

FOR IMMEDIATE RELEASE  
October 23, 2024

Ad hoc announcement pursuant to Art. 53 LR

## Temnos announces Q3-24 results and slightly revised FY-24 guidance; EBIT and EPS guidance remain unchanged

- Continued customer engagement in Q3-24 after sales cycles already normalized in Q2-24
- New product and technology leadership with hiring of Barb Morgan as new CPTO
- Q3-24 ARR of USD 761m, up 9% y-o-y c.c.
- Sales execution issues in MEA led to Q3-24 total software licensing of USD 96.4m, slightly lower than consensus
- Q3-24 non-IFRS EBIT up 19% y-o-y c.c., with 4% points margin expansion
- Q3-24 non-IFRS EPS of USD 0.76 up 25%
- Free cash flow down 21%; Q3-24 free cash flow grew 26% excluding payments related to independent investigation and is expected to grow at least 12% for the full year
- Issued Q4-24 and slightly revised FY-24 guidance, taking conservative view on Q4-24 pipeline
- Q4-24 guidance (non-IFRS, constant currency); total software licensing growth of about 5%
- Slightly revised FY-24 guidance (non-IFRS, constant currency); ARR growth of 11-12% (previously about 13%), total software licensing flattish to FY-23 (previously 3-6%), EBIT growth of 7-9% (no change), EPS growth of 6-8% (no change) and free cash flow growth of at least 12% (previously at least 16%)

GRAND-LANCY, Switzerland, October 23, 2024 – Temnos AG (SIX: TEMN), the banking software company, today announces its third quarter 2024 results.

### Annual Recurring Revenue

<i>USDm</i>	Q3-24	Q3-23	Change	CC*
Annual Recurring Revenue	760.9	687.5	11%	9%

### Income Statement and Free Cash Flow

<i>USDm, except EPS</i>	Non-IFRS				IFRS			
	Q3-24	Q3-23	Change	CC*	Q3-24	Q3-23	Change	CC*
Subscription	28.2	23.7	19%	17%	28.2	23.7	19%	17%
Term License	12.8	19.3	-34%	-35%	12.8	19.3	-34%	-25%
SaaS	55.4	52.7	5%	5%	55.4	52.7	5%	5%
<b>Total software licencing</b>	<b>96.4</b>	<b>95.7</b>	<b>1%</b>	<b>0%</b>	<b>96.4</b>	<b>95.7</b>	<b>1%</b>	<b>0%</b>
Maintenance	116.9	107.3	9%	10%	116.9	107.3	9%	10%
Services	33.6	33.8	0%	-1%	33.6	33.8	0%	-1%
<b>Total revenue</b>	<b>246.9</b>	<b>236.7</b>	<b>4%</b>	<b>4%</b>	<b>246.9</b>	<b>236.7</b>	<b>4%</b>	<b>4%</b>
<b>EBIT</b>	<b>71.3</b>	<b>59.8</b>	<b>19%</b>	<b>19%</b>	<b>46.2</b>	<b>32.9</b>	<b>40%</b>	<b>41%</b>
<b>EBIT margin</b>	<b>28.9%</b>	<b>25.2%</b>	<b>4% pts</b>	<b>4% pts</b>	<b>18.7%</b>	<b>13.9%</b>	<b>5% pts</b>	<b>5% pts</b>
<b>EPS (USD)</b>	<b>0.76</b>	<b>0.61</b>	<b>25%</b>		<b>0.43</b>	<b>0.30</b>	<b>43%</b>	
Free cash flow	21.8	27.6	-21%					

The definition of non-IFRS adjustments is set out below and a full reconciliation of IFRS to non-IFRS results can be found in Appendix II.

\* Constant currency (c.c.) adjusts prior year for movements in currencies

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**Quarterly update**

- Senior Leadership Team defined, talent acquisition ongoing, organization review completed
- Initiated investment into US and Western Europe sales with incremental hires made in the quarter
- Commenced company efficiencies program; reducing management layers and removing organizational complexity
- New product and technology leadership with hiring of Barb Morgan as CPTO
- Focused review of strategic, operational and financial plan nearly completed, ahead of Capital Markets Day on 12 November, 2024, in London and virtually, including review of mid-term targets (register [here](#) to attend)

**Q3-24 financial summary (non-IFRS)**

- Annual Recurring Revenue (ARR) of USD 760.9m, up 9% c.c.
- SaaS Annual Contract Value (ACV) of USD 9.4m in Q3-24
- Non-IFRS SaaS revenue of USD 55.4m, up 5% c.c.
- Non-IFRS total software licensing revenues flat y-o-y c.c.
- Non-IFRS maintenance revenue growth of 10% in Q3-24 c.c.
- Non-IFRS total revenue growth of 4% in Q3-24 c.c.
- Non-IFRS EBIT up 19% in Q3-24 c.c.
- Non-IFRS EPS up 25%
- Free cash flow down 21%; free cash flow grew 26% excluding payments related to independent investigation
- Share buyback of USD 200m completed in September, equal to 4.3% of registered share capital
- Leverage at 1.8x at end of Q3-24

Commenting on the results, **Temenos CEO Jean-Pierre Brulard said:**

“We saw good traction in most of our regions in the third quarter with a sales environment which remained stable across the geographies we operate in. However, despite this, we had sales execution issues in MEA. We have acted decisively to address the sales leadership issues in the region and conducted a detailed review of the Q4-24 pipeline.

On the operational side, we have made good progress on a number of fronts. We have defined our Senior Leadership Team for the company, as well as continuing to make new hires both at Exco and in the sales organization. In particular, I am delighted that Barb Morgan has joined as Chief Product and Technology Officer. She is an experienced technology and people leader with extensive knowledge and understanding of banking and financial services technology, a strong market focus from both a business and an engineering perspective, and a track record of developing solutions that incorporate data, AI and cloud technologies.

We initiated investments in US and Western Europe sales and made incremental hires in the quarter, and we also launched a company-wide efficiency program, designed to reduce management layers and organizational complexity. We have nearly concluded our review of our strategy roadmap and financial plan which we will present at our Capital Markets Day on November 12<sup>th</sup>, 2024, in London.”

Commenting on the results, **Temenos CFO Takis Spiliopoulos said:**

“While the overall trend in new business was positive in the quarter, with subscription licenses growing 17%, we had clearly expected a significantly stronger software license number than was delivered. The issues in MEA were not linked to any change in customer behavior or change in the overall sales environment but were specific to sales execution. ARR still grew 9% in the quarter, through a combination of subscription license growth, SaaS ACV of USD 9.4m in-line with Q2-24, and strong growth in maintenance which was up 10% constant currency.

Our cash generation remained healthy with USD 21.8m of free cash flow generated in Q3-24 despite the headwinds, and our leverage was at 1.8x net debt to non-IFRS EBITDA by quarter-end. We also completed our CHF 200m share buyback in September. I still expect our leverage to trend down further towards the low end of our target operating leverage of 1.5 to 2.0x net debt to non-IFRS EBITDA by year-end.

After having conducted a thorough review of our sales pipeline for the balance-of-year, we have announced guidance for Q4-24 and revised FY-24 guidance, which are non-IFRS and in constant currencies. For Q4-24, we expect total software

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licensing growth of about 5%. For FY-24, we are now expecting ARR growth of 11-12%, down from about 13%, and total software licensing to be flattish to FY-23, down from 3-6%. Our EBIT growth guidance remains unchanged at 7-9%, as does our EPS growth guidance of 6-8%. We now expect free cash flow growth of at least 12%, down from at least 16% growth. Our FY-24 EBIT will continue to benefit from the efficiencies program launched at the start of Q3-24, with the investments we are making in new hires only having a limited impact in FY-24.”

**Revenue**

IFRS and non-IFRS revenue was USD 246.9m for the quarter, an increase of 4% vs. Q3-23.

IFRS and non-IFRS total software licensing revenue for the quarter was USD 96.4m, an increase of 1% vs. Q3-23.

**EBIT**

IFRS EBIT was USD 46.2m for the quarter, an increase of 40% vs. Q3-23.

Non-IFRS EBIT was USD 71.3m for the quarter, an increase of 19% vs. Q3-23.

Non-IFRS EBIT margin was 28.9%, up 4% points vs. Q3-23.

**Earnings per share (EPS)**

IFRS EPS was USD 0.43 for the quarter, an increase of 43% vs. Q3-23.

Non-IFRS EPS was USD 0.76 for the quarter, an increase of 25% vs. Q3-23.

**Cash flow**

IFRS operating cash was an inflow of USD 51.9m in Q3-24, a decrease of 6% vs. Q3-23, and representing an LTM conversion of 115% of IFRS EBITDA into operating cash. USD 21.8m of free cash flow was generated in Q3-24, a decrease of 21% vs. Q3-23.

**Q4-24 and revised FY-24 non-IFRS guidance**

The guidance for Q4-24 and FY-24 is non-IFRS and in constant currencies.

**Q4-24 guidance**

- Total software licensing growth of about 5%

**FY-24 guidance**

- ARR growth of 11-12% (previously about 13%)
- Total software licensing flattish to FY-23 (previously 3-6%)
- EBIT growth of 7-9% (no change)
- EPS growth of 6-8% (no change)
- FCF growth of at least 12% (previously at least 16%)

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%

**Currency assumptions for FY-24 guidance**

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

- EUR to USD exchange rate of 1.09;
- GBP to USD exchange rate of 1.30; and
- USD to CHF exchange rate of 0.88

*The guidance provided above and other statements about Temenos' expectations, plans and prospects in this press release constitute forward-looking financial information and represent the Company's current view and estimates as of October 23, 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 the marketplace 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*

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*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.*

### Conference call and webcast

At 18.30 CET / 17.30 GMT / 12.30 EST today, October 23, 2024, Jean-Pierre Brulard, CEO, and Takis Spiliopoulos, CFO, will host a webcast to present the results and offer an update on the business outlook. The webcast can be accessed through the following link:

[Q3 2024 webcast link](#)

Please use the webcast in the first instance if at all possible to avoid delays in joining the call. For those who cannot access the webcast, the following dial-in details can be used as an alternative. Please dial in 15 minutes before the call commences.

Switzerland / Europe: + 41 (0) 58 310 50 00

United Kingdom: + 44 (0) 207 107 06 13

United States: + 1 (1) 631 570 56 13

### Non-IFRS financial Information

Readers are cautioned that the supplemental non-IFRS information presented in this press release 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. The Company's non-IFRS figures exclude share-based payments and related social charges costs, any deferred revenue write-down resulting from acquisitions, discontinued activities that do not qualify as such under IFRS, acquisition/investment related charges such as financing costs, advisory fees and integration costs and fair value changes on investments, charges as a result of the amortization of acquired intangibles, costs incurred in connection with a restructuring program or other organizational transformation activities planned and controlled by management, and adjustments made to reflect the associated tax charge relating to the above items.

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

- FY-24 estimated share-based payments and related social charges of c.5% of revenue
- FY-24 estimated amortisation of acquired intangibles of USD 50m
- FY-24 estimated restructuring/M&A related costs of USD 32m

– Ends –

### About Temenos

Temenos (SIX: TEMN) is the world's leading open platform for composable banking. We serve clients in over 150 countries by helping them build new banking services and state-of-the-art customer experiences. The Temenos open platform helps our top-performing clients achieve return on equity three times the industry average and cost-to-income ratios half the industry average. For more information, please visit [www.temenos.com](http://www.temenos.com).

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## Appendix I – Q3-24 IFRS primary statements

### TEMENOS AG

All amounts are expressed in thousands of US dollars  
except earnings per share

	Three months to 30 September 2024	Three months to 30 September 2023	Twelve months to 30 September 2024	Twelve months to 30 September 2023
<b>Revenues</b>				
Subscription	28,235	23,675	154,830	140,353
Term license	12,764	19,275	60,547	97,492
SaaS	55,405	52,700	220,811	195,884
Total software licensing	96,404	95,650	436,188	433,729
Maintenance	116,895	107,293	454,153	416,406
Services	33,617	33,757	132,842	130,088
Total revenues	246,916	236,700	1,023,183	980,223
<b>Operating expenses</b>				
Sales and marketing	(70,355)	(73,973)	(290,855)	(276,493)
Services	(31,581)	(34,183)	(131,272)	(136,861)
Software development and maintenance	(71,789)	(73,879)	(279,419)	(276,884)
General and administrative	(27,041)	(21,799)	(108,258)	(94,864)
Total operating expenses	(200,766)	(203,834)	(809,804)	(785,102)
Operating profit	46,150	32,866	213,379	195,121
<b>Other expenses</b>				
Net interest expenses	(5,090)	(4,875)	(17,987)	(22,776)
Borrowing facility expenses	(308)	(105)	(810)	(495)
Foreign exchange gain / (loss) and movement in fair value from financial instruments	420	684	(7,883)	7,613
Total other expenses	(4,978)	(4,296)	(26,680)	(15,658)
Profit before taxation	41,172	28,570	186,699	179,463
Taxation	(10,327)	(6,686)	(42,622)	(40,717)
Profit for the period	30,845	21,884	144,077	138,746
<b>Earnings per share (in US\$):</b>				
basic	0.43	0.30	1.99	1.93
diluted	0.43	0.30	1.97	1.92

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**TEMENOS AG**

All amounts are expressed in thousands of US dollars

	30 September 2024	30 June 2024	31 December 2023	30 September 2023*
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	107,269	193,947	106,885	87,012
Trade receivables	200,429	201,028	227,766	216,017
Other receivables and financial assets	115,752	111,333	128,269	137,641
<b>Total current assets</b>	<b>423,450</b>	<b>506,308</b>	<b>462,920</b>	<b>440,670</b>
<b>Non-current assets</b>				
Property, plant and equipment	54,118	57,764	58,017	58,107
Intangible assets	1,509,622	1,496,040	1,523,602	1,506,185
Trade receivables	176,467	167,916	159,680	116,754
Other long term assets	49,045	42,350	50,676	34,210
Deferred tax assets	74,888	61,200	71,946	46,260
<b>Total non-current assets</b>	<b>1,864,140</b>	<b>1,825,270</b>	<b>1,863,921</b>	<b>1,761,516</b>
<b>Total assets</b>	<b>2,287,590</b>	<b>2,331,578</b>	<b>2,326,841</b>	<b>2,202,186</b>
<b>Liabilities and equity</b>				
<b>Current liabilities</b>				
Trade and other payables	210,608	219,745	204,027	182,006
Deferred revenues	394,161	418,419	460,829	377,689
Income tax liabilities	83,477	86,669	83,533	127,403
Borrowings	23,908	19,980	194,990	374,899
<b>Total current liabilities</b>	<b>712,154</b>	<b>744,813</b>	<b>943,379</b>	<b>1,061,997</b>
<b>Non-current liabilities</b>				
Borrowings	881,671	745,769	569,686	451,642
Deferred tax liabilities	107,573	100,320	90,685	60,278
Trade and other payables	2,451	2,129	2,183	2,322
Deferred revenues	17,437	21,998	21,003	15,691
Retirement benefit obligations	19,734	18,239	17,925	13,218
<b>Total non-current liabilities</b>	<b>1,028,866</b>	<b>888,455</b>	<b>701,482</b>	<b>543,151</b>
<b>Total liabilities</b>	<b>1,741,020</b>	<b>1,633,268</b>	<b>1,644,861</b>	<b>1,605,148</b>
<b>Shareholders' equity</b>				
Share capital	254,764	254,764	254,764	254,716
Treasury shares	(412,343)	(256,312)	(402,006)	(464,778)
Share premium and capital reserves	(260,831)	(258,447)	(144,560)	(135,125)
Fair value and other reserves	(217,752)	(193,968)	(206,023)	(197,768)
Retained earnings	1,182,732	1,152,273	1,179,805	1,139,993
<b>Total shareholders' equity</b>	<b>546,570</b>	<b>698,310</b>	<b>681,980</b>	<b>597,038</b>
<b>Total equity</b>	<b>546,570</b>	<b>698,310</b>	<b>681,980</b>	<b>597,038</b>
<b>Total liabilities and equity</b>	<b>2,287,590</b>	<b>2,331,578</b>	<b>2,326,841</b>	<b>2,202,186</b>

\* Comparatives have been adjusted for tax impact for certain foreign exchange gains and losses, deferred tax liabilities decreased by USD 27.3 million against retained earnings and other reserves, no impact on reported profit or loss

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## TEMENOS AG

All amounts are expressed in thousands of US dollars

	Three months to 30 September 2024	Three months to 30 September 2023	Twelve months to 30 September 2024	Twelve months to 30 September 2023
<b>Cash flows from operating activities</b>				
Profit before taxation	41,172	28,570	186,699	179,463
<u>Adjustments:</u>				
Depreciation and amortization	33,329	32,461	131,401	131,190
Other non-cash and non-operating items	20,441	14,508	90,026	62,712
<u>Changes in working capital:</u>				
Trade and other receivables	(7,981)	(17,369)	(36,134)	(55,490)
Trade and other payables, and retirement benefit obligations	322	1,493	15,031	(2,847)
Deferred revenues	(35,368)	(4,536)	8,842	35,392
<i>Cash generated from operations</i>	51,915	55,127	395,865	350,420
Income taxes paid	(10,222)	(6,203)	(54,659)	(27,757)
<b>Net cash generated from operating activities</b>	<b>41,693</b>	<b>48,924</b>	<b>341,206</b>	<b>322,663</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(1,876)	(1,453)	(8,324)	(7,732)
Disposal of property, plant and equipment	-	-	165	77
Purchase of intangible assets	(656)	(420)	(2,934)	(2,010)
Capitalized development costs	(17,400)	(19,409)	(73,116)	(78,085)
Earn out settlement related to acquisitions	-	-	-	(1,000)
Repayment / (investment) for long-term loans / debt instruments	-	-	3,000	(600)
Settlement of financial instruments	(3,694)	581	3,082	(7,984)
Interest received	260	370	2,405	1,364
<b>Net cash used in investing activities</b>	<b>(23,366)</b>	<b>(20,331)</b>	<b>(75,722)</b>	<b>(95,970)</b>
<b>Cash flows from financing activities</b>				
Dividend paid	-	-	(96,938)	(88,273)
Disposal of treasury shares	-	-	102,160	-
Acquisition of treasury shares	(187,422)	-	(226,783)	-
Proceeds from borrowings	231,906	30,000	521,949	112,833
Repayments of borrowings	(148,073)	(65,015)	(369,932)	(205,044)
Proceeds from issuance of bonds	-	-	220,840	-
Repayment of bond	-	-	(366,373)	-
Proceeds from long-term loans	1,567	-	1,567	-
Payment of lease liabilities	(3,916)	(3,592)	(14,746)	(15,965)
Interest paid	(2,249)	(2,094)	(20,924)	(22,357)
Settlement of financial instruments	-	307	4,043	7,292
Payment of other financing costs	(626)	(640)	(3,843)	(2,902)
<b>Net cash used in financing activities</b>	<b>(108,813)</b>	<b>(41,034)</b>	<b>(248,980)</b>	<b>(214,416)</b>
<b>Effect of exchange rate changes</b>	<b>3,808</b>	<b>(1,435)</b>	<b>3,753</b>	<b>1,313</b>
<b>Net (decrease) / increase in cash and cash equivalents in the period</b>	<b>(86,678)</b>	<b>(13,876)</b>	<b>20,257</b>	<b>13,590</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>193,947</b>	<b>100,888</b>	<b>87,012</b>	<b>73,422</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>107,269</b>	<b>87,012</b>	<b>107,269</b>	<b>87,012</b>

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### Appendix II – reconciliation of IFRS to non-IFRS Q3-24 Income Statement

Readers are cautioned that the supplemental non-IFRS information presented in this press release 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.

To compensate for these limitations, the supplemental non-IFRS financial information should not be read in isolation, but only in conjunction with the Company's consolidated financial statements prepared in accordance with IFRS.

IFRS - Non- IFRS Reconciliation Thousands of US Dollars	3 Months Ending 30 September						Change	
	2024		2024	2023		2023	IFRS	Non-IFRS
	IFRS	Non-IFRS adjustments	Non-IFRS	IFRS	Non-IFRS adjustments	Non-IFRS		
Subscription	28,235		28,235	23,675		23,675	19%	19%
Term license	12,764		12,764	19,275		19,275	(34%)	(34%)
SaaS	55,405		55,405	52,700		52,700	5%	5%
<b>Total Software Licensing</b>	<b>96,404</b>	<b>-</b>	<b>96,404</b>	<b>95,650</b>	<b>-</b>	<b>95,650</b>	1%	1%
Maintenance	116,895		116,895	107,293		107,293	9%	9%
Services	33,617		33,617	33,757		33,757	(0%)	(0%)
<b>Total Revenue</b>	<b>246,916</b>	<b>-</b>	<b>246,916</b>	<b>236,700</b>	<b>-</b>	<b>236,700</b>	<b>4%</b>	<b>4%</b>
<b>Total Operating Expenses</b>	<b>(200,766)</b>	<b>25,122</b>	<b>(175,644)</b>	<b>(203,834)</b>	<b>26,899</b>	<b>(176,935)</b>	<b>(2%)</b>	<b>(1%)</b>
Restructuring	(3,928)	3,928	-	(4,112)	4,112	-	(4%)	
Amort of Acquired Intangibles	(10,478)	10,478	-	(11,036)	11,036	-	(5%)	
Share based payment	(10,716)	10,716	-	(11,751)	11,751	-	(9%)	
<b>Operating Profit</b>	<b>46,150</b>	<b>25,122</b>	<b>71,272</b>	<b>32,866</b>	<b>26,899</b>	<b>59,765</b>	<b>40%</b>	<b>19%</b>
Operating Margin	19%		29%	14%		25%	4.8% pts	3.6% pts
Finance Costs	(4,978)	4,200	(778)	(4,296)	-	(4,296)	16%	(82%)
Taxation	(10,327)	(5,700)	(16,027)	(6,686)	(4,845)	(11,531)	54%	39%
Net Earnings	30,845	23,622	54,467	21,884	22,054	43,938	41%	24%
EPS (USD per Share)	0.43	0.33	0.76	0.30	0.31	0.61	43%	25%