FINANCIAL STATEMENTS BULLETIN
2017

Index

DNA’s net sales and operating result reach record levels in 2017

This is an updated version of DNA's Financial Statements Bulletin 2017, released on February 2, 2018. The corrected figures are earnings per share 2017 and weighted average adjusted number of shares. Corrections are marked to this Financial Statements Bulletin.

Summary

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

October–December 2017

- Net sales increased 4.2% and amounted to EUR 234.6 million (225.2 million).
- EBITDA increased 28.1% to EUR 65.7 million (51.3 million), or 28.0% (22.8%) of net sales.
- Comparable EBITDA was EUR 65.7 million (57.5 million).
- The operating result increased 85.2% and was EUR 26.9 million (14.5 million). Operating result as a percentage of net sales increased and was 11.5% (6.4%).
- The comparable operating result amounted to EUR 29.9 million (20.8 million).
- Revenue per user (ARPU) for mobile communications amounted to EUR 19.0 (17.5).
- The mobile communication subscription turnover rate (CHURN) was 18.1% (17.8%).

January–December 2017

- Net sales increased 3.2% and amounted to EUR 886.1 million (858.9 million).
- EBITDA increased 15.0% to EUR 271.8 million (236.3 million), or 30.7% (27.5%) of net sales.
- Comparable EBITDA was EUR 271.8 million (247.1 million).
- The operating result increased 35.4% 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).
- The mobile communication subscription base grew 2.5%, totalling 2,811,000 (2,742,000).
- Revenue per user (ARPU) for mobile communications amounted to EUR 18.4 (17.1).
- The mobile communication subscription turnover rate (CHURN) was 18.3% (16.1%).
- The fixed-network subscription base (voice, broadband and cable television) grew and was 1,130,000 subscriptions at the end of the year (1,113,000).

Board of Directors’ proposal for distributable funds

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.

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.

Key figures

Figures are unaudited.

EUR million	10-12/2017	10-12/2016	Change, %	1-12/2017	1-12/2016	Change, %
Net sales	**234.6**	225.2	4.2%	**886.1**	858.9	3.2%
EBITDA	**65.7**	51.3	28.1%	**271.8**	236.3	15.0%
- % of net sales	**28.0%**	22.8%		**30.7%**	27.5%	
Comparable EBITDA *	**65.7**	57.5	14.2%	**271.8**	247.1	10.0%
- % of net sales	**28.0%**	25.5%		**30.7%**	28.8%	
Depreciation, amortisation and impairment	**38.8**	36.7		**148.2**	145.0	
Operating result, EBIT	**26.9**	14.5	85.2%	**123.5**	91.2	35.4%
- % of net sales	**11.5%**	6.4%		**13.9%**	10.6%	
Comparable operating result*	**29.9**	20.8	44.2%	**126.6**	102.1	24.0%
- % of net sales	**12.8%**	9.2%		**14.3%**	11.9%	
Net result before tax	**24.6**	12.2	102.3%	**114.2**	81.7	39.8%
Net result for the period	**21.6**	9.6	123.8%	**93.1**	65.2	42.8%
Return on investment (ROI), %	**11.5**	6.1		**13.1**	9.6	
Return on equity (ROE), %	**14.5**	6.8		**15.5**	11.6	
Capital expenditure	**74.1**	58.7	26.1%	**144.0**	143.6	0.3%
Cash flow after investing activities	**-2.1**	3.8		**107.7**	83.5	
Free cash flow to equity	**-**	-		**118.8**	92.6	
Net debt	**-**	-		**304.3**	321.7	
Net debt/EBITDA	**1.16**	1.57		**1.12**	1.36	
Net gearing, %	**-**	-		**50.3**	53.9	
Equity ratio, %	**-**	-		**50.6**	48.4	
Basic earnings per share, EUR	**0.16**	0.07		**0,71****	0.51	
Diluted earnings per share, EUR	**0.16**	0.07		**0,71****	0.51	
Personnel at the end of period	**-**	-		**1,601**	1,668	

*Group key figures

**DNA made a correction to this figure with stock exchange release on 5, February 2018.

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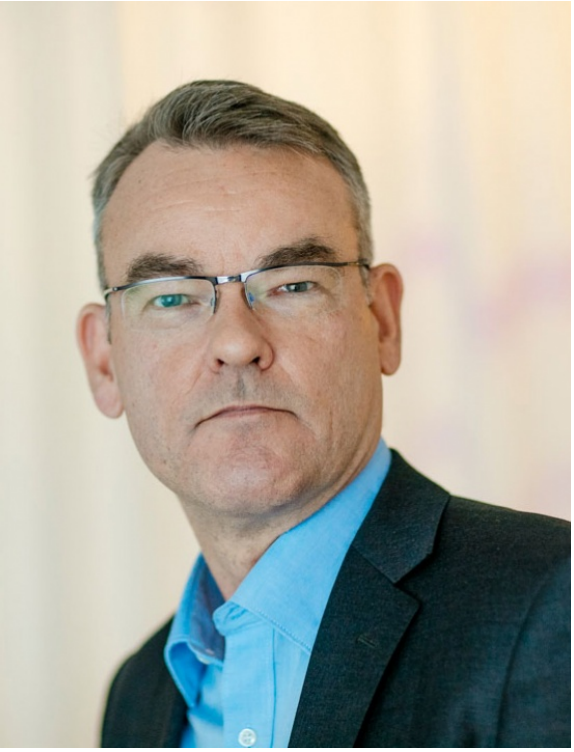
DNA’s AGM and financial publications in 2018:

- 1 March 2018: Annual Report 2017
- 22 March 2018: Annual General Meeting
- 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

CEO's review



DNA's first year as a listed company has been successful in terms of achieving our strategic and financial objectives. DNA's net sales and operating result reached record levels in 2017. The growth of our mobile subscription base and favourable mobile billing gave our mobile service revenue a significant boost of 12.1 %.

In 2017, our net sales increased 3.2% to EUR 886.1 million, fuelled by the growth in service revenue. Mobile device sales were up considerably from 2016. Our comparable operating result grew 24% and was EUR 126.6 million, or 14.3% of net sales (11.9%). As planned, our operative capital expenditure remained at a lower level year-on-year.

DNA's operative free cash flow increased 26% to EUR 138.9 million from 2016. DNA has a strong balance sheet which gives us the opportunity to engage in new potential business opportunities also after the Board of Director's proposal for distributable funds.

Our mobile communication network subscription volumes were up 69,000 from 2016. DNA's revenue per user (ARPU) improved and was EUR 18.4 in 2017, compared to EUR 17.1 in 2016. Our ARPU was strengthened by 3G subscribers switching to high-speed 4G subscriptions. Competition remained intense throughout 2017, affecting our CHURN rate which increased to 18.3% from 16.1% in 2016. Our broadband and cable television subscriptions increased in total by 29,000 in 2017.

According to a report released by telecommunications analysis and consulting company Tefficient in December 2017, DNA's customers had the highest mobile data usage in the world per subscription in the first half of 2017: DNA's data volumes per subscription averaged 14.7 gigabytes (GB) per month. During the third quarter of 2017, the volume had reached 16.5 gigabytes. Finland is among the top countries in the world in mobile data usage per subscription. This is due to high-quality connections, pricing models that include unlimited data transfer as well as low price of mobile data.

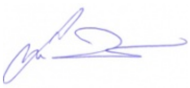
In recent years, we have made significant investments in our personnel's know-how, data systems and analytics tools to create omnichannel customer experience. This has produced positive results: in November 2017, DNA won the title of Digital Leader 2018 in the study measuring digital maturity in the Nordic countries*.

Our customer satisfaction improved further in 2017. DNA's Net Promoter Score (NPS), which measures customer satisfaction by the likelihood that a customer would recommend the product or service, improved further. Our personnel satisfaction continued to improve, too, for a third consecutive year. DNA received the Great Place to Work® certificate as proof of high job satisfaction. Satisfied and motivated employees are a crucial foundation for our ability to provide an excellent customer experience now and in the future.

We expect both DNA's net sales and comparable operating result in 2018 to remain at the same level as in 2017. The Group's financial position and liquidity are expected to remain at a healthy level.

Jukka Leinonen
President and CEO

*Digital Leaders study by BearingPoint: http://digitalleaders.bearingpoint.com/finland



Jukka Leinonen
President and CEO

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 to 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

October–December 2017

DNA's net sales increased and totalled EUR 234.6 million (225.2 million). Mobile device sales were particularly strong in the fourth quarter and grew 14.9% from the reference period. DNA's service revenue (net sales less sales of goods and interconnection charges) also grew. During the last quarter, 74.8% (74.1%) of net sales was generated by Consumer Business and 25.2% (25.9%) by Corporate Business.

EBITDA increased and was EUR 65.7 million (51.3 million). The EBITDA percentage of net sales increased and was 28.0% (22.8%). Comparable EBITDA was EUR 65.7 million (57.5 million). The positive development was driven by growth in service revenue and improved cost-efficiency of modern network platforms.

Operating result increased and was EUR 26.9 million (14.5 million). Operating result as a percentage of net sales increased and was 11.5% (6.4%). Comparable operating result amounted to EUR 29.9 million (20.8 million).

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. In October–December 2016, EBITDA and operating result comparability was affected by an item of EUR 6.3 million, which was mostly related to the listing of DNA.

Financial income and expenses amounted to EUR 2.3 million (2.4 million). Income tax for the period was EUR 3.0 million (2.5 million). Result for the financial period increased and was EUR 21.6 million (9.6 million). Earnings per share was EUR 0.16 (0.07).

January–December 2017

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. Mobile 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.

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).

*DNA made a correction to this figure with stock exchange release on 5, February 2018.

Consolidated key figures

EUR million	10-12/2017	10-12/2016	Change, %	1-12/2017	1-12/2016	Change, %
Net sales	**234.6**	225.2	4.2%	**886.1**	858.9	3.2%
EBITDA	**65.7**	51.3	28.1%	**271.8**	236.3	15.0%
- % of net sales	**28.0%**	22.8%		**30.7%**	27.5%	
Comparable EBITDA*	**65.7**	57.5	14.2%	**271.8**	247.1	10.0%
- % of net sales	**28.0%**	25.5%		**30.7%**	28.8%	
Operating result, EBIT	**26.9**	14.5	85.2%	**123.5**	91.2	35.4%
- % of net sales	**11.5%**	6.4%		**13.9%**	10.6%	
Comparable operating result, EBIT*	**29.9**	20.8	44.2%	**126.6**	102.1	24.0%
- % of net sales	**12.8%**	9.2%		**14.3%**	11.9%	
Net result for the period	**21.6**	9.6	123.8%	**93.1**	65.2	42.8%

*Group key figures

Key operative indicators

	10-12/2017	10-12/2016	Change, %	1-12/2017	1-12/2016	Change, %
Number of mobile communication network subscriptions at end of period	**2,811,000**	2,742,000	2.5%	**2,811,000**	2,742,000	2.5%
- Revenue per user (ARPU), EUR	**19.0**	17.5	8.6%	**18.4**	17.1	7.6%
- Customer CHURN rate, %	**18.1%**	17.8%		**18.3%**	16.1%	
Number of fixed line subscriptions at end of period	**1,130,000**	1,113,000	1.5%	**1,130,000**	1,113,000	1.5%

Cash flow and financial position

October–December 2017

Cash flow after investing activities was EUR -2.1 million (3.8 million). Cash flow after investing activities was significantly impacted by the concentration of capital expenditure and its cash flows towards the end of the financial year.

January–December 2017

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	**10-12/2017**	**10-12/2016**	**1-12/2017**	**1-12/2016**
Cash flow after investing activities, EUR million	**-2.1**	3.8	**107.7**	83.5
			12/31/2017	**12/31/2016**
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

October–December 2017

Consumer Business net sales increased and were EUR 175.4 million (166.9 million). Mobile device sales were particularly strong in the fourth quarter. Service revenue was boosted by both the growing number of mobile subscriptions and increased revenue per subscription, which is due in particular to the growing share of 4G subscriptions in the subscription base.

EBITDA increased and was EUR 46.7 million (37.3 million). The increase was fuelled by positive development of service revenue and improved operational efficiency. The EBITDA percentage of net sales was 26.6% (22.3%). Consumer Business operating result increased and was EUR 23.1 million (13.2 million), or 13.2% of Consumer Business net sales (7.9%).

There were no items affecting comparability in the review period. The items affecting the comparability of the EBITDA and operating result in October–December 2016 totalled EUR 3.8 million and were mostly related to the listing of DNA. Depreciation and amortisation charges of EUR 23.5 million (24.1 million) was allocated to Consumer Business.

January–December 2017

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 customer CHURN rate was slightly higher in 2017 than in 2016. It was increased by tight competition as well as changes in the price and design of some products.

Consumer business

EUR million	10-12/2017	10-12/2016	Change, %	1-12/2017	1-12/2016	Change, %
Net sales	**175.4**	166.9	5.1%	**658.7**	631.3	4.3%
EBITDA	**46.7**	37.3	25.2%	**199.8**	168.4	18.6%
- % of net sales	**26.6%**	22.3%		**30.3%**	26.7%	
Comparable EBITDA*	**46.7**	41.1	13.6%	**199.8**	174.9	14.2%
- % of net sales	**26.6%**	24.6%		**30.3%**	27.7%	
Operating result, EBIT	**23.1**	13.2	75.0%	**104.6**	74.6	40.2%
- % of net sales	**13.2%**	7.9%		**15.9%**	11.8%	
Comparable operating result, EBIT*	**23.1**	17.0	36.0%	**104.6**	81.1	29.0%
- % of net sales	**13.2%**	10.2%		**15.9%**	12.8%	

*Group key figures

Corporate business

October–December 2017

Corporate business net sales increased and were EUR 59.2 million (58.3 million). Net sales were boosted by the positive development of service revenue and device sales.

EBITDA increased to EUR 19.0 million (14.0 million), accounting for 32.1% of net sales (24.0%). EBITDA was fuelled by improved cost-efficiency and growth in service revenue. Operating result grew to EUR 3.7 million (1.3 million), or 6.3% of net sales (2.2%).

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 October–December 2016 totalled EUR 2.5 million and were mostly related to the listing of DNA. Depreciation and amortisation charges of EUR 15.2 million (12.7 million) was allocated to Corporate business.

January–December 2017

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.

Corporate business

EUR million	**10-12/2017**	**10-12/2016**	**Change, %**	**1-12/2017**	**1-12/2016**	**Change, %**
Net sales	**59.2**	58.3	1.7%	**227.4**	227.5	-0.1%
EBITDA	**19.0**	14.0	35.9%	**72.0**	67.9	6.1%
- % of net sales	**32.1%**	24.0%		**31.7%**	29.8%	
Comparable EBITDA*	**19.0**	16.4	15.5%	**72.0**	72.2	-0.2%
- % of net sales	**32.1%**	28.2%		**31.7%**	31.7%	
Operating result, EBIT	**3.7**	1.3	189.9%	**19.0**	16.7	13.7%
- % of net sales	**6.3%**	2.2%		**8.3%**	7.3%	
Comparable operating result, EBIT*	**6.8**	3.8	81.1%	**22.0**	21.0	4.9%
- % of net sales	**11.5%**	6.4%		**9.7%**	9.2%	

*Group key figures.

Capital expenditure

October–December 2017

Capital expenditure was EUR 74.1 million (58.7 million). Operative capital expenditure (excluding spectrum license payments) grew 29.5% from the reference period and came to EUR 67.3 million (52.0 million), or 28.7% of net sales (23.1%). The spectrum licence fee contributed EUR 6.7 million to total capital expenditure in the fourth quarter both in 2016 and 2017.

January–December 2017

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. Operative capital expenditure remained at a somewhat lower level than in 2016.

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

Capital expenditure

EUR million	10-12/2017	10-12/2016	Change, %	1-12/2017	1-12/2016	Change, %
Consumer business	**51.5**	37.4	37.5%	**96.9**	90.9	6.6%
Corporate business	**21.9**	19.3	13.7%	**43.4**	45.8	-5.2%
Unallocated	**0.7**	2.0	-66.5%	**3.7**	6.9	-46.8%
Total capital expenditure	**74.1**	**58.7**	**26.1%**	**144.0**	**143.6**	**0.3%**

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

EUR million	10-12/2017	10-12/2016	Change-%	1-12/2017	1-12/2016	Change-%
Operative capital expenditure	**67.3**	52.0	29.5%	**132.9**	136.9	-2.9%
Spectrum license	**6.7**	6.7	-	**11.1**	6.7	65.5%
Total capital expenditure	**74.1**	**58.7**	**26.1%**	**144.0**	**143.6**	**0.3%**

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

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.

* 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

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 during the fourth quarter amounted to EUR 28.9 million (30.0 million) and during 2017 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.

Personnel by business segment

	12/31/2017	12/31/2016	Change %
Consumer business	**942**	1,012	-6.9%
Corporate business	**659**	656	0.5%
Total personnel	**1,601**	**1,668**	**-4.0%**

Significant litigation matters and management and governance

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.

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.

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.

Board of Directors and auditor

The number of Board members was confirmed as seven, 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 AGM decided not to change compensation paid to the Board of Directors. The Chairman of the Board receives an annual compensation of EUR 144,000 and the Board members EUR 48,000. Further, a meeting fee per Board meeting was set at EUR 1,050. The meeting fee per meeting of the Board's permanent committees was set at EUR 1,050 for the committee chairs and EUR 525 for each committee member.

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.

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%.

On 31 December 2017, the largest shareholders of DNA Plc were Finda Telecoms Oy (33.43%), PHP Holding Oy (25.78%) and Ilmarinen Mutual Pension Insurance Company (3.87%). At the end of the review period, they held a total of 63.09% of DNA's shares and voting rights.

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 8 for more information on DNA's share-based reward system.

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 30%
- 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

In the last quarter of 2017, DNA continued the practical implementation of its corporate responsibility strategy by adopting 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 the Group's responsibility objectives. Personnel's responsibility training also continued in 2017.

DNA takes responsibility for the environmental effects of its operations. While the strong expansion of DNA's networks and business continues, the Group aims to reduce its total emissions by 15% by 2020 from the levels reported in 2014. The Group also aims to improve the energy-efficiency of its networks and to reduce emissions from its radio network in proportion to annual data transfer volumes by 80% by 2020 from 2014.

The modernisation of DNA's radio network that was launched in 2011 was completed in 2017: all the old base stations in DNA's radio networks have been replaced with more energy-efficient next-generation base stations.

DNA continued the pilot project as part of the Family Federation of Finland's family-friendly work initiative, which supports DNA's strategic objective of being one of the most desired employers in Finland. In early 2017, DNA became the first company in Finland to introduce grandparental leave. DNA employees who become grandparents are entitled to one week's paid grandparental leave. At the end of 2017, 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 continued as main partner of SOS Children's Village and the "HundrED – 100 Koulua" initiative. The initiative is searching for 100 education innovations that will be developed and trialled with a selection of Finnish schools and education experts.

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 in 2018 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 will issue an invitation to the Annual General Meeting.

DNA Plc
Board of Directors

Group key figures

	Oct-Dec 2017	Oct-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
Earnings per share, basic EUR	**0.16**	0.07	**0,71***	0.51
Earnings per share, diluted EUR	**0.16**	0.07	**0,71***	0.51
Equity per share, EUR			**4.6**	4.5
Shares outstanding at the end of the period (thousands)			**132,039**	132,304
Weighted average adjusted number of shares during the financial period, basic (thousands)	**131550***	128,974	**131923***	127,733
Weighted average adjusted number of shares during the financial period, diluted (thousands)	**131592***	-	**131965***	128,862
Net debt, EUR in thousands			**304,288**	321,710
Net gearing, %			**50.3**	53.9
Equity ratio, %			**50.6**	48.4
Net debt/EBITDA	**1.16**	1.57	**1.12**	1.36
Return on investment (ROI), %	**11.5**	6.1	**13.1**	9.6
Return on equity (ROE), %	**14.5**	6.8	**15.5**	11.6
Capital expenditure, EUR in thousands	**74,060**	58,726	**144,018**	143,604
Capital expenditure, % of net sales	**31.6%**	26.1%	**16.3%**	16.7%
Personnel at end of period			**1,601**	1,668

*DNA made a correction to this figure with stock exchange release on 5, February 2018.

Reconciliation of comparable key figures

EUR in thousands	Oct-Dec 2017	Oct-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
EBITDA	**65,655**	**51,255**	**271,772**	**236,290**
Direct transaction costs of the listing	-	5,722	-	6,486
Cost impacts on the share based compensation plan of the listing	-	-	-	3,795
Restructuring costs	-	528	-	528
Comparable EBITDA	**65,655**	**57,505**	**271,772**	**247,100**
Operating result	**26,878**	**14,514**	**123,523**	**91,249**
Impairment of data systems	3,057	-	3,057	-
Direct transaction costs of the listing	-	5,722	-	6,486
Cost impacts on the share based compensation plan of the listing	-	-	-	3,795
Restructuring costs	-	528	-	528
Comparable operating result	**29,934**	**20,764**	**126,579**	**102,059**

Free cash flow to equity

EUR in thousands	31 Dec 2017	31 Dec 2016
Comparable EBITDA	**271,772**	**247,100**
Operative capital expenditure	-132,904	-136,890
Operating free cash flow	**138,867**	**110,210**
Interest paid, net	-8,720	-8,608
Income taxes, paid	-25,775	-5,180
Adjusted change in net working capital	19,312	-1,497
Change in provisions	-4,856	-2,307
Free cash flow to equity	**118,830**	**92,617**

Key operative indicators

Mobile communication network subscription volumes:

Number of:	**31 Dec 2017**	**31 Dec 2016**
Subscriptions*	**2,811,000**	2,742,000
DNA's own customers*	**2,744,000**	2,721,000

	Oct-Dec 2017	**Oct-Dec 2016**	**Jan-Dec 2017**	**Jan-Dec 2016**
Revenue per subscription (ARPU), EUR**	**19.0**	17.5	**18.4**	17.1
Customer churn rate, %**	**18.1**	17.8	**18.3**	16.1

*Includes only mobile broadband

**Includes only postpaid phone subscriptions

Fixed-network subscription volumes:

Number of:	**31 Dec 2017**	**31 Dec 2016**
Broadband subscriptions	**458,000**	440,000
Cable TV subscriptions	**619,000**	608,000
Telephone subscriptions	**53,000**	65,000
	1,130,000	**1,113,000**

Calculation of key figures

Earnings per share (EUR)	=	Net result for the period / Weighted number of shares during the financial period excl treasury shares
Equity per share, EUR	=	Equity attributable to owners of the parent / Number of outstanding shares at end of period
Net debt, EUR	=	Non-current and current borrowings -cash and cash equivalents
Net gearing, %	=	Net debt / Total equity
Equity ratio, %	=	Total equity / Total assets – advances received
EBITDA, EUR	=	Operating result (EBIT) + depreciation, amortisation and impairments
Return on investment (ROI), %*	=	Net result before income taxes + finance expense / Total equity + borrowings (average for the period)
Return on equity (ROE), % *	=	Net result for the period / Total equity (average for the period)
Net debt/EBITDA*	=	Net debt / Operating result + depreciation + amortisation + impairments
Comparable EBITDA (EUR)	=	EBITDA excluding items affecting comparability
Comparable operating result, EBIT (EUR)	=	Operating result, EBIT excluding items affecting comparability
Items affecting comparability	=	Items affecting comparability being material items outside ordinary course of business such as net gain or losses from business disposals, direct transaction costs related to business acquisitions, write-off of non-current assets, costs for closure of business operations and restructurings, fines 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 and direct transaction costs and cost impacts on the share based compensation plan of the listing.
Cashflow after investing activities (EUR)	=	Net cash generated from operating activities + net cash used in investing activities
Capital expenditure (EUR)	=	Capital expenditure comprises additions to property, plant and equipment and intangible assets excluding business acquisitions, gross acquisition cost of spectrum license and additions through finance leases and asset retirement obligations and including annual cash instalments for the spectrum license.
Operating free cashflow	=	Comparable EBITDA - operative capital expenditure
Free Cash Flow to Equity (FCFE)	=	Comparable EBITDA – total capital expenditure excluding the annual cash instalment for spectrum licenses - change in net working capital including an adjustment between operative capex and cash-based capex in order to present FCFE on a cash basis, however excluding cash instalments for spectrum licenses and adjusted with the items affecting comparability - net interest paid - income taxes paid - change in provisions excluding items affecting comparability.

* 12-month adjusted

DNA presents alternative performance measures as additional information to financial measures presented in the consolidated income statement, consolidated statement of financial position and consolidated statement of cash flows prepared in accordance with IFRS. In

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

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

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

Consolidated income statement

EUR in thousands	1 Oct-31 Dec 2017	1 Oct-31 Dec 2016	1 Jan-31 Dec 2017	1 Jan -31 Dec 2016
Net sales	**234,636**	**225,167**	**886,088**	**858,887**
Other operating income	**1,466**	1,141	**4,177**	3,822
Materials and services	**-110,514**	-104,876	**-389,194**	-383,313
Employee benefit expenses	**-28,936**	-29,961	**-111,055**	-112,877
Depreciation, amortisation and impairments	**-38,777**	-36,741	**-148,249**	-145,041
Other operating expenses	**-30,997**	-40,216	**-118,244**	-130,228
Operating result, EBIT	**26,878**	**14,514**	**123,523**	**91,249**
Finance income	**172**	248	**889**	920
Finance expense	**-2,432**	-2,601	**-10,257**	-10,504
Share of associates' results	**-5**	4	**4**	18
Net result before income tax	**24,613**	**12,164**	**114,158**	**81,683**
Income tax expense	**-3,044**	-2,528	**-21,072**	-16,474
Net result for the period	**21,570**	**9,636**	**93,086**	**65,209**
Attributable to:				
Owners of the parent	**21,570**	9,636	**93,086**	65,209
Earnings per share for net result attributable to owners of the parent:				
Earnings per share, basic EUR	**0.16**	0.07	**0,71***	0.51
Earnings per share, diluted EUR	**0.16**	0.07	**0,71***	0.51

*DNA made a correction to this figure with stock exchange release on 5, February 2018.

Notes are an integral part of the consolidated financial statements

Consolidated statement of comprehensive income

EUR in thousands	1 Oct-31 Dec 2017	1 Oct-31 Dec 2016	1 Jan-31 Dec 2017	1 Jan -31 Dec 2016
Net result for the period	**21,570**	**9,636**	**93,086**	**65,209**
Items that will not be reclassified to profit or loss:				
Remeasurements of post employment benefit obligations	214	-139	71	-155
Items that may be reclassified subsequently to profit or loss:				
Other comprehensive income, net of tax	**214**	**-139**	**71**	**-155**
Total comprehensive income	**21,783**	**9,497**	**93,157**	**65,053**
Attributable to:				
Owners of the parent	21,783	9,497	93,157	65,053

Notes are an integral part of the consolidated financial statements

Consolidated statement of financial position

EUR in thousands	31 Dec 2017	31 Dec 2016
Assets		
Non-current assets		
Goodwill	**327,206**	327,206
Other intangible assets	**178,070**	187,153
Property, plant and equipment	**421,580**	427,126
Investments in associates	**1,199**	1,199
Available-for-sale financial assets	**117**	215
Trade and other receivables	**38,468**	36,277
Deferred tax assets	**8,475**	14,704
Total non-current assets	**975,115**	**993,880**
Current assets		
Inventories	**22,909**	21,725
Trade and other receivables	**195,563**	189,241
Income tax receivables	**9,780**	7,687
Cash and cash equivalents	**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	**72,702**	72,702
Reserve for invested unrestricted equity	**653,056**	652,719
Treasury shares	**-4,055**	-
Retained earnings	**-210,425**	-194,203
Net result for the period	**93,086**	65,209
Total equity	**604,363**	**596,427**
Liabilities		
Non-current liabilities		
Borrowings	**173,362**	327,659
Employment benefit obligations	**2,028**	2,097
Provisions	**6,813**	10,739
Deferred tax liabilities	**22,783**	25,671
Other non-current liabilities	**23,605**	22,957
Total non-current liabilities	**228,591**	**389,123**
Current liabilities		
Borrowings	**154,518**	40,290
Provisions	**490**	1,351
Trade and other payables	**234,603**	221,340
Income tax liabilities	**4,391**	10,240
Total current liabilities	**394,003**	**273,221**
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	Jan-Dec 2017	Jan-Dec 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	**-**	50,067
Direct costs relating to share issue	**-3,314**	-2,209
Treasury share acquisition	**-14,035**	-
Dividends paid	**-72,767**	-40,063
Proceeds from borrowings	**99,893**	59,864
Repayment of borrowings	**-140,119**	-130,170
Net cash 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 period	**46,238**	25,266
Cash and cash equivalents at end of period	**23,592**	46,238
Adjustments 1):		
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**
Change in net working capital 2):		
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	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				-155	-155
Total comprehensive income	-	-	-	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				1,132	1,132
Dividends relating to 2015				-40,063	-40,063
Total contribution by and distributions to owners	-	45,384	103,388	-142,319	6,454
31 December 2016	72,702	652,719		-128,995	596,427
1 January 2017	**72,702**	**652,719**	-	**-128,995**	**596,427**
Comprehensive income					
Net result for the period				**93,086**	**93,086**
Other comprehensive income					
Total other comprehensive income, net of tax	-	-	-	**71**	**71**
Total comprehensive income	-	-	-	**93,157**	**93,157**
Transactions with owners					
Expenses paid in connection with share issue net of tax		**337**			**337**
Treasury share acquisition			**-14,035**		**-14,035**
Share-based payments			**9,980**	**-8,735**	**1,245**
Dividends relating to 2016				**-72,767**	**-72,767**
Total contribution by and distributions to owners	-	**337**	**-4,055**	**-81,502**	**-85,221**
31 December 2017	**72,702**	**653,056**	**-4,055**	**-117,340**	**604,363**

Notes are an integral part of the consolidated financial statements.

Notes

1 Accounting principles

This Interim Financial Report has been prepared in accordance with IFRS regulations and measurement principles and complies with the requirements of the IAS 34 standard. The information has been prepared in accordance with International Financial Reporting Standards, as approved for application throughout the European Union. The accounting principles are identical to those applied to the Financial Statements of 31 December 2016 with the exception of new and amended standards effective as of 1 January 2017 which had no material impact on the Group. This report should be read in connection with the 2016 Financial Statements. The information presented in the report is unaudited.

The following new standards have been issued but are not effective for the annual reporting period beginning on 1 January 2017 and have not been early adopted by the Group:

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 1.1 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.

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 expenses 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.

2 Segment information

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

1 Oct–31 Dec 2017
EUR in thousands

Business segments	Consumer segment	Corporate segment	Unallocated	Group total
Net sales	175,406	59,230		234,636
EBITDA	46,665	18,990		65,655
Depreciation, amortisation and impairments	23,533	15,244		38,777
Operating result, EBIT	23,132	3,746		26,878
Net finance items			-2,260	-2,260
Share of associates' results			-5	-5
Net result before income tax				24,613
Net result for the period				21,570
Capital expenditure*	51,474	21,909	677	74,060
Employees at end of period	942	659		1,601

1 Oct–31 Dec 2016
EUR in thousands

Business segments	Consumer segment	Corporate segment	Unallocated	Group total
Net sales	166,904	58,263		225,167
EBITDA	37,277	13,978		51,255
Depreciation, amortisation and impairments	24,056	12,685		36,741
Operating result, EBIT	13,221	1,292		14,514
Net finance items			-2,354	-2,354
Share of associates' results			4	4
Net result before income tax				12,164
Net result for the period				9,636
Capital expenditure*	37,434	19,274	2,019	58,726
Employees at end of period	1,012	656		1,668

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' results			4	4
Net 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 period	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' results			18	18
Net 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 period	1,012	656		1,668

* Capital expenditure comprises 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 includes spectrum license payments made during the reporting period. Unallocated capital expenditure comprises 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.

3 Capital expenditure

EUR in thousands		Oct-Dec 2017	Oct-Dec 2016	Jan-Dec 2017	Jan–Dec 2016
Capital expenditure*					
	Intangible assets	**17,792**	19,354	**44,062**	41,774
	Property, plant and equipment	**56,268**	39,373	**99,956**	101,831
Total		**74,060**	**58,726**	**144,018**	**143,604**

* Capital expenditure comprises 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 includes spectrum license payments made during the reporting period.

Major individual items included in capital expenditure are the 4G and 3G networks and in fibre and transfer systems. Major individual intangible items included in capital expenditure are IT systems.

4 Equity

	Shares outstanding (thousands)	Treasury shares (thousands)	Total number of shares (thousands)	Share capital (EUR in thousands)	Reserve for invested unrestricted equity (EUR in thousands)
1 January 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**	**-**	**132,304**	**72,702**	**652,719**
Direct costs relating to share issue					**337**
Acquisition of treasury shares	**-968**	**968**	**0**		**-**
Share issue	**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.

Dividends

DNA Plc's Annual General Meeting of 22 March 2017 approved a payment of dividend (EUR 0.55 per share) totalling EUR 72.766.925. The dividend was paid on 7 April 2017.

Treasury shares

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.

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.

Date		Payment including transaction costs, EUR	Amount
1 June-14 September 2017	Treasury share acquisition	14,035,000	967,897
4 December 2017	Share issue	-	-703,080
Treasury shares 31 December 2017			**264,817**

Treasury shares acquired during the financial year represent 0.20 per cent of the votes. The purchase of treasury shares did not materially affect the structure of ownership and voting power in the company.

5 Net debt

EUR in thousands	**31 December 2017**	**31 December 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**

6 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**

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.

7 Related party transactions

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

The following related party transactions were carried out:

	Jan-Dec 2017	
EUR in thousands	Organisations exercising significant influence	Associated companies
Sales	20	-
Purchases	2,721	453
Receivables	2	-
Liabilities	238	2

	Jan-Dec/2016	
EUR in thousands	Organisations exercising significant influence	Associated companies
Sales	30	-
Purchases	2,776	475
Receivables	2	-
Liabilities	3	-

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

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

Participation requires subscription in the directed rights issue
The prerequisite for participating in the share-based reward plan is that a person participating in the share-based reward plan acquires, against payment, shares up to the number determined by the Board of Directors. Participants have the opportunity to receive a reward as DNA’s shares or as cash in connection with stock-exchange listings or main shareholders’ exit. Receiving of the reward is tied to the continuance of participant´s employment and ownership of shares up to the number determined by the Board of Directors upon reward payment.

The reward will consist of shares per each subscribed share (base matching shares). Additionally, it is possible to obtain a reward based on the listing or sale price (performance share). For stock-exchange listings, the value of the additional reward, is based on the share price and for exits, on the sale price. If neither takes place by 31 May 2019 at the latest, or if the Board of Directors decides to extend the plan no later than 31 May 2021, the reward is based on the possible increase in the share value during the expected life.

The right to the reward is personal, and is payable only to named participants. Participants cannot transfer the right to the reward to another party. The Board of Directors decides on all matters relating to the shared-based reward plan, such as a participant’s right to the reward in case their duties within the Group should change or they leave the employment of DNA before the reward payment.

A maximum total of 1,920,000* new shares can be issued in the plan. The maximum amount, which was 128,000 shares, has been adjusted in accordance with the reward plan conditions on the basis of the share split decision made at the company's Extraordinary Shareholders' Meeting on the 25th of October, 2016.

The share subscription period of the new shares was from 27 November to 12 December 2014. Additionnally, the Board of Directors has on the 26th of March 2015, decided to make an addition to the share-based reward plan 2014 target group. The share subscription period of the new shares was from 26 March to 24 April 2015.

Share-based reward plan		
Grant date	12 Dec 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 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 reward plan	1,199	5,153

Other share-based payments	**31 December 2017**	**31 December 2016**
Personnel share issue	-	275