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.

<table>
<thead>
<tr>
<th>Software licensing</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>SaaS &amp; subscriptions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total software licensing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maintenance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Revenue</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Reported under previous standard

Reported under previous standard and IFRS 15

Reported under IFRS 15
Temenos’ business model and practices 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.
Subscription Revenue

Previous reporting standards

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

Why the change?

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.
Financial impact of IFRS 15

- 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

<table>
<thead>
<tr>
<th>In USDm</th>
<th>IFRS15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Software licensing</td>
<td>42</td>
</tr>
<tr>
<td>SaaS and subscription</td>
<td>(47)</td>
</tr>
<tr>
<td><strong>Total software licensing</strong></td>
<td>(5)</td>
</tr>
<tr>
<td>Maintenance</td>
<td>5</td>
</tr>
<tr>
<td>Services</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>-</td>
</tr>
<tr>
<td>Operating costs</td>
<td>-</td>
</tr>
<tr>
<td>EBIT</td>
<td>-</td>
</tr>
<tr>
<td>Tax and financing</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net earnings</strong></td>
<td>-</td>
</tr>
</tbody>
</table>
Thank You

TEMENOS
The banking software company

www.temenos.com