Financial growth plan

Takis Spiliopoulos

CFO

TEMENOS
THE BANKING SOFTWARE COMPANY

Accelerating growth trajectory

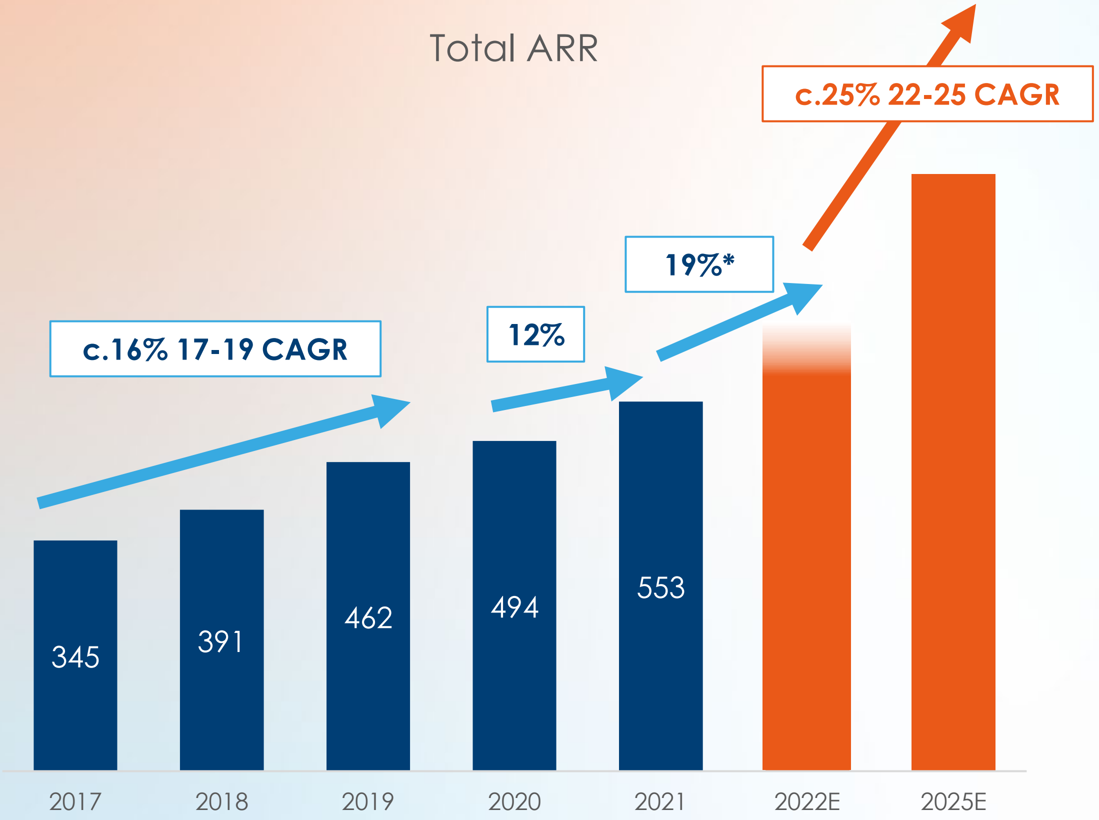
To grow ARR at a
CAGR of 20-25%
from 2021-25,
To reach **c.USD1.3bn**
by 2025 (85%+ of total
revenues)

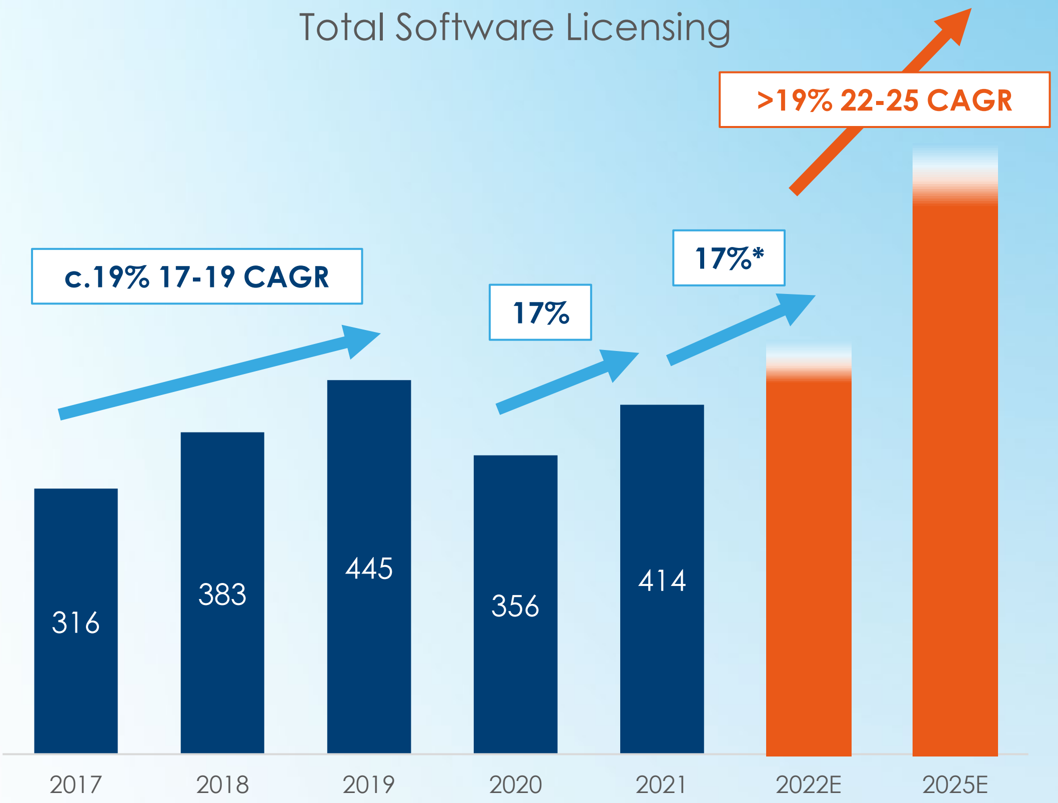
To grow
Total Software
Licensing
revenue at a
CAGR of
15-20%
from 2021-25

Expanding
EBIT margin
to **c.41%**
by 2025

Note: Revenue, cost and profit numbers are non-IFRS

Accelerating ARR and Total Software Licensing…

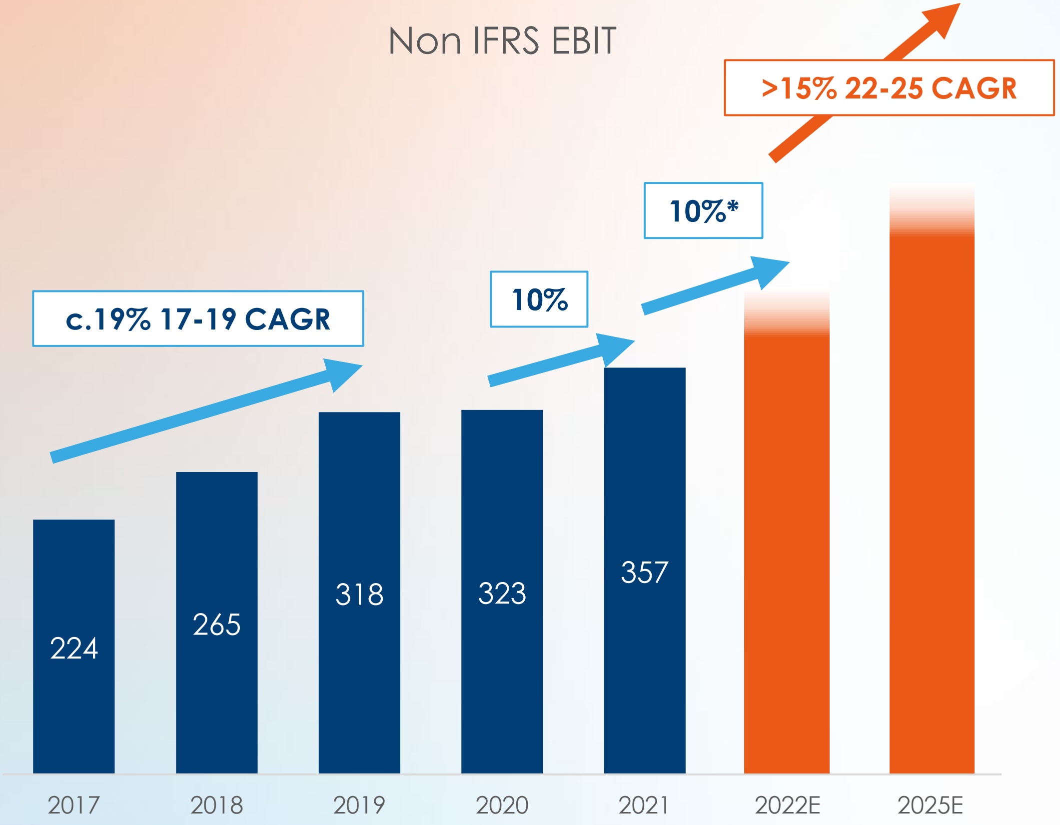


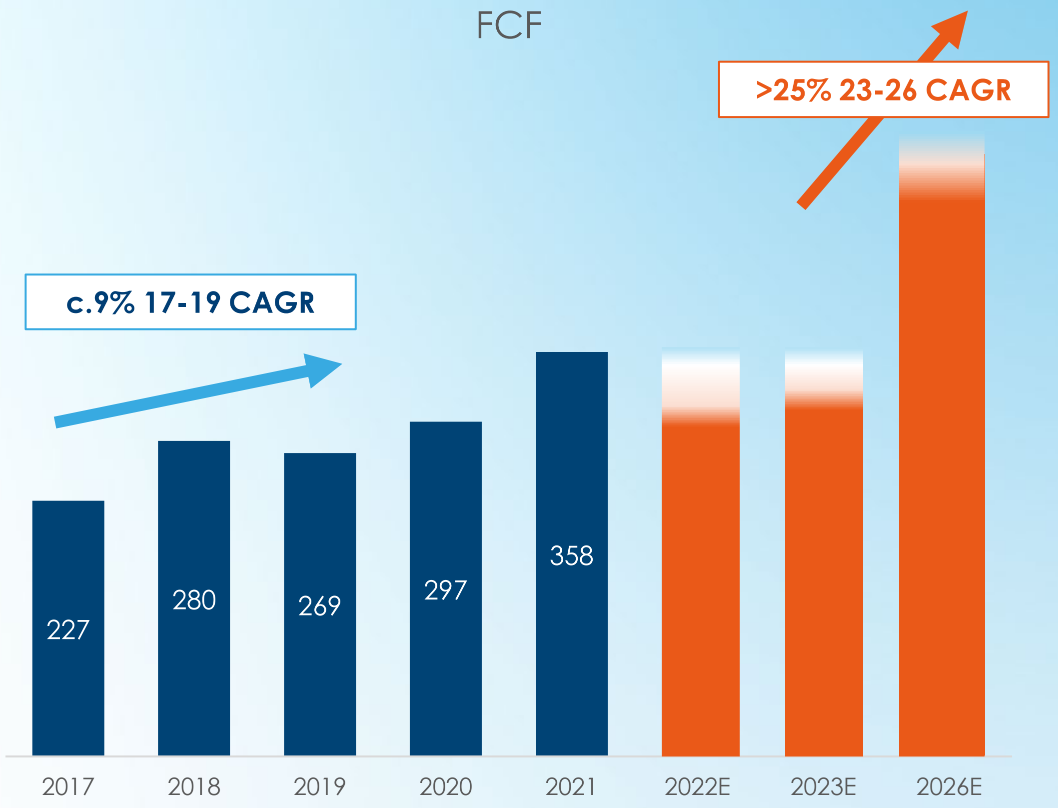


Note: Numbers are non-IFRS.
* Mid-point 2022 guidance

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

...driving acceleration in EBIT and Free Cash Flow





Note: Numbers are non-IFRS. 2020 and 2021 at constant currency
* Mid-point 2022 guidance

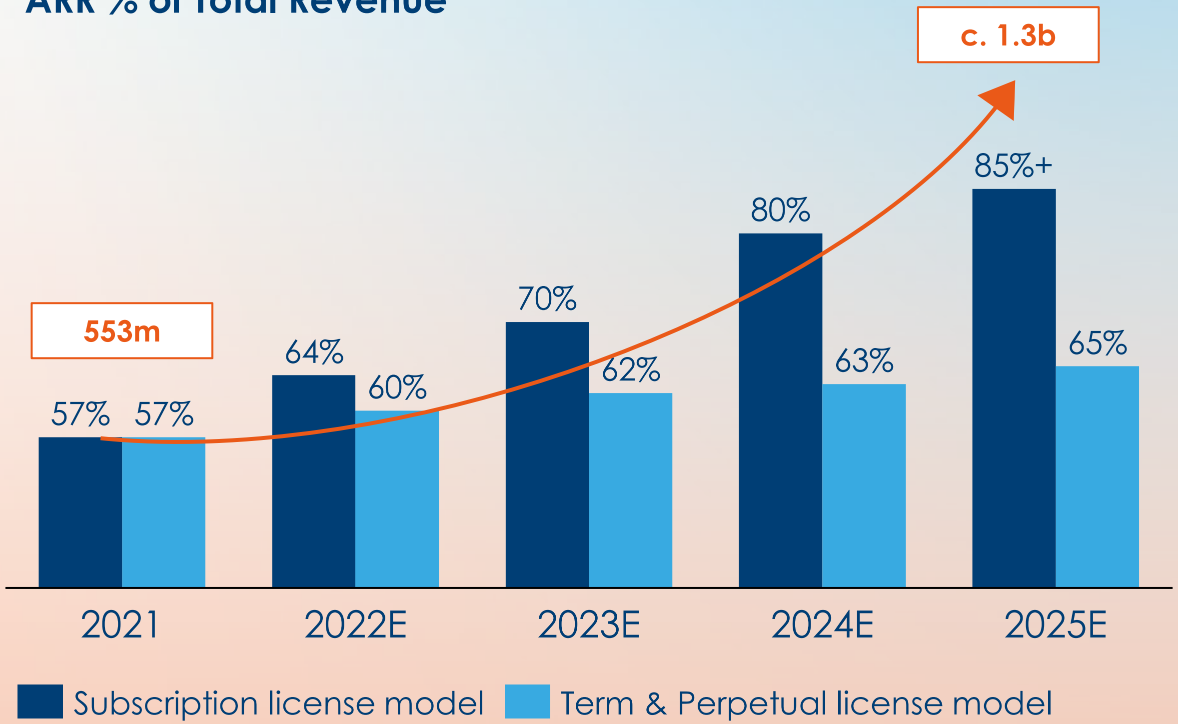
Move to subscription captures greater value and accelerates our growth

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 January 2022**, **including for renewals**

Significant acceleration in Annual Recurring Revenue

ARR % of Total Revenue



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

Tangible 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

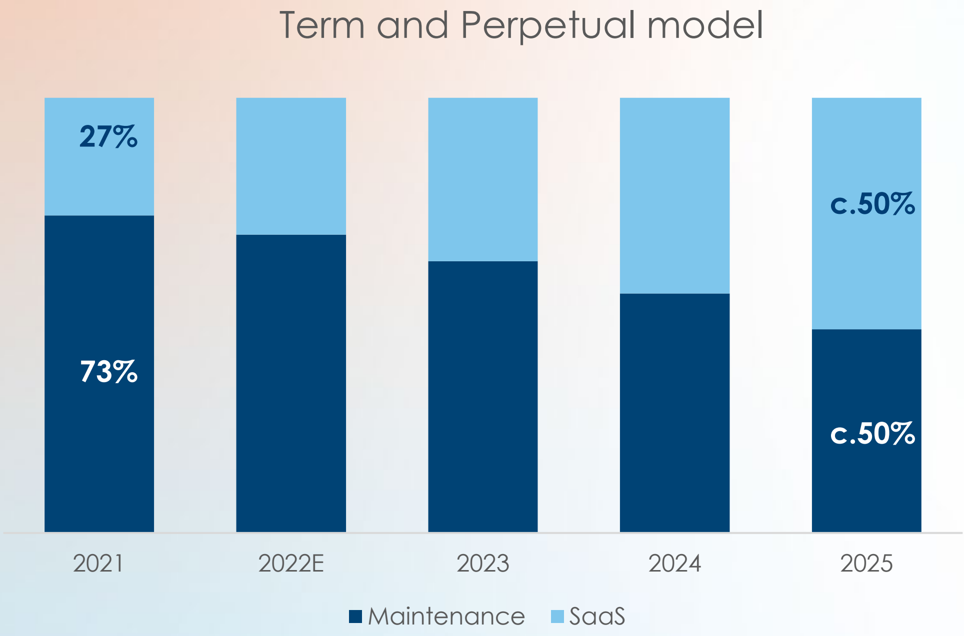
Accelerate the shift to more predictable financial performance driven by a much higher proportion of recurring revenues

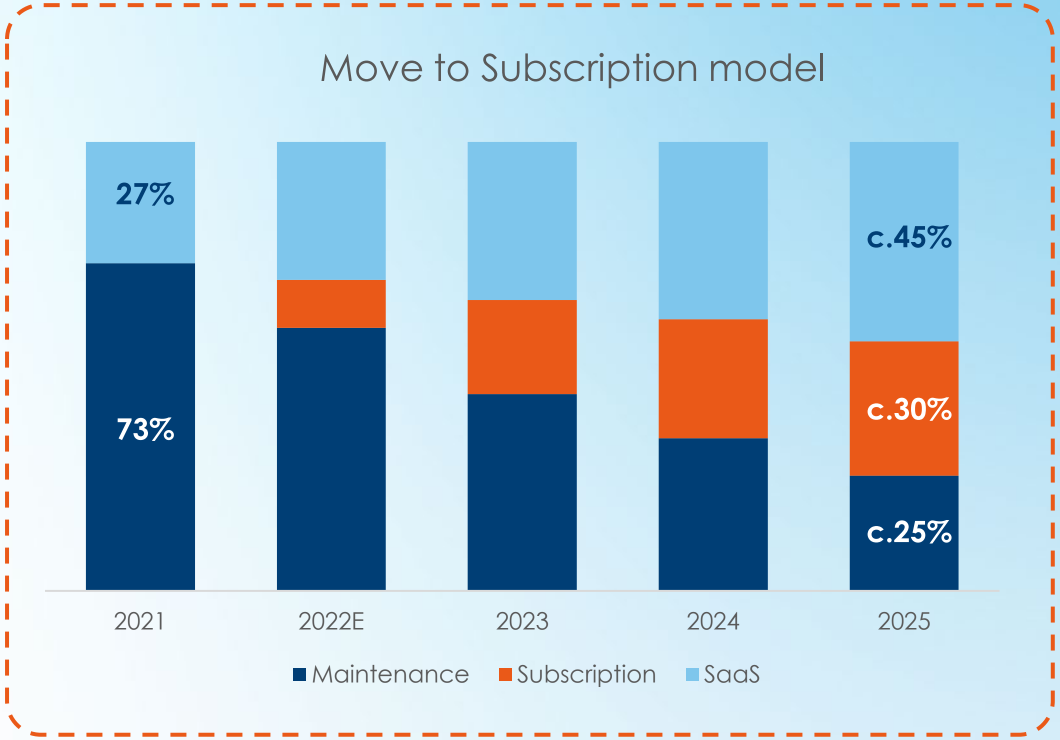
Increase total contract values inline with peers

Greater upsell opportunity

Better customer retention

Subscription will become a material contributor to ARR

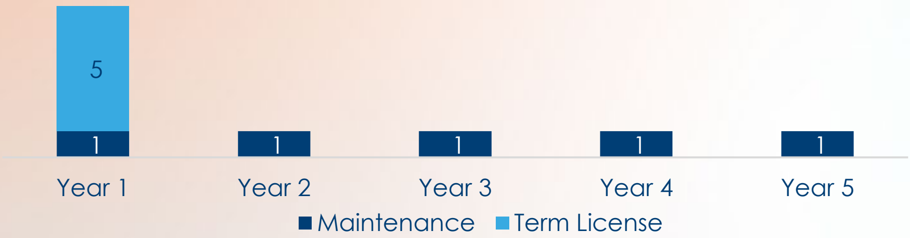




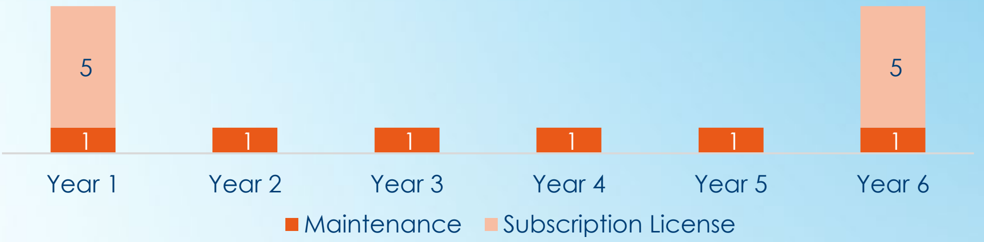
Subscription and SaaS to become main contributors through 2025 and beyond

Subscription model illustration

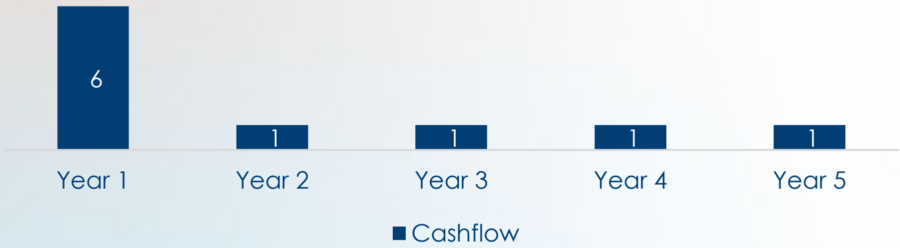
Term / Perpetual model – P&L



Subscription model – P&L



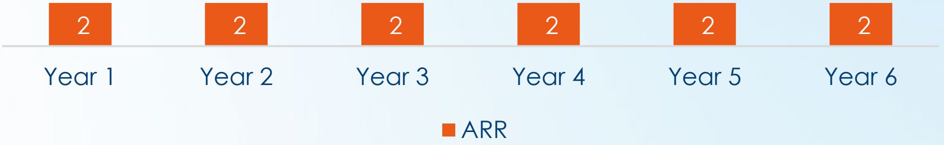
Term / Perpetual model – Cash



Subscription model – Cash

Term / Perpetual model – ARR

Subscription model – ARR

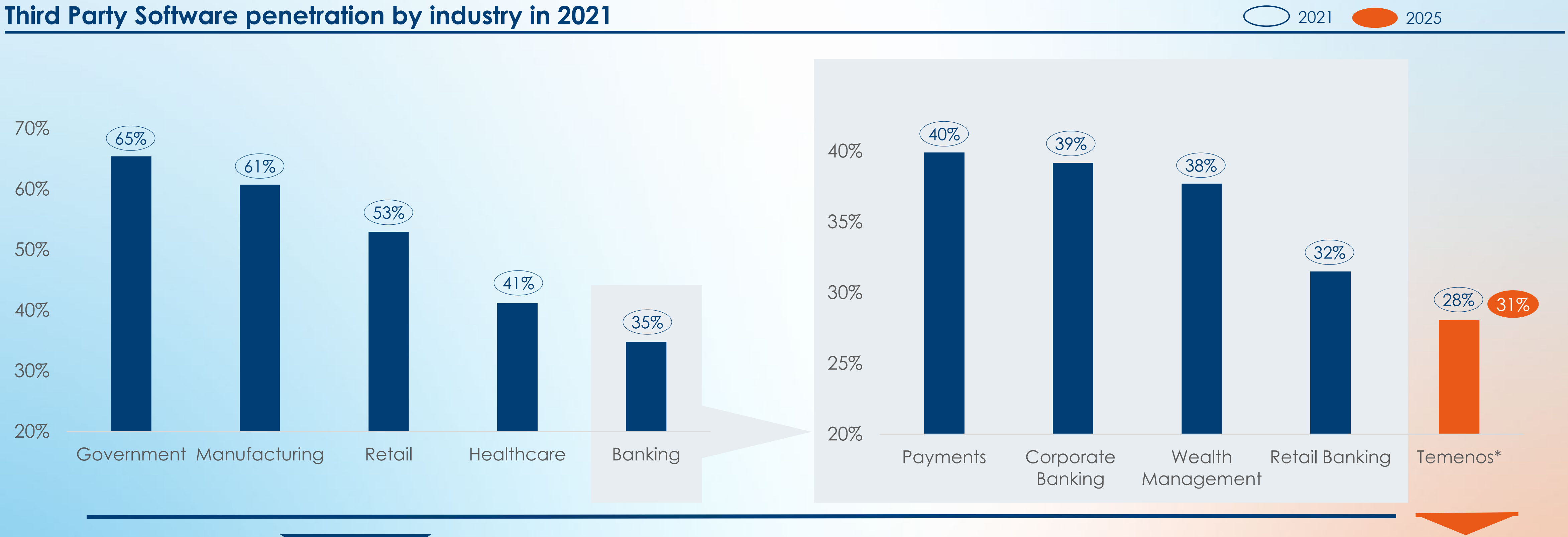


Note: Based on our standard 5 year term contract and based on IFRS15 standards

Drivers of growth

Application software is significantly underpenetrated

Third Party Software penetration by industry in 2021

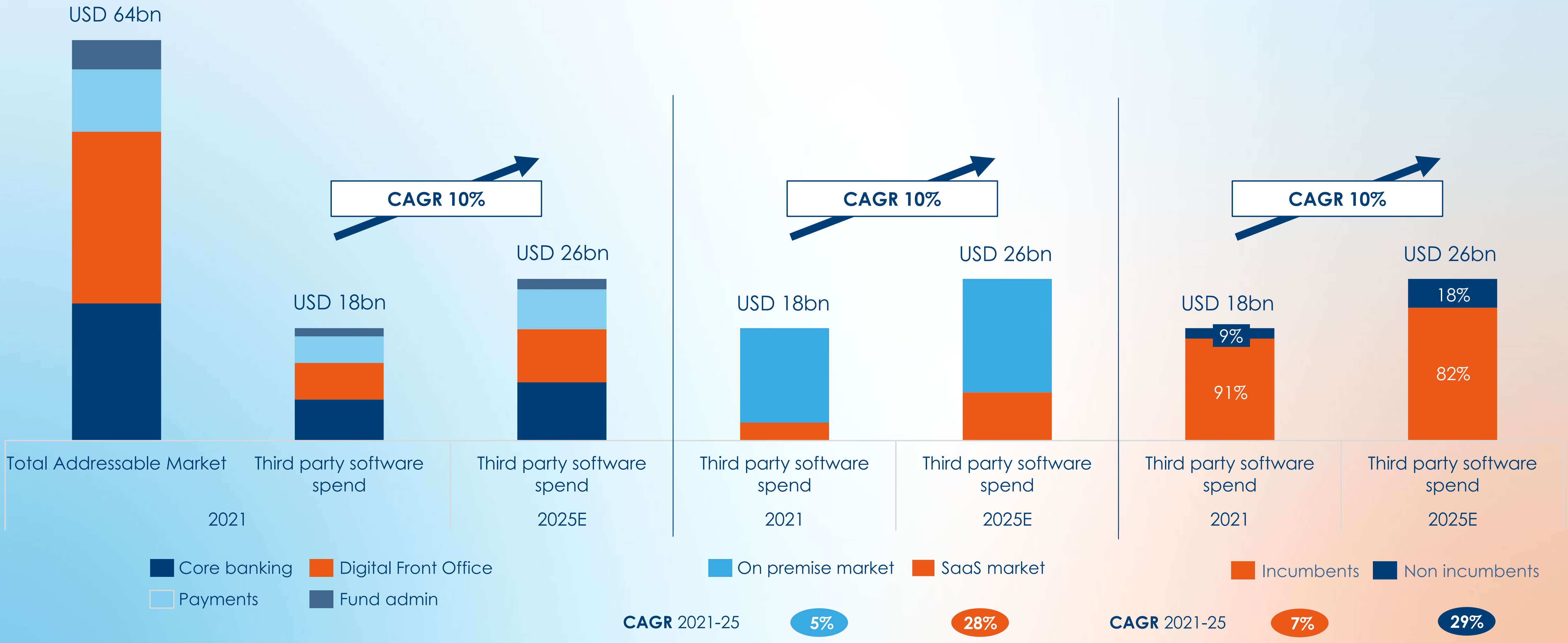


Includes only the spend addressable by Temenos with the current product portfolio.

Total spend, including horizontal solutions (e.g. ERP, CRM)

Source: IDC, Ovum, Gartner, Celent, McKinsey, Temenos estimates

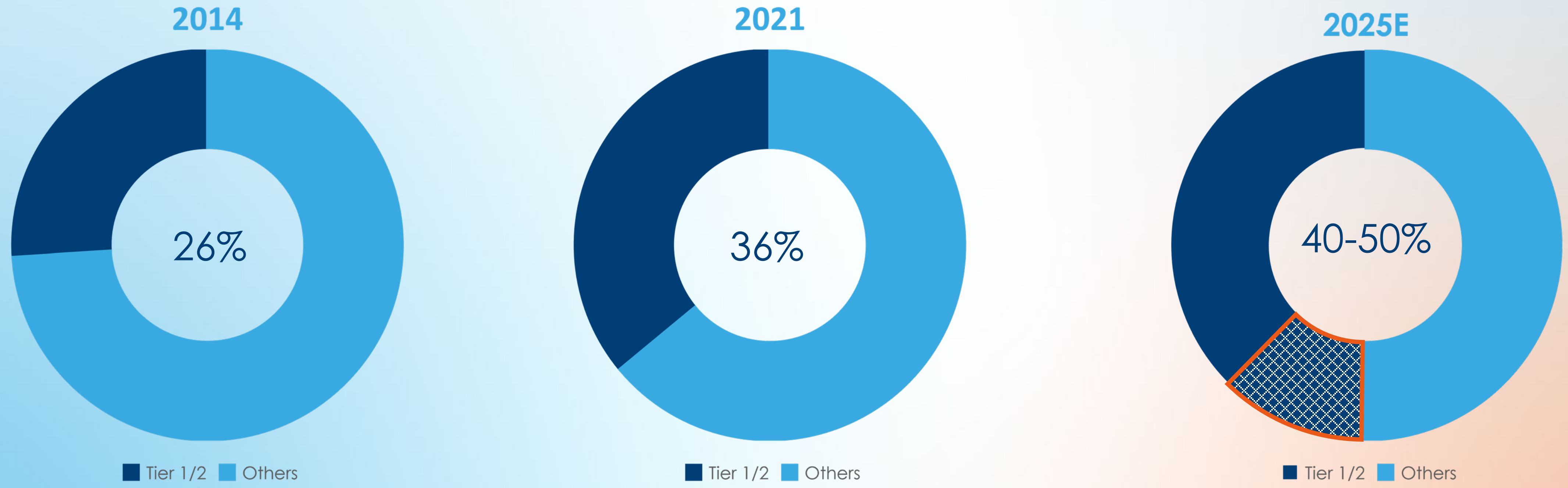
Sizeable and fast-growing addressable market



Source: IDC, Ovum, Celent, McKinsey, Temenos estimates
Incumbents refers to traditional banks, non-incumbents refers to new business models offering banking services and products

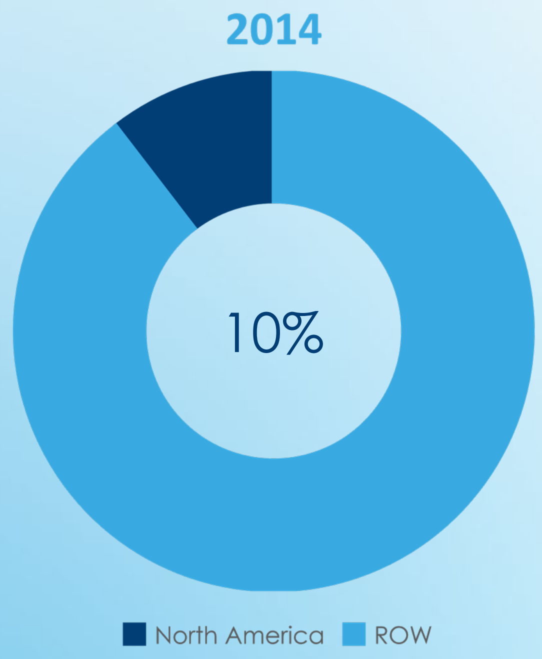
Building momentum with tier 1 and 2 clients

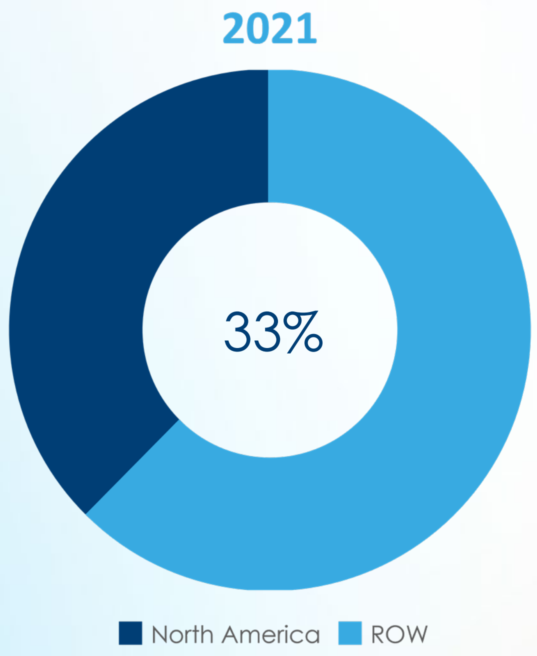
Non-IFRS total software licensing revenues by client tier

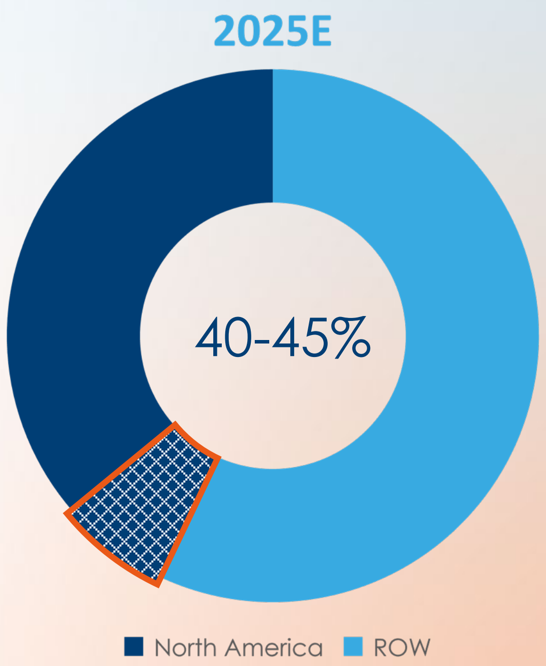


Building momentum in North America

Non-IFRS total software licensing, North America vs. Rest of World







Future Reporting - Subscription

Total Software Licensing (old)	Total Software Licensing (new)
+ License revenue	+ Term & Perpetual License revenue
+ SaaS	+ Subscription
	+ SaaS
= Total Software Licensing revenue	**= Total Software Licensing revenue**

ARR (old)	ARR (new)
+ Term & Perpetual Maintenance	+ Term & Perpetual Maintenance
+ SaaS	+ Subscription
	+ SaaS
= Annual Recurring Revenue	**= Annual Recurring Revenue**

Focused Guidance Metrics

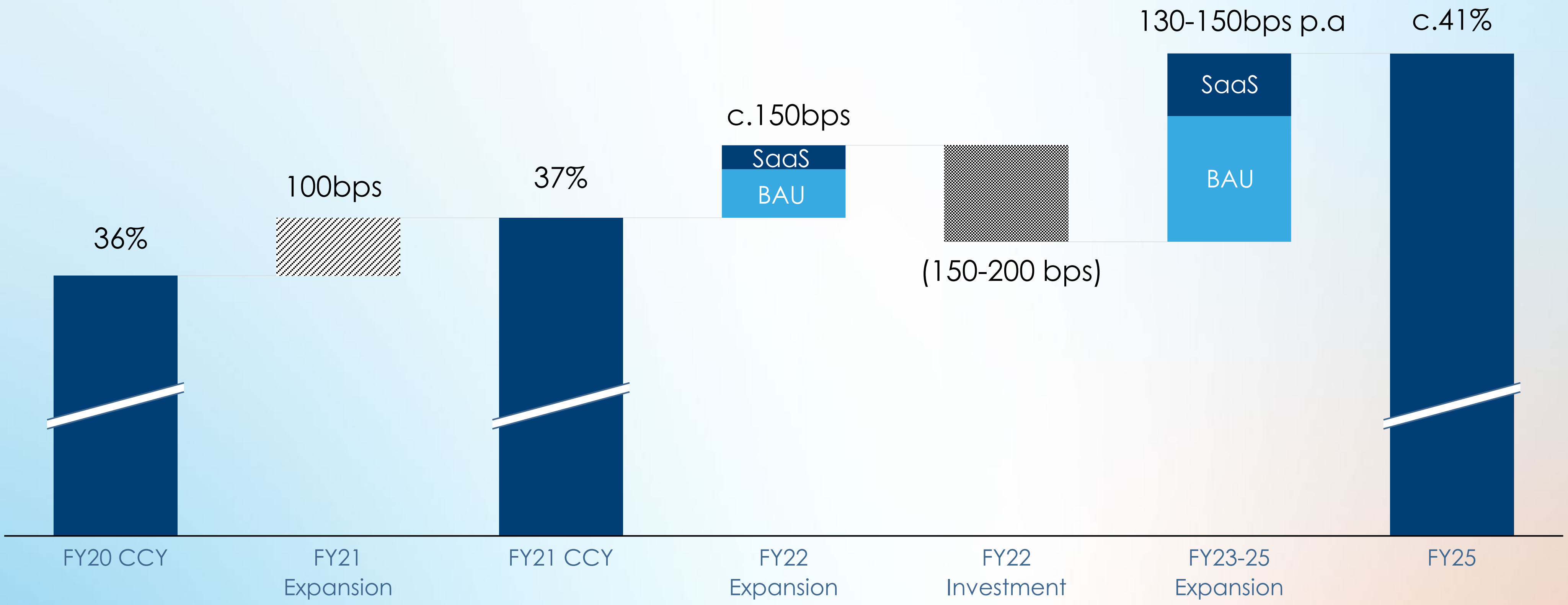
KPI	Reporting	Annual Guidance	2025 Targets (absolute / CAGR)
SaaS ACV	✓		
Total Bookings	✓		
ARR	✓	✓	✓
Total Software Licensing	✓	✓	✓
Total Revenue	✓	✓	✓
EBIT	✓	✓	✓
Operating Cash Conversion	✓	✓	
Free Cash Flow	✓		✓
Recurring Revenue	✓		
DSO	✓		
Tax Rate	✓		

Medium Term Targets

Mid-term Guidance	2020 (CCY)	2021 (CCY)	Medium Term Targets	Previous guidance
ARR	494	553	**20-25% CAGR 2021-25 c.USD1.3bn of ARR by 2025**	>=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

Targets are non-IFRS. Tax rates estimate: FY22 guidance at 17.5-19.5%, 19.5-21.5% for FY23-25

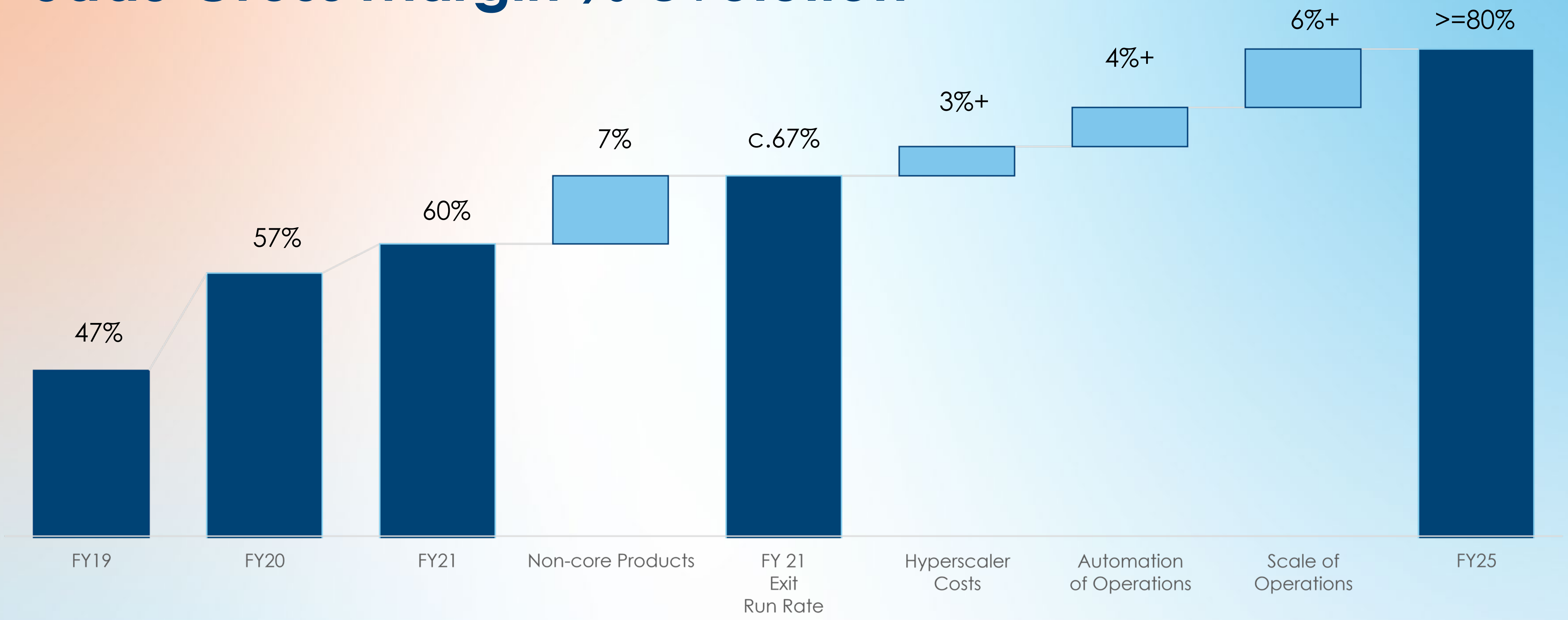
EBIT Margin % expansion



- After years of margin expansion (FY14-21 averaging >100bps p.a.), FY22 represents a year of investment (e.g. wage inflation, variable cost increases such as travel)
- FY23-25 resumption of margin expansion trajectory

Note: Non-IFRS. FY21 EBIT margin based on EBIT restated for forex

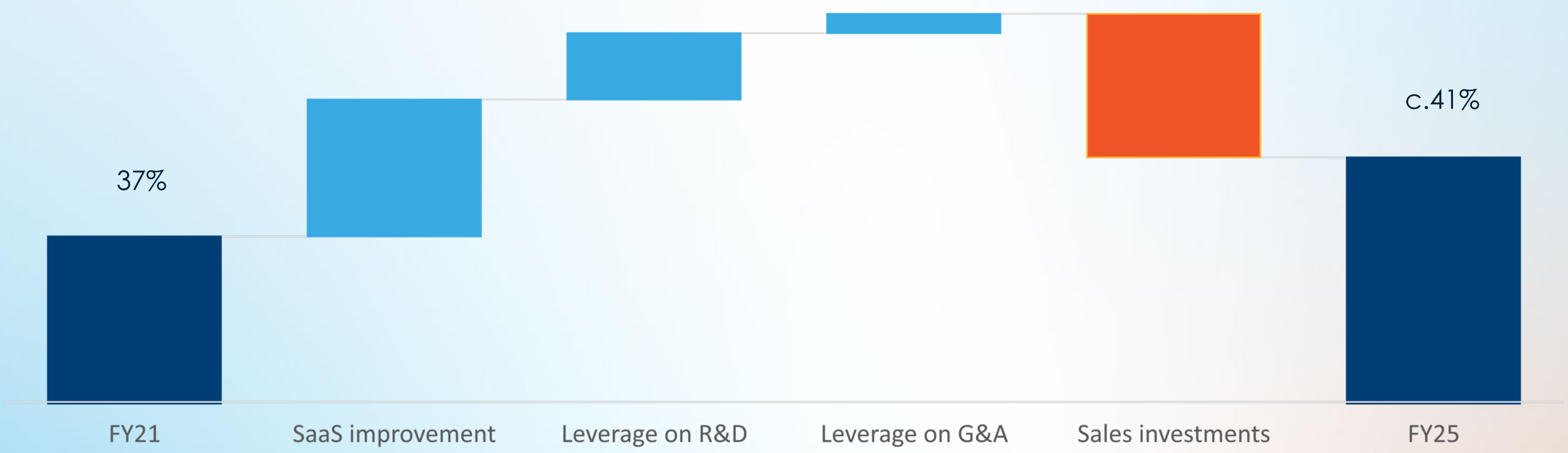
SaaS Gross Margin % evolution



- Hyper-scalers: unit costs to reduce as volumes increase
- Automation to drive significant efficiencies in operation centres
- Operations optimised into centralised offshore function with local hubs to provide "follow the sun" service and drive economies of scale

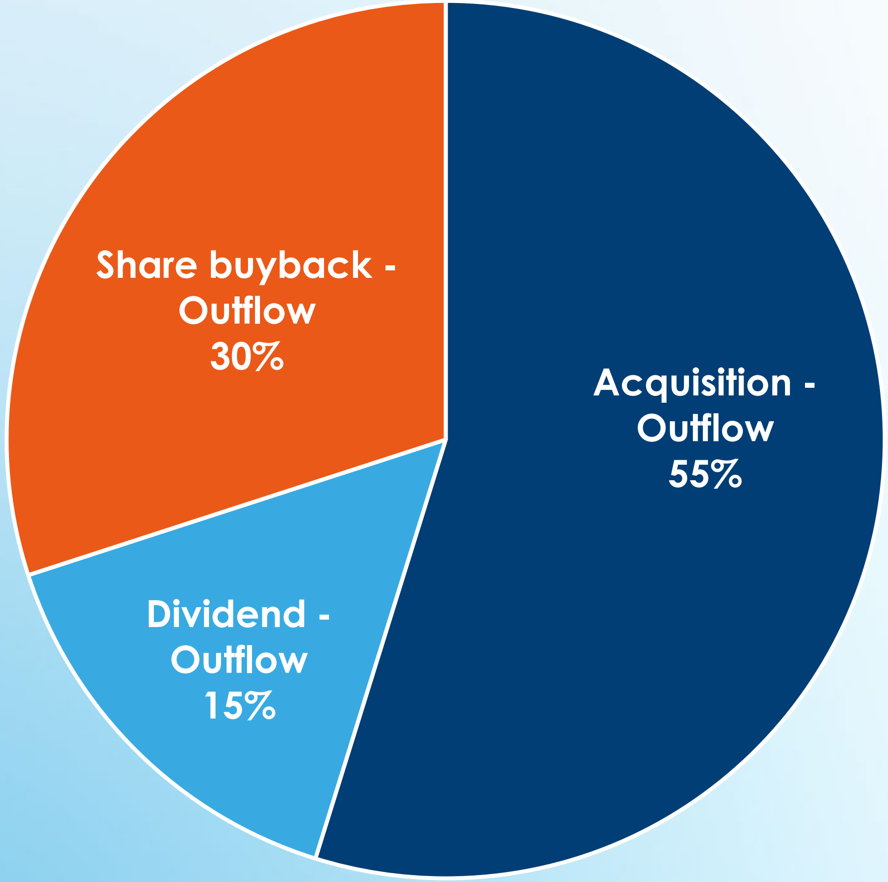
Gross margin includes all SaaS dedicated operations costs including cloud platform costs, datacentre infrastructure, people & associated costs, security tooling and compliance costs.
FY21 exit run rate adjusted to include all contracted revenues and cost optimisations currently in implementation.

Drivers of non-IFRS EBIT margin evolution



- On-Premise and services gross margin to remain constant
- SaaS Gross Margin to expand to at least 80%
- Continued leverage of R&D and G&A infrastructure
- Sustained investments in Sales & Marketing

Disciplined capital allocation (2015-2021)



	Balance sheet (31-Dec-21)
Weighted average interest rate	2.1%
Weighted average debt maturity	2.2 years
Leverage ratio	1.8x

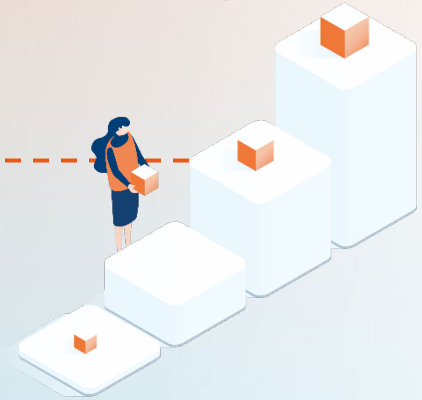
Targeted acquisitions for USD1.2bn+ and returned c.USD1bn to shareholders

Using M&A to accelerate organic growth

Date		Price (m)	Capabilities
Sep 19	kony	$560	US scale, digital banking and low code development, cloud operations excellence
Jul 19	logicalglue	£12	Explainable AI expertise across all products
Feb 19	hTRUNK	N.D.	Data lake capabilities
Dec 18	AVOKA	$245	Digital front office, cloud operations excellence
Feb 17	Rubik	$50	Core banking, wealth management, scale in Australia
Mar 15	MULTIFONDS® Building success	$260	Fund and securities
Feb 15	akcelerant®	$55	Core banking, analytics, US credit union expertise

15-20% EBIT contribution over 6 years from USD1.2bn of M&A

A three-pronged approach to M&A to accelerate organic growth



Accelerated R&D roadmap in key markets and segments

Increased scale

Adjacent markets and complementary products

Driving shareholder value through accelerating growth

A sizeable and fast growing market that is changing rapidly

Temenos is a leader across all client types, incumbent and non-incumbent

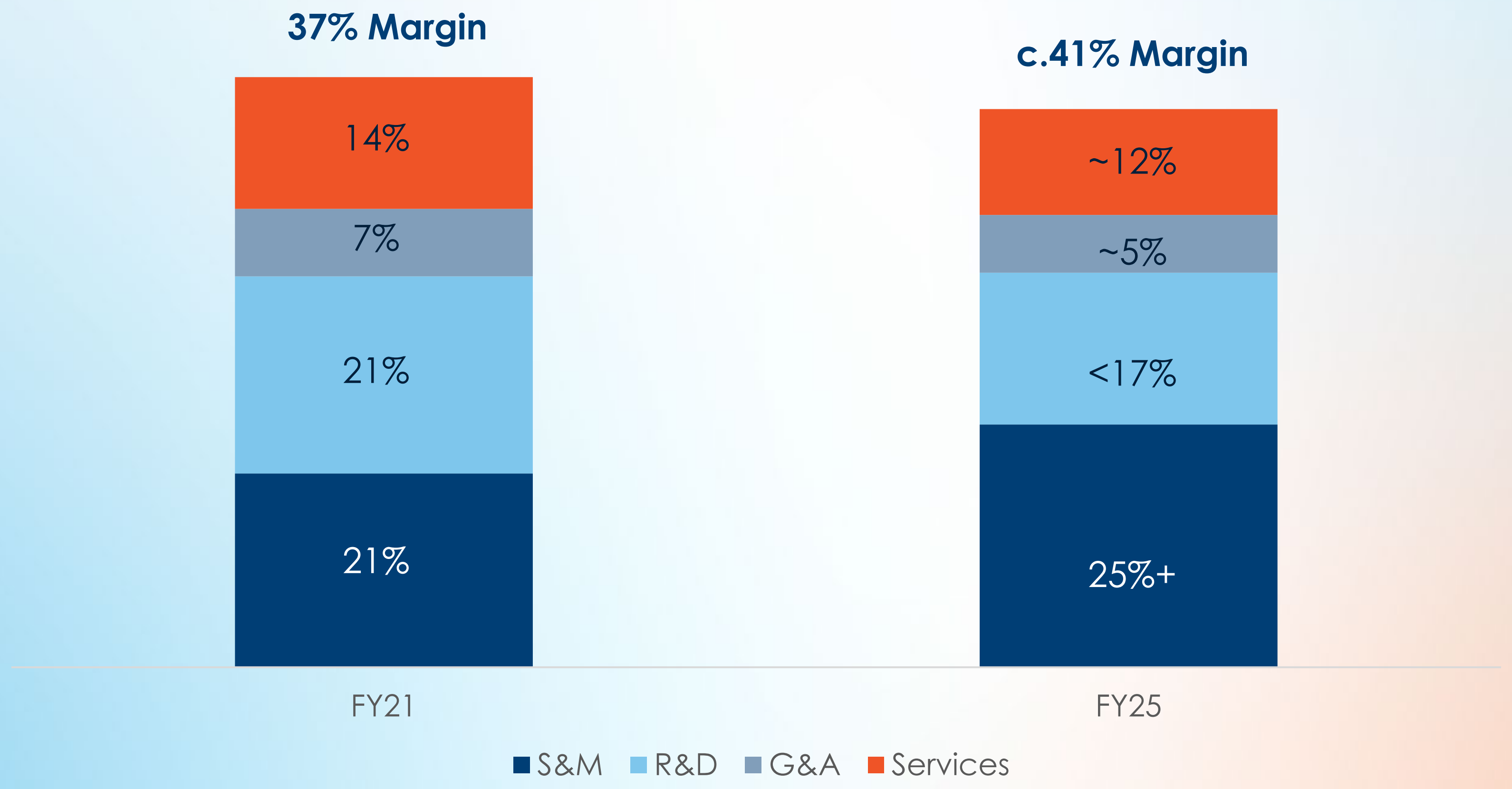
Single code base drives higher margin, competitive edge and profitable growth

Move to subscription will further accelerate our growth

Appendix

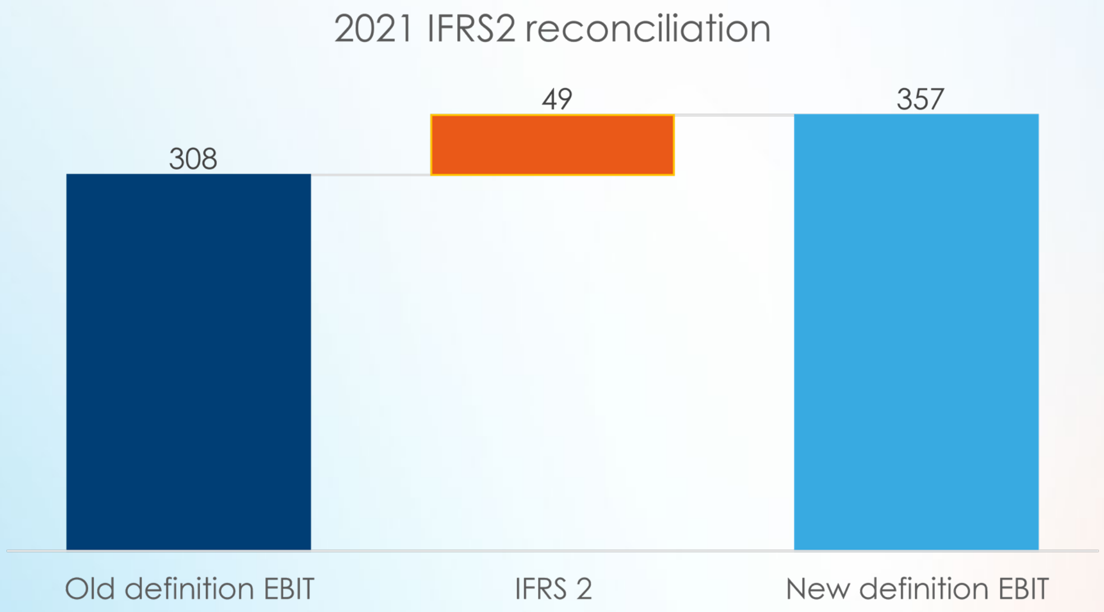
TEMENOS
Capital Markets Day

Key cost lines as a percentage of revenue



Note: Non-IFRS.

Non-IFRS EBIT reconciliation



- Last 10 year average IFRS2 cost as a % of revenues was c.4-5%
- Total IFRS2 charges for companies in peer group is 4.5%

Thank You