

# Q1

# 2024



## Q1 performance as anticipated - Tietoevry Banking strategic review concluded

- Growth of -2% impacted by a soft macroeconomic environment, high comparison figures and fewer working days
- Healthy growth of 8% in Tietoevry Banking and 4% in Tietoevry Industry
- Resilient profitability of over 12% supported by improvement in Tietoevry Banking and continued healthy profitability in Tietoevry Care
- Strategic review of Tietoevry Banking concluded: Banking continues as a specialized business in the Group – value currently not maximized through a listing or sale
- Strategic review of Tietoevry Tech Services on track with the previously announced schedule, aiming for conclusion Q2'24

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# Key figures in the first quarter

Revenue, EUR million

**734** <sup>(744)</sup>

Organic growth<sup>1)</sup>

**-2%** <sup>(8%)</sup>

Adjusted<sup>2)</sup> operating profit  
(EBITA<sup>3)</sup>), EUR million

**89 / 12.1%**  
<sup>(92)      (12.3%)</sup>

Cash flow from operations,  
EUR million

**72** <sup>(104)</sup>

Net debt/EBITDA

**2.2** <sup>(1.3)</sup>

Order backlog

**-4%** <sup>4)</sup>

	1-3/2024	1-3/2023
Revenue, EUR million	733.9	744.3
Organic growth <sup>1)</sup> , %	-2	8
Acquisitions and divestments, %	4	-2
Foreign exchange rates, %	-3	-4
Total growth, %	-1	2
Organic growth adjusted for working days <sup>5)</sup> , %	-1	8
Operating profit (EBIT), EUR million	62.7	68.7
Operating margin (EBIT), %	8.5	9.2
Adjusted <sup>2)</sup> operating profit (EBITA <sup>3)</sup> ), EUR million	88.6	91.9
Adjusted <sup>2)</sup> operating margin (EBITA <sup>3)</sup> ), %	12.1	12.3
Net profit for the period, EUR million	38.3	48.5
EPS, EUR	0.32	0.41
Cash flow from operating activities, EUR million	71.8	103.7
Capital expenditure, EUR million	24.2	20.7
Order backlog	3 192	3 392
Interest-bearing net debt, EUR million	879.8	632.2
Personnel on 31 March	23 887	24 071

## Full-year outlook for 2024 unchanged

Tietoevry expects its organic<sup>1)</sup> growth to be in the range of 0–3%  
(revenue in 2023: EUR 2 851.4 million).

The company estimates its full-year adjusted operating margin<sup>2)</sup> (adjusted EBITA<sup>3)</sup>) to be 12.0–13.0% (12.6% in 2023)

<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> Company estimate

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

# CEO's comment

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



"First-quarter performance was as anticipated, impacted by the soft macroeconomic environment, high comparison figures and fewer working days. Our revenue was organically down by 2%. Profitability remained resilient with a healthy profit margin of over 12% despite the headwinds, including continued high inflation. Banking business continued to post solid growth of 8% and a year-on-year improvement in profitability. In Tietoevry Industry, performance remained healthy with 4% growth and profit margin of over 16%. In Tietoevry Care, profitability remained at a healthy level whereas performance in Tietoevry Create was impacted by macroeconomic uncertainty, fewer working days and high comparison figure. Tietoevry Tech Services' profitability improved from the prior year. We anticipate that the first quarter represents the lowest growth rate for 2024 and we expect revenue to return to growth in the second quarter.

During the quarter, we experienced a criminal ransomware attack in one of our data centres in Sweden. Since the attack, our teams have been working relentlessly to restore services for our customers. With the exception of efforts continuing with few customers, all impacted customer services were fully restored by mid-March. We regret the challenges this criminal attack has caused to our customers and the Swedish society.

As Tietoevry, we have an active role in promoting future technology and innovation, and currently we are advancing within the field of generative AI together with our customers. Our agreement with Helsinki University Hospital is an exciting example of the development of AI-based solutions. In collaboration with the client, we are developing an artificial intelligence solution that enables rapid identification of rare diseases. In Tietoevry Create, our activity level in delivering AI-powered solutions to customers is high. I am also proud of Tietoevry Tech Services for being named the European leader in the 2023 ISG Provider Lens™ Intelligent Automation Services and Solutions report. The report examines the essential capabilities required to succeed in digital transformation and intelligent automation.

We have seen good progress in the strategic review of Tietoevry Tech Services. The sales process is progressing as planned, with high engagement level. We have now concluded the strategic review of Tietoevry Banking. Prevailing capital market conditions do not support maximizing the value creation of Tietoevry Banking through a listing or sale. Higher value of Banking is realizable by further developing the performance of the business in the Group as an international fintech software player.

Our hearts and minds remain with our colleagues in Ukraine as the devastating situation in the country continues. We continue to support our people and their families and to provide means for relocation and enhance opportunities to continue working.

In March, we launched a new Sustainability Pledge to guide and accelerate our sustainability performance in 2024 and beyond. We are committed to accelerating the company's sustainability performance in three areas: climate change, ethical conduct and our social impact. Caring for our people and planet remains close to our heart - and we recognize the opportunities our industry has to offer to help safeguard the world around us."

# Tietoevry's quarter in brief

## Organic growth of -2% impacted by the weaker economic environment, high comparison figures and fewer working days

Revenue was organically down by 2%. In Tietoevry Banking, organic growth was 8% and in Tietoevry Industry 4%. In Tietoevry Create and Tech Services, revenue was impacted by the soft macroeconomic environment, as well as high comparison figures and fewer working days. Tietoevry Tech Services' revenue was also impacted by volatility in hardware and software reselling. Revenue for Tietoevry Create was organically down by 5% and for Tech Services by 7%. In Tietoevry Care, revenue was organically down by 5%, impacted by the health and social care reform in Finland, as expected. On the Group level, the lower number of working days had a negative impact of 1.4 percentage points on growth.

## Resilient profitability of over 12% supported by improvement in Tietoevry Banking and continued healthy profitability in Tietoevry Care

Adjusted operating margin was 12.1%. Profitability improved in Tietoevry Banking to 11.9%, driven by growth and continued cost optimization measures. In Tietoevry Care, profitability remained at a high level, at 28.2%. Profitability in Tietoevry Tech Services improved from the previous year's level to 7.6% despite the headwinds in the first quarter. Tech Services' profitability was supported by continuous efficiency improvement actions, including the contribution of the 2023 measures. In Tietoevry Create, profitability was healthy at 13.1% supported by proactive capacity management activities. Personnel attrition continues to decline and was 9.4% (13.5%, rolling 12 months).

## Tietoevry Banking strategic review concluded – Tech Services review progressing as planned

Strategic review of Tietoevry Banking has now been concluded. Tietoevry's Board of Directors has decided to further develop Tietoevry Banking as a specialized business within the Group. Tietoevry Banking has continued to advance well as a specialized business within Tietoevry, with consistent performance improvement towards a leading fintech software business. However, prevailing capital market conditions are not deemed optimal for a sale or listing of a fintech software business. Tietoevry anticipates that it will be able to achieve higher value of Tietoevry Banking by continuing to improve its performance within Tietoevry. The business is well prepared for strategic value creation opportunities that may arise in the future. Tietoevry's refinancing agreements signed at the time of demerger filing were designed to work with various strategic review outcomes. These financing facilities will adequately address the required refinancing needs for 2024. Strategic review of Tietoevry Tech Services is on track with the previously announced schedule, due to be concluded Q2'24. Sales process is progressing as planned, with high engagement level.

## Tietoevry launches a Sustainability Pledge to guide and accelerate its sustainability performance

Tietoevry has launched a Sustainability Pledge to guide and accelerate the company's sustainability performance in 2024 and beyond. With the pledge, Tietoevry commits to accelerate the company's sustainability performance from 2024 onwards in three pillars: climate action, ethical conduct and social impact. Each of the three pillars of the pledge contains several areas with time-bound, measurable targets and road maps to reach them. Tietoevry strives for a carbon neutral footprint across its value chain and drives the development towards a circular economy. The company also aims to ensure responsible solutions, protect privacy and safeguard solid cybersecurity across all operations - for example, all employees trained in responsible AI. Read more about the commitments and targets in each area on the company's [website](#).

## Significant agreements

### Tietoevry Care developing AI-based solution enabling rapid identification of rare diseases

In collaboration with Helsinki University Hospital, Tietoevry Care is developing an artificial intelligence solution that enables rapid identification of rare diseases. The research results have potential to speed up the diagnosis of rare diseases, improve patient care and avoid the costly process of delayed or misdirected treatments and medicines. Early diagnosis often results in less need for treatment and the research has the potential to facilitate doctors' work and improve patient care, ultimately leading to an enhanced quality of life for patients. The AI solution can bring forward the diagnosis by months or even years, and the aim is to start piloting the solution in spring 2024.

### Tietoevry Industry to help Svea Perintä improve the customer experience

Svea Perintä Oy has chosen Tietoevry Industry to deliver the Multichannel solution in Finland. Multichannel will handle outbound communication – primarily consisting of payment reminder and debt collection letters – for Svea Perintä Oy. Through the implementation of the Multichannel solution, Svea Perintä Oy will gain access to new digital distribution channels bringing improvements in both cost-efficiency and customer experience.

### Tietoevry Industry's mill execution system helps Modern Karton AS position itself as a leading vendor in its market

Modern Karton AS selected Tietoevry Industry's mill execution system for implementation across its three mills in Turkey and the UK. With this implementation, the customer aims to modernize its operations, increase flexibility to meet market demands, prioritize sustainable products and support organic growth and improved profitability. The partnership underscores a commitment to innovation and operational excellence, positioning Modern Karton as a leading vendor in its market.

### Tietoevry Care harmonizing and improving the services of Satakunta wellbeing services county

Tietoevry Care was chosen to deliver its Lifecare client information system to Satakunta wellbeing services county. The deployment of a shared information system in Satakunta will improve and harmonize social care services – the Lifecare system will replace the county's six social information systems, enabling better management and understanding of social care customers. The implementation of Lifecare will take place in autumn 2024. Furthermore, Tietoevry Care's Lifecare patient information system is strengthening its position in the wellbeing services county of Satakunta through an expansion of the system, taking place in spring 2025. The system will harmonize primary healthcare and dental healthcare in the county by improving the quality of care and services as well as promoting operational efficiency.

Read more about the company's latest announcements at [www.tietoevry.com](http://www.tietoevry.com).

# IT market development

Macroeconomic uncertainty has resulted in weaker demand, which is primarily impacting digital engineering services, as well as managed services and transformation. In digital engineering, the weaker demand continues to impact smaller customer engagements. In managed services and transformation, the weaker demand is visible in non-critical time and material work.

Tietoenvy expects its addressable market to grow by 0–2% during the current year. Tietoenvy's business mix provides resilience, as specialized businesses comprise a significant proportion of long-term customer engagements. Demand for specialized software is expected to remain stable.

The shift to cloud native and data-driven technologies continues to be at the core of customers' drive for agility, productivity and competitiveness, as well as IT security and data resilience. 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 Tietoenvy's view, Generative AI (GenAI) will provide diverse opportunities for enhancing productivity and competitiveness both among its customers and in its own operations. It is expected to have profound impact in both driving productivity and bringing enhanced software products and services to customers.

At the same time, customers' focus will be on user experience, driving new business opportunities and growth. Customers also continue to emphasize data sovereignty, security and business continuity as they adopt cloud technologies, with multi-cloud becoming a default. As customers remain cautious about their spending, 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 will be affected by customer demands for price reductions, limiting their ability to increase prices and margins in the short term.

## Specialization-based strategy for greater value to all stakeholders

Tietoenvy's strategy aims to capture cloud-native and AI-enabled market opportunities through specialized software, digital engineering and managed services businesses. Each business aims to be among the best in the market and all structural (M&A and divestments) and operational actions are considered to enable that agenda. Specialization drives a best-in-class customer proposition and attracts talent. Shareholder value creation is also supported by structural actions to unlock the value of the group and individual businesses.

### **Specialized businesses taking advantage of cloud, data and software market growth**

Specialization forms the cornerstone of Tietoenvy's strategy. The company's five specialized end-to-end businesses aim to take advantage of cloud, data and software market growth. The individual businesses have optionality to build scale and prioritize investments, reflecting the distinct market dynamics, business proposition and value potential of each. The businesses are described on the [company's website](#).

### **Repositioning Tietoenvy as a leading software and digital engineering player globally**

Tietoenvy aims to unlock value through strategic review of Tietoenvy Tech Services. With the strategic review, the company seeks to drive the competitiveness of the business. The success of businesses with an outsourcing foundation relies on the scale of capabilities and infrastructure volumes needed to drive customers' continuous efficiency, agility and modernization needs.

Tietoenvy seeks to reposition itself as a leading software and digital engineering player globally. An active M&A agenda, together with the strategic review of Tietoenvy Tech Services, forms a solid foundation for the ongoing transformation of the company.

# Financial performance in January–March

	1–3/2024	1–3/2023
Revenue, EUR million	733.9	744.3
Change, %	-1	2
Organic growth, %	-2	8
Operating profit (EBIT), EUR million	62.7	68.7
Operating margin (EBIT), %	8.5	9.2
Adjusted operating profit (EBITA), EUR million	88.6	91.9
Adjusted operating margin (EBITA), %	12.1	12.3
EPS, EUR	0.32	0.41
Net cash flow from operations, EUR million	71.8	103.7
Capital expenditure, EUR million	24.2	20.7

First-quarter revenue was down by 1% to EUR 733.9 (744.3) million. Exchange rates had a negative impact of EUR 12 million on revenue compared to the corresponding quarter of 2023. Net impact of acquisitions and divestments was positive at EUR 16 million. Organically, revenue was down by 2%. First-quarter operating profit (EBIT) amounted to EUR 62.7 (68.7) million, representing a margin of 8.5% (9.2). Operating profit includes EUR -14.9 (-12.6) million in adjustment items. Adjusted operating profit (EBITA) stood at EUR 88.6 (91.9) million, or 12.1% (12.3) of revenue. Further details on adjustment items are available in the [Alternative Performance Measures](#) paragraph.

Depreciation and amortization amounted to EUR 40.5 (38.7) million, including EUR 14.7 (16.0) million in depreciation of right-of-use assets and EUR 11.1 (10.5) million in amortization of acquisition-related intangible assets. Net financial expenses stood at EUR 12.2 (6.5) million. Net interest expenses were EUR 11.3 (6.0) million and net losses from foreign exchange transactions EUR 0.1 (gains 0.3) million. Other financial income and expenses amounted to EUR -0.8 (-0.8) million.

Earnings per share (EPS) totalled EUR 0.32 (0.41). Adjusted earnings per share amounted to EUR 0.50 (0.57).

## Cash flow and investments

First-quarter net cash flow from operations amounted to EUR 71.8 (103.7) million, including a decrease of EUR 2.8 (decrease of 14.2) million in net working capital.

Capital expenditure totalled EUR 24.2 (20.7) million, mainly consisting of capitalized costs for the development of software, investments in data centres and business-related software licences. In the first quarter, capitalized costs for industry-specific software amounted to EUR 12.3 (10.6) million. Capital expenditure represented 3.3% (2.8) of revenue.

## Financial performance by segment

	Revenue, EUR million 1–3/2024	Revenue, EUR million 1–3/2023	Growth, %	Organic growth, %	Adjusted operating profit, EUR million 1–3/2024	Adjusted operating profit, EUR million 1–3/2023	Adjusted operating margin, % 1–3/2024	Adjusted operating margin, % 1–3/2023
Tietoenvy Create	223.8	223.2	0	-5	29.4	34.4	13.1	15.4
Tietoenvy Banking	148.8	142.3	5	8	17.8	14.7	11.9	10.3
Tietoenvy Care	58.6	61.8	-5	-5	16.5	19.0	28.2	30.7
Tietoenvy Industry	69.8	68.7	2	4	11.4	11.8	16.3	17.2
Tietoenvy Tech Services	263.3	288.5	-9	-7	20.1	21.0	7.6	7.3
Eliminations and non-allocated costs	-30.4	-40.1	—	—	-6.5	-9.0	—	—
<b>Group total</b>	<b>733.9</b>	<b>744.3</b>	<b>-1</b>	<b>-2</b>	<b>88.6</b>	<b>91.9</b>	<b>12.1</b>	<b>12.3</b>

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

In **Tietoenvy Create**, revenue was organically down by 5%. Revenue development was impacted by the weaker economic environment, fewer working days and high comparable. Profitability was supported by capacity adjustments. In the second quarter, adjusted operating margin is anticipated to be at or below the level of the corresponding quarter of 2023.

In **Tietoenvy Banking**, revenue was organically up by 8%, driven by strong growth in the Banking as a Service and Financial Crime Prevention businesses and with continued healthy growth in the Cards business. Profitability improvement was supported by growth and cost optimization measures, partly offset by continued high inflation and increased costs resulting from legal separation. In the second quarter, adjusted operating margin is anticipated to be at or above the level of the corresponding quarter of 2023.

In **Tietoenvy Care**, revenue was organically down by 5%. Development was impacted by the health and social care reform in Finland. Mainly related to the reform, the first quarter of 2023 included exceptional revenue of approximately 8 percentage points, which resulted in a high comparison figure. The business sees good progress in health and social care reform procurements and expects to return to growth in the second quarter. Healthy growth in Welfare continued. Continued strong profitability was driven by scalable software businesses. In the second quarter, adjusted operating margin is anticipated to be at or below the level of the corresponding quarter of 2023.

In **Tietoenvy Industry**, revenue was organically up by 4%. Growth was strong in Data Platform Services and the Education business. Profitability was supported by healthy growth while it was impacted by cost inflation. Furthermore, cost base was temporarily elevated due to higher subcontracting costs. In the second quarter, adjusted operating margin is anticipated to be at or above the level of the corresponding quarter of 2023.

In **Tietoenvy Tech Services**, revenue was organically down by 7%. Development was impacted by fewer working days, the high comparison figure and volatility in hardware and software reselling. Furthermore, market weakness continued, impacting the data and application services business in particular. Revenue for cloud platform and security services was organically up by 10% whereas the market decline of traditional infrastructure services continued with revenue down by 8%. In data and application services, revenue was down by 9% and in end-user services by 15%. The latter is impacted by volatile hardware and software sales. The business expects growth to improve in the second quarter. Profitability improvement was supported by the 2023 cost efficiency programme while the positive impact was partly offset by annual price discounts and high technology cost inflation. In the second quarter, adjusted operating margin is anticipated to be above the level of the corresponding quarter of 2023.

# Financial position at the end of the period

The equity ratio was 41.3% (44.6). Gearing was 62.8% (43.5). Interest-bearing net debt totalled EUR 879.8 (632.2) million, including EUR 952.8 (749.8) million in interest-bearing debt, EUR 210.9 (218.3) million in lease liabilities, EUR 2.0 (2.2) million in finance lease receivables, EUR 29.5 (28.2) million in other interest-bearing receivables and EUR 252.4 (305.6) million in cash and cash equivalents.

Interest-bearing long-term liabilities amounted to EUR 696.8 (802.9) million at the end of March. The company's interest-bearing long-term liabilities primarily comprise a EUR 300 million bond, maturing in June 2025, a five-year term loan of EUR 174 million from OP Corporate Bank plc, a loan from the European Investment Bank and lease liabilities of EUR 159.2 million.

Interest-bearing short-term liabilities amounted to EUR 467.0 (165.2) 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 March. 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.

## Performance in 2024

Tietoevry anticipates that the business mix of the company and long-term contracts provide resilience in uncertain times while visibility to the full year is relatively low. Tietoevry expects its organic growth to be in the range of 0–3% in 2024. The lower end of the range assumes that market uncertainty will continue in the second half of the year whereas the upper end assumes that the market will gradually pick up during the year. The company anticipates that the first quarter represents the lowest growth rate for 2024 and expects revenue to return to growth in the second quarter.

### Mitigating high inflation

The company estimates its full-year adjusted operating margin to be 12.0–13.0%, partly depending on the outcome of growth. Continued high inflation is anticipated to constrain profitability improvement. The company estimates salary inflation to be around 4.5% on average for 2024. Tietoevry is also impacted by overall high 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

Execution of efficiency measures in Tietoevry Tech Services, Create and Banking is expected to support profitability in 2024. In 2024, 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 in total 1.5–2% of Group revenue. Of these costs, approximately 1.4 percentage points had materialized by the end of the first quarter of 2024.

## Order backlog

Tietoevry's order backlog amounted to EUR 3 192 (3 392) million at the end of March. Adjusted for the impact of exchange rates, acquisitions and divestments, the order backlog was down by 4% from the level of the corresponding quarter of 2023. The order backlog includes all signed customer orders that have not been recognized as revenue, including estimates of the value of consumption-based contracts.

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

# Personnel

The number of full-time employees amounted to 23 887 (24 071) at the end of March. The number of full-time employees in the global competence centres totalled 12 684 (12 441), or 53.1% (51.7) of all personnel. The 12-month rolling employee turnover stood at 9.4% (13.5) at the end of March. Tietoevry believes that a normal attrition level is 10–12%.

Group-level salary inflation is expected to be around 4.5% for 2024. 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.

# Shareholders' Meeting

Tietoevry Corporation's Annual General Meeting (AGM) held on 13 March approved the financial statements 2023 and discharged the company's officers from liability for the financial year 2023. The meeting also approved the Remuneration Report and the new Remuneration Policy. The AGM decided on a total dividend of EUR 1.47 per share, to be paid in two instalments. The first instalment was paid beginning from 3 April and the second beginning from 3 October.

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

# Management

On 9 January, Tietoevry announced that Christian Pedersen, Managing Director of Tietoevry Create since 2022, had decided to pursue interests outside of Tietoevry. Following this, Harri Salomaa was appointed as Acting Managing Director of Tietoevry Create effective 9 January 2024.

# Auditors

The AGM 2024 elected the firm of authorized public accountants Deloitte Oy as the company's auditor for the financial year 2024. The meeting elected Deloitte Oy also as the sustainability auditor for the financial year 2024. Deloitte Oy notified the company that Authorized Public Accountant Jukka Vattulainen acts as principal auditor.

# Shares

On 31 March, the number of shares totalled 118 425 771. 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.

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. To address the war in Ukraine, the company continues to take actions to ensure the safety of its employees in the country and business continuity for its clients.

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.

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. Artificial Intelligence (AI), General AI and machine learning can be used for purposes such as support or development, and the usage of AI can involve risks, such as privacy, fairness concerns, and ethical dilemmas. Also, training AI models can consume significant amounts of energy, having a negative impact on carbon emissions and energy costs.

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. Tietoevry experienced a criminal malicious attack on one platform in one of its data centres in Sweden in January 2024. While the company currently anticipates that the financial impact will not be material and is partly covered by the company's insurance, typically relating to direct damages, it recognizes some risks related to customer claims, insurance coverage, costs for potential legal procedures and reputation. Dialogue with customers and insurance companies relating to claims is ongoing.

Tietoevry operates in multiple jurisdictions and is required to comply with a wide range of laws and regulations enacted both at the European and international level, e.g. data protection and privacy laws, public procurement, anti-corruption, health and safety regulations, environmental regulations, labour regulations, competition regulations as well as securities markets, corporate and tax laws. Failing to comply with the regulations or implement new requirements may subject the company to regulatory interventions or penalties.

## Events after the period

Tietoevry's Board of Directors approved a demerger plan concerning a partial demerger of Tietoevry Banking on 15 February 2024. On 25 April, Tietoevry announced that the strategic review of Tietoevry Banking has been concluded. Tietoevry's Board of Directors has decided to further develop Tietoevry Banking as a specialized business within the Group and to discontinue the demerger process. Prevailing capital market conditions are not deemed optimal for a sale or listing of a fintech software business.

On 24 April 2024, the Board of Directors of Tietoevry Corporation has resolved on a directed share issue without payment in order to pay the rewards of the Performance Share Plan 2021–2023 and Restricted Share Plan 2021–2023 for key employees of the Group. In the share issue, a total of 214 379 new shares are issued free of payment to the eligible reward recipients..

## Financial calendar 2024

23 July	Interim report 2/2024 (9:00 a.m. EEST)
24 October	Interim report 3/2024 (9:00 a.m. EEST)



## Consolidated interim financial statements

## Income statement

	2024	2023	Change	2023
EUR million	1-3	1-3	%	1-12
Revenue	733.9	744.3	-1	2 851.4
Other operating income	2.6	7.3	-64	22.2
Materials and services	-144.1	-150.3	-4	-567.2
Employee benefit expenses	-407.4	-413.1	-1	-1 566.0
Depreciation and amortization	-40.5	-38.7	5	-152.4
Impairment losses	-0.0	-1.9	-99	-4.8
Other operating expenses	-82.5	-79.5	4	-328.9
Share of results in joint ventures	0.6	0.5	22	1.3
<b>Operating profit (EBIT)</b>	<b>62.7</b>	<b>68.7</b>	<b>-9</b>	<b>255.6</b>
Interest and other financial income	4.2	7.3	-42	23.7
Interest and other financial expenses	-16.3	-14.0	16	-61.7
Net foreign exchange gains/losses	-0.1	0.3	> 100	3.1
<b>Profit before taxes</b>	<b>50.4</b>	<b>62.2</b>	<b>-19</b>	<b>220.8</b>
Income taxes	-12.1	-13.7	-12	-48.6
<b>Net profit for the period</b>	<b>38.3</b>	<b>48.5</b>	<b>-21</b>	<b>172.2</b>
<b>Net profit for the period attributable to</b>				
Owners of the Parent company	38.3	48.5	-21	172.2
<b>Earnings per share attributable to owners of the Parent company, EUR per share</b>				
Basic	0.32	0.41	-21	1.45
Diluted	0.32	0.41	-21	1.45

## Statement of other comprehensive income

	2024	2023	Change	2023
EUR million	1-3	1-3	%	1-12
Net profit for the period	38.3	48.5	-21	172.2
Items that may be reclassified subsequently to profit or loss				
Translation differences	-78.6	-128.8	-39	-99.8
Items that will not be reclassified subsequently to profit or loss				
Remeasurements of the defined benefit plans, net of tax	-0.1	0.0	—	0.5
<b>Total comprehensive income</b>	<b>-40.3</b>	<b>-80.3</b>	<b>-50</b>	<b>72.9</b>
<b>Total comprehensive income attributable to</b>				
Owners of the Parent company	-40.3	-80.3	-50	72.9

## Statement of financial position

### Assets

	2024	2023	Change	2023
EUR million	31 Mar	31 Mar	%	31 Dec
Goodwill	1 848.3	1 745.1	6	1 907.3
Other intangible assets	328.0	314.0	4	339.6
Property, plant and equipment	86.8	94.7	-8	88.8
Right-of-use assets	193.8	207.8	-7	195.9
Interests in joint ventures	11.8	14.0	-16	11.6
Deferred tax assets	10.7	14.5	-26	11.8
Defined benefit plan assets	1.0	0.6	58	1.0
Other financial assets at amortized cost	15.0	15.0	0	15.1
Other financial assets at fair value	0.6	0.6	-1	0.6
Other non-current receivables	34.6	19.6	76	34.7
<b>Total non-current assets</b>	<b>2 530.5</b>	<b>2 426.0</b>	<b>4</b>	<b>2 606.4</b>
Inventories	8.9	5.5	61	8.6
Trade and other receivables	642.4	569.5	13	653.6
Financial assets at fair value	14.4	29.0	-50	17.5
Current tax assets	13.4	13.9	-4	12.7
Cash and cash equivalents <sup>1)</sup>	252.4	305.6	-17	219.6
<b>Total current assets</b>	<b>931.4</b>	<b>923.6</b>	<b>1</b>	<b>912.0</b>
<b>Total assets</b>	<b>3 461.9</b>	<b>3 349.5</b>	<b>3</b>	<b>3 518.4</b>

<sup>1)</sup> Cash and cash equivalents include restricted cash of EUR 13.9 million held within bank accounts in Ukraine. At 31 Dec 2023, cash and cash equivalents included restricted cash of EUR 28.5 million, including EUR 18.2 million held within bank accounts in Ukraine, as well as EUR 10.3 million restricted for 3 working days in connection with the sale of a data centre and office building in Norway at year-end.

### Equity and liabilities

	2024	2023	Change	2023
EUR million	31 Mar	31 Mar	%	31 Dec
Share capital, share issue premiums and other reserves	115.0	115.5	0	115.9
Invested unrestricted equity reserve	1 203.5	1 203.5	—	1 203.5
Retained earnings	82.1	135.2	-39	293.0
<b>Total equity</b>	<b>1 400.5</b>	<b>1 454.1</b>	<b>-4</b>	<b>1 612.3</b>
Loans	537.6	639.7	-16	539.5
Lease liabilities	159.2	163.3	-2	161.4
Deferred tax liabilities	28.5	14.3	100	27.5
Provisions	2.5	3.7	-33	2.5
Defined benefit obligations	25.2	26.9	-6	26.5
Other non-current liabilities	9.0	16.8	-47	10.8
<b>Total non-current liabilities</b>	<b>762.0</b>	<b>864.6</b>	<b>-12</b>	<b>768.4</b>
Trade and other payables	802.2	836.8	-4	636.0
Financial liabilities at fair value	4.8	3.2	50	4.9
Current tax liabilities	16.0	11.0	46	20.0
Loans	415.2	110.2	> 100	411.9
Lease liabilities	51.7	55.1	-6	50.3
Provisions	9.5	14.6	-35	14.6
<b>Total current liabilities</b>	<b>1 299.5</b>	<b>1 030.8</b>	<b>26</b>	<b>1 137.7</b>
<b>Total equity and liabilities</b>	<b>3 461.9</b>	<b>3 349.5</b>	<b>3</b>	<b>3 518.4</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	
31 Dec 2023	76.6	39.4	-1.1	-276.8	1 203.5	570.9	1 612.3
<b>Comprehensive income</b>							
Net profit for the period	—	—	—	—	—	38.3	38.3
<b>Other comprehensive income, net of tax</b>							
Remeasurements of the defined benefit plans, net of tax	—	—	—	—	—	-0.1	-0.1
Translation differences	—	-1.0	—	-69.2	—	-8.4	-78.6
<b>Total comprehensive income</b>	—	-1.0	—	-69.2	—	29.9	-40.3
<b>Transactions with owners</b>							
<b>Contributions and distributions</b>							
Share-based incentive plans	—	—	0.0	—	—	2.5	2.5
Dividends	—	—	—	—	—	-174.0	-174.0
Repurchase of own shares	—	—	—	—	—	—	—
<b>Total transactions with owners</b>	—	—	0.0	—	—	-171.6	-171.5
31 Mar 2024	76.6	38.4	-1.1	-346.0	1 203.5	429.2	1 400.5

EUR million	Owners of the Parent company						Total equity
	Share capital	Share premium and other reserves	Own shares	Cumulative translation differences	Invested unrestricted equity reserve	Retained earnings	
31 Dec 2022	76.6	39.3	-0.3	-193.5	1 203.5	593.7	1 719.2
<b>Comprehensive income</b>							
Net profit for the period	—	—	—	—	—	48.5	48.5
<b>Other comprehensive income, net of tax</b>							
Remeasurements of the defined benefit plans, net of tax	—	—	—	—	—	0.0	0.0
Translation differences	—	-0.4	—	-112.3	—	-16.1	-128.8
<b>Total comprehensive income</b>	—	-0.4	—	-112.3	—	32.4	-80.3
<b>Transactions with owners</b>							
<b>Contributions and distributions</b>							
Share-based incentive plans	—	—	9.0	—	—	-12.4	-3.4
Dividends	—	—	—	—	—	-171.7	-171.7
Repurchase of own shares	—	—	-9.8	—	—	—	-9.8
<b>Total transactions with owners</b>	—	—	-0.8	—	—	-184.1	-184.9
31 Mar 2023	76.6	38.9	-1.1	-305.8	1 203.5	442.1	1 454.1

## Statement of cash flows

	2024	2023	2023
EUR million	1-3	1-3	1-12
<b>Cash flow from operating activities</b>			
Net profit for the period	38.3	48.5	172.2
Adjustments			
Depreciation, amortization and impairment losses	40.6	40.6	157.2
Profit/loss on sale of property, plant and equipment, and business operations	0.2	-1.0	-7.0
Share of results in joint ventures	-0.6	-0.5	-1.3
Other adjustments	0.0	3.1	12.2
Net financial expenses	12.2	6.5	34.9
Income taxes	12.1	13.7	48.6
Change in net working capital	2.8	14.2	-95.2
<b>Cash generated from operating activities before interests and taxes</b>	<b>105.5</b>	<b>125.2</b>	<b>321.5</b>
Net financial expenses paid	-19.4	-9.9	-29.1
Dividends received	—	—	1.3
Income taxes paid	-14.3	-11.6	-27.7
<b>Cash flow from operating activities</b>	<b>71.8</b>	<b>103.7</b>	<b>266.1</b>
<b>Cash flow from investing activities</b>			
Acquisition of business operations, net of cash acquired	—	—	-156.3
Capital expenditure	-24.6	-21.1	-84.1
Disposal of business operations, net of cash disposed	—	0.5	0.4
Proceeds from sale of property, plant and equipment	0.0	0.1	10.6
Change in loan receivables	0.1	0.4	0.1
<b>Cash flow used in investing activities</b>	<b>-24.4</b>	<b>-20.1</b>	<b>-229.3</b>
<b>Cash flow from financing activities</b>			
Dividends paid	—	—	-171.7
Repurchase of own shares	—	-9.8	-9.8
Repayments of lease liabilities	-13.8	-14.5	-58.1
Proceeds from short-term borrowings	129.5	0.1	195.2
Repayments of short-term borrowings	-127.8	0.0	-131.3
Proceeds from long-term borrowings	—	—	214.0
Repayments of long-term borrowings	—	—	-99.5
<b>Cash flow used in financing activities</b>	<b>-12.1</b>	<b>-24.2</b>	<b>-61.2</b>
<b>Change in cash and cash equivalents</b>	<b>35.2</b>	<b>59.4</b>	<b>-24.5</b>
Cash and cash equivalents at the beginning of period	219.6	249.7	249.7
Foreign exchange differences	-2.5	-3.5	-5.5
Change in cash and cash equivalents	35.2	59.4	-24.5
<b>Cash and cash equivalents at the end of period<sup>1)</sup></b>	<b>252.4</b>	<b>305.6</b>	<b>219.6</b>

<sup>1)</sup> Cash and cash equivalents include restricted cash of EUR 13.9 million held within bank accounts in Ukraine. At 31 Dec 2023, cash and cash equivalents included restricted cash of EUR 28.5 million, including EUR 18.2 million held within bank accounts in Ukraine, as well as EUR 10.3 million restricted for 3 working days in connection with the sale of a data centre and office building in Norway at year-end.

# 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 2023. Amendments to International Financial Reporting Standards (IFRS) which have been effective from 1 January 2024 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 2023 consolidated financial statements.

## Events after the end of the reporting period

Tietoevry's Board of Directors approved a demerger plan concerning a partial demerger of Tietoevry Banking on 15 February 2024. On 25 April, Tietoevry announced that the strategic review of Tietoevry Banking has been concluded. Tietoevry's Board of Directors has decided to further develop Tietoevry Banking as a specialized business within the Group and to discontinue the demerger process. Prevailing capital market conditions are not deemed optimal for a sale or listing of a fintech software business.

On 24 April 2024, the Board of Directors of Tietoevry Corporation has resolved on a directed share issue without payment in order to pay the rewards of the Performance Share Plan 2021–2023 and Restricted Share Plan 2021–2023 for key employees of the Group. In the share issue, a total of 214 379 new shares are issued free of payment to the eligible reward recipients..

# Segment information

Tietoevry Group is comprised of five operating segments: Tietoevry Create, Tietoevry Banking, Tietoevry Care, Tietoevry Industry, and Tietoevry Tech Services.

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 market-leading vendor in the Nordics and expanding in international markets. Tietoevry Create has competence centres in Europe, India, China and the Americas – 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

	2024	2023	Change	2023
EUR million	1–3	1–3	%	1–12
Tietoevry Create	223.8	223.2	0	852.3
Tietoevry Banking	148.8	142.3	5	567.2
Tietoevry Care	58.6	61.8	-5	232.8
Tietoevry Industry	69.8	68.7	2	262.6
Tietoevry Tech Services	263.3	288.5	-9	1 072.7
Eliminations	-30.4	-40.1	-24	-136.1
<b>Group total</b>	<b>733.9</b>	<b>744.3</b>	<b>-1</b>	<b>2 851.4</b>

During Q1 2024, comparative information for segment revenue, operating profit (EBIT) and adjusted operating profit (EBITA) has been recast to reflect minor changes between segments arising due to structural changes. Group numbers remain unchanged.

## Operating profit (EBIT) by segment

	2024	2023	Change	2023
EUR million	1–3	1–3	%	1–12
Tietoevry Create	23.5	31.3	-25	95.5
Tietoevry Banking	11.9	8.9	34	42.9
Tietoevry Care	16.4	19.0	-13	68.3
Tietoevry Industry	9.6	11.1	-14	36.9
Tietoevry Tech Services	12.8	11.3	14	51.9
Non-allocated costs	-11.5	-12.8	-10	-39.8
<b>Group total</b>	<b>62.7</b>	<b>68.7</b>	<b>-9</b>	<b>255.6</b>

## Operating margin (EBIT) by segment

	2024	2023	Change	2023
%	1–3	1–3	pp	1–12
Tietoevry Create	10.5	14.0	-4	11.2
Tietoevry Banking	8.0	6.2	2	7.6
Tietoevry Care	28.0	30.7	-3	29.3
Tietoevry Industry	13.7	16.1	-2	14.0
Tietoevry Tech Services	4.9	3.9	1	4.8
<b>Operating margin (EBIT)</b>	<b>8.5</b>	<b>9.2</b>	<b>-1</b>	<b>9.0</b>

## Personnel by segment

	End of period				Average		
	2024	2023	Change	Share	2023	2024	2023
	1-3	1-3	%	%	1-12	1-3	1-3
Tietoenvy Create	9 383	8 893	6	39	9 618	9 464	8 913
Tietoenvy Banking	3 470	3 506	-1	15	3 509	3 470	3 494
Tietoenvy Care <sup>1)</sup>	1 580	1 487	6	7	1 529	1 565	1 465
Tietoenvy Industry	1 613	1 673	-4	7	1 644	1 629	1 681
Tietoenvy Tech Services <sup>1)</sup>	7 277	7 920	-8	30	7 283	7 277	8 020
Group functions	563	592	-5	2	576	567	598
<b>Group total</b>	<b>23 887</b>	<b>24 071</b>	<b>-1</b>	<b>100</b>	<b>24 159</b>	<b>23 972</b>	<b>24 171</b>

<sup>1)</sup> Personnel were transferred from Tietoenvy Care to Tietoenvy Tech Services in Q1 2024 and the comparative information has been recast accordingly.

## Personnel by country

	End of period				Average		
	2024	2023	Change	Share	2023	2024	2023
	1-3	1-3	%	%	1-12	1-3	1-3
Sweden	3 804	4 027	-6	16	3 856	3 819	4 022
Norway	3 817	3 945	-3	16	3 922	3 844	3 959
Finland	3 004	3 121	-4	13	3 015	3 010	3 120
India	4 304	4 463	-4	18	4 308	4 316	4 469
Czech Republic	2 366	2 566	-8	10	2 381	2 368	2 648
Ukraine	1 648	1 912	-14	7	1 728	1 665	1 940
Latvia	1 084	1 099	-1	5	1 070	1 077	1 094
China	1 028	1 058	-3	4	1 044	1 032	1 063
Poland	838	826	2	4	839	840	811
Bulgaria	761	30	> 100	3	780	769	31
Other	1 232	1 024	20	5	1 217	1 232	1 015
<b>Group total</b>	<b>23 887</b>	<b>24 071</b>	<b>-1</b>	<b>100</b>	<b>24 159</b>	<b>23 972</b>	<b>24 171</b>
Onshore countries	11 202	11 630	-4	47	11 370	11 250	11 635
Offshore countries	12 684	12 441	2	53	12 789	12 722	12 536
<b>Group total</b>	<b>23 887</b>	<b>24 071</b>	<b>-1</b>	<b>100</b>	<b>24 159</b>	<b>23 972</b>	<b>24 171</b>

## Non-current assets by country

	2024	2023	Change	2023
EUR million	31 Mar	31 Mar	%	31 Dec
Finland	117.4	117.4	0	110.9
Sweden	105.2	117.6	-11	110.7
Norway	315.1	340.2	-7	331.4
Other	70.9	41.2	72	71.3
<b>Total non-current assets</b>	<b>608.6</b>	<b>616.4</b>	<b>-1</b>	<b>624.3</b>

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

## Depreciation by segment

	2024	2023	Change	2023
EUR million	1–3	1–3	%	1–12
Tietoevry Create	1.8	1.6	16	6.6
Tietoevry Banking	1.4	1.1	28	4.8
Tietoevry Care	0.2	0.3	-4	1.0
Tietoevry Industry	0.2	0.2	10	0.7
Tietoevry Tech Services	11.1	10.9	1	44.6
Group functions	9.7	11.4	-15	40.8
<b>Group total</b>	<b>24.4</b>	<b>25.4</b>	<b>-4</b>	<b>98.5</b>

## Amortization of other intangible assets by segment

	2024	2023	Change	2023
EUR million	1–3	1–3	%	1–12
Tietoevry Create	0.0	0.0	—	0.1
Tietoevry Banking	2.8	0.8	> 100	3.6
Tietoevry Care	0.6	0.6	13	2.5
Tietoevry Industry	0.0	0.1	> 100	0.2
Tietoevry Tech Services	1.5	1.2	23	5.4
Group functions	0.0	0.1	> 100	0.3
<b>Group total</b>	<b>5.0</b>	<b>2.8</b>	<b>81</b>	<b>12.0</b>

## Amortization of acquisition-related intangible assets by segment

	2024	2023	Change	2023
EUR million	1–3	1–3	%	1–12
Tietoevry Create	3.2	2.1	52	10.0
Tietoevry Banking	4.8	5.0	-3	19.3
Tietoevry Care	0.0	0.0	0	0.2
Tietoevry Industry	1.1	1.4	-16	4.7
Tietoevry Tech Services	1.9	2.0	-4	7.7
Group functions	—	—	—	—
<b>Group total</b>	<b>11.1</b>	<b>10.5</b>	<b>6</b>	<b>41.8</b>

## Impairment losses in 2023

In 2023, the Group recognised impairment losses on lease agreements for office and other facilities in Finland and Czech Republic totalling EUR 2.7 million. In addition, as a result of annual impairment testing, Tietoevry Create recognized a goodwill impairment loss of EUR 2.1 million for the carrying value of Tieto Esy Oy.

# 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

	2024	2023
EUR million	31 Mar	31 Dec
Forward contracts outside hedge accounting at fair value through profit or loss	470.0	523.9
Interest rate swaps	280.0	280.0

### Fair values of derivatives

	31 Mar 2024			31 Dec 2023		
EUR million	Gross positive fair values	Gross negative fair values	Net fair values	Gross positive fair values	Gross negative fair values	Net fair values
Forward contracts outside hedge accounting at fair value through profit or loss	1.4	-4.8	-3.4	5.8	-4.9	0.9
Interest rate swaps	16.2	-18.9	-2.7	15.5	-20.0	-4.5
<b>The fair values at the reporting date</b>	<b>17.6</b>	<b>-23.7</b>	<b>-6.1</b>	<b>21.3</b>	<b>-24.9</b>	<b>-3.6</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 banks.

## Fair value measurement of financial assets and liabilities

There have been no changes in fair value methodology and input levels: foreign exchange forward contracts and interest rate swaps are valued based on Level 2 inputs and Other financial assets at fair value through profit or loss (EUR 0.6 million on 31 Mar 2024), 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 13.0 million on 31 Mar 2024) 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

	2024	2023	2023
	1-3	1-3	1-12
<b>Outstanding shares, end of period</b>			
Basic	118 391 092	118 391 092	118 391 092
Effect of dilutive share-based incentive plans	252 401	358 005	271 334
Diluted	118 643 493	118 749 097	118 662 426
<b>Outstanding shares, average</b>			
Basic	118 391 092	118 328 948	118 375 769
Effect of dilutive share-based incentive plans	252 401	358 005	271 334
Diluted	118 643 493	118 686 953	118 647 103
<b>Company's possession of its own shares</b>			
End of period	34 679	34 679	34 679
Average	34 679	96 823	50 002

# 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

	2024	2023	Change	2023
EUR million	1-3	1-3	%	1-12
Tietoevry Create	29.4	34.4	-14	114.6
Tietoevry Banking	17.8	14.7	21	68.9
Tietoevry Care	16.5	19.0	-13	70.2
Tietoevry Industry	11.4	11.8	-4	43.4
Tietoevry Tech Services	20.1	21.0	-4	85.7
Non-allocated costs	-6.5	-9.0	-28	-24.0
<b>Group total</b>	<b>88.6</b>	<b>91.9</b>	<b>-3</b>	<b>358.7</b>

## Adjusted operating margin (EBITA) by segment

	2024	2023	Change	2023
%	1-3	1-3	pp	1-12
Tietoevry Create	13.1	15.4	-2	13.4
Tietoevry Banking	11.9	10.3	2	12.1
Tietoevry Care	28.2	30.7	-3	30.1
Tietoevry Industry	16.3	17.2	-1	16.5
Tietoevry Tech Services	7.6	7.3	0	8.0
<b>Adjusted operating margin (EBITA)</b>	<b>12.1</b>	<b>12.3</b>	<b>-0</b>	<b>12.6</b>

## Reconciliation of adjusted operating profit (EBITA)

	2024	2023	2023
EUR million	1–3	1–3	1–12
Operating profit (EBIT)	62.7	68.7	255.6
+ Amortization of intangible assets recognized at fair value from acquisitions	11.1	10.5	41.8
<b>Adjustment items:</b>			
- Capital gains <sup>1)</sup>	—	-0.9	-6.9
+ Strategic reviews <sup>2)</sup>	6.1	2.4	32.3
+/- Other M&A related items	0.0	0.1	1.5
+ Restructuring costs	2.8	1.1	11.1
+ Tietoevry Tech Services performance improvement programme	3.1	7.4	15.1
+ War in Ukraine and exit from Russia	0.7	0.9	3.2
+ Ransomware attack	1.1	—	—
+/- Other items <sup>3)</sup>	1.1	1.7	4.9
<b>Adjusted operating profit (EBITA)</b>	<b>88.6</b>	<b>91.9</b>	<b>358.7</b>

<sup>1)</sup> Capital gains include a gain on the sale of property, plant and equipment in 2023.

<sup>2)</sup> The costs relating to strategic reviews are expected to total around 1.5–2.0% of Group revenue, distributed mainly over 2023 and 2024.

<sup>3)</sup> Include impairment losses and other minor non-recurring items. See also [Notes to the interim financial statements](#).

## Other key figures

	2024	2023	2023
	1–3	1–3	1–12
Adjusted earnings per share, EUR	0.50	0.57	2.14
Equity per share, EUR	11.83	12.28	13.62
Return on equity, 12-month rolling, %	11.3	12.8	10.3
Return on capital employed, 12-month rolling, %	10.4	11.5	9.8
Equity ratio, %	41.3	44.6	46.7
Interest-bearing net debt, EUR million	879.8	632.2	911.8
Gearing, %	62.8	43.5	56.6
Net debt/EBITDA	2.2	1.3	2.2
Capital expenditure, EUR million	24.2	20.7	85.3

## 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, %	=	$\frac{\text{Profit before taxes and non-controlling interests – income taxes}}{\text{Total equity (12-month average)}} \times 100$
Return on capital employed, 12-month rolling, %	=	$\frac{\text{Profit before taxes + interest and other financial expenses}}{\text{Total assets – non-interest-bearing liabilities (12-month average)}} \times 100$
Equity ratio, %	=	$\frac{\text{Total equity}}{\text{Total assets – advance payments}} \times 100$
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, %	=	$\frac{\text{Interest-bearing net debt}}{\text{Total equity}} \times 100$

# Quarterly figures

## Key figures

	2024	2023	2023	2023	2023
	1–3	10–12	7–9	4–6	1–3
Earnings per share, EUR					
Basic	0.32	0.46	0.37	0.21	0.41
Diluted	0.32	0.46	0.37	0.21	0.41
Adjusted earnings per share, EUR	0.50	0.63	0.53	0.43	0.57
Equity per share, EUR	11.83	13.62	12.97	11.97	12.82
Return on equity, 12-month rolling, %	11.3	10.3	12.0	13.6	12.8
Return on capital employed, 12-month rolling, %	10.4	9.8	10.7	11.9	11.5
Equity ratio, %	41.3	46.7	45.3	45.7	44.6
Interest-bearing net debt, EUR million	879.8	911.8	953.9	735.2	632.2
Gearing, %	62.8	56.6	62.1	51.9	43.5
Net debt/EBITDA	2.2	2.2	2.1	1.6	1.3
Capital expenditure, EUR million	24.2	28.1	17.7	18.9	20.7

## Income statement

	2024	2023	2023	2023	2023
EUR million	1–3	10–12	7–9	4–6	1–3
Revenue	733.9	752.2	659.7	695.2	744.3
Other operating income	2.6	8.6	1.3	5.1	7.3
Materials and services	-144.1	-149.1	-129.5	-138.3	-150.3
Employee benefit expenses	-407.4	-402.9	-352.1	-397.9	-413.1
Depreciation, amortization and impairment losses	-40.6	-40.5	-38.6	-37.5	-40.6
Other operating expenses	-82.5	-84.6	-79.4	-85.4	-79.5
Share of results in joint ventures	0.6	0.4	0.3	0.1	0.5
<b>Operating profit (EBIT)</b>	<b>62.7</b>	<b>84.1</b>	<b>61.6</b>	<b>41.2</b>	<b>68.7</b>
Financial income and expenses	-12.2	-13.6	-6.1	-8.7	-6.5
<b>Profit before taxes</b>	<b>50.4</b>	<b>70.5</b>	<b>55.6</b>	<b>32.4</b>	<b>62.2</b>
Income taxes	-12.1	-15.5	-12.2	-7.1	-13.7
<b>Net profit for the period</b>	<b>38.3</b>	<b>55.0</b>	<b>43.4</b>	<b>25.3</b>	<b>48.5</b>

## Statement of financial position

	2024	2023	2023	2023	2023
EUR million	31 Mar	31 Dec	30 Sep	30 Jun	31 Mar
Goodwill	1 848.3	1 907.3	1 894.1	1 695.9	1 745.1
Other intangible assets	328.0	339.6	337.4	305.6	314.0
Property, plant and equipment	86.8	88.8	88.4	90.4	94.7
Right-of-use assets	193.8	195.9	201.9	201.4	207.8
Interests in joint ventures	11.8	11.6	13.2	12.6	14.0
Other non-current assets	61.8	63.3	45.1	46.6	50.4
<b>Total non-current assets</b>	<b>2 530.5</b>	<b>2 606.4</b>	<b>2 580.0</b>	<b>2 352.5</b>	<b>2 426.0</b>
Trade receivables and other current assets	679.0	692.4	718.2	634.2	618.0
Cash and cash equivalents	252.4	219.6	164.4	189.6	305.6
<b>Total current assets</b>	<b>931.4</b>	<b>912.0</b>	<b>882.6</b>	<b>823.8</b>	<b>923.6</b>
<b>Total assets</b>	<b>3 461.9</b>	<b>3 518.4</b>	<b>3 462.6</b>	<b>3 176.3</b>	<b>3 349.5</b>
<b>Total equity</b>	<b>1 400.5</b>	<b>1 612.3</b>	<b>1 536.0</b>	<b>1 417.1</b>	<b>1 454.1</b>
Non-current loans	696.8	701.0	708.9	752.8	802.9
Other non-current liabilities	65.2	67.4	62.7	57.7	61.7
<b>Total non-current liabilities</b>	<b>762.0</b>	<b>768.4</b>	<b>771.6</b>	<b>810.5</b>	<b>864.6</b>
Trade payables and other current liabilities	823.0	660.9	697.9	725.8	851.0
Provisions	9.5	14.6	17.7	19.4	14.6
Current loans	467.0	462.2	439.4	203.5	165.2
<b>Total current liabilities</b>	<b>1 299.5</b>	<b>1 137.7</b>	<b>1 155.0</b>	<b>948.7</b>	<b>1 030.8</b>
<b>Total equity and liabilities</b>	<b>3 461.9</b>	<b>3 518.4</b>	<b>3 462.6</b>	<b>3 176.3</b>	<b>3 349.5</b>

## Statement of cash flows

	2024	2023	2023	2023	2023
EUR million	1–3	10–12	7–9	4–6	1–3
<b>Cash flow from operating activities</b>					
Net profit for the period	38.3	55.0	43.4	25.3	48.5
Adjustments	64.4	65.4	61.6	55.1	62.4
Change in net working capital	2.8	28.4	-97.1	-40.7	14.2
<b>Cash generated from operating activities before interests and taxes</b>	<b>105.5</b>	<b>148.8</b>	<b>7.8</b>	<b>39.8</b>	<b>125.2</b>
Net financial expenses paid	-19.4	3.4	-5.9	-16.8	-9.9
Dividends received	—	-0.1	0.1	1.3	—
Income taxes paid	-14.3	0.8	-4.0	-12.8	-11.6
<b>Cash flow from operating activities</b>	<b>71.8</b>	<b>152.9</b>	<b>-2.0</b>	<b>11.5</b>	<b>103.7</b>
<b>Cash flow from investing activities</b>	<b>-24.4</b>	<b>-13.9</b>	<b>-175.8</b>	<b>-19.6</b>	<b>-20.1</b>
<b>Cash flow from financing activities</b>	<b>-12.1</b>	<b>-85.2</b>	<b>156.2</b>	<b>-108.0</b>	<b>-24.2</b>
<b>Change in cash and cash equivalents</b>	<b>35.2</b>	<b>53.8</b>	<b>-21.6</b>	<b>-116.1</b>	<b>59.4</b>
Cash and cash equivalents at the beginning of period	219.6	164.4	189.6	305.6	249.7
Foreign exchange differences	-2.5	1.5	-3.6	0.1	-3.5
Change in cash and cash equivalents	35.2	53.8	-21.6	-116.1	59.4
<b>Cash and cash equivalents at the end of period</b>	<b>252.4</b>	<b>219.6</b>	<b>164.4</b>	<b>189.6</b>	<b>305.6</b>

# Quarterly figures by segments

## Revenue by segment

	2024	2023	2023	2023	2023
EUR million	1–3	10–12	7–9	4–6	1–3
Tietoevry Create	223.8	228.6	195.7	204.8	223.2
Tietoevry Banking	148.8	149.6	135.4	139.8	142.3
Tietoevry Care	58.6	61.2	51.5	58.2	61.8
Tietoevry Industry	69.8	68.6	61.4	63.8	68.7
Tietoevry Tech Services	263.3	276.4	242.4	265.4	288.5
Eliminations	-30.4	-32.2	-26.8	-37.0	-40.1
<b>Group total</b>	<b>733.9</b>	<b>752.2</b>	<b>659.7</b>	<b>695.2</b>	<b>744.3</b>

During Q1 2024, comparative information for segment revenue, operating profit (EBIT) and adjusted operating profit (EBITA) has been recast to reflect minor changes between segments arising due to structural changes. Group numbers remain unchanged.

## Operating profit (EBIT) by segment

	2024	2023	2023	2023	2023
EUR million	1–3	10–12	7–9	4–6	1–3
Tietoevry Create	23.5	25.3	17.3	21.5	31.3
Tietoevry Banking	11.9	15.0	10.8	8.2	8.9
Tietoevry Care	16.4	18.0	15.7	15.6	19.0
Tietoevry Industry	9.6	10.2	8.5	7.1	11.1
Tietoevry Tech Services	12.8	27.4	15.6	-2.4	11.3
Non-allocated costs	-11.5	-11.8	-6.3	-8.9	-12.8
<b>Group total</b>	<b>62.7</b>	<b>84.1</b>	<b>61.6</b>	<b>41.2</b>	<b>68.7</b>

## Operating margin (EBIT) by segment

	2024	2023	2023	2023	2023
%	1–3	10–12	7–9	4–6	1–3
Tietoevry Create	10.5	11.1	8.9	10.5	14.0
Tietoevry Banking	8.0	10.0	8.0	5.9	6.2
Tietoevry Care	28.0	29.4	30.5	26.9	30.7
Tietoevry Industry	13.7	14.8	13.9	11.1	16.1
Tietoevry Tech Services	4.9	9.9	6.4	-0.9	3.9
<b>Operating margin (EBIT)</b>	<b>8.5</b>	<b>11.2</b>	<b>9.3</b>	<b>5.9</b>	<b>9.2</b>

## Adjusted operating profit (EBITA) by segment

	2024	2023	2023	2023	2023
EUR million	1–3	10–12	7–9	4–6	1–3
Tietoevry Create	29.4	34.3	21.6	24.4	34.4
Tietoevry Banking	17.8	21.4	18.0	14.8	14.7
Tietoevry Care	16.5	18.4	15.7	17.0	19.0
Tietoevry Industry	11.4	11.4	10.9	9.4	11.8
Tietoevry Tech Services	20.1	28.5	23.1	13.1	21.0
Non-allocated costs	-6.5	-5.6	-3.7	-5.7	-9.0
<b>Group total</b>	<b>88.6</b>	<b>108.4</b>	<b>85.6</b>	<b>72.9</b>	<b>91.9</b>

### Adjusted operating margin (EBITA) by segment

	2024	2023	2023	2023	2023
%	1–3	10–12	7–9	4–6	1–3
Tietoenvy Create	13.1	15.0	11.0	11.9	15.4
Tietoenvy Banking	11.9	14.3	13.3	10.6	10.3
Tietoenvy Care	28.2	30.1	30.6	29.1	30.7
Tietoenvy Industry	16.3	16.6	17.7	14.7	17.2
Tietoenvy Tech Services	7.6	10.3	9.5	4.9	7.3
<b>Adjusted operating margin (EBITA)</b>	<b>12.1</b>	<b>14.4</b>	<b>13.0</b>	<b>10.5</b>	<b>12.3</b>

### Depreciation by segment

	2024	2023	2023	2023	2023
EUR million	1–3	10–12	7–9	4–6	1–3
Tietoenvy Create	1.8	1.8	1.7	1.5	1.6
Tietoenvy Banking	1.4	1.3	1.3	1.1	1.1
Tietoenvy Care	0.2	0.2	0.2	0.2	0.3
Tietoenvy Industry	0.2	0.2	0.2	0.2	0.2
Tietoenvy Tech Services	11.1	10.8	11.9	11.0	10.9
Group functions	9.7	9.7	9.5	10.2	11.4
<b>Group total</b>	<b>24.4</b>	<b>24.0</b>	<b>24.8</b>	<b>24.3</b>	<b>25.4</b>

### Amortization of other intangible assets by segment

	2024	2023	2023	2023	2023
EUR million	1–3	10–12	7–9	4–6	1–3
Tietoenvy Create	0.0	0.0	0.0	0.0	0.0
Tietoenvy Banking	2.8	1.1	0.9	0.8	0.8
Tietoenvy Care	0.6	0.6	0.6	0.6	0.6
Tietoenvy Industry	0.0	0.1	0.1	0.1	0.1
Tietoenvy Tech Services	1.5	1.6	1.3	1.3	1.2
Group functions	0.0	0.1	0.1	0.1	0.1
<b>Group total</b>	<b>5.0</b>	<b>3.4</b>	<b>3.0</b>	<b>2.8</b>	<b>2.8</b>

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

	2024	2023	2023	2023	2023
EUR million	1–3	10–12	7–9	4–6	1–3
Tietoenvy Create	3.2	3.1	2.8	2.0	2.1
Tietoenvy Banking	4.8	4.7	4.8	4.7	5.0
Tietoenvy Care	0.0	0.0	0.0	0.0	0.0
Tietoenvy Industry	1.1	1.1	1.1	1.1	1.4
Tietoenvy Tech Services	1.9	1.9	1.9	1.9	2.0
Group functions	—	—	—	—	—
<b>Group total</b>	<b>11.1</b>	<b>10.9</b>	<b>10.7</b>	<b>9.8</b>	<b>10.5</b>

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A teleconference for analysts and media will be held on Thursday 25 April 2024 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, user ID 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.

Tietoevry Corporation

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Tietoevry creates purposeful technology that reinvents the world for good. We are a leading technology company with a strong Nordic heritage and global capabilities. Based on our core values of openness, trust and diversity, we work with our customers to develop digital futures where businesses, societies, and humanity thrive.

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

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