



Q3

2022

Strong growth and solid profitability

- Strong organic growth of 8%, driven by TietoEvry Create, TietoEvry Banking and TietoEvry Care
- Solid adjusted operating margin of 14.2%
- Good progress in performance improvement programmes – profit contribution accelerating towards the year-end
- Full-year outlook updated on 20 October

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Key figures in the third quarter

Revenue, EUR million

690.4 (648.1)

Organic growth¹⁾

7.8% (0.6%)

Order backlog, EUR million

3 180 (3 153)

Adjusted²⁾ operating profit
(EBITA³⁾), EUR million

97.9 / 14.2%

(94.0)

(14.5%)

Operating profit (EBIT),
EUR million

77.5 / 11.2%

(72.2)

(11.1%)

Adjustment²⁾ items,
EUR million

-8.7 (-10.1)

Net debt/EBITDA

1.6 (1.4)

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 2022

The company updated its full-year outlook on 20 October:

Tietoevry expects its organic¹⁾ growth to be 5% to 6% (revenue in 2021: EUR 2 823.4 million).

The company estimates its full-year adjusted operating margin²⁾ (adjusted EBITA) to be 12.8–13.1% (13.0% in 2021).

¹⁾ Adjusted for currency effects, acquisitions and divestments.

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

CEO's comment

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



"I'm pleased that we delivered our fourth consecutive quarter of accelerated growth, building on our strategic focus on scalable software businesses and consulting opportunities in new digital and data-related fields. We also achieved clear profitability uplift from the previous quarter to over 14% in this challenging era of high inflation. In euro terms, our operating profit improved from the previous year.

Market conditions are currently twofold: customer activities and investments into new technologies continue to generate growth opportunities, thus building comfort for our continued growth agenda. In parallel, high inflation is impacting our clients and ourselves, visible in the increased costs of labour, materials and energy. In the current market environment, it is of utmost importance to continue to focus on productivity, operational efficiency and price competitiveness. During the past quarter, our efficiency and profitability improvement programmes in Tietoevry Banking and Tietoevry Connect started to deliver the anticipated performance improvements. These programmes, together with the measures initiated in Tietoevry Transform during the summer, are anticipated to accelerate our performance in the fourth quarter.

Recently we have updated our guidance for the year with a higher revenue outlook – and also updated the profitability guidance, reflecting the current inflationary era.

In today's geopolitical and economic environment, the role of corporations in social responsibility is becoming increasingly important. Based on our values of openness, trust and diversity, we support the well-being of all employees globally – and continue to take all possible measures to support the safety and well-being of our Ukrainian colleagues."

Tietoevry's quarter in brief

Strong growth of 8%

Third-quarter organic¹⁾ growth of 8% was driven by Tietoevry Create with revenue up by 19%. Additionally, the company's software businesses saw strong growth. In Tietoevry Care, revenue was organically up by 11% and the revenue of Tietoevry Banking increased by 9%.

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

Solid profitability – performance improvement programmes contributing to margins

Profitability was solid with an adjusted operating margin of 14.2%. The performance improvement programmes in Tietoevry Connect and Tietoevry Banking improved performance in the third quarter. The company's enhanced efficiency measures in Tietoevry Transform, including increased automation, redeployment of talent and improved utilization rates, started to contribute to profitability in September. The planned redundancies announced during the third quarter – which have a potential impact on up to 250 roles – are anticipated to accelerate Tietoevry Transform's performance in the fourth quarter. Salary inflation remained at a high level, as expected. Group-level salary inflation is expected to be around 4% on average in 2022. The impact of overall inflation is addressed through a number of measures to improve productivity across the company.

Continued healthy growth as an additional driver for fourth-quarter performance

The combination of continued healthy growth and the accelerating impact of the performance improvement programmes is anticipated to support fourth-quarter performance. Furthermore, accelerated measures to increase customer prices are expected to gradually improve performance. Performance in the software businesses is typically strong in the fourth quarter due to the timing of licence sales, even though the transaction volumes of data-driven businesses are subject to volatility.

IT market development

The rapidly changing market provides significant growth opportunities for Tietoevry. Creating superior experiences enabled by hyperconnected data continues to be a strong driver for investments across industries. Customers are considering how to utilize the benefits of data even faster to be able to launch highly advanced digital experiences supported by real-time and personalized services.

Significant agreements

Tietoevry Create and Bose collaborating in development of consumer electronics products and automotive sound systems

Tietoevry and Bose, a global audio company, have signed a new agreement to significantly expand their collaboration in the development of consumer electronics products and automotive sound systems. As part of this initiative, the companies decided to establish a joint centre of excellence in Warsaw, Poland.

Tietoevry's and Bose's co-operation in software engineering for consumer electronics is now expanding, and additionally, it will include capabilities for automotive sound system development as well.

Tietoevry Transform to support Yleisradio's renewal of employee services through a cloud-born solution

Yleisradio, the Finnish Broadcasting Company, has chosen Tietoevry Transform to implement a world-leading cloud-born solution enabling modern and user-friendly employee and manager self-services across key employment and talent processes. It is planned that the solution will go live in the third quarter of 2023.

Tietoevry Banking launching a global partnership with IBM – extending market reach of Payment software

IBM and Tietoevry have announced that they are launching global collaboration in the development of financial services technology. The technology and consulting collaboration will broaden the potential clientele of both companies. Tietoevry Banking will onboard their Payments product portfolio, including Card Suite, Payment Hub, Virtual Account Management, and Instant Payments Solutions to the IBM Cloud for Financial Services.

Cloud technologies are at the core of customers' efficiency, agility and innovation. Investments are clearly geared towards cloud native development, data engineering and advanced analytics, adopting software-as-a-service as well as modernizing applications and infrastructure to cloud. Active programmes are ongoing with customers modernizing their business processes, applications and

infrastructure to become cloud-enabled and reap the benefits from data.

Although macroeconomic uncertainties exist, the market activity level has remained healthy with no significant change in customer behaviour observed.

Strategy driving growth and expansion through specialization

Tietoevry aims to drive 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

Tietoevry's specialized businesses have full operational responsibility, including go-to-market, service portfolio, delivery capabilities, compensation models, investments and partnerships. Reflecting the distinct market dynamics of each, the individual businesses have optionality to build scale and prioritize investments. The businesses forming the reportable segments are:

Tietoevry Create accelerates customers' digital agenda to create competitive products and data-driven businesses utilizing design, data and cloud technologies. This is a global business with software and data engineering at its core.

Tietoevry Banking is a provider of scalable Banking-as-a-Service platform and leading software products to drive digital transformation and efficiency for financial institutions.

Tietoevry Care provides modular and interoperable software, reinventing Nordic health and social care for enhanced care personnel and citizen experience.

Tietoevry Industry is a portfolio of distinct competitive software and data solutions across a wide variety of industry domains. These domains include the public sector, pulp & paper and utilities.

Tietoevry Transform drives enterprise-wide transformation across customers' business processes, applications and infrastructure. Deep customer knowledge, global cloud & data competencies and automated operations form its foundation.

The overall addressable market for Tietoevry is anticipated to grow by around 3% during 2022, impacted by an estimated decline of 5–10% in traditional managed services. The market for software and cloud-native services is anticipated to grow by around 10%. This polarized market is calling for specialization reflecting a distinctive competitive advantage in each service segment in order to capture the identified opportunities.

Tietoevry Connect is a multi-cloud platform provider with a full range of infrastructure choices at scale – ensuring security, resilience and compliance for the customer's business.

Scalable common functions, such as Finance, Strategy and HR, continue to support the businesses in driving portfolio development, performance management and efficiency across the company.

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 Tietoevry Create, Tietoevry Care and Tietoevry Banking – invest to accelerate products, services and capabilities; prioritize M&A.
- Partner to scale in Tietoevry Transform and Tietoevry Connect – invest in capabilities to drive scale and automated managed services; seek partners to jointly invest and build scale.
- Focus for value in Tietoevry Industry – optimize investments in selected businesses and develop portfolio to increase focus.

Long-term financial targets

Tietoevry's financial 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.

In 2022, one-time costs are expected to be around 2% of revenue.

Strategic review of the Tietoevry Banking business proceeding as planned – aiming to unlock its full value potential

In July, the company announced that it has initiated a strategic review of the Tietoevry Banking business, including a process to study its potential separation into an independent company that would be listed on a stock exchange. The aim is to accelerate the growth profile, scale and profitability of Tietoevry Banking, and enhance its strategic and financial flexibility to drive value creation for all stakeholders.

Performance in 2022

As a result of favourable revenue development in the third quarter combined with the fourth-quarter outlook, Tietoevry updated on 20 October its organic growth outlook to 5–6% (previous 3–5%) for the year.

The business mix of the company provides resilience due to the nature of its long-term contracts, while the lead time for higher customer price increases is several quarters. In light of the rapid increase in inflation and timing for future customer price increases, the company's ability to improve its short-term profitability at a faster pace is constrained. Consequently, Tietoevry updated its full-year adjusted operating profit margin guidance to 12.8–13.1 (previous 13.1–13.6).

High inflation era – mitigation actions ongoing

Salary inflation is anticipated to remain at a high level. The company estimates full-year salary inflation to be 4%. Tietoevry is also impacted by an increase in cost inflation, visible in items such as subcontracting, premises, electricity and software licences. The negative impact is mitigated by a number of actions including further offshoring, management of the competence pyramid and overall cost efficiency across businesses. Furthermore, accelerated measures to increase customer prices are gradually improving performance.

The strategic review process is proceeding as planned and is expected to be completed in the second half of 2023. Should the listing assessment proceed favourably, the company aims to subsequently list Tietoevry Banking in the second half of 2023. Further details about the progress of this process will be provided in due course.

Healthy growth and performance improvement programmes as key drivers for fourth-quarter performance

The combination of continued healthy growth and the accelerating impact of the performance improvement programmes is anticipated to support fourth-quarter performance. Furthermore, performance in the software businesses is typically strong in the fourth quarter due to the timing of licence sales, even though the transaction volumes of data-driven businesses are subject to volatility.

Adjustment items

In 2022, one-time costs are expected to be around 2% of revenue, primarily driven by the performance improvement programmes as well as exit costs related to Russia and costs associated with ensuring employee wellbeing and business continuity in Ukraine. One-time costs also include the remaining integration costs, mainly related to the brand and identity programme.

¹⁾ Adjusted for currency effects, acquisitions and divestments.

Financial performance in July–September

	7–9/2022	7–9/2021
Revenue, EUR million	690.4	648.1
Change, %	6.5	0.7
Operating profit (EBIT), EUR million	77.5	72.2
Operating margin (EBIT), %	11.2	11.1
Adjusted ¹⁾ operating profit (EBITA ²⁾ , EUR million	97.9	94.0
Adjusted ¹⁾ operating margin (EBITA ²⁾ , %	14.2	14.5
Profit after taxes, EUR million	59.1	48.1
EPS, EUR	0.50	0.41
Net cash flow from operations, EUR million	40.2	92.1
Return on equity, 12-month rolling, %	12.1	16.2
Return on capital employed, 12-month rolling, %	10.6	13.1
Capital expenditure, EUR million	23.6	15.7
Order backlog	3 180	3 153
Interest-bearing net debt, EUR million	700.3	702.3
Personnel on 30 September	24 509	23 860

Third-quarter revenue was up by 6.5% to EUR 690.4 (648.1) million. Growth was driven by consulting business and the company's banking, healthcare and welfare software businesses. Divestments had a negative impact of EUR 6 million and exchange rates a negative impact of EUR 2 million. Third-quarter operating profit (EBIT) amounted to EUR 77.5 (72.2) million, representing a margin of 11.2 (11.1). Operating profit includes EUR -8.7 (-10.1) million in adjustment items, mainly related to performance improvement programmes. Adjusted¹⁾ operating profit (EBITA) stood at EUR 97.9 (94.0) million, or 14.2% (14.5) of revenue. Further details on adjustment items are available in the [Alternative Performance Measures](#) paragraph.

Depreciation and amortization amounted to EUR 39.8 (41.7) million, including EUR 16.3 (17.5) million in depreciation of right of use assets (IFRS 16 impact) and EUR 11.7 (11.8) million in amortization of acquisition-related intangible assets. Net financial expenses stood at EUR 2.4 (7.7) million. Net interest expenses were EUR 4.7 (5.6) million and net gains from foreign exchange transactions EUR 2.6 (losses 1.7) million. Other financial income and expenses amounted to EUR -0.3 (-0.4) million.

Earnings per share (EPS) totalled EUR 0.50 (0.41). Adjusted¹⁾ earnings per share amounted to EUR 0.63 (0.55).

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⁾ , %
	7–9/2022	7–9/2021			7–9/2022	7–9/2021	7–9/2022	7–9/2021
Tietoevry Create	203.4	172.3	18	19	26.9	21.8	13.2	12.7
Tietoevry Banking	123.2	111.8	10	9	19.5	16.6	15.9	14.9
Tietoevry Care	53.6	48.9	10	11	18.2	17.4	33.9	35.5
Tietoevry Industry	64.1	67.4	-5	2	10.8	13.7	16.8	20.3
Tietoevry Transform	105.5	105.1	0	1	6.6	9.3	6.3	8.8
Tietoevry Connect	209.1	215.5	-3	-2	20.6	18.5	9.9	8.6
Eliminations and non-allocated costs	-68.6	-72.9	—	—	-4.6	-3.3	—	—
Group total	690.4	648.1	7	8	97.9	94.0	14.2	14.5

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

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

In Tietoevry **Create**, revenue was organically up by 19%. The market for cloud native, and data and software engineering services remained active. Create saw continued high growth in international business with the new Nanjing R&D centre contributing to growth. Furthermore, devaluation of the Ukrainian currency had a positive impact of 3 percentage points on growth. The impact of the war in Ukraine on business in the third quarter was limited. Adjusted operating margin improved from the previous year's level. In the fourth quarter, adjusted operating margin is anticipated to be at the level of the corresponding quarter of 2021.

In Tietoevry **Banking**, revenue was organically up by 9%. Healthy growth was driven by the Cards, Payments and Financial Crime Prevention businesses. Adjusted operating margin was above the previous year's level, supported by measures to drive competitiveness and efficiency. In the fourth quarter, adjusted operating margin is anticipated to be above the level of the corresponding quarter of 2021.

In Tietoevry **Care**, revenue was organically up by 11%. Growth was driven by the Healthcare and Welfare businesses. Profitability remained at a strong level. In the fourth quarter, adjusted operating margin is anticipated to be below the level of the corresponding quarter of 2021.

In Tietoevry **Industry**, revenue was organically up by 2%, driven by Tietoevry's case management software Public 360 and pulp and paper software. A large customer contract ending in Data Platform Services had a negative impact of 3 percentage points on growth. Profitability was healthy, while below the previous year's level. In the fourth quarter, adjusted operating margin is anticipated to be above the level of the corresponding quarter of 2021.

In Tietoevry **Transform**, revenue was organically up by 1%. The Industry & Forest unit saw healthy growth while revenue was declining in the Telecom & Consumer unit. Profitability was impacted by the combination of slow growth and high inflation. Measures to drive improved performance started to contribute to profitability towards the end of the quarter. Tietoevry expects that the profit improvement will accelerate towards the end of 2022. In the fourth quarter, adjusted operating margin is anticipated to be above the level of the corresponding quarter of 2021.

In Tietoevry **Connect**, revenue was organically down by 2%. Cloud platforms and security services grew by 6% and traditional infrastructure services' revenue was down by 8%. Profitability was above the previous year's level with efficiency measures contributing to third-quarter performance. In the fourth quarter, adjusted operating margin is anticipated to be at the level of the corresponding quarter of 2021.

Reportable segments are described in the [tables section](#).

Cash flow and investments

Third-quarter net cash flow from operations amounted to EUR 40.2 (92.1) million, including an increase of EUR 56.3 (increase of 11.6) million in net working capital.

Capital expenditure totalled EUR 23.6 (15.7) million, mainly consisting of business-related software licences, 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 8.0 (8.6) million. Capital expenditure represented 3.4% (2.4) of revenue.

Financial performance in January–September

	1–9/2022	1–9/2021
Revenue, EUR million	2 160.4	2 081.4
Change, %	3.8	0.3
Operating profit (EBIT), EUR million	163.3	268.6
Operating margin (EBIT), %	7.6	12.9
Adjusted ¹ operating profit (EBITA ²), EUR million	261.2	264.5
Adjusted ¹ operating margin (EBITA ²), %	12.1	12.7
Profit after taxes, EUR million	113.9	202.7
EPS, EUR	0.96	1.71
Net cash flow from operations, EUR million	110.6	198.2
Return on equity, 12-month rolling, %	12.1	16.2
Return on capital employed, 12-month rolling, %	10.6	13.1
Capital expenditure, EUR million	68.7	55.8
Order backlog	3 180	3 153
Interest-bearing net debt, EUR million	700.3	702.3
Personnel on 30 September	24 509	23 860

Nine-month revenue increased by 3.8% to EUR 2 160.4 (2 081.4) million. Divestments had a negative impact of EUR 33 million. Organically, revenue was up by 6%. Nine-month operating profit (EBIT) amounted to EUR 163.3 (268.6) million, representing a margin of 7.6% (12.9).

Operating profit includes EUR -62.5 (39.5) million in adjustment items, mainly related to efficiency programmes, the war in Ukraine and exiting the company's Russian operations. In 2021, adjustment items included substantial capital gains. Adjusted¹ operating profit (EBITA) stood at EUR 261.2 (264.5) million, or 12.1% (12.7) of revenue. Further details on adjusted items are available in the [Alternative Performance Measures](#) paragraph.

Depreciation and amortization amounted to EUR 123.6 (128.2) million, including EUR 50.6 (54.0) million in depreciation of right of use assets (IFRS 16 impact) and EUR 35.5 (35.4) million in amortization of acquisition-related intangible assets. Net financial expenses stood at EUR 16.0 (22.2) million. Net interest expenses were EUR 14.3 (16.7) million and net gains from foreign exchange transactions EUR 0.6 (losses 3.7) million. Other financial income and expenses amounted to EUR -2.4 (-1.8) million.

Earnings per share (EPS) totalled EUR 0.96 (1.71). Adjusted¹ earnings per share amounted to EUR 1.63 (1.55).

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,	Revenue,	Growth, %	Organic growth, % ³	Adjusted ¹	Adjusted ¹	Adjusted ¹	Adjusted ¹
	EUR million	EUR million			operating profit ² , EUR million	operating profit ² , EUR million	operating margin ² , %	operating margin ² , %
	1–9/2022	1–9/2021			1–9/2022	1–9/2021	1–9/2022	1–9/2021
Tietoevry Create	631.8	549.0	15	15	84.6	71.8	13.4	13.1
Tietoevry Banking	380.5	345.5	10	9	45.5	42.6	12.0	12.3
Tietoevry Care	168.5	164.8	2	4	52.3	50.6	31.0	30.7
Tietoevry Industry	203.4	228.8	-11	3	33.6	37.6	16.5	16.4
Tietoevry Transform	345.3	345.6	-0	1	22.3	34.3	6.4	9.9
Tietoevry Connect	664.0	674.3	-2	-1	41.8	44.2	6.3	6.6
Eliminations and non-allocated costs	-233.2	-226.6	—	—	-18.8	-16.6	—	—
Total	2 160.4	2 081.4	4	6	261.2	264.5	12.1	12.7

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

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 110.6 (198.2) million, including an increase of EUR 116.3 (increase of 95.3) million in net working capital.

Nine-month tax payments were EUR 37.3 (20.3) million. Tax rate was 22.7%.

Capital expenditure totalled EUR 68.7 (55.8) million, mainly consisting of business-related software licences, investments in data centres and the capitalized costs for the development of software. Capitalized costs for industry-specific software amounted to EUR 25.4 (32.0) million. Capital expenditure represented 3.2% (2.7) of revenue.

Financial position at the end of the period

The equity ratio was 49.8% (49.6). Gearing was 42.4% (41.1). Interest-bearing net debt totalled EUR 700.3 (702.3) million, including EUR 756.6 (767.8) million in interest-bearing debt, EUR 198.9 (210.2) million in lease liabilities, EUR 3.1 (6.2) million in finance lease receivables, EUR 29.5 (28.3) million in other interest-bearing receivables and EUR 222.6 (241.1) million in cash and cash equivalents.

Interest-bearing long-term liabilities amounted to EUR 830.8 (881.9) 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 syndicated term loan, a loan from the European Investment Bank and lease liabilities of EUR 144.9 million.

Interest-bearing short-term liabilities amounted to EUR 124.7 (96.0) million, mainly related to leasing liabilities and the short-term part of the term loans.

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

Order backlog

Tietoevry's order backlog amounted to EUR 3 180 (3 153) million at the end of September. Of the backlog, 24% (18) is expected to be invoiced during 2022. The order backlog includes all signed customer orders that have not been recognized as revenue, including estimates of the value of consumption-based contracts.

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

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 February, S Group, one of the largest retail groups in Finland, chose Tietoevry Transform as its partner to speed up the modernization of its IT functions and to support changes in its operating model. This co-operation will increase automation and the utilization of data in S Group's business operations. The five-year agreement covers co-operation in the management and development of services for next-generation applications.

In February, International Card Services and Tietoevry Connect prolonged the contract for the infrastructure carrying Tietoevry Banking cards software for a minimum of five additional years with an option of two more years. The agreement covers transformation of a private cloud infrastructure to a top of class hybrid cloud solution and the enablement of cloud transformation (One Cloud Platinum) including PCI/DSS compliance. The contract value is EUR 24 million.

In February, Kammarkollegiet, a central procurement function for governmental agencies in Sweden, and Tietoevry Create signed a frame agreement, securing two out of the five tender areas: Security in IT and IT projects, and IT consultancy solutions. Tietoevry has also been awarded two additional areas while appeal processes related to these areas are ongoing. These are part of one of the most extensive procurement initiatives in Sweden, providing access to purchases from all governmental agencies in Sweden.

In February, Huddinge municipality signed an agreement with Tietoevry on a delivery of a digital student administration system handling administrative processes for preschools, compulsory schools and upper secondary schools. The solution will be delivered as a cloud service including consulting and system support. The total value of the ten-year agreement is estimated to be SEK 20 million.

In February, the Swedish Central Bank (Riksbanken) chose Tietoevry as one of three vendors for a two-year frame agreement on banking and finance consultancy services that will be provided in collaboration by Tietoevry Banking and Tietoevry Create. The frame agreement, following Tietoevry's participation in Riksbankens E-krona Pilot, covers areas such as payments, financial infrastructure, financial standards and securities settlements.

In February, Tietoevry Create renewed its agreement with Goodyear, a leading automotive tire manufacturer, and will enhance co-operation in software development for tire management digital platforms during 2022. By leveraging Goodyear's patented predictive algorithms, Tietoevry continues to further develop and enrich the set of features and services the digital platform can provide, from geolocated real-time predictive

tire pressure monitoring (TPMS) for fleets of trucks, to automated tire-condition control with advanced sensors (tread depth). The digital platform helps prevent tire-related accidents, reduce fuel consumption for lower CO₂ emissions and increase the overall productivity of a fleet of trucks.

In March, Butterfield Bank chose Tietoevry Banking to provide a state-of-the-art credit card processing platform as well as card production and personalization services based on sustainable payment cards produced from recycled ocean plastic. Tietoevry Banking's credit ledger will enable Butterfield Bank to reimagine credit cards for the digital era. Deployed as software-as-a-service (SaaS), Tietoevry's credit ledger offers end-to-end credit card transaction processing, dispute handling, financial crime prevention, customer support and mobile and wallet-based payments.

In March, Worldline and Tietoevry Banking extended their strategic partnership for card acquiring processing services. The three-year agreement with a contract value of EUR 17 million includes all of Worldline's authorization processing services in the Nordic market. The agreement includes an option for additional two years.

In March, Tietoevry Create and Sydved extended their partnership to create a data platform for the forest industry under the working title "Forest Data Market". This initiative's main goal is to help the forest industry become truly data driven by establishing a data platform containing business information. The platform will be flexible and adapted to the forest industry's common business processes, and customers will be able to combine data sources to gain valuable insights.

In April, Reno de Medici (RDM Group) selected Tietoevry Industry to modernize their core business processes and enable digitalization at their nine mills. RDM Group is the leading producer in the recycled carton board business and the largest producer in Italy, France, the Netherlands and the Iberian Peninsula. The renewal is based on Tietoevry's Sales and Manufacturing Execution System (MES) – TIPS Industry Solutions and Services. It will increase overall efficiency, reduce waste and improve customer service.

In April, Vattenfall Nuclear decided to continue its collaboration with Tietoevry Create. Tietoevry is helping to build an enterprise search solution called Supersök, based on the company's Findwise i3 software and Elasticsearch. Supersök is a set of search-driven tools helping maintenance personnel plan and follow up on maintenance- and facility-related activities at Forsmark nuclear plant. This is the first out of two planned steps to modernize the architecture and findability tools around Forsmark's maintenance process. The first part of this project, to be implemented during 2022, is worth SEK 5 million, on top of licences for SEK 2 million for the first three years.

In April, Tietoevry Connect concluded an agreement on cloud services with Kemira. In May, Bodø Kommune chose Tietoevry Connect as a partner for cloud services.

In May, Tietoevry Create concluded a new agreement with a leading global semiconductor company – as a continuation to over ten years' partnership in the area of specialized software engineering. With the new agreement, representing total contract value of EUR 2.9 million for 2022, Tietoevry was chosen as the go-to-market partner for new telecom products in the virtual radio access networks (vRAN) market. This takes the partnership to the next level, with Tietoevry helping the customer to gain market share in both Europe and Asia. Tietoevry's deep domain expertise in telecom software engineering will shorten time-to-market and improve the quality of the customers' products.

In May, Region Stockholm awarded Tietoevry Transform an outsourcing agreement to accelerate its digital transformation by transforming its entire IT infrastructure and application environment. As part of the agreement, Tietoevry will provide leading hybrid-cloud and AI-ops capabilities based on a cost-efficient, future-proof and cohesive delivery model. The contract is valid for five years, with an option for an extension of a maximum of seven additional years. The total contract value, including the additional years, is approximately SEK 1 billion.

In June, Lassila & Tikanoja and Tietoevry Transform decided to strengthen their strategic partnership with a new agreement with a view to speeding up digitalization at Lassila & Tikanoja and make more efficient use of data in its business operations. The five-year agreement covers end-user services, application management, service integration and management, hybrid infrastructure and transformation-related services.

In August, Tietoevry Create and Bose, a global audio company, signed a new agreement to significantly expand their collaboration in the development of consumer electronics products and automotive sound systems. As part of this initiative, the companies decided to establish a joint centre of excellence in Warsaw, Poland. Tietoevry's and Bose's co-operation in software engineering for consumer electronics is now expanding, and additionally, it will include capabilities for automotive sound system development as well.

In August, Statens vegvesen (The Norwegian Public Roads Administration) chose Tietoevry in partnership with Bouvet as the exclusive supplier within the Microsoft Office 365 field. Based on the agreement, Tietoevry is Statens vegvesen's collaboration partner for product development of the Microsoft Office 365 portfolio over time, ensuring access to the necessary capacity and expertise. The total scope over the initial two-year agreement period and four more optional years is estimated to be up to 65 consultants, including experts from Tietoevry Create, Tietoevry Connect and Bouvet, and representing a maximum contract value of up to NOK 590 million.

In August, Tietoevry prolonged its agreement with Socialstyrelsen, the National Board of Health and Welfare of Sweden. The agreement covers maintenance and support for Public 360, Tietoevry's case management solution, as well as application management. Public 360, integrated with multiple external e-Services, continues to be the key operating system for Socialstyrelsen, helping the customer to make the core processes more efficient, automated, and streamlined. Examples of activities covered by Public 360 include case handling of applications for medical staff certification and handling of government grants within the healthcare sector. It is also the document register (Public Journal) for Socialstyrelsen. The estimated value of the agreement, which has an initial period of two years with two optional years, is EUR 1.5 million.

In August, Yleisradio, the Finnish Broadcasting Company, chose Tietoevry Transform to implement a world-leading cloud-born solution enabling modern and user-friendly employee and manager self-services across key employment and talent processes. It is planned that the solution will go live in the third quarter of 2023.

In September, Skatteetaten and Tietoevry signed a new agreement related to infrastructure services. Tietoevry will deliver mainframe operation services as well as optional application and database operation services. The contract value of the five-year agreement is NOK 100 million.

Personnel

The number of full-time employees amounted to 24 509 (23 860) at the end of September. The number of full-time employees in the global delivery centres totalled 12 751 (11 513), or 52.0% (48.3) of all personnel.

Employee turnover has stabilized at a high level. The 12-month rolling employee turnover stood at 15.3% (13.5) at the end of September, somewhat down from 16.3% at the end of the second quarter.

Group-level salary inflation is expected to be around 4% on average in 2022. It is offset by a number of actions including price increases, further offshoring, management of the competence pyramid and overall cost efficiency across businesses.

Shareholders' Nomination Board

The composition of the Shareholders' Nomination Board was determined based on holdings on 31 August 2022. The Shareholders' Nomination Board comprises the following persons:

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

Shares

On 30 September, the number of shares totalled 118 425 771. At the end of the quarter, the number of shares in the company's or its subsidiaries' possession totalled 12 468, representing 0.01% of the total number of shares and voting rights. The number of outstanding shares, excluding the treasury shares, was 118 413 303.

Significant risks and uncertainties

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

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

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

Due to the Covid-19 pandemic, the market outlook in Tietoevry's main markets involves uncertainties while sensitivity to uncertainty varies by business. Tietoevry 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.

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

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

New disruptive technologies, 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 Tietoevry's top 10 customers currently account for 22% of its revenue, with Tietoevry Transform having the highest customer concentration in the company.

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

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

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

The new EU General Data Protection Regulation took effect in May 2018. The company continues to develop its GDPR practices across businesses and functions, and with its customers. In light of the overall regulatory development of GDPR, there continues to be uncertainty with regards to how the authorities will interpret the regulation and Schrems II judgement by the Court of Justice of the European Union – and impose fines in cases involving personal data breaches.

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

Full-year outlook for 2022

The company updated its full-year outlook on 20 October:

Tietoevry expects its organic¹⁾ growth to be 5% to 6% (revenue in 2021: EUR 2 823.4 million).

The company estimates its full-year adjusted operating margin²⁾ (adjusted EBITA) to be 12.8–13.1% (13.0% in 2021).

¹⁾ Adjusted for currency effects, acquisitions and divestments.

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

Events after the period

Tietoevry updated its full-year outlook for 2022 on 20 October.

Financial calendar 2022

30 November Capital Markets Day in Stockholm



Consolidated interim financial statements

Income statement

	2022	2021	2022	2021	Change	2021
EUR million	7-9	7-9	1-9	1-9	%	1-12
Revenue	690.4	648.1	2 160.4	2 081.4	4	2 823.4
Other operating income	7.0	6.0	16.8	83.8	-80	125.1
Materials and services ¹⁾	-129.5	-110.6	-405.3	-372.6	9	-513.5
Employee benefit expenses	-359.7	-337.2	-1 201.8	-1 136.7	6	-1 527.0
Depreciation and amortization	-39.8	-41.7	-123.6	-128.2	-4	-170.1
Impairment losses	0.0	-0.1	0.0	-1.6	> 100	-5.3
Other operating expenses ¹⁾	-91.2	-92.7	-283.9	-258.4	10	-352.0
Share of results in joint ventures	0.3	0.3	0.6	0.8	-23	1.5
Operating profit (EBIT)	77.5	72.2	163.3	268.6	-39	382.0
Interest and other financial income	1.1	0.4	2.5	1.2	> 100	1.9
Interest and other financial expenses	-6.1	-6.4	-19.1	-19.7	-3	-25.3
Net foreign exchange gains/losses	2.6	-1.7	0.6	-3.7	> 100	-4.8
Profit before taxes	75.1	64.5	147.3	246.4	-40	353.8
Income taxes	-16.0	-16.4	-33.4	-43.6	-23	-62.2
Net profit for the period	59.1	48.1	113.9	202.7	-44	291.6
Net profit for the period attributable to						
Owners of the Parent company	59.1	48.1	113.9	202.7	-44	291.6
Non-controlling interest	—	0.0	—	0.0	—	0.0
	59.1	48.1	113.9	202.7	-44	291.6
Earnings per share attributable to owners of the Parent company, EUR per share						
Basic	0.50	0.41	0.96	1.71	-44	2.46
Diluted	0.50	0.41	0.96	1.71	-44	2.46

¹⁾ Tietoevry has clarified its accounting policy for costs related to shared platforms in infrastructure services. These costs are recognized in other operating expenses when they are not directly linked to any specific customer. Due to the clarification, Tietoevry has reclassified costs between Materials and Services and Other operating expenses in the comparative periods.

Statement of other comprehensive income

	2022	2021	2022	2021	Change	2021
EUR million	7-9	7-9	1-9	1-9	%	1-12
Net profit for the period	59.1	48.1	113.9	202.7	-44	291.6
Items that may be reclassified subsequently to profit or loss						
Translation differences	-44.7	-5.4	-119.0	36.0	> 100	60.2
Items that will not be reclassified subsequently to profit or loss						
Remeasurements of the defined benefit plans, net of tax	1.0	-2.3	4.0	0.1	> 100	-1.6
Total comprehensive income	15.4	40.4	-1.1	238.8	> 100	350.3
Total comprehensive income attributable to						
Owners of the Parent company	15.4	40.4	-1.1	238.8	> 100	350.3
Non-controlling interest	—	0.0	—	0.0	—	0.0
	15.4	40.4	-1.1	238.8	> 100	350.3

Statement of financial position

Assets

	2022	2021	Change	2021
EUR million	30 Sep	30 Sep	%	31 Dec
Goodwill	1 843.8	1 931.7	-5	1 943.7
Other intangible assets	353.9	384.2	-8	387.9
Property, plant and equipment	96.3	87.4	10	87.4
Right-of-use assets	190.4	199.1	-4	192.4
Interests in joint ventures	15.4	15.9	-3	16.7
Deferred tax assets	8.8	14.3	-38	19.1
Defined benefit plan assets	3.4	0.6	> 100	0.7
Finance lease receivables	0.4	3.1	-87	2.7
Other financial assets at amortized cost	15.6	14.1	11	15.7
Other financial assets at fair value	0.6	0.6	-1	0.6
Other non-current receivables	25.6	34.5	-26	35.4
Total non-current assets	2 554.3	2 685.5	-5	2 702.3
Inventories	5.1	5.4	-6	7.2
Trade and other receivables	543.0	533.5	2	517.0
Financial assets at fair value	29.3	21.6	36	23.3
Finance lease receivables	2.7	3.0	-13	2.9
Current tax assets	16.0	17.2	-7	10.8
Cash and cash equivalents ¹⁾	222.6	241.1	-8	323.8
Total current assets	818.7	822.0	0	884.9
Total assets	3 373.0	3 507.4	-4	3 587.2

¹⁾ Cash and cash equivalents includes restricted cash of EUR 11.1 million held within bank accounts in Ukraine.

Equity and Liabilities

	2022	2021	Change	2021
EUR million	30 Sep	30 Sep	%	31 Dec
Share capital, share issue premiums and other reserves	116.4	118.2	-2	118.0
Invested unrestricted equity reserve	1 203.5	1 203.5	—	1 203.5
Retained earnings	332.5	386.0	-14	499.6
Equity attributable to owners of the Parent company	1 652.3	1 707.7	-3	1 821.1
Non-controlling interest	—	0.0	—	—
Total equity	1 652.3	1 707.7	-3	1 821.1
Loans	685.9	736.2	-7	731.6
Lease liabilities	144.9	145.7	-1	144.0
Deferred tax liabilities	3.6	7.6	-52	9.1
Provisions	4.0	4.1	-1	2.8
Defined benefit obligations	28.2	37.9	-25	38.7
Other non-current liabilities	24.9	35.6	-30	34.7
Total non-current liabilities	891.7	967.1	-8	960.8
Trade and other payables	657.7	684.5	-4	672.3
Financial liabilities at fair value	2.9	0.9	> 100	0.8
Current tax liabilities	15.7	25.1	-38	18.5
Loans	70.7	31.6	> 100	31.5
Lease liabilities	54.0	64.5	-16	62.5
Provisions	28.0	26.1	7	19.6
Total current liabilities	829.0	832.6	—	805.3
Total equity and liabilities	3 373.0	3 507.4	-4	3 587.2

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	Retained earnings	Total		
31 Dec 2021	76.6	41.5	-0.2	-66.0	1 203.5	565.8	1 821.1	—	1 821.1
Comprehensive income									
Net profit for the period	—	—	—	—	—	113.9	113.9	—	113.9
Other comprehensive income, net of tax									
Remeasurements of the defined benefit plans, net of tax	—	—	—	—	—	4.0	4.0	—	4.0
Translation differences	—	-1.6	—	-116.7	—	-0.6	-119.0	—	-119.0
Total comprehensive income	—	-1.6	—	-116.7	—	117.3	-1.1	—	-1.1
Transactions with owners									
Contributions and distributions									
Share-based incentive plans	—	—	3.6	—	—	-1.8	1.8	—	1.8
Dividends	—	—	—	—	—	-165.8	-165.8	—	-165.8
Repurchase of own shares	—	—	-3.7	—	—	—	-3.7	—	-3.7
Total transactions with owners	—	—	-0.1	—	—	-167.6	-167.7	—	-167.7
30 Sep 2022	76.6	39.8	-0.3	-182.7	1 203.5	515.5	1 652.3	—	1 652.3

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	Retained earnings	Total		
31 Dec 2020	76.6	42.1	-0.3	-133.8	1 203.5	438.2	1 626.2	0.0	1 626.2
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	-157.3
30 Sep 2021	76.6	41.7	-0.2	-90.6	1 203.5	476.8	1 707.7	0.0	1 707.7

Statement of cash flows

	2022	2021	2022	2021	2021
EUR million	7-9	7-9	1-9	1-9	1-12
Cash flow from operating activities					
Net profit for the period	59.1	48.1	113.9	202.7	291.6
Adjustments					
Depreciation, amortization and impairment losses	39.8	41.8	123.6	129.8	175.5
Profit/loss on sale of property, plant and equipment, subsidiaries and business operations	-0.7	-0.1	8.2	-71.5	-104.1
Share of results in joint ventures	-0.3	-0.3	-0.6	-0.8	-1.5
Other adjustments	-3.6	1.8	-7.9	0.3	0.2
Net financial expenses	2.4	7.7	16.0	22.2	28.1
Income taxes	16.0	16.4	33.4	43.6	62.2
Change in net working capital	-56.3	-11.6	-116.3	-95.3	-26.9
Cash generated from operating activities before interests and taxes	56.4	103.8	170.3	231.1	425.2
Net financial expenses paid	-6.4	-4.7	-23.8	-14.7	-19.2
Dividends received	—	—	1.4	2.1	2.1
Income taxes paid	-9.9	-7.0	-37.3	-20.3	-40.6
Cash flow from operating activities	40.2	92.1	110.6	198.2	367.5
Cash flow from investing activities					
Capital expenditure	-24.8	-15.7	-70.5	-55.8	-80.8
Disposal of subsidiaries and business operations, net of cash disposed	0.5	-1.2	-0.6	141.3	179.5
Proceeds from sale of property, plant and equipment	0.3	0.5	0.3	0.7	0.8
Change in loan receivables	0.6	-1.3	2.0	-0.3	0.3
Cash flow from investing activities	-23.4	-17.7	-68.8	85.9	99.8
Cash flow from financing activities					
Dividends paid	—	—	-82.9	-78.2	-156.3
Repurchase of own shares	—	—	-3.7	-3.8	-3.8
Repayments of lease liabilities	-16.3	-17.8	-50.1	-55.3	-73.1
Other short-term financing, net	-0.4	-4.1	-7.7	-13.7	-19.7
Repayments of long-term borrowings	—	—	—	-145.8	-145.8
Cash flow from financing activities	-16.6	-21.9	-144.3	-296.7	-398.8
Change in cash and cash equivalents	0.1	52.5	-102.5	-12.7	68.5
Cash and cash equivalents at the beginning of period	220.3	186.3	323.8	252.3	252.3
Foreign exchange differences	2.3	2.4	1.4	1.6	3.0
Change in cash and cash equivalents	0.1	52.5	-102.5	-12.7	68.5
Cash and cash equivalents at the end of period¹⁾	222.6	241.1	222.6	241.1	323.8

¹⁾ Cash and cash equivalents includes restricted cash of EUR 11.1 million held within bank accounts in Ukraine.

Notes to the interim financial statements

The accounting policies adopted are consistent with those used in the annual financial statements for the year ended on 31 December 2021. Changes to IFRSs which have been effective from 1 January 2022 have had no material impact on the Group's financial statements. This interim report is unaudited.

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

New reporting structure

Tietoevry has established six specialized end-to-end businesses which form the reportable segments as from 1 January 2022. More information in [Segment information](#).

Changes in Group structure

Tietoevry has sold its Russian operations through a local management buy-out. With this transaction, completed on 18 April, Tietoevry has ended all its local operations in Russia and transitions all its responsibilities including employees, customers, suppliers, legal and regulatory to the new owners. The loss recognised on the disposal was EUR 9.1 million.

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 are the same as reported in the 2021 consolidated financial statements.

Events after the end of the reporting period

Tietoevry updated its full-year outlook for 2022 on 20 October.

Segment information

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

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

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

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

Tietoevry Create

Tietoevry Create is a leading accelerator for digital innovation and cloud-native development, providing business advisory and design, data engineering and specialized software R&D services across a range of industry sectors. It is a high-growth, market-leading vendor in the Nordics and expanding in international markets, which currently represent over 40% of Tietoevry Create revenue. Tietoevry Create has almost 9 000 employees in competence centres in Europe, India and China – they leverage their expertise and the latest technologies to support clients from nearly 20 countries.

Tietoevry Banking

Tietoevry Banking is modernizing the financial sector in the Nordics and globally with modular, pre-integrated Banking-as-a-Service and a full suite of market-leading, scalable software and services within domains such as payments, cards, wealth management, financial crime prevention and credit. Built by unmatched industry expertise, the solutions help accelerate growth through digital customer engagement, real-time operational efficiency and regulatory compliance. Tietoevry Banking's team consists of around 3 500 specialists.

Tietoevry Care

Tietoevry Care offers modular, open and interoperable software for customers in the health and social care sectors to enhance the care experience across the Nordics. Using advanced analytics and embedded AI, it provides decision support and process automation. Demand for software and services in healthcare segments such as hospitals, primary and secondary care, as well as elderly, home and family care is increasing rapidly on the back of the growing demand for better care outcomes, improved citizen experience, higher staff satisfaction and increased efficiency. Tietoevry Care employs over 1 400 specialists.

Tietoevry Industry

Tietoevry Industry provides industry-specific software and data platform services for customers looking to enhance their critical processes – with software increasingly delivered as a service. Product areas include software for case management, pulp & paper, education, and energy and utilities. Furthermore, data platform services deliver data in processes such as billing & invoicing and industry messaging. Its team consists of close to 1 700 specialists with extensive industry knowledge and in-depth expertise of utilizing data to create insights and add value across core business and operational processes.

Tietoevry Transform

Tietoevry Transform drives enterprise-wide transformation for customers across their business processes and applications by means of automation, cloud and data capabilities. It helps customers improve enterprise agility and reduce time to market. Its team of over 3 000 experts provides full stack IT services across modernizing existing IT infrastructure, the renewal of core business applications, next-generation services as well as data and AI services for selected large and mid-sized customers in both public and private enterprises in the Nordics.

Tietoevry Connect

Tietoevry Connect is a Nordic multi-cloud platform provider with a full range of infrastructure choices at scale – aiming to ensure resilience, security and compliance for customers’ business. Its business comprises cloud platforms and security services, traditional infrastructure services, end-user services and hardware/software reselling. It is the leading provider of managed services in the Nordics, and the partner of choice for businesses looking to drive and achieve cloud adoption at scale. Its team of 5 000 experts delivers services to customer operations in more than 90 countries.

Revenue by segment

	2022	2021	Change	2022	2021	Change	2021
EUR million	7–9	7–9	%	1–9	1–9	%	1–12
Tietoevry Create	203.4	172.3	18	631.8	549.0	15	756.3
Tietoevry Banking	123.2	111.8	10	380.5	345.5	10	475.8
Tietoevry Care	53.6	48.9	10	168.5	164.8	2	221.9
Tietoevry Industry	64.1	67.4	-5	203.4	228.8	-11	303.4
Tietoevry Transform	105.5	105.1	0	345.3	345.6	-0	467.9
Tietoevry Connect	209.1	215.5	-3	664.0	674.3	-2	907.5
Eliminations	-68.6	-72.9	-6	-233.2	-226.6	3	-309.5
Group total	690.4	648.1	7	2 160.4	2 081.4	4	2 823.4

Customer revenue from fixed-price contracts by segment

	2022	2021	2022	2021	2021
EUR million	7–9	7–9	1–9	1–9	1–12
Tietoevry Create	4.6	4.0	13.3	11.5	16.0
Tietoevry Banking	3.2	4.9	17.4	16.7	25.2
Tietoevry Care	0.7	0.2	1.1	0.5	1.0
Tietoevry Industry	0.4	0.9	2.0	3.9	5.0
Tietoevry Transform	2.4	1.6	9.1	3.7	7.1
Tietoevry Connect	0.3	0.9	1.4	5.5	6.1
Group total	11.7	12.6	44.3	41.8	60.5

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

Operating profit (EBIT) by segment

	2022	2021	Change	2022	2021	Change	2021
EUR million	7–9	7–9	%	1–9	1–9	%	1–12
Tietoevry Create	23.6	19.0	24	63.2	63.6	-1	88.6
Tietoevry Banking	13.2	11.2	18	22.7	25.9	-12	38.1
Tietoevry Care	18.1	16.9	7	52.0	49.6	5	68.3
Tietoevry Industry	9.5	11.8	-19	28.9	102.5	-72	149.8
Tietoevry Transform	2.2	7.8	-71	17.4	31.9	-46	40.8
Tietoevry Connect	15.9	10.1	57	5.4	21.3	-74	38.5
Non-allocated costs	-5.2	-4.7	10	-26.3	-26.1	1	-42.1
Group total	77.5	72.2	7	163.3	268.6	-39	382.0

Operating margin (EBIT) by segment

	2022	2021	Change	2022	2021	Change	2021
%	7–9	7–9	pp	1–9	1–9	pp	1–12
Tietoevry Create	11.6	11.1	1	10.0	11.6	-2	11.7
Tietoevry Banking	10.7	10.0	1	6.0	7.5	-2	8.0
Tietoevry Care	33.8	34.6	-1	30.9	30.1	1	30.8
Tietoevry Industry	14.8	17.5	-3	14.2	44.8	-31	49.4
Tietoevry Transform	2.1	7.4	-5	5.0	9.2	-4	8.7
Tietoevry Connect	7.6	4.7	3	0.8	3.2	-2	4.2
Operating margin (EBIT)	11.2	11.1	0	7.6	12.9	-5	13.5

Personnel by segment

	End of period				Average ¹⁾	
	2022	2021	Change	Share	2021	2022
	1-9	1-9	%	%	1-12	1-9
Tietoevry Create	9 064	8 161	11	37	8 653	8 823
Tietoevry Banking	3 500	3 455	1	14	3 495	3 510
Tietoevry Care	1 461	1 320	11	6	1 346	1 410
Tietoevry Industry	1 682	1 914	-12	7	1 819	1 709
Tietoevry Transform	3 435	3 283	5	14	3 395	3 400
Tietoevry Connect	4 684	5 056	-7	19	4 994	4 862
Group functions	683	671	2	3	687	693
Group total	24 509	23 860	3	100	24 389	24 407

¹⁾ 2021 comparative information for the average number of personnel by segment is not available due to the implementation of the group's new organization structure as of 1 January 2022.

Personnel by country

	End of period				Average		
	2022	2021	Change	Share	2021	2022	2021
	1-9	1-9	%	%	1-12	1-9	1-9
Sweden	4 040	4 336	-7	16	4 286	4 122	4 327
Norway	4 020	4 360	-8	16	4 274	4 140	4 400
Finland	3 166	3 165	0	13	3 130	3 154	3 082
India	4 651	4 419	5	19	4 592	4 617	4 313
Czech Republic	2 672	2 496	7	11	2 505	2 609	2 467
Ukraine	2 116	2 051	3	9	2 123	2 159	1 961
Latvia	1 048	962	9	4	999	1 031	962
China	1 056	452	> 100	4	842	949	437
Poland	766	722	6	3	710	703	739
Other	973	898	8	4	928	924	1 005
Group total	24 509	23 860	3	100	24 389	24 407	23 692
Onshore countries	11 758	12 346	-5	48	12 192	11 928	12 310
Offshore countries	12 751	11 513	11	52	12 197	12 479	11 382
Group total	24 509	23 860	3	100	24 389	24 407	23 692

Non-current assets by country

EUR million	2022	2021	Change	2021
	30 Sep	30 Sep	%	31 Dec
Finland	101.7	88.2	15	85.2
Sweden	122.5	120.1	2	117.6
Norway	387.9	427.6	-9	433.5
Other	28.5	34.6	-18	31.3
Total non-current assets	640.6	670.6	-4	667.7

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

Depreciation by segment

	2022	2021	Change	2022	2021	Change	2021
EUR million	7-9	7-9	%	1-9	1-9	%	1-12
Tietoevry Create	1.6	1.9	-14	5.2	6.1	-16	8.0
Tietoevry Banking	1.2	1.0	19	3.6	3.0	19	4.1
Tietoevry Care	0.2	0.2	29	0.6	0.5	23	0.7
Tietoevry Industry	0.2	0.2	-35	0.5	0.8	-40	1.0
Tietoevry Transform	0.4	0.1	> 100	1.1	0.4	> 100	0.5
Tietoevry Connect	10.3	10.8	-4	30.6	32.9	-7	43.4
Group functions	11.7	13.1	-10	37.2	40.7	-9	53.5
Group total	25.6	27.3	-6	78.8	84.3	-7	111.2

Amortization of other intangible assets by segment

	2022	2021	Change	2022	2021	Change	2021
EUR million	7-9	7-9	%	1-9	1-9	%	1-12
Tietoevry Create	0.0	0.1	> 100	0.1	0.2	-47	0.3
Tietoevry Banking	0.7	0.8	-12	2.1	2.5	-18	3.3
Tietoevry Care	0.4	0.2	> 100	1.2	0.5	> 100	0.9
Tietoevry Industry	0.1	0.3	-74	0.2	0.8	-74	1.1
Tietoevry Transform	0.0	0.0	0	0.1	0.1	72	0.1
Tietoevry Connect	1.0	0.9	18	5.3	3.1	71	4.1
Group functions	0.1	0.4	-73	0.3	1.2	-78	1.8
Group total	2.4	2.6	-8	9.4	8.5	10	11.6

Amortization of acquisition-related intangible assets by segment

	2022	2021	Change	2022	2021	Change	2021
EUR million	7-9	7-9	%	1-9	1-9	%	1-12
Tietoevry Create	2.5	2.6	-2	7.7	7.8	-2	10.5
Tietoevry Banking	5.4	5.3	1	16.3	16.2	1	21.7
Tietoevry Care	0.0	0.0	0	0.1	0.1	-3	0.2
Tietoevry Industry	1.6	1.7	-8	4.7	4.7	0	6.3
Tietoevry Transform	—	—	—	—	—	—	—
Tietoevry Connect	2.2	2.2	1	6.6	6.5	1	8.7
Group functions	—	—	—	—	—	—	—
Group total	11.7	11.8	0	35.5	35.4	0	47.3

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.

	2022	2021
EUR million	30 Sep	31 Dec
Forward contracts outside hedge accounting at fair value through profit or loss	323.6	479.7
Foreign exchange forward contracts	323.6	479.7

Fair values of derivatives

	30 Sep 2022			31 Dec 2021		
EUR million	Gross positive fair values	Gross negative fair values	Net fair values	Gross positive fair values	Gross negative fair values	Net fair values
Forward contracts outside hedge accounting at fair value through profit or loss	5.1	-2.9	2.2	4.2	-0.8	3.3
Foreign exchange forward contracts	5.1	-2.9	2.2	4.2	-0.8	3.3

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 2022) 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 24.2 million on 30 Sep 2022) are classified as Financial assets at fair value through profit or loss. The company estimates that the carrying amount approximates the fair value due to their short-term nature.

Number of shares

	2022	2021	2022	2021	2021
	7–9	7–9	1–9	1–9	1–12
Outstanding shares, end of period					
Basic	118 413 303	118 418 184	118 413 303	118 418 184	118 418 184
Effect of dilutive share-based incentive plans	251 301	255 298	244 007	246 029	276 585
Diluted	118 664 604	118 673 482	118 657 310	118 664 213	118 694 769
Outstanding shares, average					
Basic	118 413 303	118 418 184	118 403 080	118 404 866	118 408 223
Effect of dilutive share-based incentive plans	251 301	255 298	244 007	246 029	276 585
Diluted	118 664 604	118 673 482	118 647 087	118 650 895	118 684 808
Company's possession of its own shares					
End of period	12 468	7 587	12 468	7 587	7 587
Average	12 468	7 587	22 691	20 905	17 548

Alternative performance measures (APMs)

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

Adjusted operating profit (EBITA) by segment

	2022	2021	Change	2022	2021	Change	2021
EUR million	7–9	7–9	%	1–9	1–9	%	1–12
Tietoevry Create	26.9	21.8	23	84.6	71.8	18	99.6
Tietoevry Banking	19.5	16.6	18	45.5	42.6	7	60.3
Tietoevry Care	18.2	17.4	5	52.3	50.6	3	69.6
Tietoevry Industry	10.8	13.7	-21	33.6	37.6	-11	50.8
Tietoevry Transform	6.6	9.3	-29	22.3	34.3	-35	43.9
Tietoevry Connect	20.6	18.5	11	41.8	44.2	-6	66.3
Non-allocated costs	-4.6	-3.3	43	-18.8	-16.6	13	-22.8
Group total	97.9	94.0	4	261.2	264.5	-1	367.8

Adjusted operating margin (EBITA) by segment

	2022	2021	Change	2022	2021	Change	2021
%	7–9	7–9	pp	1–9	1–9	pp	1–12
Tietoevry Create	13.2	12.7	1	13.4	13.1	0	13.2
Tietoevry Banking	15.9	14.9	1	12.0	12.3	0	12.7
Tietoevry Care	33.9	35.5	-2	31.0	30.7	0	31.4
Tietoevry Industry	16.8	20.3	-4	16.5	16.4	0	16.7
Tietoevry Transform	6.3	8.8	-3	6.4	9.9	-3	9.4
Tietoevry Connect	9.9	8.6	1	6.3	6.6	0	7.3
Adjusted operating margin (EBITA)	14.2	14.5	0	12.1	12.7	-1	13.0

Reconciliation of adjusted operating profit (EBITA)

	2022	2021	2022	2021	2021
EUR million	7-9	7-9	1-9	1-9	1-12
Operating profit (EBIT)	77.5	72.2	163.3	268.6	382.0
+ Amortization of intangible assets recognized at fair value from acquisitions	11.7	11.8	35.5	35.4	47.3
Adjustment items:					
+ Restructuring costs	4.8	4.8	10.3	7.8	7.1
- Capital gains	-0.6	-0.1	-0.8	-71.4	-104.0
+/- M&A related items	0.4	0.1	1.8	0.9	1.0
+ Tietoevry Connect performance acceleration programme	2.4	—	28.8	—	—
+ War in Ukraine and exit from Russia	0.7	—	12.6	—	—
+ Tietoevry integration	0.6	5.4	5.2	14.7	25.8
+ Kyndryl (IBM) partner agreement and SmartUtilities	—	—	—	6.6	3.2
+/- Other items ¹⁾	0.4	-0.2	4.6	1.9	5.4
Adjusted operating profit (EBITA)	97.9	94.0	261.2	264.5	367.8

¹⁾Including costs related to new strategy implementation

Other key figures

	2022	2021	2022	2021	2021
	7-9	7-9	1-9	1-9	1-12
Adjusted earnings per share, EUR	0.63	0.55	1.63	1.55	2.20
Equity per share, EUR	13.95	14.42	13.95	14.42	15.38
Return on equity, 12-month rolling, %	12.1	16.2	12.1	16.2	16.9
Return on capital employed, 12-month rolling, %	10.6	13.1	10.6	13.1	13.7
Equity ratio, %	49.8	49.6	49.8	49.6	51.6
Interest-bearing net debt, EUR million	700.3	702.3	700.3	702.3	610.6
Gearing, %	42.4	41.1	42.4	41.1	33.5
Net debt/EBITDA	1.6	1.4	1.6	1.4	1.1
Capital expenditure, EUR million	23.6	15.7	68.7	55.8	80.8

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), %	=	$\frac{\text{Operating profit (EBIT)}}{\text{Revenue}}$
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, %	=	$\frac{\text{Profit before taxes and non-controlling interests – income taxes}}{\text{Total equity (12-month average)}} * 100$
Return on capital employed, 12-month rolling, %	=	$\frac{\text{Profit before taxes + interest and other financial expenses}}{\text{Total assets – non-interest-bearing liabilities (12-month average)}} * 100$
Equity ratio, %	=	$\frac{\text{Total equity}}{\text{Total assets – advance payments}} * 100$
Interest-bearing net debt	=	Interest-bearing liabilities – interest-bearing receivables – cash and cash equivalents
Net debt/EBITDA	=	$\frac{\text{Interest-bearing net debt}}{\text{EBITDA (12-month average)}}$
Gearing, %	=	$\frac{\text{Interest-bearing net debt}}{\text{Total equity}} * 100$

Quarterly figures

Key figures

	2022	2022	2022	2021	2021	2021	2021
	7-9	4-6	1-3	10-12	7-9	4-6	1-3
Earnings per share, EUR							
Basic	0.50	0.18	0.28	0.75	0.41	0.99	0.31
Diluted	0.50	0.18	0.28	0.75	0.41	0.99	0.31
Adjusted earnings per share, EUR	0.63	0.46	0.53	0.64	0.55	0.52	0.48
Equity per share, EUR	13.95	13.82	14.57	15.38	14.42	14.06	13.24
Return on equity, 12-month rolling, %	12.1	11.6	17.5	16.9	16.2	14.2	6.3
Return on capital employed, 12-month rolling, %	10.6	10.4	13.8	13.7	13.1	11.2	5.7
Equity ratio, %	49.8	48.7	48.1	51.6	49.6	48.3	42.9
Interest-bearing net debt, EUR million	700.3	716.2	586.2	610.6	702.3	772.1	825.7
Gearing, %	42.4	43.8	34.0	33.5	41.1	46.4	52.7
Net debt/EBITDA	1.6	1.6	1.1	1.1	1.4	1.6	2.3
Capital expenditure, EUR million	23.6	23.9	21.1	25.0	15.7	18.5	21.6

Income statement

	2022	2022	2022	2021	2021	2021	2021
EUR million	7-9	4-6	1-3	10-12	7-9	4-6	1-3
Revenue	690.4	739.1	730.9	742.0	648.1	721.7	711.5
Other operating income	7.0	4.5	5.3	41.2	6.0	74.6	3.2
Materials and services ¹⁾	-129.5	-144.1	-131.7	-140.9	-110.6	-131.4	-130.5
Employee benefit expenses	-359.7	-414.0	-428.2	-390.3	-337.2	-396.3	-403.2
Depreciation, amortization and impairment losses	-39.8	-41.6	-42.2	-45.7	-41.8	-42.8	-45.2
Other operating expenses ¹⁾	-91.2	-104.4	-88.3	-93.6	-92.7	-86.1	-79.6
Share of results in joint ventures	0.3	0.1	0.2	0.6	0.3	-0.0	0.5
Operating profit (EBIT)	77.5	39.7	46.1	113.4	72.2	139.7	56.7
Financial income and expenses	-2.4	-9.2	-4.4	-5.9	-7.7	-6.2	-8.3
Profit before taxes	75.1	30.5	41.7	107.4	64.5	133.5	48.4
Income taxes	-16.0	-8.7	-8.8	-18.5	-16.4	-15.9	-11.3
Net profit for the period	59.1	21.8	32.9	88.9	48.1	117.6	37.0

¹⁾ Tietoevry has clarified its accounting policy for costs related to shared platforms in infrastructure services. These costs are recognized in other operating expenses when they are not directly linked to any specific customer. Due to the clarification, Tietoevry has reclassified costs between Materials and Services and Other operating expenses in the comparative periods.

Statement of Financial Position

	2022	2022	2022	2021	2021	2021	2021
EUR million	30 Sep	30 Jun	31 Mar	31 Dec	30 Sep	30 Jun	31 Mar
Goodwill	1 843.8	1 876.5	1 978.3	1 943.7	1 931.7	1 935.1	1 950.3
Other intangible assets	353.9	365.6	392.5	387.9	384.2	388.1	397.3
Property, plant and equipment	96.3	91.5	87.0	87.4	87.4	89.3	94.3
Right-of-use assets	190.4	200.9	188.8	192.4	199.1	209.9	227.0
Interests in joint ventures	15.4	15.3	17.2	16.7	15.9	18.4	19.4
Other non-current assets	54.5	57.7	62.8	74.2	67.2	75.2	74.8
Total non-current assets	2 554.3	2 607.6	2 726.7	2 702.3	2 685.5	2 715.9	2 763.0
Trade receivables and other current assets	596.0	598.5	604.9	561.1	580.8	619.0	586.9
Cash and cash equivalents	222.6	220.3	342.5	323.8	241.1	186.3	307.5
Total current assets	818.7	818.8	947.4	884.9	822.0	805.3	894.5
Assets held for sale	—	—	—	—	—	—	88.1
Total assets	3 373.0	3 426.4	3 674.2	3 587.2	3 507.4	3 521.2	3 745.5
Total equity	1 652.3	1 636.0	1 725.0	1 821.1	1 707.7	1 665.2	1 567.7
Non-current loans	830.8	838.6	871.8	875.6	881.9	888.2	1 056.1
Other non-current liabilities	60.8	64.3	72.7	85.2	85.2	88.9	90.2
Total non-current liabilities	891.7	902.9	944.4	960.8	967.1	977.1	1 146.3
Trade payables and other current liabilities	676.3	729.0	882.5	691.6	710.5	751.1	880.5
Provisions	28.0	32.1	33.7	19.6	26.1	25.3	30.7
Current loans	124.7	126.3	88.6	94.0	96.0	102.5	111.5
Total current liabilities	829.0	887.5	1 004.8	805.3	832.6	878.9	1 022.7
Liabilities attributable to assets held for sale	—	—	—	—	—	—	8.8
Total equity and liabilities	3 373.0	3 426.4	3 674.2	3 587.2	3 507.4	3 521.2	3 745.5

Statement of cash flows

	2022	2022	2022	2021	2021	2021	2021
EUR million	7–9	4–6	1–3	10–12	7–9	4–6	1–3
Cash flow from operating activities							
Net profit for the period	59.1	21.8	32.9	88.9	48.1	117.6	37.0
Adjustments	53.6	69.5	49.6	36.7	67.2	-7.3	63.7
Change in net working capital	-56.3	-56.7	-3.3	68.5	-11.6	-83.9	0.1
Cash generated from operating activities before interests and taxes	56.4	34.7	79.2	194.1	103.8	26.4	100.9
Net financial expenses paid	-6.4	-13.0	-4.5	-4.5	-4.7	-9.3	-0.7
Dividends received	—	1.4	—	—	—	2.1	—
Income taxes paid	-9.9	-14.7	-12.7	-20.3	-7.0	-8.0	-5.3
Cash flow from operating activities	40.2	8.4	62.0	169.3	92.1	11.2	94.8
Cash flow from investing activities	-23.4	-27.6	-17.8	14.0	-17.7	124.3	-20.7
Cash flow from financing activities	-16.6	-105.3	-22.4	-102.1	-21.9	-252.8	-22.0
Change in cash and cash equivalents	0.1	-124.4	21.8	81.2	52.5	-117.3	52.1
Cash and cash equivalents at the beginning of period	220.3	342.5	323.8	241.1	186.3	307.5	252.3
Foreign exchange differences	2.3	2.1	-3.1	1.4	2.4	-4.0	4.4
Cash classified as assets held for sale	—	—	—	—	—	—	-1.2
Change in cash and cash equivalents	0.1	-124.4	21.8	81.2	52.5	-117.3	52.1
Cash and cash equivalents at the end of period	222.6	220.3	342.5	323.8	241.1	186.3	307.5

Quarterly figures by segments

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

Revenue by segment

	2022	2022	2022	2021	2021	2021	2021
EUR million	7-9	4-6	1-3	10-12	7-9	4-6	1-3
Tietoevry Create	203.4	210.3	218.1	207.3	172.3	188.4	188.4
Tietoevry Banking	123.2	132.3	125.0	130.3	111.8	120.2	113.5
Tietoevry Care	53.6	58.3	56.6	57.1	48.9	61.5	54.4
Tietoevry Industry	64.1	68.3	71.0	74.6	67.4	78.5	82.9
Tietoevry Transform	105.5	118.7	121.2	122.3	105.1	119.1	121.4
Tietoevry Connect	209.1	230.7	224.2	233.3	215.5	231.4	227.3
Eliminations	-68.6	-79.4	-85.1	-82.9	-72.9	-77.3	-76.4
Group total	690.4	739.1	730.9	742.0	648.1	721.7	711.5

Operating profit (EBIT) by segment

	2022	2022	2022	2021	2021	2021	2021
EUR million	7-9	4-6	1-3	10-12	7-9	4-6	1-3
Tietoevry Create	23.6	12.4	27.1	24.9	19.0	20.2	24.3
Tietoevry Banking	13.2	2.7	6.8	12.2	11.2	8.6	6.0
Tietoevry Care	18.1	17.4	16.5	18.8	16.9	19.0	13.7
Tietoevry Industry	9.5	8.7	10.7	47.4	11.8	79.0	11.6
Tietoevry Transform	2.2	5.1	10.0	8.8	7.8	11.3	12.9
Tietoevry Connect	15.9	5.8	-16.3	17.3	10.1	9.4	1.8
Non-allocated costs	-5.2	-12.3	-8.8	-16.0	-4.7	-7.9	-13.6
Group total	77.5	39.7	46.1	113.4	72.2	139.7	56.7

Operating margin (EBIT) by segment

	2022	2022	2022	2021	2021	2021	2021
%	7-9	4-6	1-3	10-12	7-9	4-6	1-3
Tietoevry Create	11.6	5.9	12.4	12.0	11.1	10.7	12.9
Tietoevry Banking	10.7	2.0	5.5	9.4	10.0	7.2	5.3
Tietoevry Care	33.8	29.9	29.1	32.9	34.6	30.9	25.1
Tietoevry Industry	14.8	12.7	15.1	63.5	17.5	100.7	14.0
Tietoevry Transform	2.1	4.3	8.3	7.2	7.4	9.5	10.6
Tietoevry Connect	7.6	2.5	-7.3	7.4	4.7	4.0	0.8
Operating margin (EBIT)	11.2	5.4	6.3	15.3	11.1	19.4	8.0

Adjusted operating profit (EBITA) by segment

	2022	2022	2022	2021	2021	2021	2021
EUR million	7-9	4-6	1-3	10-12	7-9	4-6	1-3
Tietoevry Create	26.9	26.5	31.3	27.9	21.8	23.1	26.9
Tietoevry Banking	19.5	13.6	12.3	17.7	16.6	14.4	11.6
Tietoevry Care	18.2	17.5	16.6	19.0	17.4	19.5	13.7
Tietoevry Industry	10.8	11.7	11.2	13.2	13.7	11.0	12.8
Tietoevry Transform	6.6	5.4	10.3	9.6	9.3	11.9	13.1
Tietoevry Connect	20.6	12.0	9.2	22.1	18.5	15.6	10.1
Non-allocated costs	-4.6	-7.9	-6.3	-6.2	-3.3	-7.2	-6.1
Group total	97.9	78.7	84.6	103.3	94.0	88.3	82.1

Adjusted operating margin (EBITA) by segment

	2022	2022	2022	2021	2021	2021	2021
%	7-9	4-6	1-3	10-12	7-9	4-6	1-3
Tietoevry Create	13.2	12.6	14.3	13.4	12.7	12.2	14.3
Tietoevry Banking	15.9	10.3	9.9	13.6	14.9	12.0	10.2
Tietoevry Care	33.9	30.1	29.3	33.4	35.5	31.7	25.2
Tietoevry Industry	16.8	17.1	15.7	17.7	20.3	14.1	15.5
Tietoevry Transform	6.3	4.5	8.5	7.9	8.8	10.0	10.8
Tietoevry Connect	9.9	5.2	4.1	9.5	8.6	6.7	4.5
Adjusted operating margin (EBITA)	14.2	10.7	11.6	13.9	14.5	12.2	11.5

Depreciation by segment

	2022	2022	2022	2021	2021	2021	2021
EUR million	7-9	4-6	1-3	10-12	7-9	4-6	1-3
Tietoevry Create	1.6	1.9	1.7	1.8	1.9	2.1	2.1
Tietoevry Banking	1.2	1.2	1.2	1.1	1.0	1.0	1.0
Tietoevry Care	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Tietoevry Industry	0.2	0.1	0.1	0.2	0.2	0.3	0.2
Tietoevry Transform	0.4	0.4	0.3	0.2	0.1	0.1	0.1
Tietoevry Connect	10.3	10.1	10.2	10.5	10.8	11.0	11.2
Group functions	11.7	13.5	12.0	12.8	13.1	13.5	14.1
Group total	25.6	27.4	25.7	26.9	27.3	28.2	28.9

Amortization of other intangible assets by segment

	2022	2022	2022	2021	2021	2021	2021
EUR million	7-9	4-6	1-3	10-12	7-9	4-6	1-3
Tietoevry Create	0.0	0.0	0.1	0.1	0.1	0.1	0.1
Tietoevry Banking	0.7	0.7	0.7	0.8	0.8	0.8	0.8
Tietoevry Care	0.4	0.4	0.4	0.4	0.2	0.2	0.2
Tietoevry Industry	0.1	0.1	0.1	0.2	0.3	0.3	0.3
Tietoevry Transform	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tietoevry Connect	1.0	1.1	3.2	1.0	0.9	0.9	1.3
Group functions	0.1	0.0	0.1	0.6	0.4	0.4	0.5
Group total	2.4	2.3	4.6	3.1	2.6	2.7	3.2

Amortization of acquisition-related intangible assets by segment

	2022	2022	2022	2021	2021	2021	2021
EUR million	7-9	4-6	1-3	10-12	7-9	4-6	1-3
Tietoevry Create	2.5	2.6	2.6	2.6	2.6	2.6	2.6
Tietoevry Banking	5.4	5.4	5.5	5.5	5.3	5.4	5.4
Tietoevry Care	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tietoevry Industry	1.6	1.6	1.6	1.6	1.7	1.5	1.6
Tietoevry Transform	—	—	—	—	—	—	—
Tietoevry Connect	2.2	2.2	2.2	2.2	2.2	2.2	2.2
Group functions	—	—	—	—	—	—	—
Group total	11.7	11.8	11.9	12.0	11.8	11.8	11.8

Major shareholders on 30 Sep 2022

	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 Silchester International Investors LLP ³⁾	5 939 679	5.0
5 Ilmarinen Mutual Pension Insurance Company	2 196 095	1.9
6 Elo Mutual Pension Insurance Company	1 330 000	1.1
7 The State Pension fund	1 100 000	0.9
8 Nordea funds	1 081 829	0.9
9 Svenska litteratursällskapet i Finland r.f.	979 845	0.8
10 Swedbank Robur fonder	615 000	0.5
Top 10 shareholders total	41 523 318	35.1
- of which nominee registered	21 977 631	18.6
Nominee registered other	48 038 038	40.6
Others	28 864 415	24.4
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 31 August 2022 was 9 381 731 shares, representing 7.9% of shares and voting rights.

²⁾ On 21 September 2021, Incentive AS announced that the holding of Incentive Investment Funds ICAV was 6 041 221 shares, representing 5.1% of the shares.

³⁾ On 10 February 2022, Silchester International Investors LLP has announced that its holding has increased to 5 939 679 shares, representing 5.02% of the total number of shares.

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A teleconference for analysts and media will be held on Thursday 27 October 2022 at 10.00 a.m. EEST (09.00 a.m. CEST, 08.00 a.m. 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

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Sweden: +46 8 505 20424

United Kingdom: +44 33 0551 0200

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Access code

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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.

Tietoevry publishes its financial information in English and Finnish.

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

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