

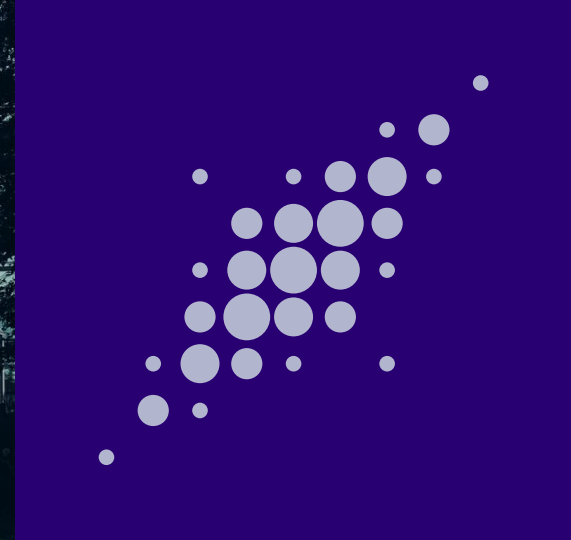
Q4 2024

Soft market continued –  
strong cash flow

Kimmo Alkio, President and CEO  
Tomi Hyryläinen, CFO



# Soft market continued – strong cash flow



Organic growth  
-7% – weaker  
market demand  
impacting all  
businesses

Adjusted EBITA  
of 12.8% –  
improved  
profitability in  
TietoEVRY Care  
and TietoEVRY  
Banking

Strong operating  
cash flow of EUR  
128 million

Resilient full-year  
profitability –  
increased  
dividend of EUR  
1.50 (1.47) per  
share proposed

TietoEVRY Tech  
Services strategic  
review expected to  
be concluded in  
March – sales  
process in final  
stages with the non-  
industrial buyer

# Market softness continues into 2025 – accelerating AI adoption



Market demand for IT services continues to be weak, lower demand environment also impacting software businesses

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

AI market adoption accelerating – most visible in demand for data services and AI embedded software

Continued high attention on cybersecurity resilience and regulatory compliance



# 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%)

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

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

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

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

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) Distributed from retained earnings or other unrestricted equity

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

## Climate action

**87% reduction** in GHG emissions since 2020 – aim for **90%** reduction from 2020 level by 2026

## Circular economy

**96% (93) reuse and recycling of devices** for internal use – aim for 100% annually

## Diversity

**34% (32)** of female hires in 2024 – aim for 37% by 2025

## Responsible AI

97% completion rate of annual **Responsible AI training** launched in H2'2024 – 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

# Actively advancing with customers in data, cloud and AI-GenAI – Q4'24 wins



**Tietoevry Banking** supports Bank Norwegian's, a branch of NOBA Bank Group, strong growth in the Nordics and Europe with a comprehensive range of card services, including 24/7 fraud prevention and support services.

Mentormate, part of **Tietoevry Create**, provides Tactile Medical mobile application and device integration on their core medical device products worn to treat multiple conditions. Tactile Medical is a leader in the US at-home therapy devices that treat lymphedema and chronic venous insufficiency.

**Tietoevry Tech Services** provides municipalities in Norrbotten, Sweden, digital infrastructure within a secure and state of the art solution, sovereign cloud, that meets the customers' strict data requirements.

**Tietoevry Industry's** Public 360° solution introducing digitization, automation and AI selected by:

- Falu Municipality in Sweden, signifying Tietoevry's expansion within the municipal market,
- Brønnøysundregistrene (Brreg), an important public sector player in Norway.

Two major wellbeing services counties in Finland, Eastern and Western Uusimaa, selected **Tietoevry Care's** Lifecare EHR system for primary healthcare, social services and dental care and in Eastern Uusimaa, also for the management of home care services. The data- and user experience-driven Lifecare streamlines the work of professionals and is today used by 16 of 21 wellbeing services counties, serving over 3 million Finns.

# AI adoption accelerating – most visible in data services and AI embedded software



## Key benefits of AI to businesses

ENHANCE  
PRODUCTIVITY

NEW PRODUCTS

### For **Tietoevry Create**

AI services continue to expand - new contracts won in Europe and US, with significant customer business impact. Framework for AI Ethics, Safety, Security and Regulatory (ESSR) compliance launched in the US.

### **Tietoevry Care**

systematically building on its long-term data and AI focus within healthcare and social care. GenAI powered Smart Notes functionality embedded to main Lifecare solution – customer deployments starting.

**Tietoevry Banking** continues to spearhead AI in Financial Crime Prevention; supervised AI models for Fraud Detection, and unsupervised learning with GenAI for Anti-Money Laundering. Also, leveraging GenAI and LLMs for Compliance Assistants and Customer Support Services, for efficiency and accuracy.

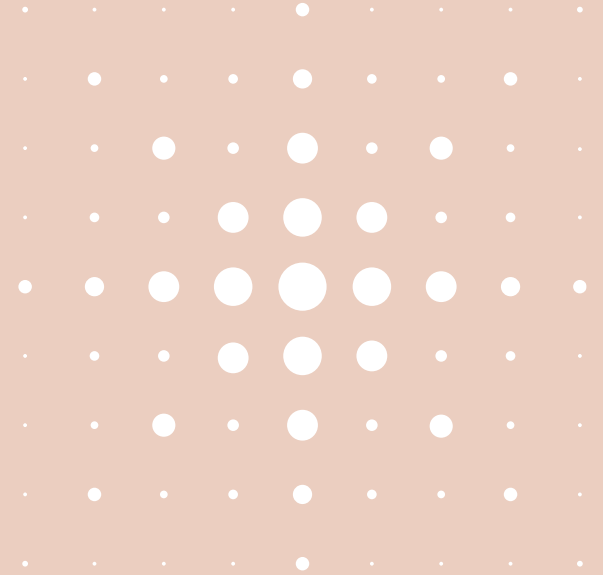
### Public 360° by

**Tietoevry Industry** is pioneering safe and ethical adaption of AI in public institutions. By embedding AI in case management processes, 10000s of civil servants and citizens across the Nordics already benefit from increased transparency while keeping control of citizen privacy.

### **Tietoevry Tech**

**Services** continues to foster data and AI-GenAI acumen internally and for customers, recent advancements including: ~20 GenAI PoCs in software development, use cases developed for service desk and GenAI innovation framework implemented for customers.

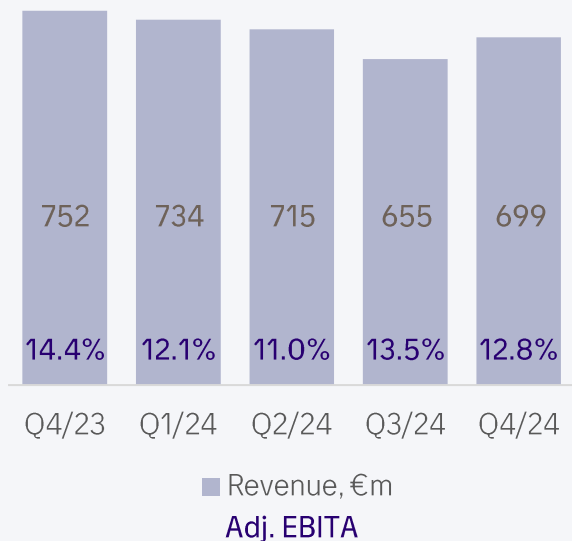
# Business highlights





# Tietoevry Group

## Soft market continued – strong cash flow



Organic growth<sup>1</sup>

**-7%**

(1%)



Adj. EBITA<sup>2</sup>

**12.8%**

(14.4%)

€89m (108)



Cash flow from operations

**€128m**

(€153m)



Order backlog

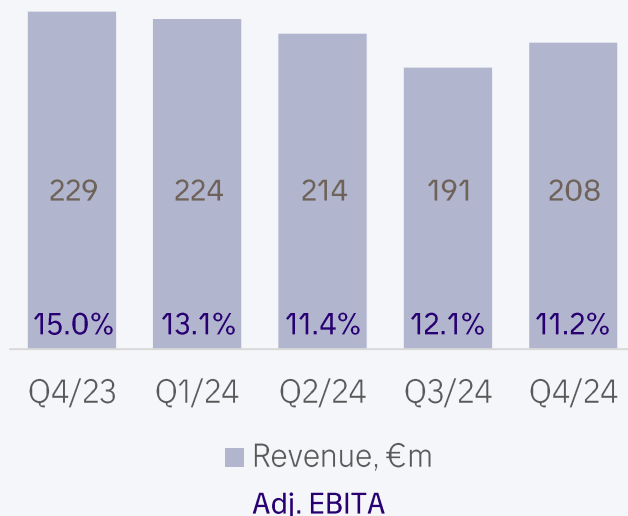
**+2%<sup>1</sup>**

€3,261m (3,236)



# Tietoevry Create

## Soft market impacting performance



Organic growth

**-8%**

(1%)

Adj. EBITA

**11.2%**

(15.0%)

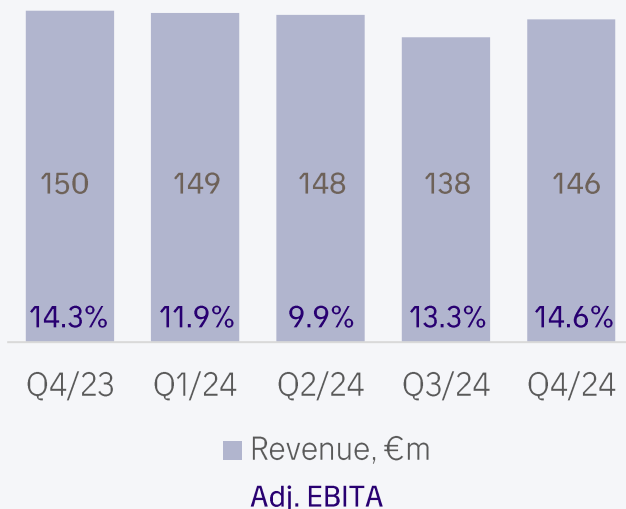
€23m (34)

## Highlights

- Soft market impacting overall demand - weak performance in Sweden and Norway, and budgetary reductions in Telecom
- Lower internal revenue impacting growth by ca. 2 pp.
- Profitability impacted by price pressure and lower billing rate – capacity management activities on-going.
- Indications of US market recovery and new customer wins in US healthcare.
- AI services continue to expand and new contracts with significant customer business impact won in Europe and US.

# Tietoevry Banking

## High revenue comparable – stable profitability



Organic growth

-2%

(5%)

Adj. EBITA

14.6%

(14.3%)

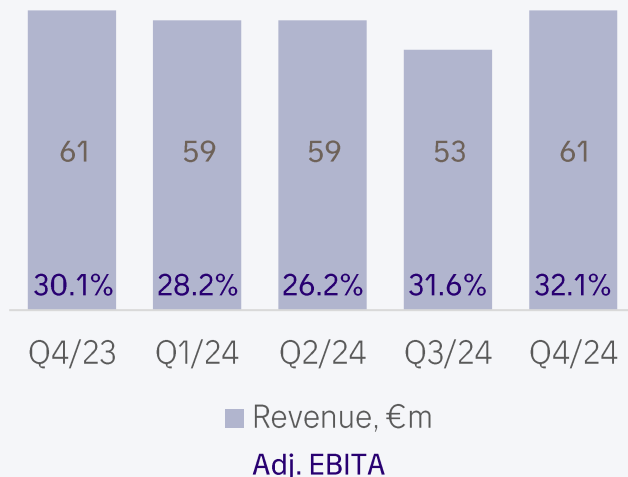
€21m (21)

## Highlights

- Norwegian bank merger impacting growth – impact ca. -4 pp.
- Growth continued in Credit, Cards and Financial Crime Prevention
- Record-high order backlog supported by long-term contracts
- Stable profitability – affected by ca. €2m increase in depreciation of capitalized R&D

# Tietoevry Care

## Strong profitability – significant wins in Finnish healthcare market



Organic growth

# 0%

(2%)

Adj. EBITA

# 32.1%

(30.1%)

€20m (18)

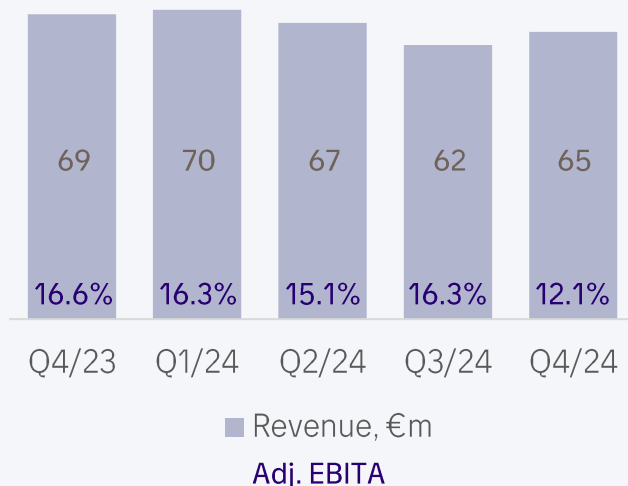
## Highlights

- Growth impacted by decline of legacy product business (-3 pp.) and lower demand due to public sector deficits
- Significant wins in Finnish wellbeing counties with our competitive Lifecare solution - 16/21 wellbeing counties deploying/running on Lifecare
- Continued investments in go-to-market activities and Lifecare localization for Norway
- Gen-AI powered Smart Notes functionality embedded to main Lifecare solution – customer deployments starting



# Tietoevry Industry

## Weak quarter - one-time headwinds and pockets of market softness



Organic growth

**-5%**

(6%)

Adj. EBITA

**12.1%**

(16.6%)

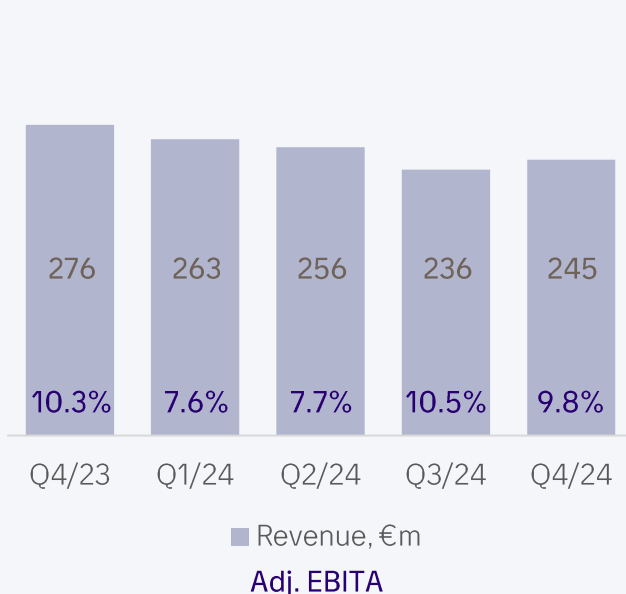
€8m (11)

## Highlights

- Significant decline in pulp, paper & fibre industry due to customer investment postponements
- Public 360° growth impacted by reduced public sector spend especially in Finland
- Continued healthy underlying growth in Data Platforms
- One-time customer settlements impacting growth and profitability, impact -2 pp.
- Profitability impacted by temporary overcapacity in Pulp, Paper & Fibre and Public 360°. Efficiency measures ongoing

# Tietoevry Tech Services

## Resilient profitability in a soft market – healthy Cloud platforms and Security growth



Organic growth

**-11%**

(-2%)

Adj. EBITA

**9.8%**

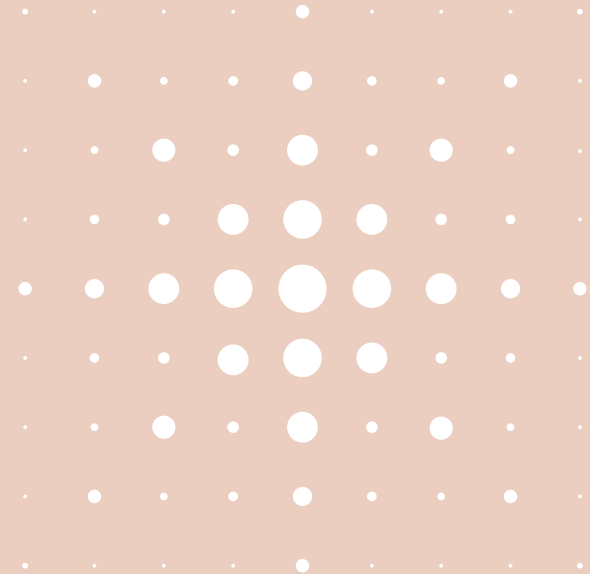
(10.3%)

€24m (29)

### Highlights

- Negative revenue development impacted by volatility in HW/SW sales, impact -3 pp., and by overall market softness
  - Cloud platforms & Security +36%
  - Data & Application Services -3%
  - Traditional infrastructure -10%
  - End-user Services -22%
- Ransomware-event related customer settlements impact -2 pp. on growth and profitability
- Healthy profitability driven by improved operational efficiency

# CFO report



# Soft market continued in Q4 – strong cash flow

## Q4'24 financial update

- Organic growth of -7% impacted by soft market
  - Ransomware-event related customer settlements impacting growth and profitability ~1 pp. as expected
- Profitability mainly impacted by revenue decline – active cost base management ongoing in all businesses
- Full year one-time items in line with earlier indications
  - Strategic review one-time items of € 13m / 0.5% of revenue incurred in 2024
  - Other one-time items of € 58m / 2.1% of revenue incurred in 2024
- Goodwill impairment loss (non-cash) of € 200 million in Tech Services as part of the annual impairment testing; the remaining carrying amount of goodwill held by Tech Services is € 234 million.
- Strong operating cash flow of € 128m and increase in proposed dividend\* of € 1.50 per share

	Q4'24	Q4'23
Revenue and growth		
Revenue	699	752
Organic growth, %	-7%	1%
Acquisitions & divestments, %	0%	2%
Foreign exchange rates, %	0%	-6%
Total growth, %	-7%	-2%
Org. growth adj. for working days, %	-7%	2%
Order backlog	3 261	3 236
Profitability		
Adj. EBITA	89	108
Adj. EBITA margin	12.8%	14.4%
One-time items	23	13
EBIT	-144	84
EBIT margin	-20.6%	11.2%
Cash flow and leverage		
Cash flow	128	153
Free cash flow	108	125
Net debt	872	912
Leverage (net debt/EBITDA)	2.2x	2.2x
CAPEX	18	28

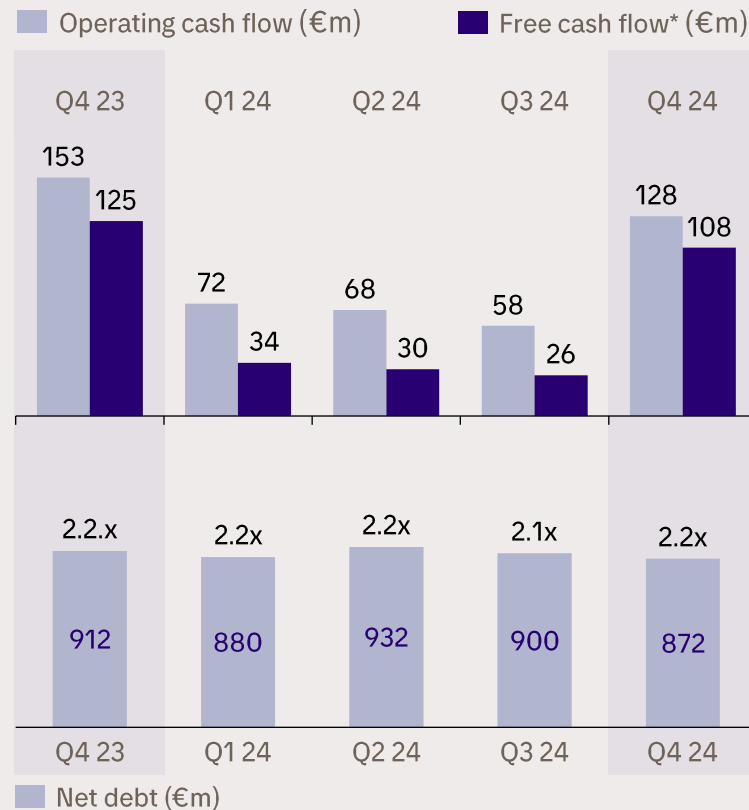
All numbers in €m

\* Distributed from retained earnings or other unrestricted equity



# Q4 strong operating cash flow of €128m

- Cash flow from operations €128m (153)
    - Net working capital decrease of €44m, driven by seasonal increase in vacation accruals and accounts payable
  - Free cash flow\* of €108m (125), supported by €13m from Buypass disposal
  - Healthy cash generation foundation
- 
- Interest bearing net debt €872m
  - Net debt/EBITDA 2.2x (2.2x) at end of Q4'24 – leverage target level 1.0x - 2.0x
  - Signed two-year term loan facility of €300m for refinancing of €300m bond maturing in July'25

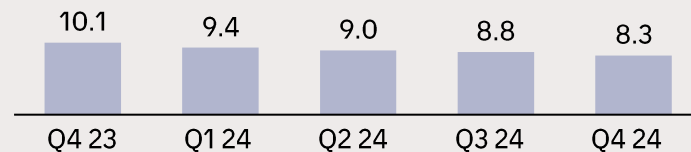


\* Operating cash flow less cash flow from investing activities less payments of lease liabilities

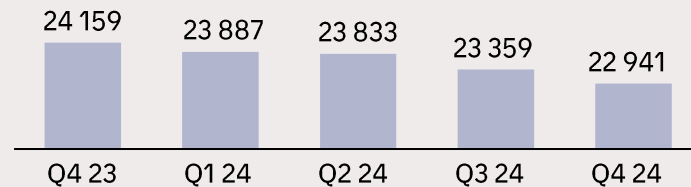
# Active capacity management – LTM attrition continues to decline

- Continued decline of LTM attrition to 8.3% - reflecting soft market conditions
- Cost management measures driving capacity reduction from Q3'24
  - Tietoevry Create capacity reduced by 200 FTEs
  - Tietoevry Banking capacity reduced by 100 FTEs
  - Tietoevry Tech Services capacity reduced by 50 FTEs
  - Minor FTE reductions in Tietoevry Industry and Tietoevry Care
- Group-level salary inflation approx. 4.5% in 2024 - expected to be 4-5% in 2025

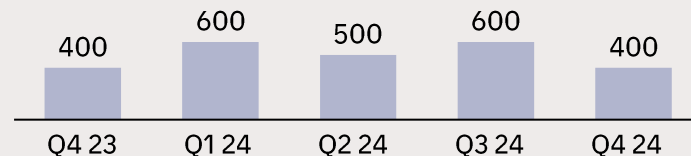
## Attrition % last twelve months (voluntary)



## Personnel End of period



## New hires In quarter



# Performance drivers – Q1'25

## Growth drivers



### **Q1 growth expected to be negative – driven by continued market softness**

- Tietoevry Create impacted by continued weak demand and reducing internal revenue with negative ~2 pp. on growth
- Tietoevry Banking impacted by Norwegian bank merger – negative ~4 pp. impact on growth
- Tietoevry Care impacted by declining legacy product business in Norway and Sweden with negative impact of ~4% and lower demand due to public sector deficits in Finland and Sweden
- Tietoevry Industry continues to be impacted by customer investment postponements in pulp, paper and fibre and constrained public sector budgets in Finland and Sweden
- Tietoevry Tech Services continues to be impacted by soft market

## Profit drivers



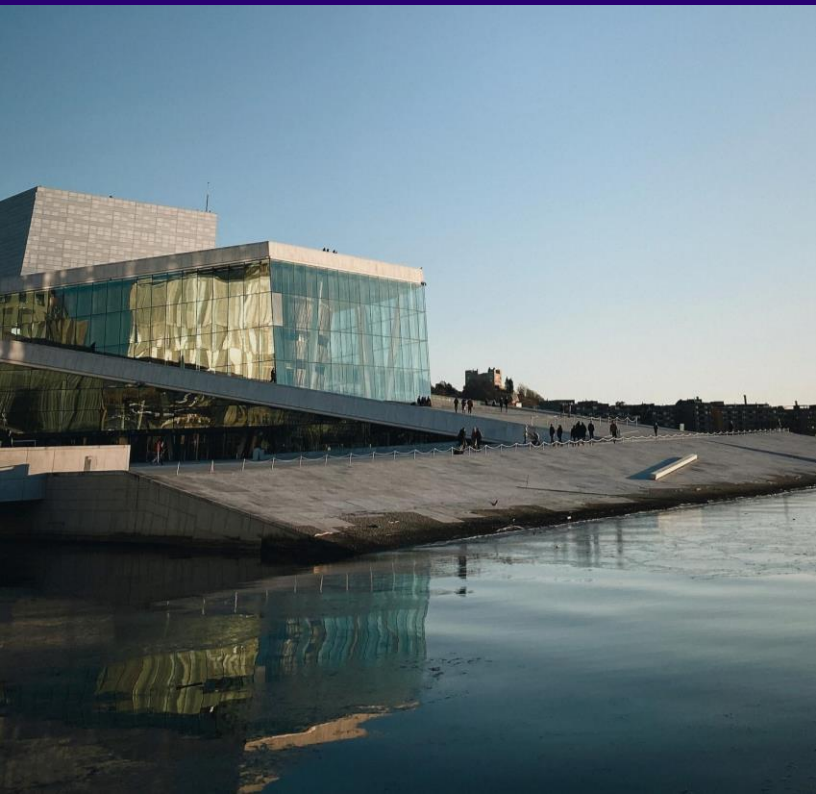
- Soft market conditions increase pressure on margins - efficiency measures expected to support Q1 profits
- Increased Mainframe software license costs in Tietoevry Banking and Tietoevry Tech Services
- Annual customer price discounts effective in January, impacting Tietoevry Tech Services
- Less working days impact on profitability ~0.5 pp.

## Other drivers



- Negative FX impact on revenue of ~€9m
- 0.7 less working days in Q1'25 – negative 0.7% impact on organic growth

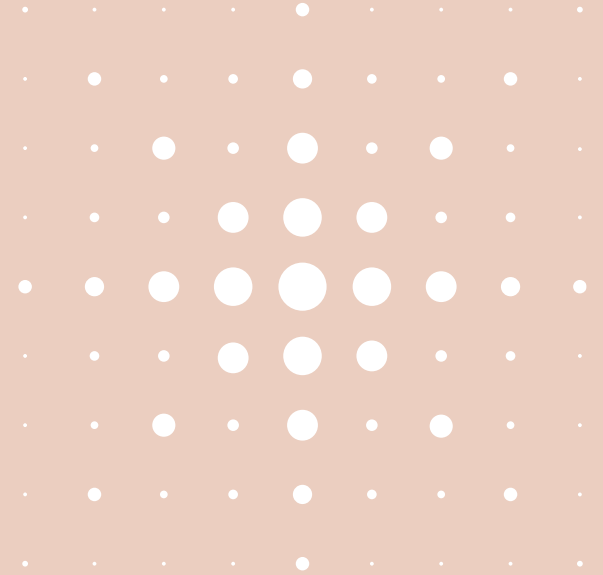
# Q1 profitability outlook



Business	Q1'24 adj. EBITA %	Profitability outlook
Tietoevry Create	13.1%	<b>Below</b> Q1'24 level
Tietoevry Banking	11.9%	<b>Below</b> Q1'24 level
Tietoevry Care	28.2%	<b>Below</b> Q1'24 level
Tietoevry Industry	16.3%	<b>Below</b> Q1'24 level
Tietoevry Tech Services	7.6%	<b>At</b> Q1'24 level



# Our way forward



# Guidance for 2025



Organic growth  
**-3 to +1%**

(2024: €2 803m / -2%)

Adjusted EBITA  
**12.0–13.0%**

(2024: €345m / 12.3%)

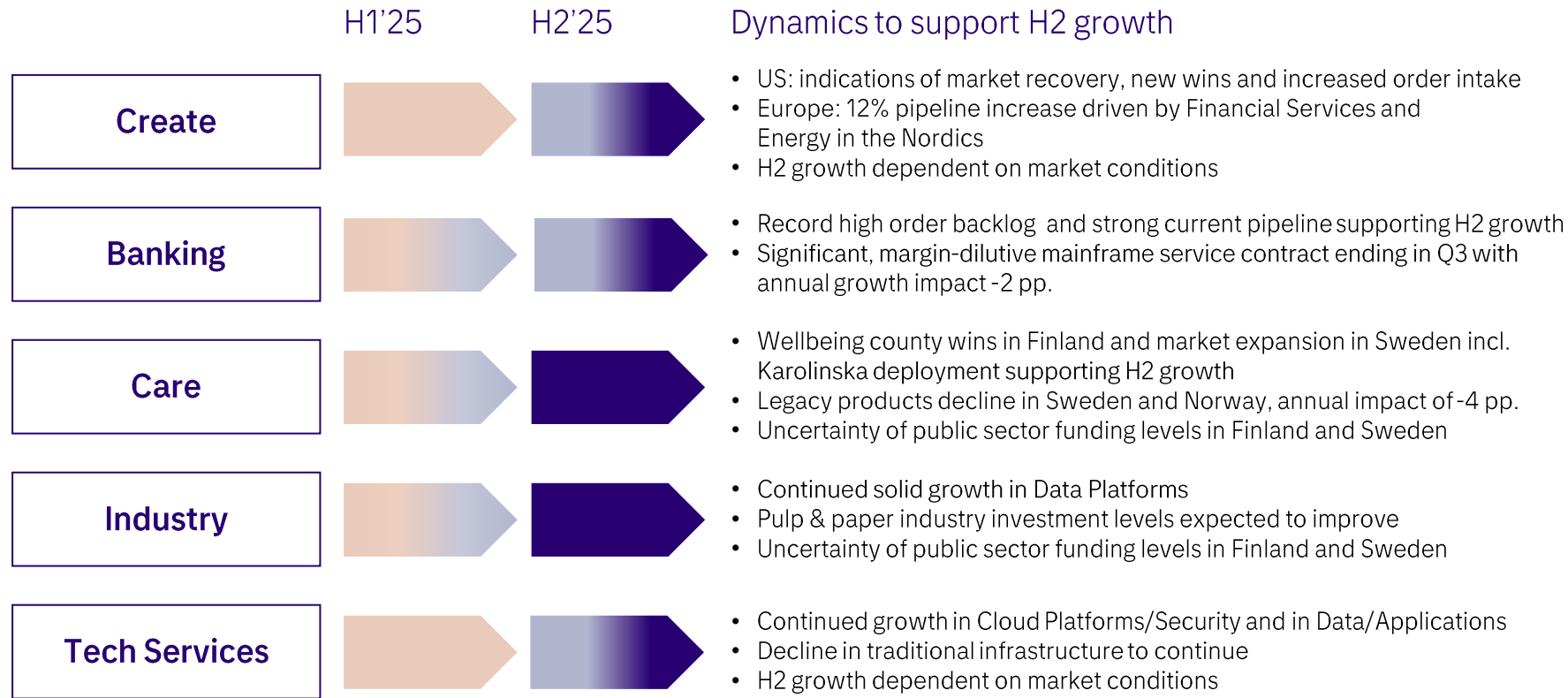
Weak market conditions to continue into 2025 with low to modest market recovery expected in H2'25

Guidance range reflects macroeconomic uncertainty

High emphasis on business resilience and cost efficiency in a low demand environment to continue

Significant margin-dilutive mainframe services contract ending in Q3 – approx. -0.4 pp. impact on full-year growth

# Growth dynamics 2025 – market recovery expected H2



Contribution towards business annual growth

Negative
 Neutral
 Positive

# Exciting agenda to build the future in the AI enabled software and digital world



Strategic transformation towards software and digital engineering future

Continue to focus on resilience in all businesses, while investing into future growth

Accelerate AI adoption towards all customer engagements, AI enabled software and operational efficiency

TietoEVRY Tech Services strategic review to be concluded in March