

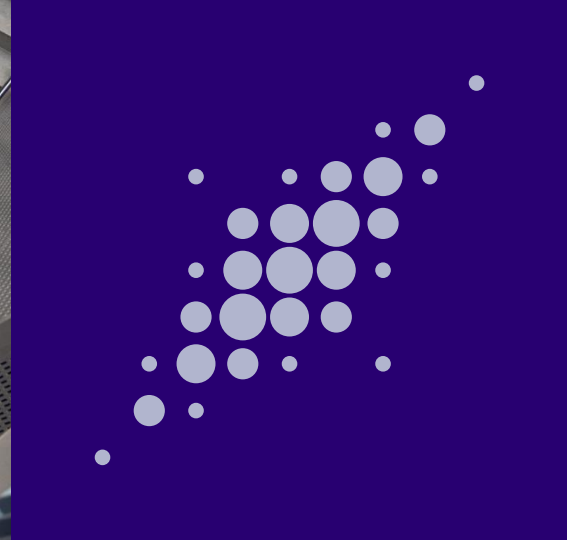
Q3 2023

Mixed performance
in a softer market

Kimmo Alkio, President and CEO
Tomi Hyryläinen, CFO



Mixed performance in a softer market



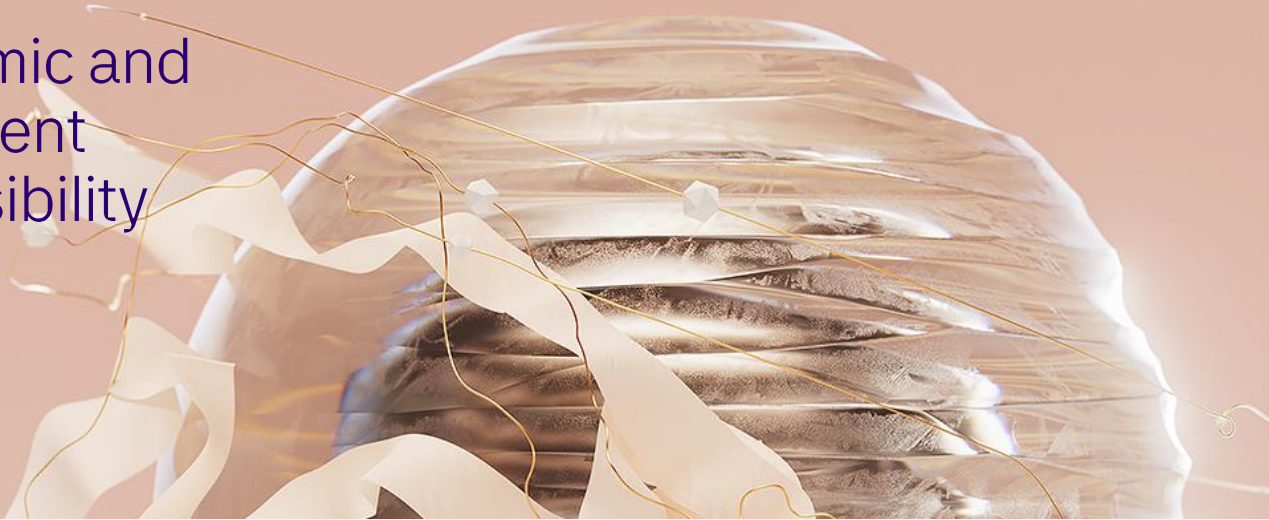
Growth 2% – solid performance in software businesses, weaker demand in Tietoevry Create and Tech Services

Profitability of 13% despite softer market and continued high inflation – improved profitability in Tietoevry Industry and Tech Services

MentorMate acquisition closed in Q3 – business performance and integration progressing as planned

Strategic reviews of Tietoevry Banking and Tech Services on track with earlier announced schedules

Current macroeconomic and geopolitical environment impacting demand visibility

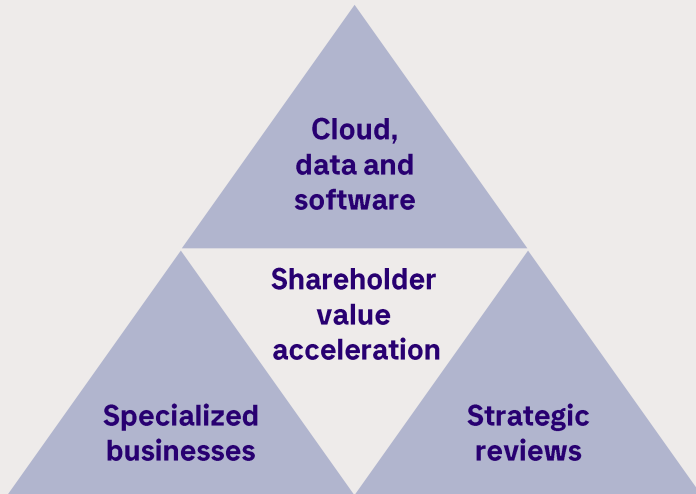


Economic slowdown – declining demand impacting primarily smaller consulting engagements and time and material volumes in managed services

Prolonged war impacting our business in Ukraine – continued commitment to support safety and well-being of our colleagues

Cost inflation remains at high levels requiring continued attention on pricing and efficiency

Consistent value creation building on cloud, data and software mega trends



Specialized businesses taking advantage of cloud, data and software market growth

Strategic reviews to accelerate value creation - Banking and Tech services

Repositioning Tietoevry as a leading software and digital engineering company

MentorMate acquisition – accelerating strategy execution and value creation



Tietoevry Create becoming leading digital engineering player globally

- Expands customer base and growth potential in the US
- Strengthens global digital talent scale across design, data, cloud and AI - presence in the attractive talent markets of Bulgaria and Paraguay
- Revenue growth and profitability accretive to Tietoevry Create



Integration proceeding according to plan

- Integration proceeding according to plan - first revenue synergies materialized in Q3
- Performance according to business plan despite softness in the US market

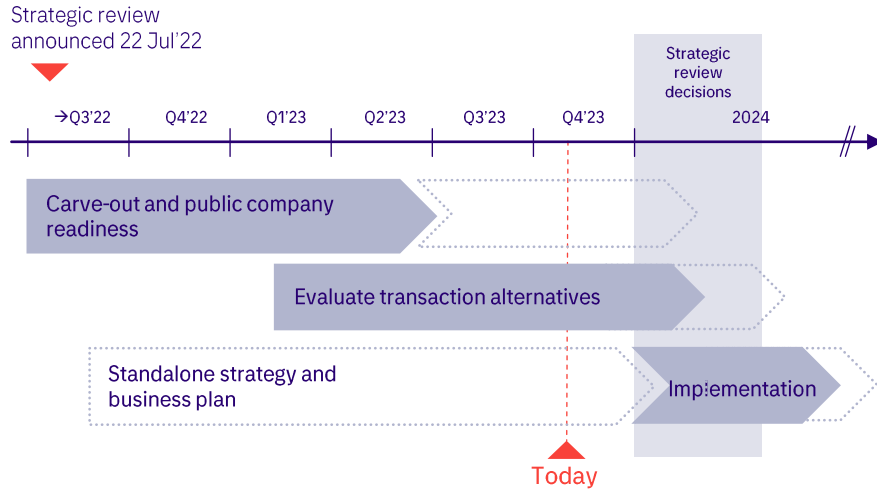


Purchase price and valuation

- Enterprise value €162m
- Purchase price represents ~10.6x of LTM EBITA (9/2023), including full synergies and 14.4x, on stand-alone basis
- Synergy realization expected within 24 months

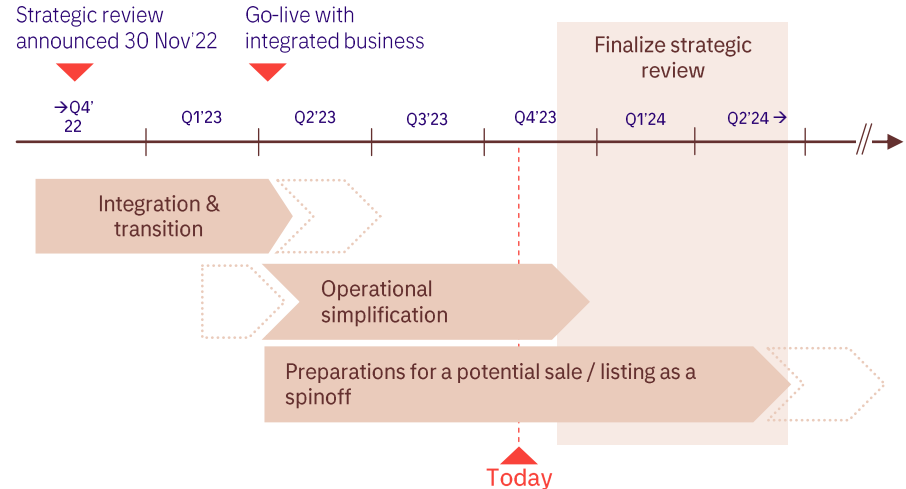
Strategic reviews of Tietoevry Banking and Tech Services on track with earlier announced schedules

TIETOEVRY BANKING STRATEGIC REVIEW



- Progress in building the management team (CFO, CIO), finalizing strategy and establishing operations as an independent company
- Strategic review decisions during early part of 2024, followed by implementation – aim to be listed as an independent company

TIETOEVRY TECH SERVICES STRATEGIC REVIEW



- Operational simplification and performance uplift on-going
- Engagement with potential buyers initiated
- Preparations aiming at a potential sale or listing as a spinoff as announced earlier on track to original 12-18 months timeline

Recent customer wins

Digital engineering



HEINZEL
GROUP

Tietoevry Create as the digitalization partner in a wide-scale IT integration.



Tietoevry Create maintains and develops applications, mobile apps for ticket sales and customer service.

Software and platforms



Tietoevry Banking's leading credit solution in the Nordics as foundation for lending platform renewal.



Wellbeing county of Central Finland joins **Tietoevry Care's** partnership model for Lifecare system development.

Handelsbanken

Handelsbanken Norway modernizes its wealth platform with **Tietoevry Banking**.

Managed services & transformation

DigiFinland

Tietoevry Tech Services as the long-term partner for ICT platform services.

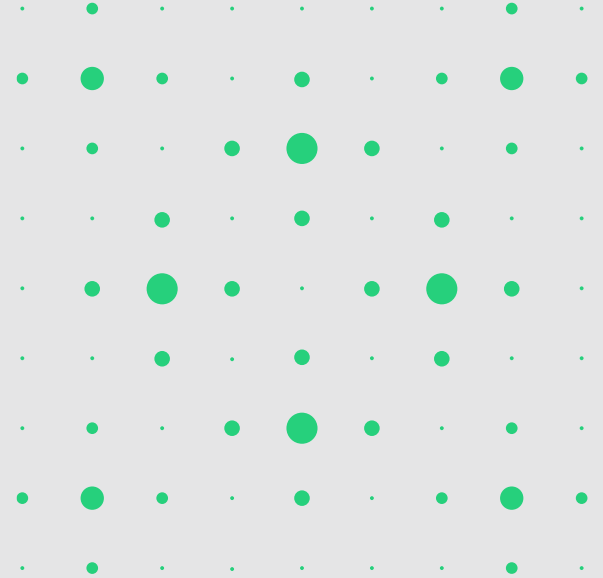


Infra and core applications management, and cloud & security advisory from **Tietoevry Tech Services**.



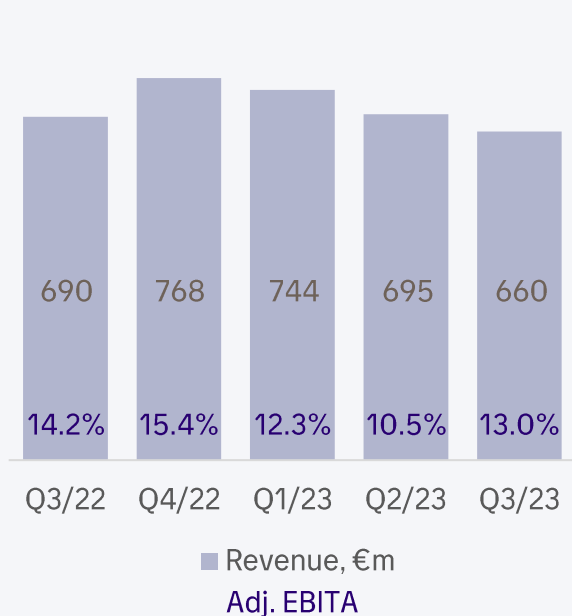
Tietoevry Tech Services renewed partnership in Enterprise Service Management - SIAM services.

Business highlights



Tietoevry Group

Softer market impacting performance



Organic growth¹

2%

(8%)



Adj. EBITA²

13.0%

(14.2%)

€86m (98)



Cash flow from operations

-€2m

(€40m)



Order backlog

-1%¹

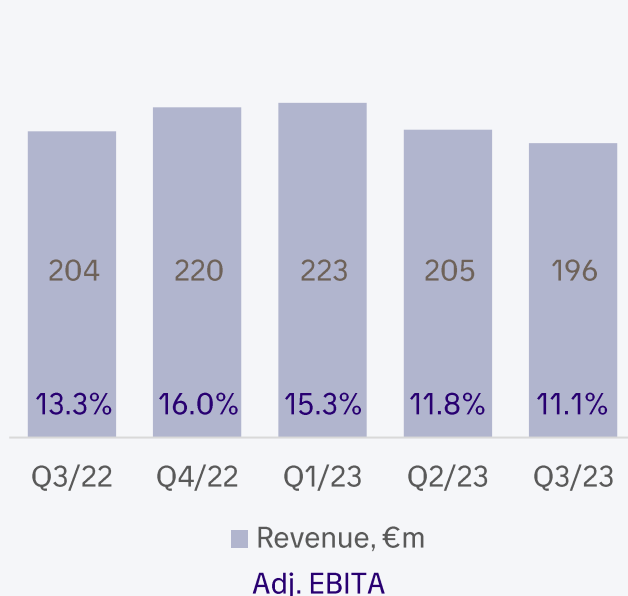
€2 957m (3 180)

Backlog invoiced in Q4 +3%¹



Tietoevry Create

Weaker demand for smaller customer engagements



Organic growth

-4%

(19%)

Adj. EBITA

11.1%

(13.3%)

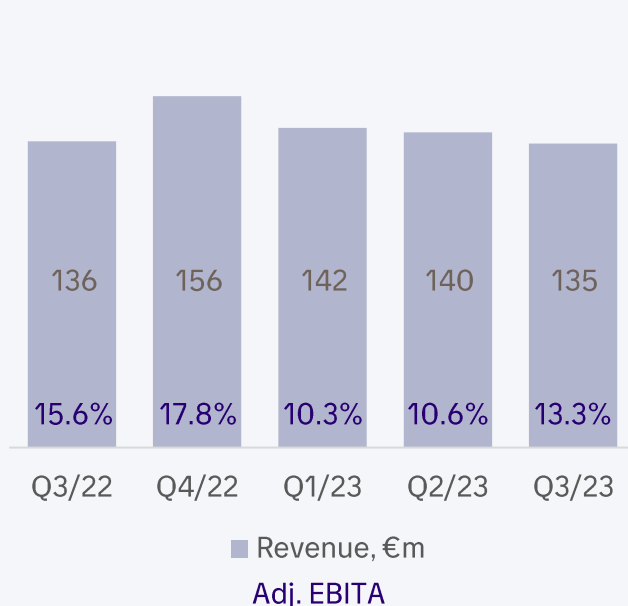
€22m (27)

Highlights

- Growth impacted by lower demand for smaller customer engagements. Ukrainian business with negative growth due to war
- Pipeline for larger engagements healthy - first revenue synergies materialized with MentorMate in the US
- Underlying growth 1% – fewer working days +2 pp. and +3 pp. from Ukrainian currency devaluation in Q3'22
- Lower utilization rate impacting profitability

Tietoevry Banking

Continued strong growth



Organic growth

11%

Adj. EBITA

13.3%

(15.6%)

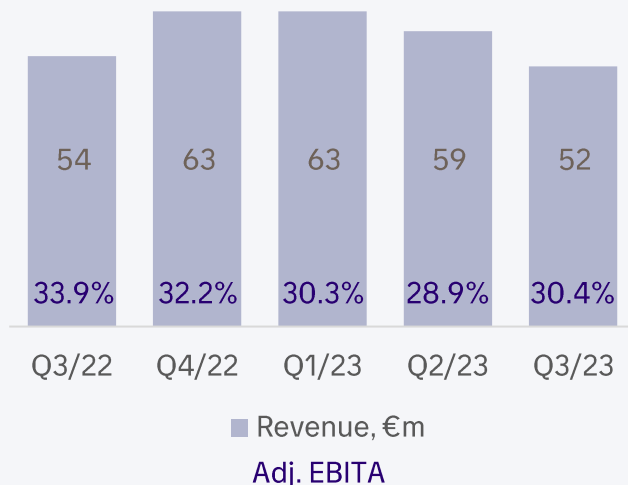
€18m (21)

Highlights

- Solid growth in all businesses
- Profitability negatively impacted by increased technology costs and increased costs resulting from legal separation
- Performance improvement measures, including technology cost optimization, supporting profitability

Tietoevry Care

Consistent strong profitability



Organic growth

3%

(11%)

Adj. EBITA

30.4%

(33.9%)

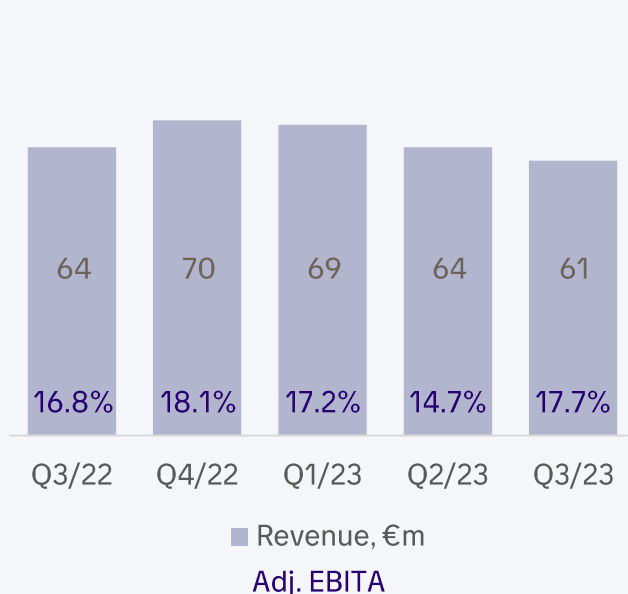
€16m (18)

Highlights

- Continued solid growth in Welfare and Data & Analytics
- Temporary demand reduction in Healthcare as anticipated, impacted by health and social care reform in Finland
- Continued strong profitability driven by scalable software businesses

Tietoevry Industry

Healthy progress in growth and profitability



Organic growth

6%

(2%)

Adj. EBITA

17.7%

(16.8%)

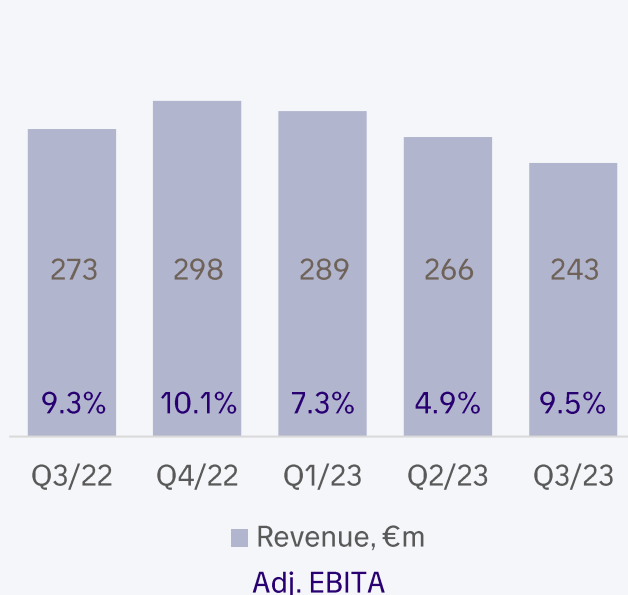
€11m (11)

Highlights

- Strong growth in Pulp & Paper, Public 360 and Data Platforms
- Profitability supported by strong growth of scalable software businesses
- Carsten Henke appointed as Managing Director as of 1 November

Tietoevry Tech Services

Solid profitability driven by efficiency measures



Organic growth

-4%

Adj. EBITA

9.5%

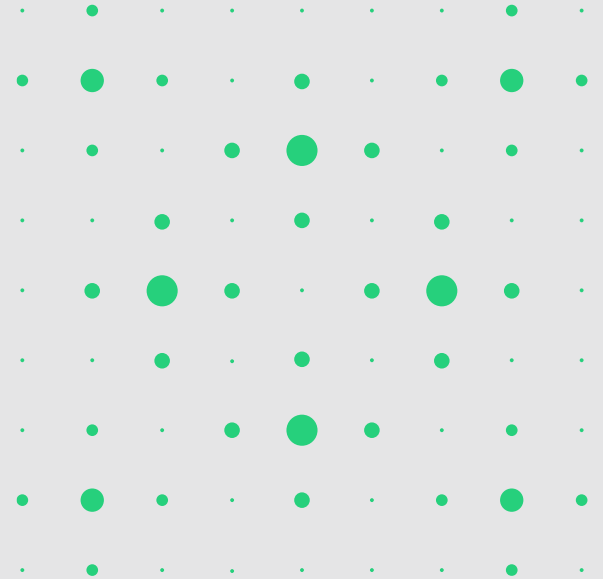
(9.3%)

€23m (25)

Highlights

- Business mix evolving towards scalable data, application and cloud services
 - Cloud platform & security +12%
 - Traditional infrastructure -9%
 - User Experience Services -4%
- Profitability impacted by high salary and technology cost inflation
- Cost efficiency program supporting profitability - full impact visible from Q4'23 onwards.

CFO report



Q3'23 financials – softer market impacting performance

Q3'23 highlights

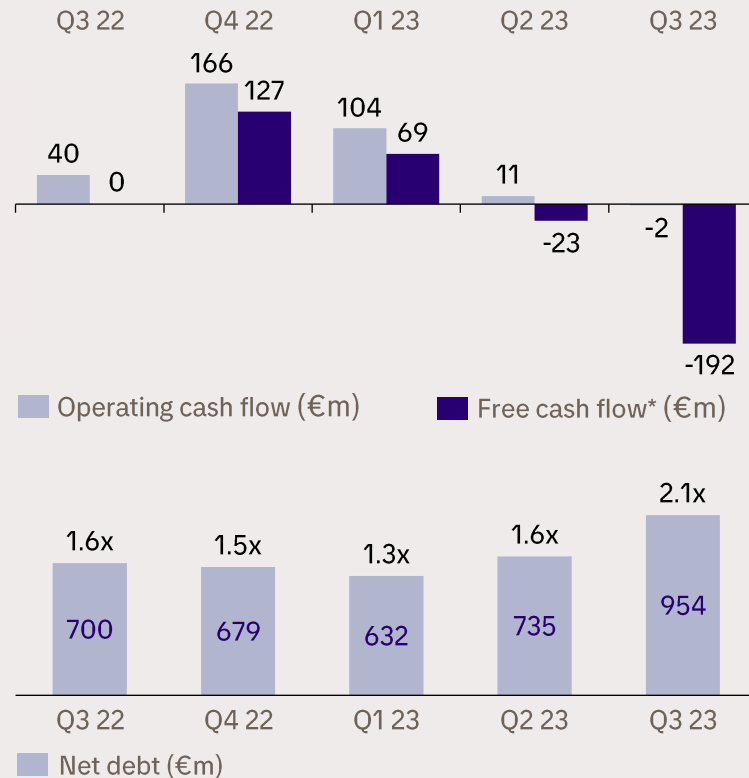
- Organic growth of 2% despite softer market. Underlying growth 4% - 1.3 fewer working days, Ukrainian currency devaluation Q3'22.
- Reported growth impacted by significant FX headwind of €55m, mainly due to depreciation of NOK and SEK
- Profitability impacted by continued high inflation. Ongoing cost optimization in all businesses.
- Seasonal decline in order backlog – organically down 1 pp. compared to prior year
- One-time items mainly impacted by strategic reviews and restructuring charges – one-time items estimate for 2023 unchanged
- Acquisition of MentorMate closed in July – impacting free cash flow and net debt – provisional purchase price allocation performed in Q3

	Q3'23	Q3'22
Revenue and growth		
Revenue	660	690
Reported growth	-4%	7%
Organic growth	2%	8%
FX revenue impact	-55	-8
Order backlog	2 957	3 180
Profitability		
Adj. EBITA	86	98
Adj. EBITA margin	13.0%	14.2%
One-time items	13	9
EBIT	62	77
EBIT margin	9.3%	11.2%
Cash flow and leverage		
Operative cash flow	-2	40
Free cash flow	-192	0
Net debt	954	700
Leverage (net debt/EBITDA)	2.1x	1.6x
CAPEX	18	24

All numbers in €m

Q3 free cash flow and net debt impacted by MentorMate acquisition

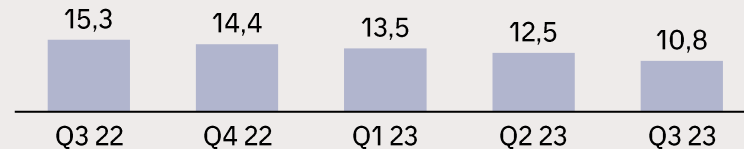
- Cash flow from operations negative €2m (40)
 - Net working capital increased €97m – accounts receivable increase (quarter ending on weekend), seasonal vacation accrual decrease and lower accounts payable
 - Free cash flow* of €-192m (0) impacted by MentorMate acquisition (€-159m)
- Cash generation foundation remains healthy
- Interest bearing net debt €954m (700), impacted mainly by acquisition of MentorMate
- Net debt/EBITDA 2.1x (1.6x) at end of Q3'23 – adjusted for the networking capital weekend impact, net debt/EBITDA 2.0x



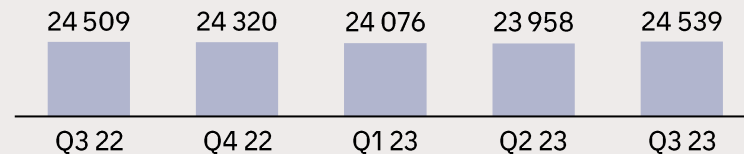
Attrition normalizing – salary inflation estimate 5%

- LTM attrition continues to decrease – down ~2 pp. since Q2'23 – quarterly attrition stabilising to ~10%
- Net personnel increase from Q2'23 to Q3'23
 - Acquisition of MentorMate
 - Capacity reduction in Tietoevry Tech Services due to efficiency measures
- Q3 new hires include seasonal graduate recruitment
- Group-level salary inflation is expected to be 5% in 2023 compared to 4% in 2022

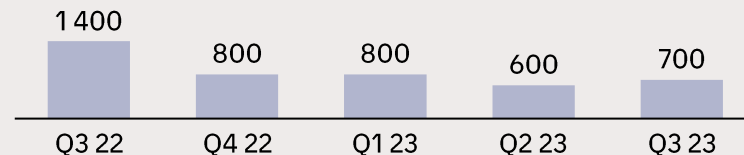
Attrition % last twelve months (voluntary)



Personnel End of period



New hires In quarter



Performance drivers – Q4'23

Growth drivers



- Weaker economic environment resulting in customers' cost savings actions and postponed investments, impacting primarily Tietoevry Create and Tech Services businesses
- Banking growth impacted by high comparable and expectation of modest end of year license sales
- Healthcare reform in Finland continue to impact demand in Tietoevry Care
- Healthy growth level in Tietoevry Industry to continue

Profit drivers



- Continued high inflation – demanding agenda to maintain and expand margins
- High technology cost inflation impacting especially Tietoevry Banking and Tietoevry Tech Services businesses
- Execution of Tietoevry Tech Services efficiency measures supporting Q4 profit
- Increased cost in Tietoevry Banking resulting from legal separation (profit impact to Banking ~1.5pp)

Other drivers



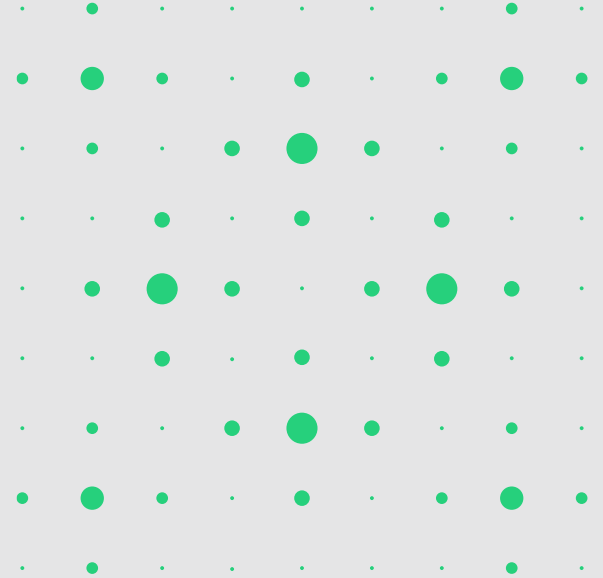
- Negative FX impact on revenue ~€44m
- 0.3 working days less – negative ~0.3% impact on organic growth

Q4 profitability outlook



Business	Q4'22 adj. EBITA %	Profitability outlook
Tietoevry Create	16.0%	Below Q4'22 level
Tietoevry Banking	17.8%	Below Q4'22 level
Tietoevry Care	32.2%	At the Q4'22 level
Tietoevry Industry	18.1%	Above Q4'22 level
Tietoevry Tech Services	10.1%	At the Q4'22 level

Our way forward



Way forward – specialization at the core of competitiveness



We actively drive our strategic agenda expanding scalable software and digital engineering businesses

Tietoevry Banking and Tietoevry Tech Services strategic reviews for value acceleration

In light of the current macroeconomic and geopolitical environment, we continue to focus on operational and financial resilience across the company