

**Tieto-X Plc Interim Report January 1 - March 31, 2002****First quarter conformed to expectations: turnover down, but net result at nearly the 2001 level**

During the first quarter of the financial period beginning January 1, 2002, Tieto-X turnover fell 8.2% compared with the corresponding period in 2001 and was EUR 5.18 million (2001: EUR 5.64m). Operating profit before goodwill amortisation dropped 36.1% to EUR 0.708 million, representing 13.7% of turnover. Net profit for the financial period after taxes fell 5.8%. However, earnings per share (pro forma) remained roughly the same because of purchase and cancellation of the company's own shares.

**Turnover**

The stagnation in demand for IT services arising from the protracted economic uncertainty generally is also reflected in the turnover of Tieto-X, which specializes in contracting out IT experts. The slowdown in turnover growth that had already begun at the end of 2001 continued and actually reversed into a slight decline during the first quarter of 2002. This was mainly the result of temporary cut-backs in resources at certain important Tieto-X customers and at the Kemi and Haparanda units. As, at the same time, signing up new customers became more difficult because of the general slump in demand for IT services, the fact that demand from other Tieto-X customers remained fair was not enough to offset the shortfall.

Turnover fell 8.2%, to EUR 5.180 million (2001: EUR 5.645m). IT planners and programmers accounted for 93% of the turnover and network support staff for 7% (2001: 94% and 6%).

**Financial result**

Operating profit before goodwill amortisation, at EUR 0.708 million, fell 36.1% on the corresponding period in 2001, and represented 13.7% of turnover (2001: 19.6%). By contrast, net profit for the period shrank 5.8%, to EUR 0.408 million (2001: EUR 0.433m). Earnings per share (proforma) remained unchanged, at EUR 0.09.

The fact that profitability weakened more than expected compared with 2001 is due to the fall in turnover, and to one-off expenses related to staff downsizing and marketing. The good net profit figure resulted from the improved result of financial operations and the low tax rate. Even so, net profit was burdened by higher goodwill amortization. The equity fund investments that caused the negative financial result the previous year have been dismantled in their entirety. The low tax rate was caused by deductible depreciations on liquidation losses arising from the merger of acquired companies.

Cash flow from operations was strongly positive for the entire review period.

## **Return on capital**

Return on invested capital (ROI) was 23.4% in the review period (2001: 47.0%). Return on equity (ROE) was 21.2% (2001: 23.4%).

## **Balance sheet and financing**

The balance sheet total was EUR 12.1 million (March 31, 2001: EUR 12.4m). Liquidity remained good.

## **Personnel**

The number of personnel averaged 264 during the period (2001:276) and stood at 259 on March 31 (2001: 280).

## **Tieto-X Stock Option Plan II**

In accordance with authorization from the Annual General Meeting of the company, held on April 10, 2001, the Board of Tieto-X Plc decided to issue new stock options. The stock options will be offered for subscription by members of the Board of Tieto-X or any Tieto-X Group company, officers or any key personnel of the Group as specified by the Board, in deviation from the pre-emptive rights of the company's shareholders. The stock options may entitle their holders to subscribe a maximum of 500,000 Tieto-X Plc shares, and similarly share capital may increase a maximum of 20,000 euros due to share subscriptions. The share subscription price pursuant to stock options will be based on the market value of the Tieto-X Plc share in public trading. The share subscription periods will begin no earlier than October 1, 2003 and end on December 31, 2008.

## **Annual General meeting**

The Annual General Meeting of Tieto-X Plc held on March 20, 2002 adopted the financial statements for the financial year January 1-December 31, 2001, handled other issues to be dealt with at the Annual General Meeting and approved the following Board proposals:

- Dividend: the Annual General Meeting decided to distribute EUR 0.25 per share as dividend for the financial period January 1-December 31, 2001. The dividend was paid out on April 3, 2002.
- Board Of Directors: Juhani Pääkkö, Ralf W. Saxén, Esko Siik and Risto Terho were re-elected as members of the Board of Directors and Eero Hurme was elected as a new member. Ralf W. Saxén will continue as Chairman of the Board.
- Decrease in share capital: the Annual General Meeting decided to decrease share capital by EUR 8,240 by annulling 206,000 of the company's own shares.

- Authorization to decide on a share issue: the Annual General Meeting authorized the Board to decide within one year of the General Meeting on an increase in share capital, issue of option rights and/or convertible bond loans in such a way that new shares subscribed on the basis of a new share issue, option rights and convertible bonds may raise share capital by a total maximum of EUR 59,336.
- Authorization of the Board of Directors to acquire and convey the company's own shares: the Annual General Meeting authorized the Board to acquire and convey within one year of the General Meeting a maximum of 370,850 of the company's own shares.
- Granting the new President option rights: the Annual General Meeting decided to grant Kari Happonen, the company's new President and CEO as of May 1, 2002, a total of 70,000 option rights under Tieto-X Plc Stock Option Plan II.

### Shares and share capital

Share capital was raised by EUR 6,400 through a share issue of 160,000 shares targeted at the sellers of Botnia Comp Engineering Oy. The Annual General Meeting decreased share capital by EUR 8,240 by annulling the 206,000 shares held by the company.

Tieto-X's share capital is EUR 303,080.00 and the total number of shares 7,577,000. The accounting countervalue of the shares is EUR 0.04. The ISIN code used in international securities trading is FI0009008007 and the trading symbol TIX1V. Trading in Tieto-X shares began on the Helsinki Exchanges Pre List on September 28, 1999 and on the NM List on October 1, 1999. During the period under review, the lowest quotation was EUR 3.60 and the highest EUR 4.25. The closing quotation was EUR 3.61.

The number of shareholders was 1,851 on April 16, 2002. Private persons held 59% and corporations 41% of the shares. The staff held 31%. Foreign holdings accounted for 20% of the total. Share liquidity, the number of shareholders and especially the proportion of holdings by Finnish corporations have increased. Some of the company's individual shareholders have reduced their holdings. The steps taken during the autumn and winter to increase company recognition and to intensify communications to investors has increased interest in the company's shares.

Distribution of shareholdings on April 16, 2002:

	Number of shares	Holding %
Nordea Nordic Small Cap	375,200	5.0
Jokinen Matti	323,500	4.3
Leikos Martti	317,250	4.2
Terho Risto	309,090	4.1
Gunnelius Karl	307,540	4.1
Nyysönen Tuomo	265,800	3.5
Rantala Lasse	250,300	3.3

Pyrhönen Kari	200,550	2.6
Fondita Nordic Small Cap	200,300	2.6
Kemilä Hannu	199,690	2.6
Keskimaula Tapio	132,000	1.7
Salmi Mikael	125,630	1.7
Saareila Lauri	120,280	1.6
Heiskanen Kalevi	100,252	1.3
FIM Fenno Investment fund	100,000	1.3
Suomi Insurance Company Ltd (Suomi Life)	100,000	1.3
Suomi Mutual Life Assurance Company	100,000	1.3
Tarkkio Jori	87,202	1.2
Vainionpää Asko	86,802	1.1
Nominee-registered	1,546,875	20.4
Others	2,328,739	30.7
Total	7,577,000	100.0

### Events after the end of the period under review

The following changes have taken place in the company management since the end of the period under review: Kari Happonen, who was appointed Tieto-X's President and CEO as of May 1, 2002, started working for the company on April 1, 2002. President and CEO Martti Leikos will retire on May 1, 2002. Risto Alvejuuri, Key Customer Director, was appointed Director Human Resources as of May 1, 2002. Timo Leinonen, Controller, was appointed Director of Finance and Administration as of May 1, 2002. Sami Artman, Vice President and CFO, who was responsible for the operative management of the company, and Staffan Johansson, Director Human Resources, no longer work for the company.

### Future prospects

Because of general economic uncertainties the low level of demand for IT services is expected to continue. Slightly better market expectations will probably result in an upturn in demand during the autumn, however. Due to the accumulation of development projects at customer companies, the later the upturn takes place, the more sharply demand for resources will increase.

Tieto-X primarily contracts out IT experts, and its customer companies will continue to have little need for IT specialists as no new development projects look likely to start up in the short term because the whole economy is on hold. However, the Tieto-X model allows for considerable flexibility, and customer companies are expected to make use of this temporarily. Though demand is fairly stable in the case of other customers, it is insufficient to compensate for the shortfall. The planned diversification of service provision is not expected to boost turnover until the second half of the year.

Tieto-X turnover will probably continue to fall at least during the second quarter. Because of the market situation, it is currently very difficult to foresee developments later in the year. Discounting any company acquisitions, turnover and the financial result for the year as a whole are likely to be lower than last year. However, profitability will remain good, relative to the average for the whole IT services sector.

### The Tieto-X Group

The figures in the income statement and balance sheet have been consolidated. Botnia Comp Haparanda Ab in Haaparanta is also included in the figures.

## CONSOLIDATED PROFIT AND LOSS ACCOUNT, K EURO

	1.1.- 31.3.2002	1.1. - 31.3.2001	Change %	1.1.- 31.12.2001
<b>TURNOVER</b>	5 180	5 645	- 8,2	21 397
<b>OPERATING PROFIT BEFORE GOODWILL AMORTISATIONS</b>	708	1 108	-36,1	3 945
Goodwill amortisations	- 279	- 233		- 1 117
<b>OPERATING PROFIT</b>	429	875	-51,0	2 828
Financial income and expences	24	- 314	117,2	- 286
<b>Profit before extraordinary items</b>	452	562	-19,6	2 542
Extraordinary items	0	0		0
<b>Profit before provisions and taxes</b>	452	562	-19,6	2 542
Taxes	- 44	- 128		- 342
<b>NET PROFIT OF THE PERIOD</b>	408	433	-5,8	2 200

## CONSOLIDATED BALANCE SHEET K EURO

<b>ASSETS</b>	<b>31.3.2002</b>	<b>31.3.2001</b>	<b>31.12.2001</b>
<b>FIXED ASSETS</b>			
Intangible Assets	3 840	3 977	4 039
Tangible Assets	165	89	158
Investments	168	164	887
<b>CURRENT ASSETS</b>			
Short-term receivables	3 241	4 068	2 963
Financial securities	1 701	1 870	3 659
Cash on hands and on deposits	2 966	2 227	1 651
<b>ASSETS TOTAL</b>	<b>12 080</b>	<b>12 394</b>	<b>13 357</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Share Capital	303	305	305
Premium fund	3 692	3 018	3 018
Own shares fund			720
Retained earnings	2 551	3 881	2 246
Net accounting period profit	408	433	2 200
<b>LIABILITIES</b>			
Short-term liabilities	5 126	4 757	4 868
<b>SHAREHOLDER'S EQUITY AND LIABILITIES TOTAL</b>	<b>12 080</b>	<b>12 394</b>	<b>13 357</b>

<b>FINANCIAL RATIOS</b>	<b>1.1.-31.3.2002</b>	<b>1.1.-31.3.2001</b>	<b>1.1.-31.12.2001</b>
Earnings per share Proforma, Euro	0,09 (3kk)	0,09 (3 kk)	0,45 (12 kk)
Earnings per share, Euro	0,05	0,06	0,30
Earnings per share, Option diluted	0,05	0,06	0,30
Equity per share, Euro	0,92	1,00	1,11
Return on investment, %	23,4	47,0	32,4
Return on equity, %	21,2	23,4	28,0
Operating profit before goodwill amortisations/ turnover, %	13,7	19,6	18,4
Operating profit/turnover, %	8,3	15,5	13,2

<b>OTHER INFORMATION</b>	<b>1.1.-31.3.2002</b>	<b>1.1.-31.3.2001</b>	<b>1.1.-31.12.2001</b>
Average number of personnel employed during the period	264	276	273
Personnel employed at the end of the period	259	280	275
<b>COMMITMENTS</b>	<b>31.3.2002</b>	<b>31.3.2001</b>	<b>31.12.2001</b>
Commitments for group			
Bank deposits as a security for rent, k Euro	74	27	74
Amounts payable for leasing contracts, k Euro	55	99	55

### **Next reports**

The next interim reports will be published in 2002 as follows:

- Interim report 6 months (1.1.-30.6.2002) August 14, 2002
- Interim report 9 months (1.1.-30.9.2002) October 30, 2002.

Tieto-X Plc  
Board of Directors

### **Briefing Wednesday April 24, 2002**

A briefing concerning the interim report will be arranged for analysts and the press on the 5<sup>th</sup> floor of the Tieto-X offices at Munkkiniemen puistotie 25, at 11.30 a.m. on Wednesday, April 24, 2002.

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