Creating digital advantage for businesses and society

Investor presentation
Outline

- TietoEVRY in brief
- Financial performance
- Growth agenda
- Financial targets and capital allocation priorities
- Investment highlights
- Appendix
TietoEVRY in brief
Diversified business with strong Nordic market presence

Markets
- Nordic enterprises and public sector with >80% of revenues
- Global software and product development services

Services
- Software
- Consulting
- Infrastructure

Employees
- Among largest Nordic technology employer ~12 000
- ~24 000 employees serving customers in ~80 countries

2020
- Revenue: €2 786m
- Adj. EBITA: 12.7%

Creating digital advantage for businesses and society – augmented by TietoEVRY merger
Our five service lines
Bringing global capabilities to the Nordics

<table>
<thead>
<tr>
<th>Service Line</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Digital Consulting</td>
<td>Consulting, system integration, managed application services across customer experience management, business applications, analytics, cloud advisory and cloud native development</td>
</tr>
<tr>
<td>Cloud &amp; Infra</td>
<td>Managed cloud, security and end-user services, including cloud migration advisory and transformation</td>
</tr>
<tr>
<td>Industry Software</td>
<td>Industry-specific software, SaaS solutions including related professional services for Public sector, (Case management, Healthcare, Welfare, Education), Industrial (Oil &amp; gas, Manufacturing, Utilities) and Data platform services</td>
</tr>
<tr>
<td>Financial Services Solutions</td>
<td>Software, SaaS, platform-based BPO and related professional services for core processes and functions for Financial Services industry - Core banking, Payments incl Cards, Credit and wealth management</td>
</tr>
<tr>
<td>Product Development Services</td>
<td>Advanced software R&amp;D services across Telecom, Automotive, Consumer Electronics industries</td>
</tr>
</tbody>
</table>

*Adjusted for amortization of acquisition-related intangible assets, restructuring costs, capital gains/losses, goodwill impairment charges and other items affecting comparability
Strong client base with major customer wins cross all Service Lines and countries
Highlights on ambitions relating to sustainable operations

PEOPLE

- **Gender balanced**
  - Workforce by 2030

- **Human rights**
  - Risk and impact assessment in the value chain

- **Fair and green supply chain**

- **Zero**
  - Breaches of privacy

PLANET

- **100% Circularity**
  - Reuse and recycling of hardware - own and customer

- **100%**
  - Use of green electricity in datacenters and offices

- **80%**
  - Reduction of CO2 emissions in scope 1 and 2 in 2020-2023

- **Avoided emissions**
  - Increase customer avoided CO2 with 10-15% annually

Carbon neutral

In own operations by 2025
Financial performance
Continuous improvement in key financial indicators

- **Revenue**
  - 2016: 1.5 b€
  - 2017: 2.8 b€

- **Dividend / share**
  - 2016: 1.32€
  - 2017: 1.15€
  - 2018: 0.22€**
  - 2019: 0.635€
  - 2020: 1.32€

- **Adjusted* EBIT**
  - 2016: 152 m€
  - 2017: 355 m€

- **Net cash flow from operations**
  - 2016: 97 m€
  - 2017: 355 m€

*Adjusted for amortization of acquisition-related intangible assets, restructuring costs, capital gains/losses, goodwill impairment charges and other items affecting comparability

** Additional dividend
Business highlights

Revenue EUR 722 million, organic growth* 2%
- Reported growth 5%, currency impact EUR 30 million
Adjusted EBITA** EUR 88.3 (80.4) million, 12.2% (11.7)

Growth profile in all businesses improved from Q1’21
Strong growth in Industry Software (13%) and Financial Services Solutions (9%)
Impact from pre-merger lost customers in Cloud & Infra appr. 3.5%
Profitability improvement driven by solid performance in software businesses and synergy contribution

* Adjusted for currency effects, acquisitions and divestments
** Adjustment items include restructuring costs, capital gains/losses, impairment charges and other items affecting comparability
Growth agenda
Accelerated growth through cloud, data and software

Growth driver
1. Capture the market digital momentum
2. Drive software differentiation and expansion
3. End-to-end solutions addressing customer complexity

Growth choice
- Public cloud services
- Data & Analytics solutions
- DevOps and automation
- Payments software and cards services
- Nordic healthcare and citizen services
- Product Development Services

Growth ambition
- >20%
- >10%

Key choices driving growth profile and business mix
Consistently improving digital business mix

### Digital
- Design, Customer Experience
- Cloud, Data & Insights
- Software/SaaS
- Product Development Services

- High growth in Digital Services driving sustainable growth
- DevOps and automation transforming managed services
- Accelerated decline in traditional infrastructure services with cloud adoption
- Investment level 4-5% of revenues focusing on Digital capabilities, AIOps and software development

### Transforming
- Managed services (apps and infra), packaged software, system integration

### Traditional
- Custom infrastructure services, legacy applications and software

Revenue mix:
- 2019: 49%
- 2023: 60%

Investment mix:
- 2019: 29%
- 2023: 27%

*Offering development investments
### Growth dynamics 2021

<table>
<thead>
<tr>
<th>Service Line</th>
<th>H1 2021</th>
<th>H2 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industry Software</td>
<td></td>
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<tr>
<td>Financial Services Solutions</td>
<td></td>
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<tr>
<td>Product Development Services</td>
<td>Neutral</td>
<td>Positive</td>
</tr>
<tr>
<td>Digital Consulting</td>
<td>Neutral</td>
<td></td>
</tr>
<tr>
<td>Cloud &amp; Infra</td>
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<tr>
<td>International Operations</td>
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**Growth agenda materializing as planned**

**Group growth of 2% in Q2’21**

**H2’21 all service lines except Cloud & Infra positively contributing to growth ambition**
2021 growth drivers

Drivers

Market driven by Cloud first strategies and data richness in customers’ operations

Covid-19 negatively impacting market growth in H1, normal market conditions from H2

Integration focus shifting to growth - growth programs launched in all key markets

TietoEVRY expects market to grow 0–2%, reflecting the impact from pandemic

All Service Lines expected to grow in 2021, except Cloud & Infra

TietoEVRY expects revenue to grow -1 to 2% impacted by lost customer headwinds from Cloud & Infra of appr. -2.5%

Realize value from the merger and begin market share gains
TietoEVRY expects its organic growth to be -1% to +2% (Revenue in 2020: EUR 2 786.4 million)

The company estimates its full-year adjusted operating margin (adjusted EBITA) to increase to 13–14% (12.7% in 2020)

1) Adjusted for currency effects, acquisitions and divestments
2) High dependency on the Covid-19 pandemic development. Assuming normal business environment from Q3 2021
3) Adjusted operating profit (EBITA) is fully comparable with previous definition for adjusted operating profit (EBIT). According to both definitions, amortization of acquisition-related intangible assets, restructuring costs, capital gains/losses, impairment charges and other items affecting comparability are excluded - whereas amortizations of other intangible assets and depreciations are included
Financial targets and capital allocation priorities
Financial targets 2023

- Growth* accelerating to 5% by 2023
- Adjusted EBITA 15% by 2023
- One-time items ~1% of revenue post 2021
- Net debt/EBITDA below 2 by the end of 2022
- Dividends to increase annually

* Excluding large M&A, adjusted for FX
## Service Line financial targets

<table>
<thead>
<tr>
<th>Service Line</th>
<th>Growth by 2023</th>
<th>EBITA (adj) by 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Digital Consulting</td>
<td>7–9%</td>
<td>15–17%</td>
</tr>
<tr>
<td>Cloud &amp; Infra</td>
<td>0–2%</td>
<td>11–13%</td>
</tr>
<tr>
<td>Industry Software</td>
<td>6–8%</td>
<td>20–22%</td>
</tr>
<tr>
<td>Financial Services Solutions</td>
<td>6–8%</td>
<td>18–22%</td>
</tr>
<tr>
<td>Product Development Services</td>
<td>8–10%</td>
<td>12–14%</td>
</tr>
<tr>
<td>TietoEVRY</td>
<td>5%</td>
<td>15%</td>
</tr>
</tbody>
</table>

- **Digital Consulting**
  - Scale data and cloud capabilities across Nordics and delivery centers
  - Benchmarked productivity and automation

- **Cloud & Infra**
  - Drive multi-cloud services reduce legacy
  - Accelerate AIOps and global delivery

- **Industry Software**
  - SaaS, enhance functionality and market expansion
  - Harmonized software R&D practices

- **Financial Services Solutions**
  - Expand banking, payments and cards
  - Realize scale from investments

- **Product Development Services**
  - Expand industry and market reach
  - Continue efficiency drive and invest for scale
## Capital allocation priorities

<table>
<thead>
<tr>
<th>Investing into the businesses</th>
<th>Investing in growth areas to support the 5% growth target of 2023</th>
</tr>
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### Use of free cash flow

<table>
<thead>
<tr>
<th>1</th>
<th>Dividend</th>
<th>Increased dividends annually*</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Deleveraging M&amp;A</td>
<td>&lt;2 Net debt/EBITDA by 2022 M&amp;A supporting growth</td>
</tr>
<tr>
<td>3</td>
<td>Distribution of excess capital</td>
<td>Extraordinary dividend</td>
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*baseline 2019 original dividend proposal of 1.27 €/share
Why invest in TietoEVRY?
TietoEVRY offers an attractive investment opportunity

Maximizing total shareholder return

<table>
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<th>Dividend</th>
<th>Increased dividends annually</th>
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</thead>
<tbody>
<tr>
<td>Share price appreciation</td>
<td>• Improved growth profile - 5%</td>
</tr>
<tr>
<td></td>
<td>• Improved profitability - 15% Adj. EBITA</td>
</tr>
<tr>
<td></td>
<td>• Improved free cash flow</td>
</tr>
<tr>
<td></td>
<td>• Realizing the full value potential from FSS and IS software businesses</td>
</tr>
</tbody>
</table>
Group structure and leadership

**Product Development Services (PDS)**
Harri Saloma

**Country teams**
- Finland, Satu Kiiskinen
- Sweden, Karin Schreil
- Norway, Christian Pedersen

**Service lines and PDS**
- Digital Consulting
- Cloud & Infra
- Industry Software
- Financial Services Solutions

**Group functions and CEO**
- Integration Officer, Malin Fors-Skjæveland
- CFO, Tomi Hyryläinen
- HR, Trond Vinje
- Operations, Ari Järvelä
- Strategy, Kishore Ghadiyaram
- CEO, Kimmo Alkio
Group Leadership

Managing Partner
Norway
Christian Pedersen

Managing Partner
Sweden
Karin Schreil

Managing Partner
Finland
Satu Kiiskinen

Head of Digital Consulting
Thomas Nordås

Head of Cloud & Infra
Johan Torstensson

Head of Industry Software and Financial Services
Christian Segersven

Head of Product Development Services
Harri Salomaa

Integration Officer
Malin Fors-Skjæveland

Head of Operations
Ari Järvelä

Head of HR
Trond Vinje

Head of Strategy
Kishore Ghadiyaram

CFO
Tomi Hyryläinen

CEO
Kimmo Alkio

Head of Operations
Ari Järvelä

Head of Strategy
Kishore Ghadiyaram

CFO
Tomi Hyryläinen
Digital Consulting

Business highlights

Revenue EUR 172 million, organic growth* 1%
Adjusted EBITA** EUR 23.0 (17.8) million, 13.4% (11.0)

Growth accelerating in cloud and technology consulting and data & analytics
Margin improvement driven by merger-related synergies and continuous efficiency improvement
Additional recruitment activities initiated to offset active talent market and to support growth in cloud, data and business applications

In Q3’21:
Adjusted operating margin anticipated to be below Q3’20 level

Organic growth* 1%
Adj. EBITA** 13.4% (up 2.4%)

* Adjusted for currency effects, acquisitions and divestments
** Adjustment items include restructuring costs, capital gains/losses, impairment charges and other items affecting comparability
**Business highlights**

Revenue EUR 219 million, organic growth* -10%

Adjusted EBITA** EUR 13.2 (26.6) million, 6.0% (11.5)

Pre-merger lost customer impact of appr. 10% on revenue

Turnaround programme on schedule:
- Continued quality improvement demonstrated
- Capacity reduction in legacy services and automation driving profit improvement in H2’21

Strong book to bill 1.4 – significant renewals and new multi-cloud contracts

In Q3’21:
Revenue decline expected to be less than Q2’21

Adjusted operating margin expected to be above Q2’21 and below Q3’20 level

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* Adjusted for currency effects, acquisitions and divestments

** Adjustment items include restructuring costs, capital gains/losses, impairment charges and other items affecting comparability
Industry Software

**Business highlights**

Revenue EUR 139 million, organic growth* 13%
Adjusted EBITA** EUR 32.2 (18.4) million, 23.1% (15.0)

Continued strong growth in healthcare and welfare business
Profit development driven by revenue growth and continuous efficiency improvement
Oil & Gas divestment closed on 7 June

In Q3’21:
Adjusted operating margin anticipated to be at the level of Q3’20

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

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**Organic growth**
13%

**Adj. EBITA**
23.1% (up 8.1%)

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Adj. EBITA % | Revenue
---|---
Q220 | 122 | 15.0%
Q320 | 115 | 21.7%
Q420 | 134 | 26.2%
Q121 | 136 | 20.1%
Q221 | 139 | 23.1%
Financial Services Solutions

**Business highlights**

Revenue EUR 119 million, organic growth* 9%

Adjusted EBITA** EUR 16.3 (12.0) million, 13.7% (11.8)

Growth driven by strong performance in core banking, payments and cards businesses

Profit development driven by revenue growth and continuous efficiency improvement

Investment level maintained to support delivery of won new business in cards and core banking

**In Q3’21:**

Adjusted operating margin anticipated to be at or above Q3’20 level

---

- * Adjusted for currency effects, acquisitions and divestments
- ** Adjustment items include restructuring costs, capital gains/losses, impairment charges and other items affecting comparability
Business highlights

Revenue EUR 36 million, organic growth* 2%
Adjusted EBITA** EUR 3.7 (4.0) million, 10.4% (11.5)

Market activity and demand increasing in all key industries
Additional recruitment activities initiated to offset active
talent market and to support H2 growth opportunities
Significant over EUR 30 million contract over 2 years
signed with a major global tech industry leader

In Q3’21:
Adjusted operating margin anticipated to be at Q3’20 level

* Adjusted for currency effects, acquisitions and divestments
** Adjustment items include restructuring costs, capital gains/losses, impairment
charges and other items affecting comparability
International Operations – strong capabilities in digitalization and cloud

Capturing demand for transformation and future digital services

• Enhancement of digital customer and citizen experiences
• Digitalization of business processes e.g., supply chain and financial management
• Transition to cloud-based applications and infrastructure services

Leveraging capabilities in SAP and Microsoft technologies as well as custom cloud-native software development and testing

Q2 revenue
EUR 37 million

Organic growth in Q2
19%

About International Operations
• Digital consulting services for markets outside the Nordics
• Deliveries through scalable centres in India and Ukraine
• Focus on industrial, public and telecom sectors in Europe, healthcare, insurance and professional services in the US
• International Operations included in reporting segment Other