# ANNUAL2020

# INDEX



# CEO'S REVIEW

2020 highlighted the importance on our operations to people, business and society.

2020 will be remembered as an exceptional year that highlighted the importance of our operations to society. The digital leap and the adoption of remote working and learning brought on by the pandemic increased the demand for telecommunications services and highlighted the importance of fast, high-quality connections to society as a whole. DNA was highly successful in meeting the growing demand in terms of both capacity and service quality. At the same time, 2020 marked a significant milestone, with the introduction of 5G networks and devices. .

## Strong service revenue growth continued

DNA's mobile revenue continued to grow steadily and faster than the market average, increasing by 3.0% year-on-year. Total revenue decreased by 1.2%, mostly due to the sale of our terrestrial pay-TV network business at the turn of the year. Our profitability continued to develop well, and the EBITDA margin was 35.6%, exceeding our medium-term target of 34.0%. Sales of faster subscription types also performed well, and revenue per user (ARPU) for postpaid subscriptions increased by 3% to EUR 16.8. The number of postpaid subscriptions increased by 9,000 in 2020, while the number for fixed broadband and cable TV was up by 41,000. While the pandemic reduced customer flows, both gross sales and the CHURN rate were lower than in previous years, which had a positive impact on the development of our profitability.

## New Nordic dimension strengthens our competitive position

During 2020, we started cooperation with the various forums of Telenor Group, as well as in the area of procurement. Some concrete examples of this cooperation include the launch of standard-priced calls and unlimited data services in the Nordic countries. The competitiveness of our international roaming services also improved further. For corporate customers, we launched the new Nordic Connect service. DNA continues its operations in Finland with an even stronger offering.

## Record-high capital expenditure

DNA's capital expenditure reached record-high levels in 2020 as we constructed Finland's digital backbone at record speed. The most important investment item was the modernisation of DNA's mobile network, as 5G services were made available to one third of the population and the capacity of our 4G network was expanded. Other significant items include investments in fibre-optic connections, transmission networks, and the core network. As part of the large and financially sound Telenor Group, DNA will maintain a high level of investment in the future.

## We want to become carbon neutral and promote digital inclusion

Together with Telenor Nordics, we aim to be carbon neutral by 2030. DNA has been effective in its climate work for years, and this work will continue with increased focus.

We also want to contribute to the promotion of digital inclusion in Finland. We place special emphasis on high-quality comprehensive networks, fast connections, clear and understandable products and services, and excellent customer service.

## 2020 was the year of 5G

The construction of DNA's 5G network moved ahead with unprecedented speed in 2020: by the end of the year, our 5G services were available to 1.8 million people in Finland. A wider range of 5G-capable devices became available during the second half of the year, and up to half of the devices sold by the end of the year were 5G capable. The sale of 5G subscriptions was robust and exceeded the targets we had set at the start of the year. The 5G Fixed Wireless Access service expanded our service offering, bringing super-fast broadband connections to areas without fibre access or where it is too expensive to build a fibre-optic network.

The quick expansion of our 5G network will continue, as an increasing number of our customers want to switch to 5G services. However, 4G will remain the primary mobile network technology for a long time still, and DNA has a strong position as a provider of high-speed 4G connections. According to a bench-marking of data speeds completed by Omnitele in December 2020, DNA's 4G network had the best average data speeds in 10 major cities in Finland. The same study found that DNA's 5G network also had the best average data speeds.

## Focus on great customer experiences and uncomplicated everyday services

DNA's strategy is based on a consistently good customer experience in all areas of life: work, home, and leisure. We will continue with this focus as we continue to serve our customers locally.

I would like to thank our personnel, customers, and other stakeholders for our continued success in 2020.

**Jukka Leinonen**

**Recognition** for family friendliness and equality

DNA's 5G network covers approximately **1.8** million people

Number of personnel: **1,609**

Total revenues: EUR **934** million

Number of subscriptions: **3.6** million

DNA is committed to become carbon neutral by **2030**

# DNA'S YEAR 2020

### 5G and high-speed networks

DNA's 5G network covers approximately 1.8 million people in Finland in close to 80 locations. Customers were interested in fast 5G subscriptions, and the sales of 5G phones grew to a significant level during the year.

**100%** of DNA personnel completed Code of Conduct training

DNA's 5G network serves in close to **80** locations in Finland

### Safe and uncomplicated everyday services

To ensure customer safety, DNA Store customers could book private appointments in 2020. For those in need of technical assistance, we developed the "DNA Apuri" AR camera application , so that our technical support personnel can see the problem and help the customer with an installation of a new service, for example.

### Nordic dimension strengthens our business

Nordic cooperation with Telenor continued with the launch of unlimited data services in the Nordic and Baltic countries. The competitiveness of our international roaming services also improved further. We also continued to expand the Nordic Connect IP VPN service for corporate customers.

### Ambitious climate objective

DNA announced an ambitious climate objective in 2020: together with Telenor's other Nordic operations, we are committed to becoming carbon neutral by 2030.

100% of DNA personnel completed Code of Conduct training.

**Total revenues:** EUR 934 million

**Number of subscriptions:** 3.6 million

**Number of personnel:** 1,609

### Recognition for family friendliness and equality

The Family Federation of Finland renewed DNA's recognition as a family-friendly workplace, which shows that the employer is committed to implement family-friendly values and social responsibility. DNA is the only large enterprise in Finland to receive the recognition. In November, DNA won trade union Pro's Equality Award 2020. The basis for granting the award was DNA's continuous development of family-friendly practices. Pro's Board paid special attention to how DNA acknowledges a wide variety of tasks and factors as well as DNA's own and temporary workers in matters related to family friendliness.

# DNA'S STRATEGY

DNA's significant investments in the further development of customer experience and maintenance of personnel satisfaction continued in 2020. The coronavirus pandemic highlighted the importance of high-quality telecommunications services for citizens, businesses and society as a whole. We were pleased to see our customer satisfaction improving again despite the exceptional circumstances in 2020, and DNA's customer churn rate was – yet again – the lowest in the industry. Providing excellent tailored service for millions of customers requires constant effort and development, and will remain at the heart of our strategy in the future.

DNA's main objectives remained unchanged in 2020: the most satisfied customers, satisfied personnel who work for an attractive employer, as well as industry-leading financial development and faster than average market growth.

## Top priorities: customer satisfaction and safety

To ensure good network connectivity, we increased our network capacity so that our networks can transfer increasing data volumes efficiently and provide a high-quality service for a growing number of simultaneous users. According to a recent report[1] by international research company Tefficient in September 2020, DNA's customers had the highest use of mobile data per subscription in the world.

We offered our customers new tools for easy and safe transactions both in person and online. DNA Store customers could book private appointments, and our customer service agents solved technical problems via video calls. DNA's "Asennusmestari" installation service is provided over the phone, and in some areas also onsite, to help customers deploy their Internet access service.

Data security and the security of our networks and services is of vital importance to DNA, and we placed increasing emphasis on training, process development and the deployment of best technical security tools.

## Increased investments and more efficient services with Telenor

With the new owner Telenor, DNA's investments in mobile and fibre-optic networks reached record-high levels. DNA's fast 5G network became available to 1.8 million people in Finland, and the 5G Fixed Wireless Access service brought reliable high-quality broadband connections to new areas in Finland. We also launched the sales of corporate 5G connections, which enable businesses to build secure company connections more efficiently. Nordic cooperation with Telenor continued. Some concrete examples of this cooperation include unlimited data services in the Nordic and Baltic countries as well as the Nordic Connect IP VPN service, which enables corporate customers to securely connect their Nordic sites' networks.

## Good employer – also in exceptional circumstances

DNA's personnel has been working remotely on a continuous basis since March 2020. Thanks to DNA's flexible work concept, our personnel was already used to working remotely and independently, and we already had good and safe remote working practices in place. What was new, however, was working remotely practically full time. This created new requirements for supporting personnel well-being for example.

To address the exceptional circumstances, we have placed special emphasis on supporting our remote workforce, as well as supporting and developing virtual cooperation. To maintain team spirit, we introduced the "Kahvivartti" virtual coffee break and other innovative ways of meeting and relaxing in a safe virtual environment. Our managerial personnel has focused on regular discussions with individual employees and teams by means of voice and video calls.

## Strong service revenue growth continued

DNA's business developed at a steady pace in 2020 and DNA's mobile revenue continued to grow faster than the market. Mobile service revenue, or mobile turnover increased by 3% year-on-year. Total revenue decreased by 1%, mostly due to the sale of our terrestrial pay-TV network business at the turn of the year, as well as a decrease in the sale of devices throughout the year due to the restrictions introduced to control the spread of the coronavirus.

Data usage grew significantly in 2020 in both fixed and mobile networks as a result of the increase in remote working and restrictions of movement due to the pandemic. While the popularity of 4G subscriptions continued to increase, the sales of 5G subscriptions got off to a good start in 2020, further accelerating the speed and use of mobile data.

[1] Tefficient's report H1/2020: https://tefficient.com/mobile-data-operators-1h-2020/

# OPERATING ENVIRONMENT

In 2020, we prevented the spread of the coronavirus by working, studying and interacting remotely. The exceptional year highlighted the importance of high-quality, secure connections at home, work and on the go.

## Good network connections more vital than ever

In 2020, the operation of businesses and society as a whole was largely dependent on telecommunications. For people and families without access to digital services, this meant a greater risk of exclusion.

As soon as it became a national concern in March 2020, the coronavirus pandemic became a pervasive consideration in DNA's activities. Changes in the use of data in DNA's networks became apparent immediately after the government recommendation on 12 March 2020 for people to work remotely whenever possible. The closure of schools on 18 March 2020 further increased the number of people working and studying remotely, increasing downward mobile data traffic in DNA's mobile network by as much as 87%.[1)]

We expanded our network availability and capacity and increased the connection speeds throughout the year, and our personnel has been working remotely on a continuous basis since March 2020.

## The year of mobile data and 5G expansion

DNA's customers had the highest mobile data usage in the world again in 2020. DNA's 5G network coverage was expanded during 2020 and 5G services became available to 1.8 million people in Finland. Up to half of the devices sold in December were 5G capable.

The expansion of DNA's 5G Fixed Wireless Access service brought reliable super-fast broadband connections to areas without fibre access. We also launched the sales of corporate 5G connections, which enable businesses to build secure company connections. Continuous expansion of DNA's network capacity was necessary to meet the demand created by the ongoing digital transition as well as the strong growth in the use of mobile data as a result of the coronavirus pandemic.

## Digital inclusion and data security increasingly important

Digitalisation creates new opportunities that are of benefit to individual citizens and society as a whole. As an important provider of network services, DNA has a keen sense of responsibility for contributing to digitalisation in Finland.

Unfortunately, the exceptional situation also increased cyber fraud, and there was an increase in phishing attacks, scam calls and other criminal activity. During 2020, we published several messages and articles with useful tips to help our customers protect themselves against scam attempts and use services in a safe manner.

We also continued our work to promote digital inclusion with our partners SOS Children's Villages Finland, Hope and HelsinkiMissio. They provided support, assistance and smart devices for low-income families, the young and the elderly.

## Telenor brings additional resources and expertise

DNA's new owner, Telenor Group, has brought additional resources and international expertise to the table, strengthening DNA's offering in roaming, Nordic data services and security. As a natural part of Group-wide cooperation, DNA's IoT services became available wider in the Nordics and globally. Learning also goes both ways: in use since 2012, DNA's flexible work concept will be implemented globally throughout Telenor. As a result, close to 19,000 Telenor employees will work according to DNA's concept. At DNA, flexible work means that if the work is not tied to a place or time, each employee can decide independently where and when they work, without discussing this with their supervisor. For DNA, cooperation with Telenor means major potential and new opportunities for expanding and developing our business.

[1)]DNA press release on 20 March 2020 (in Finnish only): https://corporate.dna.fi/lehdistotiedotteet?type=stt2&id=69877390&scrollTo=UJpEOgFgPw1f

# BUSINESS

DNA's service revenue continued to grow in 2020. Customer behaviour and demand for services were affected by the pandemic, which highlighted the importance of DNA's role as a provider of fast and secure connections.

## Banner year for high-speed connections

The pandemic year underlined the importance of high-speed connections, and DNA continued significant investments to radio network capacity expansion, the development of 5G readiness, as well as fibre optic networks and transmission systems.

Our 5G network expansion continued, reaching 1.8 million people in Finland. The expansion of DNA's 5G Fixed Wireless Access service brought reliable and fast broadband connections to many households. We also launched the sales of corporate 5G connections, which enable businesses to build secure company connections more efficiently.

In June, we secured 800 MHz of 5G frequencies in the 26 GHz band auction to further expand our 5G networks and services long into the future.

## Exceptional circumstances boosted data use and increased focus on customer safety

The use of DNA's network services reached record levels in 2020. According to Tefficient's September1), report, DNA's customers had the highest mobile data usage per subscription in the world in the first half of 2020, averaging at 33.1 gigabytes per month. In 2019, the average was 25.4 gigabytes. In October-December 2020, Tefficient reported that the data usage of DNA's customers per subscription reached approximately 38.8 gigabytes (28.8).

The restrictions introduced to control movement also changed our customer service. We responded with customer safety in mind and created a reservation system for DNA Store customers so that they can visit the stores safely. We equipped customer-facing personnel with face masks and hand sanitisers in the spring of 2020 and also provided safety training for them.

At the same time, we removed all display models and the complementary coffee service from the shop floor, and increased the cleaning of all surfaces.

## New customers and services

During the first half of 2020, DNA deployed its first gigabit-speed broadband connections with fibre-optic technology in the city of Tampere. The technology enables high speeds also in older buildings without the need to upgrade the internal network.

In November, DNA signed a contract with the City of Turku on the provision of voice services. The contract covers voice communication services, switchboard and information systems, approximately 10,000 mobile communication subscriptions with mobile data connections, availability services and a contact centre customer service solution.

We also launched the sales of corporate 5G connections, which enable businesses to build secure company connections more cost-efficiently.

## Number of subscriptions up, sales of 5G phones reach a significant level

The number of postpaid subscriptions and fixed broadband subscriptions continued to grow. The sales of high-speed subscriptions were particularly successful.

The sales of 5G phones also grew significantly: they accounted for nearly 50% of all sold phones in December.

## Successful Telenor cooperation

DNA's cooperation with Telenor continued. Some concrete examples of this include unlimited data services that are included in the monthly DNA subscription fee for consumers in the Nordic and Baltic countries. DNA's corporate customers benefit from Telenor's international roaming contracts.

The customer base and service area of the corporate Nordic Connect service expanded during the year. The VPN service enables corporate customers to securely connect their Nordic sites' networks.

DNA's IoT services became available globally to multinational corporations.

As part of the Telenor Group, DNA will maintain a high level of investment also in the future, which will continue to strengthen our competitiveness.

1) Treport H1/2020. Tefficient is an international analysis, benchmarking and consultancy company in the telecommunications sector, with reports available for download at https://tefficient.com/mobile-data-operators-1h-2020/

# SUSTAINABILITY AT DNA

DNA continued advancing its sustainability program in 2020. In addition, the acquisition by Telenor introduced new well-polished practices and underpinned the need to maintain DNA’s own responsibility program in Finland.

## DNA's responsibility in the digital world

Digitalisation brings both enormous challenges and opportunities. Good connections, working devices, digital skills and the feeling of inclusion in the digital world are a necessity in the day-to-day life for both our consumer and corporate customers. This is why we want to promote good customer care, for example, by adopting inclusive operating practices and by supporting those in need. DNA wants to participate in the creation of a more sustainable Finland.

However, we are also aware of the footprint we leave on this planet. Thousands of base stations and kilometres of fibre-optic cable, as well as their continuous maintenance and development require energy and natural resources. Finns are also very heavy users of data, which means a heavy workload for DNA's equipment facilities. Therefore, it is a necessity to participate in the fight against climate change. We are also aware of the fact that electrical and electronic waste is the world's fastest growing waste stream. We also sell devices which may contain conflict minerals. We need to know our supply chain as thoroughly as possible and support the recycling of customers' old devices.

None of these objectives can be achieved without a committed and motivated working community. This is why DNA considers it important to be a great place to work for all its employees. Diversity and inclusion are important considerations for us.

## Telenor brings international expertise to the table

DNA became part of the Telenor Group in 2019. As a global operator, Telenor brings new expertise, helping DNA fine-tune its responsibility management. This is a great opportunity to gain powerful insight into the global telecommunication operator business and new international perspective on the management of sustainability. Also, by comparing our operations with those of other Telenor countries, we are motivated to improve even further.

Learning also goes both ways. Well-functioning models from DNA have been implemented globally, and DNA's flexible work concept has been well received at Telenor. We believe that new perspectives give DNA an opportunity to make our operations increasingly sustainable also in Finland.

## A new key area in our sustainability program: data security and protection

DNA's sustainability program, objective setting, measures and reporting are steered by stakeholder expectations and materiality analysis. DNA has adopted a continuous materiality analysis process where important themes are added to the sustainability program when there is a clear significant increase in stakeholder expectations. In addition, DNA collects customer and employee feedback by several means and from many channels. For instance, DNA carries out extensive research and user interviews to study the customer experience and market.

Updated in 2019, DNA's sustainability program provides the framework for the implementation of sustainability. It consists of the following key areas:

- Digital inclusion
- Great place to work
- Climate-friendly operations
- Data security and protection
- Good governance

Data security and protection was introduced as a new key area in 2020. The significance of data security and protection is increasingly vital in the digital world. We want to be worthy of trust and at the same time open about the personal data we collect and how we process it. Maintaining a good data security culture is of vital importance for DNA and we want our program to also reflect this.

## Ensuring sustainable operations

DNA adheres to national legislation in all its operations. Our shared values build the foundation for DNA's corporate culture, growth, and development. DNA Group's Code of Conduct applies to all DNA employees. The company also expects its suppliers and subcontractors to follow the same principles. For more information about governance practices, please see Good Governance.

In 2020, DNA has also integrated Telenor guidelines into its practices. All of Telenor's guidelines will apply to DNA's operations by the end of 2021.

## Internal sustainability reporting

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

In addition, DNA reports to Telenor four times a year according to the Group-level responsibility objectives and DNA's figures are also included in the Telenor Group Sustainability report. You can read the report here.

## Organisation of sustainability at DNA

Telenor's guidelines and policies provide the framework for the implementation of sustainability at DNA.

| | |
|---|---|
| BOARD OF DIRECTORS | The Board of Directors' Audit Committee and Personnel Committee discuss sustainability 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 sustainability in the Executive Team. The CEO decides on the main principles of sustainability based on proposals by the Sustainability Manager and Vice President, Corporate Communications and Sustainability |
| VICE PRESIDENT, CORPORATE COMMUNICATIONS, SUSTAINABILITY & BRAND DEVELOPMENT | Vice President, Corporate Communications and Sustainability is responsible for and reports to the Executive Team on the realisation of sustainability objectives. |
| SUSTAINABILITY MANAGER | The Sustainability Manager coordinates the implementation of sustainability at DNA and is responsible for sustainability compliance and projects. |
| DNA's Sustainability Manager is involved in the work of the following groups:<br>■ Compliance steering group<br>■ Brand development steering group<br>■ Employer working group<br>+ Close cooperation with DNA's procurement, legal and HR departments and Telenor´s sustainability professionals. | The sustainability groups discuss and plan matters related to responsibility and decide on the implementation and responsibilities thereof. |

## DNA's sustainability objectives

Each key area, its objectives and their results in a nutshell:

| Key area | Target | Status | Measures in 2020 |
|---|---|---|---|
| DIGITAL INCLUSION | Increasing digital inclusion | | **Measures taken to reach target:**<br>▪ DNA continued its partnerships with SOS-Lapsikylä, HelsinkiMissio and Hope ry:n. In 2020, we were involved in helping hundreds of families, children and senior citizens.<br>▪ DNA increased its communications during the pandemic to take care of its clients and increased hygiene in its shops.<br>▪ DNA continued with Digiakatemia in cooperation with Suomen Yrittäjäopisto to provide free training on digital skills for SMEs.<br>▪ We offered easy access services together with two banks (Nordea and Lammin Säästöpankki) to senior citizens. |
| GREAT PLACE TO WORK | Most wanted employer in Finland | | **Measures taken to reach targets:**<br>▪ DNA was the best Nordic country in Telenor's work satisfaction survey when it came to commitment and contentment with work practices that enable efficiency.<br>▪ DNA renewed its certificate of a Family-Friendly Workplace by the Family Federation of Finland.<br>▪ 66 % would recommend DNA as a family friendly workplace.<br>▪ All DNA´s leaders were trained on diversity and inclusion<br>**Other measures related to the area:**<br>▪ Due to COVID the amount of trainings related to the wellbeing of employees were increased significantly and were open to all employees.<br>▪ DNA launched a new learning challenge of 40 hours a year to increase the abilities of its employees.<br>▪ Sick-leaves were reduced for the fifth year in a row. |
| | By 2022 90% of our employees feel that DNA is a family friendly workplace | | |
| | Increasing women in leadership*:<br>▪ Share of women in BoD 35% by 2023 (11%)<br>▪ Share of women in management teams 35% by 2023 (22%)<br>▪ Share of women in leadership roles 35 % by 2023 (31%) | | |
| CLIMATE-FRIENDLY BUSINESS | Achieving carbon neutrality latest by 2030* ( Scope 1 and 2) | | **Measures taken to reach target:**<br>▪ DNA's directly procured energy is hydro or wind power and comes with a Guarantee of Origin.<br>▪ DNA started close co-operation with Telenor's Nordic countries and created its first estimation for 2023.<br>**Other measures related to the area:**<br>▪ Building the 5G-network continued and by the end of year 2020 a third of the Finnish population was under DNA's networks services.<br>▪ DNA took part in creating the climate and environment strategy for the ICT sector led by the Ministry of Economic Affairs |
| DATA SECURITY AND PRIVACY | Continious development of DNA´s data security and privacy and increasing and upholding security knowledge of our own employees and key partners. | | **Measures taken to reach target:**<br>▪ DNA maintained a high level of security and data protection and a stringent security culture by offering compulsory trainings and by developing risk visibility and preparation for risks. |
| GOOD GOVERNANCE | All DNA employees to complete Telenor´s Code of Conduct | | **Measures taken to reach target:**<br>▪ 100% of employees completed Telenor´s Code of Conduct.<br>**Other measures related to the area:**<br>▪ All DNA leaders have taken part in the DNA Päätöspolku ("decision-making path") training. |

* The target is new and the same to all Telenor Nordic countries.

Target for the year achieved · We are very close to reaching the target · The work is in progress · We are behind schedule

# DIGITAL INCLUSION

Promotion of digital inclusion is a cross-cutting theme in all of DNA's operations. We want to promote digital inclusion of everyone in Finland so that nobody is left behind.

## Securing a fair digital future for all

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 disability.

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 most vulnerable. In 2020, we continued our partnerships with SOS Children's Villages Finland, HelsinkiMissio and Hope.

## Overall customer satisfaction signals success

DNA's vision is to have the most satisfied customers. To achieve this, we need to know how to listen to and serve a diverse customer base. DNA's rNPS score, which measures overall customer satisfaction, remained positive in Consumer Business. However, on the other hand work still needs to be done to increase customer satisfaction in Corporate Business.

In 2020, Consumer Customer Service placed special emphasis on customer service quality by means such as further development of recruitment, training, remote working, and resource management according to customer needs. Data and analytic capabilities were leveraged further to support the work of customer service advisors and improve the customer experience. New robotic and automated solutions were also deployed to help customer service personnel in their work. In Corporate Business, special emphasis was on seizing the new opportunities available to DNA as part of the Telenor Group as well as the development of the 5G network and IoT services.

The 5G network in particular enables us to provide a high-speed broadband service for a growing number of Finns. The DNA Home 5G service brings fast connectivity to households and businesses. The solution is particularly effective in areas where fibre-optic connections are not available or would be very expensive to build.

## Collaboration with partners

We cannot achieve digital inclusion in isolation. We need to work together with partners to make our work more effective and to bring expertise to the table to make sure those most vulnerable in our society will also benefit from digitalisation.

We support the operations of the child welfare organisation SOS Children's Village in various ways. Our partnership dates back to 2011. In 2020, the focus of our cooperation was on the ”Ylitse” programme of SOS Children's Village as well as the promotion of digital competence and skills of young people in care as they move towards independence.

DNA supports HelsinkiMissio in the organisation's work to mitigate the loneliness of the elderly. DNA's sponsorship is channelled to digital assistance for senior citizens, i.e. personal assistance intended to help those who want to improve their digital skills. DNA employees also have the opportunity to participate in HelsinkiMissio volunteer work to improve the situation.

DNA has made an agreement with Hope to donate devices for low-income families. DNA's sponsorship is directed according to the needs reported by Hope and it enables the charity's work for the benefit of families with limited means.

## Coronavirus changed our customer service

The exceptional circumstances brought on by the coronavirus pandemic in 2020 changed our customers' interaction with DNA, increasing the use of our electronic and self-service channels in particular. DNA aimed to communicate as clearly as possible, in particular to senior citizens, how to deal with digital matters when it was not possible for them to visit our DNA Stores at shopping centres. For example, DNA published plain language instructions for the use of its self-service channels and different phone models on the DNA website.

The DNA Stores in particular had to change their customer service practices due to the coronavirus pandemic. In March, we reviewed all the store premises and identified any surfaces that can be considered risky due to many people touching them. As a result, we decided to remove all display models from the shop floor. The devices were disinfected after each contact, and the sales personnel kept them at the ready for any customers wanting to see them. We also stopped the complementary coffee service and avoided cash transactions.

During the spring, we purchased UV sanitisers to ensure the safety of the customers and store personnel. During the year, the stores have continuously carried out disinfection and risk analysis measures and automatic hand sanitiser dispensers have been made available for the customers. In addition, we created a reservation system for vulnerable groups so that they could visit the stores safely outside normal opening hours.

## Easier banking services for seniors

Learning digital skills is not always easy for senior citizens, but without at least some degree of digital skills, running many every-day errands may become very difficult. DNA has teamed up with the Nordea and Lammin Säästöpankki banks to make the use of digital banking services as easy as possible 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 flexible use of online services. The service is primarily aimed at customers who do not yet own a smart device.

In 2020, DNA and Lammin Säästöpankki started collaboration on a partner benefit for elderly customers of the bank comprising a tablet computer and a DNA mobile broadband subscription at a special price. The digital package for senior citizens is available at DNA Stores and is part of the senior services provided by the Lammin Säästöpankki bank.

# GREAT PLACE TO WORK

Being a great place to work is a cornerstone of both DNA's strategy and sustainability program. Looking after the satisfaction and well-being of our personnel has a major impact on both our customer satisfaction and our ability to operate in a responsible manner.

## Wide range of expertise

The personnel at DNA comprises more than 1,600 professionals from a range of different fields. It includes experts in information and communication technologies, code languages and programming, marketing and communications, legal affairs and regulation, customer service and sales as well as human resources – and this represents just a small part of our operations. DNA operates in approximately 15 premises around Finland and serves customers in more than 60 DNA Stores.

Integrating Telenor's guidelines and methods into our operations was one of the main changes introduced in 2020.

## New direction for the best workplace in Finland

In 2020, DNA decided to no longer participate in the Great Place to Work survey (GPTW). As the best workplace in Finland and 13th on the list of Europe's best employers in 2019, DNA is well placed to continue the active development of its corporate culture.

Now that we are part of the Telenor Group, it makes sense to participate in the Group-wide personnel satisfaction survey carried out annually in all countries. It will provide us with valuable insight into the experience of DNA employees, feedback for assessing the current situation as well as comparative information about where we are in comparison to the other countries. DNA can continue to take pride in the results, as DNA was the clear number one among Telenor's Nordic subsidiaries.

According to the results, DNA's strengths are its corporate culture as the ability to maintain a healthy work-life balance. Suggestions for improvements included provision of feedback and innovation of new ideas and methods of working. We will also need to pay more attention to cooperation across organisational boundaries in the future. DNA's Executive Team will compile a list of development measures for the company and will communicate them to the personnel in early 2021.

## Family Friendly Workplace

At DNA, family friendliness consists of practical action above all else. We also understand that a family can mean many things to our employees. For some, it means more time for hobbies or friends, while for others it means flexible work that takes account of the needs of their nuclear family. We understand that a healthy work-life balance promotes well-being and the ability to work.

The Family Federation of Finland has granted us recognition as a Family Friendly Workplace. The evaluation criteria for the award consisted of the outcome of a family-friendliness survey among employees, the quality and implementation of our development plan, as well as audits by the Family Federation of the practical implementation of family friendliness in various DNA offices.

DNA also won trade union Pro's Equality Award 2020. The basis for granting the award was DNA's continuous development of family-friendly practices. Pro's Board paid special attention to how DNA acknowledges a wide variety of tasks and factors as well as DNA's own and temporary workers in matters related to family friendliness.

In 2021, DNA will strengthen its vision of family friendliness and will complement it with its diversity expertise.

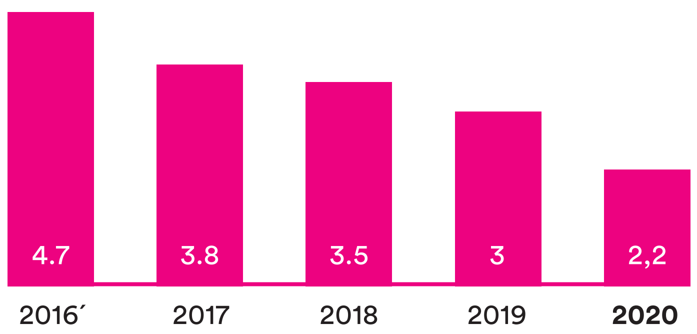
## DNA supports its personnel in different life stages

Employees are always at the core of our responsible HR policy. We support our personnel's ability to work by means such as flexible work, a care service for sick children, and the option of swapping holiday pay for extra days off.

We also work in close cooperation with our occupational health services provider. Occupational health services carry out an assessment to identify challenges related to recovery from work as well as symptoms of musculoskeletal disorders. Based on results, employees are invited for check-ups and referred to appropriate rehabilitation services. Vocationally oriented KIILA rehabilitation was again available to DNA employees in 2020 to support their ability to work.

At DNA, we understand that life is full of surprises and support is especially welcome when they occur. This is why we want to support our personnel in the following situations:

RELATIVE RATE OF ABSENTEEISM




### Grandparental leave

DNA's grandparental leave for employees is a well-established benefit, and several new grandparents took the leave in 2020. All DNA employees who become grandparents are entitled to one week's paid grandparental leave to spend time with their family. In total, approximately 80 DNA employees have taken the leave so far.

### Support for looking after the elderly in the family

An increasing proportion of the working population is worried about a senior citizen, such as a parent. To address this issue, DNA made a decision in late 2019 to introduce a new kind of benefit to support employees who are looking after a senior citizen. The pilot stage started in early 2020. The employee benefit is provided in cooperation with Gubbe Sydänystävä Oy, which provides companionship services for elderly people. During the pilot, DNA pays a large portion of the non-medical service purchased by an employee to an elderly relative. DNA was to run the pilot until the end of 2020 and has decided to extend it until the end of 2021.

### Various support services under one umbrella

In 2020, DNA continued its wide-ranging pilot to support its personnel in their everyday lives. The service comprises of five video meetings with a professional in order to discuss problems such as stress, sleep difficulties or relationship issues. The personal service is provided online and is absolutely confidential.

## Significant drop in sickness absences

DNA considers the rate of sickness absences as an important metric of well-being at work. The sickness absence rate at DNA has dropped significantly in the past four years. In 2020, the relative rate of absenteeism decreased further and came to 2.2 (3.0).

During the coronavirus pandemic, DNA has conducted pulse surveys to monitor the well-being of its personnel. With the

help of the survey results, we have been able to prioritise and introduce the kind of support and training required at the moment. Examples of services made available under the exceptional circumstances include occupational healthcare psychologist and physiotherapist appointments as well as remote doctors' appointments and trainings.

Even during these exceptional circumstances during COVID-19, sickness absences have remained at a very low level of only approximately 1.7%. This is due to effective and well-planned support for our personnel.

## DNA ensures personnel has necessary skills also in the future

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

To support learning at work and to emphasise its importance at DNA, we launched a new learning challenge in February 2020, allowing each employee to allocate 40 hours of working time on their personal development per year.

## Flexible work during the epidemic

At DNA, flexible work is based on trust. Using mobile workstations, the employees decide independently where they work, without discussing this with their supervisor. The flexible method of working has been in use for several years at DNA, and made it much easier to adapt to the introduction of remote working throughout Finland due to the pandemic as we already had remote working practices in place.

We also developed the method further in 2020. In the future, we hope to make remote working even more flexible, promote the functionality of our premises, develop our systems and tools continuously to support our personnel in their everyday lives as well as improve the way we work by means such as the introduction of regular breaks.

Telenor is very interested in the flexible work method implemented at DNA and is in the process of implementing it in its global operations.

## Supervisors' work is based on leadership by coaching

DNA has set the objective of being the best company in leadership by coaching in Finland by 2023. Leadership by coaching places special emphasis on continuous interaction between the supervisor and the employee. The supervisor asks questions, inspires, helps, understands, listens actively, acts as a sparring partner, evaluates progress, is available and cares. DNA supports continuous interaction by regular one-to-one discussions between supervisors and team members. In 2020, the one-to-one discussions became even more important as remote working increased as a result of the coronavirus pandemic and there were less meetings in person.

Some 30 certified internal coaches support the work of all supervisors and employees at DNA. They have been trained by the Suomen Coaching Instituutti. With these skills, the internal DNA coaches can find new perspectives in the dynamic development of individuals, groups, and organisations.

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

## Diversity in focus at DNA

We need a tolerant, non-discriminatory, and inclusive working culture to be able to fully look after the diverse needs of our customers.

DNA conducted diversity mapping in 2019 to uncover how diverse DNA is, what kind of attitudes prevail at the moment, and to collect feedback on discrimination. This work continued in 2020 with the introduction of an action plan to promote diversity. Implementation in 2020 consisted of the creation of DNA's diversity story and leadership training.

The most obvious challenge at DNA is the lack of women in management. We have set ourselves the target of increasing the proportion of women in management to 35% by 2023 (currently 30%). To this end, we need to work systematically to make sure the underrepresented genders are taken into account during recruitment of new staff and career path planning.

However, diversity is not simply a question of gender balance. In 2020, we piloted a recruitment campaign where applicants are not asked to reveal their age or gender, nor do they need to write an application or provide a CV.

In 2020, DNA, Elisa, and Telia Finland, continued as official partners of Helsinki Pride.

# CLIMATE-FRIENDLY OPERATIONS

Increased data volumes are a major societal challenge because they mean increased energy consumption, which accelerates the climate change. DNA wants to be involved in resolving the problem of improving connectivity without increasing emissions.

## Increased data volumes require energy

Increased 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, thanks to advanced technologies, such as Long-Term Evolution (LTE), the relative per-data energy consumption is reduced. LTE is a high-performance communication technology for wireless broadband Internet access. The implementation of 5G technology in the coming years will improve relative efficiency further even if total energy consumption increases.

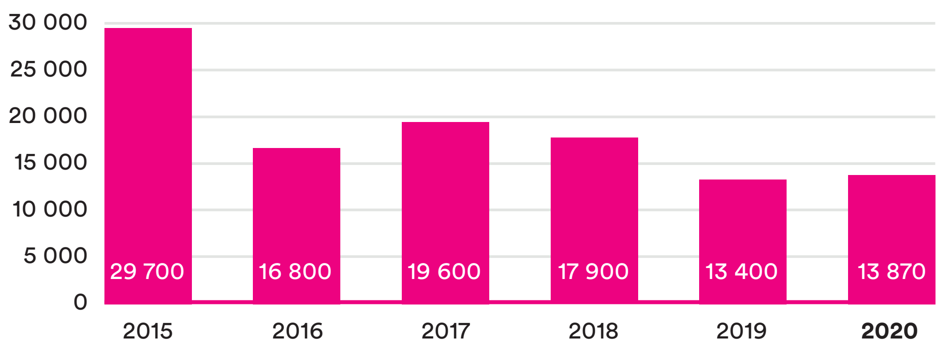
## Climate objectives steer our work

In 2020, we joined Telenor and its climate ambitions. With Telenor's other Nordic operations, we aim to have carbon-neutral business operations by 2030. This means that DNA's Scope 1 and 2 emissions must be brought to 0 by then. At the same time, we will consider all possible means to decrease indirect greenhouse gas emissions, such as business travel.

As we adopted Telenor's guidelines, we were glad to see that our long-running climate work is showing results. We were ahead of other Telenor Group markets in areas such as energy procurement as DNA's directly procured energy already is hydro or wind power and comes with a Guarantee of Origin. To be able to achieve the final goal, DNA will need to review the energy contracts of leased premises. This work continues in 2021.

You can read more about Telenor's climate ambitions here.

**DNA'S SCOPE 2 (MARKET-BASED) EMISSIONS ***




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

## Data volumes up, emissions down

DNA has calculated its greenhouse gas emissions for several years to identify the direct effect of DNA's operations on climate change. Our emissions comprise of the following:

- Direct greenhouse gas emissions (Scope 1): Fuels used in company vehicles and back-up generators.
- Indirect greenhouse gas emissions (Scope 2): Electricity consumption of DNA's radio network and transmission equipment as well as the maintenance of their equipment facilities.
- Other indirect greenhouse gas emissions (Scope 3): Logistics, business travel, waste as well as purchased goods, services, and capital goods.

In 2020, DNA's energy indirect greenhouse gas emissions (Scope 2, market-based) were 13,870 tonnes (13,400). DNA was able to keep the increase minor even though there were major increases in the 5G network. In addition, DNA has increased the amount of its renewable energy and the energy efficiency of the radio network.

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 such as the reduction of the living space for migratory fish species. DNA is monitoring the situation and regularly assesses the origin of purchased electricity.

## 5G, IoT and Wattinen create opportunities for reduced emissions

DNA's customers can avail of many solutions that help reduce greenhouse gas emissions.

**5G network**

DNA's 5G network construction continued in 2020, and one third of the population was covered by it by the end of the year.  During the construction, the network is upgraded to the latest radio technology, with the best energy-efficiency available. In the future, 5G will play an increasingly important role in the transmission of both fixed-network and mobile data. The current network upgrade makes DNA's network energy efficient for years to come. You can follow DNA's 5G network construction here.

**IoT**

In recent years, Internet of Things (IoT) has become the part of every life for many employees. Sensors can measure, for example, air temperature and humidity or the fill-levels of bins, which helps to operate in a more environmentally friendly way. Companies have sped up their IoT projects sine the coronavirus pandemic has limited physical contacts and business travel. The real estate sector is a good example of an area where different sensors and remotely controlled lock solutions can make operations more efficient and climate-friendly thanks to data provided by the IoT. Read more about DNA's IoT services here.

**Wattinen**

Heating buildings is one of the biggest sources of climate emissions. In 2019, DNA launched Wattinen, a new smart heating service, which helps housing companies reduce climate emissions from heating. With Wattinen, residents can maintain an ideal room temperature at all times, while saving money and without compromising comfort. With the service, a housing company can save 15-30% on the energy used in heating while reducing emissions in the same proportion. Read more about the Wattinen service here.

DNA continues to provide climate-smart services also in 2021.

## Recycled devices = happier climate

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

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

At the moment, our clients receive a replacement refund for all functioning mobile phones and tablets. Refund is also available for newer devices that are faulty. We aim to make the service even more efficient in 2021.

## Solving the climate crisis requires cooperation

In climate work, industry-wide cooperation is also very important. In 2020, DNA participated in a working group preparing a climate and environmental strategy for the ICT sector in Finland. The group published its final report in November 2020. DNA's work in the group will continue also in 2021.

We are also excited about our cooperation with Telenor's other markets, and the close cooperation with Telenor's other Nordic operations in particular, to achieve Telenor's climate ambitions.

# ENSURING DATA SECURITY AND PROTECTION

We continue to improve our data security culture to secure our customers' data reliably and efficiently.

## Trust has to be earned

Operating in an increasingly digital world, we are constantly increasing our digital functions. At the same time, we are facing new risks; in the cyber world, our data may be vulnerable. During the past decade, use of mobile devices that have a constant network connection has increased strongly among both business and private users. As the IoT and new smart devices become more common, the roles of information security, data security and high operational network reliability will grow in importance.

Year 2020 was a special year also in terms of data security and protection. Major news topics often lead to a flood of security risks, and the coronavirus pandemic was no exception.

Data protection and security go hand in hand. Only by securing our own operations can we guarantee reliable services for our customers. DNA wants to be a responsible and security-conscious service provider and it works continuously to make its data security culture more robust.

## Data security policy steers our operations

The purpose of data security at DNA is to enable the achievement of business objectives and protect critical success factors, such as DNA's customers, personnel, reputation, trademarks or brand name and service quality. At DNA, high level of data security is a fundamental requirement. Data security supports DNA's core business and increases the appropriate availability of systems. Maintaining a good data security culture is of vital importance. Close cooperation with the Telenor Group has provided substantial added value to various areas of data security.

The Group's data protection policy and guidelines determine 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. The policy also specifies the main implementation methods.

In 2020, DNA was among the first companies in Finland to specify an ethical code for the use of artificial intelligence. DNA wants to make effective use of real-time and rich customer, network, and behavioural data throughout its channels and business operations as allowed by the EU General Data Protection Regulation (GDPR), in order to provide its customers with the most personal and expert service possible. In addition, DNA aims to enhance its operational activities through artificial intelligence.

## High level of data security and protection

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 by adhering to laws, regulations, orders issued by authorities and best practices.

We make our data security and policies increasingly robust by training our personnel and informing them of the threats related to the telecommunication operator business. Our training platform DNA Akatemia contains courses that are common for all Telenor Group employees as well as DNA-specific mandatory courses and additional training for different occupational groups. We work continuously to improve our administrative and technical capabilities to anticipate, identify and combat new and developing cyber threats. Year 2020 caused a sharp rise in new cybersecurity challenges, such as the significant increase in remote working.

Data security and protection issues have featured at a particularly high level in our customers' concerns. We have also published current information and Frequently Asked Questions about privacy on our website.

DNA develops and provided services for both consumer and corporate customers with high level of data security in mind. DNA offers advanced data security solutions in a comprehensive service package, so that customers can and use their networks and services with peace of mind.

## Significant increase in scam calls and phishing

Since early 2020, the number of scam calls and messages rose sharply in Finland. As a telecommunication operator we felt we have a specific responsibility to inform our customers what to do should they receive them.

Some scam messages also appeared to have been sent by DNA, so we wanted to remind our customers of the fact that DNA never asks the customers to fill in missing personal data. The scam email sent in DNA's name could also be identified as a scam because the sender's email address was not DNA's. Some messages asked the receiver to open a message they could listen to. We have also organised mandatory training for our personnel on topics such as identification of scam messages.

DNA works in active cooperation with other operators as well as the Finnish Communications Regulatory Authority to enable detection of scam calls before they reach our customers. We will continue our active work in this field also in 2021.

## Mobile ID makes authentication more secure

The "Mobiilivarmenne" mobile ID is an authentication method developed by the Finnish operators DNA, Elisa and Telia. It is a domestic alternative for identification by means other than bank or social network IDs. Reliability is a key benefit of the method, because the mobile ID is not linked to the user's bank accounts or user profiles. Mobile authentication meets the needs of our digital society and effectively protects the user's personal data from phishing.

Authentication with the mobile ID is based on the user's phone number and facial recognition, fingerprint or PIN code. The mobile ID can be used as an authentication method for electronic signatures, communicating with the authorities or starting a business.

The renewed authentication method was piloted in the operators' own services during 2020 and customers can avail of it in 2021.

# GOOD GOVERNANCE

Responsible operations at DNA covers DNA's personnel, suppliers and subcontractors. The promotion of DNA's responsible decision-making model continued in 2020, complemented by Telenor's guidelines.

## 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.

The main guideline for our operations is Telenor's Code of Conduct, which applies to all DNA employees. By the end of 2020, 100% of DNA personnel had completed Telenor's Code of Conduct training.

The company also expects its suppliers and subcontractors to operate according to these principles and has appended a Supplier Code of Conduct to its procurement and logistics agreements. DNA will adopt Telenor's Supplier Conduct Principles in 2021.

DNA has an anonymous notification channel for reporting concerns about unethical or unlawful behaviour. DNA's employees can report any concerns trough the Telenor-wide Integrity Hotline.

There were no incidents of discrimination, corruption or bribery or human rights violations at DNA in 2020.

## DNA Päätöspolku ("decision-making path") supports managers

DNA implemented its Päätöspolku ("decision-making path") model a few years ago to support responsible decision-making according to DNA's strategy. It is a check list for the effects of decisions on four areas: strategy alignment, economy and risks, compliance and overall acceptability. In 2020, approximately 30 DNA supervisors attended training on responsible decision-making. In 2019, close to 200 DNA supervisors attended the training.

## Management of sustainability risks

DNA's risk management process provides reports on risks and risk management methods to the Executive Team 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. Sustainability 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.

## Responsible procurement at DNA

DNA expects all partners to take economic, environmental, and social responsibility into consideration in their operations. DNA enforces a Supplier Code of Conduct. DNA will adopt Telenor's Supplier Conduct Principles during 2021.

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.

DNA works with thousands of suppliers and subcontractors, a few dozen of which are considered to be significant suppliers. Significant suppliers include equipment manufacturers, solution providers, developers and consulting companies, for example. Significant suppliers are assessed regularly in terms of product and service risks, supplier risks, and country risks. For instance, some of the most significant suppliers and subcontractors operate in countries that involve risks, such as

China and India. Responsibility of significant suppliers and subcontractors is also monitored regularly by surveys and joint meetings.

The responsible supply chain team, which comprises experts on sustainability, 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.

## Anti-corruption and anti-bribery

DNA has zero-tolerance of corruption and bribery: the Group's Code of Conduct bans any corruption. DNA also has separate guidelines for the giving and receiving of business gifts.

In December 2020, as part of Telenor, DNA organised its first anti-corruption day for the employees in Finland. During the day, the personnel heard presentations about anti-corruption measures from speakers inside and outside the company.

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.

No incidents of corruption or bribery were identified at DNA in 2020.

## 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.

Telenor has joined the EU Transparency Register. The Transparency Register, or lobbyist register, has been introduced to answer basic questions such as these: what interest 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.

After joining Telenor, DNA has had the opportunity to access Telenor's EU networks and expertise as well as working on a joint Nordic platform in EU affairs.

# 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.


## Part of everyday life in Finland

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

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

## Domestic investments

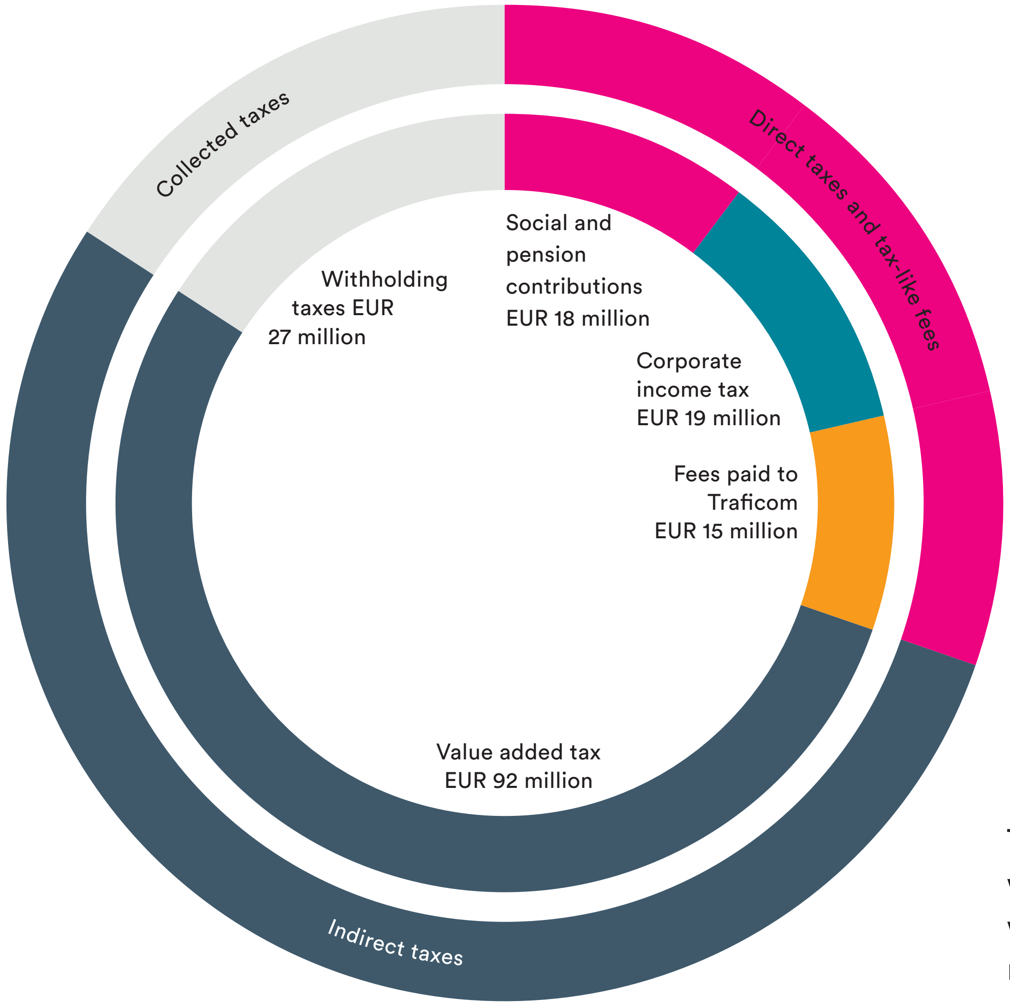
DNA's economic responsibility includes meeting the expectations of customers and owners in a sustainable manner, supporting the economic welfare of the company's employees and society through direct and indirect employment. Tax payments, investments, and development of new products and services are also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

DNA's investments grew in 2020 and were EUR 324million (EUR 159 million). Major items include 5G investments.

### ECONOMIC VALUE FOR STAKEHOLDERS, EUR MILLION

| **Generation of added value** | | **2020** | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|
| From the customers | Net sales | 934.5 | 942.1 | 911,8 | 886,1 | 858,9 |
| **Total generated added value** | | 934.5 | 942.1 | 911,8 | 886,1 | 858,9 |
| **Distribution of added value** | | | | | | |
| Goods and service suppliers | Materials and services as well as other operating expenses | 489.2 | 527.7 | 523,3 | 507,4 | 513,5 |
| Personnel | Wages and salaries as well as pension expenses | 109.4 | 110.3 | 104,2 | 107,7 | 107,0 |
| Public sector | Income tax, value added tax, personnel expenses as well as payments to the Finnish Communications Regulatory Authority | 128.9 | 122.9 | 126,4 | 123,8 | 110,6 |
| Financial sector | Financial items | 8.0 | 9.1 | 11,2 | 9,4 | 9,6 |
| **Total distributed added value*** | | **735.5** | **770.0** | **910,4** | **893,5** | **813,5** |

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




**DNA'S TAX FOOTPRINT**

| | 2020, EUR million |
|---|---|
| **Direct taxes and tax-like fees** | |
| Social and pension contributions | 18 |
| Corporate income tax | 19 |
| Fees paid to Traficom | 15 |
| **Indirect taxes** | |
| Value added tax | 92 |
| **Collected taxes** | |
| Withholding taxes | 27 |
| Other self-assessed taxes | 0 |
| **Total** | 171 |

## DNA's tax footprint

In 2020, the taxes and tax-like fees paid by DNA in Finland amounted to EUR 171 million (EUR 175 million). DNA pays all its taxes in Finland. By doing so, DNA contributes to the development of the Finnish society as a whole.

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

Traficom is a public sector operator to which DNA pays tax-like fees, which were EUR 15 million in 2020 (EUR 8 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.

# DNA'S REPORTING PRINCIPLES

As in previous years, DNA continued to report on sustainability in 2020 according to the Global Reporting Initiative reporting model.

## Reporting according to GRI

DNA continued to report on sustainability in 2020 according to the Global Reporting Initiative reporting model. This is DNA's eleventh GRI report. With a reporting period of one calendar year, DNA publishes this GRI-compliant sustainability report annually with the annual report. The previous report was published on 28 February 2020. This report has been prepared in accordance with the GRI Standards (2016) Core option.

DNA's CR 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 sustainability reporting has included Finnish Shared Network Ltd, which is a joint operation by DNA and Telia. DNA owns 49% of Finnish Shared Network.

Any deviations from or changes to the calculation limits are mentioned with each key figure. Similarly, any changes in measurement methods are mentioned with each figure.

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.

## Assurance of the sustainability report

Unlike the last years report, this report is not assured by an external party. This change is due to Telenor owning DNA. Telenor Group publishes its own sustainability report, which also includes DNA's information. Telenor's report will be assured in full. You can read more about Telenor's report here.

## Contacts

We value stakeholder input. To learn more about DNA's sustainability themes, do not hesitate to contact us.

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# ENVIRONMENTAL INDICATORS

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

| | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| Emissions, total** | 167,310 | 229,000 | 220,000 | 216,000 | 208,000 |

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

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

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

| | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| Direct greenhouse gas emissions | 440 | 500 | 520 | 680 | 590 |

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

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

| | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| Indirect greenhouse gas emissions (market-based) | 13,870 | 13,400 | 17,900 | 19,600 | 16,800 |
| Indirect greenhouse gas emissions (location-based) | 18,960 | 29,450 | n/a | n/a | n/a |

* Global Warming Potential (GWP) rate is based on the following reference: IPCC Fourth Assessment Report (AR4 - 100 year). DNA's objective is compared against 2019 emmissions.

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

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

| | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| Other indirect greenhouse gas emissions | 153,000 | 215,000 | 202,000 | 196,000 | 191,000 |

* 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 2019.

** Scope 3 calculation for 2020 is not fully comparable with data from other years, since not all waste information was available at the time of data collection.

## 305-4 GREENHOUSE GAS EMISSIONS INTENSITY

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

| | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| Radio network emissions in proportion to annual radio network data transfer volumes (tCO2/TB)** | 0.01 | 0.01 | 0.02 | 0.03 | 0.04 |

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

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

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

| | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| DNA's emissions in proportion to net sales (tCO2/MEUR)** | 179 | 243 | 241 | 244 | 242 |

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

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

### 302-1 ENERGY CONSUMPTION WITHIN THE ORGANISATION (TJ)

| | **2020** | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| Total consumption of non-renewable fuels*: | | | | | |
| - Diesel and gasoline | **2.6** | 4.1 | 4.2 | 4.8 | 6.2 |
| - Fuel oil | **1.8** | 1.1 | 2.0 | 3.2 | 1.2 |
| Electricity consumption** | **570.9** | 542.4 | 590.5 | 586.2 | 539.9 |
| Heat consumption | **12.8** | 15.6 | 15.6 | 15.4 | 16.1 |
| Cooling consumption | **1.5** | 4.0 | 6.7 | 4.6 | 4.0 |
| Total energy consumption | **589.6** | 567.2 | 619.0 | 614.2 | 567.4 |

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

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

# SOCIAL RESPONSIBILITY INDICATORS

## 102-8 INFORMATION ON EMPLOYEES AND OTHER WORKERS*

| Open-ended | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| Women | **608** | 623 | 625 | 641 | |
| Men | **973** | 971 | 946 | 935 | |
| Total | **1,581** | 1,594 | 1,571 | 1,576 | 1,644 |

| Fixed-term | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| Women | **9** | 14 | 12 | 13 | |
| Men | **18** | 12 | 7 | 12 | |
| Total | **27** | 26 | 19 | 25 | 24 |

| Full-time | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| Women | **569** | 584 | 575 | 591 | |
| Men | **972** | 966 | 938 | 934 | |
| Total | **1,541** | 1,550 | 1,513 | 1,525 | 1,590 |

| Part-time | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| Women | **48** | 54 | 62 | 63 | |
| Men | **19** | 16 | 15 | 13 | |
| Total | **67** | 70 | 77 | 76 | 78 |

*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 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| Women | **38%** | 39% | 40% | 40% | 41% |
| Men | **62%** | 61% | 60% | 60% | 59% |
| Total | **100%** | 100% | 100% | 100% | 100% |

### Share of women (%) per personnel group

| Personnel groups include women as follows: | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| Of management | **22%** | 23% | 24% | 21% | 26% |
| Of senior salaried employees | **28%** | 27% | 26% | 26% | 27% |
| Of salaried employees | **46%** | 47% | 47% | 49% | 47% |

### Age structure

| By age group | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| < 25 | **1%** | 1% | 1% | 1% | 2% |
| 25-35 | **24%** | 25% | 26% | 29% | 30% |
| 36-45 | **38%** | 38% | 38% | 37% | 36% |
| 46-55 | **25%** | 24% | 24% | 23% | 22% |
| 56-63 | **11%** | 10% | 10% | 10% | 9% |
| > 63 | **1%** | 1% | 0% | 0% | 1% |
| Total | **100%** | 100% | 100% | 100% | 100% |

## 401-1 NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER*

### New hires and employee turnover

| New hires | 2020 | 2019 | 2018 |
|---|---|---|---|
| Women | 40 | 56 | 39 |
| Men | 73 | 102 | 89 |
| < 25 | 12 | 28 | 27 |
| 25-35 | 42 | 82 | 61 |
| 36-45 | 43 | 32 | 31 |
| 46-55 | 15 | 14 | 9 |
| 56-63 | 0 | 2 | 0 |
| > 63 | 1 | 0 | 0 |

| Employee turnover | 2020 | 2019 | 2018 |
|---|---|---|---|
| Women | 76 | 66 | 54 |
| Men | 84 | 89 | 70 |
| < 25 | 19 | 21 | 14 |
| 25-35 | 47 | 55 | 40 |
| 36-45 | 37 | 42 | 39 |
| 46-55 | 25 | 16 | 14 |
| 56-63 | 20 | 12 | 14 |
| > 63 | 12 | 9 | 3 |

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

### Average employee turnover

| | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| Average employee turnover, %<br>(calculated from monthly average values) | 1.6 | 1.73 | 1.44 | 1.48 | 1.72 |

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

| | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| Gender | | | | | |
| Women | 23.1 | 10.8 | 15.3 | 13.3 | 14.1 |
| Men | 16.1 | 15.2 | 16.0 | 17.6 | 16.8 |
| Personnel group | | | | | |
| Managers | 17.4 | 27.9 | 24.0 | 26.4 | 29.7 |
| Senior salaried employees | 23.9 | 20.8 | 17.0 | 22.1 | 22.5 |
| Salaried employees | 16.6 | 9.6 | 14.6 | 12.8 | 12.7 |
| Service and production employees | 4.9 | 11.2 | 27.0 | 19.1 | 2.2 |

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

| | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| Average hours of training per employee, DNA Group | 18.8 | 13.4 | 15.6 | 15.8 | 15.7 |

| GRI | Indicator | Reference |
|---|---|---|
| **102 – General disclosures** | | |
| Organisational profile | | |
| 102-1 | Name of the reporting organisation | DNA Plc |
| 102-2 | Activities, brands, products, and services | Primary brand is DNA. No DNA products are banned in any markets. For products and services, see Board of Directors' Report 2020. |
| 102-3 | Location of headquarters | DNA Plc<br>Läkkisepäntie 21<br>00620 Helsinki |
| 102-4 | Location of operations | 100% of DNA's operations occur in Finland. |
| 102-5 | Ownership and legal form | DNA is owned by the Norwegian-based Telenor Group. DNA Plc is a Finnish public limited company with bonds listed on NASDAQ Helsinki Stock Exchange. |
| 102-6 | Markets served | Board of Directors' Report 2020 |
| 102-7 | Scale of the organisation | Number of personnel 31 Dec 2020: 1,609.<br>Board of Directors' Report 2020 |
| 102-8 | Information on employees and other workers | Great place to work, Social responsibility indicators |
| 102-9 | Supply chain | Good governance |
| 102-10 | Significant changes to the organization and its supply chain | Board of Directors' Report 2020 |
| 102-11 | Precautionary Principle or approach | DNA follows the Precautionary Principle. |
| 102-12 | External initiatives to which the organisation subscribes, or which it endorses | DNA is a member of Corporate Responsibility Network FIBS ry and Inklusiiv ry. DNA has also been Helsinki Pride's partner for several years. |
| 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 engages in communication with various authorities and political decision-makers. Good governance |
| Strategy | | |
| 102-14 | Statement from senior decision-maker | CEO's review |
| Ethics and Integrity | | |
| 102-16 | Values, principles, standards, and norms of behavior | Strategy, Sustainability at DNA, Digital inclusion |
| Governance | | |
| 102-18 | Governance structure | Board of Directors' Report 2020, Sustainability at DNA |
| Stakeholder engagement | | |
| 102-40 | List of stakeholder groups engaged by the organisation | DNA's important stakeholders include customers, personnel, suppliers and subcontractors, partners, NGO's, authorities and political decision-makers, the media, financial and insurance markets, labour market organisations and competitors. Good governance, Sustainability at DNA |
| 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. |
| 102-42 | Basis for identifying and selecting stakeholders with whom to engage | DNA's stakeholder groups are its key business stakeholders, partners and the actors interested or affected by the impact of DNA. |
| 102-43 | Approach to stakeholder engagement | Sustainability at DNA, Digital inclusion, Good governance |
| 102-44 | Key topics and concerns that have been raised through stakeholder engagement | Sustainability at DNA |

| Reporting practice | | |
|---|---|---|
| 102-45 | Entities included in the consolidated financial statements | Financial statemets 2020 |
| 102-46 | Defining report content | Sustainability at DNA |
| 102-47 | List of material topics | Sustainability at DNA |
| 102-48 | Restatements of information given in previous reports | Possible adjustments to the information presented in previous reports have been presented separately together with the key figures or information provided. |
| 102-49 | Significant changes from previous reporting periods in the scope and topic boundaries | Any deviations or changes to the boundaries are mentioned together with each key figure or information provided. |
| 102-50 | Reporting period | The reporting period is one year and the GRI report is published annually with the Annual Report. |
| 102-51 | Date of the most recent report | Feb 28, 2020 |
| 102-52 | Reporting cycle | Annual |
| 102-53 | Contact point for questions regarding the report | DNA's reporting principles |
| 102-54 | Claims of reporting in accordance with the GRI Standards | This report has been prepared in accordance with the GRI Standards: Core option. |
| 102-55 | GRI content index | GRI content index |
| 102-56 | External assurance | DNA's reporting principles |

## 103 - MANAGEMENT APPROACH

| | | |
|---|---|---|
| 103-1 | Explanation of the material topic and its boundary | Sustainability at DNA |
| 103-2 | The management approach and its components | Sustainability at DNA |
| 103-3 | Evaluation of the management approach | Sustainability at DNA and under each key area section in the report. DNA is currently going through a transition where new policies are being adapted from Telenor to DNA's ways of working. The process is planned to be finished by the end of 2021. |

## 200 - ECONOMIC PERFORMANCE

| Economic performance | | |
|---|---|---|
| 201-1 | Direct economic value generated and distributed | Taxes and economic impact |
| 201-2 | Financial implications and other risks and opportunities due to climate change | Sustainability at DNA, Climate-friendly operations, Environmental indicators |
| 201-4 | Financial assistance received from government | DNA did not receive financial assistance from any government in 2020. |

| Indirect economic impacts | | |
|---|---|---|
| 203-1 | Development and impact of infrastructure investments and services supported | DNA Plc is one of the leading Finnish telecom service providers. We are providing easily deployable and secure network services to our customers. Board of Directors' Report 2020, Digital inclusion, Taxes and economic impact |

| Anti-corruption | | |
|---|---|---|
| 205-2 | Communication and training on anti-corruption policies and procedures | By the end of 2020, 100% of personnel had completed the Code of Conduct training. |
| 205-3 | Confirmed incidents of corruption and actions taken | There were no incidents of corruption at DNA in 2020. |

| Anti-competitive behaviour | | |
|---|---|---|
| 206-1 | Legal actions for anti-competitive behavior, anti-trust, and monopoly practices | During the reporting period DNA was not a subject to legal actions for violation of competition legislation. |

## 300 - ENVIRONMENTAL

| Energy | | |
|---|---|---|
| 302-1 | Energy consumption within the organisation | Climate-friendly operations, Environmental indicators |
| 302-2 | Energy consumption outside the organisation | Climate-friendly operations, Environmental indicators |

| | | |
|---|---|---|
| | **Emissions** | |
| 305-1 | Direct greenhouse gas (GHG) emissions (Scope 1) | Environmental indicators |
| 305-2 | Energy indirect greenhouse gas (GHG) emissions (Scope 2) | Environmental indicators |
| 305-3 | Other indirect greenhouse gas (GHG) emissions (Scope 3) | Environmental indicators |
| 305-4 | Greenhouse gas (GHG) emissions intensity | Environmental indicators |
| | **Effluents and waste** | |
| 306-2 | Total weight of waste by type and disposal method | Environmental indicators |
| | **Environmental compliance** | |
| 307-1 | Non-compliance with environmental laws and regulations | There were no incidents of non-compliance with environmental laws and regulations DNA in 2020. |

## 400 - SOCIAL

| | | |
|---|---|---|
| | **Työsuhteet** | |
| 401-1 | New employee hires and employee turnover | Social responsibility indicators |
| 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. |
| | **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. |
| | **Occupational health and safety** | |
| 403-1 | Occupational health and safety management system | DNA has applied to Telenor's policies and guidelines related to people management in 2020. |
| 403-2 | Hazard identification, risk assessment, and incident investigation | DNA does risk management according to the Telenor guidelines and manuals. We also map out risk factors in questionnaires. |
| 403-3 | Occupational health services | DNA offers all of its employees a wide range of services from its occupational health service provider. |
| 403-4 | Worker participation, consultation, and communication on occupational health and safety | The statutory labour protection activities in Finland cover the requirement. All DNA employees are represented. DNA's labour protection committee 2020 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. In addition DNA constantly activates and creates questionnaires to recevie instant feedback on OHS questions. |
| 403-5 | Worker training on occupational health and safety | DNA offers many courses related to OHS depending on the different job descriptions we have. OHS issues are also a compulsory part of the Code of Coduct training. 100% of DNA's employees had gone through the training in 2020. |
| 403-6 | Promotion of worker health | We support our personnel's ability to work by means such as flexible work, a care service for sick children, grand-parental leave and the option of swapping holiday pay for extra days off. Read more Great place to work. |
| 403-7 | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | DNA's products or services do not cause any harmful impacts on health. DNA continues to closely follow discussions related to e.g. its supply chain (coflict minerals and child labour) and radiation. |
| 403-8 | Workers covered by an occupational health and safety management system | All employees are covered by DNA's OHS management system. |
| 403-9 | Work-related injuries | 2 |
| 403-10 | Work-related ill health | Musculoskeletal system diseases (1290 days of sick-leave) and mental health issues (3966 days of sick-leave) are the most common reasons for longer periods of sick leaves at DNA. In 2020 there were no fatalities. |
| Own indi-cator | Sickness absence rate | The sickness absence rate at DNA has dropped significantly in the past four years. In 2020, the relative rate of absenteeism decreased further and came to 2,2 (3.0). Read more: Great place to work |
| | **Training and education** | |
| 404-1 | Average hours of training per year per employee | Social responsibility indicators |
| 404-2 | Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings | Social responsibility indicators |

| | | |
|---|---|---|
| 404-3 | Percentage of employees receiving regular performance and career development reviews | In connection to the development of value-based leadership at DNA, the entire organization adopted the one-to-one discussion model in 2019. The new one-to-one model replaced traditional development discussions. The new model is in place to support leadership by coaching by maintaining an open channel for interaction during daily work.<br><br>DNA Store Ltd has replaced performance and development reviews with regular one-to-one discussions between employees and their supervisors. All DNA Store employees are included. The objective of these discussions is to review the employee's role, assess whether they have met the objectives set for the previous year, set new objectives, make sure the employee understands what is expected of them and give feedback on their performance. Objective setting and development review supports the role of each employee in strategy implementation. Sales-related performance reviews are organised as required. These reviews focus on the development of skills and competence. |

## 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 | In 2020, three of the seven members of DNA's Board of Directors were women. One of the nine members of DNA's Executive Team was a woman. Board of Directors 2020, Great place to work, Social responsibility indicators |

## Non-discrimination

| | | |
|---|---|---|
| 406-1 | Total number of incidents of discrimination and corrective actions taken | No incidents of discrimination occurred at DNA Group in 2020. |

## 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 2020. |

## Marketing and labelling

| | | |
|---|---|---|
| 417-3 | Incidents of non-compliance with regulations and voluntary codes concerning marketing communications | In 2020, no court decisions were issued in relation to DNA's marketing, nor did the Market Court issue any conditional fines. |

## Customer privacy

| | | |
|---|---|---|
| 418-1 | Substantiated complaints regarding breaches of customer privacy and losses of customer data | In total, less than 10 notifications of personal data breaches (pursuant to Article 33 of the EU GDPR) and access requests related to the processing of personal data were sent to the Office of the Data Protection Ombudsman in 2020. DNA considers the data security of both private and business customers a top priority in all its operations and added it as one of its key areas in 2020. |

## Socioeconomic compliance

| | | |
|---|---|---|
| 419-1 | Non-compliance with laws and regulations in the social and economic area | In 2020, DNA was not ordered to pay any fines or other sanctions for non-compliance with laws or regulations.<br><br>On-going case: In 2019, The Finnish Non-Discrimination and Equality Tribunal found in its decision that DNA had discriminated a disabled person as the DNA Store in Turku did not built a wheelchair ramp fast enough. In this case it took about 1,5 months for the DNA Store to get the ramp ready. Since the law does not set any specific time limits for the changes to be made, DNA's opinion is that it did the necessary changes in reasonable time. For this reason, DNA decided to appeal a judgment and the case is now in the Administrative Court of Helsinki. If the court finds that DNA did not react fast enough and did discriminate this person DNA will naturally compensate the matter. DNA has also discussed the case internally and is ready to react faster in future and the DNA Store's workers were also especially reminded to help all customers visiting our stores. |

# DNA'S CORPORATE GOVERNANCE STATEMENT 2020

# DNA'S CORPORATE GOVERNANCE STATEMENT 2020

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

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

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

This report describes DNA's corporate governance in 2020 and is published separately from the Board of Directors' annual report.

## DNA's governing bodies

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

### GENERAL MEETING

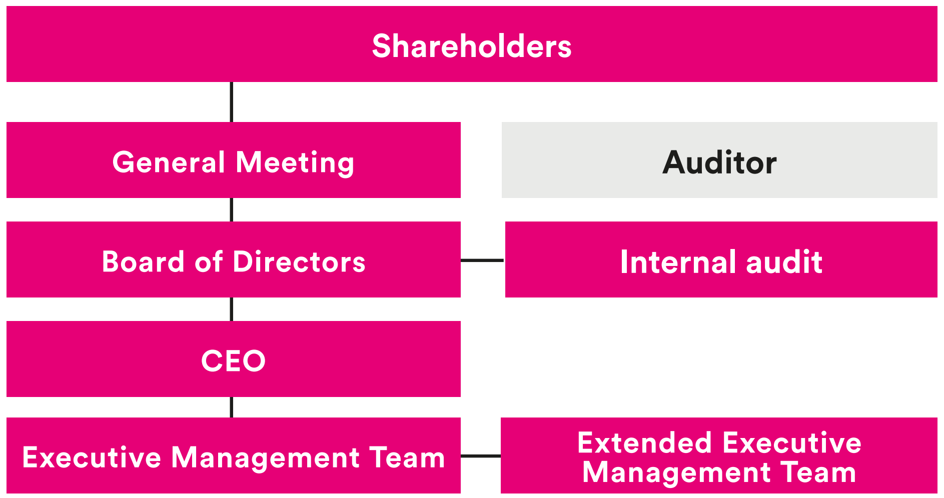
The General Meeting is DNA's highest decision-making body. The Annual General Meeting is held within six months of the end of the financial year, at the time specified by the Board of Directors. According to the Articles of Association, the meeting discusses matters that fall within the scope of its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

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

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

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

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



### General meeting 2020

DNA Plc's Annual General Meeting was held on 26 March 2020.

The AGM adopted DNA's consolidated financial statements for 2019 and the financial statements of the parent company. The AGM discharged DNA's Board of Directors members and CEO for the financial period 2019 from liability.

As DNA now has only one shareholder, it was decided to dissolve the Shareholders' Nomination Committee established in 2015. The AGM also made minor changes to Articles regarding the composition of the Board of Directors and Notice of General Meeting.

The composition of the Board of Directors was not changed. Jørgen C. Arentz Rostrup was elected Chairman and Fredric Scott Brown, Nils Katla, Tero Ojanperä, Anni Ronkainen, Kirsi Sormunen and Ulrika Steg were elected as members of the Board.

## DNA'S BOARD OF DIRECTORS

### Operations of the Board of Directors

According to DNA's Articles of Association, the Board of Directors comprises three to seven ordinary members. Members and the Chairman of the Board are elected by the General Meeting.

### Duties of the Board

The Board of Director has a duty to promote the interests of the company and 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 DNA Group's finances, business or principles. The company's Senior Vice President, Legal Affairs serves as secretary to the Board of Directors.

### Board of Directors in 2020

DNA's Annual General Meeting of 26 March 2020 did not change the composition of the Board. During 2020, Jørgen C. Arentz Rostrup was the Chairman and members were Anni Ronkainen, Kirsi Sormunen, Tero Ojanperä, Ulrika Steg, Fredric Scott Brown and Nils Katla.

The Board convened eight times in 2020.

### Board committees

From 1 January to 26 March 2020, the work of the Board of Directors was supported by the Audit Committee and Personnel Committee.

The Audit Committee comprised of Kirsi Sormunen (Chair), Tero Ojanperä and Nils Katla.

The Personnel Committee comprised of Jørgen C. Arentz Rostrup (Chair), Anni Ronkainen and Ulrika Steg.

The Board of Directors did not elect committees after the Annual General Meeting of 26 March 2020. The Audit Committee convened once before the AGM.

## BOARD OF DIRECTORS AT THE END OF 2020

### JØRGEN C. ARENTZ ROSTRUP

Born 1966

M. Sc. (Econ.)

Telenor ASA, Head of Asia and Executive Vice President

Chairman of the Board of Directors since 31 October 2019. Independent of the company, not independent of major shareholders.

### ULRIKA STEG

Born 1968

M. Sc. (Tech.)

CMO, Business Segment, Telenor Sweden

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

### FREDRIC SCOTT BROWN

Born 1963

M. Sc., MBA

Telenor Norway AS, CMO and Head of Mobile

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

### NILS KATLA

Born 1966

M. Sc. (Tech.), MBA

Telenor ASA, Vice President, M&A

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

### TERO OJANPERÄ

Born 1966

PhD, Electrical Engineering

Silo AI Oy, Chairman of the Board of Directors and Co-Founder

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

### ANNI RONKAINEN

Born 1966

M.Sc. (Econ.)

Kesko Plc, Chief Digital Officer

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

### KIRSI SORMUNEN

Born 1957

M.Sc. (Econ.)

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

More detailed CVs of the members of the Board of Directors are available at https://corporate.dna.fi/company/board-of-directors.

## THE CEO AND THE EXECUTIVE MANAGEMENT TEAM

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

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

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

### Duties of the CEO and the Executive Management Team

- The CEO is responsible for ensuring that the company's accounts comply with the law and that its financial affairs have been arranged in a reliable manner.
- The CEO manages 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).
- The CEO prepares proposals for resolutions and matters for Board meetings and presents them to the Board.
- The CEO prepares the proposal for Executive Management Team members to the Board.
- The CEO exercises the owner's right to speak and vote within subsidiaries and chairs DNA's Executive Management Team and Extended Executive Management Team.

Jukka Leinonen has been DNA's CEO since 2013. The CEO does not have an employment contract with the company, and the CEO is not the company's employee. In addition to his responsibilities as the CEO of DNA, Jukka Leinonen has acted as the head of DNA parent company Telenor Group's Nordic Cluster and a member of Telenor's Group Executive Management since November 2019.

### Extended Executive Management Team 2020

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

The personnel representatives in the Extended Executive Management Team in 2020 were Tarja Koivisto, representing office personnel, Teemu Kaski, representing professional and managerial personnel, Jorma Airaksinen, representing the employees, and Eero Utriainen, the labour protection delegate. The Extended Executive Management Team convened five times in 2020.

### Change in Executive Management Team in 2021

Maria Strömberg, M.Sc. (Econ.) (born 1968) was appointed Chief Financial Officer (CFO) and member of the Executive Management Team of DNA Plc as of 1 February 2021. She moved to the position from within DNA from the position of Director of Accounting & Corporate Control. Strömberg has worked most of her career in the telecom industry and has been with DNA continuously since 2007. Strömberg succeeded Timo Karppinen, who served as DNA's CFO until the end of January 2021.

## CEO

**JUKKA LEINONEN**

CEO

With DNA since 2010

Born 1962

M.Sc. (Tech.)

## MEMBERS OF THE EXECUTIVE MANAGEMENT TEAM AT THE END OF 2020

**TIMO KARPPINEN***

Chief Financial Officer

With DNA since 2012

Born 1964

M.Sc. (Pol. Sc.)

**PEKKA VÄISÄNEN**

Senior Vice President, Consumer Business

With DNA 2003–2006 and again since 2007

Born 1966

M.Sc. (Econ.)

**OLLI SIRKKA**

Senior Vice President, Corporate Business

With DNA since 2019

Born 1972

M.Sc. (Tech.)

**TOMMY OLENIUS**

Senior Vice President, Technology

With DNA since 2003

Born 1962

Engineer

**ASTA RANTANEN**

Senior Vice President, Legal Affairs

With DNA since 2003

Born 1962

LL.M.

**CHRISTOFFER VON SCHANTZ**

Senior Vice President, Strategy

With DNA since 2013

Born 1973

M.Sc. (Tech.)

**MARKO RISSANEN**

Senior Vice President, Human Resources

With DNA since 2003

Born 1974

Vocational Qualification in Business and Administration

**JANNE AALTO**

CIO

With DNA since 2014

Born 1965

MBA, Business College Graduate, Information Technology

*) **Maria Strömberg**, M.Sc. (Econ.) (born 1968) was appointed Chief Financial Officer (CFO) and member of the Executive Management Team of DNA Plc as of 1 February 2021. She moved to the position from within DNA from the position of Director of Accounting & Corporate Control. Strömberg has worked most of her career in the telecom industry and has been with DNA continuously since 2007. Strömberg succeeded Timo Karppinen, who served as DNA's CFO until the end of January 2021.

More detailed CVs of the members of the Executive Management Team are available at https://corporate.dna.fi/company/executiveteam.

## RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

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

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

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

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

### Monitoring and oversight

DNA earnings are monitored in monthly reporting, which is reviewed by the company's Executive Management Team. Financial Statements Bulletin and Half-Year Financial Report are reviewed by Board of Directors. DNA also reports monthly to the parent company of the Telenor Group, Telenor ASA.

### Purpose and objectives of risk management

The purpose of risk management at DNA is to identify, assess and process all major foreseeable risks in an effective, proactive and appropriate manner.

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

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

### Risk management process

As part of Telenor, DNA's risk management process is largely based on the ISO 31000 standard. The process is ongoing and continuous and is used throughout Telenor.

### Monitoring, oversight and reporting

Risk management reporting is integrated into the internal reporting of each business unit as well as their reporting to the Telenor Group. Identified risks and responses are to be monitored, and Telenor must monitor both internal and external developments and conditions which may have an impact on the risk landscape.

Main areas of monitoring, oversight and reporting:

- Monitoring any events and circumstances that could have an impact on the risk landscape
- Monitoring the status of identified risks and actions
- Reporting on the risk landscape to Group management.

### Key risk management roles

**Role of the Board of Directors of Telenor ASA**

The Board of Directors of Telenor ASA monitors and guides Telenor's executive management by evaluating the acceptable level of risk and keeping up to date in terms of main risks. The Board evaluates whether Telenor's executive management has acted appropriately (in relation to the specified acceptable risk level) and provides feedback on this to the executive management.

**Role of Telenor Group's CEO**

Telenor Group's CEO (President and Chief Executive Officer) is responsible for Telenor's risk management by:

- Ensuring that the organisation's risk culture is positive ("tone at the top")
- Deciding on Telenor's main risk landscape and appropriate actions based on the feedback from business units and Group companies as well as Group functions
- Presenting the Group-wide risk framework to the Broad of Directors twice a year with the Group Risk Forum and, when necessary, escalating decisions on risk management to the Board of Directors.

**The role of the Group Enterprise Risk Management**

Telenor's Group Enterprise Risk Management has a Telenor group-wide focus. Telenor's Group Enterprise Risk Management develops, implements and maintains an advanced risk management framework, process and system throughout Telenor.

**Roles of Group functions**

Group functions with an overseeing responsibility for the enterprise-wide risk picture within their subject matter expert area (e.g., security, safety, regulatory, legal, tax) support the Business Units in identifying and assessing risks for those areas.

**The role of DNA's CEO**
DNA´s CEO has the ownership responsibility for the DNA's risk management:

- Ensures the presence of a positive risk culture within the Business Unit ("tone at the top")
- Provides leadership and direction to the management and monitors DNA´s overall risk activities in relation to Telenor's risk appetite
- Decide DNA's top risks and appropriate actions based on inputs from management, the DNA´s risk manager and subject matter experts
- Report DNA's top risk picture to Group quarterly through the Quarterly Financial Review process

**The role of DNA's risk manager**
The responsibilities of DNA's risk manager include raising awareness of risks, participating in discussions about risks and keeping the risk register up to date. DNA's risk manager is a member of the risk community headed by the Telenor's Group Enterprise Risk Management and contributes to the further development of DNA's risk community.

### Principles of internal control

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

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

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

### Internal audit

The Group's internal audit supports the CEO, the Board of Directors, and the operative management in their control-related duties. Internal audit has been established by Telenor's Board of Directors, and the functions and principles of the company's internal audit have been defined in the Internal Audit Charter confirmed by Telenor's 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 Management 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 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 external audit to ensure the efficient coordination of auditing activities.

Internal audit reports on the results of the audit to the management of the audited business area, the CEO, the Executive Management Team and the Board of Directors. The Board of Directors confirms decisions on the appointment and dismissal of the person in charge of internal auditing.

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

## AUDITING OF THE ACCOUNTS

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

### Auditing of the Accounts in 2020

In 2020, DNA's auditor was Ernst & Young Oy, with Terhi Mäkinen, Authorised Public Accountant, acting as the principal auditor.

# BOARD OF DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR 2020

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# BOARD OF DIRECTORS' REPORT 2020

DNA is a Finnish telecommunications group providing high-quality voice, data and TV services for communication, entertainment and work. Our mission is to provide products and services that make our private and corporate customers' lives uncomplicated. As a telecommunications operator, DNA plays a significant role in society by providing important communication connections and by enabling digital development.

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

Unless otherwise stated, the comparison figures in brackets refer to corresponding year, 2019.

## Operating environment

The COVID-19 pandemic dealt a blow to both the global and Finnish economies. The slowdown in economic growth and effects on consumer spending and employment have had an impact on the demand for DNA's services.

Data usage grew significantly in 2020 in both fixed and mobile networks as a result of the increase in working from home and reduced travel due to COVID-19 restrictions. The popularity of 4G subscriptions continued to increase and sales of 5G subscriptions begun during 2020 got off to a good start, further increasing the speeds and volumes of mobile data usage.

At the end of 2020, DNA's 5G services were available in nearly 80 cities and towns, with nearly 1.8 million people covered by the network. Rapid construction of the network continues, and we will continue to improve the capacity of our 4G network parallel to the upgrade to 5G. This is important because a continuing trend in Finland is the migration of xDSL subscribers to considerably faster fixed cable or fibre optic broadband subscriptions or replacement of xDSL connections with 4G or 5G mobile data connections. In addition, despite the rapidly growing number of 5G service users, 4G customers will remain the network's largest user group for years to come.

The popularity of streaming and video-on-demand services continued to grow. More customers are watching HDTV broadcasts, and they also increasingly want to watch content conveniently at a time that works best for them. In November, DNA became the first operator in the world to offer a home broadband subscription and the Netflix Family product on a single subscription and invoice.

## Regulation

The revised Finnish Act on Electronic Communications Services entered into force on 1 January 2021. The amended Act implements new EU requirements on electronic communications and audiovisual media services and measures included in the common toolbox to protect critical parts of the communications network related to the security of the EU's 5G networks as part of national legislation. The main changes affecting DNA's operations are:

- The maximum term of fixed-period mobile network subscriptions is shortened from 24 months to 12 months.
- The minimum speed of universal service broadband is raised to five megabits per second.
- In the future, telecom operators must notify the Finnish Transport and Communications Agency when their old networks, such as copper connections, are removed or replaced. The notice must be given 6 months before the planned action.
- The Act also brings changes to the procedures for granting network licences.
- Telecom companies that transmit data may be obligated to remove illegal content in cases where the information society service provider, such as the content download service, cannot be reached.
- The Act implements the measures of the common toolbox to secure the EU's 5G networks that concern the protection of the critical parts of the communications network.
- A new advisory board for network security is set up to monitor the security of communications networks. The advisory board consists of representatives of key authorities from different administrative branches and the telecom industry.

During 2021, Finland is expected to review national must-carry obligations, while the EU is planning several projects to revise directives related to DNA's industry in areas such as the joint construction of broadband networks, data protection of electronic services, network security and the provision and markets of digital services.

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

# NET SALES AND RESULT

## Consolidated key figures

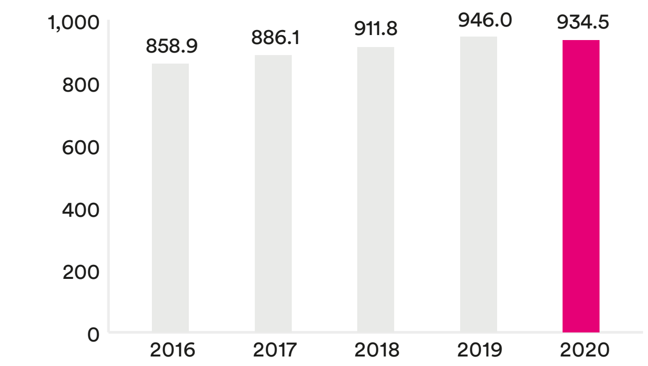
| EUR million | 1–12/2020 | 1–12/2019 | Change, % |
|---|---|---|---|
| Total revenues [1] | 934 | 946 | –1 |
| EBITDA | 333 | 306 | 9 |
| % of total revenues | 36 | 32 | |
| Comparable EBITDA [2] | 333 | 310 | 7 |
| % of total revenues | 36 | 33 | |
| Operating result | 151 | 134 | 13 |
| % of total revenues | 16 | 14 | |
| Comparable operating result [3] | 151 | 141 | 7 |
| % of total revenues | 16 | 15 | |
| Net result for the period | 115 | 99 | 16 |

1) DNA's figures are reported as part of the Telenor Group. The difference in total revenues and EBITDA published by DNA and Telenor is due to some differences in the classification.

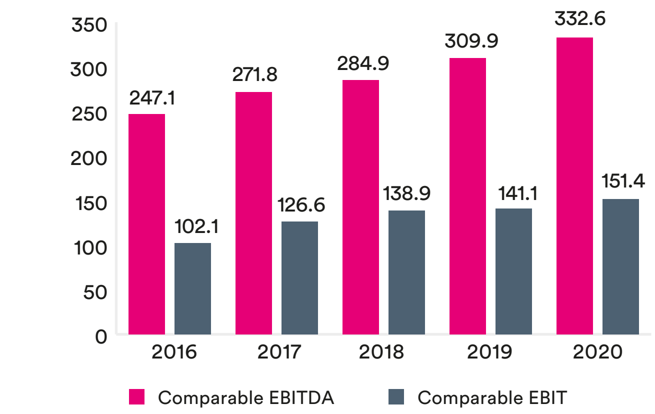
2) In 2019, the comparability of EBITDA was affected by a non-recurring expense item of EUR 4 million in relation to the use of expert services in connection to business restructuring, as well as the termination of share-based reward systems. There were no items affecting comparability in 2020.

3) The comparability of the 2019 operating result was affected by non-recurring items of EUR 7 million, of which EUR 4 million were in relation to the use of expert services in connection to business restructuring, as well as the termination of share-based reward systems and EUR 3 million in relation to the sale of DNA's VHF frequency-based terrestrial network business. There were no items affecting comparability in 2020.

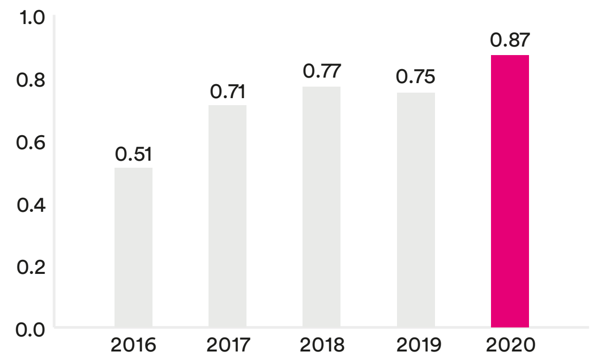
### NETSALES, EUR MILLION



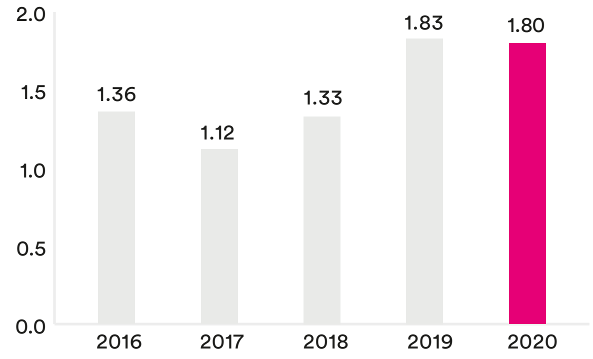

### COMPARABLE EBITDA AND COMPARABLE EBIT, EUR MILLION



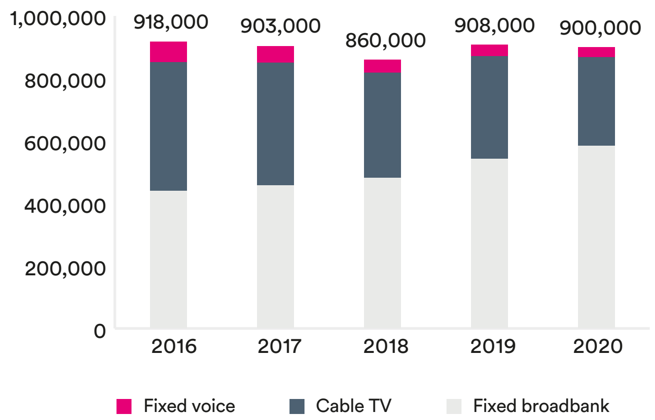

### EARNINGS PER SHARE, EUR



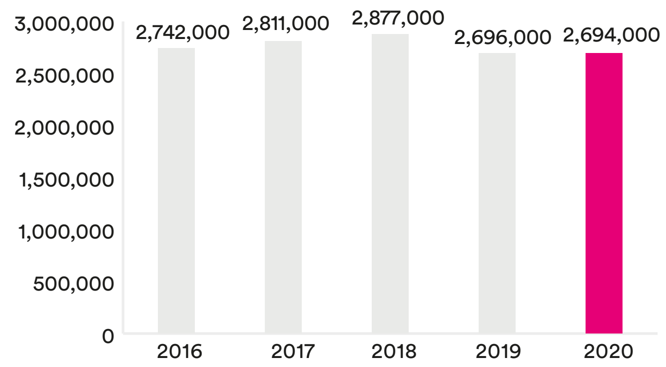

### NET DEBT / EBITDA, %




### FIXED NETWORK SUBSCRIPTIONS, PCS.




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




DNA's total decreased by 1% to EUR 934 million (946). The decrease was mainly due to the sale of the terrestrial pay-TV business and a drop in device sales, which fell 7% year-on-year. Mobile revenue increased 3% and amounted to EUR 552 million (536). 76% (76) of total revenues was generated by consumer business and 24% (24) by corporate business.

Comparable EBITDA increased by 7% year-on-year and amounted to EUR 333 million (310), accounting for 36% of total revenues (33). Comparable operating result increased by 7% to EUR 151 million (141). Comparable operating result as a percentage of total revenues increased to 16% (15). Result for the financial period improved by 16% and was EUR 115 million (99).

## Key operative indicators

The calculation method of the key figures presented in this table differs from that of DNA's previous key figures. The figures in this table are presented the same way as the key figures published by DNA's parent company Telenor ASA.

| | 1–12/2020 | 1–12/2019 | Change, % |
|---|---|---|---|
| **Number of mobile subscriptions at end of period** | **2,694,000** | **2,696,000** | **0** |
| average revenue per user (ARPU) [1], EUR | 16.8 | 16.3 | 3 |
| **Number of fixed subscriptions at end of period** | **900,000** | **909,000** | **–1** |

1) ARPU = Monthly mobile revenues (company's subscriptions) and traffic revenues + interconnection / average number of subscriptions

Mobile subscription base decreased by 2,000 subscriptions from 2019, but the number of postpaid subscriptions increased by 9,000. Revenue per user (ARPU) was EUR 16.8 (16.3). Fixed subscription base decreased by 9,000, but the number of broadband subscriptions grew by 41,000.

# CASH FLOW AND FINANCIAL POSITION

## Cash flow and financial key figures

| EUR million | 1–12/2020 | 1–12/2019 | Change, % |
|---|---|---|---|
| Cashflows after investing activities | 99 | 61 | 64 |

| EUR million | 31 December 2020 | 31 December 2019 | Change, % |
|---|---|---|---|
| Net debt | 597 | 559 | 7 |
| Net debt/EBITDA | 1.8 | 1.8 | |
| Net gearing, % | 91 | 101 | |
| Equity ratio, % | 41 | 39 | |

Cash flow after investments was EUR 99 million in 2020 (61). Cash flow was affected by change in working capital, among other factors. Sales liabilities increased towards the end of the year, while growth in sales receivables was smaller compared to the reference period.

At the end of 2020, DNA had a EUR 200 million internal revolving credit facility, of which EUR 90 million remained undrawn, as well as a 51 million (-) Group overdraft.

Net gearing decreased and was 91% (101) at the end of the year. Net gearing was mainly impacted by the dividend payment in the reference period.

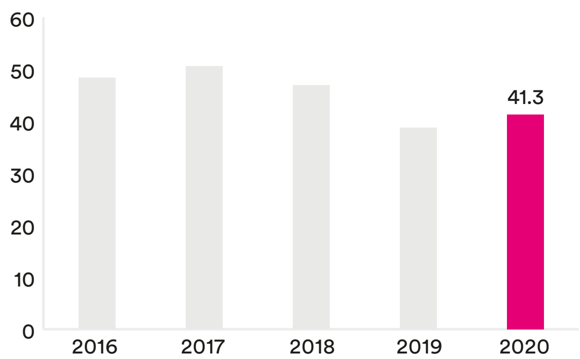
DNA's liquidity is at a healthy level. The Group's liquid assets amounted to EUR 8 million (17). Net debt was EUR 597 million (559). The Group's liquid assets and undrawn committed credit facilities amounted in total to EUR 149 million (282). In addition to liquid assets, DNA has cash pool receivables of EUR 29 million (-). DNA joined Telenor's consolidated account in January and closed the EUR 150 million standby credit facility provided by the bank in March. During the year, DNA closed down its EUR 200 million commercial paper programme.

Changes in working capital had an EUR 9 million (–35) positive impact on cash flow. The decrease in working capital was mainly due to increased sales liabilities and a slower growth of sales receivables compared to last year.

DNA has a strong balance sheet. The net debt/EBITDA ratio was 1.8 (1.8) at the end of December. DNA's equity ratio at the end of the year was 41% (39). Earnings per share were EUR 0.87 (0.75).

Standard & Poor's Global Ratings has given DNA's long-term credit rating BBB+, with a stable outlook.

EQUITY RATIO, %




# DEVELOPMENT PER BUSINESS SEGMENT

## Consumer business

| EUR million | 1–12/2020 | 1–12/2019 | Change, % |
|---|---|---|---|
| Total revenues | 710 | 720 | –1 |
| EBITDA | 258 | 234 | 11 |
| % of total revenues | 36 | 32 | |
| Comparable EBITDA [1] | 258 | 236 | 9 |
| % of total revenues | 36 | 33 | |
| Operating result | 137 | 122 | 12 |
| % of total revenues | 19 | 17 | |
| Comparable operating result [2] | 137 | 128 | 7 |
| % of total revenues | 19 | 18 | |

1) The comparability of the 2019 EBITDA was affected by non-recurring expense items of EUR 3 million in relation to business restructuring. There were no items affecting comparability in 2020.

2) The comparability of the 2019 operating result was affected by non-recurring items of EUR 6 million, of which EUR 3 million were in connection to business restructuring and EUR 3 million in relation to the sale of DNA's VHF frequency-based terrestrial network business. There were no items affecting comparability in 2020.

Consumer business total revenues decreased and came to EUR 710 million (720). The decrease was mainly due to the sale of the terrestrial pay-TV business and a slowdown in mobile device sales. EBITDA increased and was EUR 258 million (234). The EBITDA percentage of total revenues was 36% (32). Consumer business operating result increased and was EUR 137 million (122), accounting for 19% of consumer business total total revenues (17).

DNA improved the roaming pricing of its consumer subscriptions in Sweden, Denmark, Norway, Estonia, Latvia and Lithuania by offering unlimited data transfer in these countries as of 24 June and including data transfer in the monthly DNA subscription fee. The improvement automatically applies to all types of subscriptions available at DNA that include a roaming feature.

In November, DNA launched a globally unique cooperation project with the streaming service Netflix. DNA became the first operator in the world to offer a home broadband subscription and the Netflix Family product on a single subscription and invoice.

Sales of 5G phones grew significantly. In December, they accounted for nearly 50% of all phone sales. Sales of smartwatches doubled, and sales of both laptops and desktop computers increased from 2019. In addition to smartwatches and computers, the popularity of products such as robot vacuum cleaners and electric scooters increased significantly.

### Corporate business

| EUR million | 1–12/2020 | 1–12/2019 | Change, % |
|---|---|---|---|
| Total revenues | 225 | 226 | 0 |
| EBITDA | 74 | 72 | 3 |
| % of total revenues | 33 | 32 | |
| Comparable EBITDA 1) | 74 | 74 | 1 |
| % of total revenues | 33 | 33 | |
| Operating result | 14 | 11 | 27 |
| % of total revenues | 6 | 5 | |
| Comparable operating result 1) | 14 | 13 | 10 |
| % of total revenues | 6 | 6 | |

1) The comparability of 2019 EBITDA and operating result was affected by non-recurring expense items of EUR 1.8 million in relation to business restructuring. There were no items affecting comparability in 2020.

Corporate business total revenues remained stable despite a decline in roaming revenues due to international movement restrictions. Revenues were EUR 225 million (226). EBITDA increased and was EUR 74 million (72). EBITDA percentage of total revenues was 33% (32). Corporate business operating result increased and was EUR 14 million (11), or 6% of corporate business total revenues (5).

Corporate business updated its strategy for 2020 with the aim of enhancing DNA's ability to provide better services for businesses of all sizes. Service abilities in particular were improved to meet the needs of globally operating businesses.

In early 2020, DNA also launched sales of Telenor network services covering Sweden, Norway and Denmark for international corporate customers. In addition, thanks to Telenor's excellent roaming contracts, DNA is now able to offer its customers more extensive roaming networks and contracts worldwide.

In November, DNA signed a contract with the City of Turku on the provision of voice services. The contract covers voice communication services, switchboard and information systems, approximately 10,000 mobile communication subscriptions with mobile data connections, availability services and a contact centre customer service solution.

# CAPITAL EXPENDITURE

| EUR million | 1–12/2020 | 1–12/2019 | Change, % |
|---|---|---|---|
| Consumer business | 198 | 98 | 102 |
| Corporate business | 125 | 60 | 108 |
| **Total capital expenditure** | **324** | **159** | **104** |

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

| EUR million | 1–12/2020 | 1–12/2019 | Change, % |
|---|---|---|---|
| Operative capital expenditure 1) | 171 | 140 | 22 |
| % of total revenues | 18 | 15 | |
| Lease investments (IFRS 16) 2) | 137 | 10 | 1,303 |
| Spectrum licences | 16 | 9 | 81 |
| **Total capital expenditure** | **324** | **159** | **104** |

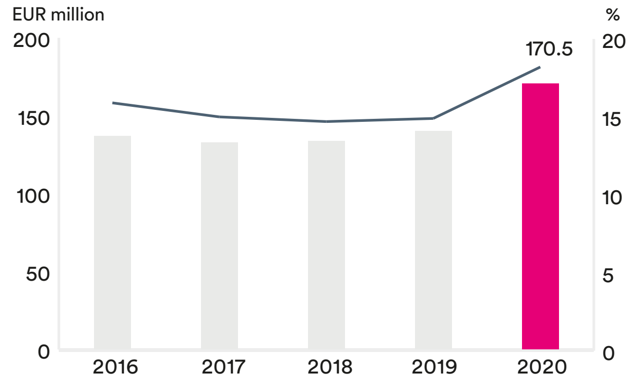
1) Operative capital expenditure is reported capital expenditure excluding annual cash instalments for capitalised spectrum licences and lease investments (IFRS 16).

2) DNA reassessed the duration of short-term leases based on the new owner and new long-term forecast. The effect of the reassessment on the balance sheet was EUR 121 million.

In 2020, capital expenditure increased by 104% to EUR 324 million (159). Operative capital expenditure also increased year-on-year and amounted to EUR 171 million (140), or 18% of total revenues (15). In 2020, the spectrum licence fees for the 700 MHz, 3.5 GHz and 26 GHz bands contributed a total of EUR 16 million (9) to capital expenditure.

The most significant individual capital expenditures in 2020 consisted of radio network capacity expansion and development, the development of 5G readiness and fibre optic networks and transmission systems.

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



# RESEARCH AND DEVELOPMENT

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

# NETWORK INFRASTRUCTURE AND NEW TECHNOLOGIES

DNA continued its strong investment activities in network infrastructure, which will enable the provision of high-quality connections in the future as the use of devices and digital services continue to grow. DNA's 4G network reaches nearly 100% of the population in mainland Finland. At the end of 2020, 5G services were available in nearly 80 cities and towns, with nearly 1.8 million people covered by the network. Installations of DNA's 5G broadband service were also launched in 2020, and feedback from customers has been positive.

We will continue to improve the capacity of our 4G network parallel to the 5G investments. As a result, data speeds in the 4G network have improved despite the growth of traffic volumes. DNA's mobile network supports NB-IoT and LTE-M technologies, which makes it possible to provide advanced M2M services.

DNA closed its VHF frequency-based terrestrial network during the first half of 2020. At the same time, DNA also relinguished its terrestrial network license. After this, DNA focuses on cable and broadband distribution, continuing to offer a wide range of TV services throughout Finland.

In June, DNA won 5G frequencies in the 26 GHz frequency range in the auction of the 800 MHz frequency band, which guarantees DNA the ability to provide evolving 5G services long into the future.

During the first half of 2020, DNA deployed its first gigabit-speed broadband connections with fibre-optic technology in the city of Tampere. The technology enables high speeds also in older buildings without the need to upgrade the internal network, providing broadband speeds of 1 Gbps extensively to customers in Tampere. In turn, the copper-based network was dismantled in the city centre of Heinola, and services to customers are now provided entirely via the mobile and fibre networks.

According to a report published by Tefficient in September1), DNA's customers had the highest mobile data usage per subscription in the world in the first half of 2020, averaging at 33.1 gigabytes per month. In 2019, the average usage was 25.4 gigabytes. In October-December 2020, the average mobile data usage of DNA's customers per month reached as high as 38.8 gigabytes per subscription (28.8). The year-on-year increase was 35%.

1) Tefficient report H1/2020. Tefficient is an international analysis, benchmarking and consultancy company in the telecommunications sector, with reports available for download at https://tefficient.com/mobile-data-operators-1h-2020/.

# PERSONNEL

## Personnel by business segment

| | 31 December 2020 | 31 December 2019 | Change, % |
|---|---|---|---|
| Consumer business | 899 | 933 | –4 |
| Corporate business | 710 | 691 | 3 |
| **Total personnel** | **1,609** | **1,624** | **–1** |

## Personnel by age group

| | 2020 | 2019 | 2018 |
|---|---|---|---|
| <25 years | 1% | 0% | 1% |
| 25–35 years | 24% | 23% | 26% |
| 36–45 years | 38% | 38% | 39% |
| 46–55 years | 25% | 26% | 24% |
| 56–63 years | 11% | 12% | 10% |
| over 63 years | 1% | 1% | 0% |
| **In total** | **100%** | **100%** | **100%** |

## Key personnel indicators

| | 2020 | 2019 | 2018 |
|---|---|---|---|
| Average number of personnel | 1,621 | 1,617 | 1,605 |
| Wages and salaries, EUR million | 114.7 | 112.7 | 107.4 |

At the end of 2020, DNA Group had 1,609 employees (1,624), of whom 616 were women (637) and 993 men (987). Salaries and employee benefit expenses paid during the year amounted to EUR 115 million (113).

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 experience on the market. In April 2020, the Family Federation of Finland renewed DNA's family-friendly workplace recognition, which shows that the employer is committed to implement family-friendly values and social responsibility. DNA is the only large enterprise in Finland to receive the recognition.

DNA's owner Telenor announced in early June that it will adopt the flexible method of working globally for all of its almost 19,000 employees. Leading the way, DNA has been operating flexibly since 2012. At DNA, flexible work means that if our work is not tied to a place or time, you can decide independently where and when you work, without discussing this with your supervisor. Other national companies of Telenor will adopt the model in the manner they consider best.

In November, DNA won trade union Pro's Equality Award 2020. The winner was selected by the union's Board based on a proposal from the union's supervision of interests team. The basis for granting the award was DNA's continuous development of family-friendly practices. Pro's Board paid special attention to how DNA acknowledges a wide variety of tasks and factors as well as DNA's own and temporary workers in matters related to family friendliness.

In the autumn as part of a broader campaign for IT and data professionals, DNA trialled recruiting without resumes and application letters. By foregoing the need for lengthy application letters and updated resumes, professionals who would not normally consider changing jobs could be attracted to apply. At the same time, the aim was to improve applicant experience and equality in recruiting. DNA received a great deal of positive feedback on the trial carried out with Duunitori, and experiments will be continued in 2021.

# MANAGEMENT AND GOVERNANCE AND SIGNIFICANT LITIGATION MATTERS

## Significant litigation matters

Telenor Finland Holding Oy, wholly-owned by the Norwegian telecommunications Group Telenor, became the sole owner of DNA. Nasdaq Helsinki delisted DNA's shares on 3 February 2020. The buyout procedure under chapter 18, section 4 of the Finnish Limited Liability Companies Act ended when the arbitration decision issued on 3 March 2020 and registered on 24 April 2020 became final.

The trademark disputes between Deutsche Telekom AG and DNA were settled on 9 April 2020 and the related claims were withdrawn.

## Management and governance

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

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

## Change in DNA's Executive Management Team after the financial period

Maria Strömberg, M.Sc. (Econ.) (b. 1968) was appointed Chief Financial Officer (CFO) and member of the Executive Management Team of DNA Plc as of 1 February 2021. She moved to the position from within DNA from the position of Director of Accounting & Corporate Control. Strömberg has worked most of her career in the telecom industry and has been with DNA continuously since 2007. Strömberg succeeds Timo Karppinen, who served as CFO until the end of January 2021.

## Decisions of the Annual General Meeting

DNA's Annual General Meeting was held in Helsinki on 26 March 2020. The AGM confirmed DNA's consolidated financial statements for 2019 and the financial statements of the parent company. The AGM discharged DNA's Board of Directors members and CEO for the financial period 2019 from liability.

As DNA now has only one shareholder, it was decided to dissolve the Shareholders' Nomination Committee established in 2015. The AGM also made minor changes to Articles regarding the composition of the Board of Directors and Notice of General Meeting.

The current composition of the Board of Directors was not changed. Jørgen C. Arentz Rostrup was elected Chairman and Fredric Scott Brown, Nils Katla, Tero Ojanperä, Anni Ronkainen, Kirsi Sormunen and Ulrika Steg were elected as members of the Board.

Authorised Public Accountants Ernst & Young was elected as the company's auditor. APA Terhi Mäkinen acts as the principal auditor.

The AGM confirmed that DNA will not pay a dividend.

## Board of Directors in 2020

DNA's Annual General Meeting of 26 March 2020 did not change the composition of the Board. During 2020, Jørgen C. Arentz Rostrup was the Chairman and members were Anni Ronkainen, Kirsi Sormunen, Tero Ojanperä, Ulrika Steg, Fredric Scott Brown and Nils Katla. The Board convened eight times in 2020.

## Board committees

From 1 January to 26 March 2020, the work of the Board of Directors was supported by the Audit Committee and Personnel Committee. The Audit Committee comprised of Kirsi Sormunen (Chair), Tero Ojanperä and Nils Katla. The Personnel Committee comprised of Jørgen C. Arentz Rostrup (Chair), Anni Ronkainen and Ulrika Steg. The Board of Directors did not elect committees after the Annual General Meeting of 26 March 2020. The Audit Committee convened once before the AGM.

# SHARES AND SHAREHOLDERS

## Shares

DNA's shares were delisted from Nasdaq Helsinki on 3 February 2020.

On 31 December 2020, DNA's 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, DNA held 121,316 treasury shares.

Members of DNA's Executive Management Team or Board of Directors did not have any holdings of DNA shares on 31 December 2020.

## Telenor's tender offer and delisting of DNA's shares

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

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

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

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

On 10 December 2019 DNA submitted a delisting application to the Listing Committee of Nasdaq Helsinki requesting that the quotation of DNA' shares on the official list of Nasdaq Helsinki will be terminated as soon as possible after Telenor has obtained title to all outstanding shares in DNA pursuant to Chapter 18, Section 6 of the Companies Act.

On 30 January 2020 arbitral tribunal confirmed Telenor Finland Holding Oy's redemption right regarding DNA's minority shares and trading in DNA's shares was suspended.

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

## Sustainability

DNA's approach to sustainability is guided by the sustainability program and its five main areas: digital inclusion, being a great place to work, climate-friendly operations, data security and privacy, 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 sustainability objectives and measures are described in a separate sustainability 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

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 experience on the market. In April 2020, the Family Federation of Finland renewed DNA's family-friendly workplace recognition, which shows that the employer is committed to implement family-friendly values and social responsibility. DNA is the only large enterprise in Finland to receive the recognition.

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.

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

## Respect for human rights

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

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

There were no human rights violations related to DNA's own activities in 2020.

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. In 2020, DNA joined Telenor and its climate ambitions. With Telenor's other Nordic operations, DNA aims to have carbon-neutral business operations by 2030.

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

Increased mobile data volumes challenge the energy efficiency of the radio network, because the continuously growing volumes require more equipment, which in turn increases energy consumption. On the other hand, the relative per-data energy consumption is reduced through improved technical performance of LTE. The implementation of 5G technology in the coming years will improve relative efficiency further even if total energy consumption increases.

In 2020, DNA's energy indirect greenhouse gas emissions (Scope 2, market-based) were 13,870 tonnes (13,400). DNA was able to keep the increase minor even though there were major increases in the 5G network. In addition, DNA has increased the amount of its renewable energy and the energy efficiency of the radio network.

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

## Anti-corruption and anti-bribery

DNA has zero-tolerance of corruption and bribery: Telenor's Code of Conduct bans any corruption. Every DNA employee is required to attend Telenor´s Code of Conduct training. By the end of 2020, 100% of DNA personnel had completed the training. In addition, DNA's Sustainability Manager and Fraud Manager train DNA personnel on DNA Group's anti-corruption policies and procedures as required.

DNA has separate guidelines for the giving and receiving of business gifts. DNA enforces a Supplier Code of Conduct which is appended to its agreements with suppliers and subcontractors. Its requirements include combating corruption and bribery. Any corruption risk is assessed as part of the Group's risk management process. There were no incidents of corruption or bribery at DNA in 2020.

# NEAR-TERM RISKS AND UNCERTAINTIES

## Strategic and operative risks

The Finnish telecommunications market is characterised by tough competition between established operators, and a high degree of penetration of telecommunications services.

The COVID-19 pandemic may have direct or indirect negative impacts on areas such as the health of DNA's employees or DNA's subcontractors' employees and DNA's service reliability. The negative effects of the pandemic on the Finnish economy may reduce demand for DNA's services.

International players have a strong presence in the competitive environment of TV and entertainment services. DNA's competitors include traditional operators as well as 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 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.

Cyber security risks have increased significantly over the last few years with digitalisation and more widespread use of digital networks and services. The role of information security, data security, and high operational network reliability are expected to gain in importance in the future.

Uncertainty in global trade policies may have an impact on DNA's subcontractors and partners and their product availability, service quality, and reliability, as well as DNA's customers' behaviour.

## Regulatory risks

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

Regulatory initiatives indicating significant risks to DNA include the national implementation of the new European Electronic Communications Code, EU regulation on the data protection of electronic communications, and authority decisions on significant market power (SMP).

## Financing risks

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

## Damage risk

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

# MARKET OUTLOOK FOR 2021

According to the Bank of Finland, the Finnish economy contracted significantly in 2020, but less than previously forecast. The Bank of Finland expects the coronavirus pandemic to end with vaccinations in 2021, in which case private consumption will cause the Finnish economy to grow.

We expect competition to remain intense for mobile communication services. Mobile data use will continue to grow as private and business users increase their use of digital services and OTT video services. This trend will expand the number of high-speed subscriptions as well as mobile data usage per subscription. The share of 5G subscriptions in DNA's mobile subscription base is expected to grow.

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.

Private and public-sector organisations are digitising their services and creating new digital business, which makes the availability of networks and services vital. The amount of remote work, which has increased rapidly because of the COVID-19 pandemic, will remain at a higher level than before the pandemic, and this 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.

# DNA'S GUIDANCE FOR 2021

DNA will not issue guidance on its net sales and EBITDA for 2021. DNA expects competition to remain strong in 2021. Nonetheless, DNA's business is anticipated to develop favourably. DNA's financial position and liquidity are expected to remain at a healthy level.

The COVID-19 pandemic may have direct or indirect negative impacts on areas such as the health of DNA's employees or DNA's subcontractors' employees and DNA's service reliability. The negative effects of the pandemic on the Finnish economy may reduce demand for DNA's services.

### Board of Directors' proposal on dividend payment

DNA's Board of Directors will propose, that no dividend to be paid for the financial year 2020.

# EVENTS AFTER THE FINANCIAL PERIOD

At the end of January 2021, it was reported, that DNA Plc and Telia Finland Oyj have agreed to expand their existing cooperation in the construction of a mobile network. Since 2015, Suomen Yhteisverkko Oy (Finnish Shared Network) has been building a mobile network on behalf of the two companies in Eastern and Northern Finland. Now, the area will be expanded further towards the inland of Finland in its entirety so that, for example, Oulu, Kuopio and Kotka will be in the area of the shared network in the future. Suomen Yhteisverkko Oy immediately began to integrate the new sphere of activity into the construction plan.

DNA Plc

Board of Directors

# GROUP KEY FINANCIAL FIGURES

| EUR million | 2020* | 2019* | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| Net sales | 934.5 | 946.0 | 911.8 | 886.1 | 858.9 |
| EBITDA | 332.6 | 305.6 | 284.9 | 271.8 | 236.3 |
| % of net sales | 35.6 | 32.3 | 31.2 | 30.7 | 27.5 |
| Comparable EBITDA | 332.6 | 310.0 | 284.9 | 271.8 | 247.1 |
| % of net sales | 35.6 | 32.8 | 31.2 | 30.7 | 28.8 |
| Depreciation, amortisation and im-pairment | 181.2 | 171.9 | 146.0 | 148.2 | 145.0 |
| Operating result, EBIT | 151.4 | 133.7 | 138.9 | 123.5 | 91.2 |
| % of net sales | 16.2 | 14.1 | 15.2 | 13.9 | 10.6 |
| Comparable operating result, EBIT | 151.4 | 141.0 | 138.9 | 126.6 | 102.1 |
| % of net sales | 16.2 | 14.9 | 15.2 | 14.3 | 11.9 |
| Net result before tax | 143.4 | 124.6 | 127.7 | 114.2 | 81.7 |
| Net result for the period | 114.8 | 98.8 | 102.2 | 93.1 | 65.2 |
| Return on investment (ROI), % | 12.7 | 12.1 | 14.1 | 13.1 | 9.6 |
| Return on equity (ROE), % | 19.0 | 17.1 | 16.4 | 15.5 | 11.6 |
| Capital expenditure | 323.5 | 158.7 | 138.3 | 144.0 | 143.6 |
| Cash flow after investing activities | 99.4 | 60.6 | 63.4 | 107.7 | 83.5 |
| Net debt, EUR million | 597.4 | 559.1 | 379.3 | 304.3 | 321.7 |
| Net debt/EBITDA | 1.80 | 1.83 | 1.33 | 1.12 | 1.36 |
| Net gearing, % | 90.9 | 101.4 | 62.7 | 50.3 | 53.9 |
| Equity ratio, % | 41.3 | 38.8 | 46.9 | 50.6 | 48.4 |
| Personnel at the end of period | 1,609 | 1,624 | 1,590 | 1,601 | 1,668 |

* The calculation method of the key figures presented in this table differs from that of DNA's previous key figures. The figures in this table are presented the same way as the key figures published by DNA's parent company Telenor ASA except for the figures for total revenues and EBITDA. The difference in total revenues and EBITDA is due to differences in the classification of certain items. The comparability of figures and terminology are explained in a press release published on 28 April 2020. The release is available on the DNA website.

# RECONCILIATION OF COMPARABLE KEY FIGURES

| EUR thousand | 2020* | 2019* | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| **EBITDA** | **332,613** | **305,575** | **284,921** | **271,772** | **236,290** |
| Direct transaction costs of the listing | - | - | - | - | 6,486 |
| Cost impacts on the share-based compensation plan of the listing | - | - | - | - | 3,795 |
| Restructuring costs | - | - | - | - | 528 |
| Fair value opinion | - | 1,683 | - | - | - |
| Share based programme | - | 1,572 | - | - | - |
| Share based programme Bridge | - | 878 | - | - | - |
| Matching shares plan for personnel | - | 157 | - | - | - |
| **Comparable EBITDA** | **332,613** | **309,865** | **284,921** | **271,772** | **247,100** |
| **Operating result** | **151,418** | **133,692** | **138,898** | **123,523** | **91,249** |
| Direct transaction costs of the listing | - | - | - | - | 6,486 |
| Cost impacts on the share-based compensation plan of the listing | - | - | - | - | 3 795 |
| Restructuring costs | - | - | - | - | 528 |
| Write-off of other non-current assets | - | - | - | 3,057 | - |
| Fair value opinion | - | 1,683 | - | - | - |
| Share based programme | - | 1,572 | - | - | - |
| Share based programme Bridge | - | 878 | - | - | - |
| Matching shares plan for personnel | - | 157 | - | - | - |
| Write-off of terrestrial network | - | 3,109 | - | - | - |
| **Comparable operating result** | **151,418** | **141,091** | **138,898** | **126,579** | **102,059** |

* The calculation method of the key figures presented in this table differs from that of DNA's previous key figures. The figures in this table are presented the same way as the key figures published by DNA's parent company Telenor ASA except for the figures for total revenues and EBITDA. The difference in total revenues and EBITDA is due to differences in the classification of certain items. The comparability of figures and terminology are explained in a press release published on 28 April 2020. The release is available on the DNA website.

# CASH FLOW AND FINANCIAL KEY FIGURES

| | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| Cash flow after investing activities, EUR million | 99.4 | 60.6 | 63.4 | 107.7 | 83.5 |
| Net debt, EUR million | 597.4 | 559.1 | 379.3 | 304.3 | 321.7 |
| Net debt/EBITDA | 1.80 | 1.83 | 1.33 | 1.12 | 1.36 |
| Net gearing, % | 90.9 | 101.4 | 62.7 | 50.3 | 53.9 |
| Equity ratio, % | 41.3 | 38.8 | 46.9 | 50.6 | 48.4 |

# PER-SHARE KEY FIGURES

| | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| Earnings per share, basic and diluted, EUR | 0.87 | 0.75 | 0.77 | 0.71 | 0.51 |
| Equity per share, EUR | 4.97 | 4.17 | 4.58 | 4.58 | 4.5 |

# KEY OPERATIVE INDICATORS

| | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| Number of mobile communication network subscriptions at end of period* | 2,694,000 | 2,696,000 | 2,877,000 | 2,811,000 | 2,742,000 |
| Revenue per user (ARPU), EUR** | 16.8 | 16.3 | 18.7 | 18.4 | 17.1 |
| Number of fixed line subscriptions at end of period*** | 900,000 | 909,000 | 860,000 | 903,000 | 918,000 |

* Mobile communication network subscriptions include postpaid, prepaid, mobile home phone ("Luuri") and mobile broadband subscriptions. Years 2016–2018: include voice and mobile broadband subscriptions.

** ARPU = Monthly mobile revenues (company's subscriptions) and traffic revenues + interconnection / average number of subscriptions. Years 2016–2018: Include only postpaid phone subscriptions.

*** The figure for the number of fixed-network subscriptions includes voice, broadband and cable pay-TV subscriptions.

# CALCULATION OF KEY FIGURES

| Key figure | | Calculation |
|---|---|---|
| Earnings per share (EUR) | = | Net result for the period / Weighted number of shares during the financial period excl treasury shares |
| Equity per share, EUR | = | Equity attributable to owners of the parent / Number of outstanding shares at end of period |
| Net debt, EUR | = | Non-current and current borrowings – cash and cash equivalents |
| Net gearing, % | = | Net debt / Total equity |
| Equity ratio, % | = | Total equity / Total assets – advances received |
| EBITDA, EUR | = | Operating result (EBIT) + depreciation, amortisation and impairments |
| Return on investment (ROI), %* | = | Net result before income taxes + finance expense / Total equity + borrowings (average for the period) |
| Return on equity (ROE), %* | = | Net result for the period / Total equity (average for the period) |
| Net debt/EBITDA* | = | Net debt / Operating result + depreciation + amortisation + impairments |
| Comparable EBITDA (EUR) | = | EBITDA excluding items affecting comparability |
| Comparable operating result, (EUR) | = | Operating result, excluding items affecting comparability |
| Items affecting comparability | = | Items affecting comparability being material items outside ordinary course of business such as net gain or losses from business disposals, direct transaction costs related to business acquisitions, write-off of non-current assets, costs for closure of business operations and restructurings, fines, damages and other similar payments. |
| Cashflow after investing activities (EUR) | = | Net cash generated from operating activities + net cash used in investing activities |
| Capital expenditure (EUR) | = | Capital expenditure comprises additions to property, plant and equipment and intangible assets excluding business acquisitions, gross acquisition cost of spectrum license and additions through asset retirement obligations and including annual cash instalments for the spectrum license. |
| Operative capital expenditure | = | Operative capital expenditure is reported capital expenditure without annual cash instalments for spectrum licenses and without lease investments (IFRS 16). |

*) 12-month adjusted

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

DNA presents comparable EBITDA and comparable operating result, which have been adjusted with material items outside of ordinary course of business to improve comparability between periods. EBITDA, comparable EBITDA and comparable operating result 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 and cash flow after investing activities provide also additional information of the cash flow needs of DNA's operations.

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

# FINANCIAL STATEMENTS 2020

# CONSOLIDATED INCOME STATEMENT

| EUR in thousands | Note | 1 Jan–31 Dec 2020 | 1 Jan–31 Dec 2019 |
|---|---|---|---|
| **Net sales*** | 5, 6 | **934,495** | **945,968** |
| Materials and services | | –385,280 | –409,867 |
| Employee benefit expenses | 9 | –112,648 | –112,720 |
| Depreciation, amortisation and impairments | 8 | –181,196 | –171,883 |
| Other operating expenses | 7 | –103,954 | –117,805 |
| | | | |
| **Operating result, EBIT** | | **151,418** | **133,692** |
| | | | |
| Finance income | 10 | 530 | 496 |
| Finance expense | 11 | –8,539 | –9,590 |
| Share of associates' results | 16 | 12 | 14 |
| | | | |
| **Net result before income tax** | | **143,420** | **124,612** |
| | | | |
| Income tax expense | 12 | –28,618 | –25,793 |
| | | | |
| | | | |
| **Net result for the period** | | **114,802** | **98,819** |
| | | | |
| Attributable to: | | | |
| Owners of the parent | | 114,802 | 98,819 |
| | | | |
| | | | |
| Earnings per share for net result attributable to owners of the parent: | | | |
| Earnings per share, basic and diluted (EUR) | 13 | 0.87 | 0.75 |

* Other operating income is included in the net sales. More detailed information can be found in the Note 6 Other operating income.

Notes are an integral part of the consolidated financial statements.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| EUR in thousands | Note | 1 Jan–31 Dec 2020 | 1 Jan–31 Dec 2019 |
|---|---|---|---|
| | | | |
| **Net result for the period** | | **114,802** | **98,819** |
| **Items that will not be reclassified to profit and loss:** | | | |
| Remeasurements of post employment benefit obligations | 24 | 290 | 126 |
| **Other comprehensive income, net of tax** | | **290** | **126** |
| **Total comprehensive income** | | **115,092** | **98,945** |
| Attributable to: | | | |
| Owners of the parent | | 115,092 | 98,945 |

Notes are an integral part of the consolidated financial statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| EUR in thousands | Note | 31 Dec 2020 | 31 Dec 2019 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Goodwill | 15 | 338,706 | 338,706 |
| Other intangible assets | 15 | 209,793 | 196,562 |
| Property, plant and equipment | 14 | 461,717 | 427,442 |
| Right-of-use assets | 30 | 169,390 | 76,237 |
| Investments in associates | 16 | 1,228 | 1,219 |
| Other investments | 17 | 111 | 110 |
| Trade and other receivables | 18 | 82,224 | 76,465 |
| Contract assets | 5 | 2,727 | 3,881 |
| Deferred tax assets | 19 | 7,617 | 7,164 |
| **Total non-current assets** | | **1,273,511** | **1,127,786** |
| | | | |
| **Current assets** | | | |
| Inventories | 20 | 33,724 | 34,303 |
| Trade and other receivables | 18 | 289,603 | 254,841 |
| Contract assets | 5 | 3,440 | 4,912 |
| Income tax receivables | | 3,884 | 2,155 |
| Cash and cash equivalents | 21 | 7,633 | 17,423 |
| **Total current assets** | | **338,284** | **313,634** |
| | | | |
| **Total assets** | | **1,611,796** | **1,441,420** |
| | | | |
| **Equity** | | | |
| **Equity attributable to owners of the parent** | | | |
| Share capital | 22 | 72,702 | 72,702 |
| Reserve for invested unrestricted equity | 22 | 506,079 | 506,079 |
| Treasury shares | 22 | –1,728 | –1,728 |
| Retained earnings | | –34,653 | –124,757 |
| Net result for the period | | 114,802 | 98,819 |
| **Total equity** | | **657,202** | **551,115** |

| EUR in thousands | Note | 31 Dec 2020 | 31 Dec 2019 |
|---|---|---|---|
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Borrowings | 26, 27, 29 | 357,628 | 472,445 |
| Lease liabilities* | 30 | 149,163 | 60,587 |
| Contract liabilities | 5 | 1,338 | 1,813 |
| Employment benefit obligations | 24 | 1,156 | 1,540 |
| Provisions | 25 | 11,833 | 4,996 |
| Deferred tax liabilities | 19 | 44,145 | 36,863 |
| Other non-current liabilities | | 24,409 | 25,606 |
| **Total non-current liabilities** | | **589,672** | **603,851** |
| | | | |
| **Current liabilities** | | | |
| Borrowings | 26, 27, 29 | 59,987 | 28,810 |
| Lease liabilities* | 30 | 38,248 | 14,652 |
| Contract liabilities | 5 | 1,916 | 2,876 |
| Provisions | 25 | 208 | 470 |
| Trade and other payables | 28 | 264,180 | 239,257 |
| Income tax liabilities | | 381 | 388 |
| **Total current liabilities** | | **364,921** | **286,454** |
| | | | |
| **Total liabilities** | | **954,593** | **890,305** |
| | | | |
| **Total equity and liabilities** | | **1,611,796** | **1,441,420** |

* Following the change in ownership structure, DNA has reassessed its operating environment conditions and thereby concluded that certain lease agreements, previously classified as short-term, were in the current operating conditions re-estimated to be long-term. Thus, the lengths of these agreements were reassessed to 3–5 years as of 1 September 2020 and were recognised as right-of-use assets and lease liabilities in the balance sheet.

Notes are an integral part of the consolidated financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

| EUR in thousands | Note | 2020 | 2019 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Net result for the period | | 114,802 | 98,819 |
| Adjustments [1)] | | 217,158 | 206,951 |
| Change in net working capital [2)] | | –9,042 | –34,546 |
| Dividends received | | 36 | 44 |
| Interest paid | | –5,480 | –5,648 |
| Interest received | | 471 | 370 |
| Other financial items | | –1,734 | –2,589 |
| Income taxes paid | | –21,018 | –29,823 |
| **Net cash generated from operating activities** | | **295,193** | **233,577** |
| | | | |
| **Cash flows from investing activities** | | | |
| Investments in property, plant and equipment (PPE) and intangible assets | | –172,136 | –132,852 |
| Proceeds from sale of PPE | | 5 | 2,013 |
| Business combinations | 34 | –1 | –42,180 |
| Group account receivable | | –23,666 | 0 |
| **Net cash used in investing activities** | | **–195,798** | **–173,019** |
| | | | |
| **Cash flows from financing activities** | | | |
| Dividends paid | | 0 | –145,400 |
| Proceeds from borrowings | 26, 27 | 83,097 | 848,801 |
| Repayment of borrowings | 26, 27 | –168,041 | –752,534 |
| Repayment of lease liabilities | | –24,240 | –16,657 |
| **Net cash generated from (used in) financing activities** | | **–109,184** | **–65,790** |
| | | | |
| Change in cash and cash equivalents | | –9,790 | –5,232 |
| Cash and cash equivalents at beginning of year | 21 | 17,423 | 22,654 |
| Cash and cash equivalents at end of year | 21 | 7,633 | 17,423 |

| EUR in thousands | Note | 2020 | 2019 |
|---|---|---|---|
| **1) Adjustments:** | | | |
| Depreciation, amortisation and impairment | 8 | 181,196 | 171,883 |
| Gains and losses on disposals of non-current assets | | –1 | –4 |
| Other non-cash income and expense | | –12 | –14 |
| Finance income and expense | 10, 11 | 8,010 | 9,094 |
| Income tax expense | 12 | 28,618 | 25,793 |
| Change in provisions | | –652 | 198 |
| **Total adjustment** | | **217,158** | **206,951** |
| | | | |
| **2) Change in net working capital:** | | | |
| Change in trade and other receivables | | –1,003 | –22,858 |
| Change in inventories | 20 | 579 | –2,622 |
| Change in trade and other payables | | –8,619 | –9,066 |
| **Change in net working capital** | | **–9,042** | **–34,546** |

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 2019** | | **72,702** | **506,079** | **–2,806** | **28,794** | **604,770** |
| **Comprehensive income** | | | | | | |
| Net result for the period | | | | | 98,819 | 98,819 |
| **Other comprehensive income** | | | | | | |
| Total other comprehensive income, net of tax | 24 | | | | 126 | 126 |
| **Total comprehensive income** | | - | - | - | **98,945** | **98,945** |
| **Transactions with owners** | | | | | | |
| Share-based payments | 23 | | | 1,078 | –8,278 | –7,200 |
| Dividends relating to 2018 | 22 | | | | –145,400 | –145,400 |
| **Total contribution by and distributions to owners** | | - | - | **1,078** | **–153,678** | **–152,600** |
| **31 December 2019** | | **72,702** | **506,079** | **–1,728** | **–25,939** | **551,115** |
| **1 January 2020** | | **72,702** | **506,079** | **–1,728** | **–25,939** | **551,115** |
| **Comprehensive income** | | | | | | |
| Net result for the period | | | | | 114,802 | 114,802 |
| **Other comprehensive income** | | | | | | |
| Total other comprehensive income, net of tax | 24 | | | | 290 | 290 |
| **Total comprehensive income** | | - | - | - | **115,092** | **115,092** |
| **Transactions with owners** | | | | | | |
| Share-based payments | 23 | | | | 1,494 | 1,494 |
| Group contribution | | | | | –10,498 | –10,498 |
| **Total contribution by and distributions to owners** | | - | - | - | **–9,004** | **–9,004** |
| **31 December 2020** | | **72,702** | **506,079** | **–1,728** | **80,148** | **657,202** |

Notes are an integral part of the consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 GENERAL INFORMATION

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

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

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

DNA Plc's Board of Directors approved the release of these consolidated financial statements at a meeting on 11 February 2021. 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

## 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 IFRIC interpretations applicable as at 31 December 2020. International Financial Reporting Standards refer to the standards and interpretations applicable by corporations set out by the Finnish Accounting Act and other regulations set out on the basis of this ordinance enforced for application in accordance with the procedure stipulated in the regulation (EC) No 1606/2002 of the European Parliament and of the Council. The notes to the Consolidated financial statements also comply with Finnish accounting and corporate legislation complementing the IFRS standards.

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

### New and amended standards adopted by the Group

The Group has adopted the following standards and amended standards during the financial year commencing 1 January 2020:

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

In particular, the amendments clarify:

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

**Amendments to IFRS 9, IAS 39 and IFRS 17:** Interest Rate Benchmark Reform
**Amendments to IFRS 3 Business Combinations:** Definition of Business
**Amendment to IFRS 16:** Leases Covid 19-Related Rent Concessions

These changes have not had material impact on the Group.

### Subsidiaries

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

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

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

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

All inter-company transactions, receivables, liabilities, unrealised gains and internal profit distribution are eliminated in the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Distribution of profit between parent company shareholders and non-controlling shareholders is presented in the income statement, and non-controlling interest in equity is presented in the balance sheet as a separate component of shareholder's equity. The Group did not have any non-controlling shareholders during the 2019–2020 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 per cent of the voting rights or otherwise has a significance influence without exercising full control.

Associated companies are consolidated using the equity method. If the Group's share of the associated companies' losses exceeds the carrying amount of the investment, the investment is recognised in the balance sheet at zero value and the portion of the losses exceeding the carrying amount is not consolidated unless the Group has agreed to meet the associated companies' obligations. Unrealised profits between the Group and its associated companies are eliminated to the extent of the Group's share of ownership. The investment in each associated company includes goodwill arising from the acquisition. The Group's share of the associated companies' result for the financial year corresponding the Group's share of ownership is recognised separately below the operating result line. The Group's share of its associates' movements in other comprehensive income is recognised in the Group's other comprehensive income. The Group's associates have not had any such items during the financial years 2019 or 2020.

### Joint arrangements

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

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

## Segment reporting

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

## Foreign currency translation

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

**Foreign currency transactions**

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

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

## Property, plant and equipment

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

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

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

The depreciation periods are as follows:

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

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

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

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

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

## Intangible assets

**Goodwill**

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

**Research and development expenditure**

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

**Contractual customer base**

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

**Other intangible assets**

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

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

Following the change in ownership structure, DNA has reassessed its operating environment conditions and thereby concluded that the estimated useful lives of brands were no longer accurate and current operating conditions no longer support the estimated finite useful lives. Thus, the brands' useful lives were reassessed to be indefinite and depreciations were stopped as of 1 September 2020.

**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 | Indefinite useful life |
| Spectrum license | 17–20 years |
| Other intangible assets | 2–10 years |

**Inventories**

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

## Lease agreements

DNA Plc mostly acts as a lessee. The Group enters into agreements to lease office premises, equipment facilities and aerial sites in particular. For office premises, the average lease period is 2 to 5 years and for equipment facilities 4 to 7 years. Due to the nature of leases, the Group's most essential contracts are related to leased premises and equipment spaces. In addition, the Group has essential individual agreements related to technology which have an essential impact on the assets and liabilities on the balance sheet. After consideration, DNA does not separate non-lease components from associated lease components and report lease components and non-lease components as a single lease component. DNA Plc uses the exemption for short-term leases. Lease payments associated with short-term leases are recorded as an expense. Lease agreements are reported in the profit and loss as depreciation and interest expense.

Following the change in ownership structure, DNA has reassessed its operating environment conditions and thereby concluded that certain lease agreements, previously classified as short-term, were in the current operating conditions re-estimated to be long-term. Thus, the lengths of these agreements were reassessed to 3–5 years as of 1 September 2020.

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

## Impairment of property, plant and equipment and intangible assets

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

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

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

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

## Employee benefits

### Retirement benefit obligations

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

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

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

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

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

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

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

### Share-based payments

Long-term share incentive schemes for DNA senior executives and other key personnel DNA Plc's Board of Directors has resolved on 3 October 2019 to terminate DNA's long-term share-based incentive schemes for senior executives and other key employees. The Board of Directors has also resolved on the payment of rewards thereunder in cash. In respect of the PSP programmes 2018–2020 and 2019–2021 as well as the RSP programme 2019–2021, the payment of the cash reward to around 70 participants took place on 20 June 2020. Payments of the cash reward were conditional on the participants' employment continuing until the payment of the reward or that the participant is a good leaver in accordance with the applicable terms and conditions.

Telenor has a long-term share incentive scheme for top executives and critical experts, where they can earn a cash bonus of up to 15–30% of annual base salary, which will be used to purchase Telenor's shares. Remuneration is granted on the basis of the profit development of the two years preceding the payment of the remuneration.

In addition, Telenor offers employees the opportunity to participate in the Employee Share Plan program, where employees are allowed to invest a certain portion of their annual salary in Telenor shares, and where they also have the opportunity to earn bonus shares based on Telenor share price performance.

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

## Provisions and contingent liabilities

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

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

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

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

## Current and deferred income tax

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

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

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

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

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

## Revenue recognition

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

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

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

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

Mobile devices have an extended warranty of 3 years. During the warranty period, DNA is obliged to service or replace the mobile device. In terms of accounting, there are no essential provisions made in relation to the warranty. The prolonged warranty period is not considered a separate performance obligation. A contract may include discounts, such as a lower activation or monthly fee. Discounts are allocated to each performance obligation in proportion to the standalone selling prices and allocated evenly throughout the contract period.

The time of allocation may differ from the time of payment, because discounts are generally applied at the time of activation or included in the first monthly service fees of the contract period. When a customer purchases several products included in certain product combinations, discounts for these are allocated to the relevant performance obligations in proportion to the standalone selling prices at time of sale. Activation and connection fees are charged for subscription and data services. No individual good or service is transferred, so they are included in the transaction price, which is allocated to each performance obligation in proportion to the standalone selling prices and allocated evenly throughout the contract period. For fixed-term contracts, sales commissions and fees paid on obtaining a contract are recognised as incremental costs and amortised. Incremental costs are amortised over the expected contract period or the customer's average contract period depending on the nature of the purchase cost and the service.

For more information, please see note 5.

## Interest and dividend

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

## Borrowing costs

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

## Financial assets and liabilities

### Classification of financial assets and liabilities

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

*Impairment of financial instruments*
According to the impairment model, impairment provisions must be recognised based on expected credit losses. At DNA, the impairment model applies to the recognition of impairment loss of trade receivables. DNA applies a simplified approach and a provision matrix for trade receivables as trade receivables do not have a significant financing component. Accordingly, they are measured for impairment purposes at an amount equal to lifetime expected credit losses. The approach based on expected credit losses is 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.

### Borrowings

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

### Derivative financial instruments and hedge accounting

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

### Cash

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

## Share capital

Outstanding ordinary shares are presented in share capital.

## Critical accounting judgements and key sources of estimation uncertainty

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

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

### Business acquisitions

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

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

For more information, please see note 5 Business combinations.

### Valuation of intangible assets and property, plant and equipment

Intangible assets including goodwill represent approximately 34 percent of DNA's total assets in 2020 (37% in 2019) and property, plant and equipment represent approximately 39 percent of DNA's total assets in 2020 (35% in 2019).

### Depreciation and amortisation expenses

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

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

The determination of impairments of goodwill and other intangible assets as well as property, plant and equipment involves the use of estimates that include, but are not limited to, the cause, timing, and amount of the impairment. Impairment is based on a large number of factors, such as changes in current competitive conditions, expectations of growth in the telecommunications industry, increased cost of capital, technological obsolescence, discontinuance of services, current replacement costs, prices paid in comparable transactions, and other changes in circumstances that indicate an impairment exists. The identification of impairment indicators, as well as the estimation of future cash flows and the determination of fair values for assets (or groups of assets) require management to make significant judgments concerning the identification and validation of impairment indicators, expected cash flows, applicable discount rates, useful lives, and residual values. When determining the values in use for the cash generating units, additional planning uncertainties are factored in that reflect the risks of macroeconomic development, which could adversely affect future results of operations. The most significant assumptions in goodwill impairment testing comprise of growth in net sales, development of EBITDA, determination of the discount rate (WACC), and long-term growth rate used after the five-year forecast period. The carrying amount of goodwill at 31 December 2020 was EUR 338.7 million (31 December 2019: EUR 338.7 million). Further details on goodwill impairment testing, including a sensitivity analysis, are included in note 15.

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

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

Provisions recognized for future costs related to asset retirement obligations amounted to EUR 11.6 million at 31 December 2020 (EUR 4.8 million at 31 December 2019) and for onerous contracts EUR 0.0 million at 31 December 2020 (EUR 0.0 million at 31 December 2019). The calculation method for asset retirement obligations has been modified due to changes in business environment estimates following the change in ownership structure. This has caused the provision to increase significantly compared to the beginning of year 2020. See note 25 for more information on provisions.

**Revenue recognition**

*Principal or agent – gross versus net presentation*
When DNA acts as a principal, income and payments to suppliers are reported on a gross basis in revenue and operating costs. If the DNA sells goods or services as an agent (mainly value added or content services for mobile services) revenue and payments to suppliers are recorded in revenue on a net basis, representing the margin/commission earned. Whether the Group is considered to be principal or agent in a transaction depends on analysis by management of both the legal form and substance of the agreement between the group and its business partners; such judgments impact the amount of reported revenue and operating expenses but do not impact net income or cash flows. Features indicating that the Group is acting as a principal include: responsibility for providing the goods or services and the group has latitude in establishing prices or provides additional goods and services. Features indicating that the Group is acting as an agent include: it does not have exposure to significant risks and rewards associated with the sale of goods or services or the amount it earns is predetermined, being either a fixed fee per transaction or a stated percentage of the amount billed to the customer.

## New standards and interpretations not yet adopted by the Group

Certain new accounting standards and interpretations have been published that are not mandatory until after 1 January 2021 reporting periods and have not been early adopted by the group.

Each standard will be adopted by the Group on the effective date, or if the effective date is other than the first day of the reporting period, the next day, subject to endorsement by the EU.

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

## Change in accounting methods

The calculation method of the figures presented in these consolidated financial statements differs from that of DNA's previous key figures. The figures are presented the same way as the key figures published by DNA's parent company Telenor ASA except for the figures for total revenues and EBITDA. The difference in total revenues and EBITDA is due to differences in the classification of certain items. The comparability of figures and terminology are explained in a press release published on 28 April 2020.

The release is available on the DNA website:
https://corporate.dna.fi/press-releases

# 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.

## Debt maturity analysis

**2020**

| 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* | 5,163 | 60,000 | 13,759 | 360,096 | | | 18,922 | 420,096 | **439,018** |
| **Lease liabilities**** | | 39,121 | | 126,390 | | 25,514 | | 191,026 | **191,026** |
| Trade payables | - | 119,737 | - | - | - | - | - | 119,737 | **119,737** |

**2019**

| 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* | 5,281 | 28,810 | 16,612 | 215,385 | 3,446 | 263,846 | 25,339 | 508,041 | **533,380** |
| **Lease liabilities**** | | 15,601 | | 42,518 | | 22,968 | | 81,088 | **81,088** |
| Trade payables | - | 111,315 | - | - | - | - | - | 111,315 | **111,315** |

* Borrowings excluding finance leases

** Undiscounted cahs flows of lease liabilities

## Liquidity risk

Liquidity risk refers to situations where the Group's financial assets and extra funding opportunities fall short of the Group's requirements or the cost of raising funding s is higher than the market cost. Creating cash flow forecasts and determining any related uncertainties are the key measures to manage liquidity risk. At the end of 2020, the Group had a strong liquidity position with cash and cash equivalents of EUR 7.6 million (EUR 17.4 million), and borrowings (non-current and current) of EUR 414.6 million (EUR 501.3 million). In addition to cash and bank deposits, DNA had group cash pool receivables of EUR 28.6 million (-) and unused credit facilities and other committed credit facilities of EUR 136.1 million (EUR 265.0 million). The Group's cash and bank deposits and undrawn committed credit facilities, excluding group cash pool receivable, amounted to EUR 143.7 million (EUR 282.4 million). The Telenor group internal EUR 200 million credit facility signed in December 2019 matures in December 2024 and during the past year, DNA closed its EUR 200 million commercial paper programme. Planned repayments in 2021 total EUR 60.0 million.

The following year's repayments are included in current liabilities. At balance sheet date, the average rate of variable rate loans was 0.0 per cent (0.11 per cent) and variable rate loans constituted 26 per cent (39 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 2020, the impairment loss of trade receivables totalled EUR 3.9 million (EUR 4.4 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

Under IFRS 9, DNA can apply a simplified approach for expected credit losses from trade receivables and contract assets, according to which expected credit losses are measured for impairment purposes at an amount equal to lifetime expected credit losses.

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

The age distribution of outstanding trade receivables is shown in the following table.

| EUR in thousands | 2020 | 2019 |
|---|---|---|
| Undue trade receivables | 189,323 | 196,209 |
| Trade receivables 1–45 days overdue | 5,858 | 7,705 |
| Trade receivables 46–90 days overdue | 979 | 2,284 |
| Trade receivables 91–180 days overdue | 1,359 | 1,223 |
| Trade receivables more than 180 days overdue | 2,635 | 3,067 |
| **Total** | **200,153** | **210,488** |

## 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 2020, DNA did not hedge any of its borrowings (31.12.2019 hedged 0%). At the end of 2020, 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 2020, 74 per cent of DNA's borrowings were fixed rate (61 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 –1.4 million) lower and, with the corresponding decrease in interest rates, the calculated post-tax result would have been EUR 0.6 million (EUR +1.4 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 2020 and 2019.

## Capital management

The objective of the Group's capital management is to support the business operations by optimising the capital structure, as well as increasing shareholder value by maximising return on capital.

The capital structure can be influenced for example through dividend distribution, repayment of capital and planning the cash outflows for investments. The Group management monitors the development of the capital structure for example on the basis of the gearing and equity ratios as well as the det debt to EBITDA ratio. The Group's credit facility agreements do not include financial covenants. The equity ratio on the balance sheet date was 41.3 per cent (38.8 per cent) and net debt to EBITDA ratio was 1.80:1 (1.83:1).

## Financial instruments by class

| **Financial assets** | 2020 | 2019 |
|---|---|---|
| Financial assets recognised at amortised cost | | |
| Trade receivabes[1] | 200,153 | 210,488 |
| Other financial assets recognised at amortised cost | 53,334 | 50,035 |
| Cash and cash equivalents | 7,633 | 17,423 |
| Financial assets recognised at fair value through other comprehensive income | 111 | 110 |
| **Total** | **261,231** | **278,056** |

| **Financial liabilities** | 2020 | 2019 |
|---|---|---|
| Financial liabilities recognised at amortised cost | | |
| Trade and other payables[2] | 145,680 | 144,840 |
| Borrowings | 605,027 | 576,495 |
| **Total** | **750,707** | **721,335** |

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

2) Trade and other payables do not include items other than financial liabilities because this analysis is only required for financial instruments.

## 4 SEGMENT INFORMATION

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

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

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

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

The DNA Group operates in Finland, domestic operations accounting for a majority of its net sales. In 2020, foreign operations accounted for EUR 21.5 million (EUR 20.7 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 2020

EUR in thousands

| Business segments | Consumer segment | Corporate segment | Unallocated | Group total |
|---|---|---|---|---|
| **Net sales** | **709,569** | **224,926** | | **934,495** |
| **EBITDA** | **258,353** | **74,261** | | **332,613** |
| Depreciation, amortisation and impairments | 121,269 | 59,926 | | 181,196 |
| **Operating result, EBIT** | **137,083** | **14,335** | | **151,418** |
| Net finance items | | | −8,010 | −8,010 |
| Share of associates' result | | | 12 | 12 |
| Result before income tax | | | | 143,420 |
| **Net result for the period** | | | | **114,802** |
| | | | | |
| Capital expenditure* | 198,497 | 125,045 | - | 323,541 |
| Employees at end of year | 899 | 710 | | 1,609 |

### 1 Jan–31 Dec 2019

EUR in thousands

| Business segments | Consumer segment | Corporate segment | Unallocated | Group total |
|---|---|---|---|---|
| **Net sales** | **720,152** | **225,816** | | **945,968** |
| **EBITDA** | **233,532** | **72,043** | | **305,575** |
| Depreciation, amortisation and impairments | 111,133 | 60,751 | | 171,883 |
| **Operating result, EBIT** | **122,399** | **11,292** | | **133,692** |
| **Comparable operating result, EBIT** | **128,047** | **13,044** | | **141,091** |
| Net finance items | | | −9,094 | −9,094 |
| Share of associates' result | | | 14 | 14 |
| Result before income tax | | | | **124,612** |
| **Net result for the period** | | | | **98,819** |
| | | | | |
| Capital expenditure* | 98,467 | 60,240 | | 158,707 |
| Employees at end of year | 933 | 691 | | 1,624 |

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

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

### Aggregation of revenue

The group revenue consists of income from contracts with customers. The Consumer segment revenue in 2020 was EUR 709.6 million (EUR 720.2 million) and the Corporate segment revenue was EUR 225.0 million (EUR 225.8 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.

| **Timing of revenue recognition** | Point in time 2020 | Over time 2020 | Point in time 2019 | Over time 2019 |
|---|---|---|---|---|
| Subscription and traffic | | 500,095 | | 486,000 |
| Interconnect revenues | | 40,746 | | 40,000 |
| **Mobile revenues subscriptions** | | 540,841 | | 526,000 |
| Other mobile revenues | | 10,720 | | 10,000 |
| **Total mobile revenues** | | 551,561 | | 536,000 |
| Non-mobile revenues | 149,134 | 18,858 | 160,023 | 17,070 |
| Other revenues[1] | | 3,794 | | 3,875 |
| **Total revenues mobile operation** | 149,134 | 574,212 | 160,023 | 556,945 |
| | | | | |
| Telephony | | 16,768 | | 18,000 |
| Internet and TV | | 147,193 | | 145,000 |
| Other revenues | | 31,188 | | 50,000 |
| **Total retail revenues** | | 195,149 | | 214,000 |
| Wholesale revenues | | 16,000 | | 15,000 |
| **Total revenues fixed operation** | | 211,149 | | 229,000 |
| | | | | |
| **Total revenues** | **149,134** | **785,361** | **160,023** | **785,945** |

1) Other revenues consist of rental income and income from the sale of assets.

### 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 | 2020 | 2019 |
|---|---|---|
| Contract asset | 6,222 | 8,873 |
| Loss allowance | –56 | –80 |
| Total contract assets | 6,166 | 8,793 |

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

| EUR in thousands | 2020 | 2019 |
|---|---|---|
| Contract liabilities | 3,254 | 4,689 |

### Significant changes in contract assets and liabilities

Contract assets have decreased by EUR 2.7. million due to decreased connection-equipment sales.

Contract liabilities have decreased EUR 1.4 million. The decrease is mainly due to changes in accruals of connection fees.

### Liabilities related to contracts with customers

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

| EUR in thousands | 2020 | 2019 |
|---|---|---|
| Revenue recognised that was included in the contract liability balance at the beginning of the period | 2,876 | 2,440 |
| Total | 2,876 | 2,440 |

Management expects that 53 per cent (51%) of the transaction price allocated to the unsatisfied contracts as of 31 December 2020 will be recognised as revenue during the next reporting period EUR –1.6 million (EUR –2.1 million). The remaining 47 per cent (49 per cent) or EUR –1.4 million (EUR –2.1 million) will be recognised during 2021 or later.

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

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

### Assets recognised from costs to obtain a contract

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

| EUR in thousands | 31 Dec 2020 | 31 Dec 2019 |
|---|---|---|
| Asset recognised from costs incurred to obtain a contract at 31 December | 68,438 | 63,522 |
| Costs recognised throught profit and loss during the period | 32,041 | 30,237 |

## 6 OTHER OPERATING INCOME

| EUR in thousands | 2020 | 2019 |
|---|---|---|
| Net gain on sale of non-current assets | 5 | 13 |
| Rental income | 3,259 | 3,327 |
| Other income | 2,730 | 535 |
| **Total** | **5,994** | **3,875** |

Other operating income is included in the net sales presented in the consolidated profit and loss statement.

## 7 OTHER OPERATING EXPENSES

| EUR in thousands | 2020 | 2019 |
|---|---|---|
| Maintenance expenses | 44,851 | 44,033 |
| Rental expenses | 16,613 | 25,016 |
| External services | 6,316 | 7,607 |
| Other expenses | 36,175 | 41,149 |
| **Total** | **103,954** | **117,805** |

### Auditor fees

| EUR in thousands | 2020 | 2019 |
|---|---|---|
| Ernst & Young Oy | | |
| Audit fees | 395 | 157 |
| Actions referred to in Section 1.1.2 of the Finnish Auditing Act | | 8 |
| Tax services | 35 | |
| Other services | 149 | 60 |
| **Total** | **579** | **225** |

## 8 DEPRECIATION, AMORTISATION AND IMPAIRMENT

| EUR in thousands | 2020 | 2019 |
|---|---|---|
| Depreciation and amortisation charges per category | | |
| | | |
| **Intangible assets** | | |
| Customer base | 4,284 | 4,214 |
| Brand [1] | 902 | 2,221 |
| Other intangible assets | 43,630 | 37,722 |
| **Total** | **48,816** | **44,157** |
| | | |
| **Property, plant and equipment** | | |
| Buildings and constructions | 4,803 | 7,428 |
| Machinery and equipment | 101,488 | 102,304 |
| **Total** | **106,291** | **109,732** |
| | | |
| | | |
| **Right of use assets** [2] | | |
| Other intangible assets | 433 | |
| Land and water | 387 | 336 |
| Buildings and constructions | 24,398 | 16,604 |
| Machinery and equipment | 872 | 1,054 |
| **Total** | **26,089** | **17,995** |
| | | |
| **Total depreciation, amortisation and impairment** | **181,196** | **171,883** |

1) Following the change in ownership structure, DNA has reassessed its operating environment conditions and thereby concluded that the estimated useful lives of brands were no longer accurate and current operating conditions no longer support the estimated finite useful lives. Thus, the brands' useful lives were reassessed to be indefinite and depreciations were stopped as of 1 September 2020.

2) Following the change in ownership structure, DNA has reassessed its operating environment conditions and thereby concluded that certain lease agreements, previously classified as short-term, were in the current operating conditions re-estimated to be long-term. Thus, the lengths of these agreements were reassessed to 3–5 years as of 1 September 2020 and they were recognised in the balance sheet.

## 9 EMPLOYMENT BENEFIT EXPENSES

| EUR in thousands | 2020 | 2019 |
|---|---|---|
| Wages and salaries | 94,793 | 90,000 |
| Pension expenses – defined contribution plan | 14,595 | 14,087 |
| Pension expenses – defined benefit plan | –31 | –44 |
| Share-based payments | 2,037 | 6,215 |
| Other personnel expenses | 3,291 | 2,463 |
| **Total** | **114,685** | **112,720** |

### Number of personnel, average

| | | |
|---|---|---|
| Consumer business | 906 | 921 |
| Corporate business | 715 | 696 |
| **Total** | **1,621** | **1,617** |

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

## 10 FINANCE INCOME

| EUR in thousands | 2020 | 2019 |
|---|---|---|
| Interest income from receivables | 351 | 456 |
| Dividend income from other investments | 179 | 40 |
| **Total** | **530** | **496** |

## 11 FINANCE EXPENSE

| EUR in thousands | 2020 | 2019 |
|---|---|---|
| Interest expense | 5,816 | 6,570 |
| Other financial expenses [1] | 2,723 | 3,020 |
| **Total** | **8,539** | **9,590** |

1) Other financial expenses include a one-time financial cost of EUR 0.0 million (EUR 0.5 million) due to re-financing of bonds. Financial expenses related to lease liabilities amounted to EUR 1.0 million (EUR 1.3 million).

## 12 INCOME TAX EXPENSE

| EUR in thousands | 2020 | 2019 |
|---|---|---|
| Income tax, current year | −22,219 | −22,914 |
| Income tax, previous years | 362 | −86 |
| Change in deferred tax | −6,762 | −2,793 |
| **Total** | **−28,618** | **−25,793** |

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

| | | |
|---|---|---|
| Net result before tax | 143,420 | 124,612 |
| | | |
| Income tax at Finnish tax rate 20 per cent | −28,684 | −24,922 |
| Tax effects of: | | |
| Income not subject to tax | 40 | 1,345 |
| Non-deductible expenses | −393 | −460 |
| Income taxes from previous years | 362 | −86 |
| Tax losses of which no deferred income tax asset was recognised | | −1,722 |
| Share of associates' results net of tax | | 3 |
| Additional deductible expenses | 56 | 49 |
| **Tax expense in the consolidated profit and loss statement** | **−28,618** | **−25,793** |

## 13 EARNINGS PER SHARE

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

| | 1–12/2020 | 1–12/2019 |
|---|---|---|
| Net result attributable to owners of the parent, (EUR 1,000) | 114,802 | 98,819 |
| Weighted average number of shares (thousands) | 132,182 | 132,087 |
| Basic earnings per share (EUR/share) | 0.87 | 0.75 |
| | | |
| Weighted average number of shares for the purpose of calculating EPS adjusted for dilution (thousands) | 132,182 | 132,087 |
| Earnings per share adjusted for dilution effect (EUR/share) | 0.87 | 0.75 |

## 14 PROPERTY, PLANT AND EQUIPMENT

| EUR in thousands | Land and water | Buildings and constructions | Machinery and equipment | Prepayments and non-current assets under construction | Total |
|---|---|---|---|---|---|
| **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** |
| **Year ended 31 December 2019** | | | | | |
| Opening net book amount | 713 | 15,910 | 349,338 | 46,590 | 412,550 |
| Additions and transfers | - | 6,229 | 109,198 | 16,824 | 132,251 |
| Disposals | - | –2,524 | 2,409 | –6,084 | –6,198 |
| Accumulated depreciation relating to disposals | - | 1,705 | –3,134 | - | –1,429 |
| Depreciation charge | - | –7,428 | –102,304 | - | –109,732 |
| **Closing net book amount** | **713** | **13,893** | **355,507** | **57,329** | **427,442** |
| **31 December 2019** | | | | | |
| Cost | 713 | 56,549 | 1,690,236 | 57,329 | 1,804,827 |
| Accumulated depreciation | - | –42,655 | –1,334,730 | - | –1,377,385 |
| **Net book amount** | **713** | **13,893** | **355,507** | **57,329** | **427,442** |
| **Year ended 31 December 2020** | | | | | |
| Opening net book amount | 713 | 13,893 | 355,507 | 57,329 | 427,442 |
| Additions and transfers | - | 13,082 | 133,034 | –7,857 | 138,259 |
| Disposals | - | - | –310 | - | –310 |
| Accumulated depreciation relating to disposals | - | - | 2,618 | - | 2,618 |
| Depreciation charge | - | –4,803 | –101,488 | - | –106,291 |
| **Closing net book amount** | **713** | **22,172** | **389,360** | **49,473** | **461,717** |
| **31 December 2020** | | | | | |
| Cost | 713 | 69,631 | 1,822,958 | 49,473 | 1,942,776 |
| Accumulated depreciation | - | –47,458 | –1,433,600 | - | –1,481,059 |
| **Net book amount** | **713** | **22,172** | **389,360** | **49,473** | **461,717** |

## 15 INTANGIBLE ASSETS AND IMPAIRMENT TESTING

| EUR in thousands | Goodwill | Customer base | Brand | Other intangible assets | Prepayments and non-current assets under construction | Total intangible assets |
|---|---|---|---|---|---|---|
| **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 | –334,386 | –3,057 | –543,688 |
| **Net book amount** | **327,206** | **50,151** | **20,377** | **92,378** | **28,876** | **518,989** |
| **1 January 2019** | | | | | | |
| Cost | 431,685 | 130,475 | 41,819 | 426,764 | 31,933 | 1,062,676 |
| Accumulated amortisation and impairment | –104,479 | –80,324 | –21,442 | –334,386 | –3,057 | –543,688 |
| **Opening net book amount** | **327,206** | **50,151** | **20,377** | **92,379** | **28,876** | **518,989** |
| **1 January–31 December 2019** | | | | | | |
| Opening net book amount | 327,206 | 50,151 | 20,377 | 92,379 | 28,876 | 518,989 |
| Additions and transfers | 11,499 | 3,027 | 4,925 | 60,768 | –18,320 | 61,899 |
| Disposals | - | - | - | –11,206 | –958 | –12,164 |
| Amortisation relating to disposals | - | - | - | 10,701 | - | 10,701 |
| Amortisation charge | - | –4,214 | –2,221 | –37,722 | - | –44,157 |
| **Closing net book amount** | **338,706** | **48,964** | **23,080** | **114,919** | **9,599** | **535,268** |
| **31 December 2019** | | | | | | |
| Cost | 443,184 | 133,502 | 46,744 | 476,326 | 12,655 | 1,112,412 |
| Accumulated amortisation and impairment | –104,479 | –84,538 | –23,663 | –361,407 | –3,057 | –577,144 |
| **Net book amount** | **338,706** | **48,964** | **23,080** | **114,919** | **9,599** | **535,268** |
| **1 January 2020** | | | | | | |
| Cost | 443,184 | 133,502 | 46,744 | 476,326 | 12,655 | 1,112,412 |
| Accumulated amortisation and impairment | –104,479 | –84,538 | –23,663 | –361,407 | –3,057 | –577,144 |
| **Opening net book amount** | **338,706** | **48,964** | **23,080** | **114,919** | **9,599** | **535,268** |

| EUR in thousands | Goodwill | Customer base | Brand | Other intangible assets | Prepayments and non-current assets under construction | Total intangible assets |
|---|---|---|---|---|---|---|
| **1 January–31 December 2020** | | | | | | |
| **Opening net book amount** | **338,706** | **48,964** | **23,080** | **114,919** | **9,599** | **535,268** |
| Additions and transfers | - | - | - | 45,457 | −1,595 | 43,862 |
| Disposals | - | - | - | −5,606 | - | −5,606 |
| Amortisation relating to disposals | - | - | - | 5,606 | - | 5,606 |
| Amortisation charge | - | −4,284 | −902 | −43,630 | - | −48,816 |
| **Closing net book amount** | **338,706** | **44,680** | **22,179** | **116,747** | **8,003** | **530,314** |
| **31 December 2020** | | | | | | |
| Cost | 443,184 | 133,502 | 46,744 | 516,177 | 11,060 | 1,150,669 |
| Accumulated amortisation and impairment | −104,479 | −88,822 | −24,565 | −399,432 | −3,057 | −620,354 |
| **Closing net book amount** | **338,706** | **44,680** | **22,179** | **116,746** | **8,003** | **530,314** |

## Goodwill allocation

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

| EUR in thousands | 2020 | 2019 |
|---|---|---|
| Consumer segment | 192,222 | 192,222 |
| Corporate segment | 146,483 | 146,483 |
| **Total** | **338,706** | **338,706** |

## Impairment testing

In order to carry out impairment testing, goodwill and brands are 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. The recoverable amount (the higher of an asset's fair value less costs to sell and its value in use) of each CGU is defined as the value in use according to the projected discounted cash flows (the DCF method). Cash flow projections are based on the plans approved by management, covering a five-year period. Management considers the projections to reflect development to date and other information available from external sources. The (before tax) discount rate (weighted average cost of capital, WACC) used in testing represents 6.6–7.0 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 a the publication of the financial statements.

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

## Applied parameters used in impairment testing and sensitivity analysis

| **Applied parameters 2020**<br>**Applied forecast parameters** | Consumer segment 2020 | Corporate segment 2020 |
|---|---|---|
| Average growth in net sales, %* | 1.9 | 3.8 |
| Average operating margin, %* | 39.9 | 35.9 |
| Average investment, % of net sales* | 16.8 | 24.0 |
| Growth after the forecast period, % | 0.9 | 2.0 |
| WACC, % | 7.0 | 6.6 |
| | | |
| Amount of headroom, EUR million | 2,179 | 292 |

* 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 2020 | Corporate segment 2020 |
|---|---|---|
| Average EBITDA, % of net sales | –17.3 | –5.3 |
| WACC, % | 15.3 | 3.2 |

### Applied parameters 2019

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

* Five-year forecast period average

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

| Sensitivity analysis of forecast parameters | Consumer segment 2019 | Corporate segment 2019 |
|---|---|---|
| Average EBITDA, % of net sales | –14.6 | –5.6 |
| WACC, % | 15.5 | 3.7 |

## 16 INVESTMENTS IN ASSOCIATES

| EUR in thousands | 2020 | 2019 |
|---|---|---|
| 1 January | 1,219 | 1,209 |
| Share of the result for the financial period | 8 | 10 |
| **31 December** | **1,228** | **1,219** |

There was no goodwill related to the carrying value of associated companies in 2020 and 2019.

### 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

| 2020 | Domicile | Assets | Liabilities | Net sales | Share of result | Group holding |
|---|---|---|---|---|---|---|
| Suomen Numerot Numpac Oy | Helsinki | 797 | 202 | 1,792 | 12 | 33% |
| Kiinteistö Oy Otavankatu 3 | Pori | 2,867 | 56 | 217 | 0 | 36% |
| Kiinteistö Oy Siilinjärven Toritie | Siilinjärvi | 326 | 36 | 31 | 0 | 38% |

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

### 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 49 per cent (2019 48 per cent) of assets, liabilities, revenues and expenses in its consolidated financial statements.

## 17 OTHER INVESTMENTS

| EUR in thousands | 2020 | 2019 |
|---|---|---|
| Shares in non-listed companies | 111 | 110 |
| **Total** | **111** | **110** |

The fair value of equity investment items is recognised through other comprehensive income, because these investments are considered to be long-term strategic investments that are not expected to be sold in the short or medium term.

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

## 18 TRADE AND OTHER RECEIVABLES

| EUR in thousands | 2020 | 2019 |
|---|---|---|
| **Non-current receivables** | | |
| Trade receivables | 39,826 | 39,469 |
| Prepaid expenses [1] | 42,397 | 36,673 |
| Contract assets | 2,727 | 3,881 |
| Other non-current receivables | 0 | 323 |
| **Total non-current receivables** | **84,950** | **80,347** |
| | | |
| **Current receivables** | | |
| Trade receivables | 200,153 | 210,488 |
| Prepaid expenses [1] | 49,990 | 43,023 |
| Contract assets | 3,440 | 4,912 |
| Tax receivable | 3,884 | 2,155 |
| Other current receivables [2] | 39,460 | 1,329 |
| **Total** | **296,927** | **261,908** |

1) Prepaid expenses mainly consist of: IFRS 15 accrued costs EUR 68.4 million (EUR 63.5 million), prepaid production rental invoices, prepayments for IT-support and other prepaid trade payables EUR 15.6 million (EUR 12.5 million), and other prepayments EUR 8.6 million (EUR 3.7 million).

2) Most significant other current receivables include Telenor group cash pool receivables EUR 38.2 million (EUR 0.0 million) and other accrued items EUR 1.2 million (EUR 1.3 million).

During 2020, the Group has recognised an impairment loss on trade receivables of EUR 3.9 million (EUR 4.5 million). 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 | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| **At 1 January** | **80** | **10** | **7,658** | **7,088** |
| Change in loss allowance recognised in profit or loss during the year | −24 | 70 | 3,857 | 4,464 |
| Receivables written off during the year as uncollectible | - | - | −4,502 | −3,894 |
| **At 31 December** | **56** | **80** | **7,013** | **7,658** |

## 19 DEFERRED TAX ASSETS AND LIABILITIES

EUR in thousands

### Breakdown of deferred taxes

| **Deferred tax assets 2020** | 1 Jan | Recognised in the income statement | Other comprehensive income | Business combinations | 31 Dec |
|---|---|---|---|---|---|
| Provisions | 1,198 | 1,586 | −72 | | 2,712 |
| Unused taxable depreciation | 922 | 380 | | | 1,302 |
| Other temporary differences | 5,044 | −1,441 | | | 3,603 |
| **Total** | **7,164** | **526** | **−72** | **0** | **7,617** |

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

| **Deferred tax liabilities 2020** | 1 Jan | Recognised in the income statement | Other comprehensive income | Business combinations | 31 Dec |
|---|---|---|---|---|---|
| Fair value of assets through business combinations | 15,191 | −1,693 | | | 13,497 |
| Accelerated depreciation | 1,841 | 9,868 | | | 11,709 |
| Other temporary differences | 19,831 | −893 | | | 18,938 |
| **Total** | **36,863** | **7,281** | **0** | **0** | **44,144** |

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

## 20 INVENTORIES

| EUR in thousands | 2020 | 2019 |
| --- | --- | --- |
| Materials and supplies | 33,724 | 34,303 |
| **Total** | **33,724** | **34,303** |

During the reporting period, an expense of EUR 148.4 million (EUR 155.4 million) was recognised in the income statement for materials and supplies. Impairments during the period were EUR 1.0 million (EUR 0.6 million).

## 21 CASH AND CASH EQUIVALENTS

| EUR in thousands | 2020 | 2019 |
| --- | --- | --- |
| Cash and cash equivalents | 7,633 | 17,423 |
| **Total** | **7,633** | **17,423** |

## 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 2019** | **132,121** | **183** | **132,304** | **72,702** | **506,079** |
| Share based payment | 61 | −61 | - | - | - |
| **31 December 2019** | **132,182** | **121** | **132,304** | **72,702** | **506,079** |
| **31 December 2020** | **132,182** | **121** | **132,304** | **72,702** | **506,079** |

DNA Plc has one type of share. The total number of shares is 132,303,500 (132,303,500). The number of outstanding shares is 132,182,184 (132,182,184). The shares do not have a nominal value. On 31 December 2020, DNA Plc's share capital amounted to EUR 72,702,226. All issued shares have been paid in full.

### Reserve for invested unrestricted equity

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

### Treasury shares

Treasury shares are presented separately in shareholders' equity. The treasury shares fund includes the acquisition costs of the company's treasury shares.

DNA holds a total of 121,316 treasury shares which represents 0.09 per cent of voting rights.

| Date | Number of shares |
| --- | --- |
| **1 January 2019** | **182,789** |
| Share issue through share-based payment | −61,473 |
| **31 December 2019** | **121,316** |
| **31 December 2020** | **121,316** |

### Parent company DNA Plc's distributable funds as at 31 December 2020

| EUR in thousands | 31 December 2020 |
| --- | --- |
| Treasury shares | −1,728 |
| Retained earnings | 200,967 |
| Net result for the period | 62,975 |
| **Total distributable funds** | **262,214** |

## 23 SHARE-BASED PAYMENTS

Long-term share incentive schemes for DNA senior executives and other key personnel.

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

In respect of the PSP programmes 2018–2020 and 2019–2021 as well as the RSP programme 2019–2021, the payment of the cash reward to around 70 participants took place on 20 June 2020. Payments of the cash reward were conditional on the participants' employment continuing until the payment of the reward or that the participant is a good leaver in accordance with the applicable terms and conditions.

| **Share-based reward plan** | PSP 2019–2020 | PSP 2018–2020 |
|---|---|---|
| Grant date | 30 January 2019 | 17 January 2018 |
| Maximum number of shares | 382,158 | 372,600 |
| Fair value of the reward at grant date | 9.66 | 6.12 |
| Share price at grant date | 18.39 | 15.07 |
| Valid until | 30 June 2020 | 30 June 2020 |
| Expected volatility of share prices | | 19% |
| Expected dividends | | 3.12 |
| Risk-free interest rate | | –0.29% |
| Implementation | Reclassified as cash based | Reclassified as cash based |

| **Share-based reward plan** | RSP 2018–2020 | RSP 2019–2021 |
|---|---|---|
| Grant date | 9 April 2019 | 9 April 2019 |
| Maximum number of shares | 45,000 | 37,500 |
| Fair value of the reward at grant date | 20.12 | 19.11 |
| Share price at grant date | 21.14 | 21.14 |
| Valid until | 30 June 2020 | 30 June 2020 |
| Implementation | Reclassified as cash based | Reclassified as cash based |

### Share-Based payments

EUR in thousands

| **Expense recorded in the income statement** | Jan–Dec 2020 | Jan–Dec 2019 |
|---|---|---|
| Share-based payments | 2,037 | 6,298 |

| **Amount recorded as debt** | Jan–Dec 2020 | Jan–Dec 2019 |
|---|---|---|
| Share-based payments | 352 | 4,049 |

| **Paid** | Jan–Dec 2020 |
|---|---|
| Share-based payments | 4,780 |
| **Total** | **4,780** |

Telenor has a long-term share incentive scheme for top executives and critical experts, where they can earn a cash bonus of up to 15–30% of annual base salary, which will be used to purchase Telenor's shares. Remuneration is granted on the basis of the profit development of the two years preceding the payment of the remuneration.

In addition, Telenor offers employees the opportunity to participate in the Employee Share Plan program, where employees are allowed to invest a certain portion of their annual salary in Telenor shares, and where they also have the opportunity to earn bonus shares based on Telenor share price performance.

## 24 EMPLOYMENT BENEFIT OBLIGATIONS

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

The exclusion of two arrangements in the pension calculations in 2020 is effecting comparability.

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

| EUR in thousands | 2020 | 2019 |
|---|---|---|
| **Liability recognised in the balance sheet:** | | |
| Funded defined benefit obligation | 3,298 | 5,876 |
| Fair value of plan assets | –2,142 | –4,336 |
| Surplus/deficit | 1,156 | 1,540 |
| **Liability recognised in the balance sheet** | **1,156** | **1,540** |

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

| | Present value of obligation | Fair value of plan assets | Total |
|---|---|---|---|
| **1 January 2020** | **5,876** | **–4,336** | **1,540** |
| Current service cost | 70 | | 70 |
| Interest cost/income gain (–) or loss | 35 | –26 | 9 |
| | 105 | –26 | 79 |
| Remeasurements recognised:<br>Return on plan assets,<br>excluding interest cost/income gain (–) or loss | | 2,279 | 2,279 |
| Actuarial gain or loss arising from changes in demographic assumptions gain (–) or loss | | | |
| Gain or loss arising from changes in financial assumptions gain (–) or loss | 124 | | 124 |
| Experience adjustments gain (–) or loss | –2765 | | –2,765 |
| | –2641 | 2,279 | –362 |
| Contributions:<br>Contribution paid by employer | | –101 | –101 |
| Benefits paid:<br>Benefits | –42 | 42 | |
| Settlements | | | |
| **31 December 2020** | **3,298** | **–2,142** | **1,156** |

Significant actuarial assumptions:

| | 2020 | 2019 |
|---|---|---|
| Discount rate | 0.40% | 0.60% |
| Inflation | 1.20% | 1.20% |
| Salary growth rate | 2.40% | 2.40% |
| Benefit growth rate | 1.50% | 1.50% |

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:

| 2020 | 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 |

| 2019 | Men | Women |
|---|---|---|
| Plan participants retiring at the end of the financial year | 21.4 | 25.4 |
| Plan participants retiring 20 years after the end of the financial year | 22.0 | 27.0 |

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

| | Impact on defined benefit obligation | | |
|---|---|---|---|
| **2020** | Change in assumption | Increase | Decrease |
| Discount rate | 0.50% | –9.0% | 10.3% |
| Salary growth rate | 0.50% | 1.8% | –1.8% |
| Pension growth rate | 0.50% | 8.2% | –7.3% |

| | Addition of one year |
|---|---|
| Life expectancy | 5.0% |

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

| | Addition of one year |
|---|---|
| Life expectancy | 5.5% |

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

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

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

## Changes in the bond yields

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

## Inflation risk

The benefits paid in the plan are tied to the TyEL index, which depends on inflation (80 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 2020 are expected to total EUR 125 thousand.

The weighted average duration of the defined benefit obligation was 19 years (2019 16 years, 2018 15 years).

Undiscounted pension benefits are expected to mature as follows:

| | Pension benefits | | |
|---|---|---|---|
| EUR in thousands | 2020 | 2019 | 2018 |
| Less than 1 year | 42 | 196 | 270 |
| 1–5 years | 309 | 908 | 1,015 |
| 5–10 years | 486 | 1,112 | 1,229 |
| 10–15 years | 506 | 947 | 1,107 |
| 15–20 years | 509 | 859 | 1,014 |
| Over 20 years | 1,670 | 2,389 | 3,019 |
| **Total** | **3,521** | **6,411** | **7,654** |

## 25 PROVISIONS

| EUR in thousands | 1 January 2020 | Additions | Provisions used | Other/ Discount effect | 31 December 2020 |
|---|---|---|---|---|---|
| Asset retirement obligation | 4,789 | 6,844 | | - | 11,633 |
| Restructuring provisions | 469 | 2 | | –270 | 200 |
| Other provision | 208 | - | | - | 208 |
| **Total** | **5,466** | **6,845** | | **–270** | **12,041** |

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

| EUR in thousands | 2020 | 2019 |
|---|---|---|
| Non-current provisions | 11,833 | 4,996 |
| Current provisions | 208 | 470 |
| **Total** | **12,041** | **5,466** |

### Asset retirement obligation

The asset retirement obligation provision comprise the estimated dismantling and demolition costs of data centres, masts and telephone poles. The asset retirement period for telephone poles is estimated at 10 years and 40 years for data centres and masts. Realising the dismantling and demolition costs do not involve any significant uncertainties. The calculation method for asset retirement obligations has been modified due to changes in business environment estimates following the change in ownership structure. This has caused the provision to increase significantly compared to the beginning of year 2020.

## 26 BORROWINGS

| EUR in thousands | 2020 | 2019 |
|---|---|---|
| **Non-current** | | |
| Loans from financial institutions | | 69,231 |
| Bonds | 244,532 | 303,215 |
| Other loans | 113,096 | 100,000 |
| Lease liabilities | 149,163 | 60,587 |
| **Total** | **506,792** | **533,033** |
| | | |
| **Current** | | |
| Loans from financial institutions | | 13,846 |
| Bonds | 59,987 | |
| Commercial papers | | 14,964 |
| Lease liabilities | 38,248 | 14,652 |
| **Total** | **98,235** | **43,463** |

DNA has joined Telenor's cash pool account in January and closed its external revolving credit facility of EUR 150 million. In addition, DNA hasclosed external credit facilities and closed its EUR 200 million commercial paper programme. In December, DNA repaid early its 69 million loan from European Investment Bank. DNA has a long-term credit rating BBB+ from Standard & Poor's Global ratings and CreditWatch positive. The decrease in borrowings was due to dividends paid in comparison period, among other things.

## 27 NET DEBT

| EUR in thousands | 31 December 2020 | 31 December 2019 |
|---|---|---|
| Non-current borrowings | 506,792 | 533,033 |
| Current borrowings | 98,235 | 43,463 |
| Total borrowings | 605,027 | 576,495 |
| Less cash and cash equivalents | 7,633 | 17,423 |
| **Net debt** | **597,394** | **559,072** |

| **Change in net debt** | | **Reported in cash flows from financing activities** | | |
|---|---|---|---|---|
| EUR in thousands | Cash | Current borrowings | Non-current borrowings | Net debt |
| **1 January 2019** | **22,654** | **53,837** | **348,090** | **379,273** |
| 1 January 2019 IFRS 16 standard | | 14,775 | 67,329 | 82,104 |
| Change in cash | –5,232 | | | 5,232 |
| Proceeds from borrowings | | 712,180 | 136,622 | 848,801 |
| Repayment of borrowings | | –762,268 | –6,923 | –769,191 |
| Other non-cash transactions | | 24,938 | –12,084 | 12,854 |
| **31 December 2019** | **17,423** | **43,463** | **533,033** | **559,072** |
| Change in cash | –9,790 | | | 9,790 |
| Proceeds from borrowings | | 10,000 | 73,097 | 83,097 |
| Repayment of borrowings | | –118,435 | –73,846 | –192,281 |
| Other non-cash transactions | | 163,207 | –25,491 | 137,716 |
| **31 December 2020** | **7,633** | **98,235** | **506,792** | **597,394** |

Following the change in ownership structure, DNA has reassessed its operating environment conditions and thereby concluded that certain lease agreements, previously classified as short-term, were in the current operating conditions re-estimated to be long-term. Thus, the lengths of these agreements were reassessed to 3–5 years as of 1 September 2020 and they were recognised in the balance sheet.

## 28 TRADE AND OTHER PAYABLES

| EUR in thousands | 2020 | 2019 |
|---|---|---|
| Current financial liabilities carried at amortised cost | | |
| Trade payables | 119,737 | 111,315 |
| Accrued expenses [1] | 82,129 | 93,697 |
| Advances received | 21,987 | 22,522 |
| Contract liabilities | 1,916 | 2,876 |
| Other current liabilities | 40,328 | 11,724 |
| **Total current liabilities** | **266,097** | **242,133** |

1) Accrued expenses comprise: holiday pay and bonuses including social expenses totalling EUR 21.9 million (EUR 20.8 million), interest expenses EUR 4.0 million (EUR 4.1 million), deferred income EUR 11.8 million (EUR 14.2 million), spectrum license liability EUR 9.8 million (EUR 8.6 million), debt related to share-based reward plan EUR 0.1 million (EUR 4.0 million) as well as other accrued operative expenses EUR 34.5 million (EUR 42.0 million).

## 29 FAIR VALUE OF BORROWINGS

**Non-current borrowings**

| | 2020 | | 2019 | |
|---|---|---|---|---|
| EUR in thousands | Carrying amount | Fair value | Carrying amount | Fair value |
| Loans from financial institutions | | | 69,231 | 69,182 |
| Bonds | 244,532 | 318,155 | 303,215 | 316,690 |
| Other borrowings | 113,096 | 113,566 | 100,000 | 100,000 |
| Lease liabilities | 149,163 | 149,163 | 60,587 | 60,587 |
| **Total** | **506,792** | **580,885** | **533,033** | **546,459** |

**Current borrowings**

| | 2020 | | 2019 | |
|---|---|---|---|---|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| Loans from financial institutions | | | 13,846 | 13,844 |
| Bonds | 59,987 | 60,314 | - | - |
| Commercial papers | | | 14,964 | 14,964 |
| Lease liabilities | 38,248 | 38,248 | 14,652 | 14,652 |
| **Total** | **98,235** | **98,562** | **43,463** | **43,461** |

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

## 30 LEASE AGREEMENTS

### Amounts recognised in the balance sheet

**Right-of-use assets**

| EUR in thousands | Land and water | Buildings and constructions | Machinery and equipment | Other intangible assets | Total |
|---|---|---|---|---|---|
| **Net book amount 1 January 2019*** | **3,653** | **79,125** | **1,661** | **0** | **84,439** |
| **1.1.–31.12.2019** | | | | | |
| Cost at beginning of period | 3,653 | 79,125 | 1,661 | 0 | 84,439 |
| Additions and transfers | 830 | 8,236 | 728 | 0 | 9,793 |
| Disposals | –1 | –1,217 | –159 | 0 | –1,378 |
| Accumulated depreciation relating to disposals and transfers | 1 | 1,217 | 159 | 0 | 1,378 |
| Depreciation | –336 | –16,604 | –1,054 | 0 | –17,995 |
| **Net book amount 31 December 2019** | **4,147** | **70,756** | **1,334** | **0** | **76,237** |
| **31.12.2019** | | | | | |
| Cost | 4,481 | 86,143 | 2,229 | 0 | 92,854 |
| Accumulated depreciation | –335 | –15,387 | –895 | 0 | –16,617 |
| **Net book amount** | **4,147** | **70,756** | **1,334** | **0** | **76,237** |
| **1.1.–31.12.2020** | | | | | |
| Cost at beginning of period | 4,147 | 70,756 | 1,334 | 0 | 76,237 |
| Additions and transfers | 452 | 117,703 | 653 | 18,618 | 137,426 |
| Disposals | –51 | –815 | –647 | 0 | –1,513 |
| Accumulated depreciation relating to disposals and transfers | 51 | 815 | 647 | 0 | 1,513 |
| Depreciation | –387 | –24,398 | –872 | –433 | –26,089 |
| **Net book amount 31 December 2020** | **4,212** | **164,061** | **1,116** | **18,185** | **187,574** |
| **31.12.2020** | | | | | |
| Cost | 4,548 | 187,644 | 1,341 | 18,618 | 212,150 |
| Accumulated depreciation | –336 | –23,583 | –225 | –433 | –24,576 |
| **Net book amount** | **4,212** | **164,061** | **1,116** | **18,185** | **187,574** |

* The average weighted discount rate on 31 December 2020 was 0.9% (1.4%). Deferred tax assets on 31 December 2020 were EUR 0.0 million (EUR 0.2 million).

Following the change in ownership structure, DNA has reassessed its operating environment conditions and thereby concluded that certain lease agreements, previously classified as short-term, were in the current operating conditions re-estimated to be long-term. Thus, the lengths of these agreements were reassessed to 3–5 years.

### Lease liabilities

| EUR in thousands | 2020 | 2019 |
|---|---|---|
| Non-current | 149,163 | 60,587 |
| Current | 38,248 | 14,652 |
| **Total** | **187,412** | **75,240** |

### Amounts recognised in the statement of profit and loss

**Amounts recognised in the statement of profit and loss**

| EUR in thousands | 2020 | 2019 |
|---|---|---|
| Land and water | 387 | 336 |
| Buildings and constructions | 24,398 | 16,604 |
| Machinery and equipment | 872 | 1,054 |
| Other intangible assets | 433 | |
| **Total** | **26,089** | **17,995** |

**Interest expense**

| EUR in thousands | 2020 | 2019 |
|---|---|---|
| **Total** | **1,014** | **1,272** |

**Expense ralating to short-term leases***

| EUR in thousands | 2020 | 2019 |
|---|---|---|
| **Total** | **23,129** | **33,699** |

* Short-term lease agreements consist mainly of lease agreements for premises. In 2020, part of lease agreements related to telecommunication premises and masts were recognised in the balance sheet. The commitment for the notice period is EUR 1.0 million (EUR 17.8 million).

### Investment property

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

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

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

DNA as lessor: as per IFRS-16, the property's premises rented to third parties are valued at fair value on the basis of the lease agreements. The fair value of the investment property is EUR 1.2 million (EUR 2.0 million). During 2020, rental income amounted to EUR 2.9 million (EUR 3.0 million).

## 31 GUARANTEES AND CONTINGENT LIABILITIES

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

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

## 32 RELATED PARTY TRANSACTIONS

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

**Subsidiaries and ownerships:**

| Company | Country | Share of ownership | Share of votes |
|---|---|---|---|
| DNA Kauppa Oy | Suomi | 100% | 100% |
| DNA Welho Oy | Suomi | 100% | 100% |
| European Mobile Operator Oy | Suomi | 100% | 100% |
| Moi Mobiili Oy | Suomi | 100% | 100% |

Listing of associated companies is presented in note 16.

**The following related party transactions were carried out:**

| EUR in thousands | Sales | Purchases | Group contribution | Receivables | Liabilities |
|---|---|---|---|---|---|
| **2020** | | | | | |
| Organisations exercising significant influence | 1,936 | 6,795 | 13,123 | 23,994 | 123,875 |
| Associated companies | 0 | 431 | | 0 | 0 |
| **2019** | | | | | |
| Organisations exercising significant influence | 15 | 1,810 | | 10 | 100,305 |
| Associated companies | | 432 | | | 2 |

### Key management compensation

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

| EUR in thousands | 2020 | 2019 |
|---|---|---|
| Salaries and other short-term employee benefits | 4,890 | 4,197 |
| Pension expenses - defined contribution plan and defined benefit plan | 1,137 | 965 |
| Share-based payments | 2,364 | 3,503 |
| **Total** | **8,392** | **8,666** |

| EUR in thousands | 2020 | 2019 |
|---|---|---|
| **Shares issued to management (excl CEO)** | 0 | 35,200 |

Terms are described in note 23 Share-based payments

| EUR in thousands | 2020 | 2019 |
|---|---|---|
| **CEO Jukka Leinonen's salary and commissions:** | | |
| Salary and commissions | 926 | 1,092 |
| Accrued pension expenses | 100 | 178 |
| Share-Based Compensation Plan (gross) | 800 | 1,029 |
| **Total** | **1,826** | **2,299** |
| **Members and deputy members of the Board of Directors** | | |
| Pertti Korhonen | 0 | 153 |
| Jukka Ottela | 0 | 63 |
| Kirsi Sormunen | 60 | 79 |
| Anu Nissinen | 0 | 66 |
| Tero Ojanperä | 59 | 76 |
| Margus Schults | 0 | 18 |
| Anna-Maria Ronkainen | 58 | 57 |
| Ted Roberts | 0 | 44 |
| **Total** | **176** | **556** |

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

There were no loans given to the board members or the CEO.

### Management's and CEOs' pension commitments

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

# PARENT COMPANY INCOME STATEMENT, FAS

| EUR in thousands | Note | 1 Jan–31 Dec 2020 | 1 Jan–31 Dec 2019 |
|---|---|---|---|
| **Net sales** | 1 | **808,803** | **812,297** |
| **Other operating income** | | **9,430** | **116,808** |
| Materials and services | | | |
| Purchases | | –144,827 | –154,627 |
| Change in inventory | | –292 | 2,516 |
| External services | | –200,901 | –199,954 |
| **Total materials and services** | | **–346,020** | **–352,065** |
| Employee expenses | | | |
| Salaries and commissions | | –78,546 | –83,612 |
| Social expenses | | | |
| Pensions | | –12,602 | –11,701 |
| Other social expenses | | –2,878 | –2,071 |
| **Total employee expenses** | | **–94,026** | **–97,384** |
| Depreciation and impairments | 2 | | |
| Depreciation according to plan | | –130,309 | –125,168 |
| **Total depreciation and impairments** | | **–130,309** | **–125,168** |
| **Other operating expenses** | 3 | **–128,458** | **–132,642** |
| **OPERATING RESULT** | | **119,421** | **221,847** |

| EUR in thousands | Note | 1 Jan–31 Dec 2020 | 1 Jan–31 Dec 2019 |
|---|---|---|---|
| Finance income and expense | 4 | | |
| Income from other investments | | 172 | 44 |
| Other interest and financial income | | 847 | 565 |
| Impairment | | 0 | –7 |
| Interest and other financial expenses | | –7,108 | –7,957 |
| **Total finance income and expense** | | **–6,088** | **–7,356** |
| **RESULT BEFORE APPROPRIATIONS AND TAX** | | **113,332** | **214,490** |
| Appropriations | 5 | | |
| Depreciation difference | | –37,779 | –2,206 |
| Group contribution | | 3,871 | 1,060 |
| **Total appropriations** | | **–33,909** | **–1,146** |
| Income tax | 6 | –17,091 | –22,497 |
| **RESULT FOR THE FINANCIAL PERIOD** | | **62,333** | **190,847** |

# PARENT COMPANY BALANCE SHEET, FAS

| EUR in thousands | Note | 31 Dec 2020 | 31 Dec 2019 |
|---|---|---|---|
| **ASSETS** | | | |
| **NON-CURRENT ASSETS** | | | |
| **Intangible assets** | 7 | | |
| Intangible rights | | 71,975 | 69,323 |
| Goodwill | | 92,494 | 99,053 |
| Other intangible assets | | 46,029 | 44,470 |
| Advances paid and construction in progress | | 6,812 | 8,262 |
| **Prepayments and non-current assets under construction** | | **217,310** | **221,107** |
| **Property, plant and equipment** | 7 | | |
| Land and water | | 713 | 713 |
| Buildings and constructions | | 32,721 | 22,166 |
| Machinery and equipment | | 291,026 | 264,905 |
| Advances paid and construction in progress | | 40,055 | 49,361 |
| **Total tangible assets** | | **364,515** | **337,145** |
| **Investments** | 8 | | |
| Holdings in Group companies | | 98,338 | 98,348 |
| Shares in associated companies | | 3,982 | 3,982 |
| Other shares and holdings | | 1,098 | 1,097 |
| **Total investments** | | **103,418** | **103,427** |
| **TOTAL NON-CURRENT ASSETS** | | **685,243** | **661,679** |

| EUR in thousands | Note | 31 Dec 2020 | 31 Dec 2019 |
|---|---|---|---|
| **CURRENT ASSETS** | | | |
| **Inventory** | | | |
| Materials and supplies | | 33,724 | 34,017 |
| **Total inventory** | | **33,724** | **34,017** |
| **Non-current receivables** | | | |
| Trade receivables | | 39,308 | 38,900 |
| Receivables from Group companies | 9 | 6,000 | 16,395 |
| Other receivables | | 9,529 | 9,656 |
| Deferred tax asset | 10 | 3,563 | 1,860 |
| **Total non-current receivables** | | **58,401** | **66,811** |
| **Current receivables** | | | |
| Trade receivables | | 175,206 | 179,683 |
| Receivables from Group companies | 9 | 74,344 | 43,818 |
| Other receivables | | 883 | 707 |
| Prepaid expenses | 11 | 24,867 | 17,740 |
| **Total current receivables** | | **275,301** | **241,948** |
| **Cash and cash equivalents** | | **3,571** | **14,314** |
| **TOTAL CURRENT ASSETS** | | **370,996** | **357,089** |
| **TOTAL ASSETS** | | **1,056,239** | **1,018,768** |

| EUR in thousands | Note | 31 Dec 2020 | 31 Dec 2019 |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **EQUITY** | 12 | | |
| Share capital | | 72,702 | 72,702 |
| Treasury shares | | –1,728 | –1,728 |
| Retained earnings | | 202,034 | 11,187 |
| Result for the period | | 62,333 | 190,847 |
| **TOTAL EQUITY** | | **335,341** | **273,009** |
| | | | |
| **APPROPRIATIONS** | | | |
| Depreciation difference | | 39,985 | 2,206 |
| **TOTAL APPROPRIATIONS** | | **39,985** | **2,206** |
| | | | |
| **PROVISIONS** | 13 | **13,354** | **5,687** |

| EUR in thousands | Note | 31 Dec 2020 | 31 Dec 2019 |
|---|---|---|---|
| **LIABILITIES** | | | |
| **Non-current liabilities** | 14 | | |
| Borrowings | | 250,000 | 379,231 |
| Advances received | | 228 | 239 |
| Intercompnay borrowings | | 110,096 | 100,000 |
| Other non-current liabilities | | 24,402 | 25,835 |
| Deferred tax liability | 10 | 766 | 947 |
| **Total non-current liabilities** | | **385,492** | **506,252** |
| **Current liabilities** | | | |
| Borrowings | | 60,000 | 28,810 |
| Advances received | | 3,128 | 3,695 |
| Trade payables | | 98,624 | 93,940 |
| Liabilities to Group companies | 15 | 41,563 | 21,325 |
| Other current liabilities | | 11,060 | 10,584 |
| Accrued expenses | 16 | 67,690 | 73,260 |
| **Total current liabilities** | | **282,066** | **231,615** |
| **Current liabilities** | | **667,558** | **737,867** |
| | | | |
| **TOTAL EQUITY AND LIABILITIES** | | **1,056,239** | **1,018,768** |

# PARENT COMPANY CASH FLOW STATEMENT, FAS

| EUR in thousands | 1 Jan–31 Dec 2020 | 1 Jan–31 Dec 2019 |
|---|---|---|
| **Cash flows from operations** | | |
| Result for the period | 62,333 | 190,847 |
| Adjustments [1] | 175,098 | 49,212 |
| Change in working capital [2] | 4,161 | –8,185 |
| Interest paid | –5,474 | –5,640 |
| Interest received | 698 | 690 |
| Other financial items | –388 | –1,061 |
| Income taxes paid | –20,704 | –27,865 |
| **Net cash generated from operating activities** | **215,723** | **197,998** |
| | | |
| **Cash flows from investments** | | |
| Investments in property, plant and equipment (PPE) and intangible assets | –144,698 | –114,323 |
| Proceeds from sale of PPE | 0 | 1 |
| Business combinations | 0 | –15,699 |
| Other investments | –1 | –26,863 |
| Short-term investments increase (–) / decrease (+) | –350 | –18,526 |
| Loans granted | 0 | –6,000 |
| Proceeds from loans receivables | 16,395 | 5,000 |
| **Net cash used in investing activities** | **–128,655** | **–176,409** |
| | | |
| **Cash flows from financing activities** | | |
| Distribution of dividend | 0 | –145,400 |
| Proceeds from borrowings | 80,097 | 845,237 |
| Repayment of borrowings | –178,950 | –751,778 |
| Group contributions received | 1,060 | 26,236 |
| **Net cash generated from (used in) financing activities** | **–97,794** | **–25,705** |

| EUR in thousands | 1 Jan–31 Dec 2020 | 1 Jan–31 Dec 2019 |
|---|---|---|
| **Change in cash and cash equivalents** | **–10,725** | **–4,116** |
| Cash and cash equivalents at beginning of year | 14,317 | 18,434 |
| Cash and cash equivalents at end of year | 3,593 | 14,317 |
| | | |
| 1) Adjustments: | | |
| Depreciation, amortisation and impairment | 130,309 | 125,168 |
| Gains and losses on disposals of non-current assets | 0 | –107,206 |
| Profit from merger | 0 | –1 |
| Other non-cash income and expense | 20,786 | 1,146 |
| Finance income and expense | 6,088 | 7,356 |
| Income tax expense | 17,091 | 22,497 |
| Change in provisions | 824 | 251 |
| **Total adjustment** | **175,098** | **49,212** |
| | | |
| 2) Change in net working capital: | | |
| Change in trade and other receivables | –3,852 | 4,395 |
| Change in inventories | 292 | –2,516 |
| Change in trade and other payables | 7,721 | –10,063 |
| **Total change in net working capital** | **4,161** | **–8,185** |

# PARENT COMPANY ACCOUNTING PRINCIPLES, FAS

### Information regarding the group

The company is part of the DNA-group. DNA Plc is the parent company of the DNA-Group, domiciled in Helsinki. Copies of the Consolidated Financial Statements are available online at www.dna.fi or at the Group parent company head office at Läkkisepäntie 21, 00620 Helsinki, Finland.

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

### Valuation principles

**Fixed assets**

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

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

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

**Inventory valuation**

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

**Financial assets**

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

### Research and development

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

### Pensions

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

### Deferred tax

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

### Comparability with prior period

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

### Foreign currency translations

Items denominated in foreign currencies are translated using the Bank of Norway reference rates.

# PARENT COMPANY INCOME STATEMENT NOTES, FAS

## 1 NET SALES

| EUR in thousands | 2020 | 2019 |
|---|---|---|
| **Net sales** | **808,803** | **812,297** |
| | | |
| Domestic | 787,268 | 791,634 |
| Foreign | 21,535 | 20,663 |
| **Total** | **808,803** | **812,297** |
| | | |
| During the financial period, parent company employed personnel on average | | |
| **Total** | **1,348** | **1,336** |

## 2 DEPRECIATION AND AMORTISATION

| EUR in thousands | 2020 | 2019 |
|---|---|---|
| Amortisation of intangible assets | 48,500 | 44,821 |
| Depreciation of tangible assets | 81,808 | 80,348 |
| **Total** | **130,309** | **125,168** |
| | | |
| **Depreciation and amortisation total** | **130,309** | **125,168** |

## 3 OTHER OPERATING EXPENSES

| EUR in thousands | 2020 | 2019 |
|---|---|---|
| Operating and maintenance costs | 42,941 | 42,936 |
| Rental costs | 57,107 | 54,889 |
| External services | 5,668 | 7,088 |
| Other cost items | 22,742 | 27,729 |
| **Total** | **128,458** | **132,642** |

**Auditor fees**

| Ernst & Young Oy | | |
|---|---|---|
| Auditing fees | 307 | 129 |
| Actions referred to in Section 1.1.2 of the Finnish Auditing Act | 0 | 8 |
| Tax consulting | 35 | 0 |
| Other fees | 149 | 60 |
| **Total** | **490** | **196** |

## 4 FINANCE INCOME AND EXPENSE

| EUR in thousands | 2020 | 2019 |
|---|---|---|
| Income from other fixed assets investments | | |
| Forte Netservices OOO final settlement | 136 | 0 |
| Dividends from associated companies | 4 | 4 |
| Dividends from others | 32 | 40 |
| **Total** | **172** | **44** |
| | | |
| Other interest and financial expense | | |
| Interest income from group companies | 481 | 291 |
| Interest income from others | 366 | 274 |
| **Total other interest and finance income** | **847** | **565** |
| | | |
| Impairment of available-for-sale financial assets | 0 | 7 |
| | | |
| Other interest and financial expense | | |
| Interest expense to group companies | 108 | 3 |
| Interest expense | 5,321 | 5,664 |
| Other finance expense | 1,679 | 2,291 |
| **Total other interest and financial expense** | **7,108** | **7,957** |
| | | |
| **Total financial income and expense** | **−6,088** | **−7,356** |

## 5 APPROPRIATIONS

| EUR in thousands | 2020 | 2019 |
|---|---|---|
| Depreciation difference | –37,779 | –2,206 |
| Group contribution received | 26,208 | 1,060 |
| Group contribution given | –22,338 | 0 |
| **Total appropriations** | **–33,909** | **–1,146** |

## 6 INCOME TAX

| EUR in thousands | 2020 | 2019 |
|---|---|---|
| Direct taxes | 18,957 | 20,686 |
| Income tax from previous periods | 18 | 0 |
| Change in deferred tax asset | –1,703 | 2,168 |
| Change in deferred tax liability | –181 | –357 |
| **Total income tax** | **17,091** | **22,497** |

# PARENT COMPANY BALANCE SHEET NOTES, FAS

## 7 INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

| EUR in thousands | 2020 | 2019 |
|---|---|---|
| **Intangible rights** | | |
| Acquisition cost 1 January | 291,838 | 265,338 |
| Transfers | 12,500 | 26,500 |
| **Acquisition cost 31 December** | **304,338** | **291,838** |
| Accumulated amortisation 1 January | 222,515 | 212,156 |
| Amortisation for the financial period | 9,848 | 10,360 |
| Accumulated amortisation 31 December | 232,363 | 222,515 |
| **Book value 31 December** | **71,975** | **69,323** |
| | | |
| **Goodwill** | | |
| Acquisition cost 1 January | 153,795 | 150,768 |
| Additions | 0 | 3,027 |
| **Acquisition cost 31 December** | **153,795** | **153,795** |
| Accumulated amortisation 1 January | 54,742 | 48,246 |
| Amortisation for the financial period | 6,559 | 6,496 |
| Accumulated amortisation 31 December | 61,301 | 54,742 |
| **Book value 31 December** | **92,494** | **99,053** |
| | | |
| **Other non-current intangible assets** | | |
| Acquisition cost 1 January | 262,124 | 230,746 |
| Transfers | 33,652 | 31,378 |
| Disposals | –5,606 | 0 |
| **Acquisition cost 31 December** | **290,171** | **262,124** |
| Accumulated amortisation 1 January | 217,654 | 190,562 |
| Amortisation for the financial period | 32,094 | 27,092 |
| Depreciation relating to disposals | –5,606 | 0 |
| Accumulated amortisation 31 December | 244,142 | 217,654 |
| **Book value 31 December** | **46,029** | **44,470** |

| EUR in thousands | 2020 | 2019 |
|---|---|---|
| **Prepayments and non-current assets under construction** | | |
| Acquisition cost 1 January | 8,262 | 27,918 |
| Additions | 44,703 | 38,222 |
| Transfers | −46,152 | −57,878 |
| **Book value 31 December** | **6,812** | **8,262** |
| | | |
| **Total intangible assets** | **217,310** | **221,107** |
| | | |
| **Land and water** | | |
| Acquisition cost 1 January | 713 | 713 |
| **Book value 31 December** | **713** | **713** |
| | | |
| **Buildings and constructions** | | |
| Acquisition cost 1 January | 39,075 | 33,669 |
| Additions | 6,842 | 0 |
| Transfers | 6,233 | 5,406 |
| **Acquisition cost 31 December** | **52,151** | **39,075** |
| Accumulated depreciation 1 January | 16,909 | 14,790 |
| Depreciation for the financial period | 2,520 | 2,119 |
| Accumulated depreciation 31 December | 19,429 | 16,909 |
| **Book value 31 December** | **32,721** | **22,166** |

| EUR in thousands | 2020 | 2019 |
|---|---|---|
| **Machinery and equipment** | | |
| Acquisition cost 1 January | 1,311,230 | 1,221,254 |
| Transfers | 105,409 | 91,772 |
| Disposals | −2 | −1,797 |
| **Acquisition cost 31 December** | **1,416,637** | **1,311,230** |
| | | |
| Accumulated depreciation 1 January | 1,046,324 | 969,892 |
| Depreciation for the financial period | 79,288 | 78,229 |
| Depreciation relating to disposals | −2 | −1,797 |
| Accumulated depreciation 31 December | 1,125,611 | 1,046,324 |
| **Book value 31 December** | **291,026** | **264,905** |
| | | |
| **Other tangible assets** | | |
| Acquisition cost 1 January | 0 | 873 |
| Disposals | 0 | −873 |
| **Acquisition cost 31 December** | **0** | **0** |
| Depreciation for the financial period | 0 | 873 |
| Depreciation relating to disposals | 0 | −873 |
| Accumulated depreciation 31 December | 0 | 0 |
| **Book value 31 December** | **0** | **0** |

| EUR in thousands | 2020 | 2019 |
|---|---|---|
| **Prepayments and non-current assets under construction** | | |
| Acquisition cost 1 January | 49,361 | 40,070 |
| Additions | 102,336 | 109,496 |
| Transfers | –111,642 | –100,205 |
| **Acquisition cost 31 December** | **40,055** | **49,361** |
| | | |
| **Total property, plant and equipment** | **364,515** | **337,145** |

## 8 INVESTMENTS

| EUR in thousands | 2020 | 2019 |
|---|---|---|
| **Holdings in Group companies** | | |
| Book value 1 January | 98,348 | 82,653 |
| Additions | 0 | 15,697 |
| Disposals | –10 | –2 |
| **Book value 31 December** | **98,338** | **98,348** |
| | | |
| **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 | 1,097 | 1,330 |
| Additions | 1 | 0 |
| Disposals | 0 | –225 |
| Impairment | 0 | –7 |
| **Book value 31 December** | **1,098** | **1,097** |
| | | |
| **Parent company ownerships:** | | |
| **Holdings in Group companies** | | |
| DNA Kauppa Oy | 100% | 100% |
| DNA Welho Oy | 100% | 100% |
| European Mobile Operator Oy | 100% | 100% |
| Forte Netservices OOO | 0% | 100% |

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

| EUR in thousands | 2020 | 2019 |
|---|---|---|
| **Interests in joint arrangements** | | |
| Suomen Yhteisverkko Oy | 49% | 49% |
| | | |
| **Shares in associated companies** | | |
| Suomen Numerot Numpac Oy | 33.33% | 33.33% |
| Kiinteistö Oy Otavankatu 3 | 36% | 36% |
| Kiinteistö Oy Siilinjärven Toritie | 38% | 38% |

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

## 9 RECEIVABLES FROM GROUP COMPANIES

| EUR in thousands | 2020 | 2019 |
|---|---|---|
| Long-term loan receivables | 6,000 | 16,395 |
| Short-term loan receivalbes | 0 | 6,000 |
| Trade receivables | 14,768 | 15,099 |
| Prepaid expenses | 4,850 | 3,134 |
| Group account receivables | 28,518 | 18,526 |
| Group contribution receivables | 26,208 | 1,060 |
| **Total** | **80,344** | **60,213** |

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

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

## 10 DEFERRED TAX LIABILITY/ASSET

| EUR in thousands | 2020 | 2019 |
|---|---|---|
| **Deferred tax asset** | | |
| Deferred tax asset from provisions | 2,826 | 1,200 |
| Deferred tax asset from deferred depreciation | 112 | 121 |
| Deferred tax asset from temporary differences | 625 | 539 |
| **Total deferred tax asset** | **3,563** | **1,860** |
| | | |
| **Deferred tax liability** | | |
| Deferred tax liability from loss on sale of bond | 766 | 947 |
| **Total** | **766** | **947** |

## 11 PREPAID EXPENSES

| EUR in thousands | 2020 | 2019 |
|---|---|---|
| Trade payables | 11,266 | 9,417 |
| Other receivables | 9,368 | 6,169 |
| Tax receivables | 3,884 | 2,155 |
| **Total** | **24,867** | **17,740** |
| | | |
| **Unrecognised costs** | | |
| Of the bond issue costs: | | |
| Remainder of the capitalised long-term deferred receivables | 892 | 1,172 |
| Remainder of the capitalised short-term deferred receivables | 279 | 325 |

## 12 EQUITY

| EUR in thousands | 2020 | 2019 |
|---|---|---|
| Share capital 1 January | 72,702 | 72,702 |
| **Share capital 31 December** | **72,702** | **72,702** |
| | | |
| Treasury shares 1 January | –1,728 | –2,806 |
| Decrease | 0 | 1,078 |
| **Treasury shares 31 December** | **–1,728** | **–1,728** |
| | | |
| Retained earnings 1 January | 202,034 | 156,563 |
| Dividend distribution | 0 | –145,400 |
| Share-based payments | 0 | 24 |
| **Retained earnings 31 December** | **202,034** | **11,187** |
| | | |
| **Result for the period** | **62,333** | **190,847** |
| | | |
| **Total equity** | **335,341** | **273,009** |
| | | |
| **Distributable funds** | | |
| Retained earnings | 202,034 | 11,187 |
| Net result for the period | 62,333 | 190,847 |
| Treasury shares | –1,728 | –1,728 |
| **Total distributable funds** | **262,639** | **200,306** |

## 13 PROVISIONS

| EUR in thousands | 2020 | 2019 |
|---|---|---|
| Estimated decommissioning costs of data centres and masts | 11,483 | 4,641 |
| Onerous contracts* | 1,464 | 369 |
| Pension provision | 198 | 207 |
| Restructuring provision | 0 | 261 |
| Other provision | 208 | 208 |
| **Total provisions** | **13,354** | **5,687** |

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

## 14 NON-CURRENT LIABILITIES

| EUR in thousands | 2020 | 2019 |
|---|---|---|
| Bonds | 250,000 | 310,000 |
| Loans from financial institutions | 0 | 69,231 |
| Loans from other group companies | 110,096 | 100,000 |
| Other long-term liabilities | 24,402 | 25,835 |
| Accrued expenses | 228 | 239 |
| Deferred tax liability | 766 | 947 |
| **Total non-current liabilities** | **385,492** | **506,252** |
| | | |
| **Non-current liabilities with a maturity of over five years.** | | |
| Borrowings | 0 | 263,846 |

## 15 LIABILITIES TO GROUP COMPANIES

| EUR in thousands | 2020 | 2019 |
|---|---|---|
| Trade payables | 2,668 | 2,988 |
| Accrued expenses | 6,579 | 7,092 |
| Group account payables | 9,978 | 11,245 |
| Group contributibution payables | 22,338 | 0 |
| **Total liabilities to Group companies** | **41,563** | **21,325** |

## 16 ACCRUED EXPENSES

| EUR in thousands | 2020 | 2019 |
|---|---|---|
| Holiday pay and bonuses | 20,153 | 21,230 |
| Interest expenses | 4,017 | 4,052 |
| Sales accruals | 11,891 | 12,638 |
| Other accruals | 31,630 | 35,340 |
| **Total accruals** | **67,690** | **73,260** |

## 17 PLEDGED ASSETS AND CONTINGENT LIABILITIES

| EUR in thousands | 2020 | 2019 |
|---|---|---|
| **Pledged assets** | | |
| Other obligations on behalf of Group companies | | |
| Bank guarantee | 1,345 | 1,360 |
| | | |
| **Contingent liabilities and other liabilities** | | |
| Finance lease payments | | |
| Payments due during the next financial period | 440 | 473 |
| Payments due at a later date | 321 | 260 |
| **Total finance lease payments** | **760** | **733** |

Leasing contracts are made for three-year periods.

| **Other contractual obligations** | | |
|---|---|---|
| Leasehold commitments* | 97,675 | 101,235 |

*) Includes EUR 1.5 million (EUR 0.4 million) for the non-voidable lease agreement reported under the provision for onerous contracts.

In addition, DNA's agreements with some of its main suppliers contain minimum order quantities (units) for the contract period.

As DNA has discretion over which units to purchase over the contract period and the price per unit varies, DNA is unable to estimate the exact EUR amount for these commitments.

## 18 RELATED PARTY TRANSACTIONS

### Related party trade

DNA's related parties include the main shareholders which have significant influence over the group, subsidiaries, associated companies, joint arrangements and members of the Board of Directors and the management team, including the CEO and the deputy CEO as well as their close family members. In addition, related parties include all entities controlled or jointly controlled by a person idenfitied as related party. The company acquires products sold to external parties from its related parties. Related party transactions are with same terms than transactions carried out with independent parties.

### Key management compensation

| EUR in thousands | 2020 | 2019 |
|---|---|---|
| CEO Jukka Leinonen | | |
| Wages and salaries | 926 | 1,092 |
| Share-based incentive scheme (gross) | 800 | 1,029 |
| **Total** | **1,726** | **2,121** |
| | | |
| Members and deputy members of the Board of Directors | | |
| Korhonen Pertti | 0 | 153 |
| Jukka Ottela | 0 | 63 |
| Kirsi Sormunen | 60 | 79 |
| Anu Nissinen | 0 | 66 |
| Tero Ojanperä | 59 | 76 |
| Margus Schults | 0 | 18 |
| Ted Roberts | 0 | 44 |
| Anni Ronkainen | 58 | 57 |
| **Total** | **176** | **556** |

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

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

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

# SIGNATURES OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS

Helsinki, 2 March 2021

Jørgen C. Arentz Rostrup
Chairman of the Board of Directors

Fredric Scott Brown
Member of the Board of Directors

Nils Katla
Member of the Board of Directors

Tero Ojanperä
Member of the Board of Directors

Anna-Maria Ronkainen
Member of the Board of Directors

Kirsi Sormunen
Member of the Board of Directors

Ulrika Steg
Member of the Board of Directors

Jukka Leinonen
President and CEO

# AUDITORS' NOTE

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

Helsinki, 2 March 2021

Ernst & Young Oy

Authorised Public Accountants

Terhi Mäkinen

Authorised Public Accountant

# AUDITORS' REPORT

(Translation of the Finnish original)

To the Annual General Meeting of DNA Plc

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of DNA Plc (business identity code 0592509-6) for the year ended 31 December, 2020. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

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

Our opinion is consistent with the additional report submitted to the Board of Directors.

### Basis for Opinion

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

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

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 7 to the consolidated financial statements and note 3 to the parent company financial statements.

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

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

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

| Key Audit Matter | How our audit addressed the Key Audit Matter |
|---|---|
| **Valuation of Goodwill**<br>*We refer to the Group's accounting policies and the note 15*<br>At the balance sheet date 31 December 2020, the value of goodwill amounted to EUR 339 million representing 21% of total assets and 52% of total equity (2019: EUR 339 million, 23% of total assets and 61% of total equity). The valuation of goodwill was a key audit matter as:<br>▪ the management's annual impairment test is complex and involves judgments<br>▪ the annual impairment test is based on market and economical assumptions<br>▪ the goodwill balance is significant.<br>The cash flows of the cash generating unit are based on the value in use. Changes in the assumptions used can significantly impact the value in use. The value in use is dependent on several assumptions such as the growth in net sales, development in EBITDA, discount rate and the long term growth rate used. Changes in these assumptions can lead to an impairment. | Our audit procedures included, among others, involving valuation internal specialists to assist us in evaluating the assumptions and methodologies used by the group including those related to forecasted net sales, EBITDA, the weighted average cost of capital and long term growth rate used in discounting the cash flows.<br>We reviewed the sensitivity in the available headroom by cash generating unit and focused on whether any reasonably possible change in assumptions could cause the carrying amount to exceed its recoverable amount.<br>We compared the historical forecasting of the group with actual outcome and we compared projections to the latest budgets approved by the board. We checked the mathematical accuracy of the underlying calculations.<br>We compared the groups' disclosures related to impairment tests in note 15 in the financial statements with presentation requirements in applicable accounting standards and we reviewed the information provided on sensitivity analysis. |

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

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

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

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

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

## Other Reporting Requirements

**Information on our audit engagement**

We were first appointed as auditors by the Annual General Meeting on 28 March 2019, and our appointment represents a total period of uninterrupted engagement of 2 years.

## Other information

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

Our opinion on the financial statements does not cover the other information.

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

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

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

Helsinki, 2 March 2021

Ernst & Young Oy

Authorized Public Accountant Firm

Terhi Mäkinen

Authorized Public Accountant

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