DNA

2017 ANNUAL REPORT

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RECORD YEAR ACROSS THE BOARD

2017 was a record year for DNA across the board. Our net sales, operating result and operating free cash flow reached record levels, improving significantly year-on-year. Our customers were increasingly satisfied with our operations and our personnel satisfaction improved for the third consecutive year. Sales figures related to new customers, which give us some foresight of the future, were also excellent. DNA was the only nationwide operator in Finland to grow its subscription base in both the mobile and fixed network. This is an excellent result in an intensely competitive environment where our CHURN rate increased from 2016.

BEST CUSTOMER EXPERIENCE

DNA's strategic objective is to have the most satisfied customers. We want to distinguish ourselves from the competition by providing the best customer experience in the market. In 2017, our customer satisfaction improved further and DNA's Net Promoter Score (NPS), which measures the likelihood that a customer would recommend the product or service, improved in most areas. To highlight one of our new and innovative products, I would like to mention the DNA TV-hubi device: an open ecosystem Android TV hub, which gives customers access to DNA's cable and terrestrial channels and streaming over the internet, while also supporting the use of content from app stores, such as games and music.

SATISFIED PERSONNEL

Excellent customer experiences are provided by satisfied personnel. To develop as an employer and improve employee satisfaction, DNA has participated in the Great Place to Work (GPTW) survey for several years now. The results have improved for three consecutive years and based on the Great Place to Work® survey conducted at the end of 2017, DNA was awarded in February 2018 as the second best workplace in Finland in the category of large organisations. In 2017, DNA introduced grandparental leave, entitling grandparents to one week's paid leave. The aim of the leave is to promote family-friendliness at the workplace at a later career stage.

MODERN NETWORKS

Fast, reliable and extensive networks are the key to providing excellent customer experience. DNA has made significant investments in the latest network technologies in recent years, and our modern networks are a foundation for a strong competitive position. According to a report released by an international research company Tefficient, DNA's customers had the highest mobile data usage per subscription in the world, which is a reflection of the high quality and performance of our mobile communication networks. DNA is among the first operators that is capable of providing Gigabit-class speeds in its fixed-network broadband network in Finland. The upgrade of the DNA Valokuitu Plus (DNA Fibre Optic Plus) network started in 2016 and was completed in April 2017. We are also preparing for the deployment of 5G, the next-generation mobile networks. One step towards 5G was increasing the top speed in our 4G network to 1 Gbps during 2017.

DIGITAL COMPETENCE INCREASINGLY VITAL

Our aim is to provide personalised omnichannel customer service in our stores and through all digital channels. To this end, DNA has made significant investments in data systems and analytics tools in recent years. DNA was chosen as the Digital Leader in the annual study measuring digital maturity in the Nordic countries. Consulting company BearingPoint assessed more than 200 leading Nordic brands in Finland, Sweden and Norway. In addition, DNA's Ultimate Data Platform, an analytics solution utilising artificial intelligence, was awarded at the 2017 Grand One gala in the "Best Use of Data" category.

RESPONSIBLE DECISION-MAKING

2017 was a successful year in terms of the practical implementation of DNA's corporate responsibility strategy and realisation of our corporate responsibility objectives. We adopted a responsible decision-making model to ensure that every important decision is aligned with the Group's responsibility strategy. The realisation of DNA's corporate responsibility objectives was supported by organising training for DNA Store sales personnel. We also focused on the further development of responsible procurement methods and procurement manager upskilling.

AIM TO INCREASE SHAREHOLDER VALUE

DNA's strong balance sheet and historically high free cash flow for 2017 allowed the Board of Directors to make a generous dividend proposal to the Annual General Meeting of distributing EUR 1.10 per share in total. The Group's balance sheet will remain strong after the dividend payment, allowing us to leverage new business opportunities and increase shareholder value in the long term.

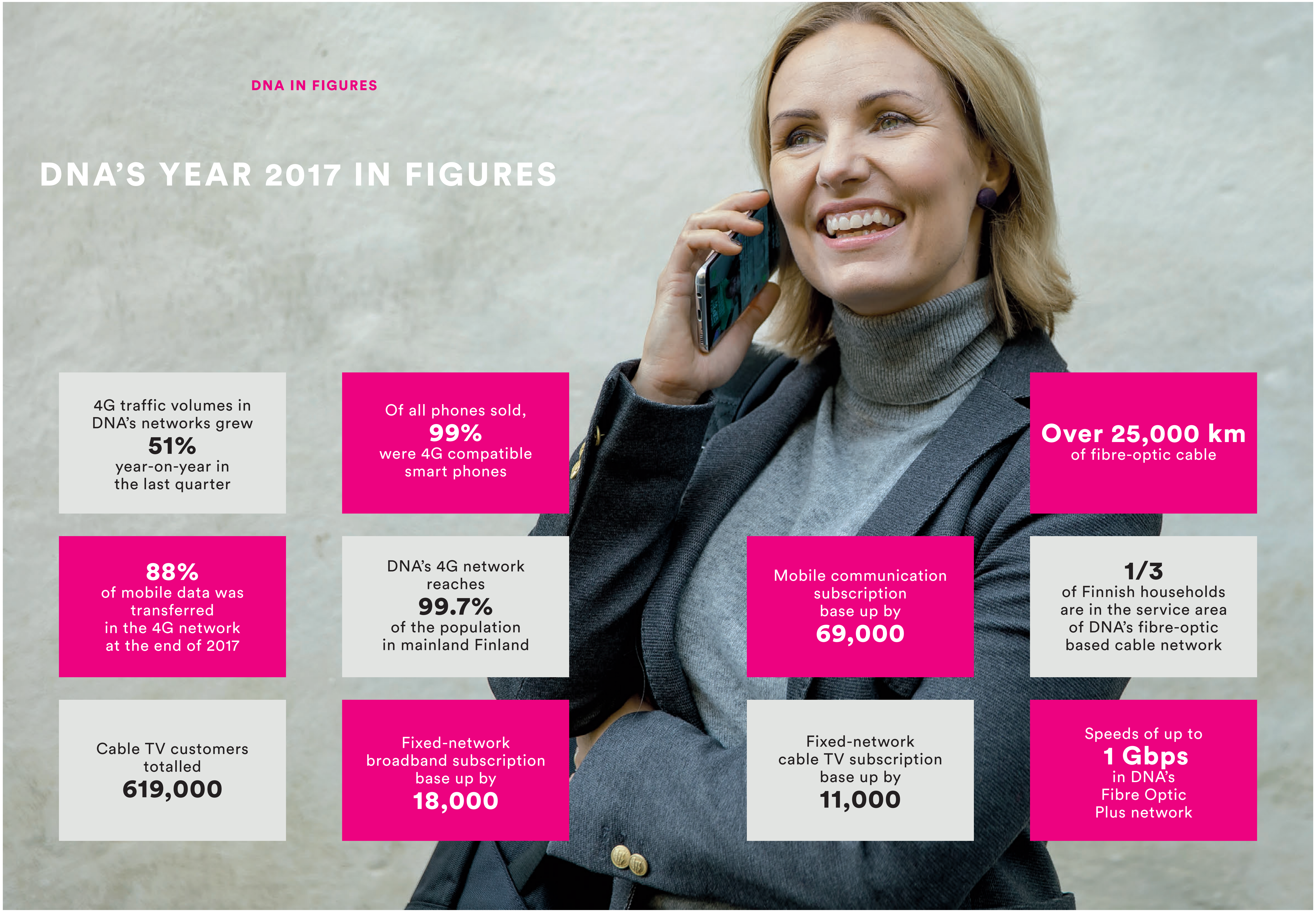
POSITIVE EXPECTATIONS ABOUT THE FUTURE

The Finnish economy is on the growth path and both consumer and business confidence improved throughout the year, boosting demand for services. On the other hand, competition remained intense throughout the year, in mobile communication in particular. This trend is expected to continue. We expect both DNA's net sales and comparable operating result in 2018 to remain at the same level as in 2017. However, in the medium term, we expect our profitability to improve further, which is why DNA's EBITDA margin objective was raised to 32%.

I would like to thank our personnel, customers and shareholders for our success in 2017. We will continue with the aim of having the most satisfied customers as well as satisfied personnel and shareholders.

Jukka Leinonen

DNA'S YEAR 2017 IN FIGURES



4G traffic volumes in DNA's networks grew **51%** year-on-year in the last quarter

Of all phones sold, **99%** were 4G compatible smart phones

Over 25,000 km of fibre-optic cable

88% of mobile data was transferred in the 4G network at the end of 2017

DNA's 4G network reaches **99.7%** of the population in mainland Finland

Mobile communication subscription base up by **69,000**

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

Cable TV customers totalled **619,000**

Fixed-network broadband subscription base up by **18,000**

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

Speeds of up to **1 Gbps** in DNA's Fibre Optic Plus network

TELECOMMUNICATIONS MARKET EXPANDING IN FINLAND – GROWTH OF MOBILE DATA CONTINUES

Telecommunications service revenue continued to grow in 2017 as digital services gave a significant boost to the demand for mobile data. The use of videos and other entertainment, social media as well as voice, messaging and other applications continues to move to the internet. The fact that our lives are increasingly digital, both at home and work, creates new business opportunities for telecommunications companies.

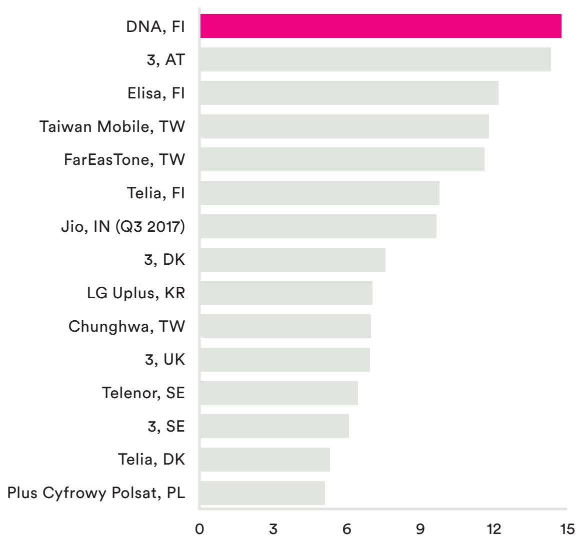
Households own increasingly versatile devices

The strong growth of Internet-connected devices continued and Finnish households owned and used a growing number of smart phones, tablets, smart televisions, wearable devices as well as smart household appliances. Some 2.5 million phones were sold in Finland in 2017. Practically all phones sold by DNA in 2017 were 4G capable smart phones. DNA's smart phone penetration, or the share of smart phones in the subscription base, was 73% at the end of 2017.

In terms of device sales, wearables, smart watches, fitness and health trackers in particular were in great demand in 2017. The connection to the internet can be established by the device itself, or through a smart phone for example, which means that wearable products increase the demand for reliable high-speed networks.

In the future, Augmented and Virtual Reality solutions provide interesting opportunities for telecommunications companies, in terms of service development as well as the need for higher connection speed and quality. As the new devices become more common and an integral part of our lives, DNA has interesting opportunities to provide new services.

DNA's customers have the highest mobile data usage per subscription in the world [1]



Gbyte per reported sim per month, reporting operators 1H 2017 (truncated, showing operators with highest usage)

Customers keep switching to faster 4G subscriptions

In 2017, 3G subscribers were switching to high-speed 4G subscriptions, which have higher subscription-specific billing. This has had a positive impact on DNA's net sales. At the end of 2017, two thirds of phones used in DNA's network were 4G models. The share of 4G subscriptions in DNA's subscription base is expected to grow 10% points annually over the next few years.

In mobile communication, the revenue from voice calls and text messages has declined for several years, while the revenue from mobile broadband is growing. Strong growth of mobile data use will continue in the future as the use of services such as Facebook, YouTube, WhatsApp and Skype increases.

In Finland, mobile data transfer volume per subscription is one of the highest in the EU – and among the highest in the world. This is due to high-quality connections, low price of mobile data as well as pricing models that include unlimited data transfer. According to a report released by research company Tefficient in December 2017, DNA's customers had the highest mobile data usage per subscription in the world between January and June 2017. The comparison was made between 124 operators globally.

Fixed broadband customers switch to faster subscriptions

A clear trend in Finland right now is the migration of xDSL subscribers to considerably faster cable and Ethernet based broadband subscriptions or replacement of xDSL connections with 4G mobile data connections (DSL, or Digital Subscriber Line is a family of technologies used to transmit digital data over telephone lines). The fixed-network broadband subscription base is expected to remain stable or grow slightly in the future, as the increasing use of cloud and entertainment services increases the demand for high-speed and high-performance connections.

Housing association broadband subscriptions have become more popular in recent years. They are a cost-efficient way to provide broadband connections to all residents in the housing company, as they are connected to the network at the same time and in the same speed category. The share of housing association broadband subscriptions in Finland is expected to increase in the coming years.

Streaming and on-demand video services increasingly popular

The usage of television television services are up for both the cable TV and broadband networks. In the past five years, watching content over the broadband network has become an important method alongside cable and terrestrial distribution. The number of cable TV subscriptions has increased steadily by an annual rate of some two per cent and more than 1.6 million households in Finland have a cable TV subscription.

Finns are watching more TV content than before, and in more versatile ways. According to the survey[2] DNA commissioned in the summer of 2017, the increase is particularly noticeable among young people (those aged 15 to 24): up to 42% of them said they had increased their consumption of TV content. The increase is mostly due to content viewed online. Finnish households are increasingly watching OTT content, in services such as the IP-TV-based DNA TV, Yle Areena and Netflix, provided over the broadband network.

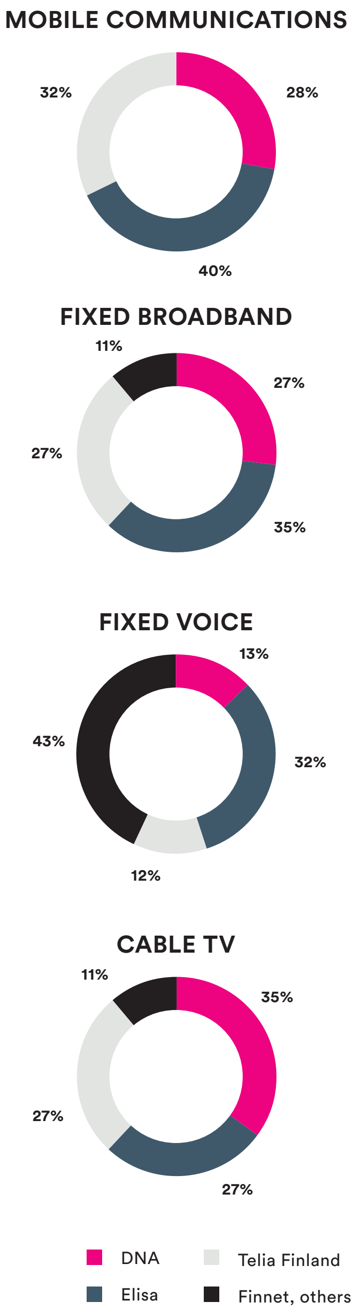
Companies create new, digital business models

Private and public-sector organisations are digitising their services and creating new digital business, which makes the availability of networks and services vital. The new way of working is mobile, networked and independent of time and place, which is increasingly reflected in companies' telecommunication services.

As IoT gains ground, the role of good data security, data protection and high operational network reliability gain importance; unprotected devices and solutions reduce users' confidence in digital services. DNA improves network security continuously, and will continue investing in security also in the future. Microsoft's annual Security Intelligence Report[3] has deemed Finnish networks, including DNA's, among the healthiest in the world for several years.

The Industrial IoT will increase data traffic volumes even further, and DNA's M2M (Machine to Machine) subscription base has grown strongly in recent years. In 2017, DNA's M2M subscription base grew some 15%.

Market shares at the end of 2017



1) http://media.tefficient.com/2017/12/tefficient-industry-analysis-4-2017-mobile-data-usage-and-revenue-Q3-2017-per-operator-21-Dec-rev-B.pdf
2) DNA's "Digitaaliset Elämäntavat" survey on the digital way of life in Finland: https://corporate.dna.fi/lehdistotiedotteet?type=stt2&id=62047856
3) Microsoft Security Intelligence report: https://www.microsoft.com/sir

OBJECTIVE: THE MOST SATISFIED CUSTOMERS

Customer satisfaction is the key element of DNA's strategy. We work continuously towards ensuring that we can provide high-quality services and customer service excellence. DNA's key pillars support the creation of an excellent customer experience: modern networks, motivated and customer-oriented personnel, advanced data analytics, as well as culture as a challenger, which is reflected in cost-effectiveness and agility. DNA's first year as a listed company was very successful in terms of achieving strategic objectives.

DNA's strategic objectives:

1. DNA is a great place to work. We aim to be one of the most desired employers in Finland. The satisfaction and well-being of our employees is a crucial foundation for DNA's ability to provide the best customer service on the market.

2. The most satisfied customers in consumer and corporate business.

3. Industry-leading financial development and faster than average market growth. Financial development is measured with the development of free cash flow and growth with the development of net sales compared against DNA's main competitors.

DNA's strategy is based on the following key areas:

WE SEEK TO HAVE THE MOST SATISFIED CUSTOMERS IN THE MARKET.

We provide high-quality, fairly priced and easy-to-use products and services to provide the best customer experience. DNA sells practical services to customers and offers them a high-quality omnichannel shopping and customer service experience across all service channels. DNA's modern IT systems enable customers to have even better and more seamless transactions with DNA while also streamlining DNA's operations.

WE WANT TO BE A GREAT PLACE TO WORK.

Personnel satisfaction is a foundation for DNA's ability to deliver the best customer experience on the market. DNA's objective is to have a dedicated and qualified employee in every position. DNA participates in the annual Great Place to Work (GPTW) survey to track the company's development as an employer. During the first three years of participation, the results have developed very positively.

CONTINUOUSLY DEVELOPED, HIGH-QUALITY NETWORKS ARE THE FOUNDATION OF DNA'S BUSINESS.

DNA has its own, extensive 2G, 3G and 4G networks and a fibre-optic based cable network, which has the widest coverage in Finland. Its service area covers some 850,000 households, more than 620,000 of which are connected to the fibre-optic network. The DNA Valokuitu Plus (DNA Fibre Optic Plus) network is among the first globally to enable broadband speeds of up to a Gigabit-class per second, and the technology allows much faster speeds than that.

DNA's 4G network is extensive: it reaches 99.7% of the population in mainland Finland. Good base station density, modern network technologies and good radio frequency situation allow DNA to maintain high service levels with reasonable investments to additional capacity. The shared network constructed in Eastern and Northern Finland enables DNA to provide high-quality mobile communication services and develop them further with a very good geographical coverage.

OUR TV STRATEGY ALLOWS A DIFFERENTIATED AND HIGH-QUALITY TV AND VIDEO OFFERING ACROSS FINLAND.

DNA provides customers with continuously improving TV and video services across various distribution technologies. DNA's television services are available on the cable, terrestrial and broadband networks. Various distribution technologies ensure quality and add flexibility, allowing the customers to choose their preferred distribution platform and services.

WE LEVERAGE OUR ENHANCED MARKET POSITION IN THE CORPORATE SEGMENT TO GROW MARKET SHARE AND PROFITABILITY.

DNA's share of the corporate telecommunications market revenue in Finland was approximately 15% in 2017. DNA's strategic goal is to increase the market share of its Corporate Business in the coming years. DNA is targeting the public sector, SMEs and increasingly also the large enterprise customer segment. DNA also supports existing customers' business with new communication and telecommunication services.

WE LEVERAGE THE OPPORTUNITIES FOR UP-SELLING AND CROSS-SELLING SERVICES.

Driving the sales of additional services to existing customers is important for DNA's future growth. At the moment, some 60% of consumer and 50% of corporate customers buy products from only one category, which means that there is potential for new business.

DNA's revenue per user (ARPU) for mobile communication remains relatively low in international comparison. DNA's 2G and 3G subscribers are switching to high-speed 4G subscriptions, which also have higher subscription-specific billing. It is also possible to increase the ARPU for fixed broadband as customers adopt increasingly high-speed broadband services.

KEY ACTIONS TO IMPLEMENT DNA'S STRATEGY

CUSTOMER

- Customers wish to use digital channels to an increasing extent, and DNA continued the development of its online store, self-service and analytics tools. This produced positive results: in November 2017, DNA won the title of Digital Leader 2018 in the Nordic countries. In the survey, companies were evaluated across six different digital dimensions: digital marketing, digital product experience, e-commerce, e-CRM, mobile experience and use of social media.

- DNA's customer satisfaction developed well: Net Promoter Score (NPS), which measures customer satisfaction, improved again. In Consumer Business, product-specific NPS improved across main product groups and in Corporate Business, NPS remained at the good level reach last year. The NPS for DNA Stores reached a record-high level.
  DNA continuously increases the capacity and speed of its networks: in April 2017, DNA introduced Gigabit-class broadband speeds to all the more than 620,000 households in the DNA Valokuitu Plus (DNA Fibre Optic Plus) network. In June 2017, DNA tested speeds of 1 Gbps in its mobile communication network.
- DNA's TV offering is developing according to the changing viewing habits of customers. In August 2017, DNA launched the DNA TV-hubi. With the device, users can watch TV and use online applications, play games and listen to music via one easy-to-use system.

PERSONNEL

- DNA measures employee satisfaction by means of the Great Place to Work survey, and the results improved across the board again in 2017. In total, 83% DNA's employees considered DNA as a good workplace (81% in 2016). DNA reached an excellent second place in the Great Place to Work survey in the category of large organisations.
- DNA became the first company in Finland to introduce grandparental leave. Employees who become grandparents are entitled to one week's paid grandparental leave. The leave was rewarded as the Working Life Action of the year in the 100 Actions campaign organised by Ilmarinen Mutual Pension Insurance Company.
- DNA's flexible method of working, which allows employees to decide independently where they work without discussing this with their supervisor, was expanded to all DNA facilities in 2017.
- All employees in Consumer Customer Service now have the opportunity to work remotely, while the Corporate Customer Service adopted flexible working hours. Corporate Customer Service personnel has worked remotely with good results since 2015.

DNA's modern mobile and fixed networks make for a strong competitive position

- DNA's modern 4G network reaches 99.7% of the population in mainland Finland.
- Finnish Shared Network Ltd, a joint operation by DNA and Telia, completed a shared mobile communication network in Northern and Eastern Finland in 2016. With the network, DNA can provide cost-effective, high-quality mobile coverage to sparsely populated areas.
- DNA has the largest fibre-optic based cable network in Finland enabling Gigabit-class broadband speeds, based on the number of households covered within its footprint: at the end of 2017, there were more than one third of Finnish households in the service area of the network.
- DNA's digital terrestrial TV network covers approximately 85% of population in Finland and uses the latest DVB-T2 technologies. DNA is the only operator in Finland offering pay-TV services in its terrestrial TV network.

FINANCIAL SUCCESS

- DNA's net sales and operating result reached record levels in 2017.
- DNA's operative free cash flow grew 26% in 2017.
- The growth of DNA's mobile communication subscription base (up 69,000 year-on-year) and favourable development of mobile billing gave DNA's mobile service revenue a significant boost of 12.1%.
- DNA's profitability improved significantly: EBITDA increased 15% and was EUR 272 million. The positive development was driven by a favourable change in the revenue structure: growth in service revenue and a decline in low-margin interconnection sales revenues. Profitability was also improved by cost control measures.
- DNA grew its market share in both mobile communications and fixed broadband again.

Financial objectives

DNA's medium-term financial objectives are the following:

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

DNA achieved good results in the above-mentioned objectives in 2017. EBITDA margin improved, and came to 30.7% at the end of 2017, while operative capital expenditure was 15.0% of net sales and the net debt/EBITDA ratio was 1.12.

DNA'S FOOTPRINT ON SOCIETY

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

DNA Value Creation

What We Build On

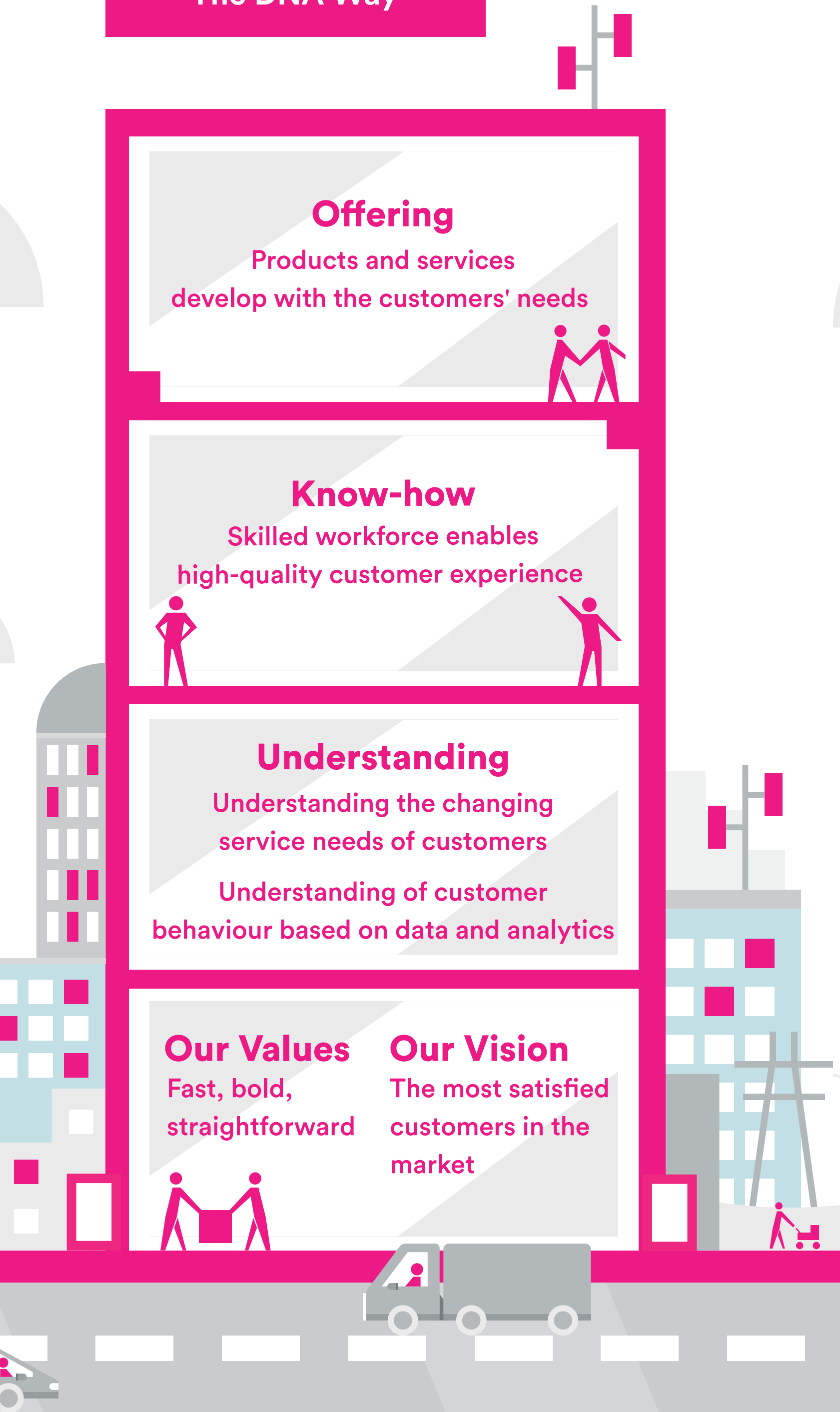
A Team of Top Professionals
- Motivated employees all over Finland
- Committed partners

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

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

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

The DNA Way



What We Produce

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

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

The DNA Footprint

Societal
- Building and developing the infrasturcture necessary for the society: *4G networks cover 99.7% of the population, over 3.9 million mobile and fixed network subscriptions*
- Digital connections and devices for consumers' everyday life
- Improving the competitiveness of corporate customers

Social
- Direct and indirect employment: *About 1,600 own employees*
- High employee satisfaction: *83% of employees consider DNA a great place to work (Great Place to Work® survey)*
- Family-friendly workplace
- Development of employees' skills
- Excellent customer experience

Economic
- Profitability: *Operating result EUR 124 million*
- Investments: *EUR 144 million*
- Earning per share: *Dividend payout ratio about 70–90% of free cash flow to equity*
- Salaries and benefits: *EUR 111 million*
- Taxes and tax-like payments: *EUR 176 million*
- Purchases from suppliers: *EUR 507 million*

Environmental
- Direct and indirect CO_2 emissions: *208,000 tCO_2 (Scope 1, 2 and 3)*
- Development of the network's energy efficiency
- Reducing customers' CO_2 emissions with DNA solutions
- Recycling of terminal equipment at DNA Stores

DNA'S HIGHLIGHTS IN 2017

BROADBAND SPEEDS OF UP TO A GIGABIT-CLASS BECAME AVAILABLE TO ALL 620,000+ HOUSEHOLDS COVERED BY THE DNA VALOKUITU PLUS NETWORK.

DNA is among the first operators globally that is capable of providing Gigabit-class broadband speeds in the entire network across Finland. The upgrade of the network started in 2016 and completed in April 2017. At the end of 2017, over 620,000 households were connected to it. Gigabit-class speeds are required as the number of Internet-connected devices grows in households.

DNA'S MOBILE COMMUNICATION NETWORK BECAME NB-IOT READY, WHICH IS AN IMPORTANT STEP TOWARDS 5G SERVICES.

In 2017, NB-IoT (Narrow Band Internet of Things) was adopted in DNA's network. The technology makes it possible to connect a broad range of devices to the mobile network more effectively, thus encouraging the use of IoT. The technology was piloted in early 2017 at a retail store run by Kesko, a Finnish supermarket chain, to monitor indoor air quality. The NB-IoT readiness of DNA's mobile network already covered 85% of the population in Finland at the end of 2017.

A STEP TOWARDS 5G: DNA'S MOBILE NETWORK TOP SPEED REACHES 1 GBPS.

The 1 Gbps speed was tested in June 2017 in Karuby, Siuntio, which became the fastest 4G village in Finland. At the same time, DNA continued the capacity expansion of its 4G network to provide fast access to all users. DNA meets the requirements of enthusiastic Finnish mobile data users by increasing its network capacity with the LTE Carrier Aggregation (LTE CA) technology, which enables demand-based adjustment of speed by combining blocks of spectrum.

PRICE OF ROAMING CHANGED IN THE EU IN JUNE 2017.

From 15 June 2017, DNA's customers have paid only the domestic price for calls and messages within the EU, and the price for data transfer fell by more than 90%. DNA also launched new subscriptions in June, the monthly price of which includes EU data transfer. Mobile data used by DNA's customers abroad has multiplied since the regulation entered into force and foreign travellers also use more mobile communications services while visiting Finland. The basic EU fee of older subscriptions and the higher price of the new subscriptions including the EU data package have been enough to offset the increase in DNA's roaming costs.

DNA WAS THE FIRST OPERATOR IN FINLAND TO LAUNCH THE SALES OF AN OPEN ECOSYSTEM ANDROID TV HUB CALLED DNA TV-HUBI.

Launched in August 2017, the device combines a set-top box, Google Cast mirroring and a smart phone-style app store. The device utilises the IPTV technology, allowing users watch TV and use online applications, play games and listen to music via one easy-to-use system. The sales got off to a good start. The device is mainly sold together with a broadband subscription.

DNA RECEIVED THE GREAT PLACE TO WORK® CERTIFICATE.

DNA's work to improve personnel satisfaction was recognised with the Great Place to Work® certificate in October 2017. To be granted the certificate, a company must score at least 70% in the total result of Trust Index© survey and the result according to background variables of gender and position. The Trust Index survey consists of 58 statements and is used globally in more than 50 countries to measure employees' workplace experience. DNA's personnel satisfaction has improved for three consecutive years.

DNA OPENED TRADING AT THE NASDAQ STOCK MARKET IN NEW YORK IN HONOUR OF LISTING A YEAR AGO.

DNA's successful first year as a listed company culminated in the invitation to open the trading at the Nasdaq stock market on 31 October 2017. DNA's listing at the end of 2016 was the largest in Finland in a decade and marked an important step in DNA's development into an even stronger provider of telecommunications services. DNA's first year as a listed company was a success: both DNA's net sales and operating result for 2017 reached record levels.

DNA WAS THE FIRST COMPANY IN FINLAND TO INTRODUCE GRANDPARENTAL LEAVE.

DNA employees who become grandparents are entitled to one week's paid grandparental leave. The aim of the leave is to promote family-friendliness at the workplace at a later career stage. In late 2017, DNA's grandparental leave was rewarded as the Working Life Action of the year in the 100 Actions campaign organised by Ilmarinen Mutual Pension Insurance Company. Almost 20 grandparents who work at DNA took the leave in 2017.

DNA WON THE TITLE OF DIGITAL LEADER 2018 IN THE STUDY MEASURING DIGITAL MATURITY IN THE NORDIC COUNTRIES.

In recent years, DNA has made significant investments in data systems and analytics tools to deepen customer understanding and to develop a seamless omnichannel customer experience. This has produced results: in November 2017, DNA was chosen as the Digital Leader 2018 in the study measuring digital maturity in the Nordic countries. Consulting company BearingPoint assessed in excess of 200 leading Nordic brands in Finland, Sweden and Norway in the annual study. In the survey, companies were evaluated across six different digital dimensions: digital marketing, digital product experience, e-commerce, e-CRM, mobile experience and use of social media.

CONSUMER BUSINESS

SPEED RECORDS BROKEN IN DNA'S NETWORKS

DNA offers consumers high-quality, competitively priced mobile subscriptions and smart phones, mobile and fixed-network broadband subscriptions as well as state-of-the-art entertainment services to all screens. In 2017, Consumer Business net sales increased 4.3% and were EUR 659 million. Customer satisfaction increased and ARPU for mobile communication improved during the year by 7.6%.

DNA's consumer customers are increasingly satisfied

The cornerstone of DNA's strategy is customer satisfaction. DNA's own omnichannel customer service is the key method of interaction with customers, and our own customer service functions help us ensure customer satisfaction excellence. DNA serves customers in DNA Stores across Finland, as well as through phone and digital channels.

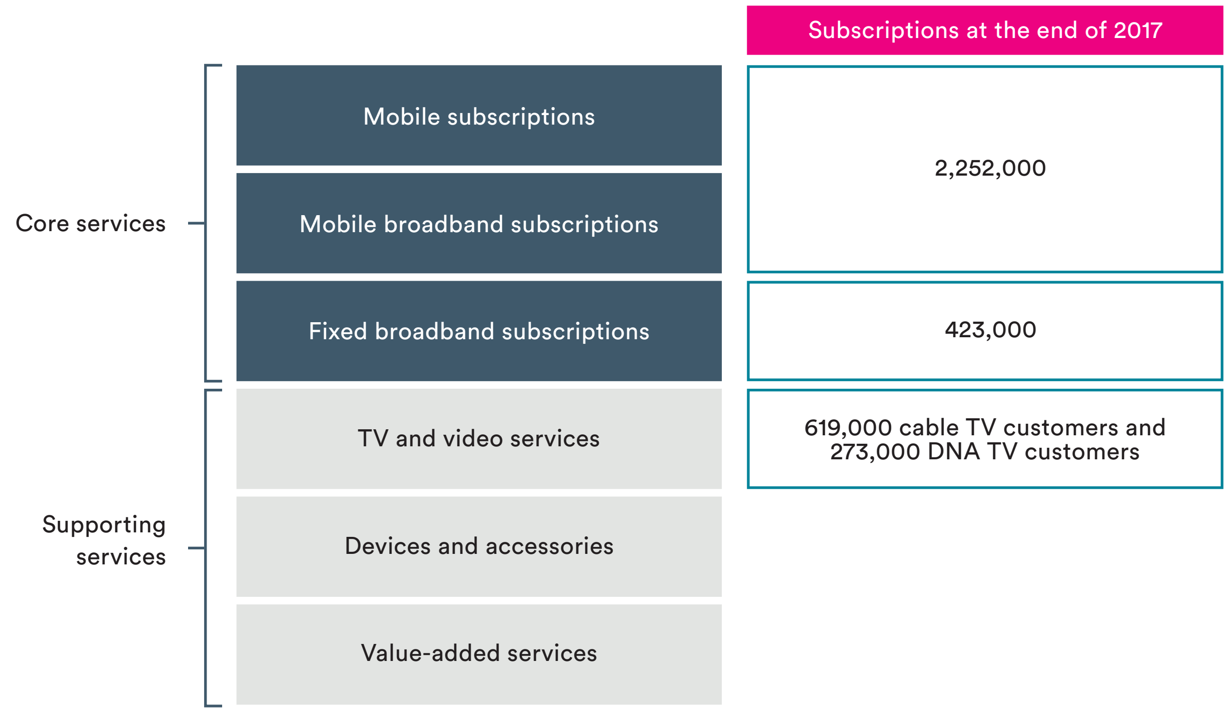
DNA's customer service development is guided by customer satisfaction, which is measured by means of the Net Promoter Score (NPS), among others. In Consumer Business, product-specific NPS improved across all DNA's main product groups in 2017. The rNPS score, which measures overall customer satisfaction, increased by 5 points. DNA Store received record-high scores. DNA added more resources to the consumer customer phone service and introduced live chat service in 2017 to further improve service quality.

Mobile subscription base remains stable, ARPU growing

DNA's mobile device sales developed positively in 2017 and, in terms of sales revenue, were at a higher level than in 2016. Device sales were particularly strong at the end of the year. Competition was intense in 2017, in particular in mobile communication. This affected DNA's CHURN rate, which increased to 18.3% from 16.1% in 2016. Despite intense competition, DNA's Consumer Business mobile communication subscription base remained relatively stable, decreasing only by 10,000 subscriptions in 2017 (-0.4%).

In Consumer Business, the ARPU for postpaid subscriptions increased in 2017 as customers switched from 3G subscriptions to faster 4G subscriptions. Finns are upgrading their phones quickly: at the end of 2017, two thirds of phones used in DNA's network were 4G models.

Consumer Business service portfolio



Fixed-network broadband subscriptions popular

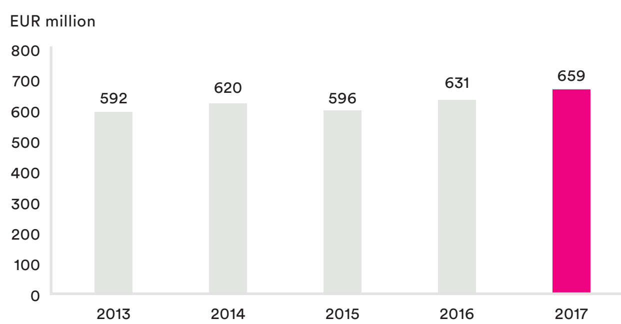
Households are increasingly using both fixed-network and mobile broadband. The steady growth of DNA's fixed-network broadband subscription base continued by 18,000 in 2017. Housing association broadband subscriptions in particular became more popular.

More than one million TV service subscriptions at the end of 2017

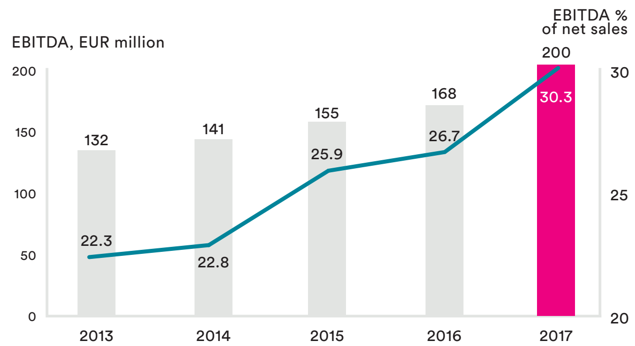
DNA's cable television subscriptions increased in total by 11,000 in 2017. DNA's new cable television subscriptions are in the DNA Valokuitu Plus network, which enables households to enjoy Gigabit-class speed.

DNA's multi-platform strategy is to allow TV subscribers to enjoy TV and video services easily on all their devices. When the cable, terrestrial and broadband networks are put together, DNA had well over one million TV service subscriptions at the end of 2017.

Consumer Business net sales, EUR million



Consumer Business EBITDA, EUR million, and EBITDA % of net sales



STRONG GROWTH IN MOBILE SUBSCRIPTION BASE AND INTEREST IN CORPORATE NETWORK SOLUTIONS

DNA's Corporate Business helps organisations succeed by providing them with productivity-enhancing telecommunication services. Both DNA's customer and subscription base grew despite the competition in 2017. Corporate business net sales remained at a similar level year-on-year and amounted to EUR 227.4 million. Profitability improved as operating result increased by 13.7% and was EUR 19 million.

The corporate market comprises telecommunication services as well as corporate network value added services, IT services and software, and devices. In 2017, DNA's share of the corporate telecommunications market in Finland was estimated to be approximately 15%. The brand preference* of DNA's Corporate Business has improved by more than 25% between 2014 and 2017 and the segment is well positioned to increase its market share in coming years. In addition, DNA focuses on improving the customer experience, employee satisfaction, quality and cost-effectiveness of corporate business. In 2017, Corporate Business operating result grew by 13.7% to EUR 19 million.

THE QUALITY OF CORPORATE CUSTOMER SERVICES IS MEASURED BY MEANS OF THE NET PROMOTER SCORE (NPS). IN CORPORATE BUSINESS, NPS REMAINED AT THE GOOD LEVEL REACHED LAST YEAR.

Corporate Business mobile subscription base growing

The core business in the segment developed well in 2017: there was strong interest in corporate network solutions and the corporate mobile subscription base grew by 79,000 subscriptions, or 16%. The mobile communication subscription base grew for all sizes of enterprises and public-sector organisations. The subscription base of virtual operators leasing network capacity from DNA also increased. Entrepreneurs in particular were switching from fixed-network broadband subscriptions to mobile broadband subscriptions.

Corporate Business net sales remained at a similar level year-on-year and were EUR 227.4 million. Net sales and EBITDA were negatively affected by price changes of leased masts and equipment sites that came into force in the spring of 2017.

Versatile telecommunications solutions for businesses and the public sector

DNA signed several significant new agreements and extensions to existing contracts with enterprises and the public sector in 2017.

For instance, DNA signed a new agreement with sporting goods company Amer Sports. In addition to mobile subscriptions, Amer Sports also chose DNA's outsourced switchboard service. The Finnish Association of People with Physical Disabilities (FPD), which already used DNA's communication services, expanded the relationship by transferring data communication and security services to DNA. The organisation has premises in approximately 60 locations across Finland and DNA will implement a duplicate corporate network solution for all of them.

Security company PSG Turva Oy and DNA signed an agreement on the provision of switchboard and related services, mobile and data subscriptions as well as M2M subscriptions. PSG also chose DNA as its device provider. In 2017, DNA also signed agreements with Fonecta, a provider of digital sales and marketing services, and the Guides and Scouts of Finland.

In October 2017, DNA and the city of Vantaa signed a three-year extension agreement on the delivery of all connections of the city, the LANs and WLANs of offices, firewall services and the internet connections delivered in connection with them, online authorisation solutions and any additional services. The total value of the agreement for the first three years is more than EUR 8 million.

Corporate Customer service portfolio

Services

- Mobile & communications services
- WAN network solutions
- Corporate network security services
- Enterprise network services
- IoT connectivity

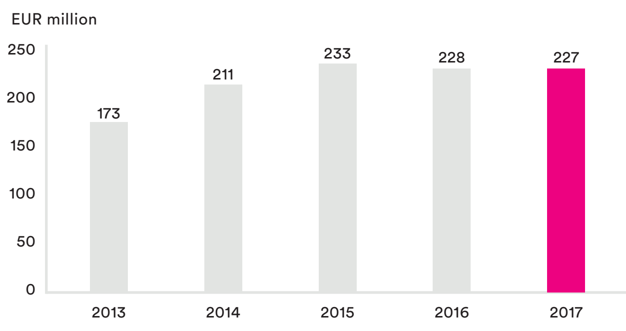
Main customer segments and products		Share of corporate business net sales
Mid-sized and large enterprises (50+ employees)	Mobile and communications solutions; Fixed data services; Security; Corporate Network; IoT Connectivity	50%
Micro and small enterprises (1 – 49 employees)	Mobile and communications solutions; Fixed Broadband	25%
Wholesale & operator	Fixed Data; Fixed Voice; MVNO (mobile virtual network operator); Roaming; Regulated products	25%

Industrial IoT solutions gain ground

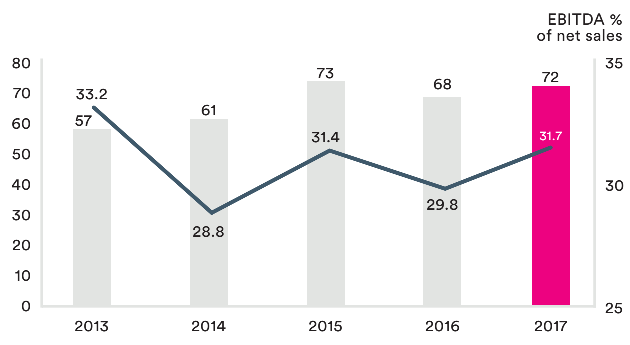
In 2017, DNA adopted the Low Power WAN technology by introducing NB-IoT (Narrow Band Internet of Things) readiness in the mobile communication network. In addition to expanding the coverage area, NB-IoT also allows more energy and cost-efficient Internet of Things (IoT) applications. At the end of 2017, the NB-IoT readiness of DNA's mobile network already covered 85% of the population in Finland.

IoT solutions became more common. For instance, a NB-IoT-based service was piloted by a retail store run by Kesko, a Finnish supermarket chain, to monitor indoor air quality. The service is available in the Talotohtori cloud service provided by Enermix. Enermix uses DNA's M2M subscriptions, which allow remote and wireless management and monitoring of the devices. In 2017, DNA's M2M subscription base grew some 15%. DNA continuously develops its own IoT capability, too.

Corporate Business net sales, EUR million



Corporate Business EBITDA, EUR million, and EBITDA % of net sales



INFORMATION FOR SHAREHOLDERS

ANNUAL GENERAL MEETING

DNA Plc's Annual General Meeting will be held on Tuesday, 22 March 2018 at 1 pm in the Veranda conference room in Finlandia Hall, at Mannerheimintie 13 e, Helsinki. The reception of registered participants and the distribution of voting slips will commence at 12 noon.

Right to participate

A shareholder, who is registered in the company's shareholder register, kept by Euroclear Finland Ltd, on 12 March 2018 is entitled to attend the Annual General Meeting.

Registration

a) on the internet: at www.dna.fi/agm

b) by telephone: +358 20 770 6902 from Monday to Friday between 9 am and 4 pm

c) by letter: to DNA Plc, Registrations to Annual General Meeting, P.O. Box 10, FI-01044 DNA

The registration should include the shareholder's name, personal identity number or business ID, address, telephone number and the name of any accompanying person and the name and personal identity number of any proxy representative.

A holder of nominee-registered shares has the right to participate in the Annual General Meeting by virtue of the shares on the basis of which they would be entitled to be entered in the shareholder register kept by Euroclear Finland Ltd on the record date of the Annual General Meeting, 12 March 2018. Participation also requires that, by virtue of these shares, the shareholder is temporarily entered in the shareholder register kept by Euroclear Finland Ltd no later than 19 March 2018 at 10 am. As regards nominee-registered shares, this is considered to constitute due registration for the Annual General Meeting.

Dividend payment

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.46 per share and a capital payment of EUR 0.17 per share from the reserve for invested unrestricted equity, in total EUR 0.63 per share, be distributed for the financial period ending 31 December 2017. The Board also proposes that an extra capital payment of EUR 0.47 per share be distributed from the reserve for invested unrestricted equity. In total, the Board proposes that EUR 1.10 per share be distributed.

According to the proposal, the dividend and the extra capital payment will be paid to shareholders registered in the company's shareholder register held by Euroclear Finland Ltd on the dividend record date of 26 March 2018. It is proposed that the dividend and the extra capital payment be paid on 4 April 2018.

Important dates related to the AGM

12 March 2018	Record date of the AGM
19 March 2018	10am Registration period ends
22 March 2018	Annual General Meeting
23 March 2018	Proposed ex-dividend date
26 March 2018	Proposed record date for dividend payment
4 April 2018	Proposed dividend payment date

Financial publications in 2018

2 February 2018	Financial Statements Bulletin 2017
1 March 2018	Electronic Annual Report 2017, including financial statements and notes to the financial statements, corporate governance statement, salary and remuneration report and corporate responsibility report for 2017
19 April 2018	Interim Report 1-3/2018
19 July 2018	Half Year Financial Report 1-6/2018
19 October 2018	Interim Report 1-9/2018

DNA's Investor Relations serves shareholders, analysts and investors.

Investor Relations contacts:

Marja Mäkinen, Head of Investor Relations, marja.makinen@dna.fi, tel. +358 44 044 1262


CORPORATE RESPONSIBILITY

CULTURE OF RESPONSIBILITY STRENGTHENED FURTHER

In 2017, the two most important ways of strengthening corporate responsibility were the promotion of responsible decision-making at DNA and further development of responsible procurement.

2017 was a successful year in terms of the practical implementation of DNA's corporate responsibility strategy and advancement of corporate responsibility objectives. Particular focus areas included responsible procurement methods and procurement manager up-skilling. In addition, the realisation of DNA's corporate responsibility objectives was supported by organising corporate responsibility training for DNA Store sales personnel.

Towards the end of the year, DNA adopted a responsible decision-making model to promote further development of decision-making at DNA. The aim of the model is to ensure that every important decision is aligned with DNA's responsibility objectives. Practical implementation of responsible decision-making will continue in 2018.

Organisation of corporate responsibility at DNA

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

Management of corporate responsibility risks

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

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

Organisation of corporate responsibility at DNA

BOARD OF DIRECTORS	The Board of Directors' Audit Committee and Personnel Committee discuss corporate responsibility issues based on proposals by the Executive Team. The Board approves the report on non-financial information as part of the Board of Directors' report.
DNA'S EXECUTIVE TEAM	DNA's Executive Team monitors the results of operations and discusses factors with significant economic or other impact. The CEO is in charge of corporate responsibility in the Executive Team.
SUSTAINABILITY MANAGER, CEO, VICE PRESIDENT, CORPORATE COMMUNICATIONS	DNA's Sustainability Manager decides on the main principles of corporate responsibility together with the CEO and Vice President, Corporate Communications, and is responsible for meeting the targets and implementing the measures related to corporate responsibility.
▪ Climate team ▪ Responsible supply chain team ▪ Brand development steering group ▪ Great Place to Work working group	The corporate responsibility teams and groups discuss and plan matters related to responsibility and decide on the implementation and responsibilities thereof.
CORPORATE RESPONSIBILITY FORUM	Whenever necessary, the corporate responsibility forum that comprises relevant key employees is called to plan and prepare larger CR-related entities.

Realisation of DNA's corporate responsibility objectives in 2017

DNA's corporate responsibility strategy comprises three areas: the customer, the society and meaningful work. Each area, its objectives and examples of main measures and their results in a nutshell:

Strategy area	Objectives	Examples of measures in 2017
CUSTOMER We look after the customer. DNA must understand what the customer needs and provide suitable solutions. We want the customer to understand what can be achieved with DNA's services and be aware of key issues in the digital world.	DNA acts as an enabler in the society, making customers' lives more inspiring, productive and entertaining while also preventing digital exclusion.	▪ "Responsibility at the customer interface" remained a key topic covered in responsibility training sessions ▪ New products were launched for consumers, such as the DNA TV-hubi device. In addition, the DNA Valokuitu Plus (DNA Fibre Optic Plus) network that enables Gigabit-class speeds was completed in 2017 ▪ DNA donated 150 tablets to children's hospitals through the Association of Friends of the University Children's Hospitals ▪ DNA continued as the main partner of SOS Children's Village ▪ As a main partner of the "HundrED – 100 Koulua" initiative, DNA supported education innovations at Finnish schools
SOCIETY DNA plays a significant role in society by providing important communication connections and maintaining infrastructure that is critical to the operation of the society. Our continuously expanding networks consume a lot of energy. We grow in a responsible manner and reduce greenhouse gas emissions from operations.	▪ We will improve the energy efficiency of our radio network and reduce emissions from the radio network in proportion to annual data transfer volumes by 80% by 2020 (from 2014 levels) ▪ While the expansion of DNA's networks continues, we aim to reduce our total emissions by 15% by 2020 (from the levels reported in 2014)	▪ The modernisation of DNA's radio network that was launched in 2011 was completed in 2017: all base stations in DNA's radio networks have been replaced with more energy-efficient next-generation base stations ▪ All directly procured electricity was generated by renewable energy ▪ Investments in the energy-efficient LTE technology help reduce emissions ▪ Finnish Shared Network Ltd, a joint operation with Telia, is more energy-efficient because the technology is shared
MEANINGFUL WORK We will increase corporate responsibility know-how and understanding at DNA.	Each DNA employee is familiar with the key corporate responsibility objectives and understands how they personally can help the company achieve them.	▪ More than 700 DNA employees participated in training sessions related to corporate responsibility at DNA in 2017 ▪ DNA Group's Code of Conduct training was started and 80% of the personnel completed it in 2017

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

CORPORATE RESPONSIBILITY TRAINING TO PERSONNEL

DNA's corporate responsibility objectives emphasise DNA's responsibility towards the customer. In 2017, DNA focused on corporate responsibility training at DNA Stores and responsible decision-making.

DNA's business objective is to make customers' lives more inspiring, productive and entertaining. DNA also considers it important that connections, services and devices are provided to both private and corporate customers in a clear, easy and cost-efficient manner.

Voice and data communications have become a necessity for people and the society at large: it is difficult to manage without good connections. However, customers may find the product, service and solution offering of the telecommunications sector very complex and even difficult to understand. As a telecommunications company, DNA shares the responsibility of understanding the customer's needs and providing solutions that meet these needs. This is why DNA strives to inform the customer about these services and their possibilities as clearly as possible, and to help the customer identify key issues that they should be aware of in the digital world.

Responsibility at the customer interface is addressed as part of customer experience development at DNA. For example, in DNA's corporate responsibility training, responsibility is a special area discussed with service advisors and sales personnel in particular. Furthermore, DNA's Code of Conduct and the Group's operating policies specify ethical practices and policies including data security and protection policies.

The brand development steering group also addresses corporate responsibility. The group prepares the further development of DNA's brand and customer experience.

In addition, the responsible decision-making model that was launched toward the end of 2017 to align decision-making with DNA's strategy encourages the employees to pay even closer attention to the impact of decisions on customers.

Responsibility towards the customer remained a key theme

In 2017, more than 700 DNA employees participated in training sessions related to corporate responsibility at DNA. Responsibility at the customer interface was a key theme. Particular focus in training in 2017 was on DNA Store sales managers and personnel.

During the discussions, employees focused mainly on how responsibility is manifested in their personal roles. Another important topic was how a company gains reputation as a responsible company, and how each DNA employee can contribute to this.

Excellent customer experience drives DNA's success

In 2017, DNA added more resources to the consumer customer phone service and introduced a new live chat service to further improve service quality.

Significant investments were made in DNA's online store and self-service to further develop the digital service experience. Data and analytics capabilities were also leveraged to drive customer satisfaction. The aim is to proactively detect and react to customer problems before customers contact DNA. Special emphasis was also paid to the training of employees at the customer interface to improve customer service quality further.

DNA's development is guided by customer satisfaction, which is measured by means such as the Net Promoter Score (NPS), a measure of the likelihood that a customer would recommend the product or service. In Consumer Business, product-specific NPS improved across the main product groups. The rNPS score, which measures the overall customer satisfaction, increased by 5 points. In Corporate Business, NPS remained at the good level reached last year.

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.

High level of security and data protection

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

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

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

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

DNA is preparing for the end of the transition period of the EU General Data Protection Regulation (GDPR) by documenting and specifying the processes and operating methods related to the processing of customer data as regulated. DNA considers it very important to make sure that all personal data held by DNA is processed in compliance with the regulation.

DNA PROMOTES DIGITALISATION AND COMPETITIVENESS IN FINLAND

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 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.

Domestic investments and employment

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

DNA's investments in 2017 were EUR 144.0 million (EUR 143.6 million). Major items include investments in 4G network capacity expansion, fibre optics networks and transmission systems.

At the end of 2017, the company employed 1,601 people.

DNA is an important regional employer with operations in 12 locations. DNA Store operates in 40 locations. Furthermore, the company traditionally employs young people in DNA Stores in particular. At the end of 2017, those under 25 accounted for approximately 40% of store personnel.

DNA's tax footprint

In 2017, the taxes and tax-like fees paid by DNA in Finland amounted to EUR 176 million. DNA pays all its taxes in Finland. By doing so, DNA contributes to the development of the Finnish society as a whole.

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

Finnish Communications Regulatory Authority (FICORA) is a public sector operator to which DNA pays tax-like fees, which were EUR 14 million in 2017. These fees include, for example, spectrum licences, the information society fee and communications network numbering fees.

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

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

Anti-corruption and anti-bribery

DNA has zero-tolerance of corruption and bribery: DNA's Code of Conduct bans any corruption. Every DNA employee is required to attend DNA's Code of Conduct training, which was implemented in the beginning of 2017. In 2017, 80% of the personnel completed the training. In addition, DNA's Sustainability Manager and Fraud Manager train DNA personnel on DNA Group's anti-corruption policies and procedures as required.

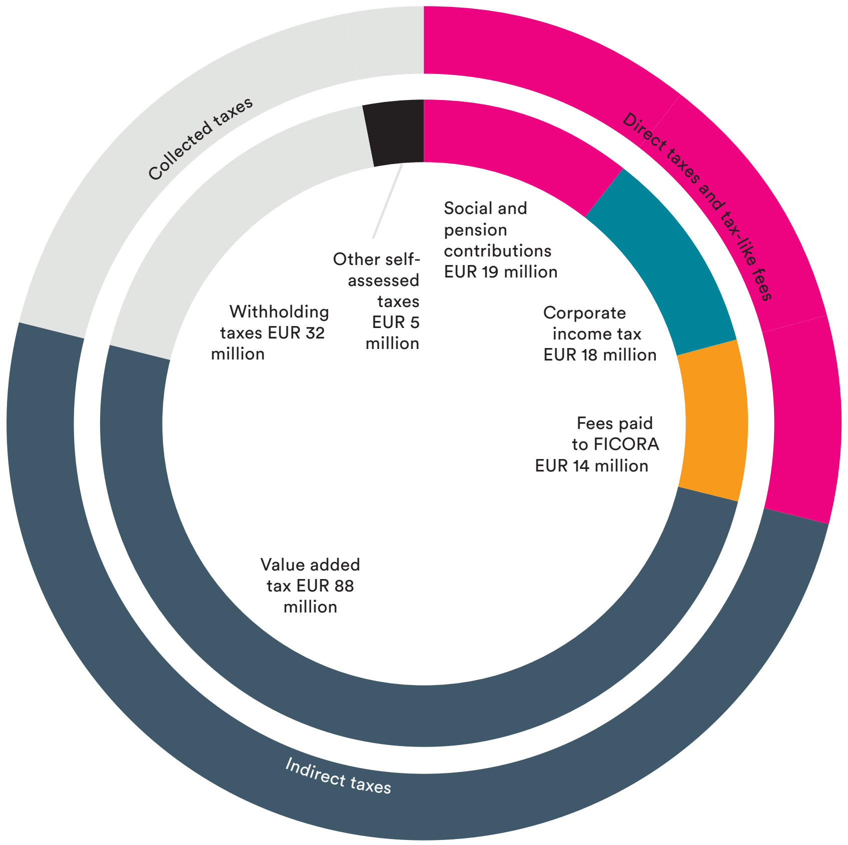
DNA has separate guidelines for the giving and receiving of business gifts.

The company does not have a separate risk assessment process for corruption. Any corruption risk is assessed as part of the Group's risk management process.

There were no incidents of corruption or bribery at DNA in 2017.

DNA's tax footprint

DNA's tax footprint	2017, EUR million
Direct taxes and tax-like fees	
Social and pension contributions	19
Corporate income tax	18
Fees paid to FICORA	14
Indirect taxes	
Value added tax	88
Collected taxes	
Withholding taxes	32
Other self-assessed taxes	5
Total	176



Economic value for stakeholders, EUR million

Generation of added value		2017	2016	2015	2014
From the customers	Net sales	**886.1**	858.9	828.8	831.5
Total generated added value		**886.1**	858.9	828.8	831.5
Distribution of added value		**2017**	2016	2015	2014
Goods and service suppliers	Materials and services as well as other operating expenses	**507.4**	513.5	498.5	530.1
Personnel	Wages and salaries as well as pension expenses	**107.7**	107.0	102.3	96.4
Public sector	Income tax, value added tax, personnel expenses as well as payments to the Finnish Communications Regulatory Authority	**123.8**	110.6	90.0	77.1
Financial sector	Financial items	**9.4**	9.6	11.5	10.5
Shareholders	Dividends for 2017*	**145.2**	72.8	40.1	30.0
Total distributed added value		**893.5**	814.4	743.4	744.9

*DNA's Board of Directors has proposed to the Annual General Meeting that a dividend and a capital payment from the reserve for invested unrestricted equity of EUR 1.10 in total per share (EUR 0.55) be distributed for the financial year 2017, EUR 145,242,551 in total (EUR 72,766,925).

DNA PROVIDES SOLUTIONS FOR CHANGING SERVICE NEEDS

DNA offers high-quality voice, data and TV services for communication, entertainment and work, and continuously aims to provide new solutions to meet the changing customer needs.

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

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

Strong growth of mobile data volumes continued

At the end of 2017, DNA's 4G network reached 99.7% of the population in mainland Finland. The focus of DNA's network investments shifted from network coverage expansion to capacity expansion.

In the fourth quarter of 2017, 4G traffic volumes in DNA's networks grew by more than 51% year-on-year. DNA's total data traffic volume in the mobile communication network grew by 39%. In the fourth quarter, approximately 88% of all mobile data was transferred in the 4G network.

The DNA Valokuitu Plus (DNA Fibre Optic Plus) network enables Gigabit-class broadband speeds without any changes to the housing company's internal network. At the end of 2017, the Gigabit-class speed was available to more than 620,000 households. Gigabit-class speeds are required because the number of Internet-connected devices is growing in households.

New way of working is effective and mobile

DNA has acted as a pioneer in the promotion of digital and mobile work. Companies are seeking smart solutions to improve the efficiency of their processes by means such as cloud applications and remote working. The Internet of Things places high demands on the capacity and security of networks.

DNA takes the changing service needs of working life into consideration, and develops smart solutions for data communication between devices.

DNA guides young users on safe use of the internet

DNA has been guiding young users on safe use of the internet and mobile phones for several years. DNA has signed a European framework agreement, European Framework for Safer Mobile Use by Younger Teenagers and Children, which aims to improve the safety of mobile phone use by teenagers and children.

DNA is also a long-term partner of SOS Children's Villages Finland, providing financial support and data communication connections to the organisation.

ACTIONS TO MITIGATE CLIMATE IMPACTS CONTINUED

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

DNA has calculated its greenhouse gas emissions since 2013 to identify the direct effect of the company's operations on climate change. The source of DNA's direct greenhouse gas (GHG) emissions (Scope 1) are fuels used in company vehicles and back-up generators. Energy indirect greenhouse gas (GHG) 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 (GHG) emissions (Scope 3) include, for example, logistics, business travel, waste as well as purchased goods, services and capital goods.

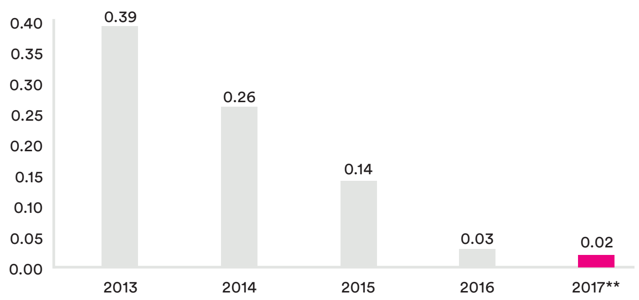
DNA has set the following climate objectives:

- We will improve the energy efficiency of our radio network and reduce emissions from the radio network in proportion to annual data transfer volumes by 80% by 2020 (from the level reported in 2014).
- While the expansion of DNA's networks continues, we aim to reduce our total emissions by 15% by 2020 (from the level reported in 2014).

In 2017, radio network emissions in proportion to annual radio network data transfer volumes were 0.02 tCO_2/TB (0.03). The decrease is due to the increased energy efficiency of the radio network as well as strong expansion of data transfer volumes. Emissions from the radio network in proportion to annual data transfer volumes have already decreased by more than 90% from 2014, which is well above target.

DNA's total emissions (Scope 1, 2 and 3) in 2017 were 208,000 tonnes (201,000). The increase in 2017 was due to higher level of IT equipment purchases for example. To decrease total emissions, the company uses renewable energy and improves the energy efficiency of operations. Indirect emissions from the generation of purchased energy (Scope 2) have decreased by approximately 50% since 2014, which is due to procurement of renewable energy.

Radio network emissions in proportion to annual radio network data transfer volumes (tCO_2/TB)*



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

**In 2017, the method for collecting source data relating to the procurement of purchased electricity was adjusted. The emissions figures for 2016 were also updated retroactively, in accordance with the new data collection method. No corresponding initial data is available for earlier years. The impact of the update on the figures for 2016 figure was around -30% for electricity consumption and around 30% for Scope 2 emissions.

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

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

DNA's directly procured energy is renewable

DNA's directly procured renewable energy is hydro power and comes with a Guarantee of Origin. Hydro power is an emission-free energy source and as such, a good option in terms of reducing the climate impacts of DNA's business.

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

effects of their plants by environmental measures such as stocking fish.

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

Radio network modernisation improves energy efficiency

The modernisation of DNA's radio network that was launched in 2011 was completed in 2017 with the deployment of new, more energy-efficient next-generation base stations.

Practically all old base stations in DNA's radio networks have now been replaced with more energy-efficient models. The new system requires fewer devices, thereby reducing relative energy consumption. During the network upgrades, thousands of radio units have also been relocated from inside the equipment facilities to the masts, reducing the level of mechanical cooling required. This saves significant amounts of energy.

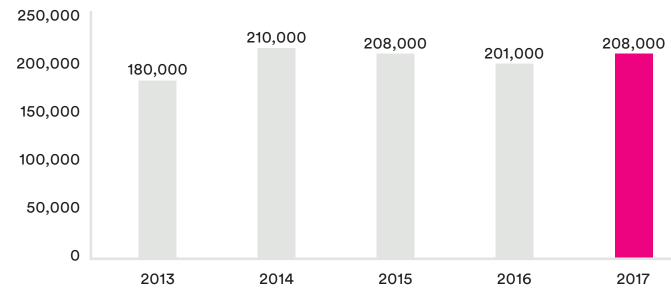
Increased mobile data volumes challenge the energy efficiency of the radio network, because the continuously growing volumes require more equipment, which in turn increases energy consumption. On the other hand, the 4G network reduces the relative per-data energy consumption through improved technical performance of LTE.

New energy-efficient facilities and working methods

In recent years, DNA has placed special emphasis on the modernisation of its facilities. The energy efficiency of DNA's facilities has improved notably as the company has modernised old buildings and moved to new facilities.

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

Development of DNA's emissions, total tCO_2*



*Indicator includes Scope 1, 2 and 3 emissions. Global Warming Potential (GWP) rate is based on the following reference: IPCC Fourth Assessment Report (AR4 - 100 year). DNA's climate objectives are compared against 2014.

In 2017, the method for collecting source data relating to the procurement of purchased electricity was adjusted. The emissions figures for 2016 were also updated retroactively, in accordance with the new data collection method. No corresponding initial data is available for earlier years. The impact of the update on the figures for 2016 figure was around -30% for electricity consumption and around 30% for Scope 2 emissions. In addition, the 2014 emission calculations were updated retrospectively for acquisitions, by using emission factors that are more illustrative of the period. The impact of the update on Scope 3 emissions was around -9%.

EXAMPLES OF ENERGY EFFICIENCY IN THE RADIO NETWORK AND EQUIPMENT FACILITIES IN 2017

- The proportion of new, more energy-efficient base station equipment in DNA's radio network continued to grow.
- Energy efficiency in the radio networks was improved further with a wider adoption of software-based energy-saving functions.
- More efficient use of ambient air to cool the equipment was implemented in three large equipment facilities based on the solution tested in Oulu in 2016. The solution uses cool outdoor air, transferred by fans.
- Automation of equipment facility cooling and ventilation was increased, which provides energy savings and prolongs the useful life of cooling equipment.
- A review of large equipment facilities began to investigate whether an increase in the operating temperatures could reduce cooling requirements and significantly prolong the ambient cooling period.

RESPONSIBLE PROCUREMENT PRACTICES STRENGTHENED FURTHER

DNA has placed special emphasis on the development of responsible procurement processes and upskilling during 2016 and 2017.

DNA specified the processes of responsible procurement in more detail in 2016. The entire procurement department was involved in the work. The detailed specifications were mostly related to the categorisation of suppliers and subcontractors, risk assessment, requirement setting and monitoring. The updated practices were adopted gradually during 2017.

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

DNA's supply chain

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

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

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

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

Suppliers' and subcontractors' responsibility performance is evaluated annually by means of a survey and responsibility dialogue.

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

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

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

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

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

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

DNA LISTENS TO CUSTOMER FEEDBACK

DNA evaluates stakeholders' responsibility expectations at regular intervals. At the turn of the year 2017, DNA conducted an extensive survey to explore customers' views on responsible operations. Reliable network, smooth service and fair and straightforward operations were the qualities deemed the most important in a responsible operator.

The survey was conducted among the consumer customers of the three largest operators in Finland: Elisa, DNA and Telia. According to the results, customers expect a responsible operator to provide good coverage and reliable network connections, fair and straightforward service as well as a tailored and smooth customer experience.

Consumers would also like to see operators take environmental matters into consideration in their operations and specifically mentioned recycling of old devices at operators' stores as important.

DNA collects customer feedback by several means and from many channels and carries out extensive research and user interviews in order to review the customer experience and market.

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 dialogue is respectful of the views of the other party, such as a decision-maker or other type of stakeholder.

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

DNA FARED WELL IN THE GREAT PLACE TO WORK® SURVEY

DNA aims to be one of the most desired employers in Finland. Based on the Great Place to Work® survey conducted at the end of 2017, DNA was awarded in February 2018 as the second best workplace in Finland in the category of large organisations.

The Trust Index©, measuring the job satisfaction of DNA's personnel, continued to rise for a third year in a row. Thanks to this result, DNA fared excellently in the survey conducted by the Great Place To Work Institute and was ranked the second in the category of large organisations.

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

Suggestions for improvements included, for example, that the company management could keep employees better up to date on current topics and provide better opportunities for career advancement for those who deserve it.

In 2017, 1,336 (1,380) DNA employees participated in the Great Place to Work® survey, resulting in a very good response rate of 82% (83%).

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

At the end of 2017, DNA employed 1,601 people (1,668).

Genuine method of working improves work-life balance

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

Employees especially value the increased flexibility in the management of their work-life balance. They also reported being more effective and less stressed. Most DNA employees take advantage of the flexibility by working at home. Those working as specialists work remotely on average approximately two days per week.

As planned, DNA implemented the Genuine method of working at all facilities (except customer service operations) during 2017.

All service advisors in Consumer Customer Service now have the opportunity to work remotely. Corporate Customer Service personnel has worked remotely with good results since 2015.

Increasingly family-friendly workplace

DNA participates in the Family-Friendly Workplace programme of the Family Federation of Finland with the goal of implementing practices that improve job satisfaction and productivity at the workplace.

DNA's participation in the programme continued as planned in 2017. Most important areas developed include extending the opportunity to work remotely to all service advisors in Consumer Customer Service, while the Corporate Customer Service adopted flexible working hours.

In addition, DNA became the first company in Finland to introduce grandparental leave. All DNA employees who become grandparents are entitled to one week's paid grandparental leave to spend time with their family. Almost 20 grandparents who work at DNA already took the leave in 2017.

DNA's grandparental leave was recognised as the Working Life Action of the year in the 100 Actions campaign organised by Ilmarinen Mutual Pension Insurance Company. Grandparental leave was commended for its pioneering and innovative character and agile implementation.

Support for supervisors' individual development

DNA provides ongoing support for supervisors' professional and personal development by means such as the supervisor coaching programme. In 2017 DNA had 17 supervisor coaches, 11 of whom started working towards the Associate Certified Coach (ACC) certification granted by ICF.

For several years now, both DNA Plc and DNA Store employees have had the opportunity to enrol in the JET qualification programme in leadership training. By the end of 2017, 130 persons in total have participated in the programme, 88 of whom have acquired the qualification. DNA Store employees also have the opportunity to work towards a specialist qualification in commerce through apprenticeship training. In total, 14 persons have started working towards a specialist qualification in commerce, 4 of whom have received their degree.

WELL-BEING AT WORK PROMOTED IN MANY WAYS

In 2017, DNA placed special emphasis on physical workplace health. In the autumn, a new DNA Liikuttaja ("Exercise coach") concept was piloted at DNA House. The exercise coach was on-site for two weeks, encouraging personnel to try different types of exercise. The exercise coach will visit DNA's other premises during 2018.

In addition, employees at DNA started to use two mobile applications which encourage them to maintain and improve their well-being: Cuckoo Workout encourages interval exercise and Parempi vire ("Better shape") promotes healthy, lasting choices.

DNA also promotes the well-being of its personnel with, for example the Edenred Duo card, which provides exercise opportunities for the personnel, and by organising different activity clubs. The quit smoking campaign which was organised with occupational health services, continues.

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

DNA Peers continued to volunteer and be active: in 2017, they participated in the organisation of various events, such as a theme month focusing on cleaning and recycling, Christmas parties for personnel, the Joulupuu ("Christmas Tree") collection of Christmas presents for children at need as well as celebrations of Finland's 100 years of independence.

Leadership practices embrace diversity

DNA is a member of FIBS's Diversity Charter Finland. DNA was among the first members to sign the Diversity Charter in Finland, and has been an active participant in the diversity charter network.

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

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

Deeper customer understanding is also an important area in DNA's diversity vision. A diverse and pluralistic working community helps DNA understand customer needs in different segments.

DNA's objectives in diversity management include:

- Enhanced employee recognition and commitment to improve reputation as a good employer and result
- Increasing the value of the company in the long term

We adhere to our Code of Conduct and legislation

As an employer, DNA adheres to national legislation and the principles of the ILO Declaration on Fundamental Principles and Rights at Work, the UN Convention of the Rights of the Child, legislation on minimum wage and working hours as well as general environmental, health and safety requirements. These are taken into consideration in DNA Group's Code of Conduct, which applies to all employees. In 2017, DNA started a Code of Conduct training, which is mandatory for all personnel. In 2017, 80% of the personnel completed the training.

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

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

There were no incidents of corruption and bribery or human rights violations at DNA in 2017.

DNA's diversity vision

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

REPORTING ACCORDING TO GRI GUIDELINES

As in previous years, DNA continued to report on corporate responsibility in 2017 according to the Global Reporting Initiative reporting model. This is DNA's eighth GRI report. With a reporting period of one calendar year, DNA publishes this GRI-compliant corporate responsibility report annually with the annual report. The previous report was published on 1 March 2017. This report has been prepared in accordance with the GRI Standards (2016): Core option. This is DNA's first GRI Standards (2016)-compliant corporate responsibility report.

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

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

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

DNA's responsibility strategy, objective setting, measures and reporting are steered by the materiality analysis which gives consideration to business objectives and stakeholder expectations. The analysis identifies the most relevant topics in terms of business and stakeholder impact. In 2017, DNA updated the materiality analysis based on the consumer survey.

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

DNA's corporate responsibility focus areas	Material GRI topics	Reporting boundary
CUSTOMER We look after the customer. DNA must understand what the customer needs and provide suitable solutions. We want the customer to understand what can be achieved with DNA's services and be aware of key issues in the digital world.	■ Marketing and labelling ■ Customer privacy ■ Compliance	DNA Plc, including DNA Store Ltd
SOCIETY DNA plays a significant role in society by providing important communication connections and maintaining infrastructure that is critical to the operation of the society. Our continuously expanding networks consume a lot of energy. We grow in a responsible manner and reduce greenhouse gas emissions from operations.	■ Economic performance ■ Indirect economic impacts ■ Anti-corruption ■ Anti-competitive behaviour ■ Energy ■ Emissions ■ Effluents and waste ■ Supplier environmental assessment ■ Supplier social assessment ■ Public policy	DNA Plc, including DNA Store Ltd
MEANINGFUL WORK We will increase corporate responsibility know-how and understanding at DNA.	■ Employment ■ Labour/management relations ■ Occupational health and safety ■ Training and education ■ Diversity and equal opportunity ■ Non-discrimination	DNA Plc, including DNA Store Ltd

DNA's corporate responsibility reporting has external assurance

DNA's Corporate Responsibility Report has been assured by an independent external party. The assurance statement is on page 58 of the report.

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

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

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

ENVIRONMENTAL INDICATORS

DEVELOPMENT OF DNA'S EMISSIONS, TOTAL (TCO_2)*

	2017	2016	2015	2014	2013
Emissions, total	**208,000**	201,000	208,000	210,000	180,000

*Indicator includes Scope 1, 2 and 3 emissions. Global Warming Potential (GWP) rate is based on the following reference: IPCC Fourth Assessment Report (AR4 - 100 year). DNA's climate objectives are compared against 2014.

In 2017, the method for collecting source data relating to the procurement of purchased electricity was adjusted. The emissions figures for 2016 were also updated retroactively, in accordance with the new data collection method. No corresponding initial data is available for earlier years. The impact of the update on the figures for 2016 figure was around -30% for electricity consumption and around 30% for Scope 2 emissions. In addition, the 2014 emission calculations were updated retrospectively for acquisitions, by using emission factors that are more illustrative of the period. The impact of the update on Scope 3 emissions was around -9%.

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

	2017	2016	2015	2014	2013
Direct greenhouse gas emissions	**680****	590	660	840	1 100

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

**DNA's Scope 1 emissions increased in 2017 because of extended operation of back-up generators, which increased fuel consumption.

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

	2017**	2016	2015	2014	2013
Indirect greenhouse gas emissions	**14,000**	11,800	29,700	30,100	28,800

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

**In 2017, the method for collecting source data relating to the procurement of purchased electricity was adjusted. The emissions figures for 2016 were also updated retroactively, in accordance with the new data collection method. No corresponding initial data is available for earlier years. The impact of the update on the figures for 2016 figure was around -30% for electricity consumption and around 30% for Scope 2 emissions. The Scope 2 emissions reported by DNA are based on both measurement and evaluation.

DNA monitors emissions from energy consumption with the market-based approach, which takes into account e.g. the Guarantees of Origin obtained by DNA. DNA's location-based emissions in 2017 were 21,100 tCO_2, based on the specific carbon dioxide emissions from electricity production in Finland.

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

	2017	2016	2015	2014**	2013
Other indirect greenhouse gas emissions	**194,000**	189,000	178,000	179,000	150,000

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

**The 2014 emission calculations were updated retrospectively for acquisitions, by using emission factors that are more illustrative of the period. The impact of the update on Scope 3 emissions was around -9%.

305-4 GREENHOUSE GAS EMISSIONS INTENSITY

Radio network emissions in proportion to annual radio network data transfer volumes (tCO_2/TB)*

	2017**	2016	2015	2014	2013
Radio network emissions in proportion to annual radio network data transfer volumes	**0.02**	0.03	0.14	0.26	0.39

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

**In 2017, the method for collecting source data relating to the procurement of purchased electricity was adjusted. The emissions figures for 2016 were also updated retroactively, in accordance with the new data collection method. No corresponding initial data is available for earlier years. The impact of the update on the figures for 2016 figure was around -30% for electricity consumption and around 30% for Scope 2 emissions.

DNA's emissions in proportion to net sales (tCO_2/MEUR)*

	2017**	2016	2015	2014	2013
DNA's emissions in proportion to net sales	**235**	234	251	272	235

*Global Warming Potential (GWP) rate is based on the following reference: IPCC Fourth Assessment Report (AR4 - 100 year). The indicator includes Scope 1, 2 and 3 emissions. DNA's climate objectives are compared against 2014.

**In 2017, the method for collecting source data relating to the procurement of purchased electricity was adjusted. The emissions figures for 2016 were also updated retroactively, in accordance with the new data collection method. No corresponding initial data is available for earlier years. The impact of the update on the figures for 2016 figure was around -30% for electricity consumption and around 30% for Scope 2 emissions. In addition, the 2014 emission calculations were updated retrospectively for acquisitions, by using emission factors that are more illustrative of the period. The impact of the update on Scope 3 emissions was around -9%.

302-1 ENERGY CONSUMPTION WITHIN THE ORGANISATION (TJ)

	2017	2016	2015	2014	2013
Total consumption of non-renewable fuels*:					
- Diesel and gasoline	**4.8**	6.2	7.2	6.6	6.3
- Fuel oil	**3.2**	1.2	1.2	1.4	1.5
Electricity consumption**	**395.0**	363.5	422.9	367.5	355.0
Heat consumption	**15.4**	16.1	21.6	15.9	21.0
Cooling consumption	**4.6**	4.0	3.5	N/A	N/A
Total energy consumption	**423.0**	391.0	456.3	391.5	383.8

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

**In 2017, the method for collecting source data relating to the procurement of purchased electricity was adjusted. The emissions figures for 2016 were also updated retroactively, in accordance with the new data collection method. No corresponding initial data is available for earlier years. The impact of the update on the figures for 2016 figure was around -30% for electricity consumption and around 30% for Scope 2 emissions. The electricity consumption reported by DNA is based on both measurement and evaluation.

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

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

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

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

	2017	2016	2015	2014	2013
Hazardous waste, total**	**19**	18	8	26	6
Other waste, total	**564**	867	540	698	510
Recyclable waste	**513**	799	478	531	398
Combustible waste	**50**	44	37	121	80
Disposable waste	**0**	25	25	46	32
Total, all waste	**583**	885	548	724	516

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

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

SOCIAL RESPONSIBILITY INDICATORS

102-8 INFORMATION ON EMPLOYEES AND OTHER WORKERS*

Open-ended	**2017**	2016	2015	2014	2013
Women	**641**				
Men	**935**				
Total	**1,576**	1,644	1,626	1,710	1,537

Fixed-term	**2017**	2016	2015	2014	2013
Women	**13**				
Men	**12**				
Total	**25**	24	48	29	26

Full-time	**2017**	2016	2015	2014	2013
Women	**591**				
Men	**934**				
Total	**1,525**	1,590	1,636	1,651	1,468

Part-time	**2017**	2016	2015	2014	2013
Women	**63**				
Men	**13**				
Total	**76**	78	38	88	95

*Information on employees and other workers by gender is only reported for 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	**2017**	2016	2015	2014	2013
Women	**40%**	41%	40%	41%	43%
Men	**60%**	59%	60%	59%	57%
Total	**100%**	100%	100%	100%	100%

Share of women (%) per personnel group

Personnel groups include women as follows:	**2017**	2016	2015	2014	2013
Of management	**21%**	26%	24%	30%	21%
Of senior salaried employees	**26%**	27%	26%	25%	26%
Of salaried employees	**49%**	47%	47%	48%	49%
Of service and production employees	**0%**	0%	0%	3%	6%

Age structure

By age group	**2017**	2016*	2015	2014	2013
< 25	**1%**	2%	3%	5%	5%
25-35	**29%**	30%	31%	31%	32%
36-45	**37%**	36%	35%	32%	32%
46-55	**23%**	22%	22%	22%	22%
56-63	**10%**	9%	9%	9%	8%
> 63	**0%**	1%			
Total	**100%**	100%	100%	100%	100%

*DNA Group redefined the age groups in 2016, and they differ slightly from previous years.

401-1 NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER*

New hires and employee turnover*

New hires	2017
Women	45
Men	70
< 25	28
25-35	61
36-45	16
46-55	8
56-63	2
> 63	0

Employee turnover	2017
Women	72
Men	107
< 25	23
25-35	67
36-45	34
46-55	27
56-63	7
> 63	21

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

Average employee turnover

	2017	2016	2015	2014	2013
Average employee turnover rate*	1.48	1.72	1.70	2.06	2.23

*The calculation method for average employee turnover was changed in 2017. The new method has been applied to calculate employee turnover for 2013-2016. The figure includes open-ended and fixed-term contracts. The Group's internal turnover has no impact on the average turnover rate.

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

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

*Average hours of training per employee by gender and personnel group are available only for 2016 and 2017.

**The average hours of training per employee reported for DNA Store in 2016 are slightly below actual hours due to system-related issues. This has a minor impact on the overall totals.

	2017	2016	2015	2014	2013***
Average hours of training per employee, DNA Group	15.8	15.7	12.0	11.0	22.0

***Does not include DNA Store.

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

	2017	2016	2015	2014	2013
Relative rate of absenteeism	3.8**	4.7	4.9	4.9	3.9
Work time injuries and commuting accidents	25	22	20	26	11
Days lost (work-related reasons)***	45	22	22	34	4
Work-related fatalities	0	0	0	0	0

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

**In 2017, the relative rate of absenteeism was reduced for instance in customer service by placing emphasis on well-being at work.

***DNA does not include commuting accidents in the number of days lost. DNA will develop reporting further in this area.

GRI CONTENT INDEX

GRI	Indicator	Reference	External assurance
102 – General disclosures			
Organisational profile			
102-1	Name of the reporting organisation	DNA Plc	x
102-2	Activities, brands, products, and services	Primary brand is DNA. No DNA products are banned in any markets. For products and services, see Year 2017 and Business.	x
102-3	Location of headquarters	Consolidated financial statements: Note 1 The Group in brief	x
102-4	Location of operations	Almost 100% of DNA's operations occur in Finland. Finnish operations are supported by some sales and service employees in other countries. See DNA's subsidiaries in notes to the consolidated financial statements, 32 Related party transactions.	x
102-5	Ownership and legal form	DNA in figures. See Shares and shareholders in the financial statements.	x
102-6	Markets served	Almost 100% of DNA's operations occur in Finland. Finnish operations are supported by some sales and service employees in other countries. Business. See DNA's subsidiaries in notes to the consolidated financial statements, 32 Related party transactions.	x
102-7	Scale of the organisation	Number of personnel 31 Dec 2017: 1,601 Social responsibility indicators, Key figures	x
102-8	Information on employees and other workers	Social responsibility indicators	x
102-9	Supply chain	Supply chain	x
102-10	Significant changes to the organization and its supply chain	Board of Directors' Report	x
102-11	Precautionary Principle or approach	Risk management	x
102-12	External initiatives to which the organisation subscribes, or which it endorses	In autumn 2010, DNA signed the Finnish Code of Conduct for Safer Mobile Use by Younger Teenagers and Children as well as the European Framework for Safer Mobile Use (SMF) by younger teenagers and children. In 2012, DNA signed the Finnish Diversity Charter and joined the Diversity Charter Finland. In 2015, DNA joined the EU Transparency Register.	x
102-13	Memberships of associations and advocacy organisations	DNA is a member of Groupe Speciale Mobile Association (GSMA), European Competitive Telecommunications Association (ECTA), the Finnish Federation for Communications and Teleinformatics (FiCom), the Service Sector Employers PALTA, Amcham Finland, Association of Finnish Advertisers, IAB Finland, Data & Marketing Association of Finland (DMA Finland/ASML) and the Helsinki Region Chamber of Commerce. DNA is also a member of Corporate Responsibility Network FIBS and Diversity Charter Finland. DNA engages in active communication with various authorities and political decision-makers. Stakeholder relations	x
Strategy			
102-14	Statement from senior decision-maker	CEO's review	x
102-15	Key impacts, risks and opportunities	Corporate responsibility at DNA, CEO's review, Operating environment, Strategy, Board of Director's report	x
Ethics and integrity			
102-16	Values, principles, standards, and norms of behavior	Strategy, Corporate responsibility at DNA, Responsibility towards customers	x
102-17	Mechanisms for advice and concerns about ethics	Team of top experts	x
Governance			
102-18	Governance structure	Corporate Governance Statement	x
102-19	Delegating authority	Corporate responsibility at DNA	x
102-20	Executive-level responsibility for economic, environmental, and social topics	Corporate responsibility at DNA, Contacts (under GRI)	x
102-21	Consulting stakeholders on economic, environmental, and social topics	Shareholders exercise their shareholder power in the General Meeting. DNA's Board of Directors does not have an employee representative. Personnel representatives attend meetings of the Extended Executive Team. See Corporate Governance Statement.	x
102-22	Composition of the highest governance body and its committees	Corporate Governance Statement	x
102-23	Chair of the highest governance body	The Chairman of DNA Plc's Board of Directors is not an executive officer. See Board of Directors and Members of the Board of Directors.	x
102-24	Nominating and selecting the highest governance body	See Board of Directors for information on the nomination and selection process of Board and committee members.	x
102-25	Conflicts of interest	As stipulated by law, a member of the Board of Directors shall be disqualified from the consideration of a matter that involves a conflict of interest. See Board of Directors.	x
102-26	Role of highest governance body in setting purpose, values, and strategy	Strategy, Corporate Governance Statement	x
102-28	Evaluating the highest governance body's performance	The Board of Directors carries out an internal self-evaluation of its performance once per year. In 2017, the self-evaluation focused on the effectiveness of the Board's operation, competence of the Board, the relationship between the Board and executive management as well as the competences, strengths and weaknesses of the Group.	x
102-29	Identifying and managing economic, environmental, and social impacts and risks	The Board of Directors monitors DNA's corporate responsibility performance according to the same principles that apply to the monitoring of DNA's other operations. See Board of Directors and Risk management.	x
102-30	Effectiveness of risk management processes	The Board of Directors monitors DNA's corporate responsibility performance according to the same principles that apply to the monitoring of DNA's other operations. See Board of Directors and Risk management.	x
102-31	Risk assessment frequency	The Board of Directors monitors DNA's corporate responsibility performance according to the same principles that apply to the monitoring of DNA's other operations. See Board of Directors and Risk management.	x
102-32	Highest governance body's role in sustainability reporting	Corporate responsibility at DNA	x
102-33	Communicating critical concerns	Critical corporate responsibility concerns are communicated to the Board of Directors.	x

102-34	Critical concerns	No concerns specific to corporate responsibility have been communicated during the reporting period. Critical concerns are communicated to the Board of Directors by means such as CEO's monthly reports, internal audit reports, external audit reports and risk reports. Corporate responsibility at DNA and Risk management	x
102-35	Remuneration policies for the Board of Directors and senior executives	DNA's compensation principles do not specify a linkage between the organisation's responsibility performance and compensation for members of the Board of Directors and senior executives. For more details on compensation, see the following notes to the consolidated financial statements: 13 Earnings per share and 9 Employment benefits and number of personnel. See also Governance - Compensation.	x
102-37	Stakeholders' involvement in remuneration	Shareholders exercise their shareholder power in the General Meeting. DNA's Board of Directors does not have an employee representative. Personnel representatives attend meetings of the Extended Executive Team. See Corporate governance and internal control and Compensation.	x
	Stakeholder engagement		
102-40	List of stakeholder groups engaged by the organisation	DNA's important stakeholders include customers, shareholders, investors and analysts, personnel, suppliers and subcontractors, partners, civic organisations, authorities and political decision-makers, the media, financial and insurance markets, labour market organisations and other organisations as well as competitors. Stakeholder relations	x
102-41	Percentage of employees covered by collective bargaining agreements	All DNA Group employees are covered by the applicable collective bargaining agreements specific to each employee category. Service and production employees are covered by the collective agreement in the energy-ICT-networks sector, and administrative and managerial employees by the collective agreement for salaried and senior salaried employees in the ICT sector.	x
102-42	Basis for identifying and selecting stakeholders with whom to engage	Stakeholders have been specified as part of updating the materiality analysis. DNA's important stakeholders include customers, shareholders, investors and analysts, personnel, suppliers and subcontractors, partners, civic organisations, authorities and political decision-makers, the media, financial and insurance markets, labour market organisations and other organisations as well as competitors. Stakeholder relations	x
102-43	Approach to stakeholder engagement	Customer, Stakeholder relations	
102-44	Key topics and concerns that have been raised through stakeholder engagement	Reporting (GRI)	x
	Reporting practice		
102-45	Entities included in the consolidated financial statements	Business. See also Development per business segment and notes to the consolidated financial statements: 16 Investments in associates and 32 Related party transactions.	x
102-46	Defining report content	Reporting (GRI)	x
102-47	List of material topics	Reporting (GRI)	x
102-48	Restatements of information given in previous reports	Possible adjustments to the information presented in previous reports have been presented separately, together with the key figures. The most important adjustment relates to electricity consumption in 2016, which has been corrected in accordance with the latest consumption data and the data collection limitations of the calculations for 2017. The effect of the adjustments on electricity consumption in 2016 is around -30%, and 30% for Scope 2 emissions. In addition, the 2014 emission calculations were updated retrospectively for acquisitions, by using emission factors that are more illustrative of the period. The impact of the update on Scope 3 emissions was around -9%. See Reporting (GRI) for more details.	x

102-49	Significant changes from previous reporting periods in list of material topics and topic boundaries	Any deviations from or changes to the calculation limits are mentioned with each key figure. In the case of purchased electricity, the source-data collection method was adjusted in the calculations for 2017. See Reporting (GRI) for more details.	x
102-50	Reporting period	The reporting period is one year and the GRI report is published annually with the Annual Report.	x
102-51	Date of the most recent report	01 March 2017	x
102-52	Reporting cycle	Annually	x
102-53	Contact point for questions regarding the report	Contacts (under GRI)	x
102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards (2016): Core option.	x
102-55	GRI content index	GRI content index	x
102-56	External assurance	DNA's Corporate Responsibility Report has been assured by an independent external party. The assurance statement is on page 58 of the report.	x

103 – Management approach

103-1	Explanation of the material topic and its Boundary	Internal boundary: For economic and social responsibility reporting, the scope is DNA Group. The boundary is specified by DNA Group's financial reporting. This is why DNA's responsibility reporting for 2017 includes the electricity consumption of the radio network of Finnish Shared Network Ltd. DNA Ltd owns 49 per cent of Finnish Shared Network Ltd shares. DNA's financial reporting for 2017 includes 46 per cent of Finnish Shared Network Ltd's figures. Correspondingly, the responsibility reporting includes 46 per cent of the electricity consumption of the radio network of Finnish Shared Network Ltd.	x
103-2	The management approach and its components	Corporate responsibility at DNA, Contacts (under GRI)	x
103-3	Evaluation of the management approach	Marketing and product information, p. 28-29 Customer privacy, p. 28-29 Compliance, p. 26, 28-29, 30-31, 41 Economic performance, p. 30-31 Indirect economic impacts, p. 30-31 Anti-corruption, p. 31 Anti-competitive behaviour, p. 26 Energy, p. 34-35 Emissions, p. 34-35 Effluents and waste, p. 34-35 Supplier environmental assessment, p. 36 Supplier social assessment, p. 36 Public policy, p. 37 Employment, p. 38-41 Labour/management relations, p. 34-35 Occupational health and safety, p. 34-35 Training and education, p. 34-35 Diversity and equal opportunity, p. 41 Non-discrimination, p. 41	x

200 – Economic performance

	Economic performance		
201-1	Direct economic value generated and distributed	See DNA's economic impact on its operating environment, DNA and the society. For more information, see Consolidated income statement	x
201-2	Financial implications and other risks and opportunities due to climate change	Corporate responsibility at DNA, DNA and the climate, Environmental indicators, Risk management	x

201-3	Defined benefit plan obligations and other retirement plans	Notes to the consolidated financial statements: 2 Accounting principles and 24 Defined benefit plan	x
201-4	Financial assistance received from government	DNA did not receive financial assistance from government in 2017.	x
	Indirect economic impacts		
203-1	Development and impact of infrastructure investments and services supported	DNA and the society	x
	Anti-corruption		
205-1	Operations assessed for risks related to corruption	DNA's Code of Conduct bans any corruption. DNA has issued separate guidelines for the giving and receiving of business gifts. The company does not have a separate risk assessment process for corruption. 80% of DNA personnel completed Code of Conduct training in 2017. No significant risk related to corruption has been identified. Team of top experts	x
205-2	Communication and training on anti-corruption policies and procedures	DNA's Code of Conduct bans any corruption. DNA has issued separate guidelines for the giving and receiving of business gifts. The company does not have a separate risk assessment process for corruption. 80% of DNA personnel completed Code of Conduct training in 2017. No significant risk related to corruption has been identified. Team of top experts	x
205-3	Confirmed incidents of corruption and actions taken	There were no incidents of corruption at DNA in 2017.	x
	Anti-competitive behaviour		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	DNA Plc operates according to competitive regulations. During the reporting period, neither the Group nor any of its wholly-owned subsidiaries were subject to legal actions for violation of competition legislation.	x
300 – Environmental			
	Energy		
302-1	Energy consumption within the organisation	DNA and the climate, Environmental indicators	x
302-2	Energy consumption outside the organisation	DNA and the climate, Environmental indicators	x
	Emissions		
305-1	Direct greenhouse gas (GHG) emissions (Scope 1)	Environmental indicators	x
305-2	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	Environmental indicators	x
305-3	Other indirect greenhouse gas (GHG) emissions (Scope 3)	Environmental indicators	x
305-4	Greenhouse gas (GHG) emissions intensity	Environmental indicators	x
	Effluents and waste		
306-2	Total weight of waste by type and disposal method	Environmental indicators	x
	Supplier environmental assessment		
308-1	Percentage of new suppliers that were screened using environmental criteria	DNA's supplier agreements include the Supplier Code of Conduct according to which suppliers agree to adhere to environmental legislation and regulations. Supplier Code of Conduct was included in a significant proportion of new procurement and logistics agreements signed in 2017. The exact percentage is not currently available. The Supplier Code of Conduct is based on the UN Declaration on Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work. Environmental responsibility considerations are also included. The Supplier Code of Conduct also applies to the suppliers' subcontractors. Responsible purchasing	x
400 – Social			
	Employment		
401-1	New employee hires and employee turnover	Social responsibility indicators	x
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	DNA Plc provides the same benefits to all employees, regardless of employment type. The benefits and policies of DNA's sales organisation, DNA Store Ltd, apply to all DNA Store employees regardless of employment type.	x
	Labour/management relations		
402-1	Minimum notice periods regarding operational changes	During operational changes, DNA has observed the minimum notice periods for the applicable collective agreements.	x
	Occupational health and safety		
403-1	Percentage of total workforce represented in formal joint management-worker health and safety committees	DNA Plc has a statutory labour protection committee that consists of regional labour protection delegates. The committee members include five labour protection delegates, including DNA Store delegate, and the labour protection officer. The committee has quarterly meetings. All DNA employees are represented.	x
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	Social responsibility indicators	x
403-4	Health and safety topics covered in formal agreements with trade unions	DNA believes that statutory labour protection activities in Finland cover the requirements. All DNA employees are represented. DNA's labour protection committee 2017 has one labour protection delegate per area (four in total), a labour protection officer as well as representatives from office and human resource management. The committee meets once a quarter. A typical agenda includes reviewing areas such as accident, sick leave and overtime statistics, and dealing with possible occupational safety issues, for example, based on feedback from employees.	x

REPORTING (GRI)

	Training and education		
404-1	Average hours of training per year per employee	Social responsibility indicators	x
404-2	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	By the end of 2017, eight groups of employees have participated in the JET qualification programmes in leadership training, with about 130 participants in total, 88 of whom have completed the programme. Two groups from DNA Store Ltd completed the qualification programme in store supervision (some 20 participants) and a group of DNA customer service employees have completed a further qualification in sales (10 participants). In total, 14 persons have started working towards a specialist qualification in commerce, 4 of whom have completed their degree. DNA had no need for transition and re-employment programmes in 2017. Team of top experts	x
404-3	Percentage of employees receiving regular performance and career development reviews	DNA Ltd and DNA Welho Ltd have conducted performance and development reviews with all permanently employed persons, agency employees and fixed-term employees not on a leave throughout the organisation. All DNA employees are included in the reviews. DNA has replaced quantitative monitoring of development reviews with qualitative monitoring: employee satisfaction with development discussions was assessed with a survey. According to the survey results, the employees mainly find the development reviews useful. The development reviews dealt adequately with well-being at work, succeeded in setting objectives and provided constructive feedback. Suggestions for improvements included discussing the successes and improvement areas in the past year. Some respondents felt that they do not need development reviews because of active interaction with the supervisor during their daily work. DNA Store Ltd has replaced performance and development reviews with regular personal discussions between employees and their supervisors. All DNA Store employees are included in the reviews. The objective of these discussions is to review the employee's role, assess whether they have met the objectives set for the previous year, set new objectives, make sure the employee understands what is expected of them and give feedback on their performance. Objective setting and development review supports the role of each employee in strategy implementation. Sales-related performance reviews are organised as required. These reviews focus on the development of skills and competence.	x
	Diversity and equal opportunity		
405-1	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	Two of the seven members of DNA's Board of Directors were women during the reporting period. One of the nine members of DNA's Executive Team was a woman. Members of the Board, Executive Team, Meaningful work, Social responsibility indicators	x
	Non-discrimination		
406-1	Total number of incidents of discrimination and corrective actions taken	No incidents of discrimination occurred at DNA Group in 2017.	x

	Supplier social assessment		
414-1	Suppliers that were screened using social criteria	DNA's supplier agreements include the Supplier Code of Conduct according to which suppliers agree to adhere to social responsibility practices and regulations. The Supplier Code of Conduct was included in a significant proportion of new procurement and logistics agreements signed in 2017. The exact percentage is not currently available. The Supplier Code of Conduct is based on the UN Declaration on Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work. Environmental responsibility considerations are also included. The Supplier Code of Conduct also applies to the suppliers' subcontractors. Responsible purchasing	x
	Public policy		
415-1	Political contributions	DNA Group does not support any political parties, politicians or similar institutions. According to this policy, DNA did not provide any political contributions in 2017.	x
	Marketing and labelling		
417-3	Incidents of non-compliance with regulations and voluntary codes concerning marketing communications	In 2017, no court decisions were issued in relation to DNA's marketing, nor did the Market Court issue any conditional fines.	x
	Customer privacy		
418-1	Substantiated complaints regarding breaches of customer privacy and losses of customer data	According to the Finnish Information Society Code, telecommunications operators shall notify the Finnish Communications Regulatory Authority (Ficora) of significant information security violations or threats to information security in their network and communication services. DNA issued one so-called CERT notification to Ficora in 2017. The notification did not concern the privacy of DNA Plc's customers, partners or personnel. DNA considers the data security of both private and business customers a top priority in all its operations.	x
	Socioeconomic compliance		
419-1	Non-compliance with laws and regulations in the social and economic area	In 2017, DNA was not ordered to pay any fines or other sanctions for non-compliance with laws or regulations.	x

INDEPENDENT ASSURANCE STATEMENT

TO THE MANAGEMENT AND STAKEHOLDERS OF DNA

Scope and Objectives

The Management of DNA Plc commissioned us to perform a limited assurance engagement on the Corporate Responsibility Report (pages 25-57) of DNA's Annual Report 2017 ("the Report") with the reporting period 1 January to 31 December 2017. The assurance engagement was conducted in accordance with the AA1000 Assurance Standard (2008) and as a type 2 engagement.

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

- DNA's adherence to the AA1000 Accountability Principles of inclusivity, materiality and responsiveness;
- the reliability and quality of performance information presented in the Report according to the GRI Standard 101 Foundation (2016); and
- the compliance with the criteria of the GRI Standards (Core level).

Responsibilities

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

Assurance Provider's Independence and Competence

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

Basis of Our Opinion

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

Our opinion is based on e.g. the following procedures performed:

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

Inherent Limitations

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

Conclusions

Adherence to AA1000 Accountability Principles

- Inclusivity: DNA has stakeholder engagement process in place in order to understand stakeholder expectations and it has committed to active stakeholder dialogue.
- Materiality: DNA has defined material corporate responsibility reporting topics as a part of the corporate responsibility strategy.
- Responsiveness: DNA has policies and procedures in place to respond to stakeholders' expectations.

Reliability of corporate responsibility performance data

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

GRI Standards in accordance criteria

The Report complies with the GRI Standards: Core option.

Observations and Recommendations

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

- DNA has focused on the practical implementation of corporate responsibility in its operations. The corporate responsibility strategy defines objectives and action plans to manage the company's sustainability impact, risks, and opportunities. We recommend that the target-setting and key performance indicators for corporate responsibility are further developed in accordance with with business goals.
- DNA has established corporate responsibility governance and management approach and developed its corporate responsibility reporting. We recommend that procedures for corporate responsibility performance monitoring, systematic data management and documentation of the reporting process will be further developed.
- As a telecommunications operator, DNA plays an important role in society as the provider of important communication connections and the agency maintaining critical infrastructure. We encourage DNA to continue corporate responsibility work contributing to sustainable digital solutions.

Helsinki, Finland, 30 January 2018

Mitopro Oy

Mikael Niskala
Independent Sustainability Practitioner

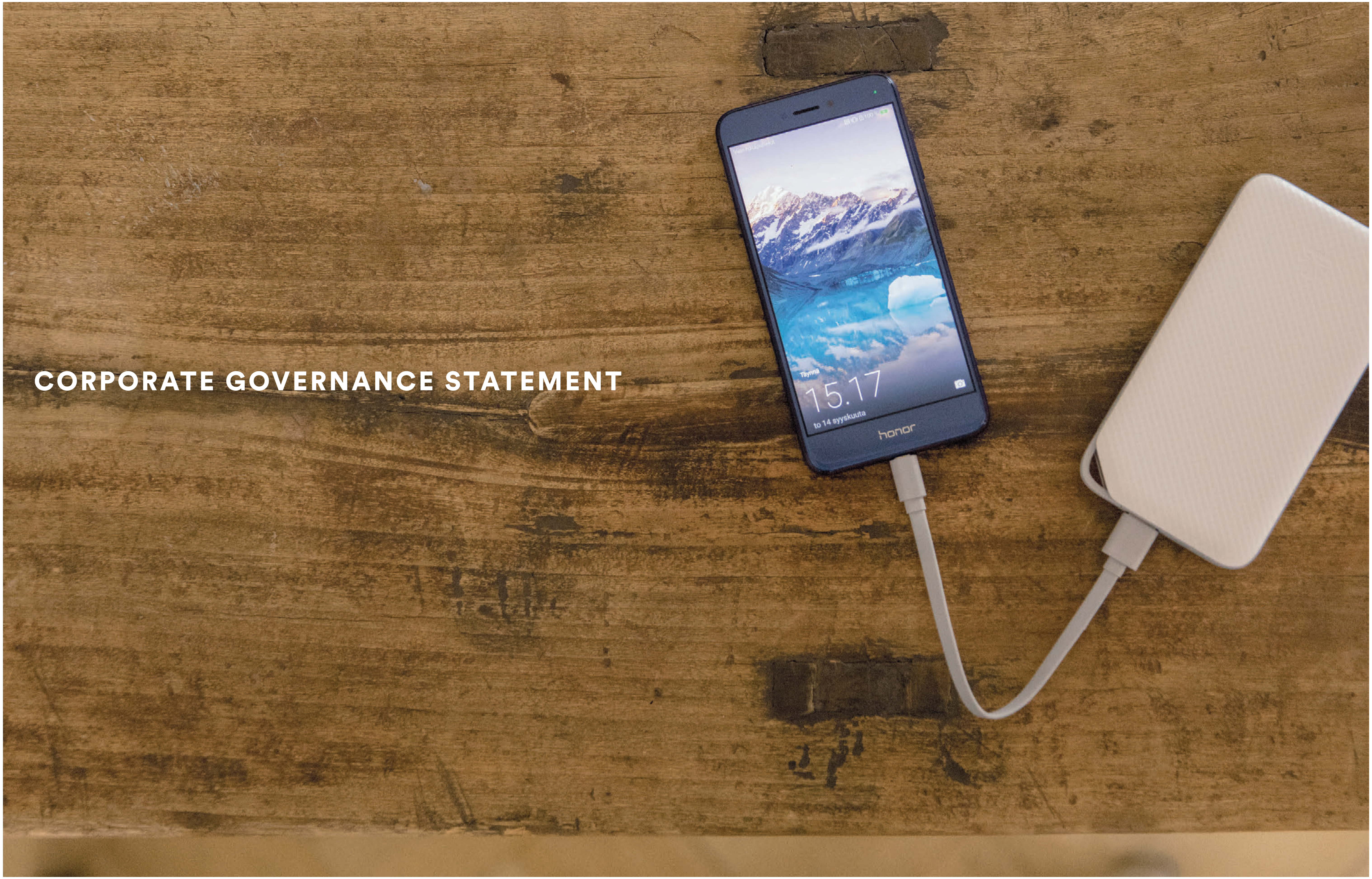
Tomi Pajunen
Independent Sustainability Practitioner

CONTACTS

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

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

CORPORATE GOVERNANCE STATEMENT



CORPORATE GOVERNANCE STATEMENT

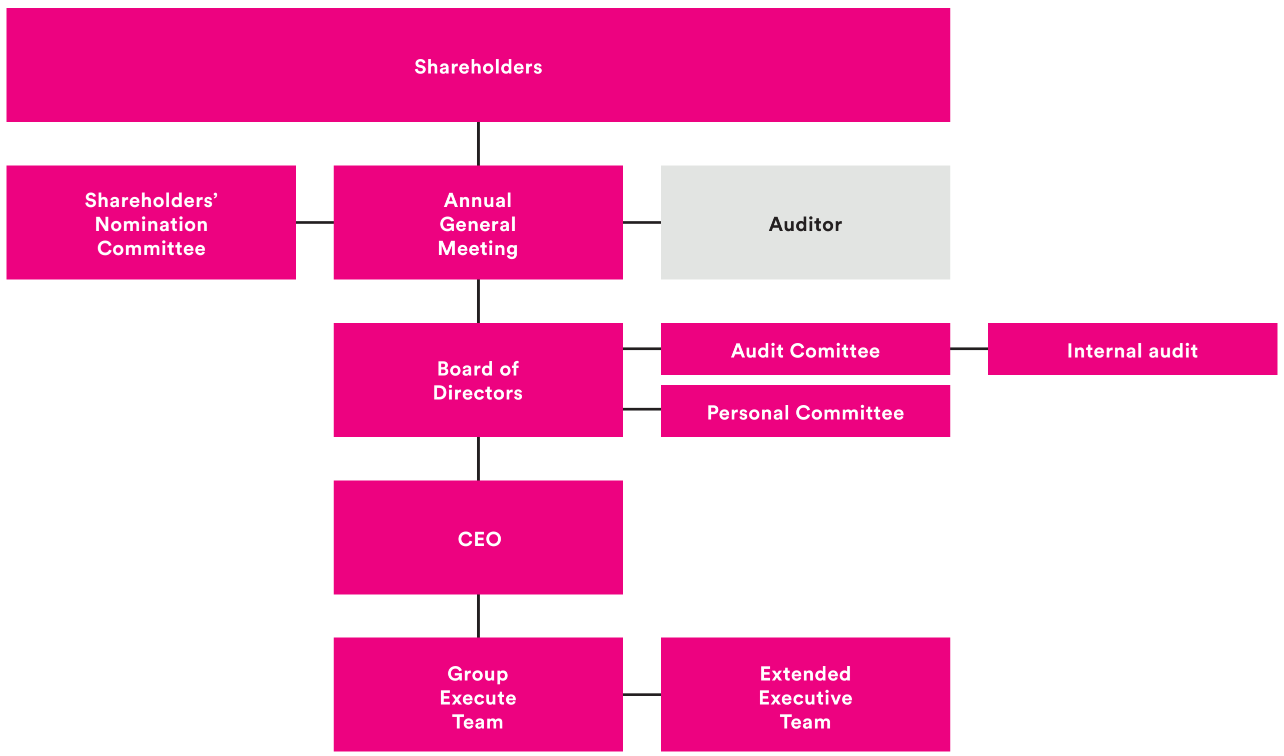
DNA Plc ("DNA" or the "company") is a Finnish telecommunications Group providing voice, data, and TV services to private customers and corporations. The parent company, DNA Plc, and its subsidiaries form the DNA Group. The company is listed on the Helsinki Stock Exchange and it is domiciled in Helsinki.

DNA complies with its Articles of Association, the rules of procedure of DNA's Board of Directors and its committees, the Finnish Limited Liability Companies Act, Accounting Act and Securities Markets Act, and the rules, regulations and instructions issued by Nasdaq Helsinki Ltd and the Finnish Financial Supervisory Authority, as well as other applicable regulations in Finland. DNA also complies with the Finnish Corporate Governance Code for Listed Companies 2015 (the "Corporate Governance Code"), published by the Securities Market Association, and it does not deviate from the recommendations therein. The Corporate Governance Code is available at www.cgfinland.fi.

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

DNA's governing bodies

DNA's governing bodies comprise the General Meeting, the Board of Directors and the CEO. DNA's highest decision-making power is exercised by the shareholders at the General Meeting. The Board of Directors and the CEO are responsible for management. The Executive Team assists the CEO in the management of the company and the Group.



GENERAL MEETING

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

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

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

The General Meeting may also make decisions on other matters falling within its competence according to the Finnish Limited Liability Companies Act, such as amending the Articles of Association, issuing new shares and option rights, and buying back the company's own shares.

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

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

Notice and agenda of the General Meeting

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

Voting

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

Shareholders' Nomination Committee

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

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

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

The duties of the committee include the following

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

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

Shareholders' Nomination Committee in 2017

Members of the Nomination Committee, 1 January–1 September 2017

- **Esa Haavisto**, Committee Chair, nominated by Finda Oy, born 1949, M.Sc. (Econ. & Bus. Adm.), main occupation: Board member
- **Seppo Vikström**, member, nominated by PHP Holding Oy, born 1956, M.Sc. (Econ. & Bus. Adm.), main occupation: Board chairperson
- **Esko Torsti**, member, nominated by Ilmarinen Mutual Pension Insurance Company, born 1964, Lic.Sc. (Pol. Sci.), main occupation: Director, unlisted investments, Ilmarinen Mutual Pension Insurance Company

Members of the Nomination Committee, effect from 1 September 2017

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

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

In 2017, the Nomination Committee convened 5 times, and the members attended meetings as follows:

- Tommi Aurejärvi 2/2
- Esa Haavisto 3/3
- Seppo Vikström 5/5
- Esko Torsti 5/5
- Pertti Korhonen 5/5 (participated in committee work as an expert capacity)

GENERAL MEETING 2017

DNA Plc's Annual General Meeting was held on 22 March 2017. The Annual General Meeting adopted the financial statements and discharged the Board of Directors and the CEO from liability for the 2016 financial period.

Board members, committees and remuneration

The number of Board members was confirmed to be seven. Pertti Korhonen, Kirsi Sormunen, Anu Nissinen, Tero Ojanperä, Margus Schults and Jukka Ottela were re-elected to the Board of Directors, and Heikki Mäkijärvi was elected as a new member. At the constitutive meeting of the Board of Directors held after the Annual General Meeting, the decision was taken that Pertti Korhonen would continue as Chair of the Board.

Auditing firm PricewaterhouseCoopers Oy was re-elected as auditor, with Mika Kaarisalo, Authorised Public Accountant, acting as the principal auditor.

Payment of dividends in 2017

As proposed by the Board of Directors, the Annual General Meeting decided to pay a dividend of EUR 0.55 per share, a total of EUR 72,766,925, for the 2016 financial period.

The Annual General Meeting decided to pay dividends to shareholders who, on the dividend record date, were registered in the company's register of shareholders held by Euroclear Finland Ltd. The dividend record date was 24 March 2017 and the dividend was paid on 7 April 2017. No dividend was paid for treasury shares held by the company itself.

Authorisation to purchase treasury shares

The Annual General Meeting authorised the Board of Directors to decide on the purchase of treasury shares. Based on the authorisation, the Board of Directors can decide on the purchase of a maximum of 2,500,000 treasury shares. This is equal to slightly less than 2 per cent of all of the shares in the company. The shares can only be purchased using the company's unrestricted shareholders' equity. The purchase can take place on one or more occasions.

Treasury shares can be purchased to make acquisitions or other business-related arrangements, to improve the capital structure, for use in the company's incentive schemes or to be otherwise disposed of or cancelled, provided that the purchase is in the interests of the company and its shareholders.

The authorisation will remain in force until the end of the next Annual General Meeting. This authorisation superseded the previous authorisation.

Purchase of treasury shares in 2017

On 18 May 2017, on the basis of the authorisation of the General Meeting of 22 March 2017, DNA Plc's Board of Directors decided to purchase DNA shares and establish a share buy-back programme.

The share buy-back programme started on 1 June 2017 and ended on 14 September 2017. During this period, DNA purchased 967,897 of its own shares at an average price of EUR 14.46 per share. The shares will be used to fulfil obligations related to the company's share-based incentive schemes.

The shares were purchased at market price on the acquisition date through trading on a regulated market organised by Nasdaq Helsinki Ltd. The broker for the share buy-back programme was OP Corporate Bank Plc.

DNA'S BOARD OF DIRECTORS

Operations of the Board of Directors

According to DNA's Articles of Association, the Board of Directors comprises five to nine ordinary members elected by the General Meeting. The Board of Directors' proposal for the Annual General Meeting regarding Board members is prepared by the shareholders' Nomination Committee. When members are elected to the Board of Directors, the requirements set by the company's operations and development phase and valid legislation, such as the rules of Nasdaq Helsinki Ltd, other applicable rules, and the recommendations of the Corporate Governance Code must be considered. A person elected to the Board of Directors must have the competence required for the position and be able to devote a sufficient amount of time to attending to Board duties. The membership of the Board of Directors must satisfy the principles of diversity.

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

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

Independence of directors

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

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

In 2017, all seven members of the Board were deemed to be independent of the company. Jukka Ottela, a member of the Board, was regarded as not independent of major shareholders. He was nominated to the Board by PHP Holding Oy, which is one of DNA's major shareholders. The other six members of the Board were deemed independent of major shareholders.

Diversity of the Board of Directors

Competent and efficient Board work requires the members of the Board of Directors to be highly competent and sufficiently diverse. The Shareholders' Nomination Committee also considers the composition of the Board from the perspective of diversity. According to the Nomination Committee's rules of procedure, the composition of the Board of Directors must satisfy the principles of diversity as defined by the company, as well as legislation, applicable guidelines and regulations, and the Corporate Governance Code.

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

Diversity of the Board of Directors in 2017

In 2017, the gender distribution of the Board of Directors was 2 women, 5 men. Pertti Korhonen, who began serving as a member of the Board of Directors on 25 October 2016 and was elected Chair of the Board of Directors on 1 December 2016, was re-elected Chair of the Board on 22 March 2017. Korhonen provides the Board with wide-ranging experience in managing listed companies. In addition, Heikki Mäkijärvi was elected as a new member of the Board of Directors at the Annual General Meeting. He provides the Board with experience in international telecommunications businesses.

Duties of the Board

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

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

- Attending to the administration of the company and the appropriate organisation of its operations (general competence)
- Arranging the control of the company's accounts and asset management in an appropriate manner
- Electing a chairperson from among its members for each term of office
- Appointing and dismissing the company's CEO
- Appointing the deputy CEO and members of the company's Executive Team based on the CEO's proposal
- Deciding on the salaries and remuneration of the aforementioned people and their incentive scheme
- Deciding on the strategy of the company and its business units
- Monitoring the implementation of the strategic objectives and business plans of the company and its business units
- Deciding on strategically or financially significant investments as part of the annual company budget, business acquisitions and divestments, business transactions and contingent liabilities – any significant investments outside the annual budget must be confirmed separately
- Confirming the company's values and other general Group principles by means of operating instructions
- Confirming the company's personnel strategy and annual personnel and training plans; deciding on the personnel incentive and reward scheme
- Assuming responsibility for internal control, risk management and internal auditing

Board of Directors in 2017

From 1 January 2017 to 22 March 2017, the Board of Directors consisted of Pertti Korhonen as the Chair, and Anu Nissinen, Tero Ojanperä, Jukka Ottela, Margus Schults, Kirsi Sormunen and Jarmo Leino as members.

Following the decision taken by the 2017 General Meeting, the Board of Directors consisted of Pertti Korhonen as the Chair, and Anu Nissinen, Tero Ojanperä, Jukka Ottela, Margus Schults, Kirsi Sormunen and Heikki Mäkijärvi as members for the period from 22 March 2017 to 31 December 2017.

The Board convened 18 times in 2017. The attendance rate at meetings of the Board of Directors was 93 per cent. The members attended meetings as follows:

- Pertti Korhonen 18/18
  (Chair of the Board 1 January–31 December 2017)
- Anu Nissinen 18/18
  (Board member 1 January–31 December 2017)
- Tero Ojanperä 17/18
  (Board member 1 January–31 December 2017)
- Jukka Ottela 15/18
  (Board member 1 January–31 December 2017)
- Margus Schults 18/18
  (Board member 1 January–31 December 2017)
- Kirsi Sormunen 18/18
  (Board member 1 January–31 December 2017)
- Heikki Mäkijärvi 12/13
  (Board member 22 March–31 December 2017)
- Jarmo Leino 1/5
  (Board member 1 January–22 March 2017)

The Board of Directors began working on the Group strategy for the next phase of development. Monitoring of the key development programmes related to the present strategy continued. In addition to its regular Board work, the Board gave special consideration to matters including policies and measures related to customer perspectives, customer satisfaction and the HR strategy.

MEMBERS OF THE BOARD OF DIRECTORS IN 2017

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

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

Jarmo Leino
Born 1951
Education: LL.M., trained at the bench
Main occupation: CEO of Finda Oy, 2010–2017

Member of DNA's Board of Directors as of 2006 and Chair from 2010 to 30 November 2016. Member of the Personnel Committee (formerly the Remuneration Committee) from 2016 (Chair of the Remuneration Committee from 2011 to December 2016). Independent of the company, not independent of major shareholders. Nominated to the Board by a major shareholder.

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

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

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

Member of DNA's Board of Directors since 2014. Member of the Personnel Committee since 2017, member of the Audit Committee from January to November 2017. Independent of the company and major shareholders.

MEMBERS OF THE BOARD OF DIRECTORS IN 2017

Tero Ojanperä
Born 1966
Member of DNA's Board of Directors
Education: PhD, Electrical Engineering
Main occupation: Silo.AI Oy, CEO and member of the Board

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

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

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

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

Member of DNA's Board of Directors since 2015. Member of the Personnel Committee since March 2017. Independent of the company and major shareholders.

Kirsi Sormunen
Born 1957
Education: M.Sc. (Econ.)
Main occupation: Various positions of trust

Member of DNA's Board of Directors since 2014. Chair of DNA's Audit Committee since 2014 and member of DNA's Remuneration Committee from 2014 to March 2017. Independent of the company and major shareholders.

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

Holdings of DNA shares by members of DNA's Board of Directors

	Shares, 31 December 2017
Pertti Korhonen	11,001
Jarmo Leino (member of the Board of Directors until 22 March 2017)	17,405
Heikki Mäkijärvi (member of the Board of Directors since 22 March 2017)	0
Anu Nissinen	15,917
Tero Ojanperä	10,440
Jukka Ottela	19,241
Margus Schults	6,875
Kirsi Sormunen	2,000

On 31 December 2017, companies controlled by members of DNA's Board of Directors did not hold any shares in DNA.

BOARD COMMITTEES

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

The Board of Directors elects the Audit and Remuneration Committee and, whenever necessary, other committees at its annual constitutive meeting that takes place after the Annual General Meeting. The Board of Directors elects the committee Chairs and members from among its members at its constitutive meeting.

AUDIT COMMITTEE

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

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

The committee meets at least four times a year.

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

- Monitoring the company's financial position, financing status and taxation position
- Monitoring the reporting process related to the financial statements
- Monitoring, supervising and evaluating the financial reporting system and process and the risk management process
- Discussing internal audit plans and reports to the extent specified in the Internal Audit Charter
- Monitoring and evaluating the operations and efficiency of the company's internal control, internal audit and risk management systems
- Performing a quarterly review to confirm the accuracy of the company's financial result with financial managers and auditors, before approval by the Board of Directors
- Monitoring significant financial, financing and taxation risks and actions taken to control them
- Discussing significant financial risks and managerial actions in order to monitor, control and report on the said risks
- Reviewing significant findings by the auditors, and the related management responses
- Evaluating significant trials and other legal matters with the Senior Vice President, Legal Affairs, as required
- Monitoring business transactions by the company management and related parties, and possibly related conflicts of interest
- Reviewing the company's Corporate Governance Statement
- Monitoring the statutory audit of the financial statements and consolidated financial statements
- Evaluating the independence of the statutory auditor or auditing firm, particularly the provision of non-audit services to the audited company
- Preparing a proposal on the election of the auditor
- Monitoring the processes and risks related to IT security
- Evaluating the company's disclosure policy and proposing changes, as required, to the Board of Directors
- Evaluating the process of complying with laws and regulations
- Discussing and monitoring special issues – allocated by the Board of Directors – relevant to the Audit Committee's sphere of duties

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

Audit Committee in 2017

The following personnel belonged to the Audit Committee:

- Kirsi Sormunen (Chair), Anu Nissinen and Jukka Ottela 1 January–22 March 2017
- Kirsi Sormunen (Chair), Heikki Mäkijärvi and Jukka Ottela 22 March–31 December 2017

The Audit Committee convened six times, and the attendance rate was 92 per cent. The members attended meetings as follows:

- Kirsi Sormunen 4/4 (Chair of the Audit Committee 1 January–31 December 2017)
- Jukka Ottela 4/4 (member of the Audit Committee 1 January–31 December 2017)
- Heikki Mäkijärvi 2/3 (member of the Audit Committee 22 March–31 December 2017)
- Anu Nissinen 1/1 (member of the Audit Committee 1 January–22 March 2017)

PERSONNEL COMMITTEE

The Personnel Committee replaced the company's remuneration committee on 22 March 2017. The Personnel Committee assists the Board in matters relating to the development of the Group's personnel and remuneration strategy and the corporate culture. The Personnel Committee prepares proposals for the nomination of key employees and for pay and remuneration schemes. Other matters to be prepared by the Committee include ensuring the competence required by the strategy, identifying key capabilities, and planning successors for the executive management and key employees.

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

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

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

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

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

- Matters pertaining to the appointment of the CEO and members of the Group Executive Team
- Principles by which the management participates in the work of subsidiary and third-party Boards
- Principles and practices related to personnel incentives
- Material organisational changes
- Review of the remuneration and salary statement required by the annual Corporate Governance Code, and answering related questions at the General Meeting

Personnel Committee in 2017

Members of the Personnel Committee in 2017:

Pertti Korhonen (Chair), Jarmo Leino, Jukka Ottela and Margus Schults 1 January–22 March 2017

Pertti Korhonen (Chair), Anu Nissinen, Jukka Ottela and Margus Schults 22 March–31 December 2017

The Personnel Committee convened four times, and the attendance rate was 100 per cent. The members attended meetings as follows:

- Pertti Korhonen 4/4 (Chair of the Personnel Committee 1 January–31 December 2017)
- Jukka Ottela 4/4 (member of the Personnel Committee 1 January–31 December 2017)
- Margus Schults 4/4 (member of the Personnel Committee 1 January–31 December 2017)
- Anu Nissinen 3/3 (member of the Personnel Committee 22 March–31 December 2017)
- Jarmo Leino 1/1 (member of the Personnel Committee 1 January–22 March 2017)

THE CEO AND THE EXECUTIVE TEAM

The CEO is nominated and overseen by the Board of Directors. The terms of the CEO's employment are specified in a written CEO agreement, which is approved by the Board of Directors. The company discloses the CEO's personal information, shareholdings, duties and financial benefits.

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

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

DUTIES OF THE CEO AND THE EXECUTIVE TEAM

CEO

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

Jukka Leinonen has been DNA's CEO since 2013. The CEO does not have an employment contract with the company, and the CEO is not the company's employee.

CEO's shareholding in DNA

	Shares, 31 December 2017
Jukka Leinonen	125,032

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

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

The CVs of the members of the Excecutive Team as presented herein are summaries. The CVs of the members are available in full on DNA's website at https://corporate.dna.fi/dna-in-brief#johtoryhma

Duties of the Executive Team

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

- Implementing the Group's strategic and long-term objectives
- The business steering process: specification, description, interfaces, implementation and execution, indicators
- Preparing and implementing the company's annual budget and operating plan
- The personnel, organisation and culture
- Managing and developing the company's brand
- Confirming the process map, core processes and related owners to support the company's operations
- Executing business transactions and mergers
- Key collaboration and acquisition agreements, and selecting the most important partners and suppliers
- Corporate governance, Group-level instructions and practices
- Pricing and other decisions that can change the market or the company's tactics
- Off-budget investment decisions with a major/long-term impact
- Procuration rights and rights to represent the company
- Policies related to lobbying and societal relations
- All matters that may affect the share price
- Specifying risk management strategies, processes and emphases
- Internal control according to the principles approved by the Audit Committee and the Board of Directors

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

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

The Executive Team monitors matters including:

- The need for changes to the strategy, the status of competitors and market trends
- The implementation of the budget and operating plans, the functionality of core processes

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

Executive Team in 2017

In addition to the CEO, DNA's Executive Team comprised CFO Timo Karppinen, Senior Vice President, Consumer Business Pekka Väisänen, Senior Vice President, Corporate Business Hannu Rokka, Senior Vice President, Technology Tommy Olenius, Senior Vice President, Legal Affairs Asta Rantanen, Senior Vice President, Strategy Christoffer von Schantz, Senior Vice President, Human Resources Marko Rissanen, and CIO Janne Aalto. The Executive Team convened 31 times in 2017.

MEMBERS OF THE EXECUTIVE TEAM

Timo Karppinen
Chief Financial Officer
With DNA since 2012
Born 1964
Education: M.Sc. (Pol. Sc.)
Main work experience
DNA Plc, Chief Financial Officer since 2012
Ponsse Plc, Director, Corporate Development and Strategy, 2010–2012
Nokia North America, CFO, 2008–2010
Nokia Asia-Pacific, CFO, 2006–2008
Nokia China, CFO, 2000–2006

Pekka Väisänen
Senior Vice President, Consumer Business
With DNA 2003–2006 and again since 2007
Born 1966
Education: M.Sc. (Econ.)
Main work experience
DNA Plc, Senior Vice President, Consumer Business since 2009
DNA Services Ltd, Sales and Marketing Director, 2007–2009
Oulun Puhelin Oyj, Business Development Director, 2006–2007
Finnet Oy and DNA Finland Ltd, Sales and Marketing Director, 2003–2006
Oulun Puhelin Oyj, various roles, 1996–2003

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

Tommy Olenius
Senior Vice President, Technology
With DNA since 2003
Born 1962
Education: engineer
Main work experience
DNA Plc, Senior Vice President, Technology since 2009
DNA Finland Ltd, Senior Vice President, Technology, 2005–2009
Suomen 2G Oy/Finnet Verkot Oy (DNA Networks), CTO, 2003–2005
Telia Mobile Finland Oy, CTO and other positions, 1998–2003
Telsim Telekomunikasyon Hizmetleri AS, Turkey, Director O&M, 1995–1997
Telecom Finland International Ltd; Turkcell & Libancell, O&M manager, 1993–1995

MEMBERS OF THE EXECUTIVE TEAM

Asta Rantanen
Senior Vice President, Legal Affairs
With DNA since 2003
Born 1962
Education: LL.M.
Main work experience
DNA Plc, Senior Vice President, Legal Affairs since 2007
Finnet Ltd and DNA Finland Ltd, Vice President, Legal Affairs, 2003–2007
Telia Finland Oy, Legal Counsel, 1999–2003
Sampo Insurance Company, Claims Manager, Product Development Manager, 1994–1999
Kansa Insurance Company, Legal Counsel, 1985–1994

Christoffer von Schantz
Senior Vice President, Strategy
With DNA since 2013
Born 1973
Education: M.Sc. (Tech.)
Main work experience
DNA Plc, Senior Vice President, Strategy since 2013
Nokia, Director, Strategy and Business Development, 2006–2012
Omnitele, Vice President, Consulting, Member of the Executive Team, 2000–2006

Marko Rissanen
Senior Vice President, Human Resources
With DNA since 2003
Born 1974
Education: vocational qualification in business administration
Main work experience
DNA Plc, Senior Vice President, Human Resources since 2007
DNA Finland Ltd, HR Manager, 2005–2006
Finnet Networks Ltd, HR Manager, 2004–2005
Telia Product Oy, HR Manager, 2001–2003

Janne Aalto
CIO
With DNA since 2014
Born 1965
Education: MBA, Business College Graduate, Information Technology
Main work experience
DNA Plc, CIO since 2014
Kiosked, Head of Demand Side Platform, 2014
CEM4Mobile Solutions, CEO & Co-Founder, 2004–2013
Sonera Zed, Vice President, Development, 2000–2004
Fujitsu Finland, Director, Head of Professional Services, 1997–2000
Fujitsu UK and Ireland, Senior Project Manager, 1994–1997

Holdings of DNA shares by members of DNA's Executive Team

	Shares, 31 December 2017
Timo Karppinen	44,083
Pekka Väisänen	42,209
Hannu Rokka	34,431
Tommy Olenius	39,807
Asta Rantanen	29,488
Marko Rissanen	26,555
Christoffer von Schantz	30,263
Janne Aalto	37,933

On 31 December 2017, companies controlled by members of the Executive Team did not hold any shares in DNA.

Extended Executive Team

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

Extended Executive Team in 2017

The personnel representatives in the Extended Executive Team in 2017 were Tarja Koivisto, representing office personnel, Pertti Määttä, representing professional and managerial personnel, Jorma Airaksinen, representing the employees, and Eero Utriainen, the labour protection delegate. The Extended Group Executive Team convened six times in 2017.

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

Setting and monitoring financial targets forms an essential part of DNA's management. Near-term financial goals are specified during annual planning, and progress towards the goals is monitored on a monthly basis. The Group and Business segments issue monthly financial reports on actual results compared with the most recent official forecasts.

Financial reporting process refers to functions that provide financial data used by the management of the company, as well as financial data that is published as stipulated by legislation, standards and other binding regulations. In 2017, DNA worked on significant development initiatives for its information systems to improve the efficiency of processes such as the financial reporting process.

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

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

Monitoring and oversight

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

Purpose and objectives of risk management

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

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

Risk refers to events or circumstances which, if they materialise, could affect DNA's ability to achieve its strategic targets or the operative targets derived from them. If they materialise, risk factors could affect the Group's ability to achieve its strategic and operational goals. Any risks that undermine DNA's strategically significant competitive strengths must be avoided if possible, and special attention should be paid to managing such risks. The identification and management of risk factors takes into account the special characteristics of DNA's business and operational environment.

Systematic risk management is in place to ensure that:

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

Risk management processes

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

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

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

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

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

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

More information about risks is presented in DNA's financial statement bulletin and the annual report of the Board of Directors for 2017.

Principles of internal control

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

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

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

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

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

The areas of internal control comprise the following:

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

Internal audit

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

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

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

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

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

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

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

Internal audit in 2017

In 2017, the main focus areas of internal audit included reviewing the main development initiatives of the company, as well as auditing the efficiency of the company's controls and processes in selected areas. Internal audit has been in regular communication with the auditors. Internal audit has issued regular reports to the Audit Committee.

Insider management

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

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

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

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

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

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

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

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

Related party transactions

DNA had no relevant related party transactions in deviation from ordinary business or ordinary market pricing during its 2017 financial period. In this text, related parties of the company refers to related parties defined for the financial statements in accordance with International Accounting Standard 24.

AUDITING OF THE ACCOUNTS

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

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

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

Auditing of the Accounts in 2017

In 2017, DNA's auditor was PricewaterhouseCoopers Oy, with Mika Kaarisalo, Authorised Public Accountant, acting as the principal auditor.

In 2017, the auditors' auditing fees amounted to EUR 265,429 (2016: EUR 260,366) and the fees for services unrelated to auditing amounted to EUR 210,596 (2016: EUR 1,386,264).

SALARY AND REMUNERATION REPORT

Remuneration

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

Decision-making process

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

Board of Directors' remuneration

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

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

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

Remuneration of the CEO and the Executive Team

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

The remuneration of the CEO and other members of the Executive Team consists of a monthly salary, as well as performance- and share-related bonuses based on the long- and short-term incentive schemes and performance-related remuneration.

Pensions and terms and conditions related to terminating employment

The CEO's period of notice is six months, for both the company and the CEO. If the contract is terminated by DNA, the CEO is entitled to severance pay that equals the CEO's salary for no more than eight months, in addition to the salary paid during the six-month notice period.

The CEO and the CFO are entitled to retire at the age of 60. Supplementary pension rights are assessed based on payments. The supplementary pension contribution for the CEO and the CFO is 20% of the fixed annual salary. The CEO and the CFO are entitled to a paid-up pension vesting in full within 6 years of the date they join the supplementary pension scheme.

The other members of the Executive Team are entitled to retire at the age of 62. The supplementary pensions of the members of DNA's Executive Team are payment-based. The supplementary pension contribution for the Excecutive Team member is 8% of the fixed annual salary. The members of the Executive Team are entitled to a paid-up pension vesting in full within 6 years of the date they join the supplementary pension scheme.

The members of the Executive Team have notice periods of six or three months applying to both parties. If DNA terminates an employment contract, the Executive Team member is entitled to severance pay corresponding to six months' salary in addition to the salary paid during the notice period.

Long- and short-term incentive schemes

2014 share-based remuneration scheme

In 2014, DNA's Board of Directors decided on a long-term share-based remuneration scheme for DNA's senior managers and specified key personnel based on increases in the share price. The system covered 35 people. The people covered by the system were offered the opportunity to receive a bonus if the company was listed on the stock exchange in the form of shares or cash, as decided by the company, or in cash if divestments were made by the largest shareholders. Of the possible outcomes of the scheme, the final result was that the company was listed on the stock exchange.

The bonus payable on the basis of the scheme consisted of two elements: a fixed number of bonus shares for each share in the company subscribed by each person in directed share issue, as well as an additional bonus determined on the basis of the company's IPO value. The fixed share bonus consisted of two bonus shares for each share subscribed (base proportion). The additional bonus was based on the realised IPO price per share and the dividends paid while the programme was in effect, and it entitled each person covered by the system to receive up to 14 shares for each share subscribed by the person in accordance with the terms and conditions of the share bonus scheme. On the basis of the realised IPO share price and the dividends paid in 2015 and 2016, the additional bonus was 12.46 shares for each share subscribed by a person covered by the scheme. The amount of the bonus refers to the gross bonus, which is subject to the applicable rate of withholding tax, with the remainder – the net bonus – being paid in the form of shares.

When the performance-based element of the share bonus scheme was realised in the foregoing manner, the Board of Directors announced on 5 December 2016 that a gross total of 1,458,622 shares in the company were payable on the basis of the scheme. The amount of the bonus refers to the gross bonus, which is subject to the applicable rate of withholding tax, with the remainder – the net bonus – being paid in the form of shares.

The share bonus was paid in December 2017. No restrictions were applied to the purchase or sale of shares received on the basis of the scheme after they were granted.

In order to receive shares under the share bonus scheme, the personnel in question were required to be in DNA's employment when the share bonus was paid.

New long-term incentive schemes

The new long-term incentive scheme mainly consists of a Performance-related Share Plan (PSP), which is supplemented by a separate share-based, BP to facilitate the transition period from the long-term share-based incentive system introduced in 2014 to the long-term incentive system that began in 2017. In addition, DNA has a Restricted Share Plan (RSP).

Performance-related Share Plan

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

The first programme PSP 2017–2019 started at the beginning of 2017. The share-based bonuses earned through it will be paid in the spring of 2020 if the performance targets set by the Board of Directors are reached. The first programme has about 50 participants, and the maximum number of shares to be handed out will be 429,000 (gross number, from which applicable withholding tax will be deducted, and the remaining net amount will be paid as shares).

The second programme, PSP 2018–2020, started at the beginning of 2018. Any share-based incentives earned through it will be paid in the spring of 2021 if the performance targets set by the Board of Directors are reached. The programme has about 50 participants, and the maximum number of shares to be handed out will be 372,600 (gross number, from which applicable withholding tax will be deducted, and the remaining net amount will be paid as shares).

Both programmes are built on the following performance targets: DNA's total shareholder return (TSR) compared to a peer group and DNA's cumulative cash flow over the three-year earning period.

Bridge Plan

The Bridge Plan for the transition period consists of two, three-year-long share-based bonus programmes. These programmes have a year-long earning period and a two-year earning period. The programmes began in 2017 and 2018. Shares received as a bonus cannot be sold during a two-year vesting period after the earning period. The performance targets applying to both Bridge Plans are based on DNA's key strategic objectives for the earning periods in question.

The first programme has about 50 participants, and the maximum number of shares to be handed out will be 143,000 (gross number, from which applicable withholding tax will be deducted, and the remaining net amount will be paid as shares). The share-based bonuses earned under the 2017 programme will be paid in the spring of 2018 if the performance targets set by the Board of Directors are reached.

The second programme has about 50 participants, and the maximum number of shares to be handed out will be 115,900 (gross number, from which applicable withholding tax will be deducted, and the remaining net amount will be paid as shares). Any share-based bonuses earned under the programme will be paid in the spring of 2019 if the performance targets set by the Board of Directors are reached.

Restricted Share Plan (RSP)

The RSP can be used as a supplementary tool to ensure the commitment of employees in specific situations, such as during acquisitions and recruitment. The possible reward is contingent on the validity of the employement contract. The RSP typically only covers a few members of personnel each year, and it consists of share-based bonus programmes that begin each year. Each programme has a three-year vesting period, after which the shares allocated at the beginning of each respective programme are paid to the participants, provided that they are still employed by DNA until the payment of the bonuses. The start of each new programme requires a separate decision by the Board of Directors.

The first programme (RSP 2017) started at the beginning of 2017. No participants joined the programme.

The RSP 2018–2020 share bonus programme started at the beginning of 2018, and the bonuses earned under the programme will be paid in the spring of 2021. The maximum number of shares to be handed out under the programme will be 45,000 (gross number, from which applicable withholding tax will be deducted, and the remaining net amount will be paid as shares).

Other terms and conditions

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

The maximum amount of bonus payable under the share-based incentive systems is limited in such a way that each participant's annual share bonus may be a maximum of three times their annual gross salary.

The share-based incentive systems will not have a dilutive effect because no new shares will be issued in connection with them.

Short-term incentive schemes

The short-term incentive scheme for the CEO and the Executive Team is based on company-level targets related to cash-flow trends, growth in net sales to end customers and customer satisfaction. The targets support DNA's strategy and long-term financial success. Fulfilment of the criteria is monitored annually.

The CEO's annual performance-related bonus may be up to nine times the fixed cash salary. The annual performance-related bonus for members of the Executive Team may be up to seven times the fixed cash salary.

Valid authorisation concerning remuneration

On 22 March 2017, the Annual General Meeting decided to authorise the Board of Directors to decide on a share issue and the granting of special rights entitling holders to shares as referred to in Chapter 10, Section 1 of the Limited Liability Companies Act. Based on the authorisation, the Board is entitled to issue no more than 12,000,000 new shares or treasury shares on one or more occasions. The proposed maximum number corresponds to around 9 per cent of all the shares in the company.

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

The authorisation will remain in force until the end of the next Annual General Meeting. The authorisation supersedes the authorisations granted to the Board of Directors by the Annual General Meeting of 31 March 2016 and the Extraordinary General Meeting of 25 October 2016 to decide on a share issue and the granting of special rights entitling holders to shares.

SALARY AND REMUNERATION REPORT 2017

REMUNERATION OF THE BOARD OF DIRECTORS IN 2017

DNA's Annual General Meeting, held on 22 March 2017, decided not to change the remuneration paid to the Board of Directors. The remuneration is as follows:

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

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

ANNUAL REMUNERATION AND MEETING FEES IN 2017 (EUR)

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

ANNUAL REMUNERATION AND MEETING FEES IN 2016 (EUR)

Name	Annual remuneration	Meeting fees	Total
Pertti Korhonen (member since 1 December 2016)	8,997	5,250	**14,247**
Jarmo Leino	110,276	25,725	**136,001**
Anu Nissinen	36,392	23,625	**60,017**
Tero Ojanperä	36,152	19,950	**56,102**
Jukka Ottela	37,967	23,100	**61,067**
Margus Schults	36,152	21,000	**57,152**
Kirsi Sormunen	48,240	26,775	**75,015**

REMUNERATION OF THE CEO IN 2017

The payments to the CEO comprise a total salary (including a fixed salary and the usual taxable fringe benefits, such as a potential car benefit and phone benefit) and long- and short-term incentives. The CEO's fixed cash salary in 2017 was EUR 530,108, and his taxable fringe benefits amounted to EUR 37,354.

The CEO was covered by the share bonus scheme (described above) that was established in 2014 and ended with the company's IPO, and he earned 195,206 shares based on this scheme. The amount of the bonus refers to the gross bonus, which is subject to the applicable rate of withholding tax, with the remainder – the net bonus – being paid in the form of shares. The share bonus earned under this scheme was paid in December 2017.

The premium for the CEO's supplementary pension amounted to EUR 95,749 in 2017.

The CEO's performance-related bonuses were based on company-level targets related to cash-flow trends, growth in net sales to end customers and customer satisfaction. The targets support DNA's strategy and long-term financial success. Fulfilment of the criteria is monitored annually, and the annual performance-related bonus may be up to nine times the fixed cash salary.

REMUNERATION OF OTHER MEMBERS OF DNA'S EXECUTIVE TEAM IN 2017

The payments to the Executive Team comprise a total salary (including a fixed salary and the usual taxable benefits, such as a potential car benefit and phone benefit) and long- and short-term incentives. The fixed cash salaries paid to members of the Executive Team totalled EUR 1,665,704 in 2017, and taxable fringe benefits amounted to EUR 86,564 (these figures do not include the CEO's salary and taxable fringe benefits).

The members of the Executive Team are covered by the share bonus scheme (described above) that was established in 2014 and ended with the company's IPO, and a total of 471,748 shares were paid to the Executive Team as a whole based on this scheme (not including the CEO's bonus). The amount of the bonus refers to the gross bonus, which is subject to the applicable rate of withholding tax, with the remainder – the net bonus – being paid in the form of shares. The share bonus earned under this scheme was paid in December 2017.

The annual supplementary pension contributions paid for members of the Executive Team amounted to EUR 157,355 in 2017.

The performance-related bonuses for the Executive Team are based on company-level targets related to cash-flow trends, growth in net sales to end customers and customer satisfaction. The targets support DNA's strategy and long-term financial success. Fulfilment of the criteria is monitored annually, and the annual performance-related bonus for members of DNA's Executive Team may be up to seven times the fixed cash salary.

Remuneration of the CEO and the Executive Team in 2017:

EUR	Cash salary		Performance-related bonus based on performance in the previous year		Fringe benefits		Share bonus		Total	
	2017	2016	Paid 2017	Paid 2016	2017	2016	2017	2016	**Total 2017**	**Total 2016**
CEO	530,108	361,110	263,135	166,431	37,354	12,930	2,901,164	-	3,731,761 (salaries)	540,471 (salaries)
Other members of the Executive Team	1,665,704	1,405,940	776,538	492,324	86,564	33,613	7,007,656	-	9,536,462	1,931,878 (salaries)


BOARD OF DIRECTORS' REPORT 2017

BOARD OF DIRECTORS' REPORT

DNA is one of the leading Finnish telecommunications companies. DNA has its own national mobile communications network and the most extensive fibre-optic cable network in Finland, providing high-quality broadband and TV services to DNA's customers. Our business operations are divided into Consumer and Corporate Business segments. In total, DNA has more than 3.9 million subscribers. DNA employs some 1,600 telecommunications professionals, whose work is focused on excellent customer experience in line with DNA's strategy.

The comparison figures in brackets refer to 2016.

Operating environment

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

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

In 2017, most of the phones sold in the market were smart phones, most of which are 4G compatible. At the end of the year, 4G models accounted for two thirds of the phones used in DNA's network. Voice and SMS traffic fell steadily in Finland.

The number of fixed-network broadband subscriptions remained steady year-on-year. However, Finns are switching to faster cable and Ethernet-based broadband connections. A growing number of households used both fixed-network and mobile broadband.

Use of TV and video services continued to become more versatile. While traditional TV viewing minutes have dropped slightly, the use of streaming and on-demand video services continued to grow. The steady growth of cable television subscriptions also continued. The use of HDTV broadcasts grew, and customers want to watch content conveniently at a time that works best for them.

Both private and public organisations improved their productivity with new ICT solutions. Businesses were interested in the Industrial Internet and its possibilities, which is reflected in the steady growth of DNA's M2M (Machine to Machine) subscription base. The rising business use of cloud services increases the demand for network capacity. The increasingly mobile and networked ways of working had an impact on the data communication services adopted by both the private and public sector as mobile data grew in importance. Entrepreneurs in particular were switching from fixed-network broadband subscriptions to mobile broadband subscriptions.

Regulation

EU institutions continued to process the draft Electronic Communications Code throughout 2017. The reform will have an effect on areas such as market regulation, spectrum management and use of spectrum bands, universal service obligations, regulation of electronic communication services as well as consumer protection.

In early 2017, the European Commission complemented its General Data Protection Regulation with a proposal for a Regulation on Privacy and Electronic Communications, which increases the protection of people's private life and personal data. It proposes extending regulation so that it applies to all electronic communications (e.g. instant messaging applications) and suggests changes to the basis of processing traffic data, cookies and electronic direct marketing. The EU institutions will continue to process the proposal.

According to the EU roaming regulation that entered into force on 15 June 2017, Europeans will be able to Roam Like at Home without roaming charges, as long as the use falls within the scope of fair use and the travel is only periodic. Pursuant to the sustainability mechanism, the Finnish Communications Regulatory Authority FICORA granted DNA permission to levy roaming surcharges. The surcharge cannot exceed EUR 4.6 per GB of data. VAT at the current rate can be added to the surcharge. The decision does not impose any obligation to apply the surcharge in full, in part or at all. The decision is valid for 12 months.

In September 2017, FICORA issued decisions on significant market power (SMP) on high quality fixed access market (M4); the decisions became effective on 1 October 2017. Preparation of drafts for SMP decisions on local loop and bitstream markets (M3) continues at FICORA. Ficora notified the EU Commission of the M3 draft decisions at the end of January 2018.

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

Net sales and result

Net sales

DNA's net sales increased and totalled EUR 886.1 million (858.9 million). The positive development was fuelled by the growth of service revenue, which was boosted in particular by the growth of DNA's mobile subscription base and increased share of 4G subscriptions. Device sales were up 5.4% from 2016.

During 2017, 74.3% (73.5%) of net sales was generated by Consumer Business and 25.7% (26.5%) by Corporate Business.

Result

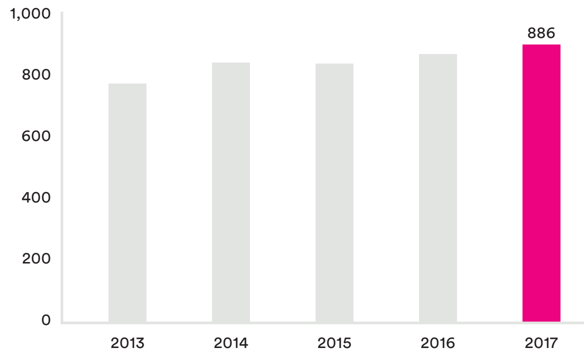
EBITDA increased and was EUR 271.8 million (236.3 million). The EBITDA percentage of net sales increased and was 30.7% (27.5%). Comparable EBITDA was EUR 271.8 million (247.1 million). The increase was fuelled by growth in service revenue and improved cost-efficiency of modern network platforms.

Operating result increased and was EUR 123.5 million (91.2 million). Operating result as a percentage of net sales increased and was 13.9% (10.6%). The comparable operating result amounted to EUR 126.6 million (102.1 million).

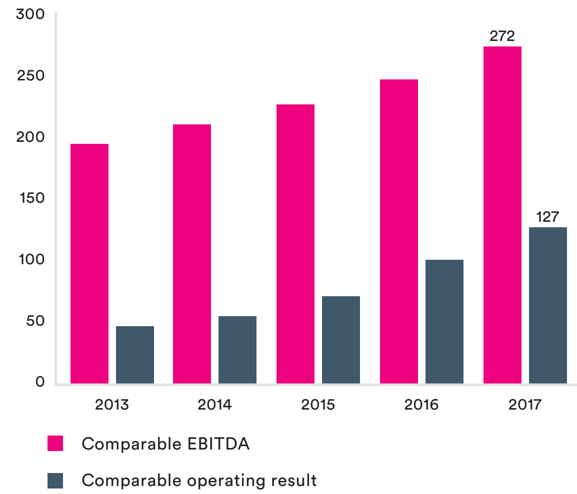
In 2017, the comparability of the operating result was affected by an item of EUR 3.1 million related to data system impairment. The items affecting the comparability of the EBITDA and operating result in 2016 totalled EUR 10.8 million and were mostly related to the listing of DNA.

Financial income and expenses amounted to EUR 9.4 million (9.6 million). Income tax for the period was EUR 21.1 million (16.5 million). The effective tax rate for 2017 was 18.5% (20.2%). Result for the financial period increased and was EUR 93.1 million (65.2 million). Earnings per share came to EUR 0.71 (0.51).

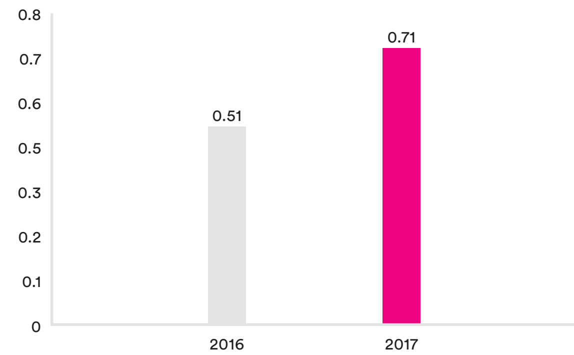
Net sales, EUR million



Comparable ebitda and comparable operating result, EUR million



Osakekohtainen tulos, €



CONSOLIDATED KEY FIGURES

EUR million	2017	2016	Change, %
Net sales	**886.1**	858.9	3.2%
EBITDA	**271.8**	236.3	15.0%
- % of net sales	**30.7%**	27.5%	
Comparable EBITDA	**271.8**	247.1	10.0%
- % of net sales	**30.7%**	28.8%	
Operating result, EBIT	**123.5**	91.2	35.4%
- % of net sales	**13.9%**	10.6%	
Comparable operating result, EBIT	**126.6**	102.1	24.0%
- % of net sales	**14.3%**	11.9%	
Net result for the period	**93.1**	65.2	42.8%
Key operative indicators			
Number of mobile communication network subscriptions at end of period	**2,811,000**	2,742,000	2.5%
- Revenue per user (ARPU), EUR	**18.4**	17.1	7.6%
- Customer CHURN rate, %	**18.3%**	16.1	
Number of fixed line subscriptions at end of period	**1,130,000**	1,113,000	1.5%

Cash flow and financial position

Cash flow after investing activities was EUR 107.7 million (83.5 million). Cash flow after investing activities was positively impacted by improved profitability. The decrease in net working capital also had a positive impact on cash flow after investing activities.

At the end of 2017, DNA had a EUR 150 million revolving credit facility, of which EUR 150 million (150 million) remained undrawn, and a EUR 15 million (15 million) credit facility. In addition, the Group has a commercial paper programme worth EUR 150 million (150 million), under which EUR 20 million (5 million) was drawn by the end of the review period.

DNA's net gearing decreased and was 50.3% (53.9%) at the end of 2017.

The Group's liquid assets comprising cash and cash equivalents amounted to EUR 23.6 million (46.2 million). Net debt decreased to EUR 304.3 million (321.7 million). The Group's liquid assets and undrawn committed credit limits amounted in total to EUR 188.6 million (211.2 million).

Net debt/EBITDA ratio improved and was 1.12 (1.36) at the end of 2017.

DNA's equity ratio was 50.6% (48.4%) at the end of the review period.

Cash flow and financial key figures

EUR million	1-12/2017	1-12/2016
Cash flow after investing activities	**107.7**	83.5
	31/12/2017	31/12/2016
Net debt, EUR million	**304.3**	321.7
Net debt/EBITDA	**1.12**	1.36
Net gearing, %	**50.3**	53.9
Equity ratio, %	**50.6**	48.4

DEVELOPMENT PER BUSINESS SEGMENT

Consumer Business

Consumer Business net sales increased and were EUR 658.7 million (631.3 million). Net sales were driven by the growth in service revenue and good mobile device sales.

EBITDA increased and was EUR 199.8 million (168.4 million). The increase was fuelled by the positive development of service revenue and improved operational efficiency. The EBITDA percentage of net sales was 30.3% (26.7%). Consumer Business operating result increased and was EUR 104.6 million (74.6 million), or 15.9% of Consumer business net sales (11.8%).

There were no items affecting comparability in the review period. The items affecting the comparability of the EBITDA and operating result in 2016 totalled EUR 6.5 million and were mostly related to the listing of DNA. Depreciation and amortisation charges of EUR 95.2 million (93.9 million) was allocated to Consumer Business.

DNA's remaining DVB-T format pay-TV channels switched to DVB-T2 technology on 17 May 2017. The greater efficiency of the new technology increases broadcasting capacity and enables the transmission of HD-quality broadcasts over the terrestrial network. Some customers were left outside the coverage area as a consequence of the change.

In August, DNA launched a new Android TV device called DNA TV-hubi. The device combines a set-top box, online applications, games and music to one, easy-to-use entertainment system which also has a smart phone-style app store. Google Cast, which enables the easy mirroring of content from a smart phone or tablet to a TV, is built into the device. Sales of DNA TV-hubi took off immediately, giving a clear signal that Finns are embracing the new way of watching TV. The device is mainly sold together with a broadband subscription. DNA TV-hubi enables you to watch DNA's pay-TV offering via terrestrial, cable and IPTV distribution.

Since 15 June 2017, DNA has billed customers for roaming calls and messages in the EU at the domestic rate, and the unit price of data fell by more than 90%. The new EU pricing scheme is valid within fair usage limits and for periodic roaming. Subscription type specific fair usage limits will be introduced for EU-roaming data. DNA also launched new subscriptions in June that include an EU data package in the monthly fee. The plans come with unlimited 4G in Finland and the monthly fee includes a sizeable EU data package of 10GB/month. After the new "roam like at home" rules came into force, our customers' use of mobile data abroad has multiplied. Similarly, foreign travellers now use more mobile communications services while visiting Finland. Our roaming costs are compensated by the EU-baseline tariff of old subscriptions and the higher price of the new subscriptions with an EU data package.

In recent years, DNA has made significant investments in data systems and analytics tools to deepen customer understanding and to develop a seamless omnichannel customer experience. In November 2017, DNA was chosen as the Digital Leader 2018 in the study measuring digital maturity. The study assesses in excess of 200 leading Nordic brands in Finland, Sweden and Norway every year.

DNA's mobile device sales developed positively in 2017 and, in terms of sales revenue, were at a higher level than in 2016. Device sales were particularly strong at the end of the year.

Competition was intense in 2017, in particular in mobile communication. This affected DNA's CHURN rate, which increased to 18.3% from 16.1% in 2016. Despite intense competition as well as changes in the price and design of some products, DNA's Consumer Business mobile communication subscription base decreasead only by 10,000 subscriptions subscriptions (-0.4%) in 2017.

In Consumer Business, the ARPU for postpaid subscriptions increased in 2017 from 18 euros/month to 19.6 euros/month as customers switched from 3G subscriptions to faster 4G subscriptions.

Corporate Business key figures

EUR million	2017	2016	Change, %
Net sales	**658.7**	631.3	4.3%
EBITDA	**199.8**	168.4	18.6%
- % of net sales	**30.3%**	26.7%	
Comparable EBITDA	**199.8**	174.9	14.2%
- % of net sales	**30.3%**	27.7%	
Operating result, EBIT	**104.6**	74.6	40.2%
- % of net sales	**15.9%**	11.8%	
Comparable operating result, EBIT	**104.6**	81.1	29.0%
- % of net sales	**15.9%**	12.8%	

Corporate business

Corporate business net sales remained at a similar level year-on-year and amounted to EUR 227.4 million (227.5 million). EBITDA increased to EUR 72.0 million (67.9 million), accounting for 31.7% of net sales (29.8%). Net sales and EBITDA were mainly affected by price changes of leased masts and equipment sites that came into force in the spring of 2017. Improved cost-efficiency of modern network platforms had a positive effect on the EBITDA. Operating result increased and was EUR 19.0 million (16.7 million), or 8.3% (7.3%) of net sales.

In the review period, the comparability of the operating result was affected by an item of EUR 3.1 million related to data system impairment. The items affecting the comparability of the EBITDA and operating result in 2016 totalled EUR 4.3 million and were mostly related to the listing of DNA. Depreciation and amortisation charges of EUR 53.1 million (51.2 million) was allocated to Corporate business.

Business in the segment developed well in 2017: there was strong interest in corporate network solutions and the corporate mobile subscription base grew by 79,000 subscriptions, or 16%. The mobile communication subscription base grew for all sizes of enterprises and public-sector organisations. The subscription base of virtual operators leasing network capacity from DNA also grew. Entrepreneurs in particular were switching from fixed-network broadband subscriptions to mobile broadband subscriptions.

DNA signed several significant new agreements and extensions to existing contracts with enterprises and the public sector in 2017. The share of small and medium-sized enterprises in particular grew significantly.

For instance, DNA signed a new agreement with sporting goods company Amer Sports. In addition to mobile subscriptions, Amer Sports also chose DNA's outsourced attendant service. The Finnish Association of People with Physical Disabilities (FPD), which already used DNA's communication services, expanded the relationship by transferring data communication and security services to DNA. The organisation has premises in approximately 60 locations across Finland and DNA will implement a redundant corporate network solution for all of them.

Security company PSG Turva Oy and DNA signed an agreement on the provision of attendant and related services, mobile and data subscriptions as well as M2M subscriptions. PSG also chose DNA as its device provider. In 2017, DNA also signed agreements with Fonecta, a provider of digital sales and marketing services, the Guides and Scouts of Finland and LähiTapiola.

In October 2017, DNA and the city of Vantaa signed a three-year extension agreement on the delivery of all connections of the city, the LANs and WLANs of offices, firewall services and the internet connections delivered in connection with them, online authorisation solutions and any additional services. The total value of the agreement for the first three years is more than EUR 8 million.

IoT solutions became more common. For instance, a NB-IoT-based service was piloted by a retail store run by Kesko, a Finnish supermarket chain, to monitor indoor air quality. The service available in the Talotohtori cloud service provided by Enermix. Enermix uses DNA's M2M subscriptions, which allow remote and wireless management and monitoring of the devices. In 2017, DNA's M2M subscription base grew some 15%. DNA continuously develops its own IoT capability.

Corporate Business key figures

EUR million	2017	2016	Change, %
Net sales	**227.4**	227.5	-0.1%
EBITDA	**72.0**	67.9	6.1%
- % of net sales	**31.7%**	29.8%	
Comparable EBITDA*	**72.0**	72.2	-0.2%
- % of net sales	**31.7%**	31.7%	
Operating result, EBIT	**19.0**	16.7	13.7%
- % of net sales	**8.3%**	7.3%	
Comparable operating result, EBIT*	**22.0**	21.0	4.9%
- % of net sales	**9.7%**	9.2%	

CAPITAL EXPENDITURE

Capital expenditure was EUR 144.0 million (143.6 million). Operative capital expenditure decreased 2.9% from 2016 and was EUR 132.9 million (136.9 million), or 15.0% of net sales (15.9%). The spectrum licence fee contributed EUR 11.1 million to total capital expenditure in 2017 and EUR 6.7 million in 2016.

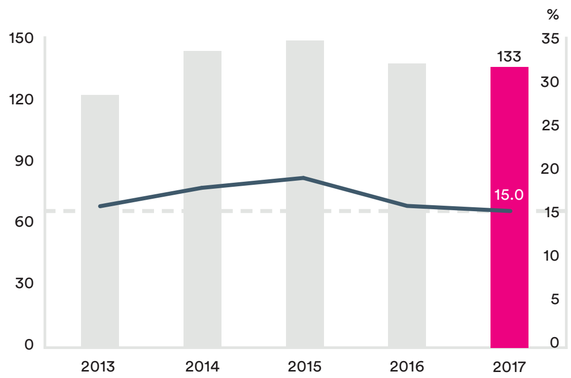
The focus of DNA's mobile communication network investments has shifted from network modernisation and coverage expansion to capacity expansion.

Major individual items included in capital expenditure in the review period are 4G network capacity expansion, fibre optics networks and transmission systems.

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

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

Operative capex, EUR million and operative capex % of net sales



Capital expenditure

EUR million	2017	2016	Change, %
Consumer Business	96.9	90.9	6.6%
Corporate Business	43.4	45.8	-5.2%
Unallocated	3.7	6.9	-46.8%
Total capital expenditure	144.0	143.6	0.3%
Operative capital expenditure	132.9	136.9	-2.9%
Spectrum licence	11.1	6.7	65.5%
Total capital expenditure	144.0	143.6	0.3%

RESEARCH AND DEVELOPMENT

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

NETWORK INFRASTRUCTURE AND NEW TECHNOLOGIES

DNA makes continuous investments in mobile and fixed networks to keep providing high-quality connections to support the customers' growing use of devices and services. At the end of 2017, DNA's 4G network reached 99.7% of the population in mainland Finland. In 2017, the focus of DNA's network investments has shifted from network coverage expansion to capacity expansion.

In the fourth quarter, 4G traffic volumes in DNA's networks grew more than 51% year-on-year. DNA's total data traffic volume in the mobile communications network grew 39%. In the fourth quarter, some 88% of all mobile data was transferred in the 4G network.

In early 2017, DNA tested the potential of the new 5G radio technology. A transmission rate of some 25 Gbps and a delay of less than 3 ms were achieved in the radio connection in the 5G test, which is a strong proof of the progress of 5G development. In the second quarter, DNA took another step toward 5G by testing a 1 Gbps speed on its 4G network.

The 700 MHz spectrum auction for licences for commercial use took place towards the end of 2016 and DNA won the frequency pair it pursued. DNA began 4G construction using the spectrum in the beginning of February 2017.

The number of concurrent IPv6 users in DNA's mobile communication network reached one million in late 2017. The fast development of mobile devices is the primary driver for the increase in the number of IPv6 users. DNA's IPv6 traffic volume is considerable, even in international comparison. DNA's networks enable IPv6 connections for over two million concurrent users.

The NB-IoT readiness of DNA's mobile network covered 85% of the population in Finland at the end of 2017. The NB-IoT technology makes it possible to connect a broad range of devices to the mobile network, thus encouraging the use of the Internet of Things (IoT). DNA expands the NB-IoT service area based on customer need.

The DNA Valokuitu Plus (DNA Fibre Optic Plus) network enables broadband speeds of up to a Gigabit-class per second without any changes to the housing company's internal network. At the end of 2017, the Gigabit-class speed was available to more than 620,000 households. Gigabit-class speeds are required as the number of Internet-connected devices, and their capacity requirements, are growing in households.

PERSONNEL

At the end of December 2017, DNA Group had 1,601 employees (1,668), of which 643 were women (683) and 958 men (985).

Salaries and employee benefit expenses amounted to EUR 111.1 million (112.9 million).

One of DNA's strategic objectives is being a great place to work and one of the most desired employers in Finland. The happiness and well-being of employees is crucial for DNA to be able to keep providing an excellent customer experience. DNA received the Great Place to Work® certificate in October 2017. To be granted the certificate, a company must score at least 70 in the total result of Trust Index© survey and the result according to background variables of gender and position. DNA's employee satisfaction is at a very good level and has improved for three consecutive years.

In 2017, DNA introduced grandparental leave, entitling DNA employees who become grandparents to one week's paid leave. The aim of the leave is to promote family-friendliness at the workplace also at a later career stage. DNA's grandparental leave was rewarded as the Working Life Action of the year in the 100 Actions campaign organised by Ilmarinen Mutual Pension Insurance Company.

* http://media.tefficient.com/2017/12/tefficient-industry-analysis-4-2017-mobile-data-usage-and-revenue-Q3-2017-per-operator-21-Dec-rev-B.pdf

Personnel by business segment

	2017	2016	2015
Consumer Business	**942**	1,012	1,000
Corporate Business	**659**	656	672
Total personnel	**1,601**	1,668	1,672

Personnel by age group

	2017	2016	2015
< 25	**1%**	2%	3%
25-35	**29%**	30%	31%
36-45	**37%**	36%	35%
46-55	**23%**	22%	22%
56-63	**10%**	9%	9%
Over 63	**0%**	1%	0%
In total	**100%**	100%	100%

Key personnel indicators

	2017	2016	2015
Average number of personnel	**1,639**	1,677	1,710
Wages and salaries, EUR million	**111.1**	112.9	106.9

MANAGEMENT AND GOVERNANCE AND SIGNIFICANT LITIGATION MATTERS

Changes in the Group structure

There were no significant changes in the Group structure in 2017.

Significant litigation matters

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

Management and governance

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

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

Decisions of the Annual General Meeting 2017

DNA Plc's Annual General Meeting was held on 22 March 2017. The AGM adopted the financial statements and discharged the Board of Directors and the CEO from liability for the financial period 2016.

According to the proposal by the Board of Directors, the dividend was set at EUR 0.55 per share. The dividend was paid on 7 April 2017.

The Nomination Committee's proposal on the composition and compensation of the Board of Directors was approved.

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

The AGM approved the proposal by the Board of Directors to authorise the Board to decide on the repurchase and transfer of the company's own shares and on a share issue. The authorisation will be in force until the end of the next Annual General Meeting. The minutes of the General Meeting are available at www.dna.fi/agm.

Board of Directors

The number of Board members was confirmed as seven by the Annual General Meeting, and Pertti Korhonen was re-elected as Chairman of the Board. Re-elected members of the Board include Anu Nissinen, Tero Ojanperä, Jukka Ottela, Margus Schults and Kirsi Sormunen. Heikki Mäkijärvi was elected as a new member. The term of office of the Board members will last until the end of the next Annual General Meeting.

The Board convened 18 times in 2017. The attendance rate at meetings of the Board of Directors was 93 per cent.

The Board of Directors began working on the Group strategy for the next phase of development. Monitoring of the key development programmes related to the present strategy continued. In addition to its regular Board work, the Board gave special consideration to matters including policies and measures related to customer perspectives, customer satisfaction and the HR strategy.

The following members belonged to the Audit Committee:

Kirsi Sormunen (Chair), Anu Nissinen and Jukka Ottela.

The Audit Committee convened six times, and the attendance rate was 92 per cent.

The following members belonged to the Personnel Committee:

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

The Personnel Committee convened four times, and the attendance rate was 100 per cent.

Corporate Governance Statement

In accordance with the Finnish Corporate Governance Code, DNA publishes a separate Corporate Governance Statement, including salary and remuneration report, for 2017. The statement also covers other important aspects of governance at DNA and will be published with DNA's electronic Annual Report on 1 March 2018, separately from the Board of Director's report.

SHARES AND SHAREHOLDERS

Shares

On 31 December 2017, DNA's registered shares totalled 132,303,500 (132,303,500) and the share capital registered in the Finnish Trade Register amounted to EUR 72,702,225.65 (EUR 72,702,225.65). At the end of December, the company held 264,817 treasury shares.

Trading in the DNA share began at Nasdaq Helsinki (the Helsinki Stock Exchange) on 30 November 2016. In 2017, a total of 79.6 million DNA shares, totalling EUR 1,105.9 million, were traded on the Nasdaq Helsinki Stock Exchange. The highest quotation was EUR 15.85 and the lowest EUR 10.13. The average rate was EUR 13.90 and volume-weighted average rate EUR 13.92. The closing quotation on the last trading day of the review period, 29 December 2017, was EUR 15.65 and the market capitalisation (without DNA's treasury shares) was EUR 2.066 billion (EUR 1.343 billion at end of 2016).

DNA repurchased 967,897 own shares between 1 June and 14 September 2017 in connection to the Group's incentive schemes. The average price per share was EUR 14.46. The shares were purchased at market price on the acquisition date through trading on a regulated market organised by Nasdaq Helsinki Ltd.

Shareholders and flagging notifications

At the end of 2017, the number of registered shareholders totalled 13,304, nominee registrations included (8). The proportion of nominee registrations and direct foreign shareholders was 18.8%.

Under the provisions of the Securities Markets Act, a shareholder of a listed company has an obligation to inform the Financial Supervisory Authority and the listed company in question of the changes in its holding in the listed company's shares.

On 19 December 2017, DNA received a notification according to Chapter 9, Section 5 of the Securities Markets Act from Finda Oy stating that Finda Oy's fully owned subsidiary, Finda Telecoms Oy has with a business transaction made on 19 December 2017, bought 44,235,454 DNA shares, which corresponds to Finda Oy's entire holding in DNA. As a result, Finda Oy's direct holding in DNA fell below the 5% threshold and Finda Telecoms Oy's holding in DNA exceeded the 30% threshold.

Share-based reward systems

DNA's Board of Directors decided in its meeting on 30 January 2017 to establish a new long-term share-based incentive scheme for senior management and other key employees.

The new system mainly consists of a Performance Share Plan (PSP), which is complementary to a separate share-based Bridge Plan which facilitates the transition period. In addition, DNA has a Restricted Share Plan (RSP). DNA's Board of Directors decided in its meeting on 19 December 2017 to continue the long-term incentive schemes. See note 23 for more information on DNA's share-based reward system.

DNA'S TEN LARGEST SHAREHOLDERS 31 DECEMBER 2017

	Shareholder	Number of shares	% of shares
1	Finda Telecoms Oy	44,235,454	33.4
2	PHP Holding Oy	34,105,827	25.8
3	Imarinen Mutual Pension Insurance Company	5,123,500	3.9
4	Viria Oyj	2,929,648	2.2
5	Elo Pension Company	2,200,000	1.7
6	Lohjan Puhelin Oy	2,196,705	1.7
7	Mandatum Life Insurance Company Limited	1,200,000	0.9
8	The State Pension Fund	1,200,000	0.9
9	Nordea Pro Finland Fund	917,732	0.7
10	Jakobstadsnejdens Telefon Ab	700,800	0.5
		94,809,666	71.7

DISTRIBUTION BY SECTOR 31 DECEMBER 2017

Shareholders by sector	Number of shares	% of shares
Households	5,619,089	4.3
Public sector	9,462,302	7.2
Financial and insurance institutions	5,806,095	4.4
Companies	85,788,331	64.8
Non-profit communities	709,965	0.5
Direct foreign ownership	164,911	0.1
Nominee registered	24,752,807	18.7
In total	132,303,500	100

BREAKDOWN BY SIZE OF HOLDING 31 DECEMBER 2017

Number of shares	Number of shareholders	% of shareholders	Number of shares	% of shares
1-100	4,429	33.3	304,384	0.2
101-500	6,169	46.3	1,511,434	1.1
501-1000	1,622	12.2	1,178,318	0.9
1001-5000	860	6.5	1,709,501	1.3
5001-100 000	190	1.4	3,513,605	2.7
100 001-500 000	20	0.2	4,272,261	3.2
500 001-	14	0.1	119,813,997	90.6
In total	13,304	100.0	132,303,500	100.0

Holdings of DNA shares by members of DNA's Executive Team	Shares, 31 December 2017
Jukka Leinonen	125,032
Timo Karppinen	44,083
Pekka Väisänen	42,209
Hannu Rokka	34,431
Tommy Olenius	39,807
Asta Rantanen	29,488
Marko Rissanen	26,555
Christoffer von Schantz	30,263
Janne Aalto	37,933

Holdings of DNA shares by members of DNA's Board of Directors	Shares, 31 December 2017
Pertti Korhonen	11,001
Jarmo Leino (member of the Board of Directors until 22 March 2017)	17,405
Heikki Mäkijärvi (member of the Board of Directors since 22 March 2017)	0
Anu Nissinen	15,917
Tero Ojanperä	10,440
Jukka Ottela	19,241
Margus Schults	6,875
Kirsi Sormunen	2,000

DNA'S FINANCIAL OBJECTIVES AND DIVIDEND POLICY

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

DNA's medium-term financial objectives:

- net sales growth faster than average market growth
- EBITDA margin of at least 32%
- operative capital expenditure less than 15% of net sales
- net debt/EBITDA of less than 2.0

DNA achieved good results in the above-mentioned objectives in 2017. EBITDA margin improved, and came to 30.7% at the end of 2017, while operative capital expenditure was 15.0% of net sales and the net debt/EBITDA ratio was 1.12.

According to the decision of the AGM on 22 March 2017, a dividend per share of EUR 0.55 was paid on 7 April 2017. The total payout amounted to EUR 73 million.

CORPORATE RESPONSIBILITY

DNA's approach to corporate responsibility is guided by the corporate responsibility strategy, which comprises three main areas: the customer, the society and meaningful work. DNA's corporate responsibility objectives are specified in the strategy. DNA has assessed corporate responsibility risks as part of the Group's overall risk management process. DNA's corporate responsibility objectives and measures are described in a separate corporate responsibility report according to the Global Reporting Initiative reporting model. The reporting period is one year and 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 DNA's responsible attitude towards its customers, mitigation of the environmental impact of DNA's business and greenhouse gas emissions in particular, and looking after DNA's personnel by providing a great place to work and meaningful work.

Environmental responsibility

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

DNA's climate objectives are the following:

- Reducing emissions from the radio network in proportion to annual data transfer volumes by 80% by 2020 (from the levels reported in 2014)
- Reducing total emissions (Scope 1, 2 and 3) by 15% by 2020 (from 2014 levels)

In 2017, radio network emissions in proportion to annual radio network data transfer volumes were 0.02 tCO_2/TB (0.03). The decrease is due to the increased energy efficiency of the radio network as well as strong expansion of data transfer volumes. Emissions from the radio network in proportion to annual data transfer volumes have already decreased more than 90% from 2014, which is well above target.

DNA's total emissions (Scope 1, 2 and 3) in 2017 were 208,000 tonnes (201,000). The increase in 2017 was due to higher level of IT equipment purchases for example. To decrease total emissions, the Group uses renewable energy and improves the energy efficiency of operations. Indirect emissions from the generation of purchased energy (Scope 2) are down by some 50% since 2014, which is due to procurement of electricity from renewable sources.

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

Social responsibility and employee-related factors

DNA's vision and mission are to have the most satisfied customers. DNA's development is guided by customer satisfaction, which is measured by means such as the Net Promoter Score (NPS), a measure of the likelihood that a customer would recommend the product or service. In Consumer Business, product-specific NPS improved across the main product groups in 2017. The rNPS score, which measures customer relations in general, increased by 5 points. In Corporate Business, NPS remained at the good level reached last year.

DNA is aware of the fact that personnel satisfaction drives the positive development of customer satisfaction. Several measures were implemented in both consumer and corporate customer service to promote personnel satisfaction and well-being.

DNA participated in the Great Place to Work® (GPTW) survey for the fourth time in 2017. The survey measures employee satisfaction and the company's employer image. The Trust Index© that measures employee satisfaction at DNA improved again. In addition, 83% of all DNA employees considered DNA as a good workplace (81% in 2016).

DNA received the Great Place to Work® certificate in 2017. To be granted the certificate, a company must score at least 70% in the total result of Trust Index© survey and the result according to background variables of gender and position.

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

Respect for human rights

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

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

There were no human rights violations at DNA in 2017.

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

Anti-corruption and anti-bribery

DNA has zero-tolerance of corruption and bribery: DNA's Code of Conduct bans any corruption. Every DNA employee is required to attend DNA's Code of Conduct training, which started in the beginning of 2017. In 2017, 80% of the personnel completed the training. In addition, DNA's Sustainability Manager and Fraud Manager train DNA personnel on DNA Group's anti-corruption policies and procedures as required.

DNA has separate guidelines for the giving and receiving of business gifts. Any corruption risk is assessed as part of the Group's risk management process. There were no incidents of corruption or bribery at DNA in 2017.

NEAR-TERM RISKS AND UNCERTAINTIES

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

Strategic and operative risks

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

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

New communication methods and continuous technological development

The rapid phase of technological development affects the entire telecommunication industry and DNA's business. Alongside traditional communications methods, technological development and new types of services and devices can create new revenue models. Customer behaviour can change rapidly if new services are reliable and easy to use. As new communications methods gain widespread popularity, they have an impact on the traditional business of operators.

Intense competition in entertainment business

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

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

System and network risks

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 the Group's success depends on its ability continuously to maintain and improve its network infrastructure.

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

Use of mobile devices that have a constant network connection is increasing strongly among both business and private users. M2M subscriptions and the Internet of Things (IoT) will further expand the volume of data traffic. As the IoT becomes more common, for example through the introduction of new kinds of smart devices, the role of good information security, data security and high operational network reliability gain in importance.

Regulatory risks

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

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

Financing risks

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

Damage risk

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

EVENTS AFTER THE REVIEW PERIOD

DNA Shareholders' Nomination Committee submitted a proposal to DNA Plc Annual General Meeting 2018 on 18 January 2018. The Shareholders' Nomination Committee proposed re-election of current members of the Board of Directors: Pertti Korhonen, Anu Nissinen, Tero Ojanperä, Jukka Ottela, Margus Schults, Kirsi Sormunen and Heikki Mäkijärvi. The Shareholders' Nomination Committee also proposed that Pertti Korhonen continues as the Chairman and that the remuneration of the Board of Directors remain unchanged. More information on proposed members of the Board at www.dna.fi/agm

OUTLOOK FOR 2018

Market outlook

The Finnish economy has returned to growth and we expect the mobile service market to grow in 2018. According to a forecast by the Bank of Finland, GDP growth is expected to continue, albeit at a slightly slower pace than in 2017. Competition is expected to remain intense in 2018.

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 faster 4G subscriptions as well as mobile data usage per subscription. Customers are prepared to pay more for faster data connections. The share of 4G subscriptions in DNA's subscription base is expected to grow.

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

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

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

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 or to grow in the future. Increasing use of services such as cloud and entertainment services maintains and increases the demand for high-speed and high-performance networks.

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

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

DNA's guidance for 2018

DNA's net sales and comparable operating result are expected to remain at the same level as in 2017. The Group's financial position and liquidity are expected to remain at a healthy level.

Board of Directors' proposal for distributable funds

DNA Plc's distributable funds in the financial statements amount to EUR 208,447,605, of which profit for the financial year came to EUR 76,027,444.67.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.46 per share and a capital payment of EUR 0.17 per share from the reserve for invested unrestricted equity, in total EUR 0.63 per share, be distributed for the financial period ending 31 December 2017. The Board also proposes that an extra capital payment of EUR 0.47 per share be distributed from the reserve for invested unrestricted equity. In total, the Board's proposal is to distribute EUR 1.10 per share.

Based on the number of shares at 31 December 2017, the total dividend to be paid comes to EUR 60,737,794.18. The capital payment from the reserve for invested unrestricted equity is EUR 84,504,757.12. In total, EUR 145,242,551.30 is distributed to DNA's shareholders from distributable funds. The Board proposes that the remaining profit be retained and carried further in the Group's non-restricted equity.

According to the proposal, the dividend and an extra capital payment will be paid to shareholders registered in the company's shareholder register held by Euroclear Finland Ltd on the dividend record date of 26 March 2018. The dividend and an extra capital payment is proposed to be paid on 4 April 2018.

DNA's Annual General Meeting 2018

DNA's Annual General Meeting will take place at the Finlandia Hall in Helsinki on 22 March 2018 at 1pm. DNA's Board of Directors has issued an invitation to the Annual General Meeting.

DNA Plc

Board of Directors

GROUP KEY FIGURES

EUR million	**2017**	2016	2015	2014	2013
Net sales	**886.1**	858.9	828.8	831.5	765.1
EBITDA	**271.8**	236.3	227.7	202.2	189.4
- % of net sales	**30.7%**	27.5%	27.5%	24.3%	24.8%
Comparable EBITDA	**271.8**	247.1	226.7	211.0	195.0
- % of net sales	**30.7%**	28.8%	27.3%	25.4%	25.5%
Depreciation, amortisation and impairment	**148.2**	145.0	154.6	176.6	147.1
Operating result, EBIT	**123.5**	91.2	73.1	25.6	42.3
- % of net sales	**13.9%**	10.6%	8.8%	3.1%	5.5%
Comparable operating result, EBIT	**126.6**	102.1	72.0	55.7	47.9
- % of net sales	**14.3%**	11.9%	8.7%	6.7%	6.3%
Net result before tax	**114.2**	81.7	61.6	15.2	36.3
Net result for the period	**93.1**	65.2	50.0	12.4	27.9
Return on investment (ROI), %	**13.1**	9.6	7.6	2.8	5.2
Return on equity (ROE), %	**15.5**	11.6	9.7	2.4	5.3
Capital expenditure	**144.0**	143.6	154.7	149.6	128.4
Cash flow after investing activities	**107.7**	83.5	97.3	-123.7	-33.6
Free cash flow to equity	**118.8**	92.6	101.5	48.7	19.2
Net debt, EUR million	**304.3**	321.7	412.3	479.4	326.7
Net debt/EBITDA	**1.12**	1.36	1.81	2.37	1.72
Net gearing, %	**50.3**	53.9	78.5	95.1	62.7
Equity ratio, %	**50.6**	48.4	44.1	41.4	49.4
Personnel at the end of period	**1,601**	1,668	1,672	1,748	1,563

RECONCILIATION OF COMPARABLE KEY FIGURES

EUR thousand	2017	2016	2015	2014	2013
EBITDA	**271,772**	236,290	227,714	202,227	189,406
Direct transaction costs of the listing	-	6,486	-	-	-
Cost impacts on the share-based compensation plan of the listing	-	3,795	-	-	-
Restructuring costs	-	528	-	4,806	-
Net gains from business disposals	-	-	-1,055	-	-
Direct transaction costs related to business acquisitions	-	-	-	3,290	1,278
VAT sanctions, previous periods	-	-	-	630	1,771
Costs related to a study on the strategic alternatives	-	-	-	-	2,554
Comparable EBITDA	**271,772**	247,100	226,659	210,954	195,009
Operating result	**123,523**	91,249	73,093	25,601	42,312
Direct transaction costs of the listing	-	6,486	-	-	-
Cost impacts on the share-based compensation plan of the listing	-	3,795	-	-	-
Restructuring costs	-	528	-	4,806	-
Net gains from business disposals	-	-	-1,055	-	-
Direct transaction costs related to business acquisitions	-	-	-	3,290	1,278
VAT sanctions, previous periods	-	-	-	630	1,771
Costs related to a study on the strategic alternatives	-	-	-	-	2,554
Write-off of the PlusTV brand	-	-	-	12,490	-
Write-off of other non-current assets	**3,057**	-	-	8,862	-
Comparable operating result	**126,579**	102,059	72,038	55,680	47,914

FREE CASH FLOW TO EQUITY

EUR thousand	2017	2016	2015	2014	2013
Comparable EBITDA	**271,772**	247,100	226,660	210,954	195,009
Operative capital expenditure	**-132,904**	-136,890	-147,950	-142,839	-121,701
Operating free cash flow	**138,867**	110,210	78,710	68,115	73,308
Interest paid, net	**-8,720**	-8,608	-7,792	-9,183	-7,727
Income taxes, paid	**-25,775**	-5,180	2,096	-10,678	-17,731
Adjusted change in net working capital	**19,312**	-1,497	37,917	-2,175	-27,200
Change in provisions	**-4,856**	-2,307	-9,447	2,620	-1,412
Free cash flow to equity	**118,830**	92,617	101,484	48,699	19,238

CASH FLOW AND FINANCIAL KEY FIGURES

	2017	2016	2015	2014	2013
Cash flow after investing activities, EUR million	**107.7**	83.5	97.3	-123.7	-33.6
Net debt, EUR million	**304.3**	321.7	412.3	479.4	326.7
Net debt/EBITDA	**1.12**	1.36	1.81	2.37	1.72
Net gearing, %	**50.3**	53.9	78.5	95.1	62.7
Equity ratio, %	**50.6**	48.4	44.1	41.4	49.4

PER-SHARE KEY FIGURES*

	2017	2016	2015	2014	2013
Basic earnings per share, EUR	**0.71**	0.51	0.39	0.10	0.22
Diluted earnings per share, EUR	**0.71**	0.51	0.39	0.10	0.22
Equity per share, EUR	**4.6**	4.5	4.1	4.0	4.1
Dividend per share, EUR	**0.46****	0.55	0.31	0.24	0.24
Capital payment per share from the reserve for invested unrestricted equity, EUR	**0.17****	-	-	-	-
Extra capital payment per share from the reserve for invested unrestricted equity, EUR	**0.47****	-	-	-	-
Dividend per earnings, %	**65%****	108%	81%	242%	108%
Capital payment per share from the reserve for invested unrestricted equity, from result %	**24% ****	-	-	-	-
Extra capital payment per share from the reserve for invested unrestricted equity, from result %	**66% ****	-	-	-	-
Effective dividend yield, %	**2.9%****	5.42%	-	-	-
Effective share-based capital payment from the reserve for invested unrestricted equity,%	**1.1%****	-	-	-	-
Effective share-based extra capital payment from the reserve for invested unrestricted equity,%	**3.0%****	-	-	-	-
Price/earnings ratio (P/E)	**22.0**	19.9	-	-	-
Lowest price of the share	**10.13**	9.87	-	-	-
Highest price of the share	**15.85**	10.29	-	-	-
Average price of the share	**13.90**	10.09	-	-	-
Market capitalisation	**2,070,549,775**	1,342,880,525	-	-	-
Trading volume for the financial period	**79,550,798**	56,981,069	-	-	-
Trading volume for the financial period, %	**60.2%**	43.1%	-	-	-
Weighted average adjusted number of shares during the fi nancial period (1,000)	**131,923**	127,733	127,306	127,183	127,178
Adjusted number of shares at the end of the financial period (1,000)	**132,081**	132,304	127,318	127,187	127,178

*In the share split on 27 October 2016, 118,837,460 new shares were issued, bringing the total number of DNA shares to 127,325,850. The split had no effect on the company's share capital or capital structure. Per-share key figures have been adjusted according to the new number of shares.
**Board of Directors' proposal

KEY OPERATIVE INDICATORS

	2017	2016	2015	2014	2013
Number of mobile communication network subscriptions at end of period*	**2,811,000**	2,742,000	2,621,000	2,505,000	2,450,000
DNA's own customers*	**2,744,000**	2,721,000	2,618,000	2,483,000	2,377,000,
Revenue per user (ARPU), EUR**	**18.4**	17.1	17.0	17.8	18.2
Customer CHURN rate, %**	**18.3**	16.1	16.0	16.9	17.1
Number of fixed line subscriptions at end of period	**1,130,000**	1,113,000	1,120,000	1,108,000	1,016,000
Broadband subscriptions	**458,000**	440,000	436,000	415,000	322,000
Cable TV subscriptions	**619,000**	608,000	606,000	593,000	591,000
Telephone subscriptions	**53,000**	65,000	78,000	100,000	103,000

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

CALCULATION OF KEY FIGURES

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

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

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

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

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

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

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

Comparable EBITDA (EUR) = EBITDA excluding items affecting comparability

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

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

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

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

Operating free cash flow = Comparable EBITDA - operative capital expenditure

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

*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. DNA's view, alternative performance measures provide significant additional information on DNA's results of operations, financial position and cash flows and are widely used by analysts, investors and other parties.

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

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

CALCULATION OF PER-SHARE KEY FIGURES

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

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

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

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

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

FINANCIAL STATEMENTS 2017

CONSOLIDATED INCOME STATEMENT

EUR in thousands	Note	1 Jan–31 Dec 2017	1 Jan–31 Dec 2016
Net sales	5	**886,088**	858,887
Other operating income	6	**4,177**	3,822
Materials and services		**–389,194**	–383,313
Employee benefit expenses	9	**–111,055**	–112,877
Depreciation, amortisation and impairments	8	**–148,249**	–145,041
Other operating expenses	7	**–118,244**	–130,228
Operating result, EBIT		**123,523**	91,249
Finance income	10	**889**	920
Finance expense	11	**–10,257**	–10,504
Share of associates' results	16	**4**	18
Net result before income tax		**114,158**	81,683
Income tax expense	12	**–21,072**	–16,474
Net result for the period		**93,086**	65,209
Attributable to:			
Owners of the parent		**93,086**	65,209
Earnings per share for net result attributable to owners of the parent:			
Earnings per share, basic (EUR)	13	**0,71**	0,51
Earnings per share, diluted (EUR)	13	**0,71**	0,51

Notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR in thousands	Note	1 Jan–31 Dec 2017	1 Jan–31 Dec 2016
Net result for the period		**93,086**	65,209
Items that will not be reclassified to profit and loss:			
Remeasurements of post employment benefit obligations	24	**71**	–155
Other comprehensive income, net of tax		**71**	–155
Total comprehensive income		**93,157**	65,053
Attributable to:			
Owners of the parent		**93,157**	65,053

Notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR in thousands	Note	31 Dec 2017	31 Dec 2016
Assets			
Non-current assets			
Goodwill	15	**327,206**	327,206
Other intangible assets	15	**178,070**	187,153
Property, plant and equipment	14	**421,580**	427,126
Investments in associates	16	**1,199**	1,199
Available-for-sale financial assets	17	**117**	215
Trade and other receivables	18	**38,468**	36,277
Deferred tax assets	19	**8,475**	14,704
Total non-current assets		**975,115**	993,880
Current assets			
Inventories	20	**22,909**	21,725
Trade and other receivables	18	**195,563**	189,241
Income tax receivables		**9,780**	7,687
Cash and cash equivalents	21	**23,592**	46,238
Total current assets		**251,843**	264,891
Total assets		**1,226,958**	1,258,771
Equity			
Equity attributable to owners of the parent			
Share capital	22	**72,702**	72,702
Reserve for invested unrestricted equity	22	**653,056**	652,719
Treasury shares	22	**−4,055**	0
Retained earnings		**−210,425**	−194,203
Net result for the period		**93,086**	65,209
Total equity		**604,363**	596,427

EUR in thousands	Note	31 Dec 2017	31 Dec 2016
Liabilities			
Non-current liabilities			
Borrowings	26, 27, 29	**173,362**	327,659
Employment benefit obligations	24	**2,028**	2,097
Provisions	25	**6,813**	10,739
Deferred tax liabilities	19	**22,783**	25,671
Other non-current liabilities		**23,605**	22,957
Total non-current liabilities		**228,591**	389,123
Current liabilities			
Borrowings	26, 27, 29	**154,518**	40,290
Provisions	25	**490**	1,351
Trade and other payables	28	**234,603**	221,340
Income tax liabilities		**4,391**	10,240
Total current liabilities		**394,003**	273,221
Total liabilities		**622,594**	662,344
Total equity and liabilities		**1,226,958**	1,258,771

Notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR in thousands	2017	2016
Cash flows from operating activities		
Net result for the period	**93,086**	65,209
Adjustments 1)	**173,780**	169,053
Change in net working capital 2)	**15,266**	16,375
Dividends received	**8**	6
Interest paid	**−7,901**	−8,418
Interest received	**373**	492
Other financial items	**−1,193**	−682
Income taxes paid	**−25,775**	−5,180
Net cash generated from operating activities	**247,646**	236,855
Cash flows from investing activities		
Investments in property, plant and equipment (PPE) and intangible assets	**−139,974**	−152,405
Proceeds from sale of PPE	**75**	303
Other investments	**−52**	−1,268
Net cash used in investing activities	**−139,951**	−153,370
Cash flows from financing activities		
Proceeds from share issue	**0**	50,067
Direct costs relating to share issue	**−3,314**	−2,209
Treasury share acquisition	**−14,035**	0
Dividend payment	**−72,767**	−40,063
Proceeds from borrowings	**99,893**	59,864
Repayment of borrowings	**−140,119**	−130,170
Net cash generated from (used in) financing activities	**−130,342**	−62,512

Change in cash and cash equivalents	**−22,647**	20,973
Cash and cash equivalents at beginning of year	**46,238**	25,266
Cash and cash equivalents at end of year	**23,592**	46,238
1) Adjustments:		
Depreciation, amortisation and impairment	**148,249**	145,041
Gains and losses on disposals of non-current assets	**−50**	−250
Other non-cash income and expense	**−4**	−18
Finance income and expense	**9,368**	9,584
Income tax expense	**21,072**	16,474
Change in provisions	**−4,856**	−1,779
Total adjustment	**173,780**	169,053
2) Change in net working capital:		
Change in trade and other receivables	**−9,588**	−10,332
Change in inventories	**−1,183**	−643
Change in trade and other payables	**26,037**	27,351
Change in net working capital	**15,266**	16,375

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 2016		**72,702**	**607,335**	**−103,388**	**−51 729**	**524,920**
Comprehensive income						
Net result for the period					65,209	65,209
Other comprehensive income						
Total other comprehensive income, net of tax	24				−155	−155
Total comprehensive income		**0**	**0**	**0**	**65,053**	**65,053**
Transactions with owners						
Share issue			50,067	67	−67	50,067
Expenses paid in connection with share issue net of tax			−4,999			−4,999
Reclassification			316			316
Cancellation of treasury shares				103,321	−103,321	0
Share-based payments	23				1,132	1,132
Dividends relating to 2015	22				−40,063	−40,063
Total contribution by and distributions to owners		**0**	**45,384**	**103,388**	**−142,319**	**6,454**
31 December 2016		**72,702**	**652,719**	**0**	**−128,995**	**596,427**

EUR in thousands	Note	Share capital	Reserve for invested unrestricted equity	Treasury shares	Retained earnings	Total equity
1 January 2017		**72,702**	**652,719**	**0**	**−128,995**	**596,427**
Comprehensive income						
Net result for the period					**93,086**	**93,086**
Other comprehensive income						
Total other comprehensive income, net of tax					**71**	**71**
Total comprehensive income		**0**	**0**	**0**	**93,157**	**93,157**
Transactions with owners						
Expenses paid in connection with share issue net of tax			**337**			**337**
Treasury share acquisition				**−14,035**		**−14,035**
Share-based payments	23			**9,980**	**−8,735**	**1,245**
Dividends relating to 2016	22				**−72,767**	**−72,767**
Total contribution by and distributions to owners		**0**	**337**	**−4,055**	**−81,502**	**−85,221**
31 December 2017		**72,702**	**653,056**	**−4,055**	**−117,340**	**604,363**

Notes are an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1.GENERAL INFORMATION

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

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

DNA Plc's Board of Directors approved the release of these consolidated financial statements at a meeting on 1 February 2018. Under the Finnish Limited Liability Companies Act, shareholders can approve or disapprove the consolidated financial statements in the Annual General Meeting held after the release. The Annual General Meeting is also entitled to amend the consolidated financial statements.

2. ACCOUNTING PRINCIPLES

Basis of preparation

The Consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) the IAS and IFRS standards as well as SIC and IFRS interpretations applicable as at 31 December 2017. 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 available-for-sale financial assets, 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 followings standards and amended standards during the financial year commencing 1 January 2017:

Recognition of Deferred Tax Assets for Unrealised Losses - Amendments to IAS 12 – The amendments did not have a material effect on the consolidated financial statements.

Disclosure Initiative – Amendment to IAS7. As a result of the amendment, the group has prepared a new note to the consolidated financial statements presenting a reconciliation of net debt (note 27).

The Annual Improvements process collects small and less urgent amendments to the standards and implements them once a year. The amendments had no material effect on the Group's financial statements. Other amendments that came into effect from the beginning of the financial year had no material impact on the Group's financial statements.

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 2016-2017 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 2016 and 2017.

Joint arrangements

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

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

Segment reporting

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

Foreign currency translation

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

Foreign currency transactions

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

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

Property, plant and equipment

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

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

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

The depreciation periods are as follows:

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

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

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

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

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

Intangible assets

Goodwill

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

Research and development expenditure

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

Contractual customer base

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

Other intangible assets

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

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

The useful lives of other intangible assets are as follows:

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

Inventories

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

Lease agreements

Group as a lessee

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

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

Impairment of property, plant and equipment and intangible assets

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

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

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

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

Employee benefits

Retirement benefit obligations

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

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

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

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

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

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

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

Share-based payments

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

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

Provisions and contingent liabilities

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

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

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

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

Current and deferred income tax

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

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

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

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

Revenue recognition

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

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

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

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

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

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

Interest and dividend

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

Borrowing costs

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

Financial assets and liabilities

Financial assets

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

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

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

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

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

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

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

Borrowings

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

Derivative financial instruments and hedge accounting

Derivatives are initially recognised at fair value and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group's derivatives are either cash flow hedges or derivatives not fulfilling the hedge accounting criteria.

During the financial period, the Group has been using interest rate swaps to hedge against loan interest rate risk transferring variable rate loans into fixed-rate loans. Hedge accounting under IAS 39 is applied to the interest rate swaps, and at the closing date they met the criteria for being effective. Changes in the fair value of effective derivatives qualifying for cash flow hedges are recognised in the statement of comprehensive income and presented in the hedge fund of shareholders' equity. Accumulated profit or loss from derivatives recognised in the shareholders' equity is carried in the income statement as income or expense in the period in which the hedged item is recognised in the income statement. When a cash flow hedge instrument expires, is sold or fails to qualify for hedge accounting, any profit or loss accumulated from the hedge instrument remains in shareholders' equity until the forecast cash flow from the transaction occurs. However, if the forecast transaction is not expected to continue, any profit or loss accumulated in the shareholders' equity is immediately recognised in the financial items in the income statement. Any possible non-effective share of the hedge relationship is immediately recognised in the financial items of the income statement. Fair values of interest rate swaps are determined using the discounted cash-flow method.

The Group may also have derivatives that fulfil the criteria for hedge instruments set by the Group risk management, but that do not fulfil the criteria for hedge accounting according to IAS 39. These derivatives are classified as assets or liabilities held for trade and presented in non-current assets or liabilities except when maturity is less than 12 months from the balance sheet date. Their realised and non-realised changes in fair value are recognised as finance income or expense in the income statement.

Share capital

Outstanding ordinary shares are presented in share capital.

Critical accounting judgements and key sources of estimation uncertainty

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

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

Business acquisitions

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

Active markets, where fair values for assets and liabilities are available, exist only seldom for the acquired net assets. Therefore the valuation exercise, which is based on repurchase value, expected cash flows or estimated payments, requires management judgement and assumptions. Management believes that the estimates and assumptions used are sufficiently reliable for determining fair values. See note 5 Business combinations.

Valuation of intangible assets and property, plant and equipment

Intangible assets including goodwill represent approximately 41 percent of DNA's total assets in 2017 (41 % in 2016) and property, plant and equipment represent approximately 34 percent of DNA's total assets in 2017 (34 % in 2016).

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 2017 was EUR 327.2 million (31 December 2016: EUR 327.2 million). Further details on goodwill impairment testing, including a sensitivity analysis, are included in note 15.

Provisions

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

Provisions recognized for future costs related to asset retirement obligations amounted to EUR 6.1 million at 31 December 2017 (EUR 7.6 million at 31 December 2016) and for onerous contracts EUR 0.7 million at 31 December 2017 (EUR 3.2 million at 31 December 2016). 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 for 31 December 2017 reporting periods and have not been early adopted by the group. The group's assessment of the impact of these new standards and interpretations is set out below:

IFRS 15 Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2018). The IFRS 15 Revenue from Contracts with Customers standard was published in May 2014 and applies to financial periods beginning on or after 1 January 2018. The new IFRS 15 standard includes a five-step process which must be applied for contracts with customers before revenue can be recognised. The new standard will replace IAS 18 and IAS 11 standards and the related interpretations.

The five-step process must be applied for contracts with customers. The steps are the following:

1 identifying the contract

2 identifying the performance obligations in the contract

3 determining the transaction price

4 allocation of the transaction price to each performance obligation (to each separate good and service promised to the client) on a relative standalone selling price basis

5 recognising the revenue when (or as) the performance obligation is satisfied by transferring the good or service to the client.

Revenue may be recognised over time or at a point in time, and the main criterion is the transfer of control.

DNA Plc will adopt the standard in the reporting period beginning on 1 January 2018 retrospectively with the cumulative effect of initially applying the standard recognised as an adjustment to the opening balance of retained earnings.

The IFRS 15 implementation project has been completed, during which some preliminary impacts of the adoption have been identified.

However, based on the analysis performed by the Group, no material effect is expected from the changes in the recognition of revenue. The Group's management estimates the equity impact of IFRS 15 to be EUR 41 to 42 million at time of adoption.

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

- Allocation of discounts to the performance obligations: Currently DNA applies the residual method for the bundled sale transactions when allocating revenue for the equipment and service components. Under IFRS 15, discounts shall be allocated to the separate performance obligations on the basis of their relative standalone selling prices. Residual method can no longer be applied. Therefore, the allocation of discounts to the performance obligations changes. A portion of the revenue will be recognised earlier than under current guidance. Currently, discounts for services given to customers are allocated to the first months of the contract period whereas according to IFRS 15, the discounts are to be recognised evenly throughout the contract period.
  The Group's management expects the adoption of the standard to increase revenue from sales of goods by less than 1% and correspondingly decrease service revenue by less than 1%.
  The change in the allocation of discounts also has material impacts on the Group's system and processes, which is why the Group has adopted a new system for the purpose of calculating the impacts of the IFRS 15 standard.
- Under the new guidance also the point of recognition for certain revenues and contract costs changes. Under the current guidance, activation and connection fees are recognised at the time of activation. Under the new guidance, activation and connection fees are recognised during the contract period. IFRS 15 also requires that incremental costs of obtaining a contract are capitalised.
  The Group has assessed that sales commissions and fees paid on obtaining a contract will be more widely capitalised compared to current practice. Capitalised incremental costs of obtaining a contract are amortised over the expected contract period. The Group's management estimates the new recognition method to decrease costs by 1 to 2% in 2018.
  The analysis also indicates that the capitalisation of costs of obtaining a contract is expected to have a major impact on the timing of cost recognition. This will mainly affect the Consumer Business.
  The Group expects no major impact on its information systems from the new guidance on recognition of contract costs, but expects the changes to mostly affect processes.
- There are also increased disclosure requirements in the new standard.
  Overall, it can be stated that according to the Group's assessment, in comparison to the current accounting method, major impact on revenue can only occur as a result of change in business in areas such as pricing or business models.

IFRS 9 Financial Instruments and amendments thereto (effective for financial periods beginning on or after 1 January 2018). The Group will adopt the IFRS 9 standard on the reporting period beginning on 1 January 2018. The new standard replaces the existing IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 will change the classification and measurement of financial instruments, including a new expected credit loss impairment model. The standard also contains new requirements for hedge accounting. The classification and measurement of financial liabilities largely correspond to the current guidance in IAS 39.

DNA has analysed the impacts of the IFRS 9 standard and expects no material impact on the Group's income statement and balance sheet from the new guidance to the classification and measurement of financial liabilities.

The change in the impairment of financial instruments mainly impacts the recognition of impairment loss of trade receivables. According to the new model, impairment provisions must be recognised earlier than before, based on expected credit losses. This applies to financial assets recorded at amortised cost and to the contract-based assets according to IFRS 15 Revenue from Contracts with Customers. The Group expects no material impact on the Group's financial statements from the adoption of the model. The impairment provision will be adjusted by EUR 0.8 million to retained earnings in the beginning of 2018.

Other figures for the comparative period will not be adjusted. There are also increased disclosure requirements in the new standard, as well as changes in presentation requirements.

Changes to IFRS 2 Share-Based Payments (effective for annual periods beginning on or after 1 January 2018). The changes clarify the classification and measurement of share-based payment transactions. They apply to the following areas: accounting for cash-settled share-based payment transactions, share-based payment transactions with net settlement features and modifications of share-based payment transactions from cash-settled to equity-settled. The Group expects no material impact on the Group's financial statements from these changes.

IASB published the IFRS 16 – Leases standard on 13 January 2016. It is effective for financial periods beginning on or after 1 January 2019. The changes mainly apply to accounting by lessees. For lessors, the situation remains mostly as is.

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

DNA Plc mostly acts as a lessee. The Group enters into agreements to lease office premises, equipment facilities and aerial sites in particular. According to current accounting practices, they are classified as operating lease agreements. For office premises, the average lease period is 10 years and for equipment facilities 4 to 7 years. Due to the nature of leases, the Group currently estimates that the most essential effects of the adoption of the IFRS 16 standards will be related to leased premises.

Off-balance sheet lease liabilities totalled EUR 119.6 million on 31 December 2017. The Group currently expects to account for most of these leases on balance sheet. As a result, the Group's property, plant and equipment and non-current liabilities will increase. Other operating expenses in turn will decrease, because leases will be disclosed as expenses and interest depreciation in the future. The IFRS 16 standard also has an impact on the consolidated statement of cash flows and some key figures.

The Group is assessing the impact of the standard on reporting and plans to adopt the new standard on the financial period beginning on 1 January 2019. The IFRS 16 implementation project was initiated in the spring of 2017 and is on schedule. Up to now, the project team has identified leases that fall in the scope of the standard and made interpretations in terms of lease accounting. A review of the impacts of adoption on current processes and data systems has also started, and it will continue during 2018. The Group will present more detailed assessments of the impact of the standard on its reporting as the implementation project proceeds.

3. FINANCIAL RISK MANAGEMENT

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

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

Liquidity risk

Liquidity risk refers to situations where the Group's financial assets and extra funding opportunities fall short of the Group's requirements or the cost of raising funding s is higher than the market cost.Creating cash flow forecasts and determining any related uncertainties are the key measures to manage liquidity risk. At the end of 2017, the Group had a strong liquidity position with cash and cash equivalents of EUR 23.6 million (EUR 46.2 million), and borrowings (non-current and current) of EUR 327.9 million (EUR 367.9 million). In addition to cash and bank deposits, the Group had unused credit facilities and other committed credit facilities of EUR 165.0 million (EUR 165.0 million). In addition, the company has a commercial paper programme of EUR 150.0 million (EUR 150.0 million), under which EUR 20.0 million (EUR 5.0 million) was drawn by the end of December. The unused credit facilities totalled EUR 295.0 million (EUR 310.0 million). The Group's cash and bank deposits and undrawn committed credit facilities amounted to EUR 188.6 million (EUR 211.2 million). The credit facility of EUR 150 million matures in October 2021. Planned repayments in 2018 total EUR 135 million without the commercial paper programmes.

DEBT MATURITY ANALYSIS

2017

	Less than 1 year		1-5 years		Total		Total
EUR in thousands	Interest payment	Repayment	Interest payment	Repayment	Interest payment	Repayment	Cash flow
Borrowings (excl. finance lease liabilities)	7,311	155,234	13,065	173,810	20,376	329,043	349,419
Trade payables	0	116,462	0	0	0	116,462	116,462

2016

	Less than 1 year		1-5 years		Total		Total
EUR in thousands	Interest payment	Repayment	Interest payment	Repayment	Interest payment	Repayment	Cash flow
Borrowings (excl. finance lease liabilities)	7,830	40,221	20,924	329,048	28,754	369,269	398,023
Finance lease liabilities	18	167	27	437	45	604	649
Trade payables	0	84,911	0	0	0	84,911	84,911

*Rahoitusvelat ilman rahoitusleasingvelkoja

The following year's repayments are included in current liabilities. At balance sheet date, the average rate of variable rate loans was 0.7 per cent (0.9 per cent) and variable rate loans constituted 24 per cent (32 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 November 2018 is 2.625 per cent and the coupon rate for the bond maturing in March 2021 is 2.875 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 2017, the impairment loss of trade receivables totalled EUR 2.3 million (EUR 1.3 million).The maximum exposure to credit risk at the reporting date is the carrying value of financial assets. Customer with weaker solvency are required to pay the basic charges in advance as a deposit. Counterparty risk refers to a situation where the other party fails to meet its obligations under the financing agreement. To restrict and monitor the counterparty risk, investments and derivative instruments are managed by counterparty, financial instrument and maturity limits. Counterparty risk mainly relates to the cash and cash equivalents of the company. DNA is not subject to any significant counterparty risk since cash and cash equivalents are distributed to several financial institutions with good credit ratings.

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

EUR in thousands	**2017**	2016
Undue trade receivables	**167,800**	162,417
Trade receivables 1-45 days overdue	**9,042**	8,358
Trade receivables 46-90 days overdue	**1,061**	1,060
Trade receivables 91-180 days overdue	**1,430**	1,235
Trade receivables more than 180 days overdue	**1,832**	1,674
Total	**181,164**	174,744

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 2017, DNA did not hedge any of its borrowings (31.12.2016 hedged 0 %). At the end of 2017, 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 2017, 76 per cent of DNA's borrowings were fixed rate (68 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 0.4 million (EUR -0.6 million) lower and, with the corresponding decrease in interest rates, the calculated post-tax result would have been EUR 0.4 million (EUR +0.6 million) higher. The sensitivity analysis covers the Group's variable-rate loans, cash and cash equivalents.

The sensitivity of the fair value of hedge accounting interest rate swaps to changes had zero effect on equity because the company had no active interest rate swaps at the end of 2016 and 2017.

Capital management

The objective of the Group's capital management is to support the business operations by optimising the capital structure, as well as increasing shareholder value by maximising return on capital. The capital structure can be influenced for example through dividend distribution, repayment of capital and planning the cash outflows for investments. The Group management monitors the development of the capital structure for example on the basis of the gearing and equity ratios as well as the det debt to EBITDA ratio. The Group's credit facility agreements include financial covenants requiring an equity ratio of at least 35 per cent and net debt to EBITDA ratio below 3.50:1. These conditions have been met during the financial periods. The equity ratio on the balance sheet date was 50.6 per cent (48.3 per cent) and net debt to EBITDA ratio was 1.12:1 (1.36:1).

FINANCIAL INSTRUMENTS BY CLASS

2017

EUR in thousands	Loans and other receivables	Available for sale	Total
Assets			
Available-for-sale financial assets		117	117
Trade and other receivables excluding prepayments 1)	218,420		218,420
Cash and cash equivalents	23,592		23,592
Total	242,012	117	242,129

2017

EUR in thousands	Financial liabilities recognised at amortised cost	Total
Financial liabilities		
Borrowings (excluding finance lease liabilities) 2)	327,880	327,880
Trade and other payables excluding items outside financial liabilities 3)	146,720	146,720
Total	474,600	474,600

2016

EUR in thousands	Loans and other receivables	Available for sale	Total
Assets			
Available-for-sale financial assets		215	215
Derivative financial instruments			0
Trade and other receivables excluding prepayments 1)	210,013		210,013
Cash and cash equivalents	46,238		46,238
Total	256,252	215	256,466

EUR in thousands	Financial liabilities recognised at amortised cost	Total
Financial liabilities		
Borrowings (excluding finance lease liabilities) 2)	367,345	367,345
Finance lease liabilities	604	604
Derivative financial instruments		0
Trade and other payables excluding items outside financial liabilities 3)	161,432	161,432
Total	529,381	529,381

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

2) The classification in this note is based on IAS 39 Financial lease liabilities are mainly outside the scope of IAS 39, but fall under application of IFRS 7. This is why financial lease liabilities are presented separately.

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

4 SEGMENT INFORMATION

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

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

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

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

The DNA Group operates in Finland, domestic operations accounting for a majority of its net sales. In 2017, foreign operations accounted for EUR 13.7 million (2016 EUR 16.2 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 2017

EUR in thousands

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

1 Jan-31 Dec 2016

EUR in thousands

Business segments	Consumer segment	Corporate segment	Unallocated	Group total
Net sales	**631,343**	**227,544**		**858,887**
EBITDA	**168,437**	**67,853**		**236,290**
Depreciation, amortisation and impairments	93,863	51,178		145,041
Operating result, EBIT	**74,574**	**16,675**		**91,249**
Net finance items			−9,584	−9,584
Share of associates' result			18	18
Result before income tax				81,683
Net result for the period				**65,209**
Capital expenditure*	90,893	45,795	6,916	143,604
Employees at end of year	1,012	656		1,668

* Capital expenditure comprise additions to intangible and tangible assets, excluding business combinations, spectrum license acquisition and additions relating to finance lease agreements and decommissioning obligations. Additionnally, capital expenditure include spectrum license payments made during the reporting period. 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 NET SALES

EUR in thousands	**2017**	2016
Sale of goods	**127,675**	121,208
Revenue from services	**758,302**	737,679
Revenue from construction contracts	**112**	0
Total	**886,088**	858,887

At the end of the year, the aggregate costs incurred and recognised profits from construction contracts in progress (less recognised losses) totalled EUR 1.6 million (EUR 1.6 million). Advance payments in relation to construction contracts were EUR 0.0 million (EUR 0.1 million).

6 OTHER OPERATING INCOME

EUR in thousands	2017	2016
Net gain on sale of non-current assets	**75**	256
Rental income	**3,281**	2,870
Other income	**821**	695
Total	**4,177**	3,822

7 OTHER OPERATING EXPENSES

EUR in thousands	2017	2016
Maintenance expenses	**39,491**	40,765
Rental expenses	**37,737**	45,142
External services	**6,685**	9,705
Other expenses	**34,331**	34,615
Total	**118,244**	130,228

AUDITOR FEES

EUR in thousands	2017	2016
PricewaterhouseCoopers Oy		
Audit fees	**265**	260
Actions referred to in Section 1.1.2 of the Finnish Auditing Act	**7**	11
Tax services	**66**	123
Other services	**137**	1,252
Total	**475**	1,646

The above contains the fees to the audit firm elected by the Annual General Meeting. Of the auditor fees, EUR 0.5 million of costs related to the share issue has been recognised under Reserve for invested unrestricted equity in 2016, which reduces the proceeds from the share issue. Remaining fees are recognised in Other operating expenses.

8 DEPRECIATION, AMORTISATION AND IMPAIRMENT

EUR in thousands	2017	2016
Depreciation and amortisation charges per category		
Intangible assets		
Customer base	**5,307**	8,024
Brand	**942**	909
Other intangible assets	**32,734**	31,533
Total	**38,983**	40,466
Property, plant and equipment		
Buildings and constructions	**6,481**	6,746
Machinery and equipment	**99,728**	97,829
Total	**106,209**	104,575
Impairment charges per category		
EUR in thousands		
Intangible assets		
Other intangible assets*	**3,057**	0
Total	**3,057**	0
Total depreciation, amortisation and impairment	**148,249**	145,041

*Impariment of data system

9 EMPLOYMENT BENEFIT EXPENSES

EUR in thousands	2017	2016
Wages and salaries	84,113	85,541
Pension expenses – defined contribution plan	15,525	15,569
Pension expenses – defined benefit plan	–8	87
Share-based payments	8,024	5,856
Other personnel expenses	3,402	5,825
Total	111,055	112,877

NUMBER OF PERSONNEL, AVERAGE

Consumer business	971	1,013
Corporate business	668	664
Total	1,639	1,677

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

10 FINANCE INCOME

EUR in thousands	2017	2016
Interest income from receivables	884	918
Dividend income on available-for-sale investments	4	2
Total	889	920

11 FINANCE EXPENSE

EUR in thousands	2017	2016
Interest expense on interest-bearing liabilities	10,257	10,504
Total	10,257	10,504

12 INCOME TAX EXPENSE

EUR in thousands	2017	2016
Income tax, current year	–17,722	–14,744
Income tax, previous years	–27	–160
Change in deferred tax	–3,323	–1,570
Total	–21,072	–16,474

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

Net result before tax	114,158	81,683
Income tax at Finnish tax rate 20 per cent	–22,832	–16,337
Tax effects of:		
Income not subject to tax	12	91
Retroactive tax benefit associated with share-based compansation	1,890	-
Non-deductible expenses	–169	–138
Income taxes from previous years	–27	–160
Different tax rate of subsidiary	–5	13
Share of associates' results net of tax	1	4
Additional deductible expenses	59	53
Tax charge	–21,072	–16,474

13 EARNINGS PER SHARE

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

EUR in thousands	2017	2016
Net result attributable to owners of the parent, (EUR 1,000)	**93,086**	65,209
Weighted average number of shares (thousands)	**131,923**	127,733
Basic earnings per share (euros/share)	**0,71**	0,51
Effect of the share-based reward plan (1000 kpl)	**43**	1,129
Weighted average number of shares for the purpose of calculating EPS adjusted for dilution (thousands)	**131,965**	128,862
Earnings per share adjusted for dilution effect (EUR/share)	**0,71**	0,51

14 PROPERTY, PLANT AND EQUIPMENT

EUR in thousands	Land and water	Buildings and construc-tions	Machi-nery and equip-ment	Other property, plant and equipment	Prepay-ments and non-current assets under construction	Total
31 December 2015						
Cost	717	36,981	1,257,017	873	98,418	1,394,007
Accumulated depreciation	-	−17,603	−932,526	-	-	−950,130
Net book amount	**717**	**19,378**	**324,491**	**873**	**98,418**	**443,877**
Year ended 31 December 2016						
Opening net book amount	717	19,378	324,491	873	98,418	443,877
Additions and transfers	-	6,395	120,033	−873	−36,175	89,380
Disposals	−4	-	−3,897	-	-	−3,902
Accumulated depreciation relating to disposals	-	-	2,345	-	-	2,345
Depreciation charge	-	−6,746	−97,829	-	-	−104,575
Closing net book amount	**713**	**19,028**	**345,142**	**-**	**62,243**	**427,126**
31 December 2016						
Cost	713	43,376	1,373,153	-	62,243	1,479,485
Accumulated depreciation	-	−24,349	−1,028,010	-	-	−1,052,360
Net book amount	**713**	**19,028**	**345,142**	**-**	**62,243**	**427,126**
Year ended 31 December 2017						
Opening net book amount	713	19,028	345,142	-	62,243	427,126
Additions and transfers	-	4,208	95,128	-	1,352	100,688
Disposals	-	-	−210	-	-	−210
Accumulated depreciation relating to disposals	-	-	185	-	-	186
Depreciation charge	-	−6,481	−99,728	-	-	−106,209
Closing net book amount	**713**	**16,754**	**340,517**	**-**	**63,596**	**421,580**
31 December 2017						
Cost	713	47,584	1,468,071	-	63,596	1,579,963
Accumulated depreciation	-	−30,830	−1,127,553	-	-	1,158,383
Net book amount	**713**	**16,754**	**340,517**	**-**	**63,596**	**421,580**

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 2015						
Cost	431,685	130,475	41,819	351,711	-	955,691
Accumulated amortisation and impairment	−104,479	−62,869	−18,596	−284,111	-	−470,054
Net book amount	**327,206**	**67,607**	**23,223**	**67,600**	-	**485,635**
Year ended 31 December 2016						
Opening net book amount	327,206	67,607	23,223	67,600	-	485,635
Additions and transfers	-	-	-	33,207	35,983	69,190
Disposals	-	-	-	−5,331	-	−5,331
Accumulated amortisation relating to disposals	-	-	-	5,331	-	5,331
Amortisation charge	-	−8,024	−909	−31,533	-	−40,466
Closing net book amount	**327,206**	**59,583**	**22,314**	**69,273**	**35,983**	**514,359**
31 December 2016						
Cost	431,685	130,475	41,819	379,587	35,983	1,019,550
Accumulated amortisation and impairment	−104,479	−70,892	−19,505	−310,313	-	−505,190
Net book amount	**327,206**	**59,583**	**22,314**	**69,273**	**35,983**	**514,359**
Year ended 31 December 2017						
Opening net book amount	327,206	59,583	22,314	69,273	35,983	514,359
Additions and transfers	-	-	-	56,990	−24,034	32,956
Disposals	-	-	-	−30,044	-	−30,044
Accumulated amortisation relating to disposals	-	-	-	30,044	-	30,044
Amortisation charge	-	−5,307	−942	−32,734	-	−38,983
Impairment	-	-	-	-	-3,057	-3,057
Closing net book amount	**327,206**	**54,277**	**21,372**	**93,529**	**8,893**	**505,276**
31 December 2017						
Cost	431,685	130,475	41,819	406,533	11,949	1,022,462
Accumulated amortisation and impairment	−104,479	−76,198	−20,447	−313,003	−3,057	-517,187
Net book amount	**327,206**	**54,277**	**21,372**	**93,529**	**8,893**	**505,276**

Goodwill allocation

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

EUR in thousands	2017	2016
Consumer segment	**180,723**	180,723
Corporate segment	**146,483**	146,483
Total	**327,206**	327,206

Impairment testing

In order to carry out impairment testing, goodwill is allocated to cash-generating units (CGUs) in accordance with DNA's business organisation. The balance sheet values of all CGUs are subjected to an annual impairment testing. Apart from goodwill, the Group does not have any other intangible assets with an unlimited useful life. The recoverable amount (the higher of an asset's fair value less costs to sell and its value in use) of each CGU is defined as the value in use according to the projected discounted cash flows (the DCF method). Cash flow projections are based on the plans approved by management, covering a five-year period. Management considers the projections to reflect development to date and other information available from external sources. The (before tax) discount rate (weighted average cost of capital, WACC) used in testing represents 7.3-7.7 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 2017

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

* Five-year forecast period average

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

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

Applied parameters 2016

Applied forecast parameters	Consumer segment 2016	Corporate segment 2016
Average growth in net sales, %*	1.2	1.9
Average operating margin, % *	30.4	32.8
Average investment, % of net sales *	14.5	19.4
Growth after the forecast period, %	2.0	2.0
WACC, %	7.5	7.4
Amount of headroom, EUR million	1 325	279

* Five-year forecast period average

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

Sensitivity analysis of forecast parameters	Consumer segment 2016	Corporate segment 2016
Average EBITDA, % of net sales	–11.3	–6.4
WACC, %	13.4	4.3

16 INVESTMENTS IN ASSOCIATES

EUR in thousands	2017	2016
1 January	**1,199**	1,186
Share of the result for the financial period	**0**	14
31 December	**1,199**	1,199

There was no goodwill related to the carrying value of associated companies in 2017 and 2016.

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

2017	Domicile	Assets	Liabilities	Net sales	Share of result	Group holding
Suomen Numerot Numpac Oy	Helsinki	779	272	1,619	4	33%
Kiinteistö Oy Otavankatu 3	Pori	2,919	203	299	0	36%
Kiinteistö Oy Siilinjärven Toritie	Siilinjärvi	319	3	28	0	38%

2016	Domicile	Assets	Liabilities	Net sales	Share of result	Group holding
Suomen Numerot Numpac Oy	Helsinki	667	159	1,598	18	33%
Kiinteistö Oy Otavankatu 3	Pori	2,987	321	299	0	36%
Kiinteistö Oy Siilinjärven Toritie	Siilinjärvi	329	3	29	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 46 per cent (2016 44 per cent) of assets, liabilities, revenues and expenses in its consolidated financial statements.

17 AVAILABLE-FOR-SALE FINANCIAL ASSETS

EUR in thousands	2017	2016
Shares in non-listed companies	117	215
Total	117	215

Reconciliation of available-for-sale financial assets		
1 January	215	215
Impairment	–98	-
31 December	117	215

18 TRADE AND OTHER RECEIVABLES

EUR in thousands	2017	2016
Non-current receivables		
Trade receivables	33,604	29,930
Prepaid expenses 1)	3,528	3,970
Other non-current receivables	1,337	2,377
Total non-current receivables	38,468	36,277
Current receivables		
Trade receivables	181,164	174,744
Prepaid expenses 1)	13,230	12,989
Income tax receivables	9,780	7,687
Other current receivables	1,168	1,508
Total	205,342	196,927

1) Prepaid expenses mainly consist of: prepaid production rental invoices, prepayments for IT-support and other prepaid trade payables EUR 12.3 million (EUR 13.8 million), TyEL pension prepayment EUR 1.2 million (EUR 0.4 million) and other prepayments EUR 3.2 million (EUR 2.7 million).

During 2017, the Group has recognised an impairment loss on trade receivables of EUR 2.3 million (EUR 1.3 million). Impairment is recognised on receivables older than 180 days. Non-current receivables are measured at fair value. Fair value of receivables corresponds to book value as the effect of discounting is not material considering the maturity.

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

	2017	2016
1 January	5,774	6,646
Provision for receivable impairment	368	–546
Receivables written off during the year as uncollectible	–560	–326
31 December	5,582	5,774

19 DEFERRED TAX ASSETS AND LIABILITIES

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

EUR in thousands	1 January	Recognised in the income statement	Other comprehensive income	31 December
Deferred tax liabilities 2017				
Fair value of assets through business combinations	20,683	–2,299	-	18,383
Accelerated depreciation	306	9	-	315
Other temporary differences	4,682	–597	-	4,085
Total	25,671	–2,887	0	22,783

EUR in thousands	1 January	Recog-nised in the income statement	Other compre-hensive income	Other compre-hensive income	31 December
Deferred tax assets 2016					
Provisions	2 691	–338	39	-	2 392
Finance lease agreements	287	–32	-	-	255
Group eliminations	6 050	–2 428	-	-	3 622
Tax losses	195	92	-	-	287
Unused taxable depreciation	6 912	–2 791	-	-	4 121
Other temporary differences	2 705	1 312	-	12	4 029
Total	18 840	–4 185	39	12	14 704

EUR in thousands	1 January	Recog-nised in the income statement	Other compre-hensive income	Other compre-hensive income	31 December
Deferred tax liabilities 2016					
Fair value of assets through business combinations	23 633	–2 950	-	-	20 683
Accelerated depreciation	287	19	-	-	306
Other temporary differences	4 365	317	-	-	4 682
Total	28 285	–2 615	0	0	25 671

20 INVENTORIES

EUR in thousands	**2017**	2016
Materials and supplies	**22,909**	21,725
Total	**22,909**	21,725

During the reporting period, an expense of EUR 126.6 million (EUR 112.4 million) was recognised in the income statement for materials and supplies.

21 CASH AND CASH EQUIVALENTS

EUR in thousands	**2017**	2016
Cash and cash equivalents	**23,592**	46,238
Total	**23,592**	46,238

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 2016	8,488	1,130	9,618	72,702	607,335
Share issue	1	−1			67
Cancellation of treasury shares		−1,130	−1,130		
Subdivision of shares (split) through share issue without payment	118,837		118,837		
Share issue	4,978		4,978		50,000
Direct costs relating to share issue					−5,417
Taxes related to share issue expenses					417
Reclassification					316
31 December 2016	132,304	0	132,304	72,702	652,719
Direct costs relating to share issue					337
Treasury share acquisition	−968	968	0		-
Share based payment	703	−703	0		-
31 December 2017	**132,039**	265	132,304	72,702	653,056

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 132,038,683 (132,303,500). The shares do not have a nominal value. On 31 December 2017, DNA Plc's share capital amounted to EUR 72,702,226. All issued shares have been paid in full.

Share split

The DNA Plc's Extraordinary General Meeting of 25 October 2016 decided on a share split through share issue without payment, and the issued shares were registered in the Finnish Trade Register on 27 October 2016. In the share split, shareholders received 14 new shares for each old share and 118,837,460 new shares were issued, bringing the total number of the company's shares to 127,325,850. The split had no effect on the company's share capital or capital structure. Share key figures have been adjusted according to the new number of shares.

Rights issue to the Board of Directors*

The rights issue is based on the decision of the Annual General Meeting to allow each member of the Board of Directors to decide whether their annual remuneration shall be paid entirely in cash, or partly in shares and partly in cash. During 2017, a total of 0 shares were subscribed (520 shares).

Rights issue to key personnel

The Board of Directors of DNA Plc has on 23 November 2017 decided on a directed share issue related to the reward payment of the company's Share-Based Compensation Plan 2014. In the share issue, a total of 703,080 treasury shares held by the company have been conveyed without consideration to the key employees participating in the plan in accordance with the terms and conditions of the plan.

*before the share split

Shareholders' equity reserves are described as follows:

Reserve for invested unrestricted equity

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

Dividends

A dividend distribution of 72,766,925 euros (40,062,746 euros) was made for the year 2016.

Treasury shares

The treasury shares account includes the acquisition cost of treasury shares held by the Group.

Treasury shares are presented as a separate component in equity.

DNA Plc's Board of Directors has decided in its meeting on 18 May 2017 to use the authorisation given by the Annual General Meeting held on 22 March 2017 to acquire DNA's shares and initiate a share repurchase programme. The repurchase of shares is carried out in order to fulfil obligations pertaining to the company's share-based incentive schemes.

The share repurchase programme started on 1 June 2017 and ended on 14 September 2017. During this period, DNA repurchased 967,897 shares with an average price per share of 14.46 euros. Following the repurchase, DNA owns 967 897 treasury shares representing 0.73 per cent of total shares.

The Board of Directors of DNA Plc has on 23 November 2017 decided on a directed share issue related to the reward payment of the company's Share-Based Compensation Plan 2014. In the share issue, a total of 703,080 treasury shares held by the company have been conveyed without consideration to the key employees participating in the plan in accordance with the terms and conditions of the plan.

EUR in thousands	Number of shares	Acquisition cost (EUR in thousands)
1 January 2016	1,130,487	103,388
Share issue	−520	67
Cancellation	−1,129,967	0
31 December 2016		
Treasury share acquisition	967,897	14,035
Share issue through share-based payment	−703,080	
31 December 2017	264,817	

Parent company DNA Plc's distributable funds as at 31 December 2017

EUR in thousands	31 December 2017
Reserve for invested unrestricted equity	146,925
Retained earnings	-14,505
Net result for the period	76,027
Total distributable funds	208,448

23 SHARE-BASED PAYMENTS

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

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

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

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

The Performance Share Plan

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

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

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

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

The Bridge Plan

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

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

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

The restricted share-based reward system

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

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

Share-based reward plan	PSP 2017	Bridge plan 2017
Grant date	15 February 2017	15 February 2017
Maximum number of shares	471,000	157,300
Fair value of the reward at grant date	6.28	
Share price at grant date	11.36	11.36
Valid until	31 December 2019	31 December 2019
Expected volatility of share prices	23 %	
Expected dividends	0.63-0.75	
Risk-free interest rate	-0.82%-0.74%	
Expected life	3 years	3 years
Implementation	As shares and cash	As shares and cash

The fair value of the PSP 2017 reward at grant date was 6,28. The fair value at grant date was valued using a Monte Carlo simulation model, taking into account share price at grant date, Volume Weighted Average Price (VWAP) during December 2016, expected dividends, risk-free interest rates, expected volatility of share prices, as well as correlation coefficients.

Rights issue against payment to Group key personnel in 2014

On 20 November 2014, the Board of Directors decided to introduce a new share-based reward plan in the incentive and commitment scheme of DNA and its subsidiaries. The objective is to align the goals of DNA's owners and the participating key personnel in order to increase the value of DNA, ensure the commitment of the key personnel and to offer them a competitive reward plan based on earning and accumulating company shares.

Share-based reward plan		
Grant date	12 December 2014	22 May 2015
Amount of granted instruments*	97,125	5,625
Returned instruments*	3,750	-
Share price at grant date*	6.37	6.37
Matching share/Share*	6.37	6.37
Performance share*	21.00	21.00
Valid until	31 May 2019	31 May 2019
Expected life	3 years	3 years
Implementation	As shares and cash	As shares and cash

*after the share split

The fair value of the share at grant date is estimated according to the shares' valuation model.

The determination of fair value is based on assumptions such as expected volatility, fair value of the share at grant date and expected life.

Plan implementation	Average price per share option	Shares
Implemented during the year	14.7406	703,080

The Board of Directors of DNA Plc has on 23 November 2017 decided on a directed share issue related to the reward payment of the company's Share-Based Compensation Plan 2014.

In the share issue, a total of 703,080 treasury shares held by the company have been conveyed without consideration to the key employees participating in the plan in accordance with the terms and conditions of the plan. Witholding tax was deducted and the net reward was paid as shares in December 2017, one year after the listing. The Share-Based Compensation Plan 2014 is now concluded.

Share-Based payments
EUR in thousands

Expense recorded in the income statement	Jan-Dec 2017	Jan-Dec 2016
Share-based payments	8,024	5,581

Liability recorded in the statement of financial position	31 December 2017	31 December 2016
Liability related to share-based compensation plan	1,199	5,153

Other share-based payments	31 December 2017	31 December 2016
Personnel share issue	-	275

24 EMPLOYMENT BENEFIT OBLIGATIONS

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

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

EUR in thousands	**2017**	2016
Liability recognised in the balance sheet:		
Funded defined benefit obligation	**6,143**	6,403
Fair value of plan assets	**−4,115**	−4,306
Surplus/deficit	**2,028**	2,097
Liability recognised in the balance sheet	**2,028**	2,097

	Present value of obligation	Fair value of plan assets	Total
1 January 2016	6,131	−4,192	1,939
Current service cost	87		87
Interest cost/income	114	−78	36
	201	−78	123
Remeasurements recognised:			
- Return on plan assets, excluding interest cost/income		−89	−89
- Actuarial gain or loss arising from changes in demographic assumptions	0		0
- Gain or loss arising from changes in financial assumptions	591		591
Experience adjustments	−308		−308
	283	−89	194
Contributions:			
- Contribution paid by employer		−159	−159
Benefits paid:			
- Benefits	−212	212	0
Settlements			
31 December 2016	6,403	−4,306	2,097

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

Significant actuarial assumptions:

	2017	2016
Discount rate	**1.50%**	1.40%
Inflation	**1.70%**	1.60%
Salary growth rate	**3.20%**	3.10%
Benefit growth rate	**2.00%**	1.90%

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

2017	Miehet	Naiset
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

2016	Miehet	Naiset
Plan participants retiring at the end of the financial year	21.4	25.4
Plan participants retiring 20 years after the end of the financial year	22.0	27.0

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

Impact on defined benefit obligation

2017	Change in assumption	Increase	Decrease
Discount rate	0.50%	−7.5%	8.5%
Salary growth rate	0.50%	1.4%	−1.3%
Pension growth rate	0.50%	6.8%	−6.2%
			Addition of one year
Life expectancy			5.0%

Impact on defined benefit obligation

2016	Change in assumption	Increase	Decrease
Discount rate	0.50%	−7.7%	6.7%
Salary growth rate	0.50%	1.5%	−1.4%
Pension growth rate	0.50%	6.8%	−6.2%
			Addition of one year
Life expectancy			5.0%

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

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

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

Changes in the bond yields

According to the employer's IFRS reporting practice, the employer's obligations and liabilities depend on the bond yields on the reporting date. Decrease in yields increases liabilities and the payment obligation of pension benefits calculated according to IAS 19. However, since the employer is not subject to an investment risk in relation to the assets covering the liabilities, an increase in the yield of bonds will also have an effect 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 2018 are expected to total EUR 135 thousand.

The weighted average duration of the defined benefit obligation was 16 years (2016 17 years, 2015 16 years).

Undiscounted pension benefits are expected to mature as follows:

	Pension benefits		
EUR in thousands	**2017**	2016	2015
Less than 1 year	**237**	303	279
1-5 years	**1,023**	1,040	1,127
5-10 years	**1,193**	1,159	1,231
10-15 years	**1,113**	1,181	1,243
15-20 years	**1,034**	1,049	1,097
Over 20 years	**3,304**	3,427	3,619
Total	**7,904**	8,159	8,596

25 PROVISIONS

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

EUR in thousands	1 January 2016	Additions	Provisions used	Other/ Discount effect	31 December 2016
Asset retirement obligation	8 563	6	–943	-	7,627
Restructuring provisions	152	529	–11	-	671
Onerous contracts	4,935	2,263	–352	–3,638	3,207
Other provision	376	210	-	-	586
Total	14,027	3,008	-1,307	–3,638	12,090

EUR in thousands	**2017**	2016
Non-current provisions	**6,813**	10,739
Current provisions	**490**	1,351
Total	**7,304**	12,090

Asset retirement obligation

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

Onerous contracts

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

26 BORROWINGS

EUR in thousands	2017	2016
Non-current		
Loans from financial institutions	**23,718**	78,814
Bonds	**149,643**	248,408
Finance lease liabilities	**-**	437
Total	**173,362**	327,659

Current		
Loans from financial institutions	**34,973**	35,139
Bonds	**99,550**	-
Commercial papers	**19,995**	4,983
Finance lease liabilities	**-**	167
Total	**154,518**	40,290

Finance lease liabilities – minimum lease payments

EUR in thousands	2017	2016
No later than 1 year	**-**	169
Later than 1 year and no later than 5 years	**-**	480
Total	**-**	649
Future finance charges of finance leases	**-**	–45
Present value of finance lease payments	**0**	604

Finance lease liabilities – present value of minimum lease payments	2017	2016
No later than 1 year	**-**	167
Later than 1 year and no later than 5 years	**-**	437
Total	**-**	604
Total finance lease liabilities	**-**	649

27 NET DEBT

EUR in thousands	31.1.2017	31.1.2016
Non-current borrowings	**173,362**	327,659
Current borrowings	**154,518**	40,290
Total borrowings	**327,880**	367,949
Less cash and cash equivalents	**23,592**	46,238
Net debt	**304,288**	321,710

Change in net debt **Reported in cash flows from financing activities**

EUR in thousands	Cash	Current borrowings	Non-current borrowings	Net debt
1.1.2016	**25,266**	**75,210**	**362,334**	**412,278**
Change in cash	20,973			20,973
Proceeds from borrowings		59,864	0	59,864
Repayment of borrowings		–94,785	–35,385	–130,170
Other non-cash transactions		2	710	712
31.12.2016	**46,238**	**40,290**	**327,659**	**321,710**
Change in cash	–22,647			–22,647
Proceeds from borrowings		99,893	0	99,893
Repayment of borrowings		–84,881	–55,238	–140,119
Other non-cash transactions		99,216	–99,059	157
31.12.2017	**23,592**	**154,518**	**173,362**	**304,288**

28 TRADE AND OTHER PAYABLES

EUR in thousands	2017	2016
Current financial liabilities carried at amortised cost		
Trade payables	**116,462**	84,911
Accrued expenses 1)	**67,673**	98,744
Advances received	**28,227**	25,155
Other current liabilities	**22,240**	12,529
Total current liabilities	**234,603**	221,340

1) Accrued expenses comprise: holiday pay and bonuses including social expenses totalling EUR 20.0 million (EUR 21.5million), interest expenses EUR 3.8 million (EUR 3.9 million), deferred income EUR 6.5 million (EUR 5.4 million), spectrum license liability EUR 4.4 million (EUR 11.1 million), direct transaction costs of the listing EUR 0.0 million (EUR 7.5 million), debt related to share-based reward plan EUR 1.2 million (EUR 5.2 million) as well as other accrued operative expenses EUR 31.7 million (EUR 44.2 million).

29 FAIR VALUE OF BORROWINGS

Non-current borrowings	**2017**		2016	
EUR in thousands	**Carrying amount**	**Fair value**	Carrying amount	Fair value
Loans from financial institutions	**23,718**	**23,632**	78,814	78,982
Bonds	**149,643**	**159,386**	248,408	262,722
Financial lease agreements	**-**	**-**	437	437
Total	**173,362**	**183,018**	327,659	342,141

Current borrowings	**2017**		2016	
EUR in thousands	**Carrying amount**	**Fair value**	Carrying amount	Fair value
Loans from financial institutions	**34,973**	**35,176**	35,139	35,188
Bonds	**99,550**	**101,626**	0	0
Commercial papers	**19,995**	**19,995**	4,983	4,983
Financial lease agreements	**-**	**-**	167	167
Total	**154,518**	**156,797**	40,290	40,338

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. The fair value of financial lease liabilities do not materially differ from their carrying amount.

30 OPERATING LEASE AGREEMENTS

EUR in thousands	2017	2016
Group as lessee		
The future minimum lease payments under non-cancellable operating leases		
Within one year	**50,447**	50,507
Later than one year but no later than five years	**42,168**	44,037
Later than five years	**26,994**	33,103
Total	**119,609**	127,647

The Group leases premises, telecommunication premises, masts, vehicles etc. The lease periods are 1–6 years and normally include the opportunity to continue the agreement after the original end date. The 2017 income statement includes paid operating lease expenses of EUR 37.7 million (EUR 45.1 million). Relating to operating leases, the Group has made a provision of EUR 0.7 million (EUR 3.2 million). For more information see note 25 Provisions.

31 GUARANTEES AND CONTINGENT LIABILITIES

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

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

32 RELATED PARTY TRANSACTIONS

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

Parent company DNA Plc's subsidiaries and ownerships:

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

Listing of associated companies is presented in note 16.

The following related party transactions were carried out:

EUR in thousands	Sales	Purchases	Receivables	Liabilities
2017				
Organisations exercising significant influence	20	2,721	2	238
Associated companies	0	453	0	2
2016				
Organisations exercising significant influence	30	2,776	2	3
Associated companies	0	475	0	0

KEY MANAGEMENT COMPENSATION

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

EUR in thousands	**2017**	2016
Salaries and other short-term employee benefits	**3,940**	2,932
Pension expenses - defined contribution plan and defined benefit plan	**941**	791
Share-based payments	**4,172**	2,552
Total	**9,053**	6,275

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

EUR in thousands	**2017**	2016
CEO Jukka Leinonen's salary and commissions:		
Salary and commissions	**831**	540
Share-Based Compensation Plan 2014 (gross)	**2,901**	-
Total	**3,732**	540
Members and deputy members of the Board of Directors		
Korhonen Pertti	**180**	14
Jarmo Leino	**8**	136
Jukka Ottela	**68**	61
Kirsi Sormunen	**72**	75
Anu Nissinen	**70**	60
Tero Ojanperä	**66**	56
Margus Schults	**69**	57
Heikki Mäkijärvi	**48**	-
Total	**581**	460

Management's and CEOs' pension commitments

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

33 EVENTS AFTER THE REVIEW DATE

The Board of Directors proposal to the General Meeting on 22 March 2018 on the changing of classification of unrestricted equity

In previous years, the Company has, when repurchasing its own shares, recorded the subscription price of own shares in a way that reduced the amounts of retained earnings of previous financial periods. In financial year 2012 EUR 103 million worth of own shares were acquired and in financial year 2017 the corresponding figure was EUR 14 million. This has been in accordance with previously made decisions as well as the Finnish Companies Act, but it does not fully allow for the opportunity provided for in the Finnish Companies Act to present funds invested in the company and profits from business operations separately. The Finnish Companies Act would have also allowed for the subscription costs of own shares to be deducted from the reserve for invested unrestricted equity which in turn allows for investments in the company and the profit it makes to be presented separately in equity.

The Board of Directors proposes that the General Meeting decide to cancel previous accounting treatment in which the amount paid for acquisition of own shares has been recorded as a deduction of earnings and further decide that corresponding sums be removed from the reserve for invested unrestricted equity insofar the company has funds left in the reserve for invested unrestricted equity following the distribution of funds decided earlier in this General Meeting. It is proposed that EUR 62,420,161.66 are transferred from the reserve for invested unrestricted equity to retained earnings from previous financial periods. This change has no effect in the total amount of the unrestricted equity.

PARENT COMPANY INCOME STATEMENT, FAS

EUR in thousands	Note	1 Jan - 31 Dec 2017	1 Jan - 31 Dec 2016
NET SALES	1	**749,744**	713,554
Other operating income		**9,874**	9,750
Materials and services			
Purchases		**–126,762**	–112,084
Change in inventory		**1,254**	467
External services		**–210,980**	–214,850
Total materials and services		**–336,488**	–326,467
Employee expenses			
Salaries and commissions		**–82,736**	–82,367
Social expenses			
Pensions		**–13,056**	–13,200
Other social expenses		**–2,898**	–5,206
Total employee expenses		**–98,689**	–100,774
Depreciation and impairments	2		
Depreciation according to plan		**–125,202**	–123,879
Impairment of intangible assets		**–3,057**	0
Total depreciation and impairments		**–128,259**	–123,879
Other operating expenses	3	**–119,259**	–133,532
OPERATING RESULT		**76,923**	38,652

EUR in thousands	Note	1 Jan - 31 Dec 2017	1 Jan - 31 Dec 2016
Finance income and expense	4		
Income from other investments		**17**	6
Other interest and financial income		**758**	713
Impairment		**–149**	0
Interest and other financial expenses		**–9,480**	–10,004
Total finance income and expense		**–8,855**	–9,285
RESULT BEFORE APPROPRIATIONS AND TAX		**68,069**	29,367
Appropriations	5		
Group contribution		**28,474**	29,475
Total appropriations		**28,474**	29,475
Income tax	6	**–20,516**	–13,156
RESULT FOR THE FINANCIAL PERIOD		**76,027**	45,686

PARENT COMPANY BALANCE SHEET, FAS

EUR in thousands	Note	2017	2016
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	7		
Development costs		**12**	59
Intangible rights		**63,304**	55,817
Goodwill		**108,929**	115,337
Other capitalised expenditure		**32,944**	25,740
Prepayments and non-current assets under construction		**8,105**	35,447
Total intangible assets		**213,294**	232,401
Property, plant and equipment	7		
Land and water		**713**	713
Buildings and constructions		**15,663**	13,352
Machinery and equipment		**240,618**	241,675
Other tangible assets		**873**	873
Advances paid and construction in progress		**55,971**	56,800
Total tangible assets		**313,838**	313,413
Investments	8		
Holdings in Group companies		**82,653**	82,653
Shares in associated companies		**3,982**	3,982
Other shares and holdings		**1,330**	1,427
Total investments		**87,965**	88,063
TOTAL NON-CURRENT ASSETS		**615,097**	633,876

EUR in thousands	Note	2017	2016
CURRENT ASSETS			
Inventory			
Materials and supplies		**22,766**	21,691
Total inventory		**22,766**	21,691
Non-current receivables			
Trade receivables		**33,147**	29,416
Receivables from Group companies	9	**21,395**	25,395
Other receivables		**3,974**	5,161
Deferred tax asset	10	**3,772**	6,454
Total non-current receivables		**62,287**	66,425
Current receivables			
Trade receivables		**155,367**	150,799
Receivables from Group companies	9	**73,612**	53,047
Other receivables		**835**	707
Prepaid expenses	11	**12,616**	12,867
Total current receivables		**242,430**	217,419
Cash and cash equivalents		**20,642**	41,834
TOTAL CURRENT ASSETS		**348,125**	347,370
TOTAL ASSETS		**963,222**	981,247

EUR in thousands	Note	2017	2016
EQUITY AND LIABILITIES			
EQUITY	12		
Share capital		**72,702**	72,702
Reserve for invested unrestricted equity		**146,925**	136,561
Retained earnings		**–14,505**	26,611
Result for the period		**76,027**	45,686
TOTAL EQUITY		**281,150**	281,560
PROVISIONS	13	**5,893**	9,327
LIABILITIES			
Non-current liabilities	14		
Borrowings		**173,810**	329,048
Advances received		**269**	297
Other non-current liabilities		**19,707**	23,157
Total non-current liabilities		**193,786**	352,501
Current liabilities			
Borrowings		**155,234**	40,221
Advances received		**6,548**	5,676
Trade payables		**94,684**	69,421
Liabilities to Group companies	15	**150,255**	117,820
Other current liabilities		**20,134**	10,207
Accrued expenses	16	**55,540**	94,512
Total current liabilities		**482,393**	337,858
TOTAL LIABILITIES		**676,179**	690,359
TOTAL EQUITY AND LIABILITIES		**963,222**	981,247

PARENT COMPANY CASH FLOW STATEMENT, FAS

EUR in thousands	1.1.–31.12.2017	1.1.–31.12.2016
Cash flows from operations		
Result for the period	**76,027**	45,686
Adjustments 1)	**125,712**	115,295
Change in working capital 2)	**-18,277**	835
Interest paid	**–7,894**	–8,417
Interest received	**758**	718
Other financial items	**–881**	–616
Income taxes paid	**–23,343**	2,215
Net cash generated from operating activities	**152,102**	155,717
Cash flows from investments		
Investments in property, plant and equipment (PPE) and intangible assets	**-116,810**	–107,839
Proceeds from sale of PPE	**8**	196
Divested associated company shares	**0**	212
Other investments	**–52**	0
Short-term investments increase (-) / decrease (+)	**2,727**	–2,727
Loans granted	**0**	–13,000
Proceeds from loans receivables	**4,000**	0
Net cash used in investing activities	**-110,127**	–123,158
Cash flows from financing activities		
Proceeds from share issue	**0**	49,067
Treasury share acquisition	**–14,035**	0
Distribution of dividend	**–72,767**	–40,063
Proceeds from borrowings	**134,279**	105,888
Repayment of borrowings	**–140,119**	–130,023
Group contributions received	**29,475**	1,729
Net cash generated from (used in) financing activities	**–63,167**	–13,402

EUR in thousands	1.1.–31.12.2017	1.1.–31.12.2016
Change in cash and cash equivalents	**–21,192**	19,157
Cash and cash equivalents at beginning of year	**41,834**	22,678
Cash and cash equivalents at end of year	**20,642**	41,834
1) Adjustments:		
Depreciation, amortisation and impairment	**128,259**	123,879
Gains and losses on disposals of non-current assets	**–8**	–191
Other non-cash income and expense	**–28,474**	–29,475
Finance income and expense	**8,855**	9,285
Income tax expense	**20,516**	13,156
Change in provisions	**–3,434**	–1,359
Total adjustment	**125,712**	115,295
2) Change in net working capital:		
Change in trade and other receivales	**–32,401**	–27,503
Change in inventories	**–1,074**	–647
Change in trade and other payables	**15,198**	28,986
Total change in net working capital	**-18,277**	835

PARENT COMPANY ACCOUNTING PRINCIPLES, FAS

Valuation principles

Fixed assets

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

The depreciation/amortisation periods are:

Intangible rights	1 - 20 years
Goodwill	4 - 20 years
Other intangible assets	3 - 10 years
Buildings	25 years
Constructions	10 - 25 years
Machinery and equipment	3 - 15 years

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

Inventory valuation

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

Financial assets

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

Research and development

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

Pensions

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

Deferred tax

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

Correction to prior periods

DNA Plc's cash flow presentation has changed since 2016.

DNA has reclassified certain cash flow items to represent the company's current reporting policy.

EUR in thousands	Reported 2016	Re-classifications	Restated
Income statement			
Materials and services			
Purchases	111,166	917	112,084
Change in inventory	−647	180	−467
External services	215,948	−1,097	214,850
Total materials and services	326,467	0	326,467
Balance sheet			
Prepayments and non-current assets under construction	0	35,447	35,447
Total intangible assets	196,953	35,447	232,401
Prepayments and non-current assets under construction	92,247	−35,447	56,800
Total tangible assets	348,860	−35,447	313,413

Comparability with prior period

The information for the prior period is comparable with the information reported for 2016.

Foreign currency translations

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

PARENT COMPANY INCOME STATEMENT NOTES, FAS

1. NET SALES

EUR in thousands	2017	2016
Domestic	**736,086**	697,375
Foreign	**13,658**	16,179
Total	**749,744**	713,554

During the financial period, parent company employed personnel on average

Total	**1,351**	1,388

2. DEPRECIATION AND AMORTISATION

EUR in thousands	2017	2016
Amortisation of intangible assets	**44,808**	44,218
Depreciation of tangible assets	**80,394**	79,661
Total	**125,202**	123,879
Impairment of intangible assets	**3,057**	0
Total depreciation, amortisation and impairment	**128,259**	123,879

3. OTHER OPERATING EXPENSES

EUR in thousands	2017	2016
Operating and maintenance costs	**38,428**	40,337
Rental costs	**50,446**	52,402
External services	**4,199**	15,263
Other cost items	**26,186**	25,530
Total	**119,259**	133,532

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

Auditor fees		
PricewaterhouseCoopers Oy		
Auditing fees	**212**	207
Actions referred to in Section 1.1.2 of the Finnish Auditing Act	**7**	11
Tax consulting	**66**	123
Other fees	**137**	1,252
Total	**422**	1,594

4. FINANCE INCOME AND EXPENSE

EUR in thousands	2017	2016
Dividends		
from associated companies	**4**	4
from others	**4**	2
Gains on disposals of non-current assets	**8**	0
Total	**17**	6
Other interest and financial expense		
Interest income from group companies	**471**	343
Interest income from others	**288**	371
Total other interest and finance income	**758**	713
Impairment of available-for-sale financial assets	**149**	0
Total	**149**	0
Other interest and financial expense		
Interest expense	**7,791**	8,343
Other finance expense	**1,690**	1,661
Total other interest and financial expense	**9,480**	10,004
Total financial income and expense	**−8,855**	−9,285

5. APPROPRIATIONS

EUR in thousands	2017	2016
Group contribution	28,474	29,475
Total appropriations	28,474	29,475

6. INCOME TAX

EUR in thousands	2017	2016
Direct taxes	17,806	13,411
Income tax from previous periods	27	160
Change in deferred tax	2,682	–416
Total income tax	20,516	13,156

7. INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

EUR in thousands	2017	2016
Development costs		
Acquisition cost 1 January	3,828	3,828
Acquisition cost 31 December	3,828	3,828
Accumulated amortisation 1 January	3,769	3,660
Amortisation for the financial period	48	108
Accumulated amortisation 31 December	3,816	3,769
Book value 31 December	12	59
Intangible rights		
Acquisition cost 1 January	230,575	225,052
Transfers	29,398	5,650
Disposals	0	–127
Acquisition cost 31 December	259,972	230,575
Accumulated amortisation 1 January	174,758	154,392
Amortisation for the financial period	21,911	20,492
Amortisation relating to disposals	0	–127
Accumulated amortisation 31 December	196,668	174,758
Book value 31 December	63,304	55,817
Goodwill		
Acquisition cost 1 January	150,768	150,768
Acquisition cost 31 December	150,768	150,768
Accumulated amortisation 1 January	35,431	28,883
Amortisation for the financial period	6,408	6,548
Accumulated amortisation 31 December	41,839	35,431
Book value 31 December	108,929	115,337

EUR in thousands	2017	2016
Other non-current intangible assets		
Acquisition cost 1 January	**177,510**	161,016
Transfers	**23,646**	20,804
Disposals	**0**	–4,309
Acquisition cost 31 December	**201,157**	177,510
Accumulated amortisation 1 January	**151,770**	139,011
Amortisation for the financial period	**16,442**	17,069
Amortisation relating to disposals	**0**	–4,309
Accumulated amortisation 31 December	**168,212**	151,770
Book value 31 December	**32,944**	25,740
Prepayments and non-current assets under construction		
Acquisition cost 1 January	**35,447**	0
Additions	**28,758**	49,747
Transfers	**–53,044**	–14,300
Amortisations	**–3,057**	0
Book value 31 December	**8,105**	35,447
Total intangible assets	**213,294**	232,401

EUR in thousands	2017	2016
Land and water		
Acquisition cost 1 January	**713**	717
Disposals	**0**	–4
Book value 31 December	**713**	713
Buildings and constructions		
Acquisition cost 1 January	**24,230**	18,173
Transfers	**4,191**	6,057
Acquisition cost 31 December	**28,421**	24,230
Accumulated depreciation 1 January	**10,878**	9,240
Depreciation for the financial period	**1,879**	1,638
Accumulated depreciation 31 December	**12,757**	10,878
Book value 31 Decembe	**15,663**	13,352
Machinery and equipment		
Acquisition cost 1 January	**1,051,474**	976,889
Transfers	**77,458**	75,360
Disposals	**–23**	–774
Acquisition cost 31 December	**1,128,909**	1,051,474
Accumulated depreciation 1 January	**809,799**	732,550
Depreciation for the financial period	**78,515**	78,023
Depreciation relating to disposals	**–23**	–774
Accumulated depreciation 31 December	**888,291**	809,799
Book value 31 December	**240,618**	241,675

EUR in thousands	2017	2016
Other tangible assets		
Acquisition cost 1 January	**873**	873
Acquisition cost 31 December	**873**	873
Prepayments and non-current assets under construction		
Acquisition cost 1 January	**56,800**	83,454
Additions	**80,819**	66,916
Transfers	**−81,648**	−93,571
Acquisition cost 31 December	**55,971**	56,800
Total property, plant and equipment	**313,838**	313,413

8. INVESTMENTS

EUR in thousands	2017	2016
Holdings in Group companies		
Book value 1 January	**82,653**	82,653
Book value 31 December	**82,653**	82,653
Shares in associated companies		
Book value 1 January	**3,982**	3,982
Book value 31 December	**3,982**	3,982
Other shares and holdings		
Book value 1 January	**1,427**	1,427
Increase	**52**	0
Disposals	**-1**	0
Impairment	**-149**	0
Book value 31 December	**1,330**	1,427
Parent company ownerships:		
Holdings in Group companies		
DNA Kauppa Oy	**100%**	100%
Huuked Labs Oy	**100%**	100%
DNA Welho Oy	**100%**	100%
Forte Netservices OOO	**100%**	100%

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

	2017	2016
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	2017	2016
Long-term loan receivables	**21,395**	25,395
Trade receivables	**42,628**	18,969
Prepaid expenses	**2,510**	1,877
Group account receivables	**0**	2,727
Group contribution receivables	**28,474**	29,475
Total	**95,007**	78,441

10. DEFERRED TAX LIABILITY/ASSET

EUR in thousands	2017	2016
Deferred tax asset from provisions	**1,179**	1,865
Deferred tax asset from deferred depreciation	**1,637**	2,110
Deferred tax asset from temporary differences	**956**	2,478
Total deferred tax liability/asset	**3,772**	6,454

11. PREPAID EXPENSES

EUR in thousands	2017	2016
Trade payables	**9,078**	9,194
Other receivables	**3,538**	3,673
Total	**12,616**	12,867
Unrecognised costs		
Of the bond issue costs:		
Remainder of the capitalised long-term deferred receivables	**546**	1,396
Remainder of the capitalised short-term deferred receivables	**850**	889

12. EQUITY

EUR in thousands	2017	2016
Share capital 1 January	**72,702**	72,702
Share capital 31 December	**72,702**	72,702
Reserve for invested unrestricted equity 1 January	**136,561**	86,494
Share issue	**10,364**	50,067
Reserve for invested unrestricted equity 31 December	**146,925**	136,561
Retained earnings 1 January	**72,297**	66,674
Dividend distribution	**−72,767**	−40,063
Share-based payments	**−9,980**	0
Treasury shares	**−4,055**	0
Retained earnings 31 December	**−14,505**	26,611
Result for the period	**76,027**	45,686
Total equity	**281,150**	281,560
Distributable funds		
Retained earnings	**−14,505**	26,611
Net result for the period	**76,027**	45,686
Reserve for invested unrestricted equity	**146,925**	136,561
Total distributable funds	**208,448**	208,858

13. PROVISIONS

EUR in thousands	2017	2016
Estimated decommissioning costs of data centres and masts	**4,685**	4,978
Onerous contracts*	**732**	3,207
Pension provision	**58**	142
Restructuring provision	**0**	414
Other provision	**418**	586
Total provisions	**5,893**	9,327

*The provision covers the under-utilised premises for the full agreement term until 2025. During 2016 and 2017, DNA has let part of the under-utilised premises.

14. NON-CURRENT LIABILITIES

EUR in thousands	2017	2016
Bonds	**150,000**	250,000
Loans from financial institutions	**23,810**	79,048
Other non-current liabilities	**19,707**	23,157
Accrued expenses	**269**	297
Total non-current liabilities	**193,786**	352,501

15. LIABILITIES TO GROUP COMPANIES

EUR in thousands	2017	2016
Trade payables	**7,498**	12,856
Accrued expenses	**11,297**	7,891
Group account payables	**131,459**	97,073
Total liabilities to Group companies	**150,255**	117,820

16. ACCRUED EXPENSES

EUR in thousands	2017	2016
Holiday pay and bonuses	**19,783**	29,377
Interest expenses	**3,785**	3,888
Sales accruals	**3,474**	5,380
Income tax	**4,391**	10,230
Other accruals	**24,106**	45,637
Total accruals	**55,540**	94,512

17. PLEDGED ASSETS AND CONTINGENT LIABILITIES

EUR in thousands	2017	2016
Pledged assets		
Other obligations on behalf of Group companies		
Bank guarantee	**1,308**	1,197
Contingent liabilities and other liabilities		
Finance lease payments		
Payments due during the next financial period	**751**	831
Payments due at a later date	**668**	517
Total finance lease payments	**1,419**	1,348

Leasing contracts are made for three-year periods.

Other contractual obligations

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

Leasehold commitments*	**105,757**	115,320

*Includes EUR 0,7 million (EUR 3,2 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

2017 EUR in thousands	DNA Welho Oy	DNA Kauppa Oy	Forte Netservices OOO	Suomen Yhteisverkko Oy	Total
Sales	45,089	2,543	0	3,383	51,015
Purchases	–147	–39,581	–75	–16,735	–56,539
Interest	231	34	0	208	472
Group contribution	28,474	0	0	0	28,474
Total	73,647	–37,005	–75	–13,144	23,423

2016 EUR in thousands	DNA Welho Oy	DNA Kauppa Oy	Forte Netservices OOO	Suomen Yhteisverkko Oy	Total
Sales	39,051	2,839	0	3,178	45,067
Purchases	–126	–36,771	–111	–11,029	–48,036
Interest	210	24	0	102	336
Group contribution	29,475	0	0	0	29,475
Total	68,609	–33,908	–111	–7,749	26,842

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	**2017**	2016
CEO Jukka Leinonen		
Wages and salaries	**831**	540
Share-based incentive scheme (gross)	**2,901**	-
Total	**3,732**	540
Members and deputy members of the Board of Directors	**581**	460
Korhonen Pertti	**180**	14
Jarmo Leino	**8**	136
Jukka Ottela	**68**	61
Kirsi Sormunen	**72**	75
Anu Nissinen	**70**	60
Tero Ojanperä	**66**	56
Margus Schults	**69**	57
Heikki Mäkijärvi	**48**	-

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

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

SIGNATURES OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS

Helsinki 1.2.2018

Pertti Korhonen
Chairman of the Board of Directors

Heikki Mäkijärvi
Member of the Board of Directors

Anu Nissinen
Member of the Board of Directors

Tero Ojanperä
Member of the Board of Directors

Jukka Ottela
Member of the Board of Directors

Margus Schults
Member of the Board of Directors

Kirsi Sormunen
Member of the Board of Directors

Jukka Leinonen
President and CEO

AUDITORS' NOTE

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

Helsinki 9.2.2018

PricewaterhouseCoopers Oy

Authorised Public Accountants

Mika Kaarisalo
Authorised Public Accountant

AUDITOR'S REPORT

To the Annual General Meeting of DNA Plc

Report on the Audit of the Financial Statements

Opinion

In our opinion

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

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

What we have audited

We have audited the financial statements of DNA Oyj (business identity code 0592509-6) for the year ended 31 December 2017. The financial statements comprise:

- the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies
- the parent company's balance sheet, income statement, statement of cash flows and notes.

Basis for Opinion

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

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

Independence

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

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

Our Audit Approach

Overview

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

Key audit matters:

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

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

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

Overall group materiality	€ 6 million (previous year € 6 million)
How we determined it	We determined materiality using net sales and profit before tax as the benchmark.
Rationale for the materiality benchmark applied	We chose to use both net sales and profit before tax as the benchmarks because, in our view, these are the benchmarks against which the performance of the group are most commonly measured by users, and are a generally accepted benchmarks.

How we tailored our group audit scope

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

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

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Key audit matter in the audit of the group	How our audit addressed the key audit matter
Recognition of revenue in correct amount in the correct period taking into consideration the complexity of information systems used in recording revenue See note 5 Net Sales to the consolidated financial statements. The net sales of the group for the period 1 January to 31 December, 2017 was € 886,1 (858,9) million. Our audit focused on revenue recognition since the various sales processes of the Group are system dependent and the Group uses several different invoicing systems. We identified and evaluated the following risks that might lead to the net sales not being presented correctly in the financial statements: ■ The system dependency and material quantity of sales transactions require the company to have sufficient and functional controls to ensure correctness of net sales. Lack of controls might lead to undetected systematic errors. ■ The sales processes' system dependency and material quantity of sales transactions require the company to have sufficient and functional controls to ensure that sales revenue is recognised and recorded as sales in the correct financial period. Revenue recognition is a key audit matter in the audit due to recorded revenue being dependent on information produced by complex invoicing systems.	We have reviewed the various sales processes of the Group and mapped the related controls, through which the Group management aims to ensure that all transactions are recorded in correct amount in the correct period in the company accounts. As part of our audit: ■ We tested the functionality of the identified controls and evaluated their sufficiency in identifying and/or preventing material misstatement. ■ Inspected through sampling the correctness of invoicing in various billing systems by comparing the invoiced amounts to contracts made by clients and/or price lists. ■ In addition, we have audited the most material accruals of revenue made in the financial statements through testing the functionality of the key periodisation reports and performing both analytic auditing procedures and manual audit procedures to ascertain correctness of the accruals. In addition we have tested the IT-environment for information systems used in recording revenue including: ■ Testing revenue related information systems' controls for access to program and data, user and change management and IT operations.

Key audit matter in the audit of the group	How our audit addressed the key audit matter
Goodwill impairment testing Reference to the financial statements note 15 Goodwill recorded in the consolidated financial statements amounts to € 327,2 (327,2) million. The management of the company is responsible for the impairment testing. As described in the accounting principles to the consolidated financial statements, the identification of impairment indicators as well as the estimation of future cash flows and the determination of fair values for assets (or group of assets) require management to make significant judgements. The most significant assumptions in impairment testing are growth in net sales, development of EBITDA, determination of discount rate (WACC) and the long term growth rate used after the five-year forecast period. We have identified and evaluated the risk that assumptions used in the impairment testing are not appropriate for the purpose and that the presented amount of goodwill is too high. Valuation of goodwill is a key audit matter in the audit due to the size of the goodwill balance and the high level of management judgement involved.	We obtained and reviewed the impairment testing calculations of the management. As a part of the audit: ■ We accessed calculations prepared by the management and evaluated the accounting principles used in their preparation ■ We discussed the most material assumptions used in the estimation of cash flows and compared them to the internal and external information available as well as to the long-term strategic plans and budget approved by the management. ■ We reviewed and evaluated the basis for and mathematical accuracy of the definition of the discount rate (WACC). ■ We tested the mathematical correctness of the impairment testing calculations.

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

There are no significant risks of material misstatement referred to in Article 10(2c) of Regulation (EU) No 537/2014 with respect to the consolidated financial statements or the parent company financial statements.

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Other Reporting Requirements

Appointment

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

Other Information

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

Our opinion on the financial statements does not cover the other information.

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

In our opinion

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

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

Helsinki 9 February 2018

PricewaterhouseCoopers Oy
Authorised Public Accountants

Mika Kaarisalo
Authorised Public Accountant (KHT)