temenos

Everyone's Banking Platform

Annual Report
and Accounts 2023

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Our strategy to be Everyone's Banking Platform:

Continued SaaS acceleration

North America focus

Increasing penetration in large banks

Partner First approach

→ Read more on pages 14 and 15

HIGHLIGHTS OF 2023

Non-IFRS

Annual Recurring Revenue (USDm)	Subscription revenue (USDm)	SaaS revenue (USDm)	Total software licensing (USDm)
730.0	160.4	205.1	443.6
2022: 626.1 (+17%)	2022: 105.7 (+52%)	2022: 163.7 (+25%)	2022: 404.8 (+10%)
Maintenance (USDm)	**Total revenue (USDm)**	**EBIT (USDm)**	**EBIT margin (%)**
423.7	1,000.2	313.0	31.3
2022: 401.9 (+5%)	2022: 949.6 (+5%)	2022: 272.4 (+15%)	2022: 28.7 (+3%)
Earnings per share (USD)	**Operating cash flow (USDm)**	**Free cash flow (USD)**	**Dividend per share (CHF)**
3.19	391.5	242.6	1.20
2022: 2.82 (+13%)	2022: 316.6 (+24%)	2022: 192.9 (+26%)	2022: 1.10 (+9%)

The journey towards the future of banking

Industry context

In 2023, General Artificial Intelligence (Gen AI) erupted onto the global technological scene, revolutionizing industries with its advanced capabilities and potential for innovation. Within this transformative landscape, banks have swiftly recognized the strategic importance of Gen AI, actively investing in its integration to enhance operational efficiency, customer experience and risk management. This surge in adoption represents a significant opportunity for Temenos, as our cutting-edge banking software solutions are uniquely positioned to harness the power of Gen AI, building on our strong foundation in Explainable AI. Hence, we are committed to ensuring that our Gen AI solutions are responsible and transparent, and also deliver tangible incremental business value in terms of personalized customer experiences, better risk management and improved operational efficiency.

Nimble non-incumbents such as payment providers, e-commerce and technology giants as well as neobank and fintech challengers, with their lower cost operating models and superior customer experience, have been attacking both the margins and market share of incumbents for a few years now. While incumbent (traditional) banks confirm the continued threat of fintechs, the past year saw significant decline in fintech funding, accompanied by changing investor expectations from growth to near-term profitability; this trend is expected to persist in the near term even as rates begin to fall. Fintechs will rebound in the medium to longer term, not only taking away share from incumbents, but also expanding the banking revenue pool by tapping more into the large volume of unbanked and underbanked individuals and SMEs, especially in emerging markets. We have also strongly positioned ourselves to serve the fast growing non-incumbent segment with our market leadership position within challenger banks, fintechs, platforms and BaaS players, and in the past year continued to sign deals with large or niche players which have greater value potential.

Therefore, the position of incumbent banks has become stronger in the short term and they are fighting back with their own next-gen banking products and experiences. We remain an undisputed market leader in the incumbent banking market which is projected to be 91% of our addressable market in 2027.

The shift towards public cloud adoption in banking continues to accelerate. A recent Economist survey reveals that 51% of bankers anticipate that banks will no longer have traditional data centers within five years, favoring the agility and scalability of public cloud solutions. Bolstered by substantial investments from hyperscalers in security measures, large banks are growing more confident in adopting public cloud services. Within mission-critical workloads, large banks are prioritizing the migration of digital banking and customer-facing channels, and core banking for secondary business lines and overseas operations. Mid-small banks are adopting public cloud and SaaS for primary business lines and domestic operations as well, while non-incumbents have a strong preference to start greenfield on SaaS. SaaS is also an increasingly popular path to the public cloud for banks in markets with hyperscaler availability but lower cloud talent pools.

Looking ahead to 2027, our projections indicate that incumbent banks are set to outspend non-incumbents with 3.5x spend on public cloud. Temenos, with its strong penetration in both segments, and through its advanced cloud-native solutions and mature SaaS offering, is uniquely positioned to maximize the public cloud opportunity.

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 clients[1]

Over 600
digital clients[1]

Over 90%
of revenue generated by top 1,000 clients across all products in FY-23[1]

150+
countries in which clients are present[1]

1 In this 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.

Recurring revenue model delivering value and continuing to drive growth

Aligned sales organization to ARR model

ARR based targets; incentives to drive SaaS, subscription and maintenance

Enhanced value-based selling to capture uplift

Optimized deal structures and aligned to business value

Strengthened sales organization globally

Specialization; recruited seasoned industry talent; promoted proven leaders with structured succession management

AI driven sales execution

Enhancing predictability and value capture

AT A GLANCE continued

Our global opportunity

13 offices

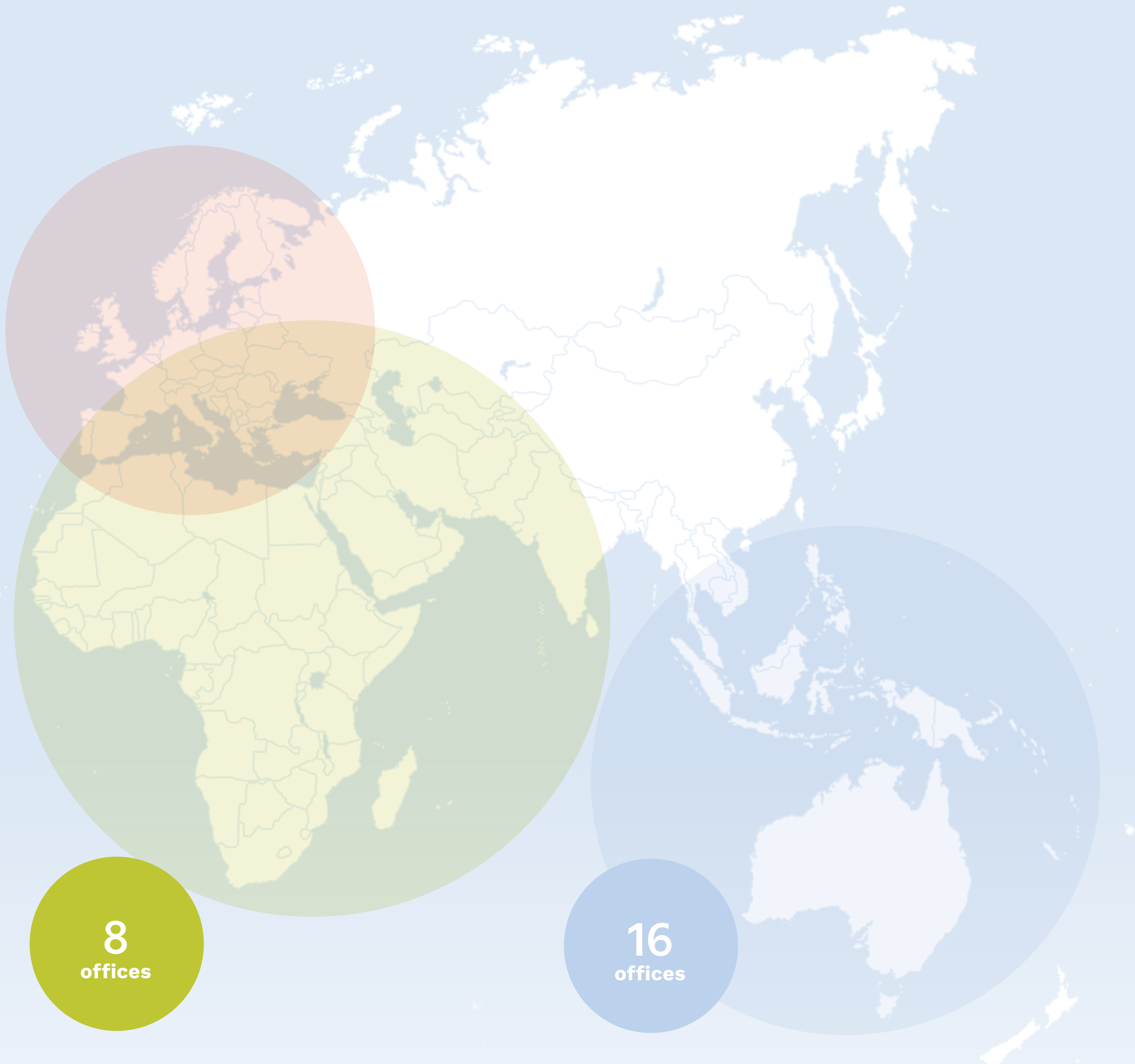
The Americas

Revenue (%)	Total software licensing revenue (%)
28%	41%

19 offices

Europe

Revenue (%)	Total software licensing revenue (%)
30%	24%



Middle East and Africa

Revenue (%)	Total software licensing revenue (%)
24%	20%

Asia Pacific

Revenue (%)	Total software licensing revenue (%)
18%	15%

INSIGHTS

Banking trends – Economist Impact report released by Temenos

Banks must harness emerging technologies to create their own digital ecosystems and remain at the center of the banking universe.

New technologies will have the biggest impact on banks in the next five years – more than customer demands and evolving regulation.

More than 70% of survey respondents see unlocking value from AI as a key differentiator between winners and losers, while 75% expect generative AI to impact banking.

Customer centricity is driving banks to offer more embedded ESG propositions to their customers (73%).

With the focus on lowering their carbon footprint, as well as the increasing use of data-intensive AI, banks are inevitably moving to the public cloud – 51% of respondents agree that banks will no longer own any private data centers after moving to the public cloud.

The move to byte-sized banking – can banks create a true ecosystem?

In the last iteration of Economist Impact's global banking survey, conducted in 2021, banks were facing a perfect storm as the pandemic accelerated consumer use of online banking, hastening the closure of bank branches and seemingly giving a strong advantage to digital-first competitors. It is no surprise, then, that new technologies are expected to have the biggest impact on banks in the next five years, according to 63% of respondents in this year's survey – a finding that has been consistent since 2019.

The Economist Impact, on behalf of Temenos, surveyed 300 executives in retail, commercial and private banking spanning Europe (25%), North America (23%), Asia Pacific (18%), Middle East and Africa (17%) and Latin America (17%). Half of the respondents were C-suite executives. This global independent report, which is now in its eighth year, highlights the following trends:

Rise of the machines

New technologies are expected to have the biggest impact on banks in the next five years, according to 63% of respondents in this year's survey – a finding that has been consistent since 2019. Even more respondents in North America are convinced compared to those in other regions (90%, compared with 63% globally) that technology will be the trend to have the biggest impact on banks in their country in the next five years.

In the spotlight this year is generative AI. While AI and machine learning (ML) have been in existence for decades, the launch of Chat GPT late last year demonstrated the potential of AI to transform everyday tasks and spurred companies to find the best ways to leverage it. Indeed, 75% of respondents to this year's survey believe that the banking sector will be significantly impacted by generative AI and more than 70% agree that unlocking value from AI will be the key differentiator between winners and losers.

Moving to the cloud

As ecosystems enable banks to play a larger part in consumers' lives, what they stand for and how they operate will matter more. Companies across sectors are increasingly expected by customers and employees to operate according to clear values. There is growing public attention directed towards the important role that banks can play in climate action. The shift of applications to the cloud is a part of this drive, as public cloud storage typically has lower carbon emissions than private data centers.

More than half (51%) of survey respondents agree that banks will no longer own any data centers because they will have moved to public cloud in the next five years. More banks in North America (79%) believe that a multi-cloud strategy will become a regulatory pre-requisite in the next five years, compared with just 60% in Europe.

Banks prioritizing becoming more inclusive, more sustainable organizations

This is translating into banks offering more ESG and sustainable banking propositions to both retail and enterprise customers in the next five years (73%), as well as providing capital to environmentally friendly projects (74%) and taking capital away from carbon-intensive industries (64%). More than one-third (37%) of banks report investing in low-carbon technologies and start-ups working on decarbonization. As part of their own sustainability initiatives, 31% are implementing strategies to reduce emissions in their operations internally as well as their supply chain.

Competition and collaboration – if you can't beat them, join them

Since the last survey in 2021, deepening engagement with fintechs has become a much more important innovation strategy for banks. Compared to 2021, a much higher share of banking executives now cite investing in fintech start-ups (41%) and participating in sandboxes with fintechs and other technology providers to test new propositions (32%) as their top innovation strategy.

Meeting banking customers where they are

To keep a direct connection with customers, banks are recognizing that they must become true digital ecosystems. Survey respondents say that this is the top way that their business models will evolve over the next 12–24 months, and this will support their top strategic priority for the next five years of improving personalized and embedded customer experience and engagement (30%). 79% of survey respondents expect banking to become embedded in customers' lives and businesses' value chains in the next five years.

> Banks need to tap into expertise in new technologies like cloud and AI as well as collaborate with fintechs and technology companies to offer embedded finance and build digital ecosystems. The case for the public cloud is becoming more apparent, with 51% of respondents agreeing that banks will no longer own any data centers due to the move to public cloud in the next five years. Environmental concerns have also joined the list of reasons that banks are accelerating the shift to the cloud.

Kanika Hope
Chief Strategy Officer
Temenos

300
global banking executives, half of whom were C-suite, were surveyed on the changes they see taking place in their industry in the next three to five years.

New technologies

63%
believe that new technologies will have the biggest impact on banks in the next five years.

Embedded finance

79%
agree that banking will become "embedded" in consumers' lives and businesses' value chains.

Digital ecosystems

38%
foresee acting as a true digital ecosystem, offering own and third party banking and non-banking products and services.

Customer experience

75%
agree that banks will seek to differentiate on customer experience rather than products in the next five years.

Moving to the cloud

51%
agree that banks will no longer own any private data centers in the next five years after moving to the public cloud.

CHAIRMAN'S STATEMENT

Our values and our leadership

Thibault de Tersant
Chairman

> The Board is confident that the Company's strategy will continue to drive growth in the business. The strategic objectives of acceleration in SaaS, a focus on North America, a Partner centric approach and increasing our penetration in larger banks will ensure we remain at the forefront of our industry.

Dear shareholders,
2023 has been a year of good growth and achievement of all targets announced in February. I am pleased with the performance of our Executive team, led by Andreas Andreades since January, when he took the interim CEO responsibility. Despite the ongoing macro uncertainty and several unforeseen events in the year including the collapse of Silicon Valley Bank and First Republic in the US, and the takeover of Credit Suisse by UBS in Europe, Temenos has focused on what it does best – driving innovation in the platform and helping clients achieve their business objectives through partnering with us. And this has resulted in a solid set of results for the year where we achieved success across our KPIs.

Temenos has made excellent progress in its journey to a recurring revenue business model through 2023. With the transition to subscription in place of term licenses substantially completed for new transactions by the end of the year, and the growing share of SaaS revenue, we have seen very strong growth in Annual Recurring Revenue as well as Free Cash Flow, and this is expected to continue going forward.

The Company signed a number of landmark deals in the year, including with one of the largest US banks for their international corporate business, another tier 1 global bank headquartered in Europe for the international wealth business, and a flagship signing in the US with Regions Bank. It is clear Temenos has retained and even expanded its competitive moat in the face of traditional competitors and more recent neo-vendors, through its relentless focus on innovation and R&D.

I would like to thank our shareholders for your continued support as we look to the future and focus on delivering value for all our stakeholders.

The Board is confident that the Company's strategy will continue to drive growth in the business. The strategic objectives of acceleration in SaaS, a focus on North America, a Partner centric approach and increasing our penetration in larger banks will ensure we remain at the forefront of our industry. Temenos has demonstrated the strength of its cloud-native platform, with some of the largest banks in the world working with us to migrate their workloads to the cloud, and shown its innovation capabilities, with market-leading fintechs and payment providers also choosing Temenos.

Looking at the non-IFRS results for 2023, Temenos delivered a revenue of USD 1,000 million, an EBIT of USD 313 million and EPS of USD 3.19, growing 13%. Our ARR reached USD 730 million by year end, an increase of 17%, and our Free Cash Flow reached USD 243 million, an increase of 26%.

Based on the strength of these results, the Board of Directors are pleased to propose an annual dividend for 2023 of CHF 1.20 per share, an increase of 9%, to be voted on at the Annual General Meeting on 7 May 2024.

We are fortunate to operate in a sector with many positive characteristics, however it is also a sector where its volatility in growth and debates around accounting treatments have historically attracted short selling speculators. It is disappointing that in spite of the strength of our cash flow, our below industry average customer churn and our good ARR growth, a report was released on 15 February alleging "major accounting irregularities" and "failed products" by Hindenburg with the intention of causing damage to our share price.

Although the Board was confident about the quality of our cash flow, our systems, our products and good control environment, we understand the impact which this type of event can have. There must be complete confidence and transparency in our business. We decided therefore to commission an examination of the allegations led by myself with a Committee of Independent Board members supported by leading independent examiners. The conclusions of this work were made public on 15 April 2024 and have provided independent confirmation that there is no substance and the allegations are misleading and inaccurate.

I really want to thank and congratulate the Temenos teams who maintained their dedication to deliver for our customers and achieve our objectives, while facing these allegations and we feel more united and stronger than ever.

Finally, after a long and thorough selection process, we are hopeful to be able to introduce our new CEO to you at our upcoming AGM on 7 May. I would like to thank Andreas Andreades, for stepping in and extending his time at Temenos as CEO to enable this transition and more importantly for the enormous contribution he has made in his 25 years with Temenos. Temenos is a first class company with an exciting future ahead delivering value and innovation to our clients and achieving our mid-term objectives, leveraging the strong Temenos teams and culture.

I would like to thank our shareholders for your continued support as we look to the future and focus on delivering value for all our stakeholders.

Thibault de Tersant
Chairman

CEO STATEMENT

Return to growth

Andreas Andreades
Chief Executive Officer

> The key focus for us was moving to a recurring revenue model through our transition to subscription revenues and further development of our SaaS business.

Thoughts on our performance in 2023

Looking back on 2023, it was a critical year for Temenos in many ways, and one which I think we will see as a milestone in the Company's history. After an unusual 2022, with macro uncertainty causing a slowdown in our end market, we were looking forward to a year of greater stability and focusing on executing on our strategic initiatives without the distractions of previous years. The key focus for us was moving to a recurring revenue model through our transition to subscription revenues and further development of our SaaS business. And we achieved both of these, with our transition to subscription from term license substantially complete by the end of the year, and we continued to put in place the foundations for further growth in our SaaS business.

Reflecting on our financial performance, 2023 was a successful year for Temenos, in which we delivered growth across all of our KPIs. We listened to the feedback from our shareholders, and set guidance at the start of the year that we considered realistic and achievable based on strength of our pipeline. With our strong performance through the year we were then in a position to progressively raise our guidance through the year. ARR is now the key metric of measuring the progress with our shift to a recurring revenue business model, and we delivered a strong 17% growth in this metric for the full year. More broadly, we saw good growth across our revenue, profit and margins, and in particular had very strong growth in our free cash flow, reflecting the progress we have made on our subscription transition and SaaS acceleration.

2023 was a highly productive year for Temenos from both a client perspective as well as our own innovation and investments. We signed a number of landmark deals during the year that are testimony to our market leadership position, in particular among tier 1 global banks. Early in the year, we signed a deal with a tier 1 global bank headquartered in Europe to renovate its international private bank, capitalizing on our Wealth product expertise and deep understanding of banking across multiple geographies. We also expanded our relationship with a tier 1 US bank to upgrade its international corporate banking platform in the cloud, after already signing a deal with them in 2022 to renovate their international private bank. This continued penetration of an existing customer, and one of the world's largest banks, demonstrates the value our clients achieve by using our platform as well as the trust our clients put in us. We also won a landmark core banking renovation with Regions Bank, a top 30 domestic US bank.

We have now firmly established our cloud-native credentials, as demonstrated by the number of clients running on SaaS with Temenos or running their Temenos platform in the public cloud themselves.

None of this would be possible without the ongoing support and references from our existing client base. We were very pleased to announce we achieved a market-leading Net Promoter Score (NPS) of +54 following a survey of over 900 customer contacts.

According to our clients who took part in the NPS survey, one of the key factors driving customers to recommend Temenos to others is our product capabilities. We made significant investments in 2023 in our organization to further enhance our platform and product capabilities, in particular around SaaS and cloud. There were a number of exciting new product launches such as the launch of Temenos Enterprise Services, our end-to-end SaaS services for retail, business and corporate banking that come with over 120 pre-packaged banking products and 700 pre-configured APIs. Using Temenos Enterprise Services, our clients can deploy software solutions in just 24 hours and significantly reduce modernization costs, complexity and risk while accelerating time to value. Temenos also recently announced Leap, a new AI-powered offering that helps customers to modernize faster and to seamlessly and quickly move to the latest cloud-native Temenos technology. With the investments planned over the next 12 months, I am confident we will continue to be at the forefront of innovation in our industry.

We have now firmly established our cloud-native credentials, as demonstrated by the number of clients running on SaaS with Temenos or running their Temenos platform in the public cloud themselves. We are clearly putting more distance between ourselves and our competitors, both the established global vendors we have always competed with, and the newer cloud-native competitors that have sprung up over the last decade. We are confident we have a highly differentiated cloud-native offering against both sets of competitors, and fully intend to increase our competitive advantage through our robust innovation roadmap over the coming years.

Looking at our end market, 2023 was broadly a good year for our client base globally. Despite a number of events that triggered concerns of contagion across the industry, notably the collapse of Silicon Valley Bank and First Republic in the US, and emergency rescue of Credit Suisse by UBS in Europe, the wider banking system continued to operate without any widespread disruption. Rising interest rates have boosted bank profits whilst at the same time making it more challenging for fintechs and other new entrants to raise capital and fund investments. Incumbent banks are, of course, still contending with a highly competitive landscape, where leading traditional players are investing in their IT platforms and product offerings, and fintechs with new business models are trying to capture market share. And banks are also having to consider the role of AI in their operations which can be both an opportunity if properly leveraged to drive efficiency and greater understanding of their client base, and a threat in terms of retaining their competitive positioning, especially in terms of resilience and security of their operations and data.

In this context, 2023 was a year that Temenos did what it is known best for. We continued to be the leader in the sector, pushing the boundaries of the banking software market. We are at the forefront of the move to the cloud in banking and believe we are creating the market through our relentless focus, and in the process delivering success for all our stakeholders.

Our performance and the progress Temenos made in 2023 set us up very well for further growth and success in 2024. We expect to see continued growth in both our subscription and SaaS businesses as we leverage the advantages of a single platform with industry-leading levels of investment. We have excellent momentum with both new and existing clients and we benefit from very strong client references that give new clients the confidence to partner with Temenos to solve their business goals. Of course our success is only possible with the effort of every Temenosian, and I am incredibly proud of the commitment our people show every day to Temenos, their clients and the banking industry.

Temenos is able to succeed because of the values that are at the heart of everything we do. We call our values the four Cs; we challenge, we commit, we collaborate and, most importantly, we care. We care about each other, our clients, our Partners and the communities we serve and operate in. And this is reflected in our approach to ESG, which we have integrated across our operations and business processes. ESG is a Board-level issue for our clients, which expect their Partners to meet the highest ethical and sustainability standards. Not only have we been recognized as a leader in ESG in the software industry, but we are also helping our clients achieve their own ESG targets, in particular through our cloud-native platform, enabling our clients to track and significantly reduce their carbon emissions. And I am confident that Temenos will retain its position as a leader in ESG and sustainability going forward.

Andreas Andreades
Chief Executive Officer

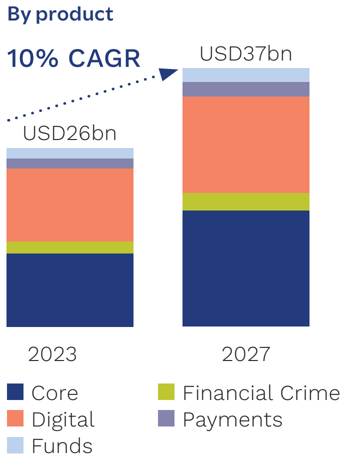
OUR MARKET OPPORTUNITY

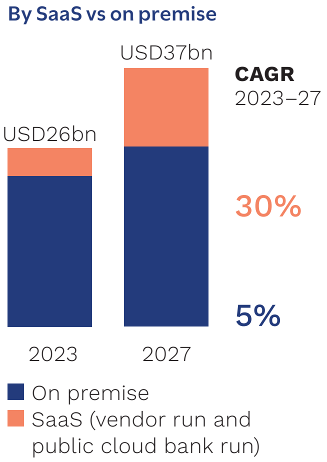
Market growth driven by structural industry drivers

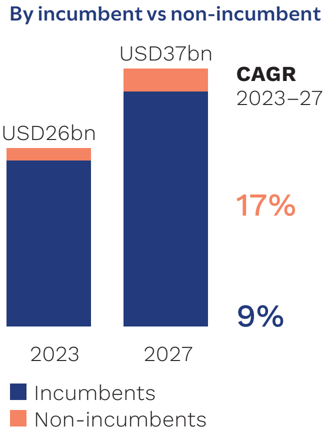
Temenos' Serviceable Addressable Market (SAM)

Serviceable Addressable Market is the banking third party software spend addressable by Temenos products.

SAM $B







Incumbents poised to spend 3.5x non-incumbents on SaaS in medium term

Source: Proprietary Temenos model built on data from IDC and Ovum and assumptions from McKinsey, S&P CapIQ, CB Insights and industry experts.

Top areas of technology spend

Retail Banking

- Embedded finance and BaaS propositions
- BNPL or PoS finance
- Digital lending
- Digital account opening
- Customer product bundles

Corporate Banking

- Corporate digital channels
- Trade services and supply chain finance
- Client lifecycle management
- Small business digital channels
- Embedded finance and ecosystem

Private Wealth

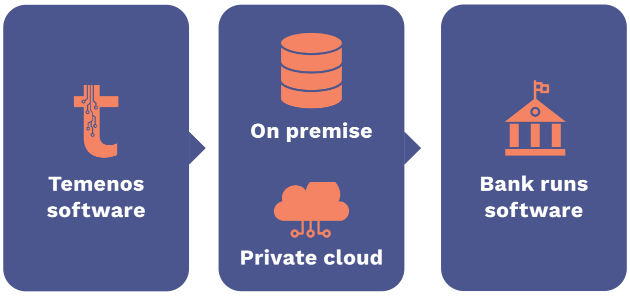
- Data analytics and insights
- Alternative investments
- ESG solutions
- Digital account opening and onboarding
- Omni-channel advice

Technology

- Artificial Intelligence
- Public cloud
- Open finance capabilities
- RPA/workflow automation
- Blockchain/DLT

Temenos' revenue and operating models

Subscription revenue



- Banks to continue in jurisdictions with restrictions
- Larger banks likely to run software themselves for main business lines

Temenos
- Traditional Temenos business

Subscription revenue

- Larger banks likely to run software themselves for main business lines
- Growth in public cloud accelerates revenues for Temenos

Temenos
- Traditional Temenos business

- Larger banks more open to large system integrators providing managed services
- Banks in jurisdictions with data sovereignty and data center location issues for hyperscalers

Temenos
- Opportunity for Temenos to improve margin and scale in new segments/markets
- Migration strategy for banks running legacy software
- Accelerated integration to banks' IT landscape

SaaS revenue

- Typically for smaller banks and non-incumbents
- Increasingly adopted by larger banks for overseas, specialty business lines
- Some mainstream large banks are also moving onto Temenos Banking Cloud

Temenos
- Temenos margin improves with scale, automation and cross-sell

OUR STRATEGY

Key strategic initiatives to drive growth

Continued SaaS focus

Enterprise services

- 120+ pre-configured products, 700 APIs and 1,800 business service flows
- Reduced modernization cost, complexity and risk
- 24-hour deployment; 90-day time to value for first delivery

Continuous updates

- Faster deployment of new features

SaaS operations automation

- Upgraded automation
- Streamlined onboarding
- Enhanced incident and problem management process
- Continued focus on risk, compliance and security

Go-to-market

- Try before you buy: Provision of non-production SaaS environment for all
- LEAP: AI-based modernization program for existing clients to move to latest release and platform, replacing older solutions

North America focus

Strengthened organization and product offering

- Recruited seasoned industry resources across sales, cloud and delivery
- Enhanced US model bank, US specific data privacy and security

Targeting top tier banks for digital transformation

- Momentum in market and appetite for transformation driven by cloud

Maintaining leadership in non-incumbent segment

- Upgrades and expansion with market-leading embedded lending player
- Greater focus on larger and niche players

Continuing momentum in international subsidiaries and offshore Wealth (US)

- Including two top 100 global banks, and three top national banks from APAC and LATAM

Increasing penetration in larger banks

Standalone capabilities supporting build and migrate modernization strategies

- Retail: Party, Holdings, Product Manager; Retail Enterprise Service for digital spin-offs
- Corporate: Secondary loan trade settlement and portfolio allocation; AI dashboard for Corporate Treasurers
- Wealth: Wealth Front Office with full AWS support

Technology

- Wide deployment choice: on premise, public cloud agnostic, hybrid and SaaS
- ESG footprint reduction through Temenos Banking Cloud
- Elastic scale and performance; reduced total cost of ownership

Go-to-market

- Increasing investments in specialized bid teams

Strategic Partner program

- Increased and structured engagement with key C-level influencers at large banks

Strategy Days

Customer events targeted at C-level with knowledge sharing, thought leadership and executive alignment

Partner centric approach

Sales Partners for localization

- 9 Country Model Partnerships set up
- 15+ in pipeline

Resellers and distributors

- Tiering of resellers
- Establishing partnerships with large distributors to improve predictability

Delivery Partners

- Enhanced screening, certification methodology and governance
- Continuous Partner capability and coverage reviews
- Majority of 391 go-lives with Partner involvement

Temenos Exchange

- 50+ deals sourced through Exchange Partners closed in 2023
- 200+ leads generated
- 51 providers onboarded in 2023; 2x YoY

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 times[1] in Gartner Magic Quadrant for Global Retail Core Banking

16 years
Classed as "Global Power Seller" for new business[2]

18 times
Ranked best-selling core banking system[4]

Gartner[1]
- Recognized as a Leader for the 12th time in the 2022 Gartner® "Magic Quadrant for Global Retail Core Banking".

Forrester[2]
- 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, "Market Leader" in digital banking platforms and core banking.
- "Market Challenger" in Anti-Financial Crime solutions.

IBS Intelligence[4]

- Ranked best-selling core banking system for the 18th time and top two positions for the past 22 consecutive years.
- Ranked best-selling digital banking and channels system.
- Ranked best-selling payments system.

Celent[5]

- 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 America 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 2021[7]

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

FStech Awards 2023

- Awarded "CTO/CIO of the Year" for Tony Coleman, Temenos Chief Technology and Innovation Officer.

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 277

TEMENOS VALUE BENCHMARK

Unlocking business value from IT investment

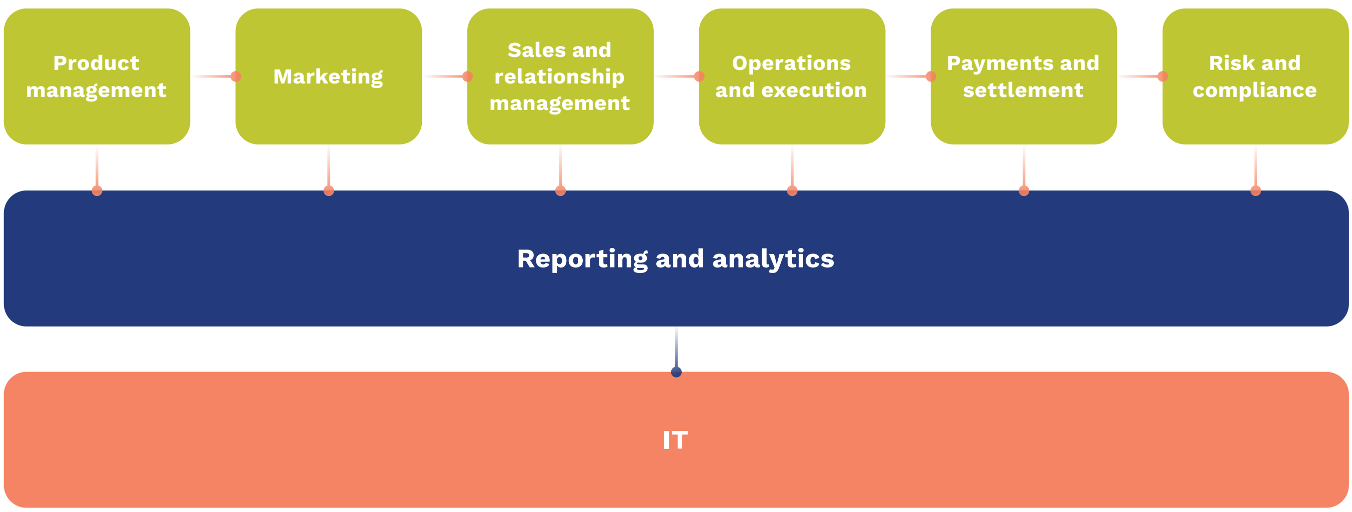
Accelerating value creation by measuring and comparing a bank's business performance with banking peers.

The Temenos Value Benchmark (TVB) is a strategic advisory program offered to our clients and prospects to help them understand, accelerate and optimize the tangible business value created by their investment in IT. By leveraging our 30 years of banking domain experience and our banking client base across more than 150 countries, we are able to provide our clients' data-driven insights into business value creation using a proven value-based methodology.

The objective is to measure and compare a bank's business performance with other Temenos clients and prospects, around specific business and IT metrics and best practices along the banking value chain. Participants in the program receive a customized confidential report comparing their business performance with anonymized peer group data from other participants, including executive-level findings with business and IT insights structured along the banking value chain.

Over 200 quantitative metrics, as well as qualitative best practices, are collected from each participant to enable us to provide correlations and insights to explain banking performance. The program provides a view on high-performing banks and their adoption of best practices, aligning these with Temenos' leading digital banking solutions and providing state-of-the-art recommendations throughout the entire banking value chain. It enables banks to identify opportunities for operational improvements in their business in order to derive even more value from their IT investment, by further leveraging Temenos as not just a software provider but as a trusted partner, committed to our clients' success.

Today, we have 150 banks as part of our community across 76 countries and three verticals (Retail, Business and Corporate, Wealth), we have collected over 70,000 data points and we have met more than 1,400 senior business and IT executives as part of this initiative.



The C-level endorses the Temenos Value Benchmark

Our CEO, Chris Catliff, was quite impressed with the breadth of the Temenos Benchmark Report and, of course, BlueShore results – so much so that he has asked for it to be included in our Board meeting materials for our upcoming Board meeting in February. As he said to me: 'I want them to know how great our technology compares as they are unaware.'

Fred Cook
CIO, BlueShore

Participating twice in the Temenos Value Benchmark allowed us to track our progress and determine what we needed to do, based on the first time. We were able to leverage full capabilities, understand industry trends and tendencies, which drastically reduced our cost-income ratio and digital onboarding times, and streamline operations through increased STP rates. Now that we've completed it a second time, we know we're on the right track.

Anthony Gajor
EVP, Hamilton Reserve Bank

The Temenos Value Benchmark is comparing you with other banks that run the same software; it has an operational focus and it is building your relationship with Temenos. If we do it again over the years, it will give us great insights compared to all the other benchmarks out there.

Thomas Fehr
COO EMEA and Americas, Julius Bär Group AG

Using the technology we have now and with Temenos Value Benchmark, we are able to pull data we did not have access to in a meaningful way, to customize our products and services, to grow market share and to deliver a reliable and stable level of performance.

Gregory N. Hill
Managing Director, Ansa Merchant Bank Limited

Delivering tangible business value through our platform

Win on customer experience
Hyper-personalization powered by open banking and Explainable AI.

52%
Faster onboarding[1]

19%
Higher NPS score[2]

Agility to grow
Faster innovation with cloud-native, API-first banking capabilities and a plug-and-play fintech ecosystem.

24%
Faster time to market[3]

68%
Higher cross-sell rate[1]

Scale without limits
Improved cost-to-income ratio with unlimited scale and services delivered at a fraction of cost of legacy systems.

24%
Higher customers/FTEs[1]

33%
More IT spend on growth and innovation[3]

Source: Temenos Value Benchmark 2023, sample from 146 banks.

1 Banks with Temenos Digital Banking.

2 Banks with Temenos Core Banking.

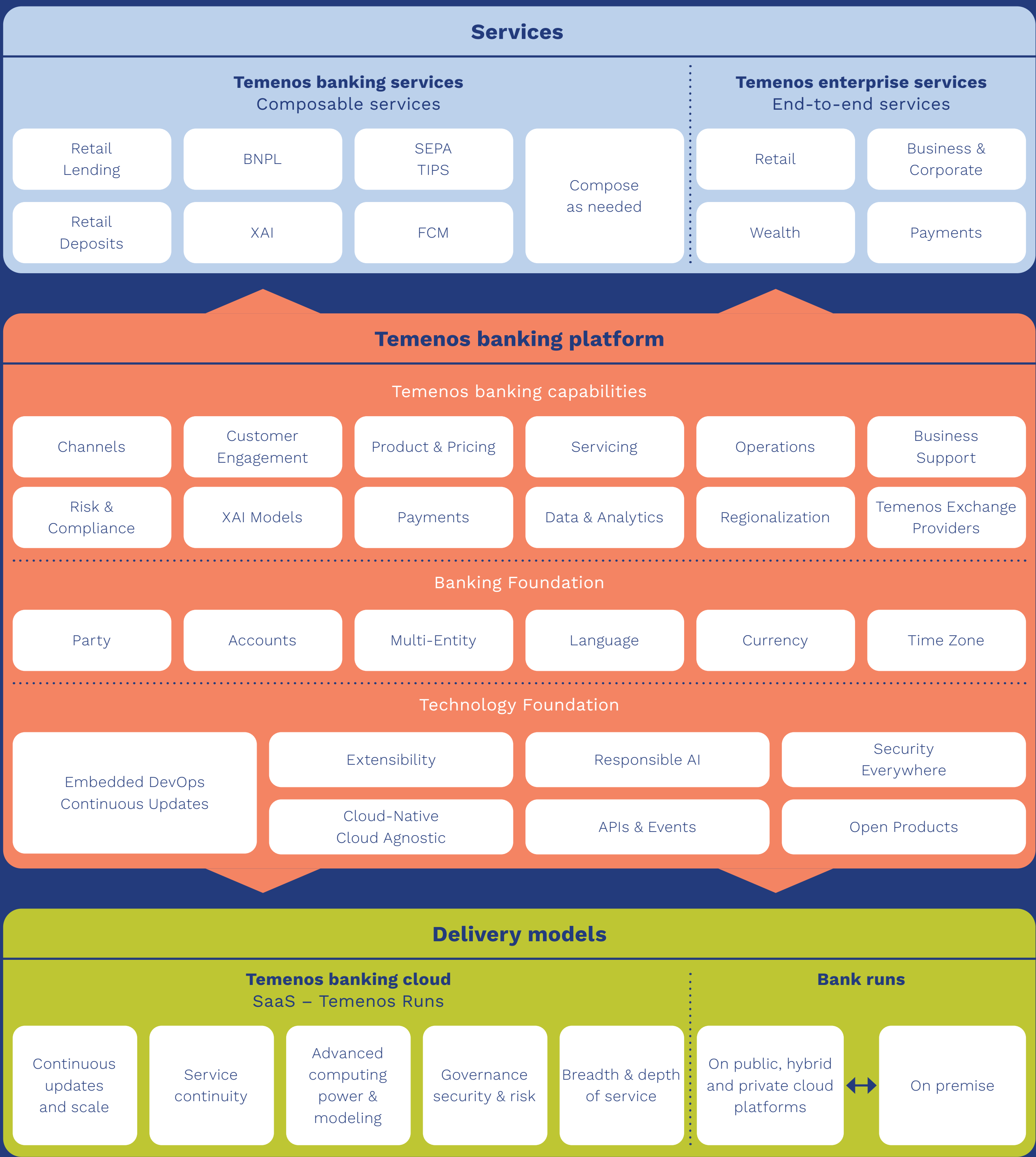
3 Banks running Temenos front-to-back.

SOFTWARE AND PRODUCTS

Our solutions

Temenos banking platform

The Temenos banking platform is the delivery foundation for all Temenos solutions and products. It provides the basis for a continuously updated architecture enabling customers to benefit from the most recent software and to extend solutions safely, without impacting operations.



The Temenos banking capabilities are the broadest in the industry, enabling the construction of both end-to-end and specialized point solutions.

Temenos banking capabilities: breadth and depth of service

Retail | SME | Corporate | Wealth

Channels	Mobile Banking	Web Banking	Hybrid Banking	Branch Banking	RM Workspace
Customer Engagement	Corporate Onboarding & Origination	Holdings	Marketing Campaigns	Orders	Party
	Product Catalog	Relationship Engagement	SME Onboarding & Origination	Retail Onboarding & Origination	Wealth Onboarding & Origination
Product & Pricing	Enterprise Pricing	Loyalty & Rewards	Open Products		
Data & Analytics	Data Hub	Reference Data Management	Market Data Management	Analytics	
Servicing	Accounts	SME Loans	Corporate Loans	Payments Execution	Portfolio Management
	Retail Deposits	Mandates	Trade Finance	Request to Pay	Securities
	Retail Loans	Mortgages	Cash Mgmt. & Virtual Accts	Instant Payments	Corporate Actions
	Inclusive Banking	Islamic Banking	Asset Finance	Payment Repair	
Operations	Commissions	Collateral Management	Collections	Funds Authorizations	Treasury
	SWIFT	Limit Management	Reconciliations		
XAI Models	Customer Management	Smart Money Management	Smart Wealth Advice	Corporate Models	Mortgage Smart Optimizer
	Credit Scoring	Transaction Management	Financial Crime Mitigation Models		
Financial Crime Mitigation	Payment Fraud Mitigation	AML Transaction Monitoring	Customer Sanction & PEP Matching	KYC Customer Risk Assessment	Transaction Sanctions Filtering
Business Support	Accounting	Positions	Clearing	Payment Gateway	
Risk & Compliance	CRS Reporting	Customer Compliance	FATCA	Financial Risk Management	IFRS Reporting
	RFR	Tax			
Regionalization	Country Models				
External Ecosystem	Digital Engagement	Payments & Cards	Regulatory & Compliance	Digital Identity & Security	Wealth Management
	PFM & Open Banking	Sustainability	Infrastructure		

● Temenos Capabilities & Offerings ● Partner Ecosystem-Enabled Capabilities

SOFTWARE AND PRODUCTS continued

Cloud native and cloud agnostic

A cloud-native and cloud-agnostic approach for real-time, non-stop banking

Temenos provides banks with an architecture designed to support digital transformation and provide the flexible experiences demanded by today's digital customers.

Elastic scalability eliminates the need to provision for peak processing volumes so that banks only pay for actual usage, yielding significant cost savings. Temenos' cloud-agnostic approach enables the highest levels of long-term resilience and redundancy without creating a dependency on a single cloud service provider. This is a key Temenos strategy and an answer to regulatory concerns.

Cloud native

Designed for the digital banking age, our software allows faster updates, lower provisioning, lower infrastructure costs, elastic scaling, active-active resilience and security. This is built using API-first and DevOps principles and engineered to deploy in containers and microservices.

Cloud agnostic

We are the only banking platform readily available on all main commercial cloud platforms. With Temenos, institutions can also deliver on premise, or adopt hybrid cloud deployment patterns, all using the same underlying software.

Distributed event-driven architecture

The foundation for truly composable banking services

Temenos' banking capabilities are defined by their message schema which ensures that they are loosely coupled through an event-driven architecture. This means that the breadth of capabilities available on Temenos' open platform can be updated independently, eliminating the problems of monolithic solutions.

By delivering Temenos' capabilities in this way, customers can upgrade with ease and rely on the agility they need to transform step by step, deliver high-speed change and significantly reduce time to market and value.

API first

Temenos' Open APIs allow banks to integrate quickly with a wide range of internal or external systems to help drive product and service innovation.

Temenos' Open APIs enable banks to execute strategies to thrive in an age of open banking and finance. Temenos' approach enables banks to meet regulatory requirements such as PSD2, through pre-defined APIs that meet published specifications such as Berlin Group and STET. We enable banks and fintechs to innovate at speed, with a growing developer community, low-code integration resources and a complete catalog of interactive API endpoints to build innovative products and services on top of our open platform and banking capabilities.

Furthermore, banks benefit from the ability to enrich their offering to customers through the integration of new fintech technologies using Temenos Exchange.

Temenos offers an API-first architecture across its entire product range. This means that all significant product capabilities are exposed as standard, documented Open APIs and this forms part of the design and release process.

Temenos developer community

Our Open API catalog brings standardized out-of-the-box APIs to fast track innovation, supported by Temenos experts and a growing developer community with dedicated online support and resources.

Extensibility framework

The extensibility framework enables banks, Partners and solution providers to easily extend and configure solutions for their business needs, whilst protecting the reliability of Temenos software and the ability to upgrade seamlessly over time. A low-code environment and tooling enhance the developer experience and ensure consistency across the software development lifecycle.

Continuous operations

The extensibility framework embeds DevOps to enable high-impact changes to be made frequently and predictably with minimal toil. It enables continuous updates, continuous integration and delivery and unmatched resilience that comes with release validation tests provided with every capability deployed and updated on the platform.

Continuous updates are a core tenet of cloud utilization. DevOps teams delivering on continuous integration can expedite project delivery timelines through self-service and self-management environments and tools, controlling the pace with which development plans progress, from configuration to full testing.

Embedded DevOps provides banks with the ability to manage, configure and assemble Temenos software – either fully deployed and supported by Temenos Banking Cloud, or utilizing their own cloud infrastructure.

Increased stability

Temenos uniquely provides high-value release validation tests as part of every banking capability delivered on the platform, powering highly resilient updates and integrations for both Temenos capabilities and pre-integrated third party solutions on the Temenos Exchange. Banks can rely on the same continuous integration and delivery processes Temenos uses internally – running hundreds of thousands of tests daily – to optimize processes and workflows.

AI and machine learning

The most advanced next-generation Explainable AI and machine learning enable banking products.

Temenos is the first to bring transparency and explainability to AI automated decision making in the banking industry. Our patented Explainable AI (XAI) platform and machine learning capabilities are delivered on the Temenos banking platform and are available with all Temenos software either through an easy-to-use interface or through APIs delivered on premise, in the cloud or as a SaaS offering.

Explainable AI (XAI)

Temenos' XAI platform addresses one of the key issues for banks using AI applications, which is that they typically operate as "black boxes" offering little if any discernible insight into how they reach their decisions. We bring cutting-edge innovation to the banking industry by providing transparency into these decisions and helping explain clearly, in plain language, to customers and regulators how AI-based decisions are made.

The Temenos Banking Cloud

→ temenos.com/temenos-banking-cloud/

Temenos has delivered market-leading and functionally rich SaaS and cloud banking solutions to clients in all geographies and banking sectors since 2011.

Our continued technology investment in this area led to the launch of the Temenos Banking Cloud in 2021.

Banks and financial services providers can now take an extremely agile approach to innovations, exploring new ideas and innovations, and then move to prototyping and into production quickly and easily – safe in the knowledge that the solutions are priced elastically and can continue to be developed upon with real-world feedback. This makes innovation fast and continuous, further supported by continuous delivery, integration and updates which ensure that the latest capabilities and services are automatically delivered to customers on an ongoing basis.

Sector solutions

→ temenos.com/solutions/retail-banking/

Retail Banking

Temenos provides retail banks with agility and freedom to innovate front-to-back using the latest cloud and API technology and leveraging the broadest set of composable banking capabilities.

Every institution which provides retail facilities, whether they are a bank, a credit union, an embedded finance provider, or an inclusive finance institution, focuses on driving profitability and growth through the acquisition of new customers and increasing the wallet share of existing customers. This requires a front-to-back approach, complete with AI-driven customer insights and a flexible product engine to offer customers more personalized, relevant experiences and services, embedded at the point of need.

Temenos' Retail Banking capabilities include a functionally rich, flexible and agile core processing engine that enables institutions to offer personalized, customer-relevant products, while allowing for lower operational costs and increased ROE.

The Temenos Retail Banking solution helps our clients to:

- increase cross-selling with an integrated product catalog that helps to target products and new customers;
- get to market first with new products created quickly;
- create product offers and reward schemes that are personalized and flexible;
- cover all Retail Banking product areas with broad functionality;
- combine comprehensive capabilities easily to create innovative and focused products;
- use data and analytics to understand clients and businesses better and produce more relevant offers;
- leverage the capability of existing core platforms, whilst also extending the product design capabilities in the bank;
- create personalized products which bundle capabilities spread across multiple systems, including those outside of the bank;
- connect and engage with customers and deliver valuable personalized insights;
- accelerate Retail Banking growth by acquiring new customers and increasing the share of wallet via digital sales;
- create frictionless, personalized and secure banking experiences to increase customer satisfaction; and
- thrive in a world of embedded finance with digital ecosystems and open innovation.

Whether a bank is a new start-up looking for its first solution, or a large-scale multi-country bank, the software provides a solution which will enable it to scale, onboard, reduce attrition and deliver a market-leading service to its customers.

SOFTWARE AND PRODUCTS continued

Business Banking

→ temenos.com/solutions/business-banking/

Temenos provides banks which offer solutions for SMEs and growing businesses with flexible account and lending services to enable businesses to thrive and scale to meet their goals.

Every bank providing solutions for businesses of any size needs to easily acquire new customers and allow them to scale as their business grows. This requires a front-to-back focus for basic banking services plus the need for lending facilities, complete with high levels of AI-driven customer insight to help them manage their business better.

The Temenos Business Banking solution is an integrated banking software solution for banks offering services to businesses of all sizes across the globe.

The solution helps our clients to:

- cover all SME and Business Banking product areas with broad functionality for organizations of any size;
- combine comprehensive capabilities easily to create innovative and focused products that allow a business to grow;
- enable innovative pricing schemes for distinct propositions;
- provide omni-channel experiences to their range of customers;
- accelerate SME banking growth by acquiring new customers and increasing share of wallet via asset finance and digital lending;
- scale a business from a sole trader to a larger, growing business; and
- give the business easy control over users and user rights to ensure each individual is able to perform their required role.

The solution provides a firm with insight about its business, with the Smart Banking Advisor capability offering intelligent insight into areas such as cash flow predictions that can then help it manage the business better. Using next-generation AI, our solutions can empower a business owner to make the right decisions for the growth of their business.

Whether a bank is new to the SME segment, or already offering solutions, Temenos software will enable it to scale, onboard and service customers of all sizes and industries.

Corporate Banking

→ temenos.com/solutions/corporate-banking/

The Temenos Corporate Banking solution, with its scalable, innovative technology, provides superior features for corporate banks, supporting profitability, customer acquisition and retention. Corporate and Commercial Banking customers can now benefit from a seamless digital solution that is equal to the leading Retail Banking experience.

Temenos' Corporate Banking customers benefit from increased efficiency and profitability through:

- a full, complete, single solution;
- a transparent, single view offering a 360° view of accounts and facilities;
- agile, parameter-driven platform flexibility;
- a product builder to quickly create segment customer level products;
- insight into customer profitability, loyalty, attrition risk and number of products for targeting activity;
- a massively scalable, straight-through processing solution;
- comprehensive business functionality and a modern, advanced, secure, open and modular architecture; and
- an automated, digital solution without the need for cumbersome paper-based processes.

Our solution is divided into three main areas:

Corporate lending

Temenos offers a complete solution for a bank's corporate lending needs. A comprehensive front-to-back credit solution which extends from origination to facility design and management provides for the efficient set-up of new facilities using the inbuilt pricing grid and an extensible set of standardized covenants and lending terms which can be applied at initiation or change in the credit cycle. The solution supports both bilateral and club loans and can be used to address both the Business Banking and Corporate Banking sectors.

Cash management

Temenos provides a full set of cash and liquidity management tools, ranging from traditional auto-sweeping and balance maintenance capabilities to virtual account processing. These are accessed by means of sophisticated user design tools, to make the process of creating and managing complex hierarchies easier and more efficient.

Trade finance

There is support for a wide range of trade finance instruments, enabling banks to provide a full service to their customers which trade internationally.

Wealth Management

→ temenos.com/solutions/wealth-management-private-banking/

An end-to-end, componentized solution empowering wealth managers, private banks and their clients with the latest technology.

With a strong client base, including some of the largest global private banks, Temenos Wealth is the de facto software solution for the private wealth management industry. It provides differentiation with superior digital and front-office capabilities, total cost reduction through automation and cloud technology and the ability to digitally transform firms through real-time, front-to-back integration.

Temenos Wealth is an end-to-end solution covering all of a firm's needs, from self-service channels to portfolio management to back-office processing and market data management. It is unique in its breadth and depth, with digital customer experience, hyper-personalized services and highly automated processes that enable our clients to service Ultra High Net Worth Individuals and Mass Affluent clients alike. Its composable architecture, available as a service or on premise, and the standard integration to other Temenos solutions and the wider Temenos ecosystem make it the ideal solution for firms which seek to grow in a highly competitive environment, while protecting their margins.

In a sector undergoing considerable changes, Temenos Wealth helps our customers tackle the most urgent challenges with substantial benefits:

- higher engagement through an exceptional customer experience;
- growing revenue from differentiating investment services and efficient portfolio management;
- lower costs with highly automated back-office operations; and
- risk mitigation with enhanced data quality and regulatory compliance functions.

Fund Administration

Offering fund administrators, asset managers, insurance companies and pension funds a complete solution to thrive in the digital age and deliver greater operational efficiency, improve control and oversight and reduce operational risk.

- Supports investment book of record (IBOR) and fund accounting (ABOR) activity with a single, global platform.
- Sophisticated, highly automated workflow, to drive enhanced scalability and efficiency.
- Unique Explainable AI (XAI) enabled exception management, to reduce false positives and enable accounting team to clear exceptions more efficiently.
- Leveraging the latest cloud-native, cloud-agnostic technologies to scale with demand.

Islamic Banking

Temenos Islamic Banking is a flexible and efficient award-winning solution, delivering an outstanding Shari'ah compliant experience to customers using a combination of digital and human interaction and leveraging advanced graphical product building capabilities and modern technology to create offerings that are compliant and personalized, enabling digital transformation.

- Compliant: fully compliant to Shari'ah requirements, processes and account entries.
- Comprehensive: covers all areas of banking with rich functionality across all verticals.
- Enables innovation: with faster time to market due to its flexible product builder.
- Digital: built on the best digital platform enabling banks to face digital challenges and competition.
- Scalable: up-to-date and future-proof solution for banks of all sizes.

RESEARCH AND DEVELOPMENT

Investment in innovation

The Temenos software investment approach forms a virtuous cycle in which our clients influence Temenos' investment and therefore benefit from the improved product. This in turn contributes to their success. Our clients then advocate for our solutions, enabling us to attract new clients, continuing the cycle.

Revolutionary investment in technology and architecture

In order to keep pace with the rapid rate of change in information technology, Temenos continues to invest significantly to ensure that its software takes advantage of the latest innovations. What is revolutionary at one point becomes standard in the following years and this approach ensures that our clients can continue to leverage the latest technology.

Evolutionary investment in banking functionality

Banking functionality changes more gradually than information technology, with evolutionary advances being made in banking products, industry practice and regulation. Temenos' investment in functionality over the past 29 years reflects this. We enable our existing clients to add new functionality to what they use already through regular updates, whilst also releasing the latest software for new clients.

We also actively invest in growing our country specific functionality in conjunction with our regional specialist Partner network. This enables banks to go live quickly and to focus on the capabilities which will differentiate them from their competitors. It also provides Temenos with a clear differentiation in the market, successfully blending globally innovative banking capabilities with pre-configured regional and national solutions.

Responding to changing industry regulation and trends

Banking, being a highly regulated industry, is subject to the continuous changing of requirements by regulatory agencies. At Temenos, we actively follow changes in banking practice to build relevant solutions into the software and support our clients which automatically receive updates with our continuous updates mechanism. This program runs on a global basis, allowing us and our clients to quickly respond to changing practices at speed.

Responding to digital acceleration

We respond to the continuing and increasing drive towards digitization with new offerings to help banks and non-banks to service their customers better. Our AI and data analytics technologies enable increasingly automated and personalized offers to be designed and rolled out. These same technologies help with operational efficiency and stability and have been increasingly embedded across all of our solutions. Cloud adoption has also accelerated, bringing the benefits of scalability, lower cost and increased reliability. We have also responded to new trends such as the rise of unsecured short-term lending and embedded finance, by delivering banking services such as Embedded Finance on the Temenos Banking Cloud, to help rapidly respond to new growth opportunities.

Continuous operations

Temenos builds, deploys and tests software on a daily basis. We use this as the foundation for the continuous release of updates to clients, which are then accumulated into one annual maintenance release each year. All releases are cumulative, enabling clients to upgrade when they want. The upgrade process is designed to operate with minimal disruption to a bank's staff and customers.

The highest R&D spend in the industry

The highest R&D spend in the industry continued

Investing more than our peers on R&D

Temenos has consistently invested over 20% of its revenues in R&D. This is more than twice the level of estimated investment made by our closest competitors. Furthermore, since we only produce software for banking and finance, all of this investment is targeted at our concentrated product portfolio.

Channeled continuously into product releases

Our software is fully packaged and upgradeable. We produce new software on a continuous basis which has traditionally been available on a monthly release cycle. This will continue to be available, together with an annual release, for clients which wish to consume our software on this basis. We also make our software available on a Continuous Deployment basis, with DevOps support, for banks to help them to shorten the innovation cycle as part of our SaaS solution set. The increasing componentization of our solutions also creates the possibility of adding different elements to already deployed solutions, allowing for innovations to be more quickly adopted and new market opportunities to be addressed.

Core principles

Temenos has always produced software according to a set of core principles. We believe in reuse, openness and being agnostic about technology platforms. This means that all developments are made available to all clients. It also means giving our clients choice over which technology they run and never locking them into a particular provider. The openness means that third parties can develop on our platform to accelerate innovation, thus ensuring that our clients always have access to the best technology and functionality.

Proud record of innovation

Our philosophy is one of constant functional evolution delivered on innovative technology. We are proud of the record of innovation which we have established, being, for example, the first banking software vendor to run on open systems, the first to have a truly 24x7 platform, the first to run core banking software in the public cloud and the first to have all services exposed as REST APIs and domain microservices. Our cloud-native solutions continue to benefit from ongoing innovation, with particular focus currently on key areas such as Artificial Intelligence, DevOps processes to help our clients benefit from innovations more quickly and a growing catalog of Open APIs which enable faster and more easily maintained integration between our solutions and third party products and services, including those found in Temenos Exchange.

The Temenos Exchange

Driving innovation through a thriving fintech ecosystem

The Temenos Exchange is a collective engine of innovation. Customers need easy access to low-risk, pre-integrated solutions which not only address their fundamental needs, but also provide inspiration to continue to innovate and differentiate.

The program has an evolving membership made up of many third party specialist solutions, covering all areas of banking and financial services, ranging from Wealth Management to Sustainability to Digital Assets. The resulting breadth of innovation powers ongoing growth and opportunity for our clients.

Additionally, we continue to focus on pre-integrating solutions by establishing a dedicated integration team which is building standard integrations that are architected to be robust, scalable, repeatable, pluggable and supported by packaged APIs and events.

Temenos developer community

Banking's largest collaborative community empowering the developer ecosystem

→ temenos.com/community/temenos-developer-community/

The Temenos developer community plays an essential role in enabling our customers, prospects and Partners with expert support, learning programs and a calendar of interactive events designed to help our members scale. Our rapidly growing developer community is united by a common desire to learn and innovate – a desire that we foster through our award-winning Base Camp community platform.

Through the sharing of knowledge and a focus on developer experience, we are empowering the developer community to constantly evolve and innovate and to leverage our market-leading technology to enhance the banking experience for our millions of end-users.

PARTNER FIRST DELIVERY

Focusing on execution and returning to profitability

The execution of the Partner First strategy in 2022 has continued in 2023 and brought the expected benefits in the long term: Temenos' delivery risk is reducing and the margin value of Temenos Services is increasing back to a sustainable and positive profit. With the expertise of Temenos Services collaborating with Partners able to provide scale of both capacity and capability, the trend of successful go-lives continued through 2023, with a growing number of customers moving to production on the Temenos SaaS platform.

The Partner First strategy consists of encouraging our customers to contract directly with Partners to deliver implementation and upgrade projects. Temenos is supporting both customers and Partners by offering a suite of Packaged Services. Having provided options with regards to suitable Partners, Temenos retains a critical role throughout the lifecycle of the project by delivering governance to clients through the Temenos Project Consultancy Services (TPCS) and support to Partners from the Collaborative Implementation Offerings (CIO). In 2023, this offering has been extended to propose dedicated Temenos spine teams (group of experts and specialized senior consultants) to larger customers.

A group of 20 Strategic Delivery Partners has been identified, making it possible for Temenos to focus efforts and support the most successful and investing business allies. Special events, training and sharing knowledge facilities have then been developed to enable the right Partner pool. Those companies are consequently better scaled, and their consultants better prepared, for delivering Temenos solutions in all geographies.

With the evolution of Temenos products and technologies, the Temenos Learning Community is continually updating the training content to ensure that clients, Partners and Temenos consultants stay up to date with the latest version of our software. The Temenos Knowledge Center (TKC), launched in September 2022 as a platform to share knowledge and lessons learned to Temenos internal Services staff, has been opened in November 2023 for Strategic Partners to contribute.

In 2023 Temenos Services has extended the spectrum of its offering to live clients. New productized offerings – pre-defined scope services packages – have been built, bringing high value to existing customers running Temenos solutions in production. On top of generating a new stable and controlled source of Services revenue, this model participates in the Company's effort to support the success of Temenos customers in a long-term trusted business relationship.

PARTNER FIRST DELIVERY continued

Collaboration with enabled Partners to deliver customer success

We continued our commitment to collaboratively working with our Partners to deliver successful projects to our mutual clients throughout 2023. The support offered to our Partners was further developed in 2023 and has led to an increasing number of Partner-led projects and successful go-lives and an increased focus on delivering SaaS engagements.

The Temenos Delivery Partner ecosystem comprises over 50 Partners able to offer a vast array of differing services to our clients. To reflect the diversity of the organizations in the IMPACT Program, Temenos has identified 20 Strategic Delivery Partners which offer implementation and upgrade services at scale supported by large Temenos practices. The engagement and enablement of these Strategic Delivery Partners are supported by dedicated Temenos resources and in addition are also offered access to the knowledge sharing platform and a membership of the Temenos Partner Advisory Board. The remaining 30 Delivery Partners offer specialist niche services to either a dedicated local market or a specific Temenos product set such as data or financial crime.

The Temenos strategy supports Delivery Partners to directly contract with clients and prime the delivery of Services complemented by Temenos packaged offerings rather than subcontracting via Temenos on a back to back basis, a practice that was stopped in 2023. The Temenos Packaged Services are either for clients in the form of Governance (TPCS – Temenos Project Consulting Services) or spine teams (a dedicated team of Project Management and Architect resources) and Partners via the Collaborative Implementation Offerings to assist with project delivery.

Ongoing execution of the Partner strategy by Temenos allows us to recommend suitable Partners for planned client engagements using the certification badges issued that cover product, function and regional knowledge. 2023 saw yet another year-on-year increase in the number of Partner-involved go-lives.

The focus for Temenos Services

Our global services team is the linchpin for translating vision into reality. Collaborating seamlessly with Delivery Partners, our skilled professionals orchestrate successful implementation of cutting-edge solutions for our clients.

Model Bank Platform Approach (MBPA)

To keep clients abreast of technological advancements and experience faster implementation, Temenos has revamped its strategy from traditional end-to-end to package-based implementation called a Model Bank Platform Approach (MBPA). It involves initiating with a minimal model bank installation, incorporating prescriptive customer-specific features. This cost-effective approach has assisted clients in quick implementation of the most important user journeys based on client requirements. This client-centric approach has also empowered client teams to drive transformation and customization efforts either independently or collaboratively with Partners. These implementations are facilitated through Packaged Services along with the solid Client Enablement which enhances the expertise and accelerates the project delivery. This approach has provided systematic and effective approach to clients in implementing the Packaged Services in an organized manner and established a clear pathway for project success by emphasizing pre-requisites, activities, validation and exit criteria.

Productized Services

Also, to support our live clients, we have been successfully delivering a range of Productized Services, especially the suite of upgrade services. These Productized Services are meticulously crafted providing standardized packages designed to address the requirements of existing customers to ensure they are always ahead of the game and in time. The footprint of Productized Services has significantly grown last year through strategic campaigns.

Services Development Managers (SVDM)

To enhance the customer experience, Temenos has introduced Services Development Managers, which are client-focused experts who collaborate closely to facilitate client transformations in line with Temenos technological advancements. SVDM are instrumental in fostering client success and enhanced operational efficiency, and ensuring the organization remains at the forefront of technological advancements, thereby contributing to long-term growth and sustainability. Working internally, SVDM strategically develop a profitable services pipeline, emphasizing the distinctive advantages of Temenos Packaged and Expert Services.

PARTNER FIRST DELIVERY continued

Implementation excellence for world-class cloud services

During 2023, we focused heavily on upskilling our services team in our own hosted SaaS solution as well as giving our Senior Architects the opportunity to learn about all cloud hosting technologies. This involved all of our services team undertaking our internal SaaS/cloud training via the Temenos Learning Center so that everyone in Services has a foundational level for SaaS. The Architects went through the more detailed Technical and Functional Modules to gain a deeper understanding of our solutions.

In addition to our own cloud training we also provided 125 of our Senior Architects with paid licenses to third party technology training content to enable them to dive deeper into cloud hosting solutions from AWS, Azure and Google Cloud and also the technologies enabling these solutions such as Kubernetes, OpenShift, Red Hat and Python plus many others. This training will continue throughout future years as a process of continual learning.

During the year we set up a team of Global Services Solution Owners (GSSOs) who, in addition to their Client Delivery role, will also act as a single point of contact between the Services and other teams within Temenos to share knowledge, and feed back areas for enhancement and improvement of our solutions. During 2024 this will be extended to each region via Regional Services Solution Owners (RSSOs) so that we have a full coverage and a two-way feedback process within Services and other parts of the business.

Temenos Learning Community

Temenos Learning Community (TLC) has been a cornerstone in addressing the escalating product training demands of Temenos professionals (clients, Partners and independent consultants) since its establishment in 2017. This year, TLC continued its growth, showcasing advancements in learning products such as TLC Online, TLC Engine and TLC Classroom, thereby reaffirming its status as the premier global provider of Temenos product training. By utilizing TLC, a subscriber benefits from a proven learning methodology that is easier, faster and more cost effective.

TLC Online

TLC Online is a cloud-based, Learning Management System offering self-paced product training courses on a 24/7 online basis. Subscribers enjoy access to the latest product content, practice sandboxes and pre-defined learning pathways. TLC Online also provides the training foundation and roadmap to achieve the industry-recognized Temenos certification.

In 2023, TLC experienced a remarkable 20% growth in paying members, reaching almost 5,500 subscribers (Partners and clients). Currently, an increasing number of individuals outside Temenos hold a Temenos certification, marking an 18% rise over the previous year. Moreover, 13 Partners have leveraged TLC Online to become certified at the organizational level.

TLC Engine

TLC Engine, an online tool for process mapping and training, incorporates Temenos product processes. It allows customers to train, test and internally certify their end-users quickly and on an ongoing basis. Available in an on-premise version or as a SaaS solution, TLC Engine provides our clients with a process-led learning solution and the option to integrate their unique operating processes into the Temenos product processes. All Temenos customers can now access Temenos product processes through a cloud instance of TLC Engine.

TLC Classroom

TLC Classroom, our traditional instructor-led training, maintained its popularity in 2023, with over 700 courses delivered to approximately 8,700 trainees. TLC Classroom can be tailored to a client's specific needs, either in an in-person or remote classroom environment. Although the travel restrictions related to Covid-19 have been mostly removed in 2023, remote delivery remains a very popular, cost-effective choice with many Partners and customers.

TLC Classroom is aligned with the standard courses available through TLC Online, while offering an alternative learning approach for specific teams through the curated delivery of courses in a live session which includes hands-on practice exercises in a test environment. Additionally, TLC offers a related service to assist clients in developing a more formal training strategy and to ensure that the correct level and type of training is targeted. The Training Needs Analysis (TNA) is a limited engagement that creates a learning roadmap based on individual user roles.

TLC's overall commitment to timely product updates and the creation of new training content, guided by our continuously updated training roadmap, ensures that TLC is a vital resource for Temenos clients and Partners. Again in 2023, this was confirmed by the positive feedback and evaluations received from participants.

SUSTAINABILITY

Thibault de Tersant
Non-Executive Chairman

Andreas Andreades
Chief Executive Officer

Fostering sustainability through technology

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We are leading the market globally in terms of Environmental, Social and Governance (ESG) having embedded ESG into our operations and product offering.

In 2023, Temenos celebrated a major milestone as we turned 30 years young. While this was a moment to celebrate our origins and history, it was also a chance to celebrate who and what we are today. Ours is a story of human endeavor, powered by the desire to do something different in the world of banking software. It is also a story of creating sustainable ESG value for all our stakeholders, which in today's world of complex and pressing global challenges is more urgent than ever.

Sustainability makes clear business sense for Temenos. It is now a C-suite and Board-level issue for our clients and a focus for their own clients and investors. It is embedded deeply into due diligence, compliance and regulatory requirements, and also offers cost savings and other financial benefits that come from operational efficiencies tied to sustainability.

But it is more than that; ESG is essential for realizing our vision as a company to "make banking better" by helping the industry address the biggest challenges in our world. Banking is an IT intensive sector, whose dependence is increasing with pressure to deliver new digital offerings, process growing transaction volumes, leverage new technologies such as Artificial Intelligence and maintain vast data repositories. By migrating banking operations to cloud and SaaS, banks can significantly reduce their environmental impact and operate in a more sustainable manner. Banks running on our cloud-based platform are getting very substantial carbon emission savings compared to on-premise IT infrastructures.

As Temenos leads the transition to SaaS, we therefore have a unique and inspirational opportunity to help decarbonize the banking industry. We are further accelerating this journey in 2024 with our new end-to-end SaaS Enterprise Services and LEAP, a new AI-powered offering that helps banks modernize faster and to seamlessly and quickly move to the latest cloud-native Temenos technology. In addition, we continue to improve the energy efficiency of our code to minimize its environmental impact by 32% in the latest software release validated by GoCodeGreen.

Helping our clients achieve their ESG ambitions is only possible through our people, our bold and committed Temenosians. Our diversity is our strength, and the basis of our working model for every one of our 30 years in business. We represent 86 different nationalities, working with clients and Partners from over 150 different countries. Women make up 35% of STEM positions, 46% of our workforce under 30, 50% of our top management and 38% of our Board of Directors. This is significantly ahead of our industry, and in 2023 we achieved a perfect 100% disclosure score in the Bloomberg 2023 Gender Equality Index (GEI) for the second year in a row.

Our ESG approach also requires us to run our own operations ethically and responsibly. We have a strong corporate governance and risk and ethics framework in place, as evidenced by the results of the thorough investigation done by independent examiners following allegations from Hindenburg. We have set science-based targets to reduce our GHG emissions by 2030 and remain aligned with the Paris Agreement.

We are very proud of Temenos ESG performance, and the recognition we have gained as the leader in ESG in the IT industry. We have now topped the Dow Jones Sustainability Index with the highest score in the software industry for the second year running. This is alongside similarly high rankings from S&P, FTSE4Good, MSCI, ISS, Sustainalytics, CDP, EcoVadis and the SXI Switzerland Sustainability Index. This recognition demonstrates our commitment to sustainability, and the positive impact we make by supporting our clients to achieve their ESG goals and transition to a low-carbon economy.

Three decades ago, Temenos set out to redefine banking software, and in doing so forever changed the way banking works. It means that today we are shaping the banking world and driving positive change with sustainable value. By helping the industry decarbonize, we now have the opportunity to accelerate positive change and "make banking better" for decades to come. It is a challenging vision, but the pioneering spirit, innovative thinking and strong commitment of our people that underpinned our achievements so far will drive us forward towards future success.

The 2023 Sustainability Report details our progress towards these bold and exciting ESG commitments.

Thibault de Tersant
Non-Executive Chairman

Andreas Andreades
Chief Executive Officer

SUSTAINABILITY continued

Innovating with purpose

Our priority areas

For 30 years, our commitment to the SDGs have guided the way we operate internally, innovate and deliver on our business mission. Our corporate responsibility and sustainability strategy focuses on mitigating risks and creating value across priority ESG areas towards five directions:

1

Achieving Business Excellence

We innovate with purpose, championing client-centered design and support, outstanding business practices and long-term sustainable value.

→ Read more on page 52

SDGs

2

Operating Responsibly

We steward stakeholder trust by taking responsibility for our business' ethics, procurement and security.

→ Read more on page 56

SDGs

3

Caring for the Planet

We commit to aligning our business with the vision of a net-zero world by collaborating with our stakeholders across the value chain.

→ Read more on page 69

SDGs

4

Investing in Our People

We strive to create an open, fair, equal-opportunity and honest work environment for our people and for the people who we impact through our work.

→ Read more on page 86

SDGs

5

Empowering Our Local Economies and Communities

We contribute to a more inclusive world by investing in our local communities, while providing equitable and affordable financial services to all.

→ Read more on page 109

SDGs

→ Read more in the Appendix: Contribution to the UN Sustainable Development Goals

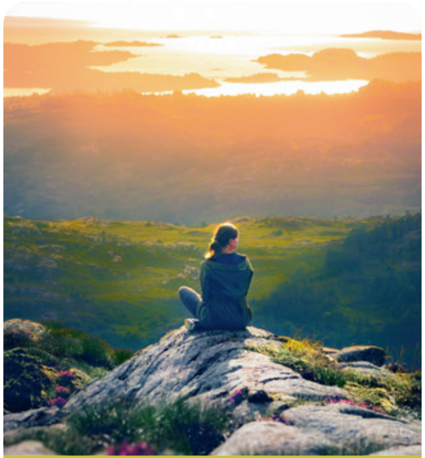
Achievements and endorsements

World Economic Forum (WEF) Member	**UN Global Compact (UNGC)** Participant	**Global Compact Network Switzerland** Member
 SXI Switzerland Sustainability 25® Index	Signatory	DJSI World & Europe, ranked #1 in the SOF category globally
Low risk – Top rated	Participant for 3rd consecutive year	3x Sustainability Award Winner, 2023 S&P Global Gold Class
FTSE4Good Top 10%	Top 1%, Platinum medal	Top performer
Highest rating	Supporter	Early adopter
Highest rating in all ESG categories	Prime status	Top 20%

→ Read more here: Our Achievements

SUSTAINABILITY continued

Progress and targets



Environment

2023 progress

31.3%
Reduction of absolute Scope 1, 2 and 3 GHG emissions vs SBT 2019 baseline year

86%
Use of renewable electricity in Temenos internal operations

73%
ISO 14001:2015 certification coverage

Targets

50%
Reduction of absolute Scope 1, 2 and 3 GHG emissions by 2030 vs 2019 baseline year (officially validated near-term science-based target)

Net-zero
GHG emissions by 2050

8 offices
With ISO 14001:2015 certification by 2025

Social

2023 progress

35%
Gender diversity in global workforce

43%
Racial diversity in the US

46%
Gender diversity under 30 years old

Targets

36%
Gender diversity in global workforce by 2025

40%
Gender diversity in global workforce by 2030

40%
Racial diversity in the US by 2025

Governance

2023 progress

38%
Gender diversity in Board of Directors

40%
Gender diversity in Executive Committee

50%
Gender diversity in top management

99%
Employees completed Ethical Business Code of Conduct and mandatory compliance trainings

Targets

30%
Gender diversity in Board of Directors by 2025

>97%
Completion rate of Ethical Business Code of Conduct and mandatory compliance trainings by 2025

ESG targets
In Executive compensation (planned)

Our ESG approach

Our mission:

Making banking better, together

Founded in 1993, we serve clients from the largest to challengers and community banks in more than 150 countries by helping them build new banking services and state-of-the-art client experiences.

Our vision:

Everyone's banking platform

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

Our culture:

Temenosity

Our culture of Temenosity guides the way we work. A culture that encourages all of us to **challenge** convention and **commit** to making banking better together. A culture that enables us to **collaborate** with our community and truly **care** about the people we serve and the impact of our business.

Our commitments

Operating responsibly is in our DNA, part of our Temenos culture. We strongly believe that our long-term success requires a sustainable business model that incorporates responsibility as an important part of our business operation. Temenos is committed to achieving business excellence and long-term value through superior financial performance while operating responsibly and with integrity, honoring ethical values and respecting its stakeholders, communities and the environment.

Integrating ESG into our operations and product offering

What it means to us:

- **Helping our clients transform into smart, inclusive and sustainable organizations**
- **Managing our operations ethically and responsibly**
- **Contributing to global social and environmental initiatives**

Our goal

To grow our business in a way that takes care of the world around us, delivering value to anyone associated with us

SUSTAINABILITY continued

Preparing for CSRD

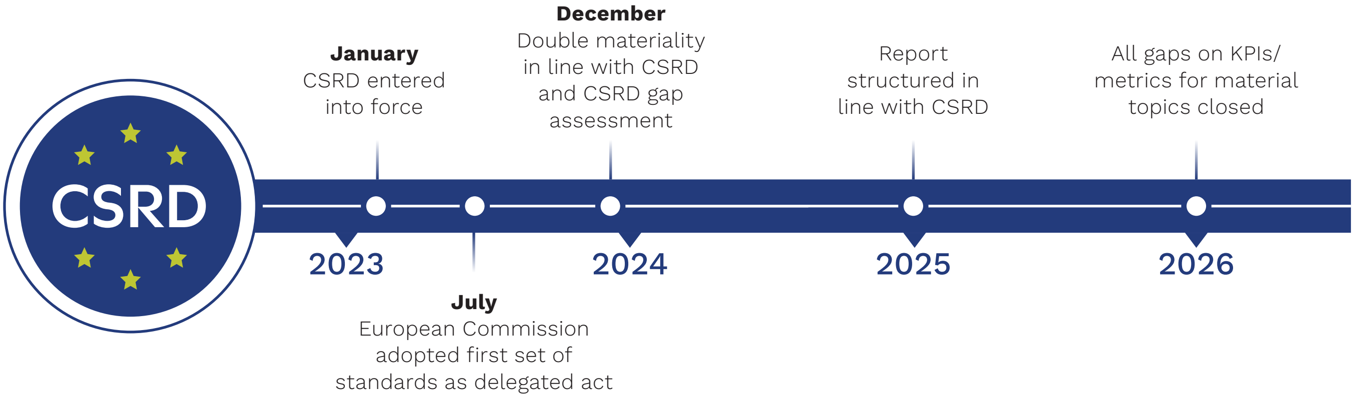
As part of the European Green Deal, the Corporate Sustainability Reporting Directive (CSRD) entered into force on 5 January 2023 with the main goal of revising and strengthening the previous rules concerning sustainability reporting. The European Sustainability Reporting Standards (ESRS) define disclosure requirements encompassing the complete range of environmental, social and governance topics and were developed to have a very high level of interoperability with other global standards.

With the objective of achieving full compliance with the new EU Directive, in 2023, Temenos conducted a comprehensive gap assessment aiming to identify in detail the Company's current non-financial reporting status regarding all ESRS requirements. The gap assessment covered all topical standards and the ESRS 2 and encompassed three different steps.

1) Build an in-depth understanding of the ESRS requirements:
Temenos considered the overall architecture of the ESRS standards, its fundamental concepts, the general requirements for preparing and presenting sustainability-related information and the full list of disclosure requirements. Temenos conducted a mapping exercise of its current status against the relevant applicable ESRS requirements, after examining the existing sustainability information, current reporting practices and connected environmental, social and governance-related policies.

2) Identification of the gaps and conclusions:
The gap assessment was conducted at Disclosure Requirement (DR) level and covered all ESRS standards, highlighting per area (General Disclosures, Environmental, Social and Business Conduct), the number of requirements which were assessed as addressed, partially addressed or not addressed. Temenos identified gaps in its current reporting compared to ESRS requirements. The majority of Disclosure Requirements of Temenos ESRS material topics were assessed as partially addressed (74.6%), with 11.1% assessed as already addressed and 14.3% as not addressed.

3) Definition of the implementation plan:
The results of the analysis allowed Temenos to develop a roadmap which includes engaging different stakeholders to examine the identified gaps and define, in collaboration with the global ESG team, a detailed action plan to address discrepancies and bridge the current gaps for meeting the ESRS requirements within 2026 (see Temenos planned CSRD implementation roadmap below).



ESG double materiality assessment

Stakeholder engagement

Stakeholder groups	Priority areas
Employees Frequency: daily	Investing in Our People Empowering Our Local Economies and Communities Caring for the Planet Operating Responsibly
Clients Frequency: daily	Achieving Business Excellence Operating Responsibly Caring for the Planet
Investors – research analysts Frequency: weekly	All priority areas
Suppliers and Partners Frequency: daily	Operating Responsibly Caring for the Planet
Local communities and NGOs Frequency: monthly	Empowering Our Local Economies and Communities
Academic community Frequency: daily	Investing in Our People Empowering Our Local Economies and Communities
Media and industry analysts Frequency: daily	All priority areas

Engaging with our key stakeholders informs our decision making, strengthens our relationships and helps us deliver on our commitments and succeed as a business. In order to achieve our goals, we recognize that we need to work in partnership with those stakeholders who share our commitment and support our targets.

We believe that regular, open and transparent communication with our stakeholders is the most effective way to assess the impact of our operations and our performance as a corporate citizen.

Such engagement with our stakeholders is helping us:

- define our ESG focus areas;
- incorporate them into our corporate strategy;
- set targets; and
- document the progress in the Temenos Annual Report.

→ For a more detailed view of how we engage with our stakeholders and what their key concerns are, please refer to the appendix

Temenos conducts at least bi-annually ESG materiality assessments with input from experts across the organization and within ESG governing bodies to identify key ESG topics, opportunities and risks associated with them. These assessments allow us to enhance our understanding of issues that require our attention, adopt a more dynamic approach and improve our long-term economic, environmental and social performance.

The world constantly changes, and we strive to stay ahead of these changes. This is why in 2023 we have collaborated with an independent third party to conduct a comprehensive double materiality assessment, following the requirements of the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS) framework.

In addition, the latest developments, trends and challenges in the broader socio-economic environment in which Temenos operates were taken into account, as well as a range of international and industry-specific sustainability standards, initiatives and data sources, such as the GRI Standards, the SASB reporting standards, the Task Force on Climate-Related Financial Disclosures (TCFD) and the ten principles of the UN Global Compact (UNGC).

SUSTAINABILITY continued

ESG double materiality assessment continued

Process to determine material topics

The materiality analysis has emerged as a cornerstone of effective ESG reporting; hence, Temenos performed the double materiality assessment according to the ESRS requirements. This exercise allowed the Company to identify the most significant positive or negative impacts resulting from its activities on the environment and people, including human rights, as well as the financial risks and opportunities associated with its own activities, upstream and downstream value chain, and business relationships. Four main steps were followed in this process, to understand and address the most critical issues that shape Temenos sustainability performance and financial success:

Step 1: Contextualization and mapping

Temenos assessed industry-specific disclosure frameworks and benchmarks with peers, suppliers and clients to identify ESG topics commonly linked with our sector. This informed the development of a preliminary list of material topics. The Company's previous efforts and double materiality assessment exercise also contributed to the definition of these topics. Additionally, we considered the list of sustainability matters outlined in the ESRS as part of topic selection. This phase also involved a comprehensive assessment of our key stakeholders, considering their interests and influence on Temenos' ESG topics.

Step 2: Material impact identification

We engaged with internal and external stakeholders to identify material impacts, risks and opportunities. A survey instrument was employed to capture impacts across environmental, economic and societal dimensions, classifying them as positive or negative, actual or potential. The insights gained from this stage supported the assessment of their significance. This allowed Temenos to define the relevance of each material topic through a scoring methodology. The impact's significance assessment is based on the impact's severity, which encompasses scale, scope and irremediable character[1].

Step 3: Assessment of financial risks and opportunities

A qualitative and quantitative analysis of financial risks and opportunities was conducted to assess their magnitude and likelihood.

Step 4: Double materiality results

The determination and adoption of the threshold for considering the relevance of the topics was part of the final step. This enabled Temenos to confirm the double materiality results and define the Company-specific material impacts, risks and opportunities to be covered in its Sustainability Report.

Scoring and evaluation

Based on the industry-specific context, market analysis and benchmark, and considering the ESRS list of sustainability matters, a preliminary list of 21 topics for Temenos double materiality assessment was developed. The list has been assessed throughout the process so, as a result, the actual material topics were defined based on scoring.

By completing the double materiality assessment process, we identified the topics that are most important to our sustainability performance and prioritized our efforts accordingly. This process consisted of two main steps:

Impact materiality

Stakeholder engagement: Conducted a survey to gather feedback from internal and external stakeholders.

Topic categorization: Classified material topics considering whether they have an impact on the environment, people or the economy.

Impact categorization: Categorized impacts into two categories: positive/negative and potential/actual.

Likelihood assessment: Assessed the likelihood of each impact, ranging from very likely to very unlikely, and not applicable for actual impacts.

Significance assessment: Rated each impact based on its severity, which is defined by the scale, scope and irremediable character, ranging from very high to very low.

Impact score calculation: Computed the impact score by multiplying the impact significance score by the impact likelihood score.

Financial materiality

Survey outcomes review: Reviewed and corroborated the findings regarding financial risks and opportunities.

Impact assessment: Assessed the impacts associated with the Company's dependencies on natural, social or human resources.

Topic assessment: Categorized material topics as financially material based on magnitude and likelihood.

Magnitude assessment: Assessed the magnitude of each material topic, ranging from very high to very low.

Likelihood assessment: Assessed the likelihood of each material topic, ranging from very likely to very unlikely.

Risks and opportunities score calculation: Computed the risks and opportunities score by multiplying the magnitude factor by the likelihood factor.

1 Scale pertains to the severity of negative or positive impacts and may vary based on compliance with laws, regulations or authoritative intergovernmental instruments. Scope determines the impact spread among individuals or environmental resources. Irremediable character measures the difficulty in mitigating resultant harm, exclusively applicable to negative impacts.

In addition, we enhanced our materiality assessment methodology by incorporating the feedback received from our clients through RFPs and supplier assessments and from our investors through engagement calls and meetings we had throughout the year. We also incorporated the areas against which we are rated and scored in ESG ratings and indices, such as the Dow Jones Sustainability Index, FTSE4Good, MSCI, ISS, EcoVadis, Sustainalytics, Vigeo Eiris, Bloomberg Equality Index and CDP, among others.

Results

Following the outlined ESRS process, and evaluating the outcomes of the interviews with internal and external stakeholders, we have identified 21 material topics.

The **impact materiality assessment process** enabled Temenos to identify that out of the 21 topics considered material to the organization, 12 are recognized for promoting a positive impact on one or more dimensions (environment, economy and people), while 9 topics were identified as having the potential to cause a negative impact on one of these dimensions.

The **financial materiality assessment** supported the process of identifying which of these 21 material topics are associated with financial risks and opportunities for the organization. We identified 7 financial opportunities and 14 financial risks to which Temenos is potentially exposed.

As a final step, the double materiality score was calculated considering both impact and financial materiality assessments. The threshold definition and adoption determined which of the impacts will be covered in Temenos' Sustainability Report. The topics assessed with a double materiality score of "very low" will still be addressed/considered, but will not be part of Temenos disclosures. As a result, 11 material topics, 7 ESRS and 4 Company-specific, will be included in the double materiality assessment matrix.

Double materiality assessment matrix

The double materiality assessment matrix plots the results of the assessments previously described in the form of a graphic visualization, indicating the main material issues per priority strategic area for Temenos. The matrix shows topics spread through two axes, the impact materiality and the financial materiality. The position of the topic in the matrix is determined by the topic's score (very low to very high).

Key

Achieving Business Excellence
1. Client satisfaction and engagement
2. Technology and product innovation

Caring for the Planet
3. Climate change mitigation
4. Energy
5. Climate change adaptation

Investing in Our People
6. Equal treatment and equal opportunities for all (within Temenos' own workforce)
7. Working conditions (within Temenos' own workforce)

Operating Responsibly
8. Information security and data privacy
9. Corruption and bribery
10. Business continuity
11. Responsible procurement

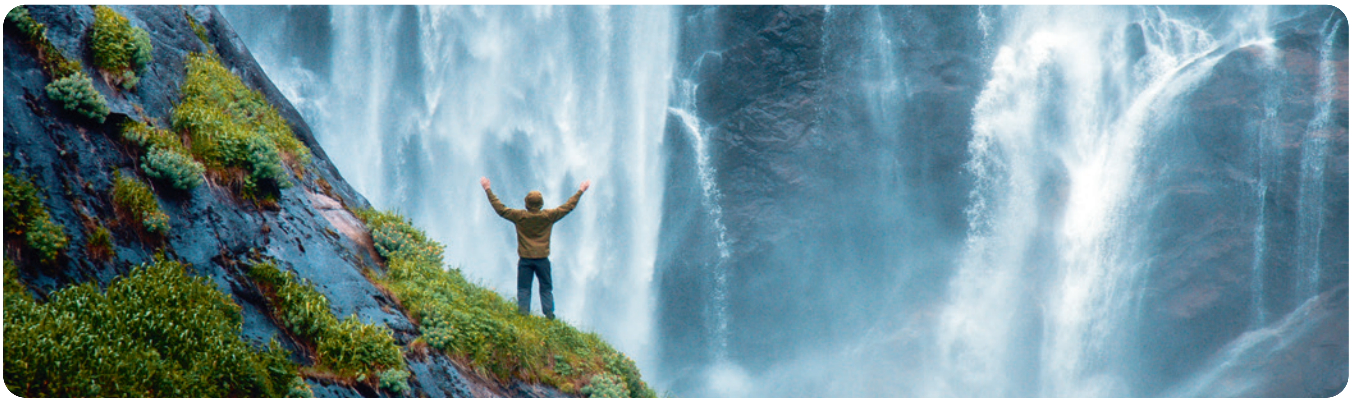
SUSTAINABILITY continued

ESG double materiality assessment continued

Double materiality assessment matrix continued

The detailed results of the double materiality assessment are presented in the following table:

Material issues	ESG priority area	Impact on society and environment	Financial impact	Metric type	Impact score	Financial score	Double materiality score
Client satisfaction and engagement	Achieving Business Excellence	Positive, Actual	Opportunity	Company-specific topic	Medium	Low	Medium
Technology and product innovation	Achieving Business Excellence	Positive, Actual	Opportunity	Company-specific topic	Low	Low	Medium
Climate change mitigation	Caring for the Planet	Negative, Actual	Risk	E1 climate change	High	Very low	Medium
Energy	Caring for the Planet	Negative, Actual	Opportunity	E1 climate change	Medium	Very low	Low
Climate change adaptation	Caring for the Planet	Positive, Potential	Risk	E1 climate change	Low	Very low	Low
Equal treatment and equal opportunities for all (within Temenos' own workforce)	Investing in Our People	Positive, Actual	Opportunity	S1 own workforce	Medium	Very low	Medium
Working conditions (within Temenos' own workforce)	Investing in Our People	Positive, Actual	Risk	S1 own workforce	Medium	Very low	Medium
Information-related impacts for consumers	Operating Responsibly	Negative, Potential	Risk	S4 consumers and end-users	High	High	Very high
Corruption and bribery	Operating Responsibly	Negative, Potential	Risk	G1 business conduct	High	Medium	High
Business continuity	Operating Responsibly	Negative, Potential	Risk	Company-specific topic	Medium	Medium	High
Responsible procurement	Operating Responsibly	Positive, Actual	Risk	Company-specific topic	Low	Low	Low
Equal treatment and equal opportunities for all (within the context of workers in the value chain)	Operating Responsibly	Positive, Actual	Opportunity	S2 workers in the value chain	Low	Very low	Very low
Working conditions (within the context of workers in the value chain)	Operating Responsibly	Positive, Actual	Risk	S2 workers in the value chain	Low	Very low	Very low
Protection of whistle-blowers	Operating Responsibly	Positive, Actual	Risk	G1 business conduct	Low	Very low	Very low
Air pollution	Caring for the Planet	Negative, Actual	Risk	E2 pollution	Very low	Very low	Very low
Other work-related rights (within Temenos' own workforce)	Operating Responsibly	Positive, Actual	Risk	S1 own workforce	Very low	Very low	Very low
Other work-related rights (within the context of workers in the value chain)	Operating Responsibly	Positive, Actual	Risk	S2 workers in the value chain	Very low	Very low	Very low
Social inclusion of consumers	Operating Responsibly	Positive, Actual	Opportunity	S4 consumers and end-users	Very low	Very low	Very low
Corporate culture	Operating Responsibly	Negative, Potential	Opportunity	G1 business conduct	Very low	Very low	Very low
Water consumption	Caring for the Planet	Negative, Potential	Risk	E5 circular economy	Very low	Very low	Very low
Waste	Caring for the Planet	Negative, Potential	Risk	E5 circular economy	Very low	Very low	Very low



EU Taxonomy

Assessment of EU Taxonomy eligibility and alignment

As identified in the previous reporting period of 2022, operations related to Temenos Banking Cloud were identified to be EU Taxonomy eligible, falling under the definition of economic activity 8.1 "Data processing, hosting and related activities" and aiming at contributing to climate change mitigation (CCM) (Annex I to the Climate Delegated Act 2021/2139).

In 2023, activity 8.1 generated revenue through the provision of SaaS services to banks and financial institutions as well as capital and operating expenditures related to investments and maintenance operations on IT infrastructure. The proportion of Taxonomy-eligible Group revenue for economic activity 8.1 was calculated as the portion of net revenue from the related SaaS services (numerator) divided by total Temenos' Group net revenue (denominator) resulting in a total Taxonomy-eligible revenue proportion of 20.51%.

The criteria for EU Taxonomy alignment of activity 8.1 were not met in FY-23. Temenos is currently progressing to fulfill the criteria set out in the Taxonomy regulation, thereby aiming to increase the share of alignment in the years to come. Particularly the substantial contribution criteria – (1) the implementation of all expected practices of the European Code of Conduct for data centers (2) their verification by an independent third party and (3) not exceeding the threshold of 675 global warming potential (GWP) with the refrigerants used in the data centers – are currently not fully met by Temenos' data centers operators globally. Moreover, the following "Do No Significant Harm" (DNSH) criteria need to be met, in order to declare activity 8.1 aligned:

- **Climate change adaptation**. A climate risk assessment is conducted to identify potential physical climate risks that may affect the performance of the economic activity and adaptation solutions are implemented to reduce those risks.
- **Sustainable use and protection of water and marine resources**. The undertaking has identified the environmental degradation risks related to water quality and has developed a protection management plan for the potentially affected water bodies.
- **Transition to a circular economy**. To comply with this criteria the undertaking has to demonstrate all of the following:
  - the equipment used meets the requirements laid down in Directive 2009/125/EC;
  - the equipment used does not contain the restricted substances listed in Annex II to Directive 2011/65/EU;
  - a waste management plan is in place and ensures maximal recycling at end of life of electrical and electronic equipment; and
  - at its end of life, the equipment undergoes preparation for reuse, recovery or recycling operations, or proper treatment.

Acknowledging the complexity of these criteria, Temenos is actively working to implement measures ensuring compliance. In line with this effort, a comprehensive assessment is scheduled to identify necessary actions for addressing current gaps.

Temenos has evaluated the capital expenditure (CapEx) and operational expenditure (OpEx) required to enhance the energy efficiency of its offices. This primarily involves installing, replacing and maintaining LED lighting, HVAC systems and low-water/energy consuming kitchen and sanitary water fittings. These actions fall under the Taxonomy-eligible activity 7.3, "Installation, maintenance and repair of energy efficiency equipment", which contributes to climate change mitigation as defined in Annex I of the Climate Delegated Act 2021/2139. Temenos is currently assessing the alignment criteria set out in the regulation. While Temenos activities fulfill the substantial contribution criteria, achieving full alignment with the "Do No Significant Harm" (DNSH) criteria requires additionally addressing the following:

- **Climate change adaptation**. A climate risk assessment is conducted to identify potential physical climate risks that may affect the performance of the economic activity and adaptation solutions are implemented to reduce those risks.
- **Pollution prevention and control**. The activity must not result in the production or use of several hazardous substances, listed in the Appendix C of the Climate Delegated Act (2021/2139).

Finally, the last step of alignment assessment involves compliance with the social minimum safeguards which require the undertaking to have in place procedures that ensure the alignment with the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. Temenos is committed to operating in accordance with these international standards, as described in the Group's Business Code of Conduct and together with external consultancies it is currently evaluated to document our compliance.

Temenos has been voluntarily disclosing information on the EU Taxonomy reporting. Going forward, and in line with our upcoming regulatory obligations, we are working on gradually fulfilling the technical screening criteria and continue to report our Taxonomy-aligned economic activities.

			Revenue		CapEx		OpEx	
Activity	No.	Objective	Amount USD m	**EU taxonomy eligible %**	Amount USD m	**EU taxonomy eligible %**	Amount USD m	**EU taxonomy eligible %**
Installation, maintenance and repair of energy efficiency equipment	7.3	CCM	–	**–**	0.1	**0.09%**	4.5	**0.56%**
Data processing, hosting and related activities	8.1	CCM	205.1	**20.51%**	1.0	**1.03%**	27.7	**3.46%**
Temenos overall operations			1,000.2		97.2		800.8	

SUSTAINABILITY continued

Goals and targets

Operating Responsibly
Ethical business conduct and governance

Indicator	2021	2022	2023	2025 target
Percentage of completion of Ethical Business Code of Conduct and mandatory compliance trainings	97.5%	97.3%	**99.2%**	>97%

Information security

Indicator	2021	2022	2023	2025 target
ISO 27001 certification coverage	13 locations	13 locations	**14 locations**	To continue to expand the scope in order to include new locations/acquisitions based on the business needs and directives from the Management.
ISO 27017/ISO 27018 certification coverage	11 locations	10 locations	**13 locations**	To continue to integrate newly acquired companies, if any, and certify new locations as required.
EU Cloud Code of Conduct	–	Level 1 compliance	**Level 2 compliance**	To maintain Program compliance.

Responsible procurement

Indicator	2021	2022	2023	2025 target
Sustainability assessment as part of the qualification and risk assessments implemented to focus categories of suppliers[1]	100%	100%	**100%**	100%
Percentage of new or renewed focus categories of suppliers, providing goods or services with Supplier Code of Conduct applicable clause	100%	100%	**100%**	100%
Sustainable procurement to be included as part of all-staff induction Program	100%	100%	**100%**	100%
Ensure the internal Sustainable Procurement Policy is reviewed regularly as part of the CSR strategy	100%	100%	**100%**	100%
Sustainability assessment for most supplier categories	84%	80%	**84%**	100%
Supplier engagement rate (engaged suppliers which have completed the environmental questionnaire out of total focus suppliers)[2]	45%	60%	**73%**	100%

1 100% of our focus suppliers are assessed based on environmental and social criteria. 23.4% of new suppliers, including focus and non-focus, have been evaluated using environmental and social criteria.

2 We have chosen to disclose a slightly different metric on supplier engagement compared to last year to get more comprehensive insights. We have included prior years' numbers in order to show the trend.

Indicates target achieved

Achieving Business Excellence
Client satisfaction and engagement

Indicator	2021	2022	**2023**	2025 target
Client Voice: Number of participants from our clients compared to 2016 baseline (4,000)	10,007	11,826	**12,753**	12,000
Improve Client Satisfaction: Percentage points in the Net Promoter Score, since the metric was launched	+26pp	+33pp	**+90pp**	+55p

Technology and product innovation

Indicator	2021	2022	**2023**	2025 target
Environmental and social impact of product portfolio – % of total revenue	14.5%	18.8%	**21.5%**	30%
Cumulative R&D investment since 1990	$2.5bn	$2.8bn	**$3.1bn**	$3.5bn

Indicates target achieved

SUSTAINABILITY continued

Goals and targets continued

Caring for the Planet
Environmental management and awareness

6 CLEAN WATER AND SANITATION · 7 AFFORDABLE AND CLEAN ENERGY · 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE · 12 RESPONSIBLE CONSUMPTION AND PRODUCTION · 13 CLIMATE ACTION · 17 PARTNERSHIPS FOR THE GOALS

Indicator	2021	2022	**2023**	2025 target	2030 target
Roll out EMS to additional locations and increase the ISO 14001:2015 certification coverage	6 offices	7 offices[3]	**7 offices**	8 offices	10 offices
Increase global waste diversion from landfill	75%	78%	**73%**	80%	90%
Percentage of per capita water consumption for certified ISO 14001 offices, compared to 2018 baseline (first certification) reduction	–	74%	**72%**	75%	80%
Organize sustainable events[4]	No physical event due to Covid-19 restrictions	1 event	**2 events**	4 events	12 events

3 We have implemented an ISO 14001:2015-certified EMS in our seven biggest offices: four in India, one in Romania, one in Luxembourg and one in the UK.

4 Results displayed annually represent the cumulative count of sustainable events since 2022.

Energy

7 AFFORDABLE AND CLEAN ENERGY · 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE · 12 RESPONSIBLE CONSUMPTION AND PRODUCTION · 13 CLIMATE ACTION · 17 PARTNERSHIPS FOR THE GOALS

Indicator	2021	2022	**2023**	2025 target	2030 target
Percentage of per capita energy consumption for certified ISO 14001 offices, compared to 2018 baseline (first certification) reduction	35%	45%	**37%**	50%	
Percentage of annual sourcing of renewable electricity use in Temenos internal operations (offices and owned data centers)	4.4%	18.2%	**86%**	80%	100%

Climate Change Strategy
Business Ambition for 1.5°C

7 AFFORDABLE AND CLEAN ENERGY · 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE · 12 RESPONSIBLE CONSUMPTION AND PRODUCTION · 13 CLIMATE ACTION · 17 PARTNERSHIPS FOR THE GOALS

Indicator	2021	2022	**2023**	2025 target	2030 target
Get validation of Science Based Targets initiative (SBTi) for the reduction of GHG emissions	Target for FY-22	Official validation		Target revision	
SBTi target: Percentage of absolute Scope 1 and 2 GHG emissions reduction, compared to 2019 baseline	13.5%	17.7%	**90.7%**	25.2%	50%
SBTi target: Percentage of absolute Scope 1, 2 and 3 GHG emissions reduction, compared to 2019 baseline[5]	–	1.7%	**31.3%**	25.2%	50%

5 Since 2022, data includes all relevant Scope 3 categories aligned with the SBTi. Our Scope 3 target boundary covers 68.6% of total Scope 3 emissions, in line with the SBTi criteria, representing 56,345 tCO_2e for 2019.

Indicates target achieved

Investing in Our People

Gender diversity

Indicator[6]	2021	2022	2023	2025 target	2030 target
Women in the Temenos total headcount	35%	36%	**35%**	36%	40%
Women in all management positions, including junior, middle and senior management (as % of total management workforce)	33%	33%	**33%**		
Women in junior management positions, i.e. first level of management (as % of total junior management positions)	41%	44%	**46%**		
Women in top management positions, one level away from the CEO or comparable positions (as % of total top management positions)	40%	43%	**50%**		
Women in top management positions, two levels away from the CEO or comparable positions (as % of total top management positions)	30%	29%	**34%**		
Women in management positions in revenue-generating functions (e.g. Sales) as % of all such managers (i.e. excluding support functions such as HR, IT, Legal, etc.)	28%	28%	**28%**		
Women in STEM-related positions (as % of total STEM positions)	35%	35%	**35%**		

6 To have a consistent year-on-year increase of at least 1%.

Racial diversity

Indicator	2021	2022	2023	2025 target	2030 target
Asian, Black or African American, Hispanic or Latino, or other races/ethnicities in the US total headcount	38.5%	41%	**43%**	40%	

Wellbeing at work

Indicator (1):	2021	2022	2023	2025 target	2030 target
Percentage of actively engaged employees	68%	71%	**72%**	72%	74%

Indicator (2):	2021	2022	2023	2025 target	2030 target
Number of wellbeing activities	–	–	**316**	>300	

Indicates target achieved

SUSTAINABILITY continued

Goals and targets continued

Empowering Our Local Economies and Communities
Digital inclusion and innovation

Indicator	2021	2022	2023	2025 target
Number of students reached/benefited through the Adopt-iT CSR India Program, since the Program was launched	19,200	34,347	**36,694**	50,000

Volunteering and community service

Indicator	2021	2022	2023	Revised 2025 target[7]
Percentage of volunteers (% of the total headcount of the year)	9.1%	16.6%	**20.7%**	>20%

7 Due to target achievement.

Employee fundraising and corporate matching

Indicator	2021	2022	2023	2025 target
Percentage of India employees' funds raised and Company matched – Adopt a Kid since Program launch	38%	73%	**89%**	100%

Indicates target achieved

Sustainability governance

Board of Directors

Membership

- Chaired by the Non-Executive Chairman

→ Read more here: Corporate Governance

Responsibilities

- Approves and oversees the sustainability, climate and CSR strategy ("ESG matters") of the Group including the climate-related impacts, risks, opportunities and associated metrics and targets
- Appoints and oversees the members of the Executive Committee

Nomination & ESG Committee

Membership

- Chaired by the Non-Executive Vice-Chairman

→ Read more here: Nomination & ESG Committee

Responsibilities

- Establishes the qualification criteria for Board of Directors membership
- Reviews the structure, size and composition of the Board of Directors
- Reviews the sustainability, climate and CSR strategy ("ESG matters") of the Group including the climate-related impacts, risks, opportunities and associated metrics and targets, stays abreast of trends in ESG matters and reports accordingly to the Board of Directors

CSR & Ethics Committee

Membership

- Chaired by the CEO

→ Read more here: CSR & Ethics Committee Charter

Responsibilities

- Identifies, designs and leads the sustainability, climate and CSR strategy ("ESG matters") of the Group including the climate-related impacts, risks, opportunities and associated metrics and targets
- Reports to the Board of Directors through the Nomination & ESG Committee
- Represents different Temenos functions and departments, ensuring all the voices of internal and external stakeholders are taken into account

Chief ESG Officer

Responsibilities

- Manages the sustainability, climate and CSR strategy ("ESG matters") of the Group including the climate-related impacts, risks, opportunities and associated metrics and targets
- Interacts with stakeholders and drives the CSR, sustainability and climate-related policies, Programs and reporting

SUSTAINABILITY continued

1 Achieving Business Excellence

We are committed to contributing to global efforts to address social and environmental issues. Financial technology and digital finance can advance sustainable development and accelerate the achievement of global environmental and social goals. At Temenos, we innovate with purpose and our solutions have a positive environmental and social impact. In that way, we are contributing to the global effort to achieve the UN SDGs.

Business performance

Economic impact

Economic impact for Temenos means achieving our medium-term growth targets to generate long-term sustainable value for all of our stakeholders and contributing to the global economy as well as the local economies where our clients conduct our business.

In 2023, non-IFRS total software licensing increased by 10% in comparison to 2022 and non-IFRS total revenues increased by 5%. We have achieved a full year EBIT of USD 313 million with a non-IFRS EBIT margin of 31.3%. Long-term profit and cash flow strength support the proposed dividend of CHF 1.20. Leverage decreased to 1.6x at year end, down from 2.0x in 2022 and we generated USD 392 million of operating cash flow in 2023.

Geographical outcomes

The total monetary value of financial assistance received by Temenos from governments during 2023 was as follows:

Europe

Romania: Temenos Romania benefits from an income tax exemption for employees in software creation-related roles. The amount of the exemption for 2023 was USD 210,003 (2022: USD 366,962). In addition, there is also a reduction of 20% of the annual corporate tax if this is redirected to donations. The 20% reduction of the annual corporate tax redirected CSR spending by Romania in 2023 was USD 22,037 (2022: USD 21,630).

Asia

Singapore: Under Singapore's Central Provident Fund transition offset and job growth incentive, Temenos claimed USD 2,502 in 2023 (2022: USD 30,258).

Contributing to the UN SDGs

8 Decent work and economic growth; 9 Industry, innovation and infrastructure; 11 Sustainable cities and communities; 12 Responsible consumption and production; 17 Partnerships for the goals

Technology and product innovation

In order to keep pace with the rapid rate of change in information technology, Temenos has a long history of investing in its products. This has ensured our position as the leading solution in our sector and, together with the upgradability, means that clients can continue to enjoy the benefits of our industry-leading investment in the future. Temenos has consistently invested over 20% of its revenues in R&D.

The R&D spend inclusive of overhead allocations for 2023 was USD 277.9 million. This is more than twice the level of investment made by our closest competitors. Furthermore, since we only produce software for banking and finance, all of this investment is targeted at our concentrated product portfolio. For more information, please refer to the Annual Report: Research and Development section.

Environmental and social impact of product portfolio

Category	USD m	% of total revenue
Cloud/SaaS	205.1	20.51%
FCM	0.5	0.05%
Inclusive Banking	2.0	0.20%
TLC	7.4	0.74%

Economic contribution to various stakeholders	FY-23 USD 000	FY-22 USD 000
Revenue	**1,000,224**	949,628
Employee wages and benefits	**487,761**	464,905
Payment to provider of funds	**626,210**	603,378
Payment to government	**68,542**	26,048
Community investment (monetary donations only)	**697**	453

→ For more information on our financial performance, please visit the respective section

USD 3.1bn
cumulative R&D investment 1990–2023

"We innovate with purpose, championing client-centered design and support, outstanding business practices and long-term sustainable value.

Case study

Tech-powered sustainability for banks towards net-zero

At Sibos 2023, Kalliopi Chioti, Temenos Chief Marketing and ESG Officer, was invited as a speaker to explore how banks are leveraging technology and ESG demands to drive sustainable finance. The need for banks to adjust their business model and adopt new technologies like cloud and AI, and collaborate with fintech and technology companies to build a new digital ecosystem was highlighted.

During the panel discussion, she emphasized how crucial it is for banks to decarbonize both their direct and indirect emissions, and how key technology such as the Temenos Banking Cloud (TBC) and the Temenos Carbon Emissions Calculator can empower banks to optimize efficiency and monitor progress effectively. Specifically, it was mentioned how Temenos Banking Cloud, powered by hyperscalers, enables banks to streamline direct operations sustainably by migrating legacy IT infrastructure to public cloud hyperscalers and adopting a Software as a Service (SaaS) model. The environmental benefits of this transition, including reduced electricity usage and emission reductions up to 98% compared to on premise, were also highlighted.

Furthermore, the importance of banks' commitment to reporting indirect emissions, from purchased goods and services to the carbon footprint of their portfolio, was stressed. The Temenos Carbon Emissions Calculator, a free tool embedded within the Temenos Banking Cloud was discussed as a pivotal tool which can empower banks to track their direct and indirect cloud emissions from the use of the TBC, measure progress towards sustainability goals and comply with growing climate regulations.

The importance of collaborating with technology providers that embed ESG principles into their value chain to achieve tangible emissions reductions and foster accountability was also presented. It was pointed out that at Temenos, ESG by design is a core principle of how we build technology. This was demonstrated by the fact that Temenos code is 32% more carbon efficient in the latest software release.

The panel discussion underscored how regulatory compliance for ESG becomes more stringent and how Temenos offers banks another valuable tool, the Temenos Exchange, a marketplace for connecting banks and fintech solutions. Through the composability of the open platform, third party applications from the Partners marketplace can provide banks and their customers with tools to assess their ESG performance, measure and mitigate their carbon impact, and address ESG regulation. As a result, this marketplace enables banks to accelerate the creation of innovative financial services offerings that enrich the overall user experience.

Finally, the discussion touched upon how Temenos ESG investing as a service, an offering armed with explainable AI, can support banks and wealth managers in meeting their ESG requirements across lending and investment portfolios. With this ESG service, banks will be able to create investment products and power digital experiences that allow investors to build their portfolios around their values.

To read more please refer to:

→ Tech is the key to sustainability for Temenos | FF News at Sibos 2023

→ A bank's ESG record depends on how its technology is built | Finance Derivative

→ Exclusive: Leaner and greener banking needed in race to net zero | Net Zero Investor

SUSTAINABILITY continued

Achieving Business Excellence continued

Focus on client satisfaction and engagement

Client Voice

The Temenos Client Voice Program (initially called the Temenos Customer Loyalty Program) was launched in 2012, as a key aspect of our sustainable business model is to create success for our clients to drive long-term loyalty. Over the last decade, we have tailored, developed and redefined services for our clients, invested in technology to lead innovation in a changing market, expanded support locations and improved global delivery, and focused on delivering accumulative success for our clients. This has allowed us to grow our client base, deliver sustainable ARR and software licensing growth, receive a BBB investment grade rating and be recognized by industry analysts and benchmarks as the leading universal banking technology provider.

Alongside these initiatives, we have been monitoring our customer loyalty through an annual NPS survey with the goal of surfacing insights from over 12,000 users and improving our score by 55 points by 2025. We are pleased to announce that the 2023 survey revealed that Temenos has greatly exceeded both of these metrics early, well ahead of the 2023 target. We are also pleased to share publicly our 2023 NPS of +54 (±3.5 at 95% confidence interval) which is reflective of the success that we have experienced in 2023 from our existing customer revenue growth and new customer acquisitions. We see our current NPS of +54 as a reflection of the market dominance that Temenos has built and developed over the last 30 years. Banks who use Temenos recommend others to engage with us as no other vendor in the market can deliver the same product and service, and the entire market solution has been designed with the future of banking in mind.

While this NPS is market leading and is reflective of the substantive loyalty that clients have towards Temenos, we realize that for us to deliver sustainable success to our clients, we need to continuously improve. As such, the Temenos Client Voice Program will evolve over 2024 to closer align with our global customer success initiatives. This evolution will include the rollout of ongoing CSAT surveys across the entire customer-facing operation giving real-time insights into satisfaction along the entire customer journey. With these real-time insights, timely data-driven decisions will be made to accelerate customer success, further improve customer loyalty and strengthen our sustainable business model, ensuring that Temenos leads the universal banking technology market well into the future.

Temenos Ambassador Program

We are committed to putting our clients at the core of our business while generating long-term value for them. The goal of the Ambassador Program is to promote innovation in banking and showcase the value and positive impact Temenos technology has on our clients, and ultimately to celebrate our clients' success. 83% of our Ambassadors are C-level or department heads, from financial institutions of all sizes and sectors all over the world. This Program allows them to give back to the leaders' community by sharing their experiences.

In 2023, 29 ambassadors nominated their company for the Innovation Hero awards. The winners were voted online by peers (over 55,000 votes on social media) and by a jury of industry experts. In addition, we continue to recognize one exceptional ambassador each year with the Visionary Leadership award.

The Ambassador reception at Temenos Community Forum, regular events and scheduled meetings provide ambassadors with networking opportunities where they can gain valuable insights from peers. The Program includes a reward scheme and we launched a new Ambassador portal so that they can monitor their points balance, redeem their rewards and easily engage in new activities.

	2022	**2023**	YoY
Referenceable accounts	594	**633**	+7%
Temenos ambassadors	805	**850**	+6%

Customer success and support

Throughout 2023, customer success has continued to be at the core of our sustainable business model. Temenos realizes that satisfied and successful clients are more likely to invest in, advocate for and promote Temenos to the wider market. To further develop Temenos' capability to deliver customer success and to enhance the customer experience, significant investments have been made during 2023 into customer success dedicated people, process and technology. Through 2024, this investment and development will continue with the goal of having a specialized customer success representative advocating within Temenos for each client. This specialist team will enhance the customer journey through a technology-driven proactive partnership focused on continuous improvement to provide long-term success and satisfaction.

Separate to this customer success team but highly complementary, the Temenos support team continues to augment product capabilities and satisfy clients. The 2023 Client Voice survey highlighted that "product support" was the most selected factor contributing positively to the promoter's satisfaction. The augmentation of this team with real-time CSAT surveys, improved implementation methodologies and the expanding customer success team should see this positive influence continue throughout 2024.

Objectives	Success criteria
• To build a world-class support and customer success organization that is passionate about delivering value and an exceptional experience to our clients • Empowering them to achieve their objectives	• 100% of customers engaged in CSAT survey • 100% of Sev 1 tickets responded within contracted SLAs • Customer Satisfaction score >7.5/10

Case study

Helping clients reduce and monitor carbon emissions

Alpian is Switzerland's first digital private bank which offers specialized banking services, boutique investment products and access to in-person financial counselling. It offers the best of both digital and everyday banking, along with embracing ESG commitments. Alpian recognizes the role of ESG in its operations, stressing its carbon footprint alongside risk and return. By making ESG a priority, Alpian demonstrates its commitment to sustainability. Leveraging our SaaS technology, Alpian has achieved a remarkable saving of over 90% of tCO_2e emissions compared to on-premise alternatives.

Kalliopi Chioti, Chief Marketing and ESG Officer at Temenos, and Schuyler Weiss, CEO of Alpian, attended the Temenos Community Forum, where experts discussed paths to sustainable growth for banks and emerging ESG solutions.

→ Read more here:
Achieving sustainable growth:
Acting on ESG priorities (finextra.com)

Case study

Temenos joins forces with the Monetary Authority of Singapore to advance sustainable finance

During the 2023 Singapore FinTech Festival, Temenos announced a collaboration with Gprnt, a digital platform launched by the Monetary Authority of Singapore (MAS), to accelerate innovation in sustainable finance. This partnership marks a significant step forward as Temenos becomes the first core banking software vendor to collaborate with Gprnt.

The aim of this collaboration is to develop cutting-edge technology solutions by exploring data integration methods, fostering product development initiatives that address the evolving needs of sustainable finance and empowering banks to manage balance sheet decarbonization, navigate ESG risks and comply with regulations.

The collaboration intends to investigate state-of-the-art approaches, enable smooth data integration and propel product development that is in line with a sustainable finance future. The potential product co-development use cases with Temenos, include enhanced "Know Your Customer", that takes ESG data from verifiable sources through the Gprnt platform, and feed directly into a bank's client onboarding. Another possibility is augmented data analytics, incorporating additional ESG metrics for a bank's loan originations and setting targets for pipeline loans that increasingly will see embedded elements of sustainability.

This partnership aligns with Temenos' existing commitment to integrating ESG principles into its operations and product offerings. Together with Gprnt, we aim to provide financial institutions with the tools and resources needed to transition towards a more sustainable future.

→ Read more here:
Temenos to Work with MAS to Advance Sustainable Finance – Temenos

SUSTAINABILITY continued

2 Operating Responsibly

Ethical business
For 30 years we have been proud of our reputation for professionalism and the strong relationships we have built up with our clients. We believe that sound and ethical business conduct and governance are critical to earning and maintaining the trust of our clients, investors, Partners and suppliers. Integrity, honesty and transparency are at the heart of what we do. Our commitments to ethical business practices and strong corporate governance structures are designed to promote the long-term interests of our shareholders, maintain internal checks and balances, promote accountability at all levels of our organization and foster responsible decision making.

As a global company, we have been operating at an exceptionally high standard of integrity in complying with the laws and regulations of the countries in which we operate – in some cases higher standards than required by national laws or regulations. We understand the responsibility that comes with that role and are committed to working with all our stakeholders to build long-term business relationships and create sustainable value for them.

Information security, cybersecurity, data privacy and business continuity
Financial institutions worldwide entrust Temenos with their technological and digital transformation needs, recognizing our leadership in delivering superior products and services. This trust necessitates a steadfast commitment to security and privacy in every aspect of our operations. At Temenos, we prioritize the safeguarding of our systems and the secure delivery of our software and services, ensuring rigorous protection of client data against malicious threats and compliance with our stringent data handling responsibilities. To fulfill this commitment, Temenos has integrated security and privacy into the very foundation of our business model. We have established robust governance structures, assembled a team of skilled professionals and implemented comprehensive processes, all dedicated to securing our organization and the array of products and services we offer to our valued clients.

Responsible procurement
Temenos has incorporated sustainability considerations into its Procurement Policy and practices, introducing proactive engagement as part of the procurement strategy on supplier selection and ongoing monitoring. We have partnered with ESG specialized consultants to help us formalize a supplier engagement Program, focusing on advancing sustainability practices and conducting Corporate Social Responsibility (CSR) audits across our supplier base and business partners. Our objective is to achieve a minimum engagement rate of 50% by 2025 through our Program.

2023 key highlights

99%
of employees completed BCC training

100%
of our focus suppliers underwent sustainability assessments

> We steward stakeholder trust by taking responsibility for our business' ethics, procurement and security.

Contributing to the UN SDGs

Ethical business

Corporate governance

Corporate governance at Temenos promotes the long-term interests of all of our stakeholders and fosters a culture of transparency, business integrity, responsible decision making and accountability, maintains internal checks and controls and helps build public trust in the Company, by balancing the interests of all its stakeholders. More information on corporate governance can be found in the Annual Report: Governance section and on the corporate website, www.temenos.com.

Business Code of Conduct

The Temenos Business Code of Conduct with the linked corporate policies is the foundation of our commitment to ethical business practices and legal compliance. The Code defines the standards for business conduct everywhere we operate and provides guidance in addressing the business, legal and ethical issues encountered while performing daily work or making decisions on behalf of Temenos. We operate in accordance with our Code, including where local legislation is less strict, or there is absence of legal and/or regulatory frameworks. Our Code and policies are aligned with the ten principles of the UN Global Compact on the four issue areas of Human Rights, Labor, Environment and Anti-Corruption and the OECD Guidelines for Multinational Enterprises. The members of the Board of Directors and the Executive Committee have endorsed the Code. Our Code is available in English and French on our intranet and our corporate website. It applies equally to full-time, part-time and temporary employees and contractors globally. It is a key part of the employment contract and contractor agreement. All employees are required to read and acknowledge the Code and linked policies within the first three months of their employment. They are also required to complete the mandatory trainings upon joining and to repeat every 12 months. The CSR and Ethics Committee is charged with monitoring the compliance with the Code and Ethics Framework. The compliance requirements of the Code are also part of our Partners and Suppliers Program. Specific compliance provisions are included in the Services Partner agreement and all new suppliers are required to comply with the Code as well as the Temenos Supplier Code of Conduct. In addition, the rollout of the Suppliers Program includes existing suppliers, as they incrementally need to comply with the Code and related policies and to verify compliance by providing respective information when requested.

The backbone of our Code is the corporate policies linked to it that provide detailed guidance on how to exercise good judgment when working and making decisions for Temenos. The policies are reviewed annually and reflect our continued commitment to ethical business practices and legal compliance.

Human rights

As defined in the UN Guiding Principles on Business and Human Rights (UNGP), we are committed to respecting as well as promoting and advancing human rights, as recognized in international human rights standards, within our organization and our supply chain. We are committed to preventing and mitigating any adverse human rights impacts resulting from our own actions. This commitment extends not only to our direct activities but also to any adverse impacts linked to our operations, products or services through our business relationships, even if we have not directly caused or contributed to those impacts. Our human rights commitment is an integral part of our Business Code of Conduct, mandatory related training and ethical business conduct Program, as well as the Supplier Code of Conduct and supplier performance and risk assessment processes of our Global Procurement Policy and procedure. It clearly outlines the requirements for our own operations (employees, direct activities, products or services) and for our suppliers and Partners, as well as the actions and procedures we undertake to meet our commitment. We expect our employees, Partners, suppliers and clients to share this commitment to ensure that the IT sector and our business respect and promote human rights.

Temenos has developed a due diligence process to proactively and systematically identify potential issues relating to respecting human rights issues and where they could occur in our own operations, value chain or activities related to our business and manage them. Our cross-functional Human Rights Working Group oversees our human rights strategy, helping to coordinate our efforts to identify and mitigate human rights risks in our own operations and our value chain. The results of these efforts are shared with the CSR and Ethics Committee, the Executive Committee and the Board of Directors.

Our human rights due diligence process covers various issues. We perform internal audits on a regular basis at a global level to identify potential human rights risks, while taking mitigation and remediation actions as required.

In 2023, we renewed our compliance with the UK Modern Slavery Act by issuing a Slavery and Human Trafficking Statement where we outlined Temenos' policies and procedures related to fair labor standards and respect for human rights throughout our operations and supply chain, while describing our efforts to address modern slavery. As a UN Global Compact participant, we respect and support the values of the Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises and the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work by integrating human rights considerations into our business operations. We respect government policies in the countries where we operate, while seeking ways to honor these global principles. We conduct regular audits to check internal compliance with these standards. We have established a process to assess on a regular basis our obligations under Switzerland's new provisions on minerals and metals from conflict-affected and high-risk areas and in relation to child labor. According to the assessment conducted for 2023, Temenos is exempt from the Swiss due diligence and reporting obligations, as we do not import minerals and metals and have not identified reasonable grounds to suspect child labor in our supply chain.

SUSTAINABILITY continued

Operating Responsibly continued

Ethical business continued

Human rights due diligence process and mitigation measures*

Forced labor

Groups at risk
Temenos employees and third party employees

Objectives
A work environment relieved of forced or compulsory labor

Management and mitigation actions
- Specific section against forced labor included in Business Code of Conduct
- All Temenos employees and suppliers get trained and acknowledge the Code annually
- Specific questions under Human Rights section of the Supplier Questionnaire to ensure no forced labor, distributed to all focus suppliers
- Employment contracts
- Background checks in recruitment process

Child labor

Groups at risk
Children

Objectives
No Temenos employees or workers in the supply chain younger than 18 years old

Management and mitigation actions
- Specific section against child labor included in Business Code of Conduct
- All Temenos employees and suppliers get trained and acknowledge the Code annually
- Specific questions under Human Rights section of the Supplier Questionnaire to ensure no child labor, distributed to all focus suppliers
- Employment contracts
- Background checks in recruitment process
- Reporting as per GRI 408-1

Collective bargaining agreements

Groups at risk
Temenos employees

Objectives
All Temenos employees have the right to participate in collective bargaining agreements

Management and mitigation actions
- Specific section for collective bargaining agreements included in Business Code of Conduct
- All Temenos employees and suppliers get trained and acknowledge the Code annually
- Reporting as per GRI 2-30

Discrimination

Groups at risk
Temenos employees, third party employees, women and other minorities

Objectives
Eliminate discrimination in the workplace and the supply chain

Management and mitigation actions
- Specific section against discrimination included in Business Code of Conduct
- All Temenos employees and suppliers get trained and acknowledge the Code annually
- Specific questions under Labor Standards section of the Supplier Questionnaire to ensure no discrimination, distributed to all focus suppliers
- "Working with Integrity Principles" Policy
- Robust Anonymous Reporting Mechanism Including Policy and 24/7 available system

Harassment

Groups at risk
Temenos employees, third party employees, women and other minorities

Objectives
Prevent harassment in the workplace and the supply chain

Management and mitigation actions
- Specific section against harassment included in Business Code of Conduct
- All Temenos employees and suppliers get trained and acknowledge the Code annually
- Specific questions under Labor Standards section of the Supplier Questionnaire to ensure no harassment, distributed to all focus suppliers
- "Working with Integrity Principles" Policy
- Robust Anonymous Reporting Mechanism including Policy and 24/7 available system

Health and safety

Groups at risk
Temenos employees

Objectives
Occupational health and safety in the workplace

Management and mitigation actions
- Internal audits on a regular basis to identify potential health and safety issues and ensure zero accidents in the workplace
- Seeking external consulting on implementing the requirements of ISO 45001
- Global Health and Safety Policy
- Global wellbeing and culture team
- Mental health platforms and support offerings in 17 countries, covering 85% of Temenos employees

* Human rights due diligence process and mitigation measures described in the above table are applicable to all Temenos operational sites globally, unless stated otherwise.

Compliance Program

In 2023, the Temenos Compliance Framework continues to be based on the principles of assessment, prevention, detection and correction, ensuring that Temenos continues to:

- operate responsibly in accordance with applicable laws and regulations;
- maintain a culture of honesty, integrity, responsibility and compliance;
- meet high ethical and professional standards;
- prevent fraud and abuse and other compliance issues;
- detect compliance issues at earlier stages and prompt corrective actions; and
- build employee trust and confidence.

The Temenos Compliance Framework has been designed to operate in the form of a "Compliance Ecosystem" and includes:

1. anti-trust and anti-competitive practices;
2. anti-corruption and bribery;
3. due diligence and on boarding;
4. export controls and sanctions;
5. anti-money laundering; and
6. conflict of Interest and related party transactions.

Anti-trust and anti-competitive practices

Temenos values customer and market trust and strongly believes that it is fundamental to ensure Temenos safeguards its reputation. Complying with anti-trust laws throughout the world is part of our commitment to operating in an effective, fair and free market economy. This commitment includes contracts with clients and any third party, ensuring Temenos competes independently from other market players and does not seek to control the commercial policy and practices of its re-sellers or distributors in any illegal or inappropriate manner.

The most significant amount of our revenues derives from direct dealings with our clients ensuring Temenos is in a strong position for enforcing its sales and contracting processes. Specific provisions of the Temenos Anti-Trust Policy have been included in the Business Code of Conduct.

Anti-corruption and bribery

For Temenos, anti-corruption is not only a legal obligation but also a matter of ethical business standards. The Company takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships – wherever it operates – and to implementing and enforcing effective systems to counter bribery. Temenos' zero tolerance on corruption and ethical standards are set out in our Business Code of Conduct and our Anti-Corruption and Bribery Policy, which apply to all Temenos employees and Group entities. Anti-Corruption and Bribery training is part of the annual mandatory training that all employees should take when joining Temenos and to repeat annually during their employment with Temenos.

As a testament to our commitment to ethical business practices, in 2023, Temenos has not incurred any fines or settlements, nor was it involved in any investigations related to anti-competitive business practices, bribery or corruption.

As part of our ongoing commitment to anti-corruption, we have expanded our commitments in this area beyond Temenos, to include our suppliers, Partners and other third parties that have a direct contractual relationship with Temenos. Integrity is a vital part of our business. We also have anti-corruption and bribery provisions in our Partner and contractor agreements as well as in our procurement process with suppliers.

Temenos does not make any contributions to political parties nor does it engage in any lobbying activities.

Temenos monitors compliance with the policy regularly through routine and ad hoc checks and audits across the organization. The Anti-Corruption and Bribery Policy and the effectiveness of the Anti-Corruption Program are assessed and revised on a regular basis.

Due diligence and onboarding

The Temenos Due Diligence Framework is currently implemented on sub-licensing and introducer deals, following a risk-based approach. As part of our commitment to further enhance our Compliance Framework, all the assessments carried out in the previous year as part of the due diligence process are examined and – based on the analysis and results – the model's assessment and key risk factors are fine tuned in order to further strengthen its predictability and risk assessment evaluation methodology.

Export controls and sanctions

Temenos complies with all applicable export control laws and sanctions worldwide and meets obligations under sanctions regimes of the jurisdictions in which it does business. To support the Compliance Program, and in order to meet the challenges and complexities of the regulatory requirements when operating at a global scale, Temenos will seek, when required, the advice of external legal counsel with expertise in the relevant fields. Temenos will forgo business which would breach sanctions regimes directly applicable to it.

All Temenos employees, contractors, distributors and Partners are expected and required to comply with the Export Controls and Sanctions Policy, which is also part of the Code. Failure to observe sanctions and export controls may cause operational delays, expose the Company to regulatory investigations, severely damage our reputation and create substantial legal exposure for Temenos companies including criminal and civil fines, and for individuals, fines and imprisonment.

The Temenos Financial Crime Mitigation (FCM) solution is an integrated part of the Sanctions and Export Controls Compliance Program and covers all the relevant business needs and compliance requirements. The respective implementation enables us to examine the country where the software will be exported as well as the underlying entity.

SUSTAINABILITY continued

Operating Responsibly continued

Ethical business continued

Anti-money laundering

At the present time, due to the nature of our business activities which are business-to-business dealings with regulated entities (primarily banking and financial services institutions), Temenos assesses it has limited exposure to money laundering risk. To this end, Temenos is following a risk-based counterparty due diligence approach, in terms of assessments and controls in order to mitigate any money laundering risk. It is based on the “Know Your Customer” approach and it is formalized into two distinct phases: a) pre-onboarding assessment and b) ongoing and systematic monitoring of high-risk counterparties.

Conflict of interest and related party transactions

Conflicts of interest in both the public and private sector have become a major matter of public concern worldwide. As a global market-leading software provider, Temenos might be faced with actual, potential or perceived conflicts of interest. Temenos is sensitive to the ways in which an employee’s private financial affairs could create potential conflicts of interest. Also, transactions executed by related parties (legal entities and natural persons) must be reported if such transactions are carried out under the significant influence of a Temenos senior manager. Ensuring that the integrity of the Company’s decision making is not compromised by employees’ private interests, Temenos has in place business-specific policies and procedures that address the identification and management of actual, potential or perceived conflicts of interest that may arise in the course of business as well as the reporting of any related party transactions.

The Conflict of Interest Policy is linked to the Code and describes in detail the disclosure mechanism for all Temenos employees, members of senior management and the Board of Directors as well as the appeal process to the CSR and Ethics Committee, which is charged with monitoring the compliance with the Code and its linked policies.

We have an internal online global system designed to centralize the declaration of conflict of interest and related party transactions as well as the approvals of Outside Directorships Requests made by Temenos employees or members of the Board of Directors serving as a Director or an officer for an outside organization, which might also result in a conflict of interest. The Chief Compliance Officer prepares and submits on an annual basis a consolidated conflict of interest incidents report to the Audit Committee.

Ethical business conduct monitoring and reporting

Our responsibility is to train our employees on ethical business conduct, provide them with communication channels, build controls to prevent and detect unethical and non-compliant conduct and perform regular internal audits. When we identify or learn of concerns or improper conduct, we investigate them fully and take appropriate action to remediate any issues identified.

Temenos offers employees, Partners and suppliers ways to report compliance concerns. If instances of possible non-compliance with the Business Code of Conduct are detected, an internal grievance mechanism is in place to record verbally, in print or electronically, any related concerns through the line manager, Group People department, Group Legal department and Group Internal Audit.

In addition, there is an independent anonymous reporting mechanism in place, the details of which are set out in the Anonymous Reporting Policy and guidelines, which is linked to the Temenos Business Code of Conduct as well as the Temenos Supplier Code of Conduct. It is available on our intranet and our corporate website. Anonymous reporting means raising a concern about suspected wrongdoing involving Temenos people, contractors, Partners and suppliers. Temenos is committed to promoting and maintaining the highest ethical standards in all our work, and ensuring that where concerns are raised, they are investigated and resolved, preserving the anonymity and confidentiality of anyone raising a concern. In addition, an appeal process to the CSR and Ethics Committee is in place, whose decision is final and binding. All disclosures are reported to the Audit Committee.

Internal audits concerning ethical business issues have been conducted for all of our operational sites in 2023. All filed cases have been successfully resolved. The below table includes concerns raised from Temenos employees (one case) as well as externals (two cases):

Employee concerns 2023 (including externals)	Raised	Upheld	Dismissed	Action taken
Workplace discrimination concerns (perceived feeling of discrimination)	1	1	–	Yes
Other workplace concerns (failure to comply with legal obligations, such as breach of employment law or human rights obligations)	2	–	2	n/a
Fraud, theft, bribery or other ethical misconduct	–	–	–	n/a
Health and safety or perceived damage to the environment	–	–	–	n/a
Violation of the Temenos Business Code of Conduct	–	–	–	n/a
Actual, potential or perceived conflict of interest	–	–	–	n/a
Total	**3**	**1**	**2**	

Shaping up the future – Temenos Integrity Framework

The Temenos Integrity Framework is based on the below four pillars (as set by the World Economic Forum):

1. **Commitment to ethics and integrity beyond compliance**
2. **Building, maintaining and enhancing the culture of integrity**
3. **Leverage technology**
4. **Effectively implement collective action initiatives**

Risk management and internal control

Risk management and internal controls provide independent oversight over the portfolio of key risks impacting Temenos and manage emerging risks with a potential business impact. Temenos has established a Group Risk Management function overseen and managed by the Chief Risk Officer (who reports to the Chief Security and Risk Officer) to monitor and manage enterprise risks including the establishment of a Group level Risk Management Framework which is aligned with ISO 31000: Risk management and COSO ERM methodology. In addition to the Group Risk Management Framework, there is also a robust internal control system in place for financial reporting and key operational and fraud risks that goes beyond statutory requirements. All relevant risks are identified, formally assessed and documented. For each risk we have implemented specific controls and mitigation plans and these are documented in formal risk and control matrices. The effectiveness of the controls is regularly evaluated through a formal self-assessment process which is independently reviewed and tested by both internal and external audit.

→ To read more on our Group Risk Management Framework and internal controls, please refer to the Responsible Risk Management – Principal Risks and Uncertainties section of this report

Compliance training

In addition to acknowledging the Business Code of Conduct when joining the Company and annually thereafter, Temenos employees are required to complete training on the Code and the areas of Anti-Corruption and Bribery, Data Protection and Privacy, and Security Awareness. In 2023, building on our commitment to operate sustainably and responsibly, Environmental Awareness and Business Continuity trainings, aligned to ISO 14001 and ISO 22301 requirements, have become mandatory for all Temenos employees and are included in the Business Code of Conduct mandatory trainings percentage. Specifically, Business Continuity has been integrated into Information Security training and Environmental awareness consists of a standalone training. All Executive Committee members have completed the compliance trainings in all areas. The completion percentages below include all Temenos employees.

Global Temenos 2023 training completion percentage	**%**
Business Code of Conduct Acknowledgment	**99.2**
Information Systems Security Acknowledgment	**99.2**
Business Code of Conduct training	**99.2**
Anti-Corruption and Bribery training	**99.3**
Data Protection and Privacy training	**99.1**
Information Systems Security and Business Continuity	**99.0**
Environmental Awareness	**99.0**

Operating Responsibly continued

Ethical business continued

Compliance training continued

The Anti-Corruption and Bribery Policy and the Anti-Corruption Program include several elements such as proportionate procedures, top-level commitment, risk assessment, integrity due diligence, communication, training, monitoring, review, enforcement and sanctions, with the aim of continuous improvement and alignment with prevailing international standards. The Board of Directors has the highest level of executive oversight for the Company's Anti-Corruption Program. As part of our ongoing commitment to anti-corruption, we have expanded our commitments in this area beyond Temenos, to include our suppliers, Partners and other third parties that have a direct contractual relationship with Temenos. Integrity is a vital part of our business. We also have anti-corruption and bribery provisions in our Partner and contractor agreements as well as in our procurement process with suppliers.

Anti-corruption and bribery training dashboard

By function*	No.	Employees trained
General administration	606	99.8%
R&D	2,964	99.1%
Sales and marketing	720	99.6%
Services	1,803	99.5%
Cloud	426	99.3%
Grand total	**6,519**	**99.3%**

By region*	No.	Employees trained
APA	379	99.5%
Europe	1,083	99.5%
India	4,221	99.2%
MEA	226	99.6%
NAM	388	99.7%
LATAM	222	100%
Grand total	**6,519**	**99.3%**

* The tables above cover the entire 2023. 54 employees were exempt from mandatory compliance trainings due to long-term leave reasons (sickness, maternity, etc.).

Information security, cybersecurity, data privacy and business continuity

Information security

Governance

Temenos upholds rigorous governance and oversight of its Information Security and Risk Management Programs. These Programs are under the direct purview of the Board of Directors, which is accountable for guiding and approving the Group IT, Security and Risk strategies. The Board of Directors, with its profound expertise in strategy, finance and technology, plays a crucial role in steering these areas.

In alignment with the Board of Directors' direction, Temenos employs a robust "three lines of defense" model to bolster our business strategy and key initiatives through effective management of risks, security and compliance. This model includes distinct first, second and third lines of defense, led respectively by the Chief Security Officer and the Chief Risk Officer for the first two lines, and the Chief Internal Audit Officer for the third.

The Board of Director's Audit Committee, meeting at least four times annually, exercises comprehensive oversight of the Security and Risk functions, including their strategic direction. These functions regularly report to the Committee, presenting updates on strategy execution, key performance and risk indicators, audit outcomes and significant incidents or findings.

The Temenos Executive Committee, responsible for formulating and tracking the Group's strategic plans, includes information security as a key element. Meetings occur monthly, with broad representation from various business lines. In 2024 Temenos appointed a Chief Security and Risk Officer to the Executive Committee to ensure senior representation of such important, strategic topics within a key management board.

The Temenos Security and Privacy Committee is dedicated to overseeing the implementation of global Information Security and Privacy Programs in alignment with our business strategy. Chaired by the Chief Security Officer, the Committee meets at least quarterly and comprises members from diverse functions within Temenos, including Information Security, Privacy, Cloud, IT, Legal, People & Culture, Finance, CSR and Internal Audit, ensuring a comprehensive, cross-functional approach to security and privacy. The Committee is tasked with ensuring that appropriate Security and Privacy policies, guidelines and operating procedures are established, advising the business of obligations and requirements, reviewing significant security incidents and ensuring appropriate resources are provided for the Security and Privacy functions.

Chief Security Officer

The Chief Security Officer (CSO) at Temenos is responsible for the first line of defense in the Company, maintaining an organizational structure that guarantees continuous support from specialized security functions in line with the organization's strategic plan.

Within the CSO's domain, Temenos has developed a comprehensive Security Program. This Program encompasses various critical areas: Information Security, Security Operations, Security Risk and Assurance, Physical Security, and Security Culture and Awareness. This multi-faceted approach is designed to holistically address the security requirements of Temenos systems and networks, our physical infrastructure including facilities and buildings, as well as the Temenos Cloud and its associated services. This structure ensures that all aspects of our operation are robustly protected and aligned with our overarching security objectives.

Information Security Framework

The information security team is responsible for building and maintaining the Security Framework, comprised of policies, standards, guidelines, procedures and controls.

The Temenos Security Framework is modeled on the Information Security Forum's Standard of Good Practice, and controls are derived from industry sources such as Center for Internet Security, Cloud Security Alliance, ISO 27001/2, NIST and other internationally recognized frameworks.

The information security team oversees the implementation of security controls by working with relevant stakeholders to identify risks to Temenos information, and application of relevant controls to secure Temenos networks, facilities, devices, applications and systems. Notable controls include Endpoint Detection and Response (EDR), Data Loss Prevention (DLP), Third Party and Vendor Risk Management, Identity and Access Management, Closed Circuit Television, configuration hardening and multi-factor authentication.

→ For more information please refer to the Responsible Risk Management section of this report

Cloud security

The cloud security team, an integral part of the Temenos SaaS organization, plays a pivotal role in ensuring the security of the Temenos Cloud environments. This team is dedicated to implementing and upholding the stringent controls and tools outlined in the Temenos Cloud Security Terms. Its focus is on maintaining the confidentiality, integrity and availability of our clients' applications and data, a commitment that is at the heart of our service offerings.

This team is a critical element of the Temenos Cloud governance structure, tasked with ensuring that all SaaS services provided to our clients not only meet our obligations but also embody best practices in terms of information security controls and processes.

At Temenos, our commitment to security extends across the entire organization, with a multitude of security controls and Programs rigorously maintained. These measures encompass a broad spectrum of security needs and include, but are not limited to, privileged identity and access management, data loss prevention, advanced email and web security, comprehensive endpoint detection and response, robust anti-malware protection, application whitelisting, meticulous file integrity monitoring, network intrusion prevention systems, web application firewalls, efficient mobile device management, denial of service protection, multi-factor authentication and thorough vulnerability management. Each of these components plays a vital role in fortifying our security posture, ensuring the safeguarding of our systems, data and client trust.

SUSTAINABILITY continued

Operating Responsibly continued

Information security, cybersecurity, data privacy and business continuity continued

Information security continued

Cloud security continued

In 2023 Temenos continued to invest heavily in the security measures of the Temenos SaaS platform and operations centers, including new Clean Room facilities for secure operations, phishing-resistant multi-factor authentication, and enhanced Privileged Access Management technologies and processes to further safeguard our clients' workloads and data.

Security Operations Center

The Temenos Security Operations Center (SOC) is a cornerstone of our security Program, tasked with the continuous monitoring of our corporate IT systems, Temenos SaaS platforms, end-user devices and digital services globally. Utilizing leading-edge tools, technology and procedures, the SOC vigilantly detects harmful or malicious activities across a wide array of systems.

In the event of a potential or actual security incident, the SOC is equipped with sophisticated systems and procedures for triage, evidence collection and incident resolution. When necessary, incidents are escalated to higher management for further action.

At Temenos, we understand that incident response is an essential component of operating in the modern technological landscape. To this end, we have established a comprehensive Security Incident Management capability, seamlessly integrated across our business. This system is designed for rapid and effective response to security incidents, both minor and major, and is aligned with the National Institute of Standards and Technology (NIST) Computer Incident Handling Guide.

Furthermore, we have constituted a security incident response team (SIRT), composed of senior management from various key departments, including Information Security, IT, Legal, Cloud and Internal Audit. This team is tasked with overseeing the management of security incidents. Additional experts may be called upon to join the response depending on the specifics of the incident.

The SIRT is charged with ensuring that all necessary actions are promptly taken during an incident, including allocating sufficient resources and prioritizing tasks effectively. The team also ensures that all obligations to affected parties are fulfilled, which may include notifying clients, regulators and investors, among others. Post-incident, the SIRT conducts thorough reviews to identify and implement preventative measures, assigning ownership to ensure these are prioritized and carried out effectively. This comprehensive approach ensures that Temenos not only responds to incidents efficiently but also continually enhances its security posture.

Assurance

The integrity and security of Temenos networks and systems are of paramount importance. To ensure this, we have instituted a rigorous Vulnerability and Threat Management Program, which is continuously engaged in assessing potential vulnerabilities. This comprehensive Program encompasses a range of evaluative techniques, including vulnerability scanning, penetration testing and advanced threat intelligence analysis.

These critical security assessments are conducted by our dedicated in-house team of seasoned security experts. This team works closely with system owners and relevant stakeholders across the organization. Their role is not just to identify vulnerabilities but also to provide expert guidance on the remediation of these vulnerabilities, ensuring that all actions are in strict alignment with our established Security Policy and Standards.

This proactive and thorough approach to vulnerability and threat management is a testament to our commitment to maintaining the highest levels of security, safeguarding our systems and protecting the data entrusted to us by our clients. Through this Program, Temenos continues to fortify its defenses against evolving security threats, ensuring resilience and trust in our digital ecosystem.

Security training and awareness

At Temenos, we recognize the vital role that comprehensive security awareness plays in maintaining the integrity and safety of our operations. To this end, all Temenos personnel, encompassing employees, contractors and Partner resources, are mandated to complete thorough Security Awareness training. This training covers a range of critical topics, including phishing, data security, privacy, physical security and business continuity. It is a requirement for all new joiners to Temenos and must be completed annually thereafter.

In addition to our internal staff, all Partners engaged under the Services Partner agreement are contractually obligated to provide their employees, especially those involved in Temenos projects, with Security Awareness and Data Protection training. We also provide specialized training for employees or contractors engaged in particularly sensitive areas, such as cloud operations, product development and our security teams. Our security awareness initiatives are further bolstered by regular activities, including phishing simulation exercises, informative email communications and intranet posts that highlight recent security developments both within and outside of Temenos.

Moreover, Temenos is an active participant in industry-specific organizations, such as the Information Security Forum (ISF), Center for Information Security (CIS) and Cloud Security Alliance (CSA). Our involvement in these organizations allows our Security function to leverage industry best practices, stay updated on evolving threats and continuously enhance the knowledge and preparedness of our security staff. This proactive engagement in the wider security community is a key component of our commitment to upholding the highest standards of security and protecting our systems, data and client interests.

Product security

Temenos is steadfast in its commitment to continuous security assessment and improvement within its software products, constantly researching the latest vulnerabilities and attack trends. This vigilance is a key component of our secure development lifecycle. Identifying vulnerabilities involves comprehensive testing of target applications using a diverse array of methods and tools. Our dedication to product security is so deeply ingrained in our product development methodology that we confidently assure a significant reduction in the risk of security issues within our product suite.

Any architectural changes or new products undergo a meticulous review process. These are presented to the Security Design Authority for a global assessment and approval. Our secure design, development and review process is meticulously crafted to ensure the implementation of fundamental security principles, such as:

- identifying potential flaws or vulnerabilities in the initial phase of design and development, prior to the coding process;
- developing code securely and ensuring the implementation of security controls identified during the design phase;
- adhering to secure coding practices;
- conducting unit testing of the security features of the application, performing security audits and code reviews, and utilizing automated code review tools; and
- ensuring that security recommendations are implemented and approved.

For enhancements to information systems or new product requests, the product development team collaborates with the product security assurance (PSA) team. These requests are meticulously reviewed for security design and tested using a combination of OWASP ASVS and Top10, SANS and specific test scenarios crafted by Temenos. The testing results are then reviewed and approved by the PSA team.

The security testing of our products, an integral part of the release process, is conducted by the product security assurance team. This testing includes:

- Secure Code Review;
- Static Code Analysis (SAST);
- Open-Source Library Analysis (OSL);
- Malicious Code Detection;
- Dynamic Application Security Testing (DAST); and
- Internal and External Penetration Testing.

Vulnerability findings, complete with recommendations, are shared with development teams for remediation. All identified issues are meticulously recorded in our Incident Management tool. Additionally, critical applications undergo a malicious code review conducted by the Product Security Assurance team, which includes examinations for application backdoors and potential for security control bypass. This comprehensive approach ensures the utmost security and integrity of our products, reinforcing our unwavering commitment to safeguarding our clients' interests.

Operating Responsibly continued

Information security, cybersecurity, data privacy and business continuity continued

Data privacy

Privacy organization

The Chief Compliance Officer (CCO) leads our global privacy function and has global responsibility for privacy throughout the Company, including our cloud, product and corporate business units. The CCO reports directly to the Audit Committee. Temenos operates an enterprise-wide privacy framework to drive and monitor privacy compliance. Important components of this framework include:

Business area	Key privacy activities and controls
Product	Our privacy team is embedded within our product development teams to ensure that we deliver products that honor Privacy by Default obligations; key controls include: • an automated system to enforce and manage Privacy Impact Assessments at key stages in the Software Development Lifecycle (SDLC); and • delivering bespoke privacy training to technical product teams to ensure that privacy concepts are well understood and practically applied.
Cloud	Our privacy team supports our cloud business on a daily basis; key controls include: • undertaking Privacy Impact Assessments when we onboard cloud clients. These assessments are used to identify/honor applicable data privacy regulations and to create records of processing within our enterprise privacy management system; • delivering bespoke privacy training to our global cloud implementation and operation teams; and • supporting security incident investigations.
Corporate	Our privacy team supports our corporate functions such as sales, marketing, procurement, People & Culture and finance by: • maintaining our records of processing; • completing Privacy Impact Assessment for the introduction of new systems and processes; and • delivering bespoke training to high-risk functions such as Marketing and People & Culture.

Privacy regulations

We operate globally and therefore monitor for and align to regulations across the globe. Notable new and changed privacy regulations that we have aligned to in 2023 include the Indian Data Protection Act, the Personal Information Protection Law of the People's Republic of China (PIPL), US state privacy laws and the Swiss Federal Act on Data Protection.

How Temenos uses data

Temenos processes personal data only for the purpose it was originally collected as per the applicable legal basis of processing. Personal data is not processed for any other secondary purpose. Access to that data is restricted to the people responsible for the specific processing activities. Temenos has never received any requests for customer information from government or law enforcement agencies and we comply with all reporting requirements in this regard. In addition, the Company has neither received any substantiated complaint concerning breaches of customer privacy and losses of customer data in 2023, nor have there been any monetary losses as a result of legal proceedings associated with user privacy.

Data request management

We take our role as a data controller seriously and respect all rights of our data subjects including their privacy and broader human rights; for example, we notify our employees of any data that we are required to legally share with government or law enforcement agencies. Additionally, any government data requests are overseen by our Chief Compliance Officer, who is responsible for evaluating and responding to law enforcement or government data requests. Any evaluation takes into account the privacy and human rights of our data subjects by doing a risk assessment. In the event that an investigation results from a government data request, our Chief Compliance Officer is also responsible for leading the investigation and implementing any corrective actions.

E-privacy

The Temenos Privacy Policy is available on our website. We also maintain an Employee Privacy Notice. The users that opt in to our targeting/advertising cookies on temenos.com may see our display advertising banners; additionally, users that search on Google for terms relevant to our business may see our ads. Personal data is not used in either case. The nature of our products and services means that they are not subject to government-required monitoring, blocking, content filtering or censoring.

Artificial Intelligence governance

At Temenos we recognize the contribution AI can make to our success and that of our clients. However, we are also keenly aware of the risks that AI might pose and of the concerns of all stakeholders who may be impacted by AI. In the near future we do expect to see AI legislation within the sector; however, until then we have implemented our own enterprise-wide AI governance framework, overseen by our Chief Compliance Officer, to help manage the risk. The key components of the framework include:

- mandatory completion of AI impact assessments for AI initiatives. The scope of these assessments includes accountability, transparency, fairness, reliability and safety, privacy and security, and inclusiveness;
- review of AI projects by our AI Committee and optionally our CSR and Ethics Committee when necessary;
- addition of AI considerations into our Code of Conduct and Employee Privacy Notice;
- addition of AI considerations into the Temenos Implementation Methodology; and
- additional training provided to AI project staff.

Business continuity

Temenos has an ethical and social responsibility to protect its people, assets, clients and stakeholders from the potential impacts of business disruption. This understanding is at the core of our business continuity activities.

Temenos has established a Business Continuity Management (BCM) Program, which effectively contributes to the protection of the organization, provides a resilience framework reassuring the delivery of services to clients and enables the organization to achieve its strategic objectives. BCM establishes and maintains a framework of procedures and plans that aim to prevent interruptions to mission-critical services and re-establish the efficient and cost-effective resumption of business. The aim is to:

- protect the organization and its business, including employees, assets (information and physical assets), customers and shareholders, by minimizing the impact of major disruptions;
- understand and communicate the recovery needs of the business and ensure appropriate recovery capability is provided to meet those needs;
- recover the business in a planned and controlled manner to meet the requirements of the business and comply with applicable laws, contracts, regulations or other factors in all regions;
- ensure that BCM is an essential part of business planning and development; and
- maintain a robust Business Continuity Management System (BCMS).

Temenos BCMS is ISO 22301:2019 certified and associated with the operation and support of the Temenos products and services. It covers both on-premise and cloud services to customers.

Responsible procurement

Beyond our operations, our commitment to operate responsibly and sustainably extends to our suppliers and Partners. Temenos has integrated sustainability considerations in its Procurement Policy and practices and expanded to a strategic procurement operating model that proactively engages the business and suppliers for sustained cost efficiency, enabled innovation and operational risk mitigation in the supply chain.

We employ a responsible strategic sourcing process for categories of supply considered critical for our business (focus suppliers). The suppliers that are critical for our business are:

- suppliers that provide goods and/or services that are directly linked to Temenos products and solutions;
- suppliers that have access to and/or process our employee or Company data;
- suppliers that connect to our systems or require access to Temenos intellectual property or confidential information; and
- suppliers that provide technical or IT services and/or software products that involve intellectual property licensing.

Sustainability and operational risk assessments are part of the supplier selection process. For the risk assessments, we use a Supplier Questionnaire that covers areas such as business and ethical conduct, environment, human and labor rights, impact on society, client privacy and information security, financial and legal compliance requirements. Our Supplier Questionnaire is aligned with the ten principles of the UN Global Compact and the EU General Data Protection Regulation 2016/679.

Since 2021 we use a third party supplier risk management software to proactively map risks using external data to enable predictive risk management and planning; and influence suppliers by implementing a new Compliance Framework to plan, execute, monitor and assess shared strategic sustainability goals.

Our Supplier Code of Conduct lists our commitments and expectations as well as the requirements for our suppliers in adhering to our responsible ways of doing business and is integrated as a clause into contracts and Purchase Order Terms and Conditions. We expect our suppliers to champion these values in their own supply chains, while encouraging them to develop responsible practices of their own and communicate any concerns they might have related to a possible breach of our Code through the Anonymous Reporting mechanism.

The Supplier Code of Conduct and all relevant information related to our Purchase Order Terms and Conditions and invoice guidelines are publicly disclosed on our corporate website in a dedicated supplier section.

SUSTAINABILITY continued

Operating Responsibly continued

Responsible procurement continued

Spending on local suppliers

We recognize that a supply chain composed of diverse suppliers promotes competition and quality from our vendors, drives innovation and helps us better reflect the diversity of our clients. We are proud to work with a range of diverse and dynamic suppliers that can meet the specific needs of each business line. We build and maintain relationships with both small local suppliers and large international suppliers. The percentage of the procurement budget used for our top significant locations of operation spent on suppliers local to that operation (such as percentage of products and services purchased locally) is as follows:

Top 15 countries based on headcount*	% purchases from local suppliers
India	98%
US	82%
UK	86%
Romania	98%
UAE	73%
Australia	78%
Luxembourg	89%
Canada	89%
Singapore	69%
Greece	89%
Ecuador	96%
Switzerland	54%
Mexico	47%
Germany	97%
France	93%

* Highest: 4,277; lowest: 57.

The reported local spending contains all purchases performed by the Temenos local entity from local suppliers, i.e. suppliers that are registered in the same country as the Temenos entity that pays them.

Responsible procurement framework 2021-2025

We have established a responsible procurement framework to track our current achievements and long-term goals in delivering sustainable outcomes. A detailed view of our goals is provided in the Goals and Targets section.

Supplier Diversity Framework

As part of our ongoing plan to integrate ESG into our value chain, we have established a comprehensive framework to ensure that we are not only providing opportunities for diverse businesses, but also incorporating supplier diversity as a weighted criterion in the supplier selection and renewal processes.

We have developed a section dedicated to supplier diversity and incorporated it into the Supplier Questionnaire that our focus suppliers need to complete during the onboarding process. We collect and analyze supplier diversity data in order to assign a diversity score to each of our focus suppliers. Supplier diversity score is taken into account during the supplier selection and renewal processes.

We consider as a diverse supplier any business that is at least 51% owned, controlled or actively managed by any of, but not limited to, the following categories:

- woman/women;
- LGBTQIA+;
- disabled person(s);
- veteran(s); and
- Asian/Black or African American/Hispanic or Latino/Native American (US only).

We have invested in a robust supplier diversity platform powered by Supplier.io, which provides us with a comprehensive database including more than 2 million suppliers. The platform enables us to better track our diverse suppliers in the US and globally. In addition, we monitor our new diverse suppliers on a regular basis, through our global vendor management system.

In 2023, our commitment towards sustainability and supplier diversity was expanded further. We collaborated with one of our clients, a top US-based bank, and committed to reporting our spend with diverse suppliers on a quarterly basis. By doing this, we are honored to participate and contribute to the bank's tier 2 supplier diversity Program.

> Through the Temenos Supplier Diversity Framework, we foster a sustainable, diverse and inclusive supply chain.

2023 progress

62%

of suppliers assessed have launched or plan to launch a supplier diversity framework

$7.9m

spend with diverse suppliers globally

3 Caring for the Planet

Environmental responsibility

With the continued global spotlight on the critical issue of climate change and the fast-evolving regulatory landscape, we recognize the importance of understanding and taking action on our material environmental impacts, risks and opportunities. While fully complying with all relevant environmental laws and legislation at our office locations globally, we support a precautionary approach to environmental challenges on our own initiative and an environmentally responsible way of conducting our business. We believe that environmental sustainability is not just a business imperative but also a moral responsibility. We are committed to leading by example and demonstrating that businesses can operate profitably while also minimizing their environmental impact and contributing to a more sustainable future.

Temenos is committed to:

- operating in a sustainable and responsible manner, recognizing the critical importance of environmental stewardship in addressing the challenges of climate change, nature and biodiversity loss;
- aligning our operations with existing and new regulatory requirements and voluntary frameworks, to achieve net-zero greenhouse gas emissions by 2050, including and not limited to the 1.5°C Business Ambition of the Paris Agreement, the EU CSRD and international guidelines related to disposal of electronic waste;
- developing and deploying innovative technology solutions that help banks and financial institutions manage their environmental footprints, invest in sustainable initiatives and meet their net-zero commitments;
- continuously identifying opportunities to increase our energy efficiency and reduce GHG emissions both in our operations as well as in our value chain, with the aim to improve our overall environmental footprint; and
- monitoring our global environmental footprint and transparently reporting on our progress.

The Temenos Environmental Roadmap supports the UN SDGs and the transition to a net-zero economy and is structured around four areas: Environmental Policy and Management System, People Environmental Awareness, Climate Change Strategy, and Environmental Monitoring and Reporting.

In addition, we are embracing the new EU Corporate Sustainability Reporting Directive (CSRD) requirements, which aim to enhance transparency and disclosure of climate-related financial risks.

2023 key highlights

SBTi
positive progress towards our validated near-term science-based target

Zero
instances of non-compliance with environmental laws and regulations

73%
ISO 14001:2015 certification coverage

Contributing to the UN SDGs

> We are empowering our clients to make the transition to net-zero, enabling them to meet their sustainability goals while navigating the evolving regulatory landscape.

Caring for the Planet continued

Our Guiding Decarbonization Framework

As Temenos keeps an eye on the increasing regulatory expectations in the EU, the US and the rest of the world, we have adopted the 4A framework of Ambition, Action, Advocacy and Accountability, to guide our development of a credible transition plan, aligned with national commitments and international climate agreements.

This framework provides a structured approach to Temenos transition planning. **"Ambition"** drives our goals for an economy-wide net-zero transition, prioritizing direct emissions reduction and considering all relevant stakeholders. **"Action"** translates strategic objectives into concrete short- and medium-term steps, integrating the plan with business operations and addressing uncertainties. **"Advocacy"** enables collaboration with the wider stakeholder groups to achieve long-term success by aligning with evolving regulatory requirements and minimizing risks. **"Accountability"** emphasizes the importance of robust governance mechanisms, incentivization, transparent reporting with quantified metrics and external verification.

4A Framework

Ambition	Action	Advocacy	Accountability

Ambition

Temenos is committed to aligning our business with the vision of a net-zero world by collaborating with our stakeholders across the value chain.

Action

Environmental management and awareness

Our Global Environmental Management System (EMS), the ISO 14001 EMS certification and our Employee Awareness Program are key tools for Temenos environmental performance and the transition to a low-carbon economy. We are committed to measuring, monitoring and reporting our environmental footprint and guiding our journey towards net-zero, across the whole value chain, including our own operations, our products and services and our supply chain.

Environmental Policy and Management System

Objective:
increase coverage of ISO 14001 certification across our global operations

The ISO 14001 certified Environmental Management System (EMS), based on the principles of continuous improvement, supports our commitment of minimizing our environmental impact, including efficient management of energy, water and waste, and provides us with a framework for achieving compliance against current and upcoming environmental legal regulations and stakeholders' requirements. It also enables us to use transparent and accurate environmental data to monitor progress towards our action plans and the achievement of our near-term science-based target. Our CEO is responsible for the Global Environmental Policy and the management team is periodically reviewing the progress and compliance. The local EMS teams, led by dedicated and trained office managers, are responsible for the annual targets, the monitoring of the action plans, the implementation of

Ambition towards net-zero

2017
Global Environment Policy

2018
Launch of Temenos Global Environment Management System and ISO 14001 certification of India: Chennai and Bangalore offices

2019
SBTi year of reference

2020–2021
>70% ISO 14001 coverage*: India, Romania, Luxembourg and UK

2022
1.5°C-aligned target validated by SBTi (near-term)

2023
TCFD report: Quantification of Risks & Opportunities and Scenario Analysis

* Based on total employee workforce, including all acquisitions.

operational controls and the reporting of the environmental performance (energy, water, waste and GHG emissions) and the Global Sustainability and Environment Head is responsible for the rollout of internal and external audits.

→ Read more here: Sustainability and Environmental Responsibility

Facilities

All Temenos offices are located in large, leased office buildings close to city centers and outside protected lands and habitats, following our commitment to respect legally designated protected areas. The Temenos offices are designed internally in such a way as to fully utilize natural resources, like the sunlight, or make efficient use of the office space (open space externally used as patios) and to create an excellent working environment. We have incorporated environmental requirements into our corporate facilities management practices and developed a comprehensive facilities management strategy that incorporates both financial and non-financial criteria for new property leases (procedure and standards for selecting a new property) and for renewal of existing leases.

At the end of 2023, our offices in Mexico City, Canada, Miami, Orlando, Madrid, Bucharest, Amsterdam, Krakow, Paris, Singapore, Taiwan, India, Hyderabad and Johannesburg were certified for their environmental performance as per a sustainable/green building standard, such as BOMA 360 and Best Gold, LEEDS Gold and Silver, Energy Star, BREEAM, Green Star, Green Mark Gold Plus and IGBC Gold, on their own initiative. We continuously pursue initiatives to improve energy efficiency and reduction of carbon emissions at a time of ongoing growth of our business.

To achieve our targets, we mitigate our environmental impact by incorporating operational control measures and clean technology in our facilities, such as:

- installation of electricity and water motion sensors in common areas;
- installation of smart metering with real-time data;
- upgrades of A/C systems and consolidation of critical rooms (data center server rooms and switch rooms);
- use of LED lights;
- use of ID secure printers;
- monthly preventive maintenance of office facilities, servers, diesel generators, UPS and fire preventive equipment;
- use of electricity from renewable sources;
- investing in landscaping and plantations;
- construction of organic waste converter and garbage room to recycle wet waste (India);
- installation of reverse osmosis plant in series with existing STP, to enable HVAC systems to utilize recycled water (India);
- solar energy rooftop plant and application of "solar reflective paint" on the terrace in all the exposed areas (India); and
- installation of EV charging points in the parking lots with more planned as per increase in EVs (India).

2023 highlights

34.5%
Green Building Certifications

24,298m^2
total occupied area certified

Ambition towards net-zero continued

2024
EU CSRD alignment and development of Supply Chain Engagement Climate Strategy

2025
25.2% reduction of Scope 1, 2 and 3 GHG emissions vs 2019 and 80% use of renewable electricity

2026
TNFD reporting as an early adopter

2028
SBTi net-zero target (long-term) to be submitted for validation and strategy to build a Carbon Removal Budget

2030
Achieve SBTi 1.5°C-aligned target: 50% reduction of Scope 1, 2 and 3 GHG emissions vs 2019, 100% use of renewable electricity and Supply Chain Engagement: 50% of suppliers with SBTs

2050
Achieve SBTi net-zero target (long-term) 90% reduction of Scope 1, 2 and 3 GHG emissions and removal of residual emissions

SUSTAINABILITY continued

Caring for the Planet continued

Case study

Energy conservation in India offices

In multi-tenant buildings, like the Bangalore IBC and Chennai KG offices, most of the significant energy consuming equipment like air handling units, lifts, etc. is owned and managed by the landlord, so the India EMS team has engaged an expert to conduct a comprehensive energy audit on site. As a result, one of the recommendations on energy conservation was to improve the UPS utilization efficiency through optimization, i.e. removing one UPS by connecting the load to another UPS without distracting the operation, and to remove the dedicated A/C units. This project has resulted in saving 77,964kWh of energy (3% of total building energy consumption) and 57 tCO_2e emissions per year, translating to approximately 33,658 USD of operational cost savings per annum.

Action continued

Environmental management and awareness continued

Products and services

Objective:
incorporate sustainable software engineering practices into each stage of our products

Since 2022, we have been engaging with GoCodeGreen, an independent climate tech company dedicated to measuring the carbon efficiency of software products, to provide us with a clear understanding of the carbon footprint of our products, in order to improve our software engineering practices and reduce the carbon impact. Kicking off this project, we assessed the release and use stage of our Transact product and we identified key actions to improve the carbon efficiency that can result in sector-leading performance.

Building on the momentum, during our recent 30th Anniversary Hackathon, expert trainers from GoCodeGreen encouraged our Temenosians to consider climate change and efficient coding in their prototypes. To motivate and educate our hackers, the first 300 to register for the event were given access to GoCodeGreen's Digital Sustainability Foundation course, to ensure their submissions were built in a climate-friendly and efficient way.

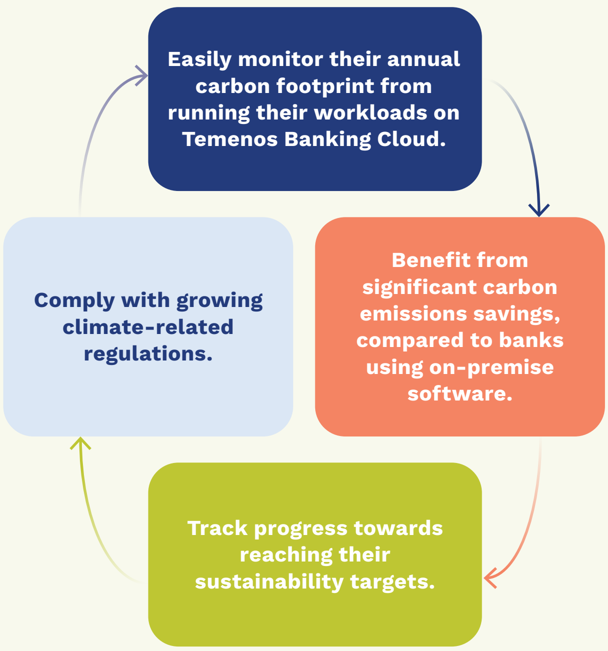
Case study

Temenos Carbon Emissions Calculator

Innovating with purpose is fully integrated into our culture. It is how we take care of the world around us and it is how we deliver value to our clients, our Partners and the communities we serve across the globe. Climate change is a pressing global challenge and with new regulations coming into play, banks are looking for new ways to measure and mitigate their carbon emissions.

To support banks in their race to net-zero, Temenos has launched its Carbon Emissions Calculator on the Temenos Banking Cloud. This industry-first and independently verified solution is powered by hyperscalers and gives our clients deeper, data-driven insights into their carbon emissions.
The calculator is embedded into the Temenos Banking Cloud and offers these insights at no extra cost to our clients.

Through the Temenos Carbon Emissions Calculator our clients can:



Employee environmental awareness

Objective:
engage all Temenosians towards a more sustainable lifestyle inside and outside the workspace

In order to reduce our environmental footprint and address climate change, we are committed to raising environmental awareness of our employees through training opportunities and voluntary environmental initiatives. To show our support, we recognize their contribution to address climate-related issues and environmental impacts inside and outside the Temenos workplace through the T-Stars Awards or the annual Temenosian Awards.

Case study

Cultivating environmental innovation among employees

Temenos held its 30th Anniversary Hackathon, which saw 350 Temenosians respond to the challenge and generate over 69 new prototype ideas in just 48 hours. One of the winning teams, Green SaaS, proposed and built the prototype for "Carbon Aware SaaS" to help banks on their decarbonization journey. The Green SaaS team leveraged the power of Temenos Transact, FCM and Infinity. This innovative solution focused on measuring the GHG emissions within a bank's value stream. The event was a testament to Temenos' commitment to innovation and sustainability, and its dedication to fostering a culture of creativity among its employees.

Environmental awareness training
We invest in our employees' environmental training and encourage them through targeted awareness campaigns to adopt a sustainable lifestyle in their work as well as in their everyday life, to help minimize their environmental impact, conserve natural resources and protect nature, biodiversity and local ecosystems. Since 2023, we have launched a mandatory environmental awareness training for all Temenos employees. We also invest in the continuous education and development of our EMS core team members and we are committed to developing ISO 14001 certified internal auditors.

Environmental voluntary initiatives
We educate ourselves through action and spread environmental awareness by organizing voluntary activities around the world. In 2023, our Mission Earth Team, a group of passionate and dedicated Temenosians, continued its mission to promote environmental awareness and stewardship across our global community. Through nine insightful internal meetings and our first-ever co-hosted environmental event with one of our suppliers, the team delved into critical environmental topics such as mass extinction, minimalism, e-waste, green buildings, biodiversity, plastic pollution, climate change, environmental health, toxic ingredients and "green" holidays. The discussions and activities fostered a deeper understanding of these pressing issues and inspired Temenos employees to take action for a more sustainable future.

→ Read more here: Volunteering for the Environment

2023 highlights

99%
trained employees

100%
of ISO 14001 certified internal auditors per region

300+
active members of Mission Earth Team from 33 countries

9
Mission Earth Team meetings

1
first-ever co-hosted environmental event with one of our suppliers

1,165
volunteering hours

SUSTAINABILITY continued

Caring for the Planet continued

Action continued

Environmental management and awareness continued

Event Sustainability Management System

Objective:
organize ISO 20121 certified sustainable events, in order to minimize our negative environmental impact in the areas of waste, water, energy and air quality and maximize our positive social and economic impacts of such events

Integrating sustainability into our corporate, sponsored or other types of events and ensuring that our event planning operates with the same high sustainability standards as our core business proves our commitment to respecting the principles of sustainable development. Therefore, we have a Sustainable Event Planning Policy, which is linked to the Global Environment Policy, as part of the Temenos Code of Conduct and the Temenos Supplier Code of Conduct, and our two main corporate events, TKO and TCF, are ISO 20121 certified.

→ Read more here: Sustainable Event Planning

Climate change strategy

Business Ambition for 1.5°C

1.5°C
aligned officially validated science-based target by the SBTi

50%
absolute reduction of Scope 1, 2 and 3 GHG emissions by 2030 with 2019 baseline year

Net-zero
emissions by 2050 with 2019 baseline year

TCFD
recommendations integrated into strategy

Temenos considers climate change as a business imperative. We believe that how we address climate risks matters to our business, to the community and to the planet. It is important for us to understand the material financial implications of climate change on our operations, supply chain and product offering. As part of our environmental responsibility strategy, we are committed to:

- measuring our global impact and implementing climate risk mitigation and adaptation measures through energy reduction and emission avoidance initiatives;
- contributing to the reduction of GHG emissions and investing in energy efficiency measures including a progressive transition to purchasing renewable electricity in our own operations;
- providing our clients with the tools to reduce their or their clients' carbon footprint, improve their environmental performance, reach their sustainability targets and enable them through their net-zero journey; and
- collaborating with our suppliers and Partners to decarbonize the value chain.

Our Climate Transition Action Plan, our TCFD and CDP reporting and our commitment to the SBTi reflect our strong commitment towards our vision of an inclusive and sustainable world together with our stakeholders. Our Climate Transition Action Plan sets out time-bound actions, targets and KPIs designed to deliver an emissions reduction pathway consistent with the 1.5°C ambition of the Paris Agreement. Our primary focus until 2030 will be on emissions reduction, not offsetting. Temenos' Climate Transition Action Plan has identified four key areas to facilitate the transition to a net-zero economy, by aligning our entire value chain to a 1.5°C emissions trajectory: incorporation of TCFD recommendations, implementation of emission reduction initiatives for our operations, supply chain engagement and client enablement.

Temenos' Climate Transition Action Plan

Collaboration with all stakeholders to reduce Scope 1, 2 and 3 GHG emissions throughout the value chain:

1. Strategy: Incorporate TCFD recommendations into our ESG strategy, in order to ensure business decisions and strengthen our Company's resilience, while minimizing our impact on the environment.

2. Operations: Increase the energy efficiency and the use of renewable energy, in all operations (including offices, own and collocated data centers and cloud).

3. Suppliers: Engage with critical suppliers, supporting them to achieve net-zero, by encouraging them to commit to the SBTi.

4. Clients: Accelerate the digital transformation from on-premise to cloud solutions, by the use of the Temenos Banking Cloud (TBC), enabling our clients to increase their energy efficiency, reduce their GHG emissions and get a deeper insight into carbon emissions data associated with their consumption of TBC services, through our industry-first Carbon Emissions Calculator.

1. Integrating TCFD recommendations into business strategy

Objective:
make better informed business decisions and strengthen resilience

Since 2021, we have adopted the recommendations of the Financial Stability Board's Task Force on Climate-Related Financial Disclosures (TCFD) and published our first qualitative TCFD report on climate-related risks and opportunities. By engaging with external consultants, we are committed to improving our scenario analysis and the quantification of the identified impacts. Based on the risk assessment, we set mitigation and adaptation measures and internal targets to manage these climate-related risks and opportunities. In 2023, we have conducted a gap analysis towards aligning our TCFD reporting with the IFRS S1 and S2 standards, ensuring our commitment to robust and transparent climate-related financial disclosures.

Mitigation measures: Our aim is to reduce our operational carbon by implementing a series of key initiatives, in order to improve energy efficiency, reduce emissions and invest in carbon capture projects for the carbon emissions we cannot reduce or replace, such as: implementation of our ISO 14001 certified Global EMS, increased internal communication and mandatory environmental training, investment in virtual collaboration and communication technologies, travel and global mobility policies, implementation of a facilities management strategy that incorporates environmental criteria for new property leases and for renewal of existing leases, energy efficiency joint activities with the landlords in the buildings we lease, partnerships with suppliers and event management vendors with the same mindset, internal carbon pricing for flights and investment in carbon credits. In addition, Temenos has committed to, gradually and wherever possible, migrate from carbon-based electricity (generated by fossil fuels) to low-carbon electricity (renewable and decarbonized energy). The goal is to increase the use of renewable energy and the energy efficiency in our operations and hence reach net-zero of our Scope 1, 2 and 3 GHG emissions, at a rate compatible with the SBTi methodology, by 2050, with 2019 as the baseline year.

Adaptation measures: Based on the Temenos risk management methodology, physical risks have been identified per each region. Our operations in India, the region with the most anticipated adverse effects from climate change out of all Temenos locations, have been rated to have negligible to low financial impacts. However, we are proactively implementing physical climate risk adaptation measures, based on a three-year time frame. As an overall plan, Temenos has in place an ISO 22301 certified business continuity plan to prevent or minimize any adverse impacts and ensure the continuity of services to our clients, should such events occur. Key components of the plan include back-up processes of data centers from primary to secondary locations, switching computing to other sites, using back-up generators and UPS systems, internal corporate IT service continuity and disaster recovery plans, supplier contingency planning, crisis management and major incident handling procedures, property insurance covering SFTI risks and employee mobility, specific per location. Also, Temenos offices are located in large, leased office buildings, where such physical risks are included in the lease agreement. As a region-specific plan, please see the table below:

Physical climate risk	Identified region	Adaptation measures
Extreme heat	India, Indonesia, Singapore, United Arab Emirates, Australia	• Incorporation of extreme heat conditions in emergency response plans (part of ISO 14001 and ISO 22301) • Operation of back-up generators and UPS systems in case of power outage
Water shortage	India	• Assessment of high-risk depletion areas (Telangana State vs Tamil Nadu and Karnataka) and proactive reduction of Hyderabad data center • Reuse of recycled wastewater within the building complex • Plan for rainwater harvesting on site
Floods	Europe, India	• Implementation of spill prevention and management procedures (ISO 14001) • Incorporation of flood hazard in emergency response plans for employees and assets
Hurricanes	Americas	• Ensure continuity of business by switching computing to other locations (ISO 22301)

SUSTAINABILITY continued

Caring for the Planet continued

Action continued

Climate change strategy continued

Temenos' Climate Transition Action Plan continued

2. Operations

Objective:
increase the energy efficiency and the use of renewable energy, in all operations

Offices

Renewable energy

Temenos commits to transition, wherever available and possible given the challenge of leased property, to energy suppliers with renewable energy, towards our journey to a low-carbon economy. During 2023, the majority of our offices have either switched to renewable electricity sourcing from their local suppliers, or purchased Energy Attribute Certificates, accounting for 85.7% of our total energy consumption.

Energy efficiency audits

The objective of the energy audit work is to identify, evaluate and substantiate measures to save energy resources, increase energy efficiency and reduce pollutant emissions. During the energy audits, various criteria are taken into account, such as wall thickness, type of masonry, type of roof, condition of basement, condition of heating columns, performance of heating or ventilation system. All this information is obtained by on-site research of an authorized auditor, from specific documents, from information from the building owner or by specific measurements.

Our European offices in Germany, Luxembourg and Romania, which qualify under the guidelines set by the EU Energy Efficiency Directive, are undergoing energy efficiency audits every four years. At our UK offices, as part of Energy Savings Opportunity Scheme 2015 (ESOS) requirements, we engaged a third party to conduct energy efficiency audits in line with the BS EN 16247 standard and identified opportunities to improve our energy efficiency. By the end of 2023, our UK offices achieved a 32% reduction in energy use vs 2022, by optimizing use of the facilities in collaboration with the building management companies, as well as installing LED lighting with automatic sensors and automatic meter reading for electricity consumption. Our UK offices are also compliant with the ESOS Phase 2, the mandatory energy assessment scheme, according to which large organizations are required to assess their energy usage every four years and to find new ways to save energy, as well as with the new Streamlined Energy and Carbon Reporting (SECR) scheme, the mandatory annual reporting of energy consumption of GHG Scope 1 and 2 emissions and energy efficiency initiatives. During 2023, following a multi-site energy efficiency audit, we have rolled out targeted energy conservation measures in all our offices in India, such as balancing energy loads, upgrading air conditioning systems and optimizing UPS operation, as per ASHRAE level 2 guidelines, in order to guide Temenos' climate change strategic plan.

Data centers and cloud

Strategic planning of data centers (SASB TC-SI-130a.3)

We recognize that data centers can make a substantial contribution to climate change mitigation, if implementing a comprehensive set of energy efficiency practices, and that cloud and SaaS products can lead to a more efficient use of energy and can contribute to mitigating climate change effects through replacement by digital services.

Own data centers

We are reducing our data centers' carbon footprint by carefully considering our platform design and leveraging our multi-tenant architecture. We choose to repurpose our existing servers; when a server is no longer suitable for its current workload due to age or performance restrictions, we investigate options of repurposing it for another function inside the organization. By doing so, we can extend its life and reduce e-waste by delaying the purchase of a new one. We also apply hyperconvergence, an IT infrastructure technique that consolidates compute, storage and networking resources into a unified system, helping to reduce data center complexity and footprint. Whenever needed, we opt for selection of the most efficient power supply on server, optimum airflow management and cooling and decommission of underutilized servers to avoid waste of power/cooling, thus reducing further our carbon footprint. During the past few years, we have shut down our own data centers in Brussels and Luxembourg and reduced the size and the electrical load of our data centers in Hyderabad, India, considering the high-risk water stress of the area, based on the WRI's Water Risk Atlas tool, Aqueduct. Since 2020, we have rolled out an energy project in our own data centers in India, Chennai/Bangalore/Hyderabad, based on the recommendations of the ASHRAE level 2 guidelines of the 2021 energy efficiency audit. This project, planned to be delivered by the end of 2025, includes smart metering installations, to better monitor energy consumption and PUE, as well as energy efficiency upgrades and renewable energy sourcing.

Collocated data centers

Most of our IT infrastructure is in facilities managed by third party companies, specialized in data center services, where we do not procure the energy or control the operations of the buildings, the so-called collocated data centers. Since 2015, we have been running a consolidation project with a goal to keep two collocated data centers per continent. We highly recognize the value added in allowing experts with green initiatives in place to manage the IT environment, including air cooling, gray water usage, power usage effectiveness ratio, renewable energy use, etc. We work very closely with these collocated data centers on our sustainability journey and choose to collaborate with those which have sustainability goals and monitor their performance, in order to best mitigate the risks of climate change. In regions with stringent regulations regarding carbon emissions and energy efficiency mitigation plans, like Europe, we select to partner with collocated data centers which utilize 100% renewable energy, using hydropower, shift towards cold-aisle containment and recycle the generated heat with their local utility company. Especially, our collocated data center in Geneva, Safe Host, recovers the low-temperature thermal waste from the cooling of its servers, which would otherwise be vented into the air and lost, and transfers the heat to the CADZIPLO organization, which is responsible for operating the heating requirements of the surrounding industrial and residential buildings.

In the Americas, our providers utilize 63% renewable energy from wind VPPAs and Green-e wind RECs. In Australia, our collocated data center based in Canberra is powered 100% by renewable electricity. In total, approximately 75% of the energy consumed by our collocated data centers globally is derived from renewable energy sources. For 2023, we estimated that their average Power Usage Effectiveness (PUE) ratio was 1.53, based on reports from our providers.

Public cloud

The momentum towards sustainable banking and green IT and cloud is only increasing. Our mission towards a modern banking technology transformation is critical to providing our clients with the products to enable them to decarbonize. Temenos recognizes the environmental benefits of cloud computing and has strategically selected to employ a cloud-agnostic approach for its cloud and SaaS products. Our cloud-native SaaS offering, the Temenos Banking Cloud, is a climate-related opportunity, which helps banks become more operationally efficient and sustainable by reducing their carbon footprint and improving their operational and environmental performance, to reach their sustainability targets. Regarding cloud providers, we strategically partner with public cloud providers (Microsoft Azure, AWS), with strong environmental agendas and commitment towards using 100% renewable energy and improving the energy efficiency of their infrastructure. By transitioning to flexible cloud-based infrastructure, we anticipate significant reductions in both our own and our clients' energy use. This shift is expected to lead to higher utilization rates compared to the inefficiencies often seen in on-premise data centers operating below capacity. Migrating to cloud also means less infrastructure, and hence less e-waste. Thus, our clients who adopt the Temenos Banking Cloud will also accrue the inherent business benefits of this technology compared to an on-premise deployment.

→ Read more here: Achieving Business Excellence

3. Suppliers

Objective:
engage with our focus suppliers towards a net-zero economy

As part of our ongoing plan to integrate ESG into our value chain and achieve our science-based target, we are committed to developing a supplier engagement strategy in line with the 1.5°C Business Ambition. This requirement is part of the critical (focus) suppliers' initial assessment rating, guided by our procurement selection process, aimed to be incorporated in all the related contracts by 2030. As part of the Temenos Supplier Code of Conduct, we engage with our suppliers, contractors and Partners by setting standards for their environmental performance and by ensuring their compliance. Since 2021 we have implemented a supplier risk management software to proactively map risks using external data to enable predictive risk management and planning.

We are in the process of implementing a global procedure to monitor information regarding our focus suppliers' climate change targets consistent with the Paris Agreement, encourage them to commit to the SBTi and measure their success to reduce emissions through absolute energy reduction and/or use of renewable energy. Our focus, being a software company, is on the selection of data center/cloud providers, as well as IT manufacturers, as we recognize that these suppliers can make a substantial contribution to climate change mitigation, if implementing a comprehensive set of energy efficiency practices. Hence, we partner with cloud hyperscalers and procure IT equipment compliant with internationally acknowledged standards, such as Energy Star, EPEAT and TCO.

4. Clients

Objective:
transform our clients into smart, inclusive and sustainable organizations

Temenos is committed to integrating ESG in its product offering, by combining digital transformation and innovation with sustainability. Through the composable platform of the Temenos Banking Cloud powered by the hyperscalers, our Carbon Emissions Calculator, the use of XAI and the integrated apps in the Temenos Partners Exchange Ecosystem, we are able to provide our clients with the tools to measure their emissions, reduce their or their clients' carbon footprint, improve their environmental performance, reduce operational costs, comply with regulation and reporting, reach their sustainability targets and eventually enable them through their net-zero journey. Temenos recognizes the importance of client engagement and innovation to address the adverse impacts of climate change. Therefore, we annually honor selected clients at the Temenos Community Forum (TCF) for their contribution to their communities, innovation and commitment to making banking better. In 2023, EQ Bank was the winner of the prestigious Sustainability Banking Award, in recognition for being the first bank in Canada to use a core infrastructure fully hosted in a public cloud environment, by leveraging the Temenos Banking Cloud.

→ Read more here: Achieving Business Excellence and EQ Bank Success Story

SUSTAINABILITY continued

Caring for the Planet continued

Advocacy

Engaging in international conferences

In order to contribute to discussions, share insights and advocate for stronger international commitments to address climate change, Temenos continuously seeks opportunities to engage in international conferences.

SIBOS: This year's conference was in Toronto where more than 9,000 banking and financial technology professionals and decision makers from across the global financial ecosystem, including Temenos, gathered to talk, network and dream up the future. Through engagement with such industry leaders, Temenos is actively shaping the future of sustainable finance and empowering banks to play a leading role in addressing the world's most pressing challenges. By actively engaging in industry events like SIBOS, Temenos seeks to amplify its voice and influence, inspiring banks to adopt sustainable practices and embrace the power of technology to drive positive change.

Singapore FinTech Festival: During this festival Temenos has announced a partnership with Gprnt, the Monetary Authority of Singapore's (MAS) new integrated digital platform. Through this collaboration, Temenos and MAS aim to cooperate on technology solutions, explore data integration and encourage product development to advance sustainable finance. Temenos participation further reinforced the crucial role that banks can play in environmental stewardship, particularly through cloud deployments.

→ Read more here: Achieving Business Excellence

Supporting international cooperation

Through our active involvement in global initiatives, commitment to global frameworks and engagement with communities, Temenos is playing a pivotal role in international cooperation for environmental sustainability. We believe that by working together, we can overcome the challenges of climate change and build a more sustainable world for future generations.

UN Global Compact (UNGC) endorsement: As proud signatories of the UNGC, Temenos aligns with its ten principles, submitting an annual Communication on Progress and actively participating in the Global Compact Network Switzerland initiatives.

World Economic Forum (WEF) engagement: Temenos, as a member of the World Economic Forum (WEF), actively contributes to key events like the Sustainable Development Impact Summit. Our involvement underscores our dedication to advancing sustainability and supporting the UN SDGs.

Task Force on Climate-related Financial Disclosures (TCFD) endorsement: Temenos proudly stands among 5,000 organizations endorsing TCFD's recommendations, demonstrating our commitment to transparency on climate-related risks and opportunities.

UN International Days support: Temenos actively supports UN International Days, organizing educational campaigns globally to raise awareness about climate change impacts, sustainable practices and environmental conservation. Our goal is to educate and empower local communities, fostering a collective commitment to global causes.

Task Force on Nature-related Financial Disclosures (TNFD) early adoption: Temenos is an early adopter of TNFD, joining 320 global organizations dedicated to developing frameworks for assessing and managing climate and biodiversity risks.

Participating in tree planting initiatives

Temenos supports and participates in tree planting campaigns to combat deforestation, enhance carbon sequestration and contribute to overall environmental conservation, in collaboration with Plantăm fapte bune în România and Grow Trees in India.

Case study

Seeds of Change: Planting a greener future

For the second consecutive year, Temenos Romania is extending its collaboration with "Plantăm fapte bune în România." In March 2023, a dedicated group of 50 Temenosians and their family members joined forces to plant approximately 800 acacia trees, covering 0.16 hectares in Moara Domneasca, Ilfov County, Romania. Additionally, an extra 3,700 spruce seedlings found their new home in Rasinari, Sibiu, Romania. We will continue this tree-planting initiative in 2024 aiming to further expand forested areas and uphold the ongoing wellbeing of the previously planted trees. The planting of these trees will help enhance biodiversity and air quality in these regions, further supporting our decarbonization efforts.

Accountability

Environmental monitoring and reporting

Objective:
digital transformation to facilitate transparent real-time data collection and analytics, to monitor and report on our environmental performance

90.7%
reduction of absolute Scope 1 and 2 GHG emissions vs SBT 2019 baseline year

31.3%
reduction of absolute Scope 1, 2 and 3 GHG emissions vs SBT 2019 baseline year

44%
of water withdrawn is being treated and recycled

73%
of waste is diverted away from landfill

In order to be transparent, we have invested in a sustainability software platform and we are working towards establishing a real-time BI system for environmental data disclosures and reporting insights to measure, monitor and report our environmental footprint, reduce our carbon emissions and guide our journey towards net-zero, across the whole value chain, as appropriate. In line with our officially validated science-based target, we are also committed to annually reporting on our progress, including Scope 1, 2 and 3 GHG emissions. We are continuously working to improve our methodology to evaluate all relevant Scope 3 categories.

Energy

Objective:
increase the energy efficiency and the use of renewable energy in Temenos internal operations

The total energy consumption (use of electricity, natural gas and diesel) during 2023 was 8,240MWh, with 7,060MWh derived from renewable energy sources, accounting for 86% of total energy use, and 1,180MWh from non-renewable energy sources. The direct energy consumption by primary energy source was 1,150MWh, with natural gas consumption accounting for 11% of the total energy use and diesel consumption for 3% of the total energy use. The indirect energy consumption (grid electricity) was 7,090MWh, accounting for 86% of total energy consumption. The total electricity load of all our offices in India was 3,103kW, from the operation of HVAC systems, UPS and lighting.

We have set internal targets on energy consumption per location, to align our performance with our climate change strategy and be able to monitor our progress towards our science-based target.

During 2023, as a result of our energy efficiency initiatives, we have reduced the use of energy by 1,435MWh.

Water

Objective:
use water in a sustainable way focusing on water consumption, water risk management, water efficiency and water protection from contamination, while preserving biodiversity

Climate change and a growing population are putting increasing pressure on the global water supply. We follow all legal requirements, standards and regulations related to water quality and quantity permits with zero incidents of non-compliance to report.

Water consumption: Since 2019, we have been measuring and reporting on our water consumption at our offices, although we use water only as part of our offices' operations. We collaborate with the building owners, analyze data and implement efficiency measures. To prevent unnecessary water use, we have fit water pedestal, tapping and motion sensor systems on water fixtures and we follow a preventive maintenance schedule to fix dripping taps in our offices.

Water risk management: As climate change intensifies, water stress and effective water risk management are gaining momentum and software companies need to ensure responsible water usage in water-stressed regions, both in their facilities and their collocated data centers. Using the WRI's Water Risk Atlas tool, Aqueduct, we have identified that 66.6% of our water use from our office facilities is withdrawn and consumed in locations with extremely high (>80%) and 13.6% in locations with high (40–80%) baseline water stress. We have also strategically selected most of our collocated data centers to be in regions with low water stress.

Water efficiency: Our offices in India operate in IT business parks, where all wastewater is being treated in a sewage treatment plant (STP). It is then reused for toilet flushing and horticulture, in accordance with all legal requirements: Chennai Metropolitan Water Supply and Sewage Board and Chennai Metropolitan Development Authority. As a result, in 2023, we reused 44% of treated domestic wastewater and managed to reduce the consumption of fresh water by 9,394,502L.

Water protection: We have put in place several measures to prevent water pollution and protect marine and coastal ecosystems while preserving biodiversity:

- in locations where diesel generators are under our control, we have implemented Spill Prevention Plans, including specific training of responsible personnel and the provision of spill kits, as well as adequate secondary containers in case of a spillage of diesel;
- we monitor the quality of the effluent from the Sewage Treatment Plant (STP) in Chennai and Bangalore, on a regular basis through accredited laboratories, preventing potential contamination of water and land that would have resulted from untreated wastewater; and
- to further minimize any adverse impact on the quality of the water we also opt for ecological detergents for the cleaning of our offices.

→ Read more here: Environmental Dashboard

SUSTAINABILITY continued

Caring for the Planet continued

Case study

Breaking the plastic habit – again!

The Temenos Taipei office has embraced a single-use plastic-free lifestyle, mirroring the Luxembourg office 2022 success. This accomplishment reflects Temenos' commitment to environmental sustainability and our dedication to minimizing our environmental impact.

The office's transformation was driven by a plan that included a ban on single-use plastics, rigorous screening of purchased plastic items and a switch to glass alternatives for bottles and cups. Moreover, the Temenos Taipei office proactively encouraged eco-conscious dining choices, promoted waste reduction practices and incentivized sustainable commuting, with over 80% of employees now utilizing public transportation.

These collective efforts have resulted in a notable reduction in the office's environmental footprint, demonstrating the transformative power of combined action and the importance of everyday choices in shaping a more sustainable future.

Accountability continued

Environmental monitoring and reporting continued

Waste and e-waste

Objective:
create zero-waste workplace

As an IT software company, our waste generation is limited to municipal solid waste and a reasonable amount of e-waste from our internal operations and IT infrastructure, including computers, printers, monitors and phones. Used batteries, lamps and hazardous waste from India's diesel generators make up the rest of the waste. Our waste management and prevention Program is monitored by ISO 14001. We work with authorized waste management vendors to reduce landfill disposal. Used IT equipment is cleaned of all data and software and donated to non-governmental organizations or disposed of by an authorized and certified recycler, which dismantles and removes all hazardous materials according to local and international electronic waste disposal guidelines. In India, where 100% of our hazardous waste is generated, we have implemented a hazardous waste disposal Program to ensure that authorized vendors dispose of such waste according to international guidelines and regulations. Our Luxembourg and UK offices also undergo external waste audits to identify opportunities to reuse, recycle, recover or eliminate waste produced on site. Finally, all offices have environmental champions who implement environmental initiatives.

→ Read more here: Environmental Dashboard

Carbon footprint

Objective:
reduce all GHG emissions by increasing the energy efficiency and the use of renewable energy, across the entire value chain, reaching net-zero by 2050 at a rate compatible with the SBTi methodology

Scope 1 and 2

Offices and own data centers

The primary sources of our emissions are natural gas, on-site electricity generation, purchased electricity and fugitive emissions. For 2023, the fugitive emissions from HCFCs, HFCs and Ozone Depleting Substances were 288.86 tCO_2e. These emissions resulted from the use of the air conditioning systems and were calculated using the methodology provided by the sustainability software we have implemented[1]. Regarding NOx, SOx, VOCs, PM and HAPs emissions, we do not consider them as being significant to our operation, as we are a software company.

Scope 3

Purchased goods and services and capital goods

These two Scope 3 categories account for 85% of our total Scope 3 emissions[1]. We are in the process of establishing a more sophisticated methodology, to enable us to get more accurate primary data. Especially regarding collocated data centers and public cloud hyperscalers, being a software company and relying mainly on their services, we continuously improve our data gathering process of energy consumption and GHG emissions from these operations.

1 For more information, please refer to About this Report.

The energy consumption from our collocated data centers in 2023 was 1,309MWh, accounting for 14% of Temenos' total energy use. The emissions from the use of cloud, based on the Microsoft Azure Emission Impact Dashboard calculator, were estimated as 20.02 tCO_2e.

Other fuel and energy-related activities and waste generated in operations

These two Scope 3 categories account for approximately 5% of our total Scope 3 emissions[1]. They are directly impacted by the initiatives we already have in place regarding energy efficiency and waste management.

Business travel

As an IT software company, we rely on our people who travel to deliver our services, so business travel by air constitutes an environmental impact that cannot be easily reduced. We measure our environmental footprint in relation to business air travel, trains and taxis for all the countries we operate in, representing 100% of the total employee concentration[1]. We implement internally carbon emission reduction initiatives, such as travel and global mobility policies, internal carbon pricing, increased internal communication and environmental training, efficient meeting management that requires travel around big corporate events, use of other lower-carbon modes of transport for travel within Europe and further investment in virtual collaboration and communication technologies.

Employee commute

As of September 2021, we have adopted a hybrid working model to facilitate the return to the offices and to strengthen our work-life balance. In addition, since 2022, Temenos has introduced in Hyderabad, India, shuttle services from Metro Station to the office, in order to encourage employees to stop using owned vehicles. In 2023, we noted 11% reduction in the GHG emissions from employee commute[1] vs 2022.

The journey towards net-zero

Our annual absolute GHG Scope 1 and 2 (market-based) emissions were 532 tCO_2e. There has been a 90% decrease in absolute GHG Scope 1 and 2 emissions vs previous year 2022 and a 91% decrease vs SBT baseline year 2019. This reduction is a result of a combination of energy efficiency measures and an increase in renewable energy consumption, through purchase of renewable energy certificates. During 2023, 0.07 tCO_2e were emitted per MWh, 87% less than 2022. In 2023, our annual absolute GHG Scope 3 emissions were 61,399 tCO_2e, including all relevant Scope 3 categories (purchased goods and services, capital goods, other fuel and energy-related activities, waste generated in operations, business travel and employee commute), and our total Scope 1, 2 and 3 GHG emissions were 61,931 tCO_2e. In terms of monitoring progress against our near-term science-based target, Temenos managed to achieve a 31.3% reduction vs SBT 2019 baseline year – including Scope 1, 2 and 3 GHG emissions. The GHG Scope 3 emissions reduction was driven by strategic efforts in supply chain management and procurement practices.

→ Read more here: Environmental Dashboard

1 For more information, please refer to About this Report.

Case study

Carbon removal project

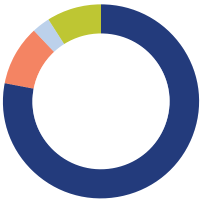
As part of our continued commitment to achieving net-zero, Temenos has taken an additional step this year by acquiring 1,000 tons of carbon credits from the Pakistan Mangrove project, a certified initiative that supports the restoration and conservation of the Indus River Delta mangrove ecosystem. The Indus River Delta–Arabian Sea mangroves, a vital part of the region's biodiversity, are particularly vulnerable to the increasing salinity of the river due to the influx of salts from the Thar Desert. These mangroves are like nature's superheroes, as they provide a home for different plants, fish and crustaceans while also being excellent at capturing and storing carbon, helping fight climate change.

SUSTAINABILITY continued

Caring for the Planet continued

Environmental dashboard
Energy and GHG emissions

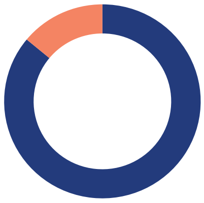
2023 electricity use by region



% by region

Asia Pacific	78%
Europe	10%
Middle East and Africa	3%
Americas	9%

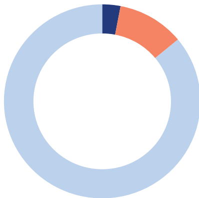
2023 renewable energy use



% renewable energy use

Renewable	86%
Non-renewable	14%

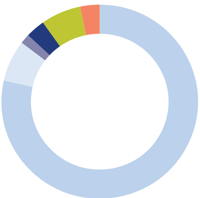
2023 total energy profile



% by activity

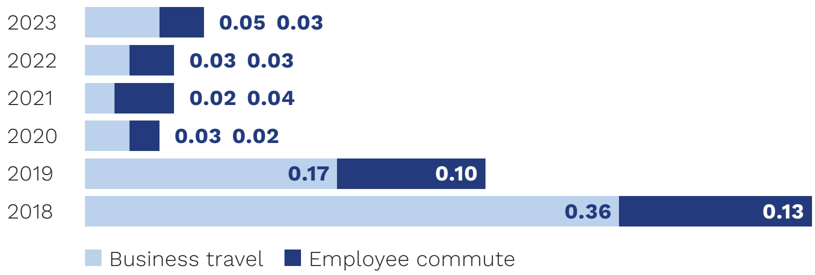
On-site generation	3%
Natural gas	11%
Grid electricity	86%

Scope 3
Scope 3 carbon footprint 2023



Cat. 1 Purchased goods and services	78.5%
Cat. 2 Capital goods	6.9%
Cat. 3 Fuel and energy-related emissions	1.6%
Cat. 5 Waste generated in operations	3.2%
Cat. 6 Business travel	6.6%
Cat. 7 Employee commute	3.2%

Scope 3 GHG emissions
Monthly average tCO_2e per capita



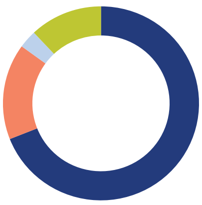
GHG emission (% per Scope)

	2018	2019	2020	2021	2022[1]	**2023**
Scope 1	2	2	7	5	1	**0.83**
Scope 2	14	22	52	46	5	**0.03**
Scope 3[1]	84	76	41	49	94	**99.14**

1 As of 2022, Scope 3 includes all relevant categories. For previous years 2018–2021, Scope 3 included only business travel and employee commute.

Water and waste

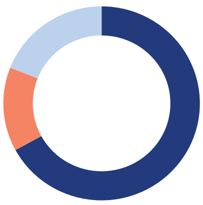
2023 water withdrawal



% by region

Asia Pacific	69%
Europe	16%
Middle East and Africa	3%
Americas	12%

2023 baseline water stress



% baseline water stress

>80% extremely high	67%
40–80% high	14%
<40% low	19%

2023 waste profile

% waste

Diverted from disposal	73%
Directed to disposal	27%

2023[1] Region	Energy consumption and GHG emissions Total annual electricity use (kWh)	Total electricity (renewable energy sources) (kWh)	Total annual natural gas use (kWh)	On-site electricity generation (kWh)	Scope 2 – electricity (tCO_2e)	Scope 1 – natural gas (tCO_2e)	Scope 1 – diesel (tCO_2e)
Asia Pacific	**5,527,409**	**5,500,612**	**0**	**242,965**	**14.9**	**0**	**61.2**
Europe	**744,092**	**744,092**	**524,507**	**0**	**0.9**	**96.0**	**0**
Americas	**630,683**	**628,243**	**382,781**	**0**	**0**	**70.0**	**0**
Middle East and Africa	**187,910**	**187,910**	**0**	**0**	**0**	**0**	**0**
Temenos	**7,090,094**	**7,060,857**	**907,288**	**242,965**	**15.8**	**166.0**	**61.2**

Energy[2]		2019	2020	2021	2022	**2023**
GRI 302-1	Total energy consumption (MWh)	9,163	9,125	9,017	9,675	**8,240**
SASB TC-SI-130a.1	Total energy consumption (GJ)	32,986.4	32,849.8	32,461.4	34,831.2	**29,665.2**
	Natural gas consumption (GJ)	1,501.5	2,476.4	2,954.0	3,998.9	**3,266.2**
	On-site electricity (GJ)	1,317.9	557.9	331.8	446.7	**874.7**
	Purchased electricity (GJ)	30,167.0	29,815.5	29,175.5	30,385.6	**25,524.3**
SASB TC-SI-130a.1	% of total energy consumption that is grid electricity	91.4	90.8	89.9	87.2	**86.0**
SASB TC-SI-130a.1	% of total energy consumption that is renewable energy	3.2	4.2	4.0	18.2	**85.7**

GHG emissions (tCO_2e)		2018	2019	2020	2021	2022	**2023**
GRI 305-1	Scope 1: natural gas consumption	–	78.1	135.6	148.7	201.3	**166.0**
GRI 305-1	Scope 1: on-site electricity generation	607	304.4	41.7	23.3	31.4	**61.2**
GRI 305-1	Scope 1: fugitive emissions (HCFCs, HFCs, ODS)	–	–	529.1	364.4	345.6	**288.8**
GRI 305-1	Scope 1: total	607	382.5	706.4	536.4	578.3	**516.0**
GRI 305-2	Scope 2: purchased electricity (location-based)	4,985	5,738	4,991	4,756	5,127	**4,273**
GRI 305-2	Scope 2: purchased electricity (market-based)	–	–	–	4,732	4,144	**15.8**
GRI 305-3	Scope 3: employee commute	7,620	6,655	1,465	3,106	2,179	**1,938**
GRI 305-3	Scope 3: business travel	21,443	11,527	2,492	1,863	2,179	**4,060**
GRI 305-3	Scope 3: purchased goods and services	–	–	–	–	63,960	**48,221**
GRI 305-3	Scope 3: capital goods	–	–	–	–	11,709	**4,209**
GRI 305-3	Scope 3: other fuel and energy-related activities	–	–	–	–	1,873	**1,003**
GRI 305-3	Scope 3: waste generated in operations	–	–	–	–	210	**1,968**
GRI 305-3	Scope 3: total[3]	29,063	18,182	3,957	4,969	82,110	**61,399**
GRI 305-3	Scope 1, 2 (market-based) and 3: total	34,655	24,302	9,654	10,261	86,832	**61,931**
GRI 305-5	Emissions offset (carbon removal as of 2023)	21,442	14,587	1,287	–	–	**1,000**
GRI 305-5	Reduction of Scope 1 GHG emissions	–	–	–	–	–	**62.3**
GRI 305-5	Reduction of Scope 2 GHG emissions	–	–	–	–	–	**4,128**
GRI 305-5	Reduction of Scope 3 GHG emissions	–	–	–	–	–	**20,710**
SBTi target	Scope 1, 2 (market-based) and 3[2]	–	62,085	–	–	61,050	**42,652**

1 Including offices and owned data centers.

2 For more information, please refer to About this Report.

3 As of 2022, Scope 3 includes all relevant categories. For previous years 2018–2021, Scope 3 includes only business travel and employee commute.

SUSTAINABILITY continued

Caring for the Planet continued

Environmental dashboard continued
Energy and GHG emissions continued

	Normalized metrics (per capita)[1]	2017	2018	2019	2020	2021	2022	2023
GRI 302-3	Energy consumption (kWh)[2]	164	146	132	108	108	108	**104**
GRI 305-4	Scope 1 and 2 emissions	0.105	0.095	0.088	0.067	0.064	0.053	**0.007**
GRI 305-4	Scope 3 emissions (business travel and employee commute)	0.347	0.492	0.262	0.047	0.060	0.048	**0.075**
GRI 305-4	Scope 3 emissions (business travel)	–	0.363	0.166	0.030	0.023	0.024	**0.051**
GRI 305-4	Scope 3 emissions (employee commute)	–	0.129	0.096	0.017	0.037	0.024	**0.024**
GRI 305-4	Scope 3 emissions (including all relevant categories)	–	–	–	–	–	0.92	**0.77**
	Water consumption (KL)	–	0.67	0.71	0.22	0.17	0.26	**0.31**
	Waste generation (t)[3]	–	0.043	0.046	0.020	0.017	0.016	**0.025**

1 Average monthly performance for the period December to November per headcount. For more information on the calculation, please refer to About this Report.

2 Includes all types of energy (grid electricity, natural gas and on-site generation).

3 Annual waste generated for the period December to November per headcount. For more information on the calculation, please refer to About this Report.

Emission activities	Scope	Emission source
Natural gas consumption	Direct (Scope 1)	Natural gas supply
On-site electricity generation – diesel fuel	Direct (Scope 1)	Diesel-operated generator sets
Fugitive emissions (HCFCs, HFCs, ODS)	Direct (Scope 1)	Air-conditioning equipment
Purchased electricity	Indirect (Scope 2)	Electricity grid
Purchased goods and services	Other indirect (Scope 3)	Upstream use of natural resources
Capital goods	Other indirect (Scope 3)	Upstream use of natural resources
Other fuel and energy-related activities	Other indirect (Scope 3)	Electricity grid
Waste generated in operations	Other indirect (Scope 3)	Waste generated in the offices
Employee commute	Other indirect (Scope 3)	Employees' private vehicles
Business travel	Other indirect (Scope 3)	Commercial airlines, trains and taxis

Sources of water[1]		Volume (m³)
Purchased water	Municipality water	**18,512.515**
	Purchased water (non-potable)	**2,207.211**
Ground water	Ground water	**804.125**
Surface water	Surface water (river/lake/sea)	**–**
Harvested rain water	Rainwater collected and stored (water consumed from RWH tanks)	**–**
Recycled water		**9,394.502**
Total water withdrawal (SASB TC-SI-130a.2) (GRI 303-3)		**21,523.851**
Total wastewater discharge		**20,447.658**
Total water consumption		**1,076.193**

Water withdrawal per region	Volume (m³)
Asia Pacific	**14,836.750**
Europe	**3,424.082**
Americas	**2,703.909**
Middle East and Africa	**559.110**

Water profile[1]	Percentage (%)
% recycled water (SASB TC-SI-130a.2)	**43.6**
% water in regions with high baseline water stress (SASB TC-SI-130a.2)	**13.6**
% water in regions with extremely high baseline water stress (SASB TC-SI-130a.2)	**66.6**

Waste profile	Quantity (t)
Total waste generated (GRI 306-3)	**166.04**
Total waste diverted from disposal (GRI 306-4)	**120.90**
Total waste directed to disposal (GRI 306-5)	**45.14**

Waste per category	Quantity (t)
Food waste (compost)	**24.30**
Paper/carton/plastic/tin (recycle)	**85.29**
Domestic (landfill)	**42.31**
Domestic (incinerated with energy recovery)	**2.83**
Hazardous waste[2] (recycle)	**0.05**
Hazardous waste[2] (incinerated without energy recovery)	**–**
E-waste (recycle)	**11.26**

1 For more information on the calculations, please refer to About this Report.

2 Hazardous waste is generated from operation and maintenance of diesel generators in India.

SUSTAINABILITY continued

4 Investing in Our People

2023 key highlights

6,773
employees

56
offices

39
countries

86
nationalities

46%
gender diversity under 30

38%
gender diversity in the Board of Directors

5
Great Place to Work recognitions

Contributing to the UN SDGs

> We strive to create an open, fair, equal opportunity and honest work environment for our people and for the people who we impact through our work.

We believe our people are the key, as they make things happen and define our destiny. Our people are the most important and valuable Company asset constituting the Temenos culture and helping the Company reach its business targets and bring exceptional value to our stakeholders. Temenos aims to create an open, fair, equal opportunity and honest work environment where all employees are treated with respect and courtesy in an inclusive, productive and safe work environment. All employees and contractors are responsible for upholding this principle and work towards making Temenos a great place to work. Our commitments to communicate openly and respectfully with each other, to provide for diversity and equal employment opportunity at all levels of our organization and to protect the health and safety of our employees are an integral part of the Temenos Business Code of Conduct.

At the end of 2023, Temenos employed 6,773 people worldwide, including both full-time employees, business partners and contractors of Temenos. Our partnerships increasingly allow us to deliver a complete range of implementation and support services to our clients and complement our growth strategies. Most of our employees work as full-time, permanent employees. In 2023, we had 58 part-time employees (37 women and 21 men) and 150 fixed-term* employees (121 men and 29 women). All employee benefits are provided to full-time as well as temporary or part-time employees based on the requirements mandated by the laws in the countries where we operate and the locations where we recruit.

* 142 employees were moved onto a fixed-term contract, the majority in Dubai in line with changes to the UAE labor law. The amendment to fixed-term employment contracts in UAE is mandatory for all private sector companies.

Diversity, inclusion and equal opportunity

Temenos is a truly global and diverse team of 86 nationalities in 56 offices across 39 countries. Our differences are our strengths.

At Temenos we **Care**, we **Collaborate**, we **Challenge** and we **Commit** to implementing a Diversity, Equity and Inclusion (DEI) strategy, starting with our own people, ending with our clients in over 150 countries and their customers, driving collaboration and enabling all our colleagues to succeed.

We are committed to knocking down barriers so everyone can be themselves and thrive. That starts with our own teams. We know this is the right thing to do, and we also know that having different viewpoints fuels our innovation. It provides different perspectives and better collaboration to serve our clients and enables us to find and keep the best people in our industry to make better solutions.

We are committed to an inclusive workforce that fully represents the many different cultures and backgrounds within our organization, and that of our clients, our Partners and our communities.

Our business philosophy and our organizational structure are based on cultural diversity, as we operate using a matrix of regional and global business functions. We encourage decentralized work processes and cooperation between our people across countries and regions or anywhere in the world when traveling, while maintaining a central process approach on core activities and decision making.

In addition, thanks to the diversity model we support, Temenos' software has multiple country model platforms, tailored to the individual language, currency, regulatory and reporting requirements of each country. This enables our software to be seamlessly integrated into banks around the world, adding incremental value from the very beginning of each project.

People experience

We aim to foster a unique and inclusive people experience where everyone feels valued, regardless of their background, identity or personal situation. We are constantly learning and evolving to create the best possible work environment for our people. This means listening closely to what our employees have to say about their Temenos experience, analyzing data and internal surveys and staying on top of industry best practices. We are committed to empowering every Temenos employee to thrive and be their authentic selves at work.

SUSTAINABILITY continued

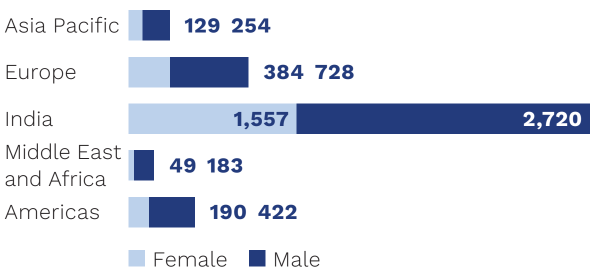
Investing in Our People continued

Diversity dashboard

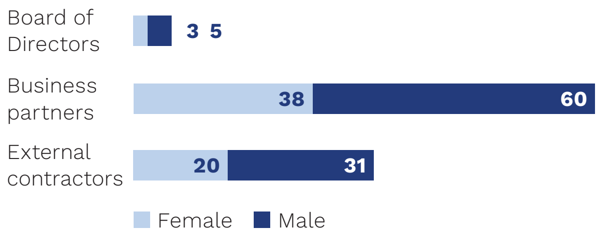
We monitor the effectiveness of our strategy towards diversity through the Temenos diversity dashboard. Our dashboard data is a very important aspect of our diversity and inclusion efforts, but cannot present the full picture. We are always looking for new ways to capture the information, despite legal and country limitations, and in such a way that would help us shape and communicate the Temenos experience the best way possible. This ongoing process is helping us understand better the diversity of our people and make more inclusive decisions.

→ For more details on methodology, assumptions, contextual information and potential fluctuations, please refer to About this Report

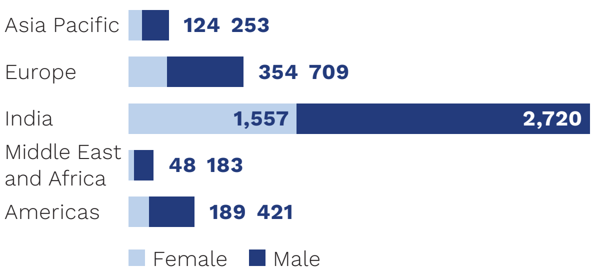
Temenos employees by region and gender



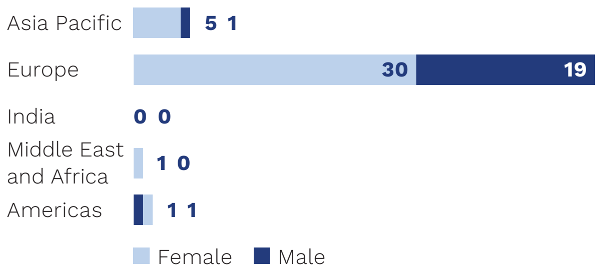
Non-employees



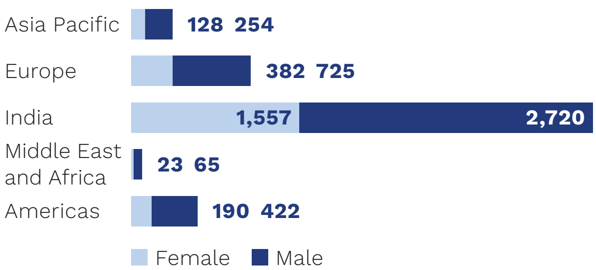
Full-time employees by region and gender



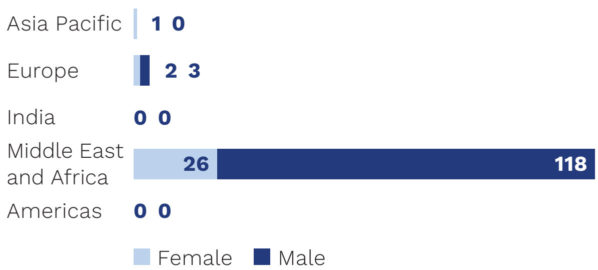
Part-time employees by region and gender



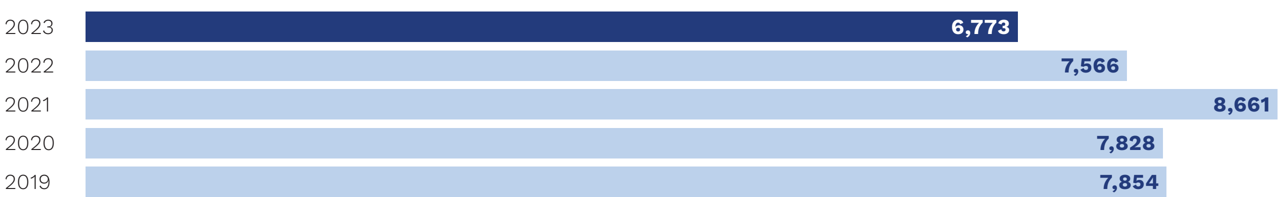
Permanent employees by region and gender



Temporary employees by region and gender



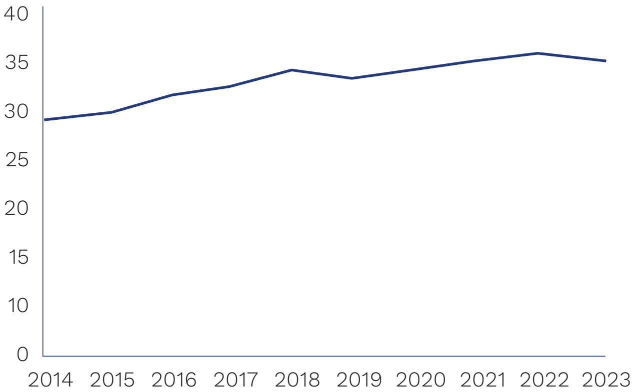
Total headcount*



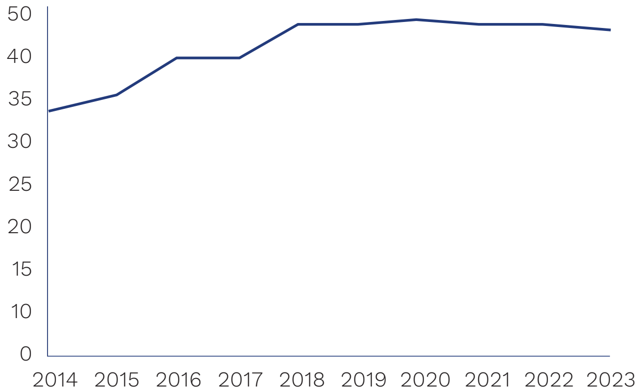
* Including both Temenos employees and non-employees.

Workforce gender diversity

% of women in the total Temenos workforce



% of women less than 30 years old



By gender in certain regions

	Female	Male
United States	32%	68%
Luxembourg	26%	74%
Romania	66%	34%
Switzerland	28%	72%
UK	25%	75%
India	36%	64%

By gender and nationality*

	Female	Male
Indian	25.1%	46.5%
British	0.8%	2.9%
American	1.1%	2.1%
Romanian	2.0%	1.1%
French	0.4%	1.3%

* Top five nationalities in terms of headcount as per DJSI requirements.

By gender and employee category

	Female	Male
Non-tech	34.2%	65.8%
Tech	35.6%	64.4%

By gender and employee level

	Female	Male
Management	19.7%	80.3%
Mid-level management	28.6%	71.4%
Individual contributor	37.1%	62.9%

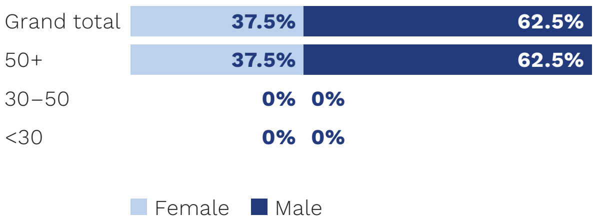
SUSTAINABILITY continued

Investing in Our People continued

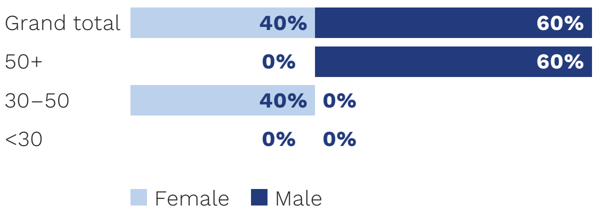
Diversity dashboard continued

Leadership diversity

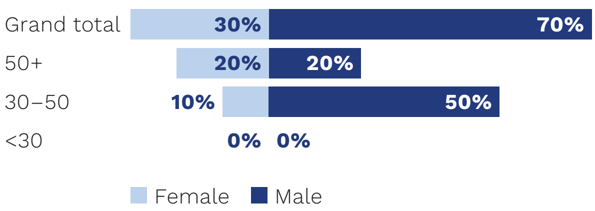
Board of Directors by gender and age*



Executive Committee by gender and age*



Management Board by gender and age*

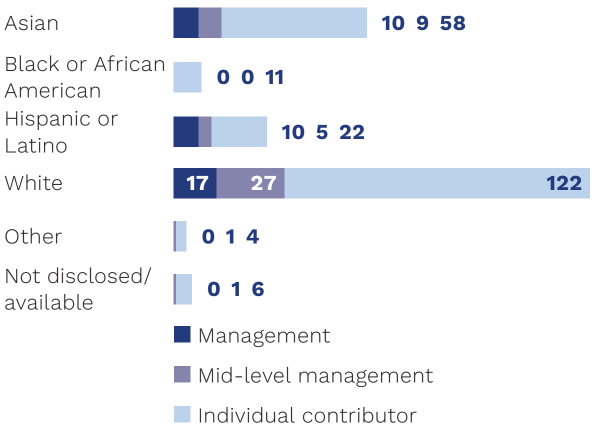


* Board of Directors, Executive Committee and Management Board as of 31 December 2023.

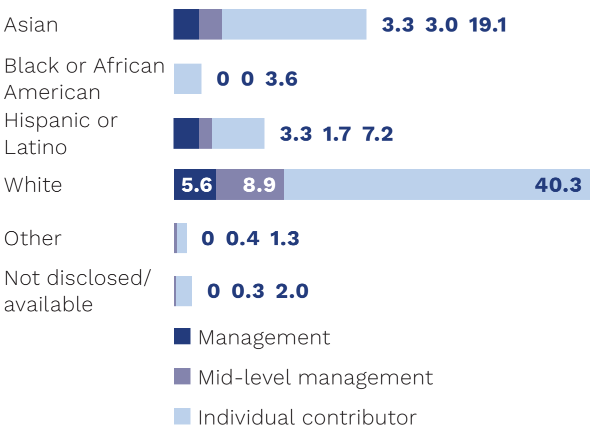
Workforce race diversity (US only)

By race (US only)

By race and employee level

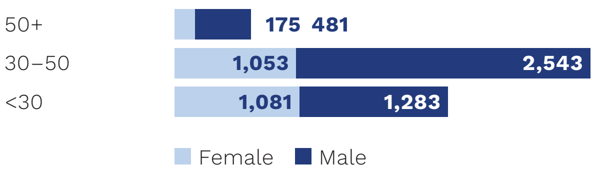


% by race and employee level

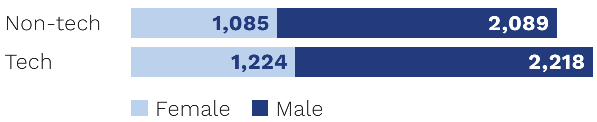


Temenos employees

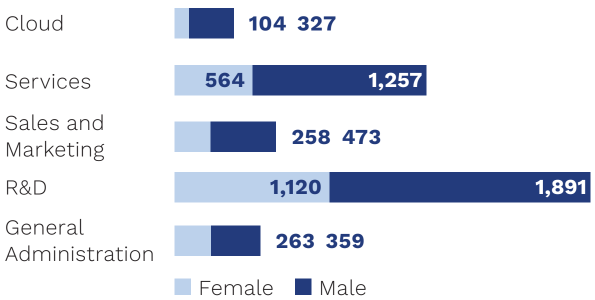
By gender and age



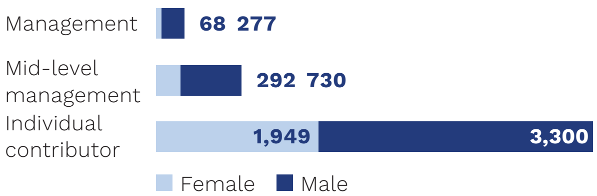
By gender and employee category



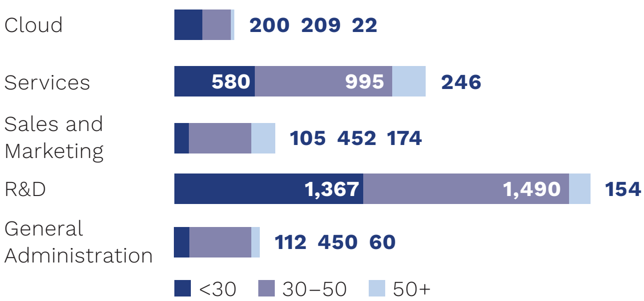
By gender and function



By gender and employee level

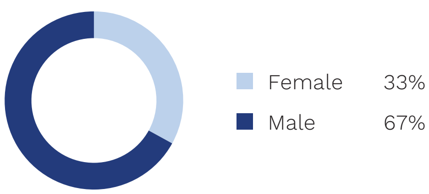


By function and age

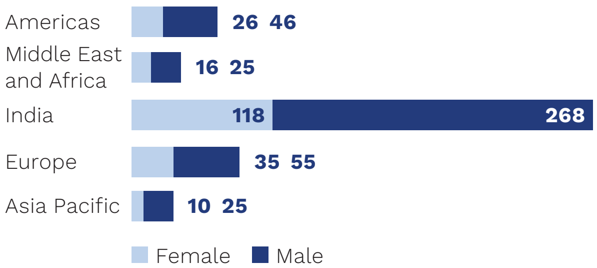


New employee hires

By gender



By gender and region

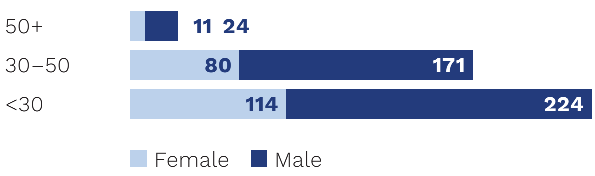


SUSTAINABILITY continued

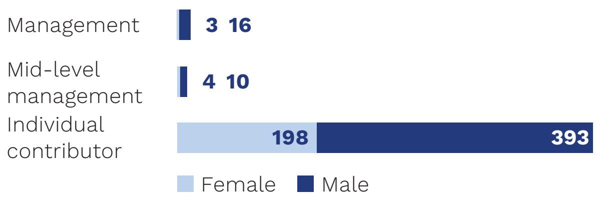
Investing in Our People continued

Diversity dashboard continued
New employee hires continued

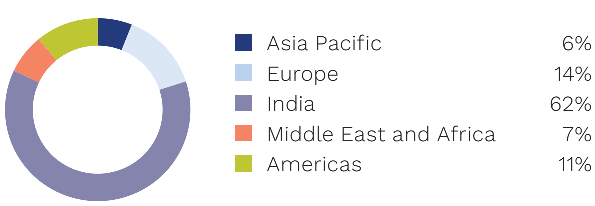
By gender and age



By gender and employee level



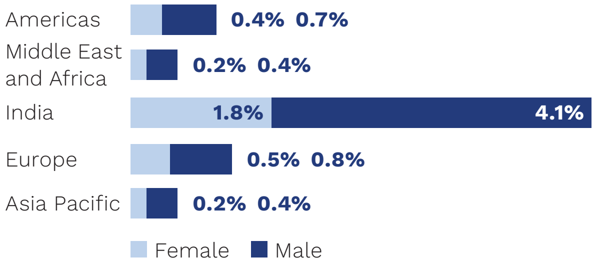
By region*



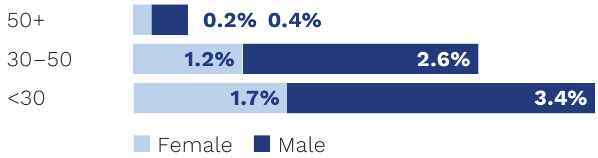
* New employee hires from a region/total number of new employee hires.

By race (US only)

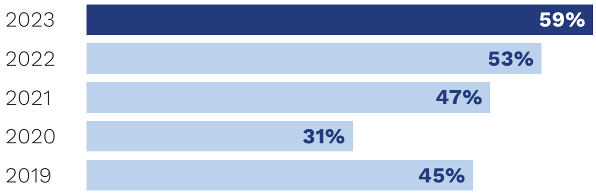
Rate by gender and region



Rate by gender and age



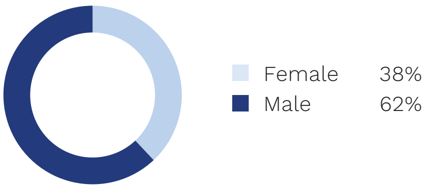
Open positions filled by internal candidates (internal hires)*



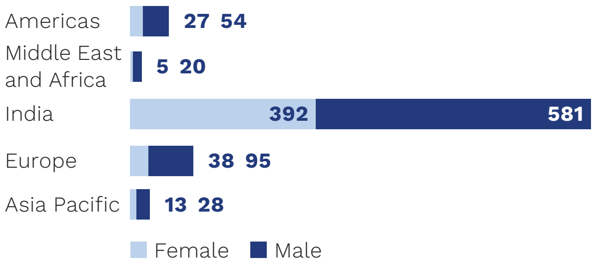
* Internal hires as per DJSI requirements.

Employee turnover

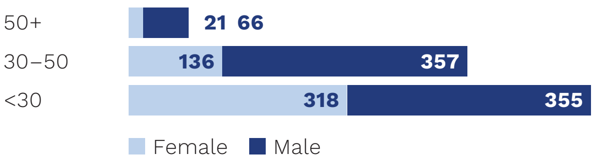
By gender



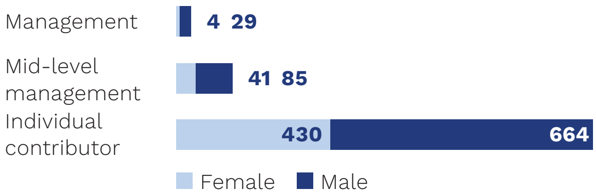
By gender and region



By gender and age



By gender and employee level

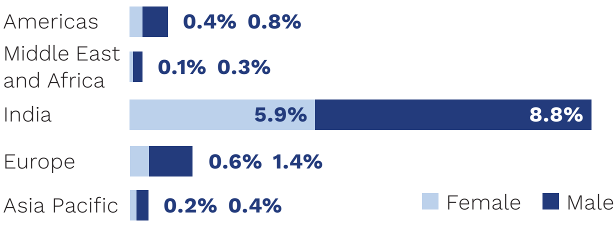


By region*

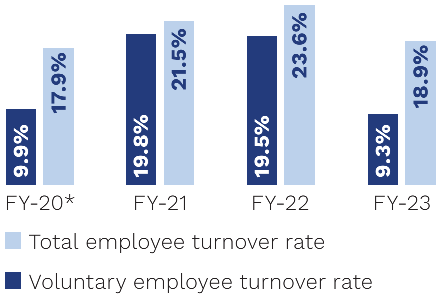
* Leavers at a region/total number of leavers.

By race (US only)

Rate by gender and region

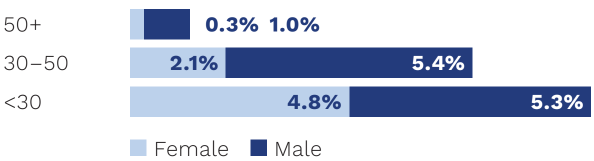


Turnover rate

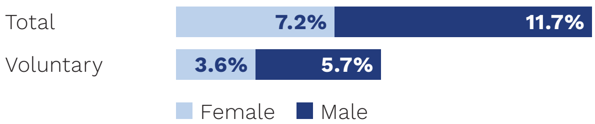


* Includes employees turned to external contractors (HCL Project).

Rate by gender and age



Turnover rate by gender*



* As per GRI, turnover rate refers to the proportion of employees who leave over a set period (often a year), expressed as a percentage of the total workforce.

SUSTAINABILITY continued

Investing in Our People continued

Equal pay and gender pay parity

As part of our long-term DEI strategy, we are committed to making sure everyone is given an equal chance in opportunities, growth and compensation. Our pay practices are reviewed annually to address any gaps among the 39 different countries we operate in, based on the role performed and factors such as skills, tenure, gender and race. Our compensation structure is set to be competitive in the market and equitable internally.

Temenos currently has a mean gender pay gap of around 32%, which represents a 4pp decrease compared to 2022. We are committed to reducing further the gender pay gap through transparent and effective action plans and global initiatives. In order to ensure that employees performing the same work receive consistent compensation opportunities, we evaluate and refine our compensation Programs annually across various talent segments (e.g. gender, race and ethnicity). As a result of these reviews, we are proactively identifying and addressing factors that may contribute to pay gaps.

Salaries are reviewed annually, taking into consideration the cost of living per country so as to ensure all Temenos employees are paid above the applicable jurisdiction's minimum wage, but also above the living wage*.

Temenos complies with the various statutory pay gap reporting obligations at country level, using the methodology required by local governing law. Temenos publishes the UK Gender Pay Gap Report which analyzes the difference between the mean and median earnings of men and women across our UK operations. In Australia, Temenos submits the annual compliance report, under the Workplace Gender Equality Act.

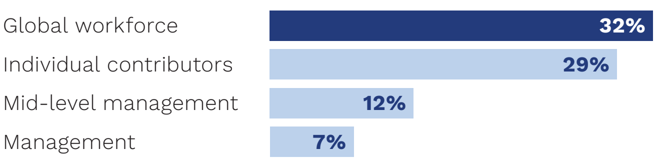
* For the UK, it refers to the living wage as determined by the Living Wage Foundation. For Ireland, it refers to the living wage as determined by the Living Wage Technical Group. In all other jurisdictions, it refers to a wage which is higher than the legal minimum and takes into consideration all relevant living costs.

Women per pay quartile (%)*

Pay quartile	Management	Mid-level management	Individual contributor	Women distribution
Top	21%	27%	26%	17%
Upper middle	17%	23%	36%	23%
Lower middle	16%	25%	44%	30%
Lower	24%	40%	43%	31%
Women distribution	3%	13%	84%	

* Pay quartiles are calculated per employee level. In 2023, we decided to add on the table the women distribution per pay quartile and employee level to get more comprehensive insights. The percentage of women per employee category can be found in the respective chart in the Diversity Dashboard.

Mean gender pay gap



Inclusive culture

Accelerating our diversity journey forward

The technology industry, among others, faces a gender diversity problem. As a global company with presence in many countries, we are committed to advancing gender diversity in our operations, value chain and community investment Programs. As part of our diversity and inclusion strategy, we are actively recruiting and retaining qualified women, while supporting them in their career development, with the aim of achieving an equal representation of male and female employees in our Company. The principles and goals of the Universal Declaration of Human Rights are at the center of our diversity initiatives.

According to the latest Global Gender Gap Report 2023 by the World Economic Forum, it will take another 131 years to completely close the global gender gap, which has been closed by 68.6% in 2023. Women have not been hired at equal rates across industries, despite an increase in the proportion of women in leadership positions over time. In particular, only 28% of leadership roles are held by women in the technology industry. At Temenos, we have achieved 50% gender diversity in top management positions (one level away from CEO).

Although the science, technology, engineering and mathematics (STEM) workforce has grown rapidly in recent decades, the share of women is uneven across STEM job types. In particular, women make up almost half (49.3%) of total employment across non-STEM occupations, but just 29.2% of all STEM employees. In the technology industry, the share of STEM occupations stands at 23.4% for women. While the percentage of female STEM graduates entering into STEM employment is increasing with every cohort, the numbers on the integration of STEM university graduates into the labor market show that the retention of women in STEM even one year after graduating sees a significant drop. In school, STEM subjects tend to be marketed heavily towards boys rather than girls, according to European Women in Tech. Therefore, the interventions have to start from school all the way up to women's career development.

At Temenos, the female representation in STEM-related positions is at 35% (as of the end of 2023). We have developed a strategy to attract and retain women in STEM-related roles, focusing on the following directions:

- through our detailed diversity dashboard, we monitor closely and understand gender diversity in our Company;
- based on the insights and coupled with the Company's business directions, we draft diversity policies internally, focusing on five areas: Recruitment, Retention, Pay, Advancement and Representation, for a more gender balanced work environment;
- we work with schools and universities to fund girls through targeted scholarships to study STEM and motivate them to eventually join the tech industry;
- we also provide job opportunities to build work experiences, internships and mentoring Programs that would encourage women towards tech after graduation; and
- we walk the talk and lead by example, by showcasing women in managerial positions as Temenos female role models, offering women the opportunity to progress and succeed in senior roles.

At Temenos, we are committed to increasing gender diversity globally to 36% by 2025 and 40% by 2030, as well as to increasing racial diversity in the US to 40% by 2025, and we are extremely satisfied to see that with our diversity strategy put in place as early as 2014, today we have almost reached our targets. At the Company level, the female representation in the total Temenos headcount is at 35%, while the racial diversity in the US is at 43% (as of the end of 2023).

We have focused as early as 2014 on gender diversity in the IT workplace and have fostered an equal opportunity environment for both men and women. Our CEO has the executive oversight for diversity issues throughout the Company, signaling the importance of gender diversity and leading by example. DEI is such an important part of our talent agenda and as such we have dedicated resources who manage DEI. At Group level, it is led by our Head of Global Attraction and DEI who reports to our Chief People Officer (member of the Executive Committee).

Our DEI strategy consists of five areas: Recruitment, Retention, Pay, Advancement and Representation. Our global, regional and local people & culture teams use quarterly analysis to identify and address challenges, reviewing gender balance and discussing key initiatives to increase the proportion of female employees. The CSR and Ethics Committee is updated regularly on progress and approves the directions.

Achieving gender equity in the workplace, at all levels, remains a significant challenge for most businesses. We understand that change takes time, particularly for the initiatives that encourage women to choose a career in IT, which will ultimately improve gender diversity. We are committed to communicating internally and externally the importance as well as the benefits of gender diversity, designing targeted interventions and monitoring progress over time.

Empowering our people

All employees have a role to play in building and maintaining a diverse and inclusive culture. By sharing their backgrounds, interests or concerns, they can connect, embrace their differences and make them forces for positive social and cultural change. By forming employee-led and run groups, they ensure that Temenos is a "safe" place, where everyone can bring their true selves to work every day and work to leverage our diversity as a catalyst for innovation.

In 2023, we launched two important partnerships to support our DEI efforts and demonstrate our commitment towards our vision and strategy.

SUSTAINABILITY continued

Investing in Our People continued

Inclusive culture continued

Empowering our people continued

Powered by Diversity was one of our major Partners in 2023. We ran an Ambassador Program for our employees in Europe with its experienced team of trainers and provided open access to all Temenosians to its DEI events and workshops as part of its Cultural Calendar Club.

1. The Diversity Ambassador Certification was obtained by a group of 46 Temenosians who completed a nine-week Program that included the following themes:

- Recruiting inclusively – Everything you need to know about finding, appealing to and hiring diverse talent.
- Disability and chronic illness – Rethinking disability, illness and the limits placed on these communities.
- Religious inclusion – The importance of religion to your peers and colleagues, and how to value it.
- Sex and gender equality – What you need to know about sex and gender equality today.
- Talking about race – How to have productive conversations about race, ethnicity and anti-racism.
- Neurodiversity – Introducing neurodiversity and how to attract and include neurodiverse talent.
- Gender diversity – What you need to know about gender identity and how to talk about it.
- LGBTQIA+ acceptance – We're here, we're queer and all we want is your understanding.
- Age inclusivity and ageism – Why age inclusion is important socially and commercially.

2. All year long, the Cultural Calendar Club hosts DEI events and workshops where professionals in the field come to speak about the month's DEI events. Cultural Calendar Club provided Temenosians with the opportunity to learn more about their areas of interest, including mental health, parenting, LGBTQIA+ communities, health, religions and cultures and many others.

   At the end of 2023 we also partnered with Code First Girls, one of the largest providers of free coding courses for women globally. Code First Girls is a social impact organization dedicated to transforming tech by providing the skills, space and inspiration for women to become developers, data scientists and future leaders across a range of industries. By partnering with them, we have taken another vital step towards fostering a diverse and inclusive workplace.

Employee communities

Employee communities are networks of employees that form based on shared characteristics or background, sponsored by the organization they work for. Usually, EC members share common needs in the workplace. The groups advocate for themselves, and in addition to fostering their own professional development, often become a valuable resource to their employers, providing information about their identities, performing community outreach, opening new networks for recruiting, supporting business objectives and serving as a visible sign of their employers' commitment to a diverse and inclusive workplace. All of these communities will reflect the unique culture, mission and strategic objectives of Temenos.

Below you may learn more about our long-standing communities, as well as the newly launched ones, and about their achievement so far.

Women@Temenos

We continue to be committed to increasing the representation of women in Temenos at all levels, functions and locations, as well as to creating a strong network of women and allies to support one another across the organization.

Over the past 12 months, our online community has grown to over 800 women and allies; the Career Fireside Chat has continued, and this year we've expanded beyond the senior female employees sharing career advice to include other topics for male colleagues as well, such as "Allyship"; from August 2023, we launched "Women@Temenos Monthly" to include a variety of women's career topics and discussions; and this year, we once again joined thousands of people around the world to support Breast Cancer Awareness Month; over 30 cities and 400 Temenosians participated, running, walking, cycling and raising funds and awareness for this important cause.

Parents@Temenos

Parents@Temenos, which started in the summer of 2023, is a rapidly growing employee community that has quickly gained popularity among Temenosians.

The group has over 230 members from all around the world and aims to provide Temenosians with a safe place to discuss and tackle parenting and family-related topics.

The community is open to everyone interested in the topic of parenting and family care: people who are parents, aspiring parents, soon-to-be parents, grandparents, primary carers for family members, managers supporting team members who have become parents, and anyone else interested in family-related topics!

The community organizes live events for all employees, actively debates various topics on the community channel and blogs about matters of interest to the group.

¡ALMA!

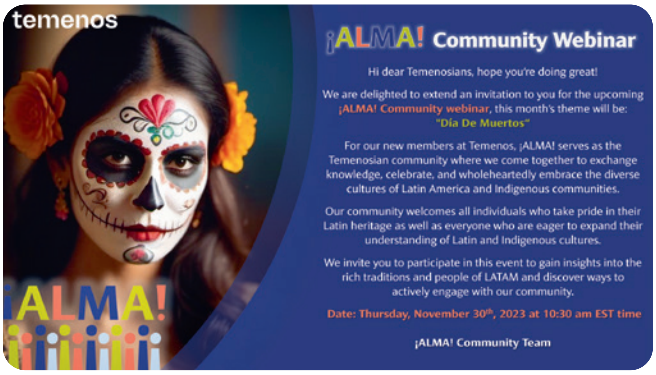
¡ALMA! is another employee community that was founded in 2023 with the objective of sharing, educating and embracing various Latin American traditions.

This group is accessible to everyone who wishes to learn more about the Latin America region and culture.

The community has over 100 members, publishes once a week (Viernes con ¡ALMA!) and has over 200 attendees during each of its live events.

¡ALMA! is exploring themes like:

- history;
- culture;
- relevant content;
- art/music/dance;
- architecture;
- places to visit;
- recipes;
- traditional clothing; and
- customs.



The Souls by Temenos

This is our music employee community/band located in Chennai and Bangalore, with the goal of promoting music, the positive effects of music and the vast Indian musical culture.

Temenosians who sing and play various instruments compose the community. In 2023 The Souls performed on stage at several Temenos events across India and planned a large event to celebrate International Music Day.

In 2024, the group aims to play for CSR initiatives, develop partnerships with other communities and promote other diverse groups through its traditional music.

LGBTQIA+ employee community

Before the end of 2023, we launched the LGBTQIA+ employee community, a dynamic and inclusive space within Temenos, dedicated to fostering a workplace where everyone, regardless of sexual orientation, gender identity or expression, can thrive.

We plan to create a supportive network that champions diversity and empowers our LGBTQIA+ employees through professional development, community engagement and advocacy.

Elimination of discrimination and prevention of harassment

Temenos is proud of the diversity of its people and believes in an equal employment opportunity for all. The work environment at Temenos is free of any type of harassment based on race, religion, national origin, ethnicity, color, gender, age, marital status, sexual orientation, gender identity or disability or any other personal traits or characteristics that are not work related. Any behavior contrary to this principle will not be tolerated.

This forms a part of our Business Code of Conduct, which is publicly available and all employees have to read and acknowledge this when joining the Company and annually after that. All employees are required to complete anti-harassment training annually, as part of the Business Code of Conduct mandatory training. Through the respective communication channels, as communicated in the Code as well as through our People department, employees are encouraged to report any concern of discrimination and harassment. Any retaliation with regard to any such report is strictly forbidden. In case a concern is raised or detected, an internal independent investigation will be launched as quickly as possible, which will be conducted carefully and with full discretion, and any corrective or punitive action taken, if appropriate, will be subsequently reported directly to the Board of Directors. Our anti-discrimination and anti-harassment policies apply to employees and contractors, as well as suppliers, Partners and clients. In 2022, we launched our Working with Integrity Principles Policy that covers bullying or harassment of or by anyone engaged to work at Temenos, and also by third parties such as clients or suppliers. The policy encompasses bullying or harassment that occurs in the workplace, and also out of the workplace, such as on business trips or at work-related social events.

SUSTAINABILITY continued

Investing in Our People continued

Inclusive culture continued

Freedom of expression and privacy

We believe that access to information technology can support greater freedom of expression, which in turn depends upon the right to privacy if it is to be exercised effectively. We respect people's right to freedom of expression and their right to freedom from arbitrary and unlawful interference with privacy online. We ensure this through our Code and the respective privacy policies.

Against forced and child labor

At Temenos, we condemn forced or compulsory labor practices. We comply fully with local minimum age laws and requirements and do not employ children. We ensure this through our global and local People & Culture and recruitment policies.

Freedom of association and collective bargaining

As stated in our Business Code of Conduct, we respect the right of our employees to join or not to join trade unions or similar external representative organizations as defined in the ILO Declaration on Fundamental Principles and Rights at Work, while we engage in a constructive dialogue with employee representatives. Local employment laws and practices, collective bargaining agreements and individual contract terms are followed. Where mandated by local law, we have 100% employees covered by collective bargaining agreements. We provide policies and communication channels for hearing and addressing the concerns of our employees and resolving their issues in an open, fair and transparent manner. Freedom of association and collective bargaining is a fundamental principle, which is respected and valued by the Company for all of its employees. We comply with all relevant collective bargaining agreements in countries where we operate. We follow as a minimum the local law requirement; we also require subcontractors to comply with all relevant collective bargaining agreements and to provide documentation of compliance. All Temenos employees based in Brazil, France, Spain and Romania are covered by collective bargaining agreements that cover various topics such as health and safety, working conditions, talent and development, discrimination and harassment. In France, Germany and Luxembourg, employees maintain work councils and health and safety committees. The local People & Culture departments work as an enabler to make sure that all agreements are followed through as agreed. Working conditions and employment terms are not influenced or determined based on collective bargaining agreements for Temenos employees based in countries except for Brazil, France, Spain or Romania.

	Employees covered under collective bargaining agreements	
Country	No.	% of total headcount
Brazil	16	0.24%
France	57	0.86%
Spain	23	0.35%
Romania	197	2.98%
Total no. of employees	**293**	**4.43%**

Supporting our employees during transitions

Temenos partnered with Randstad RiseSmart, which provides a range of career transition Programs to accompany the employees terminated or close to retirement and offers them tools for a successful transition out of the Company. Participants in this Program benefit from personalized one-to-one coaching sessions and access to a wealth of live and on-demand resources, empowering them to explore and navigate their diverse career options. This Program is designed to facilitate a seamless move to the next chapter of their professional journey, whether it involves other career opportunities, retirement planning, entrepreneurial pursuits or board appointments, and it is a testament to our commitment to employee growth beyond our corporate walls.

People experience

Learning and development

In 2023, our learning initiatives remain closely aligned with the insights gathered from engagement surveys, talent discussions with managers and Directors, performance reviews, and the latest industry and market trends. The cornerstone resources for information, learning and knowledge dissemination are the Temenos Learning Hub, Seismic for our Sales and Marketing (S&M) employees and the Temenos Learning Community.

Within our learning ecosystem, we integrate internal content developed in house through both instructor-led training and on-demand modules. Additionally, we leverage external content collaboratively created with Partners, learning vendors and sales tools providers, such as Articulate, LinkedIn Sales Navigator, Redhat, etc.

Our approach to learning is strategically crafted to align with global trends in employee education, emphasizing both on-the-job training (OJT) and on-demand learning. OJT is immersive, practical and directly linked to job tasks or outcomes. A notable example is the enablement strategy devised for the global implementation of the new Cash-Price-Quote module. On the other hand, on-demand training offers flexibility, allowing learners to access resources, courses or materials at their own pace and convenience. An illustrative instance from this year is the provision of SaaS certifications–SaaS Fundamentals and SaaS Practitioners–for our Sales and Business Solutions Group (BSG) employees.

While we still offer some "traditional" forms of learning, such as formal in-class information transfer, our goal is for this mode to constitute only 10% of our offerings. This aligns with the 70-20-10 rule embedded in our Global Learning Framework.

The positive response from employees to this approach is evident in the results of the employee engagement survey, underscoring the success of our dynamic and adaptive learning strategies.

As we embark on the new year, our L&D vision is confided to embrace several key enhancements. Our foremost objective is to fortify the onboarding process across diverse functions. To address evolving learning needs, we are introducing innovative L&D strategies, such as microlearning. This approach is tailored to accommodate shorter attention spans and satisfies the desire for immediate learning outcomes, leveraging the concept of instant gratification in learning performance. Additionally, we recognize the transformative impact of generative AI in making AI more accessible for swift and efficient learning experiences.

In our ongoing commitment to L&D, we are in tune with the escalating demand for soft skills across various functions. Our focus encompasses vital skills such as negotiations, presentation techniques, effective communication and critical thinking. Furthermore, we are aligning our offerings with the growing emphasis on ESG principles. In response to the high significance of diversity, equality, a sense of belonging and the imperative commitment to address climate issues, our L&D initiatives aim to inspire these values in our learners.

In the pursuit of continuous learning, we acknowledge the paramount importance of self-directed learning. Our approach prioritizes autonomy, flexibility and a robust emphasis on applicability. Learners can ascertain the practical relevance of their acquired knowledge to their day-to-day responsibilities, ensuring that the learning experience is not only enriching but also directly impactful in the context of their daily roles and tasks.

Leadership development training

In 2023, we partnered with Randstad RiseSmart to deliver a comprehensive leadership development Program. This initiative enhanced coaching skills for our people managers, empowering them to conduct effective career conversations. Workshops facilitated by external coaches and global webinars focused on coaching and objective-setting skills for all people managers. To ensure sustainability, a "train the trainer" workshop by Randstad RiseSmart developed 15 internal trainers for ongoing leadership development globally.

Additionally, we launched two leadership development Programs tailored for female talents. The first Program targets emerging leaders, offering a 12-month experience developed in collaboration with Actuate Global. It focuses on fostering confidence, expanding skills, identifying opportunities and achieving career advancement through classroom training, e-learning and personalized coaching sessions.

The second Program supports senior female leaders at Temenos, enhancing their skills and confidence on the leadership path. Developed in partnership with Diafora, it offers intensive face-to-face training through full-day workshops. These initiatives underscore our commitment to empowering women within Temenos to thrive and excel in leadership roles.

Upskilling and reskilling

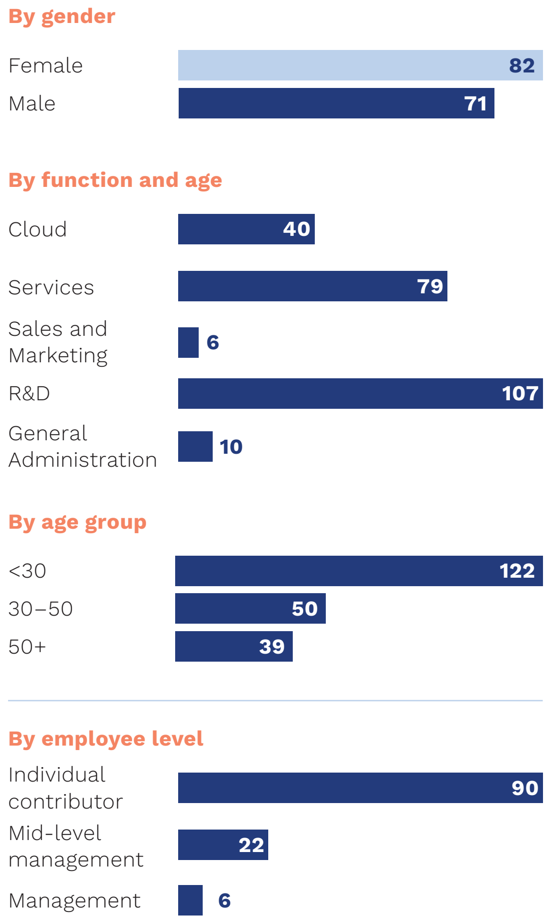
Career development is a key element of our talent management strategy, and in 2023, our commitment to employee career development led to various tailored initiatives. Internally curated e-learnings cover essential soft skills from communication skills and time management, to unconscious bias and receiving feedback, enabling employees to build and elevate these skills at their own pace. What is more, we built and delivered with internal and external trainers dedicated workshops to our people managers promoting the culture of "acting as coaches" by promoting the two-day dialogue for effective objective setting, empowering them to guide their teams proactively.

Additionally, our Women Leadership Programs addressed the specific needs of female leaders, fostering skill development and confidence to thrive on their leadership journey. In parallel, a Presentation Skills Training Program was introduced for our talents, enhancing their abilities in impactful business presentations. These Programs collectively exemplify our dedication to providing diverse and accessible training opportunities, fostering growth and success throughout our organization.

By December 2023, we achieved 75 hours or 9.4 days of average training per employee, excluding on-site coaching and feedback by people managers and other development activities not recorded in our systems. The average training cost for the same period was USD 5,830.

The annual recorded average training hours by gender, function, age group and employee level are shown in the figures below.

Average training hours



SUSTAINABILITY continued

Investing in Our People continued

People experience continued

Performance management

Building on best practices from the market and learnings based on employee feedback as part of the annual employee engagement survey, we continued to enhance our performance management process by providing the means and tools for employees to be empowered in driving their performance and growth. In 2023, we promoted a continuous feedback culture by introducing ongoing check-ins on performance conversations, growth plans and wellbeing needs on a quarterly basis and updating our HRIS accordingly to record and capture all these exchanges. In parallel, during the annual end of year performance review process, we added the self-rating option, as a way for employees to do a self-review and assessment of their own contributions and value delivered. In all these enhancements, change management was key and therefore we have hosted in 2023 several enablement sessions for people managers and individual contributors to take them through the new processes, explain their role in it and communicate on timeline and next steps. On top of that, we have run 12 webinars and 12 workshops on how people managers can act as coaches, to ensure we support them in having targeted, successful and meaningful discussions with their teams. Last but not least, we have developed dedicated e-learnings, available to all staff, on objective setting, giving and receiving feedback and unconscious bias along with limiting beliefs, in order to ensure our people are supported along the way, throughout the year.

This way, performance management at Temenos not only enables an open and two-way dialogue, but also plays a pivotal role in establishing trustful and reliable relationships as a foundation for employee growth and high performance.

To accommodate business changes, in 2023, we held the performance management process in Q2 and 5,477 eligible employees participated in it.

The number of employees who received career progression during the performance management process as well as the number of employees whose performance has been reviewed is reported by gender and by function, while Temenos offered the remaining people with career developmental feedback and learning opportunities. In addition, throughout 2023, there were out of cycle career progressions as shown on the next page, which reflect our investment in our employees' career growth.

During talent review cycle – 2023

Talent review communication

By gender

Female	1,861
Male	3,465

By function

Cloud	361
Services	1,482
Sales and Marketing	511
R&D	2,480
General Administration	492

Career progress

By gender

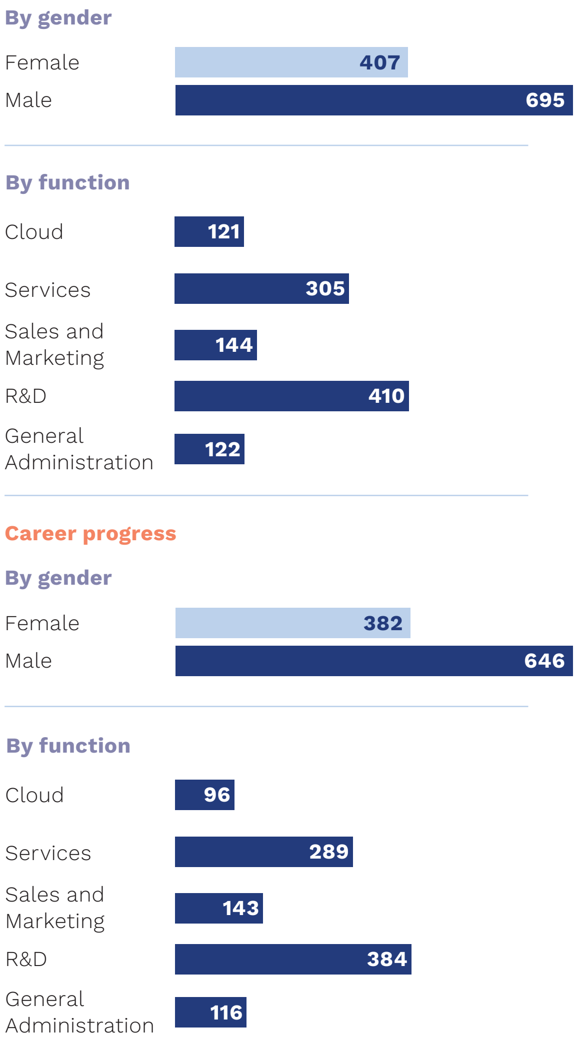
Female	1,849
Male	3,401

By function

Cloud	360
Services	1,470
Sales and Marketing	506
R&D	2,422
General Administration	492

Out of talent review cycle – 2023

Talent review communication



Talent Cards and growth plans

In 2023, we further expanded our commitment to employee growth and development through the introduction of "Talent Cards" by developing a seamless, fully digital and Company-wide process. Building upon the success of a pilot Program initiated in 2022, we fully redesigned the global talent management framework and created a brand-new module within our internal HRIS called "growth". Launched in December 2023, this novel approach encompasses all employees, ensuring a consistent, global and common framework when referring to growth and development across Temenos.

Rooted in an employee-centric philosophy, the process empowers individuals to proactively manage their career and individual development plans, fostering a self-driven approach to professional growth. Simultaneously, managers are equipped with robust tools and frameworks, allowing them to strategically navigate their teams' development, by assessing growth potential and determining appropriate development needs, addressing retention through informed and targeted actions, implementing thoughtful succession planning and assessing the flight risk. This holistic initiative reflects our unwavering commitment to nurturing talent, fostering a culture of continuous development and elevating the overall success of our organization.

Josh Bersin Academy

As at Temenos we believe in the power of continuous growth and development, in 2023 we offered to our whole People & Culture team access to a best-in-class learning experience, featuring a global community of HR practitioners for a collaborative learning experience. Josh Bersin Academy is a virtual hub for HR upskilling giving access to a carefully curated library of learning resources, and the opportunity to share ideas and best practices in a global HR community.

Through the academy, our People & Culture experts can access learning courses including, but not limited to, the latest and future HR trends, talent attraction and retention, equal pay, performance management, team-centric leadership, people experience, hybrid work, employee wellbeing and the role of AI and other technologies in people jobs.

SUSTAINABILITY continued

Investing in Our People continued

People experience continued

Mentoring

In 2023, our Mentoring Program has evolved into a dynamic, year-round initiative open to all employees. With over 600 mentoring sessions conducted throughout the year and a remarkable mentee satisfaction rate of 3.95 out of 4, the Program continues to thrive. Emphasizing a mentee-led approach, Temenos employees have the flexibility to engage as mentors, mentees or both at any point of time. This unique framework empowers mentees to selectively choose mentors based on desired skills, developmental goals and functional expertise, providing a tailored people experience. Beyond skills development, mentoring provides a platform for mentors to give back by sharing experiences and knowledge, while mentees receive valuable career support, inspiration and diverse perspectives to navigate their professional journey. The Mentoring Program forms the cornerstone of our commitment to employees' growth and development.

Coaching

Under the umbrella of coaching, our offerings are extremely diverse as employees wish to be supported in various ways and forms, to accommodate their different needs. "Executive Coaching" is offered to our emerging and senior leaders when they need guidance on how to navigate transformative change and build further on their leadership skills. On top of that, we support employees with "Returner Coaching" when they return to work from long-term absence, including parental, sabbatical or sick leave in case they need guidance during this transition, while dealing with personal or professional challenges. We also offer "Transition Coaching" services to employees who move to another chapter in their personal journey and grow beyond our corporate walls, whether it involves retirement planning, entrepreneurial pursuits or other plans. These coaching endeavors showcase our dedication to fostering employee growth within and beyond our organization's boundaries.

Dual career path in technology

Emphasizing our commitment to individualized employee growth, we further promoted and invested in the dual career path for our technology talent. This initiative allows top engineers and subject matter experts to progress their careers to the highest levels of the organization as individual contributors.

The career path starts with the Curated Technology Talents, individuals with exceptional technical skills, who espouse Temenos values and influence Temenos broadly, outside of their own department. The Curated Technology Talents form a pipeline which feeds into the appointment of Distinguished Engineers, who are subject matter experts in technology and innovation. Finally, from these groups are selected the Temenos Fellows, people who have made an outstanding contribution to the Company. This Program accelerates collective learning, fostering collaboration and knowledge sharing across business lines, ensuring sustained growth for our technical talent.

A pivotal moment for our technology talents was the inaugural Temenos Technology Symposium in October 2023, dedicated to celebrating engineering and subject matter excellence. During this event, we acknowledged the appointment of 24 Distinguished Engineers and 27 Curated Technology Talents, and we intend to make it an annual tradition to unite top technical talents from across the organization to keep nurturing technical expertise and providing access to thought leadership opportunities.

360° feedback survey

360° feedback serves as a developmental tool wherein employees receive confidential and anonymous feedback from colleagues. In 2022, we developed a comprehensive 360° feedback questionnaire by aligning Temenos values with 15 leadership competencies. To enhance user experience, we seamlessly integrated 360° feedback into the Qualtrics cloud platform, ensuring confidentiality while utilizing a familiar tool for employees. Feedback is consolidated into a report and shared through one-on-one coaching debriefing sessions facilitated by both internal and external coaches. Our goal is to empower employees and their managers to create personalized, targeted and informed development plans, aligning with individual growth needs and career aspirations. This initiative embodies our commitment to fostering continuous professional development and ensuring a supportive and enriching workplace environment.

Talent Mobility

The global Talent Mobility guidelines outline the eligibility criteria for talent mobility and the roles and responsibilities of those involved, and they provide a step-by-step guide to support our employees through every stage of the process. We believe that through talent mobility, we can support our people career progression, help them achieve their goals and drive our business forward.

In 2023, we launched Career Talks, our new internal career site, the Talent Attraction Newsletter and other articles and support materials to assist internal candidates in navigating the Internal Mobility journey.

Employee engagement

Listening to our employees helps us drive our strategy, shape our initiatives, improve processes and create a better people experience.

Our CEO and the executive team share regular communications at a global level, while employees receive regional and functional communications covering both strategic and operational topics. We use Microsoft 365 tools and other channels to communicate and engage with employees, including a SharePoint intranet, Viva Engage, video updates, targeted newsletters, townhalls and live-streamed events with leaders and internal surveys. In 2023 we also launched a “Bright Ideas” feedback platform (which can be accessed anonymously).

To ensure that we are offering our employees a seamless people experience, we have partnered with Qualtrics since 2021 to better measure employee engagement. Scores from our 2022 survey were used to inform positive change across our business, such as the development of our Wellbeing and Culture Program with more employee events and wellbeing initiatives, the launch of our T-Stars employee award and recognition platform, our new onboarding process to support new joiners and their managers, our new mentoring Program, establishment of our Female Leaders Program, creation of our new internal microsite with links to SaaS-related resources and a “SaaS Explained” webinar series and many more.

2023 key highlights

One global cloud-based platform: Qualtrics

Frequency: Annually

2023 survey design: 49 questions in 16 categories offered in 5 languages

2023 analysis and reporting: Received 5,898 responses (65% from male and 35% from female employees)

Confidentiality and anonymity commitment: Survey responses are stored in third party Qualtrics servers, in alignment with GDPR and industry standard security policies. This ensures that all responses remain anonymous and confidential to continue with our commitment under the Safe Harbor certification.

Our strong communication and engagement plan delivered great results with an increase of our response rates in 2023 which were 8% higher than in 2022 and above average for our industry and the global norm.

Temenos leaders are committed to listening to and actioning on our employees’ feedback. That is why we conducted several enablement sessions in partnership with an external third party, to analyze and explain the results, share best practices and support people managers in developing and registering action plans.

Our employees’ feedback showed a growing confidence in the survey, with 79% of respondents believing positive action will come as a result of it, which is far above the global norm and the industry standards. Some of our top performing categories, as per our employees’ inputs, are around inclusion, job enablement, work processes, wellbeing and survey follow-up.

Moving forward, we will be focusing on the creation of action plans to address our areas of opportunity. For example, we need to do more to focus on our compensation and benefits policies, really prioritize our transition to SaaS-first and review our Company policies regarding performance, accountability and the implementation of those policies.

	Unit	FY-19	FY-20*	FY-21**	FY-22**	FY-23**
Employee engagement	% of actively engaged employees	62	67	68	71	**72**
Data coverage	% of total employees	85	51	73	82	**90**

* Data coverage is not comparable due to survey format change from annual to always-on in 2020. Average response rate confirmed by Gartner is 50%.

**In 2021 we implemented Qualtrics and moved our employee survey to an annual basis.

Investing in Our People continued

Wellbeing at work

Promoting health and wellbeing

At Temenos, we are committed to supporting our employees' wellbeing and creating a healthy and safe work environment. The significance of a health and wellbeing focus at work was highly important in 2023, following on from challenging global events. In 2023, we continued to raise awareness on mental, physical, financial and social health.

In 2023, we launched a new global wellbeing and culture team to ensure that there is an increased focus on supporting the health and wellbeing of our employees, as well as building the culture that we need to be successful at Temenos.

Our wellbeing initiatives include:

- recharge days;
- hybrid work model, in order to balance work and personal life;
- international travel and medical insurance, including health screening;
- on-site and online team bonding and recreation opportunities;
- on-site recreational rooms and stress management Programs;
- energy corners with healthy office snacks;
- learning and development Programs focusing on mental health and wellbeing at work;
- multiple channels of internal communication and engagement with our employees across countries and at all levels;
- recognition of their work and contribution, opportunities to learn more about Temenos and spend time with the leadership team; and
- employee engagement in community service and on-site and online volunteering projects.

Financial wellbeing webinar series

In 2023, we launched our first dedicated financial wellbeing webinar series, with 500 participants. We are committed to continuing this Program to ensure that we are providing an opportunity for Temenosians to enhance their financial literacy and improve their economic stability.

Wellbeing weeks

In 2023 we hosted four wellbeing weeks. During these wellbeing weeks we hosted over 100 local office events, including yoga, meditation, sound baths, padel tennis and many more.

Educational virtual webinars based on our pillars of wellbeing and led by external experts (on subjects such as personal finance and team wellbeing)

In 2023, we launched sport and physical fitness initiatives such as the establishment of weekly sports teams like the Dubai badminton team; sports tournaments like the Chennai Sports League including cricket, throwball and many other sports; one-off events designed to get employees active like a Body Combat session in Shanghai; and fitness challenges like the Temenos "Mind and Muscle" challenge via the GoJoe app.

Dedicated wellbeing survey

In May 2023 we conducted a global wellbeing survey for the first time and had 1,918 respondents. Our global wellbeing and culture team also traveled to the Company's biggest office in Chennai to run wellbeing focus groups. The results of these initiatives are helping to inform the coming year's wellbeing Program. We want to ensure that the Temenos people experience is a positive one. For more details on our 2023 wellbeing activities, please refer to our corporate website. On top of the dedicated wellbeing survey, we also use other listening channels to inform our wellbeing strategy; this includes our annual, internal employee engagement survey and feedback we gather at our events, during focus groups and in our one-to-one conversations with our employees.

Promoting mental health

We created a page on our SharePoint intranet Uni-T summarizing what mental health platforms and support are available to employees in each Temenos location. We currently have mental health platforms and support offerings in 17 countries, covering 85% of employees. For any locations where we do not currently have an offering in place, we have advised employees to reach out to their local Human Resource Business Partner for support, or to comment on our "Bright Ideas" feedback form (which can be done anonymously). Our intention for early 2024 is to engage a mental health platform provider to service all locations not currently covered. We also provide resources to promote mental health and wellbeing via Uni-T including links to online meditations and articles (with topics including stress management).

Another initiative we commenced in 2023 is a pilot with Quan, a science-based platform designed to measure and improve team wellbeing and enable sustainable high performance. The year-long 60-person pilot is scheduled to commence in Q1-24.

In May 2023 we held a Mental Health Wellbeing Week, which included 40 local office activities (some examples include yoga nidra, mindfulness exercises, a webinar on stress and a positive psychology presentation) and six global activities (including meditations guided by a clinical psychologist, a virtual team "Mind and Muscle" challenge via the GoJoe app, and a webinar on wellbeing at work by Quan). Because we understand the importance of leaders setting an example and helping promote a company culture that prioritizes wellbeing, as part of Mental Health Wellbeing Week we also had four Company leaders share how they relax and recharge in a well-received Uni-T article.

Wellbeing Hub

In 2023 we further developed our Wellbeing Hub on Uni-T. The page has links to wellbeing-related resources, acknowledgment of Wellbeing Award Winners (who receive a T-Stars award for their commitment to wellbeing at Temenos), promotion of wellbeing weeks and other wellbeing events, and resources and tips for local offices planning wellbeing events.

Building a strong community
At Temenos, we know that people are the key, so we prioritize creating opportunities for people to come together. In 2023 we held 316 events for our employees – a combination of global and local office events. This included (but was not limited to) wellbeing weeks, family days, end of year celebrations, volunteering and fundraising events, cultural celebrations and annual Temenos birthday celebrations. For more details on our 2023 wellbeing and culture events, please refer to our corporate website. In 2023 the global wellbeing and culture team continued to hold regular meetings for the people responsible for organizing local office events (including Human Resources, Office Managers and Wellbeing Captains) to ensure consistency globally, create efficiencies and promote information sharing for the organization of local office events.

An important element of our Temenos culture is bringing people together who might not typically cross paths in their day-to-day work. Creating opportunities to bond means our Temenosians feel valued and have greater creativity and innovation, better work outcomes and more effective problem solving. Employees are encouraged to create employee resource groups (such as Women at Temenos, Parents at Temenos, ¡ALMA!, The Souls by Temenos and the LGBTQIA+ employee community). These groups are designed to drive collaboration and bring attention to topics that our staff are passionate about.

Workplace health and safety
In Q4-23, we began the process of seeking an external consultant to advise on the requirements for ISO 45001 certification with a view to engaging a service provider in Q1-24 and actioning their recommendations later in 2024.

Supporting our employees as their families grow
To accelerate representation and improve experience for everyone, our policies, benefits and leave Programs contribute to an inclusive work environment where all employees feel they are valued and have equal opportunities.

We believe that supporting our employees' health and happiness is crucial to their success and to Temenos' future so we have a range of benefits in place to support Temenosians in the good times and the bad. These benefits apply as a minimum global standard, but where local statutory allowance exceeds these, they still apply.

In 2023 we created a page in our SharePoint intranet where employees can find information on the benefits that Temenos offers on top of local statutory requirements, both global policies (detailed below) and region-specific insurances and local benefits.

Supporting professional development
Supporting our employees in developing their professional skills and advancing towards their career goals is critical to Temenos. We understand that it can be challenging to find time to dedicate to this, while managing the demands of their day-to-day work. This is why we give the option to our employees to take up to two weeks of paid leave each year for study or personal development to support them in their current role and help them gain the skills they need to grow. This includes higher education and any relevant skill-based courses.

Recharge days
In order for employees to perform at their best, it is important to take some time to "recharge" their batteries and rebalance their bodies and minds. Temenosians are encouraged to take four days per year to use as recharge days when physically or mentally needed.

Marriage and civil partnership leave allowance
We grant one week of paid leave for marriages and civil partnerships, including same-sex/civil partnerships.

Giving time when our family needs us most
We appreciate that there will be times when our employees' personal needs and those of their families far outweigh the demands of their work life. So, we have extended our Family Care Leave Policy to support them to take time off when either they or their family needs it the most. We support our people to take up to four weeks of paid family care leave, in the case of bereavement or critical illness of their immediate dependent (spouse or child) or a parent or anybody for whom you are a primary caregiver. This leave is also available to mothers following a miscarriage, abortion or pregnancy loss. Our employees can also take up to two weeks of paid family care leave to focus on fertility treatment or surrogacy. Women going through menopause can take up to two weeks of additional paid leave per year.

Investing in Our People continued

Wellbeing at work continued

Supporting our employees as their families grow continued

Maternity Policy

Minimum paid maternity leave comprises 20 calendar weeks at full pay, with no minimum tenure required. We allow a gradual return to work (from the date the employee decides to return), starting at three days per week for the first month then four days per week for the second month and returning to five days per week from the third month onwards, unless the employee is returning part time. These benefits apply to all mothers, including adoptive and foster mothers. We currently have private rooms/medical rooms where breastfeeding mothers can express milk in our Dubai, Singapore, Sydney, Chennai, Bangalore, Hyderabad and Malvern offices and are working to offer this in more offices moving forward.

Paternity Policy

Minimum paid paternity leave comprises two calendar weeks at full pay, with no minimum tenure required. We also allow a gradual return to work for new fathers, starting at four days per week for the first month after their return and returning to five days from the second month onwards. These benefits apply to all fathers, including adoptive and foster fathers.

Parental leave

Employees on parental leave in 2022

Male	267
Female	237

Employees who returned to work after parental leave ended

Male	267
Female	209

Employees who returned to work after parental leave ended and were still employed 12 months after their return to work

Male	226
Female	161

Return to work rate of employees on parental leave

Total	96%
Male	100%
Female	91%

Retention rate of employees on parental leave

Total	81%
Male	85%
Female	77%

Sabbaticals

At Temenos, we value tenure and loyalty. We also understand that our employees have personal goals and commitments outside of work and might enjoy the opportunity to take some additional time off. Therefore, employees are encouraged to take up to two months of unpaid sabbatical leave after five years of service, up to four months after ten years, and up to twelve months after twenty years of working with us.

Rewarding for attracting new talent

We believe that our people are the most effective recruiters. We encourage our employees to invite new talent into our business through their personal network. According to our Referral Award Policy our employees are eligible to receive a monetary reward between USD 500–8,000 for referring a new Temenosian. The value of the reward will vary depending on the candidate's band and location, as specified in our Referral Award Policy. The time scale for payment is one-month tenure of the new recruit.

Hybrid working

The flexibility of working from home can enhance work-life balance. At the same time, we believe that we are stronger together at Temenos. Working from the office supports our ability to collaborate, build connections and learn from each other. The hybrid working model we introduced in 2021 is designed to bring the best of both worlds. In addition, it is a major step towards creating a more inclusive organization, as the "ability to travel daily to an office" is not the most important qualification for employment.

Temenosians can opt to work from home up to two days per week. This policy is applicable to all permanent Temenos employees. Any unutilized days cannot be carried forward to the following week or month. Some roles may not be considered eligible to work from home due to the nature of the job or the stage of learning someone is in. Such examples include but are not limited to employees whose role require a physical presence in the office or face-to-face contact at clients' premises.

Working from anywhere

Temenos encourages flexibility; therefore, we provide our employees with two weeks per annum to work remotely from anywhere. Temenosians are able to extend a holiday or business trip or choose to work from a different location than they normally work. We also encourage them to visit the local office, network, meet new people and get a taste of another Temenos office if they work in the same city.

Part-time options

In some roles, Temenos allows employees to work part time to provide an additional working option for those who prefer not to work full time. We have part-time employees in 28% of the countries in which we operate.

A meaningful gift for new parents: From Babies with Love

In 2023 we expanded our partnership with the organization "From Babies with Love" to provide gifts to Temenosians who become parents, get married or lose an immediate family member (bereavement) to be there for employees at times that matter. From Babies with Love is a social enterprise and a purpose-led brand. Its vision is that every child grows up in a loving family. Thus, it donates 100% of its profit to vulnerable children and Temenos has contributed more than 8,000 USD towards this cause in 2023. Together with From Babies with Love, we can help provide family homes, education, healthcare and support to overcome trauma. This enables children who would otherwise be left to fend for themselves to have a second chance in life.

Supporting global mobility

As a global software company, we rely heavily on our global workforce and leverage their talent to drive business success.

Our global mobility Program forms an integral part of our service delivery model to clients. It enables us to meet business objectives while providing our employees with opportunities to develop their skills and advance their careers. Our dedicated team of regional experts supports mobility to any of the 39 countries in which we operate in coherence with our robust policies and processes that address the complex challenges of managing an international workforce. Our team supports strategic assignment planning, budgeting and cost management, global compliance and advisory services.

We stay abreast of ever-changing global tax and immigration legislative statutes to build and execute an effective, compliant and cost-efficient International Mobility Program. We work with the world-class relocation agents, tax and immigration counsels to facilitate personal income tax consulting, immigration and shipping services.

We leverage our global mobility Program to tap into a significantly larger talent pool and address the skill shortage through the infusion of diverse talent pools fostering diversity and inclusion to boost innovation and productivity. This is a proven employee retention mechanism to curb attrition to some extent by enabling the assignees to gain on-site experience, professional development, flexible work arrangements and career path visibility. We are committed to protecting top-tier talent by strategically deploying them from stagnant markets to active markets with sought after projects.

Awards and recognition

Employee recognition

Our people and culture are what propels us forward as we continue to deliver on our vision to transform the banking industry. Our recognition Programs are an opportunity to celebrate the contributions of Temenosians from across the business, not only for performance excellence, but also for the achievement of our social, environmental and climate-related targets. The nominations are related to our Temenosity values Care, Commit, Challenge and Collaborate, reaching key milestones or going above and beyond the role requirements. Everyone is invited to nominate their colleagues and peers. Our employees are highly encouraged to be inclusive and consider those in roles that are less visible but still make valuable contributions.

Temenosian Award

The annual Temenosian Award celebrates Temenosians who have made an exceptional contribution to our business and helped us to achieve our ambition to be Everyone's Banking Platform. These Temenosians exemplify everything it means to work at Temenos. They are passionate about making banking better and they use their skills and influence to have an impact. These individuals also act as role models and embody our key values. Exceptionally in 2023, 30 winners enjoyed this award, aligning the number of winners with Temenos' 30th anniversary. The award includes both monetary and non-monetary recognition, such as an invitation to our Temenos Kick Off (TKO) event, special celebrations with senior leaders and global announcements.

The Club

The Club celebrates our top performing Sales and Business Solutions colleagues from around the world in a unique way – a trip with our Chief Executive Officer. In previous years, the Club awardees traveled with their partners to Scotland, Iceland, Vietnam, Barbados, Capri, Kenya, India, Morocco and Zambia.

SUSTAINABILITY continued

Investing in Our People continued

Awards and recognition continued

Employee recognition continued

Temenos KEY

The Temenos KEY Program was designed to emphasize Temenos values and celebrate our motto that people are the key. The KEY represents a reminder to all of us that in our business what counts is people, human endeavor and respect for each other. We are a team; we are proud to be part of Temenos and wearing the key embodies our philosophy. For more details, please refer to our dedicated page on our corporate website.

T-Stars

In 2023, we collaborated with Workhuman, a leading cloud provider, to launch T-Stars, our new recognition Program. T-Stars is an easy-to-use online platform allowing employees to acknowledge peers seamlessly. It operates on an inclusive "everyone-to-everyone" basis, enabling all employees to give and receive recognition, irrespective of role or location. Linked to our values, T-Stars offers five award levels for employees to choose from when recognizing contributions. An Award Advisor assists in this process, recommending suitable award levels. Some awards have monetary value (exchangeable for goods), and others do not, since we wish to promote our recognition culture to the next level, no matter if this results in a monetary outcome or not. T-Stars also encourages inclusivity through its "Inclusion Advisory", helping employees craft unbiased messages. In 2023, over 7,500 awards were distributed, with 51% of employees receiving recognition from their peers across the organization. The platform fosters interaction, with over 5,143 congratulations shared alongside recognition moments. Specialized awards, like the "Wellbeing Award" for wellness activities and "Hackathon Awards" supporting the 2023 winners, contribute to the Program's success. T-Stars not only enhances recognition but also fosters a culture of engagement and collaboration within our organization.

Employee value proposition/social media

Temenos promotes its culture, people and lifestyle via LinkedIn, Instagram and Facebook.

Instagram was our preferred channel for EVP material in 2023, and we saw an 11% growth in our number of followers. The 66 posts covered a variety of themes, including CSR and wellbeing activities, office festivities and DEI initiatives.

30-year anniversary campaign

On our 30th anniversary, we ran a record-breaking campaign over five weeks (October–November). The developed content was used both internally and externally. Most of the materials are long lasting (agnostic to the campaign) and will keep supporting us in promoting Temenos culture after the campaign.

Three of the campaign's social posts set 2023 highs: Campaign launch (93 reposts); Leaders in Bangalore (21,000 engagements); and our COO and President Product video explaining what makes Temenos special (40,000 views).

November was the month with the highest number of visitors to the website in 2023 – 34,590 total visitors to the anniversary landing page over the five weeks.

Furthermore, we engaged our people locally to gather to chat about innovation and showcase Temenosity in:

- 45 office celebrations in all major locations;
- our internal event page which received 6,410 views; and
- 30+ videos and posts on Yammer.

Alumni group

The aim of the page is to stay in contact with former colleagues and keep them up to date on what is happening at Temenos, as well as to continue to learn from each other and keep connected to each other after leaving Temenos. We like to say, "once a Temenosian, always a Temenosian" and since last year, the group has grown by about 20%. This group keeps growing and we have plans in 2024 to focus more on expanding it even further.

5 Empowering Our Local Economies and Communities

Enabling access to financial services

Credit unions, savings banks, microfinance, community banks and other non-bank financial institutions are the foundation of sustainable financial inclusion and the development of healthy, sustainable local financial markets. At Temenos, we understand the need to strengthen and support community-based banking, through the provision of modern digital technology and services to strengthen our business to serve our communities and expand our outreach to the unbanked. We offer solutions that are appropriate to the market, transparent and inclusive, while facilitating emerging markets that are still cash dependent.

Investing in our communities

The innovative spirit driving our business successes also fuels our commitment to fostering positive change in the communities we serve. Motivated by a strong desire for positive transformation, Temenos goes beyond financial contributions and leverages our assets, expertise and partnerships to empower communities. We align our investments with our mission and business goals to create shared value and foster sustainable development that lasts beyond our involvement. Furthermore, we collaborate with Partners in promoting local development and creating long-term benefits.

Contributing to the UN SDGs

Our goal is to foster innovation and sustainable economic growth, promote gender equality, economic inclusion, and empower women through the use of technology. Our Adopt-iT Program not only benefits communities outside our business, it reinforces our core values of operating responsibly and uses our technology, expertise and resources for good within Temenos, inspiring many to dedicate their time to helping others.

2023 key highlights

13
computer labs in India since 2017

1
solar-powered innovation lab and green data center

1,370+
volunteers

36,694
students reached through the Adopt-iT CSR India Program, since the Program was launched

> We empower communities through the power of digital technology and financial inclusion, forging a more equitable world for all.

SUSTAINABILITY continued

Empowering Our Local Economies and Communities continued

Enabling access to financial services

Current projections suggest that in 2030, 574 million people, equivalent to nearly 7% of the world's population, will remain in extreme poverty. The World Bank calls for ending poverty by setting a revised goal to reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions by 2030.

Unfortunately, many countries are still far from achieving that target. To eliminate global extreme poverty by 2030, which is interpreted as reaching a poverty rate of less than 3%, these countries will need to grow their economies substantially to eliminate poverty.

Past economic growth was accompanied by increased pressure on the climate through use of oil, coal and gas. If this pressure continues, achieving future growth could create a tension between the poverty goal and the climate goal. In general, a country's GDP per capita is highly predictive of its extreme poverty rate. As countries grow, their extreme poverty rates tend to fall.

Developing countries will need to grow to end extreme poverty and it can be done without significantly contributing to global emissions. It is possible to limit the impact on climate while making strides in poverty reduction. If the incomes of the poor grow faster than the rich, less growth is needed to lift the poorest above the poverty line, and less greenhouse gases will be emitted to reach the poverty target. With the right policies, it is possible to achieve the goal of eliminating extreme poverty without severely degrading the environment. But it is critical to act fast as climate change is already pushing millions of people into poverty.

In 2023, 691 million people were estimated to live on less than USD 2.15 a day, the international extreme poverty line. As global temperatures continue to rise, leading to worse living conditions for millions of people worldwide, the poorest are the most vulnerable and will be the most severely impacted.

Great progress has been made towards financial inclusion and 71% of adults in developing countries have obtained access to an account between 2011 and 2021. Digital financial services – including those involving the use of mobile phones – have now been launched in more than 80 countries, with some reaching significant scale. As a result, millions of formerly excluded and underserved poor customers are moving from exclusively cash-based transactions to formal financial services using a mobile phone or other digital technology to access these services.

However, 1.4 billion of the 5 billion adults are still unbanked in 2023. About half of unbanked people included women, poor households in rural areas, or out of the workforce.

While the gender gap in account ownership reduced from 9 to 6 percentage points in developing countries, women are still hindered from being able to effectively control their financial lives. Countries with high mobile money account ownership had less gender inequality. The impact of Covid-19 on this gender gap remains to be seen.

Since 2010, more than 55 countries have made commitments to financial inclusion and more than 60 have either launched or are developing a national strategy.

Temenos Financial Inclusion

Temenos Financial Inclusion is focused on financial institutions which provide banking services to people who are often excluded from mainstream financial services. It is used at over 300 client sites in 53 countries and offers a mature packaged version of Temenos software which offers extremely fast implementation times.

It is used by clients starting up with no customers or accounts, up to as many as 7 million accounts, all with the same configuration. Many NGOs went on to obtain full banking licenses because of the software and no changes were required.

Our solution is specifically aimed at the following financial sectors:

1. microfinance institutions;
2. credit unions;
3. community banks;
4. non-bank financial institutions;
5. small banks;
6. start-up banks; and
7. banks with financial inclusion initiatives.

Our Financial Inclusion strategy is to provide the same technology infrastructure used by modern digital banks in established financial markets to empower small financial institutions in emerging markets to compete and exponentially grow their customer base, providing quality, affordable, digital financial services to the poor. Temenos provides the technology and expertise to build services to compete with the mobile network operators and fintech and commercial banks that are after the very valuable membership base that community banks and credit unions have developed over decades. It is essential that these community banks keep their customer spend within their own community banking network, generate new revenue and build on their greatest asset – the trusted customer relationship. We do this as part of our mainstream business. We bundle our latest release Temenos core banking technology in a mature model bank for community and cooperative banking and provide access to integration and digital channels via cloud-based Software as a Service (or to be deployed locally). This gives smaller financial institutions subscription-based access to the same technology utilized by some of the world's largest and most advanced banks.

In 2000, Temenos committed to microfinance and constructed a microfinance model bank as a "bank-in-a-box" for easy and affordable deployment. It served the various non-bank financial institutions that were providing financial services to the disadvantaged. Banks could not serve this market due to cost, culture and focus. With the expansion of terrestrial 2G and 3G mobile networks in most of the developing world, transaction processing costs began to plummet.

The mobile phone for voice and data transformed banking. Transactions and payments for the mass market opened. Over the past decade, mainstream banking, driven by Kenya's Mpesa and the huge commercial microfinance networks, has discovered transactional banking's promise for the poor. Throughout this journey, Temenos has led fintech discovery. Temenos is proud of being the first to transfer mainstream core banking technology to the cloud with Microsoft in Mexico, with five microfinance banks in 2011.

Temenos technology has helped every major microfinance network and most of the large mainstream microfinance institutions produce leading financial inclusion solutions. The inclusive banking industry no longer defines inclusion just as having a transaction account. Financial inclusion is "individuals and enterprises having access to usable and affordable financial goods and services that fit their requirements – transactions, payments, savings, credit and insurance – delivered in a responsible and sustainable way", according to the World Bank. The only fintech in the Group that combines core banking and payments in a portfolio of solutions for the sector is Temenos. Temenos Financial Inclusion has developed beyond the typical microfinance end-to-end "bank-in-a-box" solution strategy to a larger digital transformation on payments. Payment digitization reduces market friction, especially in emerging nations where cost affects productivity and investment. Millions are excluded and business development is inhibited in high-density disadvantaged urban and peri-urban regions due to cost and risk of cash. In Sub-Saharan Africa (SSA), the World Bank estimates that small businesses represent 90% of all businesses, and according to Mastercard, Sub-Saharan Africa alone has 44 million micro, small and medium enterprises (MSMEs). Small businesses play a crucial role in global and local economic development. They create jobs, stimulate innovation and provide essential goods and services to communities. The World Bank says the sector's growth is mainly limited by access to credit and quality financial services.

Extending financial inclusion

The pandemic stressed the continuing financial inequality. At the same time, it offered a real opportunity towards investing in a fairer and more inclusive global economy. The rewards for doing so go way beyond those directly affected, from increasing political stability to helping address climate change and from global GDP growth to contributing strong returns from a well-balanced portfolio.

People need a safe place to save and a source of financial services to finance the various stages of their life and to have access to investment for provident and productive purposes. It is said the best police officer is a homeowner. The same applies to the market economy. If the majority of people are excluded from the market economy, there is no foundation to the economy. People who have no stake in the economy have no reason to care about the success of the economy. Financial inclusion is fundamental to the social and economic stability of our global economy. Unlocking the potential of the individual to have meaningful participation and giving people a stake in the market economy provided a foundation for development. Fintech is central to this process. To bank, the poor have to be a market. Banking the poor has to be profitable and achieving this conversion from demand into effective demand for financial services requires very sophisticated use of data and ICT to drop the costs of high-volume, low-value transactions to create a competitive market for the business of the poor.

The Temenos experience has been a journey of discovery with our clients and Partners in a common mission to make a meaningful contribution to our community, our global economy and the lives of tens of millions of women and men that our technology has helped to serve. In many parts of the world, internet, cloud and mobile banking are unlocking this financial inclusion. Temenos will continue to lead with financial technology to continue this mission. Our solution is capable of operating on a 24/7 continuous basis and is fully multicurrency and provides support for multiple languages according to user and customer records. It has in-built digital channel capabilities which can be delivered either using Temenos' solutions or by integration to specialized third party offerings.

Case study

Scaling to serve the needs of low-income households

CreditAccess Grameen is India's largest microfinance institution. It has 4.6 million customers and manages assets of over $2.7 billion. It employs 19,200 people across nearly 1,900 branches nationwide. Its mission is to be the preferred financial partner for low-income, rural households which lack access to traditional credit, with women making up more than 99.99% of its customer base. It offers a range of microfinance loan products, including for business capital, home improvements, family welfare and emergencies.

→ Read more here:
Scaling to serve the needs of low-income households

SUSTAINABILITY continued

Empowering Our Local Economies and Communities continued

Investing in our communities

In an increasingly demanding world, we have a responsibility to address the challenges and help all communities succeed. This means promoting responsible business practices, expanding accessibility and connectivity, advancing fair and inclusive societies, and empowering communities. By strategically leveraging technology, resources, financial support and business expertise, along with the dedication and talent of our employees, we collaborate with clients and Partners to provide communities with access to opportunities technology creates and support, particularly during times of need.

Our approach

As a global leader, we are committed to supporting and enhancing the quality of life in the communities where our employees, Partners and clients live and work. To support this commitment, we actively engage with these communities through a multi-faceted approach:

- corporate monetary contributions;
- corporate monetary contributions that complement the donations or volunteer efforts of our employees;
- in-kind contributions of used IT equipment;
- employee fundraising (volunteering their time and/or money); and
- volunteering (donation of professional service, management expertise, skills and time to non-profit organizations or local communities).

Our community investment is aligned with our mission, business strategy, employee concentration and CSR strategic priorities, ranging from long-term Programs to short-term initiatives.

The key priority areas on which we focus our community investment are:

- poverty alleviation and financial inclusion;
- digital inclusion and innovation;
- diversity, equity and inclusion; and
- employee volunteering and community service.

During the period of 2017–2023, we allocated more than USD 2.8 million to community development projects. Temenos continuously evaluates the effectiveness and impact of its community investment through ongoing engagement with supported organizations and employee volunteer initiatives, aimed at enhancing project management and identifying new opportunities for positive impact.

Our goal is to empower communities to harness the transformative power of technology and equip them with the skills to fully utilize its benefits and opportunities.

2024 goals

- To expand the Adopt-iT School Program to more schools and universities in India.
- To increase access to education and technology for underserved communities.
- To continue awarding need and merit-based scholarships to qualifying students of our partner educational institutions for the next three years.
- To create more volunteering opportunities for our employees in line with our CSR strategic priorities.

Enabling social change through technology

Temenos is committed to finding ways to use technology to enable social change by supporting disadvantaged local communities. We are focusing our actions on transforming the lives of individuals in these communities by improving their work skills and capabilities, promoting gender equality and inclusive education for all, and helping them gain access to finance, healthcare and jobs.

The necessity of technology has evolved into a fundamental human need, yet approximately one-third of the global population still lacks online access. Communities are struggling to keep up with the fast pace of change driven by digital transformation and the shift to a digital economy. In India, where Temenos employs a substantial 65% of its global workforce, the Company has recognized the urgent need to drive social change through technology.

Through our CSR Program in India "Adopt-iT", we are committed to raising awareness about quality and inclusive education, digital skills, gender equality and empowering girls and women to enter STEM fields of study and careers. We work with schools and universities to provide hygiene and sanitation, fund scholarships to study STEM and provide job opportunities to build work experiences, internships and mentoring Programs. Our Programs aim to provide today's youth with the tools they need to shape the future of technology.

→ Read more here: The real impact of our Adopt-iT CSR Program

India CSR School Program

Through the Temenos Adopt-iT School Program in India, we have built 13 solar-powered computer labs and smart classrooms in schools and charitable organizations in need between 2017 and 2023. We focused our actions on encouraging gender equality and inclusive education for all, by building girls' restrooms in government schools in India, helping girls stay in school and providing them with access to the benefits and opportunities technology creates and the skills to deploy it and subsequently equal access to more opportunities in life.

Temenos Adopt-iT

2017	MCN school in Chennai	Computer lab
2018	Government Kannada Higher Primary School in Bangalore	Computer lab and girls' restrooms
2018	St Columbus Higher Secondary School in Chennai	Computer lab, training room and girls' restrooms
2019	RBANC School in Chennai	Solar-powered computer lab and training room
2019	Prakash Nagar Government High School in Bangalore	Solar-powered computer lab
2020	Madras Progressive Higher Secondary School in Chennai	Solar-powered computer lab and training room
2020	Mary Clubwala Jadhav Girls Higher Secondary School in Chennai	Solar-powered computer lab and training room
2021	MCN School in Chennai	Solar-powered computer lab and training room
2021	Kumaran Special School for children and youth with special needs	Sensory lab to support the individual learning requirements
2021	Lady Willingdon Higher Secondary School in Chennai	Solar-powered computer lab and training room
2022	Chennai Higher Secondary School in Maduvankarai, Chennai	Solar-powered computer lab and training room
2022	SOS Children's Villages in Chennai	Solar-powered computer lab and training room
2023	SOS Children's Villages in Bangalore*	Solar-powered computer lab and training room
2023	Government Higher Secondary School in Tamil Nadu*	Girls' restrooms

* In 2023, we built one more solar-powered computer lab and training room at SOS Children's Villages in Bangalore and girls' restrooms at the Government Higher Secondary School in Tamil Nadu.

India CSR University Program

In 2019, we expanded our Adopt-iT Program to further promote innovation and digital skills among university students while creating employment opportunities. As part of the Program, Temenos built a fully equipped and sustainably powered Innovation Lab at Anna University, College of Engineering, in Chennai. This cutting-edge facility provided students with a unique opportunity to become fully engaged in the finance technology sector, partner with Temenos employee volunteers and gain valuable hands-on experience.

Furthermore, we offered our Temenos Learning Community online platform and sandbox environments, customizing them to create a curriculum specifically tailored to the needs of the Temenos Innovation Lab users.

Building upon this success, we expanded our collaboration with universities and colleges across India, expanding our engagement to include R&D, hackathons, training, scholarships, recruitment and green data centers.

SUSTAINABILITY continued

Empowering Our Local Economies and Communities continued

Investing in our communities continued

In 2023, Temenos continued its commitment to fostering innovation by sponsoring two major hackathons with leading Indian universities. These collaborations showcase our dedication to nurturing the next generation of tech leaders. Participants explored diverse themes, developing brilliant solutions for a sustainable future.

Hack Summit 4.0 at SRM University

60+ teams

4 judges

200+ participants

3 winning teams

Building on the success of last year, students from different colleges participated in a 36-hour hackathon where they were challenged to develop digital and sustainable solutions, especially in the fields of fintech, generative AI and green development. This Hack Summit marked the first-ever winning team consisting solely of female students, showcasing the transformative power of diversity in driving innovation.

GraVITas Hackathon at VIT University

70+ teams

300+ participants

3 winning teams

Temenos actively co-sponsored GraVITas, a hackathon at VIT University in India. Beyond being a hub for innovation, the event facilitated knowledge sharing, featuring a tech talk on "Cloud Security" by Temenos' Product Security Head in India. The hackathon drew participation from over 15,000 students representing various colleges globally.

The outstanding outcomes of Hack Summit 4.0 and GraVITas underscore Temenos' transformative impact on the tech community, fostering a culture of innovation and social responsibility.

Case study

Temenos CSR initiative: Sustainability and Inclusive Mobility

Temenos has been at the forefront of using technology to create a positive impact on the world for the past 30 years. Every year, we strategically invest in projects that embrace sustainable approaches, exploring diverse ways to make a meaningful difference. Recently, Temenos collaborated with the Government of Karnataka to donate ten retrofitted electric vehicles to people with physical disabilities. The vehicles were presented by Temenos Chief Executive Officer Andreas Andreades, along with the Temenos leadership team. By empowering people in rural India with eco-friendly mobility solutions, Temenos is moving towards a more sustainable and inclusive society.

Supporting local communities

Temenos Adopt-iT Scholarship Program 2023

Since 2019, Temenos has been awarding need and merit-based scholarships to qualifying second, third and fourth year students of Engineering and IT departments of universities and colleges in India and subsequently provides employment opportunities to outstanding performance graduates.

As part of our gender diversity Program, Temenos is allocating 60% of the scholarships to young women, encouraging them to choose a career in the IT industry. During 2023, Temenos' Adopt-iT Scholarship Program continued to provide scholarships to six educational institutions in Tamil Nadu, including four Universities and two Colleges. A total of 196 additional need and merit-based scholarships were awarded to students attending the following educational institutions and departments:

- Information Technology;
- Computer Science Engineering;
- Electronics and Communications Engineering;
- Electrical and Electronics Engineering; and
- Electrical and Instrumentation.

Temenos Adopt-iT scholarships, since the Program was launched

Unit	2019	2020	2021	2022	**2023**
Total number of scholarships to qualifying second, third and fourth year students	46	92	141	196	**196**

Number of scholarships awarded per University/College

Educational institutions	2023 number of scholarships
Anna University	46
Sastra University	30
VIT University	30
SRM University	30
SVCE College	30
SKCET College	30
Total	**196**

By providing scholarships to qualifying students in engineering and IT departments of universities and colleges in India, Temenos is empowering young minds to pursue careers in the digital economy. Through this initiative, Temenos is not only investing in the future of technology but also fostering a more diverse and inclusive IT workforce. The scholarship Program will continue and expand to other universities and colleges in Chennai, Bangalore and Hyderabad, over the next two years.

671

need and merit-based scholarships for students of six educational institutions (2019–2023)

96%

of the students have a family income less than USD 2,000 per year

SUSTAINABILITY continued

Empowering Our Local Economies and Communities continued

Investing in our communities continued

Donations

Corporate monetary contributions

We believe that those with the means to make a difference should act, acknowledging that complex challenges demand united action. In collaboration with our local offices, we carefully evaluate and select projects based on their alignment with local community needs and our strategic priorities, which encompass poverty alleviation, child welfare, youth development, technological advancement, environmental sustainability and emergency relief.

Community investment in USD	2020	2021	2022	**2023**
Monetary donations	269,752.26	417,367.44	452,543.18	**697,391.61**
Employee fundraising	31,181.83	20,122.90	77,325.00	**52,165.60**
Employee volunteering cost	67,561.00	62,411.00	109,918.00	**136,938.00**
In-kind donations	40,872.00	107,300.00	99,121.65	**9,243.01**
Management overheads	47,630.00	68,881.00	78,456.00	**101,705**
Total	**409,367.09**	**607,201.34**	**817,363.68**	**997,443.22**

Type of philanthropic activities (2023)	Percentage of total costs
Charitable donations	7.2%
Community investments	92.8%
Commercial initiatives	0%
Total	**100%**

As per our Anti-Corruption and Bribery Policy as well as the Charitable Donations and Non-Commercial Sponsorships Policy, Temenos does not make any contributions to political, religious or legislative parties.

In addition, the Temenos internal audit team conducts yearly independent, objective audits of the Company's corporate monetary contributions, in relation to the Anti-Corruption and Bribery and Conflict of Interest policies. The results of these audits are shared with the CSR and Ethics Committee and the Audit Committee. All donations and non-commercial sponsorship requests are submitted online through the Temenos intranet for review and evaluation by the CSR and Ethics Committee during its regular meetings.

Emergency relief

In times of disaster or unexpected events, Temenos does not just stand by – we leap into action, offering a helping hand to communities in need and empowering non-profit organizations and emergency relief agencies for a lasting impact. As every year, we are grateful to the hundreds of Temenosians who have contributed and continue to support urgent causes by forgoing pay or through our volunteer Programs.

Corporate monetary contributions and employee fundraising in 2023

We foster a culture of community service among our employees, encouraging their participation in fundraising activities for non-profit organizations in the countries where we operate, with the opportunity to amplify their efforts through corporate matching of raised funds. The activities to be considered for the corporate matching need to be aligned with the corporate CSR priorities. In 2023, employees enthusiastically embraced a diverse range of impactful initiatives.

→ Read more here: Poverty Alleviation and Economic Development

Case study

Employee fundraising for Adopt a Kid – India

True Temenosity in action!
In 2017, we established "Adopt a Kid – India", a long-term Education Support Program (ESP) in which Temenos employees support the education of children from low-income households. This Program enables access to education for children with single or no parents and children below the poverty line, who could not afford a decent education. In 2023 alone, the Program's impact extended to 59 additional children, demonstrating the unwavering commitment of Temenos India employees.

Even though it is an initiative led and funded by Temenos India employees, the Company recognizes the importance of these efforts and the social impact of the Program and has begun to financially support this action with the goal of matching all donations by 2025. Notably, the Company has already matched 89% of the funds raised by employees since the Program's launch. Over the past seven years, the Program has benefited 598 children (272 boys and 326 girls) and raised a remarkable USD 123,389 through fundraising activities. As the Program expands, it will impact the lives of more children, granting them the fundamental right to education–one of the most significant human rights.

598
children were able to go to school and pursue their dreams (2017–2023)

USD 123,389
raised by employees and matched by Temenos (2017–2023)

Number of children supported/year

Year	Supported by	Boys	Girls	Total
2017	Temenos India employees	8	4	12
2018	Temenos India employees	10	18	28
2019	Temenos India employees	18	29	47
2020	Temenos India employees	38	31	69
2021	Temenos India employees	11	20	31
	Temenos	42	37	79
2022	Temenos India employees	17	39	56
	Temenos	63	54	117
2023	**Temenos India employees**	**20**	**39**	**59**
	Temenos	**45**	**55**	**100**
Total	**Employees and Temenos**	**272**	**326**	**598**

Funds raised in USD

	Temenos India employees	Corporate match	Grand total
2017	2,727	–	2,727
2018	6,545	–	6,545
2019	8,061	–	8,061
2020	9,375	–	9,375
2021	7,170	12,870	20,040
2022	15,126	22,696	37,822
2023	**16,309**	**22,511**	**38,820**
Boys	5,334	9,864	15,198
Girls	10,975	12,647	23,622
Grand total	**65,312**	**58,077**	**123,389**

SUSTAINABILITY continued

Empowering Our Local Economies and Communities continued

Case study

Empowering human rights through technology: Temenos and HURIDOCS partnership (2023)

Temenos is excited to highlight our collaboration with HURIDOCS, reflecting our commitment to positive social change. Central to this partnership is Temenos' contribution: a USD 250,000 donation made in 2023, fortifying HURIDOCS foundation and advancing its crucial mission. This alliance symbolizes more than a financial investment; it represents a shared dedication to championing human rights and promoting a world defined by justice and equality.

HURIDOCS mission and services

HURIDOCS is a non-profit organization dedicated to empowering human rights defenders and organizations worldwide, to document and effectively use information to advocate for justice and accountability. The organization's tools and resources are used by thousands of activists in over 130 countries to document human rights violations, build human rights repositories and archive collective memories. It delivers two complementary services: building essential technology which provides information infrastructure for human rights organizations and movements, and co-developing strategic standards and approaches for the sector.

Temenos empowerment: Key outcomes of HURIDOCS 2023 technological development

HURIDOCS made significant strides in technological development in 2023, empowering human rights defenders and advancing the cause of human rights worldwide. Its flagship open-source tool, Uwazi, received substantial updates, enhancing its user friendliness, scalability and data security. The relaunched African Human Rights Case Law Analyzer (CLA) now offers a comprehensive multilingual collection of human rights decisions, accessible to defenders, researchers and activists worldwide. HURIDOCS also developed Rapid Response Documentation Principles, guiding the development of context-specific tools and methodologies for rapid response documentation (RDD). These principles emerged from the experiences of 12 partner community organizations across South and Southeast Asia. Finally, HURIDOCS initiated a research project to gain a deeper understanding of documentation practices among human rights groups in the Middle East and North Africa (MENA) region. This research will inform HURIDOCS's regional work and enhance the impact of human rights documentation initiatives.

Temenos is honored to be part of HURIDOCS journey to make a meaningful and lasting difference in the realm of human rights landscape.

Temenos Adopt-iT volunteers.

Investing in our communities continued

Employee volunteering and community service

At Temenos, we believe in the transformative power of volunteering. We actively encourage and support the efforts of our employees as well as our management to offer their time and expertise to help local communities or non-governmental organizations during paid working hours in activities organized by the Company and in line with our CSR strategic priorities. Since 2019, we have set a target to evaluate our volunteering Program and the impact of our volunteers.

Our key aims were:

- to measure the social impact on the local communities;
- to explore new ways to give back to the local communities;
- to identify areas for improvement;
- to uncover, through volunteering, new skills or talents in our people;
- to identify the impact that volunteers have on Temenos, in terms of their contribution and economic value; and
- to have documentation for audit and third party verification.

To be able to better monitor, track and report the number of volunteers, volunteering hours and the impact of these activities not only to the community, but also to Temenos, we have created an Employee Volunteering Tracking form for volunteering activities. The Program was initially rolled out in India, focusing on the Adopt-iT Program and the work we are doing in the schools and universities. Gradually, it was expanded to the rest of the Company's offices globally.

In the spirit of giving, we believe that volunteering is the heartbeat of positive change. Embracing the power of collective action, Temenos employees around the world passionately lead and participate in diverse projects, dedicating their time and skills to make a meaningful impact. In 2023 alone, a remarkable 1,372 Temenosians generously contributed 4,854 hours to a wide range of initiatives focused on fostering community, educating youth, protecting the environment, and more.

4,854+
volunteering hours in 2023

50+
projects in 2023

35+
organizations supported in 2023

39
countries where we have supported local communities in 2023

Employee volunteering by CSR strategic priority areas	Employee time in USD*	Employee time in hours
Environment	34,517	1,165
Poverty alleviation and local economic development	28,197	1,378
Technology and innovation	70,007	2,042
Children	3,986	263
Emergency relief	231	6
Total	**136,938**	**4,854**

* To calculate the cost, base salary and social charges were used for each employee.

Employee volunteering by CSR strategic priority areas	Employee time in USD	Employee time in hours
Americas	16,929	315
Middle East and Africa	6,328	81
India	52,383	3,040
Europe	38,994	880
Asia Pacific	22,304	538
Total	**136,938**	**4,854**

SUSTAINABILITY continued

Empowering Our Local Economies and Communities continued

Temenos Adopt-iT volunteering for digital inclusion

Since 2017, our employees in India have volunteered their time and expertise through the Adopt-iT Program to educate students from underprivileged backgrounds. In 2023, Temenosians, both on site and virtually, invested 2,510 hours crafting STEM education Programs that equip students with essential technology skills. From mastering software testing and cloud computing to refining presentation abilities and honing communication skills, Temenos Adopt-iT empowers young people to become leaders, creators and problem solvers.

Appendix

About this report

Unless otherwise indicated, the information provided in this report reflects the situation as of 31 December 2023 and covers all Temenos operations as well as all financially consolidated activities globally during FY-23. The report is prepared in accordance with Art. 964b of the Swiss Code of Obligations, which became mandatory for Swiss companies of public interest from 2023, in alignment with recommendations and standards issued by the Integrated Reporting Framework, in accordance with the Global Reporting Initiative (GRI) Standards and mapped to the Sustainability Accounting Standards Board (SASB) Software and IT Services Sustainability Accounting Standard. Our Board of Directors acknowledges responsibilities and has approved and signed off the 2023 Temenos Sustainability Report according to the Swiss Code of Obligations. We also adhere to the requirements of Art. 964j-l of the Swiss Code of Obligations (Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labour). We have determined that we are exempt from the obligations of due diligence and reporting obligations on minerals and metals from conflict-affected and high-risk areas and in relation to child labor (read more on page 57).

Please see our online GRI content index on page 131 for detailed data and additional information. On page 138 we summarize how this report complies with the requirements of Art. 964b of the Swiss Code of Obligations. In addition, it serves as Temenos' annual Communication on Progress under the United Nations (UN) Global Compact. This is our eighth Sustainability Report. No restatements were done. We have assured the content through an internal review process, including Board of Directors and executive oversight of reviews and validation. Apart from the internal review process, an independent third party, Grant Thornton S.A., has provided its assurance on Temenos' Sustainability Report 2023. The scope of the assured information is indicated in the independent practitioner's assurance report. Our first report with GRI was published in 2017.

Temenos operates 56 offices in large, leased, multi-tenant buildings in 39 countries (including acquisitions). Temenos' energy reporting and corresponding Scope 1 and 2 emissions cover the time period from 1 December 2022 to 30 November 2023. In 2023, we measured and reported 99% of the total energy consumption and GHG emissions, excluding only a few individual small offices with limited headcount (ten people or less). The energy consumption of these offices includes all types of energy (renewable and non-renewable purchased grid electricity, natural gas and on-site generation) and represents consumption as reported on invoices from utility providers and management companies.

Energy and emissions calculations follow the Greenhouse Gas Protocol with reference to ISO 14064:2018–"Greenhouse gases, Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals". All greenhouse gases are included in the calculations. The consolidation approach used to calculate the GHG inventory is operational control, since Temenos has full authority over the operations, and accounts for all the emissions resulting from all operations across all offices in all countries. In the report, the metric ton/UK ton equivalent to 1,000 kilograms is stated solely as ton. Scope 1 and 2 emissions were calculated using IEA and DEFRA emission factors. Emissions from business travel were calculated based on the distance traveled using DEFRA emission factors. All GHG emissions figures are in tons of carbon dioxide equivalents (tCO_2e). Renewable energy is valid only with an official certificate (Energy Attribute Certificate), following the RE100 initiative requirements, or written confirmation from the electricity supplier. Our water withdrawal covers 87.1% of total headcount. Water discharge was estimated based on a 95% discharge factor, taken from the Sydney water utility provider. The generated waste covers 100% (estimation based on extrapolation from actual data received from 78.2%) of the total Temenos population (excluding population working in serviced offices with less than ten employees). The intensity ratios were calculated, based on monthly average consumptions of energy/water per average monthly employee headcount for the period December 2022 to November 2023.

Scope 1 and 2

Our Scope 1 emissions are due to direct natural gas consumption for heating, from diesel fuel consumption for on-site electricity generation and from fugitive emissions from the air-conditioning equipment. The Scope 1 fugitive emissions were calculated using our sustainability software tool, taking into account the surface area of each office and assuming R407a as the type of refrigerant for all offices. Vehicle combustion Scope 1 is excluded because it is below the 5% threshold of our total Scope 1 and 2. Our Scope 2 location-based emissions are a result of the consumption of purchased electricity from local grids. Our Scope 2 market-based emissions were calculated taking into account the green energy products from local utility providers, the Energy Attribute Certificates, as well as the residual mix values for each location where available. Temenos does not generate any biogenic CO_2 emissions from the combustion or biodegradation of biomass. Calculation is based on building electricity invoices and includes offices, common areas and owned data centers.

Scope 3

Our Scope 3 business travel-related emissions from flights, trains and taxis cover FY-23 and all the countries where Temenos operates, representing 100% of the total employee concentration. The data was collected from the Company travel management system as well as travel agency providers. For the taxi-related emissions, we have assumed a 40km taxi ride–to and from the airport–for each flight.

The 2023 GHG emissions from employee commute were calculated based on integrated information from Geocoding Automation with Google Maps and from our internal employee information platform. This methodology covered 95% of total headcount. For cases where the information platform system exceeded 60-mile office to home distance (due to different tax and permanent address), an average 13.14-mile distance was assigned. The remaining 5% was estimated based on extrapolation, taking into consideration the hybrid model frequency. The information platform covered various aspects such as distance between home and the office, modes of transport–private vehicles, mass transit, cycling, carpooling, walking, fuel efficiencies of private vehicles used, and average monthly office presence. The data gathered covers private vehicles owned by our employees. The emissions have been calculated based on fuel efficiency, total distance traveled, fuel types and characteristics and emission factor for the fuel used.

APPENDIX continued

About this report continued

Scope 3 continued

Our Scope 3 categories purchased goods and services and capital goods have been estimated based on input-output analysis (WRI Scope 3 Screening Tool from Quantis) using the best-fit category, including consideration of inflation development from 2015 to 2023, as 2015 has been the last year of inflation adjustment made by the WRI Scope 3 Screening Tool. We are in process of improving the methodology used to calculate Scopes 3.1 and 3.2 (moving from spend based to supplier-specific or hybrid method), for more accurate data as of next year.

In order to calculate upstream emissions of the Scope 3 category of other fuel and energy-related activities from purchased electricity (e.g. due to T&D losses for every unit of grid electricity procured) we used actual energy consumption as reported on invoices from utility providers and management companies and emission factors from IEA.

In order to calculate upstream emissions of our Scope 3 category of waste generated in our offices, we used our 2023 office collection data for hazardous and non-hazardous waste, e-waste and wastewater treatment, taking into account the disposal methods and emission factors from DEFRA, specific for each disposal method.

Our Scope 3 science-based target boundary covers 68.6% of Scope 3 emissions, in line with the SBTi criteria, representing 56,345 tCO_2e for 2019. Overall, our Scope 3 GHG emissions are a focus area of improvement for the next years. As the methodology continues to improve, a re-assessment of the baseline may be necessary.

Although our current science-based target does not cover emissions from on-premise software usage – Scope 3 use of sold products – we acknowledge the increasing demand of our cloud and web-based offerings. In response to this evolving landscape we intend to report on emissions from the use of our web-based software products going forward.

Diversity dashboard

Our headcount-related figures and diversity dashboard are based on the GRI and SASB Standards, S&P Global CSA and Bloomberg GEI requirements and cover all Temenos operations globally, in full alignment with the Annual Report and Financial Statements. The data sources are the corporate internal IT and HR systems, which provide data on full-time and part-time employees as well as permanent and temporary employees.

When referring to governance bodies, we include: Board of Directors, Executive Committee and Management Board.

All references to currency are in USD unless otherwise stated.

Methodology and assumptions

- Data used to compile the dashboard represent actual headcount (not FTE) as per 31 December 2023, unless specified otherwise.
- All charts refer to Temenos employees, unless specified otherwise.
- Temporary employees are employees on a fixed-term contract.
- Part-time employees are employees at less than 100% FTE.
- Employee level: Considers Temenos internal ranking system (employee bands) and number of reporting lines. Individual contributors are junior/mid-level employees and have no reporting lines. Mid-level managers are mid/senior-level employees with at least one reporting line. Senior managers are senior-level executives regardless of reporting lines.
- Employee category: "tech" includes employees working in R&D or Cloud functions; "non-tech" includes employees working in G&A, S&M or Services.
- Employee function: Internal employee classification system based on employee department.
- Employee turnover rates calculated by comparing actual headcount as at 31 December 2023 to actual headcount as at 31 December 2022 as per GRI definitions.
- Business partners: Consultants of Temenos Certified companies have been considered as Temenos staff augmentation.
- External contractors: Consultants of third party companies (not approved as Temenos Certified Partner) or freelancers that get paid directly from Temenos have been considered as Temenos staff augmentation.

Contextual information

- As a rule, the vast majority of our global headcount is made up of permanent, full-time employees. Fixed-term employee contracts, not resulting from legal or statutory requirements, represent a negligible percentage of our global workforce.
- All Temenos employees are guaranteed a fixed number of working hours per day, week or month, except for one intern in the US (male) paid on hourly rates.
- Part-time employees represent below 1% of global workforce (e.g. employees returned from parental leave and employees opted to work part-time instead of full-time).

Fluctuations in headcount

- Fluctuations in number of employees or workers who are not employees are considered significant if higher than 20%.
- In 2023, 142 employees moved onto a fixed-term contract, the majority in Dubai in line with changes to the UAE labor law. The amendment to fixed-term employment contracts in UAE is mandatory for all private sector companies.

Contact

The 2023 Temenos Sustainability Report explains our policies, procedures, Programs and performance on our material environmental, social and governance (ESG) issue areas as well as how we address other important CSR issues. We welcome your feedback on the activities and Programs described in the report, as well as the issues you expect to see addressed in the future. Please email your comments to the below address.

Kalliopi Chioti
Chief Marketing and ESG Officer
Tel.: +41 22 708 11 50
csr@temenos.com

Independent assurance report

To the Board of Directors of Temenos

The Board of Directors of "TEMENOS AG" ("Temenos") engaged "GRANT THORNTON S.A. CHARTERED ACCOUNTANTS MANAGEMENT CONSULTANTS" ("Grant Thornton") to review selected data included in the "Sustainability" section of the "Integrated Report" of the Temenos Annual Report 2023 for the fiscal year ended on 31 December 2023 (the selected data), in accordance with the Global Reporting Initiative (GRI) Standards ("GRI Standards") version 2021 and the Sustainability Accounting Standards Board (SASB) for selected disclosures.

Scope

We performed our engagement in accordance with the provisions of "International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements other than Audits or Reviews of Historical Financial Information" (ISAE 3000), in order to provide limited assurance opinion on selected data of the "Sustainability" section of the "Integrated Report" of the Temenos Annual Report 2023, with regard to:

- the completeness and accuracy of quantitative data included in the Sustainability section of the Integrated Report of the Temenos Annual Report 2023 in accordance with GRI Standards 2021, including GRI 2: General Disclosures 2021;
- determine and report material topics, responding to GRI 3: Material Topics and the double materiality assessment in accordance with the requirements of the EU Corporate Sustainability Reporting Directive (CSRD); and
- the completeness and accuracy of quantitative data and the plausibility of qualitative information against the requirements of the respective GRI Standards for the Topic Specific Disclosures meeting the GRI Standards "In accordance" option requirements, of the below selected indicators, which are linked to the material issues of the Company:
  - GRI 201-1 Direct economic value generated and distributed;
  - GRI 203-1 Infrastructure investments and services supported;
  - GRI 204-1 Proportion of spending on local suppliers;
  - GRI 205-2 Communication and training about anti-corruption policies and procedures;
  - GRI 302-1 Energy consumption within the organization;
  - GRI 302-3 Energy intensity;
  - GRI 303-1 Interactions with water as a shared resource;
  - GRI 303-3 Water withdrawal;
  - GRI 305-1 Direct (Scope 1) GHG emissions;
  - GRI 305-2 Energy indirect (Scope 2) GHG emissions;
  - GRI 305-3 Other indirect (Scope 3) GHG emissions;
  - GRI 305-4 GHG emissions intensity;
  - GRI 305-5 Reduction of GHG emissions;
  - GRI 306-3 Waste generated;
  - GRI 308-1 New suppliers that were screened using environmental criteria;
  - GRI 401-1 New employee hires and employee turnover;
  - GRI 401-3 Employees' parental leave;
  - GRI 403-6 Promotion of worker health;
  - GRI 404-1 Average hours of training per year per employee;
  - GRI 404-3 Percentage of employees receiving regular performance and career development reviews;
  - GRI 405-1 Diversity of governance bodies and employees;
  - GRI 414-1 New suppliers that were screened using social criteria;
  - SASB TC-SI-130a.1 "(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable";
  - SASB TC-SI-130a.2 "(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress";
  - SASB TC-SI-330a.2 Employee engagement as a percentage;
  - SASB TC-SI-330a.3 Gender and racial/ethnic group;
  - Temenos KPI 1: % of revenue spend on R&D; and
  - Temenos KPI 2: Client satisfaction: improvement by % points and Client Voice: Number of participants annually and Net Promoter Score.

Management responsibility

The Management of Temenos is responsible for the preparation and presentation, completeness and accuracy of the selected data provided to us, as incorporated in the "Sustainability" section of the "Integrated Report" of the Temenos Annual Report 2023. Furthermore, the Management is responsible for maintaining records and adequate internal controls that are designed to support the reporting process.

Grant Thornton responsibility

Our responsibility is to carry out a limited assurance engagement and to express our conclusions based on the procedures carried out for the selected data, as described in the "Scope" section.

The procedures we carried out were designed to provide limited assurance, as specified by ISAE 3000, based on which we shaped the conclusion to our engagement. These procedures are not as extensive as those required for providing reasonable assurance; consequently, a lower level of assurance is obtained. Our responsibility is limited to the information related to the fiscal year that ended on 31 December, as these were included in the "Sustainability" section of the "Integrated Report" of the Temenos Annual Report 2023.

To the extent it is permitted by the legislation in force, we neither accept nor assume any responsibility for our engagement or this report towards anyone other than the Company, unless the terms have been agreed explicitly in writing, with our prior consent.

APPENDIX continued

Independent assurance report continued

Limitations

- To conduct our work, we relied exclusively on the information provided to us by the Company's executives, which we accepted in good faith as being complete, accurate, real and not misleading. Therefore, we did not submit it to any verification procedures, apart from the procedures explicitly stated in our Report and which arise from our mutually agreed methodology.
- Our engagement was limited to the English version of the "Sustainability" section of the "Integrated Report" of the Temenos Annual Report 2023.
- No work has been conducted on data for previous reporting periods, as well as on data related to forecasts and targets.
- No work has been conducted on anything other than the agreed scope and consequently, our opinion is limited to that scope.

Work conducted

We conducted our work so as to collect all the data, relevant documentation, information and explanations we considered necessary as to the selected data described in the "Scope" section. The procedures followed with regard to the selected data included:

- interviews performed with key personnel of the Company responsible for the preparation of the Sustainability section of the Integrated Report of the Annual Report 2023 in order to understand key governance structures, systems, processes, controls and their level of understanding of the information included in the Temenos Annual Report 2023;
- identification of existing internal processes related to application of ESG policies;
- application of assurance procedures on a sample basis in order to collect and review audit evidence; and
- review of the GRI Content Index, as well as the relevant references included therein, against our scope of work.

Independence

Grant Thornton implements the requirements of International Standard on Quality Control 1. Based on this, it maintains an integrated quality control system that includes policies and procedures for compliance with ethical principles, professional standards and relevant legal and regulatory requirements. We comply with the independence requirements and other ethical standards of the IFAC Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (IESBA), which is based on the fundamental principles of integrity, impartiality, professional adequacy, confidentiality and professional conduct. In this context, the assurance team is independent from the Company and has not participated in the preparation of the "Sustainability" section of the "Integrated Report" of the Temenos Annual Report 2023.

Conclusions

We report the following conclusions based on the scope and the limitations of our engagement. Our conclusions are based on the procedures we carried out, as described in the "Work Conducted" section:

- Nothing has come to our attention that causes us to believe that the "Sustainability" section of the "Integrated Report" of the Temenos Annual Report 2023 does not meet the requirements of General and Topic Specific Disclosures of GRI Standards 2021.
- Nothing has come to our attention that causes us to believe that the Company-specific key performance indicators included in the Sustainability section of the Integrated Report of the Temenos Annual Report 2023, as described in the section "Scope", are materially misstated.

Restricted use

This report is intended solely for the information and use of the Company in accordance with the terms of reference agreed between us and is not intended to be and should not be used by anyone other than the Company.

Athina Moustaki
Athens, 14 February 2024
The Chartered Accountant
CPA (GR) Reg. No. 28871
Grant Thornton

Stakeholder groups

Stakeholder groups	Examples of engagement	Stakeholder key concerns	Location in report
Employees Frequency: daily	• Employee surveys: employee engagement survey, dedicated wellbeing survey • Performance management: talent review, talent cards and growth plans, 360° feedback survey, mentoring Program, coaching Program, dual career path in technology, talent mobility • Learning and development: Temenos Learning Hub (TLH), Temenos Learning Community (TLC), Temenos Seismic, Upskilling & Reskilling, leadership development training, Josh Bersin Academy • Internal communications: SharePoint intranet, Viva Engage, video updates, targeted newsletters, townhalls and live-streamed events with leaders and internal surveys, “Bright Ideas” feedback platform • Wellbeing: Wellbeing hub, wellbeing webinar series, wellbeing weeks, health and safety, special leaves, referral bonus, hybrid working, working from anywhere • Global mobility • Employee recognition: T-Stars, Temenosian Awards, the Club, Hackathons, Temenos KEY, Temenos fellows • Employee communities: Mission Earth Team, Women@Temenos, Parents@Temenos, ¡ALMA!, The Souls by Temenos, LGBTQIA+ community • Temenos Business Code of Conduct and linked policies • Compliance training • Anonymous reporting mechanism • Employee CSR volunteering and fundraising matching scheme	• People experience • Learning and development • Internal communications • Employee pay and benefits • Employee engagement • Employee recognition • Diversity, equity and inclusion • Talent mobility • Wellbeing at work • Purpose-driven talent management • Environmental management and awareness • Information security, cybersecurity, data privacy and business continuity	Investing in Our People Empowering Local Economies and Communities Caring for the Planet Operating Responsibly
Clients Frequency: daily	• Client surveys: Client Voice and Client Satisfaction • Product Innovation Board and Steering Committees • Annual Temenos Community Forum (TCF) • Annual Temenos Kick Off Meeting (TKO) • Annual Partners’ Meeting • Temenos Learning Community (TLC) • Temenos Exchange • Temenos Ambassador Program • Newsletters, marketing updates and social media • Customer support portal • Internal and external audits • Temenos Security and Privacy Committee • Business Code of Conduct, data privacy and protection and corporate security policies • Temenos Carbon Emissions Calculator • Corporate website • ESG indices and ratings	• Client communication • Client satisfaction • Customer support • Quality, security and responsibility in delivery and implementation • Cybersecurity, data privacy and business continuity	Achieving Business Excellence Operating Responsibly Caring for the Planet

APPENDIX continued

Stakeholder groups continued

Stakeholder groups	Examples of engagement	Stakeholder key concerns	Location in report
Investors – research analysts Frequency: weekly	• Annual General Meeting of Shareholders (AGM) • Annual Capital Markets Day (CMD) • Roadshows, investor and analyst visits, meetings, calls • Financial press releases, videos, webcasts and social media • Annual Report • Corporate website • Business Code of Conduct and linked policies • ESG indices and ratings	• Economic performance • Transparent and ethical corporate governance • Accurate, timely and responsible communication	Annual Report
Suppliers and Partners Frequency: daily	• Annual Temenos Community Forum (TCF) • Annual Temenos Kick Off Meeting (TKO) • Annual Partners' Meeting • Responsible procurement framework • Supplier diversity framework • Temenos Learning Community (TLC) • Temenos exchange • Trainings and seminars • Procurement policies • Audits and risk assessments • Event sustainability management system	• Ethical and responsible business conduct • Long-term partnership	Operating Responsibly Caring for the Planet
Local communities and NGOs Frequency: monthly	• Cooperation with NGOs • Community service and employee volunteering • Employee fundraising • Community investment projects • Scholarships • Internships • Social media • Temenos Financial Inclusion	• Access to education and jobs • Improve local living conditions • Support in emergency situations	Empowering Local Economies and Communities
Academic community Frequency: daily	• Services Incubation Center • Temenos Services Masterclass • Temenos Innovation Labs • Temenos developer community • Hackathons • Scholarships • Collaboration in research Programs • Lectures, presentations, company visits • Career days • Social media	• Collaboration and job opportunities • Joint research and development projects	Investing in Our People Empowering Local Economies and Communities
Media and industry analysts Frequency: daily	• Temenos events • Roadshows, visits, meetings, calls • Press releases, videos, webcasts, blogs and social media • Annual Report • Corporate website	• Accurate, timely and responsible communication	Annual Report

Contribution to the UN Sustainable Development Goals

SDG		How we contribute	Governance framework	Description
1 NO POVERTY Target: 1.4 Material topics: 1, 7, 8	**100%** of employees earn above the living wage	We foster secure, inclusive jobs, promote financial inclusion and advance human rights in our operations and supply chain.	• Business Code of Conduct • Living Wage Policy • Slavery and Trafficking Statement • UK gender pay gap • Adopt a Kid scholarships awarded • CSR Adopt-iT Program	• **USD 38,820** raised in "Adopt a Kid" fundraising and matched by Temenos • **USD 697,391** donated in 2023 • **1,378** employee hours dedicated to poverty alleviation

SDG		How we contribute	Governance framework	Description
3 GOOD HEALTH AND WELL-BEING Targets: 3.4, 3.8 Material topics: 2, 7, 8	**99.9%** of employees covered by healthcare	Temenos prioritizes employee wellbeing, providing support and resources to help Temenosians maintain a balanced lifestyle, enhancing their personal and professional development.	• Business Code of Conduct • Global Health and Safety Policy • Maternity Policy • Paternity Policy • Family Care Leave Policy • Health and Safety Committees	• **400** employees participated in Race for the Cure Walks around the globe • **40** local and **6** global activities during Mental Health Wellbeing Week in **17** countries • **20.7%** of employees volunteered • **Zero** health and safety incidents • **85%** of employees covered by mental health platforms in **17** countries • **316** events for wellbeing initiatives

SDG		How we contribute	Governance framework	Description
4 QUALITY EDUCATION Target: 4.3, 4.4, 4.5, 4.7, 4.a Material topics: 7, 8	**99%** of employees completed Ethical Business Code of Conduct and mandatory compliance trainings	Temenos Learning Communities offer lifelong learning and vocational training for employees and clients. We focus on disadvantaged groups through inclusive education initiatives.	• Business Code of Conduct • Learning Hub (Learning & Development) • Temenos Learning Community (TLC) • Mentoring Program • CSR Adopt-iT Program	• **75** average training hours per employee • **USD 5,830** expenditure on employee training per employee • **13** Temenos Innovation computer labs in India since 2017 • **36,694** students reached via Adopt-iT CSR Program • **159** Adopt a Kid scholarships awarded • **196** Adopt-iT scholarships awarded • **9** training rooms in India since 2017 • **3** Hackathons with over **500** participants

SDG		How we contribute	Governance framework	Description
5 GENDER EQUALITY Targets: 5.1, 5.4, 5.5, 5.c Material topics: 1, 7, 8	**35%** women in workforce	We promote gender equality through robust policies, industry standards and expert advice, while also advocating for women's rights and empowerment globally through social initiatives.	• Business Code of Conduct • Gender Pay Gap Report • Maternity Policy • Paternity Policy • Family Care Leave Policy • Supplier Diversity Framework • Employee communities: ¡ALMA!, LGBTQIA+, Women@ Temenos	• **46%** gender diversity under 30 years old • **45** Diversity Ambassadors certified • **40%** gender diversity in Executive Committee • **38%** women on Board of Directors • **35%** women in STEM-related positions • **50%** gender diversity in top management • **2,309** female employees

SDG		How we contribute	Governance framework	Description
6 CLEAN WATER AND SANITATION Targets: 6.2, 6.3, 6.4 Material topics: 1, 6	**73%** workforce in ISO 14001 certified offices	Through strategic collaborations and community initiatives, we are dedicated to improving water management and sanitation infrastructure.	• Global Environment Policy • Global Environmental Management System • ISO 14001:2015 • ISO 20121:2012	• **44%** of water withdrawn is being treated and recycled • **1** new girls' restroom built in Government Higher Secondary School in Tamil Nadu • **9,394,502L** reduction in freshwater use • **66.6%** water use in areas of >80% baseline water stress

APPENDIX continued

Contribution to the UN Sustainable Development Goals continued

SDG		How we contribute	Governance framework	Description
Targets: 7.2, 7.3 Material topics: 1, 4, 5, 6	**86%** renewable electricity use in Temenos internal operations	We are actively reducing our carbon footprint, focusing on energy efficiency, renewable energy sourcing and annually reporting on our progress.	• Global Environment Policy • Temenos TCFD Report • CDP • ISO 14064:2006 • ISO 20121:2012 • ISO 14001:2015	• **USD 89,040** green investments (investments related to energy reduction) • **37%** reduction of per capita energy consumption for certified ISO 14001 offices vs 2018 • **15%** energy reduction vs 2022

SDG		How we contribute	Governance framework	Description
Targets: 8.2, 8.3, 8.4, 8.5, 8.6, 8.7, 8.8, 8.10 Material topics: 1, 3, 7, 8, 11	**97.7%** of permanent employees	We are continuously enhancing our operational practices and fostering innovation to ensure sustained, inclusive economic growth and productive employment for all. We prioritize lifelong learning, skill development and fair remuneration, reinforcing our dedication to promoting sustainable economic growth, full and productive employment, and decent work for all.	• Business Code of Conduct • Gender Pay Gap Report • Slavery and Human Trafficking Statement • Global Health and Safety Policy • Working With Integrity Principles Policy • Living Wage Policy • Global Mobility Policy • Anonymous Reporting Policy • Travel and Expenses Policy • Referral Award Policy • Health and Safety Committees • ISO 22301:2019	• **4.43%** of employees covered by collective agreements • **99.1%** of employees work full time • **Zero** health and safety incidents • **100%** of focus suppliers underwent sustainability assessments • **USD 1,000.2 million** revenue • **USD 487.7 million** employees' wages and benefits • **100%** employees are paid above living wage

SDG		How we contribute	Governance framework	Description
Targets: 9.1, 9.3, 9.4, 9.5, 9.a, 9.b, 9.c Material topics: 1, 2, 3, 9, 11	**20%** of revenue invested in R&D every year	We provide innovative banking software for sustainable economic growth, financial inclusion and job creation, empowering MSMEs globally and promoting resilient financial infrastructures.	• EU Cloud Code of Conduct • Information Systems Security Policy • Acceptable Usage Policy • IT policies • ISO/IEC 27001:2022 • ISO 27017 • ISO 27018 • ISO 22301:2019 • ISO 9001:2015 • AICPA SOC • Service Provider Security • ISO 20000-1:2018	• **12,753** participants in Client Voice Program, up from 2016 baseline of 4,000 • **+90** percentage points improvement in Net Promoter Score since launch • **USD 277.9 million** total expenditure in research and development • **USD 215 million** revenue from environmental and social impact products • **USD 3.1 billion** cumulative R&D investment since 1990

SDG		How we contribute	Governance framework	Description
Targets: 10.2, 10.4, 10.6 Material topics: 1, 7, 8, 12	**86** nationalities represented in the workforce	Diversity, equity and inclusion (DEI) are at the core of our vision, mission and values, and how we operate, innovate and engage with our employees, clients, Partners, suppliers and local communities.	• Supplier diversity framework • Business Code of Conduct • Gender Pay Gap Report • Working with Integrity Principles Policy • Employee communities: ¡ALMA!, LGBTQIA+, Women@Temenos	• **39** countries with **56** offices • **43%** racial diversity within the US workforce • **USD 7.9 million** spend with diverse suppliers globally • **48.7%** employee wages and benefits as a proportion of revenue • Clients in over **150** countries • Over **950** core banking clients • Over **600** digital clients

SDG		How we contribute	Governance framework	Description
11 Sustainable cities and communities Targets: 11.4, 11.6, 11.7 Material topics: 1, 3, 5, 6	**34.5%** Green Building Certifications	We have developed a comprehensive facilities management strategy to fully utilize natural resources, respecting legally designated protected areas.	• ISO 20121 • Plastic Free Policy	• **1** new solar-powered computer lab at SOS Children's Villages in Bangalore • **10** retrofitted electric vehicles donated to individuals with disabilities • **2** main corporate events (TKO, TCF) ISO 20121 certified • **2** offices banned single-use plastics

SDG		How we contribute	Governance framework	Description
12 Responsible consumption and production Targets: 12.4, 12.5, 12.6, 12.7, 12.8, 12.a Material topics: 1, 3, 4, 12	**73%** waste diversion from landfill	Our commitment to sustainability is evident in our operations, focusing on optimizing resource use and fostering transparency to reduce our ecological footprint and promote a resilient global economy.	• Sustainability reporting • Environmental training • Global Supplier Code of Conduct • Global Environmental Policy • ISO 14001:2015 • ISO 20121:2012 • Employee resource group "Mission Earth Team"	• **100%** of e-waste responsibly treated • **100%** of focused suppliers underwent sustainability assessments • **9** educational sessions by Mission Earth Team

SDG		How we contribute	Governance framework	Description
13 Climate action Targets: 13.1, 13.3, 13.3, 13.b Material topics: 1, 3, 4, 5, 6, 11, 12	**SBT near-term commitment**	We are actively reducing our carbon footprint and enhancing energy efficiency across all operations. Through our alignment with the Science Based Targets initiative, we are driving meaningful progress towards a net-zero world.	• Global Environmental Policy • ISO 14001:2015 • ISO 20121:2012 • Temenos TCFD Report • CDP Report • SBT initiative	• **90.7%** reduction in Scope 1 and 2 GHG emissions since 2019 baseline • **31.3%** reduction in Scope 1, 2 and 3 GHG emissions since 2019 baseline • **73%** coverage of ISO 14001:2015 certification

SDG		How we contribute	Governance framework	Description
16 Peace, justice and strong institutions Targets: 16.3, 16.5, 16.6, 16.7, 16.10, 16.b Material topics: 1, 10, 11	**99%** of employees completed annual Anti-Corruption training	We uphold a robust governance framework and a comprehensive Business Code of Conduct that guides our operations and relationships. Our supply chain management is governed by stringent policies, ensuring transparency and ethical practices across all levels. We take pride in doing things the right way, building our capacity through solid governance and management systems.	• Business Code of Conduct • Anti-Corruption and Bribery Policy • Anti-Trust Policy • Insider Information Policy • Export Controls and Sanctions Policy • Conflict of Interest Policy • Social Media Governance Policy • Data Protection and Privacy Policy • ISO 22301:2019 • UNGC participant	• **99%** of employees completed Business Code of Conduct training • **Zero** violations of the Temenos Business Code of Conduct • **7** Board meetings and **91%** attendance rate • **USD 1,872,169** total Board of Directors compensation • **5** Audit Committee meetings and **100%** attendance rate • **Zero** payable corruption-related fines

SDG		How we contribute	Governance framework	Description
17 Partnerships for the goals Targets: 17.3, 17.8, 17.16, 17.17 Material topics: 1, 2, 3, 4, 5, 6, 7, 11, 12	**35** organizations supported	We focus on building a collaborative and sustainable future. We prioritize a "Partner First" model. Our commitment extends to community engagement, with active involvement in social initiatives. We strive to blend technological advancement with societal growth, ensuring our partnerships contribute meaningfully to sustainable development.	• Sustainable Event Planning Policy • Global and Non-Commercial Sponsorships Policy • Business Code of Conduct • Temenos Exchange • Temenos Carbon Emissions Calculator • Temenos Developer Community • UNGC participant • WEF member • Women's Empowerment Principles signatory	• **USD 697,392** in monetary donations • **USD 997,443** total community investment • **Partnership with Code First Girls** • **89%** of funds for "Adopt a Kid" raised by employees in India, matched by the Company • **4** universities and **2** colleges (scholarships/events) • **4,854** total volunteering hours

APPENDIX continued

UN Global Compact Index

The table below describes the location of relevant report content for each of the UN Global Compact's ten principles.

Principle	Description	Report section	GRI Standards/SASB metrics
Human rights			
1	Businesses should support and respect the protection of internationally proclaimed human rights.	Investing in Our People	2-23, 2-24, 2-25, 2-27, 2-28, 203-1, 205-2
2	Make sure they are not complicit in human rights abuses.	Investing in Our People	2-16, 2-26, 406-1, 414-1
Labor			
3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	Investing in Our People	2-30
4	The elimination of all forms of forced and compulsory labor.	Investing in Our People	409-1
5	The effective abolition of child labor.	Investing in Our People	408-1
6	The elimination of discrimination in respect of employment and occupation.	Investing in Our People	401-1, 404-1, 404-3, 405-1, 406-1/TC-SI-330a.3
Environment			
7	Businesses should support a precautionary approach to environmental challenges.	Caring for the Planet	302-1, 302-3, 303-3, 305-1, 305-2, 305-3, 305-4, 305-5, 306-3, 306-4, 306-5/ TC-SI-130a.1, TC-SI-130a.2, TC-SI-130a.3
8	Undertake initiatives to promote greater environmental responsibility.	Caring for the Planet	302-1, 302-3, 303-3, 305-1, 305-2, 305-3, 305-4, 305-5, 306-3, 306-4, 306-5, 308-1/ TC-SI-130a.1, TC-SI-130a.2, TC-SI-130a.3
9	Encourage the development and diffusion of environmentally friendly technologies.	Caring for the Planet	302-1, 302-3, 303-3, 305-1, 305-2, 305-3, 305-4, 305-5, 306-3, 306-4, 306-5, 308-1/ TC-SI-130a.3
Anti-corruption			
10	Businesses should work against corruption in all its forms, including extortion and bribery.	Operating Responsibly	2-23, 2-26, 205-2, 205-3, 206-1

GRI content index

GRI 1: Foundation

GRI 1: Foundation statement of use	Unless otherwise indicated, the information provided in this report reflects the situation as of 31 December 2023 and covers all Temenos operations globally during FY-23. The report is prepared in accordance with the Global Reporting Initiative (GRI) Standards and is mapped to the Sustainability Accounting Standards Board (SASB) Software and IT Services Sustainability Accounting Standard.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI sector standards	No applicable GRI Sector Standard(s)

GRI 2: General Disclosures 2021		Reference	Notes and omissions	External assurance
1. The organization and its reporting practices				
	2-1 Organizational details	About this Report; Group Structure and Shareholders; Temenos World Offices		V
	2-2 Entities included in the organization's sustainability reporting	Temenos World Offices		V
	2-3 Reporting period, frequency and contact point	About this Report		V
	2-4 Restatements of information	About this Report		V
	2-5 External assurance	Independent Assurance Report		V
2. Activities and workers				
	2-6 Activities, value chain and other business relationships	About this Report; Annual Report: Overview; Our Solutions; Group Structure and Shareholders; Group Companies; Business Combinations; Responsible Procurement		V
	2-7 Employees TC-SI-330a.3 (gender only)	About this Report; Diversity Dashboard		V
	2-8 Workers who are not employees TC-SI-330a.3	About this Report; Diversity Dashboard		V
3. Governance				
	2-9 Governance structure and composition	Our Governance Framework; Sustainability Governance		V
	2-10 Nominating and selecting the highest governance body	Our Governance Framework; Website		V
	2-11 Chair of the highest governance body	Chairman's Statement; Our Governance Framework; Internal Organizational Structure		V
	2-12 Role of the highest governance body in overseeing the management of impacts	Sustainability Governance; Our Governance Framework; Responsible Risk Management		V

APPENDIX continued

GRI content index continued

GRI 2: General Disclosures 2021		Reference	Notes and omissions	External assurance
3. Governance continued				
	2-13 Delegation of responsibility for managing impacts	Sustainability Governance; Business Code of Conduct		V
	2-14 Role of the highest governance body in sustainability reporting	Sustainability Governance		V
	2-15 Conflicts of Interest	Conflict of Interest and Related Party Transactions		V
	2-16 Communication of critical concerns	Ethical Business Conduct Monitoring and Reporting		V
	2-17 Collective knowledge of the highest governance body	Sustainability Governance		V
	2-18 Evaluation of the performance of the highest governance body		We have planned to incorporate ESG targets in executive compensation.	
	2-19 Remuneration policies	Compensation Report	Partially reported this year. We have planned to incorporate ESG targets in executive compensation.	
	2-20 Process to determining remuneration	Audit Committee; Compensation Committee	Partially reported this year. Currently, we do not publicly disclose the results of votes of stakeholders. Confidential information.	
	2-21 Annual total compensation ratio		Median annual total compensation not disclosed. Confidential information.	
4. Strategy, policies and practices				
	2-22 Statement on sustainable development strategy	Message from the Chairman and CEO		V
	2-23 Policy commitments	Ethical Business; Due Diligence and Risk Assessment; Human Rights; Responsible Risk Management; Website; Environmental Responsibility		V
	2-24 Embedding policy commitments	Ethical Business; Ethical Business Conduct Monitoring and Reporting; Anti-Corruption and Bribery; Responsible Risk Management		V
	2-25 Processes to remediate negative impacts	Ethical Business Conduct Monitoring and Reporting; Human Rights		V
	2-26 Mechanisms for seeking advice and raising concerns	Ethical Business Conduct Monitoring and Reporting		V
	2-27 Compliance with laws and regulations	Environmental Responsibility; Anti-Corruption and Bribery		V
	2-28 Membership of associations	Progress and Targets; Human Rights		V

GRI 2: General Disclosures 2021		Reference	Notes and omissions	External assurance
5. Stakeholder engagement				
	2-29 Approach to stakeholder engagement	Our Stakeholders; Stakeholder Groups		V
	2-30 Collective bargaining agreements	Freedom of Association and Collective Bargaining		V

GRI 3: Material Topics 2021	Reference	Notes and omissions	External assurance
3-1 Process to determine material topics	About this Report; ESG Double Materiality Assessment		V
3-2 List of material topics	About this Report; ESG Double Materiality Assessment		V
3-3 Management of material topics			V

Topics standards		Reference	Notes and omissions	External assurance
Business performance				
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report: Financial Statements		V
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Economic Impact; Annual Report: Financial Statements		V
	201-3 Defined benefit plan obligations and other retirement plans	Annual Report: Governance, Financial Statements		
	201-4 Financial assistance received from government	Economic Impact		
Social responsibility and community investment				
GRI 3: Material Topics 2021	3-3 Management of material topics	Community Investment; Responsible Procurement		V
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Community Investment		V
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Responsible Procurement		V
Ethical business conduct and governance				
GRI 3: Material Topics 2021	3-3 Management of material topics	Compliance Program; Compliance Training; Elimination of Discrimination and Prevention of Harassment; Ethical Business Conduct Monitoring and Reporting		V
GRI 205: Anti-Corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	Compliance Training		V
	205-3 Confirmed incidents of corruption and actions taken	Ethical Business Conduct Monitoring and Reporting	No confirmed incidents.	

APPENDIX continued

GRI content index continued

Topics standards		Reference	Notes and omissions	External assurance
Ethical business conduct and governance continued				
GRI 206: Anti-Competitive Behavior 2016 SASB: Intellectual Property Protection and Competitive Behavior	206-1 Legal actions for anti-competitive behavior, anti-trust and monopoly practices TC-SI-520a.1	Compliance Program		
GRI 406: Non-Discrimination 2016	406-1 Incidents of non-discrimination and corrective actions taken	Elimination of Discrimination and Prevention of Harassment; Ethical Business Conduct Monitoring and Reporting		
Tax strategy and governance				
GRI 3: Material Topics 2021	3-3 Management of material topics	Corporate Website: Tax Strategy and Governance		
GRI 207: Tax 2019	207-1 Approach to tax	Corporate Website: Tax Strategy and Governance		
	207-2 Tax governance, control and risk management	Corporate Website: Tax Strategy and Governance		
	207-3 Stakeholder engagement and management of concerns related to tax	Corporate Website: Tax Strategy and Governance		
Energy				
GRI 3: Material Topics 2021	3-3 Management of material topics	Environmental Responsibility; Environmental Monitoring and Reporting; Energy; Environmental Dashboard; Climate Change Strategy		V
GRI 302: Energy 2016 SASB: Environmental Footprint of Hardware Infrastructure	302-1 Energy consumption within the organization TC-SI-130a.1	Environmental Responsibility; Environmental Monitoring and Reporting; Energy; Environmental Dashboard		V
	302-3 Energy intensity	Environmental Dashboard		V
Water				
GRI 3: Material Topics 2021	3-3 Management of material topics	Environmental Responsibility; Environmental Monitoring and Reporting; Water		V
GRI 303: Water 2018 SASB: Environmental Footprint of Hardware Infrastructure	303-1 Interactions with water as a shared resource	Environmental Monitoring and Reporting; Water		V
	303-3 Water withdrawal TC-SI-130a.2	Environmental Monitoring and Reporting; Water; Environmental Dashboard		V
	303-5 Water consumption	Environmental Monitoring and Reporting; Water; Environmental Dashboard		

Topics standards		Reference	Notes and omissions	External assurance
Waste				
GRI 3: Material Topics 2021	3-3 Management of material topics	Environmental Responsibility; Environmental Monitoring and Reporting; Waste		
GRI 306: Waste 2020	306-3 Waste generated	Environmental Monitoring and Reporting; Waste; Environmental Dashboard		V
	306-4 Waste diverted from disposal	Environmental Monitoring and Reporting; Waste; Environmental Dashboard		
	306-5 Waste directed to disposal	Environmental Monitoring and Reporting; Waste; Environmental Dashboard		
Emissions				
GRI 3: Material Topics 2021	3-3 Management of material topics	Environmental Responsibility; Environmental Monitoring and Reporting; Carbon Footprint; Climate Change Strategy		V
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Environmental Monitoring and Reporting; Carbon Footprint; Environmental Dashboard		V
	305-2 Energy indirect (Scope 2) GHG emissions	Environmental Monitoring and Reporting; Carbon Footprint; Environmental Dashboard		V
	305-3 Other indirect (Scope 3) GHG emissions	Environmental Monitoring and Reporting; Carbon Footprint; Environmental Dashboard		V
	305-4 GHG emissions intensity	Environmental Monitoring and Reporting; Carbon Footprint; Environmental Dashboard		V
	305-5 Reduction of GHG emissions	Environmental Monitoring and Reporting; Carbon Footprint; Environmental Dashboard		V
Responsible procurement				
GRI 3: Material Topics 2021	3-3 Management of material topics	Responsible Procurement		V
GRI 308: Supplier Environmental Assessment 2016	308-1 Percentage of new suppliers that were screened using environmental criteria	Responsible Procurement		V
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Responsible Procurement		V

APPENDIX continued

GRI content index continued

Topics standards		Reference	Notes and omissions	External assurance
Equal treatment and equal opportunities for all: Talent and development				
GRI 3: Material Topics 2021	3-3 Management of material topics	People Experience: Learning and Development; People Experience: Performance Management		V
GRI 404: Training and Education 2016 SASB: Recruiting and Managing a Global, Diverse and Skilled Workforce	404-1 Average hours of training per year per employee	People Experience: Learning and Development		V
	404-3 Percentage of employees receiving regular performance and career development reviews TC-SI-330a.2	People Experience: Performance Management		V
Equal treatment and equal opportunities for all: Diversity and inclusion				
GRI 3: Material Topics 2021	3-3 Management of material topics	Diversity Dashboard; Diversity, Inclusion and Equal Opportunity; Inclusive Culture; Wellbeing at Work		V
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Diversity Dashboard		V
	401-3 Employee parental leave	Wellbeing at Work		V
GRI 405: Diversity and Equal Opportunity 2016 SASB: Recruiting and Managing a Global, Diverse and Skilled Workforce	405-1 Diversity of governance bodies and employees TC-SI-330a.3 (gender and racial/ ethnic group)	Diversity Dashboard		V
Equal treatment and equal opportunities for all: Human rights				
GRI 3: Material Topics 2021	3-3 Management of material topics	Human Rights; Against Forced and Child Labor; Business Code of Conduct; Corporate Policies; Responsible Procurement		
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Human Rights; Inclusive Culture: Against Forced and Child Labor; Responsible Procurement		
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Human Rights; Inclusive Culture: Against Forced and Child Labor; Responsible Procurement		

Topics standards		Reference	Notes and omissions	External assurance
Working conditions: Health and safety				
GRI 3: Material Topics 2021	3-3 Management of material topics	Wellbeing at Work		V
GRI 403: Occupational Health and Safety 2018	403-6 Promotion of worker health	Wellbeing at Work		V
Information security and data privacy				
GRI 3: Material Topics 2021	3-3 Management of material topics	Information Security, Cybersecurity, Data Privacy and Business Continuity; International Standards and Certifications		
GRI 418: Customer Privacy 2016 SASB: Data Security	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data TC-SI-230a.1	Information Security, Cybersecurity, Data Privacy and Business Continuity: Privacy		
SASB: Data Privacy and Freedom of Expression	Description of policies and practices relating to behavioral advertising and user privacy TC-SI-220a.1	Information Security, Cybersecurity, Data Privacy and Business Continuity: Privacy		
	Number of users whose information is used for secondary purposes TC-SI-220a.2	Information Security, Cybersecurity, Data Privacy and Business Continuity: Privacy		
	Total amount of monetary losses as a result of legal proceedings associated with user privacy TC-SI-220a.3	Information Security, Cybersecurity, Data Privacy and Business Continuity: Privacy		
	(1) Number of law enforcement requests for user information, (2) Number of users whose information was requested, (3) Percentage resulting in disclosure TC-SI-220a.4	Information Security, Cybersecurity, Data Privacy and Business Continuity: Privacy		
	List of countries where core products or services are subject to government-required monitoring, blocking, content filtering or censoring TC-SI-220a.5	Information Security, Cybersecurity, Data Privacy and Business Continuity: Privacy		
Technology and product innovation				
Temenos KPI 1	% of revenue spend on R&D	Annual Report: Overview; Technology and Product Innovation: Goals and Targets: Technology and Product Innovation		V
Client satisfaction and engagement				
Temenos KPI 2	Client satisfaction: improvement by % points	Focus on Client Satisfaction and Engagement; Goals and Targets: Client Satisfaction and Engagement		V
	Client voice: Number of participants annually and Net Promoter Score	Focus on Client Satisfaction and Engagement; Goals and Targets: Client Satisfaction and Engagement		V

APPENDIX continued

Disclosures in accordance with Art. 964b Swiss Code of Obligations

Art. 964b requirement	Reference
General information required to understand our business	Annual Report: Overview; Our Solutions; Group Structure and Shareholders; Responsible Procurement
Description of the business model	Key Strategic Initiatives to Drive Growth; Our Solutions; Our Governance Framework; Sustainability Governance
Environmental matters (incl. CO_2 goals)	Caring for the Planet
Social issues	Investing in Our People; Empowering Our Local Economies and Communities
Employee-related issues	Investing in Our People; Operating Responsibly
Respect for human rights	Ethical Business; Ethical Business Conduct Monitoring and Reporting; Responsible Risk Management
Combating corruption	Ethical Business; Ethical Business Conduct Monitoring and Reporting; Anti-Corruption and Bribery; Operating Responsibly: Human Rights
Material risks	ESG Double Materiality Assessment; Responsible Risk Management
Main performance indicators	Goals and Targets; Investing in Our People: Diversity Dashboard; Caring for the Planet: Environmental Dashboard
References to national, European or international regulations	Preparing for CSRD; EU Taxonomy; Operating Responsibly: Human Rights; About this Report
Coverage of subsidiaries	Group Companies; Business Combinations

International standards and certifications

	2023 goals	Progress against 2023 goals	2024 goals	2025 goals
ISO/IEC 27001:2022 Information Security Management System with extensions	The certification will be upgraded to ISO 27001:2022 standards by the end of 2023.	The certification has been upgraded to ISO 27001:2022 standards, as per the plans.	To sustain the existing certification and expand the scope based on business needs.	To continue to expand the scope in order to include new locations/acquisitions based on the business needs and directives from management.
ISO 27017:2015 Cloud Information Security **ISO 27018:2019** Protection of Personally Identifiable Information (PII) in Public Clouds	To certify LATAM (Mexico and Ecuador) and NAM (US) locations for ISO 27017 and ISO 27018 compliance by Q1-23. To include LATAM – Costa Rica locations in the ISO 27017 and ISO 27018 certification Program scope.	ISO 27017 and ISO 27018 certification Program extended for LATAM (Mexico and Ecuador) and NAM (US). Reports and certificates have been issued in January 2023. Surveillance audit for 2023 was also completed in November 2023. Certificate validity for three years (until 2026). Compliance was maintained for the previously certified locations.	To sustain the existing certification and expand the scope based on business needs.	To continue to integrate newly acquired companies, if any, and certify new locations as required.
ISO 22301:2019 Business Continuity Management	Surveillance audit and Change to Approval to include Paris and Mississauga locations in scope of ISO 22301:2019.	Successful completion of surveillance audit and inclusion of Paris and Mississauga locations in scope of the ISO 22301:2019 certificate.	To maintain the ISO 22301:2019 certificate and complete successfully the annual surveillance audit.	To renew the ISO 22310:2109 certificate and include in scope additional locations.
ISO 9001:2015 Quality Management	To include Hyderabad location during the recertification audits in 2023.	Hyderabad location has now been included in the scope of certification, as per the plans.	To sustain the existing certification and expand the scope based on business needs.	To extend ISO 9001 and CMMI certifications to new locations and remove locations from scope, as deemed appropriate for product reasons.
ISO 20121:2012 Sustainable Event Management System	To extend the certification to the corporate events planned for 2024.	To aim for ISO 20121 certification external verification of our annual corporate events.	External certification and validation by an independent certification body of the two largest Temenos events: Temenos Kick Off (TKO) and the Community Forum (TCF).	To organize sustainable and carbon-neutral events.
ISO 14001:2015 Environmental Management System	To sustain the existing certification.	To maintain compliance with ISO 14001:2015 and continuous improvement of the Environmental Management System (EMS).	To sustain the existing certification and consider introducing new locations in the scope based on business needs.	To obtain certification for a total of eight Temenos offices based on headcount.

APPENDIX continued

International standards and certifications continued

	2023 goals	Progress against 2023 goals	2024 goals	2025 goals
AICPA SOC Service Provider Security SOC 1 Type 2 SOC 2 Type 2 CSA-CCM	To maintain ongoing SOC 1, SOC 2 and SOC 3 attestation reports for all Temenos cloud delivery centers. To continue inclusion of CSA-CCM compliance attestation into the SOC 2 report.	SOC and CSA-CCM compliance attestations maintained. SOC 2 report includes five trust service criteria.	To maintain ongoing SOC 1, SOC 2 and SOC 3 attestation reports for all Temenos cloud delivery centers. To continue inclusion of CSA-CCM compliance attestation into the SOC 2 report. To expand the scope to meet new regulatory and business requirements.	To continue the global SOC 2 Type 2 and SOC 1 Type 2 reporting. To integrate and align newly acquired companies to the Temenos standard set of security and privacy controls.
CSA-STAR Certificate/ Cloud Security Alliance – Cloud Controls Matrix	To maintain compliance with CSA-STAR Certificate Level 2.	CSA-STAR certificate Level 2 audit was obtained in Q1-23 and was maintained throughout the year. Temenos achieved the CSA “Trusted Cloud Provider” mark.	To maintain compliance with CSA-STAR Level 2.	To obtain CSA-Star Certificate Level 3 for Temenos and newly acquired companies.
PCI-DSS level 1 Payment Card Industry – Data Security Standard	To maintain existing certificates and compliance with PCI-DSS standards. To extend as applicable the PCI-DSS Program. To certify the Temenos Cloud AWS platform with PCI-DSS.	PCI-DSS certificate for Temenos Cloud Americas, Azure platform obtained. Temenos AWS platform certification also achieved.	To maintain existing certificates and compliance with PCI-DSS standards. To extend as applicable the PCI-DSS Program.	To further extend the PCI-DSS certificate. To complete the readiness assessment against PCI—Secure Software Framework and PCI—Secure Software standards. Prepare to attain industry certification.
ISO 20000-1:2018 IT Service Management certification	To sustain and expand the scope based on business needs.	The certification has been sustained through the surveillance audits conducted in October 2023.	To continue to sustain and expand the scope based on business needs.	To sustain and expand the scope based on business needs.
EU Cloud Code of Conduct	To obtain Level 2 compliance with the EU Cloud of Conduct.	Temenos achieved Level 2 compliance with the EU Cloud Code of Conduct. Report to be issued January 2024.	To maintain Program compliance.	To maintain Program compliance.
EU-US Data Privacy Framework (DPF) Program			To expedite the self-certification process of compliance with the EU-US DPF framework benefiting from the sets of reliable mechanisms and strengthened safeguards for personal data transfers to the US in compliance with the EU privacy principles and law.	To maintain Program compliance.
CMMI CL 3 (Capability Level 3) for Support (PACS)			To retain the CMMI CL3 certification for Support, through the scheduled re-appraisal in 2024.	

FINANCIAL REVIEW

Moving to a recurring revenue business model

Panagiotis "Takis" Spiliopoulos
Chief Financial Officer

Highlights

Full year highlights (non-IFRS) include:

- Annual Recurring Revenue (ARR) growth of 17% in FY-23
- Total software licensing increase by 10% in FY-23
- EBIT growth of 15% in FY-23
- Free cash flow (FCF) grew 26% in FY-23
- Received investment grade Long-Term Issuer Default Rating (IDR) of "BBB" with a stable outlook, and a senior unsecured rating of "BBB", from Fitch Ratings
- Proposed dividend of CHF 1.20 for FY-23 to be voted on at the AGM

Introduction

Opening thoughts

After the challenges of 2022, we had a much more stable operating environment throughout 2023, despite ongoing macroeconomic uncertainty and various events through the year including the US regional banking crises, the emergency takeover of Credit Suisse and the conflict in the Middle East that threatened to cause further destabilization.

In this context, we focused on execution and delivered a strong set of results for the year. Our subscription transition continued at pace and was substantially complete by year end. Our SaaS revenue also grew 25% in the year which, combined with the growth in subscription, delivered ARR growth of 17%. ARR was USD730m by the end of the year, which represented 84% of our product revenue, demonstrating we are well advanced on our move to a recurring revenue business model. Non-IFRS total revenue was up 5% for the year, and non-IFRS costs were up 1%, as we benefited from a significant reduction in the services cost base early in the year with a number of projects going live, which offset increased costs, in particular from investments in Sales and Marketing and R&D. Our non-IFRS EBIT increased 15% for the year.

Our DSOs were at 141 days by year end, largely driven by the subscription transition, and we closed the year with USD 107 million of cash on our balance sheet and leverage of 1.6x net debt to non-IFRS EBITDA.

IFRS vs non-IFRS

To ensure that the presentation of results reflects the underlying operating performance of the business, Temenos publishes its key metrics on a non-IFRS basis as well as on an IFRS basis. For key metrics on a non-IFRS basis, where comparable IFRS measures are presented in the consolidated financial statements, a full reconciliation is published between IFRS and non-IFRS measures which highlights the adjustments. Non-IFRS adjustment definitions and reconciliations can be found on pages 142 to 145.

FINANCIAL REVIEW continued

ARR was USD 730 million by the end of the year, which represented 84% of our product revenue, demonstrating we are well advanced on our move to a recurring revenue business model.

Key figures 31 December

USDm, except EPS	2023	2022
Non-IFRS revenue	**1,000.2**	949.6
Non-IFRS EBIT	**313.0**	272.4
Non-IFRS EBIT margin	**31.3%**	28.7%
Cash generated from operations	**391.5**	316.6
Total assets	**2,326.8**	2,231.8
Non-IFRS earnings per share (USD)	**3.19**	2.82

Revenues

IFRS

IFRS Group revenues were USD 1,000.2 million for 2023, an increase of 5% versus 2022 on a reported basis.

IFRS total software licensing increased 10% in the year, as we benefited from a stable sales environment through the year despite ongoing macroeconomic uncertainty. We saw continued strong growth in demand for SaaS, resulting in IFRS SaaS revenue growth of 25%. This was driven by a combination of new logos as well as increased consumption from existing SaaS clients.

IFRS maintenance revenues grew 5% on a reported basis and IFRS services revenues declined 7%.

Non-IFRS

Total non-IFRS Group revenue in 2023 was USD 1,000.2 million, an increase of 5% compared to 2022 on a reported basis.

Cost base

IFRS

Full year costs on an IFRS basis were USD 800.8 million, up from USD 786.2 million in 2022. The increase in cost was driven by a combination of investments in the business, in particular Sales and Marketing and Research and Development, as well as ongoing wage inflation. After seeing a significant increase in services costs in 2022 around a number of implementations, we benefited from a reduction in the services cost base in 2023 as these implementations went live, offsetting some of the cost increases in other parts of the business. Share-based payment charges were USD 53.9 million and in line with expectations.

Non-IFRS

Full year costs on a non-IFRS basis were USD 687.3 million, up from USD 677.3 million in 2022. Of the USD 113.6 million difference between the IFRS and non-IFRS cost base, USD 45.0 million is due to adjustments made for the amortization of acquired intangibles costs, USD 53.9 million is due to share-based payment charges and USD 14.7 million is due to the net adjustments made for restructuring costs and M&A-related costs and charges.

EBIT (operating profit) and Earnings Per Share (EPS)

IFRS

Full year IFRS EBIT was USD 199.4 million compared to USD 163.4 million in 2022. IFRS EPS for 2023 was USD 1.85, compared to USD 1.59 in 2022.

Non-IFRS

EBIT on a non-IFRS basis was USD 313.0 million, up from USD 272.4 million in 2022, an increase of 15% on a reported basis. EPS was USD 3.19, up from USD 2.82 in 2022, an increase of 13%.

Non-IFRS EBIT margin was 31.3%, up from 28.7% in 2022.

Cash flows

We generated USD 391.5 million of operating cash in 2023, up 24% from 2022 and representing a cash conversion of 118% of EBITDA.

We generated free cash flow of USD 242.6 million in the year, up 26% from 2022. Having already reached the low point of our free cash flow generation in 2022 due to the transition to subscription, we saw strong growth in free cash flow in 2023, in particular benefiting from the positive working capital impact of SaaS which more than offset any remaining negative impact from the move to subscription. We have guided for a growth of at least 16% in free cash flow in 2024 and for free cash flow to reach at least USD 700 million in the mid-term.

DSOs ended the year at 141 days, an increase of 12 days from 2022 largely driven by the transitioned to a subscription model throughout the year.

	Non-IFRS			IFRS		
USDm, except EPS	**2023**	2022	Change	**2023**	2022	Change
Subscription	**160.4**	105.7	52%	**160.4**	105.7	52%
Term license	**78.1**	135.4	-42%	**78.1**	135.4	-42%
SaaS	**205.1**	163.7	25%	**205.1**	163.7	25%
Total software licensing	**443.6**	404.8	10%	**443.6**	404.8	10%
Maintenance	**423.7**	401.9	5%	**423.7**	401.9	5%
Services	**132.9**	142.9	-7%	**132.9**	142.9	-7%
Total revenues	**1,000.2**	949.6	5%	**1,000.2**	949.6	5%
EBIT	**313.0**	272.4	15%	**199.4**	163.4	22%
EBIT margin	**31.3%**	28.7%	3% pts	**19.9%**	17.2%	3% pts
EPS (USD)	**3.19**	2.82	13%	**1.85**	1.59	16%

Balance sheet and financing

Temenos is highly cash generative with a strong balance sheet which enables:

- investment in the business, including industry-leading R&D spend;
- the servicing of our debt obligations;
- funding for targeted acquisitions;
- the payment of an annual dividend; and
- delivering of value to shareholders through share buybacks.

We continue to actively pursue acquisition opportunities as a driver of shareholder value creation, as well as investing in the business to position ourselves for the market opportunity.

We ended 2023 with a leverage ratio of 1.6x net debt to non-IFRS EBITDA and have capacity to pursue inorganic growth opportunities to accelerate our organic growth in line with our M&A strategy if they arise.

Dividend

We have announced a proposed dividend of CHF 1.20 per share for 2023, representing an increase of 9% over last year. This is subject to shareholder approval at the AGM on 7 May 2024. The shares will trade ex-dividend on 10 May 2024 and the dividend record date will be set on 13 May 2024. The dividend will be paid on 14 May 2024. The dividend will be taken from the retained earnings (cash dividend) and is therefore taxable (WHT 35%). Temenos' policy is to distribute a growing dividend.

Looking forward

Medium-term guidance

We have announced medium-term targets as follows:

- Annual Recurring Revenue (ARR) to reach at least USD 1.3 billion;
- non-IFRS EBIT to reach at least USD 570 million; and
- free cash flow to reach at least USD 700 million.

Engines of growth

Temenos continues to benefit from multiple drivers of growth, which will enable us to meet our medium-term targets.

The serviceable addressable market of banking spend on third party software is estimated to be USD 26 billion in 2023, growing at around 10% CAGR to reach USD 37 billion in 2027, as banks continue to face structural challenges both in their own operation and IT real estate as well as in their end market, with multiple new competitive threats and rapid changes in customer expectations and product innovation. Within this market, SaaS and cloud demand is growing significantly faster than on-premise demand, at around 30% CAGR. This drives growth in both our subscription revenue, with many clients choosing to implement in the cloud, and our SaaS revenue, where our cloud operations teams run the applications on behalf of our clients on public cloud infrastructure.

We continue to expect a significant contribution from tier 1 and 2 clients, which have contributed 43% of total software licensing revenues in 2023. Lastly, with the move to a subscription model and the acceleration in our SaaS business, we expect our ARR to reach at least USD 1.3 billion in the mid-term.

Final remarks

We made excellent progress in 2023, with our subscription transition substantially complete and strong growth in ARR as we move to a recurring revenue business model. Our clients still faced macroeconomic uncertainty; however, we focused on executing our strategic plan and delivered a strong set of results. We made critical investments in both our sales and R&D organizations which put us a strong position to continue driving our growth in 2024 and the mid-term.

Panagiotis "Takis" Spiliopoulos
Chief Financial Officer

FINANCIAL REVIEW continued

Alternative performance measures (APM)

The performance of the Group is assessed using a variety of alternative performance measures that are not defined under IFRS and are therefore classified as non-IFRS. The alternative performance measures 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 year-end divided by total annual revenue multiplied by 365 days.

USDm	2023	2022
Trade receivables and contract assets – net	**387.4**	334.9
Non-IFRS revenue	**1,000.2**	949.6
Number of days per year	**365**	365
Days sales outstanding (DSO) (days)	**141**	129

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).

USDm	2023	2022
Net cash generated from operating activities	**331.0**	297.9
(Purchase)/disposal of property, plant and equipment	**(9.6)**	(16.4)
Purchase of intangible assets	**(2.2)**	(2.3)
Capitalized development costs	**(76.6)**	(86.3)
Free cash flow	**242.6**	192.9

Operating cash flow conversion

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

USDm	2023	2022
Cash generated from operations	**391.5**	316.6
IFRS EBITDA	**330.5**	302.0
Adjusted IFRS EBITDA	**330.5**	302.0
Operating cash flow conversion (%)	**118%**	105%

Leverage

Net debt divided by non-IFRS EBITDA.

USDm	2023	2022
Net debt	**(623.4)**	(737.6)
Non-IFRS EBITDA	**398.8**	364.6
Leverage (ratio)	**1.6**	2.0

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.

Reconciliation from IFRS to non-IFRS – EBIT/EBITDA

USDm	2023	2022
IFRS EBIT	**199.4**	163.4
Amortization of acquired intangibles	**45.0**	45.8
Restructuring	**14.7**	14.4
M&A-related charges/(credits)	**0.0**	1.0
Share-based payment	**53.9**	47.8
Non-IFRS EBIT	**313.0**	272.4
IFRS EBIT	**199.4**	163.4
Depreciation and amortization	**131.2**	138.6
IFRS EBITDA	**330.5**	302.0
Restructuring	**14.4**	13.8
M&A-related charges/(credits)	**0.0**	1.0
Share-based payment	**53.9**	47.8
Non-IFRS EBITDA	**398.8**	364.6

Reconciliation from IFRS earnings to non-IFRS earnings

USDm	2023	2022
IFRS EBIT	**199.4**	163.4
Finance cost – net	**(26.5)**	(17.4)
Taxation	**(38.2)**	(31.5)
IFRS net earnings (Profit)	**134.7**	114.4
Number of shares – diluted (000)	**72,633**	71,957
IFRS EPS (USD)	**1.85**	1.59
IFRS net earnings (Profit)	**134.7**	114.4
Amortization of acquired intangibles	**45.0**	45.8
Restructuring	**14.7**	14.4
M&A-related charges / (credits)	**0.0**	1.0
Share-based payment	**53.9**	47.8
Acquisition/investment-related finance cost	**4.9**	(4.4)
Taxation	**(21.5)**	(15.9)
Non-IFRS net earnings (Profit)	**231.7**	203.1
Number of shares – diluted (000)	**72,633**	71,957
Non-IFRS EPS (USD)	**3.19**	2.82

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.

PRINCIPAL RISKS AND UNCERTAINTIES

Responsible risk management

Risk management

Risk management provides independent oversight over the portfolio of key risks impacting Temenos and manages emerging risks with a potential business impact.

We have a Group Risk Management function in place to monitor and manage enterprise risks including the implementation and operation of the Group level Risk Management Framework which is aligned with ISO 31000: Risk management and COSO ERM methodology. We also have in place a defined enterprise risk appetite and monitor aggregated risk exposure against this quarterly. The framework defines governance and oversight at the Board and management levels and defines risk management roles and responsibilities for all Temenos employees. The Group Risk Management function is overseen and managed by the Chief Risk Officer, who reports to the Chief Security and Risk Officer, a member of the Executive Committee.

The Audit Committee of the Board of Directors is responsible for oversight of the risk appetite for the organization factoring opportunities for business growth and development and maintaining our status as a trusted partner to clients that operate in highly regulated environments that are dependent on Temenos products and services to meet the needs of their clients to deliver best-in-class financial services to the markets they serve. The Audit Committee of the Board of Directors has approved a risk appetite for the key enterprise risks defined. We have implemented an enterprise risk management program to monitor risk exposure against agreed upon risk appetite levels and implement risk mitigation strategies when assessed risks exceed approved risk appetite levels.

Risks are regularly assessed and monitored against risk appetite levels to ensure the business is operating within the defined risk appetite and management action plans are developed when a deviation from the defined risk appetite is detected.

A top-down approach has been adopted to ensure alignment between enterprise objectives and risk management program capabilities to ensure enterprise risks are effectively identified, assessed, monitored and managed to support the achievement of strategic objectives.

Risk Management Framework

The Group level Risk Management Framework (GRMF) establishes the vision, mission, objectives, scope and approach for managing enterprise level risks within Temenos. A three lines of defense risk management structure has been adopted which includes clearly defined risk management roles and responsibilities within Temenos for the Board, management and all Temenos employees.

The Group level Risk Management Framework establishes key program components including the following:

- risk aware culture;
- governance, roles and responsibilities; and
- risk management program activities.

Three lines of defense capital Risk Management Model

Board and Audit Committee

Executive Management and Governance Committees

1st line – Risk Ownership (Functional Risk Owners)	2nd line – Facilitation, oversight and challenge (Group Risk Management Function)	3rd line – Independent assurance (Internal Audit)
Risk Owners within the organization responsible for managing the risks within agreed upon appetite and implementing risk management strategies	Independent Group risk management team that designs, develops, implements and manages the GRMF and provides an independent review and challenge of first line risk management efforts	Independent review of the GRMF and first line risk management efforts and the Group Risk Management Function; provides assurance to the Audit Committee and senior management that GRMF objectives are met

Policies, operating standards, procedures

Processes and control activities

Risk aware culture

Integrating risk management within organizational culture is key to ensuring the effectiveness of risk management program objectives. Culture and awareness are key elements in ensuring that risk taking activities are performed in a measured and calculated manner and do not expose the organization to situations that could impact shareholder value or introduce unwanted risks, exposure or legal liability.

The risk management culture within Temenos is supported by the following mechanisms:

- tone at the top, including management support over the risk management program and effective governance and oversight;
- clearly defined roles and responsibilities;
- training and awareness; and
- establishment of a business risk champions network.

Governance, roles and responsibilities

We have a governance and oversight structure in place which is aligned with defined roles and responsibilities and three lines of defense principles to ensure transparency and accountability within the organization for risk management activities and reporting. Key elements of this include:

Audit Committee of the Board

The Audit Committee of the Board is responsible for reviewing and approving the Group level Risk Management Framework and risk appetite annually as well as reviewing risk reporting and monitoring the Group risk appetite against assessed exposure levels.

Group Risk Management Committee

The Group Risk Management Committee is chaired by the Chief Risk Officer and is comprised of a cross section of senior management members and is responsible for establishing the tone at the top within Temenos related to the Group risk management program, monitoring risk exposure levels against the defined and approved risk appetite and developing and overseeing risk management plans to ensure the organization can operate within approved risk levels.

Group risk management team

The Group risk management team reports to the Chief Risk Officer and is responsible for the design, development, implementation and management of the Group level Risk Management Program including developing enterprise risk taxonomies, facilitating various risk assessments, monitoring and aggregating risk exposure levels, preparing Group level risk reporting and risk appetite monitoring to management and the Board and facilitating key risk management program activities. The Group risk management team represents the second line of defense within the three lines of defense risk management structure and is responsible to perform an independent challenge over risk management activities taken by various risk owners.

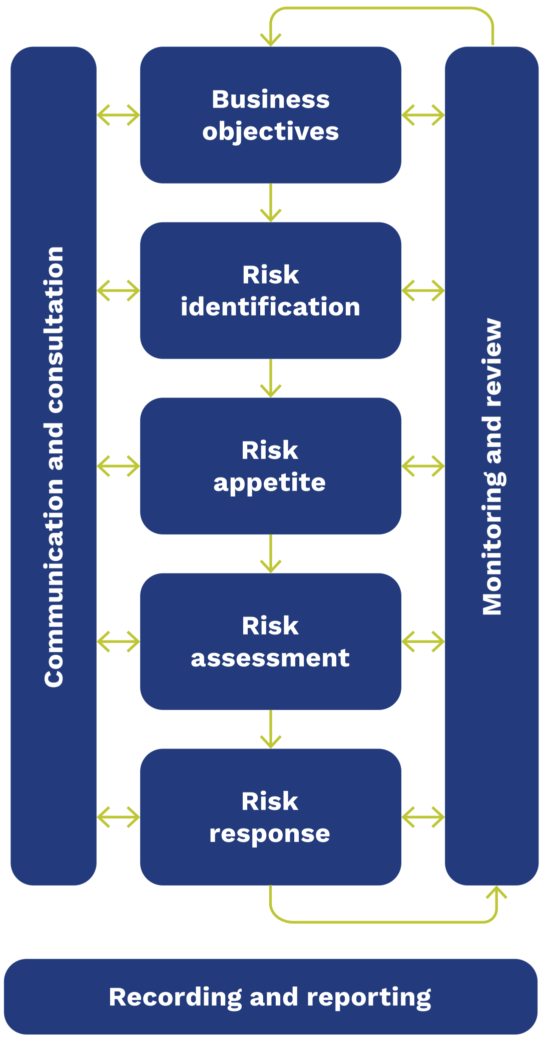
Risk Owners

Risk Owners are defined within the Group risk taxonomy and are accountable for managing risks within their areas of responsibility as the first line of defense. Risk Owners are responsible for risk identification, risk assessment and risk management activities, including the development and implementation of risk management plans and strategies where assessed risk levels are outside of the defined Group level risk appetite.

Risk management processes

The following diagram highlights the risk management processes used to identify, assess, monitor, mitigate and report on key risks. These processes are aligned to the ISO 31000 risk management standards.

- **Business objectives** – The basis for developing the Group Risk Management Framework involves aligning strategic business objectives with risk management strategies, tools, capabilities and priorities. Risk management identification will start by understanding business objectives and context within which risks exist.
- **Risk identification** – We have a process to identify and define key enterprise level risks, aggregate risks within the Group risk taxonomy to ensure alignment between risk management program activities, risk monitoring and reporting and assessing risk exposure against defined risk appetite.
- **Risk appetite** – We have risk appetite statements that define qualitative risk levels agreed to by management and the Board within which Temenos operates in the pursuit of key business activities.
- **Risk assessment** – Risk assessments are conducted regularly across the organization at various levels of detail and granularity to assess inherent risk levels, map risks to controls and assess residual risk levels within Temenos.



PRINCIPAL RISKS AND UNCERTAINTIES continued

Risk management continued

Risk management processes continued

- **Risk response** – Risk management response strategies involve risk mitigation, risk transfer, risk avoidance and risk acceptance.
- **Risk monitoring and review** – We aggregate and monitor risks on a quarterly basis against the defined risk appetite to determine if the organization is operating within the defined risk appetite. To the extent that risks are identified and assessed that are outside of the defined risk appetite levels, action plans are developed, monitored and tracked to ensure residual risk levels remain aligned with the Group level risk appetite.
- **Risk reporting** – Risks are reported regularly to the Audit Committee of the Board and the Group Risk Management Committee. Risk reporting includes aggregated Group level risks, risk heatmaps and monitoring aggregated risk exposure levels against risk appetite to ensure effective awareness and oversight of risk impact for Temenos. Management action plans are included within risk reporting as needed to ensure effective oversight over risk mitigation activities.

Internal controls

In addition to the Group Risk Management Framework, there is also a robust internal control system in place for financial reporting and key operational and fraud risks that goes beyond statutory requirements. All relevant risks are identified, formally assessed and documented. For each risk, we have implemented specific controls and mitigation plans and these are documented in formal risk and control matrices. The effectiveness of the controls is regularly evaluated through a formal self-assessment process which is independently reviewed and tested by both internal and external audit.

While it is management's responsibility to design, implement and operate effective risk management practices and controls, it is the role of Group Internal Audit to evaluate the effectiveness of risk management and internal controls, assess compliance with policies and procedures and provide assurance to senior management and the Board of Directors on their overall effectiveness.

To ensure the independence and objectivity of Internal Audit, the Group Head of Internal Audit reports functionally to the Audit Committee. The role, responsibilities and authority of the Head of Internal Audit and the function are set out in the Internal Audit Charter, which is reviewed and approved annually by the Committee. All Temenos employees, contractors, Partners and suppliers are required to cooperate fully with Group Internal Audit when requested and to provide access to all records, property and personnel, as required.

The following sections outline the key risks that we have identified and track. They represent an aggregated view.

Economic, political and social environment

Temenos derives most of its licensing, SaaS, maintenance and services revenues from banks and other financial institutions. The banking industry is sensitive to changes in global economic conditions and financial markets and is highly susceptible to unforeseen external events, such as political instability, terrorist attacks, recession, inflation, currency fluctuations, interest rate changes, or environmental, public health or other adverse occurrences that may result in a significant decline in the use and/or profitability of financial services. Any event that results in decreased consumer or corporate use of financial services, or cost-cutting measures by financial services companies, may negatively affect the level of demand for Temenos products and services. Any reduction in the demand for the Group's products in the banking and finance industries, or decrease in success in marketing the Group's products to financial sector clients and prospective clients, could have a material adverse effect on the Group's operations and financial condition and results. Furthermore, if any of the above factors affect the financial stability of our clients, there may be an adverse impact on our ability to recover fees for the services provided to them.

Temenos' sustainable global presence, strategic planning, organizational structure, internal controls, business continuity management program, international mobility and working from anywhere service delivery to clients, comprehensive product offering and market leadership help to mitigate this risk.

Law and litigation

Temenos operates in various legal jurisdictions and as such is subject to various legal and regulatory requirements. Temenos may have legal proceedings or litigious actions brought against it. The outcome of these proceedings or actions is intrinsically uncertain and the actual outcomes could differ from the assessments made by management in prior periods, resulting in increases in provisions for litigation in the accounts of Temenos. Adverse outcomes to legal proceedings or litigious actions could result in the award of significant damages or injunctive measures that could hinder Temenos' ability to conduct business and could have a material adverse effect on its reputation, business, operating results and financial condition.

Litigation of intellectual property infringement claims may increase as a result of Temenos acquiring companies which rely on third party code, including open-source code, Temenos expanding into new areas of the banking industry resulting in greater overlap in the functional scope of products and increasing assertion of intellectual property infringement claims by non-practicing entities that do not design, manufacture or distribute products.

Although Temenos has implemented controls and believes that its products do not infringe upon the intellectual property rights of others and that Temenos has all the rights necessary to utilize the intellectual property employed in its business, Temenos is still subject to the risk of claims alleging infringement of third party intellectual property rights, including in respect of intellectual property that has been developed by third parties and acquired by Temenos in business or asset purchase transactions. Responding to such claims, regardless of whether they are with or without merit, and negotiations or litigation relating to such claims could require Temenos to spend significant sums in litigation costs and payment of damages and expend significant management resources. In addition, such claims could lead to delivery delays or require the Group to enter into royalty or licensing agreements on unfavorable terms, discontinue the use of challenged trade names or technology, or develop non-infringing intellectual property. The Group's liability insurance does not protect it against the risk that its own or licensed third party technology infringes the intellectual property of others. Therefore, any such claims could have a material adverse effect on the Group's reputation, business, operating results and financial condition.

Temenos' legal teams are aligned to business operations and are involved early in any decisions which may incur legal implications. The legal team reviews and provides guidance on complex client contracts to ensure contractual agreements align to local commerce laws and regulations. Whenever possible, Temenos tries to contractually limit its liabilities. This is covered further in "Foreign operations".

More broadly, the risk of potential breach of legislative or regulatory requirements through general operations, such as breach of listing requirements or Group level legal requirements, is managed through Group level controls, compliance policies and procedures.

Policy compliance requirements are periodically assessed through Risk Management processes and reviewed by Internal Audit to provide comfort over adequacy of policies, processes and compliance.

IP protection

Temenos relies upon a combination of copyright, trademark and trade secrecy laws, trade secrets, confidentiality procedures, contractual provisions and license arrangements to establish and protect its proprietary rights and Temenos' ability to do so effectively is crucial to its success. Temenos enters into agreements with its employees, Partners, distributors and clients that seek to limit the distribution of, and otherwise protect, its proprietary information. However, Temenos cannot give full assurances that the steps taken will be adequate to prevent misappropriation of its proprietary information as all of the protection measures afford only limited protection. Temenos' proprietary rights could be challenged, invalidated, held unenforceable or otherwise affected. Certain proprietary technology may be vulnerable to disclosure or misappropriation by employees, Partners or other third parties, and third parties might reverse-engineer or otherwise obtain and use technology and information that Temenos regards as proprietary.

Accordingly, Temenos might not be able to protect its proprietary rights against unauthorized third party copying or utilization, which may undermine Temenos' market position and deprive it of revenues.

Temenos may not be able to detect unauthorized use of its intellectual property, or take appropriate steps to enforce Temenos' intellectual property rights. Temenos' products are used globally and are therefore subject to varying laws governing the protection of software and intellectual property in each of these jurisdictions. Temenos cannot guarantee that its software and intellectual property will be afforded the same level of protection in each jurisdiction, as some jurisdictions may offer no effective means to enforce Temenos' rights to its proprietary information, which could result in competitors offering products that incorporate features equivalent to Temenos' most technologically advanced features, which could have a material adverse effect on Temenos' business, results of operations and financial condition.

Any legal action that Temenos may bring to enforce its proprietary rights could involve enforcement against a Partner or other third party, which may have a material adverse effect on its ability, and its clients' ability, to use that Partner's or other third parties' products. Moreover, litigation, which could involve significant financial and management resources, may be necessary to enforce Temenos' proprietary rights. Any material infringement of Temenos' proprietary technology could have an adverse effect on its reputation, business, financial position, profit and cash flows. Our Partner contracts are designed in a manner which provides clarity and understanding of both parties with regard to the protection and safeguarding of their IP.

Regulatory compliance

Temenos is a technology service provider for financial services institutions which are regulated and overseen by a diverse set of regulatory authorities based on the various jurisdictions Temenos operates within. As such, Temenos is subject to direct and indirect financial regulatory supervision based on the portfolio of products and services offer to clients in a global client ecosystem. A failure to comply with regulatory requirements and expectations could result in enforcement actions, sanctions and administrative orders that can be judicially enforced and result in monetary penalties and other adverse scenarios.

As the utilization of cloud and SaaS products grows, there is increased dependence on Temenos as a material outsourced technology service provider, regulatory scrutiny and oversight also increases and the degree of exposure to regulatory examinations, sanctions and fines also increases.

We have a Regulatory Change Management Framework in place to monitor, assess, identify and implement applicable regulatory requirements in order to manage compliance with a diverse set of regulatory expectations and requirements.

This framework continues to be enhanced as the degree of regulatory scrutiny increases with new requirements, for example, related to operational resilience, cybersecurity and new technologies such as AI. Regulatory compliance capabilities continue to mature as the legislative and regulatory landscape evolves and new requirements are implemented.

PRINCIPAL RISKS AND UNCERTAINTIES continued

Undetected defects or security vulnerabilities

Temenos' products and offerings may contain defects or security vulnerabilities that Temenos has not been able to detect and that could adversely affect the performance of the products and negatively impact Temenos' relationship with its clients. It is not always possible to identify and rectify all errors or defects during a product or services developmental phase and more commonly Temenos has discovered minor software defects in certain new versions and enhancements of its products after they have been introduced. The detection and subsequent correction of any errors or defects can be expensive and time consuming and it is not always possible to meet the expectations of clients regarding the timeliness and the quality of the defect resolution process. In a worst-case scenario, it might not be possible to wholly rectify certain defects or entirely meet client expectations. In such circumstances it is possible that clients may pursue claims for refunds or damages, attempt to terminate existing arrangements, request replacement software or seek other concessions.

A defect or error in any newly developed software of Temenos could result in adverse client reactions and negative publicity, as Temenos' clients and potential clients are highly sensitive to defects in the software they use. Any negative publicity could hinder the successful marketing of the new software, reducing demand for the software. A defect or error in new versions or enhancements of Temenos' existing products could result in the loss of orders or a delay in the receipt of orders and could result in reduced revenues, delays in market acceptance, diversion of development resources, product liability claims or increased service and warranty costs, any of which may have a material adverse effect on Temenos' business, results of operations and financial condition. Any claim brought against Temenos in connection with defective software, regardless of its merits, could entail substantial expense and require a significant amount of time and attention by management personnel.

Temenos has implemented a robust Secure Software Development Lifecycle (SSDLC) and has a program which drives strong security culture across development and operations teams. Quality and product security assurance teams which are independent functions test adherence to secure practices. Temenos products undergo comprehensive security testing both internally and using external reputed third party firms at least annually.

New vulnerabilities are monitored as they emerge, and analysis performed to measure the impact on Temenos products, if any. Products are patched and updates provided as priority to mitigate security risk in case of new vulnerabilities.

Key personnel

Temenos operates in an industry in which there is intense competition for experienced and highly qualified individuals and this may be exacerbated by longer-term demographic and geopolitical changes. The success of Temenos is partly dependent on its ability to identify, attract, develop, motivate, compensate and retain highly skilled and qualified management and other personnel, particularly those with expertise in banking software, cyber and information security and cloud and SaaS operations. There is intense competition for experienced and highly skilled personnel globally and if Temenos fails to recruit and retain the numbers and types of employees that it requires, its business, operating results and financial condition may be adversely affected.

Compensation, incentive and recognition programs are utilized to align staff efforts to organizational objectives and to enable effective recruitment and retention; these are reviewed regularly and adjusted as necessary. Employees receive a range of training and development to ensure they have the necessary skills to perform their duties and to develop their careers within Temenos. Various CSR initiatives are in place to demonstrate our commitment to a purposeful workplace. Career and succession planning is reviewed regularly to provide for continuity of operations and mitigate key person risk.

Foreign operations

Temenos has over 950 core banking clients, over 600 digital clients, and clients in over 150 countries and it has sales and support offices in 39 countries. Temenos' future revenue growth depends on the continued successful expansion of itsAdevelopment, sales, marketing, support and service organizations, through direct or indirect channels, in the various countries around the world where its current and potential clients are located, including in many developing countries. Such expansion may require the opening of new offices, hiring new personnel and managing operations in widely disparate locations with different economies, legal systems, languages and cultures, and may require significant management attention and financial resources. Temenos' operations are also affected by other factors inherent in international business activities, such as:

- differing or even conflicting laws and regulation of risk and compliance in the banking sector;
- difficulties in staffing including works councils, labor unions and immigration laws, changing work practices (e.g. flexible working, working from home and part-time working) and foreign operations;
- the complexity of managing competing and overlapping tax regimes;
- differing import and export licensing requirements;
- operational difficulties in countries with a high-corruption perception index;
- protectionist trade policies such as tariffs;
- limited protection for intellectual property rights in some countries;
- difficulties enforcing intellectual property and contractual rights in certain jurisdictions;
- differing data protection and privacy laws; and
- political and economic instability, outbreaks of hostilities, terrorism, mass immigration, international embargoes, sanctions and boycotts.

The risks associated with the factors stated above will intensify as Temenos expands further into new countries and markets through organic growth or acquisitions. Additionally, laws and regulations and governments' approaches to their enforcement, as well as Temenos' products and services, are continuing to change and evolve. Compliance with the laws and regulations in the various jurisdictions may involve significant management time and costs and require costly changes to products and/or business practices.

Risks related to foreign operations are regularly assessed and mitigated as needed. Specific policies and procedures are in place to ensure compliance with export control and sanctions, anti-bribery and corruption, anti-money laundering, data protection and privacy and other legislation.

Foreign exchange and/or interest rate fluctuations

Temenos' financial statements are expressed in US dollars and Temenos generates the majority of its revenues in US dollars. However, a significant portion of its operating expenses are incurred in currencies other than the US dollar, particularly in Euros, Swiss francs, Rupees and Pounds sterling.

Temenos is exposed to the fluctuation in exchange rates of each of these currencies. Temenos makes efforts to mitigate its foreign exchange risk by aligning its revenue streams to currencies that match its cost base and hedges most of the material residual exposure by the use of derivative instruments. However, such hedging may not be sufficient protection against significant fluctuations in the exchange rate of the US dollar to other currencies, in particular those currencies in which Temenos incurs operating expenses, generates revenues or holds assets. Such fluctuations may impose additional costs on Temenos and may have a material adverse effect on Temenos' financial condition and results of operations and on the comparability of its results between financial periods.

Furthermore, the Group is exposed to the fluctuation in interest rates. Some of the Group's financing arrangements bear interest at floating rates of interest plus a margin and are adjusted periodically. These interest rates could rise significantly in the future. To the extent that interest rates were to increase, the Group's interest expense would correspondingly increase, reducing Group cash flow. This could have a material adverse effect on the Group's business, financial condition and results of operations.

Temenos uses a combination of various techniques to protect against currency and interest rate fluctuations including using derivatives to mitigate the risk when it is deemed to be significant in compliance with the terms of Temenos credit facilities.

Compliance with the terms of Temenos credit facilities

Temenos has credit facilities in place with a syndicate of banks. The facilities contain financial covenants, undertakings and event of default provisions. Moreover, the facilities contain cross-default provisions such that a default under another debt instrument, such as bonds, could result in a default under the credit facilities and acceleration of the debt thereunder.

The inability of Temenos to draw down the credit facilities to satisfy its financing requirements could have an adverse effect on Temenos' growth. Compliance with the terms is monitored on a monthly basis.

Managing client relationships

Temenos enters into long-term relationships with its clients. The contractual arrangements supporting these relationships are often varied and diverse to reflect the nature of the requirements of the client factoring in specific legal and cultural requirements of the client's operating environment as well as the multiple stages of the relationship.

Temenos regularly assesses client satisfaction and proactively seeks and responds to client feedback via the Client Voice program and monitoring of our Net Promoter Score (NPS).

Temenos aims to build long-term strategic relationships with clients in order to maximize the value provided to both parties. Through strong relationships, Temenos is able to further develop products according to industry needs and requirements. The Temenos Ambassador Program and CEO Navigator tool support this goal.

Furthermore, mechanisms for tracking and oversight of contract clauses are utilized by the global contract team to provide additional comfort over the effective management of client contractual arrangements.

Strategic partnerships

Temenos delivers its products to clients directly and indirectly through distributors and through strategic alliances with IT service providers. Temenos' strategic partners sell to clients and provide implementation services through a contract with the client, rather than with Temenos. These relationships with IT service providers and strategic partners help to drive co-innovation of Temenos' products, profitably expand Temenos' routes-to-market to enhance market coverage and provide high-quality services in connection with Temenos' product offerings. Any failure to maintain and expand these relationships could adversely affect Temenos' products and services which, in turn, would have an adverse effect on Temenos' ability to compete successfully with its competitors, and therefore negatively affect the results of operations and financial condition.

PRINCIPAL RISKS AND UNCERTAINTIES continued

Cloud and SaaS solutions

Cloud and SaaS technology is inherently complex and, as such, Temenos may be subject to changing regulatory requirements, evolving client attitudes and technical complexities in developing new business offerings and support services. Temenos may fail to achieve desired operating profit results in this market due to regulatory changes and an inability to develop a competitive product which appeals to its clients.

In delivering its SaaS and cloud services, Temenos is highly dependent on the availability and security of underlying infrastructure provided by various suppliers including, for example, Microsoft Azure and Amazon Web Services (AWS). By providing cloud and SaaS technology to clients, Temenos will handle client data. Hardware, software, network or data center failures, product defects or system errors could result in data loss or corruption, or cause the information held to be incomplete or contain inaccuracies. The availability of Temenos' application suite could be interrupted by a number of factors, such as the failure of a key supplier, its network or software systems due to human or other error and security breaches.

Although Temenos employs strict security, data protection and privacy measures, there is a risk that such measures could be breached as a result of malicious third party action, employee error and malfeasance, or otherwise, and if as a result unauthorized access is obtained to client data, which may include personally identifiable information about users, Temenos could suffer significant reputational damage and be exposed to significant liabilities.

Temenos continues to enhance its cloud and SaaS offering and associated security controls though a range of compliance programs. Temenos holds an annually renewed SSAE18 – SOC 1 Type 2, SOC 2 Type 2 and SOC 3 along with a CSA-CCM (Cloud Security Alliance – Cloud Control Matrix) Star Level 2 compliance attestation. During the year we have also achieved adherence to the EU Cloud Code of Conduct Level 2. ISO 9001, ISO 27001, ISO 27017, ISO 27018, ISO 20000-1 and ISO 22301 certifications also provide a greater degree of assurance to clients. Temenos also includes in its independent compliance validation program the certification of the Azure, AWS and Kony Infrastructure against PCI-DSS standards.

Software implementation project management

The implementation of Temenos' software and integration of various product components is a complex process requiring skilled and experienced personnel. The implementation of Temenos' software is often performed in part or wholly by service delivery partners as well as committed resources of the client. The complex nature of the solutions makes it necessary to provide training and education on the operation of the product.

The reliance on third party capabilities and the complex nature of product customization and installation requirements may lead to unforeseen events occurring which may delay the progress of implementations.

Temenos focuses heavily on training the staff and Partners responsible for implementation of software to ensure a strong mix of qualified project managers and technical product expertise. Temenos ensures the adequacy of skills through requiring certification of staff and Partners in Temenos Implementation Methodology and products. Our provision of the Temenos Learning Community (TLC) shows our ongoing commitment to this area.

Implementation teams are also trained to identify and effectively manage any unforeseen events and a suite of risk management tools is used to monitor and track potential issues which may adversely impact the successful installation of software. Project governance boards are held regularly to oversee the delivery of the implementation against milestones.

Temenos Implementation Methodology is periodically reviewed and updated in order to maintain high standards for Temenos staff and Partners. Identified initial project risks receive an increased level of review and analysis in order to more effectively mitigate and monitor them throughout the life of the implementation project.

To further enhance the operational oversight for SaaS project implementation, Temenos has formed a Cloud "Architecture Board" (CAB) and a Cloud "Operational Readiness Board" (ORB). The Board's mission is to provide early guidance on SaaS project implementation work, monitor and review client deployment readiness, oversee and approve the operational solutions introduced to cloud environment and make sure such solutions will not impact Temenos' ability to meet clients' security, resilience, support and service level expectations.

Mergers and acquisitions

Temenos pursues a strategy of making targeted investments, which may include acquisitions, minority stakes, strategic alliances and partnerships. Risks associated with such a strategy include the availability of suitable targets, the difficulty in evaluating potential transactions, including the risk that our due diligence does not fully assess valuation considerations, and successful integration. Risk of failure to assimilate operations and personnel may materialize. The process of integrating an acquired company or business may create unforeseen operating difficulties and expenditures. It may take longer than expected to realize the full benefits from transactions.

Minority investments in new ventures may involve further challenges, including more limited financial and non-financial information on the business, less frequent and complete reporting that would typically be available for more mature businesses, and difficulty in periodically assessing a valuation of an investment.

Further consolidation in Temenos' industry may decrease the number of potential desirable acquisition targets. Failure to acquire, integrate and derive the desired value of any businesses or assets in the future could materially adversely affect Temenos' business, results of operations and financial condition.

In addition, businesses that Temenos acquires or in which Temenos invests might not perform as anticipated, resulting in possible impairment or losses, consequently impacting Temenos' statement of financial position.

Security, business continuity and resiliency

As a software technology vendor and SaaS provider, we face various cyber and other security threats, including:

- attempts to gain unauthorized access to sensitive information and data;
- threats to the safe and secure operation of our software solutions and services;
- threats to the safety of our Directors, officers and employees;
- threats to the security of our facilities and infrastructure; and
- threats from terrorist acts or other acts of aggression.

Our clients and Partners (including subcontractors) face similar threats.

Although we utilize various procedures and controls to monitor and mitigate the risk of these threats, there cannot be full assurance that these procedures and controls will be sufficient. These threats could lead to losses of sensitive information or capabilities, harm to personnel, infrastructure or products and/or damage to our reputation as well as our Partners' ability to perform on our contracts.

Cyber threats are evolving and include, but are not limited to:

- attempts to gain unauthorized access to data, information or intellectual property;
- disruption to or denial of service; and
- other malicious or criminal activities.

These threats could lead to disruptions in mission-critical systems, unauthorized release of confidential, personal or otherwise protected information (ours or that of our employees, clients or Partners) and corruption of data, networks or systems. In addition, we could be impacted by cyber threats or other disruptions or vulnerabilities found in products we use or in our Partners' or clients' systems that are used in connection with our business. These events, if not prevented or effectively mitigated, could damage our reputation, require remedial actions and lead to loss of business, regulatory actions, potential liability and other financial losses.

We provide software products and services to various clients who also face cyber threats. Our software products and services may themselves be subject to cyber threats and/or they may not be able to detect or deter threats, or effectively to mitigate resulting losses. These losses could adversely affect our clients and our Group. The impact of these factors is difficult to predict, but one or more of them could result in the loss of information or capabilities, harm to individuals or property, damage to our reputation, loss of business, regulatory actions and potential liability, any one of which could have a material adverse effect on our financial position, results of operations and/or cash flows.

From an organizational perspective, the Security and Privacy Committee provides the Group level oversight. This Committee is chaired by the Chief Security Officer, who reports to the Chief Security and Risk Officer – a member of the Executive Committee. Board level oversight is exercised by the Audit Committee.

In terms of business processes, security assurance is integrated into all business processes related to R&D, the supply chain, sales and marketing, delivery and technical services. In addition, Temenos reinforces the implementation of the cybersecurity assurance system by conducting internal audits and receiving external certification and auditing from various independent third party organizations.

In connection with personnel management, our employees, Partners and consultants are required to comply with security policies and requirements established by Temenos and receive appropriate training so that the concept of security is deeply rooted throughout Temenos. To promote cybersecurity, Temenos will take appropriate action against those who violate cyber assurance policies. Employees may also incur personal legal liability for violation of relevant laws and regulations. If Temenos security measures are breached and unauthorized access is obtained to Temenos' IT systems, Temenos' business could be disrupted and Temenos may suffer financial losses as a result of the loss of confidential client information or otherwise.

Temenos' insurance coverage might not cover claims against it for loss or security breach of data or other indirect or consequential damages. If Temenos experiences interruptions in the availability of its application suite, Temenos' reputation could be harmed, which may have a material adverse effect on Temenos' business and financial condition.

As part of the periodic risk assessment of IT infrastructure, potential physical and security vulnerabilities are factored into the process for developing a resilient and robust IT infrastructure.

The physical security of IT infrastructure and personnel is kept secure through standardized general IT controls across Temenos in line with best practice standards.

Temenos has implemented a Business Continuity Management System (BCMS) to cover Business Continuity and Resilience requirements and this is certified to ISO 22301:19. The framework touches on all aspects of Business Continuity and Resilience and is tested and audited regularly.

Information systems are regularly audited internally and externally (e.g. SOC 1, SOC 2, SOC 3, ISO 27001, ISO 27017 and ISO 27018) to provide assurance over the management of these risks.

Supply chain complexity

As we continue our transition to a cloud/SaaS services and delivery model, there is an increased business need to leverage specialized products and services to meet the demands of a diverse set of customers and their business requirements for resilient scale cloud/SaaS solutions. As such, there is increased risk related to third party service providers that support the delivery of cloud/SaaS products and services to Temenos customers in addition to cloud platform service providers AWS and Azure. Leveraging an ecosystem of specialized third party service providers to deliver Temenos cloud/SaaS products and services increases the complexity of managing and overseeing these third party relationships from an operations, legal, regulatory, compliance and risk management perspective. Additionally, there is increased focus and pressure from clients and the marketplace around ESG program requirements with a focus around moving to net-zero carbon emissions and a heavy focus on Scope 3 emissions. As the ecosystem and complexity of third and fourth parties within the Temenos cloud supply chain increases, these risks become more challenging to effectively manage.

The inability to ensure and manage trust and transparency in the supply chain utilized to deliver cloud/SaaS products and services to customers could result in legal liability, increased regulatory scrutiny, challenges delivering products and services in line with contractual requirements and security incidents and data leakage/theft which could have a negative impact on Temenos' ability to gain efficiencies and effectively augment current enterprise capabilities in a manner that delivers value to customers.

We are proactively increasing the degree of rigor and enhancing standardized programs and processes to manage critical cloud services providers that compose the Temenos cloud ecosystem in order to ensure these relationships can effectively be managed to deliver anticipated business benefits to customers and shareholders. Examples of actions taken include standardizing legal, regulatory, compliance business continuity and ESG contractual schedules as well as other actions to enable effective management of critical cloud supplier relationships.

PRINCIPAL RISKS AND UNCERTAINTIES continued

Insurance
Temenos' corporate insurance team manages all global policies. The main global policies provide coverage across core business areas such as Professional Indemnity Liability (errors and omissions), Cyber Liability Insurance, Crime Insurance, Global Travel and Directors' and Officers' Insurance.

As with any large organization, Temenos strives to secure that its activity, offices and employees are adequately covered, given the liability exposure and the insurance market capacities.

Temenos counts on reliable insurance partners; hence, most of Temenos' insurance providers are A or A+ AM Best rated companies.

Across the various legal jurisdictions in which Temenos operates, compliance with the local legal requirements is ensured by holding certain insurance policies such as workers' compensation policies and third party liability, employees' health and accident benefits protection.

Temenos' local offices manage their legally required policies with oversight and review by Group management. Each office/Temenos entity is insured against property damage, business interruption and public liability risks. Information and IT infrastructure is also covered by regional and/or local policies.

Environment and sustainability
As a company, we recognize that climate change is a global challenge with financial implications. We also recognize the importance of understanding and taking action on our material environmental impacts, risks and opportunities. As an IT company, to serve our clients, we rely heavily on people, computing resources and business travel. We are aware of the environmental impacts of our business and support a precautionary approach to environmental challenges on our own initiative and an environmentally responsible way of conducting our business operations and serving our clients.

Climate change
In response to increasing concern about the impact and risk associated with climate change, Temenos has aligned the climate risk assessment with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). As part of this, we have conducted a qualitative and quantitative scenario-based climate assessment to identify both climate-related risks and opportunities, in order to inform Temenos' medium- and long-term business strategy. Governmental actions to mitigate climate change could increase operating costs. Increased frequency of extreme weather (storms, floods, heat waves) could cause disruption of our operations. Failure to meet client, Partner, investor or other stakeholder expectations or globally recognized standards on sustainability and climate change strategy could have an impact on the demand for our products, our ratings in sustainable investment indices and our corporate reputation, resulting in reduced growth and profitability.

Biodiversity
Temenos recognizes the indispensable role biodiversity plays in a sustainable world and has included such risks in its environmental risk assessment registry: operational risks associated with resource dependency; regulatory risks as regulatory changes are anticipated and must be addressed in a timely manner as policymakers ramp up policy action on biodiversity; and market risks as consumers' preferences towards products with reduced biodiversity impacts can create a shift on the product demand.

Our strategy
As part of our environmental responsibility and climate change strategy, we have set up an internal Company-wide mechanism, in order to measure, monitor and report on our global impact. Our ISO 14001 certified Environmental Management System provides a solid framework to address such risks and drives continual improvement. We also implement mitigation, adaptation, energy reduction and emissions avoidance initiatives, by putting in place policies and management systems and setting internal targets to improve energy efficiency, reduce emissions and invest in carbon removal and/or offset projects for the carbon we cannot reduce or avoid. We have incorporated environmental requirements into our corporate facilities management practices. Our near-term target has been officially validated by the SBTi and is aligned with the Business Ambition of 1.5˚C. We work with like-minded business partners and suppliers to ensure continued availability of our business operations and products and sustainable options for our clients. We monitor environmental regulations, trends and other related governmental developments in the countries we operate in and take proactive actions. Where environmental legislation is not clear or enforced, we ensure that all necessary environmental practices are in place. We communicate our environmental responsibility strategy to all our stakeholders and raise awareness internally and externally. Through our cloud and SaaS product offering, we help our clients integrate environmental sustainability into their business strategies, by enabling them to reduce their environmental impact, as well as helping their customers track their environmental footprint. We are an environmentally responsible neighbor and support environmental projects in the communities where we operate. We engage in initiatives focused on nature-based solutions, such as tree-planting and earth-restoring activities, to tackle climate change and improve biodiversity. We participate in global efforts to improve environmental protection and understanding and align with the United Nations' global agenda for sustainable development. We ensure that our clients, suppliers, Partners and contractors are committed to following our environmental policies and setting environmental targets, by conducting sustainability risk assessments as well as audits and reporting annually to the Board of Directors.

Internal controls failures

Although Temenos considers the controls and procedures it currently has in place to minimize the financial reporting, legal, disclosure and other regulatory, compliance, non-financial and operational risks associated with its business to be adequate, Temenos recognizes that the efficacy of some of these controls and procedures depends significantly on employees and contractors and on input from external parties and all of these controls and procedures need to be kept under regular review, particularly given the pace at which Temenos' business has developed and generally increasing regulatory scrutiny.

There is no guarantee that Temenos will not be targeted by those willing to commit fraud against Temenos. Such an action could come from either an internal or external source and could result in a significant adverse impact on Temenos' business, results of operations and financial condition.

Internal controls are regularly reviewed, updated and tested in accordance with our Internal Control System process and additionally by Internal Audit which serves as a third line of defense to provide assurance on the effectiveness of risk management and internal control systems.

In addition to the assurance provided by Internal Audit, Temenos engages a range of external assurance providers to provide industry standard certifications, e.g. ISO accreditations and Systems and Organization Control (SOC) reports.

Emerging risks

Anticipating potential risks is a critical component to effective risk management. Understanding the potential business impact of macro level and environmental conditions and factors is key to minimizing adverse business impact of these risks from materializing in a manner that negatively impacts value to shareholders, clients, business partners and employees.

Temenos has designed, developed and implemented as part of the Group Risk Management function an emerging risk identification and management program. Identification of emerging risks involves taking a broader approach to risk identification where potential risks are identified that have the possibility of impacting Temenos in the three to five-year range and developing proactive risk management strategies to minimize potential business impact.

We have capabilities to survey the broader risk landscape, review and assess risk trends, macro-environmental considerations and thought leadership to outline emerging risks and develop a proactive strategy and approach to managing those potential risks. Several sources of information include the annual World Economic Forum Global Risk Report, publications from various industry groups (e.g. CRO Forum – Emerging Risk Initiative) and various pieces of thought leadership. The following were considered important in developing a forward-looking approach to manage risks that could impact Temenos.

Risks associated with Artificial Intelligence (AI)

There is an increased concern about the adverse outcomes that AI can have impacting individuals, businesses, ecosystems and/or economies. AI technology can lead to: unfair and discriminatory outcomes given that the system can inherit biases present in data input; lack of transparency on how decisions have been taken, eroding trust and hindering accountability; job displacement in certain professions; new security risks where malicious actors can manipulate input data to deceive the system; increased privacy concerns given that AI requires high volumes of data for training; and environmental impact as significant computational resources may be needed to support the system, increasing energy consumption. While this is identified as a risk impacting the business, this risk is expected to further materialize within the next three to five years and potentially impact Temenos' position within the marketplace and possibly impact strategic growth plans.

Potential business impact

The use of AI in our product offerings will offer numerous benefits to our clients; however, the inability to effectively manage the risks associated during its development and deployment could result in legal liability, increased regulatory scrutiny, challenges in selling products and services and reputational damage.

Mitigation measures

We will review and enhance as appropriate our AI management processes and product offerings. This includes developing appropriately focused risk management activities around the development, deployment and use of AI both internally and within our product suite; regulatory horizon scanning and analysis of emerging regulation and legislation to ensure effective compliance; reviewing and updating our contract documentation as needed; and developing appropriately detailed product documentation to support client needs and expectations.

Frontier technologies integration challenges

As new technologies such as Augmented and Virtual Reality, Quantum Computing or others emerge, we may face integration challenges. Keeping up with these technologies and seamlessly integrating them into existing platforms may be complex, expensive and time consuming. While not identified as an immediate risk impacting the business, this risk is expected to further materialize within the next three to five years and potentially impact Temenos' position within the marketplace and possibly impact strategic growth plans.

Potential business impact

The inability for Temenos to successfully integrate new technologies into its offerings may lead to client erosion and loss of market share.

Mitigation measures

We will continue to invest in R&D to ensure that we can effectively integrate new technologies into our offerings where it is believed to be beneficial for our clients to ensure they can benefit from the latest technological developments.

BOARD OF DIRECTORS

Key

A Audit Committee

N Nomination & ESG Committee

C Compensation Committee

Chair of the Committee

1 – Thibault de Tersant

Chairman, Independent and Non-Executive Director

Nationality and age
French, born in 1957

Experience
Thibault de Tersant has been the Chairman of the Board of Directors since May 2023.

He was a member of the Board of Dassault Systèmes from 1993 until July 2020 and he was CFO from 1988 until 2018. He was named Senior Executive Vice President and General Secretary in January 2018.

During his tenure at Dassault Systèmes, Thibault, who, as CFO, managed an organization in charge of Finance, Legal, Sales Administration, Pricing, Contracts Negotiations, Internal Control and M&A, conducted more than 80 successful acquisitions totaling around USD 5 billion. He oversaw Dassault Systèmes' successful initial public offering on the Paris and Nasdaq stock exchanges in 1996, as well as a secondary offering in 1997. Thibault, in his capacity as General Secretary, is responsible for corporate structure and governance, compliance and overviews various Dassault Systèmes businesses. He is also Co-Chair of the Dassault Systèmes Sustainability Committee and Chairman of the Dassault Systèmes Foundation. He is also member of the Board and bureau of the Semaines Sociales de France, a non-profit association. He has more than 30 years of experience in the software industry.

Thibault is also member of the Board and Executive Committee of Numeum, the French syndicate of companies working in the digital domain.

Thibault is a graduate of the ESSEC Business School and of the Institut d'Etudes Politiques de Paris.

2 – Ian Cookson

Vice-Chairman, Independent and Non-Executive Director

Nationality and age
Swiss, born in 1947

Experience
Ian Cookson has been active in the financial services sector for over 45 years and has built one of the most efficient IT operations in Private Banking worldwide.

Ian was Chief Operating Officer of EFG International and member of the Executive Committee until 2007. He was previously a member of the Executive Committee of EFG Bank (since 2002). Prior to this, Ian was the Deputy Chief Executive Officer of EFG Bank (1997-2002), Chief Operating Officer of Banque de Dépôts, Geneva (1991-1997) and Head of Management Services of CBI-TDB Union Bancaire Privée (1986-1991).

Acknowledging the importance of the sustainability and CSR strategy (ESG matters), Ian is chairing the Nomination & ESG Committee which is also considering the strategy and targets for the ESG matters and overseeing the ESG reporting.

3 – Peter Spenser

Independent and Non-Executive Director

Nationality and age
British and American, born in 1954

Experience
Dr. Peter Spenser has over 40 years of experience in the financial services sector and technology including an in-depth understanding of Information and Cyber security, and as such is acting as the Board executive sponsor for these matters.

Until June 2016 he was a senior Partner at Deloitte Consulting in the US where in addition to serving a number of major clients (Global Banks, Brokerages and Wealth and Asset Managers), he led a number of practice areas including the Investment Management practice and also the Global Financial Services IT and Data Analytics practices. Prior to this, he was Director of Engineering at AcquiData, Inc. which he co-founded (1985-1990), Director of Software Systems at Magnaflux, Inc. (1982-1985) and a developer/analyst at Logica (1979-1982).

Peter holds a BA and MA in Theoretical Physics from Cambridge University and a Ph.D. in Astrophysics from University College London.

4 – Maurizio Carli

Independent and Non-Executive Director

Nationality and age

Italian, born in 1958

Experience

Maurizio Carli served as strategy advisor to VMware until July 2020, a position he has held since stepping down as Executive Vice President, Worldwide Sales and Services for VMware early in 2020. Prior to this global role, Maurizio served as Corporate Senior Vice President and General Manager for two of VMware's three sales regions between 2008 and 2015. He was Senior Vice President and General Manager, EMEA at Business Objects prior to joining VMware. In his early career, Maurizio served in a number of leadership positions in sales, marketing and global strategy at IBM between 1984 and 2002.

Maurizio currently serves as a board Director for Board International and as an independent board member of Telecom Italia. He previously served as an independent board member for Blue Prism from 2021 to 2022, Telecity Group from 2011 to 2016 and as a board member for the newly launched European Software Association from 2005 to 2006.

Maurizio holds a Bachelor of Science in Electronic Engineering from Politecnico di Milano, Italy, where he graduated with honors.

5 – Deborah Forster

Independent and Non-Executive Director

Nationality and age

British, born in 1966

Experience

Debbie Forster is CEO of the Tech Talent Charter, an industry collective which aims to deliver greater inclusion and diversity in the UK technology workforce.

Debbie brings a unique skill set and in-depth understanding across the areas of ESG, technology, innovation, diversity and education, and was awarded an MBE in the Queen's New Year's Honour List in January 2017 for "Services to Digital Technology and Tech Development" as well as being named the "Most Influential Women in UK IT" by Computer Weekly in 2019. She currently serves on the UK government's Digital Economy Board, its National Cyber Advisory Board and is a Non-Executive Director for the Lending Standards Board.

Previously, Debbie was CEO of education charity Apps for Good, taking the organization through a period of exponential growth, and worked for e-skills, the UK's national IT sector skills council. Prior to this, she had a two-decade career in education.

Debbie holds an MA from the University of Leeds.

Acknowledging the importance of ESG matters, Debbie is also acting as the Board executive sponsor for ESG matters and is a member of the Nomination & ESG Committee.

6 – Cecilia Hultén

Independent and Non-Executive Director

Nationality and age

Swedish, born in 1968

Experience

Cecilia Hultén is an accomplished business professional with over two decades of experience in the financial industry for institutions such as UBS and Nordea and brings strong financial skills with an in-depth understanding of risk management and capital markets. She has transitioned from a global banking executive to a recognized entrepreneur, investor and board member, focusing on transformative businesses that solve real-world problems in the fintech and health-tech sectors. Through strategic investments and partnerships, Cecilia has established a reputation as a thought leader.

She is working with companies including Kompasbank, a European challenger bank for SMEs, Konsolidator and a SaaS company providing a cloud-based consolidation tool. In 2023, she exited her commitment to Hejdoktor, a digital healthcare provider, that was sold to a strategic investor. She has co-founded two companies: a biotech company, Cbio, focusing on cell-based therapies to enable cancer cure, and a data management company commercializing a project from MIT's Fintech program, where she has taken the role of CFO.

Cecilia holds a BSc from the Gothenburg School of Economics and studied at the Stern School of Business MBA program at NYU. Additionally, Cecilia spent five years as an executive coach at Stanford Graduate School of Business in Corporate Innovation in its LEAD program, where she graduated.

7 – Xavier Cauchois

Independent and Non-Executive Director

Nationality and age

French, born in 1957

Experience

Xavier Cauchois has over 40 years of experience in the technology sector.

Until May 2018 he was a senior Partner at PwC in France where he started and spent over 35 years, combining auditing and advisory activities. There, he supported French and international clients, start-ups, mid-sized companies and large groups in their growth, specializing in the technology, telecommunication and media sector and as such brings a deep knowledge of accounting, auditing and associated regulatory aspects to the Board of Directors.

Xavier held several management responsibilities and was Head of PwC Europe and France in the Technology sector until 2009 and member of the Global Strategic Committee for Audit from 2005 to 2008. He was a member of the France Executive Committee in charge of Partners and Strategy from 2013 to 2016 and an independent Director of Technicolor Creative Services until 2023. He is currently an independent Director of Dassault Systèmes.

Xavier is a graduate from the ESCP Business School and is a French chartered accountant.

8 – Dorothee Deuring

Independent and Non-Executive Director

Nationality and age

Austrian, born in 1968

Experience

Dorothee Deuring is a corporate finance specialist, with deep knowledge of the banking, pharmaceutical, chemical and utilities sectors.

She has been a non-executive member of the Board of Directors and Audit and Remuneration Committees of Elementis plc (UK listed company, FTSE 250) since 2017.

Former mandates include PolyPeptide AG (Swiss listed company, 2023-2024), Axpo Holding AG (Switzerland, 2017-2023), Lonza Group AG (Swiss SMI listed company, 2020-2022), Immofinanz AG (Austria, 2021-2022), Bilfinger SE (Germany, 2016-2021), Piqur Therapeutics AG (Switzerland, 2019-2021), Selecta Group AG (Switzerland, 2020) and Röchling SE & Co. KG (Germany, 2016-2019).

Between 2011 and 2014, Dorothee led the European Corporate Finance Advisory Group of UBS AG Wealth Management as Managing Director. Prior to UBS, she served the Investment Banking arm of Bank Sal. Oppenheim Jr & Cie as Managing Director and Head Healthcare M&A. In 2003, she had joined Roche Diagnostics as a Vice-Director of Business Development and served Roche Corporate Finance Development until 2007. Dorothee started her career at McKinsey & Company in Switzerland in 1997.

Dorothee holds a Master's degree in Chemistry from Université Louis Pasteur, Strasbourg, and a Master of Business Administration from INSEAD, Fontainebleau.

EXECUTIVE COMMITTEE

A – Andreas Andreades

Chief Executive Officer

Nationality and age

Cypriot, born in 1965

Experience

Andreas Andreades has been Chief Executive Officer since May 2023. After early careers with KPMG in London and PepsiCo, Andreas Andreades joined Temenos in 1999, initially in the position of Chief Financial Officer, before assuming the responsibilities of the Deputy Chief Executive Officer in 2001 and then the Chief Executive Officer's role from 2003 until 2011, when he was appointed Chairman of the Board of Directors. He was Executive Chairman of the Board of Directors (2012-2023) and acting CEO from January until May 2023. Since he joined Temenos, the Company has grown from less than 150 employees to over 6,700, generating approx. USD 1 billion in annual revenues and achieving a market capitalization of circa USD 7 billion (end 2023), establishing it as the global leader in banking software. Since 2003 the market capitalization of Temenos has grown by approximately 186 times or a compound average of 28% per annum.

Andreas holds a Master's Engineering degree from the University of Cambridge and is a United Kingdom qualified chartered accountant.

B – Panagiotis "Takis" Spiliopoulos

Chief Financial Officer

Nationality and age

Greek, born in 1970

Experience

Panagiotis "Takis" Spiliopoulos has been Chief Financial Officer since 2019. Before this appointment, he was Head of Research and member of the Investment Banking management team at leading Swiss bank Vontobel, where he successfully built the #1 franchise in Swiss equities over the last ten years, as recognized by Thomson Extel. Over the course of this employment he advised clients on capital market transactions including the successful execution of several IPOs. He advised institutional clients as key opinion leader on technology investments. Before that, he led the technology research practice at the same bank and had the lead on numerous capital market transactions. Before joining Vontobel in 2001, Takis was Head of Investments and member of the Executive Management Board at a venture capital technology company where he was responsible for due diligence, company valuation, investment proposals, deal negotiations and setup of deal structure.

Before switching to the investment side in 1999, Takis worked as management and technology consultant for leading international players, including, among others, Accenture (formerly Andersen Consulting, where he started his career in 1995), advising financial institutions on strategy and information technology matters, including the implementation of new processes and applications.

Takis holds a Master's degree in Computer Science and Business Economics from the Swiss Federal Institute of Technology (ETH Zürich), Switzerland. He also holds an Executive MBA and a degree in Financial Analysis (CEFA/EFFAS).

C – Prema Varadhan

President Product and Chief Operating Officer

Nationality and age
British, born in 1975

Experience
As President Product and Chief Operating Officer, Prema Varadhan is responsible for leading the Product and Technology organizations to bring the innovation of the Temenos platform to our global customer base, working directly with customers to identify their challenges and matching our product roadmap to market demands.

Prema also leads Temenos' Global Services and SaaS Engineering organizations, driving operational excellence and accelerating speed of delivery globally. With this combined responsibility, Prema unifies delivery across Product, SaaS engineering, implementation and global support, which is a pre-requisite for customer success in the SaaS world. Prema also works closely with our clients' C-suite, bringing her leadership and technology expertise to support complex sales campaigns from product perspective.

Prema joined Temenos in 1999 and previously held the roles of Chief Product and Technology Officer and Head of Artificial Intelligence. In these roles, Prema was responsible for analyzing emerging technologies and architectural trends and practices from across the banking industry and incorporating the findings into Temenos' product strategy and development. Prema has been with Temenos for more than 24 years and is a highly experienced leader in financial services and technology. She is passionate about putting customers first and focuses on technology initiatives to improve the client experience with faster, effortless software delivery.

Prema holds a Bachelor of Engineering, Electronics and Communications from Anna University, Chennai.

D – Colin Jarrett

Chief Security and Risk Officer

Nationality and age
British, born in 1969

Experience
Dr. Colin Jarrett is Chief Security and Risk Officer. He is responsible for managing all aspects of our cyber and physical security across both our corporate and SaaS systems. In addition, he is responsible for risk identification and management across the Company.

Prior to this role, Colin has built extensive leadership experience across our organization delivering key strategic objectives in the Americas, as our Chief Operations Officer, Americas, and earlier as our Chief Client Delivery Officer leading our Global Services business. Before that, he was responsible for driving the rapid expansion in the Global SaaS business as our Chief Cloud Officer. Previous roles include Managing Director of Global Client Services and Support and, earlier, Global Head of Product Development.

Colin joined Temenos in 2016 from Accenture, where he was Managing Director. He spent 20 years working in large-scale technology delivery projects across the financial services industry with Accenture and has extensive experience of global delivery. Colin spent five years working in India, building Accenture's Financial Services Delivery Excellence practice. He also spent five years in the Philippines leading the Company's Banking and Payments Technology Delivery group.

Colin holds a Ph.D. from Cambridge University where he studied Condensed Matter Physics and was elected as a bye-fellow of Magdalene College. He is also a named inventor holding patents both with Accenture and Philips.

E – Jayde Tipper

Chief People Officer

Nationality and age
British, born in 1983

Experience
Jayde Tipper is Chief People Officer, responsible for leading the all-important people-related functions, including Talent Acquisition, Talent Development, Total Rewards, Diversity, Equity and Inclusion.

Jayde joined Temenos in 2015, initially in HR business partnering, then led Talent Acquisition and executive hiring globally before moving to own our end-to-end people strategy. Jayde is passionate about helping to make Temenos a place where all our Temenosians can feel proud, happy and fulfilled with the work they do.

Jayde holds an MSc in International Human Resource Management and an MBA from London Business School.

F – William Moroney

President International

Nationality and age
Irish, born in 1975

Experience
William Moroney is President International at Temenos, where he is responsible for the strategy, growth and P&L across Europe, the Middle East & Africa (MEA) and Asia Pacific. Leading a large team of Temenos professionals across these diverse regions, he plays a key role in ensuring customer success and advancing business growth.

A member of the Executive Committee, William also has responsibility for Partners, with a focus on generating new revenue streams through partnerships as well as increasing the Company's presence in large tier 1 and 2 banks.

William is a seasoned professional, with over 20 years of sales and leadership experience. He joined Temenos in 2020, initially as Regional Sales Director before becoming Managing Director for MEA a year later and then President of International in January 2024. Prior to Temenos, William held senior positions at a number of international banking systems, technology and outsourcing businesses.

William holds a Bachelor's degree in Business Studies from the University of Limerick, with a major in Accounting and Finance and a minor in Information Technology.

G – Philip Barnett

President Americas

Nationality and age
Irish, born in 1963

Experience
Philip Barnett is President Americas. As part of his role, he drives the region's growth and is responsible for strategy and success of Temenos clients in North and Latin America. He also develops and leverages Partner relationships with technology, business and IT services companies to generate new revenue streams and market opportunities in the region.

Philip is also accelerating Temenos' growth by playing an integral role in the origination of mergers and acquisitions and the leadership of Temenos in the Banking as a Service landscape, bringing his deep knowledge of the banking technology industry and expertise to these areas.

Philip joined the Company in 2003 and held a number of senior leadership positions in sales and business development across all major territories. He has also developed strong relationships with major clients and supported the success of their technology projects. Philip is a senior leader with over 30 years of experience. Prior to Temenos, he held leadership positions with international banking systems providers.

CORPORATE GOVERNANCE REPORT

Governing the Group

Our governance framework

General Meeting of Shareholders

Main responsibilities:

- approves the annual financial statements;
- elects the members of the Board of Directors and of the Compensation Committee;
- approves the report on non-financial matters (Sustainability Report);
- approves the prospective compensation of the members of the Board of Directors and of the Executive Committee; and
- adopts and amends the Articles of Association.

Board of Directors

Main responsibilities:

- chaired by the Chairman whose role is defined on page 166;
- approves the strategy of the Group;
- appoints and oversees the members of the Executive Committee; and
- approves acquisitions and major investments.

Chief Executive Officer

Main responsibilities:

- is responsible for managing the day-to-day business of the Group; and
- chairs the Executive Committee.

Executive Committee

Main responsibilities:

- develops the three-year strategic plan of the Group and monitors performance against it;
- submits to the Board of Directors proposed acquisitions, divestments and product capex investments; and
- deals with any other matters as assigned by the Board of Directors.

Compensation Committee

Main responsibilities:

- recommends to the Board of Directors compensation practices and policies that are equitable, performance based and in line with market norms;
- reviews the competitiveness of the executive compensation programs;
- submits to the Board of Directors proposals for approval by the Annual General Meeting of Shareholders of the total prospective compensation of the Board of Directors and of the Executive Committee members; and
- prepares the Compensation Report to be submitted to the Board of Directors for approval and to the Annual General Meeting of Shareholders for consultative vote.

Audit Committee

Main responsibilities:

- reviews and challenges, where necessary, the actions and judgments of management, in relation to the financial statements;
- reviews the internal controls environment and risk management framework;
- oversees ESG reporting;
- monitors the performance and effectiveness of the Internal Audit function; and
- reviews the findings of the external audit reports and monitors their implementation.

Nomination & ESG Committee

Main responsibilities:

- reviews the structure, size and composition of the Board of Directors;
- establishes the qualification criteria for Board of Directors membership;
- reviews and proposes to the Board of Directors candidates to be recommended for election;
- considers succession planning for both Board of Directors and Executive Committee members; and
- considers the strategy and targets for the sustainability, climate and CSR strategy ("ESG matters"), monitors progress and achievements, oversees ESG and climate reporting, stays abreast of trends in ESG matters and reports accordingly to the Board of Directors.

Introduction

This report has been prepared in compliance with the Directive on Information Relating to Corporate Governance (DCG) available at https://www.ser-ag.com/dam/downloads/regulation/listing/directives/dcg-en.pdf, its Guidelines available at https://www.ser-ag.com/dam/downloads/publication/obligations/guidelines/guideline-dcg-en.pdf and the Swiss Code of Obligations (CO) available at https://www.fedlex.admin.ch/eli/cc/27/317_321_377/fr.

In the present Annual Report, the corporate governance information has been summarized in a separate section, and references to other parts of the Annual Report have been included in an effort to avoid duplication.

In order to enhance readability, the present corporate governance section follows the suggested structure as described in the annex of the DCG.

There are some references to the Articles of Association and to the Organization bylaws of the Company; both documents are available at https://www.temenos.com/about-us/investor-relations/corporate-governance/.

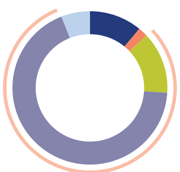
Unless otherwise indicated, the information provided in this report reflects the situation as of 31 December 2023.

Temenos AG is hereinafter referred to as "the Company".

Temenos AG and its affiliated companies are hereinafter referred to as "Temenos Group", "Temenos" or "the Group".

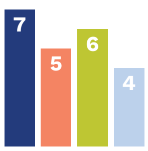
The executive management of the Group is hereinafter referred to as "the Executive Committee".

Governance dashboard



2023 Executive Committee remuneration mix at grant

Fixed salary	12%
Other compensation	1%
Variable short-term incentives	13%
LTI (SARs and PSUs)	68%
LTI (RSUs)	6%
At-risk compensation (performance based)	81%



Meetings held in 2023

Board of Directors	7
Audit Committee	5
Compensation Committee	6
Nomination & ESG Committee	4

1. Group structure and shareholders

1.1 Group structure

The ultimate holding company, Temenos AG, is registered in Geneva, where the Group is also headquartered.

1.1.1 Description of the issuer's operational group structure

The Temenos Group is organized and managed by the Chief Executive Officer who heads and is supported by the Executive Committee.

As of the publication date of this Annual Report, the Executive Committee is composed of the following members:

Andreas Andreades
Chief Executive Officer

Panagiotis "Takis" Spiliopoulos
Chief Financial Officer

Colin Jarrett
Chief Security and Risk Officer

Prema Varadhan
President Product and Chief Operating Officer

Jayde Tipper
Chief People Officer

William Moroney
President International

Philip Barnett
President Americas

The Group is managed using a matrix of regional and global business functions incorporating activities of sales, service operations, product development, product management, services management, marketing, key client relationship management and product support functions.

The Group's product sales and services operations are divided into the following main geographic regions:

- Europe;
- Middle East & Africa;
- Asia Pacific;
- North America; and
- Latin America.

Temenos, being a truly global multi-product company, leverages skills from around the world, having its principal software development facilities in Chennai, Bangalore and Hyderabad (India). The Group has additional software development facilities in the United States, Canada, the United Kingdom, Ireland, Switzerland, Denmark, Netherlands, France, Romania, Belgium, Luxembourg, Australia, Ecuador, Greece, Poland, Spain, Germany and Singapore.

CORPORATE GOVERNANCE REPORT continued

1. Group structure and shareholders continued

1.1 Group structure continued

1.1.2 All listed companies belonging to the issuer's group, including the company names, their registered offices, where they are listed, their market capitalization, the percentage of shares held by subsidiaries and the security or ISIN numbers of the securities

Temenos AG is the sole listed company of the Group.

Name	Temenos AG
Domicile	2 Rue de l'Ecole-de-Chimie, 1205 Geneva, Switzerland
Listed at	SIX Swiss Exchange
First listing date	26 June 2001
Market capitalization	CHF 5,879,882,190*
Security number	1245391
ISIN number	CH0012453913
Symbol	TEMN
Reuters	TEMN.S
Bloomberg	TEMN SW

* Based on the issued share capital as of 31 December 2023 composed of 75,171,084 shares.

Please refer to the Information for Investors section on page 273 for statistics on Temenos shares.

1.1.3 The non-listed companies belonging to the issuer's group, including the company names, their registered offices, their share capital and the percentage of shares held by subsidiaries

Please find below the main non-listed companies belonging to the Group as of 31 December 2023:

(All companies are directly or indirectly wholly owned subsidiaries of Temenos AG, unless otherwise indicated. A complete list of all companies belonging to the Group is available in note 5 to the consolidated financial statements.)

Name	Domicile	Country of incorporation	Share capital
Avoka (Germany) GmbH	Frankfurt am Main	Germany	25,000 EUR
Avoka (USA), Inc.	Sacramento	USA	0.10 USD
Avoka Europe Limited	London	United Kingdom	1,900,199 GBP
Avoka Technologies Pty Limited	Sydney	Australia	43,737,975.23 AUD
Edge IPK Limited	London	United Kingdom	2,764.11 GBP
Financial Objects (UK) Limited	London	United Kingdom	466,666.70 GBP
Igefi France Sàrl	Paris	France	7,500 EUR
Igefi Group Sàrl	Bertrange	Luxembourg	31,000 EUR
Igefi Ireland Limited	Dublin	Ireland	100 EUR
Kony, Inc.	Wilmington	USA	1 USD
Kony India Private Limited	Hyderabad	India	33,368,980 INR
Kony Services India LLP	Hyderabad	India	6,000,000 INR
Kony Solutions BV	Amsterdam	Netherlands	18,000 EUR
Kony Solutions Limited	Port-Louis	Mauritius	676,466 USD
Logical Glue Limited	London	United Kingdom	623.63 GBP
Odyssey Financial Technologies Limited	London	United Kingdom	50,000 GBP
Odyssey Financial Technologies SA	La Hulpe	Belgium	62,000 EUR
Odyssey Group SA	Bertrange	Luxembourg	500,000 EUR
Rubik ESOP Trusco Pty Limited	Sydney	Australia	100 AUD
Rubik IP Holdings Pty Limited	Sydney	Australia	100 AUD
Rubik Mortgages Pty Limited	Sydney	Australia	100 AUD
Sky Technologies Pty Limited	Sydney	Australia	12 AUD
Sky Technologies Consulting Pty Limited	Sydney	Australia	10 AUD
Sky Technologies Holdings Pty Limited	Sydney	Australia	1,344,293.80 AUD
Temenos Australia Symmetry Pty Limited	Sydney	Australia	261 AUD
Temenos (Malaysia) Sdn Bhd	Shah Alam	Malaysia	19,591,400 MYR
Temenos (NL) BV	Amsterdam	Netherlands	18,152 EUR
Temenos (Thailand) Co. Limited	Bangkok	Thailand	100,000,000 THB
Temenos Africa (Pty) Limited	Sandton	South Africa	100 ZAR
Temenos Australia Pty Limited	Sydney	Australia	2 AUD

Name	Domicile	Country of incorporation	Share capital
Temenos Australia Financial Pty Limited	Sydney	Australia	85,977,680.23 AUD
Temenos Australia Operations Pty Limited	Sydney	Australia	7,500,181 AUD
Temenos Australia Services Pty Limited	Sydney	Australia	100 AUD
Temenos Australia Messaging Pty Limited	Sydney	Australia	100 AUD
Temenos Australia Technology Solutions Pty Limited	Sydney	Australia	1 AUD
Temenos Belgium SA	La Hulpe	Belgium	200,000 EUR
Temenos Bulgaria EOOD	Sofia	Bulgaria	10,000 BGN
Temenos Canada Inc.	Vancouver	Canada	560,586 shares (no par value)
Temenos Cloud Americas LLC	Wilmington	USA	100 units (no par value)
Temenos Cloud Switzerland SA	Geneva	Switzerland	100,000 CHF
Temenos Colombo (Pvt) Limited	Colombo	Sri Lanka	1 share (no par value)
Temenos Costa Rica SA	San Jose	Costa Rica	500,000 CRC
Temenos Denmark ApS	Copenhagen	Denmark	50,000 DKK
Temenos Deutschland GmbH	Frankfurt am Main	Germany	25,000 EUR
Temenos East Africa Limited	Nairobi	Kenya	10,000 KES
Temenos Ecuador SA	Quito	Ecuador	672,000 USD
Temenos Egypt LLC	Cairo	Egypt	200 EGP
Temenos Finance Hong Kong Limited	Hong Kong	Hong Kong	4,767,600,001 HKD
Temenos Finance Luxembourg Sàrl	Bertrange	Luxembourg	37,500 EUR
Temenos France SAS	Paris	France	500,000 EUR
Temenos Headquarters SA	Geneva	Switzerland	100,000 CHF
Temenos Hellas SA	Athens	Greece	105,000 EUR
Temenos Hispania SL	Madrid	Spain	10,000 EUR
Temenos Holdings France SAS	Paris	France	500,000 EUR
Temenos Holdings USA, Inc.	Wilmington	USA	1 USD
Temenos Holland BV	Amsterdam	Netherlands	19,000 EUR
Temenos Hong Kong Limited	Hong Kong	Hong Kong	2 HKD
Temenos India Private Limited	Chennai	India	2,962,000 INR
Temenos Investments BV	Amsterdam	Netherlands	18,000 EUR
Temenos Israel Limited	Ramat Gan	Israel	100 ILS
Temenos Japan KK	Tokyo	Japan	10,000,000 JPY
Temenos Korea Limited	Seoul	Republic of Korea	50,000,000 KRW
Temenos Luxembourg SA	Bertrange	Luxembourg	1,181,250 EUR
Temenos Mexico SA de CV	Mexico City	Mexico	234,820,098 MXN
Temenos Middle East Limited	Nicosia	Cyprus	17,103.42 EUR
Temenos New Zealand Limited	Auckland	New Zealand	1,000 shares (no par value)
Temenos North Africa LLC	Casablanca	Morocco	10,000 MAD
Temenos Philippines, Inc.	Makati City	Philippines	10,000,000 PHP
Temenos Polska Sp. z o. o.	Warsaw	Poland	100,000 PLN
Temenos Romania SRL	Bucharest	Romania	120,000 RON
Temenos Singapore Pte Limited	Singapore	Singapore	65,010,000 SGD
Temenos Singapore FT Pte Limited	Singapore	Singapore	1 SGD
Temenos Software Brasil Limitada	São Paulo	Brazil	150,000 BRL
Temenos Software Luxembourg SA	Bertrange	Luxembourg	500,000 EUR
Temenos Software (Shanghai) Co. Limited	Shanghai	China	140,000 USD
Temenos Solutions Australia Pty Limited	Sydney	Australia	245,057,936 AUD
Temenos Systems Ireland Limited	Dublin	Ireland	4 EUR
Temenos UK Limited	London	United Kingdom	2,198,843.60 GBP
Temenos USA, Inc.	Wilmington	USA	1 USD
Temenos Vietnam Company Limited	Hanoi	Vietnam	890,000,000 VND
Viveo France SAS	Paris	France	500,000 EUR
Viveo Group SAS	Paris	France	500,000 EUR

CORPORATE GOVERNANCE REPORT continued

1. Group structure and shareholders continued

1.2 Significant shareholders

Please find below the list of shareholders who hold 3% or more of the voting rights as of 31 December 2023 as per information that has been published on the reporting and publication platform of the Disclosure Office of SIX Swiss Exchange pursuant to Art. 120 ff. of the Financial Market Infrastructure Act.

Significant shareholders	Number of voting rights	Percentage of share capital
Martin and Rosemarie Ebner	9,730,000	12.98%
BNP Paribas SA	8,390,247	11.19%
BlackRock Inc.[1]	4,141,849	5.53%
Baillie Gifford & Co[2]	3,485,355	4.65%
UBS Fund Management (Switzerland) AG	2,292,935	3.06%

1 Out of this number, 573,903 voting rights are delegated by a third party and can be exercised at one's own discretion.

2 Out of this number, 3,485,355 voting rights are delegated by a third party and can be exercised at one's own discretion.

Based on the registered capital as of 31 December 2023 composed of 74,947,402 shares.

For more recent information on major shareholders, please refer to page 273.

Disclosure notifications made in accordance with Article 120 ff. of the Financial Market Infrastructure Act are publicly available on the SIX website at https://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html?companyId=TEMENOS#/.

1.3 Cross-shareholdings

Nothing to report.

2. Capital structure

2.1 Capital

On 31 December 2023, the registered ordinary share capital amounted to CHF 374,737,010 consisting of 74,947,402 registered shares, each with a par value of CHF 5. All the shares are fully paid-up. Each recorded share with voting rights entitles its holder to one vote.

The Company has a conditional capital totaling CHF 14,512,610 for shares that may be issued on the exercising of share options granted to employees of the Group. Additional conditional capital totaling CHF 33,039,520 exists for shares that may be issued in conjunction with financial instruments.

2.2 Capital band and conditional capital in particular

Authorized capital

Pursuant to the Articles of Association (Article 3ter), the Board of Directors was authorized to increase the share capital by 20 May 2023, by an amount not exceeding CHF 35,500,000 by issuing up to 7,100,000 fully paid-in registered shares with a nominal value of CHF 5 each. An increase in partial amounts is permitted. This clause is no longer in force.

Conditional capital for employee participation

Pursuant to the Articles of Association (Article 3 quater (1)) as at 31 December 2023, the share capital may be increased by an amount not exceeding CHF 14,512,610 by issuing up to 2,902,522 new registered shares to be fully paid-in with a nominal value of CHF 5 each through the exercise of the rights that the direct or indirect subsidiaries of the Company (the "Subsidiaries") or the Company itself may grant to officers, Directors and employees at all levels of the Company and the Subsidiaries. The pre-emptive rights as well as the right for advance subscription of existing shareholders are precluded.

The issue of shares or respective option rights through the Subsidiaries or through the Company to officers, Directors and employees of the Company and the Subsidiaries, is subject to one or more regulations to be issued by the Board of Directors on the basis of the following general rules: (i) new shares may only be issued to the Subsidiaries or to the Company for purposes of distribution to Directors, officers or employees of the Company and the Subsidiaries; (ii) new shares to be issued through the Subsidiaries or through the Company to employees of the Company or the Subsidiaries shall be issued against paying-in the nominal value of CHF 5 per each share in cash.

Conditional capital for financial instruments

Pursuant to the Articles of Association (Article 3 quater (2)), the share capital may be increased by an amount not exceeding CHF 33,039,520, by issuing up to 6,607,904 new registered shares to be fully paid-in with a nominal value of CHF 5 each, to be divided as follows: first, for the amount of CHF 8,386,120, that corresponds to 1,677,224 new registered shares, through exercise of conversion and/or option rights, which are granted in connection with bonds or similar obligations or other financial instruments of the Company or one of its Group companies; and second, for the amount of CHF 24,653,400, that corresponds to 4,930,680 new registered shares, by the exercise of option rights which are granted by the Company or one of its Group companies to existing shareholders or third parties. In the case of the issuance of bonds, similar obligations, or other financial instruments linked with conversion and/or option rights, and in the case of the issuance of option rights, the pre-emptive rights of shareholders are excluded. The owners of conversion or option rights from time to time are entitled to the new shares.

The conditions of the option rights, including the exercise period and exercise price, are to be determined by the Board of Directors, whereby the exercise price may be fixed at a price lower than the market or intrinsic value.

The Board of Directors shall be authorized to restrict or exclude the advance subscription rights of shareholders: (1) if debt issues in connection with conversion rights or warrants or other financial instruments or options issues are for the purpose of financing or refinancing the acquisition of an enterprise, parts of an enterprise, or participations or new investments; or (2) if such debt or other financial instruments or options are issued on the international capital markets and for the purpose of a firm underwriting by a banking institution or a consortium of banks with a subsequent offering to the public; or (3) if such debt or other financial market instruments or options are issued for the purpose of the participation of strategic partners. In such cases, the following shall apply: the terms and conditions of the convertible bonds or warrants or other financial instruments or options shall correspond to market conditions (including dilution protection provisions in accordance with market practice), taking into account the specific situation, and the new shares shall be issued pursuant to the relevant conversion or exercise rights in connection with bond or warrant or options issuance conditions. Conversion rights may be exercised during a maximum ten (10)-year period and warrants or options may be exercised during a maximum seven (7)-year period, in each case from the date of the respective issuance.

2.3 Changes in capital

	31.12.23 CHF 000	31.12.22 CHF 000	31.12.21 CHF 000
Issued ordinary share capital	**375,855**	374,679	373,711
Remaining conditional share capital	**46,434**	47,610	48,578
Authorized share capital	**–**	35,500	35,500

As at **31 December 2021**, the registered share capital amounted to CHF 371,031,330 consisting of 74,206,266 registered shares, each with a par value of CHF 5 further to the registration on 23 February 2021 of 1,448,800 shares that were created out of conditional capital during 2020 (for Employee Share Option Schemes).

As at **31 December 2022**, the registered share capital amounted to CHF 373,711,340 consisting of 74,742,268 registered shares, each with a par value of CHF 5 further to the registration on 15 February 2022 of 536,002 shares that were created out of conditional capital during 2021 (for Employee Share Option Schemes).

As at **31 December 2023**, the registered share capital amounted to CHF 374,737,010 consisting of 74,947,402 registered shares, each with a par value of CHF 5 further to the registration on 14 February 2023 of 205,134 shares that were created out of conditional capital during the period from 1 January 2022 to 31 January 2023 (for Employee Share Option Schemes).

Further to the registration on **14 February 2024** of 223,682 shares that were created out of conditional capital from 1 February 2023 to 31 December 2023 (for Employee Share Option Schemes), the registered share capital currently amounts to CHF 375,855,420 consisting of 75,171,084 registered shares, each with a par value of CHF 5.

2.4 Shares and participation certificates

All equity securities of Temenos are in the form of registered shares, each with a par value of CHF 5. Each share confers the right to one vote at the Annual General Meeting of Shareholders and all shares are fully entitled to receive dividends. The Articles of Association do not provide for privileged voting rights shares. The Company does not issue participation certificates.

In compliance with Temenos policy to distribute a growing dividend and taking into account the growing maturity of the Group and the strength of future cash flows, the Company intends to pay an annual dividend of CHF 1.20 per share on 14 May 2024, subject to shareholders' approval at the Annual General Meeting of Shareholders on 7 May 2024. The dividend record date will be set on 13 May 2024 with the shares trading ex-dividend on 10 May 2024.

2.5 Dividend-right certificates

Nothing to report.

2.6 Limitations on transferability and nominee registrations

2.6.1 Limitations on transferability for each share category, along with an indication of group clauses in the Articles of Association, if any, and rules for granting exceptions

Not applicable.

2.6.2 Reasons for granting exceptions in the year under review

Not applicable.

2.6.3 Admissibility of nominee registrations, along with an indication of percent clauses, if any, and registration conditions

According to Article 6 of the Articles of Association, every entry of an acquirer of shares is subject to the Board of Directors' consent. The Board of Directors may refuse its consent if, at its request, the acquirer does not explicitly declare to acquire and to hold the shares in his own name and for his own account or if the form filed by the acquirer to request registration contains untrue information or statements.

2.6.4 Procedure and conditions for cancelling privileges and limitations on transferability laid down in the Articles of Association

Not applicable.

2.7 Convertible bonds and options

Regarding options please refer to note 27 of the consolidated financial statements.

There are no outstanding convertible bonds.

In **April 2017**, the Company issued a senior unsecured bond with a nominal value of CHF 150 million and a coupon rate of 1.75% paid annually on 5 April. The bond will mature on 5 April 2024 at a redemption price of 100% of the principal amount.

In **November 2019**, the Company issued a senior unsecured bond with a nominal value of CHF 220 million and a coupon rate of 1.50% paid annually on 28 November. The bond will mature on 28 November 2025 at a redemption price of 100% of the principal amount.

In **October 2023**, the Company issued a senior unsecured bond with a nominal value of CHF 200 million and a coupon rate of 2.85% paid annually on 11 October. The bond will mature on 11 October 2028 at a redemption price of 100% of the principal amount.

3. Board of Directors

3.1 Members of the Board of Directors

As at 31 December 2023, the Board of Directors comprised the following members:

Name	Position
Thibault de Tersant	Chairman, Independent and Non-Executive Director
Ian Cookson	Vice-Chairman, Independent and Non-Executive Director
Peter Spenser	Independent and Non-Executive Director
Maurizio Carli	Independent and Non-Executive Director
Debbie Forster	Independent and Non-Executive Director
Cecilia Hultén	Independent and Non-Executive Director
Xavier Cauchois	Independent and Non-Executive Director
Dorothee Deuring	Independent and Non-Executive Director

Mr. Andreas Andreades, Ms. Homaira Akbari, Mr. James Benson and Mr. Erik Hansen did not stand for re-election at the Annual General Meeting held on 3 May 2023.

Mr. Thibault de Tersant was elected as Non-Executive Chairman at the Annual General Meeting held on 3 May 2023.

Mr. Xavier Cauchois and Ms. Dorothee Deuring were elected as new members of the Board of Directors at the Annual General Meeting held on 3 May 2023.

CORPORATE GOVERNANCE REPORT continued

3. Board of Directors continued

3.1 Members of the Board of Directors continued

Please refer to pages 156 and 157 for the biographies of the current members of the Board of Directors.

None of the Non-Executive members of the Board of Directors has or has had any senior management position within the Group, nor any significant business connections with the Group.

All the members of the Board of Directors have explicitly confirmed their independence by formally stating they meet all the independence criteria as listed in section 3.1 of the Company's bylaws (https://www.temenos.com/wp-content/uploads/2023/12/BOD-Bylaws-20230503.pdf).

3.2 Other activities and vested interests

Except those mentioned in the biographies section of this Annual Report, no member of the Board of Directors has any:

- activities in governing and supervisory bodies of important Swiss and foreign organizations, institutions and foundations under private and public law;
- permanent management and consultancy functions for important Swiss and foreign interest groups; or
- official functions and political posts.

3.3 Number of permitted activities

According to Article 29 of the Articles of Association, no member of the Board of Directors may hold more than four additional mandates in listed companies and ten additional mandates in non-listed companies.

The following mandates are not subject to these limitations:

a. mandates in companies which are controlled by the Company or which control the Company;

b. mandates held at the request of the Company or any companies controlled by it. No member of the Board of Directors or of the executive management shall hold more than ten of such mandates; and

c. "mandates" in associations, charitable organizations, foundations, trusts and employee welfare foundations. No member of the Board of Directors or executive management shall hold more than ten of such mandates.

'mandates' shall mean mandates in the supreme governing body of a legal entity which is required to be registered in the commercial register or a comparable foreign register. Mandates in different legal entities that are under joint control are deemed one mandate.

All members of the Board of Directors comply with these provisions.

3.4 Elections and terms of office

Name	First elected
Ian Cookson	2012
Thibault de Tersant	2012
Peter Spenser	2017
Maurizio Carli	2020
Debbie Forster	2022
Cecilia Hultén	2022
Xavier Cauchois	2023
Dorothee Deuring	2023

Additionally for issuers subject to the provisions of the company law pursuant to Art. 620-762 CO:

Any rules in the Articles of Association that differ from the statutory legal provisions with regard to the appointment of the Chairman, the members of the Compensation Committee and the independent proxy

Not applicable.

3.5 Internal organizational structure

3.5.1 Allocation of tasks within the Board of Directors

The Board of Directors shall elect a Vice-Chairman from amongst its members and a secretary. It may also appoint one or more committees from amongst its members.

Chairman

The Chairman is responsible for preparing and convening the meetings of the Board of Directors as well as for the implementation of the resolutions of the Board of Directors. In case of his absence, the Vice-Chairman shall call the meetings of the Board of Directors. The Chairman monitors the preparation of the General Meeting of Shareholders.

Vice-Chairman

In case the Chairman is unavailable or absent, the Vice-Chairman calls meetings of the Board of Directors; also, in case the Chairman is unavailable or absent, the Vice-Chairman chairs meetings of the Board of Directors.

3.5.2 Members list, tasks and area of responsibility for each Committee of the Board of Directors

The Audit, Compensation and Nomination & ESG Committees are governed by terms of reference defining their duties and compositions, which are available at https://www.temenos.com/about-us/investor-relations/corporate-governance/. These Committees report regularly and make recommendations to the Board of Directors which is empowered to make decisions.

Name	Audit Committee	Compensation Committee	Nomination & ESG Committee
Ian Cookson	Member		Chair
Thibault de Tersant			
Peter Spenser	Member	Chair	
Maurizio Carli		Member	Member
Debbie Forster		Member	Member
Cecilia Hultén		Member	Member
Xavier Cauchois	Chair		
Dorothee Deuring	Member	Member	

Audit Committee

The Audit Committee is currently composed of four members, each of whom being independent and holding relevant financial expertise and understanding of the IFRS accounting standards. The Audit Committee reviews the Group's financial reports, internal controls, oversees ESG reporting, and any other matters that may be brought to its attention by the internal and/or the external auditors. The Chair of the Audit Committee regularly reports to the Board of Directors on the Audit Committee's findings and recommendations; the Board of Directors is responsible for approving the annual financial statements before submission to the Annual General Meeting for approval. Please also refer to paragraph 8.4 below.

Compensation Committee

The Compensation Committee shall support the Board of Directors in reviewing and making recommendations on compensation practices, guidelines and procedures and in preparing the proposals to the General Meeting of Shareholders regarding compensation of the members of the Board of Directors and of the Executive Committee. It may submit proposals and recommendations to the Board of Directors in other compensation-related issues.

Nomination & ESG Committee
The main duties of the Nomination & ESG Committee are: (i) to annually review the structure, size and composition of the Board of Directors with a view to establish a Board of Directors that can provide effective governance and perform all Board of Directors duties taking into account expertise, experience and skills needed and work towards achieving a balance in terms of diversity, including gender and origin, and make recommendations to the Board of Directors with regard to any changes, (ii) to review and propose to the Board of Directors candidates for membership on the Board of Directors to be recommended for election at the Annual General Meeting, (iii) to give full consideration to succession planning for both members of the Board of Directors and Executive Committee and (iv) to consider the strategy and targets for the ESG matters set by the Chief Executive Officer to monitor progress and achievements, to oversee ESG and climate reporting, to stay abreast of trends in ESG matters and to report accordingly to the Board of Directors.

3.5.3 Working methods of the Board of Directors and its Committees

The Board of Directors meets as often as business requires, but at least four times a year. The Audit Committee meets at least four times a year. The Compensation and Nomination & ESG Committees meet at least three times a year.

In 2023, the following meetings were held:

	Number of meetings	Attendance	Average duration
Board of Directors	7	92%	3.6h
Audit Committee	5	100%	3.2h
Compensation Committee	6	97%	1.3h
Nomination & ESG Committee	4	100%	1h

Name	Audit Committee	Compensation Committee	Nomination & ESG Committee	Board of Directors
Ian Cookson	100%		100%	100%
Thibault de Tersant[1]	100%			100%
Peter Spenser	100%	83%		100%
Maurizio Carli		100%	100%	100%
Debbie Forster		100%	100%	86%
Cecilia Hultén		100%	100%	86%
Xavier Cauchois[2]	100%			100%
Dorothee Deuring[2]	100%	100%		100%
Andreas Andreades[3]			100%	100%
Homaira Akbari[3]		100%		50%
James Benson[3]	100%	100%		50%
Erik Hansen[3]			100%	100%

1 Member of the Audit Committee until the Annual General Meeting held on 3 May 2023.

2 Member of the Board of Directors and of one or more Committees from the Annual General Meeting held on 3 May 2023.

3 Member of the Board of Directors and of one or more Committees until the Annual General Meeting held on 3 May 2023.

All physical meetings were held in Geneva.

Both the external and internal auditors attended all the Audit Committee meetings in 2023.

At the meetings of the Board of Directors and of its Committees, those members of the Executive Committee who have the relevant information and expertise required for the respective body to perform its duties are present. However, these persons do not take part in any resolutions.

At each Board of Directors meeting, a business report is presented by the Chief Executive Officer. Together with the financial report presented by the Chief Financial Officer, this information enables the members of the Board of Directors to assess the course of the Company's business activities on a regular basis. The President Product and Chief Operating Officer also attends each Board of Directors meeting.

The Board of Directors conducts an annual evaluation of its performance. Such process is carried out by way of an anonymous self-evaluation questionnaire on the performance and effectiveness of the Board of Directors to be completed by each of its members. The results and comments are consolidated by the Company Secretary and then discussed at the next meeting during which proposed improvements are agreed. The 2023 evaluation results were discussed at the meeting held in November 2023.

3.6 Definition of areas of responsibility

The Board of Directors is the ultimate governing body of the Company. Together with its Committees, it exercises inalienable and non-transferable functions as provided by law, by the Company's Articles of Association and by its bylaws. The Board of Directors decides in particular on significant acquisitions, disposals, strategic partnerships, changes in the Group's structure and share repurchase programs though its responsibilities are not limited to this. The Board of Directors is responsible for all aspects of security, risk management and system of internal controls.

Based on Article 17 of the Articles of Association and Article 3.6 of the bylaws of the Company, the Board of Directors has delegated the day-to-day operational management and conduct of business operations of the Company to the Chief Executive Officer who heads and is supported by the Executive Committee, except where the law or the Articles of Association provide differently.

The Executive Committee is responsible for execution of strategy and monitoring performance against it. The Executive Committee also sets targets for Group organic and acquisitions growth on a three-year basis, i.e. a strategic plan to be then formally approved by the Board of Directors. Finally, the Executive Committee approves all product investments as well as acquisitions to be proposed to the Board of Directors.

3.7 Information and control instruments vis-à-vis the Executive Committee

The Board of Directors is responsible for the Group's risk management, security and system of internal controls. Overseeing the risk management process, effectiveness and efficiency of operations, accurate reporting, compliance with laws and regulations and safeguarding the interests of the Group are some of the main responsibilities of the Board of Directors.

Prior to each meeting, members of the Board of Directors receive reports that allow them to discharge their above duties. The Chief Executive Officer, Chief Financial Officer and President Product and Chief Operating Officer report at each meeting of the Board of Directors.

CORPORATE GOVERNANCE REPORT continued

3. Board of Directors continued

3.7 Information and control instruments vis-à-vis the Executive Committee continued

The performance management process ensures that the Company's targets, as agreed with the Board of Directors, are delegated to senior management during the first quarter of every financial year.

The Internal Audit function provides an independent assurance to the Board of Directors and Audit Committee on the continuing appropriateness and effectiveness of Temenos' systems of governance, risk management and internal controls. The Group Head of Internal Audit reports functionally to the Chair of the Audit Committee.

Findings and related action plans from internal audit reviews and/or internal control self-assessments are reported to senior management; summary reports are provided to the Audit Committee at every meeting. Implementation of action plans is monitored on a regular basis and status is reported to the Audit Committee.

Risk management is an integral part of the business process. Key risks are reviewed by the Audit Committee and then by the Board of Directors itself at least once a year.

The organizational structure ensures that specialized functions such as Quality, Security and IT continuously support the management of risks.

3.8 Gender guidelines

Not applicable.

4. Executive Committee

4.1 Members of the Executive Committee

As at 31 December 2023, the Executive Committee comprised the following members:

Name	Position
Andreas Andreades	Chief Executive Officer
Panagiotis "Takis" Spiliopoulos	Chief Financial Officer
Prema Varadhan	President Product and Chief Operating Officer
Colin Jarrett	Chief Security and Risk Officer
Jayde Tipper	Chief People Officer

Mr. Max Chuard resigned as Chief Executive Officer effective 12 January 2023.

Mr. Andreas Andreades was appointed, in addition to his role as Executive Chairman, as a member of the Executive Committee (acting Chief Executive Officer) effective 13 January 2023.

Ms. Prema Varadhan was appointed as President Product and Chief Operating Officer effective 16 January 2023.

Mr. Colin Jarrett was appointed as Chief Operating Officer, Americas effective 16 January 2023.

Mr. Andreas Andreades was appointed as Chief Executive Officer effective 3 May 2023.

Mr. Colin Jarrett was appointed as Chief Security and Risk Officer effective 8 May 2023.

Mr. William Moroney was appointed as a member of the Executive Committee (President International) effective 15 January 2024.

Mr. Philip Barnett was appointed as a member of the Executive Committee (President Americas) effective 15 January 2024.

Please refer to pages 158 and 159 for the biographies of the current members of the Executive Committee.

4.2 Other activities and vested interests

Except those mentioned in the biographies section of the Annual Report, no member of the Executive Committee has any:

- activities in governing and supervisory bodies of important Swiss and foreign organizations, institutions and foundations under private and public law;
- permanent management and consultancy functions for important Swiss and foreign interest groups; or
- official functions and political posts.

4.3 Number of permitted activities

According to Article 29 of the Articles of Association, no member of the executive management may hold more than one additional mandate in a listed company and five additional mandates in non-listed companies.

The following mandates are not subject to these limitations:

a. mandates in companies which are controlled by the Company or which control the Company;

b. mandates held at the request of the Company or any companies controlled by it. No member of the Board of Directors or of the executive management shall hold more than ten of such mandates; and

c. mandates in associations, charitable organizations, foundations, trusts and employee welfare foundations. No member of the Board of Directors or executive management shall hold more than ten of such mandates.

"mandates" shall mean mandates in the supreme governing body of a legal entity which is required to be registered in the commercial register or a comparable foreign register. Mandates in different legal entities that are under joint control are deemed one mandate.

All members of the Executive Committee comply with these provisions.

4.4 Management contracts

Nothing to report.

4.5 Gender guidelines

Not applicable.

5. Compensation, shareholdings and loans

5.1 Content and method of determining the compensation and the shareholding programs

The executive management compensation plans seek to align executive management and shareholders' interests by making a significant portion of compensation depend on achieving increased shareholder value for the long term and to enforce a performance-oriented environment that rewards superior value creation and the achievement of outstanding results.

Compensation of the Non-Executive members of the Board of Directors comprises fixed compensation only.

The executive members of the Board of Directors and the executive management may be paid fixed and variable compensation. Variable compensation is dependent on the achievement of certain performance criteria.

Temenos applies a policy for share ownership and retention that is applicable to both the members of the Board of Directors and of the Executive Committee. Further information is available in the Compensation Report on page 172.

5.2 Additionally for issuers subject to the provisions of the company law pursuant to Art. 620-762 CO:

5.2.1 Rules in the Articles of Association on the principles applicable to performance-related pay and to the allocation of equity securities, conversion rights and options, as well as the additional amount for payments to members of the Executive Committee appointed after the vote on pay at the General Meeting of Shareholders

According to Article 27 of the Articles of Association, performance criteria shall be determined by the Board of Directors or, where delegated to it, the Compensation Committee and may include criteria relating to individual performance, performance of the Company or parts thereof as well as performance in relation to the market or other companies, taking into account the position and level of responsibility of the employee. The Board of Directors or, where delegated to it, the Compensation Committee, shall determine the performance criteria impact on variable compensation, including actual achievement and potential maximum achievement, the relative weight of the performance criteria and the respective target levels.

Compensation may be paid or granted in cash, shares or in the form of other types of benefits. Compensation of executive members of the Board of Directors or members of the executive management may also be granted in the form of options and similar financial instruments or units. The Board of Directors or, where delegated to it, the Compensation Committee, shall determine grant, vesting, blocking, exercise and forfeiture terms and conditions of these kinds of compensation; in particular, it may provide for continuation, acceleration or removal of vesting and exercise conditions, for payment or grant of compensation based upon assumed target achievement, or for forfeiture, in each case in the event of pre-determined events such as a change-of-control or termination of an employment or mandate agreement.

The Company may procure the required shares through treasury shares or upon creation of shares out of conditional capital.

Compensation may be paid by the Company or companies controlled by it.

According to Article 26 of the Articles of Association, if the maximum aggregate amount of compensation already approved by the General Meeting of Shareholders is not sufficient to also cover compensation of one or more members who become members of or are being promoted within the executive management during a compensation period for which the General Meeting of Shareholders has already approved the compensation, the Company or companies controlled by it shall be authorized to pay to such member(s) a supplementary amount during the compensation period(s) already approved. The total supplementary amount per compensation period shall not exceed 40% of the aggregate amount of compensation of the executive management last approved by the General Meeting of Shareholders.

5.2.2 Rules in the Articles of Association on loans, credit facilities and post-employment benefits for members of the Board of Directors and Executive Committee

Nothing to report.

5.2.3 Rules in the Articles of Association on the vote on pay at the General Meeting of Shareholders

According to Article 25 of the Articles of Association, the General Meeting of Shareholders shall approve annually and separately the proposals of the Board of Directors in relation to the maximum aggregate amount of:

- compensation of the Board of Directors for the next fiscal year; and
- compensation of the executive management for the next fiscal year.

The Board of Directors may submit for approval by the General Meeting of Shareholders proposals in relation to maximum aggregate amounts of compensation relating to different periods, in relation to amounts for specific compensation elements for the same or different periods.

In the event a proposal of the Board of Directors has not been approved by the General Meeting of Shareholders, the Board of Directors shall determine, taking into account all relevant factors, the respective maximum aggregate amount of compensation or partial maximum amounts for specific compensation elements, and submit the amount(s) so determined for approval by a General Meeting of Shareholders.

Notwithstanding the above provisions, the Company or companies controlled by it may pay out compensation prior to approval by the General Meeting of Shareholders subject to subsequent approval by a General Meeting of Shareholders.

6. Shareholders' participation rights

6.1 Voting-rights restrictions and representation

6.1.1 Rules in the Articles of Association on restrictions to voting rights, along with an indication of group clauses and rules on granting exceptions, as well as exceptions actually granted during the year under review

According to the Company's Articles of Association, only shareholders entered in the share register as shareholders or as usufructuaries may exercise the voting rights linked to the shares or the other rights connected with these voting rights. The Articles of Association do not contain any restrictions to voting rights.

6.1.2 Disclosures on restrictions to voting rights and rules on granting exceptions for institutional proxies, as well as exceptions actually granted during the year under review

Not applicable.

6.1.3 Reasons for granting exceptions in the year under review

Nothing to report.

6.1.4 Procedure and conditions for abolishing voting rights restrictions laid down in the Articles of Association

Nothing to report.

6.1.5 Rules in the Articles of Association on participation in the General Meeting of Shareholders, if they differ from the statutory legal provisions

Shareholders registered in the share register with voting rights on a determined date are entitled to attend the General Meeting of Shareholders and to exercise their votes. Each shareholder may be represented at the General Meeting of Shareholders by any other person who is authorized by a written proxy, by a legal representative or by the independent proxy holder.

CORPORATE GOVERNANCE REPORT continued

6. Shareholders' participation rights continued

6.1 Voting-rights restrictions and representation continued

6.1.6 Additionally for issuers subject to the provisions of the company law pursuant to Art. 620-762 CO:

Information on any rules which might be laid down in the Articles of Association on the issue of instructions to the independent proxy and any rules in the Articles of Association on the electronic participation in the General Meeting of Shareholders

There are no rules in the Articles of Association about electronic participation to the General Meeting of Shareholders or instructions to the independent proxy holder. However, the shareholders may provide electronically their voting instructions to the independent proxy holder.

6.2 Quorums required by the Articles of Association

There are no statutory quorums. The General Meeting of Shareholders shall pass its resolutions and carry out its elections by a simple majority, unless a qualified majority is required by law for a specific agenda item.

6.3 Convocation of the General Meeting of Shareholders

The General Meeting of Shareholders is convened by publication of the invitation and the agenda, at least 20 days before the date of the meeting, in the Swiss Official Gazette of Commerce (Schweizerische Handelsamtsblatt, Feuille Officielle Suisse du Commerce). Shareholders representing at least 10% of the share capital may convene an Extraordinary General Meeting of Shareholders.

6.4 Inclusion of items on the agenda

One or more shareholders representing shares of an aggregate nominal value of at least CHF 1 million may, up to 45 days before the date of the General Meeting of Shareholders, request an item to be included on the agenda. Such request must be in writing and shall specify the items and the proposals of these shareholders.

6.5 Entries in the share register

Pursuant to Article 13 paragraph 1 of the Articles of Association, shareholders entered in the share register as shareholders with voting rights on a specific date determined by the Board of Directors are entitled to attend and vote at the General Meeting of Shareholders.

7. Changes of control and defense measures

7.1 Duty to make an offer

There is no "opting out" or "opting up" clause in the Articles of Association.

7.2 Clauses on changes of control

In case of change of control in Temenos, all outstanding restricted shares units (RSUs), performance shares units (PSUs) and stock appreciation rights (SARs) will become immediately vested and exercisable.

RSUs, PSUs and SARs are considered to be outstanding only if the corresponding/relevant service period has started (where such relevant service period is specified as part of the grant documentation). If not specified, they will be considered as outstanding automatically.

7a. Transparency on non-financial matters

Not applicable.

8. Auditors

8.1 Duration of the mandate and term of office of the lead auditor

8.1.1 Date of assumption of the current audit mandate

PricewaterhouseCoopers SA was re-elected as the statutory and Group auditors at the Annual General Meeting of Shareholders held on 3 May 2023 for a period of one year (first elected in 2003).

8.1.2 Date on which the lead auditor responsible for the current audit mandate took up office

Since 2019 the lead auditor for the Group audit has been Mr. Yazen Jamjum.

8.2 Auditing fees

Included in general and administrative expenses is an amount of USD 3,297,505 representing audit fees charged to the Company by PricewaterhouseCoopers for:

(i) the audit of the Group consolidated financial statements and of statutory accounts in various jurisdictions (USD 2,403,506); and

(ii) other audit fees related to work that can only be performed by the Group auditors (total of USD 894,000).

8.3 Additional fees

In addition, other fees of USD 413,393 have been incurred by PricewaterhouseCoopers through the provision of tax advisory and other professional services. Please find below a breakdown of the additional fees:

Actual 2023	USD 000
Tax compliance	6
Transactions/other audit-related	19
Non-audit fees – audit-related	**25**
Tax advisory	27
Other advisory	28
Non-audit-related fees	**55**
Total recurring non-audit fees	**80**
Non-audit assurance engagements	334
Total non-audit fees	**413**
Total audit fees	**3,298**
Total non-audit fees as a % of total audit fees	**13%**

8.4 Information instruments pertaining to the external audit

The Audit Committee is responsible for monitoring the performance of the external auditors, checking its independence, approving its annual audit plan and fees and reviewing its findings on internal control procedures as well as ensuring relevant actions are taken by the external auditors to meet any new applicable regulatory audit standards and other requirements. At least once a year, the Audit Committee members are meeting with the external auditors without the presence of management. The external auditors formally reports to the Audit Committee during Audit Committee meetings and has direct access to its Chair when necessary. The Chair then reports each Audit Committee meeting to the Board of Directors. Please also refer to paragraphs 3.5.2 and 3.5.3 above.

At the beginning of the year, the Audit Committee pre-approves a budget amount of permitted services that may be performed by the external auditors. Such services are then reviewed on a regular basis at Audit Committee meetings. The Audit Committee reviews annually the policy on non-audit services, which reflects the updates in the external auditors' independence guidelines, documents a robust framework for the scope of non-audit services which the external auditors are permitted to provide as well as an appropriate approval process for the level of services provided, including certain types of pre-approved non-audit services. Prior to committing to a piece of work beyond a certain limit, authorization must be given by the Audit Committee Chair on proposal of the CFO.

9. Information policy

Temenos is committed to open and transparent communication with its shareholders and wider stakeholders.

Updates

Temenos publishes an audited Annual Report for the year to 31 December and an unaudited Interim Report for the six months to 30 June. Temenos also reports figures on a quarterly basis. All of this information and additional Company-specific information is available at https://www.temenos.com/about-us/investor-relations/.

Those interested to receive financial news, information on client signings and all press releases issued in accordance with the ad hoc publicity rules can sign up for press releases on the Temenos website by clicking on the Subscribe button at https://www.temenos.com/about-us/investor-relations/investor-news/; moreover, all ad hoc press releases are available at https://www.temenos.com/news/?page=1&category=ad-hoc-announcements.

Dates of the publication of quarterly results, Annual and Interim Reports, General Meeting of Shareholders and Temenos conferences are published on the Company's website and updated regularly at https://www.temenos.com/about-us/investor-relations/#financial-calendar.

Contacting Temenos

For any investor relations enquiries please contact the Company at TemenosIR@temenos.com and for management dealings enquiries/disclosures of shareholdings notifications contact companysecretarial@temenos.com.

The Company's headquarters are located at:

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Contact details of our offices worldwide are available at https://www.temenos.com/contact-us/.

Meeting Temenos

On 7 May 2024, Temenos will hold its Annual General Meeting. The General Meeting of Shareholders is convened by publication of the invitation and the agenda, at least 20 days before the date of the meeting, in the Swiss Official Gazette of Commerce (Schweizerische Handelsamtsblatt, Feuille Officielle Suisse du Commerce).

Meetings between Directors, institutional shareholders and other market professionals are held regularly as a part of Temenos' investor relations program. Furthermore, all Directors are available to meet shareholders if requested.

10. Quiet periods

According to the Temenos Insider Information Policy and in addition to the general prohibition of insider trading (i.e. ad hoc blackout periods related to special projects), no purchase or sale of Temenos AG securities shall be made during the following quiet periods irrespective of holding or not any insider information:

- during the period beginning the first day of the month following the end of the quarter (i.e. 1 January inclusive, 1 April inclusive, 1 July inclusive, 1 October inclusive) and ending on the day of public announcement of the related quarterly financial results, once published.

For members of the Company's Board of Directors, members of executive management, members of Group finance consolidation, financial planning, analysis group and any other person who have access to information related to the quarterly, interim and full-year financial results, the quiet periods are as follows:

- during the period beginning 15 days prior to the end of the quarter (i.e. 17 March inclusive, 16 June inclusive, 16 September inclusive and 17 December inclusive) and ending on the day of public announcement of the related quarterly financial results, once published.

COMPENSATION REPORT

Dear Shareholders,

Our compensation policy is critical to attracting and retaining the best industry talent and rewarding them based on the Company's performance and shareholder returns. Our compensation programs create a strong link between pay and performance, with the success of management aligned with outcomes that create value for our long-term shareholders. Specifically, over 80% of target compensation for the members of the Executive Committee is variable, based on the achievement of rigorous financial goals and share price performance.

2023 was a very successful year for Temenos, with Annual Recurring Revenue (ARR) growth of 17% and revenues reaching USD 1 billion for the first time. Temenos saw further markets adopting more and more Software-as-a-Service (SaaS) products as SaaS becomes more mainstream in the banking sector. The rise of cloud continues to benefit the subscription business also, as banks, especially tier 1 and 2, but also others, start to implement cloud-native solutions that they run themselves on public or private cloud.

Shareholder engagement

Ongoing shareholder dialogue is a key priority of the Compensation Committee, as it provides Temenos with valuable insights. Engagement has been ongoing throughout the year. The Chairman of the Board of Directors has spent a meaningful part of his time discussing Temenos strategy and succession with shareholders this year. In early 2024, shareholders were encouraged to discuss their views on compensation with the Chair of the Compensation Committee. The discussions focused on the Temenos peer group, how the KPIs are used to promote growth of the SaaS business in the form of ARR and addressing the compensation strategy for 2025. See further details in section A.4.

Pay for performance and at-risk compensation explained

The Long-Term Incentive (LTI) plans for Executives, granted in 2021, vested in February 2024 at 76.7%, impacted largely by the performance in 2022 where growth was slower and cash was affected by the move to subscription. The grant price for the 2021 plan was USD 143.54; as a result this is the fourth year the LTI is vesting out of the money.

With the mix of instruments implemented in 2023, i.e. 35% SARs, 35% PSUs and 30% RSUs, we believe we now have the right tools that address our drive for growth. The SAR plan encourages this most, RSUs which spread the vesting over year 2 and 3 address retention, and the PSU's driving performance. For the LTI plans to deliver returns to the Executives, they must deliver not only on the operating metrics, but also drive improvement in the share price. KPI targets are set at challenging levels of long-term performance, creating a strong link between pay and performance.

> At Temenos, our people play a crucial role in many economies around the world by providing mission-critical enterprise software to banks in more than 150 countries. As a global specialist, vertically focused company, Temenos competes internationally for talent in the highly competitive software sector with horizontal software companies that are much larger in size. Temenos software is regularly used by the world's largest banks to run significant parts of their businesses.
> The mix of instruments, 35% Stock Appreciation Rights (SARs), 35% Performance Stock Units (PSUs) and 30% Restricted Stock Units (RSUs), making up the LTI plan ensures we are competitive in the market for recruitment, guarantees a greater level of certainty in the form of PSUs and RSUs but leaves room for greater incentives through use of SARs. The plan aligns strongly to shareholder value whilst encouraging some level of ongoing entrepreneurialism as we navigate the ever-changing regulatory environment of Financial Services.

Section C provides historical data on returns from the LTI plans showing there is a strong link between the LTI returns, share price growth and Earnings Per Share (EPS) growth. The Company delivered exceptional performance and very strong shareholder returns for over six years through to 2018, 2019 being slightly lower. In 2020, due to the pandemic and the impact that it had on the Company's customers and banks around the world, the performance of the Company was affected. The lower than target performance in 2020 impacted all LTI plans that included 2020 performance (i.e. grants made in 2018, 2019 and 2020). The 2018 LTI plan vested in February 2021 at 87% of target, the 2019 LTI plan vested in February 2022 at 60%, the 2020 LTI plan vested in February 2023 at 46.67%, and now the 2021 LTI plan vested in February 2024 at 76.7%, all with value of zero on the vesting date.

Dilution

The cost of the LTI program in the profit and loss account is the fair value at grant and is disclosed under IFRS rules. Temenos SAR programs of 2020, 2021 and 2022 are out of the money, so even though the non-cash charge included in the profit and loss account is high, the expected dilution, which is the true cost to the business, is minimal. The target set by the Compensation Committee is for the cumulative average growth in dilution from all stock-based compensation to remain at less than 2% per annum. The CAGR growth for the last three years is 0.5%. From a balance sheet perspective, based on closing share price on 31 December 2023, potential dilution from all outstanding equity awards equals 1.8% of total shares outstanding. The dilutive impact of our LTI programs may increase if the programs that are still active are earned at above-target levels and if the share price grows, but it cannot exceed 6.7%. This topic is discussed in more detail in section B.7.

Outlook

Temenos' pay for performance philosophy remains a core operating principle. The Compensation Committee believes that our compensation structure should support the Company's long-term business objectives and human capital strategies.

In conclusion, our compensation program reflects a world-class company that is a leader in the global banking software market, which targets to deliver superior returns to its shareholders, customers and other stakeholders. In order to achieve this, the program is designed to build and retain a world-class management team and align their interests with those of our shareholders and drive strong short-term and long-term operating results. The Compensation Committee remains committed more than ever to our dialogue with shareholders and we welcome regular feedback on our compensation policies.

Finally, after a long and thorough selection process, we are hopeful to be able to introduce our new CEO to you at our upcoming AGM on 7 May. I would like to thank Andreas Andreades, for stepping in and extending his time at Temenos as CEO to enable this transition and more importantly for the enormous contribution he has made in his 25 years with Temenos. Temenos is a first class company with an exciting future ahead delivering value and innovation to our clients and achieving our mid-term objectives, leveraging the strong Temenos teams and culture.

On behalf of the Compensation Committee, I wish to thank you for your trust, support and valuable feedback. We look forward to receiving your support at the AGM.

Thibault de Tersant
Non-Executive Chairman

Dr. Peter Spenser
Chair of the Compensation Committee

COMPENSATION REPORT continued

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A. Compensation policy and principles

A.1. Compensation objectives

This Compensation Report has been prepared in accordance with Art. 732 et seqq. Of the Swiss Code of Obligations (CO) related to the remuneration in listed companies, the SIX Exchange regulations, the Swiss Code of Best Practice and the Articles of Association of Temenos.

The report describes the compensation system, the criteria that apply to the compensation of Temenos' Executive Committee and the Board of Directors; and discloses the amount of compensation paid in 2023. It also details changes to the compensation system for 2024.

Temenos' executive compensation programs are designed with two main goals in mind:

- fostering a performance-based corporate culture through a variable pay for performance compensation structure; and
- making the largest portion of executive compensation dependent on delivering shareholder returns through the achievement of rigorous long-term performance goals and share price appreciation.

Executive compensation consists of three primary components:

(i) fixed cash compensation and benefits;

(ii) variable cash linked to short-term performance targets (i.e. current financial year); and

(iii) equity-based variable compensation that is linked to long-term performance targets.

Compensation of the Non-Executive members of the Board of Directors comprises fixed compensation only.

Performance criteria are set by the Board of Directors and may include criteria relating to the performance of the Company or parts thereof, performance in relation to the market or other companies, as well as individual performance. The Board of Directors determines the extent to which the performance criteria impact variable compensation, including maximum pay opportunities, and the relative weight of the performance criteria. The Board of Directors also oversees the conditions linked to the grant, vesting, exercise and forfeiture of equity-based incentive programs.

A.2. Organization and competencies

The Executive Chairman (until 3 May 2023) and the Executive Committee members are hereinafter referred to as the "Executives".

The Executives who served in the 2023 financial year are:

Board of Directors:

- Andreas Andreades, Executive Chairman until 3 May 2023. Mr. Andreades' compensation for 2023 is fully reported in the Executive Committee compensation and not in the Board of Directors since he was acting CEO effective from 13 January 2023.

Executive Committee:

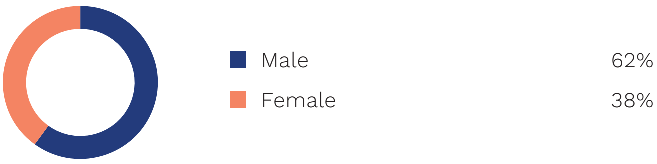
- Andreas Andreades, acting Chief Executive Officer (acting CEO) from 13 January 2023 until 3 May 2023 and Chief Executive Officer (CEO) from 3 May 2023;
- Panagiotis "Takis" Spiliopoulos, Chief Financial Officer (CFO);
- Prema Varadhan, Chief Product and Technology Officer (CPTO) until 15 January 2023 and thereafter President Product and Chief Operating Officer (PPCOO);
- Colin Jarrett, Chief Client Delivery Officer (CCDO) until 15 January 2023, Chief Operating Officer, Americas (COO Americas) until 7 May 2023 and thereafter Chief Security and Risk Officer (CSRO);
- Jayde Tipper, Chief People Officer (CPO); and
- Max Chuard, Chief Executive Officer (CEO) until 12 January 2023.

Executive Committee gender ratio as at 31 December 2023

The Non-Executive Directors who served in the 2023 financial year are:

- Thibault de Tersant, Vice-Chairman until 3 May 2023 and Chairman from 3 May 2023;
- Ian Cookson, Vice-Chairman from 3 May 2023;
- Maurizio Carli;
- Peter Spenser;
- Deborah Forster;
- Cecilia Hultén;
- Xavier Cauchois, from 3 May 2023;
- Dorothee Deuring, from 3 May 2023;
- Homaira Akbari, until 3 May 2023;
- James Benson, until 3 May 2023; and
- Erik Hansen, until 3 May 2023.

Board of Directors gender ratio as at 31 December 2023



COMPENSATION REPORT continued

A. Compensation policy and principles continued

A.3. External mandates – audited

This section (section A.3.) has been audited by Temenos' auditors, PricewaterhouseCoopers SA.

As of 31 December 2023, the members of the Executive and Board of Directors held the following comparable positions in other organizations:

Executives

Member	Company	Position
Andreas Andreades	–	–
Panagiotis "Takis" Spiliopoulos	Blueberg Management AG (Switzerland) Blueberg Assets AG (Switzerland)	Member of the Board of Directors Member of the Board of Directors
Jayde Tipper	Sixty Learn Ltd (UK)	Member of the Board of Directors
Prema Varadhan	–	–
Colin Jarrett	–	–

Board of Directors

Member	Company	Position
Thibault de Tersant	Numeum (France) Semaines Sociales de France, non-profit association (France) La Fondation Dassault Systèmes (France)	Member of the Board of Directors and Executive Committee Member of the Board of Directors Chairman of the Board of Directors and Deputy Chief Executive Officer
Ian Cookson	–	–
Peter Spenser	–	–
Maurizio Carli	Telecom Italia (Italia) Board International (Switzerland)	Member of the Board of Directors Member of the Board of Directors
Debbie Forster	Tech Talent Charter (UK) The Lending Standards Board (UK)	Chief Executive Officer Member of the Board of Directors
Cecilia Hultén	Konsolidator (Denmark) Kompasbank (Denmark) Cbio A/S (Denmark) CIP Executive Search AB (Denmark)	Member of the Board of Directors Member of the Board of Directors Chief Financial Officer Member of the Board of Directors
Xavier Cauchois	Dassault Systèmes (France)	Member of the Board of Directors and Chair of Audit Committee
Dorothee Deuring	Elementis plc (UK) PolyPeptide AG (Switzerland)	Member of the Board of Directors Member of the Board of Directors

A.4. The role of the Compensation Committee

The Compensation Committee is authorized by the Board of Directors:

- to approve compensation practices, policies and procedures that relate to the Executive Committee and other employees of the Company;
- to review and recommend to the Board of Directors the applicable performance targets and the compensation levels;
- to review the competitiveness of the Company's executive compensation programs;
- to ensure the attraction and retention of members of the Executive Committee to achieve the Company's business objectives;
- to align the interests of key management to the long-term interests of the Company;
- to review and approve recommendations from the CEO on compensation packages for members of the Executive Committee; and
- to make recommendations to the Board of Directors on total compensation for Executive Directors and members of the Executive Committee.

To fulfill its duties, the Compensation Committee typically aims to meet four to five times during the year. The compensation structure and benchmarking are reviewed annually. Other topics such as peer group and share ownership programs are reviewed as required. The table below shows the meetings held in financial year 2023:

Month	No. of meetings	Topics discussed
January	2	Executive reorganization. Approval of LTI grant for Executives and employees.
February	1	Approval of previous fiscal year performance achievements and payouts. Approval of the current fiscal year performance targets for variable short-term incentives. Approval of the long-term variable compensation grant performance targets.
July	1	Review of the Compensation Committee terms of reference. Review of the executive compensation structure. Review of the Swiss regulations on compensation.
October	1	Review of the comparator group. Review of the Executives and Non-Executives benchmark.
November	1	Review of expected outcome for 2023 Short-Term Incentive (STI) and 2021-2023 LTI plans. Review of compensation practices and policies for the forthcoming financial years.

The agenda and conclusions of each Committee meeting are shared with the full Board of Directors.

The Compensation Committee comprised five Independent and Non-Executive Directors:

- Peter Spenser, Chair from 3 May 2023;
- Maurizio Carli;
- Deborah Forster;
- Cecilia Hultén, from 3 May 2023;
- Dorothee Deuring, from 3 May 2023;
- Homaira Akbari, Chair until 3 May 2023; and
- James Benson, until 3 May 2023.

The Compensation Committee members are elected annually by shareholders. Other members of the Board of Directors have the right to attend the relevant meetings and members of the Executive Committee attend upon request. The Chief People Officer attended four of the meetings (out of the six held in 2023) including where her own compensation was discussed. No other members of the Executive Committee attended any of the Compensation Committee meetings held in 2023. Attendees that are not Compensation Committee members do not have voting rights.

Approval process

The recommendation of compensation packages for Board of Directors and Executive Committee members is governed as follows:

Compensation of	Recommended by	Endorsed by	Approved by
Members of the Board of Directors including its Chairman	Compensation Committee	Board of Directors	Shareholders at AGM
Members of the Executive Committee	Compensation Committee	Board of Directors	Shareholders at AGM

COMPENSATION REPORT continued

A. Compensation policy and principles continued

A.4. The role of the Compensation Committee continued

Benchmarking process and external consultants

To ensure executive compensation is set competitively to attract and retain talented professionals over the long term, the Compensation Committee reviews benchmark data collated from a range of organizations in the technology sector every year. Benchmarks are performed on total compensation and on compensation structure, such as proportion of variable compensation, proportion of performance-linked compensation, performance metrics and thresholds for variable compensation. For Non-Executive Directors, the Company reviews benchmarks with the SMIM and with the peer group used for executive compensation described below.

In 2023, the Compensation Committee continued its engagement with FW Cook as its independent compensation consultant to assist with the benchmarking process. FW Cook attended all Compensation Committee meetings. FW Cook holds no other mandates with Temenos and no other external advisors were consulted.

No change was made to the comparator group in 2023. The same selection criteria remain:

- focus on software/SaaS companies, with a business-to-business focus, prioritizing those working with or within the financial services sector;
- other software companies that have similar operating characteristics to Temenos in terms of global reach, target markets, competitive dynamics, growth and complexity;
- they are of similar size, measured by market capitalization of between 0.33 and 3.0 x of Temenos. Revenue is tracked within a slightly larger range (up to approximately 5.0x). FIS and Fiserv are exceptions to the rule, given that they are direct competitors of Temenos; and
- a combination of European-headquartered and US-headquartered companies.

The peer group of 16 companies reflects key competitors for business and senior executive talent:

Organization	Country	Organization	Country
ACI Worldwide	USA	Q2 Holdings	USA
Broadridge Financial Solutions	USA	Simcorp[2]	Denmark
Fidelity National Information Services (FIS)[1]	USA	Software AG	Germany
Fiserv[1]	USA	SS&C	USA
Guidewire Software, Inc.	USA	Suse[2]	Luxembourg
Jack Henry and Associates	USA	Teamviewer	Germany
Logitech International	Switzerland	The Sage Group	UK
NCINO, INC.	USA	Worldline	France

1 FIS and Fiserv remain outliers from a size perspective but are retained as they are key business competitors.

2 Since the benchmark exercise was completed, Simcorp was acquired and Suse was delisted. They will be replaced in 2024.

Shareholder engagement and outlook for fiscal years 2023 and 2024

Ongoing shareholder dialogue is a key priority of our management and the Board of Directors and therefore we routinely engage with shareholders to discuss business, performance, compensation and governance matters.

The Company moved to a continuous dialogue with shareholders throughout the year. Additionally, in early 2024, the Company invited its major shareholders, representing approximately 60% of outstanding shares to a meeting with the Chair of the Compensation Committee with active follow-up thereafter. The Chair of the Compensation Committee engaged in multiple meetings with shareholders and proxy advisors. The major topics discussed were the current design of Temenos' incentive compensation programs, Temenos' peer group, performance metrics and goal setting for both STI and LTI plans, and a proposed increase for the Board of Directors retainer fee.

A.5. Votes on compensation

As set out in the Articles of Association, the General Meeting of Shareholders shall approve annually and separately the proposals of the Board of Directors in relation to the maximum aggregate amount of:

- compensation of the Board of Directors for the next fiscal year; and
- compensation of the Executive Committee for the next fiscal year.

The Articles of Association can be found on the Temenos website under Corporate Documents: https://www.temenos.com/about-us/investor-relations/corporate-governance/.

Section V and VI, Articles 25 to 28, relate to compensation.

The compensation that will be approved at the AGM covers the elements below with the respective timing:

2024	2025	2026	2027	2028	2028–2035
	Salary				
	STI performance period	STI cash payment	STI share vesting (if elected to receive partially in shares)		
AGM vote	50% of RSUs service period		50% of RSUs vesting		
	50% of RSUs/100% of PSUs Service/performance period			50% of RSUs/100% of PSUs vesting	
	SARs performance period			SARs vesting	SARs exercise period

The Board of Directors may submit for approval by the General Meeting of Shareholders proposals in relation to maximum aggregate amounts of compensation relating to different periods, or in relation to amounts for specific compensation elements for the same or different periods.

In the event a proposal of the Board of Directors has not been approved by the General Meeting of Shareholders, the Board of Directors shall determine, taking into account all relevant factors, the respective maximum aggregate amount of compensation or partial maximum amounts for specific compensation elements and submit the amount(s) so determined for approval by a newly scheduled General Meeting of Shareholders. The Company may pay out compensation prior to approval by the General Meeting of Shareholders subject to subsequent approval by the General Meeting of Shareholders.

As stated in the Articles of Association, if the maximum aggregate amount of compensation already approved by the General Meeting of Shareholders is not sufficient to also cover compensation of one or more members who become members of the Executive Committee during a compensation period for which the General Meeting of Shareholders has already approved the compensation, the Company is authorized to pay the member or members a supplementary amount during the compensation period already approved. The total supplementary amount per compensation period shall not exceed 40% of the aggregate amount of compensation of the Executive Committee last approved for the corresponding compensation period by the General Meeting of Shareholders, i.e. for the compensation of the financial year 2023 the supplementary amount that may be utilized would be 40% of the amount approved by shareholders for 2023 at the AGM 2022.

COMPENSATION REPORT continued

B. Compensation components

B.1. Summary of compensation elements for employees

The table below explains the compensation elements for the fiscal year 2023:

		Fixed salary and benefits	Variable short-term incentive (bonus or commission)	Variable long-term equity incentive
Eligibility		All employees	All employees	Executive Chairman, Executive Committee members and senior managers
Basis for funding		Continuity of service, role and experience	Role and experience plus achievement of fiscal year operating metrics targets	Continuity of service over three years plus achievement of three fiscal year operating metric targets
Payout		Monthly or bi-weekly depending on jurisdiction	After performance for the financial year has been audited	On Board of Directors' approval of the results for the final year of the LTI plan
Payout subject to	Forfeiture rules	No	Yes	Yes
	KPIs	No	Yes	Yes
Performance range for Executive Chairman, Executive Committee members and senior managers		None	90%[1] target threshold at which 50% is paid (80% for regional results) Linear payout between 90% and 100% and 2 to 1 ratio performance above 100%: 125% of target performance is required for maximum 150% of target payout	Up to 33% of target LTIs can be funded in each of the three years covered if all annual targets are achieved at 100% Up to 175% of target LTIs can be earned if cumulative three-year performance is at 137.5% of target for all measures, with 50% of target LTIs funding if cumulative three-year performance is below 85%[1] of target
Settlement		Cash	Cash and deferred shares	Shares
Malus and clawback clauses[2]		Not applicable	Yes	Yes

1 Exceptional threshold of 80% for CEO at which he receives zero payout. See section D.3 for further details on CEO compensation.

2 Malus and clawback clauses for both STI and LTI withhold or recover funds for any cases where fraudulent behavior results in numbers being restated for external reporting purposes.

B.2. Compensation elements for the Executive Chairman and Executive Committee members

The elements of the above table, together with their objectives, are as follows:

Fixed salary

- To compensate Executives for their expected day-to-day responsibilities, leadership and contribution to the business.

Benefits

- To provide a level of security in health and retirement and, should it be required, in disability and death.

Variable short-term incentive

- To make a significant portion of Executive overall annual compensation variable and dependent on delivery of the Company's annual key targets, which for 2023 included non-IFRS Product Revenues, ARR, Net Operating Cash Flow, and non-IFRS Operating Profit.
- The Executives are given the choice to receive the bonus 100% in cash or to receive 50% in cash and 50% in deferred shares. The share element is eligible for a 20% premium in return for a vesting period until 1 March 2025 for the STI for 2023. The President Product and Chief Operating Officer elected to receive 50% in cash and 50% in shares. The other Executives elected to receive 100% in cash.

Variable long-term equity incentive

- To emphasize long-term performance, with earnout that is variable and linked directly to achievement of key long-term financial performance results, with value delivery also contingent on share price appreciation to support alignment with shareholders.
- To retain Executives for the long term.

B.3. Summary of key organization and compensation changes in 2023

Executive Committee members changed roles early 2023:

- Andreas Andreades was appointed, in addition to his role as Executive Chairman, as a member of the Executive Committee (acting Chief Executive Officer) (acting CEO) effective 13 January 2023. On 3 May 2023, Andreas Andreades did not stand for re-election at the Annual General Meeting and was appointed as Chief Executive Officer (CEO).
- Max Chuard resigned from his position as CEO effective 12 January 2023.
- Prema Varadhan, who was Chief Product and Technology Officer (CPTO) until 15 January 2023 was appointed President Product and Chief Operating Officer (PPCOO) on 16 January 2023.
- Colin Jarrett, who was Chief Client Delivery Officer (CCDO) until 15 January 2023 and then Chief Operating Officer Americas (COO Americas) until 7 May 2023 was appointed Chief Security and Risk Officer (CSRO) on 8 May 2023.

Points to note for 2023 compensation with respect to vesting of instruments during 2023:

- The 2021 SAR plan vested in February 2024 with a final payout of 76.7%. The grant price for the 2021 grant was set at USD 143.54 and the closing price on vesting date (19 February 2024) was USD 74.9. As a result, the portion of the SARs earned were out of the money as of the vesting date. However, the Executives have seven years from February 2024 to exercise their earned SARs and realize value when the share price increases above USD 143.54. The standard rule as per the SAR plan is that if participants leave Temenos they must exercise within 60 days of termination date.
- The CEO PSU 2023 plan vested on 31 December 2023 at 103.4%.

B.4. Variable short-term incentive

Performance criteria

Annual targets for Executives are set by the Board of Directors based on recommendations by the Compensation Committee.

The 2023 short-term incentive plan for the Executives rewards on-target performance at 100% of fixed salary. The KPI weighting, global targets and respective achievements for the Executives in 2023 are set out in the table below. All targets were exceeded for this financial year:

2023 target[1]	Percentage of bonus	Target USD	Actual USD	Threshold %	Achievement %	To be paid %
ARR	30%	715m	730m	90%	102.1%	104.2%
Non-IFRS Product Revenues	30%	862.8m	867.3m	90%	100.5%	101.0%
Non-IFRS Operating Profit	20%	307.5m	313m	90%	101.8%	103.6%
Net Operating Cash Flow	20%	351.3m	391.5m	90%	111.4%	122.9%
Total						**106.9%**

1 Due to the exceptional circumstances in January 2023, the CEO, Andreas Andreades, was given a special STI plan resulting in payout of 103.4%; see section D.3 for further details.

B.5. Long-term equity incentive

The instruments used in 2023 for the long-term incentive scheme consisted of a mix of SARs, PSUs and RSUs.

The Executive Committee members have a mix of 35% SARs, 35% PSUs, and 30% RSUs as discussed in the shareholder engagement meetings in early 2022. Management with a grant of over USD 250,000 was given a mix of 50% PSUs and 50% RSUs. All other members of the senior management were given solely RSUs. The Company grants SARs and PSUs to Executives and senior managers with performance and vesting criteria. The Board of Directors believes the performance-based LTI plan aligns strongly with the interests of long-term shareholders, as they are required to achieve rigorous operating metrics (defined below), and for SARs, additionally there must be growth in the share price for these to generate any value to the recipient. In this way, the Company incentivizes the management team to deliver strong revenue growth and profitability over the long term. The RSU which vests in two and three years is a retention tool and is a simpler instrument for the wider group of participants. Additionally, a limited number of RSUs were issued on joining to compensate them for financial disadvantage as a result of leaving their previous employer and retention (other senior management).

Grant conditions are linked to the achievement of annual and three-year cumulative targets, with SARs and PSUs vesting on the third-year anniversary of the grant.

Due to the exceptional circumstances in January 2023, the CEO was given a special LTI plan; see section D.3 for further details. The CFO elected, similar to 2022, to receive his LTI fully in SARs in 2023. In 2024, he is aligned with the other Executives.

SARs are valued on a fair value basis by an independent organization, Algofin AG, using the Enhanced American Model, a sophisticated binomial model, to comply with IFRS 2. Algofin AG is a consulting company domiciled in St. Gallen, Switzerland, specializing in Quantitative Finance, Modern Financial Instruments and Consulting in Asset Management. To ensure pricing integrity, long-term equity awards are not issued at a discount to market price; they are priced at the closing market price on the grant date. The fair value at time of grant is expensed over the vesting period based on the latest probable outcome of the final number of SARs to be granted. PSUs and SARs are valued by deducting the net present value of expected dividend payments over the vesting period.

COMPENSATION REPORT continued

B. Compensation components continued

B.5. Long-term equity incentive continued

Temenos' LTI program is stock settled. For SARs, employees are given the shares at the time of exercise, the number of shares given being calculated as the appreciation of the share price from grant date multiplied by number of SARs and divided by the stock price at the time of exercise. The participants can choose to exercise and sell or exercise and hold. If the share price is lower than the price at grant, then no gain is realized; however, participants have seven years from the vesting date in which to exercise. For PSUs and RSUs, employees receive the shares (1 PSU/RSU results in 1 share) on the vesting date and they can choose to hold (net of taxes) or sell the shares.

Temenos ensures it can meet its demand for shares through available conditional capital or treasury shares. Conditional capital increases are approved by shareholders at the AGM. Conditional capital was used for all SAR exercises and share vestings until 1 November 2023 after which treasury shares were used. UBS holds the treasury shares and administers the conditional capital issuance when required in relation to the share scheme.

The tables below provide an overview of the LTI schemes in place together with their performance criteria and pricing. The level and value of awards are commensurate with an Executive's contribution to the business.

Overview of Executive LTI schemes

The schemes that are not vested as at 31 December 2023 are outlined in the table below, including the 2023 scheme granted in this compensation year:

Year of grant	Scheme	No. awarded for Executives[1]	No. of Executives awarded	Exercise price	Fair value USD[2]	Grant date	Vesting date
2023	RSUs	21,971	3	–	64.81	16 January 2023	50% on 1 March 2025 and 50% on 1 March 2026
2023	PSUs	25,632	3	–	74.34	16 January 2023	1 March 2026 subject to Board of Directors' approval of the results for the year ending 31 December 2025
2023	PSUs[3]	84,621	1	–	76.59	16 January 2023	31 December 2023
2023	SARs	264,106	4	66.91	26.07	16 January 2023	On Board of Directors' approval of the results for the year ending 31 December 2025
2022	PSUs	15,560	1	–	96.40	1 March 2022	1 March 2025
2022	SARs	60,756	1	96.40	24.03	1 March 2022	1 March 2025
2022	PSUs	17,850	4		107.65	15 February 2022	1 March 2025 subject to Board of Directors' approval of the results for the year ending 31 December 2024
2022	SARs	590,000	7	107.65	27.57	15 February 2022	On Board of Directors' approval of the results for the year ending 31 December 2024
2021	SARs	5,000	1	156.81	36.14	21 July 2021	20 July 2024
2021	SARs	37,500	1	160.20	37.00	1 July 2021	30 June 2024
2021	SARs	741,500	12	143.54	35.57	18 February 2021	On Board of Directors' approval of the results for the year ending 31 December 2023

1 The number of instruments granted includes the number of instruments granted to those who were Executives at the time of grant; this is not equal to the current members.

2 The fair value of SARs and PSUs in 2023 was assessed on 21 February 2023 when the targets were issued to participants.

3 Due to the exceptional circumstances in January 2023, the CEO was given a special PSU plan; see section D.3 for further details.

Vesting conditions for SARs, PSUs and RSUs

Vesting of the SAR and PSU awards occurs after three years, subject to continued employment and the achievement of performance targets described below.

The targets for the SAR schemes outstanding on 31 December 2023 are outlined below:

KPIs[1]	Weighting SARs
ARR[2]	60%
Non-IFRS EPS	20%
Free Cash Flow	20%

1 Due to the exceptional circumstances in January 2023, the CEO received a special LTI plan; see section D.3 for further details.

2 Total Bookings, as used in the 2022 plan, has been amended to ARR which is the key metric now shown in our external reporting and aligns with the shift of the model to recurring revenue.

Rigorous performance goals underline the 2023 LTI plan, with the target three-year CAGR set for ARR at 15%, for non-IFRS EPS at 12% and for Free Cash Flow at 30%.

Vesting of the RSUs is 50% after two years and 50% after three years.

Vesting outcome for SARs and PSUs

The vesting outcome for the SARs and PSUs granted is the greater of:

i. the sum of the result of each of the three individual years, where one-third is based on achievement of annual results for each year. There is no overachievement element on the awards linked to annual targets, where funding is binary at either 0 or 100%; and

ii. three-year cumulative goals, which requires achievement being greater than 85% of the sum of the annual targets, with the potential for funding at up to 175% of the target SARs as explained below.

Over/underachievement for the cumulative performance of SAR and PSU schemes

For achievement between 85% and 100% of target a pro-rated reduced amount will vest. Above 100% achievement, for every 1% overachievement of the three years cumulative for each KPI target, an additional 2% of SARs may be granted up to a maximum of 175% of the total grant. Below 100% achievement, for every 1% underachievement, 3.33% of the number of SARs is forfeited so that funding equals 50% at 85% of target. Intermediate performance is pro-rated on a straight-line basis between the data points shown.

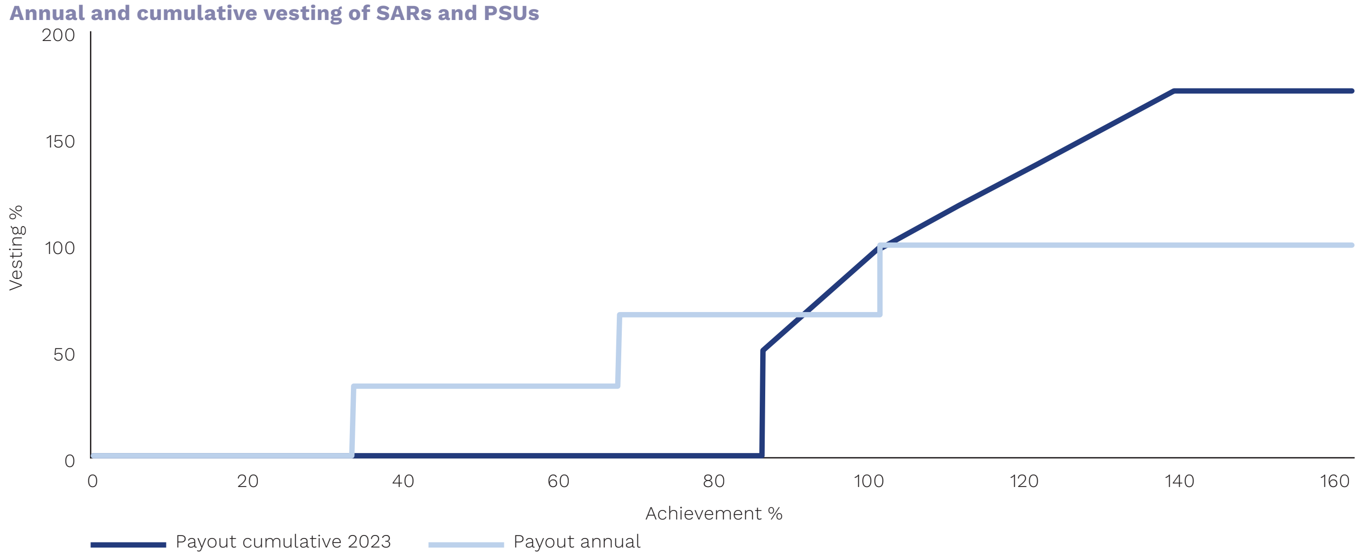
Cumulative achievement for each KPI:

Achieved as % of cumulative target[1]	85%	92.5%	100%	110%	120%	137.5%
Proportion vesting	50%	75%	100%	120%	140%	175%

1 CEO has zero payout at 80% achievement and 50% payout at 90% achievement.

Below the vesting shown pictorially:

Annual and cumulative vesting of SARs and PSUs



COMPENSATION REPORT continued

B. Compensation components continued

B.5. Long-term equity incentive continued

Achievement of the 2021 LTI SAR scheme

Under the 2021 LTI SAR scheme, which vested on 19 February 2024, the performance targets at grant had been set as 60% Bookings, 20% non-IFRS EPS, and 20% Free Cash Flow.

The payout for the 2021 LTI SAR plan is as follows:

Payout for 2021 SAR plan	Weighting	Achievement/ vesting	Funding
Bookings[1]	60%	108.4%	116.8%
Non-IFRS EPS[2]	20%	75.8%	–
Free Cash Flow	20%	71.8%	33.3%
Weighted average achievement/combined payout		**94.9%**	**76.7%**

1 The Bookings achievement was subject to a non-audit assurance engagement performed by PricewaterhouseCoopers SA, our external auditors to validate the Bookings in line with the Basis of Preparation agreed with the Compensation Committee. A discretionary adjustment was approved by the Compensation Committee without which the combined payout would have been 73.5%.

2 The Company's non-IFRS figures exclude share-based payments and related social charge costs, any deferred revenue write-down resulting from acquisitions, discontinued activities that do not qualify as such under IFRS, acquisition-related charges such as financing costs, advisory fees and integration costs, 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.

On 19 February 2024, the vesting date, the closing share price of USD 74.9 meant that realized pay from the earned SARs was zero given the exercise price of USD 143.54. However, the Executives have an additional seven years during which time they can exercise the SARs supporting go-forward shareholder alignment.

B.6. Share ownership

Executives

The following minimum amounts of shares must be held:

CEO	5 times annual fixed salary
CFO	2 times annual fixed salary
Other Executives	1 times annual fixed salary

Members must satisfy the requirement by the later of three years after appointment to the Executive Committee or as soon as the first SARs received for a new joiner deliver the required number of shares to cover the above-mentioned minimum.

The number of shares to be held is calculated based on the closing stock price of 31 December of the prior year and the fixed salary for the year. For example, the number of shares required to be held on 31 December 2024 is calculated based on the share price of 31 December 2023 and fixed salary for the year 2024 as at 1 January 2024. This allows the Executives sufficient time to take any required actions. Only owned Temenos shares (including in the form of ADRs) are counted when evaluating compliance with the guideline. Unexercised SARs do not count.

Non-Executive Directors

Non-Executive Directors must hold shares with a value equivalent to the annual retainer fee. This must be effective by May 2024 for Non-Executive Directors elected prior to May 2021. New Non-Executive Directors must adhere to this guideline within three years of election at the AGM.

The shareholdings for both Executives and Non-Executive Directors are shown in section F.1.

B.7. Dilution and capital requirements

A SAR is an incentive given to employees that aligns their interest with shareholders, with realized pay equal to the appreciation of Company stock over an established time period. Similar to employee stock options, SARs are beneficial to the employee when the Company stock price rises; the difference with SARs is that employees do not pay the exercise price but only receive the sum of the increase in stock or cash. The dilution on outstanding SARs is only known at the time of exercise as it is dependent on the share price at that time. As an example, if 1,000 SARs at a grant price of USD 100 are exercised when the share price is USD 150, then the gain is USD 50,000, equivalent to a 333 share dilution (USD 50,000 divided by USD 150).

When issuing LTIs, the Compensation Committee reviews the potential dilution to ensure that it remains within our target of no more than 2% per annum (pa) increase on a CAGR basis. The dilution for the period 2021-2023, the period over which the 2021 LTI SAR scheme vested on a CAGR basis, was negative since the 2021, 2022 and 2023 LTI grants are out of the money.

The total cumulative dilution as of 31 December 2023 from all outstanding SARs, PSUs and RSUs has been calculated at the balance sheet date and subsequently based on various simulations in the table below. 0.7 million of the LTIs are included already in the EPS dilution. Of the 4.2 million instruments below, 3.2 million are SARs and 1.0 million are shares

Simulations	No. of shares million	No. of LTI instruments million	Weighted average exercise price USD	No. of LTI instruments included in diluted EPS million	Assumed share price on exercise USD	No. of shares to be created million (SARs in the money)	Dilution
Closing share price	72.5	4.2	84.44	0.7	92.9	1.3	1.8%
15% growth	72.5	4.2	84.44	0.7	141.3	1.7	2.4%
30% growth	72.5	4.2	84.44	0.7	204.2	2.5	3.3%
Maximum dilution with full overachievement (infinite share price)	72.5	5.2	84.44	0.7	n/a	5.2	6.7%

The conditional capital of 2.7 million shares that is available at 31 December 2023 covers this requirement and our dilution cannot exceed 6.7% no matter how much the price increases. The maximum is calculated as the number of instruments outstanding including maximum overachievement divided by this plus the number of outstanding shares, i.e. (4.2 million + 1.0 million)/(4.2 million + 1.0 million + 72.5 million). A more realistic estimate is a dilution of 1.7 million shares based on a CAGR share price growth of 15% over the next three years, which would translate into dilution of 2.4%.

B.8. Contract terms for the Executive Committee members

The contractual notice periods of the members of the Executive Committee do not exceed 12 months; there are no non-statutory severance payment clauses.

In case of a change of control of Temenos AG, all LTI instruments granted will become immediately vested and exercisable provided that their respective vesting period has started. A case of change of control occurs when a third party acquires the control of more than 50% ownership in Temenos AG.

In case of termination by Temenos for cause, all unvested LTI instruments are forfeited. In other termination scenarios the treatment of the unvested LTI instruments varies by role and is described in each plan and, as the case may be, in the corresponding grant letter(s).

B.9. Compensation elements for Non-Executive Directors

The Non-Executive Directors were compensated in 2023 with a fee for their Board duties, together with a supplementary fee for their role as Chair of the Audit, Compensation, and Nomination & ESG Committee respectively. Directors traveling long-haul received an additional fee.

The detail by person is provided in section D.1.

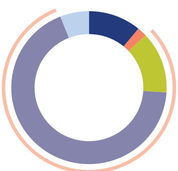
C. Pay for performance appraisal

To align with shareholders' interests, Temenos' executive compensation program is designed to foster a pay for performance culture.

The chart below shows a percentage split of aggregate compensation of the Executives for 2023.

2023 Executive Committee (includes Executives as at 31 December 2023 only)

Compensation at grant



Fixed salary	12%
Other compensation	1%
Variable short-term incentives	13%
LTI (SARs and PSUs)	68%
LTI (RSUs)	6%
At-risk compensation (performance-based)	81%

The fixed salary and benefits are the only unconditional (i.e. non-risk) components; short-term variable (STI) compensation is dependent on the achievement of the results for 2023. Long-term incentives taking the form of SARs and PSUs are dependent on the achievement of the results for the three-year period 2023 to 2025 inclusive. RSUs are time based.

In 2023, 81% of total compensation at grant was variable and conditional upon performance targets and therefore at risk.

SARs are subject to both performance and time vesting criteria and will not vest until February 2026. The PSUs will not vest until March 2026.

COMPENSATION REPORT continued

C. Pay for performance appraisal continued

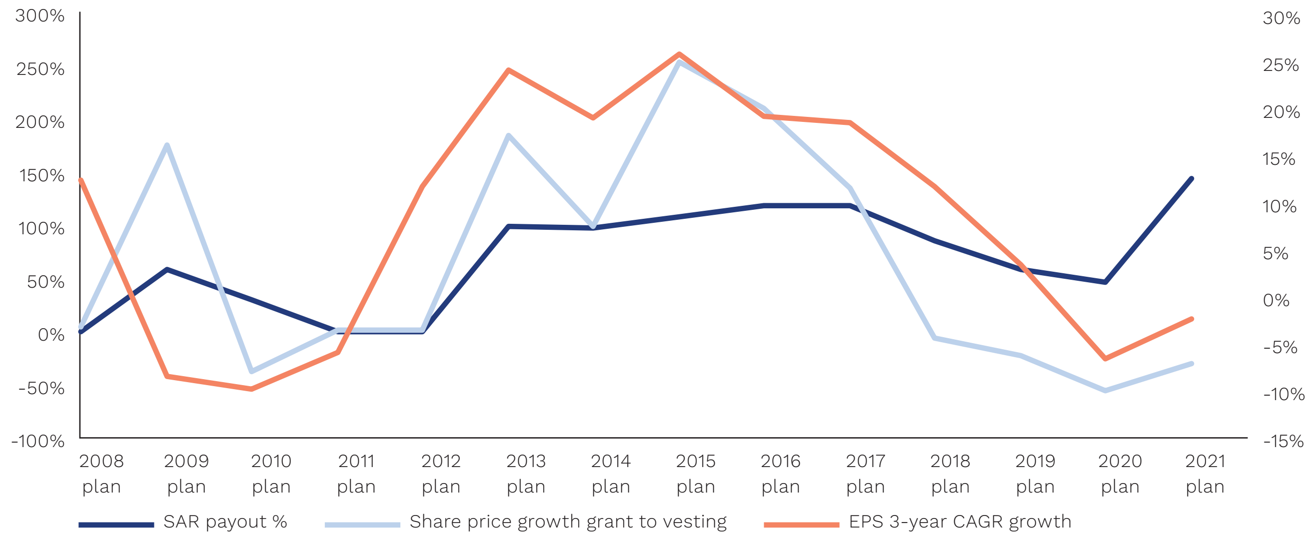
SAR payout vs EPS and share price growth

With regard to the LTI plan, the chart below shows the long-term alignment of LTI funding vs the annual growth of our non-IFRS EPS and share price performance.

SAR plan	Weighted average achievement	Payout	Exercise price USD	Price at vesting USD
2013	101%	101%	10.96	43.69
2014	100%	100%	35.33	70.87
2015	105%	110%	35.45	127.00
2016	111%	121%	43.69	136.94
2017	110%	121%	70.87	168.81
2018	99%	87%	127.00	120.31[1]
2019	n/a as different targets by year	60%	136.94	106.52[1]
2020	n/a as different targets by year	47%	168.81	73.83[1]
2021	95%	77%	143.54	74.9[1]

1 All these SAR plans were out of the money on vesting.

EPS growth vs SAR payout and share price growth



KPI targets are set at challenging levels of long-term performance, creating a direct link between pay and performance. The Company had an exceptional performance with very strong shareholder returns for over six years through 2018. After that period, average SAR funding was at below-target levels, highlighting the rigor of the underlying performance goals. In 2020, due to the pandemic and the impact that it had on the Company's customers and banks around the world, the performance of the Company was affected. This impacted shareholder returns which in turn led to a reduction in management's realized pay, even though the driving events were outside of management's control. The lower than target performance in 2020 impacted the LTI plans of 2018, 2019 and 2020 with vesting respectively in February 2021, 2022 and 2023.

D. Compensation for financial year under review – audited

This section (section D) has been audited by Temenos' auditors, PricewaterhouseCoopers SA.

As individuals are paid in currencies other than US dollars, the amounts in the tables below are converted into US dollars using the average exchange rate for 2023 and the average exchange rate for 2022 respectively. Comparison between these two years may be distorted through the exchange rate fluctuations.

The LTI value included in the compensation tables below represents the full fair value of the on-target achievement at the time of grant, i.e. for 2023 the LTI includes the fair value of the SARs, PSUs and RSUs. With respect to SARs, it includes 100% of the fair value of the 2023 grant calculated by a third party using the binomial method. The PSUs and RSUs fair value is the share price at grant adjusted by deducting the net present value of expected dividend payments over the vesting period. The valuation method, conditions and grant details are explained in the paragraph titled Compensation components, B.5.

D.1. Board of Directors

The total compensation for the Board of Directors including social security charges totals USD 1.9 million compared to a total maximum compensation of USD 9.3 million approved by the shareholders at the AGM on 25 May 2022. Since the Executive Chairman was acting CEO effective from 12 January his entire compensation has been included with the Executive Committee for 2023.

All numbers are gross in USD Name Board function	Year	Fixed fee/ salary	Variable short-term incentive[1]	All other compensation[2]	**Total compensation before LTI**	LTI value	**Total compensation**	Employer social security charges[3]	**Total compensation including social security charges**	Maximum shareholder approval
T. de Tersant[4]	2023	598,333	–	–	**598,333**	–	**598,333**	44,237	**642,570**	
Chairman from 3 May 2023 (previously Vice-Chairman)	2022	195,000	–	–	**195,000**	–	**195,000**	15,492	**210,492**	
I. Cookson[5]	2023	175,000	–	–	**175,000**	–	**175,000**	12,180	**187,180**	
Vice-Chairman	2022	175,000	–	–	**175,000**	–	**175,000**	12,294	**187,294**	
M. Carli	2023	140,000	–	–	**140,000**	–	**140,000**	11,465	**151,465**	
Member	2022	140,000	–	–	**140,000**	–	**140,000**	12,474	**152,474**	
P. Spenser[6]	2023	170,000	–	10,000	**180,000**	–	**180,000**	–	**180,000**	
Member	2022	140,000	–	10,000	**150,000**	–	**150,000**	–	**150,000**	
D. Forster	2023	140,000	–	–	**140,000**	–	**140,000**	12,450	**152,450**	
Member from 25 May 2022	2022	85,806	–	–	**85,806**	–	**85,806**	7,568	**93,374**	
C. Hultén	2023	140,000	–	–	**140,000**	–	**140,000**	12,450	**152,450**	
Member from 25 May 2022	2022	85,806	–	–	**85,806**	–	**85,806**	7,658	**93,374**	
X. Cauchois[7] Member from 3 May 2023	2023	128,917	–	–	**128,917**	–	**128,917**	8,862	**137,778**	
D. Deuring Member from 3 May 2023	2023	92,556	–	–	**92,556**	–	**92,556**	8,056	**100,612**	
A. Andreades[8] Executive Chairman until 3 May 2023	2022	688,162	–	165,621	**853,782**	5,147,319	**6,001,101**	12,487	**6,013,588**	
H. Akbari[9]	2023	63,208	–	3,389	**66,597**	–	**66,597**	–	**66,597**	
Member until 3 May 2023	2022	185,000	–	10,000	**195,000**	–	**195,000**	–	**195,000**	
J. Benson	2023	47,833	–	3,389	**51,222**	–	**51,222**	–	**51,222**	
Member until 3 May 2023	2022	140,000	–	10,000	**150,000**	–	**150,000**	–	**150,000**	
E. Hansen	2023	51,136	–	–	**51,136**	–	**51,136**	–	**51,136**	
Member until 3 May 2023	2022	152,294	–	–	**152,294**	–	**152,294**	–	**152,294**	
Total Board of Directors	2023	1,746,983	–	16,778	**1,763,761**	–	**1,763,761**	109,700	**1,873,461**	9,300,000
	2022	1,987,069	–	195,621	**2,182,689**	5,147,319	**7,330,008**	67,883	**7,397,891**	8,200,000

COMPENSATION REPORT continued

D. Compensation for financial year under review – audited continued

D.1. Board of Directors continued

1 The variable short-term incentive target for 2022 was not met and did not pay out in February 2023 as planned. The variable short-term incentive for 2023 for Andreas Andreades is included in the Executive Committee.

2 All other compensation includes life, medical, disability, accident insurances, pension and car allowance for Andreas Andreades in 2022. Peter Spenser has an additional fee of USD 10,000 for traveling long-haul. Homaira Akbari and James Benson benefited from this fee during the period they were members.

3 Social security charges comprise actual charges on base salary and other compensation and estimated social security charges to be paid for bonus and LTIs (based on the fair value) granted in the year of compensation.

4 Thibault de Tersant's fees comprise a basic fee of USD 800,000 annually for his duties as Chair of Temenos AG effective from 3 May 2023. Prior to that his fees comprised a basic fee of USD 140,00 annually plus USD 55,000 annually for his duties as Chair of the Audit Committee.

5 Ian Cookson's fees comprise a basic fee of USD 140,000 annually plus USD 35,000 annually for his duties as Chair of the Nomination & ESG Committee.

6 Peter Spenser's fees comprise a basic fee of USD 140,000 annually. Effective from 3 May 2023, his fees include USD 45,000 annually for his duties as Chair of the Compensation Committee. It comprised an additional USD 10,000 annually for traveling long haul.

7 Xavier Cauchois' fees comprise a basic fee of USD 140,000 annually effective from 3 May 2023. Additionally, his fees include USD 55,000 annually for his duties as Chair of the Audit Committee.

8 Andreas Andreades' total compensation for 2023 is recorded under the Executive Committee since he acted as CEO for the full year.

9 Homaira Akbari's fees comprised a basic fee of USD 140,000 annually plus USD 45,000 annually for her duties as Chair of the Compensation Committee until 3 May 2023. It comprised an additional USD 10,000 annually for traveling long-haul.

D.2. Executive Committee

The total compensation for the five members and three former members of the Executive Committee including social security charges totals USD 27.4 million. This includes USD 24 million for the five current members and USD 3.4 million for former members. Shareholders approved USD 30 million at the AGM on 25 May 2022 for seven members.

All numbers are gross in USD	Base salary	Variable short-term incentive[1]	All other compensation[2]	**Total compensation before LTI**	LTI value[3]	**Total compensation**	Employer social security charges[4]	**Total compensation including social security charges**	Maximum shareholder approval
2023	2,642,057	2,851,577	3,457,684	**8,951,318**	16,695,780	**25,647,098**	1,727,802	**27,374,900**	30,000,000
2022	3,424,082	–	1,525,089	**4,949,171**	21,000,460	**25,949,631**	1,986,583	**27,936,214**	40,000,000

1 The variable short-term incentive targets were achieved at a weighted average of 103.4% and hence paid out at 106.9%. In 2022 the targets were not met.

2 All other compensation includes life, medical, disability, accident insurance, pension and car allowance. This category also includes termination benefits for the former CEO, CRO and CMO.

3 The LTI for the Executive Committee consists of:

- 264,106 SARs which were granted on 16 January 2023 at a grant price of USD 66.91. The fair value, assessed on 21 February 2023, the date when the final targets were issued to the participants, was USD 26.07. The accounting charge included in the LTI value above was 40% higher than the valuation on the date of grant;
- 110,253 PSUs which were granted on 16 January 2023. The share price on date of grant was USD 66.91. The fair value, assessed on 21 February 2023, the date when the final targets were issued to the participants, was USD 76.59 for the CEO whose PSUs vested on 31 December 2023 (see section B.5 for further explanation) and USD 74.34 for the other members. The accounting charge was 11% higher than the valuation on the date of grant; and
- 21,971 RSUs which were granted on 16 January 2023 at a fair value of USD 64,81.

4 Social security charges comprise actual charges on base salary and other compensation and estimated social security charges to be paid for bonus and LTIPs (based on the fair value) granted in the year of compensation.

Average compensation per member for five current members in 2023 was USD 4.8 million (2022: USD 4.0 million). 2022 included several members for a short period of time who did not receive any LTI in their capacity as Executive Committee members, bringing the average down.

D.3 Highest paid member of the Executive Committee

Mr. Andreas Andreades, CEO, was the highest paid member of the Executive Committee in 2023. 88% of his total compensation in 2023 at grant was variable and conditional upon the 2023 performance targets to be achieved.

Following the resignation of Mr. Max Chuard in January 2023, the Board of Directors requested Mr. Andreades to assume the role of "acting CEO", in addition to his Executive Chairman duties, until such time as the Temenos Group engaged a permanent CEO. Mr. Andreades accepted to take on the role for a limited period of time. He elected not to stand for re-election as Executive Chairman with effect from May 2023. Under the arrangement agreed, the Board had absolute discretion regarding timing of the departure of Mr. Andreades and hence the compensation arrangements reflected the expectation that the contract would likely not be extended beyond 31 December 2023, assuming a new CEO was found within this timeframe. Mr. Andreades agreed to retain his compensation package at the value of the Executive Chairman role (approximately 80% of CEO role) for this period of time (USD 7.4 million), and the terms for his STI and LTI plans, as described below, reflected the expected short-term nature of his appointment to the CEO role.

Mr. Andreades was given an STI plan consisting of an ARR target only, where the target was based on guidance for ARR, i.e. USD 703 million. ARR represented the single key revenue performance indicator for 2023 as Mr. Andreades lead the Company through a complex transition to subscription software as well as an ongoing acceleration in SaaS revenue. Since Mr. Andreades' contract was not expected to extend beyond 31 December 2023, the agreement was for payment of the bonus to be made no later than 31 December 2023. The achievement was therefore based on the ARR forecast of USD 715 million, an achievement of 101.7%, approved by the Board of Directors in November 2023. The resulting payout of 103.4% was made to Mr. Andreades in December 2023. The other Executives were paid based on the final achievement of ARR of USD 730 million versus a target of USD 715 million, i.e. achievement of 102.1% and payout of 104.2%, and weighted average achievement across all KPIs included in their plan of 103.4% and final payout of 106.9%. Therefore both the final ARR achieved used to calculate STI payout, and the overall final bonus payout for other Executives were higher than the payout of Mr. Andreades.

Mr. Andreades' LTI plan consisted of a PSU plan with a shorter vesting period to reflect the expected tenure of Mr. Andreades as CEO, that is the earlier of the appointment date of a new CEO or 31 December 2023. The target was based on ARR, the same as for the STI plan as detailed above. The grant was issued on 16 January 2023, the date of Mr. Andreades' appointment as acting CEO. The final target of USD 703 million was approved by the Board of Directors in February and issued to Mr. Andreades on 21 February 2023, resulting in a revaluation of the grant as required by IFRS 2 accounting standards. This higher value is included in the compensation table in D.2. Both values are shown in the table below for clarity.

Mr. Andreades' compensation, in US dollars, is shown below.

All numbers are gross in USD	Base salary[1]	Variable short-term incentive[2]	All other compensation	**Total compensation before LTI**	LTI value[3]	**Total compensation**[4]	Employer social security charges	**Total compensation including social security charges**
2023 CEO – after targets issued	783,448	811,243	195,661	**1,790,352**	6,481,122	**8,271,474**	4,366	**8,275,840**
2023 CEO – at grant	783,448	811,243	195,661	**1,790,352**	5,662,051	**7,452,403**	4,366	**7,456,769**
2022 CEO	827,560	–	94,384	**921,944**	6,241,848	**7,163,792**	606,845	**7,770,637**
2022 CRO[5]	356,892	–	448,293	**805,185**	7,959,929	**8,765,114**	710,889	**9,476,003**

1 Andreas Andreades and Max Chuard's salaries are denominated in CHF. The exchange rate used in 2023 was 0.8988 (2022: 0.9546), giving rise to a 5% higher USD salary in 2023. The salary includes USD 46,667 for Board of Directors fees for Andreas Andreades' role while Executive Chairman.

2 The variable short-term incentive target was achieved at 101.7% and hence paid out at 103.4%. In 2022 the targets were not met.

3 The LTI for the CEO consists of 84,621 PSUs which were granted on 16 January 2023 at a value of USD 5,662,051, the value on 16 January 2023. The fair value on 21 February 2023, the date on which the targets were issued was USD 76.59 giving rise to the charge of USD 6,481,122. This is the value that has been included in D2. The PSUs vested at 103.4% payout on 31 December 2023.

4 The approved package for the CEO for 2023 was a 10% increase on 2022; however, Mr. Andreades accepted the role with the package approved for Executive Chairman, albeit with the amendments to the STI and LTI terms as explained above.

5 The Chief Revenue Officer was the highest paid Executive Committee member in 2022 due to the replacement award of USD 5 million that he received. The replacement award consisted of 51,867 RSUs at fair value of USD 96.40 which was to compensate him for a financial advantage that his previous employer would have awarded him, but which he forewent to join Temenos.

COMPENSATION REPORT continued

D. Compensation for financial year under review – audited continued

D.4. Compensation in CHF

Pursuant to Article 958d alinea 3 of the Swiss Code of Obligations, compensation amounts may be quoted in the most significant currency of the business activity; in Temenos' case it is USD, but it must also be quoted in CHF. The amounts quoted below in CHF for the Board of Directors, Executive Committee and highest paid Executive Committee member respectively are calculated taking the USD amount converted at the average exchange rate for the year. The exchange rate used in 2023 was 0.8988 (2022: 0.9546).

Function CHF	Year	Fixed fee/ salary	Variable short-term incentive	All other compensation	**Total compensation before LTI**	LTI value	**Total compensation**	Employer social security charges	**Total compensation including social security charges**
Board of Directors	2023	1,570,201	–	15,080	**1,585,281**	–	**1,585,281**	98,599	**1,683,880**
	2022	1,896,883	–	186,742	**2,083,625**	4,913,702	**6,997,327**	64,802	**7,062,129**

Function CHF	Year	Base salary	Variable short-term incentive	All other compensation	**Total compensation before LTI**	LTI value	**Total compensation**	Employer social security charges	**Total compensation including social security charges**
Executive Committee	2023	2,374,700	2,563,018	3,107,791	**8,045,509**	15,006,287	**23,051,796**	1,552,960	**24,604,755**
	2022	3,268,676	–	1,455,871	**4,724,547**	20,047,330	**24,771,877**	1,896,420	**26,668,297**

Function CHF	Year	Base salary	Variable short-term incentive	All other compensation	**Total compensation before LTI**	LTI value including replacement award for CRO	**Total compensation including replacement award for CRO**	Employer social security charges	**Total compensation including social security charges**
CEO	2023	704,168	729,151	175,862	**1,609,181**	5,825,279	**7,434,460**	3,924	**7,438,384**
CEO	2023 at grant	704,168	729,151	175,862	**1,609,181**	5,089,092	**6,698,273**	3,924	**6,702,197**
CEO	2022	790,000	–	90,101	**880,101**	5,958,554	**6,838,655**	579,303	**7,417,958**
CRO	2022	340,694	–	427,947	**768,641**	7,598,658	**8,367,299**	678,624	**9,045,293**

D.5. Loans granted to members of governing bodies

As of 31 December 2023 and 31 December 2022 the Company has no outstanding loans to members of the Board of Directors and Executive Committee. No loans were granted to persons related to the Board of Directors or Executive Committee.

E. The year ahead: compensation of the Board of Directors and Executive Committee for fiscal year 2024

At the AGM in 2023, the shareholders approved total compensation including social charges for fiscal year 2024 for the Board of Directors of USD 2.3 million and for the Executive Committee of five members of USD 30 million.

E.1. Changes that affect 2024 Board of Directors compensation

The Board of Directors consists of the following members as of February 2024:

- Thibault de Tersant, Chairman;
- Ian Cookson, Vice-Chairman;
- Maurizio Carli;
- Debbie Forster;
- Cecilia Hultén;
- Peter Spenser;
- Xavier Cauchois; and
- Dorothee Deuring.

The fees for the Board positions will be the same as 2023.

E.2. Changes that affect 2024 Executive Committee compensation

Effective 15 January 2024, William Moroney and Philip Barnett have been promoted to Temenos' Executive Committee as the most senior executives with operational executive responsibilities.

The Executive Committee, whose remuneration falls under the 2024 Executive Committee compensation, consists of the following members as at February 2024:

- Andreas Andreades, Chief Executive Officer;
- Panagiotis "Takis" Spiliopoulos, Chief Financial Officer;
- Prema Varadhan, President Product and Chief Operating Officer;
- Colin Jarrett, Chief Security and Risk Officer;
- Jayde Tipper, Chief People Officer;
- William Moroney, President International from 15 January 2024; and
- Philip Barnett, President Americas from 15 January 2024.

E.3. 2024 Variable short-term incentive for Executives

For 2024, the weighting of ARR and Non-IFRS Product Revenues has been reviewed and will be revised as shown below:

KPIs for STI 2024	Weighting 2023	Weighting 2024
ARR (Annual Recurring Revenue)[1,2,3]	30%	40%
Non-IFRS Product Revenues[1,2]	30%	–
Non-IFRS EBIT[1]	20%	20%
Net Operating Cash Flow[1]	20%	20%
Individual Operational Objectives[4]	–	20%

1 The targets are considered commercially sensitive and are not disclosed in advance. The minimum threshold remains at 90%, where funding will be set at 50%, which is informed by practices at our peers, other than mentioned below. Maximum performance is set at 125% of target and results in 150% funding.

2 The weighting of ARR will be increased to 40% to reflect the conclusion of the transition of our term license to subscription business with ARR representing the most appropriate revenue metric to incentivize growth in recurring revenues. Product Revenues favor subscription over SaaS hence has been removed.

3 Exceptionally, the CEO has an ARR target only, see section D.3 for further details, with minimum threshold at 80% where funding is 0%.

4 In 2024 we have introduced Individual Operational Objectives to ensure that, in addition to the Company's objectives that they share as a team, each member of the Executive Committee focuses on their respective critical areas to ensure that the Company strategy for this financial year is met.

COMPENSATION REPORT continued

E. The year ahead: compensation of the Board of Directors and Executive Committee for fiscal year 2024 continued

E.4. 2024 Long-Term Incentive/Equity Plan awards for Executives

The LTI award for 2024 was issued in February 2024. The Board of Directors has elected to grant the members of the Executive Committee 35% of 2023 LTI equity in the form of SARs, 35% in the form of PSUs and the remaining 30% in the form of RSUs. The CEO, Mr. Andreades, has once again agreed to continue in his role until a new CEO has been appointed. His LTI award consists of PSUs (72%) and RSUs (28%). Performance is ARR based and the vesting period covers his services until the earlier of a new CEO being appointed or 31 December 2024, which gives the Company the flexibility to proceed with the right appointment at the right time.

The SARs and PSUs for 2024 are subject to the same performance conditions, minimum and maximum performance thresholds, funding schedule and the three-year vesting period as for 2023 and are described below.

The KPIs for fiscal year 2024 for the Executive Committee and senior management are as below:

KPIs for LTI 2024–2026	Weighting
ARR	60%
Non-IFRS EPS	20%
Free Cash Flow	20%

Vesting curve

The vesting curve for all of the above KPI metrics will be as follows:

The vesting outcome for the number of SARs to be granted is the greater of:

i. the sum of the result of each of the individual years, where one-third of the three-year plan is based on achievement of annual results for each year of the three-year plan. There is no overachievement element on the awards linked to annual targets and achievement is binary, either 0 or 100%.

ii. the cumulative target achievement being greater than 85% of the sum of the annual targets. On the cumulative target the over or underachievement vests as per the chart below.

Achievement as % of cumulative target	85%	92.5%	100%	110%	120%	137.5%
Proportion vesting	50%	75%	100%	120%	140%	175%

For the 2024 LTI plan, the target CAGR growth for ARR is set at 12%, for non-IFRS EPS is set at 11% and for Free Cash Flow is set at 20%.

F. Other information – audited

This section (section F), has been audited by Temenos' auditors, PricewaterhouseCoopers SA

F.1. Shareholdings and equity incentives

Non-Executive Directors

Name	Position	**Number of shares 31 December 2023**	Number of shares 31 December 2022
T. de Tersant	Chairman	**9,000**	9,000
I. Cookson	Vice-Chairman	**17,400**	17,400
P. Spenser[1]	Member	**1,800**	1,800
M. Carli	Member	**1,000**	1,000
D. Forster	Member	**60**	–
C. Hultén	Member	**1,200**	–
X. Cauchois	Member from 3 May 2023	**600**	n/a
D. Deuring	Member from 3 May 2023	**–**	n/a
H. Akbari[1]	Member until 3 May 2023	**n/a**	1,460
E. Hansen	Member until 3 May 2023	**n/a**	2,500
J. Benson[1]	Member until 3 May 2023	**n/a**	360

1 Peter Spenser, Homaira Akbari and James Benson held shares in the form of American depositary receipts (ADRs).

Executive Committee members

Name	Position as at 31 December 2023	**Number of shares 31 December 2023**	**Number of vested PSUs 31 December 2023**	**Number of unvested RSUs/PSUs 31 December 2023**	Number of shares 31 December 2022	Number of unvested RSUs/PSUs 31 December 2022
A. Andreades	CEO	**846,752**	**87,498**[1]	**–**	846,752	–
M. Chuard	CEO, until 12 January 2023	**n/a**	**–**	**–**	75,000	8,284
P. Spiliopoulos	CFO	**–**	**–**	**–**	–	–
P. Varadhan	President Product and COO	**–**	**–**	**38,470**	1,448	5,319
J. Tipper	CPO	**–**	**–**	**9,101**	–	3,082
C. Jarrett	CSRO	**2,138**	**–**	**14,365**	2,138	4,650

1 Andreas Andreades' PSUs granted on 16 January 2023 vested on 31 December 2023 and resulting shares were transferred on the first working day thereafter.

Name	Position as at 31 December 2023	Grant year[1]	Plan	Exercise price USD	**Number of vested SARs 31 December 2023**	**Number of unvested SARs 31 December 2023**	Number of vested SARs 31 December 2022	Number of unvested SARs 31 December 2022
A. Andreades	CEO	2018	2018 scheme	127.00	**135,203**	**–**	135,203	–
		2019	2019 scheme	136.94	**83,160**	**–**	83,160	–
		2020	2020 scheme[2]	168.81	**61,507**	**–**	–	131,800
		2021	2021 scheme[3]	143.54	**–**	**144,700**	–	144,700
		2022	2022 scheme	107.65	**–**	**186,700**	–	186,700
M. Chuard[4]	CEO, until 12 January 2023	2018	2018 scheme	127.00	**–**	**–**	117,793	–
		2019	2019 scheme	136.94	**–**	**–**	100,851	–
		2020	2020 scheme[2]	168.81	**–**	**–**	–	159,850
		2021	2021 scheme[3]	143.54	**–**	**–**	–	175,500
		2022	2022 scheme	107.65	**–**	**–**	–	226,400
P. Spiliopoulos	CFO	2019	2019 scheme	147.43	**42,000**	**–**	42,000	–
		2020	2020 scheme[2]	168.81	**33,600**	**–**	–	72,000
		2021	2021 scheme[3]	143.54	**–**	**79,000**	–	79,000
		2022	2022 scheme	107.65	**–**	**107,100**	–	107,100
		2023	2023 scheme	66.91	**–**	**171,951**	–	–
C. Jarrett	CSRO	2020	2020 scheme[2]	168.81	**11,667**	**–**	–	25,000
		2021	2021 scheme[3]	143.54	**–**	**15,000**	–	15,000
		2022	2022 scheme	107.65	**–**	**18,150**	–	18,150
		2023	2023 scheme	66.91	**–**	**18,807**	–	–
P. Varadhan	President Product and COO	2022	2022 scheme	107.65	**–**	**15,400**	–	15,400
		2023	2023 scheme	66.91	**–**	**60,183**	–	–
J. Tipper	CPO	2022	2022 scheme	107.65	**–**	**9,050**	–	9,050
		2023	2023 scheme	66.91	**–**	**13,165**	–	–

1 The SARs shown above only include SARs granted during membership of the Executive Committee.

2 The SARs granted under the 2020 scheme vested on 20 February 2023. The final vesting was at 46.67%. The 2022 numbers were reduced by 53.33% in 2023.

3 The SARs granted under the 2021 scheme vested on 19 February 2024. The final vesting was at 76.7%. The numbers above will be reduced by 23.3% in 2024.

4 Max Chuard is not a member of the Executive Committee on 31 December 2023, he was on garden leave. The SARs that were vested on his termination were paid at fair value and hence all outstanding SARs canceled.

No options and/or shares were held on 31 December 2023 and 2022 by persons related to the members of the Board of Directors or the Executive Committee.

COMPENSATION REPORT continued

F. Other information – audited continued

F.2. Equity instruments outstanding

The following table lists all employee equity instruments outstanding as at 31 December 2023. This includes the instruments outstanding for Executive Committee members shown in the tables in section F.1 and all other staff eligible.

Grant year	Plan	Exercise price USD[1]	Total number of outstanding LTI instruments	Number of unvested SARs[2]	Number of vested SARs	Number of unvested PSUs	Number of unvested RSUs
2014	2015	35.15	22,908	–	22,908	–	–
2014	2015	35.45	38,126	–	38,126	–	–
2016	2016	43.69	52,598	–	52,598	–	–
2016	2016	57.07	40,427	–	40,427	–	–
2016	2016	65.92	3,634	–	3,634	–	–
2017	2017	70.87	111,781	–	111,781	–	–
2017	2017	80.86	2,394	–	2,394	–	–
2018	2018	127.00	335	–	335	–	–
2018	2018	127.00	261,020	–	261,020	–	–
2018	2018	127.68	1,305	–	1,305	–	–
2018	2018	138.63	868	–	868	–	–
2018	2018	164.00	4,349	–	4,349	–	–
2018	2019	113.64	4,000	–	4,000	–	–
2019	2019	136.94	8,000	–	8,000	–	–
2019	2019	136.94	239,740	–	239,740	–	–
2019	2019	146.46	600	–	600	–	–
2019	2019	147.43	42,000	–	42,000	–	–
2019	2019	149.37	2,400	–	2,400	–	–
2019	2019	151.75	1,200	–	1,200	–	–
2019	2019	160.90	4,500	–	4,500	–	–
2019	2019	164.57	1,200	–	1,200	–	–
2019	2019	144.09	6,200	–	6,200	–	–
2019	2020	144.77	784	–	784	–	–
2019[3]	2019	136.94	40,000	40,000	–	–	–
2020[2]	2020	115.91	41,867	–	41,867	–	–
2020[2]	2020	142.68	453	–	453	–	–
2020[2]	2020	143.97	934	–	934	–	–
2020[2]	2020	160.35	234	–	234	–	–
2020[2]	2020	168.81	210,353	–	210,353	–	–
2020[2]	2020	135.00	944	–	944	–	–
2020[2]	2020	153.57	32	–	32	–	–
2020[3]	2020	168.81	22,000	22,000	–	–	–
2020	2020	124.50	19,162	–	19,162	–	–
2021	2021	136.61	2,000	2,000	–	–	–
2021	2021	143.54	7,716	–	7,716	–	–
2021	2021	143.54	601,600	601,600	–	–	–
2021	2021	144.36	3,500	3,500	–	–	–

Grant year	Plan	Exercise price USD[1]	Total number of outstanding LTI instruments	Number of unvested SARs[2]	Number of vested SARs	Number of unvested PSUs	Number of unvested RSUs
2021	2021	156.81	10,000	10,000	–	–	–
2021	2021	157.66	1,000	1,000	–	–	–
2021	2021	157.69	1,600	1,600	–	–	–
2021	2021	158.87	4,000	4,000	–	–	–
2021	2021	163.70	1,000	1,000	–	–	–
2021[3]	2021	143.54	22,000	22,000	–	–	–
2021	2021	156.81	22,000	22,000	–	–	–
2021	2021	156.81	22,000	22,000	–	–	–
2021	2021	n/a	83,231	–	–	–	83,231
2022	2022	94.72	5,750	5,750	–	–	–
2022	2022	96.00	8,650	8,650	–	–	–
2022	2022	96.40	30,378	30,378	–	–	–
2022	2022	107.65	589,850	589,850	–	–	–
2022	2022	54.90	91,002	–	91,002	–	–
2022	2022	54.9	309,998	309,998	–	–	–
2022	2022	n/a	46,031	–	–	–	46,031
2022	2022	n/a	205,300	–	–	205,300	–
2023	2023	66.91	264,106	264,106	–	–	–
2023	2023	n/a	487,585	–	–	–	487,585
2023	2023	n/a	177,464	–	–	177,464	–
			4,184,109	**1,961,432**	**1,223,066**	**382,764**	**616,847**

1 The weighted average exercise price considering all instruments is USD 84.44, and taking only SARs is USD 110.95.

2 The SARs from the 2021 plan vested on 19 February 2023 at 76.7% achievement, the numbers will be reduced by 23.3% in 2024.

3 SARs with specific targets which were not achieved and will be forfeited in 2024.

Report of the statutory auditor

to the General Meeting of Temenos AG

Geneva

Report on the audit of the compensation report

Opinion

We have audited the compensation report of Temenos AG (the Company) for the year ended 31 December 2023. The audit was limited to the information pursuant to article 734a-734f CO in the tables marked 'audited' on section A.3 on page 176, section D on page 187 to 190 and section F on page 192 to 195 of the compensation report.

In our opinion, the information pursuant to article 734a-734f CO in the accompanying compensation report complies with Swiss law and the Company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the compensation report' section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the tables marked 'audited' in the compensation report, the consolidated financial statements, the financial statements and our auditor's reports thereon.

Our opinion on the compensation report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the compensation report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the compensation report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the compensation report

The Board of Directors is responsible for the preparation of a compensation report in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a compensation report that is free from material misstatement, whether due to fraud or error. It is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibilities for the audit of the compensation report

Our objectives are to obtain reasonable assurance about whether the information pursuant to article 734a-734f CO is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or

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error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this compensation report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the compensation report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

PricewaterhouseCoopers SA

Yazen Jamjum	Hamza Benhlal
Licensed audit expert Auditor in charge	

Geneva, 15 April 2024

Enclosure:

- Compensation report

Report of the statutory auditor

to the General Meeting of Temenos AG

Geneva

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Temenos AG and its subsidiaries (the Group), which comprise the consolidated statement of profit or loss and the consolidated statement of other comprehensive income for the year ended 31 December 2023, and the consolidated statement of financial position as at 31 December 2023, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and comply with Swiss law.

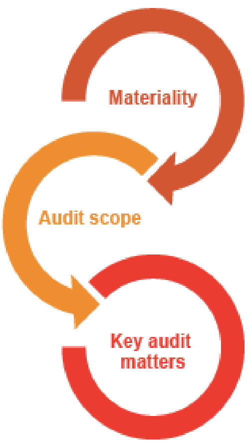
Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the consolidated financial statements' section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview



Overall Group materiality: USD 8'900'000

The group audit team performed the audit over selected financial statement line items such as revenue, trade receivables, contract assets and contract liabilities, cash balances, capitalized development costs and property, plant and equipment in addition to auditing the consolidation which includes pension and share based compensation. We performed audit of selected financial statement line items on thirteen entities located in eight different countries.

Our audit scope addressed all of the Group's revenue, approximately 99% of the Group's total assets and approximately 84% of the Group's total expenses.

As key audit matters the following areas of focus have been identified:

- Subscription and Term license revenue recognition
- Recoverability of trade receivables and contract assets
- Investigation of public allegations

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Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	USD 8'900'000
Benchmark applied	Three-year average profit before tax
Rationale for the materiality benchmark applied	We chose profit before tax as the relevant benchmark because, in our view, it is the measure against which the performance of the Group is the most commonly assessed and is a generally accepted benchmark. We used a three-year average to address the impact of the volatility in the benchmark applied.

We agreed with the Audit Committee that we would report to them misstatements above USD 500'000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The group audit team performed the audit over selected financial statement line items such as revenue, trade receivables, contract assets and contract liabilities, cash balances, capitalized development costs and property, plant and equipment, in addition to auditing the consolidation, which includes pension and share based compensation. We also considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Furthermore, we performed audit of selected financial statement line items on thirteen entities located in eight different countries.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Subscription and Term license revenue recognition

Key audit matter	How our audit addressed the key audit matter
For the year ended 31 December 2023, revenue from Subscription was USD 160.4 million and revenue from Term license was USD 78.1 million (together referred to thereafter as "license revenue"). We focused on license revenue because of its significance and the risks related to the numerous inherent complexities and critical judgements involved in the measurement, timing and presentation of revenues from multi-element contracts found in the software industry. Transactions with customers often are multiple element arrangements that typically include license, implementation and/or development services and maintenance elements. The identification and the allocation of the transaction price to the different performance obligations require management to use significant estimates in relation to the determination of the standalone selling price of each component. In addition, there are critical judgements in determining whether existing uncertainties and contingencies preclude license revenue from being recognised. In addition, reseller and partner deals may add further complexities with respect to the nature of the licensing right, ability and intent to pay, and measurement of the transaction price. There is a risk that license revenue is overstated or recognised prematurely due to either the inappropriate assessment of the risks and uncertainties involved and/or inappropriate allocation between the various components. There is also a risk that judgements or estimates in relation to license revenue are not free from bias or that license revenue booked is manipulated to achieve financial targets. Refer to note 2.17 (accounting policies) and note 4 (critical accounting estimates and judgements) of the consolidated financial statements.	Firstly, we evaluated the compliance of Temenos's accounting policies with IFRS 15 key considerations. For all license deals that we considered to be individually significant and for a sample of the remaining licensing arrangements, we performed the following: • Inspected the existence of a signed version of the customer contract together with evidence of software delivery. • Assessed whether the license deal meets the definition of subscription or term license according to the definition in note 2.17. • Reviewed the contracts and assessed potential impact of any unusual clause on revenue recognition. When necessary, we also discussed with internal legal counsel their interpretation of certain contractual terms to assess their impact on revenue recognition. • Reviewed and evaluated the fair value allocations between the various performance obligations identified in accordance with Temenos's revenue recognition policy and IFRS 15. • With respect to reseller and partner deals, we also reviewed the commercial nature of the licensing right and agreed it to the contract terms, assessed the customers intent and ability to pay and verified that the transaction price reflects the requirement of IFRS 15. We also performed cut-off testing procedures to ensure that revenue is recognised in the correct reporting period by reference to the contract and evidence of delivery. In addition, we looked for evidence to validate the authenticity of a sample of customer contracts. We presented the results of our testing to the Audit Committee and highlighted deals involving significant judgements and estimates together with our view on those judgements and estimates made. Based on the work performed, we concluded that the critical judgements and estimates made by management were reasonable and the accounting for license revenue appropriate.

Recoverability of trade receivables and contract assets

Key audit matter	How our audit addressed the key audit matter
As at 31 December 2023, trade receivables and contract assets amounted to USD 335.6 million and USD 56.6 million, respectively. We focused on this risk as the balances are material and there are many significant judgements involved in assessing recoverability of trade receivables and contract assets in the software industry. This is especially the case as some of these balances could be significant or overdue. There are many factors that need to be considered when concluding that a balance needs to be impaired including default or delinquency in payments, length of the outstanding balances and implementation difficulties that could result in future concessions. In addition, some of the customers might also be undergoing restructuring, a change in strategy or management, or facing liquidity issues that undermine their intent or ability to pay the amounts due. Given the complexity, the size and the length of certain implementation projects, there is a risk that an impairment charge or a revenue reversal is not recognised timely and/or accurately. Refer to note 2.5 (accounting policies) and note 14 (trade and other receivables) of the consolidated financial statements.	We reviewed management's analysis for all projects with potential exposure at risk. This analysis includes background information of the customer, existing contractual relationships, balance outstanding, delays in collection, and operational issues together with a detailed legal analysis, where required. In addition, we challenged management's assessment of the recoverability of selected trade receivables and contract assets balances (significant and randomly selected). When deemed necessary, we also discussed certain potential exposures with the internal legal counsel and agreed it to available confirmations from external lawyers. We evaluated management's assessment of whether the resulting impact of the recoverability of the receivable is a result of a credit default and therefore bad debt expense or alternatively a concession, in the form of variable consideration, that reduces revenue under IFRS 15. We confirmed selected material customer balances to verify their intention to settle the outstanding balances in the future. We also reviewed the ageing of trade receivables and obtained external market evidence confirming the lack of significant doubt about the financial stability for selected customers. We presented the results of our procedures to the Audit Committee. The level of the provision made against trade receivables and contract assets was deemed appropriate and corresponds to the risks identified.

Investigation of public allegations

Key audit matter	How our audit addressed the key audit matter
As described in Note 31 "Events after the reporting period" of the consolidated financial statements, Temenos launched an investigation conducted by independent third parties to address the allegations published on 15 February 2024. Temenos provided the independent third parties access to documents and dedicated personnel in relation to this matter. These allegations could have had an impact on the consolidated financial statements of Temenos if substantiated. Whilst the investigation concluded that there was no impact on the consolidated financial statements, we consider the evaluation of the work of Temenos's experts to be a key audit matter since significant audit effort was necessary to	We assessed the competence, capability and objectivity of the external advisors used by Temenos. We obtained relevant information to understand the scope, work performed, and outcome of the various investigations performed by the independent third parties. We involved our own forensic specialists and assessed the work of Temenos's experts with the objective of being able to rely on their work with respect to assessing the validity of the allegations raised. We considered whether management's conclusions were supportable.

evaluate the procedures performed and confirm the conclusions reached.	Based on the work performed, we concluded that reliance can be placed on the work performed by Temenos's external advisors and satisfied ourselves on the positions taken by the management. We presented the results of our procedures and our conclusions to the Audit Committee.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements, the consolidated financial statements, the remuneration report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the consolidated financial statements

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Swiss law, ISAs and SA-CH, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them regarding all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm the existence of an internal control system that has been designed, pursuant to the instructions of the Board of Directors, for the preparation of the consolidated financial statements.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers SA

Yazen Jamjum | Hamza Benhlal

Licensed audit expert
Auditor in charge

Geneva, 15 April 2024

Enclosure:

- Consolidated financial statements (consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and notes)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December

	2023 USD 000	2022 USD 000
Revenues		
Subscription	**160,378**	105,703
Term license	**78,145**	135,372
SaaS	**205,108**	163,745
Total software licensing	**443,631**	404,820
Maintenance	**423,697**	401,946
Services	**132,896**	142,862
Total revenues (note 7)	**1,000,224**	949,628
Operating expenses		
Cost of sales	**(291,135)**	(318,425)
Sales and marketing	**(222,104)**	(202,765)
General and administrative	**(94,347)**	(86,814)
Other operating expenses	**(193,261)**	(178,239)
Total operating expenses (note 9)	**(800,847)**	(786,243)
Operating profit	**199,377**	163,385
Finance income	**10,500**	17,790
Finance costs	**(36,994)**	(35,212)
Finance costs – net (note 11)	**(26,494)**	(17,422)
Profit before taxation	**172,883**	145,963
Taxation (note 21)	**(38,206)**	(31,543)
Profit for the year	**134,677**	114,420
Attributable to:		
Equity holders of the Company	**134,677**	114,420
Earnings per share (in USD) (note 12):		
Basic	**1.87**	1.60
Diluted	**1.85**	1.59

Notes on pages 209 to 259 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 December

	2023 USD 000	2022 USD 000
Profit for the year	**134,677**	114,420
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Remeasurements of post-employment defined benefit plans (note 23)	**(5,063)**	1,941
	(5,063)	1,941
Items that may be subsequently reclassified to profit or loss		
Cash flow hedge reserve (note 26)	**(3,037)**	10,308
Cost of hedging reserve (note 26)	**(800)**	(460)
Net investment hedge reserve (note 26)	**17,783**	10,013
Currency translation differences (note 26)	**(39,929)**	(29,120)
	(25,983)	(9,259)
Other comprehensive loss for the year, net of tax	**(31,046)**	(7,318)
Total comprehensive income for the year	**103,631**	107,102
Attributable to:		
Equity holders of the Company	**103,631**	107,102

Notes on pages 209 to 259 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December

	2023 USD 000	2022* USD 000
Assets		
Current assets		
Cash and cash equivalents (note 13)	**106,885**	89,923
Trade and other receivables (note 14)	**286,249**	313,473
Other financial assets (note 15)	**69,786**	35,112
Total current assets	**462,920**	438,508
Non–current assets		
Property, plant and equipment (note 16)	**58,017**	63,102
Intangible assets (note 17)	**1,523,602**	1,538,750
Trade and other receivables (note 14)	**188,604**	104,410
Other financial assets (note 15)	**21,752**	42,850
Deferred tax assets (note 21)	**71,946**	44,195
Total non-current assets	**1,863,921**	1,793,307
Total assets	**2,326,841**	2,231,815
Liabilities and equity		
Current liabilities		
Trade and other payables (note 18)	**188,993**	171,886
Other financial liabilities (note 15)	**11,339**	8,293
Deferred revenue (note 8)	**460,829**	411,060
Income tax liabilities	**83,533**	121,031
Borrowings (note 19)	**194,990**	204,137
Provisions for other liabilities and charges (note 22)	**3,695**	3,085
Total current liabilities	**943,379**	919,492
Non–current liabilities		
Other financial liabilities (note 15)	**679**	1,578
Deferred revenue (note 8)	**21,003**	12,657
Borrowings (note 19)	**569,686**	636,666
Provisions for other liabilities and charges (note 22)	**1,504**	1,168
Deferred tax liabilities (note 21)	**90,685**	69,654
Employee defined benefit obligations (note 23)	**17,925**	12,217
Total non-current liabilities	**701,482**	733,940
Total liabilities	**1,644,861**	1,653,432
Shareholders' equity		
Share capital	**254,764**	253,466
Treasury shares	**(402,006)**	(464,778)
Share premium and other reserves (note 25)	**(144,560)**	(166,637)
Other equity (note 26)	**(206,023)**	(181,160)
Retained earnings	**1,179,805**	1,137,492
Total equity	**681,980**	578,383
Total liabilities and equity	**2,326,841**	2,231,815

* Refer to note 2.26.

Notes on pages 209 to 259 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December

	2023 USD 000	2022 USD 000
Cash flows from operating activities		
Profit before taxation	**172,883**	145,963
Adjustments:		
Property, plant and equipment depreciation, intangible asset amortization and impairment of intangible and financial assets	**132,172**	141,790
Loss on retirement/disposal of property, plant and equipment	**130**	160
Cost of share options (note 27)	**52,914**	52,701
Foreign exchange gain on non-operating activities	**(1,136)**	(8,877)
Interest expenses, net (note 11)	**18,879**	18,931
Net loss on derivatives not designated as hedging instruments and movement in fair value from financial instruments (note 11)	**8,155**	36
Other finance costs	**3,511**	4,185
Other non-cash items	**4,261**	2,722
Changes in:		
Trade and other receivables	**(61,182)**	(58,753)
Trade and other payables, provisions and retirement benefit obligations	**7,068**	(16,062)
Deferred revenues	**53,879**	33,829
Cash generated from operations	**391,534**	316,625
Income taxes paid	**(60,503)**	(18,718)
Net cash generated from operating activities	**331,031**	297,907
Cash flows from investing activities		
Purchase of property, plant and equipment	**(9,739)**	(16,360)
Disposal of property, plant and equipment	**165**	77
Purchase of intangible assets	**(2,227)**	(2,331)
Capitalized development costs (note 17)	**(76,617)**	(86,341)
Earn out settlement related to acquisitions	**–**	(1,000)
Repayments/(investments) for long-term loans/debt instruments	**3,000**	(25,778)
Settlement of financial instruments	**(674)**	(5,775)
Interest received	**1,900**	384
Net cash used in investing activities	**(84,192)**	(137,124)
Cash flows from financing activities		
Dividend paid (note 28)	**(88,273)**	(74,405)
Disposal of treasury shares	**34,713**	–
Proceeds from borrowings	**147,087**	405,294
Repayments of borrowings	**(311,893)**	(321,902)
Proceeds from issuance of bond	**220,840**	–
Repayment of bond	**(200,192)**	(180,723)
Payment of lease liabilities (note 13)	**(15,372)**	(15,992)
Interest payments	**(22,626)**	(22,581)
Settlement of financial instruments	**3,318**	6,104
Payment of other financing costs	**(3,226)**	(3,767)
Net cash used in financing activities	**(235,624)**	(207,972)
Effect of exchange rate changes	**5,747**	(2,210)
Net increase/(decrease) in cash and cash equivalents in the year	**16,962**	(49,399)
Cash and cash equivalents at the beginning of the year	**89,923**	139,322
Cash and cash equivalents at the end of the year	**106,885**	89,923

Notes on pages 209 to 259 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital USD 000	Treasury shares USD 000	Share premium and other reserves (note 25) USD 000	Other equity (note 26) USD 000	Retained earnings USD 000	Total USD 000
Balance at 1 January 2022, as reported	252,467	(464,778)	(218,330)	(175,387)	1,080,816	474,788
Impact of deferred tax liability adjustment*	–	–	–	11,105	14,234	25,339
Balance at 1 January 2022	252,467	(464,778)	(218,330)	(164,282)	1,095,050	500,127
Profit for the year	–	–	–	–	114,420	114,420
Other comprehensive income for the year, net of tax	–	–	–	(9,259)	1,941	(7,318)
Total comprehensive income	–	–	–	(9,259)	116,361	107,102
Dividend paid (note 28)	–	–	–	–	(74,405)	(74,405)
Hedging gain transferred to deferred revenues (note 26)	–	–	–	(7,619)	–	(7,619)
Cost of share options (note 27)	–	–	52,701	–	–	52,701
Exercise of share-based payment transactions (note 25)	999	–	(999)	–	–	–
Tax impact on share-based payments (note 21)	–	–	–	–	486	486
Costs associated with equity transactions	–	–	(9)	–	–	(9)
	999	–	51,693	(16,878)	42,442	78,256
Balance at 31 December 2022	253,466	(464,778)	(166,637)	(181,160)	1,137,492	578,383
Profit for the year	–	–	–	–	134,677	134,677
Other comprehensive income for the year, net of tax	–	–	–	(25,983)	(5,063)	(31,046)
Total comprehensive income	–	–	–	(25,983)	129,614	103,631
Dividend paid (note 28)	–	–	–	–	(88,273)	(88,273)
Hedging loss transferred to deferred revenues (note 26)	–	–	–	1,120	–	1,120
Cost of share options (note 27)	–	–	52,914	–	–	52,914
Exercise/cash settlement of share-based payments (note 25)	1,298	3,742	(6,505)	–	–	(1,465)
Tax impact on items taken to equity (note 21)	–	–	–	–	972	972
Disposal of treasury shares	–	59,030	(24,317)	–	–	34,713
Costs associated with equity transactions	–	–	(15)	–	–	(15)
	1,298	62,772	22,077	(24,863)	42,313	103,597
Balance at 31 December 2023	**254,764**	**(402,006)**	**(144,560)**	**(206,023)**	**1,179,805**	**681,980**

* Refer to note 2.26.

Notes on pages 209 to 259 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

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 2 Rue de l'Ecole-de-Chimie, 1205 Geneva, 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.

These consolidated financial statements have been approved for issue by the Board of Directors on 14 April 2024.

2. Accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) Accounting Standards. The consolidated financial statements have been prepared under the historical cost convention, except where IFRS explicitly requires use of other measurement principles.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are material to the consolidated financial statements, are disclosed in note 4.

Standards, amendments and interpretations relevant to the Group's operation and adopted by the Group as at 1 January 2023

Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 'Making Materiality Judgements', effective for accounting periods beginning on or after 1 January 2023. The amendments replace the requirement for entities to disclose their "significant" accounting policies with a requirement to disclose their "material" accounting policies and provide guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The Group has reviewed its accounting policies to ensure they are in line with the amendments with no impact on recognition, measurement and presentation of any items on the Group's financial statements.

Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', effective for accounting periods beginning on or after 1 January 2023. The amendments clarify how to distinguish between changes in accounting policies and accounting estimates. These amendments have not had any impact on the Group's financial statements.

Amendments to IAS 12 'Income Taxes', effective for accounting periods beginning on or after 1 January 2023. The amendments require the recognition of deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. These amendments have not had any impact on the Group's financial statements.

International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12), effective immediately from issue in May 2023. Under the amendments, an entity shall disclose information about its exposure to Pillar Two income taxes at the end of the reporting period. The amendments provide a temporary mandatory exemption from deferred tax accounting for the top-up tax, which is effective immediately. The expected impact of these amendments are disclosed in note 21.

Standards, amendments and interpretations relevant to the Group's operation that are not yet effective

The following amendments have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2024. Unless otherwise indicated, these publications are not expected to have any material impact on the Group's financial statements:

- Amendments to IAS 1 'Presentation of Financial Statements', effective for accounting periods beginning on or after 1 January 2024. The amendments clarify that liabilities are classified as either current or non-current depending on the rights that exist at the end of the reporting period. In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within 12 months.
- Amendments to IFRS 16 'Leases', effective for accounting periods beginning on or after 1 January 2024. The amendments specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains.
- Amendments to IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments: Disclosures', effective for accounting periods beginning on or after 1 January 2024. The amendments clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The Group does not have any such arrangements in place.
- Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates', effective for accounting periods beginning on or after 1 January 2025. The amendments add requirements to help entities to determine whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued
31 December 2023

2. Accounting policies continued
2.2 Basis of consolidation
The consolidated financial statements include the financial statements of the Company as well as its subsidiaries.

Subsidiaries
Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date when control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interest issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Goodwill is measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the fair value of the identifiable assets acquired and liabilities and contingent liabilities assumed. If the consideration is lower than the fair value of the net assets acquired, the difference is recognized in profit or loss.

Any contingent consideration is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration is recognized in profit or loss in accordance with IFRS 9 'Financial Instruments'. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Changes in ownership interests in subsidiaries without loss of control
Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Disposal of subsidiaries
When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income are reclassified to profit or loss.

2.3 Foreign currency
Items included in the financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in US dollars, which is the currency in which the majority of the Group's transactions are denominated. The Company's functional currency is Swiss francs.

Transactions in foreign currencies are translated into the respective functional currencies using the exchange rates prevailing at the dates of the transactions. When the Group pays or receives consideration in advance, the date of the transaction is the date when the consideration is realized. Monetary assets and liabilities denominated in foreign currencies are translated into the respective entity's currency at the exchange rate at the reporting date.

Foreign exchange differences are recognized in the profit or loss within net finance costs, except when deferred in other comprehensive income as qualifying cash flow hedges or qualifying net investment hedges.

The financial statements of the Group's subsidiaries (none of which has the currency of a hyperinflationary economy) are translated into the Group's presentation currency as follows:

- assets and liabilities, including goodwill and fair value adjustment on acquisition, are translated using the closing rate at the date of the reporting date;
- income and expenses for each statement presenting profit or loss and other comprehensive income are translated on a monthly basis at the average exchange rates of the month (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognized in other comprehensive income.

When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognized in profit or loss as part of the gain or loss on sale.

2. Accounting policies continued

2.3 Foreign currency continued

Gains or losses resulting from long-term intragroup balances for which settlement is neither planned nor likely to occur in the foreseeable future are treated as a net investment in foreign operations (i.e. quasi-equity loans). The gains or losses recognized in the separate financial statements of the subsidiary are reclassified as cumulative translation adjustment to other comprehensive income in the Group's consolidated financial statements.

Goodwill and fair value adjustments arising on acquisition are considered as assets and liabilities of the acquired entity. They are recognized in the functional currency of the acquired entity.

2.4 Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank current accounts, time deposits and short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to negligible risks of change in value.

As the Group's objective and business model are to hold this asset to collect the contractual cash flows, cash and cash equivalents are carried at amortized cost.

Cash that does not meet the definition of "cash and cash equivalents" as per IAS 7 'Statement of Cash Flows' is reclassified to other receivables and subject to impairment review in accordance with IFRS 9.

2.5 Trade and other receivables

Trade receivables and contract assets

Trade receivables are recognized initially at the transaction price or at fair value if they contain significant financing components. They are subsequently measured at amortized cost using the effective interest method as the Group's objective and business model are to hold this asset to collect the contractual cash flows.

Contract assets represent consideration which is conditional upon factors other than passage of time.

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses the lifetime expected credit loss allowance for all trade receivables including trade receivables with significant financing components and contract assets. The Group exercises judgment in determining the expected credit loss allowance. In this judgment, the Group identifies the default rate by analyzing historical experience with credit losses, considering it to represent a reasonable approximation for future expected defaults, and applies to current receivables. The Group also takes into consideration forward-looking factors, including changes in the overall economic environment, changes in regulation and customer country credit risk, and if material, reflects these in the expected credit loss allowance.

A credit impairment is recognized when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivable. Evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization.

The carrying amount of the asset is either reduced through the use of an allowance account or directly written off when there is no expectation of future recovery. The expense from the expected credit loss allowance as well as from credit impaired debtors is recognized in the profit or loss within "Sales and marketing". Subsequent recoveries are credited in the same account previously used to recognize the impairment charge.

Non-current trade receivables represent balances to be recovered after 12 months.

Other receivables

Other receivables include other receivables (financial assets) and other assets (non-financial assets).

Other receivables (financial assets) represent receivables raised from transactions outside the ordinary activities of the Group.

As the Group's objective and business model are to hold this type of asset to collect the contractual cash flows, they are initially measured at fair value and subsequently measured at amortized cost. Interest income, foreign exchange gain or loss, and impairment are recognized in the profit or loss within "Finance costs – net".

When the impact of applying the effective interest method is not significant, the gross carrying amount equals the contractual amount or the fair value at initial recognition.

Balances to be collected after 12 months after the reporting period are presented as non-current.

The Group applies the same impairment policy that is used to measure the expected credit loss for its trade receivables.

Other assets (non-financial assets) primarily represent prepayments and contract costs according to IFRS 15. Contract costs expected to be recognized in profit or loss after more than 12 months are reported as non-current assets. All other amounts are reported as current assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued
31 December 2023

2. Accounting policies continued
2.6 Property, plant and equipment
Property, plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the item. Depreciation on assets is calculated using the straight-line method to allocate their cost over their estimated useful lives, as follows (in years):

Buildings	50
Furniture and fixtures	10
Office equipment	5
IT equipment	4
Vehicles	4

Leasehold improvements are depreciated over the shorter of the remaining lease term and useful life (ten years).

Asset residual values and useful lives are reviewed and adjusted if necessary at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Repairs and maintenance costs are charged to profit or loss as incurred.

Gains or losses on disposals are determined by comparing the consideration received or receivable with the carrying amount and are recognized within "General and administrative" in the profit or loss unless otherwise specified.

2.7 Intangible assets
Goodwill
Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the identifiable assets acquired and liabilities and contingent liabilities assumed. Goodwill on acquisitions of subsidiaries is included in intangible assets.

Goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate a potential impairment. The carrying amount is allocated to the cash-generating unit (CGU) that is expected to benefit from the synergies of the business combination. The CGU to which the goodwill is allocated represents the lowest level at which the goodwill is monitored for internal management purposes. The carrying value of the CGU is then compared to the higher of its fair value less costs of disposal and its value in use. Any impairment attributed to goodwill is recognized immediately as an expense and is not subsequently reversed.

Computer software
Software licenses separately acquired are capitalized when the Group can demonstrate that:

- it controls the asset;
- it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group; and
- the cost of the asset can be reliably measured.

The cost of the asset comprises its purchase price (including non-refundable purchase taxes) and any directly attributable costs of preparing the asset for its intended use. The cost of the asset is amortized using the straight-line method over its estimated useful life.

Computer software separately acquired is amortized over the shorter of the license term and four years, except for software considered to be a significant technology which is amortized over seven years.

Software technologies acquired through business combinations are initially measured at fair value and then amortized using the straight-line method over their estimated useful lives. Currently reported technologies acquired through business combination have useful lives between five and eight years.

Customer-related intangible asset
Customer-related intangible assets are assets acquired through business combinations. They are initially measured at fair value and then amortized using the straight-line method over their estimated useful lives. The assessment of useful life is set out at the time of acquisition, specific for each acquisition. Currently reported customer related intangible assets are amortized over a period between five and sixteen years.

2. Accounting policies continued

2.7 Intangible assets continued

Internally-generated software development

The Group follows a strategy of investing a substantial part of its revenue in research and development which is directed towards the enhancement of its product platforms.

The costs associated with the development of new or substantially improved products or modules are capitalized when the following criteria are met:

- technical feasibility to complete the development;
- management intent and ability to complete the product and use or sell it;
- the likelihood of success is probable;
- availability of technical and financial resources to complete the development phase;
- costs can be reliably measured; and
- probable future economic benefits can be demonstrated.

Directly attributable development costs that are capitalized include employee costs and an appropriate portion of relevant overheads.

Directly attributable development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Development expenditures that are not directly attributable are recognized as an expense when incurred.

Internally generated software development costs are amortized using the straight-line method after the product is available for distribution. In previous years, development costs related to architecture developments were amortized over a five-year period and development costs related to functional developments were amortized over a three-year period.

The Group assesses the need to revisit its estimated useful lives annually in line with IFRS and would adjust the estimated useful lives in case it identifies shifts in its business model or other internal or external factors impacting this estimate. Given the stability of the Group's business model in the past, being predominantly focused on term licenses, the distinction between functional vs architectural was deemed to be the appropriate driving factor in determining useful lives for its capitalized development costs. However, in recent years, the Group's business model has been shifting towards SaaS and Cloud which impacts the way software products are developed, deployed and maintained. As a result, the Group has undertaken a review of the useful economic lives of its internally generated software development assets and concluded that Product business segment would better reflect the Group's expected usage of the related development assets.

Following this review, the Group has amended its estimate of useful economic lives for certain of its capitalized development assets effective from 1 January 2023. Internally generated software development costs are now amortized on a straight-line basis over three to seven years (previously three to five years) depending on Product business segment. The impact of this amendment on assets capitalized as at 31 December 2022 was USD 19.2 million in the year ended 31 December 2023.

2.8 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount, which is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.9 Taxation

The tax expense for the period comprises current and deferred tax. Current income tax and deferred income tax is recognized under IAS 12 'Income Tax' and IFRIC 23 'Uncertainty over Income Tax Treatments'.

Tax is recognized in the profit or loss, except to the extent that it relates to items recognized in Other comprehensive income or directly in equity. In this case, the tax is also recognized in Other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Group's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken or expected to be taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation or uncertainty. It establishes provisions for uncertain tax positions where appropriate on the basis of amounts expected to be paid to the tax authorities, taking into account any discussions with these authorities.

Deferred tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Group's financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued
31 December 2023

2. Accounting policies continued
2.9 Taxation continued
Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The Group incurs withholding tax in various jurisdictions. An assessment is made to assess the ability to recover these withholding taxes against the normal tax liabilities occurring within the Group, and a provision is made to the extent that withholding tax is not recoverable.

2.10 Provisions
Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

When the effect of the time value is material, provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as an interest expense within "Finance costs".

A provision for restructuring is recognized when the Group has approved a detailed and formal restructuring plan and the restructuring has either commenced or has been announced to those affected by it.

2.11 Borrowings
Borrowings are initially recognized at fair value, net of transaction costs incurred, and they are subsequently measured at amortized cost. Effective interest costs are recognized within "Finance costs" in the profit or loss over the period of the relevant instrument.

Fees directly attributable to the establishment of a financing facility are recognized as a prepayment for liquidity services and they are subsequently amortized within "Finance costs" over the life of the instrument.

Accrued interest for loans under a revolving facility and accrued commitment fees for the unutilized portion of credit facility are reported as other payables within trade and other payables in the Statement of financial position and within "Finance costs" in the Statement of profit or loss.

Roll-over of a loan under the same revolving facility agreement is reported net in the statement of cash flows.

Borrowings are classified as non-current liabilities unless the Group does not have the right at the end of the period to defer the settlement for at least 12 months after the reporting period.

2.12 Leases
Identification of a lease
The Group assesses whether a contract is or contains a lease based on the definition of a lease under IFRS 16. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To apply this definition the Group assesses whether the contract meets these evaluations:

- the contract contains an identified asset that is either explicitly specified or implicitly specified at the time that the asset is made available for use by the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use; and
- the Group has the right to direct the use of the identified asset throughout the period of use or the Group has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions.

The Group has elected to separate the non-lease components and they are accounted as an expense in the profit or loss.

If the Group acts as an intermediate lessor, it classifies the sub-lease either as operating or a finance lease based on the lease term and the right-of-use-asset being sub-leased. If the sub-lease is classified as a finance lease the future discounted cash flow is recognized as a receivable with a corresponding decrease in the right-of-use asset.

Recognition and measurement of a lease
At the lease commencement date, the Group recognizes a right-of-use asset and a lease liability on the balance sheet. Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group uses the incremental borrowing rate which consists of the risk-free rate of currency of the lease plus the premium arising from the Group's credit risk. Lease payments included in the measurement comprise fixed payments, variable lease payments that depend on an index or a rate and amounts to be paid under a residual value guarantee (if any).

2. Accounting policies continued

2.12 Leases continued

Recognition and measurement of a lease continued

The right-of-use asset is initially measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to restore the asset to the condition required at the end of the lease and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis over the lease term.

The lease term determined at the commencement of lease represents the non-cancellable period of a lease and includes the period covered by an option to extend, where exercising such option is reasonably certain, and option to terminate, where not exercising such option is reasonably certain.

Leases of low-value and short-term

Short-term leases are leases with a lease term of 12 months or less. The Group defines assets with an estimated market value of USD 5 thousand when new as low-value assets. The payments in relation to these leases are recognized as an expense in profit or loss on a straight-line basis over the lease term and treated as an outflow from operating activities in the statement of cash flows.

Remeasurement of a lease

The lease liability and right-of-use assets initially recognized are remeasured on occurrence of the below events:

- change in lease term (renewal or termination options taken into consideration) – remeasured using discount rate at the time of remeasurement; and
- change in index rate affecting future lease payments – discount rate is unchanged (initial recognition).

2.13 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are reported as a reduction of the share premium (note 25).

Where any subsidiary of the Group purchases the Company's shares (treasury shares), the consideration paid (including any directly attributable incremental costs) is presented as a deduction from equity. Where such shares are subsequently sold or reissued, any consideration received (net of any directly attributable incremental transaction costs and the related income tax effects) is recognized as an increase in equity and the resulting gains or losses are presented within share premium (note 25).

2.14 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. The related interest expense is recognized in profit or loss within "Finance costs".

2.15 Employee share-based payments

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments of the Group. The instruments are in the form of restricted shares, performance shares or stock appreciation rights (SARs). The fair value of employee services received in exchange for the grant of the instruments is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the instrument granted:

- including any market performance conditions; and
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period).

Non-market vesting conditions are included in assumptions about the number of instruments that are expected to vest. The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of instruments that are expected to vest based on the non-market vesting conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

When the share instruments vest or SARs are exercised, the Group either issues new shares or may use treasury shares. The consideration received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium and capital reserves.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

31 December 2023

2. Accounting policies continued

2.16 Employee benefits

Post-employment obligations

The Group operates various pensions and post-employment benefit schemes including both defined benefit and defined contribution plans.

Defined contribution plan is a scheme under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay the benefits relating to the employee's service in the current and prior periods. The relevant contributions are recognized as personnel costs when they are due. On realization of the liability, the Group has no further payment obligations. Prepaid contributions are recognized as an asset within trade and other receivables to the extent that a cash refund or a reduction in the future payments is available. Unpaid contributions are reported within trade and other payables.

Defined benefit plan is a scheme that is not a defined contribution plan (e.g. pension plan, gratuities). It defines the benefit payable to the employee after the completion of their employment, principally dependent on age, years of service and remuneration. The liability recognized in respect of such plans is the present value of the defined benefit obligations at the end of the reporting period less the fair value of any plan assets when the plan is funded. The defined benefit obligations are calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligations is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability. For currencies where there is no deep market in such high-quality corporate bonds, the market yields on government bonds that are consistent with the currency and the estimated terms of the post-employment benefit obligations shall be used.

When a surplus in a plan exists, the Group measures the net benefit asset at the lower of the surplus and the present value of the future economic benefits available to the Group in the form of a reduction in future contributions or a cash refund.

Actuarial gains and losses arising from experience and demographic adjustments as well as changes in financial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognized immediately in profit or loss.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2.17 Revenue recognition

The Group derives revenue from the following key sources:

Software license

Software license revenue represents all fees earned from granting customers a right-to-use license of the Group's software, either through an initial license or through the purchase of additional modules or user rights. For software license arrangements that do not require significant modification or customization of the underlying software, revenue is recognized at a point in time when the software is made available to the customer and the performance obligation is satisfied.

Software license revenue includes software sold either on a term basis, a perpetual basis or a subscription basis. Software developments are included within this revenue line and are recognized when they meet the same criteria as the licensed software.

Subscription revenue represents all fees earned from granting customers a right-to-use license of the Group's software billed on a subscription basis over the contract term. Revenue recognized exceeding the billed amount is recognized as an unbilled receivable within "Trade and other receivables" in the Statement of financial position.

Revenue on subscription contracts is recognized at a point-in-time when the software is made available to the customer and the performance obligation is satisfied. Where applicable, maintenance included within the bundled subscription fee is allocated based upon the established standalone selling price and recognized rateably on a straight-line basis over the term of the arrangement as the performance obligation is satisfied.

Subscriptions accounting policy reflects revenue arising from contracts where a customer obtains a right-to-use software license, and typically also ongoing maintenance of that software, for a fixed term which may vary depending on the facts and circumstances. The associated consideration payable to Temenos (which in most cases would represent a single fee combining license and maintenance) is due over time, in contrast to a term license where a majority of the license cash flows are typically expected to be earned upfront or within a short period after delivering the license (typically within 12 months). Subscriptions contracts may also include payments which significantly vary over time, with examples including entitlement changes over a term or general variability in payment terms.

Subscription contracts are assessed to determine whether these contain a significant financing component. Where this is determined to be the case, the significant financing component is recognized over the term of the contract and disclosed separately from revenue from contracts with customers, within "Finance Income" in the statement of profit or loss.

In instances of software license renewals with existing customers where the licensed software is consistent with that initially purchased and delivered to the customer, license revenue is recognized at a point-in-time when the renewal is signed and an enforceable contract deemed to exist.

2. Accounting policies continued

2.17 Revenue recognition continued

SaaS

Software as a Service (SaaS) revenue is earned through the use of the Group's software to provide a service to the customer, whereby the customer does not have the ability to take possession of the software under a license arrangement without significant penalty. This includes the support and development of the software as well as the hosting infrastructure. This revenue stream also includes hosting services for the Group's license customers, who choose to have Temenos host their copy of the software. SaaS and hosting revenues are recognized over-time, commencing from the point the service is made available to the customer.

The Group has several contracts for which the customer has purchased both a right-to-use software license and hosting services. In instances where the customer has the contractual right to take possession of the software at any time during the contract term without significant penalty and could utilize another vendor to host the software during the contract term, the Group considers that the software license and hosting services are separable performance obligations and allocates revenue accordingly. Where this is not the case, the contract is determined to be a SaaS arrangement in its entirety.

The Group has entered into several arrangements with a fixed fee for a minimum amount of usage and variable fee for overages. The Group has recognized revenue for the fixed fee over the contract term and has applied the variable consideration guidance under IFRS 15 to determine whether the variable fee should be allocated to the period to which it relates. In situations where the variable consideration conditions were not met, the overages were estimated and recognized over the term of the contract.

Customers are typically invoiced annually in advance for SaaS contracts.

Maintenance

Software maintenance is included in most software license arrangements. Within term license arrangements, maintenance is priced as a percentage of the initial software license fees. Within subscription license arrangements, license and maintenance fees are typically combined as a single fee, with maintenance revenue allocated based upon the established standalone selling price.

The standard maintenance offering is a stand-ready obligation to provide technical support and unspecified updates, upgrades and enhancements on a when-and-if available basis. The customer simultaneously receives and consumes the benefits of these maintenance services as performed; hence, revenue is recognized rateably on a straight-line basis over the term of the arrangement as the performance obligation is satisfied.

Services

Services revenue represents income from consulting, training and implementation services sold to customers under services contracts. Fixed-price arrangements are accounted for over time on a percentage-of-completion basis as determined by the percentage of project costs incurred to date compared to the estimated total project costs. For time and material-based contracts, revenue is recognized as services are rendered.

Professional Services projects are typically invoiced based on set project milestones with an initial portion invoiced upon contract signature.

IFRS 15 requires estimates and judgments to be made and consistently applied by the Group in accounting for the revenue from contracts with customers. The areas that require estimates and judgments by the Group are detailed below:

Identification of contract

The Group enters multiple contracts with a customer and will assess these for the need to combine if the contracts are negotiated in and around the same time, are for the same economic purpose or are dependent upon one another.

Initial/master agreements often have additional purchases, addendum or terms modified throughout their term. At each point a contract is modified, the Group assesses the contract under the standard to determine if modifications are treated as a contract modification or a separate contract.

The Group makes an assessment initially to determine if the customer has the ability and intent to pay the consideration in the contract. In instances where the Group determines that the customer does not meet either of these criteria, it is deemed that a contract does not exist and no revenue is recognized until such a time as the customer has both the ability and intent to pay, or the Group has received non-refundable payment.

Determining the transaction price

Judgment is required in assessing the total consideration that will be paid in exchange for the satisfied performance obligations. This includes not only assessing the variable amounts which may be included in the consideration but also assessing if any concessions, discounts or other variable factors may reduce the fixed fees in the contract, applying IFRS 15 variable consideration rules where required. Temenos assesses internal historical experiences as well as external factors in making the necessary estimates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

31 December 2023

2. Accounting policies continued

2.17 Revenue recognition continued

Services continued

Allocating the transaction price to the performance obligation

The Group allocates consideration to each performance obligation in a contract on a relative standalone selling price (SSP) basis, maximizing the use of observable inputs to do so.

The exercise of determining the appropriate method with which to estimate the SSP for each performance obligation requires judgment. The Group utilizes available data points such as renewal rates, relevant historical transactions, available market data and cost inputs to establish the SSP for each revenue stream. The pricing of software licenses is highly variable and therefore the residual approach is used to allocate the transaction price to the software license performance obligation.

Where identified within a contract, the SSP of material rights is determined by factoring in the likelihood of the customer exercising the option by utilizing relevant historical data and considering the nature of the material right.

Incremental costs of obtaining customer contracts

Incremental costs to obtain a contract are made up of sales commissions earned by the Group's sales teams which can be directly linked to an individual sale, primarily relating to revenues earned from maintenance and SaaS. The asset is included within "Trade and other receivables" in the statement of financial position.

The asset is amortized over the life of the contract committed for by the customer on a straight-line basis. The asset is also periodically reviewed for impairment.

Costs to fulfill a contract

The costs to fulfill a contract with a customer that are associated with customization developments are deferred on the Balance sheet as work-in-progress until the development performance obligation is met, at which point the costs are recognized in line with the revenue. The costs to fulfill a contract associated with set up of SaaS contracts are deferred on the Balance sheet until the go-live milestone, and amortized over the period from the go-live date until the end of the committed contract period with the customer in line with the revenue.

Contract balances – assets and receivables

The Group classifies the right to consideration in exchange for products or services transferred to a customer as either a receivable or a contract asset. A receivable is a right to consideration that is unconditional on factors other than passage of time whereas a contract asset is a right to consideration that is conditional upon other factors.

Contract assets represent revenue where the right to consideration is subject to future performance being satisfied such as the completion of milestones on services contracts or satisfaction of maintenance for future periods.

Deferred revenue

Deferred revenue (referred to as "contract liabilities" as per IFRS 15) represents prepayments from customers for wholly-unsatisfied or partially-satisfied performance obligations mainly in relation to annual in advanced billing on maintenance and SaaS contracts.

2.18 Earnings per share

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 year.

Diluted earnings per share are determined by dividing the profit or loss attributable to equity holders of the Company, adjusted for the effect that would result from the conversion of dilutive ordinary shares, by the weighted average number of ordinary shares plus the weighted average of number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares.

2.19 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group's Chief Executive Officer (CEO).

2. Accounting policies continued

2.20 Other financial assets

Other financial assets include derivatives held with positive value and convertible notes.

Other financial assets are initially recorded at fair value. Any transaction costs are expensed in the Statement of profit or loss.

Regular-way purchases and sales of financial assets are recognized on the trade-date, being the date on which the Group commits to purchase or sell the asset. Financial assets are de-recognized when the rights to receive cash flows from the financial instruments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Derivative assets held for trading

A derivative is held-for-trading if it is:

- acquired or incurred principally for the purpose of selling or repurchasing it in the near term; and/or
- not designated and effective hedging instrument.

While the objective of holding these assets is to provide effective economic hedges under the Group's risk management strategy, these derivatives are not designated as hedging instruments according to IFRS 9 since all relevant conditions are not met. Therefore, subsequent changes in the fair value are immediately recognized within "Finance costs – net". Related cash flows are reported as cash flows from investing activities.

Derivatives held-for-trading are reported as current assets.

Derivative assets used for hedging

Derivative assets used for hedging are subsequently measured at fair value with changes accounted for according to the provisions for hedge accounting under IFRS 9. They are reported as non-current assets when they are expected to be settled more than 12 months after the reporting period.

Convertible notes

Convertible notes are subsequently measured at fair value through profit or loss. They are reported as non-current assets when the final redemption date is more than 12 months after the reporting period and the Group intends to hold the asset until maturity.

2.21 Other financial liabilities

Other financial liabilities include derivatives held with negative value.

At initial recognition, other financial liabilities are measured at fair value. Any transaction costs are expensed in the Statement of profit or loss.

Derivative liabilities held-for-trading

A derivative is held-for-trading if it is:

- acquired or incurred principally for the purpose of selling or repurchasing it in the near term; and/or
- not designated and effective hedging instrument.

While the objective of holding these liabilities is to provide effective economic hedges under the Group's risk management strategy, these derivatives are not designated as hedging instruments according to IFRS 9 since all relevant conditions are not met. Therefore, subsequent changes in the fair value are immediately recognized within "Finance costs – net". Related cash flows are reported as cash flows from investing activities.

Derivatives held for trading are reported as current liabilities.

Derivative liabilities used for hedging

Derivative liabilities used for hedging are subsequently measured at fair value with changes accounted according to the provisions for hedge accounting under IFRS 9. They are reported as non-current liabilities when they are expected to be settled more than 12 months after the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

31 December 2023

2. Accounting policies continued

2.22 Hedging activities

At inception of the hedge relationship, the Group documents the economic relationship between the hedging instrument and the hedged item, the risk management objective and strategy as well as the methodology to assess the hedge effectiveness requirements.

The Group does not currently apply fair value hedge designations.

Cash flow hedge and hedge of a net investment

The effective portion of change in fair value of the hedging instrument is recognized in other comprehensive income. The ineffective portion is immediately recognized in profit or loss.

Accumulated amounts deferred in other comprehensive income are reclassified to profit or loss in the periods when the hedged item affects profit or loss to the extent that it does not result in the recognition of a non-financial asset or a non-financial liability (e.g. fixed assets, deferred revenue), in which case the gains and losses are removed to the initial cost of the asset or the carrying amount of the liability.

When the Group separates the time value of an option, the forward element of a forward contract or the currency basis spread of a swap instrument from the designation of the hedging instrument, the movement in fair value of these elements is recognized in other comprehensive income as “cost of hedging” to the extent it relates to the hedge item. It is subsequently recognized in profit or loss or included in the initial cost or carrying amount of a non-financial asset or liability either over the period of the hedging relationship for a “time-period related” hedge or when the hedge item occurs for a “transaction-related” hedge. The fair value change of any unaligned portion of the time value of an option is recognized in profit or loss.

Hedge accounting is discontinued when the hedging instrument expires, or is sold or terminated, or when the risk management objective is no longer met. The amount accumulated in other comprehensive income remains in equity until the hedge item occurs. If there is no longer expectation that the forecast transaction will realize, the amount is immediately reclassified to profit or loss.

Hedge effectiveness is tested every quarter or upon a significant change in the assumptions. The existence of an economic relationship between the hedge item and the hedging instrument is assessed using either the “critical term match” method or the “dollar offset” method when the terms of the hedging instrument do not closely match the terms of the hedged item. Possible source of ineffectiveness may arise from: an increase in credit risk for the derivative counterparty or a significant change in the timing of the cash flow realization.

2.23 Fair value measurement

The Group measures certain financial instruments at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal market or the most advantageous market must be accessible to or by the Group.

The fair value of an asset or a liability is measured using similar inputs that the market participants would use when pricing the asset or liability and assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Group’s consolidated financial statements are categorized within the fair value hierarchy, as follows:

- 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; or
- level 3 inputs: inputs for the asset or liability that are not based on observable market data.

The Group’s policy is to recognize transfers into and out of fair value hierarchy levels as at the end of the reporting period when the event or change in circumstances occurred.

For items categorized within level 3, the Group’s finance team reviews the estimates and assumptions on a regular basis but, in all cases, at each interim period. Any changes that may have a significant effect on the reported fair value are reported to management.

The Group has elected to use the exception provided by paragraph 48 of IFRS 13 ‘Fair Value Measurement’ to measure the credit risk element attributable to the Group’s own credit risk (net short position) or the counterparty’s credit risk (net long position) on a net basis for the financial assets and financial liabilities governed by a master netting agreement.

2. Accounting policies continued

2.24 Offsetting financial instruments

Financial assets and financial liabilities are offset in the statement of financial position when, and only when, the Group:

- currently has a legally enforceable right to set-off the financial assets and financial liabilities; and
- intends either to settle on a net basis, or to realize the financial assets and settle the financial liabilities simultaneously.

An enforceable right to offset financial assets and financial liabilities must not be contingent on future events and must be currently legally enforceable in the normal course of business, in the event of default and in the event of insolvency or bankruptcy.

2.25 Dividend distribution

Dividend distribution to the Group's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.26 Comparative information

The Group has adjusted the tax impact for foreign exchanges gains and losses of quasi-equity loans that should have been recorded in retained earnings and other comprehensive income in previous periods. As a result, the deferred tax liabilities balance as of 1st January 2022 was decreased by USD 25.3 million against retained earnings and other equity as shown in the consolidated statement of changes in equity, with no impact on the consolidated statement of profit or loss and Consolidated statement of other comprehensive income.

3. Financial instruments

3.1 Accounting classifications

The Group holds the following financial instruments to which the accounting policies under IFRS 7 'Financial Instruments: Disclosures', IFRS 9 'Financial Instruments' and IAS 32 'Financial Instruments: Presentation' apply:

	2023 USD 000	2022 USD 000
Financial assets		
Financial assets measured at fair value through profit or loss (FVTPL)	**53,788**	53,863
Derivative instruments used for hedging	**37,750**	24,099
Financial assets measured at amortized cost	**516,597**	450,254
Total	**608,135**	528,216
Financial liabilities		
Financial liabilities measured at fair value through profit or loss (FVTPL)	**5,743**	1,506
Derivative instruments used for hedging	**6,275**	8,365
Financial liabilities measured at amortized cost	**945,271**	1,001,328
Total	**957,289**	1,011,199

3.2 Financial risk factors

The Group is exposed to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's risk management policies and guidelines focus on the unpredictability of financial markets and seek to minimize potential adverse effects on the Group's financial statements.

Market risk

Market risk management is carried out by a central treasury team under policies and procedures approved by management. These policies are primarily set out to identify, evaluate and hedge when deemed necessary, the related financial risks. The Group's policies and implementation procedures are regularly updated to reflect changes in market conditions, the Group's activities and emergence of new risks. They are also regularly overseen by the Group's internal audit team for compliance as well as detection of control deficiencies.

(i) Foreign exchange risk

By operating internationally, the Group is exposed to risks associated with fluctuations in foreign currencies. Foreign exchange risk arises from:

- forecast transactions denominated in foreign currency; and/or
- monetary assets and liabilities denominated in foreign currency.

The Group's strategy is to make efforts in order to mitigate the effect of the variability in cash flows that is attributable to the movement in foreign currencies. This is implemented by: 1) aligning the revenue streams to currencies that match the cost base; and 2) to offset the change in value of the material residual exposures by the use of derivative instruments.

The Group hedges exposures from currencies for which the combination of the market volatility and the size of the exposure could have a material effect on the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued
31 December 2023

3. Financial instruments continued
3.2 Financial risk factors continued
Market risk continued

(i) Foreign exchange risk continued

Forecast transactions

The Group seeks to lock its 12–18 month projection of future cash transactions in foreign currencies within specific "coverage" parameters with a higher hedging ratio for front-loaded quarters. The strategy is executed in layers and derivatives used are currency forward contracts as well as currency options.

The Group applies hedge accounting when applicable and, except for maintenance and SaaS revenues for which the effective portion of the hedge becomes part of the carrying amount reported in the "Deferred revenues" line, forecasted transactions are expected to be recognized in profit or loss during the same period as the hedging instrument.

Monetary assets and liabilities

Foreign currency risks arising from monetary positions (e.g. trade receivables, trade payables, intercompany balances) are hedged using rolling-currency forward contracts or cross-currency swaps for duration exceeding one year. Except for relationships involving cross-currency swaps, hedge accounting is not applied as the fair value change of both the instruments and the underlying items are recognized in the same period and within the same line in the profit or loss statement. For hedging relationship involving a cross-currency swap, the Group applies cash flow hedging when the underlying risk could affect profit or loss or net investment hedge when it affects the other comprehensive income.

The table below illustrates the Group's most sensitive currency exposures:

	Net exposure			
	2023 FCY* 000	**2023 USD 000**	2022 FCY* 000	2022 USD 000
Euros	**26,535**	**29,285**	(5,003)	(5,352)
UK pounds	**(7,965)**	**(10,140)**	3,116	3,767
Swiss francs	**27,170**	**32,277**	14,030	15,171
Indian rupees	**219,386**	**2,633**	(493,183)	(5,955)

* Foreign currency.

A negative value represents a liability exposure.

These exposures represent monetary assets and liabilities, including derivatives held-for-trading, that are either:

- denominated in one of the currencies above and measured in an entity with a different functional currency; or
- denominated in any foreign currency and measured in an entity whose functional currency is one of the above and that are not part of an IFRS 9 existing hedging relationship.

Sensitivity analysis

The following table represents the effect of a reasonable shift in the currencies above against the US dollar.

	2023			
	Euros USD 000	**UK pounds USD 000**	**Swiss francs USD 000**	**Indian rupees USD 000**
Sensitivity assumption	**+10%**	**+10%**	**+10%**	**+10%**
Profit or (loss)	**2,929**	**(1,014)**	**3,227**	**264**
Other components of equity*	**(7,820)**	**1,701**	**24,541**	**7,363**
Equity	**(4,891)**	**687**	**27,768**	**7,627**
Sensitivity assumption	**-10%**	**-10%**	**-10%**	**-10%**
Profit or (loss)	**(2,929)**	**1,014**	**(3,227)**	**(264)**
Other components of equity*	**7,820**	**(1,701)**	**(24,541)**	**(7,363)**
Equity	**4,891**	**(687)**	**(27,768)**	**(7,627)**

* Arises from hedging relationships designated as cash flow hedge and net investment hedge.

3. Financial instruments continued
3.2 Financial risk factors continued
Market risk continued
(i) Foreign exchange risk continued
Sensitivity analysis continued

	2022			
	Euros USD 000	UK pounds USD 000	Swiss francs USD 000	Indian rupees USD 000
Sensitivity assumption	+10%	+10%	+10%	+10%
Profit or (loss)	(535)	377	1,517	(595)
Other components of equity*	(8,764)	2,241	23,176	5,582
Equity	(9,299)	2,618	24,693	4,987
Sensitivity assumption	-10%	-10%	-10%	-10%
Profit or (loss)	535	(377)	(1,517)	595
Other components of equity*	8,764	(2,241)	(23,176)	(5,582)
Equity	9,299	(2,618)	(24,693)	(4,987)

* Arises from hedging relationships designated as cash flow hedge and net investment hedge.

Given the volatility of these currencies, the current economic environment and the foreign exchange market conditions, the sensitivity assumption represents management's assessment of reasonably possible changes in spot rates.

(ii) Cash flow and fair value interest risk
Except for the convertible note asset (note 3.4), the Group is not exposed to fair value risk as it has no "non-derivative" interest-bearing financial instruments measured at fair value.

The Group is exposed to cash flow interest rate risk arising from cash and cash equivalents and borrowings at variable rates.

The Group's policy is to set the limit for the "fixed-floating" mix of interest risk exposure in order to minimize the effect from unfavorable move in the interest curve while optimizing the opportunity from a favorable shift. The Group may use interest derivatives to achieve this objective. At the reporting dates, the portion of borrowings at variable rates was negligible.

The Group may hedge the cash flow risk on coupon payments from future issuance of interest-bearing liabilities arising from the variability in the forward interest curve. Such strategy is conducted under specific policies that depict the size limitation, the hedge horizon as well as the quantitative and qualitative factors to demonstrate the "highly probable" criteria so that hedge accounting can be applied. At 31 December 2023, the Group holds a portfolio of interest rate derivatives for a net nominal of CHF 70 million (2022: CHF 205 million) and the effect in other comprehensive income for a shift of 1 basis point in the interest curve would be a USD 42 thousand (2022: USD 102 thousand) gain for a positive shift and the opposite for a negative shift.

Credit risk
Credit risk is the risk of financial loss to the Group if a customer to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade receivables.

The carrying amount of the financial assets, as reported in section 3.1 above, represents the maximum credit exposure.

Trade receivables and contract assets
The Group determines the creditworthiness of any prospective or existing customer at the initial phase of each bid process. Assessment of credit risk is mainly based on assessing the creditworthiness of customers through external ratings, and in the case of existing customers, also assessing our past experience.

If a company is not rated, then historical payment experience, if available, together with country stability, is taken into consideration to assess the credit risk.

Every credit check performed on prospective or existing customers at the initial phase of the negotiation goes through an approval process. The credit rating is taken into account during the revenue recognition process once contracts are signed.

Credit quality and past experience are considered when determining payment terms and financial security requirements. At present, the Group does not hold any collateral security.

The Group assesses the credit risk for customers with significant balances on a regular basis.

In cases when delinquency in payments occurs, the Group may withhold services delivery under current implementation or limit the right to use its software.

As at 31 December 2023 and 2022, there is no geographical concentration of credit risk as the Group's customer base is internationally dispersed. At 31 December 2023, there is no concentration of credit risk at individual customer level. At 31 December 2022, there was no concentration of credit risk at individual customer level, with the exception of one customer that represented around 10% of the trade receivables and contract assets with respect of a balance not due yet.

The Group performs impairment analysis using a default rate to measure expected credit loss for all trade receivables including those with significant financing components and contract assets. The Group identifies the default rate by analyzing the historical and current experience with credit losses, considering it to represent a reasonable approximation for future expected defaults and applicable to its current receivables. The Group also takes into consideration forward-looking factors, including changes in the economic environment or changes in regulation, and if material reflects these in the expected credit loss allowance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued
31 December 2023

3. Financial instruments continued
3.2 Financial risk factors continued
Credit risk continued
Trade receivables and contract assets continued
A credit impairment is recognized when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivable. Evidence of impairment includes severe financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization.

At 31 December 2023, the credit risk exposure on the Group's trade receivables and contract assets is as follows:

	2023 USD 000	2022 USD 000
Expected credit loss rate	**1.22%**	1.69%
Gross carrying amount for trade receivables and contract assets	**392,220**	340,646
Provision for credit losses	**4,774**	5,771

The Group's exposure to credit risk from balances due from its customers is limited. Therefore, the Group has applied the expected credit loss rate calculated above to the overall receivable and contract asset balances without using a grouping criteria and hence a provision matrix is not presented for disclosure purposes.

Refer to note 14 for the movement in the loss allowance in respect of trade receivables and contract assets.

Cash and cash equivalents and financial instruments
To the extent possible, the Group mitigates counterparty risk by:

- holding balances with reputable or "investment grade" rated institutions based in high-rated countries; and
- carrying out a policy for diversification and limitation of cash concentration by counterparty and country.

Derivatives are entered into with reputable or "investment grade" counterparties and are governed by enforceable "ISDA" agreements or equivalent.

Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. This risk is managed by holding sufficient cash balances and availability of committed banking facilities.

The Group's policy aims to guarantee a level of liquidity that meets the Group's present and near-term financial obligations under both normal and stressed conditions. This is monitored weekly on the basis of actual liabilities in the accounting ledger as well as rolling forecasts for future transactions. Excess of cash is primarily used to repay any drawn borrowing facilities (note 19).

The following table details the remaining contractual maturity of the Group's non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 6 months USD 000	**Between 6 and 12 months USD 000**	**Between 1 and 2 years USD 000**	**Between 2 and 5 years USD 000**	**More than 5 years USD 000**
At 31 December 2023					
Trade and other payables	**159,032**	**21,563**	**–**	**–**	**–**
Borrowings					
Lease liabilities	**7,238**	**6,513**	**16,395**	**3,326**	**2,427**
Other borrowings	**231,993**	**10,741**	**272,122**	**258,004**	**–**
Total non-derivative financial liabilities	**398,263**	**38,817**	**288,517**	**261,330**	**2,427**

	Less than 6 months USD 000	Between 6 and 12 months USD 000	Between 1 and 2 years USD 000	Between 2 and 5 years USD 000	More than 5 years USD 000
At 31 December 2022					
Trade and other payables	141,945	17,412	–	–	–
Property provision	–	–	492	676	–
Borrowings					
Lease liabilities	6,535	6,377	19,349	5,887	1,353
Other borrowings	213,443	196,427	168,670	241,513	–
Total non-derivative financial liabilities	361,923	220,216	188,511	248,076	1,353

3. Financial instruments continued

3.2 Financial risk factors continued

Liquidity risk continued

The following table details the Group's liquidity analysis for its derivative financial liabilities. These amounts represent the contractual undiscounted net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed or in foreign currency, the amount disclosed has been determined or converted by reference to quoted prices in active markets for identical instruments.

	Less than 3 months USD 000	Between 3 and 6 months USD 000	Between 6 and 12 months USD 000	Between 1 and 2 years USD 000	Between 2 and 5 years USD 000	More than 5 years USD 000
At 31 December 2023						
Gross settlement of cross-currency swaps (interest only)*						
– Outflows	**–**	**3,412**	**–**	**2,874**	**2,470**	**–**
– Inflows	**–**	**(1,456)**	**–**	**(2,317)**	**(980)**	**–**
	–	**1,956**	**–**	**557**	**1,490**	**–**
Gross settled foreign exchange derivatives						
– Outflows	**189,831**	**17,230**	**34,682**	**–**	**–**	**–**
– Inflows	**(183,415)**	**(16,571)**	**(33,312)**	**–**	**–**	**–**
	6,416	**659**	**1,370**	**–**	**–**	**–**
Net settled foreign exchange derivatives	**45**	**45**	**90**	**1**	**–**	**–**
Total derivatives	**6,461**	**2,660**	**1,460**	**558**	**1,490**	**–**

	Less than 3 months USD 000	Between 3 and 6 months USD 000	Between 6 and 12 months USD 000	Between 1 and 2 years USD 000	Between 2 and 5 years USD 000	More than 5 years USD 000
At 31 December 2022						
Gross settlement of cross-currency swaps (interest only)*						
– Outflows	–	3,412	5,178	8,590	5,178	–
– Inflows	–	(1,325)	(2,109)	(3,434)	(2,109)	–
	–	2,087	3,069	5,156	3,069	–
Gross settled foreign exchange derivatives						
– Outflows	168,677	31,001	71,929	54,679	–	–
– Inflows	(166,209)	(29,561)	(69,617)	(53,095)	–	–
	2,468	1,440	2,312	1,584	–	–
Net settled foreign exchange derivatives	664	627	466	90	–	–
Total derivatives	3,132	4,154	5,847	6,830	3,069	–

* It only represents the contractual liability arising from the interest payments for instruments reported as an asset.

3.3 Capital risk management

The Group's principal objective when managing capital is to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. The Group is also subject to financial covenants under its facility agreement that are Debt Leverage and Interest Cover Ratio.

The capital structure of the Group consists of the net debt (note 13) and the capital and reserves attributable to equity holders of the parent.

The capital risk management policy remains unchanged from the previous period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued
31 December 2023

3. Financial instruments continued
3.4 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.

Year ended 31 December 2023	Level 1 USD 000	Level 2 USD 000	Level 3 USD 000	Total USD 000
Financial assets at FVTPL				
Foreign currency forwards (note 15)	–	4,510	–	4,510
Convertible notes (note 15)	–	–	49,278	49,278
Derivatives used for hedging				
Foreign currency forwards (note 15)	–	2,279	–	2,279
Foreign currency options (note 15)	–	763	–	763
Cross-currency swaps (note 15)	–	34,372	–	34,372
Interest rate swaps (note 15)	–	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 FVTPL				
Foreign currency forwards (note 15)	–	5,743	–	5,743
Derivatives used for hedging				
Foreign currency forwards (note 15)	–	2,618	–	2,618
Foreign currency options (note 15)	–	466	–	466
Interest rate swaps (note 15)	–	3,191	–	3,191
Total	–	12,018	–	12,018

Year ended 31 December 2022	Level 1 USD 000	Level 2 USD 000	Level 3 USD 000	Total USD 000
Financial assets at FVTPL				
Foreign currency forwards (note 15)	–	2,234	–	2,234
Convertible notes (note 15)	–	–	51,629	51,629
Derivatives used for hedging				
Foreign currency forwards (note 15)	–	1,385	–	1,385
Foreign currency options (note 15)	–	1,162	–	1,162
Cross-currency swaps (note 15)	–	13,329	–	13,329
Interest rate swaps (note 15)	–	8,223	–	8,223
Total	–	26,333	51,629	77,962

	Level 1 USD 000	Level 2 USD 000	Level 3 USD 000	Total USD 000
Financial liabilities at FVTPL				
Foreign currency forwards (note 15)	–	1,506	–	1,506
Derivatives used for hedging				
Foreign currency forwards (note 15)	–	6,526	–	6,526
Foreign currency options (note 15)	–	1,839	–	1,839
Total	–	9,871	–	9,871

Valuation techniques and key inputs
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.

3. Financial instruments continued

3.4 Fair value measurement continued

Valuation techniques and key inputs continued

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

Investments in convertible notes contain embedded derivatives and are hence designated at fair value through profit and loss in entirety as the embedded derivatives are not separated. These convertible notes are classified as either current or non-current assets depending on their maturities.

The Group entered into agreements in an early-stage business to purchase convertible notes with equity conversion features, for total investment entitlement of USD 59.9 million. The Group recognized the investment on its balance sheet for the amounts paid of USD 19.9 million in 2021 and USD 22.8 million in 2022, being the fair value of these investments at inception. The fair value at 31 December 2023 was USD 49.3 million (2022: USD 51.6 million).

The Group has determined the fair value of these 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% (2022: 20%), long-term growth rate of 3% (2022: 3%), cumulative average growth rate for revenue of 31.5% (2022: 36.9%) and an EBITDA margin of 35% (2022: 35%). The valuation at 31 December 2023 resulted in a fair value loss of USD 4.9 million (2022: USD 6.8 million gain) 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

		2023		2022	
		Impact on profit or (loss)		Impact on profit or (loss)	
	Change in assumption	**Increase USD 000**	**Decrease USD 000**	Increase USD 000	Decrease USD 000
Discount rate (WACC)	2.00%	**(7,000)**	**8,900**	(4,500)	6,700
Long-term growth rate	0.50%	**800**	**(800)**	1,000	(200)
EBITDA margin	2.50%	**4,000**	**(4,200)**	3,000	(2,200)
Cumulative average growth rate of revenue (CAGR)	5.00%	**4,200**	**(4,400)**	9,500	(6,300)

Contingent consideration

Contingent consideration payable in 2022 related to the acquisition of Htrunk Software Solutions Private Limited. The earn out period ended 31 March 2022, and final settlement of USD 3.2 million was paid in 2022.

Reconciliation from opening to closing balances:

	Convertible note USD 000	Contingent consideration USD 000
At 1 January 2022	20,402	2,400
Purchase	22,779	–
Amount true up to “Cost of sales”	–	776
Interest	1,648	–
Net change in fair value (FVTPL)	6,800	–
Unwinding of discount to “Finance costs”	–	67
Settlement	–	(3,243)
At 31 December 2022	51,629	–
Interest	2,549	–
Net change in fair value (FVTPL)	(4,900)	–
At 31 December 2023	**49,278**	**–**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued
31 December 2023

3. Financial instruments continued
3.5 Hedging
At 31 December, the Group held the following derivatives as hedging instruments:

Year ended 31 December 2023

	Time band		
	1–6 months	6–12 months	More than one year
Foreign currency risk			
Purchase of foreign currency forwards:			
Nominal amount expressed in USD equivalent (in thousands)	46,445	34,170	15,865
USD/CHF VWAP	0.936	0.920	–
GBP/USD VWAP	1.154	1.207	1.240
USD/INR VWAP	84.348	85.338	85.463
Sale of foreign currency forwards:			
Nominal amount expressed in USD equivalent (in thousands)	44,167	33,312	–
EUR/USD VWAP	1.077	1.075	–
Purchase of foreign currency options:			
Call			
Nominal amount expressed in USD equivalent (in thousands)	19,993	20,799	4,444
VWAP USD/CHF strike	0.849	0.842	–
VWAP GBP/USD strike	1.265	1.265	–
VWAP USD/INR strike	78.665	78.949	81.000
Put			
Nominal amount expressed in USD equivalent (in thousands)	5,693	8,280	10,450
VWAP EUR/USD strike	1.035	1.035	1.045
Sale of foreign currency options:			
Call			
Nominal amount expressed in USD equivalent (in thousands)	6,320	9,192	11,991
VWAP EUR/USD strike	1.149	1.149	1.199
Put			
Nominal amount expressed in USD equivalent (in thousands)	13,675	14,371	4,179
VWAP USD/CHF strike	0.835	0.835	–
VWAP GBP/USD strike	1.196	1.196	–
VWAP USD/INR strike	82.949	83.336	86.150
Cross-currency swaps			
Nominal amount in CHF (in thousands)	70,000	–	130,000
USD/CHF VWAP	0.992	–	0.963
Interest rate derivatives			
Nominal amount in CHF (in thousands)	60,000	–	10,000
Average fixed rate	1.67%	–	2.05%

Since the critical terms of the hedging instrument closely match those of the hedge items, the Group applies a hedge ratio of 1:1.

3. Financial instruments continued
3.5 Hedging continued
Year ended 31 December 2022

	Time band		
	1–6 months	6–12 months	More than one year
Foreign currency risk			
Purchase of forward currency forwards:			
Nominal amount expressed in USD equivalent (in thousands)	46,927	30,225	33,054
USD/CHF VWAP	0.917	0.917	0.930
GBP/USD VWAP	1.277	1.229	1.175
USD/INR VWAP	80.362	82.703	85.419
EUR/USD VWAP	1.141	1.152	–
Sale of foreign currency forwards:			
Nominal amount expressed in USD equivalent (in thousands)	19,212	29,206	53,096
EUR/USD VWAP	1.038	1.043	1.062
Purchase of foreign currency options:			
Call			
Nominal amount expressed in USD equivalent (in thousands)	34,877	28,739	7,137
VWAP USD/CHF strike	0.935	0.935	–
VWAP GBP/USD strike	1.269	1.253	1.190
VWAP USD/INR strike	76.645	77.414	–
VWAP EUR/USD strike	1.173	1.173	–
Put			
Nominal amount expressed in USD equivalent (in thousands)	5,725	–	–
VWAP EUR/USD strike	1.145	–	–
Sale of foreign currency options:			
Call			
Nominal amount expressed in USD equivalent (in thousands)	5,977	–	–
VWAP EUR/USD strike	1.195	–	–
Put			
Nominal amount expressed in USD equivalent (in thousands)	33,133	27,336	6,719
VWAP USD/CHF strike	1.001	1.001	–
VWAP GBP/USD strike	1.219	1.199	1.120
VWAP USD/INR strike	80.925	81.502	–
VWAP EUR/USD strike	1.085	1.085	–
Cross-currency swaps			
Nominal amount in CHF (in thousands)	–	–	200,000
USD/CHF VWAP	–	–	0.973
Interest rate derivatives			
Nominal amount in CHF (in thousands)	–	85,000	120,000
Average fixed rate	–	0.72%	1.58%

Since the critical terms of the hedging instrument closely match those of the hedge items, the Group applies a hedge ratio of 1:1.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

31 December 2023

3. Financial instruments continued

3.5 Hedging continued

The effect of hedge accounting on the financial position and performance

The table below shows the effect on the financial statements from the items designated as hedged items and hedging instruments.

Items designated as hedging instrument

Year ended 31 December 2023	Carrying amount Assets USD 000	Carrying amount Liabilities USD 000	Line item in the statement of financial position	Period change in value used to determine hedge ineffectiveness USD 000
Foreign exchange risk				
Foreign currency forwards – cash flow hedge	**2,279**	**2,618**	**Other financial assets and liabilities (note 15)**	**628**
Foreign currency options – cash flow hedge	**763**	**466**	**Other financial assets and liabilities (note 15)**	**237**
Cross-currency swaps – net investment hedge	**34,372**	**–**	**Other financial assets and liabilities (note 15)**	**25,069**
Interest rate risk				
Interest rate swaps – cash flow hedge	**336**	**3,191**	**Other financial assets and liabilities (note 15)**	**(5,672)**

Items designated as a hedge item

Year ended 31 December 2023	Period change in value used to determine hedge ineffectiveness USD 000	Cash flow hedge reserve ()= cumulative loss USD 000	Costs of hedging reserve ()= cumulative loss USD 000
Foreign exchange risk			
Forecast transactions – cash flow hedge	**865**	**(105)**	**(78)**
Investment in foreign operations – net investment hedge	**25,069**	**28,574**	**(1,193)**
Interest rate risk			
Forecasted issuance of interest-bearing liabilities – cash flow hedge	**(5,672)**	**4,180**	**–**

Included in the cash flow hedge reserve is USD 6.9 million (2022: USD 3.5 million) representing the remaining balance for which hedge accounting is no longer applied. This balance relates to the effective portion of the matured/terminated interest rate swaps entered into for the purpose of hedging the interest rate risk related to future issuance of debts. This balance is being recycled to the profit or loss over the period of the related debt and will be fully consumed within the next five years.

Items designated as hedging instrument

Year ended 31 December 2022	Carrying amount Assets USD 000	Carrying amount Liabilities USD 000	Line item in the statement of financial position	Period change in value used to determine hedge ineffectiveness USD 000
Foreign exchange risk				
Foreign currency forwards – cash flow hedge	1,385	6,526	Other financial assets and liabilities (note 15)	(5,240)
Foreign currency options – cash flow hedge	1,162	1,839	Other financial assets and liabilities (note 15)	(765)
Cross-currency swaps – net investment hedge	13,329	–	Other financial assets and liabilities (note 15)	12,783
Interest rate risk				
Interest rate swaps – cash flow hedge	8,223	–	Other financial assets and liabilities (note 15)	8,223

3. Financial instruments continued

3.5 Hedging continued

Items designated as a hedge item

Year ended 31 December 2022	Period change in value used to determine hedge ineffectiveness USD 000	Cash flow hedge reserve ()= cumulative loss USD 000	Costs of hedge reserve ()= cumulative loss USD 000
Foreign exchange risk			
Forecast transactions – cash flow hedge	6,005	(5,735)	(81)
Investment in foreign operations – net investment hedge	12,783	10,800	(389)
Interest rate risk			
Forecasted issuance of interest-bearing liabilities – cash flow hedge	(8,223)	8,223	–

Note 26 provides details on changes in fair value and amounts reclassified to profit or loss by risk category.

There was no ineffectiveness recognized during the period (2022: USD nil).

The Group does not have any forecast transactions for which cash flow hedge accounting has been used in previous periods but which are no longer expected to occur.

3.6 Offsetting financial assets and financial liabilities

Derivative transactions are governed by "ISDA" master agreements. Such agreements may permit the Group to use net settlement in respect of multiple transactions in the normal course of business and more importantly provide the right to close out netting when the agreement is terminated as a result of an event of default or a termination event.

The Group has a set-off agreement with one of its partners. Under the terms of this agreement, all amounts payable are offset against receivables and the net amount are settled between the parties.

Year ended 31 December 2023	**Gross amount USD 000**	**Amount set-off USD 000**	**Amount reported USD 000**	**Amount not set-off USD 000**	**Net amount USD 000**
Financial assets					
Trade receivables (note 14)	**388,594**	**(1,148)**	**387,446**	**–**	**387,446**
Derivative financial assets (note 15)	**42,260**	**–**	**42,260**	**(3,424)**	**38,836**
Total	**430,854**	**(1,148)**	**429,706**	**(3,424)**	**426,282**
Financial liabilities					
Trade payables (note 18)	**25,023**	**(1,148)**	**23,875**	**–**	**23,875**
Derivative financial liabilities (note 15)	**12,018**	**–**	**12,018**	**(3,424)**	**8,594**
Total	**37,041**	**(1,148)**	**35,893**	**(3,424)**	**32,469**

Year ended 31 December 2022	Gross amount USD 000	Amount set-off USD 000	Amount reported USD 000	Amount not set-off USD 000	Net amount USD 000
Financial assets					
Trade receivables (note 14)	336,757	(1,882)	334,875	–	334,875
Derivative financial assets (note 15)	26,333	–	26,333	(4,497)	21,836
Total	363,090	(1,882)	361,208	(4,497)	356,711
Financial liabilities					
Trade payables (note 18)	44,096	(1,882)	42,214	–	42,214
Derivative financial liabilities (note 15)	9,871	–	9,871	(4,497)	5,374
Total	53,967	(1,882)	52,085	(4,497)	47,588

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4. Critical accounting estimates and judgments
Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The resulting accounting estimates may differ from actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of goodwill
The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 2.8. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (see note 17).

If future sales and size of market opportunities are significantly lower than management's estimates, the carrying value of goodwill may need to be reduced accordingly. However, unless any downturn is particularly severe and pervasive, it is unlikely to have a material impact on the carrying value of goodwill.

At 31 December 2023, the carrying amount of goodwill amounted to USD 1,066.4 million (2022: USD 1,052.6 million).

Revenue recognition
Under IFRS 15, the ability and intent of customers to pay the consideration per the contract is addressed from the outset. If Temenos does not consider the customer to have the necessary ability or intent to pay the consideration promised for the performance obligations, then Temenos is not in possession of a contract and revenue recognition cannot commence. If there is doubt about the total amount of consideration to be paid, then this is assessed under the variable consideration rules, requiring judgment to be applied by Temenos.

There is estimation required in identifying the performance obligations within contracts and then allocating the transaction price between these performance obligations. Many contracts signed by Temenos are multi-element arrangements which require allocation of the transaction price between multiple performance obligations, requiring an estimation of effort to be incurred with regards to implementation and/or development services to identify the standalone selling price of these obligations, and estimation of the standalone selling price of other identified performance obligations.

Management also exercises judgment with respect to the determination of the appropriate method to estimate the standalone selling price for the various performance obligations in a contract, which ultimately impacts the amount of revenue recognized in the consolidated financial statements for each performance obligation.

Internally-generated software development
As detailed in note 2.7, the Group is required to make an assessment for each ongoing project in order to determine the stage a project meets the criteria outlined in the Group's accounting policies. Such an assessment may, in certain circumstances, require significant judgment. In making this judgment, the Group evaluates, amongst other factors, the stage at which technical feasibility has been achieved, management's intention to complete and use or sell the product, likelihood of success, availability of technical and financial resources to complete the development phase and management's ability to reliably measure the expenditure attributable to the project. Total development expenses for the period were USD 277.9 million (2022: USD 279.8 million) and total capitalized development costs were USD 76.6 million (2022: USD 86.3 million).

The Group also applies judgment to the estimate of useful economic lives for its capitalized software development – see note 2.7 for further details.

Level 3 financial assets
The Group makes investments in unlisted businesses which are classified as level 3 in the IFRS fair value hierarchy. Given the nature of these investments, the fair value determination requires significant levels of judgments and estimates over the inputs used in the fair value model, particularly those that are unobservable. To the extent these investments are classified as financial instruments measured through profit or loss, the Group's future results may be impacted due to significant fluctuations in fair value which could be driven by changes in market or company specific data.

See note 3.4 for further details on level 3 financial assets.

5. Group companies
The consolidated financial statements include the accounts of TEMENOS AG and the following entities as at 31 December 2023:

Company name	Country of incorporation	**2023 Ownership interest**	2022 Ownership interest
AVOKA TECHNOLOGIES PTY LIMITED	Australia	**100%**	100%
INFINITIVE PTY LIMITED	Australia	**100%**	100%
RUBIK ESOP TRUSCO PTY LIMITED	Australia	**100%**	100%
RUBIK IP HOLDINGS PTY LIMITED	Australia	**100%**	100%
RUBIK MORTGAGES PTY LIMITED	Australia	**100%**	100%
SKY TECHNOLOGIES CONSULTING PTY LIMITED	Australia	**100%**	100%
SKY TECHNOLOGIES HOLDINGS PTY LIMITED	Australia	**100%**	100%
SKY TECHNOLOGIES PTY LIMITED	Australia	**100%**	100%
TEMENOS AUSTRALIA FINANCIAL PTY LIMITED	Australia	**100%**	100%

5. Group companies continued

Company name	Country of incorporation	2023 Ownership interest	2022 Ownership interest
TEMENOS AUSTRALIA MESSAGING PTY LIMITED	Australia	100%	100%
TEMENOS AUSTRALIA OPERATIONS PTY LIMITED	Australia	100%	100%
TEMENOS AUSTRALIA PTY LIMITED	Australia	100%	100%
TEMENOS AUSTRALIA SERVICES PTY LIMITED	Australia	100%	100%
TEMENOS AUSTRALIA SYMMETRY PTY LIMITED	Australia	100%	100%
TEMENOS AUSTRALIA TECHNOLOGY SOLUTIONS PTY LIMITED	Australia	100%	100%
TEMENOS SOLUTIONS AUSTRALIA PTY LIMITED	Australia	100%	100%
ODYSSEY FINANCIAL TECHNOLOGIES SA	Belgium	100%	100%
TEMENOS BELGIUM SA	Belgium	100%	100%
TEMENOS SOFTWARE BRASIL LIMITADA	Brazil	100%	100%
TEMENOS HOLDINGS LIMITED	British Virgin Islands	100%	100%
TEMENOS BULGARIA EOOD	Bulgaria	100%	100%
TEMENOS CANADA INC.	Canada	100%	100%
TEMENOS SOFTWARE (SHANGHAI) CO. LIMITED	China	100%	100%
TEMENOS COLOMBIA SAS	Colombia	100%	100%
TEMENOS COSTA RICA SA	Costa Rica	100%	100%
TEMENOS MIDDLE EAST LIMITED	Cyprus	100%	100%
TEMENOS DENMARK APS	Denmark	100%	100%
TEMENOS ECUADOR SA	Ecuador	100%	100%
TEMENOS EGYPT LLC	Egypt	100%	100%
IGEFI FRANCE SARL	France	100%	100%
TEMENOS FRANCE SAS	France	100%	100%
TEMENOS HOLDINGS FRANCE SAS	France	100%	100%
VIVEO FRANCE SAS	France	100%	100%
VIVEO GROUP SAS	France	100%	100%
AVOKA (GERMANY) GmbH	Germany	100%	100%
TEMENOS DEUTSCHLAND GmbH	Germany	100%	100%
TEMENOS HELLAS SA	Greece	100%	100%
TEMENOS FINANCE HONG KONG LIMITED	Hong Kong	100%	100%
TEMENOS HONG KONG LIMITED	Hong Kong	100%	100%
TEMENOS INDIA PVT LIMITED	India	100%	100%
KONY INDIA PVT LIMITED	India	100%	100%
KONY SERVICES INDIA LLP	India	100%	100%
IGEFI IRELAND LIMITED	Ireland	100%	100%
TEMENOS SYSTEMS IRELAND LIMITED	Ireland	100%	100%
TEMENOS ISRAEL LIMITED	Israel	100%	100%
TEMENOS JAPAN KK	Japan	100%	100%
TEMENOS KAZAKHSTAN LLP	Kazakhstan	100%	100%
TEMENOS EAST AFRICA LIMITED	Kenya	100%	100%
TEMENOS KOREA LIMITED	Korea	100%	100%
IGEFI GROUP SARL	Luxembourg	100%	100%
ODYSSEY GROUP SA	Luxembourg	100%	100%
TEMENOS FINANCE LUXEMBOURG SARL	Luxembourg	100%	100%
TEMENOS LUXEMBOURG SA	Luxembourg	100%	100%
TEMENOS SOFTWARE LUXEMBOURG SA	Luxembourg	100%	100%
TEMENOS (MALAYSIA) SDN BHD	Malaysia	100%	100%
TEMENOS MEXICO SA DE CV	Mexico	100%	100%
TEMENOS NORTH AFRICA LLC	Morocco	100%	100%

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5. Group companies continued

Company name	Country of incorporation	2023 Ownership interest	2022 Ownership interest
KONY SOLUTIONS BV	Netherlands	100%	100%
TEMENOS (NL) BV	Netherlands	100%	100%
TEMENOS HOLLAND BV	Netherlands	100%	100%
TEMENOS INVESTMENTS BV	Netherlands	100%	100%
TEMENOS NEW ZEALAND LIMITED	New Zealand	100%	100%
TEMENOS PANAMA SA	Panama	100%	100%
TEMENOS PHILIPPINES INC.	Philippines	100%	100%
TEMENOS POLSKA SP. Z.O.O.	Poland	100%	100%
KONY SOLUTIONS LIMITED	Republic of Mauritius	100%	100%
TEMENOS ROMANIA SRL	Romania	100%	100%
TEMENOS SINGAPORE FT PTE LIMITED	Singapore	100%	100%
TEMENOS SINGAPORE PTE LIMITED	Singapore	100%	100%
TEMENOS AFRICA (PTY) LIMITED	South Africa	100%	100%
TEMENOS HISPANIA SL	Spain	100%	100%
TEMENOS COLOMBO (PVT) LIMITED	Sri Lanka	100%	100%
TEMENOS CLOUD SWITZERLAND SA	Switzerland	100%	100%
TEMENOS HEADQUARTERS SA	Switzerland	100%	100%
TEMENOS (THAILAND) CO. LIMITED	Thailand	100%	100%
TEMENOS EURASIA BANKA YAZILIMLARI LTD SIRKETI	Turkey	100%	100%
AVOKA EUROPE LIMITED	United Kingdom	100%	100%
EDGE IPK LIMITED	United Kingdom	100%	100%
FE MOBILE LIMITED*	United Kingdom	0%	100%
FINANCIAL OBJECTS (UK) LIMITED	United Kingdom	100%	100%
FINANCIAL OBJECTS INTERNATIONAL LIMITED*	United Kingdom	0%	100%
FINANCIAL OBJECTS LIMITED	United Kingdom	100%	100%
IGEFI UK LIMITED	United Kingdom	100%	100%
LOGICAL GLUE LIMITED	United Kingdom	100%	100%
ODYSSEY FINANCIAL TECHNOLOGIES LIMITED	United Kingdom	100%	100%
TEMENOS FOFL LIMITED*	United Kingdom	0%	100%
TEMENOS FOGT LIMITED	United Kingdom	100%	100%
TEMENOS UK LIMITED	United Kingdom	100%	100%
WEALTH MANAGEMENT SYSTEMS LIMITED	United Kingdom	100%	100%
AVOKA (USA), INC.	U.S.A.	100%	100%
KONY, INC.	U.S.A.	100%	100%
TEMENOS CLOUD AMERICAS LLC	U.S.A.	100%	100%
TEMENOS HOLDINGS USA, INC.	U.S.A.	100%	100%
TEMENOS U.S.A., INC.	U.S.A.	100%	100%
TEMENOS VIETNAM COMPANY LIMITED	Vietnam	100%	100%

* Company struck-off in 2023.

In addition to the Group companies listed above, some Group subsidiaries maintain branches or representative offices at the following locations: Beirut (Lebanon), Dubai (United Arab Emirates), Riyadh (Saudi Arabia), Milan (Italy), Moscow (Russia), Taipei (Taiwan), Islamabad (Pakistan), Jakarta (Indonesia), Tunis (Tunisia), Helsinki (Finland), Malmo (Sweden) and Renens (Switzerland).

Significant restrictions
Other than those described in note 13, there is no significant restriction on the Group's ability to access or use assets and settle liabilities of the above entities.

6. Business combinations

There were no acquisitions during the years ended 31 December 2023 and 31 December 2022.

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 is also presented to the CODM, but it is 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.

Assets attributed to the reporting segments represent net trade receivables and contract assets (note 14).

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

	Product		Services		Total	
	2023 USD 000	2022 USD 000	**2023 USD 000**	2022 USD 000	**2023 USD 000**	2022 USD 000
Revenues	**867,328**	806,766	**132,896**	142,862	**1,000,224**	949,628
Operating contribution	**383,479**	348,268	**12,948**	2,608	**396,427**	350,876
Total assets	**301,639**	248,691	**85,807**	86,184	**387,446**	334,875

All revenues are generated from contracts with external customers. The Group has a large number of customers and no individual customer contributed more than 10% of the Group's total revenue in the current or prior year.

The accounting policies applied to the reportable segments are the same as the Group's accounting policies described in note 2, with the exception of the fair value adjustment on deferred income liabilities acquired in business combinations, if any.

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

For goodwill impairment testing purposes, goodwill of USD 1,066.4 million (2022: USD 1,052.6 million) was allocated to the Product segment.

Reconciliation to Group's consolidated financial statements	**2023 USD 000**	2022 USD 000
Total operating contribution from the reportable segments	**396,427**	350,876
Depreciation and amortization (notes 16 and 17)	**(131,167)**	(138,597)
Unallocated expenses	**(65,883)**	(48,894)
Finance costs – net (note 11)	**(26,494)**	(17,422)
Profit before taxation	**172,883**	145,963

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued
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7. Segment information continued

Total assets	2023 USD 000	2022 USD 000
Total assets allocated to the reportable segments	**387,446**	334,875
Unallocated items:		
Other receivables	**87,407**	83,008
Cash and cash equivalents	**106,885**	89,923
Other financial assets	**91,538**	77,962
Property, plant and equipment	**58,017**	63,102
Intangible assets	**1,523,602**	1,538,750
Deferred tax assets	**71,946**	44,195
Total assets per the statement of financial position	**2,326,841**	2,231,815

Geographical information

Revenues from external customers	2023 USD 000
Switzerland (country of the Group's domiciliation)	**51,963**
United States of America	**185,023**
Luxembourg	**44,444**
United Kingdom	**44,404**
Saudi Arabia	**39,988**
Australia	**31,945**
Total – material countries	**397,767**
Rest of Middle East and Africa	**202,208**
Rest of Europe	**162,854**
Rest of Asia Pacific	**142,839**
Rest of Americas	**94,556**
Total revenues	**1,000,224**

Revenues from external customers	2022 USD 000
Switzerland (country of the Group's domiciliation)	36,268
United States of America	196,855
Luxembourg	43,262
United Kingdom	41,426
Ireland	35,040
Australia	30,109
Total – material countries	382,960
Middle East and Africa	207,903
Rest of Asia Pacific	162,764
Rest of Europe	120,338
Rest of Americas	75,663
Total revenues	949,628

Revenues are based on the location where the license and maintenance are sold or the service is provided.

7. Segment information continued

Geographical information continued

Non-current assets other than financial instruments and deferred tax assets	2023 USD 000
Switzerland (country of the Group's domiciliation)	**270,378**
United States of America	**601,982**
Luxembourg	**253,649**
Australia	**231,018**
United Kingdom	**70,184**
France	**60,982**
Other countries	**93,426**
Total	**1,581,619**

Non-current assets other than financial instruments and deferred tax assets	2022 USD 000
Switzerland (country of the Group's domiciliation)	250,876
United States of America	631,439
Luxembourg	247,253
Australia	246,484
United Kingdom	68,528
France	60,023
Other countries	97,249
Total	1,601,852

8. Revenue from contracts with customers

Future performance obligations

The aggregate amount of the transaction price allocated to performance obligations that were partially unsatisfied or wholly unsatisfied as at the reporting year end is as follows:

	2023			2022		
	Within one year USD 000	**More than one year USD 000**	**Total USD 000**	Within one year USD 000	More than one year USD 000	Total USD 000
Revenue expected to be recognized	**639,253**	**1,422,829**	**2,062,082**	542,866	1,433,463	1,976,329

The remaining performance obligations expected to be recognized within one year and more than one year mainly relate to ongoing maintenance contracts.

Contract balances

	2023 USD 000	2022 USD 000
Contract assets	**56,621**	60,071
Deferred revenue	**481,832**	423,717

Revenue of USD 375.0 million (2022: USD 328.6 million) was recognized during the year ended 31 December 2023 from the deferred revenue balance included at the beginning of the period.

Revenue of USD 5.9 million (2022: USD 6.8 million) was recognized during the year ended 31 December 2023 from performance obligations satisfied (or partially satisfied) in previous periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued
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8. Revenue from contracts with customers continued

Contract costs

The Group has recognized an asset in relation to the costs incurred to obtain and fulfill contracts, which is presented within "Other receivables" on the balance sheet.

Assets recognized from costs incurred to fulfill a contract:	2023 USD 000	2022 USD 000
Current	**4,916**	3,678
Non-current	**5,685**	1,620
	10,601	5,298

Costs associated with customization developments are recognized in the profit or loss when delivery is performed. Costs for set up of SaaS contracts are recognized over the life of the committed contract with the customer. In 2023, the amount recognized in the profit or loss was USD 1.7 million (2022: USD 1.5 million).

Assets recognized from costs to obtain the contract:	2023 USD 000	2022 USD 000
Current	**10,469**	6,773
Non-current	**19,707**	17,118
	30,176	23,891

Capitalized commission is amortized over the life of the contract committed with the customer, as commissions are driven by the commitment period. In 2023, the amount recognized in the profit or loss was USD 11.3 million (2022: USD 8.9 million).

The Group applies the practical expedient in paragraph 94 of IFRS 15; the incremental costs of obtaining a contract are recognized as an expense when incurred if the amortization period of the asset, which the Group otherwise would have recognized, is one year or less.

9. Expenses by nature

	2023 USD 000	2022 USD 000
Third party licenses and commissions	**69,821**	60,369
Personnel costs and external consultants	**551,684**	560,319
Depreciation, amortization and impairment of intangible assets (notes 16 and 17)	**131,167**	138,597
Travel expenses	**23,780**	18,398
Rent and other occupancy costs	**7,726**	7,579
Marketing and other professional costs	**41,001**	31,990
Other costs	**52,285**	55,332
Capitalized development costs (note 17)	**(76,617)**	(86,341)
	800,847	786,243

10. Employee benefit expenses

	2023 USD 000	2022 USD 000
Wages and salaries	**370,752**	353,986
Termination benefits	**7,531**	9,629
Social charges	**42,047**	35,268
Defined contribution pension costs	**9,214**	8,072
Defined benefit pension costs (note 23)	**5,303**	5,249
Cost of employee share option scheme (note 27)	**52,914**	52,701
	487,761	464,905

10. Employee benefit expenses continued

Included in employee benefit expenses is the remuneration of the key management personnel as illustrated below:

	2023 USD 000	2022 USD 000
Key management personnel of Temenos AG		
– Short-term cash compensation and benefits	**8,604**	5,573
– Post-employment benefits	**170**	230
– Share-based payments	**16,052**	19,934
	24,826	25,737
Non-Executive Directors		
– Short-term benefits	**1,764**	1,329

Remuneration of the Board of Directors and the Executive Committee (together defined as “key management personnel”) in accordance with the Swiss Code of Obligations can be found in the Compensation Report of the Annual Report.

11. Finance costs – net

	2023 USD 000	2022 USD 000
Finance income:		
– Interest income on bank deposits and short-term investments	**1,901**	517
– Interest income on trade and other receivables measured at amortized cost	**1,999**	695
– Interest income on convertible notes	**2,549**	1,648
– Net fair value gain on convertible notes	**–**	6,800
– Foreign exchange gain, net	**4,051**	8,130
Total finance income	**10,500**	17,790
Finance costs:		
– Interest expense on financial instruments measured at amortized cost	**(25,328)**	(21,724)
– Unwinding on interest discount for contingent consideration	**–**	(67)
– Other financing costs*	**(3,511)**	(6,585)
– Net loss on derivatives not designated as hedging instruments	**(3,255)**	(6,836)
– Net fair value loss on convertible notes	**(4,900)**	–
Total finance costs	**(36,994)**	(35,212)
Finance costs – net	**(26,494)**	(17,422)

* Other financing costs principally include commitment fees attributable to banking facilities and other expenses related to financing activities.

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12. 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 year.

	2023	2022
Profit attributable to equity holders of the Company (USD 000)	**134,677**	114,420
Weighted average of ordinary shares outstanding during the year (in thousands)	**71,970**	71,673
Basic earnings per share (USD per share)	**1.87**	1.60

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 financial statements, the Group has only one category with a potential dilutive effect: “Instrument granted to employee under share-based payment”.

For the periods ended 31 December 2022 and 31 December 2023, this category was fully dilutive.

	2023	2022
Profit used to determine diluted earnings per share (USD 000)	**134,677**	114,420
Weighted average of ordinary shares outstanding during the year (in thousands)	**71,970**	71,673
Adjustments for:		
– Share options and restricted shares (in thousands)	**663**	284
Weighted average number of ordinary shares for diluted earnings per share (in thousands)	**72,633**	71,957
Diluted earnings per share (USD per share)	**1.85**	1.59

13. Net debt analysis

	2023 USD 000	2022 USD 000
Cash at bank and in hand (note 2.4)	**96,712**	69,825
Short-term deposits (note 2.4)	**10,173**	20,098
Cash and cash equivalents*	**106,885**	89,923
Borrowings – repayable within one year (note 19)	**(194,990)**	(204,137)
Borrowings – repayable after one year (note 19)	**(569,686)**	(636,666)
Cross-currency swaps – hedging instruments (note 15)	**34,372**	13,329
Gross debt	**(730,304)**	(827,474)
Net debt	**(623,419)**	(737,551)

* Included in “cash and cash equivalents” is USD 3.2 million (2022: USD 2.4 million) held in jurisdictions where regulatory exchange controls exist and therefore not available for general use by the Group outside of such jurisdiction at the reporting date.

The carrying value of cash and cash equivalents approximates their fair value.

13. Net debt analysis continued

	Changes in liabilities from financing activities					
	Cross-currency swaps and interest rate swaps USD 000	Lease liabilities USD 000	Other borrowings USD 000	Gross debt USD 000	Other liabilities* USD 000	**Total USD 000**
At 31 December 2021	(586)	(44,216)	(915,642)	(960,444)	(2,326)	**(962,770)**
Cash flows from financing activities						
– Proceeds	–	–	(405,294)	(405,294)	–	**(405,294)**
– Repayments	–	–	502,625	502,625	–	**502,625**
– Interest payments	–	–	18,809	18,809	3,772	**22,581**
– Other financing costs	–	–	–	–	3,767	**3,767**
– Payments of lease liabilities	–	15,992	–	15,992	–	**15,992**
– Settlement of financial instruments	(2,298)	–	–	(2,298)	(3,806)	**(6,104)**
Fair value and foreign exchange movement	16,213	2,159	15,138	33,510	12,029	**45,539**
Interest on lease liabilities (note 20)	–	(1,000)	–	(1,000)	–	**(1,000)**
Interest accruals	–	–	(17,522)	(17,522)	(4,265)	**(21,787)**
Net (additions)/disposals of lease liabilities	–	(12,823)	–	(12,823)	–	**(12,823)**
Other movements	–	971	–	971	(3,801)	**(2,830)**
At 31 December 2022	13,329	(38,917)	(801,886)	(827,474)	5,370	**(822,104)**
Cash flows from financing activities						
– Proceeds	–	–	(367,927)	(367,927)	–	**(367,927)**
– Repayments	–	–	512,085	512,085	–	**512,085**
– Interest payments	–	–	17,886	17,886	4,740	**22,626**
– Other financing costs	–	–	–	–	3,226	**3,226**
– Payments of lease liabilities	–	15,372	–	15,372	–	**15,372**
– Settlement of financial instruments	–	–	–	–	(3,318)	**(3,318)**
Fair value and foreign exchange movement	21,043	(681)	(71,815)	(51,453)	(7,759)	**(59,212)**
Interest on lease liabilities (note 20)	–	(1,156)	–	(1,156)	–	**(1,156)**
Interest accruals	–	–	(19,259)	(19,259)	(8,638)	**(27,897)**
Net (additions)/disposals of lease liabilities	–	(8,516)	–	(8,516)	–	**(8,516)**
Other movements	–	138	–	138	(252)	**(114)**
At 31 December 2023	**34,372**	**(33,760)**	**(730,916)**	**(730,304)**	**(6,631)**	**(736,935)**

* Included in “Other payables”, “Other financial liabilities” and “Other financial assets”.

14. Trade and other receivables

	2023 USD 000	2022 USD 000
Trade receivables	**335,599**	280,575
Contract assets (note 8)	**56,621**	60,071
Loss allowance	**(4,774)**	(5,771)
Trade receivables and contract assets – net	**387,446**	334,875
VAT and other taxation recoverable	**16,905**	16,607
Other receivables	**5,361**	8,849
Prepayments and capitalized contract cost	**65,141**	57,552
Total trade and other receivables	**474,853**	417,883
Less non-current portion	**(188,604)**	(104,410)
Total current trade and other receivables	**286,249**	313,473

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14. Trade and other receivables continued
Trade and other receivables are recognized initially at the transaction price or at fair value if they contain a significant financing component. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures these subsequently at amortized cost using the effective interest method.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets mentioned above. The Group's exposure to credit and market risk is disclosed in note 3.2.

Fair values of trade and other receivables qualified as financial assets and measured at amortized cost

	Carrying amount		Fair value	
	2023 USD 000	2022 USD 000	**2023 USD 000**	2022 USD 000
Current trade and other receivables	**246,500**	274,659	**246,500**	274,659
Non-current trade and other receivables	**163,212**	85,672	**161,743**	76,489
	409,712	360,331	**408,243**	351,148

The carrying amount of current trade and other receivables approximates their fair value. The fair value measurement of non-current trade and other receivables is based on a discounted cash flow approach using a risk-free yield curve adjusted for customer country credit risk, and is within level 2 of the fair value hierarchy. The majority of balances in non-current trade and other receivables relate to license subscriptions where carrying value equates to fair value as there has been no significant change in the risk-free rate since initial recognition.

Movements in the provision for impairment
The allowance account is used for impairment of trade receivables and contract assets.

	Trade receivables and contract assets	
	2023 USD 000	2022 USD 000
Balance at 1 January	**5,771**	3,231
Increase in loss allowance	**1,005**	3,196
Utilized	**(2,002)**	(656)
Balance at 31 December	**4,774**	5,771

Included in "Sales and marketing" is USD 1.9 million (2022: USD 3.2 million) impairment loss related to trade receivables and contract assets.

15. Other financial assets and liabilities

	2023		2022	
	Assets USD 000	**Liabilities USD 000**	Assets USD 000	Liabilities USD 000
Foreign currency forwards – hedging instruments	**2,279**	**2,618**	1,385	6,526
Foreign currency options – hedging instruments	**763**	**466**	1,162	1,839
Foreign currency forwards – held-for-trading	**4,510**	**5,743**	2,234	1,506
Cross-currency swaps – hedging instruments	**34,372**	**–**	13,329	–
Interest rate swaps – hedging instruments	**336**	**3,191**	8,223	–
Convertible notes (note 3.4)	**49,278**	**–**	51,629	–
At 31 December	**91,538**	**12,018**	77,962	9,871
Reported as follows:				
Current	**69,786**	**11,339**	35,112	8,293
Non-current	**21,752**	**679**	42,850	1,578
At 31 December	**91,538**	**12,018**	77,962	9,871

The maximum exposure to credit risk at the reporting date is the fair value of the assets as reported in the statement of financial position.

16. Property, plant and equipment

Year ended 31 December 2023	Leasehold improvements USD 000	Vehicles USD 000	Fixtures, fittings and equipment USD 000	Land and buildings USD 000	Right-of-use assets USD 000	Total USD 000
Cost						
At 1 January 2023	17,250	442	67,643	1,659	79,106	166,100
Foreign currency exchange differences	136	(1)	685	(11)	979	1,788
Additions	2,226	–	6,282	–	9,873	18,381
Transfer*	–	–	–	–	(4,870)	(4,870)
Retirements/disposals	(2,043)	(97)	(5,513)	–	(10,969)	(18,622)
At 31 December 2023	**17,569**	**344**	**69,097**	**1,648**	**74,119**	**162,777**
Depreciation and impairment						
At 1 January 2023	13,847	391	47,351	444	40,965	102,998
Foreign currency exchange differences	46	(1)	574	(3)	499	1,115
Charge for the year	1,132	28	8,074	29	14,319	23,582
Transfer*	–	–	–	–	(4,870)	(4,870)
Retirements/disposals	(1,900)	(74)	(5,306)	–	(10,785)	(18,065)
At 31 December 2023	**13,125**	**344**	**50,693**	**470**	**40,128**	**104,760**
Net book value						
At 31 December 2023	**4,444**	**–**	**18,404**	**1,178**	**33,991**	**58,017**

Year ended 31 December 2022	USD 000	USD 000	USD 000	USD 000	USD 000	USD 000
Cost						
At 1 January 2022	16,213	656	64,960	1,848	77,677	161,354
Foreign currency exchange differences	(812)	(39)	(4,136)	(189)	(4,179)	(9,355)
Additions	2,725	–	13,584	–	17,876	34,185
Transfer*	–	–	–	–	(6,481)	(6,481)
Retirements/disposals	(876)	(175)	(6,765)	–	(5,787)	(13,603)
At 31 December 2022	17,250	442	67,643	1,659	79,106	166,100
Depreciation and impairment						
At 1 January 2022	14,223	519	48,509	462	38,226	101,939
Foreign currency exchange differences	(653)	(30)	(2,826)	(48)	(2,307)	(5,864)
Charge for the year	1,138	59	8,171	30	15,506	24,904
Transfer*	–	–	–	–	(6,481)	(6,481)
Retirements/disposals	(861)	(157)	(6,503)	–	(3,979)	(11,500)
At 31 December 2022	13,847	391	47,351	444	40,965	102,998
Net book value						
At 31 December 2022	3,403	51	20,292	1,215	38,141	63,102

* The transfer relates to the accumulated depreciation that was eliminated against the gross carrying amount of the remeasured asset as at the modification date.

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17. Intangible assets

Year ended 31 December 2023	Internally generated software development costs USD 000	Goodwill USD 000	Computer software USD 000	Customer related USD 000	Total USD 000
Cost					
At 1 January 2023	794,847	1,052,616	398,498	313,139	2,559,100
Foreign currency exchange differences	3,026	13,757	3,389	3,388	23,560
Additions	76,617	–	2,211	–	78,828
At 31 December 2023	**874,490**	**1,066,373**	**404,098**	**316,527**	**2,661,488**
Accumulated amortization and impairment					
At 1 January 2023	559,685	–	278,881	181,784	1,020,350
Foreign currency exchange differences	2,991	–	3,404	3,556	9,951
Charge for the year	58,551	–	33,480	15,554	107,585
At 31 December 2023	**621,227**	**–**	**315,765**	**200,894**	**1,137,886**
Net book value					
At 31 December 2023	**253,263**	**1,066,373**	**88,333**	**115,633**	**1,523,602**

Year ended 31 December 2022	USD 000	USD 000	USD 000	USD 000	USD 000
Cost					
At 1 January 2022	714,830	1,086,394	400,569	323,469	2,525,262
Foreign currency exchange differences	(6,324)	(33,778)	(9,669)	(10,330)	(60,101)
Additions	86,341	–	7,598	–	93,939
At 31 December 2022	794,847	1,052,616	398,498	313,139	2,559,100
Amortization					
At 1 January 2022	501,563	–	252,925	173,664	928,152
Foreign currency exchange differences	(5,289)	–	(8,403)	(7,803)	(21,495)
Charge for the year	63,411	–	34,359	15,923	113,693
At 31 December 2022	559,685	–	278,881	181,784	1,020,350
Net book value					
At 31 December 2022	235,162	1,052,616	119,617	131,355	1,538,750

An amortization charge of USD 104.4 million (2022: USD 109.6 million) is included in “Cost of sales”; USD 0.5 million (2022: USD 0.7 million) in “Sales and marketing”; USD 0.5 million (2022: USD 0.8 million) in “Other operating expenses”; and USD 2.2 million (2022: USD 2.6 million) in “General and administrative”.

17. Intangible assets continued

Impairment tests for goodwill

Management has determined that there are two separate cash-generating units (CGUs), "Product" and "Services". These CGUs have been determined to be the smallest group of assets which generate cash inflows largely independent of cash inflows from other assets within the Group. Goodwill is allocated to the "Product" CGU, which is the same as the Product reportable segment.

	2023			2022		
	Carrying amount USD 000	**Growth rate**	**Discount rate**	Carrying amount USD 000	Growth rate	Discount rate
"Product" CGU	**1,066,373**	**1%**	**10.91%**	1,052,616	1%	11.10%

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on the most recent financial budget and plan approved by the management covering a four-year period (2022: a four-year period) and then extrapolated over a perpetual period using the estimated growth rate assigned to the countries where the cash-generating unit operates. The growth rate does not exceed the long-term average growth rate for the software industry in which the CGU performs its operations. The perpetuity growth rate and the pre-tax discount rate used in the calculation are presented above.

Budgeted cash flow projections are determined based on the expectation of future client signings of the Group's current pipeline. Budgeted gross margin is in line with our history and takes into consideration market developments and efficiency leverage. The Group is well positioned for growth in future years.

Management believes that any reasonable change in any of the key assumptions described above on which the recoverable amount is based would not cause the reported carrying amount to exceed the recoverable amount of the cash-generating unit.

The discount rate represents the Group's Weighted Average Cost of Capital adjusted for tax effect to determine the pre-tax rate as required by IFRS.

18. Trade and other payables

	2023 USD 000	2022 USD 000
Trade payables	**23,875**	42,214
Accrued expenses	**140,621**	106,174
Other payables	**24,497**	23,498
Total trade and other payables	**188,993**	171,886

Trade and other payables are initially recorded at fair value and subsequently measured at amortized cost. As the total carrying amount is due within the next 12 months from the balance sheet date, the impact of applying the effective interest method is not significant and, therefore, the carrying amount equals the contractual amount or the fair value initially recognized.

Fair values of trade and other payables qualified as financial liabilities and measured at amortized cost

	Carrying amount		Fair value	
	2023 USD 000	2022 USD 000	**2023 USD 000**	2022 USD 000
Current trade and other payables	**180,595**	159,357	**180,595**	159,357

The carrying amount of current trade and other payables is considered to be at fair value, due to their short-term nature.

The carrying amount of the items measured at fair value as well as their level in the fair value hierarchy is disclosed in note 3.4.

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19. Borrowings

	2023 USD 000	2022 USD 000
Current		
Other loans	**4**	26
Unsecured bonds	**182,367**	191,948
Lease liabilities	**12,619**	12,163
	194,990	204,137
Non-current		
Other loans	**–**	5
Bank borrowings	**50,639**	210,575
Unsecured bonds	**497,906**	399,332
Lease liabilities	**21,141**	26,754
	569,686	636,666
Total borrowings	**764,676**	840,803

Fair value of borrowings

	Carrying amount		Fair value	
	2023 USD 000	2022 USD 000	2023 USD 000	2022 USD 000
Other loans	**4**	31	**4**	27
Bank borrowings	**50,639**	210,575	**50,532**	209,956
Unsecured bonds	**680,273**	591,280	**685,685**	577,465
	730,916	801,886	**736,221**	787,448

The fair value measurement of other loans and bank borrowings is based on a discounted cash flow method using observable interest curve adjusted for credit risk and is within level 2 of the fair value hierarchy. The fair value measurement of the bonds represents their dirty price that is derived from their quoted clean price on the SIX Swiss Exchange and is within level 1 of the fair value hierarchy.

The carrying amounts of borrowings are denominated in the following currencies:

	2023 USD 000	2022 USD 000
Swiss francs	**719,844**	734,556
US dollars	**21,989**	79,451
Other currencies	**22,843**	26,796
	764,676	840,803

Unsecured bonds

The Group holds the following unsecured bonds:

- CHF 150 million with a coupon of 1.75% paid annually on 5 April. The bond will mature on 5 April 2024 at par and was issued in 2017;
- CHF 220 million with a coupon of 1.50% paid annually on 28 November. The bond will mature on 28 November 2025 at par and was issued in 2019; and
- CHF 200 million with a coupon of 2.85% paid annually on 11 October. The bond will mature on 11 October 2028 at par and was issued in 2023.

In October 2023, the Group issued a senior unsecured bond with a nominal value of CHF 200 million and a coupon rate of 2.85% paid annually on 11 October. The bond will mature on 11 November 2028 at a redemption price of 100% of the principal amount.

In November 2023, the Group repaid the senior unsecured bond issued in November 2018 with a nominal value of CHF 175 million and a coupon rate of 1.875%. The redemption price was 100% of the principal amount.

19. Borrowings continued

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 rate plus margin, which is calculated by reference to financial covenants;
- the facility terminates on 5 July 2026; and
- commitment fees are due on the undrawn portion.

As at 31 December 2023, a total of USD 50.6 million (2022: USD 210.6 million) was drawn under this agreement.

The facility is subject to financial covenants which have been adhered to during the reported periods.

20. Leases

The Group primarily leases properties (office space) in the jurisdictions from which it operates. The Group also has leases for equipment and vehicles.

Information about leases for which the Group is a lessee is presented below.

Amounts recognized in the statement of financial position

	2023 USD 000	2022 USD 000
Right-of-use asset		
Property	**33,233**	37,450
Equipment	**41**	26
Vehicles	**717**	665
Total	**33,991**	38,141
Lease liabilities		
Current	**12,619**	12,163
Non-current	**21,141**	26,754
Total	**33,760**	38,917

Amounts recognized in profit or loss

	2023 USD 000	2022 USD 000
Leases under IFRS 16		
Depreciation charge for right-of-use-assets		
Property	**13,944**	15,123
Equipment	**16**	7
Vehicles	**359**	376
Total depreciation	**14,319**	15,506
Interest on lease liabilities	**1,156**	1,000
Expenses relating to short-term leases	**484**	615
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	**147**	121

Amounts recognized in statement of cash flows

The total cash outflow for leases in 2023 was USD 15.4 million (2022: USD 16.0 million).

At 31 December 2023, the commitment on short-term leases was USD nil (2022: USD nil) which has not been included in the measurement of lease liabilities.

At 31 December 2023, the Group had committed to leases which had not yet commenced. The total future cash outflows for leases not reflected in lease liabilities is USD 8.3 million (2022: USD 0.3 million).

Extension and termination options

Some office property leases contain extension and termination options exercisable at a certain point in time of the contract period. Where practicable, the Group seeks to include extension and termination options in new leases to provide operational flexibility. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension or termination options. The Group reassesses the likelihood of the option to extend or terminate if a significant event or significant change in circumstances occurs which is within its control.

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21. Taxation
Tax expense

	2023 USD 000	2022 USD 000
Current tax on profits for the year	**37,662**	49,331
Adjustments in respect of prior years	**(10,566)**	3,929
Total current tax	**27,096**	53,260
Deferred tax – origination and reversal of temporary differences	**11,110**	(21,717)
Total tax expense	**38,206**	31,543

Temenos AG is incorporated in Switzerland but the Group operates in various countries with various tax laws and rates. Consequently, the effective tax rate may vary from period to period to reflect the generation of taxable income in tax jurisdictions. A reconciliation between the reported income tax expense and the amount computed using the effective Swiss statutory corporate tax rate for the Group of 14.0% (2022: 14.0%), is as follows:

	2023 USD 000	2022 USD 000
Profit before tax	**172,883**	145,963
Tax at the domestic rate of 14.0% (2022: 14.0%)	**24,204**	20,435
Non-taxable income	**–**	(167)
Non-deductible expenses	**628**	1,509
Prior period adjustments	**(10,566)**	3,929
Movement in temporary differences related to unprovided deferred tax[1]	**15,695**	(15,065)
Losses not recognized in period	**9,331**	3,505
Unprovided losses utilized	**(8,297)**	(4,303)
Effects of different tax rates	**(564)**	8,993
Overseas withholding tax	**8,148**	12,057
Other tax and credits	**(373)**	650
Total tax expense	**38,206**	31,543

Reconciliation notes:

1 In 2022, the 'movement in temporary differences related to unprovided deferred tax' relates mainly to the recognition of deferred tax assets from brought forward losses which were not recognized prior to 2022. In 2023, it mainly relates to a deferred tax liability recognized on an outside basis difference which is likely to reverse in the foreseeable future.

There is an income tax credit of USD 16.6 million (2022: USD nil) arising relating to components of other comprehensive income, specifically relating to the fair value of financial instruments, and USD 3.0 million income tax has been credited directly to equity (2022: USD 0.5 million) in relation to deferred remuneration and USD 2.0 million (2022: USD nil) has been debited to equity for the tax impact on movement ultimately arising from the Group's investment in treasury shares.

The Group is within the scope of the OECD Pillar Two model rules. Switzerland, the jurisdiction in which Temenos AG is incorporated, has introduced one element of Pillar 2, namely that the profits of Swiss companies be subject to a minimum effective tax rate of 15%. This will come into effect from 1 January 2024. On other parts of Pillar 2, including Switzerland taxing the profits of non-Swiss subsidiaries, Switzerland has said it will continue to monitor international developments and decide about implementation at a later date.

Since the Pillar Two legislation was not effective at the reporting date, the Group has no related current tax exposure. The Group applies the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

Under the legislation, the Group is liable to pay a top-up tax for the difference between its GloBE effective tax rate per jurisdiction and the 15% minimum rate. The majority of the entities within the Group have an effective tax rate that exceeds 15%. The only significant jurisdiction where the recurring effective tax rate (calculated in accordance with paragraph 86 of IAS 12 and before irrevocable WHT) is currently lower than 15% is Switzerland where the tax rate is 14% for year ended 31 December 2023.

21. Taxation continued

Tax expense continued

The Group is in the process of assessing its exposure to the Pillar Two legislation for when it comes into effect. This assessment indicates for Switzerland that the average effective tax rate based on accounting profit is 14% for the annual reporting period to 31 December 2023. However, although the average effective tax rate is below 15%, the Group might not be exposed to paying Pillar Two income taxes in relation to Switzerland. This is due to the impact of specific adjustments envisaged in the Pillar Two legislation which give rise to different effective tax rates compared to those calculated in accordance with paragraph 86 of IAS 12.

Due to the complexities in applying the legislation and calculating GloBE income, the quantitative impact of the enacted or substantively enacted legislation is not yet reasonably estimable. Therefore, even for those entities with an accounting effective tax rate above 15%, there may still be Pillar Two tax implications. The Group is currently engaged with tax specialists to assist them with applying the legislation.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred income taxes relate to the same fiscal authority.

The movement in the deferred tax is as follows:

	Tax losses USD 000	Intangible assets USD 000	Financial instruments USD 000	Accounting provisions USD 000	Retirement benefits USD 000	Other STTDs USD 000	Total USD 000
At 1 January 2022*	15,138	(59,153)	(5,520)	1,536	–	61	(47,938)
Credited/(charged) to the income statement	14,121	7,224	4,482	(5,985)	646	1,229	21,717
Credited to equity	–	–	–	–	–	486	486
Foreign currency exchange differences	163	569	(73)	(250)	26	(159)	276
At 31 December 2022*	29,422	(51,360)	(1,111)	(4,699)	672	1,617	(25,459)
(Charged)/credited to the income statement	(4,151)	8,514	(13,404)	11,242	737	(14,048)	(11,110)
Credited to other comprehensive income/equity	16,622	–	–	–	–	972	17,594
Foreign currency exchange differences	399	24	265	(1,161)	(10)	719	236
At 31 December 2023	**42,292**	**(42,822)**	**(14,250)**	**5,382**	**1,399**	**(10,740)**	**(18,739)**
Shown in the Balance sheet as within:							
Deferred tax asset	29,929	3,355	7,997	20,000	–	10,665	71,946
Deferred tax liability	12,363	(46,177)	(22,247)	(14,618)	1,399	(21,405)	(90,685)
Net asset/(liability)	**42,292**	**(42,822)**	**(14,250)**	**5,382**	**1,399**	**(10,740)**	**(18,739)**

* Refer to note 2.26.

USD 55.0 million of deferred tax assets are expected to be recovered after more than 12 months (2022: USD 43.7 million). USD 78.4 million of deferred tax liabilities are expected to be recovered after more than 12 months (2022: USD 83.3 million).

An assessment of the realizability of deferred tax assets is made on a country by country basis, based on the weight of available evidence including factors such as recent earnings history and expected future taxable income. Deferred tax assets are recognized to the extent that realization of the related tax benefit through future taxable profits is probable.

The Group has not recognized deferred tax assets of USD 69.0 million (2022: USD 86.5 million) in respect of losses amounting to USD 412.0 million (2022: USD 461.8 million) that can be carried forward against future taxable income. The expiry of these losses is as follows:

	2023 USD m	2022 USD m
Within 5 years	**0.2**	3.3
Between 5 years and 10 years	**27.5**	0.6
Between 10 years and 20 years	**153.3**	183.9
No expiry date	**231.0**	274.0
	412.0	461.8

2022 comparatives for losses on which deferred tax is not recognized are represented, from amounts presented last year, to align with the basis applied for 2023.

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21. Taxation continued
Tax expense continued
The Group has also not recognized deferred tax assets of USD 1.1 million (2022: USD 1.9 million) in relation to deferred compensation.

At the balance sheet date, the amount of temporary differences in relation to the investment in subsidiaries for which deferred tax liabilities have been recognized was USD 136.9 million (2022: USD nil) resulting in a deferred liability of USD 19.9 million (within Other STTDs above). The aggregate amount of such temporary difference for which deferred tax has not been recognized was USD 814.7 million (2022: USD 954.4 million). No liability has been recognized in respect of these differences because the Group is in a position to control the timing of the reversal of temporary differences and the Group considers that it is probable that such differences will not reverse in the foreseeable future.

22. Provisions for other liabilities and charges

	Legal provision USD 000	Property provision USD 000	Termination benefits USD 000	Total USD 000
At 1 January 2023	80	1,168	3,005	4,253
Foreign currency exchange differences	–	56	98	154
Increase in provision recognized in profit or loss	2,800	1,036	3,143	6,979
Used during the year	–	(22)	(3,376)	(3,398)
Unused amounts reversed during the year	(80)	(22)	(2,687)	(2,789)
At 31 December 2023	**2,800**	**2,216**	**183**	**5,199**

Reported as follows:

	Legal provision USD 000	Property provision USD 000	Termination benefits USD 000	Total USD 000
2023				
Current	2,800	712	183	3,695
Non-current	–	1,504	–	1,504
At 31 December 2023	**2,800**	**2,216**	**183**	**5,199**
2022				
Current	80	–	3,005	3,085
Non-current	–	1,168	–	1,168
At 31 December 2022	**80**	**1,168**	**3,005**	**4,253**

Legal provision
The amounts represent provisions for legal claims brought against the Group. The balance at 31 December 2023 is expected to be utilized in 2024. Management believes that the outcome of these claims will not give rise to any significant loss beyond the amounts provided at 31 December 2023.

Property provision
The property provision represents the net present value of estimated future costs associated with dilapidations. Provisions for dilapidations represent the estimated costs to be incurred at the date of exit.

The non-current portion has not been discounted as the effect of the time value was not material.

The non-current portion of USD 1.5 million (2022: USD 1.2 million) relates to dilapidation costs that will be settled when the related leases are terminated, which is not expected to occur within the next 12 months.

Termination benefits
The termination benefits provision represents the benefits payable for the period with no future economic benefits to the Group. The carrying amount has been treated as a non-cash item in the Cash flow statement and is expected to be fully utilized in 2024.

23. Post-employment defined benefit obligations

The Group operates numerous defined benefit plans out of which the Swiss plans and one Indian plan are funded.

Swiss pension plans represent the majority of the Group's total defined benefit obligations. They entitle retired employees to receive either a capital or an annual pension payment. Final benefit is based on retirement savings accumulated over the working life period of the employees. The plans are administrated by separate funds that are legally separated from the entity. Plans are funded through institutional investments.

Swiss pension plans are governed by the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (LPP), which stipulates that pension plans are to be managed by independent and legally autonomous units. Plan participants are insured against the financial consequences of old age, disability and death. The various insurance benefits are governed in regulations, with the LPP specifying the minimum benefits that are to be provided. The employer and employees pay contributions to the pension funds. In case the plan's statutory funding falls below a certain level, various measures can be taken such as an increase of the current contribution, lowering the interest rate on the retirement account balances or a reduction of the additional prospective benefits. The Group can also make additional restructuring contributions.

The Swiss pension plans are managed and administrated by collective semi-autonomous foundations established by one of the leading insurance companies for pension plans based in Switzerland. The Board of Trustee of each foundation is composed of equal numbers of employee and employer representatives.

One plan selected a foundation whereby the investment strategy and the appropriation of the return are delegated to the fund commission, which is composed of Temenos' representatives, and all within the framework set out by the LPP and the Board of Trustee. In this model, the plan directly bears the investment risk. The other plan follows a solution where the investment strategy and the allocation of return are established by the Trustees of the foundation. In this scheme, the investment risk, as well as the return, falls within all the affiliated participants of the foundation. In both plans the risk benefits of disability and death are fully insured by an insurance company.

As all the plans within the Group are not exposed to materially different risks, management has decided not to present additional disaggregation of the disclosures unless explicitly required by IAS 19 'Employee Benefits'.

The amounts recognized in the statement of financial position at 31 December are as follows:

	2023 USD 000	2022 USD 000
Present value of funded obligations	**66,819**	53,334
Fair value of plan assets	**(58,038)**	(51,319)
Deficit of funded plans	**8,781**	2,015
Present value of unfunded obligations	**9,144**	8,561
Impact of asset ceiling	**–**	1,641
Net liability	**17,925**	12,217

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued
31 December 2023

23. Post-employment defined benefit obligations continued
The movement in the net defined benefit liability over the year is as follows:

	Present value of obligation USD 000	Fair value of plan assets USD 000	Total USD 000	Effect of asset ceiling USD 000	Total USD 000
Balance at 1 January 2023	**61,895**	**(51,319)**	**10,576**	**1,641**	**12,217**
Items recognized in profit or loss:					
Current service costs	**3,799**	**–**	**3,799**	**–**	**3,799**
Past service costs	**955**	**–**	**955**	**–**	**955**
Other costs	**–**	**65**	**65**	**–**	**65**
Interest expense/(income)	**1,961**	**(1,516)**	**445**	**39**	**484**
	6,715	**(1,451)**	**5,264**	**39**	**5,303**
Remeasurements included in OCI:					
– Return on plan assets, excluding interest income	**–**	**(542)**	**(542)**	**–**	**(542)**
Actuarial loss/(gain) from:					
– Demographic assumptions	**314**	**–**	**314**	**–**	**314**
– Financial assumptions	**4,549**	**–**	**4,549**	**–**	**4,549**
– Experience adjustments	**2,539**	**–**	**2,539**	**–**	**2,539**
– Change in asset ceiling	**–**	**–**	**–**	**(1,797)**	**(1,797)**
	7,402	**(542)**	**6,860**	**(1,797)**	**5,063**
– Exchange differences	**4,215**	**(4,285)**	**(70)**	**117**	**47**
Contributions:					
- Employers	**–**	**(2,766)**	**(2,766)**	**–**	**(2,766)**
– Plan participants	**1,079**	**(1,079)**	**–**	**–**	**–**
Payments:					
– Benefit paid	**(5,343)**	**3,404**	**(1,939)**	**–**	**(1,939)**
	(49)	**(4,726)**	**(4,775)**	**117**	**(4,658)**
Balance at 31 December 2023	**75,963**	**(58,038)**	**17,925**	**–**	**17,925**
Balance at 1 January 2022	66,925	(53,103)	13,822	-	13,822
Items recognized in profit or loss:					
Current service costs	4,047	–	4,047	–	4,047
Past service costs	777	–	777	–	777
Other costs	–	56	56	–	56
Interest expense/(income)	985	(616)	369	–	369
	5,809	(560)	5,249	-	5,249
Remeasurements included in OCI:					
– Return on plan assets, excluding interest income	–	5,119	5,119	–	5,119
Actuarial (gain)/loss from:					
– Demographic assumptions	(279)	–	(279)	–	(279)
– Financial assumptions	(10,417)	–	(10,417)	–	(10,417)
– Experience adjustments	2,009	–	2,009	–	2,009
– Change in asset ceiling	–	–	–	1,627	1,627
	(8,687)	5,119	(3,568)	1,627	(1,941)
– Exchange differences	(1,775)	1,350	(425)	14	(411)
Contributions:					
– Employers	–	(3,137)	(3,137)	–	(3,137)
– Plan participants	1,006	(1,006)	–	–	–
Payments:					
– Benefit paid	(1,383)	18	(1,365)	–	(1,365)
	(2,152)	(2,775)	(4,927)	14	(4,913)
Balance at 31 December 2022	61,895	(51,319)	10,576	1,641	12,217

23. Post-employment defined benefit obligations continued

The defined benefit obligation is calculated using the projected unit credit method. This reflects service rendered by employees to the date of valuation and incorporates actuarial assumptions primarily regarding discount rates and projected rates of remuneration growth. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds or government bonds in countries where there is not a deep market in corporate bonds.

Plan assets comprise:

	2023	2022
Equity securities:		
– Quoted	**27%**	27%
Fixed income securities:		
– Quoted	**21%**	23%
Real estate	**25%**	25%
Insurance contracts	**21%**	21%
Cash and cash equivalents	**3%**	1%
Other	**3%**	3%
	100%	100%

The governance of the plans annually performs an asset-liability assessment as well as a review of the investment strategies. The objectives are to select an appropriate asset allocation to match future cash outflows, to ensure an appropriate diversification of the invested assets as well as maximizing the return/risk profiles.

Actuarial assumptions

These defined benefit plans expose the Group to actuarial risks, such as currency risk, interest rate risk, demographic risk and market risk (investment risk).

Actuarial assumptions are based on the requirement set out by IAS 19 'Employee Benefits'. They are unbiased and mutually compatible estimates of variables that determine the ultimate cost of providing post-employment benefits. They are based on market expectations at the reporting date for the period over which the obligations are to be settled. They are set on an annual basis by independent actuaries.

Actuarial assumptions consist of demographic assumptions such as employee turnover, disability, mortality and financial assumptions such as interest rates, salary growth and consumer price inflation. The actuarial assumptions vary based upon local economic and social conditions.

The following are the principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2023	2022
Discount rate	**3.17%**	3.38%
Future salary growth	**3.03%**	2.75%

Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the principal assumptions is:

		2023 Change in assumption	
		Increase USD 000	**Decrease USD 000**
Discount rate	**50bps**	**(3,807)**	**4,213**
Future salary growth	**0.50%**	**905**	**(869)**

		2022 Change in assumption	
		Increase USD 000	Decrease USD 000
Discount rate	50bps	(2,829)	3,099
Future salary growth	0.50%	701	(684)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur since some of the assumptions are correlated. The sensitivity analysis has been calculated using the same methodology as applied when determining the pension liability in the statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued
31 December 2023

23. Post-employment defined benefit obligations continued
Sensitivity analysis continued
Expected contributions to funded post-employment defined benefit plans for the year ending 31 December 2024 are USD 3.2 million.

Expected benefit payments paid directly by the Group in respect of unfunded post-employment defined benefit plans for the year ending 31 December 2024 are USD 1.0 million.

At 31 December 2023, the weighted average duration of the defined benefit obligation was eleven years (2022: ten years).

24. Share capital
As at 31 December 2023, the issued shares of Temenos AG comprised 75,171,084 ordinary shares with a nominal value of CHF 5 each. All issued shares are fully paid.

The changes in the number of issued and outstanding shares in the year ended 31 December 2023 are summarized below:

	Number
Total number of shares issued as at 31 December 2022	74,935,760
Treasury shares	(3,164,632)
Total number of shares outstanding as at 31 December 2022	71,771,128
Creation of new ordinary shares out of conditional capital for share-based payment transactions	235,324
Disposal of treasury shares	487,356
Total number of shares outstanding as at 31 December 2023	**72,493,808**

As at 31 December 2023 the number of treasury shares held by the Group amounted to 2,677,276 (2022: 3,164,632).

Temenos AG also has conditional capital, comprising:

	Number
Conditional shares that may be issued on the exercise of share-based payment transactions	2,678,840
Conditional shares that may be issued in conjunction with financial instruments	6,607,904

25. Share premium and other reserves

	Share premium USD 000	Employee share options reserve USD 000	Discount on shares issued to employees USD 000	Negative premium arising on creation of Temenos Group AG USD 000	Total USD 000
Balance at 1 January 2022	827,140	335,417	(1,312,431)	(68,456)	(218,330)
Cost of share options (note 27)	–	52,701	–	–	52,701
Exercise of share-based payment transactions	15,822	–	(16,821)	–	(999)
Costs associated with equity transactions	(9)	–	–	–	(9)
Balance at 31 December 2022	842,953	388,118	(1,329,252)	(68,456)	(166,637)
Cost of share options (note 27)	–	52,914	–	–	52,914
Exercise/cash settlement of share-based payments	17,157	(1,465)	(22,197)	–	(6,505)
Loss on disposal of treasury shares	–	–	(24,317)	–	(24,317)
Costs associated with equity transactions	(15)	–	–	–	(15)
Balance at 31 December 2023	**860,095**	**439,567**	**(1,375,766)**	**(68,456)**	**(144,560)**

Share premium
The share premium account comprises the following:

- premium on issuance of new shares at a price above par value;
- the equity component determined at the issuance of the convertible bond in 2006 and the premium resulting from the early redemption which occurred in 2010;
- expenses associated with equity transactions; and
- gains or losses on the sale, issuance or cancellation of treasury shares.

25. Share premium and other reserves continued

Share options reserve

As detailed in note 27, the Group has issued instruments to employees. The fair value of these instruments are charged to the profit or loss over the period that the related service is received, with a corresponding credit made to the share options reserve.

Discount on shares issued to employees

As detailed in note 27, the Group has issued instruments to employees. When the instruments are exercised, the Group fulfills its obligations by issuing newly created shares out of conditional capital or by reissuing treasury shares purchased by the Group. To the extent that the consideration received by the Group in respect of these shares issued or reissued is less than their fair value at the time of exercise, this amount is allocated to the discount on shares issued to employees reserve.

Negative premium arising on creation of Temenos AG

Temenos AG was incorporated on 7 June 2001. The issued and outstanding shares of Temenos Holdings Limited (previously known as Temenos Holdings NV) were exchanged shortly before the initial public offering for Temenos AG shares, thus rendering Temenos Holdings Limited a wholly owned subsidiary of Temenos AG. The new shares in Temenos AG were issued at nominal value of CHF 5 which resulted in a negative premium. Expenses related to the initial public offering of Temenos AG and share premium items arising prior to the creation of Temenos AG were recorded against this account.

26. Other equity

	Cumulative translation adjustment* USD 000	Costs of hedging reserve USD 000	Cash flow hedge reserve USD 000	Total USD 000
Balance at 1 January 2022*	(167,575)	(10)	3,303	(164,282)
Interest rate risk				
Changes in fair value of hedging instruments	–	–	11,633	11,633
Transfer to profit or loss within “Finance costs”	–	–	(380)	(380)
Foreign currency risk				
Currency translation differences	(29,120)	–	–	(29,120)
Transfer to profit or loss within “Personnel costs”	–	–	4,616	4,616
Transfer to profit or loss within “Software licensing revenue”	–	–	(786)	(786)
Transfer to “Deferred revenues”	–	–	(7,619)	(7,619)
Transfer to profit or loss within “Finance costs”	–	–	(2,899)	(2,899)
Interest payment from cross-currency swaps	(1,714)	–	–	(1,714)
Changes in fair value of hedging instruments	11,727	(460)	(1,876)	9,391
Balance at 31 December 2022	(186,682)	(470)	5,992	(181,160)
Interest rate risk				
Changes in fair value of hedging instruments	–	–	(6,654)	(6,654)
Transfer to profit or loss within “Finance costs”	–	–	(883)	(883)
Foreign currency risk				
Currency translation differences	(39,929)	–	–	(39,929)
Transfer to profit or loss within “Personnel costs”	–	–	413	413
Transfer to profit or loss within “Software licensing revenue”	–	–	49	49
Transfer to “Deferred revenues”	–	–	1,120	1,120
Interest payment from cross-currency swaps	(3,840)	–	–	(3,840)
Changes in fair value of hedging instruments	21,623	(800)	4,038	24,861
Balance at 31 December 2023	**(208,828)**	**(1,270)**	**4,075**	**(206,023)**

* Refer to note 2.26.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued
31 December 2023

26. Other equity continued

Cumulative translation reserve
It includes the foreign currency differences arising from the translation of foreign operations' financial statements into US dollars as well as the effective portion of the hedging instruments in a net investment hedge.

Costs of hedging reserve
It includes the fair value change of the time value of options and the currency basis spreads of cross-currency swaps when they are separated from the designation of the hedging instrument.

Cash flow hedge reserve
It includes the effective portion of the cumulative gain or loss from the hedging instrument that is not yet recognized either in the profit or loss or as part of the carry amount of a non-financial asset or a non-financial liability.

27. Share-based payments

Share appreciation rights
Share appreciation rights (SARs) are granted to Executive Board members and selected employees. Share appreciation rights are conditional on the employee completing a specified period of service, and are only exercisable if the Group achieves specified cumulative Annual Recurring Revenues (ARR), Bookings, non-IFRS earnings per share, and free cash flow targets. In case of overachievement of targets, certain share appreciation right grants may be increased by a maximum of 75% of the original grant for the SARs issued from 2021, a maximum of 40% for SARs issued prior. One individual had a special plan that vested at 250% in 2022 for delivery of specific KPIs. The vesting period for unvested share appreciation rights is a minimum of three years and the share appreciation rights have a maximum contractual term of ten years. The Group has no legal or constructive obligation to repurchase or settle the share appreciation rights in cash.

A summary of the movement in the number of share appreciation rights outstanding and their related weighted average exercise prices are as follows:

	2023		2022	
	Number of rights	**Weighted average exercise price**	Number of rights	Weighted average exercise price
Outstanding at the beginning of the year	**4,619,556**	**$120.36**	4,047,594	$134.11
Granted during the year	**264,106**	**$66.91**	1,486,786	$88.99
Net over/(under) achievement relating to vesting of 2020 (2019) grants	**(300,005)**	**$162.93**	(272,914)	$138.49
Forfeited during the year	**(1,255,881)**	**$131.05**	(533,808)	$144.56
Exercised during the year	**(143,278)**	**$44.54**	(108,102)	$38.50
Outstanding at the end of the year	**3,184,498**	**$110.95**	4,619,556	$120.36

1,223,066 of the outstanding share appreciation rights (2022: 1,342,135) were exercisable at the balance sheet date with a weighted average exercise price of USD 115.82 (2022: USD 112.72). The share appreciation rights exercised during the year had a weighted average share price at the time of exercise of USD 60.95 (2022: USD 98.20).

As described above, in case of over achievement of targets, certain share appreciation rights granted in 2021 may be increased by a maximum of 75% of the original grant. However, the achievement for the three years ended 31 December 2023 for the 2021 annual SAR plan was less than target: 76.7% of the SARs vested on 19 February 2024 resulting in 144,985 shares being forfeited in 2024. There are 1,961,432 remaining share appreciation rights (2022: 1,317,180) that may be subject to the overachievement provisions in the future with a weighted average exercise price of USD 107.91 (2022: USD 125.07).

27. Share-based payments continued

Share appreciation rights continued

Share appreciation rights outstanding at the end of the year have exercise prices and weighted average remaining contractual lives as follows:

	2023	
Exercise price	Number	Remaining contractual life (years)
$30 – $39.99	61,034	0.92
$40 – $49.99	52,598	1.99
$50 – $59.99	441,427	8.25
$60 – $69.99	267,740	8.97
$70 – $79.99	111,781	2.89
$80 – $89.99	2,394	3.24
$90 – $99.99	44,778	4.15
$100 – $109.99	589,850	7.86
$110 – $119.99	45,867	6.18
$120 – $129.99	281,822	4.05
$130 – $139.99	291,552	4.86
$140 – $149.99	688,187	6.93
$150 – $159.99	61,832	7.35
$160 – $169.99	243,636	5.95
	3,184,498	6.55

	2022	
Exercise price	Number	Remaining contractual life (years)
$10 – $19.99	41,636	0.16
$30 – $39.99	68,023	1.93
$40 – $49.99	52,622	3.13
$50 – $59.99	545,541	9.21
$60 – $69.99	3,634	3.95
$70 – $79.99	127,502	4.50
$80 – $89.99	11,458	8.41
$90 – $99.99	126,634	5.56
$100 – $109.99	843,450	9.13
$110 – $119.99	48,000	7.19
$120 – $129.99	488,985	4.50
$130 – $139.99	497,559	5.33
$140 – $149.99	1,000,380	7.50
$150 – $159.99	69,200	8.51
$160 – $169.99	694,932	7.06
	4,619,556	7.06

Fair value of stock options and share appreciation rights

The fair value of options and share appreciation rights granted during the period is determined using an “Enhanced American Pricing Model”.

The weighted average fair value of share appreciation rights granted during the period was USD 26.07 (2022: USD 22.47). The significant inputs into the model were: weighted average share price at grant date of USD 66.91 (2022: USD 88.92), weighted average exercise price of USD 66.91 (2022: USD 88.99), weighted average share price at valuation date (date targets were issued) of USD 77.50 (targets issued on grant date in 2022), standard deviation of expected share price returns of 36% (2022: 35%), weighted average option lives of 3.98 years (2022: 3.50 years), weighted average annual risk-free interest rate of 4.22% (2022: 2.89%) and weighted average expected dividend yield of 1.38% (2022: 1.31%). The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices over the relevant historical period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

31 December 2023

27. Share-based payments continued

Restricted Shares (RSU and Short Term Incentive)

	2023 Number of shares	2022 Number of shares
Outstanding at the beginning of the year	**362,959**	281,376
Granted during the year	**518,536**	226,701
Forfeited during the year	**(43,561)**	(16,956)
Vested/transferred during the year	**(221,087)**	(128,162)
Outstanding at the end of the year	**616,847**	362,959

For the year ended 31 December 2023, a specific short-term incentive plan was in place for the Executive Committee (excluding the CEO) and certain senior management. They were given specific bonus targets at the beginning of the year and offered a choice of receiving the final bonus fully in cash or 50% in cash and 50% in deferred shares with a 20% uplift. In 2023, 6,258 (2022: 8,940) deferred shares were committed under the scheme. Overachievement resulted in 432 additional shares being added following the approval of 31 December 2023 results. 8,940 shares of the 2022 grant were forfeited in 2023 following the approval of the 31 December 2022 results. 5,396 shares relating to the year ended 31 December 2021 grant vested.

Other senior staff who fall under the Employee Short Term Variable Plan are paid 50% of their bonus in cash and 50% in shares with a 20% uplift. In 2023, 32,927 deferred shares (2022: 54,862) were committed under a special bonus scheme granted during 2023. 583 STI shares were forfeited in 2023 due to employees leaving prior to vesting. 52,651 shares relating to the year ended 31 December 2021 vested during 2023. The remaining 32,445 shares will vest in 2024, subject to continued service.

479,351 Restricted Share Units (RSUs) were granted as part of the annual LTI award. 30,194 shares granted in 2023 were forfeited in 2023 due to employees leaving prior to vesting. 275 shares vested in 2023 following a retirement and a death. Of the remaining shares granted in 2023, these will vest as follows: 1,765 shares in 2024, 224,404 shares in 2025, and a further 222,713 shares in 2026. Of the RSUs granted in 2021 for recognition and loyalty, 162,765 vested in 2023 and 3,844 were forfeited. Of the remaining 129,262, 106,762 will vest in 2024 and 22,500 in 2025.

Performance Share Units

	2023 Number of shares	2022 Number of shares
Outstanding at the beginning of the year	**259,263**	–
Granted during the year	**267,073**	277,113
Net over/(under) achievement relating to vesting of 2023 grants	**2,877**	–
Forfeited during the year	**(57,771)**	(17,850)
Vested/transferred during the year	**(88,678)**	–
Outstanding at the end of the year	**382,764**	259,263

In 2022, we introduced Performance Share Units (PSUs). PSUs are granted to Executive Board members and selected employees. They are conditional on the employee completing a specified period of service and are only vested if the Group achieves specified cumulative Non-IFRS Bookings, Non-IFRS Earnings Per Share and Free Cash Flow targets. In case of overachievement of targets, certain PSU grants may be increased by a maximum of 75% of the original grant for the PSUs. The vesting period for unvested PSUs is three years. 1,180 PSUs were transferred during the year as a result of retirement and death. 87,498 vested on 31 December 2023 and were transferred on 3 January 2024. The Group has no legal or constructive obligation to repurchase or settle the PSUs in cash.

Expense

The total expense recorded in the income statement in respect of share appreciation rights and the short-term incentive share plan is USD 52.9 million (2022: USD 52.7 million).

28. Dividend per share

Dividends are proposed by the Board of Directors and must be approved by the Annual General Meeting of the Shareholders. The dividend proposed for the 2023 financial year amounts to CHF 87.0 million (CHF 1.20 per share) and has not yet been recorded as a liability. This amount may vary depending on the number of shares outstanding as of the ex-dividend date.

A dividend of CHF 79.1 million (USD 88.3 million, CHF 1.10 per share) was paid in 2023 relating to the 2022 financial year.

29. Commitments and contingencies

The Group's principal contingent liabilities arise from property rental guarantees, performance guarantees and bid bonds issued in the normal course of business. 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. These matters also include any ongoing tax audits and assessments.

Although an estimate of the future financial effects cannot be reliably and precisely estimated at the reporting date, it is not anticipated that any material liabilities will arise from these contingent liabilities other than those provided for in note 22.

As at 31 December 2023, total guarantees in issue were USD 9.1 million (2022: USD 8.9 million).

30. Related party transactions and balances

See note 10 for remuneration of Executive and Non-Executive Directors. See note 27 for equity compensation for Executive and Non-Executive Directors granted in the form of options, SARs and shares.

There was no other significant transaction with related parties during the years ended 31 December 2023 and 31 December 2022.

31. Events after the reporting period

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 are no other reportable events that occurred after the reporting period.

Report of the statutory auditor

to the General Meeting of Temenos AG

Geneva

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Temenos AG (the Company), which comprise the balance sheet as at 31 December 2023, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements comply with Swiss law and the Company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	CHF 13'285'000
Benchmark applied	Total assets
Rationale for the materiality benchmark applied	We chose total assets as a benchmark to determine the overall materiality as we consider total assets to be the most appropriate measure for a holding company and is a generally accepted benchmark.

We agreed with the Audit Committee that we would report to them misstatements above CHF 660'000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

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Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

Key audit matters

We have determined that there are no key audit matters to communicate in our report.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements, the consolidated financial statements, the remuneration report and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the financial statements

The Board of Directors is responsible for the preparation of financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them regarding all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm the existence of an internal control system that has been designed, pursuant to the instructions of the Board of Directors, for the preparation of the financial statements.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers SA

Yazen Jamjum	Hamza Benhlal
Licensed audit expert Auditor in charge	

Geneva, 15 April 2024

Enclosures:

- Financial statements (balance sheet, income statement and notes)
- Proposed appropriation of available earnings

UNCONSOLIDATED BALANCE SHEET

As at 31 December

	2023 CHF 000	2022 CHF 000
Assets		
Current assets		
Liquid funds	**186**	209
Receivables from other Group entities	**29,779**	25,860
Tax receivable	**–**	257
Other financial assets	**41,481**	20,049
Prepayments	**551**	682
Total current assets	**71,997**	47,057
Non-current assets		
Long-term receivables from other Group entities	**1,169,481**	1,273,764
Investments in subsidiaries (note 2)	**1,415,522**	1,415,522
Other financial assets (non-current)	**–**	23,648
Total non-current assets	**2,585,003**	2,712,934
Total assets	**2,657,000**	2,759,991
Liabilities and shareholders' equity		
Current liabilities		
Trade payables	**443**	3,043
Payables to other Group entities	**243,096**	284,594
Short-term interest-bearing liabilities (note 7)	**153,511**	177,507
Other liabilities	**4,008**	4,135
Tax payable	**173**	551
Total current liabilities	**401,231**	469,830
Non-current liabilities		
Long-term interest-bearing liabilities (note 7)	**419,122**	369,291
Long-term interest-bearing payables to other Group entities	**52,600**	52,600
Total non-current liabilities	**471,722**	421,891
Shareholders' equity		
Share capital (note 3)	**375,855**	374,679
Ordinary legal reserve (note 4)	**51,141**	51,080
Share premium (note 4)	**834,872**	819,334
Reserve for treasury shares (note 4)	**242,615**	358,135
Retained earnings (note 4)	**351,747**	328,902
Treasury shares (note 5)	**(72,183)**	(63,860)
Total shareholders' equity	**1,784,047**	1,868,270
Total shareholders' equity and liabilities	**2,657,000**	2,759,991

UNCONSOLIDATED INCOME STATEMENT
For the year ended 31 December

	2023 CHF 000	2022 CHF 000
Income from investments in subsidiaries (note 8)	**10,000**	–
Financial income	**114**	5,134
Expenses associated with the maintenance of the Register of Shareholders and other expenses	**(4,462)**	(3,102)
Profit before taxation	**5,652**	2,032
Taxation	**(258)**	(812)
Profit for the year	**5,394**	1,220

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
31 December 2023

1. Legal status and principal activities
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 2 Rue de l'Ecole-de-Chimie, 1205 Geneva, Switzerland.

Temenos AG is the ultimate holding company of the Group and is not otherwise engaged in trading, financing or investing activities, except as the holder of all the issued and outstanding shares of the subsidiaries described in note 2.

The financial statements of Temenos AG comply with the requirements of the Swiss Accounting Legislation (Title 32 of the Swiss Code of Obligations (SCO)).

Valuation principles
Assets are valued at no more than their acquisition cost.

Investments in subsidiaries are valued individually except when they are combined due to their similarity in terms of activities, financial interconnection or grouped as an economic unit for valuation purposes.

Other investments are initially recognized at cost, then assessed annually and, in case of impairment, adjusted to their recoverable amount.

Treasury shares are valued at historical acquisition cost without subsequent valuation adjustment.

Upon disposal, the cost of treasury shares is determined using the FIFO method except if the specific identification method represents more faithfully the cost of the disposed shares. This would only be the case in limited circumstances where the disposed shares can be specifically identified (for example, if the shares are specifically purchased with the intention of being disposed of shortly thereafter). The resulting gains and losses on all disposals of treasury shares are recorded directly in equity.

Liabilities are valued at nominal value.

All assets and liabilities denominated in foreign currencies are translated according to the exchange rates applicable at the Balance sheet date. Income and expenses denominated in foreign currencies and all foreign exchange transactions are translated at the exchange rates prevailing on their respective transaction dates. Resulting foreign exchange differences are recognized in the Income statement, except unrealized gains that are deferred on Balance sheet as per the Swiss Code of Obligations.

2. List of direct subsidiaries
The following are the direct subsidiaries of the Company, which are wholly owned unless otherwise indicated (percentage of voting rights).

	Voting rights
Temenos Holdings Limited, British Virgin Islands (holding company)	
40,105 shares of a nominal value of USD 1 each	100%
Temenos Headquarters SA, Switzerland (holding and licensing company)	
1,000 shares of a nominal value of CHF 100 each	100%
Temenos Investments BV, Netherlands (holding company)	
180 shares of a nominal value of EUR 100 each	100%
Temenos Egypt LLC, Egypt (operating company)	
1 share of a nominal value of EGP 100	50%
Temenos Luxembourg SA, Luxembourg (operating company)	
47,250 shares of a nominal value of EUR 25 each	100%
Temenos Finance Luxembourg SARL, Luxembourg (financing company)	
37,500 shares of a nominal value of EUR 1 each	100%
Temenos USA Inc., USA (operating company)	
100 shares of a nominal value of USD 0.01 each	100%
Temenos Panama SA, Panama (dormant company)	
100 shares of a nominal value of USD 100 each	100%

3. Share capital

As at 31 December 2023, the issued share capital amounts to CHF 375,855,420 and comprises 75,171,084 shares with a nominal value of CHF 5.

The shares issued by the Company during the year are set out below:

	2023		2022	
	Quantity	Value in CHF	Quantity	Value in CHF
Total number of Temenos AG shares issued, as at 1 January	**74,935,760**	**374,678,800**	74,742,268	373,711,340
Shares issued and allotted under Employee Share Option Schemes	**235,324**	**1,176,620**	193,492	967,460
Total number of Temenos AG shares issued, as at 31 December	**75,171,084**	**375,855,420**	74,935,760	374,678,800

Temenos AG also has conditional capital, comprising:

	2023
Conditional shares that may be issued on the exercise of employee share options	**2,678,840**
Conditional shares that may be issued in conjunction with financial instruments	**6,607,904**

The holdings of more than 3% of the voting rights of all registered shares, as at 31 December 2023, are as follows:

	Voting right percentage
Martin and Rosmarie Ebner	**12.98%**
BNP Paribas SA	**11.19%**
BlackRock Inc.	**5.53%**
Baillie Gifford & Co	**4.65%**
UBS Fund Management (Switzerland) AG	**3.06%**

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS continued

31 December 2023

4. Share premium and capital reserves

	Share capital CHF 000	Ordinary legal reserve CHF 000	Share premium CHF 000	Reserve for treasury shares CHF 000	Retained earnings CHF 000	Treasury shares CHF 000	Total CHF 000
Balance at 1 January 2022	373,711	50,966	804,011	358,135	399,437	(63,860)	1,922,400
Appropriation of available earnings:							
– to General legal reserve	–	115	–	–	(115)	–	–
Distribution of an ordinary dividend in cash as per 2022 Annual General Meeting (AGM) resolution	–	–	–	–	(71,641)	–	(71,641)
Share capital and share premium on creation of conditional capital	967	–	15,323	–	–	–	16,291
Profit for the year	–	–	–	–	1,220	–	1,220
Balance at 31 December 2022	374,679	51,080	819,334	358,135	328,902	(63,860)	1,868,270
Appropriation of available earnings:							
– to General legal reserve	–	61	–	–	(61)	–	–
Distribution of an ordinary dividend in cash as per 2023 Annual General Meeting (AGM) resolution	–	–	–	–	(79,068)	–	(79,068)
Share capital and share premium on creation of conditional capital	1,177	–	15,538	–	–	–	16,715
Treasury shares used for Temenos Employee Share Option Schemes	–	–	–	–	–	–	–
Acquisition of treasury shares	–	–	–	–	–	(60,316)	(60,316)
Disposal of treasury shares	–	–	–	–	–	51,993	51,993
Loss from disposal of treasury shares	–	–	–	–	(18,940)	–	(18,940)
Reserve for treasury shares movement of the year	–	–	–	(115,520)	115,520	–	–
Profit for the year	–	–	–	–	5,394	–	5,394
Balance at 31 December 2023	**375,855**	**51,141**	**834,872**	**242,615**	**351,747**	**(72,183)**	**1,784,047**

The reserve for treasury shares amounts to CHF 242,614,688 in line with the value of treasury shares held by Temenos AG through a subsidiary as at 31 December 2023 (2022: CHF 358,134,688).

5. Treasury shares, including shares held by subsidiaries (carrying value)

Temenos AG holds directly or through a subsidiary a total of 2,677,276 shares at 31 December 2023 (2022: 3,164,632) that entirely may be used in conjunction with M&A, for resale or for allotting to members of the Temenos Employee Share Option Schemes.

	2023		2022	
	Quantity	**Value in CHF 000**	Quantity	Value in CHF 000
Temenos AG				
January 1	**600,000**	**63,860**	600,000	63,860
Acquisitions	**800,000**	**60,316**	–	–
Disposals	**(487,356)**	**(51,993)**	–	–
December 31	**912,644**	**72,183**	600,000	63,860
Other consolidated companies				
January 1	**2,564,632**	**358,135**	2,564,632	358,135
Acquisitions	**–**	**–**	–	–
Disposals	**(800,000)**	**(115,520)**	–	–
December 31	**1,764,632**	**242,615**	2,564,632	358,135
Total balance as of 31 December	**2,677,276**	**314,798**	3,164,632	421,995

6. Contingent liabilities

Together with several of its subsidiaries, Temenos AG is a guarantor under the Group facility agreement concluded by Temenos Finance Luxembourg Sarl as borrower, for a maximum total amount up to USD 660 million.

7. Bonds issued by Temenos AG

In April 2017, the Group issued a senior unsecured bond with a nominal value of CHF 150 million and a coupon rate of 1.75% paid annually on 5 April. The bond will mature on 5 April 2024 at a redemption price of 100% of the principal amount.

In November 2019, the Group issued a senior unsecured bond with a nominal value of CHF 220 million and a coupon rate of 1.50% paid annually on 28 November. The bond will mature on 28 November 2025 at a redemption price of 100% of the principal amount.

In October 2023, the Group issued a senior unsecured bond with a nominal value of CHF 200 million and a coupon rate of 2.85% paid annually on 11 October. The bond will mature on 11 November 2028 at a redemption price of 100% of the principal amount.

In November 2023, the Group repaid the senior unsecured bond issued in November 2018 with a nominal value of CHF 175 million and a coupon rate of 1.875%. The redemption price was 100% of the principal amount.

	2023 CHF 000	2022 CHF 000
Bond CHF 150,000,000 – 1.750% – 5 April 2017 – 5 April 2024	**–**	149,868
Bond CHF 220,000,000 – 1.500% – 28 November 2019 – 28 November 2025	**219,625**	219,423
Bond CHF 200,000,000 – 2.850% – 11 October 2023 – 11 October 2028	**199,497**	–
Long-term interest-bearing liabilities	**419,122**	369,291
Bond CHF 175,000,000 – 1.875% – 30 November 2018 – 30 November 2023	**–**	171,407
Bond CHF 150,000,000 – 1.750% – 5 April 2017 – 5 April 2024	**151,935**	–
Accrued bond interests at year end	**1,576**	6,100
Short-term interest-bearing liabilities	**153,511**	177,507
Total bonds issued by Temenos AG	**572,633**	546,798

8. Income from investments in subsidiaries

In 2023, Temenos AG recognized income from investments in subsidiaries of CHF 10 million following the decision of one of its direct subsidiaries to distribute a dividend in relation to the 2023 fiscal year. No dividend was recognized in 2022.

9. Proposal for the appropriation of available earnings

Based on the approved and audited financial statements for the financial year 2023, the Board of Directors proposes to the General Meeting to distribute an ordinary dividend in cash amounting to CHF 1.20 per share, for a total amount of CHF 87,000,000 (this amount may vary depending on the number of treasury shares and of shares created out of the conditional capital as of the ex-dividend date).

	2023 CHF 000	2022 CHF 000
Retained earnings		
Retained earnings carried forward	**249,773**	327,682
Net result for the year	**5,394**	1,220
Loss from disposal of treasury shares	**(18,940)**	–
Retained earnings available to the general meeting	**236,227**	328,902
Allocation to general legal reserve	**(270)**	(61)
Dissolution of reserve for treasury shares	**115,520**	–
Dividend distributed to shareholders	**(87,000)**	(79,068)
Retained earnings to be carried forward	**264,477**	249,773

* 2022 comparative has been updated from CHF 79,000,000 to CHF 79,068,072 to reflect the actual payment made in 2023. The dividend paid was CHF 1.10 per share as approved by the General Meeting. The difference is explained by the amount of treasury shares as of the ex-dividend date.

Provided that the proposal of the Board of Directors is approved, the shares will be traded ex-dividend as of 10 May 2024 (Ex date). The dividend record date will be set on 13 May 2024 (Record date). The dividend will be payable as of 14 May 2024 (Payment date).

Temenos treasury shares are not entitled to dividends.

10. Number of full-time equivalent

Temenos AG does not have any employees as of 31 December 2023 and 2022 and consequently no pension liabilities.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS continued

31 December 2023

11. Additional information, cash flow statement and management report

According to article 961d paragraph 1 of the Swiss Code of Obligations, additional information, the cash flow statement and the management report are not presented, as Temenos AG prepares the consolidated financial statements in accordance with a recognized financial reporting standard.

12. Significant events after the balance sheet date

These financial statements were approved for issue by the Board of Directors on 14 April 2024 and will be submitted to the Annual General Meeting of Shareholders for approval on 7 May 2024.

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 unconsolidated 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 agreement. The redemption price was 100% of the principal amount.

There were no other significant events after the balance sheet date.

13. Disclosure of participations held by Non-Executive Directors and Executive Committee members

Non-Executive Directors

Name	Position	**Number of shares 31 December 2023**	Number of shares 31 December 2022
T. de Tersant	Chairman	**9,000**	9,000
I. Cookson	Vice-Chairman	**17,400**	17,400
P. Spenser[1]	Member	**1,800**	1,800
M. Carli	Member	**1,000**	1,000
D. Forster	Member	**60**	–
C. Hultén	Member	**1,200**	–
X. Cauchois	Member as from 3 May 2023	**600**	n/a
D. Deuring	Member as from 3 May 2023	**–**	n/a
H. Akbari[1]	Member until 3 May 2023	**n/a**	1,460
E. Hansen	Member until 3 May 2023	**n/a**	2,500
J. Benson[1]	Member until 3 May 2023	**n/a**	360

1 Peter Spenser, Homaira Akbari and James Benson held shares in the form of American depositary receipts (ADRs).

Executive Committee members

Name	Position as at 31 December 2023	**Number of shares 31 December 2023**	**Number of vested PSUs 31 December 2023**	**Number of unvested RSUs/PSUs 31 December 2023**	Number of shares 31 December 2022	Number of unvested RSUs/PSUs 31 December 2022
A. Andreades	CEO	**846,752**	**87,498**[1]	**–**	846,752	–
M. Chuard	CEO, until 12 January 2023	**n/a**	**–**	**–**	75,000	8,284
P. Spiliopoulos	CFO	**–**	**–**	**–**	–	–
P. Varadhan	President Product and COO	**–**	**–**	**38,470**	1,448	5,319
J. Tipper	CPO	**–**	**–**	**9,101**	–	3,082
C. Jarrett	CSRO	**2,138**	**–**	**14,365**	2,138	4,650

1 Andreas Andreades' PSUs granted on 16 January 2023 vested on 31 December 2023 and resulting shares were transferred on the first working day thereafter.

13. Disclosure of participations held by Non-Executive Directors and Executive Committee members continued

Executive Committee members continued

Name	Position as at 31 December 2023	Grant year[1]	Plan	Exercise price USD	**Number of vested SARs 31 December 2023**	**Number of unvested SARs 31 December 2023**	Number of vested SARs 31 December 2022	Number of unvested SARs 31 December 2022
A. Andreades	CEO	2018	2018 scheme	127.00	**135,203**	**–**	135,203	–
		2019	2019 scheme	136.94	**83,160**	**–**	83,160	–
		2020	2020 scheme[2]	168.81	**61,507**	**–**	–	131,800
		2021	2021 scheme[3]	143.54	**–**	**144,700**	–	144,700
		2022	2022 scheme	107.65	**–**	**186,700**	–	186,700
M. Chuard[4]	CEO, until 12 January 2023	2018	2018 scheme	127.00	**–**	**–**	117,793	–
		2019	2019 scheme	136.94	**–**	**–**	100,851	–
		2020	2020 scheme[2]	168.81	**–**	**–**	–	159,850
		2021	2021 scheme[3]	143.54	**–**	**–**	–	175,500
		2022	2022 scheme	107.65	**–**	**–**	–	226,400
P. Spiliopoulos	CFO	2019	2019 scheme	147.43	**42,000**	**–**	42,000	–
		2020	2020 scheme[2]	168.81	**33,600**	**–**	–	72,000
		2021	2021 scheme[3]	143.54	**–**	**79,000**	–	79,000
		2022	2022 scheme	107.65	**–**	**107,100**	–	107,100
		2023	2023 scheme	66.91	**–**	**171,951**	–	–
C. Jarrett	CSRO	2020	2020 scheme[2]	168.81	**11,667**	**–**	–	25,000
		2021	2021 scheme[3]	143.54	**–**	**15,000**	–	15,000
		2022	2022 scheme	107.65	**–**	**18,150**	–	18,150
		2023	2023 scheme	66.91	**–**	**18,807**	–	–
P. Varadhan	President Product and COO	2022	2022 scheme	107.65	**–**	**15,400**	–	15,400
		2023	2023 scheme	66.91	**–**	**60,183**	–	–
J. Tipper	CPO	2022	2022 scheme	107.65	**–**	**9,050**	–	9,050
		2023	2023 scheme	66.91	**–**	**13,165**	–	–

1 The SARs shown above only include SARs granted during membership of the Executive Committee.

2 The SARs granted under the 2020 scheme vested on 20 February 2023. The final vesting was at 46.67%. The 2022 numbers were reduced by 53.33% in 2023.

3 The SARs granted under the 2021 scheme vested on 19 February 2024. The final vesting was at 76.7%. The numbers above will be reduced by 23.3% in 2024.

4 Max Chuard is not a member of the Executive Committee on 31 December 2023, he was on garden leave. The SARs that vested on his termination were paid at fair value and hence all outstanding SARs canceled.

No options and/or shares were held on 31 December 2023 and 2022 by persons related to the members of the Board of Directors or the Executive Committee.

FINANCIAL HIGHLIGHTS

(in millions of US dollars except earnings per share)

	2023	2022	2021	2020	2019
Revenues	**1,000.2**	949.6	967.0	887.4	972.0
Operating expenses	**(800.8)**	(786.2)	(728.9)	(653.8)	(736.6)
Operating profit	**199.4**	163.4	238.1	233.6	235.4
Profit before taxation	**172.9**	146.0	211.5	204.2	212.6
Net profit after tax	**134.7**	114.4	173.4	175.0	181.1
EBITDA	**330.5**	302.0	382.1	382.6	366.0
Diluted earnings per share (in USD)	**1.85**	1.59	2.40	2.39	2.46
Cash generated from operations	**391.5**	316.6	473.0	406.2	364.3
Current assets	**462.9**	438.5	478.6	446.3	552.6
Non-current assets	**1,863.9**	1,793.3	1,755.5	1,769.4	1,779.0
Total assets	**2,326.8**	2,231.8	2,234.1	2,215.7	2,331.7
Current liabilities (excluding deferred revenues)	**482.6**	508.4	501.2	247.2	396.1
Deferred revenues	**460.8**	411.1	371.6	324.1	287.4
Total current liabilities	**943.4**	919.5	872.8	571.3	683.5
Non-current liabilities (excluding deferred revenues)*	**680.5**	721.3	835.0	1,088.3	1,203.1
Deferred revenues	**21.0**	12.7	26.1	32.7	–
Total non-current liabilities	**701.5**	733.9	861.1	1,121.0	1,203.1
Total liabilities	**1,644.9**	1,653.4	1,734.0	1,692.3	1,886.6
Total equity*	**682.0**	578.4	500.1	523.4	445.1
Total equity and liabilities	**2,326.8**	2,231.8	2,234.1	2,215.7	2,331.7

* Refer to note 2.26.

INFORMATION FOR INVESTORS

Capital structure
The registered share capital is divided into 75,171,084 shares with a par value of CHF 5.

Appropriation of profits
Temenos expects to pay a dividend of CHF 1.20 in 2024.

Register of shareholders
areg.ch ag
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www.areg.ch

Investor relations
Adam Snyder
Head of Investor Relations

Panagiotis "Takis" Spiliopoulos
Chief Financial Officer

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Annual General Meeting
7 May 2024

Statistics on Temenos shares

Registered shares of CHF 5 nominal	2023
Sector	Technology/ software
Market segment	SIX Main Market
Index member	SMIM/SPI/SLI
Swiss security no.	124 5391
ISIN no.	CH0012453913
Symbol	TEMN
Number of issued shares at 31.12.2023	75,171,084
Number of registered shares at 31.12.2023	74,947,402
Market price high/low (CHF)	78.98/53.16
Market price at 31.12.2022 (CHF)	50.74
Market price at 31.12.2023 (CHF)	78.22
Market capitalization high/low (CHFbn)*	5.918/3.984
Share capital nominal value at 31.12.2023 (CHFm)*	375

* Based on the number of registered shares at the time.

Key figures per share	2023
Basic earnings per share (USD)	1.87
Diluted earnings per share (USD)	1.85
Non-IFRS earnings per share (USD)	3.19
Consolidated shareholders' equity (USDm)	682.0
Consolidated shareholders' equity per share (USD)	9.07

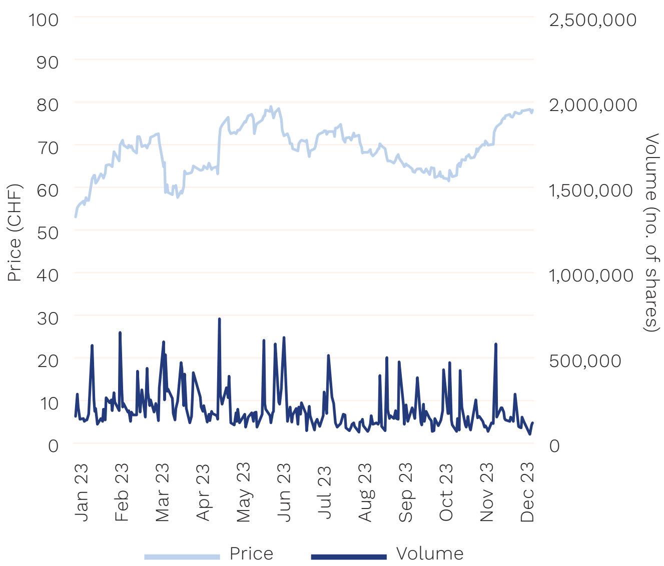
Major shareholders of Temenos AG* (as of 4 April 2024)

Name	Number of voting rights	Percentage of the share capital
Martin and Rosmarie Ebner	9,730,000	12.94%
BlackRock Inc.	4,141,849	5.51%
Baillie Gifford & Co	3,485,355	4.64%
UBS Fund Management (Switzerland) AG	2,292,935	3.05%

* On the basis of Temenos AG registered capital of 75,171,084 shares and based on the disclosure notifications received pursuant to Art. 120 ff. of the Financial Market Infrastructure Act (excluding Temenos treasury shares).

Please refer to page 164 for the status as of 31 December 2023.

Development of Temenos share price
Temenos share price and volume data



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SOURCES

1. Gartner, "Magic Quadrant for Global Retail Core Banking", Vittorio D'Orazio, Don Free, February 2022. (This report was previously titled "Magic Quadrant for International Retail Core Banking" from 2009–2014. Temenos was recognized as Temenos Group from 2010–2013 and Temenos Group (T24) in 2009.)

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2. "The Forrester Wave™: Digital Banking Processing Platforms For Retail Banking, Q3 2022", Jost Hoppermann, August 2022 and "The Forrester Wave™: Digital Banking Processing Platforms For Corporate Banking, Q3 2022", Jost Hoppermann, August 2022. "The Forrester Wave™: Digital Banking Engagement Platforms, Q3 2021", Jost Hoppermann, September 2021 and "The Forrester Wave™: Digital Banking Engagement Hubs, Q3 2021", Jost Hoppermann, September 2021. "Forrester's Global Banking Platform Deals Survey 2022", Forrester, Jost Hoppermann, May 2022.
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9. ACV: Annual value of incremental business taken in year (bookings). Includes new customers and up-sell/cross-sell. Only includes the recurring element of the contract and excludes variable elements.

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