



# Q3

# 2023

## Mixed performance in a softer market

- Growth 2% – solid performance in software businesses, weaker demand in TietoEVRY Create and Tech Services
- Profitability of 13% despite softer market and continued high inflation – improved profitability in TietoEVRY Industry and Tech Services
- MentorMate acquisition closed in the third quarter – business performance and integration progressing as planned
- Strategic reviews of TietoEVRY Banking and Tech Services on track with earlier announced schedules

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

## Key figures in the third quarter

Revenue, EUR million	Organic growth <sup>1)</sup>	Adjusted <sup>2)</sup> operating profit (EBITA <sup>3)</sup> , EUR million
<b>660</b> (690)	<b>2%</b> (8%)	<b>86 / 13.0%</b> (98) (14.2%)
Cash flow from operations, EUR million	Net debt/EBITDA	Order backlog
<b>-2</b> (40)	<b>2.1</b> (1.6)	<b>Down by 1%</b> <sup>4)</sup> EUR 2 957 (3 180) million Backlog to be invoiced in Q4'23 up by 3% <sup>5)</sup>

	7-9/2023	7-9/2022
Revenue, EUR million	659.7	690.4
Change, %	-4	7
Organic growth <sup>1)</sup> , %	2	8
Operating profit (EBIT), EUR million	61.6	77.5
Operating margin (EBIT), %	9.3	11.2
Adjusted <sup>2)</sup> operating profit (EBITA <sup>3)</sup> , EUR million	85.6	97.9
Adjusted <sup>2)</sup> operating margin (EBITA <sup>3)</sup> , %	13.0	14.2
Net profit for the period, EUR million	43.4	59.1
EPS, EUR	0.37	0.50
Cash flow from operating activities, EUR million	-2.0	40.2
Capital expenditure, EUR million	17.7	23.6
Order backlog	2 957	3 180
Interest-bearing net debt, EUR million	953.9	700.3
Personnel on 30 September	24 539	24 509

## Full-year outlook for 2023

The company updated its full-year outlook on 19 September:

Tietoevry expects its organic<sup>1)</sup> growth to be approximately 4% (revenue in 2022: EUR 2 928.1 million).

The company estimates its full-year adjusted operating margin<sup>2)</sup> (adjusted EBITA<sup>3)</sup> to be 12.6–13.0% (13.0% in 2022)

<sup>1)</sup> Adjusted for currency effects, 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

<sup>4)</sup> Adjusted for the impact of exchange rates, acquisitions and divestments

<sup>5)</sup> The amount to be invoiced in the remaining part of 2023, adjusted for the impact of exchange rates, acquisitions and divestments.

For reconciliation, see section [Alternative performance measures](#).

# CEO's comment

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



"In the third quarter, we had mixed performance reflecting weaker market demand. Organic growth of 2% was driven by our software businesses, especially TietoEVRY Banking with revenue up by 11%. On the other hand, TietoEVRY Create and Tech Services were impacted by macroeconomic uncertainty, which has resulted in weaker demand. Furthermore, TietoEVRY Create is impacted by the prolonged war, materializing as a decline in our Ukrainian business.

Our profitability was healthy at 13.0% despite the changes in the market environment and continued high inflation. I am pleased to see the improvement in TietoEVRY Tech Services' profitability, resulting from the solid execution of the efficiency measures initiated before the summer. Also, TietoEVRY Industry improved its performance as planned and TietoEVRY Care continued to post strong profitability in the third quarter. Our third-quarter order intake reflects seasonality and the changed market sentiment.

We continue to make progress with our strategy execution with a focus on improving the competitiveness and performance of our specialized businesses and to reposition TietoEVRY as a leading software and digital engineering player globally. The strategic reviews of TietoEVRY Banking and Tech Services and the acquisition of MentorMate play an important role in the strategy execution. In TietoEVRY Banking, we continue to make good progress in building the management team, finalizing strategy and establishing operations as a fully independent company. Conclusions from the TietoEVRY Banking strategic review are expected during early 2024, as announced in July. In TietoEVRY Tech Services, operational simplification and performance uplift is ongoing, and the overall timeline is in line with the original plan.

The acquisition of MentorMate, a US-based digital engineering company, advances TietoEVRY Create's strategic ambition to become a leading digital engineering player globally. The acquisition significantly strengthens TietoEVRY Create's North American customer base and digital engineering capabilities across design, data, cloud and AI. With business based on the latest technologies, large customers and long engagements, MentorMate is performing as planned, despite softer market conditions.

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

We continue to believe in the foundation new technologies such as cloud, data and artificial intelligence will bring to our customers – also enabling productivity improvements in our operations. With this evolution, we actively drive our strategic agenda and renewal towards scalable software and digital engineering businesses. In light of the uncertainties in the current macroeconomic and geopolitical environment, we continue to focus on operational and financial resilience across the company."

# Tietoevry's quarter in brief

## Organic growth 2% – solid performance in software businesses

Organic growth was 2% in the third quarter, supported by solid growth in software businesses. Growth was driven by Tietoevry Banking and Tietoevry Industry with revenue up by 11% and 6%, respectively. Macroeconomic uncertainty has resulted in weaker demand in smaller customer engagements and managed services time and material work – and impacted growth, particularly in Tietoevry Create and Tech Services, with both businesses' revenue organically down by 4%. In Tietoevry Create, growth was additionally impacted by the previous year's exchange rate devaluation gain and fewer working days, having a combined negative impact of 5% on growth. On the Group level, the lower number of working days had a negative impact of 1.4 percentage points on growth.

## Profitability of 13.0% despite a softer market and continued high inflation

Adjusted operating margin was 13.0%, impacted by lower growth coupled with continued high technology cost and salary inflation as well as fewer working days. Profitability improved in Tietoevry Industry and in Tech Services, supported by the efficiency measures initiated in May. Profitability remained at a strong level in Tietoevry Care, whereas Tietoevry Create's profit was impacted by lower utilization rate due to the softer market. Personnel attrition continues to normalize and was 10.8% (15.3% in the third quarter of 2022, rolling 12 months).

## Tietoevry Banking and Tech Services strategic reviews on track

The strategic review of Tietoevry Banking is progressing according to the plan announced in July 2023 and the decisions of the review are planned to be released in the early part of 2024, followed by implementation. The work to complete the build-up of the operations enabling Tietoevry Banking to function as a fully independent company continues. The strategic review of Tietoevry Tech Services is progressing as planned.

## MentorMate acquisition to support Tietoevry Create's ambition to become a leading digital engineering player globally

On 21 July, Tietoevry announced that it has acquired MentorMate, a digital engineering company headquartered in Minneapolis, USA, from Taylor Corporation. The MentorMate acquisition advances Tietoevry Create's strategic ambition to become a leading digital engineering player globally. The acquisition significantly strengthens Tietoevry Create's North American customer base and digital engineering capabilities across design, data, cloud and AI, with approximately 1 000 employees in the attractive talent markets of Bulgaria and Paraguay. MentorMate was consolidated in Tietoevry's financials as of 21 July 2023 and will be fully integrated into Tietoevry Create.

MentorMate is performing according to expectations, despite softness in the US market, and its profitability is accretive to Tietoevry Create. The acquisition has a positive impact on Tietoevry Group's adjusted operating profit (EBITA) in 2023. The enterprise value (EV) of the MentorMate acquisition was EUR 162 million and the acquisition was financed with a new five-year term loan. The purchase price on a cash- and debt-free basis (EV) represents approximately 10.6x of operating profit (EBITA in last twelve months September 2023) including full synergies and 14.4x on a standalone basis.

## Significant agreements

### The Savings Banks Group to renew its lending platform in collaboration with Tietoevry Banking

Tietoevry Banking has signed a contract with The Savings Banks Group Finland to renew the customer's lending platform. Tietoevry Banking's Lending Suite, the leading credit solution in the Nordic markets, will serve as the foundation of the platform renewal. This strategic partnership is part of a broader initiative by The Savings Banks Group to invest in shaping the future of its operations and creating next-generation IT solutions. The agreement with Tietoevry Banking spans over ten years: an initial three-year setup followed by seven years of continuous services.

### Heinzel Group chooses Tietoevry Create as the digitalization partner for an IT integration initiative

Tietoevry Create was chosen as the digitalization partner for an IT integration initiative at the Heinzel Group. Heinzel Group will take over UPM Kymmene Austria and its subsidiaries in Steyrermühl (Austria) as from 1 January 2024. The plant is planned to be developed as a centre for sustainable packaging papers and renewable energies starting from 2024. With its paper industry expertise, Tietoevry was chosen as the partner for the IT integration into the Heinzel Group and will deliver SAP implementation services.

### Tietoevry Tech Services and DigiFinland sign a significant agreement for modern cloud technologies

Tietoevry Tech Services has signed a significant agreement for modern cloud technologies with DigiFinland to enable secure, scalable, and flexible digital development. The scope of the agreement is extensive and includes service desk, service governance, capacity and cloud services, cybersecurity services, consulting services, and an option for end-user services. The value of the agreement is EUR 21 million over the seven-year contract period.

### Wellbeing services county of Central Finland implementing high-quality and cost-effective health and social services with Tietoevry Care

The wellbeing services county of Central Finland has adopted Tietoevry Care's partnership model to implement high-quality and cost-effective health and social services. The model offers customers an opportunity to influence the contents, priorities and implementation schedule of upcoming features and functionalities in Lifecare, and hence enables faster system development. In the partnership model, the development of the Lifecare client and patient information system is carried out in cooperation with the existing Finnish wellbeing services counties based on the needs of their health and social care professionals.

# IT market development

Continued macroeconomic uncertainty has resulted in weaker demand. Due to the weaker economic environment, customers have initiated cost savings actions and delayed purchasing decisions, impacting primarily digital engineering services as well as managed services and transformation. In digital engineering, the weaker demand is impacting smaller customer engagements. In managed services and transformation, the weaker demand is visible in non-critical time and material work. Demand for specialized software remains stable.

Technology will continue to drive resilience and productivity improvement in this era. Tietoevry's business mix provides resilience, as specialized businesses comprise a significant proportion of long-term customer engagements.

The shift to cloud native technologies continues to be at the core of customers' drive for agility, productivity and competitiveness. Cloud continues to be the foundation for business agility and data at the core of competitive products and operations. Demand for cloud native and data services, including Artificial Intelligence, is expected to remain high and to result in over 10% market growth in this area. In Tietoevry's view,

Generative AI (GenAI) provides diverse opportunities for enhancing productivity and competitiveness both among its customers and in its own operations. To accelerate implementation, Tietoevry is actively working to discover and concretize the benefits of GenAI by running efficient use cases across industries together with customers and expanding its network of partners.

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

## Specialization-based strategy to accelerate value creation

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

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

The businesses are:

- **Tietoevry Create** accelerates customers' digital agenda to create competitive products and data-driven businesses utilizing design, data and cloud technologies. This is a global business with software and data engineering at its core.
- **Tietoevry Banking** is a provider of scalable Banking-as-a-Service platform and leading software products to drive digital transformation and efficiency for financial institutions.
- **Tietoevry Care** provides modular and interoperable software, reinventing Nordic health and social care to enhance the care personnel and citizen experience.

- **Tietoevry Industry** is a portfolio of distinct competitive software and data solutions across a wide variety of industry domains. These domains include the public sector, pulp & paper and utilities.
- **Tietoevry Tech Services** drives enterprise-wide transformation across customers' business processes, applications and infrastructure. Deep customer knowledge, global cloud & data competencies, automated operations and a multi-cloud platform provider with a full range of infrastructure choices at scale form its foundation.

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

Read more about the strategy on the [company's website](#).

# Financial performance in July–September

	7–9/2023	7–9/2022
Revenue, EUR million	659.7	690.4
Change, %	-4	7
Organic growth, %	2	8
Operating profit (EBIT), EUR million	61.6	77.5
Operating margin (EBIT), %	9.3	11.2
Adjusted operating profit (EBITA), EUR million	85.6	97.9
Adjusted operating margin (EBITA), %	13.0	14.2
EPS, EUR	0.37	0.50
Net cash flow from operations, EUR million	-2.0	40.2
Capital expenditure, EUR million	17.7	23.6

Third-quarter revenue was down by 4% to EUR 659.7 (690.4) million. Exchange rates had a negative impact of EUR 55 million on revenue compared to the corresponding quarter of 2022. Net impact of acquisitions and divestments was positive EUR 13 million. Organically, revenue was up by 2%. Organic growth was driven by software businesses. Third-quarter operating profit (EBIT) amounted to EUR 61.6 (77.5) million, representing a margin of 9.3% (11.2). Operating profit includes EUR -13.2 (-8.7) million in adjustment items. Adjusted operating profit (EBITA) stood at EUR 85.6 (97.9) million, or 13.0% (14.2) of revenue. Further details on adjustment items are available in the [Alternative Performance Measures](#) paragraph.

Depreciation and amortization amounted to EUR 38.5 (39.8) million, including EUR 15.0 (16.3) million in depreciation of right-of-use assets and EUR 10.7 (11.7) million in amortization of acquisition-related intangible assets. Net financial expenses stood at EUR 6.1 (2.4) million. Net interest expenses were EUR 8.5 (4.7) million and net gains from foreign exchange transactions EUR 3.5 (gains 2.6) million. Other financial income and expenses amounted to EUR -1.0 (-0.3) million.

Earnings per share (EPS) totalled EUR 0.37 (0.50). Adjusted earnings per share amounted to EUR 0.53 (0.63).

## Cash flow and investments

Third-quarter net cash flow from operations amounted to EUR -2.0 (40.2) million, including an increase of EUR 97.1 (increase of 56.3) million in net working capital. Main drivers for the increase in net working capital were the quarter ending on a weekend, which increased accounts receivable, seasonal decrease in vacation pay accruals and decrease in accounts payable. Cash generation foundation remains healthy.

Capital expenditure totalled EUR 17.7 (23.6) million, mainly consisting of capitalized costs for the development of software, investments in data centres and business-related software licences. In the third quarter, capitalized costs for industry-specific software amounted to EUR 10.3 (8.0) million. Capital expenditure represented 2.7% (3.4) of revenue.

## Financial performance by segment

	Revenue, EUR million 7–9/2023	Revenue, EUR million 7–9/2022	Growth, %	Organic growth, %	Adjusted operating profit, EUR million 7–9/2023	Adjusted operating profit, EUR million 7–9/2022	Adjusted operating margin, % 7–9/2023	Adjusted operating margin, % 7–9/2022
Tietoevry Create	195.5	203.8	-4	-4	21.5	27.1	11.0	13.3
Tietoevry Banking	135.4	135.6	0	11	18.0	21.2	13.3	15.6
Tietoevry Care	52.3	53.6	-2	3	15.9	18.2	30.4	33.9
Tietoevry Industry	61.4	64.1	-4	6	10.9	10.8	17.7	16.8
Tietoevry Tech Services	242.9	272.6	-11	-4	23.0	25.3	9.5	9.3
Eliminations and non-allocated costs	-27.8	-39.4	—	—	-3.7	-4.6	—	—
<b>Group total</b>	<b>659.7</b>	<b>690.4</b>	<b>-4</b>	<b>2</b>	<b>85.6</b>	<b>97.9</b>	<b>13.0</b>	<b>14.2</b>

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

In **Tietoevry Create**, revenue was organically down by 4%. Revenue development was impacted by lower demand for smaller customer engagements and negative development in the Ukrainian business. The pipeline for larger engagements has remained healthy. MentorMate was consolidated in Tietoevry Create's financials as of 21 July. Taking into account the working day impact of 2 percentage points on growth and the previous year's exceptional gains related to Ukrainian currency devaluation with an impact of 3 percentage points, underlying organic growth was 1%. Profitability was impacted by the lower utilization rate. In the fourth quarter of 2023, adjusted operating margin is anticipated to be below the level of the corresponding quarter of 2022.

In **Tietoevry Banking**, revenue was organically up by 11%. Growth was solid in all businesses. Profitability was impacted by increased technology costs and higher costs resulting from legal separation. Efficiency measures, including technology cost optimization, support profitability. In the fourth quarter of 2023, growth will be impacted by the high comparison figure and additionally, the company expects license sales to be at a modest level at the year end. Adjusted operating margin is anticipated to be below the level of the corresponding quarter of 2022.

In **Tietoevry Care**, revenue was organically up by 3%, driven by continued solid growth in Welfare and Data & Analytics. In Healthcare, demand was temporarily reduced as anticipated, impacted by the health and social care reform in Finland, due to which customers are currently preparing for procurements. Continued strong profitability was driven by scalable software businesses. In the fourth quarter of 2023, adjusted operating margin is anticipated to be at the level of the corresponding quarter of 2022.

In **Tietoevry Industry**, revenue was organically up by 6%. Growth was strong in the Pulp and Paper business, case management software Public 360° and Data Platform Services. Profitability was supported by strong growth of scalable software businesses. In the fourth quarter of 2023, adjusted operating margin is anticipated to be above the level of the corresponding quarter of 2022.

In **Tietoevry Tech Services**, revenue was organically down by 4%. Its business mix is evolving towards scalable data, application and cloud services while volumes in traditional infrastructure services are declining. Cloud platforms and security services grew by 12% whereas revenue for traditional infrastructure services was down by 9% and user experience services by 4%. The efficiency measures supported profitability while the impact was partly offset by high salary and technology cost inflation. The full impact of the efficiency measures will be visible from the fourth quarter of 2023. In the fourth quarter of 2023, adjusted operating margin is anticipated to be at the level of the corresponding quarter of 2022.

# Financial performance in January–September

	1–9/2023	1–9/2022
Revenue, EUR million	2 099.2	2 160.4
Change, %	-3	4
Organic growth, %	4	6
Operating profit (EBIT), EUR million	171.5	163.3
Operating margin (EBIT), %	8.2	7.6
Adjusted operating profit (EBITA), EUR million	250.3	261.2
Adjusted operating margin (EBITA), %	11.9	12.1
EPS, EUR	0.99	0.96
Net cash flow from operations, EUR million	113.1	110.6
Capital expenditure, EUR million	57.2	68.7

Nine-month revenue decreased by 3% to EUR 2 099.2 (2 160.4) million. Exchange rates had a negative impact of EUR 163 million on revenue compared to the corresponding quarter of 2022. Net impact of acquisitions and divestments was positive EUR 10 million. Organically, revenue was up by over 4%. Nine-month operating profit (EBIT) amounted to EUR 171.5 (163.3) million, representing a margin of 8.2% (7.6).

Operating profit includes EUR -47.8 (-62.5) million in adjustment items. Adjusted operating profit (EBITA) stood at EUR 250.3 (261.2) million, or 11.9% (12.1) of revenue. Further details on adjustment items are available in the [Alternative Performance Measures](#) paragraph.

Depreciation and amortization amounted to EUR 114.1 (123.6) million, including EUR 45.6 (50.6) million in depreciation of right-of-use assets and EUR 30.9 (35.5) million in amortization of acquisition-related intangible assets. Net financial expenses stood at EUR 21.3 (16.0) million. Net interest expenses were EUR 21.4 (14.3) million and net gains from foreign exchange transactions EUR 2.7 (gains 0.6) million. Other financial income and expenses amounted to EUR -2.6 (-2.4) million.

Earnings per share (EPS) totalled EUR 0.99 (0.96). Adjusted earnings per share amounted to EUR 1.52 (1.63).

## Cash flow and investments

Nine-month net cash flow from operations amounted to EUR 113.1 (110.6) million, including an increase of EUR 123.6 million (increase of EUR 116.3 million) in net working capital.

Nine-month capital expenditure totalled EUR 57.2 (68.7) million, mainly consisting of capitalized costs for the development of software, investments in data centres and business-related software licences.

Capitalized costs for industry-specific software amounted to EUR 31.5 (25.4) million. Capital expenditure represented 2.7% (3.2) of revenue.

## Financial performance by segment

	Revenue, EUR million	Revenue, EUR million	Growth, %	Organic growth, %	Adjusted operating profit, EUR million	Adjusted operating profit, EUR million	Adjusted operating margin, %	Adjusted operating margin, %
	1–9/2023	1–9/2022			1–9/2023	1–9/2022	1–9/2023	1–9/2022
Tietoevry Create	622.7	629.3	-1	4	79.9	82.1	12.8	13.0
Tietoevry Banking	417.5	414.7	1	12	47.5	53.4	11.4	12.9
Tietoevry Care	174.2	168.4	3	8	52.0	52.3	29.9	31.0
Tietoevry Industry	193.9	203.0	-4	4	32.1	33.5	16.5	16.5
Tietoevry Tech Services	797.7	873.3	-9	-2	57.3	58.8	7.2	6.7
Eliminations and non-allocated costs	-106.9	-128.2	—	—	-18.4	-18.9	—	—
<b>Total</b>	<b>2 099.2</b>	<b>2 160.4</b>	<b>-3</b>	<b>4</b>	<b>250.3</b>	<b>261.2</b>	<b>11.9</b>	<b>12.1</b>

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

# Financial position at the end of the period

The equity ratio was 45.3% (49.8). Gearing was 62.1% (42.4). Interest-bearing net debt totalled EUR 953.9 (700.3) million, including EUR 935.1 (756.6) million in interest-bearing debt, EUR 213.2 (198.9) million in lease liabilities, EUR 2.3 (3.1) million in finance lease receivables, EUR 27.8 (29.5) million in other interest-bearing receivables and EUR 164.4 (222.6) million in cash and cash equivalents.

Interest-bearing long-term liabilities amounted to EUR 708.9 (830.8) million at the end of September. The company has a EUR 300 million bond outstanding, maturing in June 2025. Additionally, interest-bearing long-term liabilities primarily comprise a new five-year term loan of EUR 174 million from OP Corporate Bank plc related to the acquisition of MentorMate, a loan from the European Investment Bank and lease liabilities of EUR 160.5 million.

Interest-bearing short-term liabilities amounted to EUR 439.4 (124.7) million, mainly comprising a EUR 100 million bond, a syndicated term loan, commercial papers, leasing liabilities and the short-term part of the term loan from the European Investment Bank.

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 2 957 (3 180) million at the end of September. Of the backlog, 20% (19) is expected to be invoiced during 2023. Adjusted for the impact of exchange rates, acquisitions and divestments, the amount to be invoiced in the remaining part of 2023 is up by 3% from the corresponding period of 2022. The order backlog includes all signed customer orders that have not been recognized as revenue, including estimates of the value of consumption-based contracts.

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

## Personnel

The number of full-time employees amounted to 24 539 (24 509) at the end of September. The number of full-time employees in the global delivery centres totalled 12 903 (12 751), or 52.6% (52.0) of all personnel. The 12-month rolling employee turnover stood at 10.8% (15.3) at the end of September. This demonstrates a continued downward trend towards more normal levels.

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

## Performance in 2023

Tietoevry's nine-month organic growth was 4% and the adjusted operating margin was 11.9%. Tietoevry anticipates that the business mix of the company and long-term contracts provide resilience in uncertain times and estimates its organic growth to be approximately 4% in the full year. Adjusted for the impact of exchange rates, acquisitions and divestments, the amount to be invoiced in the remaining part of 2023 is up by 3% from the corresponding period of 2022. The company expects price increases to contribute positively.

Full-year adjusted operating profit margin is expected to be in the range of 12.6–13.0% (2022: 13.0). The combination of continued growth and ongoing efficiency measures is expected to support full-year performance while continued high inflation is anticipated to constrain profitability improvement.

### Mitigating high inflation

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

### Ongoing efficiency measures continue to contribute to profitability

In May, Tietoevry Tech Services announced efficiency measures, which are expected to support profitability in 2023. In 2023, one-time costs are expected to be around 1% of revenue. Additionally, costs for

strategic reviews, including transaction costs, legal separation costs, refinancing costs and costs for operational simplification and efficiency measures in Tietoevry Tech Services, are estimated to be at around 1.5% of Group revenue. The costs relating to strategic reviews are expected to be distributed over 2023 and 2024.

## Major agreements in January–September

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

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

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

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

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

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

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

In February, Loomis Automatia, based in Finland, awarded Tietoevry Connect and Tietoevry Create a new five-year agreement, as a continuation to long-term collaboration. The agreement covers three areas: infrastructure services, continuous services for ATMs and

payment delivery services. The procurement placed high requirements on efficiency, quality and security improvements with a view to Loomis Automatia being able to provide and develop high-quality services for Finnish customers also in the future.

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

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

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

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

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

In May, Tietoevry Care was awarded a contract to deliver a social care system for Family Care in Lund municipality, the third biggest municipality in the region of Skåne and a long-term customer of

Tietoevry. The four-year contract, with an option to prolong up to a total of 12 years, is based on a Software as a Service model, a change from the current on-premise model, and contains a number of new functionalities for the municipality. Previously, Tietoevry won a similar procurement for Elderly Care in Lund in 2022.

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

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

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

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

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

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

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

In July, Tietoevry Create was chosen as the digitalization partner for an IT integration initiative at the Heinzel Group. Heinzel Group will take over UPM Kymmene Austria and its subsidiaries in Steyermühl (Austria) as from 1 January 2024. The plant is planned to be developed as a centre for sustainable packaging papers and renewable energies starting from 2024. With its paper industry expertise, Tietoevry was chosen as the partner for the IT integration into the Heinzel Group and will deliver SAP implementation services.

In August, Tietoevry Create signed a four-year agreement on application maintenance and development with Flytoget (Airport Express). Tietoevry will support the client in maintaining and developing their applications, mobile apps for ticket sales and customer service.

In August, Tietoevry Banking signed a contract with The Savings Banks Group Finland to renew the customer's lending platform. Tietoevry Banking's Lending Suite, the leading credit solution in the Nordic markets, will serve as the foundation of the platform renewal. This strategic partnership is part of a broader initiative by The Savings Banks Group to invest in shaping the future of its operations and creating next-generation IT solutions. The agreement with Tietoevry Banking spans over ten years: an initial three-year setup followed by seven years of continuous services.

In September, the wellbeing services county of Central Finland adopted Tietoevry Care's partnership model to implement high-quality and cost-effective health and social services. The model offers customers an opportunity to influence the contents, priorities and implementation schedule of upcoming features and functionalities in Lifecare, and hence enables faster system development. In the partnership model, the development of the Lifecare client and patient information system is carried out in cooperation with the existing Finnish wellbeing services counties based on the needs of their health and social care professionals. The South Karelia, South Ostrobothnia, Kanta-Häme, Central Ostrobothnia, Kymenlaakso, Päijät-Häme and Satakunta counties have been involved in the model since 2021. The eight wellbeing services counties serve about 1.4 million people in Finland.

In September, Tietoevry Tech Services signed a significant agreement for modern cloud technologies with DigiFinland to enable secure, scalable, and flexible digital development. The scope of the agreement is extensive and includes service desk, service governance, capacity and cloud services, cybersecurity services, consulting services, and an option for end-user services. The value of the agreement is EUR 21 million over the seven-year contract period.

In September, Tietoevry Tech Services signed a new three-year contract with its existing customer Haugen-Gruppen Nordic. The contract covers management and operation of server infrastructure and core applications, a network for the customer's several locations as well as cloud and security advisory services. The contract has a total value of NOK 18.5 million.

In August, Tietoevry Care signed an agreement with Örebro Municipality to deliver the market's most modern and comprehensive operational support system for social welfare. Örebro Municipality, with around 158 000 residents, has entered a new co-operation agreement with Tietoevry for the delivery of Lifecare, a modern and complete solution for social services. The agreement will be effective from 1 January 2024 for a period of six years, with an option for a six-year extension. The advantages for Örebro Municipality and its residents include a world-class user experience for the staff, and the system also raises the bar for what the citizens can expect in terms of services, participation and transparency.

# Changes in Group structure

Tietoevry acquired MentorMate, LLC in the US, MentorMate Bulgaria EOOD and MentorMate Paraguay S.R.L. during the quarter. The acquisition of MentorMate was closed on 21 July 2023. Related to the strategic reviews of Tietoevry Banking and Tietoevry Tech Services, Tietoevry has new companies in India.

## Shareholders' Nomination Board

The composition of the Shareholders' Nomination Board for Tietoevry Corporation was determined based on holdings on 31 August 2023 in the Finnish, Norwegian and Swedish shareholders' registers and received evidence. The Shareholders' Nomination Board comprises the following members:

- Annareetta Lumme-Timonen, Investment Director, Solidium
- Alexander Kopp, Investment Manager, Incentive
- Alexander Svensson, Vice President, Cevian Capital
- Mikko Lantto, Chief Technology and Development Officer, Ilmarinen
- Tomas Franzén, Chairperson of the Board of Directors, Tietoevry.

## Shares

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

## Significant risks and uncertainties

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

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

Market volatility has grown, which may result in less or postponement of investments by customers and lower-level customer engagements. The company's portfolio comprises services based on multi-year agreements in infrastructure and application services as well as in industry-specific software businesses. The consulting business has shorter contractual periods and is likely to be more affected during times of economic uncertainty. The company's ability to adapt, innovate, and maintain strong client relationships is crucial in navigating the challenges.

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

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

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

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

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

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

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

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

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

## Events after the period

On 17 October, Tietoevry announced that Carsten Henke has been appointed as Managing Director of Tietoevry Industry. The appointment is effective 1 November 2023. In this role, Carsten Henke will report to Kimmo Alkio and become a member of the Group Executive Management team.



## Consolidated interim financial statements

## Income statement

	2023	2022	2023	2022	Change	2022
EUR million	7-9	7-9	1-9	1-9	%	1-12
Revenue	659.7	690.4	2 099.2	2 160.4	-3	2 928.1
Other operating income	1.3	7.0	13.7	16.8	-19	50.2
Materials and services	-129.5	-135.5	-418.1	-423.5	-1	-570.5
Employee benefit expenses	-352.1	-359.7	-1 163.1	-1 201.8	-3	-1 597.2
Depreciation and amortization	-38.5	-39.8	-114.1	-123.6	-8	-162.3
Impairment losses	-0.1	0.0	-2.7	0.0	> 100	-20.2
Other operating expenses	-79.4	-85.2	-244.3	-265.6	-8	-362.6
Share of results in joint ventures	0.3	0.3	0.9	0.6	44	1.0
<b>Operating profit (EBIT)</b>	<b>61.6</b>	<b>77.5</b>	<b>171.5</b>	<b>163.3</b>	<b>5</b>	<b>266.5</b>
Interest and other financial income	17.1	1.1	26.3	2.5	> 100	3.9
Interest and other financial expenses	-26.6	-6.1	-50.3	-19.1	> 100	-26.2
Net foreign exchange gains/losses	3.5	2.6	2.7	0.6	> 100	-1.4
<b>Profit before taxes</b>	<b>55.6</b>	<b>75.1</b>	<b>150.3</b>	<b>147.3</b>	<b>2</b>	<b>242.8</b>
Income taxes	-12.2	-16.0	-33.0	-33.4	-1	-54.2
<b>Net profit for the period</b>	<b>43.4</b>	<b>59.1</b>	<b>117.2</b>	<b>113.9</b>	<b>3</b>	<b>188.6</b>
<b>Net profit for the period attributable to</b>						
Owners of the Parent company	43.4	59.1	117.2	113.9	3	188.6
<b>Earnings per share attributable to owners of the Parent company, EUR per share</b>						
Basic	0.37	0.50	0.99	0.96	3	1.59
Diluted	0.37	0.50	0.99	0.96	3	1.59

## Statement of other comprehensive income

	2023	2022	2023	2022	Change	2022
EUR million	7-9	7-9	1-9	1-9	%	1-12
Net profit for the period	43.4	59.1	117.2	113.9	3	188.6
Items that may be reclassified subsequently to profit or loss						
Translation differences	74.2	-44.7	-119.4	-119.0	0	-126.7
Items that will not be reclassified subsequently to profit or loss						
Remeasurements of the defined benefit plans, net of tax	0.2	1.0	0.4	4.0	-91	1.6
<b>Total comprehensive income</b>	<b>117.7</b>	<b>15.4</b>	<b>-1.8</b>	<b>-1.1</b>	<b>67</b>	<b>63.5</b>
<b>Total comprehensive income attributable to</b>						
Owners of the Parent company	117.7	15.4	-1.8	-1.1	67	63.5

## Statement of financial position

### Assets

	2023	2022	Change	2022
EUR million	30 Sep	30 Sep	%	31 Dec
Goodwill	1 894.1	1 843.8	3	1 846.5
Other intangible assets	337.4	353.9	-5	336.7
Property, plant and equipment	88.4	96.3	-8	97.2
Right-of-use assets	201.9	190.4	6	201.9
Interests in joint ventures	13.2	15.4	-15	14.2
Deferred tax assets	9.8	8.8	11	14.6
Defined benefit plan assets	1.0	3.4	-72	0.6
Finance lease receivables	—	0.4	> 100	0.2
Other financial assets at amortized cost	14.9	15.6	-5	15.0
Other financial assets at fair value	0.7	0.6	14	0.6
Other non-current receivables	18.7	25.6	-27	20.4
<b>Total non-current assets</b>	<b>2 580.0</b>	<b>2 554.3</b>	<b>1</b>	<b>2 548.0</b>
Inventories	8.8	5.1	73	5.6
Trade and other receivables	659.2	543.0	21	547.8
Financial assets at fair value	23.6	29.3	-19	23.6
Finance lease receivables	2.3	2.7	-13	2.4
Current tax assets	24.3	16.0	51	16.8
Cash and cash equivalents <sup>1)</sup>	164.4	222.6	-26	249.7
<b>Total current assets</b>	<b>882.6</b>	<b>818.7</b>	<b>8</b>	<b>845.8</b>
<b>Total assets</b>	<b>3 462.6</b>	<b>3 373.0</b>	<b>3</b>	<b>3 393.8</b>

<sup>1)</sup> Cash and cash equivalents includes restricted cash of EUR 10.8 million (EUR 14.0 million as of 31 Dec 2022) held within bank accounts in Ukraine.

### Equity and liabilities

	2023	2022	Change	2022
EUR million	30 Sep	30 Sep	%	31 Dec
Share capital, share issue premiums and other reserves	114.9	116.4	-1	115.9
Invested unrestricted equity reserve	1 203.5	1 203.5	—	1 203.5
Retained earnings	217.6	332.5	-35	399.9
<b>Total equity</b>	<b>1 536.0</b>	<b>1 652.3</b>	<b>-7</b>	<b>1 719.2</b>
Loans	548.4	685.9	-20	639.4
Lease liabilities	160.5	144.9	11	155.9
Deferred tax liabilities	20.4	3.6	> 100	10.7
Provisions	3.1	4.0	-24	2.6
Defined benefit obligations	26.9	28.2	-5	28.4
Other non-current liabilities	12.3	24.9	-51	21.0
<b>Total non-current liabilities</b>	<b>771.6</b>	<b>891.7</b>	<b>-13</b>	<b>858.0</b>
Trade and other payables	672.6	657.7	2	616.7
Financial liabilities at fair value	5.6	2.9	96	2.0
Current tax liabilities	19.7	15.7	26	13.9
Loans	386.6	70.7	> 100	110.6
Lease liabilities	52.7	54.0	-2	54.1
Provisions	17.7	28.0	-37	19.1
<b>Total current liabilities</b>	<b>1 155.0</b>	<b>829.0</b>	<b>39</b>	<b>816.5</b>
<b>Total equity and liabilities</b>	<b>3 462.6</b>	<b>3 373.0</b>	<b>3</b>	<b>3 393.8</b>

## Statement of changes in shareholders' equity

EUR million	Owners of the Parent company						Total equity
	Share capital	Share premium and other reserves	Own shares	Cumulative translation differences	Invested unrestricted equity reserve	Retained earnings	
<b>31 Dec 2022</b>	<b>76.6</b>	<b>39.3</b>	<b>-0.3</b>	<b>-193.5</b>	<b>1 203.5</b>	<b>593.7</b>	<b>1 719.2</b>
<b>Comprehensive income</b>							
Net profit for the period	—	—	—	—	—	117.2	117.2
<b>Other comprehensive income, net of tax</b>							
Remeasurements of the defined benefit plans, net of tax	—	—	—	—	—	0.4	0.4
Translation differences	—	-0.9	—	-98.9	—	-19.6	-119.4
<b>Total comprehensive income</b>	<b>—</b>	<b>-0.9</b>	<b>—</b>	<b>-98.9</b>	<b>—</b>	<b>98.0</b>	<b>-1.8</b>
<b>Transactions with owners</b>							
<b>Contributions and distributions</b>							
Share-based incentive plans	—	—	9.0	—	—	-9.0	0.0
Dividends	—	—	—	—	—	-171.7	-171.7
Repurchase of own shares	—	—	-9.8	—	—	—	-9.8
<b>Total transactions with owners</b>	<b>—</b>	<b>—</b>	<b>-0.8</b>	<b>—</b>	<b>—</b>	<b>-180.7</b>	<b>-181.5</b>
<b>30 Sep 2023</b>	<b>76.6</b>	<b>38.4</b>	<b>-1.1</b>	<b>-292.4</b>	<b>1 203.5</b>	<b>511.1</b>	<b>1 536.0</b>

EUR million	Owners of the Parent company						Total equity
	Share capital	Share premium and other reserves	Own shares	Cumulative translation differences	Invested unrestricted equity reserve	Retained earnings	
<b>31 Dec 2021</b>	<b>76.6</b>	<b>41.5</b>	<b>-0.2</b>	<b>-66.0</b>	<b>1 203.5</b>	<b>565.8</b>	<b>1 821.1</b>
<b>Comprehensive income</b>							
Net profit for the period	—	—	—	—	—	113.9	113.9
<b>Other comprehensive income, net of tax</b>							
Remeasurements of the defined benefit plans, net of tax	—	—	—	—	—	4.0	4.0
Translation differences	—	-1.6	—	-116.7	—	-0.6	-119.0
<b>Total comprehensive income</b>	<b>—</b>	<b>-1.6</b>	<b>—</b>	<b>-116.7</b>	<b>—</b>	<b>117.3</b>	<b>-1.1</b>
<b>Transactions with owners</b>							
<b>Contributions and distributions</b>							
Share-based incentive plans	—	—	3.6	—	—	-1.8	1.8
Dividends	—	—	—	—	—	-165.8	-165.8
Repurchase of own shares	—	—	-3.7	—	—	—	-3.7
<b>Total transactions with owners</b>	<b>—</b>	<b>—</b>	<b>-0.1</b>	<b>—</b>	<b>—</b>	<b>-167.6</b>	<b>-167.7</b>
<b>30 Sep 2022</b>	<b>76.6</b>	<b>39.8</b>	<b>-0.3</b>	<b>-182.7</b>	<b>1 203.5</b>	<b>515.5</b>	<b>1 652.3</b>

## Statement of cash flows

	2023	2022	2023	2022	2022
EUR million	7-9	7-9	1-9	1-9	1-12
<b>Cash flow from operating activities</b>					
Net profit for the period	43.4	59.1	117.2	113.9	188.6
Adjustments					
Depreciation, amortization and impairment losses	38.6	39.8	116.7	123.6	182.5
Profit/loss on sale of property, plant and equipment, subsidiaries and business operations	0.1	-0.7	-0.9	8.2	7.8
Share of results in joint ventures	-0.3	-0.3	-0.9	-0.6	-1.0
Other adjustments	4.9	-3.6	9.9	-7.9	-7.5
Net financial expenses	6.1	2.4	21.3	16.0	23.7
Income taxes	12.2	16.0	33.0	33.4	54.2
Change in net working capital	-97.1	-56.3	-123.6	-116.3	-82.1
<b>Cash generated from operating activities before interests and taxes</b>	<b>7.8</b>	<b>56.4</b>	<b>172.8</b>	<b>170.3</b>	<b>366.2</b>
Net financial expenses paid	-5.9	-6.4	-32.5	-23.8	-30.8
Dividends received	0.1	—	1.4	1.4	1.4
Income taxes paid	-4.0	-9.9	-28.5	-37.3	-59.8
<b>Cash flow used in/from operating activities</b>	<b>-2.0</b>	<b>40.2</b>	<b>113.1</b>	<b>110.6</b>	<b>276.9</b>
<b>Cash flow from investing activities</b>					
Acquisition of subsidiaries and business operations, net of cash acquired	-158.7	—	-158.7	—	—
Capital expenditure	-16.6	-24.8	-57.2	-70.5	-95.4
Disposal of subsidiaries and business operations, net of cash disposed	-0.1	0.5	0.4	-0.6	-0.3
Proceeds from sale of property, plant and equipment	0.1	0.3	0.4	0.3	0.5
Change in loan receivables	-0.4	0.6	-0.2	2.0	3.2
<b>Cash flow used in investing activities</b>	<b>-175.8</b>	<b>-23.4</b>	<b>-215.4</b>	<b>-68.8</b>	<b>-92.0</b>
<b>Cash flow from financing activities</b>					
Dividends paid	—	—	-85.8	-82.9	-165.8
Repurchase of own shares	—	—	-9.8	-3.7	-3.7
Repayments of lease liabilities	-14.5	-16.3	-44.5	-50.1	-66.3
Other short-term financing, net	-20.1	-0.4	19.8	-7.7	-1.5
Proceeds from long-term borrowings	214.0	—	214.0	—	—
Repayments of long-term borrowings	-23.2	—	-69.7	—	-13.1
<b>Cash flow used in/from financing activities</b>	<b>156.2</b>	<b>-16.6</b>	<b>24.0</b>	<b>-144.3</b>	<b>-250.4</b>
<b>Change in cash and cash equivalents</b>	<b>-21.6</b>	<b>0.1</b>	<b>-78.3</b>	<b>-102.5</b>	<b>-65.4</b>
Cash and cash equivalents at the beginning of period	189.6	220.3	249.7	323.8	323.8
Foreign exchange differences	-3.6	2.3	-7.0	1.4	-8.6
Change in cash and cash equivalents	-21.6	0.1	-78.3	-102.5	-65.4
<b>Cash and cash equivalents at the end of period<sup>1)</sup></b>	<b>164.4</b>	<b>222.6</b>	<b>164.4</b>	<b>222.6</b>	<b>249.7</b>

<sup>1)</sup> Cash and cash equivalents includes restricted cash of EUR 10.8 million (EUR 14.0 million as of 31 Dec 2022) 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 31 December 2022. Amendments to International Financial Reporting Standards (IFRS) which have been effective from 1 January 2023 have had no material impact on the Group's financial statements. This interim report is unaudited.

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

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

## Critical accounting estimates and assumptions

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

## Acquisitions and divestments

On 21 July, Tietoevry announced that it had acquired MentorMate, a digital engineering company headquartered in Minneapolis, the US, from Taylor Corporation. The enterprise value of the MentorMate acquisition was EUR 161.8 million and the acquisition was financed with a new five-year term loan. The preliminary purchase price allocation results in approximately EUR 138.0 million of goodwill and EUR 23.0 million of identified intangible assets.

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

## Other operating income and impairment losses

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

## Events after the end of the reporting period

On 17 October, Tietoevry announced that Carsten Henke has been appointed as Managing Director of Tietoevry Industry. The appointment is effective 1 November 2023. In this role, Carsten Henke will report to Kimmo Alkio and become a member of the Group Executive Management team.

# Segment information

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

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

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

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

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

## Tietoevry Create

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

## Tietoevry Banking

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

## Tietoevry Care

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

## Tietoevry Industry

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

## Tietoevry Tech Services

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

## Revenue by segment

	2023	2022	Change	2023	2022	Change	2022
EUR million	7–9	7–9	%	1–9	1–9	%	1–12
Tietoevry Create	195.5	203.8	-4	622.7	629.3	-1	849.0
Tietoevry Banking	135.4	135.6	-0	417.5	414.7	1	571.1
Tietoevry Care	52.3	53.6	-2	174.2	168.4	3	231.4
Tietoevry Industry	61.4	64.1	-4	193.9	203.0	-4	272.6
Tietoevry Tech Services	242.9	272.6	-11	797.7	873.3	-9	1 171.4
Eliminations	-27.8	-39.4	-29	-106.9	-128.2	-17	-167.4
<b>Group total</b>	<b>659.7</b>	<b>690.4</b>	<b>-4</b>	<b>2 099.2</b>	<b>2 160.4</b>	<b>-3</b>	<b>2 928.1</b>

## Customer revenue from fixed-price contracts by segment

	2023	2022	2023	2022	2022
EUR million	7–9	7–9	1–9	1–9	1–12
Tietoevry Create	5.1	4.6	17.7	13.3	18.3
Tietoevry Banking	4.7	3.2	14.9	17.4	21.8
Tietoevry Care	0.1	0.7	2.9	1.1	3.5
Tietoevry Industry	0.7	0.4	1.7	2.0	2.5
Tietoevry Tech Services	4.7	2.8	18.0	10.6	15.6
<b>Group total</b>	<b>15.2</b>	<b>11.7</b>	<b>55.2</b>	<b>44.3</b>	<b>61.6</b>

## Operating profit (EBIT) by segment

	2023	2022	Change	2023	2022	Change	2022
EUR million	7–9	7–9	%	1–9	1–9	%	1–12
Tietoevry Create	17.2	23.9	-28	69.7	60.7	15	91.2
Tietoevry Banking	10.8	14.9	-28	27.8	30.6	-9	49.1
Tietoevry Care	15.9	18.1	-13	50.6	52.0	-3	72.2
Tietoevry Industry	8.5	9.5	-10	26.7	28.8	-7	51.9
Tietoevry Tech Services	15.6	16.2	-4	24.7	17.6	40	42.3
Non-allocated costs	-6.3	-5.2	22	-28.0	-26.4	6	-40.2
<b>Group total</b>	<b>61.6</b>	<b>77.5</b>	<b>-20</b>	<b>171.5</b>	<b>163.3</b>	<b>5</b>	<b>266.5</b>

## Operating margin (EBIT) by segment

	2023	2022	Change	2023	2022	Change	2022
%	7–9	7–9	pp	1–9	1–9	pp	1–12
Tietoevry Create	8.8	11.7	-3	11.2	9.6	2	10.7
Tietoevry Banking	8.0	11.0	-3	6.7	7.4	-1	8.6
Tietoevry Care	30.3	33.8	-4	29.1	30.9	-2	31.2
Tietoevry Industry	13.9	14.8	-1	13.8	14.2	-0	19.0
Tietoevry Tech Services	6.4	6.0	0	3.1	2.0	1	3.6
<b>Operating margin (EBIT)</b>	<b>9.3</b>	<b>11.2</b>	<b>-2</b>	<b>8.2</b>	<b>7.6</b>	<b>1</b>	<b>9.1</b>

## Personnel by segment

	End of period				Average		
	2023	2022	Change	Share	2022	2023	2022
	1-9	1-9	%	%	1-12	1-9	1-9
Tietoevry Create	9 797	9 064	8	40	8 989	9 101	8 823
Tietoevry Banking	3 551	3 500	1	14	3 454	3 521	3 510
Tietoevry Care	1 553	1 461	6	6	1 480	1 533	1 410
Tietoevry Industry	1 661	1 682	-1	7	1 682	1 674	1 709
Tietoevry Tech Services	7 393	8 119	-9	30	8 036	7 730	8 262
Group functions	583	683	-15	2	678	592	693
<b>Group total</b>	<b>24 539</b>	<b>24 509</b>	<b>0</b>	<b>100</b>	<b>24 320</b>	<b>24 151</b>	<b>24 407</b>

## Personnel by country

	End of period				Average		
	2023	2022	Change	Share	2022	2023	2022
	1-9	1-9	%	%	1-12	1-9	1-9
Sweden	3 980	4 040	-1	16	4 029	4 005	4 122
Norway	3 989	4 020	-1	16	3 990	3 957	4 140
Finland	3 082	3 166	-3	13	3 134	3 126	3 154
India	4 321	4 651	-7	18	4 499	4 413	4 617
Czech Republic	2 426	2 672	-9	10	2 694	2 533	2 609
Ukraine	1 775	2 116	-16	7	2 037	1 866	2 159
Latvia	1 079	1 048	3	4	1 072	1 096	1 031
China	1 051	1 056	0	4	1 066	1 055	949
Poland	848	766	11	3	776	831	703
Bulgaria	784	26	> 100	3	32	207	13
Other	1 204	947	27	5	991	1 063	911
<b>Group total</b>	<b>24 539</b>	<b>24 509</b>	<b>0</b>	<b>100</b>	<b>24 320</b>	<b>24 151</b>	<b>24 407</b>
Onshore countries	11 636	11 758	-1	47	11 687	11 633	11 928
Offshore countries	12 903	12 751	1	53	12 633	12 517	12 479
<b>Group total</b>	<b>24 539</b>	<b>24 509</b>	<b>0</b>	<b>100</b>	<b>24 320</b>	<b>24 151</b>	<b>24 407</b>

## Non-current assets by country

EUR million	2023	2022	Change	2022
	30 Sep	30 Sep	%	31 Dec
Finland	115.1	101.7	13	119.0
Sweden	124.5	122.5	2	120.1
Norway	331.6	387.9	-15	368.4
Other	56.4	28.5	98	28.3
<b>Total non-current assets</b>	<b>627.6</b>	<b>640.6</b>	<b>-2</b>	<b>635.8</b>

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

## Depreciation by segment

	2023	2022	Change	2023	2022	Change	2022
EUR million	7-9	7-9	%	1-9	1-9	%	1-12
Tietoevry Create	1.7	1.6	5	4.8	5.2	-7	6.7
Tietoevry Banking	1.3	1.2	13	3.5	3.6	-1	4.8
Tietoevry Care	0.2	0.2	10	0.7	0.6	13	0.9
Tietoevry Industry	0.2	0.2	9	0.5	0.5	16	0.6
Tietoevry Tech Services	11.9	10.7	11	33.9	31.8	7	42.4
Group functions	9.5	11.7	-19	31.1	37.2	-16	48.4
<b>Group total</b>	<b>24.8</b>	<b>25.6</b>	<b>-3</b>	<b>74.5</b>	<b>78.8</b>	<b>-5</b>	<b>103.8</b>

## Amortization of other intangible assets by segment

	2023	2022	Change	2023	2022	Change	2022
EUR million	7-9	7-9	%	1-9	1-9	%	1-12
Tietoevry Create	0.0	0.0	0	0.1	0.1	-48	0.1
Tietoevry Banking	0.9	0.7	23	2.5	2.1	21	2.8
Tietoevry Care	0.6	0.4	55	1.8	1.2	49	1.6
Tietoevry Industry	0.1	0.1	-16	0.2	0.2	-14	0.3
Tietoevry Tech Services	1.3	1.1	19	3.8	5.5	-31	6.5
Group functions	0.1	0.1	-17	0.2	0.3	-20	0.4
<b>Group total</b>	<b>3.0</b>	<b>2.4</b>	<b>24</b>	<b>8.6</b>	<b>9.4</b>	<b>-8</b>	<b>11.7</b>

## Amortization of acquisition-related intangible assets by segment

	2023	2022	Change	2023	2022	Change	2022
EUR million	7-9	7-9	%	1-9	1-9	%	1-12
Tietoevry Create	2.8	2.5	10	6.9	7.7	-11	10.1
Tietoevry Banking	4.8	5.4	-11	14.5	16.3	-11	21.6
Tietoevry Care	0.0	0.0	0	0.1	0.1	-8	0.2
Tietoevry Industry	1.1	1.6	-28	3.6	4.7	-24	6.2
Tietoevry Tech Services	1.9	2.2	-12	5.8	6.6	-12	8.7
Group functions	—	—	—	—	—	—	—
<b>Group total</b>	<b>10.7</b>	<b>11.7</b>	<b>-9</b>	<b>30.9</b>	<b>35.5</b>	<b>-13</b>	<b>46.7</b>

# Financial assets and liabilities

## Derivatives

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

### Nominal values of derivatives

	2023	2022
EUR million	30 Sep	31 Dec
Forward contracts outside hedge accounting at fair value through profit or loss	482.1	406.5
Interest rate swaps	280.0	40.0

### Fair values of derivatives

EUR million	30 Sep 2023			31 Dec 2022		
	Gross positive fair values	Gross negative fair values	Net fair values	Gross positive fair values	Gross negative fair values	Net fair values
Forward contracts outside hedge accounting at fair value through profit or loss	3.4	-5.6	-2.2	3.4	-2.0	1.4
Interest rate swaps	20.7	-20.1	0.6	2.9	-2.9	—
<b>The fair values at the reporting date</b>	<b>24.1</b>	<b>-25.7</b>	<b>-1.6</b>	<b>6.3</b>	<b>-4.9</b>	<b>1.4</b>

Derivatives are used for economic hedging purposes only.

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

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

### Fair value measurement of financial assets and liabilities

There have been no changes in fair value methodology and input levels: foreign exchange forward contracts and interest rate swaps are valued based on Level 2 inputs and Other financial assets at fair value through profit or loss (EUR 0.7 million on 30 Sep 2023), for which fair value measurement is based on their initial value. The fair market value cannot be reliably estimated due to lack of proper market for the assets.

Trade receivables to be sold under non-recourse factoring agreements (EUR 20.2 million on 30 Sep 2023) are classified as Financial assets at fair value through profit or loss. The company estimates that the carrying amount approximates the fair value due to their short-term nature.

# Number of shares

	2023	2022	2023	2022	2022
	7-9	7-9	1-9	1-9	1-12
<b>Outstanding shares, end of period</b>					
Basic	118 391 092	118 413 303	118 391 092	118 413 303	118 413 303
Effect of dilutive share-based incentive plans	338 552	251 301	375 851	244 007	203 952
Diluted	118 729 644	118 664 604	118 766 943	118 657 310	118 617 255
<b>Outstanding shares, average</b>					
Basic	118 391 092	118 413 303	118 370 605	118 403 080	118 405 657
Effect of dilutive share-based incentive plans	338 552	251 301	375 851	244 007	203 952
Diluted	118 729 644	118 664 604	118 746 456	118 647 087	118 609 609
<b>Company's possession of its own shares</b>					
End of period	34 679	12 468	34 679	12 468	12 468
Average	34 679	12 468	55 166	22 691	20 114

# Alternative performance measures (APMs)

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

## Adjusted operating profit (EBITA) by segment

	2023	2022	Change	2023	2022	Change	2022
EUR million	7-9	7-9	%	1-9	1-9	%	1-12
Tietoevry Create	21.5	27.1	-21	79.9	82.1	-3	117.3
Tietoevry Banking	18.0	21.2	-15	47.5	53.4	-11	81.3
Tietoevry Care	15.9	18.2	-13	52.0	52.3	0	72.5
Tietoevry Industry	10.9	10.8	1	32.1	33.5	-4	46.0
Tietoevry Tech Services	23.0	25.3	-9	57.3	58.8	-3	88.9
Non-allocated costs	-3.7	-4.6	-20	-18.4	-18.9	-2	-26.8
<b>Group total</b>	<b>85.6</b>	<b>97.9</b>	<b>-13</b>	<b>250.3</b>	<b>261.2</b>	<b>-4</b>	<b>379.2</b>

## Adjusted operating margin (EBITA) by segment

	2023	2022	Change	2023	2022	Change	2022
%	7-9	7-9	pp	1-9	1-9	pp	1-12
Tietoevry Create	11.0	13.3	-2	12.8	13.0	-0	13.8
Tietoevry Banking	13.3	15.6	-2	11.4	12.9	-2	14.2
Tietoevry Care	30.4	33.9	-4	29.9	31.0	-1	31.3
Tietoevry Industry	17.7	16.8	1	16.5	16.5	0	16.9
Tietoevry Tech Services	9.5	9.3	0	7.2	6.7	0	7.6
<b>Adjusted operating margin (EBITA)</b>	<b>13.0</b>	<b>14.2</b>	<b>-1</b>	<b>11.9</b>	<b>12.1</b>	<b>-0</b>	<b>13.0</b>

## Reconciliation of adjusted operating profit (EBITA)

	2023	2022	2023	2022	2022
EUR million	7–9	7–9	1–9	1–9	1–12
Operating profit (EBIT)	61.6	77.5	171.5	163.3	266.5
+ Amortization of intangible assets recognized at fair value from acquisitions	10.7	11.7	30.9	35.5	46.7
<b>Adjustment items:</b>					
- Capital gains	0.1	-0.6	-0.9	-0.8	-1.1
+ Strategic reviews <sup>1)</sup>	7.6	0.5	24.2	0.5	2.6
+/- Other M&A related items	0.1	-0.1	0.7	1.2	1.7
+ Restructuring costs	3.3	4.8	6.4	11.5	12.6
+ Tietoevry Tech Services performance improvement programme	1.3	2.4	12.5	28.8	31.0
+ War in Ukraine and exit from Russia	0.7	0.7	2.4	12.6	13.3
+ Tietoevry integration	—	0.6	—	5.2	9.2
+/- Other items <sup>2)</sup>	0.1	0.4	2.7	3.4	-3.3
<b>Adjusted operating profit (EBITA)</b>	<b>85.6</b>	<b>97.9</b>	<b>250.3</b>	<b>261.2</b>	<b>379.2</b>

<sup>1)</sup> The costs relating to strategic reviews are expected to total around 1.5% of Group revenue, distributed over 2023 and 2024.

<sup>2)</sup> Include impairment losses, insurance compensation, settlement compensation, costs related to new strategy implementation, and other minor non-recurring items. See also [Notes to the interim financial statements](#).

## Other key figures

	2023	2022	2023	2022	2022
	7–9	7–9	1–9	1–9	1–12
Adjusted earnings per share, EUR	0.53	0.63	1.52	1.63	2.36
Equity per share, EUR	12.97	13.95	12.97	13.95	14.52
Return on equity, 12-month rolling, %	12.0	12.1	12.0	12.1	10.7
Return on capital employed, 12-month rolling, %	10.7	10.6	10.7	10.6	9.9
Equity ratio, %	45.3	49.8	45.3	49.8	51.5
Interest-bearing net debt, EUR million	953.9	700.3	953.9	700.3	679.1
Gearing, %	62.1	42.4	62.1	42.4	39.5
Net debt/EBITDA	2.1	1.6	2.1	1.6	1.5
Capital expenditure, EUR million	17.7	23.6	57.2	68.7	92.9

## 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

	2023	2023	2023	2022	2022	2022	2022
	7-9	4-6	1-3	10-12	7-9	4-6	1-3
Earnings per share, EUR							
Basic	0.37	0.21	0.41	0.63	0.50	0.18	0.28
Diluted	0.37	0.21	0.41	0.63	0.50	0.18	0.28
Adjusted earnings per share, EUR	0.53	0.43	0.57	0.73	0.63	0.46	0.53
Equity per share, EUR	12.97	11.97	12.82	14.52	13.95	13.82	14.57
Return on equity, 12-month rolling, %	12.0	13.6	12.8	10.7	12.1	11.6	17.5
Return on capital employed, 12-month rolling, %	10.7	11.9	11.5	9.9	10.6	10.4	13.8
Equity ratio, %	45.3	45.7	44.6	51.5	49.8	48.7	48.1
Interest-bearing net debt, EUR million	953.9	735.2	632.2	679.1	700.3	716.2	586.2
Gearing, %	62.1	51.9	43.5	39.5	42.4	43.8	34.0
Net debt/EBITDA	2.1	1.6	1.3	1.5	1.6	1.6	1.1
Capital expenditure, EUR million	17.7	18.9	20.7	24.3	23.6	23.9	21.1

## Income statement

	2023	2023	2023	2022	2022	2022	2022
EUR million	7-9	4-6	1-3	10-12	7-9	4-6	1-3
Revenue	659.7	695.2	744.3	767.7	690.4	739.1	730.9
Other operating income	1.3	5.1	7.3	33.4	7.0	4.5	5.3
Materials and services	-129.5	-138.3	-150.3	-147.0	-135.5	-150.3	-137.7
Employee benefit expenses	-352.1	-397.9	-413.1	-395.4	-359.7	-414.0	-428.2
Depreciation, amortization and impairment losses	-38.6	-37.5	-40.6	-58.9	-39.8	-41.6	-42.2
Other operating expenses	-79.4	-85.4	-79.5	-97.0	-85.2	-98.1	-82.3
Share of results in joint ventures	0.3	0.1	0.5	0.4	0.3	0.1	0.2
<b>Operating profit (EBIT)</b>	<b>61.6</b>	<b>41.2</b>	<b>68.7</b>	<b>103.2</b>	<b>77.5</b>	<b>39.7</b>	<b>46.1</b>
Financial income and expenses	-6.1	-8.7	-6.5	-7.7	-2.4	-9.2	-4.4
<b>Profit before taxes</b>	<b>55.6</b>	<b>32.4</b>	<b>62.2</b>	<b>95.5</b>	<b>75.1</b>	<b>30.5</b>	<b>41.7</b>
Income taxes	-12.2	-7.1	-13.7	-20.8	-16.0	-8.7	-8.8
<b>Net profit for the period</b>	<b>43.4</b>	<b>25.3</b>	<b>48.5</b>	<b>74.7</b>	<b>59.1</b>	<b>21.8</b>	<b>32.9</b>

## Statement of financial position

	2023	2023	2023	2022	2022	2022	2022
EUR million	30 Sep	30 Jun	31 Mar	31 Dec	30 Sep	30 Jun	31 Mar
Goodwill	1 894.1	1 695.9	1 745.1	1 846.5	1 843.8	1 876.5	1 978.3
Other intangible assets	337.4	305.6	314.0	336.7	353.9	365.6	392.5
Property, plant and equipment	88.4	90.4	94.7	97.2	96.3	91.5	87.0
Right-of-use assets	201.9	201.4	207.8	201.9	190.4	200.9	188.8
Interests in joint ventures	13.2	12.6	14.0	14.2	15.4	15.3	17.2
Other non-current assets	45.1	46.6	50.4	51.4	54.5	57.7	62.8
<b>Total non-current assets</b>	<b>2 580.0</b>	<b>2 352.5</b>	<b>2 426.0</b>	<b>2 548.0</b>	<b>2 554.3</b>	<b>2 607.6</b>	<b>2 726.7</b>
Trade receivables and other current assets	718.2	634.2	618.0	596.1	596.0	598.5	604.9
Cash and cash equivalents	164.4	189.6	305.6	249.7	222.6	220.3	342.5
<b>Total current assets</b>	<b>882.6</b>	<b>823.8</b>	<b>923.6</b>	<b>845.8</b>	<b>818.7</b>	<b>818.8</b>	<b>947.4</b>
<b>Total assets</b>	<b>3 462.6</b>	<b>3 176.3</b>	<b>3 349.5</b>	<b>3 393.8</b>	<b>3 373.0</b>	<b>3 426.4</b>	<b>3 674.2</b>
<b>Total equity</b>	<b>1 536.0</b>	<b>1 417.1</b>	<b>1 454.1</b>	<b>1 719.2</b>	<b>1 652.3</b>	<b>1 636.0</b>	<b>1 725.0</b>
Non-current loans	708.9	752.8	802.9	795.3	830.8	838.6	871.8
Other non-current liabilities	62.7	57.7	61.7	62.7	60.8	64.3	72.7
<b>Total non-current liabilities</b>	<b>771.6</b>	<b>810.5</b>	<b>864.6</b>	<b>858.0</b>	<b>891.7</b>	<b>902.9</b>	<b>944.4</b>
Trade payables and other current liabilities	697.9	725.8	851.0	632.7	676.3	729.0	882.5
Provisions	17.7	19.4	14.6	19.1	28.0	32.1	33.7
Current loans	439.4	203.5	165.2	164.7	124.7	126.3	88.6
<b>Total current liabilities</b>	<b>1 155.0</b>	<b>948.7</b>	<b>1 030.8</b>	<b>816.5</b>	<b>829.0</b>	<b>887.5</b>	<b>1 004.8</b>
<b>Total equity and liabilities</b>	<b>3 462.6</b>	<b>3 176.3</b>	<b>3 349.5</b>	<b>3 393.8</b>	<b>3 373.0</b>	<b>3 426.4</b>	<b>3 674.2</b>

## Statement of cash flows

	2023	2023	2023	2022	2022	2022	2022
EUR million	7–9	4–6	1–3	10–12	7–9	4–6	1–3
<b>Cash flow from operating activities</b>							
Net profit for the period	43.4	25.3	48.5	74.7	59.1	21.8	32.9
Adjustments	61.6	55.1	62.4	86.9	53.6	69.5	49.6
Change in net working capital	-97.1	-40.7	14.2	34.2	-56.3	-56.7	-3.3
<b>Cash generated from operating activities before interests and taxes</b>	<b>7.8</b>	<b>39.8</b>	<b>125.2</b>	<b>195.8</b>	<b>56.4</b>	<b>34.7</b>	<b>79.2</b>
Net financial expenses paid	-5.9	-16.8	-9.9	-7.0	-6.4	-13.0	-4.5
Dividends received	0.1	1.3	—	—	—	1.4	—
Income taxes paid	-4.0	-12.8	-11.6	-22.4	-9.9	-14.7	-12.7
<b>Cash flow from operating activities</b>	<b>-2.0</b>	<b>11.5</b>	<b>103.7</b>	<b>166.3</b>	<b>40.2</b>	<b>8.4</b>	<b>62.0</b>
<b>Cash flow from investing activities</b>	<b>-175.8</b>	<b>-19.6</b>	<b>-20.1</b>	<b>-23.2</b>	<b>-23.4</b>	<b>-27.6</b>	<b>-17.8</b>
<b>Cash flow from financing activities</b>	<b>156.2</b>	<b>-108.0</b>	<b>-24.2</b>	<b>-106.1</b>	<b>-16.6</b>	<b>-105.3</b>	<b>-22.4</b>
<b>Change in cash and cash equivalents</b>	<b>-21.6</b>	<b>-116.1</b>	<b>59.4</b>	<b>37.0</b>	<b>0.1</b>	<b>-124.4</b>	<b>21.8</b>
Cash and cash equivalents at the beginning of period	189.6	305.6	249.7	222.6	220.3	342.5	323.8
Foreign exchange differences	-3.6	0.1	-3.5	-10.0	2.3	2.1	-3.1
Change in cash and cash equivalents	-21.6	-116.1	59.4	37.0	0.1	-124.4	21.8
<b>Cash and cash equivalents at the end of period</b>	<b>164.4</b>	<b>189.6</b>	<b>305.6</b>	<b>249.7</b>	<b>222.6</b>	<b>220.3</b>	<b>342.5</b>

# Quarterly figures by segments

## Revenue by segment

	2023	2023	2023	2022	2022	2022	2022
EUR million	7-9	4-6	1-3	10-12	7-9	4-6	1-3
Tietoevry Create	195.5	204.5	222.8	219.8	203.8	209.6	215.9
Tietoevry Banking	135.4	139.8	142.3	156.4	135.6	143.2	135.9
Tietoevry Care	52.3	59.1	62.8	63.0	53.6	58.2	56.6
Tietoevry Industry	61.4	63.8	68.7	69.7	64.1	68.0	70.8
Tietoevry Tech Services	242.9	265.9	288.8	298.1	272.6	301.9	298.8
Eliminations	-27.8	-38.0	-41.1	-39.2	-39.4	-41.9	-47.0
<b>Group total</b>	<b>659.7</b>	<b>695.2</b>	<b>744.3</b>	<b>767.7</b>	<b>690.4</b>	<b>739.1</b>	<b>730.9</b>

## Operating profit (EBIT) by segment

	2023	2023	2023	2022	2022	2022	2022
EUR million	7-9	4-6	1-3	10-12	7-9	4-6	1-3
Tietoevry Create	17.2	21.3	31.2	30.5	23.9	11.7	25.1
Tietoevry Banking	10.8	8.2	8.9	18.5	14.9	5.6	10.1
Tietoevry Care	15.9	15.8	19.0	20.2	18.1	17.4	16.5
Tietoevry Industry	8.5	7.1	11.1	23.1	9.5	8.6	10.6
Tietoevry Tech Services	15.6	-2.3	11.4	24.8	16.2	8.6	-7.3
Non-allocated costs	-6.3	-8.9	-12.8	-13.9	-5.2	-12.3	-8.8
<b>Group total</b>	<b>61.6</b>	<b>41.2</b>	<b>68.7</b>	<b>103.2</b>	<b>77.5</b>	<b>39.7</b>	<b>46.1</b>

## Operating margin (EBIT) by segment

	2023	2023	2023	2022	2022	2022	2022
%	7-9	4-6	1-3	10-12	7-9	4-6	1-3
Tietoevry Create	8.8	10.4	14.0	13.9	11.7	5.6	11.6
Tietoevry Banking	8.0	5.9	6.2	11.8	11.0	3.9	7.4
Tietoevry Care	30.3	26.7	30.3	32.1	33.8	29.9	29.1
Tietoevry Industry	13.9	11.1	16.1	33.2	14.8	12.7	15.0
Tietoevry Tech Services	6.4	-0.9	3.9	8.3	6.0	2.9	-2.5
<b>Operating margin (EBIT)</b>	<b>9.3</b>	<b>5.9</b>	<b>9.2</b>	<b>13.4</b>	<b>11.2</b>	<b>5.4</b>	<b>6.3</b>

## Adjusted operating profit (EBITA) by segment

	2023	2023	2023	2022	2022	2022	2022
EUR million	7-9	4-6	1-3	10-12	7-9	4-6	1-3
Tietoevry Create	21.5	24.2	34.2	35.2	27.1	25.8	29.2
Tietoevry Banking	18.0	14.8	14.7	27.9	21.2	16.6	15.6
Tietoevry Care	15.9	17.1	19.1	20.3	18.2	17.5	16.6
Tietoevry Industry	10.9	9.4	11.8	12.6	10.8	11.6	11.1
Tietoevry Tech Services	23.0	13.2	21.1	30.0	25.3	15.1	18.4
Non-allocated costs	-3.7	-5.7	-9.0	-7.9	-4.6	-7.9	-6.3
<b>Group total</b>	<b>85.6</b>	<b>72.9</b>	<b>91.9</b>	<b>118.0</b>	<b>97.9</b>	<b>78.7</b>	<b>84.6</b>

## Adjusted operating margin (EBITA) by segment

	2023	2023	2023	2022	2022	2022	2022
%	7-9	4-6	1-3	10-12	7-9	4-6	1-3
Tietoevry Create	11.0	11.8	15.3	16.0	13.3	12.3	13.5
Tietoevry Banking	13.3	10.6	10.3	17.8	15.6	11.6	11.5
Tietoevry Care	30.4	28.9	30.4	32.2	33.9	30.1	29.3
Tietoevry Industry	17.7	14.7	17.2	18.1	16.8	17.1	15.6
Tietoevry Tech Services	9.5	4.9	7.3	10.1	9.3	5.0	6.2
<b>Adjusted operating margin (EBITA)</b>	<b>13.0</b>	<b>10.5</b>	<b>12.3</b>	<b>15.4</b>	<b>14.2</b>	<b>10.7</b>	<b>11.6</b>

## Depreciation by segment

	2023	2023	2023	2022	2022	2022	2022
EUR million	7-9	4-6	1-3	10-12	7-9	4-6	1-3
Tietoevry Create	1.7	1.5	1.6	1.6	1.6	1.9	1.7
Tietoevry Banking	1.3	1.1	1.1	1.2	1.2	1.2	1.2
Tietoevry Care	0.2	0.2	0.3	0.3	0.2	0.2	0.2
Tietoevry Industry	0.2	0.2	0.2	0.2	0.2	0.1	0.1
Tietoevry Tech Services	11.9	11.0	10.9	10.7	10.7	10.5	10.6
Group functions	9.5	10.2	11.4	11.2	11.7	13.5	12.0
<b>Group total</b>	<b>24.8</b>	<b>24.3</b>	<b>25.4</b>	<b>25.1</b>	<b>25.6</b>	<b>27.4</b>	<b>25.7</b>

## Amortization of other intangible assets by segment

	2023	2023	2023	2022	2022	2022	2022
EUR million	7-9	4-6	1-3	10-12	7-9	4-6	1-3
Tietoevry Create	0.0	0.0	0.0	0.0	0.0	0.0	0.1
Tietoevry Banking	0.9	0.8	0.8	0.7	0.7	0.7	0.7
Tietoevry Care	0.6	0.6	0.6	0.4	0.4	0.4	0.4
Tietoevry Industry	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Tietoevry Tech Services	1.3	1.3	1.2	1.1	1.1	1.1	3.3
Group functions	0.1	0.1	0.1	0.1	0.1	0.0	0.1
<b>Group total</b>	<b>3.0</b>	<b>2.8</b>	<b>2.8</b>	<b>2.4</b>	<b>2.4</b>	<b>2.3</b>	<b>4.6</b>

## Amortization of acquisition-related intangible assets by segment

	2023	2023	2023	2022	2022	2022	2022
EUR million	7-9	4-6	1-3	10-12	7-9	4-6	1-3
Tietoevry Create	2.8	2.0	2.1	2.4	2.5	2.6	2.6
Tietoevry Banking	4.8	4.7	5.0	5.2	5.4	5.4	5.5
Tietoevry Care	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tietoevry Industry	1.1	1.1	1.4	1.5	1.6	1.6	1.6
Tietoevry Tech Services	1.9	1.9	2.0	2.1	2.2	2.2	2.2
Group functions	—	—	—	—	—	—	—
<b>Group total</b>	<b>10.7</b>	<b>9.8</b>	<b>10.5</b>	<b>11.3</b>	<b>11.7</b>	<b>11.8</b>	<b>11.9</b>

# Major shareholders on 30 Sep 2023

	Shares	%
1 Solidium Oy	12 857 918	10.9
2 Silchester International Investors LLP <sup>1)</sup>	11 873 031	10.0
3 Incentive Investment Funds ICAV <sup>2)</sup>	6 041 221	5.1
4 Ilmarinen Mutual Pension Insurance Company	1 940 095	1.6
5 Elo Mutual Pension Insurance Company	1 556 000	1.3
6 The State Pension fund	1 300 000	1.1
7 Nordea Life Assurance Finland Ltd.	821 776	0.7
8 Nordea Pro Finland Fund	605 682	0.5
9 Stiftelsen för Åbo Akademi	597 536	0.5
10 Varma Mutual Pension Insurance Company	554 869	0.5
<b>Top 10 shareholders total</b>	<b>38 148 128</b>	<b>32.2</b>
- of which nominee registered	17 914 252	15.1
Nominee registered other	52 239 365	44.1
Others	28 038 278	23.7
<b>Total</b>	<b>118 425 771</b>	<b>100.0</b>

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

On 10 March, Cevian Capital Partners Ltd announced that its holding has fallen below the 5% threshold. Based on Euroclear Finland Oy, the holding of Cevian Capital Partners Ltd on 31 August 2023 was 4 690 937 shares, representing 4.0% of the total amount.

<sup>1)</sup> On 9 August 2023, Silchester International Investors LLP announced that its holding has increased to 11 873 031 shares, representing 10.03% of the total number of shares. Based on Silchester International Investors LLP's announcement on 25 August, the aggregated holding was 10.61%, including shares held by Silchester International Investors International Value Equity Trust.

<sup>2)</sup> 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.

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A teleconference for analysts and media will be held on Thursday 26 October 2023 at 10.00 a.m. EEST (09.00 am CET, 08.00 am. UK time). Kimmo Alkio, President and CEO, and Tomi Hyryläinen, CFO, will present the results online in English. [The presentation](#) can be followed on [Tietoevry's website](#).

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

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

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