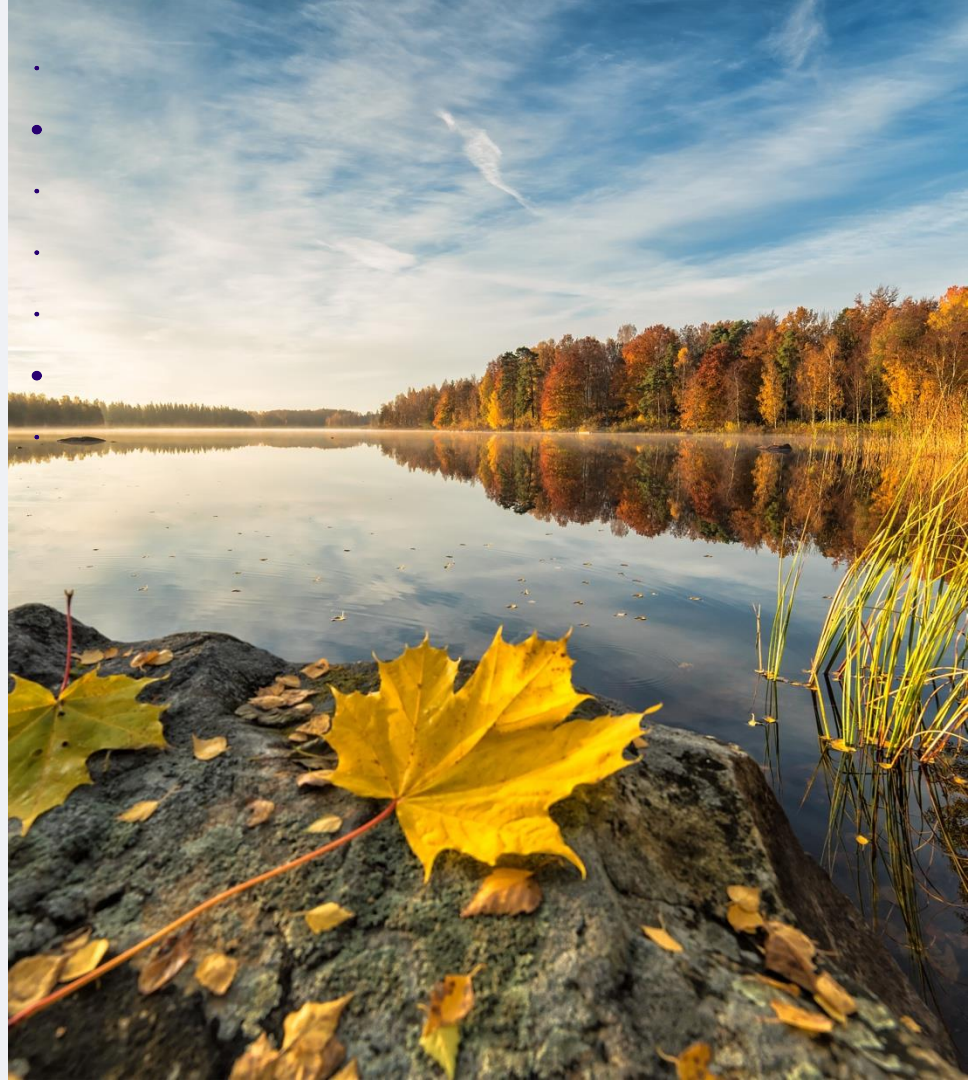


Q3 2024

Improved profitability –
growth impacted
by weakening market

Kimmo Alkio, President and CEO
Tomi Hyryläinen, CFO



Improved profitability –
growth impacted
by weakening market



Revenue decrease of
1% – growth impacted
by weakening market

Resilient profitability
of 13.5%

Strategic review of
TietoEVRY Tech
Services progressing –
the company is in an
exclusive process with
a non-industrial buyer

Full-year guidance for 2024 updated on 16 October

Organic growth **around -2%**

(previous 0-3%)

- Market demand weakened towards the end of Q3
- Soft market conditions expected to continue for the rest of 2024
- Weaker demand impact primarily Tietoevry Create and Tech Services
- Certain markets for Tietoevry Care and Industry also softening in Q3

Adjusted EBITA **12.3-12.7%**

(previous 12.0-13.0%)

- Resilient performance a result of active cost management measures in all businesses

Weakening of the market environment – softness to continue into 2025



Market demand for IT-services continues to weaken, lower demand environment impacting also software businesses

Customer focus on efficiency – higher emphasis on short-term results (vs) long term transformation

Increasing AI intensity and GenAI maturity with cloud as a foundation - volumes still low

Continued instability in the geopolitical environment

Customer wins



Ahlstrom has chosen **Tietoevry Industry** as its strategic partner for Cloud Services, expanding their existing collaboration on the Manufacturing Execution System (MES). This partnership aligns with Ahlstrom's goal of enhancing production capabilities, operational efficiency, and driving digital transformation across its manufacturing processes and ecosystem.



Tietoevry Banking has paved the way for ten banks to pioneer BankAxept, the national payment system in Norway, as a payment method in Apple Pay. This allows card users to benefit from an easy, secure and private way to pay with iPhone or Apple Watch.



Bankgirot extends strategic collaboration with **Tietoevry Tech Services** for two years. The collaboration is including managed services, applications and networks.

PELVITAL

Pelvital, a US-based femtech company chose **Tietoevry Create** to create a mobile application and web portal that allows patients and healthcare providers to capture and interpret data from treatment sessions.



Helsinki University Hospital (HUS) chose **Tietoevry Care** to develop digital healthcare information systems and services. Digitally supported treatment paths optimize the work of professionals, enabling safe remote treatment and monitoring.

Advancing with AI, responsibly



Responsible AI training to all employees: As part of Tietoevry's Sustainability Pledge agenda an annual mandatory Responsible AI e-learning was launched in September. At the end of the third quarter >90% of the workforce had already completed the training.



Tietoevry Care and the wellbeing services county of Central Finland used Generative AI to help classify customer feedback data. The pilot utilized the Microsoft Azure OpenAI service, with classification entirely done by Generative AI using large language models.

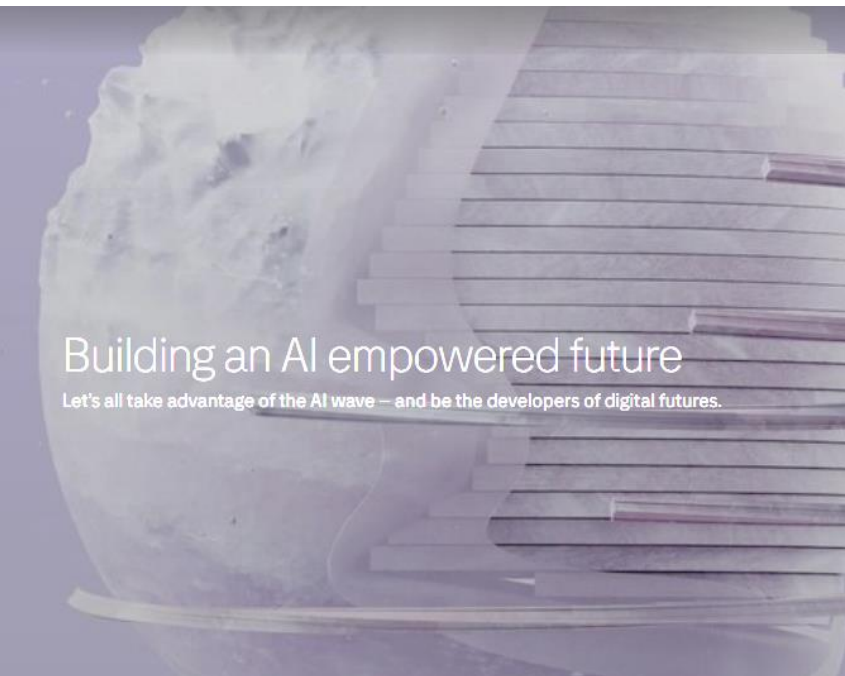


Piloting documentation automation to enhance focus on patients: Tietoevry Care is leveraging AI to facilitate the workload of care workers and enhance health outcomes by working on solutions from speech-to-text for patient notes.



Tietoevry Create running increasing number of AI-driven projects and fueling an AI Lab, to be launched in the fourth quarter.

AI / GenAI opportunities and advancements being captured across Tietoevry businesses



Building an AI empowered future

Let's all take advantage of the AI wave — and be the developers of digital futures.



Revolutionizing care with data, AI and analytics

Tietoevry Care helps you to take full advantage of new technologies to improve health outcomes and reduce the burden on care workers.

[Learn more](#)



Next AI Lab - idea to reality in days

Winners in the AI revolution move with extraordinary speed. Tietoevry Create's Next AI Lab allows you to visualize the solution before making your investment decision.

[Learn more](#)



Create new business value with embedded AI

Tietoevry Banking helps your business grow with secure, scalable, and human-centric AI for financial products and services.

[Learn more](#)



Generative AI unleashed

Create real business value with scaled GenAI. Tietoevry Tech Services helps identify Gen AI opportunities, support co-creation and ensure seamless deployment for tangible results.

[Learn more](#)



Future-proof software innovation

Tietoevry Industry develops segment-specific software products by harnessing the power of data and the fathomless opportunities of Artificial Intelligence.

[Learn more](#)

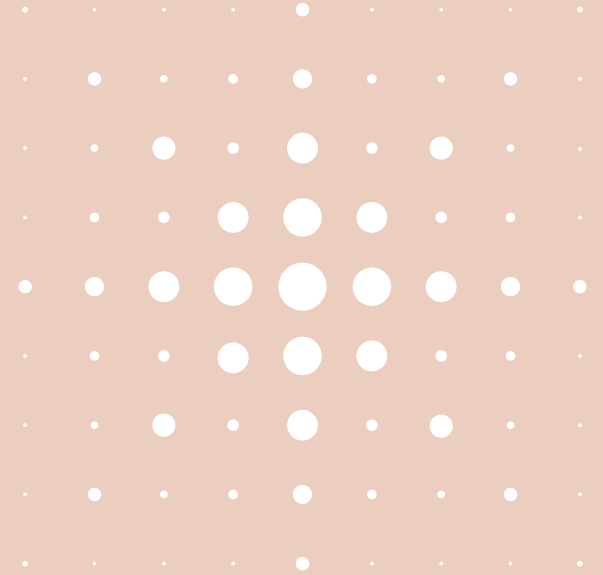


Responsible AI for purposeful technology

AI has huge potential for improving the world in areas such as healthcare, education, and the environment. Learn more about how it can be used thoughtfully and responsibly.

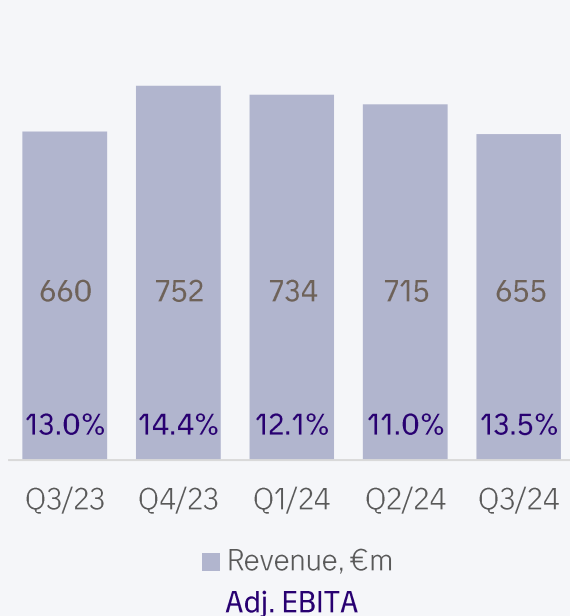
[Learn more](#)

Business highlights



Tietoevry Group

Improved profitability – growth impacted by weakening market



Organic growth¹

-1%

(2%)



Adj. EBITA²

13.5%

(13.0%)

€88m (86)



Cash flow from operations

€58m

(€-2m)



Order backlog

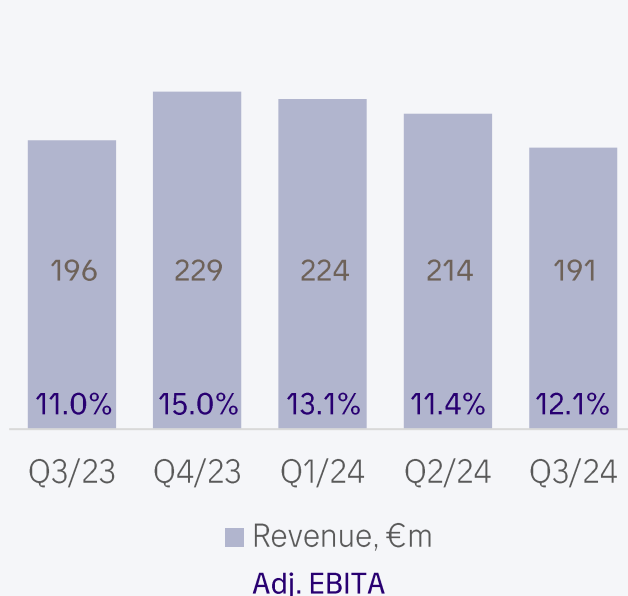
+8%¹

€3,205m (2,957)



Tietoevry Create

Healthy profitability despite continued market softness



Organic growth

-4%

(-4%)

Adj. EBITA

12.1%

(11.0%)

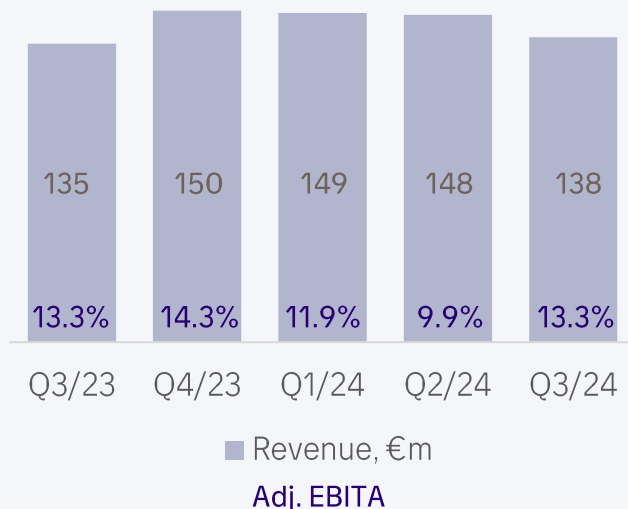
€23m (22)

Highlights

- Market weakened further with macroeconomic uncertainties impacting all regions
- Weak performance in Sweden and decreasing internal revenue impacting growth
- Active capacity management continued supporting profitability
- New significant contracts with global Telecommunications and US-based Pharmaceutical clients
- Continued increase in AI projects. 'Next AI Lab' to be launched in Q4 to accelerate innovation with clients

Tietoevry Banking

Stable profitability



Organic growth

4%

(11%)

Adj. EBITA

13.3%

(13.3%)

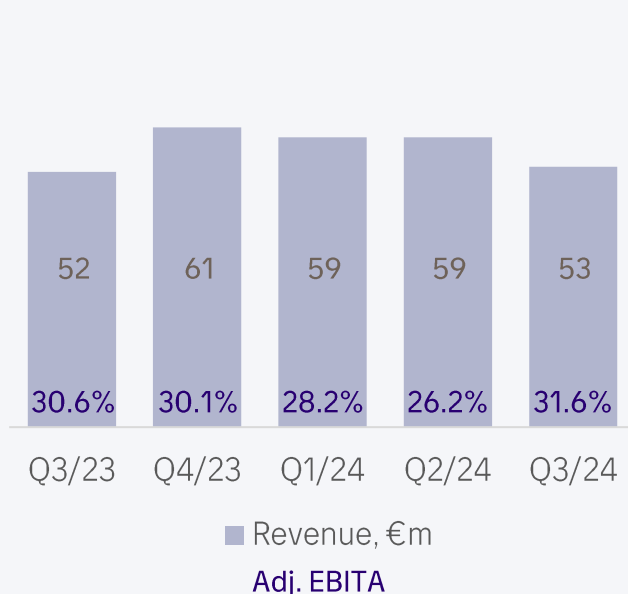
€18m (18)

Highlights

- Growth continued in Credit, Cards and Financial Crime Prevention. Norwegian bank merger impacting BaaP revenue negatively
- Stable profitability – affected by increase in depreciation of capitalized R&D by ~€2m
- Efficiency measures ongoing to drive profit improvement post strategic review conclusion
- Endre Rangnes appointed as Managing Director effective 3 September 2024

Tietoevry Care

Solid performance – softening demand in certain markets



Organic growth

3%

(3%)

Adj. EBITA

31.6%

(30.6%)

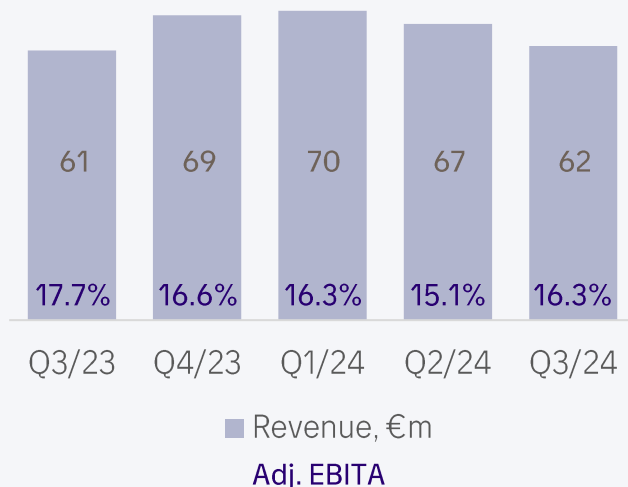
€17m (16)

Highlights

- Growth affected by public sector deficits in Finland and Sweden, and declining legacy product business in Norway and Sweden
- Continued strong competitiveness in Lifecare solutions and double-digit growth in data & analytics
- Continued investments in Lifecare localization for Norway
- Profitability supported by continued attention on R&D scalability and overall efficiency
- High activity in AI enabled software continued, e.g. GenAI assisting in classifying customer feedback data

Tietoevry Industry

Softening demand in certain markets



Organic growth

1%

(6%)

Adj. EBITA

16.3%

(17.7%)

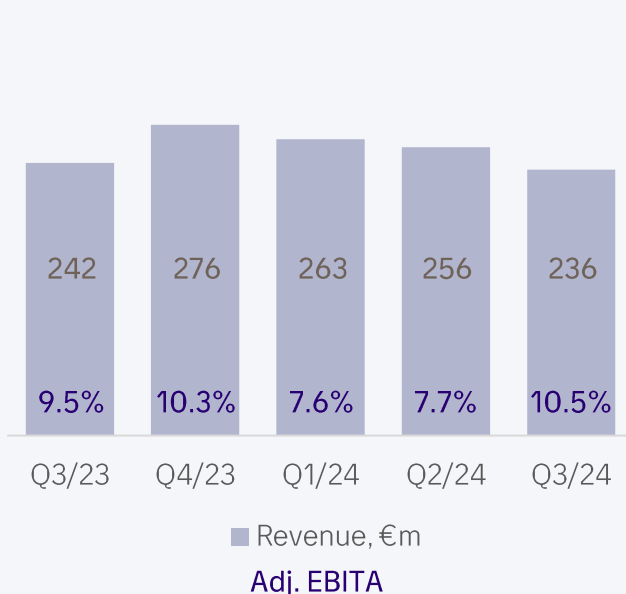
€10m (11)

Highlights

- Market environment impacting demand in pulp, paper & fibre industry and public sector in Finland
- Continued growth in Data Platforms
- Profitability impacted by weaker demand – efficiency measures in progress

Tietoevry Tech Services

Improved profitability – business mix developing favourably



Organic growth

-3%

(-4%)

Adj. EBITA

10.5%

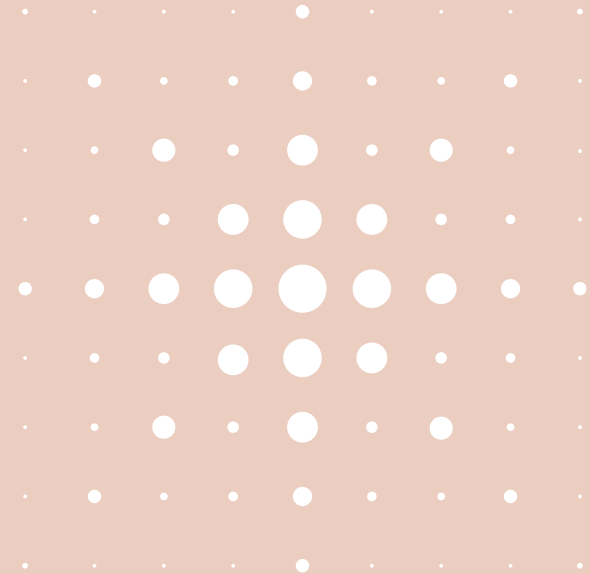
(9.5%)

€25m (23)

Highlights

- Transformation to cloud continues – growth impacted by continued market softness and volatility in HW/SW sales
 - Cloud platforms & Security +20%
 - Data & Application Services +4%
 - Traditional infrastructure -8%
 - End-user Services -7%
- Profitability improvement driven by continued operational efficiency management
- Ransomware customer settlement impact on growth ~1 pp.

CFO report



Active cost base management supporting improved profitability

Q3'24 highlights

- Organic growth -1% in a weakening market. Limited impact from working days (+1.5 WD) due to vacation period
- Order backlog +8% year-on-year
- Active cost base management in all businesses supporting improved profitability of 13.5%
- Improved EBIT, both in nominal terms and margin
- Active cost base management - increased estimate of one-time items for the year
 - Strategic review one-time items incurred year-to-date 0.4% of revenue
 - Other one-time items expected to be ~2.0% of revenue (previously ~1.5%) for the year, excl. potential capital gains
- Healthy operative cash flow of €58m
- Divestment of Buypass AS closed on 16 October, gain on sale of appr. €4m recognized in Q4 (as one-time items)

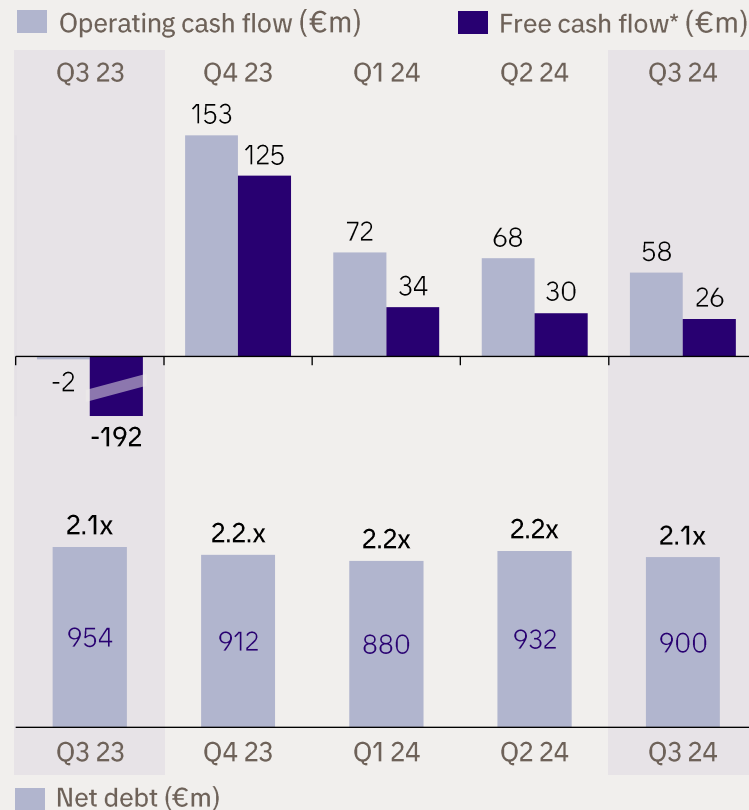
	Q3'24	Q3'23
Revenue and growth		
Revenue	655	660
Organic growth, %	-1%	2%
Acquisitions & divestments, %	1%	2%
Foreign exchange rates, %	0%	-8%
Total growth, %	-1%	-4%
Org. growth adj. for working days, %	ca. -2%	3%
Order backlog	3 205	2 957
Profitability		
Adj. EBITA	88	86
Adj. EBITA margin	13.5%	13.0%
One-time items	14	13
EBIT	63	62
EBIT margin	9.7%	9.3%
Cash flow and leverage		
Operative cash flow	58	-2
Free cash flow	26	-192
Net debt	900	954
Leverage (net debt/EBITDA)	2.1x	2.1x
CAPEX	18	18

All numbers in €m

Healthy Q3 cash generation – impacted by seasonality in working capital

- Cash flow from operations €58m (-2)
 - Net working capital increase of €20m, driven by seasonal decrease in vacation accruals and accounts payable
 - Accounts receivable decrease of €45m – weekend impact from prior quarter recovered
- Free cash flow* of €26m (-192) – prior year comparison included M&A consideration of €159m
- Overall cash generation foundation remains healthy

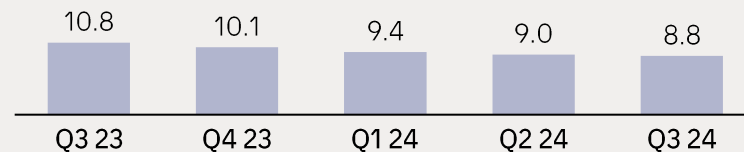
- Interest bearing net debt €900m
- Net debt/EBITDA 2.1x (2.1x) at end of Q3'24 – leverage target level 1.0x - 2.0x



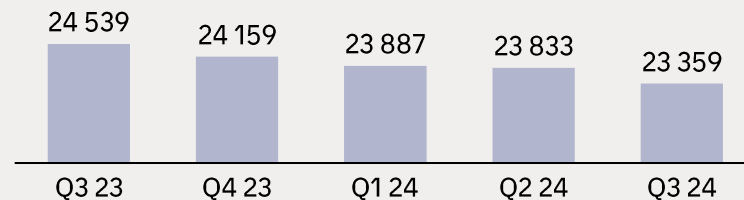
Active capacity management – LTM attrition stable

- LTM attrition of 8.8% - stable from Q2'24
- Cost management measures driving capacity reduction
 - Tietoevry Create capacity reduced by 300 FTEs
 - Tietoevry Tech Services capacity reduced by 100 FTEs
 - Aggregated capacity reduction in software businesses by 100 FTEs
 - Capacity management activities continuing into Q4
- Active reskilling activities across businesses to address competence shift to more modern technologies
- Seasonally high graduate intake in Q3'24
- Group-level salary inflation expected to be around 4.5% in 2024 (5% in 2023)

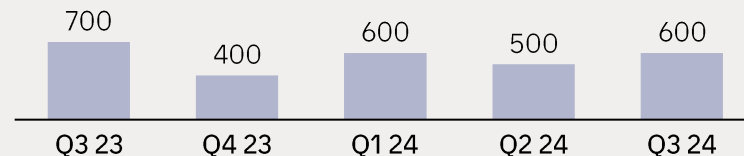
Attrition % last twelve months (voluntary)



Personnel End of period



New hires In quarter



Performance drivers – Q4'24

Growth drivers



Q4 growth impacted by weakening market

- Tietoevry Create impacted by weakening demand in all markets and lower internal revenue
- Tietoevry Banking impacted by Norwegian bank merger in 2023 – negative 4 pp. impact on growth
- Tietoevry Care negatively impacted by public sector deficits in Finland and Sweden, and declining legacy product business in Norway and Sweden
- Tietoevry Industry impacted by reduced public sector spend in Finland and low demand in Pulp, Paper & Fiber
- Tietoevry Tech Services facing continued soft market and high comparable HW/SW resale business (ca 4pp impact)

Profit drivers



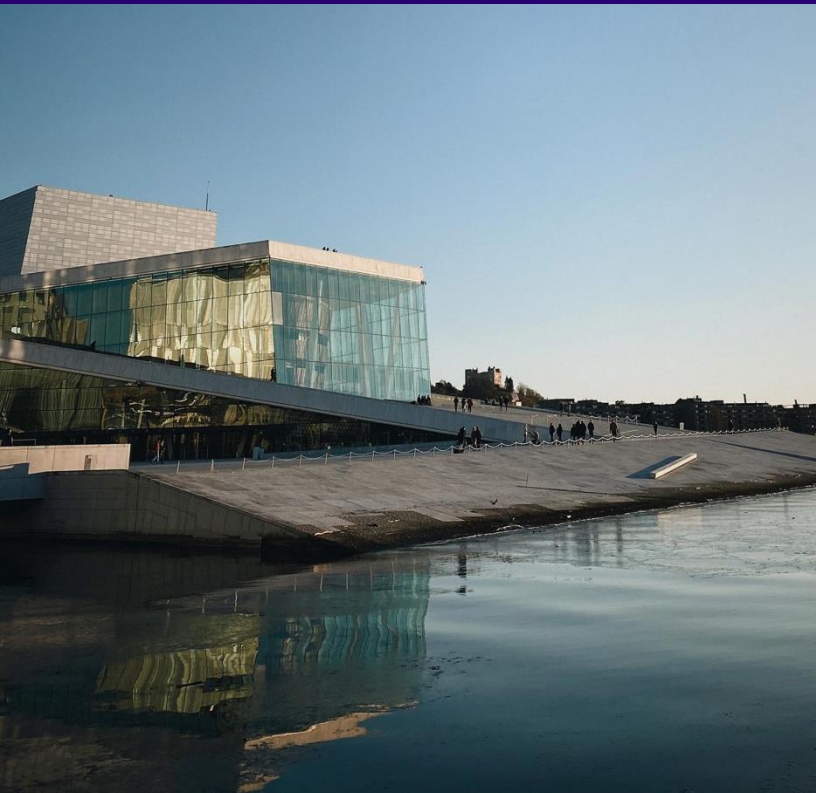
- Weakening market conditions place pressure on margins, while Q4 supported by seasonal increase in production volumes and end-of-year license sales
- Efficiency measures are expected to support Q4 profits

Other drivers



- Tietoevry currently expects majority of the financial impact of ransomware-event related customer settlements to be recorded in the fourth quarter
- Negative FX impact on revenue €1m
- 0.2 working days more in Q4'24 – positive 0.1% impact on organic growth

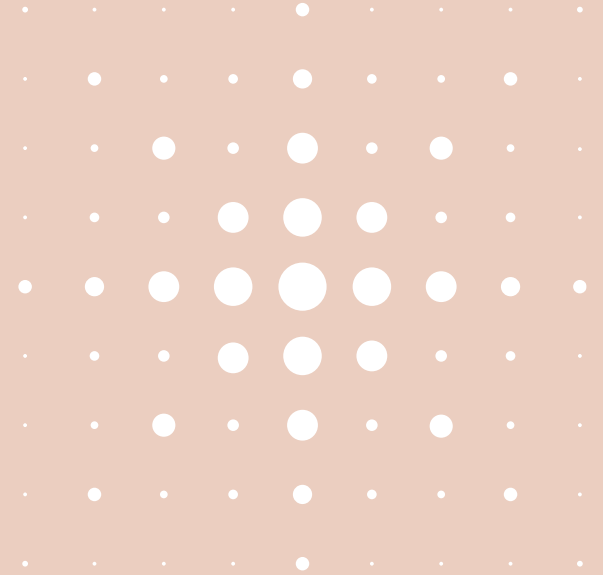
Q4 profitability outlook



Business	Q4'23 adj. EBITA %	Profitability outlook
Tietoevry Create	15.0%	Below Q4'23 level
Tietoevry Banking	14.3%	At or below Q4'23 level
Tietoevry Care	30.1%	Above Q4'23 level
Tietoevry Industry	16.6%	At Q4'23 level
Tietoevry Tech Services	10.3%	At or below Q4'23 level

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

Our way forward



Way forward – Continue to build resilience and advance specialized businesses



Drive strategic transformation towards software and digital engineering future

Focus on resilience in the current market environment and prepare for future growth opportunities

Be at the forefront of delivering value from AI in software and services

Conclude TietoEVRY Tech Services strategic review