temenos

temenos

# Financial Results and Business Update


**Jean-Pierre Brulard, CEO**
**Takis Spiliopoulos, CFO**


22 April 2025

Quarter ended, 31 March 2025

temenos

# 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 April 22$^{nd}$, 2025. We anticipate that subsequent events and developments may cause the Company's guidance and estimates to change. 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.

temenos

# 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.

# Agenda

**CEO update**

**Operational and financial update**

**Appendix**

# Q1-25 highlights

- Q1-25 proforma ARR of USD 741m, up 9% y-o-y c.c.
- Q1-25 proforma free cash flow of USD 49m, up 12% y-o-y
- Sales environment remained stable until last two weeks of the quarter, which saw some push out of deal signings given increased macroeconomic uncertainty; deals expected to be signed in Q2-25, indicative growth rates provided for Q2-25
- Solid growth in ARR and maintenance providing visibility on future revenue and free cash flow
- Strong high-teens growth in software licensing largely compensated for anticipated downsell from large SaaS Buy Now Pay Later (BNPL) customer
- Continued executing targeted investments across the business
- Strong growth in profitability driven by excellent cost control and progress on cost savings initiatives
- FY-25 guidance reconfirmed whilst recognizing increased macroeconomic uncertainty; FY-28 targets also reconfirmed
- Strength of balance sheet and free cash flow generation support share buyback of up to CHF 250m; repurchased shares to be proposed for cancellation at the 2026 AGM

Note: figures are proforma, excluding Multifonds

# Q1-25 deal wins and customer success

## New customer wins

- **UK-based global payments provider**
- **SaaS core banking**
- Selected Temenos for efficient **scalability**, **multi-country localization** including **planned US expansion** and rapid launch of new products

- **North American digital investment platform**
- **SaaS core banking**
- Replacing neo vendor with Temenos for **proven scalability, localization and rapid new product launch**

## Customer success

**70 go-lives in Q1-25**
up from 61 in Q1-24

Note: go-live figures for Q1-24 and Q1-25 excluding Multifonds

# Strategic focus on US growth

**Our growth levers and operational plan are designed to maximize our US footprint**

**Temenos growth opportunities**

**US SAM USD 8bn, 35% of total market, with higher 3rd Party spend**

High demand for best of suite from low-end **tier 2 and tier 3 banks**

**Go To Market**

- **Accelerated investment in quota carriers**
- **Expand US partner network** for GTM and services

**Customer lifecycle**

- **Deliver best in class implementation service**
- **Invest further in local US support and SaaS operations**

**Product investment**

- **Enhance US model bank** to extend product regulatory compliance
- **Investing in specific Corporate Banking functionality**

# Launching of US innovation hub a key step in US expansion strategy


Bringing product and technology development closer to US clients

Planned recruitment of US based product and technology developers

Supporting US innovation as well as our global markets, collaborating with partners and clients

# Pursuing global opportunities in line with our strategic growth levers

**Strong existing footprint in MEA, Emerging Europe and parts of APAC; expanding in other attractive geographies**

**Temenos growth opportunities**

**International (excl. US) Serviceable Addressable Market of USD 15bn, 65% of total market**

Strong market demand for best of suite across tiers

| | |
|---|---|
| **Strong MEA presence** | **Extensive client base in MEA, strong established salesforce** |
| **Expanding in Australia** | **Partnering with Cognizant to expand Australian country model bank and execute joint go-to-market** |
| **Investing in Western Europe** | **Executing sales hiring plan in Western Europe, in particular UK and Ireland**<br>**Investing in strategic account management and Wealth** |

# Strategy execution update

**Product & technology investment**

**Go To Market investment**

**Customer lifecycle**

**G&A and Operating Model**

## Progress

- Simplification of product and technology organization and portfolio underway to increase agility, aligned with strategic roadmap
- Continued investment in sales, services and partnerships across key regions
- Hiring of new senior talent including Head of Architecture and Data, and CIO

temenos

# Agenda

## CEO update

## Operational and financial update

## Appendix

# Q1-25 financial highlights

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

- ARR of USD 741.4m, up 9% y-o-y
- Subscription and SaaS down 2% in Q1-25
- Maintenance growth of 11% in Q1-25
- Total revenue growth of 4% in Q1-25
- EBIT up 8% in Q1-25
- Q1-25 EBIT margin of 31.5%, up 1% pts
- EPS (reported) up 17% in Q1-25

## Cash flow (proforma)

- Free cash flow of USD 48.8m, up 12%
- DSOs at 147 days

## Debt, leverage and capital allocation (reported)

- Net debt of USD 562.4m as of 31 March 2025
- Leverage at 1.3x at quarter end, within target range of 1.0-1.5, flat on Q4-24
- Share buyback of up to CHF 250m announced to launch on April 28, 2025 and end no later than December 30, 2025; repurchased shares to be proposed for cancellation at the 2026 AGM

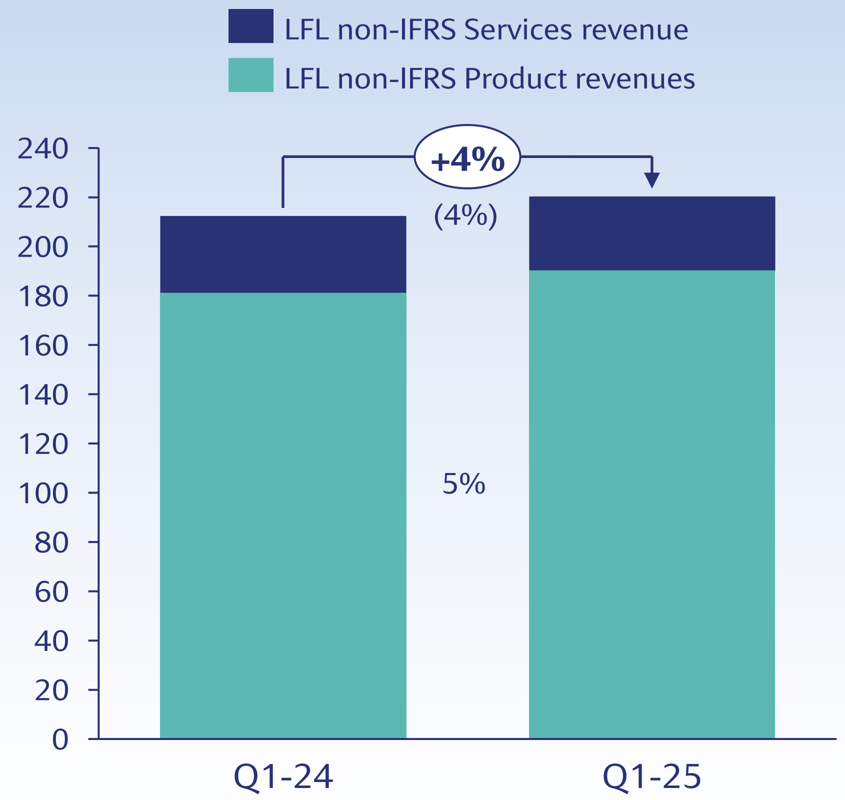
Note: figures are non-IFRS c.c. growth rates unless otherwise stated. Proforma excludes Multifonds
Net debt adjusted for swaps add-back for leverage calculation

# ARR and non-IFRS income statement – operating

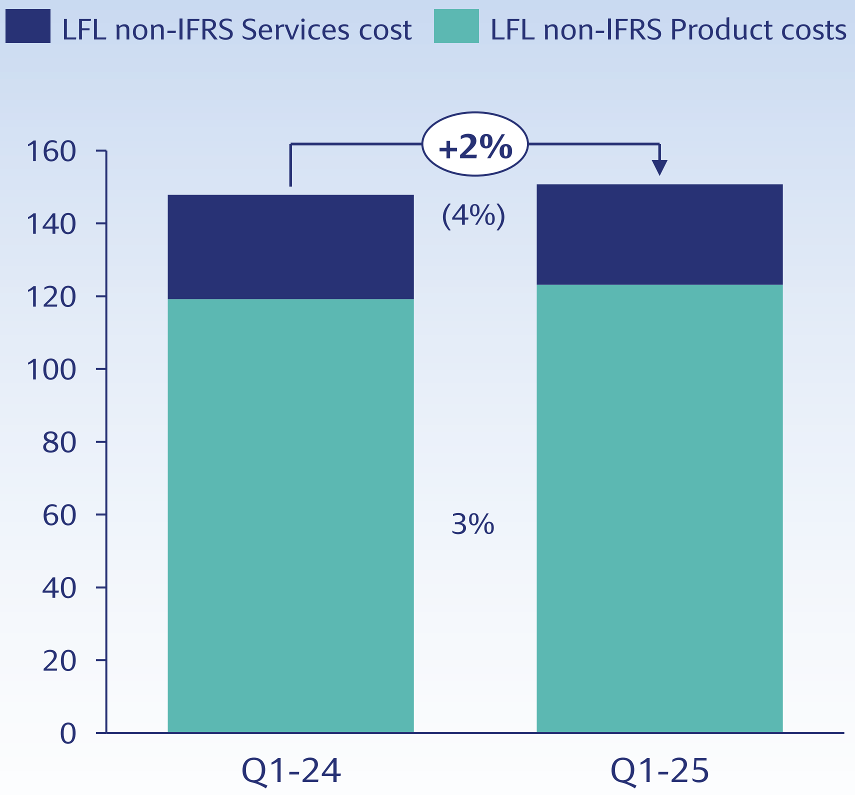
| | Proforma (excluding Multifonds) | | | | Reported | | | |
|---|---|---|---|---|---|---|---|---|
| **ARR (USDm)** | **Q1-25** | **Q1-24** | **Y-o-Y reported** | **Y-o-Y c.c.** | **Q1-25** | **Q1-24** | **Y-o-Y reported** | **Y-o-Y c.c.** |
| ARR | 741.4 | 683.5 | 8% | 9% | 797.0 | 723.1 | 10% | 10% |
| **Income statement (USDm)** | **Q1-25** | **Q1-24** | **Y-o-Y reported** | **Y-o-Y c.c.** | **Q1-25** | **Q1-24** | **Y-o-Y reported** | **Y-o-Y c.c.** |
| **Subscription and SaaS** | **76.8** | **79.7** | **(4%)** | **(2%)** | **80.2** | **84.0** | **(5%)** | **(3%)** |
| Maintenance | 113.5 | 102.8 | 10% | 11% | 120.9 | 112.7 | 7% | 8% |
| Services | 30.0 | 31.5 | (5%) | (4%) | 31.2 | 33.1 | (6%) | (5%) |
| **Total revenue** | **220.3** | **214.1** | **3%** | **4%** | **232.2** | **229.9** | **1%** | **2%** |
| Operating costs | 150.8 | 150.1 | 0% | 2% | 156.4 | 156.9 | (0%) | 1% |
| **EBIT** | **69.5** | **63.9** | **9%** | **8%** | **75.8** | **72.9** | **4%** | **3%** |
| Margin | 31.5% | 29.9% | 2% pts | 1% pts | 32.6% | 31.7% | 1% pts | 0% pts |
| **EBITDA** | **88.6** | **84.0** | **5%** | **5%** | **94.1** | **94.3** | **(0%)** | **(1%)** |
| Margin | 40.2% | 39.3% | 1% pts | 0% pts | 40.5% | 41.0% | (0% pts) | (1% pt) |

# Like-for-like proforma revenues and costs

- **Q1-25 LFL non-IFRS revenues up 4%**
- **Q1-25 LFL non-IFRS product revenues up 5%**




- **Q1-25 LFL non-IFRS costs up 2%**
- **Q1-25 LFL non-IFRS product costs up 3%**

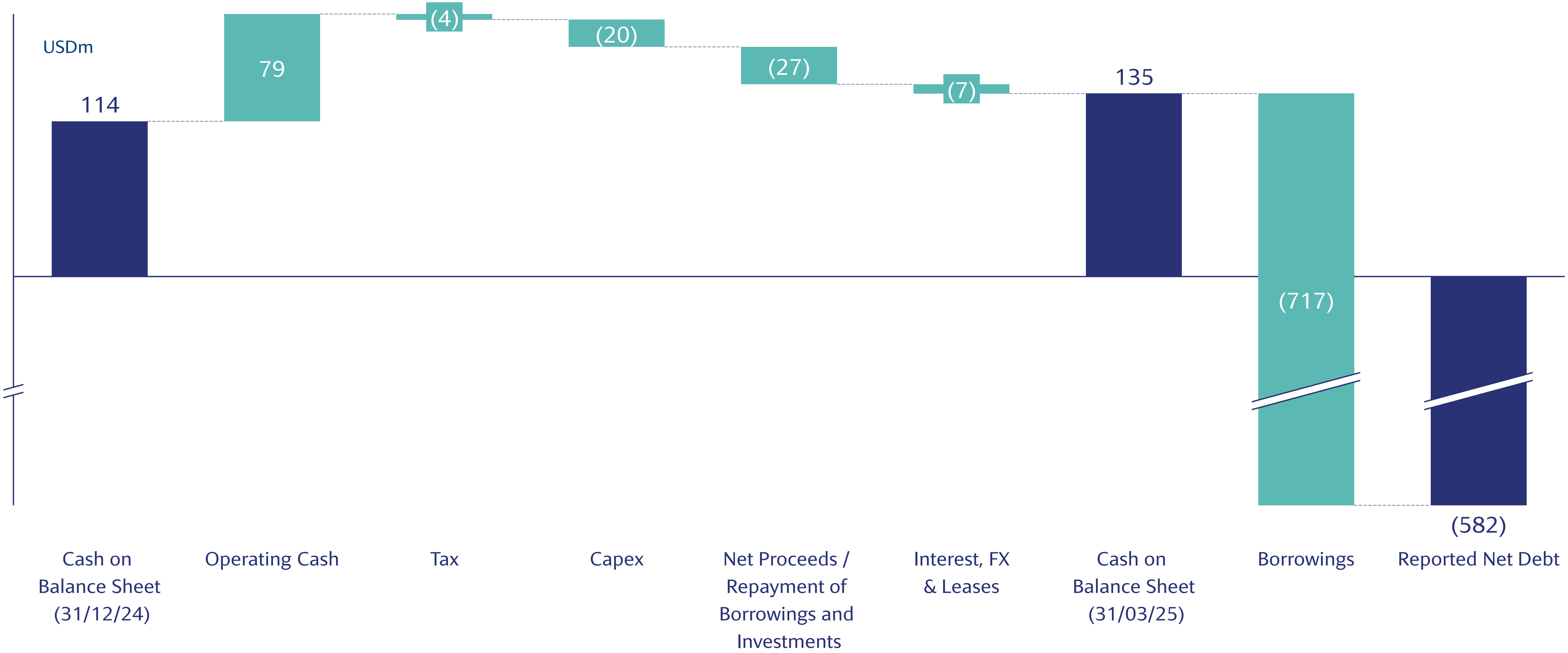



Note: figures are non-IFRS c.c. growth rates unless otherwise stated, excluding Multifonds

# Non-IFRS income statement – non-operating

| In USDm, except EPS | Proforma (excluding Multifonds) Q1-25 | Proforma (excluding Multifonds) Q1-24 | Proforma (excluding Multifonds) Y-o-Y reported | Reported Q1-25 | Reported Q1-24 | Reported Y-o-Y reported |
|---|---|---|---|---|---|---|
| **EBIT** | **69.5** | **63.9** | **9%** | **75.8** | **72.9** | **4%** |
| Net finance charge | (1.8) | (3.4) | (48%) | (1.8) | (3.4) | (48%) |
| FX gain / (loss) | (0.8) | (1.9) | (57%) | (0.8) | (1.9) | (57%) |
| Tax | (13.5) | (11.8) | 14% | (14.8) | (13.9) | 7% |
| **Net profit** | **53.5** | **46.8** | **14%** | **58.4** | **53.8** | **9%** |
| **EPS (USD)** | **0.75** | **0.64** | **17%** | **0.81** | **0.73** | **11%** |

# Group liquidity (reported)




**Leverage at 1.3x at end of Q1-25**

Note: Net debt is reported

# Share buyback program of up to CHF 250m announced

- New share buyback program of up to CHF 250m announced today, April 22, 2025
- Share buyback will commence on April 28, 2025 and last until December 30, 2025 at the latest
- Shares will be repurchased on a secondary trading line and proposed to be cancelled at the 2026 AGM
- The buyback will be somewhat accretive to EPS in FY-25 with greater accretion in FY-26
- Given strength of balance sheet and cash flows, the Company expects to be within its target leverage range of 1.0-1.5x net debt to non-IFRS EBITDA by year-end

# Q2-25 indicative growth rates and FY-25 guidance (non-IFRS, c.c., proforma)

- Q2-25 indicative growth rates for non-IFRS subscription and SaaS growth of 6-10% and ARR growth of at least 10%, excluding any contribution from Multifonds
- FY-25 guidance reconfirmed, while recognizing increased macroeconomic uncertainty; excludes any contribution from Multifonds
- FY-24 proforma also excludes any contribution from Multifonds and is constant currency

| | FY-25 guidance | FY-24 proforma (USD, c.c.) |
|---|---|---|
| ARR | At least 12% growth | 756m |
| Subscription and SaaS | 5-7% growth | 410m |
| EBIT | At least 5% growth | 307m |
| EPS | 7-9% growth | 3.35* |
| Free cash flow | At least 12% growth | 223m* |

- FY-24 EPS and free cash flow are not restated for currency.
- See Disclaimer at beginning of this presentation on forward-looking statements

temenos

# Agenda

## CEO update

## Operational and financial update

## Appendix

# FX and other assumptions underlying FY-25 guidance

**In preparing the FY-25 guidance, the Company has assumed the following FX rates:**

EUR to USD exchange rate of 1.09

GBP to USD exchange rate of 1.30; and

USD to CHF exchange rate of 0.86

**The Company has also assumed the following for FY-25 guidance:**

- FY-25 tax rate expected to be between 15-17%, benefiting from one off tax impact of c.USD 15m from prior years; normalized tax rate of 19-21%

# FX exposure

| % of total | USD | EUR | GBP | CHF | INR | RON | Other |
|---|---|---|---|---|---|---|---|
| Total software licensing | 70% | 19% | 2% | 1% | 0% | 0% | 7% |
| Maintenance | 78% | 14% | 2% | 1% | 0% | 0% | 5% |
| Services | 50% | 29% | 5% | 7% | 0% | 0% | 9% |
| **Revenues** | **71%** | **18%** | **2%** | **2%** | **0%** | **0%** | **6%** |
| | | | | | | | |
| **Non-IFRS costs** | **31%** | **13%** | **10%** | **5%** | **17%** | **2%** | **22%** |
| | | | | | | | |
| **Non-IFRS EBIT** | **147%** | **28%** | **(13)%** | **(4)%** | **(32)%** | **(3)%** | **(23)%** |

NB. All % are approximations based on FY-24 actuals

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

# Revenue line items and cloud ARR disclosure

- Annual disclosure on cloud ARR introduced to provide transparency on growth in cloud adoption
- Revenue disclosure updated to reflect changes in customer demand and industry best practice, with increasing use of hybrid and public cloud
- Renaming ‘total software licensing’ as ‘subscription and SaaS’ to bring in line with leading global software players
- ‘Subscription and SaaS’ will comprise subscription, term license and SaaS revenue
- Term license expected to continue declining to around USD 20-30m p.a. steady state

## Previous disclosure

| |
|---|
| **ARR** |
| ARR |
| **Revenue** |
| Subscription |
| Term license |
| SaaS |
| **Total software licensing** |
| Maintenance |
| Services |
| **Total revenue** |

## Updated disclosure

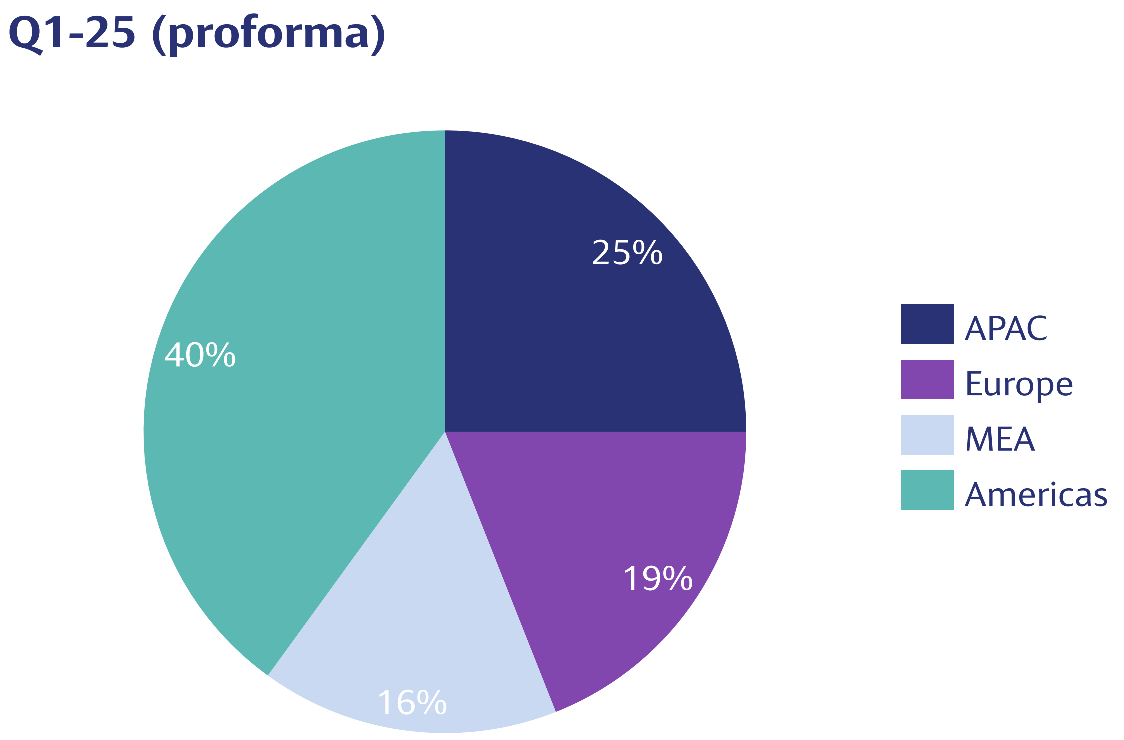
| |
|---|
| **ARR** |
| ARR |
| **Cloud ARR (% of total ARR)** |
| **Revenue** |
| **Subscription and SaaS** |
| Maintenance |
| Services |
| **Total revenue** |

# Quarterly proforma ARR and FCF

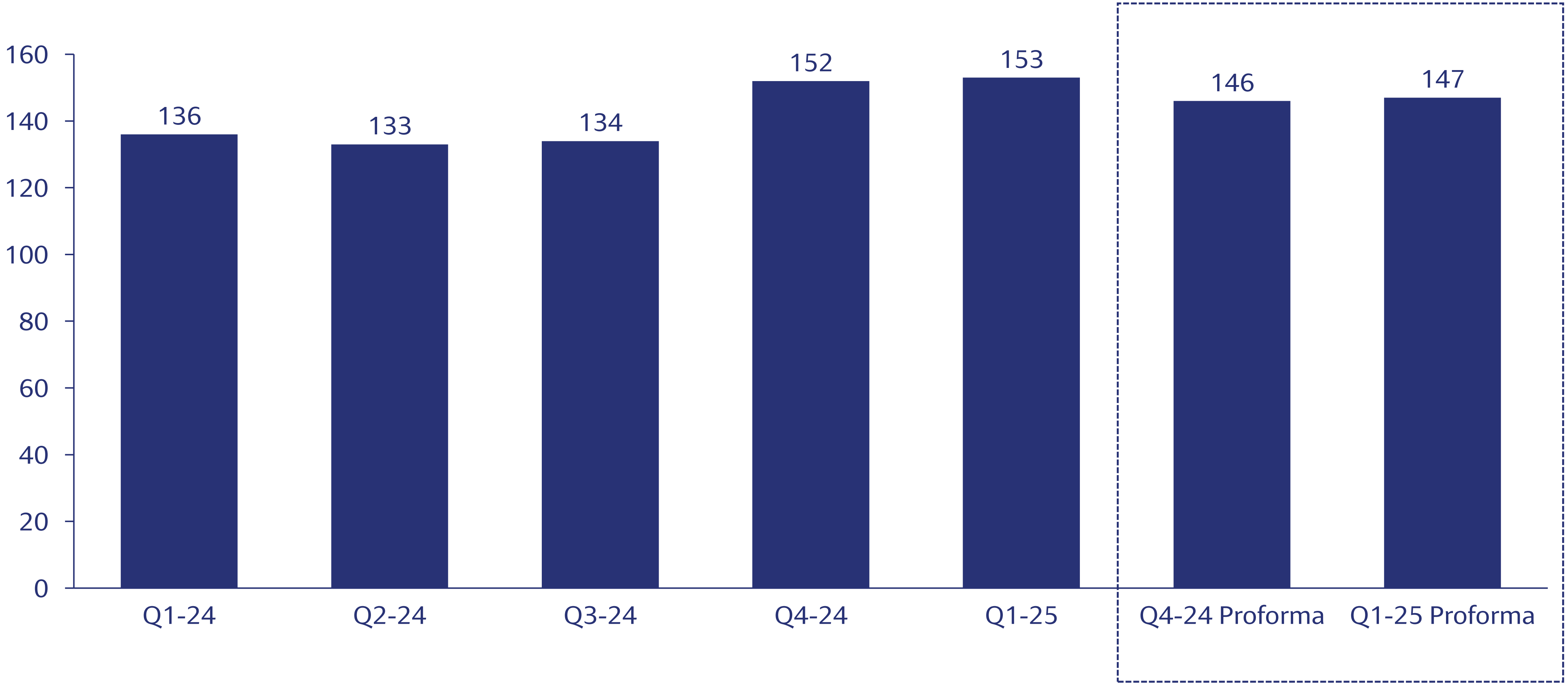
| ARR, USD m | Q1-24 | Q2-24 | Q3-24 | Q4-24 | Q1-25 |
|---|---|---|---|---|---|
| ARR | 683.5 | 703.7 | 721.4 | 749.5 | 741.4 |

| FCF, USD m | Q1-24 | Q2-24 | Q3-24 | Q4-24 | Q1-25 |
|---|---|---|---|---|---|
| FCF | 43.5 | 60.6 | 22.5 | 96.6 | 48.8 |

# Total software licensing revenue breakdown by geography



# DSOs

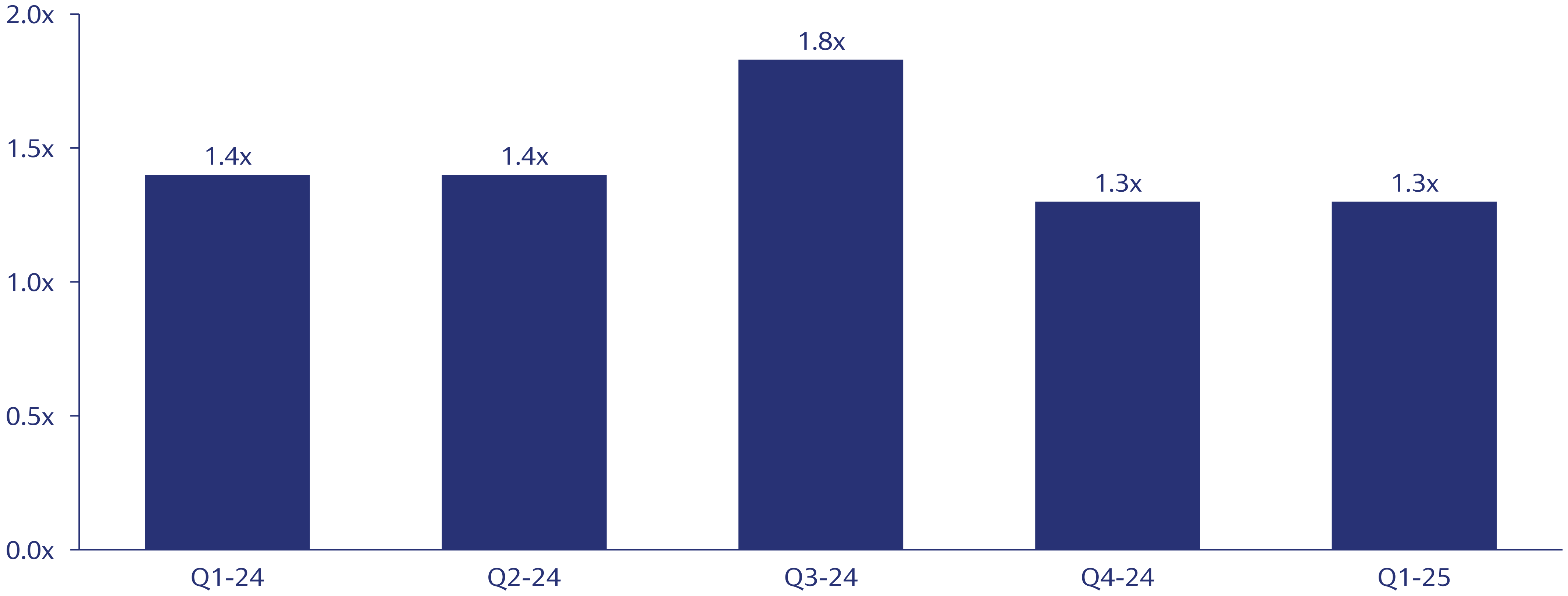



**DSOs at 153 at Q1-25 (Q1-25 proforma* DSOs at 147)**

Note: Proforma view excludes Multifonds revenue and receivables

# Balance sheet –leverage

## Leverage ratios




Note: Includes Multifonds EBITDA

# Capitalization of development costs

| USDm | Q1-24 | Q2-24 | Q3-24 | Q4-24 | FY-24 |
|---|---|---|---|---|---|
| Cap' dev' costs | (19.3) | (17.1) | (17.4) | (16.5) | **(70.3)** |
| Amortisation | 14.8 | 14.3 | 16.1 | 14.8 | **60.0** |
| **Net cap' dev'** | **(4.6)** | **(2.7)** | **(1.3)** | **(1.7)** | **(10.3)** |

| Proforma, USDm | Q1-25 | Q2-25 | Q3-25 | Q4-25 | FY-25 |
|---|---|---|---|---|---|
| Cap' dev' costs | (15.4) | | | | |
| Amortisation | 13.1 | | | | |
| **Net cap' dev'** | **(2.2)** | | | | |

# 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 |
| + / - | Gain/loss from business disposal |
| + / - | Amortisation of acquired intangibles |
| + / - | Restructuring / M&A related costs |
| + / - | Fair value change on financial investments |
| + / - | Taxation |
| = | **Non-IFRS profit measure** |

# Accounting elements not included in non-IFRS guidance

Below are the accounting elements not included in the FY-25 non-IFRS guidance:
FY-25 estimated share-based payments charge of c.5% of revenue
FY-25 estimated amortisation of acquired intangibles of USD 45m
FY-25 estimated restructuring / M&A related costs of USD 35m

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, separation, carve-out 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 April 22nd, 2025. 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 31 March | | | 3 Months Ending 31 March | | |
|---|---|---|---|---|---|---|
| | 2025 | | 2025 | 2024 | | 2024 |
| | IFRS | Non-IFRS adj. | Non-IFRS | IFRS | Non-IFRS adj. | Non-IFRS |
| **Subscription and SaaS** | **80.2** | | **80.2** | **84.0** | | **84.0** |
| Maintenance | 120.9 | | 120.9 | 112.7 | | 112.7 |
| Services | 31.2 | | 31.2 | 33.1 | | 33.1 |
| **Total Revenue** | **232.2** | | **232.2** | **229.9** | | **229.9** |
| | | | | | | |
| **Total Operating Costs** | **(192.1)** | **35.7** | **156.4** | **(183.5)** | **26.6** | **(156.9)** |
| Restructuring/M&A costs | (9.5) | 9.5 | | (5.3) | 5.3 | - |
| Amort of Acq'd Intang. | (10.7) | 10.7 | | (10.8) | 10.8 | - |
| Share-based payments | (15.6) | 15.6 | | (10.4) | 10.4 | - |
| **Operating Profit** | **40.1** | **35.7** | **75.8** | **46.4** | **26.6** | **72.9** |
| **Operating Margin** | **17%** | | **33%** | **20%** | | **32%** |
| | | | | | | |
| Financing Costs | (2.6) | - | (2.6) | (5.3) | - | (5.3) |
| Taxation | (8.5) | (6.4) | (14.8) | (8.8) | (5.1) | (13.9) |
| Net Earnings | 29.0 | 29.3 | 58.4 | 32.3 | 21.5 | 53.8 |
| **EPS (USD per Share)** | **0.40** | **0.41** | **0.81** | **0.44** | **0.29** | **0.73** |

# Net earnings reconciliation IFRS to non-IFRS

| In USDm, except EPS | Q1-25 | Q1-24 |
| --- | --- | --- |
| **IFRS net earnings** | **29.0** | **32.3** |
| Share-based payments | 15.6 | 10.4 |
| Amortisation of acquired intangibles | 10.7 | 10.8 |
| Restructuring / M&A related costs | 9.5 | 5.3 |
| Taxation | (6.4) | (5.1) |
| **Net earnings for non-IFRS EPS** | **58.4** | **53.8** |
| | | |
| No. of dilutive shares (m shares) | 71.7 | 73.2 |
| **Non-IFRS diluted EPS (USD)** | **0.81** | **0.73** |

# 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

**Gain/loss from business disposal**
Gain or loss from disposal of part of the business

**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, separation, carve-out 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

**Proforma (excluding Multifonds)**
Income statement line items and free cash flow adjusted to remove any contribution from Multifonds, with sale of Multifonds expected to close in Q2-25.

**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

# Thank you

temenos
Leading Banking Forward

temenos.com