

CEO Report 2024

# Building future as software and digital engineering company

Annual General Meeting

Kimmo Alkio  
President and CEO



# Tietoevry Group Executive Management



**Cosimo De Carlo**

Tietoevry Create  
Managing Director



**Satu Kiiskinen**

Tietoevry Tech Services  
Managing Director



**Endre Rangnes**

Tietoevry Banking  
Managing Director



**Ari Järvelä**

Tietoevry Care  
Managing Director



**Carsten Henke**

Tietoevry Industry  
Managing Director



**Trond Vinje**

Head of HR



**Kishore Ghadiyaram**

Head of Strategy



**Tomi Hyryläinen**

CFO



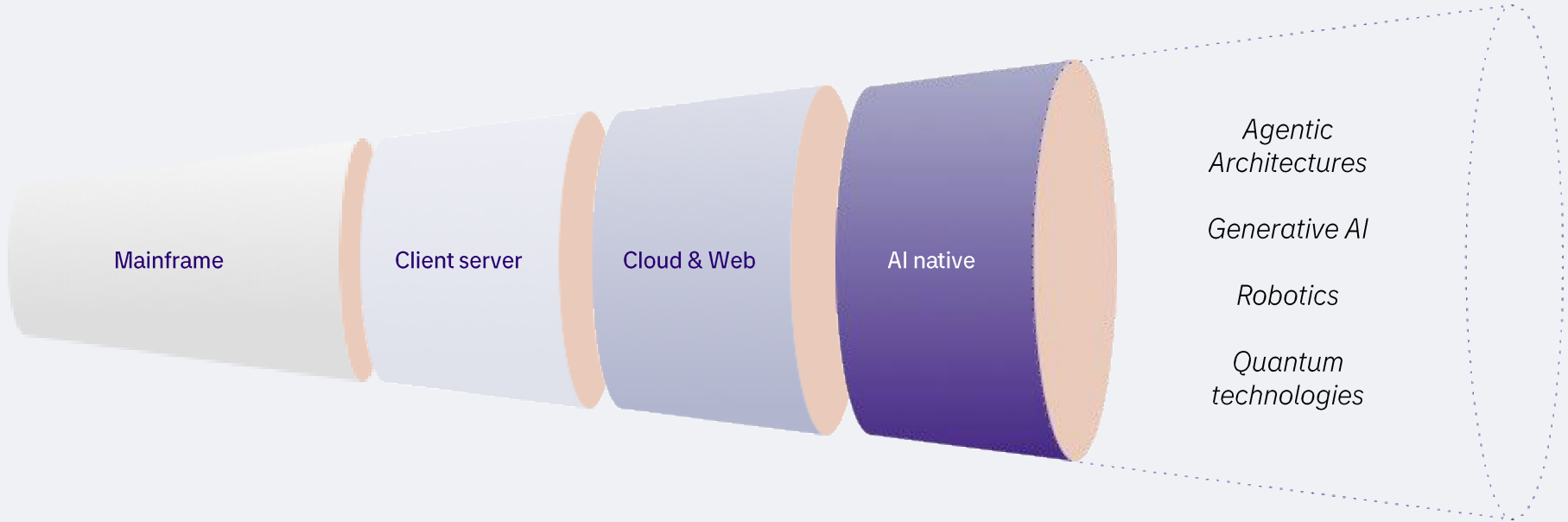
**Kimmo Alkio**

CEO

# Enabling customers thrive through multiple technology cycles

Exponential growth in compute and data:

New era of innovation:



Every technology cycle enabling new innovation and growth

# Resilient overall performance and healthy cash flow in 2024



Revenue  
**€2 803m**  
(€2 851)

Organic growth  
**-2%**  
(+4%)

Adj. EBITA  
**€345m,**  
**12.3%**  
(€359m, 12.6%)

- Revenue impacted by soft market
- Solid profitability driven by active efficiency measures
- Strengthened order backlog

Operating cash flow  
**€326m**  
(€266m)

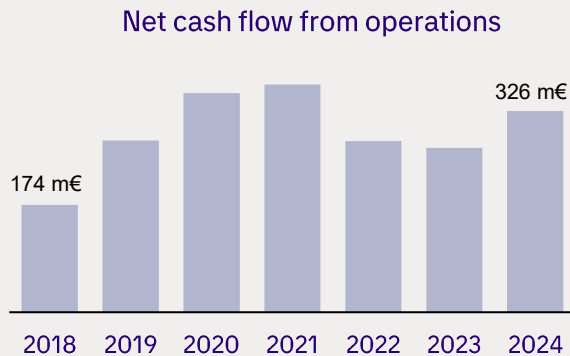
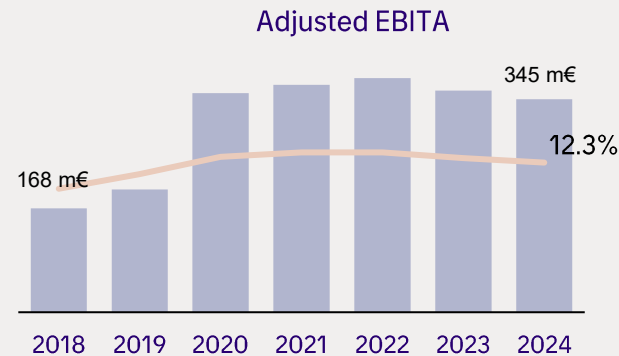
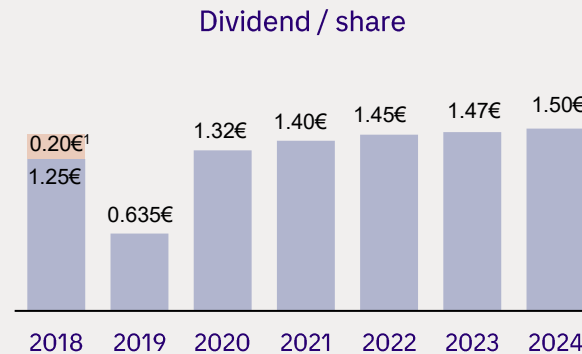
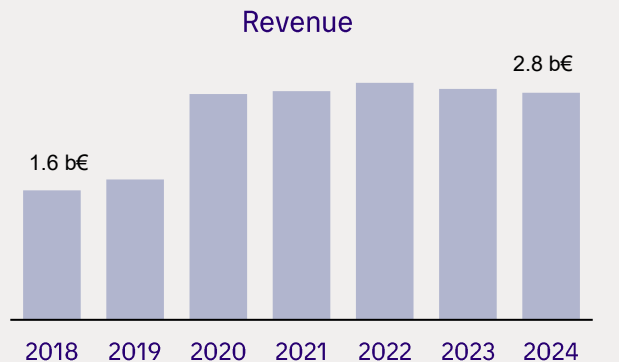
Order backlog  
**€3 261m**  
(€3 236m)  
+2%<sup>2</sup>

Net debt / EBITDA  
**2.2x**  
(2.2x)

Dividend<sup>3</sup> of €1.50 per share proposed – representing a dividend yield of 8.8%<sup>1</sup>

1) Closing price as at 31 Dec 2024 (€17.02)  
2) Operational change, adjusted for currency effects, acquisitions and divestments  
3) Distribution of dividend and/or return of capital.

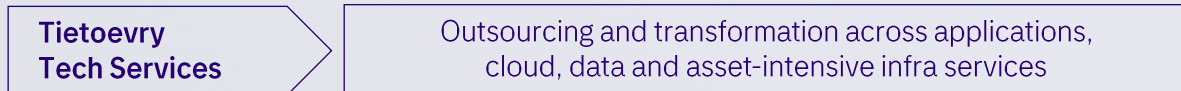
# Solid financial performance over the years



<sup>1</sup> Additional dividend

# Tietoevry has chosen to specialize as a software and digital engineering company maximizing shareholder value

Business



📣 Announcement  
23 March, 2025

# Tietoevry to sell its Tech Services business – **strategic review concluded**

Agreement signed to divest Tech Services to funds advised by Agilitas Private Equity LLP for €300m of which €70m in the form earn out payments

Major milestone in Tietoevry's specialization strategy to create higher shareholder value as a software and digital engineering company

Positions Tech Services to elevate its scale and value proposition to customers and employees - building on its Nordic leadership

Transaction expected to be closed during Q3'25 - all customer and employee commitments remain intact

# Tietoevry sells its Tech Services business to funds advised by Agilitas Private Equity LLP for €300m

## Buyer

- ✓ Divestment made to funds advised by Agilitas Private Equity LLP (“Agilitas”)
- ✓ Funds advised by the firm invest in high-quality, defensible businesses with opportunities for significant step changes, creating long-term value
- ✓ Agilitas is experienced at leading IT investments in the Nordic region


## Transaction details

- ✓ Purchase price amounts to €300m of which €70m as earn outs
- ✓ EV €400m, considering €100m reduction in lease liabilities
- ✓ Earn outs based on 2026 and 2027 performance milestones fulfilment
- ✓ Purchase price subject to customary adjustments at closing, incl. net debt and NWC adjustments

## Next steps

- ✓ Transaction expected to be closed during Q3'25
- ✓ Closing subject to fulfilment of certain closing conditions, incl. regulatory approvals
- ✓ From Q1'25 Tech Services to be reported as discontinued operations

# Transaction results in improved financial profile and reduce overall capital intensity




As a result of the transaction, impact on Group financials for 2024:

- Reduced Group revenue by €920 million, while improving organic growth by ~1 pp
- Increase adj. EBITA margin by ~1.2 pp
- Overtime potential for significant financial profile improvement




Reduced capital intensity and cash restructuring charges – positive impact to free cash flow generation

- Significant reduction in working capital employed
- Significant reduction in Capex by appr. 40% - less capital intensive operations
- Significant reduction of cash restructuring charges - Tech Services has accounted for majority of the annual one-time costs historically

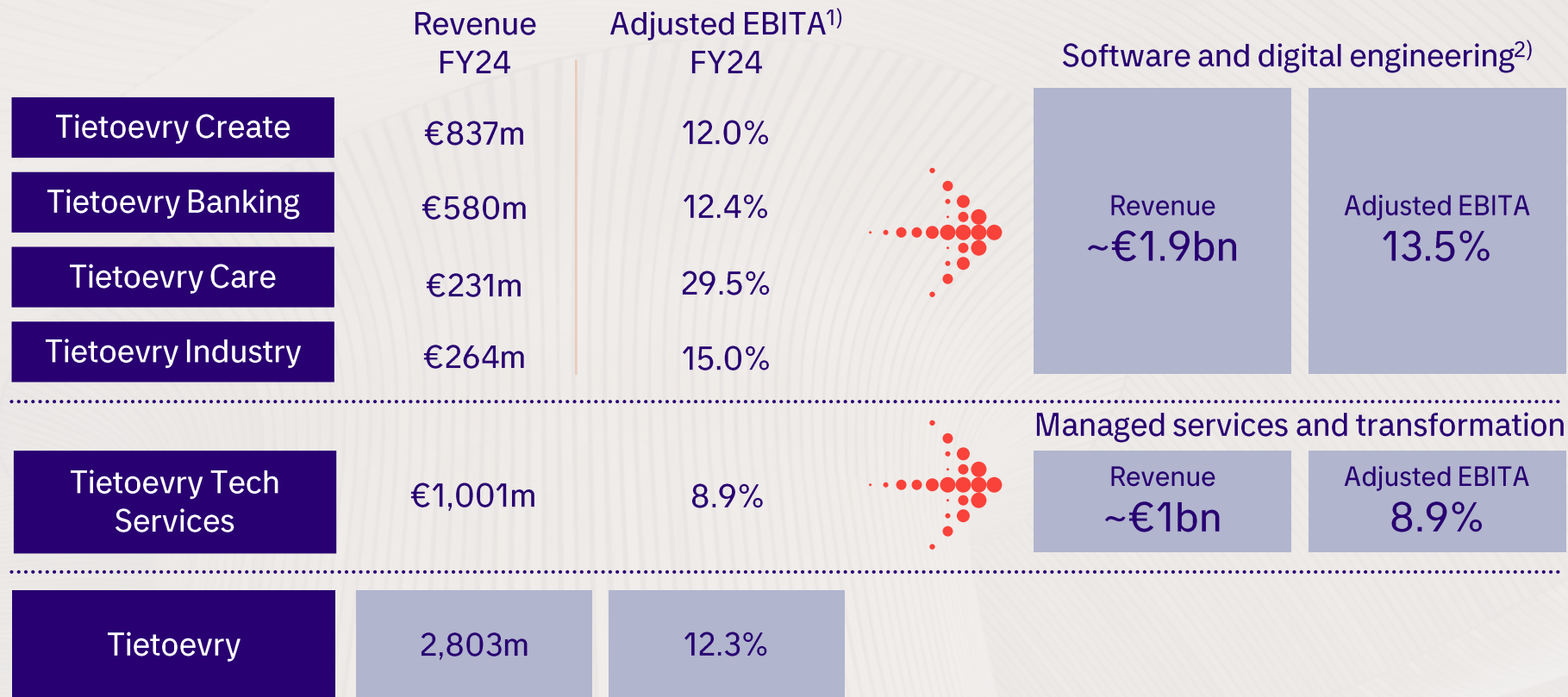


Net debt will decrease by the transaction proceed and approximately €100m reduction in lease liabilities having positive impact to leverage level



Short-term profitability burdened by common Group costs. Overtime aim to achieve improved SGA ratio compared to current level (after TSA period) due to simplified operations

# Improved financial profile for the continuing Tietoevry



<sup>1)</sup> Adjustment items include restructuring costs, capital gains/losses, impairment charges and other items affecting comparability <sup>2)</sup> For illustrative purposes, based on 2024. Assumes TSA income, which is management estimate



# Tietoevry Create

Enhancing customers competitiveness and innovation  
with design, cloud and AI



Delivering business value to customers across industries  
– AI optimized harvest, Intelligent transportation etc.

Responsible AI Framework created for reliable, effective  
and compliant solutions across all industries.

- 9 000+ industry and software experts from 23 countries advancing customers' digital agenda
- Cloud, software and data engineering at the core of each customer engagement
- Revenue Nordics / Global: 48% / 52%
- Enabling products, services and operations of customers to deliver better experiences with design, cloud and AI
  - ✓ Enabling nextgen telecom technologies
  - ✓ Enabling smart cities
  - ✓ Digitalizing transportation
  - ✓ Enhancing MedTech experience





# TietoEVRY Banking

AI-enabled fintech software driving innovation, security and functioning of financial institutions internationally



Spearheading AI and Generative AI for Financial Crime Prevention and Fraud Detection

- 3 000 fintech software experts from 20 countries enhancing banking experience, efficiency and security
- Serving banks & financial institutions in over 30 markets with SaaS and AI embedded solutions
- Revenue Nordics / Global: 80% / 20%
- Critical software and platforms for day-to-day operations and innovation for financial institutions e.g.:
  - ✓ Nordic core-banking foundation
  - ✓ Advancing Nordic card transactions
  - ✓ Enabling real-time payments
  - ✓ Preventing financial crime



Handelsbanken

Nordea



SEB

geldmaat



# Tietoevry Care

Advancing efficiency and innovation of health and social care with software, AI and open platforms

- 1 600 care software experts from 8 countries enhancing the experiences of Nordic citizens, doctors and care providers
- Critical software and AI-enabled platforms enhancing citizen and care provider experience
- Revenue Nordics 100%
- Pioneering data-driven care in Europe, e.g:
  - ✓ Lifecare open platform empowering advanced data management and interoperability across care providers
  - ✓ Lifecare Electronic Health Record (EHR) based on open standards, modular and AI
  - ✓ Lifecare clinical modules for critical healthcare operations



Long history in driving Care experience with data and AI focus - e.g. GenAI powered Smart Notes for Lifecare, healthcare interoperability

HUS\*

KAROLINSKA  
UNIVERSITETSSJUKHUSET

VÄSTRA  
GÖTALANDSREGIONEN



Oslo

HELSE ●●● MIDT-NORGE

Finland / Lifecare:  
16/21 wellbeing counties



# Tietoevry Industry

Industry specific software and solutions enabling customers' core processes and efficiency



Public 360° solution pioneering adoption of AI in public institutions for case management efficiency, speed and compliance

- 1 600 industry and software experts from 19 countries advancing industry-specific core processes in the Nordics and beyond
- Critical industry specific software, data and integration platforms for functioning and efficiency of customers in multiple verticals
- Revenue Nordics / Global: 90% / 10%
- Data driven services and SaaS solutions, e.g.:
  - ✓ Nordic data & transaction services backbone
  - ✓ Enabling production excellence in manufacturing
  - ✓ Making public services interoperable
  - ✓ Digitalizing education administration



Oslo



PRIME MINISTER'S OFFICE

Klarna.



RenoDeMedici



storaenso



AHLSTROM



Göteborg Energi



# Tietoevry Tech Services

Enabling technology driven transformation and efficiency  
of Nordic businesses and societies



Accelerating AI and GenAI adoption among customers through joint development and co-creation on GenAI use cases. Fostering AI-driven productivity in own operations and deliveries.

- 7000+ industry and software experts from 9 countries powering Nordic enterprises and public sector
- Primarily an outsourcing business model focusing on cloud, data, applications and infrastructure
- Revenue Nordics 100%
- Tech led transformation and resilience across, e.g:
  - ✓ Technology-backbone for Nordic societies
  - ✓ Bringing global tech to the Nordics
  - ✓ Active transformation with cloud and data – and AI



# Our Sustainability Pledge – areas where we aim for significant impact

## Climate action

**87% reduction** in GHG emissions since 2020

- aim for **90%** by 2026

## Circular economy

**96% reuse and recycling of devices** for internal use

- aim for 100% annually

## Diversity

**34%** of female hires in 2024

– aim for 37% by 2025

## Responsible AI

97% completion rate  
**Responsible AI training**

– aim for 100%



Commitment to Science Based Targets – limiting the global warming below 1.5 degrees



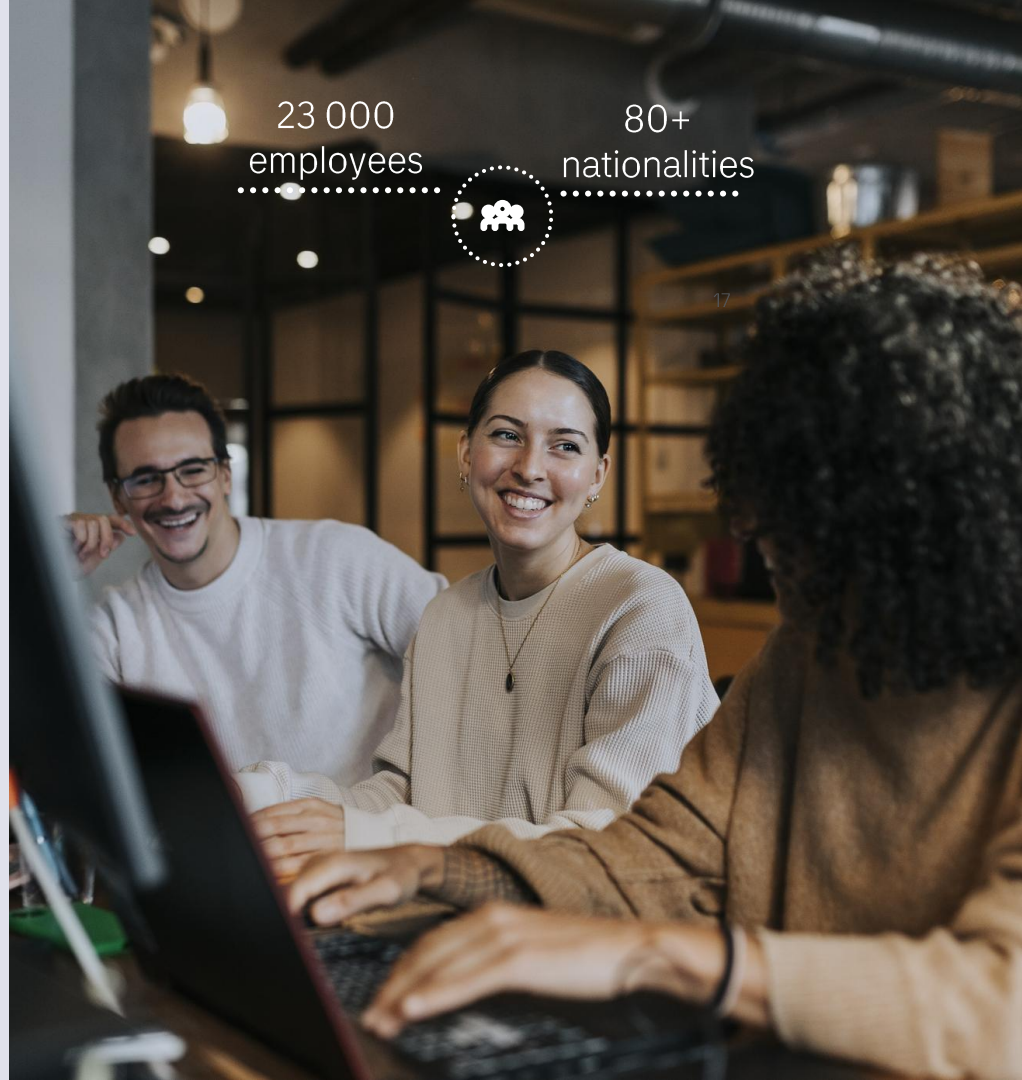
Gold level ranking retained on global Ecovadis Sustainability ranking in 2024



The best A-class results retained on Carbon Disclosure Project (CDP) in the 2024 ranking

# People matter(s) – continuous learning and growth opportunities

- ✦ Build on strong values of openness, trust and diversity
- ✦ High engagement continued – supported by trust-based flexible working model
- ✦ Learning as a lifestyle for continuous re-skilling and career development
- ✦ Ethical conduct - Responsible AI



# Developers of digital futures

New era of AI-led innovation

Realizing software and digital  
engineering future

Unlocking value  
for shareholders

