OFFER DOCUMENT 28 August 2019

MANDATORY PUBLIC TENDER OFFER BY TELENOR FINLAND HOLDING OY FOR SHARES IN DNA PLC

Telenor Finland Holding Oy (the "**Offeror**") hereby offers to acquire, by a mandatory public tender offer in accordance with Chapter 11 of the Finnish Securities Markets Act (746/2012, as amended) (the "**SMA**") and in accordance with the terms and conditions set forth in this tender offer document (the "**Tender Offer Document**"), all of the issued and outstanding shares in DNA Plc (the "**Company**" or "**DNA**") that are not held by DNA or its group companies or by the Offeror or its group companies (the "**Shares**" or, individually, a "**Share**") (the "**Tender Offer**").

The Offeror is a limited liability company incorporated under the laws of Finland. The Offeror is a wholly owned indirect subsidiary of Telenor ASA ("**Telenor**"). Telenor is a public limited liability company incorporated under the laws of Norway. The shares in Telenor are listed on the official list of Oslo Børs ASA.

DNA is a public limited liability company incorporated under the laws of Finland. The shares in DNA, including the Shares, are listed on the official list of Nasdaq Helsinki Ltd ("**Nasdaq Helsinki**").

Telenor has on 9 April 2019 (the "**Transaction Announcement Date**") entered into separate agreements with Finda Telecoms Oy and PHP Holding Oy to acquire the 37,385,454 shares in DNA held by Finda Telecoms Oy and the 34,105,827 shares in DNA held by PHP Holding Oy at that time (the "**SPAs**"). Completion of the SPAs was subject to certain conditions, including approval by general meetings of the seller entities and required regulatory approvals. Following completion of all conditions to completion under the SPAs on 19 August 2019, the Offeror has on 21 August 2019 acquired altogether 71,491,281 shares in DNA, corresponding to 54.04% of all shares and votes in DNA. As a result of the acquisition of the shares under the SPAs, the Offeror is obliged to launch a mandatory public tender offer in accordance with Chapter 11, Section 19 of the SMA for all Shares and any securities entitling to shares in DNA.

The consideration offered for each Share validly tendered in the Tender Offer is EUR 20.90 in cash (the "**Offer Price**").

The Offer Price represents a premium of approximately 7.4% compared to the closing price of the DNA shares on Nasdaq Helsinki on the last trading day prior to the Transaction Announcement Date, a premium of approximately 21.3% compared to the volume-weighted average trading price of the DNA shares during the three-month period preceding the Transaction Announcement Date, when adjusted for cash dividend of EUR 1.10 prior to the ex-dividend date of 29 March 2019 for the dividend resolved upon at the 2019 annual general meeting of DNA and a premium of approximately 14.8% compared to the volume-weighted average trading price of the DNA shares during the three-month period preceding the Transaction Announcement Date, without the aforementioned dividend adjustment.

The Offer Price represents a discount of approximately -0.1% compared to the closing price of the DNA shares on Nasdaq Helsinki on the last trading day prior to the announcement of the Offeror's obligation to launch the Tender Offer and a discount of approximately -0.5% compared to the volume-weighted average trading price of the DNA shares during the three-month period preceding the announcement of the Offeror's obligation to launch the Tender Offer.

The completion of the Tender Offer is not subject to any conditions.

The acceptance period for the Tender Offer (the "**Offer Period**") will begin at 9:00 a.m. (Finnish time) on 29 August 2019 and expire at 4:00 p.m. (Finnish time) on 26 September 2019, unless the Tender Offer is extended. For details, please see the section "*Terms and Conditions of the Tender Offer"*.

At the date of this Tender Offer Document, the Board of Directors of DNA has not given its statement in accordance with Chapter 11, Section 13 of the SMA.

The information on this front page should be read in conjunction with, and is qualified in its entirety by, the more detailed information in this Tender Offer Document, in particular the section "*Terms and Conditions of the Tender Offer*".

THIS TENDER OFFER IS NOT BEING MADE, DIRECTLY OR INDIRECTLY IN ANY JURISDICTION WHERE PROHIBITED BY APPLICABLE LAW AND THIS TENDER OFFER DOCUMENT AND RELATED ACCEPTANCE FORMS ARE NOT AND MAY NOT BE DISTRUBUTED, FORWARDED OR TRANSMITTED INTO OR FROM ANY JURISDICTION WHERE PROHIBITED BY APPLICABLE LAW BY ANY MEANS WHATSOEVER INCLUDING, WITHOUT LIMITATION, MAIL, FACSIMILE TRANSMISSION, E-MAIL OR TELEPHONE. IN PARTICULAR, THE TENDER OFFER IS NOT MADE IN AND THIS TENDER OFFER DOCUMENT MUST UNDER NO CIRCUMSTANCES BE DISTRIBUTED INTO CANADA, JAPAN, AUSTRALIA, SOUTH AFRICA OR HONG KONG OR ANY OTHER JURISDICTION WHERE PROHIBITED BY APPLICABLE LAW.

Financial Advisor to the Offeror and Arranger of the Tender Offer

Skandinaviska Enskilda Banken AB (publ) Helsinki Branch

Financial Advisor to the Offeror

Barclays

IMPORTANT INFORMATION

This Tender Offer Document has been prepared in accordance with Finnish law, including the Finnish Securities Markets Act (746/2012, as amended) (the "**SMA**"), Decree 1022/2012 of the Ministry of Finance and Regulations and guidelines 9/2013 on Takeover bids and mandatory bids (FSA 10/01.00/2013) by the Finnish Financial Supervisory Authority (the "**FIN-FSA**"). The Tender Offer Document and the Tender Offer shall be governed by Finnish law and any disputes related thereto shall be exclusively settled by Finnish courts of competent jurisdiction.

The Tender Offer Document is available in Finnish and in English. In the event of any discrepancy between the two language versions, the Finnish language version shall prevail.

The FIN-FSA has approved the Finnish language version of this Tender Offer Document. The FIN-FSA assumes no responsibility for the accuracy of the information presented therein. The decision number of the FIN-FSA's approval decision is FIVA 18/02.05.05/2019.

The Finnish language version of this Tender Offer Document will be available on the internet at www.telenor.com/telenor-ostotarjous-dna as of 28 August 2019 and at offices of SEB on or about 2 September 2019. The English language version of this Tender Offer Document will be available on the internet at www.telenor.com/telenor-offer-for-dna as of 28 August 2019.

The Offeror may also acquire Shares in public trading on Nasdaq Helsinki or otherwise before, during and/or after the Offer Period (including any extension thereof) or otherwise outside the Tender Offer to the extent permitted by Finnish and any other applicable law.

This Tender Offer is not being made, directly or indirectly in any jurisdiction where prohibited by applicable law and this Tender Offer Document and related acceptance forms are not and may not be distributed, forwarded or transmitted into or from any jurisdiction where prohibited by applicable law by any means whatsoever including, without limitation, mail, facsimile transmission, e-mail or telephone. In particular, the Tender Offer is not made and this Tender Offer Document must under no circumstances be distributed into Canada, Japan, Australia, South Africa or Hong Kong or any other jurisdiction where prohibited by applicable law.

All financial and other information regarding DNA presented in this Tender Offer Document is solely based on the financial statements published by DNA for the financial year ended on 31 December 2018, DNA's interim report for the six-month period ending 30 June 2019 entries in the Finnish Trade Register and other publicly available information, unless expressly stated otherwise. Consequently, the Offeror does not accept any responsibility whatsoever for such information except for its accurate restatement of such information herein.

Except to the extent required by mandatory law, this Tender Offer Document will neither be supplemented or updated with any financial information or other stock exchange releases published by DNA subsequent to the date of this Tender Offer Document, nor will the Offeror otherwise separately announce the publishing of such financial information or stock exchange releases.

In this Tender Offer Document, "Company" and "DNA" refer to DNA or DNA and its group companies, on a combined basis, as the context may require.

In this Tender Offer Document, "Telenor" refer to Telenor or Telenor and its group companies, on a combined basis, as the context may require.

Skandinaviska Enskilda Banken AB (publ) Helsinki Branch ("**SEB**"), which is under the supervision of the Swedish Financial Supervisory Authority (Finansinspektionen) in cooperation with the Finnish Financial Supervisory Authority (Finanssivalvonta), is acting as financial adviser to the Offeror and no one else in connection with the Tender Offer and arranger in relation to the Tender Offer, will not regard any other person than the Offeror as its client in relation to the Tender Offer and will not be responsible to anyone other than the Offeror for providing protection afforded to clients of Skandinaviska Enskilda Banken AB (publ) Helsinki Branch nor for providing advice in relation to the Tender Offer.

Barclays Bank PLC, acting through its Investment Bank ("**Barclays**"), which is authorised by the Prudential Regulation Authority and regulated in the United Kingdom by the Financial Conduct Authority and the Prudential Regulation Authority, is acting exclusively as financial adviser for the Offeror and no one else in connection with the Tender Offer and will not be responsible to anyone other than the Offeror for providing the protections afforded to clients of Barclays nor for providing advice in relation to the Tender Offer or any other matter referred to in this document.

Notice to the Shareholders in the United States

U.S. shareholders are advised that the Shares are not listed on a U.S. securities exchange and that the Company is not subject to the periodic reporting requirements of the U.S. Securities Exchange Act of 1934 (the "**Exchange Act**"), and is not required to, and does not, file any reports with the U.S. Securities and Exchange Commission (the "**SEC**") thereunder. The Tender Offer is made to the Company's shareholders resident in the United States on the same terms and conditions as those made to all other shareholders of the Company to whom an offer is made. Any information documents, including this Tender Offer Document, are being disseminated to U.S. shareholders on a basis comparable to the method that such documents are provided to the Company's other shareholders.

The Tender Offer is made for the issued and outstanding shares in the Company, which is domiciled in Finland. Information distributed in connection with the Tender Offer is subject to the disclosure requirements of Finland, which are different from those of the United States. In particular, the financial statements and financial information included in this Tender Offer Document have been prepared in accordance with applicable accounting standards in Finland, which may not be comparable to the financial statements or financial information of U.S. companies.

It may be difficult for the Company's shareholders to enforce their rights and any claims they may have arising under the federal securities laws, since the Offeror and the Company are located in non-U.S. jurisdictions, and some or all of their respective officers and directors may be residents of non-U.S. jurisdictions. The Company's shareholders may not be able to sue the Offeror or the Company or their respective officers or directors in a non-U.S. court for violations of the U.S. securities laws. It may be difficult to compel the Offeror and the Company and their respective affiliates to subject themselves to a U.S. court's judgement.

The Tender Offer is made in the United States pursuant to Section 14 (e) and Regulation 14E under the Exchange Act as a "Tier II" tender offer, and otherwise in accordance with the requirements of Finnish law. Accordingly, the Tender Offer will be subject to disclosure and other procedural requirements, including with respect to the offer timetable, settlement procedures and timing of payments that are different from those applicable under U.S. domestic tender offer procedures and law.

To the extent permissible under applicable law or regulations, the Offeror and its affiliates or brokers (acting as agents for the Offeror or its affiliates, as applicable) may from time to time, and other than pursuant to the Tender Offer, directly or indirectly, purchase or arrange to purchase, Shares or any securities that are convertible into, exchangeable for or exercisable for such Shares. To the extent information about such purchases or arrangements to purchase is made public in Finland, such information will be disclosed by means of a press release or other means reasonably calculated to inform U.S- shareholders of the Company of such information. In addition, the financial advisors to the Offeror may also engage in ordinary course trading activities in securities of the Company, which may include purchases or arrangements to purchase such securities.

The receipt of cash pursuant to the Tender Offer by a U.S. shareholder may be taxable transaction for U.S. federal income tax purposes and under applicable U.S. state and local, as well as foreign and other, tax laws. Each shareholder is urged to consult its independent professional adviser immediately regarding the tax consequences of accepting the Tender Offer.

Neither the SEC nor any U.S. state securities commission has approved or disapproved the Tender Offer, or passed any comment upon the adequacy or completeness of the Tender Offer Document. Any representation to the contrary is a criminal offence in the United States.

Notice to the Shareholders in the United Kingdom

THIS TENDER OFFER DOCUMENT OR ANY OTHER DOCUMENT OR MATERIALS RELATING TO THE TENDER OFFER IS NOT BEING MADE AND HAVE NOT BEEN APPROVED BY AN AUTHORISED PERSON FOR THE PURPOSES OF SECTION 21 OF THE UK FINANCIAL SERVICES AND MARKETS ACT 2000 ("FSMA"). ACCORDINGLY, THIS TENDER OFFER DOCUMENT OR ANY OTHER DOCUMENT OR MATERIALS RELATING TO THE TENDER OFFER ARE NOT BEING DISTRIBUTED TO, AND MUST NOT BE PASSED ON TO, THE GENERAL PUBLIC IN THE UNITED KINDOM. THE COMMUNICATION OF THIS TENDER OFFER DOCUMENT OR ANY OTHER DOCUMENT OR MATERIALS RELATING TO THE TENDER OFFER IS EXEMPT FROM THE RESTRICTION ON FINANCIAL PROMOTIONS UNDER SECTION 21 OF THE FSMA ON THE BASIS THAT IT IS A COMMUNICATION BY OR ON BEHALF OF A BODY CORPORATE WHICH RELATES TO A TRANSACTION TO ACQUIRE DAY TO DAY CONTROL OF THE AFFAIRS OF A BODY CORPORATE; OR TO ACQUIRE 50 PER CENT OR MORE OF THE VOTING SHARES IN A BODY CORPORATE (SUCH PERCENTAGE INCLUDING VOTING SHARES IN SUCH BODY CORPORATE ALREADY HELD BY THE BODY CORPORATE ACQUIRING SUCH VOTING SHARES), WITHIN ARTICLE 62 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005.

Forward Looking Statements

This Tender Offer Document includes "forward looking statements", including statements about the expected timing and completion of the Tender Offer, and language indicating trends and future plans. Generally, words such as may, should, aim, will, expect, intend, estimate, anticipate, believe, plan, seek, contemplate, envisage, continue or similar expressions identify forward-looking statements.

These statements are subject to risks, uncertainties, assumptions and other important factors, many of which may be beyond the control of the Offeror, and could cause actual results to differ materially from those expressed or implied in these forward-looking statements.

Although the Offeror believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions, no assurance can be given that such statements will be fulfilled or prove to be correct, and no representations are made as to the future accuracy and completeness of such statements. The Offeror undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable laws or by any appropriate regulatory authority.

Certain Key Dates

The following timetable sets forth certain key dates relating to the Tender Offer, provided that the Offer Period has not been extended in accordance with the terms and conditions of the Tender Offer:

21 August 2019	Announcement of the Offeror's obligation to launch the Tender Offer
29 August 2019	Offer Period commences
26 September 2019	Offer Period expires (estimated)
27 September 2019	Announcement of the preliminary result of the Tender Offer (estimated)
1 October 2019	Announcement of the final result of the Tender Offer (estimated)
2 October 2019	Completion of the sale of Shares tendered (estimated)
2 October 2019	Payment of the Offer Price (estimated) (actual time of receipt of the payment will depend on the schedules of money transaction between financial institutions)

PERSONS RESPONSIBLE FOR THE TENDER OFFER DOCUMENT

Offeror

Telenor Finland Holding Oy
Address: Snarøyveien 30, N-1360 Fornebu, Norway
Domicile: Helsinki, Finland

The Board of Directors of the Offeror

Nils Katla, Chairperson
Henning Thronsen, Board memeber
Gaute Simen Gravir, Board member

Parent Company of the Telenor Group

Telenor ASA
Address: Snarøyveien 30, N-1360 Fornebu, Norway
Domicile: Fornebu, Norway

The Board of Directors of the Parent Company of the Telenor Group

Gunn Wærsted, Chairperson
Jørgen Kildahl, Vice Chairperson
Jacob Fonnesbech Aqraou, Board member
Sally Margaret Davis, Board member
Grethe Helene Viksaas, Board member
Jon Erik Reinhardsen, Board member
Jan Otto Eriksen, Board member
Espen Smistad, Board member
Anita Helen Steine, Board member

This Tender Offer Document has been prepared by the Offeror pursuant to Chapter 11, Section 11 of the SMA for purposes of the Tender Offer set out herein.

The persons responsible for the Tender Offer Document represent that to their best knowledge and understanding the information contained in this Tender Offer Document is accurate and complete and no information has been omitted that is likely to affect the assessment of the merits of the Tender Offer.

All information presented in the Tender Offer Document concerning DNA has been extracted from, and has been provided exclusively based upon, publicly available information. Consequently, the Offeror does not accept responsibility for such information, except for the correct restatement of such information herein.

28 August 2019

Telenor Finland Holding Oy   Telenor ASA

ADVISORS TO THE OFFEROR

Financial advisor to the Offeror in connection with the Tender Offer and Arranger of the Tender Offer

Skandinaviska Enskilda Banken AB (publ) Helsinki Branch
Eteläesplanadi 18
FI-00130 Helsinki
Finland

Financial advisor to the Offeror in connection with the Tender Offer

Barclays Bank PLC
5 The North Colonnade
E14 4BB London
United Kingdom

Legal advisor to the Offeror in connection with the Tender Offer

Dittmar & Indrenius Attorneys Ltd
Pohjoisesplanadi 25 A
FI-00100 Helsinki
Finland

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1. BACKGROUND, OBJECTIVES AND EFFECTS OF THE TENDER OFFER

1.1 Background to the Tender Offer

Telenor is a global telecom operator, with 181 million customers and strong positions in nine markets across Scandinavia and Asia, leveraging on more than 160 years of proud history. Telenor provides tele, data and media communication services alongside with substantial activities in subsidiaries and joint venture operations across Scandinavia and Asia. Telenor is committed to responsible business conduct, driven by its purpose to connect its customer to what matters most and by the ambition of empowering societies. In 2018, Telenor reported revenues of NOK 110 billion (approximately EUR 11.5 billion) and EBITDA of NOK 42 billion (approximately EUR 4.4 billion). Telenor is headquartered in Fornebu, Norway. Telenor is stock-listed on the Oslo Stock Exchange (Oslo Børs ASA) under the trading code "TEL", and has currently a market capitalization of around NOK 260 billion (approximately EUR 26 billion).

The Offeror is a limited liability company incorporated under the laws of Finland. The Offeror is a wholly-owned indirect subsidiary of Telenor. The Offeror has been incorporated for the purpose of functioning as a holding company for Telenor's holding in DNA.

DNA, a Finnish public limited company headquartered in Helsinki, Finland, is an integrated fixed and mobile telecom operator with a solid market position in the fastest growing mobile market in Europe. DNA is the third largest mobile operator in Finland, with 2.9 million subscribers and 28% market share. In addition, DNA is the second largest fixed broadband provider and the largest cable TV provider in Finland. In 2018, DNA reported revenues of EUR 912 million, EBITDA of EUR 285 million, and operating free cash flow of EUR 151 million. DNA employs approximately 1,600 telecommunication professionals. The shares in DNA are listed on the official list of Nasdaq Helsinki under the trading code "DNA".

Telenor has on 9 April 2019 entered into separate agreements with Finda Telecoms Oy and PHP Holding Oy to acquire the 37,385,454 shares in DNA held by Finda Telecoms Oy and the 34,105,827 shares in DNA held by PHP Holding Oy at that time (the "**SPAs**"). Completion of the SPAs was subject to certain conditions, including approval by general meetings of the seller entities and required regulatory approvals. Following completion of all conditions to completion under the SPAs on 19 August 2019, the Offeror has on 21 August 2019 acquired altogether 71,491,281 shares in DNA, corresponding to 54.04% of all shares and votes in DNA. As a result of the acquisition of the shares under the SPAs, the Offeror is obliged to launch a mandatory public tender offer in accordance with Chapter 11, Section 19 of the SMA for all Shares and any securities entitling to shares in DNA. As of the date of this Tender Offer Document, to the Offeror's knowledge there are no issued and outstanding securities entitling to shares in DNA.

At the date of this Tender Offer Document, the Board of Directors of DNA has not given its statement in accordance with Chapter 11, Section 13 of the SMA.

1.2 Effects on DNA's Operations, Assets and Personnel

Operations and Assets

DNA will continue its operations and the completion of the Tender Offer will have no immediate material effect on the operations, location of offices or assets of DNA. The acquisition will not affect services provided by DNA.

Personnel

The Tender Offer will have no immediate material effect on the personnel or management of DNA as Telenor does not have any other telecom business in Finland. The Offeror believes that its ownership in DNA will have a positive influence on the personnel of DNA by creating broader career opportunities within a large global group. Telenor has a business model where market operations are primarily led by local management.

To the Offeror's knowledge, no compensation or remuneration will be granted to the management or the members of the Board of Directors of DNA in return for execution of the Tender Offer.

1.3 Strategic Future Plans

The Offeror and Telenor see potential for DNA to continue to grow through its focus on customer satisfaction, strengthening the corporate business segment, and leveraging on Telenor's global scale and strong position in the Nordic region. Over time, the acquisition of DNA is expected to generate synergies within procurement, roaming, and best practice sharing.

Furthermore, the acquisition of DNA is executing Telenor's strategic agenda, focusing on modernisation and value creation within core telecom in the Nordics and Asia, while continuing to deliver on Telenor's priorities and shareholder remuneration policy. The acquisition of DNA enables Telenor to consolidate its position in the Nordics and balance its business portfolio.

Telenor's interest in DNA as a majority shareholder is focused on driving shareholder value in a long-term perspective. DNA has been successful in building on its recognized brand, products, customer service as well as highly performing sales and marketing. Telenor foresees long term potential in DNA’s business, however, Telenor also recognizes that strategic efforts may require significant investments in the business and results from such strategic efforts may take considerable time to materialize.

Telenor considers that the dividend distribution level of DNA as a listed company has been a result of a strong balance sheet and limited investments or acquisitions of significant size. However, the Offeror considers that dividend payout cannot continue to be in excess of net income and free cash flow. Telenor aims to ensure a healthy balance sheet and predictable dividend payouts based on underlying cash flow development. The ordinary dividend should be seen as the key element in the DNA shareholder remuneration while extraordinary dividends could occasionally be applied but should not be expected as part of the regular annual payout.

The Offeror intends to request an extraordinary general meeting of DNA to be convened to take place as soon as practicable in order to change the composition of the Board of Directors of DNA to reflect the Offeror's majority shareholding in DNA.

1.4 Compliance with the Recommendation Referred to in Chapter 11, Section 28 of the SMA

The Offeror has undertaken to comply with the Helsinki Takeover Code published by the Securities Market Association.

1.5 Statements Concerning the Tender Offer

At the date of this Tender Offer Document, the Board of Directors of DNA has not given its statement in accordance with Chapter 11, Section 13 of the SMA. The statement to be issued by the Board of Directors of DNA concerning the Tender Offer will be attached to this Tender Offer Document after its issuance.

1.6 Effect's on the Offeror's Operations, Assets and Personnel

Other than as a result of the payment of the Offer Price, the completion of the Tender Offer is not expected to have any immediate material effects on the operations, personnel, management, location of offices or assets of the Offeror.

1.7 Financing of the Tender Offer

The Offeror has sufficient financing for the Tender Offer through access to cash reserves and financing facilities of the Telenor group. The financing arrangements in connection with the Tender Offer are not expected to affect the operations or obligations of DNA.

1.8 Offeror's Future Plans with respect to DNA Shares

Mandatory Public Tender Offer

This Tender Offer is a mandatory public tender offer in accordance with Chapter 11, Section 19 of the SMA, pursuant to which a shareholder whose holding exceeds the threshold of 30% or 50% of the total voting rights attached to the shares in a publicly traded company, is obliged to make a tender offer for all the remaining shares and securities entitling to shares in the target company.

The Offeror has exceeded the thresholds of 30% and 50% of the total voting rights in DNA on 21 August 2019, following completion of the SPAs, and the Offeror currently holds 54.04% of all of shares and votes in DNA. As of the date of this Tender Offer Document, to the Offeror's knowledge there are no issued and outstanding securities entitling to shares in DNA. Through this Tender Offer, the Offeror fulfils its obligations pursuant to Chapter 11, Section 19 of the SMA.

Redemption under the Companies Act

According to Chapter 18 of the Finnish Companies Act (624/2006, as amended) (the "**Companies Act**"), a shareholder holding more than 90% of the total number of shares in a company and the total voting rights attached thereto is entitled to redeem all issued and outstanding shares in the target company. A minority shareholder whose shares the majority shareholder is entitled to redeem has the right to demand redemption of his/her/its shares. The mandatory redemption procedure is set forth in more detail in the Companies Act.

Should the Offeror obtain more than 90% of the total number of shares in DNA and the total voting rights attached thereto, the Offeror will make a redemption claim to the remaining minority shareholders of DNA in accordance with the Companies Act in order to redeem all the remaining Shares (the "**Squeeze-Out**").

Pursuant to the Companies Act, a shareholder that holds more than 2/3 of the shares and voting rights attached to the shares in a company has sufficient voting rights to decide upon the merger of a company into another company. Should the Offeror, following completion of the Tender Offer, hold more than 2/3 but not more than 90% of the total number of shares in DNA and the total voting rights attached thereto, it is possible that DNA could be subject to certain corporate transactions, including a merger of DNA into an unlisted Finnish company. However, the Offeror has not taken any resolutions regarding such transactions.

DNA's Shares on Nasdaq Helsinki

The Tender Offer is made for all of the issued and outstanding shares in DNA that are not held by DNA or its group companies or by the Offeror or its group companies. Should the Offeror obtain more than 90% of the total number of shares in DNA and the total voting rights attached thereto, the Offeror will initiate a Squeeze-Out for the remaining shares and thereafter DNA will apply for delisting of its shares from Nasdaq Helsinki.

Subject to the outcome of the Tender Offer, the Offeror is also prepared for any scenario in which DNA remains listed on Nasdaq Helsinki and the Offeror is the largest shareholder with not more than 90% of the total number of shares in DNA and the total voting rights attached thereto. The Offeror does not intend to acquire shares in DNA at a price exceeding the Offer Price.

1.9 Regulatory Approvals

The completion of the Tender Offer is not subject to any conditions. Telenor has obtained all required regulatory approvals for the acquisition of all or a majority of all shares in DNA, including through the Tender Offer, prior to completion of the SPAs.

1.10 Fees to Advisors

SEB serves as the financial advisor to the Offeror in connection with the Tender Offer and as the Arranger of the Tender Offer and Barclays serves as the financial advisor to the Offeror in connection with the Tender Offer. Dittmar & Indrenius Attorneys Ltd serves as the legal advisor to the Offeror in connection with the Tender Offer. The Offeror has undertaken to pay fees to SEB in connection with the Tender Offer that are dependent on the completion/acceptance rate of the Tender Offer in the aggregate amount of approximately EUR 0.3 million.

1.11 Applicable Law

The Tender Offer and this Tender Offer Document shall be governed by Finnish law and all disputes relating thereto shall be finally settled by Finnish courts of competent jurisdiction.

2. INFORMATION ON THE GROUNDS FOR PRICING OF THE TENDER OFFER

2.1 Grounds for Determining the Offer Price

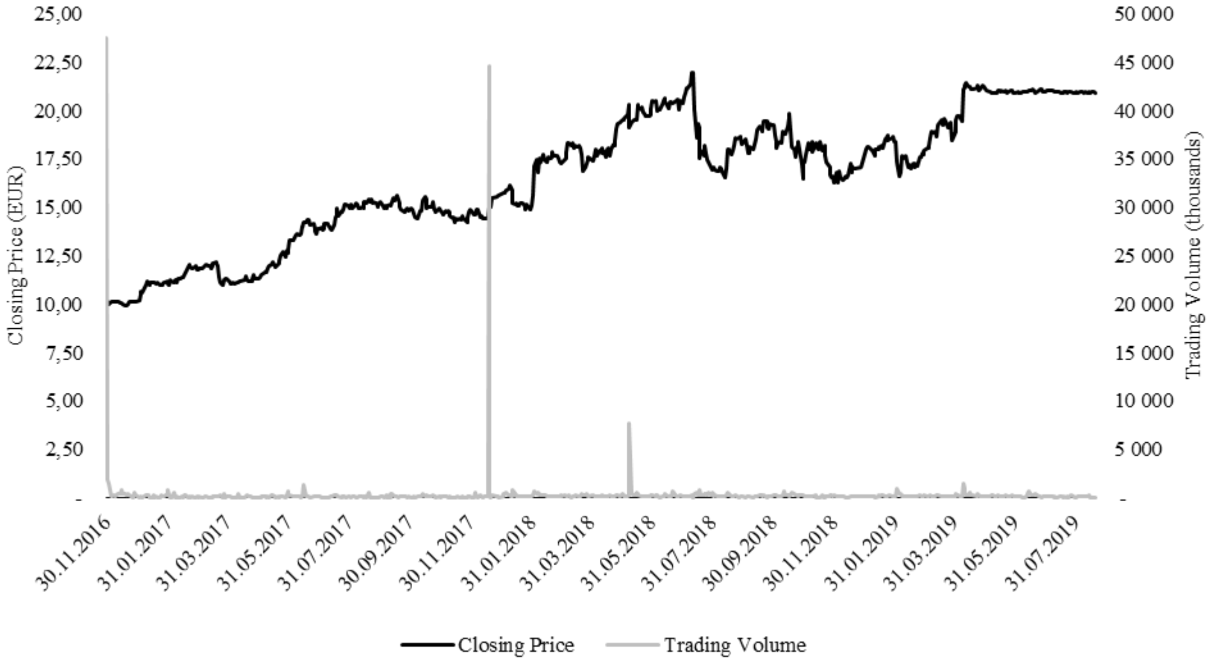
The Offer Price is EUR 20.90 in cash for each Share validly tendered in the Tender Offer.

According to Chapter 11, Section 23 of the SMA, the starting point in determining the consideration to be offered in a mandatory public tender offer shall be the highest price paid for the securities subject to the tender offer by the offeror or by a person, organization or foundation related to the offeror as stipulated in Chapter 11, Section 5 of the SMA, during a period of six months preceding the obligation to launch the tender offer.

Telenor has on 9 April 2019 (the "**Transaction Announcement Date**") entered into the SPAs with Finda Telecoms Oy and PHP Holding Oy to acquire the 37,385,454 shares in DNA held by Finda Telecoms Oy and the 34,105,827 shares in DNA held by PHP Holding Oy at that time. Completion of the SPAs was subject to certain conditions, including approval by general meetings of the seller entities and required regulatory approvals. Following completion of all conditions to completion under the SPAs on 19 August 2019, the Offeror has on 21 August 2019 acquired altogether 71,491,281 shares in DNA, corresponding to 54.04% of all of shares and votes in DNA, for a price of EUR 20.90 per share. Prior to the acquisition of such shares in DNA from Finda Telecoms Oy and PHP Holding Oy, the Offeror did not hold any shares in DNA and neither the Offeror nor any other party referred to in Chapter 11, Section 5 of the SMA has during the six-month period preceding the announcement of the obligation to launch the Tender Offer acquired any Shares in the Company in public trading or otherwise.

2.2 Trading Prices and Price Development of DNA's Share

The chart below presents the price development of the Shares on Nasdaq Helsinki and the trading volume of the Shares during the last three (3) years preceding the announcement of the Offeror's obligation to launch the Tender Offer, i.e., between 30 November 2016 and 20 August 2019 as the Shares were listed and commenced trading on Nasdaq Helsinki on 30 November 2016.



The closing price per Share was EUR 19.46 on 8 April 2019, the last trading day preceding the Transaction Announcement Date. The volume-weighted average trading price of the Share on Nasdaq Helsinki during the three-month period prior to the Transaction Announcement Date, i.e., from 8 January 2019 to 8 April 2019, was EUR 17.23 when adjusted for cash dividend of EUR 1.10 prior to the ex-dividend date of 29 March 2019 for the dividend resolved upon at the 2019 annual general meeting of DNA. The volume-weighted average trading price of the Share on Nasdaq Helsinki during the three-month period prior to the Transaction Announcement Date, i.e. from 8 January 2019 to 8

April 2019, was EUR 18.20 without the abovementioned adjustment for the cash dividend of EUR 1.10 prior to the ex-dividend date.

The closing price per Share was EUR 20.92 on 20 August 2019, the last trading day prior to the announcement of the Offeror's obligation to launch the Tender Offer. The volume-weighted average trading price of the Shares on Nasdaq Helsinki during the three-month period prior to the announcement of the Offeror's obligation to launch the Tender Offer, i.e., from 20 May 2019 to 20 August 2019, was EUR 21.00.

The Offer Price represents a premium of approximately 7.4% compared to the closing price of the DNA shares on Nasdaq Helsinki the last trading day prior to the Transaction Announcement Date, a premium of approximately 21.3% compared to the volume-weighted average trading price of the DNA shares during the three-month period preceding the Transaction Announcement Date, when adjusted for cash dividend of EUR 1.10 prior to the ex-dividend date of 29 March 2019 for the dividend resolved upon at the 2019 annual general meeting of DNA and a premium of approximately 14.8% compared to the volume-weighted average trading price of the DNA shares during the three-month period preceding the Transaction Announcement Date, without the abovementioned adjustment for cash dividend of EUR 1.10 prior to the ex-dividend date.

The Offer Price represents a discount of approximately -0.1% compared to the closing price of the DNA shares on Nasdaq Helsinki on the last trading day prior to the announcement of the Offeror's obligation to launch the Tender Offer and a discount of approximately -0.5% compared to the volume-weighted average trading price of the DNA shares during the three-month period preceding the announcement of the Offeror's obligation to launch the Tender Offer.

The table below presents the quarterly trading prices and trading volumes of the Shares during the last three (3) years preceding the Tender Offer.

	Closing share price during the period (EUR)			**Trading volume during the period**	
Time period	**Average**	**High**	**Low**	**Shares**	**Euros**
2016					
Q4 (from 30 November)	10.07	10.15	9.90	56,981,069	575,140,450
2017					
Q1	11.42	12.18	10.18	9,568,551	108,188,488
Q2	12.38	14.34	11.05	9,292,917	118,110,311
Q3	14.89	15.59	13.83	8,282,298	123,350,294
Q4	14.79	15.65	14.25	52,407,032	756,212,386
2018					
Q1	16.82	18.34	14.87	14,841,361	248,625,547
Q2	19.43	20.64	17.42	20,677,199	398,944,313
Q3	18.56	21.98	16.54	14,345,082	263,753,823
Q4	17.72	19.85	16.26	12,514,958	223,640,880
2019					
Q1	18.18	19.60	16.61	12,582,770	227,242,784
Q2	20.90	21.44	18.91	15,673,211	327,716,891
Q3 (until 20 August)	20.97	21.04	20.92	4,384,066	92,000,060

2.3 Other Tender Offers

To the Offeror's knowledge, no public tender offer for shares in DNA or securities entitling to shares in DNA has been made by any third party during the twelve (12) months preceding the announcement of the Offeror's obligation to launch the Tender Offer.

3. TERMS AND CONDITIONS OF THE TENDER OFFER

3.1 Object of the Tender Offer

Telenor Finland Holding Oy (the "**Offeror**") has on 21 August 2019 acquired 71,491,281 shares in DNA Plc (the "**Company**" or "**DNA**"), corresponding to 54.04% of all shares and votes in DNA. As a result of the acquisition, the Offeror is obliged to launch a mandatory public tender offer in accordance with Chapter 11, Section 19 of the Finnish Securities Markets Act (746/2012, as amended) (the "**SMA**") for all other shares and any securities entitling to shares in DNA. In accordance with Chapter 11 of the SMA and subject to the terms and conditions set fort in this tender offer document (the "**Tender Offer Document**"), the Offeror hereby offers to purchase all 60,690,903 issued and outstanding shares in DNA, that are not held by DNA or its group companies or by the Offeror or its group companies (the "**Shares**" or individually a "**Share**") (the "**Tender Offer**"). As of the date of this Tender Offer Document, to the Offeror's knowledge there are no issued and outstanding securities entitling to shares in DNA.

3.2 Offer Price

The Offeror announced its obligation to launch the Tender Offer on 21 August 2019. The offer price for each Share validly tendered in accordance with the terms and conditions of the Tender Offer is EUR 20.90 in cash (the "**Offer Price**").

The Offer Price has been determined in accordance with Chapter 11, Section 23 of the SMA.

Should DNA change the number of shares issued and outstanding on the date of this Offer Document as a result of a new share issue, reclassification, share split (including a reverse split) or any other similar transaction with dilutive effect, or should DNA distribute a dividend or otherwise distribute funds or any other assets to its shareholders, or if a record date with respect to any of the foregoing shall occur prior to the Completion Date (as defined below), the Offer Price shall be adjusted accordingly on a euro-for-euro basis on the gross value declared or made, before the deduction of any withholding tax and/or any other applicable taxes.

3.3 Offer Period

The acceptance period for the Tender Offer (the "**Offer Period**") commences on 29 August 2019 at 9:00 a.m. (Finnish time) and expires on 26 September 2019 at 4:00 p.m. (Finnish time) (the "**Initial Offer Period**"), unless the Offer Period is extended as set forth below. The Offer Period may be extended by the Offeror (i) at any time during the Initial Offer Period, (ii) at any time during an extended Offer Period, and (iii) in case of any competing offer as referred to in Chapter 11, Section 17 of the SMA.

The Offeror will announce a possible extension of the Offer Period from the Initial Offer Period through a stock exchange release at the latest on 26 September 2019. The Offeror will announce a possible extension of an already extended Offer Period at the latest on the expiry date of such extended Offer Period. The duration of any possible extension of the Offer Period, including an extension of an already extended Offer Period, shall be at least two (2) weeks from the date of the announcement by the Offeror concerning such extension.

If the Offeror extends the Offer Period from the Initial Offer Period, the Offer Period will expire on the date and at the time until which the Offeror extends the Offer Period unless the extended Offer Period is further extended or discontinued in accordance with the terms and conditions of the Tender Offer. The maximum duration of the Offer Period (including any extension of the Offer Period) is ten (10) weeks. However, the Offer Period may be extended beyond ten (10) weeks due to a special reason in accordance with Chapter 11, Section 12 of the SMA, provided that the business operations of the target company are not hindered for longer than reasonable. The date of the expiry of the extended Offer Period will in such case be published at least two (2) weeks before such expiry.

The Offeror may discontinue any extended Offer Period at any time. Should the Offeror discontinue the extended Offer Period, the Offeror will announce its decision thereof through a stock exchange release as soon as possible after such decision has been made and, in any case, at least two (2) weeks before the expiry of the extended Offer Period to be discontinued. If the Offeror discontinues the extended Offer Period, the extended Offer Period will expire on such earlier date and at the time indicated in such announcement made by the Offeror.

3.4 Conditions to Completion

As the Tender Offer is a mandatory public tender offer, the Tender Offer may be conditional only with regard to the necessary decisions by the authorities to be obtained, as set out in Chapter 11, Section 15 of the SMA. Telenor has obtained all required regulatory approvals for the acquisition of all or a majority of all shares in DNA, including through the Tender Offer, prior to completion of the SPAs. Consequently, the Tender Offer is not subject to any conditions.

3.5 Obligation to Increase the Offer Price or to Pay Compensation

The Offeror reserves the right to acquire Shares in public trading on Nasdaq Helsinki or otherwise before, during and/or after the Offer Period (including any extension thereof) or otherwise outside the Tender Offer to the extent permitted by Finnish and any other applicable law.

If the Offeror or any party referred to in Chapter 11, Section 5 of the SMA acquires, before the expiry of the Offer Period, Shares at a higher price than the Offer Price or otherwise on terms that are more favourable than those of the Tender Offer, the Offeror must according to Chapter 11, Section 25, Subsection 1 of the SMA amend the terms and conditions of the Tender Offer to correspond to such acquisition on more favourable terms (*obligation to increase the offer price*). The Offeror shall then, without delay, announce the triggering of the obligation to increase the offer price and pay, in connection with the completion of the Tender Offer, the difference between the acquisition on more favourable terms and the consideration offered in the Tender Offer to the holders of securities who have accepted the Tender Offer.

If the Offeror or any party referred to in Chapter 11, Section 5 of the SMA acquires, during the nine (9) months following the expiry of the Offer Period, Shares in DNA at a higher price than the Offer Price or otherwise on terms that are more favourable than those of the Tender Offer, the Offeror must according to Chapter 11, Section 25, Subsection 2 of the SMA compensate those holders of securities who have accepted the Tender Offer for the amount equal to the difference between the acquisition on more favourable terms and the consideration offered in the Tender Offer (*obligation to compensate*). The Offeror shall then, without delay, announce the triggering of the obligation to compensate and pay the difference between the acquisition on more favourable terms and the consideration offered in the Tender Offer within one (1) month after the triggering of the obligation to compensate to the holders of securities who have accepted the Tender Offer.

According to Chapter 11, Section 25, Subsection 5 of the SMA, the obligation to compensate shall, however, not be triggered in case the payment of a higher price than the Offer Price is based on an arbitral award pursuant to the Companies Act, provided that the Offeror or any party referred to in Chapter 11, Section 5 of the SMA has not offered to acquire Shares on terms that are more favourable than those of the Tender Offer prior to or during the arbitral proceedings.

3.6 Acceptance Procedure

Shares

The Tender Offer may be accepted by a holder of Share(s) registered during the Offer Period in DNA's shareholders' register (a "**Shareholder**").

The Tender Offer must be accepted separately for each book-entry account. A Shareholder giving the acceptance must have a cash account with a financial institution operating in Finland or abroad (see also sections "*Completion of the Tender Offer, Payment and Settlement*" and "*Important Information*"). A Shareholder may only accept the Tender Offer unconditionally and with respect to all Shares on the book-entry account(s) mentioned in the acceptance form on the date and on the time of the execution of the sale and purchase of the Shares. An acceptance given during the Offer Period is effective also until the end of any extended Offer Period.

Most of the Finnish book-entry account operators are expected to send a notice of the Tender Offer, including instructions related thereto and an acceptance form to such Shareholders who are customers of the account operator and registered in DNA's shareholders' register maintained by Euroclear Finland Ltd ("**Euroclear**"). Shareholders who have not received such instructions or an acceptance form from their account operator should primarily contact their account operator. Secondarily, the Shareholders can contact SEB by sending an email to DNAoffer@seb.fi, where the Shareholders can receive information for submitting their acceptance.

A DNA shareholder whose holding(s) of Shares are registered in the name of a nominee and who wishes to accept the Tender Offer shall provide their acceptance in accordance with the instructions given by the administrator managing the nominee registration. The Offeror will not send an acceptance form or any other documents related to the Tender Offer to such DNA shareholders.

All Shareholders who accept the Tender Offer must give their acceptance to the account operator that manages their book-entry account according to the instructions and within the time limit given by the account operator. The acceptance shall be submitted so that it will be received within the Offer Period (including any extension or suspension thereof), however, in accordance with instructions given by the account operator. An account operator may request a Shareholder to deliver the acceptance prior to the expiry of the Offer Period.

Shares which are pledged or subject to a transfer restriction may only be tendered with the consent of the relevant pledgee or beneficiary of the transfer restriction. The obtaining of such consent shall be the responsibility of the relevant Shareholder. The consent must be delivered to the account operator in writing.

The method of delivery of acceptance forms is at the Shareholder's option and risk, and the delivery will be deemed made only when actually received by the relevant account operator. The Offeror reserves the right to reject any acceptance given in an incorrect or incomplete manner. The Offeror may also reject any partial tender of the Shares per book-entry account.

Those Shareholders who have validly accepted the Tender Offer are not permitted to sell or otherwise dispose of the tendered Shares. By accepting the Tender Offer the Shareholders authorise their account operator to enter into their book-entry account transfer restrictions or a sales reservation with respect to the Shares after the Shareholders have delivered the acceptance form with respect to the Shares. Furthermore, the Shareholders who accept the Tender Offer authorise their account operator to perform necessary entries and undertake any other measures needed for the technical execution of the Tender Offer, and to sell all Shares held by the Shareholder at the time of the execution of the transaction to the Offeror in accordance with the terms and conditions of the Tender Offer. In connection with the completion trades or the clearing of the Tender Offer, the sales reservation or the transfer restriction on the right of disposal will be revoked and a cash consideration will be paid to the Shareholder.

Important Information regarding NID and LEI

According to Directive 2014/65/ EU (MiFID II) of the European Parliament and of the Council, all investors must have a global identification code from 3 January 2018 in order to carry out a securities transaction. These requirements require legal entities to apply for registration of a Legal Entity Identifier ("**LEI**") code, and natural persons need to find their NID (National ID or National Client Identifier) to accept the Tender Offer. Note that it is the legal person's legal status that determines whether a LEI code or NID number is required and that SEB may be prevented from performing the transaction to the person if LEI or NID number (as applicable) is not provided. Legal persons who need to obtain a LEI code can contact one of the suppliers available on the market. Instructions for the global LEI system can be found on the following website: www.gleif.org/en/about-lei/how-to-getan-lei-find-lei-issuing-organizations. Those who intend to accept the Tender Offer are encouraged to apply for registration of a LEI code (legal persons) or to find out their NID number (physical persons) in good time, as this information is required on the application form at the time of submission.

Information regarding Processing of Personal Data

Those who accept the Tender Offer will submit personal data, such as name, address and social security number, to SEB, who is controller for the processing. Personal data provided to SEB will be processed in data systems to the extent required to administer the Tender Offer. Personal data obtained from sources other than the customer may also be processed. Personal data may also be processed in the data systems of companies with which SEB cooperates. Address details may be obtained by SEB through an automatic procedure executed by Euroclear. For additional information regarding SEB's processing of personal data and your rights, please see SEB's website (*www.sebgroup.com/site-assistance/privacy-policy*).

3.7 Withdrawal Right

The acceptance of the Tender Offer is binding, and it may not be withdrawn, unless otherwise provided under applicable law. In such situation, the proper withdrawal of the acceptance requires that a written notice of withdrawal is submitted to the same account operator to whom the acceptance concerning the Shares in question was submitted. If an acceptance concerning the Shares has been submitted to SEB, also the notice of withdrawal shall be submitted to SEB. In case of holdings that are registered in the name of a nominee, the Shareholder shall instruct the respective nominee to submit the notice of withdrawal.

If a Shareholder properly withdraws its acceptance of the Tender Offer, any transfer restriction or sales reservation registered on the tendered Shares on the relevant book-entry account will be removed as soon as possible and within approximately three (3) Finnish banking days following the receipt of a notice of withdrawal in accordance with the terms and conditions of the Tender Offer.

A Shareholder who has withdrawn its acceptance of the Tender Offer may renew the acceptance within the Offer Period (including any extension or suspension thereof) in accordance with the procedure described in section "*Acceptance Procedure*".

A Shareholder who withdraws its acceptance shall be liable to pay any fees which the account operator managing the relevant book-entry account or the nominee may charge for withdrawals.

3.8 Announcement of the Result of the Tender Offer

The Offeror will announce the preliminary result of the Tender Offer on or about the first (1^{st}) Finnish banking day following the expiry of the Offer Period (including any extension or suspension thereof). The Offeror will announce the final result of the Tender Offer on or about the third (3^{rd}) Finnish banking day following the expiry of the Offer Period (including any extension or suspension thereof). In the announcement of the final result the Offeror will confirm the percentage of the Shares which have been validly tendered and not validly withdrawn.

If the Offer Period is extended from the Initial Offer Period, the Offeror will on or about 27 September 2019 announce the preliminary percentage of the Shares which have been validly tendered (and not validly withdrawn) during the Initial Offer Period and the final percentage of such Shares on or about 1 October 2019.

In the event of an extension of an already extended Offer Period, the Offeror will on or about the first (1^{st}) Finnish banking day following the expiry of such extended Offer Period announce the preliminary percentage of the Shares which have been validly tendered (and not validly withdrawn) during such extended Offer Period and on or about the third (3^{rd}) Finnish banking day following the expiry such extended Offer Period the final percentage of such Shares.

3.9 Completion of the Tender Offer, Payment and Settlement

The sale and purchase of the Shares will be executed with respect to all Shareholders who have validly accepted the Tender Offer by 26 September 2019 (and not validly withdrawn their acceptances) no later than on 2 October 2019 (the "**Completion Date**") and such completion trades will be settled on or about the Completion Date (the "**Clearing Date**"). If possible, the completion trades will be executed on Nasdaq Helsinki. Otherwise, the completion trades will be executed outside Nasdaq Helsinki.

In the event of an extended Offer Period, the Offeror shall in connection with the announcement thereof announce the terms of payment and settlement for the Shares tendered during such extended Offer Period. The completion trades of the Shares validly tendered in accordance with the terms and conditions of the Tender Offer during an extended Offer Period shall, however, be executed at least within two-week intervals.

The Offer Price will be paid on the Clearing Date to a Shareholder who has validly accepted the Tender Offer, into the management account of the Shareholder's book-entry account or, in the case of Shareholders whose holdings are registered in the name of a nominee, into the bank account specified by the custodian or nominee. In any event, the Offer Price will not be paid to a bank account located in Canada, Japan, Australia, South Africa or Hong Kong or any other jurisdiction where making the Tender Offer would be prohibited by applicable law (see section "*Important Information*"), and all guidance from custodians or nominees specifying bank accounts in such jurisdictions will be rejected. Actual time of receipt of the payment by the Shareholder will depend on the schedules for payment transactions between financial institutions and agreement between the holder and account operator, custodian or nominee in each case.

The Offeror reserves the right to postpone the payment of the Offer Price if payment is prevented or suspended due to a *force majeure* event, but shall immediately effect such payment once the *force majeure* event preventing or suspending payment is resolved.

3.10 Transfer of Title

Title to the Shares validly tendered and not validly withdrawn in the Tender Offer will pass to the Offeror on the clearing date against payment of the Offer Price by the Offeror to the tendering Shareholder.

3.11 Transfer Tax and Other Payments

The Offeror will pay the Finnish transfer tax, if any, relating to the sale and purchase of the Shares in connection with the completion of the Tender Offer.

Fees charged by account operators, asset managers, nominees, or any other person for registering the release of any pledges or other possible restrictions preventing a sale of the relevant Shares, as well as fees relating to a withdrawal of an acceptance of the Tender Offer by a Shareholder in accordance with section "*Withdrawal Rights*" above, will be borne by each Shareholder. The Offeror shall be responsible for other customary fees relating to book-entry registrations required for the purpose of the Tender Offer, the sale and the purchase of the Shares tendered in the Tender Offer or the payment of the Offer Price.

The receipt of cash pursuant to the Tender Offer by a Shareholder may be a taxable transaction for such Shareholder under applicable tax laws, including those of the country of residence of the Shareholder. Any tax liability arising for a Shareholder from the receipt of cash pursuant to the Tender Offer shall be borne by such Shareholder. Each Shareholder is urged to consult its independent professional adviser regarding the tax consequences of accepting the Tender Offer.

3.12 Other Matters

The Offeror reserves the right to amend the terms and conditions of the Tender Offer in accordance with Chapter 11, Section 15, Subsection 2 of the SMA.

The Offeror in its sole discretion will decide on all other matters relating to the Tender Offer, subject to the requirements of applicable laws.

4. INFORMATION ON DNA

All financial and other information presented in this Tender Offer Document concerning DNA has been extracted from, and has been exclusively based upon, the unaudited consolidated interim financial report for the six months ended 30 June 2019 published by DNA, the audited consolidated financial statements of DNA as at and for the financial year ended 31 December 2018, entries in the Finnish Trade Register and other publicly available information. Consequently, the Offeror does not accept responsibility for such information except for the accurate reproduction of such information herein.

4.1 DNA in Brief

DNA is a public limited liability company (business identity code 0592509-6) incorporated under the laws of Finland. The shares in DNA are listed on the official list of Nasdaq Helsinki under the trading code "DNA". The registered domicile of DNA is Helsinki and its address is Läkkisepäntie 21, 00620 Helsinki, Finland. DNA is headquartered in Helsinki, Finland.

DNA is an integrated fixed and mobile telecom operator with a solid market position in the fastest growing mobile market in Europe. The company is the third largest mobile operator in Finland, with 2.9 million subscribers and 28% market share. In addition, DNA is the second largest fixed broadband provider and the largest cable TV provider in Finland. DNA's mission is to provide products and services that make their private and corporate customers' lives simple. As a telecommunications operator, DNA plays an important role in society by providing important communication connections and by enabling digital development. A key element in DNA's strategy is to create the best customer experience with the aim of having the most satisfied customers in Finland. The Company has disclosed plans to launch 5G services during 2019. DNA's customers have already highest data usage in Europe and one of the highest mobile data usage per subscription in the world, and the migration to 5G will enable to support the Company's growth.

In 2018, DNA reported revenues of EUR 912 million, EBITDA of EUR 285 million, and operating free cash flow of EUR 151 million. DNA employs approximately 1,600 telecommunication professionals.

4.2 Shares and Share Capital

On the date of this Tender Offer Document, DNA's share capital entered into the Finnish Trade Register amounted to EUR 72,702,225.65 and the number of shares to 132,303,500. DNA's articles of association do not include any provision on the minimum or maximum amount of share capital or number of shares.

DNA has one class of shares. The shares in DNA are incorporated in the book-entry securities system managed by Euroclear. Each share in DNA entitles its holder to one (1) vote at the general meeting of shareholders of DNA. All shares give equal rights to dividends and other distributions of funds or assets by DNA. DNA's articles of association do not contain provisions or restrictions on voting rights which would deviate from the Companies Act.

DNA's 2019 annual general meeting, held on 28 March 2019, approved the proposal by DNA's Board of Directors to distribute a dividend of EUR 0.70 per share and an extra dividend of EUR 0.40 per share, in total EUR 1.10 per share. The dividend has been paid on 10 April 2019 and does not affect the Offer Price.

4.3 Ownership Structure

The following table sets forth the ten largest shareholders of DNA and their shareholdings on 31 July 2019 (ownership percentage calculated based on all shares in DNA), save for the Offeror's shareholding which represents the Offeror's shareholding as per 21 August 2019.

	Shareholder	**Number of Shares**	**%**
1.	Offeror	71,491,281[1]	54.04
2.	Ilmarinen Mutual Pension Insurance Company	4,614,069	3.49
3.	Elo Pension Company	2,269,000	1.71
4.	Lohjan Puhelin Oy	2,196,705	1.66
5.	Viria Oyj	1,000,000	0.76
6.	Mandatum Life Insurance Company Limited	982,381	0.74
7.	The State Pension Fund	870,000	0.66
8.	Jakobstadsnejdens Telefon Ab	700,800	0.53
9.	Evli Finnish Small Cap Fund	440,000	0.33
10.	Danske Invest Finnish Institutional Equity Fund	400,000	0.30
	Top 10 Total	84,954,236	64.21
	Others	47,349,264	35.79
	Total	132,303,500	100.00
	Nominee registered	36,251,561	27.40

4.4 Treasury Shares

To the knowledge of the Offeror, DNA and its group companies holds on the date of this Tender Offer Document 121,316 shares, representing approximately 0.09% of all shares and votes in DNA.

4.5 Option Rights and Special Rights Entitling to Shares

To the knowledge of the Offeror, DNA has not issued any option rights or special rights entitling to shares. As of the date of this Tender Offer Document, no information regarding such rights has been registered with the Finnish Trade Register.

DNA currently has four long-term incentive plans: Performance Share Plan (PSP), Bridge Plan (BP), Restricted Share Plan (RSP), and from 2019 onwards a matching shares plan for the entire personnel (MSP). The Board of Directors of DNA decides annually on the launch of new earning and saving periods as well as the terms and conditions. The PSP consists of separate share-based plans, that begin annually and have a three-year earning period. In PSP 2019-2021, the performance criteria are based on total shareholder return (TSR) of DNA compared to a peer group and the development of DNA's EBITDA and in PSP 2018-2020 on TSR of DNA compared to a peer group and the development of DNA's cumulative cash flow. The Bridge Plan consists of two three-year share-based plans which each have a one-year earning period and a two-year restriction period. The plans begun in 2017 and 2018. Shares received as a reward cannot be sold during the two-year restriction period. The performance criteria applying to both bridge plans are based on DNA's key strategic objectives during the earning periods. DNA's CEO and the members of the DNA Executive Team are entitled to participate in the matching shares plan for the personnel. Relation to the fixed annual salary: the maximum amount of reward payable under the share-based incentive schemes is limited in such a way that each participant's annual share reward may be a maximum of three times their annual fixed gross salary.

4.6 Authorizations

Authorizations concerning repurchase of the Company's own shares

DNA's annual general meeting held on 28 March 2019 authorized the Board of Directors to decide on repurchase and acceptance as pledge of own shares as follows:

[1] The Offeror has on 21 August 2019 acquired the shares from Finda Telecoms Oy (37,385,454 shares) and from PHP Holding Oy (34,105,827 shares), on 31 July 2019 such shares were owned by Finda Telecom Oy and PHP Holding Oy.

A maximum of 4,000,000 of DNA's own shares can be repurchased and/or accepted as pledge using DNA's unrestricted shareholders' equity. The purchase can take place on one or more occasions. The purchase price for the shares is the market price paid for the share at the time of the purchase in trading on a regulated market. Own shares may be repurchased through conventional derivatives, stock lending agreements or other agreements on capital markets, as permitted by law and regulations. The purchase price of own shares, including expenses, shall be covered primarily by the invested unrestricted equity fund and secondarily from retained earnings.

The authorisation grants DNA's Board of Directors the right to decide on the repurchase of shares also in other ways than in proportion to the shareholders' shareholdings (directed repurchase). Own shares can be repurchased to implement acquisitions or other arrangements related to the company's business, to improve the company's capital structure, for the company's incentive schemes or to be otherwise held, disposed of or cancelled.

The authorisation is effective until 30 June 2020.

To the knowledge of the Offeror, DNA's Board of Directors has not exercised the aforementioned authorization.

Authorization concerning issuance of shares, disposal of own shares held by the company and issuance of other special rights entitling to shares

DNA's annual general meeting held on 28 March 2019 authorized the Board of Directors to decide on the issuance of shares, disposal of own shares held by the Company and issuance of special rights entitling to shares as referred to in Chapter 10, Section 1 of the Companies Act.

Based on the authorisation, the Board of Directors is entitled to issue no more than 10,000,000 new shares or treasury shares on one or more occasions. The maximum number of shares that may be issued under the authorisation corresponds to approximately 7.6% of the current total number of DNA shares.

Share issue(s) under the authorisation may take the form of a directed issue in deviation from the shareholders' pre-emptive rights. The authorisation can be used to implement mergers and acquisitions, to develop the company's capital structure, in the company's incentive schemes and for other purposes decided by the Board of Directors. The Board of Directors is authorised to decide on all other terms and conditions related to issuing shares and granting special rights entitling holders to shares.

The authorisation is effective until 30 June 2020.

To the knowledge of the Offeror, DNA's Board of Directors has not exercised the aforementioned authorization.

4.7 Shareholder Agreements and Other Agreements Concerning the Use of Voting Rights

The Offeror is not aware of any such shareholder agreements or other agreements or arrangements relating to the use of voting rights or concerning the ownership in DNA which would have a material impact on the assessment of the Tender Offer.

4.8 Board of Directors, Managing Director and Auditor

Based on the provisions of the Companies Act and DNA's articles of association, responsibility for the supervision and management of DNA is divided between the General Meeting of Shareholders, the Board of Directors and the managing director.

According to DNA's articles of association, the Board of Directors consists of five to nine members. The composition of DNA's Board of Directors as of the date of this Tender Offer Document is as follows:

Pertti Korhonen	Chairman
Jukka Ottela	Member
Anu Nissinen	Member
Kirsi Sormunen	Member
Tero Ojanperä	Member

Anni Ronkainen	Member
Ted Roberts	Member

The managing director of DNA as of the date of this Tender Offer Document is Jukka Leinonen.

The auditor of DNA as of the date of this Tender Offer Document is Ernst & Young Oy. The principal auditor is Authorised Public Accountant Terhi Mäkinen.

4.9 Articles of Association

An English language version of the articles of association of DNA is attached to this Tender Offer Document as *Annex C*.

4.10 Business Results, Financial Position and Future Outlook

Business Results and Financial Position

Information on the assets, liabilities and business results of DNA during the financial year ended 31 December 2018 is available in DNA's official financial statements attached to this Tender Offer Document as *Annex A*.

Information on the assets, liabilities and business results of DNA for the six-month period ended 30 June 2019 is presented in DNA's interim report attached to this Tender Offer Document as *Annex B*.

Future Outlook

DNA's future outlook has been discussed under "*Outlook*" on pages 105-106 of DNA's financial statements for 2018 (see *Annex A*) and on page 20 under "*Outlook for 2019*" of DNA's interim report for the six-month period ended 30 June 2019 (see *Annex B*).

5. INFORMATION ON THE OFFEROR

5.1 The Offeror in Brief

The Offeror is a Finnish limited liability company (business identity code 3009547-7) incorporated under the laws of Finland. Telenor owns all shares in the Offeror through its wholly-owned subsidiary Telenor Mobile Holding AS, a limited liability company incorporated under the laws of Norway (registration number 983 940 145). The Offeror's domicile is Helsinki, Finland, and its address is Snarøyveien 30, N-1360 Fornebu, Norway. The Offeror has been incorporated for the purpose of functioning as a holding company for Telenor's holding in DNA. The Offeror does not currently carry on any business and its current sole purpose is to function as a holding company for Telenor's holding in DNA and make the Tender Offer and take any actions necessary for completing the Tender Offer and possibly a subsequent Squeeze-Out under the Companies Act.

Telenor is a public limited liability company incorporated under the laws of Norway (registration number 982 463 718). Telenor's registered address is at Snarøyveien 30, N-1360 Fornebu, Norway. Telenor is a Norwegian multinational telecommunications company with a leading Nordic position in mobile, broadband and TV services, as well as substantial activities in subsidiaries and joint venture operations. For further information, please see section *"Background to the Tender Offer"* and www.telenor.com.

5.2 Persons related to the Offeror as Stipulated in Chapter 11, Section 5 of the SMA

The parties acting in concert with the Offeror as referred to in Chapter 11, Section 5 of the SMA comprise the Telenor group companies.

At the date of this Tender Offer Document, Telenor indirectly holds, through the Offeror, 71,491,281 shares and votes in DNA. Other than such shares and votes, neither the Offeror, nor any party referred to in Chapter 11, Section 5 of the SMA, holds any shares or voting rights in DNA or has during the six-month period preceding the announcement of the Tender Offer acquired any shares in DNA in public trading or otherwise.

5.3 Company's Ownership in the Offeror

To the knowledge of the Offeror, DNA does not own any shares or securities entitling to shares in the Offeror, Telenor or any entity referred to in Chapter 11, Section 5 of the SMA.

FINANCIAL STATEMENTS OF DNA PLC

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BOARD OF DIRECTORS’ REPORT

DNA is a Finnish telecommunications group providing high-quality voice, data and TV services for communication, entertainment and working. DNA is Finland's largest cable operator and the leading pay TV provider in both cable and terrestrial networks. Our mission is to provide products and services that make our private and corporate customers' lives simple. As a telecommunications operator, DNA plays an important role in society by providing important communication connections and by enabling digital development.

The comparison figures in brackets refer to 2017. For 2018, as required by the IFRS standards, the financial tables in the Board of Directors’ report contain figures reported according to the IFRS 15 and IFRS 9 standards adopted on 1 January 2018. As required by IFRS 15, figures adjusted are disclosed as if they were prepared under 2017 revenue guidance. The comparative analysis between periods in the Board of Directors’ report uses comparable figures, where the 2018 figures are disclosed as if they were prepared under 2017 revenue guidance. In the financial statements, the 2018 figures are reported according to the IFRS 15 and IFRS 9 standards. The reference period 2017 is disclosed under 2017 guidance. For more information on the impact of the standards, please see note 33.

Operating environment 2018

The Finnish economy is on the growth path and both consumer and business confidence remained good. Competition remained intense throughout the year, in mobile communication services in particular.

The use of mobile data continued to grow, boosted by increased adoption of smart phones, tablets and other Internet-connected devices as well as the growing demand for high-speed 4G subscriptions. Customers are prepared to pay more for faster 4G subscriptions.

Most of the phones sold in the market were 4G compatible smart phones. DNA’s smart phone penetration, or the share of smart phones in the subscription base, increased and was 77.4% at the end of 2018. Voice and SMS traffic continues to fall steadily in Finland.

A clear trend in Finland right now is the migration of xDSL subscribers to considerably faster fixed cable or fibre optic broadband subscriptions or replacement of xDSL connections with 4G mobile data connections. In addition, a growing number of households uses both fixednetwork and mobile broadband.

Use of TV and video services became more versatile. While traditional TV viewing minutes decreased, the use of streaming and on-demand video services continued to grow. Growth of cable television subscriptions also continued. More customers are watching HDTV broadcasts, and they also increasingly want to watch content conveniently at a time that works best for them.

Both private and public organisations revamped their operations by switching their voice communications and customer service to mobile solutions. The rising business use of cloud services increases the demand for network capacity and fast fibre optic connections. DNA’s M2M subscription base was boosted by building automation systems, the energy sector and the Internet of Things (IoT).

Regulation

The European Electronic Communications Code was finalised by EU institutions in December 2018. The new package of directives will mostly be applied to national legislation by the end of 2020, except for the cap on the cost of intra-EU mobile calls and texts, which will be applied as of 15 May 2019. The reform will have an effect on areas such as market regulation, spectrum management and use of spectrum bands, universal service obligations, regulation of electronic communication services as well as consumer protection.

The Finnish Parliament approved the national data protection law in December. It complements EU’s General Data Protection Regulation (GDPR) and entered into force on 1 January 2019.

GDPR will be complemented by ePrivacy regulation. EU institutions continued to process the draft ePrivacy regulation in the review period. The regulation will increase the protection of people’s privacy and personal data in electronic communications. It proposes extending regulation so that it applies to all electronic communications (e.g. instant messaging applications) and suggests changes to the basis of processing traffic data, cookies and electronic direct marketing.

In October 2018, DNA won the 5G frequency band it pursued in the auction of the 3.5 GHz band organised by the Finnish Communications Regulatory Authority (FICORA) for a price of EUR 21 million. DNA’s 5G licence entered into force in January 2019. In December, the Government renewed DNA’s existing licences in the 900 MHz, 1800 MHz and 2100 MHz bands. The licences will be valid until the end of 2033.

DNA agreed on interconnection charges with each Finnish mobile operator in early 2018. The charges are the same between all operators. From the beginning of December 2018, the charge decreased from 1.25 cents to 0.93 cents per minute. From the beginning of December 2019, it will decrease to 0.89 cents per minute, and from December 2020, to 0.82 cents per minute. The EU’s Regulatory Framework for electronic communications stipulates that the EU Commission must set a Union-wide mobile termination rate (MTR) for all mobile network operators and a fixed termination rate (FTR) for voice calls on fixed networks by the end of 2020. These changes have no effect on DNA’s outlook for 2019 or DNA’s medium-term objectives.

In March 2018, FICORA (as of 1 January 2019, Finnish Transport and Communications Agency Traficom) issued decisions on significant market power (SMP) concerning local loop and bitstream markets (M3). They entered into force on 15 June 2018. FICORA started a market analysis on the wholesale markets for television and radio services (M18) towards the end of 2018. The analysis is performed to assess whether obligations need to be imposed on significant market powers (SMP) to ensure the market can function properly.

Changes related to regulation and decisions of authorities may have significant impacts on DNA’s business.

Net sales and result

Net sales

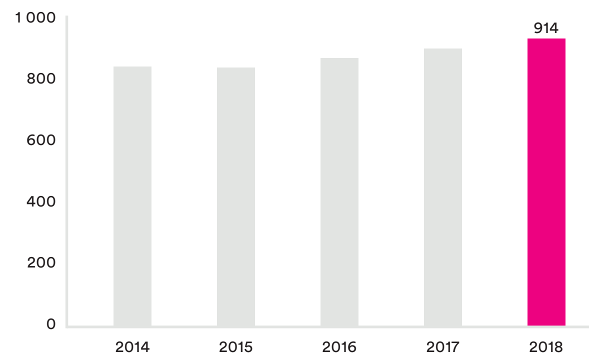
DNA’s net sales increased and totalled EUR 913.5 million (886.1 million). The positive development was fuelled by the growth of mobile service revenue, which was boosted in particular by the growth of DNA’s subscription base and customers switching to faster 4G subscriptions. Mobile device sales were up 18.1% year-on-year.

In 2018, 75.2% (74.3%) of net sales was generated by consumer business and 24.8% (25.7%) by corporate business.

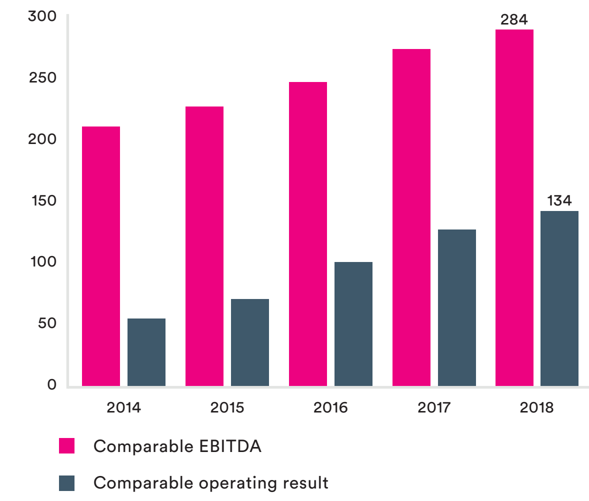
Result

EBITDA increased and was EUR 283.6 million (271.8 million). The EBITDA percentage of net sales was 31.0% (30.7%). The increase was fuelled by growth in mobile service revenue and improved operational efficiency. Operating result increased and was EUR 133.8 million (123.5 million).

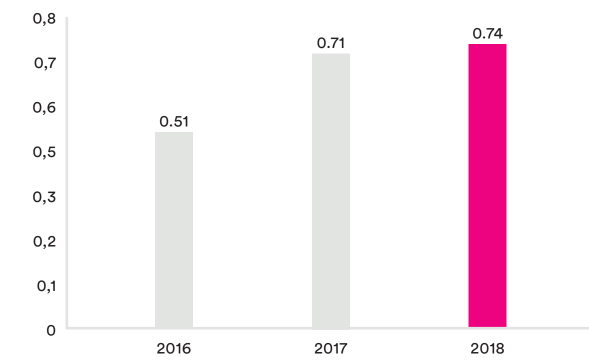
NET SALES, EUR MILLION



COMPARABLE EBITDA AND COMPARABLE OPERATING RESULT, EUR MILLION



EARNINGS PER SHARE, €



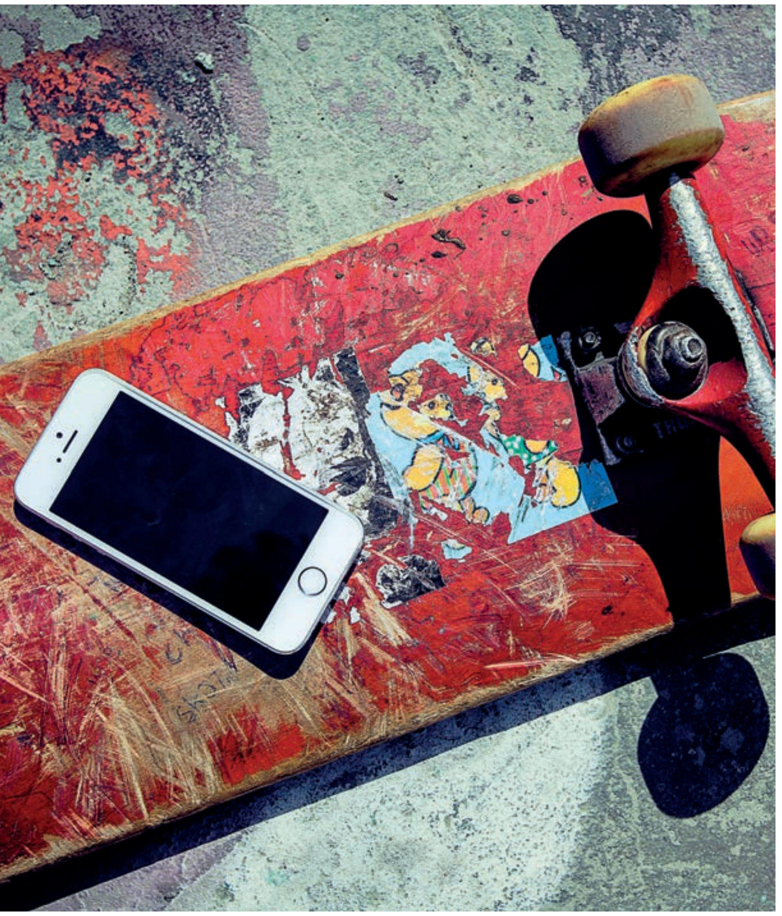
Operating result as a percentage of net sales was 14.6% (13.9%). Comparable operating result amounted to EUR 133.8 million (126.6 million). The comparability of operating result in the reference period was affected by an item of EUR 3.1 million related to impairment of data systems.

Financial income and expenses amounted to EUR 11.2 million (9.4 million). Income tax for the period was EUR 24.5 million (21.1 million). The effective tax rate for the period was 20.0% (18.5%). The net result for the year increased and was EUR 98.1 million (93.1 million). Earnings per share came to EUR 0.74 (0.71).

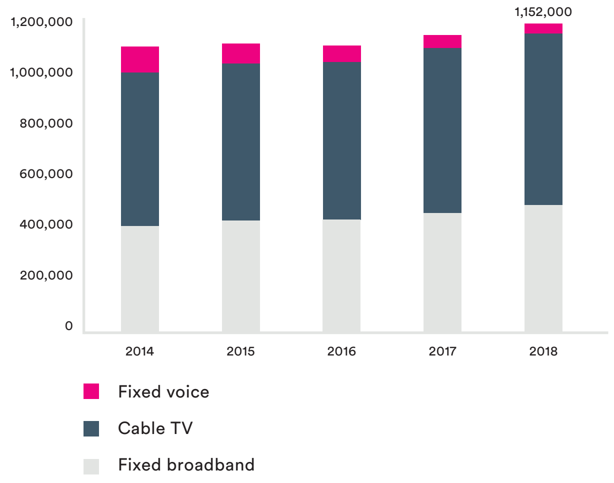
Key operative indicators

DNA's mobile subscription base grew by 66,000 subscriptions from the end of the reference year and fixed-network subscription base increased by 22,000 year-on-year.

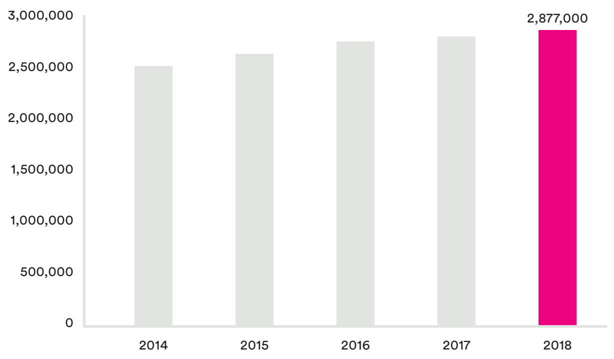
In the January-December period, ARPU increased 2.3% and was EUR 18.8 (18.4). In the January-December period, DNA's customer CHURN rate was 16.2%, which is lower than a year ago (18.3%). This was due to high customer satisfaction and DNA's ability to react quickly to competitors' campaigns.



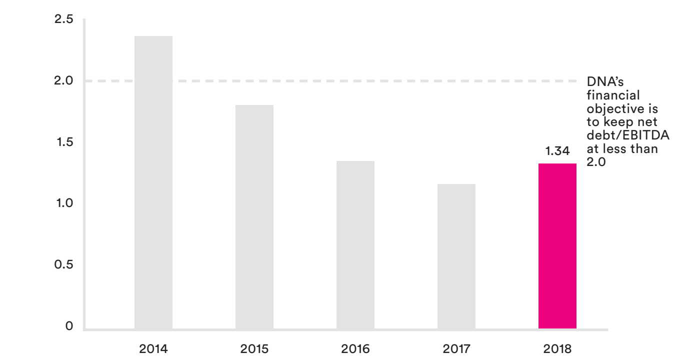
FIXED-NETWORK SUBSCRIPTIONS



MOBILE COMMUNICATION SUBSCRIPTIONS (VOICE AND MOBILE BROADBAND), PCS.



NET DEBT/EBITDA, %



CONSOLIDATED KEY FIGURES

EUR million	1-12/2018 Reported	1-12/2018 Adjusted*	1-12/2017 Reported	Change-%
Net sales	911.8	913.5	886.1	3.1
EBITDA	284.9	283.6	271.8	4.4
% of net sales	31.2	31.0	30.7	
Operating result, EBIT	138.9	133.8	123.5	8.3
% of net sales	15.2	14.6	13.9	
Comparable operating result, EBIT**	138.9	133.8	126.6	5.7
% of net sales	15.2	14.6	14.3	
Net result for the period	102.2	98.1	93.1	5.4

* Adjusted figures are disclosed as prepared under 2017 revenue guidance and do not currently incorporate the impact from the adoption of IFRS 15 as of 1 January 2018.

**Group key figures

KEY OPERATIVE INDICATORS

	1-12/2018 Reported	1-12/2018 Adjusted*	1-12/2017 Reported	Change-%
Number of mobile communication network subscriptions at end of period	2,877,000		2,811,000	2.3
- Revenue per user (ARPU), EUR	18.7	18.8	18.4	2.3
- Customer CHURN rate, %	16.2		18.3	
Number of fixed line subscriptions at end of period	1,152,000		1,130,000	1.9

*Adjusted figures are disclosed as prepared under 2017 revenue guidance and do not currently incorporate the impact from the adoption of IFRS 15 as of 1 January 2018.

Cash flow and financial position

Cash flow after investing activities was EUR 63.4 million (107.7 million). Cash flow was impacted mainly by growth in working capital due to decrease in trade payables as well as due to financing arrangements of a release of new bond and partial repurchase of existing notes.

At the end of 2018, DNA had an undrawn EUR 150 million revolving credit facility (150 million), and undrawn EUR 15 million overdraft facility (15 million). In addition, DNA has a commercial paper programme worth EUR 150 million (150 million), under which EUR 50 million was drawn by the end of the review period (20 million).

Net gearing increased and was 67.8% at the end of December (50.3%).

The Group's liquid assets amounted to EUR 22.7 million (23.6 million). Net debt increased and was EUR 379.3 million (304.3 million). The Group's liquid assets and undrawn committed credit limits amounted in total to EUR 187.7 million (188.6 million). In April, a dividend and a capital payment from the reserve for invested unrestricted equity was distributed for the financial year 2017, EUR 145.3 million in total.

Net debt/EBITDA ratio was 1.34 at the end of the review period (1.12).

DNA's equity ratio was 45.6% at the end of December (50.6%). The equity ratio fell due to the increase in liabilities towards the end of the period, mostly attributable to the bond offering and also to funds drawn from the commercial paper programme.

CASH FLOW AND FINANCIAL KEY FIGURES

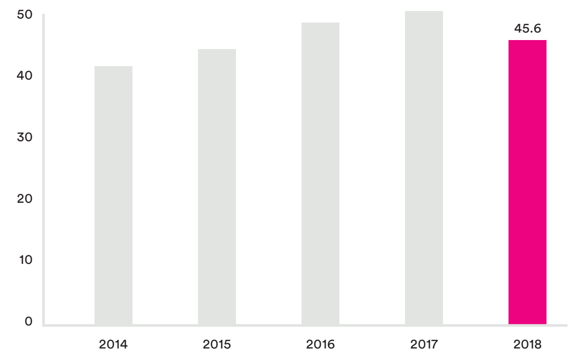
EUR million	1-12/2018 Reported	1-12/2018 Adjusted*	1-12/2017 Reported
Cash flow after investing activities	63.4	63.4	107.7
Net debt, EUR million	379.3	379.3	304.3
Net debt/EBITDA	1.33	1.34	1.12
Net gearing, %	62.7	67.8	50.3
Equity ratio, %	46.9	45.6	50.6

* Adjusted figures are disclosed as prepared under 2017 revenue guidance and do not currently incorporate the impact from the adoption of IFRS 15 as of 1 January 2018.

In March 2018, Standard & Poor's Global Ratings assigned a long-term credit rating of BBB to DNA. The outlook is stable.

In March 2018, DNA issued a senior unsecured bond of EUR 250 million. The seven-year bond matures on 27 March 2025 and carries a fixed annual coupon rate of 1.375%. Trading of the bond on the Nasdaq Helsinki commenced on 29 March 2018. The proceeds from the bond offering were partially used for the partial repurchase of DNA's existing EUR 100 million fixed-rate notes due 28 November 2018 and EUR 150 million fixed-rate notes due 12 March 2021 and the rest will be used for general corporate purposes (Note 6). In March, DNA booked a one-time financial cost of EUR 2.1 million due to re-financing of bonds.

EQUITY RATIO, %



DEVELOPMENT PER BUSINESS SEGMENT

Consumer business

Consumer business net sales increased and were EUR 687.1 million (658.7 million). Net sales were driven by the increasing demand for mobile services as well as good mobile device sales.

EBITDA increased and was EUR 217.5 million (199.8 million). The increase was fuelled by growth in mobile service revenue and improved operational efficiency.

The EBITDA percentage of net sales was 31.7% (30.3%). Consumer business operating result increased and was EUR 118.7 million (104.6 million), or 17.3% of consumer business net sales (15.9%).

There were no items affecting comparability in the review or reference period. Depreciation of EUR 98.8 million (95.2 million) was allocated to consumer business.

CONSUMER BUSINESS KEY FIGURES

EUR million	1-12/2018 Reported	1-12/2018 Adjusted*	1-12/2017 Reported	Change-%
Net sales	684.9	687.1	658.7	4.3
EBITDA	218.8	217.5	199.8	8.9
% of net sales	31.9	31.7	30.3	
Operating result, EBIT	123.7	118.7	104.6	13.5
% of net sales	18.1	17.3	15.9	

* Adjusted figures are disclosed as prepared under 2017 revenue guidance and do not currently incorporate the impact from the adoption of IFRS 15 as of 1 January 2018.

**Group key figures

Corporate business

Corporate business net sales remained at the same level year-on-year and came to EUR 226.4 million (227.4 million).

EBITDA decreased from the reference period and was EUR 66.2 million (72.0 million), or 29.2% (31.7%) of net sales. EBITDA was weakened by higher production costs in the reporting period. EBITDA for the reference period was improved by a withdrawal from provisions for premises. Operating result decreased and was EUR 15.1 million (19.0 million), or 6.6% (8.3%) of net sales. Comparable operating result amounted to EUR 15.1 million (22.0 million).

The comparability of operating result in the reference period was affected by an item of EUR 3.1 million related to impairment of data systems. Depreciation to the amount of EUR 51.1 million (53.1 million) was allocated to corporate business.

CORPORATE BUSINESS KEY FIGURES

EUR million	1-12/2018 Reported	1-12/2018 Adjusted*	1-12/2017 Reported	Change-%
Net sales	226.8	226.4	227.4	-0.4
EBITDA	66.2	66.2	72.0	-8.1
% of net sales	29.2	29.2	31.7	
Operating result, EBIT	15.2	15.1	19.0	-20.6
% of net sales	6.7	6.6	8.3	
Comparable operating result, EBIT**	15.2	15.1	22.0	-31.6
% of net sales	6.7	6.6	9.7	

* Adjusted figures are disclosed as prepared under 2017 revenue guidance and do not currently incorporate the impact from the adoption of IFRS 15 as of 1 January 2018.

**Group key figures

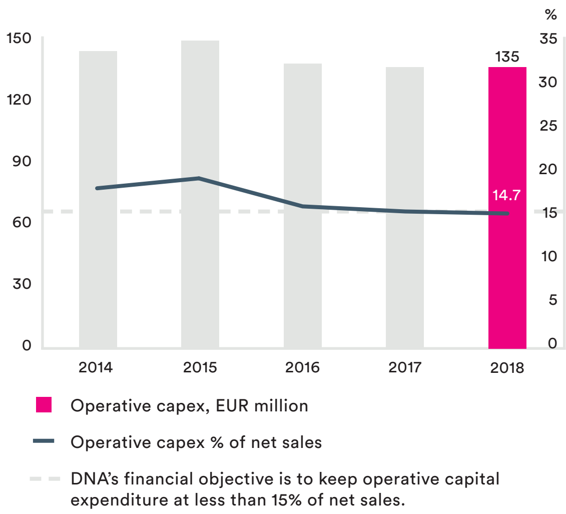
CAPITAL EXPENDITURE

In 2018, capital expenditure was EUR 139.1 million (144.0 million). Operative capital expenditure increased somewhat and was EUR 134.7 million (132.9 million), or 14.7% (15.0%) of net sales. Spectrum licence fees contributed EUR 4.4 million (11.1 million) to total capital expenditure in the January-December period.

Major individual items included in capital expenditure in the review period were 4G network capacity expansion and development, 5G readiness as well as fibre optic networks and transmission systems.

In December 2018, we paid EUR 4.2 million of 3.5 MHz spectrum license payment in advance. Payment will be booked as investments in the first quarter of 2019.

OPERATIVE CAPEX, EUR MILLION AND OPERATIVE CAPEX % OF NET SALES



CAPITAL EXPENDITURE

EUR million	1-12/2018 Reported	1-12/2018 Adjusted*	1-12/2017 Reported	Change-%
Consumer Business	92.9	92.9	96.9	-4.2
Corporate Business	45.4	45.4	43.4	4.6
Unallocated	-	0.8	3.7	-78.2
Total capital expenditure	**138.3**	**139.1**	**144.0**	**-3.4**

Capital expenditure is defined as additions to property, plant and equipment and intangible assets excluding business acquisitions, gross acquisition cost of spectrum licences capitalized and additions through finance leases and asset retirement obligations. Capital expenditure includes annual cash instalments for capitalized spectrum licences. Unallocated capital expenditure comprise sales commissions.

Operative capital expenditure	133.9	134.7	132.9	1.3
% of net sales	14.7	14.7	15.0	
Spectrum licence	4.4	4.4	11.1	-
Total capital expenditure	**138.3**	**139.1**	**144.0**	**-3.4**

Operative capital expenditure is reported capital expenditure excluding annual cash instalments for capitalised spectrum licenses.

*Adjusted figures are disclosed as prepared under 2017 revenue guidance and do not currently incorporate the impact from the adoption of IFRS 15 as of 1 January 2018.

RESEARCH AND DEVELOPMENT

DNA's service development occurs during the ordinary course of business and is accounted for as a normal operating expense.

NETWORK INFRASTRUCTURE AND NEW TECHNOLOGIES

DNA makes continuous investments in mobile and fixed networks to keep providing high-quality connections to support the growing use of devices and digital services. DNA's 4G network reaches almost 100% of the population in mainland Finland.

In the fourth quarter, 4G traffic volumes in DNA's networks grew 37% from the reference period. Total data traffic in DNA's mobile network was up 31%. In October-December, 92% of all mobile data was transferred in the 4G network.

The DNA Valokuitu Plus (DNA Fibre Optic Plus) network enables broadband speeds of up to a Gigabit-class per second without any changes to the housing company's internal network. Gigabit-class speeds are available to more than 620,000 households. In 2018, DNA's fibre optic connections became available to housing companies and corporate customers in the cities of Jyväskylä, Vaasa and Seinäjoki. During the last quarter, the first housing companies in Vaasa were connected to DNA's fibre optic network.

DNA has been systematically preparing its mobile network for 5G with the introduction of 5G-capable technology and increased network capacity. In October 2018, DNA won the 5G frequency band it pursued in the frequency auction. In November 2018, DNA started to test 5G technology in domestic broadband connections in Vantaa, and deployed its first 5G base stations that operate on the 3.5 GHz frequency in Helsinki city centre at the end of December. DNA's mobile network is also NB-IoT ready. The NB-IoT (Narrow Band Internet of Things) technology supports the use of IoT. DNA has also piloted LTE-M technology in its 4G network, which makes it possible to introduce new types of IoT services as we head towards the 5G era.

DNA also completed an upgrade of its backbone network in 2018, in preparation for the higher capacity requirements of 5G in particular. Both the capacity and programmability of the backbone were enhanced significantly. DNA has also installed a significant number of building switches, which has improved the availability of gigabit-class (1 Gbit/s) services to both private and corporate customers.

According to the report* released by Tefficient, DNA's customers have the highest mobile data usage per subscription in the world. For example, in December 2018, an average of 23.5 gigabytes of mobile data per subscription was used in DNA's network. The new 5G networks and services will accelerate the use of mobile data further and will also extend it into new areas.

*Press release about Tefficient's report: https://corporate.dna.fi/press-releases?type=stt1&id=69710242

PERSONNEL

At the end of December 2018, DNA Group had 1,590 employees (1,601), of which 637 were women (643) and 953 men (958).

Salaries and employee benefit expenses paid in January-December amounted to EUR 107.3 million (111.1 million).

One of DNA's strategic objectives is being a great place to work. Satisfied, motivated and qualified employees are a crucial foundation for DNA's ability to provide the best customer service on the market.

DNA participates in the annual Great Place to Work® (GPTW) survey to monitor the development of personnel satisfaction. DNA received the Great Place to Work® certificate for the second consecutive year in November 2018 and participated in GPTW Finland 2018. DNA's personnel satisfaction has improved for four consecutive years.

DNA's office concept has been implemented in DNA premises across Finland and the flexible working model, which allows employees to decide independently where they work without discussing this with their supervisor, will be gradually adopted in customer services.

DNA is steering its management culture towards leadership by coaching, which was the main theme for DNA's supervisor development in 2018. Continuous interaction between the supervisor and the employee is a key element of leadership by coaching.

*The global Trust Index employee survey is used in more than 50 countries and contains 58 statements that measure the employee experience at the workplace.

PERSONNEL BY BUSINESS SEGMENT

	2018	2017	Change, %
Consumer Business	913	942	-3.1
Corporate Business	677	659	2.7
Total personnel	**1,590**	**1,601**	**-0.7**

PERSONNEL BY AGE GROUP

	2018	2017	2016
< 25	1%	1%	2%
25-35	26%	29%	30%
36-45	38%	37%	36%
46-55	24%	23%	22%
56-63	10%	10%	9%
Over 63	0%	0%	1%
In total	**100%**	**100%**	**100%**

KEY PERSONNEL INDICATORS

	2018	2017	2016
Average number of personnel	1,605	1,639	1,677
Wages and salaries, EUR million	107.4	111.1	112.9

MANAGEMENT AND GOVERNANCE AND SIGNIFICANT LITIGATION MATTERS

Significant litigation matters

The processing of the claim related to the trademark dispute between Deutsche Telekom AG and DNA continues at Helsinki District Court.

Management and governance

DNA Plc has a line organisation, comprising Consumer Business, Corporate Business, Technology, and Information Management and IT units as well as support functions.

At the end of the review period, DNA's Executive Team comprised CEO Jukka Leinonen, CFO Timo Karppinen, Senior Vice President, Consumer Business Pekka Väisänen, Senior Vice President, Corporate Business Hannu Rokka, Senior Vice President, Technology Tommy Olenius, Senior Vice President, Human Resources Marko Rissanen, Senior Vice President, Legal Affairs Asta Rantanen, Senior Vice President, Strategy Christoffer von Schantz and CIO Janne Aalto.

Decisions of Annual General Meeting 2018

DNA Plc's Annual General Meeting was held on 22 March 2018. The AGM adopted the financial statements and discharged the Board of Directors and the CEO from liability for the financial period 2017.

Dividend was confirmed to be EUR 0.46 per share; further it was decided that a capital payment of EUR 0.17 per share from the reserve for invested unrestricted equity and an extra capital payment of EUR 0.47 per share be paid. All in all, it was decided that EUR 1.10 be paid as dividend and as capital payment from invested unrestricted equity per share. The dividend and the extra capital payment were paid on 4 April 2018.

The AGM approved the Nomination Committee's proposal from 15 March 2018, concerning the election and remuneration of Board members. The number of Board members was confirmed to be six. Re-elected members include Pertti Korhonen, Anu Nissinen, Tero Ojanperä, Jukka Ottela, Margus Schults and Kirsi Sormunen. The remunerations paid to the members of the Board of Directors remained unchanged.

PricewaterhouseCoopers continues as the Group's auditor, with Authorised Public Accountant Mika Kaarisalo as the principal auditor.

The AGM approved the proposal of the Board of Directors to authorise the Board to decide on the repurchase of own shares of the company, as well as to decide on a share issue, to dispose of own shares held by the company and an issue of special rights.

The AGM also decided to change the classification of unrestricted equity. In previous years, the company has, when repurchasing its own shares, recorded the subscription price of own shares in a way that reduced the amounts of retained earnings of previous financial periods. The AGM decided to cancel previous accounting treatment in which the amount paid for acquisition of own shares has been recorded as a deduction of earnings and further decided that corresponding shares be removed from the reserve for invested unrestricted equity insofar the company has funds left in the reserve from invested unrestricted equity following the distribution of funds decided in the AGM. This change has no effect on the total amount of unrestricted equity.

The minutes of the General Meeting are available at www.dna.fi/agm.

At the constitutive meeting of the Board of Directors held after the Annual General Meeting, Pertti Korhonen was elected Chairman, and members of the Audit Committee and the Personnel Committee were elected from among the Board members. Audit Committee members are Kirsi Sormunen (Chair), Jukka Ottela and Margus Schults. Personnel Committee members are Pertti Korhonen (Chair), Anu Nissinen, Jukka Ottela and Margus Schults.

Board of Directors in 2018

From 1 January 2018 to 22 March 2018, the Board of Directors consisted of Pertti Korhonen as the Chair, and Anu Nissinen, Tero Ojanperä, Jukka Ottela, Margus Schults, Kirsi Sormunen and Heikki Mäkijärvi as members.

DNA's General Meeting on 22 March 2018 nominated six members to the Board of Directors: Pertti Korhonen as the Chair, and Anu Nissinen, Tero Ojanperä, Jukka Ottela, Margus Schults and Kirsi Sormunen. DNA's Board convened on 13 occasions.

Audit Committee in 2018

The Audit Committee included the following members:

1 January-22 March 2018, Kirsi Sormunen (Chair), Jukka Ottela and Heikki Mäkijärvi

From 22 March 2018, Kirsi Sormunen (Chair), Jukka Ottela and Margus Schults.

The Audit Committee convened on five occasions.

Personnel Committee in 2018

Members of the Personnel Committee in 2018: Pertti Korhonen (Chair), Anu Nissinen, Jukka Ottela and Margus Schults.

The Personnel Committee convened four times with full attendance.

Corporate Governance Statement

In accordance with the Finnish Corporate Governance Code, DNA publishes a separate Corporate Governance Statement, including s salary and remuneration report, for 2018. The statement also covers other important aspects of governance at DNA and will be published with DNA's Annual Report on 28 February 2019, separately from the Board of Director's report.

SHARES AND SHAREHOLDERS

Shares

DNA's share is traded on Nasdaq Helsinki (the Helsinki Stock Exchange). On 31 December 2018, DNA's registered shares totalled 132,303,500 (132,303,500) and the share capital registered in the Finnish Trade Register amounted to EUR 72,702,225.65 (EUR 72,702,225.65). At the end of December, the Group held 182,789 treasury shares. In March 2018, a total of 82,028 treasury shares were handed over to participants of the Group's long-term share-based reward system (Bridge Plan 2017). See note 10 for more information on DNA's share-based reward system.

In 2018, a total of 62,379 million DNA shares, totalling EUR 1.135 billion, were traded on the Nasdaq Helsinki Stock Exchange. The highest quotation was EUR 22.02 and the lowest EUR 14.80. The average rate was EUR 18.19 and volume-weighted average rate EUR 18.20. The closing quotation on the last trading day of the review period, 28 December 2018, was EUR 17.08 and the market capitalisation (without DNA's holding of its own shares) was EUR 2.257 billion (EUR 2.066 billion at end of 2017).

DNA's share was added to the OMX Helsinki 25 index, (Nasdaq Helsinki: OMXH25) on 1 August, 2018. The OMX Helsinki 25 Index is the leading equity index for the Finnish equity market including the 25 most traded Blue chip companies on Nasdaq Helsinki.

Shareholders and flagging notifications

At the end of the review period, the number of registered shareholders totalled 14,272, nominee registrations included (9). The proportion of nominee registrations and direct foreign shareholders at the end of 2018 was 26.43%.

On 31 December 2018, the largest shareholders of DNA Plc were Finda Telecoms Oy (28.26%), PHP Holding Oy (25.78%) and Ilmarinen Mutual Pension Insurance Company (3.87%). At the end of the review period, they held a total of 57.90% of DNA's shares and voting rights.

On 9 May 2018, DNA received a notification according to Chapter 9, Section 5 of the Securities Markets Act from Finda Telecoms Oy, stating that the company's holdings and proportion of voting rights in DNA Plc had fallen below the 30% threshold as a result of a business transaction made on 8 May 2018, and now correspond to 28.26% of DNA Plc's shares and voting rights.

Share-based reward systems

DNA has a Performance Share Plan (PSP) for senior management and other key employees. The plan has three three-year earning periods: 2017–2019, 2018–2020 and on 20 December, DNA's Board of Directors decided on new performance period of 2019–2021. In addition, DNA has a Restricted Share Plan (RSP). See note 10 for more information on DNA's share-based incentive scheme.

DNA adheres to the recommendation on the shareholdings of the Group Executive Team. According to the recommendation, each Executive Team member should own a share in the company, which corresponds to his or her annual fixed gross salary. In order to achieve the recommended ownership, the Executive Team members must retain ownership of at least 50 per cent of the shares they have received through the share-based incentive systems (calculated based on the net number of shares remaining after deduction of the applicable withholding tax), until the person's share in DNA is in line with the recommendation.

DNA has issued a stock exchange release on the incentive plans for senior executives and other key employees on 31 January 2017.

Matching share plan for DNA personnel

In December, the Board of Directors of DNA Plc decided on the establishment of a matching share plan for all DNA employees. The purpose of the plan is to steer the activities of personnel towards the attainment of strategic objectives, as well as to improve the long-term commitment of personnel and offer incentives in the form of potential increase in share value.

Participation in the matching share plan is voluntary. The first saving period in 2019-2020 begins in April 2019 and will run until March 2020. The saved shares are purchased quarterly at market value after the publication of financial results. The Board of Directors of DNA will decide annually on possible new saving periods and their terms.

Composition of DNA's Nomination Committee

DNA's three largest shareholders appointed the following representatives to the Shareholders' Nomination Committee in September 2018: Tommi Aurejärvi, Finda Telecoms Oy; Seppo Vikström, PHP Holding Oy; Esko Torsti, Ilmarinen Mutual Pension Insurance Company. The Chairman of DNA's Board of Directors Pertti Korhonen participates in the work of the committee.

The three shareholders whose portion of the votes conferred by all the shares in the company according to the shareholders' register, maintained by Euroclear Finland Ltd, is the greatest on 1 September are entitled to appoint the committee members. The Nomination Committee is tasked with preparing proposals for the Annual General Meeting regarding the election and remuneration of Board members.

DISTRIBUTION BY SECTOR 31 DECEMBER 2018

Shareholders by sector	Number of shares	% of shares
Households	5,239,905	4.0
Public sector	8,298,874	6.3
Financial and insurance institutions	40,093,245	30.3
Companies	43,077,258	32.5
Non-profit communities	616,452	0.5
Direct foreign ownership	143,374	0.1
Nominee registered	34,834,392	26.3
In total	**132,303,500**	**100**

BREAKDOWN BY SIZE OF HOLDING 31 DECEMBER 2018

Number of shares	Number of shareholders	% of shareholders	Number of shares	% of shares
1–100	5,273	36.95	324,839	0.25
101–500	6,217	43.56	1,525,168	1.15
501–1,000	1,642	11.51	1,204,911	0.91
1,001–5,000	903	6.33	1,748,942	1.32
5,001–10,000	99	0.69	707,259	0.54
10,001–50,000	83	0.58	1,658,227	1.25
50,001–100 000	21	0.15	1,482,768	1.12
100,001–500,000	21	0.15	3,939,635	2.98
500,001–	13	0.09	119,711,751	90.48
In total	**14,272**	**100.00**	**132,303,500**	**100.00**

HOLDINGS OF DNA SHARES BY MEMBERS OF DNA'S EXECUTIVE TEAM

	Shares, 31 December 2018
Jukka Leinonen	45,000
Timo Karppinen	17,000
Asta Rantanen	10,900
Pekka Väisänen	11,503
Hannu Rokka	5,789
Tommy Olenius	23,531
Janne Aalto	20,000
Christoffer von Schantz	18,000
Marko Rissanen	5,000

HOLDINGS OF DNA SHARES BY MEMBERS OF DNA'S BOARD OF DIRECTORS

	Shares, 31 December 2018
Pertti Korhonen	11,001
Anu Nissinen	15,917
Tero Ojanperä	3,440
Jukka Ottela	16,241
Margus Schults	6,875
Kirsi Sormunen	3,000

DNA'S FINANCIAL OBJECTIVES AND DIVIDEND POLICY

DNA's target dividend payout ratio is some 70 to 90% of DNA's free cash flow to equity for the financial year.

DNA's medium-term financial objectives:

- net sales growth faster than average market growth
- EBITDA margin of at least 32% by the end of 2020
- operative capital expenditure less than 15% of sales (excluding capitalized spectrum licence payments)
- net debt/EBITDA ratio of less than 2.0; which may temporarily be exceeded if DNA finds attractive opportunities that allow the company to complement its offering in existing markets.

DNA achieved good results in the above-mentioned objectives in 2018. EBITDA margin improved, and came to 31.0% at the end of 2018, while operative capital expenditure was 14.7% of net sales and the net debt/EBITDA ratio was 1.34.

CORPORATE RESPONSIBILITY

DNA's approach to corporate responsibility is guided by the corporate responsibility strategy, which was updated in 2018. The strategy comprises four main areas: digital inclusion, being a great place to work, climate-friendly operations and good governance. DNA's corporate responsibility objectives are specified in the strategy. DNA has assessed corporate responsibility risks as part of the Group's overall risk management process.

DNA's corporate responsibility objectives and measures are described in a separate corporate responsibility report according to the Global Reporting Initiative (GRI) reporting model. The report is published annually with DNA's Annual Report.

REPORT ON NON-FINANCIAL INFORMATION

Business model description

DNA plays a significant role in society by providing important communication connections and maintaining infrastructure that is critical to the operation of society.

According to its strategy, DNA will meet the growing demand for faster high-quality connections. The company invests in a very competitive and cost-effective network and service platform infrastructure to meet the growing communications needs of consumers, businesses and the society in general. By doing so, DNA promotes digitalisation and competitiveness in Finland.

In terms of corporate responsibility, the main areas include the provision of comprehensive high-quality connections to customers, satisfied and productive personnel, mitigation of the environmental impact of DNA's business and greenhouse gas emissions in particular, and responsible business practices and good governance.

Social responsibility and employee-related factors

DNA's vision and mission are to have the most satisfied customers. DNA's development is guided by customer satisfaction, which is measured by means such as the Net Promoter Score (NPS), a measure of the likelihood that a customer would recommend the product or service. Relationship NPS, or rNPS, which measures overall relationship to a business, improved further in 2018, in both Consumer and Corporate Business.

DNA is aware of the fact that personnel satisfaction drives the positive development of customer satisfaction. Several measures were implemented in both Consumer and Corporate Customer Service to promote personnel satisfaction and well-being.

DNA participated in the Great Place to Work® survey for the fifth time in 2018. The survey measures employee satisfaction and the company's employer image. According to the survey, as many as 90% of DNA employees consider DNA to be a great workplace. The results of the Great Place to Work® survey conducted in 2018 are published in February 2019.

In March 2018, DNA became the first large company in Finland to be receive the Family-Friendly Workplace certificate from the Family Federation of Finland.

One of DNA's strategic objectives is being a great place to work. DNA places special emphasis on personnel development with the aim of having every task performed by a dedicated and qualified person. Any risks related to the availability of competent personnel are reviewed as part of the Group's risk management process.

Respect for human rights

DNA operates in Finland, where the risk of human rights violations is low. Human rights issues are relevant in DNA's supply chain. In the case of mobile devices for example, some suppliers operate in countries that involve human rights risks. Corporate responsibility risks of DNA's most significant suppliers are assessed and their responsibility performance is evaluated annually.

DNA's Supplier Code of Conduct is added to all new supplier agreements and also applies to the suppliers' subcontractors. According to the Supplier Code of Conduct, the suppliers undertake to comply with the internationally recognised human rights as set out in the United Nations Universal Declaration of Human Rights, the basic international labour rights as set out in the basic conventions of the International Labour Organization (ILO), and all laws and official regulations in all countries where they operate.

There were no human rights violations at DNA in 2018.

Any risks related to the supply chain and human rights violations are reviewed as part of the Group's risk management process.

Environmental responsibility

The main environmental impact of DNA's business is related to greenhouse gas emissions. DNA has signed up to the Society's Commitment to Sustainable Development, in which the Group undertakes to reduce the climate impacts of its operations.

The source of DNA's direct greenhouse gas emissions (Scope 1) are fuels used in company vehicles and back-up generators. Energy indirect greenhouse gas emissions (Scope 2) mostly originate in production, i.e. the electricity consumption of DNA's radio network and transmission equipment as well as the maintenance of their equipment facilities. Sources of other indirect greenhouse gas emissions (Scope 3) include, for example, logistics, business travel, waste as well as purchased goods, services and capital goods.

Increased mobile data volumes challenge the energy efficiency of the radio network, because the continuously growing volumes require more equipment, which in turn increases energy consumption. On the other hand, the relative per-data energy consumption is reduced through improved technical performance of LTE.

In 2018, DNA updated its climate objectives as follows:

- DNA will reduce energy indirect greenhouse gas emissions (Scope 2) by 100% by 2023 from the level reported in 2014.
- The emission calculation methods for DNA's main product categories will be adjusted during 2019 and DNA will set a Scope 3 climate objective accordingly.

In 2018, DNA's energy indirect greenhouse gas emissions (Scope 2) were 17,900 tonnes (19,600), which is 9% less than in 2017. DNA's Scope 2 emissions have decreased by approximately 40% since 2014, which is due to procurement of renewable energy and increased energy efficiency in the radio networks.

As part of the Group's risk management process, DNA has identified possible risks and opportunities related to climate change in terms of the impact of physical or political events and changes in consumer behaviour and has specified control practices for them.

Anti-corruption and anti-bribery

DNA has zero-tolerance of corruption and bribery: DNA's Code of Conduct bans any corruption. Every DNA employee is required to attend DNA's Code of Conduct training. By the end of 2018, 84% of DNA personnel had completed the training. In addition, DNA's Sustainability Manager and Fraud Manager train DNA personnel on DNA Group's anti-corruption policies and procedures as required.

DNA has separate guidelines for the giving and receiving of business gifts.

Any corruption risk is assessed as part of the Group's risk management process.

There were no incidents of corruption or bribery at DNA in 2018.

NEAR-TERM RISKS AND UNCERTAINTIES

According to the company, there have been no significant changes in near-term risks and uncertainties in the review period.

Strategic and operative risks

The Finnish telecommunications market is characterised by tough competition between established operators, and a high degree of penetration of telecommunications solutions. DNA mainly operates in Finland, a market where, for instance, the number of mobile phones per capita is among the highest in the world, which limits the prospects of future growth in the number of subscriptions.

DNA analyses changes in the operating environment and the resulting possible new business opportunities, which always involve higher risks than conventional and established business operations.

International players have a strong presence in the competitive environment of TV and entertainment services. DNA's competitors include traditional operators, but increasingly also OTT (over-the-top) service providers that deliver content over the Internet to mobile devices. The role of media companies' own distribution channels and services is also becoming more important.

The ongoing shift in media use will provide both new risks and opportunities, for example while content rights are being negotiated. DNA monitors the TV and entertainment service market intensively and continuously enhances its service offering to anticipate changes in the market.

The nature of DNA's operations and customer requirements place high demands on DNA's information systems and network infrastructure. DNA's business is capital-intensive, and continuous maintenance and improvement of the Group's network infrastructure is essentially linked to its success.

DNA makes significant investments in high-quality data systems and data analytics tools to deepen customer understanding and to create a good omnichannel customer experience. DNA's business operations are dependent on information systems, which involve several interconnected risks but also provide business-critical opportunities for utilising data.

Use of mobile devices that have a constant network connection is increasing strongly among both business and private users. The Internet of Things (IoT) will further expand the volume of data traffic. As the IoT becomes more common, for example through the introduction of new kinds of smart devices, the role of good information security, data security and high operational network reliability gain in importance.

Regulatory risks

Both national and EU regulation have significant impact on the operation of the telecommunications market in Finland. Regulatory influence on the price level of DNA's products and services as well as the wholesale products that DNA procures from other operators and the criteria used in distributing frequencies, may have a significant impact on DNA's business.

Regulatory initiatives indicating significant risks to DNA include the new European Electronic Communications Code, EU Data Protection Regulation and authority decisions on significant market power (SMP).

Financing risks

In order to manage the interest rate risk, the Group's borrowings have been spread between fixed- and variable-rate instruments. In order to manage liquidity risk, in addition to liquid assets the Group uses credit limits. To manage customer credit risk, the credit history of new customers is checked as part of the ordering process. The Group's foreign interest risk is insignificant, since the majority of its cash flow is euro-denominated.

Damage risk

In anticipation of possible unforeseen damage risks, DNA has continuous insurance policies covering aspects of its operations including personnel, property, business interruption, third-party liability and criminal action. There is a specific insurance in place for cyber damage risks. Damage risks are prevented and minimised by means such as security guidelines and personnel training.

EVENTS AFTER THE REVIEW PERIOD

DNA acquires Moi Mobiili

On 11 January 2019, DNA acquired European Mobile Operator Oy. The company's wholly-owned subsidiary Moi Mobiili Oy provides mobile services to private and corporate customers and has operated since 2016 as a service operator in DNA's mobile network. The acquired business operations will be consolidated into DNA's figures from the first quarter of 2019 onwards. The transaction is not expected to have a significant impact on DNA's net sales or EBITDA for 2019.

DNA Shareholders' Nomination Committee's proposal to the Annual General Meeting 2019

DNA Shareholders' Nomination Committee submitted a proposal to DNA Plc Annual General Meeting 2019 on 21 January 2019. The Shareholders' Nomination Committee proposed to the AGM that the number of Board of Director members is seven and proposed re-election of current members Pertti Korhonen, Anu Nissinen, Tero Ojanperä, Jukka Ottela and Kirsi Sormunen. The committee proposed that Anni Ronkainen and Ted Roberts are elected as new members. The committee also proposed that Pertti Korhonen continues as the Chairman of the Board of Directors. More information on proposed members is available at www.dna.fi/agm.

OUTLOOK FOR 2019

Market outlook

While Finland's economic growth is expected to slow down, the Bank of Finland forecasts GDP growth to remain moderate. We expect the mobile network service market growth to moderate and competition to remain intense for mobile communication services.

Mobile data use will continue to grow as private and business users increase their use of digital services and OTT video services. This trend will increase the demand of high-speed 4G subscriptions as well as the use of mobile data usage per subscription. Customers are prepared to pay more for faster data connections. The share of 4G subscriptions in DNA's mobile subscription base is expected to grow over the coming years.

Use of mobile devices that have a constant network connection and IP-based communication solutions is increasing strongly among both business and private users.

In the mobile communication network, the volume of SMS and voice traffic is expected to continue to fall. The decline of the market for fixed-network voice services is expected to continue.

In the consumer market, demand for fast broadband subscriptions and entertainment services is expected to increase, driven in particular by the popularity of streaming and on-demand video services. The demand for traditional pay TV services is expected to decline further.

Fixed-network broadband customers are expected to continue to switch to housing association broadband subscriptions and faster speeds. The fixed-network broadband subscription base is expected to remain at its current level. Growing use of services such as cloud and entertainment services increases the demand for high-speed and high-performance networks.

Private and public sector organisations are digitising their services and creating new digital business, which makes the availability of networks and services vital. More mobile and versatile ways of working will boost demand for services such as cloud and video conference services. Companies transfer their applications to the cloud to increase their operational efficiency, which will boost the demand for secure high-speed connections.

The demand for Industrial Internet solutions and M2M (Machine to Machine) subscriptions is expected to grow. As the IoT becomes more common, the role of good information security, data security and high operational network reliability gain in importance.

DNA sees fixed wireless broadband access as the first application to strongly benefit from 5G technology. This makes high-quality connections possible for buildings without ready access to a fibre optic connection or where acquiring a fibre optic connection would be prohibitively expensive. In the 2020s, 5G technology is likely to have a broad range of other applications in areas such as smart traffic and health care.

DNA's guidance for 2019

DNA's net sales in 2019 is expected to remain at the same level as in 2018, and EBITDA in 2019 is expected to increase substantially from 2018. DNA's financial position and liquidity are expected to remain at a healthy level.

DNA's guidance for 2019 is disclosed with consideration to the impact of the adoption of IFRS 16. The adoption of IFRS 16 from the beginning of 2019 is estimated to have a positive impact of approximately UR 17 million in EBITDA in 2019. The impact of IFRS 16 on operating result (EBIT) is insignificant.

DNA's guidance on future outlook

DNA issues guidance on its net sales and EBITDA. Their development is assessed by means of verbal description in comparison to the reference period. The guidance on the financial outlook is based on the full-year forecast, which takes into account the prevailing business and market situation. Statements and estimates provided are based on the management's view of the development of the Group and its business operations.

Board of Directors' proposal for distributable funds

DNA Plc's distributable funds in the financial statements amount to EUR 153,757,726.37, of which profit for the financial year came to EUR 89,225,172.49.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.70 per share be distributed for the financial period ending 31 December 2018. The Board also proposes that an extra dividend of EUR 0.40 per share be distributed. In total, the Board's proposal is to distribute EUR 1.10 per share.

Based on the number of shares on 31 December 2018, the dividend and extra dividend in total to be paid comes to EUR 145,332,782.10. The Board proposes that the remaining profit be retained and carried further in the Group's non-restricted equity.

According to the proposal, the dividend will be paid to shareholders registered in the company's shareholder register held by Euroclear Finland Ltd on the dividend record date of 1 April 2019. The dividend is proposed to be paid on 10 April 2019.

DNA's Annual General Meeting 2019

DNA's Annual General Meeting will take place at the Finlandia Hall in Helsinki on 28 March 2019 at 1pm. DNA's Board of Directors will issue an invitation to the Annual General Meeting in a stock exchange release.

DNA Plc

Board of Directors

GROUP KEY FINANCIAL FIGURES

EUR million	2018 Reported	2018 Adjusted	2017	2016	2015	2014
Net sales	911.8	913.5	886.1	858.9	828.8	831.5
EBITDA	284.9	283.6	271.8	236.3	227.7	202.2
% of net sales	31.2	31.0	30.7	27.5	27.5	24.3
Comparable EBITDA	284.9	283.6	271.8	247.1	226.7	211.0
% of net sales	31.2	31.0	30.7	28.8	27.3	25.4
Depreciation, amortisation and impairment	146.0	149.9	148.2	145.0	154.6	176.6
Operating result, EBIT	138.9	133.8	123.5	91.2	73.1	25.6
% of net sales	15.2	14.6	13.9	10.6	8.8	3.1
Comparable operating result, EBIT	138.9	133.8	126.6	102.1	72.0	55.7
% of net sales	15.2	14.6	14.3	11.9	8.7	6.7
Net result before tax	127.7	122.6	114.2	81.7	61.6	15.2
Net result for the period	102.2	98.1	93.1	65.2	50.0	12.4
Return on investment (ROI), %	14.1	14.2	13.1	9.6	7.6	2.8
Return on equity (ROE), %	16.4	16.9	15.5	11.6	9.7	2.4
Capital expenditure	138.3	139.1	144.0	143.6	154.7	149.6
Cash flow after investing activities	63.4	63.4	107.7	83.5	97.3	-123.7
Free cash flow to equity	72.0	72.0	118.8	92.6	101.5	48.7
Net debt, EUR million	379.3	379.3	304.3	321.7	412.3	479.4
Net debt/EBITDA	1.33	1.34	1.12	1.36	1.81	2.37
Net gearing, %	62.7	67.8	50.3	53.9	78.5	95.1
Equity ratio, %	46.9	45.6	50.6	48.4	44.1	41.4
Personnel at the end of period	1,590	1,590	1,601	1,668	1,672	1,748

RECONCILIATION OF COMPARABLE KEY FIGURES

EUR in thousands	2018 Reported	2018 Adjusted	2017	2016	2015	2014
EBITDA	**284,921**	**283,645**	**271,772**	**236,290**	227,**714**	**202,227**
Direct transaction costs of the listing	-	-	-	6,486	-	-
Cost impacts on the share-based compensation plan of the listing	-	-	-	3,795	-	-
Restructuring costs	-	-	-	528	-	4,806
Net gains from business disposals	-	-	-	-	-1,055	-
Direct transaction costs related to business acquisitions	-	-	-	-	-	3,290
VAT sanctions, previous periods	-	-	-	-	-	630
Costs related to a study on the strategic alternatives	-	-	-	-	-	-
Comparable EBITDA	**284,921**	**283,645**	**271,772**	**247,100**	**226,659**	**210,954**
Operating result	**138,898**	**133,751**	**123,523**	**91,249**	**73,093**	**25,601**
Direct transaction costs of the listing	-	-	-	6,486	-	-
Cost impacts on the share-based compensation plan of the listing	-	-	-	3,795	-	-
Restructuring costs	-	-	-	528	-	4,806
Net gains from business disposals	-	-	-	-	-1 055	-
Direct transaction costs related to business acquisitions	-	-	-	-	-	3,290
VAT sanctions, previous periods	-	-	-	-	-	630
Costs related to a study on the strategic alternatives	-	-	-	-	-	-
Write-off of the PlusTV brand	-	-	-	-	-	12,490
Write-off of other non-current assets	-	-	3,057	-	-	8,862
Comparable operating result	**138,898**	133,751	**126,579**	**102,059**	72,038	**55,680**

FREE CASH FLOW TO EQUITY

EUR in thousands	2018 Reported	2018 Adjusted	2017	2016	2015	2014
Comparable EBITDA	**284,921**	**283,645**	**271,772**	**247,100**	**226,660**	**210,954**
Operative capital expenditure	-133,871	-134,672	-132,904	-136,890	-147,950	-142,839
Operating free cash flow	**151,050**	**148,973**	**138,867**	**110,210**	**78,710**	**68,115**
Interest paid, net	-16,942	-16,942	-8,720	-8,608	-7,792	-9,183
Income taxes, paid	-12,428	-12,428	-25,775	-5,180	2,096	-10,678
Adjusted change in net working capital	-47,687	-45,610	19,312	-1,497	37,917	-2,175
Change in provisions	-2,034	-2,034	-4,856	-2,307	-9,447	2,620
Free cash flow to equity	**71,959**	**71,959**	**118,830**	**92,617**	**101,484**	**48,699**

CASH FLOW AND FINANCIAL KEY FIGURES

	2018 Reported	2018 Adjusted	2017	2016	2015	2014
Cash flow after investing activities, EUR million	63.4	63.4	107.7	83.5	97.3	-123.7
Net debt, EUR million	379.3	379.3	304.3	321.7	412.3	479.4
Net debt/EBITDA	1.33	1.34	1.12	1.36	1.81	2.37
Net gearing, %	62.7	67.8	50.3	53.9	78.5	95.1
Equity ratio, %	46.9	45.6	50.6	48.4	44.1	41.4

PER-SHARE KEY FIGURES

	2018 Reported	2018 Adjusted	2017 Reported	2016	2015	2014
Basic earnings per share, EUR	0.77	0.74	0.71	0.51	0.39	0.10
Diluted earnings per share, EUR	0.77	0.74	0.71	0.51	0.39	0.10
Equity per share, EUR	4.58	4.23	4.58	4.5	4.1	4.0
Dividend per share, EUR	0.70*	0.70*	0.46	0.55	0.31	0.24
Capital payment per share from the reserve for invested unrestricted equity, EUR	0.40*	0.40*	-	-	-	-
Extra capital payment per share from the reserve for invested unrestricted equity, EUR	-	-	0.17	-	-	-
Dividend per earnings, %	-	-	0.47	-	-	-
Capital payment per share from the reserve for invested unrestricted equity, from result %	91%	95%	65%	108%	81%	242%
Extra capital payment per share from the reserve for invested unrestricted equity, from result %	52%	54%	-	-	-	-
Effective dividend yield, %	-	-	24%	-	-	-
Effective share-based capital payment from the reserve for invested unrestricted equity,%	-	-	66%	-	-	-
Effective share-based extra capital payment from the reserve for invested unrestricted equity,%	4.1	4.1	2.9%	5.4%	-	-
Price/earnings ratio (P/E)	2.3	2.3	-	-	-	-
Lowest price of the share	-	-	1.1%	-	-	-
Highest price of the share	-	-	3.0%	-	-	-
Average price of the share	22.2	23.1	22.0	19.9	-	-
Market capitalisation	14.80	14.80	10.13	9.87	-	-
Trading volume for the financial period	22.02	22.02	15.85	10.29	-	-
Trading volume for the financial period, %	18.19	18.19	13.90	10.09	-	-

* Board of Directors proposal to the AMG

Weighted average adjusted number of shares during the financial period (1,000)	2,259,743,780	2,259,743,780	2,070,549,775	1,342,880,525	-	-
Adjusted number of shares at the end of the financial period (1,000)	62,378 600	62,378,600	79,550,798	56,981,069	-	-
Trading volume for the financial period, %	47.1%	47.1%	60.2%	43.1%	-	-
Weighted average adjusted number of shares during the financial period (1,000)	132,039	132,039	131,923	127,733	127,306	127,183
Adjusted number of shares at the end of the financial period (1,000)	132,039	132,039	132,081	132,304	127,318	127,187

KEY OPERATIVE INDICATORS

	2018 Reported	2018 Adjusted	2017 Reported	2016	2015	2014
Number of mobile communication network subscriptions at end of period*	**2,877,000**	**2,877,000**	**2,811,000**	**2,742,000**	**2,621,000**	**2,505,000**
Revenue per user (ARPU), EUR**	18.7	18.8	18.4	17.1	17.0	17.8
Customer CHURN rate, %**	16.2	16.2	18.3	16.1	16.0	16.9
Number of fixed line subscriptions at end of period	**1,152,000**	**1,152,000**	**1,130,000**	**1,113,000**	**1,120,000**	**1,108,000**
Broadband subscriptions	481,000	481,000	458,000	440,000	436,000	415,000
Cable TV subscriptions	630,000	630,000	619,000	608,000	606,000	593,000
Telephone subscriptions	41,000	41,000	53,000	65,000	78,000	100,000

*includes voice and mobile broadband subscriptions
**includes postpaid subscriptions

CALCULATION OF KEY FIGURES

Earnings per share (EUR) = $\dfrac{\text{Result for the financial period attributable to equity holders of the parent company}}{\text{Weighted number of shares during the financial period excluding treasury shares}}$

Equity per share (EUR) = $\dfrac{\text{Equity attributable to equity holders of the parent company}}{\text{Number of shares on balance sheet date}}$

Net debt (EUR) = Non-current and current borrowings -cash and cash equivalents

Net gearing, % = $\dfrac{\text{Net debt}}{\text{Total equity}}$

Equity ratio, % = $\dfrac{\text{Total equity}}{\text{Total assets – advances received}}$

EBITDA (EUR) = Operating result (EBIT) + depreciation, amortisation and impairments

Return on investment (ROI), % * = $\dfrac{\text{Net result before income taxes + finance expense}}{\text{Total equity + borrowings (average for the period)}}$

Return on equity (ROE), % * = $\dfrac{\text{Net result for the period}}{\text{Total equity (average for the period)}}$

Net debt/EBITDA* = $\dfrac{\text{Net debt}}{\text{Operating result + depreciation + amortisation + impairments}}$

Comparable EBITDA (EUR) = EBITDA excluding items affecting comparability

Comparable operating result, EBIT (EUR) = Operating result, EBIT excluding items affecting comparability

Items affecting comparability = Items affecting comparability being material items outside ordinary course of business such as net gain or losses from business disposals, direct transaction costs related to business acquisitions, write-off of non-current assets, costs for closure of business operations and restructurings, fines or other similar payments, damages as well as costs related to a one time study on the Company's strategic alternatives to grow its shareholder base, costs related to the strategic assessment work of the Board of Directors as well as direct transaction costs of and cost impacts of the listing.

Cash flow after investing activities (EUR) = Net cash generated from operating activities + net cash used in investing activities

Capital expenditure (EUR) = Capital expenditure comprise additions to property, plant and equipment and intangible assets excluding business acquisitions, gross acquisition cost of spectrum licence and additions through finance leases and asset retirement obligations and including annual cash instalments for the spectrum licence.

*12-month adjusted

Operative capital expenditure = Operative capital expenditure is reported capital expenditure without annual cash instalments for spectrum licenses.

Operating free cash flow = Comparable EBITDA - operative capital expenditure

Free cash flow to equity (FCFE) = Comparable EBITDA – total capital expenditure excluding the annual cash instalment for spectrum licences - change in net working capital including an adjustment between operative capex and cash-based capex in order to present FCFE on a cash basis, however excluding cash instalments for spectrum licences and adjusted with the items affecting comparability - net interest paid - income taxes paid - change in provisions adjusted with the items affecting comparability.

DNA presents alternative performance measures as additional information to financial measures presented in the consolidated income statement, consolidated statement of financial position and consolidated statement of cash flows prepared in accordance with IFRS. In DNA's view, alternative performance measures provide significant additional information on DNA's results of operations, financial position and cash flows and are widely used by analysts, investors and other parties.

DNA presents comparable EBITDA and comparable EBIT, which have been adjusted with material items outside of ordinary course of business to improve comparability between periods. EBITDA, comparable EBITDA and comparable EBIT are presented as complementing measures to the measures included in the consolidated income statement because, in DNA's view, they increase understanding of DNA's results of operations. Net debt, ratio of net debt to EBITDA, net gearing, equity ratio, return on equity and return on investment are presented as complementing measures because, in DNA's view, they are useful measures of DNA's ability to obtain financing and service its debts. Capital expenditure, operative capital expenditure, cash flow after investing activities, operating free cash flow and free cash flow to equity provide also additional information of the cash flow needs of DNA's operations.

Alternative performance measures should not be viewed in isolation or as a substitute to the IFRS financial measures. All companies do not calculate alternative performance measures in a uniform way, and therefore DNA's alternative performance measures may not be comparable with similarly named measures presented by other companies.

CALCULATION OF PER-SHARE KEY FIGURES

Earnings per share (EUR) = $\dfrac{\text{Result for the financial period attributable to equity holders of the parent company}}{\text{Weighted number of shares during the financial period excluding treasury shares}}$

Equity per share (EUR) = $\dfrac{\text{Equity attributable to equity holders of the parent company}}{\text{Number of shares on balance sheet date}}$

Dividend per share (EUR) = $\dfrac{\text{Dividend distribution for the financial period}}{\text{Number of shares on balance sheet date}}$

Dividend per earnings (%) = $\dfrac{\text{Dividend per share}}{\text{Earnings per share}}$

Price/earnings ratio (P/E) = $\dfrac{\text{Stock price per share}}{\text{Earnings per share}}$


FINANCIAL STATEMENTS 2018

CONSOLIDATED INCOME STATEMENT

EUR in thousands	Note	1 Jan–31 Dec 2018	1 Jan–31 Dec 2017
Net sales	5	**911,758**	**886,088**
Other operating income	6	3,804	4,177
Materials and services		–398,661	–389,194
Employee benefit expenses	9	–107,388	–111,055
Depreciation, amortisation and impairments	8	–146,023	–148,249
Other operating expenses	7	–124,592	–118,244
Operating result, EBIT		**138,898**	**123,523**
Finance income	10	523	889
Finance expense	11	–11,700	–10,257
Share of associates' results	16	14	4
Net result before income tax		**127,736**	**114,158**
Income tax expense	12	–25,502	–21,072
Net result for the period		**102,234**	**93,086**
Attributable to:			
Owners of the parent		102,234	93,086
Earnings per share for net result attributable to owners of the parent:			
Earnings per share, basic (EUR)	13	0.77	0.71
Earnings per share, diluted (EUR)	13	0.77	0.71

Notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR in thousands	Note	1 Jan–31 Dec 2018	1 Jan–31 Dec 2017
Net result for the period		102,234	93,086
Items that will not be reclassified to profit and loss:			
Remeasurements of post employment benefit obligations	24	249	71
Other comprehensive income, net of tax		**249**	**71**
Total comprehensive income		**102,483**	**93,157**
Attributable to:			
Owners of the parent		102,483	93,157

Notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR in thousands	Note	1 Jan–31 Dec 2018	1 Jan–31 Dec 2017
Assets			
Non-current assets			
Goodwill	15	327,206	327,206
Other intangible assets	15	191,783	178,070
Property, plant and equipment	14	412,550	421,580
Investments in associates	16	1,209	1,199
Other investments	17	117	117
Trade and other receivables	18	76,026	38,468
Deferred tax assets	19	7,691	8,475
Total non-current assets		**1,016,582**	**975,115**
Current assets			
Inventories	20	31,681	22,909
Trade and other receivables	18	244,624	195,563
Income tax receivables		-	9,780
Cash and cash equivalents	21	22,654	23,592
Total current assets		**298,960**	**251,843**
Total assets		**1,315,541**	**1,226,958**
Equity			
Equity attributable to owners of the parent			
Share capital	22	72,702	72,702
Reserve for invested unrestricted equity	22	506,079	653,056
Treasury shares	22	−2,806	−4,055
Retained earnings		−73,439	−210,425
Net result for the period		102,234	93,086
Total equity		**604,770**	**604,363**

EUR in thousands	Note	1 Jan–31 Dec 2018	1 Jan–31 Dec 2017
Liabilities			
Non-current liabilities			
Borrowings	26, 27, 29	348,090	173,362
Employment benefit obligations	24	1,714	2,028
Provisions	25	5,307	6,813
Deferred tax liabilities	19	34,825	22,783
Other non-current liabilities		34,978	23,605
Total non-current liabilities		**424,914**	**228,591**
Current liabilities			
Borrowings	26, 27, 29	53,837	154,518
Provisions	25	277	490
Trade and other payables	28	226,687	234,603
Income tax liabilities		5,056	4,391
Total current liabilities		**285,857**	**394,003**
Total liabilities		**710,771**	**622,594**
Total equity and liabilities		**1,315,541**	**1,226,958**

Notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR in thousands	1 Jan–31 Dec 2018	1 Jan–31 Dec 2017
Cash flows from operating activities		
Net result for the period	102,234	93,086
Adjustments 1)	180,330	173,780
Change in net working capital 2)	–45,100	15,266
Dividends received	10	8
Interest paid	–6,438	–7,901
Interest received	335	373
Other financial items	–10,839	–1,193
Income taxes paid	–12,428	–25,775
Net cash generated from operating activities	**208,104**	**247,646**
Cash flows from investing activities		
Investments in property, plant and equipment (PPE) and intangible assets	–145,058	–139,974
Proceeds from sale of PPE	402	75
Other investments	-	–52
Net cash used in investing activities	**–144,657**	**–139,951**
Cash flows from financing activities		
Direct costs relating to share issue	-	–3,314
Treasury share acquisition	-	–14,035
Dividend payment	–145,333	–72,767
Proceeds from borrowings	859,880	99,893
Repayment of borrowings	–778,932	–140,119
Net cash generated from (used in) financing activities	**–64,385**	**–130,342**

EUR in thousands	1 Jan–31 Dec 2018	1 Jan–31 Dec 2017
Change in cash and cash equivalents	–937	–22,647
Cash and cash equivalents at beginning of year	23,592	46,238
Cash and cash equivalents at end of year	22,654	23,592
1) Adjustments:		
Depreciation, amortisation and impairment	146,023	148,249
Gains and losses on disposals of non-current assets	–324	–50
Other non-cash income and expense	–14	–4
Finance income and expense	11,177	9,368
Income tax expense	25,502	21,072
Change in provisions	–2,034	–4,856
Total adjustment	**180,330**	**173,780**
2) Change in net working capital:		
Change in trade and other receivables	–27,678	–9,588
Change in inventories	–8,772	–1,183
Change in trade and other payables	–8,649	26,037
Change in net working capital	**–45,100**	**15,266**

Notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR in thousands	Note	Share capital	Reserve for invested unrestricted equity	Treasury shares	Retained earnings	Total equity
1 January 2017		**72,702**	**652,719**	**-**	**−128,995**	**596,427**
Comprehensive income						
Net result for the period					93,086	93,086
Other comprehensive income						
Total other comprehensive income, net of tax	24				71	71
Total comprehensive income		-	-	-	**93,157**	**93,157**
Transactions with owners						
Expenses paid in connection with share issue net of tax			337			337
Treasury share acquisition				−14,035		−14,035
Share-based payments	23			9,980	−8,735	1,245
Dividends relating to 2016	22				−72,767	−72,767
Total contribution by and distributions to owners		-	**337**	**−4,055**	**−81,502**	**−85,221**
31 December 2017		**72,702**	**653,056**	**−4,055**	**−117,340**	**604,363**

EUR in thousands	Note	Share capital	Reserve for invested unrestricted equity	Treasury shares	Retained earnings	Total equity
1 January 2018		**72,702**	**653,056**	**−4,055**	**−117,340**	**604,363**
Changes in accounting policy - IFRS 9					−759	−759
Changes in accounting policy - IFRS 15					41,281	41,281
Changes in accounting policy - IFRS 2					1,199	1,199
Comprehensive income						
Net result for the period					**102,234**	**102,234**
Other comprehensive income						
Total other comprehensive income, net of tax	24				249	249
Total comprehensive income		-	-	-	**102,483**	**102,483**
Transactions with owners						
Reclassification			−62,420		62,420	-
Share-based payments	23			1,250	285	1,535
Dividends relating to 2017	22				−60,776	−60,776
Capital payment	22		−84,557			−84,557
Total contribution by and distributions to owners		-	**−146,977**	**1,250**	**1,930**	**−143,798**
31 December 2018		**72,702**	**506,079**	**−2,806**	**28,794**	**604,770**

Notes are an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

DNA Group ("DNA", the "Company") is a national supplier of mobile communication services. The parent company of DNA Group is DNA Plc domiciled in Helsinki, Finland at the registered address Läkkisepäntie 21.

Copies of the Consolidated Financial Statements are available online at www.dna.fi or at the Group parent company head office at Läkkisepäntie 21, 00620 Helsinki, Finland.

DNA Plc's Board of Directors approved the release of these consolidated financial statements at a meeting on 31 January 2019. Under the Finnish Limited Liability Companies Act, shareholders can approve or disapprove the consolidated financial statements in the Annual General Meeting held after the release. The Annual General Meeting is also entitled to amend the consolidated financial statements.

2 ACCOUNTING PRINCIPLES

Basis of preparation

The Consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), the IAS and IFRS standards as well as SIC and IFRS interpretations applicable as at 31 December 2018. International Financial Reporting Standards refer to the standards and interpretations applicable by corporations set out by the Finnish Accounting Act and other regulations set out on the basis of this ordinance enforced for application in accordance with the procedure stipulated in the regulation (EC) No 1606/2002 of the European Parliament and of the Council. The notes to the Consolidated financial statements also comply with Finnish accounting and corporate legislation complementing the IFRS standards.

The Consolidated financial statements have been prepared under the historical cost convention, with the exception of investments and financial assets and financial liabilities at fair value through the income statement. The financial statements are presented in thousand euros.

New and amended standards adopted by the Group

The Group has adopted the following standards and amended standards during the financial year commencing 1 January 2018:

IFRS 9 Financial Instruments

The new standard replaces the existing standard IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 will change the classification and measurement of financial instruments, including a new expected credit loss impairment model. The standard also contains new requirements for hedge accounting. The classification and measurement of financial liabilities largely correspond to the current guidance in IAS 39.

The IFRS 15 Revenue from Contracts with Customers

DNA Plc adopted the standard in the reporting period beginning on 1 January 2018 retrospectively according to the transitional requirements with the cumulative effect of initially applying the standard recognised as an adjustment to the opening balance of retained earnings. Revenue may be recognised over time or at a point in time, and the main criterion is the transfer of control. Revenue determination is based on the transaction prices specified in the contract, which are allocated to each performance obligation on a relative standalone selling price basis. Revenue is recognised when the performance obligation is satisfied by transferring the good or service to the client.

In contrast to previously used principles, DNA recognises sales revenue for the performance obligations in fixed-term contracts evenly throughout the contract period. Contract-based activation and one-time fees, discounts and incremental costs of obtaining a contract are recognised during the contract period. Revenue from the sale of mobile devices is recognised at a certain point of time.

The adoption of the new standard has no impact on the recognition of revenue from open-ended contracts, which are recognised as before.

The Group has identified that changes will take place in reporting in the following areas:

- Allocation of discounts to the performance obligations: discounts are to be recognised evenly throughout the contract period. Previously, discounts were allocated to the revenue of periods when discounts were granted.
- Under the new guidance, activation and connection fees are recognised during the contract period. IFRS 15 also requires that incremental costs of obtaining a contract are capitalised. Previously, activation and connection fees were recognised at time of activation. Incremental costs of obtaining a contract were previously recognised at entry to contract.

Changes to IFRS 2 – Classification and measurement of share-based payment transactions

The changes clarify the classification and measurement of share-based payment transactions. They apply to the following areas: accounting for cash-settled share-based payment transactions, share-based payment transactions with net settlement features and modifications of share-based payment transactions from cash-settled to equity-settled. As a result, DNA's share-based payment transactions have been reclassified to equity-settled on the date of transition 1 January 2018. Previously, they were treated as equity-settled and as cash-settled.

As a result of adopting the standards, DNA had to adjust its accounting principles and has made certain retrospective adjustments. More information is in note 33.

Subsidiaries

The Consolidated financial statements comprise the parent company DNA Plc and all its subsidiaries. Subsidiaries are all entities 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 to direct the activities of the entity.

The acquisition method of accounting is applied to business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

All inter-company transactions, receivables, liabilities, unrealised gains and internal profit distribution are eliminated in the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Distribution of profit between parent company shareholders and non-controlling shareholders is presented in the income statement, and non-controlling interest in equity is presented in the balance sheet as a separate component of shareholder's equity. The Group did not have any non-controlling shareholders during the 2017-2018 financial periods.

Associated companies

Associated companies are companies in which the Group has a significant influence. A significant influence is realised if the Group holds more than 20% of the voting rights or otherwise has a significant influence without exercising full control.

Associated companies are consolidated using the equity method. If the Group's share of the associated companies' losses exceeds the carrying amount of the investment, the investment is recognised in the balance sheet at zero value and the portion of the losses exceeding the carrying amount is not consolidated unless the Group has agreed to meet the associated companies' obligations. Unrealised profits between the Group and its associated companies are eliminated to the extent of the Group's share of ownership. The investment in each associated company includes goodwill arising from the acquisition. The Group's share of the associated companies' result for the financial year corresponding the Group's share of ownership is recognised separately below the operating result line. The Group's share of its associates' movements in other comprehensive income is recognised in the Group's other comprehensive income. The Group's associates have not had any such items during the financial years 2017 and 2018.

Joint arrangements

Joint arrangement refers to an arrangement where two or more entities jointly control an arrangement. Joint arrangements are classified either as a joint venture or a joint operation. A joint venture is a joint arrangement whereby the Group has rights to the net assets of the arrangement, whereas in a joint operation, the Group has rights to the assets, and obligations for the liabilities, relating to the arrangement.

Finnish Shared Network Ltd, established during the reporting period 2014 is accounted for in accordance to IFRS 11 as a joint operation. The parties control the arrangement jointly. According to the contractual agreement, all decisions on essential operations of the company require unanimous agreement by both parties. The joint arrangement is classified as a joint operation. The contractual arrangement establishes the owners of Finnish Shared Network Ltd rights to the assets and obligations for liabilities, relating to the arrangement, and the parties' rights to the corresponding revenues and obligations for the corresponding expenses. DNA recognises its share of Finnish Shared Network Ltd's assets, liabilities, revenues and expenses in its consolidated financial statements.

Segment reporting

The reporting on the operating segments is consistent with the internal reporting to the chief operating decision-maker and DNA's operating segments form also the reportable segments. The CEO, who is responsible for strategic and operative decisions, has been nominated the chief operating decision maker to make decisions about resources to be allocated to the segments and to assess their performance.

Foreign currency translation

The consolidated financial statements are presented in euro, which is the functional and presentation currency of the Group's parent company.

Foreign currency transactions

Foreign currency transactions are translated into functional currency applying the exchange rates valid on the date of the transaction. Monetary items denominated in foreign currency are translated into functional currency applying the exchange rates quoted on the balance sheet date.

Gains and losses on foreign currency transactions and translation of monetary items are recognised in the income statement. Exchange gains and losses related to business operations are included in other operating income or expenses.

Property, plant and equipment

Items of property, plant and equipment have been carried at their historical cost less accumulated depreciation and impairment.

If an item consists of several components with varying useful lives, each component is treated as a separate asset. In this case, the cost of replacement is capitalised. In other cases, subsequent costs are included in the carrying amount of the asset only when it is probable that the future economic benefits that are attributable to the asset will flow to the Group and the cost of the item can be measured reliably. Other repair and maintenance costs are recognised against profit or loss as they are incurred.

Depreciation on assets is calculated using the straight-line method over the estimated useful lives. Land is not recognised as a depreciable asset.

The depreciation periods are as follows:

Buildings and constuctions
- Buildings 25 years
- Constructions 10–25 years

Machinery and equipment
- Networks 5–15 years
- Machinery and equipment 3–15 years

Residual values and useful lives are reviewed at the end of each reporting period and, if appropriate, adjusted to reflect any changes in the expectation of financial benefit.

Depreciation on property, plant and equipment ceases when the asset is classified as held for sale.

Capital gain or loss on the decommissioning and disposal of property, plant and equipment are included in other operating income or other operating expenses.

Intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in the fair value of the identifiable net assets acquired at the acquisition date. Goodwill arising from business combinations is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Goodwill is allocated to operating segments for the purpose of impairment testing.

Research and development expenditure

Research expenditure is recognised as an expense in the income statement. Expenditure for the development of new or improved products is capitalised as intangible assets in the balance sheet when the product is technically feasible and commercially viable and it is likely that the future economic benefits attributable to the development expenditure will go to the company. Capitalised development expenditure comprises material, work and testing expenses that are directly attributable of completing the product for its intended use. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Intangible assets are amortised from the date they are ready for use. Subsequent the initial recognition, capitalised development expenditure is carried at cost less accumulated amortisation and impairment. Currently the Group has no uncompleted capitalised development expenditure.

Contractual customer base

Contractual customer base acquired in a business combination is recognised at fair value at the acquisition date. The contractual customer base has a finite useful life and is carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the customer base.

Other intangible assets

Intangible assets are recorded at historical cost in the balance sheet only when it is probable that the future economic benefits that are attributable to the asset will flow to the Group and the cost can be measured reliably.

Intangible assets with finite useful life are recognised as an expense on a straight-line basis in the income statement over their known or foreseeable useful life.

The useful lives of other intangible assets are as follows:

- Development costs 3 years
- Customer contracts and the related customer relationships 1–20 years
- IT software 3–10 years
- Brand 10–30 years
- Spectrum license 17–20 years
- Other intangible assets 2–10 years

Inventories

Inventories are stated at the lower of cost or probable net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated cost to sell. Inventories are stated at the weighted average price.

Lease agreements

Group as a lessee

Leases on property, plant and equipment are classified as financial lease agreements if the risks and rewards incidental to ownership are substantially transferred to the Group. Assets acquired through finance lease agreements are recognised in the balance sheet at the lower of the fair value of the leased asset or present value of minimum lease payments. Assets based on finance leases are amortised over their useful life or within the shorter lease term. Payable lease amounts are split between finance expenses and loan repayments over the lease term based on a pattern reflecting a constant periodic interest rate for the remaining debt. Rental obligations are included in interest-bearing liabilities. The Group has used finance lease agreements mainly to lease telecommunication network and IT equipment.

Leases are classified as operating lease agreements if the risks and rewards incidental to ownership are retained by the lessor. Lease amounts paid on the basis of operating leases are recognised as an expense in the income statement over the lease term on a straight-line basis.

Impairment of property, plant and equipment and intangible assets

Goodwill and intangible assets in progress are tested for impairment annually and whenever there is any indication of impairment of an asset. Intangible assets with finite useful lives and tangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent.

Recoverable amount is the higher of the asset's fair value less costs to sell, or the value in use. Value in use refers to the estimated future net cash flows obtainable from the asset or a cash generating unit (CGU), which are discounted to their present value. The discount rate is the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised when the asset's carrying amount exceeds its recoverable amount. An impairment loss is immediately recognised in the income statement. If an impairment loss is recognised for a CGU, the loss is first allocated to reduce goodwill on the CGU and then to reduce other assets of the unit on a pro-rata basis. When an impairment loss is recognised, the useful life of the amortised asset is reassessed. In respect of assets other than goodwill, an impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount for the asset. However, the reversal will not exceed the carrying amount that the asset would have if an impairment loss had not been recognised. An impairment loss for goodwill cannot be reversed.

Employee benefits

Retirement benefit obligations

The Group's employee pension plans are managed by external insurance companies. The TyEL pension insurances managed by the pension insurance companies are treated as defined contribution plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefit relating to employee service in the current and prior periods. Post-employment plans other than defined contribution plans are defined benefit plans.

Defined benefit plans generally pay an agreed benefit at retirement, determined by a formula based on one or more factors, such as the employee's age at retirement, years of service and compensation earned while in employment.

Net defined benefit plan liability is reported in the balance sheet at present value at the end of the annual reporting period. The fair value of any plan assets is deducted from the present value. The Group's obligations with regard to defined benefit plans are based on unbiased actuarial assumptions using the projected unit credit method. The present value of the obligation is determined by using the market yields of high-quality bonds issued by companies as the discount rate. These bonds are issued in the currency in which the benefits are to be paid and their maturity corresponds in essential aspects to the maturity of the pension obligation being considered.

Gains or losses resulting from actuarial losses or past service costs are recognised in the statement of other comprehensive income when they occur.

Past service costs are recognised immediately at fair value through the income statement.

In contribution-based plans, the Group makes payments to publicly or privately managed pension insurances, which are mandatory, contract-based or voluntary. The Group has no other payment obligations apart from these. The payments are recognised as employee expenses when they fall due. Payments made in advance are recognised as assets in the balance sheet to the extent there are economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Share-based payments

DNA Plc operates equity-settled, share-based reward plans, under which the entity receives services from key employees as consideration for equity instruments of the Group. The compensation is paid either in shares or in cash. The fair value of service given in return for equity instruments is recognised as an expense. For shares, the total amount of expenses is based on the fair value of stock on the date of issue and for compensation paid as cash, on the fair value on the reporting date. The amount recognised as an expense is accrued over the period of time during which all vesting conditions should be met. At the end of each reporting period, the Group revises its estimates of the number of equity instruments expected to vest. Any effect of the adjustments made to the original estimates is recognised in the income statement and correspondingly in shareholders' equity and liabilities.

If the entitlement to shares is cancelled because the specified vesting conditions have not been met, the previously recognised expense is reversed at the time of forfeiture.

Any payments received for exercising the subscription right less the related direct transaction costs are recognised in the reserve for invested unrestricted equity.

For more information on share-based payments, please see notes to the financial statements.

Provisions and contingent liabilities

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the present value of the expenditure required to settle the obligation. The discount rate used to determine the present value reflects current market assessments of the time value of money at the time of review and the risks involved in the obligation. Where the Group expects some of the obligation to be reimbursed by a third party, the reimbursement is recognised as a separate asset but only when it is virtually certain.

A restructuring provision is recognised if the Group has prepared a detailed restructuring plan and initiated its implementation or notified thereof.

The Group recognises a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract. Provision are not recognised for future operating losses.

A provision for asset retirement obligation is recognised when the Group is under contractual obligation regarding dismantling and demolition of leased equipment and aerial sites, and telephone poles and masts.

Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Income tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively. The current income tax charge on taxable income for the year is calculated using the tax rate enacted at the balance sheet date adjusted by any income taxes for prior periods.

Deferred income tax is recognised on temporary differences arising between the carrying amount of assets and liabilities and their tax bases. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill or if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting, nor taxable profit or loss.

The most significant temporary differences arise from the depreciation of property, plant and equipment and fair value measurement on business combinations, unused tax losses and unused taxable depreciation.

Deferred income tax is determined using tax rates enacted by the balance sheet date.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilised.

Revenue recognition 1 January 2018

Contractual performance obligations include voice, data, operator and TV services as well as mobile and data terminal equipment. One contract may include several performance obligations and DNA may agree on the delivery of several services or combinations of services and equipment to a customer. Those service and equipment contracts that have been signed with a customer at the same time are treated as one contract in revenue recognition. Prices specified in the contract are used as transaction prices, which are allocated to each performance obligation in proportion to the standalone selling price. These are determined based on the standalone selling prices of the products included in the contract at time of sale.

A performance obligation may be fulfilled over time or at a point in time, and the main criterion is the transfer of control. Subscription service contracts mainly comprise performance obligations that are satisfied over time. The performance is carried out throughout the contract period, and discounts and activation fees are allocated evenly throughout the contract period. For performance obligations that are satisfied at a certain point in time, such as mobile equipment or services independent of other services, the customer is deemed to gain control at the entry to contract or at the time the separate service is ordered.

The customer pays for the mobile equipment fully at the time of sale or by monthly payments throughout the contract period. Monthly service fees are paid by monthly payments throughout the contract period. The time for the payment of a performance obligation may be different from the time of recognition. According to management evaluation, no financing component applies to the performance obligations. Revenue from monthly services is recognised when the service is performed even though discounts are generally given in the beginning of the contract period. Revenue from the sales of mobile devices is recognised at the time of sale, i.e. when the device is transferred to the customer, regardless of whether the customer pays for the device fully at the time of sale or by monthly payments throughout the contract period.

A customer has the right to cancel the service contract and return the device to DNA for 14 days. If the customer cancels the contract, the activation fee is not returned to the customer. No allocation applies to the refund right in accounting, and returns are processed as normal refunds. Revenue has not been adjusted by the estimated amount of refunds as they are expected to be low.

Mobile devices have an extended warranty of 3 years. During the warranty period, DNA is obliged to service or replace the mobile device. In terms of accounting, there are no essential provisions made in relation to the warranty. The prolonged warranty period is not considered a separate performance obligation.

A contract may include discounts, such as a lower activation or monthly fee. Discounts are allocated to each performance obligation in proportion to the standalone selling prices and allocated evenly throughout the contract period. The time of allocation may differ from the time of payment, because discounts are generally applied at the time of activation or included in the first monthly service fees of the contract period.

When a customer purchases several products included in certain product combinations, discounts for these are allocated to the relevant performance obligations in proportion to the standalone selling prices at time of sale. Activation and connection fees are charged for subscription and data services. No individual good or service is transferred, so they are included in the transaction price, which is allocated to each performance obligation in proportion to the standalone selling prices and allocated evenly throughout the contract period.

For fixed-term contracts, sales commissions and fees paid on obtaining a contract are recognised as incremental costs and amortised. Incremental costs are amortised over the expected contract period or the customer's average contract period depending on the nature of the purchase cost and the service.

Significant judgements are related to estimating how sales commissions are to be allocated. Sales commissions and fees paid on obtaining a contract are amortised over the expected contract period or the customer's average contract period depending on the nature of the purchase cost and the service.

Open-ended contracts are treated according to the previous recognition principle.

For more information, please see note 5.

Revenue recognition 2017

The Group's net sales mainly comprise revenue from the sale of voice, data, TV and operator services; periodical, activation and maintenance charges; and revenue from the sale of equipment. Revenue is measured at the fair value of the consideration received or receivable net of discounts and value added taxes.

Revenue is recognised in the period in which the service has been performed, either based on the actual traffic volume or over the contract term. Revenue from the rendering of services is recognised when it is probable that the economic benefit will flow to the Group, and the revenue and expenses related to the transaction can be reliably measured. Revenue from voice and data services is recognised in accordance with the actual use of the service. Termination revenue from voice and data traffic from other operators is recognised at the time of transit across DNA's network. When end customers are charged for services provided by external content providers, amounts collected on behalf of the service provider are not recognised as revenue.

Subscription fees are recognised as revenue over the subscription period. The sales of pre-paid phone cards, mainly for mobile phones, is deferred and recognised as income based on the actual usage of the cards. Activation and connection fees are recognised at the time of activation of the subscription. Equipment sales are recognised when the delivery has occurred and the risks and rewards incidental to ownership have been transferred to the customer, normally on delivery and following the customer's acceptance.

DNA can combine services and products to create a single offering. Offerings may include the delivery or execution of a product, service or user right (tie-in deals) and the payment can be issued either as a separate payment or a combination of a separate payment and a continuous payment flow. Equipment is recognised separately from the service, if both items are also sold separately and the ownership of the equipment is transferred to the end user. Equipment and service revenue is recognised in proportion to the fair value of the individual items. If fair value cannot be reliably measured for the delivered items but it can be measured for the undelivered items, a residual method is used. Under the residual method, the value allocated to the delivered items equals the total arrangement value less the aggregate fair value of the undelivered items. DNA has recognised tie-in deals using the residual method. Future revenue from tie-in deals is discounted to the present value and the interest component of future revenue is recognised as finance income.

DNA provides corporate customers with comprehensive functionality service agreements in telecommunications, which may include switchboard services, fixed-line network telephony, mobile telephony, data communication and other customised services. Revenue from functionality services is recognised when the services are rendered over the contract period.

Revenue and expense from construction contracts is recognised using the percentage of completion method. The stage of completion is assessed for each project on the basis of the actual costs incurred for work performed as a proportion of the estimated total cost for the project. When it is probable that the total cost of the project will exceed total project revenue, the expected loss is recognised immediately as an expense. When the outcome of the contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable.

Interest and dividend

Interest income is recognised using the effective interest method, and dividend income is recognised when the right to receive dividend is established.

Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Financial assets and liabilities after 1 January 2018

IFRS 9 replaces IAS 39 and changes the classification and measurement of financial instruments and recognition of impairment loss. The standard also contains new requirements for hedge accounting. The Group experienced no material impact from the changes introduced by IFRS 9.

Impairment of financial instruments

According to the new model, impairment provisions must be recognised based on expected credit losses, not based on incurred losses as required by IAS 39. At DNA, this new impairment model applies to the recognition of impairment loss of trade receivables, which must be recognised earlier than before. The Group's credit position has not changed between IAS 39 and IFRS 9. DNA applies a simplified approach and a provision matrix for trade receivables as trade receivables do not have a significant financing component. Accordingly, they are measured for impairment purposes at an amount equal to lifetime expected credit losses. The approach based on expected credit losses is forward-looking, and expected default rates are based on historical realised credit losses. The lifetime expected credit loss allowance is calculated by multiplying the gross carrying amount of trade receivables by the lifetime expected credit loss rate. The changes in expected credit losses will be recognised in profit and loss. Regarding assets measured at amortised cost, DNA is actively monitoring such instruments and will recognise impairment through profit and loss in accordance with the set criteria.

Classification of financial assets and liabilities

The new business-model driven classification of financial assets contains three different classes: amortised cost, fair value through profit and loss and fair value through other comprehensive income.

Financial assets are recorded on the settlement date. During the initial recognition of financial assets, the Group classifies them into the following groups: amortised cost, fair value through profit and loss and fair value through other comprehensive income. Classification depends on the business model in which the financial asset is held and the contractual terms of the financial asset. Financial assets are derecognised when the right to receive the contractual cash flows has expired and the Group has transferred substantially all risks and rewards of ownership.

The table below illustrates the classification of financial instruments.

Borrowings

Borrowings are recognised initially at the fair value of consideration received less transaction costs incurred. Borrowings are subsequently carried at amortised cost using the effective interest rate method. The Group has both current and non-current borrowings. They can be interest-bearing or non-interest-bearing. Borrowings are derecognised once the Group's obligations in relation to liability is discharged, cancelled or expired. When a financial liability measured at amortised cost is modified without this resulting in derecognition, a gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate.

	Classification according to IAS 39	Classification according to IFRS 9	Recognition according to IAS 39	Recognition according to IFRS 9 1 January 2018
Trade and other receivables	Loans and other receivables	Amortised cost	181,164	180,236
Interest-bearing investments	Loans and other receivables	Fair value through profit and loss		
Other investments	Available-for-sale financial assets	Fair value through profit and loss or other comprehensive income	117	117

Derivative financial instruments and hedge accounting

The Group does not currently hold any derivative financial instruments. DNA does not apply hedge accounting.

Financial assets and liabilities

Accounting principles until 31 December 2017

The Group has adopted IFRS 9 according to the modified retrospective transition method under which comparative information will not be restated. This is why the comparative information is stated using the accounting principles previously applied by the Group.

Financial assets

The Group's financial assets are classified as follows: financial assets at fair value through profit or loss, loans and other receivables, and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired and are classified at initial recognition. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the right to receive cash flows has expired or has been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets at fair value through profit or loss are financial assets held for trading or financial assets classified to this category at initial recognition. Financial assets at fair value through profit or loss are subsequently carried at fair value and gains and losses arising from changes in the fair value are presented within finance income and finance expenses. In DNA these assets comprise derivatives not designated as hedges.

Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are not held for trading. They are included in receivables in the balance sheet and are classified as current assets if they mature within twelve months. The assets in this category are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method. Trade receivables is the most significant item included in trade and other receivables in the balance sheet.

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. These assets are carried at fair value. They are included in non-current assets, unless the investment matures or management intends to dispose of it within twelve months of the end of the reporting period and they are reported as current assets. The Group's investment equity securities are classified to this category as they are not held for active trading and they are non-current. Changes in the fair value are recognised in the other comprehensive income and presented as the fair value reserve in equity. When the securities are sold or impaired with the recognition of an impairment loss, the accumulated fair value adjustments are removed from the equity and recognised in the income statement. Unquoted equity securities are recognised at cost if their fair value cannot be reliably measured or the market is very inactive.

Cash and cash equivalents comprise cash in hand and deposits held at call with banks with original maturities of three months or less. Bank overdrafts related to the cash pool accounts are included in current borrowings.

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence of impairment, the resulting impairment loss is recognised through profit or loss. If in a subsequent period, the amount of impairment loss decreases, the reversal of the previously recognised impairment loss on fixed income investments is recognised in the income statement. However, such an impairment loss on equity investments cannot be reversed through profit or loss.

An impairment loss is recognised for accounts receivable when there is objective evidence that the outstanding amounts cannot be collected in full. Among others, a payment delayed for more than 180 days is considered as such objective evidence. The impairment is determined by the difference between the receivable's carrying amount and the present value of estimated future cash flows calculated using the initial effective interest rate. The carrying value of accounts receivable is decreased by using a separate reduction account and the loss is reported in other operating expenses in the income statement. When the impairment loss is ascertained it is removed from the balance sheet through the reduction account. If, in a subsequent period, the amount of the impairment loss decreases, the reversal of the previously recognised impairment loss is recognised by reducing other operating expenses.

Borrowings

Borrowings are recognised initially at the fair value of consideration received less transaction costs incurred. Borrowings are subsequently carried at amortised cost using the effective interest method. Borrowings may include both current and non-current borrowings. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are derecognised from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognised in profit or loss as other non-cash income and expense.

Derivative financial instruments and hedge accounting

The Group does not currently hold any derivative financial instruments. DNA does not apply hedge accounting.

Share capital

Outstanding ordinary shares are presented in share capital.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting principles. These estimates are based on historical experience and various other assumptions that management believe are reasonable under the circumstances, the results of which form the basis for making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in all subsequent periods.

Management believes that the following areas comprise the most difficult, subjective or complex judgements it has to make in the preparation of the financial statements. For information on accounting principles applied, see the respective sections of note 2 Accounting principles.

Business acquisitions

Net assets acquired through acquisitions are measured at fair value. The consideration exceeding the fair value of assets acquired is recognised as goodwill. The measurement of fair value of the assets is based on estimated market value of similar assets (tangible assets), estimate of expected cash flows (intangible assets such as customer relationships) or estimate of payments required to fulfil an obligation (such as assumed provisions).

Active markets, where fair values for assets and liabilities are available, exist only seldom for the acquired net assets. Therefore the valuation exercise, which is based on repurchase value, expected cash flows or estimated payments, requires management judgement and assumptions. Management believes that the estimates and assumptions used are sufficiently reliable for determining fair values.

Valuation of intangible assets and property, plant and equipment

Intangible assets including goodwill represent approximately 39% of DNA's total assets in 2018 (41% in 2017) and property, plant and equipment represent approximately 31% of DNA's total assets in 2018 (34% in 2017).

Depreciation and amortisation expenses

Depreciation and amortisation expenses are based on management's estimates of residual value, depreciation and amortisation method and the useful life of property, plant and equipment and intangible assets. Estimates may change due to technological developments, competition, changes in market conditions and other factors and may result in changes in the estimated useful life and in the amortisation or depreciation charges recognised through the income statement. Technological developments are difficult to predict and the Group's views on the trends and pace of development may change over time. Critical estimates in the evaluations of useful lives for tangible and intangible assets include, but are not limited to, licence period and expected developments in technology and markets and in the cash inflows expected to be derived from the use of intangibles such as a brand or customer relationships. The useful lives of property, plant and equipment and intangible assets are reviewed at least annually taking into consideration the factors mentioned above and all other important relevant factors. A change in estimated useful life is a change in accounting estimate, and depreciation and amortisation plans are adjusted prospectively. For additional information on intangible assets as well as property, plant and equipment subject to amortisation and depreciation and their carrying values as of the end of the reporting period, see notes 14 and 15 to the Consolidated financial statements.

Impairment testing

The Group has made significant investments in goodwill and other intangible assets including IT systems, licences, acquired brands and customer relationships as well as in property, plant and equipment comprising mainly mobile and fixed broadband networks. Goodwill, intangible assets with indefinite useful life and intangible assets not yet in use are tested for impairment annually or more often if indicators of impairment exist, whereas other assets are tested for impairment when circumstances indicate there may be a potential impairment.

The determination of impairments of goodwill and other intangible assets as well as property, plant and equipment involves the use of estimates that include, but are not limited to, the cause, timing, and amount of the impairment. Impairment is based on a large number of factors, such as changes in current competitive conditions, expectations of growth in the telecommunications industry, increased cost of capital, technological obsolescence, discontinuance of services, current replacement costs, prices paid in comparable transactions, and other changes in circumstances that indicate an impairment exists. The identification of impairment indicators, as well as the estimation of future cash flows and the determination of fair values for assets (or groups of assets) require management to make significant judgements concerning the identification and validation of impairment indicators, expected cash flows, applicable discount rates, useful lives, and residual values. When determining the values in use for the cash generating units, additional planning uncertainties are factored in that reflect the risks of macroeconomic development, which could adversely affect future results of operations. The most significant assumptions in goodwill impairment testing comprise growth in net sales, development of EBITDA, determination of the discount rate (WACC), and long-term growth rate used after the five-year forecast period. The carrying amount of goodwill at 31 December 2018 was EUR 327.2 million (EUR 327.2 million). Further details on goodwill impairment testing, including a sensitivity analysis, are included in note 15.

Provisions

Provisions for asset retirement obligations related to equipment facilities, masts and telephone poles in use and onerous contracts by DNA are determined based on the net present value (NPV) of DNA's total estimated dismantling or demolition costs for asset retirement obligations and unavoidable costs for onerous costs. The estimates are based on future estimated level of expenses taking into account the effect of inflation, cost-base development and discounting. Assumptions are also used in assessing the time periods for which the asset retirement costs are incurred. Because actual outflows can differ from estimates due to changes in laws and regulations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are regularly reviewed and adjusted to take into account of any such changes. The discount rate applied is reviewed monthly.

Provisions recognized for future costs related to asset retirement obligations amounted to EUR 4.8 million at 31 December 2018 (EUR 6.1 million) and for onerous contracts EUR 0.5 million at 31 December 2018 (EUR 0.7 million). See note 25 for more information on provisions.

Revenue recognition

Principal or agent – gross versus net presentation

When DNA acts as a principal, it controls the good or service promised to the customer. When DNA satisfies a performance obligation, revenue is recognised in the gross amount of consideration to which it expects to be entitled in exchange for the specified good or service transferred.

If DNA's performance obligation is to arrange for those goods or services to be provided by the other party, DNA acts as an agent (this mainly applies to value added or content services for mobile services). When the Group satisfies a performance obligation, it recognises revenue in the amount of any fee or commission to which it expects to be entitled. This is the net amount of consideration that DNA retains after paying the other party the consideration received in exchange for the goods or services to be provided by that party.

Whether the Group is considered to be principal or agent in a transaction depends on analysis by management of both the legal form and substance of the agreement between the Group and its business partners; such judgements impact the amount of reported revenue and operating expenses but do not impact net income or cash flows.

Features indicating that the Group is acting as a principal include: responsibility for providing the goods or services and the Group has latitude in establishing prices.

Features indicating that the Group is acting as an agent include: the other party has the main responsibility for fulfilling the contract, the Group does not have exposure to significant risks and rewards associated with the sale of goods or services or the amount it earns is predetermined, being either a fixed fee per transaction or a stated percentage of the amount billed to the customer.

New standards and interpretations not yet adopted by the Group

Certain new accounting standards and interpretations have been published that are not mandatory until after the 1 January 2019 reporting period and have not been early adopted by the Group. Of these, only the following are expected to have an impact on the financial statements of the Group.

IASB published the IFRS 16 – Leases standard on 13 January 2016. It is effective for financial periods beginning on or after 1 January 2019. The changes mainly apply to accounting by lessees. For lessors, the situation remains mostly as is. DNA will adopt IFRS 16 on the effective date of 1 January 2019 using the modified retrospective transition method, and in accordance with the IFRS 16 transition guidance, comparative information will not be restated.

According to current accounting principles, the lessee treats future liabilities related to leases off-balance-sheet and discloses them in the notes to the financial statements. The main objective of the new IFRS 16 standard is to increase transparency of reporting by requiring that assets and liabilities arising from a lease are recognised in the lessee's balance sheet as lease assets and as property, plant and equipment. The standard includes some exemptions from recognition on the balance sheet in the case of short-term leases (12 months or less) or leases of low value. A company can elect to use these exemptions when reporting leases. DNA Plc will use the exemption for short-term leases. Lease payments associated with short-term leases will be recorded as an expense.

DNA Plc mostly acts as a lessee. The Group enters into agreements to lease office premises, equipment facilities and aerial sites in particular. According to current accounting practices, they are classified as operating lease agreements. For office premises, the average lease period is 2 to 5 years and for equipment facilities 4 to 7 years. Due to the nature of leases, the Group currently estimates that the most essential effects of the adoption of the IFRS 16 standard will be related to leased premises and equipment spaces. In addition, the Group has essential individual agreements related to technology which have an essential impact on the assets and liabilities on the balance sheet. After consideration, DNA will not separate non-lease components from associated lease components and will report lease components and non-lease components as a single lease component.

At the initial application of 1 January 2019 all right-of-use assets, with the exception of prepaid assets, will be recorded with an equivalent value recorded for the related lease liabilities. As a result, the Group's property, plant and equipment and non-current liabilities will increase. The Group estimates that the total impact of IFRS 16 on the balance sheet is around EUR 84 million increase in assets and around EUR 81 million increase in liabilities. Other operating expenses in turn will decrease, because leases will be disclosed as expenses and interest depreciation in the future. The EBITDA effect in 2019 is estimated at EUR 17 million. The IFRS 16 standard also has an impact on the presentation of the consolidated statement of cash flows and some key figures.

Critical judgements and material estimates at the time of adoption of the standard are mainly related to the length of the lease period as well as the determination of the discount rate.

IFRS 16 reconciliation	2018
Operating lease obligations at 31 December 2018	109.9
Agreements excluding VAT 1)	88.6
Agreements outside the scope of IFRS 16 2)	-10.7
Short-term agreements 3)	-16.8
Agreements not recognised as operating lease agreements 4)	23.9
Right-of-use assets as a result of the initial application of IFRS 16 as at 1 January 2019	**84.9**

) The operating lease agreements described in note 30 include VAT. The VAT amount has been excluded for reconciliation purposes.

2) These agreements do not fulfil the criteria for lease agreements according to IFRS 16. This Group mainly includes agreements related to technology such as IRU agreements and capacity leases.

3) Practical expedient is used where the lease term is 12 months or less.

4) Agreements not reported as operating lease agreements include agreements recognised in scope of IFRS 16 as well as prepayments earlier presented in non-current receivables (discounted).

The IFRS 16 project is proceeding according to schedule; a new system has been implemented and was deployed in December 2018, which means that the impact of the standard on the opening balance of 1 January 2019 can be measured in euros.

IFRIC 23 Uncertainty over Income Tax Treatments enters into force on 1 January 2019. The interpretation addresses the recognition and measurement of current and deferred tax assets or liabilities when there is uncertainty over income tax treatments. No material impact is expected on the Group.

No other already published but not yet applied IFRS standards or IFRIC interpretations are expected to have material impact on the Group.

3 FINANCIAL RISK MANAGEMENT

The main objectives of the Group's treasury operations are funding, optimising cost of capital and managing financing risks. Principles of risk managements are defined in the Group treasury policy, approved by the parent company Board of Directors. The policy includes guidelines for raising capital, investing cash surplus and managing finance risk. The Group treasury activities are centralised at the parent company treasury department which coordinates and monitors financing in the subsidiaries and reports to the Group management. The Group liquidity is centralised by using Group accounts and pooling systems. The parent company is responsible for investing the surplus liquidity as well as managing the Group's external funding requirements. Any finance deficit in the subsidiaries will be financed through internal loans within the Group.

The main financial risks in the Group are liquidity, credit and interest rate risk. The objective of the Group financing risk management is to identify and measure the total risk position created by the Group financing operations and to carry out risk management measures to ensure that the total financing risk will not exceed the Group risk-bearing capacity and objectives. The Group's currency risk is not material since its operations are mainly carried out in Finland.

Liquidity risk

Liquidity risk refers to situations where the Group's financial assets and extra funding opportunities fall short of the Group's requirements or the cost of raising funding is higher than the market cost.Creating cash flow forecasts and determining any related uncertainties are the key measures to manage liquidity risk. At the end of 2018, the Group had a strong liquidity position with cash and cash equivalents of EUR 22.7 million (EUR 23.6 million), and borrowings (non-current and current) of EUR 401.9 million (EUR 327.9 million). In addition to cash and bank deposits, the Group had unused credit facilities and other committed credit facilities of EUR 165.0 million (EUR 165.0 million). In addition, the company has a commercial paper programme of EUR 150.0 million (EUR 150.0 million), under which EUR 50.0 million (EUR 20.0 million) was drawn by the end of December. The unused credit facilities totalled EUR 265.0 million (EUR 295.0 million). The Group's cash and bank deposits and undrawn committed credit facilities amounted to EUR 187.7 million (EUR 188.6 million). The credit facility of EUR 150 million matures in October 2021. Planned repayments in 2019 total EUR 3.8 million without the commercial paper programmes.

DEBT MATURITY ANALYSIS

2018

EUR in thousands	Less than 1 year		1-5 years		over 5 years		Total		Total
	Interest payment	Repayment	Interest payment	Repayment	Interest payment	Repayment	Interest payment	Repayment	Cash flow
Borrowings (excl. finance lease liabilities)	5,247	53,837	17,412	90,769	6,913	265,385	29,572	409,991	439,563
Trade payables	-	111,275	-	-	-	-	-	111,275	111,275

2017

EUR in thousands	Less than 1 year		1-5 years		over 5 years		Total		Total
	Interest payment	Repayment	Interest payment	Repayment	Interest payment	Repayment	Interest payment	Repayment	Cash flow
Borrowings (excl. finance lease liabilities)	7,311	155,234	13,065	173,810	-	-	20,376	329,043	349,419
Trade payables	-	116,462	-	-	-	-	-	116,462	116,462

The following year's repayments are included in current liabilities. At balance sheet date, the average rate of variable rate loans was 0.17 per cent (0.7 per cent) and variable rate loans constituted 24 per cent (24 per cent of the Group's borrowings).

Borrowings from financial institutions have variable rates and bonds have fixed rates. The coupon rate of the bond maturing in March 2021 is 2.875 per cent and the coupon rate for the bond maturing in March 2025 is 1.375 per cent.

Credit risk

The Group has a large number of customers and the individual receivable amounts are small, and as such there are no major individual risks. New customers are subjected to credit check as part of the ordering process, and if any existing customers are found to have credit problems, unsecured new sales are not made. In 2018, the impairment loss of trade receivables totalled EUR 3.9 million (EUR 2.3 million).The maximum exposure to credit risk at the reporting date is the carrying value of financial assets. Customer with weaker solvency are required to pay the basic charges in advance as a deposit. Counterparty risk refers to a situation where the other party fails to meet its obligations under the financing agreement. To restrict and monitor the counterparty risk, investments and derivative instruments are managed by counterparty, financial instrument and maturity limits. Counterparty risk mainly relates to the cash and cash equivalents of the company. DNA is not subject to any significant counterparty risk since cash and cash equivalents are distributed to several financial institutions with good credit ratings.

Trade receivables and contract assets

DNA adopted the IFRS 9 Financial Instruments standard on 1 January 2018. The Group's credit position has not changed between IAS 39 and IFRS 9. Under IFRS 9, DNA can apply a simplified approach for expected credit losses from trade receivables and contract assets, according to which expected credit losses are measured for impairment purposes at an amount equal to lifetime expected credit losses.

For the purpose of determining expected credit losses, trade receivables and contract assets have been grouped based on their credit risk characteristics and historical loss rates. Contract assets are included in non-invoiced items, and their risk characteristics are similar to trade receivables from similar types of contracts.

The age distribution of outstanding trade receivables is shown in the following table. 2018 figures are presented according to IFRS 9 and figures from 2017 according to IAS 39.

EUR in thousands	2018	2017
Undue trade receivables	187,377	167,800
Trade receivables 1-45 days overdue	9,328	9,042
Trade receivables 46-90 days overdue	1,024	1,061
Trade receivables 91-180 days overdue	1,395	1,430
Trade receivables more than 180 days overdue	1,912	1,832
Total	**201,037**	**181,164**

Interest rate risk

The Group's interest rate risk primarily comprises interest rate sensitivity of financial items, referring to the direct effect of changes in the interest rate level on financial items, mainly borrowings, and historically also derivative instruments. DNA's interest rate risk arises from borrowings that are issued at floating rates and expose DNA to cash flow interest rate risk. To manage its interest rate risk, the Group may use interest rate derivatives. At 31 December 2018, DNA did not hedge any of its borrowings (31.12.2017 hedged 0%). At the end of 2018, the Group had no interest rate derivatives (EUR 0 million).

Borrowings issued at fixed rates, mainly the fixed rate bonds, expose the Group to fair value interest rate risk. As at 31 December 2018, 76 per cent of DNA's borrowings were fixed rate (76 per cent).

If interest rates had been one percentage point higher, with all other variables held constant, the calculated post-tax result would have been EUR 0.6 million (EUR 0.4 million) lower and, with the corresponding decrease in interest rates, the calculated post-tax result would have been EUR 0.6 million (EUR 0.4 million) higher. The sensitivity analysis covers the Group's variable-rate loans, cash and cash equivalents.

The sensitivity of the fair value of hedge accounting interest rate swaps to changes had zero effect on equity because the company had no active interest rate swaps at the end of 2017 and 2018.

Capital management

The capital structure can be influenced for example through dividend distribution, repayment of capital and planning the cash outflows for investments. The Group management monitors the development of the capital structure for example on the basis of the gearing and equity ratios as well as the net debt to EBITDA ratio. The Group's credit facility agreements include financial covenants requiring an equity ratio of at least 35 per cent and net debt to EBITDA ratio below 3.50:1. These conditions have been met during the financial periods. The equity ratio on the balance sheet date was 46.9 per cent (50.6 per cent) and net debt to EBITDA ratio was 1.33:1 (1.12:1).

FINANCIAL INSTRUMENTS BY CLASS

Financial assets	2018	2017
Financial assets recognised at amortised cost		
Trade receivabes	201,037	181,164
Other financial assets recognised at amortised cost	46,057	-
Loans and other receivables	-	37,255
Cash and cash equivalents	22,654	23,592
Financial assets recognised at fair value through other comprehensive income	117	-
Available-for-sale financial assets	-	117
Financial assets recognised at fair value through profit or loss	-	-
Total	**269,865**	**242,128**
Financial liabilities		
Financial liabilities recognised at amortised cost		
Trade and other payables	182,463	144,322
Borrowings	401,927	327,880
Total	**584,390**	**472,202**

1) Prepayments are excluded from trade and other receivables as they do not represent financial instruments
2) 2018 figures are presented according to IFRS 9 and figures from 2017 according to IAS 39.
3) Trade and other payables do not include items other than financial liabilities because this analysis is only required for financial instruments.

4 SEGMENT INFORMATION

The Group's operations are managed and reported according to the following business segments:

DNA's Consumer segment offers consumers diverse telecommunication services such as communication, information, safety and entertainment, including mobile phones and mobile phone subscriptions, broadband (mobile and fixed), data security services, TV services from connections to channel packages as well fixed telephone connections.

DNA's Corporate segment offers companies and communities nationwide, standardised and easy-to-use communication and data network solutions, including SMS, telecommunication and voice services, comprehensive solutions as well as services to domestic and international teleoperators.

The primary key indicators for the segments' result monitoring comprise net sales, EBITDA and operating result. Items not allocated to segments include finance items, share of associates' results and income tax expense.

The DNA Group operates in Finland, domestic operations accounting for a majority of its net sales. In 2018, foreign operations accounted for EUR 22.0 million (2017 EUR 20.9 million).

As the products and services of the Group's extensive portfolio are targeted at the mass market, the Group is not dependent on any single customer.

1 Jan-31 Dec 2018

EUR in thousands

Business segments	Consumer segment	Corporate segment	Unallocated	Group total
Net sales	**684,919**	**226,838**		**911,758**
EBITDA	**218,764**	**66,156**		**284,921**
Depreciation, amortisation and impairments	95,049	50,974		146,023
Operating result, EBIT	**123,716**	**15,182**		**138,898**
Net finance items			–11,177	–11,177
Share of associates' result			14	14
Result before income tax				127,736
Net result for the period				**102,234**
Capital expenditure*	92,867	45,404		138,271
Employees at end of year	913	677		1,590

1 Jan-31 Dec 2017

EUR in thousands

Business segments	Consumer segment	Corporate segment	Unallocated	Group total
Net sales	**658,680**	**227,409**		**886,088**
EBITDA	**199,752**	**72,020**		**271,772**
Depreciation, amortisation and impairments	95,181	53,068		148,249
Operating result, EBIT	**104,571**	**18,952**		**123,523**
Net finance items			–9,368	–9,368
Share of associates' result			4	4
Result before income tax				114,158
Net result for the period				**93,086**
Capital expenditure*	96,937	43,403	3,678	144,018
Employees at end of year	942	659		1,601

* Capital expenditure comprise additions to intangible and tangible assets, excluding business combinations, and additions relating to finance lease agreements and decommissioning obligations. Additionally, capital expenditure include annual cash instalments for capitalised spectrum licenses. Unallocated capital expenditure comprise sales commissions.

The primary key indicators for the segments' profit and loss monitoring comprise net sales, EBITDA and operating result. The company believes that the EBITDA measure provides meaningful supplemental information to the company management and the readers of its financial statements by excluding items that may not be indicative of the company's operating result or cash flows.

EBITDA is not prepared in accordance with IFRS and is therefore considered a non-IFRS financial measure, which should not be viewed in isolation or as a substitute to the equivalent IFRS financial measures. EBITDA should not be considered as an alternative to (a) operating result or net result for the period as a measure of operating performance, (b) cash flows from operating, investing or financing activities as a measure of the company's ability to meet its cash needs or (c) any other IFRS financial measures, or as a measure of performance or liquidity.

5 REVENUE FROM CONTRACTS WITH CUSTOMERS

The group revenue consists of income from contracts with customers. The Consumer segment revenue in 2018 was EUR 684.9 million and the Corporate segment revenue was EUR 226.8 million. Segment revenue is derived from the transfer of goods and services in the following product lines over time and at a point in time:

EUR in thousands	Mobile Service Revenue	Mobile Equipment	Mobile interconnection and Inbound Roaming	Fixed non-voice	Fixed Voice	Total
Timing of revenue recognition						
Point in time	-	133,646	-	12,877	81	146,604
Over time	454,427	-	51,495	235,269	23,964	765,154
Total	**454,427**	**133,646**	**51,495**	**248,146**	**24,045**	**911,758**

Mobile communication services comprise service revenue, mobile network voice services, mobile broadband services, M2M services and mobile virtual network operator (MVNO) services. Mobile device revenue comprises the sales of mobile devices such as mobile phones, tablets and dongles. Mobile interconnection and roaming revenue comprises interconnection revenue, which DNA receives for calls made by other operators' clients to DNA's network, and roaming revenue, which DNA receives from other operators for calls made by foreign mobile operators' subscribers in Finland. Fixed-network revenue for services other than voice services comprises fixed broadband and data services, TV and video services, corporate network value added services as well as the sales of network equipment (e.g. PBX and LAN/WLAN equipment). Fixed-network voice services include all fixed-network voice services and related devices.

Assets and liabilities related to contracts with customers

DNA has recognised the followoing contract assets related to revenue. Contract assets include deferred discounts. Discounts are recognised evenly throughout the contract period.

EUR in thousands	2018
Contract asset	1,076
Loss allowance	–10
Total contract assets	1,066

DNA has recognised the following contract liabilities related to revenue. The debt includes activation and connection fees as well as adjustments to subscription and device bundles as a result of the allocation of separate performance obligations on the basis of their relative standalone selling prices. Under the new guidance, activation and connection fees are recognised during the contract period.

EUR in thousands	2018
Contract liabilities	5,122

Significant changes in contract assets and liabilities

Contract assets have decreased EUR 1.1. million due to changes in discount types. Contract assets amounted to EUR 2.1 million at 1 January 2018.

Contract liabilities have increased EUR 0.6 million. The increase is mainly due to higher mobile service-mobile equipment bundle sales.

Liabilities related to contracts with customers

The following table shows how much of the revenue recognised in the current reporting period relates to carried – forward liabilities.

EUR in thousands	2018
Revenue recognised that was included in the contract liability balance at the beginning of the period	2,762

Management expects that 58 per cent of the transaction price allocated to the unsatisfied contracts as of 31 December 2018 will be recognised as revenue during the next reporting period (EUR 2.3 million). The remaining 42 per cent (EUR 1.7 million) will be recognised during 2020 or later.

The figure above does not include variable consideration, which is constrained.

All other contracts are for periods of one year or less or are billed based on time incurred. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Assets recognised from costs to obtain a contract

In addition to the contract balances disclosed above, DNA has also recognised an asset in relation to costs to obtain a contract. The asset is recognised as a cost throughout the contract period consistent with the pattern of recogition of the associated revenue.

EUR in thousands	2018
Asset recognised from costs incurred to obtain a contract at 31 December	61,181
Costs recognised throught profit and loss during the period´	28,441

EUR in thousands	2017
Sale of goods	127,675
Revenue from services	758,302
Revenue from construction contracts	112
Total	886,088

At the end of the year, the aggregate costs incurred and recognised profits from construction contracts in progress (less recognised losses) totalled EUR 1.6 million. Advance payments in relation to construction contracts were EUR 0.0 million.

6 OTHER OPERATING INCOME

EUR in thousands	2018	2017
Net gain on sale of non-current assets	354	75
Rental income	3,072	3,281
Other income	378	821
Total	**3,804**	**4,177**

7 OTHER OPERATING EXPENSES

EUR in thousands	2018	2017
Maintenance expenses	41,282	39,491
Rental expenses	40,920	37,737
External services	5,719	6,685
Other expenses	36,671	34,331
Total	**124,592**	**118,244**

AUDITOR FEES

EUR in thousands	2018	2017
PricewaterhouseCoopers Oy		
Audit fees	279	265
Actions referred to in Section 1.1.2 of the Finnish Auditing Act	7	7
Tax services	24	66
Other services	70	137
Total	**380**	**475**

The above contains the fees to the audit firm elected by the Annual General Meeting.

8 DEPRECIATION, AMORTISATION AND IMPAIRMENT

EUR in thousands	2018	2017
Depreciation and amortisation charges per category		
Intangible assets		
Customer base	4,126	5,307
Brand	995	942
Other intangible assets	32,178	32,734
Total	**37,299**	**38,983**
Property, plant and equipment		
Buildings and constructions	6,097	6,481
Machinery and equipment	102,627	99,728
Total	**108,724**	**106,209**
Impairment charges per category		
EUR in thousands		
Intangible assets		
Other intangible assets*	-	3,057
Total	-	3,057
Total depreciation, amortisation and impairment	**146,023**	**148,249**

*Impairment of data system

9 EMPLOYMENT BENEFIT EXPENSES

EUR in thousands	2018	2017
Wages and salaries	85,292	84,113
Pension expenses – defined contribution plan	16,142	15,525
Pension expenses – defined benefit plan	–33	–8
Share-based payments	2,719	8,024
Other personnel expenses	3,268	3,402
Total	**107,388**	**111,055**

NUMBER OF PERSONNEL, AVERAGE		
Consumer business	932	971
Corporate business	673	668
Total	**1,605**	**1,639**

Key management compensations are presented in note 32 Related party transactions.

10 FINANCE INCOME

EUR in thousands	2018	2017
Interest income from receivables	518	884
Dividend income on other investments	6	4
Total	**523**	**889**

11 FINANCE EXPENSE

EUR in thousands	2018	2017
Interest expense	8,821	8,686
Other financial expenses 1)	2,879	1,571
Total	**11,700**	**10,257**

1) Other financial expenses include a one-time financial cost of EUR 2.1 million due to re-financing of bonds.

12 INCOME TAX EXPENSE

EUR in thousands	2018	2017
Income tax, current year	–22,868	–17,722
Income tax, previous years	–4	–27
Change in deferred tax	–2,630	–3,323
Total	**–25,502**	**–21,072**

Reconciliation of the income tax expense and the taxes calculated at the Finnish tax rate:

Net result before tax	127,736	114,158
Income tax at Finnish tax rate 20 per cent	–25,547	–22,832
Tax effects of:		
Income not subject to tax	4	12
Retroactive tax benefit associated with share-based compansation		1,890
Non-deductible expenses	–25	–169
Income taxes from previous years	–4	–27
Different tax rate of subsidiary		–5
Share of associates' results net of tax	3	1
Additional deductible expenses	67	59
Tax charge	**–25,502**	**–21,072**

13 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net result attributable to owners of the parent for the financial period, by the weighted average number of outstanding shares during the financial period. Earnings per share adjusted for dilution effect is calculated by including the potential dilution effect of the option scheme and the share-based reward plan.

EUR in thousands	2018	2017
Net result attributable to owners of the parent, (EUR 1,000)	102,234	93,086
Weighted average number of shares (thousands)*	132,039	131,923
Basic earnings per share (EUR/share)	0.77	0.71
Effect of the share-based reward plan (1,000)	112	43
Weighted average number of shares for the purpose of calculating EPS adjusted for dilution (thousands)	132,151	131,965
Earnings per share adjusted for dilution effect (EUR/share)	0.77	0.71

14 PROPERTY, PLANT AND EQUIPMENT

EUR in thousands	Land and water	Buildings and construc-tions	Machi-nery and equip-ment	Prepay-ments and non-current assets under construction	Total
31 December 2016					
Cost	713	43,376	1,373,153	62,243	1,479,485
Accumulated depreciation	-	−24,349	−1,028,010	-	−1,052,360
Net book amount	713	**19,028**	**345,142**	**62,243**	**427,126**
Year ended 31 December 2017					
Opening net book amount	713	19,028	345,142	62,243	427,126
Additions and transfers	-	4,208	95,128	1,352	100,688
Disposals	-	-	−210	-	−210
Accumulated depreciation relating to disposals	-	-	186	-	186
Depreciation charge	-	−6,481	−99,728	-	−106,209
Closing net book amount	713	**16,754**	**340,517**	**63,596**	**421,580**
31 December 2017					
Cost	713	47,584	1,468,071	63,595	1,579,963
Accumulated depreciation	-	−30,830	−1,127,553	-	−1,158,383
Net book amount	713	**16,754**	**340,517**	**63,596**	**421,580**
Year ended 31 December 2018					
Opening net book amount	713	16,754	340,517	63,596	421,580
Additions and transfers	-	5,255	111,524	−17,006	99,773
Disposals	-	−3	−959	-	−961
Accumulated depreciation relating to disposals	-	1	882	-	883
Depreciation charge	-	−6,097	−102,627	-	−108,724
Closing net book amount	**713**	**15,910**	**349,338**	**46,590**	**412,550**
31 December 2018					
Cost	713	52,840	1,578,632	46,590	1,678,775
Accumulated depreciation	-	−36,930	−1,229,294	-	−1,266,224
Net book amount	**713**	**15,910**	**349,338**	**46,590**	**412,550**

15 INTANGIBLE ASSETS AND IMPAIRMENT TESTING

EUR in thousands	Goodwill	Customer base	Brand	Other intangible assets	Prepay-ments and non-current assets under construction	Total intangible assets
31 December 2016						
Cost	431,685	130,475	41,819	379,587	35,983	1,019,550
Accumulated amortisation and impairment	−104,479	−70,892	−19,505	−310,313	-	−505,190
Net book amount	**327,206**	**59,583**	**22,314**	**69,273**	**35,983**	**514,359**
Year ended 31 December 2017						
Opening net book amount	327,206	59,583	22,314	69,273	35,983	514,359
Additions and transfers	-	-	-	56,990	−24,034	32,956
Disposals	-	-	-	−30,044	-	−30,044
Accumulated amortisation relating to disposals	-	-	-	30,044	-	30,044
Amortisation charge	-	−5,307	−942	−32,734	-	−38,983
Impairment	-	-	-	-	−3,057	−3,057
Closing net book amount	**327,206**	**54,277**	**21,372**	**93,529**	**8,893**	**505,276**
31 December 2017						
Cost	431,685	130,475	41,819	406,533	11,949	1,022,462
Accumulated amortisation and impairment	−104,479	−76,198	−20,447	−313,003	−3,057	−517,187
Net book amount	**327,206**	**54,277**	**21,372**	**93,529**	**8,893**	**505,276**
Year ended 31 December 2018						
Opening net book amount	431,685	130,475	41,819	406,533	11,949	1,022,462
Changes in accounting policy IFRS 15	-	-	-	−15,171	-	−15,171
Opening net book amount	431,685	130,475	41,819	391,362	11,949	1,007,291
Accumulated amortisation and impairment	−104,479	−76,198	−20,447	−313,003	−3,057	−517,187
Accumulated amortisation and impairment - changes in accounting policy IFRS 15	-	-	-	10,796	-	10,796
Accumulated amortisation and impairment	−104,479	−76,198	−20,447	−302,207	−3,057	−506,389

EUR in thousands	Goodwill	Customer base	Brand	Other intangible assets	Prepay-ments and non-current assets under construction	Total intangible assets
Closing net book amount	**327,206**	**54,277**	**21,372**	**89,153**	**8,893**	**500,901**
Opening net book amount	327,206	54,277	21,372	89,153	8,893	500,901
Additions and transfers	-	-	-	35,403	19,984	55,387
Amortisation charge	-	−4,126	−995	−32,178	-	−37,299
Closing net book amount	**327,206**	**50,151**	**20,377**	**92,379**	**28,876**	**518,989**
31 December 2018						
Cost	431,685	130,475	41,819	426,764	31,933	1,062,676
Accumulated amortisation and impairment	−104,479	−80,324	−21,442	−334,385	−3,057	−543,687
Net book amount	**327,206**	**50,151**	**20,377**	**92,379**	**28,876**	**518,989**

Goodwill allocation

Goodwill is allocated to DNA's cash-generating units as follows:

EUR in thousands	2018	2017
Consumer segment	180,723	180,723
Corporate segment	146,483	146,483
Total	**327,206**	**327,206**

Impairment testing

In order to carry out impairment testing, goodwill is allocated to cash-generating units (CGUs) in accordance with DNA's business organisation. The balance sheet values of all CGUs are subjected to an annual impairment testing. Apart from goodwill, the Group does not have any other intangible assets with an unlimited useful life. The recoverable amount (the higher of an asset's fair value less costs to sell and its value in use) of each CGU is defined as the value in use according to the projected discounted cash flows (the DCF method). Cash flow projections are based on the plans approved by management, covering a five-year period. Management considers the projections to reflect development to date and other information available from external sources. The (before tax) discount rate (weighted average cost of capital, WACC) used in testing represents 7.0-7.4 per cent depending on the segment.

The growth rate forecasted after five years was depending on the segment 0.9 - 2.0 per cent.

The impairment test indicated that the recoverable amounts of the CGUs exceeded their balance sheet values and their goodwill have not been impaired. The assumptions used are based on management's best judgement based on the information available at the publication of the financial statements.

The key assumptions used were growth in net sales, development of profitability, weighted average cost of capital (WACC) as well as the cash flow growth rate after the five-year forecast period. The major sensitivities in the result are associated with the forecasted net sales and levels of profitability.

APPLIED PARAMETERS USED INIMPAIRMENT TESTING AND SENSITIVITY ANALYSIS

Applied parameters 2018

Applied forecast parameters	Consumer segment 2018	Corporate segment 2018
Average growth in net sales, %*	2.3	2.4
Average operating margin, % *	33.9	31.7
Average investment, % of net sales *	18.0	21.1
Growth after the forecast period, %	0.9	2.0
WACC, %	7.4	7.0
Amount of headroom, EUR million	1,073	260

* Five-year forecast period average

The table below illustrates the change in percentage points for the key forecacast parameters before the fair value falls below the carrying value (and other parameters remaining unchanged).

Sensitivity analysis of forecast parameters	Consumer segment 2018	Corporate segment 2018
Average EBITDA, % of net sales	−9.4	−5.3
WACC, %	12.9	3.7

Applied parameters 2017

Applied forecast parameters	Consumer segment 2017	Corporate segment 2017
Average growth in net sales, %*	0.9	2.5
Average operating margin, % *	32.2	33.0
Average investment, % of net sales *	14.4	18.6
Growth after the forecast period, %	0.9	2.0
WACC, %	7.7	7.3
Amount of headroom, EUR million	1,224	380

* Five-year forecast period average

The table below illustrates the change in percentage points for the key forecast parameters before the fair value falls below the carrying value (and other parameters remaining unchanged).

Sensitivity analysis of forecast parameters	Consumer segment 2017	Corporate segment 2017
Average EBITDA, % of net sales	−12.3	−8.3
WACC, %	16.0	6.0

16 INVESTMENTS IN ASSOCIATES

EUR in thousands	2018	2017
1 January	1,199	1,199
Share of the result for the financial period	10	-
31 December	**1,209**	**1,199**

There was no goodwill related to the carrying value of associated companies in 2018 and 2017.

Financial information on the Group's associates, including assets, liabilities, net sales as well as the Group's share of the results.

EUR in thousands

2018	Domicile	Assets	Liabilities	Net sales	Share of result	Group holding
Suomen Numerot Numpac Oy	Helsinki	687	149	1,807	14	33%
Kiinteistö Oy Otavankatu 3	Pori	2,915	149	316	-	36%
Kiinteistö Oy Siilinjärven Toritie	Siilinjärvi	321	3	41	-	38%

2017	Domicile	Assets	Liabilities	Net sales	Share of result	Group holding
Suomen Numerot Numpac Oy	Helsinki	779	272	1,619	4	33%
Kiinteistö Oy Otavankatu 3	Pori	2,919	203	299	-	36%
Kiinteistö Oy Siilinjärven Toritie	Siilinjärvi	319	3	28	-	38%

INTEREST IN JOINT ARRANGEMENT

	Group holding
Suomen Yhteisverkko Oy	49%

The joint arrangement was established in 2014 and is classified as a joint operation. The contractual arrangement establishes the parties' rights to the assets and obligations for liabilities, relating to the arrangement, and the parties' rights to the corresponding revenues and obligations for the corresponding expenses.

DNA recognised its share of 47 per cent (2017: 46 per cent) of assets, liabilities, revenues and expenses in its consolidated financial statements.

17 OTHER INVESTMENTS

EUR in thousands	2018	2017
Shares in non-listed companies	117	117
Total	**117**	**117**

The Group has chosen a method under which the fair value of items previously classified as available-for-sale financial assets is recognised through profit and loss or other comprehensive income, because these investments are considered to be long-term strategic investments that are not expected to be sold in the short or medium term.

18 TRADE AND OTHER RECEIVABLES

EUR in thousands	2018	2017
Non-current receivables		
Trade receivables	37,795	33,604
Prepaid expenses 1)	37,082	3,528
Contract assets	104	-
Other non-current receivables	1,045	1,337
Total non-current receivables	**76,026**	**38,468**
Current receivables		
Trade receivables	201,037	181,164
Prepaid expenses 1)	41,186	13,230
Income tax receivables	962	-
Other current receivables	1,439	1,168
Total	**244,624**	**195,562**

In non-current and current assets, the main impacts of IFRS 15 are due to the deferral of sales and agent commissions. Previously, agent commissions of certain fixed-term contracts have been recognised as intangible assets. The new deferral method of commission costs according to IFRS 15 increases receivables. In addition to the deferral of these costs, trade and other receivables include receivables according to IFRS 15 due to the new deferral method of revenue. The main impact of deferral on receivables is related to discounts.

1) Prepaid expenses mainly consist of: IFRS 15 accrued costs EUR 61,2 million, prepaid production rental invoices, prepayments for IT-support and other prepaid trade payables EUR 13.0 million (EUR 12.3 million), TyEL pension prepayment EUR 0.0 million (EUR 1.2 million) and other prepayments EUR 4.1 million (EUR 3.2 million).

During 2018, the Group has recognised an impairment loss on trade receivables of EUR 4.0 million (EUR 2.3 million). Impairment is recognised on receivables older than 180 days. Non-current receivables are measured at fair value. Fair value of receivables corresponds to book value as the effect of discounting is not material considering the maturity.

MOVEMENTS IN THE PROVISION FOR IMPAIRMENT OF TRADE RECEIVABLES AND CONTRACT ASSETS ARE AS FOLLOWS:

	Contract assets	Trade receivables	
	2018	2018	2017
31 December - calculated under IAS 39	-	5,582	5,774
Amounts restated through opening retained earnings	20	928	
Opening loss allowance as at 1 January 2018 - calculated under IFRS 9	20	6,510	5,774
Increase in loss allowance recognised in profit or loss during the year	–10	4,018	2,288
Receivables written off during the year as uncollectible	-	–3,440	–2,480
At 31 December	10	7,088	5,582

19 DEFERRED TAX ASSETS AND LIABILITIES

EUR in thousands	1 January	Recog-nised in the income statement	Recog-nised in other com-prehensive income	Recog-nised in equity	31 December
Deferred tax assets 2018					
Provisions	1,476	−288	−62	-	1,126
Group eliminations	1,201	−1,201	-	-	-
Tax losses	116	−116	-	-	-
Unused taxable depreciation	2,426	−405	-	-	2,021
Other temporary differences	3,257	374	-	913	4,544
Total	**8,475**	**−1,636**	**−62**	**913**	**7,691**

EUR in thousands	1 January	Recog-nised in the income statement	Recog-nised in other com-prehensive income	Recog-nised in equity	31 December
Deferred tax liabilities 2018					
Fair value of assets through business combinations	18,383	−1,955	-	-	16,428
Accelerated depreciation	315	1,120	-	7	1,442
Other temporary differences	4,085	1,828	-	11,042	16,955
Total	**22,783**	**993**	**-**	**11,049**	**34,825**

EUR in thousands	1 January	Recog-nised in the income statement	Other compre-hensive income	31 December
Deferred tax assets 2017				
Provisions	2,392	−897	−18	1,476
Finance lease agreements	255	−255	-	0
Group eliminations	3,622	−2,421	-	1,201
Tax losses	287	−171	-	116
Unused taxable depreciation	4,121	−1,695	-	2,426
Other temporary differences	4,029	−772	-	3,257
Total	**14,704**	**−6,211**	**−18**	**8,475**

EUR in thousands	1 January	Recog-nised in the income statement	Other compre-hensive income	31 December
Deferred tax liabilities 2017				
Fair value of assets through business combinations	20,683	−2,299	-	18,383
Accelerated depreciation	306	9	-	315
Other temporary differences	4,682	−597	-	4,085
Total	**25,671**	**−2,887**	**-**	**22,783**

20 INVENTORIES

EUR in thousands	2018	2017
Materials and supplies	31,681	22,909
Total	**31,681**	**22,909**

During the reporting period, an expense of EUR 141.4 million (EUR 126.6 million) was recognised in the income statement for materials and supplies.

21 CASH AND CASH EQUIVALENTS

EUR in thousands	2018	2017
Cash and cash equivalents	22,654	23,592
Total	**22,654**	**23,592**

22 EQUITY

EUR in thousands	Shares outstanding (thousands)	Treasury shares (thousands)	Total number of shares (thousands)	Share capital	Reserve for invested unrestricted equity
1 January 2017	132,304	-	132,304	72,702	652,719
Direct costs relating to share issue	-	-	-	-	337
Treasury share acquisition	–968	968	-	-	-
Share based payment	703	–703	-	-	-
31 December 2017	**132,039**	**265**	**132,304**	**72,702**	**653,056**
Share based payment	82	–82	-	-	-
Reclassification	-	-	-	-	–62,420
Capital payment	-	-	-	-	–84,557
31 December 2018	**132,121**	**183**	**132,304**	**72,702**	**506,079**

DNA Plc has one type of share. The total number of shares is 132,303,500 (132,303,500). The number of outstanding shares is 132,120,711 (132,303,500). The shares do not have a nominal value. On 31 December 2018, DNA Plc's share capital amounted to EUR 72,702,226. All issued shares have been paid in full.

Change in the classification of unrestricted equity

DNA's AGM of 22 March 2018 made a decision to change the classification of unrestricted equity. In previous years, the company had, when repurchasing its own shares, recorded the subscription price of own shares in a way that reduced the amounts of retained earnings of previous financial periods. This has been in accordance with previously made decisions as well as the Finnish Limited Liability Companies Act, but it does not fully allow for the opportunity provided for in the Act to present funds invested in the company and profits from business operations separately.

According to the decision of the AGM, EUR 62,420,161.66 was transferred from the reserve of invested unrestricted equity to retained earnings from previous financial periods.

This change has no effect on the total amount of unrestricted equity.

Reserve for invested unrestricted equity

The reserve for invested unrestricted equity includes other equity type investments and the subscription price of shares insofar as it has not been expressly recognised in the share capital.

Dividends

DNA Plc's Annual General Meeting of 22 March 2018 approved a payment of dividend (EUR 0.46 per share) as well as a capital payment from the reserve for invested unrestricted equity (EUR 0.17 per share). Also, the AGM approved an additional capital payment from the reserve for invested unrestricted equity (EUR 0.47 per share). In total, paid dividends and capital payments amounted to EUR 1.10 per share or EUR 145,332,782.10. The dividend was paid on 4 April 2018.

Treasury shares

Based on the Board of Directors' decision, DNA Plc has 1 March 2018 transferred 82,028 company's treasury shares to persons belonging to the share-based remuneration scheme, Bridge Plan 2017 for the performance period 2017, as settlement in accordance with the plan rules.

After the transfer, DNA holds a total of 182,789 treasury shares.

EUR in thousands	Number of shares	Acquisition cost (EUR in thousands)
1.1.2017	0	
Treasury share acquisition	967,897	14,035
Share issue through share-based payment	–703,080	
31.12.2017	264,817	
Share issue through share-based payment	–82,028	
31.12.2018	182,789	

Parent company DNA Plc's distributable funds as at 31 December 2018

EUR in thousands	31 December 2018
Treasury shares	–2,806
Retained earnings	67,338
Net result for the period	89,225
Total distributable funds	153,758

23 SHARE-BASED PAYMENTS

Long-term share-based incentive scheme for senior management and other key employees

DNA's Board of Directors decides to continue the long-term incentive plans for senior executives and other key employees.

The purpose of the long-term incentive system is to harmonise shareholders' and senior executives' goals in order to increase DNA's value, and to commit executives and other key employees to DNA by offering them a competitive, long-term reward plan in the company.

The system mainly consists of a Performance Share Plan (PSP), which is complemented by a separate share-based Bridge Plan. In addition, DNA has a Restricted Share Plan (RSP).

The Performance Share Plan

The Performance Share Plan consists of separate, share-based reward programmes that begin annually. Each programme has a three-year vesting period. The start of each new programme requires a separate decision by the Board of Directors.

The first programme (PSP 2017) started at the beginning of 2017. Any share-based rewards earned through it will be paid in the spring of 2020, if the performance targets set by the Board of Directors are reached.

The first programme will be built on the following performance targets: DNA's total shareholder return (TSR) compared to a peer group over the period 2017–2019, and DNA's cumulative cash flow in 2017–2019. The first programme has about 50 participants, and the maximum number of shares to be handed out will be 471,000 (gross amount from which applicable withholding tax will be deduced, and the remaining net amount will be paid as shares).

The second programme PSP 2018-2020 started at the beginning of 2018. Any share-based rewards earned through it will be paid in the spring of 2021, if the performance targets set by the Board of Directors are achieved. The performance targets applied to the programme are DNA's total shareholder return (TSR) compared to a peer group over the period 2018-2020, and DNA's cumulative cash flow in 2018-2020. The programme has around 50 participants, and the maximum number of shares to be distributed will be 372,600 (the gross amount from which the applicable withholding tax will be deduced, and the remaining net amount will be paid as shares).

The programme PSP 2019-2021 starts at the beginning of 2019. Any share-based rewards earned through it will be paid in the spring of 2022. The performance targets applied to the programme are DNA's EBITDA development over the period 2019-2021 and DNA's total shareholder return compared to a peer group over the period 2019-2021. The programme has around 70 participants, and the maximum number of shares to be distributed will be 382,158 (the gross amount from which the applicable withholding tax will be deduced, and the remaining net amount will be paid as shares).

The Bridge Plan

The Bridge Plan for the transition period consists of two, three-year-long share-based reward programmes. These programmes have a year-long vesting period and a two-year restriction period. The first programme began in 2017. Share-based rewards based on the 2017 programme were handed out in the spring of 2018, because the performance targets set by the Board of Directors were reached (EBITDA and EBITDA margin among others). Shares received as a reward cannot be transferred during a two-year restriction period after the vesting period.

The performance targets applicable to the share-based reward system during the transition period are based on DNA's key strategic objectives for the vesting periods in question. The first programme has about 50 participants, and the maximum number of shares to be handed out will be 157,300 (gross amount from which applicable withholding tax will be deducted, and the remaining net amount will be paid as shares).

The performance targets applicable to the share-based reward programme, the Bridge Plan 2018, which began in January 2018, are based on DNA's key strategic objectives for the vesting period in question. The programme has around 50 participants, and the maximum number of shares to be handed out will be 115,900 (gross amount from which applicable withholding tax will be deduced, and the remaining net amount will be paid as shares). Any rewards based on the programme will be distributed in the spring of 2019, if the performance targets set by the Board of Directors are achieved. Shares received as a reward cannot be transferred during the two-year restriction period after the vesting period.

The restricted share-based reward system

The restricted share-based reward system can be used as a complementary tool for committing employees in specific situations, such as during acquisitions and recruitment. The Restricted Share Plan consists of share-based incentive programmes that begin every year. Rewards have not yet been awarded in the share-based reward system. Each program consists of a three-year restriction period, after which the shares allocated in the beginning of each respective programme are paid to the participants, provided that their employment with DNA continues until the payment of the rewards. The start of each new programme requires a separate decision by the Board of Directors.

The RSP 2018-2020 share-based reward programme began in early 2018, and the rewards earned will be distributed in the spring of 2021. The RSP typically applies to only a few individuals per year. The maximum number of shares to be distributed under the programme will be 45,000 (gross amount from which applicable withholding tax will be deduced, and the remaining net amount will be paid as shares).

Share-based reward plan	PSP 2018–2020	Bridge plan 2018	PSP 2017–2019	Bridge plan 2017
Grant date	17 January 2018	17 January 2018	15 February 2017	15 February 2017
Maximum number of shares	372,600	115,900	471,000	157,300
Fair value of the reward at grant date	6.12		6.28	
Share price at grant date	15.07	15.07	11.36	11.36
Valid until	31 December 2020	31 December 2020	31 December 2019	31 December 2019
Expected volatility of share prices	19%		23%	
Expected dividends	3.12	1.02	0.63-0.75	
Risk-free interest rate	−0.29%		-0.82%-0.74%	
Expected life	3 years	3 years	3 years	3 years
Implementation	As shares and cash	As shares and cash	As shares and cash	As shares and cash

The fair value of the PSP 2017-2019 reward at grant date was 6.28. The fair value of the PSP 2018-2020 awared at grant date was 6.12. The fair value at grant date was valued using a Monte Carlo simulation model, taking into account share price at grant date, Volume Weighted Average Price (VWAP), expected dividends, risk-free interest rates, expected volatility of share prices, as well as correlation coefficients.

Based on the Board of Directors' decision, DNA Plc has on 1 March 2018 transferred 82,028 of the company's treasury shares to persons belonging to the share-based remuneration scheme, Bridge Plan 2017 for the performance period 2017, as settlement in accordance with the plan rules. Withholding tax of EUR 1.1 million was deduced from the gross amount.

Share-Based payments
EUR in thousands

Expense recorded in the income statement	Jan-Dec 2018	Jan-Dec 2017
Share-based payments	2,719	8,024

Liability recorded in the statement of financial position	31 December 2018	31 December 2017
Liability related to share-based reward plan	-	1,199

Cash-settled share-based payment transactions have been revalued on 1 January 2018 according to the amendments to IFRS 2 and the accounting treatment has changed from cash-settled to equity-settled.

Matching share plan for DNA personnel

In December, the Board of Directors of DNA Plc decided on the establishement of a matching share plan for all DNA employees. The purpose of the plan is to steer the activities of personnel towards the attainment of strategic objective, as well as to improve the long-term commitment of personnel and offer incentives in the form of potential increase in share value. Participation in the matching share plan is voluntary. The first saving period in 2019-2020 begins in April 2019 and will run until March 2020. The saved shares are purchased quarterly at market value after the publication of financial results. The Board of Directors of DNA will decide annually on possible new savings periods and their terms.

24 EMPLOYMENT BENEFIT OBLIGATIONS

DNA Group's employee pensions are managed by external insurance companies. The TyEL pension insurance is classified as a defined contribution plan and are managed by the pension insurance companies. DNA also has additional defined benefit plans for some employees. These plans are based on the final salary, and the persons covered receive a supplementary pension at the defined level. The size of the benefit at retirement is determined by factors such as years of service and compensation earned while in employment.

The liability recognised in the balance sheet for the defined benefit plans is determined as follows:

EUR in thousands	2018	2017
Liability recognised in the balance sheet:		
Funded defined benefit obligation	5,809	6,143
Fair value of plan assets	–4,095	–4,115
Surplus/deficit	1,714	2,028
Liability recognised in the balance sheet	**1,714**	**2,028**

	Present value of obligation	Fair value of plan assets	Total
1 January 2017	**6 403**	**–4 306**	**2 097**
Current service cost	103		103
Interest cost/income	88	–60	28
	191	–60	131
Remeasurements recognised:			
- Return on plan assets, excluding interest cost/income		152	152
- Actuarial gain or loss arising from changes in demographic assumptions	0		0
- Gain or loss arising from changes in financial assumptions	–3		–3
- Experience adjustments	–238		–238
	–241	152	–89
Contributions:			
- Contribution paid by employer		–111	–111
Benefits paid:			
- Benefits	–210	210	0
Settlements			
31 December 2017	**6,143**	**–4,115**	**2,028**

	Present value of obligation	Fair value of plan assets	Total
1 January 2018	6,143	−4,115	2,028
Current service cost	91		91
Interest cost/income	91	−61	30
	182	−61	121
Remeasurements recognised:			
- Return on plan assets, excluding interest cost/income		−8	−8
- Actuarial gain or loss arising from changes in demographic assumptions	0		0
- Gain or loss arising from changes in financial assumptions	−314		−314
- Experience adjustments	11		11
	−303	−8	−311
Contributions:			
- Contribution paid by employer		−124	−124
Benefits paid:			
- Benefits	−213	213	0
Settlements			
31 December 2018	**5,809**	**−4,095**	**1,714**

Significant actuarial assumptions:

	2018	2017
Discount rate	1.70%	1.50%
Inflation	1.60%	1.70%
Salary growth rate	2.80%	3.20%
Benefit growth rate	1.90%	2.00%

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience. These assumptions translate into a weighted average life expectancy in years for a pensioner at the retirement age of 65 as follows:

2018	Men	Women
Plan participants retiring at the end of the financial year	21.4	25.4
Plan participants retiring 20 years after the end of the financial year	22.0	27.0

2017	Men	Women
Plan participants retiring at the end of the financial year	21.4	25.4
Plan participants retiring 20 years after the end of the financial year	22.0	27.0

The sensitivity of the defined benefit obligation to changes in the weighted prinsipal assumptions:

Impact on defined benefit obligation

2018	Change in assumption	Increase	Decrease
Discount rate	0.50%	−7.1%	8.0%
Salary growth rate	0.50%	1.2%	−1.1%
Pension growth rate	0.50%	6.5%	−5.9%
			Addition of one year
Life expectancy			5.1%

Impact on defined benefit obligation

2016	Change in assumption	Increase	Decrease
Discount rate	0.50%	−7.5%	8.5%
Salary growth rate	0.50%	1.4%	−1.3%
Pension growth rate	0.50%	6.8%	−6.2%
			Addition of one year
Life expectancy			5.0%

The above sensitivity analysis is based on a method where one actuarial assumption changes but the others remain unchanged. In practice, this is unlikely and some changes in assumptions may be correlated.

When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The Group is exposed to several risks in relation to the defined benefit plans, the most significant of which are described below.

Changes in the bond yields

According to the employer's IFRS reporting practice, the employer's obligations and liabilities depend on the bond yields on the reporting date. Decrease in yields increases liabilities and the payment obligation of pension benefits calculated according to IAS 19. However, since the employer is not subject to an investment risk in relation to the assets covering the liabilities, an increase in the yield of bonds will also have an effect.

Inflation risk

The benefits paid in the plan are tied to the TyEL index, which depends on inflation (80 per cent) and a general salary index (20 per cent). High inflation increases the TyEL index, which in turn increases liabilities (IFRS) and annual contributions to the insurance company.

Salary risk

If the salary of an employee increases by more than the general salary index, the size of benefit will increase, which in turn will increase the benefit obligation, which increases the risk of higher contributions payable by the employer.

Life expectancy risk

As regards the life expectancy risk, the insurance company carries the risk related to actual life expectancy deviating from the expected life expectancy. Changes in life expectancy have an impact on the employer's obligations. The employer's risk in terms of changes in life expectancy only applies to future costs, whereas the insurance company carries the risk for benefits accrued by the change date.

Expected contributions to the post-employment benefit plan in 2019 are expected to total EUR 126 thousand.

The weighted average duration of the defined benefit obligation was 15 years (2017: 16 years, 2016 17 years).

Undiscounted pension benefits are expected to mature as follows:

	Pension benefits		
EUR in thousands	2018	2017	2016
Less than 1 year	270	237	303
1-5 years	1,015	1,023	1,040
5-10 years	1,229	1,193	1,159
10-15 years	1,107	1,113	1,181
15-20 years	1,014	1,034	1,049
Over 20 years	3,019	3,304	3,427
Total	7,654	7,904	8,159

25 PROVISIONS

EUR in thousands	1 January 2018	Additions	Provisions used	Other/ Discount effect	31 December 2018
Asset retirement obligation	6,096	-	-1,308	-	4,788
Restructuring provisions	58	39	-	-	97
Onerous contracts	732	1,115	-52	-1,304	490
Other provision	418	-	-209	-	208
Total	**7,304**	**1,153**	**-1,569**	**-1,304**	**5,583**

EUR in thousands	1 January 2017	Additions	Provisions used	Other/ Discount effect	31 December 2017
Asset retirement obligation	7,627	6	-1,537	-	6,096
Restructuring provisions	671	-	-479	-133	58
Onerous contracts	3,207	461	-183	-2,754	732
Other provision	586	-	-168	-	418
Total	**12,090**	**467**	**-2,366**	**-2,887**	**7,304**

EUR in thousands	2018	2017
Non-current provisions	5,307	6,813
Current provisions	277	490
Total	**5,583**	**7,304**

Asset retirement obligation

The asset retirement obligation provision comprise the estimated dismantling and demolition costs of data centres, masts and telephone poles. The asset retirement period for telephone poles is estimated at 15 years, and 25 years for data centres and masts. Realising the dismantling and demolition costs do not involve any significant uncertainties.

Onerous contracts

This provision is mainly for a non-cancellable lease agreement and covers future leases of unused premises. During the period, the Group has let part of the under-utilised premises and the provision has been reversed. The provision has been discounted. The non-cancellable lease agreement expires in 2025.

26 BORROWINGS

EUR in thousands	2018	2017
Non-current		
Loans from financial institutions	46,154	23,718
Bonds	301,936	149,643
Total	**348,090**	**173,362**
Current		
Loans from financial institutions	3,846	34,973
Bonds	-	99,550
Commercial papers	49,991	19,995
Total	**53,837**	**154,518**

On 27 March 2018, DNA Plc issued a senior unsecured bond of EUR 250 million. The new bond matures on 27 March 2025 and carries a fixed annual interest at the rate of 1.375%. Standard & Poor's assigned a credit rating of BBB to the new bond.

The proceeds from the bond issue have been partially used for the partial repurchase of the existing EUR 100 million 2.625% fixed-rate notes due 28 November 2018 and EUR 150 million 2.875% fixed-rate notes due 12 March 2021. The share of the repurchase equals 60% of the nominal value of the notes, EUR 150 million in total. After the repurchase, the notes were cancelled.

The issuance costs of the new senior unsecured bond of EUR 250 million and some of the costs of the repurchase, EUR 8.9 million in total, will be deferred over the bond's seven-year term to maturity.

27 NET DEBT

EUR in thousands	31.12.2018	31.12.2017
Non-current borrowings	348,090	173,362
Current borrowings	53,837	154,518
Total borrowings	401,927	327,880
Less cash and cash equivalents	22,654	23,592
Net debt	**379,273**	**304,288**

Change in net debt

	Reported in cash flows from financing activities			
EUR in thousands	Cash	Current borrowings	Non-current borrowings	Net debt
1.1.2017	**46,238**	**40,290**	**327,659**	**321,710**
Change in cash	−22,647	-	-	22,647
Proceeds from borrowings	-	99,893	-	99,893
Repayment of borrowings	-	−84,881	−55,238	−140,119
Other non-cash transactions	-	99,216	−99,059	157
31.12.2017	**23,592**	**154,518**	**173,362**	**304,288**
Change in cash	−937	-	-	937
Proceeds from borrowings	-	563,726	296,154	859,880
Repayment of borrowings	-	−665,123	−113,810	−778,933
Other non-cash transactions	-	715	−7,616	−6,901
31.12.2018	**22,654**	**53,837**	**348,090**	**379,273**

28 TRADE AND OTHER PAYABLES

EUR in thousands	2018	2017
Current financial liabilities carried at amortised cost		
Trade payables	111,275	116,462
Accrued expenses 1)	71,188	67,673
Advances received	25,918	28,227
Contract liabilities	3,313	-
Other current liabilities	14,993	22,240
Total current liabilities	**226,687**	**234,603**

1) Accrued expenses comprise: holiday pay and bonuses including social expenses totalling EUR 19.7 million (EUR 20.0 million), interest expenses EUR 4.0 million (EUR 3.8 million), deferred income EUR 1.3 million (EUR 3.5 million), spectrum license liability EUR 4.4 million (EUR 4.4 million), debt related to share-based reward plan EUR 0.0 million (EUR 1.2 million) as well as other accrued operative expenses EUR 41.8 million (EUR 34.8 million).

29 FAIR VALUE OF BORROWINGS

Non-current borrowings

EUR in thousands	2018 Carrying amount	2018 Fair value	2017 Carrying amount	2017 Fair value
Loans from financial institutions	46,154	46,089	23,718	23,632
Bonds	301,936	306,497	149,643	159,386
Total	**348,090**	**352,586**	**173,362**	**183,018**

Current borrowings

EUR in thousands	2018 Carrying amount	2018 Fair value	2017 Carrying amount	2017 Fair value
Loans from financial institutions	3,846	3,841	34,973	35,176
Bonds	-	-	99,550	101,626
Commercial papers	49,991	49,991	19,995	19,995
Total	**53,837**	**53,832**	**154,518**	**156,797**

Fair value of borrowings has been calculated by discounting the expected cash flow of borrowings using the market interest rate at balance sheet date plus the company's risk premium. The market value of the bond is the average value of the year-end quoted prices from two banks.

30 OPERATING LEASE AGREEMENTS

EUR in thousands	2018	2017
Group as lessee		
The future minimum lease payments under non-cancellable operating leases		
Within one year	46,350	50,447
Later than one year but no later than five years	40,005	42,168
Later than five years	23,498	26,994
Total	**109,853**	**119,609**

The Group leases premises, telecommunication premises, masts, vehicles etc. The lease periods are 1–6 years and normally include the opportunity to continue the agreement after the original end date. The 2018 income statement includes paid operating lease expenses of EUR 40.9 million (EUR 37.7 million). Relating to operating leases, the Group has made a provision of EUR 0.5 million (EUR 0.7 million). For more information see note 25 Provisions.

31 GUARANTEES AND CONTINGENT LIABILITIES

In addition, DNA's agreements with some of its main suppliers contain minimum order quantities (units) for the contract period. As DNA has discretion over which units to purchase over the contract period and the price per unit varies, DNA is unable to estimate the exact EUR amount for these commitments.

Lease commitments relating to operating lease agreements are presented in note 30.

32 RELATED PARTY TRANSACTIONS

DNA's related parties include the main shareholders (Finda Oy, Finda Telecoms Oy, PHP Holding Oy) which have significant influence over the group, subsidiaries, associated companies, joint arrangements and members of the Board of Directors and the management team, including the CEO and the deputy CEO as well as their close family members. In addition, related parties include all entities controlled or jointly controlled by a person idenftified as related party.

Parent company DNA Plc's subsidiaries and ownerships:

Company	Country	Share of ownership	Share of votes
DNA Kauppa Oy	Finland	100%	100%
DNA Welho Oy	Finland	100%	100%
Huuked Labs Oy	Finland	100%	100%
Forte Netservices OOO	Russia	100%	100%

Listing of associated companies is presented in note 16.

The following related party transactions were carried out:

EUR in thousands	Sales	Purchases	Receivables	Liabilities
2018				
Organisations exercising significant influence	21	2,759	2	354
Associated companies	0	465	0	2
2017				
Organisations exercising significant influence	20	2,721	2	238
Associated companies	0	453	0	2

KEY MANAGEMENT COMPENSATION

Company's key management comprises the Board of Directors and the Executive team.

EUR in thousands	2018	2017
Salaries and other short-term employee benefits	3,563	3,940
Pension expenses - defined contribution plan and defined benefit plan	894	941
Share-based payments	1,182	4,172
Total	**5,639**	**9,053**

Shares issued to management (excl. CEO)	27,004	228,143
Terms are described in note 23 Share-based payments		

EUR in thousands	2018	2017
CEO Jukka Leinonen's salary and commissions:		
Salary and commissions	781	831
Share-Based Compensation Plan 2014 (gross)	-	3,009
Share-Based Bridge Plan 2017 (gross)	310	-
Total	**1,091**	**3,839**
Members and deputy members of the Board of Directors		
Korhonen Pertti	168	180
Jarmo Leino	0	8
Jukka Ottela	68	69
Kirsi Sormunen	68	72
Anu Nissinen	65	70
Tero Ojanperä	62	66
Margus Schults	66	69
Heikki Mäkijärvi	17	48
Total	**515**	**581**

Management's and CEOs' pension commitments

Members of the Group management are entitled to defined benefit pension at the age of 62 and the CEO and deputy CEO of the parent company at the age of 60. They have supplementary defined contribution plans.

33 IMPACT OF NEW AND AMENDED STANDARDS

This note describes the impact of the adoption of IFRS 2 Share-Based Payments, IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers on DNA's financial statements.

Amendments to IFRS 2 Share-Based Payments (effective 1 January 2018). The amendments provide clarification on situations where the classification of a share-based payment transaction changes from cash-settled to equity-settled. Additionally, amendments provide new guidance regarding plans in which the gross reward earned is settled partly in shares and partly in cash due to an obligation to withhold tax from the participants. As a result, as of 1 January 2018, DNA's share-based payment rewards will be treated as equity-settled as the cash-settled components relate directly to DNA's obligation to withhold tax from the participants. The accumulated liability related to cash-settled components has been reclassified to equity on the date of transition.

DNA adopted the IFRS 9 Financial Instruments standard on 1 January 2018. It became effective for financial periods beginning on or after 1 January 2018. IFRS 9 replaces IAS 39 and changes the classification and measurement of financial instruments and recognition of impairment loss. The standard also contains new requirements for hedge accounting. DNA does not apply hedge accounting. The Group experienced no material impact from the changes introduced by IFRS 9.

The IFRS 15 Revenue from Contracts with Customers standard was published in May 2014. The new IFRS 15 standard includes a five-step process which must be applied for contracts with customers before revenue can be recognised. The new standard will replace IAS 18 and IAS 11 standards and the related interpretations. DNA Plc adopted the standard in the reporting period beginning on 1 January 2018 retrospectively with the cumulative effect of initially applying the standard recognised as an adjustment to the opening balance of retained earnings on 1 January 2018.

The Group has identified that changes will take place in reporting in the following areas:

- Allocation of discounts to the performance obligations: Under IFRS 15, discounts shall be allocated to the separate performance obligations on the basis of their relative standalone selling prices. Therefore, the allocation of discounts to the performance obligations changes. A portion of the revenue is recognised earlier. Under IFRS 15, the discounts are to be recognised evenly throughout the contract period.
- Under the new guidance also the point of recognition for certain revenues and contract costs changes. Under the new guidance, activation and connection fees are recognised during the contract period. IFRS 15 also requires that incremental costs of obtaining a contract are capitalised. Capitalised incremental costs of obtaining a contract are amortised over the expected contract period.

The analysis also indicates that the capitalisation of costs of obtaining a contract is expected to have a major impact on the timing of cost recognition. This will mainly affect Consumer Business.

The table below illustrates the classification of financial instruments according to IFRS 9.

EUR in thousands	Classification according to IAS 39	Classification according to IFRS 9	Valuation according to IAS 39	Valuation according to IFRS 9 at January 1, 2018
Trade and other receivables	Loans and other receivables	Amortised cost	181,164	180,236
Interest-bearing investments	Loans and other receivables	Fair value through profit and loss		
Other investments	Available-for-sale financial assets	Fair value through profit and loss or other comprehensive income	117	117

Impact on group opening balance

EUR in thousands	31.12.2017 Reported	Changes in accounting policy IFRS 2	Changes in accounting policy IFRS 9	Changes in accounting policy IFRS 15*	Adjusted 1.1.2018
ASSETS					
Non-current assets					
Goodwill	327,206	-	-	-	327,206
Other intangible assets	178,070	-	-	−4,375	173,695
Property, plant and equipment	421,580	-	-	-	421,580
Investments in associates	1,199	-	-	-	1,199
Other investments	117	-	-	-	117
Trade and other receivables	38,468	-	-	34,107	72,575
Deferred tax assets	8,475	-	190	722	9,387
Total non-current assets	**975,115**	**-**	**190**	**30,453**	**1,005,758**
Current assets					
Inventories	22,909	-	-	-	22,909
Trade and other receivables	181,164	-	−929	-	180,236
Other current receivables	1,168	-	-	-	1,168
Income tax receivables	9,780	-	-	-	9,780
Accruals	13,230	-	−20	25,478	38,688
Cash and cash equivalents	23,592	-	-	-	23,592
Total current assets	**251,843**	**-**	**−949**	**25,478**	**276,372**
Total assets	**1,226,958**	**-**	**−759**	**55,932**	**1,282,130**

EUR in thousands	31.12.2017 Reported	Changes in accounting policy IFRS 2	Changes in accounting policy IFRS 9	Changes in accounting policy IFRS 15*	Adjusted 1.1.2018
Equity					
Equity attributable to owners of the parent					
Share capital	72,702	-	-	-	72,702
Reserve for invested unrestricted equity	653,056	-	-	-	653,056
Treasury shares	−4,055	-	-	-	−4,055
Retained earnings	−210,425	1,199	−759	41,281	−168,704
Net result for the period	93,086	-	-	-	93,086
Total equity	**604,363**	**1,199**	**−759**	**41,281**	**646,085**
Liabilities					
Non-current liabilities					
Borrowings	173,362	-	-	-	173,362
Employment benefit obligations	2,028	-	-	-	2,028
Provisions	6,813	-	-	-	6,813
Deferred tax liabilities	22,783	-	-	11,042	33,825
Other non-current liabilities	23,605	-	-	1,542	25,147
Total non-current liabilities	**228,591**	**-**	**-**	**12,584**	**241,176**
Current liabilities					
Borrowings	154,518	-	-	-	154,518
Provisions	490	-	-	-	490
Trade and other payables	234,603	−1,199	-	2,066	235,470
Income tax liabilities	4,391	-	-	-	4,391
Total current liabilities	**394,003**	**−1,199**	-	**2,066**	**394,869**
Total equity and liabilities	**1,226,958**	**-**	**−759**	**55,932**	**1,282,130**

* In non-current and current assets, the main impacts of IFRS 15 are due to the deferral of sales and agent commissions. Previously, agent commissions of certain fixed-term contracts have been recognised as intangible assets. With the adoption of IFRS 15, intangible assets decrease, as the earlier accounting treatment has been cancelled and all commissions are deferred over the expected customer lifetime according to IFRS 15. The new deferral method of commission costs according to IFRS 15 increases receivables. In addition to the deferral of these costs, trade and other receivables include receivables according to IFRS 15 due to the new deferral method of revenue. The main impact of deferral on receivables is related to discounts.

The main impact on liabilities is due to the deferral of activation and one-time fees over the contract period, which increases liabilities.

Impact of IFRS 15 on the consolidated income statement 2018

In the income statement, the impact on materials and services as well as depreciation, amortisation and impairment is due to the deferral of sales and agent commissions. In general, it can be stated that IFRS 15 did not have a material effect on net sales. The impact on total net sales for the financial year 2018 was EUR -1.8 million, of which EUR -1.1 million was in relation to sale of goods.

The main changes took place between the net sales groups of fixed and mobile packages. As a result of adjustment of figures after the adoption of IFRS 15, net sales of fixed packages decreased by EUR 7.3 million and sales of mobile packages increased by EUR 7.0 million.

Sales commissions and fees paid on obtaining a contract are, according to IFRS 15, recognised as incremental costs of obtaining a contract and amortised over the expected contract period, which increased EBITDA by EUR 3.0 million.

EUR in thousands	1-12/2018 Reported	IFRS 15	1-12/2018 Adjusted*
Net sales	**911,758**	**−1,755**	**913,513**
Other operating income	3,804	-	3,804
Materials and services	−398,661	3,112	−401,773
Employee benefit expenses	−107,388	−112	−107,276
Depreciation, amortisation and impairments	−146,023	3,872	−149,895
Other operating expenses	−124,592	30	−124,622
Operating result, EBIT	**138,898**	**5,148**	**133,751**
Finance income	523	-	523
Finance expense	−11,700	-	−11,700
Share of associates' results	14	-	14
Net result before income tax	**127,736**	**5,148**	**122,588**
Income tax expense	−25,502	−1,030	−24,472
Net result for the period	**102,234**	**4,118**	**98,116**
Attributable to:			
Owners of the parent	102,234	4,118	98,116
Earnings per share for net result attributable to owners of the parent:			
Earnings per share, basic EUR	0.77	0.03	0.74
Earnings per share, diluted EUR	0.77	0.03	0.74

*Adjusted figures are disclosed as prepared under 2017 revenue guidance and do not currently incorporate the impact from the adoption of IFRS 15 as of 1 January 2018.

IFRS 15 impact on group balance 2018

EUR in thousands	31.12.2018	IFRS 15-standard*	31.12.2018 Adjusted
Assets			
Non-current assets			
Goodwill	327,206	-	327,206
Other intangible assets	191,783	−1,305	193,087
Property, plant and equipment	412,550	-	412,550
Investments in associates	1,209	-	1,209
Available-for-sale financial assets	117	-	117
Trade and other receivables	76,026	35,981	40,045
Deferred tax assets	7,691	841	6,850
Total non-current assets	**1,016,582**	**35,517**	**981,064**
Current assets			
Inventories	31,681	-	31,681
Trade and other receivables	201,037	-	201,037
Other current receivables	1,439	-	1,439
Accruals	42,148	26,276	15,873
Cash and cash equivalents	22,654	-	22,654
Total current assets	**298,960**	**26,276**	**272,684**
Total assets	**1,315,541**	**61,793**	**1,253,748**

EUR in thousands	31.12.2018	IFRS 15-standard*	31.12.2018 Adjusted
Equity			
Equity attributable to owners of the parent			
Share capital	72,702	-	72,702
Reserve for invested unrestricted equity	506,079	-	506,079
Treasury shares	−2,806	-	−2,806
Retained earnings	−73,439	41,281	−114,721
Net result for the period	102,234	4,118	98,116
Total equity	**604,770**	**45,399**	**559,371**
LIABILITIES			
Non-current liabilities			
Borrowings	348,090	-	348,090
Employment benefit obligations	1,714	-	1,714
Provisions	5,307	-	5,307
Deferred tax liabilities	34,825	12,190	22,635
Other non-current liabilities	34,978	1,587	33,390
Total non-current liabilities	**424,914**	**13,778**	**411,136**
Current liabilities			
Borrowings	53,837	-	53,837
Provisions	277	-	277
Trade and other payables	226,687	2,616	224,071
Income tax liabilities	5,056	-	5,056
Total current liabilities	**285,857**	**2,616**	**283,241**
Total equity and liabilities	**1,315,541**	**61,793**	**1,253,748**

In non-current and current assets, the main impacts of IFRS 15 are due to the deferral of sales and agent commissions. Previously, agent commissions of certain fixed-term contracts have been recognised as intangible assets. The new deferral method of commission costs according to IFRS 15 increases receivables by EUR 61.2 million. In addition to the deferral of these costs, trade and other receivables include receivables according to IFRS 15 due to the new deferral method of revenue: EUR 1.1 million.

The main impact on liabilities is due to the deferral of activation and one-time fees over the contract period, which increases liabilities by EUR 4.2 million.

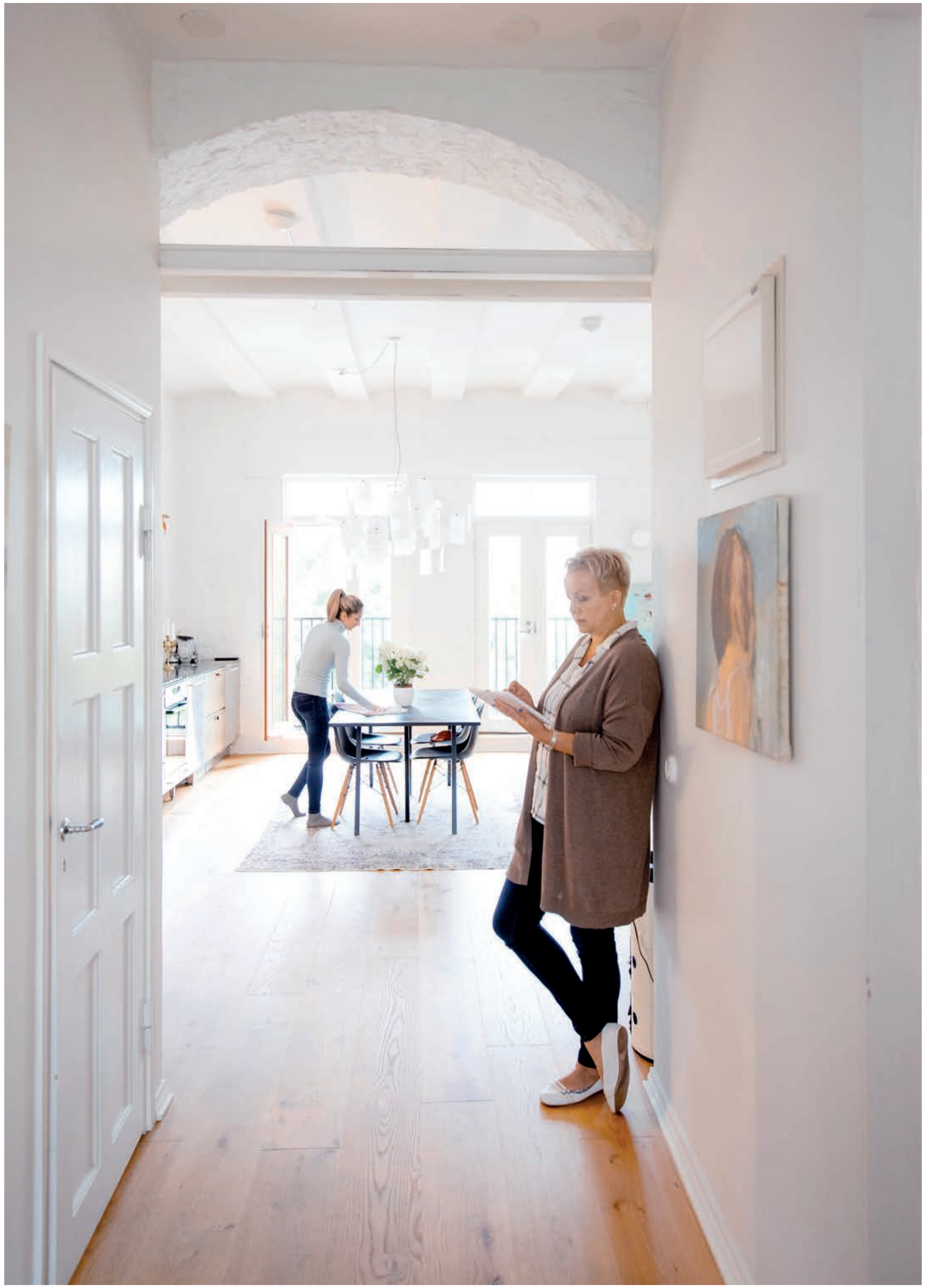
34 EVENTS AFTER THE REVIEW DATE

DNA acquires Moi Mobiili

On 11 January 2019, DNA acquired European Mobile Operator Oy. The company's wholly-owned subsidiary Moi Mobiili Oy provides mobile services to private and corporate customers and has operated since 2016 as a service operator in DNA's mobile network. The acquired business operations will be consolidated into DNA's figures from the first quarter of 2019 onwards. The transaction is not expected to have a significant impact on DNA's net sales or EBITDA for 2019.

DNA Shareholders' Nomination Committee's proposal to the Annual General Meeting 2019

DNA Shareholders' Nomination Committee submitted a proposal to DNA Plc Annual General Meeting 2019 on 21 January 2019. The Shareholders' Nomination Committee proposed to the AGM that the number of Board of Director members is seven and proposed re-election of current members Pertti Korhonen, Anu Nissinen, Tero Ojanperä, Jukka Ottela and Kirsi Sormunen. The committee proposed that Anni Ronkainen and Ted Roberts are elected as new members. The committee also proposed that Pertti Korhonen continues as the Chairman of the Board of Directors.



PARENT COMPANY INCOME STATEMENT, FAS

EUR in thousands	Note	1 Jan - 31 Dec 2018	1 Jan - 31 Dec 2017
NET SALES	1	**783,508**	**749,744**
Other operating income		**9,194**	**9,874**
Materials and services			
Purchases		−148,608	−126,762
Change in inventory		8,735	1,254
External services		−208,252	−210,980
Total materials and services		**−348,125**	**−336,488**
Employee expenses			
Salaries and commissions		−77,417	−82,736
Social expenses			
Pensions		−13,808	−13,056
Other social expenses		−2,851	−2,898
Total employee expenses		**−94,075**	**−98,689**
Depreciation and impairments	2		
Depreciation according to plan		−127,955	−125,202
Impairment of intangible assets		-	−3,057
Total depreciation and impairments		−127,955	−128,259
Other operating expenses	3	**−124,842**	**−119,259**
OPERATING RESULT		**97,704**	**76,923**

EUR in thousands	Note	1 Jan - 31 Dec 2018	1 Jan - 31 Dec 2017
Finance income and expense	4		
Income from other investments		20	17
Other interest and financial income		635	758
Impairment		-	−149
Interest and other financial expenses		−11,482	−9,480
Total finance income and expense		**−10,827**	−8,855
RESULT BEFORE APPROPRIATIONS AND TAX		**86,877**	**68,069**
Appropriations	5		
Group contribution		26,236	28,474
Total appropriations		**26,236**	**28,474**
Income tax	6	−23,888	−20,516
RESULT FOR THE FINANCIAL PERIOD		**89,225**	**76,027**

PARENT COMPANY BALANCE SHEET, FAS

EUR in thousands	Note	2018	2017
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	7		
Development costs		-	12
Intangible rights		53,182	63,304
Goodwill		102,522	108,929
Other capitalised expenditure		40,184	32,944
Prepayments and non-current assets under construction		27,918	8,105
Total intangible assets		**223,806**	**213,294**
Property, plant and equipment	7		
Land and water		713	713
Buildings and constructions		18,879	15,663
Machinery and equipment		251,362	240,618
Other tangible assets		873	873
Advances paid and construction in progress		40,070	55,971
Total tangible assets		**311,897**	**313,838**
Investments	8		
Holdings in Group companies		82,653	82,653
Shares in associated companies		3,982	3,982
Other shares and holdings		1,330	1,330
Total investments		87,965	87,965
TOTAL NON-CURRENT ASSETS		**623,668**	**615,097**

EUR in thousands	Note	2018	2017
CURRENT ASSETS			
Inventory			
Materials and supplies		31,500	22,766
Total inventory		**31,500**	**22,766**
Non-current receivables			
Trade receivables		37,396	33,147
Receivables from Group companies	9	21,395	21,395
Other receivables		9,271	3,974
Deferred tax asset	10	4,028	3,772
Total non-current receivables		**72,090**	**62,287**
Current receivables			
Trade receivables		167,723	155,367
Receivables from Group companies	9	62,311	73,612
Other receivables		822	835
Prepaid expenses	11	16,088	12,616
Total current receivables		**246,944**	**242,430**
Cash and cash equivalents		18,434	20,642
TOTAL CURRENT ASSETS		368,967	348,125
TOTAL ASSETS		**992,635**	**963,222**

EUR in thousands	Note	2018	2017
EQUITY AND LIABILITIES			
EQUITY	12		
Share capital		72,702	72,702
Reserve for invested unrestricted equity		-	146,925
Treasury shares		–2,806	–4,055
Retained earnings		67,338	–10,449
Result for the period		89,225	76,027
TOTAL EQUITY		**226,460**	**281,150**
PROVISIONS	13	**5,436**	**5,893**
LIABILITIES			
Non-current liabilities	14		
Borrowings		356,154	173,810
Advances received		253	269
Other non-current liabilities		33,277	19,707
Deferred tax liability	10	1,304	-
Total non-current liabilities		**390,988**	**193,786**
Current liabilities			
Borrowings		53,837	155,234
Advances received		4,764	6,548
Trade payables		94,063	94,684
Liabilities to Group companies	15	140,511	150,255
Other current liabilities		14,050	20,134
Accrued expenses	16	62,525	55,540
Total current liabilities		**369,751**	**482,393**
TOTAL LIABILITIES		**760,739**	**676,179**
TOTAL EQUITY AND LIABILITIES		**992,635**	**963,222**

PARENT COMPANY CASH FLOW STATEMENT, FAS

EUR in thousands	1.1.–31.12.2018	1.1.–31.12.2017
Cash flows from operations		
Result for the period	89,225	76,027
Adjustments [1)]	135,954	125,712
Change in working capital [2)]	–17,474	-18,277
Interest paid	–6,436	–7,894
Interest received	636	758
Other financial items	–10,795	–881
Income taxes paid	–22,208	–23,343
Net cash generated from operating activities	**168,902**	**152,102**
Cash flows from investments		
Investments in property, plant and equipment (PPE) and intangible assets	–126,807	-116,810
Proceeds from sale of PPE	23	8
Other investments	-	–52
Short-term investments increase (-) / decrease (+)	-	2,727
Loans granted	–1,000	-
Proceeds from loans receivables	1,000	4,000
Net cash used in investing activities	**–126,784**	**-110,127**
Cash flows from financing activities		
Treasury share acquisition	-	–14,035
Distribution of dividend	–145,333	–72,767
Proceeds from borrowings	851,463	134,279
Repayment of borrowings	–778,932	–140,119
Group contributions received	28,474	29,475
Net cash generated from (used in) financing activities	**–44,327**	**–63,167**

EUR in thousands	1.1.–31.12.2018	1.1.–31.12.2017
Change in cash and cash equivalents	**–2,209**	**–21,192**
Cash and cash equivalents at beginning of year	**20,642**	**41,834**
Cash and cash equivalents at end of year	**18,434**	**20,642**
1) Adjustments:		
Depreciation, amortisation and impairment	127,955	128,259
Gains and losses on disposals of non-current assets	–23	–8
Other non-cash income and expense	–26,236	–28,474
Finance income and expense	10,827	8,855
Income tax expense	23,888	20,516
Change in provisions	–457	–3,434
Total adjustment	**135,954**	**125,712**
2) Change in net working capital:		
Change in trade and other receivables	–8,869	–32,401
Change in inventories	–8,735	–1,074
Change in trade and other payables	130	15,198
Total change in net working capital	**–17,474**	**-18,277**

PARENT COMPANY ACCOUNTING PRINCIPLES, FAS

Valuation principles

Fixed assets

Intangible assets and property, plant and equipment are shown on the balance sheet as acquisition costs, less planned depreciation. Planned depreciation is recorded on a straight-line basis over the useful life of an asset.

The depreciation/amortisation periods are:	
Intangible rights	1 - 20 years
Goodwill	4 - 20 years
Other intangible assets	3 - 10 years
Buildings	25 years
Constructions	10 - 25 years
Machinery and equipment	3 - 15 years

The depreciation period of the merger loss capitalised to the balance sheet is 20 years, based on management's view that the merger will generate economic benefits for a minimum of 20 years.

Inventory valuation

Inventories are stated at the lower of acquisition cost or replacement cost or likely realisable value.

Financial assets

The company applies the valuation of financial assets under KPL 5:2§

Research and development

Development expenditure is recognised as annual costs for the year in which it is incurred. Development expenditure expected to generate future economic benefits are capitalised under intangible assets and amortised over three years.

Pensions

The company's employee pensions are managed by an external insurance company. Pension contributions and other costs for the financial period are based on the actuary calculations. Expenditure on pensions is recognised as an expense for the year in which it is incurred.

Deferred tax

Deferred tax has been determined for temporary differences between tax bases of assets and their amounts in financial reporting, using the tax rates effective for future years confirmed on the balance sheet date. The deferred tax asset comprises provisions, deferred depreciation and other temporary differences. The deferred tax liability comprises share based payments. The balance sheet includes the deferred tax asset and deferred tax liability at their estimated realisable amount.

Correction to prior periods

DNA Plc's presentation has changed since 2017.

EUR in thousands	Reported 2017	Re-classifications	Restated
Income statement			
Net sales			
Domestic	736,086	–7,229	728,856
Foreign	13,658	7,229	20,887
Total net sales	**749,744**	-	**749,744**

Comparability with prior period

The information for the prior period is comparable with the information reported for 2018.

Foreign currency translations

Items denominated in foreign currencies are translated using the Bank of Finland average rate.

PARENT COMPANY INCOME STATEMENT NOTES, FAS

1 NET SALES

EUR in thousands	2018	2017
Domestic	761,555	728,856
Foreign	21,953	20,887
Total	**783,508**	**749,744**
During the financial period, parent company employed personnel on average		
Total	**1333**	**1,351**

2 DEPRECIATION AND AMORTISATION

EUR in thousands	2018	2017
Amortisation of intangible assets	44,256	44,808
Depreciation of tangible assets	83,699	80,394
Total	**127,955**	**125,202**
Impairment of intangible assets	-	3,057
Total depreciation, amortisation and impairment	**127,955**	**128,259**

3 OTHER OPERATING EXPENSES

EUR in thousands	2018	2017
Operating and maintenance costs	40,291	38,428
Rental costs	53,678	50,446
External services	5,253	4,199
Other cost items	25,620	26,186
Total	**124,842**	**119,259**

In 2016, costs of external services were increased by costs related to the listing.

Auditor fees		
PricewaterhouseCoopers Oy		
Auditing fees	223	212
Actions referred to in Section 1.1.2 of the Finnish Auditing Act	7	7
Tax consulting	24	66
Other fees	70	137
Total	**323**	**422**

4 FINANCE INCOME AND EXPENSE

EUR in thousands	2018	2017
Dividends		
from associated companies	4	4
from others	6	4
Gains on disposals of non-current assets	10	8
Total	**20**	**17**
Other interest and financial expense		
Interest income from group companies	393	471
Interest income from others	242	288
Total other interest and finance income	**635**	**758**
Impairment of available-for-sale financial assets	0	149
Other interest and financial expense		
Interest expense	6,680	7,791
Other finance expense	4,802	1,690
Total other interest and financial expense	**11,482**	**9,480**
Total financial income and expense	**−10,827**	**−8,855**

5 APPROPRIATIONS

EUR in thousands	2018	2017
Group contribution	26,236	28,474
Total appropriations	**26,236**	**28,474**

6 INCOME TAX

EUR in thousands	2018	2017
Direct taxes	22,837	17,806
Income tax from previous periods	3	27
Change in deferred tax asset	–256	2,682
Change in deferred tax liability	1,304	0
Total income tax	**23,888**	**20,516**

7 INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

EUR in thousands	2018	2017
Development costs		
Acquisition cost 1 January	3,828	3,828
Acquisition cost 31 December	3,828	3,828
Accumulated amortisation 1 January	3,816	3,769
Amortisation for the financial period	12	48
Accumulated amortisation 31 December	3,828	3,816
Book value 31 December	**0**	**12**
Intangible rights		
Acquisition cost 1 January	259,972	230,575
Transfers	5,365	29,398
Acquisition cost 31 December	**265,338**	**259,972**
Accumulated amortisation 1 January	196,668	174,758
Amortisation for the financial period	15,487	21,911
Accumulated amortisation 31 December	212,156	196,668
Book value 31 December	**53,182**	**63,304**
Goodwill		
Acquisition cost 1 January	150,768	150,768
Acquisition cost 31 December	**150,768**	**150,768**
Accumulated amortisation 1 January	41,839	35,431
Amortisation for the financial period	6,408	6,408
Accumulated amortisation 31 December	48,246	41,839
Book value 31 December	**102,522**	**108,929**

EUR in thousands	2018	2017
Other non-current intangible assets		
Acquisition cost 1 January	201,157	177,510
Transfers	29,589	23,646
Acquisition cost 31 December	**230,746**	**201,157**
Accumulated amortisation 1 January	168,212	151,770
Amortisation for the financial period	22,350	16,442
Accumulated amortisation 31 December	190,562	168,212
Book value 31 December	**40,184**	**32,944**
Prepayments and non-current assets under construction		
Acquisition cost 1 January	8,105	35,447
Additions	54,768	28,758
Transfers	−34,955	−53,044
Amortisations	-	−3,057
Book value 31 December	**27,918**	**8,105**
Total intangible assets	**223,806**	**213,294**

EUR in thousands	2018	2017
Land and water		
Acquisition cost 1 January	713	713
Book value 31 December	**713**	713
Buildings and constructions		
Acquisition cost 1 January	28,421	24,230
Transfers	5,249	4,191
Acquisition cost 31 December	**33,669**	28,421
Accumulated depreciation 1 January	12,757	10,878
Depreciation for the financial period	2,033	1,879
Accumulated depreciation 31 December	14,790	12,757
Book value 31 Decembe	**18,879**	15,663
Machinery and equipment		
Acquisition cost 1 January	1,128,909	1,051,474
Transfers	92,410	77,458
Disposals	−64	−23
Acquisition cost 31 December	**1,221,254**	1,128,909
Accumulated depreciation 1 January	888,291	809,799
Depreciation for the financial period	81,665	78,515
Depreciation relating to disposals	−64	−23
Accumulated depreciation 31 December	969,892	888,291
Book value 31 December	**251,362**	240,618

EUR in thousands	2018	2017
Other tangible assets		
Acquisition cost 1 January	873	873
Acquisition cost 31 December	**873**	**873**
Prepayments and non-current assets under construction		
Acquisition cost 1 January	55,971	56,800
Additions	81,758	80,819
Transfers	−97,658	−81,648
Acquisition cost 31 December	**40,070**	**55,971**
Total property, plant and equipment	**311,897**	**313,838**

8 INVESTMENTS

EUR in thousands	2018	2017
Holdings in Group companies		
Book value 1 January	82,653	82,653
Book value 31 December	**82,653**	82,653
Shares in associated companies		
Book value 1 January	3,982	3,982
Book value 31 December	**3,982**	3,982
Other shares and holdings		
Book value 1 January	1,330	1,427
Increase	-	52
Disposals	-	-1
Impairment	-	-149
Book value 31 December	**1,330**	1,330
Parent company ownerships:		
Holdings in Group companies		
DNA Kauppa Oy	100%	100%
Huuked Labs Oy	100%	100%
DNA Welho Oy	100%	100%
Forte Netservices OOO	100%	100%

All group companies are included in the parent company consolidated financial statements.

	2018	2017
Interests in joint arrangements		
Suomen Yhteisverkko Oy	49%	49%
Shares in associated companies		
Suomen Numerot Numpac Oy	33%	33%
Kiinteistö Oy Otavankatu 3	36%	36%
Kiinteistö Oy Siilinjärven Toritie	38%	38%

Suomen Numerot Numpac Oy is included in the parent company consolidated financial statements

9 RECEIVABLES FROM GROUP COMPANIES

EUR in thousands	2018	2017
Long-term loan receivables	21,395	21,395
Trade receivables	32,769	42,628
Prepaid expenses	3,305	2,510
Group contribution receivables	26,236	28,474
Total	**83,705**	**95,007**

10 DEFERRED TAX LIABILITY/ASSET

EUR in thousands	2018	2017
Deferred tax asset		
Deferred tax asset from provisions	1,150	1,179
Deferred tax asset from deferred depreciation	1,219	1,637
Deferred tax asset from temporary differences	1,659	956
Total deferred tax asset	**4,028**	**3,772**
Deferred tax liability		
Deferred tax liability from share-based payment	1,304	-

11 PREPAID EXPENSES

EUR in thousands	2018	2017
Trade payables	8,061	9,078
Other receivables	8,027	3,538
Total	**16,088**	**12,616**
Unrecognised costs		
Of the bond issue costs:		
Remainder of the capitalised long-term deferred receivables	1,497	546
Remainder of the capitalised short-term deferred receivables	325	850

12 EQUITY

EUR in thousands	2018	2017
Share capital 1 January	72,702	72,702
Share capital 31 December	**72,702**	**72,702**
Reserve for invested unrestricted equity 1 January	146,925	136,561
Share issue	-	10,364
Capital payment	−84,557	-
Reclassification *)	−62,368	-
Reserve for invested unrestricted equity 31 December	**-**	**146,925**
Treasury shares 1 January	−4,055	-
Increase	-	−14,035
Decrease	1,250	9,980
Treasury shares 31 December	−2,806	−4,055
Retained earnings 1 January	65,578	72,297
Dividend distribution	−60,776	−72,767
Share-based payments	168	−9,980
Reclassification	62,368	-
Retained earnings 31 December	**67,338**	**−10,449**
Result for the period	**89,225**	**76,027**
Total equity	**226,460**	**281,150**
Distributable funds		
Retained earnings	67,338	−10,449
Net result for the period	89,225	76,027
Reserve for invested unrestricted equity	-	146,925
Treasury shares	−2,806	−4,055
Total distributable funds	**153,758**	**208,448**

*According to the decision of the AGM, EUR 62,420,161.66 was transferred from the reserve of invested unrestricted equity to retained earnings from previous financial periods.
This change has no effect on the total amount of unrestricted equity.

13 PROVISIONS

EUR in thousands	2018	2017
Estimated decommissioning costs of data centres and masts	4,641	4,685
Onerous contracts*	490	732
Pension provision	97	58
Other provision	208	418
Total provisions	**5,436**	**5,893**

*The provision covers the under-utilised premises for the full agreement term until 2025.

14 NON-CURRENT LIABILITIES

EUR in thousands	2018	2017
Bonds	310,000	150,000
Loans from financial institutions	46,154	23,810
Other non-current liabilities	33,277	19,707
Accrued expenses	253	269
Deferred tax liability	1,304	-
Total non-current liabilities	**390,988**	**193,786**
Non-current liabilities with a maturity of over five years		
Borrowings	265,385	-

15 LIABILITIES TO GROUP COMPANIES

EUR in thousands	2018	2017
Trade payables	9,638	7,498
Accrued expenses	7,831	11,297
Group account payables	123,042	131,459
Total liabilities to Group companies	**140,511**	**150,255**

16 ACCRUED EXPENSES

EUR in thousands	2018	2017
Holiday pay and bonuses	23,143	19,783
Interest expenses	4,029	3,785
Sales accruals	1,957	3,474
Income tax	4,790	4,391
Other accruals	28,372	24,106
Total accruals	**62,525**	**55,540**

17 PLEDGED ASSETS AND CONTINGENT LIABILITIES

EUR in thousands	2018	2017
Pledged assets		
Other obligations on behalf of Group companies		
Bank guarantee	**1,272**	**1,308**
Contingent liabilities and other liabilities		
Finance lease payments		
Payments due during the next financial period	653	751
Payments due at a later date	463	668
Total finance lease payments	**1,117**	**1,419**

Leasing contracts are made for three-year periods.

Other contractual obligations

Loan collaterals involve the application of covenants. The agreed covenants are related to the good financial position and liquidity of the Group. Violation of any covenants may result in increased financing costs or termination of the loan agreements. The Group monitors the covenants and they have been met during the financial period.

Leasehold commitments*	100,447	105,757

*Includes EUR 490 thousand (EUR 732 thousand) for the non-voidable lease agreement reported under the provision for onerous contracts.

In addition, DNA's agreements with some of its main suppliers contain minimum order quantities (units) for the contract period. As DNA has discretion over which units to purchase over the contract period and the price per unit varies, DNA is unable to estimate the exact EUR amount for these commitments.

18 RELATED PARTY TRANSACTIONS

DNA's related parties include the main shareholders (Finda Oy, Finda Telecoms Oy, PHP Holding Oy) which have significant influence over the group, subsidiaries, associated companies, joint arrangements and members of the Board of Directors and the management team, including the CEO and the deputy CEO as well as their close family members. In addition, related parties include all entities controlled or jointly controlled by a person idenftified as related party. Related party transactions are with same terms than transactions carried out with independent parties.

Key management compensation

EUR in thousands	2018	2017
CEO Jukka Leinonen		
Wages and salaries	781	831
Share-based incentive scheme (gross)	310	3,009
Total	**1,091**	**3,839**
Members and deputy members of the Board of Directors	515	581
Korhonen Pertti	168	180
Jarmo Leino	0	8
Jukka Ottela	68	69
Kirsi Sormunen	68	72
Anu Nissinen	65	70
Tero Ojanperä	62	66
Margus Schults	66	69
Heikki Mäkijärvi	17	48

No loans have been granted to the Members of the Board of Directors or the CEO.

Members of the Executive team are entitled to defined benefit pension at the age of 62 and the CEO and deputy CEO of the parent company at the age of 60. They have supplementary defined contribution plans.

SIGNATURES OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS

31 January 2019

Pertti Korhonen
Chairman of the Board of Directors

Anu Nissinen
Member of the Board of Directors

Tero Ojanperä
Member of the Board of Directors

Jukka Ottela
Member of the Board of Directors

Margus Schults
Member of the Board of Directors

Kirsi Sormunen
Member of the Board of Directors

Jukka Leinonen
President and CEO

AUDITORS' NOTE

An auditors' report have been issued today on the performed audit.

8 February 2019

PricewaterhouseCoopers Oy

Authorised Public Accountants

Mika Kaarisalo
Authorised Public Accountant

AUDITOR'S REPORT

To the Annual General Meeting of DNA Plc

Report on the Audit of the Financial Statements

Opinion

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position and 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 the financial statements in Finland and comply with statutory requirements.

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

What we have audited

We have audited the financial statements of DNA Plc (business identity code 0592509-6) for the year ended 31 December 2018. 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
- the parent company's balance sheet, income statement, statement of cash flows and notes.

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

Independence

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.

To the best of our knowledge and belief, the non-audit services that we have provided to the parent company and to the group companies are in accordance with the applicable law and regulations in Finland and we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014. The non-audit services that we have provided are disclosed in note 7 to the Financial Statements.

Our Audit Approach

Overview

- Overall group materiality: EUR 6 million, which is determined materiality using net sales and profit before tax as the benchmark.
- Audit scope: We have performed an audit of parent company DNA Plc and its Finnish subsidiaries.

Key audit matters:

- Recognition of revenue in correct amount in the correct period taking into consideration the complexity of information systems used in recording revenue
- Impairment testing

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They 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.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial statements as a whole.

Overall group materiality	EUR 6 million
How we determined it	We determined materiality using profit before tax as the benchmark.
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the group is most commonly measured by users, and is a generally accepted benchmark. Materiality of EUR 6 million is 4,7% of profit before tax which is within the range of acceptable quantitative materiality thresholds in auditing standards.

How we tailored our group audit scope

We tailored the scope of our audit, taking into account the structure of the group, the accounting processes and controls, and the industry in which the group operates. DNA Plc mainly operates in Finland where it has two subsidiaries significant to the group.

We determined the type of work that needed to be performed at group companies by the group engagement team. Audits were performed in Group companies that are considered significant either because of their individual financial significance or due to their specific nature, covering the vast majority of revenue, assets and liabilities of the Group. We performed selected specified procedures as well as analytical procedures to cover the remaining companies.

By performing the procedures above at reporting components, combined with additional procedures at the Group level, we have obtained sufficient and appropriate evidence regarding the financial information of the Group as a whole to provide a basis for our opinion on the consolidated 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.

As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matter in the audit of the group	How our audit addressed the key audit matter
Recognition of revenue in correct amount in the correct period taking into consideration the complexity of information systems used in recording revenue See note 5 Net Sales to the consolidated financial statements. The net sales of the group for the period 1 January to 31 December 2018 was EUR 911.8 (886.1) million. Our audit focused on revenue recognition since the various sales processes of the Group are system dependent and the Group uses several different invoicing systems. We identified and evaluated the following risks that might lead to the net sales not being presented correctly in the financial statements: ■ The system dependency and material quantity of sales transactions require the company to have sufficient and functional controls to ensure correctness of net sales. Lack of controls might lead to undetected systematic errors. ■ The sales processes' system dependency and material quantity of sales transactions require the company to have sufficient and functional controls to ensure that sales revenue is recognised and recorded as sales in the correct financial period. Revenue recognition is a key audit matter in the audit due to recorded revenue being dependent on information produced by complex invoicing systems.	We have reviewed the various sales processes of the Group and mapped the related controls, through which the Group management aims to ensure that all transactions are recorded in correct amount in the correct period in the company accounts. As part of our audit: ■ We tested the functionality of the identified controls and evaluated their sufficiency in identifying and/or preventing material misstatement. ■ Inspected through sampling the correctness of invoicing in various billing systems by comparing the invoiced amounts to contracts made by clients and/or price lists. ■ In addition, we have audited the most material accruals of revenue made in the financial statements through testing the functionality of the key periodisation reports and performing both analytic auditing procedures and manual audit procedures to ascertain correctness of the accruals. In addition we have tested the IT-environment for information systems used in recording revenue including: ■ Testing revenue related information systems' controls for access to program and data, user and change management and IT operations.

Key audit matter in the audit of the group	How our audit addressed the key audit matter
Goodwill impairment testing Reference to the financial statements note 15 Goodwill recorded in the consolidated financial statements amounts to EUR 327.2 (327.2) million. The management of the company is responsible for the impairment testing. As described in the accounting principles to the consolidated financial statements, the identification of impairment indicators as well as the estimation of future cash flows and the determination of fair values for assets (or group of assets) require management to make significant judgements. The most significant assumptions in impairment testing are growth in net sales, development of EBITDA, determination of discount rate (WACC) and the long term growth rate used after the five-year forecast period. We have identified and evaluated the risk that assumptions used in the impairment testing are not appropriate for the purpose and that the presented amount of goodwill is too high. Valuation of goodwill is a key audit matter in the audit due to the size of the goodwill balance and the high level of management judgement involved.	We obtained and reviewed the impairment testing calculations of the management. As a part of the audit: ▪ We accessed calculations prepared by the management and evaluated the accounting principles used in their preparation ▪ We discussed the most material assumptions used in the estimation of cash flows and compared them to the internal and external information available as well as to the long-term strategic plans and budget approved by the management. ▪ We reviewed and evaluated the basis for and mathematical accuracy of the definition of the discount rate (WACC). ▪ We tested the mathematical correctness of the impairment testing calculations.

We have no key audit matters to report with respect to our audit of the parent company financial statements.

There are no significant risks of material misstatement referred to in Article 10(2c) of Regulation (EU) No 537/2014 with respect to the consolidated financial statements or the parent company 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 a 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 to cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism 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 to 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

Appointment

We were appointed as auditors by the annual general meeting on 22 March 2017. Trading in the DNA share began on the pre-list of Nasdaq Helsinki (the Helsinki Stock Exchange) on 30 November 2016, and on the official list of the Helsinki Stock Exchange on 2 December 2016.

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
- 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.

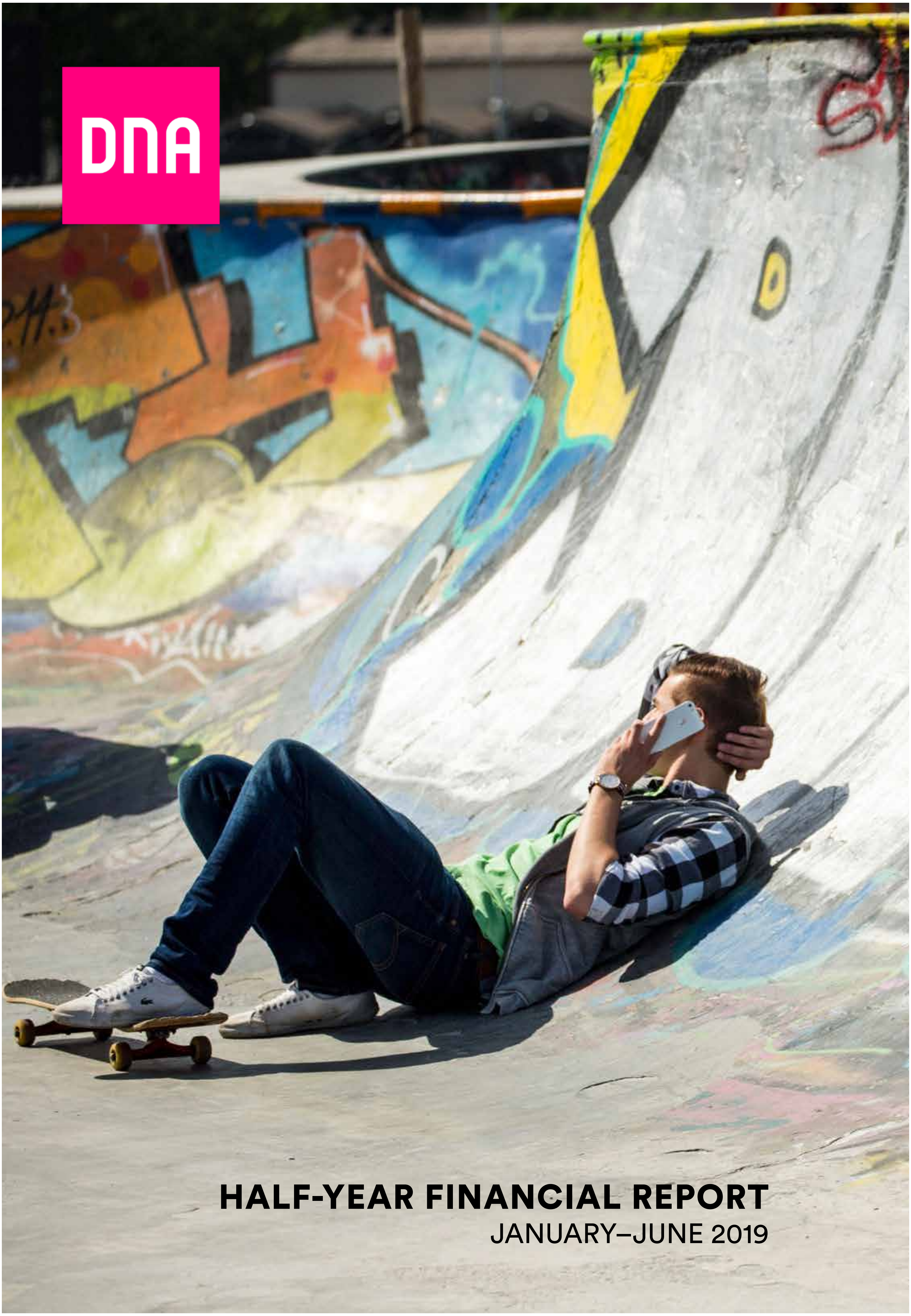
Helsinki 8 February 2019

PricewaterhouseCoopers Oy
Authorised Public Accountants

Mika Kaarisalo
Authorised Public Accountant (KHT)

DNA Plc | Läkkisepäntie 21, 00620 Helsinki | dna.fi

INTERIM REPORT OF DNA PLC



DNA

HALF-YEAR FINANCIAL REPORT

JANUARY–JUNE 2019

Index

DNA Plc's half-year financial report, January–June 2019

DNA had an excellent first half of 2019, strong growth in mobile service

Summary

Unless otherwise stated, the comparison figures in brackets refer to the corresponding period in the previous year (reference period). Figures are unaudited.

April–June 2019

- Net sales increased 3.1% and amounted to EUR 232.0 million (225.0 million).
- Mobile service revenue grew 8.1% and was EUR 120.6 million (111.5 million).
- EBITDA increased 7.2% to EUR 77.8 million (72.6 million), or 33.6% (32.3%) of net sales.
- Operating result decreased 0.8% and was EUR 35.7 million (36.0 million). Operating result as a percentage of net sales was 15.4% (16.0%).
- IFRS 16 had a positive effect on EBITDA in the review period and an insignificant impact on operating result (Note 12).
- Earnings per share was EUR 0.19 (0.20).
- Revenue per user (ARPU) for mobile communications increased 1.1% and was EUR 18.6 (18.4).
- The mobile communication subscription turnover rate (CHURN) decreased and was 13.7% (15.4%).

January–June 2019

- Net sales increased 3.0% and amounted to EUR 460.9 million (447.3 million).
- Mobile service revenue grew 6.7% and was EUR 238.8 million (223.7 million).
- EBITDA increased 7.4% and was EUR 153.9 million (143.3 million), or 33.4% (32.0%) of net sales.
- There were no items affecting the comparability of EBITDA or operating result in the review or reference periods.
- Operating result decreased 1.0% and was EUR 70.5 million (71.2 million). Operating result as a percentage of net sales was 15.3% (15.9%).
- IFRS 16 had a positive effect on EBITDA in the review period and an insignificant impact on operating result (Note 12).
- Operating free cash flow increased 15.3% and was EUR 111.9 million (97.1 million).
- Earnings per share was EUR 0.39 (0.39).
- The mobile communication subscription base decreased by 0.7%, totalling 2,807,000 (2,827,000).
- Revenue per user (ARPU) for mobile communications decline somewhat and was EUR 18.5 (18.7).
- The mobile communication subscription turnover rate (CHURN) decline and was 15.5% (17.1%).
- The fixed-network subscription base (voice, broadband and cable television) grew to 1,227,000 subscriptions (1,137,000).

DNA's guidance for 2019 remains unchanged

DNA's net sales in 2019 is expected to remain at the same level as in 2018, and EBITDA in 2019 is expected to increase substantially from 2018. DNA's financial position and liquidity are expected to remain at a healthy level.

DNA's guidance for 2019 is disclosed with consideration to the impact of the adoption of IFRS 16. The adoption of IFRS 16 from the beginning of 2019 is estimated to have a positive impact of approximately EUR 17 million in EBITDA in 2019. The impact of IFRS 16 on operating result (EBIT) is insignificant.

Key figures

Figures are unaudited.
The impact of IFRS 16 on the statement of financial position and income statement is presented in Note 12.

EUR million	4–6/2019	4–6/2018	Change-%	1–6/2019	1–6/2018	Change-%	1–12/2018
Net sales	**232.0**	225.0	3.1	**460.9**	447.3	3.0	911.8
EBITDA	**77.8**	72.6	7.2	**153.9**	143.3	7.4	284.9
% of net sales	**33.6**	32.3		**33.4**	32.0		31.2
Depreciation, amortisation and impairment	**42.2**	36.6		**83.4**	72.0		146.0
Operating result, EBIT	**35.7**	36.0	−0.8	**70.5**	71.2	−1.0	138.9
% of net sales	**15.4**	16.0		**15.3**	15.9		15.2
Net result before tax	**33.4**	33.8	−0.9	**65.6**	64.4	1.9	127.7
Net result for the period	**26.2**	27.0	−3.1	**51.4**	51.4	0.0	102.2
Return on investment (ROI), %	**12.6**	14.6		**12.6**	14.5		14.1
Return on equity (ROE), %	**20.8**	20.0		**18.4**	17.2		16.4
Capital expenditure	**25.2**	30.6	−17.7	**57.3**	50.5	13.5	138.3
Cash flow after investing activities	**9.3**	30.8	−69.8	**8.5**	22.9	−63.2	63.4
Free cash flow to equity	**-**	-		**46.6**	27.3		72.0
Net debt	**-**	-		**607.5**	418.9		379.3
Net debt/EBITDA	**1.95**	1.44		**1.97**	1.46		1.33
Net gearing, %	**-**	-		**118.5**	75.8		62.7
Equity ratio, %	**-**	-		**36.7**	45.2		46.9
Basic earnings per share, EUR	**0.19**	0.20		**0.39**	0.39		0.77
Diluted earnings per share, EUR	**0.19**	0.20		**0.39**	0.39		0.77
Personnel at the end of period	**-**	-		**1,648**	1,611		1,590

Additional information:

Jukka Leinonen, CEO, DNA Plc, +358 44 044 1000, jukka.leinonen@dna.fi
Timo Karppinen, CFO, DNA Plc, +358 44 044 5007, timo.karppinen@dna.fi
Marja Mäkinen, Head of IR, DNA Plc, +358 44 044 1262, marja.makinen@dna.fi
DNA Corporate Communications, +358 44 044 8000, communications@dna.fi

DNA's financial publications in 2019:

- Interim Report January–September 2019, 22 October 2019
- Capital Markets Day in Helsinki, 26 November 2019

CEO's review

DNA had a very good first half of the year. Our net sales increased 3.0% year-on-year to EUR 460.9 million. The increase was fuelled by the growth of mobile device sales and mobile service revenue, which was boosted by the positive development of our subscription base, mobile broadband services and average billing per customer. In the January-June period, our mobile service revenue grew 6.7% and mobile device sales 15.1%. Our EBITDA grew 7.4% to EUR 153.9 million, or 33.4% of net sales.

Our mobile communication subscription base decreased by 20,000 year-on-year in the second quarter, due to a decrease in prepaid subscriptions. However, our postpaid subscription base increased by 65,000 from the reference period. Revenue per user (ARPU) for mobile communications in April–June increased and was EUR 18.6 (18.4). Our customer CHURN rate, which remained at a very low level of 13.7% (15.4%) in the second quarter, is an indication of high customer satisfaction. Our fixed-network subscription base grew by 90,000 subscriptions.

In May, we strengthened our market position in the Tampere region by acquiring the fibre optic network infrastructure and consumer business of ICT Elmo Oy (formerly Tampereen Puhelin). DNA gained more than 30,000 new fixed-line broadband customers and almost 25,000 new cable TV customers. The extensive fibre-optic network infrastructure will facilitate the introduction of 5G and boosts our competitiveness in the Pirkanmaa region.

We continued to prepare our network for 5G deployment with the introduction of 5G-capable technology and increased network capacity. We also built a 5G network for the SuomiAreena event in Pori where we are showcasing the DNA Smart Home. Outside Pori, DNA's 5G network is already available in Helsinki city centre, and we are expanding the network to other major cities in Finland. Since last autumn, we have also tested a fixed 5G broadband service and started using the actual 5G frequency in the second quarter of 2019. Fixed 5G, or high-speed broadband for detached homes, will be one of DNA's first commercial services provided with the 5G technology. It allows us to bring high-speed broadband connections to detached homes in areas without access to optical fibre connections. Consumers will be able to use 5G services as soon as more technologically mature 5G-capable mobile devices become available at reasonable price points, which is expected to happen in early 2020.

In April, DNA was awarded as the most responsible company in its industry in Finland according to the Sustainable Brand Index study. In total, 10,300 consumers responded to the study in Finland. The annual study is based on the principles of responsibility and the objectives of sustainable development of the UN Global Compact, and it is the largest independent study in its field in the Nordic countries.

We will continue the long-term development of our business, focusing on customer experience, personnel satisfaction and the resulting profitable growth. DNA's guidance for 2019 remains unchanged. DNA's net sales in 2019 is expected to remain at the same level as in 2018. With consideration to the impact of IFRS 16, EBITDA in 2019 is expected to increase substantially from 2018. DNA's financial position and liquidity are expected to remain at a healthy level.

Jukka Leinonen
CEO

DNA Plc Half-Year Financial Report 1–6/2019

Operating environment January–June 2019

The Finnish economy has been on the growth path and both consumer and business confidence are strong. Competition remained intense in the first half, in mobile communication services in particular.

The use of mobile data continued to grow, boosted by increased adoption of smart phones, tablets and other Internet-connected devices as well as the growing demand for high-speed 4G subscriptions.

A clear trend in Finland right now is the migration of xDSL subscribers to considerably faster fixed cable or fibre optic broadband subscriptions or replacement of xDSL connections with 4G mobile data connections. In addition, a growing number of households uses both fixed-network and mobile broadband.

Use of TV and video services became more versatile. While traditional TV viewing minutes decreased, the use of streaming and on-demand video services continued to grow. Growth of cable television subscriptions also continued. More customers are watching HDTV broadcasts, and they also increasingly want to watch content conveniently at a time that works best for them.

Both private and public organisations revamped their operations by switching their voice communications and customer service to mobile solutions. The rising business use of cloud services increases the demand for network capacity and fast fibre optic connections.

Regulation

DNA's 5G licence entered into force in early 2019.

The Ministry of Transport and Communications has started the reform of the Act on Electronic Communication Services to implement the requirements of the EU Directive. The new package of directives will mostly be applied to national legislation by the end of 2020. The cap on the cost of intra-EU mobile calls and texts has applied as of 15 May 2019.

The Ministry of Transport and Communications is preparing a market analysis on the wholesale markets for television and radio services (M18).

The national data protection law related to personal data entered into force in the beginning of 2019. EU institutions continued to process the draft ePrivacy regulation in the review period.

Changes related to regulation and decisions of authorities may have significant impacts on DNA's business.

Net sales and result

Consolidated key figures

EUR million	4–6/2019	4–6/2018	Change-%	1–6/2019	1–6/2018	Change-%	1–12/2018
Net sales	**232.0**	225.0	3.1	**460.9**	447.3	3.0	911.8
EBITDA	**77.8**	72.6	7.2	**153.9**	143.3	7.4	284.9
% of net sales	**33.6**	32.3		**33.4**	32.0		31.2
Operating result, EBIT	**35.7**	36.0	−0.8	**70.5**	71.2	−1.0	138.9
% of net sales	**15.4**	16.0		**15.3**	15.9		15.2
Net result for the period	**26.2**	27.0	−3.1	**51.4**	51.4	0.0	102.2

April–June 2019

DNA's net sales increased and totalled EUR 232.0 million (225.0 million). The growth was fuelled by strong mobile device sales and mobile service revenue[1], which was boosted by the positive development of the subscription base, mobile broadband services and average billing per customer. Mobile service revenue grew 8.1% and was EUR 120.6 million (111.5 million). Mobile device sales were up 13.3% from the reference period. During the second quarter, 76.2% (74,9%) of net sales was generated by consumer business and 23.8% (25.1%) by corporate business.

EBITDA increased from the reference period and was EUR 77.8 million (72.6 million). The EBITDA percentage of net sales was 33.6% (32.3%). While the positive development is mostly due to the impact of IFRS 16, growth of service revenue also contributed to it.

Operating result remained at the same level and totalled EUR 35.7 million (36.0 million). Operating result as a percentage of net sales was 15.4% (16.0%). Operating result was weakened by an increase in depreciation.

Financial income and expenses amounted to EUR 2.3 million (2.2 million). Financial expenses for the reference period were increased by the senior unsecured bond issued by DNA. Income tax for the period was EUR 7.3 million (6.8 million). The effective tax rate for the period was 21.8% (20.1%). The net result for the first quarter declined and was EUR 26.2 million (27.0 million). Earnings per share was EUR 0.19 (0.20).

January–June 2019

DNA's net sales increased and totalled EUR 460.9 million (447.3 million). The growth was fuelled by strong mobile device sales and mobile service revenue[1], which was boosted by the positive development of the subscription base, mobile broadband services as well as average billing per customer. Mobile service revenue grew 6.7% and was EUR 238.8 million (223.7 million). Mobile device sales were up 15.1% from the reference period. During the first half of the year, 76.0% (74.6%) of net sales was generated by consumer business and 24.0% (25.4%) by corporate business.

EBITDA increased from the reference period and was EUR 153.9 million (143.3 million). The EBITDA percentage of net sales was 33.4% (32.0%). While the positive development is mostly due to the impact of IFRS 16, growth of service revenue also contributed to it.

Operating result decreased and was EUR 70.5 million (71.2 million). Operating result as a percentage of net sales was 15.3% (15.9%). Operating result was weakened by an increase in depreciation.

Financial income and expenses amounted to EUR 4.9 million (6.9 million). Financial expenses for the reference period were increased by the senior unsecured bond issued by DNA. Income tax for the period was EUR 14.2 million (12.9 million). The effective tax rate for the period was 21.6% (20.1%). The net result was at the level of comparison period and was EUR 51.4 million (51.4 million). Earnings per share was EUR 0.39 (0.39).

[1] Mobile service revenue = revenue generated by mobile subscriptions. Consumer and corporate mobile communication and mobile broadband services, corporate M2M services and corporate mobile virtual network operator (MVNO) services.

Key operative indicators

	4–6/2019	4–6/2018	Change-%	1–6/2019	1–6/2018	Change-%	1–12/2018
Number of mobile communication network subscriptions at end of period				**2,807,000**	**2,827,000**	−0.7	**2,877,000**
Revenue per user (ARPU), EUR	18.6	18.4	1.1	18.5	18.7	−1.0	18.7
Customer CHURN rate, %	13.7	15.4		15.5	17.1		16.2
Number of fixed line subscriptions at end of period				**1,227,000**	**1,137,000**	7.9	**1,152,000**

DNA's mobile subscription base decreased by 20,000 subscriptions year-on-year. The number of postpaid subscriptions was up by 65,000, and their revenue per user (ARPU) increased from the reference period to EUR 18.6 (18.4) in the second quarter. The number of prepaid subscriptions fell by 86,000, but their ARPU increased to EUR 4.5 (3.5). Fixed-network subscription base grew strongly, by 90,000 subscriptions. In June, in addition to good organic growth in subscription base, DNA gained more than 30,000 fixed-line broadband customers and almost 25,000 new cable TV customers as a result of the ICT Elmo business acquisition.

DNA's customer CHURN rate was 13.7% in the second quarter (15.4%). This was due to high customer satisfaction and DNA's ability to react quickly to competitors' campaigns.

Cash flow and financial position

Cash flow and financial key figures

EUR million	4–6/2019	4–6/2018	Change-%	1–6/2019	1–6/2018	Change-%	1–12/2018
Cash flow after investing activities	**9.3**	30.8	–69.8	**8.5**	22.9	–63.2	63.4

EUR million	4–6/2019	4–6/2018	Change-%	1–6/2019	1–6/2018	Change-%	1–12/2018
Net debt, EUR million				**607.5**	418.9	45.0	379.3
Net debt/EBITDA	**1.95**	1.44		**1.97**	1.46		1.33
Net gearing, %				**118.5**	75.8		62.7
Equity ratio, %				**36.7**	45.2		46.9

April–June 2019

Cash flow after investing activities was EUR 9.3 million (30.8 million). Cash flow was impacted mostly by the ICT Elmo's business acquisition in May.

January–June 2019

Cash flow after investing activities was EUR 8.5 million (at the end of 2018: 63.4 million). Cash flow was impacted by Moi Mobiili acquisition in January and ICT Elmo's business acquisition in May.

At the end of June, DNA had an undrawn EUR 150 million revolving credit facility (at the end of 2018: 150 million), and undrawn EUR 15 million overdraft facility (at the end of 2018: 15 million). In addition, DNA has a commercial paper programme worth EUR 200 million (at the end of 2018: 150 million), under which EUR 120 million was drawn by the end of the review period (at the end of 2018: 50 million).

Net gearing increased and was 118.5% at the end of June (at the end of 2018: 62.7%). Net gearing was mainly impacted by the dividend payment, business restructuring and the adoption of IFRS 16, which increased liabilities as lease agreements are now disclosed as liabilities in the balance sheet.

DNA's liquidity is at a healthy level. The Group's liquid assets amounted to EUR 36.6 million (at the end of 2018: 22.7 million). Net debt increased and was EUR 607.5 million (at the end of 2018: 379.3 million). The Group's liquid assets and undrawn committed credit limits amounted in total to EUR 201.6 million (at the end of 2018: 187.7 million). In April, DNA paid a dividend of EUR 145.4 million.

Changes in working capital had an EUR 23.2 million (–36.8 million) negative impact on cash flow. The increase in working capital was mostly due to a decline in trade payables in comparison to the end of 2018.

DNA has a strong balance sheet. Net debt/EBITDA ratio was 1.97 at the end of the review period (at the end of 2018: 1.33). DNA's equity ratio was 36.7% at the end of June (at the end of 2018: 46.9%). Both key figures were impacted by the adoption of the IFRS 16 standard, and equity ratio also declined due to the dividend payment.

Standard & Poor's Global Ratings has assigned a long-term credit rating of BBB with a positive CreditWatch to DNA.

Development per business segment

Consumer business

EUR million	4–6/2019	4–6/2018	Change-%	1–6/2019	1–6/2018	Change-%	1–12/2018
Net sales	**176.7**	168.4	4.9	**350.3**	333.6	5.0	684.9
EBITDA	**59.6**	56.1	6.2	**117.2**	109.5	7.0	218.8
% of net sales	**33.7**	33.3		**33.4**	32.8		31.9
Operating result, EBIT	**32.8**	32.2	1.6	**63.9**	62.6	2.0	123.7
% of net sales	**18.5**	19.1		**18.2**	18.8		18.1

April–June 2019

Consumer business net sales increased and were EUR 176.7 million (168.4 million). Net sales were driven by the increased demand for mobile services as well as good mobile device sales.

EBITDA increased and was EUR 59.6 million (56.1 million). EBITDA was improved by a change in calculation method according to IFRS 16, as well as an increase in mobile service revenue. The EBITDA percentage of net sales was 33.7% (33.3%). Consumer business operating result increased and was EUR 32.8 million (32.2 million), or 18.5% of consumer business net sales (19.1%). Depreciation of EUR 26.8 million (23.9 million) was allocated to consumer business. The increase was mostly due to IFRS 16.

January–June 2019

Consumer business net sales increased and were EUR 350.3 million (333.6 million). Net sales were driven by the increased demand for mobile services as well as good mobile device sales.

EBITDA increased and was EUR 117.2 million (109.5 million). EBITDA was improved by a change in calculation method according to IFRS 16, as well as an increase in mobile service revenue. The EBITDA percentage of net sales was 33.4% (32.8%). Consumer business operating result increased and was EUR 63.9 million (62.6 million), or 18.2% of consumer business net sales (18.8%). Depreciation of EUR 53.3 million (46.9 million) was allocated to consumer business. The increase was mostly due to IFRS 16.

On 11 January 2019, DNA acquired European Mobile Operator Oy. The company's wholly-owned subsidiary Moi Mobiili Oy provides mobile services to private and corporate customers. The acquired business operations have been consolidated into DNA's consumer business figures from the first quarter of 2019 onwards. The transaction is not expected to have a significant impact on DNA's net sales or EBITDA for 2019. Before the acquisition, Moi Mobiili operated a service operator in the DNA mobile network and the revenue was reported in DNA's corporate business figures.

Corporate business

EUR million	4–6/2019	4–6/2018	Change-%	1–6/2019	1–6/2018	Change-%	1–12/2018
Net sales	**55.3**	56.6	−2.2	**110.6**	113.7	−2.7	226.8
EBITDA	**18.2**	16.5	10.6	**36.7**	33.7	8.9	66.2
% of net sales	**33.0**	29.2		**33.2**	29.7		29.2
Operating result, EBIT	**2.9**	3.7	−21.5	**6.7**	8.6	−23.0	15.2
% of net sales	**5.3**	6.6		**6.0**	7.6		6.7

April–June 2019

DNA's corporate business net sales decreased slightly in the second quarter and were EUR 55.3 million (56.6 million). The decrease was mainly due to the change in the reporting of Moi Mobiili, which is now part of consumer business, as well as the decrease in interconnection charges.

EBITDA decreased from the reference period and was EUR 18.2 million (16.5 million), or 33.0% (29.2%) of net sales. EBITDA was improved by a change in calculation method according to IFRS 16. Operating result decreased and was EUR 2.9 million (3.7 million), or 5.3% (6.6%) of net sales. Depreciation of EUR 15.3 million (12.8 million) was allocated to corporate business. The increase was mostly due to IFRS 16.

January–June 2019

DNA's corporate business net sales decreased in the first half of the year and were EUR 110.6 million (113.7 million). The decrease was mainly due to the change in the reporting of Moi Mobiili, which is now part of consumer business, as well as the decrease in interconnection charges. The demand for mobile services had a positive impact on corporate business net sales.

EBITDA increased from the reference period and was EUR 36.7 million (33.7 million), or 33.2% (29.7%) of net sales. EBITDA was improved by a change in calculation method according to IFRS 16. Operating result decreased and was EUR 6.7 million (8.6 million), or 6.0% (7.6%) of net sales. Depreciation of EUR 30.1 million (25.2 million) was allocated to corporate business. The increase was mostly due to IFRS 16.

In January, DNA signed a four-year agreement with Veikkaus to supply the gaming company with the largest company-specific network in Finland. Service delivery got under way in early 2019. First sales offices was connected to the network during April 2019.

Capital expenditure

Capital expenditure

EUR million	4–6/2019	4–6/2018	Change-%	1–6/2019	1–6/2018	Change-%	1–12/2018
Consumer business	**13.6**	20.3	−32.9	**32.0**	33.7	−5.1	92.9
Corporate business	**11.6**	10.3	12.2	**25.4**	16.8	50.7	45.4
Total capital expenditure	**25.2**	30.6	−17.7	**57.3**	**50.5**	**13.5**	138.3

Capital expenditure is defined as additions to property, plant and equipment and intangible assets excluding business acquisitions, gross acquisition cost of spectrum licenses and additions through asset retirement obligations. Capital expenditure includes annual cash instalments for the spectrum licenses.

EUR million	4–6/2019	4–6/2018	Change-%	1–6/2019	1–6/2018	Change-%	1–12/2018
Operative capital expenditure	**23.7**	30.6	−22.8	**42.0**	46.1	−9.0	133.9
% of net sales	**10.2**	13.6		**9.1**	10.3		14.7
Lease investments (IFRS 16)	**1.6**	-		**6.8**	-		
Spectrum licence	**-**	-		**8.6**	4.4	95.5	4.4
Total capital expenditure	**25.2**	30.6	−17.7	**57.3**	50.5	13.5	138.3

Operative capital expenditure is reported capital expenditure excluding annual cash instalments for capitalised spectrum licences and lease investments (IFRS16).

April–June 2019

In the second quarter, capital expenditure was EUR 25.2 million (30.6 million). No spectrum license payments were made during the reporting or reference periods. Operative capital expenditure was EUR 23.7 million (30.6 million), or 10.2% (13.6%) of net sales.

January–June 2019

In the first half of 2019, capital expenditure was EUR 57.3 million (50.5 million). Operative capital expenditure decreased to EUR 42.0 million (46.1 million), or 9.1% (10.3%) of net sales. In the first quarter, the spectrum licence fees for the 700 MHz and 3.5 GHz bands contributed EUR 8.6 million (4.4 million) to capital expenditure.

Major individual items included in capital expenditure in the review period were 4G network capacity expansion and development, 5G readiness as well as fibre optic networks and transmission systems.

Network infrastructure and new technologies

DNA makes continuous investments in mobile and fixed networks to keep providing high-quality connections to support the growing use of devices and digital services. DNA's 4G network reaches almost 100% of the population in mainland Finland. In the second quarter of 2019, mobile data volumes in DNA's network were up 19% year-on-year. In April–June, 93% of all mobile data was transferred in the 4G network.

DNA has been systematically preparing its mobile network for 5G with the introduction of 5G-capable technology and increased network capacity. As a result, data speeds in the 4G network have improved despite the growth of traffic volumes. 5G technology tests got under way towards the end of 2018 according to plan. DNA's mobile network is NB-IoT ready. DNA introduced LTE-M technology in its network in May, which makes it possible to introduce new types of IoT services. DNA's M2M subscription base was boosted by building automation systems, the energy sector and the Internet of Things (IoT).

In March, the network upgrade that started in the autumn of 2018 was completed in the cities of Turku and Tampere. DNA's network was upgraded to higher performance and 5G deployment capability. With the introduction of new frequencies and the latest, 5G capable radio network technology, transfer speeds in the network have more than doubled. According to a benchmarking of data speeds completed in May, DNA's 4G network had the best average data speeds in 20 major cities and the most popular ski resorts in Finland as well as along the roads connecting these. (Omnitele 05/2019)

In March, DNA started a comprehensive upgrade of mobile and fixed networks in the Heinola region. During the works, DNA will deploy several new base stations in the mobile network and will expand the fibre optic network. After the upgrade, the network in the Heinola region will be ready for 5G deployment. The introduction of new technology means that the services implemented with the old copper-based technology will be discontinued. After the upgrade is complete, fixed voice and xDSL services will no longer be available.

According to the report* published by Tefficient in March, DNA's customers had the second-highest mobile data usage per subscription in the world, averaging 20.8 gigabytes per month. In 2018, the average figure was 15.9 gigabytes. As usual, DNA's customers were among the highest users of mobile data in Europe in 2018. In April–June 2019, the average mobile data usage of DNA's customers per month reached 23.5 gigabytes. The new 5G networks and services will accelerate the use of mobile data further and will also extend it into new applications

* Tefficient's report #1 2019 https://tefficient.com/all-operators-climbed-the-tree-46-turned-usage-growth-into-arpu-growth/ Tefficient is an international telecommunications specialist providing analysis, benchmarks and consulting services.

DNA acquired ICT Elmo Oy's consumer business and extensive fibre optic network in the Tampere region

On 31 May 2019, DNA announced the acquisition of ICT Elmo Oy's consumer business and extensive fibre optic network (some 1,700 km of fibre-optic cable). The acquisition will strengthen DNA's market position in the Tampere region. The net sales of the acquired business in 2018 was around EUR 8 million DNA has been a major customer of ICT Elmo's operator business. The total acquisition price is EUR 27.5 million, which equates to an EV/EBITDA of approximately 6.1x with cost synergies considered. DNA will be taking over fewer than 20 members of ICT Elmo's staff. The acquired business will not have a significant impact on DNA's net sales or EBITDA in 2019. The acquired business operations have been consolidated into DNA's figures as of the beginning of June.

Personnel

Personnel by business segment

	30 June 2019	30 June 2018	Change-%	31 December 2018
Consumer Business	946	935	1.2	913
Corporate Business	702	676	3.8	677
Total personnel	**1,648**	**1,611**	**2.3**	**1,590**

At the end of June 2019, DNA Group had 1,648 employees (1,611), of which 651 were women (645) and 997 men (966). The increase in the number of personnel relates mainly to acquisitions made during the reporting period as well as to seasonal workers in different divisions in summer time.

Salaries and employee benefit expenses paid during the second quarter amounted to EUR 28.4 million (27.1 million).

One of DNA's strategic objectives is being a great place to work. Satisfied, motivated and qualified employees are a crucial foundation for DNA's ability to provide the best customer service on the market. In February 2019, DNA was chosen the best workplace in Finland by the Great Place to Work institute in the category of large organisations. In June, GPTW ranked DNA as one of the best employers in Europe.

Significant litigation matters

The processing of the claim related to the trademark dispute between Deutsche Telekom AG and DNA continues at Helsinki District Court.

Change in DNA's Executive Team

In May, M.Sc. (Tech) (b. 1972) Olli Sirkka was appointed as Senior Vice President, Corporate Business and a member of the Executive Team of DNA Plc. Olli Sirkka is responsible for DNA's Corporate Business division and its development, and he will report directly to the CEO. He is taking over from Hannu Rokka, who left the company in February.

Olli Sirkka will resume his new responsibilities by September 2019. Johan Flykt, Vice President, Corporate Sales, is acting as Senior Vice President, Corporate Business until then.

Decisions of the Annual General Meeting

DNA's Annual General Meeting was held in Helsinki on 28 March 2019. In total, 476 shareholders were present or represented at the meeting, representing 79% of the votes. The AGM adopted the financial statements and discharged the Board of Directors and the CEO from liability for the financial period 2018.

Dividend was confirmed to be EUR 0.70 per share and additional dividend EUR 0.40 per share, in total EUR 1.10 per share. The dividend was paid on 10 April 2019.

The AGM approved the Nomination Committee's proposal of 21 January 2019 concerning the election and remuneration of Board members. The number of Board members was confirmed to be seven. Re-elected members include Pertti Korhonen, Anu Nissinen, Tero Ojanperä, Jukka Ottela and Kirsi Sormunen. Anni Ronkainen and Ted Roberts were elected as new board members. The term of office of the Board members expires at the end of the next AGM.

The AGM decided not to change the remunerations paid to the members of the Board of Directors. The Chairman of the Board is paid an annual remuneration of EUR 144,000 and each Board member EUR 48,000. Further, it was confirmed that the meeting fee per Board meeting will be EUR 1,050. The meeting fees of permanent committees of the Board were confirmed to be EUR 1,050 per meeting to Committee Chairs and EUR 525 to committee members.

Authorised Public Accountants Ernst & Young was elected as the company's auditor. APA Terhi Mäkinen acts as the principal auditor.

The AGM approved the proposal of the Board of Directors to authorise the Board to decide on the repurchase of own shares of the company, as well as to decide on a share issue, to dispose of own shares held by the company and an issue of special rights.

The minutes of the General Meeting are available at www.dna.fi/agm.

At the constitutive meeting of the Board of Directors held after the Annual General Meeting, Pertti Korhonen was elected Chairman, and members of the Audit Committee and the Personnel Committee were elected from among the Board members. Audit Committee members are Kirsi Sormunen (Chair), Jukka Ottela, Ted Roberts and Tero Ojanperä. Personnel Committee members are Pertti Korhonen (Chair), Anni Ronkainen, Anu Nissinen and Jukka Ottela.

Shares and shareholders

Shares

DNA's share is traded on Nasdaq Helsinki (the Helsinki Stock Exchange). On 30 June 2019, DNA's registered shares totalled 132,303,500 (132,303,500) and the share capital registered in the Finnish Trade Register amounted to EUR 72,702,225.65 (EUR 72,702,225.65). At the end of June, the Group held 121,316 treasury shares. In March 2019, a total of 61,473 treasury shares were handed over to participants of the Group's long-term share-based reward system (Bridge Plan 2018).

In January–June 2019, a total of 28,256 million DNA shares, totalling EUR 555 million, were traded on the Nasdaq Helsinki Stock Exchange. The highest quotation was EUR 21.46 and the lowest EUR 16.52. The average rate was EUR 19.64 and volume-weighted average rate EUR 18.65. The closing quotation on the last trading day of the review period, 28 June 2019, was EUR 21.00 and the market capitalisation (without DNA's holding of its own shares) was EUR 2.776 billion (EUR 2.257 billion at end of 2018).

Shareholders and flagging notifications

At the end of the review period, the number of registered shareholders totalled 13,927, nominee registrations included (12). The proportion of nominee registrations and direct foreign shareholders at the end of 2018 was 27.43%.

On 30 June 2019, the largest shareholders of DNA Plc were Find Telecoms Oy (28.26%), PHP Holding Oy (25.78%) and Ilmarinen Mutual Pension Insurance Company (3.49%). At the end of the review period, they held a total of 57.53% of DNA's shares and voting rights.

In April, Norwegian telecommunications Group Telenor announced that it will acquire 54% of the shares of DNA Plc. Telenor has signed separate agreements with DNA's two largest shareholders, Finda Telecoms and PHP Holding. Finda Telecoms holds 28.3% and PHP Holding 25.8% of the shares in the company.

Finda Oy and PHP Holding Oy's General Meetings approved the acquisition on 6 May 2019 and European Commission approved the transaction on 15 July. Finnish regulatory approval is expected to get during August 2019. Completion of the transaction will trigger a mandatory public tender offer for the remaining outstanding shares in DNA by Telenor. Telenor has announced that the cash consideration per share to be offered in the mandatory tender offer will be EUR 20.90.

During the review period, DNA received no flagging notifications according to Chapter 9, Section 5 of the Securities Markets Act.

Share-based reward systems

DNA has a Performance Share Plan (PSP) for senior management and other key employees. The plan has three three-year earning periods: 2017–2019, 2018–2020 and 2019–2021. In addition, DNA has a Restricted Share Plan (RSP). See note 10 for more information on DNA's share-based incentive schemes.

Matching share plan for DNA personnel

In December 2018, the Board of Directors of DNA Plc decided on the establishment of a matching share plan for all DNA employees. In March 2019, the Board decided on the terms of the first earning period of 2019–2020. In total, 57% of DNA's employees have registered to participate in the plan. The total amount of all savings of the plan period 1 April 2019 to 31 March 2020 may not exceed 5,000,000 euros. The Board of Directors will resolve on the potential following plan periods and their details separately.

DNA’s financial objectives and dividend policy

In February, DNA updated its medium-term objectives with respect to EBITDA margin and profit distribution policy. The new EBITDA margin goal was set with consideration to the impact of the adoption of IFRS 16 from the beginning of 2019, which is estimated to have a positive impact of approximately EUR 17 million in EBITDA in 2019. The impact of IFRS 16 on operating result (EBIT) is insignificant.

DNA’s medium-term financial objectives:
- net sales growth faster than average market growth
- EBITDA margin of at least 34%
- operative capital expenditure less than 15% of net sales (excluding annual cash instalments for capitalized licence payments and the impact of IFRS 16)
- net debt/EBITDA ratio of less than 2.0 which may be temporarily exceeded if DNA finds attractive opportunities that allow the company to complement its offering in existing markets.

DNA’s dividend policy: DNA’s goal is to pay a growing dividend to its shareholders or by other means to return capital equalling 80-100% of the net profit for the period. In addition, the Board of Directors may consider the distribution of excess profit to shareholders for a specific financial period. When making the profit distribution decision, the Board of Directors will take into account the company’s financial status and financial position as well as future funding needs and financial objectives.

Corporate responsibility

DNA continued to implement its updated corporate responsibility strategy in the first half of 2019. DNA’s responsibility strategy has four key areas: digital inclusion, being a great place to work, climate-friendly operations and good governance.

DNA’s key climate objective is to reduce energy indirect greenhouse gas emissions (Scope 2) by 100% by 2023 from the level reported in 2014. In the first half of 2019, special focus was on further development of emissions calculations at DNA.

DNA also launched a responsibility programme to promote digital inclusion in Finland by supporting the work of SOS Children’s Villages Finland, HelsinkiMissio and Hope to prevent digital exclusion of children and the young, senior citizens as well as low-income families.

In April, the Sustainable Brand Index study selected DNA the most responsible company in its industry.

Events after the reporting period

Telenor’s offer on DNA’s shares pending Finnish regulatory approval

European Commission approved Telenor’s offer on DNA’s shares on 15 July. The completion of the transaction is subject to Finnish regulatory approval, and Telenor expects to get the approval in August.

Norwegian telecommunications company Telenor Group announced 9th of April that it will acquire DNA's two largest owners', Finda Telecoms Oy and PHP Holding Oy's, shares of DNA Plc, in total 54% of the shares.

DNA is selling its terrestrial network pay-TV business to Digita

On 17 July, DNA announced divestment of its terrestrial TV network pay-TV business to Digita Oy on 1 January 2020. DNA will continue its operations as the leading pay-TV operator in the cable and broadband networks. The deal still requires the approval of the competition authorities, which is expected in the autumn of 2019. The parties will not be disclosing the sale price.

Near-term risks and uncertainties

According to the company, there have been no significant changes in near-term risks and uncertainties in the review period.

Strategic and operative risks

The Finnish telecommunications market is characterised by tough competition between established operators, and a high degree of penetration of telecommunications solutions. DNA mainly operates in Finland, a market where, for instance, the number of mobile phones per capita is among the highest in the world, which limits the prospects of future growth in the number of subscriptions.

DNA analyses changes in the operating environment and the resulting possible new business opportunities, which always involve higher risks than conventional and established business operations.

International players have a strong presence in the competitive environment of TV and entertainment services. DNA's competitors include traditional operators, but increasingly also OTT (over-the-top) service providers that deliver content over the Internet to mobile devices. The role of media companies' own distribution channels and services is also becoming more important.

The ongoing shift in media use will provide both new risks and opportunities, for example while content rights are being negotiated. DNA monitors the TV and entertainment service market intensively and continuously enhances its service offering to anticipate changes in the market.

The nature of DNA's operations and customer requirements place high demands on DNA's information systems and network infrastructure. DNA's business is capital-intensive, and continuous maintenance and improvement of the Group's network infrastructure is essentially linked to its success.

DNA makes significant investments in high-quality data systems and data analytics tools to deepen customer understanding and to create a good omnichannel customer experience. DNA's business operations are dependent on information systems, which involve several interconnected risks but also provide business-critical opportunities for utilising data.

Use of mobile devices that have a constant network connection is increasing strongly among both business and private users. The Internet of Things (IoT) will further expand the volume of data traffic. As the IoT becomes more common, for example through the introduction of new kinds of smart devices, the role of good information security, data security and high operational network reliability gain in importance. Uncertainty in global trade policies may have an impact on DNA's subcontractors and partners and their product availability, service quality and reliability as well as on our customers' behaviour.

Regulatory risks

Both national and EU regulation have significant impact on the operation of the telecommunications market in Finland. Regulatory influence on the price level of DNA's products and services as well as the wholesale products that DNA procures from other operators and the criteria used in distributing frequencies, may have a significant impact on DNA's business.

Regulatory initiatives indicating significant risks to DNA include the national implementation of the new European Electronic Communications Code, EU regulation on the data protection of electronic communications and authority decisions on significant market power (SMP).

Financing risks

In order to manage the interest rate risk, the Group's borrowings have been spread between fixed- and variable-rate instruments. In order to manage liquidity risk, in addition to liquid assets the Group uses credit limits. To manage customer credit risk, the credit history of new customers is checked as part of the ordering process. The Group's foreign interest risk is insignificant, since the majority of its cash flow is euro denominated.

Damage risk

In anticipation of possible unforeseen damage risks, DNA has continuous insurance policies covering aspects of its operations including personnel, property, business interruption, third-party liability and criminal action. There is a specific insurance in place for cyber damage risks. Damage risks are prevented and minimised by means such as security guidelines and personnel training.

Outlook for 2019

Market outlook

According to the Bank of Finland, the Finnish economy will continue to expand, but growth has passed its cyclical peak. We expect the mobile network service market growth to slow down and competition to remain intense for mobile communication services.

Mobile data use will continue to grow as private and business users increase their use of digital services and OTT video services. This trend will expand the number of high-speed 4G subscriptions as well as mobile data usage per subscription. The share of 4G subscriptions in DNA's mobile subscription base is expected to grow, but at a more moderate rate. We expect the sales of 5G subscriptions to start towards the end of 2019.

Use of mobile devices that have a constant network connection and IP-based communication solutions is increasing strongly among both business and private users.

In the mobile communication network, the volume of SMS and voice traffic is expected to continue to fall. The decline of the market for fixed-network voice services is expected to continue.

In the consumer market, demand for fast broadband subscriptions and entertainment services is expected to increase, driven in particular by the popularity of streaming and on-demand video services. The demand for traditional pay-TV services is expected to decline further.

Fixed-network broadband customers are expected to continue to switch to housing association broadband subscriptions and faster speeds. The fixed-network broadband subscription base is expected to remain at its current level. Growing use of services such as cloud and entertainment services increases the demand for high-speed and high-performance networks.

Private and public-sector organisations are digitising their services and creating new digital business, which makes the availability of networks and services vital. More mobile and versatile ways of working will boost demand for services such as cloud and video conference services. Companies transfer their applications to the cloud to increase their operational efficiency, which will boost the demand for secure high-speed connections.

The demand for Industrial Internet solutions and M2M (Machine to Machine) subscriptions is expected to grow. As the IoT becomes more common, the role of good information security, data security and high operational network reliability gain in importance.

DNA sees fixed wireless broadband access as one of the first applications to strongly benefit from 5G technology. This makes high-quality connections possible for buildings without ready access to a fibre optic connection or where acquiring a fibre optic connection would be prohibitively expensive. In the 2020s, 5G technology is likely to have a broad range of other applications in areas such as smart traffic and health care.

DNA's guidance for 2019

DNA's net sales in 2019 is expected to remain at the same level as in 2018, and EBITDA in 2019 is expected to increase substantially from 2018. DNA's financial position and liquidity are expected to remain at a healthy level.

DNA's guidance for 2019 is disclosed with consideration to the impact of the adoption of IFRS 16. The adoption of IFRS 16 from the beginning of 2019 is estimated to have a positive impact of approximately EUR 17 million in EBITDA in 2019. The impact of IFRS 16 on operating result (EBIT) is insignificant.

DNA Plc
Board of Directors

Group key figures

Group key figures

	1 Apr–30 Jun 2019	1 Apr–30 Jun 2018	1 Jan–30 Jun 2019	1 Jan–30 Jun 2018	1 Jan–31 Dec 2018
Earnings per share, basic EUR	**0.19**	0.20	**0.39**	0.39	0.77
Earnings per share, diluted EUR	**0.19**	0.20	**0.39**	0.39	0.77
Equity per share, EUR			**3.88**	4.18	4.58
Shares outstanding at the end of the period (thousands)			**132,182**	132,121	132,121
Weighted average adjusted number of shares during the financial period, basic (thousands)	**132,039**	132,039	**132,039**	132,039	132,039
Weighted average adjusted number of shares during the financial period, diluted (thousands)	**132,132**	132,072	**132,129**	132,070	132,151
Net debt, EUR in thousands			**607,513**	418,909	379,273
Net gearing, %			**118.5**	75.8	62.7
Equity ratio, %			**36.7**	45.2	46.9
Net debt/EBITDA	**1.95**	1.44	**1.97**	1.46	1.33
Return on investment (ROI), %	**12.6**	14.6	**12.6**	14.5	14.1
Return on equity (ROE), %	**20.8**	20.0	**18.4**	17.2	16.4
Capital expenditure, EUR in thousands	**25,213**	30,645	**57,347**	50,535	138,271
Capital expenditure, % of net sales	**10.9**	13.6	**12.4**	11.3	15.2
Personnel at end of period			**1,648**	1,611	1,590

Reconciliation of comparable key figures

There were no items affecting comparability of EBITDA or operating result in the review or reference period.

Free cash flow to equity

EUR in thousands	1 Jan–30 Jun 2019	1 Jan–30 Jun 2018	1 Jan–31 Dec 2018
Comparable EBITDA	**153,909**	**143,252**	**284,921**
Operative capital expenditure	–41,975	–46,135	–133,871
Operating free cash flow	**111,934**	**97,116**	**151,050**
Interest paid, net	–6,829	–15,509	–16,942
Income taxes, paid	–14,848	–1,953	–12,428
Adjusted change in net working capital	–43,688	–50,818	–47,687
Change in provisions	24	–1,537	–2,034
Free cash flow to equity	**46,592**	**27,299**	**71,959**

Key operative indicators

Mobile communication network subscription volumes:

Number of:	30 Jun 2019	30 Jun 2018	31 Dec 2018
Subscriptions*	**2,807,000**	2,827,000	2,877,000

*Includes only mobile broadband

	1 Apr–30 Jun 2019	1 Apr–30 Jun 2018	1 Jan–30 Jun 2019	1 Jan–30 Jun 2018	1 Jan–31 Dec 2018
Revenue per subscription (ARPU), EUR**	**18.6**	18.4	**18.5**	18.7	18.7
Customer churn rate, %**	**13.7**	15.4	**15.5**	17.1	16.2

**Includes only postpaid phone subscriptions

Fixed-network subscription volumes:

Number of:	30 Jun 2019	30 Jun 2018	31 Dec 2018
Broadband subscriptions	**530,000**	470,000	481,000
Cable TV subscriptions	**661,000**	622,000	630,000
Telephone subscriptions	**36,000**	45,000	41,000
	1,227,000	**1,137,000**	**1,152,000**

Calculation of key figures

Earnings per share (EUR)	=	Net result for the period / Weighted number of shares during the financial period excl treasury shares
Equity per share, EUR	=	Equity attributable to owners of the parent / Number of outstanding shares at end of period
Net debt, EUR	=	Non-current and current borrowings – cash and cash equivalents
Net gearing, %	=	Net debt / Total equity
Equity ratio, %	=	Total equity / Total assets – advances received
EBITDA, EUR	=	Operating result (EBIT) + depreciation, amortisation and impairments
Return on investment (ROI), %*	=	Net result before income taxes + finance expense / Total equity + borrowings (average for the period)
Return on equity (ROE), %*	=	Net result for the period / Total equity (average for the period)
Net debt/EBITDA*	=	Net debt / Operating result + depreciation + amortisation + impairments
Comparable EBITDA (EUR)	=	EBITDA excluding items affecting comparability
Comparable operating result, EBIT (EUR)	=	Operating result, EBIT excluding items affecting comparability
Items affecting comparability	=	Items affecting comparability being material items outside ordinary course of business such as net gain or losses from business disposals, direct transaction costs related to business acquisitions, write-off of non-current assets, costs for closure of business operations and restructurings, fines, damages and other similar payments.
Cashflow after investing activities (EUR)	=	Net cash generated from operating activities + net cash used in investing activities

* 12-month adjusted

Calculation of key figures

Capital expenditure (EUR)	=	Capital expenditure comprises additions to property, plant and equipment and intangible assets excluding business acquisitions, gross acquisition cost of spectrum license and additions through finance leases and asset retirement obligations and including annual cash instalments for the spectrum license and without lease investments (IFRS 16).
Operative capital expenditure	=	Operative capital expenditure is reported capital expenditure without annual cash instalments for spectrum licenses.
Operating free cashflow	=	Comparable EBITDA – operative capital expenditure
Free Cash Flow to Equity (FCFE)	=	Comparable EBITDA – total capital expenditure excluding the annual cash instalment for spectrum licenses – change in net working capital including an adjustment between operative capex and cash-based capex in order to present FCFE on a cash basis, however excluding cash instalments for spectrum licenses and adjusted with the items affecting comparability – net interest paid – income taxes paid – change in provisions excluding items affecting comparability.

DNA presents alternative performance measures as additional information to financial measures presented in the consolidated income statement, consolidated statement of financial position and consolidated statement of cash flows prepared in accordance with IFRS. In DNA's view, alternative performance measures provide significant additional information on DNA's results of operations, financial position and cash flows and are widely used by analysts, investors and other parties.

DNA presents comparable EBITDA and comparable EBIT, which have been adjusted with material items outside of ordinary course of business to improve comparability between periods. EBITDA, comparable EBITDA and comparable EBIT are presented as complementing measures to the measures included in the consolidated income statement because, in DNA's view, they increase understanding of DNA's results of operations. Net debt, ratio of net debt to EBITDA, net gearing, equity ratio, return on equity and return on investment are presented as complementing measures because, in DNA's view, they are useful measures of DNA's ability to obtain financing and service its debts. Capital expenditure, operative capital expenditure, cash flow after investing activities, operating free cash flow and free cash flow to equity provide also additional information of the cash flow needs of DNA's operations.

Alternative performance measures should not be viewed in isolation or as a substitute to the IFRS financial measures. All companies do not calculate alternative performance measures in a uniform way, and therefore DNA's alternative performance measures may not be comparable with similarly named measures presented by other companies.

Quarterly information

EUR million	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019
Net sales										
Consumer	158.6	162.2	162.5	175.4	165.2	168.4	171.8	179.5	173.6	176.7
Corporate	54.8	57.1	56.2	59.2	57.1	56.6	55.7	57.5	55.3	55.3
Total	213.4	219.3	218.8	234.6	222.3	225.0	227.5	236.9	228.9	232.0
Mobile service revenue	100.3	103.7	106.8	109.2	112.2	111.5	114.7	116.0	118.2	120.6
EBITDA										
Consumer	50.7	49.3	53.1	46.7	53.4	56.1	59.2	50.1	57.6	59.6
% of net sales	32.0%	30.4%	32.7%	26.6%	32.3%	33.3%	34.4%	27.9%	33.2%	33.7%
Corporate	15.2	18.3	19.5	19.0	17.3	16.5	17.1	15.3	18.5	18.2
% of net sales	27.8%	32.1%	34.6%	32.1%	30.2%	29.2%	30.7%	26.6%	33.5%	33.0%
Total	65.9	67.6	72.6	65.7	70.7	72.6	76.3	65.4	76.1	77.8
% of net sales	30.9%	30.8%	33.2%	28.0%	31.8%	32.3%	33.5%	27.6%	33.2%	33.6%
Comparable EBITDA										
Consumer	50.7	49.3	53.1	46.7	53.4	56.1	59.2	50.1	57.6	59.6
% of net sales	32.0%	30.4%	32.7%	26.6%	32.3%	33.3%	34.4%	27.9%	33.2%	33.7%
Corporate	15.2	18.3	19.5	19.0	17.3	16.5	17.1	15.3	18.5	18.2
% of net sales	27.8%	32.1%	34.6%	32.1%	30.2%	29.2%	30.7%	26.6%	33.5%	33.0%
Total	65.9	67.6	72.6	65.7	70.7	72.6	76.3	65.4	76.1	77.8
% of net sales	30.9%	30.8%	33.2%	28.0%	31.8%	32.3%	33.5%	27.6%	33.2%	33.6%
Depreciation and amortisation										
Consumer	24.1	24.1	23.5	23.5	23.1	23.9	24.1	24.0	26.5	26.8
Corporate	13.0	13.1	11.7	15.2	12.3	12.8	12.9	12.9	14.8	15.3
Total	37.1	37.1	35.3	38.8	35.4	36.6	37.0	37.0	41.3	42.2
Operating result/EBIT										
Consumer	26.6	25.3	29.5	23.1	30.3	32.2	35.1	26.0	31.1	32.8
% of net sales	16.8%	15.6%	18.2%	13.2%	18.4%	19.1%	20.4%	14.5%	17.9%	18.5%
Corporate	2.2	5.2	7.8	3.7	4.9	3.7	4.2	2.4	3.7	2.9
% of net sales	4.1%	9.2%	13.8%	6.3%	8.6%	6.6%	7.5%	4.1%	6.7%	5.3%
Total	28.9	30.5	37.3	26.9	35.2	36.0	39.3	28.4	34.8	35.7
% of net sales	13.5%	13.9%	17.0%	11.5%	15.8%	16.0%	17.3%	12.0%	15.2%	15.4%
Comparable operating result/ EBIT										
Consumer	26.6	25.3	29.5	23.1	30.3	32.2	35.1	26.0	31.1	32.8
% of net sales	16.8%	15.6%	18.2%	13.2%	18.4%	19.1%	20.4%	14.5%	17.9%	18.5%
Corporate	2.2	5.2	7.8	6.8	4.9	3.7	4.2	2.4	3.7	2.9
% of net sales	4.1%	9.2%	13.8%	11.5%	8.6%	6.6%	7.5%	4.1%	6.7%	5.3%
Total	28.9	30.5	37.3	29.9	35.2	36.0	39.3	28.4	34.8	35.7
% of net sales	13.5%	13.9%	17.0%	12.8%	15.8%	16.0%	17.3%	12.0%	15.2%	15.4%
Items affecting comparability										
Consumer	-	-	-	-	-	-	-	-	-	-
Corporate	-	-	-	3.1	-	-	-	-	-	-
Total	-	-	-	3.1	-	-	-	-	-	-

EUR million	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019
Capital expenditure										
Consumer	14.4	15.6	15.4	51.5	13.3	20.3	22.8	36.4	18.3	13.6
Corporate	5.8	7.6	8.0	21.9	6.5	10.3	11.2	17.3	13.8	11.6
Un-allocated	1.0	1.1	0.9	0.7	-	-	-	-	-	-
Total	21.2	24.4	24.4	74.1	19.9	30.6	34.0	53.7	32.1	25.2
Personnel										
Consumer	1,002	984	972	942	936	935	934	913	902	946
Corporate	682	682	664	659	663	676	673	677	703	702
Total	1,684	1,666	1,636	1,601	1,599	1,611	1,607	1,590	1,605	1,648
Mobile revenue per user (ARPU)										
Consumer	18.9	19.7	20.1	20.4	20.4	20.3	20.4	20.4	19.7	20.0
Corporate	13.8	13.9	13.2	14.0	13.7	11.9	13.3	13.6	13.4	13.6
Total	17.8	18.5	18.5	19.0	18.9	18.4	18.8	18.9	18.3	18.6
Mobile subscription turnover rate (CHURN)	21.0%	15.4%	19.1%	18.1%	18.9%	15.4%	15.8%	14.8%	17.2%	13.7%

Consolidated income statement

EUR in thousands	1 Apr–30 Jun 2019	1 Apr–30 Jun 2018	1 Jan–30 Jun 2019	1 Jan–30 Jun 2018	1 Jan–31 Dec 2018
Net sales	**232,022**	**224,966**	**460,906**	**447,312**	**911,758**
Other operating income	1,009	882	1,865	1,665	3,804
Materials and services	−97,338	−96,009	−194,921	−191,478	−398,661
Employee benefit expenses	−28,445	−27,079	−56,301	−54,317	−107,388
Depreciation, amortisation and impairments	−42,150	−36,627	−83,400	−72,042	−146,023
Other operating expenses	−29,398	−30,158	−57,640	−59,930	−124,592
Operating result, EBIT	**35,699**	**35,974**	**70,508**	**71,210**	**138,898**
Finance income	116	146	233	244	523
Finance expense	−2,378	−2,370	−5,135	−7,094	−11,700
Share of associates' results	-	6	-	12	14
Net result before income tax	**33,437**	**33,756**	**65,606**	**64,373**	**127,736**
Income tax expense	−7,277	−6,772	−14,160	−12,941	−25,502
Net result for the period	**26,160**	**26,984**	**51,446**	**51,432**	**102,234**
Attributable to:					
Owners of the parent	26,160	26,984	51,446	51,432	102,234
Earnings per share for net result attributable to owners of the parent:					
Earnings per share, basic EUR	0.19	0.20	0.39	0.39	0.77
Earnings per share, diluted EUR	0.19	0.20	0.39	0.39	0.77

Notes are an integral part of the consolidated financial statements.

Consolidated statement of comprehensive income

EUR in thousands	1 Apr–30 Jun 2019	1 Apr–30 Jun 2018	1 Jan–30 Jun 2019	1 Jan–30 Jun 2018	1 Jan–31 Dec 2018
Net result for the period	**26,160**	**26,984**	**51,446**	**51,432**	**102,234**
Items that will not be reclassified to profit or loss:					
Remeasurements of post employment benefit obligations	–34	-	–34	-	249
Other comprehensive income, net of tax	**–34**	**-**	**–34**	**-**	**249**
Total comprehensive income	**26,126**	**26,984**	**51,412**	**51,432**	**102,483**
Attributable to:					
Owners of the parent	26,126	26,984	51,412	51,432	102,483

Notes are an integral part of the consolidated financial statements.

Consolidated statement of financial position

EUR in thousands	30 Jun 2019	30 Jun 2018	31 Dec 2018
ASSETS			
Non-current assets			
Goodwill	338,706	327,206	327,206
Other intangible assets	192,036	170,614	191,783
Property, plant and equipment	413,183	399,003	412,550
Right-of-use assets	82,147	-	-
Investments in associates	1,205	1,207	1,209
Other investments	117	117	117
Trade and other receivables	72,102	71,815	76,026
Contract assets	2,366	-	-
Deferred tax assets	7,662	7,896	7,691
Total non-current assets	**1,109,523**	**977,858**	**1,016,582**
Current assets			
Inventories	29,225	27,483	31,681
Trade and other receivables	240,739	220,995	243,652
Contract assets	3,218	1,372	972
Cash and cash equivalents	36,614	23,575	22,654
Total current assets	**309,797**	**273,425**	**298,960**
Total assets	**1,419,319**	**1,251,283**	**1,315,541**
Equity			
Equity attributable to owners of the parent			
Share capital	72,702	72,702	72,702
Reserve for invested unrestricted equity	506,079	506,079	506,079
Treasury shares	−1,728	−2,806	−2,806
Retained earnings	−115,613	−74,899	−73,439
Net result for the period	51,446	51,432	102,234
Total equity	**512,886**	**552,509**	**604,770**
LIABILITIES			
Non-current liabilities			
Borrowings	379,937	312,546	348,090
Lease liabilities	64,475	-	-
Contract liabilities	1,469	1,616	1,809
Employment benefit obligations	1,737	2,021	1,714
Provisions	4,886	5,315	5,307
Deferred tax liabilities	34,495	33,680	34,825
Other non-current liabilities	24,490	16,997	33,169
Total non-current liabilities	**511,489**	**372,175**	**424,914**
Current liabilities			
Borrowings	183,971	129,938	53,837
Lease liabilities	15,744	-	-
Contract liabilities	3,065	2,945	3,313
Provisions	208	458	277
Trade and other payables	187,545	189,000	223,374
Income tax liabilities	4,410	4,258	5,056
Total current liabilities	**394,944**	**326,599**	**285,857**
Total equity and liabilities	**1,419,319**	**1,251,283**	**1,315,541**

Notes are an integral part of the consolidated financial statements.

Consolidated statement of cash flows

EUR in thousands	1 Jan–30 Jun 2019	1 Jan–30 Jun 2018	1 Jan–31 Dec 2018
Cash flows from operating activities			
Net result for the period	51,446	51,432	102,234
Adjustments [1]	102,480	90,061	180,329
Change in net working capital [2]	–23,198	–36,843	–45,100
Dividends received	12	10	10
Interest paid	–5,305	–5,176	–6,438
Interest received	176	131	335
Other financial items	–1,700	–10,465	–10,839
Income taxes paid	–14,848	–1,953	–12,428
Net cash generated from operating activities	**109,062**	**87,198**	**208,104**
Cash flows from investing activities			
Investments in property, plant and equipment (PPE) and intangible assets	–58,209	–64,511	–145,058
Proceeds from sale of PPE	13	261	402
Business combinations	–42,415	-	
Net cash used in investing activities	**–100,610**	**–64,250**	**–144,657**
Cash flows from financing activities			
Direct costs relating to share issue	-	-	–3,314
Dividends paid	–145,400	–145,333	–145,333
Proceeds from borrowings	509,505	519,930	859,880
Repayment of borrowings	–349,941	–397,562	–778,932
Repayment of lease liabilities	–8,656	-	-
Net cash used in financing activities	**5,508**	**–22,965**	**–64,385**
Change in cash and cash equivalents	13,960	–17	–937
Cash and cash equivalents at beginning of period	22,654	23,592	23,592
Cash and cash equivalents at end of period	36,614	23,575	22,654
Adjustments [1]:			
Depreciation, amortisation and impairment	83,400	72,042	146,023
Gains and losses on disposals of non-current assets	–6	–221	–324
Other non-cash income and expense	-	–12	–14
Finance income and expense	4,902	6,850	11,177
Income tax expense	14,160	12,941	25,502
Change in provisions	24	–1,537	–2,034
Total adjustment	**102,481**	**90,061**	**180,329**
Change in net working capital [2]:			
Change in trade and other receivables	1,211	–1,087	–27,678
Change in inventories	2,456	–4,575	–8,772
Change in trade and other payables	–26,865	–31,182	–8,649
Change in net working capital	**–23,198**	**–36,843**	**–45,100**

Notes are an integral part of the consolidated financial statements.

Consolidated statement of changes in equity

EUR in thousands	Share capital	Reserve for invested unrestricted equity	Treasury shares	Retained earnings	Total equity
1 January 2018	**72,702**	**653,056**	**−4,055**	**−75,619**	**646,085**
Comprehensive income					
Net result for the period				102,234	102,234
Other comprehensive income					
Total other comprehensive income, net of tax				249	249
Total comprehensive income	**-**	**-**	**-**	**102,483**	**102,483**
Transactions with owners					
Reclassification		−62,420		62,420	-
Share-based payments			1,250	285	1,535
Dividends relating to 2017				−60,776	−60,776
Capital payment		−84,557			−84,557
Total contribution by and distributions to owners	**-**	**−146,977**	**1,250**	**1,930**	**−143,797**
31 December 2018	**72,702**	**506,079**	**−2,806**	**28,794**	**604,770**
1 January 2019	**72,702**	**506,079**	**−2,806**	**28,794**	**604,770**
Comprehensive income					
Net result for the period				51,446	51,446
Other comprehensive income					
Total other comprehensive income, net of tax				−34	−34
Total comprehensive income	**-**	**-**	**-**	**51,412**	**51,412**
Transactions with owners					
Share-based payments			1,078	1,027	2,104
Dividends relating to 2018				−145,400	−145,400
Total contribution by and distributions to owners	**-**	**-**	**1,078**	**−144,374**	**−143,296**
30 June 2019	**72,702**	**506,079**	**−1,728**	**−64,168**	**512,886**

Notes are an integral part of the consolidated financial statements.

Notes

1 Accounting principles

This Half Year Financial Report has been prepared in accordance with IFRS regulations and measurement principles and complies with the requirements of the IAS 34 standard. The information has been prepared in accordance with International Financial Reporting Standards, as approved for application throughout the European Union. The accounting principles are identical to those applied to the Financial Statements of 31 December 2018 with the exception of new and amended standards effective as of 1 January 2019. This report should be read in connection with the 2018 Financial Statements. The information presented in the report is unaudited.

The following new standard have been adopted as of 1 January 2019:

On 13 January 2016, IASB published IFRS 16 Leases, effective for the financial period beginning on 1 January 2019. The changes introduced by the standard to the recognition, valuation and presentation of leases mainly apply to accounting by lessees. For lessors, the accounting of leases remains mostly as is. The lessor continues to classify its leases as operating or finance leases in accordance with almost the same principles as in IAS 17 Leases. DNA adopted IFRS 16 on the effective date of 1 January 2019 using the modified retrospective transition method, and in accordance with the IFRS 16 transition guidance, comparative information will not be restated. The changes in the reclassification and recognition of agreements resulting from the standard have been entered in the opening balance sheet of 1 January 2019.

The standard is applied to leases previously identified as leases under IAS 17 Leases and IFRIC 4 Determining Whether an Arrangement Contains a Lease. In the adoption of IFRS 16, right-of-use assets have been recognised to reflect the amount corresponding to the discounted lease liabilit . The average weighted discount rate for lease liabilities was 2.2% on 1 January 2019.

The Group applies practical relief regarding short-term agreements. IFRS 16 is not applied to leases with a lease term of 12 months or less. Short-term agreements are recognised as an expense in the income statement and included in the notes to the financial statements.
DNA Plc mostly acts as a lessee. The Group enters into agreements to lease office premises, equipment facilities and aerial sites in particular. According to current accounting practices, they are classified as operating lease agreements. For office premises, the average lease period is 2 to 5 years and for equipment facilities 4 to 7 years. Due to the nature of leases, the Group currently estimates that the most essential impacts of the adoption of the IFRS 16 standard will be related to leased premises and equipment spaces. In addition, the Group has individual major agreements related to technology which have an essential impact on the assets and liabilities on the balance sheet. The Group subleases some premises, the leases of which are reported as operating leases. The agreements are recognised as a right-of-use asset and lease liability in accordance with IFRS 16. Proceeds from the leasing of the assets are presented in the notes to the financial statements. Impairment testing will be carried out where necessary if there is any indication in the reassessment of the agreements.

The relevant estimates and discretionary factors in the application of the standard are mainly related to the assessment of the lease period and to the determination of the discount rate used. The discount rate is determined by using the additional borrowing rate and adjusted quarterly. Leases may include options for continuation or termination. At the Group's discretion, options will not be taken into account in the assessment of the lease period unless the use of the option is reasonably certain. No residual value guarantees are included in the leases.

Maintenance rents or other use-based payments included in leases will be specified if they are relevant and can be reliably separated from the agreement. After consideration, DNA will not otherwise separate non-lease components from associated lease components and will report lease components and non-lease components as a single lease component. Leases that do not meet the definition of IFRS 16 are recognised as an expense during the duration of the agreement.

2 Revenue

The group revenue consists of income from contracts with customers. The Consumer segment revenue in Q2 2019 was EUR 176.7 million and the Corporate segment revenue was EUR 55.3 million. Segment revenue is derived from the transfer of goods and services in the following product lines over time and at a point in time :

1 Apr–30 Jun 2019 **EUR in thousands**	Mobile Service Revenue	Mobile Equipment	Mobile interconnection and Inbound Roaming	Fixed non-voice	Fixed Voice	Total
Timing of revenue recognition						
Point in time	-	35,188	-	2,589	47	37,824
Over time	120,551	-	11,148	57,009	5,490	194,198
Total	**120,551**	**35,188**	**11,148**	**59,598**	**5,537**	**232,022**

1 Apr–30 Jun 2018 **EUR in thousands**	Mobile Service Revenue	Mobile Equipment	Mobile interconnection and Inbound Roaming	Fixed non-voice	Fixed Voice	Total
Timing of revenue recognition						
Point in time	-	31,054	-	3,231	58	34,343
Over time	111,535	-	13,069	59,747	6,271	190,622
Total	**111,535**	**31,054**	**13,069**	**62,979**	**6,328**	**224,966**

1 Jan–30 Jun 2019 **EUR in thousands**	Mobile Service Revenue	Mobile Equipment	Mobile interconnection and Inbound Roaming	Fixed non-voice	Fixed Voice	Total
Timing of revenue recognition						
Point in time	-	68,491	-	6,417	296	75,204
Over time	238,771	-	22,043	113,785	11,102	385,701
Total	**238,771**	**68,491**	**22,043**	**120,202**	**11,398**	**460,906**

1 Jan–30 Jun 2018 **EUR in thousands**	Mobile Service Revenue	Mobile Equipment	Mobile interconnection and Inbound Roaming	Fixed non-voice	Fixed Voice	Total
Timing of revenue recognition						
Point in time	-	59,493	-	5,779	66	65,338
Over time	223,686	-	26,066	119,159	13,063	381,974
Total	**223,686**	**59,493**	**26,066**	**124,938**	**13,128**	**447,312**

1 Jan–31 Dec 2018 **EUR in thousands**	**Mobile Service Revenue**	**Mobile Equipment**	**Mobile interconnection and Inbound Roaming**	**Fixed non-voice**	**Fixed Voice**	**Total**
Timing of revenue recognition						
Point in time	-	133,646	-	12,877	81	146,604
Over time	454,427	-	51,495	235,269	23,964	765,155
Total	**454,427**	**133,646**	**51,495**	**248,146**	**24,045**	**911,758**

Mobile communication services comprise service revenue, mobile network voice services, mobile broadband services, M2M services and mobile virtual network operator (MVNO) services. Mobile device revenue comprises the sales of mobile devices such as mobile phones, tablets and dongles. Mobile interconnection and roaming revenue comprises interconnection revenue, which DNA receives for calls made by other operators' clients to DNA's network, and roaming revenue, which DNA receives from other operators for calls made by foreign mobile operators' subscribers in Finland. Fixed-network revenue for services other than voice services comprises fixed broadband and data services, TV and video services, corporate network value added services as well as the sales of network equipment (e.g. PBX and LAN/WLAN equipment). Fixed-network voice services include all fixed-network voice services and related devices.

3 Segment information

1 Apr–30 Jun 2019

EUR in thousands Business segments	Consumer segment	Corporate segment	Unallocated	Group total
Net sales	**176,720**	**55,302**		**232,022**
EBITDA	**59,608**	**18,241**		**77,849**
Depreciation, amortisation and impairments	26,832	15,319		42,150
Operating result, EBIT	**32,776**	**2,923**		**35,699**
Net finance items			−2,262	−2,262
Share of associates' results			0	0
Net result before income tax				33,437
Net result for the period				**26,160**
Capital expenditure*	13,648	11,565	-	25,213
Employees at end of period	946	702	-	1,648

1 Apr–30 Jun 2018

EUR in thousands Business segments	Consumer segment	Corporate segment	Unallocated	Group total
Net sales	**168,409**	**56,557**		**224,966**
EBITDA	**56,109**	**16,493**		**72,601**
Depreciation, amortisation and impairments	23,859	12,769		36,627
Operating result, EBIT	**32,250**	**3,724**		**35,974**
Net finance items			−2,224	−2,224
Share of associates' results			6	6
Net result before income tax				33,756
Net result for the period				**26,984**
Capital expenditure*	20,339	10,305	-	30,645
Employees at end of period	935	676	-	1,611

1 Jan–30 Jun 2019

EUR in thousands Business segments	Consumer segment	Corporate segment	Unallocated	Group total
Net sales	**350,298**	**110,607**		**460,906**
EBITDA	**117,162**	**36,747**		**153,909**
Depreciation, amortisation and impairments	53,307	30,093		83,400
Operating result, EBIT	**63,855**	**6,653**		**70,508**
Net finance items			−4,902	−4,902
Share of associates' results			0	0
Net result before income tax				65,606
Net result for the period				**51,446**
Capital expenditure*	31,964	25,383	-	57,347
Employees at end of period	946	702	-	1,648

*Capital expenditure comprises additions to intangible and tangible assets, excluding business combinations, and additions relating to decommissioning obligations. Additionally, capital expenditure includes capitalised spectrum license payments made during the reporting period.

1 Jan–30 Jun 2018

EUR in thousands Business segments	Consumer segment	Corporate segment	Unallocated	Group total
Net sales	**333,639**	**113,673**		**447,312**
EBITDA	**109,503**	**33,749**		**143,252**
Depreciation, amortisation and impairments	46,928	25,113		72,042
Operating result, EBIT	**62,575**	**8,636**		**71,210**
Net finance items			−6,850	−6,850
Share of associates' results			12	12
Net result before income tax				64,373
Net result for the period				**51,432**
Capital expenditure*	33,688	16,848	-	50,535
Employees at end of period	935	676	-	1,611

1 Jan–31 Dec 2018

EUR in thousands Business segments	Consumer segment	Corporate segment	Unallocated	Group total
Net sales	**684,919**	**226,838**		**911,758**
EBITDA	**218,764**	**66,156**		**284,921**
Depreciation, amortisation and impairments	95,049	50,974		146,023
Operating result, EBIT	**123,716**	**15,182**		**138,898**
Net finance items			−11,177	−11,177
Share of associates' results			14	14
Net result before income tax				127,736
Net result for the period				**102,234**
Capital expenditure*	92,867	45,404	–	138,271
Employees at end of period	913	677	–	1,590

*Capital expenditure comprises additions to intangible and tangible assets, excluding business combinations, and additions relating to decommissioning obligations. Additionnally, capital expenditure includes capitalised spectrum license payments made during the reporting period.

As key figures for business segments, in addition to segment net sales, DNA presents comparable EBITDA and comparable EBIT, which have been adjusted with material items outside of ordinary course of business to improve comparability between periods. DNA's chief operative decision-maker assesses segment performance mainly based on these key figures. Items affecting comparability include essential items such as net gain or losses from business disposals, direct transaction costs related to business acquisitions, impairment of non-current assets, costs for closure of business operations and restructurings, fines or other similar payments, damages as well as costs related to a one time study on the Company's strategic alternatives to grow its shareholder base, costs related to the strategic assessment work of the Board of Directors as well as direct transaction costs of and cost impacts of the listing.

4 Capital expenditure

EUR in thousands	1 Apr– 30 Jun 2019	1 Apr– 30 Jun 2018	1 Jan– 30 Jun 2019	1 Jan– 30 Jun 2018	1 Jan– 31 Dec 2018
Capital expenditure*					
Intangible assets	**6,906**	9,123	**24,576**	19,173	38,753
Property, plant and equipment	**18,307**	21,522	**32,771**	31,362	99,518
Total	**25,213**	**30,645**	**57,347**	**50,535**	**138,271**

*Capital expenditure comprises additions to intangible and tangible assets, excluding business combinations, and additions relating to decommissioning obligations. Additionnally, capital expenditure includes capitalised spectrum license payments made during the reporting period.

Major individual items included in capital expenditure are 4G network capacity expansion and development, 5G readiness as well as fibre optic networks and IT.

5 Equity

	Shares outstanding (thousands)	Treasury shares (thousands)	Total number of shares (thousands)	Share capital (EUR in thousands)	Reserve for invested unrestricted equity (EUR in thousands)
1 January 2018	**132,039**	**265**	**132,304**	**72,702**	**653,056**
Share issue	82	−82			
Reclassification					−62,420
Capital payment					−84,557
31 December 2018	**132,121**	**183**	**132,304**	**72,702**	**506,079**
Share issue	61	−61	-	-	-
30 June 2019	**132,182**	**121**	**132,304**	**72,702**	**506,079**

DNA Plc has one type of share. The total number of shares is 132,303,500 (132,303,500). The number of outstanding shares is 132,182,184 (31 December 2018 132,120,711). The shares do not have a nominal value. On 30 June 2019, DNA Plc's share capital amounted to EUR 72,702,226. All issued shares have been paid in full.

Dividends

DNA Plc's Annual General Meeting of 28 March 2019 approved a payment of dividend (EUR 0.70 per share) as well as an additional dividend (EUR 0.40 per share). In total, paid dividends amounted to EUR 1.10 per share. The dividend was paid on 10 April 2019.

Treasury shares

Based on the Board of Directors' decision, DNA Plc has 1 March 2019 transferred 61,473 of the company's treasury shares to persons belonging to the share-based remuneration scheme, Bridge Plan 2018 for the performance period 2018, as settlement in accordance with the plan rules.

After the transfer, DNA holds a total of 121,316 treasury shares.

	Amount
Treasury shares 1 January 2019	**182,789**
1 March 2019 Share issue - share-based incentive scheme	−61,473
Treasury shares 31 December 2019	**121,316**

Treasury shares represent 0.09 per cent of the votes.

6 Borrowings

EUR in thousands	30 June 2019	30 June 2018	31 December 2018
Non-current borrowings			
Loans from financial institutions	77,367	9,964	46,154
Bonds	302,570	302,582	301,936
Lease liabilities	64,475	-	-
Total	**444,412**	**312,546**	**348,090**
Current borrowings			
Loans from financial institutions	64,069	31,318	3,846
Bonds	-	38,637	-
Commercial papers	119,902	59,983	49,991
Lease liabilities	15,744	-	-
Total	**199,715**	**129,938**	**53,837**

The increase in borrowings during Q2, is mainly due to the EUR 145.4 million dividend payment in the beginning of April and the EUR 27.5 million ICT Elmo Oy business combination in the end of May.

7 Net debt

EUR in thousands	30 June 2019	30 June 2018	31 December 2018
Non-current borrowings	**444,412**	312,546	348,090
Current borrowings	**199,715**	129,938	53,837
Total borrowings	**644,128**	442,484	401,927
Less cash and cash equivalents	**36,614**	23,575	22,654
Net debt	**607,513**	**418,909**	**379,273**

Change in net debt		Reported in cash flows from financing activities		
EUR in thousands	**Cash**	**Current borrowings**	**Non-current borrowings**	**Net debt**
1 January 2018	**23,592**	**154,518**	**173,362**	**304,288**
Change in cash	–937			937
Proceeds from borrowings		563,726	296,154	859,880
Repayment of borrowings		–665,123	–113,810	–778,932
Other non-cash transactions		715	–7,616	–6,901
31 December 2018	**22,654**	**53,837**	**348,090**	**379,273**
1 January 2019 IFRS 16 standard		14,775	67,329	82,104
Change in cash	13,960			–13,960
Proceeds from borrowings		466,785	34,064	500,849
Repayment of borrowings		–349,941		–349,941
Other non-cash transactions		14,259	–5,070	9,188
30 June 2019	**36,614**	**199,715**	**444,412**	**607,513**

8 Provisions

EUR in thousands	1 January 2019	Additions	Provisions used	Other/ Discount effect	30 June 2019
Asset retirement obligation	4,788	0	–	–	4,789
Restructuring provisions	97	–	–	–	97
Other provision	208	–	–	–	208
Total	**5,094**				**5,094**

Asset retirement obligation
The asset retirement obligation provision comprise the estimated dismantling and demolition costs of data centres, masts and telephone poles. The asset retirement period for telephone poles is estimated at 15 years, and 25 years for data centres and masts. Realising the dismantling and demolition costs do not involve any significant uncertainties.

9 Related party transactions

DNA's related parties include the main shareholders (Finda Oy, Finda Telecoms Oy, PHP Holding Oy) which have significant influence over the group, subsidiaries, associated companies, joint arrangements and members of the Board of Directors and the management team, including the CEO and the deputy CEO as well as their close family members. In addition, related parties include all entities controlled or jointly controlled by a person idenfitied as related party.

The following related party transactions were carried out:

Jan–Jun 2019

EUR in thousands	Organisations exercising significant influence	Associated companies
Sales	9	-
Purchases	1,152	216
Receivables	2	-
Liabilities	263	-

Jan–Jun 2018

EUR in thousands	Organisations exercising significant influence	Associated companies
Sales	9	-
Purchases	1,340	229
Receivables	2	-
Liabilities	205	34

Jan–Dec 2018

EUR in thousands	Organisations exercising significant influence	Associated companies
Sales	21	-
Purchases	2,759	465
Receivables	2	-
Liabilities	354	2

10 Share-based payments

Long-term share-based incentive scheme for senior management and other key employees

DNA's Board of Directors decides to continue the long-term incentive plans for senior executives and other key employees. DNA has a Performance Share Plan (PSP) for senior executives and other key employees. The PSP consists of three separate three-year performance periods; 2017–2019, 2018–2020 and 2019–2021.

The purpose of the long-term incentive system is to harmonise shareholders' and senior executives' goals in order to increase DNA's value, and to commit executives and other key employees to DNA by offering them a competitive, long-term reward plan in the company.

The system mainly consists of a Performance Share Plan (PSP), which is complemented by a separate share-based Bridge Plan. In addition, DNA has a Restricted Share Plan (RSP).

The Performance Share Plan

The Performance Share Plan consists of separate, share-based reward programmes that begin annually. Each programme has a three-year vesting period. The start of each new programme requires a separate decision by the Board of Directors.

The first programme (PSP 2017) started at the beginning of 2017. Any share-based rewards earned through it will be paid in the spring of 2020, if the performance targets set by the Board of Directors are reached.

The first programme will be built on the following performance targets: DNA's total shareholder return (TSR) compared to a peer group over the period 2017–2019, and DNA's cumulative cash flow in 2017–2019. The first programme has about 50 participants, and the maximum number of shares to be handed out will be 471,000 (gross amount from which applicable withholding tax will be deduced, and the remaining net amount will be paid as shares).

The second programme PSP 2018–2020 started at the beginning of 2018. Any share-based rewards earned through it will be paid in the spring of 2021, if the performance targets set by the Board of Directors are achieved. The performance targets applied to the programme are DNA's total shareholder return (TSR) compared to a peer group over the period 2018–2020, and DNA's cumulative cash flow in 2018–2020. The programme has around 50 participants, and the maximum number of shares to be distributed will be 372,600 (the gross amount from which the applicable withholding tax will be deduced, and the remaining net amount will be paid as shares).

The programme PSP 2019–2021 starts at the beginning of 2019. Any share-based rewards earned through it will be paid in the spring of 2022. The performance targets applied to the programme are DNA's EBITDA development over the period 2019–2021 and DNA's total shareholder return compared to a peer group over the period 2019–2021. The programme has around 70 participants, and the maximum number of shares to be distributed will be 382,158 (the gross amount from which the applicable withholding tax will be deduced, and the remaining net amount will be paid as shares).

The Bridge Plan

The Bridge Plan for the transition period consists of two, three-year-long share-based reward programmes. These programmes have a year-long vesting period and a two-year restriction period. The first programme began in 2017. Share-based rewards based on the 2017 programme were handed out in the spring of 2018, because the performance targets set by the Board of Directors were reached (EBITDA and EBITDA margin among others). Shares received as a reward cannot be transferred during a two-year restriction period after the vesting period.

The performance targets applicable to the share-based reward system during the transition period are based on DNA's key strategic objectives for the vesting periods in question. The first programme has about 50 participants, and the maximum number of shares to be handed out will be 157,300 (gross amount from which applicable withholding tax will be deducted, and the remaining net amount will be paid as shares).

The performance targets applicable to the share-based reward programme, the Bridge Plan 2018, which began in January 2018, are based on DNA's key strategic objectives for the vesting period in question. Share-based rewards based on the 2018 programme were handed out in the spring of 2019, because the performance targets set by the Board of Directors were reached (EBITDA and EBITDA margin among others). Shares received as a reward cannot be transferred during a two-year restriction period after the vesting period.

The programme has around 50 participants, and the maximum number of shares to be handed out will be 115,900 (gross amount from which applicable withholding tax will be deduced, and the remaining net amount will be paid as shares). Any rewards based on the programme will be distributed in the spring of 2019, if the performance targets set by the Board of Directors are achieved. Shares received as a reward cannot be transferred during the two-year restriction period after the vesting period.

Share-based reward plan	PSP 2019–2021	PSP 2018–2020	Bridge plan 2018	PSP 2017–2019	Bridge plan 2017
Grant date	30 January 2019	17 January 2018	17 January 2018	15 February 2017	15 February 2017
Maximum number of shares	382,158	372,600	115,900	471,000	157,300
Fair value of the reward at grant date	9.66	6.12		6.28	
Share price at grant date	18.39	15.07	15.07	11.36	11.36
Valid until	31 December 2021	31 December 2020	31 December 2020	31 December 2019	31 December 2019
Expected volatility of share prices		19%		23%	
Expected dividends		3.12	1.02	0.63–0.75	
Risk-free interest rate		−0.29%		−0.82%–0.74%	
Expected life	3 years	3 years	3 years	3 years	3 years
Implementation	As shares and cash	As shares and cash	As shares and cash	As shares and cash	As shares and cash

The fair value of the PSP 2017–2019 reward at grant date was 6,28. The fair value of the PSP 2018–2020 awared at grant date was 6,12. The fair value at grant date was valued using a Monte Carlo simulation model, taking into account share price at grant date, Volume Weighted Average Price (VWAP), expected dividends, risk-free interest rates, expected volatility of share prices, as well as correlation coefficients.

Based on the Board of Directors' decision, DNA Plc has on 1 March 2019 transferred 61,473 of the company's treasury shares to persons belonging to the share-based remuneration scheme, Bridge Plan 2018 for the performance period 2018, as settlement in accordance with the plan rules. Withholding tax of EUR 0.7 million was deduced from the gross amount.

Based on the Board of Directors' decision, DNA Plc has on 1 March 2018 transferred 82,028 of the company's treasury shares to persons belonging to the share-based remuneration scheme, Bridge Plan 2017 for the performance period 2017, as settlement in accordance with the plan rules. Withholding tax of EUR 1.1 million was deduced from the gross amount.

The restricted share-based reward system (RSP)
The restricted share-based reward system can be used as a complementary tool for committing employees in specific situations, such as during acquisitions and recruitment. The Restricted Share Plan consists of share-based incentive programmes that begin every year. Each program consists of a three-year restriction period, after which the shares allocated in the beginning of each respective programme are paid to the participants, provided that their employment DNA continues until the payment of the rewards. The start of each new programme requires a separate decision by the Board of Directors.

The RSP typically applies to only a few individuals per year. The rewards earned of the first programme (RSP 2017) will be distributed in 2020. The maximum number of shares distributed under the programme is 42,900 (gross amount from which applicable withholding tax will be deduced, and the remaining net amount will be paid as shares). The rewards earned of the RSP 2018–2020 share-based reward programme will be distributed in the spring of 2021. The maximum number of shares distributed under the programme is 45,000 (gross amount from which applicable withholding tax will be deduced, and the remaining net amount will be paid as shares). The rewards earned of the RSP 2019–2021 share-based reward programme will be distributed in the spring of 2022. The maximum number of shares distributed under the programme is 37,500 (gross amount from which applicable withholding tax will be deduced, and the remaining net amount will be paid as shares).

Share-based reward plan	RSP 2017–2019	RSP 2018–2020	RSP 2019–2021
Grant date	9 April 2019	9 April 2019	9 April 2019
Maximum number of shares	42,900	45,000	37,500
Fair value of the reward at grant date	20.12	20.12	19.11
Share price at grant date	21.14	21.14	21.14
Valid until	30 April 2020	15 March 2021	15 March 2022
Expected life	3 years	3 years	3 years
Implementation	As shares and cash	As shares and cash	As shares and cash

Matching shares plan of DNA personnel

The Board of Directors of DNA Plc has decided on the establishment of a matching shares plan for all DNA personnel. The purpose of the plan is to steer the activities of personnel towards the attainment of strategic objectives, as well as to improve the long-term commitment of personnel and offer incentives in the form of potential increase in share value.
Participation in the matching shares plan is voluntary.

The first saving period in 2019–2020 begins in April 2019 and will run until March 2020. Each employee may participate in one saving period at a time, with the saved shares purchased quarterly at market value after the publication of financial results. Participants may purchase shares up to a value of 500 euros per month. The matching shares issued for the saved shares will be paid in a single instalment at the end of the holding period, with DNA issuing each participant one matching share for two purchased shares. The Board of Directors of DNA will decide annually on possible new saving periods and their terms.

Share-Based payments

EUR in thousands

Expense recorded in the income statement	Jan–Jun 2019	Jan–Jun 2018	Jan–Dec 2018
Share-based payments	1,863	1,508	2,719

11 Business combinations

DNA Plc acquired the entire capital stock of European Mobile Operator Oy and Moi Mobiili Oy on 11 January 2019. European Mobile Operator Oy's wholly-owned subsidiary Moi Mobiili Oy provides mobile services to private and corporate customers. It has operated since 2016 as a service operator in the DNA mobile network. The acquisition is a natural continuation in implementing DNA's growth strategy.

The purchase price was paid in cash. The assets and liabilibites were preliminary reported in the interim statement 31 March 2019 at their carrying amounts and have now been adjusted to their fair value. The goodwill consist of synergy benefits expected and the knowledge of the personnel transferred.

EUR in millions	Fair value recorded
Intangible assets	6.5
Accounts receivable and other receivables	1.0
Cash and cash equivalents	0.0
Total assets	**7.4**
Borrowings	1.8
Deferred tax liabilities	−0.3
Trade and other payables	2.0
Total liabilities	**3.6**
Net assets	**3.9**
Total consideration transferred	15.4
Goodwill	11.5

Direct costs of EUR 0.3 million were recorded as other operating expenses. The acquired subsidiaries' net sales since acquisition was EUR 4.8 million. As the acquisition took place 11 January 2019 the group's net sales and result would have been on the same level year to date.

ICT Elmo consumer and housing company business acquisition

DNA has on 31 May 2019 agreed to purchase an extensive fibre-optic network infrastructure used by ICT Elmo Oy (formerly Tampereen Puhelin) as well as its consumer and housing company business.

The purchase price was paid in cash. The fair value assessment of the transferred assets and liabilities has not yet been made. Assets and liabilities are recorded preliminary:

Assets	27.6
Liabilities	0.1
Total consideration transferred	27.5

Direct costs of EUR 0.2 million are recorded as other operating expenses.

The acquired subsidiaries' net sales since acquisition was EUR 0.4 million. Had the acquisition occurred 1 January 2019, Group net sales would have been EUR 463,1 million.

12 Changes in accounting policy IFRS 16

At the initial application on January 1, 2019 all right-of-use assets, with the exception of prepaid assets, were recorded with an equivalent value recorded for the related lease liabilities. As a result, the Group's non-current assets and non-current liabilities increased.

Consolidated statement of financial position 1 January 2019

EUR in thousands	31 December 2018	Changes in accounting policy IFRS 16	Adjusted 1 January 2019
ASSETS			
Non-current assets			
Goodwill	327,206	-	327,206
Other intangible assets	191,783	-	191,783
Property, plant and equipment	412,550	-	412,550
Right-of-use assets	-	84,439	84,439
Investments in associates	1,209	-	1,209
Other investments	117	-	117
Trade and other receivables	76,026	−2,467	73,559
Deferred tax assets	7,691	-	7,691
Total non-current assets	**1,016,582**	**81,972**	**1,098,554**
Current assets			
Inventories	31,681	-	31,681
Trade and other receivables	201,037	-	201,037
Other current receivables	1,439	-	1,439
Accruals	42,148	−358	41,790
Cash and cash equivalents	22,654	-	22,654
Total current assets	**298,960**	**−358**	**298,602**
Total assets	**1,315,541**	**81,614**	**1,397,155**
Equity			
Equity attributable to owners of the parent			
Total equity	**604,770**	**-**	**604,770**

EUR in thousands	31 December 2018	Changes in accounting policy IFRS 16	Adjusted 1 January 2019
LIABILITIES			
Non-current liabilities			
Borrowings	348,090	-	348,090
Lease liabilities	-	67,329	67,329
Employment benefit obligations	1,714	-	1,714
Provisions	5,307	−422	4,885
Deferred tax liabilities	34,825	-	34,825
Other non-current liabilities	34,978	-	34,978
Total non-current liabilities	**424,914**	**66,907**	**491,821**
Current liabilities			
Borrowings	53,837	-	53,837
Lease liabilities	-	14,775	14,775
Provisions	277	−68	208
Trade and other payables	226,687	-	226,687
Income tax liabilities	5,056	-	5,056
Total current liabilities	**285,857**	**14,707**	**300,564**
Total equity and liabilities	**1,315,541**	**81,614**	**1,397,155**

Consolidated income statement

Other operating expenses decrease as leases are now disclosed as depreciation and interest expenses. Additionnally, deferred tax is recognised in the income tax expense.

EUR in thousands	1.1.–30.6.2019 excluding IFRS 16	IFRS 16	1.1.–30.6.2019 including IFRS 16
Net sales	**460,906**	**-**	**460,906**
Other operating income	1,865	-	1,865
Materials and services	–194,921	-	–194,921
Employee benefit expenses	–56,301	-	–56,301
Depreciation, amortisation and impairments	–74,336	–9,064	–83,400
Other operating expenses	–66,719	9,079	–57,640
Operating result, EBIT	**70,494**	**15**	**70,508**
Finance income	233	-	233
Finance expense	–4,394	–742	–5,135
Share of associates' results	0	-	0
Net result before income tax	**66,333**	**–727**	**65,606**
Income tax expense	–14,207	47	–14,160
Net result for the period	**52,126**	**–680**	**51,446**
Attributable to:			
Owners of the parent	52,126	–680	51,446

13 Events after the review date

Telenor's offer on DNA's shares pending Finnish regulatory approval

European Commission approved Telenor's offer on DNA's shares on 15 July. The completion of the transaction is subject to Finnish regulatory approval, and Telenor expects to get the approval in August.

Norwegian telecommunications company Telenor Group announced 9th of April that it will acquire DNA's two largest owners', Finda Telecoms Oy and PHP Holding Oy's, shares of DNA Plc, in total 54% of the shares.

DNA is selling its terrestrial network pay-TV business to Digita

On 17 July, DNA announced divestment of its terrestrial TV network pay-TV business to Digita Oy on 1 January 2020. DNA will continue its operations as the leading pay-TV operator in the cable and broadband networks. The deal still requires the approval of the competition authorities, which is expected in the autumn of 2019. The parties will not be disclosing the sale price.

DNA's financial publications and AGM in 2019:

- Interim Report January–September 2019, 22 October 2019
- Capital Markets Day in Helsinki, 26 November 2019

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ARTICLES OF ASSOCIATION OF DNA PLC

ARTICLES OF ASSOCIATION OF DNA OYJ

1 § TRADE NAME AND DOMICILE OF THE COMPANY

The trade name of the company is DNA Oyj, and it is domiciled in Helsinki. The parallel trade name of the company in English is DNA Plc and in Swedish DNA Abp.

2 § LINE OF BUSINESS

The line of business of the company is general telecommunications and the provision of data communications, ICT, entertainment and television services. The company also imports equipment, devices, accessories and software and acts as a trader and an intermediary. In addition, the company provides consulting and services related to the above-mentioned operations as well as telephone and other types of communications. The company also has the right to offer payment services. The payment services provided by the company are listed in the register of payment service providers of the Financial Supervisory Authority. The company may own real estate and securities, engage in securities trading and conduct investment and finance operations that support the company’s line of business.

3 § BOARD OF DIRECTORS

The Board of Directors, which is elected at the General Meeting, is responsible for the administration and the appropriate organisation of the company's operations. The Board of Directors comprises a minimum of five (5) and maximum of nine (9) ordinary members. The term of office of a member of the Board of Directors expires at the end of the first Annual General Meeting following the election. The Board of Directors elects the chairman from among the members for each term of office. The Board of Directors is deemed to constitute a quorum when more than half of the members of the Board of Directors are present.

4 § CEO

The company has a CEO who is appointed by the Board of Directors.

5 § INCLUSION IN THE BOOK-ENTRY SYSTEM

The shares of the company are in the book-entry securities system.

6 § REPRESENTATION OF THE COMPANY

The company is represented by the CEO and the Chairman of the Board of Directors, each acting alone, and by two members of the Board of Directors acting together.

The Board of Directors may grant the right to represent the company and procurations to other persons.

7 § AUDITORS

The company has one (1) auditor, which shall be an audit firm with a responsible auditor who shall be an authorised public accountant. Their term of office of the auditor is the financial period, and the auditor's duty shall expire at the end of the first Annual General Meeting following the election.

8 § NOTICE OF GENERAL MEETING AND ADVANCE REGISTRATION

The notice convening a General Meeting shall be delivered to the shareholders by publishing it on the company's website no earlier than three (3) months and no later than three (3) weeks before the General Meeting, however, never later than nine (9) days before the record date of the General Meeting. To be entitled to attend the General Meeting, shareholders must register with the company by the date specified in the notice, which shall be no earlier than ten (10) days before the General Meeting.

9 § ANNUAL GENERAL MEETING

The Annual General Meeting must be held within six (6) months of the end of the financial period, at a date specified by the Board of Directors.

Items on the agenda of the Annual General Meeting shall include:

the presentation of

1. the financial statements and report of the Board of Directors;

2. the auditors’ report;

decisions on

3. the adoption of the financial statements, which, in the parent company, also involves the adoption of the consolidated financial statements;

4. the use of the profit shown on the balance sheet;

5. discharging the Members of the Board of Directors and the CEO from liability;

6. the number of members of the Board of Directors;

7. the compensation of the members of the Board of Directors and the auditor;

the election of

8. the members of the Board of Directors;

9. the auditor; and

consideration of

10. any other business specified in the notice of the meeting.

10 § FINANCIAL PERIOD

The company's financial period is one calendar year.