

Annual Review

20

20



Elisa is now carbon neutral.
We will continue on our
journey towards a more
sustainable future.



Contents

Elisa in Brief	2
Elisa's year 2020	3
CEO review	4
Operating environment and strategy	7
Business review	9
Personnel review	14
Investor information	18

Our mission is a sustainable future through digitalisation

We are a trailblazer in data communications as well as digital services and technologies. Over the past 140 years, we have continued to innovatively challenge prevailing practices. Our operations are guided by the principles of continuous improvement, learning and collaboration.

We provide responsible and sustainable services and solutions to more than 2.8 million consumer, corporate and public sector customers in our main market areas, Finland and Estonia, and in more than a hundred countries all around the world.

We employ more than 5,000 professionals. We use digitalisation to resolve issues that are important to people, society and sustainable development. In 2020, we reached our target of becoming a carbon neutral company.

Elisa is the market leader in telecommunications services in Finland. Our international partners include Vodafone and Tele2. Elisa is listed on the Nasdaq Helsinki and has some 176,000 shareholders, more than half of which are Finnish institutions and households.

ELISA IN BRIEF

Uusimaa region
Western Finland
Häme region
Central Finland
Ostrobothnia
Eastern Finland
Northern Finland



Consumer Customers



Corporate Customers

Production

Main subsidiaries:

- camLine
- Elisa Eesti
- Elisa Santa Monica
- Elisa Videra
- Enia
- Fonum
- Polystar

Finance | Administration | Communication | HR | Marketing

OUR VALUES:

Customer orientation Responsibility Renewal Results orientation Collaboration



YEAR 2020

A SUSTAINABLE FUTURE THROUGH DIGITALISATION

In the exceptional circumstances caused by the COVID-19 pandemic, we realised our mission and assisted society in many ways together with all elisians:

- We take care of our basic tasks in all circumstances
- We help people to accommodate to difficult situation
- We innovate new ways to support those in the most vulnerable positions



5G

Our 5G network expanded to cover more than two million people at 64 locations in Finland

DEVELOPMENT AND LEARNING CULTURE

239

Elisa employees graduated as Kata coaches

The first carbon neutral telecom operator in the Nordic countries



EARNINGS PER SHARE, EUR

2.05

REVENUE / EUR BILLION

1.89



Strong year despite exceptional circumstances

Our mission is a sustainable future through digitalisation. In the exceptional circumstances of 2020, all of Elisa's employees did their part in realising our mission by supporting the society's capacity to function and ensuring that our customers continued to receive good services. I would like to thank all our employees for their flexibility and committed work to benefit our customers and stakeholders.

We will remember 2020 as an exceptional year during which the COVID-19 pandemic extensively affected our customers, our employees and society at large. Our adaptability and innovative working methods ensured the continuity of our services, the safety of our customers and employees, and improved financial results.

Elisa's revenue increased by 2.8% and comparable EBITDA by 2.6% from the previous year. The revenue growth was mostly attributable to the demand for mobile services and digital business. Elisa's financial result is reflected in society in many ways through taxes, salaries, payments made to our suppliers and dividends paid to our owners. Elisa's Board of Directors will propose to the spring 2021 annual general meeting the paying of a dividend of EUR 1.95 per share.

We offered to our customers fast connections and new services for working and leisure time. The mobile subscription base increased by 1.3% to 4,798,100 subscriptions and the fixed network broadband subscription base by 1.7% to 701,100 subscriptions.

Network quality and reliability were especially important this year. Data use in our network increased by 34% from the previous year. The capacity was sufficient for the increased demand, and our customers were extremely satisfied with the quality of their connections.

Finland's Erillisverkot Group chose Elisa and its Virve 2.0 radio network service, which has been designed for the authorities, as the sole supplier to secure the continuity of critical communications in society and functional services from the authorities under all circumstances also in the future.

Setting records in 5G and new services

We continued to strengthen our position as a trailblazer in 5G: we have the widest selection of 5G devices on the market, and at the end of the year, our 5G network covered 64 Finnish towns and cities, or more than two million people. At present, around half of all phones sold are 5G phones. We are also ready to start building a 5G network in Estonia as soon as the frequencies for the country have been granted. In cooperation with Nokia and Qualcomm, we achieved the highest speed ever in a commercial 5G network: 8 Gbps. The record-breaking solution will be made available to our customers in the future.

We introduced the first liquid-cooled 5G access point in the world. In addition, we continued with our innovative 5G pilot projects to develop the operations of schools, hospitals, and environment and rescue departments.

In addition to fast connections, our customers valued solutions to enable remote working and remote customer service, as well as entertainment services. Purchases from Elisa's online shop increased significantly. The increase in demand for customer service solutions was particularly pronounced in the public sector and in health care services.

“ We focus on properly taking care of our basic tasks under all circumstances, assisting people in adapting to the difficult situation and creating new, innovative ways of supporting those in the weakest position.

Demand for video content in streaming services increased. We signed a cooperation agreement with NENT Group, the leading streaming service company in the Nordic countries. Through the combined Elisa Viihde Viaplay service, we can now offer the most extensive selection of top-class content with a strong focus on Finnish and Nordic original series.

We complemented our global partner network with a cooperation agreement with Tele2 in Sweden, and now we can provide companies operating in the Nordic countries with all of the network and IT services they require through one partner.

In Elisa's international digital services, we expanded our operations by acquiring camLine and CalcuQuote. Deutsche Telekom Group companies T-Mobile Czech Republic and Slovak Telekom chose to use Elisa Automate's Virtual NOC (Network Operating Centre) to automate their telecommunication networks.

Sustainable future through digitalisation

In accordance with our mission, we use digitalisation to resolve issues that are important to people and sustainable development. Reducing emissions has been part of our strategy for more than ten years, and we have set ambitious climate targets. In 2020, we took an important step by becoming the first carbon neutral telecom operator in the Nordics.

We also support sustainable development by actively switching to newer, more energy-efficient and environmentally friendly network technology solutions. After 2023, we will release frequencies from our 3G network, which is not being used much anymore, to be used by the 4G network.

Over the course of the year, we continued with the development of our internal cybersecurity culture. In addition to regular online training courses, we arranged training in automatic simulation-based phishing for Elisa's employees and partners working in our operating environment. Continuous development of Elisa's Cyber Security & Service Operations Center is at the core of our operations.

We consider data protection principles whenever we process personal data during our operations. Our customers can easily check what data about them we process. Elisa received more than 16,000 personal data enquiries during the year.

We actively adapted many aspects of our operations due to the changing circumstances. Our long-term experience as a trailblazer in location-independent working enabled us to realise a quick and smooth transfer to remote and hybrid working, and we were able to create new working methods.

Furthermore, we assisted society and the authorities in many ways. We participated in the development and deployment of the Finnish COVID-19 app, Koronavilkku. We handed over anonymised network data to the Finnish Transport and Communications Agency for its development work, and we offered guidance and assistance in the deployment of the app through our nationwide customer service channels. The Finnish central government made use of our video services.

We worked in close cooperation with Helsinki University Hospital (HUS) to manage the pandemic. HUS used Elisa's mobility data and smart snapshots to forecast the spread of the coronavirus. Towards the end of the year, the hospital experimented with using an Elisa video robot to assist doctors and nurses in treating COVID-19 patients. Developed as part

of Elisa and HUS's Sustainable Future Accelerator innovation programme, the video robot has received positive feedback.

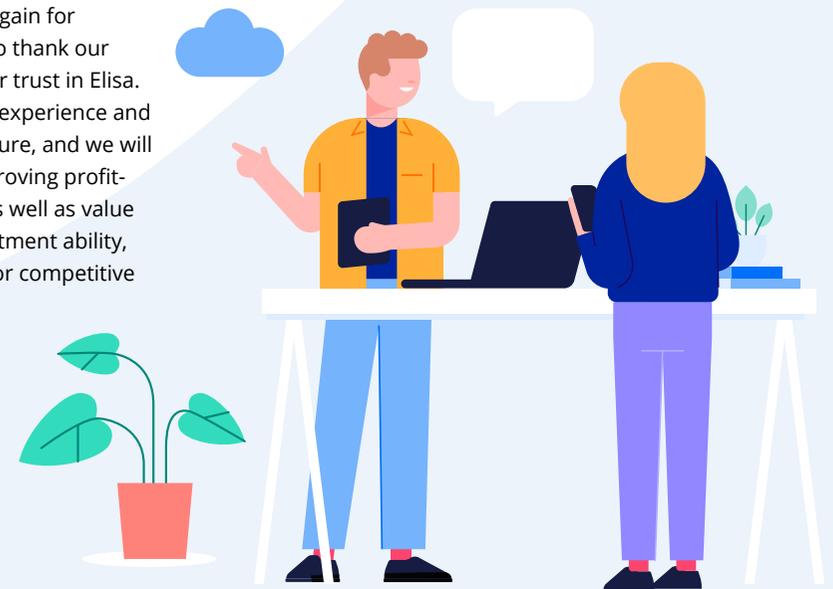
Elisa's Smart Factory Management solution enables optimised material flows that can be used to reduce transport, storage and processing costs, as well as capital investments. For example, a manufacturer of electric car storage cells was able to use the solution to reduce the amount of scrap by 15-19%, and the production quality of an electronics manufacturer improved by 13%.

We are committed to the principles of the UN Global Compact. In September, we were one of the corporations to sign the UN's Statement from Business Leaders for Renewed Global Cooperation. It is important for us that we conduct ourselves responsibly, ethically and lawfully in all situations. Our updated Code of Conduct guides us and our partners in our daily work.

I would like to thank all of our employees again for their achievements in 2020. I would also like to thank our customers, partners and stakeholders for their trust in Elisa.

Continuous improvement of the customer experience and quality are integral parts of our corporate culture, and we will continue to keep a strong focus on them. Improving profitability and our international digital services, as well as value generation through data and our strong investment ability, will continue to provide a strong foundation for competitive generation of added value.

Veli-Matti Mattila
CEO



Operating environment and strategy



Aging population



Secure connected world



Automation and AI



Climate change and resource scarcity

Telecom and digital services market

OUR MISSION

A sustainable future through digitalisation

OUR STRATEGY

We innovate digital services to customers in own telecom footprint area and internationally with network ownership independent services. We engage people in building excellence.

STRATEGIC FOCUS AREAS

Increase mobile and fixed service revenues

Grow digital service businesses

Improve efficiency and quality

OUR VISION

Best in connectivity

International in digital services

Brand of excellence

Q1

JANUARY

Investments in equality: Elisa was selected for the Bloomberg Gender-Equality Index

FEBRUARY

International recognition for original Elisa Viihde series: Man in Room 301 the first Finnish drama series to compete in CANNESERIES

MARCH

Cooperation with Tele2: raising corporate data communications services to a new level in the Nordic countries

Q2

APRIL

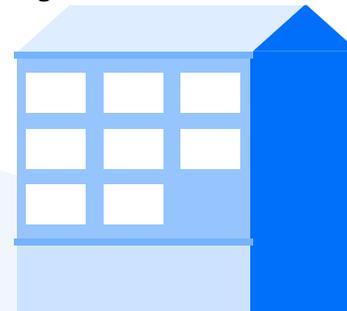
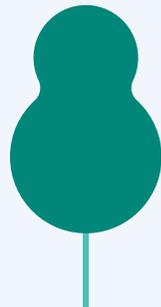
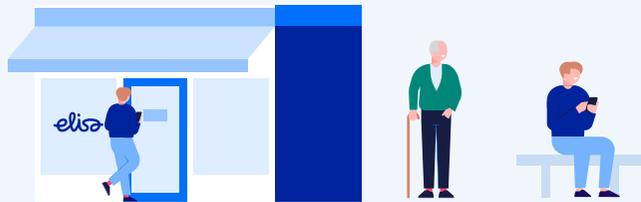
Supplier of Finland's public safety network, Virve: Elisa selected as sole radio network supplier due to high quality and good coverage

MAY

Assisting with the fight against the COVID-19 pandemic: HUS uses Elisa's smart snapshots and mobility data

JUNE

Elisa Viihde Aitio and Viaplay merged in Finland: most extensive selection of Finnish and Nordic original content



Q3

JULY

First in the world: Elisa's liquid-cooled 5G access point

AUGUST

Improved availability of 5G: more than a million people live in the coverage area of Elisa's 5G network in Finland

SEPTEMBER

Strengthening position as 5G trailblazer: network cooperation with Ericsson and Nokia

Q4

OCTOBER

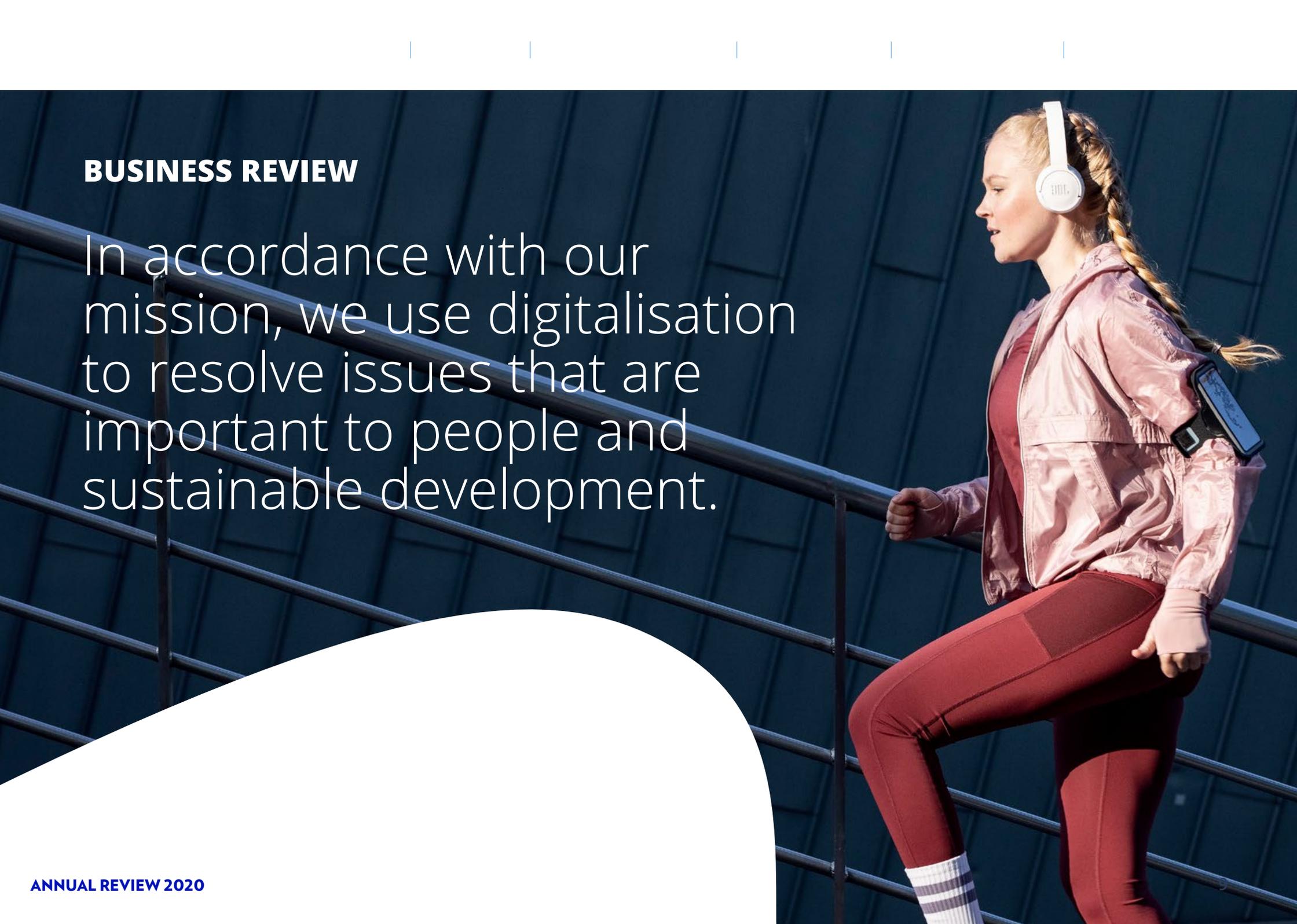
International digital services: T-Mobile Czech Republic and Slovak Telekom start using Elisa Automate's network management solution

NOVEMBER

Speed record: world's highest speed in a commercial 5G network

DECEMBER

First Nordic teleoperator: Elisa is a carbon neutral company

A woman with blonde hair in a braid is running on a staircase. She is wearing a pink jacket, red leggings, and white headphones. A smartphone is attached to her left wristband. The background is a dark, textured wall with a metal railing.

BUSINESS REVIEW

In accordance with our mission, we use digitalisation to resolve issues that are important to people and sustainable development.

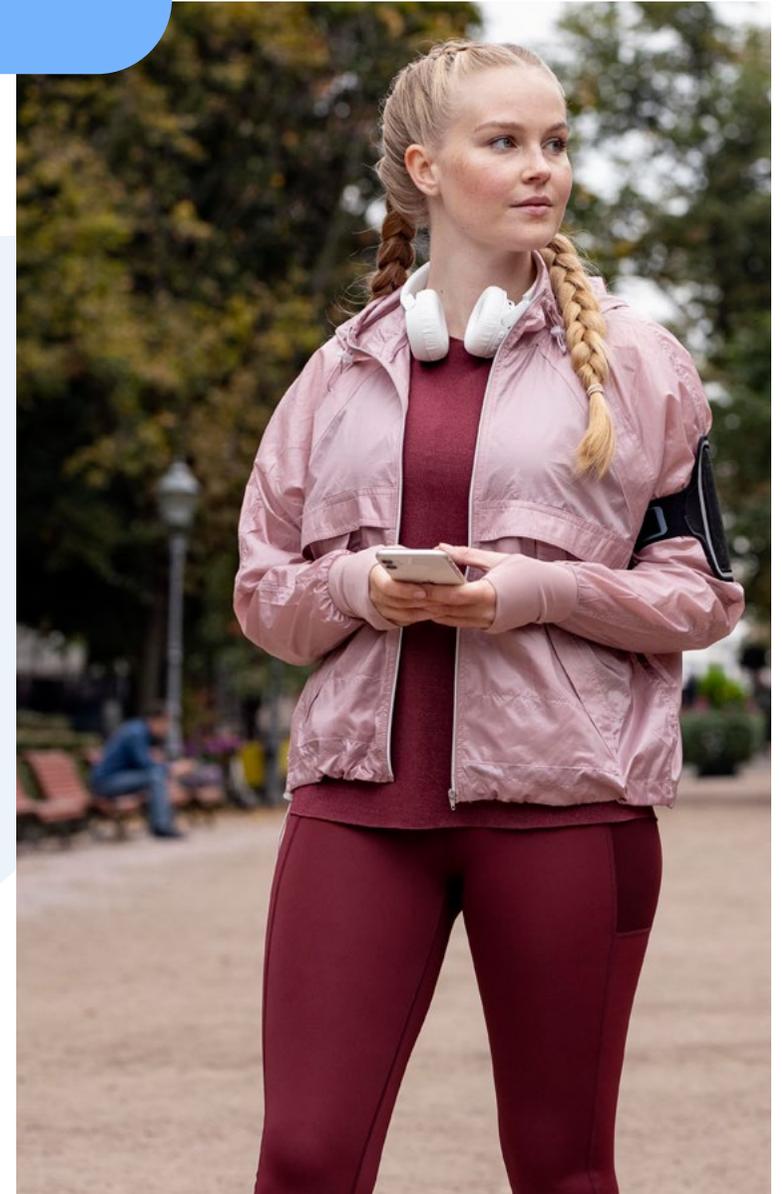
Fast connections and trailblazing entertainment services for consumer customers

Our Consumer Customers business segment provides consumers with data communications services, including mobile and fixed network subscriptions, as well as supplementary digital services, cable TV subscriptions and entertainment services, such as Elisa Viihde and Elisa Kirja.

In Elisa's Consumer Customers business, the significance of customer service was especially pronounced during the exceptional year, and we quickly adapted our operations to the changed circumstances. For example, our store personnel attended training on chat and telephone customer service.

We launched Elisa Digituki, a customer service channel that provides support free of charge for minor problems people face daily. Customers continued to take care of more and more of their business online, and we launched our updated OmaElisa mobile app. Feedback on the quality of many of our customer service channels was the best we have ever received.

Elisa has a rapidly expanding 5G network, and our customers have embraced our 5G services. By the end of the year nearly half of all phones sold were 5G phones. The demand for broadband subscriptions for private households increased as people worked from home, and we were able to provide our customers



with reliable and functional connections. We installed 5G Kotinetti broadband connections all around Finland.

We continued to solidify our position as an important producer of Finnish cultural content. Over the course of the year, we launched seven new original Elisa Viihde series, such as Pohjolan Laki and the second season of the highly popular series All the Sins. Elisa Viihde series have now been sold to 30 countries.

All the Elisa Viihde series are now available in a single

tournament, a BLAST Premier Qualifier. The winner of the tournament was able to compete for a prize of \$1 million. The esports events streamed over Elisa Viihde Sports' Twitch channel reached over 4.7 million million views in total.

The ebook service Elisa Kirja experienced strong growth during the year. The revenue of the service increased by nearly 24 per cent.

We encourage our customers to benefit the environment, which is why we started selling used and refurbished phones

“ Thanks to our committed employees, we have been able to serve our customers normally despite the exceptional circumstances.

streaming service, as Elisa Viihde Aitio and Viaplay merged in Finland to form Elisa Viihde Viaplay. The combined service includes the largest selection of Finnish and Nordic original series in Finland, as well as a comprehensive selection of movies from all around the world, classic series and children's programmes.

The popularity of esports grew exponentially over the course of the year. We arranged the most important event in the history of esports in Finland, the online Elisa Invitational

through Fonum. Our customers were interested in the new opportunity to boost the circular economy.

The business in Estonia developed favourably. Both the revenue and result increased from the previous year despite the challenges caused by COVID-19. Elisa has succeeded in the mobile competition in both the consumer and business customer segments. Customers have benefited from even faster broadband as xDSL technology has been replaced by mobile broadband as well as cable and fibre technologies. Elisa Stage service has provided virtual platform for Estonian public events during the pandemic.



5G services and private networks for corporate customers

Our Corporate Customers business segment provides companies and public administration organisations with IT and communications solutions for the digital operating environment, as well as mobile and fixed network subscriptions. Globally, we offer video conferencing services, network management and operation automation solutions for mobile operators, and Industrial IoT solutions.

COVID-19 has influenced the business of our corporate customers in many ways, and the exceptional year meant a fast digital leap for many of the companies and organisations we serve. We assisted our customers in starting remote working by, for instance, providing them with VPN connections and customer service solutions. We were involved in supporting the functional capacity of society with our video conferencing systems and mobility data applications for the authorities, for example.

We arranged virtual training courses and virtual guidance for remote working and the required tools in cooperation with Suomen Yrittäjät. We also held our annual Elisa ICT Day completely virtually this year. The event was more popular than ever before: more than 1,500 customers and partners attended.



5G

Secure, company-specific mobile networks or private networks became more common over the course of the year.

Our corporate customers quickly started to make use of our expanding 5G network, 5G devices and related services. They can be used in automation, process development and remote control, for example. We opened the Elisa 5G Showroom, where customers can virtually familiarise themselves with our 5G solutions.

The high quality and good coverage of Elisa's mobile network also influenced customers' decisions. The agreement signed for Virve 2.0 will further improve the quality and coverage of our mobile services in the next few years.

A cooperation agreement we signed with the Swedish operator Tele2 ensures that companies operating in the Nordic countries can receive their network and IT services through a single partner.

International data networks based on automation, their management and information security, as well as IT services became more popular this year. For example, Valmet chose Elisa as its main partner to provide the company's global data network and related information security solutions together with Vodafone Business. Elisa's network solution is one of the most extensively automated solutions in the world, and it supports the growth of business operations and digital services. Furthermore, the corporate network and the all the applications in it can be transparently monitored. For the customer, this means agile service management and extremely fast troubleshooting.

Cybersecurity became one of our most popular services in 2020. We significantly expanded our cybersecurity service offering; many of our customers use our comprehensive 24/7 Service Operator Centre, among other services.

Together with Aalto University, we developed Finnish speech recognition to improve the customer service of our customer companies. Our Sustainable Future Accelerator brought together five startups to develop services involving various aspects of sustainable development, together with experts from Elisa and Helsinki University Hospital (HUS), using cutting-edge technology. An example of this is a video robot to assist HUS personnel in the treatment of COVID-19 patients.

Expanding international digital services

Elisa's global digital service offering significantly expanded during the course of the year. Many companies in the manufacturing industry started using Elisa Smart Factory solutions. We strengthened Elisa's industrial software business with camLind and CalcuQuote acquisitions.

The Elisa Automate business became part of Polystar, and Deutsche Telekom Group companies T-Mobile Czech Republic and Slovak Telekom chose to use Elisa Automate's telecommunication network automation solution. Elisa Videra assisted customers globally in building virtual connections in the exceptional situation.



“

Demand for IT services among SMEs increased, and our support services assisted customers in the new situation.

PERSONNEL REVIEW

Due to COVID-19, verifying the safety of employees and their ability to cope at work was especially important. Flexibility, learning and seeking customer-oriented operating models together with our employees enabled the development of operations despite the exceptional circumstances.



Elisa has been a trailblazer in flexible working for a long time, and we were able to quickly start using virtual and hybrid operating methods from the very beginning of the pandemic. We considered the progress of the pandemic, as well as the guidelines and limitations specified by the government, in all our operations.

Our main duty was to ensure that customer interaction was safe and smooth. Our employees flexibly switched to serving our customers through our virtual service channels. We used strict hygiene measures to make sure that visiting our stores was safe. We supported our employees with e.g. training on wellbeing at work and tools for working.

At the different stages of the pandemic, we invested in quick, prompt and open communication, and provided instructions on how to work safely. According to the personnel survey, 94% of Elisa employees felt that they received enough information on the changes caused by COVID-19, and more than 85% of employees felt that working was smooth.

Improvement through experimentation and learning

The focus areas of our personnel strategy are enabling learning, developing Elisa's culture and management, and renewing the organisation.

We want to be a learning and interesting workplace where our employees have the opportunity to learn, develop themselves and experiment in a safe and equal environment.

Over the course of the year, we were engaged in active dialogue regarding our mission – a sustainable future through digitalisation – in order to build a shared understanding of its significance.

In the past three years, we have taken a huge leap in learning through experimentation and development. The competence, skills and creativity of every Elisa employee are valuable, and we support innovation using a variety of

“

We want to be a workplace where our employees have the opportunity to learn, develop themselves and experiment in a safe and equal environment.



More than 85% of Elisa employees felt that working was smooth despite the exceptional COVID-19 circumstances.

methods. We engage Elisa employees in our strategy work. Over the course of the year, 156 employees participated in process development.

Through management by coaching and the Kata method, we can develop our operations in a goal-oriented manner instead of focusing on problems. During the year, 138 elisians attended training on management by coaching, and 220 Elisa employees have already graduated as Kata coaches. The Kata method was used to achieve a total of 350 goals during the year.

Highly valued employer, satisfied employees

A total of over 5,000 professionals in 16 countries work for Elisa. Over the course of the year, we recruited over 390 professionals both from outside Elisa and through internal job rotation. We have worked determinedly to improve our employer image. In a study conducted by research and consultant company Universum, Elisa rose to the 15th position on a list of the top 30 favourite employers for IT professionals. The study investigated how satisfied Finnish professionals are with their current employer. In a student study conducted by Academic Work, Elisa was seventh.

Elisa has been carrying out personnel satisfaction surveys since 2005. The results indicate that despite the challenges brought on by COVID-19, our resource index remained good

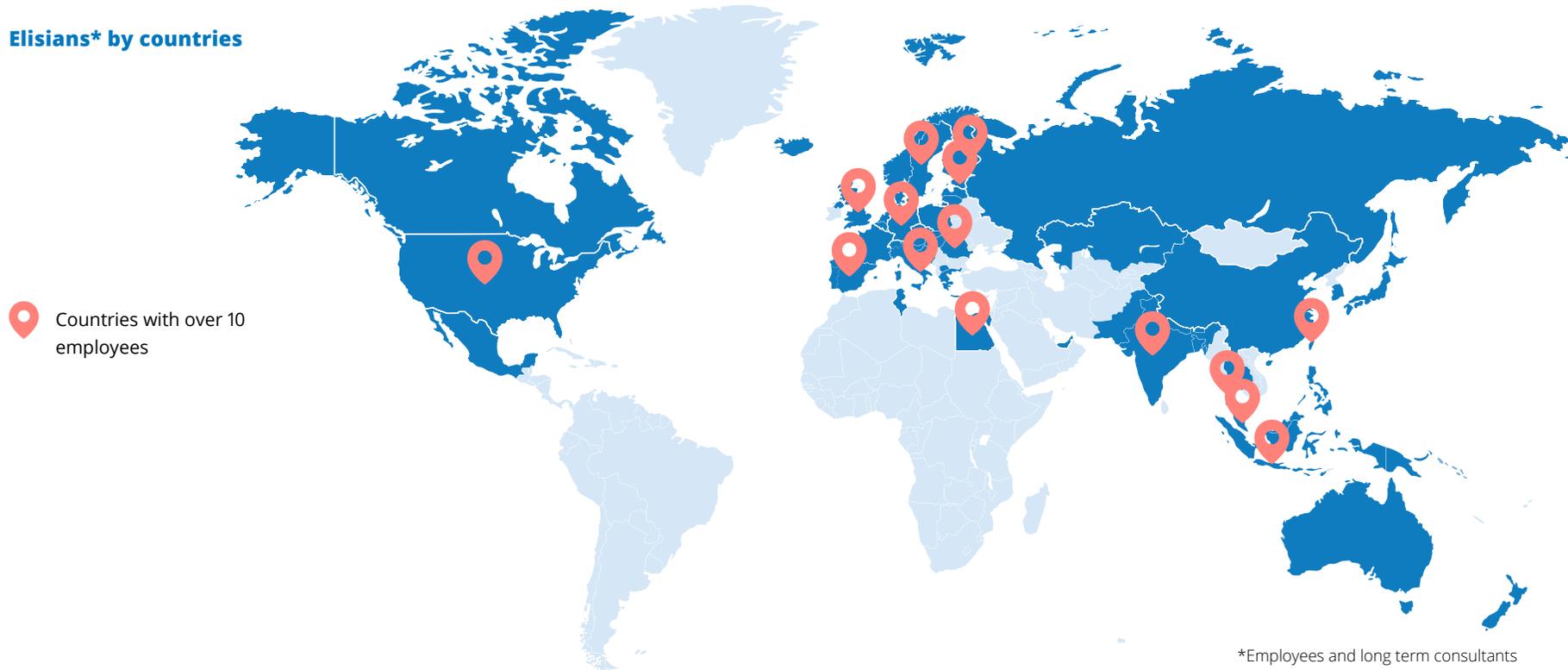
at good level. We renewed our measuring system this year and utilise Engagement Score metric comparing the results with top companies globally. In Q4 2020 our Engagement Score was 79 (reference score 84) and Empowerment Index 77.

The goal is for all Elisa employees to work in a team where working is smooth and people feel good. Approximately 93% of our employees are currently working in a team where the resource index score exceeds the target value. The highest personnel satisfaction survey scores were awarded to non-discriminatory and equal work culture, support provided by supervisors and clear goals. We will continue our investments in collaboration across organisational borders and reducing the workload.

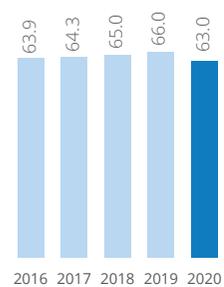
In accordance with our mission, we are also building a sustainable future through digitalisation in the case of services provided to Elisa's own personnel. As part of this work, we replaced SAP HR with the cloud-based Workday system. Our goals are creating the best global HR services for Elisa and ensuring employee satisfaction and access to an easy-to-use system for daily use.

Read more about Elisa's social responsibility in our responsibility report.

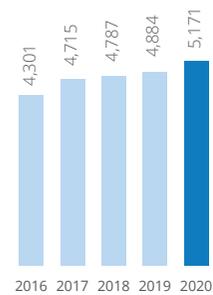
Elisians* by countries



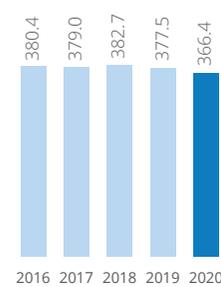
Personnel costs per employee* EUR 1,000



Number of employees* persons



Revenue per employee* EUR 1,000



*Calculated based on HTV 31 Dec 2020

Why invest in Elisa: Unique strategy generates profit and growth

UNIQUE SET OF CHOICES

- Unlimited mobile data pricing
- Long-term, systematic way to improve productivity
- Disciplined M&A policy and uncomplicated business model
- Customer and value-driven CAPEX policy
- Customer-centric network operations
- Sustainability at the core of strategy



BEST-IN-CLASS* PERFORMANCE

- Revenue and EBITDA growth exceeds industry average
- Best-in-class cash conversion
- Best-in-class ROCE
- Solid and predictable cash flow
- Increasing dividend for several consecutive years



elisa

**UNIQUE
COMMUNICATIONS
SERVICE PROVIDER**

*Peer group: European telcos

Investor information

Guidance for 2021

Revenue	Slightly higher than 2020
Comparable EBITDA	Same level or slightly higher than in 2020
CAPEX/Sales	≤ 12 %

Financial targets by the end of 2023

Revenue growth	2020–2023 CAGR >2%
EBITDA growth	2020–2023 CAGR >3%
CAPEX/Sales	Maximum 12%
Capital structure: Net Debt/EBITDA Equity ratio	1,5 – 2x Above 35%

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.

Distribution policy

Elisa's 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.

Annual General Meeting

Elisa's Annual General Meeting will be held on 8 April 2021. More information on the AGM invitation and on the company website at elisa.com/agm.

Payment of dividends

The Board of Directors proposes to the AGM that the profit for the financial period 2020 be added to accrued earnings and that a dividend of EUR 1.95 per share be paid based on the adopted balance sheet of 31 December 2020. Record date of dividend payment is 12 April 2021 and date of dividend payment 20 April 2021.

Trading in Elisa's shares

Elisa's shares are listed on the Nasdaq Helsinki and are registered in the Finnish book-entry register maintained by Euroclear Finland Ltd.

Financial information

Elisa publishes its financial reports and bulletins in Finnish and English. The Annual Report, Half-year report, Interim Reports, information on the AGM, stock exchange releases and other information for investors, as well as the Disclosure Policy, are available on the Elisa website at elisa.com/investors.

Publication dates in 2021

21 April 2021	Interim report Q1 2021
16 July 2021	Half year report for Jan–June 2021
20 Oct 2021	Interim report Q3 2021

Elisa investor relations contacts



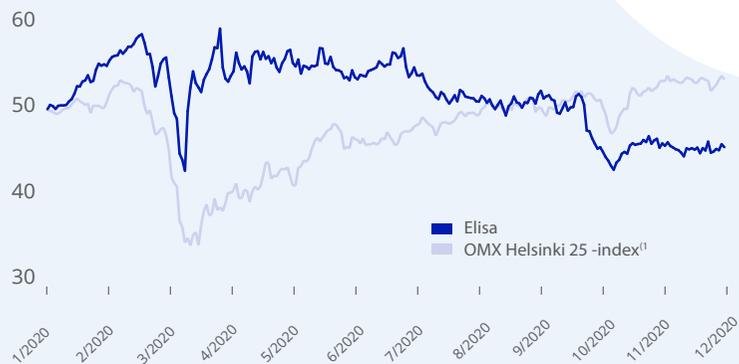
Mr Vesa Sahivirta
IR Director
vesa.sahivirta@elisa.fi
Tel. +358 50 520 5555



Ms Kati Norppa
Communications manager, IR
kati.norppa@elisa.fi
Tel. +358 50 308 9773

elisa.com/investors
investor.relations@elisa.fi

Elisa share price development in 2020



¹⁾ Rebased on Elisa's share price

Elisa share price development 31 Dec. 2015–31 Dec. 2020

