2018 ANNUAL REPORT

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GROWTH, PROFITABILITY AND HIGHER CUSTOMER AND PERSONNEL SATISFACTION

2018 was an excellent year for DNA across the board. Our net sales, operating result and operative free cash flow improved significantly year-on-year, reaching record levels for the second consecutive year. Our customers were increasingly satisfied with our operations. DNA was awarded the Great Place to Work® certificate for the second consecutive year and was chosen the best workplace in Finland in the category of large organisations. Our customer base grew in both the mobile and fixed network, and we also increased our market share. DNA's subscription base in the mobile and fixed network exceeded 4 million, and DNA became the second-largest fixed broadband service provider in Finland.

FOCUS ON CUSTOMER SATISFACTION

A key element in our strategy is differentiation in the market by creating the best customer experience with the aim of having the most satisfied customers in Finland. In 2018, our customer satisfaction improved further, and the Net Promoter Score (NPS) metrics, which measure the likelihood that a customer would recommend the product or service, improved in all areas. In Consumer Business, product-specific NPS improved across all product groups and NPS, which measures overall customer loyalty, improved by 2 points. In Corporate Business, overall satisfaction improved notably and the NPS was up by as many as 3 points.

SATISFIED PERSONNEL

In February 2019, DNA was chosen the best workplace in Finland in the category of large organisations. This recognition comes as a result of long-term efforts to create a culture of trust through openness and transparency. This is the foundation for the continuous development of our working environment together as a team. We have placed special emphasis on competence development to make sure that we remain competitive, both at the individual level and as a company, now and in the future.

5G CREATES NEW BUSINESS OPPORTUNITIES

Reliable, extensive and fast networks are the key to providing excellent customer experience. We have been preparing for the arrival of the fifth-generation mobile technology, or 5G, for a long time. In the autumn of 2018, we won the 3.5 GHz frequency we pursued in the auction and launched a 5G network in Helsinki at the turn of the year. We will launch 5G services during 2019 once 5G-capable mobile devices become more widely available. DNA's customers already have the highest mobile data usage per subscription in the world, and the migration to 5G will enable us to support growth in the years to come. Mobile users will benefit from 5G through faster data connections, but the technology also enables faster broadband connections for homes as well as versatile corporate solutions from port automation to remote robotics. The new DNA Connectivity IoT service that we launched in 2018 is a good example of a smooth transition from 4G to 5G.

RELIABILITY AND RESPONSIBILITY ARE IN OUR DNA

At the heart of DNA is to operate as a reliable and responsible corporate citizen. We updated our responsibility strategy around four key areas: digital inclusion, being a great place to work, climate-friendly operations and good governance. As a concrete example, I would like to mention the charity campaign towards the end of 2018 to collect funds for the prevention of digital inequality among the most vulnerable children and young people. During the campaign, DNA invited the public to bring their old phones to DNA Stores for recycling. In return for each phone, DNA donated 10 euros to SOS Children's Villages for the purpose of purchasing devices and subscriptions. The campaign succeeded in raising EUR 72,000 for an important cause and also recycled old phones in an environmentally friendly and responsible way.

EXCELLENT RETURN TO SHAREHOLDERS

DNA's share value developed favourably in 2018. DNA's excellent free cash flow for 2018 and strong balance sheet again allowed the Board of Directors to make a generous dividend proposal to the Annual General Meeting – a dividend and an extra dividend totalling EUR 1.10 per share. Our balance sheet will remain strong after the proposed dividend payment, allowing us to leverage new business opportunities in the future and increase shareholder value in the long term.

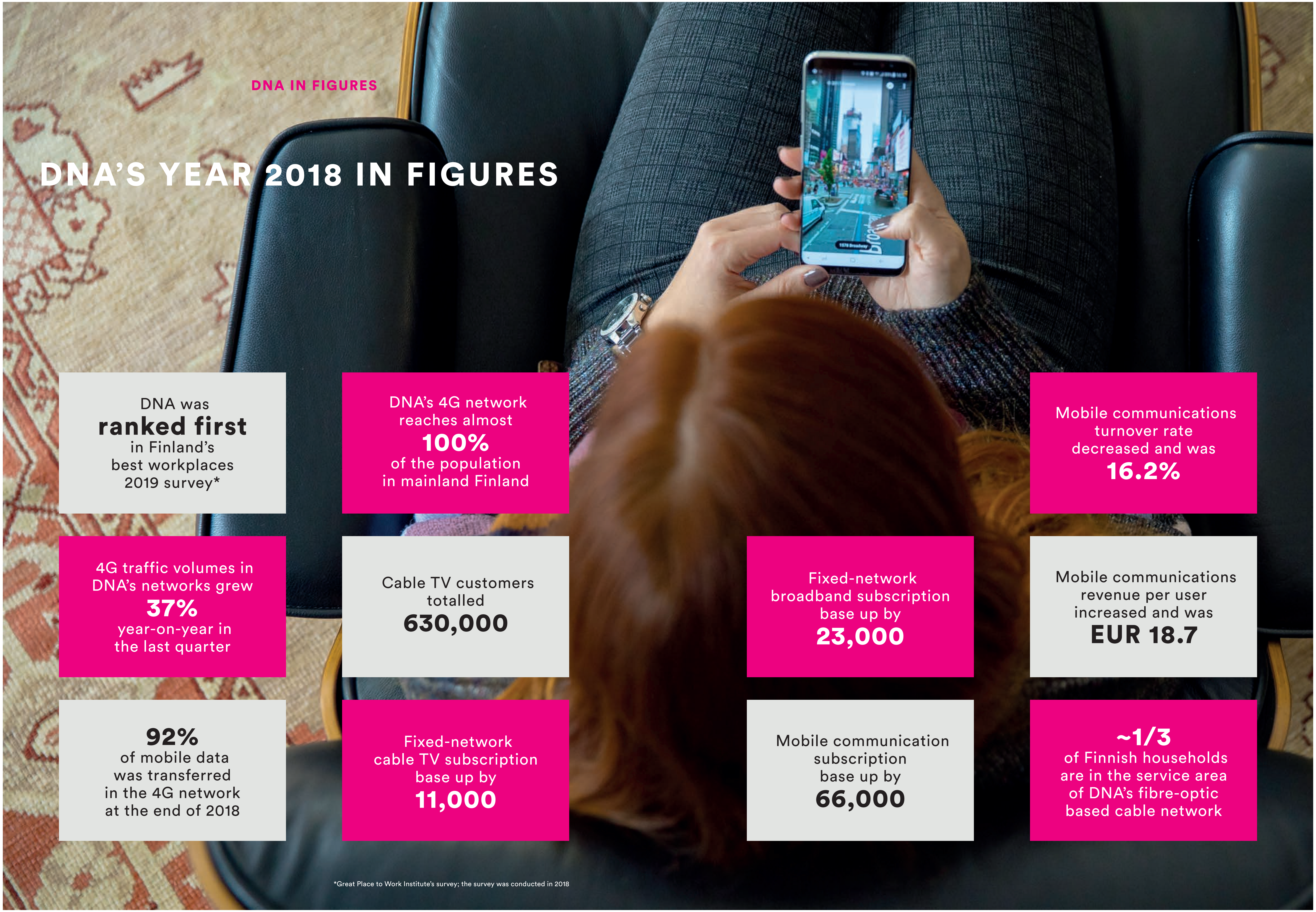
POSITIVE FUTURE EXPECTATIONS

While the rate of growth is levelling, the Finnish economy remains on the growth path. Both consumer and corporate business confidence are relative strong and the improved employment situation has a positive impact on the demand of operator services. Competition remained intense throughout the year, in mobile communication in particular, but on the other hand, customers continued to switch to faster 4G subscriptions. In 2019, DNA's net sales are expected to remain at the same level as in 2018, and EBITDA in 2019 is expected to increase substantially from 2018, in part due to the adoption of the IFRS16 accounting standard. We expect our profitability to improve further in the medium term, and have set a new EBITDA margin target of at least 34%.

At the best workplace in Finland, we at DNA continue to work for the benefit of our customers and shareholders. I would like to thank our personnel, customers and shareholders for our continued success in 2018.

Jukka Leinonen

DNA'S YEAR 2018 IN FIGURES



DNA was **ranked first** in Finland's best workplaces 2019 survey*

DNA's 4G network reaches almost **100%** of the population in mainland Finland

Mobile communications turnover rate decreased and was **16.2%**

4G traffic volumes in DNA's networks grew **37%** year-on-year in the last quarter

Cable TV customers totalled **630,000**

Fixed-network broadband subscription base up by **23,000**

Mobile communications revenue per user increased and was **EUR 18.7**

92% of mobile data was transferred in the 4G network at the end of 2018

Fixed-network cable TV subscription base up by **11,000**

Mobile communication subscription base up by **66,000**

~1/3 of Finnish households are in the service area of DNA's fibre-optic based cable network

*Great Place to Work Institute's survey; the survey was conducted in 2018

FINNISH PEOPLE USE THE MOST MOBILE DATA IN THE WORLD

The use of video and other entertainment over the Internet is on the increase, as is the use of social media and other applications. In the fourth quarter of 2018, 4G traffic volumes in DNA's networks were up 37% year-on-year. The new 5G networks and services will accelerate the use of mobile data further and will also extend it into new areas. Increasingly digital lives, both at home and work, create new business opportunities for telecommunications companies.

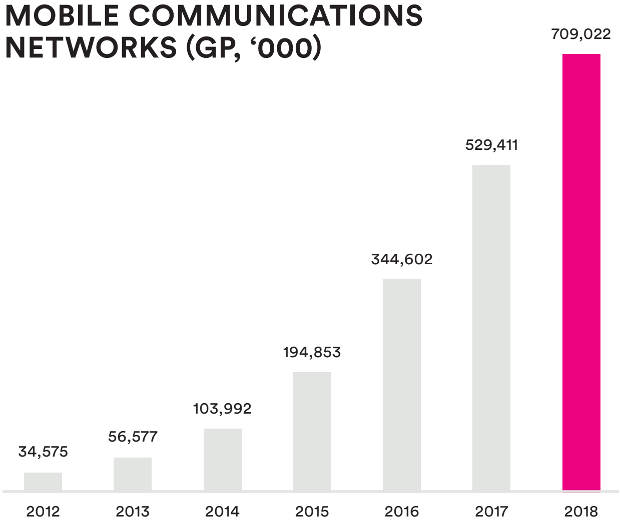
Number of connected devices grows constantly

The strong growth of Internet-connected devices continued in 2018: Finnish households owned and used a growing number of smart phones, tablets, smart televisions, wearable devices as well as smart household appliances.

According to a report by Ericsson*, the number of Internet-connected devices is expected to increase by an annual rate of almost 25% between 2016 and 2022. Ericsson projects that the number of Internet-connected devices will reach 29 billion in 2022, and 18 billion of these will be IoT devices.

As the new devices become more common and more integrated into everyday lives, interesting new service opportunities arise for DNA. People, businesses and the society in general will be more dependent on high-quality connections with higher speeds.

MOBILE DATA TRAFFIC IN DNA'S MOBILE COMMUNICATIONS NETWORKS (GP, '000)



*https://www.ericsson.com/en/mobility-report/internet-of-things-outlook

Customers continued to switch to faster 4G subscriptions

The trend spanning several years continued: sales revenue is transferring from voice and text messaging to mobile broadband. The mobile data transfer volumes per subscription are among the highest in the world in Finland. This is explained by high-quality connections, low price of mobile data and subscriptions that enable unlimited data transfer. The use of video and TV content over the Internet in particular has given a significant boost to the use of mobile data in Finland.

DNA's customers continued to switch their 3G subscriptions to high-speed 4G subscriptions, which have higher subscription-specific billing. This had a positive impact on DNA's net sales. At the end of 2018, some 61% of consumer customers had switched to a 4G subscription. In October-December 2018, as much as 92% of all mobile data was transmitted via the 4G network. In the past two years, the data traffic volume in DNA's mobile network has doubled and this trend is expected to continue with the introduction of 5G services.

5G services to be introduced in 2019

DNA is deploying 5G technology to accommodate for the growing data traffic and ensure high quality of service. With 5G, customers can enjoy even better and faster broadband connections. 4G will be used in parallel with 5G for a long time still. Finland is a world leader in the deployment of 5G technology; the auction for the 5G frequency bands took place in October 2018. DNA will launch 5G services during 2019 once 5G-capable mobile devices become more widely available.

During the first phase, DNA will offer high-quality 5G private and corporate broadband connections. 5G will enable fast and stable connections for many buildings without ready access to a fibre optic connection or where acquiring a fibre optic connection would be prohibitively expensive. 5G is also used to implement new wireless services, such as mission-critical services which require low latency and extremely high reliability. The technology makes it possible to connect a broad range of devices and sensors to the Internet of Things, or IoT.

In the future, 5G will have a range of applications in areas such as health care, manufacturing, the vehicle industry as well as the distribution of water, electricity and heat.

Fixed broadband customers migrating to faster subscriptions

In Finland, the trend of xDSL subscribers migrating to considerably faster fixed cable or fibre-optic broadband subscriptions or replacing their xDSL connections with 4G connections continued (DSL, or Digital Subscriber Line is a family of technologies used to transmit digital data over telephone lines). A growing number of households uses both fixed and mobile broadband. The fixed-network broadband subscription base is expected to remain at its current level. The growing use of cloud and entertainment services maintains and increases the demand for cable- and fibre-based broadband subscriptions.

The housing association broadband market has grown in Finland over the past years, and is expected to keep growing in the near future.

Streaming and on-demand video services increasingly popular

Streaming and on-demand video services are challenging traditional TV channels. According to DNA's "Digitaaliset Elämäntavat" survey on the digital way of life in Finland, which was conducted in May 2018, Finns are watching more TV and video content than before.

The number of cable TV subscriptions has increased steadily by a few percentages per year and the number of connected households exceeded 1.7 million at the end of 2018.

The 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.

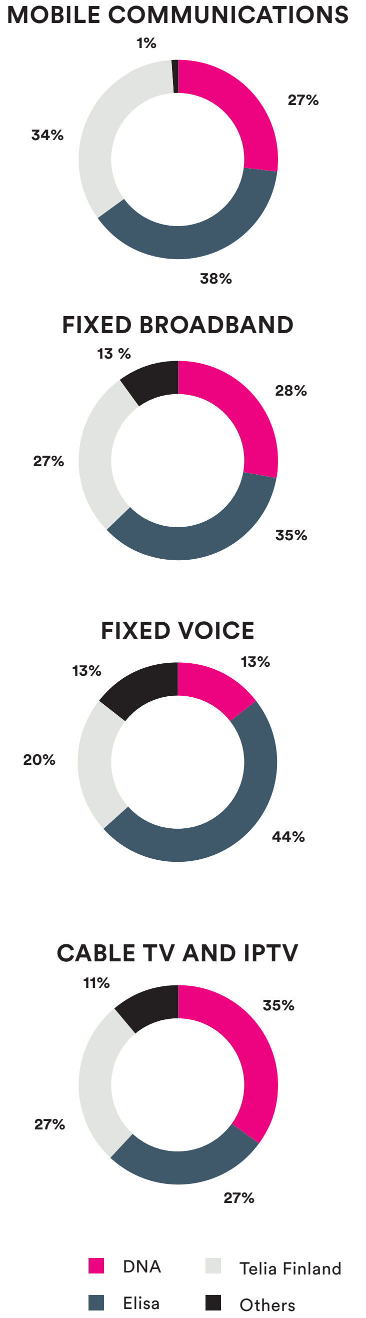
Companies work in increasingly digital ways

Private and public-sector organisations continued to digitise their services and create new digital business. Corporate customers expect not only high-quality networks from the telecommunication service provider, but also fast and timely deliveries, seamless customer service and uninterrupted services. The new way of working is mobile, networked and independent of time and place, which is increasingly reflected in companies' telecommunication services. A growing share of corporate IT infrastructure and software services are located in the cloud, which increases broadband traffic.

As IoT gains ground, the role of good data security, data protection and high operational network reliability gain in importance; unprotected devices and solutions reduce users' confidence in digital services. DNA improves network security continuously, and considers data security critical for its business.

IoT will increase data traffic volumes even further, and DNA's M2M (Machine to Machine) subscription base has grown strongly in recent years.

MARKET SHARES AT THE ENF OF JUNE 2018



Source: Traficom

WE MAKE OUR CUSTOMERS' LIVES SIMPLER AND MORE STRAIGHTFORWARD

DNA's vision and main objective remain unchanged: we want to have the most satisfied customers. DNA's key pillars support the creation of an excellent customer experience: high-quality mobile and fixed networks, motivated and customer-oriented personnel, advanced data analytics, as well as culture as a challenger, which is reflected in cost-effectiveness and agility. DNA succeeded again in implementing its strategy in 2018: customer satisfaction developed favourably, net sales and profitability were at the highest level in the history of DNA, as was personnel satisfaction.

In today's world, new technologies are making everyday lives more straightforward, often without users even noticing. At DNA, we are experts in straightforward solutions and the use of smart and innovative technologies. Our mission is to provide products and services that make our customers' lives easier. Technology is just a tool. Expertise, passion and the ability to harness technology to help and entertain – this is what we are all about at DNA.

DNA's strategic objectives:

1. DNA aims to be one of the best workplaces in Finland.

Satisfied, motivated and qualified employees are a crucial foundation for DNA's ability to provide the best customer service on the market. DNA participates in the annual Great Place to Work (GPTW) survey to measure personnel satisfaction and well-being. DNA is steering its management culture towards leadership by coaching.

2. The most satisfied consumer and corporate customers.

DNA wants to achieve a significantly higher level of customer satisfaction than its competitors. Customer satisfaction is measured by means including the Net Promoter Score (NPS) and subscription turnover rate (CHURN). The methods with which DNA measures customer satisfaction are continuously developed.

3. Industry-leading financial development and faster than average market growth.

DNA believes that satisfied customers want to concentrate their shopping to DNA and will also recommend DNA to new customers. High level of customer satisfaction, effective sales operations and high-quality omnichannel customer service differentiate DNA from competitors, leading to better financial development and higher shareholder value. DNA's success in these areas is measured by the development of net sales and operative free cash flow.

DNA's strategy is based on the following key skills and resources:

WE GAIN COMPETITIVE ADVANTAGE THROUGH AGILITY.

DNA entered the market as a challenger. Throughout its history, DNA has operated with smaller resources, flatter organisational structure and stricter priority-setting than its competitors. DNA operates according to its values: it is fast, straightforward and bold. In a quickly evolving operating environment, agility is increasingly important.

MOTIVATED AND CUSTOMER-ORIENTED EMPLOYEES AND PARTNERS ENABLE DNA TO SUCCEED.

Personnel satisfaction is a foundation for DNA's ability to deliver the best customer experience on the market. DNA's objective is to have a dedicated and qualified employee in every role. DNA participates in the annual Great Place to Work survey to track the company's development as an employer.

PERSONALISED OMNICHANNEL CUSTOMER EXPERIENCE IS A KEY PRIORITY.

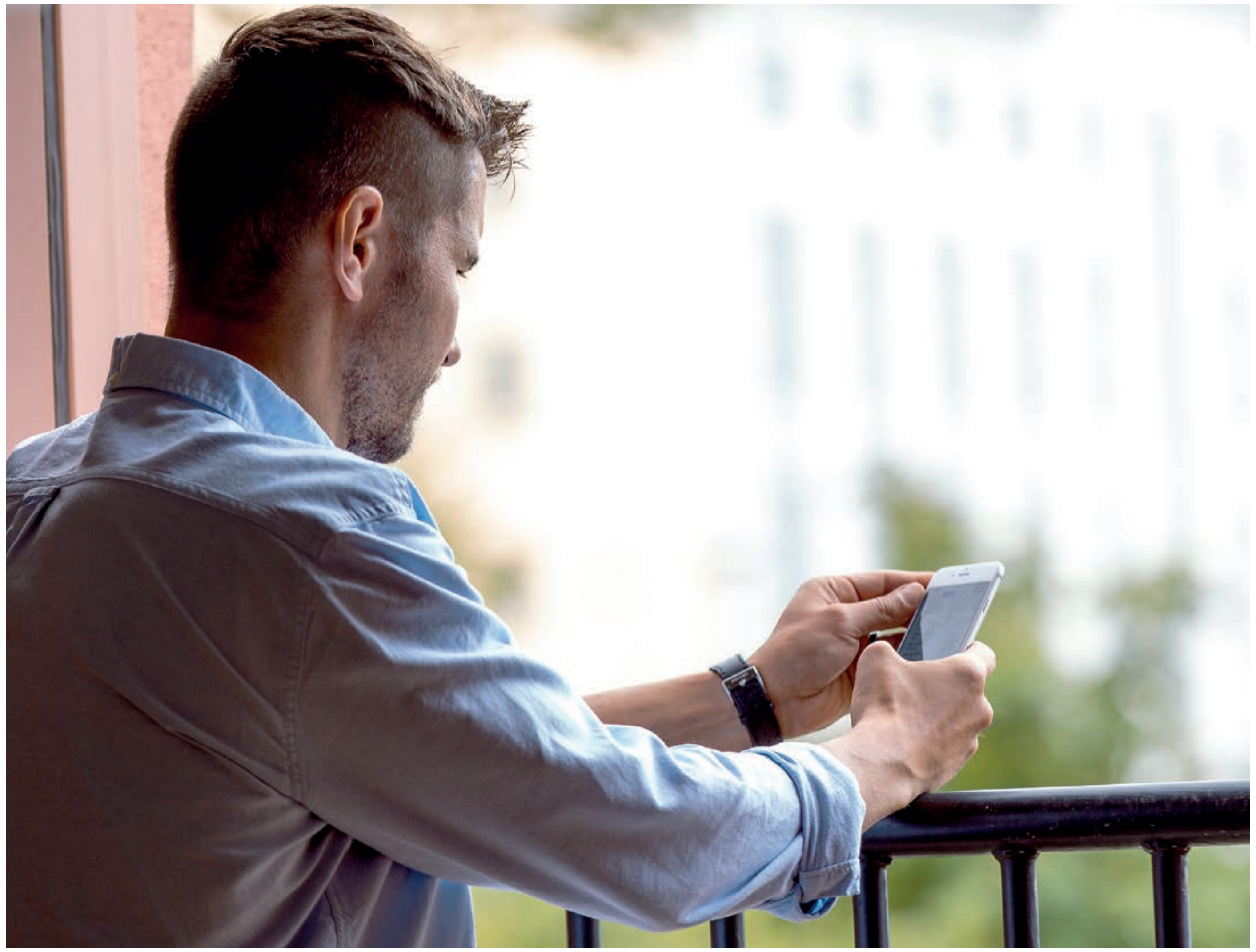
DNA wants to be more customer-oriented in its operations to make customers' lives simpler and more straightforward by providing products and services that are clear and easy to use. When problems occur, DNA's personalised omnichannel customer service provides excellent customer care that is easy and effortless. Customer service is available through various channels. The DNA Store network has more than 60 stores with more than 50,000 service transactions every month. DNA employs more than 500 customer service advisors who provide customer care by phone and chat. Customer service is also available through online channels: DNA's website, online store and self-service channels as well as social media.

DNA WANTS TO PIONEER THE UTILISATION OF CUSTOMER INSIGHT, CUSTOMER DATA AND MACHINE LEARNING IN FINLAND.

Data and artificial intelligence (AI) support the personalised customer care provided by DNA's customer service advisors. DNA uses available customer data to provide excellent customer service. With more efficient use of customer, network and other data as well as analytics and machine learning, DNA can improve customer service further. Customer insight and data also help the up-selling and cross-selling of services to customers.

HIGH-QUALITY NETWORKS ARE THE CORNERSTONE OF DNA'S BUSINESS.

DNA has a comprehensive, high-quality mobile network and Finland's most comprehensive fibre-optic cable network that enables Gigabit-class speeds. There are approximately 900,000 households in the service area of DNA's cable network. DNA's 4G network reaches 99.7% of the population in mainland Finland. Preparation for the deployment of 5G began in 2016. Good base station density, modern network technologies and good radio frequency situation allow DNA to maintain high service levels. The shared network constructed in Eastern and Northern Finland enables DNA to provide high-quality mobile communication services and develop them further with a very good geographical coverage.



Key pillars of DNA's customer promise:

- To consumer customers: the most straightforward and easy-to-use products, proactive customer care and personalised omnichannel customer experience
- To corporate customers: clear product portfolio, fast and timely deliveries, high-quality customer service

DNA'S STRATEGY IMPLEMENTATION IN 2018

DNA carried out several measures during the year to implement the strategy, with good results.

CUSTOMER

- Relationship Net Promoter Score, or rNPS[1] developed favourably in 2018, in both Consumer and Corporate Business. In Consumer Business, product-specific NPS improved across all product groups and rNPS improved by 2 points. In Corporate Business, the rNPS was up by 3 points. DNA Store received a record high NPS in 2017, and again in 2018.
- Despite intense competition, DNA managed to decrease the subscription turnover rate (CHURN). This was due to high customer satisfaction and DNA's ability to react quickly to competitors' campaigns.
- Consumer customer service placed special emphasis on personnel satisfaction as well as further development of recruitment and resource management according to customer needs. For instance, customer service through the chat channel was expanded further. Data and analytic capabilities were leveraged in new ways to support the expertise of customer service advisors. Both robotics and automation were deployed to help customer service personnel in their work.
- In Corporate Business, special emphasis was on the improvement of delivery times and reliability, in particular for services in the fixed network.
- DNA has made significant investments in data systems and data analytics tools in recent years to deepen customer understanding and to create a good omnichannel customer experience. Special focus areas in 2018 included further development of DNA's online store and self-service channels. The work has provided good results. For instance, sales efforts are now targeted better and DNA can provide more personalised customer service seamlessly through different channels. DNA has also done well in terms of digital maturity, as indicated by the results of the study by consulting company BearingPoint on Digital Leaders 2018 and 2019[2].
- DNA has been preparing its mobile network for 5G systematically. DNA completed an upgrade of its backbone and regional networks in 2018, in preparation for the higher capacity and connection speed requirements of 5G. DNA conducted 5G field and speed tests on a 3.5 GHz frequency granted for test use by the Finnish Communications Regulatory Authority and built a 5G network in its Smart Home at the SuomiAreena discussion event to demonstrate 5G to the public. Towards the end of the year, DNA piloted 5G Fixed Wireless Access (FWA) technology and deployed its first 5G base stations that operate on the 3.5 GHz frequency in Helsinki city centre at the end of December.
- DNA introduced the new DNA Connectivity IoT service to open global IoT ecosystem opportunities for Finnish companies.

Modern mobile and fixed networks give DNA a strong competitive position

- DNA's highly modern 4G network reaches almost 100% of the population in mainland Finland.
- Finnish Shared Network Ltd, a joint operation by DNA and Telia, completed a shared mobile communication network in Northern and Eastern Finland in 2016. With the network, DNA can provide cost-effective, high-quality mobile coverage to sparsely populated areas.
- DNA has the most comprehensive fibre-optic cable network in Finland enabling giga-bit-class speeds. At the end of 2018, more than one third of Finnish households were in the service area of the network.
- DNA's digital terrestrial TV network covers approximately 85% of population in Finland and uses the latest DVB-T2 technologies. DNA is the only operator in Finland offering pay-TV services in its terrestrial TV network.
- 5G services will be launched during 2019.

1) *RNPS = Relationship Net Promoter Score, which measures overall customer loyalty.

2) The Digital Leaders in Finland 2019 study assessed the digital maturity and competitiveness of 54 leading Finnish companies in six dimensions.

PERSONNEL

- DNA participates in the annual Great Place to Work survey to measure personnel satisfaction. DNA was chosen the best workplace in Finland by the Great Place to Work institute in February 2019 based on the 2018 survey. As many as 90% of DNA employees consider DNA to be a great workplace. In 2017, the figure was 83%.
- In March 2018, DNA was the first publicly listed company – and the first large company in Finland – to be recognised as a Family-Friendly Workplace by the Family Federation of Finland.
- DNA's office concept has been implemented in DNA premises across Finland and the flexible method of working, which allows employees to decide independently where they work without discussing this with their supervisor, will be gradually adopted in customer service operations.
- DNA is steering its management culture towards leadership by coaching, which was chosen as the main theme for DNA's supervisor development in 2018. Continuous interaction between the supervisor and the employee is a key element of leadership by coaching.
- In December, the Board of Directors decided on the establishment of a matching share plan for all DNA employees. The purpose of the plan is to steer the activities of personnel towards the attainment of strategic objectives, as well as to improve the long-term commitment of personnel and offer incentives in the form of potential increase in share value.

Financial objectives

DNA's medium-term financial objectives in 2018 were the following:

- Net sales growth faster than average market growth;
- EBITDA margin of at least 32% by the end of 2020;
- Operative capital expenditure less than 15% of net sales (excluding any fees for spectrum licences);
- Net debt/EBITDA ratio of less than 2.0 which can be temporarily exceeded in case of potentially attractive bolt-on in-market M&A opportunities.

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

DNA updated its financial objectives in February 2019.

FINANCIAL SUCCESS

- In 2018, net sales and profitability were at the highest level in the history of DNA.
- DNA's operative free cash flow increased 7.3% in 2018 and was EUR 149 million.
- The favourable development of DNA's mobile subscription base (+66,000 during 2018) and revenue per user (ARPU) for mobile communication increased mobile service revenue. DNA managed to increase its ARPU despite intense competition.
- DNA's profitability improved; EBITDA increased 4.4% and was EUR 283.6 million. The positive development was driven by a change in the revenue structure: growth in mobile service revenue and a decline in low-margin interconnection sales revenues.
- DNA's share of the fixed broadband market reached 28%.

DNA'S FOOTPRINT ON SOCIETY

As a telecommunications operator, DNA plays a significant role in society by providing important communications connections and maintaining infrastructure that is critical to the operation of the society. In addition to financial value, the footprint left by the company is social and environmental. DNA's value creation is illustrated in greater detail in the figure below.

DNA Value Creation

What We Build On

A Team of Top Professionals
- Motivated employees all over Finland
- Committed partners

Fast High-Quality Connections
- Excellent mobile and fixed network
- Modern high-quality TV networks
- Service platforms, cloud services and data centre services

Intangible Assets
- Good reputation and strong brand
- Trust of customers
- Sustainable operations

Financial Resources
- Nation-wide store network
- Own mobile network and fixed network
- Mobile network licences
- Strong financial position and investment capacity

The DNA Way

What We Produce

Private Customers
- Voice and data services in mobile networks
- Voice and broadband services in fixed networks
- Entertainment and television services
- Device sales

Corporate Customers
- Mobile and communications solutions
- Corporate network solutions
- Corporate data security services
- Value added services for corporate networks
- Device sales
- Wholesale and virtual operator services

The DNA Footprint

Societal
- Building and developing the infrasturcture necessary for the society: *4G networks cover almost 100% of the population, over 4 million mobile and fixed network subscriptions*
- Digital connections and devices for consumers' everyday life
- Improving the competitiveness of corporate customers

Social
- Direct and indirect employment: *About 1,600 own employees*
- High employee satisfaction: DNA was ranked *first as the best place to work in Finland in large companies category (Great Place to Work® survey)*
- Family-friendly workplace
- Development of employees' skills
- Excellent customer experience

Economic
- Profitability: *Operating result EUR 139 million*
- Investments: *EUR 138 million*
- Earning per share: *Dividend payout ratio about 80–100% of the net profit for the period*
- Salaries and benefits: *EUR 107 million*
- Taxes and tax-like payments: *EUR 175 million*
- Purchases from suppliers: *EUR 523 million*

Environmental
- Direct and indirect CO_2 emissions: *220,000 tCO_2 (Scope 1, 2 and 3)*
- Development of the network's energy efficiency
- Reducing customers' CO_2 emissions with DNA solutions
- Recycling of terminal equipment at DNA Stores

DNA'S HIGHLIGHTS IN 2018

DNA'S NET SALES AND PROFITABILITY REACHED RECORD LEVELS

In 2018, net sales and profitability were at the highest level in the history of DNA. Net sales increased 3.1% to EUR 913.5 million. Comparable operating result grew 5.7% and amounted to EUR 133.8 million, or 14.6% of net sales. Net sales were driven by the growth of mobile service revenue, which was boosted in particular by the positive development of mobile subscription base and increased share of high-value 4G subscriptions. Mobile device sales were also at a high level during the year.

DNA WON A 5G FREQUENCY BAND – 5G SERVICES TO BE INTRODUCED IN 2019

In October 2018, DNA won the 5G frequency band it pursued in the frequency auction organised by the Finnish Communications Regulatory Authority. The 5G services that will become available in 2019 will enable connection speeds of over 1 Gigabit per second for DNA customers. 5G is an important step forward for mobile data services and DNA has been systematically preparing its mobile network for 5G with the introduction of 5G-capable technology and increased network capacity. First to benefit from the 5G network are detached-home residents and businesses without access to a fibre-optic connection. DNA deployed its first 5G base stations that operate on the 3.5 GHz frequency in Helsinki city centre at the end of December 2018.

DNA PLACED FIRST IN THE GREAT PLACE TO WORK® FINLAND SURVEY

One of DNA's strategic objectives is being a great place to work. DNA's focus on improving personnel satisfaction was again recognised in November 2018 as DNA received the Great Place to Work® certificate for the second consecutive year. In February 2019, DNA placed first in the workplace survey[1)] by the Great Place to Work institute. DNA's personnel satisfaction has improved for four consecutive years.

DNA'S SUBSCRIPTIONS IN THE MOBILE AND FIXED-NETWORK EXCEEDED 4 MILLION

DNA's subscription volumes in the mobile and fixed network grew faster than those of its competitors again in 2018. Mobile communications subscription volumes were up 66,000, the fixed-network broadband subscription base grew by 23,000 and the cable television subscription base by 11,000 subscriptions. DNA's subscription base exceeded four million in the third quarter. DNA's communication subscription turnover rate (CHURN) also remained at a level lower than that of its competitors, indicating high customer satisfaction. During the summer, DNA increased its share of the fixed broadband market to 28%, becoming the second-largest fixed broadband service provider in Finland.

DNA FOCUSED ON IOT EXPERTISE AND SERVICES

DNA aims to become a significant player in the IoT market. DNA introduced the new DNA Connectivity IoT service to open global IoT ecosystem opportunities for Finnish companies. Implemented with Cisco Jasper, the service allows companies to develop and grow their IoT services businesses across both national and international markets.

DNA RECOGNISED AS A FAMILY-FRIENDLY WORKPLACE

In March 2018, DNA was the first publicly listed company – and the first large company in Finland – to be recognised as a Family-Friendly Workplace by the Family Federation of Finland. The development of family-friendly practices has long been important to DNA, because such practices have a clear connection to employee satisfaction and well-being. The company has a long list of family friendly actions, including the flexible method of working and grandparental leave.

DNA'S CORPORATE RESPONSIBILITY APPROACH FOCUSES ON DIGITAL INCLUSION

DNA's responsibility strategy and objectives were updated in 2018. Digital inclusion will be a particular focus area in the future. For instance, at the turn of November and December, DNA carried out a charity campaign to collect funds for the prevention of digital inequality among vulnerable children and young people. During the campaign, DNA invited the public to bring their old phones to DNA Stores for recycling. In return for each phone, DNA donated 10 euros to the SOS Children's Villages for the purpose of purchasing devices and subscriptions. The campaign succeeded in raising EUR 72,000 for an important cause.

TEFFICIENT'S REPORT SHOWS THAT DNA'S CUSTOMERS ARE WORLD LEADERS IN MOBILE DATA USE

According to the report[2)] published by Tefficient in September 2018, DNA's customers have the highest mobile data usage per subscription in the world. While mobile data usage per subscription was 15.9 gigabytes per month in 2017, in August 2018 the average figure was close to 21 gigabytes.

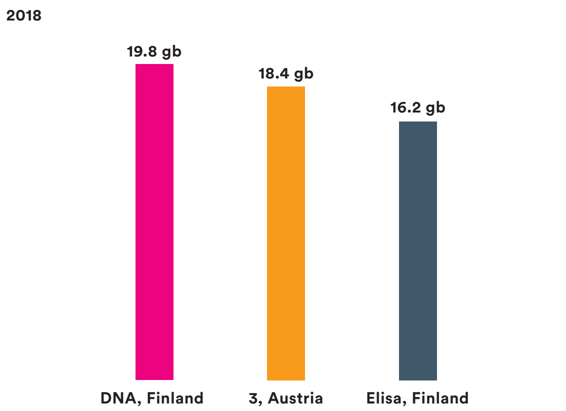
DNA TV HUB IMPROVED FURTHER

In 2017, DNA launched a new device called "DNA TV Hubi". Using IPTV technology, the device enables customers to watch TV and use online applications, play games and listen to music via one easy-to-use system. The device was developed further in 2018 according to customer feedback. DNA introduced new features for better user experience, such as a revamped "DNA TV Vuokraamo" service with its HD movie rentals, as well as improved storage functions. DNA TV Hub offers customers a vast array of content and services, such as all linear TV channels, streaming services, video libraries and applications available in the Android TV ecosystem.

DNA'S FIBRE OPTIC NETWORK WITH GIGABIT-CLASS SPEEDS WAS EXPANDED

DNA's "Valokuitu Plus" (DNA Fibre Optic Plus) network was expanded to the cities of Jyväskylä, Vaasa and Seinäjoki in 2018. More than 620,000 households have been connected to the fibre-optic network. Gigabit-class speeds are required as the number of Internet-connected devices is growing in households. Construction of fibre optic networks is of benefit not only to the broadband customers, but also to local mobile data users, because mobile base stations also use the fibre optic connections. The construction of new fibre optic connections and expansion of the fixed network are part of DNA's preparation for 5G networks.

MOBILE DATA USAGE PER SUBSCRIPTION, WORLD'S TOP 3



Gigabytes/sim-card/month, figures are calculated according to the usage in first half of 2018

Source: Tefficient, H1/2018

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

2) Tefficient survey: https://tefficient.com/more-data-always-for-more-it-happens/

INFORMATION FOR SHAREHOLDERS

ANNUAL GENERAL MEETING

DNA Plc's Annual General Meeting will be held on Thursday 28 March 2019 at 1 pm in the Veranda hall of the Finlandia Hall, Mannerheimintie 13 e, Helsinki. The reception of registered participants will commence at 12 noon. The Notice of DNA Plc's Annual General Meeting, instructions for the participants and the registration link can be found at the DNA website: www.dna.fi/agm.

Dividend payment

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

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

Important dates related to the AGM

18 March 2019	Record date of the AGM
25 March 2019	10am Registration period ends
28 March 2019	Annual General Meeting
23 March 2019	Proposed ex-dividend date
1 April 2019	Proposed record date for dividend payment
10 April 2019	Proposed dividend payment date

DNA's share

Trading in the DNA share began on the Large Cap stock exchange list of Nasdaq Helsinki on 2 December 2016. The trading code of the DNA share is "DNA". DNA shares are included in the book-entry system maintained by Euroclear Finland Ltd. Euroclear Finland also maintains DNA's shareholder register.

At the end of 2018, DNA's registered shares totalled 132,303,500 and the share capital registered in the Finnish Trade Register amounted to EUR 72,702,225.65. At the end of 2018, the Group held 182,789 treasury shares.

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

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

Financial publications in 2019

1 February 2019	Financial Statements Bulletin 2018
1 March 2019	Electronic Annual Report 2018, including the complete financial statements, corporate governance statement, salary and remuneration report and corporate responsibility report for 2018
25 April 2019	Interim Report January-March 2019
19 July 2019	Half Year Financial Report (January-June 2019)
22 October 2019	Interim Report January-September 2019

DNA's investor relations and way of working

The objective of DNA's investor relations and financial communications is to ensure that the market price formation of DNA's financial instruments is founded on equal, fair, sufficient and simultaneous information about the company and its business operations, and that the market is provided with accurate and sufficient information about the company's operations without undue delay. DNA's investor relations strives to provide good service and to meet actively with capital market representatives.

DNA issues guidelines on its financial outlook for net sales and EBITDA for the entire financial period. Their development is compared with a reference period and evaluated in writing. DNA issues its guidelines, including justifications, on general and financial outlook in connection with newsletters on financial statements and updates the outlook as needed. The guidelines on financial outlook are based on the company's full-year forecast, which takes account of the prevailing business and market situation.

DNA publishes essential and significant matters and events simultaneously to all stakeholders by issuing a stock exchange release. DNA publishes investor news on events relating to the Group's operations that do not meet the criteria set for stock exchange releases but that are estimated to be newsworthy or to be of general interest to the capital markets. Other news are published as press releases. Stock exchange releases, investor news and press releases are made available on the DNA website as soon as they are published.

DNA is active in a number of social media channels, including Twitter, Facebook, LinkedIn and YouTube. Social media is never the company's primary communication channel for publishing information under the disclosure obligation or other new information. Instead, its role is to support other channels and forward information published in official channels.

DNA meets actively with capital market and media representatives and strives to engage in active dialogue with investors, analysts and the media. The company's investor relations department is responsible for the centralised coordination of communication with investors and analysts. The objective of the meetings is to provide useful information on DNA's financial position, business operations and operating environment. The discussions are based on information published previously by DNA or available readily on the market.

The company holds news conferences in Finnish and English in conjunction with the release of half-year and interim reports and financial statements bulletins. In the conferences, the CEO and CFO review the central content of the performance report and answer questions from the audience. If needed, DNA organises a Capital Market Day to provide background information and familiarise analysts and investors with the company's operations.

In order for all DNA stakeholders to receive information equally and simultaneously, the company publishes the materials used in meetings with investors and analysts as well as presentation materials and webcasts from the beforementioned events on its website.

DNA's silent period begins three weeks before the publication of an interim report or a financial statements bulletin. During the silent period, DNA's representatives will not meet with investors or analysts or issue statements on the company's financial status, markets or future. At other times, DNA answers questions from analysts and investors by phone, email or during investor meetings.

DNA's Board of Directors has approved the disclosure policy. It describes the company's key principles and procedures for issuing stock exchange releases and other important news. The disclosure policy is in place to ensure reliable and consistent communications. The disclosure policy is available at: https://corporate.dna.fi/investor-relations#tiedonantopolitiikka

DNA's IR contacts:

Marja Mäkinen, Head of Investor Relations,
email: marja.makinen@dna.fi, phone: +358 44 044 1262
www.dna.fi/investors

CORPORATE RESPONSIBILITY

DNA'S CORPORATE RESPONSIBILITY OBJECTIVES UPDATED

DNA's corporate responsibility strategy and objectives were updated in 2018. Digital inclusion will be a particular focus area in the future.

DNA's corporate 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 digital inclusion, for example, by adopting inclusive operating practices and by supporting those in need.

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.

ORGANISATION OF CORPORATE RESPONSIBILITY AT DNA

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.
SUSTAINABILITY MANAGER, CEO, VICE PRESIDENT, CORPORATE COMMUNICATIONS	DNA's Sustainability Manager decides on the main principles of corporate responsibility together with the CEO and Vice President, Corporate Communications, and is responsible for the objectives and the implementation of measures related to corporate responsibility.
■ Climate team ■ Responsible supply chain team ■ Brand development steering group ■ Great Place to Work working group	The corporate responsibility teams and groups discuss and plan matters related to responsibility and decide on the implementation and responsibilities thereof.

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 2018
DIGITAL INCLUSION	DNA will launch a responsibility programme in 2019 to promote digital inclusion in Finland.	■ DNA's Auttava puhelin ("helping phone") charity campaign raised EUR 72,000 for the purpose of purchasing devices and subscriptions for SOS Children's Villages. ■ DNA teamed up with Nordea to promote and support senior citizens' digital skills. Ready-to-use Nordea tablets were available at DNA Stores. ■ DNA's 4G network reached almost 100% of the population in mainland Finland.
GREAT PLACE TO WORK	DNA's strategic objective is to become one of the most desired employers in Finland. By 2022, 90% of employees consider DNA to be a family-friendly workplace.	■ DNA was named Finland's best workplace in the Great Place to Work® awards, based on a survey in 2018. ■ DNA became the first large company in Finland to be recognised as a Family-Friendly Workplace by the Family Federation of Finland. ■ DNA participated in the Isähaaste ("dad challenge") initiative, which aims to promote father-friendly workplaces. ■ Well-being at work was promoted in many ways. ■ DNA participated in the national Bring Your Child to Work Day and kicked the day off the previous night by inviting employees' adult family members to an afterwork event.
CLIMATE-FRIENDLY OPERATIONS	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.	■ All directly procured electricity was generated by renewable energy. ■ Radio network energy-efficiency was improved by several means. ■ Finnish Shared Network Ltd, a joint operation with Telia in Eastern and Northern Finland, is more energy-efficient because the technology is shared. ■ During DNA's Auttava puhelin ("helping phone") charity campaign, thousands of old phones were recycled in an environmentally friendly way through DNA Stores. ■ A study conducted in 2018 estimates that DNA's flexible work reduces emissions from commuting by some 49%.
GOOD GOVERNANCE	All DNA employees have completed DNA's Code of Conduct training.	■ By the end of 2018, 84% of DNA personnel had completed DNA's Code of Conduct training. ■ Responsible decision-making according to DNA's strategy was implemented in practice. ■ DNA defined the ethical principles for the use of AI at DNA and participated in the national ethics challenge issued by AI Finland.

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

GOOD COMMUNICATION CONNECTIONS AND DEVICES ARE PRECONDITIONS OF DIGITAL INCLUSION

DNA's updated corporate responsibility strategy places special emphasis on DNA's role in the promotion of digital inclusion in Finland.

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 by launching a charity programme in 2019. It supports the work of SOS Children's Villages Finland, HelsinkiMissio and the Hope to prevent digital exclusion of senior citizens, children and the young as well as low-income families.

Charity campaign for the children and young at SOS Children's Villages

In the summer of 2018, DNA conducted a survey among parents of children between 6 and 16 years of age. According to the results, 59% of parents in Finland feel that there is digital inequality among children. Up to 62% of parents believe that this will have an impact on the child's academic performance and future employment prospects.

Moreover, 46% of parents felt that children who do not have a smart device face social exclusion. This is particularly true for the age group of 10 to 16.

At the turn of November and December, DNA carried out a charity campaign to collect funds for the prevention of digital inequality among vulnerable children and young people. During the campaign, DNA invited the public to bring their old phones to DNA Stores for recycling. In return for each phone, DNA donated 10 euros to the SOS Children's Villages for the purpose of purchasing devices and subscriptions. The campaign succeeded in raising EUR 72,000 for an important cause. In addition, a large number of old mobile devices were recycled in a secure, responsible and environmentally friendly way.

DNA teams up with Nordea to promote and support senior citizens' digital skills

In the spring of 2018, DNA teamed up with the Nordea bank to off er a ready-to-use tablet for senior citizens.

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 fl exible 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.

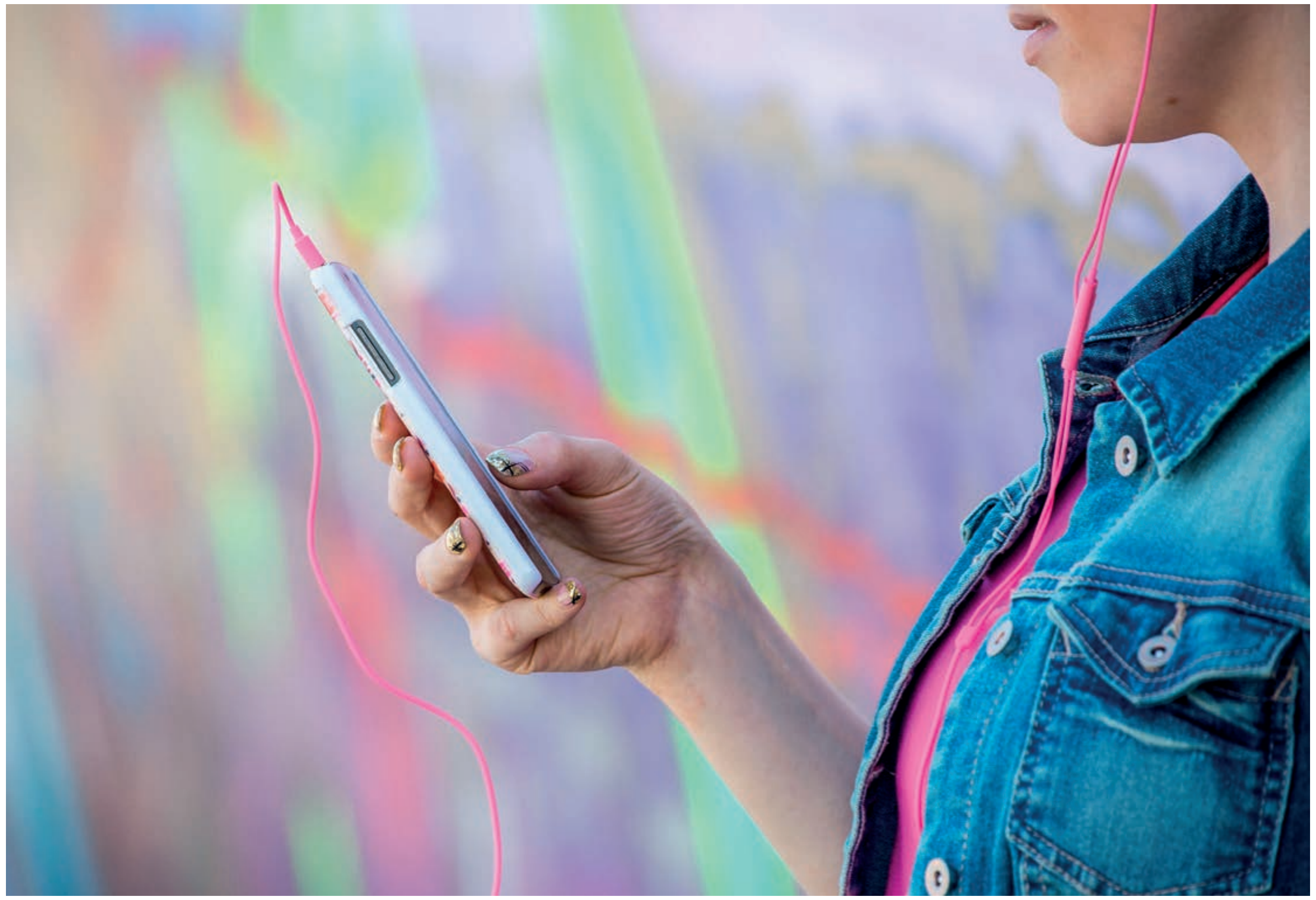
Excellent customer service important to DNA's success

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

In 2018, consumer customer service placed special emphasis on personnel satisfaction as well as further development of recruitment and resource management according to customer needs. For instance, customer service through the chat channel was expanded further. Data and analytic capabilities were leveraged in new ways to support the expertise of customer service advisors. Both robotics and automation were deployed to help customer service personnel in their work.

In Corporate Business, special emphasis was on the improvement of delivery times and reliability, in particular for services in the fi xed-line network.

Signifi cant investments were made in DNA's online store and self-service to further develop the digital service experience. Data and analytics capabilities were also leveraged to drive customer satisfaction. The aim is to proactively detect and react to customer problems before customers contact DNA.



DNA is aware of the fact that personnel satisfaction drives the positive development of customer satisfaction. Accordingly, several measures were implemented in 2018 in both Consumer and Corporate Customer Service to promote personnel satisfaction and well-being.

Strong growth of mobile data volumes continued

DNA makes continuous investments in mobile networks and fi xed-network broadband to support the customers' growing use of subscriptions, devices and services.

In a digital society, there is a constant need for receiving and sharing data. Remote and mobile working with smart devices is increasing, as is sharing content in social media and the use of entertainment services.

In the fourth quarter of 2018, 4G traffi c volumes in DNA's networks grew by 37% year-on-year. DNA's total data traffi c volume in the mobile communication network grew 31%. In the October-December period, more than 92% of all mobile data was transferred in the 4G network.

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

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

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

DNA WAS NAMED FINLAND'S BEST WORKPLACE

DNA aims to be one of the most desired employers in Finland. DNA was named Finland's best workplace in the Great Place to Work® awards.

Based on a survey conducted in 2018, DNA was named Finland's best workplace, being ranked first in the Large Organisations category of the workplace awards of the Great Place to Work institute. The results were published in February 2019. The Trust Index©, measuring the job satisfaction of DNA's personnel, continued to rise for a fourth year in a row.

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 2018, 1,343 (1,336) DNA employees participated in the Great Place to Work® survey, resulting in a very good response rate of 83% (82%).

DNA specifi ed further action to improve employee satisfaction and employer image based on the results. DNA's HR operations assign development measures to departments and teams. In addition, DNA has an organisation-wide Great Place to Work working group which discusses Group-level measures to improve employee satisfaction further.

At the end of 2018, DNA employed 1,590 people (1,601).

DNA the fi rst large company in Finland to be recognised as a Family-Friendly Workplace

In March 2018, DNA became the first large company in Finland to receive the Family-Friendly Workplace certifi cate from the Family Federation of Finland. DNA gained the recognition by participating in the Family-Friendly Workplace programme for the past few years.

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

In 2018, special focus was on making the workplace more father-friendly and DNA participated in the Isähaaste ("dad challenge") initiative. In autumn, employees were invited to make suggestions on how fathers could be supported. DNA also commissioned a Master's thesis on family leave for fathers. According to the thesis, father-friendliness is already at a good level at DNA, but some areas could be improvement further, such as communication about family leaves.

Grandparental leave was available for the second year at DNA and several new grandparents took the leave in 2018. In total, some 30 DNA employees have taken grandparental leave. All DNA employees who become grandparents are entitled to one week's paid grandparental leave to spend time with their family.

In March, DNA participated in the national Bring Your Child to Work Day at all locations, including customer service functions. The day was kicked off the previous night as employees' adult family members were invited to a relaxed afterwork event at the local workplace. This gave them the opportunity to meet each other and visit DNA.

Flexible work improves work-life balance

DNA's flexible work is based on trust. Using mobile workstations, the employees decide independently where they work, without discussing this with their supervisor. The method changes not only the working environment but also the working culture, and DNA's employees have welcomed this change enthusiastically.

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. Those working as specialists work remotely on average approximately two days per week.

DNA's flexible work also reduces emissions from commuting. According to a study conducted in 2018 by DNA, it reduces emissions from commuting by some 49%.

The opportunity to work remotely has been expanded to all service advisors in both Consumer and Corporate Customer Service with good results. In 2018, DNA started to pilot flexible work on a broader scope in Corporate Customer Service.

GREAT PLACE TO WORK

Supervisors’ work is based on leadership by coaching

DNA is steering its management culture towards leadership by coaching, which was chosen as the main theme for DNA’s supervisor development in 2018.

Continuous interaction between the supervisor and the employee is a key element of leadership by coaching: the supervisor asks questions, inspires, helps, understands, listens actively, acts as a sparring partner, evaluates progress, is available and cares. Leadership by coaching is based on working according to DNA’s values. Value-based leadership skills are based on measurable leadership competence. The specification of value-based leadership competence was a natural extension to DNA’s leadership principles and the next step in their development. The specification was jointly made by DNA’s supervisors, supervisor coaches, coaches and the Executive Team.

Special attention to recovery and total workload at the workplace

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 2018, DNA established the post of a Health and Well-being Manager who is responsible for the development of personnel well-being as well as responsible management of working capacity and performance.

During the year, the main themes for well-being at work at DNA included sufficient recovery and management of workload between work and leisure.

DNA started to use the Työkykytutka (“working capacity monitoring”) service provided by occupational health services. It aims to prevent well-being-related challenges and to strengthen an early intervention model.

Towards the end of 2018, DNA launched an initiative in which new employees receive support for their working capacity during induction training. During the pilot, DNA wanted to identify ways to better support new employees in this area. The aim is to give new employees tools at the start of the employment with which they can monitor and maintain their working capacity and well-being.

The highlight of the year was a company-wide Voi Hyvin (“be healthy”) day. Approximately 1,000 DNA employees from all over Finland spent a fun day and evening in Vierumäki, trying different sports activities and relaxing together. Several campaigns and promotional events were organised throughout the year to promote well-being at work.

DNA Peers continued to volunteer and be active: in 2018, they participated in the organisation of various events, such as a the Bring Your Child to Work Day, the afterwork event for DNA employees and their adult family members, Christmas parties for children, the Joulupuu (“Christmas tree”) charity collection and many other worthwhile events.

DNA promotes the well-being of its personnel with, for example, the Edenred Duo card, which provides continuous exercise opportunities for the personnel, and by organising different activity clubs.

DNA provides employees with a wide selection of healthcare and medical services in excess of the level required by law. DNA personnel can avail themselves of health services provided by, for example, specialists, gynaecologists, occupational physiotherapists and psychologists. DNA also off ers its employees an accident insurance for recreational activities.

Leadership practices embrace diversity

DNA is a member of FIBS Diversity Charter Finland. DNA was among the fi rst members to sign the fi rst Diversity Charter in Finland, and has been an active participant in the diversity charter network. Survey results from several years indicate that one of DNA’s strengths is that everyone can freely be themselves.

Diversity is a tangible part of everyday leadership at DNA. It is included in the company’s view of what constitutes good leadership, alongside the principles of equality, non-discrimination and respect for and utilisation of diff erent skill sets.

By signing the Diversity Charter, DNA is committed to providing equal opportunities for its employees and customers, identifying and recognising their individual skill sets and needs, managing employees and customers in a fair, encouraging and productive way, and communicating about its objectives and achievements to them.

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 diff erent customers.

DNA’s objectives in diversity management include:

- Enhancing employee recognition and commitment to improve reputation as a good employer and result.
- Increasing the innovativeness and productivity of the company.

DNA’s diversity vision

INCREASED CUSTOMER SATISFACTION	The customer is at the core of our strategy: we aim to have the most satisfied customers. For DNA’s business, it is important to deepen customer understanding continuously, whereas a diverse working community helps create these types of skills and, in the long term, leads to increased customer satisfaction.
MORE VERSATILE EXPERTISE	We aim to be one of the most desired employers in Finland. Versatile top expertise is a critical success factor for DNA: we must be able to understand the needs of the changing society from the point of view of different target groups and to provide an offering that meets these needs.
NEW WAYS OF WORKING AND THINKING EXPAND	We develop new, more effective ways of working digitally – for ourselves and our customers. We want to lead the way to better working life in Finland. We aim to attract versatile expertise to stay competitive in a rapidly changing industry. As an organisation and as individuals, we must learn continuously to remain competitive in a tough environment.

DNA'S CLIMATE OBJECTIVES UPDATED

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

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.

DNA identified the need to update its climate objectives during 2018 because it reached one main objective towards the end of 2017 (radio network emissions in proportion to annual radio network data transfer volumes) and more detailed data was required to reach the other objective (Scope 3 – emission data relative to total emissions). As a result, DNA's primary objective in terms of total emissions is to adjust the calculation method of Scope 3 emissions.

In 2018, DNA updated its climate objectives as follows:

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

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

DNA's climate team, which comprises experts from different 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 identified possible risks and opportunities related to climate change in terms of the impact of physical or political events and changes in consumer behaviour, and has specified control practices for them.

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 has its challenges. For example, hydroelectric plants can prevent the movement of migratory fish in rivers. Fish passages and ladders are constructed in Finland according to Finland's National Fish Passage Strategy to enhance the viability of migratory fish stocks. In addition, hydro power companies compensate the environmental effects of their plants by environmental measures such as stocking fish.

DNA is monitoring the situation and regularly assesses the origin of purchased electricity.

Continuous improvement of the network and equipment facilities

DNA deployed new, more energy-efficient radio network technology already in 2016. New advancements in radio technology in 2018 allow one radio unit to connect to several radio bands.

Software-based energy-saving functions were implemented in DNA's network during the summer of 2018 as planned.

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

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

Equipment facility ventilation systems were also upgraded as planned in 2018.

DNA's products and services help reduce emissions

In 2018, DNA examined how customers could reduce their emissions by using DNA's services. The study focused on the recycling of consumer customers' old mobile devices and corporate customers' use of virtual servers.

Based on the results, it can be estimated that the recycling of mobile devices through DNA reduce emissions by up to 1,000 tonnes (CO_2e) per year. This equals driving almost 5.5 million kilometres using a petrol car with average fuel consumption.

In the case of virtual servers, a conservative estimate is that the use of virtual servers is 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.

More energy-efficient facilities and working methods

DNA has placed special emphasis on the modernisation of its facilities in recent years. The energy efficiency of DNA's facilities has been a special focus area as the company has modernised old buildings or moved to new facilities.

DNA's Headquarters, the DNA House, was constructed by YIT according to its Energy Genius concept. The energy-efficiency of the building was carefully considered already in the design and construction phase. DNA's headquarters have earned an international LEED Gold certification as a recognition of the building's ecological energy and water consumption, materials used and emissions.

GOOD GOVERNANCE

Responsible operations at DNA covers DNA's personnel, suppliers and subcontractors. The promotion of DNA's responsible decision-making model continued in 2018.

Responsible decision-making according to DNA's strategy was implemented in practice already in 2017. The model is called Päätöspolku ("decision-making path"). It is a check list for the effects of decisions on four areas: strategy alignment, economy and risks, compliance and overall acceptability.

According to an internal survey conducted in 2018, awareness of the model among key personnel is at a high level (98%). Most respondents (91%) felt that the principles laid down in the decision-making model are important.

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. In 2017, DNA started a Code of Conduct training, which is mandatory for all personnel. By the end of 2018, 84% of DNA personnel had completed the 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 notifi cation channel for reporting concerns about unethical or unlawful behaviour. The notifi cations are processed by DNA's Whistle Blowing group, which consists of DNA's Senior Vice President, Legal Aff airs, 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 2018.

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 signifi cant 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 management process and risk management reports.

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

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 role of good data security, data privacy and high operational network reliability gain 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 personnel, customer satisfaction, reputation, trademarks/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.

Smooth transition to GDPR at DNA

The EU General Data Protection Regulation (GDPR) came into force in May 2018. Established at the same time, the European Data Protection Board helps ensure that the data protection law is applied consistently across the EU by issuing decisions and guidelines on the interpretation of the regulation. The board is made up of representatives of national Data Protection Authorities and the European Data Protection Supervisor (EDPS).

DNA started to prepare for the new legislation by launching a project in 2016 during which DNA updated its data security policies and appointed a Data Protection Officer (DPO). DNA follows the guidelines issued by authorities, participates in the specification of industry-wide practices and continues to develop its operating models and systems according to GDPR as part of its normal operations.

DNA defined 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. In the summer of 2018, DNA defined the ethical principles for the use of AI and participated in the national ethics challenge.

DNA wants to make effective use of real-time and rich customer, network and behavioural data throughout its channels and business operations, in order to provide its customers with the most personal and expert service possible. However, the customer must always have the freedom to choose whether or not to interact with AI or a human being. DNA also aims to increase its operational efficiency by utilising AI.

Ethical principles for the use of AI at DNA:

PEOPLE ARE IN CONTROL: People set the framework for the use of artificial intelligence and the decisions it makes. When with DNA, people must be able to monitor and control AI activities.

ARTIFICIAL INTELLIGENCE IS A 'HUMAN SUPER-POWER': The purpose of exploiting artificial intelligence is to liberate people to do more meaningful work by transferring manual work to machines. This will enable us to provide better service for our customers and to operate more efficiently.

THE SAME RULES APPLY TO PEOPLE AND MACHINES: The same ethical principles apply to the use of artificial intelligence as to DNA's other activities. As a form of artificial intelligence, machine learning must not lead to discrimination or the strengthening of prejudices. As a company, DNA is responsible for the decisions and possible mistakes made by artificial intelligence.

THE CUSTOMER HAS THE FREEDOM TO CHOOSE: We provide the customer with quality customer service via various channels. DNA's customer must know whether he or she is dealing with a chatbot or a person. We also offer the option of human contact within our service times and within the opening hours and limitations of our customer service and stores.

DATA IS SECURE: Artificial intelligence allows the use of data to identify customer behaviour and interests. At DNA, we ensure that our data protection and security are in the appropriate condition.

Responsible procurement at DNA

DNA works with thousands of suppliers and subcontractors, some 20 of which are considered as significant suppliers. Significant suppliers and subcontractors include, for example, equipment manufacturers, solution providers and developers as well as 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

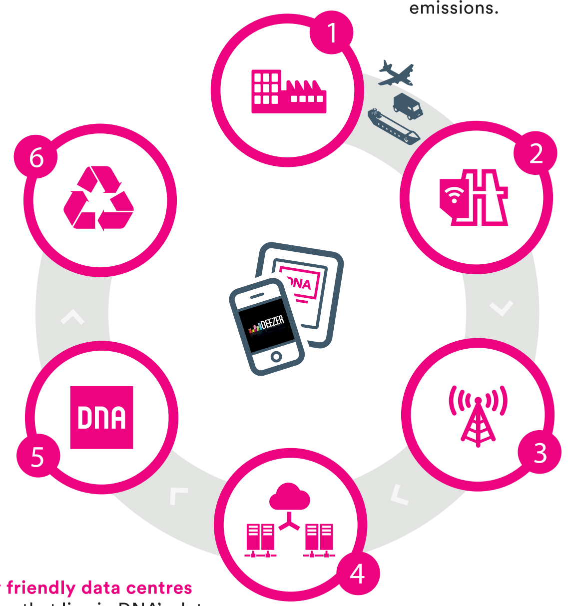
The principles according to which DNA uses social influence stem from the company's values and Code of Conduct. The aim is to establish open two-way communication between decision-makers and DNA. The objectives of social influence are based on DNA's business strategy and business objectives.

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.

MOBILE DEVICE VALUE CHAIN

Responsibility in the supply chain
The mobile device starts its journey at a factory, from where it is transported overseas to a DNA Store. We emphasise responsibility and ethical operations in the supply chain and calculate logistics emissions.



Expert advice
At the DNA Store, our customer service experts help you find the right product for you. In addition to voice and data subscriptions, we also provide entertainment services, such as DNA TV subscriptions and the Deezer music service.

Energy-efficient networks
DNA's networks provide reliable, extensive and fast connections – both at home and on the move. DNA has systematically improved the energy efficiency of its network by upgrading the base stations and radio network, for example.

Environmentally friendly data centres
The robust servers that live in DNA's data centres make sure that you can easily access the services you need over DNA's networks. Thanks to district cooling, DNA's new, environmentally friendly data centre will be practically emission-free.

Safe disposal
When your old mobile device is no longer of use to you, bring it to your nearest DNA Store, where our experts dispose of it safely and responsibly without burdening the environment.

Recycling of materials
Recyclable materials recovered from mobile devices find a new life in products such as musical instruments, garden furniture, traffic safety products and jewellery.

TAXES AND ECONOMIC IMPACT

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.

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.

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 2018 were EUR 139.1 million (EUR 144.0 million). Major items include investments in 4G network capacity expansion and development, 5G readiness as well as fibre optic networks and transmission systems.

At the end of 2018, DNA employed 1,590 people.

DNA is an important regional employer with operations in 12 locations. DNA Store operates in 40 locations. Furthermore, the company traditionally employs young people in DNA Stores in particular. At the end of 2018, those under 25 accounted for approximately 40% of store personnel.

DNA's tax footprint

In 2018, the taxes and tax-like fees paid by DNA in Finland amounted to EUR 175 million (EUR 176 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.

ECONOMIC VALUE FOR STAKEHOLDERS, EUR MILLION

Generation of added value		2018**	2017	2016	2015	2014
From the customers	Net sales	911.8	886.1	858.9	828.8	831.5
Total generated added value		911.8	886.1	858.9	828.8	831.5
Distribution of added value						
Goods and service suppliers	Materials and services as well as other operating expenses	523.3	507.4	513.5	498.5	530.1
Personnel	Wages and salaries as well as pension expenses	104.2	107.7	107.0	102.3	96.4
Public sector	Income tax, value added tax, personnel expenses as well as payments to the Finnish Communications Regulatory Authority	126.4	123.8	110.6	90.0	77.1
Financial sector	Financial items	11.2	9.4	9.6	11.5	10.5
Shareholders	Dividends*	145.3	145.2	72.8	40.1	30.0
Total distributed added value		**910.4**	**893.5**	**813.5**	**742.4**	**744.1**

* DNA's Board of Directors has proposed to the Annual General Meeting that a dividend and an additional dividend totalling EUR 1.10 (1.10) per share be paid for the financial year 2018, EUR 145,332,782 (145,242,551) in total.
** Year 2018 is reported according to IFRS15.

Traficom (previously Finnish Communications Regulatory Authority FICORA) is a public sector operator to which DNA pays tax-like fees, which were EUR 12 million in 2018 (EUR 14 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.

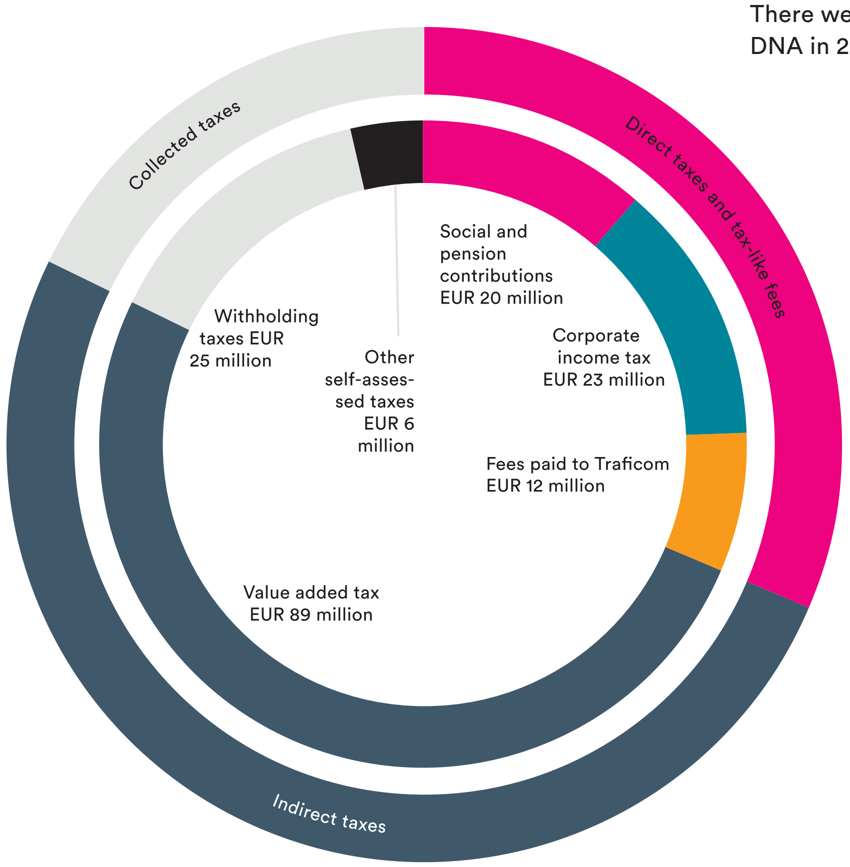
Anti-corruption and anti-bribery

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, which was implemented in the beginning of 2017. By the end of 2018, 84% of DNA personnel had completed the training. In addition, DNA's Sustainability Manager and Fraud Manager train DNA personnel on DNA Group's anti-corruption policies and procedures as required.

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

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 2018.



DNA'S TAX FOOTPRINT	2018, EUR million
Direct taxes and tax-like fees	
Social and pension contributions	20
Corporate income tax	23
Fees paid to Traficom	12
Indirect taxes	
Value added tax	89
Collected taxes	
Withholding taxes	25
Other self-assessed taxes	6
Total	175

REPORTING ACCORDING TO GRI GUIDELINES

As in previous years, DNA continued to report on corporate responsibility in 2018 according to the Global Reporting Initiative reporting model. This is DNA's ninth GRI report. With a reporting period of one calendar year, DNA publishes this GRI-compliant corporate responsibility report annually with the annual report. The previous report was published on 1 March 2018. 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 per cent 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 corporate responsibility strategy, objective settings, measures and reporting are steered by the materiality analysis which gives consideration to business objectives and stakeholder expectations. The analysis identifies the most relevant topics in terms of business and stakeholder impact. In 2018, DNA updated the materiality analysis based on the investor survey. 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 corporate 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 54 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-financial 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 (TCO_2)*

	2018	2017	2016	2015	2014
Emissions, total**	**220,000**	216,000	208,000	208,000	210,000

*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). DNA's climate objectives are compared against 2014.

**In 2018, the method for collecting source data relating to the procurement of purchased electricity was adjusted. The emissions figures for 2016 and 2017 were also updated retroactively, in accordance with the new data collection method. No corresponding initial data is available for earlier years. The impact of the update on the figures for 2016 and 2017 was around 50% for electricity consumption and around 40% for Scope 2 emissions. The Scope 2 emissions reported by DNA are based on both measurement and evaluation.

305-1 DIRECT GREENHOUSE GAS EMISSIONS (SCOPE 1)(TCO_2)*

	2018	2017	2016	2015	2014
Direct greenhouse gas emissions	**520**	680	590	660	840

*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.

305-2 INDIRECT GREENHOUSE GAS EMISSIONS (SCOPE 2) (TCO_2)*

	2018**	2017	2016	2015	2014
Indirect greenhouse gas emissions***	**17,900**	19,600	16,800	29,700	30,100

*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.

**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 2018 were 31,200 tCO_2, based on the specific carbon dioxide emissions from electricity production in Finland.

***In 2018, the method for collecting source data relating to the procurement of purchased electricity was adjusted. The emissions figures for 2016 and 2017 were also updated retroactively, in accordance with the new data collection method. No corresponding initial data is available for earlier years. The impact of the update on the figures for 2016 and 2017 was around 50% for electricity consumption and around 40% for Scope 2 emissions. The Scope 2 emissions reported by DNA are based on both measurement and evaluation.

305-3 OTHER INDIRECT GREENHOUSE GAS EMISSIONS (SCOPE 3) (TCO_2)*

	2018	2017	2016	2015	2014
Other indirect greenhouse gas emissions	**202,000**	196,000	191,000	178,000	179,000

*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 (tCO_2/TB)*

	2018	2017	2016	2015	2014
Radio network emissions in proportion to annual radio network data transfer volumes (tCO2/TB)**	**0.02**	0.03	0.04	0.14	0.26

*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.

**In 2018, the method for collecting source data relating to the procurement of purchased electricity was adjusted. The emissions figures for 2016 and 2017 were also updated retroactively, in accordance with the new data collection method. No corresponding initial data is available for earlier years. The impact of the update on the figures for 2016 and 2017 was around 50% for electricity consumption and around 40% for Scope 2 emissions. The Scope 2 emissions reported by DNA are based on both measurement and evaluation.

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

	2018	2017	2016	2015	2014
DNA's emissions in proportion to net sales (tCO2/MEUR)**	**241**	244	242	251	272

*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. DNA's climate objectives are compared against 2014.

**In 2018, the method for collecting source data relating to the procurement of purchased electricity was adjusted. The emissions figures for 2016 and 2017 were also updated retroactively, in accordance with the new data collection method. No corresponding initial data is available for earlier years. The impact of the update on the figures for 2016 and 2017 was around 50% for electricity consumption and around 40% for Scope 2 emissions. The Scope 2 emissions reported by DNA are based on both measurement and evaluation.

302-1 ENERGY CONSUMPTION WITHIN THE ORGANISATION (TJ)

	2018	2017	2016	2015	2014
Total consumption of non-renewable fuels*:					
- Diesel and gasoline	**4.2**	4.8	6.2	7.2	6.6
- Fuel oil	**2.0**	3.2	1.2	1.2	1.4
Electricity consumption**	**590.5**	586.2	539.9	422.9	367.5
Heat consumption	**15.6**	15.4	16.1	21.6	15.9
Cooling consumption	**6.7**	4.6	4.0	3.5	N/A
Total energy consumption	**619.0**	614.2	567.4	456.3	391.5

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

**In 2018, the method for collecting source data relating to the procurement of purchased electricity was adjusted. The emissions figures for 2016 and 2017 were also updated retroactively, in accordance with the new data collection method. No corresponding initial data is available for earlier years. The impact of the update on the figures for 2016 and 2017 was around 50% for electricity consumption and around 40% for Scope 2 emissions. The Scope 2 emissions reported by DNA are based on both measurement and evaluation.

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

	2018	2017	2016	2015	2014
Total energy consumption outside of the organisation in terajoules*	**1.5**	1.6	1.3	1.4	1.3

*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)*

	2018	2017	2016	2015	2014
Hazardous waste, total**	**21**	19	18	8	26
Other waste, total	**556**	564	867	540	698
Recyclable waste	**515**	513	799	478	531
Combustible waste	**33**	50	44	37	121
Disposable waste	**7**	0	25	25	46
Total, all waste	**577**	583	885	548	724

*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	2018	2017	2016	2015	2014
Women	**625**	641			
Men	**946**	935			
Total	**1,571**	1,576	1,644	1,626	1,710

Fixed-term	2018	2017	2016	2015	2014
Women	**12**	13			
Men	**7**	12			
Total	**19**	25	24	48	29

Full-time	2018	2017	2016	2015	2014
Women	**575**	591			
Men	**938**	934			
Total	**1,513**	1,525	1,590	1,636	1,651

Part-time	2018	2017	2016	2015	2014
Women	**62**	63			
Men	**15**	13			
Total	**77**	76	78	38	88

*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	2018	2017	2016	2015	2014
Women	**40%**	40%	41%	40%	41%
Men	**60%**	60%	59%	60%	59%
Total	**100%**	100%	100%	100%	100%

Share of women (%) per personnel group

Personnel groups include women as follows:	2018	2017	2016	2015	2014
Of management	**24%**	21%	26%	24%	30%
Of senior salaried employees	**26%**	26%	27%	26%	25%
Of salaried employees	**47%**	49%	47%	47%	48%
Of service and production employees	**0%**	0%	0%	0%	3%

Age structure

By age group	2018	2017	2016	2015	2014
< 25	**1%**	1%	2%	3%	5%
25-35	**26%**	29%	30%	31%	31%
36-45	**38%**	37%	36%	35%	32%
46-55	**24%**	23%	22%	22%	22%
56-63	**10%**	10%	9%	9%	9%
> 63	**0%**	0%	1%		
Total	**100%**	100%	100%	100%	100%

401-1 NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER*

New hires and employee turnover

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

Employee turnover	2018	2017
Women	**54**	72
Men	**70**	107
< 25	**14**	23
25-35	**40**	67
36-45	**39**	34
46-55	**14**	27
56-63	**14**	7
> 63	**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 in previous years.

Average employee turnover

	2018	2017	2016	2015	2014
Average employee turnover, % (calculated from monthly average values)	**1.44**	1.48	1.72	1.70	2.06

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

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

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

	2018	2017	2016	2015	2014
Average hours of training per employee, DNA Group	**15.6**	15.8	15.7	12.0	11.0

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

	2018	2017	2016	2015	2014
Relative rate of absenteeism	**3.5**	3.8	4.7	4.9	4.9
Work time injuries and commuting accidents	**15**	25	22	20	26
Days lost (work-related reasons)**	**34**	45	22	22	34
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.
**DNA reports commuting accidents under Days lost since 2018. In 2018, all days lost were due to commuting accidents.

GRI CONTENT INDEX

GRI	Indicator	Reference	External assurance
102 – General disclosures			
Organisational profile			
102-2	Activities, brands, products, and services	Primary brand is DNA. No DNA products are banned in any markets. For products and services, see Year 2018 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	Year 2018. See 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. Highlights in 2018. 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 2018: 1,590 Social responsibility indicators, Year 2018	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 and joined the Diversity Charter Finland. 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

GRI	Indicator	Reference	External assurance
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	The Chairman of DNA Plc's Board of Directors is not an executive officer. 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 performance once per year. In 2018, 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

REPORTING (GRI)

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)	
	Reporting practice		
102-45	Entities included in the consolidated financial statements	Highlights in 2018. See also 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 fi gures. See Reporting (GRI) for more details.	x
102-49	Significant changes from previous reporting periods in the list of material topics 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	1/3/2018	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 54 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 2018 includes the electricity consumption and purchases of the radio network of Finnish Shared Network Ltd. DNA Ltd owns 49% of Finnish Shared Network Ltd shares. DNA's financial reporting for 2018 includes 47% of Finnish Shared Network Ltd's figures. Correspondingly, the responsibility reporting includes 47% of the electricity consumption and purchases of the radio network of Finnish Shared Network Ltd.	x
103-2	The management approach and its components	Corporate responsibility at DNA, Contacts	x
103-3	Evaluation of the management approach	Marketing and labelling, p. 24-25 Customer privacy, p. 33-34 Compliance, p. 24-25, 32-35, 36-37 Economic performance, p. 36-37 Indirect economic impacts, p. 36-37 Anti-corruption, p. 32, 36-37 Anti-competitive behaviour, p. 32-35 Energy, p. 30-31 Emissions, p. 30-31 Effluents and waste, p. 30-31 Supplier environmental assessment, p. 35 Supplier social assessment, p. 35 Public policy, p. 35 Employment, p. 26-29 Labour/management relations, p. 26-29 Occupational health and safety, p. 26-29 Training and education, p. 26-29 Diversity and equal opportunity, p. 26-29 Non-discrimination, p. 26-29	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 2018.	x
	Indirect economic impacts		
203-1	Development and impact of infrastructure investments and services supported	Digital inclusion, Taxes and economic impact	x

REPORTING (GRI)

	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 of business gifts. The company does not have a separate risk assessment process for corruption. By the end of 2018, 84% of 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 of business gifts. The company does not have a separate risk assessment process for corruption. By the end of 2018, 84% 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 2018.	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 2018. 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 2018 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 2018 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	DNA is steering its management culture towards leadership by coaching, which is the main theme for DNA's supervisor development. Continuous interaction between the supervisor and the employee is a key element of leadership by coaching: the supervisor asks questions, inspires, helps, understands, listens actively, acts as a sparring partner, evaluates progress, is available and cares. Leadership by coaching is based on working according to DNA's values. Value-based leadership skills are based on measurable leadership competence. Specification of value-based leadership competence is a natural extension to DNA's leadership principles and the next step in their development. The specification was jointly made by DNA's supervisors, supervisor coaches, coaches and the Executive Team. Supervisors' work at DNA is supported continuously by means such as the supervisor coaching programme, which provides ongoing support for their professional and personal development. In 2018, DNA had 17 supervisor coaches, 11 of whom have started working towards or have completed the Associate Certified Coach (ACC) certification. DNA had no need for transition and re-employment programmes in 2018 apart from the statutory model providing security during changes. Great place to work	x
404-3	Percentage of employees receiving regular performance and career development reviews	DNA Ltd and DNA Welho Ltd supervisors will be conducting performance and development reviews with all employees throughout the organisation. They will cover topics such as well-being at work, setting new objectives and evaluating the achievement of objectives. Employees will also receive constructive feedback on their performance. To develop value-based leadership further at DNA, and as a response to the results of surveys on development discussions from previous years, the entire organisation has been encouraged to adopt a one-to-one discussion model towards the end of 2018 and no later than the beginning of 2019. The new one-to-one discussion model will support leadership by coaching by maintaining an open channel for interaction with the supervisor 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 in the reviews. 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 during the reporting period. 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 2018.	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 2018. 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 2018.	x
	Marketing and labelling		
417-3	Incidents of non-compliance with regulations and voluntary codes concerning marketing communications	In 2018, 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	According to the Finnish Information Society Code, telecommunications operators shall notify Traficom (previously the Finnish Communications Regulation Authority, Ficora) of significant information security violations or threats to information security in their network and communication services. DNA issued less than five so-called CERT notifications to Traficom in 2018. 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 2018. 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 2018, DNA was not ordered to pay any fines or other sanctions for non-compliance with laws or regulations.	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 22-53) of DNA's Annual Report 2018 ("the Report") the reporting period 1st January to 31st December 2018. 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 in 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 and the responsiveness to stakeholder concerns;
- 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 utilised 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 a 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 has committed to manage and disclose comprehensive and balanced information on these impacts.

Reliability of 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 2018 DNA has updated corporate responsibility targets. We recommend that DNA continues target-driven corporate responsibility work and develops target-setting further towards more challenging and longer-term targets aligned with global sustainability targets.
- DNA has established corporate responsibility governance and management approach and discloses comprehensive information on material topics. Expectations towards the quality and credibility of corporate responsibility information are increasing. We recommend that procedures for corporate responsibility performance monitoring, more systematic data management and documentation of the reporting process will be further developed especially regarding the energy and emissions data.
- As a telecommunications operator, DNA plays an important role in society as the provider of important communication connections and the agency maintaining critical infrastructure. We encourage DNA to continue corporate responsibility work contributing to sustainable digital solutions.

Helsinki, Finland, 30 January 2019

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.

CORPORATE GOVERNANCE STATEMENT

CORPORATE GOVERNANCE STATEMENT

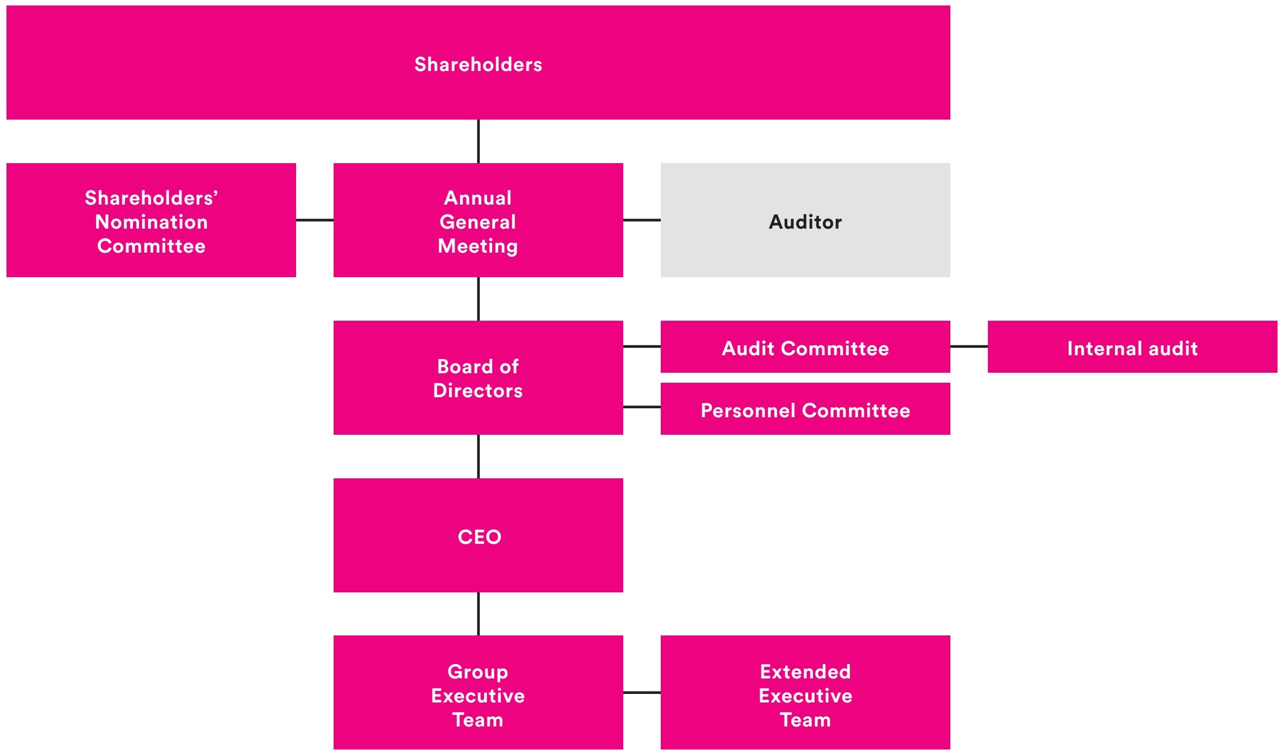
DNA Plc ("DNA" or the "company") is a Finnish telecommunications Group providing voice, data, and TV services to private customers and corporations. The parent company, DNA Plc, and its subsidiaries form the DNA Group. The company is listed on the Helsinki Stock Exchange and it is domiciled in Helsinki.

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. DNA also complies with the Finnish Corporate Governance Code for Listed Companies 2015 (the "Corporate Governance Code"), published by the Securities Market Association, and it does not deviate from the recommendations therein. The Corporate Governance Code is available at www.cgfinland.fi.

DNA's Audit Committee has audited this Corporate Governance Statement. This report is published separately from the Board of Directors' annual report. DNA provides up-to-date information on matters related to corporate governance on its website at https://corporate.dna.fi/dna-plc.

DNA's governing bodies

DNA's governing bodies comprise the General Meeting, the Board of Directors and the CEO. DNA's highest decision-making power is exercised by the shareholders at the General Meeting. 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 held in Helsinki. General Meetings are convened by the Board of Directors.

According to DNA's Articles of Association, the responsibilities of the General Meeting include:

- 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
- Deciding on the number of members of the Board of Directors
- 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, issuing new shares and option rights, and buying back the company's own shares.

In addition to the Annual General Meeting, Extraordinary General Meetings are convened by the Board of Directors as necessary. The Board of Directors is also obliged to call a General Meeting if an auditor or shareholders with a total of 10 per cent of all DNA shares so request in writing in order to discuss a specific matter.

According to the Limited Liability Companies Act, a shareholder has the right to have a matter falling within the competence of the General Meeting considered by the General Meeting if the shareholder presents the Board of Directors with a written demand for this far enough in advance of the meeting that the matter can be included in the notice of the meeting. By the end of the financial period preceding the Annual General Meeting, DNA posts an announcement on its website stating the deadline for shareholders to submit requests for a matter to be discussed at the Annual General Meeting.

NOTICE AND AGENDA OF THE GENERAL MEETING

The notice of the General Meeting is delivered to shareholders by publishing it as a stock exchange release and on the company's website no earlier than three months and no later than three weeks before the General Meeting, but the company must always publish the notice nine days before the record date of the General Meeting. Financial statement documents, including the auditor's report, are published upon their completion. To be entitled to attend the General Meeting, a shareholder must notify the company by the date mentioned in the notice, which may not be more than ten days before the General Meeting. Each shareholder may attend the General Meeting in person or through an authorised representative.

VOTING

The company has one series of shares. Each share entitles the holder to one vote at General Meetings. As stipulated in the Finnish Limited Liability Companies Act, a proposal supported by more than half of the votes shall constitute a decision of the Annual General Meeting. However, the Finnish Limited Liability Companies Act stipulates that several matters, including amending the Articles of Association and deciding on directed share issues, require a decision by a qualified majority – as specified in the act – of the votes cast and the shares represented at the meeting.

GENERAL MEETING 2018

DNA Plc's Annual General Meeting was held on 22 March 2018. The General Meeting was attended in person or by proxy by 411 shareholders representing 79.5 per cent 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 2017 financial period.

Minutes of the General Meeting and other related documentation are available on the DNA website at: www.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 was established to operate until further notice by the Annual General Meeting. The Nomination Committee is tasked with preparing proposals for the Annual General Meeting regarding the election and remuneration of Board members.

The committee consists of the three largest shareholders or representatives appointed by the said shareholders. In addition, the Chair of the company's Board of Directors participates in committee's work. The three shareholders whose portion of the votes conferred by all the shares in the company according to the shareholders' register, maintained by Euroclear Finland Ltd or elsewhere, is the greatest on 1 September of the year preceding the Annual General Meeting shall be entitled to appoint the committee members in the manner specified in the committee charter.

The company publishes the committee membership by issuing a press release when the members have been appointed. The term of office of the committee expires each year when a new committee is appointed. The committee has a quorum when more than half of its members are present. The committee shall not make a decision unless all committee members have had the opportunity to participate in the discussion of the matter and be present at the meeting.

The duties of the committee include the following:

- Preparing and presenting a proposal for the General Meeting regarding the remuneration of Board members
- Preparing and presenting a proposal for the General Meeting regarding the number of Board members
- Preparing and presenting a proposal for the General Meeting regarding the election of Board members
- Identifying successors for Board members

The committee shall submit the proposals prepared for the Annual General Meeting to the company's Board of Directors no later than 1 February prior to the Annual General Meeting. The proposals will be published in a press release and included in the notice of the General Meeting.

Shareholders' Nomination Committee 2018

Members of the Shareholder'S Nomination Committee in 2018 were

- **Tommi Aurejärvi**, Committee Chair since 24 October 2017, nominated by Finda Oy, and representative of Finda Telecoms Oy since 19 December 2017, born 1970, main occupation: CEO, Finda Oy
- **Seppo Vikström**, member, nominated by PHP Holding Oy, born 1956, M.Sc. (Econ. & Bus. Adm.), main occupation: Board chairperson
- **Esko Torsti**, member, nominated by Ilmarinen, born 1964, Lic.Sc. (Pol. Sci.), main occupation: director, unlisted investments, Ilmarinen

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

The Chairman of DNA's Board of Directors Pertti Korhonen took part in the committee's work.

The Nomination Committee convened on four occasions in 2018. The Committee members and the Chairman of the Board (of Directors) Pertti Korhonen attended each of the meetings.

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. The Board of Directors' proposal for the Annual General Meeting regarding Board members is prepared by the shareholders' Nomination Committee. 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, other applicable rules, and the recommendations of the Corporate Governance Code must be considered. A person elected to the Board of Directors must have the competence required for the position and be able to devote a sufficient amount of time to attending to Board duties. The membership of the Board of Directors must satisfy the principles of diversity.

The term of office of a Board member begins immediately at the end of the Annual General Meeting and expires at the end of the first Annual General Meeting following the election. If a place on the Board falls vacant in the middle of a term of office, a new member will be elected, if necessary, for the remainder of the term at a General Meeting.

The Board of Directors meets regularly, approximately once per month and as and when deemed necessary. Minutes are taken at each meeting. The Chair of the Board of Directors convenes the Board of Directors and is responsible for Board work. Each member of the Board of Directors has the right to propose matters for inclusion on the Board's agenda. The Board of Directors has a quorum when more than half of its members are present. Decisions taken by the Board of Directors are majority decisions, and in the event of a tie, the Chair of the Board shall cast the deciding vote. If a tie occurs in the election of a person, the election shall be decided by drawing lots. As stipulated by law, a member of the Board of Directors shall be disqualified from the consideration of a matter involving a conflict of interest.

Independence of directors

According to the Finnish Corporate Governance Code, the majority of the directors shall be independent of the company. In addition, at least two of the directors representing such a majority shall be independent of the company's significant shareholders.

The Board of Directors evaluates the independence of its members. The members of the Board of Directors annually confirm the information required for evaluating their independence, and commit themselves to informing the company, without delay, of any changes taking place during the term of office.

In 2018, all seven members of the Board were deemed to be independent of the company. Jukka Ottela, a member of the Board, was regarded as not independent of major shareholders. He was nominated to the Board by PHP Holding Oy, which is one of DNA's major shareholders. The other five members of the Board were deemed independent of major shareholders.

Diversity of the Board of Directors

Competent and efficient Board work requires the members of the Board of Directors to be highly competent and sufficiently diverse. The Shareholders' Nomination Committee also considers the composition of the

Board from the perspective of diversity. According to the Nomination Committee's rules of procedure, the composition of the Board of Directors must satisfy the principles of diversity as defined by the company, as well as legislation, applicable guidelines and regulations, and the Corporate Governance Code.

With regard to the composition of the Board of Directors, it is essential that the members of the Board have diverse and complementary competences, education and experience in different industries and sectors, management and businesses in different development phases. The members' personal qualities are also important. The diversity of the Board of Directors is also supported by the members' complementary competences, education and experience in different industries and sectors, management and businesses in different development phases, as well as their personal qualities in a way that facilitates the company's present and future business development. The aim is for the Board of Directors to consist of people of different ages representing both genders in a balanced way, such that there are at least two members of each gender. Experience in strategically important consumer and corporate markets, experience and capability in a digital operating environment, and customer understanding also contribute to the diversity of the Board of Directors.

Diversity of the Board of Directors in 2018

In 2018, the gender distribution of the Board of Directors was 2 women and 4 men. Members of the Board of Directors possess a wide range of expertise in different industries, and their expertise and experience in different business areas complement each other.

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:

- 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
- Electing a chairperson from among its members for each term of office
- Appointing and dismissing the company's CEO
- If necessary, appointing the deputy CEO and members of the company's Executive Team based on the CEO's proposal
- Deciding on the salaries and remuneration of the aforementioned people and their incentive scheme
- Deciding on the strategy of the company and its business units
- 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 values and other general Group principles by means of operating instructions
- 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 2018

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

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

The Board convened 13 times in 2018. The members attended meetings as follows:

- Pertti Korhonen, Chair 13/13
- Anu Nissinen 13/13
- Tero Ojanperä 12/13
- Jukka Ottela 13/13
- Margus Schults 13/13
- Kirsi Sormunen 13/13
- Heikki Mäkijärvi 2/2

MEMBERS OF THE BOARD OF DIRECTORS IN 2018

Pertti Korhonen
Born 1961
Education: M.Sc. (Tech.)
Main occupation: Various positions of trust

Member of DNA's Board of Directors since 25 October 2016, and Chair of the Board since 1 December 2016. Chair of the Personnel Committee (formerly the Remuneration Committee) since December 2016. Independent of the company and its major shareholders.

Heikki Mäkijärvi
Born 1959
Education: M.Sc. (Tech.)
Main occupation: Advisor, WingsCapital, San Francisco, CA, USA, since August 2016

Member of DNA's Board of Directors since 22 March 2017 until 22 March 2018. Member of DNA's Audit Committee since 22 March 2017 until 22 March 2018. Independent of the company and major shareholders.

Anu Nissinen
Born 1963
Education: M.Sc. (Econ.)
Main occupation: Digma Design Oy, CEO since 2016

Member of DNA's Board of Directors since 2014. Member of the Personnel Committee since 2017. Independent of the company and 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. Independent of the company and major shareholders.

MEMBERS OF THE BOARD OF DIRECTORS IN 2018

Jukka Ottela
Born 1953
Education: M.Sc. (Econ.), LL.M.
Main occupation: Various positions of trust

Member of DNA's Board of Directors since 2010. Member of DNA's Audit Committee since 2011. Member of the Personnel Committee (formerly the Remuneration Committee) since 2014. Independent of the company, not independent of major shareholders.

Margus Schults
Born 1966
Education: PhD, Electrical Engineering
Main occupation: Tallink Silja Oy, CEO since 2009

Member of DNA's Board of Directors since 2015. Member of the Audit Committee since March 2018. Member of the Personnel Committee since March 2017. 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 www.dna.fi/board

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

	Shares, 31 December 2018
Pertti Korhonen	11,001
Heikki Mäkijärvi (member of the Board of Directors until 22 March 2018)	50
Anu Nissinen	15,917
Tero Ojanperä	3,440
Jukka Ottela	16,241
Margus Schults	6,875
Kirsi Sormunen	3,000

On 31 December 2018, companies controlled by members of DNA's Board of Directors did not hold any shares in DNA.

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 Remuneration 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, the Corporate Governance Code 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 Audit Committee is comprised of a chair and at least two members elected annually by the Board of Directors from among the members who are appropriately qualified to work in the committee's field of duties. The majority of the Audit Committee's members must be independent of the company, and at least one of them must be independent of major shareholders.

The committee meets at least four times a year.

According to its charter, the Audit Committee has the following duties:

- 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
- Evaluating significant trials and other legal matters with the Senior Vice President, Legal Affairs, as required
- Monitoring business transactions by the company management and related parties, and possibly related conflicts of interest
- Reviewing the company's Corporate Governance Statement
- 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 company's disclosure policy and proposing changes, as required, to the Board of Directors
- Evaluating the process of complying with laws and regulations
- Discussing and monitoring special issues – allocated by the Board of Directors – relevant to the Audit Committee's sphere of duties

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

Audit Committee in 2018

The Audit Committee included the following members:

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

The Audit Committee convened on five occasions. The members attended meetings as follows:

- Kirsi Sormunen, Chair 5/5
- Jukka Ottela 5/5
- Margus Schults 4/5
- Heikki Mäkijärvi 1/1
- in addition, Pertti Korhonen, Chair of DNA's Board of Directors, attended 5/5 of meetings

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 Personnel Committee comprises a Chair and at least two members elected annually by the Board of Directors from among its members. The majority of the members must be independent of the company. Neither the CEO nor any other member of the company's management can be members of the Nomination Committee. The committee meets at least twice a year.

According to its charter, the Corporate Governance Code and applicable laws and regulations, the Board's Personnel Committee assists DNA's Board of Directors in preparing matters related to the remuneration of the CEO and other company executives, as well as preparing the personnel incentive schemes.

The main duties of the Personnel Committee include preparing the following matters for consideration by the Board of Directors:

- The salaries, pension terms and other benefits, other key terms of agreement and any exceptional agreement terms of the CEO and the Group Executive Team
- The short- and long-term incentive schemes for company management and personnel, and ensuring that they are appropriate
- Planning successors for the CEO and other senior executives

The committee may have additional duties deemed appropriate to its task of assisting the Board of Directors in areas such as the following:

- Appointment of the CEO and senior executives
- Principles by which the management participates in the work of subsidiary and third-party Boards
- Principles and practices related to personnel incentives
- Material organisational changes
- Review of the remuneration and salary statement required by the annual Corporate Governance Code, and answering related questions at the General Meeting

Personnel Committee in 2018

Members of the Personnel Committee in 2018:

Pertti Korhonen (Chair), Anu Nissinen, Jukka Ottela and Margus Schults.

The Personnel Committee convened four times with full attendance.

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 company discloses the CEO's personal information, shareholdings, duties and financial benefits.

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

DNA's Executive Team is comprises of the CEO, Senior Vice Presidents for 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

CEO

- 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.

CEO'S SHAREHOLDING IN DNA

	Shares, 31 December 2018
Jukka Leinonen	45,000

As of 31 December 2017, companies controlled by the CEO did not hold any shares in DNA.

Jukka Leinonen
CEO
With DNA since 2010
Born 1962
Education: M.Sc. (Tech.)
Main work experience
DNA Plc, CEO since 2013
DNA Ltd, Senior Vice President, Corporate Business, 2010–2013
TeliaSonera, various management positions in corporate business sales and marketing and product management 2002–2009
Sonera Solutions Oy (Yritysverkot Oy), President and CEO, 1996–1999

Duties of the Executive Team

DNA's Executive Team does not have any authority based on law or the Articles of Association. DNA's Executive Team is responsible for the entire Group's strategic policy, and it supports the CEO in the management of the company. The Executive Team's responsibilities include the following:

- Implementing long-term strategic objectives;
- Business development process
- Preparing and implementing the company's budget and operating plans
- Personnel, organisation and culture
- Brand management and development
- Confirming the process map, core processes and related owners to support the company's operations
- Executing business transactions and mergers
- Key collaboration and acquisition agreements, and selecting the most important partners and suppliers
- Corporate governance, Group-level instructions and practices
- Pricing and other decisions that can change the market or the company's tactics
- Off-budget investment decisions with a major/long-term impact
- Procuration rights and rights to represent the company
- Policies related to lobbying and societal relations
- Potential matters affecting the share price
- Specifying risk management strategies, processes and emphases
- Internal control according to the principles approved by the Audit Committee and the Board of Directors

The Executive Team prepares matters for the Board of Directors to decide upon, including:

- The strategy and long-term objectives
- Business transactions and mergers
- Corporate Governance

The Executive Team monitors matters including:

- Needs for changes in strategy, competitive situation and market trends
- Implementation of the budget and operating plans, functionality of core processes

The Executive Team convenes regularly at least twice a month. Additional meetings are organised when necessary.

Executive Team in 2018

In addition to the CEO, DNA's Executive Team comprised CFO Timo Karppinen, Senior Vice President, Consumer Business Pekka Väisänen, Senior Vice President, Corporate Business Hannu Rokka, Senior Vice President, Technology Tommy Olenius, Senior Vice President, Legal Affairs Asta Rantanen, Senior Vice President, Strategy Christoffer von Schantz, Senior Vice President, Human Resources Marko Rissanen, and CIO Janne Aalto. The Executive Team convened 36 times in 2018.

MEMBERS OF THE EXECUTIVE TEAM IN 2018

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

Hannu Rokka
Senior Vice President, Corporate Business
With DNA from 2011 to 02/2019
Born 1965
Main work experience
DNA Plc, Senior Vice President, Corporate Business since 2014
Forte Netservices Oy, CEO, 2012–2014
DNA Ltd, Director, Product Management in corporate business, 2013–2014
Forte Netservices Oy, Co-founder and CTO, 2000–2012
WM-data Faci Oy, Senior Consultant, 1995–2000
Digital Equipment Corp, Customer Service Engineer, 1990–1995

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

MEMBERS OF THE EXECUTIVE TEAM

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/about-dna#johtoryhma

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

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

As of 31 December 2018, companies controlled by members of the Executive Team did not hold any shares in 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, business reviews, operative reviews, support unit reviews and personnel representatives' reviews.

Extended Executive Team in 2018

The personnel representatives in the Extended Executive Team in 2018 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 2018.

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, and progress towards the goals is monitored on a monthly basis. The Group and business segments issue monthly financial reports on actual results compared with the most recent official forecasts.

Financial reporting process refers to functions that provide financial data used by the management of the company, as well as financial data that is published as stipulated by legislation, standards and other binding regulations. In 2018, DNA worked on significant development initiatives for its information systems to improve the efficiency of processes such as the financial reporting process.

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 every month. 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.

In addition, risk management is used to protect DNA's critical success factors.

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. Any risks that undermine DNA's strategically significant competitive strengths must be avoided if possible, and special attention should be paid to managing such risks. The identification and management of risk factors takes into account the special characteristics of DNA's business and operational environment.

Systematic risk management is in place to ensure that:

- DNA achieves its operational goals
- Risks are taken into account in operational decision-making
- DNA takes the right risks in terms of its strategy
- The company is aware of all significant risks related to its operations
- All necessary measures are taken to prevent significant risks or prepare for the consequences thereof
- The company's management and the Board of Directors are up to date on DNA's risks and the management of these risks

Risk management processes

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.

The annual risk management plan follows the annual plan of DNA's strategy process. The aim is to update DNA's risk map annually and draft 1 or 2 reports on the key risks and uncertainty factors, and these can be managed, for DNA's Executive Team, Audit Committee and Board of Directors.

DNA's Executive Team specifies DNA's key risks and assigns people responsible for them. These people document appropriate risk management methods and development measures for their area of responsibility and submit them to the CEO for approval. The responsibility for a risk is assigned to a person who, based on their role in the company, is best qualified to understand the risk and determine how the management of the risk should be developed. Several people can share responsibility for a risk. The risk management processes and operating models for internal control are aligned.

More information about risks is presented in DNA's financial statement bulletin and the annual report of the Board of Directors for 2018.

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 objective of internal control is to provide sufficient assurance that the company meets its goals in areas such as:

- the effectiveness and efficiency of operations
- the reliability and integrity of financial and operational information
- compliance with laws, regulations, agreements and the company's own operating principles

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

The areas of internal control comprise the following:

- internal operating environment (control environment)
- goal-setting
- risk identification and management
- control measures
- reliable information and communication (reporting)
- evaluation and monitoring of internal control
- systems and security
- monitoring of outsourced operations

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.

The objective of internal audit is to ensure that the company's targets are met in areas such as:

- the effectiveness and efficiency of operations
- ensuring effective management of the organisation and accountability
- the reliability of financial and operational reporting
- reporting risk and control information to appropriate units in the organisation
- safeguarding assets
- enhancing ethics and values within the organisation
- compliance with laws and agreements
- coordinating operations and communicating information between the Board of Directors, external and internal audit and the company management

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.

The guidelines, annual operational plan and budget of internal audit are discussed and approved by the Board of Directors. The Audit Committee and the Board of Directors receive all auditors' reports and an annual summary of the audits performed.

Insider management

DNA complies with the rules and instructions of Nasdaq Helsinki Ltd, such as its insider guidelines, the Market Abuse Regulation ((EU) No. 596/2014, MAR), the Level 2 Regulations issued under it, the provisions of the Securities Market Act and the Penal Code, and the rules and guidelines of the Finnish Financial Supervisory Authority and the European Securities and Markets Authority (ESMA). These are supplemented by the company's own insider guidelines, which aim to provide clear operational guidelines and rules on the management of insider issues, the publication of inside information, the maintenance of lists of insiders, and the transactions of the company's management and related parties.

DNA announces any inside information directly related to the company as soon as possible. DNA may delay the public disclosure of inside information if all conditions for delaying the public disclosure of inside information are met under applicable regulations. The company publishes all publicly disclosed inside information on its website and keeps it there for at least five years. DNA maintains project-specific insider registers in situations where they are required under the applicable regulations. DNA does not keep a permanent insider register.

With respect to the regulations on insider trading, within DNA a member of the management refers to member of the Board of Directors of DNA; the CEO; the Chief Financial Officer; the Senior Vice President, Corporate Business; and the Senior Vice President, Consumer Business in accordance with the market abuse regulation ((EU) No. 596/2014, "MAR"). In various connections, they are also referred to by the designation of 'MAR member of management'.

Each person who serves in a MAR management position at DNA must notify the company of all their closely associated persons, and of any changes in this information. DNA has defined and prepared a list of all MAR members of management and their closely associated persons. DNA's MAR members of management and their closely associated persons notify both DNA and the Finnish Financial Supervisory Authority of every transaction conducted on their own account relating to DNA's financial instruments. DNA, in turn, publishes these transactions as stock exchange releases. The notifications and public disclosures are made within the time limits set by legislation.

MAR members of management are not entitled to trade in DNA's financial instruments on their own account or on the account of a third party during a 30-day closed period preceding the publication, and including the date of publication, of the company's financial statements release or interim report. If the financial statements include key information that has not been previously published in a financial statements release, the close period also applies to the financial statements.

DNA specifies the personnel who are not in the aforementioned management positions and who regularly participate in preparing, drafting or communicating interim reports, financial statements releases and the annual financial statements, and personnel who receive information about the forthcoming content of these documents while they are being prepared or drafted and before they are published. Trading restrictions also apply to these personnel.

The person responsible for the company's insider issues is the Senior Vice President, Legal Affairs. Her responsibilities include internal communication and training on insider issues, drafting and updating lists of insiders, and monitoring insider issues and related regulatory amendments.

The person responsible for insider issues ensures compliance with the trading restrictions and the duty of disclosure applying to transactions undertaken by the management and related parties, and takes responsibility for matters such as training on the trading restrictions and duty of disclosure, publishing transactions, monitoring trading restrictions and the duty of disclosure and related regulatory amendments, and keeping a list of MAR members of management and their closely associated persons.

Related party transactions

DNA had no relevant related party transactions in deviation from ordinary business or ordinary market pricing during its 2018 financial period. In this text, related parties of the company refers to related parties defined for the financial statements in accordance with International Accounting Standard 24.

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.

The Audit Committee's proposal for the auditor is included in the notice of the General Meeting.

The company must disclose the auditor's remuneration for the financial period. Any fees paid to the auditor for services unrelated to the auditing of the accounts must be stated separately. Companies belonging to the same Group or chain as the auditor firm, as well as companies controlled by the auditor, are considered equivalent to the auditor. Fees paid by all companies belonging to the same Group as the company are reported as fees.

Auditing of the Accounts in 2018

In 2018, DNA's auditor was PricewaterhouseCoopers Oy, with Mika Kaarisalo, Authorised Public Accountant, acting as the principal auditor.

In 2018, the auditors' auditing fees amounted to EUR 278,757 (2017: EUR 265,429) and the fees for services unrelated to auditing amounted to EUR 100,378 (2017: EUR 210,596).

DNA EXECUTIVE TEAM REMUNERATION POLICY REPORT

DNA EXECUTIVE TEAM REMUNERATION POLICY REPORT

Remuneration principles of the Executive Team

DNA's remuneration schemes are prepared with the aim of boosting the company's competitiveness and long term financial success, as well as promoting the positive development of shareholder value. DNA's remuneration schemes are based on predefined, measurable criteria based on performance and results. The remuneration schemes are drafted in writing, and the content is as clear as possible. Remuneration can be based on long- and short-term performance and results.

The Board of Directors decides on the remuneration of the CEO and the members of the Executive Team. Board of Directors has set up a Personnel Committee to prepare proposals on matters such as the remuneration of the CEO and the Executive Team. Short-term incentives comprise target and performance-based payments that are decided upon annually and are based on the annual targets specified by the Board of Directors. Share-based incentive schemes serve as long-term incentives. The authorisation to purchase and issue shares in relation to this is decided on by the Annual General Meeting.

SUMMARY OF THE REMUNERATION POLICY FOR THE DNA EXECUTIVE TEAM

The remuneration policy for the CEO and the other members of the Executive Team consists of the following key elements:

Remuneration element	Purpose and link to strategy	Description and principles
FIXED SALARY	To provide a core level of reward for the role.	Fixed salary including taxable benefits (a car and a phone benefit). The fixed salary of the CEO was EUR 36,024 per month in 1 January – 31 December 2018.
BENEFITS	To provide competitive benefits in line with local market practices.	The members of the Executive Team are entitled to a car and a phone benefit.
INSURANCES	To protect the Executive Team members on their duties.	The CEO and the other members of the Executive Team have the same statutory insurances and additional free-time accident insurance as the entire personnel. In addition, the CEO and the other members of the Executive Team have a management and administration liability insurance.
ADDITIONAL PENSION	To provide a competitive retirement benefit in line with local market practices.	The CEO and the CFO are entitled to retire at the age of 60. Supplementary pension rights are assessed based on payments. The supplementary pension contribution for the CEO and the CFO is 20% of the fixed annual salary. The CEO and the CFO are entitled to a paid-up pension vesting in full within 6 years of the date they join the supplementary pension scheme. The other members of the Executive Team are entitled to retire at the age of 62. The supplementary pensions of the members of DNA's Executive Team are payment-based. The supplementary pension contribution for the Executive Team member is 8% of the fixed annual salary. The members of the Executive Team are entitled to a paid-up pension vesting in full within 6 years of the date they join the supplementary pension scheme.
SHORT-TERM INCENTIVES	To support the delivery of DNA's strategy and financial performance.	The short-term incentive scheme for the CEO and the Executive Team is based on company-level targets related to cash flow development, growth in net sales to end customers and customer satisfaction. In addition, a profit-based multiplier is applied for the CEO and the members of the Executive Team as well as the other personnel. Fulfilment of the criteria is monitored annually. Relation to the fixed annual salary: The CEO's annual performance-related bonus may be up to nine times/75% of the fixed annual salary. The annual performance-related bonus for the members of the Executive Team may be up to seven times/58% of the fixed annual salary.
LONG-TERM INCENTIVES	To drive long-term sustainable growth and align the interests of executives with shareholders.	DNA applies four long-term incentive plans: Performance Share Plan (PSP), Bridge Plan (BP), Restricted Share Plan (RSP), and from 2019 onwards a matching shares plan for the entire personnel (MSP). The Board of Directors of DNA decides annually on the launch of new earning and saving periods as well as the terms and conditions. The PSP consists of separate share-based plans, that begin annually and have a three-year earning period. In PSP 2019-2021, the performance criteria are based on total shareholder return (TSR) of DNA compared to a peer group and the development of DNA's EBITDA and in PSP 2018-2020 on TSR of DNA compared to a peer group and the development of DNA's cumulative cash flow. The Bridge Plan consists of two three-year share-based plans which each have a one-year earning period and a two-year restriction period. The plans begun in 2017 and 2018. Shares received as a reward cannot be sold during the two-year restriction period. The performance criteria applying to both bridge plans are based on DNA's key strategic objectives during the earning periods. The CEO and the members of the Executive Team are entitled to participate in the matching shares plan for the personnel. Relation to the fixed annual salary: The maximum amount of reward payable under the share-based incentive schemes is limited in such a way that each participant's annual share reward may be a maximum of three times their annual fixed gross salary.
CLAW BACK	To ensure pay for performance.	Claw back provisions apply to long- and short-term incentive scheme awards in exceptional circumstances such as misconduct or misstatement of financial results.
SHARE OWNERSHIP RECOMMEN-DATION	To encourage executives to build a meaningful shareholding in DNA.	DNA adheres to a shareholding recommendation for the CEO and the members of the Executive Team. According to the recommendation, the CEO and the members of the Executive Team should hold a stake in the company corresponding to his/her annual fixed gross salary. In order to achieve the recommended ownership, the members of the Executive Team must retain ownership of at least 50 per cent of the shares they have received through the aforementioned share-based incentive schemes (calculated based on the net number of shares remaining after deduction of the applicable withholding tax), until the person's share in DNA is in line with the recommendation.
SERVICE CONTRACTS AND LOSS OF OFFICE PAYMENTS	To ensure clear contractual terms are followed.	The CEO's period of notice is six months, for both the company and the CEO. If the contract is terminated by DNA, the CEO is entitled to severance pay that equals the CEO's salary for no more than eight months, in addition to the salary paid during the six-month notice period. The members of the Executive Team have notice periods of six or three months applying to both parties. If DNA terminates an employment contract, the Executive Team member is entitled to severance pay corresponding to six months' salary in addition to the salary paid during the notice period.

Supplementary information

Benchmarking approach

The Personnel Committee reviews market benchmark data from Finnish and, where necessary, international telecom companies of a similar size to DNA when setting total remuneration packages for the CEO and the members of the Executive Team. This is used more as a guide than a direct determinant of pay levels. Other factors considered include each individual's role and experience, as well as company and individual performance.

2014 share-based remuneration scheme (2014 LTI)

In 2014, DNA's Board of Directors decided on a long-term share-based remuneration scheme for DNA's Executive Team, other senior managers and specified key personnel. The performance criteria was based on share value increase of DNA. The people covered by the scheme were offered the opportunity to receive a reward in the form of shares or cash, as decided by the company, if the company was listed on the stock exchange or in cash if divestments were made by the largest shareholders. Of the possible outcomes of the scheme, the listing of the company on the stock exchange materialised. The rewards earned from the long-term incentive scheme were paid in December 2017.

Restricted Share Plan (RSP)

The RSP can be used as a supplementary tool to ensure the commitment of employees in specific situations, such as in acquisitions and in recruitments. The possible reward is subject to continuation of the employment. The RSP typically covers only a few persons each year, and it consists of share-based plans that begin annually. Each plan has a three-year restriction period, after which the shares allocated at the beginning of each respective plan are paid to the participants, provided that they are still employed by DNA until the payment of the reward. The launch of each new plan requires a separate decision by the Board of Directors.

DNA EXECUTIVE TEAM REMUNERATION POLICY REPORT

The year in review

We measure the success of our Executive Team by how well DNA achieves its strategic and financial targets. Year 2018 was the best in DNA's history. We succeeded well in executing our strategic targets – customer satisfaction developed positively, our net sales and profitability were at the highest level of all time in DNA's history and our employees were even more satisfied with DNA as an employer.

SHORT-TERM INCENTIVE SCHEME

Short term incentives for 2017 (paid in 2018)

The short-term incentive scheme 2017 was based on the following company level targets:

- cash flow development
- growth in net sales to end customers
- customer satisfaction.

DNA's first year as a listed company was excellent in light of how strategic and financial targets were achieved. Operative free cash flow increased by 26 per cent compared to 2016. Net sales to end customers in 2017 grew by 3.6 per cent. Free cash flow to equity was at a good level. Satisfaction of our customers improved further, i.a. in the Consumer business the product level NPS improved in the main product groups, in the Corporate business NPS remained at the same healthy level as in the previous year, and in the DNA stores the customer satisfaction was at a record high level.

Details of the short-term incentive scheme award for the CEO for 2017 are set out below:

CEO 2017 SHORT-TERM INCENTIVES (PAID IN 2018)

Weighting	Measures	Level of achievement 2017 (maximum is 100%)
60%	Cash flow development	100%
20%	Growth in net sales to end customers	100%
20%	Customer satisfaction	50%
	Total	**Total achievement 90%**

Short term incentives for 2018 (to be paid in 2019)

The short-term incentive scheme 2018 was based on the following company level targets:

- cash flow development (weighting 60 %)
- growth in net sales to end customers (weighting 20 %)
- customer satisfaction (weighting 20 %).

LONG-TERM INCENTIVE SCHEMES

Details of the long-term incentive scheme awards:

	2014 LTI	2017 PSP			2017 Bridge plan		2017 RSP		
Earning period	**2014-2017**	**2017-2019**	**2018-2020**	**2019-2021**	**2017-2019**	**2018-2020**	**2017-2019**	**2018-2020**	**2019-2021**
Number of participants at the delivery or grant	35	51	51	69	51	51	0	0	0
Maximum gross number of shares to be delivered at grant (before tax withholding)									
To CEO	216,000	53,500	45,000	39,129	17,800	15,000			
To other Executive Team members	522,000	151,500	106,400	92,332	50,600	35,200			
To other participants	1,182,000	266,000	198,000	250,697	88,900	65,700			
Total	**1,920,000**	**471,000**	**349,400**	**382,158**	**157,300**	**115,900**			
Performance measures (weighting)	Share value (100%)	Relative TSR (40%) and cumulative cash flow (60%)	Relative TSR (40%) and cumulative cash flow (60%)	Relative TSR (40%) and EBITDA development (60%)	Strategic targets (100%)	Strategic targets (100%)	Continuation of employment and financial criterion	Continuation of employment and financial criterion	Continuation of employment and financial criterion
Level of achievement of performance measures	91.25%				100% (2017)	90.59% (2018)			
Number of gross shares to be delivered (before tax withholding)									
To CEO	195,206				17,800				
To other Executive Team members	471,748				50,600				
To other participants	764,556				82,100				
Total	**1,431,510**				**150,500**				
Delivery year	2017	2020	2021	2022	2018	2019	2020	2021	2022
Lock-up period on vested shares					2 years	2 years			

Remuneration paid to the CEO and Executive Team members in 2018:

2018 (EUR)	Cash salary	STI based on the performance in the previous year	Benefits	Share reward*	Additional pension	Total
CEO	428,749	338,482	13,620	310,403	97,057	**1,188,311**
Other members of the Executive Team	1,389,230	841,091	26,955	882,013	159,436	**3,298,725**

* Based on delivery date 1 March 2018 share price.

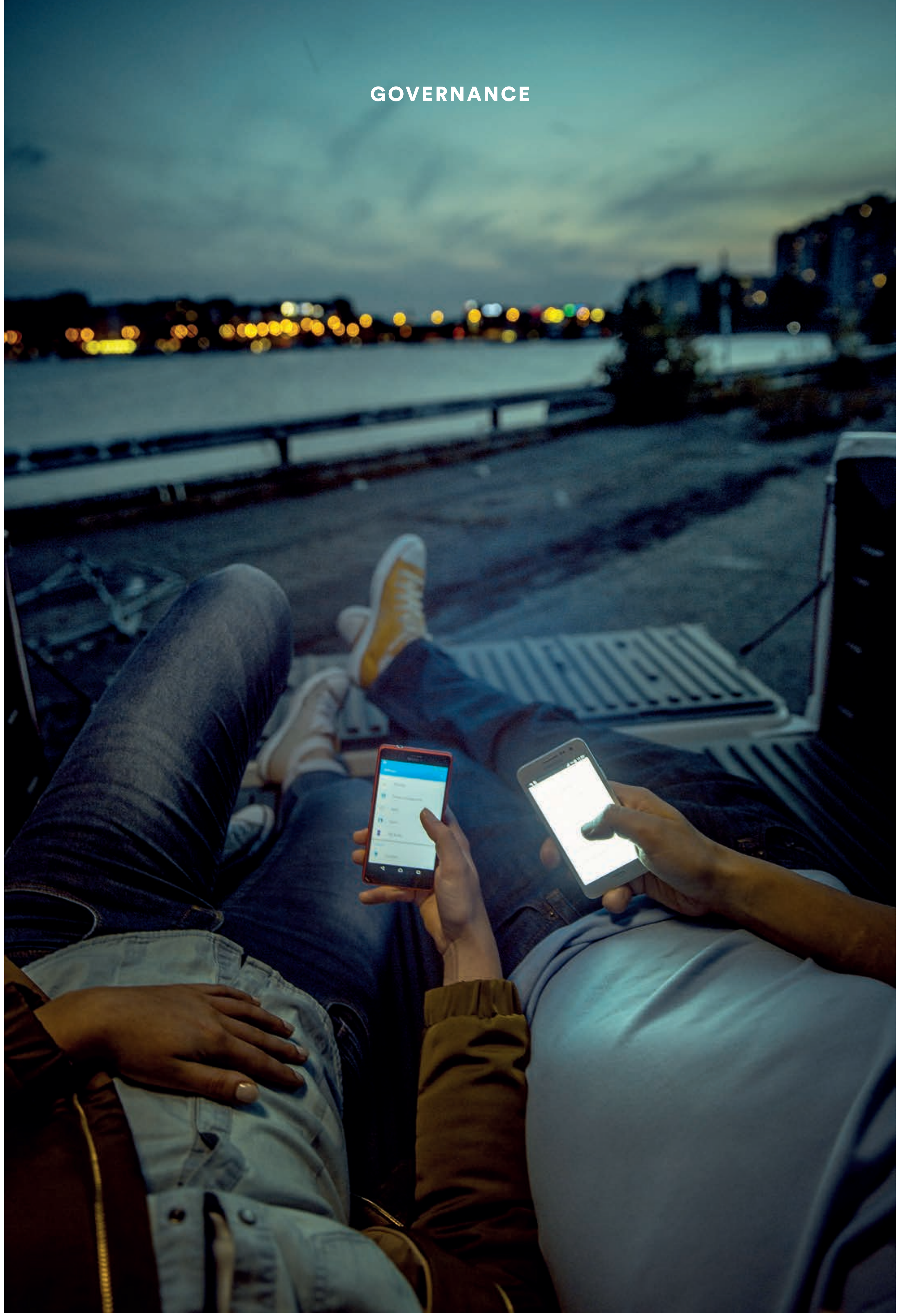
Remuneration paid to the CEO and Executive Team members in 2017:

2017 (EUR)	Cash salary	STI based on the performance in the previous year	Benefits	Share reward**	Additional pension	Total
CEO	530,108	263,135	37,354	3,008,550	95,749	**3,934,896**
Other members of the Executive Team	1,665,704	776,538	86,564	7,267,118	157,355	**9,953,279**

** Based on delivery date 4 December 2017 share price.

SHAREHOLDINGS OF THE EXECUTIVE TEAM

Name	Position	Executive Team member since	31 December 2018	31 December 2017
Jukka Leinonen	CEO	2010	45,000	125,032
Timo Karppinen	CFO	2012	17,000	44,083
Asta Rantanen	Senior Vice President, Legal Affairs	2007	10,900	29,488
Pekka Väisänen	Senior Vice President, Consumer Business	2009	11,503	42,209
Hannu Rokka	Senior Vice President, Corporate Business	2014	5,789	34,431
Tommy Olenius	Senior Vice President, Technology	2009	23,531	39,807
Janne Aalto	CIO	2014	20,000	37,933
Christoffer von Schantz	Senior Vice President, Strategy	2013	18,000	30,263
Marko Rissanen	Senior Vice President, Human Resources	2007	5,000	26,555



Remuneration of personnel

Short-term incentives

DNA wants to ensure that all of its employees can share in the success of the company and good performance of its personnel. All employees of DNA are covered by a short-term incentive scheme. Reward are paid based on achievement of set targets. In spring 2018 DNA paid EUR 5.7 million (EUR 5.5 million) performance-based short-term incentives to managers and employees (the sum includes pension and social security payments). The main short-term incentive scheme of the company is based on the requirement of the position, and the annual earning opportunity is 1–3 months fixed salary. Rewards are defined based on the financial situation of the company. No rewards are paid unless the company's EBIT exceeds a threshold level.

Matching shares plan for the personnel

In December 2018 the Board of Directors of DNA Plc has decided on the establishment of a matching shares plan for all DNA personnel. The purpose of the plan is to steer the activities of personnel towards the attainment of strategic objectives, as well as to improve the long-term commitment of personnel and offer incentives in the form of potential increase in share value.

Participation in the matching shares plan is voluntary. The first saving period in 2019-2020 begins in April 2019 and will run until March 2020. Each employee may participate in one saving period at a time, with the saved shares purchased quarterly at market value after the publication of financial results. Participants may purchase shares up to a value of EUR 500 per month. The matching shares issued for the saved shares will be paid in a single instalment at the end of the holding period, with DNA issuing each participant one matching share for two purchased shares. In addition, participants have the opportunity to receive additional matching shares based on a multiplier of 0.75 if the performance measure set for the plan is achieved. The Board of Directors of DNA will decide annually on possible new saving periods and their terms.

DNA'S BOARD OF DIRECTORS REMUNERATION REVIEW

Decision-making process regarding remuneration

DNA's General Meeting decides on the remuneration paid for the work of the Board of Directors and its Committees, along with the bases for determining the remuneration, for one term of office at a time. The shareholders' Nomination Committee prepares matters relating to the remuneration of the Board of Directors. By virtue of the Limited Liability Companies Act, the General Meeting, or the Board of Directors authorised by the General Meeting, decides on granting shares or options.

Remuneration of the Board of Directors

The General Meeting decides on the remuneration payable to the Board of Directors based on the proposal by the shareholders' Nomination Committee.

The fees payable to the members of the Board of Directors consist of a fixed fee and a fee per meeting and may also include remuneration in the form of shares. No pension payments are associated with the fees payable to members of the Board of Directors.

Travel expenses are reimbursed according to the applicable decision of the Tax Administration on the reimbursement of tax-free travel expenses.

Remuneration of the Board of Directors in 2018

DNA's Annual General Meeting, held on 22 March 2018, decided not to change the Remuneration paid to the Board of Directors. The remuneration is as follows:

- Annual remuneration, Chairman of the Board of Directors: EUR 144,000
- Annual remuneration, members of the Board of Directors: EUR 48,000
- Meeting fee, members of the Board of Directors: EUR 1,050 per meeting per person
- Meeting fee, Committee Chair: EUR 1,050 per meeting per person
- Meeting fee, Committee members: EUR 525 per meeting per person.

The Nomination Committee recommended that each member of the Board annually spend 40 per cent of their annual remuneration, net of withholding tax, on purchasing the company's shares until the value of their shareholding corresponds to their gross annual remuneration.

ANNUAL REMUNERATION AND MEETING FEES 2018 (EUR)

Name	Annual remuneration*	Meeting fees	Total
Pertti Korhonen	144,240	24,150	**168,390**
Anu Nissinen	48,240	16,800	**65,040**
Tero Ojanperä	48,240	13,650	**61,890**
Jukka Ottela	48,240	19,425	**67,665**
Margus Schults	48,000	18,375	**66,375**
Kirsi Sormunen	48,240	19,950	**68,190**
Heikki Mäkijärvi (member of the Board of Directors until 22 March 2018)	12,060	5,250	**17,310**

*The difference in the annual remuneration decided by the Annual General Meeting and actual annual remuneration is caused by the taxable value of the phone benefit.

ANNUAL REMUNERATION AND MEETING FEES 2017 (EUR)

Name	Annual remuneration	Meeting fees	Total
Pertti Korhonen	152,240	27,300	**179,540**
Jarmo Leino (until 22 March 2017)	4,060	3,675	**7,735**
Heikki Mäkijärvi	36,180	11,550	**47,730**
Anu Nissinen	48,240	21,525	**69,765**
Tero Ojanperä	48,023	17,850	**65,873**
Jukka Ottela	48,240	20,475	**68,715**
Margus Schults	48,000	21,000	**69,000**
Kirsi Sormunen	48,240	24,150	**72,390**

SHAREHOLDINGS OF THE BOARD OF DIRECTORS:

Name	31 December 2018	31 December 2017
Pertti Korhonen	11,001	**11,001**
Anu Nissinen	15,917	**15,917**
Tero Ojanperä	3,440	**10,440**
Jukka Ottela	16,241	**19,241**
Margus Schults	6,875	**6,875**
Kirsi Sormunen	3,000	**2,000**
Heikki Mäkijärvi (member of the Board of Directors until 22 March 2018)	50	**0**

Valid authorisation concerning remuneration

On 22 March 2018, the Board was authorised to decide on a share issue, to dispose of own shares held by the company and an issue of special rights entitling to shares as referred to in Chapter 10, Section 1, of the Companies Act.

Under the authorisation, the Board of Directors may issue up to 10,000,000 new shares or own shares held by the company in one or several lots. The proposed maximum number corresponds with approximately 7.5 per cent of all of the company's current shares.

A share issue may also take place as a directed issue i.e. deviating of the pre-emptive subscription right of the shareholders. The authorisation may be used to implement company arrangements, to improve the company's capital structure, for the company's incentive schemes, for the payment of any share-based rewards to the Board members and other purposes decided by the Board. The Board of Directors is authorised to decide on all other terms and conditions relating to a share issue and of the issue of special rights entitling to shares.

The authorisation will be effective until the end of the next Annual General Meeting. The authorisation cancels the authorisation granted to the Board of Directors by the Annual General Meeting of 22 March 2017 to decide on a share issue and an issue of special rights entitling to shares.

BOARD OF DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR 2018

INDEX

BOARD OF DIRECTORS' REPORT

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

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

Operating environment 2018

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

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

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

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

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

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

Regulation

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

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

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

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

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

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

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

Net sales and result

Net sales

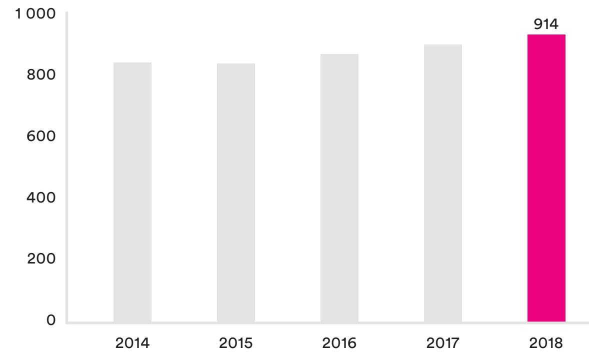
DNA's net sales increased and totalled EUR 913.5 million (886.1 million). The positive development was fuelled by the growth of mobile service revenue, which was boosted in particular by the growth of DNA's subscription base and customers switching to faster 4G subscriptions. Mobile device sales were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

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

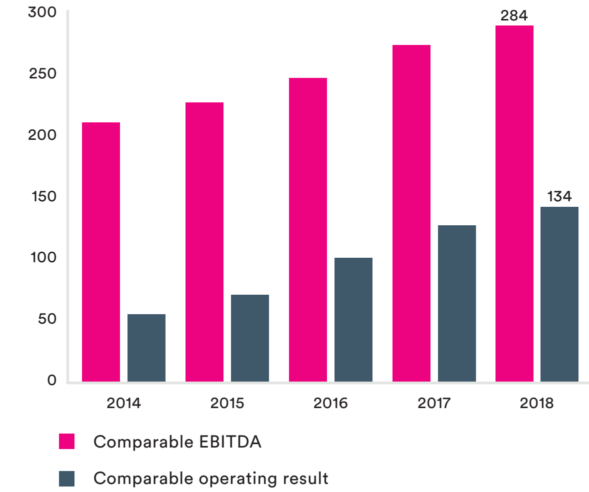
Result

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

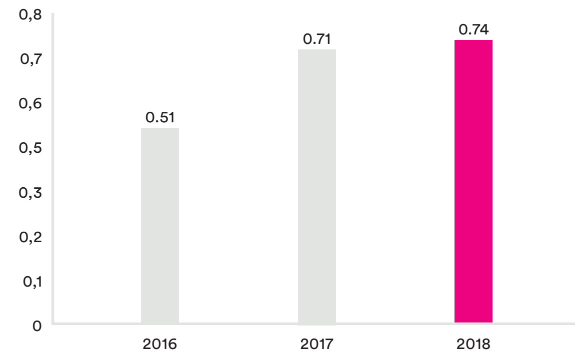
NET SALES, EUR MILLION



COMPARABLE EBITDA AND COMPARABLE OPERATING RESULT, EUR MILLION



EARNINGS PER SHARE, €



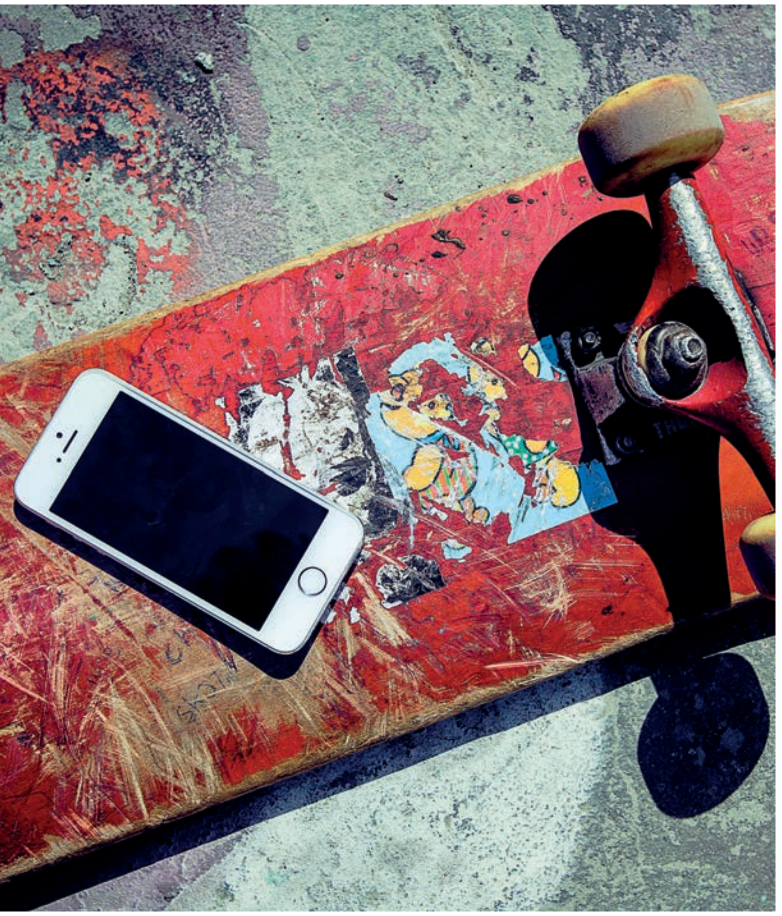
Operating result as a percentage of net sales was 14.6% (13.9%). Comparable operating result amounted to EUR 133.8 million (126.6 million). The comparability of operating result in the reference period was affected by an item of EUR 3.1 million related to impairment of data systems.

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

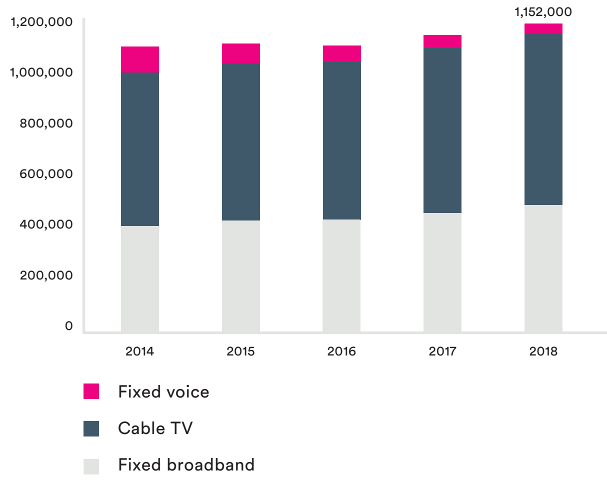
Key operative indicators

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

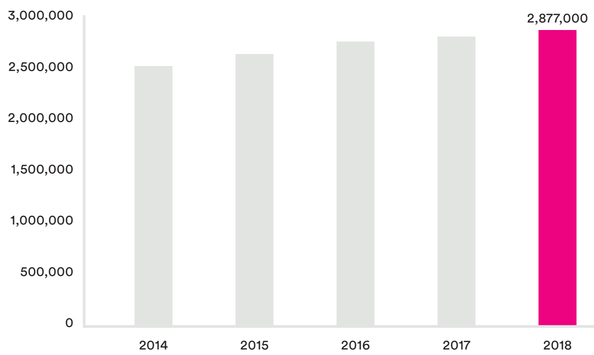
In the January-December period, ARPU increased 2.3% and was EUR 18.8 (18.4). In the January-December period, DNA's customer CHURN rate was 16.2%, which is lower than a year ago (18.3%). This was due to high customer satisfaction and DNA's ability to react quickly to competitors' campaigns.



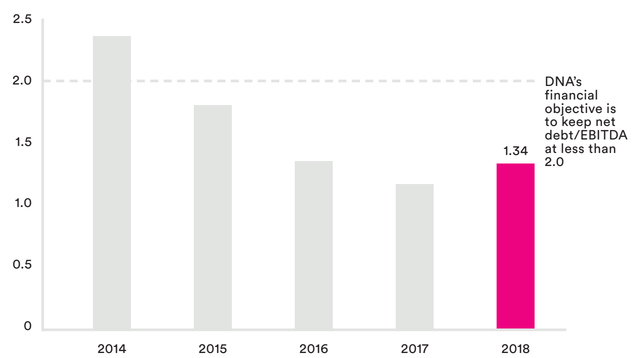
FIXED-NETWORK SUBSCRIPTIONS



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



NET DEBT/EBITDA, %



CONSOLIDATED KEY FIGURES

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

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

**Group key figures

KEY OPERATIVE INDICATORS

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

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

Cash flow and financial position

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

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

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

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

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

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

CASH FLOW AND FINANCIAL KEY FIGURES

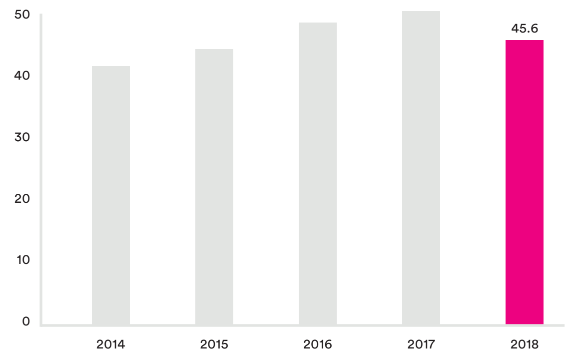
EUR million	1-12/2018 Reported	1-12/2018 Adjusted*	1-12/2017 Reported
Cash flow after investing activities	63.4	63.4	107.7
Net debt, EUR million	379.3	379.3	304.3
Net debt/EBITDA	1.33	1.34	1.12
Net gearing, %	62.7	67.8	50.3
Equity ratio, %	46.9	45.6	50.6

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

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

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

EQUITY RATIO, %



DEVELOPMENT PER BUSINESS SEGMENT

Consumer business

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

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

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

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

CONSUMER BUSINESS KEY FIGURES

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

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

**Group key figures

Corporate business

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

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

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

CORPORATE BUSINESS KEY FIGURES

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

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

**Group key figures

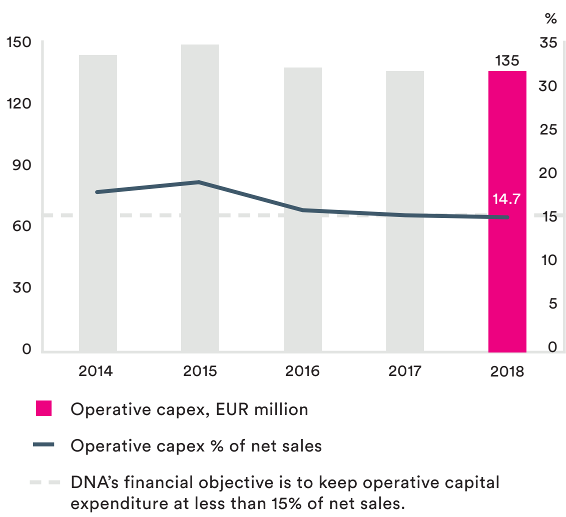
CAPITAL EXPENDITURE

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

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

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

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



CAPITAL EXPENDITURE

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

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

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

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

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

RESEARCH AND DEVELOPMENT

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

NETWORK INFRASTRUCTURE AND NEW TECHNOLOGIES

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

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

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

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

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

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

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

PERSONNEL

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

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

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

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

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

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

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

PERSONNEL BY BUSINESS SEGMENT

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

PERSONNEL BY AGE GROUP

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

KEY PERSONNEL INDICATORS

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

MANAGEMENT AND GOVERNANCE AND SIGNIFICANT LITIGATION MATTERS

Significant litigation matters

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

Management and governance

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

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

Decisions of Annual General Meeting 2018

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

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

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

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

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

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

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

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

Board of Directors in 2018

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

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

Audit Committee in 2018

The Audit Committee included the following members:

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

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

The Audit Committee convened on five occasions.

Personnel Committee in 2018

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

The Personnel Committee convened four times with full attendance.

Corporate Governance Statement

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

SHARES AND SHAREHOLDERS

Shares

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

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

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

Shareholders and flagging notifications

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

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

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

Share-based reward systems

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

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

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

Matching share plan for DNA personnel

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

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

Composition of DNA's Nomination Committee

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

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

DISTRIBUTION BY SECTOR 31 DECEMBER 2018

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

BREAKDOWN BY SIZE OF HOLDING 31 DECEMBER 2018

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

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

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

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

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

DNA'S FINANCIAL OBJECTIVES AND DIVIDEND POLICY

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

DNA's medium-term financial objectives:

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

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

CORPORATE RESPONSIBILITY

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

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

REPORT ON NON-FINANCIAL INFORMATION

Business model description

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

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

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

Social responsibility and employee-related factors

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

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

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

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

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

Respect for human rights

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

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

There were no human rights violations at DNA in 2018.

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

Environmental responsibility

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

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

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

In 2018, DNA updated its climate objectives as follows:

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

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

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

Anti-corruption and anti-bribery

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

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

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

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

NEAR-TERM RISKS AND UNCERTAINTIES

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

Strategic and operative risks

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

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

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

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

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

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

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

Regulatory risks

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

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

Financing risks

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

Damage risk

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

EVENTS AFTER THE REVIEW PERIOD

DNA acquires Moi Mobiili

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

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

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

OUTLOOK FOR 2019

Market outlook

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

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

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

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

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

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

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

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

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

DNA's guidance for 2019

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

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

DNA's guidance on future outlook

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

Board of Directors' proposal for distributable funds

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

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

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

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

DNA's Annual General Meeting 2019

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

DNA Plc

Board of Directors

GROUP KEY FINANCIAL FIGURES

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

RECONCILIATION OF COMPARABLE KEY FIGURES

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

FREE CASH FLOW TO EQUITY

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

CASH FLOW AND FINANCIAL KEY FIGURES

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

PER-SHARE KEY FIGURES

	2018 Reported	2018 Adjusted	2017 Reported	2016	2015	2014
Basic earnings per share, EUR	0.77	0.74	0.71	0.51	0.39	0.10
Diluted earnings per share, EUR	0.77	0.74	0.71	0.51	0.39	0.10
Equity per share, EUR	4.58	4.23	4.58	4.5	4.1	4.0
Dividend per share, EUR	0.70*	0.70*	0.46	0.55	0.31	0.24
Capital payment per share from the reserve for invested unrestricted equity, EUR	0.40*	0.40*	-	-	-	-
Extra capital payment per share from the reserve for invested unrestricted equity, EUR	-	-	0.17	-	-	-
Dividend per earnings, %	-	-	0.47	-	-	-
Capital payment per share from the reserve for invested unrestricted equity, from result %	91%	95%	65%	108%	81%	242%
Extra capital payment per share from the reserve for invested unrestricted equity, from result %	52%	54%	-	-	-	-
Effective dividend yield, %	-	-	24%	-	-	-
Effective share-based capital payment from the reserve for invested unrestricted equity,%	-	-	66%	-	-	-
Effective share-based extra capital payment from the reserve for invested unrestricted equity,%	4.1	4.1	2.9%	5.4%	-	-
Price/earnings ratio (P/E)	2.3	2.3	-	-	-	-
Lowest price of the share	-	-	1.1%	-	-	-
Highest price of the share	-	-	3.0%	-	-	-
Average price of the share	22.2	23.1	22.0	19.9	-	-
Market capitalisation	14.80	14.80	10.13	9.87	-	-
Trading volume for the financial period	22.02	22.02	15.85	10.29	-	-
Trading volume for the financial period, %	18.19	18.19	13.90	10.09	-	-
Weighted average adjusted number of shares during the financial period (1,000)	2,259,743,780	2,259,743,780	2,070,549,775	1,342,880,525	-	-
Adjusted number of shares at the end of the financial period (1,000)	62,378 600	62,378,600	79,550,798	56,981,069	-	-
Trading volume for the financial period, %	47.1%	47.1%	60.2%	43.1%	-	-
Weighted average adjusted number of shares during the financial period (1,000)	132,039	132,039	131,923	127,733	127,306	127,183
Adjusted number of shares at the end of the financial period (1,000)	132,039	132,039	132,081	132,304	127,318	127,187

* Board of Directors proposal to the AMG

KEY OPERATIVE INDICATORS

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

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

CALCULATION OF KEY FIGURES

Earnings per share (EUR)	=	Result for the financial period attributable to equity holders of the parent company / Weighted number of shares during the financial period excluding treasury shares
Equity per share (EUR)	=	Equity attributable to equity holders of the parent company / Number of shares on balance sheet date
Net debt (EUR)	=	Non-current and current borrowings -cash and cash equivalents
Net gearing, %	=	Net debt / Total equity
Equity ratio, %	=	Total equity / Total assets – advances received
EBITDA (EUR)	=	Operating result (EBIT) + depreciation, amortisation and impairments
Return on investment (ROI), % *	=	Net result before income taxes + finance expense / Total equity + borrowings (average for the period)
Return on equity (ROE), % *	=	Net result for the period / Total equity (average for the period)
Net debt/EBITDA*	=	Net debt / Operating result + depreciation + amortisation + impairments
Comparable EBITDA (EUR)	=	EBITDA excluding items affecting comparability
Comparable operating result, EBIT (EUR)	=	Operating result, EBIT excluding items affecting comparability
Items affecting comparability	=	Items affecting comparability being material items outside ordinary course of business such as net gain or losses from business disposals, direct transaction costs related to business acquisitions, write-off of non-current assets, costs for closure of business operations and restructurings, fines or other similar payments, damages as well as costs related to a one time study on the Company's strategic alternatives to grow its shareholder base, costs related to the strategic assessment work of the Board of Directors as well as direct transaction costs of and cost impacts of the listing.
Cash flow after investing activities (EUR)	=	Net cash generated from operating activities + net cash used in investing activities
Capital expenditure (EUR)	=	Capital expenditure comprise additions to property, plant and equipment and intangible assets excluding business acquisitions, gross acquisition cost of spectrum licence and additions through finance leases and asset retirement obligations and including annual cash instalments for the spectrum licence.

*12-month adjusted

Operative capital expenditure	=	Operative capital expenditure is reported capital expenditure without annual cash instalments for spectrum licenses.
Operating free cash flow	=	Comparable EBITDA - operative capital expenditure
Free cash flow to equity (FCFE)	=	Comparable EBITDA – total capital expenditure excluding the annual cash instalment for spectrum licences - change in net working capital including an adjustment between operative capex and cash-based capex in order to present FCFE on a cash basis, however excluding cash instalments for spectrum licences and adjusted with the items affecting comparability - net interest paid - income taxes paid - change in provisions adjusted with the items affecting comparability.

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

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

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

CALCULATION OF PER-SHARE KEY FIGURES

Earnings per share (EUR)	=	Result for the financial period attributable to equity holders of the parent company / Weighted number of shares during the financial period excluding treasury shares
Equity per share (EUR)	=	Equity attributable to equity holders of the parent company / Number of shares on balance sheet date
Dividend per share (EUR)	=	Dividend distribution for the financial period / Number of shares on balance sheet date
Dividend per earnings (%)	=	Dividend per share / Earnings per share
Price/earnings ratio (P/E)	=	Stock price per share / Earnings per share

FINANCIAL STATEMENTS 2018

CONSOLIDATED INCOME STATEMENT

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

Notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

Notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

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

Notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

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

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

Notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

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

Notes are an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

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

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

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

2 ACCOUNTING PRINCIPLES

Basis of preparation

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

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

New and amended standards adopted by the Group

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

IFRS 9 Financial Instruments

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

The IFRS 15 Revenue from Contracts with Customers

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

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

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

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

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

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

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

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

Subsidiaries

The Consolidated financial statements comprise the parent company DNA Plc and all its subsidiaries. Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

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

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

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

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

Associated companies

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

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

Joint arrangements

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

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

Segment reporting

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

Foreign currency translation

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

Foreign currency transactions

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

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

Property, plant and equipment

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

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

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

The depreciation periods are as follows:

Buildings and constuctions

- Buildings 25 years
- Constructions 10–25 years

Machinery and equipment

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

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

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

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

Intangible assets

Goodwill

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

Research and development expenditure

Research expenditure is recognised as an expense in the income statement. Expenditure for the development of new or improved products is capitalised as intangible assets in the balance sheet when the product is technically feasible and commercially viable and it is likely that the future economic benefits attributable to the development expenditure will go to the company. Capitalised development expenditure comprises material, work and testing expenses that are directly attributable of completing the product for its intended use. Development costs previously recognised as an expense are not recognised as an asset in a subsequent

period. Intangible assets are amortised from the date they are ready for use. Subsequent the initial recognition, capitalised development expenditure is carried at cost less accumulated amortisation and impairment. Currently the Group has no uncompleted capitalised development expenditure.

Contractual customer base

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

Other intangible assets

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

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

The useful lives of other intangible assets are as follows:

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

Inventories

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

Lease agreements

Group as a lessee

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

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

Impairment of property, plant and equipment and intangible assets

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

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

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

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

Employee benefits

Retirement benefit obligations

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

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

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

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

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

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

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

Share-based payments

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

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

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

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

Provisions and contingent liabilities

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

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

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

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

Current and deferred income tax

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

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

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

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

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

Revenue recognition 1 January 2018

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

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

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

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

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

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

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

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

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

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

For more information, please see note 5.

Revenue recognition 2017

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

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

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

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

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

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

Interest and dividend

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

Borrowing costs

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

Financial assets and liabilities after 1 January 2018

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

Impairment of financial instruments

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

Classification of financial assets and liabilities

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

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

The table below illustrates the classification of financial instruments.

Borrowings

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

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

Derivative financial instruments and hedge accounting

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

Financial assets and liabilities

Accounting principles until 31 December 2017

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

Financial assets

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

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

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

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

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

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

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

Borrowings

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

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

Derivative financial instruments and hedge accounting

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

Share capital

Outstanding ordinary shares are presented in share capital.

Critical accounting judgements and key sources of estimation uncertainty

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

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

Business acquisitions

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

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

Valuation of intangible assets and property, plant and equipment

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

Depreciation and amortisation expenses

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

Impairment testing

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

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

Provisions

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

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

Revenue recognition

Principal or agent – gross versus net presentation

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

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

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

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

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

New standards and interpretations not yet adopted by the Group

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3 FINANCIAL RISK MANAGEMENT

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

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

Liquidity risk

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

DEBT MATURITY ANALYSIS

2018

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

2017

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

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

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

Credit risk

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

Trade receivables and contract assets

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

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

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

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

Interest rate risk

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

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

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

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

Capital management

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

FINANCIAL INSTRUMENTS BY CLASS

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

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

4 SEGMENT INFORMATION

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

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

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

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

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

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

1 Jan-31 Dec 2018

EUR in thousands

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

1 Jan-31 Dec 2017

EUR in thousands

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

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

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

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

5 REVENUE FROM CONTRACTS WITH CUSTOMERS

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

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

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

Assets and liabilities related to contracts with customers

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

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

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

EUR in thousands	2018
Contract liabilities	5,122

Significant changes in contract assets and liabilities

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

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

Liabilities related to contracts with customers

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

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

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

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

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

Assets recognised from costs to obtain a contract

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

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

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

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

6 OTHER OPERATING INCOME

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

7 OTHER OPERATING EXPENSES

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

AUDITOR FEES

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

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

8 DEPRECIATION, AMORTISATION AND IMPAIRMENT

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

*Impairment of data system

9 EMPLOYMENT BENEFIT EXPENSES

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

NUMBER OF PERSONNEL, AVERAGE

Consumer business	932	971
Corporate business	673	668
Total	**1,605**	**1,639**

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

10 FINANCE INCOME

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

11 FINANCE EXPENSE

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

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

12 INCOME TAX EXPENSE

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

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

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

13 EARNINGS PER SHARE

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

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

14 PROPERTY, PLANT AND EQUIPMENT

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

15 INTANGIBLE ASSETS AND IMPAIRMENT TESTING

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

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

Goodwill allocation

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

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

Impairment testing

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

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

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

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

APPLIED PARAMETERS USED INIMPAIRMENT TESTING AND SENSITIVITY ANALYSIS

Applied parameters 2018

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

* Five-year forecast period average

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

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

Applied parameters 2017

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

* Five-year forecast period average

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

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

16 INVESTMENTS IN ASSOCIATES

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

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

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

EUR in thousands

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

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

INTEREST IN JOINT ARRANGEMENT

	Group holding
Suomen Yhteisverkko Oy	49%

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

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

17 OTHER INVESTMENTS

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

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

18 TRADE AND OTHER RECEIVABLES

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

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

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

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

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

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

19 DEFERRED TAX ASSETS AND LIABILITIES

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

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

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

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

20 INVENTORIES

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

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

21 CASH AND CASH EQUIVALENTS

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

22 EQUITY

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

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

Change in the classification of unrestricted equity

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

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

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

Reserve for invested unrestricted equity

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

Dividends

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

Treasury shares

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

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

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

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

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

23 SHARE-BASED PAYMENTS

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

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

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

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

The Performance Share Plan

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

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

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

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

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

The Bridge Plan

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

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

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

The restricted share-based reward system

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

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

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

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

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

Share-Based payments
EUR in thousands

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

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

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

Matching share plan for DNA personnel

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

24 EMPLOYMENT BENEFIT OBLIGATIONS

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

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

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

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

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

Significant actuarial assumptions:

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

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

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

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

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

Impact on defined benefit obligation

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

Impact on defined benefit obligation

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

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

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

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

Changes in the bond yields

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

Inflation risk

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

Salary risk

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

Life expectancy risk

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

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

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

Undiscounted pension benefits are expected to mature as follows:

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

25 PROVISIONS

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

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

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

Asset retirement obligation

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

Onerous contracts

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

26 BORROWINGS

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

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

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

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

27 NET DEBT

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

Change in net debt

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

28 TRADE AND OTHER PAYABLES

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

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

29 FAIR VALUE OF BORROWINGS

Non-current borrowings

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

Current borrowings

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

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

30 OPERATING LEASE AGREEMENTS

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

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

31 GUARANTEES AND CONTINGENT LIABILITIES

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

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

32 RELATED PARTY TRANSACTIONS

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

Parent company DNA Plc's subsidiaries and ownerships:

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

Listing of associated companies is presented in note 16.

The following related party transactions were carried out:

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

KEY MANAGEMENT COMPENSATION

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

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

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

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

Management's and CEOs' pension commitments

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

33 IMPACT OF NEW AND AMENDED STANDARDS

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

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

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

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

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

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

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

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

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

Impact on group opening balance

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

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

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

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

Impact of IFRS 15 on the consolidated income statement 2018

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

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

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

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

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

IFRS 15 impact on group balance 2018

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

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

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

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

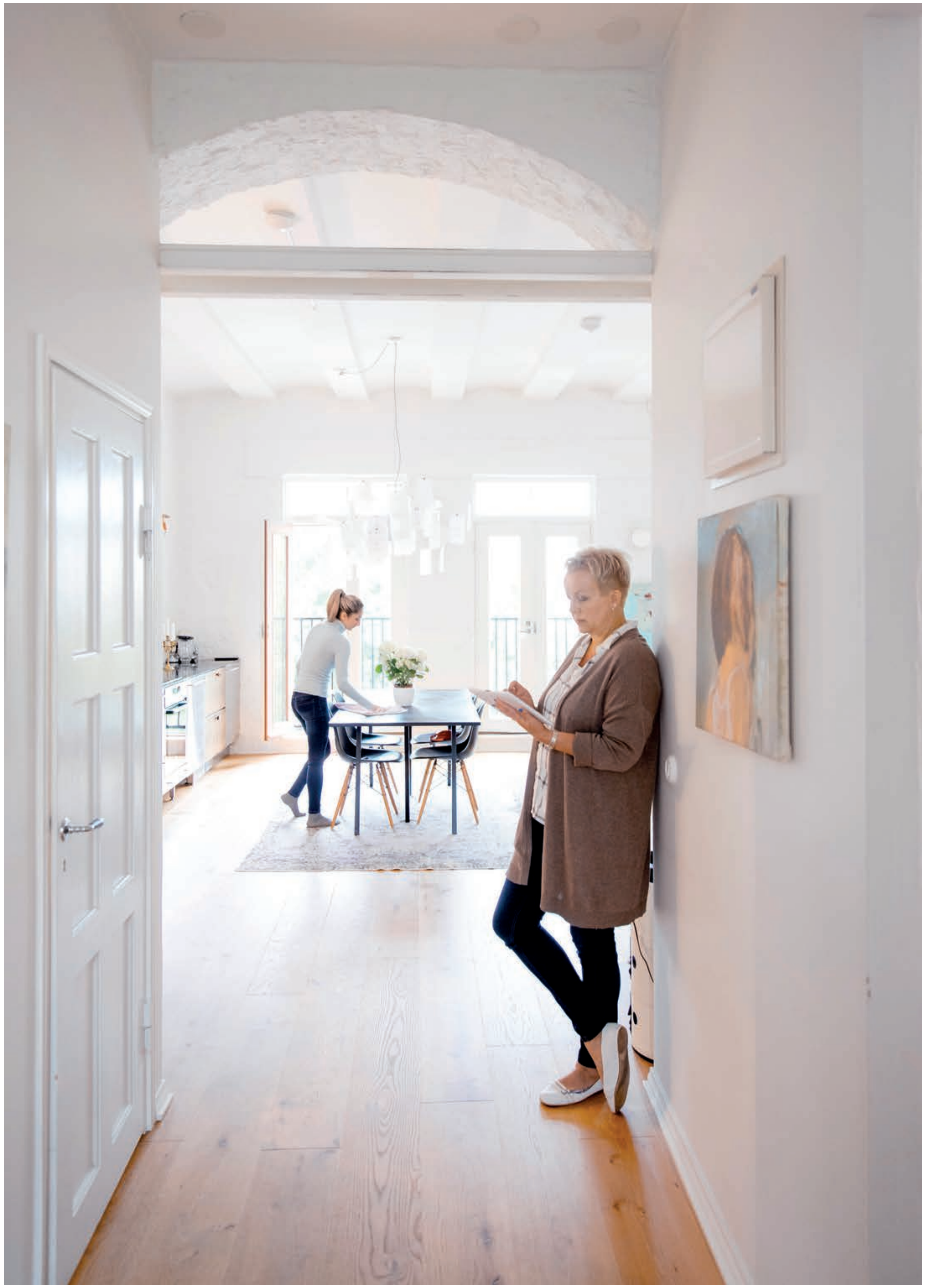
34 EVENTS AFTER THE REVIEW DATE

DNA acquires Moi Mobiili

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

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

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



PARENT COMPANY INCOME STATEMENT, FAS

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

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

PARENT COMPANY BALANCE SHEET, FAS

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

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

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

PARENT COMPANY CASH FLOW STATEMENT, FAS

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

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

PARENT COMPANY ACCOUNTING PRINCIPLES, FAS

Valuation principles

Fixed assets

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

The depreciation/amortisation periods are:

Intangible rights	1 - 20 years
Goodwill	4 - 20 years
Other intangible assets	3 - 10 years
Buildings	25 years
Constructions	10 - 25 years
Machinery and equipment	3 - 15 years

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

Inventory valuation

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

Financial assets

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

Research and development

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

Pensions

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

Deferred tax

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

Correction to prior periods

DNA Plc's presentation has changed since 2017.

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

Comparability with prior period

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

Foreign currency translations

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

PARENT COMPANY INCOME STATEMENT NOTES, FAS

1 NET SALES

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

2 DEPRECIATION AND AMORTISATION

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

3 OTHER OPERATING EXPENSES

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

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

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

4 FINANCE INCOME AND EXPENSE

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

5 APPROPRIATIONS

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

6 INCOME TAX

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

7 INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

8 INVESTMENTS

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

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

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

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

9 RECEIVABLES FROM GROUP COMPANIES

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

10 DEFERRED TAX LIABILITY/ASSET

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

11 PREPAID EXPENSES

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

12 EQUITY

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

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

13 PROVISIONS

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

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

14 NON-CURRENT LIABILITIES

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

15 LIABILITIES TO GROUP COMPANIES

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

16 ACCRUED EXPENSES

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

17 PLEDGED ASSETS AND CONTINGENT LIABILITIES

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

Leasing contracts are made for three-year periods.

Other contractual obligations

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

Leasehold commitments*	100,447	105,757

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

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

18 RELATED PARTY TRANSACTIONS

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

Key management compensation

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

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

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

SIGNATURES OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS

31 January 2019

Pertti Korhonen
Chairman of the Board of Directors

Anu Nissinen
Member of the Board of Directors

Tero Ojanperä
Member of the Board of Directors

Jukka Ottela
Member of the Board of Directors

Margus Schults
Member of the Board of Directors

Kirsi Sormunen
Member of the Board of Directors

Jukka Leinonen
President and CEO

AUDITORS' NOTE

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

8 February 2019

PricewaterhouseCoopers Oy

Authorised Public Accountants

Mika Kaarisalo
Authorised Public Accountant

AUDITOR'S REPORT

To the Annual General Meeting of DNA Plc

Report on the Audit of the Financial Statements

Opinion

In our opinion

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

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

What we have audited

We have audited the financial statements of DNA Plc (business identity code 0592509-6) for the year ended 31 December 2018. The financial statements comprise:

- the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies
- the parent company's balance sheet, income statement, statement of cash flows and notes.

Basis for Opinion

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

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

Independence

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

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

Our Audit Approach

Overview

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

Key audit matters:

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

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

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

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

How we tailored our group audit scope

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

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

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

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

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

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

There are no significant risks of material misstatement referred to in Article 10(2c) of Regulation (EU) No 537/2014 with respect to the consolidated financial statements or the parent company financial statements.

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Other Reporting Requirements

Appointment

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

Other Information

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

Our opinion on the financial statements does not cover the other information.

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

In our opinion

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

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

Helsinki 8 February 2019

PricewaterhouseCoopers Oy
Authorised Public Accountants

Mika Kaarisalo
Authorised Public Accountant (KHT)