

# Q4

# 2021



## Solid organic growth of 3% and strong cash flow

- Growth driven by software businesses and over 20% growth in Product Development Services and International Operations
- Strong wins during the quarter – order backlog up by 5% YoY and 11% QoQ
- Healthy adjusted operating margin of 13.9% – strong cash flow
- Dividend proposal EUR 1.40 per share
- Performance acceleration in Cloud & Infra to drive cloud growth and achieve adjusted EBITA margin of over 10% by 2023 – annual savings target of EUR 50 million announced

# Contents

<b>Key figures</b>	<b>3</b>	<b>Financial calendar 2022</b>	<b>20</b>
<b>Full-year outlook for 2022</b>	<b>3</b>	<b>Auditing</b>	<b>20</b>
<b>CEO's comment</b>	<b>4</b>		
<b>Tietoevry's quarter in brief</b>	<b>5</b>	<b>Consolidated interim financial statements</b>	<b>21</b>
<b>IT market development</b>	<b>6</b>	Income statement	22
<b>New strategy</b>	<b>6</b>	Statement of other comprehensive income	22
<b>Performance in 2022</b>	<b>7</b>	Statement of financial position	23
<b>Financial performance in October–December</b>	<b>8</b>	Statement of changes in shareholders' equity	24
<b>Financial performance in January–December</b>	<b>10</b>	Statement of cash flows	25
<b>Financial position at the end of the period</b>	<b>12</b>	Notes to the interim financial statements	26
<b>Development in 2021</b>	<b>12</b>	Segment information	27
<b>Order backlog</b>	<b>12</b>	Changes in Group structure	31
<b>Major agreements in January–December</b>	<b>13</b>	Derivatives	33
<b>Changes in Group structure</b>	<b>16</b>	Number of shares	33
<b>Personnel</b>	<b>16</b>		
<b>Shareholders' Meeting</b>	<b>16</b>	<b>Alternative performance measures</b>	<b>34</b>
<b>Shareholders' Nomination Board</b>	<b>16</b>	<b>Quarterly figures</b>	<b>37</b>
<b>Auditors</b>	<b>17</b>	<b>Quarterly figures by segments</b>	<b>39</b>
<b>Board of Directors</b>	<b>17</b>	<b>Major shareholders</b>	<b>42</b>
<b>Shares</b>	<b>17</b>		
<b>Dividend</b>	<b>18</b>		
<b>Significant risks and uncertainties</b>	<b>18</b>		
<b>Full-year outlook for 2022 unchanged</b>	<b>19</b>		
<b>Events after the period</b>	<b>19</b>		

# Key figures in the fourth quarter

Revenue, EUR million

**742.0** (712.0)

Organic growth<sup>1)</sup>

**2.7%** (-6.3%)

Order backlog, EUR million

**3 513** (3 350)

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

**103.3 / 13.9%**

(106.4) (14.9%)

Operating profit (EBIT),  
EUR million

**113.4 / 15.3%**

(77.8) (10.9%)

Adjustment<sup>2)</sup> items,  
EUR million

**22.0** (-17.2)

Net debt/EBITDA

**1.1** (2.5)

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

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

<sup>3)</sup> Profit before interests, taxes and amortization of acquisition-related intangible assets. For reconciliation, see section [Alternative performance measures](#).

## Full-year outlook for 2022

TietoEVRY expects its organic<sup>1)</sup> growth to be 2% to 4% (revenue in 2021: EUR 2 823.4 million). The company estimates its full-year adjusted operating margin<sup>2)</sup> (adjusted EBITA) to be 13.1–13.6% (13.0% in 2021).

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

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

# CEO's comment

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



"In the fourth quarter, we had good momentum with a combination of 3% organic growth, strong order intake in key businesses, consistent profitability and strong cash flow. The Industry Software, Financial Services Solutions, Product Development Services and International Operations businesses continued to see strong growth. In our Digital Consulting business, order intake was very strong, while fourth-quarter revenue was still slightly declining. In Cloud and Infra, performance continued to improve, while not to desired levels. Hence, we have initiated performance acceleration to drive cloud growth and achieve further profit improvement. During the past quarter, the talent market remained dynamic, while attrition levels stabilized and we continued our high recruitment pace across all main markets with over 1 700 new hires.

For the full year 2021, overall business dynamics and performance development was favourable with the second half of the year turning to growth. Integration synergies have materialized well on schedule and contributed accordingly to our profitability improvement. The total performance of the company was driven especially by its strong software businesses, Product Development Services and International Operations – forming a solid ground for our future focus in cloud, data and software engineering. Full-year operating cash flow was at a record level, enabling continued attractive dividends, as proposed by the Board of Directors.

We see increasing interest from our customers for sustainability driven co-innovation. Digitalization is bringing new opportunities to significantly reduce emissions and environmental burden for our customers and society at large. During the year, we continued advancing our ESG agenda and aligned our CO<sub>2</sub> reduction targets with the Science Based Targets initiative while our ambition for carbon neutrality in own operations by 2025 remains the next key milestone. Our long-term work towards gender balance ambitions continued, with progress in the share of women among new recruits up by 4 percentage points. Close to 80 different nationalities are represented amongst our personnel, well demonstrating that diversity is one of our core values.

During the year, we took a big step forward with the announcement of our new strategy – expected to benefit from the higher cloud-native, data and software-centric market opportunities. Through our six specialized end-to-end businesses and new investment priorities, we also expect to reach higher growth and realize further profitability expansion. The new structure of the company became effective on schedule on 1 January 2022.

Following our new strategy and to complete our two-year integration programme we kicked off the year by unveiling a renewed brand and identity as well as new names for the specialized businesses. In the core of the brand and identity is our new purpose: Creating purposeful technology to reinvent the world for good. This purpose reflects the company values of trust and openness, as well as the direction the world around us is taking. Now more than ever it matters for companies to be active on societal issues. We want to be the company that develops digital futures with humanity at the core."

# TietoEVRY's quarter in brief

## Organic growth 3%

Strong growth in Financial Services Solutions and Industry Software continued, with revenue organically<sup>1)</sup> up by 12% and 7%, respectively. Organic growth was strong also in International Operations<sup>2)</sup> and Product Development Services, at 26% and 20%, respectively. Revenue for Cloud & Infra was organically down by 7%. Digital Consulting revenue was down by 1%, impacted by a volume decline in traditional application services.

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

<sup>2)</sup> International Operations includes digital consulting services for markets outside the Nordics.

## Strong order intake

Fourth-quarter order intake was strong overall, especially in the Digital Consulting business. Cloud & Infra wins and the related order intake were also positive. Order backlog increased by 5% year-on-year and by 11% from the previous quarter.

## Active talent market

Personnel attrition rates were on the rise across the industry during 2021, stabilizing in the fourth quarter. While talent attraction has been high at TietoEVRY with over 1 700 new recruitments (gross) during the quarter, productivity in the consulting business has been somewhat impacted by high attrition. Furthermore, salary inflation has been on the rise throughout the year.

## Strong profitability and cash flow

Adjusted operating profit was healthy at EUR 103.3 (106.4) million, 13.9% (14.9) of revenue. Reported operating profit (EBIT) was strong at EUR 113.4 (77.8) million, representing a margin of 15.3% (10.9). The improvement is supported by reduced one-time costs and divestment capital gains of EUR 33 million. Cash conversion for the quarter was solid at around 1.9x from net profit (excl. divestments 2.2x), delivering free cash flow of EUR 165 million.

Software businesses' strong performance continued with an adjusted margin of 25.8% in Industry Software and 14.4% in Financial Services Solutions. In Cloud & Infra, profitability improved but not to the targeted level. Hence, the company has initiated performance acceleration to drive cloud growth and achieve further profit improvement. Cost savings programme with a view to achieving around EUR 50 million in annual savings was announced in February 2022.

## Significant wins demonstrate our key role in cloud transformation

### Next-generation IT services for the City of Stockholm

The City of Stockholm and TietoEVRY concluded a contract on the development, administration and operation of IT systems. TietoEVRY will provide Stockholm with an IT environment covering digital services, including automation and AIOps, to modernize an application and infrastructure landscape meeting high regulatory requirements and standards. The agreement is expected to represent a potential total contract value of approximately SEK 4 billion over 15 years.

### SAP S/4HANA transformation partner for the Finnish Posti Group

The Finnish Posti Group and TietoEVRY have signed a three-year contract covering a new SAP S/4HANA implementation on Microsoft Azure. The implementation will accelerate the client's digital transformation and bring scalability and flexibility to Posti's core business areas.

### Partner for the transition to a cloud-based architecture for Digdir in Norway

The Norwegian Digitalization Agency (Digdir) has chosen TietoEVRY as a partner for the transition to a cloud-based architecture. TietoEVRY will deliver the scalability and flexibility Digdir requires for a future cloud-based operating platform, which will also be ready for operation in the public cloud. Digdir's joint solutions are part of the numerous business and public sector digital services that are critical for society.

### Extended collaboration with Länsförsäkringar within card services

Länsförsäkringar extended its collaboration with TietoEVRY within card services. TietoEVRY will deliver card services, including fraud detection and prevention, to Länsförsäkringar's banking and Wasa Kredit operations in Sweden. This contract valued at over EUR 30 million is an extension until the end of 2026.

### AI and Machine Learning solution brings advanced profit scoring to MedMera Bank

TietoEVRY extended its collaboration with MedMera Bank in Sweden with the introduction of a new TietoEVRY AI and machine learning solution. The new technology supports fast, evidence-based decision-making based on profit scoring, which ultimately reduces customer churn.

# IT market development

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

Innovations driving digital experiences are enabled by cloud technologies. Cloud enablement and agile development methods, DevOps, are becoming a standard way of delivering services. The focus is clearly geared towards cloud-native development, with investments in data and analytics, data management, data engineering and data platforms on the one hand, and investments in cloud-native application development on the other.

In parallel with cloud-native development, customers will continue the modernization of their business processes, applications and infrastructure. Hence, investments are also being geared towards the market with modernization programmes. As price erosion in these traditional segments will accelerate further, competitiveness requires scale.

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

## New strategy launched in 2021 – growth through specialization

TietoEVRY announced a new strategy in October 2021, driving growth and expansion through specialization. Investments will be focused on businesses where the company sees competitive advantages and sustainable growth:

- cloud-native services
- data and software engineering
- scalable software businesses,

including their global expansion potential.

In the areas of traditional managed application and infrastructure services, the company sees new partnerships as potential means to build scale and pursue joint investments.

### Six specialized businesses established

To capture the momentum of the cloud-native and software market, TietoEVRY has established six specialized end-to-end businesses. These businesses have full operational responsibility, including go-to-market, service portfolio, investments and partnerships. Reflecting the distinct market dynamics of each, the individual businesses have optionality to build scale and prioritize investments.

The businesses – and their new names as from January 2022 – forming the reportable segments as from the first quarter of 2022 are described below:

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

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

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

**TietoEVRY Banking** aims to be the market-leading financial-software products, platform and services partner in the Nordics and beyond.

**TietoEVRY Care** aims to reinvent the Nordic health and social care sector with modular, open and interoperable software – enhancing care personnel and citizen experience.

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

Scalable common functions, such as Finance, Strategy and HR, continue to support the businesses in driving portfolio development, performance management and efficiency across the company. The new structure took effect on 1 January 2022.

## Investment priorities to support scale in distinct businesses

The following investment priorities will drive competitiveness and value creation in each business:

- **Invest to expand** in Tietoevry Create, Tietoevry Care and Tietoevry Banking – invest to accelerate products, services and capabilities; prioritized M&A.
- **Partner to scale** in Tietoevry Transform and Tietoevry Connect – invest in capabilities to drive scale and automated managed services; seek partners (operational and structural) to jointly invest and build scale.
- **Focus for value** in Tietoevry Industry – optimized investments for selected businesses and develop portfolio to increase focus.

## Performance in 2022

Strong order backlog and a healthy market are anticipated to contribute to growth ambitions for 2022. Tietoevry estimates its full-year organic growth<sup>1)</sup> to be 2% to 4%. Good business performance momentum in software businesses is anticipated to continue. In Cloud & Infra, the decline in traditional infrastructure services is anticipated to continue while the negative impact from the customer contracts lost prior to the merger ended in the fourth quarter. Hence, the company has initiated performance acceleration to drive cloud growth and achieve further profit improvement. Cost savings programme with a view to achieving around EUR 50 million in annual savings was announced in February 2022 and it is expected to contribute to performance in the second half of the year.

High personnel attrition is anticipated to continue, impacting the speed of performance improvement in 2022. Personnel costs are affected by salary inflation, expected to be around 3% in the full year 2022. However, salary inflation is partly offset by price increases in some service areas, offshoring and management of the competence pyramid.

## Merger-related synergies

Tietoevry anticipates that the total cost synergy target of EUR 100 million will be achieved by the end of 2022. The company achieved a run-rate of EUR 97 million at the end of 2021. By the end of 2021, accumulated integration costs amounted to EUR 110 million. The total integration costs are expected to be EUR 117 million, well in line with the previously estimated total integration costs of EUR 110–120 million.

## Long-term financial targets

The financial targets announced in December 2020 have been maintained while the new strategy supports potential for enhanced performance. The targets include:

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

In 2022, one-time costs are expected to be around 1.5% to 2.0% of revenue, primarily driven by the turnaround programme in Cloud & Infra.

## Adjustment items

In 2022, one-time costs are expected to be around 1.5% to 2.0% of revenue, primarily driven by turnaround measures initiated in Cloud & Infra, as announced in February 2022. One-time costs also include the remaining integration costs, mainly related to the brand and identity programme.

## Performance in the first quarter

The ongoing transition to a new Group-wide operating structure may have had some impact on productivity in the first quarter. In Cloud & Infra, measures to improve efficiency continue while annual customer price discounts, materializing in January, are anticipated to impact on first-quarter profitability.

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

# Financial performance in October–December

	10–12/2021	10–12/2020
Revenue, EUR million	742.0	712.0
Change, %	4.2	31.2
Operating profit (EBIT), EUR million	113.4	77.8
Operating margin (EBIT), %	15.3	10.9
Adjusted <sup>1)</sup> operating profit (EBITA <sup>2)</sup> , EUR million	103.3	106.4
Adjusted <sup>1)</sup> operating margin (EBITA <sup>2)</sup> , %	13.9	14.9
Profit after taxes, EUR million	88.9	54.5
EPS, EUR	0.75	0.46
Net cash flow from operations, EUR million	169.3	125.2
Return on equity, 12-month rolling, %	16.9	5.7
Return on capital employed, 12-month rolling, %	13.7	5.2
Capital expenditure, EUR million	25.0	17.9
Order backlog	3 513	3 350
Interest-bearing net debt, EUR million	610.6	883.3
Personnel on 31 December	24 389	23 632

Fourth-quarter revenue was up by 4.2% to EUR 742.0 (712.0) million. Growth was driven by software businesses as well as a more than 20% increase in International Operations and Product Development Services. Currency changes had a positive impact of around EUR 25 million on revenue while divestments had a negative impact of EUR 14 million. Fourth-quarter operating profit (EBIT) amounted to EUR 113.4 (77.8) million, representing a margin of 15.3 (10.9). Merger-related synergies were EUR 5 million higher compared with the fourth quarter of the previous year. Operating profit includes EUR 22.0 (-17.2) million in adjustment items. In the fourth quarter of 2021, adjustment items include less integration costs than in the previous year and a capital gain of EUR 32.6 million related to the divestment of software businesses. Adjusted<sup>1)</sup> operating profit (EBITA) stood at EUR 103.3 (106.4) million, or 13.9% (14.9) of revenue. Further details on adjustment items are available in the [Alternative Performance Measures](#) paragraph.

Depreciation and amortization amounted to EUR 42.0 (42.1) million, including EUR 17.2 (17.6) million in depreciation of right of use assets (IFRS 16 impact) and EUR 12.0 (11.4) million in amortization of acquisition-related intangible assets. Net financial expenses stood at EUR 5.9 (5.8) million. Net interest expenses were EUR 4.4 (5.7) million and net losses from foreign exchange transactions EUR 1.1 (gains 0.5) million. Other financial income and expenses amounted to EUR -0.5 (-0.6) million.

Earnings per share (EPS) totalled EUR 0.75 (0.46). Adjusted<sup>1)</sup> earnings per share amounted to EUR 0.64 (0.65).

<sup>1)</sup> Adjustment items include restructuring costs, capital gains/losses, impairment charges and other items affecting comparability.

<sup>2)</sup> Profit before interests, taxes and amortization of acquisition-related intangible assets.

## Financial performance by segment

	Revenue, EUR million		Growth, %	Organic growth, % <sup>3)</sup>	Adjusted <sup>1)</sup> operating profit <sup>2)</sup> , EUR million	Adjusted <sup>1)</sup> operating profit <sup>2)</sup> , EUR million	Adjusted <sup>1)</sup> operating margin <sup>2)</sup> , %	Adjusted <sup>1)</sup> operating margin <sup>2)</sup> , %
	10–12/2021	10–12/2020			10–12/2021	10–12/2020	10–12/2021	10–12/2020
Digital Consulting	176.3	172.8	2	-1	24.8	29.9	14.1	17.3
Cloud & Infra	217.9	227.3	-4	-7	20.8	19.3	9.5	8.5
Industry Software	131.4	134.3	-2	7	33.9	35.1	25.8	26.1
Financial Services Solutions	128.9	108.8	18	12	18.5	15.2	14.4	14.0
Product Development Services	44.0	36.0	22	20	5.3	5.0	12.0	13.8
Other <sup>4)</sup>	43.4	32.8	33	26	0.1	1.9	—	—
<b>Total</b>	<b>742.0</b>	<b>712.0</b>	<b>4</b>	<b>3</b>	<b>103.3</b>	<b>106.4</b>	<b>13.9</b>	<b>14.9</b>

<sup>1)</sup> Adjustment items include restructuring costs, capital gains/losses, impairment charges and other items affecting comparability.

<sup>2)</sup> Profit before interests, taxes and amortization of acquisition-related intangible assets.

<sup>3)</sup> Adjusted for currency effects and impact from acquisitions and divestments.

<sup>4)</sup> "Other" consists of International Operations, including digital consulting services for markets outside the Nordics. "Other" also includes unallocated Group costs.

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

In **Digital Consulting**, revenue was organically down by 1%. Growth continues in areas such as Cloud, Data & Analytics. Traditional application services continued to decline while strong wins were achieved in the ERP business during the quarter. Adjusted operating margin was down to 14.1% (17.3), impacted by higher attrition and salary inflation. Active recruitments continued, with a net headcount increase of around 100 from the third quarter.

In **Cloud & Infra**, revenue was organically down by 7%, partly driven by contracts lost prior to the merger in 2019 (impact of 3%). Additionally, growth was affected by reduced hardware sales (impact of 2%). The decline in traditional infrastructure continues due to the volume shift to cloud environments, whereas growth for cloud services was 5% in the fourth quarter. Adjusted operating margin improved to 9.5% (8.5). The company has initiated performance acceleration to drive cloud growth and achieve further profit improvement.

In **Industry Software**, revenue was organically up by 7%. Industry Software saw strong performance across all main businesses, including significant growth and new wins in TietoEVRY's case management SaaS (Software as a Service) business and healthy growth in Health & Care. Adjusted operating margin remained at a healthy level of 25.8% (26.1). Profit levels were supported by revenue growth and continuous efficiency improvement.

In **Financial Services Solutions**, revenue was organically up by 12%, driven by continuing strong growth across the portfolio, especially in the credit, Banking as a Service and cards businesses. Adjusted operating margin improved to 14.4% (14.0). Profit improvement was mainly driven by revenue growth and continuous efficiency improvement. Investments to support growth and expansion opportunities continued.

In **Product Development Services**, revenue was organically up by 20%. Strong growth was driven by the telecom area and the successful opening and recruitments of the Nanjing R&D centre site. Product Development Services won several new customers and extended contracts in the automotive and consumer electronics areas. Adjusted operating margin 12.0% (13.8) was down due to increased attrition, subcontracting and salary inflation.

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

## Cash flow and investments

Fourth-quarter net cash flow from operations amounted to EUR 169.3 (125.2) million, including a decrease of EUR 68.5 (decrease of 17.8) million in net working capital.

Payments for restructuring amounted to EUR 3.0 (8.4) million.

Capital expenditure totalled EUR 25.0 (17.9) million, mainly consisting of business-related software licenses, investments in data centres and the capitalized costs for the development of software. In the fourth quarter, capitalized costs for industry-specific software amounted to EUR 10.6 (11.1) million. Capital expenditure represented 3.4% (2.5) of revenue.

# Financial performance in January–December

	1–12/2021	1–12/2020
Revenue, EUR million	2 823.4	2 786.4
Change, %	1.3	60.7
Operating profit (EBIT), EUR million	382.0	146.7
Operating margin (EBIT), %	13.5	5.3
Adjusted <sup>1)</sup> operating profit (EBITA), EUR million	367.8	355.0
Adjusted <sup>1)</sup> operating margin (EBITA), %	13.0	12.7
Profit after taxes, EUR million	291.6	94.5
EPS, EUR	2.46	0.80
Net cash flow from operations, EUR million	367.5	354.7
Return on equity, 12-month rolling, %	16.9	5.7
Return on capital employed, 12-month rolling, %	13.7	5.2
Capital expenditure, EUR million	80.8	83.5
Order backlog	3 513	3 350
Acquisitions, EUR million	—	0.6
Interest-bearing net debt, EUR million	610.6	883.3
Personnel on 31 December	24 389	23 632

Full-year revenue increased by 1.3% to EUR 2 823.4 (2 786.4) million. Organically, revenue remained at the previous year's level. Growth was impacted by the decline in Cloud & Infra whereas software businesses as well as International Operations saw strong growth. Positive currency changes had an impact of EUR 78 million on revenue while the impact of divestments was EUR 33 million. Full-year operating profit (EBIT) amounted to EUR 382.0 (146.7) million, representing a margin of 13.5% (5.3). Merger-related synergies supported profit improvement during the year. Operating profit includes EUR 61.5 (-162.8) million in adjustment items, mainly related to capital gains from divestments and integration costs. In 2020, adjustment items included substantial costs related to integration, the ending of the SmartUtilities platform and redefined IBM partnership. Adjusted<sup>1)</sup> operating profit (EBITA) stood at EUR 367.8 (355.0) million, or 13.0% (12.7) of revenue. Further details on adjusted items are available in the [Alternative Performance Measures](#) paragraph.

Depreciation and amortization amounted to EUR 170.1 (175.8) million, including EUR 71.2 (72.7) million in depreciation of right of use assets (IFRS 16 impact) and EUR 47.3 (45.5) million in amortization of acquisition-related intangible assets. Net financial expenses stood at EUR 28.1 (24.4) million. Net interest expenses were EUR 21.1 (22.3) million and net losses from foreign exchange transactions EUR 4.8 (gains 0.8) million. Other financial income and expenses amounted to EUR -2.3 (-2.9) million.

Earnings per share (EPS) totalled EUR 2.46 (0.80). Adjusted<sup>1)</sup> earnings per share amounted to EUR 2.20<sup>2)</sup> (2.16).

<sup>1)</sup> Adjustment items include restructuring costs, capital gains/losses, impairment charges and other items affecting comparability.

<sup>2)</sup> Second-quarter figure restated as TietoEVRY has redefined the calculation of the tax impact of adjustment items. Instead of applying average tax rate to the full amount of adjustment items, tax impact is assessed separately for each adjustment item per country.

## Financial performance by segment

	Revenue, EUR million		Growth, %	Organic growth, % <sup>3)</sup>	Adjusted <sup>1)</sup> operating profit <sup>2)</sup> , EUR million	Adjusted <sup>1)</sup> operating profit <sup>2)</sup> , EUR million	Adjusted <sup>1)</sup> operating margin <sup>2)</sup> , %	Adjusted <sup>1)</sup> operating margin <sup>2)</sup> , %
	1–12/2021	1–12/2020			1–12/2021	1–12/2020	1–12/2021	1–12/2020
Digital Consulting	667.5	662.0	1	-2	93.1	92.8	13.9	14.0
Cloud & Infra	853.8	931.6	-8	-11	61.1	93.5	7.2	10.0
Industry Software	522.7	501.1	4	8	125.5	91.5	24.0	18.3
Financial Services Solutions	471.0	418.8	12	8	65.1	54.4	13.8	13.0
Product Development Services	153.3	142.4	8	5	17.6	18.0	11.5	12.7
Other <sup>4)</sup>	155.1	130.5	19	22	5.4	4.8	—	—
<b>Total</b>	<b>2 823.4</b>	<b>2 786.4</b>	<b>1</b>	<b>—</b>	<b>367.8</b>	<b>355.0</b>	<b>13.0</b>	<b>12.7</b>

<sup>1)</sup> Adjustment items include restructuring costs, capital gains/losses, impairment charges and other items affecting comparability.

<sup>2)</sup> Profit before interests, taxes and amortization of acquisition-related intangible assets.

<sup>3)</sup> Adjusted for currency effects and impact from acquisitions and divestments.

<sup>4)</sup> "Other" consists of International Operations, including digital consulting services for markets outside the Nordics. "Other" also includes unallocated Group costs.

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

In **Digital Consulting**, revenue was organically<sup>1)</sup> down by 2%. Growth remained healthy in areas such as Cloud and Data & Analytics while traditional application services continued to decline. At the beginning of the year, growth was negatively impacted by the pandemic. Adjusted operating margin remained at the previous year's level at 13.9% (14.0), impacted by higher salary inflation and an increase in attrition during the year.

In **Cloud & Infra**, revenue was organically<sup>1)</sup> down by 11%, mainly driven by contracts lost prior to the merger in 2019. Adjusted operating margin was down to 7.2% (10.0). The turnaround programme focusing on delivery capacity reduction in legacy services and the high automation level are expected to support profit improvement.

In **Industry Software**, revenue was organically<sup>1)</sup> up by 8%. Industry Software saw strong growth across the businesses, including Health & Care. Adjusted operating margin improved to 24.0% (18.3), mainly driven by revenue growth and continuous efficiency improvement.

In **Financial Services Solutions**, revenue was organically<sup>1)</sup> up by 8%, driven by the core banking, credit and cards businesses. Adjusted operating margin improved to 13.8% (13.0), mainly driven by revenue growth and continuous efficiency improvement.

In **Product Development Services**, revenue was organically<sup>1)</sup> up by 5%. Growth was driven by the Mobile Networks and Automotive industries. Adjusted operating margin was 11.5% (12.7), somewhat down due to high attrition, increased subcontracting and salary inflation. New customers in the electronics and automotive segments coupled with an extended partnership with Ericsson and the R&D centre built in Nanjing, China, are supporting future growth.

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

## Cash flow and investments

Full-year net cash flow from operations amounted to EUR 367.5 (354.7) million, including an increase of EUR 26.9 (decrease of 67.2) million in net working capital.

Payments for restructuring amounted to EUR 21.1 (29.6) million.

Full-year tax payments were EUR 40.6 (28.9) million. Tax rate was 17.6%, mainly due to tax exempt income.

Capital expenditure totalled EUR 80.8 (83.5) million, mainly consisting of investments in data centres and the capitalized costs for the development of software. Capitalized costs for industry-specific software amounted to EUR 42.6 (51.0) million. Capital expenditure represented 2.9% (3.0) of revenue.

# Financial position at the end of the period

The equity ratio was 51.6% (45.9). Gearing decreased to 33.5% (54.3). Interest-bearing net debt totalled EUR 610.6 (883.3) million, including EUR 763.1 (925.5) million in interest-bearing debt, EUR 206.5 (243.1) million in lease liabilities, EUR 5.6 (5.2) million in finance lease receivables, EUR 29.5 (27.9) million in other interest-bearing receivables and EUR 323.8 (252.3) million in cash and cash equivalents.

Interest-bearing long-term liabilities amounted to EUR 875.6 (1 056.9) million at the end of December. The company has two bonds outstanding, EUR 100 million maturing in September 2024 and EUR 300 million in June 2025. Additionally, interest-bearing long-term liabilities primarily consist of a syndicated term loan, a loan from the European Investment Bank and lease liabilities of EUR 144.0 million.

Interest-bearing short-term liabilities amounted to EUR 94.0 (111.7) 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.

## Development in 2021

TietoEVRY 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.

TietoEVRY's offering development costs amounted to around EUR 127 (2020: 135 and 2019<sup>1)</sup>: 80) million, representing 4.5% (2020: 4.8% and 2019<sup>1)</sup>: 4.6%) of the Group's revenue. Of these costs, EUR 42.6 (51.0) million were capitalized.

<sup>1)</sup> Includes only development costs of Tieto

## 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 TietoEVRY's market opportunities and business outlook.

TietoEVRY's order backlog amounted to EUR 3 513 (3 350) million at the end of December. Of the backlog, 50% (49) is expected to be invoiced during 2022. The order backlog includes all signed customer orders that have not been recognized as revenue, including estimates of the value of consumption-based contracts.

# 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, Arva AS chose TietoEVRY as its partner to implement Microsoft Dynamics 365 business solutions as part of its ARVAnEXT initiative to become one of the most efficient energy companies in Norway. By virtue of its ability to attract leading talents in the market, nomination as Microsoft's Partner of the Year 2020 and industry knowledge, TietoEVRY as a leading player in the Nordics is in a unique position to help Arva realize its ambitions. This four-year agreement has a contract value of NOK 27 million and includes an option to extend the delivery by another two years.

In February, TietoEVRY and LocalTapiola signed a contract on new co-operation that expands the use of cloud services. In addition, TietoEVRY provides support to LocalTapiola within end-user services and application development. Moving to a public and multi-cloud environment supports the implementation of LocalTapiola's strategy and provides speed and flexibility to the company's business development. The three-year contract, including an option for a two-year extension, is worth EUR 45 million.

In February, KEHA Centre – the Development and Administrative Services Centre for the Centre for Economic Development, Transport and the Environment – chose TietoEVRY as its partner for development and expert services for extensive development packages. The aim is to modernize and streamline the case management of government agencies, as well as to make the daily life of citizens easier with more efficient services and better data utilization. The KEHA Centre procurement consisted of two separate tenders. It selected TietoEVRY as its main partner in permit and monitoring services.

In February, Systembolaget chose TietoEVRY as a partner in the roll-out of new hardware for around 2 000 point-of-sale equipment in 450 stores. The roll-out started in the second quarter and lasted until the fourth quarter of 2021. By replacing hardware, the customer can take full advantage of its new applications, including touch screens and better security, and at the same time manage the life cycle of its infrastructure. TietoEVRY and its subcontractors handled all logistics, installations and recycling of the current hardware.

In February, the municipality of Uddevalla signed an agreement with TietoEVRY for eCompanion, an end-to-end, user-friendly digital solution for municipal HR and payroll. The solution will be delivered as a cloud service that includes consulting and system support for all HR and payroll processes. The contract is valued at SEK 43 million and covers a period of 16 years, including optional year extension.

In March, Lyse decided to extend its agreement with TietoEVRY with another three years and an option for a further two years. TietoEVRY will transform Lyse to the new Hybrid Cloud (HaaS),

securing Lyse the best solution from both public cloud and private cloud and ensuring effective and smooth operation for end-users. TietoEVRY is providing Lyse with the full stack including infrastructure, consultancy, security, end user, data management, UX and ERP services. The agreement has a value of approximately EUR 18 million.

In March, Valmet Automotive, one of the largest vehicle contract manufacturers in the world, extended its agreement with TietoEVRY with the objective of modernizing Valmet Automotive's IT infrastructure. The contract period is four years and has an option of one additional year. The extension has an estimated value of over EUR 10 million.

In March, IF Insurance and TietoEVRY extended their collaboration into the application development and maintenance space. TietoEVRY was chosen as IF's partner to provide Cobol experts to secure the need for competences in business-critical applications in a technology area with scarce market availability. The agreement is estimated to be valid for over five years and have a value of approximately EUR 5 million.

In March, Ellevio and TietoEVRY concluded a software management agreement regarding TietoEVRY's energy utilities products. The agreement worth SEK 25 million is a continuation to their co-operation – TietoEVRY has been working with Ellevio on engineering data regarding Ellevio's customers and invoicing since 2019.

In April, TietoEVRY and DNB entered into a strategic agreement which will provide the client with innovative, future-oriented solutions and access to high-tech expertise that meets the needs of a modern and digital bank. The agreement represents a contract framework with a value of around EUR 200 million over three years and serves to strengthen TietoEVRY's position as a leading Nordic supplier of banking technology.

In April, the Helsinki and Uusimaa Hospital District (HUS), the main hospital district in Finland, chose TietoEVRY to develop digital health services and the Digital Health Village project. The partnership aims to design better seamless web and mobile healthcare services for Finnish citizens. The e-Health services developed in 2020 include pandemic guidance for citizens and professionals on testing and vaccination, as well as the development of infection-tracking software. TietoEVRY is also a strategic partner for HUS in developing data-driven healthcare services, supporting preventive care and more comprehensive care overall. The contract is valid on an ongoing basis and has a maximum annual value of EUR 10 million. The procurement decision comes into effect at the end of the appeal period as set out in the Act on Public Procurement.

In May, TietoEVRY and Lowell, an international credit management company, decided to extend their partnership. Lowell has previously been utilizing TietoEVRY's Collection platform, which is now being transitioned to a software-as-a-service solution. With this new agreement, Lowell will be able to improve agility, time to market and efficiency by consolidating

services and platforms across markets. They will also secure access to a scalable competence pool of people that can support them to better meet market needs. The agreement initially spans over three years and includes services for Lowell Sweden and Norway.

In May, Tietoevry and The Farmers' Social Insurance Institution Mela signed a six-year contract on infrastructure services, including data centre services as well as back-up and cybersecurity services. In addition, the agreement covers load balancing, monitoring and data communication services. With this agreement, Tietoevry provides Mela with high-quality, cost-efficient and reliable services supporting business operations.

In June, Visma Finance, one of the leading Nordic ERP providers, chose Tietoevry's platform for factoring in Norway to be able to scale up its factoring operations in that market. The modular build of Tietoevry's factoring platform will bring a new level of automation to their Norwegian operations, improving operational efficiency and the user experience.

Nordea has appointed Tietoevry as the bank's provider of a complete set of payment card production and personalization services in Finland, Sweden and Norway. The agreement provides the bank's customers with quicker access to new card features provided by Tietoevry, such as cards made of sustainable material, eco-friendly designs, biometric fingerprint payments or metal cards. Tietoevry makes use of its extensive partner network of card technology providers for the benefit of its issuer customers. The agreement runs for five years. Nordea's extensive card portfolio has already been successfully migrated to Tietoevry's personalization sites in Finland and Norway in a very short period of time.

In June, Tietoevry's Card Issuing and Financial Crime Prevention reached an important agreement with Bank Norwegian to follow the bank on their journey to Europe by expanding into Germany and Spain. Bank Norwegian's customers in those countries will get access to market leading credit cards, also covering fraud prevention. The agreement is an extension of their existing partnership, in which Tietoevry is delivering state-of-the-art Software-as-a-Service (SaaS) card services to Bank Norwegian in Norway, Sweden, Finland and Denmark.

In June, Region Skåne prolonged its partnership with Tietoevry in end-user services. Tietoevry will continue to have the full responsibility for delivering all the services required for a modern workplace, including service desk and end-user support. Region Skåne is one of Sweden's largest county councils. The three-year contract is worth EUR 60 million.

In June, Tietoevry entered into a strategic agreement with the Norwegian Oil and Gas Association (Norog) for the modernization and further development of License2Share. By adopting cloud solutions, modern collaboration technology and seamless integration with other digital work tools, the new solution will simplify the day-to-day work processes of more than 5 000 users across 500 exploration and extraction licences on the Norwegian continental shelf. By combining innovation with new technology, the new solution will also help increase knowledge sharing and will facilitate faster and better decisions.

In July, Tietoevry concluded a continuation to a contract, initially agreed in 2015, with Valtori, the Finnish Government ICT Centre. The new agreement, covering data centre and capacity services, has a contract value of EUR 98 million.

In July, Telia Company and Tietoevry concluded a multi-year agreement. Tietoevry continues to serve Telia as a strategic IT partner, supporting the company in its digital transformation and cloud-first strategy.

In August, Aibel chose Tietoevry to support its digitalization to further accelerate the transformation towards renewable energy solutions. The comprehensive technology agreement with a contract value of around EUR 26 million covers infrastructure and cloud-based services in Europe, Singapore and Thailand. Modern and environmentally friendly technology from Tietoevry will ensure that Aibel will harness the potential of modern cloud solutions to facilitate innovation and provide a high degree of security and scalability.

In August, Ilmarinen, Finland's largest private earnings-related pension insurance company, and Tietoevry agreed on a strategic partnership in the area of insurance processes. The co-operation commenced in September and it will cover the development of insurance processes and related solutions as well as a wider scope of application maintenance services across a variety of Ilmarinen's other processes, and support functions. With this new partnership, Tietoevry commits to support Ilmarinen's business targets and holds the key role in the planning and implementing of the client's digitalization strategy.

In September, OP Financial Group and Tietoevry signed a multi-year agreement on renewal and modernization of application development, and maintenance collaboration in digital services. The agreement is valid for over five years and has a value of approximately EUR 16 million for maintenance services.

In September, Tietoevry announced that it will build an R&D centre in Nanjing, China. Through its extended competences and capabilities in China, the company aims to scale up its activities in the development of the latest Automotive, Smart Electronics, and Telecommunication Software technologies and related services. This establishment followed an extended partnership with Ericsson. Related revenue contribution started in November with 330 employees having joined the company. The two-year agreement represents value of around EUR 30 million.

In October, Tietoevry extended its collaboration with MedMera Bank through the deployment of advanced AI and Machine Learning solutions. The new technology supports fast, evidence-based decision-making based on profit scoring, which ultimately reduces customer churn.

In November, the City of Stockholm and Tietoevry concluded a long-term contract on next-generation IT services. The contract covers the development, administration and operation of IT systems. Tietoevry will provide the City of Stockholm with an IT environment covering state-of-the-art digital services, including automation and AI Ops (AI within IT operations), to modernize an application and infrastructure landscape meeting high regulatory requirements and standards. The agreement initially runs for a

period of seven years and includes options for extension to a maximum of eight years. The agreement is expected to represent a potential total contract value of approximately SEK 4 billion over 15 years.

In November, SEB and TietoEVRY prolonged their strategic collaboration within Cards. The agreement covers the production and personalization of cards for SEB Group in a cost-efficient and sustainable way for the Swedish, Norwegian, Finnish and Danish markets.

In December, Equinor, one of the long-term key customers in Digital Consulting in Norway, extended its partnership with TietoEVRY even further. TietoEVRY will deliver more services in new areas. The company's services strongly contribute to Equinor's business optimization, digitalization and ambitions for sustainable growth.

In December, Länsförsäkringar extended its collaboration with TietoEVRY within card services. TietoEVRY will deliver card services, including fraud detection and prevention, to Länsförsäkringar's banking and Wasa Kredit operations in Sweden. The contract is valued at over EUR 30 million and is an extension until the end of 2026.

In December, Bankomat and TietoEVRY renewed their agreement on IT services for ATMs. This includes all Bankomat's ATMs and cash recyclers in Sweden. The ATM service delivery covers a wide range of services such as withdrawal and deposit of cash, cash administration, second-line maintenance of the ATMs and recyclers, first-line help desk for Bankomat's users, network services connecting all the ATMs and a cash depot system that was launched in 2021. The co-operation has been ongoing since 2011, and this extension is valid for three years until the end of March 2025 at a value of EUR 29.6 million.

In December, Systembolaget extended its strategic collaboration for TietoEVRY to deliver IT operations, including infrastructure, service desk, application operations, CaaS (Client as a Service) and mobility services for Systembolaget in Sweden. The co-operation started in 2011 and the contract has now been prolonged until May 2025 at a value of EUR 28 million. With its simplified and reliable service delivery, TietoEVRY will continue to support Systembolaget in its digital and sustainable transformation.

In December, Region Västernorrland renewed its collaboration with TietoEVRY. Following a procurement process, TietoEVRY was chosen to deliver services for data centres, communications and networks. These services cover core infrastructure, service desk, application operations and infrastructure consulting. The services help approximately 6 000 users in hospitals and health centres in all locations in the region, and are delivered primarily in the client's data centre. The contract with a value of approximately EUR 18 million is valid for four years and includes an option to extend by two years.

In December, The Finnish Posti Group and TietoEVRY signed a three-year contract covering a new SAP S/4HANA implementation on Microsoft Azure. The implementation will accelerate the client's digital transformation and bring scalability and flexibility to Posti's core business areas.

In December, Hospital District of Helsinki (HUS) and TietoEVRY agreed on continued support for HUS Health Village, a digital service platform for specialized health care that offers information and support to citizens, care for patients and tools for healthcare professionals. The platform has been produced in collaboration with experts and patients, making health care services available to everyone, regardless of where they live.

In December, TietoEVRY announced that it will help the city of Gothenburg drive for greener and fossil-free operations in an eight-year partnership. Göteborgs Stads Leasing (GSL) is driving change with the goal of transitioning the city's vehicles into a fully fossil-free fleet by 2023. With the migration to TietoEVRY's leasing and asset finance SaaS platform, GSL is provided with a modern scalable solution enabling highly automated processes and end-to-end support from TietoEVRY. The full-service contract is valid for eight years.

In December, TietoEVRY announced that the company was chosen by the Swedish Maritime Administration to implement and develop the client's ERP systems. TietoEVRY's private cloud solutions and expert teams will respond to the Swedish Maritime Administration's strict requirements for security and accessibility in all parts of its operations. The agreement with an estimated contract value of SEK 100 million initially covers six years and has an option to extend up to twelve additional years.

In December, the Norwegian Digitalization Agency (Digdir) chose TietoEVRY as a partner for its transition to a cloud-based architecture. TietoEVRY will deliver the scalability and flexibility Digdir requires for a future cloud-based operating platform, which will also be ready for operation in the public cloud. Digdir's joint solutions are part of the numerous business and public sector digital services that are critical for society. Digdir's ambition is to move the platform to the public Microsoft Azure within three years from the delivery date.

# Changes in Group structure

On 15 February 2021, TietoEVRY announced that it had reached an agreement with Aucerna, a Quorum Software affiliate, to sell its Oil & Gas software business. The conditions required to complete the divestment were fulfilled and the transaction was closed on 7 June. Revenue of the businesses to be divested amounted to around EUR 50 million in 2020 and the number of employees to around 430.

On 13 October 2021, TietoEVRY announced that it had signed an agreement to sell its software businesses Alystra, Jydacom and TRYGG/2000 to EG, a Nordic software company. Revenue of the businesses to be divested amounted to around EUR 13 million in 2020. The divestment was closed on 1 December.

## Personnel

The number of full-time employees amounted to 24 389 (23 632) at the end of December. The number of full-time employees in the global delivery centres totalled 12 197 (11 225), or 50.0% (47.5) of all personnel.

The 12-month rolling employee turnover stood at 14.6% (9.7) at the end of December. Group-level salary inflation is expected to be around 3% on average in 2022. 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 25 March approved the financial statements 2020 and discharged the company's officers from liability for the financial year 2020. The meeting also approved the Remuneration Report. The Annual General Meeting decided on a total dividend of EUR 1.32 per share, paid in two instalments.

The Board's prior members Tomas Franzén, Salim Nathoo, Harri-Pekka Kaukonen, Timo Ahopelto, Rohan Haldea, Liselotte Hägertz Engstam, Katharina Mosheim, Niko Pakalén, Endre Rangnes and Leif Teksum were reelected to the Board, and Angela Mazza Teufer 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 2021 in the Finnish, Norwegian and Swedish shareholders' registers and received evidence thereof. The shareholders who wished to participate in the work of the Shareholders' Nomination Board nominated the following members:

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

# Auditors

The AGM 2021 elected the firm of authorized public accountants Deloitte Oy as the company's auditor for the financial year 2021. Deloitte Oy notified the company that Authorized Public Accountant Jukka Vattulainen acts as principal auditor.

# Board of Directors

After the merger of Tieto Corporation and EVERY ASA in December 2019, Apax Partners LLP, acting through Lyngen Holdco S.A.R.L., became the biggest shareholder of Tietoevry. Due to its notable shareholding in Tietoevry, Apax has had two representatives in the Board of Directors since the merger was completed. Following major shareholders' notifications from Apax in March and July, Apax notified on 8 September 2021 that it has sold its remaining shares in Tietoevry.

On 20 July, Tietoevry announced that Salim Nathoo had decided to leave his Board member position in Tietoevry. On 8 September, Rohan Haldea announced his resignation from Tietoevry's Board of Directors.

The Board of Directors of TietoEVERY Corporation will continue with nine AGM-elected members and four Board members representing personnel.

# Shares

Tietoevry's issued and registered share capital amounts to EUR 76 555 412.00 and on 31 December, 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 Oslo Børs. The company has one class of shares, with each share conferring equal dividend rights and one vote.

The company had around 60 480 registered shareholders at the end of 2021 based on the ownership records of the Finnish, Swedish and Norwegian central securities depositories. Tietoevry received the following flagging announcements during the year:

- According to the announcements on 11 March, 28 July and 8 September, the combined holding of Lyngen Holdco S.à r.l. and Apax Global Alpha Limited has fallen below the 5% threshold.
- On 17 September, the holding of Incentive Investment Funds ICAV exceeded the 5% threshold and amounted to 6 041 221 shares, corresponding to a holding of 5.10% in Tietoevry shares. According to its announcement on 6 July, Incentive AS' holding of 6 082 829 shares (5.14% of shares and votes) were held by several funds, including sub-funds of Incentive Investment Funds ICAV.

On 31 December, TietoEVERY had one shareholder holding 10% or more of the shares: Solidium Oy.

In February, Tietoevry purchased 140 000 own shares (0.12% of the total number of shares) in trading organized by Nasdaq Helsinki Ltd. The average purchase price was EUR 27.0787 per share. Related to the company's share-based reward plans, a total of 143 391 shares held by Tietoevry (0.12% of the total number of shares) were transferred to the participants of the plan during the second quarter. At the end of the year, the number of shares in the company's or its subsidiaries' possession totalled 7 587, representing 0.01% of the total number of shares and voting rights. The number of outstanding shares, excluding the treasury shares, was 118 418 184.

The members of the Board of Directors, the President and CEO and their close associates together held 0.08% of the shares and votes registered in the book-entry system on 31 December 2021. The President and CEO is also participating in the company's long-term share-based incentive plans and 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.

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).

# Dividend

The distributable funds of the parent company amount to EUR 1 627.8 million, of which net profit for 2021 amounts to EUR 1.1 million. The Board of Directors proposes to the Annual General Meeting that for the financial year ended on December 31, 2021, a dividend of EUR 1.40 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 0.70 per share shall be paid to shareholders who on the record date for the dividend payment on 28 March 2022 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 0.70 per share shall be paid to shareholders who on the record date for the dividend payment on 26 September 2022 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 market outlook in TietoEVRY's main markets involves uncertainties. The pandemic may 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. TietoEVRY operates in multiple countries, balancing workforce availability. The company has taken several measures to secure the health and safety of employees and ensure critical services to customers. TietoEVRY is well prepared for future ways of working, a combination of working remotely and from the office, and has already launched Hybrid Working Guidelines globally.

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

In light of the global supply shortage of semi-conductors and associated technology products, software and service companies such as TietoEVRY may experience delays in deliveries.

Geopolitical instability might result in disruption in areas where TietoEVRY operates. This instability might impact the company's operations, despite careful scenario planning and mitigation plans to ensure business continuity.

New disruptive technologies, such as cloud computing, drive customer demand towards standardized and less labour-intensive solutions where automation plays an important role. These changes may result in accelerated volume reductions in traditional infrastructure services and the need for restructuring. The company's development is relatively sensitive to changes in the demand from large customers, as TietoEVRY's top 10 customers currently account for 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.

Risks in the IT services industry include development and implementation of new technologies and software. In TietoEVRY'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, cybersecurity breaches or malicious attacks could seriously affect TietoEVRY's ability to provide its services and have an adverse impact on the company's financials and reputation.

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

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

## Full-year outlook for 2022

TietoEVRY expects its organic<sup>1)</sup> growth to be 2% to 4% (revenue in 2021: EUR 2 823.4 million). The company estimates its full-year adjusted operating margin<sup>2)</sup> (adjusted EBITA) to be 13.1–13.6% (13.0% in 2021).

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

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

## Events after the period

### New structure and appointment in Executive Management took effect on 1 January 2022

TietoEVRY has established six specialized end-to-end businesses. These six businesses form the reportable segments as from the first quarter of 2022. The new structure and the following appointments in Executive Management took effect on 1 January 2022:

- TietoEVRY Create – led by Christian Pedersen
- TietoEVRY Care – led by Ari Järvelä
- TietoEVRY Banking – led by Christian Segersven
- TietoEVRY Industry – led by Ari Järvelä
- TietoEVRY Transform – led by Satu Kiiskinen
- TietoEVRY Connect – led by Johan Torstensson

The business executives together with

- Tomi Hyryläinen, CFO
- Kishore Ghadiyaram, Head of Strategy
- Trond Vinje, Head of Human Resources
- Malin Fors-Skjæveland, Head of Operations

form TietoEVRY's Executive Management under the leadership of Kimmo Alkio, the President and CEO.

### Performance acceleration to drive cloud growth and further profit improvement in Cloud & Infra

The technology industry is being reshaped with cloud as the foundation. Multi-cloud and the cloud transformation are the main growth drivers and automation is key for efficiency and customers' cloud adoption. At the same time, the market for traditional infrastructure services is declining.

TietoEVRY will accelerate performance in Cloud & Infra to drive cloud growth and achieve further profit improvement. The company has today on 17 February initiated consultation processes with labour unions. The processes will be conducted according to the legislation and practices in each country. The company estimates that potential actions will be completed by the end of 2022. The cost savings programme is expected to impact up to 600 roles and the targeted annual savings of around EUR 50 million mainly relate to personnel and external purchases. The programme is anticipated to contribute to the growth and profitability ambitions for Cloud & Infra.

# Financial calendar 2022

By 2 March	Annual Report 2021
24 March	Annual General Meeting

Tietoevry will publish three interim reports in 2022:

5 May	Interim report 1/2022 (8.00 am EET)
22 July	Interim report 2/2022 (8.00 am EET)
27 October	Interim report 3/2022 (8.00 am EET)

## Auditing

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



## Consolidated interim financial statements

## Income statement

	2021	2020	2021	2020	Change
EUR million	10-12	10-12	1-12	1-12	%
Revenue	742.0	712.0	2 823.4	2 786.4	1
Other operating income	41.2	2.4	125.1	11.6	> 100
Materials and services	-162.1	-166.9	-610.3	-688.7	-11
Employee benefit expenses	-390.3	-372.0	-1 527.0	-1 485.6	3
Depreciation and amortization	-42.0	-42.1	-170.1	-175.8	-3
Impairment losses	-3.7	-0.3	-5.3	-29.7	-82
Other operating expenses	-72.5	-54.9	-255.2	-272.9	-6
Share of results in joint ventures	0.6	-0.3	1.5	1.5	0
<b>Operating profit (EBIT)</b>	<b>113.4</b>	<b>77.8</b>	<b>382.0</b>	<b>146.7</b>	<b>&gt; 100</b>
Interest and other financial income	0.8	0.5	1.9	2.2	-14
Interest and other financial expenses	-5.6	-6.8	-25.3	-27.4	-8
Net foreign exchange gains/losses	-1.1	0.5	-4.8	0.8	> 100
<b>Profit before taxes</b>	<b>107.4</b>	<b>72.0</b>	<b>353.8</b>	<b>122.4</b>	<b>&gt; 100</b>
Income taxes	-18.5	-17.5	-62.2	-27.9	> 100
<b>Net profit for the period</b>	<b>88.9</b>	<b>54.5</b>	<b>291.6</b>	<b>94.5</b>	<b>&gt; 100</b>
<b>Net profit for the period attributable to</b>					
Owners of the Parent company	88.9	54.5	291.6	94.5	> 100
Non-controlling interest	0.0	0.0	0.0	0.0	—
	<b>88.9</b>	<b>54.5</b>	<b>291.6</b>	<b>94.5</b>	<b>&gt; 100</b>
<b>Earnings per share attributable to owners of the Parent company, EUR per share</b>					
Basic	0.75	0.46	2.46	0.80	> 100
Diluted	0.75	0.46	2.46	0.80	> 100

## Statement of other comprehensive income

	2021	2020	2021	2020	Change
EUR million	10-12	10-12	1-12	1-12	%
Net profit for the period	88.9	54.5	291.6	94.5	> 100
Items that may be reclassified subsequently to profit or loss					
Translation differences	24.0	111.3	60.2	-82.8	> 100
Items that will not be reclassified subsequently to profit or loss					
Remeasurements of the defined benefit plans, net of tax	-1.4	0.9	-1.6	0.2	> 100
<b>Total comprehensive income</b>	<b>111.5</b>	<b>166.7</b>	<b>350.3</b>	<b>11.9</b>	<b>&gt; 100</b>
<b>Total comprehensive income attributable to</b>					
Owners of the Parent company	111.5	166.7	350.3	11.9	> 100
Non-controlling interest	0.0	0.0	0.0	0.0	—
	<b>111.5</b>	<b>166.7</b>	<b>350.3</b>	<b>11.9</b>	<b>&gt; 100</b>

# Statement of financial position

## Assets

EUR million	2021	2020	Change
	31 Dec	31 Dec	%
Goodwill	1 943.7	1 974.4	-2
Other intangible assets	387.9	384.9	1
Property, plant and equipment	87.4	96.9	-10
Right-of-use assets	192.4	231.7	-17
Interests in joint ventures	16.7	19.7	-15
Deferred tax assets	19.1	35.6	-46
Defined benefit plan assets	0.7	—	> 100
Finance lease receivables	2.7	2.9	-5
Other financial assets at amortized cost	15.7	12.8	22
Other financial assets at fair value	0.6	0.6	0
Other non-current receivables	35.4	21.8	62
<b>Total non-current assets</b>	<b>2 702.3</b>	<b>2 781.3</b>	<b>-3</b>
Inventories	7.2	4.9	48
Trade and other receivables	517.0	516.9	0
Financial assets at fair value	23.3	35.9	-35
Finance lease receivables	2.9	2.3	26
Current tax assets	10.8	11.3	-4
Cash and cash equivalents	323.8	252.3	28
<b>Total current assets</b>	<b>884.9</b>	<b>823.5</b>	<b>7</b>
<b>Total assets</b>	<b>3 587.2</b>	<b>3 604.8</b>	<b>0</b>

## Equity and Liabilities

EUR million	2021	2020	Change
	31 Dec	31 Dec	%
Share capital, share issue premiums and other reserves	118.0	118.6	-1
Invested unrestricted equity reserve	1 203.5	1 203.5	0
Retained earnings	499.6	304.1	64
<b>Equity attributable to owners of the Parent company</b>	<b>1 821.1</b>	<b>1 626.2</b>	<b>12</b>
Non-controlling interest	—	0.0	—
<b>Total equity</b>	<b>1 821.1</b>	<b>1 626.2</b>	<b>12</b>
Loans	731.6	885.9	-17
Lease liabilities	144.0	171.0	-16
Deferred tax liabilities	9.1	19.8	-54
Provisions	2.8	3.2	-15
Defined benefit obligations	38.7	38.3	1
Other non-current liabilities	34.7	34.2	2
<b>Total non-current liabilities</b>	<b>960.8</b>	<b>1 152.5</b>	<b>-17</b>
Trade and other payables	672.3	660.4	2
Financial liabilities at fair value	0.8	2.9	-71
Current tax liabilities	18.5	5.5	> 100
Loans	31.5	39.6	-20
Lease liabilities	62.5	72.1	-13
Provisions	19.6	45.6	-57
<b>Total current liabilities</b>	<b>805.3</b>	<b>826.1</b>	<b>-3</b>
<b>Total equity and liabilities</b>	<b>3 587.2</b>	<b>3 604.8</b>	<b>—</b>

## Statement of changes in shareholders' equity

EUR million	Owners of the Parent company								Total equity
	Share capital	Share premium and other reserves	Own shares	Translation differences	Invested un-restricted equity reserve	Re-tained earnings	Total	Non-control-ling interest	
<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>
<b>Comprehensive income</b>									
Net profit for the period	—	—	—	—	—	291.6	291.6	0.0	291.6
<b>Other comprehensive income, net of tax</b>									
Remeasurements of the defined benefit plans, net of tax	—	—	—	—	—	-1.6	-1.6	—	-1.6
Translation differences	—	-0.6	—	67.8	—	-7.0	60.2	—	60.2
<b>Total comprehensive income</b>	<b>—</b>	<b>-0.6</b>	<b>—</b>	<b>67.8</b>	<b>—</b>	<b>283.0</b>	<b>350.3</b>	<b>0.0</b>	<b>350.3</b>
<b>Transactions with owners</b>									
<b>Contributions and distributions</b>									
Share-based incentive plans	—	—	3.9	—	—	1.1	5.0	—	5.0
Dividends	—	—	—	—	—	-156.3	-156.3	0.0	-156.3
Repurchase of own shares	—	—	-3.8	—	—	—	-3.8	—	-3.8
<b>Changes in ownership interests</b>									
Acquisition of non-controlling interest, without change in control	—	—	—	—	—	-0.3	-0.3	0.0	-0.3
<b>Total transactions with owners</b>	<b>—</b>	<b>—</b>	<b>0.1</b>	<b>—</b>	<b>—</b>	<b>-155.4</b>	<b>-155.3</b>	<b>0.0</b>	<b>-155.4</b>
<b>31 Dec 2021</b>	<b>76.6</b>	<b>41.5</b>	<b>-0.2</b>	<b>-66.0</b>	<b>1 203.5</b>	<b>565.8</b>	<b>1 821.1</b>	<b>—</b>	<b>1 821.1</b>

EUR million	Owners of the Parent company								Total equity
	Share capital	Share premium and other reserves	Own shares	Translation differences	Invested un-restricted equity reserve	Re-tained earnings	Total	Non-control-ling interest	
<b>31 Dec 2019</b>	<b>76.6</b>	<b>40.9</b>	<b>-2.9</b>	<b>-50.2</b>	<b>1 203.5</b>	<b>419.3</b>	<b>1 687.1</b>	<b>0.0</b>	<b>1 687.2</b>
<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>

## Statement of cash flows

	2021	2020	2021	2020
EUR million	10–12	10–12	1–12	1–12
<b>Cash flow from operating activities</b>				
Net profit for the period	88.9	54.5	291.6	94.5
Adjustments				
Depreciation, amortization and impairment losses	45.7	42.4	175.5	205.5
Profit/loss on sale of property, plant and equipment, subsidiaries and business operations	-32.6	-0.1	-104.1	-1.2
Share of results in joint ventures	-0.6	0.3	-1.5	-1.5
Other adjustments	-0.1	2.6	0.2	8.6
Net financial expenses	5.9	5.8	28.1	24.4
Income taxes	18.5	17.5	62.2	27.9
Change in net working capital	68.5	17.8	-26.9	67.2
<b>Cash generated from operating activities before interests and taxes</b>	<b>194.1</b>	<b>140.9</b>	<b>425.2</b>	<b>425.3</b>
Net financial expenses paid	-4.5	-13.1	-19.2	-46.0
Dividends received	—	—	2.1	4.3
Income taxes paid	-20.3	-2.6	-40.6	-28.9
<b>Cash flow from operating activities</b>	<b>169.3</b>	<b>125.2</b>	<b>367.5</b>	<b>354.7</b>
<b>Cash flow from investing activities</b>				
Acquisition of subsidiaries and business operations, net of cash acquired	—	-0.4	—	-0.6
Capital expenditure	-25.0	-17.9	-80.8	-83.5
Disposal of subsidiaries and business operations, net of cash disposed	38.2	—	179.5	16.3
Proceeds from sale of property, plant and equipment	0.1	0.5	0.8	2.7
Change in loan receivables	0.6	-2.3	0.3	-0.2
<b>Cash flow from investing activities</b>	<b>14.0</b>	<b>-20.1</b>	<b>99.8</b>	<b>-65.3</b>
<b>Cash flow from financing activities</b>				
Dividends paid	-78.2	-37.7	-156.3	-75.3
Repurchase of own shares	—	—	-3.8	-0.9
Repayments of lease liabilities	-17.8	-18.1	-73.1	-70.6
Bridge loan related to merger	—	—	—	-300.0
Other short-term financing, net	-6.0	1.6	-19.7	-42.6
Proceeds from long-term borrowings	—	—	—	297.4
Repayments of long-term borrowings	—	—	-145.8	—
<b>Cash flow from financing activities</b>	<b>-102.1</b>	<b>-54.2</b>	<b>-398.8</b>	<b>-191.9</b>
<b>Change in cash and cash equivalents</b>	<b>81.2</b>	<b>50.9</b>	<b>68.5</b>	<b>97.5</b>
Cash and cash equivalents at the beginning of period	241.1	198.9	252.3	164.6
Foreign exchange differences	1.4	2.4	3.0	-9.9
Change in cash and cash equivalents	81.2	50.9	68.5	97.5
<b>Cash and cash equivalents at the end of period</b>	<b>323.8</b>	<b>252.3</b>	<b>323.8</b>	<b>252.3</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 2020. Changes to IFRSs which have been effective from 1 January 2021 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 Tietoevry are subject to seasonal variations. Usually, the third-quarter sales are affected by vacation period and the reversal of vacation accruals has a positive effect on profitability. Typically, the fourth-quarter sales and margins are positively affected by higher licence sales for Tietoevry's industry-specific

## Changes in Group structure

Tietokarhu Oy's special task as a supplier of IT services for the Tax Administration ended on 31 December 2020 in accordance with the two-year notice period as the Tax Administration switches to the use of a new ready-made software. The Extraordinary General Meeting supported the liquidation of Tietokarhu as of 1 January, 2021, as a result of which the company was dissolved 28 September 2021. The Group booked a liquidation gain of EUR 0.3 million in the third quarter.

On 15 February 2021, Tietoevry announced an agreement with Aucerna, a Quorum Software affiliate, to sell its Oil & Gas software business. The transaction was completed on 7 June 2021 resulting to a capital gain of EUR 73.3 million. More information in [Changes in Group structure](#).

On 13 October 2021, Tietoevry announced an agreement to sell its software businesses Alystra, Jydacom and TRYGG/2000 to a Nordic software company EG. The transaction was completed on 1 December 2021 and a capital gain of EUR 30.6 million was recognised in the fourth quarter. More information in [Changes in Group structure](#).

## 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 as well as the assumptions related to Covid-19 are the same as reported in the 2020 consolidated financial statements.

## Events after the end of the reporting period

Tietoevry has established six specialized end-to-end businesses. These six businesses form the reportable segments as from the first quarter of 2022. The new structure took effect on 1 January 2022.

In February, 2022, Tietoevry announced additional cost savings measures to support the plans to reach Cloud & Infra's financial targets for 2023.

# Segment information

TietoEVRY Group comprises six operating segments: Digital Consulting, Cloud & Infra, Industry Software, Financial Services Solutions, International Operations and Product Development Services. The operating segments are reported separately, except for International Operations which is included in Other due to its smaller size.

## 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. TietoEVRY 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 segment. Customers are mainly in the Nordic countries while the Group also has industry software for its global customers in the forest sector. 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. 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 digital consulting services for markets outside the Nordics with focus on the industrial, public and telecom sectors in Europe and the healthcare, insurance and professional services in the US. International Operations serves its non-Nordic customers primarily from India and Ukraine. Other also includes unallocated Group costs.

## Customer revenue by segments

	2021	2020	Change	2021	2020	Change
EUR million	10–12	10–12	%	1–12	1–12	%
Digital Consulting	176.3	172.8	2	667.5	662.0	1
Cloud & Infra	217.9	227.3	-4	853.8	931.6	-8
Industry Software	131.4	134.3	-2	522.7	501.1	4
Financial Services Solutions	128.9	108.8	18	471.0	418.8	12
Product Development Services	44.0	36.0	22	153.3	142.4	8
Other	43.4	32.8	33	155.1	130.5	19
<b>Group total</b>	<b>742.0</b>	<b>712.0</b>	<b>4</b>	<b>2 823.4</b>	<b>2 786.4</b>	<b>1</b>

#### Customer revenue from fixed-price contracts by segment

	2021	2020	2021	2020
EUR million	10-12	10-12	1-12	1-12
Digital Consulting	4.4	4.8	14.4	19.0
Cloud & Infra	0.9	4.0	6.6	8.5
Industry Software	1.6	1.5	6.1	6.3
Financial Services Solutions	8.4	5.0	24.2	15.1
Product Development Services	1.3	0.9	3.7	4.6
Other	2.2	0.1	5.5	0.8
<b>Group total</b>	<b>18.7</b>	<b>16.4</b>	<b>60.5</b>	<b>54.2</b>

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

#### Operating profit (EBIT) by segment

	2021	2020	Change	2021	2020	Change
EUR million	10-12	10-12	%	1-12	1-12	%
Digital Consulting	21.7	27.8	-22	82.4	70.8	16
Cloud & Infra	15.5	5.8	> 100	30.0	36.6	-18
Industry Software	67.7	33.8	> 100	223.4	38.8	> 100
Financial Services Solutions	13.0	8.8	49	43.2	10.0	> 100
Product Development Services	5.3	5.0	7	17.3	17.7	-2
Other	-9.9	-3.3	> 100	-14.1	-27.2	48
<b>Group total</b>	<b>113.4</b>	<b>77.8</b>	<b>46</b>	<b>382.0</b>	<b>146.7</b>	<b>&gt; 100</b>

#### Operating margin (EBIT) by segment

	2021	2020	Change	2021	2020	Change
%	10-12	10-12	pp	1-12	1-12	pp
Digital Consulting	12.3	16.1	-4	12.3	10.7	2
Cloud & Infra	7.1	2.5	5	3.5	3.9	0
Industry Software	51.5	25.2	26	42.7	7.7	35
Financial Services Solutions	10.1	8.1	2	9.2	2.4	7
Product Development Services	12.1	13.8	-2	11.3	12.4	-1
<b>Operating margin (EBIT)</b>	<b>15.3</b>	<b>10.9</b>	<b>4</b>	<b>13.5</b>	<b>5.3</b>	<b>8</b>

## Personnel by segment

	End of period			Average		
	2021	2020	Change	Share	2021	2020
	1-12	1-12	%	%	1-12	1-12 <sup>1)</sup>
Digital Consulting	6 351	6 220	2	26	6 165	6 398
Cloud & Infra	4 682	4 795	-2	19	4 786	4 726
Industry Software	3 169	3 452	-8	13	3 300	3 509
Financial Services Solutions	3 057	2 885	6	13	2 957	2 890
Product Development Services	2 104	1 643	28	9	1 748	1 639
Other	5 026	4 637	8	21	4 868	4 626
<b>Group total</b>	<b>24 389</b>	<b>23 632</b>	<b>3</b>	<b>100</b>	<b>23 824</b>	<b>23 788</b>

<sup>1)</sup> Average represents period June–December 2020 in alignment with the new reporting structure.

## Personnel by country

	End of period			Average		
	2021	2020	Change	Share	2021	2020
	1-12	1-12	%	%	1-12	1-12 <sup>1)</sup>
Norway	4 274	4 513	-5	18	4 373	4 450
Sweden	4 286	4 377	-2	18	4 321	4 397
India	4 592	4 173	10	19	4 362	4 203
Finland	3 130	3 042	3	13	3 102	3 183
Czech Republic	2 505	2 457	2	10	2 478	2 458
Ukraine	2 123	1 837	16	9	1 996	1 876
Latvia	999	957	4	4	970	942
Poland	710	750	-5	3	734	732
China	842	445	89	3	503	431
Estonia	108	290	-63	0	178	303
Austria	217	184	18	1	193	180
Lithuania	123	104	18	1	109	103
Other	479	502	-5	2	505	530
<b>Group total</b>	<b>24 389</b>	<b>23 632</b>	<b>3</b>	<b>100</b>	<b>23 824</b>	<b>23 788</b>
Onshore countries	12 192	12 407	-2	50	12 296	12 532
Offshore countries	12 197	11 225	9	50	11 528	11 256
<b>Group total</b>	<b>24 389</b>	<b>23 632</b>	<b>3</b>	<b>100</b>	<b>23 824</b>	<b>23 788</b>

<sup>1)</sup> Average represents period June–December 2020 in alignment with the new reporting structure.

## Non-current assets by country

EUR million	2021	2020	Change
	31 Dec	31 Dec	%
Finland	85.2	100.7	-15
Sweden	117.6	142.9	-18
Norway	433.5	427.2	1
Other	31.3	42.7	-27
<b>Total non-current assets</b>	<b>667.7</b>	<b>713.5</b>	<b>-6</b>

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

## Depreciation by segment

	2021	2020	Change	2021	2020	Change
EUR million	10-12	10-12	%	1-12	1-12	%
Digital Consulting	1.1	1.2	-10	4.4	4.8	-6
Cloud & Infra	10.5	10.8	-3	43.3	44.0	-2
Industry Software	0.5	0.3	35	1.9	1.9	0
Financial Services Solutions	1.1	0.9	17	4.0	3.8	3
Product Development Services	0.1	0.1	36	0.3	0.3	20
Other	13.7	14.5	-5	57.3	60.2	-5
<b>Group total</b>	<b>26.9</b>	<b>27.8</b>	<b>-3</b>	<b>111.2</b>	<b>115.0</b>	<b>-3</b>

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

	2021	2020	Change	2021	2020	Change
EUR million	10-12	10-12	%	1-12	1-12	%
Digital Consulting	0.0	-0.3	> 100	0.1	0.1	22
Cloud & Infra	1.0	1.7	-42	4.1	6.5	-37
Industry Software	0.6	-0.1	> 100	1.9	2.4	-18
Financial Services Solutions	0.8	1.0	-21	3.3	3.8	-13
Product Development Services	—	—	—	—	—	—
Other	0.6	0.6	10	2.0	2.5	-17
<b>Group total</b>	<b>3.1</b>	<b>3.0</b>	<b>4</b>	<b>11.6</b>	<b>15.3</b>	<b>-24</b>

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

## Amortization of acquisition-related intangible assets by segment

	2021	2020	Change	2021	2020	Change
EUR million	10-12	10-12	%	1-12	1-12	%
Digital Consulting	2.6	2.5	4	10.5	10.0	4
Cloud & Infra	2.2	2.1	7	8.7	8.3	5
Industry Software	1.6	1.6	3	6.5	6.5	-1
Financial Services Solutions	5.5	5.2	6	21.7	20.7	5
Product Development Services	—	—	—	—	—	—
Other	—	—	—	—	—	—
<b>Group total</b>	<b>12.0</b>	<b>11.4</b>	<b>5</b>	<b>47.3</b>	<b>45.5</b>	<b>4</b>

# Changes in Group structure

## Sale of Oil & Gas software business

On 15 February 2021, Tietoevry announced an agreement with Aucerna, a Quorum Software affiliate, to sell its Oil & Gas software business. The transaction was completed on 7 June 2021, with a minor part of asset transfers to be completed in early 2022. 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 was around 430. The Oil & Gas software business was reported as part of the Industry Software segment in the consolidated financial statements.

With a consideration of EUR 156.8 million including adjustments, a capital gain of EUR 73.3 million was recognized. The capital gain is included in the adjustment items. The cash payments in total amounted to EUR 154.7 million. In addition, Tietoevry will receive a cash compensation of EUR 2.1 million subsequent to the completion of asset transfers taking place in early 2022. The following table summarizes the effects of the sale on the consolidated financial statements.

EUR million	
Intangible and tangible assets	0.2
Right-of-use assets	0.8
Trade and other receivables	14.1
Cash and cash equivalents	7.0
Non-current liabilities	-0.7
Trade and other payables	-14.0
<b>Fair value of net assets</b>	<b>7.4</b>
Allocation of goodwill and intangible assets on disposal	71.3
<b>Total net assets disposed</b>	<b>78.7</b>
Consideration, including adjustments	156.8
Transaction costs	-6.1
Reclassification of foreign currency translation reserve to profit or loss	1.4
Total net assets disposed	-78.7
<b>Gain on disposal, before income tax</b>	<b>73.3</b>
Income tax expense on gain	-0.5
<b>Gain on disposal, after income tax</b>	<b>72.8</b>
Consideration received in cash	154.7
Transaction costs	-5.9
Cash and cash equivalents disposed of	-7.0
<b>Net cash flow on disposal</b>	<b>141.8</b>

## Other divestments

On 13 October 2021, Tietoevry announced an agreement to sell its software businesses Alystra, Jydacom and TRYGG/2000 to a Nordic software company EG. The transaction was completed on 1 December 2021. The divestment is part of the company's strategy to seek focus and scale.

These businesses focus on creating software products for construction, retail, and transport markets. They had limited operational dependencies with the rest of Tietoevry. Revenue of the divested businesses amounted to around EUR 13 million in 2020 and the number of employees was around 80 in Finland and Sweden. The disposed businesses were reported as part of the Industry Software segment in the consolidated financial statements.

With a consideration of EUR 40.6 million including adjustments and FX impact, a capital gain of EUR 30.6 million was recognized. The capital gain is included in the adjustment items. The following table summarizes the effects of the sale on the consolidated financial statements.

EUR million	
Intangible assets	2.3
Trade and other receivables	0.7
Cash and cash equivalents	2.1
Non-current liabilities	-0.4
Trade and other payables	-2.0
<b>Fair value of net assets</b>	<b>2.6</b>
Allocation of goodwill on disposal	7.0
<b>Total net assets disposed</b>	<b>9.7</b>
Consideration, including adjustments and FX impact	40.6
Transaction costs	-0.1
Reclassification of foreign currency translation reserve to profit or loss	-0.2
Total net assets disposed	-9.7
<b>Gain on disposal, before income tax</b>	<b>30.6</b>
Income tax expense on gain	-2.6
<b>Gain on disposal, after income tax</b>	<b>28.0</b>
Consideration received in cash	39.8
Transaction costs	—
Cash and cash equivalents disposed of	-2.1
<b>Net cash flow on disposal</b>	<b>37.7</b>

# 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.

EUR million	2021	2020
	31 Dec	31 Dec
Forward contracts outside hedge accounting at fair value through profit or loss	479.7	484.2
<b>Foreign exchange forward contracts</b>	<b>479.7</b>	<b>484.2</b>

### Fair values of derivatives

EUR million	31 Dec 2021			31 Dec 2020		
	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	4.2	-0.8	3.3	1.5	-2.9	-1.4
<b>Foreign exchange forward contracts</b>	<b>4.2</b>	<b>-0.8</b>	<b>3.3</b>	<b>1.5</b>	<b>-2.9</b>	<b>-1.4</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 2021) fair value measurement is based on their initial value. The fair market value cannot be reliably estimated, due to lack of proper market for the assets.

Trade receivables to be sold under non-recourse factoring agreements (EUR 19.1 million on 31 Dec 2021) 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.

## Number of shares

	2021	2020	2021	2020
	10-12	10-12	1-12	1-12
<b>Outstanding shares, end of period</b>				
Basic	118 418 184	118 414 793	118 418 184	118 414 793
Effect of dilutive share-based incentive plans	269 684	222 071	276 585	219 550
Diluted	118 687 868	118 636 864	118 694 769	118 634 343
<b>Outstanding shares, average</b>				
Basic	118 418 184	118 410 520	118 408 223	118 378 269
Effect of dilutive share-based incentive plans	269 684	222 071	276 585	219 550
Diluted	118 687 868	118 632 591	118 684 808	118 597 819
<b>Company's possession of its own shares</b>				
End of period	7 587	10 978	7 587	10 978
Average	7 587	15 251	17 548	47 502

# Alternative performance measures (APMs)

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

## Operating profit (EBITA) by segment

	2021	2020	Change	2021	2020	Change
EUR million	10–12	10–12	%	1–12	1–12	%
Digital Consulting	24.3	30.3	-20	92.8	80.8	15
Cloud & Infra	17.7	7.9	> 100	38.7	44.9	-14
Industry Software	69.3	35.4	96	229.8	45.4	> 100
Financial Services Solutions	18.5	13.9	33	64.9	30.7	> 100
Product Development Services	5.3	5.0	7	17.3	17.7	-2
Other	-9.9	-3.3	> 100	-14.1	-27.2	48
<b>Group total</b>	<b>125.3</b>	<b>89.2</b>	<b>41</b>	<b>429.3</b>	<b>192.2</b>	<b>&gt; 100</b>

## Operating margin (EBITA) by segment

	2021	2020	Change	2021	2021	Change
%	10–12	10–12	pp	1–12	1–12	%
Digital Consulting	13.8	17.5	-4	13.9	12.2	2
Cloud & Infra	8.1	3.5	5	4.5	4.8	0
Industry Software	52.8	26.4	26	44.0	9.1	35
Financial Services Solutions	14.4	12.8	2	13.8	7.3	6
Product Development Services	12.1	13.8	-2	11.3	12.4	-1
<b>Operating margin (EBITA)</b>	<b>16.9</b>	<b>12.5</b>	<b>4</b>	<b>15.2</b>	<b>6.9</b>	<b>8</b>

## Adjusted operating profit (EBITA) by segment

	2021	2020	Change	2021	2020	Change
EUR million	10–12	10–12	%	1–12	1–12	%
Digital Consulting	24.8	29.9	-17	93.1	92.8	0
Cloud & Infra	20.8	19.3	8	61.1	93.5	-35
Industry Software	33.9	35.1	-4	125.5	91.5	37
Financial Services Solutions	18.5	15.2	22	65.1	54.4	20
Product Development Services	5.3	5.0	7	17.6	18.0	-2
Other	0.1	1.9	-93	5.4	4.8	13
<b>Group total</b>	<b>103.3</b>	<b>106.4</b>	<b>-3</b>	<b>367.8</b>	<b>355.0</b>	<b>4</b>

## Adjusted operating margin (EBITA) by segment

	2021	2020	Change	2021	2020	Change
%	10–12	10–12	pp	1–12	1–12	pp
Digital Consulting	14.1	17.3	-3	13.9	14.0	0
Cloud & Infra	9.5	8.5	1	7.2	10.0	-3
Industry Software	25.8	26.1	0	24.0	18.3	6
Financial Services Solutions	14.4	14.0	0	13.8	13.0	1
Product Development Services	12.0	13.8	-2	11.5	12.7	-1
<b>Adjusted operating margin (EBITA)</b>	<b>13.9</b>	<b>14.9</b>	<b>-1</b>	<b>13.0</b>	<b>12.7</b>	<b>0</b>

## Reconciliation of operating profit (EBITA)

	2021	2020	2021	2020
EUR million	10-12	10-12	1-12	1-12
Operating profit (EBIT)	113.4	77.8	382.0	146.7
+ amortization on intangible assets recognized at fair value from acquisitions	12.0	11.4	47.3	45.5
<b>Operating profit (EBITA)</b>	<b>125.3</b>	<b>89.2</b>	<b>429.3</b>	<b>192.2</b>

## Reconciliation of adjusted operating profit (EBITA)

	2021	2020	2021	2020
EUR million	10-12	10-12	1-12	1-12
Operating profit (EBITA)	125.3	89.2	429.3	192.2
+ restructuring costs	-0.7	—	7.1	1.2
- capital gains	-32.6	—	-104.0	-1.0
+/- M&A related items	0.1	—	1.0	—
+ IBM partner agreement	0.0	8.2	6.3	35.6
+ Tietoevry integration	11.0	9.5	25.8	84.5
+ SmartUtilities	-3.4	-0.7	-3.1	40.5
+/- other items	3.6	0.2	5.4	2.0
<b>Adjusted operating profit (EBITA)</b>	<b>103.3</b>	<b>106.4</b>	<b>367.8</b>	<b>355.0</b>

## Other key figures

	2021	2020	2021	2020
	10-12	10-12	1-12	1-12
Adjusted earnings per share, EUR	0.64	0.65	2.20 <sup>1)</sup>	2.16
Equity per share, EUR	15.38	13.73	15.38	13.73
Return on equity, 12-month rolling, %	16.9	5.7	16.9	5.7
Return on capital employed, 12-month rolling, %	13.7	5.2	13.7	5.2
Equity ratio, %	51.6	45.9	51.6	45.9
Interest-bearing net debt, EUR million	610.6	883.3	610.6	883.3
Gearing, %	33.5	54.3	33.5	54.3
Capital expenditure, EUR million	25.0	17.9	80.8	83.5
Acquisitions, EUR million	—	0.4	—	0.6

<sup>1)</sup> Second-quarter figure restated as Tietoevry has redefined the calculation of the tax impact of adjustment items. Instead of applying average tax rate to the full amount of adjustment items, tax impact is assessed separately for each adjustment item per country.

## Calculation of alternative performance measures

Adjusted earnings per share	=	$\frac{\text{Net profit for the period excluding adjustment items, amortization of acquisition-related intangible assets and related tax impact per country}}{\text{Weighted average number of shares}}$
Adjustment items	=	Restructuring costs + capital gains/losses + impairment charges + other items affecting comparability
Operating profit (EBIT)	=	Net profit + interests + taxes
Operating margin (EBIT), %	=	$\frac{\text{Operating profit (EBIT)}}{\text{Revenue}}$
Operating profit (EBITA)	=	Net profit + interests + taxes + amortization of acquisition-related intangible assets
Operating profit (EBITA), %	=	$\frac{\text{Operating profit (EBITA)}}{\text{Revenue}}$
Adjusted operating profit (EBITA)	=	Operating profit (EBITA) + adjustment items
Adjusted operating margin (EBITA), %	=	$\frac{\text{Adjusted operating profit (EBITA)}}{\text{Revenue}}$
Equity per share	=	$\frac{\text{Total equity}}{\text{Number of shares at the year-end}}$
Capital expenditure	=	Acquisitions of intangible assets and property, plant and equipment
Acquisitions	=	Acquisitions of subsidiaries and business operations, net of cash acquired
Return on equity, 12-month rolling, %	=	$\frac{\text{Profit before taxes and non-controlling interests} - \text{income taxes}}{\text{Total equity (12-month average)}} * 100$
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	=	$\frac{\text{Interest-bearing net debt}}{\text{EBITDA (12-month average)}}$
Gearing, %	=	$\frac{\text{Interest-bearing net debt}}{\text{Total equity}} * 100$

# Quarterly figures

## Key figures

	2021	2021	2021	2021	2020	2020	2020	2020
	10-12	7-9	4-6	1-3	10-12	7-9	4-6	1-3
Earnings per share, EUR								
Basic	0.75	0.41	0.99	0.31	0.46	0.16	-0.12	0.30
Diluted	0.75	0.41	0.99	0.31	0.46	0.16	-0.12	0.30
Adjusted earnings per share, EUR	0.64	0.55	0.52 <sup>1)</sup>	0.48	0.65	0.56	0.47	0.48
Equity per share, EUR	15.38	14.42	14.06	13.24	13.73	12.31	13.06	12.39
Return on equity, 12-month rolling, %	16.9	16.2	14.2	6.3	5.7	5.5	5.6	9.3
Return on capital employed, 12-month rolling, %	13.7	13.1	11.2	5.7	5.2	6.1	6.3	8.0
Equity ratio, %	51.6	49.6	48.3	42.9	45.9	42.6	44.3	43.2
Interest-bearing net debt, EUR million	610.6	702.3	772.1	825.7	883.3	951.5	989.3	1 041.4
Gearing, %	33.5	41.1	46.4	52.7	54.3	65.3	64.0	71.0
Capital expenditure, EUR million	25.0	15.7	18.5	21.6	17.9	17.6	23.3	24.6
Acquisitions, EUR million	—	—	—	—	0.4	—	0.3	—

<sup>1)</sup> Restated as TietoEVRY has redefined the calculation of tax impact of adjustment items. Instead of applying average tax rate to the full amount of adjustment items, tax impact is assessed separately for each adjustment item per country.

## Income statement

	2021	2021	2021	2021	2020	2020	2020	2020
EUR million	10-12	7-9	4-6	1-3	10-12	7-9	4-6	1-3
Revenue	742.0	648.1	721.7	711.5	712.0	643.8	686.4	744.2
Other operating income	41.2	6.0	74.6	3.2	2.4	4.0	2.5	2.7
Materials and services	-162.1	-139.0	-154.9	-154.3	-166.9	-163.4	-181.9	-176.5
Employee benefit expenses	-390.3	-337.2	-396.3	-403.2	-372.0	-332.1	-384.5	-397.1
Depreciation, amortization and impairment losses	-45.7	-41.8	-42.8	-45.2	-42.4	-62.3	-54.3	-46.5
Other operating expenses	-72.5	-64.3	-62.6	-55.8	-54.9	-61.5	-77.8	-78.7
Share of results in joint ventures	0.6	0.3	0.0	0.5	-0.3	0.1	-0.2	1.9
<b>Operating profit (EBIT)</b>	<b>113.4</b>	<b>72.2</b>	<b>139.7</b>	<b>56.7</b>	<b>77.8</b>	<b>28.6</b>	<b>-9.8</b>	<b>50.0</b>
Financial income and expenses	-5.9	-7.7	-6.2	-8.3	-5.8	-6.5	-6.4	-5.6
<b>Profit before taxes</b>	<b>107.4</b>	<b>64.5</b>	<b>133.5</b>	<b>48.4</b>	<b>72.0</b>	<b>22.1</b>	<b>-16.2</b>	<b>44.4</b>
Income taxes	-18.5	-16.4	-15.9	-11.3	-17.5	-3.1	2.1	-9.2
<b>Net profit for the period</b>	<b>88.9</b>	<b>48.1</b>	<b>117.6</b>	<b>37.0</b>	<b>54.5</b>	<b>19.0</b>	<b>-14.1</b>	<b>35.2</b>

## Statement of Financial Position

	2021	2021	2021	2021	2020	2020	2020	2020
EUR million	31 Dec	30 Sep	30 Jun	31 Mar	31 Dec	30 Sep	30 Jun	31 Mar
Goodwill	1 943.7	1 931.7	1 935.1	1 950.3	1 974.4	1 874.3	1 895.9	1 807.2
Other intangible assets	387.9	384.2	388.1	397.3	384.9	369.1	396.8	388.5
Property, plant and equipment	87.4	87.4	89.3	94.3	96.9	98.3	102.9	102.7
Right-of-use assets	192.4	199.1	209.9	227.0	231.7	245.8	253.7	256.5
Interests in joint ventures	16.7	15.9	18.4	19.4	19.7	19.5	19.6	19.5
Other non-current assets	74.2	67.2	75.2	74.8	73.7	73.3	70.4	76.5
<b>Total non-current assets</b>	<b>2 702.3</b>	<b>2 685.5</b>	<b>2 715.9</b>	<b>2 763.0</b>	<b>2 781.3</b>	<b>2 680.2</b>	<b>2 739.5</b>	<b>2 651.0</b>
Trade receivables and other current assets	561.1	580.8	619.0	586.9	571.2	611.7	619.2	658.1
Cash and cash equivalents	323.8	241.1	186.3	307.5	252.3	198.9	205.4	171.7
<b>Total current assets</b>	<b>884.9</b>	<b>822.0</b>	<b>805.3</b>	<b>894.5</b>	<b>823.5</b>	<b>810.7</b>	<b>824.6</b>	<b>829.8</b>
Assets held for sale	—	—	—	88.1	—	—	—	—
<b>Total assets</b>	<b>3 587.2</b>	<b>3 507.4</b>	<b>3 521.2</b>	<b>3 745.5</b>	<b>3 604.8</b>	<b>3 490.9</b>	<b>3 564.1</b>	<b>3 480.8</b>
<b>Total equity</b>	<b>1 821.1</b>	<b>1 707.7</b>	<b>1 665.2</b>	<b>1 567.7</b>	<b>1 626.2</b>	<b>1 458.1</b>	<b>1 547.0</b>	<b>1 467.2</b>
Non-current loans	875.6	881.9	888.2	1 056.1	1 056.9	1 074.1	1 084.0	787.7
Other non-current liabilities	85.2	85.2	88.9	90.2	95.5	88.8	88.6	84.5
<b>Total non-current liabilities</b>	<b>960.8</b>	<b>967.1</b>	<b>977.1</b>	<b>1 146.3</b>	<b>1 152.5</b>	<b>1 162.8</b>	<b>1 172.6</b>	<b>872.3</b>
Trade payables and other current liabilities	691.6	710.5	751.1	880.5	668.9	708.2	653.3	670.8
Provisions	19.6	26.1	25.3	30.7	45.6	60.1	53.8	18.3
Current loans	94.0	96.0	102.5	111.5	111.7	101.6	137.4	452.2
<b>Total current liabilities</b>	<b>805.3</b>	<b>832.6</b>	<b>878.9</b>	<b>1 022.7</b>	<b>826.1</b>	<b>869.9</b>	<b>844.5</b>	<b>1 141.3</b>
Liabilities attributable to assets held for sale	—	—	—	8.8	—	—	—	—
<b>Total equity and liabilities</b>	<b>3 587.2</b>	<b>3 507.4</b>	<b>3 521.2</b>	<b>3 745.5</b>	<b>3 604.8</b>	<b>3 490.9</b>	<b>3 564.1</b>	<b>3 480.8</b>

## Statement of cash flows

	2021	2021	2021	2021	2020	2020	2020	2020
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	88.9	48.1	117.6	37.0	54.5	19.0	-14.1	35.2
Adjustments	36.7	67.2	-7.3	63.7	68.6	73.0	59.7	62.3
Change in net working capital	68.5	-11.6	-83.9	0.1	17.8	31.5	58.1	-40.2
<b>Cash generated from operating activities before interests and taxes</b>	<b>194.1</b>	<b>103.8</b>	<b>26.4</b>	<b>100.9</b>	<b>140.9</b>	<b>123.5</b>	<b>103.6</b>	<b>57.3</b>
Net financial expenses paid	-4.5	-4.7	-9.3	-0.7	-13.1	-4.1	-9.6	-19.2
Dividends received	—	—	2.1	—	—	—	—	4.3
Income taxes paid	-20.3	-7.0	-8.0	-5.3	-2.6	-11.0	-3.7	-11.7
<b>Cash flow from operating activities</b>	<b>169.3</b>	<b>92.1</b>	<b>11.2</b>	<b>94.8</b>	<b>125.2</b>	<b>108.4</b>	<b>90.4</b>	<b>30.7</b>
<b>Cash flow from investing activities</b>	<b>14.0</b>	<b>-17.7</b>	<b>124.3</b>	<b>-20.7</b>	<b>-20.1</b>	<b>-15.1</b>	<b>-22.2</b>	<b>-8.0</b>
<b>Cash flow from financing activities</b>	<b>-102.1</b>	<b>-21.9</b>	<b>-252.8</b>	<b>-22.0</b>	<b>-54.2</b>	<b>-93.2</b>	<b>-35.1</b>	<b>-9.4</b>
<b>Change in cash and cash equivalents</b>	<b>81.2</b>	<b>52.5</b>	<b>-117.3</b>	<b>52.1</b>	<b>50.9</b>	<b>0.1</b>	<b>33.1</b>	<b>13.4</b>
Cash and cash equivalents at the beginning of period	241.1	186.3	307.5	252.3	198.9	205.4	171.7	92.9
Foreign exchange differences	1.4	2.4	-4.0	4.4	2.4	-6.6	0.6	-6.3
Cash classified as assets held for sale	—	—	—	-1.2	—	—	—	—
Change in cash and cash equivalents	81.2	52.5	-117.3	52.1	50.9	0.1	33.1	13.4
<b>Cash and cash equivalents at the end of period</b>	<b>323.8</b>	<b>241.1</b>	<b>186.3</b>	<b>307.5</b>	<b>252.3</b>	<b>198.9</b>	<b>205.4</b>	<b>171.7</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

	2021	2021	2021	2021	2020	2020	2020	2020
EUR million	10-12	7-9	4-6	1-3	10-12	7-9	4-6	1-3
Digital Consulting	176.3	144.0	172.2	174.9	172.8	143.0	162.7	183.5
Cloud & Infra	217.9	201.3	218.5	216.2	227.3	219.3	232.0	253.0
Industry Software	131.4	116.1	139.1	136.0	134.3	115.1	122.0	129.7
Financial Services Solutions	128.9	111.2	118.7	112.1	108.8	101.2	101.9	106.9
Product Development Services	44.0	36.4	36.1	36.8	36.0	33.3	34.4	38.7
Other	43.4	39.1	37.0	35.6	32.8	31.9	33.4	32.4
<b>Group total</b>	<b>742.0</b>	<b>648.1</b>	<b>721.7</b>	<b>711.5</b>	<b>712.0</b>	<b>643.8</b>	<b>686.4</b>	<b>744.2</b>

## Operating profit (EBIT) by segment

	2021	2021	2021	2021	2020	2020	2020	2020
EUR million	10-12	7-9	4-6	1-3	10-12	7-9	4-6	1-3
Digital Consulting	21.7	16.0	20.4	24.2	27.8	13.2	9.5	20.4
Cloud & Infra	15.5	8.7	6.3	-0.6	5.8	3.8	10.7	16.3
Industry Software	67.7	29.9	99.7	26.0	33.8	23.8	-28.5	9.7
Financial Services Solutions	13.0	12.7	10.5	6.9	8.8	-9.2	4.3	6.2
Product Development Services	5.3	4.0	3.7	4.3	5.0	4.0	3.7	5.0
Other	-9.9	0.8	-1.0	-4.1	-3.3	-7.0	-9.5	-7.5
<b>Group total</b>	<b>113.4</b>	<b>72.2</b>	<b>139.7</b>	<b>56.7</b>	<b>77.8</b>	<b>28.6</b>	<b>-9.8</b>	<b>50.0</b>

## Operating margin (EBIT) by segment

	2021	2021	2021	2021	2020	2020	2020	2020
%	10-12	7-9	4-6	1-3	10-12	7-9	4-6	1-3
Digital Consulting	12.3	11.1	11.8	13.9	16.1	9.2	5.8	11.1
Cloud & Infra	7.1	4.3	2.9	-0.3	2.5	1.7	4.6	6.4
Industry Software	51.5	25.7	71.7	19.1	25.2	20.7	-23.3	7.5
Financial Services Solutions	10.1	11.4	8.9	6.1	8.1	-9.1	4.2	5.8
Product Development Services	12.1	11.0	10.2	11.6	13.8	12.1	10.7	12.9
<b>Operating margin (EBIT)</b>	<b>15.3</b>	<b>11.1</b>	<b>19.4</b>	<b>8.0</b>	<b>10.9</b>	<b>4.4</b>	<b>-1.4</b>	<b>6.7</b>

## Operating profit (EBITA) by segment

	2021	2021	2021	2021	2020	2020	2020	2020
EUR million	10-12	7-9	4-6	1-3	10-12	7-9	4-6	1-3
Digital Consulting	24.3	18.6	23.0	26.9	30.3	15.7	11.9	22.9
Cloud & Infra	17.7	10.9	8.5	1.6	7.9	5.9	12.8	18.4
Industry Software	69.3	31.6	101.3	27.7	35.4	25.4	-26.7	11.3
Financial Services Solutions	18.5	18.1	16.0	12.3	13.9	-4.0	9.3	11.4
Product Development Services	5.3	4.0	3.7	4.3	5.0	4.0	3.7	5.0
Other	-9.9	0.8	-1.0	-4.1	-3.3	-7.0	-9.5	-7.5
<b>Group total</b>	<b>125.3</b>	<b>84.0</b>	<b>151.5</b>	<b>68.5</b>	<b>89.2</b>	<b>40.0</b>	<b>1.5</b>	<b>61.6</b>

### Operating margin (EBITA) by segment

	2021	2021	2021	2021	2020	2020	2020	2020
%	10-12	7-9	4-6	1-3	10-12	7-9	4-6	1-3
Digital Consulting	13.8	12.9	13.4	15.4	17.5	11.0	7.3	12.5
Cloud & Infra	8.1	5.4	3.9	0.7	3.5	2.7	5.5	7.3
Industry Software	52.8	27.2	72.8	20.3	26.4	22.0	-21.9	8.7
Financial Services Solutions	14.4	16.2	13.5	10.9	12.8	-4.0	9.1	10.7
Product Development Services	12.1	11.0	10.2	11.6	13.8	12.1	10.7	12.9
<b>Operating margin (EBITA)</b>	<b>16.9</b>	<b>13.0</b>	<b>21.0</b>	<b>9.6</b>	<b>12.5</b>	<b>6.2</b>	<b>0.2</b>	<b>8.3</b>

### Adjusted operating profit (EBITA) by segment

	2021	2021	2021	2021	2020	2020	2020	2020
EUR million	10-12	7-9	4-6	1-3	10-12	7-9	4-6	1-3
Digital Consulting	24.8	18.7	23.0	26.5	29.9	21.1	17.8	23.9
Cloud & Infra	20.8	18.5	13.2	8.6	19.3	24.0	26.6	23.7
Industry Software	33.9	32.2	32.2	27.3	35.1	25.0	18.4	13.1
Financial Services Solutions	18.5	18.1	16.3	12.3	15.2	15.4	12.0	11.7
Product Development Services	5.3	4.1	3.7	4.4	5.0	4.1	4.0	5.0
Other	0.1	2.2	0.0	3.1	1.9	0.6	1.6	0.7
<b>Group total</b>	<b>103.3</b>	<b>94.0</b>	<b>88.3</b>	<b>82.1</b>	<b>106.4</b>	<b>90.2</b>	<b>80.4</b>	<b>78.2</b>

### Adjusted operating margin (EBITA) by segment

	2021	2021	2021	2021	2020	2020	2020	2020
%	10-12	7-9	4-6	1-3	10-12	7-9	4-6	1-3
Digital Consulting	14.1	13.0	13.4	15.1	17.3	14.7	11.0	13.0
Cloud & Infra	9.5	9.2	6.0	4.0	8.5	10.9	11.5	9.4
Industry Software	25.8	27.8	23.1	20.1	26.1	21.7	15.0	10.1
Financial Services Solutions	14.4	16.3	13.7	10.9	14.0	15.2	11.8	11.0
Product Development Services	12.0	11.3	10.4	12.0	13.8	12.3	11.5	12.9
<b>Adjusted operating margin (EBITA)</b>	<b>13.9</b>	<b>14.5</b>	<b>12.2</b>	<b>11.5</b>	<b>14.9</b>	<b>14.0</b>	<b>11.7</b>	<b>10.5</b>

### Depreciation by segment

	2021	2021	2021	2021	2020	2020	2020	2020
EUR million	10-12	7-9	4-6	1-3	10-12	7-9	4-6	1-3
Digital Consulting	1.1	1.1	1.2	1.1	1.2	1.1	1.2	1.3
Cloud & Infra	10.5	10.8	10.9	11.1	10.8	10.3	11.1	11.7
Industry Software	0.5	0.5	0.5	0.4	0.3	0.5	0.5	0.5
Financial Services Solutions	1.1	0.9	1.0	1.0	0.9	1.0	1.0	1.0
Product Development Services	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Other	13.7	13.9	14.5	15.2	14.5	15.2	15.0	15.6
<b>Group total</b>	<b>26.9</b>	<b>27.3</b>	<b>28.2</b>	<b>28.9</b>	<b>27.8</b>	<b>28.2</b>	<b>28.8</b>	<b>30.1</b>

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

	2021	2021	2021	2021	2020	2020	2020	2020
EUR million	10-12	7-9	4-6	1-3	10-12	7-9	4-6	1-3
Digital Consulting	0.0	0.0	0.0	0.0	-0.3	0.2	0.1	0.1
Cloud & Infra	1.0	0.9	0.9	1.3	1.7	1.1	1.8	1.9
Industry Software	0.6	0.4	0.4	0.4	-0.1	0.8	1.0	0.6
Financial Services Solutions	0.8	0.8	0.8	0.8	1.0	1.0	0.9	0.9
Product Development Services	—	—	—	—	—	—	—	—
Other	0.6	0.4	0.5	0.5	0.6	0.8	0.5	0.5
<b>Group total</b>	<b>3.1</b>	<b>2.6</b>	<b>2.7</b>	<b>3.2</b>	<b>3.0</b>	<b>3.9</b>	<b>4.3</b>	<b>4.1</b>

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

Amortization of acquisition-related intangible assets by segment

	2021	2021	2021	2021	2020	2020	2020	2020
EUR million	10-12	7-9	4-6	1-3	10-12	7-9	4-6	1-3
Digital Consulting	2.6	2.6	2.6	2.6	2.5	2.5	2.4	2.5
Cloud & Infra	2.2	2.2	2.2	2.2	2.1	2.1	2.0	2.1
Industry Software	1.6	1.7	1.5	1.6	1.6	1.6	1.7	1.6
Financial Services Solutions	5.5	5.3	5.4	5.4	5.2	5.2	5.0	5.3
Product Development Services	—	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—	—
<b>Group total</b>	<b>12.0</b>	<b>11.8</b>	<b>11.8</b>	<b>11.8</b>	<b>11.4</b>	<b>11.4</b>	<b>11.2</b>	<b>11.5</b>

# Major shareholders on 31 Dec 2021

	Shares	%
1 Solidium Oy	12 857 918	10.9
2 Cevian Capital Partners Ltd <sup>1)</sup>	9 381 731	7.9
3 Incentive Investment Funds ICAV <sup>2)</sup>	6 041 221	5.1
4 Ilmarinen Mutual Pension Insurance Company	3 091 095	2.6
5 Elo Mutual Pension Insurance Company	1 368 953	1.2
6 Swedbank Robur fonder	1 350 000	1.1
7 Svenska litteratursällskapet i Finland r.f.	979 845	0.8
8 The State Pension fund	858 000	0.7
9 Nordea funds	840 861	0.7
10 Åbo Akademi University Foundation	597 536	0.5
<b>Top 10 shareholders total</b>	<b>37 367 160</b>	<b>31.6</b>
- of which nominee registered	15 422 952	13.0
Nominee registered other	54 897 014	46.4
Others	26 161 597	22.1
<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> Based on the ownership records of Euroclear Finland Oy, Cevian Capital Partners Ltd's holding on 30 August 2021 was 9 381 731 shares, representing 7.9% of shares and voting rights.

<sup>2)</sup> On 21 September, Incentive AS announced that the holding of Incentive Investment Funds ICAV in TietoEVRY Corporation was 6 041 221 shares, representing 5.1% of the shares.

For further information, please contact:

Tomi Hyryläinen, Chief Financial Officer, tel. +358 50 555 0363, [tomi.hyrylainen \(at\) tietoevry.com](mailto:tomi.hyrylainen@tietoenvry.com)

Kjell Arne Hansen, Head of Investor Relations, tel. +47 9504 0372, [kjell.hansen \(at\) tietoevry.com](mailto:kjell.hansen@tietoenvry.com)

**A teleconference for analysts and media** will be held on Thursday 17 February 2022 at 10.00 am EET (09.00 am CET, 08.00 am UK time). Kimmo Alkio, President and CEO, and Tomi Hyryläinen, CFO, will present the results online in English. [The presentation](#) can be followed on [TietoEVRY's website](#).

#### **Teleconference numbers**

Finland: +358 981 710 310  
Sweden: +46 856 642 651  
Norway: +47 235 002 43  
United Kingdom: +44 333 300 0804  
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To ensure that you are connected to the conference call, please dial in a few minutes before the start of the press and analyst conference. The teleconference is recorded and it will be available on demand later during the day.

TietoEVRY publishes its financial information in English and Finnish.

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#### **TietoEVRY Corporation**

Business ID: 0101138-5

Keilalahdentie 2-4  
PO Box 2  
FI-02101 ESPOO, FINLAND  
Tel +358 207 2010  
Registered office: Espoo

E-mail: [ir \(at\) tietoevry.com](mailto:ir@tietoevry.com)  
[www.tietoevry.com](http://www.tietoevry.com)

