



tieto

Q1 2026

Strong profitability and solid
performance in software businesses

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Our strategy for 2026-2028

Become European software and technology consulting market leader within selected industries

We execute through 4 strategic priorities

01

Customer first

02

Simplified core

03

Selective expansion

04

Competitive cost base

Our success is measured by our financial targets

Growth (CAGR 2027-2028) >5%

Profitability (2028) >16%

Solid execution of 4 strategic priorities continues

01

Customer first

- Customer governance model rollout progressing
- Sales force strengthened with targeted hires and renewed incentive model
- AI demand accelerating across customer base
- Strategic partnerships with Microsoft and Databricks announced

02

Simplified core

- Divestment of Bekk Consulting closed Feb 2
- Divestments of Edlevo and HR & Payroll announced
- Tech Consulting operating model harmonized across markets
- AI tooling accelerated for internal processes

03

Selective expansion

- Tieto Iberia established to drive expansion in the Iberian market. Two new signings in Spain in Q1
- Indtech entering the UK with Multichannel & BIX
- Indtech strengthening its presence in Denmark through a contract with National Bank
- Strategic partnership between Caretech, x-tention, and Better in DACH
- Agreement with Orange Business to strengthen our European footprint

04

Competitive cost base

- Run-rate savings of €105m at the end of Q1 – target of €130m savings by end-2026
- New personnel reductions initiated in Tech Consulting

AI reshaping our industry – Tieto well positioned to capture the AI opportunities

WHO WINS IN AN AI-DRIVEN MARKET?

Vendors with

- Vertical software
- Business-critical data management
- Software deeply embedded in core processes
- IT service providers with strong domain and integration expertise
- Strong position in regulated industries

OUR COMPETITIVE EDGE

Tieto has a strong foundation to scale AI

- Deep presence in vertical software businesses with sensitive data, high regulatory requirements and mission-critical processes
- Large installed base & long-term customer relationships
- AI already embedded in software, delivery & modernization
- Local customer knowledge and understanding

Q1 AT TIETO

Tangible AI advancements

- AI tooling embedded in all businesses
- Banktech: Agentic AI embedded in Loan, ATM, FCP etc.
- Tech Consulting software development productivity improvement

Partnering with Microsoft

- Upskilling 5 000 consultants
- Co-selling & joint customer engagement

Q1: Strong profitability and solid performance in software businesses

- Growth -3%, 2 pp. negative impact from known headwinds – software businesses delivered healthy underlying growth
- Adj. EBITA improved by 4.1 pp. to 14.7%, driven by cost optimization programme and strong margins in software businesses
- Tieto Tech Consulting impacted by weak market conditions – additional cost saving measures initiated
- Strategic transformation continues, including sales focus, large-scale AI upskilling and strengthening of strategic partnerships

Organic growth

-3%

Adj. EBITA

14.7%

Tieto Group

Q1 key figures

Revenue, EUR million

448

(471)

Organic growth¹

-3%

(-4%)

Adjusted operating profit (EBITA)²,
EUR million

66 / 14.7%

(50 / 10.6%)

Net debt/EBITDA

1.3

(n/a)

Order backlog¹

+8%

year-on-year

Cash flow from operating activities³,
EUR million

85

(97)

1) Adjusted for currency effects, acquisitions and divestments

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

3) Comparative figure includes cash flow for the divested Tech Services business and Bekk Consulting

Tieto Tech Consulting

Organic growth

-7%

(-6%)
€185m (215)

Adj. EBITA

11.5%

(12.1%)
€21m (26)

Market weakness impacting performance – significant AI partnership with Microsoft

- Growth impacted by challenging market conditions
- Profitability impacted by lower utilization rate
- Up to 500 employees to be reduced
 - 1/3 earlier indicated SG&A reductions
 - 1/3 adjusting delivery capacity to demand
 - 1/3 related to a delivery model with a customer
- Simplification and upskilling continues
- Strengthened AI capabilities through Microsoft and Databricks partnerships
- Johan Nygaard appointed as interim Managing Director of Tieto Tech Consulting

Tieto Banktech

Organic growth

1%

(-3%)
€141m (137)

Adj. EBITA

17.3%

(11.2%)
€24m (15)

Strong profitability and good underlying growth

- Strong growth in Financial Crime Prevention and BaaS
- Growth impacted by legacy contract run-off (-5 pp.)
- One-time positive impact of 3 pp. on growth and profitability related to a customer contract – a 2-year extension signed
- Improved profitability supported by cost optimization measures
- Strong order backlog with long-term revenue visibility (from 2027)

Tieto Caretech

Organic growth

-2%

(-2%)
€58m (57)

Adj. EBITA

26.0%

(24.7%)
€15m (14)

Continued strong performance

- Solid growth in modern software portfolio
- Growth impacted by legacy business decline (-5 pp.)
- Consistent strong profitability maintained
- Strong order intake
- Significant win for Lifecare solutions with City of Stockholm
- New offerings launched empowered by AI technology

Tieto Indtech

Organic growth

2%

(-2%)
€71m (68)

Adj. EBITA

15.1%

(11.8%)
€11m (8)

Continued solid performance

- Solid growth in all businesses except Pulp, Paper & Fibre and Energy & Utilities
- Profitability improved driven by stronger business momentum and cost optimization measures
- Multichannel & BIX expanding to the UK
- Divestment of Edlevo & HR & Payroll announced - expected to close in Q2
- Bent Philipps appointed as interim Managing Director of Tieto Indtech

CFO report

Significant profitability uplift - solid performance in software businesses

- Organic growth -3%
 - Good underlying growth in Banktech and Caretech - negative 2pp impact at Group level from legacy contract run-off
 - Continued weak market demand in Tech Consulting
- Adj. EBITA 14.7%, improvement of 4.1pp YoY
 - Strong profitability in software businesses
 - Supported by Cost optimization programme
 - IFRS5 cost burden impacting prior year (-1.8pp)
- One-time items at €15m of income, impacted by €20m gain from BEKK divestment. One-time items for the year unchanged at 1.5% of revenue, excluding capital gains.
- Solid order backlog, up by 8% YoY driven by Banktech and Indtech
- Seasonally strong operating cash flow of €85m
- Share buyback programme of €150m proceeding well, expected to be completed in September
- Minor business moves within the Group carried out in Q1, changes recasted to prior periods

	Q1'26	Q1'25
Revenue and growth		
Revenue	448	471
Organic growth, %	-3%	-4%
Acquisitions & divestments, %	-3%	0%
Foreign exchange rates, %	1%	0%
Total growth, %	-5%	-4%
Org. growth adj. for working days, %	-3%	-3%
Order backlog	2 210	2 047
Profitability		
Adj. EBITA ¹	66	50
Adj. EBITA margin ¹	14.7%	10.6%
One-time items	+15	-15
EBIT ¹	80	26
EBIT margin ¹	17.8%	5.5%
CAPEX	15	15
Cash flow and Leverage²		
Operating cash flow	85	97
Free cash flow	202	63
Net debt	377	807
Leverage (net debt/EBITDA)	1.3x	2.2x

All numbers in €m

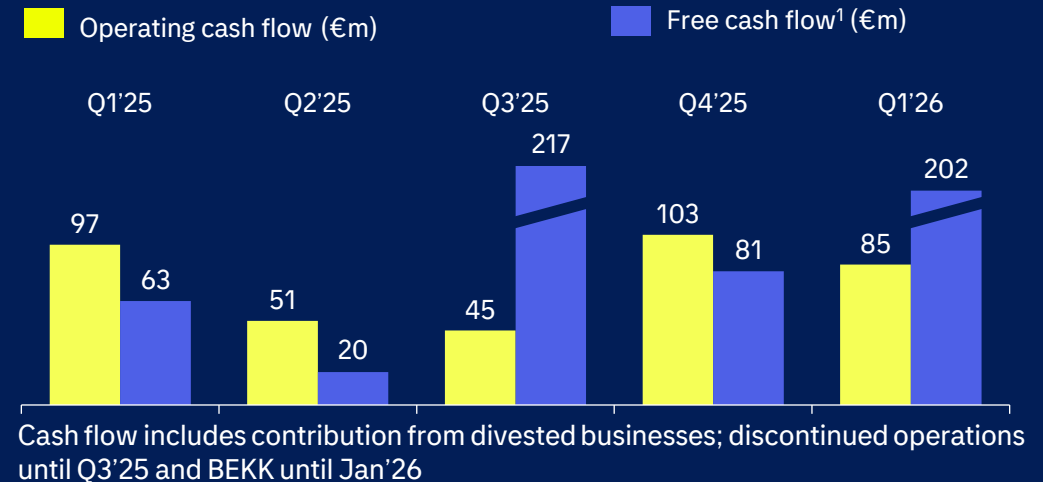
¹⁾ Comparatives include cost burden due to IFRS 5, €8.5m / 1.8pp

²⁾ Comparatives for Cash flow and Net debt include Discontinued Operations

Seasonally strong Q1 operating cash flow of €85m

- Cash flow from operations €85m (97) – underlying improvement YoY approx. €7m/9%
 - Supported by improved profitability
 - Seasonal net working capital decrease of €14m
 - Free cash flow¹ of €202m (63) impacted by net cash proceeds of €147m from the BEKK divestment
- Overall cash generation foundation remains healthy

- Interest bearing net debt €377m (807)
- Net debt/EBITDA 1.3x at end of Q1'26 – leverage at 1.2x excluding IFRS5 cost burden
- Net debt impacted by BEKK divestment proceeds, EBITDA R12m includes BEKK until Jan'27
- Leverage target level < 2x



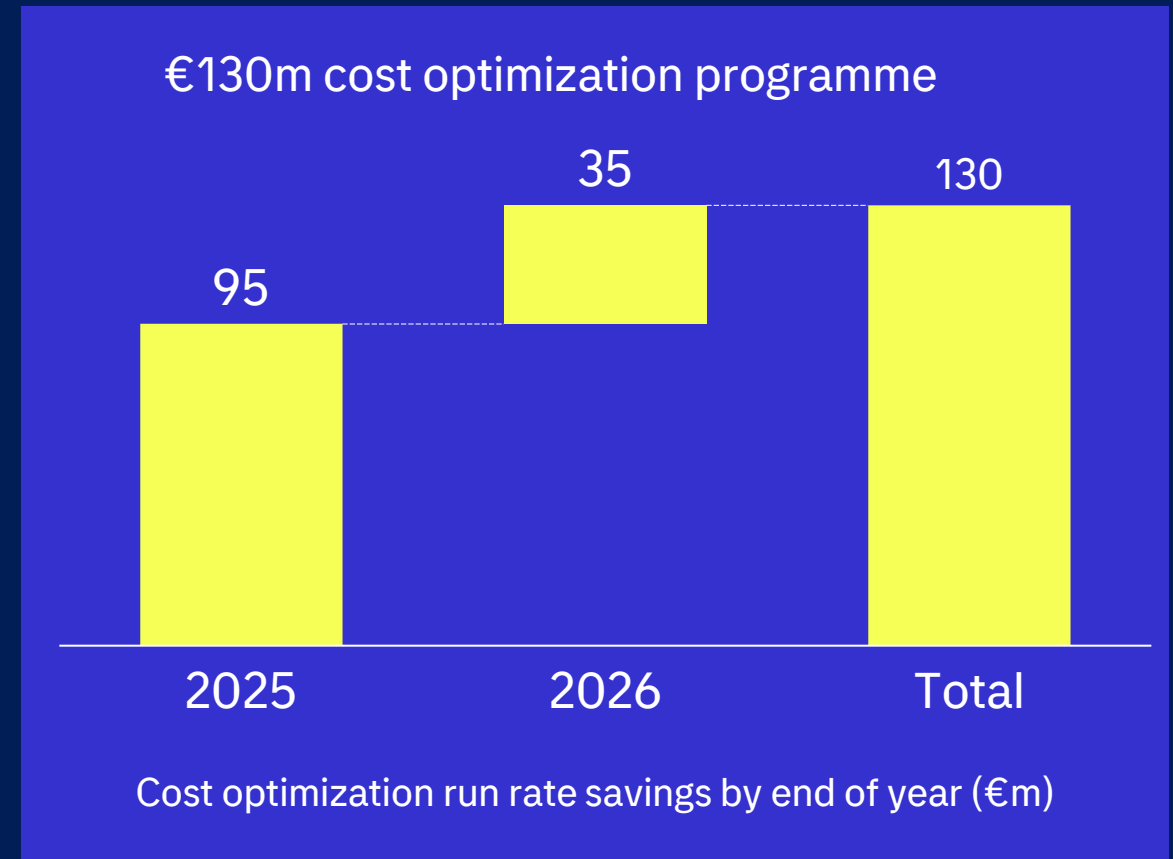
	Q1'25	Q2'25	Q3'25	Q4'25	Q1'26
Net debt	807	875	552	556	377
EBITDA R12m	372	359	228	252	296
Leverage	2.2x	2.4x	2.4x	2.2x	1.3x
Leverage excl. IFRS5 cost burden			2.2x	2.1x	1.2x

From Q3'25 onwards leverage (net debt/EBITDA) fully excludes Discontinued Operations

¹ Operating cash flow less cash flow from investing activities less payments of lease liabilities

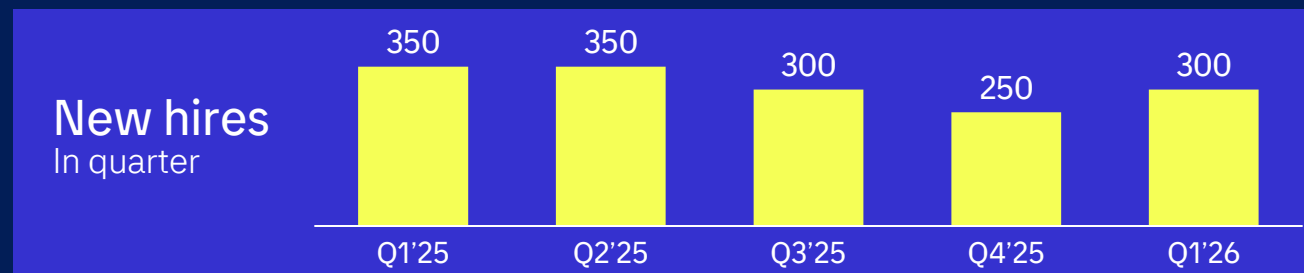
Cost optimization programme on track to deliver €130m – with €105m run rate realized by end of Q1

- Cost optimization target to deliver €130m run rate savings by end of 2026
- Execution on track with €105m run rate executed by end of Q1'26 (€95m in Q4'25)
- Total one-time programme costs estimated to be in the range of €55-60m, of which €46m have been incurred



Personnel reductions across all businesses

- LTM attrition at 7.6%, reflecting continued soft market environment
- Cost optimization continuing – net reduction of ~800 FTEs during the quarter
 - Tech Consulting personnel reduced by ~770 FTEs, of which net M&A reduction ~430 FTEs
 - Caretech personnel reduced by ~30 FTEs
- Overall Group personnel reduction of ~14% year-over-year (~2 100 FTEs)
- Group-level salary inflation expected to be 3-4% in 2026 (4% in 2025)



Outlook remarks – Q2'26

Growth drivers



Group revenue growth expected to improve from Q1 level

- **Tieto Tech Consulting:** Impacted by continued weak demand across all markets - growth expected to improve, but still remain negative
- **Tieto Banktech:** Impacted by ending of a significant (margin-dilutive) mainframe contract (negative ~6 pp.)
- **Tieto Caretech:** Headwind from declining legacy product business (negative ~5 pp.)
- **Tieto Indtech:** Solid order backlog supporting growth

Profit drivers



- Cost optimization programme across all businesses and support functions contributing to profit
- Annual salary increases taking effect from April

Other drivers



- Positive 0.1pp impact from working days

Q2 profitability outlook

Business

Q2'25 adj. EBITA %

Profitability outlook

Tech Consulting

10.0%

Above Q2'25 level

Banktech

10.5%

Above Q2'25 level

Caretech

24.4%

At or above Q2'25 level

Indtech

10.2%

Above Q2'25 level

2026 revenue growth dynamics – unchanged from Q4'25



Focused execution in 2026

Focused execution in 2026 – building momentum towards 2028

2026 Key priorities

- Strengthen client relationships
- Selective international expansion
- Leverage strategic partnerships
- Continue simplification activities
- Finalize the cost efficiency program