

# Q4 2020

## Financial Statements Release

JANUARY–DECEMBER

### Strong profitability and cash flow

- Fourth-quarter adjusted operating margin 15% driven by Industry Software and Digital Consulting
- Fourth-quarter revenue down by 6% organically – affected by Covid-19 and anticipated short-term decline in Cloud & Infra
- Run-rate of EUR 80 million achieved in merger synergies – integration fully on schedule
- Strong operative cash flow of EUR 355 million in the full year – good cash conversion
- Dividend of EUR 1.32 per share proposed

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## About financial reporting

Tieto's and EVRY's merger was concluded on 5 December 2019. This report is based on the official financial figures of TietoEVRY, with EVRY being consolidated as from 5 December 2019.

**COMPARABLE FINANCIAL INFORMATION** for illustrative purposes:

The new operating model became effective on 1 January 2020 and financial reporting has been prepared in accordance with the new structure as from the second-quarter interim report. As additional information, the report includes comparable financial information for TietoEVRY with figures for 2019 restated to account for the current segments.

# Key figures

	10–12/2020	10–12/2019	1–12/2020	1–12/2019
Revenue, EUR million	712.0	778.1	2 786.4	2 950.9
Change, %	-8.5	-	-5.6	-
Organic growth <sup>1)</sup> , %	-6.3	-	-2.2	-
Operating profit (EBIT), EUR million	77.8	56.7	146.7	230.5
Operating margin (EBIT), %	10.9	7.3	5.3	7.8
Adjusted <sup>2)</sup> operating profit (EBIT), EUR million	106.4	105.2	355.0	341.7
Adjusted <sup>2)</sup> operating margin (EBIT), %	14.9	13.5	12.7	11.6
One-time items, EUR million	28.5	48.5	208.3	111.2
Order backlog, EUR million	3 350	3 640	3 350	3 640
Net debt/EBITDA	2.5	-	2.5	-

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

<sup>2)</sup> Adjusted for amortization of acquisition-related intangible assets, restructuring costs, capital gains/losses, goodwill impairment charges and other items affecting comparability.

## Full-year outlook for 2021

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

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

<sup>2)</sup> High dependency on the Covid-19 pandemic development. Assuming normal business environment from the third quarter of 2021.

<sup>3)</sup> Adjusted EBITA is fully comparable with the previous definition of adjusted EBIT. According to both definitions, amortization of acquisition-related intangible assets, restructuring costs, capital gains/losses, impairment charges and other items affecting comparability are excluded – whereas amortization of other intangible assets is included.

## CEO's comment

### Comment regarding the fourth-quarter report by Kimmo Alkio, President and CEO:

"We are pleased with the continued strong progress of TietoEVRY's integration and good business momentum in the fourth quarter. We are seeing positive development in terms of both customer and employee experience, while the impact of the pandemic has created challenges during the year. Thanks to the commitment of our 24 000 digital professionals, we were able to shift 96% of our employees to remote work, drive large-scale integration and ensure business continuity to our customers throughout 2020.

Our fourth quarter is characterized by strong profitability and several large customer wins. During the quarter, we delivered adjusted operating profit of 15% and strong operative cash flow of EUR 125 million. Profitability improvement was driven by continued synergy realization and healthy profitability in Industry Software as well as in Digital Consulting. Our Industry Software business reached an adjusted operating margin of 26% and Digital Consulting 17%. For the Group, fourth-quarter revenue was down by 6%, significantly impacted by Covid-19.

We begin our 2021 company agenda with energy and a focus on growth in our core businesses – with opportunities in areas such as cloud, data and analytics, next generation automation, Financial Services software and Healthcare solutions. Currently

we estimate the overall business to return to growth during the second half of 2021.

Our financial guidance has been updated both for 2021 and the longer-term view up to 2023. Guidance for 2021 consists of revenue growth of -1% to +2% and an increase in the adjusted profit margin (adjusted EBITA) to between 13% and 14%. As announced at our Capital Markets Day on 3 December, our new financial targets include revenue growth of 5% by 2023, profitability (adjusted EBITA) of 15% by 2023 as well as annual increase in dividends. Based on strong profitability and cash flow in 2020, the dividend proposal for the Annual General Meeting is EUR 1.32 per share – continuing the longer-term dividend attractiveness of the company.

As TietoEVRY, we are energized by the opportunity to guide and support our customers on their digital and data-rich journeys – and contribute to the advancement of the societies we live in. Our path forward is supported by the recently launched Sustainability Game Plan 2023 – including ambitions for gender balance and climate actions in our operations. This supports us in developing our highly talented professionals and attracting future talent to join us in this exciting and meaningful journey."

# TietoEVERY's quarter in brief

## Strong profitability and cash flow

Revenue was organically<sup>1)</sup> down by 6%, of which 4% was attributable to the impact of Covid-19. Additionally, anticipated short-term decline in Cloud & Infra revenue had a negative impact on growth. Adjusted operating margin improved clearly from the previous year's level, supported by merger-related synergies. The impact of negative revenue development was offset by cost savings related to actions taken in response to Covid-19. Operative cash flow in the quarter was strong and amounted to EUR 125 million.

## Synergy run-rate of EUR 80 million achieved

TietoEVERY's integration continues to progress at a fast pace and synergies are materializing as planned. TietoEVERY achieved a run-rate of EUR 80 million in merger-related synergies by the end of 2020. Around EUR 30 million of this was visible in operating profit in the full year 2020. The company expects to achieve a run-rate of EUR 90-95 million by the end of 2021.

## Growth gaining ground in the second half of 2021

Growth is anticipated to gain ground in the second half of the year while Covid-19 will still have a negative impact in the early part of 2021. Profitability is anticipated to improve in 2021. Merger-related synergies continue to contribute to profitability and, at the same time, one-time items are anticipated to significantly decrease from the 2020 level.

## Significant wins

### Strategic agreement with Eika in Norway

Eika Alliance, one of Norway's largest banks and insurance companies, and TietoEVERY entered into a strategic agreement. The agreement covers a delivery of the next generation of core banking and payment solutions, including card services and digital channels. Eika will gain high-quality digital solutions for compliance and security – as well as innovative and future-oriented banking solutions. The five-year agreement includes the option to extend for a further four years.

### Strong presence in the Swedish public sector

Region Stockholm signed an agreement with TietoEVERY for IT support to facilitate more accessible healthcare. The agreement supports, for example, the care and nursing plan created prior to discharge from hospital – which facilitates measures by municipal health and/or social care services. The value of the initial order is approximately SEK 56 million and the value of additional options and extensions is approximately SEK 104 million.

### Helping SOS Alarm ensure reliable services in Sweden

SOS Alarm AB chose TietoEVERY to implement the new IP-based 112 solution planned to replace the existing PSTN (Public Switched Telephone Network) solution. TietoEVERY's assignment is to implement the communication solution and, in cooperation with SOS Alarm AB, connect the Communication Service Providers with SOS Alarms Call Center.

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

# Comparable financial information for illustrative purposes

This section includes comparable financial information with comparison figures restated to account for the new segment structure.

## Financial performance

	Revenue, EUR million 10–12/2020	Revenue, EUR million 10–12/2019	Growth, %	Organic growth, % <sup>2)</sup>	Adjusted <sup>1)</sup> operating profit, EUR million 10–12/2020	Adjusted <sup>1)</sup> operating profit, EUR million 10–12/2019	Adjusted <sup>1)</sup> operating margin, % 10–12/2020	Adjusted <sup>1)</sup> operating margin, % 10–12/2019
Digital Consulting	172.8	188.7	-8	-6	29.9	24.0	17.3	12.7
Cloud & Infra	227.3	264.8	-14	-13	19.3	34.7	8.5	13.1
Industry Software	134.3	136.6	-2	-1	35.1	25.8	26.2	18.9
Financial Services Solutions	108.8	116.8	-7	-3	15.2	17.2	14.0	14.7
Product Development Services	36.0	39.1	-8	-10	5.0	4.4	13.8	11.1
Other	32.8	32.0	2	16	1.9	-0.9	—	—
<b>Total</b>	<b>712.0</b>	<b>778.1</b>	<b>-9</b>	<b>-6</b>	<b>106.4</b>	<b>105.2</b>	<b>14.9</b>	<b>13.5</b>

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

<sup>2)</sup> Adjusted for currency effects and impact from acquisitions and divestments

In **Digital Consulting**, revenue was organically down by 6%, impacted by Covid-19 and integration. The impact of Covid-19 was around 6% and was visible especially in short and smaller contracts. Measures to improve the quality of the project portfolio contributed to profitability and the adjusted operating margin improved to 17.3% (12.7). Furthermore, savings actions in response to Covid-19 continued. Digital Consulting is anticipated to return to growth mode as the Covid-19 situation improves. In the first quarter, the impact of Covid-19 is anticipated to remain at the previous quarter's level and the adjusted operating margin at or above the level of the corresponding quarter of 2020.

In **Cloud & Infra**, revenue was organically down by 13%. The primary reasons for the decline were contracts lost prior to the merger in 2019 (around 7 percentage points), the high comparative figure in the corresponding quarter of 2019 (around 5 percentage points) and the impact of Covid-19 (around 2 percentage points). Adjusted operating margin was down to 8.5% (13.1), mainly due to the decline in volumes and temporarily higher costs related to the redefined partnership with IBM. During the transformation period of around 12 months (from June 2020), profitability is anticipated to temporarily be at a lower level due to incremental costs. The impact of contracts lost prior to the merger will peak in the first quarter and be around 11%. Revenue decline is estimated to be slightly higher than in the fourth quarter of 2020 and bottom out in the first quarter. First-quarter adjusted operating margin is expected to be at a lower level compared to the corresponding quarter of 2020.

In **Industry Software**, revenue was organically down by 1%, affected by Covid-19 impact of around 3%. Growth of solutions for the welfare segment was healthy, with revenue up by 24%. Adjusted operating margin improved to 26.2% (18.9), enabled by systematic transformation of global software R&D practices and continuous efficiency improvement. In the first quarter, the impact of Covid-19 is anticipated to remain at the previous quarter's level and adjusted operating margin is anticipated to improve from the level of the corresponding quarter of 2020.

In **Financial Services Solutions**, revenue was organically down by 3% while several new wins were concluded during the quarter. The impact of Covid-19, which especially affected the Cards business, was around 3% and additionally large deliveries in the fourth quarter of 2019 resulted in a high comparative figure. Adjusted operating margin remained healthy at the level of the corresponding quarter in 2019 at 14.0% (14.7). Operational improvements contributed to profitability while the investment level in this business was maintained at a higher level to support deliveries of new orders. In the first quarter, the impact of Covid-19 is anticipated to remain at the previous quarter's level and adjusted operating margin to be at the level of the corresponding quarter of 2020.

In **Product Development Services**, revenue declined organically by 10%. Negative impact of Covid-19 was 6%, affecting the automotive industry in particular. Good demand for 5G Radio and 5G Core technologies continues. Product Development Services gained several new customers during the quarter. Profitability improved due to effective cost base

management and actions taken in response to Covid-19. Adjusted operating margin was up to 13.8% (11.1). In the first quarter, the impact of Covid-19 is anticipated to remain at the previous quarter's level and the adjusted operating margin is

anticipated to decline from the level of the corresponding quarter of 2020.

Reportable segments are described in the tables section.

## Financial performance

	Revenue, EUR million 1–12/2020	Revenue, EUR million 1–12/2019	Growth, %	Organic growth, % <sup>2)</sup>	Adjusted <sup>1)</sup> operating profit, EUR million 1–12/2020	Adjusted <sup>1)</sup> operating profit, EUR million 1–12/2019	Adjusted <sup>1)</sup> operating margin, % 1–12/2020	Adjusted <sup>1)</sup> operating margin % 1–12/2019
Digital Consulting	662.0	736.2	-10	-6	92.8	87.5	14.0	11.9
Cloud & Infra	931.6	1 005.0	-7	-5	93.5	112.5	10.0	11.2
Industry Software	501.1	509.2	-2	2	91.5	74.4	18.3	14.6
Financial Services Solutions	418.8	434.0	-4	2	54.4	58.9	13.0	13.6
Product Development Services	142.4	146.6	-3	-3	18.0	14.8	12.7	10.1
Other	130.5	119.9	8	13	4.8	-6.4	—	—
<b>Total</b>	<b>2 786.4</b>	<b>2 950.9</b>	<b>-6</b>	<b>-2</b>	<b>355.0</b>	<b>341.7</b>	<b>12.7</b>	<b>11.6</b>

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

<sup>2)</sup> Adjusted for currency effects and impact from acquisitions and divestments

# IT market development

- Creating superior experiences enabled by data continues to be a strong driver for investments across industries
- Covid-19's implications are anticipated to accelerate customers' digital ambitions
- Cloud services, data and analytics as well as utilization of DevOps are anticipated to see double-digit growth over the next few years
- The IT market is anticipated to decline during the early part of 2021 and rebound to growth in the second half, subject to Covid-19

While the implications of Covid-19 have accelerated digital ambitions by several years, industry analysts currently anticipate the IT market to decline in the first half of 2021. Large and long-term contracts with substantial core technology content are less affected than shorter and smaller assignments.

Enterprises across industries as well as the public sector are undergoing a fundamental change in creating value. The shift towards more digital interaction and experiences enabled by data continues to be a strong trend. Change in orientation from products to services is creating new growth opportunities and revenue streams across industries and businesses.

The digital world is enabled by a number of technology-led advancements and new applications, including ones that utilize artificial intelligence and machine learning.

Technological drivers include cloud, data and analytics as well as overall software development, accelerated by open APIs. This creates the opportunity for businesses and societies to move to the data-oriented intelligent world at a fast pace.

Agile enterprises and cost-efficient IT are becoming a new norm and customers are shifting from traditional large-scale projects to adaptive and rapid development cycles, utilizing concepts such as DevOps. There is growing demand for smaller or mid-sized cloud projects as an alternative to large outsourcing agreements.

Cloud adoption, multi-cloud management as well as scalable IT environments and automation continue to enable cost optimization. Cloud services, data and analytics as well as utilization of DevOps and software-driven digitalization are anticipated to see double-digit growth over the next few years. Spending on traditional infrastructure services continues to decline.

## Strategy cornerstones to position for growth

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

### Services to accelerate customers' digital agenda

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

- Focus on Nordic companies and public sector, building on deep customer knowledge

- Services and global capabilities to accelerate customers' digital agendas – Digital Consulting, Cloud & Infra, Industry Software, Financial Services Solutions and Product Development Services
- Accelerated growth through cloud, data & analytics and software – representing over 70% of the company's investments
  - **Growth ambition of over 20%:** public cloud services, Data & Analytics solutions as well as DevOps and automation
  - **Growth ambition of over 10%:** software businesses, including payments software and card services, Nordic healthcare and citizen services as well as product development services business.

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

## Long-term financial targets

The company announced its financial targets in December

- Growth accelerating to 5% by 2023
- Adjusted EBITA 15% by 2023
- Net debt/EBITDA below 2 by the end of 2022
- One-time items around 1% of revenue post 2021
- Dividends increased annually<sup>1)</sup>

<sup>1)</sup> Baseline EUR 1.27 per share, which was the initial dividend proposal to the Annual General Meeting 2020

## Operating model to drive customer value

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

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

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

International businesses include selected industry software and financial services solutions as well as the International Operations segment, which includes businesses in Austria, the Baltic countries and Russia. Furthermore, International Operations serve non-Nordic customers from India and Ukraine.

## Measures to ensure future profit contribution

During the year, TietoEVERY took measures intended to allow the integrated company to move forward with less uncertainty and greater potential to improve profitability. The company redefined the scope and operating model of its partnership with IBM and took full responsibility for the service processes and quality. Furthermore, the company's decision to end the SmartUtilities platform concluded a multi-year investment and eliminates further potential negative profit impact. Consequently, adjusted items were unusually high in 2020 and are anticipated to be significantly lower in 2021.

## Realizing the merger synergies

Based on advanced digital consulting practices at scale and strong multi-cloud capabilities coupled with a competitive software portfolio, TietoEVERY is well positioned to drive digitalization of Nordic enterprises and public sector. In 2020, the company built an integrated company, made good progress in synergy realization and laid the foundation for future performance. Achievements include:

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

The company achieved merger synergies of EUR 30 million during 2020 and a run-rate of EUR 80 million by the year-end. The employee consultation processes initiated in 2020 resulted in around 950 redundancies, mainly in the Nordic countries. Integration costs amounted to EUR 84 million in 2020.

The total cost synergy target was increased to EUR 100 million during the year. Non-recurring implementation costs are anticipated to materialize during 2020-2022 and total EUR 110-120 million.

# Performance in 2021

In the full year, TietoEVERY estimates its relevant market to grow by 0–2%, reflecting an assumed negative impact of 2% from the Covid-19 pandemic. The company anticipates its performance to be affected by the Covid-19 pandemic in the early part of 2021 and revenue to turn to organic growth<sup>1)</sup> in the second half of the year. In the full year, the company expects organic growth<sup>1)</sup> in all Service Lines, except for Cloud & Infra. The contracts lost prior to the merger in Cloud & Infra is expected to have a negative impact of around 2.5 percentage points on the Group's full-year growth. The company expects its full-year organic growth<sup>1)</sup> to be -1% to +2%.

## Financial impact of the Covid-19 pandemic

Measures to secure the health and safety of employees and ensure continuity of critical services to customers, as well as measures to minimize the financial impact of the pandemic have been successful. Covid-19's impact on TietoEVERY's first-quarter revenue in 2021 is anticipated to remain similar to the fourth quarter of 2020, at around 4%. The company has, however, demonstrated a good ability to offset the negative margin impact.

Resilience is anticipated to vary by business due to different contractual structures:

- **Digital consulting:** primarily short-term contracts while relationships with customers are long – application services with long-term agreements represent approximately 20% of consulting revenue
- **Product development services:** short contracts within long-term commitments contributing to customers' core development roadmaps – stability due to TietoEVERY's role in customers' key development areas
- **Infrastructure services:** primarily long-term commitments of 3-5 years – fluctuations in demand in some services in the short-term, e.g. increase in network capacity while some onsite installations are postponed

- **Industry software and Financial Services Solutions:** primarily long-term contractual periods of up to 5-7 years, with customer relationships lasting much longer.

Covid-19-related cost savings comprise both non-personnel-related activities such as reduced travelling and training as well as temporary layoffs in the areas where TietoEVERY has experienced a temporary decline in demand. The need for temporary leaves is assessed on a regular basis, subject to the magnitude and duration of weak market conditions.

More information on Covid-19's impact on the company is available at [www.tietoevery.com/investors](http://www.tietoevery.com/investors).

## Merger-related efficiencies

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

## Adjusted items at a lower level in 2021

In addition to integration costs of EUR 26-36 million, TietoEVERY estimates that it will book costs of around EUR 16-21 million in other adjusted items.

## Cloud & Infra performance

In the Cloud & Infra business, the transformation related to the redefined IBM partnership will continue. During the first half of 2021, growth and profitability will be impacted by a decline in revenue due to contracts lost prior to the merger in 2019 and incremental costs in IBM-related quality improvement (see Cloud & Infra in the [Comparable financial information section](#)).

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

# Financial performance in October–December

	10–12/2020	10–12/2019
Revenue, EUR million	712.0	542.8
Change, %	31.2	28.7
Operating profit (EBIT), EUR million	77.8	34.2
Operating margin (EBIT), %	10.9	6.3
Adjusted <sup>1)</sup> operating profit (EBIT), EUR million	106.4	74.4
Adjusted <sup>1)</sup> operating margin (EBIT), %	14.9	13.7
Profit after taxes, EUR million	54.5	11.7
EPS, EUR	0.46	0.13
Net cash flow from operations, EUR million	125.2	128.3
Return on equity, 12-month rolling, %	5.7	7.3
Return on capital employed, 12-month rolling, %	5.2	6.9
Capital expenditure, EUR million	17.9	17.9
Order backlog	3 350	3 640
Acquisitions, EUR million	0.4	175.0
Interest-bearing net debt, EUR million	883.3	1 070.0
Personnel on 31 December	23 632	24 322

Fourth-quarter revenue increased by 31.2% to EUR 712.0 (542.8) million, mainly due to the merger. Covid-19's impact on revenue was around 4% (negative). Fourth-quarter operating profit (EBIT) amounted to EUR 77.8 (34.2) million, representing a margin of 10.9 (6.3). Operating profit includes EUR 28.5 (40.3) million in adjustment items, mainly related to amortization of acquisition-related intangible assets, integration costs and redefined IBM partnership. Adjusted<sup>1)</sup> operating profit stood at EUR 106.4 (74.4) million, or 14.9% (13.7) of revenue. Further details on fourth-quarter adjusted items are available in the [Alternative Performance Measures](#) paragraph. Currency changes had a negative impact of around EUR 13 million on revenue and EUR 2 million on operating profit.

Depreciation and amortization amounted to EUR 42.1 (32.1) million, including EUR 17.6 (14.3) million in depreciation of right of use assets (IFRS 16 impact) and EUR 11.4 (4.7) million in amortization of acquisition-related intangible assets. Net financial expenses stood at EUR 5.8 (15.5) million. Net interest expenses were EUR 5.7 (2.9) million and net gains from foreign exchange transactions EUR 0.5 (losses 10.3) million. Other financial income and expenses amounted to EUR -0.6 (-2.4) million.

Earnings per share (EPS) totalled EUR 0.46 (0.13). Adjusted<sup>1)</sup> earnings per share amounted to EUR 0.65 (0.49).

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

## Financial performance by segment

EUR million	Revenue 10–12/2020	Revenue 10–12/2019	Change %	Operating profit 10–12/2020	Operating profit 10–12/2019
Digital Consulting	172.8	127.9	35	27.8	2.4
Cloud & Infra	227.3	184.3	23	5.8	22.5
Industry Software	134.3	110.9	21	33.8	16.5
Financial Services Solutions	108.8	63.6	71	8.8	9.4
Product Development Services	36.0	38.5	-7	5.0	3.9
Other	32.8	17.6	86	-3.3	-20.5
<b>Group total</b>	<b>712.0</b>	<b>542.8</b>	<b>31</b>	<b>77.8</b>	<b>34.2</b>

## Operating margin by segment

%	Operating margin 10–12/2020	Operating margin 10–12/2019	Adjusted <sup>1)</sup> operating margin 10–12/2020	Adjusted <sup>1)</sup> operating margin 10–12/2019
Digital Consulting	16.1	1.9	17.3	9.8
Cloud & Infra	2.5	12.2	8.5	15.7
Industry Software	25.2	14.9	26.2	16.6
Financial Services Solutions	8.1	14.8	14.0	17.8
Product Development Services	13.8	10.0	13.8	11.6
<b>Total</b>	<b>10.9</b>	<b>6.3</b>	<b>14.9</b>	<b>13.7</b>

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

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

Performance of all reporting segments is described in the [Comparable financial information](#) for illustrative purposes section.

# Financial performance in January–December

	1–12/2020	1–12/2019
Revenue, EUR million	2 786.4	1 734.0
Change, %	60.7	11.2
Operating profit (EBIT), EUR million	146.7	126.8
Operating margin (EBIT), %	5.3	7.3
Adjusted <sup>1)</sup> operating profit (EBIT), EUR million	355.0	199.4
Adjusted <sup>1)</sup> operating margin (EBIT), %	12.7	11.5
Profit after taxes, EUR million	94.5	78.7
EPS, EUR	0.80	1.02
Net cash flow from operations, EUR million	354.7	278.4
Return on equity, 12-month rolling, %	5.7	7.3
Return on capital employed, 12-month rolling, %	5.2	6.9
Capital expenditure, EUR million	83.5	51.4
Order backlog	3 350	3 640
Acquisitions, EUR million	0.6	175.7
Interest-bearing net debt, EUR million	883.3	1 070.0
Personnel on 31 December	23 632	24 322

Full-year revenue increased by 60.7% to EUR 2 786.4 (1 734.0) million, mainly due to the merger. Covid-19's impact on revenue was around 3% (negative). Full-year operating profit (EBIT) amounted to EUR 146.7 (126.8) million, representing a margin of 5.3 (7.3). Operating profit includes EUR 208.3 (72.6) million in adjusted items, mainly related to integration costs, amortization of acquisition-related intangible assets, the ending of the SmartUtilities platform and redefined IBM partnership. Adjusted<sup>1)</sup> operating profit stood at EUR 355.0 (199.4) million, or 12.7 (11.5) of net sales. Further details on adjusted items are available in the [Alternative Performance Measures](#) paragraph. Negative currency changes had an impact of EUR 82 million on revenue and around EUR 13 million on operating profit.

Depreciation and amortization amounted to EUR 175.8 (106.6) million, including EUR 72.7 (49.9) million in depreciation of right of use assets (IFRS 16 impact) and EUR 45.5 (8.0) million in amortization of acquisition-related intangible assets. Net financial expenses stood at EUR 24.4 (26.1) million. Net interest expenses were EUR 22.3 (8.8) million and net gains from foreign exchange transactions EUR 0.8 (losses 13.0) million. Other financial income and expenses amounted to EUR -2.9 (-4.3) million.

Earnings per share (EPS) totalled EUR 0.80 (1.02). Adjusted<sup>1)</sup> earnings per share amounted to EUR 2.16 (1.76).

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

## Financial performance by segment

EUR million	Revenue 1–12/2020	Revenue 1–12/2019	Change %	Operating profit 1–12/2020	Operating profit 1–12/2019
Digital Consulting	662.0	436.3	52	70.8	30.1
Cloud & Infra	931.6	584.7	59	36.6	56.4
Industry Software	501.1	371.2	35	38.8	37.1
Financial Services Solutions	418.8	151.8	> 100	10.0	24.2
Product Development Services	142.4	143.5	-1	17.7	14.5
Other	130.5	46.5	> 100	-27.2	-35.4
<b>Group total</b>	<b>2 786.4</b>	<b>1 734.0</b>	<b>61</b>	<b>146.7</b>	<b>126.8</b>

## Operating margin by segment

%	Operating margin 1–12/2020	Operating margin 1–12/2019	Adjusted <sup>1)</sup> operating margin 1–12/2020	Adjusted <sup>1)</sup> operating margin 1–12/2019
Digital Consulting	10.7	6.9	14.0	11.3
Cloud & Infra	3.9	9.6	10.0	12.7
Industry Software	7.7	10.0	18.3	11.1
Financial Services Solutions	2.4	15.9	13.0	17.9
Product Development Services	12.4	10.1	12.7	10.5
<b>Total</b>	<b>5.3</b>	<b>7.3</b>	<b>12.7</b>	<b>11.5</b>

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

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

# Cash flow and financing

Fourth-quarter net cash flow from operations amounted to EUR 125.2 (128.3) million, including a decrease of EUR 17.8 (49.9) million in net working capital. The decrease in net working capital is mainly attributable to a decline in various receivable items. Payments for restructuring amounted to EUR 8.4 (5.9) million.

Full-year cash flow from operations amounted to EUR 354.7 (278.4) million, including a decrease of EUR 67.2 (66.7) million in net working capital. Payments for restructuring amounted to EUR 29.6 (17.0) million.

Full-year tax payments were EUR 28.9 (31.4) million.

The equity ratio was 45.9% (44.5). Gearing decreased to 54.3% (63.4). Interest-bearing net debt totalled EUR 883.3 (1 070.0) million, including EUR 925.5 (964.1) million in interest-bearing debt, EUR 243.1 (298.3) million in lease liabilities, EUR 5.2 (5.6) million in finance lease receivables,

EUR 27.9 (10.3) million in other interest-bearing receivables and EUR 252.3 (164.6) million in cash and cash equivalents.

Interest-bearing long-term loans amounted to EUR 1 056.9 (814.5) million at the end of December. The company issued a new EUR 300 million bond in June 2020 to refinance a bridge loan related to the merger. The bond has a coupon of 2% and it will mature in June 2025. In addition to the EUR 300 million bond, interest-bearing long-term loans consist primarily of a EUR 100 million bond expiring in September 2024, a EUR 85 million loan from the European Investment Bank, a EUR 400 million long-term loan from financial institutions and EUR 171.0 million in lease liabilities.

Interest-bearing short-term loans amounted to EUR 111.7 (448.0) million, mainly related to leasing liabilities. The committed revolving credit facility of EUR 250 million expiring in September 2024 was not in use at the end of December.

# Investments and development

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

TietoEVERY's offering development costs amounted to around EUR 135 (2019: 80 and 2018: 80) million, representing 4.8% (2019: 4.6% and 2018: 5.0%) of the Group's revenue.

Of these costs, EUR 51.0 (17.0) million were capitalized. In 2020, the focus was on Industry Software, especially solutions for Health & Care and Financial Services.

Capital expenditure totalled EUR 83.5 (51.4) million, including the capitalized costs for the development of industry software. Capital expenditure represented 3.0% (3.0) of net sales.

# Order backlog

The significance of traditional measures for the order backlog is impacted by the shift from traditional large outsourcing agreements towards agile methods and consumption-based business models. Additionally, traditional development programmes are cut into smaller projects. While this change in customer behaviour affects the order backlog levels, it is not expected to have any significant impact on TietoEVERY's market opportunity and business outlook.

TietoEVERY's order backlog amounted to EUR 3 350 (3 640) million at the end of December. Of the backlog, 49% is expected to be invoiced during 2021. The order backlog includes all signed customer orders that have not been recognized as revenue, including estimates of the value of consumption-based contracts.

# Major agreements in January–December

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, EasyUse signed an agreement with TietoEVRY within the Cards business area. This is a five-year agreement for the delivery of a Prepaid closed loop service within the ferry and cruise shipping segment. The cards will be used onboard ships and at partner merchants like hotels and shops.

In February, Telenor extended its agreement with TietoEVRY on IT infrastructure and cloud services for four more years. The renewed partnership will ensure that Telenor will be able to accelerate its digital transformation, and simultaneously provides a high level of focus on security, agility and stability. The areas covered by the agreement include dynamic infrastructure (IaaS), application and database operations, storage services, end-user and data centre services. TietoEVRY will also participate in Telenor's cloud journey as well as the modernization and automation of business support tools.

In February, Ahlstrom-Munksjö, a global leader in fibre-based materials, extended its collaboration with TietoEVRY. The company's renewal, based on the Tieto Integrated Paper Solution (TIPS), continues to drive business modernization at over 40 plants and will convert units globally. The new system automates Ahlstrom-Munksjö's key business processes and improves internal agility. Digitalization also enhances customer experience and enables new business models and digital business.

In February, Fjellinjen, a company responsible for the collection of road tolls on the Oslo toll ring and the most important financial contributor to road construction in the region, entered into an agreement with TietoEVRY on the delivery of multichannel invoice distribution and master data services. The solution will ensure more efficient invoicing and mailing processes, better control and optimized distribution processes as well as reduced print, material and postage costs by increasing the volume of digital distribution in a simple, secure and cost-effective way.

In February, Geldmaat extended its collaboration with TietoEVRY on the delivery of the Sealbag service, which allows customers to make self-serviced deposits and drops of notes. The notes are packed in self-locking bags and dropped

in safes operated via a sealbag processing mechanism. TietoEVRY delivers the central platform with additional managed services according to the master service agreement with the customer. The related machines and services will be provided all across the Netherlands. This service was an option to the master service agreement, signed with the customer back in 2018.

In February, Asfinag, an Austrian publicly owned corporation that plans, finances, builds and maintains Austrian autobahns and handles their toll collection, extended its agreement with TietoEVRY on IT service delivery, containing, for example, services for SAP and software development. As the main full-service IT partner for Asfinag, Tieto will contribute to sustainable improvement and increase efficiency in the customer's processes. The extension has an estimated value of over EUR 5 million.

In March, Mayr-Melnhof extended its development partnership for the new Manufacturing Execution System for 37 plants in the Packaging division. The agreement is an extension for the delivery of the Rough and Fine Planning system agreed in 2019.

In March, Malaysian Newsprint Industries Sdn Bhd (MNI), one of the leading manufacturers and suppliers of paper across South East Asia, selected TietoEVRY as their business transformation partner. The modernization of MNI's key business processes will improve quality of paper and On Time In Full Delivery Service (OTIF). It will also enable visibility of real-time data and Key Performance Indicators (KPI). The renewal covers various key processes, for example, order to cash, advanced planning and trimming, reporting and analytics, warehouse management and logistics, invoicing and integration into the existing ERP system. The renewal is based on the Tieto Integrated Paper Solution (TIPS) for the pulp, paper, board, packaging, tissue and non-woven industries.

In March, Skatteetaten and TietoEVRY extended their collaboration related to Workspace services. Skatteetaten is planning to carry out a personnel transfer and take on 1 250 new employees, formerly employed as local tax collectors in Norwegian municipalities. TietoEVRY will supply the new employees with equipment, including laptops, PC screens and mobile phones.

In March, TietoEVRY and Statens Service Center agreed on a new service to deliver Primula, a comprehensive HR and

payroll service, to 35 governmental authorities. At the moment, its set up in a common cloud environment in TietoEVERY's data centre in Kista is ongoing. The related cloud service will support all processes within the area of HR and payroll. In addition, the contract includes a major investment by the customer in the development of the product that will meet the future needs of users. Total value of the seven-year agreement is SEK 27 million.

In March, TietoEVERY signed an agreement with Deutsche Bank for Virtual Account Management (VAM) software. Deutsche Bank will leverage TietoEVERY's VAM platform as a complementary technology solution that can seamlessly integrate with its award-winning Cash, Trade and FX platform, thus further enhancing its cash management offering to the benefit of its corporate clients.

In March, Posten Norge AS chose TietoEVERY to deliver a payroll solution based on the Unit4 ERP system. Posten Norge decided to insource their payroll service and purchase a payroll system to run the payroll process internally. TietoEVERY was chosen by the customer in heavy competition with leading suppliers in the market. A solid and efficient solution as well as trustworthy project setup and a reliable implementation process became important winning criteria. The solution is scheduled to go into production in January 2021 and is estimated to provide salary payments to 13 000 employees.

In April, TietoEVERY signed an agreement with SEB for Virtual Account Management software. The solution will allow SEB to offer its corporate customers virtual cash management services. The new service will support SEB's multinational corporate customers that need a fast and reliable way to centralize collection of payments and rationalize bank account structure. The launch of the new service forms part of SEB's wider plans to invest in cash management services. Virtual cash management is an important part of this journey to improve customer experience and offer new and innovative value propositions.

In April, AB Storstockholms Lokaltrafik, the public transport administration of Stockholm County, decided to continue its digital journey with TietoEVERY by extending the current outsourcing agreement – the next step in a long and successful relationship. The objective of the extended collaboration is to boost the customer's efficiency, provide workplace flexibility via digital online solutions and contribute to stable and secure operation of Stockholm's public transportation.

In April, TietoEVERY and Aimo Park, the leading parking company in the Nordics, entered into a strategic partnership

to accelerate Aimo Park's digital transformation. The new collaboration will fuel development of innovative parking and mobility solutions by increasing automation and utilizing a variety of cloud services. TietoEVERY is leading the integration process. The new landscape consists of several cloud solutions from a variety of providers that cover systems such as Enterprise Resource Planning (ERP), Customer Relation Management (CRM) and Content Management (CMS). These solutions will enable faster time to market, more agile development of services and an improved end-user experience. Aimo Park will also be able to achieve better cost predictability and management with one single service provider to orchestrate its IT landscape.

In May, TietoEVERY and Finland's Legal Register Centre signed a new contract for the further development of digital citizens' services. Expanding their long-term relationship, this project covers application management and service production of legal aid, and financial and debt counselling systems. The project is a part of the Legal Register Centre's overall operations standardization and development drive, which will usher in improved digital services for Finnish citizens.

In May, Helsinki and Uusimaa Hospital District (HUS) chose TietoEVERY to deliver architecture and application development as well as maintenance services to the Health Village project, an internationally unique concept. Health Village is a digital service platform offering information and support to citizens, care for patients and tools for healthcare professionals. It enables creation of symptom navigators and digital care paths as well as monitoring of health data and remote appointments. Furthermore, it provides secured communication channels across patients and care personnel. TietoEVERY has been the development partner of Health Village since 2018.

In May, the Norwegian Digitalisation Agency prolonged its agreement with TietoEVERY for operating ID-Porten/MinID and the digital contact register in Norway. The ID-Porten is a login solution that provides citizens access to online services across government agencies and municipalities. The solution is used by more than 800 public entities for more than 4 000 internet-based public services. The total value of the agreement is NOK 46 million.

In May, Volvofinans Bank AB, one of the largest card issuers in Sweden with around one million customers, entered into a new agreement with TietoEVERY. The customer will be provided with expert support as well as solutions in the domains of service desk, financial services, infrastructure and security. The agreement entails access to TietoEVERY's PCI DSS certified platform for payments and Security Operations Center (SOC), which enables real-time surveillance.

Collaboration with Volvofinans started in 2014, and the new agreement is yet another milestone in a successful partnership with the customer. The contract is valid for five years and the total contract value is SEK 85 million.

In June, Metsä Group renewed its agreement with TietoEVERY on cloud and infrastructure services. The new solution continues the modernization of Metsä Group's global ICT capacity services with maximized business continuity and helps Metsä Group focus on their core business activities.

In June, TietoEVERY entered into a long-term agreement with Nordea, expanding the company's strong international customer base in its Cards business. TietoEVERY will provide the client with a modern platform for card services (SaaS). The scope of the engagement covers card issuing and processing as well as dispute process management for Norway and Sweden. Based on the agreement, the customer will be able to consolidate their card-issuing capabilities onto a single platform, achieving a lower total cost of ownership as well as streamlining their services across countries, while customers will benefit from simpler and quicker access to new, future-oriented payment solutions.

In June 2020, TietoEVERY signed an agreement with International Card Services (ICS), part of ABN AMRO, the largest credit card issuing business in the Netherlands, to modernize the customer's Cards solution and to deliver end-to-end services based on a Software as a Service agreement, valid for over seven years.

In July, TietoEVERY extended its collaboration with Hyland Healthcare, a leading global provider of connected healthcare solutions, to deliver a best-in-class solution for digital pathology. A consortium of five companies, including TietoEVERY and Hyland Healthcare, is partnering to deliver PATOS to Region Västra Götaland (VGR). PATOS is a digital pathology solution that enables improved cancer diagnostics and patient treatment. The agreement is currently in year five of an initially 10-year contract and includes an option for VGR to extend the relationship for another ten years.

In July, Cambio Healthcare Systems chose TietoEVERY as its IT operations partner for future healthcare information support for nine Swedish regions. The Swedish SUSSA regions of Blekinge, Sörmland, Västerbotten, Västernorrland and Örebro counties decided to jointly procure a new healthcare information support platform and signed an agreement with Cambio in June 2019. Cambio has chosen TietoEVERY as its IT operations partner to ensure safe and secure IT operation of the healthcare information support platform.

In September, the City of Västerås chose TietoEVERY as its IT partner in four defined areas: infrastructure services, service desk and on-site support, security services and workplace services. The four-year agreement with an option to extend the delivery by another two years has a contract value of SEK 300 million. The procurement placed high demands on user experience, efficiency, quality as well as enhanced safety and accessibility, to support 11 000 employees in areas such as healthcare, welfare, education and administration.

In September, Systembolaget Aktiebolag chose TietoEVERY to deliver managed collaborative smart screens as a service to all of its stores. The agreement covers hardware, configuration, on-site installation, support and operations.

In September, Servicegrossistene AS, a growing national full-service wholesaler supplying food and drink to the food service market, chose TietoEVERY to deliver a service-based solution based on cloud technology from Microsoft Dynamics 365. The transition to Dynamics 365, in combination with tools for areas such as reporting, analysis and logistics process optimization, will lay the foundation for the company's growth also in the future. The company also aims to make the day-to-day activities of its wholesalers and customers more flexible and efficient. The six-year agreement represents a total contract value of around NOK 45 million.

In October, Kesko and TietoEVERY announced an agreement on expanded collaboration. TietoEVERY will support the implementation of Kesko's strategy to boost productivity and cost-efficiency through automation and new technologies. The co-operation also enables more efficient utilization of data. Under the new co-operation agreement, TietoEVERY and Kesko will continue to collaborate on continuous operational IT services with a development focus. The partnership aims to ensure that the services are business-oriented and maintain a high standard. The co-operation agreement covers a wide range of services, including management of Kesko's business-critical applications, integration services and cloud services, end-user services as well as information security and capacity services.

In November, Region Stockholm signed an agreement with TietoEVERY for IT support to facilitate more accessible healthcare. The agreement supports, for example, the care and nursing plan created prior to discharge from hospital – which facilitates measures by municipal health and/or social care services. The value of the initial order is approximately SEK 56 million but can be extended to SEK 104 million with additional options and extensions. The agreement is initially valid for four years with the possibility of extending for up to another four years.

In November, Maldives Monetary Authority (MMA) signed an agreement with TietoEVRY to implement an Instant Payments System in the Maldives. The Instant Payments System will form the most essential component of the Maldives Payment System Development Project. The implementation will enable users to make and receive payments in real-time. The Instant Payments System in the Maldives will be based on TietoEVRY's solution and will include ISO20022 message processing, liquidity management, fee management, fraud management and proxy (smart) addressing services.

In November, TietoEVRY signed a strategically important agreement with Innovasjon Norge to deliver the company's suite of case management services. The agreement will contribute to professional and more agile response from Innovasjon Norge towards its key stakeholders. The value of this four-year agreement is approximately NOK 15 million.

In November, SOS Alarm AB in Sweden chose TietoEVRY to implement the new IP-based 112 solution planned to replace the existing PSTN (Public Switched Telephone Network) solution. TietoEVRY's assignment is to implement the communication solution and, in cooperation with SOS Alarm AB, connect the Communication Service Providers with SOS Alarms Call Center. The contract also includes six years of operating the 112 communications solution. As 112 is a highly critical service for Swedish society, extremely high requirements have been set for reliability and security. In December, TietoEVRY signed a three-year agreement with

OKQ8. OKQ8 with its 753 service stations is one of the largest fuel distribution companies in Sweden, investing in renewable energy solutions areas such as solar panels and infrastructure for chargeable electrical vehicles. As an IT partner, TietoEVRY will provide services and support in areas such as internet banking, payments and credit solutions. Furthermore, the agreement covers services within information logistics, e.g. e-ID, printing, mailing and archiving services.

In December, the City of Vellinge prolonged the current outsourcing contract for infrastructure services until 2023. TietoEVRY will continue to have the complete responsibility for server and application operations, workplace management, network services, Service Desk and on-site support. TietoEVRY will also work in the areas of digitalization of new services and automation of processes. TietoEVRY will secure user-focused, efficient and high-quality services for key areas such as social care, welfare and education.

In December, Eika Alliance, one of Norway's largest banks and insurance companies, and TietoEVRY entered into a strategic agreement. The agreement covers a delivery of the next generation of core banking and payment solutions, including card services and digital channels. Eika is anticipated to gain high-quality digital solutions for compliance and security – as well as innovative and future-oriented banking solutions. The agreement runs for five years after all the Eika banks have been migrated to TietoEVRY. The agreement also includes the option to extend for a further four years.

## Changes in Group structure

The divestment of Karbon Invest AS, providing case management and archiving systems for the public sector in Norway, was completed in February 2020.

The merger of Tieto Latvia SIA and Evry Latvia SIA was registered on 11 November 2020.

## Personnel

The number of full-time employees amounted to 23 632 (24 322) at the end of December. The number of full-time employees in the global delivery centres totalled 11 225 (11 383), or 47.5% (46.8) of all personnel.

The number of full-time employees was down from the year-end 2019 level of 24 322. The decline includes redundancies of around 950 and net recruitments of over 400. The company

also took over close to 200 employees from IBM as part of the redefined partnership. The 12-month rolling employee turnover stood at 9.7% (12.6) at the end of December. Group-level salary inflation is expected to remain below 2% on average in 2021. Furthermore, salary inflation is partly offset by price increases in some service areas, offshoring and management of the competence pyramid.

# Shareholders' Meeting

TietoEVRY Corporation's Annual General Meeting held on 29 April approved the financial statements 2019 and discharged the company's officers from liability for the financial year 2019. The meeting also approved the Remuneration Policy for the company's governing bodies and decided to amend the Articles of Association.

The Annual General Meeting decided to not distribute dividends. Thus the Annual General Meeting authorized the Board of Directors to decide at a later stage at its discretion on the distribution of dividend in one or several instalments up to the aggregate maximum amount of EUR 1.27 per share from the distributable funds of the company for the financial year

that ended on 31 December 2019. On 23 July, the Board of Directors decided that a dividend of EUR 0.635 per share in total be paid for the financial year ended on 31 December 2019 from the distributable funds of the company in two instalments.

The Annual General Meeting decided that the Board of Directors shall consist of ten members and re-elected the Board's current members Tomas Franzén, Salim Nathoo, Harri-Pekka Kaukonen, Timo Ahopelto, Rohan Haldea, Liselotte Hägertz Engstam, Niko Pakalén, Endre Rangnes and Leif Teksum. Katharina Mosheim was elected as a new member. Tomas Franzén was elected as the Chairperson of the Board of Directors.

# Shareholders' Nomination Board

The composition of the Shareholders' Nomination Board for TietoEVRY Corporation was determined based on holdings on 31 August 2020 in the Finnish, Norwegian and Swedish shareholders' registers and received evidence thereof.

TietoEVRY's Shareholders' Nomination Board comprises four members nominated by the largest shareholders and the Chairperson of the Board of Directors of the company. The shareholders who wished to participate in the work of

the Shareholders' Nomination Board nominated the following members:

- Petter Söderström, Investment Director, Solidium Oy
- Gabriele Cipparrone, Partner, Apax Partners LLP
- Gustav Moss, Vice President, Cevian Capital AB
- Mikko Mursula, Chief Investment Officer, Ilmarinen Mutual Pension Insurance Company and
- Tomas Franzén, Chairperson of the Board of Directors, TietoEVRY Corporation.

# Auditors

The AGM 2020 elected the firm of authorized public accountants Deloitte Oy as the company's auditor for the financial year 2020. Deloitte Oy notified the company that Authorized Public Accountant Jukka Vattulainen acts as principal auditor.

# Shares

TietoEVRY Corporation's issued and registered share capital on 31 December 2020 amounted to EUR 76 555 412.00 and the number of shares totalled 118 425 771. TietoEVRY's shares have no par value and their book counter value is one euro. The company's shares are listed on NASDAQ in Helsinki and Stockholm and the Oslo Stock Exchange. The company has one class of shares, with each share conferring equal dividend rights and one vote. The company's Articles of Association include a restriction on voting at the Annual General Meeting, where no-one is allowed to vote with more than one-fifth of the votes represented at the meeting. The Articles of Association are available at [www.tietoevry.com/investors](http://www.tietoevry.com/investors).

The company had 44 011 registered shareholders at the end of 2020 based on the ownership records of the Finnish, Swedish and Norwegian central securities depositories. On 31 December, TietoEVRY had two long-term shareholders holding 10% or more of the shares: Apax Guernsey (Holdco) PCC Limited, formerly the largest shareholder of EVRY, and Solidium Oy. TietoEVRY received one announcement regarding a change in its shareholding during 2020: the holding of Silchester International Investors LLP fell below the 5% threshold.

The members of the Board of Directors, the President and CEO and their close associates together held 0.1% of the

shares and votes registered in the book-entry system on 31 December 2020. The President and CEO is also participating in the company's long-term share-based incentive plans. Potential rewards will be paid partly in TietoEVRY shares. As the number of additional shares related to these incentives is dependent on the company's performance, these are not included in this aggregate number.

In connection with the merger, Apax Partners LLP, acting through the company Lyngen Holdco S.A.R.L., Cevian Capital Partners Limited and Solidium Oy, entered into a binding governance agreement concerning the nomination of members of the company's Board of Directors. More details are available at [www.tietoevry.com/investors](http://www.tietoevry.com/investors).

At the end of 2020, the number of shares in the company's or its subsidiaries' possession totalled 10 978, representing 0.01% of the total number of shares and voting rights. Related to the company's share-based reward plans, a total of 201 998 shares held by TietoEVRY were transferred to the participants of the plan during the year. In March, TietoEVRY purchased 35 000 own shares. In December, TietoEVRY Corporation received a return of 5 731 shares free of consideration according to the terms and conditions of EVRY Interim Long-Term Incentive Plan 2017. The number of outstanding shares, excluding the treasury shares, was 118 414 793 at the end of the year.

# Dividend

The distributable funds of the parent company amount to EUR 1 786.2 million, of which net profit for 2020 amounts to EUR 55.4 million. The Board of Directors proposes to the Annual General Meeting that for the financial year ended on 31 December 2020, a dividend of EUR 1.32 per share be paid from the distributable profits of the company. The Board of Directors proposes that the dividend shall be paid in two instalments:

- The first dividend instalment of EUR 0.66 per share shall be paid to shareholders who on the record date for the dividend payment on 29 March 2021 are recorded in the

shareholders' register held by Euroclear Finland Oy or the registers of Euroclear Sweden AB or Verdipapirsentralen ASA (VPS).

- The second dividend instalment of EUR 0.66 per share shall be paid to shareholders who on the record date for the dividend payment on 27 September 2021 are recorded in the shareholders' registers.

The proposed dividend payout does not endanger the solvency of the company.

# Significant risks and uncertainties

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

Due to the ongoing Covid-19 pandemic, the current market outlook in TietoEVERY's main markets involves significant uncertainties. The pandemic is expected to lead to an economic downturn while sensitivity to macroeconomic uncertainty varies by business. The company's portfolio comprises services based on multi-year agreements in infrastructure and application services as well as in industry-specific software businesses. The digital consulting business has shorter contractual periods and is likely to be more affected during times of economic uncertainty. TietoEVERY operates in multiple countries, balancing workforce availability. The company has already taken strict measures, including savings actions and temporary layoffs, to mitigate the potential financial impact of the pandemic and to secure the health and safety of employees and ensure critical services to customers.

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

New disruptive technologies, such as cloud computing, drive customer demand towards standardized and less labour-intensive solutions where automation plays an important role. These changes may result in the need for restructuring.

The company's development is relatively sensitive to changes in the demand from large customers as TietoEVERY's top 10

customers currently account for around 19% of its revenue, with Product Development Services having the highest customer concentration in the company.

Typical risks faced by the IT service industry relate to partnerships with external vendors. A potential failure in deliveries by partners could lead to quality and financial consequences. Currently, transitions related to the redefined partnership with IBM are ongoing and a focus area for the company. Furthermore, typical risks include development and implementation of new technologies and software.

In TietoEVERY's case implementations relate to both own software development, the scope in related project deliveries and integration of third-party software. Additional technology licence fees and failures to meet both the agreed quality and timeliness of deliveries could pose potential risks.

Risks related to malfunctions or cybersecurity breaches of systems could seriously affect TietoEVERY's ability to provide its services and have an adverse impact on the company's financials and reputation.

The new EU General Data Protection Regulation took effect in May 2018 and is anticipated to pose a risk for software and IT services companies, and thus also for TietoEVERY. TietoEVERY is well prepared for the GDPR although there is still uncertainty with regards to how the authorities will interpret the regulation and impose fines in case of personal data breaches.

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

## Full-year outlook for 2021

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

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

<sup>2)</sup> High dependency on the Covid-19 pandemic development. Assuming normal business environment from the third quarter of 2021.

<sup>3)</sup> Adjusted EBITA is fully comparable with the previous definition of adjusted EBIT. According to both definitions, amortization of acquisition-related intangible assets, restructuring costs, capital gains/losses, impairment charges and other items affecting comparability are excluded – whereas amortization of other intangible assets is included.

# Events after the period

On 15 February, TietoEVERY announced that it has reached an agreement with Aucerna, a Quorum Software affiliate, to sell its Oil & Gas software business. The divestment is part of the company's strategy to seek focus and scale. Through this transaction, the Oil & Gas software business will have greater global market reach and growth opportunities. TietoEVERY's Oil & Gas software business comprises hydrocarbon management, personnel and material logistics software and related services with installations in more than 50 countries. Revenue of the businesses to be divested amounted to

around EUR 50 million in 2020 and the number of employees is around 430.

The agreement was reached at an enterprise value of EUR 155 million, implying an EV/Revenue multiple of approximately 3.2. The Oil & Gas software business is reported as part of the Industry Software segment in the financial statement. The company anticipates that the transaction, subject to the approval of the competition authorities, will be concluded before summer 2021.

# Financial calendar 2021

By 2 March      Annual Report 2020  
25 March      Annual General Meeting

TietoEVERY will publish three interim reports in 2021:

29 April      Interim report 1/2021 (8.00 am EET)  
20 July      Interim report 2/2021 (8.00 am EET)  
26 October      Interim report 3/2021 (8.00 am EET)

# Auditing

TietoEVERY's fourth-quarter interim report has been prepared according to IAS 34 and the interim report is unaudited.



# Consolidated interim financial statements

## Income statement

EUR million	2020 10–12	2019 <sup>1)</sup> 10–12	2020 1–12	2019 <sup>1)</sup> 1–12	Change %
Revenue	712.0	542.8	2 786.4	1 734.0	61
Other operating income	2.4	3.9	11.6	16.9	-32
Materials and services	-166.9	-106.0	-688.7	-295.0	> 100
Employee benefit expenses	-372.0	-299.1	-1 485.6	-989.7	50
Depreciation and amortization	-42.1	-32.1	-175.8	-106.6	65
Impairment losses	-0.3	-3.1	-29.7	-3.1	> 100
Other operating expenses	-54.9	-73.9	-272.9	-235.4	16
Share of results in joint ventures	-0.3	1.7	1.5	5.7	-74
<b>Operating profit (EBIT)</b>	<b>77.8</b>	<b>34.2</b>	<b>146.7</b>	<b>126.8</b>	<b>16</b>
Interest and other financial income	0.5	0.8	2.2	2.3	-3
Interest and other financial expenses	-6.8	-6.0	-27.4	-15.3	79
Net foreign exchange gains/losses	0.5	-10.3	0.8	-13.0	> 100
<b>Profit before taxes</b>	<b>72.0</b>	<b>18.7</b>	<b>122.4</b>	<b>100.8</b>	<b>21</b>
Income taxes	-17.5	-6.9	-27.9	-22.0	27
<b>Net profit for the period</b>	<b>54.5</b>	<b>11.7</b>	<b>94.5</b>	<b>78.7</b>	<b>20</b>
<b>Net profit for the period attributable to</b>					
Owners of the Parent company	54.5	11.7	94.5	78.7	20
Non-controlling interest	0.0	0.0	0.0	0.0	—
	<b>54.5</b>	<b>11.7</b>	<b>94.5</b>	<b>78.7</b>	<b>20</b>
<b>Earnings per share attributable to owners of the Parent company, EUR per share</b>					
Basic	0.46	0.13	0.80	1.02	-22
Diluted	0.46	0.13	0.80	1.02	-22

## Statement of other comprehensive income

EUR million	2020 10–12	2019 <sup>1)</sup> 10–12	2020 1–12	2019 <sup>1)</sup> 1–12	Change %
Net profit for the period	54.5	11.7	94.5	78.7	20
Items that may be reclassified subsequently to profit or loss					
Translation differences	111.3	51.9	-82.8	44.7	> 100
Cash flow hedges, net of tax	—	0.8	—	—	—
Items that will not be reclassified subsequently to profit or loss					
Remeasurements of the defined benefit plans, net of tax	0.9	2.0	0.2	-9.0	> 100
<b>Total comprehensive income</b>	<b>166.7</b>	<b>66.4</b>	<b>11.9</b>	<b>114.4</b>	<b>-90</b>
<b>Total comprehensive income attributable to</b>					
Owners of the Parent company	166.7	66.4	11.9	114.4	-90
Non-controlling interest	0.0	0.0	0.0	0.0	—
	<b>166.7</b>	<b>66.4</b>	<b>11.9</b>	<b>114.4</b>	<b>-90</b>

<sup>1)</sup> 2019 comparative figures have been restated to reflect changes in amortizations due to updated valuations of the identified intangible assets in the EVRY merger, impact in operating profit of EUR -0.5 million. In addition, the Group has reclassified EUR 3.1 million foreign currency exchange gains and losses related to EVRY from financial items to materials and services. More information in [Notes to the interim financial statements](#).

# Statement of financial position

## Assets

EUR million	2020 31 Dec	2019 <sup>1)</sup> 31 Dec	Change %
Goodwill	1 974.4	2 023.1	-2
Other intangible assets	384.9	440.1	-13
Property, plant and equipment	96.9	111.2	-13
Right-of-use assets	231.7	289.1	-20
Interests in joint ventures	19.7	23.1	-14
Deferred tax assets	35.6	53.2	-33
Finance lease receivables	2.9	3.8	-24
Other financial assets at amortized cost	12.8	10.3	25
Other financial assets at fair value	0.6	0.6	0
Other non-current receivables	21.8	37.6	-42
<b>Total non-current assets</b>	<b>2 781.3</b>	<b>2 992.0</b>	<b>-7</b>
Inventories	4.9	5.2	-7
Trade and other receivables	516.9	625.0	-17
Financial assets at fair value	35.9	13.6	> 100
Finance lease receivables	2.3	1.8	26
Current tax assets	11.3	15.7	-28
Cash and cash equivalents	252.3	164.6	53
<b>Total current assets</b>	<b>823.5</b>	<b>826.0</b>	<b>0</b>
Assets held for sale	—	15.6	—
<b>Total assets</b>	<b>3 604.8</b>	<b>3 833.7</b>	<b>-6</b>

## Equity and Liabilities

EUR million	2020 31 Dec	2019 <sup>1)</sup> 31 Dec	Change %
Share capital, share issue premiums and other reserves	118.6	117.5	1
Invested unrestricted equity reserve	1 203.5	1 203.5	0
Retained earnings	304.1	366.1	-17
<b>Equity attributable to owners of the Parent company</b>	<b>1 626.2</b>	<b>1 687.1</b>	<b>-4</b>
Non-controlling interest	0.0	0.0	—
<b>Total equity</b>	<b>1 626.2</b>	<b>1 687.2</b>	<b>-4</b>
Loans	885.9	591.5	50
Lease liabilities	171.0	222.9	-23
Deferred tax liabilities	19.8	32.7	-39
Provisions	3.2	9.1	-64
Defined benefit obligations	38.3	41.6	-8
Other non-current liabilities	34.2	36.7	-7
<b>Total non-current liabilities</b>	<b>1 152.5</b>	<b>934.5</b>	<b>23</b>
Trade and other payables	660.4	719.4	-8
Financial liabilities at fair value	2.9	19.0	-85
Current tax liabilities	5.5	8.0	-31
Loans	39.6	372.6	-89
Lease liabilities	72.1	75.4	-4
Provisions	45.6	15.3	> 100
<b>Total current liabilities</b>	<b>826.1</b>	<b>1 209.8</b>	<b>-32</b>
Liabilities attributable to assets held for sale	—	2.2	—
<b>Total equity and liabilities</b>	<b>3 604.8</b>	<b>3 833.7</b>	<b>-6</b>

<sup>1)</sup> 2019 comparative figures have been restated due to finalized accounting of the EVRY merger. More information in [Notes to the interim financial statements](#).

## Statement of changes in shareholders' equity

EUR million	Owners of the Parent company						Total	Non-controlling interest	Total equity
	Share capital	Share premium and other reserves	Own shares	Translation differences	Invested un-restricted equity reserve	Re-tained earnings			
31 Dec 2019 <sup>1)</sup>	76.6	40.9	-2.9	-50.2	1 203.5	419.3	1 687.1	0.0	1 687.2
<b>Comprehensive income</b>									
Net profit for the period	—	—	—	—	—	94.5	94.5	0.0	94.5
<b>Other comprehensive income, net of tax</b>									
Remeasurements of the defined benefit plans, net of tax	—	—	—	—	—	0.2	0.2	—	0.2
Translation differences	—	1.2	—	-83.6	—	-0.3	-82.8	—	-82.8
<b>Total comprehensive income</b>	<b>—</b>	<b>1.2</b>	<b>—</b>	<b>-83.6</b>	<b>—</b>	<b>94.4</b>	<b>11.9</b>	<b>0.0</b>	<b>11.9</b>
<b>Transactions with owners</b>									
<b>Contributions and distributions</b>									
Share-based incentive plans	—	—	3.5	—	—	-0.2	3.3	—	3.3
Dividends	—	—	—	—	—	-75.3	-75.3	—	-75.3
Repurchase of own shares	—	—	-0.9	—	—	—	-0.9	—	-0.9
<b>Total transactions with owners</b>	<b>—</b>	<b>—</b>	<b>2.6</b>	<b>—</b>	<b>—</b>	<b>-75.5</b>	<b>-72.9</b>	<b>—</b>	<b>-72.9</b>
<b>31 Dec 2020</b>	<b>76.6</b>	<b>42.1</b>	<b>-0.3</b>	<b>-133.8</b>	<b>1 203.5</b>	<b>438.2</b>	<b>1 626.2</b>	<b>0.0</b>	<b>1 626.2</b>

<sup>1)</sup> 2019 comparative figures have been restated due to finalized accounting of the EVRY merger. This has had an effect on translation differences in equity due to currency allocation and on retained earnings. More information in [Notes to the interim financial statements](#).

EUR million	Owners of the Parent company									Total equity
	Share capital	Share premium and other reserves	Own shares	Translation differences	Cash flow hedges	Invested un-restricted equity reserve	Re-tained earnings	Total	Non-control-ling interest	
<b>31 Dec 2018</b>	<b>76.6</b>	<b>41.5</b>	<b>-5.1</b>	<b>-93.3</b>	<b>—</b>	<b>12.8</b>	<b>450.1</b>	<b>482.5</b>	<b>0.0</b>	<b>482.5</b>
<b>Comprehensive income</b>										
Net profit for the period <sup>1)</sup>	—	—	—	—	—	—	78.7	78.7	0.0	78.7
<b>Other comprehensive income, net of tax</b>										
Remeasurements of the defined benefit plans, net of tax	—	—	—	—	—	—	-9.0	-9.0	—	-9.0
Translation differences <sup>1)</sup>	—	-0.6	—	43.1	—	—	2.2	44.7	—	44.7
Cash flow hedges, net of tax	—	—	—	—	-4.3	—	—	-4.3	—	-4.3
Transfer of cash flow hedging losses to the initial carrying amount of hedged item	—	—	—	—	4.3	—	—	4.3	—	4.3
<b>Total comprehensive income</b>	<b>—</b>	<b>-0.6</b>	<b>—</b>	<b>43.1</b>	<b>—</b>	<b>—</b>	<b>71.9</b>	<b>114.4</b>	<b>0.0</b>	<b>114.4</b>
<b>Merger</b>										
Merger consideration	—	—	—	—	—	1 194.8	—	1 194.8	—	1 194.8
Transactions costs on share issue	—	—	—	—	—	-4.1	—	-4.1	—	-4.1
Vested portion of share-based payment awards related to the merger	—	—	—	—	—	—	6.7	6.7	—	6.7
<b>Total merger</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1 190.7</b>	<b>6.7</b>	<b>1 197.4</b>	<b>—</b>	<b>1 197.4</b>
<b>Transactions with owners</b>										
<b>Contributions and distributions</b>										
Share-based incentive plans	—	—	2.2	—	—	—	-2.3	-0.1	—	-0.1
Dividends	—	—	—	—	—	—	-107.2	-107.2	—	-107.2
<b>Total transactions with owners</b>	<b>—</b>	<b>—</b>	<b>2.2</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>-109.5</b>	<b>-107.3</b>	<b>—</b>	<b>-107.3</b>
<b>31 Dec 2019<sup>1)</sup></b>	<b>76.6</b>	<b>40.9</b>	<b>-2.9</b>	<b>-50.2</b>	<b>—</b>	<b>1 203.5</b>	<b>419.3</b>	<b>1 687.1</b>	<b>0.0</b>	<b>1 687.2</b>

<sup>1)</sup> 2019 comparative figures have been restated due to finalized accounting of the EVRY merger. This has had an effect on translation differences in equity due to currency allocation and on retained earnings. More information in [Notes to the interim financial statements](#).

## Statement of cash flows

EUR million	2020 10–12	2019 10–12	2020 1–12	2019 1–12
<b>Cash flow from operating activities</b>				
Net profit for the period	54.5	11.7	94.5	78.7
Adjustments				
Depreciation, amortization and impairment losses	42.4	35.2	205.5	109.7
Profit/loss on sale of property, plant and equipment, subsidiaries and business operations	-0.1	—	-1.2	—
Share of results in joint ventures	0.3	-1.7	-1.5	-5.7
Other adjustments	2.6	28.5	8.6	28.9
Net financial expenses	5.8	12.4	24.4	23.0
Income taxes	17.5	7.0	27.9	22.0
Change in net working capital	17.8	49.9	67.2	66.7
<b>Cash generated from operating activities before interests and taxes</b>	<b>140.9</b>	<b>143.1</b>	<b>425.3</b>	<b>323.3</b>
Net financial expenses paid	-13.1	-7.7	-46.0	-17.2
Dividends received	—	—	4.3	3.6
Income taxes paid	-2.6	-7.1	-28.9	-31.4
<b>Cash flow from operating activities</b>	<b>125.2</b>	<b>128.3</b>	<b>354.7</b>	<b>278.4</b>
<b>Cash flow from investing activities</b>				
Acquisition of subsidiaries and business operations, net of cash acquired	-0.4	-175.0	-0.6	-175.7
Repayment of EVRY loans	—	-534.2	—	-534.2
Capital expenditure	-17.9	-17.9	-83.5	-51.4
Disposal of subsidiaries and business operations, net of cash disposed	—	—	16.3	0.3
Proceeds from sale of property, plant and equipment	0.5	0.1	2.7	0.1
Change in loan receivables	-2.3	2.6	-0.2	-1.4
<b>Cash flow from investing activities</b>	<b>-20.1</b>	<b>-724.4</b>	<b>-65.3</b>	<b>-762.4</b>
<b>Cash flow from financing activities</b>				
Dividends paid	-37.7	—	-75.3	-107.4
Repurchase of own shares	—	—	-0.9	—
Repayments of lease liabilities	-18.1	-13.9	-70.6	-50.3
Bridge loan related to merger	—	300.0	-300.0	300.0
Repayment of bond	—	—	—	-100.0
Other short-term financing, net	1.6	-4.3	-42.6	40.7
Proceeds from long-term borrowings	—	400.0	297.4	400.0
<b>Cash flow from financing activities</b>	<b>-54.2</b>	<b>681.7</b>	<b>-191.9</b>	<b>483.0</b>
<b>Change in cash and cash equivalents</b>	<b>50.9</b>	<b>85.7</b>	<b>97.5</b>	<b>-1.0</b>
Cash and cash equivalents at the beginning of period	198.9	79.2	164.6	164.6
Foreign exchange differences	2.4	-0.2	-9.9	1.0
Change in cash and cash equivalents	50.9	85.7	97.5	-1.0
<b>Cash and cash equivalents at the end of period</b>	<b>252.3</b>	<b>164.6</b>	<b>252.3</b>	<b>164.6</b>

## Notes to the interim financial statements

This interim report is unaudited and it is prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the EU. The accounting policies adopted are consistent with those used in the annual financial statements for the year ended on 31 December 2019. Changes to IFRSs which have been effective from 1 January 2020 have had no material impact on the Group's financial statements.

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

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

### Comparability and restatements

Tieto and EVERY merged on 5 December 2019 and the consolidated financial statements of the Group include EVERY from that date onwards. Therefore, the historical financial information of Tieto does not give a comparable base for financial information of the present combined company. This applies also to the historical financial information of the new segments which includes EVERY only from 5 December 2019. The combined comparable historical information for TietoEVERY is presented in the text part of this interim report.

The provisional amounts recognized on the date of the merger have been adjusted within 12 months after the date of acquisition, to reflect new information obtained about facts and circumstances that existed at the date of acquisition. The final amounts have been presented in the table below. Adjustments were related to review of deferred tax balances, finalized valuation of identified intangible assets, alignment of accounting policies and revaluations of assets and liabilities. Due to these adjustments, the Group restated the following items in 2019 profit or loss: Depreciation and amortization EUR -0.5 million, Income taxes EUR 0.1 million and Net profit EUR -0.4 million, and accordingly Retained earnings in equity. In addition, a EUR 3.1 million foreign exchange gain was reclassified from Net foreign exchange gains and losses to Materials and Services.

EUR million	Final	Reported as provisional
Intangible assets	386.2	364.1
Property, plant and equipment	27.9	27.9
Right of use assets	153.8	156.8
Investments in joint ventures	7.8	7.8
Deferred tax assets	90.9	61.8
Inventory	4.7	4.7
Trade and other receivables	275.3	311.0
Cash and cash equivalents	17.2	17.2
Assets held for sale	15.2	19.0
Loans	-694.4	-694.4
Deferred tax liabilities	-60.3	-107.2
Provisions	-6.1	-3.8
Pension obligations	-27.8	-27.8
Trade and other payables	-333.0	-293.0
Liabilities held for sale	-2.1	-3.0
<b>Total net assets acquired</b>	<b>-144.7</b>	<b>-158.8</b>
<b>Goodwill</b>	<b>1 542.1</b>	<b>1 556.3</b>
<b>Total</b>	<b>1 397.5</b>	<b>1 397.5</b>

The comparative numbers that have changed due to the adjustments described above have been marked with superscript <sup>1)</sup> on the following pages' tables.

## Changes in Group structure

The competition clearance for the EVRY merger from the Norwegian Competition Authority was subject to divestment of EVRY's case management and archiving systems for the public sector in Norway. EVRY had entered into an agreement with Karbon Invest AS to divest the business and in the 2019 statement of financial position the assets and related liabilities were presented on lines "Assets held for sale" and "Liabilities attributable to assets held for sale", respectively. The transaction was completed in February 2020. The cash received amounted to EUR 15.3 million. The sold assets were mostly intangible assets.

The new operating model became effective on 1 January 2020 and financial reporting has been prepared in accordance with the new structure as from the second-quarter interim report. TietoEVRY's operating model is to ensure the position as a leading digital services company in the Nordics consists of Country Teams, Service Lines and Support Functions. Service Lines are designed to bring competitive and scalable services to our customers and make all the capabilities available for each of the countries. The service lines are: Digital Consulting, Cloud & Infra, Industry Software, Financial Services Solutions, Product Development Services and International Operations and they are reported separately, except for International Operations which is included in Other due to its smaller size. More information is disclosed in [Segment Information](#).

## SmartUtilities

In 2020, the company decided to end the common SmartUtilities platform due to the fact that a standard solution does not fulfil the individual needs of Nordic utilities companies. All probable risks were booked in the second quarter, consisting of one-time items for asset impairment of around EUR 9 million and one-time costs for terminated customer contracts and resource ramp down of around EUR 32 million.

## IBM

In line with TietoEVRY's aim to provide customers with superior service experience, quality and security, the company has redefined the scope and operating model of its partnership with IBM.

## Bond

As announced on 17 June, 2020 the Group has issued a new EUR 300 million bond to refinance a bridge loan related to the merger. The bond has a coupon of 2% and it will mature in June 2025.

## Critical accounting estimates and assumptions

The preparation of the financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the amounts reported and disclosed at the reporting date. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from the estimates. The areas requiring the exercise and judgement where a different opinion could result in significant changes to reported results are the same as in the 2019 consolidated financial statements.

Covid-19-related cost savings comprise both non-personnel-related activities such as reduced travelling and training as well as temporary layoffs in the areas where TietoEVRY has experienced a temporary decline in demand. The need for temporary leaves is assessed on a regular basis, subject to the magnitude and duration of weak market conditions.

TietoEVRY has analyzed on quarterly basis whether there is indications of goodwill impairment due to the Covid-19 pandemic. The annual impairment testing was carried out in the fourth quarter 2020 in line with Group accounting policy. Covid-19 is expected to continue to impact during the first half of 2021, and that has been taken into consideration in the cash flow projections. As a result of the impairment testing, no impairment was identified. The Group has also assessed the rates used for expected credit loss provision calculation in different ageing categories for overdue receivables and adjusted those to better match the current risk levels. The financial position and cash flow of the Group has remained on a good level.

## Events after the end of the reporting period

On 15 February, TietoEVRY announced that it has reached an agreement with Aucerna, a Quorum Software affiliate, to sell its Oil & Gas software business. The divestment is part of the company's strategy to seek focus and scale. Through this transaction, the Oil & Gas software business will have greater global market reach and growth opportunities. TietoEVRY's Oil & Gas software business comprises hydrocarbon management, personnel and material logistics software and related services with installations in more than 50 countries. Revenue of the businesses to be divested amounted to around EUR 50 million in 2020 and the number of employees is around 430.

The agreement was reached at an enterprise value of EUR 155 million, implying an EV/Revenue multiple of approximately 3.2. The Oil & Gas software business is reported as part of the Industry Software segment in the financial statement. The company anticipates that the transaction, subject to the approval of the competition authorities, will be concluded before summer 2021.

## Segment information

The reportable segments of TietoEVERY in these interim consolidated financial statements consist of Digital Consulting, Cloud & Infra, Industry Software, Financial Services Solutions and Product Development Services.

### Digital Consulting

The Digital Consulting business comprises consulting services, including business and technology advisory as well as system integration services and managed application services. The segment currently focuses on Finland, Sweden and Norway. Services are delivered primarily by employees based in the Nordic countries while also through global delivery centres. TietoEVERY is the leading vendor in the Norwegian and Finnish consulting market.

### Cloud & Infra

The Cloud & Infra business modernizes and secures customers' businesses with automated solutions enhanced by a variety of technologies. The infrastructure foundation is to ensure Nordic customers' renewal, business continuity and security. Services comprise managed cloud, security and end-user services including cloud migration advisory and transformation. The business has a geographical focus in Finland, Sweden and Norway, and the Group is positioned as the leading provider in Finland and Norway and is among top 3 providers in Sweden. Services are delivered primarily from both onshore locations in the Nordic countries and the delivery centre in the Czech Republic.

### Industry Software

Industry Software provides with industry-specific software products for business-critical processes of clients in the public sector and the healthcare and welfare sector as well as in the forest industry and the energy and oil and gas segments. Customers are mainly in the Nordic countries while the Group also has industry software for its global customers in the oil and gas and forest sectors. Majority of the business continues to be license-based while the share of software as a service is on the rise. In the license-based business revenue comprises solution installations and license fees as well as maintenance, which is typically based on multi-year agreements.

### Financial Services Solutions

Financial Services Solutions helps a wide range of Nordic and global companies in the financial services industry to digitalize business processes, secure operational efficiency and growth in an environment of constant regulatory change. The portfolio comprises a comprehensive range of services and processes, based on flexible modules and innovative scalable software platforms, from real-time solutions within the areas of payments, cards, wealth management and credit to running full stack banking and cards operations as well as BPO services.

### Product Development Services

Product Development Services provides software R&D services with focus on the telecom sector and expanding to new domains such as automotive. Services are provided globally for communications infrastructure companies, consumer electronics and semiconductor companies as well as automotive industry. Services are currently provided mainly from global centres in Poland, China, Sweden, the Czech Republic and Finland.

**Other** consists of International Operations, including services outside the Nordics and to non-Nordic markets from India and Ukraine, and unallocated Group costs.

### Customer revenue by segments

	2020	2019	Change	2020	2019	Change
EUR million	10–12	10–12	%	1–12	1–12	%
Digital Consulting	172.8	127.9	35	662.0	436.3	52
Cloud & Infra	227.3	184.3	23	931.6	584.7	59
Industry Software	134.3	110.9	21	501.1	371.2	35
Financial Services Solutions	108.8	63.6	71	418.8	151.8	> 100
Product Development Services	36.0	38.5	-7	142.4	143.5	-1
Other	32.8	17.6	86	130.5	46.5	> 100
<b>Group total</b>	<b>712.0</b>	<b>542.8</b>	<b>31</b>	<b>2 786.4</b>	<b>1 734.0</b>	<b>61</b>

## Customer revenue from fixed-price contracts by segment<sup>1)</sup>

EUR million	2020 10–12	2019 10–12	2020 1–12	2019 1–12
Digital Consulting	4.8	3.3	19.0	14.1
Cloud & Infra	4.0	0.6	8.5	1.6
Industry Software	1.5	2.1	6.3	7.2
Financial Services Solutions	5.0	4.5	15.1	9.4
Product Development Services	0.9	1.1	4.6	4.8
Other	0.1	0.2	0.8	0.4
<b>Group total</b>	<b>16.4</b>	<b>11.8</b>	<b>54.2</b>	<b>37.5</b>

<sup>1)</sup> Identification of fixed-priced projects have been reviewed and comparative information has been adjusted.

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

## Operating profit (EBIT) by segment

EUR million	2020 10–12	2019 <sup>1)</sup> 10–12	Change %	2020 1–12	2019 <sup>1)</sup> 1–12	Change %
Digital Consulting	27.8	2.4	> 100	70.8	30.1	> 100
Cloud & Infra	5.8	22.5	-74	36.6	56.4	-35
Industry Software	33.8	16.5	> 100	38.8	37.1	5
Financial Services Solutions	8.8	9.4	-7	10.0	24.2	-59
Product Development Services	5.0	3.9	29	17.7	14.5	22
Other	-3.3	-20.5	84	-27.2	-35.4	23
<b>Group total</b>	<b>77.8</b>	<b>34.2</b>	<b>&gt; 100</b>	<b>146.7</b>	<b>126.8</b>	<b>16</b>

## Operating margin (EBIT) by segment

%	2020 10–12	2019 <sup>1)</sup> 10–12	Change pp	2020 1–12	2019 <sup>1)</sup> 1–12	Change pp
Digital Consulting	16.1	1.9	14	10.7	6.9	4
Cloud & Infra	2.5	12.2	-10	3.9	9.6	-6
Industry Software	25.2	14.9	10	7.7	10.0	-2
Financial Services Solutions	8.1	14.8	-7	2.4	15.9	-14
Product Development Services	13.8	10.0	4	12.4	10.1	-2
<b>Operating margin (EBIT)</b>	<b>10.9</b>	<b>6.3</b>	<b>5</b>	<b>5.3</b>	<b>7.3</b>	<b>-2</b>

<sup>1)</sup> Restated. More information in [Notes to the interim financial statements](#).

## Personnel by segment<sup>1)</sup>

	End of period		Average
	2020	Share %	2020 <sup>2)</sup>
Digital Consulting	6 220	26	6 398
Cloud & Infra	4 795	20	4 726
Industry Software	3 452	15	3 509
Financial Services Solutions	2 885	12	2 890
Product Development Services	1 643	7	1 639
Other	4 637	20	4 626
<b>Group total</b>	<b>23 632</b>	<b>100</b>	<b>23 788</b>

<sup>1)</sup> 2019 comparative information not available.

<sup>2)</sup> Average represents period June–December 2020 in alignment with the new reporting structure.

## Personnel by country<sup>1)</sup>

	End of period				Average	
	2020 1–12	2019 1–12	Change %	Share %	2020 <sup>2)</sup> 1–12	2019 1–12
Sweden	4 377	4 780	-8	19	4 397	3 224
Norway	4 513	4 427	2	19	4 450	930
India	4 173	4 221	-1	18	4 203	2 872
Finland	3 042	3 261	-7	13	3 183	3 291
Czech Republic	2 457	2 482	-1	10	2 458	2 533
Ukraine	1 837	1 961	-6	8	1 876	199
Latvia	957	896	7	4	942	703
Poland	750	758	-1	3	732	696
China	445	452	-2	2	431	482
Estonia	290	303	-4	1	303	295
Austria	184	175	5	1	180	170
Lithuania	104	104	—	—	103	110
Other	502	502	—	2	530	447
<b>Group total</b>	<b>23 632</b>	<b>24 322</b>	<b>-3</b>	<b>100</b>	<b>23 788</b>	<b>15 950</b>
Onshore countries	12 407	12 940	-4	53	12 532	7 862
Offshore countries	11 225	11 383	-1	47	11 256	8 088
<b>Group total</b>	<b>23 632</b>	<b>24 322</b>	<b>-3</b>	<b>100</b>	<b>23 788</b>	<b>15 950</b>

<sup>1)</sup> 1–12/2019 personnel figures for EVRY increased by 326 due to alignment of the definitions. Contingency workers in Ukraine are included in the personnel figures.

<sup>2)</sup> Average represents period June–December 2020 in alignment with the new reporting structure.

## Non-current assets by country

EUR million	2020 31 Dec	2019 <sup>1)</sup> 31 Dec	Change %
Finland	100.7	131.0	-23
Sweden	142.9	155.8	-8
Norway	427.2	497.6	-14
Other	42.7	55.9	-24
<b>Total non-current assets</b>	<b>713.5</b>	<b>840.4</b>	<b>-15</b>

<sup>1)</sup> Restated. More information in [Notes to the interim financial statements](#).

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

## Depreciation by segment

	2020	2019	Change	2020	2019	Change
EUR million	10-12	10-12	%	1-12	1-12	%
Digital Consulting	1.2	0.8	45	4.8	2.9	65
Cloud & Infra	10.8	11.6	-7	44.0	41.2	7
Industry Software	0.3	0.4	-13	1.9	1.6	18
Financial Services Solutions	0.9	0.4	> 100	3.8	0.7	> 100
Product Development Services	0.1	0.1	-49	0.3	0.3	-10
Other	14.5	10.9	33	60.2	41.5	45
<b>Group total</b>	<b>27.8</b>	<b>24.3</b>	<b>15</b>	<b>115.0</b>	<b>88.1</b>	<b>30</b>

## Amortization on other intangible assets by segment

	2020	2019	Change	2020	2019	Change
EUR million	10-12	10-12	%	1-12	1-12	%
Digital Consulting	-0.3	0.0	> 100	0.1	0.1	97
Cloud & Infra	1.7	2.3	-25	6.5	9.0	-28
Industry Software	-0.1	0.2	> 100	2.4	0.4	> 100
Financial Services Solutions	1.0	0.4	> 100	3.8	0.4	> 100
Product Development Services	—	—	—	—	—	—
Other	0.6	0.2	> 100	2.5	0.5	> 100
<b>Group total</b>	<b>3.0</b>	<b>3.1</b>	<b>-6</b>	<b>15.3</b>	<b>10.4</b>	<b>46</b>

## Amortization of acquisition-related intangible assets by segment

	2020	2019 <sup>1)</sup>	Change	2020	2019 <sup>1)</sup>	Change
EUR million	10-12	10-12	%	1-12	1-12	%
Digital Consulting	2.5	1.1	> 100	10.0	2.1	> 100
Cloud & Infra	2.1	0.7	> 100	8.3	0.8	> 100
Industry Software	1.6	0.8	93	6.5	2.1	> 100
Financial Services Solutions	5.2	2.0	> 100	20.7	3.0	> 100
Product Development Services	—	—	—	—	—	—
Other	—	—	—	—	—	—
<b>Group total</b>	<b>11.4</b>	<b>4.7</b>	<b>&gt; 100</b>	<b>45.5</b>	<b>8.0</b>	<b>&gt; 100</b>

<sup>1)</sup> Restated. More information in [Notes to the interim financial statements](#).

## Derivatives

### Nominal amounts of derivatives

Includes the gross amount of all nominal values for contracts that have not yet been settled or closed. The amount of nominal value outstanding is not necessarily a measure or indication of market risk, as the exposure of certain contracts may be offset by other contracts. The decrease in overall level of derivatives is due to additional hedging volumes resulting from the merger with EVRY in comparative period ending 31 Dec 2019.

	2020	2019
EUR million	31 Dec	31 Dec
Forward contracts outside hedge accounting at fair value through profit or loss	484.2	1 694.1
<b>Foreign exchange forward contracts</b>	<b>484.2</b>	<b>1 694.1</b>

31.12.2019 includes currency forward contracts for the Tieto-EVRY merger hedging purposes, which realized in January 2021.

### Fair values of derivatives

EUR million	31 Dec 2020			31 Dec 2019		
	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	1.5	-2.9	-1.4	4.3	-19.0	-14.7
<b>Foreign exchange forward contracts</b>	<b>1.5</b>	<b>-2.9</b>	<b>-1.4</b>	<b>4.3</b>	<b>-19.0</b>	<b>-14.7</b>

Derivatives are used for economic hedging purposes only.

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

### Fair value measurement of financial assets and liabilities

There have been no changes in fair value methodology and input levels: foreign exchange forward contracts are valued based on Level 2 inputs and Other financial assets at fair value through profit or loss' (EUR 0.6 million on 31 Dec 2020) 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 sold under non-recourse factoring agreements (EUR 34.4 million on 31 Dec 2020) are classified as Financial assets at fair value through profit or loss. Group estimates that the carrying amount approximates the fair value due to their short-term nature.

## Commitments and contingencies

EUR million	2020 31 Dec	2019 31 Dec
For TietoEVRY obligations		
Mortgages	2.5	—
Guarantees <sup>1)</sup>		
Performance guarantees	82.7	34.1
Lease and payment guarantees	7.8	8.2
Other	0.1	—
Other TietoEVRY obligations		
Lease commitments, not yet commenced	70.7	20.3
Other	0.7	1.1
On behalf of third parties		
Guarantees <sup>1)</sup>		
Performance guarantees	25.9	24.9

<sup>1)</sup> The Group has reviewed the guarantees as a result of which comparative information has been adjusted.

In addition to the above, TietoEVRY Oyj or other Group companies have provided security on behalf of delivering Group company relating to some major contracts.

## Number of shares

	2020 10–12	2019 10–12	2020 1–12	2019 1–12
<b>Outstanding shares, end of period</b>				
Basic	118 414 793	118 253 526	118 414 793	118 253 526
Effect of dilutive share-based incentive plans	222 071	287 733	219 550	283 550
Diluted	118 636 864	118 541 259	118 634 343	118 537 076
<b>Outstanding shares, average</b>				
Basic	118 410 520	86 942 942	118 378 269	77 193 387
Effect of dilutive share-based incentive plans	222 071	287 733	219 550	283 550
Diluted	118 632 591	87 230 675	118 597 819	77 476 937
<b>Company's possession of its own shares</b>				
End of period	10 978	172 245	10 978	172 245
Average	15 251	172 245	47 502	194 073

## Alternative performance measures (APMs)

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

### Adjusted operating profit (EBIT) by segment

EUR million	2020	2019 <sup>1)</sup>	Change	2020	2019 <sup>1)</sup>	Change
	10–12	10–12	%	1–12	1–12	%
Digital Consulting	29.9	12.5	> 100	92.8	49.1	89
Cloud & Infra	19.3	28.9	-33	93.5	74.1	26
Industry Software	35.1	18.4	90	91.5	41.2	> 100
Financial Services Solutions	15.2	11.3	34	54.4	27.1	> 100
Product Development Services	5.0	4.5	11	18.0	15.1	20
Other	1.9	-1.2	> 100	4.8	-7.1	> 100
<b>Group total</b>	<b>106.4</b>	<b>74.4</b>	<b>43</b>	<b>355.0</b>	<b>199.4</b>	<b>78</b>

### Adjusted operating margin (EBIT) by segment

%	2020	2019 <sup>1)</sup>	Change	2020	2019 <sup>1)</sup>	Change
	10–12	10–12	pp	1–12	1–12	pp
Digital Consulting	17.3	9.8	8	14.0	11.3	3
Cloud & Infra	8.5	15.7	-7	10.0	12.7	-3
Industry Software	26.2	16.6	10	18.3	11.1	7
Financial Services Solutions	14.0	17.8	-4	13.0	17.9	-5
Product Development Services	13.8	11.6	2	12.7	10.5	2
<b>Adjusted operating margin (EBIT)</b>	<b>14.9</b>	<b>13.7</b>	<b>1</b>	<b>12.7</b>	<b>11.5</b>	<b>1</b>

### Reconciliation of adjusted operating profit (EBIT)

EUR million	2020	2019	2020	2019 <sup>1)</sup>
	10–12	10–12	1–12	1–12
Operating profit (EBIT)	77.8	34.2	146.7	126.8
+ restructuring costs	—	4.6	1.2	27.9
- capital gains	—	—	-1.0	—
+/- M&A related items	—	20.0	—	24.8
+ IBM partner agreement	8.2	2.7	35.6	2.7
+ TietoEVERY integration	9.5	4.9	84.5	4.9
+ SmartUtilities	-0.7	—	40.5	—
+ amortization of acquisition-related intangible assets	11.4	4.7	45.5	8.0
+/- other items	0.2	3.3	2.0	4.2
<b>Adjusted operating profit (EBIT)</b>	<b>106.4</b>	<b>74.4</b>	<b>355.0</b>	<b>199.4</b>

<sup>1)</sup> Restated. More information in [Notes to the interim financial statements](#).

## Other key figures

	2020	2019 <sup>1)</sup>	2020	2019 <sup>1)</sup>
	10-12	10-12	1-12	1-12
Adjusted earnings per share, EUR	0.65	0.49	2.16	1.76
Equity per share, EUR	13.73	14.27	13.73	14.27
Return on equity, 12-month rolling, %	5.7	7.3	5.7	7.3
Return on capital employed, 12-month rolling, %	5.2	6.9	5.2	6.9
Equity ratio, %	45.9	44.5	45.9	44.5
Interest-bearing net debt, EUR million	883.3	1 070.0	883.3	1 070.0
Gearing, %	54.3	63.4	54.3	63.4
Capital expenditure, EUR million	17.9	17.9	83.5	51.4
Acquisitions, EUR million	0.4	175.0	0.6	175.7

<sup>1)</sup> Restated. More information in [Notes to the interim financial statements](#).

## Calculation of alternative performance measures

Adjusted earnings per share	=	$\frac{\text{Net profit for the period excluding adjustments, net of tax}}{\text{Weighted average number of shares}}$
Adjustments	=	Amortization of acquisition-related intangible assets + restructuring costs + capital gains/losses + goodwill 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 (EBIT)	=	Operating profit (EBIT) + adjustments
Adjusted operating margin (EBIT), %	=	$\frac{\text{Adjusted operating profit (EBIT)}}{\text{Revenue}}$
Equity per share	=	$\frac{\text{Total equity}}{\text{Number of shares at the year-end}}$
Capital expenditure	=	Acquisitions of intangible assets and property, plant and equipment
Acquisitions	=	Acquisitions of subsidiaries and business operations, net of cash acquired
Return on equity, 12-month rolling, %	=	$\frac{\text{Profit before taxes and non-controlling interests} - \text{income taxes}}{\text{Total equity (12-month average)}} * 100$
Return on capital employed, 12-month rolling, %	=	$\frac{\text{Profit before taxes} + \text{interest and other financial expenses}}{\text{Total assets} - \text{non-interest-bearing liabilities (12-month average)}} * 100$
Equity ratio, %	=	$\frac{\text{Total equity}}{\text{Total assets} - \text{advance payments}} * 100$
Interest-bearing net debt	=	Interest-bearing liabilities – interest-bearing receivables – cash and cash equivalents
Net debt/EBITDA	=	$\frac{\text{Interest-bearing net debt}}{\text{EBITDA (12-month average, excluding capital gains)}}$
Gearing, %	=	$\frac{\text{Interest-bearing net debt}}{\text{Total equity}} * 100$

# Quarterly figures

## Key figures

	2020	2020 <sup>1)</sup>	2020 <sup>1)</sup>	2020 <sup>1)</sup>	2019 <sup>1)</sup>	2019	2019	2019
	10–12	7–9	4–6	1–3	10–12	7–9	4–6	1–3
Earnings per share, EUR								
Basic	0.46	0.16	-0.12	0.30	0.13	0.30	0.24	0.37
Diluted	0.46	0.16	-0.12	0.30	0.13	0.30	0.24	0.37
Adjusted earnings per share, EUR	0.65	0.56	0.47	0.48	0.49	0.45	0.42	0.41
Equity per share, EUR	13.73	12.31	13.06	12.39	14.27	5.70	5.62	5.44
Return on equity, 12-month rolling, %	5.7	5.5	5.6	9.3	7.3	23.7	27.6	30.4
Return on capital employed, 12-month rolling, %	5.2	6.1	6.3	8.0	6.9	18.5	19.2	22.3
Equity ratio, %	45.9	42.6	44.3	43.2	44.5	35.4	33.7	29.7
Interest-bearing net debt, EUR million	883.3	951.5	989.3	1 041.4	1 070.0	309.1	362.5	273.2
Gearing, %	54.3	65.3	64.0	71.0	63.4	73.3	87.3	67.9
Capital expenditure, EUR million	17.9	17.6	23.3	24.6	17.9	11.6	12.5	9.4
Acquisitions, EUR million	0.4	—	0.3	—	175.0	0.1	—	0.7

## Income statement

	2020	2020	2020	2020 <sup>1)</sup>	2019 <sup>1)</sup>	2019	2019	2019
EUR million	10–12	7–9	4–6	1–3	10–12	7–9	4–6	1–3
Revenue	712.0	643.8	686.4	744.2	542.8	379.6	403.2	408.4
Other operating income	2.4	4.0	2.5	2.7	3.9	2.7	4.9	5.5
Materials and services	-166.9	-163.4	-181.9	-176.5	-106.0	-63.3	-66.6	-59.1
Employee benefit expenses	-372.0	-332.1	-384.5	-397.1	-299.1	-204.9	-244.5	-241.3
Depreciation, amortization and impairment losses	-42.4	-62.3	-54.3	-46.5	-35.2	-24.4	-25.8	-24.2
Other operating expenses	-54.9	-61.5	-77.8	-78.7	-73.9	-53.0	-54.5	-54.0
Share of results in joint ventures	-0.3	0.1	-0.2	1.9	1.7	1.1	1.4	1.4
<b>Operating profit (EBIT)</b>	<b>77.8</b>	<b>28.6</b>	<b>-9.8</b>	<b>50.0</b>	<b>34.2</b>	<b>37.8</b>	<b>18.1</b>	<b>36.8</b>
Financial income and expenses	-5.8	-6.5	-6.4	-5.6	-15.5	-8.8	1.0	-2.7
<b>Profit before taxes</b>	<b>72.0</b>	<b>22.1</b>	<b>-16.2</b>	<b>44.4</b>	<b>18.7</b>	<b>29.0</b>	<b>19.1</b>	<b>34.0</b>
Income taxes	-17.5	-3.1	2.1	-9.2	-6.9	-7.1	-1.0	-6.9
<b>Net profit for the period</b>	<b>54.5</b>	<b>19.0</b>	<b>-14.1</b>	<b>35.2</b>	<b>11.7</b>	<b>21.9</b>	<b>18.0</b>	<b>27.1</b>

<sup>1)</sup> Restated. More information in [Notes to the interim financial statements](#).

## Statement of Financial Position

	2020	2020 <sup>1)</sup>	2020 <sup>1)</sup>	2020 <sup>1)</sup>	2019 <sup>1)</sup>	2019	2019	2019
EUR million	31 Dec	30 Sep	30 Jun	31 Mar	31 Dec	30 Sep	30 Jun	31 Mar
Goodwill	1 974.4	1 874.3	1 895.9	1 807.2	2 023.1	435.9	439.3	442.4
Other intangible assets	384.9	369.1	396.8	388.5	440.1	46.4	44.3	45.4
Property, plant and equipment	96.9	98.3	102.9	102.7	111.2	83.0	86.7	87.4
Right-of-use assets	231.7	245.8	253.7	256.5	289.1	145.1	152.5	156.7
Interests in joint ventures	19.7	19.5	19.6	19.5	23.1	16.4	15.3	15.3
Other non-current assets	73.7	73.3	70.4	76.6	105.4	43.9	44.6	43.8
<b>Total non-current assets</b>	<b>2 781.3</b>	<b>2 680.2</b>	<b>2 739.5</b>	<b>2 651.0</b>	<b>2 992.0</b>	<b>770.7</b>	<b>782.9</b>	<b>790.9</b>
Trade receivables and other current assets	571.2	611.7	619.2	658.1	661.4	381.8	425.7	434.9
Cash and cash equivalents	252.3	198.9	205.4	171.7	164.6	79.2	71.7	186.3
<b>Total current assets</b>	<b>823.5</b>	<b>810.7</b>	<b>824.6</b>	<b>829.8</b>	<b>826.0</b>	<b>461.0</b>	<b>497.4</b>	<b>621.3</b>
Assets held for sale	—	—	—	—	15.6	—	—	—
<b>Total assets</b>	<b>3 604.8</b>	<b>3 490.9</b>	<b>3 564.1</b>	<b>3 480.8</b>	<b>3 833.7</b>	<b>1 231.7</b>	<b>1 280.3</b>	<b>1 412.2</b>
<b>Total equity</b>	<b>1 626.2</b>	<b>1 458.1</b>	<b>1 547.0</b>	<b>1 467.2</b>	<b>1 687.2</b>	<b>421.8</b>	<b>415.3</b>	<b>402.5</b>
Non-current loans	1 056.9	1 074.1	1 084.0	787.7	814.5	287.4	293.6	298.7
Other non-current liabilities	95.5	88.8	88.6	84.5	122.4	55.2	49.9	50.9
<b>Total non-current liabilities</b>	<b>1 152.5</b>	<b>1 162.8</b>	<b>1 172.6</b>	<b>872.3</b>	<b>937.0</b>	<b>342.6</b>	<b>343.5</b>	<b>349.6</b>
Trade payables and other current liabilities	668.9	708.2	653.3	670.8	746.4	345.3	362.6	489.2
Provisions	45.6	60.1	53.8	18.3	15.3	15.0	13.6	8.3
Current loans	111.7	101.6	137.4	452.2	448.0	107.1	145.3	162.6
<b>Total current liabilities</b>	<b>826.1</b>	<b>869.9</b>	<b>844.5</b>	<b>1 141.3</b>	<b>1 209.8</b>	<b>467.3</b>	<b>521.5</b>	<b>660.1</b>
Liabilities attributable to assets held for sale	—	—	—	—	2.2	—	—	—
<b>Total equity and liabilities</b>	<b>3 604.8</b>	<b>3 490.9</b>	<b>3 564.1</b>	<b>3 480.8</b>	<b>3 833.7</b>	<b>1 231.7</b>	<b>1 280.3</b>	<b>1 412.2</b>

<sup>1)</sup> Restated. More information in [Notes to the interim financial statements](#).

## Statement of cash flows

	2020	2020	2020	2020	2019	2019	2019	2019
EUR million	10–12	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	54.5	19.0	-14.1	35.2	11.7	21.9	18.0	27.1
Adjustments	68.6	73.0	59.7	62.3	81.4	39.7	24.2	32.5
Change in net working capital	17.8	31.5	58.1	-40.2	49.9	17.6	1.9	-2.8
<b>Cash generated from operating activities before interests and taxes</b>	<b>140.9</b>	<b>123.5</b>	<b>103.6</b>	<b>57.3</b>	<b>143.1</b>	<b>79.2</b>	<b>44.2</b>	<b>56.9</b>
Net financial expenses paid	-13.1	-4.1	-9.6	-19.2	-7.7	-3.8	-2.3	-3.5
Dividends received	—	—	—	4.3	—	—	1.4	2.2
Income taxes paid	-2.6	-11.0	-3.7	-11.7	-7.1	-5.8	-6.1	-12.4
<b>Cash flow from operating activities</b>	<b>125.2</b>	<b>108.4</b>	<b>90.4</b>	<b>30.7</b>	<b>128.3</b>	<b>69.6</b>	<b>37.1</b>	<b>43.3</b>
<b>Cash flow from investing activities</b>	<b>-20.1</b>	<b>-15.1</b>	<b>-22.2</b>	<b>-8.0</b>	<b>-724.4</b>	<b>-12.9</b>	<b>-15.6</b>	<b>-9.5</b>
<b>Cash flow from financing activities</b>	<b>-54.2</b>	<b>-93.2</b>	<b>-35.1</b>	<b>-9.4</b>	<b>681.7</b>	<b>-48.9</b>	<b>-136.9</b>	<b>-12.9</b>
<b>Change in cash and cash equivalents</b>	<b>50.9</b>	<b>0.1</b>	<b>33.1</b>	<b>13.4</b>	<b>85.7</b>	<b>7.8</b>	<b>-115.4</b>	<b>20.9</b>
Cash and cash equivalents at the beginning of period	198.9	205.4	171.7	164.6	79.2	71.7	186.3	164.6
Foreign exchange differences	2.4	-6.6	0.6	-6.3	-0.2	-0.3	0.7	0.9
Change in cash and cash equivalents	50.9	0.1	33.1	13.4	85.7	7.8	-115.4	20.9
<b>Cash and cash equivalents at the end of period</b>	<b>252.3</b>	<b>198.9</b>	<b>205.4</b>	<b>171.7</b>	<b>164.6</b>	<b>79.2</b>	<b>71.7</b>	<b>186.3</b>

## Quarterly figures by segments

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

### Customer revenue by segment

	2020	2020	2020	2020	2019	2019	2019	2019
EUR million	10-12	7-9	4-6	1-3	10-12	7-9	4-6	1-3
Digital Consulting	172.8	143.0	162.7	183.5	127.9	90.4	105.7	112.2
Cloud & Infra	227.3	219.3	232.0	253.0	184.3	132.9	136.0	131.5
Industry Software	134.3	115.1	122.0	129.7	110.9	84.4	87.3	88.7
Financial Services Solutions	108.8	101.2	101.9	106.9	63.6	28.6	29.5	30.0
Product Development Services	36.0	33.3	34.4	38.7	38.5	33.6	34.6	36.8
Other	32.8	31.9	33.4	32.4	17.6	9.6	10.0	9.2
<b>Group total</b>	<b>712.0</b>	<b>643.8</b>	<b>686.4</b>	<b>744.2</b>	<b>542.8</b>	<b>379.6</b>	<b>403.2</b>	<b>408.4</b>

### Operating profit (EBIT) by segment

	2020	2020	2020	2020 <sup>1)</sup>	2019 <sup>1)</sup>	2019	2019	2019
EUR million	10-12	7-9	4-6	1-3	10-12	7-9	4-6	1-3
Digital Consulting	27.8	13.2	9.5	20.4	2.4	8.2	4.8	14.7
Cloud & Infra	5.8	3.8	10.7	16.3	22.5	18.5	6.5	8.9
Industry Software	33.8	23.8	-28.4	9.7	16.5	8.1	5.5	7.0
Financial Services Solutions	8.8	-9.2	4.3	6.2	9.4	4.9	4.0	5.9
Product Development Services	5.0	4.0	3.7	5.0	3.9	3.4	2.7	4.5
Other	-3.3	-7.0	-9.5	-7.5	-20.5	-5.2	-5.4	-4.3
<b>Group total</b>	<b>77.8</b>	<b>28.6</b>	<b>-9.8</b>	<b>50.0</b>	<b>34.2</b>	<b>37.8</b>	<b>18.1</b>	<b>36.8</b>

### Operating margin (EBIT) by segment

	2020	2020	2020	2020 <sup>1)</sup>	2019 <sup>1)</sup>	2019	2019	2019
%	10-12	7-9	4-6	1-3	10-12	7-9	4-6	1-3
Digital Consulting	16.1	9.2	5.8	11.1	1.9	9.0	4.5	13.1
Cloud & Infra	2.5	1.7	4.6	6.4	12.2	13.9	4.8	6.8
Industry Software	25.2	20.7	-23.3	7.5	14.9	9.6	6.3	7.9
Financial Services Solutions	8.1	-9.1	4.2	5.8	14.8	17.1	13.4	19.8
Product Development Services	13.8	12.1	10.7	12.9	10.0	10.0	7.8	12.3
<b>Operating margin (EBIT)</b>	<b>10.9</b>	<b>4.4</b>	<b>-1.4</b>	<b>6.7</b>	<b>6.3</b>	<b>10.0</b>	<b>4.5</b>	<b>9.0</b>

### Adjusted operating profit (EBIT) by segment

	2020	2020	2020	2020 <sup>1)</sup>	2019 <sup>1)</sup>	2019	2019	2019
EUR million	10-12	7-9	4-6	1-3	10-12	7-9	4-6	1-3
Digital Consulting	29.9	21.1	17.9	23.9	12.5	12.2	8.3	16.1
Cloud & Infra	19.3	24.0	26.6	23.7	28.9	20.8	14.8	9.6
Industry Software	35.1	25.0	18.4	13.1	18.4	10.1	5.8	6.9
Financial Services Solutions	15.2	15.4	12.0	11.7	11.3	5.2	4.3	6.3
Product Development Services	5.0	4.1	4.0	5.0	4.5	3.4	2.7	4.5
Other	1.9	0.6	1.6	0.7	-1.2	-1.6	-1.9	-2.4
<b>Group total</b>	<b>106.4</b>	<b>90.2</b>	<b>80.4</b>	<b>78.2</b>	<b>74.4</b>	<b>50.1</b>	<b>34.0</b>	<b>40.9</b>

### Adjusted operating margin (EBIT) by segment

	2020	2020	2020	2020 <sup>1)</sup>	2019 <sup>1)</sup>	2019	2019	2019
%	10-12	7-9	4-6	1-3	10-12	7-9	4-6	1-3
Digital Consulting	17.3	14.7	11.0	13.0	9.8	13.5	7.8	14.3
Cloud & Infra	8.5	10.9	11.5	9.4	15.7	15.6	10.9	7.3
Industry Software	26.2	21.7	15.1	10.1	16.6	11.9	6.6	7.8
Financial Services Solutions	14.0	15.2	11.8	11.0	17.8	18.3	14.5	20.9
Product Development Services	13.8	12.3	11.5	12.9	11.6	10.0	7.9	12.3
<b>Adjusted operating margin (EBIT)</b>	<b>14.9</b>	<b>14.0</b>	<b>11.7</b>	<b>10.5</b>	<b>13.7</b>	<b>13.2</b>	<b>8.4</b>	<b>10.0</b>

<sup>1)</sup> Restated. More information in [Notes to the interim financial statements](#).

## Depreciation by segment<sup>1)</sup>

	2020	2020	2020	2020	2019	2019	2019	2019
EUR million	10-12	7-9	4-6	1-3	10-12	7-9	4-6	1-3
Digital Consulting	1.2	1.1	1.2	1.3	0.8	0.7	0.7	0.7
Cloud & Infra	10.8	10.3	11.1	11.7	11.6	9.8	9.8	9.9
Industry Software	0.3	0.5	0.5	0.5	0.4	0.4	0.4	0.4
Financial Services Solutions	0.9	1.0	1.0	1.0	0.4	0.1	0.1	0.1
Product Development Services	0.1	0.1	0.1	0.1	0.1	—	0.1	—
Other	14.5	15.2	15.0	15.6	10.9	10.3	10.4	9.9
<b>Group total</b>	<b>27.8</b>	<b>28.2</b>	<b>28.8</b>	<b>30.1</b>	<b>24.3</b>	<b>21.3</b>	<b>21.6</b>	<b>21.0</b>

<sup>1)</sup> Depreciations for 2020 have been reclassified between the segments.

## Amortization on other intangible assets by segment<sup>1)</sup>

	2020	2020	2020	2020	2019	2019	2019	2019
EUR million	10-12	7-9	4-6	1-3	10-12	7-9	4-6	1-3
Digital Consulting	-0.3	0.2	0.1	0.1	0.0	0.0	0.0	0.0
Cloud & Infra	1.7	1.1	1.8	1.9	2.3	1.8	3.0	2.0
Industry Software	-0.1	0.8	1.0	0.6	0.2	0.1	0.1	0.0
Financial Services Solutions	1.0	1.0	0.9	0.9	0.4	0.0	0.0	0.0
Product Development Services	—	—	—	—	—	—	—	—
Other	0.6	0.8	0.5	0.5	0.2	0.1	0.1	0.1
<b>Group total</b>	<b>3.0</b>	<b>3.9</b>	<b>4.3</b>	<b>4.1</b>	<b>3.1</b>	<b>2.0</b>	<b>3.2</b>	<b>2.2</b>

<sup>1)</sup> Amortizations for 2020 have been reclassified between the segments.

## Amortization of acquisition-related intangible assets by segment

	2020	2020	2020	2020 <sup>1)</sup>	2019 <sup>1)</sup>	2019	2019	2019
EUR million	10-12	7-9	4-6	1-3	10-12	7-9	4-6	1-3
Digital Consulting	2.5	2.5	2.4	2.5	1.1	0.3	0.3	0.4
Cloud & Infra	2.1	2.1	2.0	2.1	0.7	0.0	0.0	0.0
Industry Software	1.6	1.6	1.7	1.6	0.8	0.4	0.4	0.4
Financial Services Solutions	5.2	5.2	5.0	5.3	2.0	0.3	0.3	0.3
Product Development Services	—	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—	—
<b>Group total</b>	<b>11.4</b>	<b>11.4</b>	<b>11.2</b>	<b>11.5</b>	<b>4.7</b>	<b>1.1</b>	<b>1.1</b>	<b>1.1</b>

<sup>1)</sup> Restated. More information in [Notes to the interim financial statements](#).

## Major shareholders on 31 Dec 2020

	Shares	%
1 Apax Guernsey (Holdco) PCC Ltd <sup>1)</sup>	19 872 767	16.8
2 Solidium Oy	11 857 918	10.0
3 Cevian Capital Partners Ltd <sup>2)</sup>	9 381 731	7.9
4 Ilmarinen Mutual Pension Insurance Company	3 267 852	2.8
5 Elo Mutual Pension Insurance Company	1 672 953	1.4
6 Swedbank Robur fonder	1 018 571	0.9
7 Nordea funds	949 781	0.8
8 The State Pension fund	858 000	0.7
9 Svenska litteratursällskapet i Finland r.f.	636 345	0.5
10 Danske Invest Finnish Equity Fund	600 000	0.5
<b>Top 10 shareholders total</b>	<b>50 115 918</b>	<b>42.3</b>
- of which nominee registered	29 254 498	24.7
Nominee registered other	48 832 819	41.2
Others	19 477 034	16.4
<b>Total</b>	<b>118 425 771</b>	<b>100.0</b>

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

<sup>1)</sup> On 20 December 2019, Apax Guernsey (Holco) PCC Ltd announced that its holding in TietoEVRY Corporation was 19 872 767 shares, which represents 16.8% of the shares and voting rights.

<sup>2)</sup> Based on the ownership records of Euroclear Finland Oy, Cevian Capital Partners Ltd's holding on 30 September 2020 was 9 381 731 shares, representing 7.9 % of the shares and voting rights.

### For further information, please contact:

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**A teleconference for analysts and media** will be held on Wednesday 17 February 2021 **10.00 am EET** (9.00 am CET, 8.00 am UK time). Kimmo Alkio, President and CEO, and Tomi Hyryläinen, CFO, will present the results online in English. **The presentation** can be followed on **TietoEVRY's website**.

#### **Teleconference numbers**

Finland: +358 981 710 310  
Sweden: +46 856 642 651  
Norway: +47 235 002 43  
United Kingdom: +44 333 300 0804  
United States: +1 631 913 1422  
Conference code: 11869732#

To ensure that you are connected to the conference call, please dial in a few minutes before the start of the press and analyst conference. The teleconference is recorded and it will be available on demand later during the day.

TietoEVRY publishes its financial information in English and Finnish.

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