



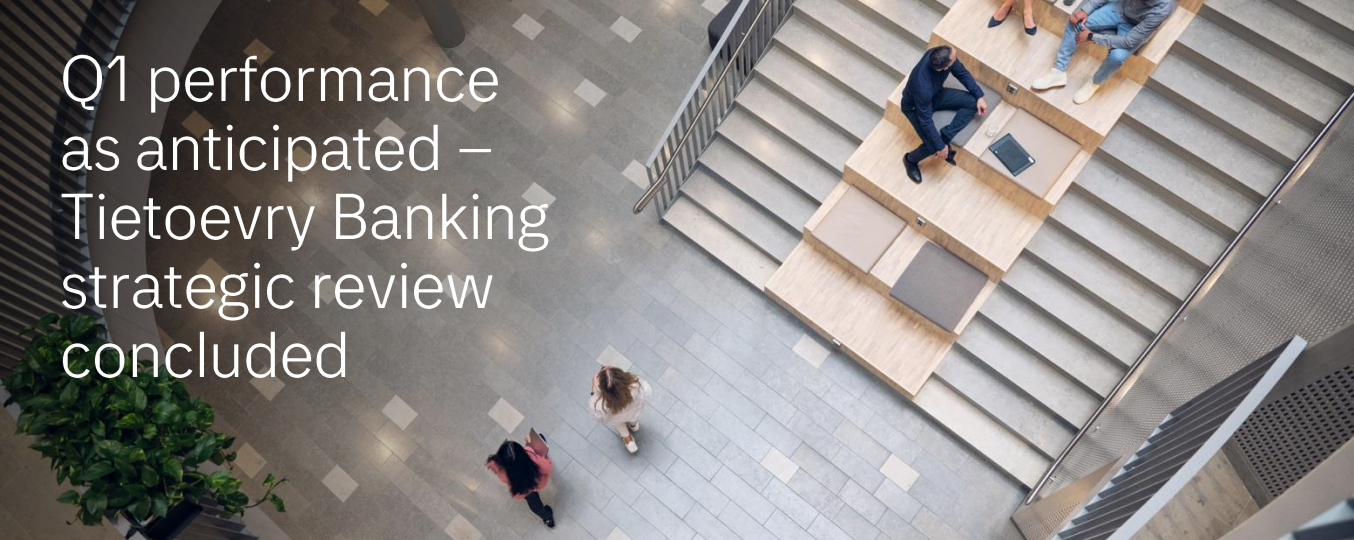
# Q1 2024

Q1 performance as anticipated  
– Tietoevry Banking strategic  
review concluded

Kimmo Alkio, President and CEO  
Tomi Hyryläinen, CFO



# Q1 performance as anticipated – Tietoevry Banking strategic review concluded



Growth of  
**-2%**  
impacted by soft macroeconomic environment, high comparison figures and fewer working days

Healthy growth of 8% in Tietoevry Banking and 4% in Tietoevry Industry

Resilient profitability of over  
**12%**  
supported by improvement in Tietoevry Banking and continued healthy profitability in Tietoevry Care

Strategic review of Tietoevry Banking concluded – timing currently not optimal to maximize shareholder value through a listing or sale

Strategic review of Tietoevry Tech Services on track with previously announced schedule, aiming for conclusion Q2'24

# Continued market softness – AI accelerating



Continued softness  
in IT market demand  
especially impacting  
short-term  
consulting  
engagements

Customer attention  
on resilience  
reflected in the  
spend – stable  
demand for  
software and  
technology services

Further fragility in  
geopolitical  
environment–  
continued support  
to our employees in  
Ukraine

AI and cloud  
continue to be top  
investment drivers  
for businesses and  
societies



## Recent exciting customer engagements – increased AI centricity



**Tietoevry Create** advancing Greiner AG's use of GenAI for automation solutions with Azure OpenAI to enhance efficiency.



Modern Karton AS selected **Tietoevry Industry's** mill execution system to modernize operations, prioritize sustainable products, and support growth and profitability.



**Tietoevry Care** developing AI-based solution enabling rapid identification of rare diseases in collaboration with Helsinki University Hospital.



**Tietoevry Care** harmonizing and improving services of Satakunta wellbeing services county with its Lifecare solution.



**Tietoevry Tech Services** continued collaboration with Gjensidige to support the customer on their modernization journey.

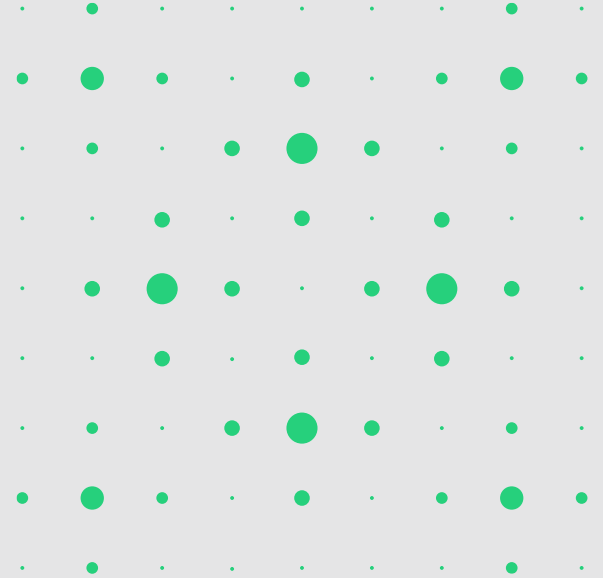


**Tietoevry Tech Services** helping K Group to harness the benefits of GenAI for their grocery trademarketing.

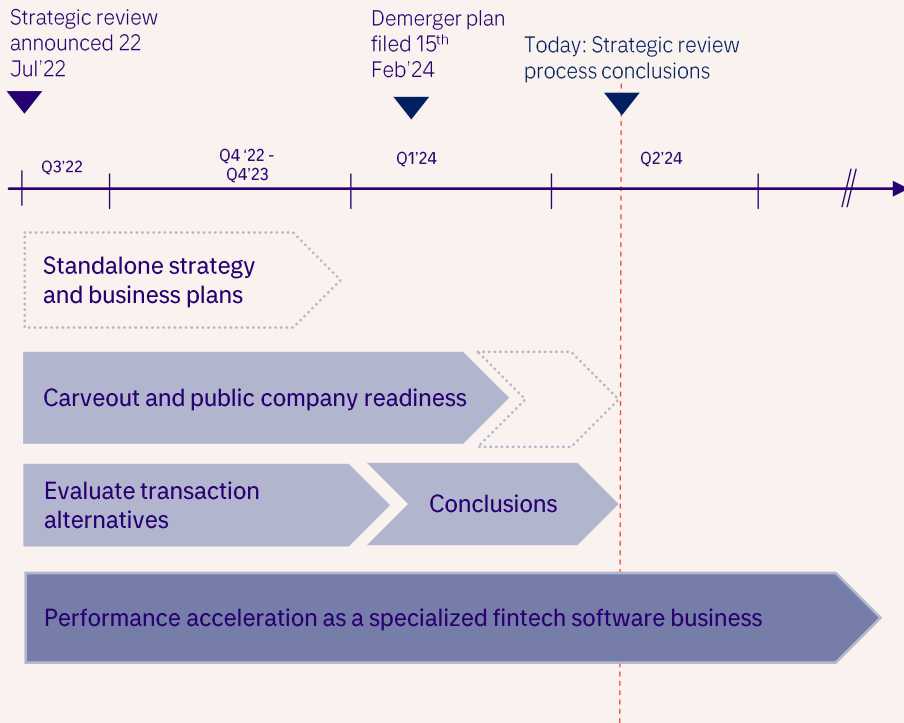


**Tietoevry Industry** to help Svea Perintä improve customer experience with its Multichannel solution.

# Strategic reviews



# Strategic review of Tietoevry Banking concluded – timing currently not optimal to maximize shareholder value through a listing or sale

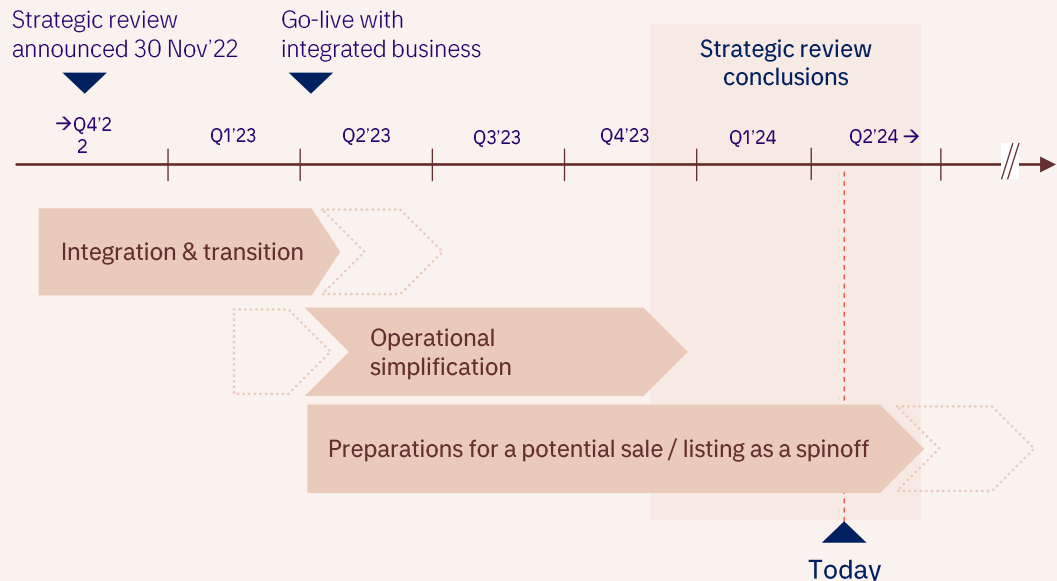


- Current capital market conditions do not support maximizing the value creation of Tietoevry Banking through a listing or sale
- Higher value of Tietoevry Banking realizable by further developing the performance of the business in the Group as an international fintech software player
- Tietoevry Banking's operational independence, achieved through the strategic review process, will be further developed to improve its growth and scale potential
- The business is well prepared for strategic value creation opportunities that may arise in the future

Tietoevry Banking advances towards becoming a leading fintech software player

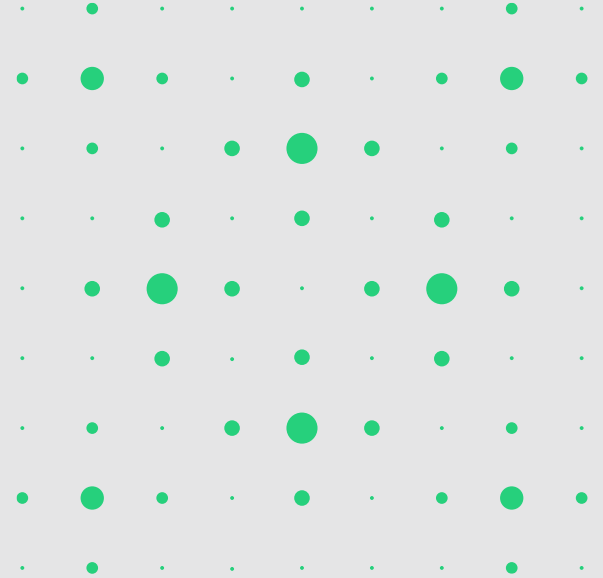
# Tietoevry Tech Services strategic review progressing as planned

## TIETOEVRY TECH SERVICES STRATEGIC REVIEW



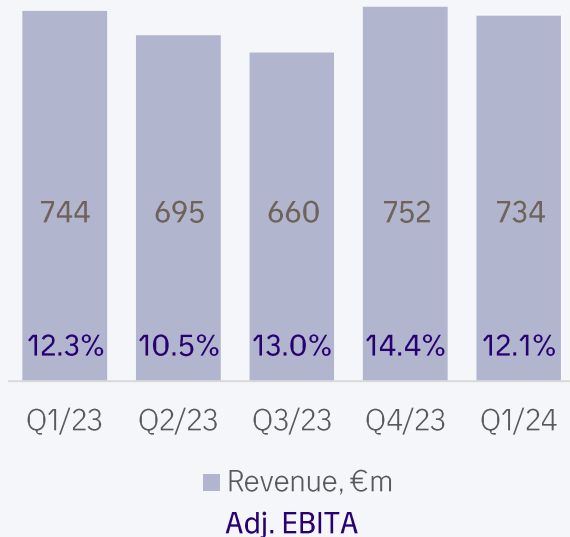
- Strategic review aiming at a potential sale or listing as a spin-off is progressing on plan
- Sales process progressing with high engagement level
- Strategic review conclusions Q2'24 (latest Q2 interim report)

# Business highlights



# Tietoevry Group

## Q1 performance as anticipated – Tietoevry Banking strategic review concluded



Organic growth<sup>1</sup>

**-2%**

(8%)



Adj. EBITA<sup>2</sup>

**12.1%**

(12.3%)

€89m (92)



Cash flow from operations

**€72m**

(€104m)



Order backlog

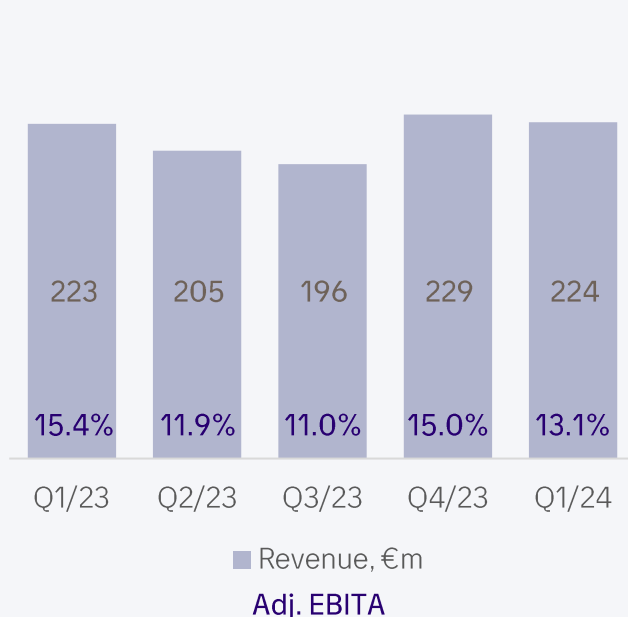
**-4%<sup>1</sup>**

€3 192m (3 392)



# Tietoevry Create

## Growth headwind, healthy profit margin



Organic growth

**-5%**

(8%)

Adj. EBITA

**13.1%**

(15.3%)

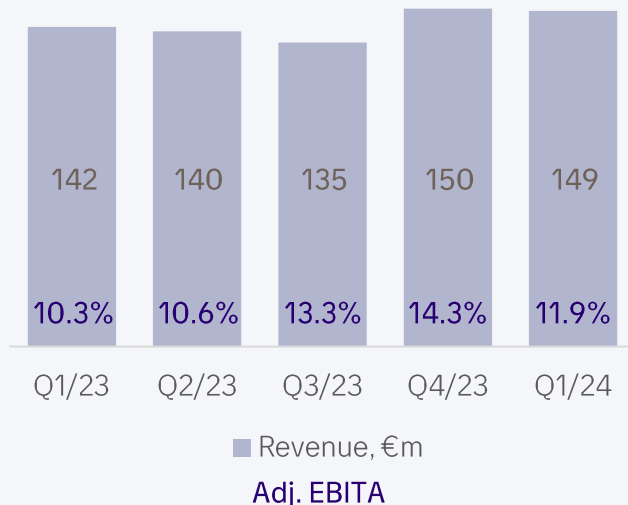
€29m (34)

## Highlights

- Growth impacted by weaker economic environment, fewer working days and high comparable
- High activity in delivering AI-powered solutions to customers
- Profitability impacted by lower customer demand. Capacity adjustments to offset margin impact

# Tietoevry Banking

## Continued healthy performance



Organic growth

8%

(14%)

Adj. EBITA

11.9%

(10.3%)

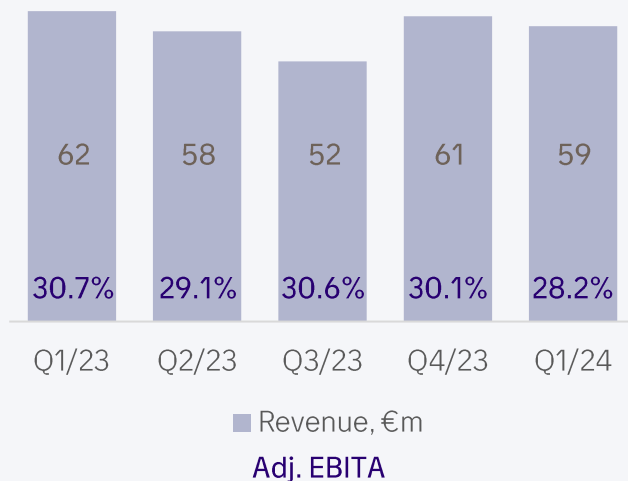
€18m (15)

## Highlights

- Strong growth in Banking as a Service and Financial Crime Prevention, continued healthy growth in Cards
- Profitability improvement supported by growth and cost optimization measures, partly offset by continued high inflation and increased costs resulting from legal separation
- Strategic review concluded – will continue to be developed within the Group towards becoming a leading international fintech player

# Tietoevry Care

## Continued solid profitability



Organic growth

**-5%**

(15%)

Adj. EBITA

**28.2%**

(30.2%)

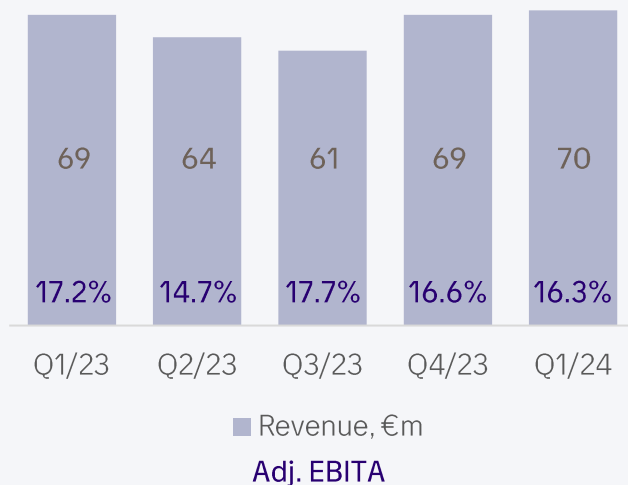
€17m (19)

## Highlights

- Growth impacted by health and social care reform in Finland – Q1'23 included exceptional revenue of approx. 8 pp.
- Healthy growth in Welfare
- Good progress in health and social care reform procurements in Finland
- Continued solid profitability driven by scalable software businesses
- Return to growth expected in Q2'24

# Tietoevry Industry

## Consistent healthy performance



Organic growth

# 4%

(4%)

Adj. EBITA

# 16.3%

(17.2%)

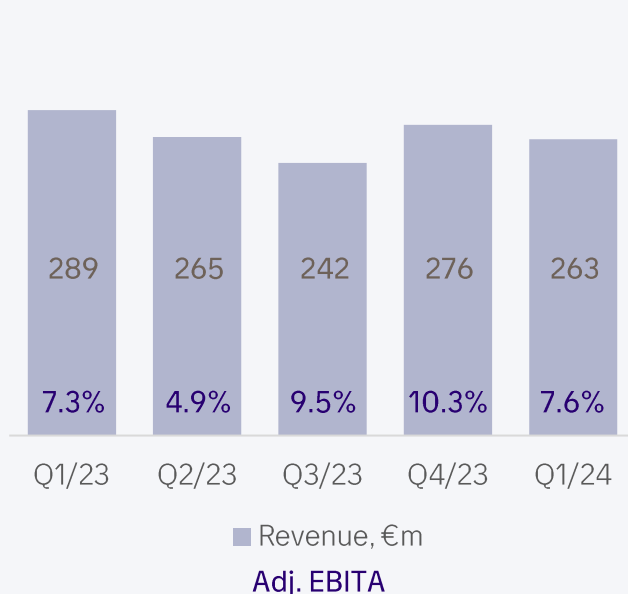
€11m (12)

## Highlights

- Strong growth in Data Platforms and Education
- Profitability supported by growth – impacted by cost inflation and temporarily elevated subcontracting costs

# Tietoevry Tech Services

## Growth headwind, improved profit margin



Organic growth

**-7%**

(2%)

Adj. EBITA

**7.6%**

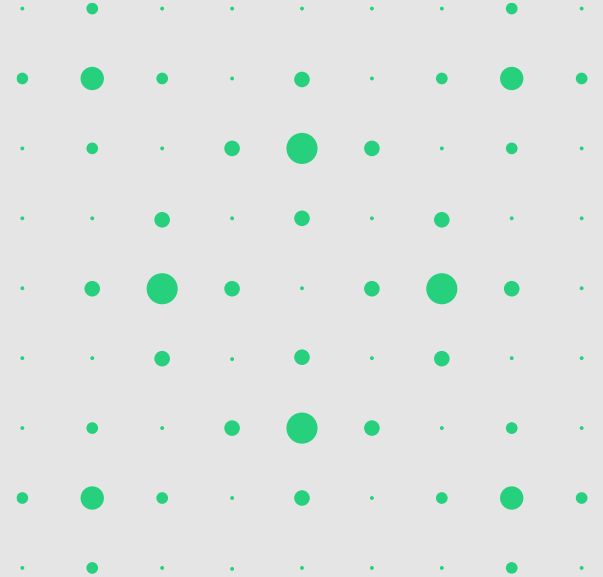
(7.3%)

€20m (21)

## Highlights

- Market weakness continued impacting especially Data & Application Services
- Growth impacted by fewer working days, high comparable and volatility in HW/SW sales
  - Cloud platforms & Security +10%
  - Traditional infrastructure -8%
  - Data & Application Services -9%
  - End-user Services -15%
- Growth expected to improve in Q2'24
- Profitability supported by 2023 cost efficiency programme – impact partly offset by annual price discounts and high technology cost inflation

# CFO report



# Q1 performance as anticipated – impacted by soft macroeconomic environment

## Q1'24 highlights

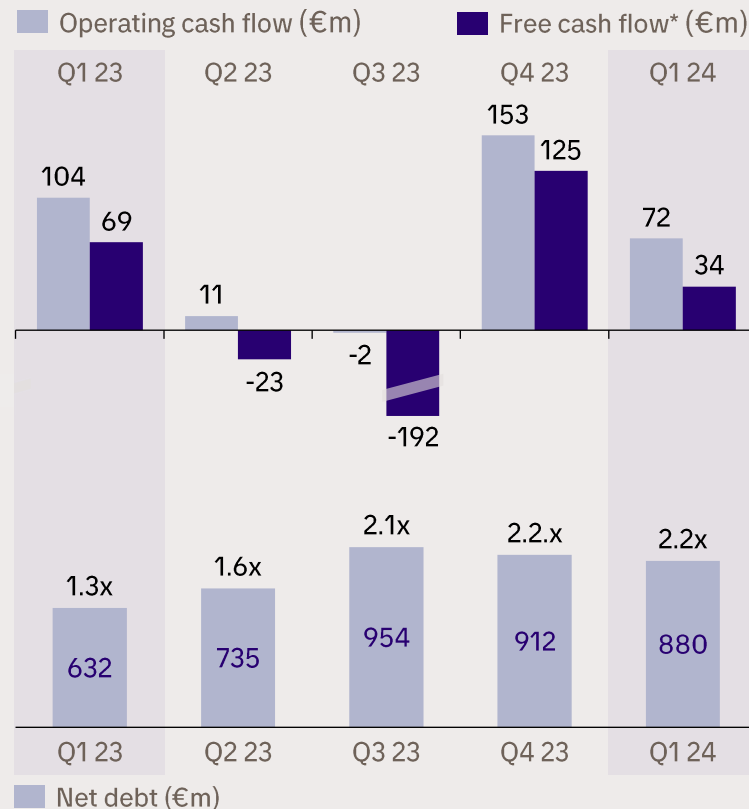
- Organic growth -2.0%, impacted by soft macroeconomic environment, high comparison figures and fewer working days. Growth adjusted for working days -0.6%
- Profitability healthy at 12.1%, supported by efficiency improvement programmes
- One-time items mainly impacted by strategic reviews and performance improvement programmes
- Q1'24 financial impact of ransomware attack, as previously communicated:
  - Revenue impact of approx. €1.2m
  - Incremental operating costs to restore services of approx. €1.1m (reported as one-time items)
  - Ongoing dialogue with insurance company relating to customer claims
- Q1'24 corporate income tax 24% - impacted by group structural changes

	Q1'24	Q1'23
<b>Revenue and growth</b>		
Revenue	734	744
Organic growth, %	-2%	8%
Acquisitions & divestments, %	4%	-2%
Foreign exchange rates, %	-3%	-4%
Total growth, %	-1%	2%
Org. growth adj. for working days, %	-1%	8%
Order backlog	3 129	3 392
<b>Profitability</b>		
Adj. EBITA	89	92
Adj. EBITA margin	12.1%	12.3%
One-time items	15	13
EBIT	62	69
EBIT margin	8.5%	9.2%
<b>Cash flow and leverage</b>		
Operative cash flow	72	104
Free cash flow	34	69
Net debt	880	632
Leverage (net debt/EBITDA)	2.2x	1.3x
CAPEX	24	21

All numbers in €m

# Healthy cash flow from operations of €72 million

- Cash flow from operations €72m (104)
  - Net working capital decrease of €3m (- € 14m in Q1'23) – quarter ended during weekend increasing accounts receivable balance
  - Net financials increase of €9m - higher net debt, interest rates and timing of interest payments
- Free cash flow\* of €34m (69)
- Overall cash generation foundation remains healthy
  
- Interest bearing net debt €880m
- Net debt/EBITDA 2.2x (1.3x) at end of Q1'24 – leverage target level 1.0x - 2.0x

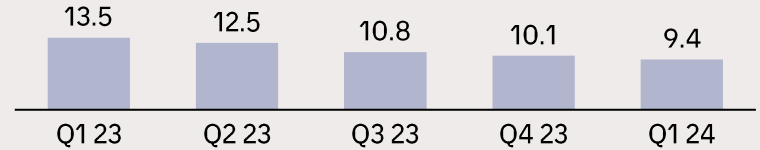


\* Operating cash flow less cash flow from investing activities less payments of lease liabilities

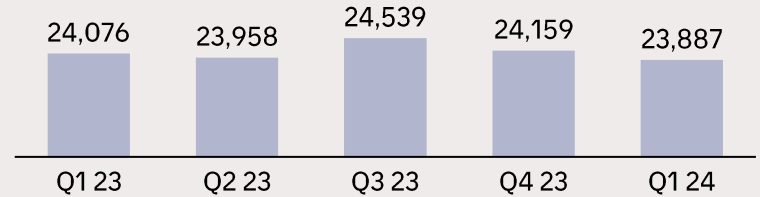
# Personnel development impacted by capacity management

- LTM attrition decreased to 9.4%. Quarterly attrition stable from Q4'23.
- Net personnel decrease of ca. 270 from Q4'23 to Q1'24 mainly driven by capacity management in Tietoevry Create to reflect market conditions
- Recruitment pace accounting for lower attrition level and current market conditions
- Group-level salary inflation expected to be around 4.5% in 2024 (5% in 2023)

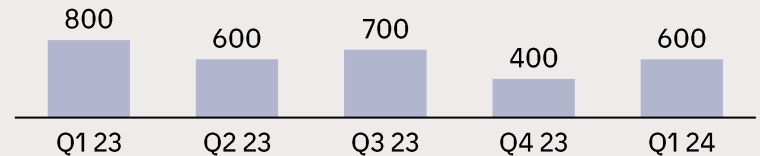
## Attrition % last twelve months (voluntary)



## Personnel End of period



## New hires In quarter



# Performance drivers – Q2'24

## Growth drivers



### Returning to growth in Q2

- Continued weaker economic environment impacting demand in Tietoevry Create and Tietoevry Tech Services due to customers' cost saving actions and postponed investments
  - Continued good momentum in Banking and Industry
  - Care returning to growth - healthcare reform in Finland continues to impact demand
  - Tech Services growth expected to improve from Q1'24
- 

## Profit drivers



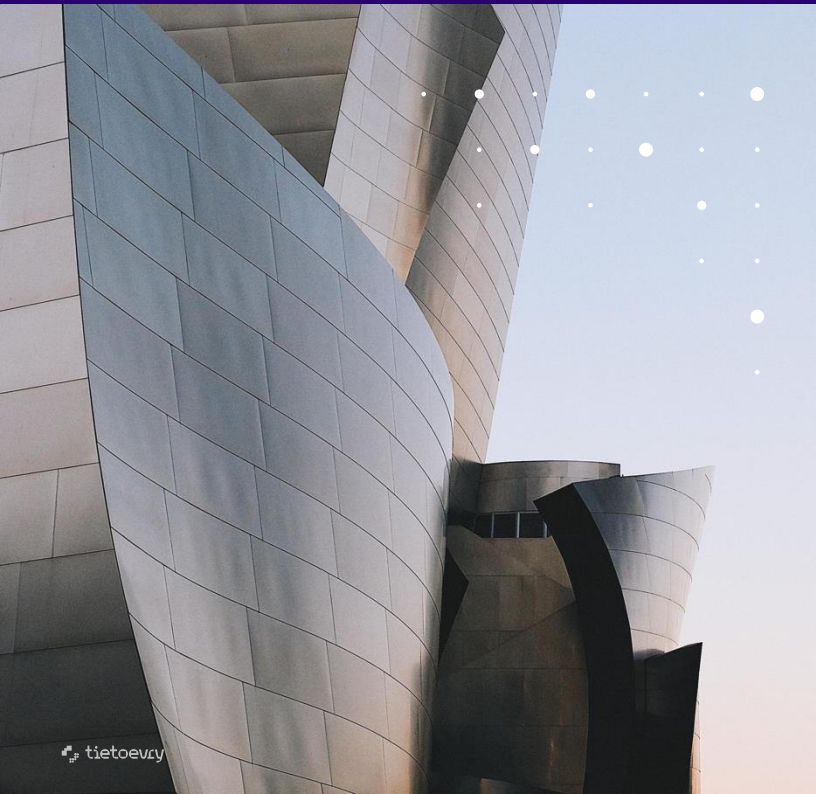
- Continued benefit from efficiency measures executed during 2023, supporting Q2 profit
  - Demanding agenda to expand margins in high inflation era - Tietoevry Banking and Tietoevry Tech Services especially impacted by higher technology costs
  - Annual salary increases taking effect from April
- 

## Other drivers



- Positive FX impact on revenue ~€5m
- 1.1 working days more in Q2'24 – positive 1.2% impact on organic growth

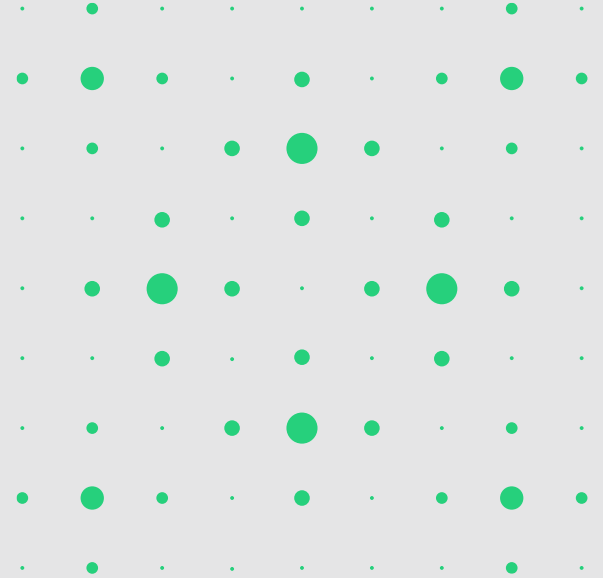
# Q2 profitability outlook



Business	Q2'23 adj. EBITA %	Profitability outlook
Tietoevry Create	11.9%	<b>At or below</b> Q2'23 level
Tietoevry Banking	10.6%	<b>At or above</b> Q2'23 level
Tietoevry Care	29.1%	<b>At or below</b> Q2'23 level
Tietoevry Industry	14.7%	<b>At or above</b> Q2'23 level
Tietoevry Tech Services	4.9%	<b>Above</b> Q2'23 level

2023 business financials have been recast due to minor changes between segments

# Our way forward



# Tietoevry's sustainability pledge

Reinventing the world for good

## TIETOEVRY'S THREE COMMITMENTS



### Climate action

- 🌱 Carbon neutral in own operations by 2026
- 🔄 100% circularity across all internal and customer hardware by 2026



### Ethical conduct

- 🚫 Zero tolerance for corruption
- 🔒 Zero major privacy violations, respecting individuals' rights to data protection
- 🧠 Mandatory Responsible AI training for all employees during 2024



### Social impact

- 👤 Respect human rights
- 😊 Zero discrimination and harassment
- 👥 Achieve 49/49 gender balance over time
- 👩 30% underrepresented gender in leadership positions by 2030

## OUR KEY FOCUS AREAS



Energy management, carbon emissions, circularity



Business ethics, values and integrity, data privacy, cybersecurity, Responsible AI



Diversity, equity and inclusion, human rights and labour rights

# Way forward – Advancing specialization and AI driven value



Performance  
resilience in all  
businesses

Enable Banking to  
pursue Fintech  
software leadership  
with high  
operational  
independence

Conclude Tech  
Services strategic  
review

Expand AI  
capabilities and  
solutions