20230831071534

Årsredovisning

för

Polystar OSIX AB

556558-7671

Räkenskapsåret

2022

Fastställelseintyg

Undertecknad styrelseledamot i Polystar Osix AB intygar att resultaträkningen och balansräkningen i årsredovisningen har fastställts på årsstämma 2023-06-29. Årsstämman beslöt att godkänna styrelsens förslag till vinstdisposition.

Jag intygar också att innehållet i årsredovinsingen och revisionsberättelsen stämmer överens med originalen.

Stockholm den 30/8/2023

Anssi Okkonen

20230821071135

Årsredovisning

för

Polystar OSIX AB

556558-7671

Räkenskapsåret

2022

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Styrelsen och verkställande direktören för Polystar OSIX AB upprättar följande årsredovisning för räkenskapsåret 2022.

Årsredovisningen är upprättad i svenska kronor, SEK. Om inte annat särskilt anges, redovisas alla belopp i tusentals kronor (Tkr). Uppgifter inom parentes avser föregående år.

Förvaltningsberättelse

Information om verksamheten
Bolaget utvecklar och säljer produkter inom telekommunikationsområdet, samt idkar därmed förenlig verksamhet. Företaget är ett helägt dotterbolag till Elistar AB, org nr 559176-1522. För redogörelse av riskfaktorer i verksamheten hänvisas till not.

Affärsidé och strategi
Bolaget tillhandahåller system för kvalitetssäkring av tjänster och optimering av telekommunikationsnät. Avsikten är att skapa konkurrensfördelar genom systematisk produktutveckling med fokus på insamling av information, felsökning och tillhandahållande av avancerad analys. Detta i syfte att automatisera manuella processer inom centers for nätverksövervakning, samt konfiguration av telekommunikationsnät.

Företaget har sitt säte i Stockholm.

Väsentliga händelser under räkenskapsåret
Finansiellt har bolaget inte påverkats av den pågående krisen i Ukraina under räkenskapsåret. Så väl omsättning som lönsamhet har ökat väsentligt under året.
Under året har moderbolaget Elistar AB förvärvat in två nya verksamheter, Frinx och Cardinality.

Förväntad framtida utveckling samt väsentliga risker och osäkerhetsfaktorer
Investeringar kommer att göras i ambitionen att fortsatt vinna marknadsandelar. Trots längre projekttider, ökade försäljningskostnader, ökade investeringar samt långa säljcykler förväntas resultatet öka i jämförelse med det gångna året.
Svårbedömda risker utgörs av politisk oro, valutafluktuationer, osäkerheten kring inflationen samt eventuella förändringar i EU´s lagstiftning; t ex avseende exportkontroll och kommande datasäkerhetsdirektiv.

Vi har gjort bedömningar av effekterna av krisen i Ukraina gällande bolagets marknadsmiljö, verksamhet och finansiella ställning. Enligt vår uppfattning är de omedelbara effekterna av situationen inte betydande för bolaget på kort sikt. Effekterna av en eventuell förlängning av krisen är svåra att bedöma.

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Hållbarhetsupplysningar

För upplysningar om vårt hållbarhetsarbete hänvisar vi till en gemensam hållbarhetsrapport för koncernen. Bolaget som har tagit fram hållbarhetsrapporten är Elisa Oyj, organisationsnummer 0116510-6 med säte i Helsingfors. Besök www.elisa.com/corporate/sustainability för att läsa mer om detta.

Flerårsöversikt (Tkr)	**2022**	**2021**	**2020**	**2019** (8 mån)	**2018/19**
Nettoomsättning	444 824	366 987	410 393	234 754	361 860
Resultat efter avskrivningar	94 074	33 530	92 212	19 314	68 923
Balansomslutning	352 633	299 980	247 193	218 765	297 189
Eget kapital	77 109	76 799	79 635	66 874	52 021
Avkastning på eget kap. (%)	126	47	106	30	141
Rörelsemarginal (%)	21	9	22	8	19
Soliditet (%)	22	26	32	31	18

För definitioner av nyckeltal, se Redovisnings- och värderingsprinciper.

Förändringar i eget kapital (Tkr)

	Aktie-kapital	**Uppskriv-ningsfond**	**Balanserat resultat**	**Årets resultat**	**Totalt**
Belopp vid årets ingång	110	10 009	39 516	27 163	**76 799**
Disposition enligt beslut av årets årsstämma					
			27 163	-27 163	**0**
Utdelning			-55 000		**-55 000**
Årets resultat				55 310	**55 310**
Belopp vid årets utgång	**110**	**10 009**	**11 679**	**55 310**	**77 109**

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Förslag till vinstdisposition

Styrelsen föreslår att till förfogande stående vinstmedel (kronor):

balanserad vinst	11 679 049
årets vinst	55 310 210
	66 989 259

disponeras så att	
till aktieägare utdelas (21,97 kronor per aktie)	48 500 000
i ny räkning överföres	18 489 259
	66 989 259

Styrelsen föreslås bemyndigas att besluta om tidpunkt då utdelningen skall betalas.

Styrelsen anser att förslaget är förenligt med försiktighetsregeln i 17 kap. 3 § aktiebolagslagen enligt följande redogörelse:

Styrelsens uppfattning är att vinstutdelningen är försvarlig med hänsyn till de krav verksamhetens art, omfattning och risk ställer på storleken på det egna kapitalet, bolagets konsolideringsbehov, likviditet och ställning i övrigt.

Företagets resultat och ställning i övrigt framgår av efterföljande resultat- och balansräkning samt kassaflödesanalys med noter.

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Resultaträkning
Tkr

	Not	2022-01-01 -2022-12-31	2021-01-01 -2021-12-31
Nettoomsättning	1	444 824	366 987
Övriga rörelseintäkter		3 802	3 865
		448 626	**370 853**
Rörelsens kostnader			
Handelsvaror		-117 153	-95 212
Övriga externa kostnader	2, 3	-83 908	-72 285
Personalkostnader	4	-152 935	-168 914
Avskrivningar och nedskrivningar av materiella och immateriella anläggningstillgångar		-556	-911
		-354 552	**-337 322**
Rörelseresultat	5	**94 074**	**33 530**
Resultat från finansiella poster			
Ränteintäkter och liknande resultatposter	6	3 246	2 724
Räntekostnader och liknande resultatposter	7	-19	-34
		3 226	**2 690**
Resultat efter finansiella poster		**97 300**	**36 220**
Bokslutsdispositioner			
Bokslutsdispositioner		-24 900	0
Resultat före skatt		**72 400**	**36 220**
Skatt på årets resultat	8	-14 395	-7 202
Övriga skatter		-2 695	-1 855
Årets resultat		**55 310**	**27 163**

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Balansräkning

Tkr

	Not	2022-12-31	2021-12-31
TILLGÅNGAR			
Anläggningstillgångar			
Materiella anläggningstillgångar			
Byggnader och mark	9	0	0
Inventarier, verktyg och installationer	10	2 273	1 695
		2 273	**1 695**
Finansiella anläggningstillgångar			
Andelar i koncernföretag	11, 12	12 241	12 241
Andra långfristiga fordringar	13	920	675
		13 161	**12 916**
Summa anläggningstillgångar		**15 435**	**14 611**
Omsättningstillgångar			
Varulager m m			
Färdiga varor och handelsvaror		5 956	5 338
Kortfristiga fordringar			
Kundfordringar		135 877	127 531
Fordringar hos koncernföretag		73 217	35 069
Övriga fordringar		2 646	6 351
Förutbetalda kostnader och upplupna intäkter	14	61 565	31 941
		273 305	**200 893**
Kassa och bank		57 937	79 138
Summa omsättningstillgångar		**337 199**	**285 369**
SUMMA TILLGÅNGAR		**352 633**	**299 980**

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Balansräkning

Tkr

	Not	2022-12-31	2021-12-31
EGET KAPITAL OCH SKULDER			
Eget kapital	15, 16		
Bundet eget kapital			
Aktiekapital		110	110
Reservfond		10 009	10 009
		10 120	**10 120**
Fritt eget kapital			
Balanserad vinst eller förlust		11 679	39 516
Årets resultat		55 310	27 163
		66 989	**66 679**
Summa eget kapital		**77 109**	**76 799**
Kortfristiga skulder			
Leverantörsskulder		11 949	7 433
Skulder till koncernföretag		63 473	27 178
Aktuella skatteskulder		3 651	0
Övriga skulder		7 266	12 987
Upplupna kostnader och förutbetalda intäkter	17	189 185	175 584
Summa kortfristiga skulder		**275 524**	**223 181**
SUMMA EGET KAPITAL OCH SKULDER		**352 633**	**299 980**

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Kassaflödesanalys

Tkr

	Not	2022-01-01 -2022-12-31	2021-01-01 -2021-12-31
Den löpande verksamheten			
Resultat efter finansiella poster		97 300	36 220
Justeringar för poster som inte ingår i kassaflödet		-2 683	-1 795
Betald skatt		-9 470	-20 035
Kassaflöde från den löpande verksamheten före förändring av rörelsekapital		**85 147**	**14 390**
Kassaflöde från förändring av rörelsekapitalet			
Förändring av varulager och pågående arbete		-618	-3 132
Förändring av kundfordringar		-8 346	-32 098
Förändring av kortfristiga fordringar		-68 035	-3 453
Förändring av leverantörsskulder		4 516	367
Förändring av kortfristiga skulder		19 275	61 627
Kassaflöde från den löpande verksamheten		**31 939**	**37 701**
Investeringsverksamheten			
Investeringar i materiella anläggningstillgångar		-1 134	-1 039
Försäljning av materiella anläggningstillgångar		0	87
Investeringar i finansiella anläggningstillgångar		-246	-333
Försäljning av finansiella anläggningstillgångar		0	1 208
Kassaflöde från investeringsverksamheten		**-1 380**	**-77**
Finansieringsverksamheten			
Utbetald utdelning		-55 000	-30 000
Kassaflöde från finansieringsverksamheten		**-55 000**	**-30 000**
Årets kassaflöde		**-24 441**	**7 624**
Likvida medel			
Likvida medel vid årets början		79 138	68 830
Kursdifferens i likvida medel			
Kursdifferens i likvida medel		3 239	2 684
Likvida medel vid årets slut		**57 937**	**79 138**

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Noter
Tkr

Redovisnings- och värderingsprinciper

Allmänna upplysningar
Årsredovisningen är upprättad i enlighet med årsredovisningslagen och BFNAR 2012:1 Årsredovisning och koncernredovisning (K3).

Fordringar och skulder i utländsk valuta har värderats till balansdagens kurs. Kursvinster och kursförluster på rörelsefordringar och rörelseskulder redovisas i rörelseresultatet medan kursvinster och kursförluster på finansiella fordringar och skulder redovisas som finansiella poster.

Redovisningsprinciperna är oförändrade jämfört med föregående år.

Intäktsredovisning
Försäljning av varor redovisas vid leverans av produkter till kunden, i enlighet med försäljningsvillkoren. Försäljningen redovisas efter avdrag för moms och rabatter.

För tjänsteuppdrag till fast pris redovisas de inkomster och utgifter som är hänförliga till ett utfört tjänsteuppdrag som intäkt respektive kostnad i förhållande till uppdragets färdigställandegrad på balansdagen (succesiv vinstavräkning).
Ett uppdrags färdigställandegrad bestäms genom att nedlagda utgifter på balansdagen jämförs med beräknade totala utgifter. I de fall utfallet av ett uppdrag inte kan beräknas på ett tillförlitligt sätt, redovisas intäkter endast i den utsträckning som motsvaras av de uppkomna uppdragsutgifter som sannolikt kommer att ersättas av beställaren. En befarad förlust på ett uppdrag redovisas omgående som kostnad.

Supportavtal intäktsförs linjärt under kontraktsperioden.

Anläggningstillgångar
Materiella anläggningstillgångar redovisas till anskaffningsvärde minskat med ackumulerade avskrivningar enligt plan och eventuella nedskrivningar.

Avskrivning sker linjärt över den förväntade nyttjandeperioden med hänsyn till väsentligt restvärde.
Följande avskrivningsprocent tillämpas:
Materiella anläggningstillgångar: 20%

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Finansiella instrument

Kundfordringar/kortfristiga fordringar

Kundfordringar och kortfristiga fordringar redovisas som omsättningstillgångar till det belopp som förväntas bli inbetalt efter avdrag för individuellt bedömda osäkra fordringar.

Låneskulder och leverantörsskulder

Låneskulder och leverantörsskulder redovisas initialt till anskaffningsvärde efter avdrag för transaktionskostnader. Skiljer sig det redovisade beloppet från det belopp som ska återbetalas vid förfallotidpunkten periodiseras mellanskillnaden som räntekostnad över lånets löptid med hjälp av instrumentets effektivränta. Härigenom överensstämmer vid förfallotidpunkten det redovisade beloppet och det belopp som ska återbetalas.

Leasingavtal

Företaget redovisar samtliga leasingavtal, såväl finansiella som operationella, som operationella leasingavtal. Operationella leasingavtal redovisas som en kostnad linjärt över leasingperioden.

Varulager

Varulagret har värderats till det lägsta av dess anskaffningsvärde och dess nettoförsäljningsvärde på balansdagen. Med nettoförsäljningsvärde avses varornas beräknade försäljningspris minskat med försäljningskostnader. Den valda värderingsmetoden innebär att inkurans i varulagret har beaktats.

Inkomstskatter

Aktuell skatt värderas utifrån de skattesatser och skatteregler som gäller per balansdagen. Uppskjutna skatter värderas utifrån de skattesatser och skatteregler som är beslutade före balansdagen.

Aktuell skatt, liksom förändring i uppskjuten skatt, redovisas i resultaträkningen om inte skatten är hänförlig till en händelse eller transaktion som redovisas direkt i eget kapital. I sådana fall redovisas även skatteffekten i eget kapital.

Ersättningar till anställda

Pensioner

Polystar använder sig av avgiftsbestämda planer där företaget betalar fastställda avgifter där Polystar inte har någon legal eller informell förpliktelse att betala något ytterligare även om det andra företaget inte kan uppfylla sitt åtagande. Koncernens resultat belastas för kostnader i takt med att de anställdas pensionsberättigande tjänster utförts.

Koncernbidrag

Erhållna och lämnade koncernbidrag redovisas som bokslutsdispositioner.

Koncernförhållanden

Företaget är moderföretag men med hänvisning till undantagsreglerna i årsredovisningslagen 7 kap 2§ upprättas ingen egen koncernredovisning. Det överordnade moderföretaget Elisa Oyj, organisationsnummer 0116510-6 med säte i Helsingfors, Finland upprättar koncernredovisning. Det utländska moderföretagets koncernredovisning finns att tillgå på www.elisa.com/corporate/investors.

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Nyckeltalsdefinitioner

Nettoomsättning
Rörelsens huvudintäkter, fakturerade kostnader, sidointäkter, samt intäktskorrigeringar.

Resultat efter avskrivningar
Resultat efter avskrivningar och jämförelsestörande poster, men före finansiella intäkter och kostnader.

Balansomslutning
Företagets samlade tillgångar.

Avkastning på eget kapital
Resultat efter finansiella poster i procent av justerat eget kapital (eget kapital och obeskattade reserver med avdrag för uppskjuten skatt).

Rörelsemarginal
Rörelseresultat efter avskrivningar men före finansnetto i procent av nettoomsättning.

Soliditet
Justerat eget kapital (eget kapital och obeskattade reserver med avdrag för uppskjuten skatt) i procent av balansomslutning.

Not Risker

Bolag utsätts genom sin verksamhet för finansiella risker såsom marknadsrisk, kreditrisk, likviditetsrisk och kassaflödesrisk. Den övergripande riskhanteringspolicy, vilken fastställts av styrelsen, är att eftersträva minimala och gynnsamma effekter på finansiellt resultat och ställning.

Marknadsrelaterade risker
Den i allt större globala inriktningen med kunder i ett fåtal olika segment skapar en relativt stor känslighet för konjunktursvängningar i dessa branscher. Utvecklingen mot allt större volym intäktsmässigt på enskilda kontrakt bedöms fortsätta. Från tid till annan är företaget föremål för tvister. För närvarande hävdar företaget att det inte finns några specifika tvister som kräver ytterligare information eller upplysningar i detta avseende.

Valutarisker
Polystar OSIX har egen verksamhet i Sverige och kontrakt i främst EUR och SEK, men även i USD, CAD, SGD, NOK, GBP samt AUD. Merparten av kostnader uppstår i SEK. Valutarisken bedöms som medelhög.

Kreditrisk
Koncernen har en väl utprövad metodik för att säkerställa att i så stor utsträckning som möjligt minimera kreditrisken varför denna risk bedöms som rimligt låg.

Likviditetsrisk
Risken för att bolaget eller koncernen får svårigheter med att finansiera sin fortsatta verksamhet under den närmaste framtiden bedöms som medellåg. Detta är hänförligt till bolagets och koncernens tillväxt och ett ökande antal stora kontrakt.

Eftersom kontraktens betalningsvillkor ofta innebär fakturering/betalning av majoriteten av kontraktsvärdet först efter avslutad installation ökar likviditetsrisken.

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Övriga risker
Företagets övriga risker är främst kopplade till effekterna av den snabba expansionen. Ett flertal nyckelpersoner återfinns i dagsläget och vi bedömer att detta är en situation som kommer att bestå under nästa år. Utvecklingen mot allt större kontrakt har medfört större risker där enskilda kontraktstvister kan komma att uppgå till väsentliga belopp.

Not Uppgifter om moderföretag

Namn	Org.nr	Säte
Elistar AB	559176-1522	Stockholm

Not 1 Nettoomsättningens fördelning

	2022	2021
Nettoomsättningen per geografisk marknad		
Sverige	86 467	64 893
EU	204 393	174 334
Övriga världen	153 964	127 760
	444 824	**366 987**

Not 2 Leasingavtal
Årets leasingkostnader avseende leasingavtal, uppgår till 8 714 755 kronor (7 716 072 kr).

Framtida leasingavgifter, för icke uppsägningsbara leasingavtal, förfaller till betalning enligt följande:

	2022	2021
Inom ett år	7 838	7 217
Senare än ett år men inom fem år	13 084	20 360
	20 922	**27 577**

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Not 3 Arvode till revisorer

Med revisionsuppdrag avses granskning av årsredovisningen och bokföringen samt styrelsens och verkställande direktörens förvaltning, övriga arbetsuppgifter som det ankommer på bolagets revisor att utföra samt rådgivning eller annat biträde som föranleds av iakttagelser vid sådan granskning eller genomförandet av sådana övriga arbetsuppgifter.

	2022	2021
KPMG AB		
Revisionsuppdrag	447	420
Övriga tjänster	4	
	451	**420**
Cypress Singapore PAC		
Revisionsuppdrag, filial Singapore	47	
	47	

Not 4 Anställda och personalkostnader

	2022	2021
Medelantalet anställda		
Kvinnor	23	24
Män	116	120
	139	**144**
Löner och andra ersättningar		
Styrelse och verkställande direktör	0	0
Tantiem och liknande ersättning till styrelse och verkställande direktör	0	0
Övriga anställda	102 769	114 995
	102 769	**114 995**
Sociala kostnader		
Pensionskostnader för styrelse och verkställande direktör		0
Pensionskostnader för övriga anställda	10 648	11 570
Övriga sociala avgifter enligt lag och avtal	34 420	37 709
	45 068	**49 279**
Totala löner, ersättningar, sociala kostnader och pensionskostnader	**147 837**	**164 273**

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Könsfördelning bland ledande befattningshavare		
Andel kvinnor i styrelsen	0 %	0 %
Andel män i styrelsen	100 %	100 %
Andel kvinnor bland övriga ledande befattningshavare	%	22 %
Andel män bland övriga ledande befattningshavare	%	78 %

Not 5 Inköp och försäljning mellan koncernföretag

	2022	**2021**
Andel av årets totala inköp som skett från andra företag i koncernen	28,93 %	15,71 %
Andel av årets totala försäljningar som skett till andra företag i koncernen	25,00 %	27,61 %

Not 6 Övriga ränteintäkter och liknande resultatposter

	2022	**2021**
Ränteintäkter från koncernföretag	9	18
Ränteintäkter	4	0
Kursdifferenser	3 232	2 706
	3 246	**2 724**

Not 7 Räntekostnader och liknande resultatposter

	2022	**2021**
Räntekostnader	19	34
	19	**34**

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Not 8 Aktuell och uppskjuten skatt

	2022	2021
Skatt på årets resultat		
Aktuell skatt	-14 395	-7 202
Justering avseende tidigare år	89	0
Utländsk källskatt	-2 778	-1 855
Övrigt	-7	0
Totalt redovisad skatt	**-17 090**	**-9 057**

Avstämning av effektiv skatt

	2022		2021	
	Procent	**Belopp**	**Procent**	**Belopp**
Redovisat resultat före skatt		72 400		36 220
Skatt enligt gällande skattesats	20,60	-14 914	20,60	-7 461
Ej avdragsgilla kostnader	0,07	-53	0,34	-123
Övrig	-0,79	572	-1,06	382
Redovisad effektiv skatt	**19,88**	**-14 395**	**19,88**	**-7 202**

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Not 9 Byggnader och mark

	2022-12-31	2021-12-31
Ingående anskaffningsvärden	2 296	2 296
Utgående ackumulerade anskaffningsvärden	**2 296**	**2 296**
Ingående avskrivningar	-2 296	-1 836
Årets avskrivningar	0	-460
Utgående ackumulerade avskrivningar	**-2 296**	**-2 296**
Utgående redovisat värde	**0**	**0**

Not 10 Inventarier, verktyg och installationer

	2022-12-31	2021-12-31
Ingående anskaffningsvärden	7 114	6 162
Inköp	1 134	1 039
Försäljningar/utrangeringar	0	-87
Utgående ackumulerade anskaffningsvärden	**8 248**	**7 114**
Ingående avskrivningar	-5 419	-4 968
Försäljningar/utrangeringar	0	5
Årets avskrivningar	-556	-456
Utgående ackumulerade avskrivningar	**-5 975**	**-5 419**
Utgående redovisat värde	**2 273**	**1 695**

Not 11 Andelar i koncernföretag

	2022-12-31	2021-12-31
Ingående anskaffningsvärden	12 241	12 219
Årets anskaffningar		22
Utgående ackumulerade anskaffningsvärden	**12 241**	**12 241**
Utgående redovisat värde	**12 241**	**12 241**

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Not 12 Specifikation andelar i koncernföretag

Namn	Kapital-andel	Rösträtts-andel	Antal andelar	Bokfört värde
Polystar Asia Private LTD	100	100	1	0
Polystar Australia PTY LTD	100	100	1	1
P-OSS Solutions, S.L.	100	100	3 002	12 218
Polystar Egypt LLC	49	49	392	22
				12 241

	Org.nr	Säte
Polystar Asia Private LTD	201405576G	Singapore
Polystar Australia PTY LTD	618173710	Southbank, Australia
P-OSS Solutions, S.L.	B95521282	Bilbao, Spain
Polystar Egypt LLC	152442	Kairo, Egypten

Not 13 Andra långfristiga fordringar

	2022-12-31	2021-12-31
Ingående anskaffningsvärden	675	1 551
Tillkommande fordringar	246	333
Avgående fordringar		-1 208
Utgående ackumulerade anskaffningsvärden	**920**	**675**
Utgående redovisat värde	**920**	**675**

Not 14 Förutbetalda kostnader och upplupna intäkter

	2022-12-31	2021-12-31
Förutbetalda hyror	2 400	1 983
Övriga förutbetalda kostnader	7 540	3 268
Upplupna intäkter	50 277	25 657
Förutbetalda pensionskostnader	1 348	1 033
	61 565	**31 941**

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Not 15 Antal aktier och kvotvärde

Namn	Antal aktier	Kvot-värde
Antal A-Aktier	110 000	0,05
Antal B-Aktier	2 098 000	0,05
	2 208 000	

Not 16 Disposition av vinst eller förlust

	2022-12-31
Förslag till vinstdisposition	
Styrelsen föreslår att till förfogande stående vinstmedel (kronor):	
balanserad vinst	11 679 049
årets vinst	55 310 210
	66 989 259
disponeras så att	
till aktieägare utdelas (21,97 kronor per aktie)	48 500 000
i ny räkning överföres	18 489 259
	66 989 259

Not 17 Upplupna kostnader och förutbetalda intäkter

	2022-12-31	2021-12-31
Upplupen bonus inkl sociala avgifter	13 736	17 823
Upplupen semesterlöneskuld	5 946	6 411
Upplupna sociala kostnader	6 723	8 582
Förutbetalda intäkter	159 763	134 318
Övriga upplupna kostnader	3 017	8 450
	189 185	**175 584**

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Stockholm per datum som framgår av våra elektroniska signaturer

Anssi Okkonen
Verkställande direktör

Henri Korpi
Ordförande

Saku Ormo
Ledamot

Vår revisionsberättelse har lämnats den dag som framgår av vår elektroniska signatur

KPMG AB

Jesper Swärd
Auktoriserad revisor

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Verification

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Document

04 Polystar OSIX AB 220101-221231
Main document
20 pages
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Finalised on 2023-06-15 14:50:23 CEST (+0200)

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Revisionsberättelse

Till bolagsstämman i Polystar OSIX AB, org. nr 556558-7671

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för Polystar OSIX AB för år 2022.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av Polystar OSIX ABs finansiella ställning per den 31 december 2022 och av dess finansiella resultat och kassaflöde för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till Polystar OSIX AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen och verkställande direktören som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen och verkställande direktören ansvarar även för den interna kontroll som de bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen och verkställande direktören för bedömningen av bolagets förmåga att fortsätta verksamheten. De upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen och verkställande direktören avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

- identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen, vare sig dessa beror på oegentligheter eller misstag, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risken för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på misstag, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.
- skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.
- utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens och verkställande direktörens uppskattningar i redovisningen och tillhörande upplysningar.
- drar vi en slutsats om lämpligheten i att styrelsen och verkställande direktören använder antagandet om fortsatt drift vid upprättandet av årsredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om huruvida det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag inte längre kan fortsätta verksamheten.
- utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen, däribland upplysningarna, och om årsredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.

Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som vi identifierat.

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Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens och verkställande direktörens förvaltning för Polystar OSIX AB för år 2022 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter och verkställande direktören ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till Polystar OSIX AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt.
Verkställande direktören ska sköta den löpande förvaltningen enligt styrelsens riktlinjer och anvisningar och bland annat vidta de åtgärder som är nödvändiga för att bolagets bokföring ska fullgöras i överensstämmelse med lag och för att medelsförvaltningen ska skötas på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot eller verkställande direktören i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

Som en del av en revision enligt god revisionssed i Sverige använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelser skulle ha särskild betydelse för bolagets situation. Vi går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för vårt uttalande om ansvarsfrihet. Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat styrelsens motiverade yttrande samt ett urval av underlagen för detta för att kunna bedöma om förslaget är förenligt med aktiebolagslagen.

Stockholm den dag som framgår av vår elektroniska underskrift

KPMG AB

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FINANCIAL STATEMENTS

annual review sustainability governance remuneration

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Contents

THE REPORT OF THE BOARD OF DIRECTORS

FINANCIAL STATEMENTS 9

Consolidated Financial Statements 9
Consolidated income statement and statement of comprehensive income 9
Consolidated statement of financial position 11
Consolidated cash flow statement 13
Consolidated statement of changes in equity 15

Notes 16

1. General accounting principles 16
1.1 Basic information about the Group 16
1.2 Basis of presentation of financial statements 16
1.3 Applied new and revised standards 17

2. Operational result 19
2.1 Operating segments and geographical areas 19
2.2 Items affecting comparability 21
2.3 Revenue 24
2.4 Other operating income 26
2.5 Operating expenses 27
2.6 Earnings per share 28

3. Business acquisitions and disposals 29

4. Personnel 35
4.1 Employee expenses 35
4.2 Share-based incentives 38
4.3 Pension obligations 42

5. Tangible and Intangible assets 45
5.1 Depreciation, amortisation and impairment 45
5.2 Property, plant and equipment 46
5.3 Right-of-use assets 49
5.4 Intangible assets 52

6. Inventories, trade and other receivables, trade and other liabilities 57
6.1 Inventories 57
6.2 Trade and other receivables 57
6.3 Trade and other liabilities 60

7. Capital structure 62
7.1 Financial risk management 62
7.2 Capital management 66
7.3 Equity 67
7.4 Financial assets and liabilities 69

8. Other notes 79
8.1 Taxes 79
8.2 Provisions 82
8.3 Related party details 83
8.4 Off-balance sheet leases and other commitments 88
8.5 Events after the end of the reporting period 89

9. Key indicators 90
9.1 Key indicators describing the Group's financial development 90
9.2 Alternative performance measures 92
9.3 Per-share indicators 94

PARENT COMPANY FINANCIAL STATEMENTS 96

Parent company operational results 96
Income statement 96
Balance sheet 97
Cash flow statement 98

Notes to the financial statements of the parent company 100
Accounting principles 100

Notes to the income statement 101
1. Revenue 101
2. Other operating income 101
3. Materials and services 101
4. Personnel expenses 102
5. Depreciation and amortisation 103
6. Auditor fees 103
7. Financial income and expenses 103
8. Appropriations 104
9. Income taxes 104

Notes to the balance sheet 104
10. Intangible and tangible assets 104
11. Investments 107
12. Inventories 108
13. Non-current receivables 108
14. Current receivables 109
15. Shareholders' equity 110
16. Provisions 111
17. Non-current liabilities 111
18. Current liabilities 112
19. Lease commitments and other liabilities 113

SHARES AND SHAREHOLDERS 115

BOARD'S PROPOSAL FOR THE PROFITS DISTRIBUTION 119

SIGNATURES 119

AUDITOR'S REPORT 120

Report of the board of directors 2022

Market situation

The competitive environment has been active, especially in 4G subscriptions. The post-COVID-19 situation has continued to impact the market situation to some extent. The amount of travel to Asia is still very limited. On the other hand, the usage of mobile services has continued to evolve favourably. Brisk demand for 5G services has also continued due to the wider range of 5G devices and better network coverage. Also, the current geopolitical situation has increased the demand for cybersecurity services. Competition in the fixed broadband market has continued to be intense in multi-dwelling units, and the number and usage of traditional fixed network subscriptions is decreasing.

The markets for IT services have continued to develop favourably. The IPTV entertainment services market is growing, while competition in streaming services is keen. Demand for other digital services is also growing well.

Revenue, earnings and financial position

EUR million	2022	2021	2020
Revenue	**2,130**	1,998	1,895
EBITDA	**733**	697	685
EBITDA-%	**34.4%**	34.9%	36.2%
Comparable EBITDA[1]	**735**	706	685
Comparable EBITDA-%	**34.5%**	35.3%	36.2%
EBIT	**470**	431	409
EBIT-%	**22.1%**	21.6%	21.6%
Comparable EBIT[1]	**472**	439	415
Comparable EBIT-%	**22.2%**	22.0%	21.9%
Return on equity, %	**30.4%**	28.8%	28.1%

[1] 2022 excluding EUR 2 million in restructuring costs and 2021 excluding EUR 8 million in restructuring costs.

Revenue increased by 7 per cent on the previous year, mainly due to growth in mobile, fixed and digital services, as well as equipment sales. Decreases in usage and subscriptions of traditional fixed telecom services and in interconnection revenue affected revenue negatively. Comparable EBITDA increased by 4 per cent and comparable EBIT by 7 per cent, mainly due to revenue growth and efficiency improvement measures.

Net financial income and expenses were EUR -13 million (-12). Income taxes in the income statement were EUR -83 million (-75). Net profit was EUR 373 million (343), and earnings per share were EUR 2.33 (2.15). Comparable earnings per share were EUR 2.34 (2.19).

Financial position

EUR million	2022	2021	2020
Net debt	**1,276**	1,219	1,207
Net debt / EBITDA [1]	**1.7**	1.7	1.8
Gearing ratio, %	**101.9%**	101.2%	101.9%
Equity ratio, %	**40.6%**	39.9%	39.1%
Cash flow [2]	**300**	322	300
Comparable cash flow [3]	**321**	338	351

[1] (Interest-bearing debt - financial assets) / (four previous quarters' comparable EBITDA)
[2] Cash flow before financing activities.
[3] 2022 excluding EUR 21 million in share investments and 2021 excluding EUR 16 million in share investments.

Comparable cash flow after investments decreased by 5 per cent to EUR 321 million. The negative change in net working capital, higher taxes paid, higher capital expenditure and the fee paid for the Estonian 5G licences affected cash flow negatively, while higher EBITDA had positive effect.

The financial position and liquidity are strong. Cash and undrawn committed credit lines totalled EUR 385 million at the end of the reporting period.

Changes in corporate structure

In March, Elisa acquired FRINX s.r.o, a Slovak telecom network automation software supplier. FRINX products and software complement Elisa Polystar's zero-touch automation and analytics offering, which helps communications service providers to comprehensively automate their network management processes in a multivendor telecom network environment.

In August, Elisa acquired Cardinality Ltd, a UK-based global supplier of cloud-native data management (DataOps), service assurance and customer experience analytics. The acquisition is consistent with Elisa's strategy to grow digital services internationally and accelerate development of its telecom software business under Elisa Polystar.

Consumer Customers business

EUR million	2022	2021 [1]	2020
Revenue	**1,301**	1,243	1,183
EBITDA	**496**	476	461
EBITDA-%	**38.1%**	38.3%	38.9%
Comparable EBITDA [2]	**497**	479	461
Comparable EBITDA-%	**38.2%**	38.6%	38.9%
EBIT	**322**	302	291
EBIT-%	**24.7%**	24.3%	24.6%
Comparable EBIT [2]	**323**	305	293
Comparable EBIT-%	**24.9%**	24.6%	24.8%
CAPEX	**191**	169	170

[1] Allocation rules between segments were specified in 2022, and the comparable figures have been updated.

[2] 2022 excluding EUR 1.6 million and 2021 excluding EUR 3.2 million in restructuring costs.

Revenue increased by 5 per cent. Mobile and digital services as well as equipment sales affected revenue positively, while it was negatively affected by interconnection revenue and the decrease in traditional fixed telecom services. Comparable EBITDA increased by 4 per cent, mainly due to revenue growth and efficiency improvement measures.

Corporate Customers business

EUR million	2022	2021 [1]	2020
Revenue	**829**	755	711
EBITDA	**238**	221	224
EBITDA-%	**28.7%**	29.3%	31.6%
Comparable EBITDA [2]	**238**	227	224
Comparable EBITDA-%	**28.7%**	30.0%	31.6%
EBIT	**148**	129	118
EBIT-%	**17.9%**	17.1%	16.6%
Comparable EBIT [2]	**148**	134	122
Comparable EBIT-%	**17.9%**	17.7%	17.1%
CAPEX	**99**	96	96

[1] Allocation rules between segments were specified in 2022, and the comparable figures have been updated.

[2] 2022 excluding EUR 0.4 million and 2021 excluding EUR 5.2 million in restructuring costs.

Revenue increased by 10 per cent. Revenue was positively affected by growth in mobile, fixed and digital services and equipment sales as well as the Frinx and Cardinality acquisitions, whereas the decrease in traditional fixed services and interconnection revenue had a negative effect. Comparable EBITDA increased by 5 per cent, mainly due to revenue growth and efficiency improvements.

Investments

EUR million	2022	2021	2020
Capital expenditure [1], of which	**290**	265	266
Consumer Customers	**191**	169	170
Corporate Customers	**99**	96	96
Shares and business acquisitions	**25**	28	70
Total investments	**314**	293	336
Licences	**9**		7
Leases	**26**	18	21
Capital expenditure excluding leases, licences and business acquisiotions and business acquisitions	**255**	247	236
Capital expenditure as % of revenue	**12**	12	12

[1] 2022 includes EUR 7 million for the 3.5 GHz and EUR 2 million for the 700 MHz frequency licence investments in Estonia.

The main capital expenditures related to the capacity and coverage increases in the 5G and 4G networks, as well as to other network and IT investments.

Personnel

In 2022, the average number of personnel at Elisa was 5,523 (5,391) and employee expenses totalled EUR 395 million (374). Personnel by segment at the end of the period:

	2022	2021	2020
Consumer Customers	**2,939**	2,845	2,914
Corporate Customers	**2,684**	2,526	2,257
Total	**5,623**	5,371	5,171

The growth in personnel was mainly due to the Frinx and Cardinality acquisitions as well as increase in own sales channels.

Sustainability

Key ESG indicators	4Q22	4Q21
Mobile network energy efficiency in Finland		
Change in energy consumption per GB from Q4 2021 level	**-5.7%**	-
Population coverage of >100 Mbps connections in Finland	**86.2%**	72.6%
Proportion of female supervisors	**29.6%**	27.4%
Patent portfolio development		
Size of active patent portfolio[1]	**337**	265
Number of first applications	**12**	19

[1] Number of active patent applications and patents.

All key figures will be published in our assured annual sustainability report during week 11.

Financing arrangements and ratings

EUR million	Maximum amount	In use on 31 Dec 2022
Committed credit limits	300	0
Credit facilities (not committed)	100	0
Commercial paper programme (not committed)	350	125
EMTN programme (not committed)	1,500	900

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

Share

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

Trading of shares	2022	2021	2020
Nasdaq Helsinki, millions	**71.2**	81.6	122.5
Other marketplaces, millions[1]	**208.4**	167.3	264.3
Total volume, millions	**279.6**	248.9	386.8
Value, EUR million	**14,575.8**	12,698.1	19,803.8
% of shares	**167.1,%**	148.7,%	231.2,%

Shares and market values	2022	2021	2020
Total number of shares	**167,335,073**	167,335,073	167,335,073
Treasury shares	**7,075,378**	7,147,772	7,252,165
Outstanding shares	**160,259,695**	160,187,301	160,082,908
Closing price, EUR	**49.46**	54.12	44.87
Market capitalisation, EUR million	**8,276**	9,056	7,508
Treasury shares, %	**4.23,%**	4.27,%	4.33,%

Number of shares	Total	Treasury	Outstanding
Shares on 31 Dec 2021	167,335,073	7,147,772	160,187,301
Performance share plan, 1 Feb 2022 [2]		-72,394	72,394
Shares on 31 Dec 2022	167,335,073	7,075,378	160,259,695

[1] Other marketplaces: based on Bloomberg.
[2] Stock exchange release, 1 February 2022.

On 1 February 2022, Elisa transferred 72,394 treasury shares to people involved in the Performance Share Plan for the period 2019–2021.

In July, Elisa decided on two vesting periods of the Restricted Share Plan 2019. The first vesting period, with a total allocation of 2,500 shares, ends on 31 August 2023; the second, with 8,000 shares, ends on 31 December 2023. The purpose of using the Plan is to engage a number of key persons in Elisa businesses.

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 21 million (16) in research and development, of which EUR 8 million (7) was capitalised in 2022, corresponding to 1.0 per cent (0.8) of revenue.

Annual General Meeting 2022

On 6 April 2022, Elisa's Annual General Meeting decided to pay a dividend of EUR 2.05 per share based on the adopted financial statements for 31 December 2021. The dividend was paid on 20 April 2022 to the shareholders registered in the company's shareholder register maintained by Euroclear Finland Ltd on 8 April 2022.

The Annual General Meeting adopted the financial statements for 2021. The members of the Board of Directors and the CEO were discharged from liability for 2021. The Annual General Meeting approved the Remuneration Report of the Company's governing bodies for 2021.

The number of the members of the Board of Directors was confirmed at nine. Ms Clarisse Berggårdh, Mr Maher Chebbo, Mr Kim Ignatius, Mr Topi Manner, Ms Eva-Lotta Sjöstedt, Mr Anssi Vanjoki and Mr Antti Vasara were re-elected as members of the Board of Directors, and Ms Katariina Kravi and Ms Pia Kåll 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 130,000, the Deputy Chair and the Chairs of the Committees EUR 85,000, and other Board members EUR 70,000. Additionally, members are paid EUR 800 per meeting of the Board and of a committee; however, if a Board member is physically present at a 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. 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), Mr Maher Chebbo, Ms Katariina Kravi, and Ms Eva-Lotta Sjöstedt to the People and Compensation Committee. Mr Kim Ignatius (chair), Ms Pia Kåll, Mr Topi Manner and Mr Antti Vasara 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 number 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 authorisation entitles the Board of Directors to execute the issue as directed. The number 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.

Elisa Shareholders' Nomination Board

The biggest shareholders were determined according to the shareholder register of Elisa on 31 August 2022, and they named the members of the Nomination Board. The composition of the Nomination Board since September 2022 has been as follows:

- Mr Pauli Anttila, Investment Director, nominated by Solidium Oy
- Mr Jouko Pölönen, President and CEO, nominated by Ilmarinen Mutual Pension Insurance Company
- Mr Markus Aho, Chief Investment Officer, nominated by Varma Mutual Pension Insurance Company
- Ms Hanna Hiidenpalo, Chief Investment Officer, Deputy CEO, 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 Pauli Anttila 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 2022, Elisa achieved its target in the Estonian auction for the 3.5 GHz spectrum, winning 130 MHz of spectrum. The new spectrum is being used to build Elisa's 5G network.

The European Union "roam like at home" (RLAH) regulation was extended until 2032.

In July 2020, Tucana Telecom NV initiated legal proceedings against Polystar OSIX AB in the Business Court of Brussels with a claim of infringement of exclusivity included in a distribution agreement and also of wrongful termination of the distribution agreement. This case has been resolved pursuant to a judgement issued on 10 June 2022. The claim against Polystar OSIX AB was dismissed in full by the court, and no compensation or damages were consequently awarded to the claimant. The decision has been appealed.

Elisa has returned the 2,100 MHz frequency licence in the province of the Åland Islands, and its validity expired on 1 June 2022.

In November 2022, Elisa achieved its target in the Estonian auction for 700 MHz spectrum, winning 2×10 MHz of spectrum. The new spectrum is being used to build Elisa's 5G network in Estonia.

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. The assessment adjustment board of the Finnish tax authority gave a ruling in November 2022 in favour of Elisa. The ruling has been appealed by the tax recipient's office (Veronsaajien oikeudenvalvontayksikkö) and is therefore not final and binding.

In November 2021, the Estonian parliament adopted amendments to the Electronic Communications Act aimed at supplementing national security requirements. The amendments entered into force on 1 February 2022. Based on the amendments, on 25 November 2022, the Estonian Consumer Protection and Technical Regulatory Authority issued a decision stating that usage of Huawei hardware and software in 5G mobile networks in Estonia is allowed only until 31 December 2025 and until 31 December 2029 in earlier generation (2G–4G) networks and fixed networks. On 1 December 2022, Elisa appealed the decision to the Estonian Administrative Court, as Elisa is forced to replace the Huawei hardware and software currently used in its networks, but there is no compensation system in place.

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 intensely competitive 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, including in the security environment, may increase the risk of restrictions being imposed on equipment from particular network providers that is also used in Elisa's network. This could 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 been decreasing during recent years. These factors may limit opportunities for growth. New international business expansion and possible future acquisitions abroad may increase risks.

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

There is an increasing level of uncertainty relating to Russia's war in Ukraine. This is expected to affect the general economic environment, e.g. inflation and energy prices. Challenges in global supply chains may also result in uncertainties in volumes and prices. Disturbances related to running infrastructure may also occur, for example due to cyber incidents. Elisa's business in Russia was not essential, and Elisa has withdrawn from the Russian market.

Hazard risks:

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

The direct and indirect effects of the coronavirus (COVID-19) pandemic are uncertain. If the pandemic continues for a prolonged period, this may significantly contribute to a slowdown in economic growth, which may have negative effects on Elisa through customer demand, suppliers' security of supply and employee health. Elisa has adapted its operations and taken many proactive measures due to the COVID-19 pandemic, e.g. more intensive follow-up of customer demand for existing services, as well as emerging demand for new business opportunities. Also, the company has moved to hybrid working in the duties where that 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, Russia's war in Ukraine and higher inflation have increased volatility in the financial markets. This might have an effect on Elisa's ability to raise funds and increase financing costs.

A detailed description of financial risk management can be found in Note 7.1 to the consolidated financial statements.

Energy price and inflation

The increases in energy prices and inflation have impacted the market. In Finland, however, the effects of these have been less severe than in many other European markets. Elisa has hedged against electricity price increases well and continues to develop energy efficiency measures. Cost efficiency and price changes are expected to mitigate the economic impacts of energy price increases and inflation.

Corporate responsibility and non-financial reporting

Elisa's business operations and digitalisation solutions contribute to sustainable development and to environmentally friendly actions among its customers and society. Elisa is committed to the principles of the UN Global Compact in its business operations, and we have identified our contribution to the UN Sustainable Development Goals. Elisa has a strong track record and long-term commitment in environmental work. As a result, Elisa is carbon neutral and has set ambitious climate goals aligned with the Paris Climate Agreement and in accordance with the requirements of the Science Based Targets initiative.

Sustainability has been part of Elisa's strategy for over ten years. Our sustainability targets for 2022–2024 emphasise the importance of Elisa's handprint, focusing on the availability of fast connections, cybersecurity, increasing its carbon handprint, the energy efficiency of the mobile network, innovations and promoting equality.

Elisa will publish its tenth assured sustainability report as part of the Annual Report 2022 during week 11 (beginning 13 March 2023). The sustainability report has been prepared according to the Global Reporting Initiative Standards, including data related to the Task Force on Climate-related Financial Disclosures (TCFD) and

selected indicators from the SASB Telecommunication Services Standard. The report meets the requirements for non-financial reporting, including information with the EU Taxonomy Regulation. The report includes medium-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.

Corporate Governance Statement and Remuneration Report

Elisa's Corporate Governance Statement and Remuneration Report for 2022 will be published during week 5 (beginning 30 January).

Events after the reporting period

There were no substantial events after the reporting period.

Outlook and guidance for 2023

The development of the general economy includes many uncertainties. Growth in the Finnish economy is expected to stall. In particular, uncertainty relating to Russia's war in Ukraine, such as inflation and energy prices, is continuing. Challenges in global supply chains may also result in uncertainties in volumes and prices. Competition in the Finnish telecommunications market remains keen.

Full-year revenue is estimated to be at the same level or slightly higher than in 2022. 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 2022. However, the EBITDA growth potential is more challenging in the first half of the year. 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 interaction, 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 domestic and international digital 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 2.15 per share. The dividend payment corresponds to 92 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 11 April 2023 are entitled to funds distributed by the General Meeting. The Board of Directors proposes that the payment date be 19 April 2023. 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

Consolidated income statement

EUR million	Note	2022	2021
Revenue	2.1, 2.3	**2,129.5**	1,997.9
Other operating income	2.4	**6.9**	9.0
Materials and services	2.5	**–820.8**	–763.6
Employee expenses	4.1	**–394.8**	–373.8
Other operating expenses	2.5	**–187.5**	–172.2
EBITDA	2.1	**733.3**	697.4
Depreciation, amortisation and impairment	2.1, 5.1	**–263.4**	–266.6
EBIT	2.1	**469.8**	430.8
Financial income	7.4.1	**5.6**	4.6
Financial expenses	7.4.1	**–18.7**	–16.5
Share of associated companies' profit		**–0.7**	–0.5
Profit before tax		**456.0**	418.4
Income taxes	8.1.1	**–83.2**	–74.9
Profit for the period		**372.8**	343.5
Attributable to			
Equity holders of the parent		**374.1**	343.6
Non-controlling interests		**–1.3**	–0.2
		372.8	343.5
Earnings per share (EUR)			
Basic	2.6	**2.33**	2.15
Diluted	2.6	**2.33**	2.15
Average number of outstanding shares (1,000 shares)			
Basic	2.6	**160,253**	160,174
Diluted	2.6	**160,410**	160,174

Consolidated statement of comprehensive income

EUR million	Note	2022	2021
Profit for the period		**372.8**	343.5
Other comprehensive income, net of tax			
Items which may be reclassified subsequently to profit or loss			
Cash flow hedge		**–0.3**	0.9
Translation differences		**–4.7**	–1.2
Items which are not reclassified subsequently to profit or loss			
Remeasurements of the net defined benefit liability	4.3	**0.4**	–2.8
Other comprehensive income		**–4.7**	–3.0
Total comprehensive income		**368.0**	340.4
Total comprehensive income attributable to			
Equity holders of the parent		**369.3**	340.5
Non-controlling interests		**–1.3**	–0.1

Consolidated statement of financial position

EUR million	Note	31 Dec. 2022	31 Dec. 2021
ASSETS			
Non-current assets			
Property, plant and equipment	5.2	**766.7**	752.7
Right-of-use assets	5.3	**90.4**	91.0
Goodwill	5.4.1	**1,157.3**	1,139.4
Intangible assets	5.4	**210.5**	198.1
Investments in associated companies	8.3.2	**9.9**	10.6
Other financial assets	7.4.3	**16.2**	16.4
Trade and other receivables	6.2.2, 7.4.4	**116.8**	103.2
Deferred tax assets	8.1.2	**13.1**	13.1
		2,380.9	2,324.5
Current assets			
Inventories	6.1	**95.5**	82.8
Trade and other receivables	6.2.1	**537.1**	506.3
Tax receivables		**1.8**	0.7
Cash and cash equivalents		**85.4**	114.1
		719.9	703.9
TOTAL ASSETS	2.1	**3,100.8**	3,028.4

Consolidated statement of financial position

EUR million	Note	31 Dec. 2022	31 Dec. 2021
EQUITY AND LIABILITIES			
EQUITY			
Share capital		**83.0**	83.0
Treasury shares		**–124.5**	–126.1
Reserve for invested non-restricted equity		**90.9**	90.9
Other reserves		**373.9**	373.9
Retained earnings		**823.2**	776.1
Equity attributable to equity holders of the parent	4.2, 7.3	**1,246.5**	1,197.8
Non-controlling interests		**5.4**	6.3
TOTAL EQUITY		**1,251.9**	1,204.1
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	8.1.2	**25.7**	25.3
Interest-bearing financial liabilities	7.4.2, 7.4.3	**995.0**	1,141.4
Lease liabilities, interest-bearing	7.4.2, 7.4.3	**70.8**	73.4
Trade payables and other liabilities	6.3, 7.4.3, 7.4.4	**30.3**	41.0
Pension obligations	4.3	**12.9**	14.4
Provisions	8.2	**2.9**	2.8
		1,137.7	1,298.3
Current liabilities			
Interest-bearing financial liabilities	7.4.2, 7.4.3	**275.0**	100.2
Lease liabilities, interest-bearing	7.4.2, 7.4.3	**20.4**	18.1
Trade and other payables	6.3, 7.4.3	**412.9**	401.6
Tax liabilities		**2.1**	2.9
Provisions	8.2	**0.8**	3.1
		711.2	526.0
TOTAL LIABILITIES		**1,848.9**	1,824.3
TOTAL EQUITY AND LIABILITIES		**3,100.8**	3,028.4

Consolidated cash flow statement

EUR million	Liite	2022	2021
Cash flow from operating activities			
Profit before tax		**456.0**	418.4
Adjustments			
Depreciation, amortisation and impairment	5.1	**263.4**	266.6
Financial income (-) and expenses (+)	7.4.1	**13.1**	11.9
Gains (-) and losses (+) on the disposal of fixed assets		**−0.1**	−1.8
Increase (+) / decrease (-) in provisions on the income statement		**−2.2**	2.6
Other adjustments		**−16.0**	−15.6
		258.2	263.7
Change in working capital			
Increase (-) / decrease (+) in trade and other receivables		**−16.2**	−31.7
Increase (-) / decrease (+) in inventories		**−13.3**	−17.6
Increase (+) / decrease (-) in trade and other payables		**2.0**	52.6
		−27.5	3.3
Dividends received		**0.4**	0.6
Interest received		**2.3**	2.8
Interest paid		**−12.6**	−17.4
Taxes paid		**−85.0**	−75.7
Net cash flow from operating activities		**591.8**	595.7

Consolidated cash flow statement

EUR million	Liite	2022	2021
Cash flow from investing activities			
Equity investments and business acquisitions	3	**–20.5**	–4.5
Contingent consideration of subsidiaries		**–0.1**	–1.1
Investments in associates		**0.0**	–9.7
Other investments		**–0.3**	–0.4
Capital expenditure		**–270.9**	–258.8
Loans granted	3		–0.5
Repayment of loan receivables		**0.1**	
Proceeds from disposal of subsidiaries and businesses		**–0.2**	
Proceeds from disposal of other investments		**0.0**	0.1
Proceeds from disposal of tangible and intangible assets		**0.1**	0.8
Net cash flow used in investing activities		**–291.9**	–274.1
Cash flow before financing activities		**299.9**	321.6
Cash flow from financing activities			
Proceeds from long-term borrowings			100.4
Repayment of long-term borrowings		**–100.3**	–174.1
Increase (+) / decrease (-) in short-term borrowings		**124.8**	–19.6
Repayment of lease liabilities		**–24.9**	–23.1
Dividends paid		**–328.1**	–310.9
Net cash used in financing activities		**–328.5**	–427.4
Change in cash and cash equivalents		**–28.6**	–105.8
Translation differences		**–0.1**	–0.2
Cash and cash equivalents at the beginning of the period		**114.1**	220.1
Cash and cash equivalents at the end of the period		**85.4**	114.1

Consolidated statement of changes in equity

	Equity attributable to equity holders of the parent							
EUR million	Share capital	Treasury shares	Reserve for invested non-restricted equity	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2021	83.0	–128.4	90.9	375.7	761.5	1,182.7	1.5	1,184.2
Profit for the period					343.6	343.6	–0.2	343.5
Other comprehensive income								
Translation differences					–1.2	–1.2	0.1	–1.2
Cash flow hedge				0.9		0.9		0.9
Remeasurements of the net defined benefit liability				–2.8		–2.8		–2.8
Total other comprehensive income				–1.9	–1.2	–3.1	0.1	–3.0
Total comprehensive income				–1.9	342.4	340.6	–0.1	340.4
Dividend distribution					–312.4	–312.4	–0.1	–312.5
Share-based compensation		2.3				2.3		2.3
Acquisition of subsidiary with non-controlling interests							5.1	5.1
Other changes					–15.5	–15.5		–15.5
Balance at 31 December 2021	83.0	–126.1	90.9	373.9	776.1	**1,197.8**	6.3	**1,204.1**
Profit for the period					374.1	**374.1**	–1.3	**372.8**
Other comprehensive income								
Translation differences					–4.8	**–4.8**	0.0	**–4.7**
Cash flow hedge				–0.3		**–0.3**		**–0.3**
Remeasurements of the net defined benefit liability				0.4		**0.4**		**0.4**
Total other comprehensive income				0.0	–4.8	**–4.7**	0.0	**–4.7**
Total comprehensive income				0.0	369.3	**369.3**	–1.3	**368.0**
Dividend distribution					–328.5	**–328.5**	–0.1	**–328.7**
Share-based compensation		1.6				**1.6**		**1.6**
Acquisition of subsidiary with non-controlling interests							0.5	**0.5**
Other changes					6.4	**6.4**		**6.4**
Balance at 31 December 2022	83.0	–124.5	90.9	373.9	823.2	**1,246.5**	5.4	**1,251.9**

Notes to the consolidated financial statements

1 GENERAL ACCOUNTING PRINCIPLES

1.1 Basic information about the Group

Information about the parent company:
Elisa Corporation
Domicile: Helsinki, Finland
Registered address: Ratavartijankatu 5, 00520 Helsinki
Business ID: 0116510-6

Elisa Corporation ("Elisa" or "the Group") engages in telecommunications activities and provides ICT and online services in Finland and in selected international market areas.

The shares of the parent company, Elisa Corporation, have been listed on the Nasdaq Helsinki since 1997.

On 26 January 2023, Elisa Corporation's Board of Directors accepted this financial statement for publication. A copy of financial statement is available from Elisa's head office at Ratavartijankatu 5, Helsinki, or on the company's website at www.elisa.com.

1.2 Basis of preparation of financial statements

Elisa's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), including adherence to IAS and IFRS standards and SIC and IFRIC interpretations valid as at 31 December 2022. In the Finnish Accounting Act and the provisions issued pursuant to it, the Inter-national Financial Reporting Standards refer to standards and interpretations that have been approved for application in the EU according to the procedures provided for in EU regulation (EC) No. 1606/2002 ("IFRS"). The notes to the consolidated financial statements are also compliant with Finnish accounting and corporate legislation.

The consolidated financial statements have been prepared under the historical cost convention with the exception of financial assets and liabilities, share-based payments, pension liabilities and derivatives recognised at fair value through profit or loss or statement of comprehensive income. The financial statements are presented in EUR million and the figures are rounded to one decimal place.

1.2.1 Accounting principles, structure and presentation of the consolidated financial statements

The accounting policies and descriptions of management's judgment-based conclusions are mainly found in the notes to the financial statements, which are listed in the table below. Only some general accounting policies are described in this section.

Summary of notes, related to accounting principles for the consolidated financial statements of Elisa Group

Accounting principle	Note
Operating segments	2.1
Revenue from contracts with customers	2.3
Other operating income	2.4
Research and development costs	2.5
Earnings per share	2.6
Business acquisitions and disposals	3
Share-based incentives	4.2
Pension obligations	4.3
Property, plant and equipment	5.2
Right-of-use assets	5.3
Intangible assets	5.4
Goodwill	5.4.1
Inventories, trade and other receivables, trade and other liabilities	6
Financial assets and liabilities	7.4
Derivative instruments	7.4.4
Income taxes	8.1.1
Deferred tax assets and liabilities	8.1.2
Provisions	8.2
Consolidation principles, subsidiaries	8.3.1
Consolidation principles, joint arrangements	8.3.2
Off-balance sheet leases	8.4

The symbols below indicate the figures mentioned in the notes that match the balances in the income statement, statement of financial position and the cash flow statement.

I/S = Income Statement
B/S = Balance Sheet
C/F = Cash Flow Statement

Consolidation principles

The consolidated financial statements include the parent company, Elisa Corporation, subsidiaries, associates and joint arrangements as described in detail in Notes 8.3.1 and 8.3.2.

Foreign currency items

Functional currency

The consolidated financial statements are presented in euros, which is the functional and presentation currency of the parent company.

Transactions in foreign currencies

Foreign currencies transactions are translated into functional currency using the exchange rates prevailing on the dates of the transactions. Monetary items have been translated into the functional currency at the exchange rates prevailing at the end of the reporting period. Non-monetary items denominated in foreign currencies are translated at the exchange rate at the date of the transaction, excluding items measured at fair value that are translated at the exchange rates prevailing on the valuation date. Gain and losses arising from the currency translations are recognised through profit or loss. Foreign exchange gain and losses resulting from operating activities are included in the respective items above operating profit. Foreign exchange gain and losses from the liabilities denominated in a foreign currency are included in financial income and expenses, with the exception for exchange rate differences on foreign currency items that constitute a part of the net investment made in a foreign unit. These exchange rate differences are recognised in other comprehensive income and accumulated exchange rate differences are included in the translation difference presented in shareholders' equity.

Translation of foreign Group companies' financial statements

The income statements of foreign subsidiaries that use a functional currency other than the Group's presentation currency have been converted into euro at the average exchange rate prevailing during the year, and statements of financial position at the exchange rate prevailing at the end of the reporting period. The different exchange rates applicable to the conversion of profit or loss on the income statement and balance sheet result in a translation difference recognised in shareholders' equity on the balance sheet, and any change in this difference is recognised in other comprehensive income. Translation differences arising from the elimination of the acquisition cost of foreign subsidiaries, as well as translation differences arising from equity items accumulated after the acquisition, are recognised in other comprehensive income. When a subsidiary is divested in full or in part, accumulated translation differences are recognised in the income statement as part of the sales gain or loss.

Goodwill arising from the acquisition of foreign entities and the fair value adjustments made to the book values of the assets and liabilities of such foreign entities upon acquisition is treated as assets and liabilities belonging to the foreign entities. These are converted into euro at the exchange rate prevailing at the end of the reporting period.

1.2.2 Accounting principles that require management's judgement and key sources of estimation uncertainty

Preparation of the financial statements requires the Group's management to make certain estimates and consideration. In addition, judgement in applying the accounting policies is required. This applies particularly to cases in which valid IFRS standards provide for alternative methods of recognition, measurement or presentation.

The estimates made in connection with the preparation of financial statements are based on the management's best view at the end of the financial period, and the outcome may differ from the estimates and assumptions. Estimates are based on historical experience and assumptions concerning the future that are believed to be reasonable at the end of the financial period. The Group regularly assesses the realisation of estimates and assumptions, as well as changes in the underlying factors. Any changes in estimates and assumptions are recorded for the financial year during which the estimate or assumption was adjusted, and for all subsequent periods.

Significant areas of estimation and uncertainty in applying accounting policies that have the most significant impact on amounts recognised in the financial statements are related to business combinations (3), impairment of intangible assets (5.4.1), share-based payments (4.2), recognition of net defined pension liability (4.3) and recognition of deferred tax assets (8.1.2).

The potential climate change-related risks and opportunities to which the Group is exposed are disclosed in the Group's Sustainability 2022 report on pages 35 and 75. Management has exercised judgement in concluding that there is no other material financial impact from climate-related risks and opportunities that needs to be recognised in the consolidated financial statements. As the future impact of climate change will depend on environmental, regulatory and other factors outside of the Group's control that are not currently known, management will continue to monitor these estimates.

1.3 Applied new and revised standards

The consolidated financial statements have been prepared in accordance with the same accounting policies used in 2021, with the exception for the following new standards, interpretations and revisions to existing standards that the Group has applied since 1 January 2022. Revisions did not have a material impact on the consolidated financial statements.

- Amendments to IAS 16 Property, Plant and Equipment. Under the amendments, proceeds from selling items before the related item of PPE is available for use should be recognized in profit or loss, together with the costs of producing those items.
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets. When an onerous contract is accounted for basing on the costs of fulfilling the contract, the amendments clarify that these costs comprise both the incremental costs and an allocation of other direct costs.
- Annual Improvements to IFRS Standards 2018–2020

On 1 January 2023, the Group will adopt the following new standard, providing this is approved by the EU by the planned date of adoption. Revisions are not expected to have a material impact on the consolidated financial statements.

- IFRS 17 Insurance Contracts. The new standard for insurance contracts will help investors and other parties understand better insurers' risk exposure, profitability and financial position. This standard replaces IFRS 4 standard.
- Amendments to IAS 1 Presentation of Financial Statements. The amendments are to promote consistency in application and clarify the requirements on determining if a liability is current or non-current. The amendments clarify the application of materiality to disclosure of accounting policies to help companies provide useful accounting policy disclosures.
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors. The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates.
- Amendments to IAS 12 Income Taxes. The amendments narrow the initial recognition exemption (IRE) and clarify that the exemption does not apply to transactions such as leases and decommissioning obligations which give rise to equal and offsetting temporary differences.

On 1 January 2024, the Group will adopt the following new standard, providing this is approved by the EU by the planned date of adoption. Revisions are not expected to have a material impact on the consolidated financial statements.

- Amendments to IFRS 16 Leases. The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale-and-leaseback transactions entered into since 2019.
- Amendments to IAS 1 Presentation of Financial Statements. The amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. The amendments require to disclose information about these covenants in the notes to the financial statements.

2 Operational result

2.1 Operating segments and geographical areas

The Group has two reporting segments: Consumer Customers and Corporate Customers. The organisational and management structure of Elisa Group is based on a customer-oriented operating model. The reportable segments are based on the internal reporting provided to management.

The Consumer Customers segment provides consumers with telecommunications and communications services, such as fixed and mobile subscriptions with supplementary digital services, cable-tv subscriptions, Elisa Viihde entertainment service and Elisa Kirja e-reading service.

The Corporate Customers segment provides corporate and public administration organisations with services such as IT and communication solutions for the digital environment as well as fixed and mobile subscriptions. The Corporate Customers segment provides worlwide services such as video conferencing services, solutions for automation of network management and operation for mobile operators, and IoT solutions for industry.

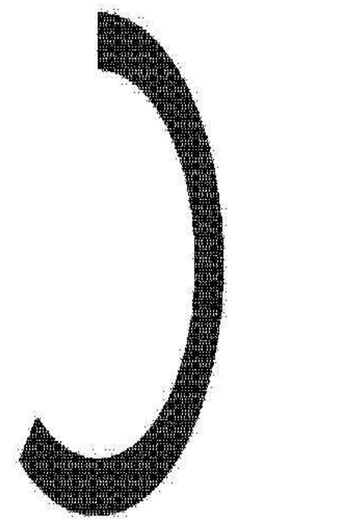
Operating segments:

2022 EUR million	Consumer Customers	Corporate Customers	Unallocated	Group Total
Revenue	1,300.9	828.6		2,129.5
EBITDA	495.7	237.6		733.3
Depreciation, amortisation and impairment	-174.0	-89.5		-263.4
EBIT	321.7	148.1		469.8
Financial income			5.6	5.6
Financial expenses			-18.7	-18.7
Share of associated companies' profit			-0.7	-0.7
Profit before tax				456.0
Investments	190.6	99.1		289.7
Assets	1,891.9	1,082.4	126.5	3,100.8

2021 EUR million	Consumer Customers	Corporate Customers	Unallocated	Group Total
Revenue[1]	1,242.5	755.4		1,997.9
EBITDA[1]	476.0	221.4		697.4
Depreciation, amortisation and impairment[1]	-174.0	-92.5		-266.6
EBIT[1]	302.0	128.8		430.8
Financial income			4.6	4.6
Financial expenses			-16.5	-16.5
Share of associated companies' profit			-0.5	-0.5
Profit before tax				418.4
Investments	168.7	96.3		265.1
Assets	1,822.3	1,051.2	154.9	3,028.4

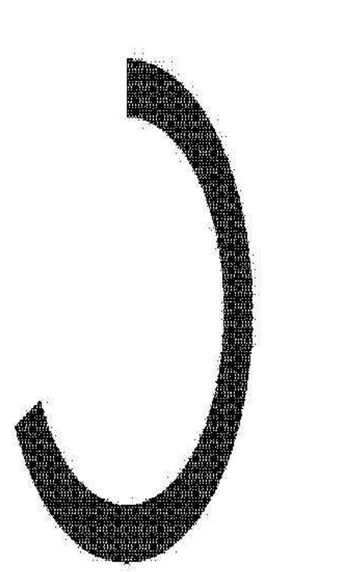
[1] Allocation rules of the revenue and expenses allocated to the segments have been specified in 2022 and the comparable figures have been updated to reflect the advanced allocations. In the comparison period 1–12/2021, Consumer Customers revenue was EUR 1,241.3 million; EBITDA was EUR 475.1 million; depreciation, amortisation and impairment totalled EUR -160.7 million; and EBIT was EUR 314.4 million. In the comparison period 1–12/2021, Corporate Customers revenue was EUR 756.6 million; EBITDA was EUR 222.3 million; depreciation, amortisation and impairment totalled EUR -105.8 million; and EBIT was EUR 116.5 million.

Revenue 2022



Consumer Customers 1,300.9
Corporate Customers 828.6

EBITDA 2022



Consumer Customers 495.7
Corporate Customers 237.6

Geographical areas

2022 EUR million	Finland	Rest of Europe	Other countries	Group total
Revenue	1,782.2	295.7	51.7	2,129.5
Assets	2,578.7	489.3	32.8	3,100.8

2021 EUR million	Finland	Rest of Europe	Other countries	Group total
Revenue	1,702.5	251.2	44.2	1,997.9
Assets	2,551.3	446.5	30.6	3,028.4

Accounting Principles - Operating Segments:

The segments are controlled by segment-specific performance reporting that includes external revenue, EBITDA, EBIT and capital investments. Financial items, share of associated companies' profit and income taxes are not allocated to operating segments. The costs of production and support functions are allocated to operating segments on the matching principle. Operations in Estonia are divided into the Consumer Customers and Corporate Customers operating segments on the basis of customer accounts.

Segment assets consist of intangible and tangible assets, right-of-use assets, inventories, trade and other non-interest bearing receivables. Deferred tax assets, investments in associated companies, other investments, interest-bearing receivables, financial items and income tax receivables are not included in segment assets. Liabilities are not allocated to operating segments.

The accounting principles of the segments are the same as those used in the preparation of the financial statements.

The reported geographical areas are Finland, Rest of Europe and Other Countries. Revenues are presented on the basis of customer location. The assets are presented on the basis of their location.

2.2 Items affecting comparability

Elisa uses comparable key figures in its financial reporting to describe the financial development of its business and increase comparability between different periods.

Exceptional transactions outside the ordinary course of business are treated as items affecting comparability. Such items, as identified by the Group, are for example capital gains and losses from divestments of the assets and businesses, acquisition costs of assets and businesses, impairments, restructuring expenses and costs of legislative changes, damages or litigations.

Income statement

EUR million	2022	2021
Restructuring costs	**-2.0**	-8.4
Items affecting comparability in EBITDA, EBIT and profit before tax	**-2.0**	-8.4
Income taxes on items affecting comparability	**0.4**	1.6
Items affecting comparability in profit for the period	**-1.6**	-6.7

EUR million	2022	2021
Comparable EBITDA		
VS EBITDA	**733.3**	697.4
Items affecting comparability in EBITDA	**2.0**	8.4
	735.3	705.7
Comparable EBIT		
VS EBIT	**469.8**	430.8
Items affecting comparability in EBIT	**2.0**	8.4
	471.8	439.2
Comparable profit before tax		
VS Profit before tax	**456.0**	418.4
Items affecting comparability in profit before tax	**2.0**	8.4
	458.0	426.8
Comparable profit for the period		
VS Profit for the period	**372.8**	343.5
Items affecting comparability in profit for the period	**1.6**	6.7
	374.4	350.2
Comparable profit for the period attributable to equity holders of the parent		
Comparable profit for the period	**374.4**	350.2
Non-controlling interests	**-1.3**	-0.2
	375.7	350.4
Comparable earnings per share, EUR		
Comparable profit for the period attributable to equity holders of the parent	**375.7**	350.4
Average number of outstanding shares, diluted (1,000 shares)	**160,253**	160,174
	2.34	2.19

Cash flow

EUR million	2022	2021
Investment in shares and business combinations	**20.9**	16.2
Items affecting comparability in cash flow before financing	**20.9**	16.2

The main item affecting comparability in 2022 was the acquisition of Frinx for EUR 12.5 million and Cardinality for EUR 8.2 million.

The main item affecting comparability in 2021 was the acquisition of sedApta for EUR 9.7 million and TenForce NV for EUR 3.4 million.

Comparable cash flow after investments		
+/- Cash flow before financing	**299.9**	321.6
Items affecting comparability in cash flow before financing	**20.9**	16.2
	320.9	337.8

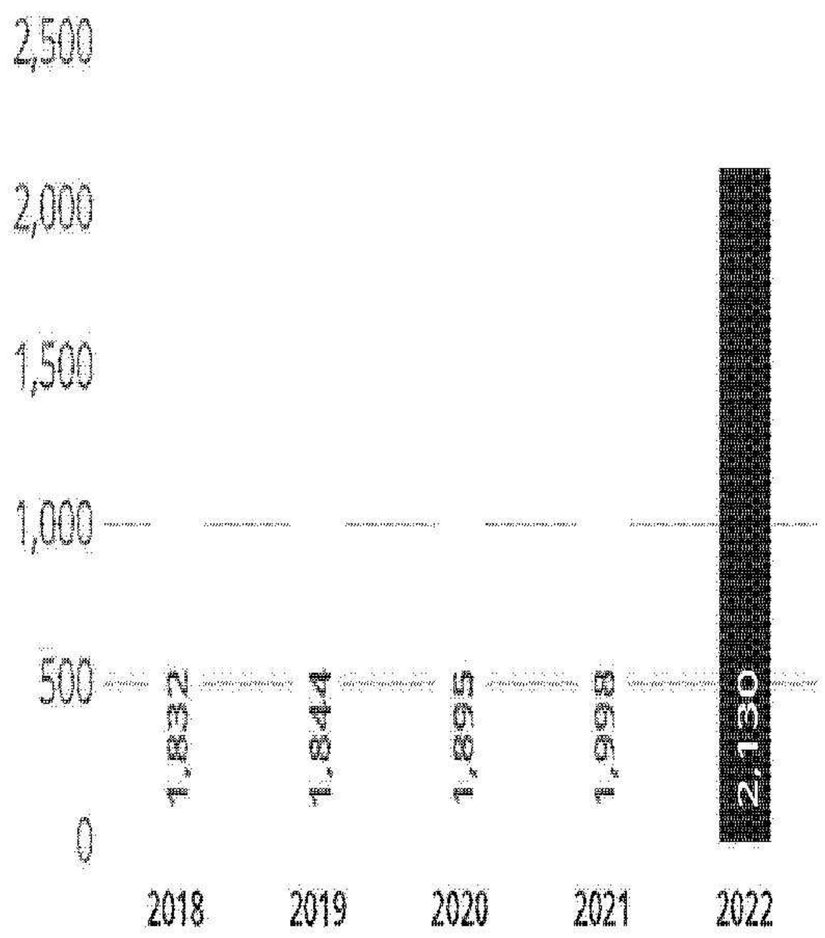
2.3 Revenue from contracts with customers

Division of Group's revenue

EUR million	2022	2021
Rendering of services	**1,726.8**	1,642.0
Sale of equipment	**402.7**	356.0
I/S	**2,129.5**	1,997.9

EUR million	2022	2021
Mobile telecommunications	**1,252.5**	1,179.7
Fixed-network broadband and others	**877.0**	818.3
I/S	**2,129.5**	1,997.9

Development of revenue, EUR million



Accounting Principles - Revenue from contracts with customers:

The revenue of consumer customers mainly consists of fixed and mobile subscriptions with supplementary digital services, cable-tv subscriptions, Elisa Viihde entertainment service and Elisa Kirja e-reading service. Consumer customer contracts are typically standard contracts that are treated as separate performance obligations.

Customer contract may include several performance obligations, and Elisa may agree on the delivery or rendering of several products, services or access rights (service bundle). In that case, prices specified in the contract are used as transaction price, which is allocated to performance obligations on a relative stand-alone selling price basis.

The revenue of corporate customers mainly consists of fixed and mobile subscriptions with supplementary digital services, IT and communication solutions for the digital environment, video conferencing services, solutions for automation of network management and operation for mobile operators and IoT solutions for industry. Contracts with corporate customers typically meet the criteria laid down for a contract negotiated as a single package, in which case the revenue will be allocated to the goods and services based on the prices agreed with each customer.

A performance obligation may be fulfilled and revenue recognised over time or at certain points of time. The key criterion for the revenue recognition is the transfer of control. For performance obligations that are satisfied at a certain point of time, such as equipment, the customer is deemed to gain control at the entry to contract and revenue is recognised when the equipment is transferred to the customer. Service contracts mainly comprise performance obligations that are satisfied over time. The performance is carried out, and revenue is recognised over time as the services are provided.

Fixed-term service contracts are recognised over the contract period and the opening fees and related expenses, as well as discounts granted, are allocated to the entire contract period. Incremental costs of obtaining a fixed-term contract such as sales and represent commissions are capitalised and accrued as an expense during the contract period when these commissions relate directly to a contract that can be specifically identified. Service contracts valid until further notice are recognised over time. The opening fees and related expenses are recognised at the time when the service is connected.

The Group provides consumer customers with the various payment methods granting possibility to purchase equipment on 12–36 months credits. Revenue for equipment is recognised at the time of the sale regardless of whether the customer pays for the device fully at the time of sale or by monthly payments. Based on management's judgement, the contracts do not include a significant financing component.

Revenue from prepaid mobile phone cards is recognised over the period of realised use of the cards. Service fees invoiced from a customer on behalf of a third-party content service provider are not recognised as revenue.

As a rule, the customer has 4 weeks to cancel the service contract made at a distance sale and return the purchased equipment. In principle, there is no right of cancellation for equipment bought from an Elisa shop. Based on historical experience the number of refunds is expected to be low due to which the Group has not recognised a refund liability for the amounts expected to be refunded and revenue has not been adjusted by the estimated number of refunds.

Customers participating in loyalty programmes are entitled to certain discounts on services and products provided by the Group. Discounts earned by the customers are recognised as reduction of revenue. The Group does not currently have any valid loyalty programmes.

2.4 Other operating income

EUR million	2022	2021
Gain on disposals of property, plant and equipment	**0.2**	1.9
Government grants	**0.4**	0.3
Other items[1]	**6.3**	6.9
IFRS	**6.9**	9.0

[1] Other items include rental income from the real estate and other income not associated with ordinary operating activities.

Accounting Principles - Other operating income:

Other operating income includes non-operating income, such as capital gain on the disposal of tangible and intangible assets, subsidiaries and businesses, and rental income from real estate.

Government grants associated with development projects are recognised as other operating income when the related costs are recognised as expenses. Government grants associated with capitalised development costs are recorded as a reduction of capital expenditure.

2.5 Operating expenses

Materials and services

EUR million	2022	2021
Purchases of materials, supplies and goods	**556.4**	522.3
Change in inventories	**-8.8**	-10.6
External services	**272.9**	251.2
Foreign exchange gains and losses	**0.2**	0.6
IAS	**820.8**	763.6

Gains and losses arising from foreign currency translations are recognised in accordance with their nature either in materials and services or financial income and expenses.

Employee expenses

More detailed analysis of employee expenses is included in Note 4.

Auditor fees

EUR million	2022	2021
Auditing	**0.4**	0.4
Tax advisory services	**0.0**	0.0
Other services	**0.0**	0.1
	0.4	0.4

In 2022, non-audit fees charged by KPMG Oy Ab were EUR 0.0 (0.1) million.

Research and development costs

EUR million	2022	2021
Research and development costs recognised as expenses	**13.4**	9.5
Capitalised development costs	**8.0**	6.6
	21.4	16.1

The focus areas for the research and development activities in 2022 were of the development of a customer relationship management system, production and quality management software for the manufacturing industry, as well as the development of network software solutions for telecom operators.

Accounting Principles - Research and development:

Research costs are recorded as expenses in the income statement. Development costs are capitalised from the date the product is technically feasible, it can be utilised commercially and the asset is expected to generate future economic benefit and the Group has both intention and the resources to complete the development and use or sell the asset. Capitalised development costs include those material, labour and testing costs and any capitalised borrowing costs that are directly attributable to bringing the asset to its working condition for its intended use. Otherwise, development costs are recorded as an expense. Development costs initially recognised as expenses cannot be capitalised subsequently.

2.6 Earnings per share

Earnings per share, basic	2022	2021
IFRS Net profit for the period attributable to equity holders of the parent (EUR million)	**374.1**	343.6
Weighted average number of shares outstanding (1,000 shares)	**160,253**	160,174
Earnings/share, basic (EUR/share)	**2.33**	2.15

Diluted earnings per share	2022	2021
IFRS Net profit for the period attributable to equity holders of the parent (EUR million)	**374.1**	343.6
Weighted average number of shares outstanding (1,000 shares)	**160,253**	160,174
Impact of share-based incentive plans	**157**	
Weighted average number of shares outstanding adjusted by dilutive effect (1,000 shares)	**160,410**	160,174
Diluted earnings per share (EUR/share)	**2.33**	2.15

Accounting principles - Earnings per share:

Basic earnings per share are calculated by dividing the net profit for the period attributable to the parent company's equity holders by the weighted average number of shares outstanding during the period.

Diluted earnings per share are calculated on the same basis as earnings per basic share, except for the dilutive effect of converting all dilutive potential shares into basic shares.

3. Business acquisitions and disposals

Acquired businesses in 2022

Acquisition of Frinx s.r.o.

On 31 March 2022, Elisa Polystar acquired Frinx s.r.o., a telecom network automation software supplier based in Slovakia. Frinx's products and software complement Elisa Polystar's zero touch automation and analytics offering that helps communication service providers automate the management process of telecom networks in a multi-vendor environment.

The acquisition price was EUR 14.4 million including the contingent consideration of EUR 1.1 million. EUR 0.5 million of the total acquisition price was allocated to software, which will be amortised over four years.The acquisition resulted in EUR 12.9 million of goodwill relating to Group's growth in digital services internationally and strengthening Elisa IndustriQ business. The calculation of the purchase price allocation is preliminary, as the valuation of the acquired net assets has not been fully completed.

The acquired company has been consolidated from 1 April 2022 onwards. External revenue after the acquisition was EUR 2.3 million, and the impact on Group's profit for the period was EUR 0.5 million. Had the acquisition been made as of the beginning of the year 2022, the impact on Group revenue would have been EUR 2.7 million and the effect on profit for the period EUR 0.3 million.

Consideration transferred

EUR million	Preliminary
Cash paid	13.4
Contingent consideration	1.1
Total acquisition price	14.4

Analysis of net assets acquired

EUR million	
Tangible assets	0.0
Intangible assets	0.5
Trade and other receivables	0.8
Cash and cash equivalents	1.0
Deferred tax liabilities	-0.1
Trade payables and other liabilities	-0.4
Tax liabilities	-0.3
	1.5

Effects of acquisition on cash flow

EUR million	
Acquisition price paid in cash	-13.4
Cash and cash equivalents of the acquired entity	1.0
	-12.3

Goodwill arising from business combination

EUR million	
Consideration transferred	14.4
Identifiable net assets of the acquired entity	1.5
Goodwill	12.9

EUR 0.2 million of acquisition-related costs, such as professional fees, is recorded in other operating expenses.

Acquisition of Cardinality group

On 4 August 2022, Elisa acquired a UK-based Cardinality Ltd. Cardinality is a supplier of cloud-native data management (DataOps), service assurance and customer experience analytics for communications service providers (CSPs) globally.

The acquisition price was EUR 10.0 million including the contingent consideration of EUR 0.4 million. EUR 1.5 million of the total acquisition price was allocated to software, which will be amortised over four years. The acquisition resulted in EUR 8.7 million of goodwill relating to the Group's growth in digital services internationally and acceleration of its telecom software business development under Elisa Polystar. The calculation of the purchase price allocation is preliminary, as the valuation of the acquired net assets has not been fully completed.

The acquired companies have been consolidated from 1 August 2022 onwards. External revenue after the acquisition was EUR 1.5 million, and the impact on Group's profit for the period was EUR -0.7 million. Had the acquisition been made as of the beginning of the year 2022, the impact on Group revenue would have been EUR 3.4 million and the effect on profit for the period EUR -2.1 million.

Consideration transferred

EUR million	Preliminary
Cash paid	9.6
Contingent consideration	0.4
Total acquisition price	10.0

Analysis of net assets acquired

EUR million	
Tangible assets	0.0
Intangible assets	1.5
Trade and other receivables	0.5
Tax receivables	0.5
Cash and cash equivalents	1.4
Deferred tax liabilities	-0.3
Interest-bearing liabilities	-0.3
Trade payables and other liabilities	-2.1
	1.2

Effects of acquisition on cash flow

EUR million	
Acquisition price paid in cash	-9.6
Cash and cash equivalents of the acquired entities	1.4
	-8.2

Goodwill arising from business combination

EUR million	
Consideration transferred	10.0
Identifiable net assets of the acquired entities	1.2
Goodwill	8.7

EUR 0.4 million of acquisition-related costs, such as professional fees, is recorded in other operating expenses.

Acquired businesses in 2021

Acquisition of TenForce NV

On 31 August 2021, Elisa acquired a majority stake of 50.1 per cent in Belgian TenForce NV. TenForce is a provider of environmental, health, safety and quality performance (EHSQ) and operational risk management software. TenForce primarily serves large global industrial customers with a SaaS model. The acquisition is consistent with Elisa's strategy to grow digital businesses internationally and to accelerate the Elisa IndustrIQ business. TenForce provides Elisa with cross-selling opportunities across its customer base and brings a complementary offering and skills, especially with its deep understanding of process industries and their critical features.

The price paid for the acquisition carried out as directed share issue was EUR 15.1 million, of which EUR 10 million was carried out as a directed share issue. EUR 0.8 million of the total acquisition price was allocated to the customer base, which will be amortised over four years, and EUR 0.6 was allocated to software, which will also be amortised over four years. The acquisition resulted in EUR 9.1 million of goodwill relating to Group's growth in digital services internationally and strengthening Elisa IndustIQ business.

The acquisition generated a non-controlling interest amounting to EUR 4.9 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 acquisition contract includes an option for Elisa to redeem and for non-controlling interests conditional right to sell the remaining 49.9 per cent of the shares in 2026. The liability for the redemption of the remaining shares has been recognised in the financial statements. The initial recognition of the liability and any changes in it will be treated as equity transactions.

The acquired company has been consolidated from 1 September 2021 onwards. External revenue after the acquisition was EUR 1.9 million, and the impact on Group's profit for the period was EUR -0.4 million. Had the acquisition been made as of the beginning of the year 2021, the impact on Group revenue would have been EUR 5.5 million and the effect on profit for the period EUR -0.6 million.

Consideration transferred

EUR million	Carrying amount
Cash paid	15.1
Total acquisition	15.1

Analysis of net assets acquired

EUR million	
Tangible assets	0.1
Right-of-use assets	1.0
Customer base	0.8
Intangible assets	1.6
Trade and other receivables	1.0
Cash and cash equivalents	11.7
Deferred tax liabilities	-0.3
Interest-bearing liabilities	-0.3
Lease liabilities	-1.0
Trade payables and other liabilities	-3.6
Tax liabilities	-0.1
	10.9

Effects of acquisition on cash flow

EUR million	
Acquisition price paid in cash	-15.1
Cash and cash equivalents of the acquired entity	11.7
	-3.4

Goodwill arising from business combination

EUR million	
Consideration transferred	15.1
Identifiable net assets of the acquired entity	10.9
Non-controlling interest's proportionate share of identifiable net assets acquired	-4.9
Goodwill	9.1

EUR 0.2 million of acquisition-related costs, such as professional fees, were recorded in other operating expenses in 2021.

Acquisition of Process Data Control Corp

In November 2021, TenForce NV's subsidiary TenForce USA LLC, acquired Process Data Control Corp. The acquisition price was EUR 1.5 million. The acquisition resulted in EUR 1.5 million of goodwill. EUR 0.1 million of acquisition-related costs, such as professional fees, were recorded in other operating expenses in 2022.

Disposals of businesses in 2022

Withdrawal from business in Russia

Elisa sold OOO LNR in Russia on 7 July 2022.The divestment of Polystar Ryssland LLC is in progress. The costs of the withdrawal from the Russian operations, EUR 1.1 million, are presented in other operating expenses.

Disposals of businesses in 2021

There were no significant disposals during the reporting period.

Accounting principles – Business acquisitions and disposals:

Subsidiaries are consolidated from the date the Group obtains control, and divested companies until the loss of control.

Acquisitions are measured at amortised costs. Identifiable assets acquired and assumed liabilities are measured at their fair value on the acquisition date.

Possible investments in non-controlling interests are measured either at a proportionate share of the acquiree's identifiable net assets or at fair value. The method to be used is selected on a case-by-case basis. Subsequent changes in non-controlling interests are treated as equity transactions.

In business combinations carried out in stages, previously held equity share in the acquiree is measured at fair value and the resulting gain or loss is recognised through profit or loss.

The acquisition price consists of the fair value of cash and contingent consideration transferred. The amount of the acquisition price that exceeds the fair value of the acquired net assets is recognised as goodwill. Additional information regarding valuation and impairment testing of goodwill is available under note 5.4.1.

The changes in contingent consideration are expensed through profit and loss. Acquisition-related costs, such as consulting fees and transfer tax, are accounted for as expenses for the periods, when the costs were incurred and the services received. The costs are presented as Other operating expenses in the income statement.

In connection with loss of control, any investment retained in a former subsidiary is measured at fair value through profit or loss at the date of transaction. Changes in ownership interest that do not result in a loss of control are accounted for as equity transactions.

Accounting policies that require management's judgements - Acquisitions:

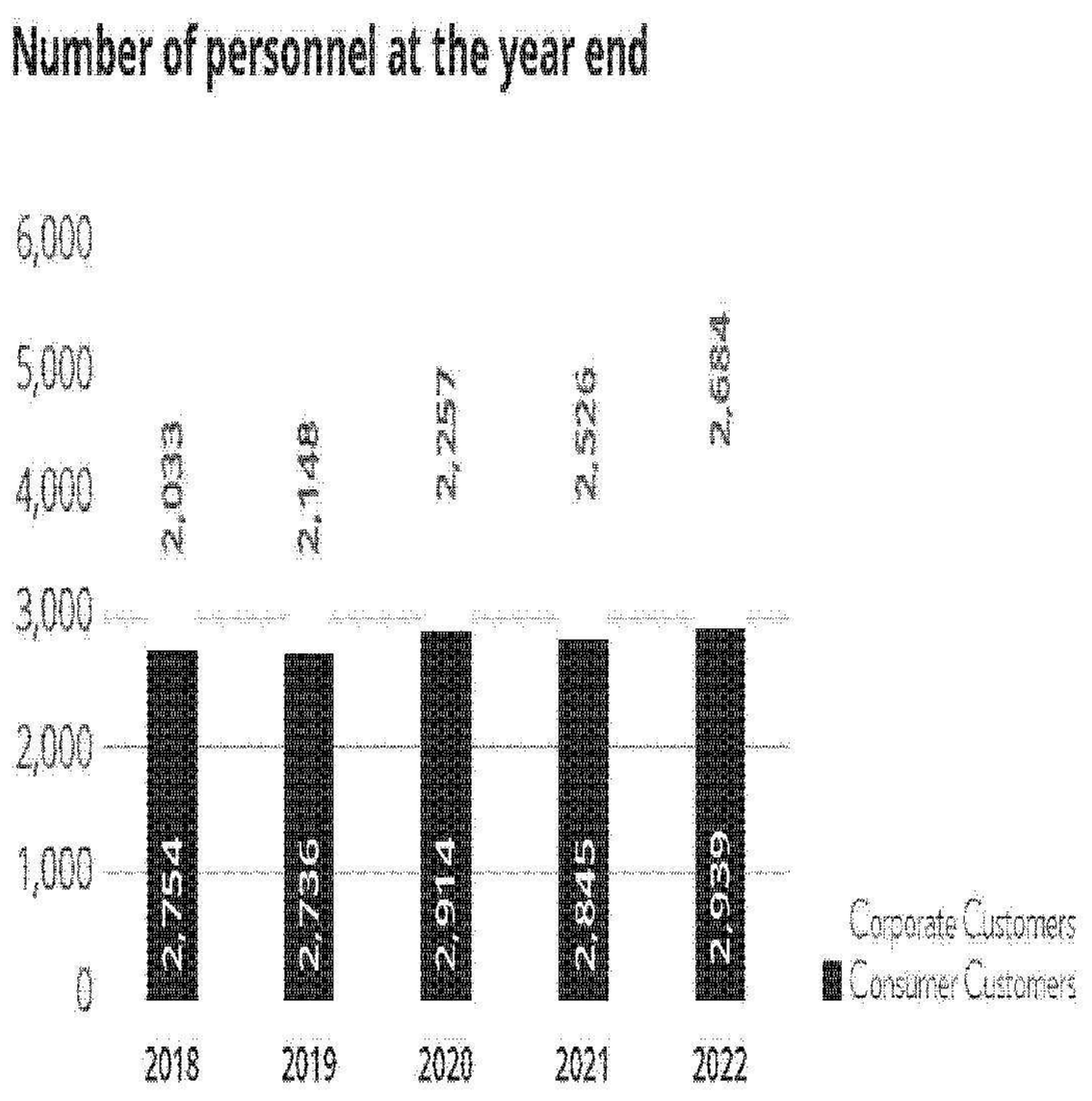
The identifiable assets and liabilities acquired in a business combination are measured at fair value at the acquisition date. When determining the fair value of the acquired net assets, consideration and estimates may be required. Estimates and judgement are based on the management's best view of the situation at the time of the acquisition.

4 Personnel

4.1 Employee expenses

EUR million	2022	2021
Salaries and wages	**314.4**	304.7
Share-based payments	**14.0**	8.0
Pension expenses - defined contribution plans	**44.2**	40.4
Pension expenses - defined benefit plans	**0.3**	0.2
Other employee costs	**21.8**	20.5
P/S	**394.8**	373.8

Number of personnel at the end of the reporting period	2022	2021
Consumer Customers	**2,939**	2,845
Corporate Customers	**2,684**	2,526
	5,623	5,371



Employee bonus and incentive schemes

All employees are included in the scope of performance, incentive, commission or provision-based bonus schemes. The Group also has a personnel fund. The costs of the performance-based bonus scheme and personnel fund are recognised on an accrual basis and the costs are based on the best available estimate of realised amounts.

Performance-based bonus scheme

Rewards are based on financial and operational metrics of Elisa Corporation and its units. Targets are set, and the maximum amount of reward is confirmed semi-annually. Some of the Group's key personnel also participated in the share-based compensation plan in 2022.

Personnel fund

The objective of the personnel fund is to secure the commitment of the personnel to Elisa's long-term objectives and to reinforce their interest in the company's financial success and its metrics.

The evaluation metrics for the performance-based bonus schemes are earnings per share (EPS) and achievement of defined strategic goals. The Board of Directors decides on the performance-based bonus schemes and sets the earning criteria for the profit share reward annually.

The members of the personnel fund are the employees of Elisa Group, with the exception for those employees who are part of the share incentive plan. In 2022, EUR 2.2 (2.7) million was recognised in the Group's personnel fund.

Management remuneration

EUR million	2022	2021
Managing Directors	**8.0**	8.1
Members and deputy members of Boards of Directors	**0.8**	0.7

Employment benefits for key management

Key management consists of Elisa's Board of Directors, the CEO and the Executive Board.

The remuneration of the Board members and CEO is presented under Parent company's Note 4.

Benefits recognised on the income statement

EUR million	2022	2021
Remunerations and other short-term employee benefits	**5.1**	4.6
Post-employment benefits	**0.3**	0.3
Share-based compensation[1]	**5.1**	2.8
	10,5	7.7

[1] In 2022, the share-based compensation expenses were EUR 14.0 (8.0) million, of which EUR 1.3 (0.7) million is allocated to the CEO and EUR 3.7 (2.1) million to the Executive Board. The terms and conditions of share-based incentive plans are described under Note 4.2.

Benefits paid

EUR million	2022	2021
Board of Directors	**0.8**	0.7
CEO	**1.1**	0.9
Executive Board	**3.2**	2.9
Share-based compensations [1]	**2.7**	3.3
	7.8	7.9

[1] The reward paid to the CEO under the share-based compensation plans was EUR 0.7 (0.9) million and to the Executive Board members EUR 2.0 (2.5) million.

The period of notice for the CEO is six months, if the service contract is terminated by Elisa, and three months, if the contract is terminated by the CEO. Should the service contract be terminated by Elisa, the CEO is entitled to receive a severance payment equalling the total salary of 24 months less the salary for the period of notice.

The period of notice for other members of the Executive Board is six months, if the service contract is terminated by Elisa. Should the contract be terminated by Elisa, the member of the Executive Board is entitled to receive a severance payment that equals the total salary of 15 months less the salary for the period of notice.

Managing Directors' pension commitments

In 2020, the Board of Directors agreed with the CEO of Elisa Corporation Veli-Matti Mattila that he will continue as CEO until further notice. Under previous executive agreement, the Group CEO would have retired at the age of 60. The defined benefit pension plan includes vested rights. The company is liable for the pension until the age of 63 and the related accumulated liability of EUR 2.1 million is included in pension obligations on the balance sheet. The pension is accrued annually by 5.1 per cent of the annual earnings under Employees Pensions Act (TyEL), and annually by EUR 120,000 during the period 2017–2020. In the management's cash-based supplementary pension insurance, the pension is accrued from 20.7 per cent of the annual earnings under the Employees Pensions Act (TyEL) starting from the age of 62. The pension arrangement of the CEO is a cash-based plan, and it covers an increase in the statutory retirement age.

The executive agreements of the Group Management Board members appointed before year 2013 expire mainly at the age of 62, when they have the right to retire. Pension provisions are cash-based, and they are covered by management supplementary pension insurance, which includes vested rights.

Share-based compensation granted to the management

The reward paid in 2022 to the CEO under the 2017 plan's 2019–2021 performance period equals the value of 6,426 shares and for the rest of the Executive Board 17,642 shares.

The reward paid in 2021 to the CEO under the 2017 plan's 2018–2020 performance period equals the value of 8,258 shares and for the rest of the Executive Board 25,752 shares.

The maximum reward granted to the CEO under the 2017 plan's 2020–2022 performance period equals the value of 32,000 shares and for the rest of the Executive Board 97,500 shares. The reward will be paid after the publication of the 2022 financial statements.

The maximum reward granted to the CEO under the 2021 plan's 2021–2023 performance period equals the value of 32,000 shares and for the rest of the Executive Board 94,500 shares. The reward will be paid after the publication of the 2023 financial statements.

The maximum reward granted to the CEO under the 2021 plan's 2022–2024 performance period equals the value of 32,000 shares and for the rest of the Executive Board 89,500 shares. The reward will be paid after the publication of the 2024 financial statements.

The maximum reward granted to the CEO under the 2021 plan's 2023–2025 performance period equals the value of 38,430 shares and for the rest of the Executive Board 109,000 shares. The reward will be paid after the publication of the 2025 financial statements.

Elisa shares held by key members of the management

The members of Elisa's Board of Directors, the CEO, the members of the Executive Board and their related parties held a total of 314,185 shares and votes, corresponding to 0.19 per cent of all shares and votes.

4.2 Share-based incentives

The Group has share-based incentive plans in place. The aim of the plans is to align the objectives of the shareholders and the key employees to increase the value of the Company in the long-term, to retain the key employees at the Company, and to offer them a competitive reward plan that is based on earning and accumulating the Company's shares. The potential rewards are based on the accomplishment of the goals set.

4.2.1 Share-based incentive plan 2021

On 4 March 2021, the Board of Directors of Elisa Corporation has appoved a share-based incentive plan for the Group key employees for years 2021–2025.

The Performance Share Plan includes three three-year performance periods, calendar years 2021–2023, 2022–2024 and 2023–2025. The Board of Directors decided the performance criteria for the plan and required performance levels for each criterion at the beginning of a perfomance period. After the end of the performance period, the reward is paid as a combination of company shares and cash after the completion of financial statements. The cash proportion is intended to cover taxes and tax-related costs arising from the reward to the participant. As a rule, no reward will be paid, if a participant's employment or service ends before the reward payment.

The performance criteria for the performance period 2023–2025 are based on Group's Earnings per Share (EPS), on the International Digital services growth, on Employee Engagement and annual progress in specific key business growth targets. The rewards to be paid on the basis of the performance period 2023–2025 correspond to the value of a maximum total of 398,500 Elisa Corporation shares.

The performance criteria for the performance period 2022–2024 are based on Group's Earnings per Share (EPS), on the International Digital services growth, on Employee Engagement and annual progress in specific key business growth targets. The rewards to be paid on the basis of the performance period 2022–2024 correspond to the value of a maximum total of 360,500 Elisa Corporation shares.

The performance criteria for the performance period 2021–2023 are based on Group's Earnings per Share (EPS), on the International Digital services growth and on annual progress in specific key business growth targets. The rewards to be paid on the basis of the performance period 2022–2024 correspond to the value of a maximum total of 410,700 Elisa Corporation shares.

The CEO of the Company and a member of the Corporate Executive Board must hold a minimum of 50 per cent of the net shares given on the basis of the plan, until the CEO's shareholding in the Company in total corresponds to the value of his annual salary and, respectively, the member's shareholding in the Company in total corresponds to the value of half of his or her annual salary.

Amount of share incentives and terms and assumptions in the fair value calculation	Performance period 2023–2025	Performance period 2022–2024	Performance period 2021–2023
Maximum number of shares granted, pcs	395,800	360,500	410,700
Grant date	31.12.2022	31.12.2021	31.12.2020
Share price at the grant date, EUR	49.46	54.12	49.70
Performance period starts	1.1.2023	1.1.2022	1.1.2021
Performance period ends	31.12.2025	31.12.2024	31.12.2023
Estimated realisation of earning criteria at the beginning of performance period, %	41	44	46
Estimated realisation of earning criteria at the closing date, %	41	78	73
Number of participants in the plan at the closing date	196	180	157

4.2.2 Share-based incentive plan 2017

On 15 December 2017, Elisa's Board of Directors decided on the share-based incentive plan for key personnel for 2018–2022.

The performance-based incentive plan has three performance periods: the calendar years 2018–2020, 2019–2021 and 2020–2022. The Board of Directors decides the performance criteria for the plan and required performance levels for each criterion at the beginning of a performance period. After the end of the performance period, the reward is paid as a combination of company shares and cash after the completion of financial statements. The cash portion intends to cover the tax obligations resulting from the share-based payment. As a rule, no reward will be paid, if a participant's employment or service ends before the reward payment.

The earnings criteria for the performance period 2020–2022 are based on earnings per share (EPS), on development of new businesses and other key objectives. The total maximum amount to be paid for the performance period 2020–2022 equals the value of 407,600 Elisa shares.

The earnings criteria for the performance period 2019–2021 were based on earnings per share (EPS), on development of new businesses and other key objectives. The total maximum amount to be paid for the performance period 2019–2021 equals the value of 536,000 Elisa shares.

The earnings criteria for the performance period 2018–2020 were based on earnings per share (EPS), on development of new businesses and other key objectives. The total maximum amount to be paid for the performance period 2018–2020 equals the value of 550,000 Elisa shares.

The CEO of the Company and a member of the Corporate Executive Board must hold a minimum of 50 per cent of the net shares given on the basis of the plan, until the CEO's shareholding in the Company in total corresponds to the value of his annual salary and, respectively, the member's shareholding in the Company in total corresponds to the value of half of his or her annual salary.

Amount of share incentives and terms and assumptions in the fair value calculation	Performance period 2020–2022	Performance period 2019–2021	Performance period 2018–2020
Maximum number of rewards granted, pcs	407,600	536,000	550,000
Grant date	31.12.2019	31.12.2018	31.12.2017
Share price at the grant date, EUR	49.25	36.08	32.72
Performance period starts	1.1.2020	1.1.2019	1.1.2018
Performance period ends	31.12.2022	31.12.2021	31.12.2020
Estimated realisation of earning criteria at the beginning of performance period, %	61	74	85
Estimated realisation of earning criteria at the closing date, %	71		
Realisation of earning criteria, %		31	39
Distributed number, pcs		72,394	95,241
Volume weighted average share price at distribution date, EUR		52.52	49.39
Distributed number out of the maximum number of share rewards granted, %		14	17
Number of participants in the plan at the closing date	164	175	164

4.2.3 Committed share-based incentive plan 2019

On 31 January 2019, Elisa's Board of Directors decided on a new committed share-based incentive plan for 2019–2025.

The rewards granted under the plan have a restriction period of 1–3 years. The potential reward is based on the validity of the key person's contract of employment. The maximum number of rewards paid under the plan equals the value of 500,000 Elisa shares.

Amount of share incentives and terms and assumptions in the fair value calculation	Restriction period 2022–2023	Restriction period 2022–2023	Restriction period 2019–2020
Maximum number of rewards granted, pcs	8,000	3,000	22,500
Grant date	1.8.2022	1.8.2022	10.6.2019
Share price at the grant date, EUR	54.16	54.16	41.50
Restriction period started	1.8.2022	1.8.2022	10.6.2019
Restriction period ends	31.12.2023	31.8.2023	10.6.2021
Estimated realisation of earnings criteria at the beginning of performance period, %	100	100	100
Earning criteria, realised %			100
Shares transferred, pcs			9,152
Average exchange rate on the day of transfer, EUR			51.00
Amount distributed as shares of the maximum amount of share rewards granted, %			41
Number of participants in the plan at the closing date	4	5	8

Expenses of share-based incentive plans

In 2022, EUR 14.0 (8.0) million of expenses were recognised for the share incentive plans.

Accounting principles - Share-based payments:

In the share-based payment scheme, the total reward amount is the gross earning of shares granted less the applicable withholding tax, with the remaining net amount being paid to the reward recipient in shares. Compensation costs for the share-based incentive plans are entirely treated as equity-settled arrangements. Share-based incentive costs are recognised based on the number of gross shares issued, even though the employee ultimately receives only net shares. The Group settles a cash payment of a portion, required to meet withholding tax obligations, to the Tax Administration. The withholding tax paid to the Tax Administration is recognised directly in equity.

Share-based incentive plans are measured at the fair value at the grant date. If the assumption regarding the realised number of shares changes, an adjustment will be recorded through profit and loss. The share-based incentive plans do not include any other non-market based terms and conditions. Transfer restrictions related to the share-based incentive plans are out of the scope of the fair value measurement and expense recognition.

Accounting policies that require management's judgements - Share-based payments:

The expense recognition for the share-based incentive plans is based on an estimate of the fulfilment of the share incentive plan criteria and the development of Elisa Group's share price. The fulfilment of the share incentive plan criteria and the development of the share price might deviate from the estimates.

4.3 Pension obligations

The Group's pension obligations are classified as either defined contribution plans or defined benefit plans. Under a defined contribution plan, the Group pays fixed contributions to pension insurance companies. If the pension insurance company does not hold sufficient assets to pay all employees the benefits in question, the Group will have no legal or constructive obligation to pay further contributions. The contributions for defined contribution pension plans are recognised as expenses during the financial year, in which the payment obligation has arisen. All other plans not meeting the above criteria are classified as defined benefit plans.

The pension schemes for the Group's personnel in Finland are covered by the Employees Pensions Act (TyEL) and are arranged through pension insurance companies. The Finnish Employees Pensions Act (TyEL) is a defined contribution plan. Supplementary pensions are arranged through life insurance companies. Some supplementary pension plans and pension plans under the responsibility of some group companies have been classified as defined benefit plans. The defined benefit plans are mainly funded by yearly contributions to the insurance companies, based on actuarial valuation. Local tax and other legislation are applied to the pension plans' arrangements. Only Elisa Corporation has defined benefit plans. The pension plans in foreign subsidiaries are defined contribution plans.

Post-employment benefits of key management are described in Note 4.1.

The net defined benefit related to pension liability

EUR million	2022	2021
Present value of unfunded obligations	**-3.1**	-3.6
Present value of funded obligations	**-47.5**	-59.0
Fair value of plan assets	**37.7**	48.2
B/S Net pension liability (-) / receivable (+) in the statement of financial position	**-12.9**	-14.4

Pension expenses recognised in the statement of comprehensive income

EUR million	2022	2021
Expense recognised in profit or loss		
Service cost	**0.2**	0.1
Net interest	**0.1**	0.1
	0.3	0.2
Remeasurements	**-0.5**	3.5
Tax effect of the remeasurements	**0.1**	-0.7
I/S	**-0.4**	2.8

Reconciliation of the net defined benefit obligations in the statement of financial position

EUR million	2022	2021
Net defined benefit obligation at the beginning of the period	**14.4**	11.0
Pension expenses recognised in profit or loss	**0.3**	0.2
Remeasurements	**-0.5**	3.5
Contributions paid by the employer	**-1.3**	-0.3
Net defined benefit obligation at the end of period	**12.9**	14.4

Changes in the present value of the defined benefit obligations

EUR million	2022	2021
Obligation at the beginning of the period	**-62.6**	-63.9
Current service cost	**-0.2**	-0.1
Interest expenses	**-0.4**	-0.3
Remeasurements		
Actuarial gain (+) or loss (-) arising from changes in economic assumptions	**8.0**	-3.5
Gain (+) or loss (-) arising from experience adjustments	**0.1**	0.8
Benefits paid	**4.5**	4.5
Obligation at the end of period	**-50.6**	-62.6

Changes in the fair value of plan assets

EUR million	2022	2021
Fair value of plan assets at the beginning of the period	**48.2**	52.9
Interest income	**0.3**	0.3
Remeasurements, gain (+) or loss (-)	**-7.7**	-0.7
Benefits paid	**-4.5**	-4.5
Contributions paid by the employer	**1.3**	0.3
Fair value of plan assets at the end of period	**37.7**	48.2

The principal actuarial assumptions used	2022	2021
Discount rate, %	**3.3**	0.7
Future pension increase, %	**2.8**	1.9
Inflation, %	**2.6**	1.8

Sensitivity analysis of net defined benefit obligation

	Effect on the net defined benefit obligation, EUR million	
Change in actuarial assumptions	2022	2021
Discount rate + 0.5%	**-0.9**	-1.2
Future pension increase +0.5%	**0.9**	3.9
Expected mortality +1 year	**0.7**	0.8

When calculating a change in one assumption of the sensitivity analysis, the other assumptions are assumed to remain unchanged. In practice, this is not likely to happen, and some changes in the assumptions may correlate with each other. The figures in the sensitivity analysis have been calculated using the same method which is applied when calculating defined benefit obligations.

Defined benefit obligations expose the Group to various risks. Decreases in the gain of corporate bonds, higher inflation and higher expected retirement age may predispose the Group to the growth of defined benefit obligations. On the other hand, since the fair value of assets is calculated using the same discount rate which is used when calculating the obligation, the change in the discount rate will only affect the net defined benefit obligation. Similarly, a rise in life expectancy will increase the assets and affect the net defined benefit obligation.

Weighted average duration of the obligation is 13.6 (12.8) years.

The Group expects to contribute EUR 0.7 (0.4) million to defined benefit pension plans in 2023.

The assets of the defined benefit obligations are 100 per cent acceptable insurances.

Accounting principles - Pension obligations:

The Group's defined benefit obligation has been calculated separately from each plan using the projected unit credit method. Pension expenses calculated by authorised actuaries are recognised in profit or loss over the employees' working lives. The rate used to discount the present value of the defined benefit obligation is determined by reference to market yields of high-quality corporate bonds. If such information is not available, the market yields on government bonds are used. The maturity of corporate bonds and government bonds are substantially consistent with the maturity of pension obligations. The present value of defined benefit obligation is reduced by the fair value of the plan assets at the end of the reporting period. The net defined benefit pension liability is recognised in the statement of financial position.

Current service cost and net interest of the net defined benefit liability are recorded in employee expenses on the income statement. The remeasurements of the net defined benefit liability, for example actuarial gains and losses and the return on plan assets, are recognised in other comprehensive income during the financial period in which they incur.

Accounting policies that require management's judgements - Pension obligations:

The book value of defined pension obligations is based on actuarial valuations. Assumptions and estimates used in the valuations include, among others, the discount rate used on the valuation of the pension obligation and plan assets as well as the development of inflation and salary levels.

5 Tangible and intangible assets

5.1 Depreciation, amortisation and impairment

EUR million	2022	2021
Tangible assets		
Land and water areas		
Right-of-use assets	**1.1**	1.0
Buildings and constructions		
Owned buildings and constructions	**11.9**	12.4
Right-of-use assets	**20.3**	17.6
Telecom devices, machinery and equipment		
Owned telecom devices, machinery and equipment	**168.8**	173.2
Right-of-use assets	**3.0**	3.1
Other tangible assets	**0.1**	0.1
	205.2	207.5
Intangible assets		
Customer base	**4.3**	6.6
Other intangible assets	**53.9**	52.5
	58.2	59.1
IFRS	**263.4**	266.6

EUR 0.0 (0.0) million of impairment losses have been recoded for the assets.

5.2 Property, plant and equipment

2022 EUR million	Land and water areas	Buildings and structures	Telecom devices, machinery and equipment	Other tangible assets	Tangible assets under construction	Total
Acquisition cost at 1 Jan.	12.3	316.0	3,949.0	36.5	33.9	4,347.7
Business acquisitions		0.0	0.1	0.0		0.1
Additions	0.1	18.1	152.4	0.1	29.6	200.3
Business disposals			-1.2			-1.2
Disposals			-80.7	0.0		-80.8
Reclassifications	-0.6	0.6	26.2	0.0	-30.8	-4.6
Translation differences	0.0	0.0	0.0	0.0	0.0	0.1
Acquisition cost at 31 Dec.	11.7	334.8	4,045.9	36.6	32.7	4,461.7
Accumulated depreciation and impairment at 1 Jan.	0.0	195.9	3,363.3	35.8		3,595.0
Depreciation and impairment	-0.1	11.9	168.8	0.1		180.7
Accumulated depreciation on business acquisitions			0.1			0.1
Accumulated depreciation on disposals and reclassifications		-1.2	-78.9	0.0		-80.1
Accumulated depreciation on business disposals			-0.7			-0.7
Translation differences		0.0	0.0	0.0		0.0
Accumulated depreciation and impairment at 31 Dec.	-0.1	206.7	3,452.6	35.9		3,695.0
B/S Book value at 1 Jan.	12.3	120.0	585.7	0.8	33.9	752.7
B/S Book value at 31 Dec.	11.8	128.1	593.3	0.8	32.7	766.7

2021 EUR million	Land and water areas	Buildings and structures	Telecom devices, machinery and equipment	Other tangible assets	Tangible assets under construction	Total
Acquisition cost at 1 Jan.	11.1	298.9	3,781.9	35.7	28.5	4,156.1
Business acquisitions	1.1	-0.4	1.2	0.7	0.2	2.8
Additions	0.1	12.7	162.6	0.1	26.5	201.8
Disposals	0.0	-0.5	-15.0		0.0	-15.4
Reclassifications	0.0	5.3	18.3		-21.3	2.3
Translation differences	0.0	0.0	0.1	0.0	0.0	0.1
Acquisition cost at 31 Dec.	12.3	316.0	3,949.0	36.5	33.9	4,347.7
Accumulated depreciation and impairment at 1 Jan.	0.0	183.7	3,202.2	35.1		3,421.0
Depreciation and impairment		12.4	173.2	0.1		185.7
Accumulated depreciation on business acquisitions		0.1	1.0	0.6		1.7
Accumulated depreciation on disposals and reclassifications		-0.3	-13.1			-13.5
Translation differences		0.0	0.0	0.0		0.1
Accumulated depreciation and impairment at 31 Dec.	0.0	195.9	3,363.3	35.8		3,595.0
B/S Book value at 1 Jan.	11.1	115.2	579.7	0.7	28.5	735.1
B/S Book value at 31 Dec.	12.3	120.0	585.7	0.8	33.9	752.7

On 31 December 2022, the investment commitments for tangible and intangible assets were EUR 70.1 (55.7) million.

Accounting principles - Property, plant and equipment:

Property, plant and equipment are recognised in the statement of financial position at the original cost. Property, plant and equipment are valuated at acquisition cost less accumulated depreciation and impairments. Depreciation is recorded on a straight-line basis over the useful lives of tangible assets. The residual value and the useful life of an asset is reviewed at year-end and adjusted, if necessary.

Subsequent costs, such as renewals and major renovation projects, are capitalised when it is probable that future economic benefit will flow to the Group. Ordinary repair, service and maintenance costs are recognised as expenses during the financial period in which they incur.

Government grants, such as grants received in connection with the acquisition of fixed assets, are recorded as a deduction from the carrying amount of the fixed assets. Government grants are recognised in profit and loss in the form of lower depreciation over the useful life of the fixed asset.

Expected useful life of property, plant and equipment:

Buildings and structures	25–40 years
Machinery and equipment in buildings	10–25 years
Telecommunications network (line, backbone, area, subscription, cable TV)	8–15 years
Exchanges and concentrators (fixed and mobile core)	6–10 years
Equipment for the network and exchanges	3–8 years
Telecommunication terminals	2–4 years
Other machinery and equipment	3–5 years

Land and water areas are not depreciated.

5.3 Right-of-use assets

2022 EUR million	Land and water areas	Buildings and structures	Telecom devices, machinery and equipment	Total
Acquisition cost at 1 Jan.	15.5	129.1	130.3	274.9
Business acquisitions		0.0		0.0
Additions	1.6	20.6	3.3	25.5
Disposals		-1.6		-1.6
Reclassifications		-4.3	-112.6	-117.0
Translation differences		-0.2	0.0	-0.2
Acquisition cost at 31 Dec.	17.2	143.6	20.9	181.7
Accumulated amortisation and impairment at 1 Jan.	2.9	56.3	124.7	183.9
Depreciation and impairment	1.1	20.3	3.0	24.4
Accumulated amortisation on disposal and reclassifications		-4.3	-112.6	-117.0
Translation differences		-0.1	0.0	-0.1
Accumulated depreciation and impairment at 31 Dec.	4.0	72.2	15.1	91.3
B/S Book value at 1 Jan.	12.6	72.8	5.5	91.0
B/S Book value at 31 Dec.	13.2	71.4	5.9	90.4

2021 EUR million	Land and water areas	Buildings and structures	Telecom devices, machinery and equipment	Total
Acquisition cost at 1 Jan.	14.0	114.0	131.7	259.7
Business acquisitions		0.8	0.3	1.2
Additions	1.5	14.3	2.1	18.0
Disposals			-1.1	-1.1
Reclassifications		-0.1	-2.8	-2.9
Translation differences		0.0	0.0	0.0
Acquisition cost at 31 Dec.	15.5	129.1	130.3	274.9
Accumulated depreciation and impairment at 1 Jan.	1.9	38.8	124.4	165.1
Depreciation and impairment	1.0	17.6	3.1	21.8
Accumulated depreciation on disposal and reclassifications		-0.2	-2.8	-3.0
Translation differences		0.0		0.0
Accumulated depreciation and impairment at 31 Dec.	2.9	56.3	124.7	183.9
B/S Book value at 1 Jan.	12.1	75.2	7.3	94.6
B/S Book value at 31 Dec.	12.6	72.8	5.5	91.0

On 31 December 2022, the lease commitments for lease contracts commencing in the future in accordance with IFRS 16 were EUR 0.1 (4.8) million.

Accounting principles - Right-of-use assets:

A lease contract is a contract or a part of a contract that conveys the right to use the underlying asset for a specified period in exchange for consideration. When a new contract is made, Elisa assesses whether the contract in question is a lease contract or contains a lease contract.

The Group's leases mainly consist of leases for business premises, telecom and equipment premises, retail facilities and vehicles. Last mile rentals from other operators and indefeasible right to use (IRU) contracts mainly do not fulfil the definition of a lease.

The right-of-use assets and lease liabilities recognised in the balance sheet are measured at present value of future lease payments at the time of initial recognition. The lease payments are discounted using industry-specific interest rates considering the length of the lease contracts. The depreciation costs of the right-of-use assets and the interest portion of the lease liabilities are expensed. The depreciation of right-of-use assets is recorded on a straight-line basis starting on the commencement of the agreement over the useful life of the right-of-use asset or over the lease period, depending on which of these is shorter.

The right-of-use asset is adjusted in certain cases with remeasurements of the lease liability. Lease liabilities are mainly remeasured when future payments change due to index or interest rate changes or when the Group's assessment of using a possible extension option changes. When a lease liability is remeasured, the book value of the right-of-use asset is usually adjusted accordingly.

Short term and low value leases are recognised in the income statement and presented as off-balance sheet commitments. Leases with the lease term of 12 months or less are short term leases and leases for which the underlying asset is of low value are low value leases. Rental expenses for short term and low value leases are described under Note 8.4 Off-balance sheet leases and other commitments.

The Group separates the service components included in the lease agreements of business premises, retail facilities and vehicles and recognises their share as an expense in the income statement.

5.4 Intangible assets

2022 EUR million	Goodwill	Customer base	Other intangible assets	Intangible assets under construction	Total
Acquisition cost at 1 Jan.	1,160.6	45.0	845.1	13.4	2,064.1
Business acquisitions	22.5		2.1		24.6
Additions			51.4 [1]	12.5	63.9
Disposals			-0.2		-0.2
Business disposals			0.0		0.0
Reclassifications			8.0	-6.9	1.1
Translation differences	-4.7	-0.7	0.0		-5.4
Acquisition cost at 31 Dec.	1,178.4	44.3	906.4	19.0	2,148.1
Accumulated amortisation and impairment at 1 Jan.	21.2	34.5	670.9		726.7
Depreciation and impairment		4.3	53.9		58.2
Accumulated depreciation on business acquisitions			0.1		0.1
Accumulated amortisation on disposal and reclassifications			-4.0		-4.0
Accumulated depreciation on business disposals			0.0		0.0
Translation differences	-0.1	-0.5	0.0		-0.7
Accumulated depreciation and impairment at 31 Dec.	21.1	38.3	720.8		780.2
Book value at 1 Jan.	1,139.4	10.5	174.2	13.4	1,337.4
Book value at 31 Dec.	1,157.3	6.0	185.5 [2]	19.0	1,367.8

2021 EUR million	Goodwill	Customer base	Other intangible assets	Intangible assets under construction	Total
Acquisition cost at 1 Jan.	1,152.5	126.9	801.7	10.2	2,091.4
Business acquisitions	8.6	0.8	3.6		13.0
Additions			34.4	10.9	45.3
Disposals			0.0		0.0
Reclassifications		-82.5	5.3	-7.7	-84.9
Translation differences	-0.5	-0.2	0.1		-0.7
Acquisition cost at 31 Dec.	1,160.6	45.0	845.1	13.4	2,064.1
Accumulated depreciation and impairment at 1 Jan.	21.1	110.5	618.3		749.9
Depreciation and impairment		6.6	52.5		59.1
Accumulated depreciation on business acquisitions			2.0		2.0
Accumulated depreciation on disposals and reclassifications		-82.5	-1.9		-84.4
Translation differences	0.2	-0.1	0.0		0.1
Accumulated depreciation and impairment at 31 Dec.	21.2	34.5	670.9		726.7
Book value at 1 Jan.	1,131.4	16.4	183.4	10.2	1,341.5
Book value at 31 Dec.	1,139.4	10.5	174.2 [2]	13.4	1,337.4

[1] Includes Estonian 3,5 GHz spectrum licence in a carrying amount of EUR 7.2 million and 2x10 MHz spectrum licence in carryng amount of EUR 2.11 million.

[2] Includes software in carrying amount of EUR 89.6 (85.1) million.

Accounting principles - Intangible assets:

An intangible asset is recognised only if it is probable that the expected future economic benefits attributable to the asset will flow to the Group and the cost of the asset can be measured reliably. Subsequent costs related to the intangible assets are capitalised only if the future economic benefits that will flow to the Group exceed the level of performance originally assessed. In other cases, the costs are recognised the expense is incurred.

In connection with the business combinations, intangible assets, such as customer base and brand, are measured at fair value. Other intangible assets are measured at original acquisition cost and amortised on a straight-line basis over their estimated useful life.

Amortisation periods for intangible assets:

AsCustomer base	3–5 years
Brand	10 years
Development expenses	3 years
IT software	5 years
Other intangible assets	3–10 years

Research costs are recorded as expenses in the income statement. Development expenses capitalised from the date the product is technically feasible, it can be utilised commercially and the asset is expected to generate future economic benefit. Otherwise, development costs are recorded as an expense. Development costs initially recognised as expenses cannot be capitalised subsequently.

Public grants related to research and development projects are recognised as other operating income, when research and development costs are recognised as an annual expense. If the public grant relates to the product development cost to be capitalised, the grant received reduces the capitalised acquisition costs.

Implementation costs of SaaS arrangement are generally recognised as an expense and capitalised as an intangible asset only if the capitalisation conditions are met.

The Group assesses at each balance sheet date whether there is any indication that an asset may be impaired. If such evidence exists, the recoverable amount of the asset is assessed. Additionally, regardless of any existence of impairment indications, the recoverable amount of intangible assets under construction is assessed annually. The Group does not have any intangible assets with an indefinite useful life.

The recoverable amount of the asset is its fair value less cost of disposal or its value in use, if it is higher. Value in use is a discounted present value of future net cash flows expected to be derived from an asset. An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. An impairment loss is recognised immediately in the income statement. An impairment loss is reversed, if there are indications that a change in circumstances has taken place, and the asset's recoverable amount has changed since the impairment loss was recognised. However, the reversal of an impairment loss will never exceed the carrying amount of the asset had no impairment loss been recognised.

5.4.1 Goodwill

Goodwill is allocated to the Group's cash generating units as follows:

EUR million	2022	2021
Consumer Customers	**641.0**	641.0
Corporate Customers	**516.3**	498.4
B/S	**1,157.3**	1,139.4

The reported operating segments based on Elisa's organisational and management structure are Consumer Customers and Corporate Customers.

Impairment testing:

In annual impairment tests, the recoverable amount of the segments is determined based on the value in use, which is calculated on the basis of projected discounted cash flows (DCF model). Covering a five-year period, the cash flow projections are based on plans approved by the management. The projections are mostly consistent with information from external sources and reflect actual development. The used discount rate before taxes is 6.6 per cent (5.3 per cent in comparison period). Cash flows after five years have been projected by estimating the change in future cash flows as 2 per cent growth.

As a result of the performed impairment tests, there was no need for impairment of the segments' goodwill.

Usage of the DCF model requires forecasts and assumptions concerning market growth, prices, volume development, investment needs and general interest rate. The major sensitivities in the performance are associated with forecast revenue and profitability levels.

Sensitivity analysis Projection parameters applied	Consumer Customers 2022	Corporate Customers 2022	Consumer Customers 2021	Corporate Customers 2021
Amount in excess of CGU carrying value, EUR million	**5,446**	**2,452**	7,973	3,871
EBITDA margin on average, %[1]	**38.5**	**30.0**	38.4	31.7
Horizon growth, %	**2.0**	**2.0**	2.0	2.0
Pre-tax discount rate, %	**6.6**	**6.6**	5.3	5.3

[1] On average during a five-year projection period.

Change in projection parameters that makes the fair value equal to book value	Consumer Customers 2022	Corporate Customers 2022	Consumer Customers 2021	Corporate Customers 2021
EBITDA margin on average, %	**-18.8**	**-13.3**	-20.9	-16.0
Horizon growth, %	**-28.9**	**-22.8**	-35.5	-29.0
Pre-tax discount rate, %	**17.3**	**15.3**	19.9	16.6

Accounting principles - Goodwill:

Goodwill arising from business combinations prior to 2004 is accounted for in accordance with the previous financial statements regulations and the book value is the assumed acquisition cost in accordance with IFRS. Business combinations incurred between 1 January 2004 and 31 December 2009 have been accounted for in accordance with IFRS 3 (2004). Goodwill arising from business combinations incurred after 1 January 2010 represents the excess of the consideration transferred over the Group's interest in the net fair value of the identifiable net assets acquired and the amount of non-controlling interest, and in a business combination achieved in stages, the acquisition-date fair value of the equity interest.

Goodwill is not amortised. Goodwill is tested for impairment annually, or more frequently, if there is any indication of a potential impairment. For the purpose of impairment testing, goodwill is allocated to the cash-generating units (CGU's) – Consumer Customers and Corporate Customers. Goodwill is carried at its cost less any accumulated impairment losses.

An impairment loss is recognised, when the carrying amount of an asset exceeds its recoverable amount. An impairment loss is recognised immediately in the income statement. If an impairment loss is allocated to a cash-generating unit, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash-generating unit, and then to the other assets of the unit on a pro rata basis. An impairment loss recognised for goodwill is never reversed under any circumstances.

Accounting policies that require management's judgements - Goodwill impairment testing:

The recoverable amount of cash-generating units is determined by calculations based on value in use, the preparation of which requires estimates and assumptions. The main uncertainties are associated with the estimated levels of revenue and profitability and the discount rate. Any changes may lead to the recognition of impairment losses.

6 Inventories, trade and other receivables, trade and other liabilities

6.1 Inventories

EUR million	2022	2021
Materials and supplies	**33.2**	23.7
Finished goods	**62.4**	59.1
B/S	**95.5**	82.8

An impairment on inventories of EUR 0.4 (2.1) million was recognised during the financial period.

6.2 Trade and other receivables

6.2.1 Current receivables

EUR million	2022	2021
Trade receivables	**421.9**	395.7
Impaired trade receivables	**-4.7**	-5.4
Contract assets related to revenue	**2.0**	4.3
Contract assets related to costs	**5.7**	5.7
Accrued income	**79.8**	79.5
Finance lease receivables	**16.5**	11.9
Loan receivables	**0.1**	0.1
Receivables from associated companies	**0.1**	0.1
Other receivables	**15.6**	14.3
B/S	**537.1**	506.3

Accrued income includes interest receivables as well as income and cost accruals from the operating activities.

Aging of trade receivables

EUR million	2022 Nominal value	2022 Impairment	2022 Carrying amount	2021 Nominal value	2021 Impairment	2021 Carrying amount
Not past due	**374.9**	**0.0**	**374.9**	354.0	-0.3	353.8
Past due						
Past due less than 30 days	**32.8**	**-0.2**	**32.6**	28.2	-0.2	28.0
Past due 31-60 days	**5.1**	**-0.4**	**4.7**	5.3	-0.4	4.9
Past due 61-90 days	**3.0**	**-0.5**	**2.5**	2.7	-0.3	2.4
Past due 91-180 days	**2.7**	**-1.7**	**1.0**	2.3	-1.5	0.8
Past due more than 181 days	**3.4**	**-1.9**	**1.5**	3.2	-2.7	0.5
	421.9	**-4.7**	**417.2**	395.7	-5.4	390.3

The book value of trade receivables approximates their fair value. The credit risk associated with trade receivables is described in note 7.1. The maximum exposure to credit risk is the carrying amount of the trade receivables on the closing date, EUR 417.2 million.

6.2.2 Non-current receivables

EUR million	2022	2021
Loan receivables	**0.0**	0.0
Trade receivables	**99.4**	92.0
Finance lease receivables	**12.7**	6.2
Accrued income	**2.4**	3.1
Non-current derivatives	**1.2**	1.6
Other non-current receivables	**1.1**	0.4
B/S	**116.8**	103.2

The effective interest rate on receivables (current and non-current) was 0.00 (0.00) per cent.

Gross finance lease receivables - maturity of minimum lease receivables

EUR million	2022	2021
Within one year	**17.0**	12.1
Later than one year, not later than five years	**13.1**	6.3
	30.1	18.4
Future finance income	**-0.8**	-0.3
Present value of finance lease receivables	**29.3**	18.1

Maturity of present value of future minimum lease receivables

EUR million	2022	2021
Within one year	**16.5**	11.9
Later than one year, not later than five years	**12.7**	6.2
	29.3	18.1

Lease periods vary from one to five years, and conditions vary in terms of index clauses.

6.3 Trade and other liabilities

EUR million	2022	2021
Non-current		
Trade payables[1]	**1.4**	8.1
Advances received	**4.3**	4.4
Derivative instruments	**0.0**	0.0
Other liabilities[2]	**24.6**	28.5
B/S	**30.3**	41.0
Current		
Trade payables[1]	**199.0**	203.8
Advances received	**10.3**	9.3
Contract liabilities, from revenue	**30.8**	27.7
Accrued employee-related expenses	**64.9**	60.8
Other accruals	**8.0**	8.4
Liabilities to associated companies	**0.0**	0.0
Other liabilities[2]	**99.9**	91.6
B/S	**412.9**	401.6
	443.2	442.6

[1] Non-current trade payables include liabilities of EUR 0.0 (5.3) million for 3540–3670 MHz spectrum licence and EUR 1.4 (2.8) million for 26 GHz spectrum licence. Current trade payables include liabilities of EUR 5.3 (5.3) million for a 3540–3670 MHz spectrum licence and EUR 1.4 (1.4) million for a 26 GHz spectrum licence.

[2] Other non-current liabilities include EUR 18.1 (21.4) million and other current liabilities include EUR 6.9 (0.9) million of contingent considerations and contingent redemption obligations for non-controlling interests related to business acquisitions.

Other accruals consist of accrued interest expenses as well as income and cost accruals from the operating activities.

Accounting principles - Inventories, trade and other receivables, trade and other liabilities:

Inventories:

Inventories are measured at their acquisition cost or at the net realisable value, if lower than the cost. In ordinary course of business net realisable value is the estimated selling price less necessary estimated costs associated with the eventual sale. The cost is determined using a weighted average price.

Receivables:

Receivables are valued at amortised cost and recognised at the original invoiced amount. The Group records the provision for the impairment losses arising from trade receivables based on historical default rates over the expected life and recognises the impairment loss when the trade receivables are stated as lost. The impairment loss is adjusted by the amount of factored receivables.

Trade receivables and other receivables are classified as non-current receivables, if they mature in more than 12 months. In other cases, they are classified as current receivables.

The Group offers the consumer customers various payment methods granting possibility to purchase equipment on 12–36 months credits. At the time of the sale of the equipment, such transactions are recorded as revenue and trade receivable. The trade receivables are classified as non-current, if their maturity exceeds 12 months.

Finance lease receivables:

The Group acts as a lessor in the lease arrangements for video conferencing and data terminal equipment, which is accounted for as finance leases. At the time of the sale of the equipment, the proceeds is recorded as revenue and receivables at present value. Rental income received is recorded as financial income and a reduction of the receivables, reflecting a constant periodic rate of return on the net investment.

Trade payables:

The current value of trade payables and other liabilities is a reasonable estimate of their fair value. The payment terms of the Group's trade payables correspond to conventional corporate payment terms.

7 Capital structure

7.1 Financial risk management

Elisa's central treasury department manages the exchange rate, interest rate, liquidity and refinancing risks for the entire Group. The financing policies, covering funding and investment principles, are annually discussed and ratified by the Audit Committee of the Board of Directors. Funding risks are monitored as a part of the regular business monitoring procedure.

7.1.1 Market risks

Interest rate risk

Elisa is exposed to interest rate risk mainly through its financial liabilities. In order to manage interest rate risk, the Group's borrowings and investments are diversified in fixed and variable-rate instruments. Derivative financial instruments may also be used in managing interest rate risk. The purpose is to minimise the negative effects caused by changes in the interest rate level.

Timing of interest rate changes for interest-bearing financial liabilities (EUR million) 31 Dec. 2022, at nominal value

Time of interest rate change	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
Variable-rate financing instruments				
Commercial paper	125.0			125.0
Bank loans	100.0			100.0
Fixed-rate financing instruments				
Bonds		600.0	300.0	900.0
Bank loans		150.0	3.2	153.2
Lease liabilities	20.4	30.5	40.4	91.2
	245.4	780.5	343.6	1,369.4

On 31 December 2022, the Group's interest-bearing financial assets consisted of commercial papers and bank deposits amounting to EUR 0.0 million and cash in the bank amounting to EUR 85.4 million.

Lease contracts contain index-linkages, which affect the amounts of lease liabilities, right-of-use assets and depreciation.

The sensitivity analysis includes the financial liabilities at the balance sheet date. The change in interest rate level is assumed to be one percentage point and the effect on income is calculated before taxes. The interest rate position is assumed to include interest-bearing financial liabilities and receivables, as well as interest rate swaps on the balance sheet date, assuming that all the contracts will be valid and stay unchanged for the entire year.

EUR million	2022	2021
Change in interest rate level +/- 1%	**-2.25/2.25**	-1.8/+0.0

Foreign exchange risk

Most of Elisa Group's cash flows are denominated in euros, which means that the company's exposure to exchange rate risk (economic risk and transaction risk) is low. Business related exchange rate risks arise from Polystar Osix Ab and its subsidiaries, international interconnection traffic and, to a minor extent, other acquisitions. The most essential currencies are the US dollar (USD), the Swedish Krona (SEK), the Canadian dollar (CAD), the British pound (GBP) and the Norwegian Krone (NOK). The impact of other currencies is insignificant.

During the financial year, exchange rate hedges have been used against changes in the value of the Swedish Krona. The Group has hedged Swedish Krona denominated expenses with foreign currency forward contracts. The Group's financial liabilities do not include exchange rate risk.

The translation difference exposure from the foreign subsidiaries included in consolidated equity mainly consists of Polystar subgroup. The translation difference exposure has not been hedged during the reporting period.

Foreign currency position

	2022		2021	
EUR million	Trade receivables	Trade payables	Trade receivables	Trade payables
USD	**13.0**	**7.6**	11.8	5.3
SEK	**4.0**	**0.9**	4.9	0.4
CAD	**3.8**	**0.0**	1.1	0.0
GBP	**1.0**	**0.3**	0.4	0.5
NOK	**0.4**	**0.0**	0.5	0.0

The Group level currency exposure is the basis for the sensitivity analysis of foreign exchange risk. Assuming euro to appreciate or depreciate 20 percent against all other currencies, the impact on cash flows would be:

EUR million	2022	2021
USD	**+/- 1.1**	+/- 1.3
SEK	**+/- 0.6**	+/- 0.9
CAD	**+/- 0.7**	+/- 0.2
GBP	**+/- 0.2**	-/+ 0.0
NOK	**+/- 0.1**	+/- 0.1

Commodity risks

Elisa is investing strongly in the use of renewable energy and has signed a wind power purchase agreement for the next 10 years for the Puutikankangas Wind -wind farm that is under construction. The agreement covers about half of the electricity consumption of Elisa's mobile network in Finland. Puutikankangas wind farm will be operational in 2023.

Elisa hedges electricity purchases with physical purchase contracts and derivatives. The electricity price risk is assessed for a five-year period. Hedge accounting is applied to contracts hedging future purchases. The effective portion of derivatives that qualify for hedge accounting is recognised in the revaluation reserve of equity and the ineffective portion is recognised in the income statement under other operating income or expenses. The change in the revaluation reserve, recognised in equity, is presented in the statement of comprehensive income under Cash flow hedge.

At the end of the year, the ineffective portion of hedge accounting was EUR 0.0 (0.0) million.

The hedging rate for purchases in the following years, %	2022	2021
0–1 years	**86.6**	93.1
1–2 years	**60.1**	30.6
2–3 years	**38.9**	
3–4 years	**37.8**	
4–5 years	**36.7**	

If the market price of electricity derivatives changed by +/- 10 per cent from the balance sheet date 31 December 2022, it would contribute EUR +1.8/–0.5 (+2.0/–1.2) million to equity. The impact has been calculated before tax.

7.1.2 Liquidity risk

The objective of liquidity risk management is to ensure the Group's financing under all circumstances. The Group's most important financing arrangement is an EMTN programme of EUR 1,500 million, under which the Company issued bonds for EUR 900 million. Furthermore, the Company has a EUR 350 million commercial paper programme and committed credit limit of EUR 300 million, out of which EUR 130 million credit limit will fall due on 22 September 2026 and EUR 170 million will fall due on 7 July 2024. Both credits were fully undrawn on 31 December 2022. The loan margin is determined based on the Company's credit rating.

Elisa issued EUR 100 million short-term financing under the credit facility, that was arranged by Landesbank Baden-Württemberg. The limit is non-committed and is valid until 31 May 2023. The limit was fully undrawn on 31 December 2022.

On 3 February 2022, Elisa has established a Sustainability Finance Framework to support the company's sustainability goals. Elisa can issue bonds and other financial instruments to finance or refinance sustainable investments and projects in accordance with the Framework.

As part of ensuring its financing, Elisa has acquired international credit ratings. Moody's Investor Services have rated Elisa's long-term commitments as Baa2 (outlook stable). Standard & Poor Global has rated the company's long-term commitments as BBB+ (outlook stable) and short-term commitments as A–2.

Cash and undrawn committed limits

EUR million	2022	2021
Cash and cash equivalents	**85.4**	114.1
Credit limits	**300.0**	300.0
	385.4	414.1

On 31 December 2022, cash and cash equivalents, as well as undrawn committed credit limits less commercial papers issued by Elisa, were EUR 260.4 (414.1) million.

Contract-based cash flows for financial liabilities are presented under Note 7.4.2

7.1.3 Credit risk

Financial instruments contain an element of risk of the respective parties failing to fulfil their obligations. Liquid assets are invested within confirmed limits in investment targets with good credit ratings. Investments and the limits specified for them are reviewed annually, or more often, if necessary. Derivative contracts are only signed with Finnish and foreign banks with good credit ratings.

The business units are liable for credit risk associated with trade receivables. The units have written credit policies that are mainly consistent with uniform principles. The credit ratings of new customers are always reviewed from external sources when selling products or services invoiced in arrears. In case of additional sales to existing customers, creditworthiness is reviewed on the basis of the company's own accounts. The Group may also collect advance or guarantee payments in accordance with its credit policy.

Credit risk concentrations in trade receivables are minor, as the Group's customer base is wide; the ten largest customers represent approximately 7 per cent of customer invoicing. EUR 4.7 (5.4) million of uncertain receivables have been deducted from consolidated trade receivables. The Group's previous experience in the collection of trade receivables corresponds to the recognised impairment. Furthermore, the Group regularly sells the past due trade receivables of defined customer groups. Based on these facts, the management is confident that the Group's trade receivables do not involve any substantial credit risk. The maximum credit risk is the value of trade receivables. On 31 December 2022 short-term trade receivables were EUR 417.2 (390.3) million and long-term trade receivables EUR 99.4 (92.0) million. The aging of short-term trade receivables is described in note 6.2.1.

7.2 Capital management

Elisa's capital consists of equity and liabilities. To develop its business, Elisa may carry out expansion investments and acquisitions that may be financed through equity or liabilities, directly or indirectly.

The target for the company's equity ratio is over 35 per cent and comparable net debt / EBITDA 1.5 to 2.0.

The company's distribution of profit to shareholders consists of dividends, capital repayment and acquisition of treasury shares. Effective profit distribution is 80 per cent to 100 per cent of profit for the period. Furthermore, additional profit distribution to the shareholders may occur. When proposing or deciding on the profit distribution, the Board takes into account the company's financial position, future financing needs, and set financial objectives.

7.2.1 Capital structure and key indicators

EUR million	2022	2021
Interest-bearing net debt	**1,275.8**	1,219.1
B/S Total equity	**1,251.9**	1,204.1
Total capital	**2,527.7**	2,423.2
Gearing ratio, %	**101.9**	101.2
Net debt / EBITDA	**1.7**	1.7
Equity ratio, %	**40.6**	39.9

7.2.2 Available sources of financing

With regard to capital financing, the company's objective is to maintain sufficient flexibility for the Board of Directors to issue shares. The Annual General Meeting 2021 authorised the Board of Directors to pass a resolution concerning the share issue, right of assignment of treasury shares and/or granting of special rights referred to in the Limited Liability Companies Act. The authorisation entitles the Board of Directors to issue the shares in a proportion other than that of the current shareholdings (directed share issue). A maximum aggregate of 15 million of the company's shares can be issued under the authorisation.

Shareholders' equity	2022	2021
Treasury shares, 1,000 pcs	**7,075**	7,148
Share issue authorisation, 1,000 pcs	**15,000**	14,991

On 31 December 2022, the maximum amount of the share issue authorisation at the share closing price was EUR 741.9 (811.3) million.

With regard to capital financing, the company maintains loan programmes and credit arrangements that allow quick issuance. The arrangements are committed and non-committed, and allow issuances for different maturities.

Debt capital	2022	2021
Commercial paper programme (non-committed)[1]	**225.0**	350.0
Credit facility (non-committed)	**100.0**	
Revolving credits (committed)[2]	**300.0**	300.0
EMTN programme (non-committed)[3]	**600.0**	600.0
Total, EUR million	**1,225.0**	1,250.0

On the closing date, the share issue authorisation as well as committed and non-committed credit arrangements totalled EUR 1,966.9 (2,061.3) million.

[1] The commercial paper programme amounted to EUR 350 million, of which EUR 125 million was in use on 31 December 2022.

[2] Elisa has two committed revolving credit facilities of EUR 300 million in total. Both credits were undrawn on 31 December 2022.

[3] Elisa has a European Medium Term Note programme (EMTN) for a total of EUR 1,500 million, of which EUR 900 million was in use on 31 December 2022. The programme was updated on 21 July 2022, and it is valid for one year as of the update.

7.3 Equity

7.3.1 Share capital and treasury shares

EUR million	Number of shares (thousands)	Share capital	Treasury shares
1 Jan. 2021	167,335	83.0	-128.4
Disposal of treasury shares			2.3
B/S 31 Dec. 2021	167,335	83.0	-126.1
Disposal of treasury shares			1.6
B/S 31 Dec. 2022	167,335	83.0	-124.5

At the end of the reporting period, the company's paid-in share capital registered in the Trade Register was EUR 83,033,008 (83,033,008).

According to its Articles of Association, Elisa Corporation has only one series of shares, each share entitling to one vote. All issued shares have been paid for. Shares do not have a nominal value.

Treasury shares include the acquisition cost of treasury shares held by the Group, and they are deducted from shareholder's equity in the consolidated financial statements.

Treasury shares	Shares, pcs	Accounting countervalue, EUR	Holding, % of shares and votes
Treasury shares held by the Group at 1 Jan. 2021	7,252,165	3,598,583	4.33
Disposal of treasury shares	-104,393		
Treasury shares held by the Group at 31 Dec. 2021	7,147,772	3,546,782	4.27
Disposal of treasury shares	-72,394		
Treasury shares held by the Group at 31 Dec. 2022	7,075,378	3,510,859	4.23

7.3.2 Dividends

The Annual General Meeting has proposed a total dividend of EUR 2.15 per share to be paid for the 2022 result. A dividend of EUR 2.05 per share was paid for the 2021 result.

7.3.3 Other reserves

EUR million	Reserve for invested non-restricted equity	Contingency reserve	Fair value reserve	Other reserves	Total
1 Jan. 2021	90.9	3.4	-8.7	381.0	466.6
Cash flow hedge			0.9		0.9
Remeasurements of the net defined benefit liability			-2.8		-2.8
B/S 31 Dec. 2021	90.9	3.4	-10.6	381.0	464.8
Cash flow hedge			-0.3		-0.3
Remeasurements of the net defined benefit liability			0.4		0.4
B/S 31 Dec. 2022	90.9	3.4	-10.5	381.0	464.8

The reserve for invested non-restricted equity includes the proportion of share subscription prices that was not recognised as share capital in accordance with the share issue terms.

The contingency reserve includes the amount transferred from distributable equity under the Articles of Association or by General Meeting decision. The fair value reserve includes changes in the fair value of other investments, the remeasurements of the net defined benefit liability and the effective portion of the changes in the fair values of derivatives designated as cash flow hedges. Other reserves were formed through share issues in business acquisitions by the amount exceeding the par value of the share received by the Company.

7.4 Financial assets and liabilities

7.4.1 Financial income and expenses

EUR million	2022	2021
Financial income		
Dividend income on other financial assets	**0.4**	0.6
Interest and financial income on loans and other receivables	**2.2**	1.9
Gain on disposal from financial assets	**0.1**	0.1
Foreign exchange gain	**2.8**	2.0
Other financial income	**0.0**	0.1
I/S	**5.6**	4.6
Financial expenses		
Interest expenses on financial liabilities measured at amortised cost	**-11.1**	-10.1
Interest expenses on lease liabilities	**-2.6**	-2.7
Other financial expenses on financial liabilities measured at amortised cost	**-2.0**	-2.5
Other interest expenses	**-0.2**	-0.2
Impairments	**-0.2**	
Foreign exchange loss	**-2.2**	-0.6
Other financial expenses	**-0.5**	-0.3
I/S	**-18.7**	-16.5

Accounting principles - Financial income and expenses:

Interest income and expenses are recognised using the effective interest rate method, and dividend income is recognised when the right to dividend is incurred.

Foreign exchange rate gains and losses are recognised in accordance with their nature either in materials and services or in financial income and expenses.

7.4.2 Financial liabilities

	2022		2021	
EUR million	Balance sheet values	Fair values	Balance sheet values	Fair values
Non-current				
Bonds	**891.8**	**819.9**	888.1	913.1
Bank loans	**103.2**	**103.2**	253.3	253.3
Lease liabilities	**70.8**	**70.8**	73.4	73.4
B/S	**1,065.9**	**994.0**	1,214.8	1,239.8
Current				
Bank loans	**150.0**	**150.0**	100.2	100.2
Lease liabilities	**20.4**	**20.4**	18.1	18.1
Commercial paper	**125.0**	**125.0**		
B/S	**295.4**	**295.4**	118.4	118.4
	1,361.2	**1,289.3**	1,333.2	1,358.2

The financial liabilities include a total of EUR 91.2 (91.6) million of secured lease liabilities. In practice, lease liabilities are secured liabilities, as the rights to the leased property will revert to the lessor if the payments are neglected.

All financial liabilities are denominated in euros. Financial liabilities are measured at amortised cost. The fair values of financial liabilities are based on quoted market prices.

The average maturity of non-current liabilities was 2.7 (3.7) years and the effective average interest rate was 1.0 (0.7) per cent.

Contract-based cash flows on the repayment of financial liabilities and costs

2022 EUR million	2023	2024	2025	2026	2027	2028–	Yhteensä
Bonds	6.8	306.8	4.1	304.1	300.8		922.5
Financial costs	6.8	6.8	4.1	4.1	0.8		22.5
Repayments	0.0	300.0	0.0	300.0	300.0		900.0
Bank loans	153.9	3.3	103.3	0.2	0.2	2.3	263.2
Financial costs	3.7	3.0	3.0	0.0	0.0	0.2	9.9
Repayments	150.3	0.3	100.2	0.2	0.2	2.1	253.2
Commercial paper	125.0						125.0
Financial costs	0.5						0.5
Repayments	124.5						124.5
Lease liabilities	23.4	17.8	14.2	9.8	5.3	66.0	136.5
Financial costs	3.1	5.8	5.0	3.8	2.0	25.6	45.2
Repayments	20.4	11.9	9.2	6.0	3.3	40.4	91.2
Derivatives	-1.1						-1.1
Electricity derivatives	-1.2						-1.2
Currency derivatives	0.0						0.0
Trade payables	199.0						199.0
Total	**507.0**	**327.8**	**121.6**	**314.1**	**306.3**	**68.3**	**1,645.0**
Financial costs	**12.8**	**15.6**	**12.2**	**7.9**	**2.7**	**25.8**	**77.0**
Repayments	**494.2**	**312.2**	**109.4**	**306.2**	**303.5**	**42.5**	**1,568.0**

2021 EUR million	2022	2023	2024	2025	2026	2027–	Yhteensä
Bonds	6.8	6.8	306.8	4.1	304.1	300.8	929.3
Financial costs	6.8	6.8	6.8	4.1	4.1	0.8	29.3
Repayments			300.0		300.0	300.0	900.0
Bank loans	1.1	151.0	0.4	100.4	0.3	2.1	255.4
Financial costs	0.8	0.8	0.1	0.1	0.0	0.1	1.9
Repayments	0.3	150.3	0.3	100.3	0.3	2.0	253.5
Schuldschein loan	100.0						100.0
Financial costs							
Repayments	100.0						100.0
Lease liabilities	20.6	16.5	13.3	11.3	8.7	66.3	136.6
Financial costs	2.4	5.6	4.6	4.1	3.2	25.0	45.1
Repayments	18.1	10.9	8.7	7.2	5.4	41.3	91.6
Derivatives	-1.6						-1.6
Electricity derivatives	-1.6						-1.6
Currency derivatives	0.0						0.0
Trade payables	203.8						203.8
Total	330.6	174.3	320.5	115.9	313.1	369.2	1,623.5
Financial costs	8.4	13.1	11.5	8.4	7.4	25.9	74.6
Repayments	322.3	161.2	309.0	107.5	305.7	343.3	1,548.9

Future financial costs of variable-rate financial liabilities have been calculated at the interest rate prevailing on the period end date.

The company has EUR 300 million in credit facilities, of which EUR 130 million matures in 2026 and EUR 170 million in 2024. Both credits were undrawn on 31 December 2022.

Bonds

In the framework of its bond programme, the parent company has issued the following bonds:

	31 Dec. 2022					
	Fair value EUR million	Balance sheet value EUR million	Nominal value EUR million	Nominal interest rate, %	Effective interest rate, %	Maturity date
EMTN programme 2001 / EUR 1,000 million						
I/2017	291.0	297.7	300.0	0.875	0.974	17.3.2024
I/2019	276.2	295.9	300.0	1.125	1.236	26.2.2026
I/2020	252.7	298.2	300.0	0.250	0.322	15.9.2027
	819.9	891.8	900.0			

The fair value of bonds is based on market quotes.

Maturity of lease liabilities' cash flows

EUR million	2022	2021
Within one year	**20.4**	18.1
Later than one year, but not later than five years	**30.5**	32.1
Later than five years	**40.4**	41.3
	91.2	91.6

7.4.3 Financial assets and liabilities recognised at fair value

Carrying amounts of financial assets and liabilities by category

2022 EUR million	Financial assets/liabilities measured at fair value through profit or loss	Financial assets/liabilities measured at fair value through other comprehensive income	Financial assets/liabilities measured at amortised cost	Book values	Fair values	Note
Non-current financial assets						
Other financial assets[1]	0.6		15.6	16.2	16.2	
Trade and other receivables		1.2	115.6	116.8	116.8	6.2.2
Current financial assets						
Trade and other receivables			537.1	537.1	537.1	6.2.1
	0.6	1.2	668.3	670.1	670.1	
Non-current financial liabilities						
Financial liabilities			1,065.9	1,065.9	994.0	7.4.2
Trade and other liabilities[2]	4.6	0.0	21.4	26.0	26.0	6.3
Current financial liabilities						
Financial liabilities			295.4	295.4	295.4	7.4.2
Trade and other liabilities[2]	0.3		402.3	402.6	402.6	6.3
	4.9	0.0	1,785.0	1,789.9	1,718.0	

[1] Other investments contain the Group's listed and unlisted equity investments

[2] Excluding advances received

2021 EUR million	Financial assets/liabilities measured at fair value through profit or loss	Financial assets/liabilities measured at fair value through other comprehensive income	Financial assets/liabilities measured at amortised cost	Book values	Fair values	Note
Non-current financial assets						
Other financial assets [1]	0.8		15.6	16.4	16.4	
Trade and other receivables		1.6	101.6	103.2	103.2	6.2.2
Current financial assets						
Trade and other receivables			506.3	506.3	506.3	6.2.1
	0.8	1.6	623.5	625.9	625.9	
Non-current financial liabilities						
Financial liabilities			1,214.8	1,214.8	1,239.8	7.4.2
Trade and other liabilities [2]	3.3	0.0	33.3	36.6	36.6	6.3
Current financial liabilities						
Financial liabilities			118.4	118.4	118.4	7.4.2
Trade and other liabilities [2]			392.3	392.3	392.3	6.3
	3.3	0.0	1,758.8	1,762.1	1,787.1	

[1] Other investments contain the Group's listed and unlisted equity investments

[2] Excluding advances received

The fair values of financial asset and liability items are presented in detail under the specified note number.

Financial assets and liabilities recognised at fair value

EUR million	2022	Level 1	Level 2	Level 3
Financial assets and liabilities measured at fair value through other comprehensive income				
Electricity derivatives	**1.2**		1.2	
Currency derivatives	**0.0**		0.0	
Financial assets and liabilities measured at fair value through profit or loss				
Listed equity investments	**0.6**	0.6		
Contingent considerations in business combinations	**-4.9**			-4.9
	-3.1	0.6	1.1	-4.9

EUR million	2021	Level 1	Level 2	Level 3
Financial assets and liabilities measured at fair value through other comprehensive income				
Electricity derivatives	1.6		1.6	
Currency derivatives	0.0		0.0	
Financial assets and liabilities measured at fair value through profit or loss				
Listed equity investments	0.8	0.8		
Contingent considerations in business combinations	-3.3			-3.3
	-0.9	0.8	1.6	-3.3

Items measured at fair value are categorised using a three-level value hierarchy. Level 1 includes financial instruments with quoted prices in active markets, such are listed shares owned by the Group. Level 2 includes instruments with observable prices based on market data, such are electricity and currency derivatives. Level 3 includes instruments with prices that are not based on observable market data, but instead, on the company's internal information, such are Group's contingent considerations relating to business combinations.

Level 3 reconciliation

Contingent considerations related to business acquisitions

EUR million	2022	2021
At the beginning of the period	**3.3**	4.4
Increase in contingent consideration	**1.7**	
Payment of contingent consideration	**-0.1**	-1.1
Translation differences	**0.0**	
At the end of the period	**4.9**	3.3

According to the management's estimation for the financial instruments valued at Level 3, replacing one or more of the pieces of fair value measurement data with a possible alternative assumption would not significantly change the fair value of the items, considering the small total amount of underlying liabilities.

7.4.4 Derivative instruments

Nominal values of derivatives

	2022			2021		
	Period of validity			Period of validity		
EUR million	Less than 1 year	1–5 years	Over 5 years	Less than 1 year	1–5 years	Over 5 years
Electricity derivatives	5.8			1.9		
Currency derivatives	3.3			3.5		
	9.1			5.5		

Fair values of derivatives

	2022			2021		
EUR million	Positive fair value	Negative fair value	Total	Positive fair value	Negative fair value	Total
Electricity derivatives	1.2		1.2	1.6		1.6
Currency derivatives		0.0	0.0		0.0	0.0
	1.2	0.0	1.1	1.6	0.0	1.6

Determination of fair value and categorisation

The fair value of derivative instruments is determined using quoted prices in active markets.

The Group recognises the derivative instruments at the fair value hierarchy Level 2. Please see note 7.4.3.

Accounting principles - Derivative instruments:

Derivatives are recognised at fair value as financial assets or liabilities on the date of acquisition. Gains and losses arising from the fair value remeasurements are recognised in accordance with the nature of derivative contracts. Outstanding derivatives that do not qualify for hedge accounting are measured at fair value at the end of the reporting period and the fair value changes are immediately recognised in financial items on the income statement. The fair value of derivatives is expected to approximate the quoted market prices or, if the quoted market prices are not available, the value is estimated using commonly used valuation methods.

The Group applies hedge accounting for electricity price risk and the Swedish krona, and treats electricity derivative contracts as cash flow hedges. The change in fair value of effective portion of derivatives that qualify for hedge accounting is recognised in other comprehensive income and presented in the equity hedge revaluation reserve (as a part of "Other reserves"). Gains or losses on derivative instruments accumulated in equity are expensed when any hedged item affects profit or loss. The ineffective portion of the derivatives is recognised in other operative income and expenses on the income statement. The hedge accounting is discontinued when the hedge contract is expired, sold, terminated or completed. Any cumulative gain or loss arising from the hedge instrument remains in equity until the expected transaction is realised.

Accounting principles - Financial assets and liabilities:

Financial assets:

Acquisition and sale of financial assets are recognised on the settlement date. The Group derecognises financial assets when its contractual rights to the cash flows from the financial asset expire or when it has transferred substantially all the risks and rewards to an external party.

Cash and cash equivalents include cash at hand and bank deposits as well as highly liquid short-term investments with maturities up to 3 months.

Investments in shares, excluding investments in associated companies and mutual real-estate companies, are classified as other financial assets and generally measured at fair value. Investments in unlisted companies are recognised at original acquisition cost less any impairment. Investments in listed companies are measured at fair value, based on share transactions. Equity investments are included in non-current assets. On 31 December 2022, Group's equity investments consisted mainly of investments in unlisted companies.

Financial liabilities:

Financial liabilities are initially recognised at fair value equalling the net proceeds received and subsequently measured at amortised cost, using the effective interest rate method. The transaction costs are included in the original acquisition cost of financial liabilities. Financial liabilities are recognised in non-current and current liabilities, and they may be non-interest-bearing or interest-bearing.

In cases where the terms of the financial liability measured at amortised cost are amended in such a way that the change does not result in derecognition of the liability from the balance sheet, the Group must nevertheless recognise the profit or loss in the income statement. The profit or loss is calculated as the difference between the original contractual cash flows and the cash equivalents, discounted at the original effective interest rate of amended agreements.

Lease liabilities:

Lease liabilities are initially measured at present value of future lease payments. The estimated lease term includes the non-cancellable period of the lease together with periods covered by termination and extension options, if exercise of these options is reasonably certain. Company has discounted the future lease payments using the borrowing rate based on duration of the estimated lease term. The lease liability is initially measured using the actual value of an index at the commencement date. The lease liabilities are remeasured if the changes are reflected in the cash flow or if the Group reassesses whether it is reasonably certain to exercise a possible option.

Classification of assets and liabilities:

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 the cash flow of which include payments of principal and interest on the principal amount outstanding. Financial assets and liabilities measured at fair value through other comprehensive income include financial items that are expected both to collect contractual cash flows and to sell financial assets/liabilities. 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 and currency derivatives that qualify for hedge accounting as financial assets or liabilities measured at fair value through other comprehensive income. Contingent considerations in business combinations and listed equity investments 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.

8 Other notes

8.1 Taxes

8.1.1 Income taxes

EUR million	2022	2021
Taxes for the period	**-83.0**	-77.0
Taxes for previous periods	**-0.1**	0.0
Deferred taxes	**-0.2**	2.1
I/S	**-83.2**	-74.9

Income taxes recognised directly in comprehensive income:

	2022			2021		
EUR million	Before taxes	Tax effect	After taxes	Before taxes	Tax effect	After taxes
Remeasurements of the net defined benefit liability	**0.5**	**-0.1**	**0.4**	-3.5	0.7	-2.8
Cash flow hedge	**-0.4**	**0.1**	**-0.3**	1.1	-0.2	0.9
	0.0	**0.0**	**0.0**	-2.3	0.5	-1.9

Translation differences do not include a tax effect.

Reconciliation of the tax expense on the income statement and taxes calculated at the Group's domestic statutory tax rate 20 (20):

EUR million	2022	2021
I/S Profit before tax	**456.0**	418.4
Tax according to the domestic tax rate	**-91.2**	-83.7
Tax effects of the following:		
Tax-free income	**0.2**	0.3
Non-deductible expenses	**-0.7**	-0.2
Tax effect related to the foreign subsidiaries	**10.3**	9.1
Usage of tax losses, for which no deferred tax was recognised	**0.2**	
Loss for the period, for which no deferred tax asset is recognised	**-1.6**	-0.5
Taxes for previous periods	**-0.1**	0.0
Other items	**-0.4**	0.1
I/S Taxes on the income statement	**-83.2**	-74.9
Effective tax rate, %	**18.2**	17.9

Accounting principles - Income taxes for the period and deferred taxes:

Taxes recognised on the income statement include current and deferred taxes. Income taxes for the financial year are calculated on the net profit for the period at the current tax rate and are adjusted by taxes for the prior periods.

The reporting period as well as prior reporting periods may be subject to a tax audit, which may subsequently result in a change in tax decisions, additional tax payments or refunds.

Deferred taxes are calculated from all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. Please refer to the next note 8.1.2 for details.

The global minimum tax regulation enters into force in 2024 and applies to Elisa. Elisa has started to analyse the impact of the regulation.

8.1.2 Deferred tax assets and liabilities

The change in deferred tax assets and liabilities during 2022

Deferred tax assets EUR million	1 Jan. 2022	Recognised on the income statement	Recognised on consolidated statement of comprehensive income	Translation differences	31 Dec. 2022
Provisions	1.2	-0.4			0.8
Confirmed losses	0.7	-0.4			0.3
Right-of-use assets	1.6	0.1			1.7
Internal margins	2.8	0.0			2.8
Share-based incentive plans	3.0	0.9			3.9
Pension obligations	3.0	-0.1	-0.1		2.8
Other temporary differences	0.9	-0.2	0.1	0.0	0.8
B/S	13.1	0.0	0.0	0.0	13.1

Deferred tax liabilities EUR million	1 Jan. 2022	Recognised on the income statement	Business combinations	Translation differences	31 Dec. 2022
Fair value measurement of tangible and intangible assets in business combinations	3.9	-1.2	0.4	0.0	3.0
Accumulated depreciation differences	16.4	1.0			17.4
Finance lease agreements	0.6	0.7			1.3
Customer contracts	1.9	-0.1			1.8
Bonds	0.8	-0.1			0.7
Other temporary differences	1.6	-0.1			1.6
B/S	25.3	0.1	0.4	0.0	25.7

Deferred income tax assets recognised for tax losses are carried forward to the extent that the realisation of the related tax benefit through future profits is probable. On 31 December 2022, EUR 0.3 (0.7) million deferred tax asset was recognised for confirmed losses, that will expire in 2026. At the end of the reporting period, the Group had EUR 18.8 (14.0) million of unused tax losses for which no tax assets have been recognised.

The change in deferred tax assets and liabilities during 2021

Deferred tax assets EUR million	1 Jan. 2021	Recognised on the income statement	Recognised on consolidated statement of comprehensive income	Translation differences	31 Dec. 2021
Provisions	0.7	0.5			1.2
Tax losses carried forward	1.0	-0.3			0.7
Right-of-use assets	1.5	0.0			1.6
Internal margins	2.6	0.2			2.8
Share-based incentive plans	2.5	0.4			3.0
Pension obligations	2.6	-0.3	0.7		3.0
Other temporary differences	1.0	0.1	-0.2	0.0	0.9
B/S	11.9	0.8	0.5	0.0	13.1

Deferred tax assets EUR million	1 Jan. 2021	Recognised on the income statement	Business combinations	Translation differences	31 Dec. 2021
Fair value measurement of tangible and intangible assets in business combinations	4.9	-1.4	0.4		3.9
Accumulated depreciation differences	16.0	0.4			16.4
Finance lease contracts	0.8	-0.2			0.6
Customer contracts	1.8	0.1			1.9
Bonds	0.9	-0.1			0.8
Other temporary differences	1.7	-0.1		0.0	1.6
B/S	26.2	-1.3	0.4	0.0	25.3

Accounting principles - Deferred tax assets and liabilities:

Deferred taxes are calculated from the temporary differences arising between carrying amount and the tax base. The temporary tax liabilities are not recognised if they arise from initial recognition of goodwill or from the initial recognition of an asset/liability other than in a business combination which, at the time of the transaction, does not affect either the accounting or the taxable profit. No deferred tax is recognised on valuation differences of shares for which the sales profit would be tax-deductible.

Deferred tax assets are recognised only to the extent that it is probable that they can be utilised against future taxable income. Deferred tax liabilities are recognised on the balance sheet in total, with the exception for Estonian subsidiaries where no tax liability has been recognised for the untaxed retained earnings EUR 196.9 million, as no profit distribution decision or plans for profit distribution exist for the time being.

Deferred tax liabilities and assets are not offset.

Accounting policies that require management's judgements - Deferred tax assets:

Particularly at the end of each financial period, the Group assesses the probability of subsidiaries generating taxable income against which unused tax losses can be utilised. The appropriateness for recognising other deferred tax assets is also determined at the end of each financial period. Changes in the estimates may lead to the recognition of significant tax expenses.

8.2 Provisions

EUR million	Termination benefits	Other	Total
1 Jan. 2021	1.7	1.7	3.4
Increase in provisions	7.6		7.6
Utilised provisions	-3.5		-3.5
Release of unused provisions	-1.6		-1.6
31 Dec. 2021	4.3	1.7	5.9
Increase in provisions	2.0		2.0
Utilised provisions	-3.8		-3.8
Release of unused provisions	-0.5		-0.5
31 Dec. 2022	2.0	1.7	3.7

EUR million		2022	2021
B/S	Long-term provisions	**2.9**	2.8
B/S	Short-term provisions	**0.8**	3.1
		3.7	5.9

Termination benefits

As a part of the Group's rationalisation, Elisa has carried out statutory employee negotiations leading to personnel reductions in 2022. The restructuring provision includes provisions for both unemployment pensions and other expenses due to redundancies. The provisions associated with redundancies will be realised during 2023–2024 and the provision associated with unemployment pensions will be realised in 2023–2024.

Other provisions

Other provisions include environmental provisions made for telephone poles.

Accounting principles - Provisions and contingent liabilities:

A provision is recognised when the Group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount of the obligation can be reliably estimated.

Contingent liabilities are potential liabilities arising from past events that may occur depending on the outcome of uncertain future events which are beyond the control of the Group. Also a present obligation that is unlikely to require settlement of a payment obligation or the amount of which cannot be reliably measured is a contingent liability. Contingent liabilities are not recognised in the statement of financial position. Contingent liabilities are presented in note 8.4.

8.3 Related party details

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.

Transactions carried out with related parties:

2022 EUR million	Revenue	Purchases	Receivables	Liabilities
Associates	**0.5**	**1.0**	**0.6**	**0.0**

2021 EUR million				
Associates	0.5	0.8	0.6	0.0

The employee benefits of the Group's related parties are presented in Note 4.1

8.3.1 Group companies

The parent company of the Group is Elisa Corporation.

Subsidiaries	Domicile	Group's ownership, %
Banana Fingers Limited	Bristol, UK	100
Digiset Oy	Helsinki, Finland	100
Elisa IndustriQ Oy	Helsinki, Finland	100
Elisa camLine Holding GmbH	Petershausen, Germany	100
camLine GmbH	Petershausen, Germany	100
camLine Dresden GmbH	Dresden, Germany	100
camLine Solutions S.r.l.	Iași, Romania	100
camLine USA Inc.	Atlanta GA, USA	100
camLine Hungary Kft.	Szombathely, Hungary	60
camLine Pte. Ltd.	Singapore, Singapore	100
camLine Taiwan	New Taipei City, Taiwan	100
camLine sdn. Bhd.	Bayan Lepas, Malaysia	100
PT Elisa camLine Indonesia	Surabaya, Indonesia	100
TenForce NV	Leuven, Belgium	50
TenForce USA LLC	Houston TX, USA	50
Process Data Control Corporation	Arlington TX, USA	50
Elisa Deutschland GmbH	Aachen, Germany	100
Elisa Finance Oü	Tallinn, Estonia	100
Elisa France SAS	Les Sorinieres, France	100
Elisa Hong Kong Limited	Hong Kong, Hong Kong	100
Elisa Santa Monica Oy	Helsinki, Finland	100
Elisa Eesti AS	Tallinn, Estonia	100
Elisa Videra Oy	Helsinki, Finland	100

Subsidiaries	Domicile	Group's ownership, %
Elisa Videra Inc.	Los Angeles CA, USA	100
Elisa Videra Italy S.r.l	San Genesio, Italia	100
Elisa Videra Norge As	Oslo, Norway	100
Elisa Videra Singapore PTE Ltd.	Singapore, Singapore	100
Elisa Videra Spain S.L	Madrid, Spain	100
Elisa Videra UK Ltd.	London, UK	100
Elistar AB	Stockholm, Sweden	100
Cardinality Ltd	Guildford, England	100
Cardinality SP. z.o.o.	Lublin, Poland	100
Cardinality Inc.	Delaware DE, USA	100
Frinx s.r.o.	Bratislava, Slovakia	100
Frinx Corp	New York NY, USA	100
Polystar Egypt LLC	Cairo, Egypt	100
Polystar Instruments Canada Inc.	Toronto, Kanada	100
Polystar Instruments Inc.	Frisco,TX, USA	100
Polystar OSIX AB	Stockholm, Sweden	100
Polystar Asia Private Ltd.	Singapore, Singapore	100
Polystar Australia Pty	Sydney, Australia	100
P-OSS Solutions S.L.U.	Bilbao, Spain	100
Polystar Ryssland LLC	Moscow, Russia	100
Enia Oy	Helsinki, Finland	100
Epic TV SAS	Sallanches, France	100
Fenix Solutions Oy	Turku, Finland	100
Fonum Oy	Helsinki, Finland	100
Karelsat Oy	Joensuu, Finland	100
Kepit Systems Oy	Vaasa, Finland	70
Kiinteistö Oy Raision Luolasto	Espoo, Finland	100
Kiinteistö Oy Rinnetorppa	Kuusamo, Finland	100
Kiinteistö Oy Tapiolan Luolasto	Espoo, Finland	100
LE-Kuitu Oy	Salo, Finland	100
LNS Kommunikation AB	Stockholm, Sweden	100
Preminet Oy	Helsinki, Finland	100
Sutaria Services Inc.	Murphy TX, USA	57
Watson Nordic Oy	Vaasa, Finland	100
Joint arrangements		
Kiinteistö Oy Brahenkartano	Turku, Finland	60

Significant changes in ownership of subsidiaries are presented in note 3. Other changes in group structure is described further.

On 25 October 2022 Elisa Eesti AS ja Santa Monica Networks AS have merged with Elisa Teleteenused AS. After the mergers the name of Elisa Teleteenused AS has changed to Elisa Eesti AS.

Accounting principles - Consolidation principles, subsidiaries:

The consolidated financial statements include the parent company, Elisa Corporation, and those subsidiaries over which the Group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to affect those returns through its power over the entity.

Subsidiaries are consolidated from the date the Group obtains control and divested companies until the loss of control. Acquisition method is used in the accounting for the elimination of internal ownership. All intra-group transactions, gains on the sale of inventories and fixed assets, intra-group receivables, payables and dividends are eliminated.

Profit for the period attributable to the equity holders of the parent and non-controlling interests is presented separately in the consolidated income statement. Non-controlling interests are presented separately from the equity of the owners of the parent in the consolidated statement of financial position. Losses of subsidiaries are allocated to non-controlling interests even if they exceed their share of ownership.

Accounting principles - Consolidation principles, joint arrangements:

Joint arrangements are arrangements over which the Group exercises joint control with one or more parties. A joint arrangement is either a joint venture or a joint operation. A joint venture is a joint arrangement, where the Group has rights to the net assets of the arrangement. A joint operation is a joint arrangement where the Group has rights to the assets and obligations for the liabilities relating to the arrangement.

The only joint arrangement owned by the Group, Kiinteistö Oy Brahenkartano, is a joint operation, which is consolidated using the proportional consolidation method. 60 per cent of the assets, liabilities, income and expenses of the joint operation are consolidated to the Group's financial statements. The company owns and manages a building and a site in Turku. Elisa is mainly entitled to manage office and telecom facilities with the shares owned.

8.3.2 Investments in associated companies

Aggregated financial information of associates

EUR million	2022	2021
I/S Group's share of associated companies' profit	-0.7	-0.5
B/S Group's investments in associated companies	9.9	10.6

EUR million	2022	2021
Balance at the beginning of the period	10.6	1.4
Additions	0.0	9.8
Reclassifications	0.0	-0.1
Share of profits for the period	-0.7	-0.5
Dividends received	0.0	
B/S Balance at the end of the period	9.9	10.6

During comparison period Elisa acquired 19 per sent of Italian industrial software provider specialised in innovative IT solutions for Digital Supply Chain and Smart Manufacturing, sedApta Group. The companies are consolidated as associates on the basis of significant influence.

Associates	Domicile	ownership,%
FNE-Finland Oy	Kontiolahti, Finland	45.9
Kiinteistö Oy Helsingin Sentnerikuja 6	Helsinki, Finland	50.0
Kiinteistö Oy Herrainmäen Luolasto	Tampere, Finland	50.0
Kiinteistö Oy Lauttasaarentie 19	Helsinki, Finland	41.7
Kiinteistö Oy Pohjanplassi	Lapua, Finland	39.0
Kiinteistö Oy Riihimäen Maisterinkatu 9	Riihimäki, Finland	37.0
Kiinteistö Oy Runeberginkatu 43	Helsinki, Finland	29.6
Kiinteistö Oy Stenbäckinkatu 5	Helsinki, Finland	40.0
sedApta Group	Milan, Italy	19.0
Suomen Numerot NUMPAC Oy	Helsinki, Finland	33.3
Tele Scope Oy	Espoo, Finland	22.0
KE-Masto Oy	Kajaani, Finland	49.5

Accounting principles - Consolidation principles, associated companies

Associated companies are entities over which the Group exercises significant influence. Significant influence is presumed to exist when the Group owns over 20 per cent of the voting rights of the company or when the Group otherwise exercises significant influence, but does not exercise control. Associated companies are consolidated in accordance with equity method. If the Group's share of losses of an associated company exceeds its interest in the associated company, the investment is recognised on the balance sheet at zero value and the Group discontinues recognising its share of further losses unless the Group has other obligations for the associated company. Associated companies are consolidated from the date the Group obtains significant influence and divested associated companies are consolidated until the loss of significant influence.

8.4 Off-balance sheet leases and other commitments

Leases

Group as a lessee

Lease payments related to off-balance sheet lease commitments:

EUR million	2022	2021
Lease payments associated with short-term leases	**31.9**	32.8
Lease payments associated with low-value assets	**4.6**	4.2
	36.5	37.0

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

EUR million	2022	2021
Within one year	**13.2**	12.5
Later than one year, but not later than five years	**4.3**	4.7
Later than five years	**1.0**	1.2
	18.4	18.4

Lease payments are presented without value added tax.

Group as a lessor

Future minimum lease receivables under non-cancellable operating leases:

EUR million	2022	2021
Within one year	**3.6**	2.5
Later than one year, but not later than five years	**0.7**	0.9
	4.3	3.3

Accounting principles - Leases:

The group as a lessee

The Group recognises rental expenses for short-term leases and low-value assest in the income statements and presents such contracts as off-balance sheet liabilities.

The group as a lessor

The Group acts as a lessor in two different types of lease arrangements that are accounted for as operating leases: rental income from telecom premises and carrier services is recognised as revenue over the lease period, and rental income from real estate is recognised as other operating income. The lease contract periods are mainly short with durations of 1–6 months.

Rental income is recognised over the lease period.

Collateral, commitments and other liabilities

EUR million	2022	2021
On behalf of own commitments		
Mortgages	**3.8**	3.8
Guarantees	**0.6**	0.4
Deposits	**0.6**	0.4
On behalf of others		
Guarantees	**0.3**	
	5.2	4.6
Other contractual obligations		
Venture Capital investment obligation	**0.5**	0.8
Repurchase obligations		0.0
	0.5	0.8

Real estate investments

VAT refund liability for real estate investments indicates the amount that may become completely non tax-deductible if the intended use of the property was to change.

On 31 December 2022, VAT refund liability for real estate investments was EUR 36.1 (33.2) million.

8.5 Events after the end of the reporting period

There were no significant events after the balance sheet date.

9 Key Indicators

The key indicator tables are unaudited.

9.1 Key indicators describing the Group's financial development

	2022	2021	2020	2019	2018
INCOME STATEMENT					
Revenue, EUR million	**2,130**	1,998	1,895	1,844	1,832
Change of revenue, %	**6.6**	5.5	2.8	0.7	2.5
EBITDA, EUR million	**733**	697	685	661	640
EBITDA as % of revenue	**34.4**	34.9	36.2	35.8	34.9
EBIT, EUR million	**470**	431	409	395	404
EBIT as % of revenue	**22.1**	21.6	21.6	21.4	22.0
Profit before tax, EUR million	**456**	418	398	372	381
Profit before tax as % of revenue	**21.4**	20.9	21.0	20.2	20.8
Return on equity (ROE), %	**30.4**	28.8	28.1	26.6	29.2
Return on investment (ROI), %	**18.3**	16.9	16.7	17.2	18.3
Research and development costs, EUR million	**21**	16	10	8	8
Research and development costs as % of revenue	**1.0**	0.8	0.5	0.4	0.5
BALANCE SHEET					
Gearing ratio, %	**101.9**	101.2	101.9	103.0	94.8
Current ratio	**1.0**	1.4	1.3	1.2	1.0
Equity ratio, %	**40.6**	39.9	39.1	41.0	42.4
Non-interest bearing liabilities, EUR million	**488**	491	430	428	393
Interest bearing net debt	**1,276**	1,219	1,207	1,184	1,068
Balance sheet total, EUR million	**3,101**	3,028	3,041	2,814	2,669
INVESTMENTS					
Investments in shares and business combinations, EUR million	**25**	28	70	83	14
CAPITAL EXPENDITURE					
Gross investments, EUR million	**290**	265	266	256	254
Gross investments as % of revenue	**13.6**	13.3	14.1	13.9	13.9
PERSONNEL					
Average number of employees during the period	**5,523**	5,391	5,097	4,882	4,814
Revenue/employee, EUR 1,000	**386**	371	372	378	380

The order book is not presented, as the information is not relevant due to the nature of the Group's business.

FORMULAE FOR FINANCIAL SUMMARY INDICATORS

EBITDA	EBIT + depreciation, amortisation and impairment
EBIT	Profit for the period + income taxes + financial income and expenses + share of associated companies' profit
Return on equity (ROE), %	$\frac{\text{Profit for the period}}{\text{Total shareholders' equity on average}} \times 100$
Return on investment (ROI), %	$\frac{\text{Profit before taxes + interest and other financial expenses}}{\text{Total equity + interest-bearing liabilities on average}} \times 100$
Gearing ratio, %	$\frac{\text{Interest-bearing liabilities - cash and cash equivalents and financial assets at fair value through profit or loss}}{\text{Total shareholders' equity}} \times 100$
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities - advance payments received}}$
Equity ratio, %	$\frac{\text{Total shareholders' equity}}{\text{Balance sheet total - advance payments received}} \times 100$

9.2 Alternative performance measures [1]

	2022	2021	2020	2019	2018
INCOME STATEMENT					
Comparable EBITDA, EUR million	**735**	706	685	668	639
Comparable EBITDA as % of revenue	**34.5**	35.3	36.2	36.2	34.9
Comparable EBIT, EUR million	**472**	439	415	402	403
Comparable EBIT as % of revenue	**22.2**	22.0	21.9	21.8	22.0
Comparable profit before tax, EUR million	**458**	427	399	379	380
Comparable profit before tax as % of revenue	**21.5**	21.4	21.0	20.5	20.8
Comparable return on equity (ROE), %	**30.5**	29.3	28.1	27.1	28.8
Comparable return on investment (ROI), %	**18.4**	17.2	16.7	17.5	18.3
Comparable earnings per share (EPS)	**2.34**	2.19	2.05	1.93	1.95

[1] Other than the financial indicators defined by IFRS

FORMULAE FOR ALTERNATIVE PERFORMANCE MEASURES

Comparable EBITDA	EBIT + depreciation, amortisation and impairment +/- items affecting comparability
Comparable EBIT	Profit for the period + income taxes + financial income and expenses + share of associated companies' profit +/- items affecting comparability
Comparable profit for the period	Profit for the period +/- items affecting comparability
Comparable EPS	Profit attributable to owners of the parent company +/- items affecting comparability / Average number of shares during the period adjusted for share issues
Comparable return on equity (ROE), %	Profit for the period +/- items affecting comparability / Total shareholders' equity on average X 100
Comparable return on investment (ROI), %	Profit before taxes + interest and other financial expenses +/- items affecting comparability / Total equity + interest-bearing liabilities on average X 100
Comparable cash flow after investments	Net cash flow from operating activities - net cash used in investing activities +/- items affecting comparability

9.3. Per-share indicators [1]

	2022	2021	2020	2019	2018
Share capital, EUR	**83,033,008**	83,033,008	83,033,008	83,033,008	83,033,008
Number of shares at year-end	**160,259,695**	160,187,301	160,082,908	159,897,796	159,723,252
Average number of shares	**160,253,348**	160,174,453	160,065,712	159,880,581	159,736,826
Number of shares at year-end, diluted	**160,416,729**	160,187,301	160,082,908	159,897,796	159,723,252
Average number of shares, diluted	**160,410,382**	160,174,453	160,065,712	159,880,581	159,736,826
Market capitalisation, EUR million [2]	**8,276**	9,056	7,508	8,241	6,037
Earnings per share (EPS), EUR	**2.33**	2.15	2.05	1.90	1.98
Dividend per share, EUR	**2.15** [6]	2.05	1.95	1.85	1.75
Payout ratio, %	**92.1**	95.6	95.1	97.6	88.5
Equity per share, EUR	**7.78**	7.48	7.39	7.19	7.05
P/E ratio	**21.2**	25.2	21.9	26.0	18.2
Effective dividend yield, % [3]	**4.3**	3.8	4.3	3.8	4.9
Share performance on Nasdaq Helsinki					
Mean price, EUR	**51.99**	51.00	51.08	42.26	36.34
Closing price at year-end, EUR	**49.46**	54.12	44.87	49.25	36.08
Lowest price, EUR	**45.57**	45.10	40.79	35.51	31.68
Highest price, EUR	**56.90**	56.18	58.88	49.91	41.95
Trading of shares on Nasdaq Helsinki [4]					
Total trading volume, 1,000 shares	**71,229**	81,557	122,497	96,662	104,879
Percentage of shares traded [5]	**43**	49	73	58	63

[1] The numbers of shares are presented without treasury shares held by Elisa Group.

[2] Calculated on the basis of the closing price on the last trading day of the year and the total number of shares at the end of the period (167 335 073).

[3] Calculated on the basis of the closing price on the last trading day of the year.

[4] Elisa share is also traded in alternative marketplaces. According to Bloomberg and the Fidessa Fragmentation report, the trading volumes in these markets in 2022 were approximately 293 (205) per cent of Nasdaq Helsinki's volumes.

[5] Calculated in proportion to the total number of shares at the end of the period.

[6] The Board of Directors proposes a dividend payment of EUR 2.15 per share.

FORMULAE FOR PER-SHARE INDICATORS

Earnings per share (EPS)	Profit for the period attributable to the equity holders of the parent / Average number of shares during the period adjusted for share issues
Dividend per share [1]	Dividend adjusted for share issues / Number of shares at the balance sheet date adjusted for share issues
Effective dividend yield, % [1]	Dividend per share / Share price at the balance sheet date adjusted for share issues X 100
Payout ratio, % [1]	Dividend per share / Earnings per share X 100
Equity per share	Equity attributable to equity holders of the parent / Number of shares at the balance sheet date adjusted for share issues
P/E ratio (price/earnings)	Share price on the balance sheet date / Earnings per share

[1] The calculation formulae apply also to the capital repayment indicators.

Income statement, parent company, FAS

EUR million	Note	31 Dec. 2022	31 Dec. 2021
Revenue	1	**1,731.1**	1,657.8
Other operating income	2	**7.9**	8.8
Materials and services	3	**-670.9**	-642.8
Employee expenses	4	**-253.9**	-253.4
Depreciation, amortisation and impairment	5	**-261.4**	-265.8
Other operating expenses		**-165.5**	-156.9
Operating profit		**387.3**	347.6
Financial income and expenses	7	**-13.5**	-15.2
Profit before tax and appropriations		**373.8**	332.3
Appropriations	8	**-10.9**	-5.2
Income taxes	9	**-78.9**	-73.9
Profit for the period		**284.1**	253.2

Balance sheet, parent company, FAS

EUR million	Note	31 Dec. 2022	31 Dec. 2021
ASSETS			
Non-current assets			
Intangible assets	10	**276.4**	304.5
Property, plant and equipment	10	**694.3**	682.1
Investments	11	**863.7**	861.0
		1,834.4	1,847.6
Current assets			
Inventories	12	**64.6**	56.1
Non-current receivables	13	**123.7**	122.0
Current receivables	14	**439.1**	419.3
Cash and bank receivables		**53.0**	72.7
		680.4	670.3
TOTAL ASSETS		**2,514.8**	2,517.9
EQUITY AND LIABILITIES			
Equity	15		
Share capital		**83.0**	83.0
Treasury shares		**-124.4**	-125.9
Reserve for invested non-restricted equity		**77.8**	77.8
Contingency reserve		**3.4**	3.4
Retained earnings		**257.5**	334.2
Profit for the period		**284.1**	253.2
		581.5	625.7
Accumulated appropriations		**83.3**	77.8
Provisions	16	**5.0**	6.9
Liabilities			
Non-current liabilities	17	**1,007.3**	1,163.8
Current liabilities	18	**837.7**	643.7
		1,845.0	1,807.5
TOTAL EQUITY AND LIABILITIES		**2,514.8**	2,517.9

Cash flow statement, parent company, FAS

EUR million	2022	2021
Cash flow from operating activities		
Profit before appropriations and taxes	**373.8**	332.3
Adjustments:		
Depreciation and amortisation	**261.4**	265.8
Other income and expenses with no payment relation	**0.3**	1.9
Other financial income (-) and expenses (+)	**13.5**	15.3
Gains (-) and losses (+) on the disposal of fixed assets		-1.7
Gains (-) and losses (+) on the disposal of investments	**0.0**	-0.1
Change in provisions in the income statement	**-2.0**	2.8
Cash flow before changes in working capital	**647.1**	616.5
Change in working capital		
Increase (-) / decrease (+) in current non-interest-bearing trade receivables	**-12.8**	-29.0
Increase (-) / decrease (+) in inventories	**-8.8**	-10.0
Increase (+) / decrease (-) in trade and other payables	**0.9**	38.0
Cash flow before financial items and taxes	**626.3**	615.5
Dividends received	**6.1**	0.9
Interests received	**1.6**	1.9
Interests paid	**-15.9**	-19.8
Income taxes paid	**-81.7**	-72.4
Net cash flow from operating activities	**536.4**	526.1

Cash flow statement, parent company, FAS

EUR million	2022	2021
Cash flow from investing activities		
Capital expenditure	**-252.1**	-248.3
Proceeds from disposal of property, plant and equipment and intangible assets		2.4
Investments in shares and other investments	**-4.9**	-0.5
Proceeds from disposal of shares and other investments	**0.0**	0.1
Loans granted	**-17.5**	-38.4
Repayment of loan receivables	**10.9**	3.1
Net cash flow used in investing activities	**-263.7**	-281.7
Cash flow after investing activities	**272.7**	244.4
Cash flow from financing activities		
Increase in long-term borrowings (+)		100.0
Decrease in long-term borrowings (-)	**-100.0**	-174.0
Increase (+) / decrease (-) in short-term borrowings	**138.2**	31.2
Group contributions received (+) / paid (-)	**-2.7**	0.0
Dividends paid	**-327.9**	-310.8
Net cash flow used in financing activities	**-292.4**	-353.6
Change in cash and cash equivalents	**-19.8**	-109.2
Cash and cash equivalents at the beginning of the period	**72.7**	181.9
Cash and cash equivalents at the end of the period	**53.0**	72.7

Notes to the financial statements of the parent company

Accounting principles

Elisa Corporation's financial statements have been prepared in accordance with the accounting principles based on Finnish accounting legislation.

Foreign currency items

Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the dates of transactions. At the end of the reporting period, assets and liabilities denominated in foreign currencies are valued at the exchange rates quoted by the European Central Bank on the closing date.

Fixed assets

The carrying value of intangible and tangible assets is stated at cost less accumulated depreciation, amortisation and impairment. Internally generated fixed assets are measured at variable costs.

The difference between depreciation according to plan and total depreciation is presented under appropriations of the parent company's income statement and the accumulated depreciation difference is presented under accumulated appropriations in shareholders' equity and liabilities on the balance sheet. Depreciation according to plan is recognised on a straight-line basis over the useful life from the original acquisition cost.

The useful life according to plan for the different asset groups:

Intangible rights	3–5 years
Goodwill	5–20 years
Other expenditure with long-term effects	5–10 years
Buildings and structures	25–40 years
Machinery and equipment in buildings	10–25 years
Telephone exchanges	6–10 years
Cable network	8–15 years
Telecommunication terminals	2–4 years
Other machines and equipment	3–5 years

Inventories

Inventories are stated at the lowest of variable cost, acquisition price or the likely disposal or repurchase price. Cost is determined using a weighted average price.

Marketable securities

Investments in money market funds are recognised at the repurchase price. Investments in certificates of deposit and commercial paper are recognised at the acquisition cost, as the difference between the repurchase price and cost of acquisition is not significant.

Revenue recognition principles

Revenue from deliverables is recognised at the time of ownership transfer and revenue from services is recognised when the services have been performed.

Interconnection fees that are invoiced from the customers and paid as such to other telecommunication companies are presented as an adjustment to revenue (Finnish Accounting Standards Board 1995/1325).

The profit from the sale of business operations and fixed assets, subsidies received and rental income from premises are presented under other operating income. The loss from the sale of fixed assets is presented under other operating expenses. The profit or loss from the sale of shares is presented in financial income and expenses.

Research and development

Research costs are expensed as they incur, with the exception of development costs, which are capitalised. The capitalisation criteria are met when the product is technically and commercially feasible, and it is expected to generate future economic benefit. Development costs initially recognised as expenses cannot be capitalised subsequently.

Public grants associated with development projects are recognised as other operating income when the related costs are recognised as expenses. Public grants, associated with capitalised development costs, are recorded as a reduction of cost.

Future expenses and losses

Probable future expenses and losses related to the reported or a prior financial period without corresponding income are recognised on the income statement. Such items are recognised on the balance sheet under provisions, if a reliable estimate of the amount or timing of the obligation cannot be made. Otherwise the obligation is recognised as accrual.

Income taxes

Income taxes for the financial year are recognised on the income statement. No deferred tax liabilities or receivables have been recognised in the financial statements.

1. Revenue

EUR million	2022	2021
Revenue	**1,794.3**	1,721.0
Interconnection fees and other adjustments	**-63.2**	-63.2
	1,731.1	1,657.8
Geographical distribution		
Finland	**1,704.1**	1,640.7
Rest of Europe	**25.2**	16.1
Other countries	**1.8**	1.0
	1,731.1	1,657.8

2. Other operating income

EUR million	2022	2021
Gain on disposals of fixed assets		1.7
Other income[1]	**7.9**	7.1
	7.9	8.8

[1] Other income include rental income from the real estate, management fee income charged from subsidiaries and other income not associated with ordinary operating activities.

3. Materials and services

EUR million	2022	2021
Materials, supplies and goods		
Purchases during reporting period	**370.1**	340.2
Change in inventories	**-8.5**	-8.1
	361.6	332.2
External services	**309.3**	310.7
	670.9	642.8

4. Employee expenses

EUR million	2022	2021
Salaries and wages	**211.8**	213.7
Pension costs	**36.3**	33.8
Other social security costs	**5.8**	5.9
	253.9	253.4
Personnel on average	**3,295**	3,280

CEO remuneration, EUR	2022	2021
Fixed salaries	**674,640.00**	661,180.00
Performance-based bonus	**365,376.72**	251,030.79
Fringe benefits	**20,077.03**	23,363.00
Share-based payments[1]	**715,958.19**	865,204.04
	1,776,051.94	1,800,777.83

[1] The maximum award allocated to the CEO under the share-based compensation plans equals the value of 134,430 shares. See Note 4.1 of the consolidated financial statements.

In 2020, the Board of Directors agreed with the CEO of Elisa Corporation Veli-Matti Mattila that he will continue as CEO until further notice. Under previous executive agreement, the Group CEO would have retired at the age of 60. The defined benefit pension plan includes vested rights. See Note 4.1 of the consolidated financial statements.

The remuneration of the Board members, EUR	2022	2021
Clarisse Berggårdh	**95,400.00**	95,050.00
Maher Chebbo	**87,600.00**	81,800.00
Kim Ignatius	**97,000.00**	81,650.00
Katariina Kravi	**78,000.00**	
Pia Kåll	**78,800.00**	
Topi Manner	**79,600.00**	80,850.00
Eva-Lotta Sjöstedt	**85,200.00**	82,450.00
Seija Turunen	**2,400.00**	96,650.00
Anssi Vanjoki	**138,000.00**	133,900.00
Antti Vasara	**82,000.00**	80,050.00
	824,000.00	732,400.00

For year 2022, following compensations were decided by the Annual General Meeting to the Members of the Board: remuneration fee for the Chair EUR 130,000, for Deputy Chair and the Chairs of the Committees EUR 85,000, and other Board members EUR 70,000; and additionally EUR 800 per meeting of the Board and of a Commetee. However, if a Board member lives permanently outside Finland and is physically present in the Board or Committee meeting, which is held in a country other than his/her permanent home country, the meeting fee is EUR 1,600. According to the decision of the Board on 6 April 2022, the annual remuneration was paid in Company shares on 27 April 2022. The outstanding remuneration amounts were paid net of tax, 60 per cent.

5. Depreciation, amortisation and impairment

EUR million	2022	2021
Intangible assets	**87.6**	91.2
Property, plant and equipment	**173.7**	174.7
	261.4	265.8

Specification of depreciation, amortisation and impairment by balance sheet items is included in note 10.

6. Auditor fees

EUR million	2022	2021
Auditing	**0.2**	0.1
Tax advisory services	**0.0**	0.0
Other services	**0.0**	0.1
	0.2	0.2

7. Financial income and expenses

EUR million	2022	2021
Interest income and other financial income		
Dividends received		
From the Group companies	**5.5**	0.3
From others	**0.4**	0.6
	5.9	0.9
Other interest and financial income		
From the Group companies	**0.4**	0.2
Capital gains from investments	**0.0**	0.1
From others	**1.7**	1.6
	2.1	1.9
	8.0	2.8
Interest costs and other financial expenses		
To the Group companies	**-6.1**	-5.5
Impairment of investments in subsidiaries	**-2.1**	
To others	**-13.3**	-12.6
	-21.5	-18.1
	-13.5	-15.2

8. Appropriations

EUR million	2022	2021
Change in appropriations	**-5.5**	-2.5
Group contributions received	**8.1**	4.2
Group contributions paid	**-13.5**	-6.8
	-10.9	-5.2

9. Income taxes

EUR million	2022	2021
Income taxes for the reporting period	**-78.9**	-73.9
Taxes for previous periods		0.0
	-78.9	-73.9

10. Intangible assets and property, plant and equipment

	Intangible assets					
2022 EUR million	Development costs	Intangible assets	Goodwill	Other intangible assets	Intangible assets under construction	Total
Acquisition cost at 1 Jan.	59.6	157.2	886.3	569.7	13.3	**1,686.1**
Additions	7.4	5.5		27.9	12.3	**53.1**
Reclassifications	7.0	0.4		5.7	-6.8	**6.4**
Acquisition cost at 31 Dec.	74.0	163.2	886.3	603.3	18.8	**1,745.6**
Accumulated depreciation and amortisation at 1 Jan.	50.5	86.5	758.6	485.9		**1,381.5**
Accumulated depreciation on disposals and reclassifications		0.0		0.0		**0.0**
Amortisation and depreciation for the period	7.7	8.6	38.9	32.5		**87.6**
Accumulated depreciation and amortisation at 31 Dec.	58.2	95.1	797.5	518.4		**1,469.2**
Book value at 31 Dec.	15.9	68.1	88.7	84.9	18.8	**276.4**

	Property, plant and equipment					
2022 EUR million	Land and water areas	Buildings and constructions	Machinery and equipment	Other assets	Assets under construction	Total
Acquisition cost at 1 Jan.	10.0	227.7	3,943.8	35.1	31.8	**4,248.4**
Additions	0.0	15.6	155.3		21.4	**192.3**
Reclassifications	-0.6	0.5	15.7		-21.9	**-6.4**
Acquisition cost at 31 Dec.	9.4	243.8	4,114.8	35.1	31.3	**4,434.3**
Accumulated depreciation at 1 Jan.		143.2	3,388.6	34.5		**3,566.3**
Accumulated depreciation on disposals and reclassifications		0.0	0.0			**0.0**
Depreciation for the period		8.0	165.7	0.0		**173.7**
Accumulated depreciation at 31 Dec.		151.2	3,554.3	34.6		**3,740.0**
Book value at 31 Dec.	9.4	92.6	560.5	0.6	31.3	**694.3**

	Intangible Assets					
2021 EUR million	Development costs	Intangible rights	Goodwill	Other intangible assets	Intangible assets under construction	Total
Acquisition cost at 1 Jan.	53.5	154.0	886.3	540.4	10.2	1,644.4
Additions	3.9	3.0		24.4	10.8	42.0
Reclassifications	2.1	0.2		4.9	-7.7	-0.4
Acquisition cost at 31 Dec.	59.6	157.2	886.3	569.7	13.3	1,686.1
Accumulated depreciation and amortisation at 1 Jan.	44.0	78.3	716.0	452.2		1,290.4
Amortisation and depreciation for the period	6.6	8.3	42.7	33.7		91.2
Accumulated depreciation and amortisation at 31 Dec.	50.5	86.5	758.6	485.9		1,381.5
Book value at 31 Dec.	9.1	70.7	127.7	83.8	13.3	304.5

	Property, plant and equipment					
2021 EUR million	Land and water areas	Buildings and constructions	Machinery and equipment	Other assets	Assets under construction	Total
Acquisition cost at 1 Jan.	9.9	216.6	3,766.6	35.1	25.1	4,053.3
Additions	0.0	11.3	163.2		20.7	195.2
Disposals	0.0	-0.5	0.0			-0.5
Reclassifications	0.0	0.3	14.1		-14.0	0.4
Acquisition cost at 31 Dec.	10.0	227.7	3,943.8	35.1	31.8	4,248.4
Accumulated depreciation at 1 Jan.		135.0	3,222.4	34.5		3,392.0
Accumulated depreciation on disposals and reclassifications		-0.3	0.0			-0.3
Depreciation for the period		8.5	166.1	0.0		174.7
Accumulated depreciation at 31 Dec.		143.2	3,388.6	34.5		3,566.3
Book value at 31 Dec.	10.0	84.5	555.3	0.6	31.8	682.1

11. Investments

2022 EUR million	Investments in Subsidiaries	Associates	Other companies	Receivables from Group companies	Other companies	Total
Acquisition cost at 1 Jan.	837.7	6.2	22.9	1.6	0.1	**868.5**
Additions	4.5	0.0	0.3			**4.9**
Disposals			0.0	0.0	-0.1	**-0.1**
Acquisition cost at 31 Dec.	842.2	6.3	23.3	1.5	0.0	**873.3**
Impairment at 1 Jan.	-3.3	-0.1	-4.1			**-7.5**
Additions	-1.8		-0.2			**-2.1**
Impairment at 31 Dec.	-5.1	-0.1	-4.3			**-9.6**
Book value at 31 Dec.	837.1	6.2	18.9	1.5	0.0	**863.7**

A list of the Group and associated companies is available under Note 8.3 of the consolidated financial statements.

2021 EUR million	Investments in Subsidiaries	Associates	Other companies	Receivables from Group companies	Other companies	Total
Acquisition cost at 1 Jan.	837.5	6.2	22.5	1.6	0.1	867.9
Additions	0.2		0.4			0.6
Disposals			0.0	0.0		0.0
Acquisition cost at 31 Dec.	837.7	6.2	22.9	1.6	0.1	868.5
Impairment at 1 Jan.	-3.3	-0.1	-4.1			-7.5
Impairment at 31 Dec.	-3.3	-0.1	-4.1			-7.5
Book value at 31 Dec.	834.4	6.1	18.8	1.6	0.1	861.0

12. Inventories

EUR million	2022	2021
Materials and supplies	**21.3**	13.9
Finished goods	**43.4**	42.2
	64.6	56.1

13. Non-current receivables

EUR million	2022	2021
Receivables from the Group companies		
Loan receivables	**26.2**	24.6
Receivables from others		
Trade receivables	**84.9**	81.8
Prepayments and accrued income[1]	**12.6**	15.7
	97.5	97.4
	123.7	122.0
[1] Breakdown of prepayments and accrued income		
Rent advances	**8.7**	8.7
Transaction costs and losses related to loan issuance	**3.9**	6.9
	12.6	15.7

14. Current receivables

EUR million	2022	2021
Receivables from the Group companies		
Loan receivables	**32.8**	28.1
Trade receivables	**3.3**	2.3
Prepayments and accrued income	**1.4**	1.3
Other receivables	**8.1**	4.2
	45.7	35.8
Receivables from the associated companies		
Loan receivables	**0.0**	
Trade receivables	**0.1**	0.1
	0.1	0.1
Receivables from others		
Trade receivables	**326.0**	309.9
Loan receivables	**0.0**	
Prepayments and accrued income[1]	**55.5**	60.7
Other receivables	**11.8**	12.9
	393.3	383.5
	439.1	419.3
[1] Breakdown of prepayments and accrued income		
Interests	**0.2**	
Rent advances	**1.4**	1.4
Transaction costs and losses related to loan issuance	**3.0**	3.1
Income taxes	**0.9**	
Other business expense advances paid	**50.0**	56.2
	55.5	60.7

15. Equity

EUR million	2022	2021
Share capital at 1 Jan.	**83.0**	83.0
Share capital at 31 Dec.	**83.0**	83.0
Treasury shares at 1 Jan.	**-125.9**	-128.2
Disposal of treasury shares	**1.6**	2.3
Treasury shares at 31 Dec.	**-124.4**	-125.9
Reserve for invested non-restricted equity at 1 Jan.	**77.8**	77.8
Reserve for invested non-restricted equity at 31 Dec.	**77.8**	77.8
Contingency reserve at 1 Jan.	**3.4**	3.4
Contingency reserve at 31 Dec.	**3.4**	3.4
Retained earnings at 1 Jan.	**587.4**	648.5
Dividend distribution	**-328.5**	-312.3
Withdrawal of dividend liabilities	**0.2**	0.3
Disposal of treasury shares	**-1.6**	-2.3
Retained earnings at 31 Dec.	**257.5**	334.2
Profit for the period	**284.1**	253.2
Total equity	**581.5**	625.7
Distributable earnings		
Retained earnings	**257.5**	334.2
Treasury shares	**-124.4**	-125.9
Reserve for invested non-restricted equity	**77.8**	77.8
Development costs	**-20.5**	-12.3
Profit for the period	**284.1**	253.2
	474.6	526.9

16. Provisions

EUR million	2022	2021
Provision for unemployment pensions	**4.2**	4.3
Other provisions[1]	**0.8**	2.6
	5.0	6.9

[1] Other provisions consist of salaries, including related statutory employee costs for employees not required to work during their severance period and a provision for other operating expenses.

Provisions of EUR 3,0 (3,5) million were used and EUR 1,1 (1,6) million were reversed as unused in 2022.

17. Non-current liabilities

EUR million	2022	2021
Interest-bearing		
Liabilities to others		
Bonds	**900.0**	900.0
Loans from the financial institutions	**100.0**	250.0
	1,000.0	1,150.0
Non-interest bearing		
Liabilities to others		
Trade payables	**1.4**	8.1
Accruals and deferred income[1]	**5.9**	5.7
	7.3	13.8
	1,007.3	1,163.8
Liabilities maturing after five years		
Bonds		300.0
		300.0
[1] Breakdown of accruals and deferred income		
Rent advances	**5.9**	5.7

18. Current liabilities

EUR million	2022	2021
Interest-bearing		
Liabilities to the Group companies		
Cash Pool account	**232.8**	219.6
	232.8	219.6
Liabilities to others		
Loans from the financial institutions	**150.0**	100.0
Commercial paper	**125.0**	
	275.0	100.0
	507.8	319.6
Non-interest bearing		
Liabilities to the Group companies		
Trade payables	**6.8**	7.2
Other liabilities	**13.7**	7.0
	20.5	14.2
Liabilities to the associates		
Trade payables	**0.0**	0.0
	0.0	0.0
Liabilities to others		
Advances received	**5.2**	4.9
Trade payables	**173.3**	174.8
Accrued liabilities [1]	**56.0**	54.7
Other liabilities	**75.0**	75.4
	309.4	309.9
	329.9	324.1
	837.7	643.7
[1] Breakdown of accrued liabilities		
Salaries, wages and social security costs	**48.2**	45.5
Interests	**5.5**	5.5
Direct taxes		1.9
Rent advances	**1.0**	0.9
Income received in advance	**0.9**	0.5
Others	**0.4**	0.4
	56.0	54.7

19. Lease commitments and other liabilities

Collateral

EUR million	2022	2021
On behalf of own commitments		
Bank deposits	**0.3**	0.3
Guarantees	**0.2**	
	0.5	0.3

Lease commitments

EUR million	2022	2021
Real estate leases[1]		
Within one year	**28.7**	27.7
Later that one year, but not later that five years	**40.1**	47.6
Later than five years	**62.6**	63.6
	131.4	138.9
Other lease commitments[2]		
Within one year	**3.4**	3.8
Later that one year, but not later that five years	**3.7**	3.8
	7.1	7.5
Total leases	**138.6**	146.4

Other commitments

EUR million	2022	2021
Venture Capital investment obligation	**0.5**	0.8
Repurchase obligations		0.0
	0.5	0.8

[1] Real estate leases comprise rental contracts relating to business, office and telecom premises.

[2] Lease liabilities consist mainly of car and IT equipment leases.

Real estate leases are presented at nominal values.
Rental liabilities are exclusive of value added tax, except for vehicle lease liabilities.

Derivative instruments

EUR million	2022	2021
Currency derivatives		
Nominal value	**3.3**	3.5
Fair value	**0.0**	0.0
Electricity derivatives		
Nominal value	**5.8**	1.9
Fair value	**1.2**	1.6

Elisa hedges electricity purchases through physical purchase agreements and derivatives. The electricity price risk is assessed at a five-year period. Electricity derivatives are subject to hedge accounting.

The hedging rate for purchases during following years,%	2022	2021
0-1 years	**86.6**	93.1
1-2 years	**60.1**	30.6
2-3 years	**38.9**	
3-4 years	**37.8**	
4-5 years	**36.7**	

Real-estate investments

On 31 December 2022, the VAT refund liability of real-estate investments was EUR 36.1 (33.2) million.

Shares and shareholders

1. Share capital and shares

The company's paid-up share capital registered in the Trade Register stood at EUR 83,033,008 at the end of the financial year.

At the end of the financial year, the number of Elisa Corporation shares was 167,335,073, all within one share series.

2. Authorisations of the Board of Directors

On 8 April 2022, the Annual General Meeting authorised the Board of Directors to decide on a new share issue, transfer of treasury shares owned by the company and/or granting of special rights referred to in Chapter 10, Section 1 of the Finnish Companies Act subject to the following: The authorisation allows the Board of Directors to issue a maximum of 15,000,000 shares in one or several issues. The share issue and shares granted by virtue of special rights are included in the aforementioned maximum number. The maximum number is approximately 9 per cent of the entire stock. The share issue can be free or for consideration and can also be directed to the Company itself. The authorisation entitles the Board to make a directed issue. The authorisation may be used for making acquisitions or implementing other arrangements related to the Company's business, to finance investments, to improve the Company's financial structure, or for other purposes decided by the Board of Directors. The Board of Directors shall have the right to decide on all other matters related to the share issue. The authorisation is valid for 18 months, and it annuls the authorisation given by the Annual General Meeting to the Board of Directors on 8 April 2021.

On 8 April 2022, the Annual General Meeting also authorised the Board of Directors to decide on the acquisition of treasury shares subject to the following: The Board of Directors may decide to acquire or pledge on non-restricted equity a maximum of 5,000,000 treasury shares. The acquisition may take place as one or several blocks of shares. The consideration payable for the shares shall not be more than the ultimate market price. In purchasing the Company's own shares derivative, share lending and other contracts customary in the capital market may be concluded pursuant to law and the applicable legal provisions. The authorisation entitles the Board of Directors to pass a resolution to purchase the shares by making an exception to the purchase of shares relative to the current holdings of the shareholders. The treasury shares may be used for making acquisitions or implementing other arrangements related to the Company's business, to finance investments, to improve the Company's financial structure, to be used as part of the incentive compensation plan, or for the purpose of otherwise assigning or cancelling the shares. The Board of Directors shall have the right to decide on all other matters related to the acquisition of the Company's own shares. The authorisation is valid for 18 months, and it annuls the respective authorisation given by the Annual General Meeting to the Board of Directors on 8 April 2021.

3. Treasury shares, share issues and cancellations

At the beginning of the financial period, Elisa held 7,147,772 treasury shares.

The Annual General Meeting held on 8 April 2022 authorised the Board of Directors to acquire and assign treasury shares. The authorisation applies to a maximum of 5,000,000 treasury shares. On the basis of the authorisation, Elisa has not acquired any treasury shares.

A total of 72,394 treasury shares were disposed during the financial year.

At the end of the financial period, Elisa held 7,075,378 treasury shares.

The treasury shares held by Elisa Corporation do not have any substantial impact on the distribution of holdings and votes in the Company. They represent 4.23 per cent of all shares and votes.

4. Management interests

The aggregate number of shares held by Elisa's Board of Directors and the CEO on 31 December 2022 was 124,417 shares and votes, which represented 0.07 per cent of all shares and votes.

5. Share performance

The Elisa share closed at EUR 49.46 on 31 December 2022. The highest quotation of the year was EUR 56.90 and the lowest EUR 45.57. The average price was EUR 51.99. Information is based on the share trades made on Nasdaq Helsinki stock exchange.

At the end of the financial year, the market capitalisation of Elisa's total number of shares was EUR 8,276.4 million.

6. Quotation and trading

The Elisa share is quoted on the Main List of the Nasdaq Helsinki with the ticker ELISA. The aggregate volume of trading on the Nasdaq Helsinki between 1 January and 31 December 2022 was 71,229,057 shares for an aggregate price of EUR 3,703.2 million. The trading volume represented 42.6 per cent of the total number of shares at the end of the financial year.

7. Distribution of holding by shareholder groups at 31 December 2022

		Number of shares	Proportion of all shares, %
1	Private companies	3,272,026	1.96
2	Financial and insurance institutions	4,393,230	2.63
3	Public corporations	29,617,730	17.70
4	Non-profit organisations	5,198,591	3.11
5	Households	36,944,882	22.08
6	Foreign	357,449	0.21
7	Nominee registered	80,475,787	48.09
	Elisa Group, treasury shares	7,075,378	4.23
		167,335,073	100.00

8. Distribution of holding by amount at 31 December 2022

Size of holding	Number of shareholders	%	Number of shares	%
1–100	49,581	27.74	2,161,685	1.29
101–1 000	124,804	69.82	27,614,086	16.50
1 001–10 000	4,127	2.31	9,743,808	5.82
10 001–100 000	200	0.11	5,063,431	3.03
100 001–1 000 000	27	0.02	6,807,391	4.07
1 000 001–	7	0.00	28,255,787	16.89,
Nominee registered			80,475,787	48.09
	178,746	100.00		
Elisa Common Clearing account [1]			137,720	0.08
Elisa Corporation, treasury shares			7,075,378	4.23
Issued amount			167,335,073	100.00

[1] Shares on the Common Clearing account include shares that had not been transferred to the share owners' book-entry accounts at the time of, or after, entering the shares into the Finnish book-entry system.

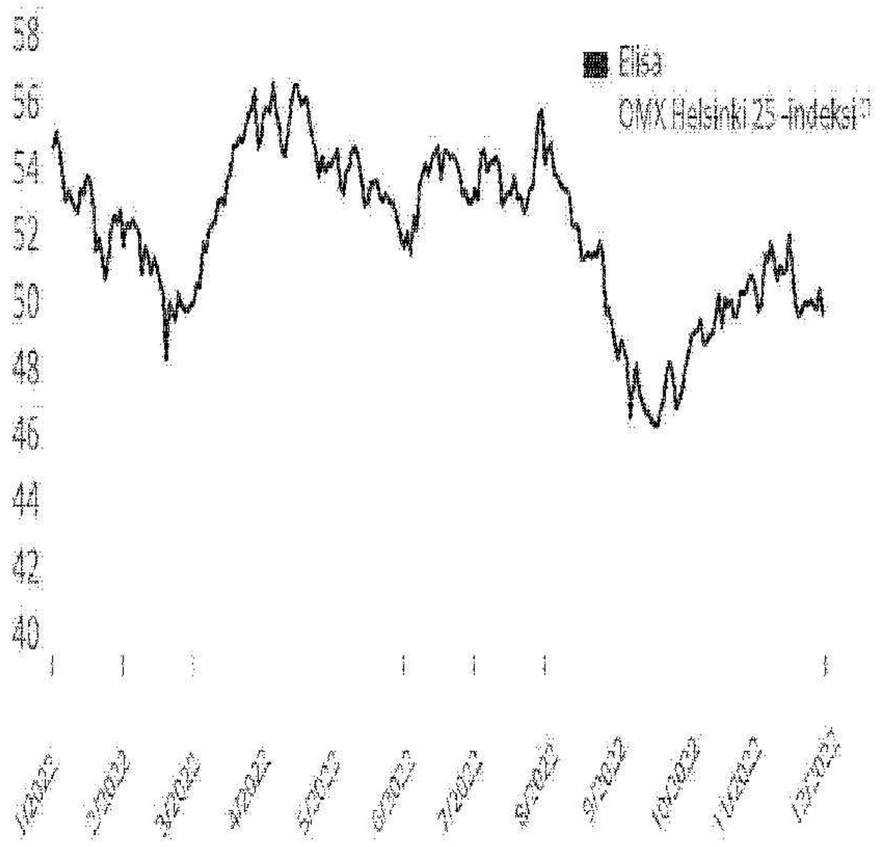
9. Largest shareholders at 31 December 2022

	Name	Number of shares	%
1	Solidium Oy	16,802,800	10.04
2	Keskinäinen Eläkevakuutusyhtiö Ilmarinen	4,090,118	2.44
3	Keskinäinen Työeläkevakuutusyhtiö Varma	3,096,976	1.85
4	Keskinäinen Työeläkevakuutusyhtiö Elo	2,238,000	1.34
5	Helsingin kaupunki	1,124,690	0.67
6	Valtion Eläkerahasto	1,100,000	0.66
7	OP Finland Fund	769,906	0.46
8	Nordea Pro Finland Fund	502,619	0.30
9	Föreningen Konstsamfundet rf	500,000	0.30
10	Stiftelsen För Åbo Akademi Sr	403,223	0.24
11	Keva	398,479	0.24
12	Sijoitusrahasto Seligson & Co	371,954	0.22
13	Juselius Sigrid Stiftelse	348,800	0.21
14	Nordea Finnish Stars Fund	321,610	0.19
15	Samfundet Folkhälsan i Svenska Finland R F	315,263	0.19
16	Op-Henkivakuutus Oy	289,825	0.17
17	Sijoitusrahasto Evli Suomi Select	281,024	0.17
18	Vantaan Kaupunki	258,738	0.15
19	Suomen Kulttuurirahasto Sr	224,356	0.13
20	Fjarde Ap-Fonden	188,202	0.11
		33,626,583	20.10
	Elisa Corporation, treasury shares	7,075,378	4.23
	Nominee registered [1)]	80,475,787	48.09
	Shareholders not specified above	46,157,325	27.58
		167,335,073	100.00

[1)] On 27 February 2017, BlackRock, Inc gave a notice in accordance with Chapter 9, Section 5 of the Finnish Securities Market Act, that the direct share ownership of Elisa Corporation shares owned by BlackRock, Inc. was 8,533,440 and by its funds 1,232,577 shares, totaling 9,766,017 shares, which was 5.84 per cent of Elisa Corporation's entire stock.

10. Daily price development

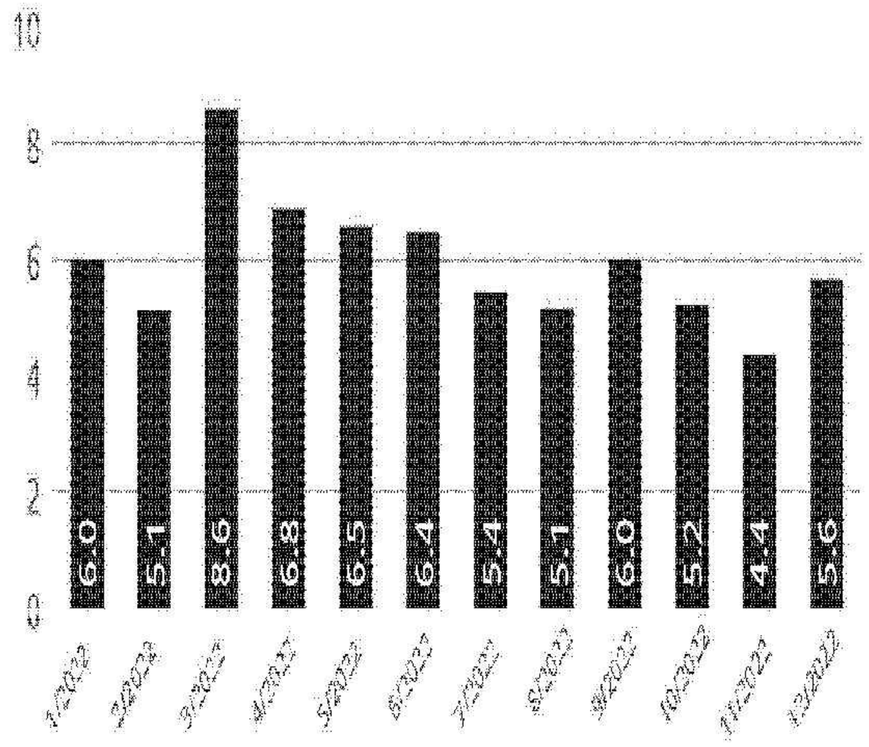
Closing price in EUR



[1] Rebalanced to Elisa share.

11. Trading volume

Shares per month (million)



Share trading volumes are based on the trades made on Nasdaq Helsinki. Elisa share is also traded in alternative marketplaces.

Board's proposal for profit distribution

According to the balance sheet of 31 December 2022, the parent company's equity is EUR 581,469,661.80, of which distributable funds account for EUR 474,553,183.53.

The parent company's profit for the period from 1 January to 31 December 2022 was EUR 284,090,605.60.

The Board of Directors proposes to the General Meeting of Shareholders that the distributable funds be used as follows:

- a dividend of EUR 2.15 per share shall be paid for a total of EUR 344,558,344.25
- no dividend shall be paid on shares in the parent company's possession
- EUR 129,994,839.28 shall be retained in shareholders' equity.

SIGNATURES TO THE BOARD OF DIRECTORS' REPORT AND FINANCIAL STATEMENTS

Helsinki, 26 January 2023

Anssi Vanjoki
Chairman of the Board of Directors

Clarisse Berggårdh

Maher Chebbo

Kim Ignatius

Katariina Kravi

Pia Kåll

Topi Manner

Eva-Lotta Sjöstedt

Antti Vasara

Veli-Matti Mattila
President and CEO

Auditor's Report

To the Annual General Meeting of Elisa Corporation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Elisa Corporation (business identity code 0116510-6) for the year ended 31 December 2022. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014.
The non-audit services that we have provided have been disclosed in note 2.5 to the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

The scope of our audit was influenced by our application of materiality. The materiality is determined based on our professional judgement and is used to determine the nature, timing and extent of our audit procedures and to evaluate the effect of identified misstatements on the financial statements as a whole. The level of materiality we set is based on our assessment of the magnitude of misstatements that, individually or in aggregate, could reasonably be expected to have influence on the economic decisions of the users of the financial statements. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The significant risks of material misstatement referred to in the EU Regulation No 537/2014 point (c) of Article 10(2) are included in the description of key audit matters below.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

THE KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT
Valuation of goodwill, € 1 157.3 million (Consolidated accounting principles 1.2 and note 5.4)	
• The amount of goodwill in the consolidated statement of financial position is significant due to the acquisitions carried out in the previous years. The amount of goodwill equals approximately to the consolidated equity. • Goodwill is tested for impairment annually and the group prepares impairment tests for the financial statements or when needed on a discounted cash flow basis with sensitivity analyses. • Estimating future cash flows underlying the impairment tests involves a significant amount of management judgment, particularly in respect of growth in net sales, profitability and discount rates. • Due to management judgments about the estimates used in the impairment tests, as well as the significant carrying amount involved, impairment of goodwill is considered a key audit matter.	• We assessed critically those management judgments and the assumptions made, which were used to prepare the cash flow projections for the coming years. In addition, we compared previous years' estimates to the actual amounts to be able to evaluate the reliability of the estimating methods applied. • We used KPMG valuation specialists when considering the appropriateness of the discount rate used and the technical correctness of the calculations, as well as comparing the assumptions used to market and industry-specific information. • In addition, we assessed the adequacy of the sensitivity analyses and the appropriate presentation of the notes related to impairment tests in the consolidated financial statements.

Revenue recognition, € 2 129.5 million (Consolidated accounting principles 1.2 and note 2.3)

- Revenues are recognized once the service has been rendered to the customer or once the significant risks and rewards related to the ownership of the goods have been transferred to the buyer.
- The IT system environment related to billing transactions is complex and the volume of billing data is large containing wide variety of different products.
- Due to large volumes of data, revenue recognition involves the risk of revenue being recognized in an incorrect period as well as the risk that all transactions are not recorded as complete.
- Revenue recognition accrual is partially based on estimates from the management's past experience.

- We evaluated the sales-related IT control environment and the key controls in the billing process over the completeness and accuracy of revenue.
- The majority of the group's billing data is processed in a single IT system. We evaluated the reliability of the associated IT control environment by assessing, among others, the processes related to the user authorization management and back-up and recoveries, as well as by testing the key application controls over the billing process.
- We also evaluated the group's internal control procedures over the control environment in the billing process, as well as assessed the group's monthly revenue monitoring procedures at business unit level.
- In addition to control testing, we performed substantive procedures to sales accruals to assess the completeness and the accuracy of the recognized revenues.

Capital expenditures (Consolidated accounting principles 1.2 and note 5)

- The group invests heavily especially in its own telecommunication network and IT environments as well as new technology to remain competitive.
- The group's capital expenditures (investments) amount to € 289.7 million in 2022, and therefore capital expenditures comprise a significant part of the consolidated statement of financial position

- We observed the group's investment budget for the year 2022 and followed up developments quarterly.
- We evaluated the group's internal control environment. We also tested the controls over the approval of investment projects; over the authorization process when placing individual orders under an investment project; over the associated approval process when approving purchase invoices; and over recording transactions in the asset register (for property, plant and equipment and intangible assets).
- Our substantive procedures focused on assessing the appropriateness of the accounting treatment in respect of the most significant investment projects. In addition, we tested whether the assets under construction met the capitalization requirements and assessed whether they were disclosed appropriately in the financial statements.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Information on our audit engagement

We were first appointed as auditors by the Annual General Meeting on 31 March 2004, and our appointment represents a total period of uninterrupted engagement of 19 years. The current auditor in charge, Toni Aaltonen, Authorised Public Accountant, KHT, was elected on 6 April 2017.

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report, and the Annual Report is expected to be made available to us after that date. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki, 26 January 2023
KPMG Oy Ab

Toni Aaltonen
Authorised Public Accountant, KHT