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# Financial Results and Business Update

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24 October 2023
Quarter ended, 30 September 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 24 October 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.

# Q3-23 highlights

## Q3-23 financial highlights (non-IFRS, c.c.)

- Continued strong momentum in the third quarter with ARR of USD687m, up 15%
- Subscription revenue of USD24m
- SaaS ACV of USD13m, SaaS revenue up 23%
- Total software licensing growth of 25%
- Maintenance revenue accelerated to 6% growth driven by subscriptions, value uplift on relicensing and CPI contractual increases
- Product revenue growth of 14%
- EBIT growth of 44%
- Free Cash Flow of USD28m, up 479%

## Q3-23 operational highlights

- Stable sales environment throughout the quarter
- Acceleration in Europe driven by improving market and strong sales execution
- Tier 1 and 2 contributed 42% of Total Software Licensing in Q3-23 and 47% LTM
- Services revenue grew sequentially and has been profitable every quarter this year
- Temenos named trusted cloud provider by Cloud Security Alliance, reinforcing our cloud and SaaS credentials

## FY-23 guidance (non-IFRS, c.c.) - ARR, EBIT and EPS guidance raised

- ARR growth of 13%-15% (up from 12-14%)
- Total software licensing revenue growth of at least 6%
- EBIT growth of at least 8% (up from at least 7%)
- EPS growth of at least 7% (up from at least 6%)
- FCF growth of 12%-14%

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## Our cloud native platform

## Operational highlights

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## Appendix

# Everyone's banking platform

Packaged, upgradeable software

Country model banks

SaaS, cloud, SaaS-like

Composable banking

Single code base

Breadth & depth of functionality

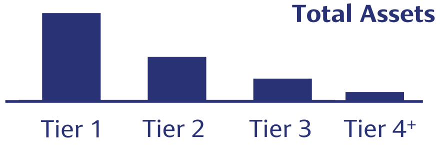
Cloud native cloud agnostic

Loosely coupled event driven

Modular infrastructure as code

# Same cloud native software

**Single code and configuration base**

| | | |
|---|---|---|
| **Segment agnostic** | **3K** **Clients** | Retail, SME, Corp., Wealth |
| **Type agnostic** | **85+** **Challenger Clients** | Traditional, Challenger |
| **Size agnostic** | **Largest to smallest client: x 300K accounts** |  |
| **Deployment agnostic** | **700+** **SaaS Clients** | Temenos runs; cloud / Client runs; on-premise, cloud or hybrid |
| **Location agnostic** | **Americas 1500+** **APAC 300+** **EUR 500+** **MEA 300+** |  |



**Powering a world of banking that creates opportunities for everyone**

- Increases relevance and applicability of Temenos software, globally
- Clients benefit from market leading R&D investment - in all sectors, and in all geographies

N.B. Data accurate as of Feb 21, 2023

# Temenos Wealth: an end-to-end solution for a global, Tier 1 Bank

**Tier 1 global bank**

## Background & Context

- A **global Tier 1 bank** looking for a **cloud-native platform** for their **International Private Banking** division in line with their AWS first policy
- To **consolidate** their fragmented, legacy platform and **augment the experience for their Ultra HNW clients, across 82 countries**

## Why Temenos

- **Cloud-native** platform and ability to distribute in **AWS** pipelines
- **Single scalable platform** from a committed, trusted partner
- **Flexible** financial model aligned with their business
- **Quick launch** of new products

## Outcomes

- Accelerated **time to value:** automated innovation cycle
  - enabling faster releases using API keys
  - deploying faster by integration into **bank's DevSecOps**
- Exploit **Temenos Exchange capabilities** to extend their solution (credit scoring and data security)

**Highly secure, on demand infrastructure capacity and engineering productivity**

# Nationale Nederlanden: Becoming a digital banking provider

nationale nederlanden

## Background & Context

- Part of NN Group, Nationale Nederlanden Bank provides financial services to **over 1 million private and business customers** in the Netherlands.
- Transitioning to a leading **digital mobile retail banking, offering daily banking, payments , PSD2 account services and financial wellbeing**

## Why Temenos

- Large **footprint** in banking
- Multiple live customers in the **cloud**
- **Microservices and modularity**

## Outcomes

- **Scalability -** processing transactions as a direct clearing participant of up to 40k transactions / day
- Launched the first phase of their **digital retail bank** (onboarding & account opening , SEPA payment transfers )

**Elastically scalable and performant platform**

# QIK: Creating the First Innovative Digital Bank in the country

## Background & Context

- Part of Grupo Popular, QIK Banco Digital Dominicano wanted to **launch the first full service digital bank** in the Dominican Republic within 3 years
- To onboard thousands of customers in the first year (targeting 3 million+ customers)

## Why Temenos

- **Cloud-native** banking platform
- Mature **SaaS** service
- Operational **agility** and cutting-edge digital banking experience
- Successful **track record** across Latin America, including Dominican Republic

## Outcomes

- **Quick time to market**: Multiple Products launched in a year in separate sprints driving **growth** in Accounts, Savings, Payments, Loans
- Bank able to launch innovative and personalized new products to enhance the **customer experience**
- Support the group's **sustainable vision** by **reducing carbon emissions by more than 90%** and providing Qik's customers with tools to **measure and mitigate their carbon impact of their transactions**

**Product and features rollout agility and scalability as the digital bank grew beyond their initial predictions**

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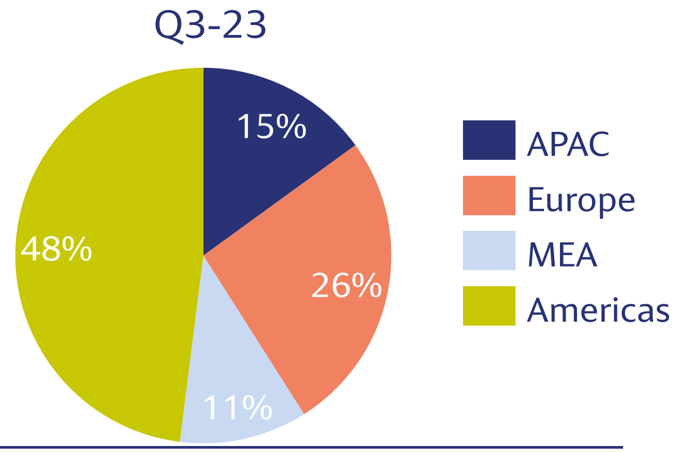
# Q3-23 sales and operational review

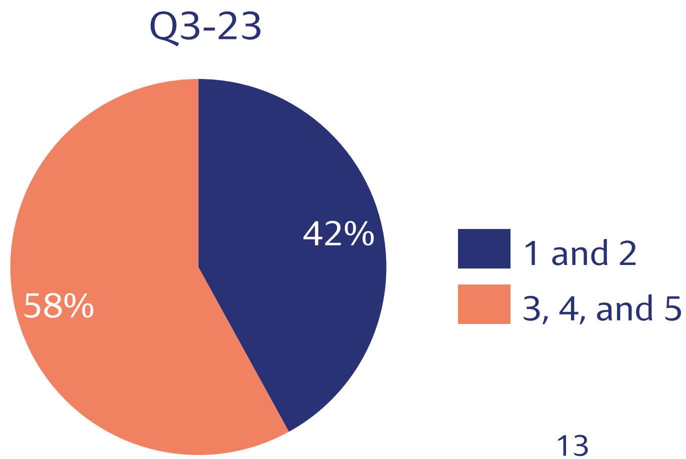
- Continued stable sales environment throughout Q3-23; positive pipeline development and progress made on large deals
- Subscription transition on track with small proportion of term licences and cash flow impact from transition well behind us– renewals in future years expected to shift to subscription or SaaS as standard
- Achieved value uplift on new clients as well as multiple renewals in the quarter
- Acceleration in Europe with improving market conditions and strong sales execution; several new logos signed, contribution from wealth deal signed in Q1-23 with tier one global bank headquartered in Europe, and value uplift from renewals
- Americas performance driven by additional consumption in SaaS customer base, new sales into existing customers and new logo signings
- Investments in enhanced sales organisation in North America, bringing in experienced industry executives
- 13 new client wins in the quarter, across SaaS and subscription
- Tier 1 & 2 mix in total software licensing at 42% in Q3-23 and 47% in Q3-23 LTM

# Total software licensing

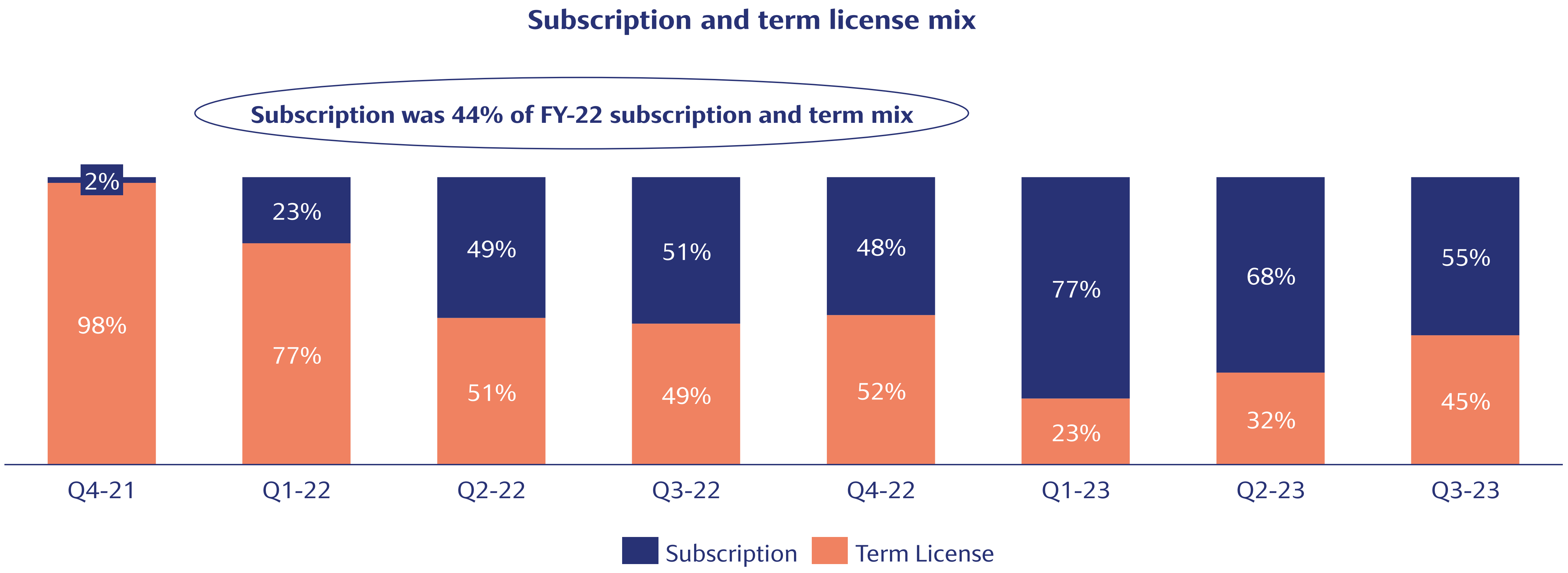
## Geographic split




## Tiers



# Subscription transition progressing well

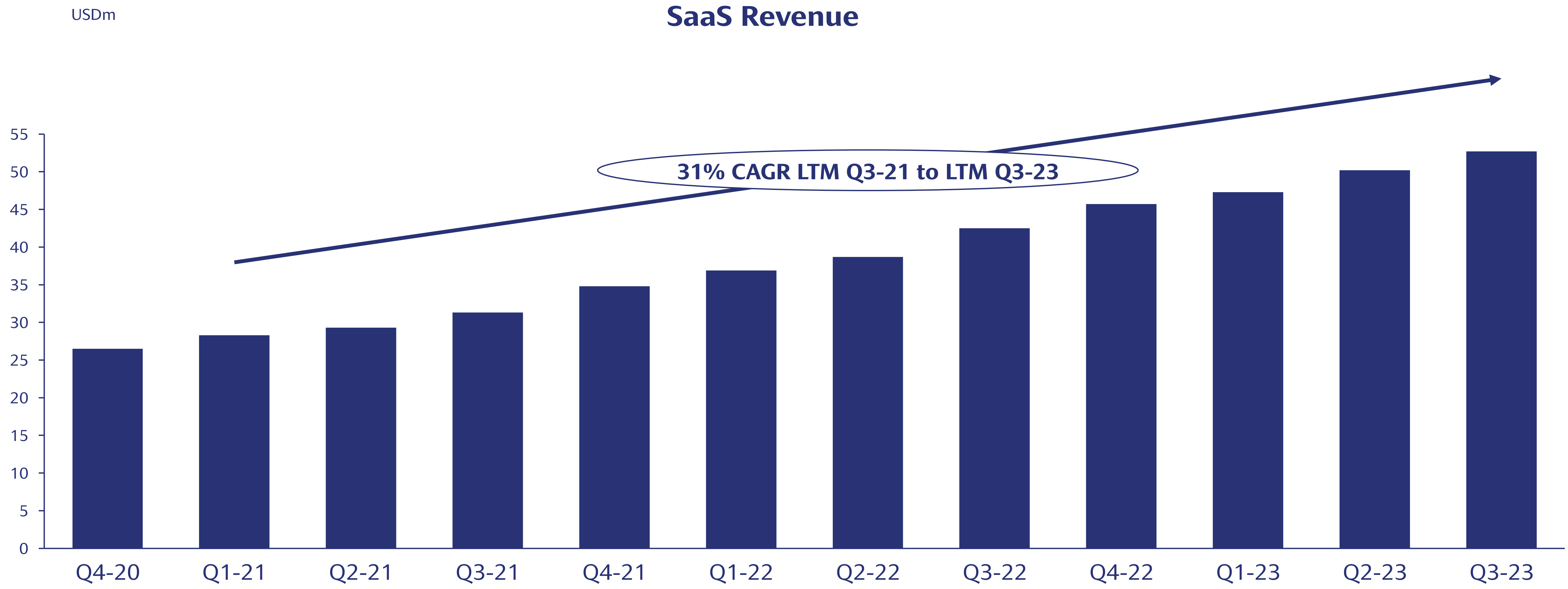



**Subscription expected to be over 70% of subscription/term license mix in FY-23**



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

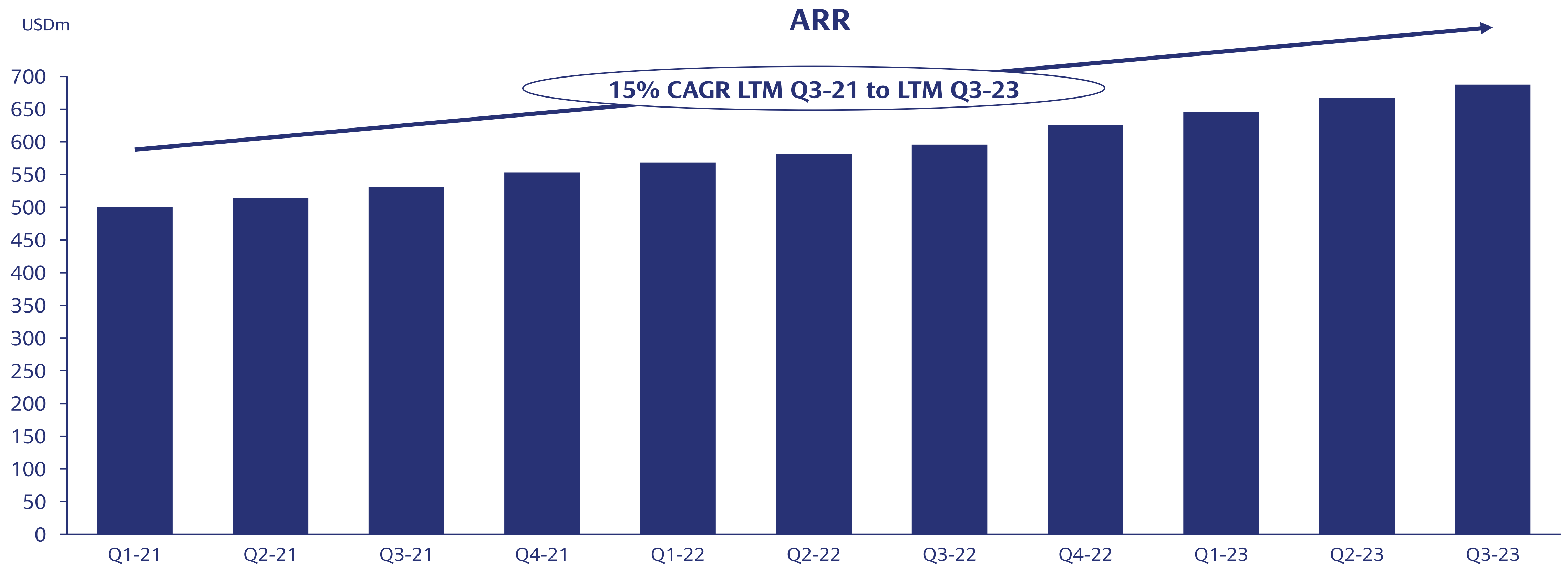
# SaaS momentum continues with revenue growth of 23% in Q3-23




**Q3-23 SaaS ACV of USD12.8m; mix of new logos and additional consumption**

Note: non-IFRS c.c. growth rates

# ARR continued its growth trajectory, up 15% in Q3-23




**ARR growth driven by SaaS growth, maintenance growth acceleration and subscription transition**



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

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# Q3-23 Non-IFRS financial highlights

## Revenue and profit (non-IFRS, c.c.)

- ARR of USD 687.5m, up 15%
- Subscription revenue of USD 23.7m
- SaaS revenue up 23% in Q3-23
- Total software licensing up 25% in Q3-23
- Maintenance growth of 6% in Q3-23
- Total revenue growth of 10% in Q3-23
- EBIT up 44% in Q3-23
- Q3-23 EBIT margin of 25.2%, up 6% pts
- EPS (reported) up 61% in Q3-23

## Cash flow

- Q3-23 operating cash flow of USD 55.1m, up 58% y-o-y;
- Q3-23 operating cash conversion of 107% of IFRS EBITDA
- Q3-23 Free Cash Flow of USD 27.6m, up 479% y-o-y
- DSOs at 124 days, up 12 days y-o-y, flat q-o-q

## Debt, leverage and capital allocation

- Net debt of USD 722m as of 30 September 2023; leverage at 1.8x at quarter end, down from 2.0x at Q2-23
- Received investment grade Long-Term Issuer Default Rating (IDR) of ‘BBB’ with a stable outlook, and a senior unsecured rating of ‘BBB’, from Fitch Ratings; issued CHF 200m 5-year bond maturing October 2028

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

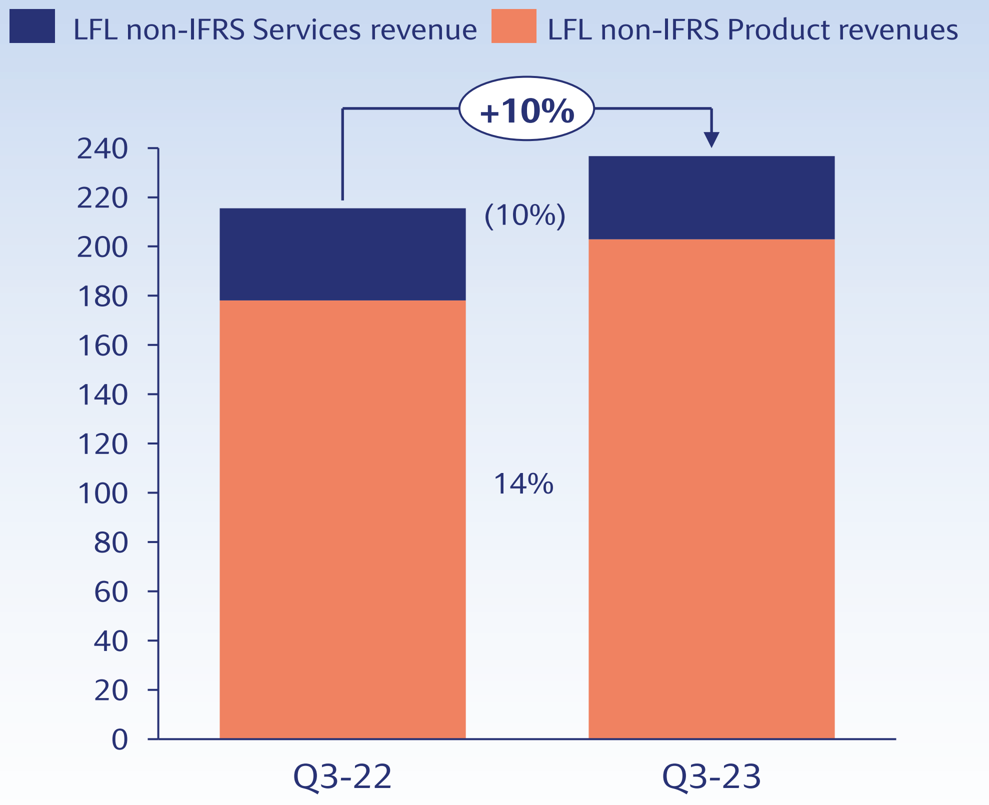
# ARR and non-IFRS income statement – operating

| ARR (USDm) | Q3-23 | Q3-22 | Y-o-Y reported | Y-o-Y c.c. |
|---|---|---|---|---|
| ARR | 687.5 | 595.9 | 15% | 15% |

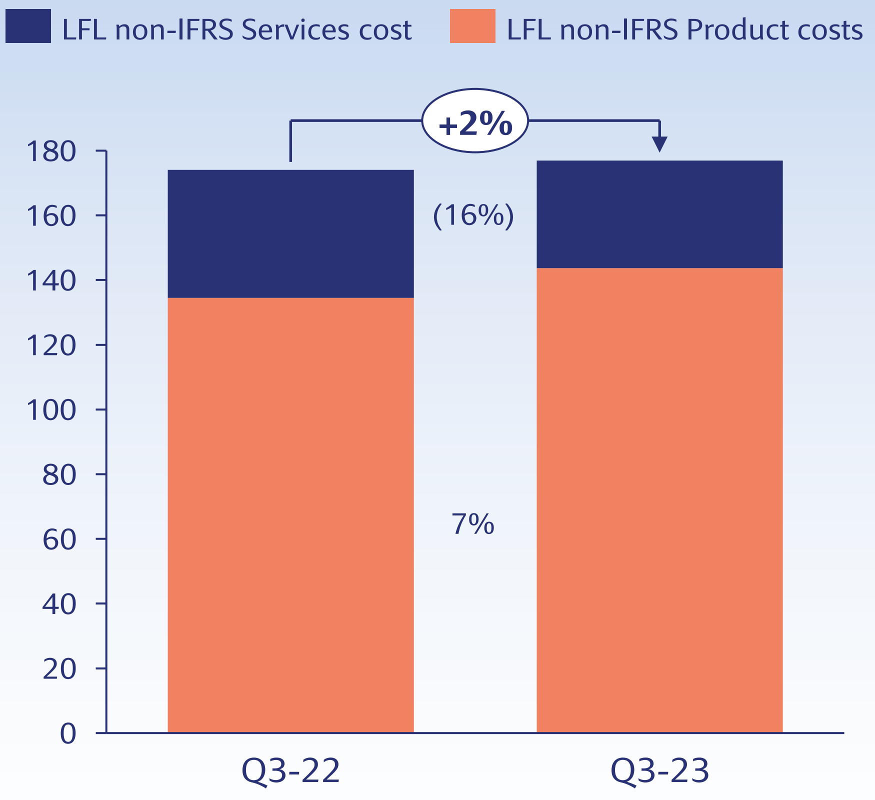
| Income statement (USDm) | Q3-23 | Q3-22 | Y-o-Y reported | Y-o-Y c.c. | LTM Q3-23 | LTM Q3-22 | Y-o-Y reported | Y-o-Y c.c. |
|---|---|---|---|---|---|---|---|---|
| Subscription | 23.7 | 17.2 | 37% | 36% | 140.4 | 61.4 | 129% | 129% |
| Term Licence | 19.3 | 16.6 | 16% | 18% | 97.5 | 199.9 | -51% | -50% |
| SaaS | 52.7 | 42.5 | 24% | 23% | 195.9 | 153.0 | 28% | 29% |
| **Total software licensing** | **95.7** | **76.3** | **25%** | **25%** | **433.7** | **414.2** | **5%** | **6%** |
| Maintenance | 107.3 | 100.2 | 7% | 6% | 416.4 | 400.4 | 4% | 4% |
| Services | 33.8 | 36.3 | -7% | -10% | 130.1 | 147.0 | -12% | -10% |
| **Total revenue** | **236.7** | **212.8** | **11%** | **10%** | **980.2** | **961.6** | **2%** | **3%** |
| Operating costs | 176.9 | 172.0 | 3% | 2% | 674.6 | 654.8 | 3% | 5% |
| **EBIT** | **59.8** | **40.8** | **46%** | **44%** | **305.6** | **306.8** | **-0%** | **-3%** |
| Margin | 25.2% | 19.2% | 6% pts | 6% pts | 31.2% | 31.9% | -1% pts | -2% pts |
| **EBITDA** | **81.1** | **63.6** | **28%** | **26%** | **392.1** | **400.9** | **-2%** | **-4%** |
| Margin | 34.3% | 29.9% | 4% pts | | 40.0% | 41.7% | -2% pts | |

# Like-for-like revenues and costs

- **Q3-23 LFL non-IFRS revenues up 10%**
- **Q3-23 LFL non-IFRS product revenues up 14%**




- **Q3-23 LFL non-IFRS costs up 2%**
- **Q3-23 LFL non-IFRS product costs up 7%**

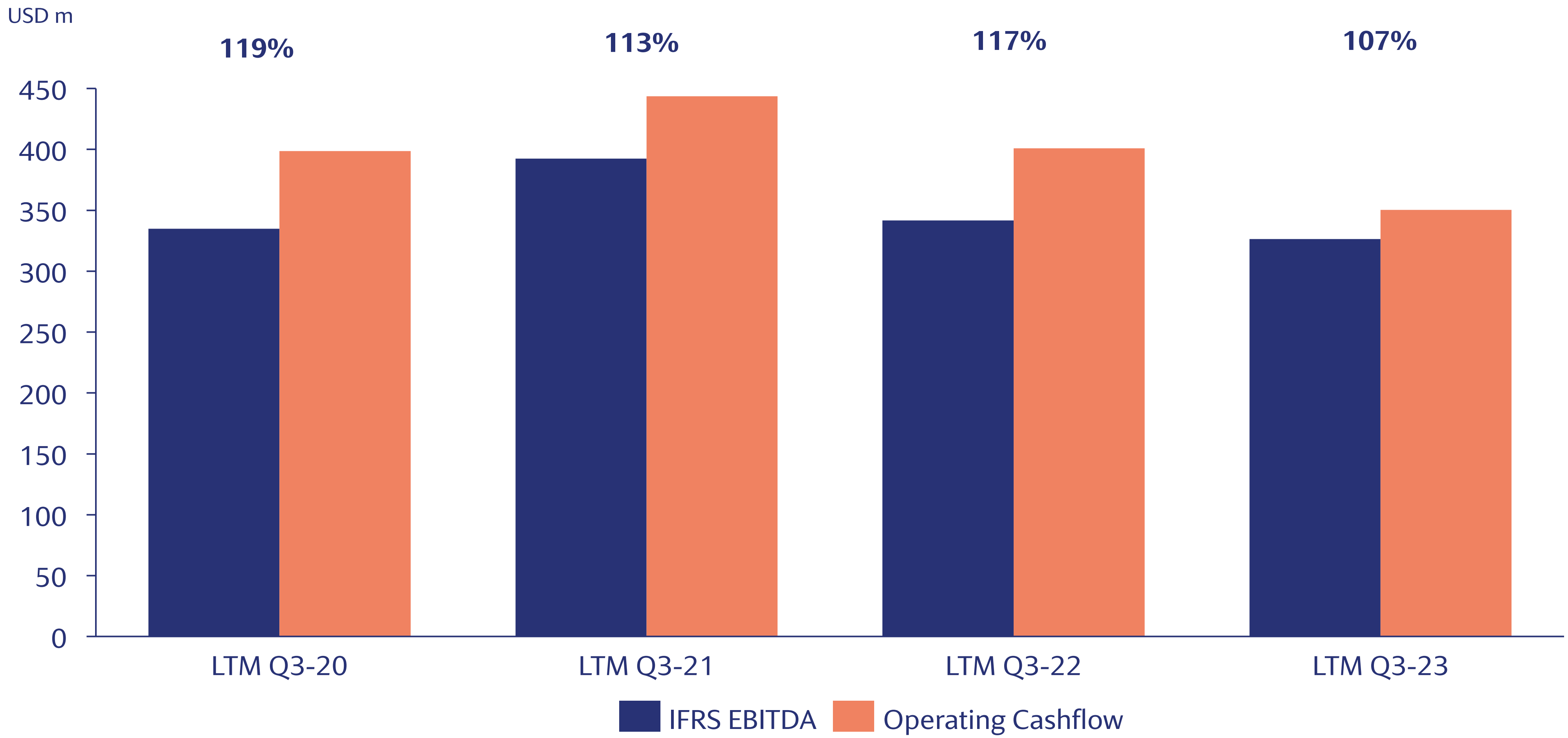



Note: figures are non-IFRS c.c. growth rates unless otherwise stated

# Non-IFRS income statement – non-operating

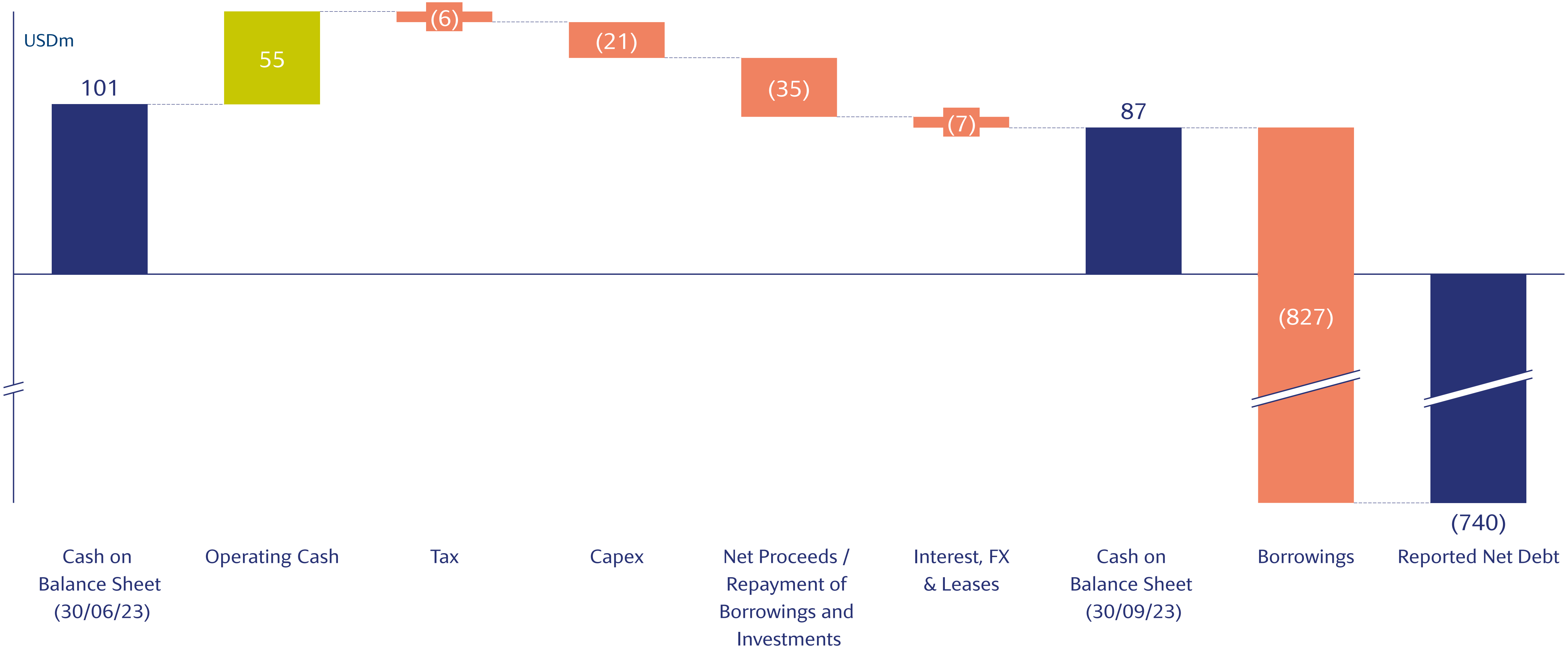
| In USDm, except EPS | Q3-23 | Q3-22 | Y-o-Y reported | LTM Q3-23 | LTM Q3-22 | Y-o-Y reported |
|---|---|---|---|---|---|---|
| **EBIT** | **59.8** | **40.8** | **46%** | **305.6** | **306.8** | **-0%** |
| Net finance charge | -5.0 | -6.1 | -18% | -23.3 | -22.6 | 23% |
| FX gain / (loss) | 0.7 | -0.8 | -181% | 3.2 | -0.8 | -1044% |
| Tax | -11.5 | -6.4 | 79% | -57.5 | -49.7 | 16% |
| **Net profit** | **43.9** | **27.5** | **60%** | **228.1** | **233.8** | **-2%** |
| **EPS (USD)** | **0.61** | **0.38** | **61%** | **3.16** | **3.25** | **-3%** |

# IFRS cash conversion




**Cash conversion well above 100% target**

# Group liquidity




**Leverage at 1.8x at end of Q3-23**

Note: Net debt is reported

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

ARR, EBIT and EPS guidance raised, other guidance items reconfirmed

| | FY-23 guidance | FY-22 base (USD, c.c.) |
|---|---|---|
| ARR | 13%-15% growth<br>(raised from 12%-14% growth ) | 626m |
| Total software licensing | At least 6% growth | 404m |
| EBIT | At least 8% growth<br>(raised from at least 7%) | 278m |
| EPS | At least 7% growth<br>(raised from at least 6%) | 2.82* |
| Free Cash Flow | 12%-14% growth | 193m* |

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

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

| | Mid-term targets (USD) | FY-22 base (USD, c.c.) |
|---|---|---|
| ARR | >1.3bn | 626m |
| EBIT | >570m | 278m |
| 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

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# Concluding remarks

- USD687m of ARR at end of Q3-23 with ongoing shift to a recurring revenue business model
- Sales environment expected to remain stable through balance of year
- Subscription expected to be over 70% of subscription/term license mix in FY-23 – future renewals of existing term contracts expected to shift to subscription or SaaS as standard, with cash flow drag behind us; delivering value up-lift across new deals and renewals
- Pipeline continues to develop well, including a number of large tier 1 and 2 deals
- Growing demand for SaaS and cloud across client tiers
- Exciting product and SaaS services launches planned for January 2024
- ARR primary revenue outlook KPI with recurring revenue expected to reach over 70% of total revenue and over 80% of product revenue for FY-23
- ARR, EBIT and EPS guidance upgraded to reflect positive momentum and good visibility in the business

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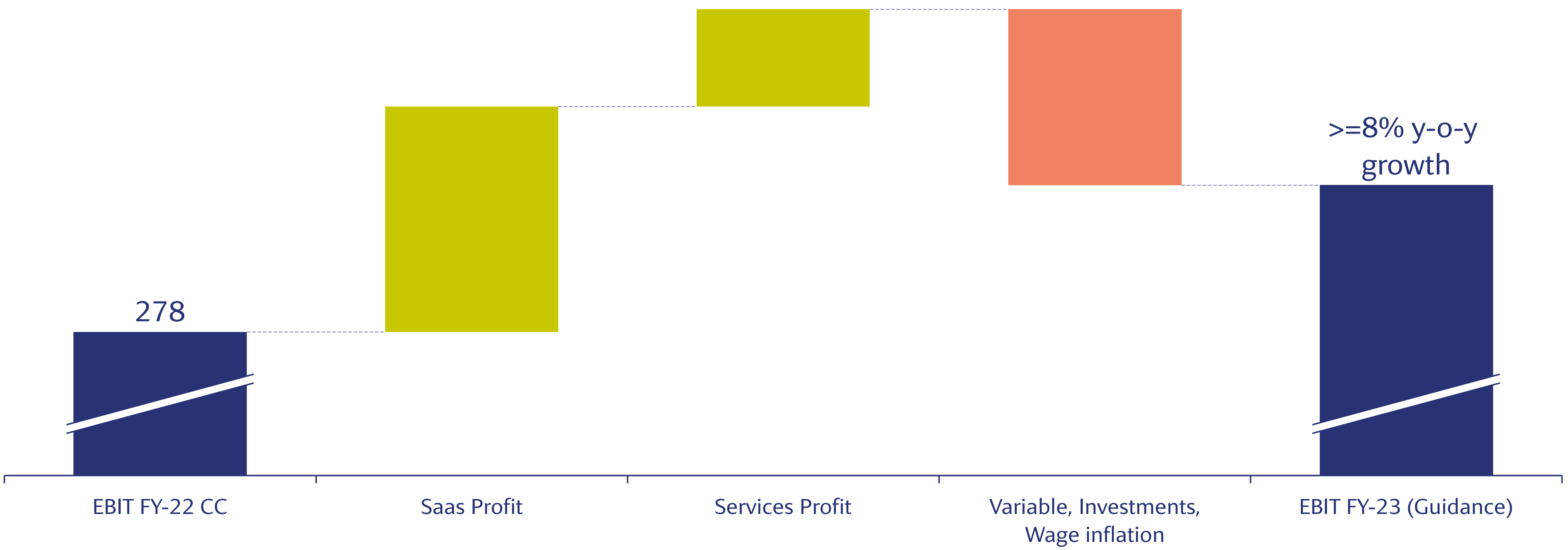
# Illustrative Non-IFRS EBIT Bridge FY-22/FY-23



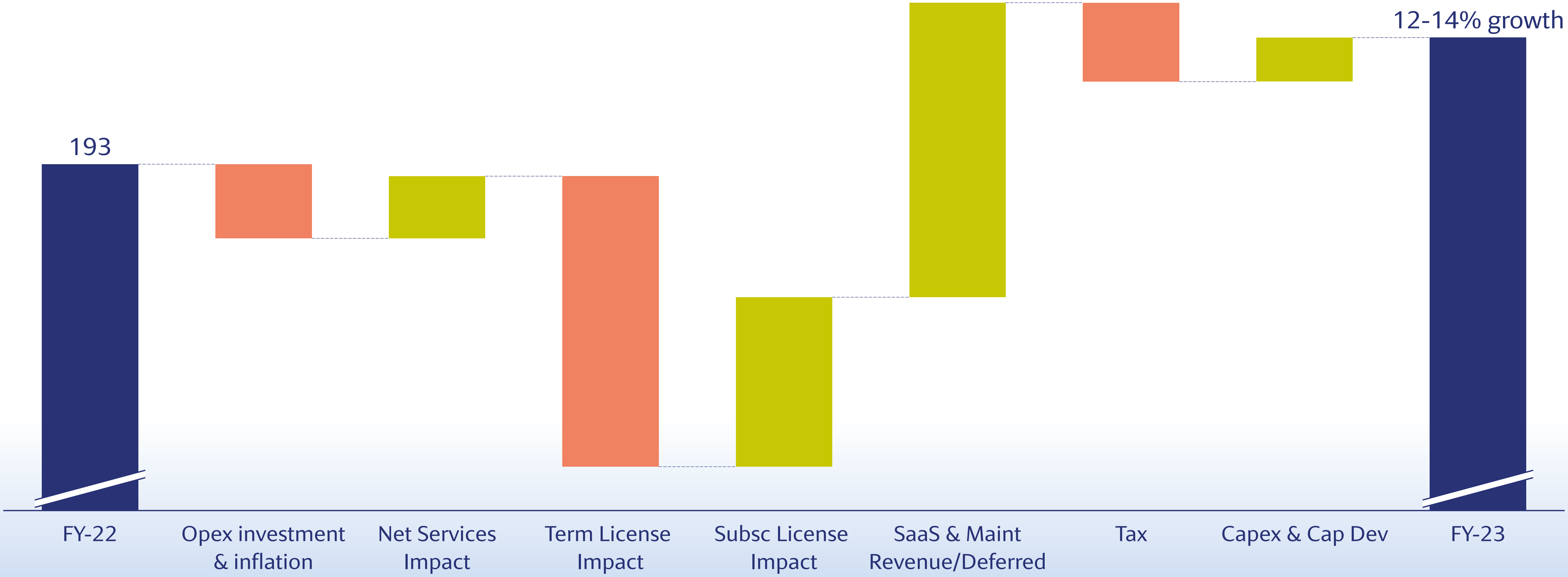

- Visibility on SaaS profitability driving FY-23 EBIT growth
- Prior year headwinds on services business overcome, contributing to margin expansion in FY-23
- Sustained commitment to investment in Cloud, S&M and R&D combined with wage inflation



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

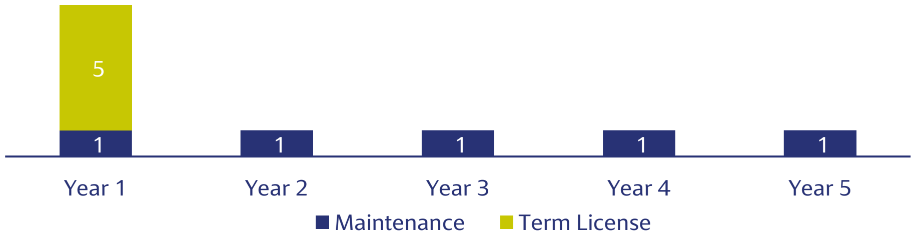
# Illustrative FCF Evolution FY-22/FY-23

**Estimated movements for illustrative purposes only**

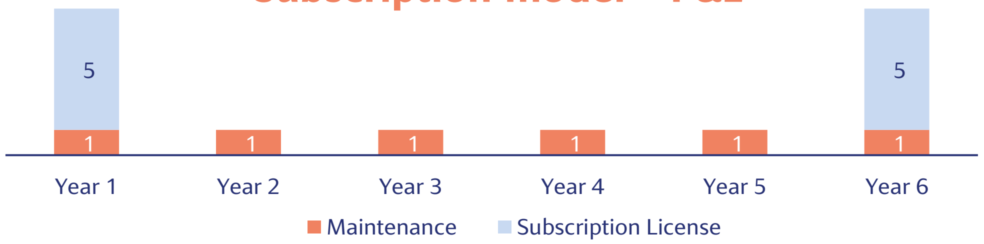


# Impact of subscription transition on P&L, cashflow and ARR

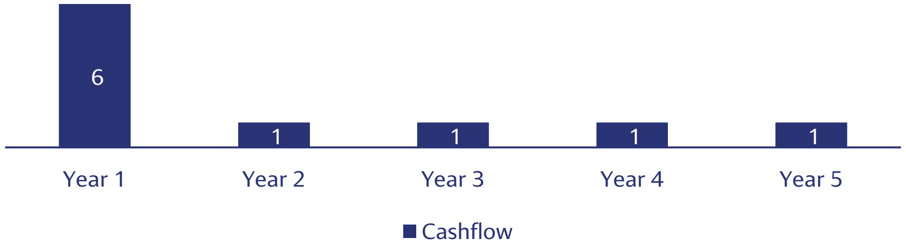
## Term model – P&L



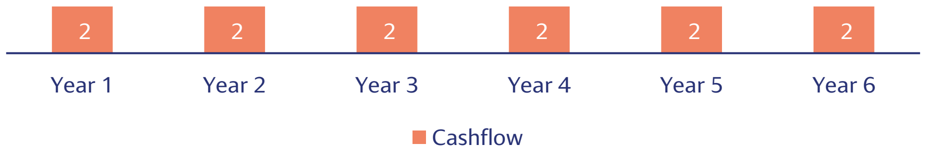

## Subscription model – P&L




## Term model – Cash

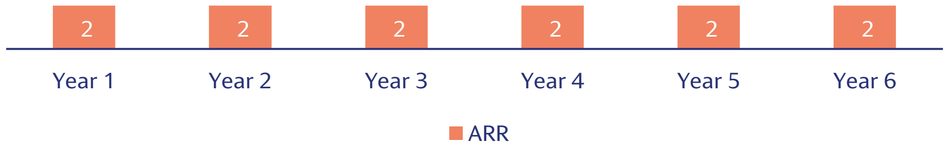



## Subscription model – Cash



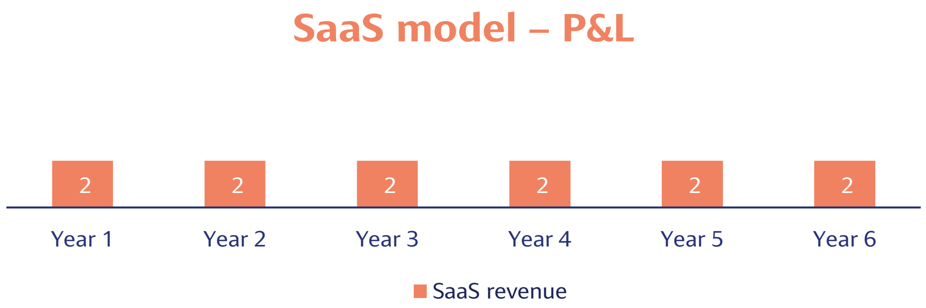

## Term model – ARR

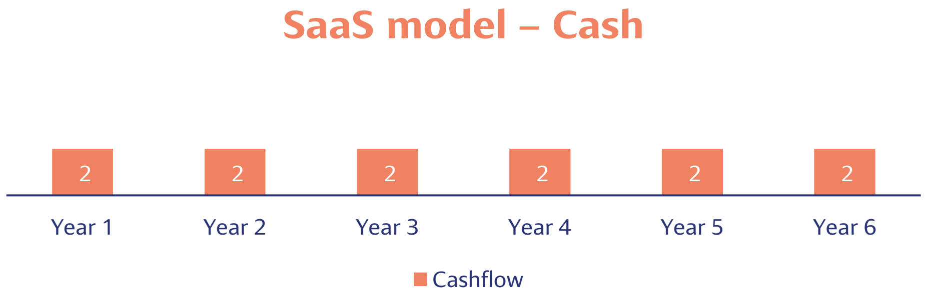

## Subscription model – ARR

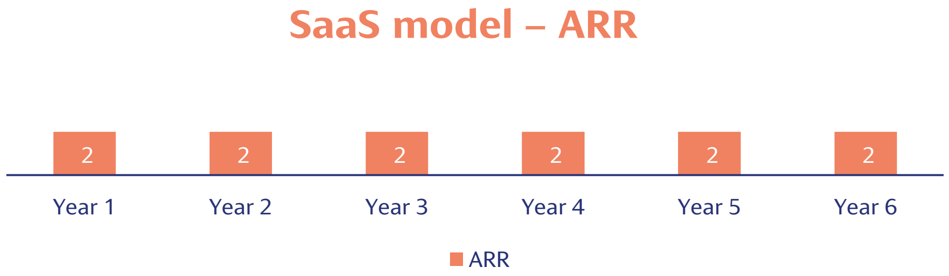



*Note: Based on our standard 5 year term contract and based on IFRS15 standards, assumes no uplift in value from move to subscription*

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



# Q3-23 operational overview

**89 go-lives**

including 52 implementation go-lives in Q3-23

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# FX and other 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 1.08

GBP to USD exchange rate of 1.24; and

USD to CHF exchange rate of 0.90

**The Company has also assumed the following for FY-23 guidance:**

- Cash conversion of 100%+ of IFRS EBITDA into Operating Cash
- FY-23 tax rate expected to be between 19-21%

# FX exposure

| % 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

| 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 | Q2-23 | Q3-23 | |
|---|---|---|---|---|
| SaaS ACV | 18.9 | 20.2 | 12.8 | |

Figures are on a reported basis

# Quarterly ARR, FCF

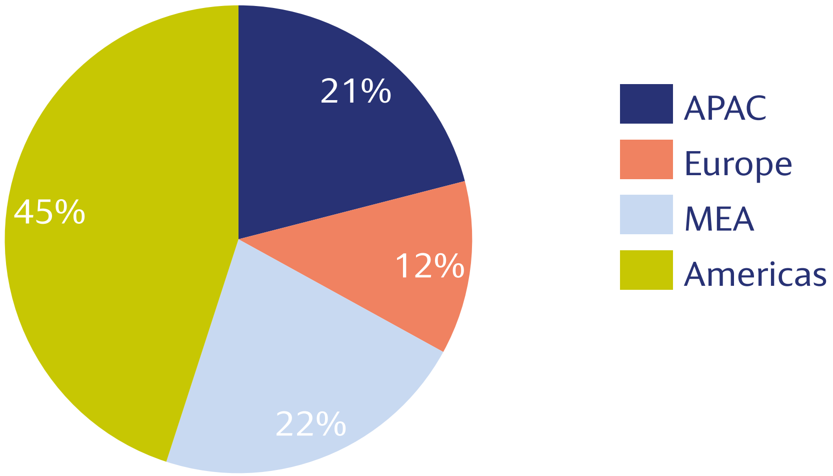
| ARR, USD m | Q1-20 | Q2-20 | Q3-20 | Q4-20 | Q1-21 | Q2-21 | Q3-21 | Q4-21 | Q1-22 | Q2-22 | Q3-22 | Q4-22 | Q1-23 | Q2-23 | Q3-23 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ARR | 468.1 | 475.4 | 486.4 | 493.5 | 500.1 | 514.4 | 530.8 | 553.4 | 568.4 | 581.9 | 595.9 | 626.1 | 645.2 | 666.8 | 687.5 |

| 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 | Q2-23 | Q3-23 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| FCF | 35.7 | 69.7 | 33.9 | 157.7 | 45.5 | 86.5 | 40.3 | 185.6 | 32.3 | 49.9 | 4.8 | 105.9 | 38.7 | 62.7 | 27.6 |

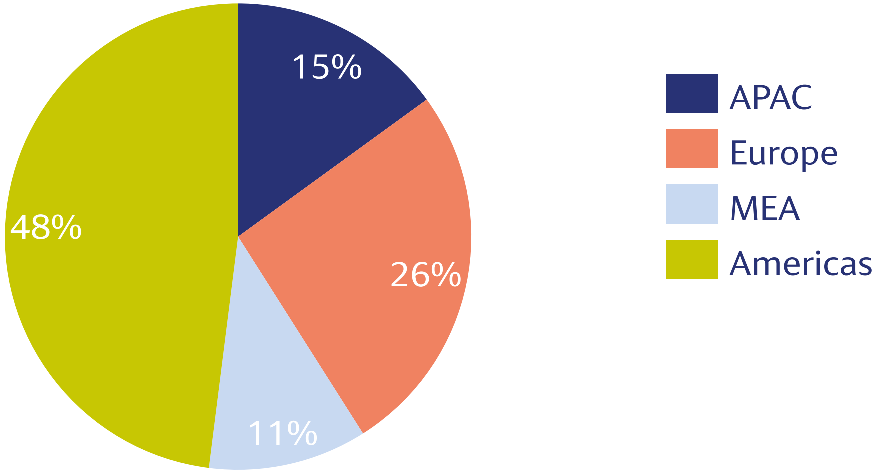
Figures are on a reported basis

# Total software licensing revenue breakdown by geography

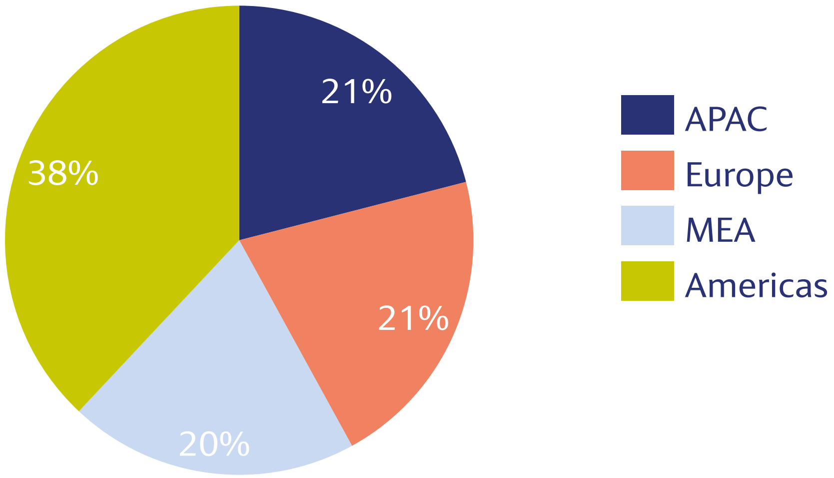
## Q3-22



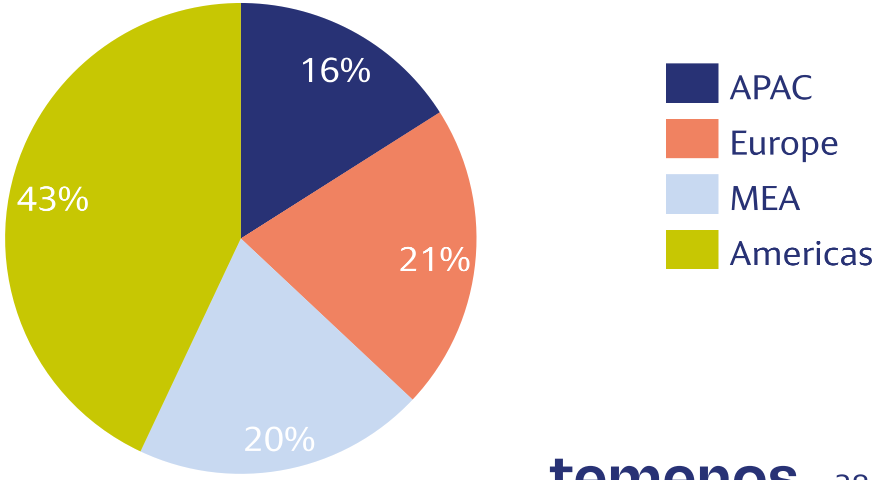

## Q3-23




## LTM Q3-22

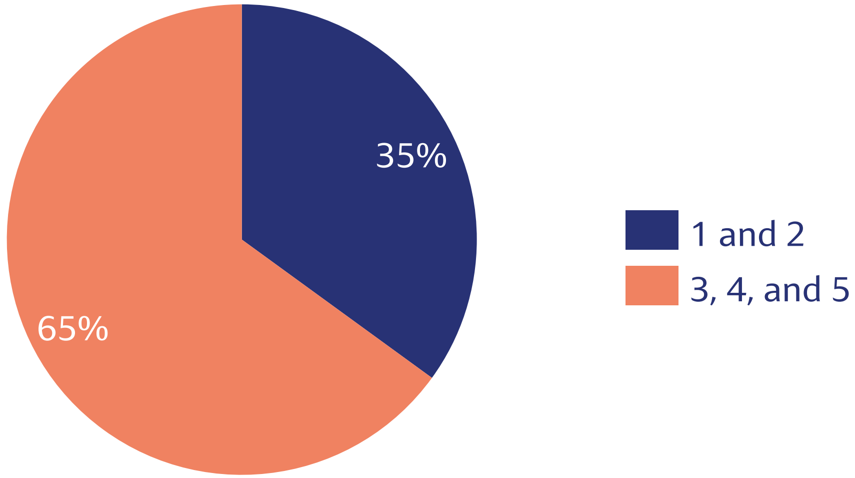



## LTM Q3-23

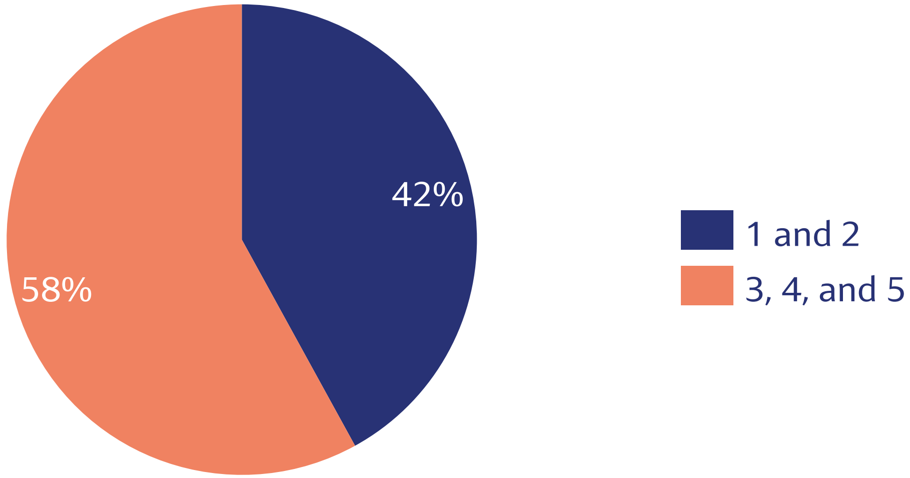


# Total software licensing revenue breakdown by customer tier

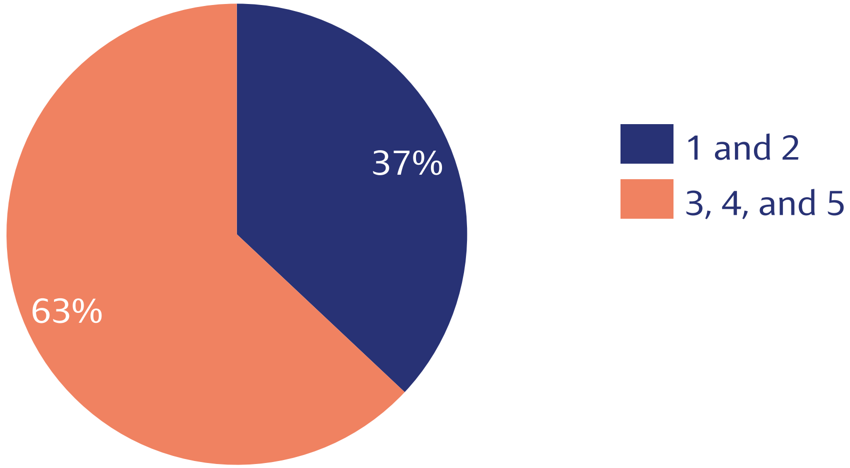
## Q3-22



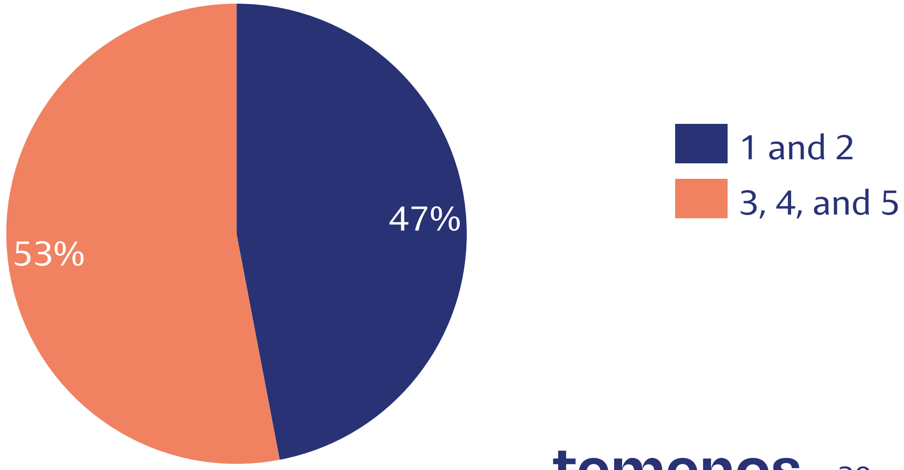

## Q3-23




## LTM Q3-22



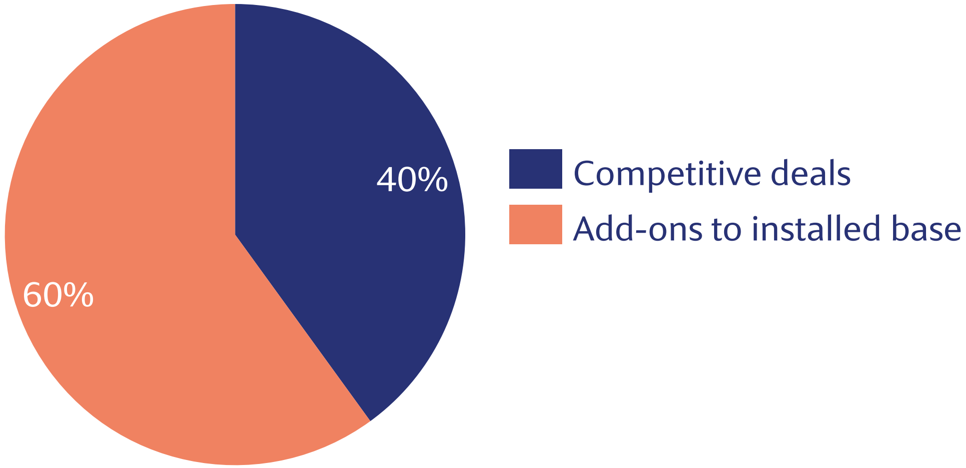

## LTM Q3-23



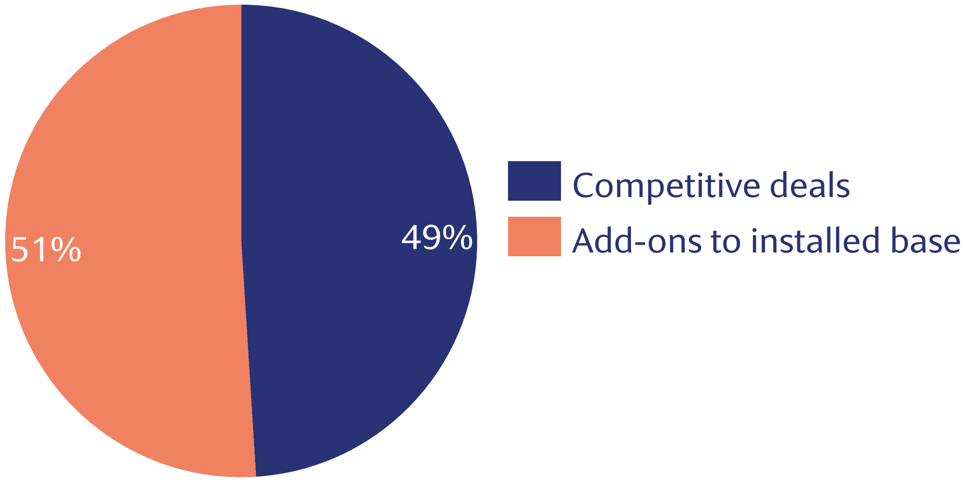

temenos

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

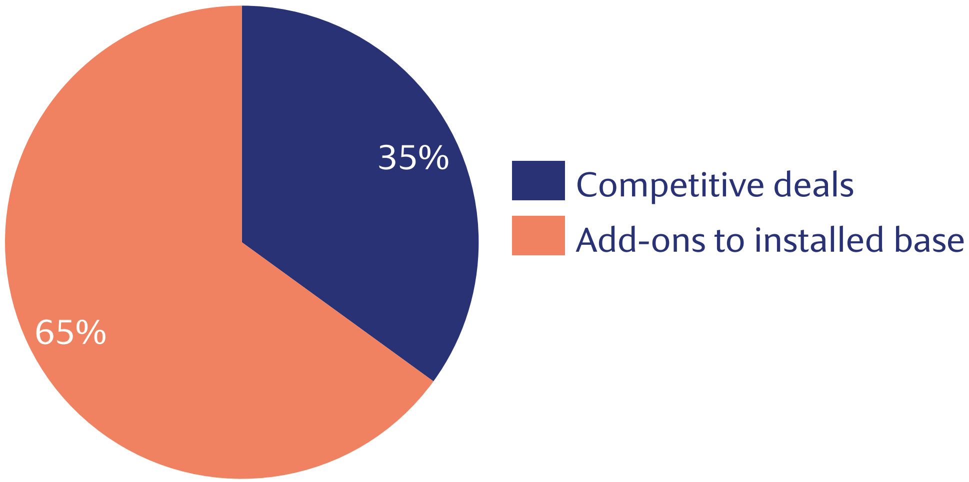
## Q3-22



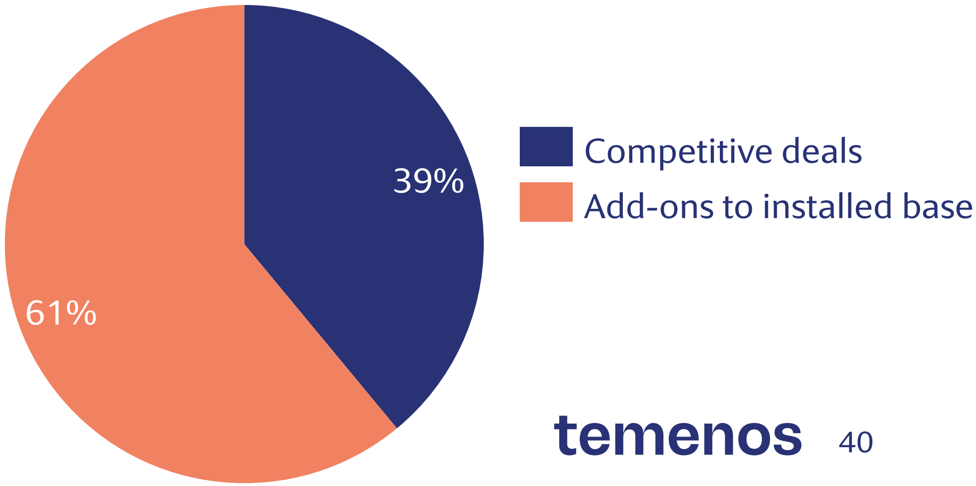

## Q3-23



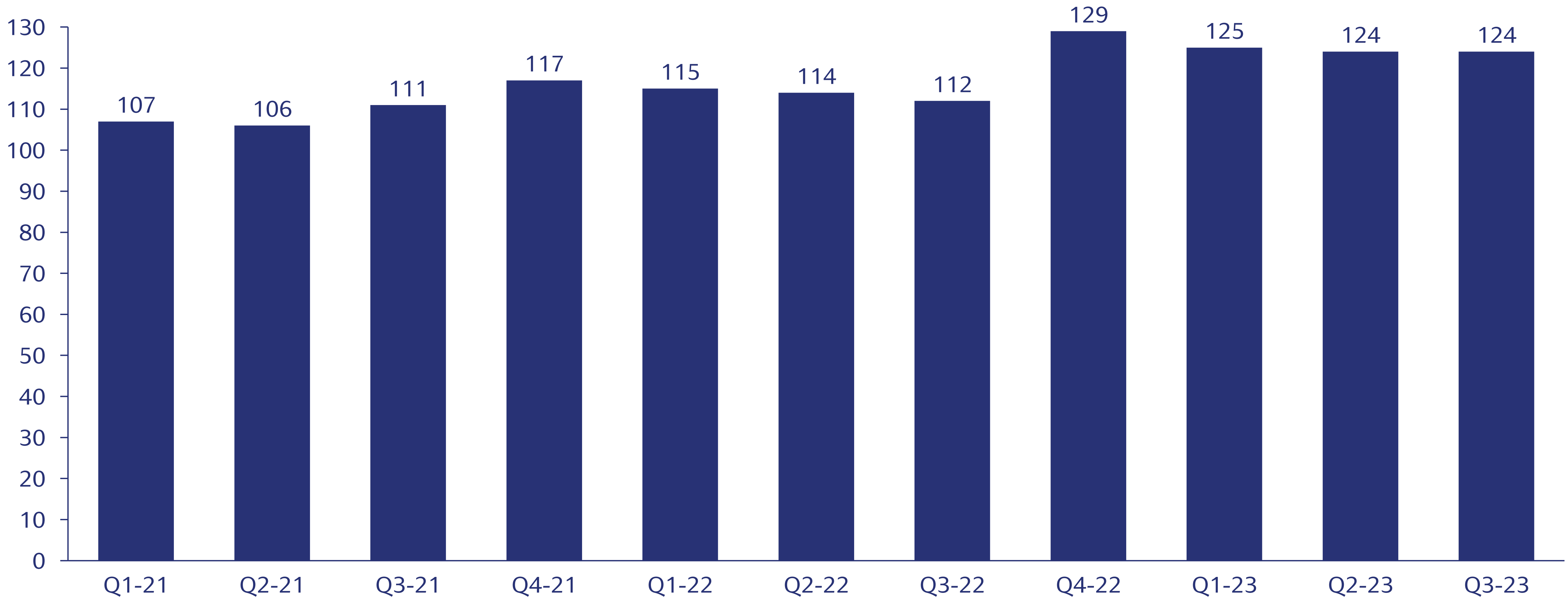

## LTM Q3-22




## LTM Q3-23



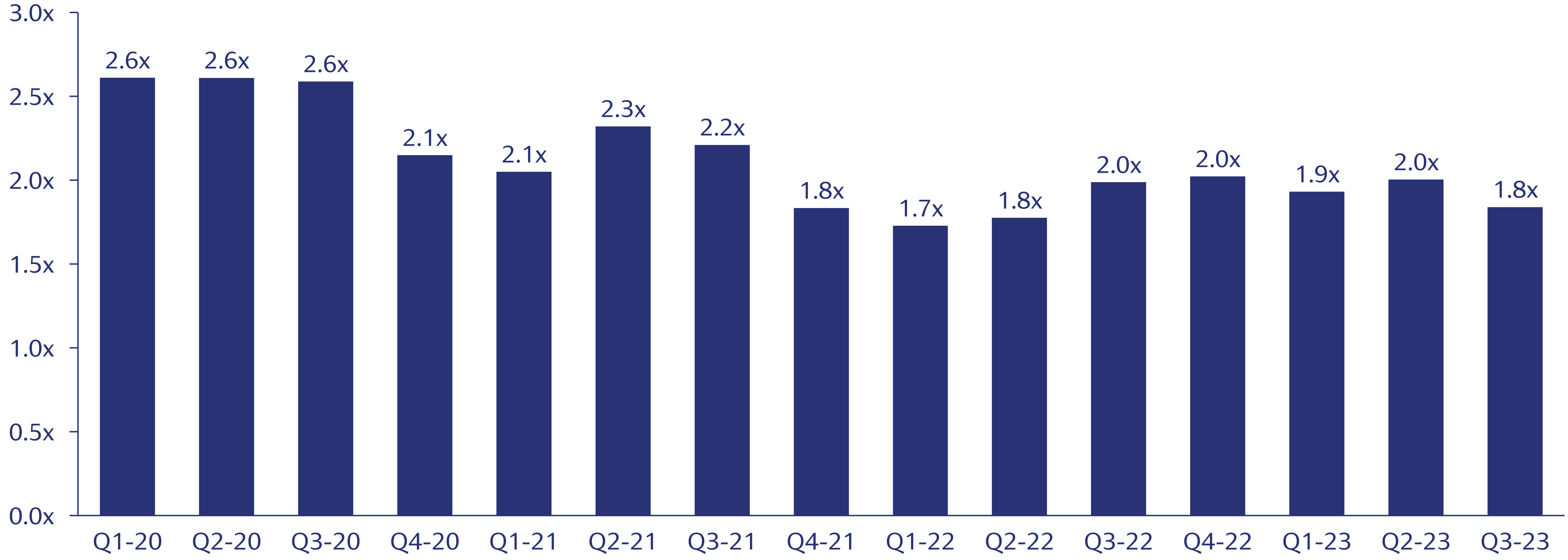
# DSOs




**DSOs at 124 at Q3-23**

# Balance sheet –leverage

## Leverage ratios



# Capitalization of development costs

| 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) | (18.2) | (19.4) | | |
| Amortisation | 14.4 | 14.7 | 14.7 | | |
| **Net cap' dev'** | **(5.3)** | **(3.5)** | **(4.7)** | | |

# 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

| | |
|---|---|
| | **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 |
| + / - | M&A related costs |
| + / - | Fair value change on financial investments |
| + / - | Restructuring |
| + / - | Taxation |
| = | **Non-IFRS profit measure** |

# 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 / M&A related costs of USD14m

Restructuring / M&A related costs include costs incurred in connection with a restructuring programme or other organisational transformation activities planned and controlled by management, or cost related mainly to advisory fees, integration costs and earn out credits or charges. Severance charges, for example, would only qualify under this expense category if incurred as part of a company-wide restructuring plan

These estimates do not include impact of any further acquisitions or restructuring programmes commenced after 24 October 2023. 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 September | | | 3 Months Ending 30 September | | |
|---|---|---|---|---|---|---|
| | 2023 | | 2023 | 2022 | | 2022 |
| | IFRS | Non-IFRS adj. | Non-IFRS | IFRS | Non-IFRS adj. | Non-IFRS |
| Subscription | 23.7 | | 23.7 | 17.2 | | 17.2 |
| Term Licence | 19.3 | | 19.3 | 16.6 | | 16.6 |
| SaaS | 52.7 | | 52.7 | 42.5 | | 42.5 |
| **Total Software Licensing** | **95.7** | | **95.7** | **76.3** | | **76.3** |
| Maintenance | 107.3 | | 107.3 | 100.2 | | 100.2 |
| Services | 33.8 | | 33.8 | 36.3 | | 36.3 |
| **Total Revenue** | **236.7** | | **236.7** | **212.8** | | **212.8** |
| | | | | | | |
| **Total Operating Costs** | **(203.8)** | **26.9** | **(176.9)** | **(202.7)** | **30.7** | **(172.0)** |
| Restructuring/M&A costs | (4.1) | 4.1 | - | (5.1) | 5.1 | - |
| Amort of Acq'd Intang. | (11.0) | 11.0 | - | (11.1) | 11.1 | - |
| Share-based payments | (11.8) | 11.8 | - | (14.5) | 14.5 | - |
| **Operating Profit** | **32.9** | **26.9** | **59.8** | **10.2** | **30.7** | **40.8** |
| **Operating Margin** | **14%** | | **25%** | **5%** | | **19%** |
| | | | | | | |
| Financing Costs | (4.3) | - | (4.3) | (6.9) | - | (6.9) |
| Taxation | (6.7) | (4.8) | (11.5) | (1.1) | (5.3) | (6.4) |
| Net Earnings | 21.9 | 22.1 | 43.9 | 2.1 | 25.4 | 27.5 |
| **EPS (USD per Share)** | **0.30** | **0.31** | **0.61** | **0.03** | **0.35** | **0.38** |

# Net earnings reconciliation IFRS to non-IFRS

| In USDm, except EPS | Q3-23 | Q3-22 |
|---|---|---|
| **IFRS net earnings** | **21.9** | **2.1** |
| Share-based payments | 11.8 | 14.5 |
| Amortisation of acquired intangibles | 11.0 | 11.1 |
| Restructuring / M&A related costs | 4.1 | 5.1 |
| Taxation | (4.8) | (5.3) |
| **Net earnings for non-IFRS EPS** | **43.9** | **27.5** |
| | | |
| No. of dilutive shares (m shares) | 72.4 | 71.9 |
| **Non-IFRS diluted EPS (USD)** | **0.61** | **0.38** |

# 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 / 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 / M&A related costs**
Costs incurred in connection with a restructuring programme or other organisational transformation activities planned and controlled by management, or cost related mainly to advisory fees, integration costs and earn out credits or charges. 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.

**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

# 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

temenos