tietoevry

Q2

2023

Solid underlying performance – growth 3%, profitability 10.5%

- Growth driven by Tietoevry Banking, Care and Create
- Performance impacted by continued high inflation and fewer working days
- Ongoing efficiency measures and strong order backlog, organically up by 8% for H2'23, supporting full-year performance
- Tietoevry Banking strategic review conclusions updated to early 2024, Tietoevry Tech Services strategic review progressing as planned
- Tietoevry acquires US-based digital engineering company MentorMate (announced on 21 July)

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Tietoevry Transform and Tietoevry Connect have been combined to form Tietoevry Tech Services, operational as from 1 April 2023. Financials for Tietoevry Tech Services as a new reportable segment are reported from the second quarter of 2023.

Key figures in the second quarter

Revenue, EUR million

695 (739)

Organic growth[1)]

3% (5%)

Adjusted[2)] operating profit (EBITA[3)]), EUR million

73 / 10.5%
(79) (10.7%)

Cash flow from operations, EUR million

11 (8)

Net debt/EBITDA

1.6 (1.6)

Order backlog

Up by 6%[4)]
EUR 3 350 (3 400) million
Backlog to be invoiced in H2'23 up by 8%[5)]

	4–6/2023	4–6/2022
Revenue, EUR million	695.2	739.1
Change, %	-6	2
Organic growth[1)], %	3	5
Operating profit (EBIT), EUR million	41.2	39.7
Operating margin (EBIT), %	5.9	5.4
Adjusted[2)] operating profit (EBITA[3)]), EUR million	72.9	78.7
Adjusted[2)] operating margin (EBITA[3)]), %	10.5	10.7
Profit after taxes, EUR million	25.3	21.8
EPS, EUR	0.21	0.18
Cash flow from operating activities, EUR million	11.5	8.4
Capital expenditure, EUR million	18.9	23.9
Order backlog	3 350	3 400
Interest-bearing net debt, EUR million	735.2	716.2
Personnel on 30 June	23 958	24 363

Full-year outlook for 2023 unchanged

Tietoevry expects its organic[1)] growth to be 5% to 7% (revenue in 2022: EUR 2 928.1 million).

The company estimates its full-year adjusted operating margin[2)] (adjusted EBITA[3)]) to be 13.0–13.5% (13.0% in 2022)

[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)] Profit before interests, taxes and amortization of acquisition-related intangible assets
[4)] Adjusted for the impact of exchange rates and divestments
[5)] The amount to be invoiced in the remaining part of 2023, adjusted for the impact of exchange rates and divestments.

For reconciliation, see section Alternative performance measures.

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CEO's comment

Comment regarding the interim report by Kimmo Alkio, President and CEO:

"I'm pleased with our first-half performance with good growth of over 5% and a year-on-year improvement in profitability. Following six consecutive quarters of strong growth, we had lower growth at 3% in the second quarter while delivering profitability of 10.5%, at the previous year's level. Healthy growth continued in our software businesses of Tietoevry Banking and Care, and in our digital engineering business, Tietoevry Create. Group-level growth was impacted by declining revenue in Tietoevry Tech Services. Our second-quarter performance was impacted by continued high inflation and fewer working days. We expect the second-half performance to be seasonally strong, supported by our healthy order backlog and the realization of ongoing efficiency measures.

Our competitive specialization-based strategy supports Tietoevry in the current market conditions. Demand for our advanced industry-specific software has remained healthy, the international markets have strong growth potential for our digital engineering business and we are well positioned to drive enterprise-wide transformation for our Nordic clients. In the current era of demand fluctuations in the industry at large, our business mix of software and services provides healthy resilience.

We have taken major steps in the execution in our strategy, including portfolio decisions to advance Tietoevry as a software and digital engineering company. In addition to the ongoing strategic reviews of Tietoevry Banking and Tech Services, we have today announced the acquisition of MentorMate, a US-based digital engineering company with global capabilities. With a strong customer base in the US and more than 1 000 digital engineering talents in Bulgaria, Paraguay and the US, MentorMate accelerates Tietoevry Create's ambition to become a leading digital engineering player globally.

Strategic reviews of Tietoevry Banking and Tech Services are progressing with high activity level. Our Banking management is finalizing the strategy and establishing operations as a standalone business. Standalone legal structures for the business are in place and conclusions from the strategic review are expected during early 2024, followed by the implementation. Tietoevry Tech Services started to operate as an integrated business at the beginning of the second quarter, and further operational simplification is ongoing. All preparations aiming for a potential sale or listing as a spin-off of Tech Services, as announced earlier are on track.

Generative AI provides attractive opportunities for our businesses with both new growth paths with AI enhanced products and services and productivity improvement in own operations. We work actively with our enterprise customers and Gen AI partners to gain the experience and benefits of this revolutionary technology. Our recent use cases with customers in healthcare, banking, retail and manufacturing demonstrate the potential for rapid innovation and new enhanced forms of human to machine interaction. We have supported our customers through all major technology cycles and disruptions, and with Gen AI we aim to be one of the leading players in the market to realize the value of this highly innovative technology.

Our hearts and minds remain with our colleagues in Ukraine as the devastating situation in the country continues. We are proud of our Ukrainian colleagues and will keep supporting them and their families with all possible measures.

During the first half of the year, we actively continued to enforce diversity as part of our culture with focused activities – we supported the SHE Conference in Norway to inspire more women to enter technology careers and engaged our teams on the values of Pride and related activities. We also participated in the major societal discussion weeks of SuomiAreena in Finland and Almedalen in Sweden to drive dialogues on issues such as the capabilities of data in detecting financial fraud, digital sovereignty, the green shift of industries as well as the benefits of Generative AI in the healthcare sector. We believe that being an active corporate citizen contributes to the best interests of society and our customers, and enhances our attractiveness as one of the best employers in the industry".

Tietoevry's quarter in brief

Organic growth 3%

Organic growth was 3% in the second quarter while cumulative growth for the first six months remains healthy at over 5%. Second-quarter growth was driven by Tietoevry Banking and Tietoevry Care with revenue growth of 11% and 7%, respectively, and Tietoevry Create with growth of 5%. The lower number of working days had an impact of 1.4 percentage points on Group-level growth. Furthermore, growth was impacted by negative growth in Tietoevry Tech Services, primarily due to the acceleration in the decline in traditional infrastructure services and reduced hardware and software reselling. Organic growth for Tietoevry Industry was 3%. The quarter ended with a strong order backlog. Adjusted for the impact of exchange rates and divestments, the amount to be invoiced in the remaining part of 2023 is up by 8% from the corresponding period of 2022.

Adjusted operating margin 10.5%

Adjusted operating margin was 10.5%, impacted by continued high technology cost and salary inflation as well as fewer working days. For the first six months, adjusted operating margin was 11.4%, up from the previous year's level. Ongoing efficiency measures in Tietoevry Tech Services and Tietoevry Banking coupled with the strong order backlog are expected to drive performance uplift in the second half from the first half of 2023. Personnel attrition continues to decline and was 12.5% (16.3% in the second quarter of 2022, rolling 12 months).

Tietoevry Banking strategic review conclusions updated to early 2024 and Tech Services strategic review progressing as planned

Active renewal of the company's portfolio and identity is an essential part of our strategy and the previously announced strategic reviews of Tietoevry Banking and Tech Services play an integral role in this. Strategic review of Tietoevry Banking is progressing well and the legal structures have now been established. Further work remains for the business management to complete the build-up of the operations enabling Tietoevry Banking to function as a fully independent company. In light of the holistic readiness consideration, the strategic review decisions are planned to take place during the early part of 2024, followed by implementation. In regard to the strategic review of Tietoevry Tech Services, a significant step was achieved during the second quarter as it began operating as an integrated business. Tietoevry Tech Services is uniquely positioned to drive enterprise-wide transformation in the Nordics and the strategic review of this business is progressing as planned.

Tietoevry Tech Services initiated efficiency measures in May

During the second quarter, Tietoevry Tech Service initiated operational simplification and announced efficiency measures in May, including employee processes that may lead to a potential reduction of a maximum of 500 roles globally.

Significant agreements

Tietoevry Industry to help Hamar kommune create value from data

During the quarter, Tietoevry Industry and Hamar kommune in Norway made an agreement on data services. The client aims to use technology to create value from data and enable Hamar kommune to realize a smart data hub to become more insight-driven in its operations and services towards citizens. The project involves ten other municipalities and seven intermunicipal agencies, having the option of purchasing this solution. Upon the completion of this innovation project, Tietoevry will own proprietary rights to the developed software.

Offshore Norge chose Tietoevry Create to develop efficient supply chain and inventory management

Tietoevry Create and Offshore Norge, an employer and industry organization for companies with activities related to the Norwegian Continental Shelf (NCS), made a three-year agreement on delivering a material management software portfolio and application maintenance. Tietoevry will support the client in developing and integrating efficient supply chain and inventory management solutions for operators and suppliers across the NCS. Furthermore, the ambitions of this collaboration include ensuring a sustainable future for document sharing, equipment management and surplus handling.

Ostrobothnia chose Tietoevry Care's Lifecare as its new client and patient information system

The wellbeing services county of Ostrobothnia in Finland chose Tietoevry Care's Lifecare as its new client and patient information system. Lifecare will be used in Ostrobothnia's social and primary healthcare and in specialized medical care. The open data model adapts to the customer's various workflows and enables the exploitation of both clinical and operational information, e.g. with the use of Artificial Intelligence. The shared client and patient information system supports the development of services in Ostrobothnia and healthcare professionals will be able to focus on providing seamless health and social care services.

Tietoevry Industry to deliver Göteborg Energi a new solution for billing – driving improved customer experience

Göteborg Energi chose Tietoevry Industry to deliver a new output management solution for a billing system. The agreement includes the entire output solution, covering, among other things, digital mailboxes, EDI invoices, printed invoices – and the future invoice, Live Invoice, as an option. Göteborg Energi made high demands on solution functionalities with improved customer experience and environmental adaptations. Tietoevry provides Göteborg Energi with a cost-effective service with high delivery precision and security.

Oslo municipality chose Tietoevry Tech Services' solution contributing to resource planning and business management

Tietoevry Tech Services won two public tenders with Oslo municipality and signed two new contracts in Norway for the company's Unit4 ERP solution. The four-year agreements, with an option for annual extension for additional four years, have a total contract value of NOK 280 million. The client foresees that Unit4 will be an important part of its resource planning and business management

IT market development

The market is expected to be dynamic in 2023 with continued macroeconomic uncertainty. Technology will continue to drive resilience and productivity improvement in this era, while customer priorities are expected to adapt in line with evolving market conditions. Tietoevry's business mix provides resilience, as specialized businesses comprise a significant proportion of long-term customer engagements.

The shift to cloud native technologies continues to be at the core of customers' drive for agility, productivity and competitiveness. Cloud continues to be the foundation for business agility and data at the core of competitive products and operations. Demand for cloud native and data services, including Artificial Intelligence, is expected to remain high and to result in over 10% market growth in this area. In Tietoevry's view, Generative AI (GenAI) provides diverse opportunities for enhancing productivity and competitiveness both among its customers and in its own operations. To accelerate implementation, Tietoevry is actively working to discover and concretize the benefits of GenAI by running efficient use cases across industries together with customers and expanding its network of partners. Recent examples include concepting a Finnish-speaking GenAI assistant for the company's Lifecare patient system and using GenAI in retail for speeding up product information creation.

At the same time, the focus will be on productivity and customer experience. Customers continue to emphasize data sovereignty, security and business continuity as they adopt cloud technologies, with multi-cloud becoming a default. In the current high-inflation market, outsourcing demand with embedded transformation to cloud is expected to continue, resulting in volume decline of up to 10% over time in traditional services. Service providers need to balance between inflation in supplier and employee costs and customer demands for price reductions, limiting their ability to increase prices and margins in the short term.

The talent market is expected to remain active, with customers continuing to build their digital capabilities. Personnel attrition has continued to decrease from a high level towards more normal levels.

Specialization-based strategy to accelerate value creation

Cloud and data technologies form the foundation of driving customers' priorities to be agile, competitive, innovative and secure. Technology services and the software industry evolve continuously to become cloud-native with a high emphasis on the transformation towards new scalable technologies and data-driven services including Artificial Intelligence-enabled solutions.

Specialization forms the cornerstone of the strategy, which became effective in January 2022, with the aim of adapting to current and future market drivers and to improve competitiveness and performance. Tietoevry operates as a group of five specialized end-to-end businesses across digital engineering, software and managed services and transformation. Tietoevry's specialized businesses aim to be among the best in the industry and have full operational responsibility, including go-to-market, service portfolio, delivery capabilities, compensation models, investments and partnerships.

The businesses are:

- **Tietoevry Create** accelerates customers' digital agenda to create competitive products and data-driven businesses utilizing design, data and cloud technologies. This is a global business with software and data engineering at its core.
- **Tietoevry Banking** is a provider of scalable Banking-as-a-Service platform and leading software products to drive digital transformation and efficiency for financial institutions.
- **Tietoevry Care** provides modular and interoperable software, reinventing Nordic health and social care to enhance the care personnel and citizen experience.
- **Tietoevry Industry** is a portfolio of distinct competitive software and data solutions across a wide variety of industry domains. These domains include the public sector, pulp & paper and utilities.
- **Tietoevry Tech Services** drives enterprise-wide transformation across customers' business processes, applications and infrastructure. Deep customer knowledge, global cloud & data competencies, automated operations and a multi-cloud platform provider with a full range of infrastructure choices at scale form its foundation.

Tietoevry focuses on its strategy implementation with the aim of accelerating shareholder value and repositioning the company as a leading software and digital engineering player globally.

Read more about the strategy on the company's website.

Financial performance in April–June

	4–6/2023	4–6/2022
Revenue, EUR million	695.2	739.1
Change, %	-6	2
Organic growth, %	3	5
Operating profit (EBIT), EUR million	41.2	39.7
Operating margin (EBIT), %	5.9	5.4
Adjusted operating profit (EBITA), EUR million	72.9	78.7
Adjusted operating margin (EBITA), %	10.5	10.7
EPS, EUR	0.21	0.18
Net cash flow from operations, EUR million	11.5	8.4
Capital expenditure, EUR million	18.9	23.9

Second-quarter revenue was down by 6% to EUR 695.2 (739.1) million. Growth was driven by Tietoevry Banking, Tietoevry Care and Tietoevry Create. Exchange rates had a negative impact of EUR 62 million and divestments a negative impact of EUR 1 million compared to the corresponding quarter of 2022. Organically, revenue was up by 3%. Second-quarter operating profit (EBIT) amounted to EUR 41.2 (39.7) million, representing a margin of 5.9% (5.4). Operating profit includes EUR -22.0 (-27.2) million in adjustment items. Adjusted operating profit (EBITA) stood at EUR 72.9 (78.7) million, or 10.5% (10.7) of revenue. Further details on adjustment items are available in the Alternative Performance Measures paragraph.

Depreciation and amortization amounted to EUR 36.9 (41.6) million, including EUR 14.7 (17.5) million in depreciation of right-of-use assets and EUR 9.8 (11.8) million in amortization of acquisition-related intangible assets. Net financial expenses stood at EUR 8.7 (9.2) million. Net interest expenses were EUR 6.8 (5.1) million and net losses from foreign exchange transactions EUR 1.0 (losses 2.6) million. Other financial income and expenses amounted to EUR -0.9 (-1.5) million.

Earnings per share (EPS) totalled EUR 0.21 (0.18). Adjusted earnings per share amounted to EUR 0.43 (0.46).

Cash flow and investments

Second-quarter net cash flow from operations amounted to EUR 11.5 (8.4) million, including an increase of EUR 40.7 (increase of 56.6) million in net working capital.

Capital expenditure totalled EUR 18.9 (23.9) million, mainly consisting of capitalized costs for the development of software, investments in data centres and business-related software licences. In the second quarter, capitalized costs for industry-specific software amounted to EUR 10.6 (7.4) million. Capital expenditure represented 2.7% (3.2) of revenue.

Financial performance by segment

	Revenue, EUR million 4–6/2023	Revenue, EUR million 4–6/2022	Growth, %	Organic growth, %	Adjusted operating profit, EUR million 4–6/2023	Adjusted operating profit, EUR million 4–6/2022	Adjusted operating margin, % 4–6/2023	Adjusted operating margin, % 4–6/2022
Tietoevry Create	204.5	209.6	-2	5	24.2	25.8	11.8	12.3
Tietoevry Banking	139.8	143.2	-2	11	14.8	16.6	10.6	11.6
Tietoevry Care	59.1	58.2	2	7	17.1	17.5	28.9	30.1
Tietoevry Industry	63.8	68.0	-6	3	9.4	11.6	14.7	17.1
Tietoevry Tech Services	265.9	301.9	-12	-5	13.2	15.1	4.9	5.0
Eliminations and non-allocated costs	-38.0	-41.9	—	—	-5.7	-7.9	—	—
Group total	**695.2**	**739.1**	**-6**	**3**	**72.9**	**78.7**	**10.5**	**10.7**

For a comprehensive set of segment figures, see the tables section.

In **Tietoevry Create**, revenue was organically up by 5%. Fewer working days had a negative impact on growth and also affected profitability. Growth was solid in Norway while the international market was temporarily soft. Profitability was also impacted by the lower utilization rate as capacity was maintained at a stable level to enable second-half growth. Adjusted operating margin was down from the previous year's level. In the third quarter of 2023, adjusted operating margin is anticipated to be below the level of the corresponding quarter of 2022.

In **Tietoevry Banking**, revenue was organically up by 11%. Solid growth was driven by the Wealth, Financial Crime Prevention, Credit and Banking as a Service businesses. Adjusted operating margin was down from the previous year's level due to increased technology costs and increased costs resulting from legal separation. Profit improvement actions contributing to second-half performance include price increases and efficiency measures, including technology cost optimization. In the third quarter of 2023, adjusted operating margin is anticipated to be below the level of the corresponding quarter of 2022.

In **Tietoevry Care,** revenue was organically up by 7%, driven by strong growth in both Healthcare and Welfare. Demand in the second half of 2023 will potentially be lower in Finland as customers are preparing for procurements related to the social and healthcare reform. Profitability remained at a strong level. In the third quarter of 2023, adjusted operating margin is anticipated to be below the level of the corresponding quarter of 2022.

In **Tietoevry Industry**, revenue was organically up by 3%. Growth was solid in the Pulp and Paper business and Data Platform Services. Growth and profitability was impacted by the timing of customer contracts shifting between quarters. The order backlog for the second half of 2023 is healthy. In the third quarter of 2023, adjusted operating margin is anticipated to be above the level of the corresponding quarter of 2022.

In **Tietoevry Tech Services**, revenue was organically down by 5%. Its business mix is evolving towards scalable data, application and cloud services while volumes in traditional infrastructure services and low-margin hardware and software reselling are declining. Cloud platforms and security services grew by 12% whereas revenue for traditional infrastructure services was down by 11% and hardware and software reselling by 13%. Profitability was impacted by negative growth and high salary and technology cost inflation. Ongoing efficiency measures are expected to contribute to profitability starting in the third quarter of 2023. In the third quarter, adjusted operating margin is anticipated to be at or above the level of the corresponding quarter of 2022.

Financial performance in January–June

	1–6/2023	1–6/2022
Revenue, EUR million	1 439.5	1 470.1
Change, %	-2	3
Organic growth, %	5	5
Operating profit (EBIT), EUR million	109.9	85.8
Operating margin (EBIT), %	7.6	5.8
Adjusted operating profit (EBITA), EUR million	164.7	163.3
Adjusted operating margin (EBITA), %	11.4	11.1
EPS, EUR	0.62	0.46
Net cash flow from operations, EUR million	115.2	70.4
Capital expenditure, EUR million	39.6	45.0

First-half revenue decreased by 2% to EUR 1 439.5 (1 470.1) million. Exchange rates had a negative impact of EUR 108 million and divestments a negative impact of EUR 3 million. Organically, revenue was up by over 5%. First-half operating profit (EBIT) amounted to EUR 109.9 (85.8) million, representing a margin of 7.6% (5.8).

Operating profit includes EUR -34.6 (-53.8) million in adjustment items, Adjusted operating profit (EBITA) stood at EUR 164.7 (163.3) million, or 11.4% (11.1) of revenue. Further details on adjustment items are available in the Alternative Performance Measures paragraph.

Depreciation and amortization amounted to EUR 75.5 (83.8) million, including EUR 30.7 (34.3) million in depreciation of right-of-use assets and EUR 20.3 (23.7) million in amortization of acquisition-related intangible assets. Net financial expenses stood at EUR 15.2 (13.6) million. Net interest expenses were EUR 12.8 (9.5) million and net losses from foreign exchange transactions EUR 0.8 (losses 2.0) million. Other financial income and expenses amounted to EUR -1.6 (-2.0) million.

Earnings per share (EPS) totalled EUR 0.62 (0.46). Adjusted earnings per share amounted to EUR 0.99 (1.00).

Cash flow and investments

First-half net cash flow from operations amounted to EUR 115.2 (70.4) million, including an increase of EUR 26.5 million (increase of EUR 59.9 million) in net working capital.

First-half capital expenditure totalled EUR 39.6 (45.0) million, mainly consisting of capitalized costs for the development of software, investments in data centres and business-related software licences.

Capitalized costs for industry-specific software amounted to EUR 21.1 (17.4) million. Capital expenditure represented 2.7% (3.1) of revenue.

Financial performance by segment

	Revenue, EUR million 1–6/2023	Revenue, EUR million 1–6/2022	Growth, %	Organic growth, %	Adjusted operating profit, EUR million 1–6/2023	Adjusted operating profit, EUR million 1–6/2022	Adjusted operating margin, % 1–6/2023	Adjusted operating margin, % 1–6/2022
Tietoevry Create	427.3	425.5	0	7	58.4	55.0	13.7	12.9
Tietoevry Banking	282.1	279.1	1	12	29.5	32.2	10.4	11.5
Tietoevry Care	121.9	114.8	6	11	36.1	34.1	29.6	29.7
Tietoevry Industry	132.5	138.8	-5	4	21.2	22.7	16.0	16.4
Tietoevry Tech Services	554.8	600.7	-8	-2	34.3	33.6	6.2	5.6
Eliminations and non-allocated costs	-79.1	-88.9	—	—	-14.7	-14.2	—	—
Total	**1 439.5**	**1 470.1**	**-2**	**5**	**164.7**	**163.3**	**11.4**	**11.1**

For a comprehensive set of segment figures, see the tables section.

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Financial position at the end of the period

The equity ratio was 45.7% (48.7). Gearing was 51.9% (43.8). Interest-bearing net debt totalled EUR 735.2 (716.2) million, including EUR 744.2 (752.1) million in interest-bearing debt, EUR 212.1 (212.8) million in lease liabilities, EUR 2.0 (3.2) million in finance lease receivables, EUR 29.5 (25.2) million in other interest-bearing receivables and EUR 189.6 (220.3) million in cash and cash equivalents.

Interest-bearing long-term liabilities amounted to EUR 752.8 (838.6) million at the end of June. The company has two bonds outstanding, EUR 100 million maturing in September 2024 and EUR 300 million in June 2025. Additionally, interest-bearing long-term liabilities primarily consist of a syndicated term loan, a loan from the European Investment Bank and lease liabilities of EUR 158.7 million.

Interest-bearing short-term liabilities amounted to EUR 203.5 (126.3) million, mainly related to leasing liabilities and the short-term part of the term loans.

Tietoevry's sustainability-linked revolving credit facility of EUR 250 million was not in use at the end of July. The revolving credit facility matures in 2027 and has two one-year extension options. It is linked to selected sustainability targets of Tietoevry and hence supports the company's commitments to Science Based Targets.

Order backlog

Tietoevry's order backlog amounted to EUR 3 350 (3 400) million at the end of June. Of the backlog, 36% (36) is expected to be invoiced during 2023. Adjusted for the impact of exchange rates and divestments, the amount to be invoiced in the remaining part of 2023 is up by 8% from the corresponding period of 2022. The order backlog includes all signed customer orders that have not been recognized as revenue, including estimates of the value of consumption-based contracts.

The significance of traditional measures for the order backlog is impacted by the shift from traditional large outsourcing agreements towards agile methods and consumption-based business models. Additionally, traditional development programmes are cut into smaller projects.

Personnel

The number of full-time employees amounted to 23 958 (24 363) at the end of June. The number of full-time employees in the global delivery centres totalled 12 238 (12 461), or 51.1% (51.1) of all personnel. The 12-month rolling employee turnover stood at 12.5% (16.3) at the end of June. This demonstrates a continued downward trend towards more normal levels.

Group-level salary inflation is expected to be around 5% on average for 2023. It is offset by a number of actions including price increases, further offshoring, automation, management of the competence pyramid and overall cost efficiency across businesses.

Performance in 2023

Tietoevry's first-half organic growth was over 5% and the adjusted operating margin was 11.4%. Tietoevry estimates that the good business momentum will continue and expects its organic growth to be 5–7% in the full year. Growth will be supported by the strong order backlog for the year. Adjusted for the impact of exchange rates and divestments, the amount to be invoiced in the remaining part of 2023 is up by 8% from the corresponding period of 2022. The company expects price increases to contribute positively while the lead time for higher customer price increases is several quarters due to the long-term nature of contracts. On the other hand, the business mix of the company and long-term contracts provide resilience in uncertain times.

Full-year adjusted operating profit margin is expected to be in the range of 13.0–13.5% (2022: 13.0). The combination of continued healthy growth and ongoing efficiency measures is expected to support full year performance while continued high inflation is anticipated to constrain profitability improvement.

Mitigating high inflation

The company estimates salary inflation to be around 5% on average for 2023. Tietoevry is also impacted by an increase in cost inflation, visible in items such as subcontracting, technology costs, premises, electricity and software licences. The negative impact is mitigated by a number of actions including price increases, further offshoring, automation, management of the competence pyramid and overall cost efficiency across businesses.

Ongoing efficiency measures continue to contribute to profitability

In May, Tietoevry Tech Services announced efficiency measures, which are expected to support profitability in 2023. In 2023, one-time costs are expected to be around 1% of revenue. Additionally, costs for strategic reviews, including transaction costs, legal separation costs, refinancing costs and costs for operational simplification and efficiency measures in Tietoevry Tech Services, are estimated to be at around 1.5% of Group revenue. The costs relating to strategic reviews are expected to be distributed over 2023 and 2024.

Major agreements in January–June

Tietoevry has signed a number of new agreements during the period with customers across all the businesses. However, according to the terms and conditions of these agreements, Tietoevry is not able to disclose most of the contracts.

In January, Goodyear decided to extend its partnership with Tietoevry Create. Tietoevry has been a trusted partner for Goodyear, a global tyre manufacturer, for five years and the partnership with the Proactive Solutions and Fleets Europe unit is now extended. Tietoevry will provide support in the development of state-of-the-art fleet and tyre management solutions and help to improve the efficiency, sustainability and competitiveness of Goodyear's customers, such as commercial fleet operators, by lowering downtime, costs and emissions. Goodyear will be provided with engineering and operation/operating services from multiple locations in Eastern Europe.

In January, Tietoevry Banking entered into an extended agreement with Sparebanken Vest for the delivery of payment and core banking services until the end of 2027 with the option for two additional years. The agreement also includes the delivery of services related to Financial Crime Prevention and Card solutions. Sparebanken Vest is an independent listed financial group headquartered in Bergen, Norway.

In January, Tietoevry Create and ASFINAG renewed the SAP frame agreement for another year. ASFINAG, owned by the state of Austria, focuses on planning, funding, building, maintaining and operating motorways and expressways in Austria. Tietoevry will support ASFINAG in running, maintaining and extending their internal SAP system. The continuing transition to SAP S/4 will be a focus area during 2023.

In January, Corteva, an agriscience company based in Switzerland, prolonged its co-operation agreement with Tietoevry's Group company Infopulse to scale its software development. Under the contract with an estimated revenue of over EUR 2 million, the client will work hand in hand with a dedicated team of Infopulse's engineers, subject matter experts as well as experts in digital agronomy, smart farming and e-agriculture. The planned 12-month project aims to help farmers grow their products more efficiently, cultivating sustainable agricultural practices.

In January, If Insurance decided to extend their comprehensive IT infrastructure agreement with Tietoevry Connect (currently part of Tietoevry Tech Services). The partnership builds on a long-lasting relationship, accelerating the customer's cloud modernization agenda. The new agreement extends over five years with an option for a further two years and has a total order value of SEK 1 billion. The delivery covers IT infrastructure, including workplace services for about 7 300 employees. The long-term relationship builds on trust, transparency and deliveries that meet high demands for stability and security.

In January, Arek, a service provider for pension companies in Finland, prolonged its existing six-year agreement with Tietoevry Connect. Tietoevry will continue as its IT partner in infrastructure services and enable high service availability for Arek's customers.

In February, Loomis Automatia, based in Finland, awarded Tietoevry Connect and Tietoevry Create a new five-year agreement, as a continuation to long-term collaboration. The agreement covers three areas: infrastructure services, continuous services for ATMs and payment delivery services. The procurement placed high requirements on efficiency, quality and security improvements with a view to Loomis Automatia being able to provide and develop high-quality services for Finnish customers also in the future.

In February, Tietoevry Industry concluded an agreement with the Norwegian Tax Authority on data cleansing services for private businesses. The agreement will provide Tietoevry with an opportunity to sell Norwegian population register services to private businesses – and use of the population register will help customers ensure good data quality. Tietoevry was chosen as one of four providers of data cleansing services for private companies that do not have access to a national register identifier, following a tender announced by The Norwegian Tax Authority in the autumn of 2022. Tietoevry received the highest score for service content and quality of the solution. The value of the agreement is EUR 4 million.

In March, Tietoevry Care was awarded a five-year agreement for a social care business system covering both elderly and family care in Botkyrka municipality, Sweden. Botkyrka municipality has around 95 000 citizens. The social care system solution will deliver a broad range of functionality to support the municipality's social care, and thanks to its high degree of automation and efficiency it will contribute to equal treatment of citizens involved in the processes in its scope. The social care business systems will be delivered as a service and will involve about 1 700 users in Botkyrka municipality.

In March, Kanta-Häme became the 12th wellbeing services county in Finland to use Tietoevry Care's Health Data Platform. The platform offers multiple applications supporting care personnel, such as the Patient 360° application. Patient 360° gathers data from different hospital information systems and gives doctors a holistic view on patients to provide the right care. Patient safety is a priority, and the use of this platform enhances quality of care for both healthcare staff and patients. The Health Data Platform also meets the health and social care data privacy and security requirements (CE marked).

In March, Customs Finland chose Tietoevry Industry to build their new case and document management system based on Public 360° as a joint effort between Tietoevry, Valtori (Government ICT Centre) and the customer. Public 360° offers a centralized solution for the entire lifecycle management of Customs Finland's administrative and authority-related cases and documents. The solution environment is intended for the data processing of security classified content. This contract includes a fixed three-year period.

During the first quarter, Tietoevry Transform (currently part of Tietoevry Tech Services) started a new project with Telia Finance (part of Telia Company). Telia Finance chose Tietoevry, providing services in collaboration with a partner, at the end of 2022 to support the migration and transformation of a mission-critical application serving as the company's finance engine. It is planned that the migrated solution, fit for Telia Finance's modern vision and business needs, will go live in the third quarter of 2025.

In May, Tietoevry Care was awarded a contract to deliver a social care system for Family Care in Lund municipality, the third biggest municipality in the region of Skåne and a long-term customer of Tietoevry. The four-year contract, with an option to prolong up to a total of 12 years, is based on a Software as a Service model, a change from the current on-premise model, and contains a number of new functionalities for the municipality. Previously, Tietoevry won a similar procurement for Elderly Care in Lund in 2022.

In May, Helse Midt-Norge RHF (The Central Norway Regional Health Authority) decided to extend its application operations agreement with Tietoevry Care for another 18 months to secure stable operations. The applications include Patient Administration, Open Framework, Laboratory Requisitions and Responses (RoS) and Patient Journal Intensive Care (PICIS).

In May, Tietoevry Industry and Hamar kommune made an agreement on data services. The client aims to use technology to create value from data and enable Hamar kommune to realize a smart data hub to become more insight-driven in its operations and services towards citizens. The services are provided in a partnership combining technology, design and legal services. The project involves ten other municipalities and seven intermunicipal agencies, having the option of purchasing this solution. Upon the completion of this innovation project, Tietoevry will own proprietary rights to the developed software.

In June, Tietoevry Industry and Göteborg Energi made an agreement on a new output management solution for a billing system that is being installed. The agreement includes the entire output solution, covering, among other things, digital mailboxes, EDI invoices, printed invoices – and the future invoice, Live Invoice, as an option. Göteborg Energi made high demands on solution functionalities with improved customer experience and environmental adaptations. Tietoevry provides Göteborg Energi with a cost-effective service with high delivery precision and security. The agreement is valid for four years with an option of four additional years. The value of the agreement for the first four years is close to EUR 5 million.

In June, Tietoevry Create and Offshore Norge, an employer and industry organization for companies with activities related to the Norwegian Continental Shelf (NCS), made a three-year agreement on delivering a material management software portfolio and application maintenance. Tietoevry will support the client in developing and integrating efficient supply chain and inventory management solutions for operators and suppliers across the NCS. Furthermore, the ambitions of this collaboration include ensuring a sustainable future for document sharing, equipment management and surplus handling.

In June, Tietoevry Care signed a six-year contract with the municipality of Örnsköldsvik, the second largest municipality in the Västernorrland region in Sweden with approximately 55 000 citizens. The contract covers the social care system Procapita, and Lifecare for elderly and family care. The agreement includes extensions to the current contract, and through new functions, the customer will be able to streamline processes and operations more effectively, adding value for both the staff and inhabitants of Örnsköldsvik.

In June, the wellbeing services county of Ostrobothnia in Finland chose Tietoevry Care's Lifecare as its new client and patient information system. Lifecare will be used in Ostrobothnia's social and primary healthcare and in specialized medical care. The open data model adapts to the customer's various workflows and enables the exploitation of both clinical and operational information, e.g. with the use of Artificial Intelligence. The shared client and patient information system supports the development of services in Ostrobothnia and healthcare professionals will be able to focus on caring for patients and providing seamless health and social care services.

In June, Tietoevry Tech Services won two public tenders with Oslo municipality and signed two new contracts in Norway for the company's Unit4 ERP solution. The new four-year agreements, with an option for annual extension for additional four years, have a total contract value of NOK 280 million. The client foresees that Unit4 will be an important part of its resource planning and business management.

Changes in Group structure

Tietoevry established new companies in countries such as Estonia, India, Norway and Sweden during the quarter, mainly related to the strategic reviews of Tietoevry Banking and Tietoevry Tech Services.

Management

The appointment of Satu Kiiskinen as Managing Director of Tietoevry Tech Services took effect on 1 April.

Shareholders' Meeting

Tietoevry Corporation's Annual General Meeting (AGM) held on 23 March approved the financial statements 2022 and discharged the company's officers from liability for the financial year 2022. The meeting also approved the Remuneration Report and an amendment to Section 10 of the Articles of Association according to which the Board of Directors can also decide that the General Meeting will be held with the help of a data communication connection and a technical aid during the meeting.

The AGM decided on a total dividend of EUR 1.45 per share, paid in two instalments. The first dividend instalment of EUR 0.725 per share was paid beginning from 5 April 2023. The second dividend instalment of EUR 0.725 per share shall be paid beginning from 4 October 2023.

The meeting re-elected Tomas Franzén, Liselotte Hägertz Engstam, Harri-Pekka Kaukonen, Katharina Mosheim and Endre Rangnes. Bertil Carlsén, Elisabetta Castiglioni, Gustav Moss and Petter Söderström were elected as new members. Tomas Franzén was re-elected as the Chairperson of the Board of Directors.

The Board of Directors was authorized to decide on the repurchase of the company's own shares. The number of own shares to be repurchased shall not exceed 11 800 000 shares, which currently corresponds to approximately 10% of all the shares in the company. The Board of Directors was also authorized to decide on the issuance of shares as well as on the issuance of option rights and other special rights entitling to shares referred to in chapter 10 section 1 of the Companies Act. The number of shares to be issued based on the authorization (including shares to be issued based on the special rights) shall not exceed 11 800 000 shares, which currently corresponds to approximately 10% of all the shares in the company.

Shares

On 30 June, the number of shares totalled 118 425 771. At the end of the period, the number of shares in the company's or its subsidiaries' possession totalled 34 679, representing 0.03% of the total number of shares and voting rights. The number of outstanding shares, excluding the treasury shares, was 118 391 092.

Significant risks and uncertainties

Consolidated revenue and operating profit are sensitive to volatility in exchange rates, especially that of the Swedish Krona and Norwegian Krone. Sales in Sweden and Norway represent around two thirds of the Group's sales.

To address the war in Ukraine, the company has taken actions to ensure the safety of its employees in the country and business continuity for its clients. The geopolitical situation remains unstable and has resulted in a weaker economic outlook as well as higher inflation and energy prices in the company's main markets.

While market volatility has grown, customers have increased their focus on cybersecurity and continuity of operations. The company's portfolio comprises services based on multi-year agreements in infrastructure and application services as well as in industry-specific software businesses. The consulting business has shorter contractual periods and is likely to be more affected during times of economic uncertainty.

The active global talent market has an impact on personnel attrition. While the company actively develops its competence capacity, high attrition levels may impact performance.

In light of the global supply shortage of semiconductors and associated technology products, software and service companies such as Tietoevry may experience delays in deliveries.

New disruptive technologies drive customer demand towards standardized and less labour-intensive solutions where automation plays an important role. These changes may result in, for example, accelerated volume reductions in traditional infrastructure services and the need for further efficiency and potential restructuring.

The company's development is relatively sensitive to changes in the demand from large customers, as Tietoevry's top 10 customers currently account for around 20% of its revenue, with Tietoevry Banking and Tech Services having the highest customer concentration in the company.

Typical risks faced by the IT service industry relate to partnerships with external vendors. A potential failure in deliveries by partners could lead to quality and financial consequences.

Risks in the IT services industry include the development and implementation of new technologies and software. In Tietoevry's case, implementations relate to both own software development, the scope of related project deliveries and integration of third-party software. Additional technology licence fees and failures to meet both the agreed quality and schedule of deliveries could pose potential risks.

Risks related to cybersecurity breaches or malicious attacks could seriously affect Tietoevry's ability to provide its services and have an adverse impact on the company's financials and reputation.

The new EU General Data Protection Regulation took effect in May 2018. The company continues to develop its GDPR practices across businesses and functions, and with its customers. In light of the overall

regulatory development of GDPR, there continues to be uncertainty with regards to how the authorities will interpret the regulation and Schrems II judgement by the Court of Justice of the European Union – and impose fines in cases involving personal data breaches.

Companies around the world are facing new risks arising from tax audits and some countries may introduce new regulation. Additionally, changes in the tax authorities' interpretations could have unfavourable impacts on taxpayers.

Events after the period

On 21 July, Tietoevry announced that it has acquired MentorMate, a digital engineering company headquartered in Minneapolis, the US, from its current owner Taylor Corporation to expand North American customer base and global digital engineering capabilities of its Create business.

With more than 1 000 employees in Bulgaria, Paraguay and the US, MentorMate provides advanced digital engineering services, human-centered design, data and AI capabilities to its customers in North America and Europe. In 2022, MentorMate's revenue was USD 65 million, growing by around 40%, and its profitability is accretive to Tietoevry Create. The acquisition accelerates Tietoevry's strategy with a focus on software and digital engineering services.

The acquisition will be financed with a new five-year term loan facility agreement made with OP Corporate Bank plc.

Financial calendar 2023

26 October	Interim report 3/2023 (8.00 a.m. EET)

tietoevry

Consolidated interim financial statements

Income statement

EUR million	2023 4–6	2022 4–6	2023 1–6	2022 1–6	Change %	2022 1–12
Revenue	695.2	739.1	1 439.5	1 470.1	-2	2 928.1
Other operating income	5.1	4.5	12.4	9.8	27	50.2
Materials and services	-138.3	-150.3	-288.7	-288.0	0	-570.5
Employee benefit expenses	-397.9	-414.0	-811.0	-842.1	-4	-1 597.2
Depreciation and amortization	-36.9	-41.6	-75.5	-83.8	-10	-162.3
Impairment losses	-0.7	-0.0	-2.6	-0.0	> 100	-20.2
Other operating expenses	-85.4	-98.1	-164.9	-180.4	-9	-362.6
Share of results in joint ventures	0.1	0.1	0.6	0.3	79	1.0
Operating profit (EBIT)	**41.2**	**39.7**	**109.9**	**85.8**	**28**	**266.5**
Interest and other financial income	2.0	0.6	9.2	1.4	> 100	3.9
Interest and other financial expenses	-9.7	-7.2	-23.7	-12.9	83	-26.2
Net foreign exchange gains/losses	-1.0	-2.6	-0.8	-2.0	-62	-1.4
Profit before taxes	**32.4**	**30.5**	**94.7**	**72.2**	**31**	**242.8**
Income taxes	-7.1	-8.7	-20.8	-17.5	19	-54.2
Net profit for the period	**25.3**	**21.8**	**73.8**	**54.8**	**35**	**188.6**
Net profit for the period attributable to						
Owners of the Parent company	25.3	21.8	73.8	54.8	35	188.6
Earnings per share attributable to owners of the Parent company, EUR per share						
Basic	0.21	0.18	0.62	0.46	35	1.59
Diluted	0.21	0.18	0.62	0.46	35	1.59

Statement of other comprehensive income

EUR million	2023 4–6	2022 4–6	2023 1–6	2022 1–6	Change %	2022 1–12
Net profit for the period	25.3	21.8	73.8	54.8	35	188.6
Items that may be reclassified subsequently to profit or loss						
Translation differences	-64.8	-112.1	-193.6	-74.3	> 100	-126.7
Items that will not be reclassified subsequently to profit or loss						
Remeasurements of the defined benefit plans, net of tax	0.2	2.2	0.2	3.0	-93	1.6
Total comprehensive income	**-39.3**	**-88.1**	**-119.6**	**-16.5**	**> 100**	**63.5**
Total comprehensive income attributable to						
Owners of the Parent company	-39.3	-88.1	-119.6	-16.5	> 100	63.5

Statement of financial position

Assets

EUR million	2023 30 Jun	2022 30 Jun	Change %	2022 31 Dec
Goodwill	1 695.9	1 876.5	-10	1 846.5
Other intangible assets	305.6	365.6	-16	336.7
Property, plant and equipment	90.4	91.5	-1	97.2
Right-of-use assets	201.4	200.9	0	201.9
Interests in joint ventures	12.6	15.3	-18	14.2
Deferred tax assets	10.7	12.3	-14	14.6
Defined benefit plan assets	0.8	2.5	-66	0.6
Finance lease receivables	—	0.6	> 100	0.2
Other financial assets at amortized cost	15.8	12.7	25	15.0
Other financial assets at fair value	0.6	0.6	-2	0.6
Other non-current receivables	18.7	29.1	-36	20.4
Total non-current assets	**2 352.5**	**2 607.6**	**-10**	**2 548.0**
Inventories	7.4	5.0	48	5.6
Trade and other receivables	577.5	551.5	5	547.8
Financial assets at fair value	24.3	29.9	-19	23.6
Finance lease receivables	2.0	2.6	-20	2.4
Current tax assets	23.0	9.5	> 100	16.8
Cash and cash equivalents[1)]	189.6	220.3	-14	249.7
Total current assets	**823.8**	**818.8**	**1**	**845.8**
Total assets	**3 176.3**	**3 426.4**	**-7**	**3 393.8**

[1)] Cash and cash equivalents includes restricted cash of EUR 13.2 million (EUR 14.0 million as of 31 Dec 2022) held within bank accounts in Ukraine.

Equity and Liabilities

EUR million	2023 30 Jun	2022 30 Jun	Change %	2022 31 Dec
Share capital, share issue premiums and other reserves	114.4	116.8	-2	115.9
Invested unrestricted equity reserve	1 203.5	1 203.5	—	1 203.5
Retained earnings	99.3	315.8	-69	399.9
Total equity	**1 417.1**	**1 636.0**	**-13**	**1 719.2**
Loans	594.1	682.6	-13	639.4
Lease liabilities	158.7	155.9	2	155.9
Deferred tax liabilities	13.5	2.1	> 100	10.7
Provisions	3.6	4.3	-17	2.6
Defined benefit obligations	26.6	29.0	-8	28.4
Other non-current liabilities	14.0	28.9	-52	21.0
Total non-current liabilities	**810.5**	**902.9**	**-10**	**858.0**
Trade and other payables	712.5	716.5	-1	616.7
Financial liabilities at fair value	2.1	3.4	-39	2.0
Current tax liabilities	11.2	9.1	23	13.9
Loans	150.1	69.5	> 100	110.6
Lease liabilities	53.4	56.9	-6	54.1
Provisions	19.4	32.1	-40	19.1
Total current liabilities	**948.7**	**887.5**	**7**	**816.5**
Total equity and liabilities	**3 176.3**	**3 426.4**	**-7**	**3 393.8**

Statement of changes in shareholders' equity

EUR million	Owners of the Parent company						Total equity
	Share capital	Share premium and other reserves	Own shares	Cumulative translation differences	Invested unrestricted equity reserve	Retained earnings	
31 Dec 2022	**76.6**	**39.3**	**-0.3**	**-193.5**	**1 203.5**	**593.7**	**1 719.2**
Comprehensive income							
Net profit for the period	—	—	—	—	—	73.8	73.8
Other comprehensive income, net of tax							
Remeasurements of the defined benefit plans, net of tax	—	—	—	—	—	0.2	0.2
Translation differences	—	-1.5	—	-171.1	—	-21.0	-193.6
Total comprehensive income	**—**	**-1.5**	**—**	**-171.1**	**—**	**53.0**	**-119.6**
Transactions with owners							
Contributions and distributions							
Share-based incentive plans	—	—	9.0	—	—	-10.1	-1.1
Dividends	—	—	—	—	—	-171.7	-171.7
Repurchase of own shares	—	—	-9.8	—	—	—	-9.8
Total transactions with owners	**—**	**—**	**-0.8**	**—**	**—**	**-181.8**	**-182.6**
30 Jun 2023	**76.6**	**37.8**	**-1.1**	**-364.6**	**1 203.5**	**465.0**	**1 417.1**

EUR million	Owners of the Parent company						Total equity
	Share capital	Share premium and other reserves	Own shares	Cumulative translation differences	Invested unrestricted equity reserve	Retained earnings	
31 Dec 2021	**76.6**	**41.5**	**-0.2**	**-66.0**	**1 203.5**	**565.8**	**1 821.1**
Comprehensive income							
Net profit for the period	—	—	—	—	—	54.8	54.8
Other comprehensive income, net of tax							
Remeasurements of the defined benefit plans, net of tax	—	—	—	—	—	3.0	3.0
Translation differences	—	-1.2	—	-74.9	—	1.8	-74.3
Total comprehensive income	**—**	**-1.2**	**—**	**-74.9**	**—**	**59.6**	**-16.5**
Transactions with owners							
Contributions and distributions							
Share-based incentive plans	—	—	3.6	—	—	-2.7	0.9
Dividends	—	—	—	—	—	-165.8	-165.8
Repurchase of own shares	—	—	-3.7	—	—	—	-3.7
Total transactions with owners	**—**	**—**	**-0.1**	**—**	**—**	**-168.5**	**-168.6**
30 Jun 2022	**76.6**	**40.2**	**-0.3**	**-140.9**	**1 203.5**	**457.0**	**1 636.0**

Statement of cash flows

EUR million	2023 4–6	2022 4–6	2023 1–6	2022 1–6	2022 1–12
Cash flow from operating activities					
Net profit for the period	25.3	21.9	73.8	54.8	188.6
Adjustments					
Depreciation, amortization and impairment losses	37.5	41.5	78.1	83.7	182.5
Profit/loss on sale of property, plant and equipment, subsidiaries and business operations	-0.0	9.0	-1.0	8.9	7.8
Share of results in joint ventures	-0.1	-0.1	-0.6	-0.3	-1.0
Other adjustments	1.9	1.1	5.0	-4.4	-7.5
Net financial expenses	8.7	9.2	15.2	13.6	23.7
Income taxes	7.1	8.7	20.8	17.5	54.2
Change in net working capital	-40.7	-56.6	-26.5	-59.9	-82.1
Cash generated from operating activities before interests and taxes	**39.8**	**34.7**	**164.9**	**113.9**	**366.2**
Net financial expenses paid	-16.8	-13.0	-26.6	-17.5	-30.8
Dividends received	1.3	1.4	1.3	1.4	1.4
Income taxes paid	-12.8	-14.7	-24.4	-27.4	-59.8
Cash flow from operating activities	**11.5**	**8.4**	**115.2**	**70.4**	**276.9**
Cash flow from investing activities					
Capital expenditure	-19.5	-24.9	-40.6	-45.7	-95.4
Disposal of subsidiaries and business operations, net of cash disposed	0.0	-3.3	0.5	-1.2	-0.3
Proceeds from sale of property, plant and equipment	0.2	-0.1	0.3	0.0	0.5
Change in loan receivables	-0.3	0.7	0.2	1.5	3.2
Cash flow used in/from investing activities	**-19.6**	**-27.6**	**-39.6**	**-45.4**	**-92.0**
Cash flow from financing activities					
Dividends paid	-85.8	-82.9	-85.8	-82.9	-165.8
Repurchase of own shares	—	—	-9.8	-3.7	-3.7
Repayments of lease liabilities	-15.4	-15.1	-30.0	-33.8	-66.3
Other short-term financing, net	39.8	-0.8	39.9	-0.7	-1.5
Repayments of long-term borrowings	-46.5	-6.5	-46.5	-6.5	-13.1
Cash flow used in/from financing activities	**-108.0**	**-105.3**	**-132.2**	**-127.6**	**-250.4**
Change in cash and cash equivalents	**-116.1**	**-124.4**	**-56.7**	**-102.5**	**-65.4**
Cash and cash equivalents at the beginning of period	305.6	342.5	249.7	323.8	323.8
Foreign exchange differences	0.1	2.2	-3.4	-0.9	-8.6
Change in cash and cash equivalents	-116.1	-124.4	-56.7	-102.5	-65.4
Cash and cash equivalents at the end of period[1)]	**189.6**	**220.3**	**189.6**	**220.3**	**249.7**

[1)] Cash and cash equivalents includes restricted cash of EUR 13.2 million (EUR 14.0 million as of 31 Dec 2022) held within bank accounts in Ukraine.

Notes to the interim financial statements

This interim report is unaudited and it is prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU. The accounting policies adopted are consistent with those used in the annual financial statements for the year ended 31 December 2022. Amendments to International Financial Reporting Standards (IFRS) which have been effective from 1 January 2023 have had no material impact on the Group's financial statements.

All figures presented in this interim report have been rounded and consequently, the sum of individual figures may deviate from the sum totals presented. Key figures have been calculated using exact figures.

Revenue and profitability of Tietoevry are subject to seasonal variations. Usually, the third-quarter sales are affected by vacation period and the reversal of vacation accruals has a positive effect on profitability. Typically, the fourth-quarter sales and margins are positively affected by higher license sales for Tietoevry's industry-specific software.

Critical accounting estimates and assumptions

The preparation of the financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the amounts reported and disclosed at the reporting date. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from the estimates. The areas requiring the exercise of judgement where a different opinion could result in significant changes to reported results are the same as reported in the 2022 consolidated financial statements.

Divestments

During the first quarter, Tietoevry sold its wood supply software business to Vela Software International Inc., which is headquartered in Toronto, Canada. Conditions to complete the divestment have been fulfilled and the transaction is closed. Revenue of the divested business amounted to approximately EUR 3.0 million in 2022 and the number of employees was approximately 30 across Sweden, Finland and India. The wood supply software business was part of Tietoevry Industry. The gain recognised on the disposal was EUR 0.9 million.

Other operating income and impairment losses

During the first half, Tietoevry recognised impairment losses on lease agreements for office and other facilities in Finland and Czech Republic totalling EUR 2.6 million.

Events after the end of the reporting period

On 21 July, Tietoevry announced that it has acquired MentorMate, a digital engineering company headquartered in Minneapolis, the US, from its current owner Taylor Corporation to expand North American customer base and global digital engineering capabilities of its Create business.

With more than 1 000 employees in Bulgaria, Paraguay and the US, MentorMate provides advanced digital engineering services, human-centered design, data and AI capabilities to its customers in North America and Europe. In 2022, MentorMate's revenue was USD 65 million, growing by around 40%, and its profitability is accretive to Tietoevry Create. The acquisition accelerates Tietoevry's strategy with a focus on software and digital engineering services.

The acquisition will be financed with a new five-year term loan facility agreement made with OP Corporate Bank plc.

Segment information

Tietoevry Group is comprised of five operating segments: Tietoevry Create, Tietoevry Banking, Tietoevry Care, Tietoevry Industry, and Tietoevry Tech Services. From 1 April 2023, Tietoevry Transform and Tietoevry Connect were combined to form Tietoevry Tech Services. The financials of Tietoevry Tech Services are reported as a new segment from the second quarter of 2023; comparative information was restated and published on 27 June 2023.

The operating segments are reported in a manner consistent with the internal reporting provided to the Group Executive Management, which has been identified as Tietoevry's chief operating decision maker being responsible for allocating resources and assessing performance of the operating segments as well as deciding on strategy.

The Group Executive Management assesses the profitability of segments principally on the basis of adjusted operating profit (EBITA). Operating profit (EBIT) is, however, also an essential measure and is disclosed in this segment note as it is most consistent with the result reported in accordance with IFRS. Transactions between the segments are made on a market-terms basis.

Eliminations include internal revenues between operating segments and Group function sales of internal services to the businesses.

Non-allocated costs relate to Global management and Support functions and are shown separately in the operating profit (EBIT).

Tietoevry Create

Tietoevry Create is a leading accelerator for digital innovation and cloud-native development, providing business advisory and design, data engineering and specialized software R&D services across a range of industry sectors. It is a high-growth, market-leading vendor in the Nordics and expanding in international markets, which currently represent over 40% of Tietoevry Create revenue. Tietoevry Create has competence centres in Europe, India and China – they leverage their expertise and the latest technologies to support clients from nearly 20 countries.

Tietoevry Banking

Tietoevry Banking is modernizing the financial sector in the Nordics and globally with modular, pre-integrated Banking-as-a-Service and a full suite of market-leading, scalable software and services within domains such as payments, cards, wealth management, financial crime prevention and credit. Built by unmatched industry expertise, the solutions help accelerate growth through digital customer engagement, real-time operational efficiency and regulatory compliance.

Tietoevry Care

Tietoevry Care offers modular, open and interoperable software for customers in the health and social care sectors to enhance the care experience across the Nordics. Using advanced analytics and embedded AI, it provides decision support and process automation. Demand for software and services in healthcare segments such as hospitals, primary and secondary care, as well as elderly, home and family care is increasing rapidly on the back of the growing demand for better care outcomes, improved citizen experience, higher staff satisfaction and increased efficiency.

Tietoevry Industry

Tietoevry Industry provides industry-specific software and data platform services for customers looking to enhance their critical processes – with software increasingly delivered as a service. Product areas include software for case management, pulp & paper, education, and energy and utilities. Furthermore, data platform services deliver data in processes such as billing & invoicing and industry messaging. Tietoevry Industry has extensive industry knowledge and in-depth expertise in utilizing data to create insights and add value across core business and operational processes.

Tietoevry Tech Services

Tietoevry Tech Services is a Nordic multi-cloud platform provider with a full range of infrastructure choices at scale – aiming to ensure resilience, security and compliance for customers' business. Its business comprises application and data services, cloud platforms and security services, traditional Infrastructure services and user experience services. It drives enterprise-wide transformation for customers from modernizing existing IT infrastructure and the renewal of core business applications to next-generation services and data and AI services. Tietoevry Tech Services is the leading provider of managed services in the Nordics, and delivers services to customer operations in more than 90 countries.

Revenue by segment

EUR million	2023 4–6	2022 4–6	Change %	2023 1–6	2022 1–6	Change %	2022 1–12
Tietoevry Create	204.5	209.6	-2	427.3	425.5	0	849.0
Tietoevry Banking	139.8	143.2	-2	282.1	279.1	1	571.1
Tietoevry Care	59.1	58.2	2	121.9	114.8	6	231.4
Tietoevry Industry	63.8	68.0	-6	132.5	138.8	-5	272.6
Tietoevry Tech Services	265.9	301.9	-12	554.8	600.7	-8	1 171.4
Eliminations	-38.0	-41.9	-9	-79.1	-88.9	-11	-167.4
Group total	**695.2**	**739.1**	**-6**	**1 439.5**	**1 470.1**	**-2**	**2 928.1**

Customer revenue from fixed-price contracts by segment

EUR million	2023 4–6	2022 4–6	2023 1–6	2022 1–6	2022 1–12
Tietoevry Create	5.8	4.3	12.6	8.7	18.3
Tietoevry Banking	6.3	10.3	10.2	14.2	21.8
Tietoevry Care	1.1	0.3	2.8	0.4	3.5
Tietoevry Industry	0.6	0.8	1.1	1.6	2.5
Tietoevry Tech Services	4.5	3.5	13.3	7.8	15.6
Group total	**18.3**	**19.2**	**40.0**	**32.7**	**61.6**

Operating profit (EBIT) by segment

EUR million	2023 4–6	2022 4–6	Change %	2023 1–6	2022 1–6	Change %	2022 1–12
Tietoevry Create	21.3	11.7	81	52.4	36.8	43	91.2
Tietoevry Banking	8.2	5.6	45	17.1	15.8	8	49.1
Tietoevry Care	15.8	17.4	-9	34.8	33.9	3	72.2
Tietoevry Industry	7.1	8.6	-18	18.2	19.2	-6	51.9
Tietoevry Tech Services	-2.3	8.6	> 100	9.1	1.3	> 100	42.3
Non-allocated costs	-8.9	-12.3	-28	-21.7	-21.2	2	-40.2
Group total	**41.2**	**39.7**	**4**	**109.9**	**85.8**	**28**	**266.5**

Operating margin (EBIT) by segment

%	2023 4–6	2022 4–6	Change pp	2023 1–6	2022 1–6	Change pp	2022 1–12
Tietoevry Create	10.4	5.6	5	12.3	8.6	4	10.7
Tietoevry Banking	5.9	3.9	2	6.1	5.6	0	8.6
Tietoevry Care	26.7	29.9	-3	28.5	29.5	-1	31.2
Tietoevry Industry	11.1	12.7	-2	13.7	13.9	-0	19.0
Tietoevry Tech Services	-0.9	2.9	-4	1.6	0.2	1	3.6
Operating margin (EBIT)	**5.9**	**5.4**	**1**	**7.6**	**5.8**	**2**	**9.1**

Personnel by segment

	End of period					Average	
	2023	2022	Change	Share	2022	2023	2022
	1–6	1–6	%	%	1–12	1–6	1–6
Tietoevry Create	8 977	8 852	1	37	8 989	8 908	8 744
Tietoevry Banking	3 525	3 509	0	15	3 454	3 511	3 515
Tietoevry Care	1 556	1 431	9	6	1 480	1 520	1 390
Tietoevry Industry	1 667	1 656	1	7	1 682	1 679	1 723
Tietoevry Tech Services	7 641	8 229	-7	32	8 036	7 865	8 315
Group functions	593	687	-14	2	678	595	697
Group total	**23 958**	**24 363**	**-2**	**100**	**24 320**	**24 079**	**24 385**

Personnel by country

	End of period					Average	
	2023	2022	Change	Share	2022	2023	2022
	1–6	1–6	%	%	1–12	1–6	1–6
Sweden	4 009	4 048	-1	17	4 029	4 023	4 177
Norway	4 023	4 174	-4	17	3 990	3 963	4 183
Finland	3 152	3 160	-0	13	3 134	3 133	3 153
India	4 385	4 580	-4	18	4 499	4 445	4 598
Czech Republic	2 486	2 630	-5	10	2 694	2 580	2 584
Ukraine	1 845	2 190	-16	8	2 037	1 903	2 160
Latvia	1 101	1 042	6	5	1 072	1 099	1 021
China	1 050	973	8	4	1 066	1 056	903
Poland	831	692	20	3	776	820	683
Other	1 075	875	23	4	1 023	1 057	923
Group total	**23 958**	**24 363**	**-2**	**100**	**24 320**	**24 079**	**24 385**
Onshore countries	11 718	11 903	-2	49	11 687	11 654	12 021
Offshore countries	12 238	12 461	-2	51	12 633	12 425	12 364
Group total	**23 958**	**24 363**	**-2**	**100**	**24 320**	**24 079**	**24 385**

Non-current assets by country

	2023	2022	Change	2022
EUR million	30 Jun	30 Jun	%	31 Dec
Finland	117.0	99.7	17	119.0
Sweden	125.2	126.8	-1	120.1
Norway	326.1	403.1	-19	368.4
Other	29.1	28.4	2	28.3
Total non-current assets	**597.4**	**658.1**	**-9**	**635.8**

Non-current assets include property, plant and equipment, right-of-use assets and intangible assets excluding goodwill.

Depreciation by segment

EUR million	2023 4–6	2022 4–6	Change %	2023 1–6	2022 1–6	Change %	2022 1–12
Tietoevry Create	1.5	1.9	-18	3.1	3.5	-13	6.7
Tietoevry Banking	1.1	1.2	-8	2.2	2.4	-8	4.8
Tietoevry Care	0.2	0.2	4	0.5	0.4	14	0.9
Tietoevry Industry	0.2	0.1	26	0.3	0.3	20	0.6
Tietoevry Tech Services	11.0	10.5	5	22.0	21.0	5	42.4
Group functions	10.2	13.5	-24	21.6	25.5	-15	48.4
Group total	**24.3**	**27.4**	**-11**	**49.7**	**53.2**	**-6**	**103.8**

Amortization of other intangible assets by segment

EUR million	2023 4–6	2022 4–6	Change %	2023 1–6	2022 1–6	Change %	2022 1–12
Tietoevry Create	0.0	0.0	0	0.0	0.1	> 100	0.1
Tietoevry Banking	0.8	0.7	17	1.6	1.3	20	2.8
Tietoevry Care	0.6	0.4	55	1.2	0.8	46	1.6
Tietoevry Industry	0.1	0.1	-15	0.1	0.1	-13	0.3
Tietoevry Tech Services	1.3	1.1	12	2.5	4.4	-43	6.5
Group functions	0.1	0.0	65	0.1	0.2	-21	0.4
Group total	**2.8**	**2.3**	**20**	**5.6**	**6.9**	**-20**	**11.7**

Amortization of acquisition-related intangible assets by segment

EUR million	2023 4–6	2022 4–6	Change %	2023 1–6	2022 1–6	Change %	2022 1–12
Tietoevry Create	2.0	2.6	-23	4.1	5.2	-21	10.1
Tietoevry Banking	4.7	5.4	-13	9.7	10.9	-11	21.6
Tietoevry Care	0.0	0.0	0	0.1	0.1	-8	0.2
Tietoevry Industry	1.1	1.6	-29	2.5	3.2	-22	6.2
Tietoevry Tech Services	1.9	2.2	-14	3.9	4.4	-11	8.7
Group functions	—	—	—	—	—	—	—
Group total	**9.8**	**11.8**	**-17**	**20.3**	**23.7**	**-15**	**46.7**

Financial assets and liabilities

Derivatives

The nominal values of derivatives include the gross amount of all nominal values for contracts that have not yet been settled or closed. The amount of nominal value outstanding is not necessarily a measure or indication of market risk, as the exposure of certain contracts may be offset by other contracts.

Nominal values of derivatives

	2023	2022
EUR million	30 Jun	31 Dec
Forward contracts outside hedge accounting at fair value through profit or loss	413.0	406.5
Interest rate swaps	80.0	40.0

Fair values of derivatives

	30 Jun 2023			31 Dec 2022		
EUR million	Gross positive fair values	Gross negative fair values	Net fair values	Gross positive fair values	Gross negative fair values	Net fair values
Forward contracts outside hedge accounting at fair value through profit or loss	3.9	-2.1	1.8	3.4	-2.0	1.4
Interest rate swaps	5.5	-5.2	0.3	2.9	-2.9	—
The fair values at the reporting date	**9.4**	**-7.3**	**2.1**	**6.3**	**-4.9**	**1.4**

Derivatives are used for economic hedging purposes only.

The fair values of foreign exchange derivatives are calculated according to foreign exchange and interest rates on the closing date. All outstanding currency derivative contracts will expire within 12 months after the reporting date.

The fair values of interest rate swaps are based on the values of corresponding agreements confirmed by the bank.

Fair value measurement of financial assets and liabilities

There have been no changes in fair value methodology and input levels: foreign exchange forward contracts and interest rate swaps are valued based on Level 2 inputs and Other financial assets at fair value through profit or loss (EUR 0.6 million on 30 Jun 2023), for which fair value measurement is based on their initial value. The fair market value cannot be reliably estimated due to lack of proper market for the assets.

Trade receivables to be sold under non-recourse factoring agreements (EUR 20.4 million on 30 Jun 2023) are classified as Financial assets at fair value through profit or loss. The company estimates that the carrying amount approximates the fair value due to their short-term nature.

Number of shares

	2023	2022	2023	2022	2022
	4–6	4–6	1–6	1–6	1–12
Outstanding shares, end of period					
Basic	118 391 092	118 413 303	118 391 092	118 413 303	118 413 303
Effect of dilutive share-based incentive plans	251 810	375 928	261 355	386 023	203 952
Diluted	118 642 902	118 789 231	118 652 447	118 799 326	118 617 255
Outstanding shares, average					
Basic	118 391 092	118 413 303	118 360 191	118 397 884	118 405 657
Effect of dilutive share-based incentive plans	251 810	375 928	261 355	386 023	203 952
Diluted	118 642 902	118 789 231	118 621 546	118 783 907	118 609 609
Company's possession of its own shares					
End of period	34 679	12 468	34 679	12 468	12 468
Average	34 679	12 468	65 580	27 877	20 114

Alternative performance measures (APMs)

Tietoevry presents certain financial measures, which, in accordance with the "Alternative Performance Measures" guidance issued by the European Securities and Markets Authority, are not accounting measures defined or specified in IFRS and are, therefore, considered alternative performance measures. Tietoevry believes that alternative performance measures provide meaningful supplemental information to the financial measures presented in the consolidated financial statements prepared in accordance with IFRS and increase the understanding of the profitability of Tietoevry's operations. In addition, they are seen as useful indicators of the Group's financial position and ability to obtain funding. Alternative performance measures are not accounting measures defined or specified in IFRS and, therefore, they are considered non-IFRS measures, which should not be viewed in isolation or as a substitute to the IFRS financial measures.

Adjusted operating profit (EBITA) by segment

	2023	2022	Change	2023	2022	Change	2022
EUR million	4–6	4–6	%	1–6	1–6	%	1–12
Tietoevry Create	24.2	25.8	-6	58.4	55.0	6	117.3
Tietoevry Banking	14.8	16.6	-11	29.5	32.2	-9	81.3
Tietoevry Care	17.1	17.5	-3	36.1	34.1	6	72.5
Tietoevry Industry	9.4	11.6	-19	21.2	22.7	-7	46.0
Tietoevry Tech Services	13.2	15.1	-13	34.3	33.6	2	88.9
Non-allocated costs	-5.7	-7.9	-28	-14.7	-14.2	3	-26.8
Group total	**72.9**	**78.7**	**-7**	**164.7**	**163.3**	**1**	**379.2**

Adjusted operating margin (EBITA) by segment

	2023	2022	Change	2023	2022	Change	2022
%	4–6	4–6	pp	1–6	1–6	pp	1–12
Tietoevry Create	11.8	12.3	-0	13.7	12.9	1	13.8
Tietoevry Banking	10.6	11.6	-1	10.4	11.5	-1	14.2
Tietoevry Care	28.9	30.1	-1	29.6	29.7	-0	31.3
Tietoevry Industry	14.7	17.1	-2	16.0	16.4	-0	16.9
Tietoevry Tech Services	4.9	5.0	-0	6.2	5.6	1	7.6
Adjusted operating margin (EBITA)	**10.5**	**10.7**	**-0**	**11.4**	**11.1**	**0**	**13.0**

Reconciliation of adjusted operating profit (EBITA)

EUR million	2023 4–6	2022 4–6	2023 1–6	2022 1–6	2022 1–12
Operating profit (EBIT)	41.2	39.7	109.9	85.8	266.5
+ Amortization of intangible assets recognized at fair value from acquisitions	9.8	11.8	20.3	23.7	46.7
Adjustment items:					
- Capital gains	-0.0	—	-1.0	-0.2	-1.1
+ Strategic reviews	14.1	—	16.5	—	2.6
+/- Other M&A related items	0.5	1.1	0.6	1.3	1.7
+ Restructuring costs	2.0	6.7	3.1	6.7	12.6
+ Tietoevry Tech Services performance improvement programme	3.7	3.8	11.1	26.4	31.0
+ War in Ukraine and exit from Russia	0.8	11.2	1.7	12.0	13.3
+ Tietoevry integration	—	2.7	—	4.6	9.2
+/- Other items[1)]	0.9	1.8	2.5	3.0	-3.3
Adjusted operating profit (EBITA)	**72.9**	**78.7**	**164.7**	**163.3**	**379.2**

[1)] Include impairment losses, insurance compensation, settlement compensation, costs related to new strategy implementation, and other minor non-recurring items. See also Notes to the interim financial statements.

Other key figures

	2023 4–6	2022 4–6	2023 1–6	2022 1–6	2022 1–12
Adjusted earnings per share, EUR	0.43	0.46	0.99	1.00	2.36
Equity per share, EUR	11.97	13.82	11.97	13.82	14.52
Return on equity, 12-month rolling, %	13.6	11.6	13.6	11.6	10.7
Return on capital employed, 12-month rolling, %	11.9	10.4	11.9	10.4	9.9
Equity ratio, %	45.7	48.7	45.7	48.7	51.5
Interest-bearing net debt, EUR million	735.2	716.2	735.2	716.2	679.1
Gearing, %	51.9	43.8	51.9	43.8	39.5
Net debt/EBITDA	1.6	1.6	1.6	1.6	1.5
Capital expenditure, EUR million	18.9	23.9	39.6	45.0	92.9

Calculation of alternative performance measures

Adjusted earnings per share	=	Net profit for the period excluding adjustment items, amortization of acquisition-related intangible assets and related tax impact per country / Weighted average number of shares	
Adjustment items	=	Restructuring costs + capital gains/losses + impairment charges + other items affecting comparability	
Operating profit (EBIT)	=	Net profit + interests + taxes	
Operating margin (EBIT), %	=	Operating profit (EBIT) / Revenue	
Adjusted operating profit (EBITA)	=	Operating profit (EBITA) + adjustment items	
Adjusted operating margin (EBITA), %	=	Adjusted operating profit (EBITA) / Revenue	
Equity per share	=	Total equity / Number of shares at the year-end	
Capital expenditure	=	Acquisitions of intangible assets and property, plant and equipment	
Acquisitions	=	Acquisitions of subsidiaries and business operations, net of cash acquired	
Return on equity, 12-month rolling, %	=	Profit before taxes and non-controlling interests – income taxes / Total equity (12-month average)	* 100
Return on capital employed, 12-month rolling, %	=	Profit before taxes + interest and other financial expenses / Total assets – non-interest-bearing liabilities (12-month average)	* 100
Equity ratio, %	=	Total equity / Total assets – advance payments	* 100
Interest-bearing net debt	=	Interest-bearing liabilities – interest-bearing receivables – cash and cash equivalents	
Net debt/EBITDA	=	Interest-bearing net debt / EBITDA (12-month average)	
Gearing, %	=	Interest-bearing net debt / Total equity	* 100

Quarterly figures

Key figures

	2023	2023	2022	2022	2022	2022
	4–6	1–3	10–12	7–9	4–6	1–3
Earnings per share, EUR						
Basic	0.21	0.41	0.63	0.50	0.18	0.28
Diluted	0.21	0.41	0.63	0.50	0.18	0.28
Adjusted earnings per share, EUR	0.43	0.57	0.73	0.63	0.46	0.53
Equity per share, EUR	11.97	12.82	14.52	13.95	13.82	14.57
Return on equity, 12-month rolling, %	13.6	12.8	10.7	12.1	11.6	17.5
Return on capital employed,12-month rolling, %	11.9	11.5	9.9	10.6	10.4	13.8
Equity ratio, %	45.7	44.6	51.5	49.8	48.7	48.1
Interest-bearing net debt, EUR million	735.2	632.2	679.1	700.3	716.2	586.2
Gearing, %	51.9	43.5	39.5	42.4	43.8	34.0
Net debt/EBITDA	1.6	1.3	1.5	1.6	1.6	1.1
Capital expenditure, EUR million	18.9	20.7	24.3	23.6	23.9	21.1

Income statement

	2023	2023	2022	2022	2022	2022
EUR million	4–6	1–3	10–12	7–9	4–6	1–3
Revenue	695.2	744.3	767.7	690.4	739.1	730.9
Other operating income	5.1	7.3	33.4	7.0	4.5	5.3
Materials and services	-138.3	-150.3	-147.0	-135.5	-150.3	-137.7
Employee benefit expenses	-397.9	-413.1	-395.4	-359.7	-414.0	-428.2
Depreciation, amortization and impairment losses	-37.5	-40.6	-58.9	-39.8	-41.6	-42.2
Other operating expenses	-85.4	-79.5	-97.0	-85.2	-98.1	-82.3
Share of results in joint ventures	0.1	0.5	0.4	0.3	0.1	0.2
Operating profit (EBIT)	**41.2**	**68.7**	**103.2**	**77.5**	**39.7**	**46.1**
Financial income and expenses	-8.7	-6.5	-7.7	-2.4	-9.2	-4.4
Profit before taxes	**32.4**	**62.2**	**95.5**	**75.1**	**30.5**	**41.7**
Income taxes	-7.1	-13.7	-20.8	-16.0	-8.7	-8.8
Net profit for the period	**25.3**	**48.5**	**74.7**	**59.1**	**21.8**	**32.9**

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Statement of Financial Position

EUR million	2023 30 Jun	2023 31 Mar	2022 31 Dec	2022 30 Sep	2022 30 Jun	2022 31 Mar
Goodwill	1 695.9	1 745.1	1 846.5	1 843.8	1 876.5	1 978.3
Other intangible assets	305.6	314.0	336.7	353.9	365.6	392.5
Property, plant and equipment	90.4	94.7	97.2	96.3	91.5	87.0
Right-of-use assets	201.4	207.8	201.9	190.4	200.9	188.8
Interests in joint ventures	12.6	14.0	14.2	15.4	15.3	17.2
Other non-current assets	46.6	50.4	51.4	54.5	57.7	62.8
Total non-current assets	**2 352.5**	**2 426.0**	**2 548.0**	**2 554.3**	**2 607.6**	**2 726.7**
Trade receivables and other current assets	634.2	618.0	596.1	596.0	598.5	604.9
Cash and cash equivalents	189.6	305.6	249.7	222.6	220.3	342.5
Total current assets	**823.8**	**923.6**	**845.8**	**818.7**	**818.8**	**947.4**
Total assets	**3 176.3**	**3 349.5**	**3 393.8**	**3 373.0**	**3 426.4**	**3 674.2**
Total equity	**1 417.1**	**1 454.1**	**1 719.2**	**1 652.3**	**1 636.0**	**1 725.0**
Non-current loans	752.8	802.9	795.3	830.8	838.6	871.8
Other non-current liabilities	57.7	61.7	62.7	60.8	64.3	72.7
Total non-current liabilities	**810.5**	**864.6**	**858.0**	**891.7**	**902.9**	**944.4**
Trade payables and other current liabilities	725.8	851.0	632.7	676.3	729.0	882.5
Provisions	19.4	14.6	19.1	28.0	32.1	33.7
Current loans	203.5	165.2	164.7	124.7	126.3	88.6
Total current liabilities	**948.7**	**1 030.8**	**816.5**	**829.0**	**887.5**	**1 004.8**
Total equity and liabilities	**3 176.3**	**3 349.5**	**3 393.8**	**3 373.0**	**3 426.4**	**3 674.2**

Statement of cash flows

EUR million	2023 4–6	2023 1–3	2022 10–12	2022 7–9	2022 4–6	2022 1–3
Cash flow from operating activities						
Net profit for the period	25.3	48.5	74.7	59.1	21.8	32.9
Adjustments	55.1	62.4	86.9	53.6	69.5	49.6
Change in net working capital	-40.7	14.2	34.2	-56.3	-56.7	-3.3
Cash generated from operating activities before interests and taxes	**39.8**	**125.2**	**195.8**	**56.4**	**34.7**	**79.2**
Net financial expenses paid	-16.8	-9.9	-7.0	-6.4	-13.0	-4.5
Dividends received	1.3	—	—	—	1.4	—
Income taxes paid	-12.8	-11.6	-22.4	-9.9	-14.7	-12.7
Cash flow from operating activities	**11.5**	**103.7**	**166.3**	**40.2**	**8.4**	**62.0**
Cash flow from investing activities	**-19.6**	**-20.1**	**-23.2**	**-23.4**	**-27.6**	**-17.8**
Cash flow from financing activities	**-108.0**	**-24.2**	**-106.1**	**-16.6**	**-105.3**	**-22.4**
Change in cash and cash equivalents	**-116.1**	**59.4**	**37.0**	**0.1**	**-124.4**	**21.8**
Cash and cash equivalents at the beginning of period	305.6	249.7	222.6	220.3	342.5	323.8
Foreign exchange differences	0.1	-3.5	-10.0	2.3	2.1	-3.1
Change in cash and cash equivalents	-116.1	59.4	37.0	0.1	-124.4	21.8
Cash and cash equivalents at the end of period	**189.6**	**305.6**	**249.7**	**222.6**	**220.3**	**342.5**

Quarterly figures by segments

Revenue by segment

EUR million	2023 4–6	2023 1–3	2022 10–12	2022 7–9	2022 4–6	2022 1–3
Tietoevry Create	204.5	222.8	219.8	203.8	209.6	215.9
Tietoevry Banking	139.8	142.3	156.4	135.6	143.2	135.9
Tietoevry Care	59.1	62.8	63.0	53.6	58.2	56.6
Tietoevry Industry	63.8	68.7	69.7	64.1	68.0	70.8
Tietoevry Tech Services	265.9	288.8	298.1	272.6	301.9	298.8
Eliminations	-38.0	-41.1	-39.2	-39.4	-41.9	-47.0
Group total	**695.2**	**744.3**	**767.7**	**690.4**	**739.1**	**730.9**

Operating profit (EBIT) by segment

EUR million	2023 4–6	2023 1–3	2022 10–12	2022 7–9	2022 4–6	2022 1–3
Tietoevry Create	21.3	31.2	30.5	23.9	11.7	25.1
Tietoevry Banking	8.2	8.9	18.5	14.9	5.6	10.1
Tietoevry Care	15.8	19.0	20.2	18.1	17.4	16.5
Tietoevry Industry	7.1	11.1	23.1	9.5	8.6	10.6
Tietoevry Tech Services	-2.3	11.4	24.8	16.2	8.6	-7.3
Non-allocated costs	-8.9	-12.8	-13.9	-5.2	-12.3	-8.8
Group total	**41.2**	**68.7**	**103.2**	**77.5**	**39.7**	**46.1**

Operating margin (EBIT) by segment

%	2023 4–6	2023 1–3	2022 10–12	2022 7–9	2022 4–6	2022 1–3
Tietoevry Create	10.4	14.0	13.9	11.7	5.6	11.6
Tietoevry Banking	5.9	6.2	11.8	11.0	3.9	7.4
Tietoevry Care	26.7	30.3	32.1	33.8	29.9	29.1
Tietoevry Industry	11.1	16.1	33.2	14.8	12.7	15.0
Tietoevry Tech Services	-0.9	3.9	8.3	6.0	2.9	-2.5
Operating margin (EBIT)	**5.9**	**9.2**	**13.4**	**11.2**	**5.4**	**6.3**

Adjusted operating profit (EBITA) by segment

EUR million	2023 4–6	2023 1–3	2022 10–12	2022 7–9	2022 4–6	2022 1–3
Tietoevry Create	24.2	34.2	35.2	27.1	25.8	29.2
Tietoevry Banking	14.8	14.7	27.9	21.2	16.6	15.6
Tietoevry Care	17.1	19.1	20.3	18.2	17.5	16.6
Tietoevry Industry	9.4	11.8	12.6	10.8	11.6	11.1
Tietoevry Tech Services	13.2	21.1	30.0	25.3	15.1	18.4
Non-allocated costs	-5.7	-9.0	-7.9	-4.6	-7.9	-6.3
Group total	**72.9**	**91.9**	**118.0**	**97.9**	**78.7**	**84.6**

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Adjusted operating margin (EBITA) by segment

	2023	2023	2022	2022	2022	2022
%	4–6	1–3	10–12	7–9	4–6	1–3
Tietoevry Create	11.8	15.3	16.0	13.3	12.3	13.5
Tietoevry Banking	10.6	10.3	17.8	15.6	11.6	11.5
Tietoevry Care	28.9	30.4	32.2	33.9	30.1	29.3
Tietoevry Industry	14.7	17.2	18.1	16.8	17.1	15.6
Tietoevry Tech Services	4.9	7.3	10.1	9.3	5.0	6.2
Adjusted operating margin (EBITA)	**10.5**	**12.3**	**15.4**	**14.2**	**10.7**	**11.6**

Depreciation by segment

	2023	2023	2022	2022	2022	2022
EUR million	4–6	1–3	10–12	7–9	4–6	1–3
Tietoevry Create	1.5	1.6	1.6	1.6	1.9	1.7
Tietoevry Banking	1.1	1.1	1.2	1.2	1.2	1.2
Tietoevry Care	0.2	0.3	0.3	0.2	0.2	0.2
Tietoevry Industry	0.2	0.2	0.2	0.2	0.1	0.1
Tietoevry Tech Services	11.0	10.9	10.7	10.7	10.5	10.6
Group functions	10.2	11.4	11.2	11.7	13.5	12.0
Group total	**24.3**	**25.4**	**25.1**	**25.6**	**27.4**	**25.7**

Amortization of other intangible assets by segment

	2023	2023	2022	2022	2022	2022
EUR million	4–6	1–3	10–12	7–9	4–6	1–3
Tietoevry Create	0.0	0.0	0.0	0.0	0.0	0.1
Tietoevry Banking	0.8	0.8	0.7	0.7	0.7	0.7
Tietoevry Care	0.6	0.6	0.4	0.4	0.4	0.4
Tietoevry Industry	0.1	0.1	0.1	0.1	0.1	0.1
Tietoevry Tech Services	1.3	1.2	1.1	1.1	1.1	3.3
Group functions	0.1	0.1	0.1	0.1	0.0	0.1
Group total	**2.8**	**2.8**	**2.4**	**2.4**	**2.3**	**4.6**

Amortization of acquisition-related intangible assets by segment

	2023	2023	2022	2022	2022	2022
EUR million	4–6	1–3	10–12	7–9	4–6	1–3
Tietoevry Create	2.0	2.1	2.4	2.5	2.6	2.6
Tietoevry Banking	4.7	5.0	5.2	5.4	5.4	5.5
Tietoevry Care	0.0	0.0	0.0	0.0	0.0	0.0
Tietoevry Industry	1.1	1.4	1.5	1.6	1.6	1.6
Tietoevry Tech Services	1.9	2.0	2.1	2.2	2.2	2.2
Group functions	—	—	—	—	—	—
Group total	**9.8**	**10.5**	**11.3**	**11.7**	**11.8**	**11.9**

Major shareholders on 30 Jun 2023

		Shares	%
1	Solidium Oy	12 857 918	10.9
2	Incentive Investment Funds ICAV [1)]	6 041 221	5.1
3	Silchester International Investors LLP [2)]	5 939 679	5.0
4	Ilmarinen Mutual Pension Insurance Company	2 085 095	1.8
5	Elo Mutual Pension Insurance Company	1 517 000	1.3
6	The State Pension fund	1 200 000	1.0
7	Nordea Life Assurance Finland Ltd.	729 580	0.6
8	Stiftelsen för Åbo Akademi	597 536	0.5
9	Nordea Pro Finland Fund	578 056	0.5
10	Varma Mutual Pension Insurance Company	554 869	0.5
Top 10 shareholders total		**32 100 954**	**27.1**
	- of which nominee registered	11 980 900	10.1
Nominee registered other		60 302 196	50.9
Others		26 022 621	22.0
Total		**11 842 577 100**	**100.0**

The list of shareholders above is based on the ownership records of Euroclear Finland Oy, Euroclear Sweden AB and Norwegian Central Securities Depository (VPS) and also includes shareholders with a nominee registered holding exceeding the 5% threshold in accordance with Chapter 9, Section 5 of the Finnish Securities Markets Act. Their holding information is based on the latest notification.

On 10 March, Cevian Capital Partners Ltd announced that its holding has fallen below the 5% threshold.

[1)] On 21 September 2021, Incentive AS announced that the holding of Incentive Investment Funds ICAV was 6 041 221 shares, representing 5.1% of the shares.
[2)] On 10 February 2022, Silchester International Investors LLP has announced that its holding has increased to 5 939 679 shares, representing 5.02% of the total number of shares.

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A teleconference for analysts and media will be held on Friday 21 July 2023 at 10.00 a.m. EEST (09.00 am CET, 08.00 am. UK time). Kimmo Alkio, President and CEO, and Tomi Hyryläinen, CFO, will present the results online in English. The presentation can be followed on Tietoevry's website.

To take part in the questions and answers session after the presentation you will need to dial in by phone. You can access the teleconference by registering on this link. After the registration you will be provided phone numbers and a conference ID to access the conference.

The event is recorded and it will be available on demand later during the day. Tietoevry publishes its financial information in English and Finnish.

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Our 24 000 experts globally specialize in cloud, data, and software, serving thousands of enterprise and public-sector customers in more than 90 countries. Tietoevry's annual turnover is approximately EUR 3 billion and the company's shares are listed on the NASDAQ exchange in Helsinki and Stockholm, as well as on Oslo Børs. https://www.tietoevry.com

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