



Q1 2022

Strong organic growth of 5%

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 tietoevry



Strong organic growth of 5%

Q1 in brief



Growth driven by Tietoevry Create, up by 15%, and Tietoevry Banking, up by 8%

Healthy profitability – adjusted operating margin 11.6%

High attention on employee safety in Ukraine – limited business and customer impact to date

Six specialized businesses established to drive growth and expansion

Active market with growth potential – at extraordinary times



Our **market growth** estimate of 3% for 2022 unchanged

Market driven by cloud-native services and software with decline in traditional managed services

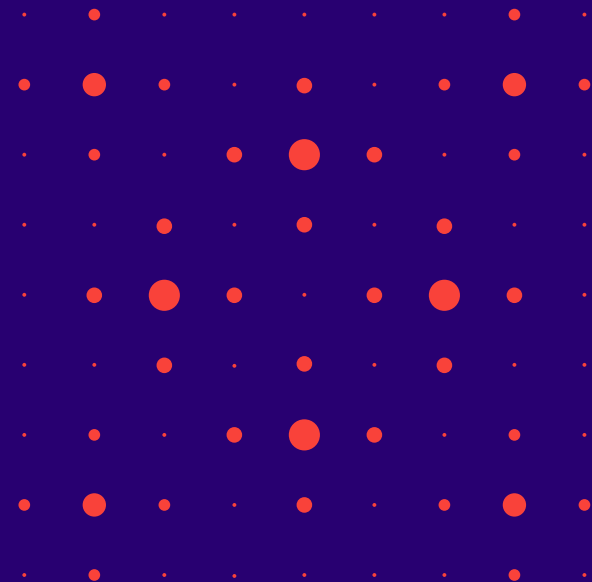
War in Ukraine creating potential risk in macroeconomic outlook

Exit from Russia completed

Talent market active – high attrition and salary inflation impacting growth and profitability

Continued high recruitment pace with 1 400 new joiners in Q1'22

Q1'22 financials



New reportable segments – specialized end to end businesses

	Managing Director	Core scope of business
Tietoevry Create	Christian Pedersen	Digital consulting, analytics and software engineering services
Tietoevry Care	Ari Järvelä	Software for health and care services
Tietoevry Banking	Christian Segersven	Software for financial institutions
Tietoevry Industry	Ari Järvelä	Industry-specific software and data platforms
Tietoevry Transform	Satu Kiiskinen	Enterprise IT services for select customers
Tietoevry Connect	Johan Torstensson	Infrastructure capacity and services

Tietoevry Q1'22

Business highlights

Revenue EUR 730.9 million, organic growth* 5%

Reported growth 2.7%, currency and divestment impact net EUR 12 million

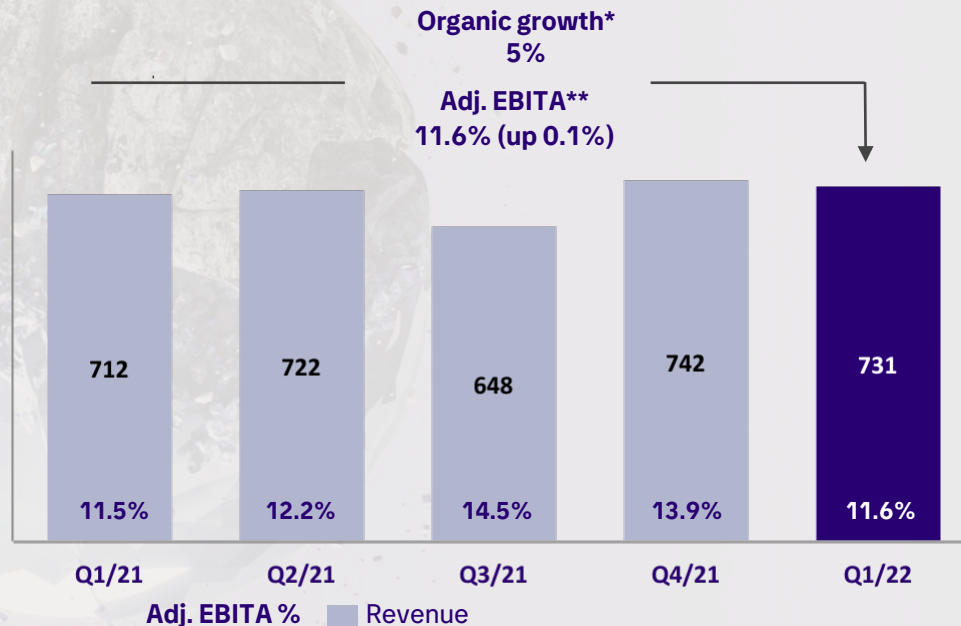
Adjusted EBITA** EUR 84.6 (82.1) million, 11.6% (11.5%)

Strong growth in Tietoevry Create and Tietoevry Banking – decline in Tietoevry Connect

Healthy profitability in line with the prior year

Operating cash flow EUR 62 (95) million

Strong order backlog, up by 8%



Tietoevry Create

Digital consulting, analytics and software engineering services

Business highlights

Revenue EUR 218.1 million, organic growth* 15%

Adjusted EBITA** EUR 31.3 (26.9) million, 14.3% (14.3%)

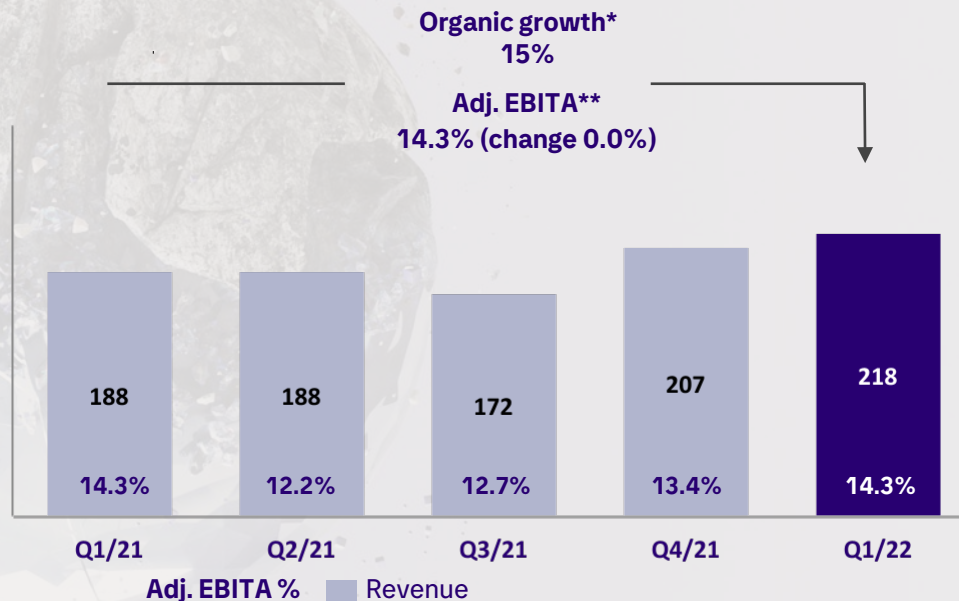
High market activity in cloud native, data and software engineering services

Strong growth in Norway and International – new Nanjing R&D centre contributing to growth

Limited financial impact from the war in Ukraine in Q1'22, with focus on employee safety and continuity of customer deliveries

Profitability remained solid at Q1'21 level

In Q2'22, adjusted operating margin anticipated to be above Q2'21 level



* Adjusted for currency effects, acquisitions and divestments

** Adjustment items include restructuring costs, capital gains/losses, impairment charges and other items affecting comparability

Tietoevry Banking

Software for financial institutions

Business highlights

Revenue EUR 125.0 million, organic growth* 8%

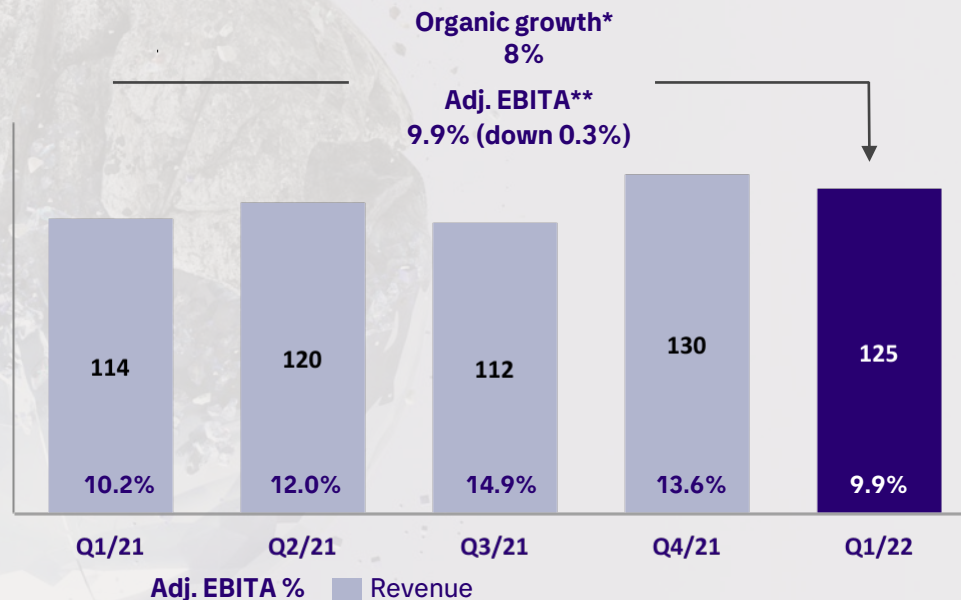
Adjusted EBITA** EUR 12.3 (11.6) million, 9.9% (10.2%)

Healthy growth driven by Cards, Financial Crime Prevention and Credit

Healthy demand for BaaS continues while earlier announced decision by a large customer to exit the Finnish market had a negative impact of 3% on Tietoevry Banking growth in Q1'22

Measures to drive competitiveness and efficiency initiated in Q1'22, focused on SG&A rationalization

In Q2'22, adjusted operating margin anticipated to be below Q2'21 level



Tietoevry Care

Software for health and care services

Business highlights

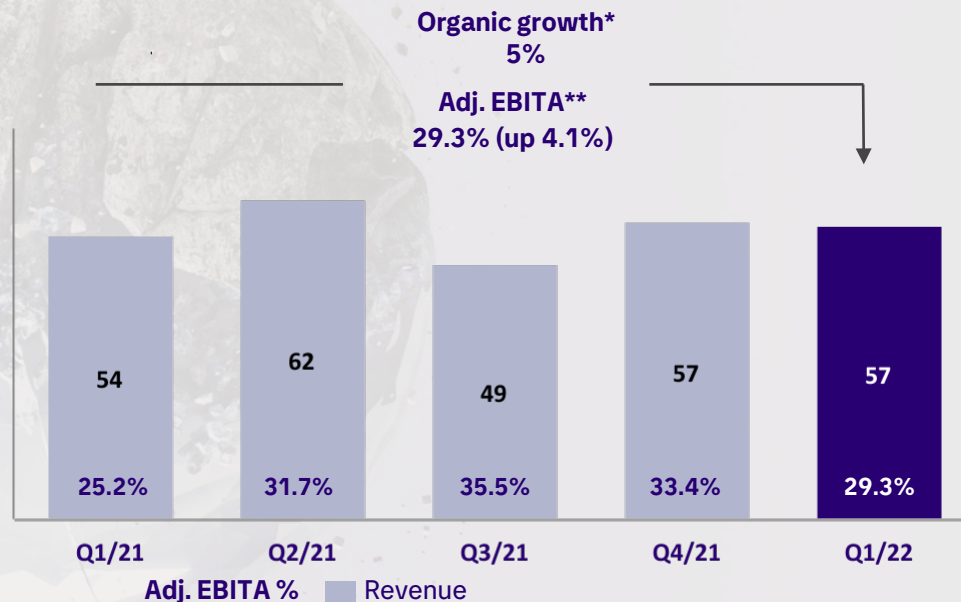
Revenue EUR 56.6 million, organic growth* 5%

Adjusted EBITA** EUR 16.6 (13.7) million, 29.3% (25.2%)

Continued growth in healthcare and welfare software, up by 10%

Healthy profitability – increased investments for the year focusing on software modernization and reinforced go-to-market

In Q2'22, adjusted operating margin anticipated to be below Q2'21 level



Tietoevry Industry

Industry-specific software and data platforms

Business highlights

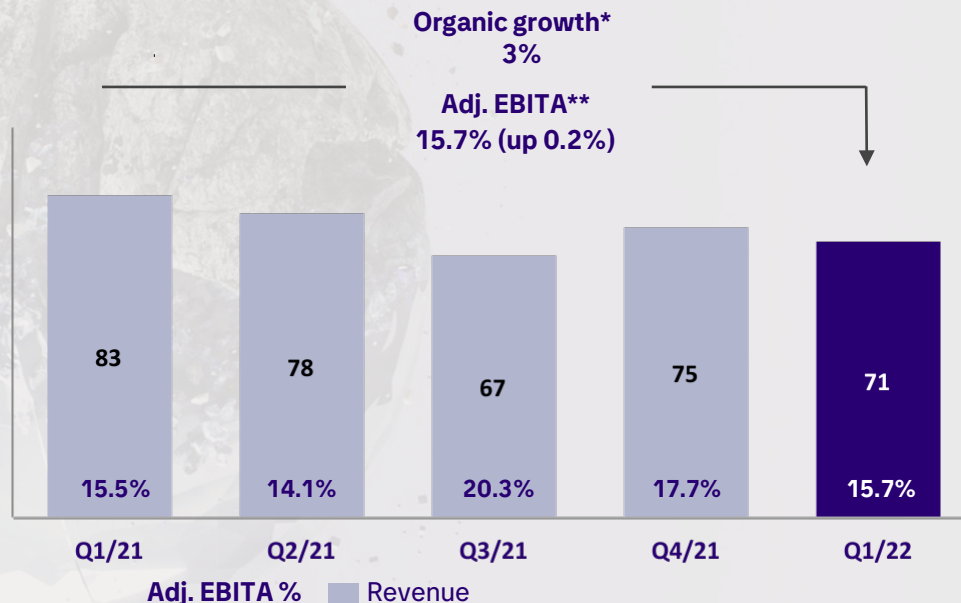
Revenue EUR 71.0 million, organic growth* 3%

Adjusted EBITA** EUR 11.2 (12.8) million, 15.7% (15.5%)

Growth driven by Data Platform Services and Pulp & Paper software business

Profitability remained solid at Q1'21 level

In Q2'22, adjusted operating margin anticipated to be at Q2'21 level



Tietoevry Transform

Enterprise IT services for select customers

Business highlights

Revenue EUR 121.2 million, at Q1'21 level

Adjusted EBITA** EUR 10.3 (13.1) million, 8.5% (10.8%)

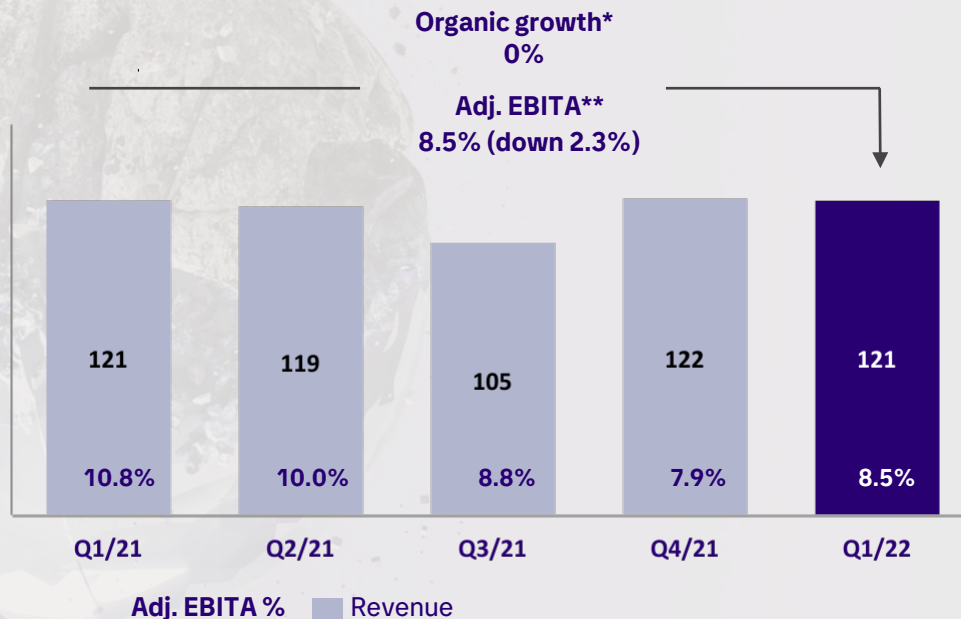
Healthy growth in Industry & Forest segment

Decline in Retail & Financial Services and Telecom & Consumer segments, impacted by annual price discounts, taking effect in Q1'22

Profitability impacted by the combination of flat growth and high inflation

Strong book-to-bill and order backlog +7%

In Q2'22, adjusted operating margin anticipated to be below Q2'21 level



Tietoevry Connect

Infrastructure capacity and services

Business highlights

Revenue EUR 224.2 million, organic growth* -1%

Adjusted EBITA** EUR 9.2 (10.1) million, 4.1% (4.5%)

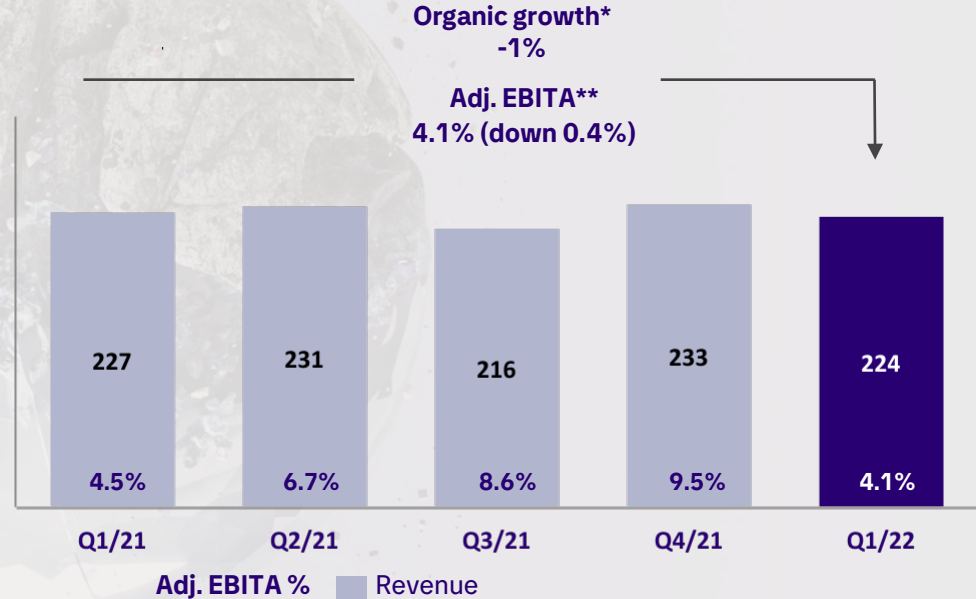
Cloud platforms and security services revenue growth 16%

Traditional infrastructure services revenue declined by 8%

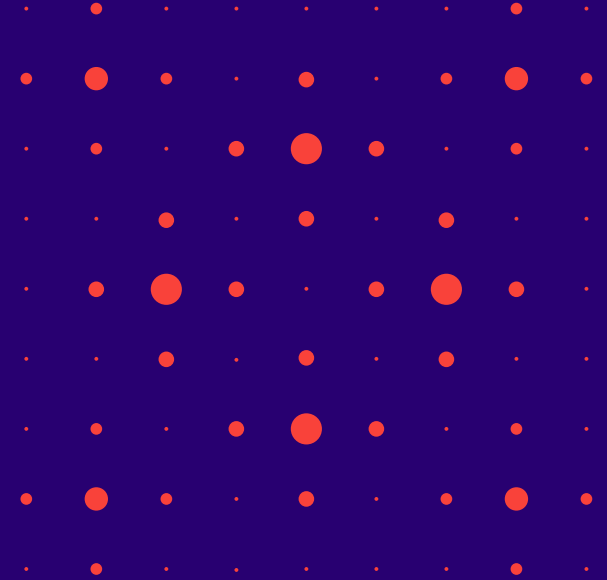
Profitability impacted by lower volumes and annual price discounts, taking effect in January

Efficiency measures announced in February on schedule – anticipated to contribute to H2'22 performance

In Q2'22, adjusted operating margin anticipated to be below Q2'21 level



CFO report



CFO highlights



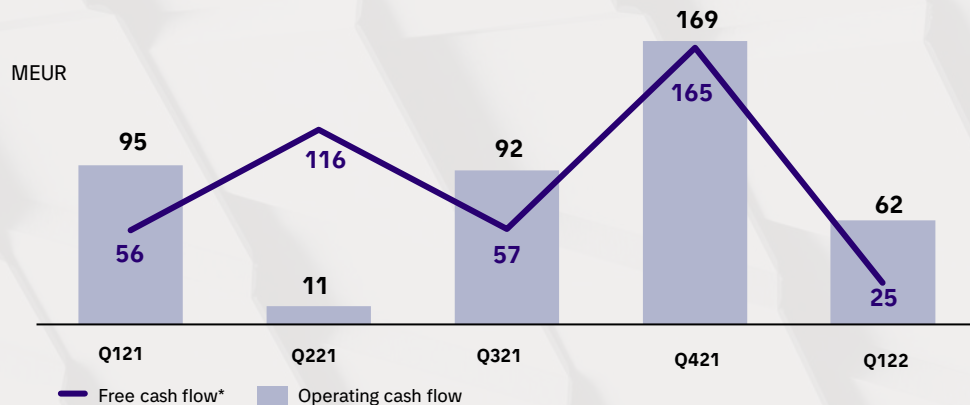
Q1 financials – strong growth

- Organic growth 5% - driven by Tietoevry Create and Tietoevry Banking
- Adjusted operating margin EUR 84.6 million / 11.6% - in line with prior year
- Reported operating profit at EUR 46.1 (56.7) million, 6.3% (8.0%) – impacted by higher levels of one-time costs
- Operative cash flow of EUR 62 million (95)
- Net debt / EBITDA 1.1x (2.3)
- Order backlog up 8% year-on-year

Other items

- New reportable segments implemented – six end-to-end businesses operational
- War in Ukraine – limited impact to financials in Q1'22. Impacting one-time costs of approx. EUR 1 million.
- Divestment of Russian operations completed in April as a local management buy-out
- Salary inflation remains at a high level, with outlook increased to 4% for the year (previously 3%)
- Attrition up to 16.5% (9.9) impacting growth and productivity
- First instalment of dividend paid in April €0.70 per share / total EUR 83 million

Q1 cash flow – Net debt / EBITDA 1.1x

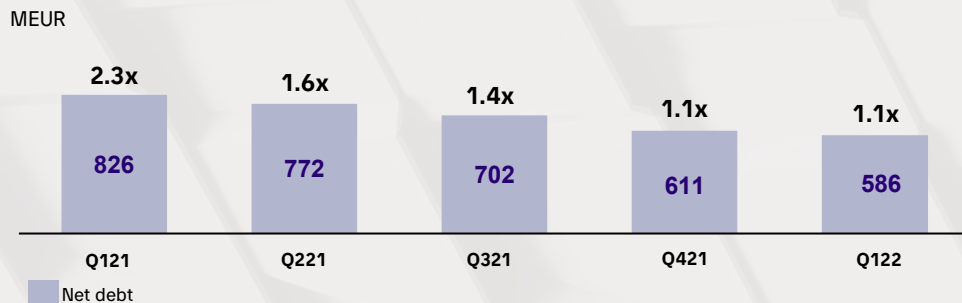


EUR 62 (95) million cash flow from operations

- Following seasonality in profitability
- Impacted by one-time items in quarter
- Impacted by higher tax and financial items payments

Net working capital steady - minor increase of EUR 3.3 million

Free cash flow of EUR 25 (56) million, representing net profit cash conversion of 0.8x



Net debt/EBITDA 1.1x (2.3x) at end of Q1'22

Interest bearing net debt EUR 586 (826) million at end of Q1'22

Other finance related topics

Divestments

The transfer of the Indian operations of the previously announced divestment of Oil & Gas is completed

- Transfer of ca. 200 FTEs out of Tietoevry Industry
- Net P&L impact of EUR 0.2 million

Exit from Russia concluded in April

- Management buy-out, at a marginal sales price
- One-time cost of ca. EUR 7 million in Q2'22, with approximately half stemming from currency translation differences (CTA)

One-time costs

Estimated one-time costs in FY'22 around 2% (previously 1.5-2.0%), with increase mainly driven by the war in Ukraine, exit from Russia and efficiency measures in Tietoevry Banking

Attrition and inflation

High attrition level continues – rolling 12-month attrition increased to 16.5% in Q1'22 (14.6% in Q4'21), compared to 9.9% in Q1'21

Net personnel increase from Q4'21 when adjusting for divestments – driven by approx. 1 400 new hires

Estimated salary inflation of approximately 4% in 2022 (previously 3%)

CAPEX

Stable CAPEX of EUR 21 million (22), representing 2.9% of revenue (3.0)

CAPEX mainly consists of business-related software licenses, investments in data centres and the capitalized costs for the development of software

Performance drivers – Q2'22

Growth drivers

- Continued good momentum in Tietoevry Create and Tietoevry Banking
- Q2 growth in Tietoevry Care will be impacted negatively ~10%-points by extraordinary license sales in Q2'21
- Tietoevry Industry growth will be impacted by a large ending customer contract in Data Platform Services – negative impact ~3%-points

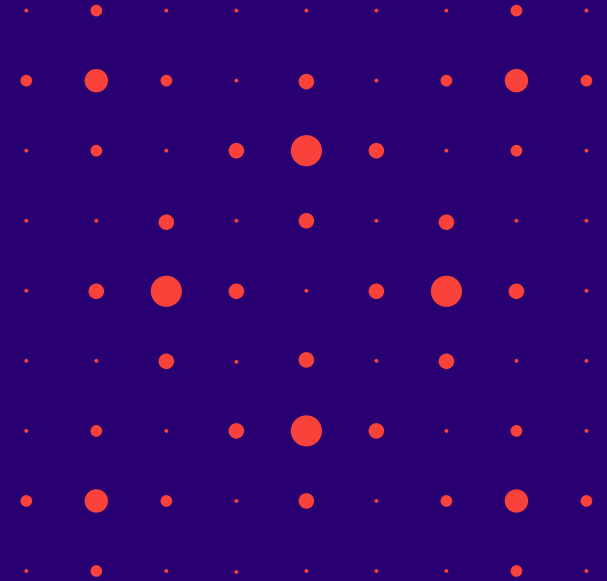
Profit drivers

- Attrition and salary inflation remaining at high levels, impacting profit
- Operating environment normalizing post covid - driving somewhat higher cost level
- Profit improvement from Tietoevry Connect's performance acceleration programme primarily contributes from H2 onwards – limited Q2 impact

Other drivers

- Positive FX impact on revenue ~EUR 1 million
- 0.4 working days more – positive ~0.4% impact on growth
- Transition to new operating structure - potential impact to productivity

Sustainability and way forward



Continued focus on our sustainability agenda - Science Based Targets verified



Tietoevry has aligned its actions to the highest ambition level to limit global warming below

1.5°C

We commit to:

- Reduce 90% of CO₂ emissions in scope 1 and 2 by 2026
- Increase annual sourcing of renewable electricity to 100% by 2026
- Reduce scope 3 business travel GHG emissions 47% per average full-time employee by 2030
- Have 70% of suppliers, responsible for largest emissions, commit to science-based targets by 2026

Way forward



Developers of Digital Futures

Growth agenda materializing – execution through six specialized end to end businesses

Strong employee engagement – talent attractiveness building on career opportunities and company values

Focus on safety and wellbeing of Ukrainian colleagues while ensuring customer service continuity

Tietoevry Connect performance acceleration programme contributing to H2'22 performance and profit improvement

Thank you

