



Q3 2022

Strong growth and solid profitability

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 tietoevry



Strong growth and solid profitability



Strong organic growth of

8%

driven by Tietoevry Create, Tietoevry Banking and Tietoevry Care

Solid adjusted operating margin of

14.2%

Good progress in performance improvement programmes – profit contribution accelerating towards the year end

Full-year outlook updated on 20 October

Our outlook for 2022 updated on 20 October



Full-year organic growth¹ of

5–6%

- Strong Q3 performance in cloud native and software businesses
- Healthy Q4 growth outlook

Full-year adjusted operating margin of

12.8–13.1%

- Increased inflation impacts the pace of profit improvement
- Lead time for customer price increases several quarters

¹) Adjusted for currency effects, acquisitions and divestments.

We continue delivering strong growth and solid profit in an uncertain era



Healthy market with specialized opportunities

Building on our strategic focus on scalable software businesses and cloud native, data and software engineering services

Era of high inflation

Increased focus on annual productivity – while lead time in price increases limit short-term profit improvement

Macroeconomic instability

Our business mix provides resilience through long-term customer contracts

Q3'22 financials

Tietoevry Q3'22

Business highlights

Revenue EUR 690.4 million, organic growth* 8%

Reported growth 6.5%, currency and divestment impact net EUR 8 million negative

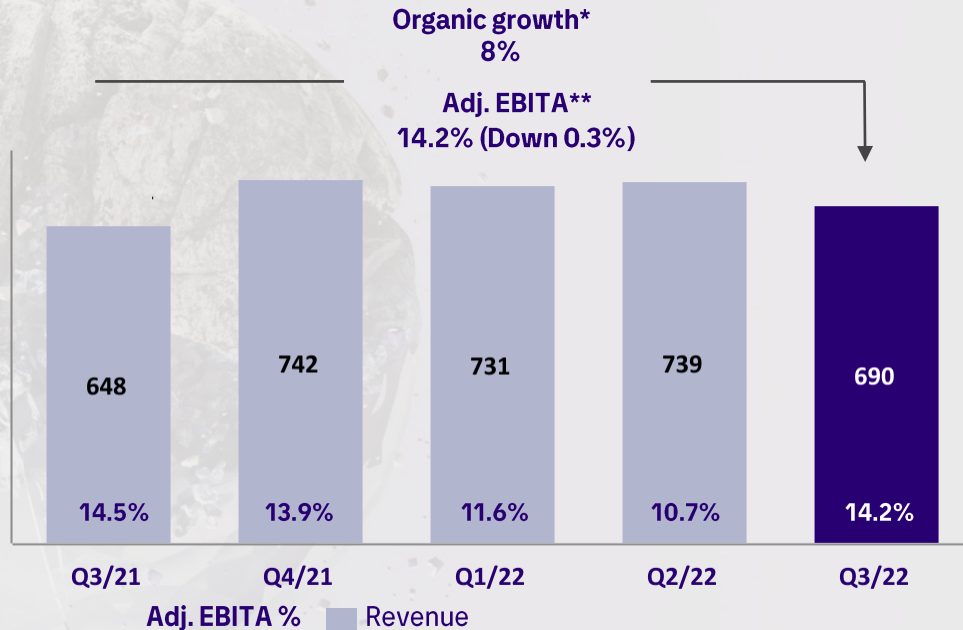
Growth of 8% driven by Tietoevry Create, Tietoevry Banking and Tietoevry Care

Adjusted EBITA** EUR 97.9 (94.0) million, 14.2% (14.5)

Profitability supported by performance improvement programs

Operating cash flow EUR 40 (92) million

Order backlog operationally up by 3%



* Adjusted for currency effects, acquisitions and divestments

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

Tietoevry Create

Digital consulting, analytics and software engineering services

Business highlights

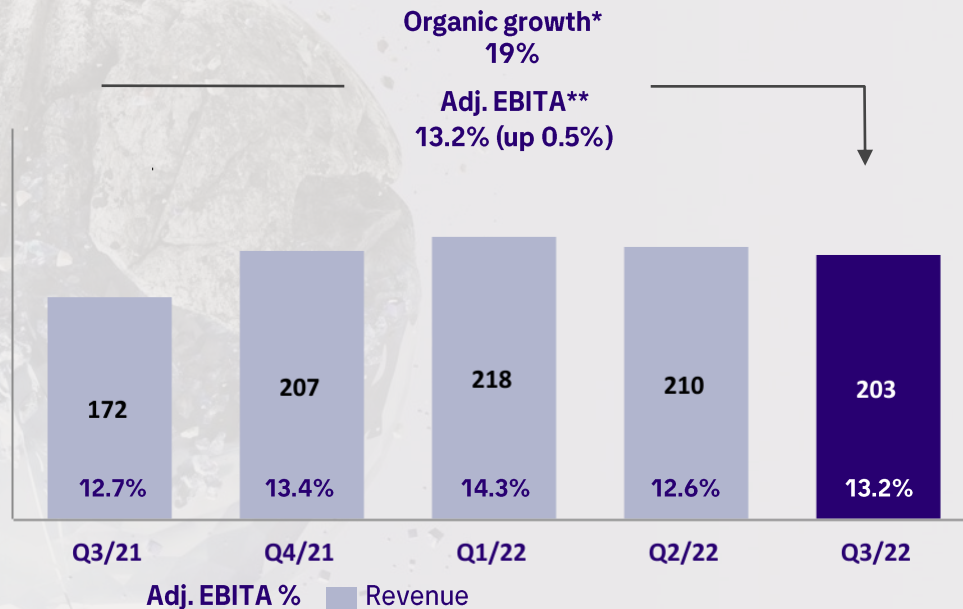
Revenue EUR 203.4 million, organic growth* 19%

Adjusted EBITA** EUR 26.9 (21.8) million, 13.2% (12.7)

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

Strong growth in International, supported by new R&D centre in Nanjing – Ukrainian currency devaluation had a positive impact of 3 percentage points on growth

In Q4'22, adjusted operating margin anticipated to be at Q4'21 level



* Adjusted for currency effects, acquisitions and divestments

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Tietoevry Banking

Software for financial institutions

Business highlights

Revenue EUR 123.2 million, organic growth* 9%

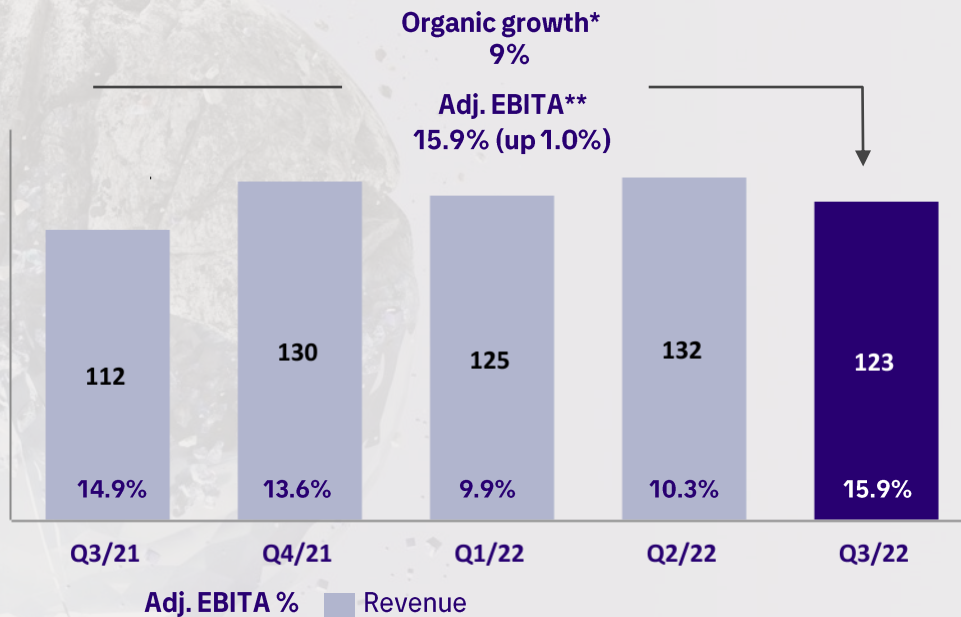
Adjusted EBITA** EUR 19.5 (16.6) million, 15.9% (14.9)

Healthy growth driven by Cards, Payments and Financial Crime Prevention

Efficiency measures contributing to profit improvement

In Q4'22, adjusted operating margin anticipated to be above Q4'21 level

Strategic review of Banking business proceeding on schedule



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Tietoevry Care

Software for health and care services

Business highlights

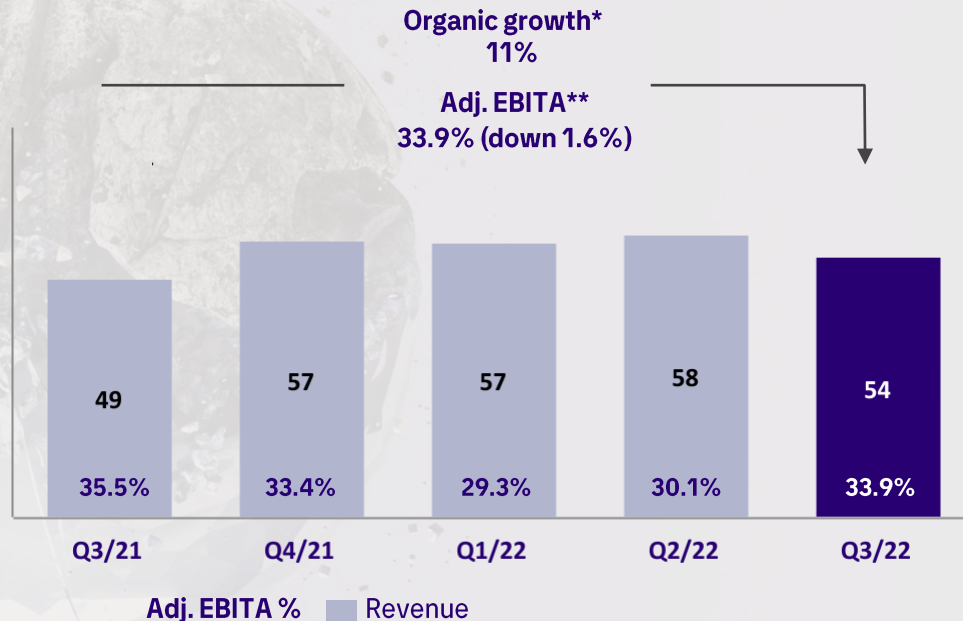
Revenue EUR 53.6 million, organic growth* 11%

Adjusted EBITA** EUR 18.2 (17.4) million, 33.9% (35.5)

Strong growth driven by high demand in Healthcare and Welfare businesses

Continued strong profitability

In Q4'22, adjusted operating margin anticipated to be below Q4'21 level



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

Tietoevry Industry

Industry-specific software and data platforms

Business highlights

Revenue EUR 64.1 million, organic growth* 2%

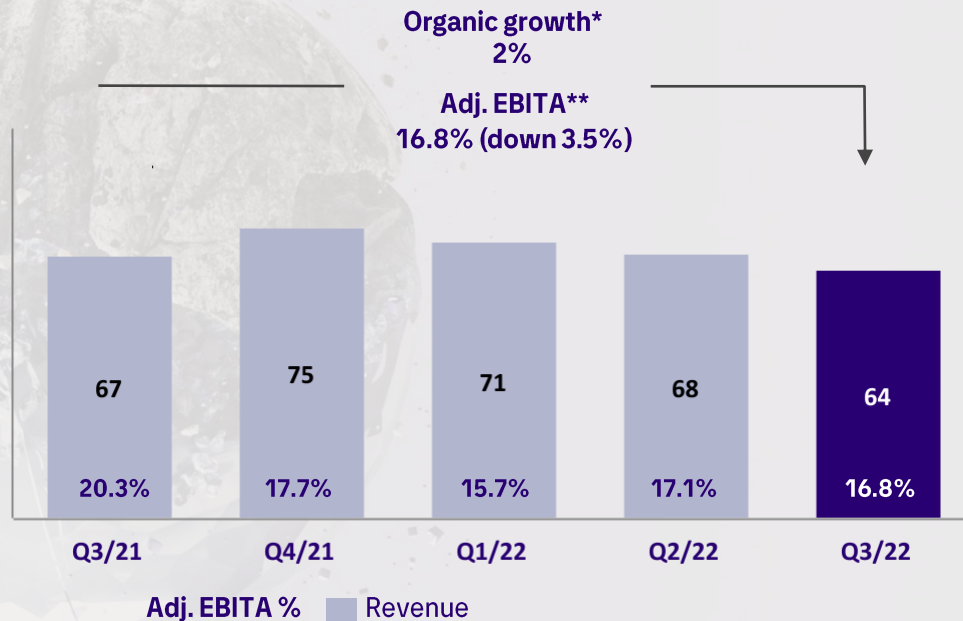
Adjusted EBITA** EUR 10.8 (13.7) million, 16.8% (20.3)

Growth driven by Public 360 and Pulp and Paper

Large customer contract ending in Data Platform Services with negative impact of 3 percentage points on growth

Consistent healthy profitability

In Q4'22, adjusted operating margin anticipated to be above Q4'21 level



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Tietoevry Transform

Enterprise IT services for selected customers

Business highlights

Revenue EUR 105.5 million, organic growth* 1%

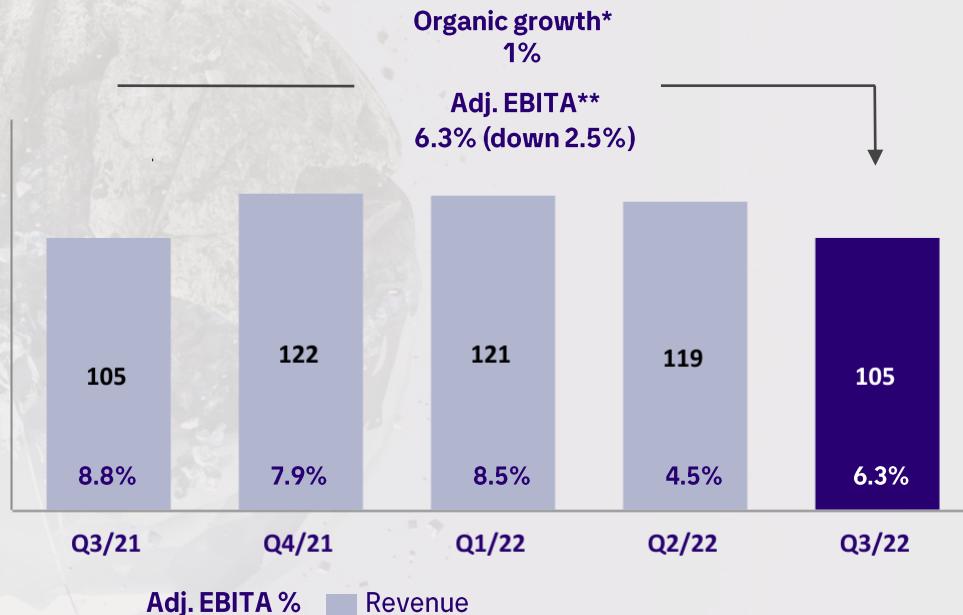
Adjusted EBITA** EUR 6.6 (9.3) million, 6.3% (8.8)

Healthy growth in Industry & Forest – decline in Telecom & Consumer

Combination of slow growth and high inflation impacting profitability

Performance improvement measures started to contribute to profitability towards the end of Q3'22

In Q4'22, adjusted operating margin anticipated to be above Q4'21 level



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Tietoevry Connect

Infrastructure capacity and services

Business highlights

Revenue EUR 209.1 million, organic growth* -2%

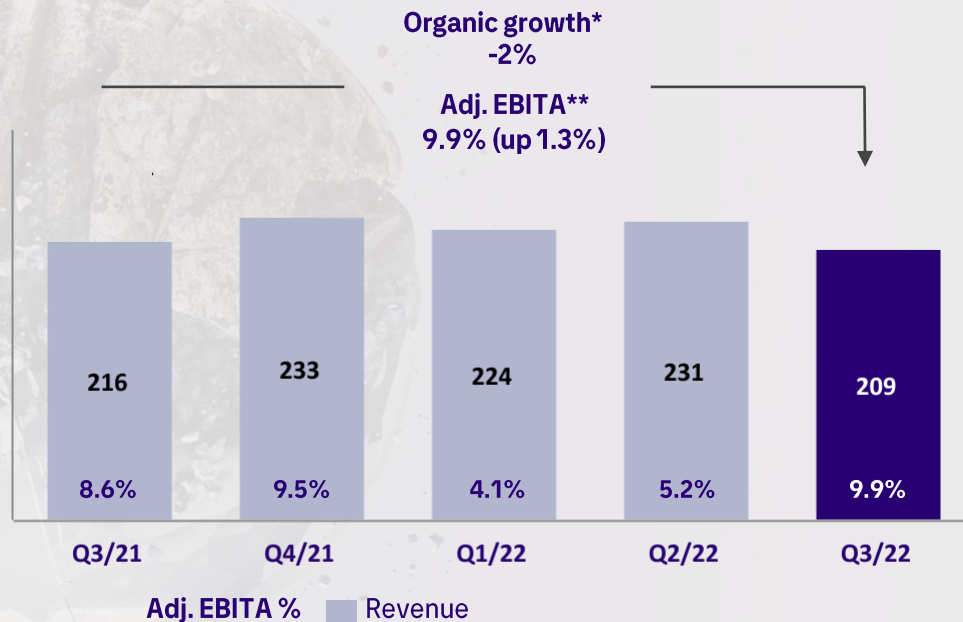
Adjusted EBITA** EUR 20.6 (18.5) million, 9.9% (8.6)

Growth continues in cloud platforms and security services, up by 6%

Traditional infrastructure services' revenue declined by 8%

Profitability above Q3'21 level – efficiency measures on schedule

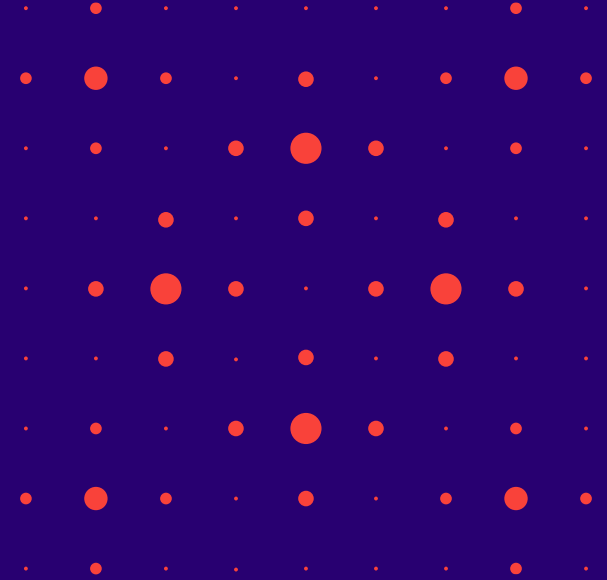
In Q4'22, adjusted operating margin anticipated to be at Q4'21 level




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CFO report





CFO highlights: Accelerated growth and solid profitability in an era of high inflation

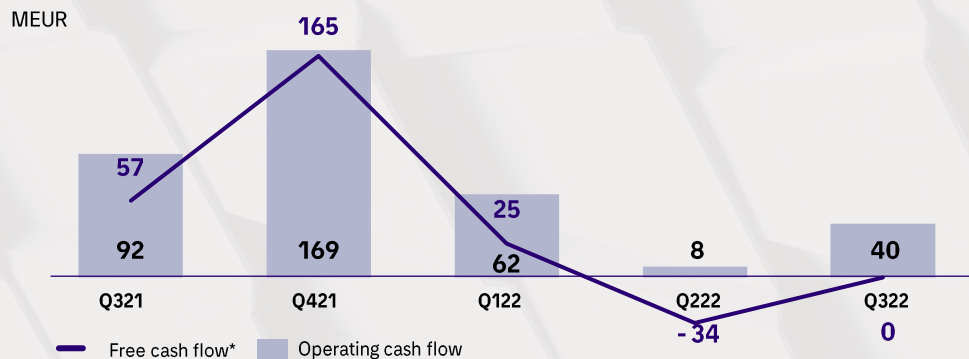
Q3'22 financials

- Organic growth 8% – driven by Tietoevry Create, Tietoevry Banking and Tietoevry Care
- Adjusted operating margin 14.2% (14.5%) / EUR 97.9 (94.0) million - mainly driven by revenue growth and performance improvement programmes
- Reported operating margin 11.2% (11.1%) / EUR 77.5 (72.2) million
- Operative cash flow of EUR 40 (92) million
- Net debt / EBITDA 1.6x (1.4)
- Order backlog operationally up by 3% year-on-year

Q3'22 other items

- CAPEX of EUR 23.6 (15.7) million, representing 3.4% (2.4) of revenue. Increase mainly due to normal variations in datacenter investment levels.
- One-time items EUR 8.7 (10.1) million, impacted by performance acceleration programs and war in Ukraine

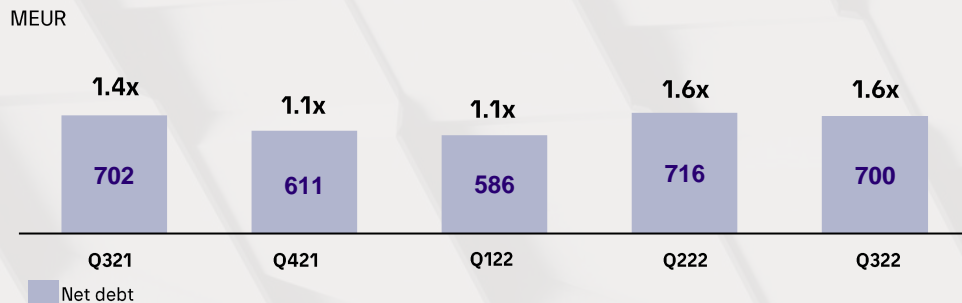
Q3 cash flow impacted by NWC changes – Net debt / EBITDA 1.6x



EUR 40 (92) million cash flow from operations

- Net working capital increase of EUR 56 million – seasonal change in vacation pay accruals and fluctuations in deferred revenue
- Net working capital higher than Q3'21 – higher receivables and lower other payables due to periodic fluctuations

Free cash flow of EUR 0 (57) million



Net debt/EBITDA 1.6x (1.4x) at end of Q3'22 – well below target level of <2.0x

Interest bearing net debt at EUR 700 (702) million

* Operating cash flow less cash flow from investing activities less Payments of lease liabilities

** Excluding cash flow impact of EUR 142.5 million from oil & gas divestment

Attrition stabilizing at high levels – inflation remains elevated

Attrition stabilizing at a high level – rolling 12-month attrition now 15.3% in Q3'22 (16.3% in Q2'22), compared to 13.5% in Q3'21

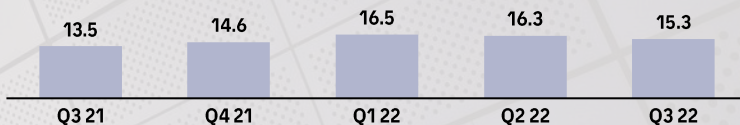
Net personnel increase in Q3'22 – driven by approx. 1 400 new hires

- Tietoevry Create has successfully increased personnel base by ~900 employees since Q3'21 (approx. +11%)
- Tietoevry Care positioned for continued growth supported by increased personnel base +150 employees since Q3'21 (approx. +11%)
- Tietoevry Connect performance improvement programme contributed to net reduction of ~400 personnel from Q3'21 (approx. -7%), while increasing off-shore ratio by 9pp to 52%.

Estimated salary inflation approximately 4% in 2022 – annual salary increases took effect from 1 April

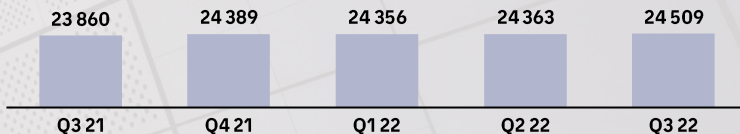
Attrition

% last twelve months (voluntary)



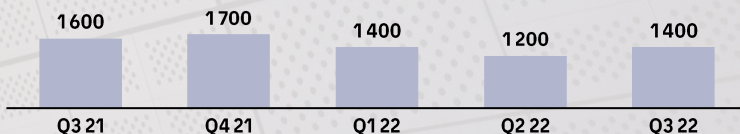
Personnel

End of period



New hires

In quarter



Performance drivers – Q4'22

Growth drivers



- Continued active market supporting strong growth outlook in Tietoevry Create, Tietoevry Banking and Tietoevry Care
- Tietoevry Industry growth will be impacted by a large ending customer contract in Data Platform Services – negative impact ~3 percentage points
- Price increases gradually taking effect

Profit drivers



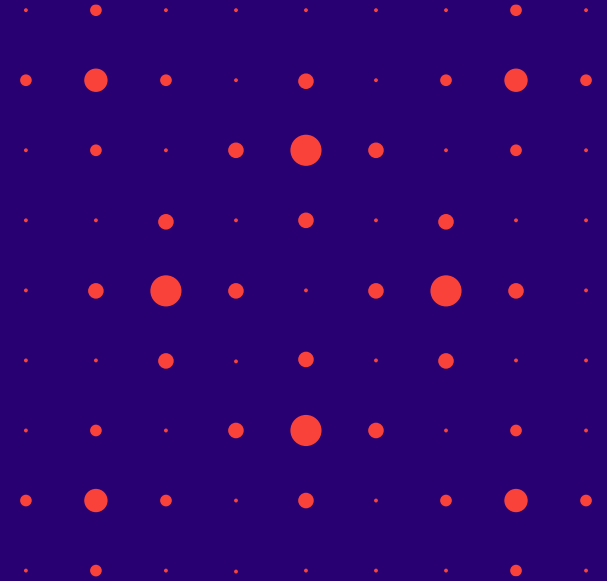
- Efficiency measures in Tietoevry Connect, Tietoevry Banking and Tietoevry Transform contributing to profit improvement
- End-of-year license sales in software businesses and transaction volumes in data-driven businesses increases volatility of Q4 profit
- Continued high inflation and increasing energy prices

Other drivers

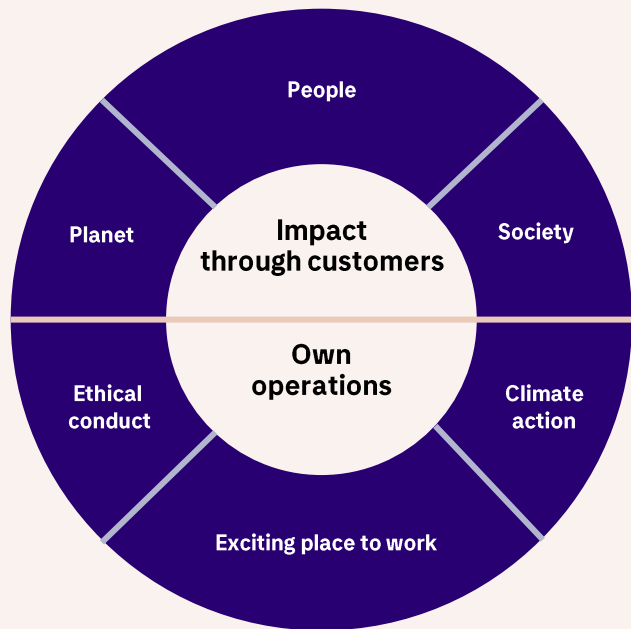


- Negative FX impact on revenue ~EUR -22 million
- 1.3 working days less – negative 1.3 percentage points impact on growth

Sustainability and way forward



Advancing our sustainability agenda – diversity and inclusion in focus



Advancing attractiveness of tech field amongst women

- Tietoevry's Nordic campaign "Being an IT girl" focusing on students and young professionals
- Joint awareness building activities across Nordics with e.g. Women in Tech, ODA and other local networks

Actions to accelerate gender diversity at Tietoevry

- *Succession plans*; ensuring both genders represented for all senior positions
- *Recruitment*; both genders presented among the final candidates for all senior positions
- *KPIs*; Share of women (%) in new recruits as incentive criteria

Recent cases



Increased flexibility with AI enabled virtual power plant

- Tietoevry Industry's solution enables energy management of aggregated capacity as a flexible resource for the Nordic electricity market
- Enables ST1 to participate in the energy reserve market creating new income streams and supporting national electricity grid operations



Expansion to automotive sound systems with Bose

- Building on existing relationship on consumer electronics Tietoevry Create and Bose expand collaboration to automotive sound systems
- A new center of excellence will be established in Warsaw, Poland - bringing new software engineering capabilities to the development of various Bose products



Expanding payments software market with IBM

- Tietoevry Banking's Payments portfolio, (Card Suite, Payment Hub, Virtual Account Management, Instant Payments Solutions) available on IBM's Financial Services Cloud
- IBM acts as a global system integrator and implementation partner for Tietoevry Banking's payment software portfolio



Key themes towards end of 2022



Growth momentum to
continue

Continued
performance
improvement in the
extraordinary
inflationary era

High attention to
employee well-being
and talent attraction

Tietoevry CMD 2022



In Stockholm
on Wednesday
30 November

Programme will
provide insights into
our businesses and
plans for future value
creation of Tietoevry

Register already now
at tietoevry.com!

Thank you

