

temenos

**temenos**

# Financial Results and Business Update

21 July 2022

Quarter ended, 30 June 2022

# 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 21 July 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 21 July 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

# Overview of the quarter

## Review of Q2-22

- Demand for subscription model is accelerating ahead of expectations, driving ARR growth of 16%, up from 14% in Q1-22 and 12% in Q4-21
- Continued supportive demand environment, reflected in 12% Total Bookings growth
- Total software licensing growth of 8%, below FY guidance due to large tier 1 European deal slippage expected to close shortly
- SaaS ACV of USD11m driven by largely new signings growth
- EBIT decline of 9% with cost management reducing impact of slower total software licensing growth in the quarter
- Free cash flow decline of 42% driven by move to subscription license model
- FY22 guidance reconfirmed

## Q2-22 non-IFRS financial highlights

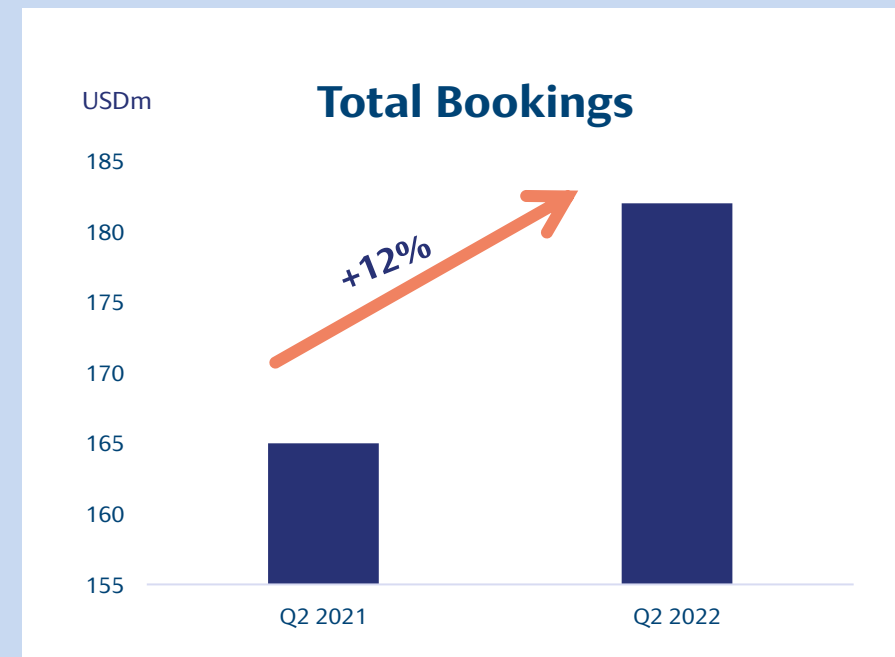
- ARR of USD582m, up 16%
- Total Bookings up 12%
- USD31m of subscription licenses, 50% of on-premise business after only 2<sup>nd</sup> quarter of role out
- SaaS ACV of USD11m, down 38%
- Total software licensing up 8%
- EBIT decline of 9%, EPS decline of 7% (reported)
- LTM operating cash conversion of 116%
- Free Cash Flow down 42% in Q2-22, down 5% LTM



## Accelerating ARR growth

# Strong growth in ARR and Total Bookings

- ARR accelerated to 16% in Q2-22 from 14% in Q1-22, underpinning confidence in FY-22 guidance of 18-20% growth in ARR
- Growth in Total Bookings and ARR continues to add to our increasing backlog and visibility
- Total Bookings grew 12% in the quarter including double-digit growth in Europe with increasing demand for SaaS in the region; supportive demand environment



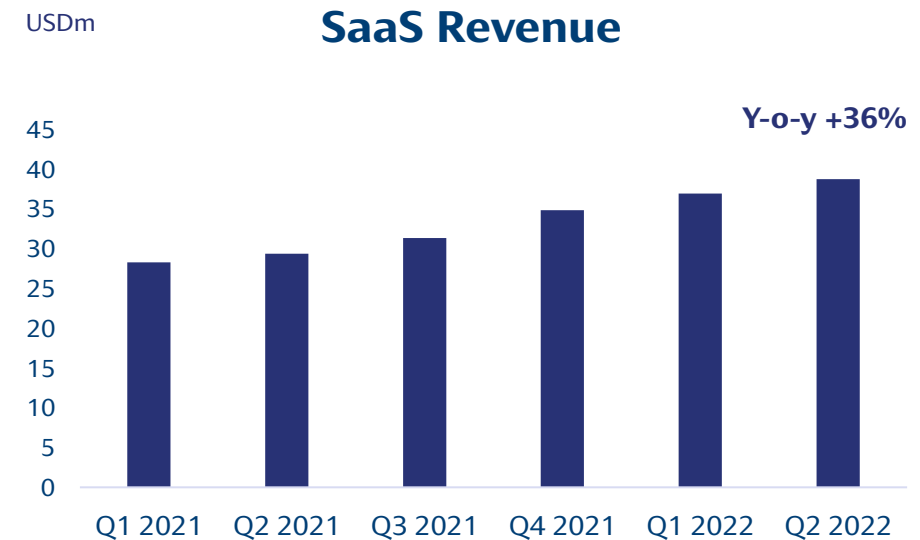
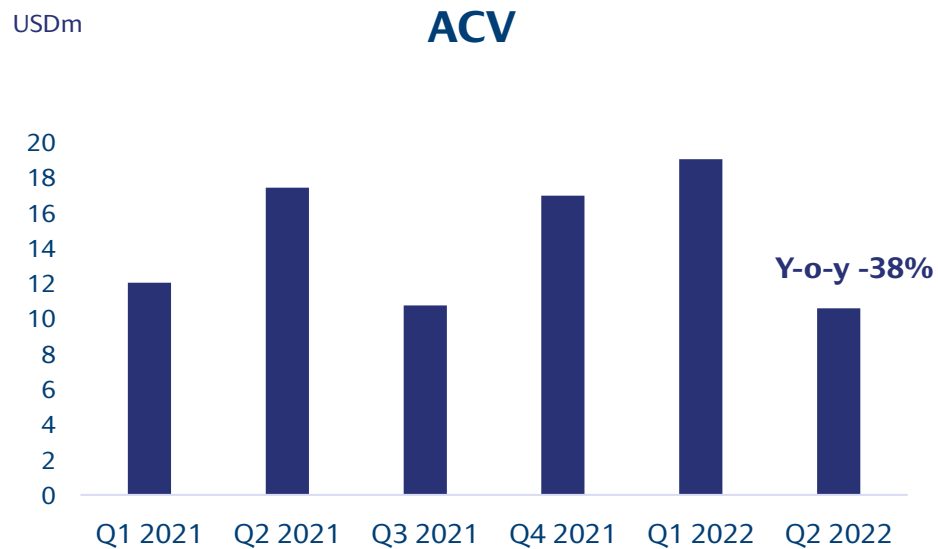
**Total Bookings** – includes fair value of licence contract value, committed maintenance contract value on licence, and SaaS committed contract value. All must be committed and evidenced by duly signed agreements.

*Note: non-IFRS c.c. growth rates. \*refer to slide 37 in appendix for quarterly Total Bookings numbers*



# SaaS momentum continues

- ACV of USD11m driven by strong new signings growth
- Q2-21 comparative included large volume consumption from existing clients
- Europe and core banking were major contributors to SaaS ACV in the quarter
- SaaS revenue accelerated to 36% driven by strong ACV in prior quarters



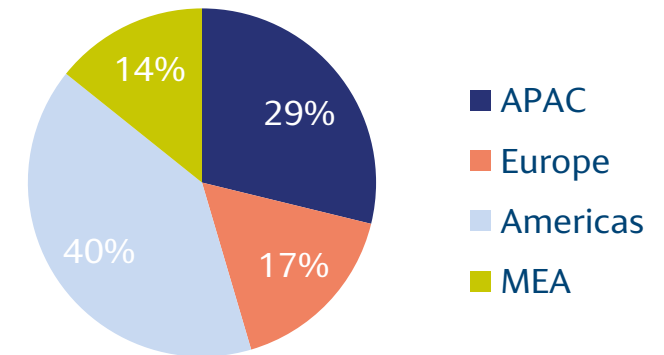
# Q2-22 sales review

- Accelerating demand for subscription across client tiers and geographies, faster transition to subscription model than previously expected
- US activity remains high, won a top 20 US bank for core banking renovation
- Europe recovery continues with double digit growth in Total Bookings and increased SaaS demand
- Large tier 1 European deal slippage, expected to close shortly
- APAC performed particularly well with a number of new signings
- Tier 1 and 2 banks contributed 31% of total software licensing in the quarter, with increasing commitment among large banks to IT transformation
- Strong sales activity with partner deals in the quarter with focus on building partner channel
- Sales to the installed base contributed 55% of license revenue in the quarter
- 16 new client wins in the quarter, predominantly for core banking

## Total Software Licensing

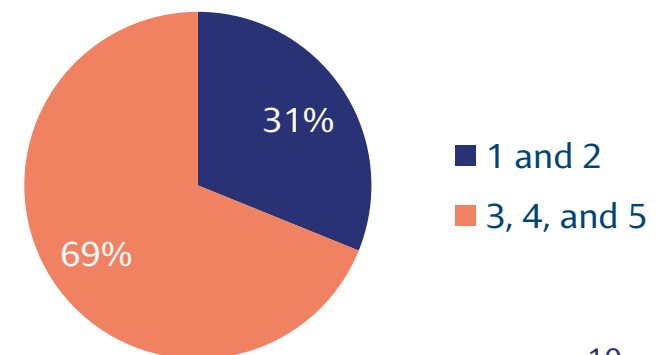
### Geographic split

Q2-22



### Tiers

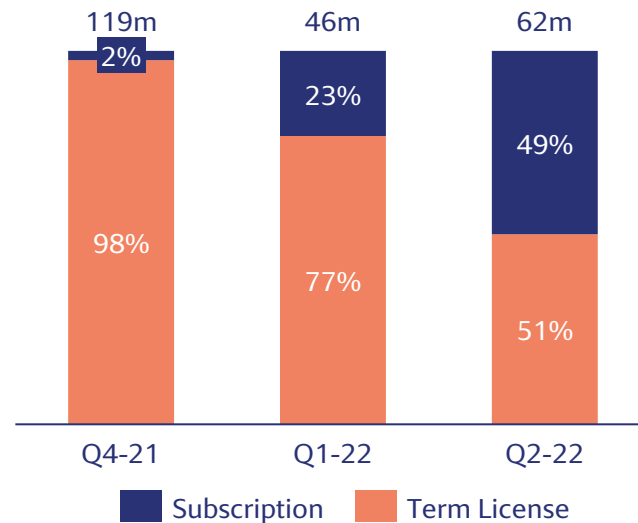
Q2-22



# Move to subscription accelerates annual recurring revenue growth

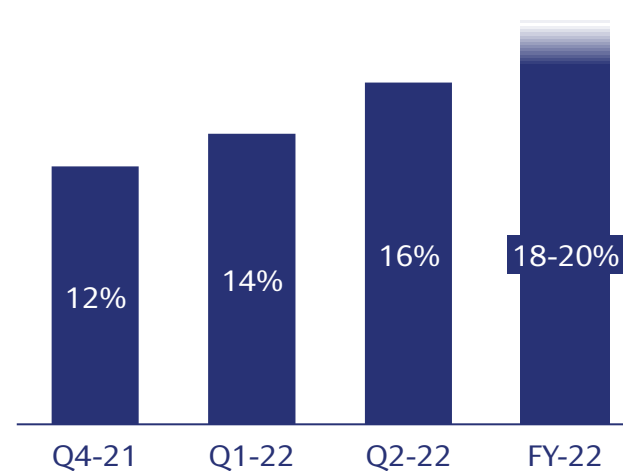
## Transition to subscription license accelerating

49% of Q2 license revenue from subscriptions



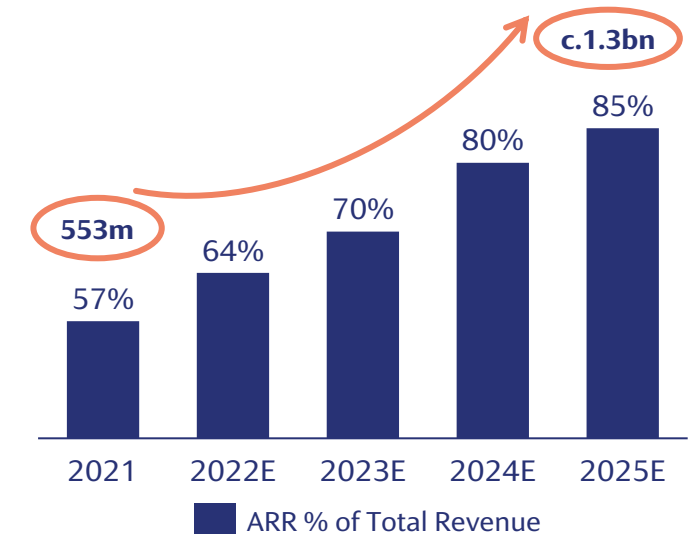
## Sequential ARR growth in line with guidance

FY-22 ARR growth projected between 18-20%



## Significant acceleration in Annual Recurring Revenue

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



Continued strong momentum with clients in Q2-22  
giving confidence in shift to subscription

# Continued momentum in US business

- Good sales momentum in the US, with strong level of activity
- Building on Commerce Bank go-live to drive momentum with Tier 1 and 2 domestic US banks
- Significant milestone reached, winning top 20 US bank for core banking replacement, beating domestic incumbents
- Deal expected to close in H2-22
- Reference client base continued to grow
- Pipeline is robust with ongoing deal processes with several large banks

# Recognized for our global leadership

## FORRESTER®

### New-name clients:

- Top Global Power Seller for the 16<sup>th</sup> consecutive year

Temenos recognized as the only Global Power Seller with more than 2X the deals of the 2<sup>nd</sup> place vendor

### New and existing clients:

- Top Global Player for the 10<sup>th</sup> consecutive year
- Top Global Cross-seller for the 2<sup>nd</sup> time

## ESG recognition

- SXI Switzerland Sustainability 25® Index
- Dow Jones Sustainability Index - World & Europe 2021
- S&P Sustainability Award: Silver Class & Industry Mover 2022
- FTSE4Good Index
- CDP Climate Change 2021 - Leadership A-
- ISS ESG PRIME
- MSCI AA
- Ecovadis Platinum
- Bloomberg Gender-Equality Index 2022
- 5 Great Place to Work recognitions



**IBS** intelligence  
Global FinTech Perspectives

#1

Core Banking for  
17 years

#1

Best-selling Digital  
Banking & Channels

#1

Best-selling Retail  
Payments System

#1

Best-selling Risk  
Management

# Outlook for H2-22

- Supportive demand environment
- Move to subscription is accelerating, driving ARR growth
- Demand for SaaS also contributing to strong ARR, driven largely by non-incumbents
- Wealth Management a major demand driver globally particularly in particular with Tier 1 banks
- Tier 1 and 2 banks increasing their IT spend to respond to competitive dynamics and changing customer expectations
- US and Europe driving majority of the growth for the full year from a geographic perspective
- Increased sales activity through partner channel driving incremental demand
- Ongoing cost management continues in H2 to ensure EBIT guidance is achieved
- Outlook for H2-22 supports full year guidance



# Financial update

Takis Spiliopoulos, CFO

# Q2-22 non-IFRS financial highlights

## Revenue and profit

- Subscription revenue of USD 31m
- SaaS revenue up 36% in Q2-22
- Total software licensing up 8% in Q2-22
- Maintenance growth of 3% in Q2-22
- Total revenue up 4% in Q2-22
- EBIT down 9% in Q2-22
- Q2-22 EBIT margin (reported) of 32.9%, down 3% pts (reported)
- EPS (reported) down 7% in Q2-22

## Cash flow

- Q2-22 operating cash flow of USD 87m, down 22% y-o-y; down 1% LTM
- LTM Q2-22 operating cash conversion of 116% of IFRS EBITDA
- Q2-22 free cash flow of USD 50m, down 42% y-o-y; down 5% LTM
- DSOs at 114 days, up 8 days y-o-y and down 1 day on q-o-q

## Debt and leverage

- Net debt of USD793m as of 30 June 2022
- Leverage at 1.8x at quarter end, down from 2.3x at Q2-21 and up from 1.7x at Q1-22

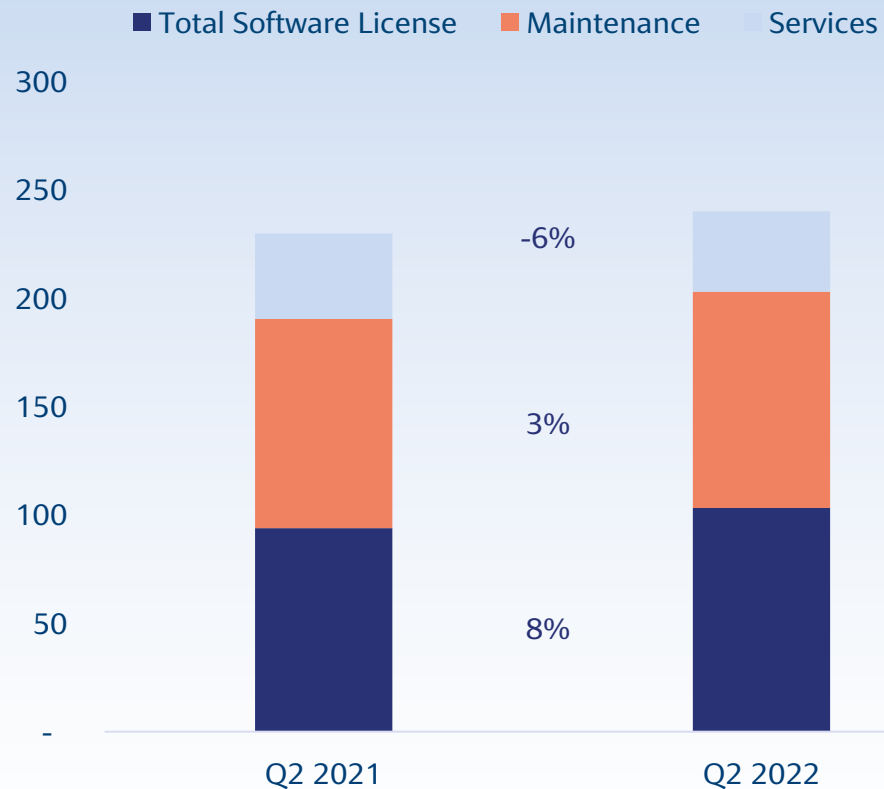


# Non-IFRS income statement – operating

In USDm	Q2-22	Q2-21	Y-o-Y reported	Y-o-Y c.c.	LTM Q2-22	LTM Q2-21	Y-o-Y reported	Y-o-Y c.c.
Subscription	30.6	5.7	441%	451%	46.4	16.0	190%	192%
Term Licence	31.8	60.9	-48%	-47%	244.5	262.0	-7%	-5%
SaaS	38.7	29.3	32%	36%	141.8	108.0	31%	33%
<b>Total software licensing</b>	<b>101.1</b>	<b>95.9</b>	<b>5%</b>	<b>8%</b>	<b>432.7</b>	<b>386.0</b>	<b>12%</b>	<b>14%</b>
Maintenance	99.9	98.5	1%	3%	398.9	387.7	3%	4%
Services	37.1	41.5	-11%	-6%	148.8	162.3	-8%	-7%
<b>Total revenue</b>	<b>238.1</b>	<b>236.0</b>	<b>1%</b>	<b>4%</b>	<b>980.4</b>	<b>936.0</b>	<b>5%</b>	<b>6%</b>
Operating costs	159.8	150.6	6%	11%	628.3	583.0	8%	9%
<b>EBIT</b>	<b>78.3</b>	<b>85.4</b>	<b>-8%</b>	<b>-9%</b>	<b>352.1</b>	<b>353.0</b>	<b>0%</b>	<b>2%</b>
Margin	32.9%	36.2%	-3% pts	-4% pts	35.9%	37.7%	-2% pts	-2% pts
<b>EBITDA</b>	<b>102.1</b>	<b>108.6</b>	<b>-6%</b>	<b>-6%</b>	<b>445.6</b>	<b>439.9</b>	<b>1%</b>	<b>3%</b>
Margin	42.9%	46.0%	-3% pts		45.5%	47.0%	-2% pts	

# Like-for-like revenue and costs

- Q2-22 LFL non-IFRS revenues up 4%



- Q2-22 LFL non-IFRS costs up 11%

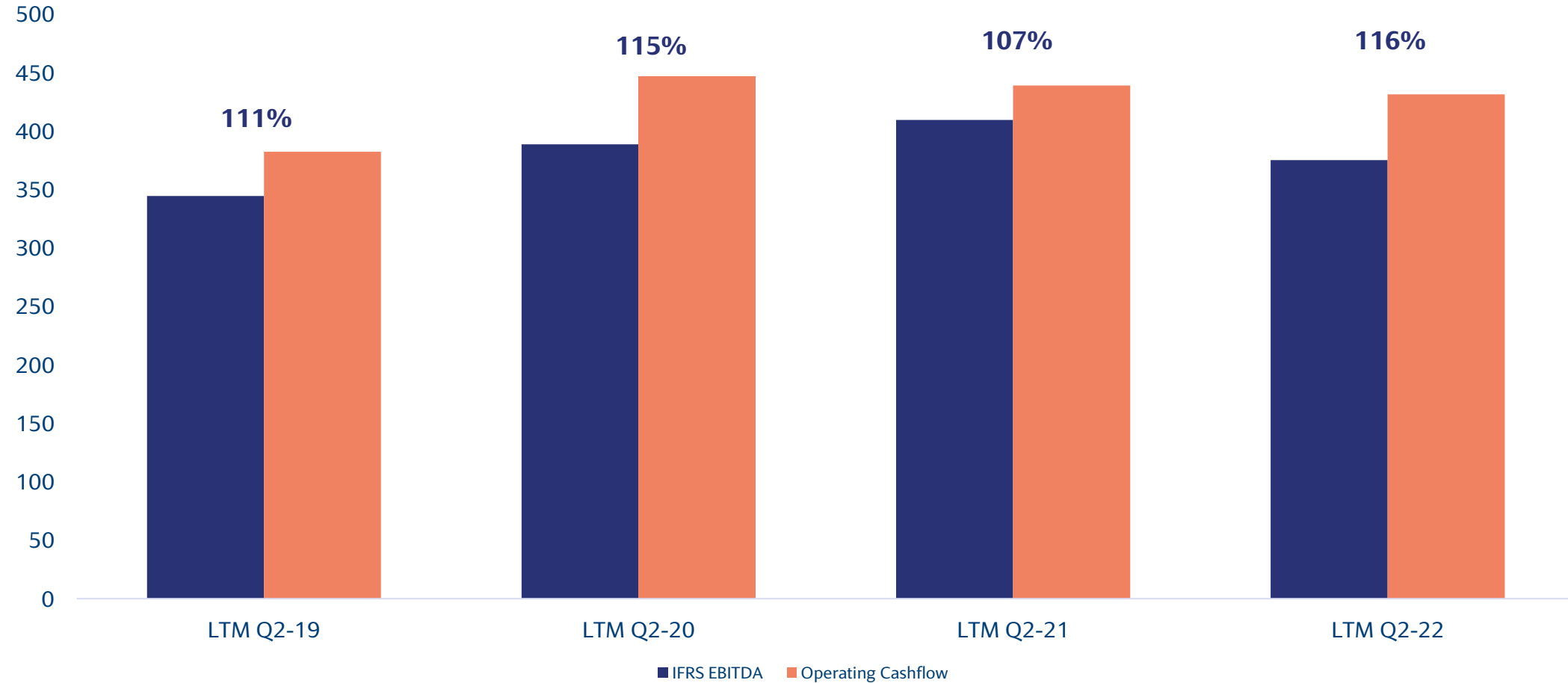


# Non-IFRS income statement – non-operating

In USDm, except EPS	Q2-22	Q2-21	Y-o-Y reported	LTM Q2-22	LTM Q2-21	Y-o-Y reported
EBIT	78.3	85.4	-8%	352.1	353.0	0%
Net finance charge	-5.7	-6.5	-12%	-23.0	-27.6	-17%
FX gain / (loss)	0.1	-0.7	-120%	0.7	-1.2	-154%
Tax	-13.5	-13.8	-2%	-57.1	-48.9	17%
Net profit	59.3	64.4	-8%	272.6	275.3	-1%
EPS (USD)	0.83	0.89	-7%	3.79	3.77	1%

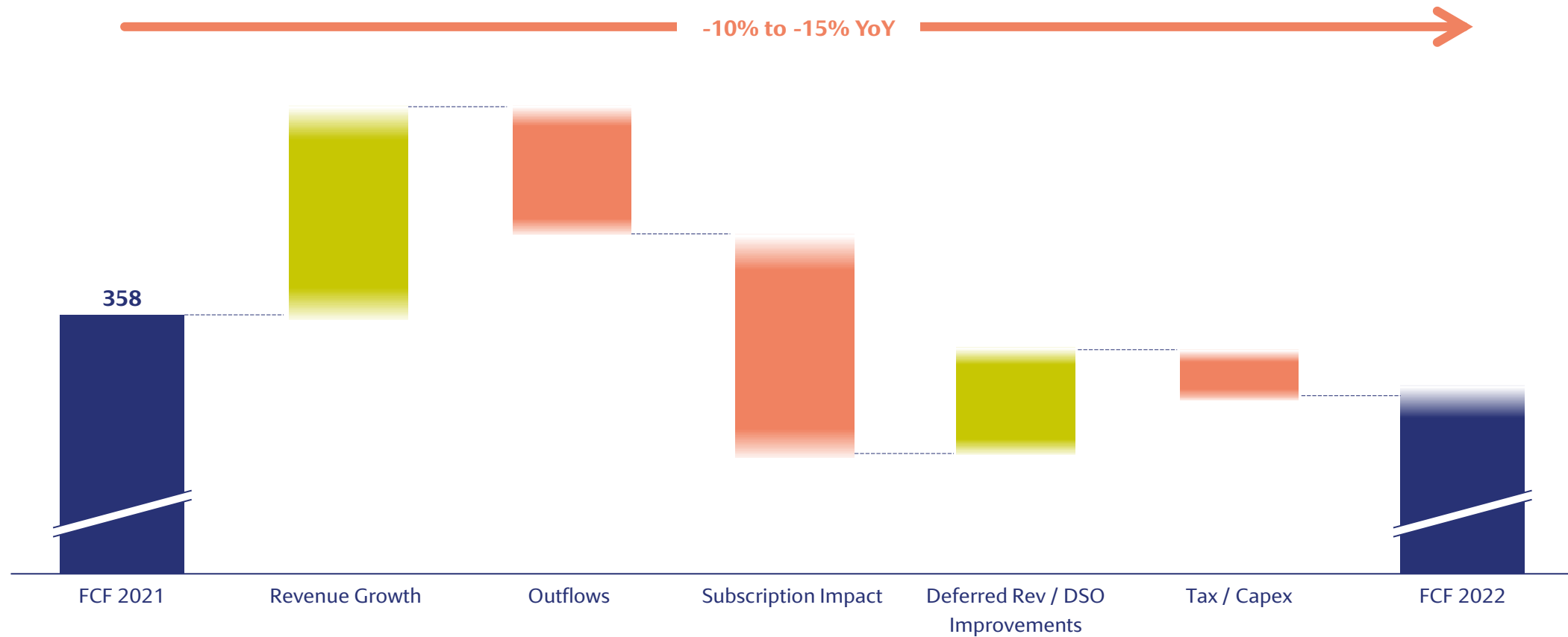
# IFRS cash conversion

USD m



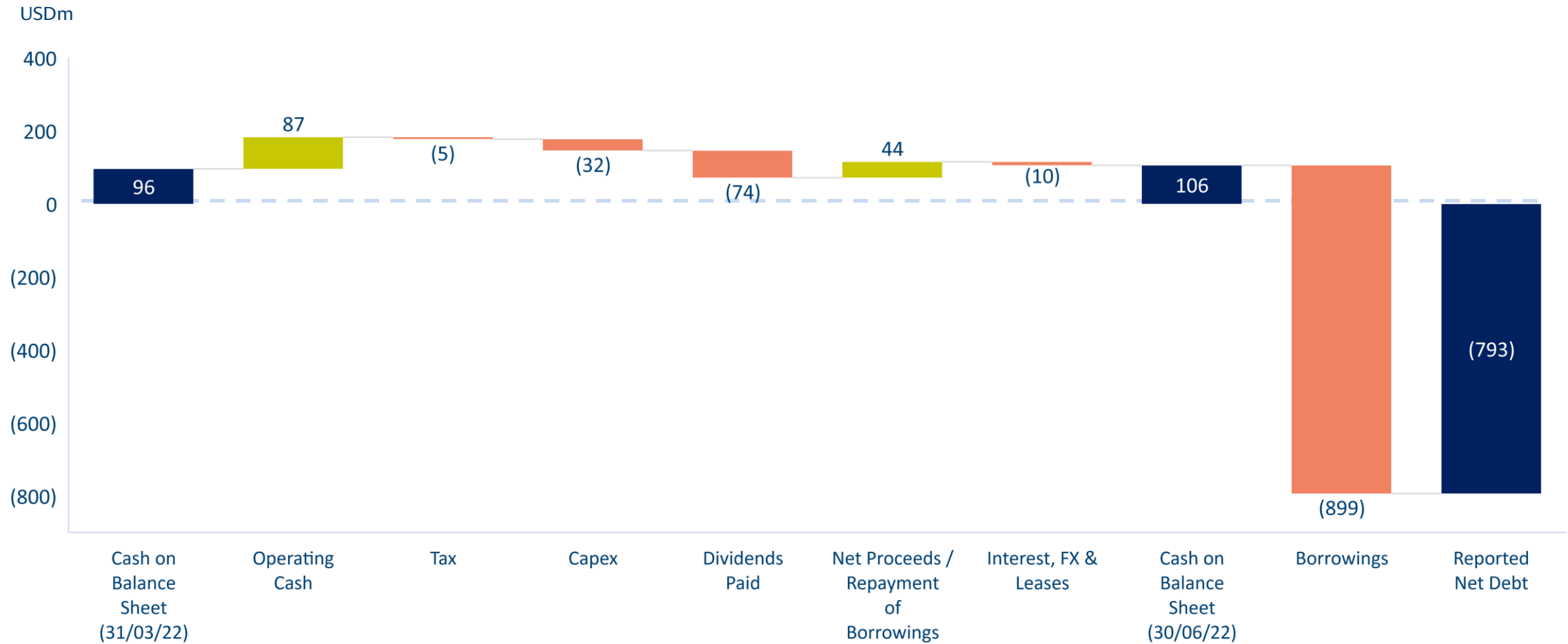
Cash conversion well above 100% target

# Free Cash Flow Bridge 2021/2022



Mitigated impact of transition to subscription model on free cash flow

# Group liquidity



Leverage at 1.8x at quarter end Q2-22

# Reconfirming 2022 non-IFRS guidance (c.c.)

	FY-22 Guidance	FY-21 Base (CCY)
ARR	+18% - 20% growth	546m
Total Software Licensing (%)	+16% - 18% growth	407m
Total Revenue (%)	At least 10% growth	947m
EBIT growth	+9% - 11% growth	359m

- Cash conversion to remain at 100%+ of EBITDA into operating cash flow
- FY-22 tax rate expected to be between 18-20%

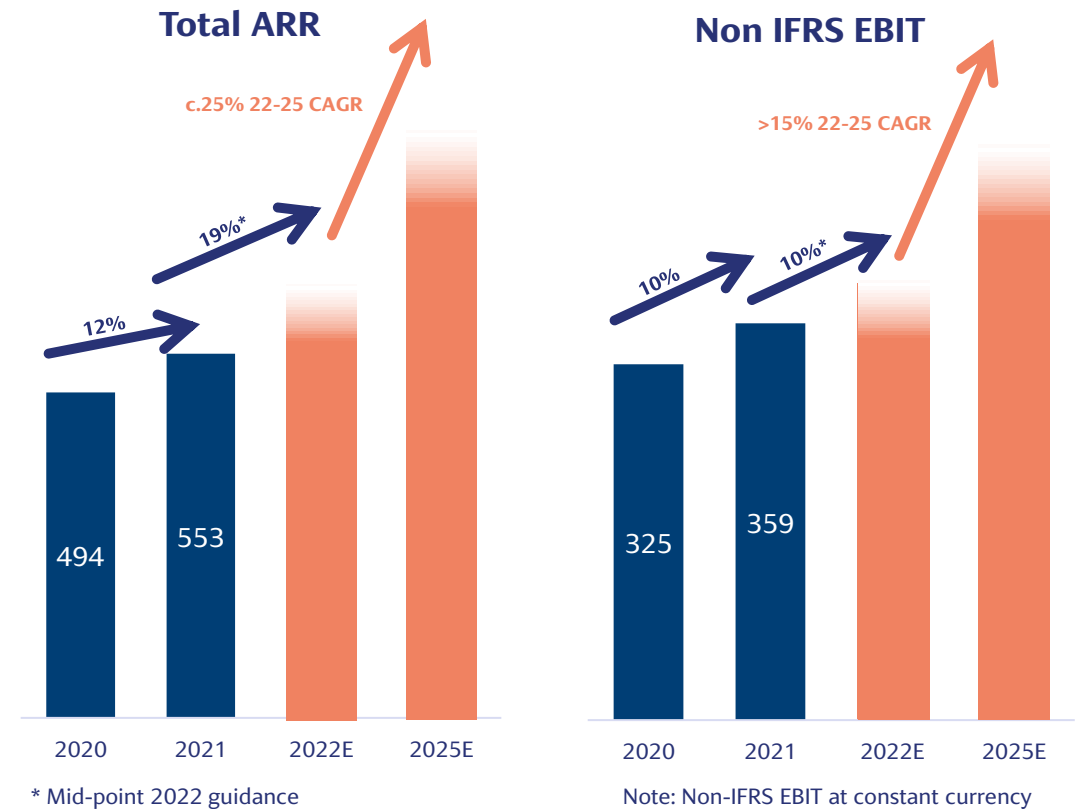
# Medium term targets

Medium term targets	2021 (CCY)	Medium term targets
ARR	546	20-25% CAGR 2021-25 c.USD1.3bn of ARR by 2025
Total Software Licensing	407	15-20% CAGR 2021-25
Total revenue	947	10-15% CAGR 2021-25
EBIT margin	38.0%	c.41% by 2025
FCF (Reported)	358	10-15% CAGR 2021-26 to reach >USD600m by 2026



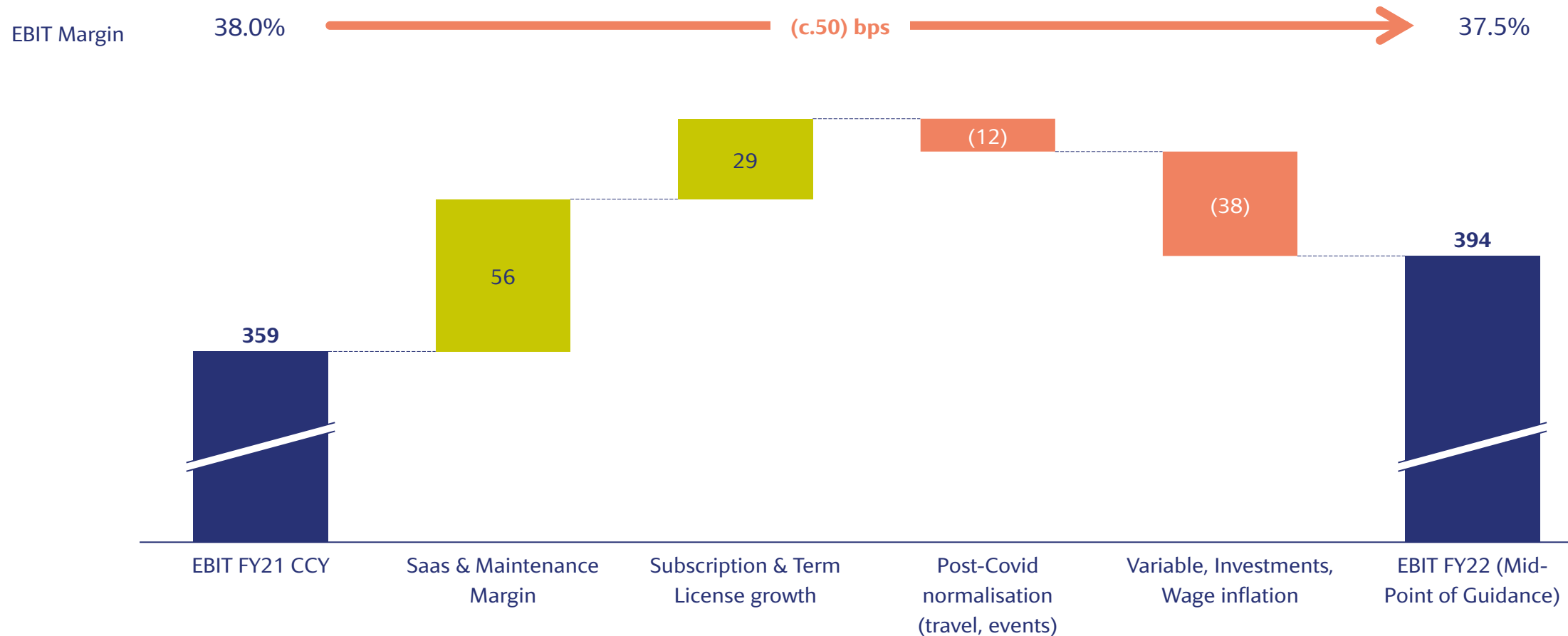
# EBIT growth to closely track prior year ARR growth

- Subscription, SaaS and maintenance bookings contribute to ARR in the quarter, with full revenue impact from SaaS and maintenance in the P&L over the following 12 months
- Blended ARR gross margin is already high and will continue to improve with SaaS margin improvement
- Temenos will invest in sales and R&D to extend market leadership and capture additional growth
- After planned investments, EBIT growth will track c.75% of prior year ARR growth



EBIT growth to track c.75% of prior year ARR growth

# Non-IFRS EBIT Bridge 2021/2022



**Strong visibility on SaaS margin expansion and focus on targeted investments**

# Summary

Max Chuard, CEO

# Conclusion

- Supportive demand environment
- Demand for subscription model is accelerating, driving ARR growth
- Total software licenses growth of 8% below FY-22 guidance due to large tier 1 European deal slippage and now expected to close shortly
- Multiple drivers to deliver FY22 guidance
  - Large number of tier 1 and 2 opportunities
  - Strong activity in Wealth
  - Partner channel driving incremental demand

**H2 pipeline supports FY22 guidance**

# Appendix

# Q2-22 operational overview

- 83 go-lives including 23 implementation go-lives in Q2-22

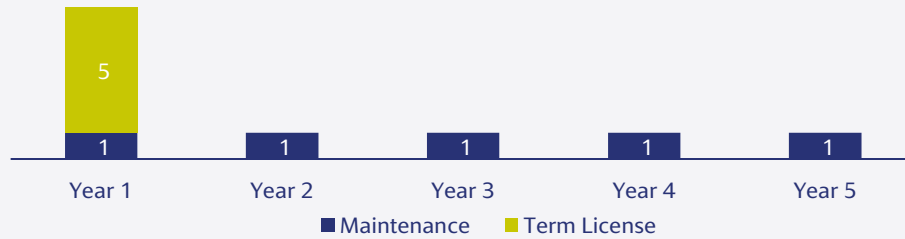


**Taking a client live  
every day**

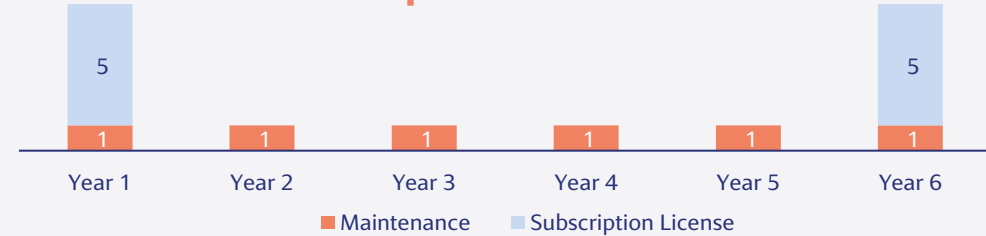


# Move to subscription model illustration

## Term model – P&L



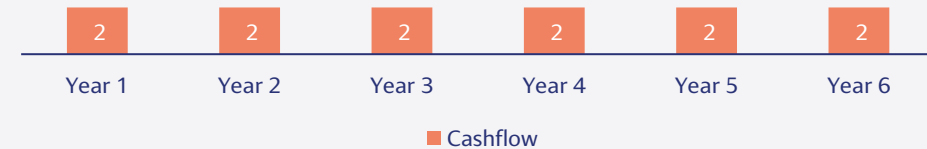
## Subscription model – P&L



## Term model – Cash



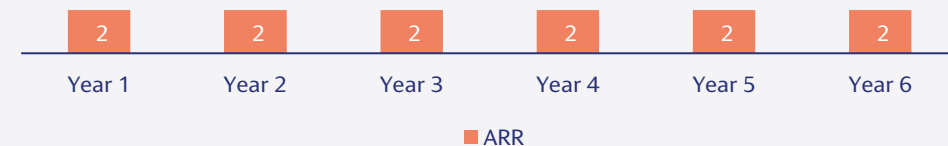
## Subscription model – Cash



## Term model – ARR



## Subscription model – ARR



# Tangible subscription benefits to clients and Temenos

## Benefits to client



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

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

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**Easier to scale with demand**

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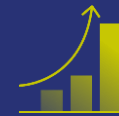
**Flexible maintenance options**

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**Easier path to SaaS**

## Benefits to Temenos



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

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

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**Increase total contract values**

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**Greater upsell opportunity**

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**Better customer retention**



## FX assumptions underlying 2022 guidance

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

EUR to USD exchange rate of 1.05

GBP to USD exchange rate of 1.24; and

USD to CHF exchange rate of 0.96

# 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

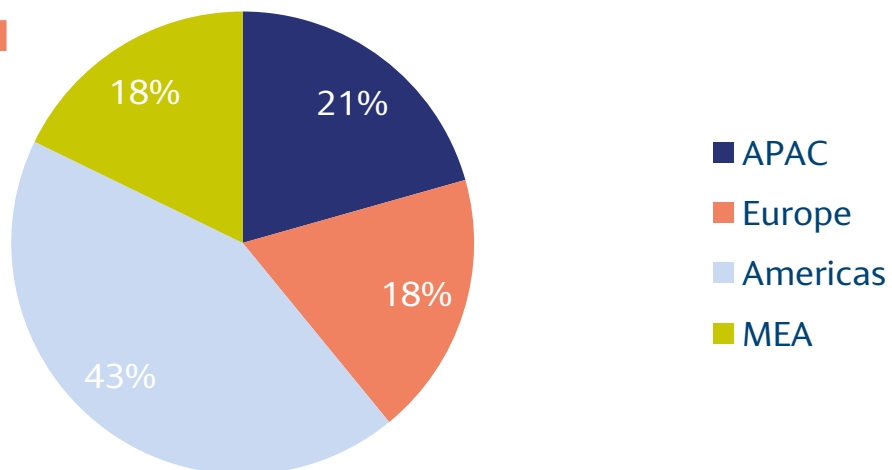
USDm	Q1-22	Q2-22	Q3-22	Q4-22
SaaS ACV	19.0	10.6		

# Quarterly ARR, Total Bookings, FCF

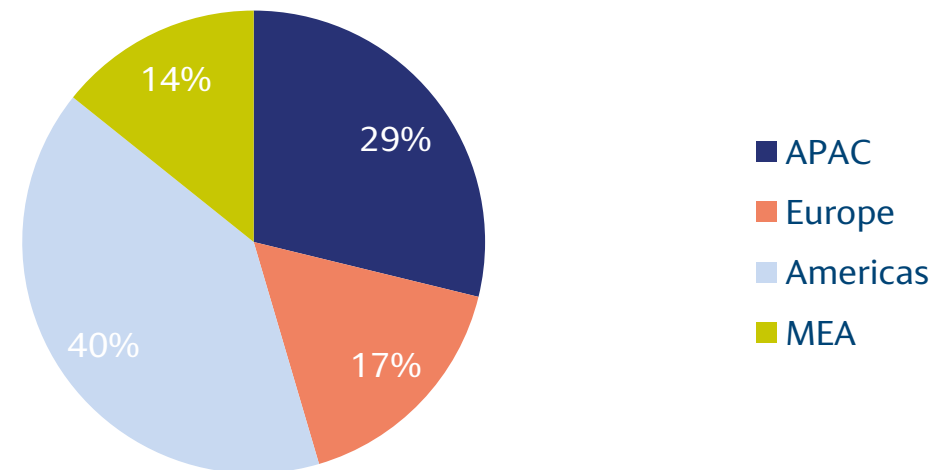
ARR, USD m	Q1-20	Q2-20	Q3-20	Q4-20	Q1-21	Q2-21	Q3-21	Q4-21	Q1-22	Q2-22
ARR	468.1	475.4	486.4	493.5	500.1	514.4	530.8	553.4	568.4	581.9
Total Bookings, USD m	Q1-20	Q2-20	Q3-20	Q4-20	Q1-21	Q2-21	Q3-21	Q4-21	Q1-22	Q2-22
Total Bookings	60.5	80.0	128.8	272.8	127.5	165.2	153.0	292.6	156.6	182.0
FCF, USD m	Q1-20	Q2-20	Q3-20	Q4-20	Q1-21	Q2-21	Q3-21	Q4-21	Q1-22	Q2-22
FCF	36	70	34	158	46	87	40	186	32	50

# Total software licensing revenue breakdown by geography

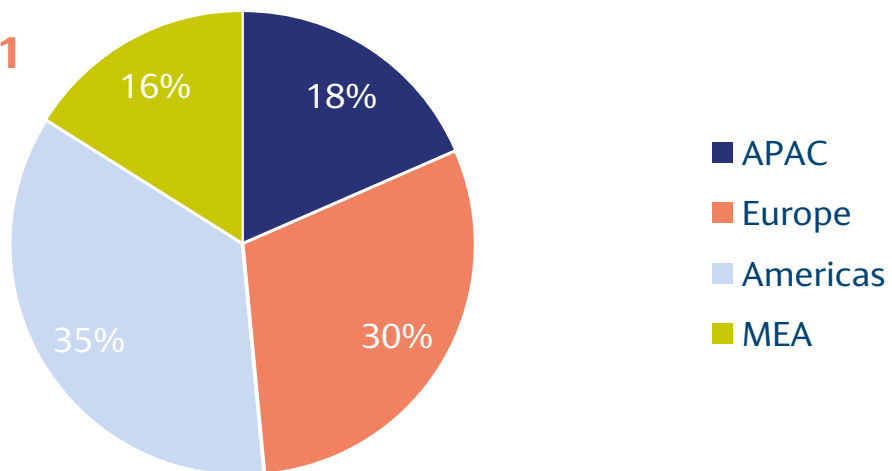
Q2 2021



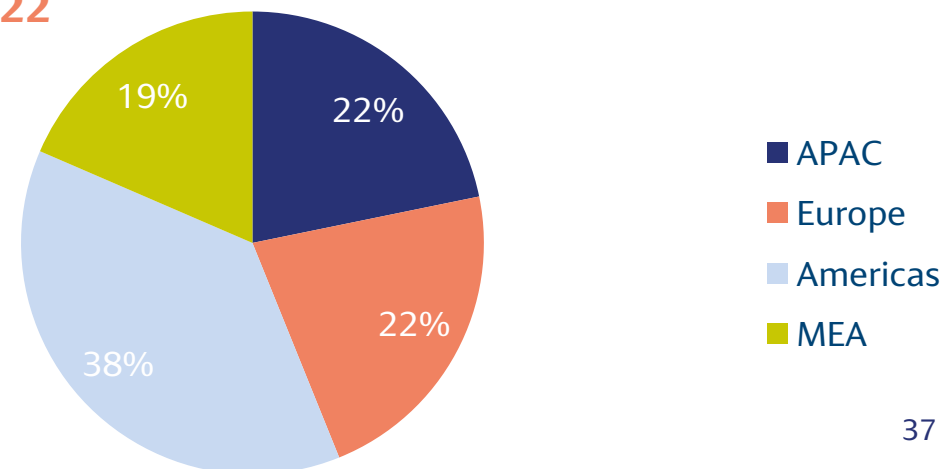
Q2 2022



LTM Q2-21

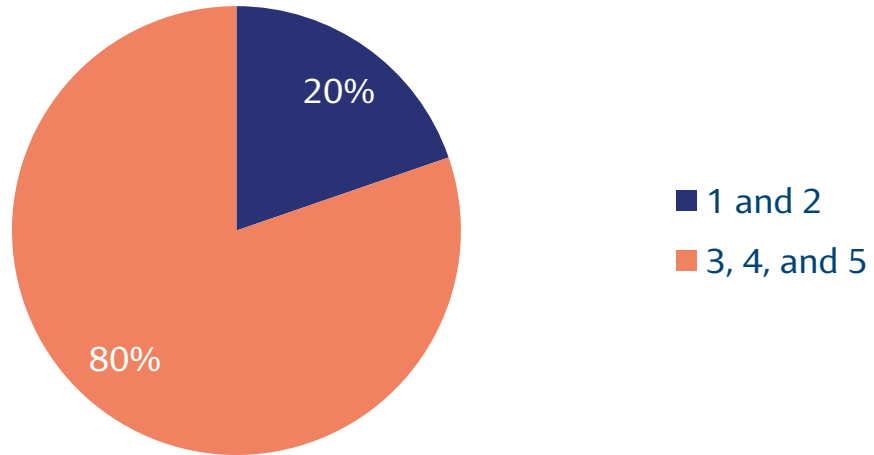


LTM Q2-22

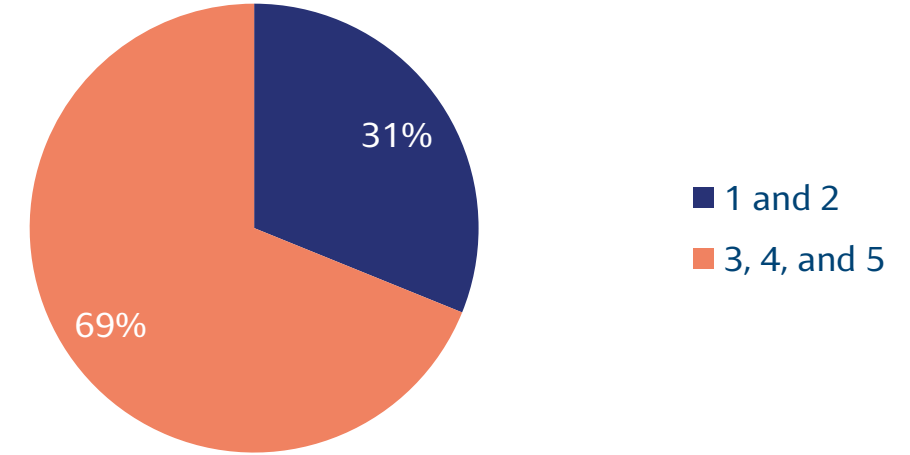


# Total software licensing revenue breakdown by customer tier

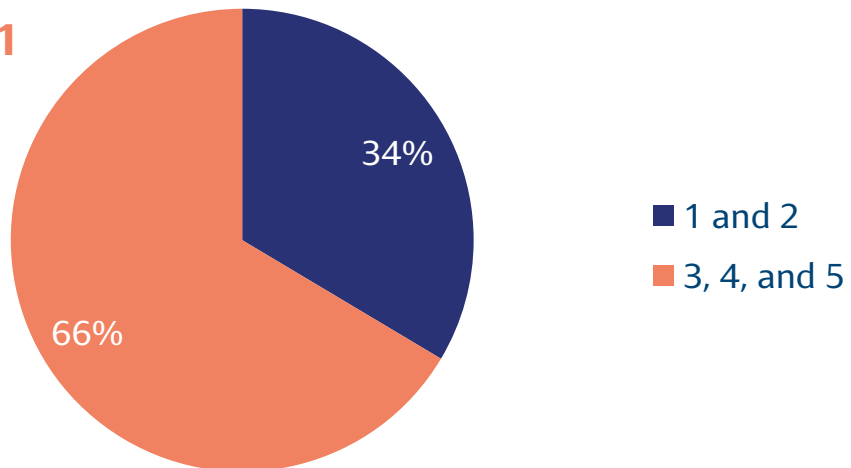
Q2 2021



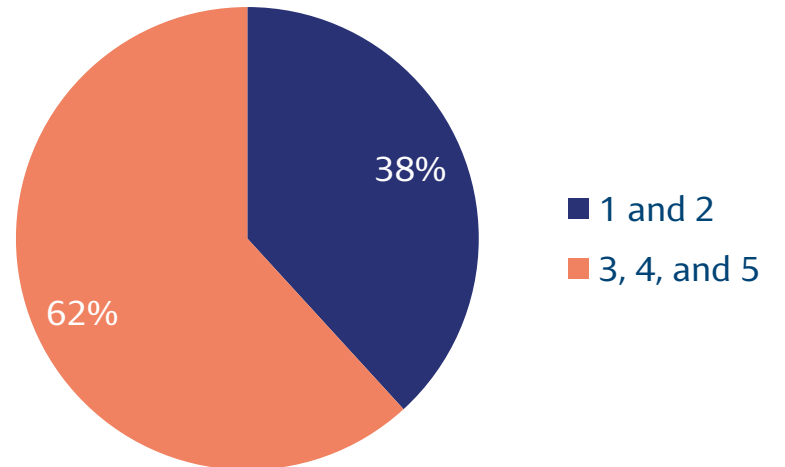
Q2 2022



LTM Q2-21

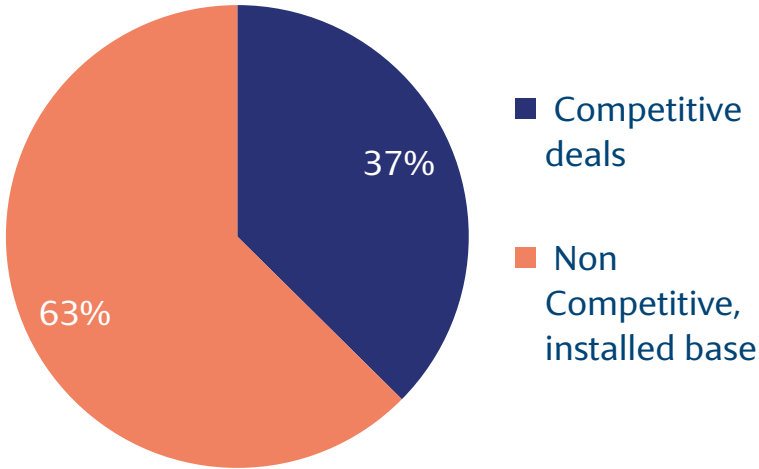


LTM Q2-22

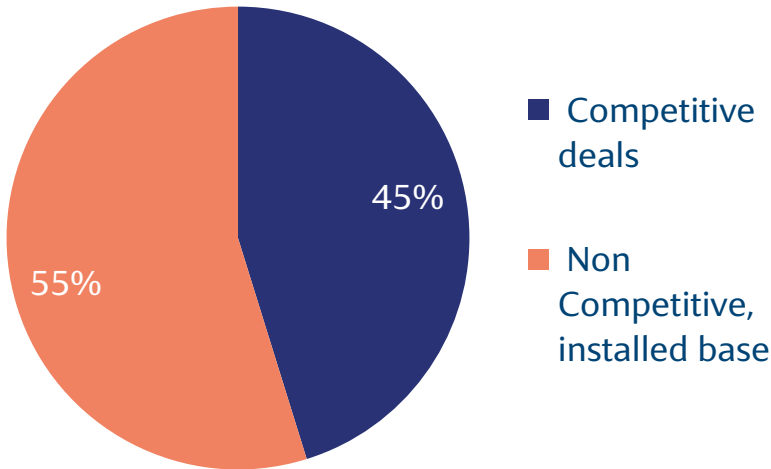


# Software licensing revenue breakdown by competitive deals/ add-ons to installed base

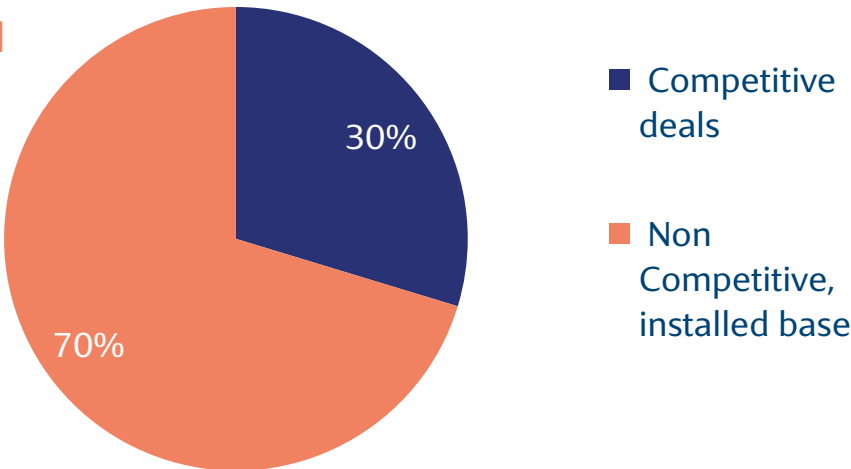
Q2 2021



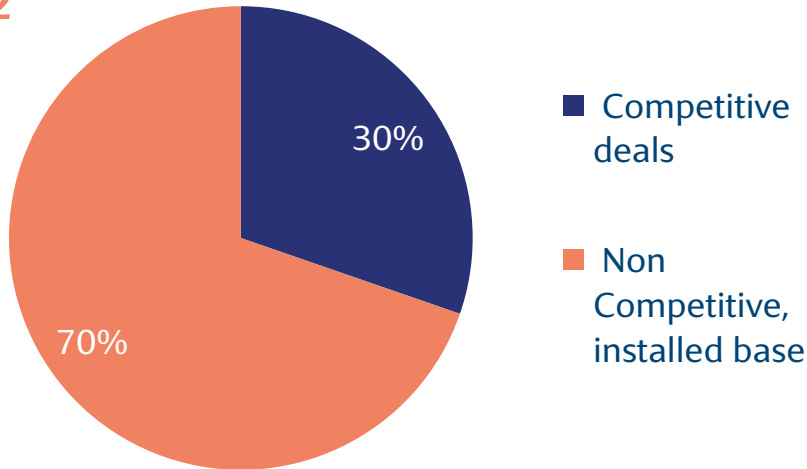
Q2 2022



LTM Q2-21

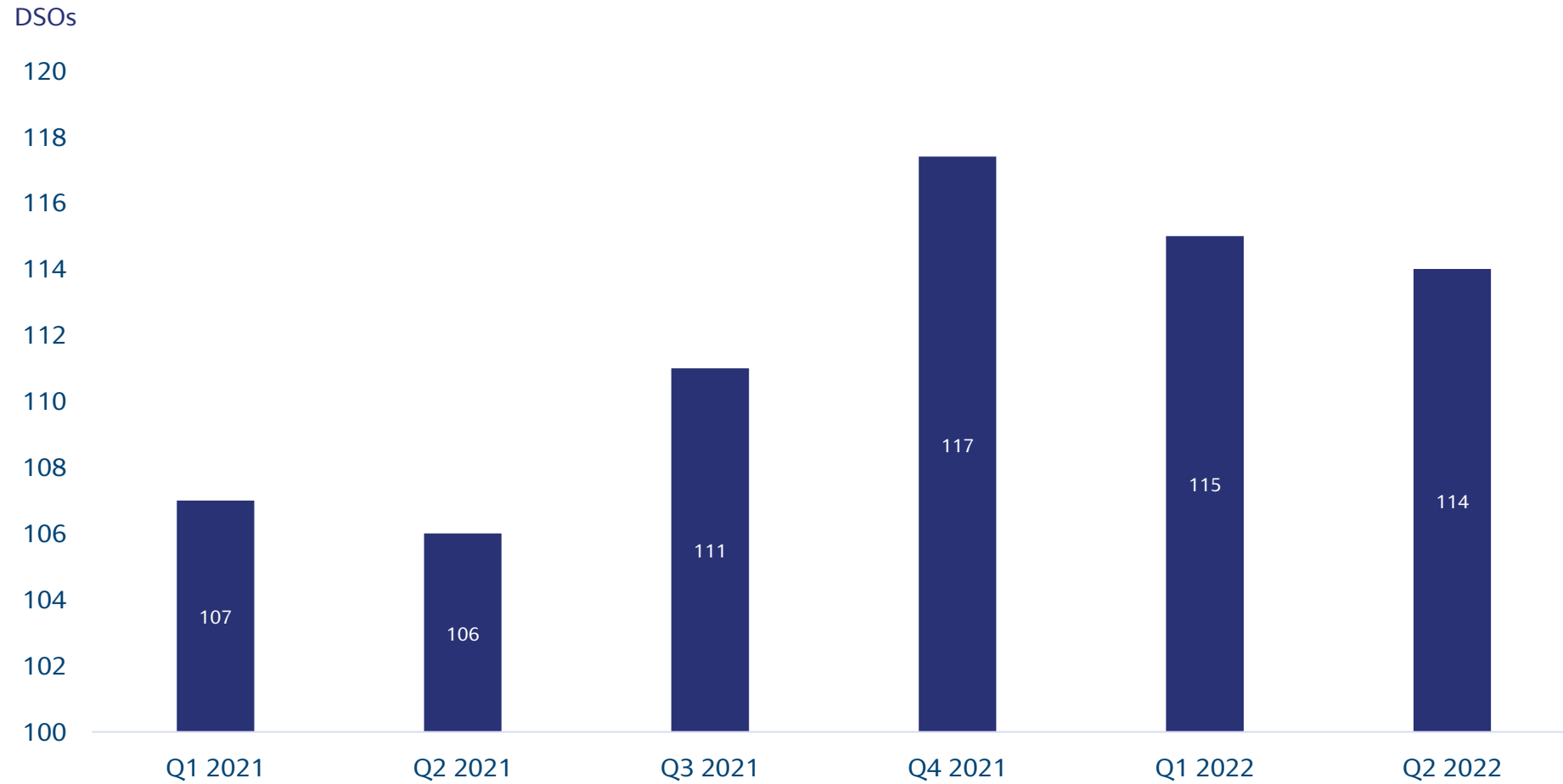


LTM Q2-22



# DSOs

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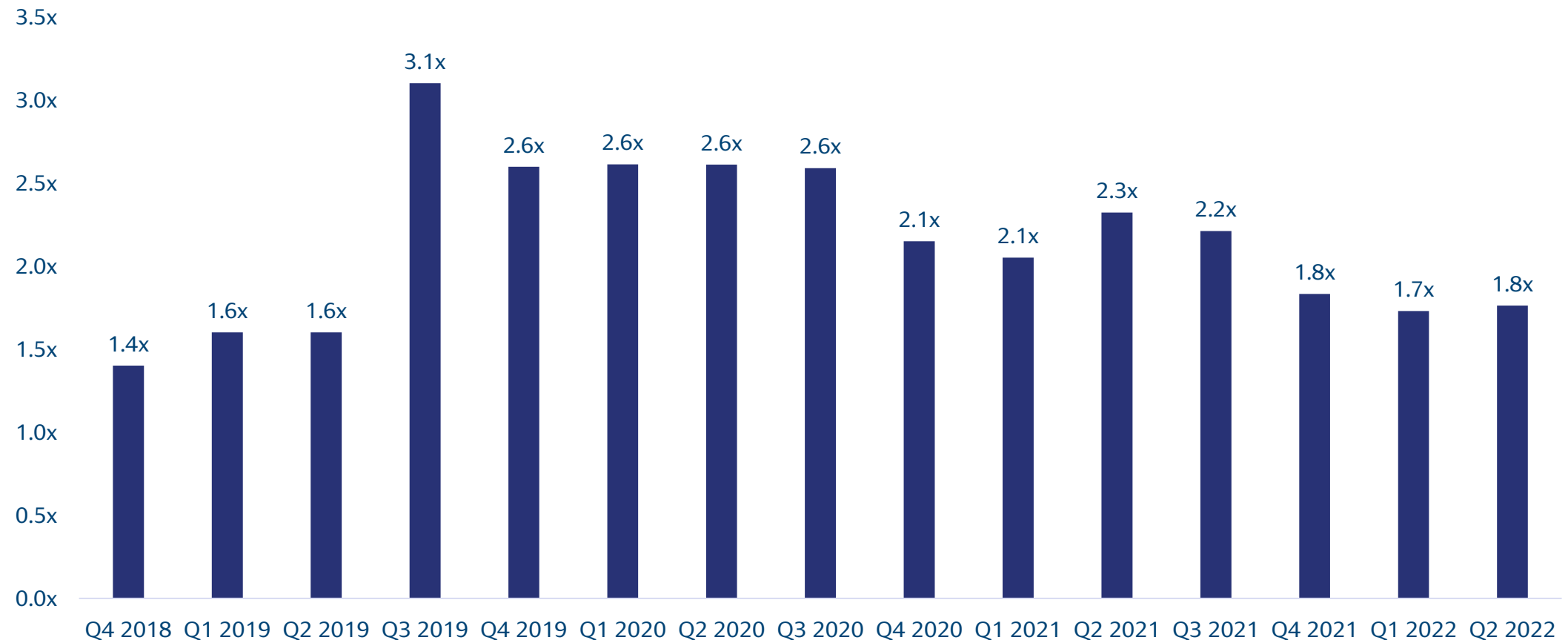


DSOs at 114 at Q2-22



# Balance sheet – debt and leverage

## Net debt and leverage ratios



# Capitalization of development costs

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>

USDm	Q1-22	Q2-22	Q3-22	Q4-22	FY-22
Cap' dev' costs	(21.9)	(22.3)			
Amortisation	15.8	16.7			
<b>Net cap' dev'</b>	<b>(6.1)</b>	<b>(6.0)</b>			

# Reconciliation from IFRS to non-IFRS

## IFRS revenue measure

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+ Deferred revenue write-down

= **Non-IFRS revenue measure**

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## IFRS profit measure

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+/- 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**

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# 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

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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 21 July 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 30 June			3 Months Ending 30 June		
	2022		2022	2021		2021
	IFRS	Non-IFRS adj.	Non-IFRS	IFRS	Non-IFRS adj.	Non-IFRS
Subscription	30.6		30.6	5.7		5.7
Term Licence	31.8		31.8	60.9		60.9
SaaS	38.7		38.7	29.3		29.3
<b>Total Software Licensing</b>	<b>101.1</b>		<b>101.1</b>	<b>95.9</b>		<b>95.9</b>
Maintenance	99.9		99.9	98.5		98.5
Services	37.1		37.1	41.5		41.5
<b>Total Revenue</b>	<b>238.1</b>		<b>238.1</b>	<b>236.0</b>		<b>236.0</b>
<b>Total Operating Costs</b>	<b>(187.2)</b>	<b>27.4</b>	<b>(159.8)</b>	<b>(171.3)</b>	<b>20.8</b>	<b>(150.6)</b>
Restructuring/acq. costs	(2.3)	2.3	-	(1.9)	1.9	-
Amort of Acq'd Intang.	(11.3)	11.3	-	(12.8)	12.8	-
IFRS 2 Costs	(13.8)	13.8	-	(6.0)	6.0	-
<b>Operating Profit</b>	<b>50.9</b>	<b>27.4</b>	<b>78.3</b>	<b>64.7</b>	<b>20.8</b>	<b>85.4</b>
<b>Operating Margin</b>	<b>21%</b>		<b>33%</b>	<b>27%</b>		<b>36%</b>
Financing Costs	(5.6)		(5.6)	(7.2)		(7.2)
Taxation	(8.7)	(4.8)	(13.5)	(10.2)	(3.6)	(13.8)
Net Earnings	36.7	22.6	59.3	47.2	17.2	64.4
<b>EPS (USD per Share)</b>	<b>0.51</b>	<b>0.32</b>	<b>0.83</b>	<b>0.65</b>	<b>0.24</b>	<b>0.89</b>

# EBIT & EBITDA reconciliation from IFRS to non-IFRS

USDm	LTM Q2 22 EBIT	LTM Q2 22 EBITDA
<b>IFRS</b>	<b>230.6</b>	<b>373.2</b>
IFRS 2	56.1	56.1
Deferred revenue write-down	-	-
Amortisation of acquired intangibles	48.4	-
Restructuring	14.9	14.2
Acquisition related costs	2.1	2.1
<b>Non-IFRS</b>	<b>352.0</b>	<b>445.6</b>

# Net earnings reconciliation IFRS to non-IFRS

In USDm, except EPS	Q2-22	Q2-21
<b>IFRS net earnings</b>	<b>36.7</b>	<b>47.2</b>
IFRS 2 Cost	13.8	6.0
Deferred revenue write down	-	-
Amortisation of acquired intangibles	11.3	12.8
Restructuring	1.6	1.9
Acquisition related costs	0.7	-
Taxation	(4.8)	(3.6)
<b>Net earnings for non-IFRS EPS</b>	<b>59.3</b>	<b>64.4</b>
No. of dilutive shares (m shares)	<b>71.8</b>	<b>72.4</b>
<b>Non-IFRS diluted EPS (USD)</b>	<b>0.83</b>	<b>0.89</b>

# Non-IFRS definitions

## Non-IFRS adjustments

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### **Share-based payment charges**

Adjustment made for shared-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

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### **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.

### **Term license**

Revenues from sale of on-premise software license on a fixed term or perpetual basis. License and Maintenance are recognized separately, with the License obligation reported as Term License 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**

# Thank you

**temenos**