net present value of SaaS gross margin over 10 years is c70% higher than License & Maintenance gross margin

# Thank You

