ANNUAL 2019

INDEX

A YEAR OF CHANGES AND NEW OPPORTUNITIES

2019 was a year of great changes but also a year of new opportunities. DNA continued its dedicated approach of having the most satisfied customers in the market. Once again, we were very successful in meeting our strategic objectives, achieving faster than average market growth while our profitability developed favourably. DNA was chosen the best workplace in Finland in the category of large companies of the Great Place to Work survey. Our 5G technology deployment progressed well and we launched the DNA Home 5G service towards the end of the year. Telenor’s acquisition of DNA marks a significant milestone for us, bringing new opportunities for future business and strengthening our competitiveness.

A YEAR OF CHANGES AND NEW OPPORTUNITIES

Steady growth continued despite intense competition

DNA continued to grow steadily and faster than the market average as our net sales grew 3.3% year-on-year. We can be particularly pleased with the growth of our mobile service revenue, which was up 7% and several orders of magnitude faster than market growth. Furthermore, our profitability developed well and our EBITDA margin (32.9%) was another step closer to our medium-term target of 34%. Customer bases of our main services also developed well. In the mobile network, our postpaid subscriptions increased by 37,000 in 2019, while the number of fixed-network broadband and cable TV subscriptions grew by 89,000. Competition remained intense throughout the year.

We strengthened our market position with business transactions

We strengthened our market position in January 2019 with the acquisition of Moi Mobiili Oy, which provides mobile services almost exclusively through digital processes. We also purchased an extensive fibre optic network in the Tampere region, as well as ICT Elmo's consumer business. This acquisition creates new opportunities for fixed-line service provision in Finland's second largest economic area in both consumer and corporate segments. The extensive fibre optic network will also facilitate the introduction of a super-fast 5G network in the Tampere region.

In terms of divestment, we sold our terrestrial TV network pay-TV business to Digita, which took over the business in January 2020. DNA will continue to sell these services as Digita's partner, and will continue its operations as a leading pay-TV operator in the cable and broadband networks.

Great Place To Work

We were delighted to be chosen the best workplace in Finland by the Great Place to Work institute in the category of large organisations in early 2019. The accolade is a result of our long-term focus on renewing our corporate culture, which is underpinned by our strategic goal of being a great place to work.

What is more, as the best large organisation to work for in Finland, DNA ranked 13th on the list of Europe's best employers in June 2019.

DNA promotes digital inclusion and is the most responsible brand in its industry in Finland

According to consumers, DNA is the most responsible company in its industry in Finland. The annual Sustainable Brand Index 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.

DNA's responsibility strategy has four key areas: digital inclusion, being a great place to work, climate-friendly operations and good governance.

High-quality connections and devices, digital skills and inclusion are a necessity for both consumer and corporate customers in the digital world. This is why DNA wants to promote good customer care, for example, by adopting inclusive operating practices and by supporting those in need. DNA works with SOS Children's Villages, HelsinkiMissio and the Hope to promote digital inclusion in Finland.

The era of 5G creates new business

DNA has been preparing for the deployment of 5G technology for several years now. We launched the sales of our first 5G-based service, DNA Home 5G, in December 2019. 5G network construction will continue briskly in 2020, and once competitive 5G mobile devices become available at reasonable price points, 5G services will be implemented rapidly during the year. 5G services will initially provide better and faster connections for both mobile users and households. In the coming years, low latency, network slicing and other 5G features will provide many new opportunities for business and growth in our sector.

However, 4G will remain the primary mobile network technology for a long time still, and DNA has a strong position as provider of high-speed 4G connections. According to a benchmarking of data speeds completed by Omnitele in May 2019, 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 the along the roads connecting these.

DNA becomes part of the Telenor group

DNA became part of the Telenor Group in 2019. It has been positive to note how similar DNA and Telenor are in terms of values, culture and operating philosophy. This has contributed to a smooth transition for DNA as part of Telenor. DNA is entering a new era, which enables us to provide new services for our customers with reinforced competitiveness. It is my strong belief that both our customers and the overall development of the information society in Finland will benefit from this change.

Continued development of customer experience and working environment

Positive customer experience is at the heart of DNA's operations and the work to improve our services and customer interactions continues. We need motivated employees to do so, and will continue to invest in the development of both our working environment and expertise. We at DNA will continue to work at the best workplace in Finland, striving to maintain faster than average market growth and improve our profitability further.

I would like to thank our personnel, customers and shareholders for our continued success in 2019.

Jukka Leinonen

DNA'S YEAR 2019 IN FIGURES

Postpaid mobile subscription base up by **37,000**

Mobile service revenue grew **7.0%**

Mobile service revenue was **EUR 486.4** million

Revenue per user (ARPU) **EUR 18.7**

Fixed-network broadband and cable TV subscriptions up by **94,000**

Mobile communication subscriptions totalled **2,822,000**

DNA ranked **first** in the Great Place to Work survey in Finland

Net sales **EUR 942.1** million (up 3.3% year-on-year)

Fixed-network broadband and cable TV subscriptions totalled **1,205,000**

Sales of **5G** services got under way

Average mobile data usage per subscription was **28.5** gigabytes at the end of the year

EVOLVING SOCIETY, CHANGING ENVIRONMENT

As digitalisation proceeds, our society becomes more dependent on reliable voice and data networks. As this shift takes place, DNA has an important role to play as a provider of voice and data connections for millions of people. In addition to digitalisation, climate change also creates new expectations for our operations. In 2019, DNA was acquired by a new owner, Telenor.

EVOLVING SOCIETY, CHANGING ENVIRONMENT

Digitalisation introduces new demands in terms of responsibility

Digitalisation creates a vast amount of new opportunities that are of benefit for both business and consumers. We at DNA recognize our responsibility as a promoter of the digital shift and a provider of voice and data communication services. Thousands of base stations and myriad kilometres of fibre-optic cable, as well as their continuous maintenance and development are the foundation of our business. At DNA, we are motivated by the desire to deepen our customer understanding and the ability to turn increasingly complex technologies into genuinely useful services. We want to be available when the customers need us, and to provide a good omnichannel customer experience.

Climate in mind

Our services are powered with energy from renewable sources, and DNA Stores provide the public a safe and effective way to recycle their old mobile devices. We are making constant efforts to reduce the consumption of electricity and paper at our facilities, as well as any other unnecessary environmental load.

Wide-ranging cooperation with authorities

We operate on a regulated market, and engage in active cooperation with the authorities. We are satisfied with the excellent work of public authorities in Finland, which has resulted in many decisions that benefit both operators and citizens. One example of this is the decisions on 5G spectrum allocation made by Traficom in 2018, thanks to which 5G network construction was well under way in 2019.

Meeting rising expectations

DNA's customers had the highest mobile data usage *) in the world again in 2019.

In the future, 5G technology and improved network services will accelerate the use of mobile data further.

The use of advanced network technologies and continuous development of our networks in areas such as capacity expansion will provide fast and reliable internet connections for our customers, even with the constant increase in the users and volume of mobile data. We also make sure to keep reducing the relative per-data consumption of electricity in our radio network despite the continuous increase in the use of data.

DNA joined the international Telenor Group

DNA became part of the Telenor Group in 2019. For us, this means major potential and new opportunities for expanding and developing our business. A skilled and strong international owner such as Telenor gives us the opportunity to introduce new services for customers operating in Finland and other markets, while also boosting our competitiveness. The Nordic Connect service that was launched for corporate customers in the autumn of 2019 is the first example of our cooperation within Telenor. It provides a secure VPN service, connecting business sites across the Nordic region.

*) DNA's press release 6 September 2019: DNA – the world leader in mobile data use per subscription

SUCCESS FROM GOAL SETTING

In 2019, we continued the long-term development of our business, focusing on customer experience, personnel satisfaction, and the resulting profitable growth.

SUCCESS FROM GOAL SETTING

DNA's main objectives remain unchanged: the most satisfied customers, satisfied personnel who work in one of the best workplaces in Finland, as well as industry-leading financial development and faster than average market growth.

With these objectives, DNA has been spearheading its industry for a long time, and maintained this position also in 2019.

Customer satisfaction signals success

Relationship NPS, or rNPS, which measures overall relationship to a business, improved further in 2019, in both Consumer and Corporate Business.

During the year, we introduced new services and complemented existing services with new features. DNA's service was also improved by the introduction of a new mobile app, which enables customers to contact DNA without delay.

Examples of important new services launched in 2019 include Nordic Connect, a new corporate service for connecting business sites across the Nordic region through a secure IP VPN, and Wattinen, which helps housing companies and residents maintain an ideal room temperature at all times.

Approximately one in three DNA employees works in customer service. We want to provide useful services that are easy to use.

DNA employees are satisfied with their work and their employer

DNA's personnel satisfaction improved again in 2019. DNA is an appealing workplace which attracts top talent. Employees like it here, and employment relationships typically last for several years at DNA.

In February 2019, DNA was chosen as the best workplace in Finland in the category of large organisations and in June, DNA ranked 13th on the Great Place to Work® survey's list of the best employers in Europe. Investments in employee satisfaction and well-being in 2019 include, for example, the introduction of a new competence development model and learning culture, and the continuous development of leadership by coaching. DNA has developed family-friendly practices systematically and in late 2019, we decided to introduce a new kind of benefit to employees in cooperation with Gubbe Sydänystävä Oy. The employee and Gubbe sign a contract for a companionship service for an elderly relative to help the employee care for their loved one.

We want to maintain our position among the best workplaces in Finland; with satisfied and motivated personnel, we can provide the best possible service to our customers.

2019 was a record year in terms of net sales and EBITDA

DNA's result for 2019 was good. In a challenging market, net sales for the January-December period increased 3.3%. The positive development was fuelled in particular by our mobile service revenue, which grew 7.0%, and by robust mobile device sales, which were up 10.3%. Comparable EBITDA developed strongly: it grew 8.8% from the reference period to EUR 309.9 million, or 32.9% of net sales.

DNA'S HIGH-LIGHTS IN 2019

DNA'S HIGHLIGHTS IN 2019

DNA'S net sales and profitability reached record levels in 2019

Net sales and profitability were at the highest level in the history of DNA. Net sales increased 3.3% to EUR 942.1 million. Interest in DNA's subscription services continues to increase and customer satisfaction remains at a good level.

5G services launched

The new DNA Home 5G service brings fast 5G connectivity to households. It provides a high-speed, fixed internet connection that is more affordable than a fibre-optic connection. Sales of DNA Home 5G were launched for homes in the residential areas of the Helsinki metropolitan area and the cities of Turku and Tampere.

DNA was chosen as the best workplace in Finland

DNA was chosen as the best workplace in Finland by the Great Place To Work Institute on 7 February 2019 in the category of large companies. According to the survey, as many as 90% of DNA employees consider DNA to be a great workplace. GPTW also ranked DNA as one of the best employers in Europe in the international Great Place to Work Gala on 5 June 2019. As the best large organisation to work for in Finland, DNA ranked 13th on the list of Europe's best employers.

Strong and skilled owner: Telenor

TELENOR has a leading Nordic position in mobile, broadband and TV services, as well as substantial activities in subsidiaries and joint venture operations.

Digital inclusion on focus

DNA'S corporate responsibility approach focuses on digital inclusion. DNA donated hundreds of smart phones to those in need again in 2019. The donations were made through Hope to support families with children because smart phones make keeping in touch much easier for children and parents.

Top position on mobile data use

DNA'S customers keep top position in Tefficient's study on mobile data use. The upward trend of mobile data usage per subscription in DNA's network has continued for several years, which sends a strong signal that DNA's customers are satisfied with our services. According to the report released by Tefficient in September 2019, DNA's customers have the highest mobile data usage in the world*). Thanks to DNA's advanced network technologies, we can reduce the relative per-data consumption of electricity despite the continuous increase in the use of data.

Wattinen

DNA's new smart and easy-to-use service Wattinen was well received. With Wattinen, residents can maintain an ideal room temperature at all times without compromising comfort, while also saving money and reducing emissions from heating. Housing companies can use Wattinen to adjust the temperature to a comfortable level in all apartments.

*) DNA's press release 6 September 2019: DNA – the world leader in mobile data use per subscription

SATISFIED CUSTOMERS THE KEY TO SUCCESS

The strong growth of DNA's business continued in 2019. DNA's net sales increased 3.3% and of individual sources of revenue, mobile service revenue grew as much as 7%, multiple times the growth rate of the market.

SATISFIED CUSTOMERS THE KEY TO SUCCESS

DNA's key success factors include focusing on customer encounters and service experience; we want to provide excellent customer experiences and services that make our customers' lives easier and their business more effective.

The new DNA Home 5G service and the Nordic Connect corporate service are examples of important new services launched in 2019. DNA Home 5G provides super-fast broadband in areas where fibre-optic connections are not available or would be very expensive to build. Delivered in cooperation with Telenor, the Nordic Connect service is capable of connecting a company's Nordic business sites in an easy and secure way.

DNA also strengthened its market position through business acquisitions in 2019. DNA acquired Moi Mobiili Oy, an expert in mobile services based on digital processes, as well as an extensive fibre-optic network in the Tampere region and ICT Elmo Oy's consumer business.

DNA also promoted and maintained important partnerships. Telenor, which became a principal owner of DNA in 2019, is a new and important stakeholder group. As a working community, DNA is very efficient, and its operations rely on competent personnel, agile operating methods, seamless cooperation, and good partnerships. As our operating environment expands and is subject to quick changes, these areas will grow in importance as success factors.

In the future, business growth will stem in particular from 5G services and the continued growth of the mobile data market. DNA's network is already widely 5G-capable, which helped us provide better average data transfer speeds in the 4G network already in 2019. In addition to faster broadband connections, 5G technology will be of benefit to the overall development of the information society while also enabling new types of wireless services for consumer and corporate customers for both entertainment and business.

DNA PROMOTES INCLUSION

The implementation of DNA's updated corporate responsibility strategy started in 2019. Promotion of digital inclusion is a key activity in DNA's corporate responsibility.

DNA PROMOTES INCLUSION

DNA's responsibility strategy has four key areas: digital inclusion, being a great place to work, climate-friendly operations, and good governance.

High-quality connections and devices, digital skills and inclusion are a necessity for both consumer and corporate customers in the digital world. This is why DNA wants to promote good customer care, for example, by adopting inclusive operating practices and by supporting those in need.

DNA's brand the most responsible in its industry in 2019

In 2019, Finnish consumers ranked DNA as the most responsible company in its industry in the Sustainable Brand Index study.

The annual Sustainable Brand Index study is based on the principles of responsibility and the objectives of sustainable development according to the UN Global Compact, and it is the largest independent study in its field in the Nordic countries.

DNA's updated corporate responsibility objectives

Each strategy area, its objectives and examples of main measures and their results in a nutshell:

Strategy area	Objectives	Examples of measures in 2019
DIGITAL INCLUSION	We launched a responsibility programme in 2019 to promote digital inclusion in Finland.	▪ DNA started partnerships with three charity organisations to promote digital inclusion in Finland: SOS Children's Villages, HelsinkiMissio, and Hope. ▪ DNA launched new services to consumer customers to provide good customer care in the digital world: e.g. DNA Pop Up Stores, the DNA Asennusmestari installation service, and the DNA Helppoustakuu satisfaction guarantee. ▪ For corporate customers, DNA launched Digiakatemia in cooperation with Suomen Yrittäjäopisto to provide free training on digital skills for SMEs. ▪ DNA's cooperation with Nordea continued to support senior citizens' digital skills. Ready-to-use Nordea tablets are available at DNA Stores.
GREAT PLACE TO WORK	Our strategic goal is to be one of the most desired employers in Finland. By 2022, 90% of employees consider DNA to be a family-friendly workplace.	▪ In February 2019, DNA was chosen as the best workplace in the category of large organisations and in June, DNA ranked 13th on the Great Place to Work® survey's list of Europe's best employers. ▪ Well-being at work was promoted in many ways, such as paying attention to sufficient recovery from work. ▪ At the end of 2019, DNA decided to start piloting a new kind of benefit to support employees with elderly care concerns.
CLIMATE-FRIENDLY OPERATIONS	We 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 we will set a Scope 3 climate objective accordingly.	▪ All directly procured electricity was generated by renewable energy. ▪ 5G network construction started, and at the same time, the network will be upgraded with more energy-efficient technologies. ▪ DNA launched a new Wattinen service that helps households reduce climate emissions from heating.
GOOD GOVERNANCE	All DNA employees have completed DNA's Code of Conduct training.	▪ By the end of 2019, 80% of DNA personnel had completed DNA's Code of Conduct training. ▪ Practically all supervisors at DNA participated in training sessions on responsible decision-making.

DNA is continuously developing areas such as responsible procurement, privacy and data security, Code of Conduct compliance, and waste recycling.

DNA PROMOTES INCLUSION

Organisation of corporate responsibility at DNA

DNA's Sustainability Manager reports on the realisation of corporate responsibility objectives to DNA's Executive Team and Board of Directors every six months. The body which ultimately accounts for DNA's corporate responsibility is the Board of Directors.

BOARD OF DIRECTORS	The Board of Directors' Audit Committee and Personnel Committee discuss corporate responsibility issues based on proposals by the Executive Team. The Board approves the report on non-financial information as part of the Board of Directors' report.
DNA'S EXECUTIVE TEAM	DNA's Executive Team monitors the results of operations and discusses factors with significant economic or other impact. The CEO is in charge of corporate responsibility in the Executive Team. The CEO decides on the main principles of corporate responsibility based on proposals by the Sustainability Manager and Vice President, Corporate Communications.
▪ Climate team ▪ Responsible supply chain team ▪ Brand development steering group ▪ Employer branding working group	The corporate responsibility teams and groups discuss and plan matters related to corporate responsibility and decide on the implementation and responsibilities thereof.

DNA's role in the society as a promoter of digital inclusion is given special focus in DNA's corporate responsibility strategy.

THE MOST RESPONSIBLE BRAND IN ITS INDUSTRY

THE MOST RESPONSIBLE BRAND IN ITS INDUSTRY

In 2019, Finnish consumers ranked DNA as the most responsible company in its industry in the Sustainable Brand Index study. DNA's responsibility approach takes customer expectations into account.

Voice and data communications have become a necessity for people and the society at large: it is difficult to manage without good connections. However, consumers may find the product, service, and solution offering of the telecommunications sector very complex and even difficult to understand. Nor does everyone in Finland have the devices or skills required in today's digital society. For some, inclusion may be difficult because of a physical barrier or handicap.

DNA wants to contribute to the promotion of digital inclusion in Finland. To this end, DNA places special emphasis on high-quality comprehensive networks, fast connections, clear and understandable products and services, and excellent customer service.

DNA also wants to help those in vulnerable positions in Finland and launched a charity programme in 2019. It supports the work of SOS Children's Villages Finland, HelsinkiMissio, and Hope to prevent digital exclusion of children and the young, senior citizens, and low-income families.

DNA's cooperation with Nordea continued to support senior citizens' digital skills

DNA teamed up with the Nordea bank to offer a ready-to-use tablet for senior citizens. Piloted in 2018, the service became well established in 2019.

All banking services are pre-installed on the Nordea tablet and advice and instructions are available at all DNA Stores and Nordea banks. The package is sold below its normal price and includes a tablet suitable for online services and an interface for the easy and flexible use of online services. The service is primarily aimed at customers who do not yet have a smart device.

To pick up a tablet from a DNA Store, customers need a token provided by Nordea.

Excellent customer service important to DNA's success

DNA's rNPS score, which measures overall customer satisfaction, improved further in both Consumer and Corporate Business.

In 2019, Consumer Customer Service placed special emphasis on customer service quality by means such as further development of recruitment, training, remote working, and resource management according to customer needs. Data and analytics capabilities were leveraged further to support the work of customer service advisors and improve the customer experience. New robotic and automated solutions were also deployed to help customer service personnel in their work.

In Corporate Business, special emphasis was on seizing the new opportunities available to DNA as part of the Telenor Group and updating the strategy accordingly.

In 2019, DNA launched new service concepts to ensure good customer care. DNA Pop Up Stores served customers who want to get their phones cleaned or charged. The DNA Asennusmestari installation service helps customers to install DNA Netti or DNA TV Hub – or both. DNA Netti and DNA TV Hub also come with Helppoustakuu, a 30-day satisfaction guarantee during which the customer can cancel the broadband and DNA TV Hub subscription and return the devices.

5G network construction under way

DNA supports the customers' growing use of subscriptions, devices, and services by making continuous investments in mobile networks and fixed-network broadband.

DNA started the construction of its 5G network in 2019. The sales of the DNA Home 5G service were launched in the Helsinki metropolitan area and in the cities of Turku and Tampere in December. The service enables super-fast broadband in the fast expanding 5G technology service area utilizing the 3.5 GHz band. The solution is particularly effective in areas where fibre-optic connections are not available or would be very expensive to build.

According to Tefficient's latest report, DNA's customers have the highest mobile data usage per subscription in the world. In the first half of 2020, data usage per subscription in DNA's network was 23.5 gigabytes per month. In the future, 5G technology and improved network services will accelerate the use of mobile data further. Thanks to DNA's advanced network technologies, we can reduce the relative per-data consumption of electricity despite the continuous increase in the use of data.

RECORD HIGH JOB SATISFACTION

DNA aims to be one of the most desired employers in Finland. DNA was chosen as the best workplace in Finland in the Great Place to Work® survey, and ranked 13th on the list of Europe's best employers in 2019.

RECORD HIGH JOB SATISFACTION

DNA was chosen as the best workplace in Finland by the Great Place to Work institute in the category of large organisations. The results were published in February 2019. The Trust Index©, measuring the job satisfaction of DNA's personnel, continued to rise for a fifth year in a row.

DNA fared well also in the international Great Place to Work® survey. DNA placed 13th among Europe's best employers in the category of large companies in Stockholm in June 2019.

In the evaluation, DNA's strengths once again included flexibility, work-life balance, allocation of responsibility, equal treatment of employees, safety, friendly atmosphere at work, and team spirit. The employees also feel that their contribution is important and that they can freely be themselves at DNA.

Suggestions for improvements included, for example, opportunities for career progression and stronger feeling of doing meaningful work.

In total, 1,343 (1,336) DNA employees participated in the Great Place to Work® survey, resulting in a very good response rate of 83% (82%).

Based on the results, DNA specified further action to improve employee satisfaction and employer image at the team level.

At the end of 2019, DNA employed 1,620 people (1,590).

DNA pilots a new kind of employment benefit to support senior citizens

DNA is the first large company in Finland to be recognised as a Family-Friendly Workplace by the Family Federation of Finland. DNA received the certificate after participating in the Family-Friendly Workplace programme for several years.

An increasing proportion of the working population is worried about a senior citizen, such as a parent. To address this issue, DNA made a decision in late 2019 to introduce a new kind of benefit to support employees who are looking after a senior citizen. The pilot stage started in early 2020. The employee benefit is provided in cooperation with Gubbe Sydänystävä Oy, which provides companionship services for elderly people. DNA pays 70% of the non-medical service purchased by an employee to an elderly relative.

DNA's grandparental leave for employees is a well-established benefit, and several new grandparents took the leave in 2019. All DNA employees who become grandparents are entitled to one week's paid grandparental leave to spend time with their family. In total, close to 60 DNA employees have taken the grandparental leave.

At the moment, 86% of employees consider DNA to be a family-friendly workplace. DNA aims to bring the percentage to 90% by 2022.

DNA ensures personnel has necessary skills also in the future

Competence management at DNA is based on strategic capabilities, which ensure the company's success also in the future. At DNA, strategic capabilities are used to communicate about the direction of competence development, so that employees know what is expected of them and which areas require further development so that they can maintain the compenterce required in the changing working environment.

In 2019, DNA focused on creating understanding of strategic capabilities and compentece-related discussion took place at

RECORD HIGH JOB SATISFACTION

the team level. Strengthening of individual capabilities in identified areas will commence in 2020.

DNA's learning culture supports the development of strategic capabilities. Every employee is responsible for their individual development, but DNA supports it in many ways. Learning is part of working at DNA, and employees can allocate time to learning during working hours.

Flexible work improves work-life balance

At DNA, flexible work is based on trust. Using mobile workstations, the employees decide independently where they work, without discussing this with their supervisor.

Employees especially value the increased flexibility in the management of their work-life balance. They also reported being more effective and less stressed. Most DNA employees take advantage of the flexibility by working at home.

After a successful pilot, Corporate Customer Service adopted flexible work in 2019.

The opportunity to work remotely has also been expanded to all service advisors in Consumer Customer Service with good results.

Flexible and remote work reduces emissions from commuting. According to a study conducted by DNA, it reduces emissions from commuting by some 49%.

Supervisors' work is based on leadership by coaching

DNA has set the objective of being the best company in leadership by coaching in Finland by 2023. Leadership by coaching places special emphasis on continuous interaction between the supervisor and the employee. The supervisor asks questions, inspires, helps, understands, listens actively, acts as a sparring partner, evaluates progress, is available and cares. DNA supports continuous interaction by regular one-to-one discussions between supervisors and team members. Certified internal coaches support the work of all supervisors and employees at DNA.

Leadership by coaching is based on working according to DNA's values. Value-based leadership skills are based on measurable leadership competences. One method of leadership development is a 360-degree survey, which is used to assess these leadership competences in practice, and to focus support to develop them based on the feedback.

DNA has a comprehensive approach to well-being

Satisfaction and well-being of personnel is one of the cornerstones of DNA's strategy, as DNA sees a strong link between personnel and customer satisfaction.

In 2019, the main themes for well-being at work at DNA included sufficient recovery from work and prevention of musculoskeletal disorders. DNA employees were provided with, for example, coaching to support their lifestyle management skills and promote physical activity and healthy eating.

Occupational health services will carry out an assessment to identify challenges related to recovery from work as well as symptoms of musculoskeletal disorders. Based on results, employees are invited for check-ups and referred to appropriate rehabilitation services. Vocationally oriented KIILA rehabilitation was again available to DNA employees in 2019 to support their ability to work.

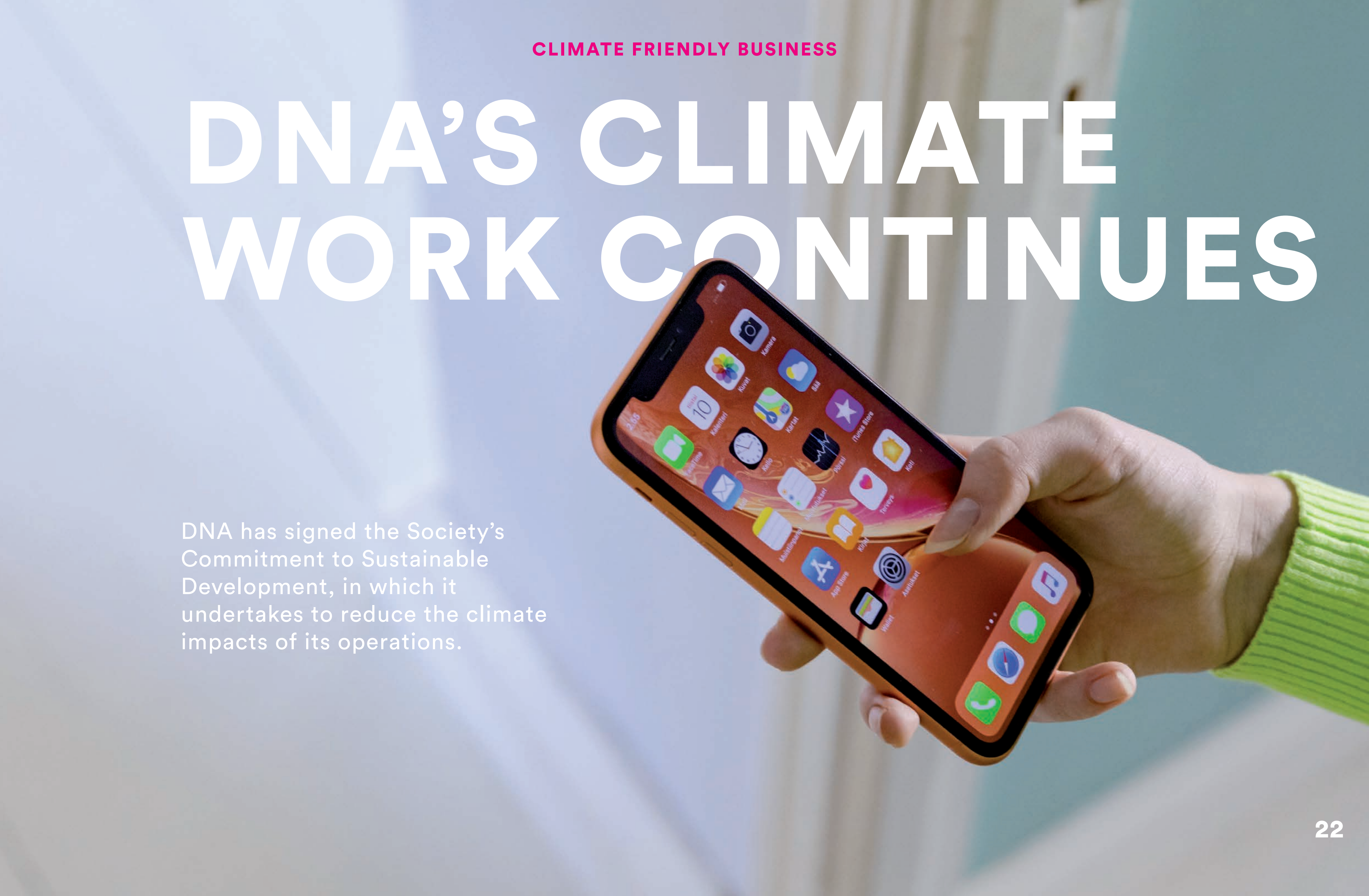
DNA's certified coaches have a significant role in the promotion of well-being at work and the culture of independent lifestyle management. Each coach helps the employees to use their own strengths, which increases motivation.

DNA conducted diversity mapping

Deeper customer understanding is a particularly important area in DNA's diversity vision. A diverse and pluralistic working community helps DNA understand the needs of different customers. DNA also wants to be a great place to work, which requires a tolerant, non-discriminatory, and inclusive working culture.

DNA conducted diversity mapping in 2019 to uncover how diverse DNA is, what kind of attitudes prevail at the moment, and to collect feedback on discrimination. While no significant challenges were identified, DNA used the results to draft a plan with which diversity can be gradually strengthened at DNA to further improve customer experience and well-being at work.

In 2019, DNA, Elisa, and Telia Finland participated together as official partners of Helsinki Pride under the theme "Together". With their participation, the companies supported diversity and equality while communicating their values and desire that everyone can feel valued and freely be themselves regardless of their gender, age, sexual orientation, ethnic background or anything else that makes a person unique.



DNA'S CLIMATE WORK CONTINUES

DNA has signed the Society's Commitment to Sustainable Development, in which it undertakes to reduce the climate impacts of its operations.

DNA'S CLIMATE WORK CONTINUES

DNA has calculated its greenhouse gas emissions for several years to identify the direct effect of DNA's operations on climate change. 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. The implementation of 5G technology in the coming years will improve relative efficiency further even if total energy consumption increases.

DNA has the following climate objectives:

- 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 2019, DNA's energy indirect greenhouse gas emissions (Scope 2) were 13,400 tonnes (17,900), which is 25% less than in 2018. DNA's Scope 2 emissions have reduced by approximately 55% since 2014, which is due to procurement of renewable energy and increased energy efficiency in the radio networks.

In 2019, the method for collecting source data relating to the procurement of purchased electricity (Scope 2) was adjusted. The emissions figures for earlier years could not be updated in accordance with the new data collection method. As a result, emission data from diff erent years is not fully comparable. The Scope 2 emissions reported by DNA are based on both measurement and evaluation.

DNA adjusted the emission calculation methods for DNA's main product categories in 2019, but the work to set a Scope 3 climate objective continues.

DNA's climate team, which comprises experts from diff erent parts of the organisation, plans emission reductions and possible reduction methods. The climate team reports on the completion of climate objectives and measures to the Executive Team and the Board of Directors' Audit Committee twice a year.

As part of the Group's risk management process, DNA has identifi ed 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 specifi ed mitigation practices for them.

The Wattinen service helps households reduce climate emissions from heating

In 2019, DNA launched a new Wattinen service that helps house-holds reduce climate emissions from heating. With Wattinen, residents can maintain an ideal room temperature at all times, while saving money and without compromising comfort.

Heating buildings is one of the biggest sources of climate emissions. Almost half of emissions in the Helsinki metropolitan area are caused by heating, equalling double the emissions from traffic. With Wattinen, a housing company can save 15-30% on the energy used in heating while reducing emissions in the same proportion.

DNA's directly procured energy is renewable

DNA's directly procured energy is hydro or wind power and comes with a Guarantee of Origin.

Renewable hydro power is a green choice in Finland, but it also has its challenges. DNA is monitoring the situation and regularly assesses the origin of purchased electricity.

Continuous improvement of the network and equipment facilities

DNA started the construction of its 5G network in 2019. During the construction, the network is upgraded to the latest radio technology, with the best energy-efficiency available. In the future, 5G will play an increasingly important role in the transmission of both fixed-network and mobile data. The current network upgrade makes DNA's network energy efficient for years to come.

New solutions that use ambient air to cool the equipment were implemented in DNA's equipment facilities already in 2018 to reduce energy consumption. The use of the technology was expanded further in 2019. The solution uses cool outdoor air, transferred by fans.

Automation of equipment facility cooling and ventilation was again increased in 2019, which provides energy savings and prolongs the useful life of cooling equipment.

DNA's products and services help reduce emissions

ICT companies provide many solutions to customers who want to reduce their greenhouse gas emissions.

According to a study conducted by DNA, it can be estimated that the recycling of mobile devices through DNA reduces emissions by up to 1,000 tonnes (CO2e) per year. This equals driving almost 5.5 million kilometres using a petrol car with average fuel consumption.

Corporate customers can use virtual servers, the use of which is estimated to be at least five times more effective than maintaining physical servers at customer premises. The estimate includes emissions from the materials required to manufacture the servers as well as electricity consumption.

RESPONSIBLE DECISION-MAKING

Responsible operations at DNA covers DNA's personnel, suppliers and subcontractors. The promotion of DNA's responsible decision-making model continued in 2019.

RESPONSIBLE DECISION-MAKING

DNA implemented its Päätöspolku ("decision-making path") model a few years ago to support responsible decision-making according to DNA's strategy. It is a check list for the effects of decisions on four areas: strategy alignment, economy and risks, compliance, and overall acceptability.

In 2019, close to 200 DNA supervisors attended training on responsible decision-making.

We adhere to our Code of Conduct and legislation

DNA adheres to national legislation in all its operations. As an employer, DNA adheres to the principles of the ILO Declaration on Fundamental Principles and Rights at Work, the UN Convention of the Rights of the Child, legislation on minimum wage and working hours, as well as general environmental, health, and safety requirements. These are taken into consideration in DNA Group's Code of Conduct which applies to all employees. By the end of 2019, 80% of DNA personnel had completed DNA's Code of Conduct training.

The company also expects its suppliers and subcontractors to operate according to these principles and has appended a Supplier Code of Conduct to its procurement and logistics agreements.

DNA has an anonymous notification channel for reporting concerns about unethical or unlawful behaviour. The notifications are processed by DNA's Whistle Blowing group, which consists of DNA's Senior Vice President, Legal Affairs, Senior Vice President, Human Resources, Fraud Manager and Legal Counsel, Employment Law.

There were no incidents of discrimination, corruption or bribery or human rights violations at DNA in 2019.

High level of security and data protection

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

DNA maintains a high level of security and data protection and a stringent security culture in the handling of all data related to its operations according to laws and regulations, orders issued by authorities, and good practices.

The purpose of data security at DNA is to enable the achievement of business objectives and protect critical success factors, such as DNA's customers, personnel, reputation, trademarks or brand name, and service quality. Data security supports DNA's core business and increases the appropriate availability of systems. Maintaining a good data security culture is of vital importance.

DNA's data protection policy determines how DNA can ensure that its operations and operating models are compliant with legislation on the processing of personal data and related responsibilities and that it implements a high level of data security. It also specifies the main implementation methods. Data protection is closely tied to data security.

DNA among the first to define ethical principles for the use of AI

DNA wants to make sure that AI (artificial intelligence) is used and developed in accordance with DNA's strategy and values throughout its organisation. To this end, DNA has defined ethical principles for the use of AI. DNA was among the first companies in Finland to do so.

DNA wants to make effective use of real-time and rich customer, network, and behavioural data throughout its channels and business operations as allowed by the EU General Data Protection Regulation (GDPR), in order to provide its customers with the most personal and expert service possible. DNA also aims to increase its operational efficiency by utilising AI.

Management of corporate responsibility risks

DNA's risk management process provides reports on risks and risk management methods to the Executive Team, Audit Committee, and Board of Directors. Operational plans for the management of significant risks are drafted based on risk management reports, and the Executive Team and Audit Committee monitor the implementation of these plans. Corporate responsibility risks are included in the company's overall risk

RESPONSIBLE DECISION-MAKING

management process and risk management reports.

For more information on risk management, please see Board of Director's Report.

Responsible procurement at DNA

DNA works with thousands of suppliers and subcontractors, a few dozen of which are considered as significant suppliers. Significant suppliers and subcontractors include, for example, equipment manufacturers, solution providers, developers, and consulting companies.

Significant suppliers are assessed regularly in terms of product and service risk, supplier risks, and country risks. For instance, some of the most significant suppliers and subcontractors operate in countries such as China and India that involve risks.

DNA expects all partners to take economic, environmental, and social responsibility into consideration in their operations. DNA enforces a Supplier Code of Conduct.

The Code is added to all new supplier agreements and also applies to the supplier's subcontractors. DNA's Supplier Code of Conduct also includes the requirement to uphold human rights.

Significant suppliers' and subcontractors' responsibility performance is evaluated regularly by means such as a survey and responsibility dialogue.

The responsible supply chain team, which comprises experts on corporate responsibility, procurement and logistics, and legal affairs, monitors responsible procurement and related measures at DNA. In addition, all DNA's procurement managers have received training on responsible procurement.

Transparent advocacy

The principles according to which DNA uses social influence stem from the company's values and Code of Conduct. The aim is to establish open two-way communication between decision-makers and DNA. The objectives of social influence are based on DNA's business strategy and business objectives.

The communication is also a means of disseminating information to provide a balanced view of benefits as well as possible challenges or problematic areas. The communication is respectful of the views of the other party, such as a decision-maker or other type of stakeholder.

DNA has joined the EU Transparency Register. The Transparency Register, or lobbyist register, has been introduced to answer basic questions such as these: what interests are being represented at EU level, who represents those interests, and with what budgets. The register is jointly maintained by the European Parliament and the European Commission.

As a telecommunications operator, DNA plays an important role in society by providing important communication connections and maintaining infrastructure that is critical to the operation of the society. DNA pays all its taxes in Finland.

DNA INVESTS IN FINLAND

DNA INVESTS IN FINLAND

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.

DNA is part of the Telenor Group, but remains a Finnish company domiciled in Helsinki. DNA operates in approximately 15 premises around Finland and serves customers in more than 60 DNA Stores, employing some 1,600 people. DNA has a strong presence in the everyday life of Finland.

Domestic investments and employment

DNA's economic responsibility includes meeting the expectations of customers and shareholders in a sustainable manner, supporting the economic welfare of the company's employees and society through direct and indirect employment. Tax payments, investments, and development of new products and services are also part of DNA's economic responsibility.

DNA's investments in 2019 were EUR 158.7 million (EUR 138.3 million). Parallel to the 5G investments, major items include investments in radio network capacity expansion and development, 5G readiness as well as fibre optic networks and transmission systems.

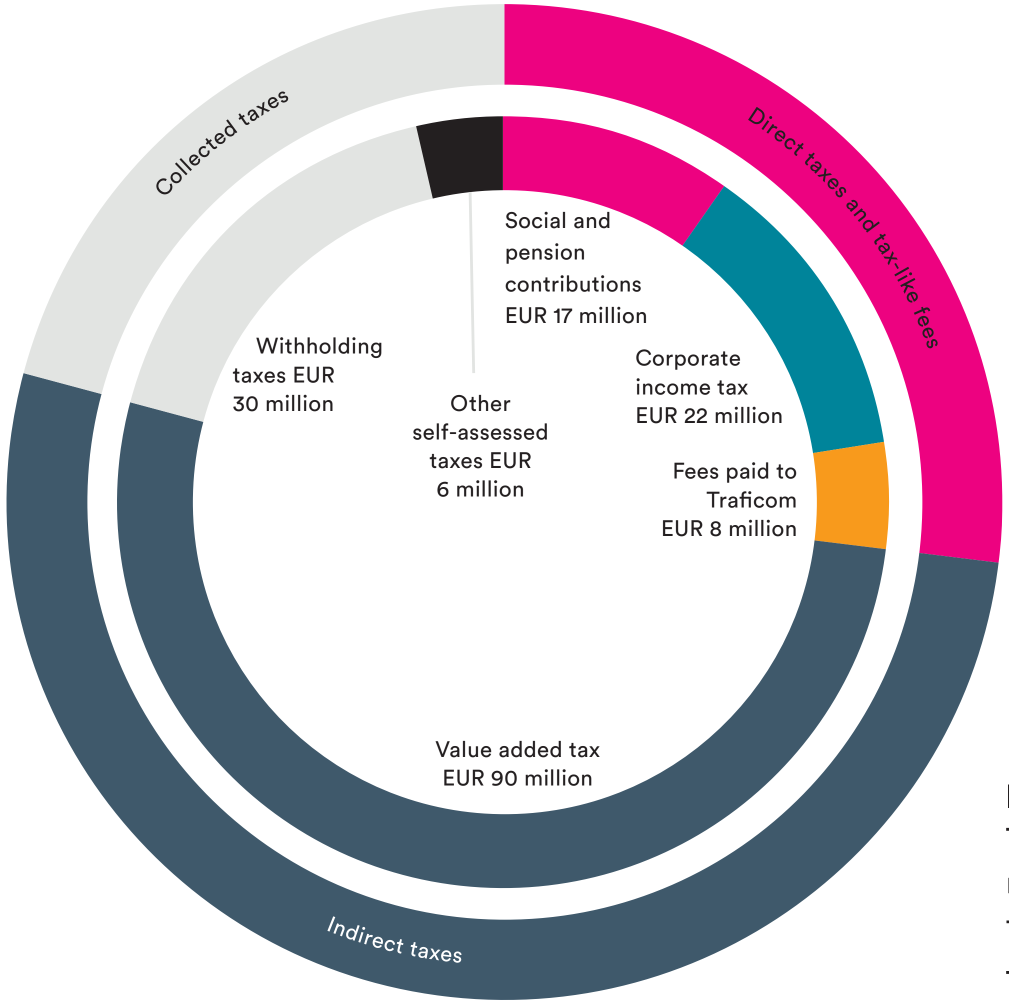
At the end of 2019, DNA employed 1,620 people.

ECONOMIC VALUE FOR STAKEHOLDERS, EUR MILLION

Generation of added value		2019*	2018	2017	2016	2015
From the customers	Net sales	942.1	911.8	886.1	858.9	828.8
Total generated added value		942.1	911.8	886.1	858.9	828.8
Distribution of added value						
Goods and service suppliers	Materials and services as well as other operating expenses	527.7	523.3	507.4	513.5	498.5
Personnel	Wages and salaries as well as pension expenses	110.3	104.2	107.7	107.0	102.3
Public sector	Income tax, value added tax, personnel expenses as well as payments to the Finnish Communications Regulatory Authority	122.9	126.4	123.8	110.6	90.0
Financial sector	Financial items	9.1	11.2	9.4	9.6	11.5
Shareholders	Dividends*	N/A	145.3	145.2	72.8	40.1
Total distributed added value*		**770.0**	**910.4**	**893.5**	**813.5**	**742.4**

* At the time of the publication of this report, DNA's Board of Directors has not made a decision on a proposal to the Annual General Meeting on the possible distribution of a dividend per share.

DNA INVESTS IN FINLAND



DNA'S TAX FOOTPRINT

	2019, EUR million
Direct taxes and tax-like fees	
Social and pension contributions	17
Corporate income tax	22
Fees paid to Traficom	8
Indirect taxes	
Value added tax	90
Collected taxes	
Withholding taxes	30
Other self-assessed taxes	6
Total	173

DNA's tax footprint

In 2019, the taxes and tax-like fees paid by DNA in Finland amounted to EUR 173 million (EUR 175 million). DNA pays all its taxes in Finland. By doing so, DNA contributes to the development of the Finnish society as a whole.

Taxes paid by DNA comprise direct, indirect, and collected taxes. Direct taxes consist of corporate income tax and tax-like fees paid directly by DNA. Value-added tax is an indirect tax paid by DNA. Collected taxes include tax collected and paid to the state, such as withholding taxes collected from employees' salaries and other self-assessed taxes, such as withholding taxes deducted from dividends.

Traficom is a public sector operator to which DNA pays tax-like fees, which were EUR 8 million in 2019 (EUR 12 million). These fees include, for example, spectrum licences, the information society fee, and communications network numbering fees.

Taxation is a factor considered in DNA's operation, operational processes, and risk management. DNA aims to reach an optimal taxation outcome in compliance with tax legislation, accounting legislation, and other regulations.

The taxes specified in the taxation contribution section are accrual-based.

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 2019, 80% of DNA personnel had completed DNA's Code of Conduct 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.

The company does not have a separate risk assessment process for corruption. 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 2019.

REPORTING ACCORDING TO GRI GUIDELINES

As in previous years, DNA continued to report on corporate responsibility in 2019 according to the Global Reporting Initiative reporting model. This is DNA's tenth GRI report.

With a reporting period of one calendar year, DNA publishes its GRI-compliant corporate responsibility report annually with the annual report. The previous report was published on 1 March 2019. This report has been prepared in accordance with the GRI Standards (2016) Core option.

DNA's corporate responsibility reporting is based on the guidelines, principles, and calculation methods specified by GRI. It includes the data for DNA Plc, including DNA Store Ltd. Since 2015, DNA's corporate responsibility reporting has included Finnish Shared Network Ltd, which is a joint operation by DNA and Telia. DNA owns 49% of Finnish Shared Network.

Any deviations from or changes to the reporting boundaries are mentioned with each indicator. Similarly, any changes in measurement methods are mentioned with each indicator.

The indicators reported by DNA cover all of DNA's operations in all of Finland. DNA only operates in Finland, which is why DNA hasn't deemed it relevant to report more specific information on locations of operations.

DNA's responsibility strategy, objective settings, measures, and reporting are steered by the materiality analysis which gives consideration to business objectives and stakeholder expectations and is updated as required. The analysis identifies the most relevant topics in terms of business and stakeholder impact. DNA collects customer feedback by several means and from many channels and carries out extensive research and user interviews in order to review the customer experience and market.

The material aspects of the four responsibility strategy focus areas are specified as follows according to the GRI standard:

DNA's corporate responsibility focus areas	Material GRI topics	Reporting boundary
DIGITAL INCLUSION	▪ Marketing and labelling ▪ Compliance	DNA Plc, including DNA Store Ltd
GREAT PLACE TO WORK	▪ Employment ▪ Labour/management relations ▪ Occupational health and safety ▪ Training and education ▪ Diversity and equal opportunity ▪ Non-discrimination	DNA Plc, including DNA Store Ltd
CLIMATE-FRIENDLY OPERATIONS	▪ Energy ▪ Emissions ▪ Effluents and waste	DNA Plc, including DNA Store Ltd
GOOD GOVERNANCE	▪ Customer privacy ▪ Economic performance ▪ Indirect economic impacts ▪ Anti-corruption ▪ Anti-competitive behaviour ▪ Supplier environmental assessment ▪ Supplier social assessment ▪ Public policy	DNA Plc, including DNA Store Ltd

DNA's corporate responsibility reporting has external assurance

DNA's Corporate Responsibility Report has been assured by an independent external party. The assurance statement is on page 40 of the report.

The GRI indicators and corporate responsibility information in this report have been reviewed by the Board of Director's Audit Committee.

According to the amended Accounting Act, DNA is also required to include a report on non-fi nancial information. DNA has included a report on non-fi nancial information in the Board of Directors' Report.

DNA's Sustainability Manager is responsible for the future development of reporting.

ENVIRONMENTAL INDICATORS

DEVELOPMENT OF DNA'S EMISSIONS, TOTAL (TCO2*)

	2019	2018	2017	2016	2015
Emissions, total**	**229,000**	220,000	216,000	208,000	208,000

* Indicator includes Scope 1, 2, and 3 emissions. Global Warming Potential (GWP) rate is based on the following reference: IPCC Fourth Assessment Report (AR4 - 100 year).

** In 2019, the method for collecting source data relating to the procurement of purchased electricity (Scope 2) was adjusted. The emissions figures for earlier years could not be updated in accordance with the new data collection method. As a result, emission data from different years is not fully comparable. Total emissions reported by DNA are based on both measurement and evaluation.

305-1 DIRECT GREENHOUSE GAS EMISSIONS (SCOPE 1) (TCO2)*

	2019	2018	2017	2016	2015
Direct greenhouse gas emissions	**500**	520	680	590	660

* Global Warming Potential (GWP) rate is based on the following reference: IPCC Fourth Assessment Report (AR4 - 100 year).

305-2 INDIRECT GREENHOUSE GAS EMISSIONS (SCOPE 2) (TCO2)*

	2019**	2018	2017	2016	2015
Indirect greenhouse gas emissions***	**13,400**	17,900	19,600	16,800	29,700

* Global Warming Potential (GWP) rate is based on the following reference: IPCC Fourth Assessment Report (AR4 - 100 year). DNA's Scope 2 climate objective is compared against 2014 when Scope 2 emissions measured 30,100 tCO2.

**DNA monitors emissions from energy consumption with the market-based approach, which takes into account e.g. the Guarantees of Origin obtained by DNA. DNA's location-based emissions in 2019 were 29,500 tCO2, based on the specific carbon dioxide emissions from electricity production in Finland.

***In 2019, the method for collecting source data relating to the procurement of purchased electricity (Scope 2) was adjusted. The emissions figures for earlier years could not be updated in accordance with the new data collection method. As a result, emission data from different years is not fully comparable. The Scope 2 emissions reported by DNA are based on both measurement and evaluation.

305-3 OTHER INDIRECT GREENHOUSE GAS EMISSIONS (SCOPE 3) (TCO2)*

	2019	2018	2017	2016	2015
Other indirect greenhouse gas emissions	**215,000**	202,000	196,000	191,000	178,000

* Global Warming Potential (GWP) rate is based on the following reference: IPCC Fourth Assessment Report (AR4 - 100 year). DNA's climate objectives are compared against 2014.

305-4 GREENHOUSE GAS EMISSIONS INTENSITY

Radio network emissions in proportion to annual radio network data transfer volumes (tCO2/TB)*

	2019	2018	2017	2016	2015
Radio network emissions in proportion to annual radio network data transfer volumes (tCO2/TB)**	**0.01**	0.02	0.03	0.04	0.14

* Global Warming Potential (GWP) rate is based on the following reference: IPCC Fourth Assessment Report (AR4 - 100 year).

** In 2019, the method for collecting source data relating to the procurement of purchased electricity (Scope 2) was adjusted. The emissions figures for earlier years could not be updated in accordance with the new data collection method. As a result, emission data from different years is not fully comparable. Total emissions reported by DNA are based on both measurement and evaluation.

DNA's emissions in proportion to net sales (tCO2/MEUR)*

	2019	2018	2017	2016	2015
DNA's emissions in proportion to net sales (tCO2/MEUR)**	**243**	241	244	242	251

* Global Warming Potential (GWP) rate is based on the following reference: IPCC Fourth Assessment Report (AR4 - 100 year). The indicator includes Scope 1, 2, and 3 emissions.

** In 2019, the method for collecting source data relating to the procurement of purchased electricity (Scope 2) was adjusted. The emissions figures for earlier years could not be updated in accordance with the new data collection method. As a result, emission data from different years is not fully comparable. Total emissions reported by DNA are based on both measurement and evaluation.

302-1 ENERGY CONSUMPTION WITHIN THE ORGANISATION (TJ)

	2019	2018	2017	2016	2015
Total consumption of non-renewable fuels*:					
- Diesel and gasoline	**4.1**	4.2	4.8	6.2	7.2
- Fuel oil	**1.1**	2.0	3.2	1.2	1.2
Electricity consumption**	**542.4**	590.5	586.2	539.9	422.9
Heat consumption	**15.6**	15.6	15.4	16.1	21.6
Cooling consumption	**4.0**	6.7	4.6	4.0	3.5
Total energy consumption	**567.2**	619.0	614.2	567.4	456.3

*The calculation presumes that fuel used by DNA's vehicles is from non-renewable sources.

** In 2019, the method for collecting source data relating to the procurement of purchased electricity was adjusted. The consumption figures for earlier years could not be updated in accordance with the new data collection method. As a result, emission data from different years is not fully comparable. The energy consumption reported by DNA is based on both measurement and evaluation.

302-2 ENERGY CONSUMPTION OUTSIDE OF THE ORGANISATION (TJ)

	2019	2018	2017	2016	2015
Total energy consumption outside of the organisation in terajoules*	**1.1**	1.5	1.6	1.3	1.4

* Information on energy consumption outside of the organisation is collected on a limited scope for Scope 3 calculation. This indicator includes the energy consumption during usage of products and services sold by DNA, which is the same as in indicator 305-3, i.e. Google office communications service. Energy consumption has been calculated based on the average consumption information provided by Google.

306-2 TOTAL WEIGHT OF WASTE BY TYPE AND DISPOSAL METHOD (TONNES)*

	2019	2018	2017	2016	2015
Hazardous waste, total**	**10**	21	19	18	8
Other waste, total	**450**	556	564	867	540
Recyclable waste	**415**	515	513	799	478
Combustible waste	**24**	33	50	44	37
Disposable waste	**11**	7	0	25	25
Total, all waste	**460**	577	583	885	548

*Waste reporting is based on data received from the waste operators.

**Accurate information in terms of processing hazardous waste was not available. Hazardous waste consists mostly of lead-acid batteries, the materials of which are recycled (lead, chemicals) or combusted in energy production facilities (plastic).

SOCIAL RESPONSIBILITY INDICATORS

102-8 INFORMATION ON EMPLOYEES AND OTHER WORKERS*

Open-ended	**2019**	2018	2017	2016	2015
Women	**623**	625	641		
Men	**971**	946	935		
Total	**1,594**	1,571	1,576	1,644	1,626

Fixed-term	**2019**	2018	2017	2016	2015
Women	**14**	12	13		
Men	**12**	7	12		
Total	**26**	19	25	24	48

Full-time	**2019**	2018	2017	2016	2015
Women	**584**	575	591		
Men	**966**	938	934		
Total	**1,550**	1,513	1,525	1,590	1,636

Part-time	**2019**	2018	2017	2016	2015
Women	**54**	62	63		
Men	**16**	15	13		
Total	**70**	77	76	78	38

*Information on employees and other workers by gender is only reported since 2017 as DNA has not reported these figures by gender in previous years. Agency employees are not included in the figures.

405-1 DIVERSITY OF GOVERNANCE BODIES AND PERSONNEL

Gender structure

By gender	**2019**	2018	2017	2016	2015
Women	**39%**	40%	40%	41%	40%
Men	**61%**	60%	60%	59%	60%
Total	**100%**	100%	100%	100%	100%

Share of women (%) per personnel group

Personnel groups include women as follows:	**2019**	2018	2017	2016	2015
Of management	**23%**	24%	21%	26%	24%
Of senior salaried employees	**27%**	26%	26%	27%	26%
Of salaried employees	**47%**	47%	49%	47%	47%
Of service and production employees	**0%**	0%	0%	0%	0%

Age structure

By age group	**2019**	2018	2017	2016	2015
< 25	**1%**	1%	1%	2%	3%
25-35	**25%**	26%	29%	30%	31%
36-45	**38%**	38%	37%	36%	35%
46-55	**24%**	24%	23%	22%	22%
56-63	**10%**	10%	10%	9%	9%
> 63	**1%**	0%	0%	1%	
Total	**100%**	100%	100%	100%	100%

401-1 NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER*

New hires and employee turnover

New hires	2019	2018	2017
Women	**56**	39	45
Men	**102**	89	70
< 25	**28**	27	28
25-35	**82**	61	61
36-45	**32**	31	16
46-55	**14**	9	8
56-63	**2**	0	2
> 63	**0**	0	0

Employee turnover	2019	2018	2017
Women	**66**	54	72
Men	**89**	70	107
< 25	**21**	14	23
25-35	**55**	40	67
36-45	**42**	39	34
46-55	**16**	14	27
56-63	**12**	14	7
> 63	**9**	3	21

*Information on new hires and employee turnover by gender and age is only reported since 2017 as DNA has not reported these figures by gender and age in previous years.

Average employee turnover

	2019	2018	2017	2016	2015
Average employee turnover, % (calculated from monthly average values)	**1.73**	1.44	1.48	1.72	1.70

404-1 AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE*

	2019	2018	2017	2016
Gender				
Women	**10.8**	15.3	13.3	14.1
Men	**15.2**	16.0	17.6	16.8
Personnel group				
Managers	**27.9**	24.0	26.4	29.7
Senior salaried employees	**20.8**	17.0	22.1	22.5
Salaried employees	**9.6**	14.6	12.8	12.7
Service and production employees	**11.2**	27.0	19.1	2.2

*Average hours of training per employee by gender and personnel group are available only since 2016.

	2019	2018	2017	2016	2015
Average hours of training per employee, DNA Group	**13.4**	15.6	15.8	15.7	12.0

403-2 TYPES OF INJURY AND RATES OF INJURY, OCCUPATIONAL DISEASES, LOST DAYS, AND ABSENTEEISM, AND TOTAL NUMBER OF WORK-RELATED FATALITIES*

	2019	2018***	2017	2016	2015
Relative rate of absenteeism	**3.0**	3.5	3.8	4.7	4.9
Work time injuries and commuting accidents	**26**	15	25	22	20
Days lost (work-related reasons)**	**0**	52	45	22	22
Work-related fatalities	**0**	0	0	0	0

*DNA does not report these figures by gender, because the Group believes that breakdown by gender is not relevant considering the nature of the work.

** Due to legislation on employment accidents insurance, insurance companies do not report absences of 1-2 days. DNA reports days lost due to commuting accidents under Days lost since 2018.

*** The 2018 figures of days lost were restated based on updated data.

GRI CONTENT INDEX

GRI	Indicator	Reference	External assurance
102 – General disclosures			
Organisational profile			
102-1	Name of the reporting organisation	DNA Plc	x
102-2	Activities, brands, products, and services	Primary brand is DNA. No DNA products are banned in any markets. For products and services, see Highlights in 2019 and Board of Directors' Report.	x
102-3	Location of headquarters	Consolidated financial statements: Note 1 The Group in brief	x
102-4	Location of operations	Almost 100% of DNA's operations occur in Finland. Finnish operations are supported by some sales and service employees in other countries. See DNA's subsidiaries in notes to the consolidated financial statements, 32 Related party transactions.	x
102-5	Ownership and legal form	Highlights in 2019. See also Shares and shareholders in the financial statements	x
102-6	Markets served	Almost 100% of DNA's operations occur in Finland. Finnish operations are supported by some sales and service employees in other countries. Business. See DNA's subsidiaries in notes to the consolidated financial statements, 32 Related party transactions.	x
102-7	Scale of the organisation	Number of personnel 31 Dec 2019: 1,620. Social responsibility indicators, Highlights in 2019	x
102-8	Information on employees and other workers	Social responsibility indicators	x
102-9	Supply chain	Good governance	x
102-10	Significant changes to the organization and its supply chain	Board of Directors' Report	x
102-11	Precautionary Principle or approach	Risk management	x
102-12	External initiatives to which the organisation subscribes, or which it endorses	In autumn 2010, DNA signed the Finnish Code of Conduct for Safer Mobile Use by Younger Teenagers and Children as well as the European Framework for Safer Mobile Use (SMF) by younger teenagers and children. In 2012, DNA signed the Finnish Diversity Charter. In 2015, DNA joined the EU Transparency Register.	x
102-13	Memberships of associations and advocacy organisations	DNA is a member of Groupe Speciale Mobile Association (GSMA), European Competitive Telecommunications Association (ECTA), the Finnish Federation for Communications and Teleinformatics (FiCom), the Service Sector Employers PALTA, Association of Finnish Advertisers, IAB Finland, Data & Marketing Association of Finland (DMA Finland/ASML) and the Helsinki Region Chamber of Commerce. DNA is also a member of Corporate Responsibility Network FIBS and Diversity Charter Finland. DNA engages in active communication with various authorities and political decision-makers. Good governance	x
Strategy			
102-14	Statement from senior decision-maker	CEO's review	x
102-15	Key impacts, risks and opportunities	Corporate responsibility at DNA, CEO's review, Operating environment, Strategy, Board of Director's report	x
Ethics and Integrity			
102-16	Values, principles, standards, and norms of behavior	Strategy, Corporate responsibility at DNA, Digital inclusion	x
102-17	Mechanisms for advice and concerns about ethics	Great place to work	x
Governance			
102-18	Governance structure	Corporate Governance Statement	x
102-19	Delegating authority	Corporate responsibility at DNA	x
102-20	Executive-level responsibility for economic, environmental, and social topics	Corporate responsibility at DNA, Contacts (under GRI)	x
102-21	Consulting stakeholders on economic, environmental, and social topics	Shareholders exercise their shareholder power in the General Meeting. DNA's Board of Directors does not have an employee representative. Personnel representatives attend meetings of the Extended Executive Team. See Corporate Governance Statement.	x
102-22	Composition of the highest governance body and its committees	Corporate Governance Statement	x
102-23	Chair of the highest governance body	See Board of Directors and Members of the Board of Directors	x
102-24	Nominating and selecting the highest governance body	See Board of Directors for information on the nomination and selection process of Board and committee members.	x
102-25	Conflicts of interest	As stipulated by law, a member of the Board of Directors shall be disqualified from the consideration of a matter that involves a conflict of interest. See Board of Directors.	x
102-26	Role of highest governance body in setting purpose, values, and strategy	Strategy, Corporate Governance Statement	x
102-28	Evaluating the highest governance body's performance	The Board of Directors carries out an internal self-evaluation of its operations once per year. In 2019, the self-evaluation focused on the effectiveness of the Board's operation, competence of the Board, the relationship between the Board and executive management as well as the competences, strengths and weaknesses of the Group.	x
102-29	Identifying and managing economic, environmental and social impacts and risks	The Board of Directors monitors DNA's corporate responsibility performance according to the same principles that apply to the monitoring of DNA's other operations. See Board of Directors and Risk management.	x
102-30	Effectiveness of risk management processes	The Board of Directors monitors DNA's corporate responsibility performance according to the same principles that apply to the monitoring of DNA's other operations. See Board of Directors and Risk management.	x
102-31	Risk assessment frequency	The Board of Directors monitors DNA's corporate responsibility performance according to the same principles that apply to the monitoring of DNA's other operations. See Board of Directors and Risk management.	x
102-32	Highest governance body's role in sustainability reporting	Corporate responsibility at DNA	x
102-33	Communicating critical concerns	Critical corporate responsibility concerns are communicated to the Board of Directors.	x
102-34	Critical concerns	No concerns specific to corporate responsibility have been communicated during the reporting period. Critical concerns are communicated to the Board of Directors by means such as CEO's monthly reports, internal audit reports, external audit reports and risk reports. Corporate responsibility at DNA and Risk management.	x

102-35	Remuneration policies for the Board of Directors and senior executives	DNA's compensation principles do not specify a linkage between the organisation's responsibility performance and compensation for members of the Board of Directors and senior executives. For more details on compensation, see the following notes to the consolidated financial statements: 13 Earnings per share and 9 Employment benefits and number of personnel. See also Governance - Compensation.	x
102-37	Stakeholders' involvement in remuneration	Shareholders exercise their shareholder power in the General Meeting. DNA's Board of Directors does not have an employee representative. Personnel representatives attend meetings of the Extended Executive Team. See Corporate Governance Statement and Compensation.	x
	Stakeholder engagement		
102-40	List of stakeholder groups engaged by the organisation	DNA's important stakeholders include customers, shareholders, investors and analysts, personnel, suppliers and subcontractors, partners, civic organisations, authorities and political decision-makers, the media, financial and insurance markets, labour market organisations and other organisations as well as competitors. Good governance	x
102-41	Percentage of employees covered by collective bargaining agreements	All DNA Group employees are covered by the applicable collective bargaining agreements specific to each employee category. Service and production employees are covered by the collective agreement in the energy-ICT-networks sector, and administrative and managerial employees by the collective agreement for salaried and senior salaried employees in the ICT sector.	x
102-42	Basis for identifying and selecting stakeholders with whom to engage	Stakeholders have been specified as part of updating the materiality analysis. DNA's important stakeholders include customers, shareholders, investors and analysts, personnel, suppliers and subcontractors, partners, civic organisations, authorities and political decision-makers, the media, financial and insurance markets, labour market organisations and other organisations as well as competitors. Good governance	x
102-43	Approach to stakeholder engagement	Digital inclusion, Good governance	x
102-44	Key topics and concerns that have been raised through stakeholder engagement	Reporting (GRI)	x
	Reporting practice		
102-45	Entities included in the consolidated financial statements	Development per business segment and notes to the consolidated financial statements: 16 Investments in associates and 32 Related party transactions	x
102-46	Defining report content	Reporting (GRI)	x
102-47	List of material topics	Reporting (GRI)	x
102-48	Restatements of information given in previous reports	Possible adjustments to the information presented in previous reports have been presented separately, together with the key figures. See Reporting (GRI) for more details.	x
102-49	Significant changes from previous reporting periods in the scope and topic boundaries	Any deviations from or changes to the boundaries are mentioned with each key figure. See Reporting (GRI) for more details.	x
102-50	Reporting period	The reporting period is one year and the GRI report is published annually with the Annual Report.	x
102-51	Date of the most recent report	1 March 2019	x
102-52	Reporting cycle	Annually	x
102-53	Contact point for questions regarding the report	Contacts	x
102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards (2016): Core option.	x
102-55	GRI content index	GRI content index	x
102-56	External assurance	DNA's Corporate Responsibility Report has been assured by an independent external party. The assurance statement is on page 40 of the report.	x

103 – Management approach

103-1	Explanation of the material topic and its boundary	Internal boundary: For economic and social responsibility reporting, the scope is DNA Group. The boundary is specified by DNA Group's financial reporting. This is why DNA's responsibility reporting for 2019 includes the electricity consumption of the radio network of Finnish Shared Network Ltd. DNA Ltd owns 49% of Finnish Shared Network Ltd shares. DNA's financial reporting for 2019 includes 48% of Finnish Shared Network Ltd's figures. Correspondingly, the responsibility reporting includes 48% of the electricity consumption of the radio network of Finnish Shared Network Ltd.	x
103-2	The management approach and its components	Corporate responsibility at DNA, Contacts (under GRI)	x
103-3	Evaluation of the management approach	Marketing and labelling, pp. 17-18 Customer privacy, pp. 24-26 Compliance, pp. 17-18, 24-26, 27-29 Economic performance, pp. 27-29 Indirect economic impacts, pp. 27-29 Anti-corruption, p. 24-26, 27-29 Anti-competitive behaviour, pp. 24-26 Energy, pp. 22-23 Emissions, pp. 22-23 Effluents and waste, pp. 22-23 Supplier environmental assessment, p. 24-26 Supplier social assessment, p. 24-26 Public policy, p. 26 Employment, pp. 29-21 Labour/management relations, pp. 19-21 Occupational health and safety, pp. 19-21 Training and education, pp. 19-21 Diversity and equal opportunity, pp. 19-21 Non-discrimination, pp. 19-21	x

200 – Economic performance

	Economic performance		
201-1	Direct economic value generated and distributed	Taxes and economic impact, Consolidated income statement	x
201-2	Financial implications and other risks and opportunities due to climate change	Corporate responsibility at DNA, Climate-friendly operations, Environmental indicators, Risk management	x
201-3	Defined benefit plan obligations and other retirement plans	Notes to the consolidated financial statements: 2 Accounting principles and 24 Defined benefit plan	x
201-4	Financial assistance received from government	DNA did not receive financial assistance from government in 2019.	x
	Indirect economic impacts		
203-1	Development and impact of infrastructure investments and services supported	Digital inclusion, Taxes and economic impact	x

	Anti-corruption		
205-1	Operations assessed for risks related to corruption	DNA's Code of Conduct bans any corruption. DNA has issued separate guidelines for the giving and receiving business gifts. The company does not have a separate risk assessment process for corruption. – By the end of 2019, 80% of DNA personnel had completed DNA's Code of Conduct training. No significant risk related to corruption has been identified. Good governance	x
205-2	Communication and training on anti-corruption policies and procedures	DNA's Code of Conduct bans any corruption. DNA has issued separate guidelines for the giving and receiving business gifts. The company does not have a separate risk assessment process for corruption. By the end of 2019, 80% of personnel had completed DNA's Code of Conduct training. No significant risk related to corruption has been identified. Good governance	x
205-3	Confirmed incidents of corruption and actions taken	There were no incidents of corruption at DNA in 2019.	x
	Anti-competitive behaviour		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	DNA Plc operates according to competitive regulations. During the reporting period, neither the Group nor any of its wholly-owned subsidiaries were subject to legal actions for violation of competition legislation.	x
300 – Environmental			
	Energy		
302-1	Energy consumption within the organisation	Climate-friendly operations, Environmental indicators	x
302-2	Energy consumption outside the organisation	Climate-friendly operations, Environmental indicators	x
	Emissions		
305-1	Direct greenhouse gas (GHG) emissions (Scope 1)	Environmental indicators	x
305-2	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	Environmental indicators	x
305-3	Other indirect greenhouse gas (GHG) emissions (Scope 3)	Environmental indicators	x
305-4	Greenhouse gas (GHG) emissions intensity	Environmental indicators	x
	Effluents and waste		
306-2	Total weight of waste by type and disposal method	Environmental indicators	x
	Supplier environmental assessment		
308-1	Percentage of new suppliers that were screened using environmental criteria	DNA's supplier agreements include the Supplier Code of Conduct according to which suppliers agree to adhere to environmental legislation and regulations. The Supplier Code of Conduct was included in a significant proportion of new procurement and logistics agreements signed in 2019. The exact percentage is not currently available. The Supplier Code of Conduct is based on the UN Declaration on Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work. Environmental responsibility considerations are also included. The Supplier Code of Conduct also applies to the suppliers' subcontractors. Good governance	x
400 – Social			
	Employment		
401-1	New employee hires and employee turnover	Social responsibility indicators	x
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	DNA Plc provides the same benefits to all employees, regardless of employment type. The benefits and policies of DNA's sales organisation, DNA Store Ltd, apply to all DNA Store employees regardless of employment type.	x
	Labour/management relations		
402-1	Minimum notice periods regarding operational changes	During operational changes, DNA has observed the minimum notice periods for the applicable collective agreements.	x
	Occupational health and safety		
403-1	Percentage of total workforce represented in formal joint management-worker health and safety committees	DNA Plc has a statutory labour protection committee. All DNA employees are represented. DNA's labour protection committee 2019 had one labour protection delegate per area (four in total), a labour protection officer as well as representatives from office and human resource management. The committee meets once a quarter. A typical agenda includes reviewing areas such as accident, sick leave and overtime statistics, and dealing with possible occupational safety issues, for example, based on feedback from employees.	x
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	Social responsibility indicators	x
403-4	Health and safety topics covered in formal agreements with trade unions	DNA believes that statutory labour protection activities in Finland cover the requirements. All DNA employees are represented. DNA's labour protection committee 2019 had one labour protection delegate per area (four in total), a labour protection officer as well as representatives from office and human resource management. The committee meets once a quarter. A typical agenda includes reviewing areas such as accident, sick leave and overtime statistics, and dealing with possible occupational safety issues, for example, based on feedback from employees.	x

	Training and education		
404-1	Average hours of training per year per employee	Social responsibility indicators	x
404-2	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Social responsibility indicators	x
404-3	Percentage of employees receiving regular performance and career development reviews	In connection to the development of value-based leadership at DNA, the entire organization adopted the one-to-one discussion model in 2019. The new one-to-one model replaced traditional development discussions. The new model is in place to support leadership by coaching by maintaining an open channel for interaction during daily work. DNA Store Ltd has replaced performance and development reviews with regular one-to-one discussions between employees and their supervisors. All DNA Store employees are included. The objective of these discussions is to review the employee's role, assess whether they have met the objectives set for the previous year, set new objectives, make sure the employee understands what is expected of them and give feedback on their performance. Objective setting and development review supports the role of each employee in strategy implementation. Sales-related performance reviews are organised as required. These reviews focus on the development of skills and competence.	x
	Diversity and equal opportunity		
405-1	Composition of governance bodies and breakdown of employees per employment category according to gender, age group, minority group membership, and other indicators of diversity	Two of the seven members of DNA's Board of Directors were women until 30 October 2019. Since 31 October 2019, three of the seven members of DNA's Board of Directors were women. One of the nine members of DNA's Executive Team was a woman. Board of Directors, Executive Team, Great place to work, Social responsibility indicators	x
	Non-discrimination		
406-1	Total number of incidents of discrimination and corrective actions taken	No incidents of discrimination occurred at DNA Group in 2019.	x
	Supplier social assessment		
414-1	Suppliers that were screened using social criteria	DNA's supplier agreements include the Supplier Code of Conduct according to which suppliers agree to adhere to social responsibility practices and regulations. The Supplier Code of Conduct was included in a significant proportion of new procurement and logistics agreements signed in 2019. The exact percentage is not currently available. The Supplier Code of Conduct is based on the UN Declaration on Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work. Environmental responsibility considerations are also included. The Supplier Code of Conduct also applies to the suppliers' subcontractors. Good governance	x
	Public policy		
415-1	Political contributions	DNA Group does not support any political parties, politicians or similar institutions. According to this policy, DNA did not provide any political contributions in 2019.	x
	Marketing and labelling		
417-3	Incidents of non-compliance with regulations and voluntary codes concerning marketing communications	In 2019, no court decisions were issued in relation to DNA's marketing, nor did the Market Court issue any conditional fines.	x
	Customer privacy		
418-1	Substantiated complaints regarding breaches of customer privacy and losses of customer data	In total, less than 10 notifications of personal data breaches (pursuant to Article 33 of the EU GDPR) and access requests related to the processing of personal data were sent to the Office of the Data Protection Ombudsman in 2019. DNA considers the data security of both private and business customers a top priority in all its operations.	x
	Socioeconomic compliance		
419-1	Non-compliance with laws and regulations in the social and economic area	In 2019, DNA was not ordered to pay any fines or other sanctions for non-compliance with laws or regulations. In 2019, the National Non-Discrimination and Equality Tribunal of Finland issued a decision according to which DNA Plc had denied reasonable accommodation, in this case a wheelchair ramp for accessing an individual store, and had thus discriminated against a client based on their disability. DNA Plc had ordered and installed a ramp, but according to the tribunal, this was not done within reasonable time. DNA Plc has appealed against the decision to the Helsinki Administrative Court. Therefore, the decision of the tribunal is not final.	x

INDEPENDENT ASSURANCE STATEMENT

TO THE MANAGEMENT AND STAKEHOLDERS OF DNA

Scope and Objectives

The Management of DNA Plc. commissioned us to perform a limited assurance engagement on the Corporate Responsibility Report (pages 14-39) of DNA's Annual Report 2019 ("the Report") the reporting period 1st January to 31st December 2019. The assurance engagement was conducted in accordance with the AA1000 Assurance Standard (2008) with 2018 addendum, and as a type 2 engagement.

We have duly performed an independent external assurance, the objective of which was to evaluate:

- DNA's adherence to the AA1000 Accountability Principles (2018) of inclusivity, materiality, responsiveness and impact;
- the reliability of performance information presented in the Report according to the Principles for defining report quality defined the GRI Standard 101 Foundation (2016); and
- the compliance with the GRI Standards in accordance criteria at the Core option.

Responsibilities

DNA's Management is responsible for the preparation of the Report and the performance data and statements presented therein, which the Board of Directors of DNA has approved. Our responsibility as assurance providers is to express a conclusion based on our work performed. The criteria used for our assessment include the GRI Standards (2016) and DNA's own internal reporting guidelines.

Assurance Provider's Independence and Competence

We have conducted our assessment as independent and impartial from the reporting organisation. We were not committed to any assignments for DNA that would conflict with our independence, nor were we involved in the preparation of the Report. Our team consists of competent and experienced corporate responsibility reporting experts, who have the necessary skills to perform an assurance process.

Basis of Our Opinion

Assurance providers are obliged to plan and perform the assurance process to ensure that they collect adequate evidence for the necessary conclusions to be drawn. The procedures selected depend on the assurance provider's judgement, including their assessment of the risk of material misstatement adhering to the reporting criteria.

Our opinion is based on the following procedures performed:

- Interviews with senior management representatives to gain an understanding of the major impacts, risks and opportunities related to DNA's corporate responsibility agenda;
- Assessment of the procedures DNA has in place to ensure the inclusivity of stakeholder engagement processes, the identification of material stakeholder expectations, the responsiveness to stakeholder concerns and the assessment of impacts;
- Interviews with DNA specialists responsible for corporate responsibility performance data collection and consolidation at Group-level;
- Review of Group-level systems and procedures to generate, collect and report corporate responsibility performance data for the Report;
- Reviewing data at source and following this through to consolidated group data;
- Reviewing whether the evidence, measurements, and scope of the performance data is prepared in accordance with the Criteria; and
- Reviewing the Report and narrative accompanying the performance indicators in the Report with regard to the Criteria.

Inherent limitations

Our assurance relies on the premise that the data and information provided by DNA to us as part of our review procedures have been provided in good faith. Because of the selective nature (sampling) and other inherent limitations of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities may not have been detected. Energy use data utilized in greenhouse gas (GHG) emissions calculations are subject to inherent limitations, given the nature and the methods used for determining such data. Finally, the selection of different but acceptable measurement techniques may result in materially different measurements.

Conclusions

Adherence to AA1000 Accountability Principles

- Inclusivity: DNA has stakeholder engagement process in place in order to understand stakeholder expectations and it has committed to active stakeholder dialogue.
- Materiality: DNA has defined material corporate responsibility reporting topics as a part of the corporate responsibility strategy.
- Responsiveness: DNA has policies and procedures in place to respond to stakeholder's expectations.
- Impact: DNA has identified impacts related to the material corporate responsibility topics and committed to manage and disclosure comprehensive and balanced information of these impacts.

Corporate responsibility performance data

We have reviewed the basis of the corporate responsibility information provided in the Report. Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Report is not fairly stated and has not been prepared, in all material respects, in accordance with the reporting criteria.

GRI Standards in accordance criteria

The Report complies with the GRI Standards: Core option.

Observations and Recommendations

Based on our limited level assurance engagement, we present the following observations and recommendations, which do not affect the conclusions presented above.

- DNA has focused on the practical implementation of corporate responsibility in its operations. The corporate responsibility strategy defines objectives and action plans to manage the company's sustainability impact, risks, and opportunities. In 2019 DNA started a program to develop digital inclusion. We recommend that DNA continues the systematic implementation of the corporate responsibility strategy and related action plans and develops even more challenging and longer-term corporate responsibility targets as part of the strategy work.
- DNA has established corporate responsibility governance and management approach and discloses comprehensive information on material topics. In 2019 DNA has started the further development of energy measures, data gathering process documentation and related data gathering systems. We recommend that DNA continues to develop the procedures for corporate responsibility performance monitoring, internal controls, data management and documentation of the reporting process.
- As a telecommunications operator, DNA plays an important role in society as the provider of important communication connections and the agency maintaining critical infrastructure. In 2019 DNA has developed new digital sustainability - solutions for customers. We encourage DNA to continue the work contributing to sustainable digital solutions.

Helsinki, Finland, 7th February 2020

Mitopro Oy

Mikael Niskala
Independent Sustainability
Practitioner

Tomi Pajunen
Independent Sustainability
Practitioner

CONTACTS

DNA Plc's Sustainability Manager Hanna Haapakoski is responsible for DNA's corporate responsibility forename.surname(at)dna.fi.

In the Executive Team, CEO Jukka Leinonen is in charge of corporate responsibility forename.surname(at)dna.fi.

DNA'S CORPORATE GOVERNANCE STATEMENT 2019

DNA'S CORPORATE GOVERNANCE STATEMENT 2019

DNA Plc is a Finnish telecommunications Group providing voice, data, and TV services to private customers and corporations. The parent company, DNA Plc, and its subsidiaries form the DNA Group. DNA listed its shares on Nasdaq Helsinki (the Helsinki Stock Exchange) towards the end of 2016. DNA's shares were delisted from Nasdaq Helsinki on 3 February 2020. The company is domiciled in Helsinki, Finland.

This Corporate Governance Statement describes the governance of DNA in 2019.

Norwegian telecommunications group Telenor announced on 9 April 2019 that it will acquire shares in DNA from the two largest shareholders, Finda Telecoms Oy and PHP Holding Oy, in total 54% of shares. The transaction between DNA's two largest shareholders and Telenor was carried out on 21 August and as a result, Telenor was obliged to launch a mandatory public tender offer for all the remaining outstanding shares in DNA.

As Telenor's holding in DNA after the tender offer period was more than nine-tenths of all DNA shares and votes, Telenor was to commence arbitration proceedings in order to redeem all remaining shares of DNA, in accordance with the Finnish Companies Act. On 3 February 2020, Telenor gained title to all outstanding shares in DNA and DNA's shares were delisted from the official list of Nasdaq Helsinki.

DNA complies with its Articles of Association, the rules of procedure of DNA's Board of Directors and its committees, the Finnish Limited Liability Companies Act, Accounting Act and Securities Markets Act, and the rules, regulations and instructions issued by Nasdaq Helsinki Ltd and the Finnish Financial Supervisory Authority, as well as other applicable regulations in Finland.

After the delisting of its shares, DNA is not subject to reporting obligations as an issuer of shares as set out in the Finnish Securities Markets Act. DNA is still subject to reporting obligations as an issuer of the senior unsecured fixed rate notes that are due 2025 (ISIN: FI4000312095).

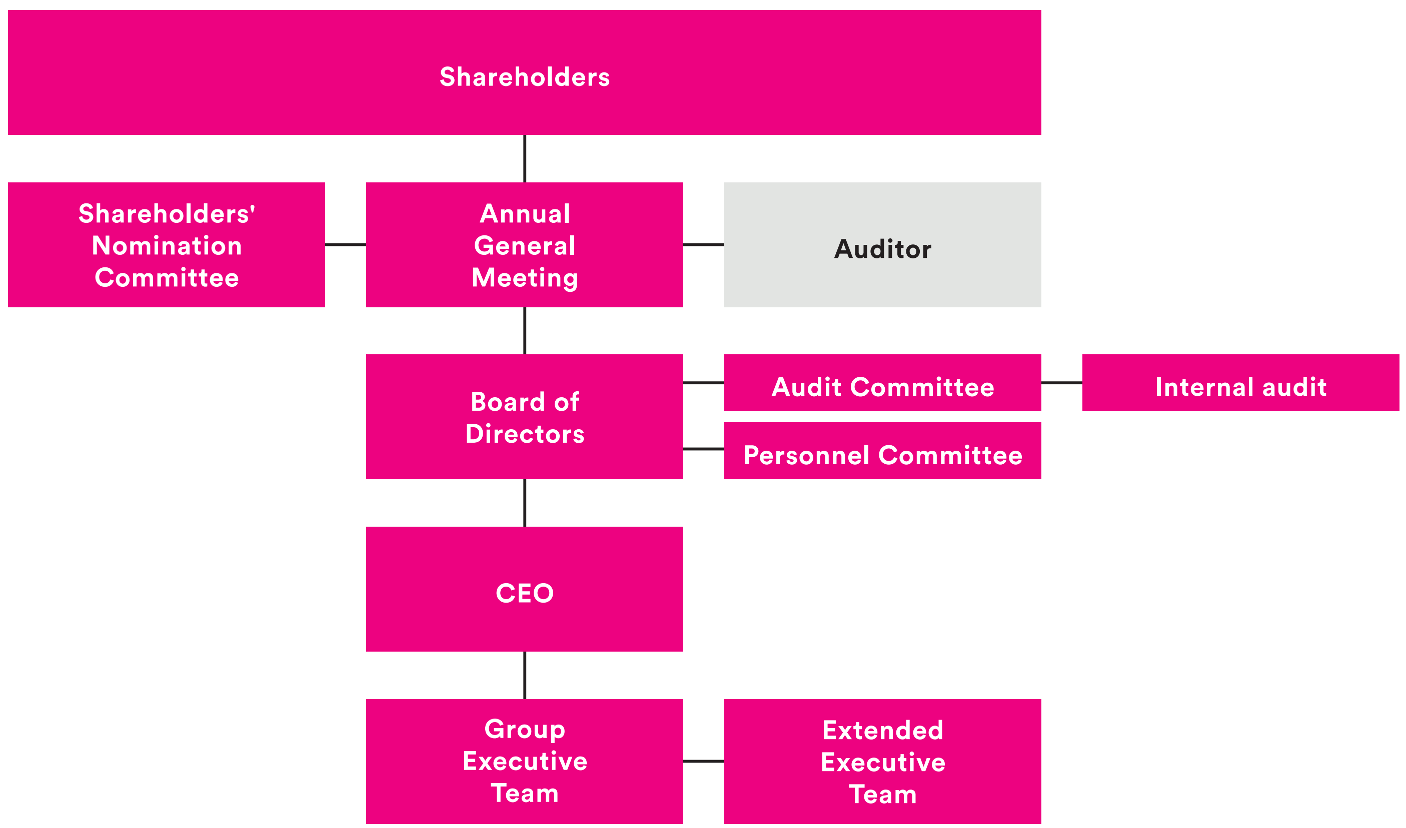
This report is published separately from the Board of Directors' annual report.

DNA's governing bodies

DNA's governing bodies comprise the General Meeting, the Board of Directors, and the CEO. The Board of Directors and the CEO are responsible for management. The Executive Team assists the CEO.

GENERAL MEETING

The General Meeting is DNA's highest decision-making body. The Annual General Meeting is held within six months of the end of the financial year, at the time specified by the Board of Directors. According to the Articles of Association, the meeting discusses matters that fall within the scope of its responsibility, and any proposals to the Annual General Meeting. Extraordinary General Meetings can be organised as required.General Meetings are convened by the Board of Directors.



According to DNA's Articles of Association, the responsibilities of the General Meeting includes among other things:

- Adopting the financial statements, which in the parent company also means the consolidated financial statements
- Deciding on the distribution of the profit shown on the balance sheet
- Discharging the members of the Board of Directors and the CEO from liability
- Electing the members of the Board of Directors and deciding on their remuneration
- Electing the auditor and deciding on the auditor's remuneration.

The General Meeting may also make decisions on other matters falling within its competence according to the Finnish Limited Liability Companies Act, such as amending the Articles of Association.

In addition to the Annual General Meeting, Extraordinary General Meetings are convened by the Board of Directors as necessary.

GENERAL MEETING 2019

DNA Plc's Annual General Meeting was held in Helsinki on 28 March 2019. The General Meeting was attended in person or by proxy by 476 shareholders representing 79.5% of the company's votes. The Annual General Meeting adopted the financial statements and discharged the Board of Directors and the CEO from liability for the 2018 financial period.

EXTRAORDINARY GENERAL MEETING 2019

DNA's Extraordinary General Meeting was held in Helsinki on 31 October 2019. The Extraordinary General Meeting was attended in person or by proxy by 13 shareholders representing 98.1% of the company's votes. The Extraordinary General Meeting approved the number of Board members, their remuneration, and the proposed members according to the proposals of the Shareholders' Nomination Committee.

The minutes and other documents of the meetings are available on the DNA website at corporate.dna.fi/investors.

Shareholders' Nomination Committee

DNA's General Meeting has established the Shareholders' Nomination Committee and approved its rules of procedure. The Nomination Committee is tasked with preparing proposals for the Annual General Meeting regarding the election and remuneration of Board members.

The committee has consisted of the three largest shareholders or representatives appointed by the said shareholders. In addition, the Chair of the company's Board of Directors has participated in committee work.

Shareholders' Nomination Committee 2019

Members of the Shareholder's Nomination Committee until 12 September 2019 (from 5 September 2018):

- Tommi Aurejärvi (Chair), CEO, Finda Oy
- Seppo Vikström, Board chairperson
- Esko Torsti, director, Ilmarinen

On 12 September 2019, a new Nomination Committee was assigned according to the shareholder list of 1 September 2019. DNA's three largest shareholders appointed the following representatives on that date:

- Gaute Simen Gravir (Chair), Director, Telenor Finland Holding Oy
- Esko Torsti, Director, Ilmarinen Mutual Pension Insurance Company
- Satu Huber, Chief Executive Officer, Elo Mutual Pension Insurance Company.

The members of the Nomination Committee are independent of the company.

The Nomination Committee convened on four occasions in 2019.

DNA'S BOARD OF DIRECTORS

Operations of the Board of Directors

According to DNA's Articles of Association, the Board of Directors comprises five to nine ordinary members elected by the General Meeting. When members are elected to the Board of Directors, the requirements set by the company's operations and development phase and valid legislation, such as the rules of Nasdaq Helsinki Ltd, and other applicable rules must be considered.

Duties of the Board

The Board of Director has a duty to promote the interests of the company and all its shareholders. The Board of Directors has confirmed a written charter on the duties of the Board of Directors, matters to be addressed, meeting practices, and the decision-making process. According to the charter, the Board of Directors discusses and decides on matters of significance to the Group's finances, business or principles. The company's Senior Vice President, Legal Affairs serves as secretary to the Board of Directors.

According to its charter and the Limited Liability Companies Act, the Board has the following duties among the others:

- Attending to the administration of the company and the appropriate organisation of its operations (general competence)
- Arranging the control of the company's accounts and asset management in an appropriate manner
- Monitoring the implementation of the strategic objectives and business plans of the company and its business units
- Deciding on strategically or financially significant investments as part of the annual company budget, business acquisitions and divestments, business transactions and contingent liabilities – any significant investments outside the annual budget must be confirmed separately
- Confirming the company's personnel strategy and annual personnel and training plans; deciding on the personnel incentive and reward scheme
- Assuming responsibility for internal control, risk management and internal auditing.

Board of Directors in 2019

From 1 January 2019 to 28 March 2019, the Board of Directors consisted of Pertti Korhonen as the Chairman, and Anu Nissinen, Tero Ojanperä, Jukka Ottela, Margus Schults, and Kirsi Sormunen as members.

DNA's General Meeting of 28 March 2019 nominated seven members to the Board of Directors: Pertti Korhonen as the Chairman, and Anu Nissinen, Tero Ojanperä, Jukka Ottela, Anni Ronkainen, Ted Roberts, and Kirsi Sormunen as members.

DNA's Extraordinary General Meeting of 31 October 2019 nominated seven members to the Board of Directors: Jørgen C. Arentz Rostrup as the Chairman, and Anni Ronkainen, Kirsi Sormunen, and Tero Ojanperä as re-elected members, and Rostrup, Ulrika Steg, Fredric Scott Brown, and Nils Katla as new members.

The Board convened 25 times in 2019.

BOARD COMMITTEES

The Board of Directors may establish Board committees from among its members in support of its work. The Board shall confirm the main duties and operating principles of the committees in a written charter. Committees report regularly to the Board.

The Board of Directors elects the Audit and Personnel Committee and, whenever necessary, other committees at its annual constitutive meeting that takes place after the Annual General Meeting.

AUDIT COMMITTEE

According to its charter and applicable laws and regulations, DNA's Audit Committee assists the Board of Directors in discharging its duty of control in financial reporting and control, risk management, corporate responsibility, and internal and external audits.

The committee meets at least four times a year. According to its charter, the Audit Committee has the following duties among the others:

- Monitoring the company's financial position, financing status and taxation position
- Monitoring the reporting process related to the financial statements
- Monitoring, supervising and evaluating the financial reporting system and process and the risk management process
- Discussing internal audit plans and reports to the extent specified in the Internal Audit Charter
- Monitoring and evaluating the operations and efficiency of the company's internal control, internal audit and risk management systems
- Performing a quarterly review to confirm the accuracy of the company's financial result with financial managers and auditors, before approval by the Board of Directors
- Monitoring significant financial, financing and taxation risks and actions taken to control them
- Discussing significant financial risks and managerial actions in order to monitor, control and report on the said risks
- Reviewing significant findings by the auditors, and the related management responses
- Monitoring business transactions by the company management and related parties, and possibly related conflicts of interest
- Monitoring the statutory audit of the financial statements and consolidated financial statements
- Evaluating the independence of the statutory auditor or auditing firm, particularly the provision of non-audit services to the audited company
- Preparing a proposal on the election of the auditor
- Monitoring the processes and risks related to IT security
- Evaluating the process of complying with laws and regulations.

The Audit Committee may also have other duties as deemed appropriate to the fulfilment of its responsibilities.

BOARD OF DIRECTORS AT THE END OF 2019

JØRGEN C. ARENTZ OSTRUP

Born 1966

Education: M.Sc. (Econ.)

Main occupation: Telenor ASA, CFO

Member of DNA's Board of Directors, Chairman of the Board of Directors, and Chair of DNA's Personnel Committee since 31 October 2019. Independent of the company, not independent of major shareholders.

ULRIKA STEG

Born 1968

Education: M. Sc. (Tech)

Main occupation: Telenor Sweden, CMO, Business Segment

Member of DNA's Board of Directors and DNA's Personnel Committee since 31 October 2019. Independent of the company, not independent of major shareholders.

FREDRIC SCOTT BROWN

Born 1963

Education: M. Sc., MBA

Main occupation: Telenor Norway AS, CMO and Head of Mobile

Member of DNA's Board of Directors since 31 October 2019. Independent of the company, not independent of major shareholders.

NILS KATLA

Born 1966

Education: M.Sc. (tech), MBA

Main occupation: Telenor ASA, Vice President, M&A

Member of DNA's Board of Directors and DNA's Audit Committee since 31 October 2019. Independent of the company, not independent of major shareholders.

TERO OJANPERÄ

Born 1966

Education: PhD, Electrical Engineering

Main occupation: Silo.AI Oy, CEO and member of the Board

Member of DNA's Board of Directors since 2014. Member of DNA's Audit Committee since 28 March 2019. Independent of the company and major shareholders.

ANNI RONKAINEN

Born 1966

Education: M.Sc. (Econ.)

Main occupation: Kesko Plc, Chief Digital Officer

Member of DNA's Board of Directors and DNA's Personnel Committee since 28 March 2019. Independent of the company and major shareholders.

KIRSI SORMUNEN

Born 1957

Education: M.Sc. (Econ.)

Main occupation: Various positions of trust

Member of DNA's Board of Directors since 2014. Chair of DNA's Audit Committee since 2014. Independent of the company and major shareholders.

The CVs of the members of the Board of Directors as presented herein are summaries. The CVs of the members are available in full on DNA's website at https://corporate.dna.fi/company/board-of-directors

Audit Committee in 2019

The Audit Committee included the following members:

- From 1 January to 28 March 2019, Kirsi Sormunen (Chair), Jukka Ottela, and Margus Schults.
- From 28 March to 31 October 2019, Kirsi Sormunen (Chair), Jukka Ottela, Tero Ojanperä, and Ted Roberts.
- From 31 October 2019, Kirsi Sormunen (Chair), Tero Ojanperä, and Nils Katla.

The Audit Committee convened on six occasions.

PERSONNEL COMMITTEE

The Personnel Committee assists the Board in matters relating to the development of the Group's personnel and remuneration strategy and the corporate culture. The Personnel Committee prepares proposals for the nomination of key employees and for pay and remuneration schemes. Other matters to be prepared by the Committee include ensuring the competence required by the strategy, identifying key capabilities, and planning successors for the executive management and key employees.

The committee meets at least twice a year.

Personnel Committee in 2019

Members of the Personnel Committee:

- From 1 January to 28 March 2019, Pertti Korhonen (Chair), Anu Nissinen, Jukka Ottela, and Margus Schults.
- From 28 March to 31 October 2019, Pertti Korhonen (Chair), Anu Nissinen, Jukka Ottela, and Anni Ronkainen.
- From 31 October 2019, Jørgen C. Arentz Rostrup (Chair), Anni Ronkainen and Ulrika Steg.

The Personnel Committee convened four times.

THE CEO AND THE EXECUTIVE TEAM

The CEO is nominated and overseen by the Board of Directors. The terms of the CEO's employment are specified in a written CEO agreement, which is approved by the Board of Directors.

The duties of DNA's CEO are determined in accordance with the Limited Liability Companies Act.

DNA's Executive Team comprises of the CEO, Senior Vice Presidents of the Group's business segments, the CFO, Senior Vice Presidents for Technology, Legal Affairs, Human Resources, and Strategy, and the CIO. The CEO is the Chair of the Group Executive Team. Members of the Executive Team are nominated by the Board of Directors.

DUTIES OF THE CEO AND THE EXECUTIVE TEAM

The CEO is responsible for the following: Ensuring that the company's accounts comply with the law and that its financial affairs have been arranged in a reliable manner Managing the daily operations of the company according to the strategic principles and goals approved by the Board and the operational plans and general principles confirmed by the Board of Directors (general competence) Preparing proposals for resolutions and matters for Board meetings and presenting them to the Board and its Committees Preparing the proposal for Executive Team members to the Board Exercising the owner's right to speak and vote within subsidiaries Chairing the DNA Executive Team and the Extended Executive Team

Jukka Leinonen has been DNA's CEO since 2013. The CEO does not have an employment contract with the company, and the CEO is not the company's employee. In November 2019, DNA's CEO Jukka Leinonen was appointed head of DNA parent company Telenor Group's newly formed Nordic cluster and a member of Telenor's Group Executive Management. He will also retain his responsibilities as CEO of DNA.

Extended Executive Team

Personnel representatives attend meetings of the Extended Executive Team, which meets at least once per quarter. The Extended Executive Team decides on important matters pertaining to DNA's business, finances, and the position of personnel, as well as business reviews, operative reviews, support unit reviews and personnel representatives' reviews.

Extended Executive Team in 2019

The personnel representatives in the Extended Executive Team in 2019 were Tarja Koivisto, representing office personnel, Pertti Määttä, representing professional and managerial personnel, Jorma Airaksinen, representing the employees, and Eero Utriainen, the labour protection delegate. The Extended Group Executive Team convened

five times in 2019.

CEO

JUKKA LEINONEN

CEO

With DNA since 2010

Born 1962

Education: M.Sc. (Tech.)

Main work experience

DNA Plc, CEO since 2013

Telenor ASA, EVP Nordic Cluster and member of Executive Management since 2019

DNA Ltd, Senior Vice President, Corporate Business, 2010–2013

TeliaSonera, various management positions in corporate business marketing and product management 2002–2009

Sonera Solutions Oy (Yritysverkot Oy), President and CEO, 1996–1999

MEMBERS OF THE EXECUTIVE TEAM AT THE END OF 2019

TIMO KARPPINEN

Chief Financial Officer

With DNA since 2012

Born 1964

Education: M.Sc. (Pol. Sc.)

Main work experience

DNA Plc, Chief Financial Officer since 2012

Ponsse Plc, Executive Director, Corporate Development and Strategy, 2010–2012

Nokia North America, CFO, 2008–2010

Nokia Asia-Pacific, CFO, 2006–2008

Nokia China, CFO, 2000–2006

PEKKA VÄISÄNEN

Senior Vice President, Consumer Business

With DNA 2003–2006 and again since 2007

Born 1966

Education: M.Sc. (Econ.)

Main work experience

DNA Plc, Senior Vice President, Consumer Business since 2009

DNA Services Ltd, Sales and Marketing Director, 2007–2009

Oulun Puhelin Oyj, Business Development Director, 2006–2007

Finnet Oy and DNA Finland Ltd, Sales and Marketing Director, 2003–2006

Oulun Puhelin Oyj, various roles, 1996–2003

OLLI SIRKKA

Senior Vice President, Corporate Business since 12 August 2019

With DNA since August 2019

Born 1972

Education: M.Sc. (Tech.)

Main work experience

DNA Plc, Senior Vice President, Corporate Business since 2019

Ericsson Finland, President and Head of Sales Finland & Baltics, 2017–2019

Ericsson Finland, President and Head of Industry & Society Sales, 2011–2017

Ericsson Finland, Sales Director, 2006–2011

TOMMY OLENIUS

Senior Vice President, Technology

With DNA since 2003

Born 1962

Education: engineer

Main work experience

DNA Plc, Senior Vice President, Technology since 2009

DNA Finland Ltd, Senior Vice President, Technology, 2005–2009

Suomen 2G Oy/Finnet Verkot Oy (DNA Networks), CTO, 2003–2005

Telia Mobile Finland Oy, CTO and other positions, 1998–2003

Telsim Telekomunikasyon Hizmetleri AS, Turkey, Director O&M, 1995–1997

Telecom Finland International Ltd; Turkcell & Libancell, O&M manager, 1993–1995

ASTA RANTANEN

Senior Vice President, Legal Affairs

With DNA since 2003

Born 1962

Education: LL.M.

Main work experience

DNA Plc, Senior Vice President, Legal Affairs since 2007

Finnet Ltd and DNA Finland Ltd, Vice President, Legal Affairs, 2003–2007

Telia Finland Oy, Legal Counsel, 1999–2003

Sampo Insurance Company, Claims Manager, Product Development Manager, 1994–1999

Kansa Insurance Company, Legal Counsel, 1985–1994

CHRISTOFFER VON SCHANTZ

Senior Vice President, Strategy

With DNA since 2013

Born 1973

Education: M.Sc. (Tech.)

Main work experience

DNA Plc, Senior Vice President, Strategy since 2013

Nokia, Director, Strategy and Business Development, 2006–2012

Omnitele, Vice President, Consulting, Member of the Executive Team, 2000–2006

MARKO RISSANEN

Senior Vice President, Human Resources

With DNA since 2003

Born 1974

Education: vocational qualification in business administration

Main work experience

DNA Plc, Senior Vice President, Human Resources since 2007

DNA Finland Ltd, HR Manager, 2005–2006

Finnet Networks Ltd, HR Manager, 2004–2005

Telia Product Oy, HR Manager, 2001–2003

JANNE AALTO

CIO

With DNA since 2014

Born 1965

Education: MBA, Business College Graduate, Information Technology

Main work experience

DNA Plc, CIO since 2014

Kiosked, Head of Demand Side Platform, 2014

CEM4Mobile Solutions, CEO & Co-Founder, 2004–2013

Sonera Zed, Vice President, Development, 2000–2004

Fujitsu Finland, Director, Head of Professional Services, 1997–2000

Fujitsu UK and Ireland, Senior Project Manager, 1994–1997

The CVs of the members of the Executive Team as presented herein are summaries. The CVs of the members are available in full on DNA’s website at https://corporate.dna.fi/company/executiveteam

RISK MANAGEMENT AND INTERNAL CONTROL

The purpose of internal control is to ensure that the company's operations comply with applicable laws and regulations, as well as the operating principles, and that financial and operational reporting is reliable.

DNA strives to ensure that its internal control and risk management systems are reliable and appropriate in relation to the scope and nature of its operations. The purpose of internal control and risk management procedures is to ensure the efficiency and effectiveness of the company's business, as well as the reliability of information, prevent malpractice and ensure compliance with all applicable laws, regulations and operating principles, as well as to identify, assess and monitor risks related to the business.

Key features of risk management and internal control related to the financial reporting process

DNA's business segments are Consumer and Corporate Business. The company's financial reporting is based on the financial information of each unit on the profitability of their respected businesses, combined with segment and Group-level information.

Setting and monitoring financial targets forms an essential part of DNA's management. Near-term financial goals are specified during annual planning.

Internal control of financial reporting aims to ensure that the company management has up-to-date, adequate, essential and accurate data at its disposal to perform its duties and that the reports published by the company provide essential and accurate information on the financial position of the company.

Financial management is headed by the Group CFO, who is responsible for the accuracy of the Group's financial reporting. Internal control reviews and monitors the operation of the reporting process and assesses the reliability of financial reporting. Management of financing and financial risks is one of the responsibilities of the Group's financial management. The Group applies the International Financial Reporting Standards (IFRS).

Monitoring and oversight

DNA earnings are monitored in monthly reporting, which is reviewed by the company's Executive Team and Board of Directors. Quarterly results are reviewed at meetings of the Executive Team, the Board of Directors' Audit Committee, and the Board of Directors.

Purpose and objectives of risk management

The purpose of risk management is to help DNA's management to achieve the company's strategic objectives and provide the company's Board of Directors with up-to-date information on company risks and risk management.

Risk refers to events or circumstances which, if they materialise, could affect DNA's ability to achieve its strategic targets or the operative targets derived from them. If they materialise, risk factors could affect the Group's ability to achieve its strategic and operational goals.

The identification and management of risk factors takes into account the special characteristics of DNA's business and operational environment.

Risk management process

The Board of Directors decides on the objectives and principles of risk management and confirms the company's risk management policy. The Board monitors the implementation of risk management. The Board of Directors has established an Audit Committee. Its risk management duties are defined in the Audit Committee Charter, which is confirmed by the Board of Directors.

The CEO is responsible for the practical organisation of risk management and maintenance of the risk management policy.

The risk management process provides reports on risks and risk management methods to the DNA Executive Team, Audit Committee, and Board of Directors. Operational plans for the management of significant risks are drafted based on risk management reports, and the Executive Team and Audit Committee monitor the implementation of these plans.

Risk management at DNA consists of identifying and assessing risks, developing risk management strategies, planning and implementing risk management methods, monitoring the results of risk management, and continuously improving risk management competence.

Principles of internal control

Internal control is a process approved by DNA's Board of Directors to enhance risk management in DNA Group regarding risks that threaten the company's goals and business. A further objective is to identify, analyse, and monitor business-related risks. The Board of Directors has confirmed the principles of internal control, which are based on recognised international principles of good internal control.

The CEO and the Board of Directors are responsible for DNA's internal control and for ensuring that it is appropriate in relation to operational risks.

The company has a separate compliance programme related to competition law.

Internal audit

The Group's internal audit supports the CEO, the Board of Directors, and the operative management in their control-related duties. Internal audit has been established by the Board of Directors, and the functions and principles of the company's internal audit have been defined in the Internal Audit Charter confirmed by the Board of Directors. Internal audit's sphere of duties covers the DNA Group.

Internal audit is independent of the Group companies and their management. Governance of internal audit is the responsibility of the Senior Vice President, Legal Affairs, who is a member of the Executive Team. Internal audit has direct and unlimited access to the senior management and Board of Directors of the company, and issues regular reports to the company's Audit Committee and, when necessary, to the Board. Internal audit carries out its duties in accordance with an operational plan approved by the Board of Directors. When required, internal audit performs additional checks at its own initiative or that of the Board of Directors. Internal audit communicates with DNA Group's Board of Directors and internal control to ensure the efficient coordination of auditing activities.

Internal audit reports on the results of the audit to the management of the audited operation, the CEO, the Executive Team, and the Audit Committee, and prepares an annual summary on the audits for the Audit Committee. The Board of Directors confirms decisions on the appointment and dismissal of the person in charge of internal auditing.

Internal audit complies with the international standards for the professional practice of internal auditing and the ethical principles and practical instructions of the Institute of Internal Auditors (IIA) in its work.

AUDITING OF THE ACCOUNTS

The company's financial period is the calendar year. Under the Articles of Association, the company has one auditor, who is nominated by the Annual General Meeting. The auditor must be an audit firm, and the principal auditor must be an Authorised Public Accountant. The auditor is elected at the General Meeting for a term of one financial period covering the year of election. The auditor's mandate expires at the end of the following Annual General Meeting. The auditor shall present the company's shareholders with an auditors' report as part of the financial statements as required by law. The auditor reports regularly to the Audit Committee and the Board of Directors.

Auditing of the Accounts in 2019

In 2019, DNA's auditor was Ernst & Young Oy, with Terhi Mäkinen, Authorised Public Accountant, acting as the principal auditor.

BOARD OF DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR 2019

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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 work. DNA is Finland's largest cable operator and the leading pay TV provider in cable network. Our mission is to provide products and services that make our private and corporate customers' lives simple. As a telecommunications operator, DNA plays a significant role in society by providing important communication connections and by enabling digital development.

Norwegian telecommunications group Telenor announced in spring 2019 that it will acquire shares in DNA from the two largest shareholders, in total 54% of shares. The transaction was carried out in August and, as a result, Telenor was obliged to launch a mandatory public tender offer for all the remaining outstanding shares in DNA. After the completion of the transaction and the resulting mandatory public tender offer, Telenor's holding of DNA shares was 97.87%. Telenor then commenced mandatory redemption proceedings for the remaining shares, following which DNA submitted an application to Nasdaq Helsinki in December, requesting the termination of public trading in DNA's shares and the delisting of DNA's shares from the official list of Nasdaq Helsinki. On 3 February 2020, Telenor Finland Holding Oy gained title to all outstanding shares in DNA and the DNA shares was delisted from Nasdaq Helsinki.

Unless otherwise stated, the comparison figures in brackets refer to corresponding year, 2018.

Operating environment in 2019

The Finnish economy has been on a growth path, but growth is hampered by the overall economic uncertainty. Both consumer and business confidence has weakened. 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 smartphones, tablets, and other Internet-connected devices, as well as the 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 the replacement of xDSL connections with 4G mobile data connections. In addition, a growing number of households use both fixed-network and mobile broadband. 5G service provision was launched towards the end of 2020, which will accelerate the switch to high-speed broadband services. Mobile device manufacturers are expected to provide more technically advanced models for consumer and corporate customers.

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. 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 fibreoptic connections.

Regulation

DNA's 5G license entered into force in early 2019.

The cap on the cost of intra-EU mobile calls and texts was applied in the spring of 2019.

The Ministry of Transport and Communications is preparing a market analysis of the wholesale markets for television and radio services (M18).

The national data protection law related to personal data entered into force at the beginning of 2019. EU institutions continued to process the draft ePrivacy regulation in the review period.

The directive-based draft Act on Electronic Communication Services has been circulated for comments in Finland. The transposition of the EU Directive on Audiovisual Media Services and the European Electronic Communications Code (the so-called Telecoms Package Directive) in national law will be essentially completed by the end of 2020.

The European Commission started the preparation of European guidelines for cybersecurity towards the end of 2019. This so-called Security Toolbox lists means of managing network security.

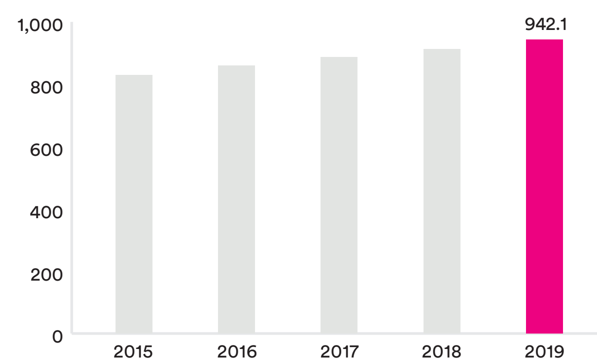
Changes related to regulation and decisions of authorities may have significant impacts on DNA's business.

NET SALES AND RESULT

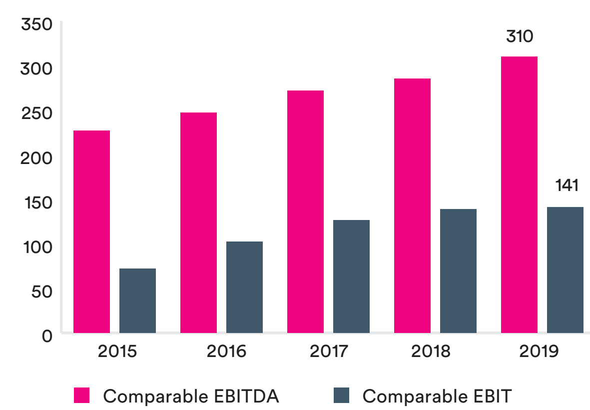
CONSOLIDATED KEY FIGURES

EUR million	1–12/2019	1–12/2018	Change (%)
Net sales	942.1	911.8	3.3
EBITDA	305.6	284.9	7.2
% of net sales	32.4	31.2	
Comparable EBITDA	309.9	284.9	8.8
% of net sales	32.9	31.2	
Operating result, EBIT	133.7	138.9	–3.7
% of net sales	14.2	15.2	
Comparable operating result	141.1	138.9	1.6
% of net sales	15.0	15.2	
Net result for the period	98.8	102.2	–3.3

NETSALES, EUR MILLION



COMPARABLE EBITDA AND COMPARABLE EBIT, EUR MILLION



DNA's net sales increased and totalled EUR 942.1 million (911.8 million). The growth was fuelled by strong mobile service revenue and mobile device sales. Mobile service revenue grew 7.0% and was EUR 486.4 million (454.4 million), boosted by the favourable development of postpaid subscription base and average billing per customer. Mobile device sales were up 10.3% from the reference period. During the year, 76.4% (75.1%) of net sales was generated by consumer business and 23.6% (24.9%) by corporate business.

In 2019, the comparability of EBITDA was affected by a non-recurring expense item of EUR 4.3 million in relation to the use of expert services in connection to business restructuring, as well as the termination of share-based reward systems. EBITDA increased from the reference period and was EUR 305.6 million (284.9 million). The EBITDA percentage of net sales was 32.4% (31.2%). Comparable EBITDA was EUR 309.9 million (284.9 million). EBITDA also improved due to the impact of the IFRS 16 standard and growth in service revenue.

The comparability of the operating result was affected by non-recurring items of EUR 7.4 million, of which EUR 4.3 million were in relation to the use of expert services in connection to business restructuring, as well as the termination of share-based reward systems and EUR 3.1 million in relation to the sale of DNA's VHF frequency-based terrestrial network business. The operating result decreased and was EUR 133.7 million (138.9 million). The operating result as a percentage of net sales was 14.2% (15.2%). The comparable operating result increased and was EUR 141.1 million (138.9 million).

Financial income and expenses amounted to EUR 9.1 million (11.2 million). Financial expenses for the reference period were increased by the senior unsecured bond issued by DNA in March 2018. Income tax for the period was EUR 25.8 million (25.5 million). The effective tax rate for the period was 20.7% (20.0%). The net result was EUR 98.8 million (102.2 million). Earnings per share was EUR 0.75 (0.77).

KEY OPERATIVE INDICATORS

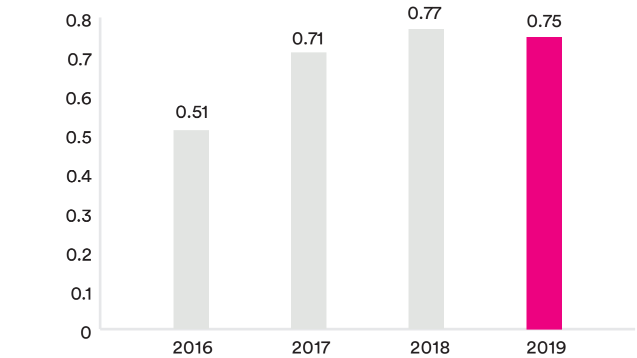
	1–12/2019	1–12/2018	Change (%)
Number of mobile communication network subscriptions at end of period	2,822,000	2,877,000	–1.9
Revenue per user (ARPU), EUR	18.7	18.7	0.0
Customer churn rate, %	16.2	16.2	
Number of fixed line subscriptions at end of period	1,241,000	1,152,000	7.7

DNA's mobile subscription base decreased by 55,000 subscriptions year-on-year. The number of postpaid subscriptions was up by 37,000. Revenue per user (ARPU) was at the level of comparison year, EUR 18.7 (18.7). The number of prepaid subscriptions fell by 92,000, but their ARPU increased 20.2% year-on-year to EUR 4.7 (3.9).

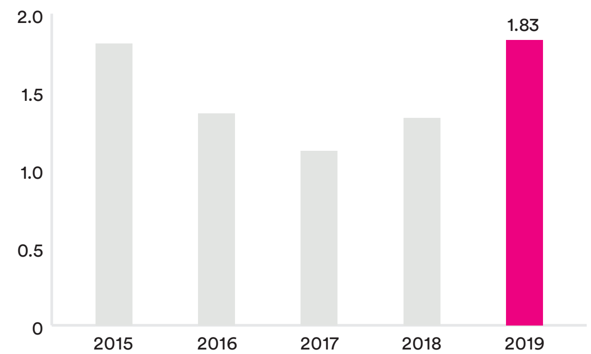
The fixed-network subscription base grew strongly and was up by 89,000. In addition to good organic growth, DNA gained more than 30,000 fixed-line broadband customers and almost 25,000 new cable TV customers as a result of the ICT Elmo business acquisition in June.

DNA's customer churn rate for 2019 remained constant year-on-year and was 16.2% (16.2%).

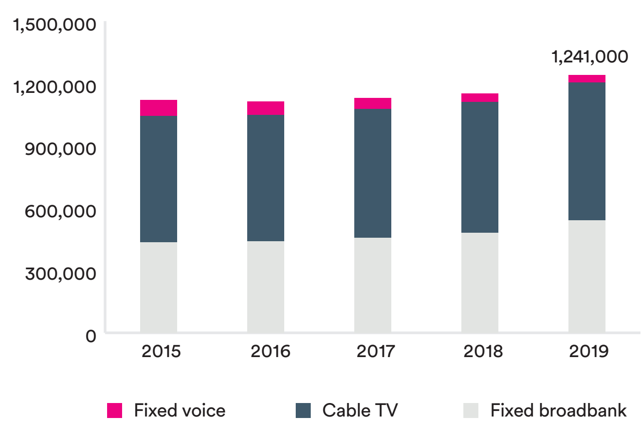
EARNINGS PER SHARE, EUR



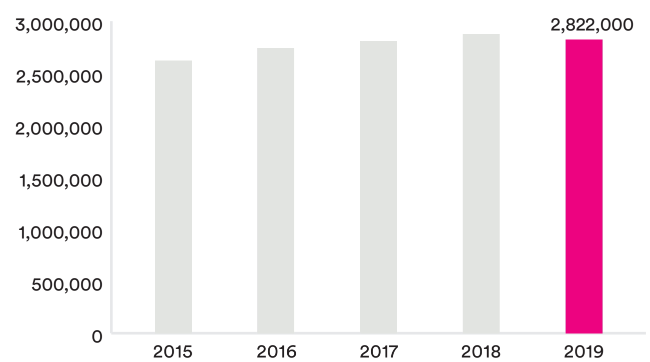
NET DEBT / EBITDA, %



FIXED NETWORK SUBSCRIPTIONS, PCS.



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



CASH FLOW AND FINANCIAL POSITION

CASH FLOW AND FINANCIAL KEY FIGURES

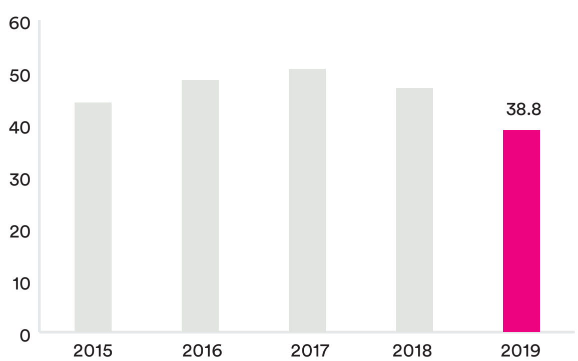
EUR million	1–12/2019	1–12/2018	Change (%)
Cash flow after investing activities	60.6	63.4	–4.6

EUR million	1–12/2019	1–12/2018	Change (%)
Net debt	559.1	379.3	47.4
Net debt/EBITDA	1.83	1.33	
Net gearing, %	101.4	62.7	
Equity ratio, %	38.8	46.9	

Cash flow after investing activities was EUR 60.6 million (63.4 million). Cash flow was impacted, for example, by the Moi mobile acquisition in January and the ICT Elmo business acquisition in May.

At the end of 2019, DNA had a EUR 150 million revolving credit facility, of which EUR 150 million (150 million) remained undrawn, and a EUR 15 million (15 million) credit facility. In addition, DNA has a commercial paper programme worth EUR 200 million (150 million), under which EUR 15 million (50 million) was drawn by the end of the year. In December, DNA and Telenor ASA signed an agreement on a EUR 200 million internal revolving credit facility, of which EUR 100 million remained undrawn at the end of 2019.

EQUITY RATIO, %



Net gearing increased and was 101.4% at the end of the year (62.7%). Net gearing was mainly impacted by the payment of a dividend, business restructuring (Moi Mobiili and ICT Elmo), and the adoption of the IFRS 16 standard, which increased liabilities as lease commitments was disclosed as liabilities in the balance sheet.

DNA's liquidity is at a healthy level. The Group's liquid assets amounted to EUR 17.4 million (22.7 million). Net debt was EUR 559.1 million (379.3 million). The Group's liquid assets and undrawn committed credit limits amounted in total to EUR 282.4 million (187.7 million). In April, DNA paid a dividend of EUR 145.4 million.

Changes in working capital had a EUR 34.5 million negative impact (45.1 million negative impact) on cash flow. The increase in working capital was mostly due to an increase in trade receivables and a decrease in trade payables in comparison to the end of 2018.

DNA has a strong balance sheet. The net debt/EBITDA ratio was 1.83 (1.33) at the end of 2019. The equity ratio was 38.8% (46.9%) at the end of the year. Both key figures were impacted by the adoption of the IFRS 16 standard, and the equity ratio also declined due to the dividend payment.

In September, Standard & Poor's Global Ratings upgraded DNA's long-term credit rating to BBB+ from BBB following acquisition by Telenor, with a stable outlook. At the same time, DNA was removed from CreditWatch.

DEVELOPMENT PER BUSINESS SEGMENT

CONSUMER BUSINESS

EUR million	1–12/2019	1–12/2018	Change (%)
Net sales	719.7	684.9	5.1
EBITDA	233.5	218.8	6.8
% of net sales	32.4	31.9	
Comparable EBITDA	236.1	218.8	7.9
% of net sales	32.8	31.9	
Operating result, EBIT	123.4	123.7	–0.3
% of net sales	17.1	18.1	
Comparable operating result	129.1	123.7	4.3
% of net sales	17.9	18.1	

Consumer business net sales increased and were EUR 719.7 million (684.9 million). Net sales were driven by the increasing demand for mobile services, as well as strong mobile device sales.

In the review period, the comparability of EBITDA was affected by non-recurring expense items of EUR 2.5 million in relation to business re-structuring. EBITDA increased and was EUR 233.5 million (218.8 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 32.4% (31.9%). Comparable EBITDA was EUR 236.1 million (218.8 million).

The comparability of the operating result in the reference period was affected by non-recurring items of EUR 5.6 million, of which EUR 2.5 million were in relation to business restructuring and EUR 3.1 million in relation to the sale of DNA's VHF frequency-based terrestrial network business. The consumer business operating result decreased slightly and was EUR 123.4 million (123.7 million), or 17.1% of consumer business net sales (18.1%). The comparable operating result increased to EUR 129.1 million (123.7 million). Depreciation of EUR 110.1 million (95.0 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 acquired business operations, Moi Mobiili, have been consolidated into DNA's consumer business figures from the first quarter of 2019 onwards. Before the acquisition, Moi Mobiili operated as a service operator in DNA's mobile network, and its revenue was reported in DNA's corporate business figures.

In the summer, DNA agreed to sell its terrestrial pay-TV business to Digita Oy. The Finnish competition authorities approved the sale in September. Digita took over the business and pay-TV customer base on 1 January 2020. DNA will continue its operations as the leading pay-TV operator in the cable and broadband networks.

CORPORATE BUSINESS

EUR million	1–12/2019	1–12/2018	Change (%)
Net sales	222.4	226.8	–2.0
EBITDA	72.0	66.2	8.9
% of net sales	32.4	29.2	
Comparable EBITDA	73.8	66.2	11.5
% of net sales	33.2	29.2	
Operating result, EBIT	10.3	15.2	–32.3
% of net sales	4.6	6.7	
Comparable operating result, EBIT	12.0	15.2	–20.7
% of net sales	5.4	6.7	

Corporate business net sales for 2019 decreased and were EUR 222.4 million (226.8 million). Net sales were mostly burdened by the change in the reporting of the net sales for Moi Mobiili, which is now part of consumer business, as well as the decrease in interconnection charges.

In 2019, the comparability of EBITDA and the operating result was affected by non-recurring expense items of EUR 1.8 million in relation to business restructuring. EBITDA increased from the reference period and was EUR 72.0 million (66.2 million), or 32.4% (29.2%) of net sales. Comparable EBITDA was EUR 73.8 million (66.2 million). EBITDA improved due to the impact of the IFRS 16 standard. The operating result decreased and was EUR 10,3 million (15.2 million), or 4,6% (6.7%) of net sales. The comparable operating result was EUR 12,0 million (15.2 million). Depreciation of EUR 61.8 million (51.0 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. The first sales offices were connected to the network during April 2019.

CAPITAL EXPENDITURE

EUR million	1–12/2019	1–12/2018	Change (%)
Consumer business	98.5	92.9	6.0
Corporate business	60.2	45.4	32.7
Total capital expenditure	158.7	138.3	14.8

Capital expenditure is defined as additions to property, plants and equipment, and intangible assets, excluding business acquisitions and asset retirement obligations. Capital expenditure includes annual cash instalments for capitalised licences.

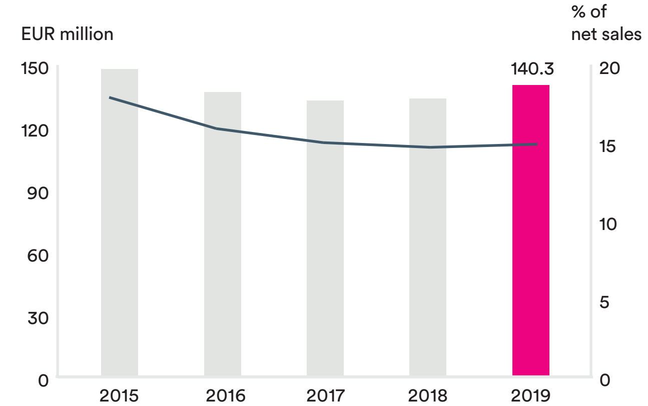
EUR million	1–12/2019	1–12/2018	Change (%)
Operative capital expenditure	140.3	133.9	4.8
% of net sales	14.9	14.7	
Lease investments (IFRS 16)	9.8	-	
Spectrum licences	8.6	4.4	95.5
Total capital expenditure	158.7	138.3	14.8

Operative capital expenditure is reported capital expenditure excluding annual cash instalments for capitalised spectrum licences and lease investments (IFRS 16).

In the January–December period, capital expenditure was EUR 158.7 million (138.3 million). Operative capital expenditure increased from the reference period and was EUR 140.3 million (133.9 million), or 14.9% (14.7%) 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.

In 2019, major individual items included in capital expenditure in the review period were network capacity expansion and development for 5G readiness, as well as fibre-optic networks and transmission systems.

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



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 2019, mobile data volumes in DNA's network were up some 23% year-on-year. Mobile data usage per subscription averaged about 25,6 gigabytes during the year.

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 in traffic volumes. DNA's mobile network is NB-IoT and LTE-M ready. DNA's M2M subscription base was boosted by building automation systems, the energy sector, and the Internet of Things (IoT).

5G network construction is in progress in various parts of the country. In December, DNA launched sales of the 5G Fixed Wireless Access ser-vice in the Helsinki metropolitan area and in the cities of Turku and Tampere. Availability will be extended to new areas soon. 5G connectivity enables fast connections with low latency in areas where fibre-optic connections are not available or would be very expensive to build. Sales of 5G subscriptions to consumer and corporate customers have just been launched. In early 2020, DNA's 5G network will be available in some 20 locations. Customers using 5G subscriptions benefit from higher speeds and lower latency. The benefits of 5G will become more evident as customers use increasingly rich content, higher resolution videos, and services such as online gaming, where low latency is critical. DNA will continue to improve and expand its 4G network parallel to the 5G investments.

DNA announced that it will close its VHF frequency-based terrestrial network in 2020. At the same time, DNA will relinquish its terrestrial network licence.

According to Tefficient's latest report*, DNA's customers have the highest mobile data usage in the world. DNA's data usage per subscription continued to grow in the first half of 2019, averaging 23.5 gigabytes per month. Most of the data transferred in the mobile network is from different video-based services, such as YouTube and Netflix. Thanks to DNA's advanced network technologies, we can reduce the relative per-data consumption of electricity despite the continuous increase in the use of data.

*Tefficient is an international telecommunications specialist providing analysis, benchmarking and consulting services. Tefficient's latest report is available here: https://tefficient.com/mobile-data-operators-1h-2019/

DNA acquired an extensive fibre-optic network in the Tampere region and ICT Elmo Oy's consumer business

In June 2019, DNA acquired a fibre-optic network in the Tampere region and ICT Elmo Oy's consumer business. The net sales of the acquired business in 2018 were 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.

PERSONNEL

PERSONNEL BY BUSINESS SEGMENT

	31 December 2019	31 December 2018	Change (%)
Consumer business	933	913	2.2
Corporate business	691	677	2.1
Total personnel	**1,624**	**1,590**	**2.1**

PERSONNEL BY BUSINESS SEGMENT

	2019	2018	2017
<25 years	0%	1%	1%
25–35 years	13%	26%	29%
36–45 years	34%	38%	37%
46–55 years	47%	24%	23%
56–63 years	5%	10%	10%
over 63 years	0%	0%	0%
In total	**100%**	**100%**	**100%**

KEY PERSONNEL INDICATORS

	2019	2018	2017
Average number of personnel	1,617	1,605	1,639
Wages and salaries, EUR million	112.7	107.4	111.1

At the end of 2019, DNA Group had 1,624 employees (1,590), of which 637 were women (637) and 987 men (953).

Salaries and employee benefit expenses paid in January–December amounted to EUR 112.7 million (107.4 million).

One of DNA's strategic objectives is to be a great place to work, which requires a tolerant, non-discriminatory, and inclusive working culture. Satisfied, motivated, and qualified employees are a crucial foundation for DNA's ability to provide the best customer service on the market. Deeper customer understanding is a particularly important area in DNA's diversity vision. A diverse and pluralistic working community helps DNA understand the needs of different customers. In February 2019, DNA was chosen as 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.

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 of Consumer Business, Corporate Business, Technology, and Information Management and IT units, as well as support functions.

At the end of the year, DNA's Executive Team comprised CEO Jukka Leinonen, CFO Timo Karppinen, Senior Vice President, Consumer Business Pekka Väisänen, Senior Vice President, Corporate Business Olli Sirkka, 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.

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. Olli Sirkka started in his new role on 12 August 2019.

Jukka Leinonen appointed head of Telenor's Nordic Cluster

DNA's CEO Jukka Leinonen has been appointed head of Telenor Group's newly formed Nordic cluster and a member of Telenor's Group Executive Management. He will retain his responsibilities as CEO of DNA. In his new role, Jukka Leinonen will also assume the role of chair of Telenor Sweden and Telenor Denmark. He will report to Sigve Brekke, President & CEO, Telenor Group.

Decisions of the Annual General Meeting

DNA's Annual General Meeting was held in Helsinki on 28 March 2019. The AGM adopted the financial statements and discharged the Board of Directors and the CEO from liability for the financial period 2018. The dividend was confirmed to be EUR 0.70 per share plus an additional dividend of 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 concerning the election and remuneration of Board 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 the company's own shares, as well as to decide on a share issue, to dispose of the company's own shares held by the company, and an issue of special rights.

Decisions of the Extraordinary General Meeting

DNA's Extraordinary General Meeting was held in Helsinki on 31 October 2019. In total, 13 shareholders were present or represented at the meeting, representing 98.1% of the votes. The Extraordinary General Meeting approved the proposals of the shareholders' Nomination Committee for the number of Board members, which is seven, and the following current Board members were re-elected; Anni Ronkainen, Kirsi Sormunen, and Tero Ojanperä. Furthermore, the Nomination Committee proposed the election of Jørgen C. Arentz Rostrup, Ulrika Steg, Fredric Scott Brown, and Nils Katla as new Board members. The new members are not independent of a major shareholder. The Extraordinary General Meeting confirmed that the remuneration of the Board of Directors remains unchanged and that those Board members who are not independent of DNA Plc's major shareholders will forgo their entitlement to the reward.

At the constitutive meeting of the Board of Directors held subsequent to the Extraordinary General Meeting, Jørgen C. Arentz Rostrup was elected Chair and members of the Audit Committee and the Personnel Committee were elected from among the Board members. Kirsi Sormunen was elected as the Chair of the Audit committee and Tero Ojanperä and Nils Katla were elected as members of the Audit Committee. Jørgen C. Arentz Rostrup was selected as the Chair of the Personnel Committee and Anni Ronkainen and Ulrika Steg were elected as members of the Personnel Committee.

The minutes and other documents of the General Meeting are available on the DNA website at https://corporate.dna.fi/investors/governance/general-meetings.

Composition of Shareholders' Nomination Committee

The shareholders' Nomination Committee was nominated in September 2019. The Committee is chaired by Gaute Simen Gravir (Director, Telenor Finland Holding Oy), and other members are Esko Torsti (Director, Ilmarinen Mutual Pension Insurance Company) and Satu Huber (Chief Executive Officer, Elo Mutual Pension Insurance Company). In addition, Pertti Korhonen, Chairman of DNA's Board of Directors, served as the Nomination Committee's expert member.

The three largest registered shareholders in the shareholders' register on 1 September are entitled to appoint members to the committee. The Nomination Committee is tasked with preparing proposals for the Annual General Meeting regarding the election and remuneration of Board members.

Board of Directors in 2019

From 1 January 2019 to 28 March 2019, the Board of Directors consisted of Pertti Korhonen as a Chair, and Anu Nissinen, Tero Ojanperä, Jukka Ottela, Margus Schults and Kirsi Sormunen as membes.

DNA's Annual General Meeting elected on 28 March 2019 the following board composition with seven members; Pertti Korhonen as a Chair and Anu Nissinen, Tero Ojanperä, Jukka Ottela, Anni Ronkainen, Ted Roberts and Kirsi Sormunen as members.

On 31 October 2019, DNA's Extraordinary General Meeting elected seven members to the Board; the following current Board members were re-elected; Anni Ronkainen, Kirsi Sormunen, and Tero Ojanperä. Furthermore, the Nomination Committee proposed the election of Jørgen C. Arentz Rostrup, Ulrika Steg, Fredric Scott Brown, and Nils Katla as new Board members.

Board convened on 25 occasions in 2019.

Audit Committee in 2019

The Audit Committee included the following member:

- 1 Jan–28 March 2019: Kirsi Sormunen (Chair), Jukka Ottela and Margus Schults.
- 28 March–31 October 2019 Kirsi Sormunen (Chair), Jukka Ottela, Tero Ojanperä and Ted Roberts.
- From 31 October 2019 Kirsi Sormunen (Chair), Tero Ojanperä and Nils Katla.

The Audit Committee convened on six occasions.

Personnel Committee in 2019

Members of the Personnel Committee in 2019:

- 1 Jan–28 March 2019: Pertti Korhonen (Chair), Anu Nissinen, Jukka Ottela and Margus Schults.
- 28 March–31 October 2019: Pertti Korhonen (Chair), Anu Nissinen, Jukka Ottela and Anni Ronkainen.
- From 31 October 2019: Jørgen C. Arentz Rostrup (Chair), Anni Ronkainen and Ulrika Steg.

The Personnel Committee convened on four occasions.

Corporate Governance Statement

In February 2020, DNA shares were delisted from Nasdaq Helsinki Stock Exchange. DNA publishes a separate Corporate Governance Statement for 2019. The statement will be published with DNA's Annual Report no later than on the week starting on 2 March 2020, separately from the Board of Director's report.

SHARES AND SHAREHOLDERS

Shares

DNA's shares are traded on Nasdaq Helsinki (the Helsinki Stock Exchange). On 31 December 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 December, the Group held 121,316 treasury shares. In March 2019, a total of 61,473 treasury shares were handed over to participants in the Group's long-term share-based reward system (Bridge Plan 2018).

In 2019, a total of 175.1 million DNA shares, totalling EUR 3.623 billion, 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 20.70 and the volume-weighted average rate EUR 20.72. The closing quotation on the last trading day of the year, 30 December 2019, was EUR 20.86, and the market capitalisation (without DNA's holding of its own shares) was EUR 2.757 billion (EUR 2.257 billion).

Shareholders and flagging notifications

At the end of the year, the number of registered shareholders totalled 2,936, with nominee registrations (6) included. The proportion of nominee registrations and direct foreign shareholders at the end of 2019 was 1.16%.

On 31 December 2019, the largest shareholders of DNA Plc were Telenor Finland Holding Oy (97.87%), Varma Mutual Pension Insurance Company (0.22%) and Nordea Life Assurance Finland Ltd. (0.04%). At the end of the year, they held a total of 98.13% of DNA's shares and voting rights.

On 9 April 2019, the Norwegian Telenor Group announced that it had entered into separate agreements with DNA's two largest shareholders, Finda Telecoms Oy and PHP Holding Oy, to acquire 54% of the shares in the Finnish telecom operator DNA for EUR 20.90 per share in cash.

On 21 August 2019, Finda Telecoms and PHP Holding issued a flagging notice on the share transaction completed the same day, the completion bringing their share of ownership and votes in DNA to 0%. At the time of the transaction, Finda Telecoms held 37,385,454 shares in DNA (28.3% of shares and votes) and PHP Holding 34,105,827 shares in DNA (25.78% of shares and votes). On the same day, Telenor Finland Holding Oy (a wholly owned subsidiary of Telenor ASA) issued a flagging notice of its share of ownership in DNA exceeding 50%. On completion of the transaction, Telenor launched a mandatory public tender offer for all the remaining DNA shares.

On 2 October 2019, Telenor issued a notice after its holding of shares exceeded 2/3 and 90% as a result of the transactions completed at the end of the initial offer period. According to the notice, Telenor's holding was 94.46% of shares and votes in DNA. On 16 October 2019, after the closing of the offer period, Telenor's holding in DNA was 97.87%.

DNA's incentive schemes and matching shares plan terminated

On 3 October 2019, DNA's Board of Directors resolved to terminate DNA's long-term share-based incentive schemes for senior executives and other key employees, and the matching shares plan for its personnel. The Board of Directors also resolved on the payment of rewards thereunder in cash.

The Norwegian telecommunications company Telenor has gained a controlling share in DNA, which is an event that constitutes grounds, pursuant to the terms and conditions of the long-term share-based incentive schemes and the matching shares plan, for the schemes' and the plan's accelerated termination and for the payment of any rewards thereunder in cash instead of shares. The cash reward amounts to approximately EUR 14 million in total. As a result of the cash reward, EUR 6 million was recognised as an expense in the income statement in 2019.

See note 23 for more information on DNA's share-based incentive scheme.

SHAREHOLDING DISTRIBUTION BY SECTOR ON 31 DECEMBER 2019

	Number of shares	% of shares
Households	658,584	0.5%
Public sector	331,231	0.3%
Financial and insurance institutions	89,709	0.1%
Companies	129,660,270	98.0%
Non-profit communities	27,458	0.0%
Direct foreign ownership	2,345	0.0%
Nominee registered	1,533,903	1.2%
In total	**132,303,500**	**100.0%**

BREAKDOWN BY SIZE OF SHAREHOLDING 31 DECEMBER 2019

Number of shares	Number of shareholders	% of shareholders	Number of shares	% of shares
1–100	1,726	58.8	72,740	0.1
101–500	886	30.2	209,784	0.2
501–1,000	204	6.9	144,553	0.1
1,001–5,000	100	3.4	200,265	0.2
5,001–10,000	8	0.3	60,851	0.0
10,001–50,000	6	0.2	132,954	0.1
50,001–100,000	1	0.0	53,464	0.0
100,001–500,000	2	0.1	411,647	0.3
500,001–	3	0.1	131,017,242	99.0
In total	**2,936**	**100.0%**	**132,303,500**	**100.0%**

Members of DNA's Executive team or Board of Directors did not have any holdings of DNA shares on 31 December 2019.

Telenor's tender offer for DNA shares

Norwegian telecommunications group Telenor announced on 9 April 2019 that it will acquire shares in DNA from the two largest shareholders, Finda Telecoms Oy and PHP Holding Oy, in total 54% of shares.

The transaction was carried out on 21 August and, as a result, Telenor was obliged to launch a mandatory public tender offer for all the remaining outstanding shares in DNA. Telenor published and launched the tender offer on 29 August 2019, offering a cash consideration of EUR 20.90 per share. According to a statement by DNA's Board of Directors, the consideration offered by Telenor is fair.

The offer period expired on 10 October 2019, and shares tendered during the offer period represent 43.84% of all shares in DNA. Together with the DNA shares acquired by Telenor before the tender offer, Telenor holds 97.87% of all shares in DNA. As Telenor's holding in DNA after the tender offer period was more than nine-tenths of all DNA shares and votes, Telenor was to commence arbitration proceedings in order to redeem all remaining shares of DNA, in accordance with the Finnish Companies Act.

Special representative appointed for arbitration proceedings concerning the redemption of minority shares in DNA

As a result of Telenor's application for initiation of arbitration proceedings, the Redemption Board of the Finland Chamber of Commerce has petitioned the District Court of Helsinki for the appointment of a special representative to look after the interests of DNA's minority share-holders in the arbitration during the redemption proceedings. With its decision given on 4 November 2019, the District Court of Helsinki has appointed Olli Iirola, attorney-at-law, to act as the special representative.

DNA applied to delist its shares from Nasdaq Helsinki

On 10 December, DNA applied for the termination of public trading in DNA's shares and for delisting of DNA's shares from the official list of Nasdaq Helsinki. This will be possible once Telenor has completed the redemption proceedings and has the right to obtain title to all DNA's minority shares by posting a security approved by the arbitral tribunal for the payment of the redemption price.

Arbitral tribunal appointed for arbitration proceedings concerning the redemption of minority shares in DNA

In October, Telenor Finland Holding commenced mandatory redemption proceedings in respect of DNA's minority shares by applying for arbitration proceedings to be initiated in accordance with Chapter 18, Section 4 of the Finnish Companies Act, in order to redeem the remaining shares in DNA. On 17 December, the Redemption Board of the Finland Chamber of Commerce appointed an arbitral tribunal consisting of three arbitrators for the arbitration proceedings concerning the redemption of the remaining shares in DNA.

DNA's financial objectives and dividend policy

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 capitalised spectrum licence payments and the effect of IFRS16)
- 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'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's approach to corporate responsibility is guided by the corporate responsibility strategy and its 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 2019, 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.

In 2019, DNA was chosen the best workplace in Finland by the Great Place to Work® institute in the category of large organisations. The survey measures employee satisfaction and the company's employer image. According to the survey, as many as 91% of DNA employees consider DNA to be a great workplace.

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 relatively 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 related to DNA's own activities in 2019.

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. The implementation of 5G technology in the coming years will improve relative efficiency further even if total energy consumption increases.

DNA has the following climate objectives, which have been approved by the Board of Directors:

- 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 2019, DNA's energy indirect greenhouse gas emissions (Scope 2) were 13,400 tonnes (17,900), which is 25% less than in 2018. DNA's Scope 2 emissions have reduced by approximately 55% since 2014, which is due to procurement of renewable energy and increased energy efficiency in the radio networks. In 2019, the method for collecting source data relating to the procurement of purchased electricity (Scope 2) was adjusted. The emissions figures for earlier years could not be updated in accordance with the new data collection method. As a result, emission data from different years is not fully comparable.

As part of the Group's risk management process, DNA has identified possible physical risks related to climate change, such as the impact of weather extremes on networks. Furthermore, DNA has identified possible political and regulatory risks related to the transition to a low-carbon society as well as any risks and opportunities related to consumer behaviour. Mitigation practices have been specified for the identified risks.

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 2019, 80% 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. DNA enforces a Supplier Code of Conduct which is appended to its agreements with suppliers and subcontractors. Its requirement include combating corruption and bribery. 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 2019.

Near-term risks and uncertainties

According to the company, there have been no significant changes in near-term risks and uncertainties in 2019.

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 for 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 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. The roles of information security, data security, and high operational network reliability are expected to grow in importance in the future.

Global trade uncertainty may have an impact on DNA's subcontractors and partners and their product availability, service quality, and reliability, as well as customer behaviour.

Regulatory risks

Both national and EU regulations have a 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 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 financial period

On 3 February 2020, Telenor Finland Holding Oy gained title to all outstanding shares in DNA and the DNA shares was delisted from Nasdaq Helsinki.

OUTLOOK FOR 2020

Market outlook

According to the Bank of Finland, the Finnish economy will continue to expand, but growth has passed its cyclical peak. We expect 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. Sales of 5G subscriptions were launched at the end of 2019, and demand is expected to increase when more technologically advanced mobile devices become available. 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 increase 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 net-works and services vital. More mobile and versatile ways of working will boost demand for services such as cloud and video conference ser-vices. 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 roles of good information security, data security, and high operational network reliability grow 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 2020

DNA has changed the way it issues guidance on future outlook, and it will not issue guidance on its net sales and EBITDA for 2020. DNA expects competition to remain strong in 2020. Nonetheless, DNA's business is anticipated to develop favourably. DNA's financial position and liquidity are expected to remain at a healthy level.

Board of Directors' proposal on dividend payment

DNA's Board of Directors will propose, that no dividend to be paid for the financial year 2019.

DNA Plc

Board of Directors

GROUP KEY FINANCIAL FIGURES

EUR million	2019	2018	2017	2016	2015
Net sales	942.1	911.8	886.1	858.9	828.8
EBITDA	305.6	284.9	271.8	236.3	227.7
% of net sales	32.4	31.2	30.7	27.5	27.5
Comparable EBITDA	309.9	284.9	271.8	247.1	226.7
% of net sales	32.9	31.2	30.7	28.8	27.3
Depreciation, amortisation and impairment	171.9	146.0	148.2	145.0	154.6
Operating result, EBIT	133.7	138.9	123.5	91.2	73.1
% of net sales	14.2	15.2	13.9	10.6	8.8
Comparable operating result, EBIT	141.1	138.9	126.6	102.1	72.0
% of net sales	15.0	15.2	14.3	11.9	8.7
Net result before tax	124.6	127.7	114.2	81.7	61.6
Net result for the period	98.8	102.2	93.1	65.2	50.0
Return on investment (ROI), %	12.1	14.1	13.1	9.6	7.6
Return on equity (ROE), %	17.1	16.4	15.5	11.6	9.7
Capital expenditure	158.7	138.3	144.0	143.6	154.7
Cash flow after investing activities	60.6	63.4	107.7	83.5	97.3
Free cash flow to equity	88.5	72.0	118.8	92.6	101.5
Net debt, EUR million	559.1	379,3	304.3	321.7	412.3
Net debt/EBITDA	1.83	1.33	1.12	1.36	1.81
Net gearing, %	101.4	62,7	50.3	53.9	78.5
Equity ratio, %	38.8	46,9	50.6	48.4	44.1
Personnel at the end of period	1,624	1,590	1,601	1,668	1,672

RECONCILIATION OF COMPARABLE KEY FIGURES

EUR thousand	2019	2018	2017	2016	2015
EBITDA	**305,575**	**284,921**	**271,772**	**236,290**	**227,714**
Direct transaction costs of the listing	-	-	-	6,486	-
Cost impacts on the share-based compensation plan of the listing	-	-	-	3,795	-
Restructuring costs	-	-	-	528	-
Net gains from business disposals	-	-	-	-	–1,055
Fair value opinion	1,683	-	-	-	-
Share based programmes	1,572	-	-	-	-
Share based programme Bridge	878	-	-	-	-
Matching shares plan for personnel	157	-	-	-	-
Comparable EBITDA	**309,865**	**284,921**	**271,772**	**247,100**	**226,659**
Operating result	**133,692**	**138,898**	**123,523**	**91,249**	**73,093**
Direct transaction costs of the listing	-	-	-	6,486	-
Cost impacts on the share-based compensation plan of the listing	-	-	-	3,795	-
Restructuring costs	-	-	-	528	-
Net gains from business disposals	-	-	-	-	–1,055
Write-off of other non-current assets		-	3,057	-	-
Fair value opinion	1,683	-	-	-	-
Share based programmes	1,572	-	-	-	-
Share based programme Bridge	878	-	-	-	-
Matching shares plan for personnel	157	-	-	-	-
Write-off of terrestrial network	3,109	-	-	-	-
Comparable operating result	**141,091**	**138,898**	**126,579**	**102,059**	**72,038**

FREE CASH FLOW TO EQUITY

EUR thousand	2019	2018	2017	2016	2015
Comparable EBITDA	**309,865**	**284,921**	**271,772**	**247,100**	**226,660**
Operative capital expenditure	−140,314	−133,871	−132,904	−136,890	−147,950
Operating free cash flow	**169,551**	**151,050**	**138,867**	**110,210**	**78,710**
Interest paid, net	−7,867	−16,942	−8,720	−8,608	−7,792
Income taxes, paid	−29,823	−12,428	−25,775	−5,180	2,096
Adjusted change in net working capital	−43,631	−47,687	19,312	−1,497	37,917
Change in provisions	198	−2,034	−4,856	−2,307	−9,447
Free cash flow to equity	**88,428**	**71,959**	**118,830**	**92,617**	**101,484**

CASH FLOW AND FINANCIAL KEY FIGURES

	2019	2018	2017	2016	2015
Cash flow after investing activities, EUR million	60.6	63.4	107.7	83.5	97.3
Net debt, EUR million	559.1	379.3	304.3	321.7	412.3
Net debt/EBITDA	1.83	1.33	1.12	1.36	1.81
Net gearing, %	101.4	62.7	50.3	53.9	78.5
Equity ratio, %	38.8	46.9	50.6	48.4	44.1

PER-SHARE KEY FIGURES

	2019	2018	2017	2016	2015
Basic earnings per share, EUR	0.75	0.77	0.71	0.51	0.39
Diluted earnings per share, EUR	0.75	0.77	0.71	0.51	0.39
Equity per share, EUR	4.17	4.58	4.58	4.5	4.1
Dividend per share, EUR [1]	-	0.70	0.46	0.55	0.31
Extra dividend per share, EUR	-	0.40	-	-	-
Capital payment per share from the reserve for invested unrestricted equity, EUR	-	-	0.17	-	-
Extra capital payment per share from the reserve for invested unrestricted equity, EUR	-	-	0.47	-	-
Dividend per earnings, %	-	91	65	108	81
Extra dividend per earnings, %	-	52	-	-	-
Capital payment per share from the reserve for invested unrestricted equity, from result %	-	-	24	-	-
Extra capital payment per share from the reserve for invested unrestricted equity, from result %	-	-	66	-	-
Effective dividend yield, %	-	4.1	2.9	5.4	-
Effective extra dividend yield, %	-	2.3	-	-	-
Effective share-based capital payment from the reserve for invested unrestricted equity, %	-	-	1.1	-	-
Effective share-based extra capital payment from the reserve for invested unrestricted equity, %	-	-	3.0	-	-
Price/earnings ratio (P/E)	-	22.2	22.0	19.9	-
Lowest price of the share	16.52	14.80	10.13	9.87	-
Highest price of the share	21.46	22.02	15.85	10.29	-
Average price of the share	20.70	18.19	13.90	10.09	-
Market capitalisation	2,759,851,010	2,259,743,780	2,070,549,775	1,342,880 525	-
Trading volume for the financial period	175,062,034	62,378,600	79,550,798	56,981,069	-
Trading volume for the financial period, %	32.3	47.1	60.2	43.1	-
Weighted average adjusted number of shares during the financial period (1,000)	132,087	132,039	131,923	127,733	127,306
Adjusted number of shares at the end of the financial period (1,000)	132,087	132,039	132,081	132,304	127,318

[1] DNA's Board of Directors will propose, that no dividend to be paid for the financial year 2019.

KEY OPERATIVE INDICATORS

	2019	2018	2017	2016	2015
Number of mobile communication network subscriptions at end of period *	2,822,000	2,877,000	2,811,000	2,742,000	2,621,000
Revenue per user (ARPU), EUR **	18.7	18.7	18.4	17.1	17.0
Customer CHURN rate, % **	16.2	16.2	18.3	16.1	16.0
Number of fixed line subscriptions at end of period	1,241,000	1,152,000	1,130,000	1,113,000	1,120,000
Broadband subscriptions	542,000	481,000	458,000	440,000	436,000
Cable TV subscriptions	663,000	630,000	619,000	608,000	606,000
Fixed voice subscriptions	36,000	41,000	53,000	65,000	78,000

*) includes voice and mobile broadband subscriptions

**) includes postpaid subscriptions

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, costs relating to the change of ownership structure as well as costs of terminating share-based payments as well as fines, damages and other similar payments.
Cashflow after investing activities (EUR)	=	Net cash generated from operating activities + net cash used in investing activities
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.
Operative capital expenditure	=	Operative capital expenditure is reported capital expenditure without annual cash instalments for spectrum licenses and without lease investments (IFRS 16).
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.

*12-month adjusted

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.

FINANCIAL STATEMENTS 2019

CONSOLIDATED INCOME STATEMENT

EUR thousand	Note	1 Jan–31 Dec 2019	1 Jan–31 Dec 2018
Net sales	5	**942,093**	**911,758**
Other operating income	6	3,875	3,804
Materials and services		–409,867	–398,661
Employee benefit expenses	9	–112,720	–107,388
Depreciation, amortisation and impairments	8	–171,883	–146,023
Other operating expenses	7	–117,805	–124,592
Operating result, EBIT		**133,692**	**138,898**
Finance income	10	496	523
Finance expense	11	–9,590	–11,700
Share of associates' results	16	14	14
Net result before income tax		**124,612**	**127,736**
Income tax expense	12	–25,793	–25,502
Net result for the period		**98,819**	**102,234**
Attributable to:			
Owners of the parent		98,819	102,234
Earnings per share for net result attributable to owners of the parent:			
Earnings per share, basic (EUR)	13	0.75	0.77
Earnings per share, diluted (EUR)	13	0.75	0.77

Notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	Note	1.1.–31.12.2019	1.1.–31.12.2018
Net result for the period		**98,819**	**102,234**
Items that will not be reclassified to profit and loss:			
Remeasurements of post employment benefit obligations	24	126	249
Other comprehensive income, net of tax		**126**	**249**
Total comprehensive income		**98,945**	**102,483**
Attributable to:			
Owners of the parent		98,945	102,483

Notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR thousand	Note	31 Dec 2019	31 Dec 2018
ASSETS			
Non-current assets			
Goodwill	15	338,706	327,206
Other intangible assets	15	196,562	191,783
Property, plant and equipment	14	427,442	412,550
Right-of-use assets	30	76,237	-
Investments in associates	16	1,219	1,209
Other investments	17	110	117
Trade and other receivables	18	76,465	75,921
Contract assets	5	3,881	104
Deferred tax assets	19	7,164	7,691
Total non-current assets		**1,127,786**	**1,016,582**
Current assets			
Inventories	20	34,303	31,681
Trade and other receivables	18	254,841	243,662
Contract assets	5	4,912	962
Income tax receivables		2,155	-
Cash and cash equivalents	21	17,423	22,654
Total current assets		**313,634**	**298,960**
Total assets		**1,441,420**	**1,315,541**
Equity			
Equity attributable to owners of the parent			
Share capital	22	72,702	72,702
Reserve for invested unrestricted equity	22	506,079	506,079
Treasury shares	22	–1,728	–2,806
Retained earnings		–124,757	–73,439
Net result for the period		98,819	102,234
Total equity		**551,115**	**604,770**

EUR thousand	Note	31 Dec 2019	31 Dec 2018
LIABILITIES			
Non-current liabilities			
Borrowings	26, 27, 29	472,445	348,090
Lease liabilities	30	60,587	-
Contract liabilities	5	1,813	1,809
Employment benefit obligations	24	1,540	1,714
Provisions	25	4,996	5,307
Deferred tax liabilities	19	36,863	34,825
Other non-current liabilities		25,606	33,169
Total non-current liabilities		**603,851**	**424,914**
Current liabilities			
Borrowings	26, 27, 29	28,810	53,837
Lease liabilities	30	14,652	-
Contract liabilities	5	2,876	3,313
Provisions	25	470	277
Trade and other payables	28	239,257	223,374
Income tax liabilities		388	5,056
Total current liabilities		**286,454**	**285,857**
Total liabilities		**890,305**	**710,771**
Total equity and liabilities		**1,441,420**	**1,315,541**

Notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR thousand	Note	2019	2018
Cash flows from operating activities			
Net result for the period		98,819	102,234
Adjustments 1)		206,951	180,329
Change in net working capital 2)		–34,546	–45,100
Dividends received		44	10
Interest paid		–5,648	–6,438
Interest received		370	335
Other financial items		–2,589	–10,839
Income taxes paid		–29,823	–12,428
Net cash generated from operating activities		**233,577**	**208,104**
Cash flows from investing activities			
Investments in property, plant and equipment (PPE) and intangible assets		–132,852	–145,058
Proceeds from sale of PPE		13	402
Business combinations	34	–42,180	-
Net cash used in investing activities		**–173,019**	**–144,657**
Cash flows from financing activities			
Dividends paid		–145,400	–145,333
Proceeds from borrowings	26, 27	848,801	859,880
Repayment of borrowings	26, 27	–752,534	–778,932
Repayment of lease liabilities		–16,657	-
Net cash generated from (used in) financing activities		**–65,790**	**–64,385**
Change in cash and cash equivalents		–5,232	–937
Cash and cash equivalents at beginning of year	21	22,654	23,592
Cash and cash equivalents at end of year	21	17,423	22,654

EUR thousand	Note	2019	2018
1) Adjustments:			
Depreciation, amortisation and impairment	8	171,883	146,023
Gains and losses on disposals of non-current assets		–4	–324
Other non-cash income and expense		–14	–14
Finance income and expense	10, 11	9,094	11,177
Income tax expense	12	25,793	25,502
Change in provisions		198	–2,034
Total adjustment		**206,951**	**180,329**
2) Change in net working capital:			
Change in trade and other receivables		–22,858	–27,678
Change in inventories	20	–2,622	–8,772
Change in trade and other payables		–9,066	–8,649
Change in trade and other receivables		**–34,546**	**–45,100**

Notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR thousand	Note	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	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**	**–143,797**
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					98,819	98,819
Other comprehensive income						
Total other comprehensive income, net of tax	24				126	126
Total comprehensive income		**-**	**-**	**-**	**98,945**	**98,945**
Transactions with owners						
Share-based payments	23			1,078	–8,278	–7,200
Dividends relating to 2018	22				–145,400	–145,400
Total contribution by and distributions to owners		**-**	**-**	**1,078**	**–153,677**	**–152,600**
31 December 2019		**72,702**	**506,079**	**–1,728**	**–25,939**	**551,115**

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 is part of the Telenor Group. DNA's parent company is Telenor Holding Finland Oy since 21 August 2019. Telenor ASA is the parent company of the Telenor Group. Copies of the Consolidated Financial Statements are available at Telenor head office at Snarøyveien 30, N-1360 Fornebu, Norway.

DNA Plc's Board of Directors approved the release of these consolidated financial statements at a meeting on 10 February 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 2019. 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, as modified by the revaluation of investments, and financial assets and financial liabilities at fair value through the income statement. The consolidated 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 2019:

IFRS 16 Leases

IFRS 16 affects primarily the accounting by lessees and results in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The statement of profit or loss will be affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense will be replaced with interest and depreciation, so key figures like EBITDA will change. Operating cash flows will be higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of the payments that reflects interest can continue to be presented as operating cash flows.

The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Interpretation IFRIC 23 Uncertainty over Income Tax Treatments

The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

- how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty
- that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, ie that detection risk should be ignored
- that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment
- that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty, and
- that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

While there are no new disclosure requirements, entities are reminded of the general requirement to provide information about judgements and estimates made in preparing the financial statements.

Prepayment Features with Negative Compensation – Amendments to IFRS 9

The narrow-scope amendments made to IFRS 9 Financial Instruments in October 2017 enable entities to measure certain prepayable financial assets with negative compensation at amortised cost. These assets, which include some loan and debt securities, would otherwise have to be measured at fair value through profit or loss. To qualify for amortised cost measurement, the negative compensation must be 'reasonable compensation for early termination of the contract' and the asset must be held within a 'held to collect' business model.

Long-term Interests in Associates and Joint Ventures – Amendments to IAS 28
Annual Improvements to IFRS Standards 2015–2017 Cycle

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 acquirees' 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 2018–2019 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 significance 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 2018 and 2019.

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.

Suomen Yhteisverkko Oy, 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 Suomen Yhteisverkko Oy 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 Suomen Yhteisverkko Oy'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 the DNA's operating segments forms 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

DNA Plc mostly acts as a lessee. The Group enters into agreements to lease office premises, equipment facilities and aerial sites in particular. 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's most essential contracts are 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 do not separate non-lease components from associated lease components and report lease components and non-lease components as a single lease component. DNA Plc uses the exemption for short-term leases. Lease payments associated with short-term leases are recorded as an expense. Lease agreements are reported in the profit and loss as depreciation and interest expense.

For more information on lease agreements, please see note 30.

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, including Right-of Use 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.

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

More information regarding share-based payments is presented in note 23.

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. Provisions 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

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.

For more information, please see note 5.

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

Classification of financial assets and liabilities

Financial assets

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.

Impairment of financial instruments

According to the impairment model, impairment provisions must be recognised based on expected credit losses. At DNA, the impairment model applies to the recognition of impairment loss of trade receivables. 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 for ward-look-ing,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 profi t and loss. Regarding assets measured at amortised cost, DNA is actively monitoring such instruments and will recognise impairment through profi t and loss in accordance with the set criteria.

Borrowings

Borrowings 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 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

Derivative financial instruments and hedge accounting

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

Cash

Cash and cash equivalents consist of cash and bank deposits available on demand. Items classified as cash and cash equivalents have a maximum maturity of three months from the date of acquisition. The related credit accounts in the group accounts are included in current financial liabilities

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 policies. 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 judgments 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 recognized 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 judgments it has to make in the preparation of the financial statements. For information on accounting policies applied, see the respective sections of note 2 "Accounting policies" to the Audited consolidated financial statements included elsewhere in this Offering Circular.

Business acquisitions

Net assets acquired through acquisitions are measured at fair value. The consideration exceeding the fair value of assets acquired is recognized 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. See note 5 Business combinations.

Valuation of intangible assets and property, plant and equipment

Intangible assets including goodwill represent approximately 37 percent of DNA's total assets in 2019 (39% in 2018) and property, plant and equipment represent approximately 35 percent of DNA's total assets in 2019 (31% in 2018).

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 network. 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 judgments 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 of 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 2019 was EUR 338.7 million (31 December 2018: EUR 327.2 million). Further details on goodwill impairment testing, including a sensitivity analysis, are included in note 15.

Lease agreements

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

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 2019 (EUR 4.8 million at 31 December 2018) and for onerous contracts EUR 0.0 million at 31 December 2019 (EUR 0.5 million at 31 December 2018). See note 25 for more information on provisions.

Revenue recognition

Principal or agent – gross versus net presentation

When DNA acts as a principal, income and payments to suppliers are reported on a gross basis in revenue and operating costs. If the DNA sells goods or services as an agent (mainly value added or content services for mobile services) revenue and payments to suppliers are recorded in revenue on a net basis, representing the margin/commission earned. 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 judgments 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 or provides additional goods and services. Features indicating that the Group is acting as an agent include: it 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 1 January 2020 reporting periods and have not been early adopted by the group. The group's assessment of the impact of these new standards and interpretations is set out below:

Definition of Material – Amendments to IAS 1 and IAS 8
The IASB has made amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information. In particular, the amendments clarify:

- that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and
- the meaning of 'primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.

No material impact is expected on the Group. Each standard will be adopted by the Group on the effective date, or if the effective date is other than the first day of the reporting period, the next day, subject to endorsement by the EU.

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 s 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 2019, the Group had a strong liquidity position with cash and cash equivalents of EUR 17.4 million (EUR 22.7 million), and borrowings (non-current and current) of EUR 501.3 million (EUR 401.9 million). In addition to cash and bank deposits, the Group had unused credit facilities and other committed credit facilities of EUR 265.0 million (EUR 165.0 million). In addition, the company has a commercial paper programme of EUR 200.0 million (EUR 150.0 million), under which EUR 15.0 million (EUR 50.0 million) was drawn by the end of December. The unused credit facilities totalled EUR 450.0 million (EUR 265.0 million). The Group's cash and bank deposits and undrawn committed credit facilities amounted to EUR 282.4 million (EUR 187.7 million). The credit facility of EUR 150 million matures in October 2021 and the Telenor group internal EUR 200 million credit facility signed in December 2019 matures in December 2024. Planned repayments in 2020 total EUR 13.8 million without the commercial paper programmes.

DEBT MATURITY ANALYSIS

2019

EUR thousand	Less than 1 year		1–5 years		over 5 years		Total		**Total**
	Interest payment	Re-payment	Interest payment	Re-payment	Interest payment	Re-payment	Interest payment	Re-payment	**Cash flow**
Borrowings	5,281	28,810	16,612	215,385	3,446	263,846	25,339	508,041	**533,380**
Lease liabilities *	-	15,601	-	42,518	-	22,968	-	81,088	**81,088**
Trade payables	-	111,315	-	-	-	-	-	111,315	**111,315**

*) Undiscounted cash flows

2018

EUR thousand	Less than 1 year		1–5 years		over 5 years		Total		**Total**
	Interest payment	Re-payment	Interest payment	Re-payment	Interest payment	Re-payment	Interest payment	Re-payment	**Cash flow**
Borrowings *	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**

*) excl. lease liabilities

The following year's repayments are included in current liabilities. At balance sheet date, the average rate of variable rate loans was 0.11% (0.17% and variable rate loans constituted 39% (24%) 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% and the coupon rate for the bond maturing in March 2025 is 1.375%.

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 2019, the impairment loss of trade receivables totalled EUR 4.4 million (EUR 3.9 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 receiavbles and contract assets

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.

EUR thousand	2019	2018
Undue trade receivables	196,209	187,377
Trade receivables 1–45 days overdue	7,705	9,328
Trade receivables 46–90 days overdue	2,284	1,024
Trade receivables 91–180 days overdue	1,223	1,395
Trade receivables more than 180 days overdue	3,067	1,912
Total	**210,488**	**201,037**

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 2019, DNA did not hedge any of its borrowings (31.12.2018 hedged 0%). At the end of 2019, 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 2019, 61% of DNA's borrowings were fixed rate (76%).

If interest rates had been one percentage point higher, with all other variables held constant, the calculated post-tax result would have been EUR 1.4 million (EUR 0.6 million) lower and, with the corresponding decrease in interest rates, the calculated post-tax result would have been EUR 1.4 million (EUR 0.6 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 2018 and 2019.

Capital management

The objective of the Group's capital management is to support the business operations by optimising the capital structure, as well as increasing shareholder value by maximising return on capital. 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 det debt to EBITDA ratio. The Group's credit facility agreements include financial covenants requiring an equity ratio of at least 35% 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 38.8% (46.9%) and net debt to EBITDA ratio was 1.83:1 (1.33:1).

FINANCIAL INSTRUMENTS BY CLASS

Financial assets	2019	2018
Financial assets recognised at amortised cost		
Trade receivabes [1]	210,488	201,037
Other financial assets recognised at amortised cost	50,035	46,057
Cash and cash equivalents	17,423	22,654
Financial assets recognised at fair value through other comprehensive income	110	117
Total	**278,056**	**269,865**

Financial liabilities	2019	2018
Financial liabilities recognised at amortised cost		
Trade and other payables [2]	144,840	144,621
Borrowings	576,495	401,927
Total	**721,335**	**546,548**

1) Prepayments are excluded from trade and other receivables as they do not represent financial instruments

2) 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 as 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 2019, foreign operations accounted for EUR 20.7 million (2018 EUR 22.0 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 2019

EUR thousand Business segments	Consumer segment	Corporate segment	Unallocated	Group total
Net sales	**719,706**	**222,387**		**942,093**
EBITDA	**233,532**	**72,043**		**305,575**
Depreciation, amortisation and impairments	110,126	61,757		171,883
Operating result, EBIT	**123,406**	**10,286**		**133,692**
Net finance items			−9,094	−9,094
Share of associates' result			14	14
Result before income tax				124,612
Net result for the period				**98,819**
Capital expenditure *	98,467	60,240	-	158,707
Employees at end of year	933	691		1,624

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

1 Jan–31 Dec 2018

EUR thousand 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

*) Capital expenditure comprise additions to intangible and tangible assets, excluding business combinations, and additions relating to finance lease agreements and decommissioning obligations. Additionnally, 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 2019 was EUR 719.7 million (EUR 684.9 million) and the Corporate segment revenue was EUR 222.4 million (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:

2019

EUR thousand	Mobile Service Revenue	Mobile Equipment	Mobile interconnection and Inbound Roaming	Fixed non-voice	Fixed Voice	Total
Timing of revenue recognition						
Point in time	-	147,472	-	12,234	378	160,084
Over time	486,368	-	44,722	229,626	21,293	782,009
Total	**486,368**	**147,472**	**44,722**	**241,860**	**21,671**	**942,093**

2018

EUR thousand	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 thousand	2019	2018
Contract asset	8,873	1,076
Loss allowance	–80	–10
Total contract assets	8,793	1,066

DNA hs recognised the followoing contract libility 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 thousand	2019	2018
Contract liabilities	4,689	5,122

Significant changes in contract assets and liabilities

Contract assets have increased EUR 7.7 million due to increased connection-equipment sales.

Contract liabilities have decreased EUR 0.4 million. The decrease is mainly due to changes in accruals of connection fees.

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 thousand	2019	2018
Revenue recognised that was included in the contract liability balance at the beginning of the period	2,440	2,762
Total	2,440	2,762

Management expects that 51% (58%) of the transaction price allocated to the unsatisfied contracts as of 31 December 2019 will be recognised as revenue during the next reporting period EUR –2.1 million (EUR 2.3 million). The remaining 49% (42%) or EUR –2.1 million (EUR 1.7 million) will be recognised during 2021 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 recongition of the associated revenue.

EUR thousand	2019	2018
Asset recognised from costs incurred to obtain a contract at 31 December	63,522	61,181
Costs recognised throught profit and loss during the period	30,237	28,441

6 OTHER OPERATING INCOME

EUR thousand	2019	2018
Net gain on sale of non-current assets	13	354
Rental income	3,327	3,072
Other income	535	378
Total	**3,875**	**3,804**

7 OTHER OPERATING EXPENSES

EUR thousand	2019	2018
Maintenance expenses	44,033	41,282
Rental expenses	25,016	40,920
External services	7,607	5,719
Other expenses	41,149	36,671
Total	**117,805**	**124,592**

AUDITOR FEES

EUR thousand	2019	2018
PricewaterhouseCoopers Oy		
Audit fees	101	279
Actions referred to in Section 1.1.2 of the Finnish Auditing Act	-	7
Tax services	63	24
Other services	182	70
Total	**346**	**380**

EUR thousand	2019	2018
Ernst & Young Oy		
Audit fees	157	-
Actions referred to in Section 1.1.2 of the Finnish Auditing Act	8	-
Other services	60	-
Total	**225**	**-**

EUR thousand	2019	2018
KPMG OY AB		
Audit fees	21	-
Total	**21**	**-**

8 DEPRECIATION, AMORTISATION AND IMPAIRMENT

EUR thousand	2019	2018
Depreciation and amortisation charges per category		
Intangible assets		
Customer base	4,214	4,126
Brand	2,221	995
Other intangible assets	37,722	32,178
Total	**44,157**	**37,299**
Property, plant and equipment		
Buildings and constructions	7,428	6,097
Machinery and equipment	102,304	102,627
Total	**109,732**	**108,724**
Right-of-use assets		
Land and water	336	-
Buildings and constructions	16,604	-
Machinery and equipment	1,054	-
Total	**17,995**	**-**
Total depreciation, amortisation and impairment	**171,883**	**146,023**

9 EMPLOYMENT BENEFIT EXPENSES

EUR thousand	2019	2018
Wages and salaries	90,000	85,292
Pension expenses – defined contribution plan	14,087	16,142
Pension expenses – defined benefit plan	–44	–33
Share-based payments	6,215	2,719
Other personnel expenses	2,463	3,268
Total	**112,720**	**107,388**

Number of personnel, average		
Consumer business	977	932
Corporate business	640	673
Total	**1,624**	**1,606**

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

10 FINANCE INCOME

EUR thousand	2019	2018
Interest income from receivables	456	518
Dividend income from other investments	40	6
Total	**496**	**523**

11 PREPAID EXPENSES

EUR thousand	2019	2018
Interest expense	6,570	8,821
Other financial expenses [1]	3,020	2,879
Total	**9,590**	**11,700**

[1] Other financial expenses include a one-time financial cost of EUR 0.5 million (EUR 2.1 million) due to re-financing of bonds. Financial expenses related to lease liabilities amounted to EUR 1.3 million (EUR 0.0 million).

12 INCOME TAX EXPENSE

EUR thousand	2019	2018
Income tax, current year	−22,914	−22,868
Income tax, previous year	−86	−4
Change in deferred tax	−2,793	−2,630
Total	**−25,793**	**−25,502**

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

Net result before tax	124,612	127,736
Income tax at Finnish tax rate 20%	−24,922	−25,547
Tax effects of:		
Income not subject to tax	1,345	4
Non-deductible expenses	−460	−25
Income taxes from previous years	−86	−4
Tax losses of which no deferred income tax asset was recognised	−1,722	-
Share of associates' results net of tax	3	3
Additional deductible expenses	49	67
Tax charge	**−25,793**	**−25,502**

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 share-based reward plan.

	2019	2018
Net result attributable to owners of the parent, (EUR 1,000)	98,819	102,234
Weighted average number of shares (thousands)	132,087	132,039
Basic earnings per share (euros/share)	0.75	0.77
Effect of the share-based reward plan (1,000)	-	112
Weighted average number of shares for the purpose of calculating EPS adjusted for dilution (thousands)	132,087	132,151
Earnings per share adjusted for dilution effect (EUR/share)	0.75	0.77

14 PROPERTY, PLANT AND EQUIPMENT

EUR thousand	Land and water	Buildings and constructions	Machinery and equipment	Prepayments and non-current assets under construction	Total
31 December 2017					
Cost	713	47,584	1,468,071	63,596	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	-	−36,929	−1,229,295	-	−1,266,224
Net book amount	**713**	**15,910**	**349,338**	**46,590**	**412,550**
Year ended 31 December 2019					
Opening net book amount	713	15,910	349,338	46,590	412,550
Additions and transfers	-	6,229	109,198	16,824	132,251
Disposals	-	−2,524	2,409	−6,084	−6,198
Accumulated depreciation relating to disposals	-	1,705	−3,134	-	−1,429
Depreciation charge	-	−7,428	−102,304	-	−109,732
Closing net book amount	**713**	**13,893**	**355,507**	**57,329**	**427,442**
31 December 2019					
Cost	713	56,549	1,690,235	57,329	1,804,828
Accumulated depreciation	-	−42,655	−1,334,730	-	−1,377,385
Net book amount	**713**	**13,893**	**355,507**	**57,329**	**427,442**

15 INTANGIBLE ASSETS AND IMPAIRMENT TESTING

EUR thousand	Goodwill	Customer base	Brand	Other intangible assets	Prepayments and non-current assets under construction	Total intangible assets
31 December 2017						
Cost	431,685	130,475	41,819	406,533	11,949	1,022,461
Accumulated amortisation and impairment	−104,479	−76,198	−20,447	−313,003	−3,057	−517,188
Net book amount	**327,206**	**54,277**	**21,372**	**93,528**	**8,893**	**505,276**
Year ended 31 December 2018						
Opening net book amount	431,685	130,475	41,819	406,533	11,949	1,022,461
Changes in accounting policy IFRS 15	-	-	-	−15,171	-	−15,171
Opening net book amount	**431,685**	**130,475**	**41,819**	**391,362**	**11,949**	**1,007,290**
Accumulated amortisation and impairment	−104,479	−76,198	−20,447	−313,003	−3,057	−517,188
Accumulated amortisation and impairment – changes in accounting policy IFRS 15	-	-	-	10,796	-	10,796
Accumulated amortisation and impairment	**−104,479**	**−76,198**	**−20,447**	**−302,208**	**−3,057**	**−506,390**
Closing net book amount	**327,206**	**54,277**	**21,372**	**89,153**	**8,893**	**500,901**
1 January–31 December 2018						
Cost	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
Net book amount	**327,206**	**50,151**	**20,377**	**92,379**	**28,876**	**518,989**
Year ended 31 December 2019						
Cost	431,685	130,475	41,819	426,764	31,933	1,062,676
Accumulated amortisation and impairment	−104,479	−80,324	−21,442	−334,386	−3,057	−543,688
Closing net book amount	**327,206**	**50,151**	**20,377**	**92,378**	**28,876**	**518,989**

EUR thousand	Goodwill	Customer base	Brand	Other intangible assets	Prepayments and non-current assets under construction	Total intangible assets
1 Jan 2019						
Cost	431,685	130,475	41,819	426,764	31,933	1,062,676
Accumulated amortisation and impairment	−104,479	−80,324	−21,442	−334,386	−3,057	−543,688
Net book amount 1 Jan 2019	**327,206**	**50,151**	**20,377**	**92,379**	**28,876**	**518,989**
1 January–31 December 2019						
Opening net book amount	327,206	50,151	20,377	92,379	28,876	518,989
Additions and transfers	11,499	3,027	4,925	60,768	−18,320	61,899
Disposals	-	-	-	−11,206	−958	−12,164
Amortisation relating to disposals	-	-	-	10,701	-	10,701
Amortisation charge	-	−4,214	−2,221	−37,722	-	−44,157
Closing net book amount	**338,706**	**48,964**	**23,080**	**114,919**	**9,599**	**535,268**
31 December 2019						
Cost	443,184	133,502	46,744	476,326	12,655	1,112,411
Accumulated amortisation and impairment	−104,479	−84,538	−23,663	−361,407	−3,057	−577,144
Net book amount	**338,706**	**48,964**	**23,080**	**114,919**	**9,599**	**535,268**

Goodwill allocation

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

EUR thousand	2019	2018
Consumer segment	192,222	180,723
Corporate segment	146,483	146,483
Total	**338,706**	**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 6.9–7.2% depending on the segment.

The growth rate forecasted after five years was depending on the segment 0.9–2.0%.

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 a 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 2019

Applied forecast parameters	Consumer segment 2019	Corporate segment 2019
Average growth in net sales, %*	1.1	5.0
Average operating margin, % *	35.2	33.0
Average investment, % of net sales *	17.0	21.9
Growth after the forecast period, %	0.9	2.0
WACC, %	7.2	6.9
Amount of headroom, EUR million	1,735	303

*) 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 2019	Corporate segment 2019
Average EBITDA, % of net sales	–14.6	–5.6
WACC, %	15.5	3.7

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

16 INVESTMENTS IN ASSOCIATES

EUR thousand	2019	2018
1 January	1,209	1,199
Share of the result for the financial period	10	10
31 December	**1,219**	**1,209**

There was no goodwill related to the carrying value of associated companies in 2019 and 2018.

FINANCIAL INFORMATION ON THE GROUP'S ASSOCIATES, INCLUDING ASSETS, LIABILITIES, NET SALES AS WELL AS THE GROUP'S SHARE OF THE RESULTS.

EUR thousand **2019**	Domicile	Assets	Liabilities	Net sales	Share of result	Group holding
Suomen Numerot Numpac Oy	Helsinki	908	338	1,790	14	33%
Kiinteistö Oy Otavankatu 3	Pori	2,924	108	317	0	36%
Kiinteistö Oy Siilinjärven Toritie	Siilinjärvi	331	39	53	0	38%

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	0	36%
Kiinteistö Oy Siilinjärven Toritie	Siilinjärvi	321	3	41	0	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 48% (2018 47%) of assets, liabilities, revenues and expenses in its consolidated financial statements.

17 OTHER INVESTMENTS

EUR thousand	2019	2018
Shares in non-listed companies	110	117
Total	**110**	**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.

Other investments consist of unquoted shares and are measured at cost, if fair value cannot be reliably estimated or the market is highly illiquid. Other investments are classified as Level 3.

18 TRADE AND OTHER RECEIVABLES

EUR thousand	2019	2018
Non-current receivables		
Trade receivables	39,469	37,795
Prepaid expenses [1]	36,673	37,082
Contract assets	3,881	104
Other non-current receivables	323	1,045
Total non-current receivables	80,347	76,026
Current receivables		
Trade receivables	210,488	201,037
Prepaid expenses [1]	43,023	41,186
Contract assets	4,912	962
Tax receivable	2,155	-
Other current receivables	1,329	1,439
Total	261,908	244,624

[1] Prepaid expenses mainly consist of: IFRS 15 accrued costs EUR 63.5 million (EUR 61.2 million), prepaid production rental invoices, prepayments for IT-support and other prepaid trade payables EUR 12.5 million (EUR 13.0 million), and other prepayments EUR 3.7 million (EUR 4.1 million).

During 2019, the Group has recognised an impairment loss on trade receivables of EUR 4.5 million (EUR 4.0 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.

To comply with Telenor Group accounting principles, sales deferrals have been transferred from sales receivables to deferred income.

Movements in the provision for impairment of trade receivables and contract assets are as follows:

	Contract assets		Trade receivables	
	2019	2018	2019	2018
At 1 January	**10**	**20**	**7,088**	**6,510**
Change in loss allowance recognised in profit or loss during the year	70	–10	4,464	4,018
Receivables written off during the year as uncollectible	-	-	–3,894	–3,440
At 31 December	**80**	**10**	**7,658**	**7,088**

19 DEFERRED TAX ASSETS AND LIABILITIES

EUR thousand

Deferred tax reconciliation

Deferred tax assets 2019	1 January	Recognised in the income statement	Other comprehensive income	Business combinations	31 December
Provisions	1,126	104	−32		1,198
Unused taxable depreciation	2,021	−1,099			922
Other temporary differences	4,544	−557		1,056	5,044
Total	**7,691**	**−1,551**	**−32**	**1,056**	**7,164**

Deferred tax assets 2018	1 January	Recognised in the income statement	Other comprehensive income	Recognised in equity	31 December
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**

Deferred tax liabilities 2019	1 January	Recognised in the income statement	Other comprehensive income	Business combinations	31 December
Fair value of assets through business combinations	16,428	−2,032		795	15,191
Accelerated depreciation	1,442	399			1,841
Other temporary differences	16,955	2,876			19,831
Total	**34,825**	**1,242**	**0**	**795**	**36,863**

Deferred tax liabilities 2018	1 January	Recognised in the income statement	Other comprehensive income	Recognised in equity	31 December
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**	**0**	**11,049**	**34,825**

20 INVENTORIES

EUR thousand	2019	2018
Materials and supplies	34,303	31,681
Total	**34,303**	**31,681**

During the reporting period, an expense of EUR 155.4 million (EUR 141.4 million) was recognised in the income statement for materials and supplies. Impairments during the period were EUR 0.6 million (EUR 0.7 million).

21 CASH AND CASH EQUIVALENTS

EUR thousand	2019	2018
Cash and cash equivalents	17,423	22,654
Total	**17,423**	**22,654**

22 EQUITY

	Shares outstanding (thousands)	Treasury shares (thousands)	Total number of shares (thousands)	Share capital	Reserve for invested unrestricted equity
1 January 2018	**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**
Share based payment	61	−61	-	-	-
31 December 2019	**132,182**	**122**	**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 (132,120,711). The shares do not have a nominal value. On 31 December 2019, DNA Plc's share capital amounted to EUR 72,702,226. All issued shares have been paid in full.

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 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

Treasury shares are presented separately in shareholders' equity. The treasury shares fund includes the acquisition costs of the company's 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 which represents 0.09% of voting rights.

Date	Number of shares
1 January 2018	**264,817**
Share issue through share-based payment	−82,028
31 December 2018	**182,789**
Share issue through share-based payment	−61,473
31 December 2019	**121,316**

Parent company DNA Plc's distributable funds as at 31 December 2019

EUR thousand	31 December 2019
Treasury shares	−1,728
Retained earnings	11,187
Net result for the period	190,847
Total distributable funds	**200,306**

23 SHARE-BASED PAYMENTS

DNA's incentive schemes and matching shares plan are terminated and rewards are paid in cash

DNA Plc's Board of Directors has resolved to terminate DNA's long-term share-based incentive schemes for senior executives and other key employees and the matching shares plan for its personnel. The Board of Directors has also resolved on the payment of rewards thereunder in cash.

The resolution by the Board of Directors of DNA covers the Performance Share Plan (PSP) programmes 2017–2019, 2018–2020 and 2019–2021, the Restricted Share Plan (RSP) programme 2019–2021 as well as the matching shares plan period 2019–2020. The payment of the cash reward to around 50 participants in the PSP programme 2017–2019 was paid on 10 October 2019. In the matching share plan, matching shares were disbursed as cash reward to around 1,000 participants by 20 November 2019. In respect of the PSP programmes 2018–2020 and 2019–2021 as well as the RSP programme 2019–2021, the payment of the cash reward to around 70 participants will take place at the latest on 30 June 2020. Payments of the cash reward are conditional on the participants' employment continuing until the payment of the reward or that the participant is a good leaver in accordance with the applicable terms and conditions.

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. The shares were released on 29 August 2019.

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 shares were released on 29 August 2019.

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	30 June 2020	30 June 2020	29 August 2019	3 October 2019	29 August 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%	
Implementation	Reclassified as cash based	Reclassified as cash based	As shares and cash	Reclassified as cash based	As shares and cash

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	3 October 2019	30 June 2020	30 June 2020
Implementation	Reclassified as cash based	Reclassified as cash based	Reclassified as cash based

Share-Based payments

EUR thousand

Expense recorded in the income statement	Jan–Dec 2019	Jan–Dec 2018
Share-based payments	6,298	2,719

Amount recorded as debt	Jan–Dec 2019	Jan–Dec 2018
Share-based payments	4,049	-

To be paid	30 June 2020
2020	4,780
Total	**4,780**

24 EMPLOYMENT BENEFIT OBLIGATIONS

DNA Group's employee pensions are managed by external insurance companies. The TyEL pension insurances 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 thousand	2019	2018
Liability recognised in the balance sheet:		
Funded defined benefit obligation	5,876	5,809
Fair value of plan assets	−4,336	−4,095
Surplus/deficit	1,540	1,714
Liability recognised in the balance sheet	**1,540**	**1,714**

	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**

	Present value of obligation	Fair value of plan assets	Total
1 January 2019	**5,809**	**−4,095**	**1,714**
Current service cost	76		76
Interest cost/income	97	−69	28
	173	−69	104
Remeasurements recognised:			
Return on plan assets, excluding interest cost/income		−246	−246
Actuarial gain or loss arising from changes in demographic assumptions	0		0
Gain or loss arising from changes in financial assumptions	610		610
Experience adjustments	−522		−522
	88	−246	−158
Contributions:			
Contribution paid by employer		−120	−120
Benefits paid:			
Benefits	−194	194	0
Settlements			
31 December 2019	**5,876**	**−4,336**	**1,540**

Significant actuarial assumptions:

	2019	2018
Discount rate	0.60%	1.70%
Inflation	1.20%	1.60%
Salary growth rate	2.40%	2.80%
Benefit growth rate	1.50%	1.90%

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:

2019	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

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

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

	Impact on defined benefit obligation		
2019	Change in assumption	Increase	Decrease
Discount rate	0.50%	−7.5%	8.5%
Salary growth rate	0.50%	1.1%	−1.1%
Pension growth rate	0.50%	7.0%	−6.3%

	Addition of one year
Life expectancy	5.5%

	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%

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 on reported assets.

Inflation risk

The benefits paid in the plan are tied to the TyEL index, which depends on inflation (80%) and a general salary index (20%). 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 2020 are expected to total EUR 125 thousand.

The weighted average duration of the defined benefit obligation was 16 years (2018 15 years, 2017 16 years).

Undiscounted pension benefits are expected to mature as follows:

	Pension benefits		
EUR thousand	2019	2018	2017
Less than 1 year	196	270	237
1–5 years	908	1,015	1,023
5–10 years	1,112	1,229	1,193
10–15 years	947	1,107	1,113
15–20 years	859	1,014	1,034
Over 20 years	2,389	3,019	3,304
Total	**6,411**	**7,654**	**7,904**

25 PROVISIONS

EUR thousand	1 January 2019	Additions	Provisions used	Other/ Discount effect	31 December 2019
Asset retirement obligation	4,788	1	-	-	4,789
Restructuring provisions	97	395	–23	-	469
Other provision	208	-	-	-	208
Total	**5,092**	**396**	**–23**	**-**	**5,466**

EUR thousand	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**	**1,154**	**–1,569**	**–1,304**	**5,584**

EUR thousand	2018	2019
Non-current provisions	5,307	4,996
Current provisions	277	470
Total	**5,584**	**5,466**

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

In 2018, 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. On 1 January 2019 DNA adopted IFRS 16 and the provision was reversed. Lease agreements are now subject to impairment testing.

26 BORROWINGS

EUR thousand	2019	2018
Non-current		
Loans from financial institutions	169,231	46,154
Bonds	303,215	301,936
Lease liabilities	60,587	-
Total	**533,033**	**348,090**
Current		
Loans from financial institutions	13,846	3,846
Commercial papers	14,964	49,991
Lease liabilities	14,652	-
Total	**43,463**	**53,837**

In February 2019, DNA has signed with European Investment Bank a EUR 40 million loan agreement which complements the EIB funding of a total of EUR 90 million. In March 2019, DNA has agreed to restructure its long-term credit facilities. A new binding and unsecured credit facility of EUR 150 million for the financing of working capital covers a period of five years and includes two one-year extension options. The credit facility replaced the older EUR 150 million facility signed in 2015. In addition, DNA has raised its domestic commercial paper programme to EUR 200 million.

In December DNA signed with Telenor ASA a long term Intra Group Revolving Credit Facility Agreement of EUR 200 million. At the end of the year EUR 100m of the facility is used.

DNA has a credit rating from Standard&Poors: BBB+, outlook stable.

The increase in borrowings during the year, is mainly due to the EUR 145.4 million dividend payment in the beginning of April as well as the business combinations for a total of EUR 40.2 million during the first half of the year.

27 NET DEBT

EUR thousand	2019	2018
Non-current borrowings	533,033	348,090
Current borrowings	43,463	53,837
Total borrowings	576,496	401,927
Less cash and cash equivalents	17,423	22,654
Net debt	**559,073**	**379,272**

Change in net debt		**Reported in cash flows from financing activities**		
EUR thousand	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	–778,933
Other non-cash transactions		715	–7,616	–6,901
31 December 2018	**22,654**	**53,837**	**348,090**	**379,272**
1 January 2019 IFRS 16 standard		14,775	67,329	82,104
Change in cash	–5,232			5,232
Proceeds from borrowings		712,180	136,622	848,801
Repayment of borrowings		–762,268	–6,923	–769,191
Other non-cash transactions		24,939	–12,085	12,854
31 December 2019	**17,423**	**43,463**	**533,033**	**559,073**

28 TRADE AND OTHER PAYABLES

EUR thousand	2019	2018
Current financial liabilities carried at amortised cost		
Trade payables	111,315	111,275
Accrued expenses [1]	93,696	71,188
Advances received	22,522	25,918
Contract liabilities	2,876	3,313
Other current liabilities	11,724	14,993
Total current liabilities	**242,133**	**226,687**

[1] Accrued expenses comprise: holiday pay and bonuses including social expenses totalling EUR 20,8 million (EUR 19.7 million), interest expenses EUR 4.1 million (EUR 4.0 million), deferred income EUR 14.2 million (EUR 1.3 million), spectrum license liability EUR 8.6 million (EUR 4.4 million), debt related to share-based reward plan EUR 4.0 million (EUR 0.0 million) as well as other accrued operative expenses EUR 42.0 million (EUR 41.8 million).

29 FAIR VALUE OF BORROWINGS

Non-current borrowings

	2019		2018	
EUR thousand	Carrying amount	Fair value	Carrying amount	Fair value
Loans from financial institutions	69,231	69,182	46,154	46,089
Bonds	303,215	316,690	301,936	306,497
Other borrowings	100,000	100,000	-	-
Lease liabilities	60,587	60,587	-	-
Total	**533,033**	**546,459**	**348,090**	**352,586**

Current borrowings

	2019		2018	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans from financial institutions	13,846	13,844	3,846	3,841
Commercial papers	14,964	14,964	49,991	49,991
Lease liabilities	14,652	14,652	-	-
Total	**43,463**	**43,460**	**53,837**	**53,832**

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 LEASE AGREEMENTS

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 (note 33).

Amounts recognised in the balance sheet

Right-of-use assets

EUR thousand	Land and water	Buildings and constructions	Machinery and equipment	Total
Net book amount 1 January 2019 *	**3,653**	**79,125**	**1,661**	**84,439**
1 Jan–31 Dec 2019				
Cost at beginning of period	3,653	79,125	1,661	84,439
Additions and transfers	830	8,236	728	9,793
Disposals	–1	–1,217	–159	–1,378
Accumulated depreciation relating to disposals and transfers	1	1,217	159	1,378
Depreciation	–336	–16,604	–1,054	–17,995
Net book amount 31 December 2019	**4,147**	**70,756**	**1,334**	**76,237**
31 December 2019				
Cost	4,482	86,144	2,230	92,854
Accumulated depreciation	–335	–15,387	–895	–16,617
Net book amount	**4,147**	**70,756**	**1,334**	**76,237**

*) 1 January 20119 at the adoption of IFRS 16, right-of-use assets, with the exception of prepaid assets, have been recognised with an equivalent value recorded for the related discounted lease liability. The average weighted discount rate for lease liabilities was 2.2% on 1 January 2019. The average weighted discount rate on 31 December 2019 was 1.4%. Deferred tax assets on 31 December 2019 was EUR 0.2 million.

Lease liabilities

EUR thousand	2019
Non-current	60,587
Current	14,652
Total	**75,239**

Amounts recognised in the statement of profit and loss

Depreciation charge of right-of-use assets

EUR thousand	2019
Land and water	336
Buildings and constructions	16,604
Machinery and equipment	1,054
Total	**17,994**

Interest expense

EUR thousand	2019
Total	**1,272**

Expense ralating to short-term leases*

EUR thousand	2019
Total	**33,699**

*) Short-term lease agreements consist mainly of lease agreements for telecommunications premises and masts. The commitment for the notice period is EUR 17.8 million.

Investment property

DNA has a fixed term lease agreement for the property in Mechelininkatu until the end of 2025. Part of the premises are used by the group and part is sub-leased.

The majority of the lease agreements are indefinite with a 6 month notice period. Additionnally, some agreements are for a fixed term of 2–3 years. Different purposes of use forms different asset groups;

DNA as lessee: The property's original valuation of the lease agreement is treated in the balance sheet as an operative lease agreement as per IFRS-16.

DNA as lessor: as per IFRS-16, the property's premises rented to third parties are valued at fair value on the basis of the lease agreements. The fair value of the investment property is EUR 2.0 million. During 2019, rental income amounted to EUR 3.0 million.

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 lease agreements are presented in note 30.

32 RELATED PARTY TRANSACTIONS

DNA Plc's parent company is Telenor Finland Holding Oy and DNA is part of the Telenor Group since 21 August 2019.

DNA's related parties include the main shareholderswhich 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%
European Mobile Operator 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 thousand	Sales	Purchases	Receivables	Liabilities
2019				
Organisations exercising significant influence	15	1,810	10	100,305
Associated companies	-	432	-	2
2018				
Organisations exercising significant influence	21	2,759	2	354
Associated companies	-	465	-	2

Key management compensatio

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

EUR thousand	2019	2018
Salaries and other short-term employee benefits	4,198	3,563
Pension expenses – defined contribution plan and defined benefit plan	965	894
Share-based payments	3,503	1,182
Total	**8,666**	**5,639**

EUR thousand	2019	2018
Shares issued to management (excl CEO)	35,200	27,004

Terms are described in note 23 Share-based payments

EUR thousand	2019	2018
CEO Jukka Leinonen's salary and commissions:		
Salary and commissions	1,092	784
Accrued pension expenses	178	140
Share-Based Compensation Plan (gross)	1,029	308
Total	**2,299**	**1,231**
Members and deputy members of the Board of Directors		
Korhonen Pertti	153	168
Jukka Ottela	63	68
Kirsi Sormunen	79	68
Anu Nissinen	66	65
Tero Ojanperä	76	62
Margus Schults	18	66
Heikki Mäkijärvi	-	17
Ted Roberts	44	-
Anni Ronkainen	57	-
Total	**556**	**514**

Those Board members who are non-independent of DNA Plc's major shareholders forgo their entitlement for the reward. There were no loans given to the board members or the CEO.

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 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.

IFRS 16 implementation – reconciliation of lease obligations

EUR million	2018
Operating lease obligations at 31 December 2018	109.9
Agreements excluding VAT [1)]	88.6
Agreements outside the scope of IFRS 16 [2)]	–7.2
Short-term agreements [3)]	–16.9
Agreements not recognised as operating lease agreements [4)]	27.4
Obligations 1 January 2019	92
1 January 2019 Weighted average discounting interest rate 2.2%	
Lease agreement obligations at IFRS 16 implementation 1 January 2019 (discounted)	**84.4**

1) Before implementation, operating lease agreements included VAT. The VAT amount has been excluded for reconciliation purposes.

2) These agreements do not fulfil the criteria for lease agrerements according to IFRS 16. This group mainly include 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 the scope of IFRS 16 as well as prepayments earlier presented in non-current receivables (discounted).

Consolidated statement of financial position 1 January 2019

EUR thousand	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 thousand	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	209
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 thousand	1 Jan–31 Dec 2019 excluding IFRS 16	IFRS 16	1 Jan–31 Dec 2019 including IFRS 16
Net sales	**942,093**	**-**	**942,093**
Other operating income	3,875	-	3,875
Materials and services	−409,867	-	−409,867
Employee benefit expenses	−112,720	-	−112,720
Depreciation, amortisation and impairments	−153,889	−17,995	−171,883
Other operating expenses	−135,493	17,688	−117,805
Operating result, EBIT	**133,998**	**−306**	**133,692**
Finance income	496	-	496
Finance expense	−8,318	−1,272	−9,590
Share of associates' results	14	-	14
Net result before income tax	**126,190**	**−1,578**	**124,612**
Income tax expense	−26,011	217	−25,793
Net result for the period	**100,180**	**−1,361**	**98,819**
Attributable to:			
Owners of the parent	100,180	−1,361	98,819

34 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 have been adjusted to their fair value. The goodwill consist of synergy benefits expected and the knowledge of the personnel transferred. Goodwill is not tax deductible.

EUR million	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	11.4

Direct costs of EUR 0.3 million were recorded as other operating expenses.

The acquired subsidiaries' net sales since acquisition was EUR 7.6 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 assets and liabilities have been adjusted to their fair value.

EUR million	
Customer base	3.0
Network	24.5
Liabilities	–0.1
Total consideration transferred	**27.5**

Direct costs of EUR 0.2 million were recorded as other operating expenses.

The acquired subsidiaries' net sales since acquisition was EUR 2.7 million. Had the acquisition occurred 1 January 2019, Group net sales would have been EUR 944.1 million and group result is estimated to have been EUR 99,3 million.

35 EVENTS AFTER THE FINANCIAL PERIOD

On 3 February 2020, Telenor Finland Holding Oy gained title to all outstanding shares in DNA and the DNA shares were delisted from Nasdaq Helsinki.

PARENT COMPANY INCOME STATEMENT, FAS

EUR thousand	Note	1 Jan–31 Dec 2019	1 Jan–31 Dec 2018
Net sales	1	**812,297**	**783,508**
Other operating income		**116,808**	**9,194**
Materials and services			
Purchases		–154,627	–148,608
Change in inventory		2,516	8,735
External services		–199,954	–208,252
Total materials and services		**–352,065**	**–348,125**
Employee expenses			
Salaries and commissions		–83,612	–77,417
Social expenses			
Pensions		–11,701	–13,808
Other social expenses		–2,071	–2,851
Total employee expenses		**–97,384**	**–94,075**
Depreciation and impairments	2		
Depreciation according to plan		–125,168	–127,955
Total depreciation and impairments		**–125,168**	**–127,955**
Other operating expenses	3	**–132,642**	**–124,842**
OPERATING RESULT		**221,847**	**97,704**

EUR thousand	Note	1 Jan–31 Dec 2019	1 Jan–31 Dec 2018
Finance income and expense	4		
Income from other investments		44	20
Other interest and financial income		565	635
Impairment		–7	-
Interest and other financial expenses		–7,957	–11,482
Total finance income and expense		**–7,356**	**–10,827**
RESULT BEFORE APPROPRIATIONS AND TAX		**214,490**	**86,877**
Appropriations	5		
Depreciation difference		–2,206	-
Group contribution		1,060	26,236
Total appropriations		**–1,146**	**26,236**
Income tax	6	–22,497	–23,888
RESULT FOR THE FINANCIAL PERIOD		**190,847**	**89,225**

PARENT COMPANY BALANCE SHEET, FAS

EUR thousand	Note	2019	2018
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	7		
Intangible rights		69,323	53,182
Goodwill		99,053	102,522
Other capitalised expenditure		44,470	40,184
Prepayments and non-current assets under construction		8,262	27,918
Total intangible assets		**221,107**	**223,806**
Property, plant and equipment	7		
Land and water		713	713
Buildings and constructions		22,166	18,879
Machinery and equipment		264,905	251,362
Other tangible assets		-	873
Advances paid and construction in progress		49,361	40,070
Total tangible assets		**337,145**	**311,897**
Investments	8		
Holdings in Group companies		98,348	82,653
Shares in associated companies		3,982	3,982
Other shares and holdings		1,097	1,330
Total investments		**103,427**	**87,965**
TOTAL NON-CURRENT ASSETS		**661,679**	**623,668**

EUR thousand	Note	2019	2018
CURRENT ASSETS			
Inventory			
Materials and supplies		34,017	31,500
Total inventory		**34,017**	**31,500**
Non-current receivables			
Trade receivables		38,900	37,396
Receivables from Group companies	9	16,395	21,395
Other receivables		9,656	9,271
Deferred tax asset	10	1,860	4,028
Total non-current receivables		**66,811**	**72,090**
Current receivables			
Trade receivables		179,683	167,723
Receivables from Group companies	9	43,818	62,311
Other receivables		707	822
Prepaid expenses	11	17,740	16,088
Total current receivables		**241,948**	**246,944**
Cash and cash equivalents		**14,314**	**18,434**
TOTAL CURRENT ASSETS		**357,089**	**368,967**
TOTAL ASSETS		**1,018,768**	**992,635**

EUR thousand	Note	2019	2018
EQUITY AND LIABILITIES			
EQUITY	12		
Share capital		72,702	72,702
Treasury shares		−1,728	−2,806
Retained earnings		11,187	67,338
Result for the period		190,847	89,225
TOTAL EQUITY		**273,009**	**226,460**
APPROPRIATIONS			
Depreciation difference		2,206	-
TOTAL APPROPRIATIONS		**2,206**	**-**
PROVISIONS	13	**5,687**	**5,436**

EUR thousand	Note	2019	2018
LIABILITIES			
Non-current liabilities	14		
Borrowings		379,231	356,154
Advances received		239	253
Intercompnay borrowings		100,000	-
Other non-current liabilities		25,835	33,277
Deferred tax liability	10	947	1,304
Total non-current liabilities		**506,252**	**390,988**
Current liabilities			
Borrowings		28,810	53,837
Advances received		3,695	4,764
Trade payables		93,940	94,063
Liabilities to Group companies	15	21,325	140,511
Other current liabilities		10,584	14,050
Accrued expenses	16	73,260	62,525
Total current liabilities		**231,615**	**369,751**
TOTAL LIABILITIES		**737,867**	**760,739**
TOTAL EQUITY AND LIABILITIES		**1,018,768**	**992,635**

PARENT COMPANY CASH FLOW STATEMENT, FAS

EUR thousand	1 Jan –31 Dec 2019	1 Jan –31 Dec 2018
Cash flows from operations		
Result for the period	190,847	89,225
Adjustments 1)	49,212	135,954
Change in working capital 2)	–8,185	–17,474
Interest paid	–5,640	–6,436
Interest received	690	636
Other financial items	–1,061	–10,795
Income taxes paid	–27,865	–22,208
Net cash generated from operating activities	**197,998**	**168,902**
Cash flows from investments		
Investments in property, plant and equipment (PPE) and intangible assets	–114,323	–126,807
Proceeds from sale of PPE	1	23
Business combinations	–15,699	-
Other investments	–26,863	-
Short-term investments increase (–) / decrease (+)	–18,526	-
Loans granted	–6,000	–1,000
Proceeds from loans receivables	5,000	1,000
Net cash used in investing activities	**–176,409**	**–126,784**
Cash flows from financing activities		
Distribution of dividend	–145,400	–145,333
Proceeds from borrowings	845,237	851,463
Repayment of borrowings	–751,778	–778,932
Group contributions received	26,236	28,474
Net cash generated from (used in) financing activities	**–25,705**	**–44,327**

EUR thousand	1 Jan –31 Dec 2019	1 Jan –31 Dec 2018
Change in cash and cash equivalents	**–4,116**	**–2,209**
Cash and cash equivalents at beginning of year	18,434	20,642
Cash and cash equivalents at end of year	14,317	18,434
1) Adjustments:		
Depreciation, amortisation and impairment	125,168	127,955
Profit from merger	–107,206	-
Gains and losses on disposals of non-current assets	–1	–23
Other non-cash income and expense	1,146	–26,236
Finance income and expense	7,356	10,827
Income tax expense	22,497	23,888
Change in provisions	251	–457
Total adjustment	**49,212**	**135,954**
2) Change in net working capital:		
Change in trade and other receivables	4,395	–8,869
Change in inventories	–2,516	–8,735
Change in trade and other payables	–10,063	130
Total change in net working capital	**–8,185**	**–17,474**

PARENT COMPANY ACCOUNTING PRINCIPLES, FAS

Information regarding the group

The company is part of the DNA-group. DNA Plc is the parent company of the DNA-Group, domiciled in Helsinki. 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 is part of the Telenor Group. Telenor ASA is the parent company of the Telenor Group. Copies of the Consolidated Financial Statements are available at Telenor head office at Snarøyveien 30, N-1360 Fornebu, Norway.

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 balance sheet includes the deferred tax asset at its estimated realisable amount. The deferred tax asset comprises provisions, deferred depreciation and other temporary differences and the deferred tax liability comprises sharebased payments.

Comparability with prior period

In the transition to Telenor reporting, the grouping of some accounts was changed for 2019. The notes contain more information about the change. Huuked Labs Oy was merged into DNA Plc 31 December 2019. The impact on the result was EUR 107,206,251.20.

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 thousand	2019	2018
Net sales	**812,297**	**783,508**
Domestic	791,634	761,555
Foreign	20,663	21,953
Total	**812,297**	**783,508**
During the financial period, parent company employed personnel on average		
Total	**1,336**	**1,333**

2 DEPRECIATION, AMORTISATION AND IMPAIRMENT

EUR thousand	2019	2018
Amortisation of intangible assets	44,821	44,256
Depreciation of tangible assets	80,348	83,699
Total	**125,168**	**127,955**
Depreciation and amortisation total	**125,168**	**127,955**

3 OTHER OPERATING EXPENSES

EUR thousand	2019	2018
Operating and maintenance costs	42,936	40,291
Rental costs	54,889	53,678
External services	7,088	5,253
Other cost items	27,729	25,620
Total	**132,642**	**124,842**

Auditor fees

PricewaterhouseCoopers Oy		
Auditing fees	64	223
Actions referred to in Section 1.1,2 of the Finnish Auditing Act	-	7
Tax consulting	63	24
Other fees	182	70
Total	**309**	**323**

Ernst & Young Oy		
Auditing fees	129	-
Tax consulting	8	-
Other fees	60	-
Total	**196**	**-**

4 FINANCE INCOME AND EXPENSE

EUR thousand	2019	2018
Dividends		
from associated companies	4	4
from others	40	6
Gains on disposals of non-current assets	-	10
Total	**44**	**20**
Other interest and financial expense		
Interest income from group companies	291	393
Interest income from others	274	242
Total other interest and finance income	**565**	**635**
Impairment of available-for-sale financial assets	7	-
Other interest and financial expense		
Interest expense to group companies	3	-
Interest expense	5,664	6,680
Other finance expense	2,291	4,802
Total other interest and financial expense	**7,957**	**11,482**
Total financial income and expense	**−7,356**	**−10,827**

5 APPROPRIATIONS

EUR thousand	2019	2018
Depreciation difference	–2,206	-
Group contribution	1,060	26,236
Total appropriations	**–1,146**	**26,236**

6 INCOME TAX

EUR thousand	2019	2018
Direct taxes	20,686	22,837
Income tax from previous periods	-	3
Change in deferred tax asset	2,168	–256
Change in deferred tax liability	–357	1,304
Total income tax	**22,497**	**23,888**

PARENT COMPANY BALANCE SHEET NOTES, FAS

7 INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

EUR thousand	2019	2018
Development costs		
Acquisition cost 1 January	3,828	3,828
Acquisition cost 31 December	**3,828**	**3,828**
Accumulated amortisation 1 January	3,828	3,816
Amortisation for the financial period	-	12
Accumulated amortisation 31 December	3,828	3,828
Book value 31 December	**0**	**0**
Intangible rights		
Acquisition cost 1 January	265,338	259,972
Transfers	26,500	5,365
Acquisition cost 31 December	**291,838**	**265,338**
Accumulated amortisation 1 January	212,156	196,668
Amortisation for the financial period	10,360	15,487
Accumulated amortisation 31 December	222,515	212,156
Book value 31 December	**69,323**	**53,182**
Goodwill		
Acquisition cost 1 January	150,768	150,768
Additions	3,027	-
Acquisition cost 31 December	**153,795**	**150,768**
Accumulated amortisation 1 January	48,246	41,839
Amortisation for the financial period	6,496	6,408
Accumulated amortisation 31 December	54,742	48,246
Book value 31 December	**99,053**	**102,522**

EUR thousand	2019	2018
Other non-current intangible assets		
Acquisition cost 1 January	230,746	201,157
Transfers	31,378	29,589
Acquisition cost 31 December	**262,124**	**230,746**
Accumulated amortisation 1 January	190,562	168,212
Amortisation for the financial period	27,092	22,350
Accumulated amortisation 31 December	217,654	190,562
Book value 31 December	**44,470**	**40,184**
Prepayments and non-current assets under construction		
Acquisition cost 1 January	27,918	8,105
Additions	38,222	54,768
Transfers	−57,878	−34,955
Book value 31 December	**8,262**	**27,918**
Total intangible assets	**221,107**	**223,806**
Land and water		
Acquisition cost 1 January	713	713
Book value 31 December	**713**	**713**
Buildings and constructions		
Acquisition cost 1 January	33 669	28 421
Transfers	5 406	5 249
Acquisition cost 31 December	**39 075**	**33 669**

EUR thousand	2019	2018
Accumulated depreciation 1 January	14 790	12 757
Depreciation for the financial period	2 119	2 033
Accumulated depreciation 31 December	16 909	14 790
Book value 31 December	**22 166**	**18 879**
Machinery and equipment		
Acquisition cost 1 January	1 221 254	1 128 909
Transfers	91 772	92 410
Disposals	−1 797	−64
Acquisition cost 31 December	**1 311 230**	**1 221 254**
Accumulated depreciation 1 January	969 892	888 291
Depreciation for the financial period	78 229	81 665
Depreciation relating to disposals	−1 797	−64
Accumulated depreciation 31 December	1 046 324	969 892
Book value 31 December	**264 905**	**251 362**
Other tangible assets		
Acquisition cost 1 January	873	873
Disposals	−873	-
Acquisition cost 31 December	**0**	**873**
Depreciation for the financial period	873	-
Depreciation relating to disposals	−873	-
Book value 31 December	**0**	**873**

EUR thousand	2019	2018
Prepayments and non-current assets under construction		
Acquisition cost 1 January	40 070	55 971
Additions	109 496	81 758
Transfers	–100 205	–97 658
Acquisition cost 31 December	**49 361**	**40 070**
Total property, plant and equipment	**337 145**	**311 897**

After reassessment, accelerated depreciations was used on assets in other tangible assets.

8 INVESTMENTS

EUR thousand	2019	2018
Holdings in Group companies		
Book value 1 January	82,653	82,653
Additions	15,697	-
Disposals	–2	-
Book value 31 December	**98,348**	**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	1,330
Disposals	–225	-
Impairment	–7	-
Book value 31 December	**1,097**	**1,330**
Parent company ownerships:		
Holdings in Group companies		
DNA Kauppa Oy	100%	100%
DNA Welho Oy	100%	100%
European Mobile Operator Oy	100%	0%
Forte Netservices OOO	100%	100%
Huuked Labs Oy	0%	100%

DNA Plc acquired European Mobile Oy on 11 January 2019.
Huuked Labs Oy was merged into DNA Plc 31 December 2019.
All group companies are included in the parent company consolidated financial statements.

EUR thousand	2019	2018
Interests in joint arrangements		
Suomen Yhteisverkko Oy	49%	49%
Shares in associated companies		
Suomen Numerot Numpac Oy	33.33%	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 thousand	2019	2018
Long-term loan receivables	16,395	21,395
Short-term loan receivalbes	6,000	-
Trade receivables	15,099	32,769
Prepaid expenses	3,134	3,305
Group account receivables	18,526	-
Group contribution receivables	1,060	26,236
Total	**60,213**	**83,705**

The company has issued a subordinated loan of EUR 6,000,000.00 under Chapter 12 of the Companies Act (624/2006) to Moi Mobiili Oy. The loan is recorded as a long-term debt in the receiving company and in DNA Plc it is recorded as a long-term receivable from group companies. The maturity date of the loan is 20 March 2025. The annual interest rate is 5%.

Repayment of the loan is subordinate to other debts and obligations in bankruptcy and liquidation. Otherwise, repayment of capital and payment of interest may be effected only to the extent that the amount of the company's unrestricted equity and all capital loans at the time of payment exceeds the amount of the loss recognized in the balance sheet for the latest financial year. If the interest payable on the subordinated loan cannot be paid, the interest shall be transferred to the first financial statement on the basis of which it can be paid. No capital or interest shall be secured.

10 DEFERRED TAX LIABILITY/ASSET

EUR thousand	2019	2018
Deferred tax asset		
Deferred tax asset from provisions	1,200	1,150
Deferred tax asset from deferred depreciation	539	1,219
Deferred tax asset from temporary differences	121	1,659
Total deferred tax asset	**1,860**	**4,028**
Deferred tax liability		
Deferred tax liability from sharebased payment	-	1,304
Deferred tax liability from loss on sale of bond	947	-
Total deferred tax liability	**947**	**1,304**

11 PREPAID EXPENSES

EUR thousand	2019	2018
Trade payables	9,417	8,061
Other receivables	6,169	8,027
Tax receivables	2,155	-
Total	**17,740**	**16,088**
Unrecognised costs		
Of the bond issue costs:		
Remainder of the capitalised long-term deferred receivables	1,172	1,497
Remainder of the capitalised short-term deferred receivables	325	325

12 EQUITY

EUR thousand	2019	2018
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
Capital payment	-	−84,557
Reclassification	-	−62,368
Reserve for invested unrestricted equity 31 December		
Treasury shares 1 January	−2,806	−4,055
Decrease	1,078	1,250
Treasury shares 31 December	**−1,728**	**−2,806**
Retained earnings 1 January	156,563	65,578
Dividend distribution	−145,400	−60,776
Share-based payments	24	168
Reclassification	-	62,368
Retained earnings 31 December	**11,187**	**67,338**
Result for the period	**190,847**	**89,225**
Total equity	**273,009**	**226,460**
Distributable funds		
Retained earnings	11,187	67,338
Net result for the period	190,847	89,225
Treasury shares	−1,728	−2,806
Total distributable funds	**200,306**	**153,758**

13 PROVISIONS

EUR thousand	2019	2018
Estimated decommissioning costs of data centres and masts	4,641	4,641
Onerous contracts *	369	490
Pension provision	207	97
Restructuring provision	261	-
Other provisions	208	208
Total provisions	**5,687**	**5,436**

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

14 NON-CURRENT LIABILITIES

EUR thousand	2019	2018
Bonds	310,000	310,000
Loans from financial institutions	69,231	46,154
Loans from other group companies	100,000	-
Other long-term liabilities	25,835	33,277
Accrued expenses	239	253
Deferred tax liability	947	1,304
Total non-current liabilities	**506,252**	**390,988**
Non-current liabilities with a maturity of over five years.		
Borrowings	263,846	265,385

15 LIABILITIES TO GROUP COMPANIES

EUR thousand	2019	2018
Trade payables	2,988	9,638
Accrued expenses	7,092	7,831
Group account payables	11,245	123,042
Total liabilities to Group companies	**21,325**	**140,511**

16 ACCRUED EXPENSES

EUR thousand	2019	2018
Holiday pay and bonuses	21,230	23,143
Interest expenses	4,052	4,029
Sales accruals	12,638	1,957
Income tax		5,024
Other accruals	35,340	28,372
Total accruals	**73,260**	**62,525**

According to Telenor Group accounting principles, sales deferrals are transferred from sales receivables to deferred income EUR 8.903 thousands (2018 EUR 7.671 thousands).

17 PLEDGED ASSETS AND CONTINGENT LIABILITIES

EUR thousand	2019	2018
Pledged assets		
Other obligations on behalf of Group companies		
Bank guarantee	1,360	1,272
Contingent liabilities and other liabilities		
Finance lease payments		
Payments due during the next financial period	473	653
Payments due at a later date	260	463
Total finance lease payments	**733**	**1,117**

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 *	101,235	100,447

*) Includes EUR 0,4 million (EUR 0,5 million) 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 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 company acquires products sold to external parties from its related parties. Related party transactions are with same terms than transactions carried out with independent parties.

Key management compensation

EUR thousand	2019	2018
CEO Jukka Leinonen		
Wages and salaries	1,092	781
Share-based incentive scheme (gross)	1,029	310
Total	**2,121**	**1,091**
Members and deputy members of the Board of Directors		
Pertti Korhonen	153	168
Jukka Ottela	63	68
Kirsi Sormunen	79	68
Anu Nissinen	66	65
Tero Ojanperä	76	62
Margus Schults	18	66
Heikki Mäkijärvi	0	17
Ted Roberts	44	0
Anni Ronkainen	57	0
Total	**556**	**515**

Those Board members who are non-independent of DNA Plc’s major shareholders forgo their entitlement for the reward.

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

Helsinki, 10 February 2020

Jørgen C. Arentz Rostrup
Chairman of the Board of Directors

Fredric Scott Brown
Member of the Board of Directors

Nils Katla
Member of the Board of Directors

Tero Ojanperä
Member of the Board of Directors

Anni Ronkainen
Member of the Board of Directors

Kirsi Sormunen
Member of the Board of Directors

Ulrika Steg
Member of the Board of Directors

Jukka Leinonen
President and CEO

AUDITORS' NOTE

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

Helsinki, 14 February 2020

Ernst & Young Oy

Authorised Public Accountants

Terhi Mäkinen

Authorised Public Accountant

AUDITORS' REPORT

(Translation of the Finnish original)

To the Annual General Meeting of DNA Corporation

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of DNA Corporation (business identity code 0592509-6) for the year ended 31 December, 2019. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

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

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

Basis for Opinion

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

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

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in 7 to the consolidated financial statements.

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

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.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

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

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue Recognition *We refer to the Group's accounting policies and the note 5* DNA Group delivers goods and services which can be sold separately or bundled. There is an inherent risk around the accuracy of revenue recognized given the complexity of IT systems, high volume of customer contracts and transactions, and changing business and pricing models (tariff structures, incentive arrangements, discounts etc.). The application of revenue recognition accounting standards is complex and revenue recognition involves a number of key judgements and estimates. Revenue recognition was determined to be a key audit matter and a significant risk of material misstatement referred to in EU Regulation No 537/2014, point (c) of Article 10(2) due to the identified risk of material misstatement in revenue recognition.	Our audit procedures, considering the significant risk of material misstatement related to revenue recognition, included amongst other: ▪ assessing the application of group's accounting policies over revenue recognition and comparing the group's accounting policies over revenue recognition with applicable accounting standards; ▪ testing the IT general controls and application controls over the main IT systems and applications that bill material revenue streams; ▪ testing the revenue recognized including testing of group's controls on revenue recognition, when applicable. Our testing included among other tracing the information to agreements and testing cash receipts for a sample of customers back to the customer invoice on a sample basis; ▪ testing the end-to-end reconciliation from billing system to accounting system; ▪ testing the accruals for deferred and unbilled revenue; ▪ assessing the revenue recognized with substantive analytical procedures and ▪ assessing the group's disclosures on revenue recognition.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of Goodwill *We refer to the Group's accounting policies and the note 15* At the balance sheet date 31 December 2019, the value of goodwill amounted to EUR 339 million representing 23 % of total assets and 61 % of total equity (2018: EUR 327 million, 25 % of total assets and 54 % of total equity). The valuation of goodwill was a key audit matter as: - the management's annual impairment test is complex and involves judgments - the annual impairment test is based on market and economical assumptions - the goodwill balance is significant. The cash flows of the cash generating unit are based on the value in use. Changes in the assumptions used can significantly impact the value in use. The value in use is dependent on several assumptions such as the growth in net sales, development in EBITDA, discount rate and the long term growth rate used. Changes in these assumptions can lead to an impairment.	Our audit procedures included, among others, involving valuation internal specialists to assist us in evaluating the assumptions and methodologies used by the group including those related to forecasted net sales, EBITDA, the weighted average cost of capital and long term growth rate used in discounting the cash flows. We reviewed the sensitivity in the available headroom by cash generating unit and focused on whether any reasonably possible change in assumptions could cause the carrying amount to exceed its recoverable amount. We compared the historical forecasting of the group with actual outcome and we compared projections to the latest budgets approved by the board. We checked the mathematical accuracy of the underlying calculations. We compared the groups' disclosures related to impairment tests in note 15 in the financial statements with presentation requirements in applicable accounting standards and we reviewed the information provided on sensitivity analysis.

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

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

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

Auditor's Responsibilities for the Audit of Financial Statements

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

A 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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Other Reporting Requirements

Information on our audit engagement

We were first appointed as auditors by the Annual General Meeting on 28 March 2019.

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 report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

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

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

Helsinki 14.2.2020

Ernst & Young Oy

Authorized Public Accountant Firm

Terhi Mäkinen

Authorized Public Accountant