

Q3 2021

Interim report

JANUARY–SEPTEMBER

Solid profitability – strong performance in software businesses

- Adjusted operating margin 14.5% – organic growth 1%
- Strong growth and profitability in software businesses – growth of 10% in Industry Software and 7% in Financial Services Solutions
- Over 1 600 new recruitments demonstrating strong employer attractiveness
- New strategy announced – specialized businesses driving growth and expansion

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Key figures

Revenue, EUR million

648.1 (643.8)

Organic growth¹⁾

0.6% (-4.3%)

Order backlog, EUR million

3 153 (3 197)

Adjusted²⁾ operating profit
(EBITA³⁾), EUR million

94.0 / 14.5%

(90.2) (14.0%)

Operating profit (EBIT),
EUR million

72.2 / 11.1%

(28.6) (4.4%)

Adjustment²⁾ items,
EUR million

10.1 (50.1)

Net debt/EBITDA

1.4 (2.9)

¹⁾ Adjusted for currency effects and impact from 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. For reconciliation, see section Alternative performance measures

Full-year outlook for 2021 unchanged

TietoEVRY expects its organic¹⁾ growth to be -1% to +2%²⁾ (revenue in 2020: EUR 2 786.4 million). The company estimates its full-year adjusted operating margin (adjusted EBITA)³⁾ to increase to 13–14% (12.7% in 2020).

¹⁾ Adjusted for currency effects, acquisitions and divestments.

²⁾ Highly dependent on the development of the Covid-19 pandemic. Assumes that the business environment will return to normal as from the third quarter of 2021.

³⁾ Adjusted EBITA is fully comparable with the previous definition of adjusted EBIT. According to both definitions, amortization of acquisition-related intangible assets, restructuring costs, capital gains/losses, impairment charges and other items affecting comparability are excluded – whereas amortization of other intangible assets is included.

CEO's comment

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



"Our third quarter was a very dynamic and exciting one, with continued performance improvement – and the announcement of a very transformative future direction for the company. We delivered strong profitability of over 14%, while organic revenue growth was 1%. Our software businesses had good overall performance, especially Industry Software with organic growth of 10% and a 28% margin. We also saw strong growth in the consulting-driven International and Product Development Services businesses, with organic growth of 22% and 7%, respectively. In Cloud & Infra, activities to drive performance improvement continued, with adjusted operating margin increasing to 9% from 6% in the second quarter. Digital Consulting revenue was down by 1%, impacted by traditional application services and continued high attrition.

We are pleased to have over 1 600 new professionals joining the company during the past quarter to support our growth agenda. We provide highly attractive and meaningful career opportunities across our businesses to continuously elevate our attractiveness as a global employer.

I strongly believe our recently announced strategy effectively addresses the future opportunities in our rapidly changing global industry and is timely considering our integration programme is coming to its end. In our growth and expansion-oriented strategy, we expect to become more competitive and faster in the era of cloud and data-enabled services, and in parallel drive active enterprise renewal for our current and new customers. The new strategy, business choices and structure will allow our specialized businesses to explore alternative means to accelerate growth and expansion. We expect our prioritized investments to drive growth and profit improvement in line with our long-term financial ambitions. Performance improvement coupled with continued attractive dividend levels is anticipated to provide a solid foundation for improved shareholder returns.

I trust that this new era will offer inspiring opportunities for our employees through enhanced learning and a sense of personal contribution to customer success and achievements for sustainable societies. The commitment of our employees was demonstrated by the latest engagement scores, which continued to develop favourably during the autumn. With our global team of 24 000 professionals and their advanced skills and creativity, we will continue to deliver greater value for the benefit of people, businesses and society."

TietoEVERY's quarter in brief

Organic growth 1%

Strong growth in Industry Software and Financial Services Solutions continued, with revenue organically¹⁾ up by 10% and 7%, respectively. Organic growth also remained strong, at 22%, in International Operations²⁾. Positive development was offset by contracts lost in Cloud & Infra prior to the merger, having a negative impact of around 2% on Group revenue¹⁾, as anticipated. Digital Consulting revenue was down by 1%, impacted by traditional application services and continued high attrition.

¹⁾ Adjusted for currency effects and impact from acquisitions and divestments.

²⁾ International Operations includes digital consulting services for markets outside the Nordics.

Dynamic talent market

Personnel attrition rates have been on the rise across the industry. While talent attraction has been high at TietoEVERY, productivity in the consulting business was somewhat impacted by high attrition. Over 1 600 new professionals joined the company during the quarter, supporting the growth ambitions for the quarters ahead. The net increase in the number of full-time employees was 250 during the quarter.

Strong profitability in software businesses

Adjusted operating profit improved from the previous year's level to EUR 94.0 (90.2) million. Merger-related synergies of around EUR 11 million contributed to profitability while higher salary inflation constrained profitability. Software businesses' performance was strong, with adjusted margin of 27.8% in Industry Software and 16.3% in Financial Services Solutions. Cloud & Infra's profitability improved with an adjusted margin of 9.2%, up from 6.0% in the second quarter. Measures to improve performance in Cloud & Infra continue.

New strategy launched

TietoEVERY's new strategy will drive customer value and growth through specialization. The technology industry is being reshaped with cloud as the foundation, providing expansion opportunities for the company. The company's expansion will focus on cloud-native services, data & software engineering and scalable software businesses. In managed application and infrastructure services, the company will seek partnerships to invest and build scale.

Several significant wins

Strategic partner for Telia – supporting cloud-first strategy

Telia Company and TietoEVERY have concluded a multi-year agreement. TietoEVERY continues to serve Telia as a strategic IT partner, supporting the company in its digital transformation and cloud-first strategy.

Supporting Aibel in transformation towards renewable energy solutions

Aibel has chosen TietoEVERY to support its digitalization to further accelerate the transformation towards renewable energy solutions. The new comprehensive technology agreement with a contract value of around EUR 26 million covers infrastructure and cloud-based services in Europe, Singapore and Thailand.

Multi-year agreement with OP Financial Group – modernizing application development

OP Financial Group and TietoEVERY have signed a multi-year agreement on renewal and modernization of application development, and maintenance collaboration in digital services. The agreement is valid for over five years and has a value of approximately EUR 16 million for maintenance services.

Enhanced competences in China – agreement with Ericsson

TietoEVERY will build a R&D centre in Nanjing, China. Through its extended competences and capabilities in China, the company aims to scale up its activities in the development of the latest Automotive, Smart Electronics, and Telecommunication Software technologies and related services. This establishment follows an extended partnership with Ericsson. Related revenue contribution will start in November with 330 employees having joined the company. The two-year agreement represents value of around EUR 30 million.

IT market development

- Hyperconnected data, enabled by cloud, is reshaping the technology industry.
- The divide between traditional managed services and cloud-native services and software is widening.
- Cloud-native services with high growth provide clear expansion opportunities for TietoEVERY.
- In traditional managed services, automation and scale are important drivers for competitiveness.
- TietoEVERY's relevant market was impacted by Covid-19 in the first half of 2021. In the full year, the company's relevant market is anticipated to grow by 0–2%.

The technology industry is being reshaped with cloud as the foundation, providing expansion opportunities for the company. Enterprises across industries as well as the public sector are undergoing a fundamental change.

Creating superior experiences enabled by data continues to be a strong driver for investments across industries. This change is enabled by a number of technology-led advancements and new applications, including ones that utilize artificial intelligence and machine learning.

New strategy – driving customer value and growth through specialization

TietoEVERY announced a new strategy in October, driving growth and expansion through specialization. Investments will be focused on businesses where the company sees competitive advantages and sustainable growth:

- cloud-native services
- data and software engineering
- scalable software businesses,

including their global expansion potential.

In the areas of traditional managed application and infrastructure services, the company sees new partnerships as potential means to build scale and pursue joint investments.

Six specialized businesses to be established

To capture the momentum of the cloud-native and software market, TietoEVERY is establishing six specialized end-to-end businesses. These businesses will have full operational responsibility, including go-to-market, service portfolio, investments and partnerships. Reflecting the distinct market dynamics of each, the individual businesses will have optionality to build scale and prioritize investments.

Agile enterprises and cost-efficient IT are becoming a new norm and customers are shifting from traditional large-scale projects to adaptive and rapid development cycles, utilizing concepts such as DevOps. There is a growing demand for smaller or mid-sized cloud projects as an alternative to large outsourcing agreements.

Cloud adoption, multi-cloud management as well as scalable IT environments and automation continue to enable cost optimization. Cloud services, data and analytics as well as utilization of DevOps and software-driven digitalization are anticipated to see double-digit growth over the next few years. Spending on traditional infrastructure services continues to decline.

The businesses forming the reportable segments as from the first quarter of 2022 are described below:

Business Design & Engineering

Cloud-native development, data and software engineering expanding globally

Health & Care Software

Open and modular software for Health & Care, expanding Nordic customer base and markets

Financial Services Solutions

Modular and integrated software suite for Nordic and global financial institutions

Industry Software

Software for core processes in the public, energy and industrial sectors

Enterprise Modernization

Automated managed services and transformation to drive enterprise efficiency and agility across business processes, applications and infrastructure for selected Nordic customers

Cloud Platform Services

Secure multi-cloud capacity driving scale and platforms for customers' cloud adoption

TietoEVERY Group continues to support the businesses through scalable common functions (Finance, Strategy, global Operations and HR) driving portfolio development, performance management and efficiency across the company.

The new structure will take effect on 1 January 2022, dismantling the current matrix.

Investment priorities to support scale in distinct businesses

The following investment priorities will drive competitiveness and value creation in each business:

- **Invest to expand** in Business Design & Engineering, Health & Care Software and Financial Services Solutions – invest to accelerate products, services and capabilities; prioritized M&A.
- **Partner to scale** in Enterprise Modernization and Cloud Platform Services – invest in capabilities to drive scale and automated managed services; seek partners (operational and structural) to jointly invest and build scale.
- **Focus for value** in Industry Software – optimized investments for selected businesses and develop portfolio to increase focus.

Performance in 2021

TietoEVERY estimates its full-year organic growth¹⁾ to be -1% to 2%. The contracts lost prior to the merger in Cloud & Infra are expected to have a negative impact of around 2.5 percentage points on the Group's full-year growth.

TietoEVERY's customers are looking to accelerate their business performance through digitalization. Strong demand in areas such as data and analytics, cloud as well as next-generation enterprise services is requiring recruitments and additional activities have been initiated to support growth. In addition to new hires, personnel costs are affected by higher salary inflation, expected to be around 3% in the full year.

Merger-related efficiencies

TietoEVERY anticipates that the total cost synergy target of EUR 100 million will be achieved by the end of 2022. The company achieved a run-rate of EUR 90 million in merger synergies by the end of the third quarter of 2021, and the third quarter included a net benefit of EUR 11 million. The company expects to achieve a run-rate of EUR 95 million by the end of 2021.

Long-term financial targets

The financial targets announced in December 2020 have been maintained while the new strategy supports potential for enhanced performance. The targets include:

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

Adjustment items

TietoEVERY estimates that it will book integration costs of EUR 24–26 million and costs of around EUR 17–19 million in other adjustment items (negative) in the full year. The estimate for total integration costs is unchanged at EUR 110–120 million during 2020-2022.

Additionally, TietoEVERY has booked approximately EUR 70 million (positive) in adjustment items related to the divestment of the Oil&Gas software business. The divestment in Industry Software, concluded in October, is expected to result in a capital gain of EUR 26 million in the fourth quarter.

¹⁾ Adjusted for currency effects, acquisitions and divestments.

Financial performance in July–September

	7–9/2021	7–9/2020
Revenue, EUR million	648.1	643.8
Change, %	0.7	69.6
Operating profit (EBIT), EUR million	72.2	28.6
Operating margin (EBIT), %	11.1	4.4
Adjusted ¹⁾ operating profit (EBITA ²⁾ , EUR million	94.0	90.2
Adjusted ¹⁾ operating margin (EBITA ²⁾ , %	14.5	14.0
Profit after taxes, EUR million	48.1	19.0
EPS, EUR	0.41	0.16
Net cash flow from operations, EUR million	92.1	108.4
Return on equity, 12-month rolling, %	16.2	5.5
Return on capital employed, 12-month rolling, %	13.1	6.1
Capital expenditure, EUR million	15.7	17.6
Order backlog	3 153	3 197
Interest-bearing net debt, EUR million	702.3	951.5
Personnel on 30 September	23 860	23 877

Third-quarter revenue was up by 0.7% to EUR 648.1 (643.8) million. Growth was impacted by the decline in Cloud & Infra revenue, mainly related to contracts lost prior to the merger, with a negative impact of 2% on the Group level. Currency changes had a positive impact of around EUR 11 million on revenue while divestments had a negative impact of EUR 11 million. Third-quarter operating profit (EBIT) amounted to EUR 72.2 (28.6) million, representing a margin of 11.1 (4.4). Merger-related synergies of around EUR 11 million contributed to operating profit while higher salary inflation constrained profitability. Operating profit includes EUR 10.1 (50.1) million in adjustment items. In the third quarter of 2020, adjustment items included substantial integration costs. Adjusted¹⁾ operating profit (EBITA) stood at EUR 94.0 (90.2) million, or 14.5% (14.0) of revenue. Further details on adjustment items are available in the **Alternative Performance Measures** paragraph.

Depreciation and amortization amounted to EUR 41.7 (43.6) million, including EUR 17.5 (17.8) million in depreciation of right of use assets (IFRS 16 impact) and EUR 11.8 (11.4) million in amortization of acquisition-related intangible assets. Net financial expenses stood at EUR 7.7 (6.5) million. Net interest expenses were EUR 5.6 (6.3) million and net losses from foreign exchange transactions EUR 1.7 (gains 0.5) million. Other financial income and expenses amounted to EUR -0.4 (-0.8) million.

Earnings per share (EPS) totalled EUR 0.41 (0.16). Adjusted¹⁾ earnings per share amounted to EUR 0.55 (0.56).

¹⁾ Adjustment items include restructuring costs, capital gains/losses, impairment charges and other items affecting comparability.

²⁾ Profit before interests, taxes and amortization of acquisition-related intangible assets.

Financial performance by segment

	Revenue, EUR million		Growth, %	Organic growth, % ³⁾	Adjusted ¹⁾ operating profit ²⁾ , EUR million	Adjusted ¹⁾ operating profit ²⁾ , EUR million	Adjusted ¹⁾ operating margin ²⁾ , %	Adjusted ¹⁾ operating margin ²⁾ , %
	7–9/2021	7–9/2020			7–9/2021	7–9/2020	7–9/2021	7–9/2020
Digital Consulting	144.0	143.0	1	-1	18.7	21.1	13.0	14.7
Cloud & Infra	201.3	219.3	-8	-10	18.5	24.0	9.2	10.9
Industry Software	116.1	115.1	1	10	32.2	25.0	27.8	21.7
Financial Services Solutions	111.2	101.2	10	7	18.1	15.4	16.3	15.2
Product Development Services	36.4	33.3	9	7	4.1	4.1	11.3	12.3
Other ⁴⁾	39.1	31.9	23	22	2.2	0.6	—	—
Total	648.1	643.8	1	1	94.0	90.2	14.5	14.0

¹⁾ Adjustment items include restructuring costs, capital gains/losses, impairment charges and other items affecting comparability.

²⁾ Profit before interests, taxes and amortization of acquisition-related intangible assets.

³⁾ Adjusted for currency effects and impact from acquisitions and divestments.

⁴⁾ "Other" consists of International Operations, including digital consulting services for markets outside the Nordics. "Other" also includes unallocated Group costs.

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

In **Digital Consulting**, revenue was organically down by 1%. Growth continues to accelerate in areas such as Cloud and Data & Analytics while traditional application services continued to decline. Adjusted operating margin was down to 13.0% (14.7), impacted by higher attrition. However, net increase in personnel was around 140. In the fourth quarter, adjusted operating margin is anticipated to be below the level of the corresponding quarter of 2020.

In **Cloud & Infra**, revenue was organically down by 10%, mainly driven by contracts lost prior to the merger in 2019 (impact of 6%). Additionally, growth was affected by reduced hardware sales (impact of 3%), due to global supply chain disruptions. Adjusted operating margin improved from the second quarter of 2021 while year-on-year, margin was down to 9.2% (10.9). The turnaround programme is on schedule and cost optimization focusing on delivery capacity reduction in legacy services and the high automation level are supporting profit improvement. It is expected that revenue will decline less in the fourth quarter than it did in the third quarter. In the fourth quarter, adjusted operating margin is anticipated to be at or above the level of the fourth quarter of 2020.

In **Industry Software**, revenue was organically up by 10%. Industry Software saw strong growth across the businesses, including Health & Care. Adjusted operating margin improved to 27.8% (21.7), mainly driven by revenue growth and continuous efficiency improvement. In the fourth quarter, adjusted operating margin is anticipated to be below the level of the corresponding quarter of 2020.

In **Financial Services Solutions**, revenue was organically up by 7%, driven by the core banking, credit and cards businesses. Adjusted operating margin improved to 16.3% (15.2), mainly driven by revenue growth and continuous efficiency improvement. In the fourth quarter, adjusted operating margin is anticipated to be at or above the level of the corresponding quarter of 2020.

In **Product Development Services**, revenue was organically up by 7%. Growth was driven by the Mobile Networks and Automotive industries. Adjusted operating margin was 11.3% (12.3), somewhat down due to high attrition, increased subcontracting and salary inflation. New customers in the electronics segment and a strong pipeline, coupled with extended partnership with Ericsson to build a R&D centre in Nanjing, China, are supporting future growth. In the fourth quarter, the adjusted operating margin is anticipated to be below the level of the corresponding quarter of 2020.

Reportable segments are described in the **tables section**.

Cash flow and investments

Third-quarter net cash flow from operations amounted to EUR 92.1 (108.4) million, including an increase of EUR 11.6 (decrease of 31.5) million in net working capital.

Payments for restructuring amounted to EUR 4.0 (10.3) million.

Capital expenditure totalled EUR 15.7 (17.6) million, consisting of investments in data centres and the capitalized costs for the development of software. In the third quarter, capitalized costs for industry-specific software amounted to EUR 8.6 (9.8) million. Capital expenditure represented 2.4% (2.7) of revenue.

Financial performance in January–September

	1–9/2021	1–9/2020
Revenue, EUR million	2 081.4	2 074.5
Change, %	0.3	74.1
Operating profit (EBIT), EUR million	268.6	68.9
Operating margin (EBIT), %	12.9	3.3
Adjusted ¹⁾ operating profit (EBIT), EUR million	264.5	248.7
Adjusted ¹⁾ operating margin (EBIT), %	12.7	12.0
Profit after taxes, EUR million	202.7	40.0
EPS, EUR	1.71	0.34
Net cash flow from operations, EUR million	198.2	229.5
Return on equity, 12-month rolling, %	16.2	5.5
Return on capital employed, 12-month rolling, %	13.1	6.1
Capital expenditure, EUR million	55.8	65.6
Order backlog	3 153	3 197
Acquisitions, EUR million	—	0.3
Interest-bearing net debt, EUR million	702.3	951.5
Personnel on 30 September	23 860	23 877

Nine-month revenue increased by 0.3% to EUR 2 081.4 (2 074.5) million, impacted by the decline in Cloud & Infra. Positive currency changes had an impact of EUR 53 million on revenue. Nine-month operating profit (EBIT) amounted to EUR 268.6 (68.9) million, representing a margin of 12.9 (3.3). Operating profit includes EUR -39.5 (145.6) million in adjusted items, mainly related to capital gains from the divestment of the oil & gas software business and integration costs. In 2020, the nine-month adjustment items included substantial costs related to integration, the ending of the SmartUtilities platform and redefined IBM partnership. Adjusted¹⁾ operating profit (EBITA) stood at EUR 264.5 (248.7) million, or 12.7 (12.0) of revenue. Further details on adjusted items are available in the **Alternative Performance Measures** paragraph.

Depreciation and amortization amounted to EUR 128.2 (133.7) million, including EUR 54.0 (55.1) million in

depreciation of right of use assets (IFRS 16 impact) and EUR 35.4 (34.2) million in amortization of acquisition-related intangible assets. Net financial expenses stood at EUR 22.2 (18.6) million. Net interest expenses were EUR 16.7 (16.5) million and net losses from foreign exchange transactions EUR 3.7 (gains 0.3) million. Other financial income and expenses amounted to EUR -1.8 (-2.3) million.

Earnings per share (EPS) totalled EUR 1.71 (0.34). Adjusted¹⁾ earnings per share amounted to EUR 1.55²⁾ (1.51).

¹⁾ Adjusted for amortization of acquisition-related intangible assets, restructuring costs, capital gains/losses, goodwill impairment charges and other items affecting comparability.

²⁾ Second-quarter figure restated as TietoEVRY has redefined the calculation of tax impact of adjustment items. Instead of applying average tax rate to the full amount of adjustment items, tax impact is assessed separately for each adjustment item per country.

Financial performance by segment

	Revenue, EUR million	Revenue, EUR million	Growth, %	Organic growth, % ³⁾	Adjusted ¹⁾ operating profit ²⁾ , EUR million	Adjusted ¹⁾ operating profit ²⁾ , EUR million	Adjusted ¹⁾ operating margin ²⁾ , %	Adjusted ¹⁾ operating margin ²⁾ , %
	1–9/2021	1–9/2020			1–9/2021	1–9/2020	1–9/2021	1–9/2020
Digital Consulting	491.2	489.2	0	-1	68.2	62.8	13.9	12.8
Cloud & Infra	636.0	704.3	-10	-11	40.3	74.3	6.3	10.5
Industry Software	391.2	366.8	7	6	91.7	56.4	23.4	15.4
Financial Services								
Solutions	342.1	309.9	10	6	46.6	39.2	13.6	12.6
Product Development								
Services	109.3	106.5	3	5	12.3	13.0	11.2	12.3
Other ⁴⁾	111.7	97.7	14	20	5.3	2.9	—	—
Total	2 081.4	2 074.5	0	-1	264.5	248.7	12.7	12.0

¹⁾ Adjustment items include restructuring costs, capital gains/losses, impairment charges and other items affecting comparability.

²⁾ Profit before interests, taxes and amortization of acquisition-related intangible assets.

³⁾ Adjusted for currency effects and impact from acquisitions and divestments.

⁴⁾ "Other" consists of International Operations, including digital consulting services for markets outside the Nordics. "Other" also includes unallocated Group costs.

For a comprehensive set of segment figures, see the [tables section](#).

Cash flow and investments

Nine-month net cash flow from operations amounted to EUR 198.2 (229.5) million, including an increase of EUR 95.3 (decrease of 49.4) million in net working capital.

Payments for restructuring amounted to EUR 18.0 (21.2) million.

Nine-month tax payments were EUR 20.3 (26.4) million. Tax rate was close to 18%, mainly due to tax exempt income.

Capital expenditure totalled EUR 55.8 (65.6) million, consisting of investments in data centres and the capitalized costs for the development of software. Capitalized costs for industry-specific software amounted to EUR 32.0 (39.9) million. Capital expenditure represented 2.7% (3.2) of revenue.

Financial position at the end of the period

The equity ratio was 49.6% (42.6). Gearing decreased to 41.1% (65.3). Interest-bearing net debt totalled EUR 702.3 (951.5) million, including EUR 767.8 (917.9) million in interest-bearing debt, EUR 210.2 (257.8) million in lease liabilities, EUR 6.2 (5.2) million in finance lease receivables, EUR 28.3 (20.1) million in other interest-bearing receivables and EUR 241.1 (198.9) million in cash and cash equivalents.

Interest-bearing long-term liabilities amounted to EUR 881.9 (1 074.1) million at the end of September. 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 term loan from financial institutions, a long-term loan from the European Investment Bank and EUR 145.7 million in lease liabilities.

Interest-bearing short-term liabilities amounted to EUR 96.0 (101.6) million, mainly related to leasing liabilities. The committed revolving credit facility of EUR 250 million expiring in September 2024 was not in use at the end of September.

Order backlog

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. While this change in customer behaviour affects the order backlog levels, it is not expected to have any significant impact on TietoEVRY's market opportunities and business outlook.

TietoEVRY's order backlog amounted to EUR 3 153 (3 197) million at the end of September. Of the backlog, 18% (20) is expected to be invoiced during 2021. The order backlog includes all signed customer orders that have not been recognized as revenue, including estimates of the value of consumption-based contracts.

Major agreements in January–September

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, Arva AS chose TietoEVRY as its partner to implement Microsoft Dynamics 365 business solutions as part of its ARVAnEXT initiative to become one of the most efficient energy companies in Norway. By virtue of its ability to attract leading talents in the market, nomination as Microsoft's Partner of the Year 2020 and industry knowledge, TietoEVRY as a leading player in the Nordics is in a unique position to help Arva realize its ambitions. This four-year agreement has a contract value of NOK 27 million and includes an option to extend the delivery by another two years.

In February, TietoEVRY and LocalTapiola signed a contract on new co-operation that expands the use of cloud services. In addition, TietoEVRY provides support to LocalTapiola within end-user services and application development. Moving to a public and multi-cloud environment supports the implementation of LocalTapiola's strategy and provides speed and flexibility to the company's business development. The three-year contract, including an option for a two-year extension, is worth EUR 45 million.

In February, KEHA Centre – the Development and Administrative Services Centre for the Centre for Economic Development, Transport and the Environment – chose TietoEVRY as its partner for development and expert services for extensive development packages. The aim is to modernize and streamline the case management of government agencies, as well as to make the daily life of citizens easier with more efficient services and better data utilization. The KEHA Centre procurement consisted of two separate tenders. It selected TietoEVRY as its main partner in permit and monitoring services.

In February, Systembolaget chose TietoEVRY as a partner in the roll-out of new hardware for around 2 000 point-of-sale

equipment in 450 stores. The roll-out is estimated to start in the second quarter and last until the fourth quarter of 2021. By replacing hardware, the customer can take full advantage of its new applications, including touch screens and better security, and at the same time manage the life cycle of its infrastructure. TietoEVRY will, together with its subcontractors, handle all logistics, installations and recycling of the current hardware.

In February, the municipality of Uddevalla signed an agreement with TietoEVRY for eCompanion, an end-to-end, user-friendly digital solution for municipal HR and payroll. The solution will be delivered as a cloud service that includes consulting and system support for all HR and payroll processes. The contract is valued at SEK 43 million and covers a period of 16 years, including optional year extension.

In March, Lyse decided to extend its agreement with TietoEVRY with another three years and an option for a further two years. TietoEVRY will transform Lyse to the new Hybrid Cloud (HlaaS), securing Lyse the best solution from both public cloud and private cloud and ensuring effective and smooth operation for end-users. TietoEVRY is providing Lyse with the full stack including infrastructure, consultancy, security, end user, data management, UX and ERP services. The agreement has a value of approximately EUR 18 million.

In March, Valmet Automotive, one of the largest vehicle contract manufacturers in the world, extended its agreement with TietoEVRY with the objective of modernizing Valmet Automotive's IT infrastructure. The contract period is four years and has an option of one additional year. The extension has an estimated value of over EUR 10 million.

In March, IF Insurance and TietoEVRY extended their collaboration into the application development and maintenance space. TietoEVRY was chosen as IF's partner to provide Cobol experts to secure the need for competences in business-critical applications in a technology area with scarce market availability. The agreement is estimated to be

valid for over five years and have a value of approximately EUR 5 million.

In March, Ellevio and TietoEVRY concluded a software management agreement regarding TietoEVRY's energy utilities products. The agreement worth SEK 25 million is a continuation to their co-operation – TietoEVRY has been working with Ellevio on engineering data regarding Ellevio's customers and invoicing since 2019.

In April, TietoEVRY and DNB entered into a strategic agreement which will provide the client with innovative, future-oriented solutions and access to high-tech expertise that meets the needs of a modern and digital bank. The agreement represents a contract framework with a value of around EUR 200 million over three years and serves to strengthen TietoEVRY's position as a leading Nordic supplier of banking technology.

In April, the Helsinki and Uusimaa Hospital District (HUS), the main hospital district in Finland, chose TietoEVRY to develop digital health services and the Digital Health Village project. The partnership aims to design better seamless web and mobile healthcare services for Finnish citizens. The e-Health services developed in 2020 include pandemic guidance for citizens and professionals on testing and vaccination, as well as the development of infection-tracking software. TietoEVRY is also a strategic partner for HUS in developing data-driven healthcare services, supporting preventive care and more comprehensive care overall. The contract is valid on an ongoing basis and has a maximum annual value of EUR 10 million. The procurement decision comes into effect at the end of the appeal period as set out in the Act on Public Procurement.

In May, TietoEVRY and Lowell, an international credit management company, decided to extend their partnership. Lowell has previously been utilizing TietoEVRY's Collection platform, which is now being transitioned to a software-as-a-service solution. With this new agreement, Lowell will be able to improve agility, time to market and efficiency by consolidating services and platforms across markets. They will also secure access to a scalable competence pool of people that can support them to better meet market needs. The agreement initially spans over three years and includes services for Lowell Sweden and Norway.

In May, TietoEVRY and The Farmers' Social Insurance Institution Mela signed a six-year contract on infrastructure services, including data centre services as well as back-up and cybersecurity services. In addition, the agreement covers load balancing, monitoring and data communication services. With this agreement, TietoEVRY provides Mela with high-quality, cost-efficient and reliable services supporting business operations.

In June, Visma Finance, one of the leading Nordic ERP providers, chose TietoEVRY's platform for factoring in

Norway to be able to scale up its factoring operations in that market. The modular build of TietoEVRY's factoring platform will bring a new level of automation to their Norwegian operations, improving operational efficiency and the user experience.

Nordea has appointed TietoEVRY as the bank's provider of a complete set of payment card production and personalization services in Finland, Sweden and Norway. The agreement provides the bank's customers with quicker access to new card features provided by TietoEVRY, such as cards made of sustainable material, eco-friendly designs, biometric fingerprint payments or metal cards. TietoEVRY makes use of its extensive partner network of card technology providers for the benefit of its issuer customers. The agreement runs for five years. Nordea's extensive card portfolio has already been successfully migrated to TietoEVRY's personalization sites in Finland and Norway in a very short period of time.

In June, TietoEVRY's Card Issuing and Financial Crime Prevention reached an important agreement with Bank Norwegian to follow the bank on their journey to Europe by expanding into Germany and Spain. Bank Norwegian's customers in those countries will get access to market leading credit cards, also covering fraud prevention. The agreement is an extension of their existing partnership, in which TietoEVRY is delivering state-of-the-art software-as-a-Service (SaaS) card services to Bank Norwegian in Norway, Sweden, Finland and Denmark.

In June, Region Skåne prolonged its partnership with TietoEVRY in end-user services. TietoEVRY will continue to have the full responsibility for delivering all the services required for a modern workplace, including service desk and end-user support. Region Skåne is one of Sweden's largest county councils. The three-year contract is worth EUR 60 million.

In June, TietoEVRY entered into a strategic agreement with the Norwegian Oil and Gas Association (Norog) for the modernization and further development of License2Share. By adopting cloud solutions, modern collaboration technology and seamless integration with other digital work tools, the new solution will simplify the day-to-day work processes of more than 5 000 users across 500 exploration and extraction licences on the Norwegian continental shelf. By combining innovation with new technology, the new solution will also help increase knowledge sharing and will facilitate faster and better decisions.

In July, TietoEVRY concluded a continuation to a contract, initially agreed in 2015, with Valtori, the Finnish Government ICT Centre. The new agreement, covering data centre and capacity services, has a contract value of EUR 98 million.

In July, Telia Company and TietoEVRY concluded a multi-year agreement. TietoEVRY continues to serve Telia as a

strategic IT partner, supporting the company in its digital transformation and cloud-first strategy.

In August, Aibel chose TietoEVRY to support its digitalization to further accelerate the transformation towards renewable energy solutions. The comprehensive technology agreement with a contract value of around EUR 26 million covers infrastructure and cloud-based services in Europe, Singapore and Thailand. Modern and environmentally friendly technology from TietoEVRY will ensure that Aibel will harness the potential of modern cloud solutions to facilitate innovation and provide a high degree of security and scalability.

In August, Ilmarinen, Finland's largest private earnings-related pension insurance company, and TietoEVRY agreed on a strategic partnership in the area of insurance processes. The co-operation commenced in September and it will cover the development of insurance processes and related solutions as well as a wider scope of application maintenance services across a variety of Ilmarinen's other processes, and support functions. With this new partnership, TietoEVRY commits to support Ilmarinen's business targets and holds the key role in the planning and implementing of the client's digitalization strategy.

In September, OP Financial Group and TietoEVRY signed a multi-year agreement on renewal and modernization of application development, and maintenance collaboration in digital services. The agreement is valid for over five years and has a value of approximately EUR 16 million for maintenance services.

In September, TietoEVRY announced that it will build a R&D centre in Nanjing, China. Through its extended competences and capabilities in China, the company aims to scale up its activities in the development of the latest Automotive, Smart Electronics, and Telecommunication Software technologies and related services. This establishment follows an extended partnership with Ericsson. Related revenue contribution will start in November with 330 employees having joined the company. The two-year agreement represents value of around EUR 30 million.

Personnel

The number of full-time employees amounted to 23 860 (23 877) at the end of September. The number of full-time employees in the global delivery centres totalled 11 513 (11 241), or 48.3% (47.1) of all personnel.

The number of full-time employees was up from the year-end 2020 level of 23 632. The increase of over 200 employees includes redundancies of over 350 and a divestment impact of over 250.

The 12-month rolling employee turnover stood at 13.5% (9.9) at the end of September. Group-level salary inflation is expected to be around 3% on average in 2021. Salary inflation is partly offset by price increases in some service areas, offshoring and management of the competence pyramid.

Shareholders' Nomination Board

The composition of the Shareholders' Nomination Board for TietoEVRY Corporation was determined based on holdings on 31 August 2021 in the Finnish, Norwegian and Swedish shareholders' registers and received evidence thereof. The shareholders who wished to participate in the work of the Shareholders' Nomination Board nominated the following members:

- Petter Söderström, Investment Director, Solidium Oy
- Gustav Moss, Vice President, Cevian Capital AB
- Alexander Kopp, Investment Manager, Incentive AS
- Mikko Mursula, Deputy CEO, Ilmarinen Mutual Pension Insurance Company and
- Tomas Franzén, Chairperson of the Board of Directors, TietoEVRY Corporation.

Board of Directors

After the merger of Tieto Corporation and EVERY ASA in December 2019, Apax Partners LLP, acting through Lyngen Holdco S.A.R.L., became the biggest shareholder of TietoEVERY. Due to its notable shareholding in TietoEVERY, Apax has had two representatives in the Board of Directors since the merger was completed. Following major shareholders' notifications from Apax in March and July, Apax notified on 8 September 2021 that it has sold its remaining shares in TietoEVERY.

On 20 July, TietoEVERY announced that Salim Nathoo had decided to leave his Board member position in TietoEVERY. On 8 September, Rohan Haldea announced his resignation from TietoEVERY's Board of Directors.

The Board of Directors of TietoEVERY Corporation will continue with nine AGM elected members and four Board members representing personnel.

Shares

On 30 September, the number of shares totalled 118 425 771. In February, TietoEVERY purchased 140 000 own shares. Related to the company's share-based reward plans, a total of 143 391 shares held by TietoEVERY were transferred to the participants of the plan during the second quarter.

At the end of the quarter, the number of shares in the company's or its subsidiaries' possession totalled 7 587, representing 0.01% of the total number of shares and voting rights. The number of outstanding shares, excluding the treasury shares, was 118 418 184.

TietoEVERY received the following flagging announcements during the quarter:

- The combined holding of Lyngen Holdco S.à r.l. and Apax Global Alpha Limited fell below the 10% threshold on 27 July. The holding amounted to 9 086 087 shares, representing 7.67% of the shares and votes in TietoEVERY
- On 17 September, the holding of Incentive Investment Funds ICAV exceeded the 5% threshold and amounted to 6 041 221 shares, corresponding to a holding of 5.10% in TietoEVERY shares. According to its announcement on 6 July, Incentive AS' holding of 6 082 829 shares (5.14% of shares and votes) were held by several funds, including sub-funds of Incentive Investment Funds ICAV.

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.

Due to the ongoing Covid-19 pandemic, the market outlook in TietoEVERY's main markets involves uncertainties. The pandemic may lead to an economic downturn while sensitivity to macroeconomic uncertainty varies by business. 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 digital consulting business has shorter contractual periods and is likely to be more affected during times of economic uncertainty. TietoEVERY operates in multiple countries, balancing workforce availability. The company has taken several measures to secure the health and safety of employees and ensure critical services to customers. TietoEVERY is well prepared for future ways of working, a

combination of working remotely and from the office, and has already launched Hybrid Working Guidelines globally.

The active global talent market has increased demand for technology professionals. While the company has accelerated new hirings globally, higher attrition levels may impact performance.

In light of the global supply shortage of semi-conductors and associated technology products, software and service companies such as TietoEVERY may experience delays in deliveries.

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

The company's development is relatively sensitive to changes in the demand from large customers, as TietoEVERY's top 10 customers currently account for around 19% of its revenue, with Product Development 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 development and implementation of new technologies and software. In TietoEVERY's case implementations relate to both own software development, the scope in related project deliveries and integration of third-party software. Additional technology licence fees and failures to meet both the agreed quality and timeliness of deliveries could pose potential risks.

Risks related to malfunctions, cybersecurity breaches or malicious attacks could seriously affect TietoEVERY'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 and is anticipated to pose a risk for software and IT services companies, and thus also for TietoEVERY. 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

New strategy

On 13 October, TietoEVERY announced a new strategy, driving growth and expansion through specialization. The new strategy is described in the [strategy](#) section.

TietoEVERY is establishing six specialized end-to-end businesses. These six businesses will form the reportable segments as from the first quarter of 2022. The new structure and the following appointments in Executive Management will take effect on 1 January 2022:

- Business Design & Engineering – to be led by Christian Pedersen
- Health & Care Software – to be led by Ari Järvelä
- Financial Services Solutions – to be led by Christian Segersven
- Industry Software – to be led by Ari Järvelä
- Enterprise Modernization – to be led by Satu Kiiskinen
- Cloud Platform Services – to be led by Johan Torstensson

The business executives together with

- Tomi Hyryläinen, CFO
- Kishore Ghadiyaram, Head of Strategy
- Trond Vinje, Head of Human Resources
- Malin Fors-Skjæveland, Head of Operations

will form TietoEVERY's Executive Management under the leadership of Kimmo Alkio, the President and CEO.

Dividend payment

The Annual General Meeting 2021 decided on a dividend of total EUR 1.32 per share for the financial year that ended on 31 December 2020. The second dividend instalment of EUR 0.66 per share was paid beginning from 6 October 2021.

Divestment of software businesses Alystra, Jydacom and TRYGG/2000

On 13 October, TietoEVERY announced that it has signed an agreement to sell its software businesses Alystra, Jydacom and TRYGG/2000 to EG, a Nordic software company. This transaction is part of TietoEVERY's strategy to seek focus and scale. Revenue of the businesses to be divested amounted to around EUR 13 million in 2020. The divestment is expected to be closed during the fourth quarter of 2021.

Full-year outlook for 2021 unchanged

TietoEVERY expects its organic¹⁾ growth to be -1% to +2%²⁾ (revenue in 2020: EUR 2 786.4 million). The company estimates its full-year adjusted operating margin (adjusted EBITA)³⁾ to increase to 13–14% (12.7% in 2020).

¹⁾ Adjusted for currency effects, acquisitions and divestments.

²⁾ Highly dependent on the development of the Covid-19 pandemic. Assumes that the business environment will return to normal as from the third quarter of 2021.

³⁾ Adjusted EBITA is fully comparable with the previous definition of adjusted EBIT. According to both definitions, amortization of acquisition-related intangible assets, restructuring costs, capital gains/losses, impairment charges and other items affecting comparability are excluded – whereas amortization of other intangible assets is included.



Consolidated interim financial statements

Income statement

EUR million	2021 7–9	2020 7–9	2021 1–9	2020 1–9	Change %	2020 1–12
Revenue	648.1	643.8	2 081.4	2 074.5	0	2 786.4
Other operating income	6.0	4.0	83.8	9.2	> 100	11.6
Materials and services	-139.0	-163.4	-448.2	-521.8	-14	-688.7
Employee benefit expenses	-337.2	-332.1	-1 136.7	-1 113.6	2	-1 485.6
Depreciation and amortization	-41.7	-43.6	-128.2	-133.7	-4	-175.8
Impairment losses	-0.1	-18.8	-1.6	-29.4	-95	-29.7
Other operating expenses	-64.3	-61.5	-182.7	-218.0	-16	-272.9
Share of results in joint ventures	0.3	0.1	0.8	1.8	-53	1.5
Operating profit (EBIT)	72.2	28.6	268.6	68.9	> 100	146.7
Interest and other financial income	0.4	0.5	1.2	1.7	-33	2.2
Interest and other financial expenses	-6.4	-7.5	-19.7	-20.6	-4	-27.4
Net foreign exchange gains/losses	-1.7	0.5	-3.7	0.3	> 100	0.8
Profit before taxes	64.5	22.1	246.4	50.3	> 100	122.4
Income taxes	-16.4	-3.1	-43.6	-10.3	> 100	-27.9
Net profit for the period	48.1	19.0	202.7	40.0	> 100	94.5
Net profit for the period attributable to						
Owners of the Parent company	48.1	19.0	202.7	40.0	> 100	94.5
Non-controlling interest	0.0	0.0	0.0	0.0	—	0.0
	48.1	19.0	202.7	40.0	> 100	94.5
Earnings per share attributable to owners of the Parent company, EUR per share						
Basic	0.41	0.16	1.71	0.34	> 100	0.80
Diluted	0.41	0.16	1.71	0.34	> 100	0.80

Statement of other comprehensive income

EUR million	2021 7–9	2020 7–9	2021 1–9	2020 1–9	Change %	2020 1–12
Net profit for the period	48.1	19.0	202.7	40.0	> 100	94.5
Items that may be reclassified subsequently to profit or loss						
Translation differences	-5.4	-31.3	36.0	-194.1	> 100	-82.8
Cash flow hedges, net of tax	—	—	—	—	—	—
Items that will not be reclassified subsequently to profit or loss						
Remeasurements of the defined benefit plans, net of tax	-2.3	-3.1	0.1	-0.7	> 100	0.2
Total comprehensive income	40.4	-15.4	238.8	-154.8	> 100	11.9
Total comprehensive income attributable to						
Owners of the Parent company	40.4	-15.4	238.8	-154.8	> 100	11.9
Non-controlling interest	0.0	0.0	0.0	0.0	—	0.0
	40.4	-15.4	238.8	-154.8	> 100	11.9

Statement of financial position

Assets

EUR million	2021 30 Sep	2020 30 Sep	Change %	2020 31 Dec
Goodwill	1 931.7	1 874.3	3	1 974.4
Other intangible assets	384.2	369.1	4	384.9
Property, plant and equipment	87.4	98.3	-11	96.9
Right-of-use assets	199.1	245.8	-19	231.7
Interests in joint ventures	15.9	19.5	-18	19.7
Deferred tax assets	14.3	41.0	-65	35.6
Defined benefit plan assets	0.6	—	100	—
Finance lease receivables	3.1	3.1	3	2.9
Other financial assets at amortized cost	14.1	8.7	62	12.8
Other financial assets at fair value	0.6	0.6	1	0.6
Other non-current receivables	34.5	19.9	74	21.8
Total non-current assets	2 685.5	2 680.2	0	2 781.3
Inventories	5.4	4.1	31	4.9
Trade and other receivables	533.5	549.4	-3	516.9
Financial assets at fair value	21.6	35.5	-39	35.9
Finance lease receivables	3.0	2.1	45	2.3
Current tax assets	17.2	20.6	-16	11.3
Cash and cash equivalents	241.1	198.9	21	252.3
Total current assets	822.0	810.7	1	823.5
Total assets	3 507.4	3 490.9	0	3 604.8

Equity and Liabilities

EUR million	2021 30 Sep	2020 30 Sep	Change %	2020 31 Dec
Share capital, share issue premiums and other reserves	118.2	117.2	1	118.6
Invested unrestricted equity reserve	1 203.5	1 203.5	0	1 203.5
Retained earnings	386.0	137.5	> 100	304.1
Equity attributable to owners of the Parent company	1 707.7	1 458.1	17	1 626.2
Non-controlling interest	0.0	0.0	—	0.0
Total equity	1 707.7	1 458.1	17	1 626.2
Loans	736.2	888.1	-17	885.9
Lease liabilities	145.7	186.0	-22	171.0
Deferred tax liabilities	7.6	15.4	-51	19.8
Provisions	4.1	5.7	-28	3.2
Defined benefit obligations	37.9	38.5	-2	38.3
Other non-current liabilities	35.6	29.2	22	34.2
Total non-current liabilities	967.1	1 162.8	-17	1 152.5
Trade and other payables ¹⁾	684.5	698.0	-2	660.4
Financial liabilities at fair value	0.9	4.2	-79	2.9
Current tax liabilities	25.1	6.0	> 100	5.5
Loans	31.6	29.8	6	39.6
Lease liabilities	64.5	71.8	-10	72.1
Provisions	26.1	60.1	-57	45.6
Total current liabilities	832.6	869.9	-4	826.1
Total equity and liabilities	3 507.4	3 490.9	—	3 604.8

¹⁾ 30 September 2021 Includes unpaid dividend of EUR 78.6 million.

Statement of changes in shareholders' equity

EUR million	Owners of the Parent company							Non-controlling interest	Total equity
	Share capital	Share premium and other reserves	Own shares	Translation differences	Invested un-restricted equity reserve	Re-tained earnings	Total		
	31 Dec 2020	76.6	42.1	-0.3	-133.8	1 203.5	438.2		
Comprehensive income									
Net profit for the period	—	—	—	—	—	202.7	202.7	0.0	202.7
Other comprehensive income, net of tax									
Remeasurements of the defined benefit plans, net of tax	—	—	—	—	—	0.1	0.1	—	0.1
Translation differences	—	-0.4	—	43.3	—	-6.9	36.0	—	36.0
Total comprehensive income	—	-0.4	—	43.3	—	195.9	238.8	0.0	238.8
Transactions with owners									
Contributions and distributions									
Share-based incentive plans	—	—	3.9	—	—	-0.9	3.0	—	3.0
Dividends	—	—	—	—	—	-156.3	-156.3	0.0	-156.3
Repurchase of own shares	—	—	-3.8	—	—	—	-3.8	—	-3.8
Acquisition of non-controlling interest, without change in control	—	—	—	—	—	-0.2	-0.2	0.0	-0.2
Total transactions with owners	—	—	0.1	—	—	-157.4	-157.3	0.0	-157.4
30 Sep 2021	76.6	41.7	-0.2	-90.6	1 203.5	476.8	1 707.7	0.0	1 707.7

EUR million	Owners of the Parent company							Non-controlling interest	Total equity
	Share capital	Share premium and other reserves	Own shares	Translation differences	Invested un-restricted equity reserve	Re-tained earnings	Total		
	31 Dec 2019	76.6	40.9	-2.9	-50.2	1 203.5	419.3		
Comprehensive income									
Net profit for the period	—	—	—	—	—	40.0	40.0	0.0	40.0
Other comprehensive income, net of tax									
Remeasurements of the defined benefit plans, net of tax	—	—	—	—	—	-0.7	-0.7	—	-0.7
Translation differences	—	-0.3	—	-200.1	—	6.3	-194.1	—	-194.1
Total comprehensive income	—	-0.3	—	-200.1	—	45.6	-154.8	0.0	-154.8
Transactions with owners									
Contributions and distributions									
Share-based incentive plans	—	—	3.4	—	—	-1.5	1.9	—	1.9
Dividends	—	—	—	—	—	-75.2	-75.2	—	-75.2
Repurchase of own shares	—	—	-0.9	—	—	—	-0.9	—	-0.9
Total transactions with owners	—	—	2.5	—	—	-76.7	-74.2	—	-74.2
30 Sep 2020	76.6	40.6	-0.4	-250.3	1 203.5	388.2	1 458.1	0.0	1 458.1

Statement of cash flows

EUR million	2021 7–9	2020 7–9	2021 1–9	2020 1–9	2020 1–12
Cash flow from operating activities					
Net profit for the period	48.1	19.0	202.7	40.0	94.5
Adjustments					
Depreciation, amortization and impairment losses	41.8	62.3	129.8	163.1	205.5
Profit/loss on sale of property, plant and equipment, subsidiaries and business operations	-0.1	-1.0	-71.5	-1.2	-1.2
Share of results in joint ventures	-0.3	-0.1	-0.8	-1.8	-1.5
Other adjustments	1.8	2.1	0.3	6.0	8.6
Net financial expenses	7.7	6.5	22.2	18.6	24.4
Income taxes	16.4	3.1	43.6	10.3	27.9
Change in net working capital	-11.6	31.5	-95.3	49.4	67.2
Cash generated from operating activities before interests and taxes	103.8	123.5	231.1	284.4	425.3
Net financial expenses paid	-4.7	-4.1	-14.7	-32.9	-46.0
Dividends received	—	—	2.1	4.3	4.3
Income taxes paid	-7.0	-11.0	-20.3	-26.4	-28.9
Cash flow from operating activities	92.1	108.4	198.2	229.5	354.7
Cash flow from investing activities					
Acquisition of subsidiaries and business operations, net of cash acquired	—	—	—	-0.3	-0.6
Capital expenditure	-15.7	-17.6	-55.8	-65.6	-83.5
Disposal of subsidiaries and business operations, net of cash disposed	-1.2	1.0	141.3	16.3	16.3
Proceeds from sale of property, plant and equipment	0.5	0.2	0.7	2.2	2.7
Change in loan receivables	-1.3	1.3	-0.3	2.1	-0.2
Cash flow from investing activities	-17.7	-15.1	85.9	-45.2	-65.3
Cash flow from financing activities					
Dividends paid	—	-37.6	-78.2	-37.6	-75.3
Repurchase of own shares	—	—	-3.8	-0.9	-0.9
Repayments of lease liabilities	-17.8	-17.2	-55.3	-52.5	-70.6
Bridge loan related to merger	—	—	—	-300.0	-300.0
Other short-term financing, net	-4.1	-38.4	-13.7	-45.2	-42.6
Proceeds from long-term borrowings	—	—	—	298.4	297.4
Repayments of long-term borrowings	—	—	-145.8	—	—
Cash flow from financing activities	-21.9	-93.2	-296.7	-137.7	-191.9
Change in cash and cash equivalents	52.5	0.1	-12.7	46.6	97.5
Cash and cash equivalents at the beginning of period	186.3	205.4	252.3	164.6	164.6
Foreign exchange differences	2.4	-6.6	1.6	-12.3	-9.9
Change in cash and cash equivalents	52.5	0.1	-12.7	46.6	97.5
Cash and cash equivalents at the end of period	241.1	198.9	241.1	198.9	252.3

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 on 31 December 2020. Changes to IFRSs which have been effective from 1 January 2021 have had no material impact on the Group's financial statements.

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

Revenue and profitability of TietoEVERY 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 licence sales for TietoEVERY's industry-specific software.

Liquidation of Tietokarhu

Tietokarhu Oy's special task as a supplier of IT services for the Tax Administration ended on 31 December 2020 in accordance with the two-year notice period as the Tax Administration switches to the use of a new ready-made software. The Extraordinary General Meeting supported the liquidation of Tietokarhu as of 1 January, 2021, as a result of which the company has been dissolved 28 September 2021. The Group has booked a liquidation gain of EUR 0.3 million in the third quarter.

Sale of Oil & Gas software business

On 15 February 2021, TietoEVERY announced an agreement with Aucerna, a Quorum Software affiliate, to sell its Oil & Gas software business. The transaction was completed on 7 June 2021. More information in **Changes in Group structure**.

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 and judgement where a different opinion could result in significant changes to reported results as well as the assumptions related to Covid-19 are the same as reported in the 2020 consolidated financial statements.

Events after the end of the reporting period

The Annual General Meeting 2021 decided on a dividend of total EUR 1.32 per share for the financial year that ended on 31 December 2020. The second dividend instalment of EUR 0.66 per share was paid beginning from 6 October 2021.

On 13 October, TietoEVERY announced that it has signed an agreement to sell its software businesses Alystra, Jydacom and TRYGG/2000 to EG, a Nordic software company. This transaction is part of TietoEVERY's strategy to seek focus and scale. Revenue of the businesses to be divested amounted to around EUR 13 million in 2020. The divestment is expected to be closed during the fourth quarter of 2021.

On 13 October, TietoEVERY announced a new strategy, driving growth and expansion through specialization. The new strategy is described in the **strategy** section of this interim report. TietoEVERY is establishing six specialized end-to-end businesses. These six businesses will form the reportable segments as from the first quarter of 2022. The new structure and the appointments in Executive Management will take effect on 1 January 2022.

Segment information

TietoEVERY Group comprises six operating segments: Digital Consulting, Cloud & Infra, Industry Software, Financial Services Solutions, International Operations and Product Development Services. The operating segments are reported separately, except for International Operations which is included in Other due to its smaller size.

Digital Consulting

The Digital Consulting business comprises consulting services, including business and technology advisory as well as system integration services and managed application services. The segment currently focuses on Finland, Sweden and Norway. Services are delivered primarily by employees based in the Nordic countries while also through global delivery centres. TietoEVERY is the leading vendor in the Norwegian and Finnish consulting market.

Cloud & Infra

The Cloud & Infra business modernizes and secures customers' businesses with automated solutions enhanced by a variety of technologies. The infrastructure foundation is to ensure Nordic customers' renewal, business continuity and security. Services comprise managed cloud, security and end-user services including cloud migration advisory and transformation. The business has a geographical focus in Finland, Sweden and Norway, and the Group is positioned as the leading provider in Finland and Norway and is among top 3 providers in Sweden. Services are delivered primarily from both onshore locations in the Nordic countries and the delivery centre in the Czech Republic.

Industry Software

Industry Software provides with industry-specific software products for business-critical processes of clients in the public sector and the healthcare and welfare sector as well as in the forest industry and the energy and oil and gas segments. Customers are mainly in the Nordic countries while the Group also has industry software for its global customers in the oil and gas and forest sectors. Majority of the business continues to be license-based while the share of software as a service is on the rise. In the license-based business revenue comprises solution installations and license fees as well as maintenance, which is typically based on multi-year agreements.

Financial Services Solutions

Financial Services Solutions helps a wide range of Nordic and global companies in the financial services industry to digitalize business processes, secure operational efficiency and growth in an environment of constant regulatory change. The portfolio comprises a comprehensive range of services and processes, based on flexible modules and innovative scalable software platforms, from real-time solutions within the areas of payments, cards, wealth management and credit to running full stack banking and cards operations as well as BPO services.

Product Development Services

Product Development Services provides software R&D services with focus on the telecom sector and expanding to new domains such as automotive. Services are provided globally for communications infrastructure companies, consumer electronics and semiconductor companies as well as automotive industry. Services are currently provided mainly from global centres in Poland, China, Sweden, the Czech Republic and Finland.

Other consists of International Operations including digital consulting services for markets outside the Nordics with focus on the industrial, public and telecom sectors in Europe and the healthcare, insurance and professional services in the US. International Operations serves its non-Nordic customers primarily from India and Ukraine. Other also includes unallocated Group costs.

Customer revenue by segments

	2021	2020	Change	2021	2020	Change	2020
EUR million	7-9	7-9	%	1-9	1-9	%	1-12
Digital Consulting	144.0	143.0	1	491.2	489.2	0	662.0
Cloud & Infra	201.3	219.3	-8	636.0	704.3	-10	931.6
Industry Software	116.1	115.1	1	391.2	366.8	7	501.1
Financial Services Solutions	111.2	101.2	10	342.1	309.9	10	418.8
Product Development Services	36.4	33.3	9	109.3	106.5	3	142.4
Other	39.1	31.9	23	111.7	97.7	14	130.5
Group total	648.1	643.8	1	2 081.4	2 074.5	0	2 786.4

Customer revenue from fixed-price contracts by segment

	2021	2020	2021	2020	2020
EUR million	7-9	7-9	1-9	1-9	1-12
Digital Consulting	2.8	3.3	10.0	14.2	19.0
Cloud & Infra	1.1	1.4	5.7	4.5	8.5
Industry Software	1.2	1.6	4.5	4.8	6.3
Financial Services Solutions	4.7	3.9	15.8	10.1	15.1
Product Development Services	1.1	0.8	2.4	3.7	4.6
Other	1.8	0.2	3.4	0.6	0.8
Group total	12.6	11.3	41.8	37.8	54.2

TietoEVRY does not have individual significant customers as defined in IFRS 8.

Operating profit (EBIT) by segment

	2021	2020	Change	2021	2020	Change	2020
EUR million	7-9	7-9	%	1-9	1-9	%	1-12
Digital Consulting	16.0	13.2	22	60.7	43.1	41	70.8
Cloud & Infra	8.7	3.8	> 100	14.4	30.8	-53	36.6
Industry Software	29.9	23.8	26	155.7	5.0	> 100	38.8
Financial Services Solutions	12.7	-9.2	> 100	30.1	1.2	> 100	10.0
Product Development Services	4.0	4.0	-1	12.0	12.7	-6	17.7
Other	0.8	-7.0	> 100	-4.3	-23.9	82	-27.2
Group total	72.2	28.6	> 100	268.6	68.9	> 100	146.7

Operating margin (EBIT) by segment

	2021	2020	Change	2021	2020	Change	2020
%	7-9	7-9	pp	1-9	1-9	pp	1-12
Digital Consulting	11.1	9.2	2	12.4	8.8	4	10.7
Cloud & Infra	4.3	1.7	3	2.3	4.4	-2	3.9
Industry Software	25.7	20.7	5	39.8	1.4	38	7.7
Financial Services Solutions	11.4	-9.1	21	8.8	0.4	8	2.4
Product Development Services	11.0	12.1	-1	10.9	11.9	1	12.4
Operating margin (EBIT)	11.1	4.4	7	12.9	3.3	10	5.3

Personnel by segment

	End of period				Average ¹⁾	
	2021	2020	Change	Share	2020	2021
	1-9	1-9	%	%	1-12	1-9
Digital Consulting	6 250	6 388	-2	26	6 220	6 121
Cloud & Infra	4 749	4 846	-2	20	4 795	4 810
Industry Software	3 222	3 487	-8	14	3 452	3 330
Financial Services Solutions	3 010	2 893	4	13	2 885	2 929
Product Development Services	1 711	1 656	3	7	1 643	1 674
Other	4 918	4 608	7	21	4 637	4 828
Group total	23 860	23 877	0	100	23 632	23 692

¹⁾ 2020 comparative information for the average number of personnel is not available as the new organization structure was implemented during the second quarter.

Personnel by country

	End of period				Average		
	2021	2020	Change	Share	2020	2021	2020
	1-9	1-9	%	%	1-12	1-9	1-9
Norway	4 360	4 589	-5	18	4 513	4 400	4 430
Sweden	4 336	4 482	-3	18	4 377	4 327	4 567
India	4 419	4 185	6	19	4 173	4 313	4 229
Finland	3 165	3 072	3	13	3 042	3 082	3 189
Czech Republic	2 496	2 455	2	10	2 457	2 467	2 494
Ukraine	2 051	1 846	11	9	1 837	1 961	1 967
Latvia	962	950	1	4	957	962	928
Poland	722	749	-4	3	750	739	755
China	452	434	4	2	445	437	433
Estonia	117	311	-62	0	290	200	307
Austria	200	178	12	1	184	187	176
Lithuania	115	102	13	—	104	104	103
Other	465	525	-11	2	502	514	511
Group total	23 860	23 877	0	100	23 632	23 692	24 089
Onshore countries	12 346	12 636	-2	52	12 407	12 310	12 665
Offshore countries	11 513	11 241	2	48	11 225	11 382	11 423
Group total	23 860	23 877	0	100	23 632	23 692	24 089

Non-current assets by country

EUR million	2021	2020	Change	2020
	30 Sep	30 Sep	%	31 Dec
Finland	88.2	104.2	-15	100.7
Sweden	120.1	141.0	-15	142.9
Norway	427.6	420.2	2	427.2
Other	34.6	47.8	-28	42.7
Total non-current assets	670.6	713.2	-6	713.5

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

Depreciation by segment

	2021	2020	Change	2021	2020	Change	2020
EUR million	7-9	7-9	%	1-9	1-9	%	1-12
Digital Consulting	1.1	1.1	-4	3.4	3.5	-5	4.8
Cloud & Infra	10.8	10.3	4	32.9	33.2	-1	44.0
Industry Software	0.5	0.5	-3	1.4	1.5	-8	1.9
Financial Services Solutions	0.9	1.0	-2	2.9	2.9	-1	3.8
Product Development Services	0.1	0.1	11	0.2	0.2	15	0.3
Other	13.9	15.2	-9	43.6	45.8	-5	60.2
Group total	27.3	28.2	-3	84.3	87.2	-3	115.0

Amortization on other intangible assets by segment

	2021	2020	Change	2021	2020	Change	2020
EUR million	7-9	7-9	%	1-9	1-9	%	1-12
Digital Consulting	0.0	0.2	> 100	0.1	0.4	-74	0.1
Cloud & Infra	0.9	1.1	-21	3.1	4.8	-35	6.5
Industry Software	0.4	0.8	-45	1.3	2.4	-46	2.4
Financial Services Solutions	0.8	1.0	-15	2.5	2.8	-10	3.8
Product Development Services	—	—	—	—	—	—	—
Other	0.4	0.8	-49	1.4	1.9	-25	2.5
Group total	2.6	3.9	-33	8.5	12.3	-31	15.3

Amortization of acquisition-related intangible assets by segment

	2021	2020	Change	2021	2020	Change	2020
EUR million	7-9	7-9	%	1-9	1-9	%	1-12
Digital Consulting	2.6	2.5	3	7.8	7.5	4	10.0
Cloud & Infra	2.2	2.1	3	6.5	6.2	4	8.3
Industry Software	1.7	1.6	6	4.8	5.0	-2	6.5
Financial Services Solutions	5.3	5.2	3	16.2	15.5	4	20.7
Product Development Services	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—
Group total	11.8	11.4	3	35.4	34.2	4	45.5

Changes in Group structure

Sale of Oil & Gas software business

On 15 February 2021, TietoEVERY announced an agreement with Aucerna, a Quorum Software affiliate, to sell its Oil & Gas software business. The transaction was completed on 7 June 2021, with a minor part of asset transfers to be completed in early autumn. The divestment is part of the company's strategy to seek focus and scale.

Through this transaction, the Oil & Gas software business will have greater global market reach and growth opportunities. TietoEVERY's Oil & Gas software business comprises hydrocarbon management, personnel and material logistics software and related services with installations in more than 50 countries. Revenue of the businesses to be divested amounted to around EUR 50 million in 2020 and the number of employees is around 430. The Oil & Gas software business was reported as part of the Industry Software segment in the consolidated financial statements.

The agreement was reached at an enterprise value of EUR 155 million, implying an EV/ Revenue multiple of approximately 3.2. A capital gain of EUR 71 million was recognized in the second quarter. The capital gain is included in the adjustment items. The cash payment in connection with the closing amounted to EUR 154 million. In addition, TietoEVERY will receive a cash compensation of EUR 2 million subsequent to the completion of asset transfers taking place in early autumn. The following table summarizes the effects of the sale on the financial statements.

EUR million	
Intangible and tangible assets	0.3
Right-of-use assets	0.8
Trade and other receivables	14.5
Cash and cash equivalents	7.4
Non-current liabilities	-0.7
Trade and other payables	-14.0
Fair value of net assets	8.3
Allocation of goodwill and intangible assets on disposal	71.3
Total net assets disposed	79.6
Consideration, including adjustments	156.4
Transaction costs	-6.8
Reclassification of foreign currency translation reserve	1.4
Total net assets disposed	-79.6
Gain on disposal, before income tax	71.4
Income tax expense on gain	-0.5
Gain on disposal, after income tax	70.9
Consideration received in cash	154.3
Transaction costs	-5.6
Cash and cash equivalents disposed of	-7.4
Net cash flow on disposal	141.3

Derivatives

Nominal amounts of derivatives

Includes 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.

EUR million	2021 30 Sep	2020 31 Dec
Forward contracts outside hedge accounting at fair value through profit or loss	419.5	484.2
Foreign exchange forward contracts	419.5	484.2

Fair values of derivatives

EUR million	30 Sep 2021			31 Dec 2020		
	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	2.8	0.9	1.9	1.5	2.9	-1.4
Foreign exchange forward contracts	2.8	0.9	1.9	1.5	2.9	-1.4

Derivatives are used for economic hedging purposes only.

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

Fair value measurement of financial assets and liabilities

There have been no changes in fair value methodology and input levels: foreign exchange forward contracts are valued based on Level 2 inputs and Other financial assets at fair value through profit or loss' (EUR 0.6 million on 30 Sep 2021) 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 18.7 million on 30 Sep 2021) are classified as Financial assets at fair value through profit or loss. Group estimates that the carrying amount approximates the fair value due to their short-term nature.

Number of shares

	2021 7-9	2020 7-9	2021 1-9	2020 1-9	2020 1-12
Outstanding shares, end of period					
Basic	118 418 184	118 408 930	118 418 184	118 408 930	118 414 793
Effect of dilutive share-based incentive plans	255 298	146 068	246 029	141 037	219 550
Diluted	118 673 482	118 554 998	118 664 213	118 549 967	118 634 343
Outstanding shares, average					
Basic	118 418 184	118 408 930	118 404 866	118 367 440	118 378 269
Effect of dilutive share-based incentive plans	255 298	146 068	246 029	141 037	219 550
Diluted	118 673 482	118 554 998	118 650 895	118 508 477	118 597 819
Company's possession of its own shares					
End of period	7 587	16 841	7 587	16 841	10 978
Average	7 587	16 841	20 905	58 331	47 502

Alternative performance measures (APMs)

TietoEVERY 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. TietoEVERY 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 TietoEVERY’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.

Operating profit (EBITA) by segment

	2021	2020	Change	2021	2020	Change	2020
EUR million	7–9	7–9	%	1–9	1–9	%	1–12
Digital Consulting	18.6	15.7	19	68.5	50.6	35	80.8
Cloud & Infra	10.9	5.9	84	20.9	37.0	-43	44.9
Industry Software	31.6	25.4	25	160.5	9.9	> 100	45.4
Financial Services Solutions	18.1	-4.0	> 100	46.3	16.7	> 100	30.7
Product Development Services	4.0	4.0	-1	12.0	12.7	-6	17.7
Other	0.8	-7.0	> 100	-4.3	-23.9	82	-27.2
Group total	84.0	40.0	> 100	304.0	103.1	> 100	192.2

Operating margin (EBITA) by segment

	2021	2020	Change	2021	2021	Change	2020
%	7–9	7–9	pp	1–9	1–9	%	1–12
Digital Consulting	12.9	11.0	2	14.0	10.3	4	12.2
Cloud & Infra	5.4	2.7	3	3.3	5.3	-2	4.8
Industry Software	27.2	22.0	5	41.0	2.7	38	9.1
Financial Services Solutions	16.2	-4.0	20	13.5	5.4	8	7.3
Product Development Services	11.0	12.1	-1	10.9	11.9	1	12.4
Operating margin (EBITA)	13.0	6.2	7	14.6	5.0	10	6.9

Adjusted operating profit (EBITA) by segment

	2021	2020	Change	2021	2020	Change	2020
EUR million	7–9	7–9	%	1–9	1–9	%	1–12
Digital Consulting	18.7	21.1	-11	68.2	62.8	9	92.8
Cloud & Infra	18.5	24.0	-23	40.3	74.3	-46	93.5
Industry Software	32.2	25.0	29	91.7	56.4	62	91.5
Financial Services Solutions	18.1	15.4	17	46.6	39.2	19	54.4
Product Development Services	4.1	4.1	1	12.3	13.0	-6	18.0
Other	2.2	0.6	> 100	5.3	2.9	81	4.8
Group total	94.0	90.2	4	264.5	248.7	6	355.0

Adjusted operating margin (EBITA) by segment

	2021	2020	Change	2021	2020	Change	2020
%	7–9	7–9	pp	1–9	1–9	pp	1–12
Digital Consulting	13.0	14.7	-2	13.9	12.8	1	14.0
Cloud & Infra	9.2	10.9	-2	6.3	10.5	-4	10.0
Industry Software	27.8	21.7	6	23.4	15.4	8	18.3
Financial Services Solutions	16.3	15.2	1	13.6	12.6	1	13.0
Product Development Services	11.3	12.3	-1	11.2	12.3	-1	12.7
Adjusted operating margin (EBITA)	14.5	14.0	1	12.7	12.0	1	12.7

Reconciliation of operating profit (EBITA)

	2021	2020	2021	2020	2020
EUR million	7-9	7-9	1-9	1-9	1-12
Operating profit (EBIT)	72.2	28.6	268.6	68.9	146.7
+ amortization on intangible assets recognized at fair value from acquisitions	11.8	11.4	35.4	34.2	45.5
Operating profit (EBITA)	84.0	40.0	304.0	103.1	192.2

Reconciliation of adjusted operating profit (EBITA)

	2021	2020	2021	2020	2020
EUR million	7-9	7-9	1-9	1-9	1-12
Operating profit (EBITA)	84.0	40.0	304.0	103.1	192.2
+ restructuring costs	4.8	—	7.8	1.2	1.2
- capital gains	-0.1	-1.0	-71.5	-1.0	-1.0
+/- M&A related items	0.1	—	0.9	—	—
+ IBM partner agreement	0.0	8.9	6.3	27.4	35.6
+ TietoEVERY integration	5.4	41.8	14.8	75.0	84.5
+ SmartUtilities	0.0	-0.3	0.3	41.1	40.5
+/- other items	-0.2	0.7	1.9	1.9	2.0
Adjusted operating profit (EBITA)	94.0	90.2	264.5	248.7	355.0

Other key figures

	2021	2020	2021	2020	2020
	7-9	7-9	1-9	1-9	1-12
Adjusted earnings per share, EUR	0.55	0.56	1.55 ¹⁾	1.51	2.16
Equity per share, EUR	14.42	12.31	14.42	12.31	13.73
Return on equity, 12-month rolling, %	16.2	5.5	16.2	5.5	5.7
Return on capital employed, 12-month rolling, %	13.1	6.1	13.1	6.1	5.2
Equity ratio, %	49.6	42.6	49.6	42.6	45.9
Interest-bearing net debt, EUR million	702.3	951.5	702.3	951.5	883.3
Gearing, %	41.1	65.3	41.1	65.3	54.3
Capital expenditure, EUR million	15.7	17.6	55.8	65.6	83.5
Acquisitions, EUR million	—	—	—	0.3	0.6

¹⁾ Second-quarter figure restated as TietoEVERY has redefined the calculation of tax impact of adjustment items. Instead of applying average tax rate to the full amount of adjustment items, tax impact is assessed separately for each adjustment item per country.

Calculation of alternative performance measures

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

Quarterly figures

Key figures

	2021	2021	2021	2020	2020	2020	2020
	7-9	4-6	1-3	10-12	7-9	4-6	1-3
Earnings per share, EUR							
Basic	0.41	0.99	0.31	0.46	0.16	-0.12	0.30
Diluted	0.41	0.99	0.31	0.46	0.16	-0.12	0.30
Adjusted earnings per share, EUR	0.55	0.52 ¹⁾	0.48	0.65	0.56	0.47	0.48
Equity per share, EUR	14.42	14.06	13.24	13.73	12.31	13.06	12.39
Return on equity, 12-month rolling, %	16.2	14.2	6.3	5.7	5.5	5.6	9.3
Return on capital employed, 12-month rolling, %	13.1	11.2	5.7	5.2	6.1	6.3	8.0
Equity ratio, %	49.6	48.3	42.9	45.9	42.6	44.3	43.2
Interest-bearing net debt, EUR million	702.3	772.1	825.7	883.3	951.5	989.3	1 041.4
Gearing, %	41.1	46.4	52.7	54.3	65.3	64.0	71.0
Capital expenditure, EUR million	15.7	18.5	21.6	17.9	17.6	23.3	24.6
Acquisitions, EUR million	—	—	—	0.4	—	0.3	—

¹⁾ Restated as TietoEVRY has redefined the calculation of tax impact of adjustment items. Instead of applying average tax rate to the full amount of adjustment items, tax impact is assessed separately for each adjustment item per country.

Income statement

	2021	2021	2021	2020	2020	2020	2020
EUR million	7-9	4-6	1-3	10-12	7-9	4-6	1-3
Revenue	648.1	721.7	711.5	712.0	643.8	686.4	744.2
Other operating income	6.0	74.6	3.2	2.4	4.0	2.5	2.7
Materials and services	-139.0	-154.9	-154.3	-166.9	-163.4	-181.9	-176.5
Employee benefit expenses	-337.2	-396.3	-403.2	-372.0	-332.1	-384.5	-397.1
Depreciation, amortization and impairment losses	-41.8	-42.8	-45.2	-42.4	-62.3	-54.3	-46.5
Other operating expenses	-64.3	-62.6	-55.8	-54.9	-61.5	-77.8	-78.7
Share of results in joint ventures	0.3	0.0	0.5	-0.3	0.1	-0.2	1.9
Operating profit (EBIT)	72.2	139.7	56.7	77.8	28.6	-9.8	50.0
Financial income and expenses	-7.7	-6.2	-8.3	-5.8	-6.5	-6.4	-5.6
Profit before taxes	64.5	133.5	48.4	72.0	22.1	-16.2	44.4
Income taxes	-16.4	-15.9	-11.3	-17.5	-3.1	2.1	-9.2
Net profit for the period	48.1	117.6	37.0	54.5	19.0	-14.1	35.2

Statement of Financial Position

EUR million	2021 30 Sep	2021 30 Jun	2021 31 Mar	2020 31 Dec	2020 30 Sep	2020 30 Jun	2020 31 Mar
Goodwill	1 931.7	1 935.1	1 950.3	1 974.4	1 874.3	1 895.9	1 807.2
Other intangible assets	384.2	388.1	397.3	384.9	369.1	396.8	388.5
Property, plant and equipment	87.4	89.3	94.3	96.9	98.3	102.9	102.7
Right-of-use assets	199.1	209.9	227.0	231.7	245.8	253.7	256.5
Interests in joint ventures	15.9	18.4	19.4	19.7	19.5	19.6	19.5
Other non-current assets	67.2	75.2	74.8	73.7	73.3	70.4	76.6
Total non-current assets	2 685.5	2 715.9	2 763.0	2 781.3	2 680.2	2 739.5	2 651.0
Trade receivables and other current assets	580.8	619.0	586.9	571.2	611.7	619.2	658.1
Cash and cash equivalents	241.1	186.3	307.5	252.3	198.9	205.4	171.7
Total current assets	822.0	805.3	894.5	823.5	810.7	824.6	829.8
Assets held for sale	—	—	88.1	—	—	—	—
Total assets	3 507.4	3 521.2	3 745.5	3 604.8	3 490.9	3 564.1	3 480.8
Total equity	1 707.7	1 665.2	1 567.7	1 626.2	1 458.1	1 547.0	1 467.2
Non-current loans	881.9	888.2	1 056.1	1 056.9	1 074.1	1 084.0	787.7
Other non-current liabilities	85.2	88.9	90.2	95.5	88.8	88.6	84.5
Total non-current liabilities	967.1	977.1	1 146.3	1 152.5	1 162.8	1 172.6	872.3
Trade payables and other current liabilities	710.5	751.1	880.5	668.9	708.2	653.3	670.8
Provisions	26.1	25.3	30.7	45.6	60.1	53.8	18.3
Current loans	96.0	102.5	111.5	111.7	101.6	137.4	452.2
Total current liabilities	832.6	878.9	1 022.7	826.1	869.9	844.5	1 141.3
Liabilities attributable to assets held for sale	—	—	8.8	—	—	—	—
Total equity and liabilities	3 507.4	3 521.2	3 745.5	3 604.8	3 490.9	3 564.1	3 480.8

Statement of cash flows

EUR million	2021 7–9	2021 4–6	2021 1–3	2020 10–12	2020 7–9	2020 4–6	2020 1–3
Cash flow from operating activities							
Net profit for the period	48.1	117.6	37.0	54.5	19.0	-14.1	35.2
Adjustments	67.2	-7.3	63.7	68.6	73.0	59.7	62.3
Change in net working capital	-11.6	-83.9	0.1	17.8	31.5	58.1	-40.2
Cash generated from operating activities before interests and taxes	103.8	26.4	100.9	140.9	123.5	103.6	57.3
Net financial expenses paid	-4.7	-9.3	-0.7	-13.1	-4.1	-9.6	-19.2
Dividends received	—	2.1	—	—	—	—	4.3
Income taxes paid	-7.0	-8.0	-5.3	-2.6	-11.0	-3.7	-11.7
Cash flow from operating activities	92.1	11.2	94.8	125.2	108.4	90.4	30.7
Cash flow from investing activities	-17.7	124.3	-20.7	-20.1	-15.1	-22.2	-8.0
Cash flow from financing activities	-21.9	-252.8	-22.0	-54.2	-93.2	-35.1	-9.4
Change in cash and cash equivalents	52.5	-117.3	52.1	50.9	0.1	33.1	13.4
Cash and cash equivalents at the beginning of period	186.3	307.5	252.3	198.9	205.4	171.7	164.6
Foreign exchange differences	2.4	-4.0	4.4	2.4	-6.6	0.6	-6.3
Cash classified as assets held for sale	—	—	-1.2	—	—	—	—
Change in cash and cash equivalents	52.5	-117.3	52.1	50.9	0.1	33.1	13.4
Cash and cash equivalents at the end of period	241.1	186.3	307.5	252.3	198.9	205.4	171.7

Quarterly figures by segments

The tables below include previous quarters' reported figures restated in accordance with the new segment structure.

Customer revenue by segment

	2021	2021	2021	2020	2020	2020	2020
EUR million	7-9	4-6	1-3	10-12	7-9	4-6	1-3
Digital Consulting	144.0	172.2	174.9	172.8	143.0	162.7	183.5
Cloud & Infra	201.3	218.5	216.2	227.3	219.3	232.0	253.0
Industry Software	116.1	139.1	136.0	134.3	115.1	122.0	129.7
Financial Services Solutions	111.2	118.7	112.1	108.8	101.2	101.9	106.9
Product Development Services	36.4	36.1	36.8	36.0	33.3	34.4	38.7
Other	39.1	37.0	35.6	32.8	31.9	33.4	32.4
Group total	648.1	721.7	711.5	712.0	643.8	686.4	744.2

Operating profit (EBIT) by segment

	2021	2021	2021	2020	2020	2020	2020
EUR million	7-9	4-6	1-3	10-12	7-9	4-6	1-3
Digital Consulting	16.0	20.4	24.2	27.8	13.2	9.5	20.4
Cloud & Infra	8.7	6.3	-0.6	5.8	3.8	10.7	16.3
Industry Software	29.9	99.7	26.0	33.8	23.8	-28.5	9.7
Financial Services Solutions	12.7	10.5	6.9	8.8	-9.2	4.3	6.2
Product Development Services	4.0	3.7	4.3	5.0	4.0	3.7	5.0
Other	0.8	-1.0	-4.1	-3.3	-7.0	-9.5	-7.5
Group total	72.2	139.7	56.7	77.8	28.6	-9.8	50.0

Operating margin (EBIT) by segment

	2021	2021	2021	2020	2020	2020	2020
%	7-9	4-6	1-3	10-12	7-9	4-6	1-3
Digital Consulting	11.1	11.8	13.9	16.1	9.2	5.8	11.1
Cloud & Infra	4.3	2.9	-0.3	2.5	1.7	4.6	6.4
Industry Software	25.7	71.7	19.1	25.2	20.7	-23.3	7.5
Financial Services Solutions	11.4	8.9	6.1	8.1	-9.1	4.2	5.8
Product Development Services	11.0	10.2	11.6	13.8	12.1	10.7	12.9
Operating margin (EBIT)	11.1	19.4	8.0	10.9	4.4	-1.4	6.7

Operating profit (EBITA) by segment

	2021	2021	2021	2020	2020	2020	2020
EUR million	7-9	4-6	1-3	10-12	7-9	4-6	1-3
Digital Consulting	18.6	23.0	26.9	30.3	15.7	11.9	22.9
Cloud & Infra	10.9	8.5	1.6	7.9	5.9	12.8	18.4
Industry Software	31.6	101.3	27.7	35.4	25.4	-26.7	11.3
Financial Services Solutions	18.1	16.0	12.3	13.9	-4.0	9.3	11.4
Product Development Services	4.0	3.7	4.3	5.0	4.0	3.7	5.0
Other	0.8	-1.0	-4.1	-3.3	-7.0	-9.5	-7.5
Group total	84.0	151.5	68.5	89.2	40.0	1.5	61.6

Operating margin (EBITA) by segment

	2021	2021	2021	2020	2020	2020	2020
%	7-9	4-6	1-3	10-12	7-9	4-6	1-3
Digital Consulting	12.9	13.4	15.4	17.5	11.0	7.3	12.5
Cloud & Infra	5.4	3.9	0.7	3.5	2.7	5.5	7.3
Industry Software	27.2	72.8	20.3	26.4	22.0	-21.9	8.7
Financial Services Solutions	16.2	13.5	10.9	12.8	-4.0	9.1	10.7
Product Development Services	11.0	10.2	11.6	13.8	12.1	10.7	12.9
Operating margin (EBITA)	13.0	21.0	9.6	12.5	6.2	0.2	8.3

Adjusted operating profit (EBITA) by segment

	2021	2021	2021	2020	2020	2020	2020
EUR million	7-9	4-6	1-3	10-12	7-9	4-6	1-3
Digital Consulting	18.7	23.0	26.5	29.9	21.1	17.8	23.9
Cloud & Infra	18.5	13.2	8.6	19.3	24.0	26.6	23.7
Industry Software	32.2	32.2	27.3	35.1	25.0	18.4	13.1
Financial Services Solutions	18.1	16.3	12.3	15.2	15.4	12.0	11.7
Product Development Services	4.1	3.7	4.4	5.0	4.1	4.0	5.0
Other	2.2	0.0	3.1	1.9	0.6	1.6	0.7
Group total	94.0	88.3	82.1	106.4	90.2	80.4	78.2

Adjusted operating margin (EBITA) by segment

	2021	2021	2021	2020	2020	2020	2020
%	7-9	4-6	1-3	10-12	7-9	4-6	1-3
Digital Consulting	13.0	13.4	15.1	17.3	14.7	11.0	13.0
Cloud & Infra	9.2	6.0	4.0	8.5	10.9	11.5	9.4
Industry Software	27.8	23.1	20.1	26.1	21.7	15.0	10.1
Financial Services Solutions	16.3	13.7	10.9	14.0	15.2	11.8	11.0
Product Development Services	11.3	10.4	12.0	13.8	12.3	11.5	12.9
Adjusted operating margin (EBITA)	14.5	12.2	11.5	14.9	14.0	11.7	10.5

Depreciation by segment

	2021	2021	2021	2020	2020	2020	2020
EUR million	7-9	4-6	1-3	10-12	7-9	4-6	1-3
Digital Consulting	1.1	1.2	1.1	1.2	1.1	1.2	1.3
Cloud & Infra	10.8	10.9	11.1	10.8	10.3	11.1	11.7
Industry Software	0.5	0.5	0.4	0.3	0.5	0.5	0.5
Financial Services Solutions	0.9	1.0	1.0	0.9	1.0	1.0	1.0
Product Development Services	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Other	13.9	14.5	15.2	14.5	15.2	15.0	15.6
Group total	27.3	28.2	28.9	27.8	28.2	28.8	30.1

Amortization on other intangible assets by segment

	2021	2021	2021	2020	2020	2020	2020
EUR million	7-9	4-6	1-3	10-12	7-9	4-6	1-3
Digital Consulting	0.0	0.0	0.0	-0.3	0.2	0.1	0.1
Cloud & Infra	0.9	0.9	1.3	1.7	1.1	1.8	1.9
Industry Software	0.4	0.4	0.4	-0.1	0.8	1.0	0.6
Financial Services Solutions	0.8	0.8	0.8	1.0	1.0	0.9	0.9
Product Development Services	—	—	—	—	—	—	—
Other	0.4	0.5	0.5	0.6	0.8	0.5	0.5
Group total	2.6	2.7	3.2	3.0	3.9	4.3	4.1

Amortization of acquisition-related intangible assets by segment

	2021	2021	2021	2020	2020	2020	2020
EUR million	7-9	4-6	1-3	10-12	7-9	4-6	1-3
Digital Consulting	2.6	2.6	2.6	2.5	2.5	2.4	2.5
Cloud & Infra	2.2	2.2	2.2	2.1	2.1	2.0	2.1
Industry Software	1.7	1.5	1.6	1.6	1.6	1.7	1.6
Financial Services Solutions	5.3	5.4	5.4	5.2	5.2	5.0	5.3
Product Development Services	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—
Group total	11.8	11.8	11.8	11.4	11.4	11.2	11.5

Major shareholders on 30 Sep 2021

	Shares	%
1 Solidium Oy	12 857 918	10.9
2 Cevian Capital Partners Ltd ¹⁾	9 381 731	7.9
3 Incentive Investment Funds ICAV ²⁾	6 041 221	5.1
4 Ilmarinen Mutual Pension Insurance Company	3 370 595	2.8
5 Elo Mutual Pension Insurance Company	1 368 953	1.2
6 Swedbank Robur fonder	1 350 000	1.1
7 The State Pension fund	858 000	0.7
8 Nordea funds	767 730	0.6
9 Svenska litteratursällskapet i Finland r.f.	639 845	0.5
10 Stiftelsen för Åbo Akademi	597 536	0.5
Top 10 shareholders total	37 233 529	31.4
- of which nominee registered	15 422 952	13.0
Nominee registered other	56 027 186	47.3
Others	25 165 056	21.3
Total	118 425 771	100.0

Based on the ownership records of Euroclear Finland Oy, Euroclear Sweden AB and Norwegian Central Securities Depository (VPS).

¹⁾ Based on the ownership records of Euroclear Finland Oy, Cevian Capital Partners Ltd's holding on 30 August 2021 was 9 381 731 shares, representing 7.9% of shares and voting rights.

²⁾ On 21 September, Incentive AS announced that the holding of Incentive Investment Funds ICAV in TietoEVERY Corporation was 6 041 221 shares, representing 5.1% of the shares.

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A teleconference for analysts and media will be held on Tuesday 26 October 2021 at 10.00 am EEST (09.00 am CEST, 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](#).

Teleconference numbers

Finland: +358 981 710 310
Sweden: +46 856 642 651
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United Kingdom: +44 333 300 0804
United States: +1 631 913 1422
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To ensure that you are connected to the conference call, please dial in a few minutes before the start of the press and analyst conference. The teleconference is recorded and it will be available on demand later during the day.

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