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# Financial Results and Business Update

25 April 2023

Quarter ended, 31 March 2023

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# Disclaimer

Our presentation and this document may contain forward-looking statements relating to the future of the business and financial performance of Temenos AG.

Any statements we make about our expectations, plans and prospects for the Company, including any guidance on the Company's financial performance, constitute forward-looking statements. Future events are inherently difficult to predict. Accordingly, actual results may differ materially from those indicated by these forward-looking statements as a result of a variety of factors.

The forward-looking financial information provided by the Company on the conference call and in this document represent the Company's current view and estimates as of 25 April 2023. We anticipate that subsequent events and developments may cause the Company's guidance and estimates to change.

While the Company may elect to update forward-looking information at some point in the future, the Company specifically disclaims any obligation to do so.

More information about factors that potentially could affect the Company's financial results is included in its annual report available on the Company's website.

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# Non-IFRS information

In its presentation and in this document, the Company may present and discuss non-IFRS measures.

Readers are cautioned that non-IFRS measures are subject to inherent limitations. Non-IFRS measures are 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 measures may not be comparable to similarly titled non-IFRS measures used by other reporting companies.

In the Appendix accompanying this presentation, the Company sets forth supplemental non-IFRS figures for revenue, operating costs, EBIT, EBITDA, net earnings and earnings per share that exclude the effect of share-based payments, the carrying value of acquired companies’ deferred revenue, the amortization of acquired intangibles, discontinued activities, acquisition/investment related charges, restructuring costs, and the income tax effect of the non-IFRS adjustments. These tables also present the most comparable IFRS financial measures and reconciliations.

In addition, the Company provides percentage increases or decreases in its revenue (on both an IFRS and non-IFRS basis) eliminating the effect of changes in currency values when it believes that this presentation is helpful to an understanding of trends in its business.  Accordingly, when trend information is expressed "in constant currencies“ or “c.c.”, 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.

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# Agenda

**Business update**

Andreas Andreades, Executive Chairman and Acting CEO

**Financial update**

Takis Spiliopoulos, CFO

**Conclusion**

Andreas Andreades, Executive Chairman and Acting CEO

**Q&A**

# Business update

Andreas Andreades, Executive Chairman and Acting CEO

# Introductory remarks

| | |
|---|---|
| **Q1-23 performance** | • Strong start to the year with 12% total software licensing growth (c.c.), 15% ARR growth (c.c.), and 20% Free Cash Flow growth<br>• EBIT growth of 11% (c.c.), good cost management and benefitting from FY-22 investment<br>• Reconfirming FY-23 guidance, FY-23 is a year of growth |
| **Key highlights** | • Continue to press on our strategic advantage of cloud native, packaged upgradeable platform that can be implemented on premise or on the Temenos Banking Cloud for banks of any size and any banking segment globally<br>• Continued momentum with top tier banks including signing of Regions, a top 30 US domestic bank, and a leading bank in Latam, both for core banking replacement; revenue mix from tier 1 and 2 at 44% LTM Q1-23<br>• Signed a deal with a top 10 global bank headquartered in Europe for global transformation of its wealth business<br>• Overall slower growth in Europe, expected to improve further in H2-23<br>• Rise of cloud benefiting subscription business as banks start to implement cloud native solutions that they run themselves on public cloud<br>• Subscription transition continuing at pace with subscription licenses contributing 77% of the license mix in the quarter; term licenses down to 11% of total software licensing<br>• North America continued to perform well, increasing its LTM contribution to Total Software Licensing to 37% from 34% one year ago<br>• Strong SaaS ACV performance, 3x increase in new client ACV as well as some additional consumption from existing clients<br>• Strong ARR growth of 15% driven by SaaS ACV and subscription revenues<br>• Services margin improving back to profitability as services cost base starts to normalise, a number of key projects reached go-live and inflection point in services revenue reached; partner model maturing<br>• Sales environment has stabilized; no impact on demand from events in the US regional banking sector |

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# Looking forward

**FY-23**

- Sales environment expected to remain stable in FY-23 consistent with our assumption at the start of the year
- Banks have higher visibility on FY-23 and the interest rate trajectory
- Pipeline continues to develop positively, across tiers of banks and geographies
- Both subscription and SaaS revenue being driven by demand for cloud native solutions
- Subscription transition to be substantially complete by year-end FY-23
- FY-22 investment in sales and R&D to provide growth platform for FY-23
- Minimum cash flow point on transition from term licenses to subscription behind us with positive working capital from SaaS business more than offsetting remaining negative working capital from subscription transition – Free Cash Flow still expected to grow in line with ARR for the full year

**Focus on ARR**

- Subscription revenues and growth in demand for SaaS and cloud driving accelerating ARR growth
- Simplification of communication, ARR primary revenue outlook KPI - appropriate given critical mass of recurring revenue expected to reach over 70% of total revenue and over 80% of product revenue in FY-23, with term licenses expected to be below 10% of total product revenues in FY-23
- Continued strong ARR and SaaS revenue growth driving increasing visibility on profit and FCF



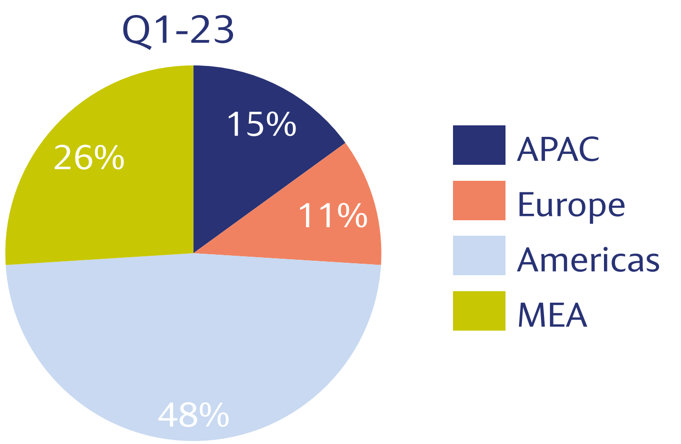
See Disclaimer at beginning of this presentation on forward-looking statements

# Q1-23 sales review

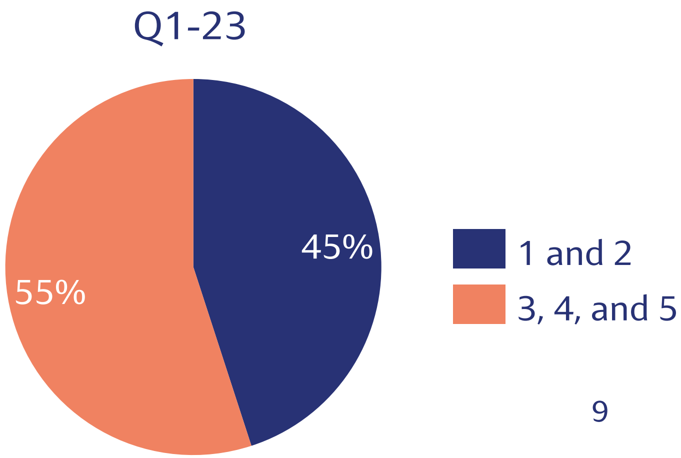
- Strong ARR and TSL performance of both on premise and Temenos Banking Cloud deals
- Continued momentum with tier 1 institutions in the quarter including deals with Regions in the US, and a leading bank in Latam
- US continued its strong performance from last year, with North America contribution to LTM total software licensing increasing from 34% to 37%
- Very strong MEA performance, with a top bank in the region expanding its relationship with Temenos in Q1-23
- Signed a deal in Q1-23 with a top 10 global bank headquartered in Europe for global transformation of its wealth business
- Europe slower, expected to improve further in H2-23
- 9 new client wins in the quarter, across SaaS and subscription
- Tier 1 & 2 mix in total software licencing recovering both in the quarter and in the LTM benefitting from increased demand in top tiers
- Sales environment has stabilized: no impact on demand from events in the US regional banking sector

## Total software licensing

### Geographic split




### Tiers

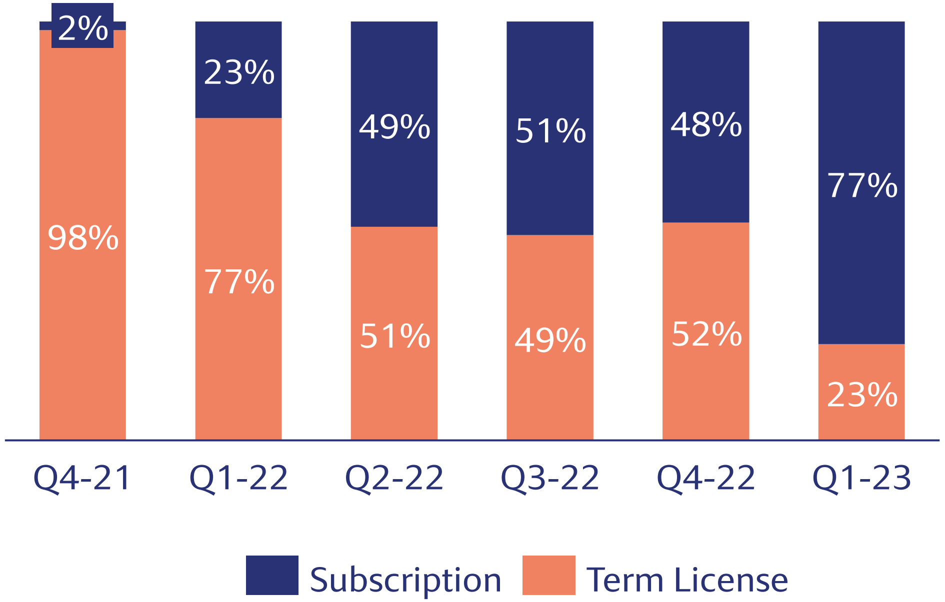


# Subscription transition progressing well

- Significant portion of license revenues in Q1-23 signed as subscription, with subscription representing 77% of licenses
- Accelerates shift to more recurring sales model and cash flows in medium term and drivers ARR growth as well as increased value
- Transition to subscription on track to be substantially complete in FY-23
- Broad acceptance of subscription model and value equation by both prospective and existing client base

**Transition to subscription license accelerating**

77% of Q1-23 license revenue from subscriptions




**Subscription transition expected to be substantially complete in FY-23**



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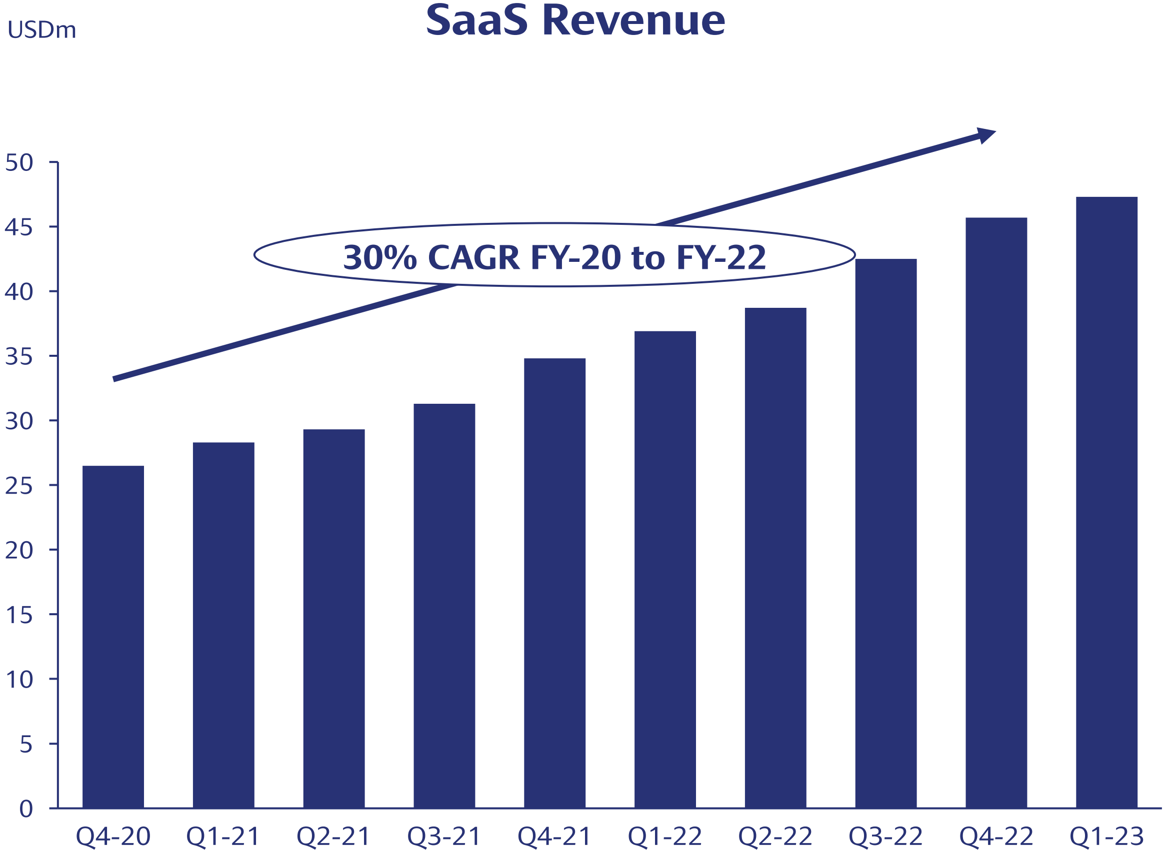
# Sustained strong momentum in SaaS

- ACV of USD18.9m in Q1-23 driven by 3x growth in new client ACV and some additional consumption
- SaaS revenue growing consistently at c.30%+ despite quarterly volatility in ACV
- ACV to remain volatile based on large deal seasonality as well as timing of additional consumption from existing SaaS clients
- US region the largest contributor to ACV in Q1-23
- Minimal contribution from on-premise to SaaS migrations in SaaS revenues to date

**SaaS Revenue**






Note: non-IFRS c.c. growth rates

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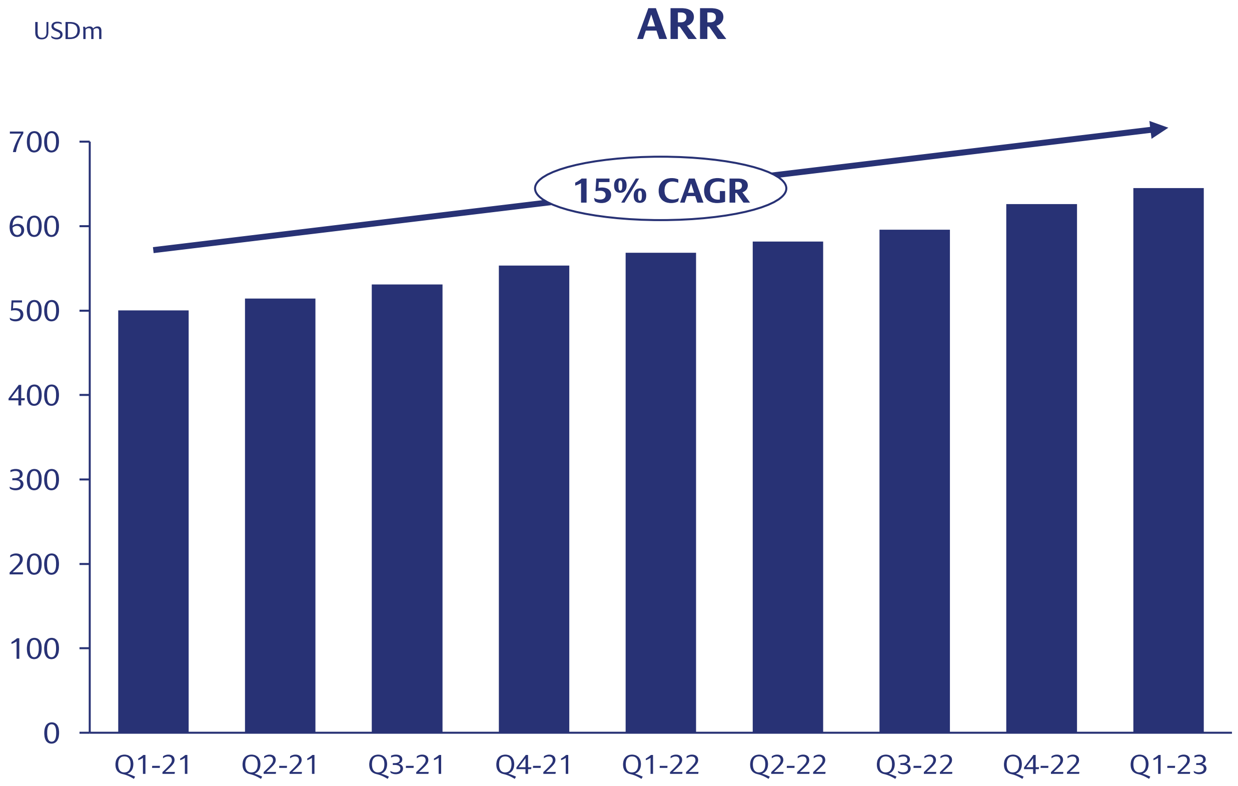
# Robust ARR growth

- ARR growth of 15% in Q1-23
- ARR growth driven by SaaS revenue growth and subscription transition
- Both of these revenue streams are benefiting from rise in demand for cloud from banks across all tiers




**ARR growth in FY-23 driven by SaaS growth and subscription transition; ARR to become the primary revenue KPI to simplify communication**

*Note: non-IFRS c.c. growth rates.* See Disclaimer at beginning of this presentation on forward-looking statements

# Strong US performance with signing of Regions

- Regions, a top  bank in the US, selected Temenos Banking Cloud for core banking replacement
- Highly strategic win for Temenos, beating incumbent US vendors
- Regions selected Temenos to modernize its legacy systems for customers' records and deposits on the Temenos Banking Cloud
- Move to Temenos SaaS will enable Regions Bank to deliver more seamless customer experiences and more personalized banking products and services
- Regions is one of the United States' largest full-service providers of consumer and commercial banking, wealth management, and mortgage products and services
- With USD 155bn of assets, Regions is ranked $27^{th}$ in the US by consolidated assets as of December 31, 2022

REGIONS®

# Financial update

Takis Spiliopoulos, CFO

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# Q1-23 Non-IFRS financial highlights

## Revenue and profit

- Subscription revenue of USD 33.8m
- SaaS revenue up 30% in Q1-23
- Total software licensing up 12% in Q1-23
- Maintenance growth of 3% in Q1-23
- Total revenue up 4% in Q1-23
- EBIT up 11% in Q1-23
- Q1-23 EBIT margin of 29.7%, up 2% pts
- EPS (reported) up 10% in Q1-23

## Cash flow

- Q1-23 operating cash flow of USD 70.5m, up 17% y-o-y;
- Q1-23 operating cash conversion of 108% of IFRS EBITDA
- Q1-23 Free Cash Flow of USD 38.7m, up 20% y-o-y
- DSOs at 125 days, down 4 days on q-o-q

## Debt, leverage and capital allocation

- Net debt of USD716m as of 31 March 2023
- Leverage at 1.9x at quarter end, down from 2.0x at Q4-22



Note: figures are non-IFRS c.c. growth rates unless otherwise stated
[1] Net debt adjusted for swaps add-back for leverage calculation

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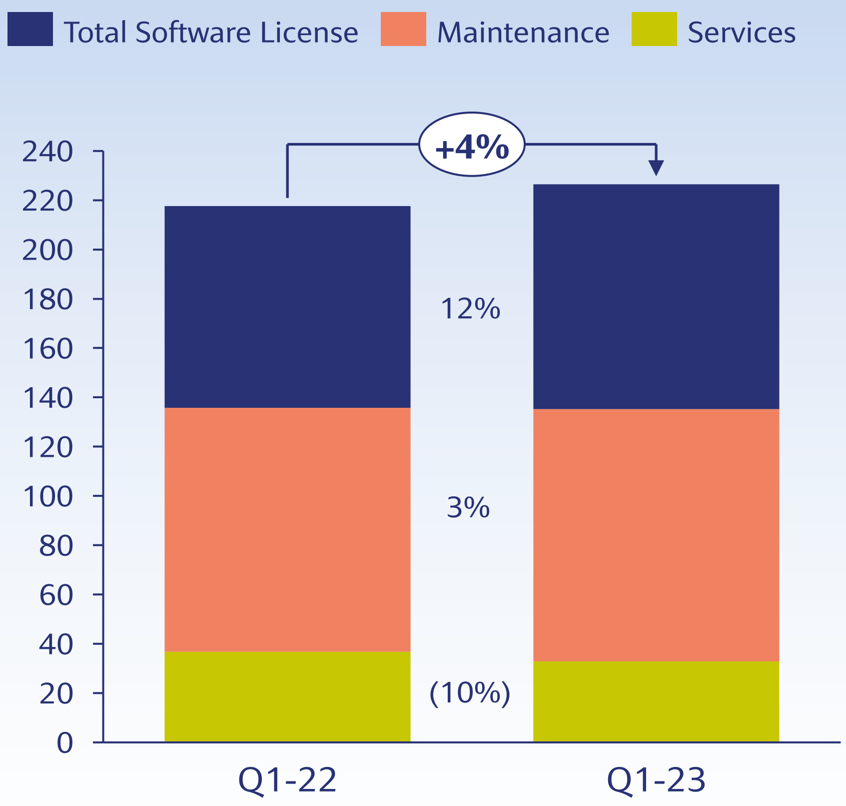
# Non-IFRS income statement – operating

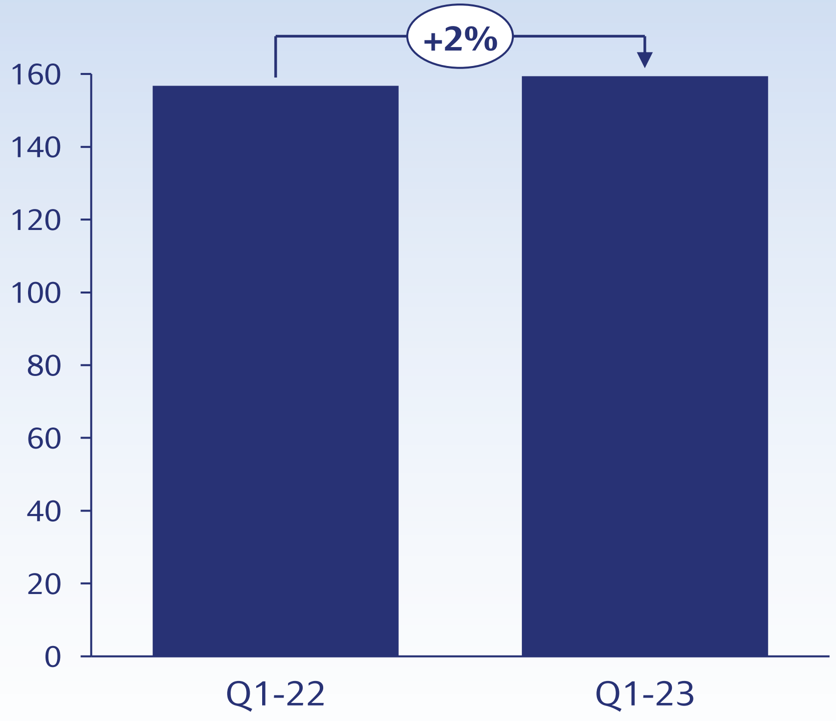
| In USDm | Q1-23 | Q1-22 | Y-o-Y reported | Y-o-Y c.c. | LTM Q1-23 | LTM Q1-22 | Y-o-Y reported | Y-o-Y c.c. |
|---|---|---|---|---|---|---|---|---|
| Subscription | 33.8 | 10.6 | 220% | 221% | 129.0 | 21.4 | 501% | 510% |
| Term Licence | 10.2 | 35.9 | -72% | -71% | 109.6 | 273.6 | -60% | -59% |
| SaaS | 47.3 | 36.9 | 28% | 30% | 174.2 | 132.4 | 32% | 36% |
| **Total software licensing** | **91.3** | **83.4** | **10%** | **12%** | **412.8** | **427.5** | **-3%** | **-1%** |
| Maintenance | 102.4 | 99.6 | 3% | 3% | 404.7 | 397.5 | 2% | 3% |
| Services | 32.8 | 37.7 | -13% | -10% | 138.0 | 153.3 | -10% | -5% |
| **Total revenue** | **226.5** | **220.7** | **3%** | **4%** | **955.5** | **978.2** | **-2%** | **0%** |
| | | | | | | | | |
| Operating costs | 159.3 | 161.4 | -1% | 2% | 675.2 | 619.1 | 9% | 15% |
| **EBIT** | **67.2** | **59.3** | **13%** | **11%** | **280.3** | **359.1** | **-22%** | **-23%** |
| Margin | 29.7% | 26.9% | 3% pts | 2% pts | 29.3% | 36.7% | -7% pts | -9% pts |
| **EBITDA** | **88.5** | **82.6** | **7%** | **6%** | **370.5** | **452.1** | **-18%** | **-19%** |
| Margin | 39.1% | 37.4% | 2% pts | | 38.8% | 46.2% | -7% pts | |

# Like-for-like revenue and costs

- **Q1-23 LFL non-IFRS revenues up 4%**




- **Q1-23 LFL non-IFRS costs up 2%**



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# Non-IFRS income statement – non-operating

| In USDm, except EPS | Q1-23 | Q1-22 | Y-o-Y reported | LTM Q1-23 | LTM Q1-22 | Y-o-Y reported |
|---|---|---|---|---|---|---|
| **EBIT** | **67.2** | **59.3** | **13%** | **280.3** | **359.1** | **-22%** |
| Net finance charge | -5.3 | -4.6 | 15% | -28.2 | -23.8 | 19% |
| FX gain / (loss) | 0.3 | 0.3 | 0% | 5.7 | -0.2 | N.M. |
| Tax | -12.1 | -10.0 | 22% | -49.7 | -57.3 | -13% |
| **Net profit** | **50.1** | **45.0** | **11%** | **208.1** | **277.8** | **-25%** |
| **EPS (USD)** | **0.69** | **0.63** | **10%** | **2.89** | **3.85** | **-25%** |

# IFRS cash conversion

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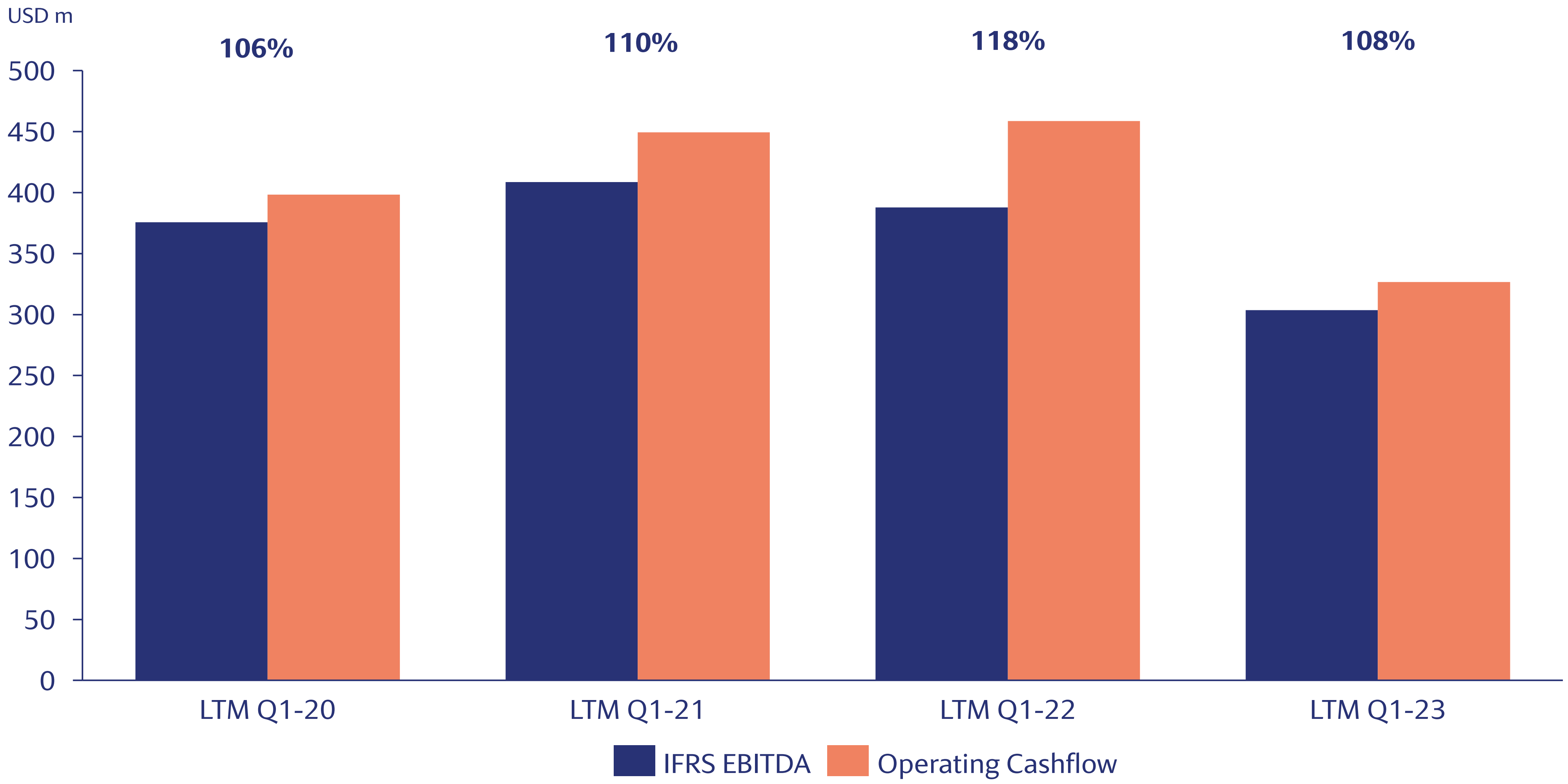


**Cash conversion well above 100% target**

# Group liquidity

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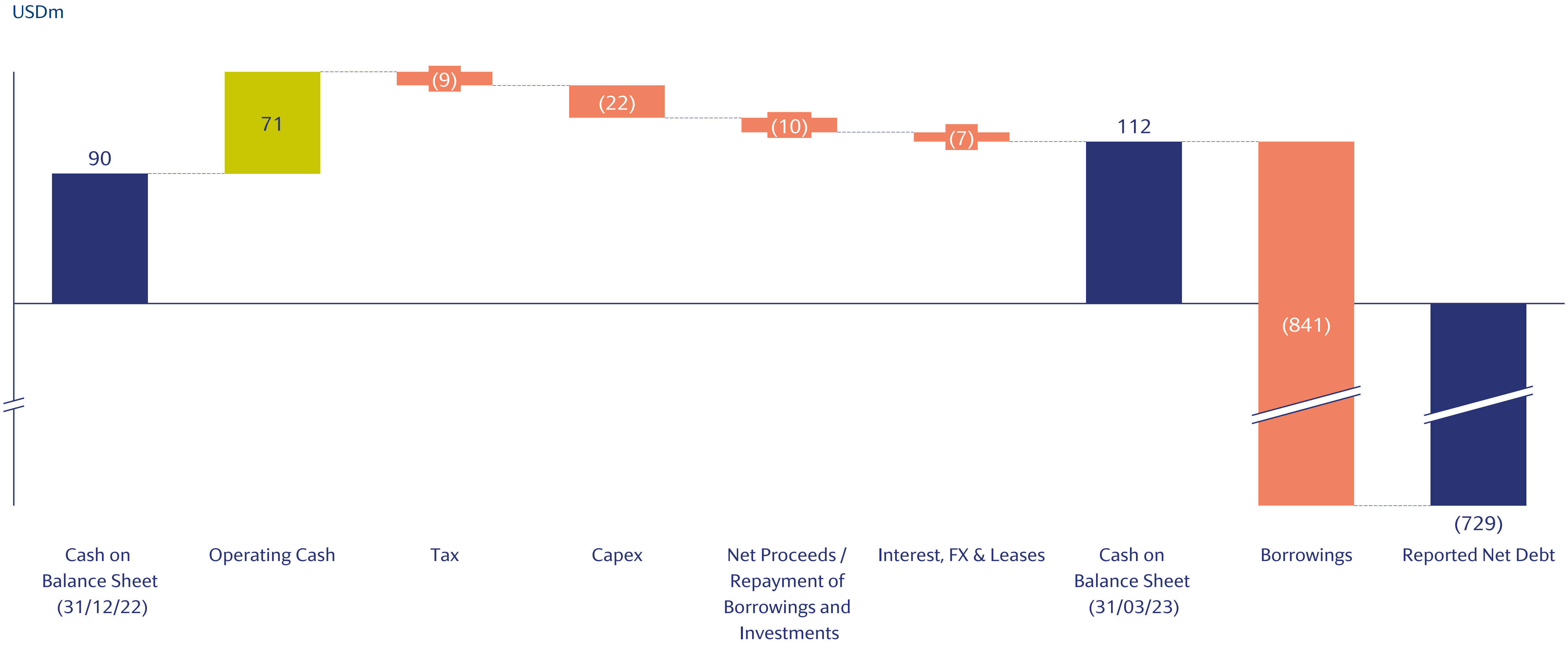


**Leverage at 1.9x at Q1-23**

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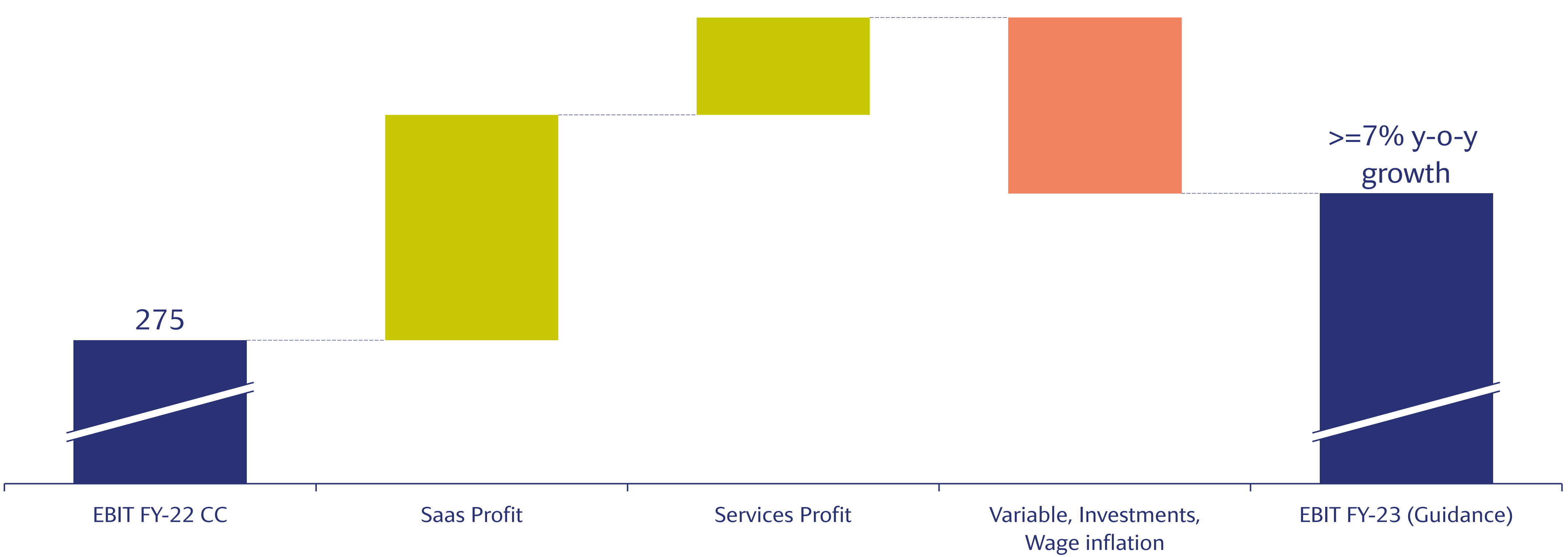
# FY-23 guidance (non-IFRS, c.c.)

| | FY-23 guidance | FY-22 base (USD, c.c.) |
|---|---|---|
| ARR | At least 12% growth | 627m |
| Total software licensing | At least 6% growth | 405m |
| EBIT | At least 7% growth | 275m |
| EPS | At least 6% growth | 2.82* |
| Free Cash Flow | In line with ARR – at least 12% growth | 193m* |

- FY-23 tax rate expected to be between 19-21%
- Customised development licenses was a 5% headwind on total software licensing growth FY-22. This headwind has been fully absorbed in FY-22 and no further headwind expected in FY-23

* FY-22 EPS and Free Cash Flow are reported figures and not restated.
See Disclaimer at beginning of this presentation on forward-looking statements

# Illustrative Non-IFRS EBIT Bridge FY-22/FY-23




- Visibility on SaaS profitability driving FY-23 EBIT growth
- Prior year headwinds on services business overcome contributing to margin expansion in FY-23
- Sustained commitment to investment in Cloud, S&M and R&D combined with wage inflation



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# Illustrative FCF Evolution FY-22/FY-23

**Estimated movements for illustrative purposes only**

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# Mid-term targets (non-IFRS, c.c.)

| | Mid-term targets (USD) | FY-22 base (USD, c.c.) |
|---|---|---|
| ARR | >1.3bn | 627m |
| EBIT | >570m | 275m |
| Free Cash Flow (reported) | >700m | 193m* |

* FY-22 Free Cash Flow is reported figure and not restated.
See Disclaimer at beginning of this presentation on forward-looking statements

# Conclusion

Andreas Andreades, Executive Chairman and Acting CEO

# Concluding remarks

- Continue to press on our strategic advantage of cloud native, packaged upgradeable platform that can be implemented on premise or on the Temenos banking cloud
- Pipeline continues to develop well, including a number of tier 1 deals
- Subscription transition to be substantially complete by year-end FY-23
- Demand for SaaS and cloud increasing
- FY-22 investment in sales, R&D and cloud to provide growth platform for FY-23
- Simplification of communication, ARR primary revenue outlook KPI - appropriate given critical mass of recurring revenue expected to reach over 70% of total revenue and over 80% of product revenue in FY-23
- Continued strong ARR and SaaS revenue growth driving increasing visibility on profit and FCF
- Sales environment has stabilized; no impact on demand from events in the US regional banking sector

# Appendix

# Impact of subscription transition on P&L, cashflow and ARR

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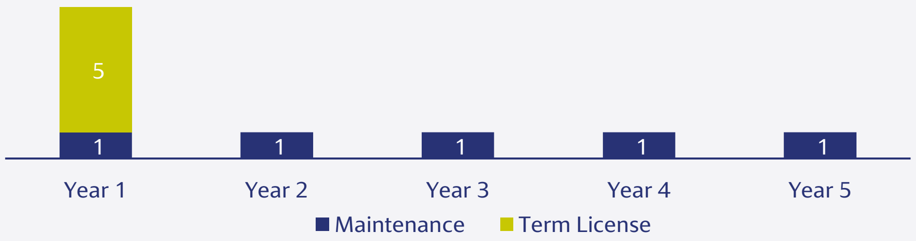
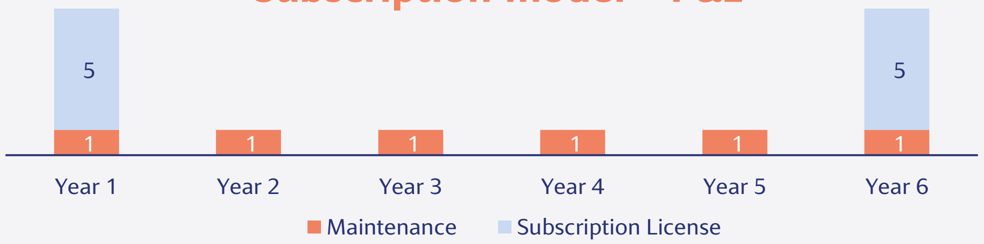
## Term model – P&L

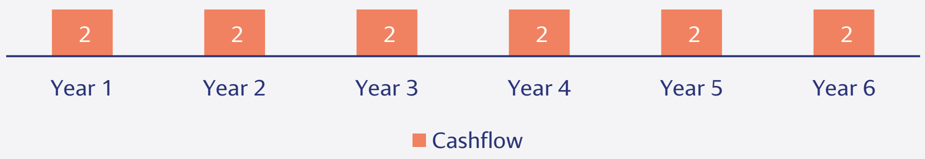



## Subscription model – P&L



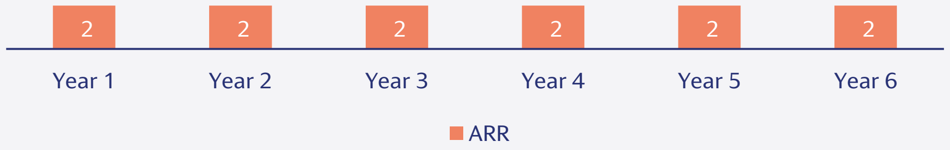

## Term model – Cash


## Subscription model – Cash




## Term model – ARR


## Subscription model – ARR




*Note: Based on our standard 5 year term contract and based on IFRS15 standards, assumes no uplift in value from move to subscription*

# Impact of SaaS contracts on P&L, cashflow and ARR

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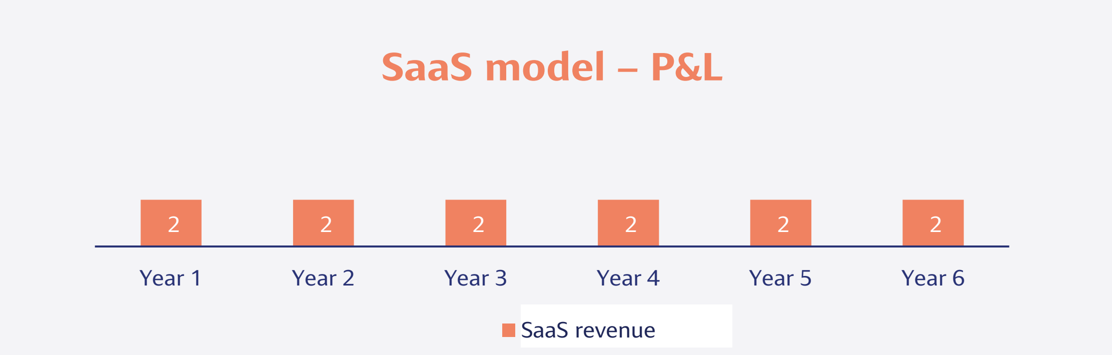


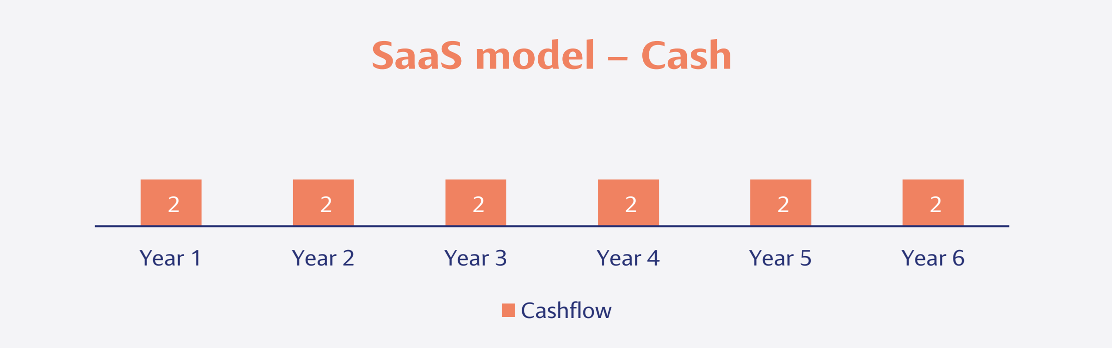


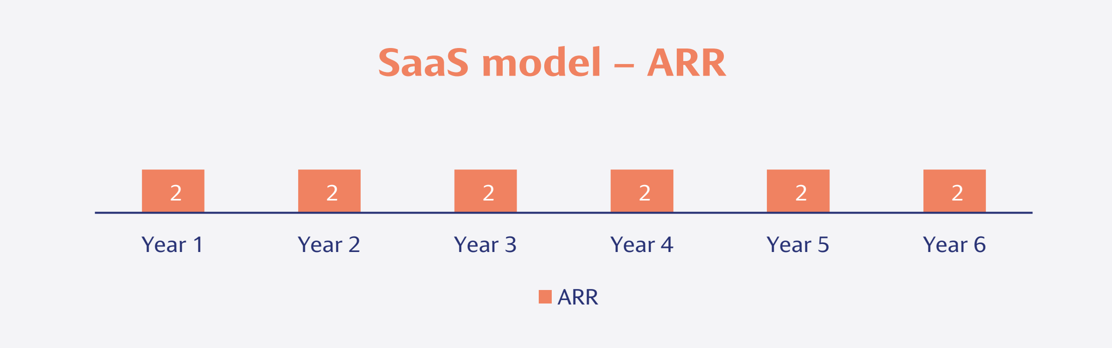

# Q1-23 operational overview

- 89 go-lives including 34 implementation go-lives in Q1-23

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# FX assumptions underlying FY-23 guidance

**In preparing the FY-23 guidance, the Company has assumed the following FX rates:**

EUR to USD exchange rate of 1.09

GBP to USD exchange rate of 1.22; and

USD to CHF exchange rate of 0.92

# FX exposure

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| % of total | USD | EUR | GBP | CHF | INR | RON | Other |
|---|---|---|---|---|---|---|---|
| Total software licensing | 68% | 22% | 2% | 4% | 0% | 0% | 4% |
| Maintenance | 79% | 13% | 2% | 1% | 0% | 0% | 5% |
| Services | 52% | 29% | 5% | 6% | 0% | 0% | 8% |
| **Revenues** | **71%** | **18%** | **2%** | **3%** | **0%** | **0%** | **6%** |
| | | | | | | | |
| **Non-IFRS costs** | **19%** | **22%** | **12%** | **5%** | **18%** | **2%** | **23%** |
| | | | | | | | |
| **Non-IFRS EBIT** | **202%** | **8%** | **(23)%** | **(4)%** | **(44)%** | **(4)%** | **(35)%** |

NB. All % are approximations based on FY-22 actuals

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

# Quarterly SaaS ACV

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| 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 | 17.9 | 10.5 |

| USDm | Q1-23 | | | |
|---|---|---|---|---|
| SaaS ACV | 18.9 | | | |

Figures are on a reported basis

# Quarterly ARR, FCF

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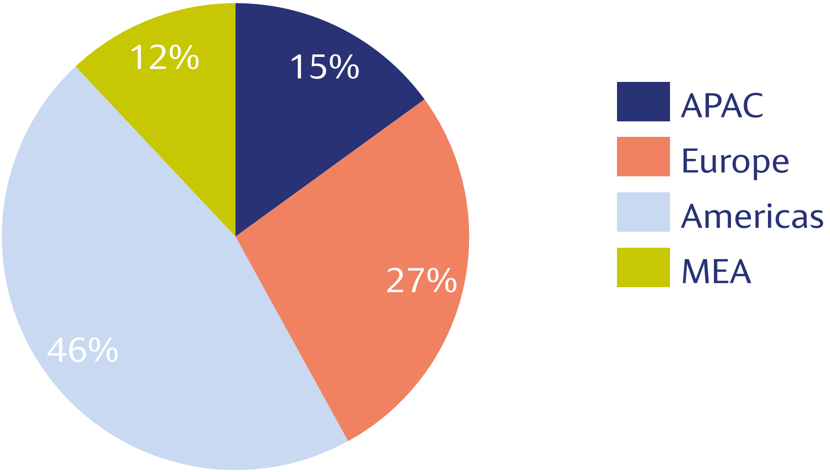
| ARR, USD m | Q1-20 | Q2-20 | Q3-20 | Q4-20 | Q1-21 | Q2-21 | Q3-21 | Q4-21 | Q1-22 | Q2-22 | Q3-22 | Q4-22 | Q1-23 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ARR | 468.1 | 475.4 | 486.4 | 493.5 | 500.1 | 514.4 | 530.8 | 553.4 | 568.4 | 581.9 | 595.9 | 626.1 | 645.2 |

| FCF, USD m | Q1-20 | Q2-20 | Q3-20 | Q4-20 | Q1-21 | Q2-21 | Q3-21 | Q4-21 | Q1-22 | Q2-22 | Q3-22 | Q4-22 | Q1-23 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| FCF | 36 | 70 | 34 | 158 | 46 | 87 | 40 | 186 | 32 | 50 | 5 | 106 | 39 |

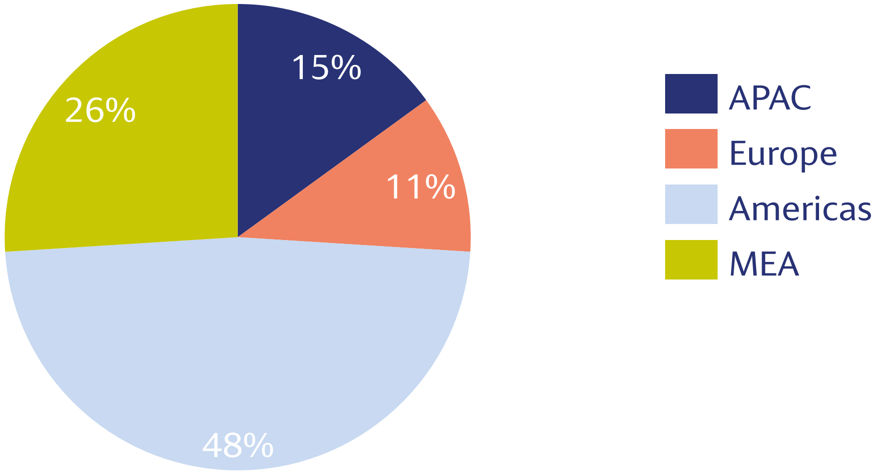
Figures are on a reported basis

# Total software licensing revenue breakdown by geography

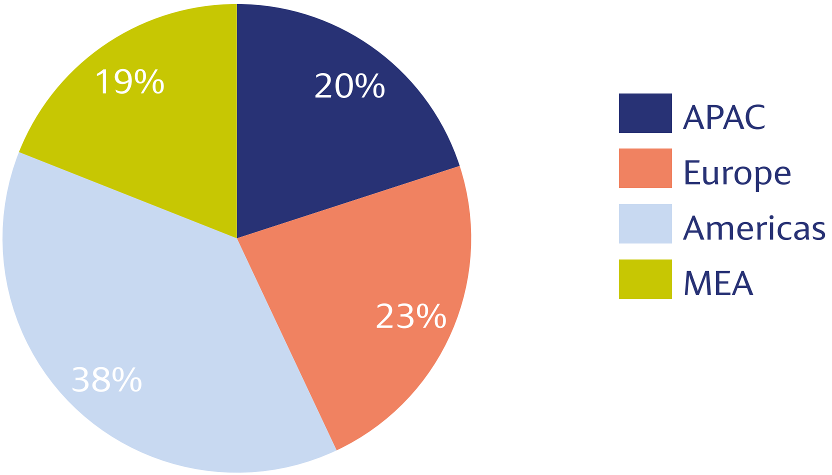
## Q1-22



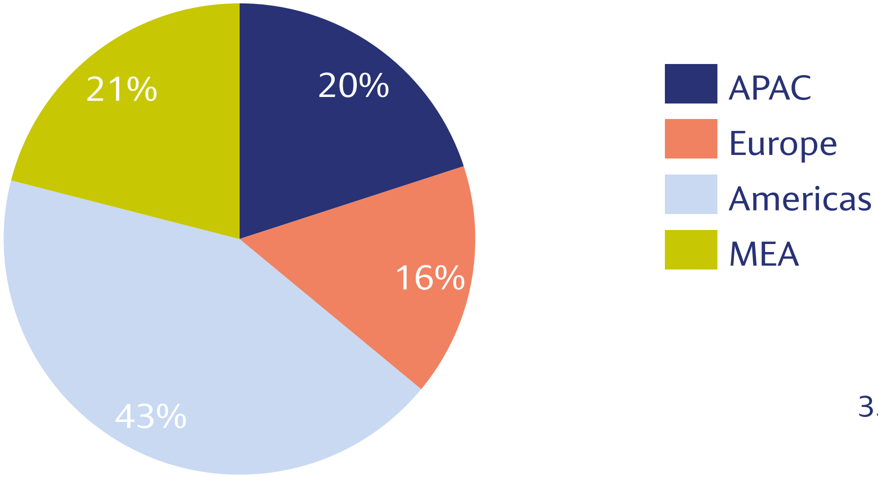

## Q1-23




## LTM Q1-22




## LTM Q1-23



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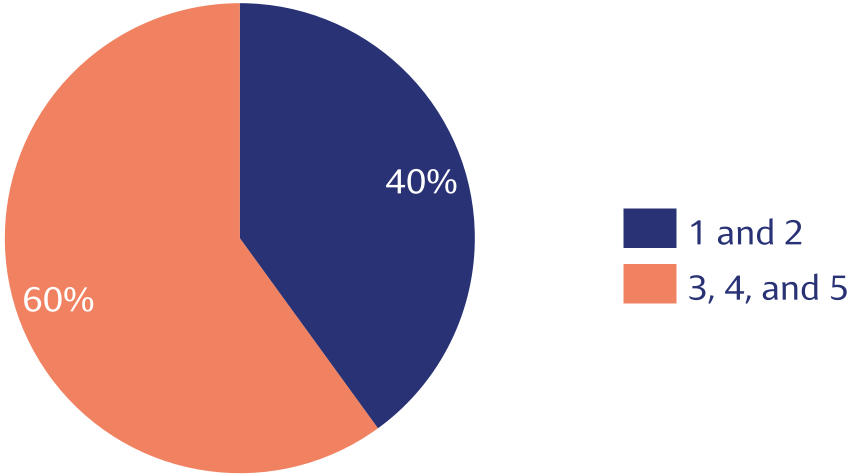
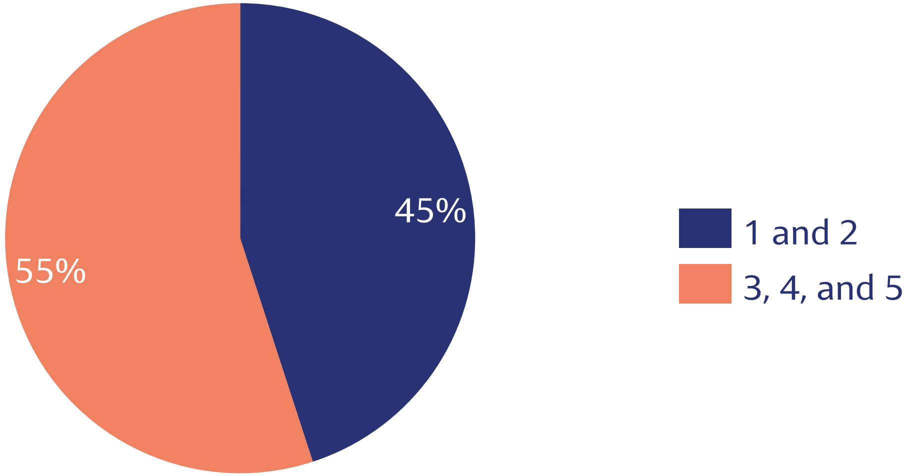
# Total software licensing revenue breakdown by customer tier

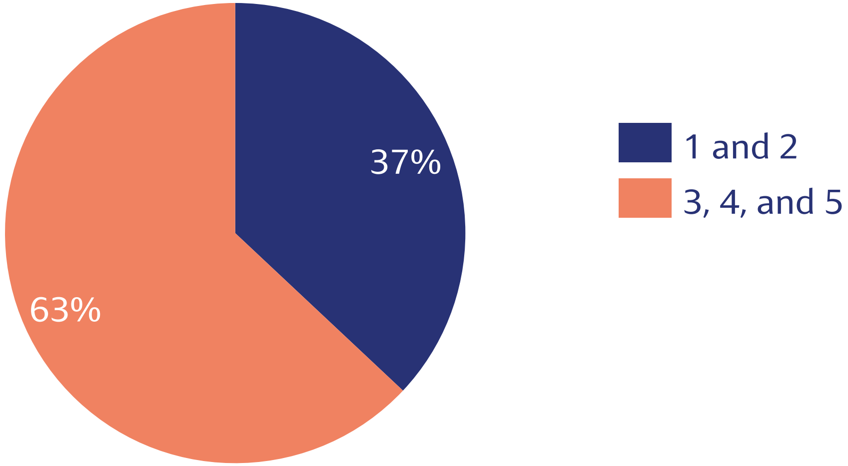
## Q1-22



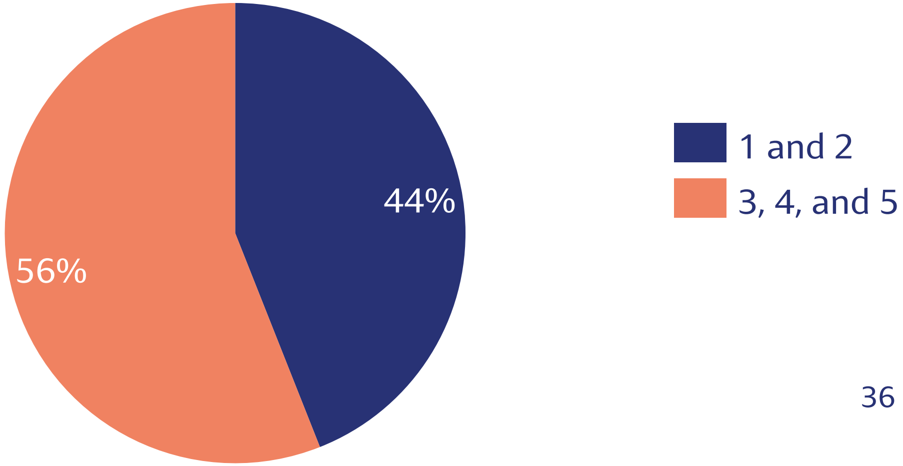

## Q1-23




## LTM Q1-22




## LTM Q1-23



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

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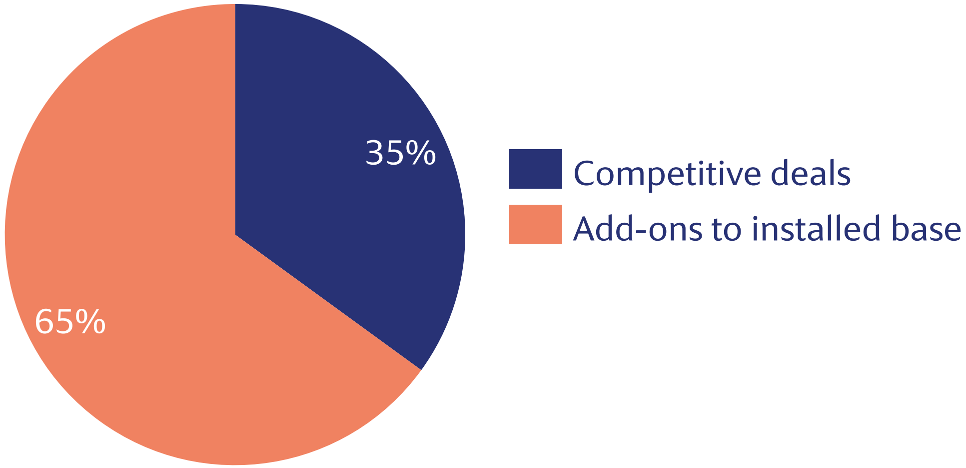
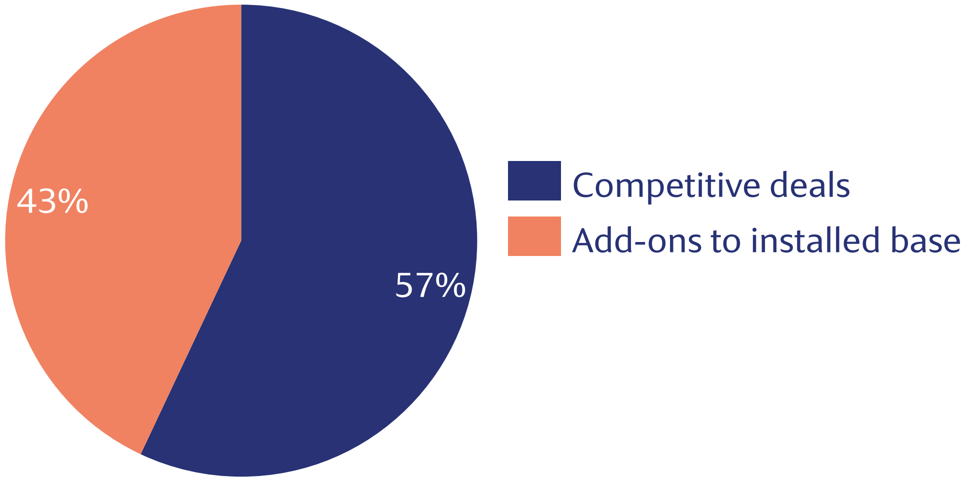
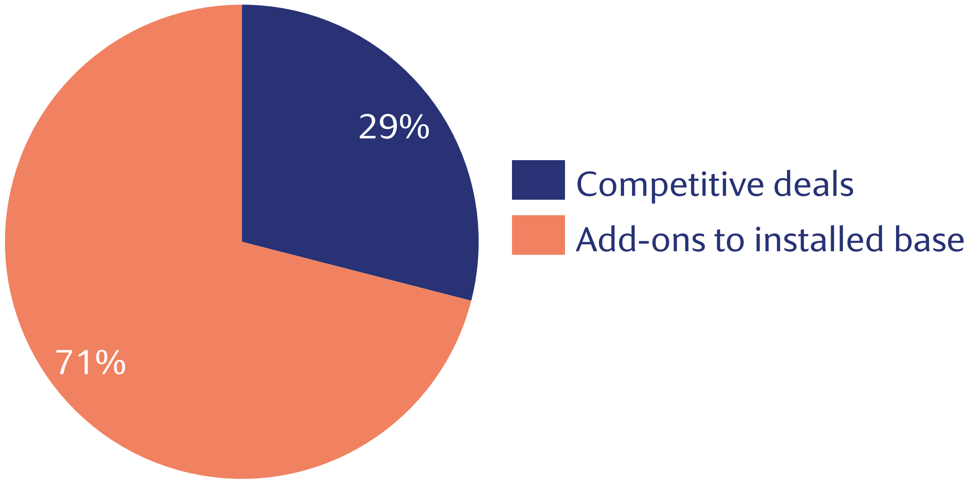
## Q1-22



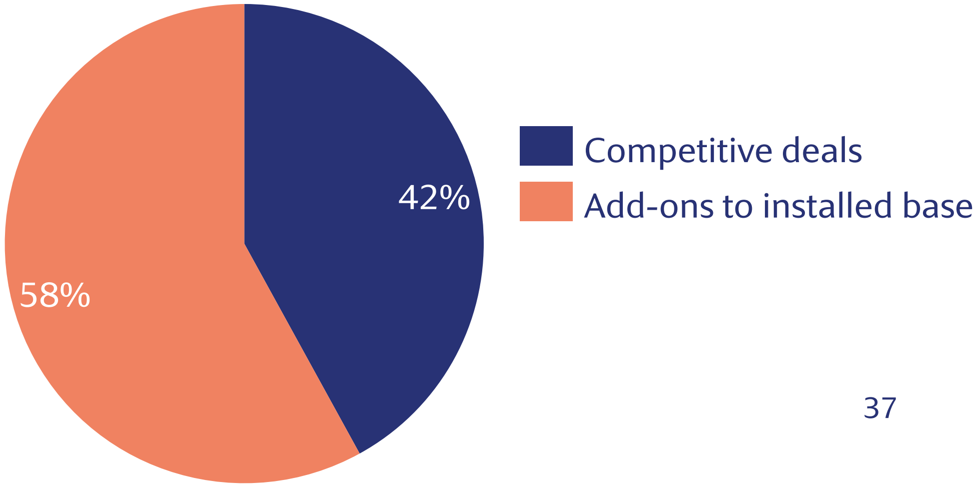

## Q1-23




## LTM Q1-22




## LTM Q1-23



# DSOs

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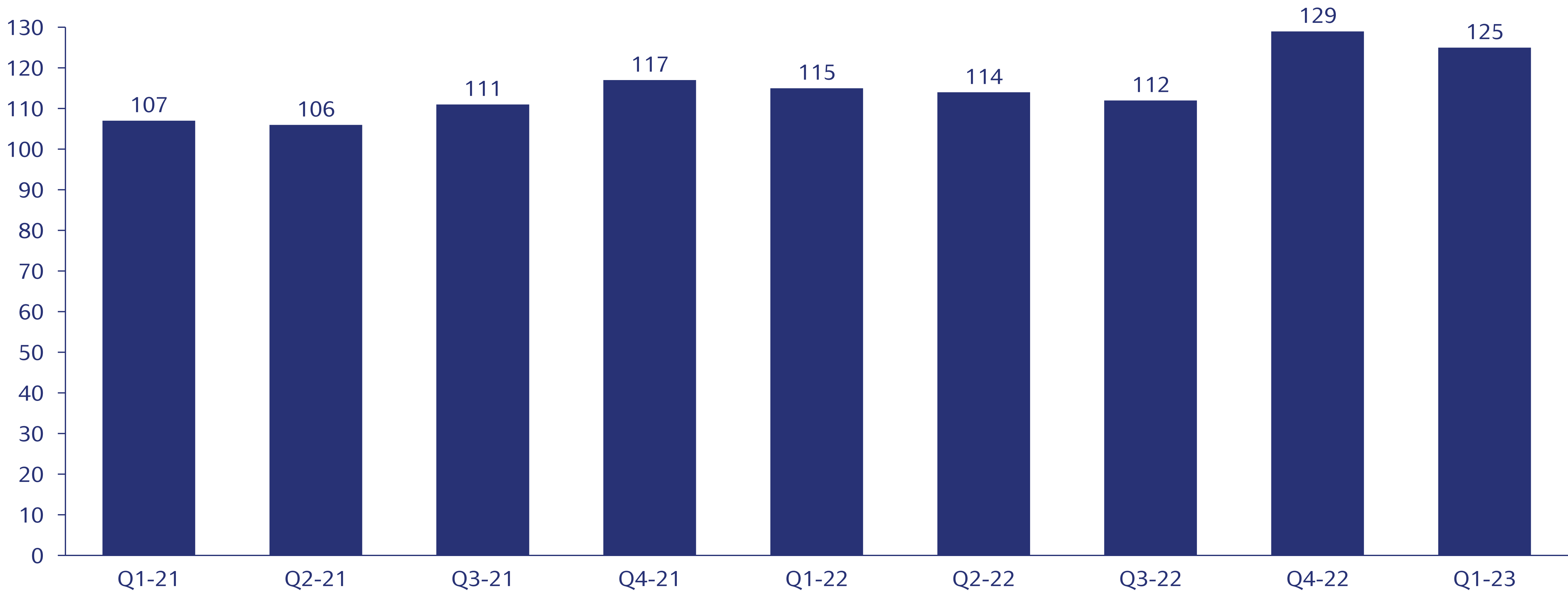


**DSOs at 125 at Q1-23**

# Balance sheet – debt and leverage

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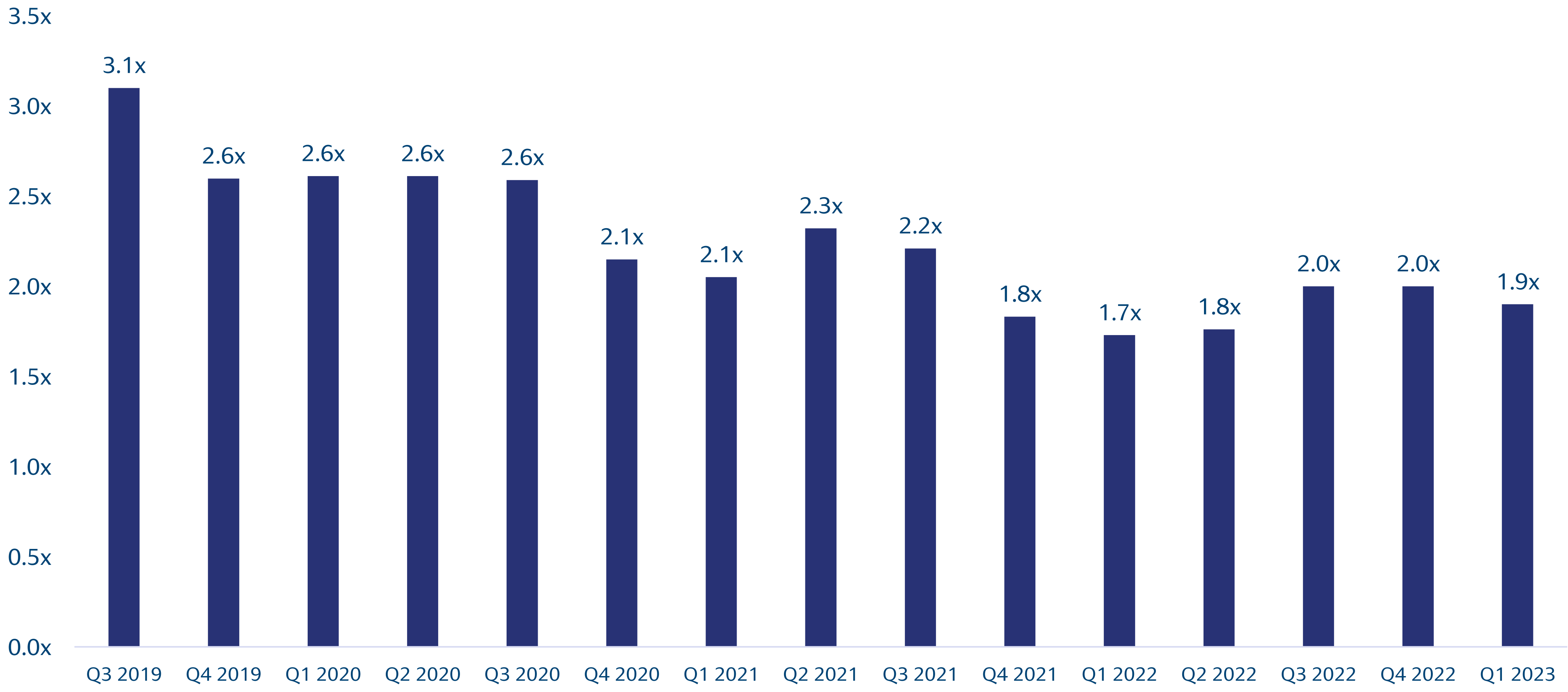
## Net debt and leverage ratios



# Capitalization of development costs

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| 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** |
| **Net cap’ dev’** | **(5.4)** | **(5.4)** | **(5.8)** | **(8.2)** | **(24.8)** |

| USDm | Q1-22 | Q2-22 | Q3-22 | Q4-22 | FY-22 |
|---|---|---|---|---|---|
| Cap’ dev’ costs | (21.9) | (22.3) | (21.3) | (20.8) | **(86.3)** |
| Amortisation | 15.8 | 16.4 | 15.7 | 15.6 | **63.4** |
| **Net cap’ dev’** | **(6.1)** | **(6.0)** | **(5.6)** | **(5.2)** | **(22.9)** |

| USDm | Q1-23 | Q2-23 | Q3-23 | Q4-23 | FY-23 |
|---|---|---|---|---|---|
| Cap’ dev’ costs | (19.7) | | | | |
| Amortisation | 14.4 | | | | |
| **Net cap’ dev’** | **(5.3)** | | | | |

# FCF evolution FY-22 to mid-term

**Estimated movements for illustrative purposes only**


Figures are on a reported basis

# Reconciliation from IFRS to non-IFRS

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| | |
|---|---|
| | **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 |
| + / - | Fair value change on financial investments |
| + / - | 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 FY-23 non-IFRS guidance:
FY-23 estimated share-based payments charge of c.5% of revenue
FY-23 estimated amortisation of acquired intangibles of USD50m
FY-23 estimated restructuring costs of USD14m

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 25 April 2023. The above figures are estimates only and may deviate from expected amounts.

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# Earnings Reconciliation – IFRS to non-IFRS

| In USDm, except EPS | 3 Months Ending 31 March | | | 3 Months Ending 31 March | | |
|---|---|---|---|---|---|---|
| | 2023 | | 2023 | 2022 | | 2022 |
| | IFRS | Non-IFRS adj. | Non-IFRS | IFRS | Non-IFRS adj. | Non-IFRS |
| Subscription | 33.8 | | 33.8 | 10.6 | | 10.6 |
| Term Licence | 10.2 | | 10.2 | 35.9 | | 35.9 |
| SaaS | 47.3 | | 47.3 | 36.9 | | 36.9 |
| **Total Software Licensing** | **91.3** | | **91.3** | **83.4** | | **83.4** |
| Maintenance | 102.4 | | 102.4 | 99.6 | | 99.6 |
| Services | 32.8 | | 32.8 | 37.7 | | 37.7 |
| **Total Revenue** | **226.5** | | **226.5** | **220.7** | | **220.7** |
| | | | | | | |
| **Total Operating Costs** | **(183.4)** | **24.0** | **(159.4)** | **(182.4)** | **21.0** | **(161.4)** |
| Restructuring/acq. costs | (3.8) | 3.8 | - | (2.0) | 2.0 | - |
| Amort of Acq'd Intang. | (11.1) | 11.1 | - | (12.4) | 12.4 | - |
| Share-based payments | (9.1) | 9.1 | - | (6.6) | 6.6 | - |
| **Operating Profit** | **43.2** | **24.0** | **67.2** | **38.3** | **21.0** | **59.3** |
| **Operating Margin** | **19%** | | **30%** | **17%** | | **27%** |
| | | | | | | |
| Financing Costs | (5.0) | - | (5.0) | (4.3) | - | (4.3) |
| Taxation | (7.7) | (4.5) | (12.1) | (6.4) | (3.6) | (9.9) |
| Net Earnings | 30.6 | 19.5 | 50.1 | 27.6 | 17.4 | 45.0 |
| **EPS (USD per Share)** | **0.42** | **0.27** | **0.69** | **0.38** | **0.25** | **0.63** |

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# EBIT & EBITDA reconciliation from IFRS to non-IFRS

| USDm | Q1-23 EBIT | Q1-23 EBITDA |
|---|---|---|
| **IFRS** | **43.2** | **75.7** |
| Share-based payments | 9.1 | 9.1 |
| Deferred revenue write-down | - | - |
| Amortisation of acquired intangibles | 11.1 | - |
| Restructuring and acquisition related | 3.8 | 3.8 |
| **Non-IFRS** | **67.2** | **88.5** |

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# Net earnings reconciliation IFRS to non-IFRS

| In USDm, except EPS | Q1-23 | Q1-22 |
|---|---|---|
| **IFRS net earnings** | **30.6** | **27.6** |
| Share-based payments | 9.1 | 6.6 |
| Deferred revenue write down | - | - |
| Amortisation of acquired intangibles | 11.1 | 12.4 |
| Restructuring and acquisition related | 3.8 | 2.0 |
| Fair value change on financial instruments | - | - |
| Acquisition related costs | - | - |
| Taxation | (4.5) | (3.6) |
| **Net earnings for non-IFRS EPS** | **50.1** | **45.0** |
| | | |
| No. of dilutive shares (m shares) | **72.2** | **71.9** |
| **Non-IFRS diluted EPS (USD)** | 0.69 | 0.63 |

# Non-IFRS definitions

## Non-IFRS adjustments

**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 / Investment related finance cost**
Mainly relates to acquisition & investment related financing expenses and fair value changes on investments

**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, fair value changes on investment 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.

**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.

**Product Revenues**
Revenues from Total Software Licensing and Maintenance combined. i.e Total revenues excluding services revenues

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# Financial metrics definitions and reporting

| | |
|---|---|
| SaaS 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.<br>**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<br>**Disclosure: quarterly reporting, annual reporting** |
| Software-as-a-Service Revenue (SaaS) | Software-as-a-Service revenues booked in a period<br>**Disclosure: quarterly reporting, annual reporting** |

# Thank you

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