



TEMENOS

The banking software company

IFRS Overview

13 February 2018

Any remarks that we may make about future expectations, plans and prospects for the company constitute forward-looking statements. Actual results may differ materially from those indicated by these forward-looking statements as a result of various factors.

In particular, the forward-looking financial information provided by the company in the conference call represent the company's estimates as of 13 February 2018. We anticipate that subsequent events and developments will cause the company's estimates to change.

However, while the company may elect to update this forward-looking financial information at some point in the future, the company specifically disclaims any obligation to do so. This forward-looking information should not be relied upon as representing the company's estimates of its future financial performance as of any date subsequent to 13 February 2018.

- Temenos will adopt IFRS 15 using the modified retrospective method
- Only contracts not satisfied at the 31st Dec 2017 will transition to IFRS 15
- 2018 results will be provided under both IFRS 15 and under the previous reporting standards
- Prior comparative periods will not be restated under IFRS 15

Software licensing
SaaS & subscriptions
Total software licensing
Maintenance
Services
Total Revenue

2017



2018



2019



- Temenos' business model and practises will not change as a result of IFRS 15 neither will how the majority of the revenue is reported
- There will be a change in the **geography** of the revenue as subscriptions will be reported under software licensing and maintenance
- The **timing** of when revenue is recognised on subscriptions is accelerated for the software licensing component and delayed for licensing of customer specific developments

2017

Software licensing

SaaS & **subscriptions**

Total software licensing

Maintenance

Services

Total Revenue

2018 Onwards

Software licensing

SaaS & subscriptions

Total software licensing

Maintenance

Services

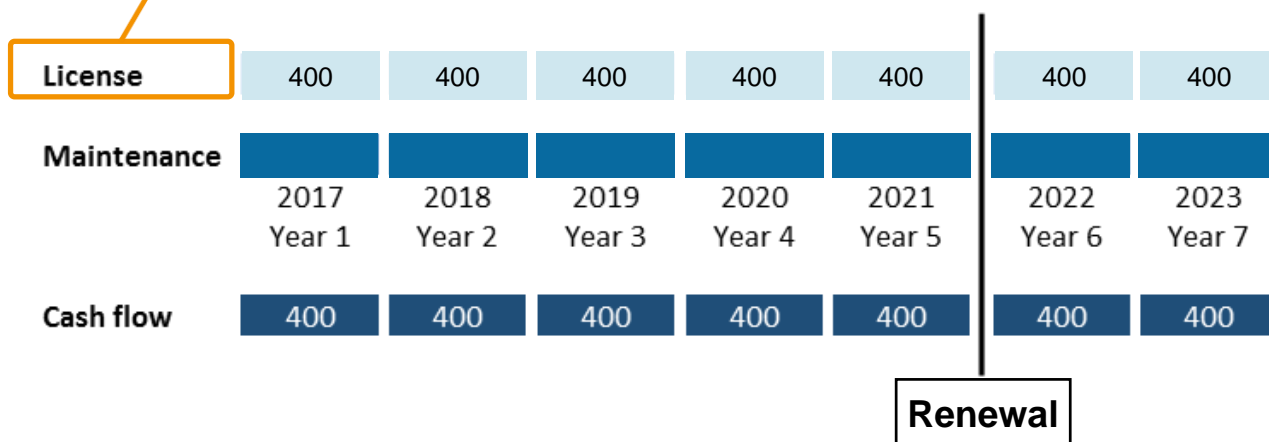
Total Revenue

There will be increased disclosure under IFRS 15

Previous reporting standards

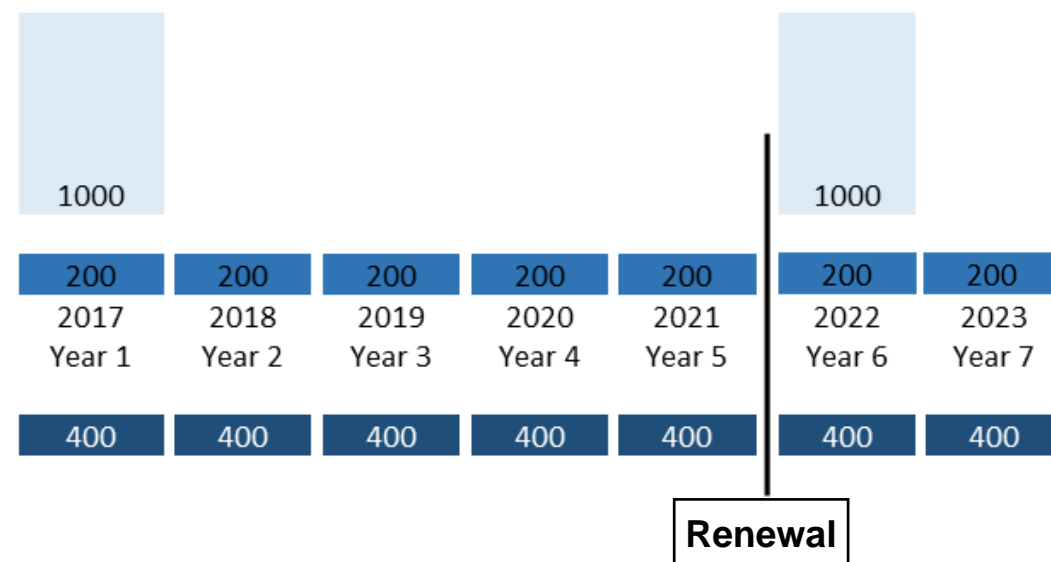
Revenue from Subscription accounting is combined and recognised rateably across the period of the subscription.

Reported under Subscription under previous standard



IFRS 15

The licensing obligation of the contract will be separated from the other performance obligations and recognised upon delivery. This will see a significant portion of the revenue from the contract recognised at the point of delivery where control is passed to the client.



- 2018 opening balance sheet adjustment will be a deferral of less than USD 5m on Net Earnings post Tax

- The net impact on 2018 total revenue and earnings is expected to be immaterial
- The expected geographical split of subscription revenue between Software licensing and Maintenance is shown in the table

In USDm	IFRS15
Software licensing	42
SaaS and subscription	(47)
Total software licensing	(5)
Maintenance	5
Services	-
Total revenue	-
Operating costs	-
EBIT	-
Tax and financing	-
Net earnings	-

Thank You



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