temenos
Disclaimer

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 21 July 2022. We anticipate that subsequent events and developments will cause the company’s estimates to change.

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Non-IFRS information

Readers are cautioned that the supplemental non-IFRS information presented in this presentation is subject to inherent limitations. It is 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 financial information may not be comparable to similarly titled non-IFRS measures used by other companies.

In the tables accompanying this presentation the Company sets forth its supplemental non-IFRS figures for revenue, operating costs, EBIT, EBITDA, net earnings and earnings per share, which exclude the effect of adjusting for share-based payments, the carrying value of acquired companies’ deferred revenue, the amortization of acquired intangibles, discontinued activities, acquisition related charges, restructuring costs, and the income tax effect of the non-IFRS adjustments. The tables also set forth the most comparable IFRS financial measure and reconciliations of this information with non-IFRS information.

When the Company believes it would be helpful for understanding trends in its business, the Company provides percentage increases or decreases in its revenue (in both IFRS as well as non-IFRS) to eliminate the effect of changes in currency values. When trend information is expressed herein "in constant currencies", 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

Business update
Max Chuard, CEO

Financial update
Takis Spiliopoulos, CFO

Summary
Max Chuard, CEO

Q&A
Business update

Max Chuard, CEO
Overview of the quarter

Review of Q2-22

• Demand for subscription model is accelerating ahead of expectations, driving ARR growth of 16%, up from 14% in Q1-22 and 12% in Q4-21
• Continued supportive demand environment, reflected in 12% Total Bookings growth
• Total software licensing growth of 8%, below FY guidance due to large tier 1 European deal slippage expected to close shortly
• SaaS ACV of USD11m driven by largely new signings growth
• EBIT decline of 9% with cost management reducing impact of slower total software licensing growth in the quarter
• Free cash flow decline of 42% driven by move to subscription license model
• FY22 guidance reconfirmed

Q2-22 non-IFRS financial highlights

• ARR of USD582m, up 16%
• Total Bookings up 12%
• USD31m of subscription licenses, 50% of on-premise business after only 2nd quarter of role out
• SaaS ACV of USD11m, down 38%
• Total software licensing up 8%
• EBIT decline of 9%, EPS decline of 7% (reported)
• LTM operating cash conversion of 116%
• Free Cash Flow down 42% in Q2-22, down 5% LTM

*Revenue, and EBIT figures are non-IFRS c.c. growth rates
Strong growth in ARR and Total Bookings

- ARR accelerated to 16% in Q2-22 from 14% in Q1-22, underpinning confidence in FY-22 guidance of 18-20% growth in ARR
- Growth in Total Bookings and ARR continues to add to our increasing backlog and visibility
- Total Bookings grew 12% in the quarter including double-digit growth in Europe with increasing demand for SaaS in the region; supportive demand environment

**Note:** non-IFRS c.c. growth rates. *Refer to slide 37 in appendix for quarterly Total Bookings numbers
SaaS momentum continues

- ACV of USD11m driven by strong new signings growth
- Q2-21 comparative included large volume consumption from existing clients
- Europe and core banking were major contributors to SaaS ACV in the quarter
- SaaS revenue accelerated to 36% driven by strong ACV in prior quarters

Note: non-IFRS c.c. growth rates
Q2-22 sales review

- Accelerating demand for subscription across client tiers and geographies, faster transition to subscription model than previously expected
- US activity remains high, won a top 20 US bank for core banking renovation
- Europe recovery continues with double digit growth in Total Bookings and increased SaaS demand
- Large tier 1 European deal slippage, expected to close shortly
- APAC performed particularly well with a number of new signings
- Tier 1 and 2 banks contributed 31% of total software licensing in the quarter, with increasing commitment among large banks to IT transformation
- Strong sales activity with partner deals in the quarter with focus on building partner channel
- Sales to the installed base contributed 55% of license revenue in the quarter
- 16 new client wins in the quarter, predominantly for core banking

[Geographic split chart]

[Total Software Licensing chart]
Move to subscription accelerates annual recurring revenue growth

**Transition to subscription license accelerating**
49% of Q2 license revenue from subscriptions

**Sequential ARR growth in line with guidance**
FY-22 ARR growth projected between 18-20%

**Significant acceleration in Annual Recurring Revenue**
ARR % to grow 20-25% CAGR from 2021-2025

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**Continued strong momentum with clients in Q2-22**
giving confidence in shift to subscription

*Note: non-IFRS c.c. growth rates*
Continued momentum in US business

- Good sales momentum in the US, with strong level of activity
- Building on Commerce Bank go-live to drive momentum with Tier 1 and 2 domestic US banks
- Significant milestone reached, winning top 20 US bank for core banking replacement, beating domestic incumbents
- Deal expected to close in H2-22
- Reference client base continued to grow
- Pipeline is robust with ongoing deal processes with several large banks
Recognized for our global leadership

### Forrester®

**New-name clients:**
- Top Global Power Seller for the 16th consecutive year
- Temenos recognized as the only Global Power Seller with more than 2X the deals of the 2nd place vendor

**New and existing clients:**
- Top Global Player for the 10th consecutive year
- Top Global Cross-seller for the 2nd time

### ESG recognition

- SXI Switzerland Sustainability 25® Index
- Dow Jones Sustainability Index - World & Europe 2021
- S&P Sustainability Award: Silver Class & Industry Mover 2022
- FTSE4Good Index
- CDP Climate Change 2021 - Leadership A-
- ISS ESG PRIME
- MSCI AA
- Ecovadis Platinum
- Bloomberg Gender-Equality Index 2022
- 5 Great Place to Work recognitions

### IBS Intelligence

- Core Banking for 17 years
- Best-selling Digital Banking & Channels
- Best-selling Retail Payments System
- Best-selling Risk Management
Outlook for H2-22

- Supportive demand environment
- Move to subscription is accelerating, driving ARR growth
- Demand for SaaS also contributing to strong ARR, driven largely by non-incumbents
- Wealth Management a major demand driver globally particularly in particular with Tier 1 banks
- Tier 1 and 2 banks increasing their IT spend to respond to competitive dynamics and changing customer expectations
- US and Europe driving majority of the growth for the full year from a geographic perspective
- Increased sales activity through partner channel driving incremental demand
- Ongoing cost management continues in H2 to ensure EBIT guidance is achieved
- Outlook for H2-22 supports full year guidance
Financial update

Takis Spiliopoulos, CFO
## Q2-22 non-IFRS financial highlights

### Revenue and profit
- Subscription revenue of USD 31m
- SaaS revenue up 36% in Q2-22
- Total software licensing up 8% in Q2-22
- Maintenance growth of 3% in Q2-22
- Total revenue up 4% in Q2-22
- EBIT down 9% in Q2-22
- Q2-22 EBIT margin (reported) of 32.9%, down 3% pts (reported)
- EPS (reported) down 7% in Q2-22

### Cash flow
- Q2-22 operating cash flow of USD 87m, down 22% y-o-y; down 1% LTM
- LTM Q2-22 operating cash conversion of 116% of IFRS EBITDA
- Q2-22 free cash flow of USD 50m, down 42% y-o-y; down 5% LTM
- DSOs at 114 days, up 8 days y-o-y and down 1 day on q-o-q

### Debt and leverage
- Net debt of USD793m as of 30 June 2022
- Leverage at 1.8x at quarter end, down from 2.3x at Q2-21 and up from 1.7x at Q1-22

*Note: figures are non-IFRS c.c. growth rates unless otherwise stated*
## Non-IFRS income statement – operating

<table>
<thead>
<tr>
<th>In USDm</th>
<th>Q2-22</th>
<th>Q2-21</th>
<th>Y-o-Y reported</th>
<th>Y-o-Y c.c.</th>
<th>LTM Q2-22</th>
<th>LTM Q2-21</th>
<th>Y-o-Y reported</th>
<th>Y-o-Y c.c.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subscription</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>30.6</td>
<td>5.7</td>
<td>441%</td>
<td>451%</td>
</tr>
<tr>
<td>Term Licence</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>31.8</td>
<td>60.9</td>
<td>-48%</td>
<td>-47%</td>
</tr>
<tr>
<td>SaaS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>38.7</td>
<td>29.3</td>
<td>32%</td>
<td>36%</td>
</tr>
<tr>
<td><strong>Total software licensing</strong></td>
<td><strong>101.1</strong></td>
<td><strong>95.9</strong></td>
<td><strong>5%</strong></td>
<td><strong>8%</strong></td>
<td><strong>432.7</strong></td>
<td><strong>386.0</strong></td>
<td><strong>12%</strong></td>
<td><strong>14%</strong></td>
</tr>
<tr>
<td>Maintenance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>99.9</td>
<td>98.5</td>
<td>1%</td>
<td>3%</td>
</tr>
<tr>
<td>Services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>37.1</td>
<td>41.5</td>
<td>-11%</td>
<td>-6%</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td><strong>238.1</strong></td>
<td><strong>236.0</strong></td>
<td><strong>1%</strong></td>
<td><strong>4%</strong></td>
<td><strong>980.4</strong></td>
<td><strong>936.0</strong></td>
<td><strong>5%</strong></td>
<td><strong>6%</strong></td>
</tr>
<tr>
<td>Operating costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>159.8</td>
<td>150.6</td>
<td>6%</td>
<td>11%</td>
</tr>
<tr>
<td>EBIT</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>78.3</strong></td>
<td><strong>85.4</strong></td>
<td><strong>-8%</strong></td>
<td><strong>-9%</strong></td>
</tr>
<tr>
<td>Margin</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>32.9%</td>
<td>36.2%</td>
<td>-3% pts</td>
<td>-4% pts</td>
</tr>
<tr>
<td>EBITDA</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>102.1</strong></td>
<td><strong>108.6</strong></td>
<td><strong>-6%</strong></td>
<td><strong>-6%</strong></td>
</tr>
<tr>
<td>Margin</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>42.9%</td>
<td>46.0%</td>
<td>-3% pts</td>
<td>-2% pts</td>
</tr>
</tbody>
</table>

**EBITDA Margin**

- **Q2-22**: 45.5%
- **Q2-21**: 47.0%
- **Y-o-Y**: -2% pts

**Y-o-Y c.c.**

- **Q2-22**: 17%
- **Q2-21**: 16%
- **Y-o-Y**: 1%
Like-for-like revenue and costs

- Q2-22 LFL non-IFRS revenues up 4%

- Q2-22 LFL non-IFRS costs up 11%
## Non-IFRS income statement – non-operating

<table>
<thead>
<tr>
<th>In USDm, except EPS</th>
<th>Q2-22</th>
<th>Q2-21</th>
<th>Y-o-Y reported</th>
<th>LTM Q2-22</th>
<th>LTM Q2-21</th>
<th>Y-o-Y reported</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EBIT</strong></td>
<td>78.3</td>
<td>85.4</td>
<td>-8%</td>
<td>352.1</td>
<td>353.0</td>
<td>0%</td>
</tr>
<tr>
<td>Net finance charge</td>
<td>-5.7</td>
<td>-6.5</td>
<td>-12%</td>
<td>-23.0</td>
<td>-27.6</td>
<td>-17%</td>
</tr>
<tr>
<td>FX gain / (loss)</td>
<td>0.1</td>
<td>-0.7</td>
<td>-120%</td>
<td>0.7</td>
<td>-1.2</td>
<td>-154%</td>
</tr>
<tr>
<td>Tax</td>
<td>-13.5</td>
<td>-13.8</td>
<td>-2%</td>
<td>-57.1</td>
<td>-48.9</td>
<td>17%</td>
</tr>
<tr>
<td><strong>Net profit</strong></td>
<td>59.3</td>
<td>64.4</td>
<td>-8%</td>
<td>272.6</td>
<td>275.3</td>
<td>-1%</td>
</tr>
<tr>
<td><strong>EPS (USD)</strong></td>
<td>0.83</td>
<td>0.89</td>
<td>-7%</td>
<td>3.79</td>
<td>3.77</td>
<td>1%</td>
</tr>
</tbody>
</table>
IFRS cash conversion

Cash conversion well above 100% target
Free Cash Flow Bridge 2021/2022

Mitigated impact of transition to subscription model on free cash flow
Group liquidity

Leverage at 1.8x at quarter end Q2-22
Reconfirming 2022 non-IFRS guidance (c.c.)

<table>
<thead>
<tr>
<th></th>
<th>FY-22 Guidance</th>
<th>FY-21 Base (CCY)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ARR</td>
<td>+18% - 20% growth</td>
<td>546m</td>
</tr>
<tr>
<td>Total Software Licensing (%)</td>
<td>+16% - 18% growth</td>
<td>407m</td>
</tr>
<tr>
<td>Total Revenue (%)</td>
<td>At least 10% growth</td>
<td>947m</td>
</tr>
<tr>
<td>EBIT growth</td>
<td>+9% - 11% growth</td>
<td>359m</td>
</tr>
</tbody>
</table>

- Cash conversion to remain at 100%+ of EBITDA into operating cash flow
- FY-22 tax rate expected to be between 18-20%
## Medium term targets

<table>
<thead>
<tr>
<th>Medium term targets</th>
<th>2021 (CCY)</th>
<th>Medium term targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>ARR</td>
<td>546</td>
<td>20-25% CAGR 2021-25 c.USD1.3bn of ARR by 2025</td>
</tr>
<tr>
<td>Total Software Licensing</td>
<td>407</td>
<td>15-20% CAGR 2021-25</td>
</tr>
<tr>
<td>Total revenue</td>
<td>947</td>
<td>10-15% CAGR 2021-25</td>
</tr>
<tr>
<td>EBIT margin</td>
<td>38.0%</td>
<td>c.41% by 2025</td>
</tr>
<tr>
<td>FCF (Reported)</td>
<td>358</td>
<td>10-15% CAGR 2021-26 to reach &gt;USD600m by 2026</td>
</tr>
</tbody>
</table>

Targets are non-IFRS. Tax rates estimate: FY22 guidance at 18-20%, 19.5-21.5% for FY23-25
EBIT growth to closely track prior year ARR growth

- Subscription, SaaS and maintenance bookings contribute to ARR in the quarter, with full revenue impact from SaaS and maintenance in the P&L over the following 12 months.

- Blended ARR gross margin is already high and will continue to improve with SaaS margin improvement.

- Temenos will invest in sales and R&D to extend market leadership and capture additional growth.

- After planned investments, EBIT growth will track c.75% of prior year ARR growth.

* Mid-point 2022 guidance

Note: Non-IFRS EBIT at constant currency
Non-IFRS EBIT Bridge 2021/2022

EBIT Margin

- 38.0%
- (c.50) bps
- 37.5%

Strong visibility on SaaS margin expansion and focus on targeted investments
Summary
Max Chuard, CEO
Supportive demand environment

Demand for subscription model is accelerating, driving ARR growth

Total software licenses growth of 8% below FY-22 guidance due to large tier 1 European deal slippage and now expected to close shortly

Multiple drivers to deliver FY22 guidance
- Large number of tier 1 and 2 opportunities
- Strong activity in Wealth
- Partner channel driving incremental demand

Conclusion

H2 pipeline supports FY22 guidance
Appendix
Q2-22 operational overview

• 83 go-lives including 23 implementation go-lives in Q2-22

Taking a client live every day
Move to subscription model illustration

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
Tangible subscription benefits to clients and Temenos

**Benefits to client**
- Enhanced value proposition for customers, significantly expanding flexibility
- Lower upfront cost, reflecting a shift to OPEX from CAPEX and the time value of money
- Easier to scale with demand
- Flexible maintenance options
- Easier path to SaaS

**Benefits to Temenos**
- Significantly expanding long-term value creation potential through incremental growth, higher margins and cash flows
- Accelerate the shift to more predictable financial performance driven by a much higher proportion of annual recurring revenues
- Increase total contract values
- Greater upsell opportunity
- Better customer retention
In preparing the 2022 guidance, the Company has assumed the following FX rates:

- EUR to USD exchange rate of 1.05
- GBP to USD exchange rate of 1.24; and
- USD to CHF exchange rate of 0.96
## FX exposure

<table>
<thead>
<tr>
<th>% of total</th>
<th>USD</th>
<th>EUR</th>
<th>GBP</th>
<th>CHF</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total software licensing</td>
<td>71%</td>
<td>18%</td>
<td>2%</td>
<td>1%</td>
<td>9%</td>
</tr>
<tr>
<td>Maintenance</td>
<td>77%</td>
<td>15%</td>
<td>2%</td>
<td>1%</td>
<td>5%</td>
</tr>
<tr>
<td>Services</td>
<td>47%</td>
<td>29%</td>
<td>4%</td>
<td>4%</td>
<td>16%</td>
</tr>
<tr>
<td>Revenues</td>
<td>69%</td>
<td>19%</td>
<td>2%</td>
<td>1%</td>
<td>8%</td>
</tr>
<tr>
<td>Non-IFRS costs</td>
<td>24%</td>
<td>20%</td>
<td>11%</td>
<td>5%</td>
<td>40%</td>
</tr>
<tr>
<td>Non-IFRS EBIT</td>
<td>146%</td>
<td>17%</td>
<td>(12)%</td>
<td>(5)%</td>
<td>(46)%</td>
</tr>
</tbody>
</table>

NB. All % are approximations based on 2021 actuals

Mitigated FX exposure – matching of revenues / costs and hedging
## Quarterly SaaS ACV

<table>
<thead>
<tr>
<th>USDm</th>
<th>SaaS ACV</th>
<th>Q3-18</th>
<th>Q4-18</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2.5</td>
<td>3.4</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>USDm</th>
<th>SaaS ACV</th>
<th>Q1-19</th>
<th>Q2-19</th>
<th>Q3-19</th>
<th>Q4-19</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2.7</td>
<td>2.9</td>
<td>6.6</td>
<td>8.8</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>USDm</th>
<th>SaaS ACV</th>
<th>Q1-20</th>
<th>Q2-20</th>
<th>Q3-20</th>
<th>Q4-20</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>5.3</td>
<td>3.5</td>
<td>14.3</td>
<td>11.5</td>
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</table>

<table>
<thead>
<tr>
<th>USDm</th>
<th>SaaS ACV</th>
<th>Q1-21</th>
<th>Q2-21</th>
<th>Q3-21</th>
<th>Q4-21</th>
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<tbody>
<tr>
<td></td>
<td></td>
<td>12.1</td>
<td>17.4</td>
<td>10.7</td>
<td>17.0</td>
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</table>

<table>
<thead>
<tr>
<th>USDm</th>
<th>SaaS ACV</th>
<th>Q1-22</th>
<th>Q2-22</th>
<th>Q3-22</th>
<th>Q4-22</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>19.0</td>
<td>10.6</td>
<td></td>
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</tbody>
</table>
# Quarterly ARR, Total Bookings, FCF

<table>
<thead>
<tr>
<th>ARR, USD m</th>
<th>Q1-20</th>
<th>Q2-20</th>
<th>Q3-20</th>
<th>Q4-20</th>
<th>Q1-21</th>
<th>Q2-21</th>
<th>Q3-21</th>
<th>Q4-21</th>
<th>Q1-22</th>
<th>Q2-22</th>
</tr>
</thead>
<tbody>
<tr>
<td>ARR</td>
<td>468.1</td>
<td>475.4</td>
<td>486.4</td>
<td>493.5</td>
<td>500.1</td>
<td>514.4</td>
<td>530.8</td>
<td>553.4</td>
<td>568.4</td>
<td>581.9</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total Bookings, USD m</th>
<th>Q1-20</th>
<th>Q2-20</th>
<th>Q3-20</th>
<th>Q4-20</th>
<th>Q1-21</th>
<th>Q2-21</th>
<th>Q3-21</th>
<th>Q4-21</th>
<th>Q1-22</th>
<th>Q2-22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Bookings</td>
<td>60.5</td>
<td>80.0</td>
<td>128.8</td>
<td>272.8</td>
<td>127.5</td>
<td>165.2</td>
<td>153.0</td>
<td>292.6</td>
<td>156.6</td>
<td>182.0</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>FCF, USD m</th>
<th>Q1-20</th>
<th>Q2-20</th>
<th>Q3-20</th>
<th>Q4-20</th>
<th>Q1-21</th>
<th>Q2-21</th>
<th>Q3-21</th>
<th>Q4-21</th>
<th>Q1-22</th>
<th>Q2-22</th>
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<tr>
<td>FCF</td>
<td>36</td>
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<td>46</td>
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<td>186</td>
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<td>50</td>
</tr>
</tbody>
</table>

NB. Q4-20 adjusted to include license and SaaS catch-up consistent with FY21
Total software licensing revenue breakdown by geography

**Q2 2021**
- APAC: 18%
- Europe: 21%
- Americas: 35%
- MEA: 16%

**Q2 2022**
- APAC: 14%
- Europe: 29%
- Americas: 40%
- MEA: 17%

**LTM Q2-21**
- APAC: 16%
- Europe: 18%
- Americas: 35%
- MEA: 30%

**LTM Q2-22**
- APAC: 19%
- Europe: 22%
- Americas: 38%
- MEA: 22%
Total software licensing revenue breakdown by customer tier

Q2 2021
- 80% 3, 4, and 5
- 20% 1 and 2

Q2 2022
- 69% 3, 4, and 5
- 31% 1 and 2

LTM Q2-21
- 66% 3, 4, and 5
- 34% 1 and 2

LTM Q2-22
- 62% 3, 4, and 5
- 38% 1 and 2
Software licensing revenue breakdown by competitive deals/ add-ons to installed base

Q2 2021
- Competitive deals: 37%
- Non Competitive, installed base: 63%

Q2 2022
- Competitive deals: 45%
- Non Competitive, installed base: 55%

LTM Q2-21
- Competitive deals: 30%
- Non Competitive, installed base: 70%

LTM Q2-22
- Competitive deals: 30%
- Non Competitive, installed base: 70%
DSOs at 114 at Q2-22
Balance sheet – debt and leverage

Net debt and leverage ratios

Net debt and leverage ratios:

- Q4 2018: 1.4x
- Q1 2019: 1.6x
- Q2 2019: 1.6x
- Q3 2019: 3.1x
- Q4 2019: 2.6x
- Q1 2020: 2.6x
- Q2 2020: 2.6x
- Q3 2020: 2.6x
- Q4 2020: 2.1x
- Q1 2021: 2.1x
- Q2 2021: 2.3x
- Q3 2021: 2.2x
- Q4 2021: 1.8x
- Q1 2022: 1.7x
- Q2 2022: 1.8x
## Capitalization of development costs

<table>
<thead>
<tr>
<th>USDm</th>
<th>Q1-20</th>
<th>Q2-20</th>
<th>Q3-20</th>
<th>Q4-20</th>
<th>FY-20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cap’ dev’ costs</td>
<td>(17.7)</td>
<td>(18.0)</td>
<td>(20.8)</td>
<td>(19.9)</td>
<td>(76.3)</td>
</tr>
<tr>
<td>Amortisation</td>
<td>12.9</td>
<td>13.6</td>
<td>13.6</td>
<td>13.7</td>
<td>53.8</td>
</tr>
<tr>
<td>Net cap’ dev’</td>
<td>(4.8)</td>
<td>(4.4)</td>
<td>(7.2)</td>
<td>(6.2)</td>
<td>(22.6)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>USDm</th>
<th>Q1-21</th>
<th>Q2-21</th>
<th>Q3-21</th>
<th>Q4-21</th>
<th>FY-21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cap’ dev’ costs</td>
<td>(19.2)</td>
<td>(20.9)</td>
<td>(20.9)</td>
<td>(25.2)</td>
<td>86.2</td>
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<tr>
<td>Amortisation</td>
<td>13.8</td>
<td>15.6</td>
<td>15.1</td>
<td>17.0</td>
<td>61.4</td>
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<tr>
<td>Net cap’ dev’</td>
<td>(5.4)</td>
<td>(5.4)</td>
<td>(5.8)</td>
<td>(8.2)</td>
<td>(24.8)</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>USDm</th>
<th>Q1-22</th>
<th>Q2-22</th>
<th>Q3-22</th>
<th>Q4-22</th>
<th>FY-22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cap’ dev’ costs</td>
<td>(21.9)</td>
<td>(22.3)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortisation</td>
<td>15.8</td>
<td>16.7</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net cap’ dev’</td>
<td>(6.1)</td>
<td>(6.0)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Reconciliation from IFRS to non-IFRS

**IFRS revenue measure**

<table>
<thead>
<tr>
<th>+</th>
<th>Deferred revenue write-down</th>
</tr>
</thead>
<tbody>
<tr>
<td>=</td>
<td><strong>Non-IFRS revenue measure</strong></td>
</tr>
</tbody>
</table>

**IFRS profit measure**

<table>
<thead>
<tr>
<th>+/-</th>
<th>Share-based payments and related social charges</th>
</tr>
</thead>
<tbody>
<tr>
<td>+/-</td>
<td>Deferred revenue write down</td>
</tr>
<tr>
<td>+/-</td>
<td>Discontinued activities</td>
</tr>
<tr>
<td>+/-</td>
<td>Amortisation of acquired intangibles</td>
</tr>
<tr>
<td>+/-</td>
<td>Acquisition related charges</td>
</tr>
<tr>
<td>+/-</td>
<td>Restructuring</td>
</tr>
<tr>
<td>+/-</td>
<td>Taxation</td>
</tr>
<tr>
<td>=</td>
<td><strong>Non-IFRS profit measure</strong></td>
</tr>
</tbody>
</table>
Accounting elements not included in non-IFRS guidance

Below are the accounting elements not included in the 2022 non-IFRS guidance:
FY 2022 estimated share-based payments charge of c.5% of revenue
FY 2022 estimated amortisation of acquired intangibles of USD 50m
FY 2022 estimated restructuring costs of USD 10m

Restructuring costs include realising R&D, operational and infrastructure efficiencies. These estimates do not include impact of any further acquisitions or restructuring programmes commenced after 21 July 2022. The above figures are estimates only and may deviate from expected amounts.
## Earnings Reconciliation – IFRS to non-IFRS

### In USDm, except EPS

<table>
<thead>
<tr>
<th></th>
<th>3 Months Ending 30 June</th>
<th>3 Months Ending 30 June</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2022</td>
<td>2022</td>
</tr>
<tr>
<td></td>
<td>IFRS</td>
<td>Non-IFRS adj.</td>
</tr>
<tr>
<td>Subscription</td>
<td>30.6</td>
<td>30.6</td>
</tr>
<tr>
<td>Term Licence</td>
<td>31.8</td>
<td>31.8</td>
</tr>
<tr>
<td>SaaS</td>
<td>38.7</td>
<td>38.7</td>
</tr>
<tr>
<td><strong>Total Software Licensing</strong></td>
<td><strong>101.1</strong></td>
<td><strong>101.1</strong></td>
</tr>
<tr>
<td>Maintenance</td>
<td>99.9</td>
<td>99.9</td>
</tr>
<tr>
<td>Services</td>
<td>37.1</td>
<td>37.1</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>238.1</strong></td>
<td><strong>238.1</strong></td>
</tr>
<tr>
<td><strong>Total Operating Costs</strong></td>
<td>(187.2)</td>
<td>27.4</td>
</tr>
<tr>
<td>Restructuring/acq. costs</td>
<td>(2.3)</td>
<td>2.3</td>
</tr>
<tr>
<td>Amort of Acq'd Intang.</td>
<td>(11.3)</td>
<td>11.3</td>
</tr>
<tr>
<td>IFRS 2 Costs</td>
<td>(13.8)</td>
<td>13.8</td>
</tr>
<tr>
<td><strong>Operating Profit</strong></td>
<td><strong>50.9</strong></td>
<td><strong>27.4</strong></td>
</tr>
<tr>
<td>Operating Margin</td>
<td>21%</td>
<td>33%</td>
</tr>
<tr>
<td>Financing Costs</td>
<td>(5.6)</td>
<td>(5.6)</td>
</tr>
<tr>
<td>Taxation</td>
<td>(8.7)</td>
<td>(4.8)</td>
</tr>
<tr>
<td>Net Earnings</td>
<td>36.7</td>
<td>22.6</td>
</tr>
<tr>
<td><strong>EPS (USD per Share)</strong></td>
<td><strong>0.51</strong></td>
<td><strong>0.32</strong></td>
</tr>
</tbody>
</table>
# EBIT & EBITDA reconciliation from IFRS to non-IFRS

<table>
<thead>
<tr>
<th>USDm</th>
<th>LTM Q2 22 EBIT</th>
<th>LTM Q2 22 EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>IFRS</strong></td>
<td>230.6</td>
<td>373.2</td>
</tr>
<tr>
<td><strong>IFRS 2</strong></td>
<td>56.1</td>
<td>56.1</td>
</tr>
<tr>
<td>Deferred revenue write-down</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Amortisation of acquired intangibles</td>
<td>48.4</td>
<td>-</td>
</tr>
<tr>
<td>Restructuring</td>
<td>14.9</td>
<td>14.2</td>
</tr>
<tr>
<td>Acquisition related costs</td>
<td>2.1</td>
<td>2.1</td>
</tr>
<tr>
<td><strong>Non-IFRS</strong></td>
<td>352.0</td>
<td>445.6</td>
</tr>
<tr>
<td>In USDm, except EPS</td>
<td>Q2-22</td>
<td>Q2-21</td>
</tr>
<tr>
<td>---------------------------------------------------------</td>
<td>-------</td>
<td>-------</td>
</tr>
<tr>
<td>IFRS net earnings</td>
<td>36.7</td>
<td>47.2</td>
</tr>
<tr>
<td>IFRS 2 Cost</td>
<td>13.8</td>
<td>6.0</td>
</tr>
<tr>
<td>Deferred revenue write down</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Amortisation of acquired intangibles</td>
<td>11.3</td>
<td>12.8</td>
</tr>
<tr>
<td>Restructuring</td>
<td>1.6</td>
<td>1.9</td>
</tr>
<tr>
<td>Acquisition related costs</td>
<td>0.7</td>
<td>-</td>
</tr>
<tr>
<td>Taxation</td>
<td>(4.8)</td>
<td>(3.6)</td>
</tr>
<tr>
<td><strong>Net earnings for non-IFRS EPS</strong></td>
<td>59.3</td>
<td>64.4</td>
</tr>
<tr>
<td>No. of dilutive shares (m shares)</td>
<td>71.8</td>
<td>72.4</td>
</tr>
<tr>
<td><strong>Non-IFRS diluted EPS (USD)</strong></td>
<td>0.83</td>
<td>0.89</td>
</tr>
</tbody>
</table>
Non-IFRS definitions

Non-IFRS adjustments

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 related charges
Relates mainly to advisory fees, integration costs and earn out credits or charges

Acquisition related finance cost
Mainly relates to fees incurred on acquisition funding

Amortisation of acquired intangibles
Amortisation charges as a result of acquired intangible assets

Restructuring
Costs incurred in connection with a restructuring programme or other organisational transformation activities planned and controlled by management. 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, 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.

Total Bookings
Include fair value of licence contract value, committed maintenance contract value on licence, and SaaS committed contract value. All must be committed and evidenced by duly signed agreements.

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.
SaaS Financial metrics definitions and reporting

**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