

**MERGER REPORT**

**FROM THE BOARD OF DIRECTORS**

**IN**

**EVRY ASA**

**1. INTRODUCTION**

The Board of Directors of EVRY ASA ("**EVRY**") and Tieto Oyj ("**Tieto**") have entered into a merger agreement and proposed a merger plan regarding a contemplated merger in which EVRY is merged into Tieto.

In connection with the proposed merger, the Board of Directors in EVRY (the "**Board**") has prepared this report on the merger in accordance with the Norwegian Public Limited Liability Companies Act (the "**Companies Act**") section 13-9.

Tieto is a company registered and domiciled in Espoo, Finland. Consequently, the proposed merger will be a cross-border merger. This report is therefore also prepared in accordance with the Companies Act section 13-27.

In the following EVRY is also referred to as the "**Company**", EVRY and Tieto collectively as the "**Companies**" and the merged company as the "**Combined Company**". Where it is referred to the Company's, the Companies' and the Combined Company's business, this includes the businesses carried out through respective subsidiaries and affiliated companies of the said companies.

**2. REASON FOR THE MERGER AND ITS IMPLICATIONS FOR THE COMPANY**

The merger will be completed as a cross-border merger in accordance with the Companies Act section 13-25 and in accordance with Chapter 16 of the Finnish Companies Act. Upon completion of the merger, the Company will be dissolved and deemed de-registered and delisted from Oslo Børs, and Tieto will have acquired all of the Company's assets, rights and obligations.

The Combined Company will continue to be listed on the official list of Nasdaq Helsinki and Nasdaq Stockholm, and the parties will seek to ensure that the shares in the Combined Company or depository receipts or interests representing the shares in the Combined Company, as the case may be, will be subject to an additional listing on Oslo Børs in connection with completion of the merger or as soon as possible thereafter.

The Combined Company's name will be TietoEVRY and the company will have its domicile in Espoo, Finland and headquarter functions to be distributed on the offices in Oslo, Norway, Stockholm, Sweden and Espoo, Finland.

The Combined Company's CEO will be Mr. Kimmo Alkio, Tieto's current CEO.

In the Board's opinion, there is a very good strategic, commercial and cultural fit between the Companies and a combination of the Companies' businesses will lead to greater value creation compared to the Companies operating separately.

The Combined Company will create one of the most competitive digital services and software companies in the Nordics. With combined revenue of close to EUR 3 billion and staff comprising of 24,000 professionals, the Combined Company will be well positioned to create digital advantages for Nordic enterprises and society. Based on the Companies' product and competence portfolios, there is potential to increase the competitiveness for the benefit of customers and employees – and potential to grow across businesses.

The merger is highly complementary from a geographical, offering and customer perspective. It will also create one of the largest digital services communities in the Nordics. The merger further drives scale, longer-term revenue synergies, as well as innovation through combined targeted investments.

The Combined Company is expected to benefit from:

- strong combined digital competence;
- broader offering to customers and better access to talent;
- highly complementary businesses in Norway, Finland and Sweden;
- a significant step towards becoming one of the largest digital service companies also in Sweden
- scale benefits;
- increased ability to invest and innovate;
- targeted cost synergies of around EUR 75 million per year through offshoring, efficiencies in administration and investment rationalization; and
- being more attractive for the debt and equity market.

Furthermore, employees may gain improved career opportunities under a larger corporation and the Combined Company is expected to be an attractive employer for both existing and new talent.

In general, the merger will not affect the Company's contracts with customers, suppliers, employees or other contractual parties.

Reference is made to the public announcement on the merger as well as the merger plan for further information about its rationale and details.

The merger will be completed with tax discontinuity, i.e. as a taxable merger, for Norwegian and Finnish tax purposes. This applies both for the Company, its Norwegian and Finnish tax resident shareholders and Tieto. For other foreign shareholders the tax consequences will depend on local laws and regulations.

For the Company, this means that it will be taxed as if all assets, rights and obligations had been sold to Tieto at full market value at the date of completion of the merger. It is not expected that the merger will lead to any taxes payable for the Company. This is because of the Norwegian participation exemption model, whereby all capital gains on the shares in the Company's subsidiaries will be exempt from tax, and further because the Company has a tax loss carried forward that can be used to offset any taxable gains on other assets. Any unused tax loss carried forward in the Company at the time of completion of the merger will lapse. Tax losses carried forward in the Company's subsidiaries will be continued unchanged after the merger.

The merger will for Norwegian tax resident shareholders in EVRY be taxed as a realization of the shares in EVRY on the date of completion of the merger. For Norwegian tax resident shareholders being limited liability companies and similar entities, the merger consideration will be exempt from tax pursuant to the Norwegian participation exemption model. For Norwegian tax resident shareholders being individuals, the merger will trigger a taxable gain/tax deductible loss depending

on each shareholders' cost price on his/her shares in EVRY compared to the value of the merger consideration the respective shareholder will receive.

For shareholders tax resident in other jurisdictions than Norway, the tax treatment of the merger is regulated by the respective countries' tax legislation. In some countries the merger may be seen as a taxable transaction. It has been clarified through a binding ruling from the Norwegian Tax Directorate that the merger will not trigger any Norwegian withholding tax obligations for EVRY or its foreign shareholders.

All shareholders are encouraged to consult with tax experts in their respective jurisdictions with respect to the specific tax consequences of the merger for each shareholder individually.

### 3. DETERMINATION OF THE MERGER CONSIDERATION

The market cap of EVRY on Oslo Børs on the last trading day before announcement of the merger was NOK 11.356 billion on a fully diluted basis (equivalent to (rounded) EUR 1,160 billion<sup>1</sup>).

The market cap of Tieto on Nasdaq Helsinki on the last trading day before announcement of the merger was EUR 1.904 billion on a fully diluted basis (equivalent to (rounded) NOK 18.644 billion<sup>1</sup>).

The merger is based on an exchange ratio between EVRY and Tieto of 41.5 : 58.5 (the "**Exchange Ratio**").

The Exchange Ratio has been determined based on the relative valuations of EVRY and Tieto and commercial negotiations between the parties. The valuations have been made by applying generally used valuation methods and been based on stand-alone valuations of the Companies and a 50/50 split between the Companies of the value of the expected synergies.

The Exchange Ratio has been supported by fairness opinions obtained by the Board of Directors of EVRY and Tieto from their respective financial advisors.

The merger consideration will partly consist of shares in Tieto (approx. 84.3% of the total merger consideration) and partly consist of cash (approx. 15.7% of the total merger consideration).

As merger consideration, and based on the Exchange Ratio, the shareholders of EVRY will receive 0.12 new shares in Tieto and NOK 5.28 in cash for each share in EVRY. EVRY's shareholders will receive approximately 37.5% ownership in the Combined Company and a total cash consideration of approximately EUR 200 million. On the date of this merger report, the number of issued and outstanding shares in EVRY is 369,304,333. The aggregate number of new shares in Tieto to be issued is therefore expected to be 44,316,520 shares.

Based on the above, and taking into account that the consideration in cash will increase the total debt in the Combined Company, the total value of the merger consideration is determined to NOK 12.432 billion (equivalent to EUR 1.269 billion<sup>1</sup>), of which NOK 10.482 billion is issued as merger consideration in shares in the Combined Company and NOK 1.950 billion as merger consideration in cash.

In case the number of consideration shares received by an EVRY shareholder (per each individual book-entry account) is a fractional number, the fraction will be rounded down to the nearest whole share. Fractional entitlements to new shares in Tieto will be aggregated and sold in public trading

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<sup>1</sup> FX rate NOK/EURO 9.7938

on the Helsinki Stock Exchange or the Oslo Børs and the proceeds distributed to EVERY shareholders entitled to receive such fractional entitlements in proportion to holding of such fractional entitlements. Any costs related to the sale and distribution of fractional entitlements will be borne by Tieto.

As part of its remuneration and incentive policy, EVERY has issued certain share options and restricted stock units to key employees under the EVERY Management Incentive Program (the "**MIP II**"), the EVERY Long Term Incentive Program (the "**LTIP**") and the EVERY Short Term Incentive Program (the "**STIP**"), respectively.

Under the MIP II, 328,545 restricted stock units become vested on 21 July 2019 and will be settled prior to completion of the merger, either in cash or by transfer of 328,545 treasury shares plus a dividend compensation of NOK 3 per share from the Company to the eligible employees. If settled by use of treasury shares, the transferred shares will give full entitlement to the merger consideration. The remaining balance of treasury shares held by the Company will lapse upon completion of the merger. Upon settlement of the 328,545 restricted stock units, MIP II is completed and no further restricted stock units or shares will be issued, transferred or settled in cash thereunder.

The non-vested and/or non-exercised options and restricted stock units under the LTIP and the STIP, which as of the date of the merger plan entitle to 3,730,365 shares in EVERY, will be continued and transformed in a value neutral way into restricted stock units on shares in the Combined Company, with equivalency in all material respects with regards to economic value, vesting conditions and other terms and conditions.

It is the Board's opinion that the Exchange Ratio and the merger consideration is fair and that the merger is in the best interest of the Company and its shareholders. There have not been any particular difficulties in determining the Exchange Ratio or the merger consideration.

The Board's opinion is supported by the obtained fairness opinions. An expert statement will be issued by the Company's auditor EY pursuant to the Companies Act section 13-28, cf. section 13-10. Reference is made to the expert statement for further details on EY's assessments, including with respect to their view on the procedures that have been used for the purposes of determining the merger consideration and whether the merger consideration is fair and reasonably justified.

#### 4. CONSEQUENCES OF THE MERGER FOR EMPLOYEES OF THE COMPANY

The Company has no employees. The Company's subsidiaries have a total of around 8,800 full-time employees (the "**Employees**"), of which around 2,200 are employed in Norway and 1,750 in Sweden. The subsidiaries of EVERY will not be directly affected by the merger other than being transferred to the Combined Company as new owner of the shares in the subsidiaries upon completion of the merger.

Tieto and its subsidiaries have around 15,000 full-time employees. The merger will not have any direct implications for the employees of Tieto or its subsidiaries, who will continue their employment relationships unchanged.

As the Company does not have any employees, the rules on transfer of undertaking as described in the Norwegian Working Environment Act Chapter 16 does not apply in relation to the merger. The Employees will continue their employment relationships with their current employers, on the terms and conditions according to their individual employment agreements.

As the Company will be dissolved upon completion of the merger, the current employee representation structure to the Board in the Company will not be continued.

The Companies shall in good faith, jointly agree upon the steps to be taken with respect to the process of ensuring compliance with applicable laws in relation to arranging employee participation in the Combined Company, including the Finnish Act on Employee Representation in Management of Enterprises (725/1990) and the Act on Employee Representation in Societas Europaea and European Cooperative Societies (758/2004) as referred to therein, which implement the European Parliament's and Council's directive 2005/56/EC of 26 October 2005 (subsequently consolidated in Article 133 of Directive (EU) 2017/1132). The Companies have agreed that the Board of Directors of the Combined Company shall consist of 13 members, whereof 4 shall be elected by and amongst the employees in the Combined Company.

Employee representation to the Board of Directors in EVERY's subsidiaries in Norway will continue and/or be established in accordance with Norwegian company law and corresponding regulations.

Information and/or consultation requirements, to the extent they may be applicable according to law and/or collective agreement(s), has been and will be complied with.

The merger report and the merger plan will be made available to all Employees in accordance with the Companies Act section 13-11 (2). Any written statements from the Employees will be included in the further merger process in accordance with the Companies Act section 13-11(4).

To the extent workforce reductions or other measures should be considered in the future, there will be separate discussions with the Combined Company's employees and/or their representatives in accordance with applicable laws and regulations in each jurisdiction.

## **5. CONSEQUENCES OF THE MERGER FOR THE COMPANY'S CREDITORS**

Tieto has obtained adequate financing commitments on a certain funds basis from recognised lenders in connection with the merger.

The Companies shall, prior to completion of the merger, jointly agree upon the steps to be taken with respect to the existing financing arrangements of the Companies, inter alia with respect to financing arrangements that will transfer to and be continued by the Combined Company and financing arrangements to be refinanced and/or repaid and cancelled. Completion of the merger is not subject to any financing condition.

Neither the subsidiaries of EVERY nor their creditors will be directly affected by the merger other than the subsidiaries being transferred to the Combined Company as new owner of the shares in the subsidiaries upon completion of the merger.

## **6. CONSEQUENCES OF THE MERGER FOR THE COMPANY'S SHAREHOLDERS**

For EVERY's shareholders, the merger will entail that they exchange their shares in EVERY against shares in Tieto and cash as set out in section 3 above. All shares in the Combined Company will have equal shareholder rights, and each share carry one vote at the general meeting.

The shareholding rights in Tieto is subject to "*Directive 2007/36/EC of the European Parliament and of the Council of 11 July 2007 on the exercise of certain rights of shareholders in listed companies*" (the "**Shareholder Rights Directive**"), as amended.

The Shareholder Rights Directive provides for similar shareholders' rights as pursuant to the Companies Act, meaning that the shareholder rights in the Combined Company will generally not be inferior to the current shareholder rights in EVRY.

The Board wishes to emphasize the following regulations in the Shareholder Rights Directive which may be of interest with regard to execution of shareholder rights in the Combined Company: (i) the general deadline to call for a general meeting is 21 days; (ii) the shareholders may claim matters to be included in the agenda of the general meeting, provided that the matter belongs to the specific competence of the general meeting; (iii) the Combined Company may, but Tieto currently does not, allow for electronic voting in the general meeting; and (iv) a shareholder may cast its vote by use of power of attorney.

If the consideration shares in the Combined Company are delivered to the EVRY shareholders in the form of depository receipts or interests representing shares in the Combined Company (or similar arrangements), it may be the case that shareholder rights will be exercised through a power of attorney issued by the custodian bank to the holders of depository receipts to vote on the underlying shares, or by the custodian bank exercising shareholder rights on behalf of the holders (or similar arrangements). Temporary direct registration in the shareholders' register of the Combined Company may also in certain circumstances be required.

As set out in section 2 above, the merger will be completed as a taxable merger that may trigger tax consequences for the shareholders in EVRY.

## **7. CONSEQUENCES OF THE MERGER FOR THE COMPANY'S CUSTOMERS AND OTHER CONTRACTUAL PARTIES**

The Board does not anticipate any negative legal consequences from the merger in relation to EVRY's customer contracts and supplier contracts. Following completion of the merger, the combined forces of EVRY and Tieto will be able to offer an increased service portfolio to its customers coupled with a continued excellent service stability. The Combined Company is expected to continue along EVRY's current strategic path of providing digital advantage to its customers by having a strong innovation focus based on collaboration throughout the group.

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**STYRET I EVRY ASA / THE BOARD OF EVRY ASA**

**26 June 2019**

Salim Nathoo

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Salim Nathoo  
Chairman

Rohan Haldea

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Rohan Haldea

Louise Engelbrecht Søndergaard

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Louise Engelbrecht Søndergaard

Kristin Margrethe Krohn Devold

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Kristin Margrethe Krohn Devold

Leif Teksum

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Leif Teksum

Eva Christina Malin Persson

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Eva Christina Malin Persson

Bente Riis Lennertzen

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Jenny Linnéa Lindh

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Tommy Sander Aldrin

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Sigve Sandvik Lærdal

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