

Interim Report

**Q1 2021**

21 April 2021

*elisa*

# ELISA'S INTERIM REPORT JANUARY–MARCH 2021

## First quarter 2021 financial highlights

- Revenue increased by EUR 13m to EUR 482m, mainly due to the camLine acquisition, Elisa Viihde Viaplay cooperation and growth in equipment sales.
- Mobile service revenue increased by 0.9 per cent to EUR 210m.
- EBITDA grew by EUR 4m to EUR 170m.
- EBIT increased by EUR 3m to EUR 102m.
- Comparable cash flow decreased by EUR 13m to EUR 60m, mainly due to negative NWC change.
- Mobile post-paid ARPU was at the previous quarter's level, EUR 19.5 (19.3).
- Mobile post-paid churn decreased to 18.3 per cent (19.8 in previous quarter).
- The number of post-paid mobile subscriptions increased by 27,100 from the previous quarter.
- Due to seasonality, prepaid subscriptions decreased by 17,400 during the quarter.
- The number of fixed broadband subscriptions decreased by 31,400 during the quarter, mainly due to a reporting change.

## Key indicators

| EUR million                        | 1Q21   | 1Q20   | Δ %     | 2020    |
|------------------------------------|--------|--------|---------|---------|
| Revenue                            | 482    | 468    | 2.9 %   | 1,895   |
| EBITDA                             | 170    | 166    | 2.4 %   | 685     |
| Comparable EBITDA                  | 170    | 166    | 2.4 %   | 685     |
| EBIT                               | 102    | 99     | 3.1 %   | 409     |
| Comparable EBIT                    | 102    | 99     | 3.1 %   | 415     |
| Profit before tax                  | 99     | 95     | 4.5 %   | 398     |
| Comparable PBT                     | 99     | 95     | 4.5 %   | 399     |
| EPS, EUR                           | 0.51   | 0.49   | 4.7 %   | 2.05    |
| Comparable EPS, EUR                | 0.51   | 0.49   | 4.7 %   | 2.05    |
| Capital expenditure                | 53     | 51     | 4.1 %   | 266     |
| Net debt                           | 1,164  | 1,117  | 4.2 %   | 1,207   |
| Net debt / EBITDA <sup>1)</sup>    | 1.7    | 1.7    | 1.6 %   | 1.8     |
| Gearing ratio, %                   | 92.3 % | 91.9 % |         | 101.9 % |
| Equity ratio, %                    | 41.1 % | 42.4 % |         | 39.1 %  |
| Cash flow                          | 50     | 73     | -30.9 % | 300     |
| Comparable cash flow <sup>2)</sup> | 60     | 73     | -17.3 % | 351     |

<sup>1)</sup> (Interest-bearing debt – financial assets) / (four previous quarters' comparable EBITDA). <sup>2)</sup> 1Q21, excluding investments in shares.

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

## CEO's review:

### A good quarter in challenging circumstances

Elisa continued its good development. Revenue increased by 3 per cent from the previous year, to EUR 482 million. EBITDA improved by 2 per cent, to EUR 170 million, and earnings per share by 5 per cent, to EUR 0.51. Despite increased restrictions and lockdowns due to COVID-19 and nearly all of Elisa's personnel working remotely, we achieved a strong result in the first quarter.

The 5G market is developing well, and we are continuing our leadership position in 5G. Elisa has the most extensive 5G network in Finland, now covering over 2.5 million Finns in over 80 towns and cities. We estimate that by 2023, data traffic over the 5G network will exceed that of 4G.

Our entertaining video services customer base has surpassed 600,000 paying households. We successfully launched a new digital subscription service to let customers stream audiobooks and read e-books. The Elisa Kirja service now includes both transactional and subscription modes and provides the largest selection of Finnish literature.

In accordance with our strategy to grow digital businesses internationally, Elisa acquired a minority share in sedApta Group, an industrial software provider specialising in innovative IT solutions for digital supply chains and smart manufacturing. SedApta has over 1,000 manufacturing industry customers, increasing the global customer base for Elisa's AI, ML and SmartFactory solutions.

Elisa is the first telecom operator in the world to receive the significant six-star certificate in the EFQM Global Award assessment, based on our determined work to develop quality and the customer experience.

Elisa's mission is a sustainable future through digitalisation. The essence of our corporate responsibility is to promote a secure digital environment, equality, ethical business, and action on climate change. For the second consecutive year, Elisa is the most sustainable brand in the industry, according to Finnish consumers in the Sustainable Brand Index 2021.

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 creating value competitively in the future.

Veli-Matti Mattila

CEO

## INTERIM REPORT JANUARY–MARCH 2021

This interim report has been prepared in accordance with the IFRS recognition and measurement principles, although not all requirements of the IAS 34 standard have been followed. The information presented in this interim report is unaudited.

### Market situation

The competitive environment has been active, especially in 4G subscriptions. 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 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         | 1Q21   | 1Q20   | Δ %   | 2020   |
|---------------------|--------|--------|-------|--------|
| Revenue             | 482    | 468    | 2.9 % | 1,895  |
| EBITDA              | 170    | 166    | 2.4 % | 685    |
| EBITDA-%            | 35.2 % | 35.4 % |       | 36.2 % |
| Comparable EBITDA   | 170    | 166    | 2.4 % | 685    |
| Comparable EBITDA-% | 35.2 % | 35.4 % |       | 36.2 % |
| EBIT                | 102    | 99     | 3.1 % | 409    |
| EBIT-%              | 21.2 % | 21.1 % |       | 21.6 % |
| Comparable EBIT     | 102    | 99     | 3.1 % | 415    |
| Comparable EBIT-%   | 21.2 % | 21.1 % |       | 21.9 % |
| Return on equity, % | 29.2 % | 28.3 % |       | 28.1 % |

Revenue increased by 3 per cent, mostly due to the camLine acquisition and Elisa Viihde Viaplay cooperation, as well as growth in mobile, 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. Efficiency improvements and revenue growth impacted EBITDA positively. EBIT grew by 3 per cent.

Net financial income and expenses decreased to EUR -3 million (-4) due to refinancing in January 2021. Income taxes in the income statement amounted to EUR -18 million (-17). Net profit was EUR 82 million (78), and earnings per share were EUR 0.51 (0.49).

## Financial position

| EUR million                        | 1Q21   | 1Q20   | Δ %     | 2020    |
|------------------------------------|--------|--------|---------|---------|
| Net debt                           | 1,164  | 1,117  | 4.2 %   | 1,207   |
| Net debt / EBITDA <sup>1)</sup>    | 1.7    | 1.7    | 1.6 %   | 1.8     |
| Gearing ratio, %                   | 92.3 % | 91.9 % |         | 101.9 % |
| Equity ratio, %                    | 41.1 % | 42.4 % |         | 39.1 %  |
| Cash flow                          | 50     | 73     | -30.9 % | 300     |
| Comparable cash flow <sup>2)</sup> | 60     | 73     | -17.3 % | 351     |

<sup>1)</sup> (Interest-bearing debt – financial assets) / (four previous quarters' comparable EBITDA). <sup>2)</sup> 1Q21 excluding investments in shares.

Net debt increased by EUR 47 million to EUR 1,164 million, mainly due to the camLine acquisition. Comparable cash flow after investments decreased by 17 per cent to EUR 60 million (73), mainly due to a negative change in net working capital.

The financial position and liquidity are strong. Cash and undrawn committed credit lines totalled EUR 574 million at the end of the quarter.

## Changes in corporate structure

There were no material changes in the corporate structure during the financial period.

## Consumer Customers business

| EUR million         | 1Q21   | 1Q20   | Δ %    | 2020   |
|---------------------|--------|--------|--------|--------|
| Revenue             | 299    | 286    | 4.4 %  | 1,183  |
| EBITDA              | 117    | 109    | 7.4 %  | 461    |
| EBITDA-%            | 39.1 % | 38.0 % |        | 38.9 % |
| Comparable EBITDA   | 117    | 109    | 7.4 %  | 461    |
| Comparable EBITDA-% | 39.1 % | 38.0 % |        | 38.9 % |
| EBIT                | 76     | 68     | 12.9 % | 291    |
| EBIT-%              | 25.5 % | 23.6 % |        | 24.6 % |
| Comparable EBIT     | 76     | 68     | 12.9 % | 293    |
| Comparable EBIT-%   | 25.5 % | 23.6 % |        | 24.8 % |
| CAPEX               | 32     | 32     | 0.3 %  | 170    |

Revenue increased by 4 per cent. Revenue was positively affected by growth in mobile services and Elisa Viihde Viaplay cooperation, 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 7 per cent, mainly due to revenue growth and efficiency improvements.

## Corporate Customers business

| EUR million         | 1Q21   | 1Q20   | Δ %     | 2020   |
|---------------------|--------|--------|---------|--------|
| Revenue             | 183    | 182    | 0.5 %   | 711    |
| EBITDA              | 53     | 57     | -7.3 %  | 224    |
| EBITDA-%            | 28.8 % | 31.3 % |         | 31.6 % |
| Comparable EBITDA   | 53     | 57     | -7.3 %  | 224    |
| Comparable EBITDA-% | 28.8 % | 31.3 % |         | 31.6 % |
| EBIT                | 26     | 31     | -18.0 % | 118    |
| EBIT-%              | 14.1 % | 17.2 % |         | 16.6 % |
| Comparable EBIT     | 26     | 31     | -18.0 % | 122    |
| Comparable EBIT-%   | 14.1 % | 17.2 % |         | 17.1 % |
| CAPEX               | 20     | 18     | 10.8 %  | 96     |

Revenue grew by 1 per cent. Revenue was positively affected by the camLine acquisition, domestic digital services and equipment sales. Decreases in mobile and fixed services as well as roaming affected revenue negatively. EBITDA decreased by 7 per cent. The decrease in roaming revenue affected EBITDA negatively.

## Personnel

In January–March, the average number of personnel at Elisa was 5,347 (4,978). Employee expenses totalled EUR 94 million (87). Personnel by segment at the end of the period:

|                     | 1Q21  | 1Q20  | 2020  |
|---------------------|-------|-------|-------|
| Consumer Customers  | 2,917 | 2,865 | 2,914 |
| Corporate Customers | 2,462 | 2,145 | 2,257 |
| Total               | 5,379 | 5,010 | 5,171 |

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

## Investments

| EUR million                                      | 1Q21 | 1Q20 | 2020 |
|--|------|------|------|
| Capital expenditure, of which                    | 53   | 51   | 266  |
| Consumer Customers                               | 32   | 32   | 170  |
| Corporate Customers                              | 20   | 18   | 96   |
| Shares   | 10   | 0    | 70   |
| Total  | 63   | 51   | 336  |
| Capital expenditure excluding shares and leasing | 48   | 48   | 245  |

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

## Financing arrangements and ratings

| EUR million                                | Maximum amount | In use on 31 Mar 2021 |
|--|----------------|-----------------------|
| Committed credit limits                    | 300            | 0                     |
| Commercial paper programme (not committed) | 350            | 103                   |
| 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  |

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.

## 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                          | 1Q21    | 1Q20    | 2020     |
|--|---------|---------|----------|
| Nasdaq Helsinki, millions                  | 25.0    | 35.9    | 122.5    |
| Other marketplaces, millions <sup>1)</sup> | 48.7    | 63.3    | 264.3    |
| Total volume, millions                     | 73.8    | 99.2    | 386.8    |
| Value, EUR million                         | 2,706.0 | 5,151.5 | 19,803.8 |
| % of shares                                | 44.1 %  | 59.3 %  | 231.2 %  |

| Shares and market values           | 31 Mar 2021 | 31 Mar 2020 | 2020        |
|------------------------------------|-------------|-------------|-------------|
| Total number of shares             | 167,335,073 | 167,335,073 | 167,335,073 |
| Treasury shares                    | 7,156,924   | 7,252,165   | 7,252,165   |
| Outstanding shares                 | 160,178,149 | 160,082,908 | 160,082,908 |
| Closing price, EUR                 | 51.14       | 56.48       | 44.87       |
| Market capitalisation, EUR million | 8,558       | 9,451       | 7,508       |
| Treasury shares, %                 | 4.28 %      | 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 <sup>2)</sup> |             | -95,241   | 95,241      |
| Shares on 31 Mar 2021                           | 167,335,073 | 7,156,924 | 160,178,149 |

<sup>1)</sup> Other marketplaces: Based on Bloomberg. <sup>2)</sup> Stock exchange bulletins 2 February 2021.

On 2 February 2021, Elisa transferred 95,241 treasury shares to persons involved in the performance share plan for the period 2018–2020.

## Significant legal and regulatory issues

There were no significant legal and regulatory issues during the financial period.

## 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.

Elisa is liable for 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. 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 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 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.

## Events after the reporting period

In April 2021, the Estonian Minister of Entrepreneurship and IT submitted to the parliament the draft of amendments to the Electronic Communications Act aimed at supplementing the national security requirements. According to that proposal, an operator must coordinate with the state on the hardware and software used in its communications networks, as well as on the corresponding suppliers. If the state deems that a supplier poses a high risk, usage of that supplier's hardware and software in a 5G mobile network is allowed until 31 December 2025, and until 31 December 2029 in earlier generation (2G–4G) networks.

After a tax audit on foreign dividend withholding tax, Elisa received a decision in April 2021 according to which it is required to pay a total of EUR 1.7 million in allegedly wrongly levied withholding taxes relating to the years 2015 and 2016. Elisa will appeal the decision.

### Annual General Meeting 2021

On 8 April 2021, Elisa's Annual General Meeting decided to pay a dividend of EUR 1.95 per share based on the adopted financial statements for 31 December 2020. The dividend was paid to the shareholders registered in the company's share register maintained by Euroclear Finland Ltd on 12 April 2021. The dividend was paid on 20 April 2021.

The Annual General Meeting adopted the financial statements for 2020. The members of the Board of Directors and the CEO were discharged from liability for 2020. The Annual General Meeting approved the Remuneration Report of the Company's governing bodies for 2020.

The number of the members of the Board of Directors was confirmed at eight (8). Ms Clarisse Berggårdh, Mr Kim Ignatius, Mr Topi Manner, Ms Eva-Lotta Sjöstedt, Ms Seija Turunen, Mr Anssi Vanjoki and Mr Antti Vasara were re-elected as members of the Board of Directors, and Mr Maher Chebbo was elected as a new member 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 126,000, the Deputy Chair and the Chairs of the Committees EUR 84,000, and other Board members EUR 69,000. Additionally, they receive EUR 800 per meeting of the Board or of a

Committee. However, if a Board member lives permanently outside Finland and is physically present at the Board or Committee meeting that is held in a country other than his/her permanent home country, the meeting fee is EUR 1,600.

KPMG Oy Ab, Authorised Public Accountants Organisation, was re-elected as the company's auditor. APA Toni Aaltonen 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), Mr Maher Chebbo, 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.

### **The Board of Directors' authorisations**

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 5 million shares at maximum. The authorisation is valid for 18 months from the date of the resolution of the General Meeting.

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 valid for 18 months from the date of the resolution of the General Meeting.

## **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.

BOARD OF DIRECTORS

Unaudited

## Consolidated income statement

| EUR million   | Note | 1-3<br>2021  | 1-3<br>2020  | 1-12<br>2020   |
|---|------|--------------|--------------|----------------|
| <b>Revenue</b>  | 1    | <b>481.6</b> | <b>468.1</b> | <b>1,894.6</b> |
| Other operating income                                    |      | 2.5          | 0.6          | 4.1            |
| Materials and services                                    |      | -182.0       | -171.6       | -713.7         |
| Employee expenses   |      | -94.3        | -87.1        | -325.7         |
| Other operating expenses                                  |      | -38.2        | -44.3        | -174.2         |
| <b>EBITDA</b>   | 1    | <b>169.7</b> | <b>165.7</b> | <b>685.2</b>   |
| Depreciation, amortisation and impairment                 | 1    | -67.6        | -66.8        | -276.2         |
| <b>EBIT</b>   | 1    | <b>102.0</b> | <b>99.0</b>  | <b>409.0</b>   |
| Financial income  |      | 1.4          | 1.4          | 8.7            |
| Financial expenses  |      | -4.2         | -5.7         | -21.2          |
| Share of associated companies' profit                     |      | 0.0          | 0.2          | 1.9            |
| <b>Profit before tax</b>                                  |      | <b>99.2</b>  | <b>94.9</b>  | <b>398.3</b>   |
| Income taxes  |      | -17.6        | -17.0        | -70.2          |
| <b>Profit for the period</b>                              |      | <b>81.6</b>  | <b>77.9</b>  | <b>328.1</b>   |
| <b>Attributable to</b>                                    |      |              |              |                |
| Equity holders of the parent                              |      | 81.6         | 77.8         | 328.0          |
| Non-controlling interests                                 |      | 0.1          | 0.0          | 0.1            |
|   |      | 81.6         | 77.9         | 328.1          |
| <b>Earnings per share (EUR)</b>                           |      |              |              |                |
| Basic   |      | 0.51         | 0.49         | 2.05           |
| Diluted   |      | 0.51         | 0.49         | 2.05           |
| <b>Average number of outstanding shares (1000 shares)</b> |      |              |              |                |
| Basic   |      | 160,143      | 160,014      | 160,066        |
| Diluted   |      | 160,143      | 160,014      | 160,066        |

## Consolidated statement of comprehensive income

|  |  |             |             |              |
|--|--|-------------|-------------|--------------|
| <b>Profit for the period</b>   |  | <b>81.6</b> | <b>77.9</b> | <b>328.1</b> |
| <b>Other comprehensive income, net of tax</b>                          |  |             |             |              |
| <b>Items that may be reclassified subsequently to profit or loss</b>   |  |             |             |              |
| Cash flow hedge  |  | -0.2        | -0.2        | 0.4          |
| Translation differences  |  | -1.6        | -4.3        | 3.1          |
|  |  | -1.8        | -4.4        | 3.5          |
| <b>Items which are not reclassified subsequently to profit or loss</b> |  |             |             |              |
| Remeasurements of the net defined benefit liability                    |  |             |             | 4.5          |
| <b>Total comprehensive income</b>                                      |  | <b>79.8</b> | <b>73.5</b> | <b>336.1</b> |
| <b>Total comprehensive income attributable to</b>                      |  |             |             |              |
| Equity holders of the parent   |  | 79.7        | 73.4        | 336.1        |
| Non-controlling interest   |  | 0.1         | 0.0         | 0.0          |
|  |  | 79.8        | 73.5        | 336.1        |

## Consolidated statement of financial position

| EUR million  | 31.3.<br>2021  | 31.12.<br>2020 |
|--|----------------|----------------|
| <b>Non-current assets</b>                                  |                |                |
| Property, plant and equipment                              | 725.3          | 735.1          |
| Right-of-use assets  | 93.8           | 94.6           |
| Goodwill   | 1,128.8        | 1,131.4        |
| Intangible assets  | 206.7          | 210.1          |
| Investments to associated companies                        | 11.1           | 1.4            |
| Other financial assets                                     | 16.1           | 15.6           |
| Trade and other receivables                                | 94.1           | 94.9           |
| Deferred tax assets  | 11.9           | 11.9           |
|  | 2,287.8        | 2,295.1        |
| <b>Current assets</b>                                      |                |                |
| Inventories  | 74.1           | 67.9           |
| Trade and other receivables                                | 443.6          | 457.8          |
| Tax receivables  | 0.6            | 0.5            |
| Cash and cash equivalents                                  | 274.0          | 220.1          |
|  | 792.3          | 746.3          |
| <b>Total assets</b>  | <b>3,080.0</b> | <b>3,041.4</b> |
| <b>Equity attributable to equity holders of the parent</b> | <b>1,259.6</b> | <b>1,182.7</b> |
| <b>Non-controlling interests</b>                           | <b>1.6</b>     | <b>1.5</b>     |
| <b>Total shareholders' equity</b>                          | <b>1,261.1</b> | <b>1,184.2</b> |
| <b>Non-current liabilities</b>                             |                |                |
| Deferred tax liabilities                                   | 24.2           | 26.2           |
| Interest-bearing financial liabilities                     | 1,238.8        | 1,136.8        |
| Lease liabilities, interest-bearing                        | 78.2           | 78.8           |
| Trade payables and other liabilities                       | 26.8           | 32.2           |
| Pension obligations  | 10.9           | 11.0           |
| Provisions   | 2.9            | 2.9            |
|  | 1,381.7        | 1,288.0        |
| <b>Current liabilities</b>                                 |                |                |
| Interest-bearing financial liabilities                     | 103.0          | 193.5          |
| Lease liabilities, interest-bearing                        | 17.7           | 17.7           |
| Trade and other payables                                   | 314.4          | 356.3          |
| Tax liabilities  | 1.6            | 1.2            |
| Provisions   | 0.5            | 0.5            |
|  | 437.2          | 569.2          |
| <b>Total equity and liabilities</b>                        | <b>3,080.0</b> | <b>3,041.4</b> |

## Condensed consolidated cash flow statement

| EUR million  | 1-3<br>2021  | 1-3<br>2020  | 1-12<br>2020  |
|--|--------------|--------------|---------------|
| <b>Cash flow from operating activities</b>                 |              |              |               |
| Profit before tax  | 99.2         | 94.9         | 398.3         |
| Adjustments  |              |              |               |
| Depreciation, amortisation and impairment                  | 67.6         | 66.8         | 276.2         |
| Other adjustments  | -4.1         | -7.7         | -4.9          |
|  | 63.6         | 59.0         | 271.3         |
| Change in working capital                                  |              |              |               |
| Increase (-) / decrease (+) in trade and other receivables | 23.2         | 22.9         | 11.2          |
| Increase (-) / decrease (+) in inventories                 | -7.1         | 1.7          | -1.2          |
| Increase (+) / decrease (-) in trade and other payables    | -30.4        | -22.0        | 2.6           |
|  | -14.3        | 2.6          | 12.7          |
| Financial items, net                                       | -11.3        | -11.4        | -14.7         |
| Taxes paid   | -19.2        | -14.5        | -67.6         |
| <b>Net cash flow from operating activities</b>             | <b>118.0</b> | <b>130.6</b> | <b>600.0</b>  |
| <b>Cash flow from investing activities</b>                 |              |              |               |
| Capital expenditure  | -58.5        | -58.2        | -249.2        |
| Investments in shares and business combinations            | -9.4         | -0.3         | -56.5         |
| Loans granted  | -0.5         |              |               |
| Proceeds from asset disposal                               | 0.7          | 0.7          | 5.7           |
| <b>Net cash used in investing activities</b>               | <b>-67.7</b> | <b>-57.8</b> | <b>-300.0</b> |
| <b>Cash flow before financing activities</b>               | <b>50.3</b>  | <b>72.8</b>  | <b>300.0</b>  |
| <b>Cash flow from financing activities</b>                 |              |              |               |
| Proceeds from long-term borrowings                         | 100.4        |              | 297.8         |
| Repayment of long-term borrowings                          | -174.0       |              |               |
| Increase (+) / decrease (-) in short-term borrowings       | 83.5         | 43.0         | -113.5        |
| Repayment of lease liabilities                             | -5.3         | -5.3         | -20.8         |
| Acquisition of non-controlling interests                   |              |              | -0.1          |
| Dividends paid   | -0.5         | -0.3         | -295.7        |
| <b>Net cash used in financing activities</b>               | <b>4.1</b>   | <b>37.4</b>  | <b>-132.4</b> |
| <b>Change in cash and cash equivalents</b>                 | <b>54.4</b>  | <b>110.2</b> | <b>167.6</b>  |
| Translation differences                                    | -0.5         | -1.3         | 0.6           |
| Cash and cash equivalents at the beginning of the period   | 220.1        | 52.0         | 52.0          |
| <b>Cash and cash equivalents at end of period</b>          | <b>274.0</b> | <b>160.9</b> | <b>220.1</b>  |

## 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   |
|-----------------------------------|---------------|-----------------|--|----------------|-------------------|---------------------------|----------------|
| <b>Balance at 1 January 2020</b>  | <b>83.0</b>   | <b>-132.2</b>   | <b>90.9</b>                                | <b>370.8</b>   | <b>737.0</b>      | <b>0.7</b>                | <b>1,150.3</b> |
| Profit for the period             |               |                 |  |                | 77.8              | 0.0                       | 77.9           |
| Translation differences           |               |                 |  |                | -4.3              |                           | -4.3           |
| Cash flow hedge                   |               |                 |  | -0.2           |                   |                           | -0.2           |
| <b>Total comprehensive income</b> |               |                 |  | <b>-0.2</b>    | <b>73.6</b>       | <b>0.0</b>                | <b>73.5</b>    |
| Share-based compensation          |               | 3.8             |  |                | -4.1              |                           | -0.3           |
| Other changes                     |               |                 |  |                | -8.6              |                           | -8.6           |
| <b>Balance at 31 March 2020</b>   | <b>83.0</b>   | <b>-128.4</b>   | <b>90.9</b>                                | <b>370.6</b>   | <b>797.9</b>      | <b>0.7</b>                | <b>1,214.8</b> |
| EUR million                       |               |                 |  |                |                   |                           |                |
| <b>Balance at 1 January 2021</b>  | <b>83.0</b>   | <b>-128.4</b>   | <b>90.9</b>                                | <b>375.7</b>   | <b>761.5</b>      | <b>1.5</b>                | <b>1,184.2</b> |
| Profit for the period             |               |                 |  |                | 81.6              | 0.1                       | 81.6           |
| Translation differences           |               |                 |  |                | -1.6              | 0.0                       | -1.6           |
| Cash flow hedge                   |               |                 |  | -0.2           |                   |                           | -0.2           |
| <b>Total comprehensive income</b> |               |                 |  | <b>-0.2</b>    | <b>80.0</b>       | <b>0.1</b>                | <b>79.8</b>    |
| Share-based compensation          |               | 2.1             |  |                |                   |                           | 2.1            |
| Other changes                     |               |                 |  |                | -5.1              |                           | -5.1           |
| <b>Balance at 31 March 2021</b>   | <b>83.0</b>   | <b>-126.3</b>   | <b>90.9</b>                                | <b>375.5</b>   | <b>836.4</b>      | <b>1.6</b>                | <b>1,261.1</b> |

## Notes

### ACCOUNTING PRINCIPLES

The interim report has been prepared in accordance with the IFRS recognition and measurement principles, although not all requirements of IAS 34 *Interim Financial Reporting* have been followed. 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.

## 1. Segment information

| <b>1-3/2021</b>                           | Consumer  | Corporate | Unallocated | Group   |
|---|-----------|-----------|-------------|---------|
| EUR million                               | Customers | Customers | Items       | Total   |
| Revenue                                   | 298.9     | 182.6     |             | 481.6   |
| EBITDA                                    | 117.0     | 52.7      |             | 169.7   |
| Depreciation, amortisation and impairment | -40.6     | -27.0     |             | -67.6   |
| EBIT                                      | 76.4      | 25.7      |             | 102.0   |
| Financial income                          |           |           | 1.4         | 1.4     |
| Financial expenses                        |           |           | -4.2        | -4.2    |
| Share of associated companies' profit     |           |           | 0.0         | 0.0     |
| Profit before tax                         |           |           |             | 99.2    |
| Investments                               | 32.4      | 20.5      |             | 52.8    |
| <b>1-3/2020</b>                           | Consumer  | Corporate | Unallocated | Group   |
| EUR million                               | Customers | Customers | Items       | Total   |
| Revenue                                   | 286.4     | 181.7     |             | 468.1   |
| EBITDA                                    | 108.9     | 56.8      |             | 165.7   |
| Depreciation, amortisation and impairment | -41.3     | -25.5     |             | -66.8   |
| EBIT                                      | 67.6      | 31.3      |             | 99.0    |
| Financial income                          |           |           | 1.4         | 1.4     |
| Financial expenses                        |           |           | -5.7        | -5.7    |
| Share of associated companies' profit     |           |           | 0.2         | 0.2     |
| Profit before tax                         |           |           |             | 94.9    |
| Investments                               | 32.3      | 18.5      |             | 50.8    |
| <b>1-12/2020</b>                          | 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. Off-balance sheet lease commitments

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

| EUR million                                   | 31.3.<br>2021 | 31.12.<br>2020 |
|---|---------------|----------------|
| Within one year                               | 11.8          | 11.7           |
| Later than one year not later than five years | 5.0           | 5.1            |
| Later than five years                         | 1.1           | 1.1            |
|   | 17.8          | 17.9           |

Lease commitments are exclusive of value added tax.

## 3. Contingent liabilities

| EUR million                           | 31.3.<br>2021 | 31.12.<br>2020 |
|---------------------------------------|---------------|----------------|
| For our own commitments               |               |                |
| Deposits                              | 0.4           | 0.4            |
| Guarantees                            | 0.2           |                |
|                                       | 0.7           | 0.4            |
| Other contractual obligations         |               |                |
| Venture Capital investment commitment | 1.3           | 1.3            |
| Repurchase obligations                | 0.0           | 0.0            |
|                                       | 1.3           | 1.3            |

## 4. Derivative instruments

| EUR million                   | 31.3.<br>2021 | 31.12.<br>2020 |
|-------------------------------|---------------|----------------|
| Nominal values of derivatives |               |                |
| Electricity derivatives       | 0.7           | 1.1            |
| Currency derivatives          | 3.7           | 3.2            |
|                               | 4.4           | 4.2            |
| Fair values of derivatives    |               |                |
| Electricity derivatives       | 0.2           | 0.4            |
| Currency derivatives          | 0.0           | 0.1            |
|                               | 0.2           | 0.4            |

## 5. Key figures

| EUR million  | 1-3<br>2021 | 1-3<br>2020 | 1-12<br>2020  |
|--|-------------|-------------|---------------|
| Shareholders' equity per share, EUR                                | 7.86        | 7.58        | 7.39          |
| Interest-bearing net debt  | 1,163.7     | 1,116.5     | 1,206.8       |
| Gearing, %   | 92.3 %      | 91.9 %      | 101.9 %       |
| Equity ratio, %  | 41.1 %      | 42.4 %      | 39.1 %        |
| Return on investment (ROI), % *)                                   | 16.2 %      | 16.7 %      | 16.7 %        |
| Gross investments in fixed assets,<br>of which right-of-use assets | 52.8<br>4.5 | 50.8<br>2.8 | 266.2<br>21.5 |
| Gross investments as % of revenue                                  | 11.0 %      | 10.8 %      | 14.1 %        |
| Investments in shares and business combinations                    | 9.7         | 0.3         | 69.5          |
| Average number of employees  | 5,347       | 4,978       | 5,097         |

\*) rolling 12 months profit preceding the reporting date

## Financial Calendar

Half-Year Financial Report 2021  
Interim Report Q3 2021

16 July 2021  
20 October 2021

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