

Everyone's Banking Platform

Invitation to the 22nd Annual General Meeting of Shareholders of TEMENOS AG (“the Company”)

to be held on Wednesday 3 May 2023 at 11.30 a.m.
at Mandarin Oriental, Geneva, Quai Turrettini 1, 1201 Geneva, Switzerland

temenos

CHAIRMAN'S LETTER

Dear Shareholders,

It is an honor to invite you to the 22nd Annual Shareholders' Meeting of Temenos. I would first like to review performance and the industry trends in 2022 and then address matters for consideration in this year's Shareholders Meeting.

Thoughts on our performance in 2022

2022 has been an unusual year in our 29-year history. We started the year with hope that the previous two years of operating within a global pandemic were behind us and that we would begin to return to something resembling a more normalized operating environment. What resulted was very different, and more reminiscent of some other unusual years in our operating history. The energy crisis triggered by Russia's invasion of Ukraine, and the subsequent rise in inflation we had indeed not expected, and neither had our clients. In addition, in the first half of the year at least, we saw a continuation of the trend of a significant elevation in people across the technology sector moving jobs either within the sector or seeking more flexible ways of working in technology and other sectors. We saw less of this trend in the second half of the year as macroeconomic uncertainty began to cool some of the heat in the technology job market.

Clearly there was a fundamental change in the entire technology market in 2022, not just for Temenos and the banking technology space. And within this context, I am very proud of the way all Temenosians rallied together to deliver for our clients across the globe. We have always known our people are the key to our success, and this was never more true than in 2022. Since the day we started Temenos we have had a strong set of values which are our true north. And in years like 2022, it is these values that see us through the year and enable us to keep moving forward.

Despite the unusual 2022, the fundamentals of our business are intact. We benefit from a large and growing opportunity, with an estimated USD 23 billion serviceable addressable market in third party banking software spend, which is expected to grow at 11% CAGR to reach around USD 34 billion by 2026. Bank IT spend is expected to increase in line with banks' revenue as the macroeconomic turmoil of the last couple of years stabilizes, with digital transformation of both front and back-office systems top of mind for banking executives.

Within our market, Temenos remains a clear industry leader. We have remained true to our business principles of selling packaged, upgradeable software with state-of-the-art technology, on a single code and configuration base. We continue to invest in R&D and innovation through the cycle to pull further ahead of the competition, and we are investing in Sales and Marketing to capture the growing demand in our market. This has enabled us to sustain high win rates, both across our traditional competitors and across the so-called neo-vendors which have entered the market in the last five to ten years.

Sound corporate governance must include alignment between corporate performance and global responsibility. We are leading the market globally in terms of Environmental, Social and Governance ("ESG"), having embedded ESG into our operations and product offering. Top ESG global indices and ratings, such as DJSI (Top in our category globally), S&P (Gold distinction), FTSE4Good (Top 10%), CDP (Leadership band), ISS (Prime), MSCI AAA (Top), Sustainalytics (Top-rated ESG performer), Bloomberg Gender Equality Index (Top performer) and our Science Based targets are our credentials. The fundamental trend in our business towards SaaS and cloud adoption focuses on building a sustainable business for our customers, a true climate-related business opportunity, with a shift to 32% carbon efficient, greener Temenos technology and up to 95% carbon efficient, resilient service delivery to our customers with the hyperscalers. We are pioneering within our industry, helping our clients become sustainable and inclusive organizations, as we have the technical and ESG know how to combine digital transformation with sustainability.

Examining the market growth drivers in more detail, we see that the rise in demand for SaaS and cloud is a key driver of spend across all our clients, from tier 1 and 2 banks through to the challengers and new entrants to the banking services market. All of our clients are seeking to benefit from utilizing cloud infrastructure, and this is feeding into growing demand, with spend on third party SaaS expected to grow at around 34% per annum for the next few years. We are seeing this impact both in terms of the very strong growth in our SaaS revenue, and in the growth of our subscription revenue. We launched our transition to a subscription model at the start of 2022, which has significant benefits for our clients in terms of flexibility of the consumption model and the lower upfront cash outlay compared to traditional term licenses. For Temenos, not only do we capture a value up-lift from the move to subscription, but the subscription transition is also accelerating our move to a more recurring revenue model, with greater visibility on profit and free cash flow in the mid-term.

The transition to subscription does have an impact on our cash flow, as we collect less cash upfront compared to a traditional term license contract. However, this is offset by a positive working capital impact from the growth in our SaaS revenue which is larger than the corresponding negative impact from the shift to subscription because of the size and growth of our SaaS business. Like for like, we collect and book more revenue for a SaaS contract than subscription, because of the additional services we are selling alongside the software. This means that we already reached the minimum point in our free cash flow generation in 2022 and are forecasting a strong acceleration in free cash flow from 2023 onwards.

CHAIRMAN'S LETTER continued

Values and leadership

As I am sure you are aware, we announced a number of governance changes in January 2023. Max Chuard stepped down as CEO and I took on the role of Acting CEO in addition to my Chairman responsibilities. I am grateful to Max for his 20 years of service to Temenos.

I will not be standing for re-election to the Board of Directors at this year's AGM and, as such, this is my last Chairman's letter to shareholders after 24 years in leadership positions with Temenos and 12 years as Chairman of the Board. The Board is in the process of seeking a new CEO, looking at both external and internal candidates, and I am confident it will find a suitable successor to take on the role and drive the growth of Temenos in the future. We expect this process to be complete by the end of 2023 and, once complete, I will hand over my CEO responsibilities as well. We are fortunate to have greater strength and depth in the skills of our Directors and have proposed Thibault de Tersant to take over the role of Chairman of the Board. Thibault is an incredibly experienced Software Executive and Board Director and is an outstanding choice to lead the Board and Company going forward.

I discussed our values earlier in this letter, and the senior management team we have in place is the embodiment of these values. We have built these values over the last 29 years and they will be as critical for the leadership of the Company over the years to come. Our senior management are some of the best in the banking software space and I know the business is in very capable hands, with a team that will support whoever is brought in as the next CEO.

I firmly believe Temenos will continue its very successful journey and look forward to seeing the Company go from strength to strength in the future.

The 22nd Annual General Meeting of Shareholders

Please refer to the enclosed agenda for the items to be voted on. The Compensation Report included in the 2022 Annual Report provides details of our approach to compensation and the targets and controls we have put in place. Our compensation structure is heavily linked to performance to align us with the long-term objectives and priorities of our shareholders.

We will seek the elections of Ms. Dorothee Deuring and Mr. Xavier Cauchois to the Board of Directors, as Independent and Non-Executive Directors.

Based in Zurich, Dorothee Deuring is a corporate finance specialist, with deep knowledge of the banking, pharmaceutical, chemical and utilities sectors. She is currently a non-executive member of the Board of Directors of Axpo Holding AG (Switzerland) and Elementis plc (UK listed company, FTSE 250). Ms. Deuring formerly held mandates in several companies including Lonza Group AG (Swiss SMI listed company) and led the European Corporate Finance Advisory Group of UBS AG Wealth Management as Managing Director from 2011 to 2014. Prior to UBS, she served the Investment Banking arm of Bank Sal. Oppenheim Jr & Cie as Managing Director and Head Healthcare M&A. Temenos Board of Directors and its Committees will greatly benefit from Ms. Deuring's solid experience and skills in banking, finance, M&A, compliance and compensation areas.

Based in Paris, 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. He held several management responsibilities and was a member of the France executive committee in charge of Partners and Strategy from 2013 to 2016. Mr. Cauchois is currently an Independent Director of Dassault Systèmes and of Technicolor Creative Services. He brings extensive financial expertise as well as excellent understanding of software topics which will be of great benefit to the Temenos Board of Directors, including its Audit Committee, to support the group's strategic and business targets.

As Ms. Homaira Akbari, Mr. James Benson and Mr. Erik Hansen have also decided not to stand for re-election at this AGM I would like to thank them for their contribution and efforts in supporting Temenos over the years.

We have proposed a dividend of CHF 1.10 per share for 2022, an increase of 10% on the previous year.

I hope as many of you as possible will vote at this year's AGM and thank you for your confidence and support.

Andreas Andreades
Executive Chairman

AGENDA AND PROPOSALS OF THE BOARD OF DIRECTORS

1. 2022 Annual Report including the Compensation Report, the 2022 unconsolidated financial statements and the 2022 consolidated financial statements

Proposal

The Board of Directors proposes that the 2022 Annual Report including the Compensation Report, the 2022 unconsolidated financial statements stating a profit for the year of CHF 1,219,885 and the 2022 consolidated financial statements stating a profit for the year of USD 114,420,169 be approved.

2. Allocation of the available earnings and distribution of dividend

Proposal

The Board of Directors proposes to allocate the available earnings as follows:

| | |
|--|------------------|
| Retained earnings brought forward | CHF 327,682,321 |
| Profit for the year 2022 | CHF 1,219,885 |
| Retained earnings available to the General Meeting | CHF 328,902,206 |
| Allocation to general legal reserve | CHF (60,994) |
| Dividend to be distributed | CHF (79,100,000) |
| Retained earnings to be carried forward | CHF 249,741,212 |

Based on the audited financial statements for the financial year 2022, the Board of Directors proposes to distribute a dividend amounting to CHF 1.10 per share, for an estimated total amount of CHF 79,100,000 (this amount may vary depending on the number of treasury shares and issued shares as of the ex-dividend date). This distribution shall be declared out of the retained earnings as described above (subject to 35% Swiss withholding tax).

Provided that the proposal of the Board of Directors is approved, the shares will be traded ex-dividend as of 5 May 2023 (ex-dividend date). The dividend record date will be set on 8 May 2023 (record date) and the dividend will be payable as of 9 May 2023 (payment date).

Treasury shares are not entitled to a dividend.

3. Discharge of the members of the Board of Directors and executive management

Proposal

The Board of Directors proposes that the members of the Board of Directors and executive management be granted discharge for the financial year 2022.

4. Compensation of the members of the Board of Directors and of the Executive Committee for the year 2024

4.1. Compensation of the members of the Board of Directors for the year 2024 (1 January to 31 December)

Proposal

The Board of Directors proposes to approve a maximum aggregate amount of USD 2.3 million as fixed compensation of the members of the Board of Directors for the financial year 2024.

Explanation

Please refer to the Annex for more details.

4.2. Compensation of the members of the Executive Committee for the year 2024 (1 January to 31 December)

Proposal

The Board of Directors proposes to approve a maximum aggregate amount of USD 30 million as fixed and variable compensation of the members of the Executive Committee for the financial year 2024.

Explanation

Please refer to the Annex for more details.

AGENDA AND PROPOSALS OF THE BOARD OF DIRECTORS continued

5. Elections of the members of the Board of Directors

5.1. Elections of new members

5.1.1. Mr. Xavier Cauchois

Proposal

The Board of Directors proposes the election of **Mr. Xavier Cauchois** as member of the Board of Directors (Independent and Non-Executive), for a term of office until completion of the next ordinary Annual General Meeting of Shareholders.

French, born in 1957, Mr. 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. Mr. Cauchois 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. Mr. Cauchois is currently an Independent Director of Dassault Systèmes and Technicolor Creative Services. Mr. Cauchois is a graduate from the ESCP Business School and is a French chartered accountant.

5.1.2. Ms. Dorothee Deuring

Proposal

The Board of Directors proposes the election of **Ms. Dorothee Deuring** as member of the Board of Directors (Independent and Non-Executive), for a term of office until completion of the next Annual General Meeting of Shareholders

Austrian, born in 1968, Ms. 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 member of the Audit and Compliance Committee of Axpo Holding AG (Switzerland) since 2017 and 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 Lonza Group AG (Swiss SMI listed company, 2020-2022), Immofinanz AG (Austria, 2021-2022), Bilfinger SE (Germany, 2016-2021), Piquor Therapeutics AG (Switzerland, 2019-2021), Selecta Group AG (Switzerland, 2020) and Röchling SE & Co. KG (Germany, 2016-2019). Between 2011 and 2014, Ms. Deuring 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. Ms. Deuring started her career at McKinsey & Company in Switzerland in 1997. Ms. Deuring holds a Master's degree in Chemistry from Université Louis Pasteur, Strasbourg, and a Master of Business Administration from INSEAD, Fontainebleau.

5.2. Re-elections

Proposals

The Board of Directors proposes the re-election of **Mr. Thibault de Tersant** as member of the Board of Directors and his election as Non-Executive Chairman of the Board of Directors as well as the re-elections of **Mr. Ian Cookson, Dr. Peter Spenser, Mr. Maurizio Carli, Ms. Deborah Forster** and **Ms. Cecilia Hultén** as members of the Board of Directors, each for a term of office until completion of the next ordinary Annual General Meeting of Shareholders.

5.2.1. Mr. Thibault de Tersant, member and Chairman of the Board of Directors

French, born in 1957, Mr. Thibault de Tersant was a member of the Board of Dassault Systèmes from 1993 until 2020 and was Chief Financial Officer from 1988 until 2018. He was named Senior Executive Vice President and General Secretary in 2018. During his tenure in Dassault Systèmes, Mr. de Tersant, who, as Chief Financial Officer, managed an organization in charge of Finance, Legal, Sales Administration, Pricing, Contract Negotiations, Internal Control and M&A, has conducted more than 80 successful acquisitions totalling 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. Mr. de Tersant, in his capacity of General Secretary is responsible for corporate structure and governance and compliance and oversees various Dassault Systèmes businesses. He is also Co-Chair of the Dassault Systèmes Sustainability Committee and Chairman of the Dassault Systèmes Foundation. Mr. de Tersant is also member of the Board and Executive Committee of Numeum, the French syndicate of companies working in the digital domain. Mr. de Tersant has more than 30 years of experience in the software industry and is a graduate of the ESSEC Business School and of the Institut d'Etudes Politiques de Paris.

Mr. de Tersant is the Chair of the Temenos Audit Committee.

5.2.2. Mr. Ian Cookson, member of the Board of Directors

Swiss, born in 1947, Mr. 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. Mr. Cookson 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, Mr. Cookson 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).

Mr. Cookson is the Chair of the Temenos Nomination & ESG Committee and is also a member of the Audit Committee.

5. Elections of the members of the Board of Directors continued

5.2. Re-elections continued

Proposals continued

5.2.3. Dr. Peter Spenser, member of the Board of Directors

British and American, born in 1954, Dr. Peter Spenser has over 40 years of experience in the financial services sector and technology. Until 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). Dr. Spenser holds a BA and MA in Theoretical Physics from Cambridge University and a Ph.D. in Astrophysics from University College London.

Dr. Spenser is a member of the Temenos Audit and Compensation Committees.

5.2.4. Mr. Maurizio Carli, member of the Board of Directors

Italian, born in 1958, Mr. Maurizio Carli served as Strategy Advisor to VMware until 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, Mr. Carli 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, Mr. Carli served in a number of leadership positions in sales, marketing and global strategy at IBM between 1984 and 2002. Mr. Carli 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 in 2021, Telety Group from 2011 to 2016 and as a Board member for the newly-launched European Software Association from 2005 to 2006. Mr. Carli holds a Bachelor of Science in Electronic Engineering from Politecnico di Milano, Italy, where he graduated with honors.

Mr. Carli is a member of the Temenos Nomination & ESG and Compensation Committees.

5.2.5. Ms. Deborah Forster, member of the Board of Directors

British, born in 1966, Ms. Deborah (Debbie) Forster is Chief Executive Officer of the Tech Talent Charter, an industry collective which aims to deliver greater inclusion and diversity in the UK technology workforce. Ms. Forster brings a unique skill set across the areas of technology, innovation, diversity and education, and was awarded an MBE in the Queen's New Year's Honour List in 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 Money and Pensions Advisory Board and its National Cyber Advisory Board and is a Non-Executive Director for the Lending Standards Board. Previously, Ms. Forster was Chief Executive Officer 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. Ms. Forster holds an MA from the University of Leeds.

Ms. Forster is a member of the Temenos Nomination & ESG and Compensation Committees.

5.2.6. Ms. Cecilia Hultén, member of the Board of Directors

Swedish, born in 1968, Ms. 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 healthtech sectors. Through strategic investments and partnerships, Ms. Hultén has established a reputation as a thought leader. She is working with companies including Kompasbank, a European challenger bank for SMEs, Konsolidator, a SaaS company providing a cloud-based consolidation tool, and Hejdoktor, a digital healthcare provider. She has co-founded two companies, a biotech company and a data management company commercializing a project out of MIT's fintech program, where she has taken the role of Chief Financial Officer. Additionally, Ms. Hultén spent five years as an Executive Coach at Stanford Graduate School of Business in Corporate Innovation. Ms. Hultén holds a BSc from the Gothenburg School of Economics and studied at the Stern School of Business MBA program at NYU.

Ms. Hultén is a member of the Temenos Nomination & ESG Committee.

AGENDA AND PROPOSALS OF THE BOARD OF DIRECTORS continued

6. Elections of the members of the Compensation Committee

Proposals

The Board of Directors proposes the re-elections of **Dr. Peter Spenser**, **Mr. Maurizio Carli** and **Ms. Deborah Forster** as well as the elections of **Ms. Cecilia Hultén** and **Ms. Dorothee Deuring** as members of the Compensation Committee, each for a term of office until completion of the next ordinary Annual General Meeting of Shareholders.

6.1. Dr. Peter Spenser

6.2. Mr. Maurizio Carli

6.3. Ms. Deborah Forster

6.4. Ms. Cecilia Hultén

6.5. Ms. Dorothee Deuring

7. Election of the independent proxy holder

Proposal

The Board of Directors proposes the re-election of the law firm **Perréard de Boccard S.A.** as independent proxy holder until completion of the next ordinary Annual General Meeting of Shareholders.

8. Election of the auditors

Proposal

The Board of Directors proposes the re-election of **PricewaterhouseCoopers S.A.**, Geneva, as statutory auditors for a new term of office of one year.

Documentation

The 2022 Annual Report (including the Compensation Report, the unconsolidated financial statements, the consolidated financial statements and the Auditors' reports), the minutes of the last ordinary Annual General Meetings of Shareholders and the current Articles of Association are available on: <https://www.temenos.com/about-us/investor-relations/>.

Participation

Shareholders recorded in the share register with voting rights as of **19 April 2023 at 5 p.m. CET** (record date) are entitled to vote at the forthcoming Annual General Meeting and will receive by post the invitation to this Annual General Meeting. They may then order their admission card from areg.ch, the company managing the share register of Temenos AG.

Representation and proxies

Shareholders who are unable to attend in person may appoint a representative by written proxy or the independent proxy holder: **Perréard de Boccard S.A.** The voting instructions to the independent proxy holder can be given either by return of the reply form or electronically using the password and as per the instructions indicated in the invitations. Voting instructions shall be received by **1 May 2023 at 5 p.m. CET** at the latest.

On behalf of the Board of Directors

Andreas Andreades

Executive Chairman

3 April 2023

ANNEX – INFORMATION ON THE COMPENSATION PROPOSALS (4.1 AND 4.2)

Dear Shareholders,

On 16 January 2023, we announced a number of major changes for Temenos including that Mr. Andreas Andreades will not seek re-election as the Executive Chairman at the 2023 AGM. We also announced the departure of Mr. Max Chuard from the Company and the search for a new CEO led by Mr. Thibault de Tersant.

The Temenos Board of Directors has approved that, as of the 2023 AGM, the Company will no longer have an Executive Chairman, and instead will appoint Mr. Thibault de Tersant as its first Non-Executive Independent Chairman of the Board of Directors. As of the 2023 AGM, the Board of Directors will be comprised of only Independent Directors. While the Temenos compensation philosophy for Executives remains largely unchanged, the Company will no longer have two highly paid Executives, which some shareholders had pointed out in the past.

As we search for a new CEO, Mr. Andreas Andreades will fulfill the Acting CEO role and, as such, as of the 2023 AGM, we will continue to have five active Executives in our Executive Committee.

Compensation philosophy

Temenos' compensation philosophy for the Executive team continues to be based around two main pillars:

- fostering a performance-based corporate culture through a balanced compensation structure of which the majority is variable pay based on performance goals; and
- delivering shareholder return through the achievement of rigorous long-term performance goals.

Executive compensation consists of three primary components:

- (i) fixed cash compensation and benefits;
- (ii) variable cash linked to short-term performance targets (i.e. the current financial year); and
- (iii) equity-based compensation of which 70% is variable (100% for CFO, see below) and is linked to long-term performance targets.

Compensation of the Board of Directors for 2024 will comprise fixed compensation only.

Long-Term Incentive (“LTI”) instruments

Starting in 2022 we took the first step in moving away from Stock Appreciation Rights (“SARs”) to align more closely with the market by awarding the Executives (excluding the Executive Chairman, CEO and CFO) its LTI award in the form of 50% SARs and 50% Performance Stock Units (“PSUs”). In 2023, we continued the transition and moved to a mix of 30% in time-based Restricted Stock Units (“RSUs”), 35% in PSUs and 35% in SARs. PSUs and SARs are subject to the same performance measures. In 2023, the performance targets are Total Annual Recurring Revenue (“Total ARR”) (60%), Non-IFRS EPS (20%) and Free Cash Flow (20%). Both PSUs and SARs have a three-year vesting period. The RSUs vest at 50% on the second year anniversary, and 50% on the third year anniversary from the grant date. The CFO continues to receive 100% of his LTI in performance-based SARs in 2023 as was already stated in the 2022 AGM agenda annex, reflecting his confidence in the share price growth.

Shareholder engagement

In late 2022 and early 2023 management and Mr. Thibault de Tersant had extensive discussions with key shareholders on multiple business topics, in particular Temenos' strategy around SaaS, the composition of the Executive team, and the transition from Executive to Non-Executive Chairman. As such we felt it was not appropriate to do further extensive shareholder engagement sessions specifically on compensation in 2023, however, we are open to any requests for discussion prior to the AGM should this be required by any shareholder. We are grateful for the feedback that we have received over the years from our shareholders and continue to implement shareholder feedback wherever possible.

Proposals

The compensation proposals for 2024 for which we request your approval are as follows:

- Board of Directors: USD 2.3 million for up to nine members (2023: USD 9.3 million for ten members including Executive Chairman). As the Board of Directors is expected to consist of Non-Executive members only in 2024, the request no longer includes variable compensation.
- Executive Committee: USD 30 million for five members (2023: USD 30 million for seven members). The request assumes the current CEO will step down, serve his notice period in 2024 and be replaced by the end of the year by a new CEO. We have built in a 5% increase for the existing Executive Committee members as required to address benchmark shortfalls identified later in the year, if any.

We count on receiving your support at the AGM on 3 May 2023 to enable us to transition to the new team as seamlessly as possible.

Homaira Akbari

Chairperson of the Compensation Committee

ANNEX – INFORMATION ON THE COMPENSATION PROPOSALS (4.1 AND 4.2) continued

1. INTRODUCTION

Full details of 2022 compensation are provided on pages 162–186 of the 2022 Annual Report (Compensation Report). The 2022 Annual Report is available on: <https://www.temenos.com/en/about-temenos/investor-relations/reports>.

This annex intends to explain the compensation request as per motions 4.1 and 4.2. The compensation policy and principles are explained in the Compensation Report in section A. The compensation components are explained in the Compensation Report in section B.

2. BACKGROUND TO COMPENSATION VOTE

2.1 Voting methodology selected

Based on art. 732 et seqq. of the Swiss Code of Obligations related to the remuneration in listed companies and on Temenos' Articles of Association, the Board of Directors proposes to hold separate votes on the compensation of the Board of Directors and the Executive Committee.

We have chosen voting on **prospective** compensation to support attraction, motivation and retention of global talent by ensuring that compensation is approved upfront. Prospective voting also allows the Board of Directors to gain valuable feedback in advance of the compensation being committed.

The proposed amounts of compensation for both the Board of Directors and for the Executive Committee are for the full calendar year 2024.

2.2 Foreign exchange impacting the compensation

The largest part of the on-target compensation relates to the LTI grant. The SARs' price and associated accounting value for SARs, PSUs and RSUs are quoted in US dollars ("USD").

Some Executives are paid fixed and short-term variable compensation in currencies other than USD. The exchange rates used for 2024 are the closing rates of 31 December 2022:

USD/CHF: 0.92477

USD/GBP: 0.82715

USD/AED: 3.6725

USD/EUR: 0.93471

The amounts proposed for approval are based on the above exchange rates and, as a result, the actual USD cost may differ.

3. COMPENSATION OF THE MEMBERS OF THE BOARD OF DIRECTORS FOR THE YEAR 2024

VOTE 4.1: The Board of Directors proposes to approve a maximum aggregate amount of USD 2.3 million (corresponding to approximately CHF 2.1 million) as fixed compensation of the members of the Board of Directors for the financial year 2024.

EXPLANATION:

The Board of Directors' proposal for 2024 compensation comprises the following persons:

- the Non-Executive Chairman, subject to election at the 2023 AGM:
 - Mr. Thibault de Tersant;
- the Non-Executive Directors, subject to re-election at the 2023 AGM:
 - Mr. Ian Cookson;
 - Dr. Peter Spenser;
 - Mr. Maurizio Carli;
 - Ms. Deborah Forster; and
 - Ms. Cecilia Hultén;
- and the following proposed Non-Executive Directors, subject to election at the 2023 AGM:
 - Mr. Xavier Cauchois; and
 - Ms. Dorothee Deuring.

Temenos may continue its search for an additional member, hence the cost for this potential member is included in the 2023 AGM vote since the 2024 AGM vote will apply for calendar year 2025, not 2024.

3. COMPENSATION OF THE MEMBERS OF THE BOARD OF DIRECTORS FOR THE YEAR 2024 *continued*

EXPLANATION: *continued*

Board member fees per Non-Executive Director will remain the same as 2023. A fee for a Non-Executive Chairman has been added. The fees are as below:

| Fee Type | USD 000 |
|---|---------|
| Non-Executive Chairman fee ¹ effective from 3 May 2023 | 800 |
| Board member fee | 140 |
| Additional fee for Directors traveling long-haul | 10 |
| Fee for Chair of Audit Committee | 55 |
| Fee for Chair of Compensation Committee | 45 |
| Fee for Chair of Nomination & ESG Committee | 35 |

1 The 2023 Non-Executive Chairman fee was determined using the SMIM average for equivalent positions from year 2021 and slightly increased to account that a 2021 benchmark was used for the 2023 fee.

Non-Executive Directors do not receive any short-term variable pay nor do they participate in any of Temenos' LTI programs.

Since the Board of Directors is expected to consist of Non-Executive members only, the proposed compensation for members of the Board of Directors no longer includes any variable compensation (as opposed to previous years). The request is made up as follows, with all figures in USD:

| USD 000 | Board/ Chairman fees | Committee Chair fees | Additional fees for long-haul travel | Social charges | Rounding | Total |
|--------------|----------------------------|----------------------------|---|-------------------|----------|-------|
| 2024 request | 1,873 | 135 | 17 | 182 | 93 | 2,300 |

4. COMPENSATION OF THE MEMBERS OF THE EXECUTIVE COMMITTEE FOR THE YEAR 2024

VOTE 4.2: The Board of Directors proposes to approve a maximum aggregate amount of USD 30 million (corresponding to approximately CHF 28 million) as fixed and variable compensation of the members of the Executive Committee for the financial year 2024.

EXPLANATION:

The Executive Committee proposal for 2024 comprises the following active members:

- CEO, currently Andreas Andreades until appointment of new CEO;
- Panagiotis "Takis" Spiliopoulos, Chief Financial Officer ("CFO");
- Prema Varadhan, President Product and Chief Operating Officer ("CPOO");
- Colin Jarrett, Chief Operating Officer Americas ("COO Americas"); and
- Jayde Tipper, Chief People Officer ("CPO").

The table below shows the proposed total maximum amount of compensation for the members of the Executive Committee of USD 30 million split by compensation element. The total amount of compensation includes the maximum possible payout under the Short-Term Incentive ("STI") of 150% and includes the remuneration due to former members of the Executive Committee (e.g. remuneration during notice period).

The compensation by category is shown below:

| USD 000 | No. of members | Salary | Maximum STI ¹ | Other ² | LTI ³ | Social charges | Total | Approval/ Request | Average per member | Average per member (excl. CEO) |
|---------------|---|--------|-----------------------------|--------------------|------------------|-------------------|--------|----------------------|--------------------------|---|
| 2023 approved | 7 | 3,850 | 6,258 | 206 | 17,158 | 2,203 | 29,675 | 30,000 | 4,239 | 3,231 |
| 2024 request | 5 current and 1.04 in notice period ⁴ | 2,807 | 4,631 | 2,543 | 15,768 | 2,950 | 28,699 | 30,000 | 4,750 | 3,508 |

1 The variable short-term incentive for the Executive Committee members is explained further in section 5.1.

2 Other includes notice period for former Executive Committee members and allowance for mobile employees.

3 The LTI plan for the Executive Committee members is explained further in section 5.2.

4 The amount requested and the average calculation include compensation of former Executive Committee members during their notice period, hence the number of members used to calculate the average is respectively 6.04 (average per member) and 5.04 (average per member excl. CEO).

ANNEX – INFORMATION ON THE COMPENSATION PROPOSALS (4.1 AND 4.2) continued

4. COMPENSATION OF THE MEMBERS OF THE EXECUTIVE COMMITTEE FOR THE YEAR 2024 *continued*

EXPLANATION: *continued*

The average per member has increased as the remaining members on the Executive Committee include some of the more highly paid roles (i.e. CFO and CPOO), and the COO Americas has been transferred to the US, a higher cost location. The request includes an allowance for a marginal increase of 5% subject to benchmark analysis to be performed later in the year. The request also includes an amount for a new CEO in line with the approved amount included for Max Chuard in the maximum compensation amount for 2023 approved at the 2022 AGM. The supplemental allowance of 40% would be available in case of new roles being added, for example a Chief Revenue Officer ("CRO"), and/or in case of need of replacement awards for new members.

5. KEY PERFORMANCE INDICATORS ("KPIs") FOR VARIABLE PLANS

5.1 STI plan

For 2024, the performance metrics are expected to be as follows:

| KPIs for STI 2024 | Weighting |
|---------------------------|-----------|
| Total ARR | 30% |
| Non-IFRS Product Revenues | 30% |
| Non-IFRS Operating Profit | 20% |
| Operating Cash Flow | 20% |

The targets are considered commercially sensitive and are not disclosed in advance. The KPIs shown are for information purposes only and the Board of Directors may adapt them to drive the strategy in the right direction.

The threshold payout of 50% occurs when performance is at 90% of goal and maximum payout of 150% occurs when performance is at 125% of goal. For every 1% of performance overachievement, 2% of incremental bonus is funded.

5.2 LTI plan

Instruments

In 2023, the CFO received 100% performance-based SARs as his LTI instrument for fiscal year 2023. For the remaining members of the Executive Committee, they received 35% in SARs, 35% in PSUs and 30% in RSUs for fiscal year 2023. As discussed extensively with shareholders, the introduction of PSUs in fiscal year 2022 and RSUs in fiscal year 2023 better aligns our LTI program with the competitive market and supports retention while continuing to hold our Executives accountable for performance.

KPIs

In 2023, the Board of Directors replaced Total Bookings with Total ARR, which better captures the recurring revenue growth of subscription, SaaS and maintenance. This change was already noted in the 2022 AGM agenda annex and reflects feedback we received from several of our shareholders who believe Total ARR is a better reflection of the Company's progress in its business model transformation.

| KPIs for LTI 2024-2026 | Weighting |
|------------------------|-----------|
| Total ARR | 60% |
| Non-IFRS EPS | 20% |
| Free Cash Flow | 20% |

The KPIs shown are for information purposes only and the Board of Directors may adapt them to drive the strategy in the right direction.

Vesting curve

The funding outcome for performance-based LTI instruments, i.e. the SARs and PSUs ("LTI Units") corresponding to 70% of the total LTI instruments (100% for CFO), is calculated as the greater of:

- the total number of LTI Units resulting from the achievement of each of the three annual targets covered by the three-year plan, where one third of the target number of LTI Units is attributed to each year. For this annual funding, the final number of LTI Units earned is binary at either 0% or 100%. Vesting is still subject to an overall three-year service period following grant; and
- the total number of LTI Units resulting from the cumulative actual achievement of the respective KPIs of the three-year plan, as shown in the chart below.

| | | | | | | |
|---|-----|-------|------|------|------|--------|
| Actual cumulative achievement as % of cumulative annual targets | 85% | 92.5% | 100% | 110% | 120% | 137.5% |
| Proportion of LTI Units vesting | 50% | 75% | 100% | 120% | 140% | 175% |

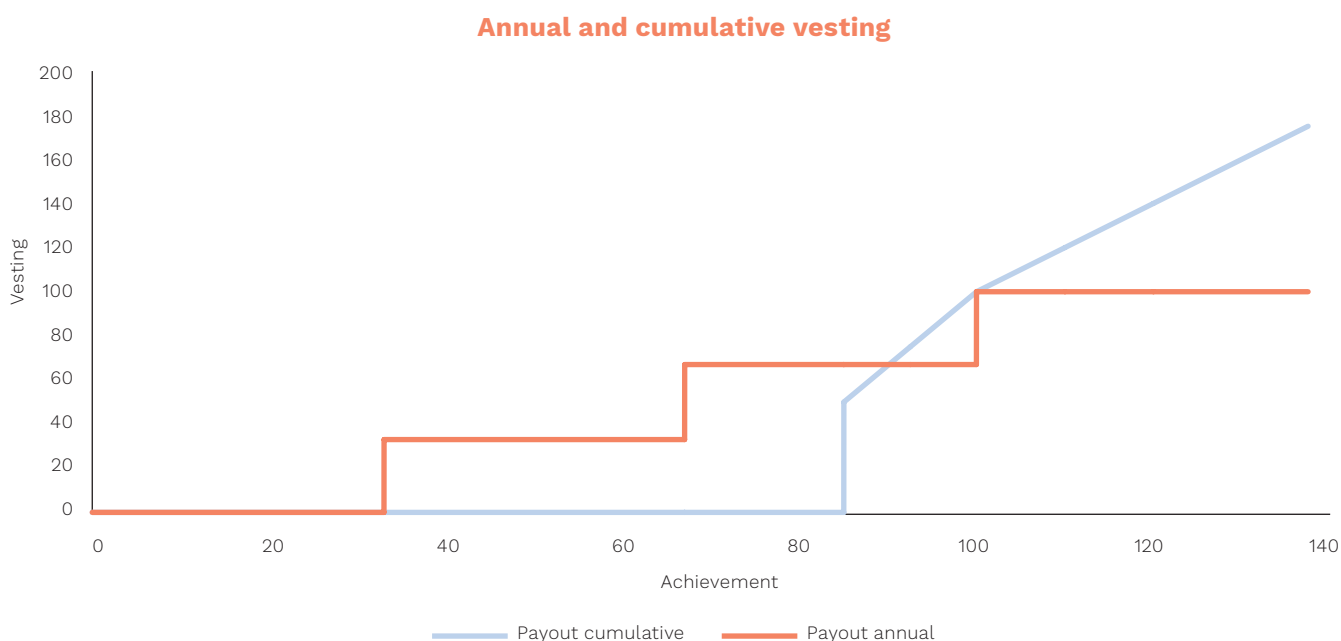
5. KEY PERFORMANCE INDICATORS (“KPIs”) FOR VARIABLE PLANS continued

5.2 LTI plan continued

Vesting curve continued

In 2023, we amended the funding at the threshold of 85% of the performance goal to 50% (for 2022 this payout was at 0%). This change to the funding schedule better aligns the calibration of our plan with our peers and ensures we remain competitive in this challenging market for talent.

The graph below reflects the change. Funding for the plan is the greater of the results of the annual targets, shown in orange below, or the cumulative, shown in blue, below.



Temenos’ compensation philosophy has been, and continues to be, to set rigorous targets and to reward management when it meets these stretch targets.

For 30% of LTI Units which are issued in the form of RSUs, there are no performance targets. These RSUs are time based and vest 50% at the second year anniversary following the grant date and the other 50% at the third year anniversary following the grant date.

5.3 Share ownership rules

The members of the Board of Directors as well as the Executive Committee are subject to share ownership rules, details of which are available in the 2022 Annual Report (Compensation Report) on page 173.

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