

**temenos**

temenos

# Financial Results and Business Update

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19 February 2024

Quarter ended, 31 December 2023



# 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.

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 19 February 2024. We anticipate that subsequent events and developments may cause the Company's guidance and estimates to change. Such events may include adverse publicity from information put into market place by a short seller, which the company believes to be inaccurate and misleading, as well as the time and efforts relating to the company's response thereto. 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. 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.

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.

# Q4-23 highlights

## Q4-23 and FY-23 financial highlights (non-IFRS, c.c.)

- Q4-23 results in line with pre-announcement
- ARR, Total Software Licensing, EBIT, EPS and FCF all well above guidance
- ARR of USD730m, up 16% in Q4 and FY-23
- Subscription revenue up 40% in Q4 and 50% in FY-23
- SaaS ACV of USD9m, SaaS revenue up 19% in Q4 and 25% in FY-23
- Total software licensing growth of 6% in Q4 and 10% in FY-23
- Maintenance revenue up 7% in Q4-23 driven by subscriptions, value uplift on relicensing and CPI contractual increases
- EBIT growth of 5% in Q4 and 12% in FY-23
- EPS growth of 4% in Q4 and 13% in FY-23 (reported)
- Free Cash Flow of USD114m, up 7% in Q4 and 26% in FY-23

## Q4-23 operational highlights

- Stable sales environment throughout the quarter
- Subscription transition substantially complete
- Strong performance in Europe and the Americas
- Continued momentum with tier 1 and 2 banks, contributing 46% of Total Software Licensing in Q4-23 and 43% in FY-23
- Significant progress on customer engagement, NPS score of +54 based on survey of over 900 customers
- Launch of Temenos LEAP, a new holistic modernization program, to accelerate client migration to latest Temenos cloud and SaaS platform

## FY-24 guidance (non-IFRS, c.c.)

- ARR growth of about 15%
- Total software licensing revenue growth of 7-10%
- EBIT growth of 7-9%
- EPS growth of 6-8%
- FCF growth of at least 16%

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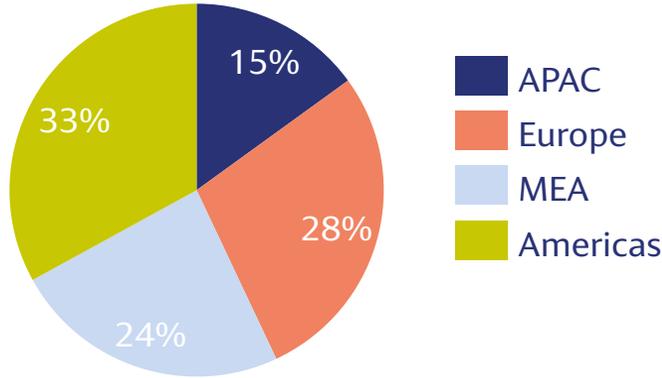
# Q4-23 sales and operational review

- Continued stable sales environment throughout Q4-23; positive pipeline development with multiple large deals signed
- Subscription transition substantially complete with strong value uplift on new deals and renewals
- Continued strong momentum in Europe, multiple deals signed with large banks in the quarter including contribution from tier 1 global private banking deal signed in Q1-23 and global Swiss private bank extending relationship
- Tier 1 global US bank extended relationship with Temenos in international corporate banking, after signing private banking deal in 2022
- Large European bank extended relationship with Temenos for Infinity
- SaaS ACV driven by incremental signings with new clients, in particular in Europe, and some additional volume consumption from existing clients; stronger SaaS ACV expected over the coming quarters
- Ongoing investment in Sales & Marketing, strengthening of regional management with William Moroney appointed President International and appointed to the Executive Committee along with Phil Barnett, President Americas
- 19 new client wins in the quarter, across SaaS and subscription
- Tier 1 & 2 mix in total software licensing at 46% in Q4-23 and 43% in FY-23

## Total software licensing

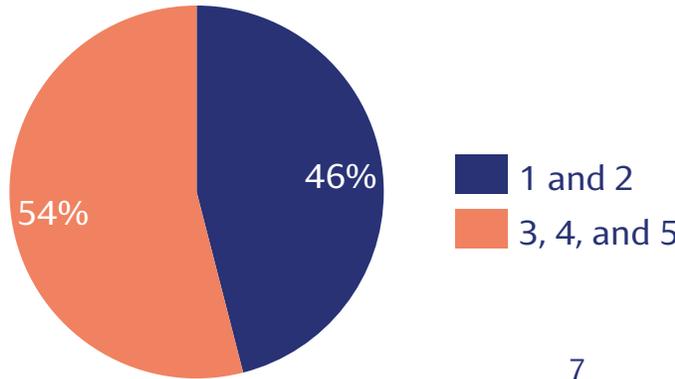
### Geographic split

Q4-23



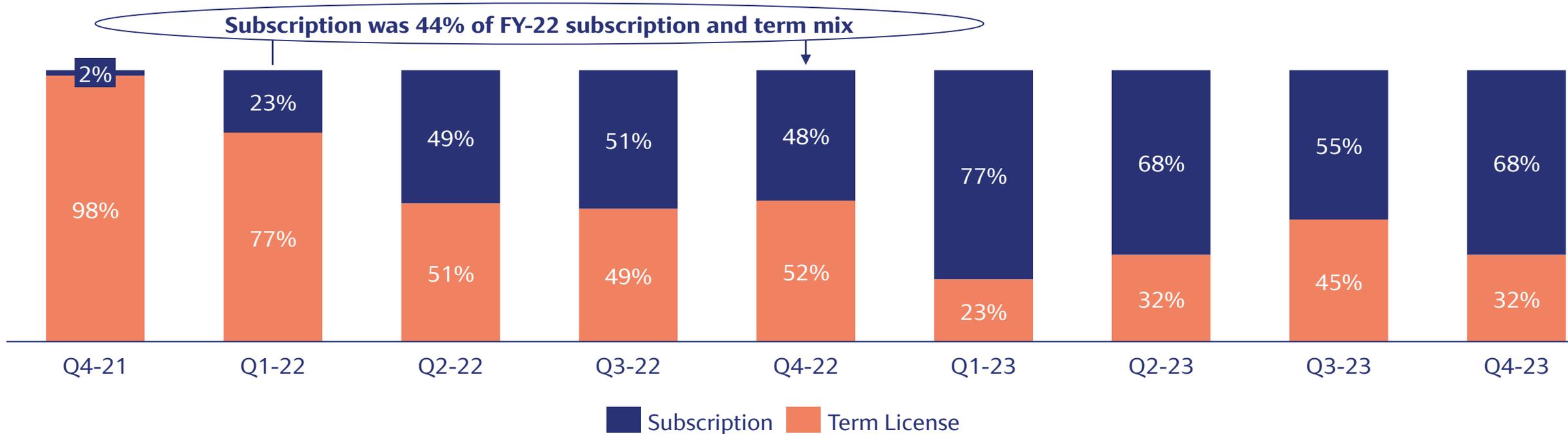
### Tiers

Q4-23



# Subscription transition substantially complete

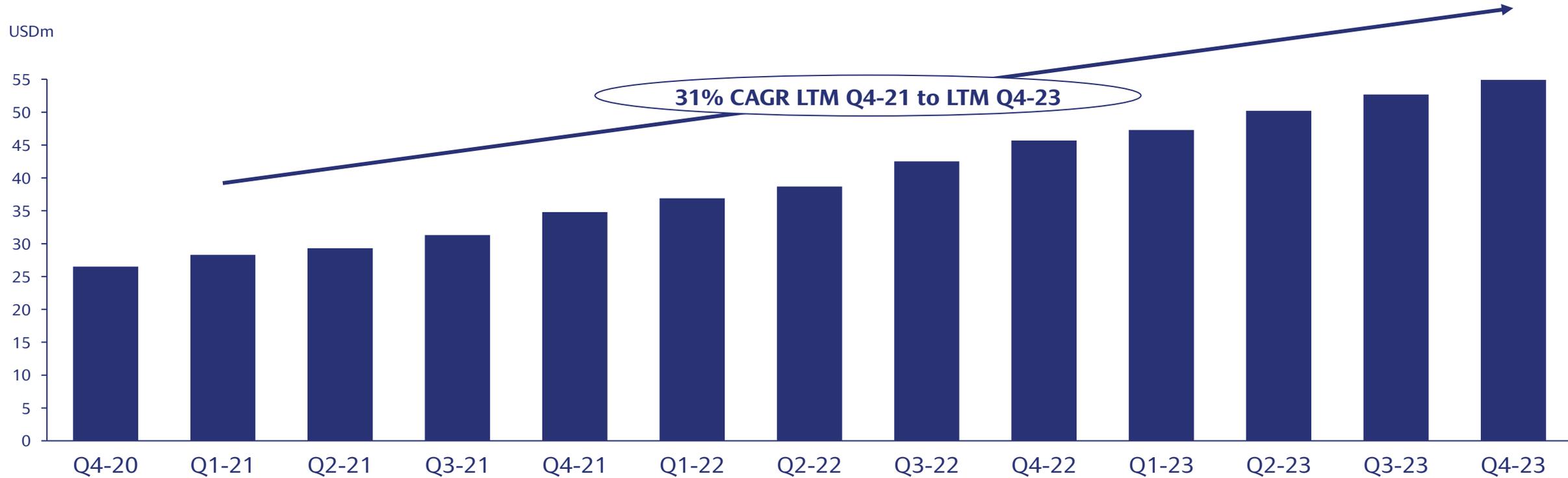
## Subscription and term license mix



Subscription represented 67% of FY-23 subscription/term license mix, up from 44% in FY-22

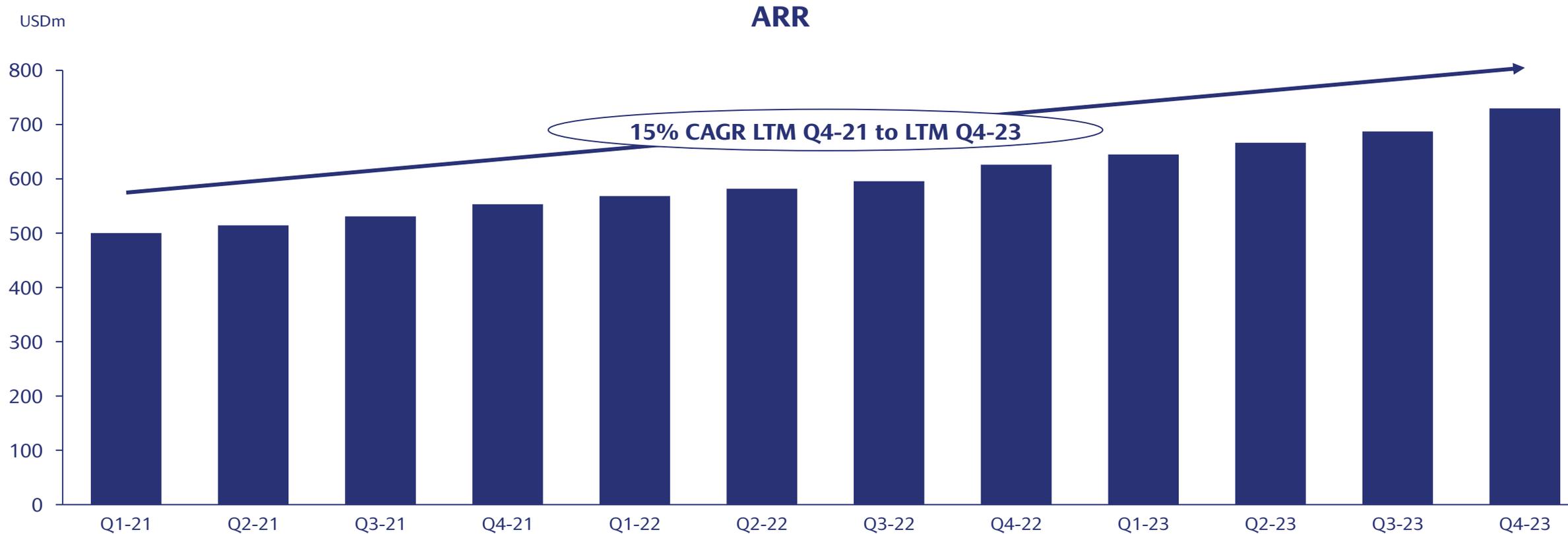
# SaaS momentum continues with revenue growth of 25% in FY-23

## SaaS Revenue



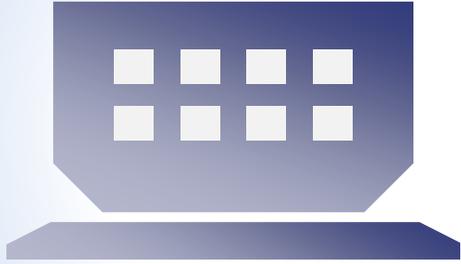
**Q4-23 SaaS ACV of USD9m; mix of new logos and additional consumption**

# Strong ARR growth trajectory, up 16% in FY-23



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

# Strategic priorities for 2024



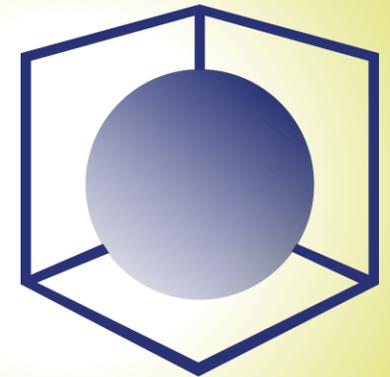
Temenos  
Enterprise  
Services

Temenos  
Leap



Generative &  
Responsible AI

Lean  
Core



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# Q4-23 Non-IFRS financial highlights

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

- ARR of USD 730.0m, up 16%
- Subscription revenue of USD 67.3m in Q4-23
- SaaS revenue up 19% in Q4-23
- Total software licensing up 6% in Q4-23
- Maintenance growth of 7% in Q4-23
- Total revenue growth of 6% in Q4-23
- EBIT up 5% in Q4-23
- Q4-23 EBIT margin of 34.0%
- EPS (reported) up 4% in Q4-23

## Cash flow

- Q4-23 operating cash flow of USD 175.7m, up 31% y-o-y; up 24% in FY-23
- FY-23 operating cash conversion of 118% of IFRS EBITDA
- Q4-23 Free Cash Flow of USD 113.6m, up 7% y-o-y; up 26% in FY-23
- DSOs at 141 days, up 13 days y-o-y and up 17 days q-o-q

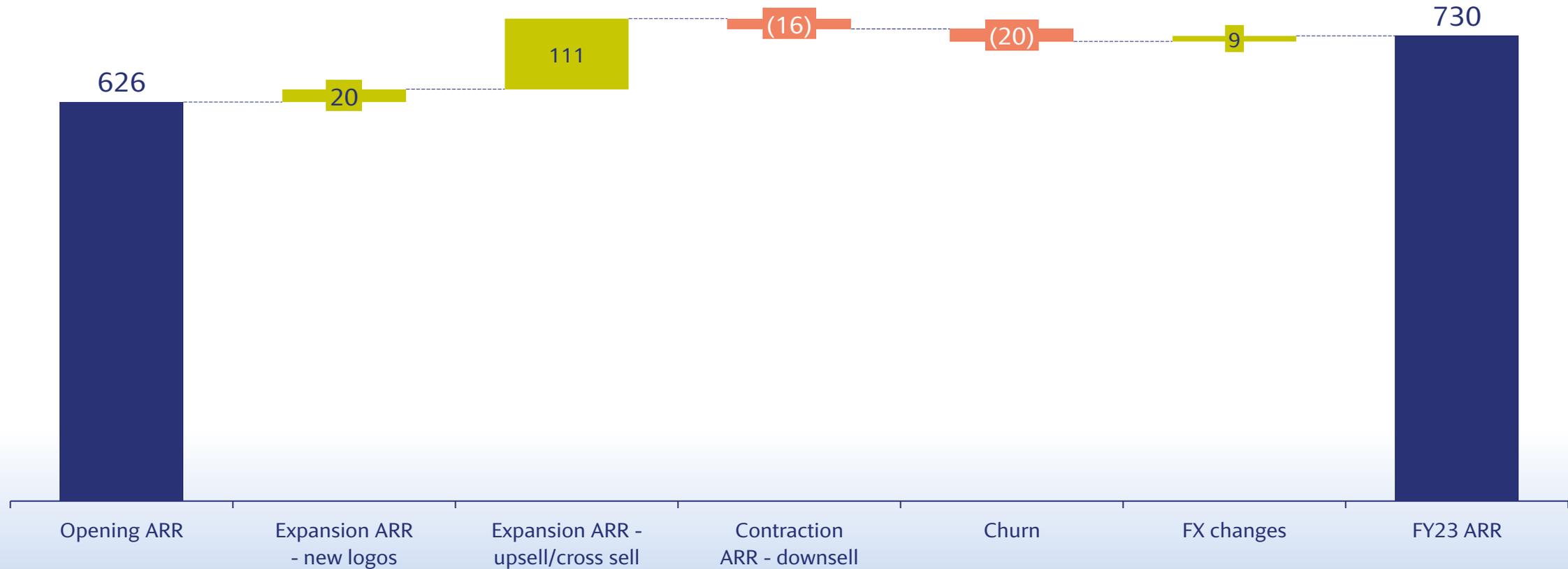
## Debt, leverage and capital allocation

- Net debt of USD 623m as of 31 December 2023
- Leverage at 1.6x at year-end, down from 1.8x at Q3-23
- Dividend of CHF1.20 announced for FY-23, up 9% on FY-22 dividend, to be voted on at the AGM on 7 May 2024

# ARR and Non-IFRS income statement – operating

ARR (USDm)	Q4-23	Q4-22	Y-o-Y reported	Y-o-Y c.c.	FY-23	FY-22	Y-o-Y reported	Y-o-Y c.c.
ARR	730.0	626.1	17%	16%	730.0	626.1	17%	16%
Income statement (USDm)	Q4-23	Q4-22	Y-o-Y reported	Y-o-Y c.c.	FY-23	FY-22	Y-o-Y reported	Y-o-Y c.c.
Subscription	67.3	47.3	42%	40%	160.4	105.7	52%	50%
Term Licence	31.7	51.0	(38)%	(39)%	78.1	135.4	(42)%	(42)%
SaaS	54.9	45.7	20%	19%	205.1	163.7	25%	25%
Total software licensing	153.9	144.0	7%	6%	443.6	404.8	10%	10%
Maintenance	109.6	102.3	7%	7%	423.7	401.9	5%	5%
Services	34.6	31.8	9%	6%	132.9	142.9	(7)%	(8)%
Total revenue	298.0	278.0	7%	6%	1,000.2	949.6	5%	5%
Operating costs	196.7	184.1	7%	7%	687.3	677.3	1%	2%
EBIT	101.3	94.0	8%	5%	313.0	272.4	15%	12%
Margin	34.0%	33.8%	0% pts	(0)% pts	31.3%	28.7%	3% pts	2% pts
EBITDA	123.0	116.3	6%	3%	398.8	364.6	9%	8%
Margin	41.3%	41.8%	(1)% pts		39.9%	38.4%	1% pts	

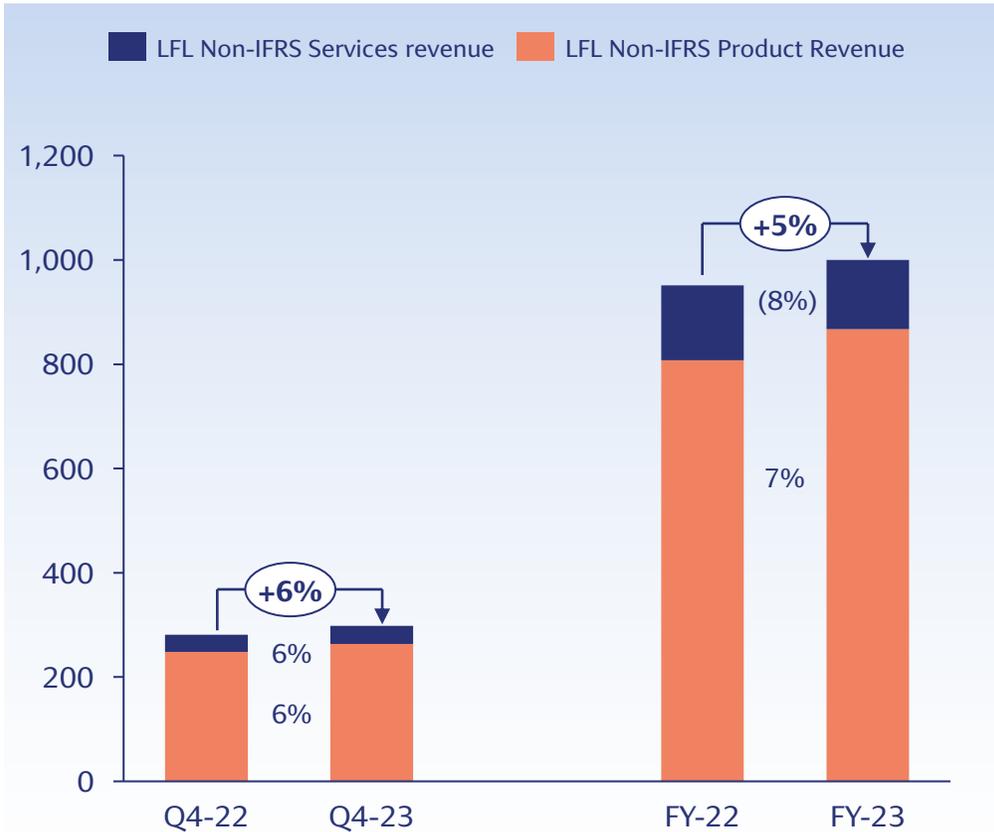
# ARR Bridge FY-22/FY-23



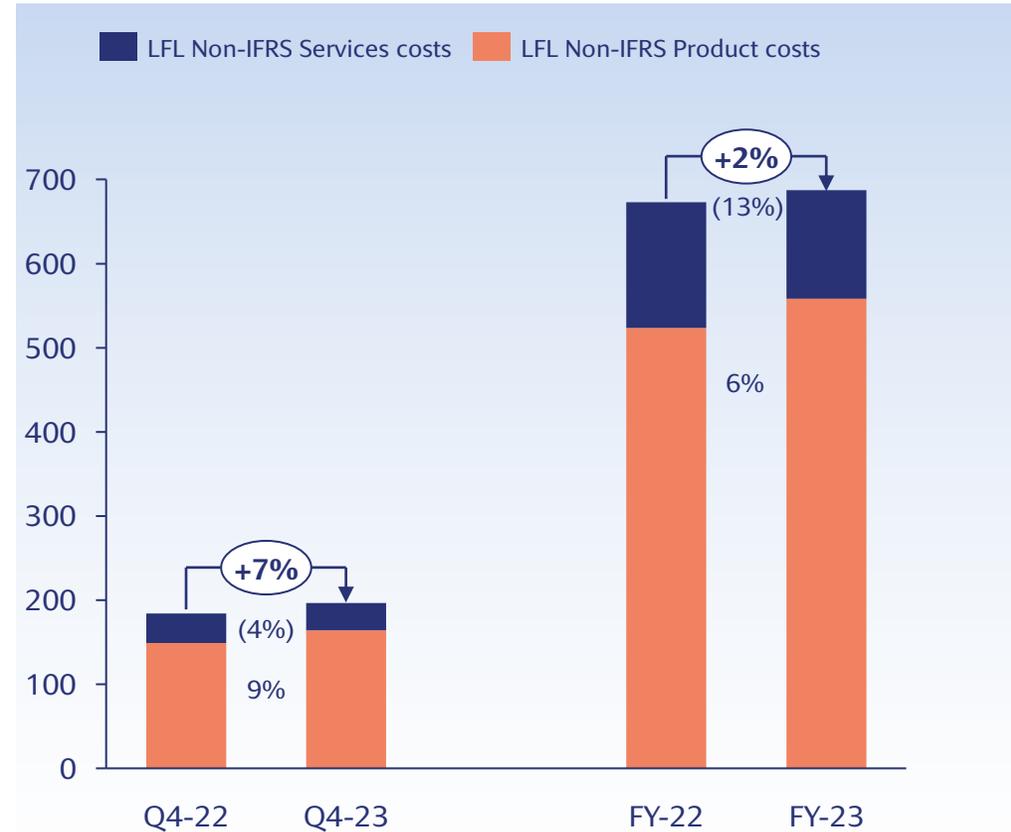
- Expansion ARR – new logos are deals done with new customers
- Expansion ARR – upsell/cross include deals with existing customers such as new software, incremental volume consumption and renewals
- Contraction ARR – downsell includes clients that have reduced the amount of software or volume they are using
- Churn includes clients that have completely stopped using Temenos software and services

# Like-for-like revenues and costs

- Q4-23 LFL Non-IFRS revenues up 6%
- FY-23 LFL Non-IFRS revenues up 5%



- Q4-23 LFL Non-IFRS costs up 7%
- FY-23 LFL Non-IFRS costs up 2%

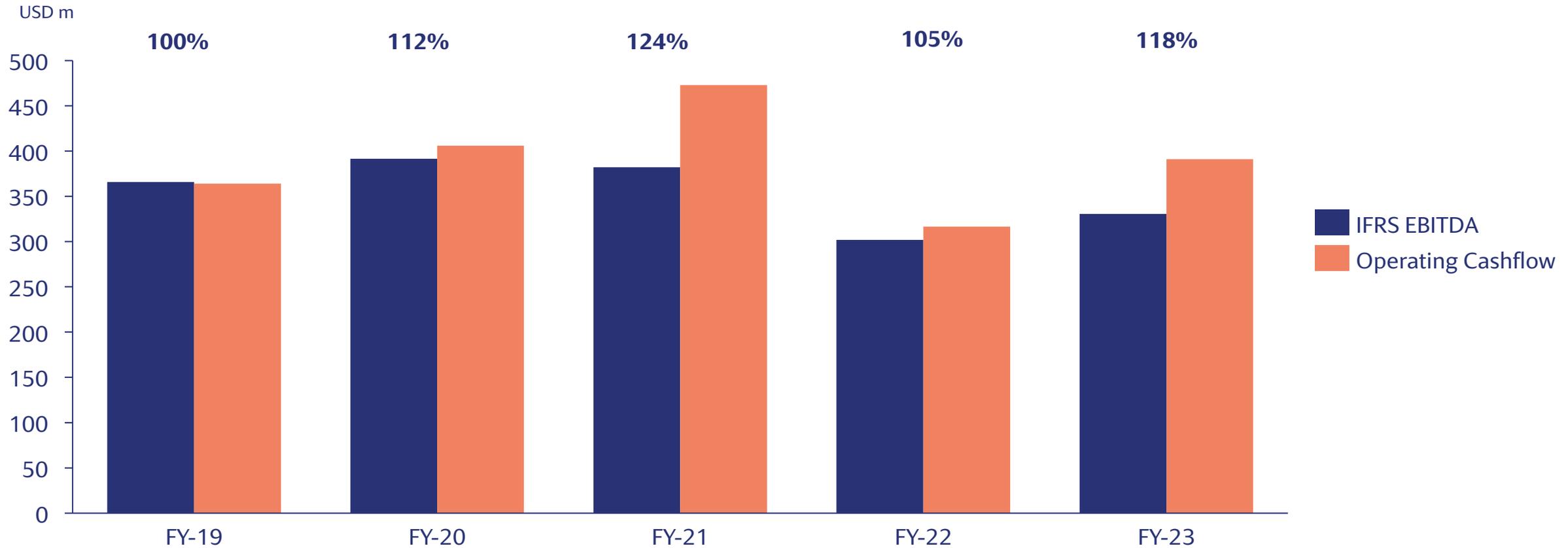


Note: figures are non-IFRS c.c. growth rates unless otherwise stated

## Non-IFRS income statement – non-operating

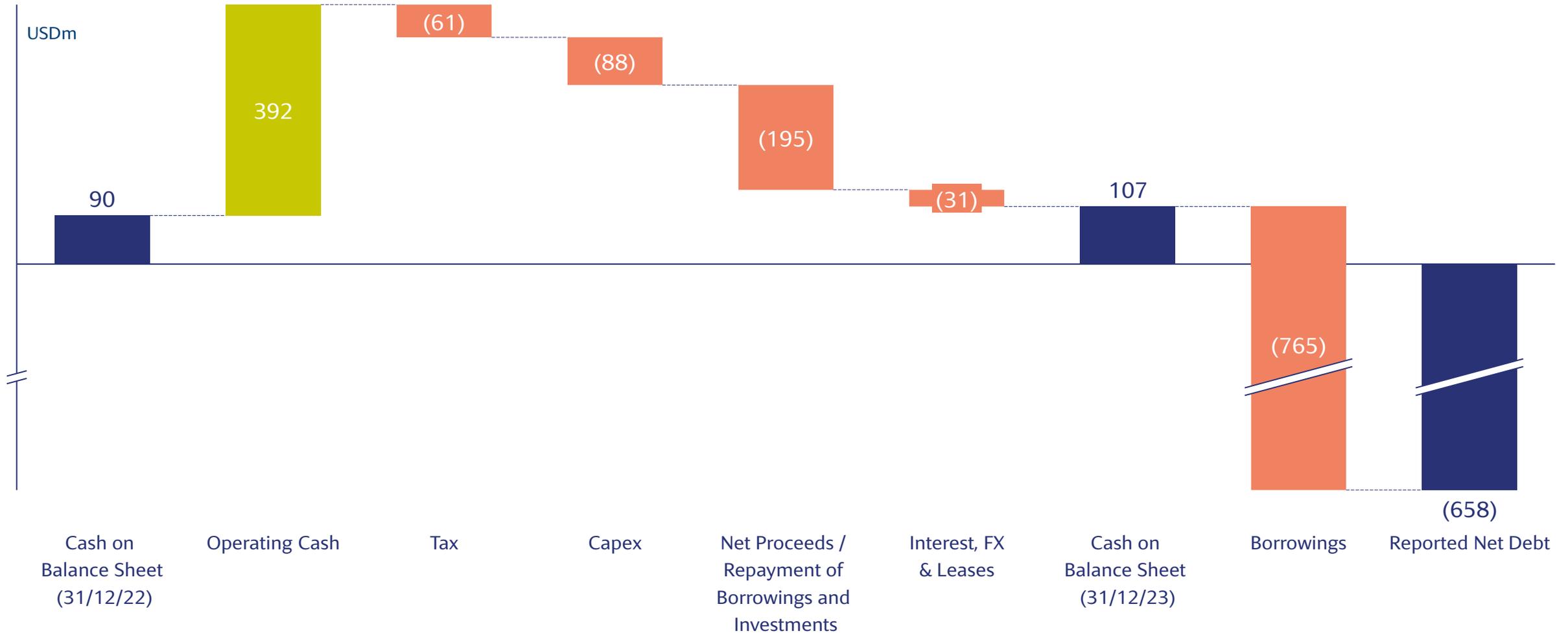
In USDm, except EPS	Q4-23	Q4-22	Y-o-Y reported	FY-23	FY-22	Y-o-Y reported
EBIT	101.3	94.0	8%	313.0	272.4	15%
Net finance charge	(5.8)	(6.7)	(13)%	(22.4)	(23.1)	(3)%
FX gain / (loss)	(0.8)	1.6	(149)%	0.8	1.3	(40)%
Tax	(19.8)	(17.6)	13%	(59.7)	(47.5)	26%
<b>Net profit</b>	<b>74.9</b>	<b>71.3</b>	<b>5%</b>	<b>231.7</b>	<b>203.1</b>	<b>14%</b>
<b>EPS (USD)</b>	<b>1.03</b>	<b>0.99</b>	<b>4%</b>	<b>3.19</b>	<b>2.82</b>	<b>13%</b>

# IFRS cash conversion



Cash conversion well above 100% target

# Group liquidity



Leverage at 1.6x at end of Q4-23

Note: Net debt is reported

## FY-24 guidance (non-IFRS, c.c.)

	FY-24 guidance	FY-23 base (USD, c.c.)
ARR	About 15% growth	729m
Total software licensing	7-10% growth	445m
EBIT	7-9% growth	310m
EPS	6-8% growth	3.19*
Free Cash Flow	At least 16% growth	243m*

\* FY-23 EPS and Free Cash Flow are reported figures and not restated.  
See Disclaimer at beginning of this presentation on forward-looking statements

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

	Mid-term targets (USD)	FY-23 base (USD, c.c.)
ARR	>1.3bn	729m
EBIT	>570m	310m
Free Cash Flow (reported)	>700m	243m*

\* FY-23 Free Cash Flow is reported figure and not restated.  
See Disclaimer at beginning of this presentation on forward-looking statements

## 2024 Capital Markets Day

- Capital Markets Day being held on Tuesday 20<sup>th</sup> February 2024, from 0900 – 0930 UK / **1000 – 1030 CET**  
with presentations commencing at 0930 UK / 1030 CET
- Event will be held virtually **and** in person at The Institute of Engineering and Technology, Savoy Place,  
London, **WC2R 0BL, UK**
- Registration can be accessed [here](#)

## Concluding remarks

- Successfully moving to recurring revenue business model with USD730m of ARR at end of Q4-23, representing 84% of FY-23 product revenue
- Significant contribution to ARR growth from upsell/cross sell of existing customer base
- Subscription transition substantially complete, minimal term license remaining in pipeline for FY-24
- Growing demand for SaaS and cloud across client tiers, some of existing tier 3-5 base expected to start migrating to SaaS and cloud on renewal
- Subscription and SaaS driving growth in ARR, deferred revenue and Free Cash Flow
- Pipeline visibility for FY-24 supporting guidance, including a number of large tier 1 and 2 deals

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# Illustrative Non-IFRS EBIT Bridge FY-23/FY-24



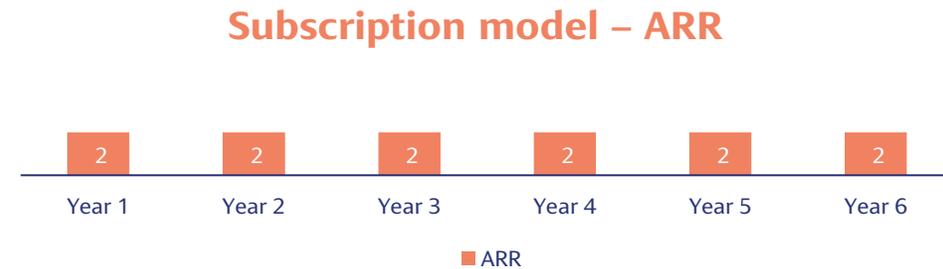
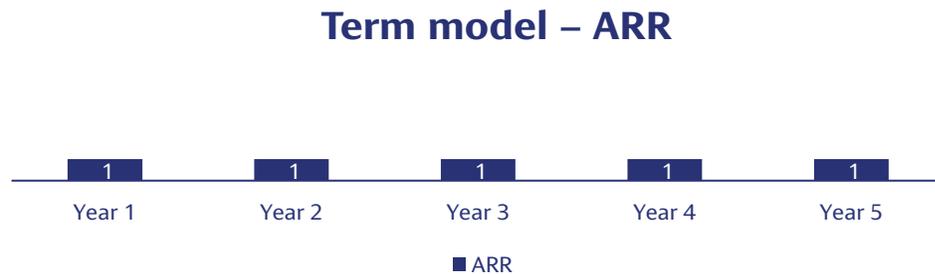
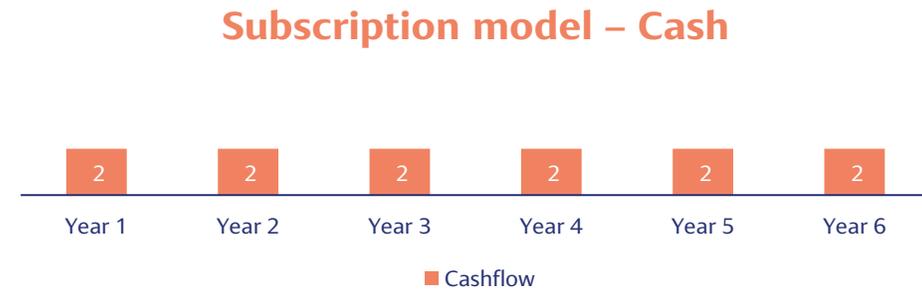
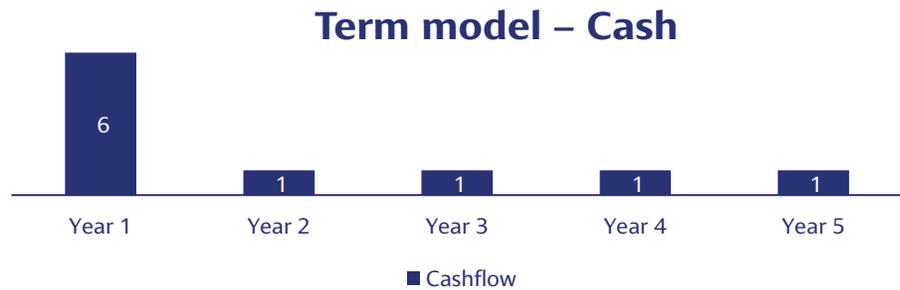
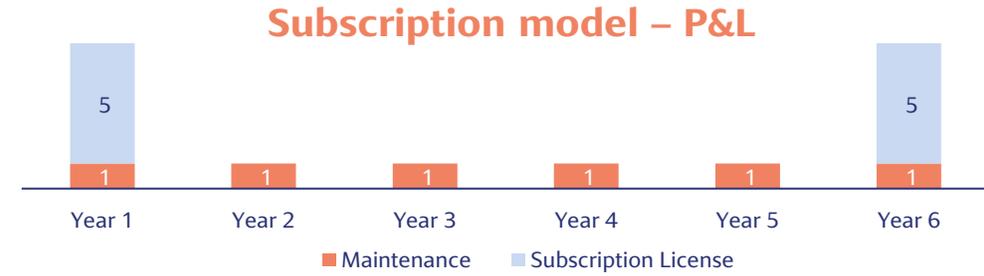
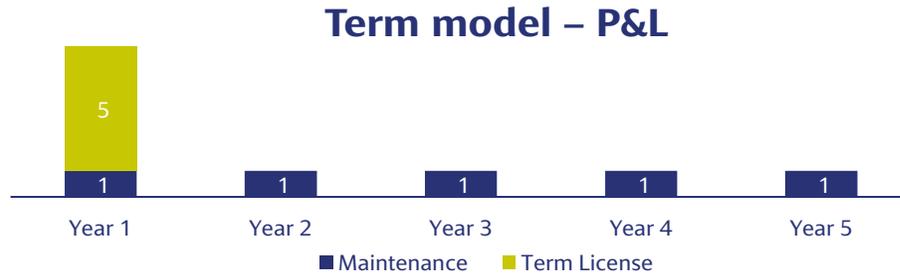
- Visibility on SaaS profitability driving FY-24 EBIT growth
- Prior year headwinds on services business overcome, contributing to margin expansion in FY-24
- Sustained commitment to investment in Cloud, S&M and R&D combined with wage inflation

# FCF evolution 2023 to 2024

Estimated movements for illustrative purposes only



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



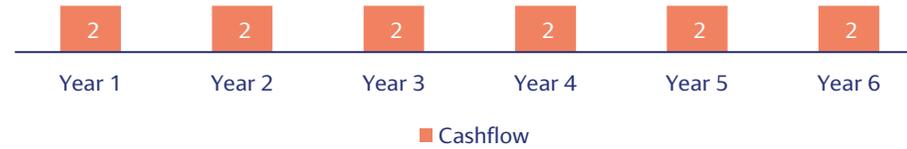
Note: Based on our standard 5 year term contract and based on IFRS15 standards, assumes no uplift in value from move to subscription

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

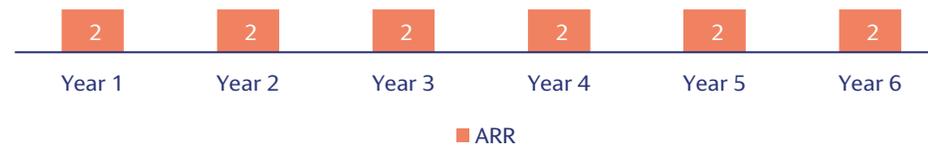
## SaaS model – P&L



## SaaS model – Cash



## SaaS model – ARR



# Q4-23 and FY-23 operational overview

**111 go-lives in Q4-23**

including 51 implementation go-lives

**391 go-lives in FY-23**

including 191 implementation go-lives



## FX and other assumptions underlying FY-24 guidance

**In preparing the FY-24 guidance, the Company has assumed the following FX rates:**

EUR to USD exchange rate of 1.08

GBP to USD exchange rate of 1.27; and

USD to CHF exchange rate of 0.87

**The Company has also assumed the following for FY-24 guidance:**

- Cash conversion of 100%+ of IFRS EBITDA into Operating Cash
- FY-24 tax rate expected to be between 20-22%

# FX exposure

% of total	USD	EUR	GBP	CHF	INR	RON	Other
Total software licensing	69%	19%	2%	3%	0%	0%	6%
Maintenance	77%	15%	2%	1%	0%	0%	6%
Services	55%	27%	6%	5%	0%	0%	7%
<b>Revenues</b>	<b>70%</b>	<b>18%</b>	<b>3%</b>	<b>3%</b>	<b>0%</b>	<b>0%</b>	<b>6%</b>
<b>Non-IFRS costs</b>	<b>27%</b>	<b>18%</b>	<b>10%</b>	<b>5%</b>	<b>16%</b>	<b>2%</b>	<b>21%</b>
<b>Non-IFRS EBIT</b>	<b>165%</b>	<b>19%</b>	<b>(15)%</b>	<b>(3)%</b>	<b>(35)%</b>	<b>(3)%</b>	<b>(27)%</b>

NB. All % are approximations based on FY-23 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	Q4-23
SaaS ACV	18.9	20.2	12.8	8.6

# Quarterly ARR, FCF

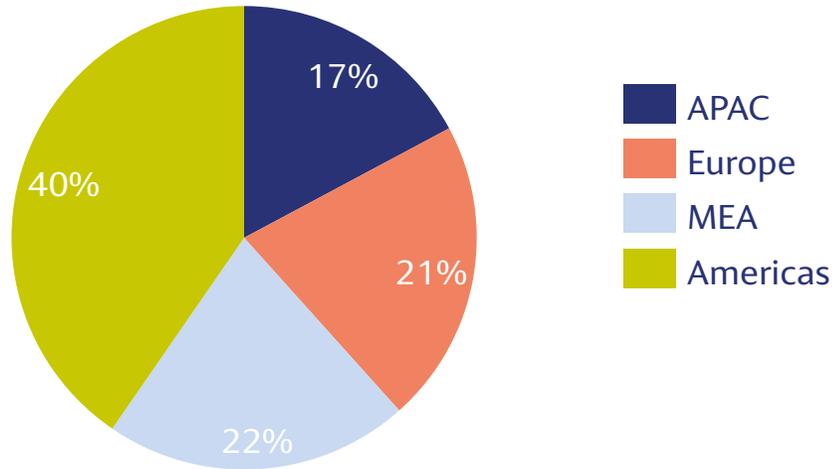
ARR, USD m	Q1-20	Q2-20	Q3-20	Q4-20	Q1-21	Q2-21	Q3-21	Q4-21	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23	Q3-23	Q4-23
ARR	468.1	475.4	486.4	493.5	500.1	514.4	530.8	553.4	568.4	581.9	595.9	626.1	645.2	666.8	687.5	730.0

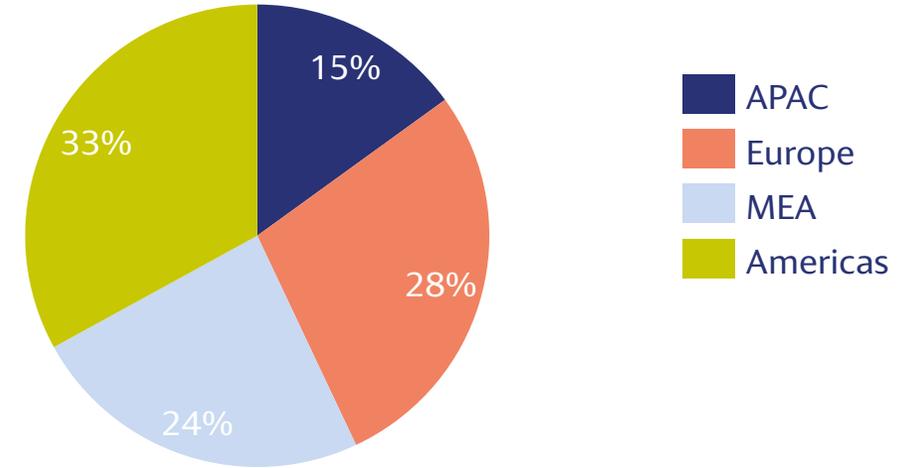
FCF, USD m	Q1-20	Q2-20	Q3-20	Q4-20	Q1-21	Q2-21	Q3-21	Q4-21	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23	Q3-23	Q4-23
FCF	35.7	69.7	33.9	157.7	45.5	86.5	40.3	185.6	32.3	49.9	4.8	105.9	38.7	62.7	27.6	113.6

# Total software licensing revenue breakdown by geography

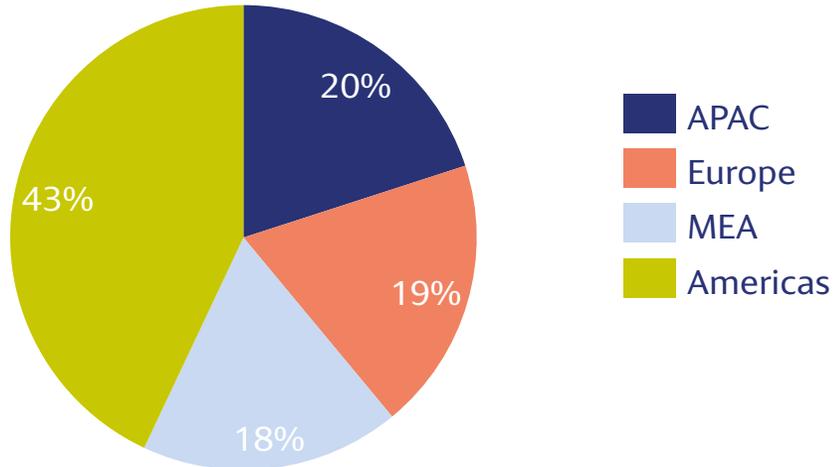
Q4-22



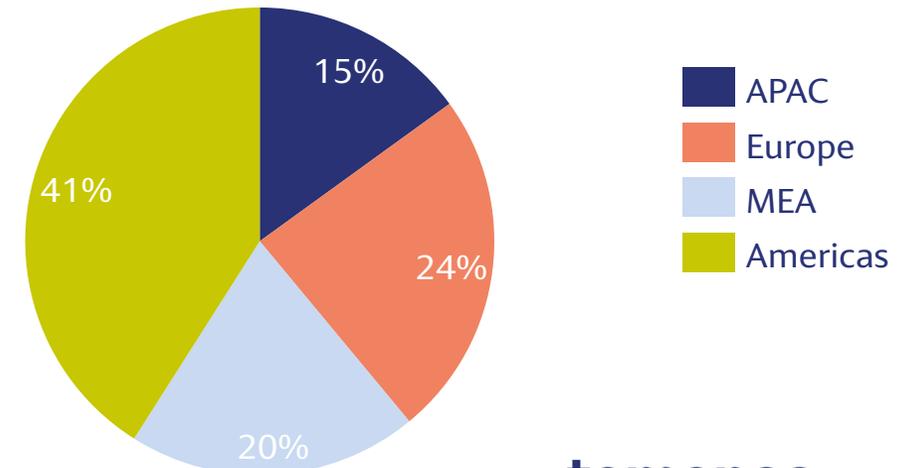
Q4-23



FY-22

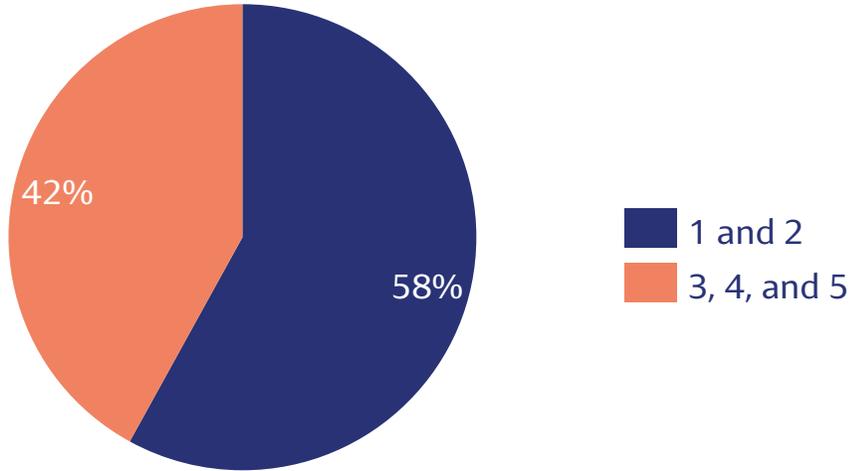


FY-23

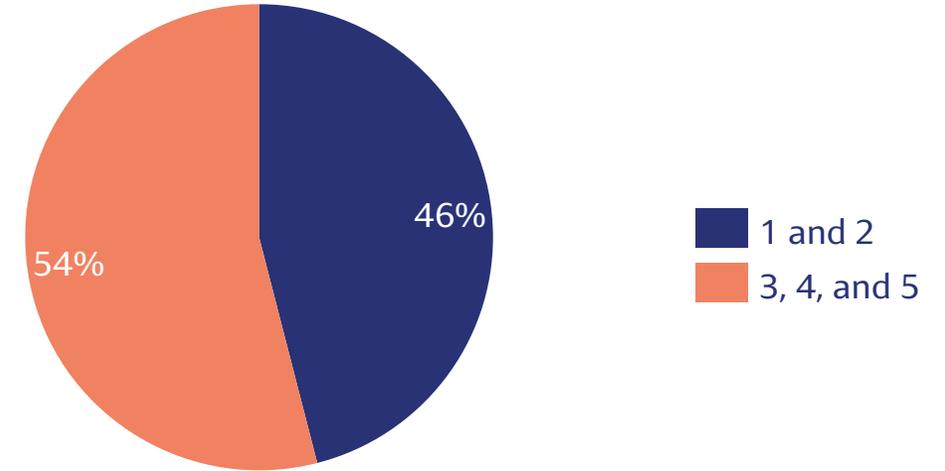


# Total software licensing revenue breakdown by customer tier

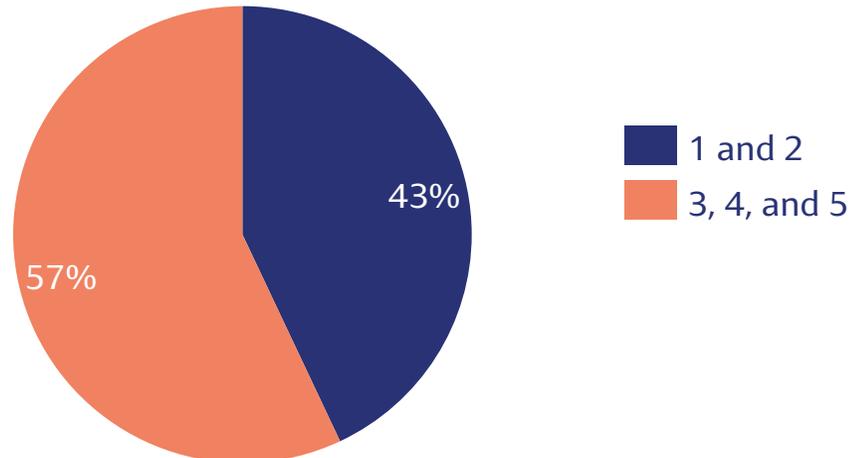
Q4-22



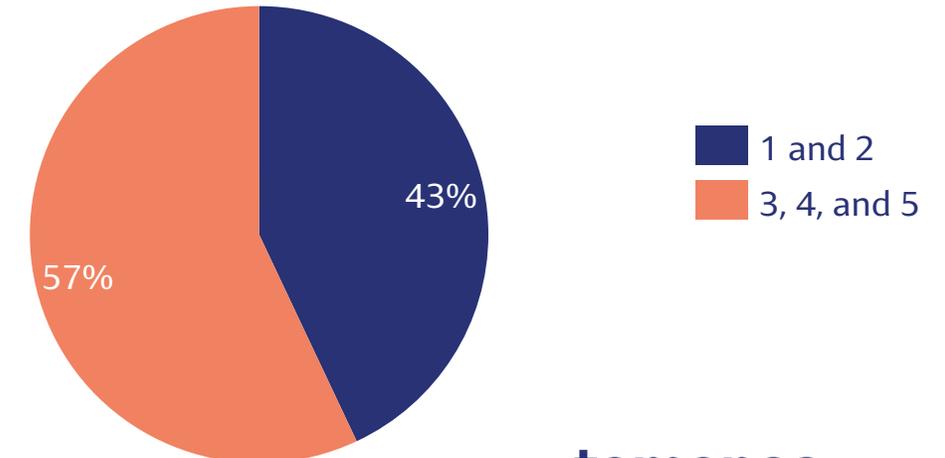
Q4-23



FY-22

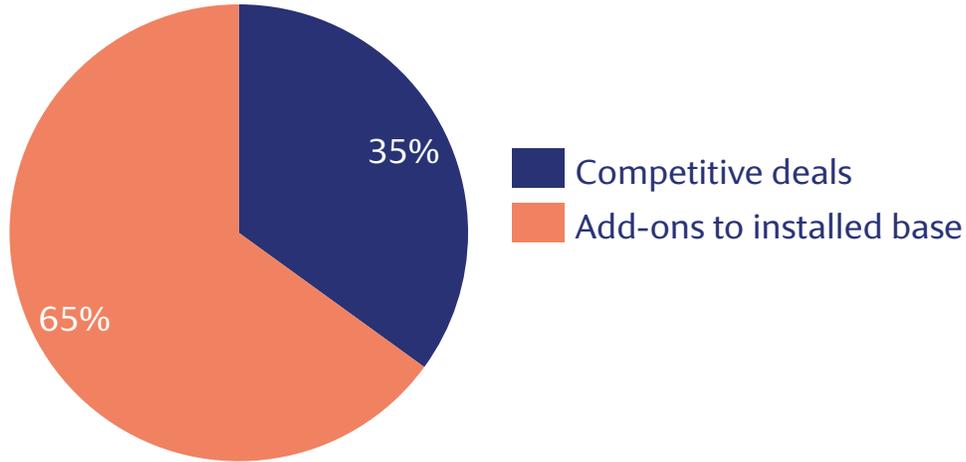


FY-23

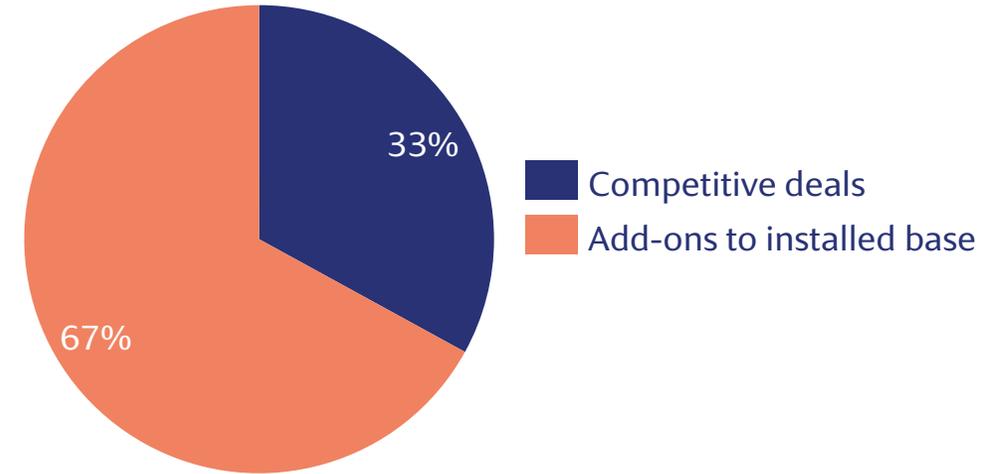


# Software licensing revenue breakdown by competitive deals/ add-ons to installed base

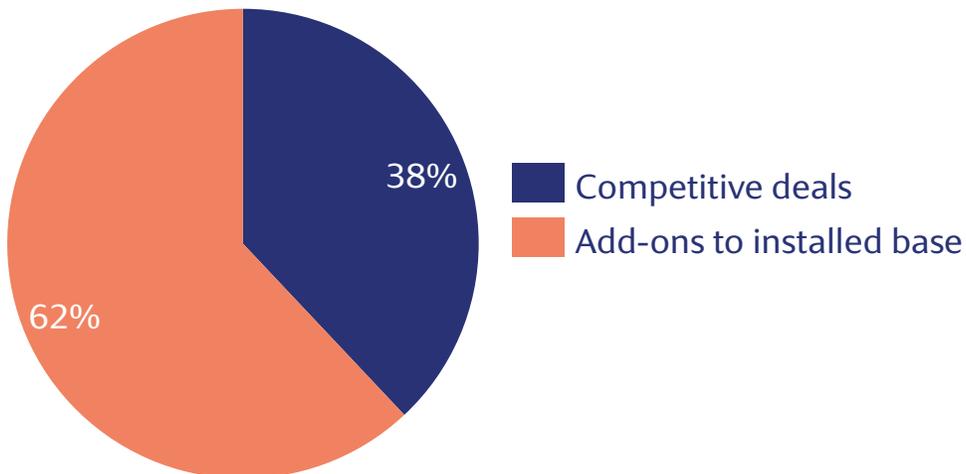
Q4-22



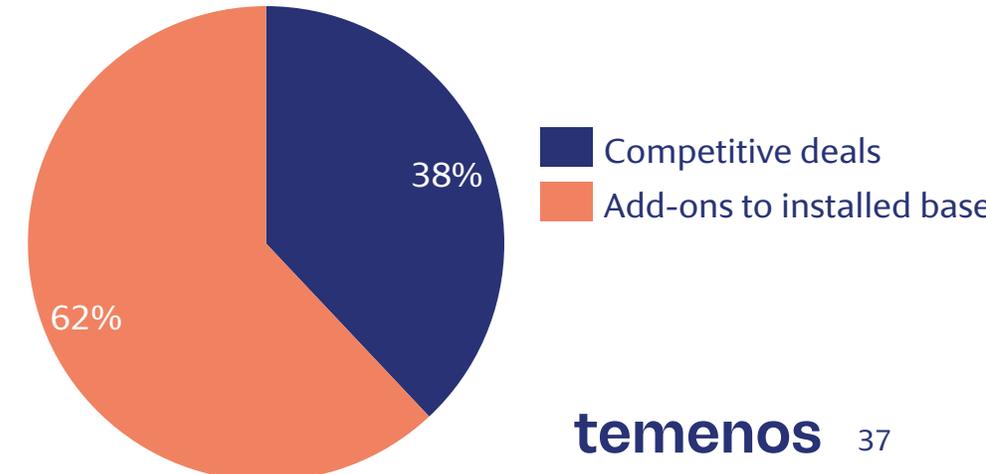
Q4-23



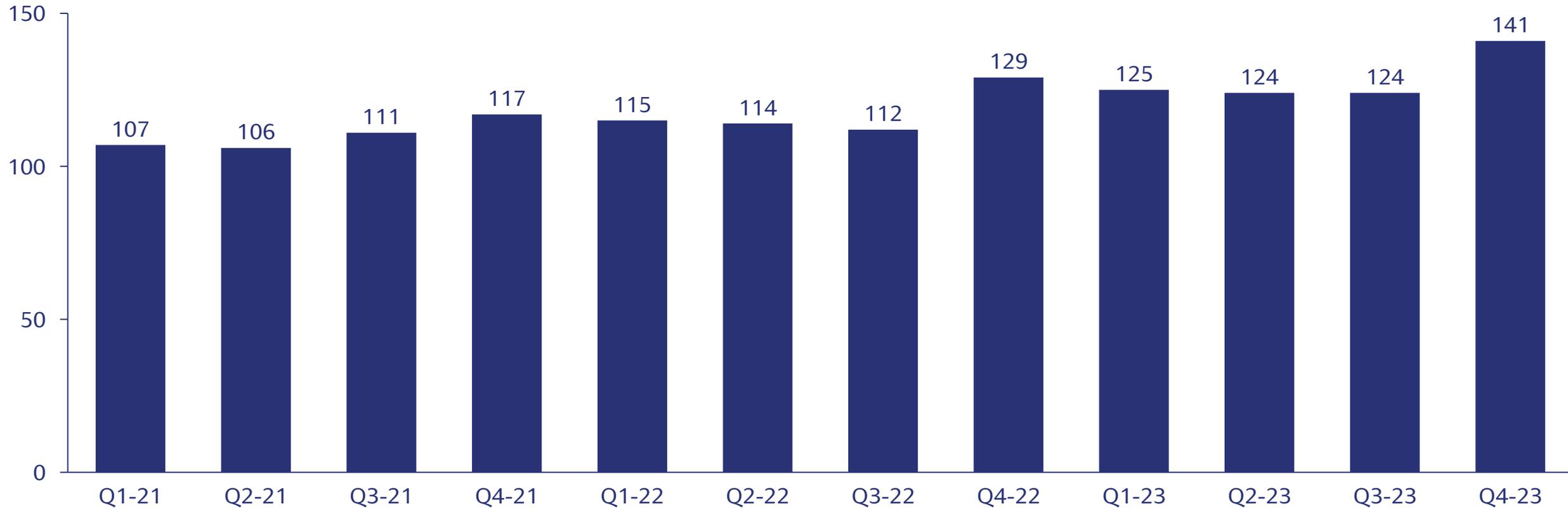
FY-22



FY-23



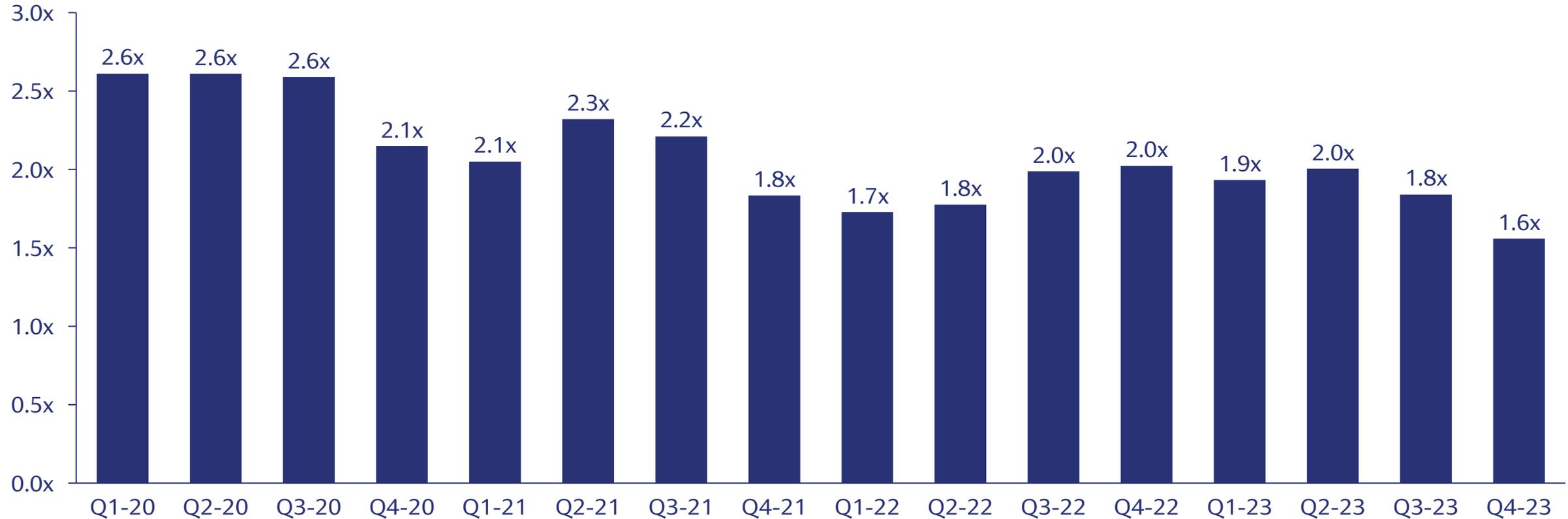
# DSOs



**DSOs at 141 at Q4-23**

# 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
<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)	(21.3)	(20.8)	(86.3)
Amortisation	15.8	16.4	15.7	15.6	63.4
<b>Net cap' dev'</b>	<b>(6.1)</b>	<b>(6.0)</b>	<b>(5.6)</b>	<b>(5.2)</b>	<b>(22.9)</b>

USDm	Q1-23	Q2-23	Q3-23	Q4-23	FY-23
Cap' dev' costs	(19.7)	(18.2)	(19.4)	(19.3)	(76.6)
Amortisation	14.4	14.7	14.7	14.8	58.6
<b>Net cap' dev'</b>	<b>(5.3)</b>	<b>(3.5)</b>	<b>(4.7)</b>	<b>(4.6)</b>	<b>(18.1)</b>

# FCF Evolution 2023 to Mid-term

Estimated movements for illustrative purposes only



# 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

+ / - M&A related costs

+ / - Fair value change on financial investments

+ / - Restructuring

+ / - Taxation

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= **Non-IFRS profit measure**

## Accounting elements not included in non-IFRS guidance

Below are the accounting elements not included in the FY-24 non-IFRS guidance:

FY-24 estimated share-based payments charge of c.5% of revenue

FY-24 estimated amortisation of acquired intangibles of USD50m

FY-24 estimated restructuring / M&A related costs of USD12m

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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 19 February 2024. The above figures are estimates only and may deviate from expected amounts.

# Earnings Reconciliation Q4-23 – IFRS to non-IFRS

In USDm, except EPS	3 Months Ending 31 December			3 Months Ending 31 December		
	2023		2023	2022		2022
	IFRS	Non-IFRS adj.	Non-IFRS	IFRS	Non-IFRS adj.	Non-IFRS
Subscription	67.3		67.3	47.3		47.3
Term Licence	31.7		31.7	51.0		51.0
SaaS	54.9		54.9	45.7		45.7
<b>Total Software Licensing</b>	<b>153.9</b>		<b>153.9</b>	<b>144.0</b>		<b>144.0</b>
Maintenance	109.6		109.6	102.3		102.3
Services	34.6		34.6	31.8		31.8
<b>Total Revenue</b>	<b>298.0</b>		<b>298.0</b>	<b>278.0</b>		<b>278.0</b>
<b>Total Operating Costs</b>	<b>(229.7)</b>	<b>33.0</b>	<b>(196.7)</b>	<b>(214.0)</b>	<b>29.9</b>	<b>(184.1)</b>
Restructuring/M&A related costs	(2.5)	2.5	-	(6.0)	6.0	-
Amort of Acq'd Intang.	(11.8)	11.8	-	(11.0)	11.0	-
Share-based payments	(18.8)	18.8	-	(12.9)	12.9	-
<b>Operating Profit</b>	<b>68.3</b>	<b>33.0</b>	<b>101.3</b>	<b>64.0</b>	<b>29.9</b>	<b>94.0</b>
<b>Operating Margin</b>	<b>23%</b>		<b>34%</b>	<b>23%</b>		<b>34%</b>
Financing Costs	(11.5)	4.9	(6.6)	(0.7)	(4.4)	(5.1)
Taxation	(12.9)	(6.9)	(19.8)	(15.4)	(2.2)	(17.6)
Net Earnings	43.9	31.0	74.9	48.0	23.3	71.3
<b>EPS (USD per Share)</b>	<b>0.60</b>	<b>0.43</b>	<b>1.03</b>	<b>0.67</b>	<b>0.32</b>	<b>0.99</b>

# Earnings Reconciliation FY-23 – IFRS to non-IFRS

In USDm, except EPS	12 Months Ending 31 December			12 Months Ending 31 December		
	2023		2023	2022		2022
	IFRS	Non-IFRS adj.	Non-IFRS	IFRS	Non-IFRS adj.	Non-IFRS
Subscription	160.4		160.4	105.7		105.7
Term Licence	78.1		78.1	135.4		135.4
SaaS	205.1		205.1	163.7		163.7
<b>Total Software Licensing</b>	<b>443.6</b>		<b>443.6</b>	<b>404.8</b>		<b>404.8</b>
Maintenance	423.7		423.7	401.9		401.9
Services	132.9		132.9	142.9		142.9
<b>Total Revenue</b>	<b>1,000.2</b>		<b>1,000.2</b>	<b>949.6</b>		<b>949.6</b>
<b>Total Operating Costs</b>	<b>(800.8)</b>	<b>113.6</b>	<b>(687.3)</b>	<b>(786.2)</b>	<b>109.0</b>	<b>(677.3)</b>
Restructuring/M&A related costs	(14.7)	14.7	-	(15.4)	15.4	-
Amort of Acq'd Intang.	(45.0)	45.0	-	(45.8)	45.8	-
Share-based payments	(53.9)	53.9	-	(47.8)	47.8	-
<b>Operating Profit</b>	<b>199.4</b>	<b>113.6</b>	<b>313.0</b>	<b>163.4</b>	<b>109.0</b>	<b>272.4</b>
<b>Operating Margin</b>	<b>20%</b>		<b>31%</b>	<b>17%</b>		<b>29%</b>
Financing Costs	(26.5)	4.9	(21.6)	(17.4)	(4.4)	(21.8)
Taxation	(38.2)	(21.5)	(59.7)	(31.5)	(15.9)	(47.5)
Net Earnings	134.7	97.0	231.7	114.4	88.7	203.1
<b>EPS (USD per Share)</b>	<b>1.85</b>	<b>1.34</b>	<b>3.19</b>	<b>1.59</b>	<b>1.23</b>	<b>2.82</b>

## Net earnings reconciliation IFRS to non-IFRS

In USDm, except EPS	Q4-23	Q4-22	FY-23	FY-22
<b>IFRS net earnings</b>	<b>43.9</b>	<b>48.0</b>	<b>134.7</b>	<b>114.4</b>
Share-based payments	18.8	12.9	53.9	47.8
Amortisation of acquired intangibles	11.8	11.0	45.0	45.8
Restructuring and M&A related costs	2.5	6.0	14.7	15.4
Fair value change on financial instruments	4.9	(4.4)	4.9	(4.4)
Taxation	(6.9)	(2.2)	(21.5)	(15.9)
<b>Net earnings for non-IFRS EPS</b>	<b>74.9</b>	<b>71.3</b>	<b>231.7</b>	<b>203.1</b>
No. of dilutive shares (m shares)	72.9	71.9	72.6	72.0
<b>Non-IFRS diluted EPS (USD)</b>	<b>1.03</b>	<b>0.99</b>	<b>3.19</b>	<b>2.82</b>

# Non-IFRS definitions

## Non-IFRS adjustments

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### Share-based payment charges

Adjustment made for share-based payments and social charges

### Deferred revenue write-down

Adjustments made resulting from acquisitions

### Discontinued activities

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

### Acquisition / 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

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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.

### 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.

**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**