

Financial Results

2020

28 January 2021

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

ELISA'S FINANCIAL STATEMENT RELEASE 2020

Fourth quarter 2020 financial highlights

- Revenue increased by EUR 11m to EUR 498m, mainly due to growth in telecom and digital services, as well as equipment sales.
- Mobile service revenue increased by 0.7 per cent to EUR 209m.
- EBITDA grew by EUR 3m to EUR 171m.
- Comparable EBIT increased by EUR 3m to EUR 103m.
- Comparable cash flow increased by EUR 44m to EUR 99m, mainly due to a change in net working capital and lower capital expenditure.
- Mobile post-paid ARPU increased from the previous quarter to EUR 18.4 (18.1).
- Mobile churn increased to 19.8 per cent (17.6 in previous quarter).
- The number of post-paid mobile subscriptions increased by 21,700 from the previous quarter.
- Due to seasonality, prepaid subscriptions decreased by 11,500 during the quarter.
- The number of fixed broadband subscriptions increased by 4,300 during the quarter.

Key indicators

EUR million	4Q20	4Q19	Δ %	2020	2019	Δ %
Revenue	498	487	2.2 %	1,895	1,844	2.8 %
EBITDA	171	168	1.9 %	685	661	3.7 %
Comparable EBITDA	171	168	1.9 %	685	668	2.6 %
EBIT	97	100	-2.8 %	409	395	3.5 %
Comparable EBIT ¹⁾	103	100	3.3 %	415	402	3.3 %
Profit before tax ²⁾	98	96	3.0 %	398	372	7.1 %
Comparable profit before tax	99	96	3.5 %	399	379	5.3 %
EPS, EUR	0.51	0.49	4.1 %	2.05	1.90	8.1 %
Comparable EPS, EUR	0.51	0.49	3.4 %	2.05	1.93	6.0 %
Capital expenditure	65	83	-21.0 %	266	256	4.0 %
Net debt	1,207	1,184	1.9 %	1,207	1,184	1.9 %
Net debt / EBITDA ³⁾	1.8	1.8		1.8	1.8	
Gearing ratio, %	101.9 %	103.0 %		101.9 %	103.0 %	
Equity ratio, %	39.1 %	41.0 %		39.1 %	41.0 %	
Cash flow	53	55	-4.2 %	300	257	16.5 %
Comparable cash flow ⁴⁾	99	55	78.6 %	351	323	8.8 %

¹⁾ 4Q20 and 2020 excluding goodwill write-down of EUR 6m. ²⁾ 4Q20 and 2020 excluding goodwill write-down of EUR 6m and capital gain from sale of Sulake shares EUR 6m. ³⁾ (Interest-bearing debt – financial assets) / (four previous quarters' comparable EBITDA). ⁴⁾ 4Q20 excluding EUR 49m investments in shares and business combinations and EUR 3m sale of shares, 2020 excluding EUR 57m investments shares and business combinations and EUR 6m sale of shares.

The Board of Directors proposes to the Annual General Meeting a dividend of EUR 1.95 per share. The Board of Directors also decided to propose an authorisation to acquire a maximum of five million treasury shares, which corresponds to 3 per cent of the total shares.

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

CEO's review:

Strong performance continued in COVID-19 environment

In the fourth quarter, Elisa continued its solid development. Revenue increased by 2 per cent from the previous year, to EUR 498 million. Comparable EBITDA improved by 2 percent, to EUR 171 million, and earnings per share by 3 per cent to EUR 0.51. Regardless of the exceptional events, full-year 2020 revenue increased by 3 per cent, comparable EBITDA by 3 percent and earnings per share by 6 per cent. Skilful adaptation to new ways of working and the endurance of Elisa personnel have made it possible to achieve this strong result for Elisa.

During the year 2020, Elisa's 5G coverage reached two million Finns, and the number of 5G subscriptions was close to 200,000. Additionally, we achieved the world's fastest 5G speed of 8 Gbps on a commercial network in Finland with Nokia and Qualcomm Technologies. Also during the year, our 5G devices offering increased from the initial four to over 50 models, and 5G phones became the primary choice of Elisa's customers. Data usage in our mobile networks grew by 34 per cent from the previous year.

The Elisa Viihde Viaplay streaming service was launched to customers together with NENT Group, offering the widest selection of domestic original content bundled with leading Nordic and international content from Viaplay. In the growing streaming market, this new competitive offering has been well received.

We continued implementing our strategy to grow digital businesses internationally. Our acquisition of camLine speeds up Elisa's industrial software business growth in the smart manufacturing market. Elisa Automate's network automation solution was selected by Deutsche Telekom Group companies T-Mobile Czech Republic and Slovak Telekom.

According to our mission – a sustainable future through digitalisation – we focused strongly on providing our customers with digital services as well as ensuring a safe working environment. We continued our co-operation with Helsinki University Hospital with a robot service pilot project on a coronavirus ward to help interaction between patients and hospital personnel.

The continuous improvement of the customer experience and quality are integral parts of our corporate culture, and we will continue to focus on them strongly. 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 creating value competitively in the future.

Veli-Matti Mattila

CEO

FINANCIAL STATEMENTS 2020

The Financial Statement Release has been prepared in accordance with the IAS 34 standard.

Market situation

The competitive environment has been active. However, during the quarter, the COVID-19 crisis continued to impact the market situation to some extent. Mobile service revenue has been negatively impacted, as traveling is still non-existent in practice. In the corporate business, uncertainty still prevails. On the other hand, the usage of mobile voice and data, as well as IPTV entertainment services, 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. The number and usage of traditional fixed network subscriptions is decreasing.

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

Revenue, earnings and financial position

EUR million	4Q20	4Q19	Δ %	2020	2019	Δ %
Revenue	498	487	2.2 %	1,895	1,844	2.8 %
EBITDA	171	168	1.9 %	685	661	3.7 %
EBITDA-%	34.4 %	34.5 %		36.2 %	35.8 %	
Comparable EBITDA	171	168	1.9 %	685	668	2.6 %
Comparable EBITDA-%	34.4 %	34.5 %		36.2 %	36.2 %	
EBIT	97	100	-2.8 %	409	395	3.5 %
EBIT-%	19.5 %	20.5 %		21.6 %	21.4 %	
Comparable EBIT ¹⁾	103	100	3.3 %	415	402	3.3 %
Comparable EBIT-%	20.8 %	20.5 %		21.9 %	21.8 %	
Return on equity, %	28.1 %	26.6 %		28.1 %	26.6 %	

¹⁾ 4Q20 and 2020 excluding goodwill write-down of EUR 6m.

Fourth quarter 2020

Revenue increased by 2 per cent, mostly due to growth in mobile and fixed services, domestic digital services and equipment sales. A decrease in usage and subscriptions of traditional fixed (PSTN) telecom services, as well as a decrease in interconnection and roaming, affected revenue negatively. EBITDA increased by 2 per cent. EBIT of EUR 97 million includes goodwill write-downs of EUR 3.5 million from Videra and EUR 2.5 million from Banana Fingers.

Net financial income and expenses were EUR +1 million (-4). Financial income includes a EUR 6 million capital gain from the sale of Sulake shares. Income taxes in the income statement amounted to EUR -16 million (-17). Net profit was EUR 82 million (79), and earnings per share were EUR 0.51 (0.49).

Year 2020

Revenue increased by 3 per cent, mainly due to the Polystar acquisition, growth in mobile services, domestic digital services and equipment sales. A decrease in usage and subscriptions of traditional fixed telecom services, as well as a decrease in interconnection and roaming, affected revenue negatively.

Comparable EBITDA increased by 3 per cent mainly due to revenue growth and efficiency improvement measures. EBIT of EUR 409 million includes goodwill write-downs of EUR 3.5 million from Videra and EUR 2.5 million from Banana Fingers.

Net financial income and expenses were EUR -13 million (-23). Financial income includes a EUR 6 million capital gain from the sale of Sulake shares. Income taxes in the income statement were EUR -70 million (-69). Net profit was EUR 328 million (303), and earnings per share were EUR 2.05 (1.90). Comparable earnings per share were EUR 2.05 (1.93).

Financial position

EUR million	4Q20	4Q19	Δ %	2020	2019	Δ %
Net debt	1,207	1,184	1.9 %	1,207	1,184	1.9 %
Net debt / EBITDA ¹⁾	1.8	1.8		1.8	1.8	
Gearing ratio, %	101.9 %	103.0 %		101.9 %	103.0 %	
Equity ratio, %	39.1 %	41.0 %		39.1 %	41.0 %	
Cash flow	53	55	-4.2 %	300	257	16.5 %
Comparable cash flow ²⁾	99	55	78.6 %	351	323	8.8 %

¹⁾ (Interest-bearing debt – financial assets) / (four previous quarters' comparable EBITDA) ²⁾ 4Q20 excluding EUR 49m investments in investments in shares and business combinations and EUR 3m sale of shares, 2020 excluding EUR 57m investments shares and business combinations and EUR 6m sale of shares.

Fourth quarter 2020

Net debt increased by EUR 23 million to EUR 1,207 million, mainly due to the camLine acquisition. Comparable cash flow after investments increased by 79 per cent to EUR 99 million (55) mainly due to positive change in net working capital, lower capital expenditure, lower paid interest and higher EBITDA.

Year 2020

Comparable cash flow after investments increased by 9 per cent to EUR 351 million (323). A change in net working capital, lower net financial costs and higher EBITDA affected cash flow positively. Higher capital expenditure and licence fees affected cash flow negatively.

The financial position and liquidity are strong. Cash and undrawn committed credit lines totalled EUR 520 million at the end of the quarter.

On 22 January 2021, Elisa paid a maturing bond of EUR 174 million euros.

Changes in corporate structure

In December, Elisa and camLine Holding AG signed and closed an agreement in which Elisa acquires 100 per cent of camLine GmbH shares. Germany-based camLine is a software solution provider for the manufacturing industry with a strong focus on manufacturing execution systems, quality and operational excellence. The company has a global customer base, including semiconductor and electronics manufacturers, and medical devices.

Consumer Customers business

EUR million	4Q20	4Q19	Δ %	2020	2019	Δ %
Revenue	313	302	3.5 %	1,183	1,152	2.7 %
EBITDA	117	109	7.5 %	461	433	6.4 %
EBITDA-%	37.4 %	36.0 %		38.9 %	37.6 %	
Comparable EBITDA	117	109	7.5 %	461	435	5.8 %
Comparable EBITDA-%	37.4 %	36.0 %		38.9 %	37.8 %	
EBIT	72	67	7.5 %	291	268	8.4 %
EBIT-%	23.0 %	22.1 %		24.6 %	23.3 %	
Comparable EBIT ¹⁾	74	67	11.3 %	293	271	8.4 %
Comparable EBIT-%	23.8 %	22.1 %		24.8 %	23.5 %	
CAPEX	43	54	-21.2 %	170	171	-0.3 %

¹⁾ 4Q20 and 2020 excluding goodwill write-down of EUR 2.5m.

Fourth quarter 2020

Revenue increased by 4 per cent. Revenue was positively affected by growth in mobile and domestic digital services, as well as in equipment sales. Roaming, as well as a decrease in usage and subscriptions of traditional fixed telecom services, affected revenue negatively. EBITDA increased by 8 per cent, mainly due to revenue growth and efficiency improvements.

Year 2020

Revenue increased by 3 per cent. Equipment sales, as well as growth in digital and mobile services affected revenue positively. Revenue was negatively affected by the decrease in roaming, as well as traditional fixed telecom services. Comparable EBITDA increased by 6 per cent, mainly due to efficiency improvements.

Corporate Customers business

EUR million	4Q20	4Q19	Δ %	2020	2019	Δ %
Revenue	186	185	0.1 %	711	692	2.8 %
EBITDA	54	59	-8.4 %	224	228	-1.4 %
EBITDA-%	29.3 %	32.0 %		31.6 %	32.9 %	
Comparable EBITDA	54	59	-8.4 %	224	232	-3.4 %
Comparable EBITDA-%	29.3 %	32.0 %		31.6 %	33.6 %	
EBIT	26	33	-23.4 %	118	127	-6.7 %
EBIT-%	13.8 %	18.0 %		16.6 %	18.3 %	
Comparable EBIT ¹⁾	29	33	-12.8 %	122	131	-7.4 %
Comparable EBIT-%	15.7 %	18.0 %		17.1 %	19.0 %	
CAPEX	23	29	-20.6 %	96	85	12.6 %

¹⁾ 4Q20 and 2020 excluding goodwill write-down of EUR 3.5m.

Fourth quarter 2020

Revenue was at the previous year's level. Revenue was positively affected by growth in fixed and digital services. Decreases in mobile services and roaming affected revenue negatively. EBITDA decreased by 8 per cent. The decrease in roaming revenue affected EBITDA negatively.

Year 2020

Revenue grew by 3 per cent. Revenue was positively affected by the Polystar acquisition, equipment sales and domestic digital services. The decrease in mobile services and roaming affected negatively. Comparable EBITDA decreased by 3 per cent. The decrease in roaming revenue affected EBITDA negatively.

Personnel

In 2020, the average number of personnel at Elisa was 5,097 (4,882). The growth relates mainly to acquisitions and insourcing in customer services. Employee expenses totalled EUR 326 million (320). Personnel by segment at the end of the period:

	2020	2019
Consumer Customers	2,914	2,736
Corporate Customers	2,257	2,148
Total	5,171	4,884

Investments

EUR million	4Q20	4Q19	2020	2019
Capital expenditure ¹⁾ , of which	65	83	266	256
Consumer Customers	43	54	170	171
Corporate Customers	23	29	96	85
Shares and business combinations	66	1	70	83
Total	131	84	336	339
Capital expenditure excluding leasing	64	71	245	227

¹⁾ 2020 includes EUR 7m investment for 26 GHz frequency licence and EUR 2m acquisition in business operations.

The main capital expenditures were related to the capacity and coverage increases in the 4G and 5G networks, as well as to other network and IT investments. In 2020, investments in shares related mainly to the camLine acquisition. Capital expenditure includes EUR 2 million of leased assets in the fourth quarter and EUR 21 million in 2020.

Financing arrangements and ratings

EUR million	Maximum amount	In use on 31 Dec 2020
Committed credit limits	300	0
Commercial paper programme (not committed)	350	20
EMTN programme (not committed)	1,500	1,074

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

Shares

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	4Q20	4Q19	2020	2019
Nasdaq Helsinki, millions	29.0	21.6	122.5	96.7
Other marketplaces, millions ¹⁾	57.4	34.2	264.3	168.5
Total volume, millions	86.4	55.8	386.8	265.2
Value, EUR million	3,948.1	2,706.0	19,803.8	11,145.4
% of shares	51.6 %	33.3 %	231.2 %	158.5 %

Shares and market values	2020	2019
Total number of shares	167,335,073	167,335,073
Treasury shares	7,252,165	7,437,277
Outstanding shares	160,082,908	159,897,796
Closing price, EUR	44.87	49.25
Market capitalisation, EUR million	7,508	8,241
Treasury shares, %	4.33 %	4.44 %

Number of shares	Total	Treasury	Outstanding
Shares on 31 Dec 2019	167,335,073	7,437,277	159,897,796
Performance Share Plan 3 Feb 2020 ²⁾		-185,112	185,112
Shares on 31 Dec 2020	167,335,073	7,252,165	160,082,908

¹⁾ Other marketplaces: 4Q20, 2020 and 4Q19 based on Bloomberg. 2019 based on Bloomberg and Fidessa Fragmentation Index,

²⁾ Stock exchange bulletin 3 February 2020.

Research and development

The majority of the service development occurs during the ordinary course of business and is accounted for as a normal operating expense. Elisa invested EUR 10 million (8) in research and development, of which EUR 8 million (6) was capitalised in 2020, corresponding to 0.5 per cent (0.4) of revenue.

Annual General Meeting 2020

On 3 April 2020, Elisa's Annual General Meeting decided to pay a dividend of EUR 1.85 per share based on the adopted financial statements of 31 December 2019. The dividend was paid to the shareholders registered in the company's share register maintained by Euroclear Finland Ltd on 6 April 2020. The dividend was paid on 15 April 2020.

The Annual General Meeting adopted the financial statements for 2019. The members of the Board of Directors and the CEO were discharged from liability for 2019.

The number of the members of the Board of Directors was confirmed at seven. Ms Clarisse Berggårdh, Mr Kim Ignatius, Ms Seija Turunen, Mr Anssi Vanjoki and Mr Antti Vasara were re-elected as members of the Board of Directors, and Mr Topi Manner and Ms Eva-Lotta Sjöstedt as new members of the Board of Directors. Mr Anssi Vanjoki was appointed as the Chair and Ms Clarisse Berggårdh as the Deputy Chair of the Board of Directors.

The Annual General Meeting decided that the amount of annual remuneration for the members of the Board of Directors and remuneration for meeting participation be changed. The Chair is paid annual

remuneration of EUR 123,000, the Deputy Chair and the Chairs of the Committees EUR 82,000, and other Board members EUR 67,000; members receive an additional EUR 750 per meeting of the Board and of a Committee.

The audit firm KPMG Oy Ab was re-elected as the company's auditor. Mr Toni Aaltonen, APA, is the responsible auditor.

Composition of the Committees of the Elisa's Board of Directors

The Board of Directors held its organising meeting and appointed Ms Clarisse Berggårdh (Chair), Ms Eva-Lotta Sjöstedt and Mr Antti Vasara to the People and Compensation Committee. Ms Seija Turunen (Chair), Mr Kim Ignatius and Mr Topi Manner were appointed to the Audit Committee.

Authorisations of the Board of Directors

The Annual General Meeting decided to authorise the Board of Directors to resolve to repurchase or accept as pledge the company's own shares. The repurchase may be directed. The amount of shares under this authorisation is five million shares at maximum. The authorisation is effective until 30 June 2021.

The Annual General Meeting decided to authorise the Board of Directors to pass a resolution concerning the share issue, the right of assignment of treasury shares and/or the granting of special rights referred to in the Companies Act. The amount of shares under this authorisation is 15 million shares at maximum. The authorisation is effective until 30 June 2021.

Elisa Shareholders' Nomination Board

The largest shareholders were determined according to the shareholder register of Elisa on 31 August 2020, and they named the members of the Nomination Board. The composition of the Nomination Board since September 2020 is as follows:

- Mr Antti Mäkinen, CEO, nominated by Solidium Oy
- Mr Jouko Pölönen, President and CEO, nominated by Ilmarinen Mutual Pension Insurance Company
- Mr Reima Rytsölä, Deputy CEO, nominated by Varma Mutual Pension Insurance Company
- Ms Hanna Hiidenpalo, Director, Chief Investment Officer, nominated by Elo Mutual Pension Insurance Company
- Mr Anssi Vanjoki, Chair of the Board of Elisa

The Nomination Board elected from amongst its members Mr Antti Mäkinen as the chair.

Elisa's Shareholders' Nomination Board was established in 2012 by the Annual General Meeting. Its duty is to prepare proposals for the election and remuneration of the members of the Board of Directors of Elisa for the Annual General Meeting.

Significant legal and regulatory issues

In May 2020, the Estonian Parliament adopted changes to the Electronic Communications Act concerning the national security requirements for communications networks. The amendment will grant the Estonian Government general authorisation to enforce the detailed regulation regarding requirements for technology used by communications companies in networks. The exact requirements and deadlines will be in the upcoming Government regulation.

The start date of the Estonian 3.5 GHz spectrum auction has not yet been announced. The frequencies can be used for 5G networks.

Elisa applied the sustainability mechanism in 2017–2020 for roaming surcharges. From 15 June 2020, all Elisa customers are able to roam at domestic prices in EU and EEA countries according to the EU roaming regulation's reasonable usage principle. This change in roaming prices will not have a material impact on Elisa's profits.

In June 2020, the Finnish Government granted a network licence for the 26 GHz spectrum to Elisa by auction, and Elisa will pay EUR 7 million for its licence in five annual instalments. The licence is valid from 1 July 2020 to 31 December 2033. The 26 GHz frequency band can be used for 5G networks.

In July 2020, Tucana Telecom NV initiated legal proceedings against Polystar OSIX AB in the Corporate Court of Brussels with a claim of infringement of exclusivity included in the distribution agreement and also of wrongful termination of the distribution agreement. Related to this legal proceeding, an arbitration process was initiated in December 2020 against Elisa by Emblasoft Group AB. Elisa estimates that these disputes will have no financial implications.

The Finnish Communications Regulatory Authority (Traficom) issued significant market power decisions concerning e.g. fibre local loop in March 2018. Elisa appealed Traficom's decision to the Supreme Administrative Court. In November 2020, the Supreme Administrative Court partly revoked Traficom's decision. In particular, the court decided that Elisa will not have to apply the maximum fibre wholesale prices set by Traficom for now.

In December 2020, the EU Commission adopted a delegated act based on the European Electronic Communications Code directive, which sets out single, maximum, EU-wide mobile and fixed voice termination rates and is expected to enter into force during Q2 of 2021. The mobile voice termination rate will decrease to 0.2 cent per minute on a glide path until 2024. (It is currently 0.82 cent per minute in Finland and 0.7 cent per minute in Estonia.) The fixed voice termination rate will decrease to 0.07 cent per minute on a glide path until 2022 (It is currently 2.8 cents per minute in Finland and 0.089 cents per minute in Estonia.) These changes will not have any material impact on Elisa's profits.

In December 2020, The Finnish Parliament approved amendments to the Act on Electronic Communication Services. The Act entered into force in January 2021. The new legislation includes several changes affecting Elisa's businesses. The legislation relates, among other things, to frequencies, market regulation, user rights and universal service. The maximum duration of fixed-term mobile phone subscriptions was shortened from the current 24 months to 12 months. The telecom operator will be obligated to provide consumer customers with a free-of-charge opportunity to check the end date of fixed-period subscriptions via SMS or another similar easy-to-use means. The Act also stipulates that the rate for calling national subscriber numbers ("business numbers") must not be more than the normal mobile phone or local telephone charge. This change will enter into force in December 2023 and could have some financial effects on Elisa.

In January 2021, the new provisions related to national security in Finnish networks came into force. The new rules prohibit the use, in the critical parts of a network, of communications network devices that could endanger national security. The provision also applies retroactively to current network devices. The critical parts of a network are defined at a general level in the legislation. The Finnish Transport and Communication Agency defines more precisely the critical parts of a network. An entitlement to compensation might be possible if a network device is prohibited.

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 the last years. These factors may limit opportunities for growth.

Elisa is liable for direct and indirect taxes and withholding taxes in the countries in which it operates. 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 for 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. A prolonged duration of the pandemic may significantly contribute to a slowdown in economic growth. This 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 possibilities 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 2019.

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 work. The financial effects have been seen mainly in lower roaming revenue due to the reduced amount of travel and decreased sports pay TV content. Elisa's financial position and cash flow have remained strong. Elisa has prepared for various scenarios to secure its financial position.

Corporate responsibility and non-financial reporting

Digital responsibility is a core element in Elisa's corporate responsibility in addition to social, environmental and economical responsibility. Elisa is committed to the principles of the UN Global Compact and is actively promoting sustainable business through the UN Sustainable Development Goals.

The reduction of carbon dioxide emissions has been part of Elisa's strategy since 2009, and the company has set ambitious climate goals aligned with the Paris Climate agreement and in accordance with the requirements of the Science Based Targets initiative. The company became the first Nordic telco to achieve carbon neutrality in 2020 by using renewable energy, with persistent, long-term energy efficiency improvements in its operations and by compensating for emissions the company cannot yet directly impact.

Elisa will publish its eighth verified responsibility report as part of the Annual Report 2020 during week 11 (beginning 15 March 2021). The responsibility report has been prepared according to the Global Reporting Initiative Standard requirements with selected indicators from the SASB telecom operator standard, and the report meets the requirements for non-financial reporting. The report includes mid-term targets, performance and metrics.

In recognising Elisa's material corporate responsibility, the most important financial, social and environmental effects and risks of the company, as well as other significant trends affecting the industry, have been taken into account. The management's description of corporate responsibility is available on the company website.

2020 Annual Report and Corporate Governance Statement

The release date of Elisa's Corporate Governance Statement is 28 January 2021. Elisa will publish its 2020 Annual Report, which contains the report by the Board of Directors and the financial statements for 2020 as well as the Corporate Governance Statement, during week 11 on the company website at www.elisa.com.

Events after the financial period

There were no material events after the financial period.

Outlook and guidance for 2021

An uncertain macroeconomic environment is still prevailing in Finland. 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.

Profit distribution

According to Elisa's distribution policy, profit distribution is 80–100 per cent of the previous fiscal year's net profit. In addition, any excess capital can be distributed to shareholders. When making the distribution proposal or decision, the Board of Directors will take into consideration the company's financial position, future financial needs and financial targets. Profit distribution includes dividend payment, capital repayment and purchase of treasury shares.

The Board of Directors proposes to the Annual General Meeting a dividend of EUR 1.95 per share. The dividend payment corresponds to 95 per cent of the financial period's comparable net profit.

Shareholders who are listed in the company's register of shareholders maintained by Euroclear Finland Ltd on 12 April 2021 are entitled to funds distributed by the General Meeting. The Board of Directors proposes that the payment date be 20 April 2021. The profit for the period will be added to retained earnings.

The Board of Directors also decided to propose to the General Meeting that the Board of Directors be authorised to acquire a maximum of five million treasury shares, which corresponds to 3 per cent of the total shares.

BOARD OF DIRECTORS

The annual financial statements figures presented in this release are based on the company's audited financial statements. The auditor's report was issued on 27 January 2021.

Consolidated income statement

EUR million	Note	10-12 2020	10-12 2019	1-12 2020	1-12 2019
Revenue	1	498.2	487.3	1,894.6	1,843.5
Other operating income		1.6	3.0	4.1	5.7
Materials and services		-199.7	-191.7	-713.7	-693.1
Employee expenses		-82.7	-80.9	-325.7	-320.3
Other operating expenses		-46.1	-49.6	-174.2	-175.0
EBITDA	1	171.2	168.1	685.2	660.8
Depreciation, amortisation and impairment	1	-73.9	-67.9	-276.2	-265.8
EBIT	1	97.3	100.1	409.0	395.0
Financial income		6.3	0.4	8.7	6.1
Financial expenses		-5.4	-4.6	-21.2	-29.0
Share of associated companies' profit		0.3	-0.3	1.9	-0.2
Profit before tax		98.5	95.6	398.3	371.9
Income taxes		-16.2	-16.6	-70.2	-68.7
Profit for the period		82.3	79.0	328.1	303.1
Attributable to					
Equity holders of the parent		82.2	78.9	328.0	303.0
Non-controlling interests		0.0	0.1	0.1	0.2
		82.3	79.0	328.1	303.1
Earnings per share (EUR)					
Basic		0.51	0.49	2.05	1.90
Diluted		0.51	0.49	2.05	1.90
Average number of outstanding shares (1000 shares)					
Basic		160,083	159,898	160,066	159,881
Diluted		160,083	159,898	160,066	159,881
Consolidated statement of comprehensive income					
Profit for the period		82.3	79.0	328.1	303.1
Other comprehensive income, net of tax					
Items, that may be reclassified subsequently to profit or loss					
Cash flow hedge		0.2	-0.1	0.4	-0.4
Translation differences		4.1	2.5	3.1	1.2
		4.3	2.4	3.5	0.9
Items, that are not reclassified subsequently to profit or loss					
Remeasurements of the net defined benefit liability		4.5	-1.7	4.5	-1.7
Total comprehensive income		91.1	79.6	336.1	302.3
Total comprehensive income attributable to					
Equity holders of the parent		91.2	79.6	336.1	302.2
Non-controlling interest		0.0	0.1	0.0	0.2
		91.1	79.6	336.1	302.3

Consolidated statement of financial position

EUR million	Note	31.12. 2020	31.12. 2019
Non-current assets			
Property, plant and equipment	3	735.1	731.8
Right-of-use assets	3	94.6	95.0
Goodwill	3	1,131.4	1,086.1
Intangible assets	3	210.1	202.5
Investments to associated companies	12	1.4	2.4
Other financial assets	4	15.6	13.7
Trade and other receivables	4	94.9	91.9
Deferred tax assets		11.9	14.4
		2,295.1	2,237.7
Current assets			
Inventories		67.9	67.7
Trade and other receivables		457.8	453.5
Tax receivables		0.5	3.3
Cash and cash equivalents		220.1	52.0
		746.3	576.5
Total assets	1	3,041.4	2,814.2
Equity attributable to equity holders of the parent			
	6	1,182.7	1,149.6
Non-controlling interests		1.5	0.7
Total shareholders' equity		1,184.2	1,150.3
Non-current liabilities			
Deferred tax liabilities		26.2	25.6
Interest-bearing financial liabilities	4, 7	1,136.8	1,007.4
Lease liabilities, interest-bearing	4	78.8	77.6
Trade payables and other liabilities	4, 5	32.2	36.8
Pension obligations		11.0	16.7
Provisions	8	2.9	2.9
		1,288.0	1,167.2
Current liabilities			
Interest-bearing financial liabilities	4, 7	193.5	133.0
Lease liabilities, interest-bearing	4	17.7	18.1
Trade and other payables	4, 5	356.3	343.2
Tax liabilities		1.2	0.4
Provisions	8	0.5	2.1
		569.2	496.7
Total equity and liabilities		3,041.4	2,814.2

Condensed consolidated cash flow statement

EUR million	1-12 2020	1-12 2019
Cash flow from operating activities		
Profit before tax	398.3	371.9
Adjustments		
Depreciation, amortisation and impairment	276.2	265.8
Other adjustments	-4.9	11.9
	271.3	277.7
Change in working capital		
Increase (-) / decrease (+) in trade and other receivables	11.2	-20.4
Increase (-) / decrease (+) in inventories	-1.2	-1.9
Increase (+) / decrease (-) in trade and other payables	2.6	16.8
	12.7	-5.4
Financial items, net	-14.7	-21.3
Taxes paid	-67.6	-69.0
Net cash flow from operating activities	600.0	553.9
Cash flow from investing activities		
Capital expenditure	-249.2	-231.6
Investments in shares and business combinations	-56.5	-67.1
Proceeds from disposal of assets	5.7	2.3
Net cash used in investing activities	-300.0	-296.5
Cash flow before financing activities	300.0	257.4
Cash flow from financing activities		
Proceeds from long-term borrowings	297.8	167.9
Repayments of long-term borrowings		-180.1
Increase (+) / decrease (-) in short-term borrowings	-113.5	26.0
Repayment of lease liabilities	-20.8	-22.5
Acquisition of non-controlling interests	-0.1	
Dividends paid	-295.7	-279.6
Net cash used in financing activities	-132.4	-288.3
Change in cash and cash equivalents	167.6	-30.9
Translation differences	0.6	2.0
Cash and cash equivalents at beginning of period	52.0	80.9
Cash and cash equivalents at end of period	220.1	52.0

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 2019	83.0	-135.6	90.9	372.8	715.2	0.5	1,126.9
Profit for the period					303.0	0.2	303.1
Translation differences					1.2		1.2
Cash flow hedge				-0.4			-0.4
Remeasurements of the net defined benefit liability				-1.7			-1.7
Total comprehensive income				-2.0	304.2	0.2	302.3
Dividend distribution					-279.8		-279.8
Share-based compensation		3.4					3.4
Other changes					-2.5		-2.5
Balance at 31 December 2019	83.0	-132.2	90.9	370.8	737.0	0.7	1,150.3
EUR million							
Balance at 1 January 2020	83.0	-132.2	90.9	370.8	737.0	0.7	1,150.3
Profit for the period					328.0	0.1	328.1
Translation differences					3.2	-0.1	3.1
Cash flow hedge				0.4			0.4
Remeasurements of the net defined benefit liability				4.5			4.5
Total comprehensive income				4.9	331.2	0.0	336.1
Dividend distribution					-296.2	-0.1	-296.2
Share-based compensation		3.8					3.8
Acquisition of subsidiary with non-controlling interests						1.0	1.0
Acquisition of non-controlling interests					0.0	-0.1	-0.1
Other changes					-10.6		-10.6
Balance at 31 December 2020	83.0	-128.4	90.9	375.7	761.5	1.5	1,184.2

Notes

ACCOUNTING PRINCIPLES

The Financial Statement Release has been prepared in accordance with the IAS 34 standard. 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 2019.

Changes in the accounting principles

Amendments to IFRS standards adopted as of 1 January 2020 do not have a material impact on the Company's consolidated financial statements. The amendment to IFRS 16 *Leases*, adopted on 1 June 2020, has not had a material impact on the consolidated financial statements.

1. Segment information

10-12/2020 EUR million	Consumer Customers	Corporate Customers	Unallocated items	Group total
Revenue	312.6	185.6		498.2
EBITDA	116.9	54.4		171.2
Depreciation, amortisation and impairment	-45.1	-28.8		-73.9
EBIT	71.7	25.6		97.3
Financial income			6.3	6.3
Financial expenses			-5.4	-5.4
Share of associated companies' profit			0.3	0.3
Profit before tax				98.5
Investments	42.6	22.7		65.3
10-12/2019 EUR million	Consumer Customers	Corporate Customers	Unallocated items	Group total
Revenue	301.9	185.4		487.3
EBITDA	108.7	59.4		168.1
Depreciation, amortisation and impairment	-41.9	-26.0		-67.9
EBIT	66.8	33.4		100.1
Financial income			0.4	0.4
Financial expenses			-4.6	-4.6
Share of associated companies' profit			-0.3	-0.3
Profit before tax				95.6
Investments	54.0	28.5		82.6

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
1-12/2019	Consumer	Corporate	Unallocated	Group
EUR million	Customers	Customers	items	total
Revenue	1,151.9	691.6		1,843.5
EBITDA	433.2	227.6		660.8
Depreciation, amortisation and impairment	-164.8	-101.0		-265.8
EBIT	268.3	126.7		395.0
Financial income			6.1	6.1
Financial expenses			-29.0	-29.0
Share of associated companies' profit			-0.2	-0.2
Profit before tax				371.9
Investments	170.7	85.3		256.0
Total assets	1,748.2	980.2	85.8	2,814.2

2. Acquisitions and disposals

Acquisition of P-OSS Solutions S.L.U.

On 18 May 2020, Elisa's subsidiary Polystar OSIX AB acquired the software development company P-OSS Solutions S.L.U. The acquisition strengthens Polystar's network performance management and analytics solutions for telecommunications networks offered to international operators.

The debt-free acquisition price paid for the company shares acquired was EUR 1.1 million. EUR 1.1 million of the acquisition price was allocated to software, which will be amortised over five years. The acquisition does not have a material impact on the Group.

Acquisition of Sutaria Services Inc.

On 1 October 2020, Elisa acquired 56.5 per cent of Sutaria Services Inc., a U.S.-based supply chain software provider for electronics manufacturing services. The trade name of the company is CalcuQuote. The acquisition is consistent with Elisa's strategy to grow digital businesses internationally and to accelerate the Elisa Industrial Software business.

The price paid for the acquisition carried out as a directed share issue was EUR 5.1 million. The acquisition contract includes an option for Elisa to redeem and for non-controlling interests to sell the remaining 43.5 per cent of the shares in 2023. The liability for the redemption of the remaining shares has been recognised in the financial statements.

An EUR 0.4 million of total acquisition price was allocated to software which will be amortised over five years. The acquisition resulted in EUR 3.7 million of goodwill relating to strengthening Group's industrial software business. The calculation of the allocation of the acquisition price is preliminary, as the valuation of the acquired net assets has not been fully completed. Possible adjustments are not expected to have a material impact on the Group.

The acquisition generated a non-controlling interest amounting to EUR 0.9 million, which is included in the non-controlling interest balance sheet item. The non-controlling interest is measured at a proportionate share of the acquiree's identifiable net assets.

The acquired company has been consolidated from 1 October 2020 onwards. External revenue after the acquisition was EUR 0.3 million, and the impact on the Group's profit for the period was EUR -0.2 million. Had the acquisition been made as of the beginning of the year 2020, the impact on Group revenue would have been EUR 1.1 million and the effect on profit for the period would have been EUR -0.4 million.

Consideration transferred	
EUR million	Preliminary
Cash paid	5.1
	5.1
Analysis of net assets acquired	
EUR million	
Intangible assets	0.6
Trade and other receivables	0.1
Cash and cash equivalents	2.1
Deferred tax liabilities	-0.1
Trade payables and other liabilities	-0.4
	2.3
Effects of acquisition on cash flow	
EUR million	
Purchase price paid in cash	-5.1
Cash and cash equivalents of the acquired entity	2.1
	-3.0
Goodwill arising from business combination	
EUR million	
Consideration transferred	5.1
Identifiable net assets of the acquired entity	2.3
Non-controlling interest's proportionate share of identifiable net assets acquired	-0.9
Goodwill	3.7

An EUR 0.5 million of acquisition-related costs, such as professional fee, is recorded in other operating

Acquisition of camLine group

On 23 December 2020, Elisa acquired the German firm camLine GmbH with its group of companies. camLine is a software solution provider for the manufacturing industry with a strong focus on manufacturing execution systems, quality and operational excellence. The company has a global customer base, including semiconductor and electronics manufacturers, and medical devices. The transaction is consistent with Elisa's strategy to grow digital businesses internationally, and it strengthens Elisa's industrial software business growth.

The acquisition price paid was EUR 63.8 million, including a contingent consideration of EUR 4.4 million. EUR 7.8 million of the total acquisition price was allocated to the customer base, which will be amortised over five years. The acquisition resulted in EUR 45.2 million of goodwill relating to the Group's growth in digital services internationally and strengthening the Group's Industrial software business. The calculation of the allocation of the acquisition price is preliminary, as the valuation of the acquired net assets has not been fully completed.

Elisa's holding in camLine companies is 100%, except for camLine Hungary Kft, for which the holding is 60%. The acquisition generated a non-controlling interest amounting to EUR 0.1 million, which is included in the non-controlling interest balance sheet item. The non-controlling interest is measured at a proportionate share of the acquiree's identifiable net assets.

The preliminary balances at the time of acquisition were consolidated on 31 December 2020. The profit and loss financial results will be consolidated as of 1 January 2021.

Consideration transferred

EUR million	Preliminary
Cash paid	59.4
Contingent consideration	4.4
Total acquisition price	63.8

Analysis of net assets acquired

EUR million	
Customer base	7.8
Intangible assets	0.2
Tangible assets	5.1
Inventories	1.0
Trade and other receivables	3.8
Cash and cash equivalents	14.0
Deferred tax liabilities	-2.3
Interest-bearing liabilities	-2.4
Advances received	-1.2
Trade payables and other liabilities	-7.2
Tax liabilities	-0.1
	18.6

Effects of acquisition on cash flow

EUR million	
Purchase price paid in cash	-59.4
Cash and cash equivalents of the acquired entity	14.0
	-45.4

Goodwill arising from business combination

EUR million

Consideration transferred	63.8
Identifiable net assets of the acquired entity	18.6
Non-controlling interest's proportionate share of identifiable net assets acquired	-0.1
Goodwill	45.2

EUR 0.5 million of acquisition-related costs, such as professional fees, is recorded in other operating expenses.

Changes in ownership interests

On 4 June 2020, the Group acquired an additional 20.0 per cent of shares in Kiinteistö Oy Rinnetorpa. The acquisition price was EUR 0.1 million. Following the acquisition, the Group owns the entire share capital of the company. Due to the acquisition, the share of non-controlling interests decreased by EUR 0.1 million and the Group's retained earnings increased by EUR 0.0 million.

Disposals of businesses in 2020

There were no significant disposals during the reporting period.

3. Property, plant and equipment and intangible assets

31.12.2020	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	5.1	49.0	11.0
Additions	189.3		55.5 ⁽¹⁾
Additions, right-of-use assets	21.5		
Business disposals	0.0		
Disposals	-13.1		-0.9
Reclassifications	-3.5		-17.0
Translation differences	-0.1	2.3	0.3
Acquisition cost at 31 December 2020	4,415.8	1,152.5	938.9
Accumulated depreciation, amortisation and impairment at 1 January 2020	3,390.0	15.0	687.6
Depreciation, amortisation and impairment	213.2	6.1	56.9
Accumulated depreciation and amortisation on business acquisitions	0.0		1.1
Accumulated depreciation and amortisation on disposals and reclassifications	-17.0		-16.9
Translation differences	-0.1		0.2
Accumulated depreciation, amortisation and impairment at 31 December 2020	3,586.1	21.1	728.8
Book value at 1 January 2020	826.8	1,086.1	202.5
Book value at 31 December 2020	829.7	1,131.4	210.1

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

31.12.2019 EUR million	Property plant and equipment	Goodwill	Other intangible assets
Acquisition cost at 1 January 2019	3,947.3	1,035.7	839.6
Adoption of IFRS 16	70.3		
Acquisition cost at 1 January 2019	4,017.5	1,035.7	839.6
Business acquisitions	2.3	64.4	10.2
Additions	188.5		40.8
Additions, right-of-use assets	29.0		
Disposals	-18.1		-0.4
Disposals, right-of-use assets	-2.3		
Reclassifications	-0.3	0.0	-0.2
Translation differences	0.1	1.0	0.1
Acquisition cost at 31 December 2019	4,216.7	1,101.2	890.1
Accumulated depreciation, amortisation and impairment at 1 January 2019	3,195.8	15.0	632.9
Depreciation, amortisation and impairment	210.7		55.1
Accumulated depreciation and amortisation on business acquisitions	0.5		
Accumulated depreciation and amortisation on disposals and reclassifications	-16.9		-0.5
Translation differences	0.1		0.0
Accumulated depreciation, amortisation and impairment at 31 December 2019	3,390.0	15.0	687.6
Book value at 1 January 2019	751.6	1,020.7	206.7
Book value at 31 December 2019	826.8	1,086.1	202.5

Commitments to purchase property, plant and equipment and intangible assets amounted to EUR 46.9 (29.5) million on 31 December 2020.

The lease commitments for rental agreements commencing in the future, in accordance with IFRS 16, were EUR 1.0 (15.0) million on 31 December 2020 .

4. Carrying amounts of financial assets and liabilities by category

	Financial liabilities measured at fair value through profit or loss	Financial asset/liabilities measured at fair value through other comprehensive income	Financial assets/liabilities measured at amortised cost	Book values	Fair values
31.12.2020					
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
	Financial liabilities measured at fair value through profit or loss	Financial asset/liabilities measured at fair value through other comprehensive income	Financial assets/liabilities measured at amortised cost	Book values	Fair values
31.12.2019					
EUR million					
Non-current financial assets					
Other financial assets ⁽¹⁾			13.7	13.7	13.7
Trade and other receivables			91.9	91.9	91.9
Current financial assets					
Trade and other receivables	0.0	0.0	453.4	453.5	453.5
	0.0	0.0	559.0	559.0	559.0
Non-current financial liabilities					
Financial liabilities			1,085.1	1,085.1	1,120.9
Trade and other payables ⁽²⁾	5.0	0.1	26.8	31.8	31.8
Current financial liabilities					
Financial liabilities			151.1	151.1	151.1
Trade and other payables ⁽²⁾	0.9		337.1	338.0	338.0
	5.9	0.1	1,600.0	1,606.0	1,641.9

¹⁾ Other investments contains groups' 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	31.12.2020	Level 1	Level 2	Level 3
Financial assets/liabilities measured 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

EUR million	31.12.2019	Level 1	Level 2	Level 3
Financial assets/liabilities recognised at fair value through other comprehensive income				
Electricity derivatives	-0.1		-0.1	
Currency derivatives	0.0		0.0	
Financial assets/liabilities measured at fair value through profit or loss				
Currency derivatives	0.0		0.0	
Contingent considerations relating to business combinations	-5.9			-5.9
	-5.9		0.0	-5.9

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 2019	167,335,073	7,437,277	4.44 %
Disposal of treasury shares		-185,112	
Shares at 31 December 2020	167,335,073	7,252,165	4.33 %

Dividend

On 2 April 2020, Elisa's Annual General Meeting decided on a dividend of 1.85 euros per share. The total dividend amounts to EUR 296.2 million and payment started on 15 April 2020.

7. Issuance and repayment of debt securities

Elisa agreed with a group of banks a one year extension to the EUR 130 million Revolving Credit Facility. Facility matures on 11 June 2022.

On 15 September 2020, Elisa issued a seven-year, fixed-rate EUR 300 million Eurobond under the EUR 1.5 billion EMTN programme. The coupon is 0.25 per cent and the issue price was 99.502 per cent.

Current financial liabilities include a EUR 174 million bond, which matures on 22 January 2021 and outstanding commercial papers of EUR 19.5 million.

The unused amount of the EUR 1,500 million EMTN programme is EUR 426 million as of 31 December 2020

EUR million	31.12. 2020	31.12. 2019
Issued bonds, nominal value	1,074.0	774.0
Issued commercial papers	19.5	133.0
Withdrawn committed credit lines	0.0	0.0

8. Provisions

EUR million	Termination benefits	Other	Total
1 January 2020	3.3	1.7	5.0
Increase in provisions	0.7		0.7
Reversals of unused provisions	-0.2		-0.2
Utilised provisions	-2.1		-2.1
31 December 2020	1.7	1.7	3.4

EUR million	Termination benefits	Other	Total
1 January 2019	3.4	1.7	5.0
Increase in provisions	5.9		5.9
Business acquisitions		0.1	0.1
Reversals of unused provisions	-1.3	-0.1	-1.4
Utilised provisions	-4.6		-4.6
31 December 2019	3.3	1.7	5.0

9. Off-balance sheet lease commitments

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

EUR million	31.12. 2020	31.12. 2019
Within one year	11.7	11.4
Later than one year, not later than five years	5.1	2.8
Later than five years	1.1	0.8
	17.9	15.0

Lease commitments are exclusive of value added tax.

10. Contingent liabilities

EUR million	31.12. 2020	31.12. 2019
For our own commitments		
Mortgages		1.2
Guarantees		0.1
Deposits	0.4	0.4
	0.4	1.6
Other contractual obligations		
Venture capital investment commitment	1.3	2.2
Repurchase obligations	0.0	0.0
Letter of credit		0.1

11. Derivative instruments

EUR million	31.12. 2020	31.12. 2019
Nominal values of derivatives		
Electricity derivatives	1.1	1.0
Currency derivatives	3.2	4.4
	4.2	5.4
Fair values of derivatives		
Electricity derivatives	0.4	-0.1
Currency derivatives	0.1	0.0
	0.4	0.0

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	1-12 2020	1-12 2019
Revenue	0.7	0.7
Purchases	0.9	0.9
Receivables	0.1	0.5
Liabilities	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	1-12 2020	1-12 2019
Shareholders' equity per share, EUR	7.39	7.19
Interest-bearing net debt	1,206.8	1,184.2
Gearing, %	101.9 %	103.0 %
Equity ratio, %	39.1 %	41.0 %
Return on investment (ROI), % *)	16.7 %	17.2 %
Gross investments in fixed assets, of which right-of-use assets	266.2 21.5	256.0 29.0
Gross investments as % of revenue	14.1 %	13.9 %
Investments in shares and business combinations	69.5	83.4
Average number of employees	5,097	4,882

*) Rolling 12 months' profit preceding the reporting date

Financial calendar

Interim Report Q1 2021	21 April 2021
Half-Year Financial Report 2021	16 July 2021
Interim Report Q3 2021	20 October 2021

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