

CEO Report 2023

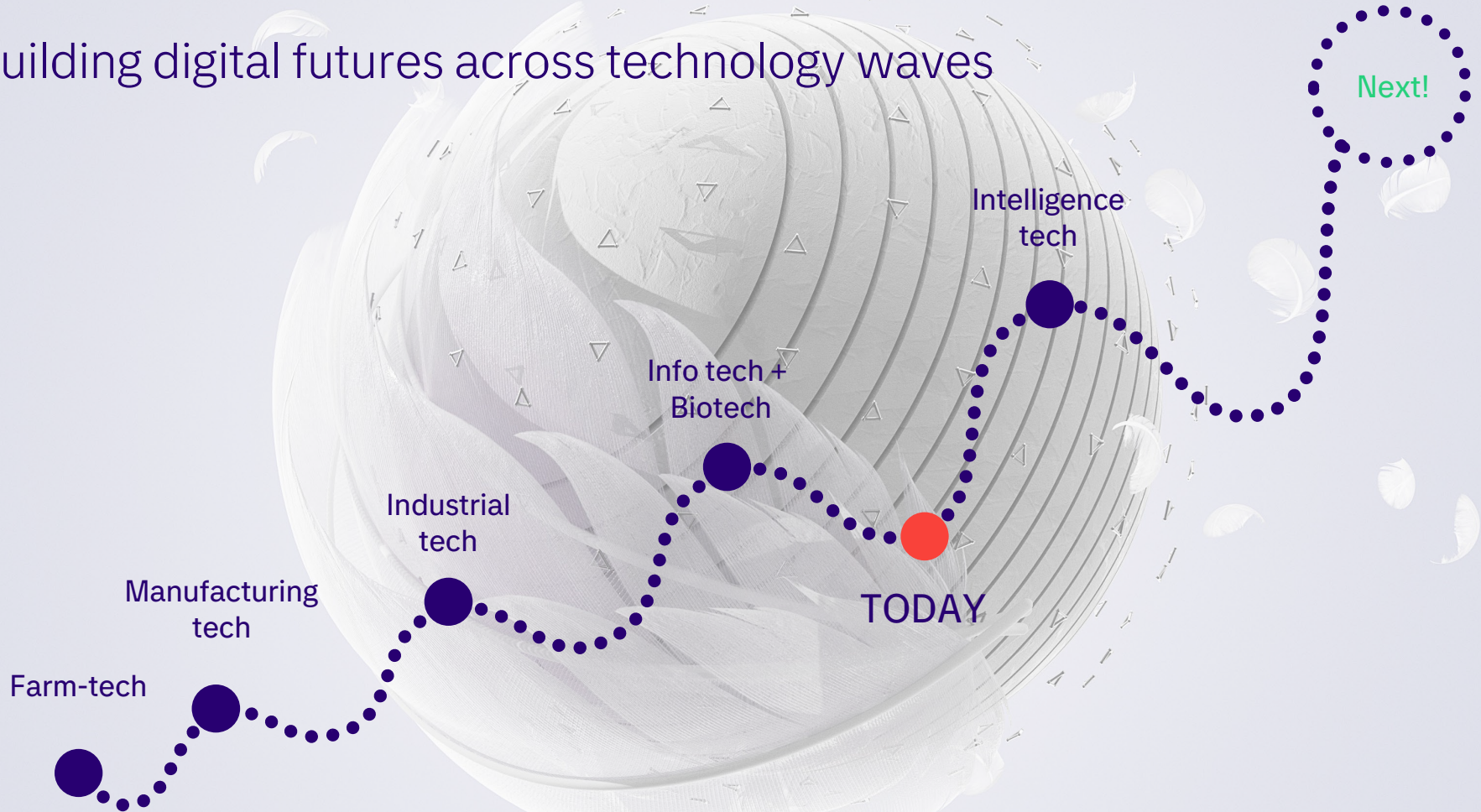
Exciting software and digital engineering future

Annual General Meeting

Kimmo Alkio
President and CEO



Building digital futures across technology waves




Our industry is consistently progressing to an AI native world



Customer priorities


Efficiency


Agility


Competitiveness

Technology and services evolution

Traditional



Infra led world

Cloud native



Application led world

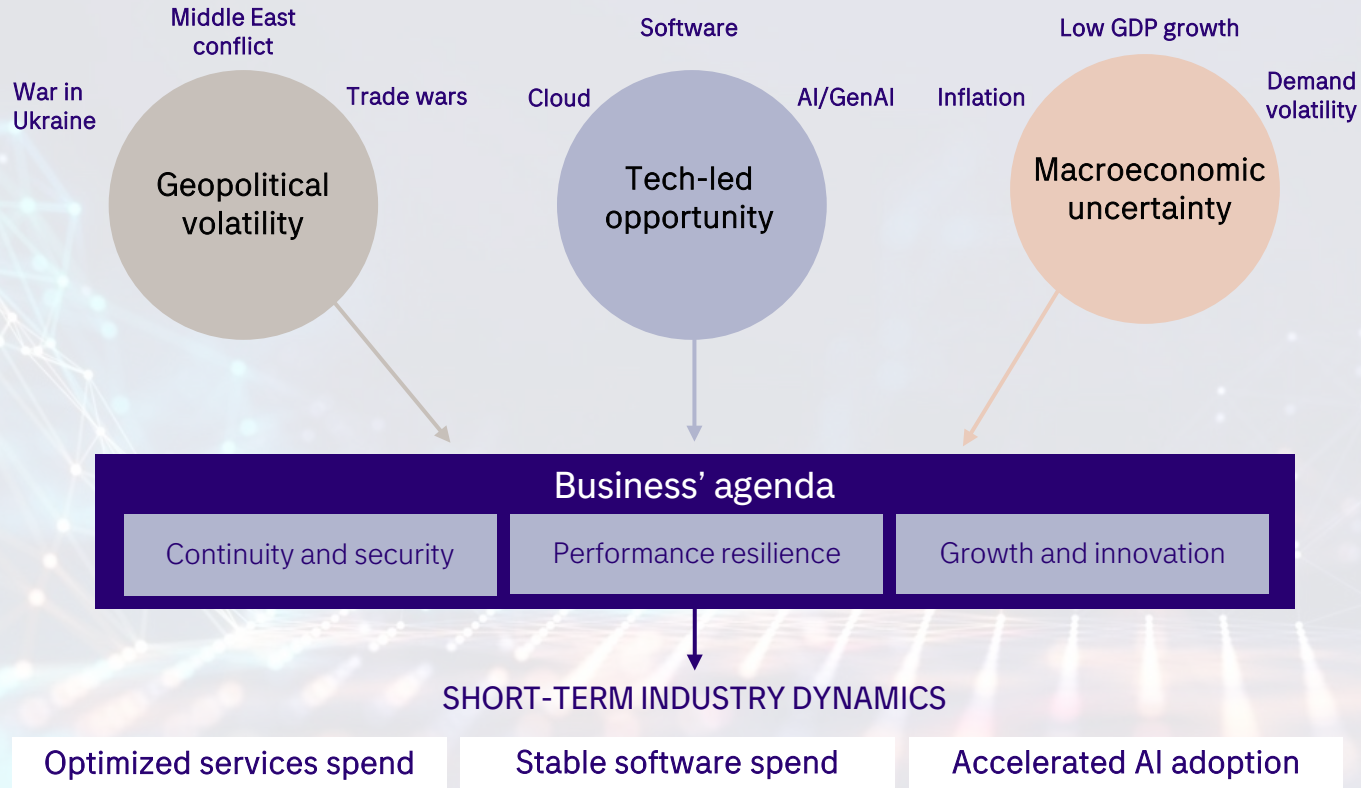
AI-augmented



Data led world

Technology evolution and demand

Current economic volatility and geopolitical turbulence impacting business agendas



Systemic AI pursuit driving customer value



Key benefits of AI to businesses

ENHANCE PRODUCTIVITY

NEW PRODUCTS



Managed
services
AIOps

GenAI Care
assistant

Population
health
mgmt.

Financial
crime
prevention

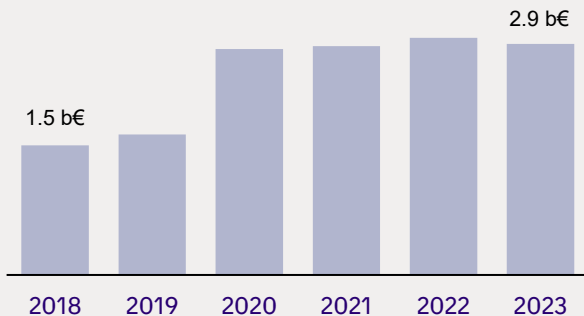
Intelligent
transportation

AI-
optimized
harvest

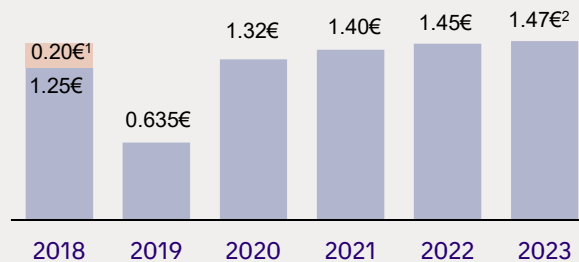
Responsible AI

Attractive financial performance over the years

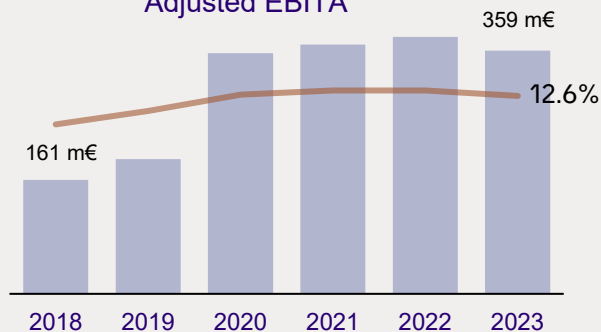
Revenue



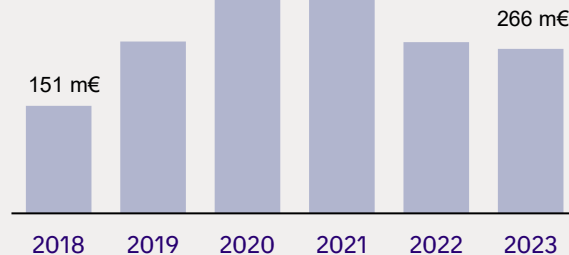
Dividend / share



Adjusted EBITA



Net cash flow from operations

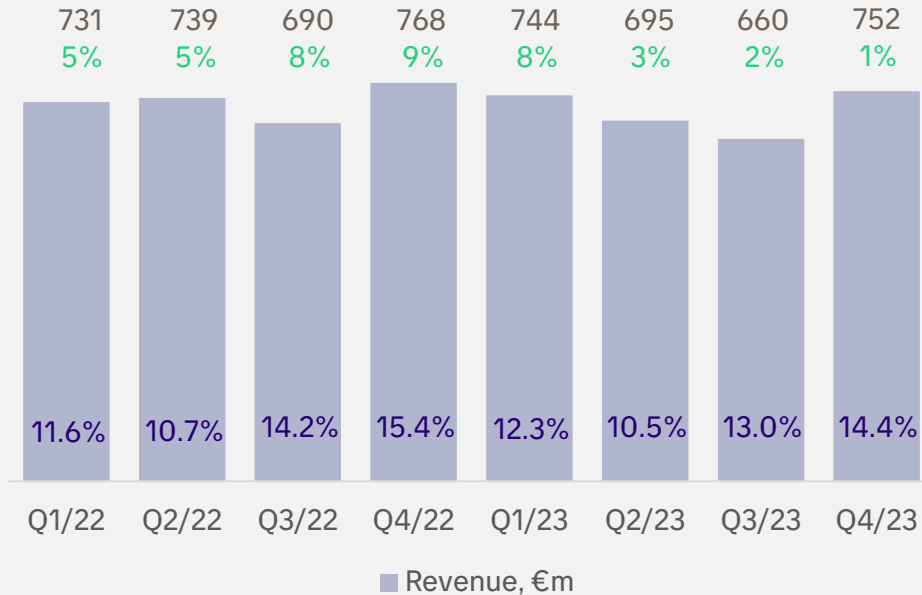


- Consistently increasing dividends
- Solid financial performance over the years

¹ Additional dividend

² Proposal to AGM

Strong financial performance following new strategy launch in Q1'22 – economic slowdown during 2023



Organic growth¹
Adj. EBITA²

1) Adjusted for currency effects, acquisitions and divestments
2) Adjustment items include restructuring costs, capital gains/losses, impairment charges and other items affecting comparability

- Strong organic growth Q1'22-Q1'23
- Economic slowdown impacting as of Q2'23
- Solid profitability maintained

2023: Solid year in a weakening economic environment



Revenue
€2 851m
(€2 928m)

Organic growth
4%
(6%)

Adj. EBITA
€359m,
12.6%
(€379m, 13.0%)

Operating cash flow
€266m
(€277m)

Order backlog
€3 236m
(€3 327m)
0%²

Net debt / EBITDA
2.2x
(1.5x)



- Solid performance in software businesses, while Create and Tech Services impacted by softer market
- Performance resilience enabled by proactive efficiency measures
- Attractive dividend profile maintained

Dividend of €1.47 per share proposed – representing a dividend yield of 6.8%¹

- 1) Closing price as at 31 Dec 2023 (€21.54)
- 2) Operational change, adjusted for currency effects, acquisitions and divestments

Mixed business performance in a softer market

		2023 (2022) Performance	
		Growth ¹⁾	Adjusted EBITA ²⁾
Digital engineering	Tietoenvy Create	3% (14%)	13.4% (13.7%)
Software and platforms	Tietoenvy Banking	10% (10%)	12.1% (13.8%)
	Tietoenvy Care	7% (6%)	29.9% (31.3%)
	Tietoenvy Industry	5% (3%)	16.6% (16.9%)
Managed services and transformation	Tietoenvy Tech Services ³⁾	-3%	8.0%



Solid performance in software businesses

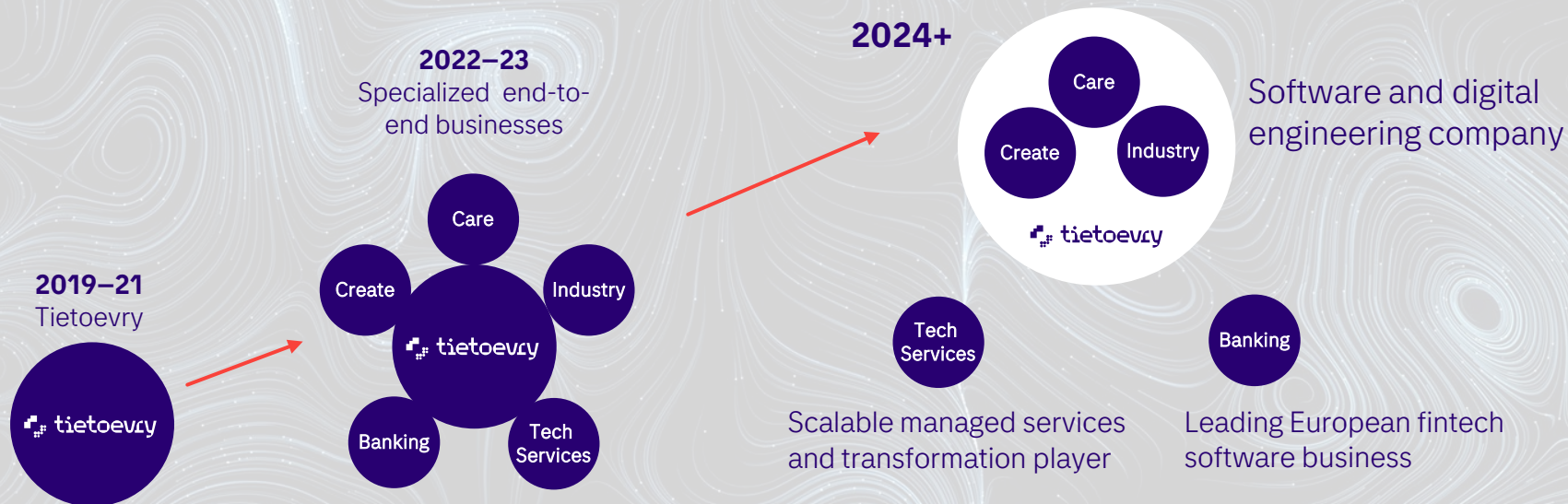
Lower market demand impacting Create and Tech Services businesses

¹⁾ Organic growth

²⁾ Adjustment items include restructuring costs, capital gains/losses, impairment charges and other items affecting comparability

³⁾ Business established during 2023

Evolving into a specialized software and digital engineering player



Strategic reviews advancing specialization and scale

Strategic review objective

Tietoevry Banking

Realize the value of Tietoevry Banking as a potentially independent listed company



Current status

- Demerger plan filed on February 15, 2024 – sales process in parallel
- Progress on track for potential conclusions during Q2'24

Tietoevry Tech Services

Accelerate scale through potential sale or listing as a spin-off



- Active engagement with potential buyers ongoing
- Progress on track for potential conclusions during Q2'24

Solid agenda for shareholder value creation

- 1 Strategic review of Banking to realize value as a Fintech software business
- 2 Strategic review of Tech Services to realize value as a scalable managed services and transformation business
- 3 Drive scale of software and digital engineering businesses
 - Establish Create as a globally leading digital engineering business
 - Care expansion with data-driven health and social care software
 - Industry portfolio focusing on niche software businesses



Actively recovering from criminal ransomware attack in Sweden with unwavering customer focus

Attack on 19-20 Jan on one of Tietoevry Tech Services' datacenters in Sweden
– 24/7 crisis management initiated immediately

Impacted platform isolated immediately and further security verifications conducted

Close collaboration with authorities and ongoing forensic analysis involving Tietoevry and 3rd party security experts

Currently 97% of impacted servers and 83% of customers' full services restored
– high intensity action continues

Customer services impacted represent ~1.5% of Group's revenue
– cybersecurity insurance in place also addressing customer service interruptions

Estimated revenue impact of €1-2 million and incremental operational costs of €1-2 million during Q1'24

- Tietoevry apologizes for the disruption caused to customers and society
- Customer confidentiality and compliance to authorities paramount
- Close customer engagement and open communication towards all stakeholders

Strong ESG agenda continuing

LONG-TERM PLAN 2021-2023 KEY RESULTS

84% reduction in scope 1 and 2 greenhouse gas (GHG) emissions

99% carbon-free electricity in datacenters and offices

31% share of women in global workforce

High employee engagement score of 82

New sustainability plan for 2024+ focusing on



Climate action



Ethical conduct



Social impact



Strong value foundation for developers of digital futures



Learning

Learning communities and training for AI success

Engagement

Highly engaging workplace and culture

Diversity

24 000 employees,
80+ nationalities,
31% females

Growth

Global careers and working environment

Wellbeing

Benefits and hybrid working

Value foundation: Openness - Trust - Diversity

Developers of digital futures

AI/GenAI fueling innovation
and growth opportunities

Future as a software and
digital engineering company

Unlocking value for
shareholder returns

