

Half-Year Report

2021

16 July 2021

The logo for elisa, written in a blue, lowercase, cursive script font.

ELISA'S HALF-YEAR REPORT JANUARY–JUNE 2021

Second quarter 2021 financial highlights

- Revenue increased by EUR 24m to EUR 484m, mainly due to the camLine acquisition, Elisa Viihde Viaplay cooperation and growth in mobile revenue.
- Mobile service revenue increased by 4.2 per cent to EUR 213m.
- Comparable EBITDA grew by EUR 4m to EUR 172m.
- Comparable EBIT increased by EUR 4m to EUR 105m.
- Comparable cash flow increased by EUR 16m to EUR 101m, mainly due to a positive change in net working capital.
- In Finland mobile post-paid ARPU increased to EUR 19.9 (19.5 in the previous quarter), and mobile post-paid churn was at the previous quarters level, 18.3 per cent (18.3).
- During the quarter, the number of post-paid mobile subscriptions increased by 36,700, of which 30,800 were M2M and IoT subscription.
- Prepaid subscriptions increased by 6,000 during the quarter.
- The number of fixed broadband subscriptions decreased by 5,100 during the quarter.
- The guidance for 2021 is unchanged.

Key indicators

EUR million	2Q21	2Q20	Δ %	1H/21	1H/20	Δ %
Revenue	484	461	5.1 %	966	929	4.0 %
EBITDA	166	168	-1.2 %	336	334	0.6 %
Comparable EBITDA ¹⁾	172	168	2.2 %	342	334	2.3 %
EBIT	100	101	-1.3 %	202	200	0.9 %
Comparable EBIT ¹⁾	105	101	4.4 %	207	200	3.8 %
Profit before tax	96	97	-0.1 %	196	192	2.2 %
Comparable profit before tax ¹⁾	102	97	5.9 %	202	192	5.2 %
EPS, EUR	0.49	0.49	0.1 %	1.00	0.98	2.4 %
Comparable EPS, EUR	0.52	0.49	5.9 %	1.03	0.98	5.3 %
Capital expenditure	67	75	-10.3 %	120	126	-4.5 %
Net debt	1,379	1,332	3.5 %	1,379	1,332	3.5 %
Net debt / EBITDA ²⁾	2.0	2.0		2.0	2.0	
Gearing ratio, %	133.8 %	132.6 %		133.8 %	132.6 %	
Equity ratio, %	35.8 %	35.9 %		35.8 %	35.9 %	
Cash flow	101	83	21.0 %	151	156	-3.2 %
Comparable cash flow ³⁾	101	85	18.2 %	161	158	1.6 %

¹⁾ Excluding EUR 6m in restructuring costs. ²⁾ (Interest-bearing debt – financial assets) / (four previous quarters' comparable EBITDA). ³⁾ 1H/21 excluding EUR 10m in share investments, 2Q20 excluding EUR 2m and 1H/20 excluding EUR 3m in share investments.

Additional key performance indicators are available at elisa.com/investors (Elisa Operational Data.xlsx).

CEO's review:

A solid quarter in an unchanged environment

Elisa continued its solid development. Revenue increased by 5 per cent from the previous year, to EUR 484 million. Comparable EBITDA improved by 2 per cent, to EUR 172 million, and comparable earnings per share by 6 per cent, to EUR 0.52.

Elisa's continued its leadership in 5G, with the most extensive network in Finland. Elisa offers 5G in over 110 towns and cities, with nationwide population coverage of over 50 per cent, and up to 90 per cent in the largest cities. Customer demand for 5G continued to be good, with an increase of more than EUR 3 in monthly billing for new 5G customers. The majority of mobile phones sold are now 5G devices.

Elisa was the first mobile operator in the Nordics to pilot a standalone 5G network in a commercial network. Elisa has delivered private 5G networks for e.g. the ports of Pori and HaminaKotka. Companies utilising private networks can benefit from more advanced applications for the needs of industry and logistics, among other things.

According to a recent study by Elisa, viewing of streaming video has increased steadily over the past three years, and it has increased by over 40 per cent during the COVID-19 pandemic. Demand from corporate customers for cloud-based IT services has continued to grow. Both trends have contributed positively to revenue from entertaining video and IT services.

We continued to implement our mission: a sustainable future through digitalisation. Elisa is in line to be one of the first Finnish companies to reduce its emissions to meet the target for limiting global warming to 1.5 °C by 2025. Elisa was one of the first 100 organisations to sign the global Climate Pledge and is in the top ten of the *Financial Times* list of Europe's Climate Leaders 2021. Elisa also joined the Inklusiiv initiative to drive diversity and inclusion, which are becoming increasingly important as already 23 per cent of Elisa personnel work in over 16 countries outside Finland.

We will continue to focus strongly on continuous improvement of the customer experience and quality. Increasing productivity, expanding our digital services internationally and creating value with data, as well as our strong investment capability, continue to lay a solid foundation for competitively creating value in the future.

Veli-Matti Mattila

CEO

HALF-YEAR REPORT JANUARY–JUNE 2021

This interim report has been prepared in accordance with the IAS 34 standard. The information presented in this interim report is unaudited.

Market situation

The competitive environment has been active, especially in 4G subscriptions. During the quarter, the COVID-19 crisis continued to impact the market situation to some extent. Travel is still very limited, and in the corporate business, uncertainty still prevails. On the other hand, the usage of mobile voice and data continued to evolve favourably. Another factor contributing to domestic mobile market growth has been the increased network capacity and demand for higher 4G and 5G speeds. Competition in the fixed broadband market has continued to be intense in multi-dwelling units, and the number and usage of traditional fixed network subscriptions is decreasing.

The markets for IT and IPTV entertainment services have continued to develop favourably, while demand for other digital services is also growing.

Revenue, earnings and financial position

EUR million	2Q21	2Q20	Δ %	1H/21	1H/20	Δ %
Revenue	484	461	5.1 %	966	929	4.0 %
EBITDA	166	168	-1.2 %	336	334	0.6 %
EBITDA-%	34.3 %	36.5 %		34.8 %	36.0 %	
Comparable EBITDA ¹⁾	172	168	2.2 %	342	334	2.3 %
Comparable EBITDA-%	35.5 %	36.5 %		35.4 %	36.0 %	
EBIT	100	101	-1.3 %	202	200	0.9 %
EBIT-%	20.6 %	21.9 %		20.9 %	21.5 %	
Comparable EBIT ¹⁾	105	101	4.4 %	207	200	3.8 %
Comparable EBIT-%	21.8 %	21.9 %		21.5 %	21.5 %	
Return on equity, %	29.1 %	28.9 %		29.1 %	28.9 %	

¹⁾ Excluding EUR 6m in restructuring costs

Second quarter 2021

Revenue increased by 5 per cent, mostly due to the camLine acquisition and Elisa Viihde Viaplay cooperation, as well as growth in mobile services, domestic digital services and equipment sales. A decrease in usage and subscriptions of traditional fixed (PSTN) telecom services, as well as other fixed services, affected revenue negatively. EBITDA includes EUR 6 million in one-off restructuring costs relating to personnel reductions. Comparable EBITDA increased by 2 per cent, as efficiency improvements and revenue growth impacted EBITDA positively. Comparable EBIT grew by 4 per cent.

Net financial income and expenses decreased to EUR -3 million (-5) due to refinancing in January 2021. Income taxes in the income statement amounted to EUR -17 million (-17). Net profit was EUR 79 million (79), and earnings per share were EUR 0.49 (0.49). Comparable earnings per share were EUR 0.52 (0.49).

January–June 2021

Revenue increased by 4 per cent on the previous year, mainly due to the camLine acquisition and Elisa Viihde Viaplay cooperation, as well as growth in mobile services, domestic digital services and equipment sales. A decrease in usage and subscriptions of traditional fixed telecom services, other fixed services as well as interconnection and roaming affected revenue negatively.

EBITDA includes EUR 6 million in one-off restructuring costs relating to personnel reductions. Comparable EBITDA increased by 2 per cent and comparable EBIT by 4 per cent, mainly due to revenue growth and efficiency improvement measures.

Net financial income and expenses decreased to EUR -6 million (-9) due to the refinancing in January. Income taxes in the income statement were EUR -35 million (-35). Net profit was EUR 161 million (157) and earnings per share were EUR 1.00 (0.98). Comparable earnings per share were EUR 1.03 (0.98).

Financial position

EUR million	2Q21	2Q20	Δ %	1H/21	1H/20	Δ %
Net debt	1,379	1,332	3.5 %	1,379	1,332	3.5 %
Net debt / EBITDA ¹⁾	2.0	2.0		2.0	2.0	
Gearing ratio, %	133.8 %	132.6 %		133.8 %	132.6 %	
Equity ratio, %	35.8 %	35.9 %		35.8 %	35.9 %	
Cash flow	101	83	21.0 %	151	156	-3.2 %
Comparable cash flow ²⁾	101	85	18.2 %	161	158	1.6 %

¹⁾ (Interest-bearing debt – financial assets) / (four previous quarters' comparable EBITDA). ²⁾ 1H21 excluding EUR 10m in share investments, 2Q20 excluding EUR 2m and 1H20 excluding EUR 3m in share investments.

Second quarter 2021

Net debt increased by EUR 47 million to EUR 1,379 million, mainly due to acquisitions and higher dividend payments. Comparable cash flow increased by 18 per cent to EUR 101 million (85), mainly due to a positive change in net working capital.

The financial position and liquidity are strong. Cash and undrawn committed credit lines totalled EUR 384 million at the end of the quarter.

January–June 2021

Comparable cash flow after investments increased by 2 per cent to EUR 161 million (158). Higher EBITDA, the positive change in net working capital and lower net financial expenses affected cash flow positively, while higher taxes paid had a negative effect.

Changes in corporate structure

There were no significant changes in the corporate structure during the reporting period.

Consumer Customers business

EUR million	2Q21	2Q20	Δ %	1H/21	1H/20	Δ %
Revenue	301	285	5.7 %	600	572	5.0 %
EBITDA	115	112	2.8 %	232	221	5.1 %
EBITDA-%	38.3 %	39.4 %		38.7 %	38.7 %	
Comparable EBITDA ¹⁾	117	112	4.5 %	234	221	5.9 %
Comparable EBITDA-%	38.9 %	39.4 %		39.0 %	38.7 %	
EBIT	75	71	5.7 %	151	138	9.2 %
EBIT-%	24.8 %	24.8 %		25.2 %	24.2 %	
Comparable EBIT ¹⁾	77	71	8.4 %	153	138	10.6 %
Comparable EBIT-%	25.5 %	24.8 %		25.5 %	24.2 %	
CAPEX	42	49	-14.2 %	74	81	-8.4 %

¹⁾ Excluding EUR 2m in restructuring costs.

Second quarter 2021

Revenue increased by 6 per cent. Revenue was positively affected by growth in mobile services and the Elisa Viihde Viaplay cooperation, as well as growth in entertainment services and equipment sales. A decrease in usage and subscriptions of traditional fixed telecom services affected revenue negatively. EBITDA includes EUR 2 million in one-off restructuring costs relating to personnel reductions. Comparable EBITDA increased by 5 per cent, mainly due to revenue growth and efficiency improvements.

January–June 2021

Revenue increased by 5 per cent. Mobile services, equipment sales, the Elisa Viihde Viaplay cooperation and entertainment services all affected revenue positively, while it was negatively affected by interconnection and roaming, as well as the decrease in traditional fixed telecom services. EBITDA includes EUR 2 million in one-off restructuring costs relating to personnel reductions. Comparable EBITDA increased by 6 per cent, mainly due to revenue growth and efficiency improvement measures.

Corporate Customers business

EUR million	2Q21	2Q20	Δ %	1H/21	1H/20	Δ %
Revenue	183	176	4.2 %	366	357	2.3 %
EBITDA	51	56	-9.3 %	103	113	-8.3 %
EBITDA-%	27.7 %	31.9 %		28.3 %	31.6 %	
Comparable EBITDA ¹⁾	55	56	-2.4 %	107	113	-4.9 %
Comparable EBITDA-%	29.9 %	31.9 %		29.4 %	31.6 %	
EBIT	25	30	-17.9 %	50	61	-17.9 %
EBIT-%	13.5 %	17.1 %		13.8 %	17.2 %	
Comparable EBIT ¹⁾	29	30	-5.0 %	54	61	-11.6 %
Comparable EBIT-%	15.6 %	17.1 %		14.8 %	17.2 %	
CAPEX	25	26	-3.0 %	46	44	2.7 %

¹⁾ Excluding EUR 4m in restructuring costs.

Second quarter 2021

Revenue grew by 4 per cent. Revenue was positively affected by the camLine acquisition, domestic digital services and equipment sales, while the decrease in traditional and other fixed services affected

revenue negatively. EBITDA includes EUR 4 million in one-off restructuring costs relating to personnel reductions. Comparable EBITDA decreased by 2 per cent.

January–June 2021

Revenue increased by 2 per cent. Revenue was positively affected by the camLine acquisition, equipment sales and domestic digital services, whereas the decrease in mobile and fixed services had a negative effect. EBITDA includes EUR 4 million in one-off restructuring costs relating to personnel reductions. Comparable EBITDA decreased by 5 per cent.

Personnel

In January–June, the average number of personnel at Elisa was 5,396 (5,016) and employee expenses totalled EUR 193 million (169). In the second quarter, employee expenses were EUR 99 million (82). Personnel by segment at the end of the period:

	30 June 21	30 June 20	31 Dec 20
Consumer Customers	2,961	2,966	2,914
Corporate Customers	2,517	2,208	2,257
Total	5,478	5,174	5,171

The growth in personnel was mainly due to the camLine acquisition.

Investments

EUR million	2Q21	2Q20	1H/21	1H/20
Capital expenditure ⁽¹⁾ , of which	67	75	120	126
Consumer Customers	42	49	74	81
Corporate Customers	25	26	46	44
Shares	0	2	10	3
Total	67	77	130	128
Capital expenditure excl. shares and leasing	64	72	112	120

¹⁾ 2Q20 and 1H20 include EUR 7m for the 26 GHz frequency licence investment.

The main capital expenditures related to the capacity and coverage increases in the 5G and 4G networks, as well as to other network and IT investments. Capital expenditure in 2Q21 includes EUR 3 million of leased assets, and EUR 8 million in 1H/21.

Financing arrangements and ratings

EUR million	Maximum amount	In use on 30 Jun 2021
Committed credit limits	300	0
Commercial paper programme (not committed)	350	130
EMTN programme (not committed)	1 500	900

Long-term credit ratings	Rating	Outlook
Credit rating agency		
Moody's Investor Services	Baa2	Stable
S&P Global Ratings	BBB+	Stable

Share

Share trading volumes are based on trades made on the Nasdaq Helsinki and alternative marketplaces. Closing prices are based on the Nasdaq Helsinki.

Trading of shares	2Q21	2Q20	2020
Nasdaq Helsinki, millions	24,1	34,4	122,5
Other marketplaces, millions ¹⁾	50,4	83,0	264,3
Total volume, millions	74,5	117,4	386,8
Value, EUR million	3 652,1	6 389,6	19 803,8
% of shares	44,5 %	70,2 %	231,2 %

Shares and market values	30 Jun 2021	30 Jun 2020	2020
Total number of shares	167 335 073	167 335 073	167 335 073
Treasury shares	7 147 772	7 252 165	7 252 165
Outstanding shares	160 187 301	160 082 908	160 082 908
Closing price, EUR	50,32	54,14	44,87
Market capitalisation, EUR million	8 420	9 060	7 508
Treasury shares, %	4,27 %	4,33 %	4,33 %

Number of shares	Total	Treasury	Outstanding
Shares on 31 Dec 2020	167 335 073	7 252 165	160 082 908
Performance share plan, 2 Feb 2021 ²⁾		-95 241	95 241
Restricted share plan, 18 Jun 2021 ³⁾		-9 152	9 152
Shares on 30 June 2021	167 335 073	7 147 772	160 187 301

¹⁾ Other marketplaces: Based on Bloomberg. ²⁾ Stock exchange bulletin, 2 February 2021. ³⁾ Stock exchange bulletin, 18 June 2021.

On 2 February 2021, Elisa transferred 95,241 treasury shares to people involved in the performance share plan for the period 2018–2020. On 18 June 2021, Elisa transferred 9,152 treasury shares to people involved in the restricted share plan.

Significant legal and regulatory issues

The European Commission's delegated act based on the European Electronic Communications Code directive, which sets out single, maximum, EU-wide mobile and fixed voice termination rates, came into force on 1 July 2021. The mobile voice termination rate will decrease to 0.2 cents per minute (previously it was 0.82 in Finland and 0.7 in Estonia) on a glide path until 2024. The fixed voice termination rate will decrease to 0.07 cents per minute (previously 2.8 in Finland and 0.089 in Estonia) on a glide path until 2022. These changes will not have any material impact on Elisa's profits.

Substantial risks and uncertainties associated with Elisa's operations

Risk management is part of Elisa's internal control system. It aims to ensure that risks affecting the company's business are identified, influenced and monitored. The company classifies risks into strategic, operational, hazard and financial risks.

Strategic and operational risks:

The telecommunications industry is under intense competition in Elisa's main market areas, which may have an impact on Elisa's business. The telecommunications industry is subject to heavy regulation. Elisa and its businesses are monitored and regulated by several public authorities. This regulation also affects the price level of some products and services offered by Elisa and may also require investments that have long payback times.

Elisa processes different kinds of data, including personal and traffic data. Therefore, the applicable data protection legislation, especially the General Data Protection Regulation, has a significant impact on Elisa and its businesses.

The rapid developments in telecommunications technology may have a significant impact on Elisa's business.

Changes in governmental relationships may increase the risk that there will be restrictions on network providers' equipment that is also used in Elisa's network. This might have financial or operational impacts on Elisa's business.

Elisa's main market is Finland, where the number of mobile phones per inhabitant is among the highest in the world and growth in subscriptions is therefore limited. Furthermore, the volume of phone traffic on the fixed network has decreased during recent years. These factors may limit opportunities for growth. New international business expansion and possible future acquisitions abroad may increase risks.

Elisa is liable to pay direct and indirect taxes and withholding taxes in the countries in which it operates. The tax authorities have taken a slightly more intense approach to tax inspection of late. Tax payments may be challenged by local tax authorities, and this may have a negative financial impact on Elisa.

Hazard risks:

The company's core operations are covered by insurance against damage and interruptions caused by accidents and disasters. Accident risks also include litigation and claims.

The direct and indirect effects of the coronavirus (COVID-19) pandemic are uncertain. If the pandemic continues for a prolonged period, this may significantly contribute to a slowdown in economic growth, which may have negative effects on Elisa through customer demand, suppliers' security of supply and employee health. Elisa has adapted its operations and taken many proactive measures due to the COVID-19 pandemic, e.g. more intensive follow-up of customer demand for existing services, as well as emerging demand for new business opportunities. Also, the company has moved to remote working in the duties where it is possible.

Financial risks:

In order to manage the interest rate risk, the Group's loans and investments are diversified into fixed- and variable-rate instruments. Interest rate swaps can be used to manage the interest rate risk.

As most of Elisa's operations and cash flow are denominated in euros, the exchange rate risk is minor. Currency derivatives can be used to manage the currency risk.

The objective of liquidity risk management is to ensure the Group's financing in all circumstances. Elisa has cash reserves, committed credit facilities and a sustainable cash flow to cover its foreseeable financing needs.

Liquid assets are invested within confirmed limits in financially solid banks, domestic companies and institutions. Credit risk concentrations in accounts receivable are minor, as the customer base is broad.

COVID-19 has increased volatility in the financial markets. This might have an effect on Elisa's ability to raise funds and increase financing costs.

A detailed description of financial risk management can be found in Note 7.1 to the Annual Report 2020.

COVID-19 situation and impacts

The impact of COVID-19 on Elisa's business has been limited. Operations have continued as planned, and all supply chains have operated normally. Elisa has continued its way of working mainly as remote working. The financial effects have been seen mainly in lower roaming revenue due to the reduced amount of travel. Elisa's financial position and cash flow have remained strong. Elisa has prepared for various scenarios to secure its financial position.

Events after the reporting period

There have been no substantial events after the reporting period.

Outlook and guidance for 2021

The outlook of macroeconomic environment has improved in Finland, although there are still some uncertainties. Competition in the Finnish telecommunications market remains keen.

Full-year revenue is estimated to be slightly higher than in 2020. Mobile data and digital services are expected to increase revenue. Full-year comparable EBITDA is anticipated to be at the same level or slightly higher than in 2020. Capital expenditure is expected to be a maximum of 12 per cent of revenue.

Elisa is continuing its productivity improvement development, for example by increasing automation and data analytics in different processes, such as customer interactions, network operations and delivery. Additionally, Elisa's continuous quality improvement measures will increase customer satisfaction and efficiency, and reduce costs.

Elisa's transformation into a provider of exciting, new and relevant services for its customers is continuing. Long-term revenue growth and profitability improvement will derive from growth in the mobile data market, as well as digital online and ICT services.

BOARD OF DIRECTORS

Unaudited

Consolidated income statement

EUR million	Note	4-6 2021	4-6 2020	1-6 2021	1-6 2020	1-12 2020
Revenue	1	484.3	460.8	965.9	929.0	1,894.6
Other operating income		3.0	0.6	5.6	1.3	4.1
Materials and services		-181.0	-166.8	-363.0	-338.4	-713.7
Employee expenses		-98.7	-81.8	-193.0	-168.9	-325.7
Other operating expenses		-41.4	-44.6	-79.6	-88.9	-174.2
EBITDA	1	166.2	168.3	335.9	334.0	685.2
Depreciation, amortisation and impairment	1	-66.6	-67.4	-134.3	-134.2	-276.2
EBIT	1	99.5	100.9	201.6	199.8	409.0
Financial income		1.0	-0.2	2.3	1.2	8.7
Financial expenses		-3.8	-4.7	-8.0	-10.4	-21.2
Share of associated companies' profit		-0.2	0.7	-0.2	0.9	1.9
Profit before tax		96.5	96.6	195.7	191.5	398.3
Income taxes		-17.3	-17.5	-34.9	-34.5	-70.2
Profit for the period		79.2	79.1	160.8	157.0	328.1
Attributable to						
Equity holders of the parent		79.3	79.2	160.8	157.0	328.0
Non-controlling interests		-0.1	0.0	0.0	0.0	0.1
		79.2	79.1	160.8	157.0	328.1
Earnings per share (EUR)						
Basic		0.49	0.49	1.00	0.98	2.05
Diluted		0.49	0.49	1.00	0.98	2.05
Average number of outstanding shares (1000 shares)						
Basic		160,179	160,083	160,161	160,048	160,066
Diluted		160,179	160,083	160,161	160,048	160,066
Consolidated statement of comprehensive income						
Profit for the period		79.2	79.1	160.8	157.0	328.1
Other comprehensive income, net of tax						
Items, which may be reclassified subsequently to profit or loss						
Cash flow hedge		0.1	0.3	-0.1	0.1	0.4
Translation differences		0.7	4.0	-0.8	-0.2	3.1
		0.8	4.3	-1.0	-0.1	3.5
Items that are not reclassified subsequently to profit or loss						
Remeasurements of the net defined benefit liability						4.5
Total comprehensive income		80.0	83.4	159.9	156.9	336.1
Total comprehensive income attributable to						
Equity holders of the parent		80.1	83.5	159.8	156.9	336.1
Non-controlling interest		-0.1	0.0	0.0	0.0	0.0
		80.0	83.4	159.9	156.9	336.1

Consolidated statement of financial position

EUR million	Note	30 Jun 2021	31 Dec 2020
Non-current assets			
Property, plant and equipment	3	731.9	735.1
Right-of-use assets	3	91.5	94.6
Goodwill	3	1,129.3	1,131.4
Intangible assets	3	202.9	210.1
Investments in associated companies	12	11.0	1.4
Other financial assets	4	16.4	15.6
Trade and other receivables	4	92.1	94.9
Deferred tax assets		13.2	11.9
		2,288.2	2,295.1
Current assets			
Inventories		73.4	67.9
Trade and other receivables		445.7	457.8
Tax receivables		0.7	0.5
Cash and cash equivalents		84.4	220.1
		604.3	746.3
Total assets		2,892.5	3,041.4
Equity attributable to equity holders of the parent			
	6	1,029.3	1,182.7
Non-controlling interests			
		1.4	1.5
Total shareholders' equity		1,030.8	1,184.2
Non-current liabilities			
Deferred tax liabilities		22.9	26.2
Interest-bearing financial liabilities	4, 7	1,139.7	1,136.8
Lease liabilities, interest-bearing	4	76.2	78.8
Trade payables and other liabilities	4, 5	26.6	32.2
Pension obligations		10.8	11.0
Provisions	8	2.8	2.9
		1,279.0	1,288.0
Current liabilities			
Interest-bearing financial liabilities	4, 7	230.0	193.5
Lease liabilities, interest-bearing	4	17.4	17.7
Trade and other payables	4, 5	326.9	356.3
Tax liabilities		3.7	1.2
Provisions	8	4.6	0.5
		582.7	569.2
Total equity and liabilities		2,892.5	3,041.4

Condensed consolidated cash flow statement

EUR million	1-6 2021	1-6 2020	1-12 2020
Cash flow from operating activities			
Profit before tax	195.7	191.5	398.3
Adjustments			
Depreciation, amortisation and impairment	134.3	134.2	276.2
Other adjustments	-2.1	-4.0	-4.9
	132.2	130.2	271.3
Change in working capital			
Increase (-) / decrease (+) in trade and other receivables	28.0	31.2	11.2
Increase (-) / decrease (+) in inventories	-6.3	-8.1	-1.2
Increase (+) / decrease (-) in trade and other payables	-17.4	-19.9	2.6
	4.3	3.2	12.7
Financial items, net	-11.5	-12.7	-14.7
Taxes paid	-37.1	-30.3	-67.6
Net cash flow from operating activities	283.5	281.8	600.0
Cash flow from investing activities			
Capital expenditure	-123.2	-124.4	-249.2
Investments in shares and business combinations	-9.7	-2.5	-56.5
Loans granted	-0.5		
Proceeds from disposal of assets	0.8	1.1	5.7
Net cash used in investing activities	-132.6	-125.9	-300.0
Cash flow before financing activities	150.9	155.9	300.0
Cash flow from financing activities			
Proceeds from long-term borrowings	100.4		297.8
Repayments of long-term borrowings	-174.0		
Increase (+) / decrease (-) in short-term borrowings	110.5	173.5	-113.5
Repayment of lease liabilities	-10.5	-10.9	-20.8
Acquisition of non-controlling interests			-0.1
Dividends paid	-312.6	-296.2	-295.7
Net cash used in financing activities	-286.3	-133.6	-132.4
Change in cash and cash equivalents	-135.4	22.4	167.6
Translation differences	-0.3	-0.1	0.6
Cash and cash equivalents at beginning of period	220.1	52.0	52.0
Cash and cash equivalents at end of period	84.4	74.2	220.1

Consolidated statement of changes in equity

EUR million	Share capital	Treasury shares	Reserve for invested non-restricted equity	Other reserves	Retained earnings	Non-controlling interests	Total equity
Balance at 1 January 2020	83.0	-132.2	90.9	370.8	737.0	0.7	1,150.3
Profit for the period					157.0	0.0	157.0
Translation differences					-0.2		-0.2
Cash flow hedge				0.1			0.1
Total comprehensive income				0.1	156.8	0.0	156.9
Dividend distribution					-296.2	-0.1	-296.2
Share-based compensation		3.8					3.8
Acquisition of non-controlling interests					0.0	-0.1	-0.1
Other changes					-10.6		-10.6
Balance at 30 June 2020	83.0	-128.4	90.9	371.0	587.1	0.5	1,004.0
EUR million							
Balance at 1 January 2021	83.0	-128.4	90.9	375.7	761.5	1.5	1,184.2
Profit for the period					160.8	0.0	160.8
Translation differences					-0.9	0.0	-0.8
Cash flow hedge				-0.1			-0.1
Total comprehensive income				-0.1	160.0	0.0	159.9
Dividend distribution					-312.3	0.0	-312.4
Share-based compensation		2.3					2.3
Other changes					-3.2		-3.2
Balance at 30 June 2021	83.0	-126.1	90.9	375.6	605.9	1.4	1,030.8

Notes

ACCOUNTING PRINCIPLES

This interim report has been prepared in compliance with IAS 34 *Interim Financial Reporting*. The information has been prepared in accordance with the International Financial Reporting Standards (IFRS) effective at the time of preparation and adopted for use by the European Union. Apart from the changes in accounting principles stated below, the accounting principles applied in the interim report are the same as in the financial statements on 31 December 2020.

Changes in the accounting principles

Amendments to IFRS standards adopted as of 1 January 2021 do not have a material impact on the Company's consolidated financial statements.

In April 2021, the IFRS Interpretations Committee finalised its agenda decision on Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 *Intangible Assets*). In this agenda decision, the IFRS IC considered when an intangible asset in relation to configuration or customisation of the application software can be recognised. IFRIC agenda decisions have no effective date, so they are expected to be applied as soon as possible. As the Group has cloud computing arrangements in place, it has started to analyse whether this agenda decision has an impact on the accounting policies applied to implementation costs in cloud computing arrangements.

1. Segment information

4-6/2021 EUR million	Consumer Customers	Corporate Customers	Unallocated items	Group total
Revenue	301.3	183.0		484.3
EBITDA	115.4	50.8		166.2
Depreciation, amortisation and impairment	-40.6	-26.1		-66.6
EBIT	74.9	24.7		99.5
Financial income			1.0	1.0
Financial expenses			-3.8	-3.8
Share of associated companies' profit			-0.2	-0.2
Profit before tax				96.5
Investments	42.0	25.2		67.2
4-6/2020 EUR million	Consumer Customers	Corporate Customers	Unallocated items	Group total
Revenue	285.2	175.6		460.8
EBITDA	112.3	56.0		168.3
Depreciation, amortisation and impairment	-41.4	-26.0		-67.4
EBIT	70.8	30.0		100.9
Financial income			-0.2	-0.2
Financial expenses			-4.7	-4.7
Share of associated companies' profit			0.7	0.7
Profit before tax				96.6
Investments	48.9	26.0		74.9

1-6/2021	Consumer	Corporate	Unallocated	Group
EUR million	Customers	Customers	items	total
Revenue	600.2	365.7		965.9
EBITDA	232.4	103.4		335.9
Depreciation, amortisation and impairment	-81.2	-53.1		-134.3
EBIT	151.2	50.3		201.6
Financial income			2.3	2.3
Financial expenses			-8.0	-8.0
Share of associated companies' profit			-0.2	-0.2
Profit before tax				195.7
Investments	74.3	45.7		120.0
1-6/2020	Consumer	Corporate	Unallocated	Group
EUR million	Customers	Customers	items	total
Revenue	571.6	357.3		929.0
EBITDA	221.2	112.8		334.0
Depreciation, amortisation and impairment	-82.7	-51.5		-134.2
EBIT	138.5	61.4		199.8
Financial income			1.2	1.2
Financial expenses			-10.4	-10.4
Share of associated companies' profit			0.9	0.9
Profit before tax				191.5
Investments	81.2	44.4		125.6
1-12/2020	Consumer	Corporate	Unallocated	Group
EUR million	Customers	Customers	items	total
Revenue	1,183.4	711.2		1,894.6
EBITDA	460.8	224.4		685.2
Depreciation, amortisation and impairment	-169.9	-106.3		-276.2
EBIT	290.8	118.1		409.0
Financial income			8.7	8.7
Financial expenses			-21.2	-21.2
Share of associated companies' profit			1.9	1.9
Profit before tax				398.3
Investments	170.1	96.1		266.2
Total assets	1,802.5	989.4	249.5	3,041.4

2. Acquisitions and disposals

There were no significant acquisitions or disposals during the reporting period.

3. Property, plant and equipment and intangible assets

30 Jun 2021	Property plant and equipment	Goodwill	Other intangible assets
EUR million			
Acquisition cost at 1 January 2021	4,415.8	1,152.5	938.9
Business acquisitions	2.0	-1.8	0.7
Additions	89.1		23.4
Additions, right-of-use assets	7.5		
Disposals	-3.9		
Reclassifications	-2.4		-3.1
Translation differences	0.1	-0.2	0.0
Acquisition cost at 30 June 2021	4,508.2	1,150.5	959.8
Accumulated depreciation, amortisation and impairment at 1 January 2021	3,586.1	21.1	728.8
Depreciation, amortisation and impairment	104.2		30.1
Accumulated depreciation and amortisation on business acquisitions	1.1		0.7
Accumulated depreciation and amortisation on disposals and reclassifications	-6.7		-2.7
Translation differences	0.1	0.1	0.0
Accumulated depreciation, amortisation and impairment at 30 June 2021	3,684.8	21.2	756.9
Book value at 1 January 2021	829.7	1,131.4	210.1
Book value at 30 June 2021	823.3	1,129.3	202.9
30 Jun 2020	Property plant and equipment	Goodwill	Other intangible assets
EUR million			
Acquisition cost at 1 January 2020	4,216.7	1,101.2	890.1
Business acquisitions		0.1	2.3
Additions	89.6		30.8 ⁽¹⁾
Additions, right-of-use assets	5.3		
Disposals	-3.0		
Reclassifications	-3.4		-16.0
Translation differences	-0.2	-0.4	0.0
Acquisition cost at 30 June 2020	4,305.1	1,100.8	907.1
Accumulated depreciation, amortisation and impairment at 1 January 2020	3,390.0	15.0	687.6
Depreciation, amortisation and impairment	106.4		27.7
Accumulated depreciation and amortisation on business acquisitions			1.0
Accumulated depreciation and amortisation on disposals and reclassifications	-6.6		-15.7
Translation differences	-0.1		0.0
Accumulated depreciation, amortisation and impairment at 30 June 2020	3,489.7	15.0	700.6
Book value at 1 January 2020	826.8	1,086.1	202.5
Book value at 30 June 2020	815.3	1,085.7	206.5

¹⁾ Includes Finnish 26 GHz spectrum licence in a carrying amount of EUR 7.0m.

Commitments to purchase property, plant and equipment and intangible assets amounted to EUR 52.0 (48.0) million on 30 June 2021.

The lease commitments for rental agreements commencing in the future, in accordance with IFRS 16, were EUR 0.5 (16.1) million on 30 June 2021.

4. Carrying amounts of financial assets and liabilities by category

30 Jun 2021 EUR million	Financial liabilities measured at fair value through profit or loss	Financial asset/liabilities measured at fair value through other compre- hensive income	Financial assets/ liabilities measured at amortised cost	Book values	Fair values
Non-current financial assets					
Other financial assets ⁽¹⁾			16.4	16.4	16.4
Trade and other receivables		0.3	91.8	92.1	92.1
Current financial assets					
Trade and other receivables			445.7	445.7	445.7
		0.3	553.9	554.2	554.2
Non-current financial liabilities					
Financial liabilities			1,215.9	1,215.9	1,252.6
Trade and other payables ⁽²⁾	6.9		15.1	22.1	22.1
Current financial liabilities					
Financial liabilities			247.4	247.4	247.4
Trade and other payables ⁽²⁾			319.4	319.4	319.4
	6.9		1,797.9	1,804.8	1,841.5
31 Dec 2020 EUR million					
Non-current financial assets					
Other financial assets ⁽¹⁾			15.6	15.6	15.6
Trade and other receivables		0.4	94.5	94.9	94.9
Current financial assets					
Trade and other receivables			457.8	457.8	457.8
		0.4	567.9	568.3	568.3
Non-current financial liabilities					
Financial liabilities			1,215.7	1,215.7	1,258.7
Trade and other payables ⁽²⁾	6.9		20.4	27.3	27.3
Current financial liabilities					
Financial liabilities			211.2	211.2	211.5
Trade and other payables ⁽²⁾			348.1	348.1	348.1
	6.9		1,795.4	1,802.3	1,845.6

¹⁾ Other investments includes the Group's unlisted equity investments

²⁾ Excluding advances received

The Group's financial assets and liabilities are classified as financial assets and liabilities measured at amortised cost, financial assets and liabilities measured at fair value through other comprehensive income, and financial assets and liabilities measured at fair value through profit or loss. Financial assets and liabilities measured at amortised cost include fixed-term contracts whose cash flow includes payments of principal and interest on the principal outstanding. Financial assets and liabilities measured at fair value through other comprehensive income include those financial items that are expected both to collect contractual cash flows and to sell financial assets. Financial assets and liabilities measured at fair value through profit or loss include items that do not meet the criteria of the other groups.

The Group categorises electricity derivatives that qualify for hedge accounting as financial assets or liabilities measured at fair value through other comprehensive income. Contingent considerations in the business combinations are recognised as financial assets or liabilities measured at fair value through profit or loss. Other financial assets and liabilities are measured at amortised cost.

5. Financial assets and liabilities recognised at fair value

EUR million	30 Jun 2021	Level 1	Level 2	Level 3
Financial assets/liabilities measured at fair value through other comprehensive income				
Electricity derivatives	0.3		0.3	
Currency derivatives	0.0		0.0	
Financial assets/liabilities measured at fair value through profit or loss				
Contingent considerations relating to business combinations	-6.9			-6.9
	-6.7		0.3	-6.9

EUR million	31 Dec 2020	Level 1	Level 2	Level 3
Financial assets/liabilities recognised at fair value through other comprehensive income				
Electricity derivatives	0.4		0.4	
Currency derivatives	0.1		0.1	
Financial assets/liabilities measured at fair value through profit or loss				
Contingent considerations relating to business combinations	-6.9			-6.9
	-6.4		0.4	-6.9

Level 1 includes instruments with quoted prices in active markets. Level 2 includes instruments with observable prices based on market data. Level 3 includes instruments with prices that are not based on verifiable market data, but instead on the company's internal information, for example.

6. Equity

	Number of shares pcs	Treasury shares pcs	Holding, % of shares and votes
Shares at 31 December 2020	167,335,073	7,252,165	4.33 %
Disposal of treasury shares		-104,393	
Shares at 30 June 2021	167,335,073	7,147,772	4.27 %

Dividend

On 8 April 2021, Elisa's Annual General Meeting decided on a dividend of EUR 1.95 per share. The total dividend amounts to EUR 312.3 million and payment started on 20 April 2021.

7. Issuance and repayment of debt securities

On 30 March 2021, Elisa issued a EUR 100 million Schuldschein loan with a maturity of 400 days for short-term financing. The loan was arranged by Landesbank Baden-Württemberg.

Current financial liabilities include a EUR 100 million Schuldschein loan, which matures on 4 May 2022 and outstanding commercial papers of EUR 130.0 million.

The unused amount of the EUR 1,500 million EMTN programme is EUR 600 million as of 30 June 2021.

EUR million	30 Jun 2021	31 Dec 2020
Issued bonds, nominal value	900.0	1,074.0
Issued commercial papers	130.0	19.5
Withdrawn committed credit lines	0.0	0.0

8. Provisions

EUR million	Termination benefits	Other	Total
1 January 2021	1.7	1.7	3.4
Increase in provisions	6.2		6.2
Reversals of unused provisions	-0.9		-0.9
Utilised provisions	-1.2		-1.2
30 June 2021	5.8	1.7	7.5

EUR million	Termination benefits	Other	Total
1 January 2020	3.3	1.7	5.0
Increase in provisions	0.5		0.5
Reversals of unused provisions	-0.1		-0.1
Utilised provisions	-1.6		-1.6
30 June 2020	2.2	1.7	3.8

9. Off-balance sheet lease commitments

The future minimum lease payments under non-cancellable off-balance sheet leases:

EUR million	30.6. 2021	31.12. 2020
Within one year	11.9	11.7
Later than one year, not later than five years	4.9	5.1
Later than five years	1.0	1.1
	17.8	17.9

Lease commitments are exclusive of value added tax.

10. Contingent liabilities

EUR million	30.6. 2021	31.12. 2020
For our own commitments		
Deposits	0.4	0.4
Guarantees	0.1	
	0.6	0.4
Other contractual obligations		
Venture capital investment commitment	1.0	1.3
Repurchase obligations	0.0	0.0
	1.0	1.3

11. Derivative instruments

EUR million	30.6. 2021	31.12. 2020
Nominal values of derivatives		
Electricity derivatives	1.2	1.1
Currency derivatives	3.4	3.2
	4.6	4.2
Fair values of derivatives		
Electricity derivatives	0.3	0.4
Currency derivatives	0.0	0.1
	0.3	0.4

12. Related party transactions

The Group's related parties include the parent company, subsidiaries, associates and joint ventures. The related parties also include Elisa's Board of Directors, the CEO, the Executive Board as well as entities controlled by them and close members of their family.

Related party transactions with associated companies EUR million	1-6 2021	1-6 2020	1-12 2020
Revenue	0.2	0.4	0.7
Purchases	0.4	0.5	0.9
Receivables	0.6	0.3	0.1
Liabilities	0.0	0.0	0.0

There were no related party transactions with the key management. The salaries and remuneration paid to the management of Elisa Group will be published in the annual consolidated financial statements.

13. Key figures

EUR million	1-6 2021	1-6 2020	1-12 2020
Shareholders' equity per share, EUR	6.43	6.27	7.39
Interest-bearing net debt	1,379.0	1,331.8	1,206.8
Gearing, %	133.8 %	132.6 %	101.9 %
Equity ratio, %	35.8 %	35.9 %	39.1 %
Return on investment (ROI), % *)	16.1 %	17.0 %	16.7 %
Gross investments in fixed assets, of which right-of-use assets	120.0 7.5	125.6 5.3	266.2 21.5
Gross investments as % of revenue	12.4 %	13.5 %	14.1 %
Investments in shares and business combinations	10.0	2.6	69.5
Average number of employees	5,396	5,016	5,097

*) Rolling 12 months' profit preceding the reporting date

Financial calendar

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