

temenos

Everyone's Banking Platform

Interim Report and
Accounts 2024





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HIGHLIGHTS OF H1-24

The journey towards the future of banking

H1-24 non-IFRS highlights

Annual Recurring Revenue (ARR)
(USDm)

742.4

H1-23: 666.8 (+11%)

Subscription revenue
(USDm)

59.3

H1-23: 69.4 (-15%)

SaaS revenue
(USDm)

110.5

H1-23: 97.5 (+13%)

Total software licensing
(USDm)

185.9

H1-23: 194.1 (-4%)

Maintenance
(USDm)

227.7

H1-23: 206.8 (+10%)

Total revenue
(USDm)

478.3

H1-23: 465.5 (+3%)

EBIT margin
(%)

34.2

H1-23: 32.6 (+1.5%)

Earnings per share
(USD)

1.68

H1-23: 1.56 (+8%)

Operating cash
(USDm)

168.2

H1-23: 160.7 (+5%)

Free cash flow
(USDm)

121.6

H1-23: 101.3 (+20%)

H1-24 operational highlights

- Temporary lengthening of sales cycles due to short seller allegations impacted signings in Q1-24
- However, all delayed deals from Q1-24 signed in Q2-24, demonstrating strong customer confidence
- Launched Temenos SaaS Foundation, our next-gen SaaS platform for banking
- Jean-Pierre Brulard was appointed CEO on 1 May 2024 and has relocated to Zurich from California; previously CRO of VMware, based in the US, for last four years
- Mr. Brulard spent first three months on a listening and learning tour meeting 50+ clients, 20+ Partners and hundreds of employees
- Immediate incremental investments in go-to-market in key geographies including the US and Western Europe
- Appointed Will Moroney as CRO (previously President International), responsible for global revenue, and Rodrigo Silva as President Americas (previously Latam MD and more recently running sales for the Americas)
- US-based new hires including Isabelle Guis, CMO, and Monty Bhatia, Executive Vice President of Global Alliances and Partner Ecosystem
- Strategic and financial plan to be presented at Capital Markets Day on 12 November 2024, in London and virtually, including review of mid-term targets



AT A GLANCE

The open platform for composable banking

Our purpose is to power a world of banking that creates opportunities for everyone.

Our values

We challenge

We challenge the status quo, try to look at things differently and drive change.

We commit

We commit with determination and persistence to make things happen.

We collaborate

We collaborate within Temenos and across a broader Partner ecosystem.

We care

We care and listen to each other, our clients, our Partners and the communities we serve.

Over 950

core banking clients¹

Over 600

digital clients¹

Over 90%

of revenue generated by top 1,000 clients across all products in FY-23¹

150+

countries in which clients are present¹



1. Since the publication of Temenos' 2023 Annual Report and in the future, Temenos will focus its client number disclosure on those clients generating the significant majority of Temenos' annual revenue, as well as client numbers across its core banking and front office platform, in an effort to better reflect the relevance of Temenos' client base to its business performance. Previously disclosed total client numbers included a range of clients acquired as a result of M&A transactions contributing less to Temenos' annual revenue.

Launching our next-generation SaaS for banking

Temenos Enterprise Services

Retail
Enterprise Service



Business & Corporate
Enterprise Service



Wealth
Enterprise Service



Temenos SaaS Foundation



Customer Empowerment



Productized Platform & Operations



Automated Processes



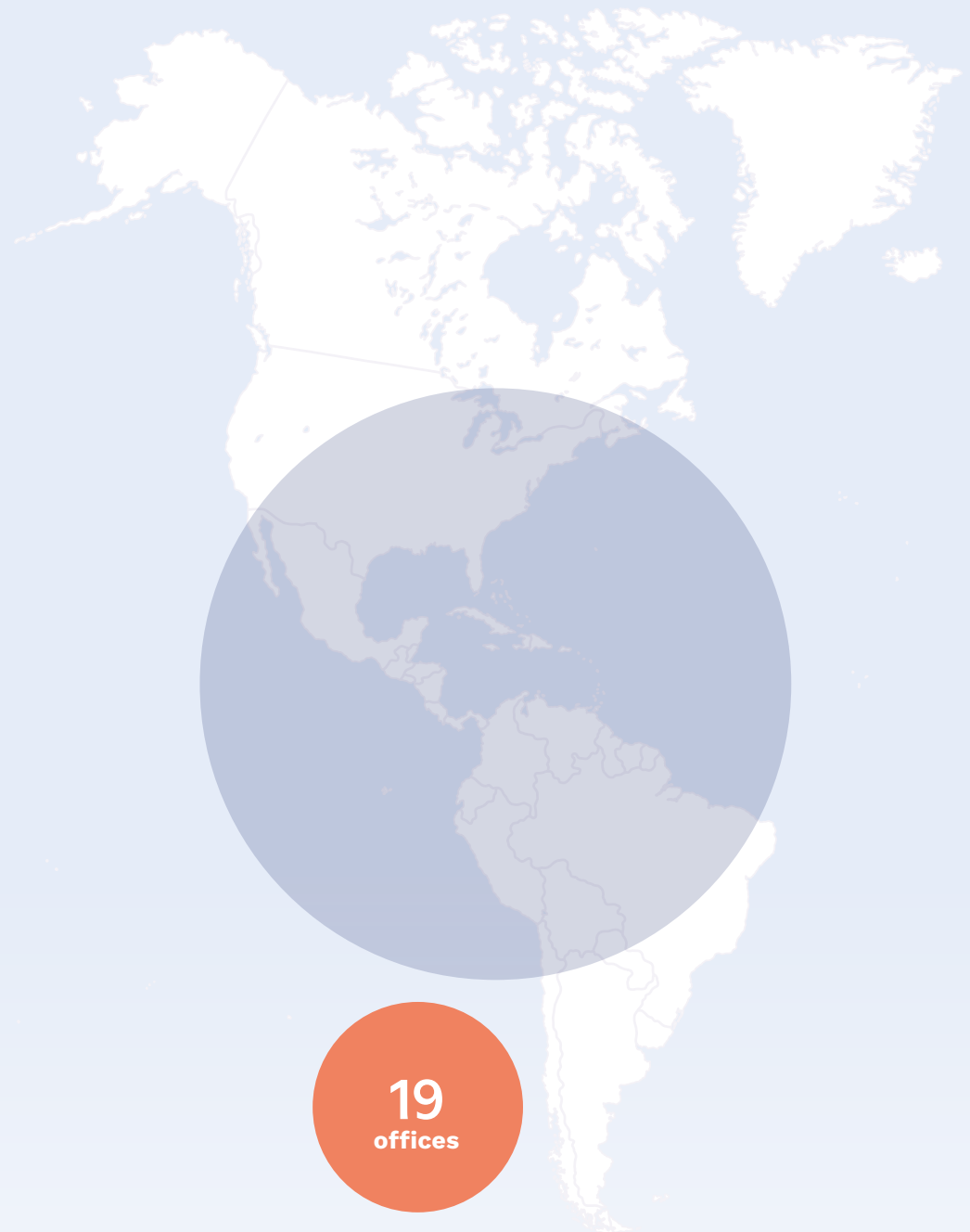
Hyperscaler Management





AT A GLANCE continued

Our global opportunity



The Americas

Total revenue (H1-24) (%)

28%

Total software licensing revenue (H1-24) (%)

45%



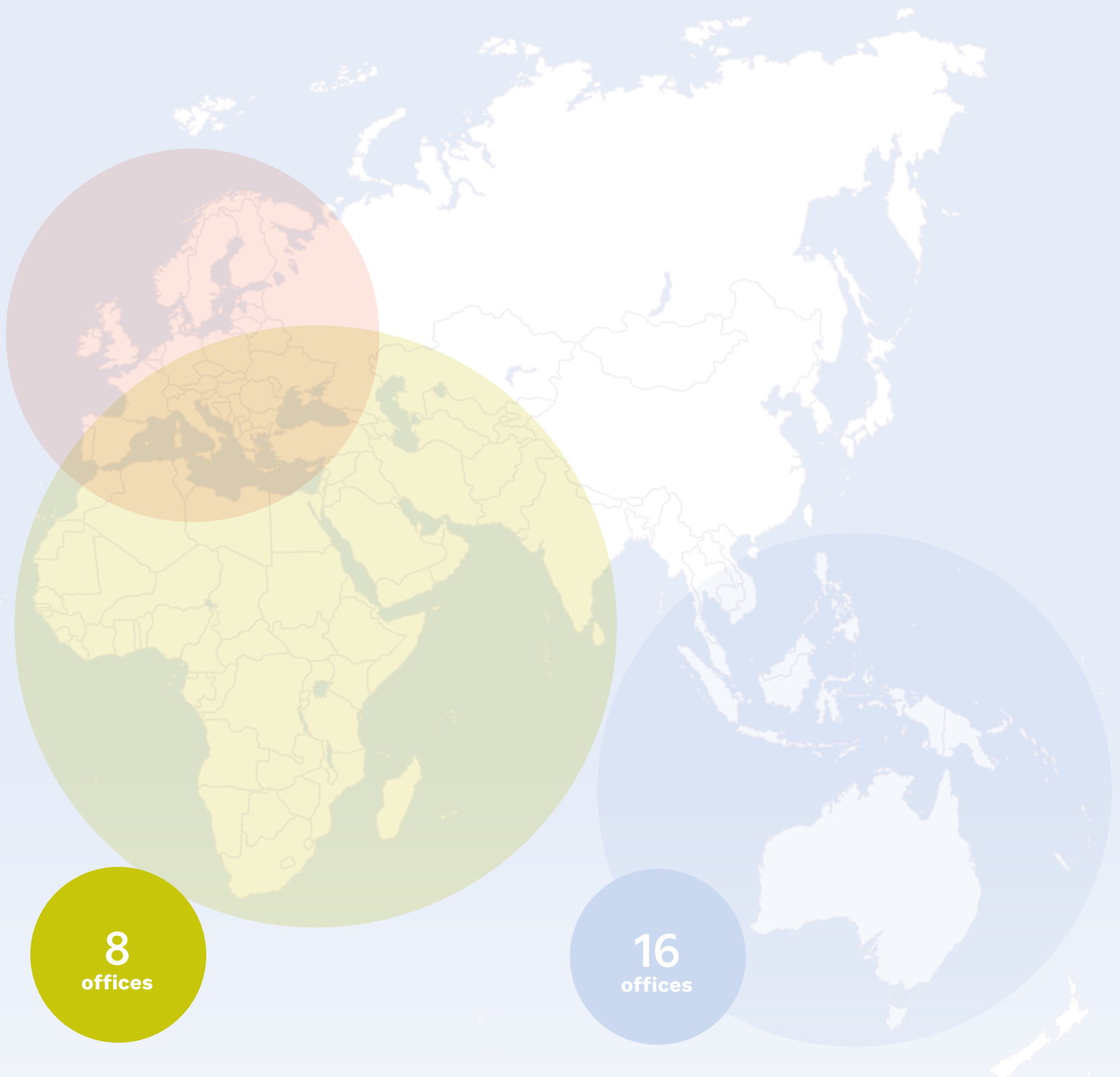
Europe

Revenue (H1-24) (%)

28%

Total software licensing revenue (H1-24) (%)

18%



8
offices

16
offices

Middle East and Africa

Revenue (H1-24)
(%)

24%

Total software licensing
revenue (H1-24) (%)

16%

Asia Pacific

Revenue (H1-24)
(%)

20%

Total software licensing
revenue (H1-24) (%)

21%



INDUSTRY RECOGNITION

A market leader

A “Market Leader” in core banking and a “Market Leader” in digital banking platforms.³

12 times

Recognized as a “Leader” 12 times¹ in Gartner “Magic Quadrant for Global Retail Core Banking”

16 years

Classed as “Global Power Seller” for new business²

19 times

Ranked best-selling core banking system⁴

Gartner¹

- Recognized as a “Leader” for the 12th time in the 2022 Gartner® “Magic Quadrant for Global Retail Core Banking”.

Forrester²

- “Leader” in Forrester Wave for Digital Banking Processing Platforms for Corporate Banking, Q3-22, and “Leader” in Forrester Wave for Digital Banking Processing Platforms for Retail Banking, Q3-22.
- “Leader” in Forrester Wave for Digital Banking Engagement Platforms, Q3-21, and “Leader” in Forrester Wave for Digital Banking Engagement Hubs, Q3-21.
- Classed as “Global Power Seller” for new business for the 16th consecutive year and “Top Global Player” for new and existing business deals for tenth consecutive year plus second year as “Top Global Cross-Seller” (new category) in Forrester Global Banking Platform Deals Survey 2022.
- “Leader” in Forrester Wave for Low-Code Development Platforms for AD&D Professionals (Q1-19).

Omdia (formerly known as Ovum)³

- “Market Leader” in cloud-based core banking, and “Market Leader” in digital banking platforms and core banking.
- “Market Challenger” in Anti-Financial Crime solutions.



IBS Intelligence⁴

- Ranked best-selling core banking system for the 19th time and top two positions for the past 23 consecutive years.
- Ranked best-selling digital banking and channels system.
- Ranked best-selling payments system.

Celent⁵

- Temenos' client, Varo Bank, received the Model Bank of the Year Award at the 2021 Celent Model Bank Awards.
- Temenos' client, EQ Bank, received the Celent Model Bank 2020 Award for Banking in the Cloud.

IDC (International Data Corporation)⁶

- Recognized as a "Leader" with Temenos Digital (Infinity) in the IDC MarketScape for North American SME Lending Decisioning Platforms 2023–2024.
- Recognized as a "Leader" with Temenos Digital (Infinity) in the IDC MarketScape for SME Lending Experience Solutions 2023–2024.
- Recognized as a "Leader" with Temenos Infinity in the IDC MarketScape for North American Digital Banking Customer Experience Platforms 2022.
- Winner of "Agility and Efficiency" category of IDC Real Results Awards 2021 for Temenos and client Comerica. Temenos also recognized as joint overall winner of IDC Real Results 2021.
- Recognized as a "Leader" for Worldwide Integrated Payment Platforms.

- Recognized as a "Leader" for Know Your Customer (KYC) Solutions in Financial Services and as a "Major Player" for Anti-Money Laundering (AML) Solutions in Financial Services. Recognized as a "Leader" in global core banking, European mobile banking and wealth management front and middle office.

Aperture: The Market Map for Wealth Management Software 2021⁷

- The only vendor recognized as a "Leader" and a "Transformer" (the two highest categories) for WealthTech.

FStech Awards 2024

- Awarded "Best Customer Service & Experience Technology" for Temenos Digital.

Datos (formerly Aite Group)⁸

- Recognized as "Best in Class" (the highest ranking) for Wealth Management-Focused Core Banking Systems.
- Recognized as "Best in Class" (the highest ranking) for US Digital Banking Solutions of Core Providers.
- Recognized as "Best in Class" (the highest ranking) for Investment and Fund Accounting Systems.

→ Find sources on page 24

For evaluations dating from previous years, these reflect the most recent version of the evaluation that has been published.





PRIORITIES FOR H2-24

Culture & Leadership



Product & Technology



Strategy & Financial Plan



Immediate investment in go-to-market in the US and Western Europe



Capital Markets Day

London and virtual, 12 November 2024



OVERVIEW OF IFRS VS NON-IFRS

USDm, except EPS	Non-IFRS			IFRS		
	H1-24	H1-23	Change	H1-24	H1-23	Change
Subscription	59.3	69.4	-15%	59.3	69.4	-15%
Term license	16.1	27.2	-41%	16.1	27.2	-41%
SaaS	110.5	97.5	13%	110.5	97.5	13%
Total software licensing	185.9	194.1	-4%	185.9	194.1	-4%
Maintenance	227.7	206.8	10%	227.7	206.8	10%
Services	64.7	64.6	0%	64.7	64.6	0%
Total revenues	478.3	465.5	3%	478.3	465.5	3%
EBIT	163.4	151.9	8%	98.9	98.2	1%
EBIT margin	34.2%	32.6%	2% pts	20.7%	21.1%	0% pts
EPS (USD)	1.68	1.56	8%	0.94	0.95	-1%

Alternative performance measures (APMs)

The performance of the Group is assessed using a variety of APMs that are not defined under IFRS and are therefore classified as non-IFRS. The APMs used by the Group are explained as follows:

Annual Contract Value (ACV)

Annual value of incremental business taken in year. Includes new customers and up-sell/cross-sell. Only includes the recurring element of the contract and excludes variable elements.

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.

Days sales outstanding (DSO)

Days sales outstanding is the average number of days that receivables remain outstanding. It has been calculated as the closing net trade receivables and contract assets at period-end divided by total annual revenue multiplied by 365 days.

Free cash flow

Net cash flows from operating activities and cash flows from investing activities associated with capital expenditure on non-current assets (property, plant and equipment, intangible assets and capitalized development costs).

Operating cash flow conversion

Cash generated from operations divided by adjusted IFRS EBITDA (adjusted to exclude non-recurring specific items).

Leverage

Net debt divided by non-IFRS EBITDA.

EBITDA*

Earnings before interest, tax, depreciation and amortization (EBITDA) is defined as operating profit excluding depreciation of property, plant and equipment and amortization of intangible assets.

* Reconciled with comparable IFRS measures.



OVERVIEW OF IFRS VS NON-IFRS continued

Alternative performance measures (APMs) continued

Reconciliation from IFRS to non-IFRS – EBIT/EBITDA

USDm	H1-24	H1-23
IFRS EBIT	98.9	98.2
Amortization of acquired intangibles	21.4	22.2
Restructuring	20.1	8.1
Share-based payment	22.9	23.3
Non-IFRS EBIT	163.4	151.9
IFRS EBIT	98.9	98.2
Depreciation and amortization	64.6	65.2
IFRS EBITDA	163.5	163.5
Restructuring	19.7	7.9
Share-based payment	22.9	23.3
Non-IFRS EBITDA	206.2	194.7

Reconciliation from IFRS earnings to non-IFRS earnings

USDm	2024	2023
IFRS EBIT	98.9	98.2
Finance cost – net	(10.2)	(10.7)
Taxation	(19.4)	(18.7)
IFRS net earnings (Profit)	69.3	68.9
Number of shares – diluted (000)	73,582	72,200
IFRS EPS (USD)	0.94	0.95
IFRS net earnings (Profit)	69.3	68.9
Amortization of acquired intangibles	21.4	22.2
Restructuring	20.1	8.1
Share-based payment	22.9	23.3
Acquisition/investment-related finance cost	1.6	—
Taxation	(11.8)	(9.7)
Non-IFRS net earnings (Profit)	123.5	112.8
Number of shares – diluted (000)	73,582	72,200
Non-IFRS EPS (USD)	1.68	1.56

DEFINITIONS

Non-IFRS adjustments

Deferred revenue write-down

Adjustments made resulting from acquisitions.

Discontinued activities

Discontinued operations at Temenos that do not qualify as such under IFRS.

Acquisition/investment-related finance cost

Mainly relates to acquisition and investment-related financing expenses and fair value changes on investments.

Amortization of acquired intangibles

Amortization charges as a result of acquired intangible assets.

M&A-related charges

Mainly relates to advisory fees, integration costs and earn out credits or charges.

Restructuring

Costs incurred in connection with a restructuring program or other organizational 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.

Share-based payment charges

Adjustment made for share-based payments and social charges, applicable only to non-IFRS numbers.

Taxation

Adjustments made to reflect the associated tax charge mainly on deferred revenue write-down, amortization of acquired intangibles, fair value changes on investments and share-based payments, on the basis of Temenos' expected effective tax rate.

Other definitions

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 SaaS licenses.

Net debt

Total borrowings (current and non-current) and cross-currency swaps less cash and cash equivalents.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONDENSED)**

For the six months ended 30 June

Unaudited

	2024 USD 000	2023 USD 000
Revenues		
Subscription	59,309	69,417
Term license	16,087	27,174
SaaS	110,522	97,524
Total software licensing	185,918	194,115
Maintenance	227,687	206,833
Services	64,660	64,574
Total revenues	478,265	465,522
Operating expenses		
Cost of sales	(139,033)	(141,774)
Sales and marketing	(91,643)	(94,926)
General and administrative	(54,027)	(45,358)
Other operating expenses	(94,615)	(85,235)
Total operating expenses	(379,318)	(367,293)
Operating profit	98,947	98,229
Finance costs – net	(10,192)	(10,688)
Profit before taxation	88,755	87,541
Taxation	(19,426)	(18,651)
Profit for the period	69,329	68,890
Attributable to:		
Equity holders of the Company	69,329	68,890
Earnings per share (in USD) (note 10):		
Basic	0.95	0.96
Diluted	0.94	0.95

Notes on pages 17 to 23 are an integral part of these interim consolidated financial statements.

**CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME (CONDENSED)**

For the six months ended 30 June

Unaudited

	2024 USD 000	2023* USD 000
Profit for the period	69,329	68,890
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Remeasurements of post-employment benefit obligations	77	—
	77	—
Items that may be subsequently reclassified to profit or loss		
Cash flow hedge reserve	(39)	91
Cost of hedging reserve	941	(14)
Net investment hedge reserve	(18,792)	5,274
Currency translation differences	29,638	(10,693)
	11,748	(5,342)
Other comprehensive income/(loss) for the period, net of tax	11,825	(5,342)
Total comprehensive income for the period	81,154	63,548
Attributable to:		
Equity holders of the Company	81,154	63,548

* Refer to note 3.

Notes on pages 17 to 23 are an integral part of these interim consolidated financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONDENSED)**

Unaudited

	30 June 2024 USD 000	31 December 2023 USD 000
Assets		
Current assets		
Cash and cash equivalents	193,947	106,885
Trade and other receivables	259,573	286,249
Other financial assets (note 8)	52,788	69,786
Total current assets	506,308	462,920
Non-current assets		
Property, plant and equipment (note 11)	57,764	58,017
Intangible assets (note 11)	1,496,040	1,523,602
Trade and other receivables	195,735	188,604
Other financial assets (note 8)	14,531	21,752
Deferred tax assets	61,200	71,946
Total non-current assets	1,825,270	1,863,921
Total assets	2,331,578	2,326,841
Liabilities and shareholders' equity		
Current liabilities		
Trade and other payables	213,874	188,993
Other financial liabilities (note 8)	1,386	11,339
Deferred revenue	418,419	460,829
Income taxes payable	86,669	83,533
Borrowings (note 12)	19,980	194,990
Provisions for other liabilities and charges	4,485	3,695
Total current liabilities	744,813	943,379
Non-current liabilities		
Other financial liabilities (note 8)	259	679
Deferred revenue	21,998	21,003
Borrowings (note 12)	745,769	569,686
Provisions for other liabilities and charges	1,870	1,504
Deferred tax liabilities	100,320	90,685
Employee defined benefit obligations	18,239	17,925
Total non-current liabilities	888,455	701,482
Total liabilities	1,633,268	1,644,861
Shareholders' equity		
Share capital	254,764	254,764
Treasury shares	(256,312)	(402,006)
Share premium and other reserves	(258,447)	(144,560)
Other equity	(193,968)	(206,023)
Retained earnings	1,152,273	1,179,805
Total equity	698,310	681,980
Total liabilities and equity	2,331,578	2,326,841

Notes on pages 17 to 23 are an integral part of these interim consolidated financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONDENSED)**

For the six months ended 30 June

Unaudited

	2024 USD 000	2023 USD 000
Cash flows from operating activities		
Profit before taxation	88,755	87,541
Adjustments:		
Property, plant and equipment depreciation, intangible asset amortization and impairment of intangible and financial assets	65,207	66,033
Cost of share options	23,482	22,234
Foreign exchange loss on non-operating activities	8,090	2,291
Interest expenses, net	5,871	10,137
Net gain on derivatives not designated as hedging instruments and movement in fair value from financial instruments	(8,122)	(1,554)
Other finance costs	1,722	1,445
Other non-cash items	1,883	993
Changes in:		
Trade and other receivables	10,910	(3,936)
Trade and other payables, provisions and employee defined benefit obligations	7,392	(1,742)
Deferred revenues	(36,983)	(22,778)
Cash generated from operations	168,207	160,664
Income taxes paid	(6,016)	(15,879)
Net cash generated from operating activities	162,191	144,785
Cash flows from investing activities		
Purchase of property, plant and equipment, net of disposals	(2,472)	(4,310)
Purchase of intangible assets, net of disposals	(1,712)	(1,241)
Capitalized development costs (note 11)	(36,415)	(37,907)
Purchase and settlement of financial instruments	6,504	(1,527)
Interest received	1,444	829
Net cash used in investing activities	(32,651)	(44,156)
Cash flows from financing activities		
Dividend paid (note 14)	(96,938)	(88,273)
Disposal of treasury shares	67,447	—
Acquisition of treasury shares	(39,361)	—
Proceeds from borrowings (note 12)	225,789	52,833
Repayments of borrowings (note 12)	(15,002)	(40,021)
Repayment of bond (note 12)	(166,181)	—
Payment of lease liabilities (note 12)	(7,340)	(8,290)
Interest payments	(6,716)	(8,573)
Purchase and settlement of financial instruments	4,211	3,179
Payment of other financing costs	(2,079)	(1,448)
Net cash used in financing activities	(36,170)	(90,593)
Effect of exchange rate changes	(6,308)	929
Net increase in cash and cash equivalents in the period	87,062	10,965
Cash and cash equivalents at the beginning of the period	106,885	89,923
Cash and cash equivalents at the end of the period	193,947	100,888

Notes on pages 17 to 23 are an integral part of these interim consolidated financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONDENSED)**

Unaudited

	Share capital USD 000	Treasury shares USD 000	Share premium and other reserves USD 000	Other equity USD 000	Retained earnings USD 000	Total USD 000
Balance at 1 January 2023, as reported	253,466	(464,778)	(166,637)	(192,265)	1,123,258	553,044
Impact of deferred tax liability adjustment*	—	—	—	11,105	14,234	25,339
Balance at 1 January 2023	253,466	(464,778)	(166,637)	(181,160)	1,137,492	578,383
Profit for the period	—	—	—	—	68,890	68,890
Other comprehensive loss for the period, net of tax*	—	—	—	(5,342)	—	(5,342)
Total comprehensive income for the period	—	—	—	(5,342)	68,890	63,548
Dividend paid	—	—	—	—	(88,273)	(88,273)
Hedging loss transferred to deferred revenues	—	—	—	824	—	824
Cost of share options	—	—	22,234	—	—	22,234
Exercise/cash settlement of share options	571	—	(2,036)	—	—	(1,465)
Costs associated with equity transactions	—	—	(7)	—	—	(7)
	571	—	20,191	(4,518)	(19,383)	(3,139)
Balance at 30 June 2023	254,037	(464,778)	(146,446)	(185,678)	1,118,109	575,244
Balance at 1 January 2024	254,764	(402,006)	(144,560)	(206,023)	1,179,805	681,980
Profit for the period	—	—	—	—	69,329	69,329
Other comprehensive income for the period, net of tax	—	—	—	11,748	77	11,825
Total comprehensive income for the period	—	—	—	11,748	69,406	81,154
Dividend paid (note 14)	—	—	—	—	(96,938)	(96,938)
Hedging loss transferred to deferred revenues	—	—	—	307	—	307
Cost of share options	—	—	23,482	—	—	23,482
Exercise/cash settlement of share options	—	31,594	(32,539)	—	—	(945)
Acquisition of treasury shares	—	(58,003)	—	—	—	(58,003)
Disposal of treasury shares	—	172,103	(104,657)	—	—	67,446
Costs associated with equity transactions	—	—	(173)	—	—	(173)
	—	145,694	(113,887)	12,055	(27,532)	16,330
Balance at 30 June 2024	254,764	(256,312)	(258,447)	(193,968)	1,152,273	698,310

* Refer to note 3.

Notes on pages 17 to 23 are an integral part of these interim consolidated financial statements.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

Unaudited

1. General information

Temenos AG (the "Company") was incorporated in Glarus, Switzerland, on 7 June 2001 as a stock corporation (Aktiengesellschaft). Since 26 June 2001, the shares of Temenos AG have been publicly traded on the SIX Swiss Exchange. The registered office is located at Esplanade de Pont-Rouge 9C, 1212 Grand-Lancy, Switzerland.

The Company and its subsidiaries (the "Temenos Group" or the "Group") are engaged in the development, marketing and sale of integrated banking software systems. The Group is also involved in supporting the implementation of the systems at various customer locations around the world and the implementation and running of systems in cloud environments, as well as in offering help desk support services to existing users of Temenos software systems. The customer base consists of mostly banking and other financial services institutions.

2. Basis of preparation

This condensed interim financial information for the six months ended 30 June 2024 has been prepared in accordance with IAS 34 'Interim Financial Reporting' and is unaudited. The consolidated interim financial report should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2023 which have been prepared in accordance with IFRS® Accounting Standards.

3. Accounting policies

3.1 Interim accounting policies

The accounting policies are consistent with those used in the annual consolidated financial statements for the year ended 31 December 2023, except as described below:

Taxation

Income tax is recognized based on the best estimate of the Group annual income tax rate for the full financial year, as applied to specific period profits and adjusted for specific period items as required to be consistent with IAS 34. The estimated annual income tax rate used for the six months to 30 June 2024 is 22% compared to 21% for the six months ended 30 June 2023.

Pillar Two legislation has been implemented for accounting periods beginning on or after 1 January 2024 (year ended 31 December 2024 for the Group). The Group will continue to monitor the development and implementation of these rules globally. Based on our latest understanding, the current estimate of additional tax payable is not expected to have a material impact on the Group.

The following amendments, applied starting from 2024, have had no material effect on the balance sheet or performance of the Group:

- Amendments to IAS 7 and IFRS 7 "Disclosure: Supplier Finance Arrangements"
- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" and "Non-current Liabilities with Covenants"

The Group did not adopt any standard, interpretation or amendment that was issued but is not yet effective.

3.2 Comparative information

The Group has adjusted the tax impact for foreign exchange gains and losses of quasi-equity loans that should have been recorded in retained earnings and other comprehensive income in previous periods. At 1 January 2023 retained earnings and other equity as shown in the consolidated statement of changes in equity were increased by USD 25.3 million, with a corresponding decrease in deferred tax liabilities. For the six months ended 30 June 2023, the value of currency translation differences shown within the consolidated statement of other comprehensive income, previously reported as USD 15.8 million, was adjusted to USD 10.7 million, resulting in other comprehensive loss for the period to be adjusted from USD 10.5 million to USD 5.3 million. Deferred tax liabilities were decreased by USD 5.1 million at 30 June 2023. There was no impact on the consolidated statement of profit or loss.

4. Seasonality of operations

The Group's software licensing revenue, profit and cash collection tend to be stronger in the second half of the year and specifically the final quarter; therefore, interim results are not necessarily indicative of results for the full year.

5. Significant events and transactions during the period

The Group's principal contingent liabilities arise from property rental guarantees, performance guarantees and bid bonds issued in the normal course of business. They exclude contingent consideration on acquisition. The Group is also involved in various lawsuits, claims (including acceptance of mediation claims), investigations and proceedings incidental to the normal conduct of its operations. There were no material changes in respect of the Group's contingent liabilities, including litigation settlements, since the last annual reporting date.

In February 2024, a report was published by Hindenburg Research containing several allegations against Temenos. The Board formed a Special Committee to oversee an independent examination of the allegations raised in this report. To assist in the examination, the Board retained the services of a leading global professional services firm with expertise in forensic accounting and investigations, a firm as Swiss counsel and a firm as US counsel. Based on the results of the investigation, Temenos concluded that there is no impact on its consolidated financial statements.

On 5 April 2024, the Group repaid the senior unsecured bond issued in April 2017 with a nominal value of CHF 150 million and a coupon rate of 1.75%; the repayment was funded by drawing against the Group facility. The redemption price was 100% of the principal amount.

There have been no substantive changes in the Group's exposure to financial risks and the Group has not suffered from significant adverse effect. The Group's policies and objectives reported in the consolidated financial statements at 31 December 2023 remain the same.

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS** continued

For the six months ended 30 June 2024

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6. Estimates and judgments

The preparation of these consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and income and expenses. Actual results may differ from these estimates.

Unless otherwise specified, in preparing the Group's consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2023.

7. Segment information

The Chief Operating Decision Maker (CODM) has been identified as the Group's Chief Executive Officer (CEO). He regularly reviews the Group's operating segments in order to assess performance and to allocate resources.

The CODM considers the business from a product perspective and, therefore, recognizes the reporting segments as: "Product" and "Services". Other representations of the Group's activity such as regional information are also presented to the CODM, but are not primarily used to review the Group's performance and to make decisions as to how to allocate resources. These two reporting segments are the Group's only operating segments; hence there is no segmental aggregation.

The "Product" segment is primarily engaged in marketing, licensing and maintaining the Group's software solutions, including software development fees for requested functionality, as well as providing hosting and subscription arrangements. The "Services" segment represents various implementation tasks such as consulting and training.

The CODM assesses the performance of the operating segments based on the operating contribution. This measure includes the operating expenses that are directly or reasonably attributable to the reporting segments. Unallocated expenses mainly comprise restructuring costs, termination benefits, acquisition-related costs, share-based payment expenses, office-related expenses and any other administrative or corporate overheads that cannot be directly attributable to the operating segments. Segment revenues provided to the CODM exclude the fair value adjustment recognized on deferred income liabilities acquired in business combinations, if any.

The table below summarizes the primary information provided to the CODM:

	Product		Services		Total	
	Six months ended 30 June 2024 USD 000	Six months ended 30 June 2023 USD 000	Six months ended 30 June 2024 USD 000	Six months ended 30 June 2023 USD 000	Six months ended 30 June 2024 USD 000	Six months ended 30 June 2023 USD 000
External revenues	413,605	400,948	64,660	64,574	478,265	465,522
Operating contribution	189,682	181,994	9,354	5,600	199,036	187,594

Intersegment transactions are recognized as part of the allocated expenses; they are based on internal cost rates that exclude any profit margin.

There have been no changes to the basis of segmentation or measurement of segment profit or loss since the last annual consolidated financial statements.

There has been no material change in the assets reported to the CODM from the amount disclosed in the consolidated financial statements for the year ended 31 December 2023.

Reconciliation to the Group's consolidated interim financial statements

	Six months ended 30 June 2024 USD 000	Six months ended 30 June 2023 USD 000
Total operating profit for the reportable segments	199,036	187,594
Depreciation and amortization	(64,599)	(65,233)
Unallocated operating expenses	(35,490)	(24,132)
Finance costs – net	(10,192)	(10,688)
Profit before taxation	88,755	87,541

Geographical information

	Six months ended 30 June 2024 USD 000	Six months ended 30 June 2023 USD 000
Revenues from external customers		
Europe	135,081	134,433
America	134,728	133,790
Middle East and Africa	112,640	115,228
Asia Pacific	95,817	82,071
Total revenues	478,266	465,522

8. Fair value measurement

The following table provides the level of the fair value hierarchy within which the carrying amounts of the financial assets and liabilities measured at fair value are categorized.

- Level 1 inputs: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs: Inputs for the asset or liability that are not based on observable market data.

Balance at 30 June 2024

	Level 1 USD 000	Level 2 USD 000	Level 3 USD 000	Total USD 000
Financial assets at fair value through profit or loss (FVTPL)				
Foreign currency forwards	—	1,351	—	1,351
Foreign currency options	—	634	—	634
Convertible notes	—	—	48,723	48,723
Derivatives used for hedging				
Foreign currency forwards	—	1,540	—	1,540
Foreign currency options	—	710	—	710
Cross-currency swaps	—	13,321	—	13,321
Interest rate swaps	—	1,040	—	1,040
Total	—	18,596	48,723	67,319

	Level 1 USD 000	Level 2 USD 000	Level 3 USD 000	Total USD 000
Financial liabilities at fair value through profit or loss (FVTPL)				
Foreign currency forwards	—	554	—	554
Convertible notes	—	63	—	63
Derivatives used for hedging				
Foreign currency forwards	—	471	—	471
Foreign currency options	—	557	—	557
Total	—	1,645	—	1,645

Balance at 31 December 2023

	Level 1 USD 000	Level 2 USD 000	Level 3 USD 000	Total USD 000
Financial assets at fair value through profit or loss (FVTPL)				
Foreign currency forwards	—	4,510	—	4,510
Convertible notes	—	—	49,278	49,278
Derivatives used for hedging				
Foreign currency forwards	—	2,279	—	2,279
Foreign currency options	—	763	—	763
Cross-currency swaps	—	34,372	—	34,372
Interest rate swaps	—	336	—	336
Total	—	42,260	49,278	91,538

	Level 1 USD 000	Level 2 USD 000	Level 3 USD 000	Total USD 000
Financial liabilities at fair value through profit or loss (FVTPL)				
Foreign currency forwards	—	5,743	—	5,743
Derivatives used for hedging				
Foreign currency forwards	—	2,618	—	2,618
Foreign currency options	—	466	—	466
Interest rate swaps	—	3,191	—	3,191
Total	—	12,018	—	12,018

During the first six months of the year there were no changes to the valuation techniques used for financial instruments nor transfers between level 1 and 2.

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS** continued

For the six months ended 30 June 2024

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8. Fair value measurement continued**Assets and liabilities in Level 2****Foreign currency forwards**

Discounted future cash flows (based on the forward exchange rate) using observable yield curves adjusted for credit risk.

Foreign currency options

Garman-Kohlhagen model (an adaptation of the Black-Scholes model for currency option).

Cross-currency swaps

Discounted future cash flows using observable yield curves (including currency basis spreads). The fair value of the leg measured in foreign currency is translated using the spot exchange rate.

Interest rate swaps

Discounted cash flow method using observable yield curves adjusted for credit risk.

There were no changes in valuation techniques during the period.

Assets and liabilities in Level 3**Convertible notes**

The Group has determined the fair value of the instruments assuming a scenario of conversion in the future. The valuation adopted a discounted cash flow approach, relying on unobservable inputs relating to the equity value of the company, and the most significant assumptions were: discount rate of 20% (31 December 2023: 20%), long-term growth rate of 2% (31 December 2023: 3%), cumulative average growth rate for revenue of 32.6% (31 December 2023: 31.5%) and an EBITDA margin of 30% (31 December 2023: 35%). The valuation at 31 December 2023 resulted in a fair value loss of USD 1.6 million recognized in the profit or loss statement in the net finance costs line item.

Given the nature of the investment, which is a level 3 financial asset in an early-stage business, there are inherent uncertainties with respect to the fair value assigned to these instruments. The fair value determination requires significant judgments and includes a degree of uncertainty as it relies on company specific data and unobservable inputs based on information currently available. In addition, early-stage businesses are typically exposed to uncertainties associated with raising additional funding to enable them to deliver on their growth plans. There can be no assurance that such financing will be available on acceptable terms, or at all.

The Group performed the following sensitivities with respect to the impact of a reasonable change in these significant assumptions individually, keeping other inputs unchanged on the fair value of the investment:

Unobservable inputs

	Change in assumption	Impact on profit or (loss)	
		Increase USD 000	Decrease USD 000
Discount rate (WACC)	2.00%	(6,400)	8,200
Long-term growth rate	0.50%	600	(800)
EBITDA margin	2.50%	4,600	(4,800)
Cumulative average growth rate of revenue (CAGR)	5.00%	12,900	(10,300)

Reconciliation from the opening balances to the closing balances

	Convertible note USD 000
At 1 January 2024	49,278
Interest	1,045
Net change in fair value (FVTPL)	(1,600)
At 30 June 2024	48,723



9. Financial instruments measured at amortized cost

The following table provides the fair value and carrying amount of the Group's financial instruments measured at amortized cost, excluding cash and cash equivalents, current trade and other receivables, current trade and other payables as their carrying amounts represent a reasonable approximation of their fair values and lease liabilities as exempted in IFRS 7 'Financial Instruments: Disclosure'.

	30 June 2024		31 December 2023	
	Carrying amount USD 000	Fair value USD 000	Carrying amount USD 000	Fair value USD 000
Financial assets				
Non-current trade and other receivables	171,441	156,845	163,212	161,743
Total	171,441	156,845	163,212	161,743
Borrowings				
Other loans	—	—	4	4
Bank borrowings	256,273	254,382	50,639	50,532
Unsecured bonds	474,180	466,280	680,273	685,685
Total	730,453	720,662	730,916	736,221

10. Earnings per share

Basic

Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

	Six months ended 30 June 2024	Six months ended 30 June 2023
Profit attributable to equity holders of the Company (USD 000)	69,329	68,890
Weighted average of ordinary shares outstanding during the period (in thousands)	72,940	71,843
Basic earnings per share (USD per share)	0.95	0.96

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the periods presented in these consolidated interim financial statements, the Group has only one category with a potential dilutive effect: "Instrument granted to employee under share-based payment".

For the period ended 30 June 2024 and 30 June 2023, this category was fully dilutive.

	Six months ended 30 June 2024	Six months ended 30 June 2023
Profit used to determine diluted earnings per share (USD 000)	69,329	68,890
Weighted average of ordinary shares outstanding during the period (in thousands)	72,940	71,843
Adjustments for:		
– Share options (in thousands)	642	357
Weighted average number of ordinary shares for diluted earnings per share (in thousands)	73,582	72,200
Diluted earnings per share (USD per share)	0.94	0.95

11. Property, plant and equipment and intangible assets

	Property, plant and equipment USD 000	Intangible assets USD 000
Opening balance at 1 January 2024	58,017	1,523,602
Additions	14,609	1,713
Retirements/disposals	(1,873)	—
Capitalized development costs	—	36,415
Charge for the period	(12,354)	(52,245)
Foreign currency exchange differences	(635)	(13,445)
Closing net book amount at 30 June 2024	57,764	1,496,040

As at 30 June 2024, included in property, plant and equipment is USD 35.3 million (31 December 2023: USD 34.0 million) for right-of-use assets.

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS** continued

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12. Borrowings

	30 June 2024 USD 000	31 December 2023 USD 000
Current		
Other loans	—	4
Bank borrowings	430	—
Unsecured bonds	6,754	182,367
Lease liabilities	12,796	12,619
	19,980	194,990
Non-current		
Bank borrowings	255,843	50,639
Unsecured bonds	467,426	497,906
Lease liabilities	22,500	21,141
	745,769	569,686
Total borrowings	765,749	764,676

Movements in borrowings is analyzed as follows:

	USD 000
Opening balance at 1 January 2024	764,676
Proceeds from bank borrowings	225,789
Repayments of borrowings	(15,002)
Repayment of bond	(166,181)
Unsecured bond – coupon payments	(2,941)
Interest expense	6,968
Payments of lease liabilities	(7,340)
Net addition to lease liability	9,021
Interest hedging (basis adjustment)	1,040
Foreign currency exchange differences	(50,281)
Closing net book amount at 30 June 2024	765,749

Bank facilities

The Group holds a multicurrency committed revolving facility of USD 660 million. The pertinent details are as follows:

- interest expense based on observable risk-free rates plus variable margin, which is calculated by reference to certain financial covenants;
- the facility terminates on 5 July 2026; and
- commitment fees are due on the undrawn portion.

As at 30 June 2024, a total of USD 255.4 million (31 December 2023: USD 50.6 million) was drawn under this agreement.

The facility is subject to debt leverage and interest cover financial ratio covenants, which must be reported at 30 June and 31 December. The Group complied with these covenants throughout the reporting periods.



13. Share capital

As at 30 June 2024, the issued shares of Temenos AG comprised 75,171,084 ordinary shares of a nominal value of CHF 5 each. All issued shares are fully paid.

The changes in the number of issued and outstanding shares for the period ended 30 June 2024 are summarized below:

	Number
Total number of shares issued at 1 January 2024	75,171,084
Treasury shares	(2,677,276)
Total number of shares outstanding at 1 January 2024	72,493,808
Disposal of treasury shares	1,329,484
Acquisition of treasury shares (share buyback)	(847,000)
Total number of shares outstanding at 30 June 2024	72,976,292

As at 30 June 2024, the number of treasury shares held by the Group amounted to 2,194,792 (31 December 2023: 2,677,276).

In the six months ended 30 June 2024 the Group disposed of treasury shares for CHF 61 million.

In June 2024, the Group announced a new share buyback program of up to CHF 200 million, which commenced on 10 June 2024 and was completed on 30 August 2024. Under this program, CHF 52 million was acquired in June 2024.

14. Dividend per share

A dividend of CHF 87.5 million (CHF 1.20 per share) was paid in 2024 relating to the 2023 financial year.

15. Events occurring after the reporting period

There were no reportable events that occurred after the reporting period.



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