

temenos

Capital Markets Day November 2024



Disclaimer

Our presentation and this document may contain forward-looking statements relating to the future of the business and financial performance of Temenos AG.

Any statements we make about our expectations, plans and prospects for the Company, including any guidance on the Company's financial performance, constitute forward-looking statements.

The forward-looking financial information provided by the Company on the conference call and in this document represent the Company's current view and estimates as of 12 November 2024. We anticipate that subsequent events and developments may cause the Company's guidance and estimates to change. Future 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 could potentially affect the Company's financial results is included in its annual report available on the Company's website.

While the Company may elect to update forward-looking information at some point in the future, the Company specifically disclaims any obligation to do so.

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Non-IFRS information

In its presentation and in this document, the Company may present and discuss non-IFRS measures.

Readers are cautioned that non-IFRS measures are subject to inherent limitations. Non-IFRS measures are 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 measures may not be comparable to similarly titled non-IFRS measures used by other reporting companies.

In the Appendix accompanying this presentation, the Company sets forth supplemental non-IFRS figures for revenue, operating costs, EBIT, EBITDA, net earnings and earnings per share that exclude the effect of share-based payments, the carrying value of acquired companies' deferred revenue, the amortization of acquired intangibles, discontinued activities, acquisition/investment related charges, restructuring costs and the income tax effect of the non-IFRS adjustments. These tables also present the most comparable IFRS financial measures and reconciliations.

In addition, the Company provides percentage increases or decreases in its revenue (on both an IFRS and non-IFRS basis) eliminating the effect of changes in currency values when it believes that this presentation is helpful to an understanding of trends in its business. Accordingly, when trend information is expressed "in constant currencies" or "c.c.", 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

Capital Markets Day
November 2024

09:30-10:20	Jean-Pierre Brulard, CEO	Strategy and operational excellence
10:20-10:30	Barb Morgan, CPTO	Product and technology overview
10:30-10:50	Coffee break	
10:50-11:00	Will Moroney, CRO	Go To Market strategy
11:00-11:30	Takis Spiliopoulos, CFO	Financial framework and FY-28 targets
11:30-11:50	Q&A	



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Introductory remarks

Jean-Pierre Brulard
Chief Executive Officer



Goals of the Capital Markets Day



Assessment of Temenos today



Defining our market opportunity



Our growth levers



Operational plan to drive growth



Financial framework and new mid-term targets

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Assessment of Temenos today



Looking back



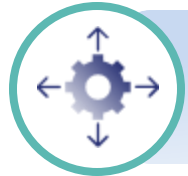
Strong growth in predictable revenue from c.60% to c.80%



Transition from term license to subscription nearly complete



SaaS revenue now contributing half of total software licensing



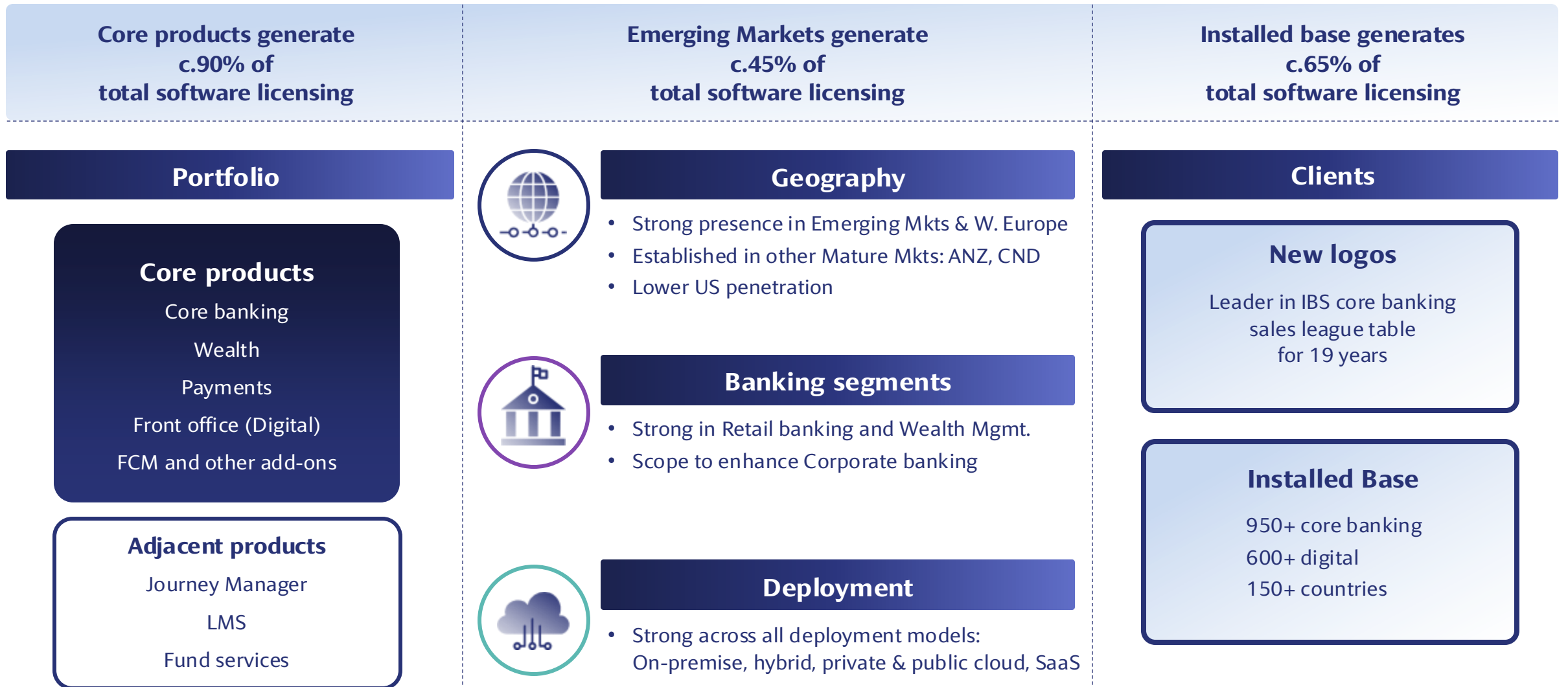
Successfully moved Services revenue to Partners



EBIT and R&D investment protection during business model transition

Total revenue: different mix but low growth

Temenos today: a broad product offering across geos, domains and clients



Note: revenue stats are FY-21 to FY-23 averages; Emerging Markets includes RoW excluding US, Western Europe, Canada, ANZ, Japan. Digital was previously called Infinity. Journey Manager and LMS are front office products

A set of key foundations to build on...



**Large and
Growing
Market**



**Long-Term
Customer
Relationships**



**Diverse and
Committed
People**



**Breadth of
Functionality**



Innovation

...with a set of challenges to address



**Culture &
Execution**



**Overdiversified
R&D investments**



**Underinvestment
in Go To Market**

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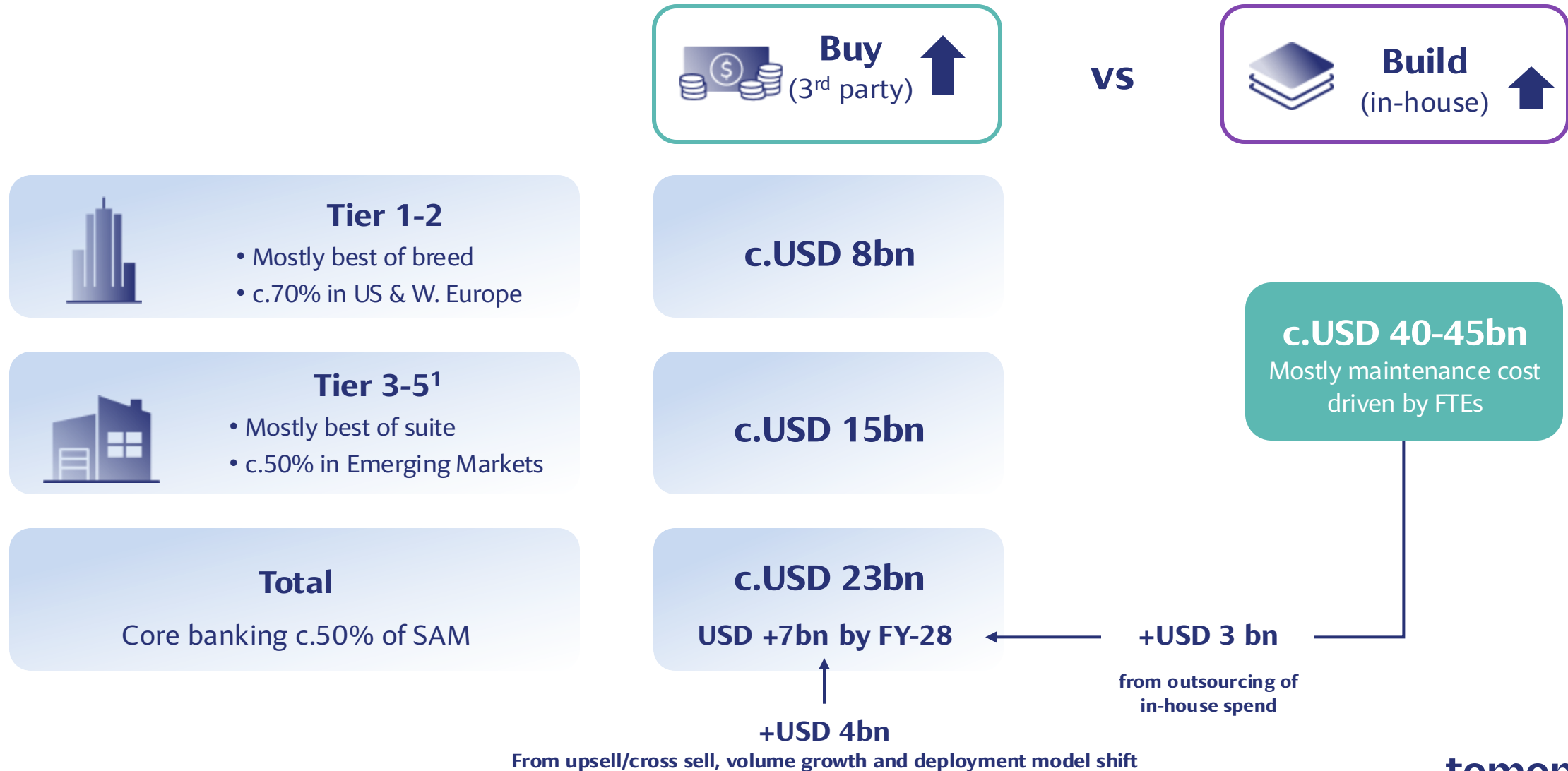
Defining our
market
opportunity



Structural trends drive growing demand for third-party banking software

Trends in Banking	Increasing cost headwinds	Rise of Hyperscalers, Gen AI and modular architecture	Explosion in Digital interactions and threat from non-incumbents	Increased regulatory and compliance complexity
Demands on Bank Tech Providers	<p>Highly automated & streamlined banking processes</p> <p>Best-of-suite turnkey solutions & simpler tech estate</p> <p>Cost-effective SaaS solutions powered by low-code no-code</p>	<p>Cloud-native solutions; multiple cloud service providers</p> <p>Modularity to offer choice and incremental transformations</p> <p>AI / Gen AI embedded in key use cases across core solutions</p>	<p>Best-in-class digital front-ends backed by scalable and agile modern core</p> <p>Seamless, personalised, omni-channel offerings at par with fintechs and payment disruptors</p> <p>Real-time data processing and analytics, driving insights</p>	<p>Development of out of the box tools to address a complex regulatory landscape</p> <p>Security and fraud detection covering digital vulnerabilities</p> <p>Data solutions for ESG and sustainability reporting</p>

7% CAGR in SAM FY-24 to FY-28 from USD 23bn to 30bn



Note: SAM: Serviceable Addressable Market relates to banking 3rd-party software spend addressable by Temenos products; Represents product revenue and includes spend on subscription, SaaS, term license and maintenance. 1) Includes Tier 3-5 & non-incumbents

Public cloud expected to be the fastest-growing deployment method



On-Premise



Public Cloud



SaaS

FY-24 SAM

USD 15bn

USD 3bn

USD 5bn

CAGR to FY-28

4%

16%

12%

Mix shift

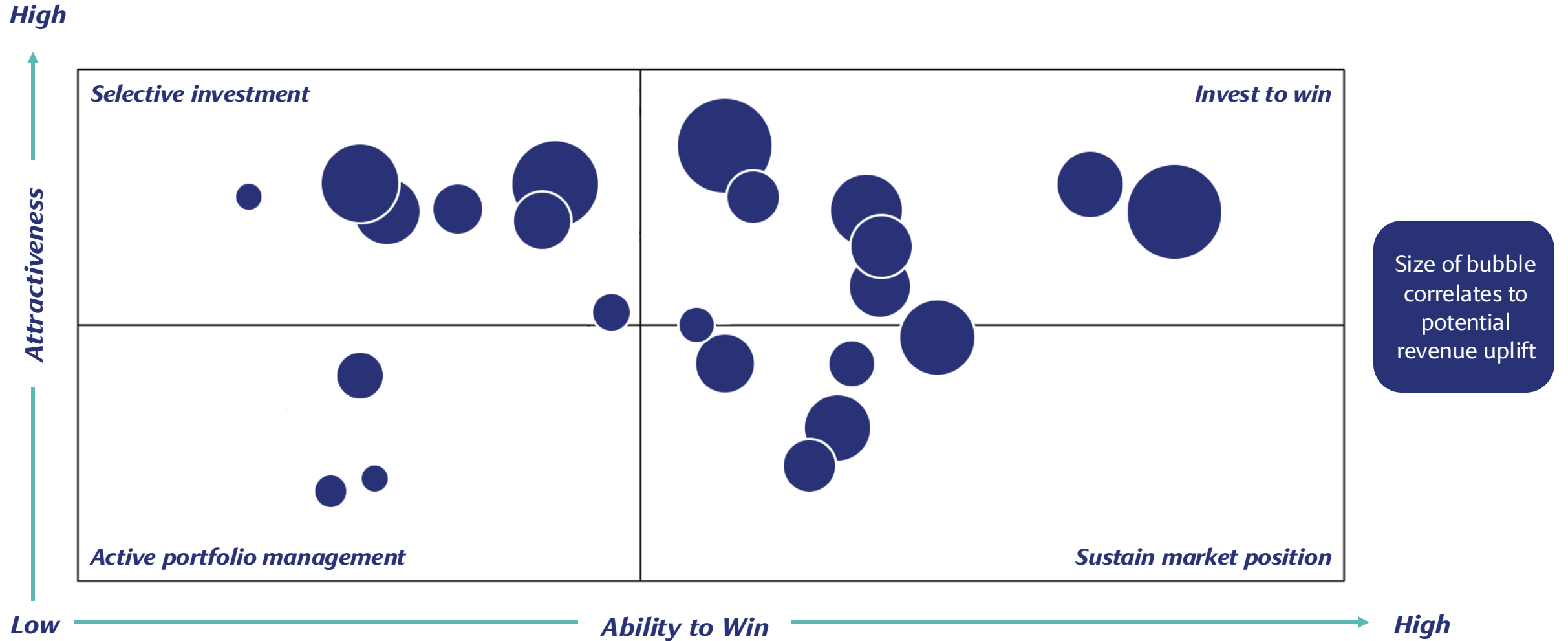
67% -> 59%

11% -> 15%

22% -> 26%

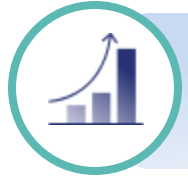
FY-24 – FY-28

Well-defined growth opportunities

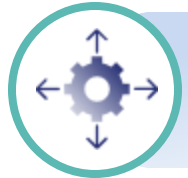


Note: Attractiveness dimension includes **market size, future growth**; Ability to Win dimension includes **competitive position, customer feedback** and **resources and effort required** to achieve opportunity, **revenue uplift** assumes full potential growth i.e. investments into salespeople to increase upsell and cross-sell
Source: Temenos Signings and SaaS data, Temenos financial databook, Temenos model, Interviews with Temenos, Market participant interviews

Why we win



Delivering significant customer value



Broadest functionality and localization



Widest customer references across key geographies, segments and tiers



Market leading cloud and SaaS capabilities



Long term strategic customer relationships

New logos



FORRESTER®

Leader in:

Digital Banking Processing Platforms (Retail & Corporate **Core Banking**)

Digital Banking Engagement Platforms & Hubs

Digital Wealth Management Platforms

IDC

Leader in:

Digital **Core Banking** Platforms (North America, EMEA & APAC)

Digital Banking Platforms (North America)

Temenos won 15% of publicly announced deals FY21-24, 2x the nearest competition¹

Note: New logos non-exhaustive 1) Source: Tier 1 consulting firm

We deliver real and proven value to customers

Mid-tier bank in North America

Looking to expand business and scale rapidly through **Temenos SaaS**

18k

Accounts opened in 5 days



Tier 2 bank in Europe

Launching new **mobile apps** across business lines

17%

Growth in active mobile app users YoY



Top thrift bank in Philippines

Adopting **Temenos SaaS** to scale & lower time to market

35%

Growth in loan portfolio YoY



Leading Digital bank in North America

Improving carbon efficiency through transition to **Temenos SaaS**

63%

Increase in carbon efficiency



Top bank in Africa

Modernizing **Corporate Payments** across ~20 countries

48hrs TO 6mins

Reduction in payment authorization time



Top bank in LATAM

Modernizing **front-to-back**

140%

Customer growth in 6 months



...with full endorsement of the global partner ecosystem



*"This **expanded collaboration between Temenos and Microsoft will redefine what's possible for banks migrating to the cloud.** By continuing to **innovate together with the latest generative AI capabilities**, we look forward to helping financial institutions modernize faster, reduce complexity and deliver exceptional digital banking experiences that meet the demands of today's customers."*



*"Banks with a consistent and strategic focus on technology, outperform others on TSR, NPS & Cost-to-Income ratio. These banks use **functionally rich and modern cloud-native banking platforms, for example Temenos Core Banking**, to drive down their costs and free up investment capacity to develop superior products and customer experience, yielding higher customer loyalty and growth. Technology laggards in the meantime, remain stuck in a complexity trap of legacy technology, high cost base & lower investments in innovation & change."*



*"Today's software provider must not only serve a client's immediate needs, but also possess the vision to be at the forefront of innovation. **Temenos' relentless pursuit of excellence in product development has delivered quantifiable business value for the banking ecosystem. Capgemini is a key Temenos Global Strategic Delivery Partner**, and our companies have been working together for over 20 years. With our Temenos Centre of Excellence and our proven implementation methodologies we have helped deliver complex projects in an efficient and time-saving manner. Together, we've forged a powerful go-to-market plan with innovative solutions tailored to the North America and European markets. We are aligned with Temenos' strategy and look forward to our continued collaboration, helping banks become digital-first enterprises."*



*"Cognizant is delighted to strengthen our partnership with Temenos to **drive core modernization for mid-market banks and financial institutions across the Americas. Together with Temenos, we aim to provide a smoother path to modernization** that minimizes complexities and risks while also enabling mid-market banks and financial institutions to maintain the high-quality customer experiences for which they are known."*



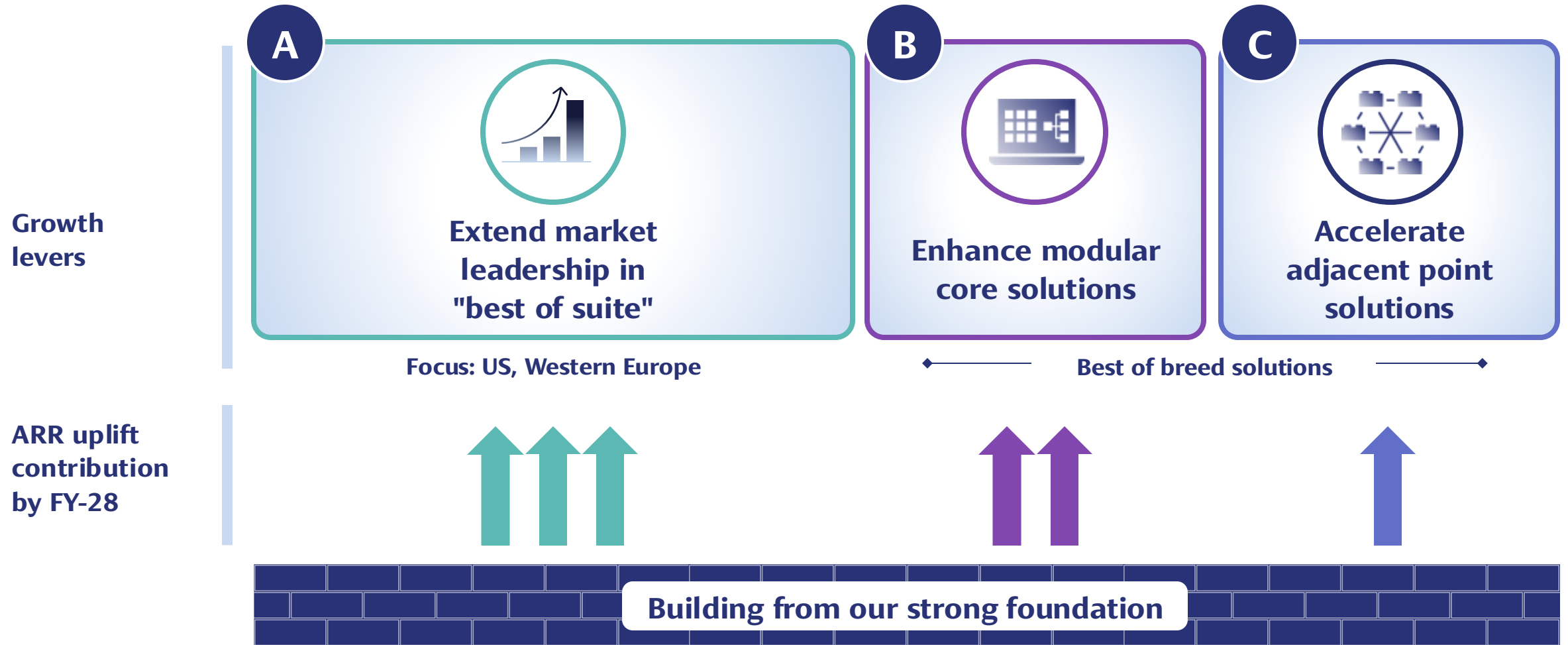
*"At Tech Mahindra, we are committed to delivering transformative solutions to our clients in the banking and financial services sector worldwide. Our partnership with Temenos is central to this mission, enabling us to build **robust and scalable offerings powered by Temenos's advanced technology.** We are **fully aligned with Temenos's growth strategy in the U.S. and Western Europe** and we see Temenos as a strategic partner in our journey to create future-ready solutions that empower financial institutions to succeed in an increasingly digital world."*

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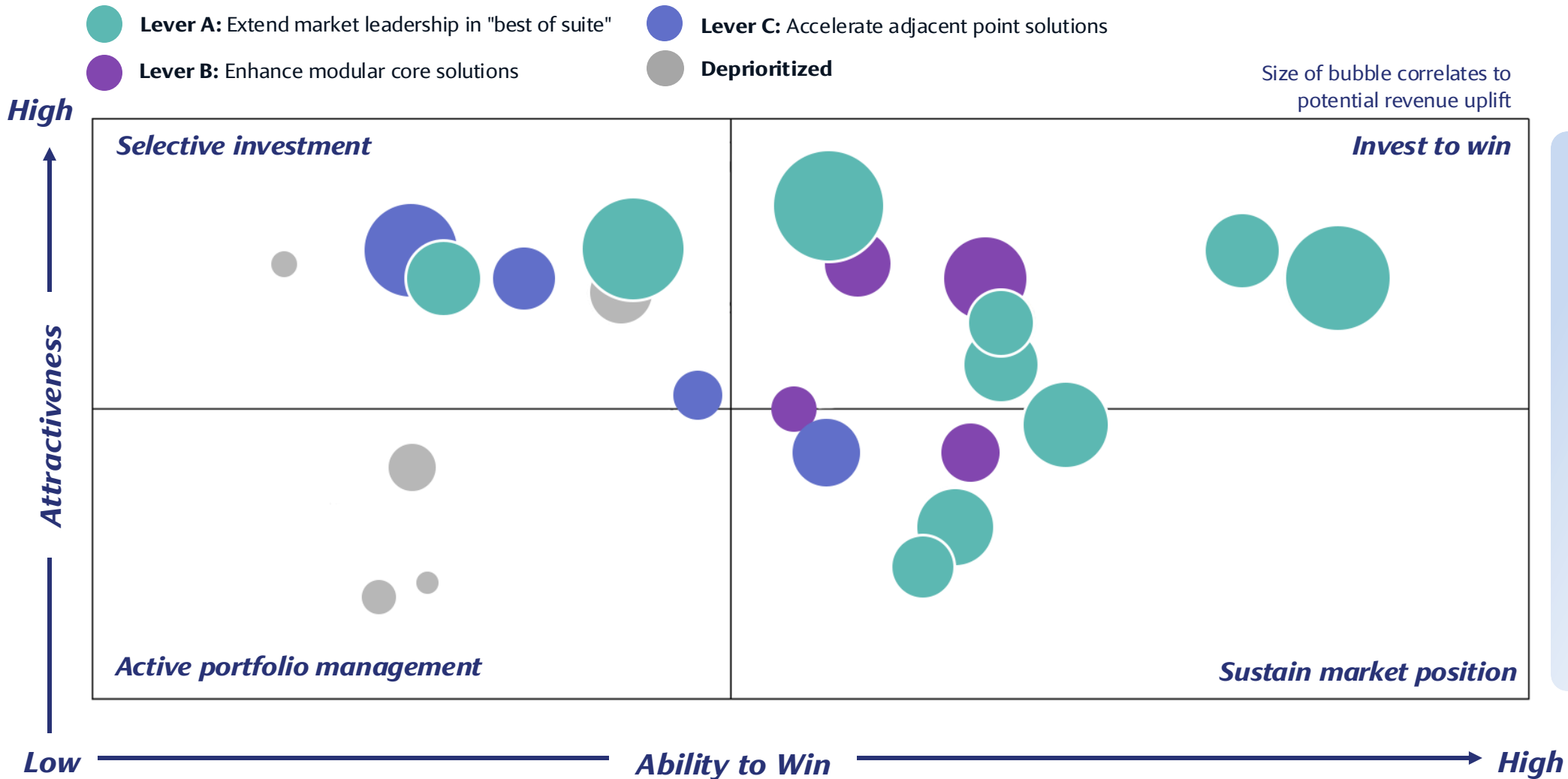
Growth strategy & operational plan



Our levers to grow above market



Our three growth levers map to prioritized market opportunities

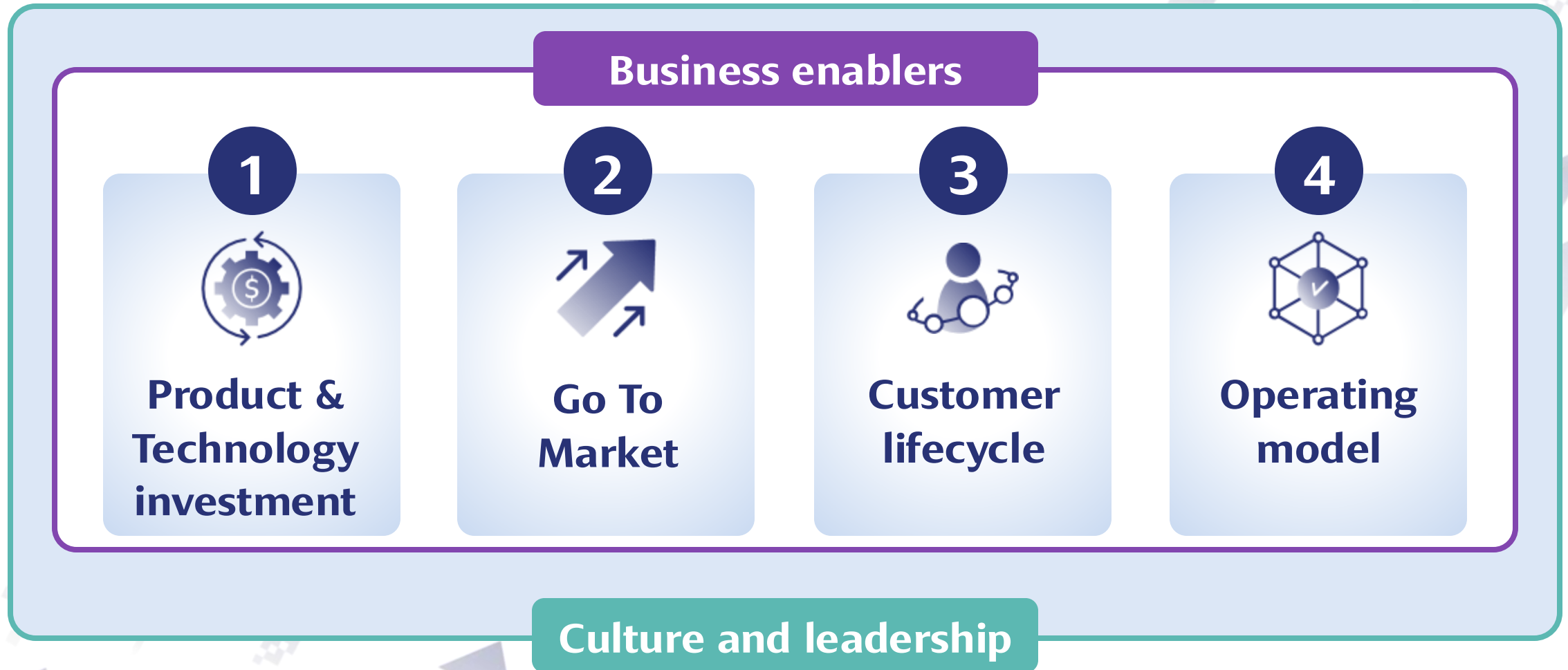


- Key revenue growth opportunities include:**
- Tier 3 and low-end tier 2 US regional banks
 - Tier 3+ banks in W. Europe
 - Retail core banking for tier 1+2 banks in W. Europe
 - Wealth in Europe
 - MEA core banking

Note: Attractiveness dimension includes **market size, future growth**; Ability to Win dimension includes **competitive position, customer feedback** and **resources and effort required** to achieve opportunity, **revenue uplift** assumes full potential growth i.e. investments into salespeople to increase upsell and cross-sell

Source: Temenos Signings and SaaS data, Temenos financial databook, Temenos model, Interviews with Temenos, Market participant interviews

Execution engine to drive growth



1 Product and technology investment

Build out targeted functionality and architecture to support our three growth levers



Broaden corporate banking functionality and US country model bank



Beach head in Lending and Cash Management



Focus on digital channels, compliance and payments

2

Go To Market (GTM)

Enhance GTM approach by expanding FTE footprint and investing in sales operations and partnerships



Increase sales capacity and effectiveness



Invest in sales operations



Strengthen strategic partnerships & ecosystem



Optimize pricing and packaging

3

Customer lifecycle

Deliver exceptional customer experience



Enhance integration architecture



Hybrid implementation strategy



Scale our reach through partners



Optimize operations and support

4 Operating model to drive transformation

Drive consistent execution across the organization through key metrics



Lean and fit organization



Process & systems automation



Master data and data accuracy

Laser focus on US growth

Our growth levers and operational plan are designed to maximize our US footprint

Temenos growth opportunities

US SAM USD 8bn, 35% of total market, with higher 3rd Party spend

High demand for best of suite from low-end **tier 2** and **tier 3** banks

Go To Market

Accelerated investment in quota carriers

Expand US partner network for GTM and services

Customer lifecycle

Deliver best in class implementation service

Invest further in local US support and SaaS operations

Product investment

Enhance US model bank to extend product regulatory compliance

Investing in specific Corporate Banking functionality

Culture and leadership

Foster a culture of empowerment that drives long-term growth and efficiency



Accountability



Clarity of direction



Alignment & collaboration



Transparency

Our leadership team



Jean-Pierre Brulard
Chief Executive
Officer



Takis Spiliopoulos
Chief Financial
Officer



Barb Morgan
Chief Product and
Technology Officer



William Moroney
Chief Revenue
Officer



Jayde Tipper
Chief People
Officer



Deirdre Dempsey
Chief Legal
Officer



Isabelle Guis
Chief Marketing
Officer



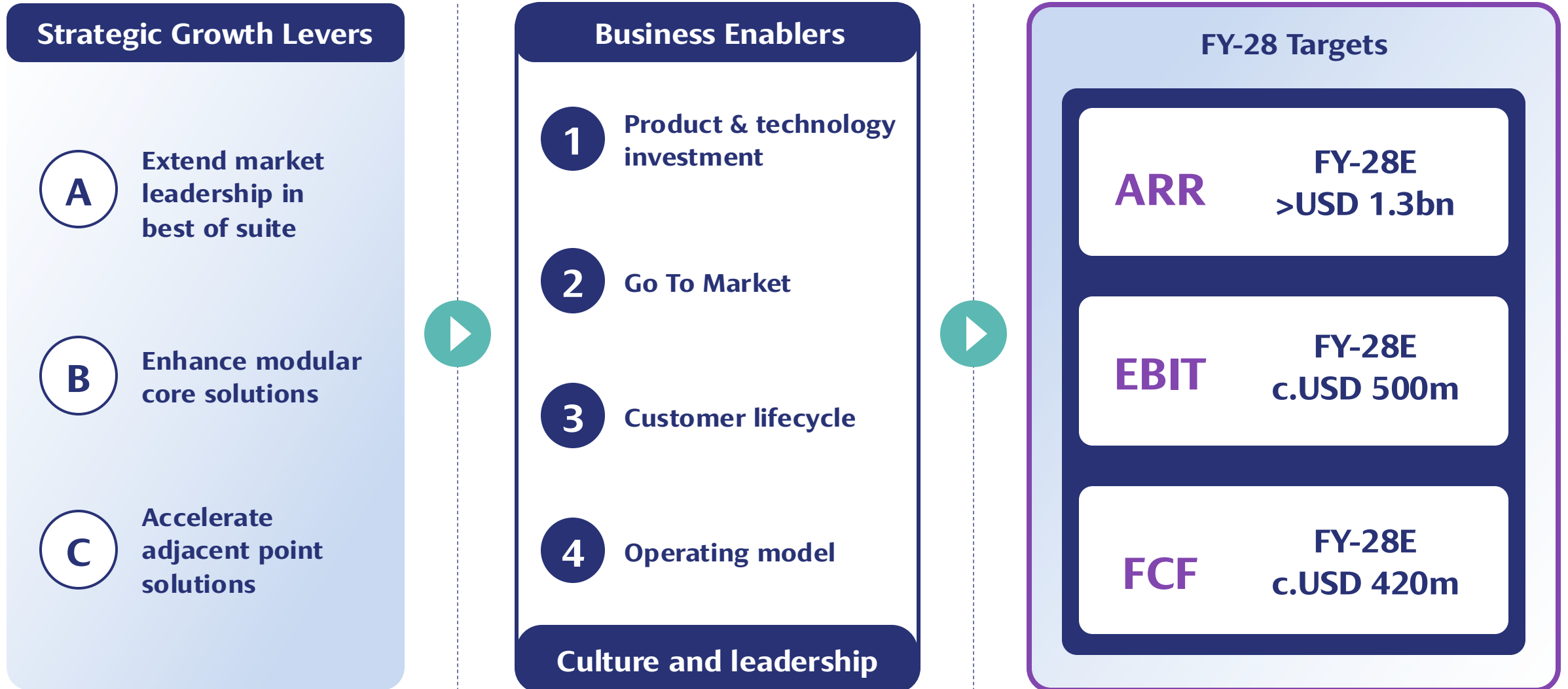
Colin Jarrett
Chief Security &
Risk Officer

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Roadmap and
new FY-28
targets



Strategic focus and operational excellence to deliver our FY-28 targets



*FY-24 guidance as per 23rd October 2024. ARR and EBIT are constant currency, FC is reported. ARR growth of 11-12%, EBIT growth of 7-9%, EPS growth of 6-8%, FCF growth of at least 12%. EBIT is non-IFRS. FY-24 FCF guidance excludes IFRS16 (lease) and interest costs. FCF shown on this slide includes the impact of IFRS16 (lease) and interest expense. FY-28 targets imply FY-24E - FY-28 FCF CAGR of 16%

Execution roadmap through key metrics



Product & technology investment

Strengthen: 2024-2025

Targeted 'easy win' builds

Scale: 2025-2028

Cloud attribute architecture for modular AI based solutions



Go To Market investment

Increase sales capacity (US)

Customer experience



G&A and Operating Model

Enhance implementation services

Enhance and optimize SaaS operations



Cost efficiencies

Lean and fit organization

Standardize & automate processes, systems & data



My commitment to you

**Relentless focus on timely
execution and transformation**

**Act with transparency,
accountability & agility**

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Product & Technology

Barb Morgan
Chief Product and Technology Officer



Product and technology: new leadership and ambitions



Barb Morgan
Chief Product and
Technology Officer

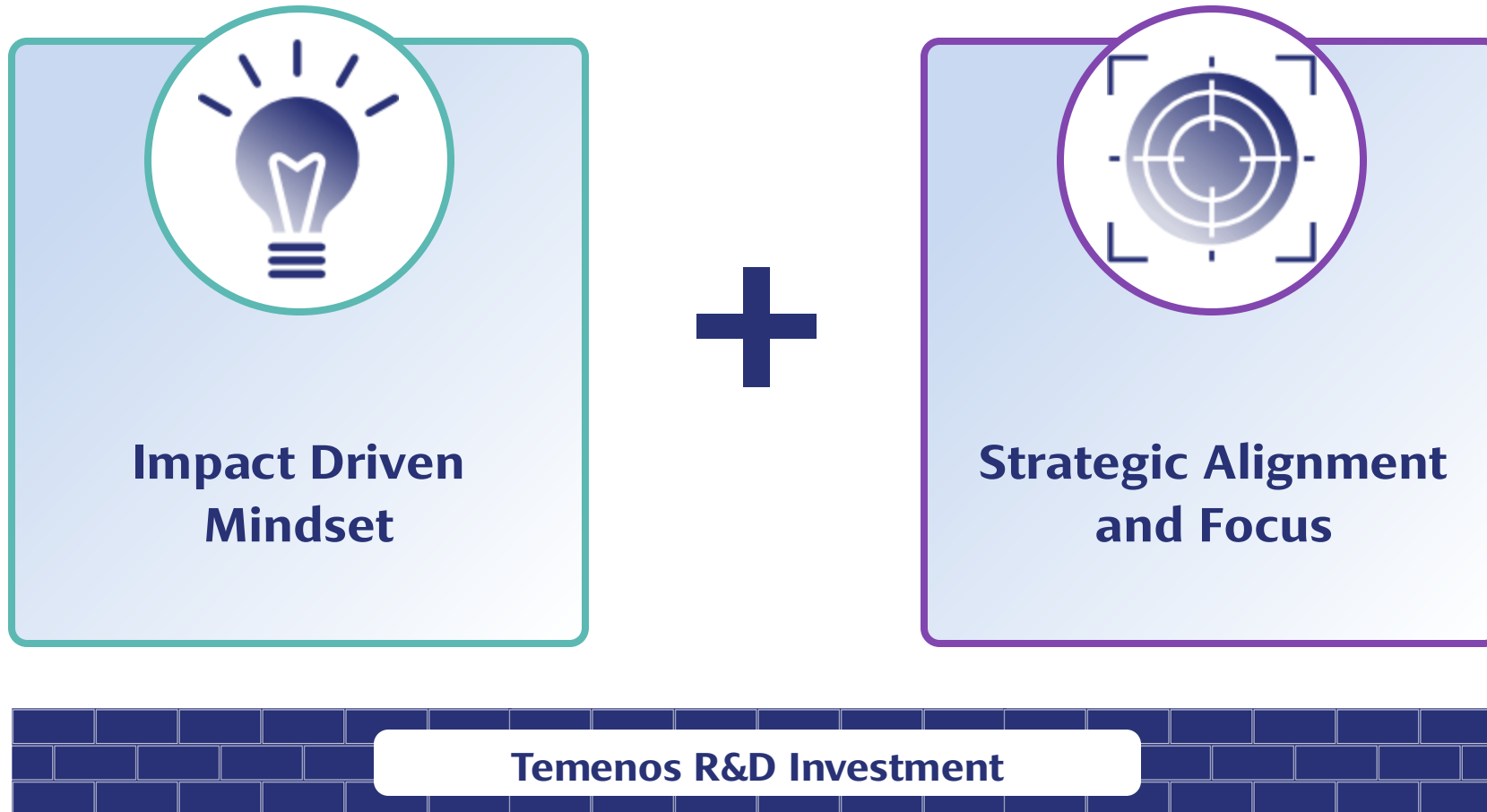
25+ years of experience leading global product development organizations, **especially in banking and financial services**

Strong background in **integrating cutting-edge AI technologies, transforming business operations and driving customer-centric innovation**

Previously at the London Stock Exchange Group (LSEG) as **Group Head of Product for Data and Analytics**

Before this, **Chief Technology Development Officer** at Fidelity National Information Services Inc (FIS), leading global payments and banking product engineering

Product and technology investment priorities



Targeted product investments to deliver our three growth levers

Sustained high investment in R&D

Lever A: Extend “best of suite” banking software to be market-leading

- **Enhance retail** (deposits and lending)
- **Enhance corporate functionality** (cash mgmt., trade finance and lending)
- **Extend localization capabilities**, in particular US model banks

Lever B: Enhance modular core banking solutions

- **Retail core banking modularization** deposits and lending
- **Corporate core banking modularization** – lending and cash management
- Focus on **Tier 1 and 2 banks** within largest markets e.g., **US and Western Europe**

Lever C: Accelerate adjacent point solutions around the core

- Enhance **US specific Digital** functionality
- Broaden **Digital, Payments and Compliance** proposition in W. Europe and developing markets

Cloud native architecture and AI will feature strongly in the evolution of our architecture



Cloud-native Architecture

Accelerate journey to deliver cloud native modular architecture



AI / Gen AI

Enhance delivery of operational efficiencies, productivity and smart SaaS operations

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Go To Market Strategy

William Moroney
Chief Revenue Officer



Temenos GTM: new leadership and ambitions



Will Moroney
Chief Revenue Officer

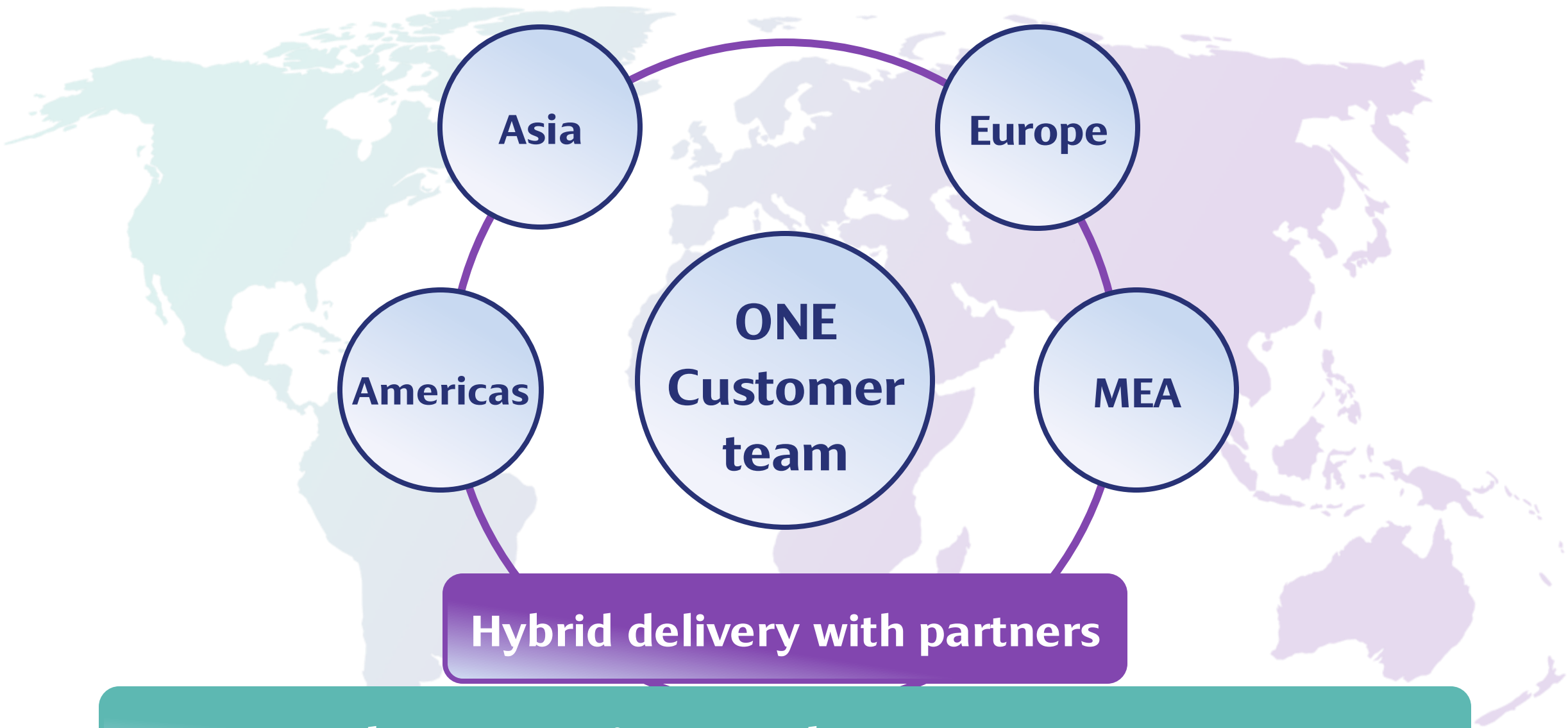
25+ years of experience in senior sales and **sales leadership positions**

Joined Temenos in 2020 and was **President International** before promotion to **CRO in July 2024**

Previously held senior positions at a number of **international banking systems, technology and outsourcing companies**

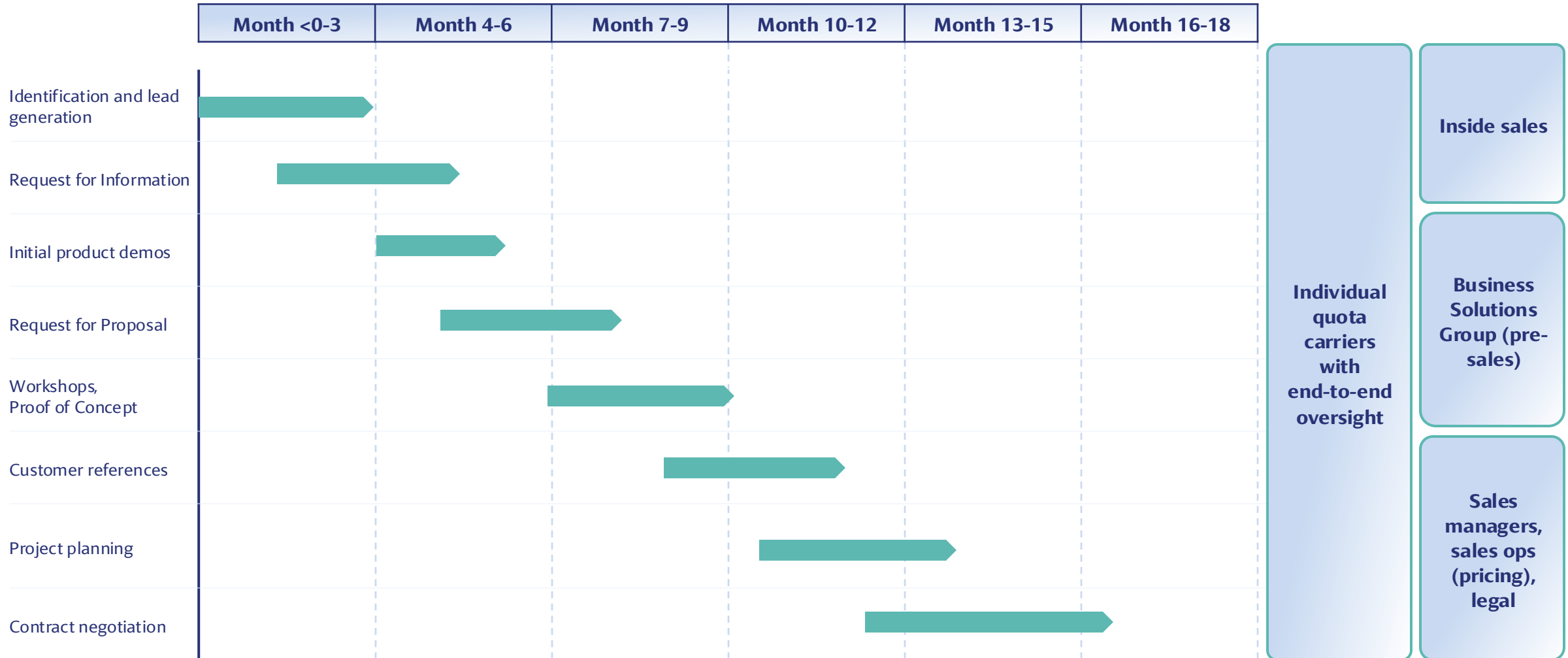
Customer lifecycle





Sales operations and customer success

A structured sales process – 12-18 months



Strengthening our commercial performance



Sales capacity & mix

Expanded quota carrier team c.2x

Optimized GTM with right **domain expertise, capacity mix and geographic focus**

Resource deployment supporting strategic plan in particular in the US



Effectiveness

Strategic prioritization of **Tier 3-5 accounts** to drive "Lever A"

Dedicated sales & delivery teams for Tier 1-2 accounts

Targets and incentives aligned to growth levers



Pricing

Consistency in pricing and packaging

Revised **bundles** to optimize customer value

Disciplined approach to discounting

Adoption of best practices in sales process for customer centricity and commercial success

Our Go To Market plan for US growth

Targeted plan to grow US market share

Temenos targeted growth opportunities

Lever A: low-end tier 2 and tier 3 regional US banks for best in suite

Lever B: tier 1 and 2 US banks for modular core solutions

Lever C: US digital front end across all tiers

Product investment

Enhance US model bank

Invest in US specific Corporate Banking functionality

Invest in US specific Digital front end capabilities

Sales capacity

Grow US IQC headcount 3x to grow sales capacity

Build pipeline through focus on defined target accounts in relevant tiers, leveraging existing US reference clients

Partner network

Expand US partner network

Identify specific accounts for joint go to market

Client lifecycle

Invest further in local US support and SaaS operations

Building scale through Partners



Enhance GTM **with partners** for our best in suite Lever A sweet spot



High ROI, **partner-led** approach in **non-core geographies**



Partner-led offerings and solutions enabling growth



Enhance **robust partnership governance** model; deal capture, revenue and service delivery

Conclusion



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Financial framework and FY-28 targets

Takis Spiliopoulos, CFO



Financial framework



Revenue Growth

- Substantiating how our three growth levers will drive above-market growth



Margin Expansion

- Delivering sustainable margin expansion through operational excellence



Cash Flow

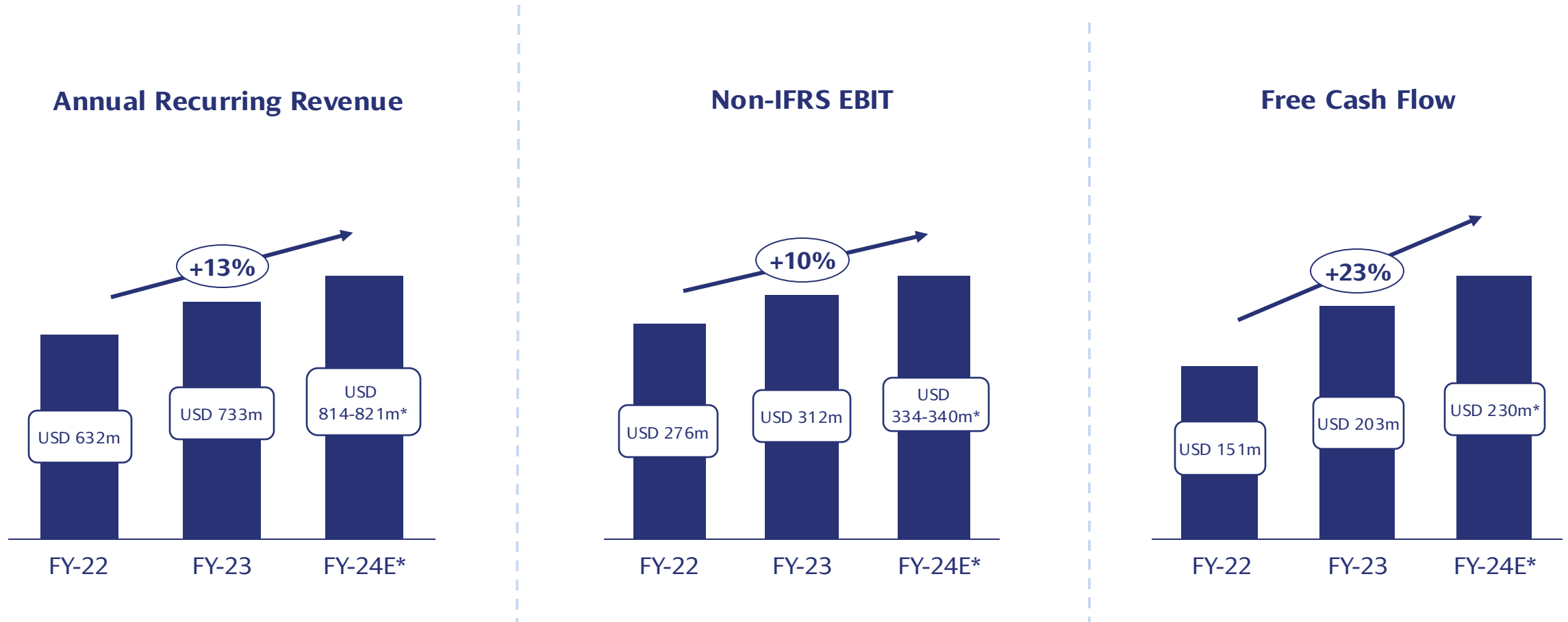
- ARR and product revenue converging, EBIT growth driving free cash flow



Capital Allocation Policy

- Outlining our priorities to deliver and return shareholder value

Good progress made on subscription revenue model transition



Subscription model introduced in January 2022

Note: EBIT and ARR growth rates are in constant currency, FCF growth rates are reported

* FY-24 guidance (non-IFRS, constant currency) as per 23rd October 2024 for ARR growth of 11-12%, EBIT growth of 7-9%, FCF reported growth of at least 12%. FY-24 FCF guidance excludes IFRS16 lease and interest costs. FCF shown on this slide includes the impact of IFRS16 (lease) and interest expense

New FY-28 targets reflecting our three levers of growth and operational plan

ARR to reach
>USD 1.3bn
by FY-28

Non-IFRS EBIT to reach
c.USD 500m
by FY-28

FCF to reach
c.USD 420m
by FY-28

Changes vs. previous plan:

- Free cash flow definition changed to market standard, including impact of IFRS 16 (lease) and interest costs. FY-28 target implies FY-24 – FY-28 FCF CAGR of 16%
- Target date moved by one year from FY-27 to FY-28
- Greater subscription license contribution and lower SaaS contribution reflecting market trends and our three growth levers
- Lower deferred revenue growth due to lower SaaS revenue, impacting free cash flow growth
- Investments driven by operational plan, partially offset by cost efficiencies

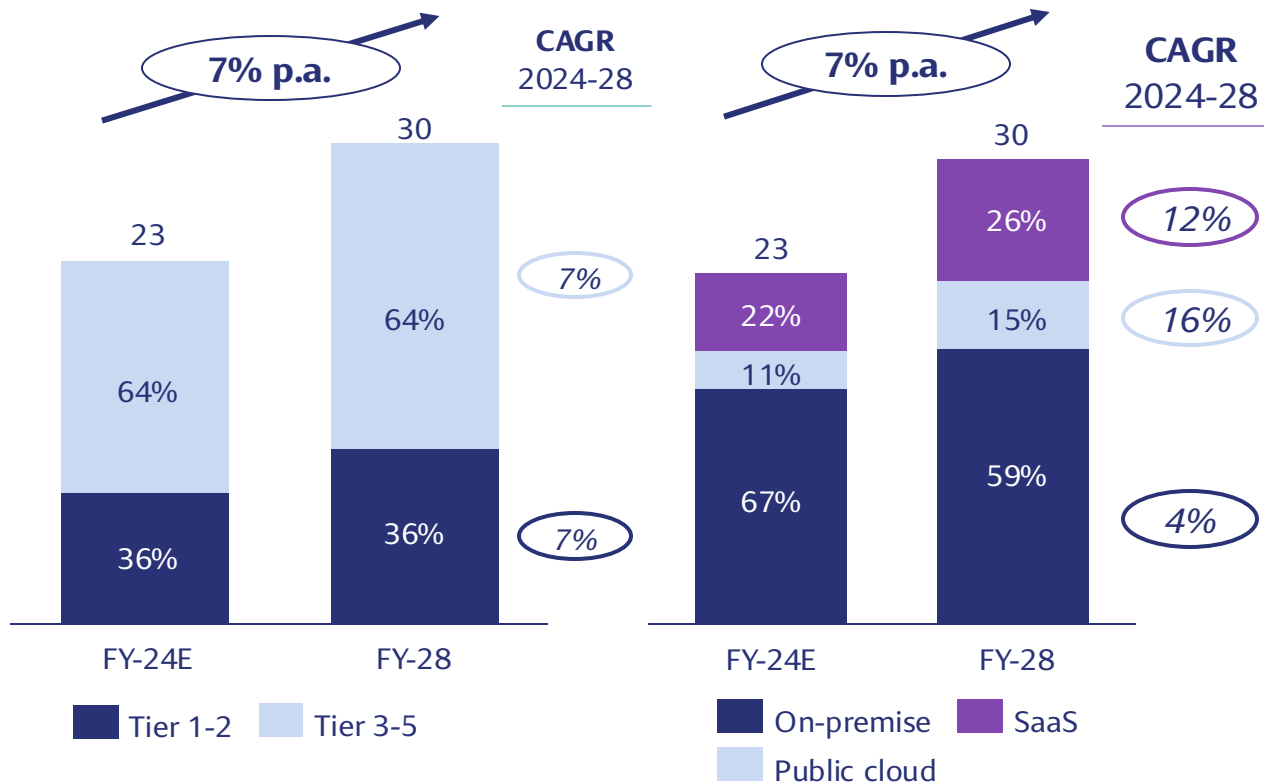
Note: Growth rates are organic, ARR and EBIT are in constant currency, FCF is reported
FY-28 FCF includes the impact of IFRS16 (lease) and interest costs

7% CAGR in medium term for third-party banking software spend

3rd party banking software spend¹ (USD bn) by tiers and deployment

By Tiers²

By Deployment Type



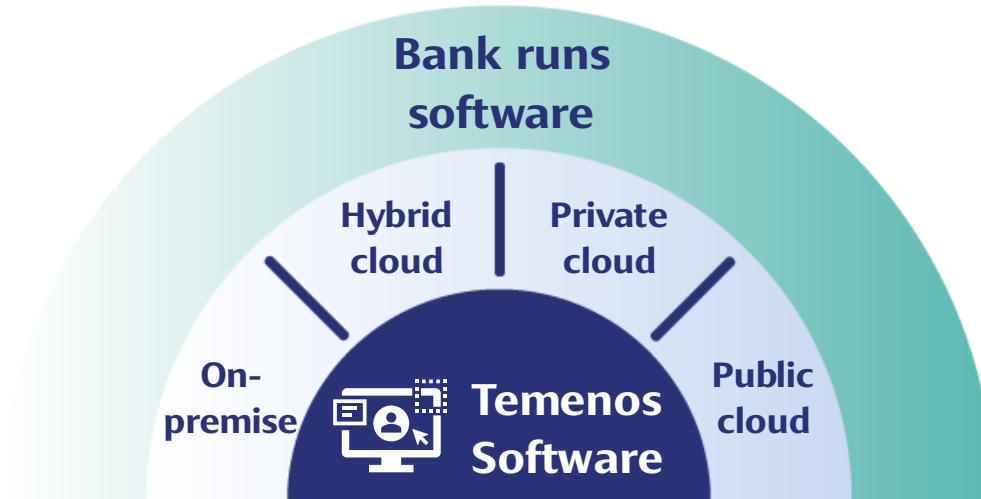
- Tier 3-5 banks will continue to make up around two thirds of market demand, contributing to growth in lever A (best of suite) and lever C (adjacent point solutions)
- Temenos subscription revenue driven by on-premise and public cloud spend
- SaaS spend expected to grow at c.12% CAGR

Note: SAM: Serviceable Addressable Market relates to banking 3rd-party software spend addressable by Temenos products. Represents product revenue and includes spend on subscription, SaaS, term license and maintenance. Non-incumbents included in Tier 3-5. Percentages may not add up to 100 due to rounding | Source: Proprietary Temenos model built on data from IDC, Ovum, S&P, Fitch, Industry experts. Growth rates are in constant currency

Revenue and deployment models to offer clients choice

License revenue: subscription and term

SaaS revenue



Deployment Model

- Larger banks likely to run software themselves for main business lines – on-premise, private or public cloud
- Banks in some jurisdictions remain on-premise due to regulatory regime
- Growth in public cloud usage accelerates Temenos license revenue

- Typically for smaller banks and non-incumbents
- Occasionally adopted by larger banks for overseas, speciality business lines

Subscription – 80%+ of software licensing

- 5-year standard contract
- Revenue recognised as upfront subscription license and recurring maintenance stream
- Cash collected annually in advance

Term - <20% of software licensing

- 10-year standard contract
- Revenue recognised as upfront subscription license and recurring maintenance stream
- License cash upfront, maintenance collected annually in advance

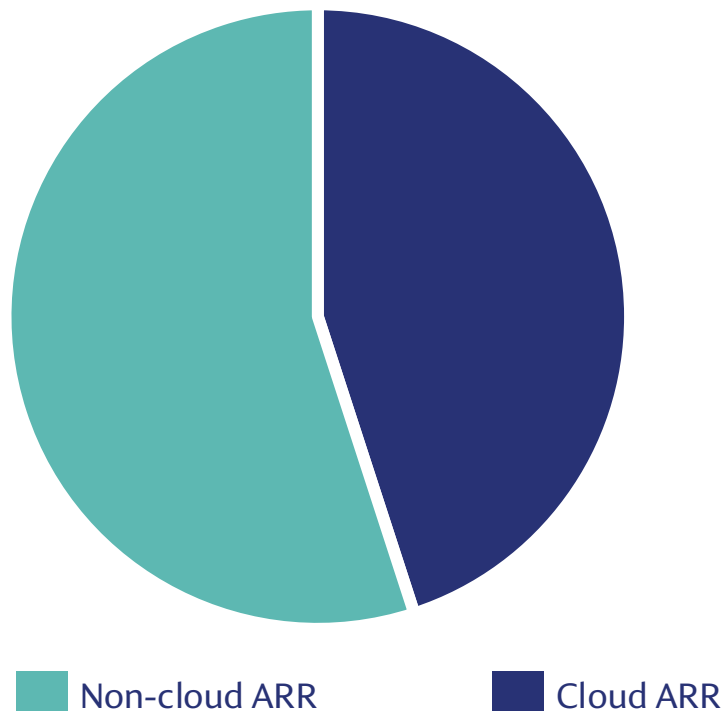
SaaS

- 5-year standard contract
- Revenue recognised pro-rata through the life of the contract
- Cash collected annually in advance

Revenue and cash

Temenos has a significant cloud business

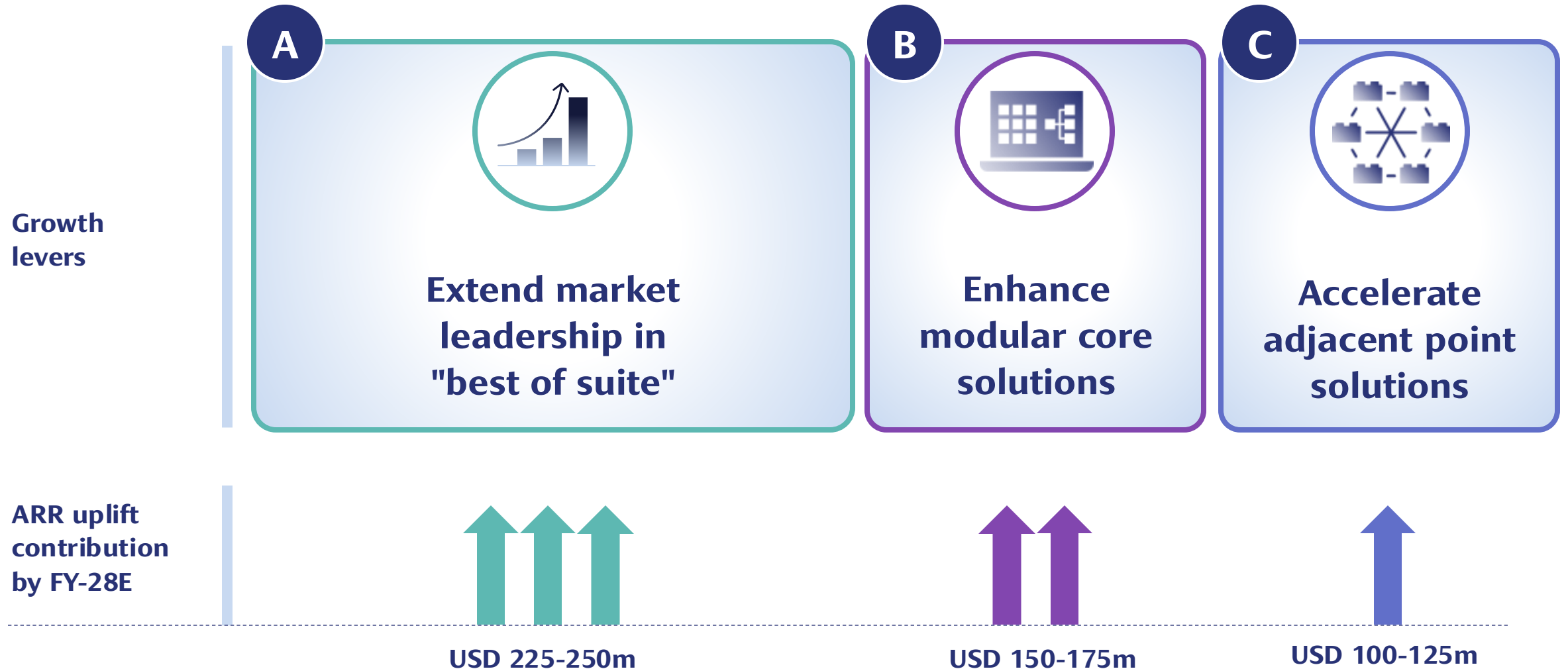
Cloud vs. non-cloud ARR in FY-23



- Cloud ARR includes annual recurring revenue from all products that run on hyperscaler platforms across both subscription and SaaS revenue models
- The double-digit growth in public cloud and SaaS spend will drive strong growth in cloud ARR

Cloud revenue contributed c.43% of ARR in FY-23

Our growth is oriented around three levers

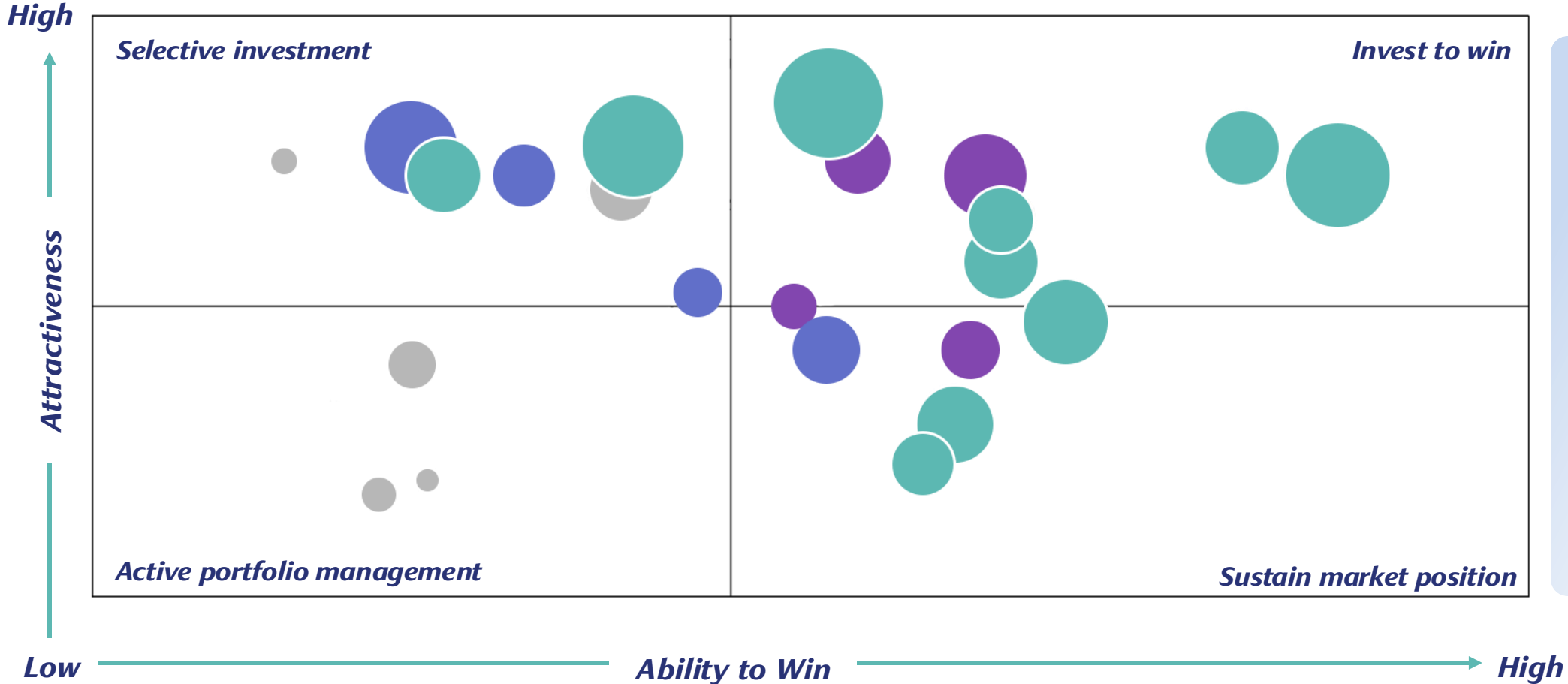


* Growth is organic and in constant currency.

Our three growth levers map to prioritised market opportunities

- **Lever A:** Extend market leadership in "best of suite"
- **Lever B:** Enhance modular core solutions
- **Lever C:** Accelerate adjacent point solutions
- **Deprioritised**

Size of bubble correlates to potential revenue uplift by FY-28

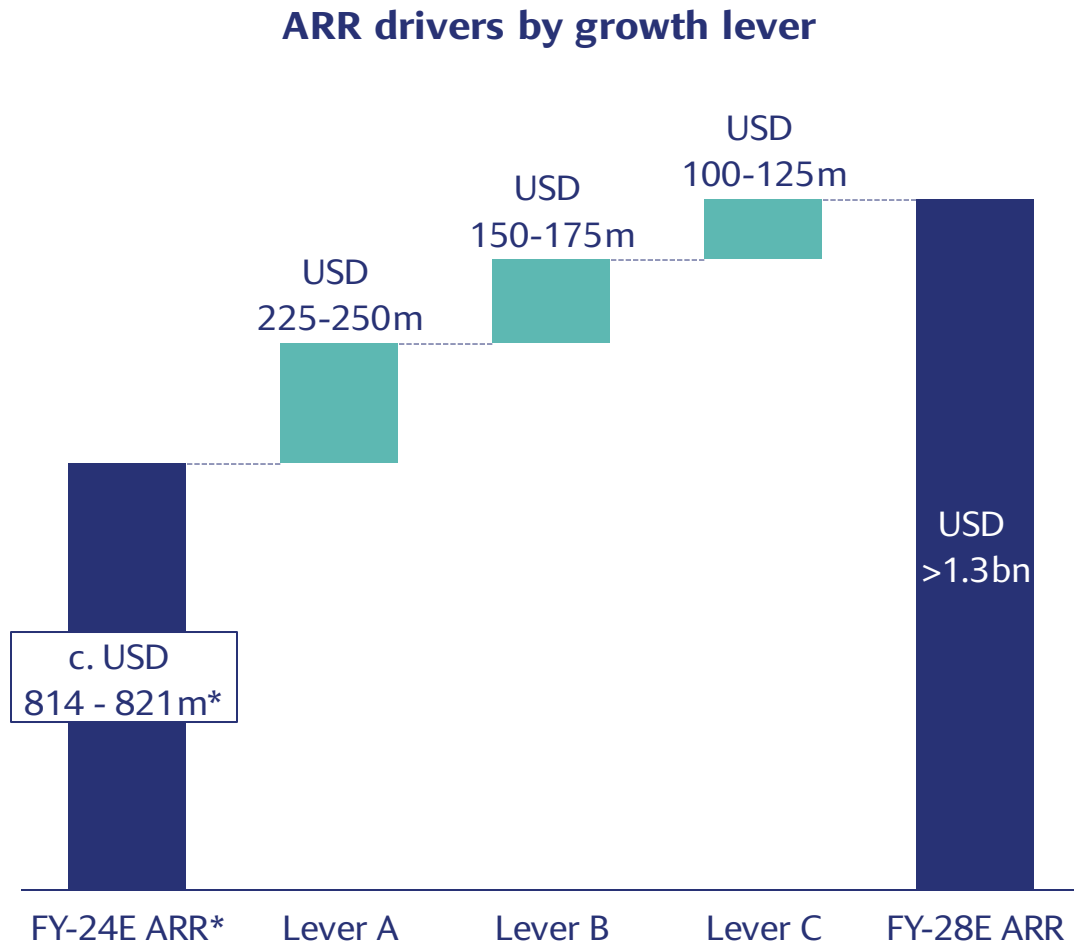


- Key revenue growth opportunities include:
- Tier 3 and lower end tier 2 US regional banks
 - Tier 3-5 banks in W. Europe
 - Retail core banking for tier 1+2 banks in W. Europe
 - Wealth in Europe
 - MEA core banking

Note: Attractiveness dimension includes **market size, future growth**; Ability to Win dimension includes **competitive position, customer feedback** and **resources and effort required** to achieve opportunity, **revenue uplift** assumes full potential growth i.e. investments into salespeople to increase upsell and cross-sell

Source: Temenos Signings and SaaS data, Temenos financial databook, Temenos model, Interviews with Temenos, Market participant interviews

ARR expected to reach over USD 1.3bn by FY-28



Lever A: Extend market leadership in best of suite

- ARR uplift of USD 225-250m by FY-28
- Increasing penetration in tier 3 US banks and tier 3-5 banks in Western Europe
- Significant opportunity in retail and corporate full-suite and wealth solutions

Lever B: Enhance modular core banking solutions

- ARR uplift of USD 150-175m by FY-28
- Focus on tier 1 and larger tier 2 banks in US and Western Europe
- Decompose retail and corporate core banking including deposits, mortgages, corporate lending

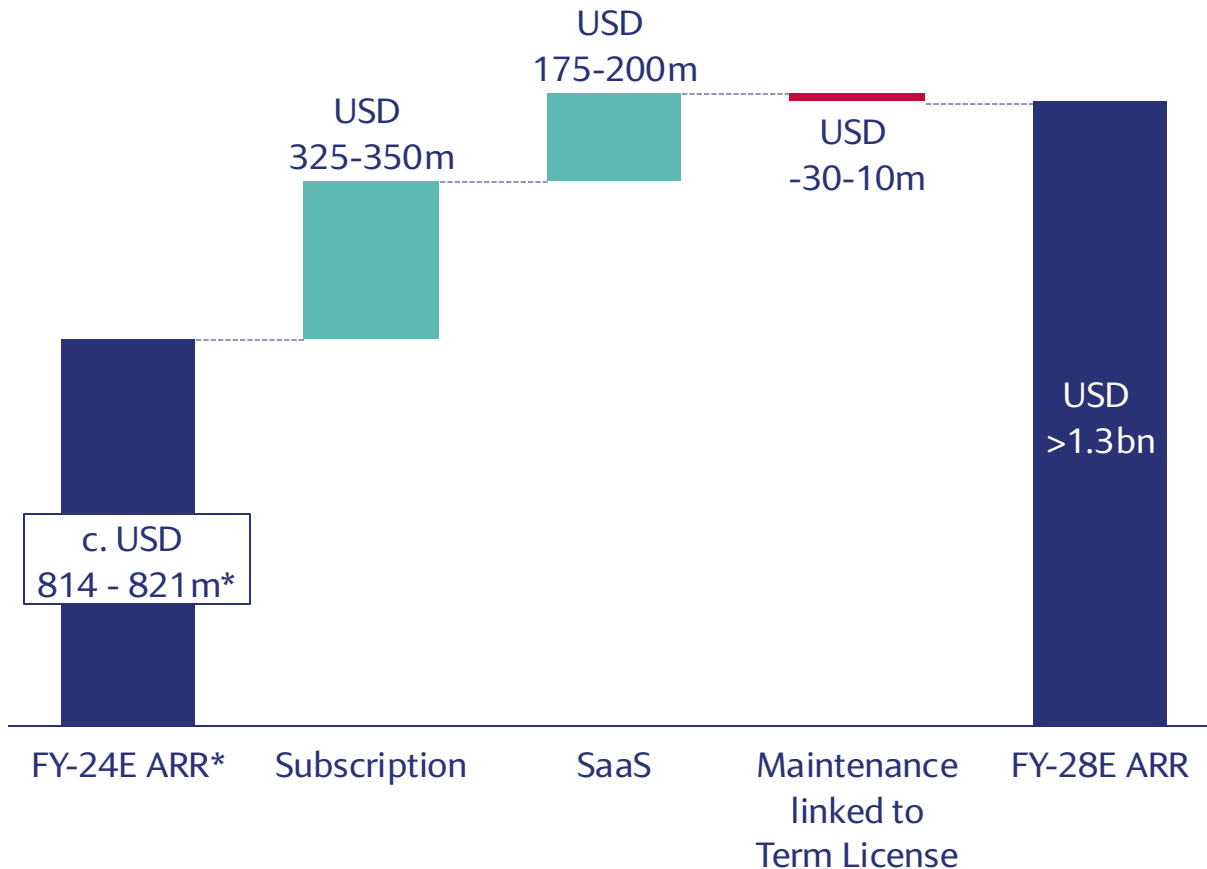
Lever C: Accelerate adjacency point solutions around the core

- ARR uplift of USD 100-125m by FY-28
- Focus on banks across all tiers for Digital (global) and Journey Manager (US)

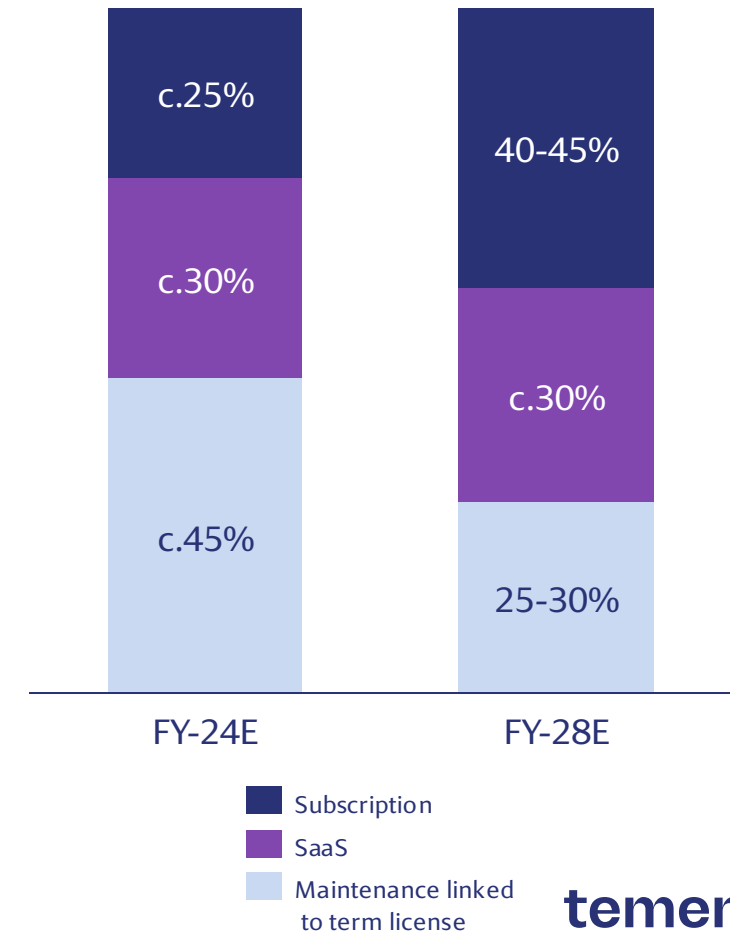
* FY-24 guidance (non-IFRS, constant currency) as per 23rd October 2024, ARR growth of 11-12%. Growth is organic and in constant currency.

Subscription will be the largest driver of ARR growth

ARR growth drivers by revenue model

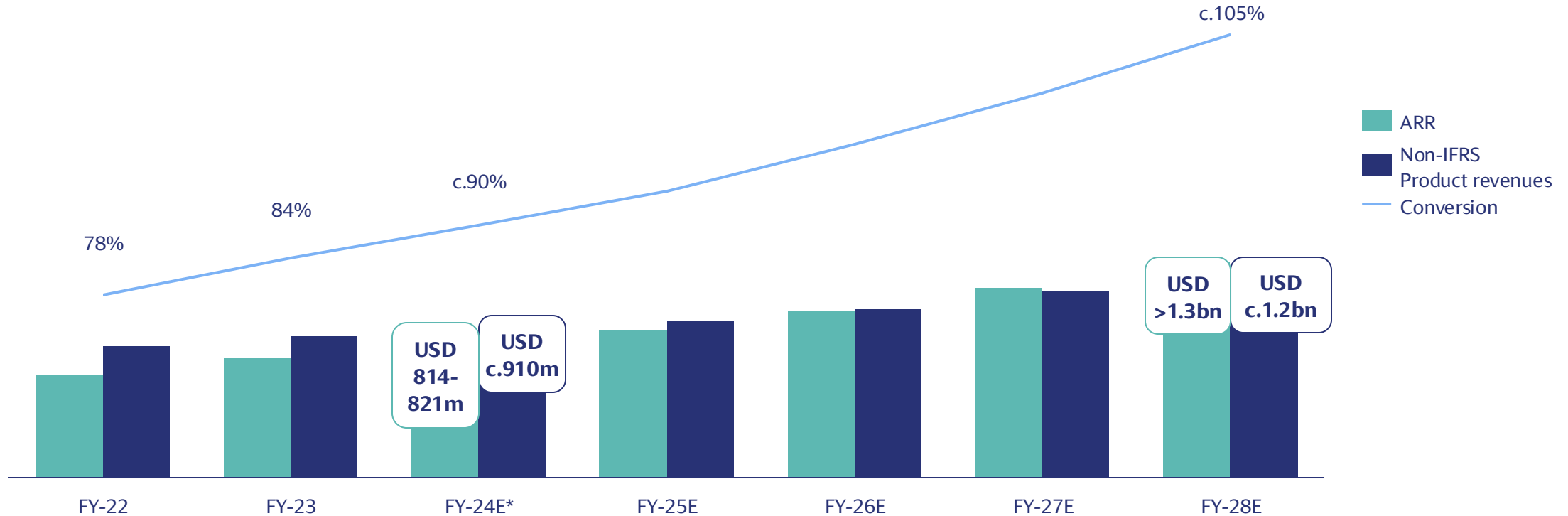


Subscription to contribute over 40% of ARR by FY-28



* FY-24 guidance (non-IFRS, constant currency) as per 23rd October 2024, ARR growth of 11-12%. Growth is organic and in constant currency.

ARR and product revenues will converge by FY-28

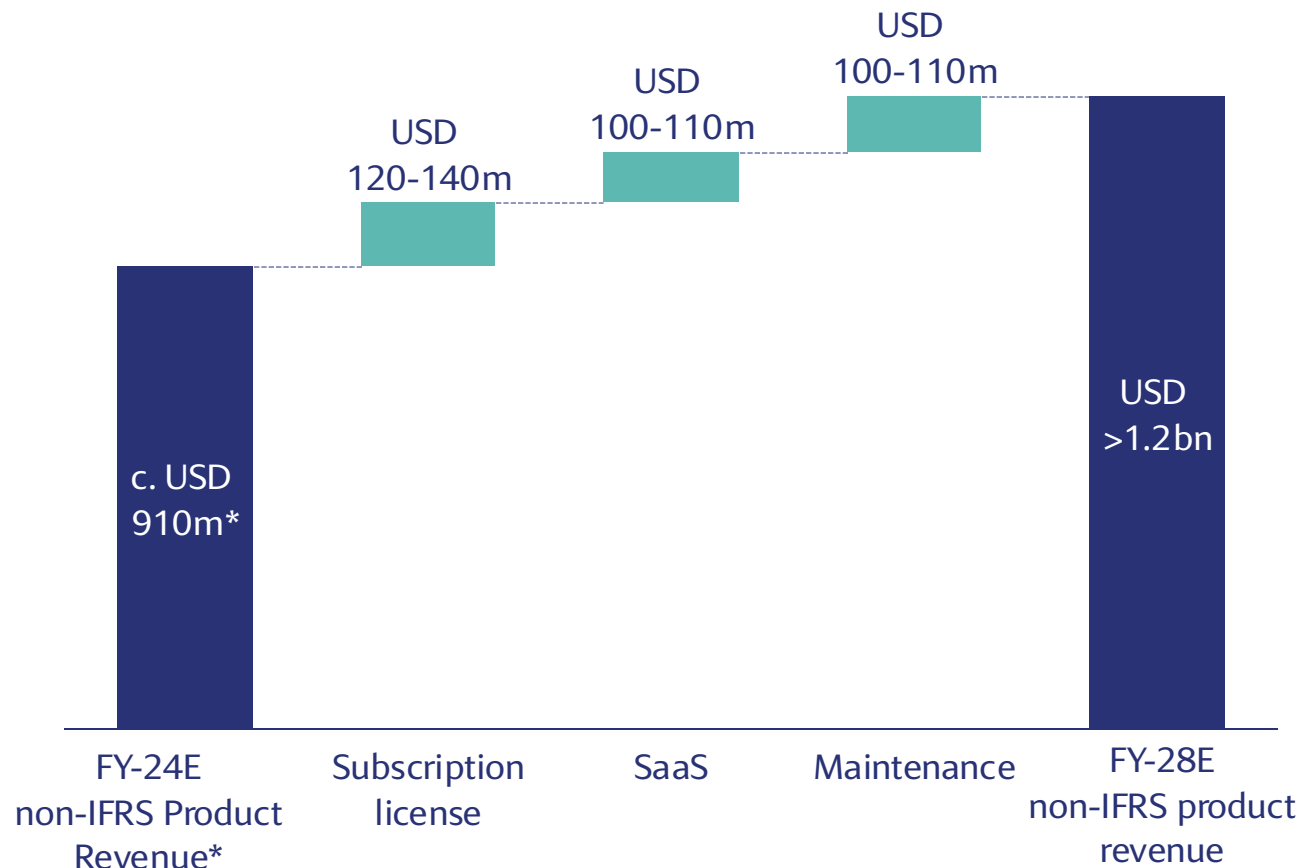


Impact of upfront revenue recognition for Subscription License vs ARR contribution will not be visible after FY-27

* FY-24 guidance (non-IFRS, constant currency) as per 23rd October 2024, ARR growth of 11-12%. Growth is organic and in constant currency.

A P&L view of our revenue growth

Non-IFRS Product revenue growth drivers by revenue model



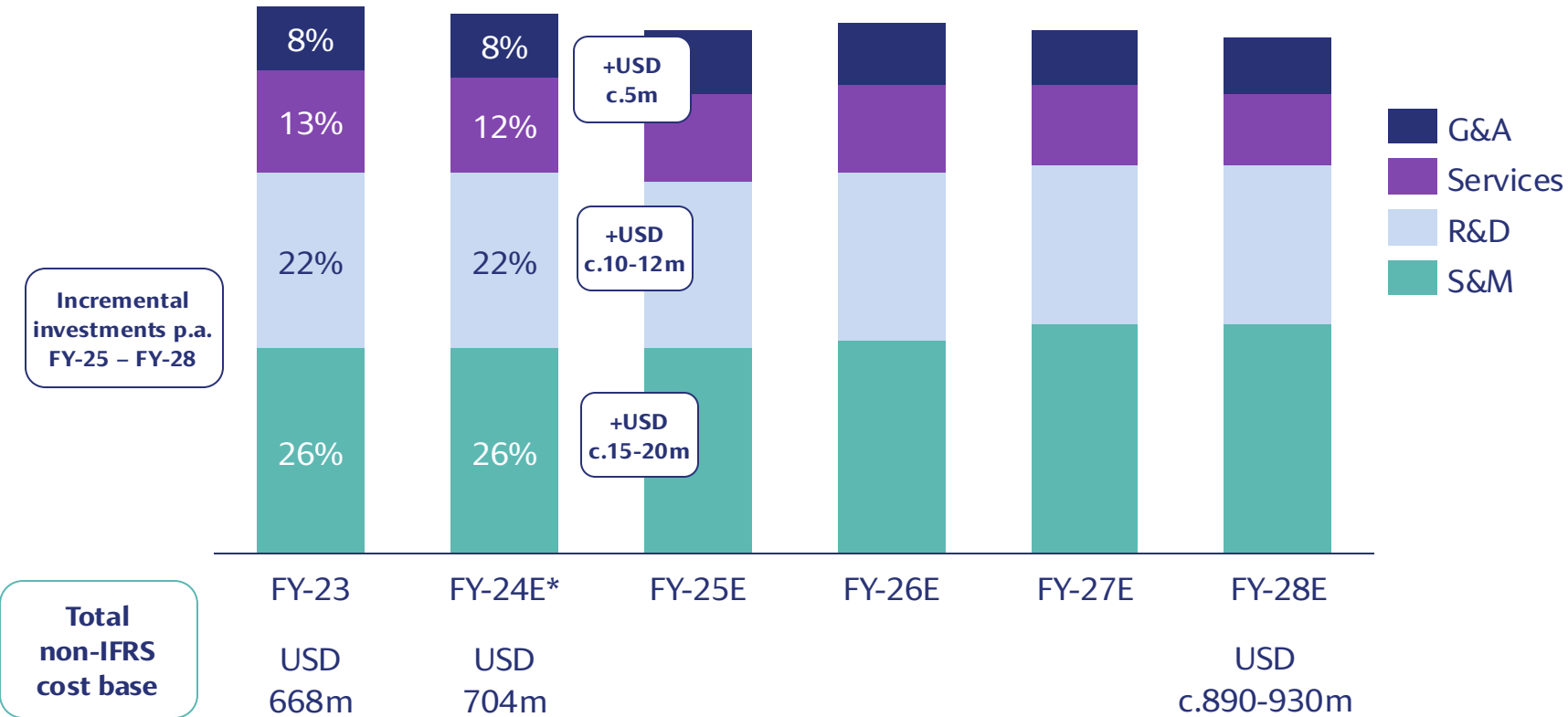
Note: Growth is organic and in constant currency

* Based on FY-24 guidance (non-IFRS, constant currency) as per 23rd October 2024

- Subscription license will be the primary driver of product revenue growth
- Maintenance will continue to grow due to subscription revenue recognition as upfront license and recurring maintenance revenue stream
- This more than offsets the declining contribution to maintenance from term license

Delivering operating leverage while increasing investment

Cost base as a percentage of non-IFRS revenue



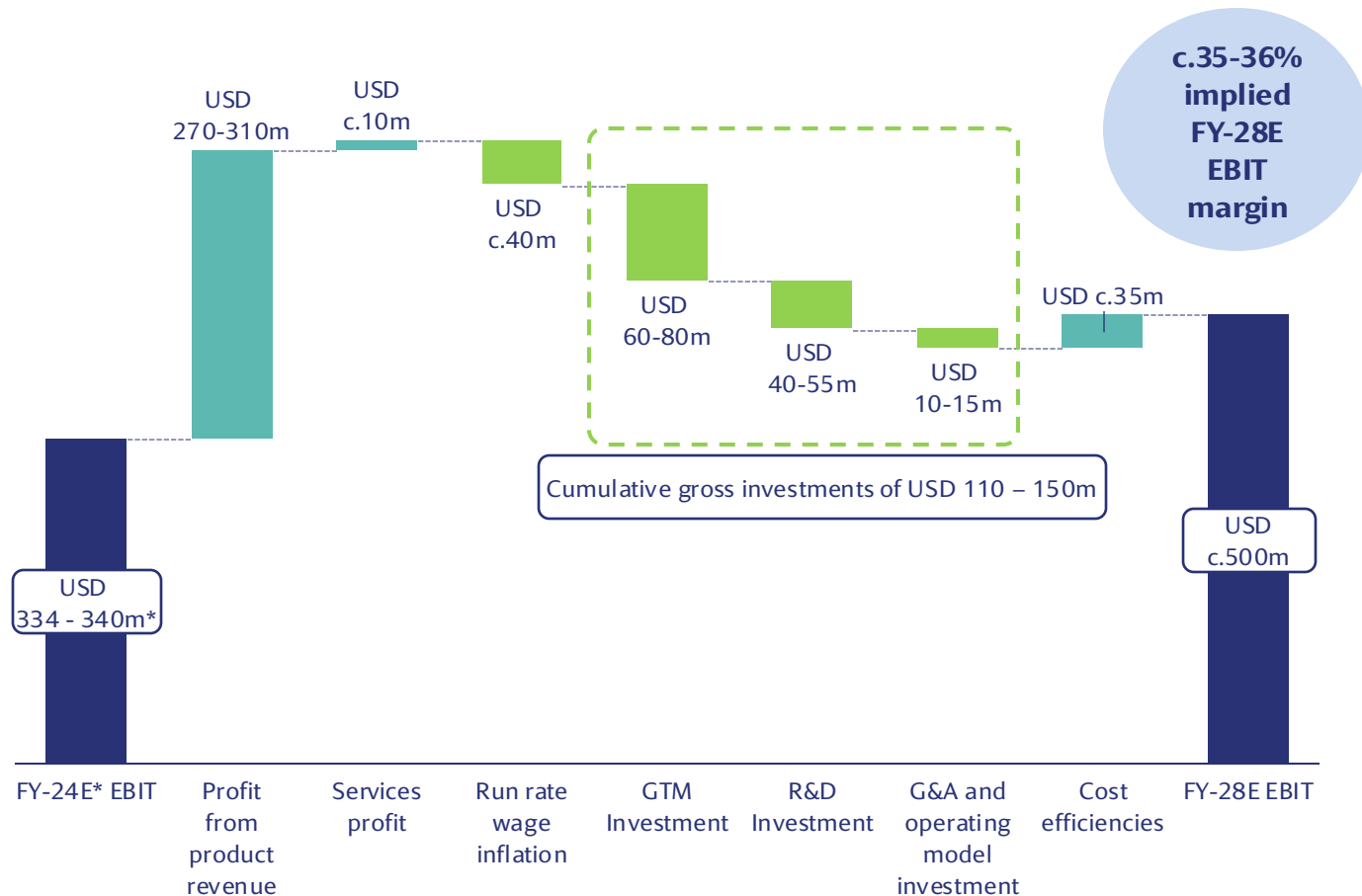
- Annual run-rate cost base growth driven largely by wage inflation and increased variable costs in line with revenue growth
- In addition, incremental combined USD 30-40m of investment across all lines in R&D and S&M, G&A and Services planned in FY-25, with investments scaling in subsequent years
- Continuing improvement in Services profitability expected to be a small cost benefit
- Expected c.USD 200m higher cost base by FY-28 vs. FY-24E

Incremental investments of USD 30-40m in FY-25 partially funded by USD 20-25m of cost efficiencies

* FY-24 guidance (non-IFRS, constant currency) as per 23rd October 2024, EBIT growth of 7-9%. Growth is organic and in constant currency.

A clear pathway for EBIT growth and margin improvement

EBIT bridge by business enabler; change in cumulative costs and efficiencies



Incremental cumulative R&D costs of USD 40-55m by FY-28

Broaden retail and corporate banking functionality, extend US country model bank, beach head in retail and corporate deposits and lending for tier 1 and 2, focus on digital channels, compliance and payments

Incremental cumulative GTM cost of USD 60-80m by FY-28

Increasing quota carriers by 2x, invest in sales tools and processes, partners ecosystem and marketing

Incremental cumulative G&A and operating model investments of USD 10-15m by FY-28

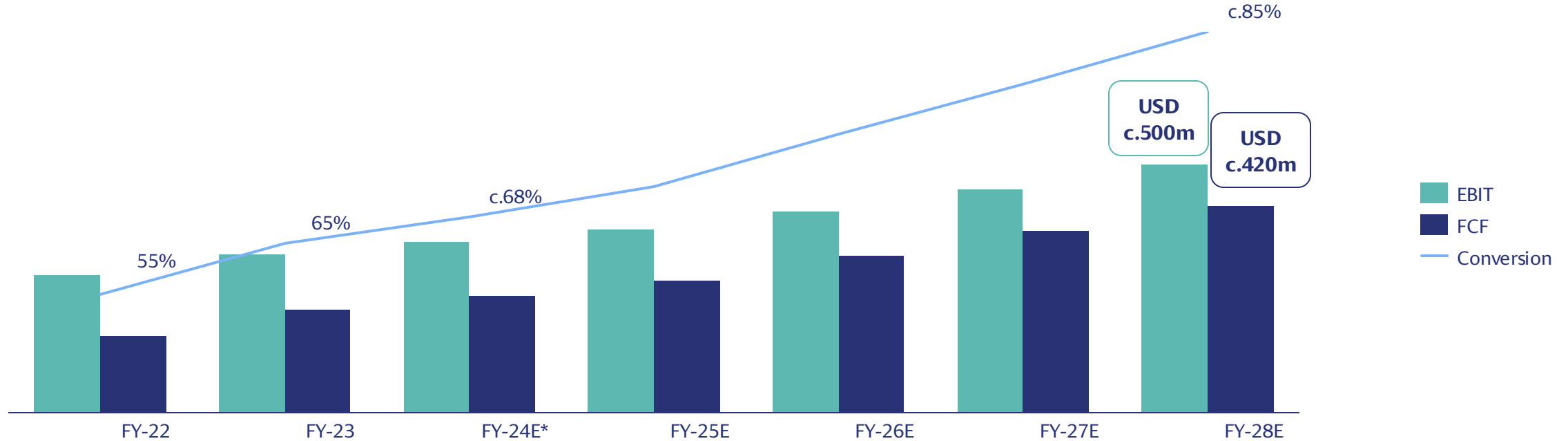
Investment in integration architecture (standardized APIs and business event coverage), SaaS operations, workflow automation and data management systems

Annualized operational efficiencies driving EBIT uplift of c.USD 35m by FY-28

Cost efficiencies realized by reducing span of control, simplifying / optimizing organization structure including real estate rationalization, procurement and automating internal processes & systems

* FY-24 guidance (non-IFRS, constant currency) as per 23rd October 2024, EBIT growth of 7-9%. Growth is organic and in constant currency. Profit from product revenue assumes subscription and maintenance gross margin of 90%+, SaaS gross margin of 65-70%

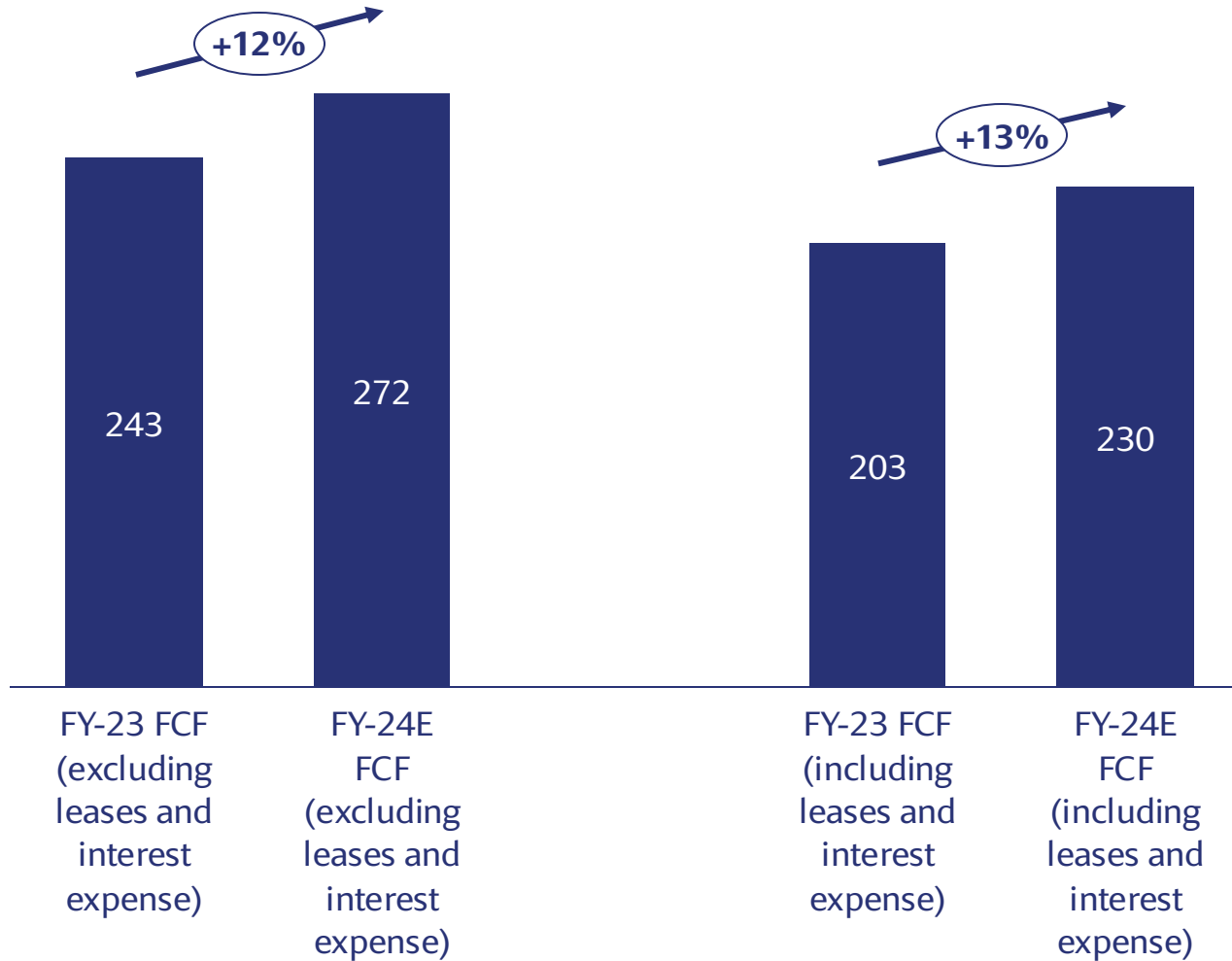
Targeting EBIT to FCF conversion of 85%



FCF conversion to increase to c.85% by FY-28E

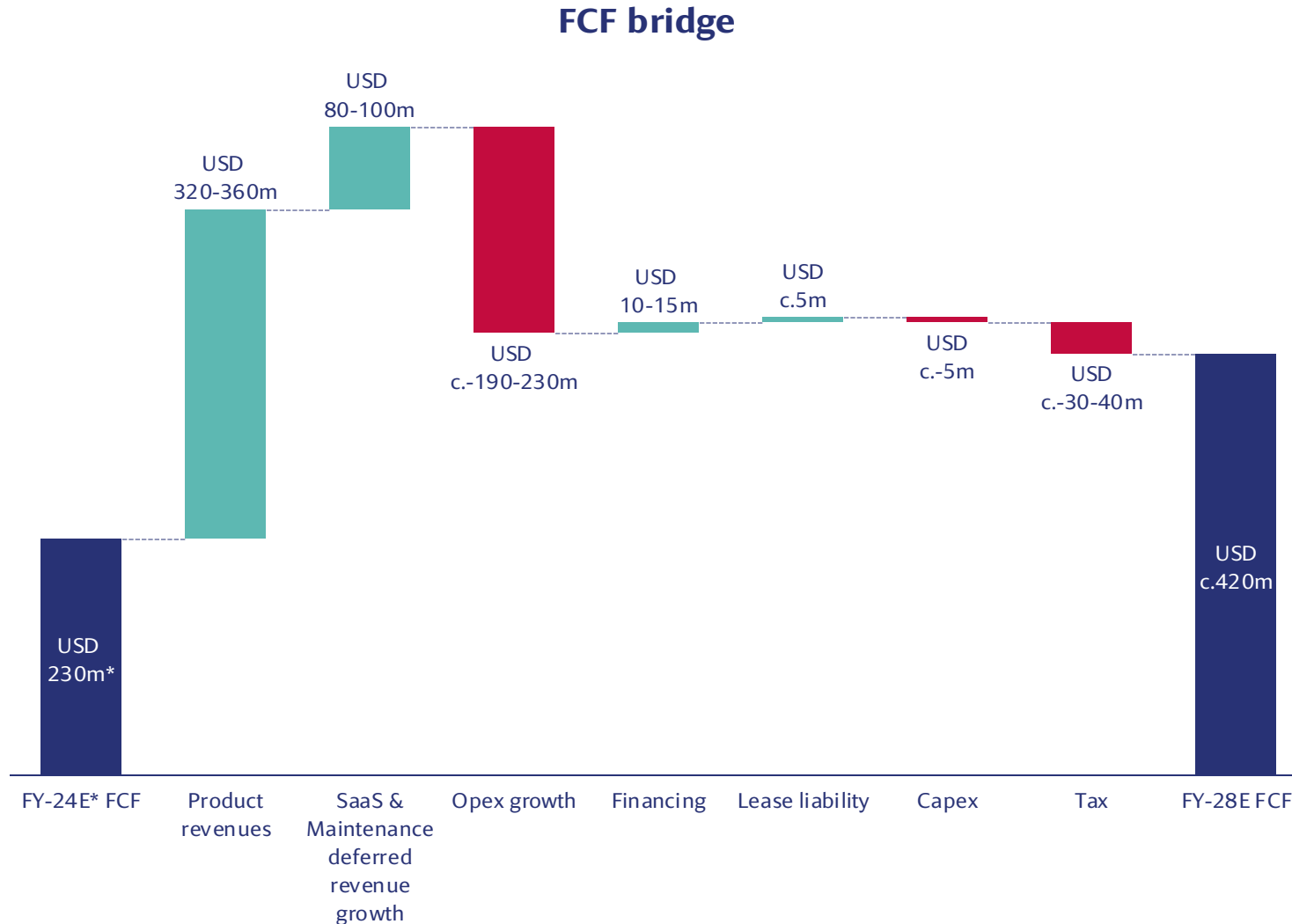
* FY-24 guidance (non-IFRS, constant currency) as per 23rd October 2024, EBIT growth of 7-9%, FCF reported growth of at least 12%. Growth is organic and in constant currency
Note FY-24 FCF guidance excludes IFRS 16 (leases) and interest expense. FCF shown on this slide includes the impact of IFRS16 (lease) and interest expense

Change in FCF definition



- FY-24 FCF guidance of at least 12% excludes IFRS16 lease and interest costs
- Under new FCF definition, FY-23 FCF adjusted for USD15m of lease liability payments and USD25m of financing costs. FY-24E FCF adjusted for USD15m of lease liability payments and USD27m of financing costs.
- Free cash flow definition for FY-28 target changed to market standard, including impact of IFRS 16 (lease) and interest costs.

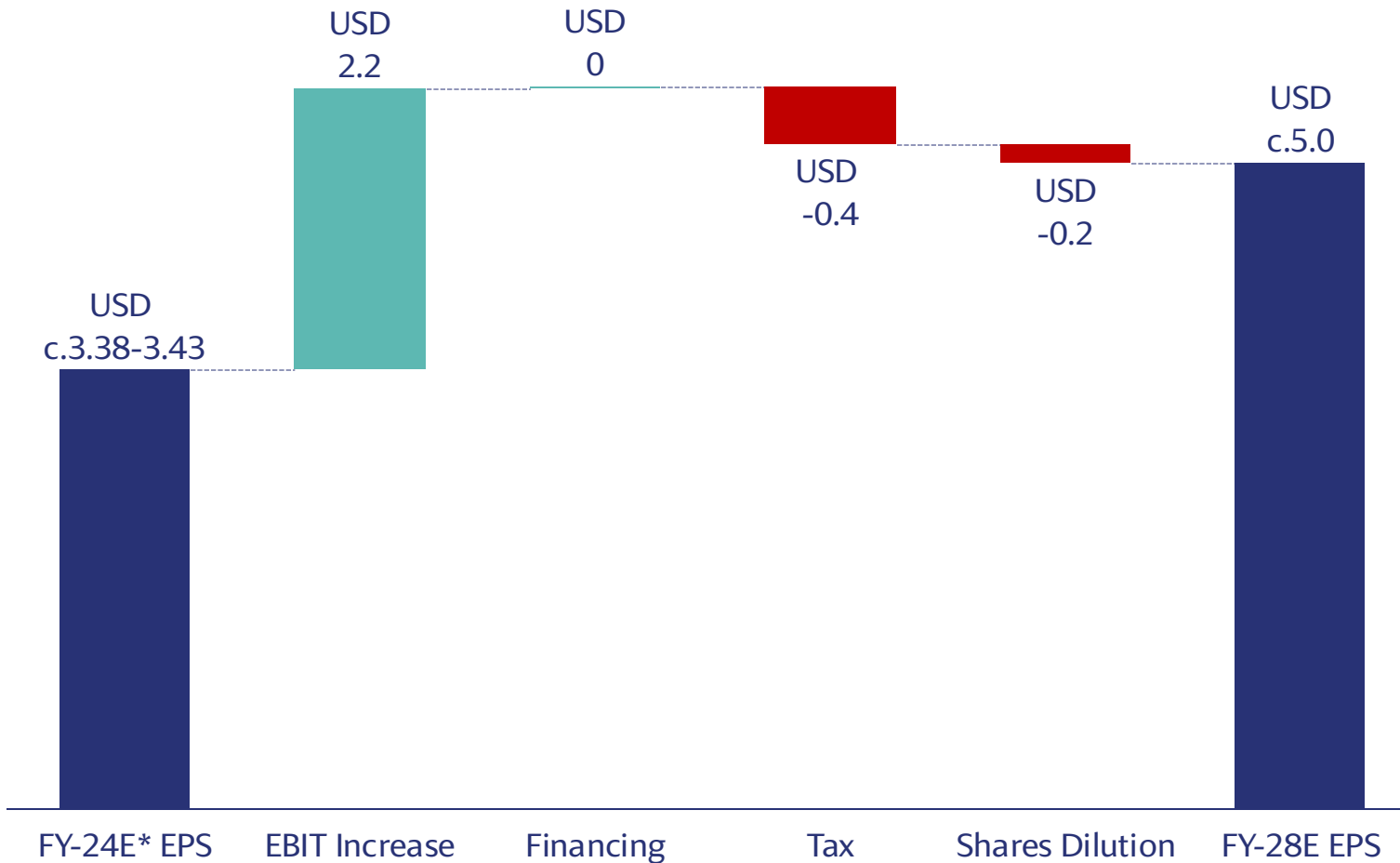
Targeting c.USD420m FCF by FY-28



- **FCF target now at market standard definition including leases and interest expense**
- Change in FCF vs. previous mid-term targets reflects increased subscription contribution to revenue growth, with lower SaaS vs. previous plan and therefore lower deferred revenue contribution to future FCF
- Other than growth in Opex of 190-230m, we also expect a benefit to FCF from financing as we expect lower leverage, reducing our interest costs
- And there will be a small benefit from lease liabilities as we rationalize our retail estate portfolio
- Capex will be small headwind of c.USD 5m on FCF
- FCF expected to grow slightly faster than ARR and EBIT driven by margin expansion and improving FCF conversion

*FY-24 guidance as per 23rd October 2024, FCF reported growth of at least 12% which excludes IFRS 16 (lease) and interest expense. FCF growth rates is organic and reported. FCF shown on this slide includes the impact of IFRS16 (lease) and interest expense. FY-28 target implies FY24E - FY-28E FCF CAGR of 16%

EPS expected to grow in-line with EBIT



- FY28 EBIT of USD c.500m to drive majority of EPS growth
- EPS is expected to grow at around 10%, in line with EBIT growth
- We expect our tax rate to marginally decrease from 20-22% to 19-21%
- Share dilution is linked to variable compensation

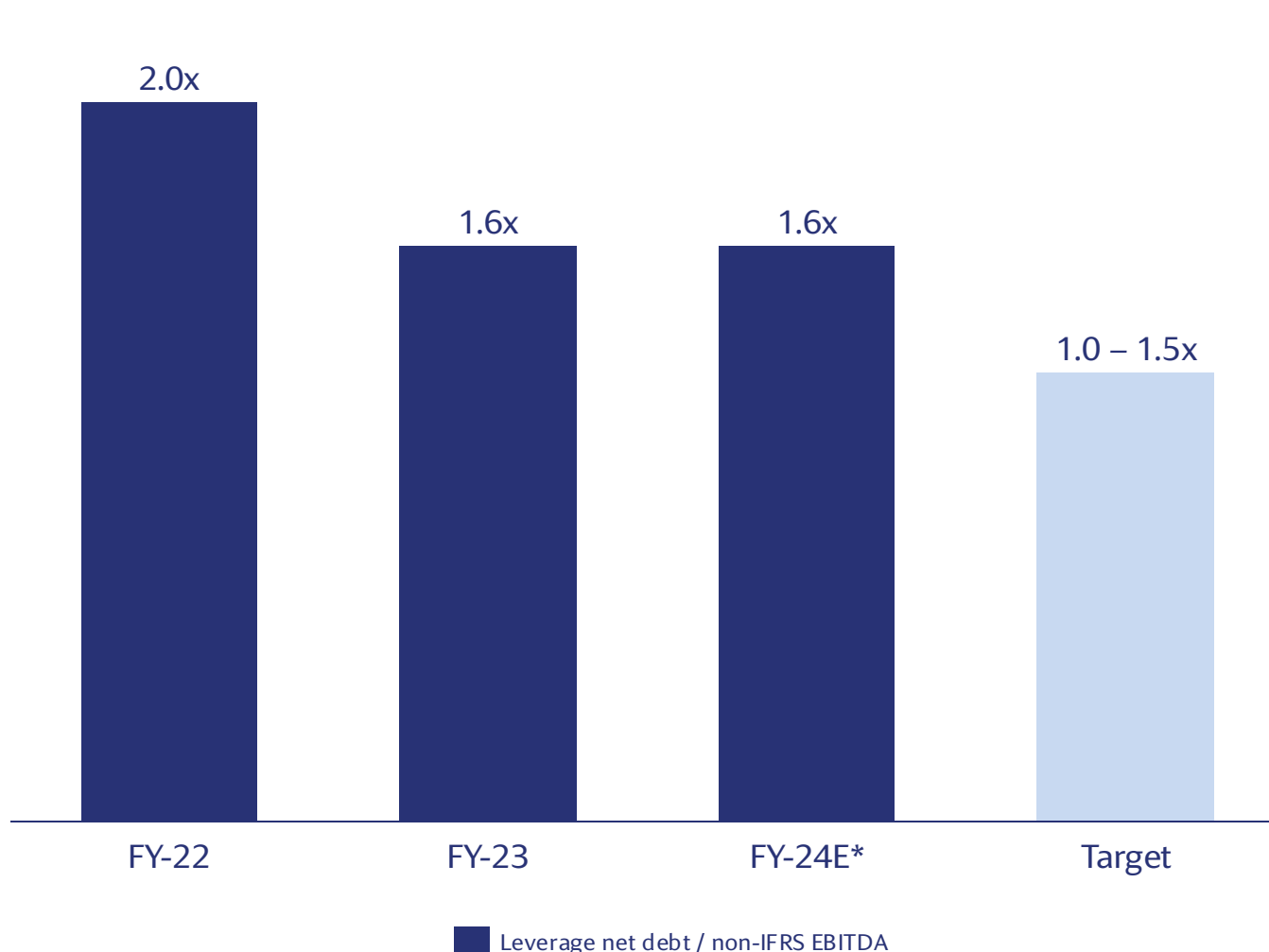
* FY-24 guidance as per 23rd October 2024, EPS growth of 6-8%. EPS growth is organic and reported.

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Capital allocation



Target lower leverage ratio of 1.0-1.5x going forward



Targeting net debt / non-IFRS EBITDA range of 1.0-1.5x, down from 1.5-2.0x

Weighted average interest cost of 2.2% as of 30.09.24

Weighted average debt maturity of 1.8 years as of 30.09.24

Maintain investment-grade credit rating (BBB from Fitch)

* Based on FY-24 guidance as per 23rd October 2024

Disciplined Capital Allocation

Organic investment

Investment in the business, in particular S&M and R&D: ability to invest for higher returns organically

Selective
bolt-on
acquisitions

Selective opportunities to support growth lever C – adjacent point solutions

Share
buybacks

Share buybacks to ensure capital efficiency and enhance shareholder returns

Dividends

Shareholder returns through progressive dividend policy reflecting the stability and recurring business model

> 1.3bn Free Cash Flow expected to be generated FY-24 – FY-28

Conclusion

New FY-28 targets reflecting our three levers of growth and operational plan

ARR to reach
>USD 1.3bn
by FY-28

Non-IFRS EBIT to reach
c.USD 500m
by FY-28

FCF to reach
c.USD 420m
by FY-28

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Capital Markets Day November 2024

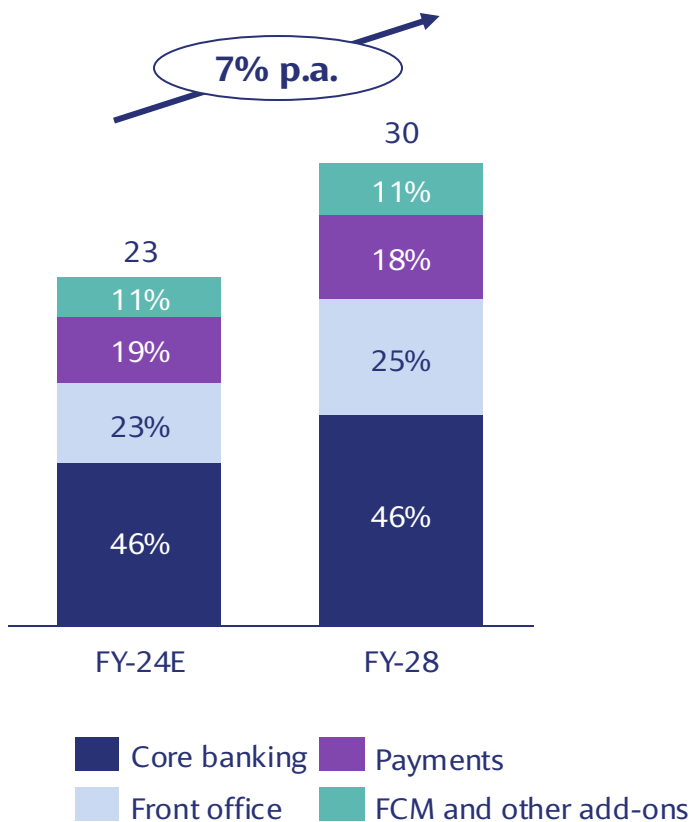


Appendix

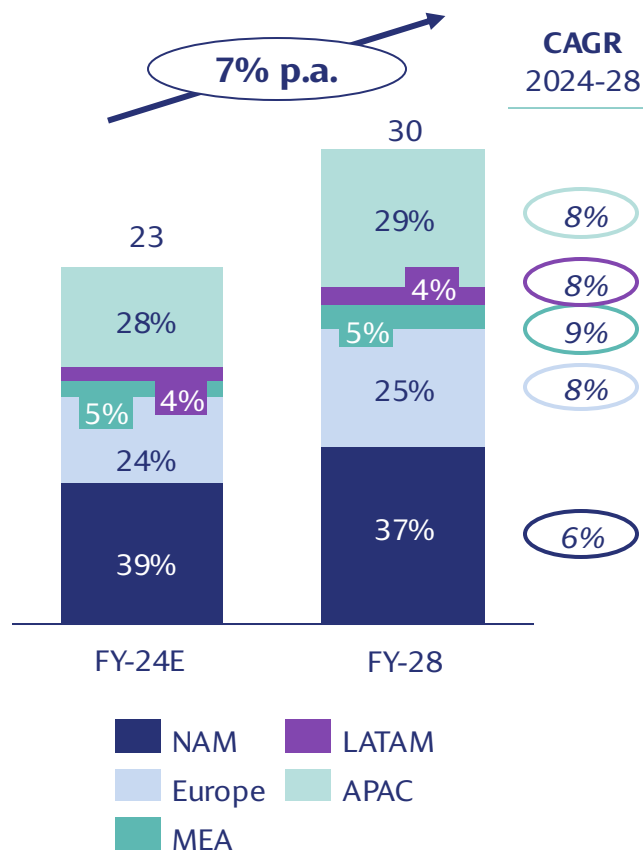
7% CAGR in medium term for third-party banking software spend

3rd party banking software spend¹ USD bn by product and region

By Product



By Region



- Core banking spend expected to remain at nearly 50% of market demand
- US contributes >90% of NAM spend
- Western Europe contributes >90% of Europe spend
- MEA spend expected to grow marginally faster than other regions

Note: 1. SAM: Serviceable Addressable Market relates to banking 3rd-party software spend addressable by Temenos products; Represents product revenue and includes spend on subscription, SaaS, term license and maintenance. 2. Wealth management and private banks included in core banking, front office and payments by Product, and Tier 1-5 categorization by tiers. 3. Front office includes Digital, Journey Manager and LMS. Percentages may not add up to 100 due to rounding | Source: Proprietary Temenos model built on data from IDC, Ovum, S&P, Fitch, Industry experts. Growth rates are in constant currency.

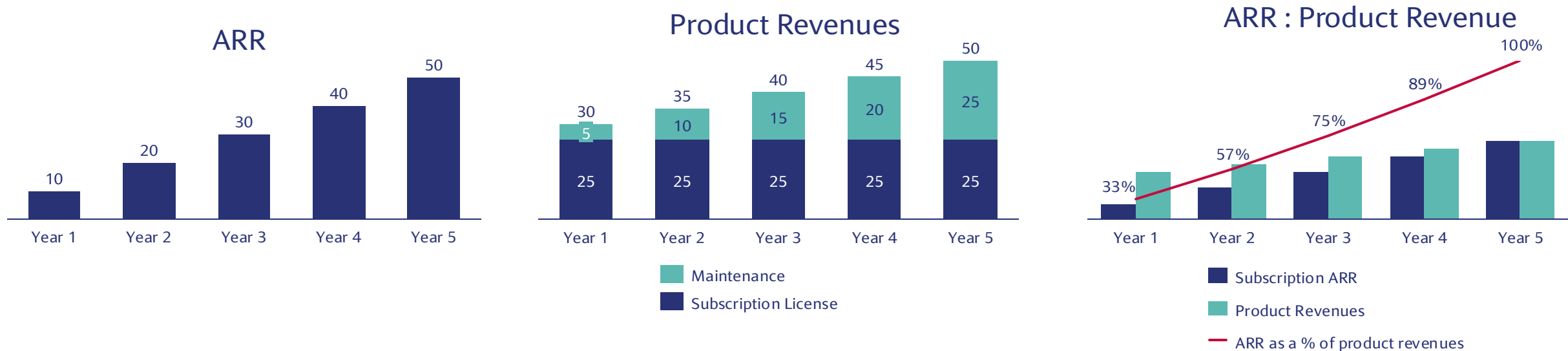
Lower leverage will drive stronger EPS growth

	Leverage scenarios by FY-28				
Leverage (net debt-non-IFRS EBITDA)	1.5x	1x	0.5x	0.0x	-0.5x
Annual financing costs (USDm)	27	22	18	15	12
Non-IFRS EPS growth FY-24E* - FY-28E	10%	11%	11%	11%	11%

*Assumes FY-24 guidance (non-IFRS, constant currency) as per 23rd October 2024. Scenarios assume constant currency

Subscription modelling illustrative example

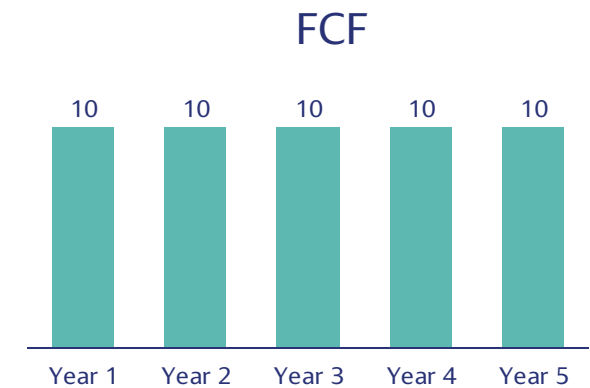
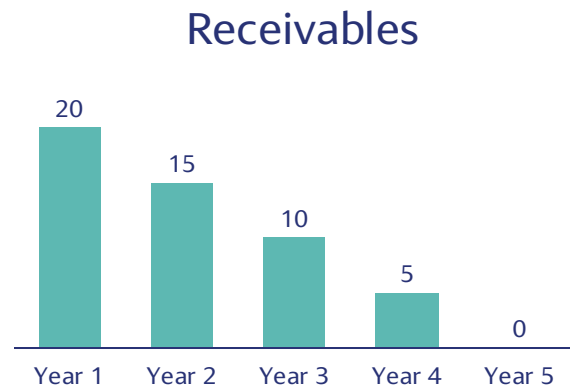
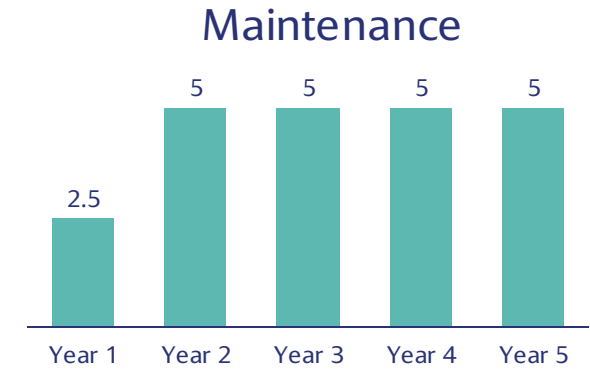
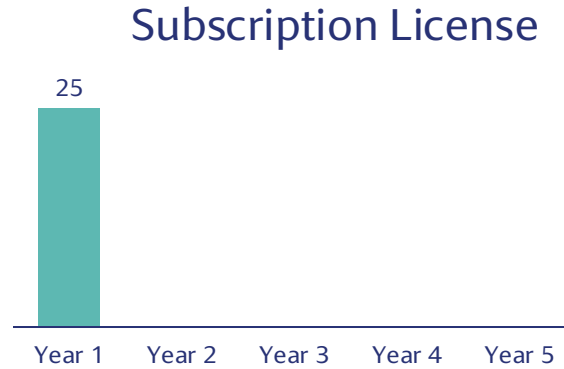
Impact of signing USD 10m ARR of subscription deals every year



Note: maintenance shown at 20% for simplified illustration, typical Temenos maintenance @ 21%; assumes zero churn

Subscription modelling illustrative example

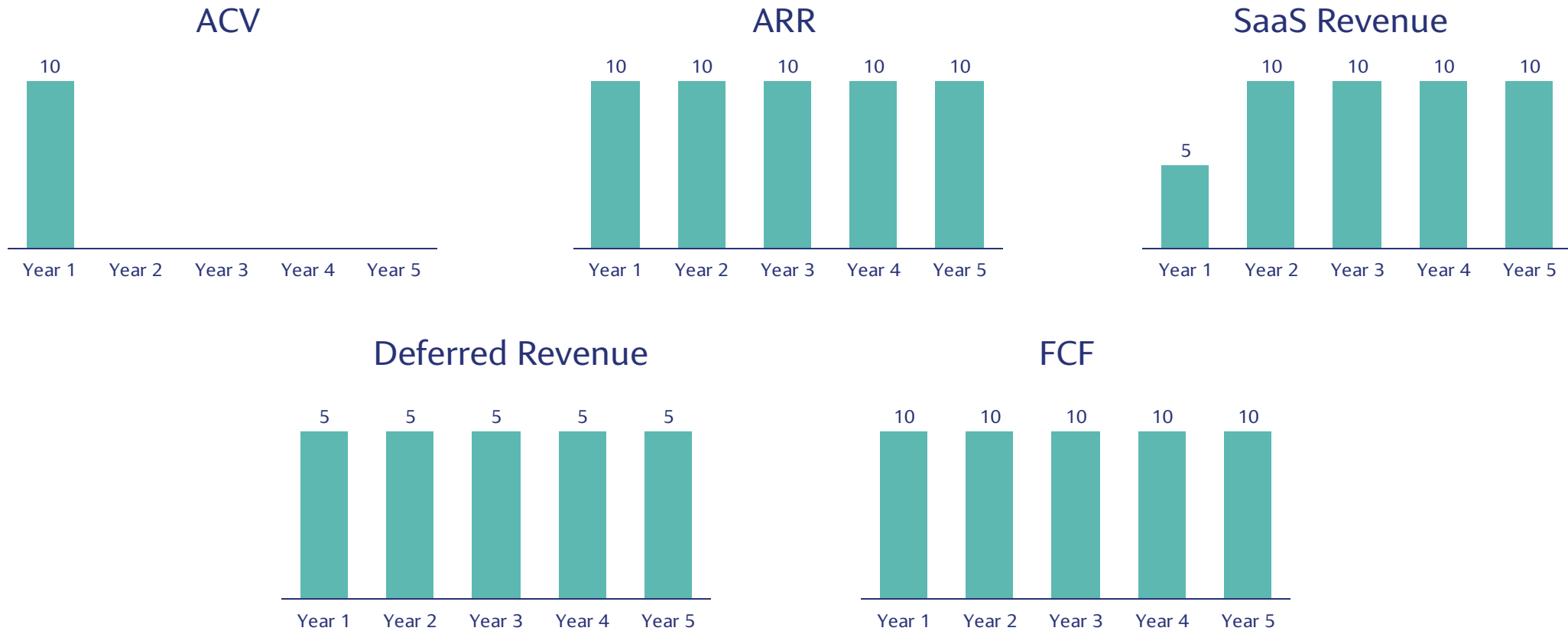
5-year impact of USD 10m of Subscription ARR



Note: Maintenance shown at 20% for simplified illustration, typical Temenos maintenance @ 21%; assumes zero churn;
Deferred revenue arises when contracts are signed during the year and only in-year portion of revenues recognised from 1-year maintenance paid upfront

SaaS ACV modelling illustrative example

5 year impact of USD10m of SaaS ACV



* Example assumes USD10m of ACV signed end of Q1 with zero churn, with revenue recognition commencing three months later at start of Q3. Deferred revenue arises when contracts are signed during the year and only in-year portion of revenues recognised from 1 year SaaS revenues billed & paid upfront

Non-IFRS definitions

Non-IFRS adjustments

Share-based payment charges

Adjustment made for shared-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 / Investment related finance cost

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

Amortization of acquired intangibles

Amortization charges as a result of acquired intangible assets

Restructuring / M&A related costs

Costs incurred in connection with a restructuring programme or other organisational transformation activities planned and controlled by management, or costs related mainly to advisory fees, integration costs and earn out credits or charges. 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, fair value changes on investment and on the basis of Temenos' expected effective tax rate

Other

Cloud ARR

Cloud ARR includes annual recurring revenue from all products that run on hyperscaler platforms across both subscription and SaaS revenue models

Constant currencies

Prior year results adjusted for currency movement. Revenue metrics and EBIT are adjusted for constant currencies where stated, EPS and FCF are reported.

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.

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.

Product revenues

Revenues from Total Software Licensing and Maintenance combined i.e. Total revenues excluding services revenues

Free cash flow (FCF)

Free cash flow to equity includes IFRS 16 (lease) and interest costs

Financial metrics definitions and reporting

SaaS 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 excludes 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

Bank tiering

- Temenos defines bank tiers by assets on balance sheet
- The tier levels are:
 - Tier 1 >USD 250bn
 - Tier 2 >USD 50bn
 - Tier 3 >USD 10bn
 - Tier 4 >USD 1bn
 - Tier 5 <USD 1bn

Thank you

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Capital Markets Day November 2024

