

# Q2 2021

## Interim report

JANUARY–JUNE

### Turning to growth – solid profitability

- Organic growth 2% – adjusted operating margin 12.2%
- Strong performance in software businesses – growth of 13% in Industry Software and 9% in Financial Services Solutions
- Significant wins demonstrating competitiveness – top 5 contracts represent value of EUR 300 million
- Objective for leverage achieved – net debt/EBITDA below 2

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# Key figures

Revenue, EUR million  
**721.7** (686.4)

Organic growth<sup>1)</sup>  
**1.5%** (-1.0%)

Order backlog, EUR million  
**3 275** (3 310)

Adjusted<sup>2)</sup> operating profit  
(EBITA<sup>3)</sup>), EUR million  
**88.3 / 12.2%**  
(80.4) (11.7%)

Operating profit (EBIT),  
EUR million  
**139.7 / 19.4%**  
(-9.8) (-1.4%)

Adjustment<sup>2)</sup> items,  
EUR million  
**-63.2** (78.9)

Net debt/EBITDA  
**1.6** (2.9)

<sup>1)</sup> Adjusted for currency effects and impact from acquisitions and divestments.

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

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

<sup>1)</sup> Adjusted for currency effects, acquisitions and divestments.

<sup>2)</sup> 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.

<sup>3)</sup> 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:



"We are pleased to see that our focused growth agenda materialized during the second quarter while delivering solid profitability. Overall second-quarter performance supports our outlook for the second half of the year. Performance was strongest in our software businesses, with revenue up by over 13% in Industry Software and by 9% in Financial Services Solutions. International Operations continued to deliver close to 20% growth, while revenue in Cloud & Infra was still down, as expected.

High contract-closing activities characterize our second quarter and support our revenue ambitions. We were able to deliver strong order intake in our Cloud & Infra business. Significant wins demonstrate our competitiveness – the top 5 contracts contribute around EUR 300 million to future revenues.

Our adjusted operating margin in the second quarter was solid at 12.2%, supported especially by the Industry Software business with its 23.1% margin and Financial Services Solutions with a margin of 13.7%. Turnaround in the Cloud & Infra business is ongoing, with its margin improving from 4% in the first quarter to 6%. Activities to drive growth and competitiveness continue and are expected to improve profitability during the second half of 2021.

Market activity continued to develop towards more normalized levels as the business impact from the pandemic decreases. At the same time, the demand for talent is increasing. We are consequently increasing our recruitment capacity to support our growth ambitions and continue to globally attract talent at a healthy pace by providing exciting careers and interesting projects with leading customers – and by creating a flexible working environment with a culture that promotes openness, trust and diversity.

During the summer period we are actively participating in public dialogues promoting opportunities in the technology sector with an emphasis on diversity, equal opportunity and sustainability. Through our active engagement, we also aim to tangibly contribute to common sustainability objectives with our customers."

# TietoEVERY's quarter in brief

## Turning to growth

The Group returned to growth and revenue was organically up by 2%. Industry Software and Financial Services Solutions experienced strong growth, with revenue<sup>1)</sup> up by 13% and 9%, respectively. Revenue also remained strong, up by 19%, in International Operations<sup>2)</sup> – and returned to growth in both Digital Consulting and Product Development Services. Positive development was offset by contracts lost in Cloud & Infra prior to the merger, having a negative impact of 3.5% on Group revenue<sup>1)</sup>, as anticipated.

## Solid profitability

Adjusted operating profit improved from the previous year's level to EUR 88.3 (80.4) million, representing a margin of 12.2% (11.7). Merger-related synergies of around EUR 21 million contributed to profitability. Software businesses' performance was strong while Group-level operating profit was affected by Cloud & Infra's performance, as anticipated. Cost optimization in Cloud & Infra, focusing on delivery capacity reduction in legacy services, and automation are anticipated to improve profitability in the second half.

## Growth momentum

Second-quarter performance supports TietoEVERY's growth ambitions for the second half of 2021. Driven by customers' digital agenda – focusing on enterprise agility with cloud and data – the company continues its growth agenda. In Cloud & Infra, strong book-to-bill well demonstrates competitiveness, while revenue decline in this business will continue during the second half. Demand in areas such as data and analytics, cloud as well as next-generation enterprise services is strong. The company has initiated additional recruitment activities to support growth.

<sup>1)</sup> Adjusted for currency effects and impact from acquisitions and divestments.

<sup>2)</sup> International Operations includes digital consulting services for markets outside the Nordics.

## Several significant wins

### Significant strategic contract in Norway

TietoEVERY and DNB have entered into a strategic agreement that 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 three-year agreement strengthens TietoEVERY's position as a leading Nordic supplier of banking technology and represents a contract framework with a value of around EUR 200 million, primarily in Cloud & Infra and Financial Services Solutions.

### Major contract with Region Skåne

Region Skåne prolonged its partnership with TietoEVERY in end-user services. TietoEVERY 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.

### Advanced product development services for a major global tech-industry leader

TietoEVERY and a major global high tech industry client (who remains anonymous due to confidentiality reasons) have signed a two-year agreement with a value of over EUR 30 million. The agreement with TietoEVERY will ensure this industry leader access to high-quality, highly advanced product development expertise and standards. The agreement was concluded in July and will start to generate revenue from the fourth quarter of 2021.

### Recognized as Microsoft Finland's Partner of the Year

Microsoft Finland recognized TietoEVERY as the Partner of the Year 2021. The company was awarded for demonstrating excellence in innovation and implementation of customer solutions based on Microsoft technology. TietoEVERY currently represents the biggest Azure community in the Nordics.

# IT market development

- Creating superior experiences enabled by data continues to be a strong driver for investments across industries
- The Nordics will remain at the forefront of technology adoption and data-driven change
- IT budgets are anticipated to recover and the IT market to rebound to growth in the second half of 2021
- TietoEVERY's relevant market was impacted by Covid-19 in the first half of 2021 and the market is now anticipated to normalize. In the full year, the company's relevant market is anticipated to grow by 0–2%.

Enterprises across industries as well as the public sector are undergoing a fundamental change in creating value through superior experiences and efficiency. The shift towards more digital interaction and experiences enabled by data continues to be a strong trend. This change is enabled by a number of technology-led advancements and new applications, including ones that utilize artificial intelligence and machine learning.

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 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.

## Strategy cornerstones to position for growth

TietoEVERY has an active role in the creation of customers' digital products and services, providing superior, personalized experiences based on data. The company's capabilities and provided technologies help customers ensure their competitiveness through agile operations and societies to provide advanced digital citizen services.

### Services to accelerate customers' digital agenda

TietoEVERY has chosen to focus on services accelerating customers' digital agenda and providing them with the strongest growth potential. Capabilities such as digital consulting, advanced analytics, data platforms and cloud-native application development coupled with world-leading partnerships in the public cloud domain as well as own industry software assets support the company's aim of being a leading partner in realizing customers' digital ambition.

Strategic choices include:

- Focus on Nordic companies and public sector, building on deep customer knowledge
- Services and global capabilities to accelerate customers' digital agendas – Digital Consulting, Cloud & Infra, Industry Software, Financial Services Solutions and Product Development Services

- Accelerated growth through cloud, data & analytics and software – representing over 70% of the company's investments
  - **Growth potential of over 20%:** public cloud services, Data & Analytics solutions as well as automation and DevOps, enabling fast continuous development
  - **Growth potential of over 10%:** software businesses, including payments software and card services, Nordic healthcare and citizen services as well as product development services business.

The company anticipates that investments in offering development, including software development, will amount to 4–5% of revenue annually. Investments in fixed assets, mainly related to data centres, are estimated to amount to 1.5–2% of revenue.

## Long-term financial targets

The company announced its financial targets in December 2020:

- 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.

## Operating model to drive customer value

The company's operating model is designed to drive customer value and speed across markets. TietoEVERY comprises six operating segments:

- Digital Consulting
- Cloud & Infra
- Industry Software
- Financial Services Solutions
- Product Development Services and
- International Operations.

In addition, the company has established Country Teams in Norway, Sweden and Finland to integrate the capabilities of the company for Nordic customers. Product Development Services operates as a separate unit, serving customers globally. Competitive and scalable services are made available through local teams and global delivery centres in countries such as the Czech Republic, China, India and Poland.

International Operations include digital consulting services for markets outside the Nordics with a focus on the industrial, public and telecom sectors in Europe and healthcare, insurance and professional services in the US. International Operations serves its non-Nordic customers primarily from India and Ukraine.

## Strategy execution

Based on advanced digital consulting practices at scale and strong multi-cloud capabilities coupled with a competitive software portfolio, TietoEVERY is well positioned to drive digitalization of Nordic enterprises and public sector. The company has made good progress in synergy realization and laid the foundation for future performance. Achievements include:

- New structure with common operations and processes in place
- Strengthened FinTech value proposition based on the capabilities from both companies, laying a foundation for market share expansion
- Identification of growth potential from complementary customer base, digital consulting scale in the Nordics and accelerated cloud adoption
- Divestment of oil & gas software business as part of portfolio pruning
- Significant merger-related cost synergies achieved during 2020 and 2021.

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 85 million in merger synergies by the end of the second quarter of 2021. The company estimates that non-recurring integration costs will be EUR 26-30 million during 2021. The estimate for total integration costs is unchanged at EUR 110-120 million during 2020-2022.

# Performance in 2021

TietoEVERY estimates its full-year organic growth<sup>1)</sup> to be -1% to +2%. The company expects organic growth in all Service Lines in the full year, except for Cloud & Infra. 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.

The company anticipates that the impact of the Covid-19 pandemic is normalizing and organic growth<sup>1)</sup> will continue in the second half of the year.

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 salary inflation, expected to be somewhat up from around 2% to 2-3%.

## Merger-related efficiencies

TietoEVERY achieved a run-rate of EUR 80 million in merger-related synergies by the end of 2020. Around EUR 30 million of this was visible in operating profit in 2020 and EUR 41 million in the first half of 2021. The company expects to achieve a run-rate of EUR 90-95 million by the end of 2021.

## Adjustment items

TietoEVERY estimates that it will book integration costs of EUR 26-30 million and costs of around EUR 21-26 million in other adjustment items (negative) in the full year. Additionally, TietoEVERY has booked approximately EUR 70 million (positive) in adjustment items related to the divestment of the Oil&Gas software business.

<sup>1)</sup> Adjusted for currency effects, acquisitions and divestments.

# Financial performance in April–June

	4–6/2021	4–6/2020
Revenue, EUR million	721.7	686.4
Change, %	5.1	70.2
Operating profit (EBIT), EUR million	139.7	-9.8
Operating margin (EBIT), %	19.4	-1.4
Adjusted <sup>1)</sup> operating profit (EBITA <sup>2)</sup> , EUR million	88.3	80.4
Adjusted <sup>1)</sup> operating margin (EBITA <sup>2)</sup> , %	12.2	11.7
Profit after taxes, EUR million	117.6	-14.1
EPS, EUR	0.99	-0.12
Net cash flow from operations, EUR million	11.2	90.4
Return on equity, 12-month rolling, %	14.2	5.6
Return on capital employed, 12-month rolling, %	11.2	6.3
Capital expenditure, EUR million	18.5	23.3
Order backlog	3 275	3 310
Interest-bearing net debt, EUR million	772.1	989.3
Personnel on 30 June	23 610	23 789

Second-quarter revenue was up by 5.1% to EUR 721.7 (686.4) million. Growth was impacted by the decline in Cloud & Infra revenue, related to contracts lost prior to the merger. The impact of Covid-19 remained limited. Currency changes had a positive impact of around EUR 30 million on revenue. Second-quarter operating profit (EBIT) amounted to EUR 139.7 (-9.8) million, representing a margin of 19.4 (-1.4). Merger-related synergies of around EUR 21 million contributed to operating profit, whereas Cloud & Infra's performance impacted profitability. Operating profit includes EUR -63.2 (78.9) million in adjustment items, mainly related to capital gains from the divestment of the oil & gas software business and integration costs. Adjusted<sup>1)</sup> operating profit stood at EUR 88.3 (80.4) million, or 12.2% (11.7) of revenue. Further details on adjustment items are available in the [Alternative Performance Measures](#) paragraph.

Depreciation and amortization amounted to EUR 42.7 (44.4) million, including EUR 18.0 (18.3) million in depreciation of right of use assets (IFRS 16 impact) and EUR 11.8 (11.2) million in amortization of acquisition-related intangible assets. Net financial expenses stood at EUR 6.2 (6.4) million. Net interest expenses were EUR 5.3 (5.3) million and net losses from foreign exchange transactions EUR 0.2 (0.3) million. Other financial income and expenses amounted to EUR -0.7 (-0.8) million.

Earnings per share (EPS) totalled EUR 0.99 (-0.12). Adjusted<sup>1)</sup> earnings per share amounted to EUR 0.63 (0.47).

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

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

## Financial performance by segment

	Revenue, EUR million		Growth, %	Organic growth, % <sup>3)</sup>	Adjusted <sup>1)</sup> operating profit <sup>2)</sup> , EUR million	Adjusted <sup>1)</sup> operating profit <sup>2)</sup> , EUR million	Adjusted <sup>1)</sup> operating margin <sup>2)</sup> , %	Adjusted <sup>1)</sup> operating margin <sup>2)</sup> , %
	4–6/2021	4–6/2020			4–6/2021	4–6/2020	4–6/2021	4–6/2020
Digital Consulting	172.2	162.7	6	1	23.0	17.8	13.4	11.0
Cloud & Infra	218.5	232.0	-6	-10	13.2	26.6	6.0	11.5
Industry Software	139.1	122.0	14	13	32.2	18.4	23.1	15.0
Financial Services								
Solutions	118.7	101.9	17	9	16.3	12.0	13.7	11.8
Product Development								
Services	36.1	34.4	5	2	3.7	4.0	10.4	11.5
Other <sup>4)</sup>	37.0	33.4	11	19	0.0	1.6	—	—
<b>Total</b>	<b>721.7</b>	<b>686.4</b>	<b>5</b>	<b>2</b>	<b>88.3</b>	<b>80.4</b>	<b>12.2</b>	<b>11.7</b>

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

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

<sup>3)</sup> Adjusted for currency effects and impact from acquisitions and divestments.

<sup>4)</sup> "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 up by 1%. Growth is accelerating in areas such as cloud and technology consulting as well as data and analytics. Adjusted operating margin improved to 13.4% (11.0), driven by merger-related synergies. Growth is anticipated to accelerate in the second half of the year. Additional recruitment activities have been initiated to support growth. In the third 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%, driven by contracts lost prior to the merger in 2019. Adjusted operating margin improved from the first quarter of 2021 while year-on-year, margin was down to 6.0% (11.5). The turnaround programme is on schedule and cost optimization focusing on delivery capacity reduction in legacy services and the high automation level in next-generation services are anticipated to improve profit in the second half of 2021. Although it is expected that revenue will decline less in the third quarter than it did in the second quarter, lost contracts will continue to impact growth throughout the second half of 2021. However, significant wins and strong book-to-bill well demonstrate competitiveness in this business. In the third quarter, adjusted operating margin is anticipated to be above the level of the second quarter of 2021 and below the level of the third quarter of 2020.

In **Industry Software**, revenue was organically up by 13%. Growth in the healthcare and welfare business remained strong. Adjusted operating margin improved to 23.1% (15.0), mainly driven by revenue growth and continuous efficiency improvement. In the third quarter, adjusted operating margin is anticipated to be at the level of the corresponding quarter of 2020.

In **Financial Services Solutions**, revenue was organically up by 9%, driven by the cards, core banking and payments businesses. Adjusted operating margin improved clearly, to 13.7% (11.8), mainly driven by revenue growth and continuous efficiency improvement. Investments were maintained to support deliveries of new business in the cards and core banking areas. In the third 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 2%. Adjusted operating margin was 10.4% (11.5), somewhat down due to recruitments to support growth opportunities in the second half of 2021. Market activity and demand is increasing in all key industries. In the third quarter, the adjusted operating margin is anticipated to be at the level of the corresponding quarter of 2020.

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

# Financial performance in January–June

	1–6/2021	1–6/2020
Revenue, EUR million	1 433.3	1 430.6
Change, %	0.2	76.3
Operating profit (EBIT), EUR million	196.4	40.3
Operating margin (EBIT), %	13.7	2.8
Adjusted <sup>1)</sup> operating profit (EBIT), EUR million	170.5	158.5
Adjusted <sup>1)</sup> operating margin (EBIT), %	11.9	11.1
Profit after taxes, EUR million	154.6	21.1
EPS, EUR	1.31	0.18
Net cash flow from operations, EUR million	106.0	121.1
Return on equity, 12-month rolling, %	14.2	5.6
Return on capital employed, 12-month rolling, %	11.2	6.3
Capital expenditure, EUR million	40.1	47.9
Order backlog	3 275	3 310
Acquisitions, EUR million	—	0.3
Interest-bearing net debt, EUR million	772.1	989.3
Personnel on 30 June	23 610	23 789

First-half revenue increased by 0.2% to EUR 1 433.3 (1 430.6) million, impacted by the decline in Cloud & Infra. Positive currency changes had an impact of EUR 42 million on revenue. First-half operating profit (EBIT) amounted to EUR 196.4 (40.3) million, representing a margin of 13.7 (2.8). Operating profit includes EUR -49.5 (95.5) million in adjusted items, mainly related to capital gains from the divestment of the oil & gas software business, integration costs and redefined IBM partnership. Adjusted<sup>1)</sup> operating profit stood at EUR 170.5 (158.5) million, or 11.9 (11.1) of revenue. Further details on adjusted items are available in the [Alternative Performance Measures](#) paragraph.

Depreciation and amortization amounted to EUR 86.5 (90.1) million, including EUR 36.5 (37.3) million in depreciation of right of use assets (IFRS 16 impact) and EUR 23.6 (22.8) million in amortization of acquisition-related intangible assets. Net financial expenses stood at EUR 14.5 (12.1) million. Net interest expenses were EUR 11.1 (10.3) million and net losses from foreign exchange transactions EUR 2.0 (0.2) million. Other financial income and expenses amounted to EUR -1.4 (-1.5) million.

Earnings per share (EPS) totalled EUR 1.31 (0.18). Adjusted<sup>1)</sup> earnings per share amounted to EUR 1.11 (0.95).

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

## Financial performance by segment

	Revenue, EUR million		Growth, %	Organic growth, % <sup>3)</sup>	Adjusted <sup>1)</sup> operating profit <sup>2)</sup> , EUR million	Adjusted <sup>1)</sup> operating profit <sup>2)</sup> , EUR million	Adjusted <sup>1)</sup> operating margin <sup>2)</sup> , %	Adjusted <sup>1)</sup> operating margin <sup>2)</sup> , %
	1–6/2021	1–6/2020			1–6/2021	1–6/2020	1–6/2021	1–6/2020
Digital Consulting	347.2	346.2	0	-2	49.5	41.8	14.3	12.1
Cloud & Infra	434.7	485.0	-10	-14	21.8	50.3	5.0	10.4
Industry Software	275.1	251.8	9	8	59.4	31.4	21.6	12.5
Financial Services Solutions	230.8	208.7	11	6	28.5	23.7	12.3	11.4
Product Development Services	72.9	73.1	-0	-3	8.2	9.0	11.2	12.3
Other <sup>4)</sup>	72.6	65.8	10	20	3.1	2.3	—	—
<b>Total</b>	<b>1 433.3</b>	<b>1 430.6</b>	<b>0</b>	<b>-2</b>	<b>170.5</b>	<b>158.5</b>	<b>11.9</b>	<b>11.1</b>

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

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

<sup>3)</sup> Adjusted for currency effects and impact from acquisitions and divestments.

<sup>4)</sup> "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 financing

Second-quarter net cash flow from operations amounted to EUR 11.2 (90.4) million, including an increase of EUR 83.9 (decrease of 58.1) million in net working capital. The increase in net working capital resulted from normal fluctuations - the cash generation foundation remains healthy without structural changes. The change in net working capital comprised of an increase of around EUR 30 million in receivables and a decrease of around EUR 53 million in liabilities. In liabilities, changes in seasonal elements like personnel related accruals and advance payments contributed to some EUR 25 million and periodic fluctuations, mainly in VAT liabilities and change in restructuring provisions, contributed to some EUR 23 million.

Payments for restructuring amounted to EUR 6.0 (5.5) million.

First-half tax payments were EUR 13.3 (15.4) million.

The equity ratio was 48.3% (44.3). Gearing decreased to 46.4% (64.0). Interest-bearing net debt totalled EUR 772.1 (989.3) million, including EUR 770.7 (956.2) million in interest-bearing debt, EUR 220.1 (265.2) million in lease

liabilities, EUR 4.9 (5.1) million in finance lease receivables, EUR 27.5 (21.6) million in other interest-bearing receivables and EUR 186.3 (205.4) million in cash and cash equivalents. Interest-bearing long-term liabilities amounted to EUR 888.2 (1 084.0) million at the end of June. The company has two bonds outstanding, EUR 100 million maturing in September 2024 and EUR 300 million in June 2025. Additionally, interest-bearing long-term liabilities primarily consist of a EUR 254.2 million term loan from financial institutions, a long-term loan from the European Investment Bank and EUR 153.2 million in lease liabilities.

Interest-bearing short-term liabilities amounted to EUR 102.5 (137.4) 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 June.

# Investments and development

TietoEVERY is seeking to achieve a growth rate of 5% by 2023. A significant part of the company's investments will be made in areas such as its own industry-specific software, data & analytics and cloud services.

Capital expenditure totalled EUR 40.1 (47.9) million, consisting of investments in data centres and the capitalized costs for the development of software. In the first half, capitalized costs for industry-specific software amounted to EUR 23.5 (30.1) million. Capital expenditure represented 2.8% (3.3) of revenue.

# 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 TietoEVERY's market opportunities and business outlook.

TietoEVERY's order backlog amounted to EUR 3 275 (3 310) million at the end of June, up by 3% from the first-quarter level. Of the backlog, 32% (32) 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–June

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

In January, 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 cyber security 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.

# Business transactions

On 15 February, TietoEVRY announced that it has reached an agreement with Aucerna, a Quorum Software affiliate, to sell its Oil & Gas software business. The conditions required to complete the divestment have been fulfilled and the transaction was closed on 7 June. Revenue of the businesses to be divested amounted to around EUR 50 million in 2020 and the number of employees to around 430.

## Personnel

The number of full-time employees amounted to 23 610 (23 789) at the end of June. The number of full-time employees in the global delivery centres totalled 11 388 (11 402), or 48.2% (47.9) of all personnel. The number of full-time employees remained at the year-end 2020 level of 23 632. The change includes redundancies of close to 300, a divestment impact of over 250 and net recruitments of over 500.

The 12-month rolling employee turnover stood at 11.7% (11.4) at the end of June. Group-level salary inflation is expected to be 2-3% on average in 2021. Salary inflation is partly offset by price increases in some service areas, offshoring and management of the competence pyramid.

## Shares

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

## 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 TietoEVRY's main markets involves significant 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. TietoEVRY operates in multiple countries, balancing workforce availability. The company has already taken strict measures, including

savings actions and temporary layoffs, to mitigate the potential financial impact of the pandemic and to secure the health and safety of employees and ensure critical services to customers.

The merger integration and related transformation of the company will continue to affect performance in the short term and may result in temporarily lower productivity.

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 20% 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. Currently, transitions related to the redefined partnership with IBM are ongoing and a focus area for the company. Furthermore, typical risks 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.

## Full-year outlook for 2021 unchanged

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

<sup>1)</sup> Adjusted for currency effects, acquisitions and divestments.

<sup>2)</sup> 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.

<sup>3)</sup> 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.

## Financial calendar 2021

TietoEVERY will publish interim reports in 2021 as follows:

26 October      Interim report 3/2021 (8.00 am EET)



**Consolidated interim financial statements**

## Income statement

EUR million	2021 4-6	2020 4-6	2021 1-6	2020 1-6	Change %	2020 1-12
Revenue	721.7	686.4	1 433.3	1 430.6	0	2 786.4
Other operating income	74.6	2.5	77.8	5.2	> 100	11.6
Materials and services	-154.9	-181.9	-309.2	-358.4	-14	-688.7
Employee benefit expenses	-396.3	-384.5	-799.5	-781.6	2	-1 485.6
Depreciation and amortization	-42.7	-44.4	-86.5	-90.1	-4	-175.8
Impairment losses	-0.2	-10.0	-1.5	-10.7	-86	-29.7
Other operating expenses	-62.6	-77.8	-118.5	-156.5	-24	-272.9
Share of results in joint ventures	0.0	-0.2	0.5	1.7	-72	1.5
<b>Operating profit (EBIT)</b>	<b>139.7</b>	<b>-9.8</b>	<b>196.4</b>	<b>40.3</b>	<b>&gt; 100</b>	<b>146.7</b>
Interest and other financial income	0.4	0.6	0.8	1.2	-35	2.2
Interest and other financial expenses	-6.4	-6.7	-13.3	-13.1	2	-27.4
Net foreign exchange gains/losses	-0.2	-0.3	-2.0	-0.2	> 100	0.8
<b>Profit before taxes</b>	<b>133.5</b>	<b>-16.2</b>	<b>181.9</b>	<b>28.2</b>	<b>&gt; 100</b>	<b>122.4</b>
Income taxes	-15.9	2.1	-27.3	-7.2	> 100	-27.9
<b>Net profit for the period</b>	<b>117.6</b>	<b>-14.1</b>	<b>154.6</b>	<b>21.1</b>	<b>&gt; 100</b>	<b>94.5</b>
<b>Net profit for the period attributable to</b>						
Owners of the Parent company	117.6	-14.1	154.6	21.1	> 100	94.5
Non-controlling interest	0.0	0.0	0.0	0.0	—	0.0
	<b>117.6</b>	<b>-14.1</b>	<b>154.6</b>	<b>21.1</b>	<b>&gt; 100</b>	<b>94.5</b>
<b>Earnings per share attributable to owners of the Parent company, EUR per share</b>						
Basic	0.99	-0.12	1.31	0.18	> 100	0.80
Diluted	0.99	-0.12	1.30	0.18	> 100	0.80

## Statement of other comprehensive income

EUR million	2021 4-6	2020 4-6	2021 1-6	2020 1-6	Change %	2020 1-12
Net profit for the period	117.6	-14.1	154.6	21.1	> 100	94.5
Items that may be reclassified subsequently to profit or loss						
Translation differences	-23.2	84.1	41.4	-162.8	> 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	0.6	-4.8	2.4	2.4	—	0.2
<b>Total comprehensive income</b>	<b>95.0</b>	<b>65.2</b>	<b>198.4</b>	<b>-139.3</b>	<b>&gt; 100</b>	<b>11.9</b>
<b>Total comprehensive income attributable to</b>						
Owners of the Parent company	95.0	65.2	198.4	-139.3	> 100	11.9
Non-controlling interest	0.0	0.0	0.0	0.0	—	0.0
	<b>95.0</b>	<b>65.2</b>	<b>198.4</b>	<b>-139.3</b>	<b>&gt; 100</b>	<b>11.9</b>

# Statement of financial position

## Assets

EUR million	2021 30 Jun	2020 30 Jun	Change %	2020 31 Dec
Goodwill	1 935.1	1 895.9	2	1 974.4
Other intangible assets	388.1	396.8	-2	384.9
Property, plant and equipment	89.3	102.9	-13	96.9
Right-of-use assets	209.9	253.7	-17	231.7
Interests in joint ventures	18.4	19.6	-6	19.7
Deferred tax assets	21.4	37.3	-43	35.6
Defined benefit plan assets	0.9	—	100	—
Finance lease receivables	2.3	3.2	-29	2.9
Other financial assets at amortized cost	13.7	9.6	42	12.8
Other financial assets at fair value	0.6	0.6	1	0.6
Other non-current receivables	36.4	19.8	84	21.8
<b>Total non-current assets</b>	<b>2 715.9</b>	<b>2 739.5</b>	<b>-1</b>	<b>2 781.3</b>
Inventories	5.6	4.4	26	4.9
Trade and other receivables	578.4	563.6	3	516.9
Financial assets at fair value	17.0	29.6	-43	35.9
Finance lease receivables	2.6	1.9	36	2.3
Current tax assets	15.5	19.7	-21	11.3
Cash and cash equivalents	186.3	205.4	-9	252.3
<b>Total current assets</b>	<b>805.3</b>	<b>824.6</b>	<b>-2</b>	<b>823.5</b>
<b>Total assets</b>	<b>3 521.2</b>	<b>3 564.1</b>	<b>-1</b>	<b>3 604.8</b>

## Equity and Liabilities

EUR million	2021 30 Jun	2020 30 Jun	Change %	2020 31 Dec
Share capital, share issue premiums and other reserves	118.4	117.4	1	118.6
Invested unrestricted equity reserve	1 203.5	1 203.5	0	1 203.5
Retained earnings	343.3	226.1	52	304.1
<b>Equity attributable to owners of the Parent company</b>	<b>1 665.2</b>	<b>1 547.0</b>	<b>8</b>	<b>1 626.2</b>
Non-controlling interest	0.0	0.0	—	0.0
<b>Total equity</b>	<b>1 665.2</b>	<b>1 547.0</b>	<b>8</b>	<b>1 626.2</b>
Loans	735.0	888.6	-17	885.9
Lease liabilities	153.2	195.4	-22	171.0
Deferred tax liabilities	12.5	16.9	-26	19.8
Provisions	3.4	6.2	-45	3.2
Defined benefit obligations	35.3	35.3	—	38.3
Other non-current liabilities	37.8	30.3	25	34.2
<b>Total non-current liabilities</b>	<b>977.1</b>	<b>1 172.7</b>	<b>-17</b>	<b>1 152.5</b>
Trade and other payables <sup>1)</sup>	737.9	644.2	15	660.4
Financial liabilities at fair value	0.6	3.4	-81	2.9
Current tax liabilities	12.5	5.8	> 100	5.5
Loans	35.7	67.6	-47	39.6
Lease liabilities	66.9	69.8	-4	72.1
Provisions	25.3	53.8	-53	45.6
<b>Total current liabilities</b>	<b>878.9</b>	<b>844.5</b>	<b>4</b>	<b>826.1</b>
<b>Total equity and liabilities</b>	<b>3 521.2</b>	<b>3 564.1</b>	<b>-1</b>	<b>3 604.8</b>

<sup>1)</sup> 30 June 2021 Includes unpaid dividend of EUR 78.3 million.

## Statement of changes in shareholders' equity

EUR million	Owners of the Parent company							Total	Non-controlling interest	Total equity
	Share capital	Share premium and other reserves	Own shares	Translation differences	Invested un-restricted equity reserve	Re-tained earnings				
	<b>31 Dec 2020</b>	76.6	42.1	-0.3	-133.8	1 203.5	438.2			
<b>Comprehensive income</b>										
Net profit for the period	—	—	—	—	—	154.6	154.6	0.0	154.6	
<b>Other comprehensive income, net of tax</b>										
Remeasurements of the defined benefit plans, net of tax	—	—	—	—	—	2.4	2.4	—	2.4	
Translation differences	—	-0.3	—	33.0	—	8.7	41.4	—	41.4	
<b>Total comprehensive income</b>	—	<b>-0.3</b>	—	<b>33.0</b>	—	<b>165.7</b>	<b>198.4</b>	<b>0.0</b>	<b>198.4</b>	
<b>Transactions with owners</b>										
<b>Contributions and distributions</b>										
Share-based incentive plans	—	—	3.9	—	—	-3.3	0.6	—	0.6	
Dividends	—	—	—	—	—	-156.3	-156.3	—	-156.3	
Repurchase of own shares	—	—	-3.8	—	—	—	-3.8	—	-3.8	
<b>Total transactions with owners</b>	—	—	<b>0.1</b>	—	—	<b>-159.6</b>	<b>-159.5</b>	—	<b>-159.5</b>	
<b>30 Jun 2021</b>	<b>76.6</b>	<b>41.8</b>	<b>-0.2</b>	<b>-100.8</b>	<b>1 203.5</b>	<b>444.5</b>	<b>1 665.2</b>	<b>0.0</b>	<b>1 665.2</b>	

EUR million	Owners of the Parent company							Total	Non-controlling interest	Total equity
	Share capital	Share premium and other reserves	Own shares	Translation differences	Invested un-restricted equity reserve	Re-tained earnings				
	<b>31 Dec 2019</b>	76.6	40.9	-2.9	-50.2	1 203.5	419.3			
<b>Comprehensive income</b>										
Net profit for the period	—	—	—	—	—	21.1	21.1	0.0	21.1	
<b>Other comprehensive income, net of tax</b>										
Remeasurements of the defined benefit plans, net of tax	—	—	—	—	—	2.4	2.4	—	2.4	
Translation differences	—	-0.1	—	-168.0	—	5.3	-162.8	—	-162.8	
<b>Total comprehensive income</b>	—	<b>-0.1</b>	—	<b>-168.0</b>	—	<b>28.8</b>	<b>-139.4</b>	<b>0.0</b>	<b>-139.4</b>	
<b>Transactions with owners</b>										
<b>Contributions and distributions</b>										
Share-based incentive plans	—	—	3.4	—	—	-3.2	0.2	—	0.2	
Repurchase of own shares	—	—	-0.9	—	—	—	-0.9	—	-0.9	
<b>Total transactions with owners</b>	—	—	<b>2.5</b>	—	—	<b>-3.2</b>	<b>-0.7</b>	—	<b>-0.7</b>	
<b>30 Jun 2020</b>	<b>76.6</b>	<b>40.8</b>	<b>-0.4</b>	<b>-218.3</b>	<b>1 203.5</b>	<b>444.8</b>	<b>1 547.0</b>	<b>0.0</b>	<b>1 547.0</b>	

## Statement of cash flows

EUR million	2021 4–6	2020 4–6	2021 1–6	2020 1–6	2020 1–12
<b>Cash flow from operating activities</b>					
Net profit for the period	117.6	-14.1	154.6	21.1	94.5
Adjustments					
Depreciation, amortization and impairment losses	42.8	54.3	88.0	100.8	205.5
Profit/loss on sale of property, plant and equipment, subsidiaries and business operations	-71.4	-0.1	-71.4	-0.1	-1.2
Share of results in joint ventures	0.0	0.2	-0.5	-1.7	-1.5
Other adjustments	-0.8	0.9	-1.5	3.8	8.6
Net financial expenses	6.2	6.4	14.5	12.1	24.4
Income taxes	15.9	-2.1	27.3	7.2	27.9
Change in net working capital	-83.9	58.1	-83.7	17.9	67.2
<b>Cash generated from operating activities before interests and taxes</b>	<b>26.4</b>	<b>103.6</b>	<b>127.3</b>	<b>161.0</b>	<b>425.3</b>
Net financial expenses paid	-9.3	-9.6	-10.0	-28.8	-46.0
Dividends received	2.1	—	2.1	4.3	4.3
Income taxes paid	-8.0	-3.7	-13.3	-15.4	-28.9
<b>Cash flow from operating activities</b>	<b>11.2</b>	<b>90.4</b>	<b>106.0</b>	<b>121.1</b>	<b>354.7</b>
<b>Cash flow from investing activities</b>					
Acquisition of subsidiaries and business operations, net of cash acquired	—	-0.3	—	-0.3	-0.6
Capital expenditure	-18.5	-23.3	-40.1	-47.9	-83.5
Disposal of subsidiaries and business operations, net of cash disposed	142.5	—	142.5	15.3	16.3
Proceeds from sale of property, plant and equipment	0.1	0.2	0.2	2.0	2.7
Change in loan receivables	0.2	1.2	1.0	0.8	-0.2
<b>Cash flow from investing activities</b>	<b>124.3</b>	<b>-22.2</b>	<b>103.6</b>	<b>-30.1</b>	<b>-65.3</b>
<b>Cash flow from financing activities</b>					
Dividends paid	-78.2	—	-78.2	—	-75.3
Repurchase of own shares	—	—	-3.8	-0.9	-0.9
Repayments of lease liabilities	-19.7	-17.6	-37.4	-35.3	-70.6
Bridge loan related to merger	—	-300.0	—	-300.0	-300.0
Other short-term financing, net	-9.1	-15.9	-9.6	-6.8	-42.6
Proceeds from long-term borrowings	—	298.4	—	298.4	297.4
Repayments of long-term borrowings	-145.8	—	-145.8	—	—
<b>Cash flow from financing activities</b>	<b>-252.8</b>	<b>-35.1</b>	<b>-274.8</b>	<b>-44.5</b>	<b>-191.9</b>
<b>Change in cash and cash equivalents</b>	<b>-117.3</b>	<b>33.1</b>	<b>-65.2</b>	<b>46.5</b>	<b>97.5</b>
Cash and cash equivalents at the beginning of period	307.5	171.7	252.3	164.6	164.6
Foreign exchange differences	-4.0	0.6	-0.8	-5.7	-9.9
Change in cash and cash equivalents	-117.3	33.1	-65.2	46.5	97.5
<b>Cash and cash equivalents at the end of period</b>	<b>186.3</b>	<b>205.4</b>	<b>186.3</b>	<b>205.4</b>	<b>252.3</b>

## 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.

### 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.

## Segment information

TietoEVRY 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. TietoEVRY 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	4-6	4-6	%	1-6	1-6	%	1-12
Digital Consulting	172.2	162.7	6	347.2	346.2	0	662.0
Cloud & Infra	218.5	232.0	-6	434.7	485.0	-10	931.6
Industry Software	139.1	122.0	14	275.1	251.8	9	501.1
Financial Services Solutions	118.7	101.9	17	230.8	208.7	11	418.8
Product Development Services	36.1	34.4	5	72.9	73.1	-0	142.4
Other	37.0	33.4	11	72.6	65.8	10	130.5
<b>Group total</b>	<b>721.7</b>	<b>686.4</b>	<b>5</b>	<b>1 433.3</b>	<b>1 430.6</b>	<b>0</b>	<b>2 786.4</b>

## Customer revenue from fixed-price contracts by segment

	2021	2020	2021	2020	2020
EUR million	4-6	4-6	1-6	1-6	1-12
Digital Consulting	3.2	4.6	7.2	10.9	19.0
Cloud & Infra	0.9	1.5	4.6	3.1	8.5
Industry Software	1.3	1.7	3.3	3.1	6.3
Financial Services Solutions	4.4	2.4	11.2	6.1	15.1
Product Development Services	0.6	1.3	1.4	2.8	4.6
Other	1.0	0.2	1.6	0.4	0.8
<b>Group total</b>	<b>11.4</b>	<b>11.6</b>	<b>29.2</b>	<b>26.5</b>	<b>54.2</b>

TietoEVERY 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	4-6	4-6	%	1-6	1-6	%	1-12
Digital Consulting	20.4	9.5	> 100	44.6	29.9	49	70.8
Cloud & Infra	6.3	10.7	-41	5.7	27.0	-79	36.6
Industry Software	99.7	-28.5	> 100	125.8	-18.8	> 100	38.8
Financial Services Solutions	10.5	4.3	> 100	17.4	10.5	66	10.0
Product Development Services	3.7	3.7	-0	8.0	8.7	-8	17.7
Other	-1.0	-9.5	90	-5.1	-16.9	70	-27.2
<b>Group total</b>	<b>139.7</b>	<b>-9.8</b>	<b>&gt; 100</b>	<b>196.4</b>	<b>40.3</b>	<b>&gt; 100</b>	<b>146.7</b>

## Operating margin (EBIT) by segment

	2021	2020	Change	2021	2020	Change	2020
%	4-6	4-6	pp	1-6	1-6	pp	1-12
Digital Consulting	11.8	5.8	6	12.9	8.6	4	10.7
Cloud & Infra	2.9	4.6	-2	1.3	5.6	-4	3.9
Industry Software	71.7	-23.3	95	45.7	-7.5	53	7.7
Financial Services Solutions	8.9	4.2	5	7.5	5.0	3	2.4
Product Development Services	10.2	10.7	-1	10.9	11.9	1	12.4
<b>Operating margin (EBIT)</b>	<b>19.4</b>	<b>-1.4</b>	<b>21</b>	<b>13.7</b>	<b>2.8</b>	<b>11</b>	<b>5.3</b>

## Personnel by segment

	End of period				Average <sup>1)</sup>	
	2021	2020	Change	Share	2020	2021
	1-6	1-6	%	%	1-12	1-6
Digital Consulting	6 111	5 040	21	26	6 220	6 106
Cloud & Infra	4 822	7 646	-37	20	4 795	4 826
Industry Software	3 158	3 286	-4	13	3 452	3 390
Financial Services Solutions	2 936	1 813	62	12	2 885	2 909
Product Development Services	1 670	1 622	3	7	1 643	1 660
Other	4 913	4 381	12	21	4 637	4 803
<b>Group total</b>	<b>23 610</b>	<b>23 789</b>	<b>-1</b>	<b>100</b>	<b>23 632</b>	<b>23 693</b>

<sup>1)</sup> 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
	1-6	1-6	%	%	1-12	1-6	1-6
Norway	4 288	4 335	-1	18	4 513	4 437	4 369
Sweden	4 332	4 418	-2	18	4 377	4 337	4 606
India	4 349	4 248	2	18	4 173	4 279	4 237
Finland	3 122	3 164	-1	13	3 042	3 050	3 226
Czech Republic	2 463	2 505	-2	10	2 457	2 462	2 499
Ukraine	2 007	1 957	3	9	1 837	1 939	2 020
Latvia	966	916	5	4	957	958	916
Poland	723	745	-3	3	750	744	757
China	433	416	4	2	445	432	435
Estonia	174	307	-43	1	290	231	303
Austria	190	180	5	1	184	183	175
Lithuania	104	103	—	—	104	101	104
Other	461	494	-7	2	502	540	510
<b>Group total</b>	<b>23 610</b>	<b>23 789</b>	<b>-1</b>	<b>100</b>	<b>23 632</b>	<b>23 693</b>	<b>24 158</b>
Onshore countries	12 222	12 387	-1	52	12 407	12 334	12 679
Offshore countries	11 388	11 402	0	48	11 225	11 359	11 479
<b>Group total</b>	<b>23 610</b>	<b>23 789</b>	<b>-1</b>	<b>100</b>	<b>23 632</b>	<b>23 693</b>	<b>24 158</b>

## Non-current assets by country

EUR million	2021	2020	Change	2020
	30 Jun	30 Jun	%	31 Dec
Finland	92.4	111.0	-17	100.7
Sweden	125.9	144.5	-13	142.9
Norway	431.8	444.5	-3	427.2
Other	37.1	53.4	-31	42.7
<b>Total non-current assets</b>	<b>687.2</b>	<b>753.5</b>	<b>-9</b>	<b>713.5</b>

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	4-6	4-6	%	1-6	1-6	%	1-12
Digital Consulting	1.2	1.2	1	2.3	2.4	-6	4.8
Cloud & Infra	10.9	11.1	-2	22.1	22.9	-3	44.0
Industry Software	0.5	0.5	1	0.9	1.0	-10	1.9
Financial Services Solutions	1.0	1.0	-2	1.9	2.0	-1	3.8
Product Development Services	0.1	0.1	18	0.2	0.1	18	0.3
Other	14.5	15.0	-3	29.7	30.5	-3	60.2
<b>Group total</b>	<b>28.2</b>	<b>28.8</b>	<b>-2</b>	<b>57.0</b>	<b>58.9</b>	<b>-3</b>	<b>115.0</b>

## Amortization on other intangible assets by segment

	2021	2020	Change	2021	2020	Change	2020
EUR million	4-6	4-6	%	1-6	1-6	%	1-12
Digital Consulting	0.0	0.1	> 100	0.1	0.2	-66	0.1
Cloud & Infra	0.9	1.8	-50	2.2	3.7	-40	6.5
Industry Software	0.4	1.0	-57	0.9	1.7	-47	2.4
Financial Services Solutions	0.8	0.9	-4	1.7	1.8	-7	3.8
Product Development Services	—	—	—	—	—	—	—
Other	0.5	0.5	-13	1.0	1.1	-7	2.5
<b>Group total</b>	<b>2.7</b>	<b>4.3</b>	<b>-38</b>	<b>5.9</b>	<b>8.4</b>	<b>-30</b>	<b>15.3</b>

## Amortization of acquisition-related intangible assets by segment

	2021	2020	Change	2021	2020	Change	2020
EUR million	4-6	4-6	%	1-6	1-6	%	1-12
Digital Consulting	2.6	2.4	8	5.2	5.0	5	10.0
Cloud & Infra	2.2	2.0	8	4.4	4.1	5	8.3
Industry Software	1.5	1.7	-11	3.2	3.4	-6	6.5
Financial Services Solutions	5.4	5.0	8	10.8	10.3	5	20.7
Product Development Services	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—
<b>Group total</b>	<b>11.8</b>	<b>11.2</b>	<b>5</b>	<b>23.6</b>	<b>22.8</b>	<b>4</b>	<b>45.5</b>

## 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.

<b>EUR million</b>	
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
<b>Fair value of net assets</b>	<b>8.3</b>
Allocation of goodwill and intangible assets on disposal	71.3
<b>Total net assets disposed</b>	<b>79.6</b>
Consideration, including adjustments	156.4
Transaction costs	-6.8
Reclassification of foreign currency translation reserve	1.4
Total net assets disposed	-79.6
<b>Gain on disposal, before income tax</b>	<b>71.4</b>
Income tax expense on gain	-0.5
<b>Gain on disposal, after income tax</b>	<b>70.9</b>
Consideration received in cash	154.3
Transaction costs	-4.4
Cash and cash equivalents disposed of	-7.4
<b>Net cash flow on disposal</b>	<b>142.5</b>

## 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 Jun	2020 31 Dec
Forward contracts outside hedge accounting at fair value through profit or loss	409.8	484.2
<b>Foreign exchange forward contracts</b>	<b>409.8</b>	<b>484.2</b>

### Fair values of derivatives

EUR million	30 Jun 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	2.2	-0.6	1.6	1.5	-2.9	-1.4
<b>Foreign exchange forward contracts</b>	<b>2.2</b>	<b>-0.6</b>	<b>1.6</b>	<b>1.5</b>	<b>-2.9</b>	<b>-1.4</b>

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 Jun 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 14.7 million on 30 Jun 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 4-6	2020 4-6	2021 1-6	2020 1-12	2020 1-12
<b>Outstanding shares, end of period</b>					
Basic	118 418 184	118 408 930	118 418 184	118 408 930	118 414 793
Effect of dilutive share-based incentive plans	176 896	110 428	176 903	121 461	219 550
Diluted	118 595 080	118 519 358	118 595 087	118 530 391	118 634 343
<b>Outstanding shares, average</b>					
Basic	118 418 184	118 408 930	118 398 096	118 346 467	118 378 269
Effect of dilutive share-based incentive plans	176 896	110 428	176 903	121 461	219 550
Diluted	118 595 080	118 519 358	118 574 999	118 467 928	118 597 819
<b>Company's possession of its own shares</b>					
End of period	7 587	16 841	7 587	16 841	10 978
Average	7 587	16 841	27 675	79 304	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	4–6	4–6	%	1–6	1–6	%	1–12
Digital Consulting	23.0	11.9	93	49.9	34.9	43	80.8
Cloud & Infra	8.5	12.8	-33	10.1	31.1	-68	44.9
Industry Software	101.3	-26.7	> 100	128.9	-15.4	> 100	45.4
Financial Services Solutions	16.0	9.3	72	28.3	20.8	36	30.7
Product Development Services	3.7	3.7	-0	8.0	8.7	-8	17.7
Other	-1.0	-9.5	90	-5.1	-16.9	70	-27.2
<b>Group total</b>	<b>151.5</b>	<b>1.5</b>	<b>&gt; 100</b>	<b>220.0</b>	<b>63.0</b>	<b>&gt; 100</b>	<b>192.2</b>

### Operating margin (EBITA) by segment

	2021	2020	Change	2021	2021	Change	2020
%	4–6	4–6	pp	1–6	1–6	%	1–12
Digital Consulting	13.4	7.3	6	14.4	10.1	4	12.2
Cloud & Infra	3.9	5.5	-2	2.3	6.4	-4	4.8
Industry Software	72.8	-21.9	95	46.9	-6.1	53	9.1
Financial Services Solutions	13.5	9.1	4	12.2	9.9	2	7.3
Product Development Services	10.2	10.7	-1	10.9	11.9	1	12.4
<b>Operating margin (EBITA)</b>	<b>21.0</b>	<b>0.2</b>	<b>21</b>	<b>15.4</b>	<b>4.4</b>	<b>11</b>	<b>6.9</b>

### Adjusted operating profit (EBITA) by segment

	2021	2020	Change	2021	2020	Change	2020
EUR million	4–6	4–6	%	1–6	1–6	%	1–12
Digital Consulting	23.0	17.8	29	49.5	41.8	19	92.8
Cloud & Infra	13.2	26.6	-50	21.8	50.3	-57	93.5
Industry Software	32.2	18.4	75	59.4	31.4	89	91.5
Financial Services Solutions	16.3	12.0	35	28.5	23.7	20	54.4
Product Development Services	3.7	4.0	-5	8.2	9.0	-9	18.0
Other	0.0	1.6	> 100	3.1	2.3	33	4.8
<b>Group total</b>	<b>88.3</b>	<b>80.4</b>	<b>10</b>	<b>170.5</b>	<b>158.5</b>	<b>8</b>	<b>355.0</b>

### Adjusted operating margin (EBITA) by segment

	2021	2020	Change	2021	2020	Change	2020
%	4–6	4–6	pp	1–6	1–6	pp	1–12
Digital Consulting	13.4	11.0	2	14.3	12.1	2	14.0
Cloud & Infra	6.0	11.5	-5	5.0	10.4	-5	10.0
Industry Software	23.1	15.0	8	21.6	12.5	9	18.3
Financial Services Solutions	13.7	11.8	2	12.3	11.4	1	13.0
Product Development Services	10.4	11.5	-1	11.2	12.3	-1	12.7
<b>Adjusted operating margin (EBITA)</b>	<b>12.2</b>	<b>11.7</b>	<b>1</b>	<b>11.9</b>	<b>11.1</b>	<b>1</b>	<b>12.7</b>

## Reconciliation of operating profit (EBITA)

	2021	2020	2021	2020	2020
EUR million	4-6	4-6	1-6	1-6	1-12
Operating profit (EBIT)	139.7	-9.8	196.4	40.3	146.7
+ amortization on intangible assets recognized at fair value from acquisitions	11.8	11.2	23.6	22.8	45.5
<b>Operating profit (EBITA)</b>	<b>151.5</b>	<b>1.5</b>	<b>220.0</b>	<b>63.0</b>	<b>192.2</b>

## Reconciliation of adjusted operating profit (EBITA)

	2021	2020	2021	2020	2020
EUR million	4-6	4-6	1-6	1-6	1-12
Operating profit (EBITA)	151.5	1.5	220.0	63.0	192.2
+ restructuring costs	3.0	—	3.0	1.2	1.2
- capital gains	-71.4	—	-71.4	0.0	-1.0
+/- M&A related items <sup>1)</sup>	-1.3	—	0.8	—	—
+ IBM partner agreement	1.5	11.7	6.3	18.5	35.6
+ TietoEVERY integration	3.2	25.7	9.4	33.2	84.5
+ SmartUtilities	0.8	41.4	0.3	41.4	40.5
+/- other items	1.0	0.1	2.0	1.2	2.0
<b>Adjusted operating profit (EBITA)</b>	<b>88.3</b>	<b>80.4</b>	<b>170.5</b>	<b>158.5</b>	<b>355.0</b>

<sup>1)</sup> Oil&Gas divestment related transaction costs have been reclassified to capital gain in the second quarter.

## Other key figures

	2021	2020	2021	2020	2020
	4-6	4-6	1-6	1-6	1-12
Adjusted earnings per share, EUR	0.63	0.47	1.11	0.95	2.16
Equity per share, EUR	14.06	13.06	14.06	13.06	13.73
Return on equity, 12-month rolling, %	14.2	5.6	14.2	5.6	5.7
Return on capital employed, 12-month rolling, %	11.2	6.3	11.2	6.3	5.2
Equity ratio, %	48.3	44.3	48.3	44.3	45.9
Interest-bearing net debt, EUR million	772.1	989.3	772.1	989.3	883.3
Gearing, %	46.4	64.0	46.4	64.0	54.3
Capital expenditure, EUR million	18.5	23.3	40.1	47.9	83.5
Acquisitions, EUR million	—	0.3	—	0.3	0.6

## Calculation of alternative performance measures

Adjusted earnings per share	=	$\frac{\text{Net profit for the period excluding adjustment items and amortization of acquisition-related intangible assets, net of tax}}{\text{Weighted average number of shares}}$
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	2020	2020	2020	2020
	4–6	1–3	10–12	7–9	4–6	1–3
Earnings per share, EUR						
Basic	0.99	0.31	0.46	0.16	-0.12	0.30
Diluted	0.99	0.31	0.46	0.16	-0.12	0.30
Adjusted earnings per share, EUR	0.63	0.48	0.65	0.56	0.47	0.48
Equity per share, EUR	14.06	13.24	13.73	12.31	13.06	12.39
Return on equity, 12-month rolling, %	14.2	6.3	5.7	5.5	5.6	9.3
Return on capital employed, 12-month rolling, %	11.2	5.7	5.2	6.1	6.3	8.0
Equity ratio, %	48.3	42.9	45.9	42.6	44.3	43.2
Interest-bearing net debt, EUR million	772.1	825.7	883.3	951.5	989.3	1 041.4
Gearing, %	46.4	52.7	54.3	65.3	64.0	71.0
Capital expenditure, EUR million	18.5	21.6	17.9	17.6	23.3	24.6
Acquisitions, EUR million	—	—	0.4	—	0.3	—

## Income statement

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

## Statement of Financial Position

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

## Statement of cash flows

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

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

### Operating profit (EBIT) by segment

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

### Operating margin (EBIT) by segment

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

### Operating profit (EBITA) by segment

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

### Operating margin (EBITA) by segment

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

### Adjusted operating profit (EBITA) by segment

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

### Adjusted operating margin (EBITA) by segment

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

### Depreciation by segment

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

### Amortization on other intangible assets by segment

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

### Amortization of acquisition-related intangible assets by segment

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

## Major shareholders on 30 Jun 2021

	Shares	%
1 Solidium Oy	12 857 918	10.9
2 Apax Guernsey (Holdco) PCC Ltd <sup>1)</sup>	12 586 087	10.6
3 Cevian Capital Partners Ltd <sup>2)</sup>	9 381 731	7.9
4 Ilmarinen Mutual Pension Insurance Company	2 890 595	2.4
5 Elo Mutual Pension Insurance Company	1 597 953	1.3
6 Swedbank Robur fonder	1 320 000	1.1
7 The State Pension fund	858 000	0.7
8 Nordea funds	758 656	0.6
9 Svenska litteratursällskapet i Finland r.f.	639 845	0.5
10 Åbo Akademi University Foundation	597 536	0.5
<b>Top 10 shareholders total</b>	<b>43 488 321</b>	<b>36.7</b>
- of which nominee registered	21 967 818	18.5
Nominee registered other	51 958 589	43.9
Others	22 978 861	19.4
<b>Total</b>	<b>118 425 771</b>	<b>100.0</b>

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

<sup>1)</sup> On 11 March, Apax Guernsey (Holco) PCC Ltd announced that its holding in TietoEVRY Corporation was 12 586 087 shares, representing 10.63% of the shares and votes.

<sup>2)</sup> Based on the ownership records of Euroclear Finland Oy, Cevian Capital Partners Ltd's holding on 31 March 2021 was 9 381 731 shares, representing 7.9% of shares and voting rights.

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**A teleconference for analysts and media** will be held on Tuesday 20 July 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

Norway: +47 235 002 43

United Kingdom: +44 333 300 0804

United States: +1 631 913 1422

PIN: 15126207#

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.

TietoEVRY publishes its financial information in English and Finnish.

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