FINANCIAL STATEMENTS BULLETIN

2018

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DNA's net sales and operating result reach record levels in 2018

Summary

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

For 2018, as required by the IFRS standards, the financial tables contain figures reported according to the IFRS 15 and IFRS 9 standards adopted on 1 January 2018. As required by IFRS 15, figures adjusted are disclosed as if they were prepared under 2017 revenue guidance. The comparative analysis between periods in the report section uses comparable figures, where the 2018 figures are disclosed as if they were prepared under 2017 revenue guidance.

October–December 2018

- Net sales increased 1.2% and amounted to EUR 237.5 million (234.6 million).
- EBITDA decreased 4.5% to EUR 62.7 million (65.7 million), or 26.4% (28.0%) of net sales.
- Operating result decreased 6.5% and was EUR 25.1 million (26.9 million). Operating result as a percentage of net sales was 10.6% (11.5%).
- Comparable operating result amounted to EUR 25.1 million (29.9 million).
- Earnings per share decreased to EUR 0.14 (0.16).
- Revenue per user (ARPU) for mobile communications decreased 0.2% and was EUR 18.9 (19.0).
- The mobile communication subscription turnover rate (CHURN) decreased and was 14.8% (18.1%).

January–December 2018

- Net sales increased 3.1% and amounted to EUR 913.5 million (886.1 million).
- EBITDA increased 4.4% to EUR 283.6 million (271.8 million), or 31.0% (30.7%) of net sales.
- Operating result increased 8.3% and was EUR 133.8 million (123.5 million). Operating result as a percentage of net sales was 14.6% (13.9%).
- Comparable operating result amounted to EUR 133.8 million (126.6 million).
- Operating free cash flow increased 7.3% and was EUR 149.0 million (138.9 million).
- Earnings per share increased to EUR 0.74 (0.71).
- The mobile communication subscription base grew 2.3%, totalling 2,877,000 (2,811,000).
- Revenue per user (ARPU) for mobile communications increased 2.3% and was EUR 18.8 (18.4).
- The mobile communication subscription turnover rate (CHURN) decreased and was 16.2% (18.3%).
- The fixed-network subscription base (voice, broadband and cable television) grew to 1,152,000 subscriptions (1,130,000).

Board of Directors' proposal for distributable funds

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

DNA's guidance for 2019

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

DNA's guidance for 2019 is disclosed with consideration to the impact of the adoption of IFRS 16. The adoption of IFRS16 from the beginning of 2019, is estimated to have a positive impact of approximately 17 million euros in EBITDA in 2019. The impact of IFRS 16 on operating result (EBIT) is insignificant.

Key figures

Figures are unaudited.

EUR million	10–12/2018 Reported	10–12/2018 Adjusted*	10–12/2017 Reported	Change-%	1–12/2018 Reported	1–12/2018 Adjusted*	1–12/2017 Reported	Change-%
Net sales	**236.9**	237.5	234.6	1.2	**911.8**	913.5	886.1	3.1
EBITDA	**65.4**	62.7	65.7	−4.5	**284.9**	283.6	271.8	4.4
% of net sales	**27.6**	26.4	28.0		**31.2**	31.0	30.7	
Depreciation, amortisation and impairment	**37.0**	37.6	38.8		**146.0**	149.9	148.2	
Operating result, EBIT	**28.4**	25.1	26.9	−6.5	**138.9**	133.8	123.5	8.3
% of net sales	**12.0**	10.6	11.5		**15.2**	14.6	13.9	
Comparable operating result**	**28.4**	25.1	29.9	−16.1	**138.9**	133.8	126.6	5.7
% of net sales	**12.0**	10.6	12.8		**15.2**	14.6	14.3	
Net result before tax	**26.3**	22.9	24.6	−6.8	**127.7**	122.6	114.2	7.4
Net result for the period	**21.2**	18.5	21.6	−14.1	**102.2**	98.1	93.1	5.4
Return on investment (ROI), %	**11.5**	10.6	11.5		**14.1**	14.2	13.1	
Return on equity (ROE), %	**14.2**	13.4	14.5		**16.4**	16.9	15.5	
Capital expenditure	**53.7**	53.8	74.1	−27.3	**138.3**	139.1	144.0	−3.4
Cash flow after investing activities	**10.5**	10.5	−2.1		**63.4**	63.4	107.7	
Free cash flow to equity	**–**	–	–		**72.0**	72.0	118.8	
Net debt	**–**	–	–		**379.3**	379.3	304.3	
Net debt/EBITDA	**1.45**	1.51	1.16		**1.33**	1.34	1.12	
Net gearing, %	**–**	–	–		**62.7**	67.8	50.3	
Equity ratio, %	**–**	–	–		**46.9**	45.6	50.6	
Basic earnings per share, EUR	**0.16**	0.14	0.16		**0.77**	0.74	0.71	
Diluted earnings per share, EUR	**0.16**	0.14	0.16		**0.77**	0.74	0.71	
Personnel at the end of period					**1,590**	1,590	1,601	

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

** Group key figures

Additional information:

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DNA's financial publications and AGM in 2019:

- Full financial statements for 2018 and an electronic version of the Annual Report for 2018, the week starting on 25 February 2019 (week 9/2019)
- DNA's Annual General Meeting, 28 March 2019
- Interim Report January-March 2019, 25 April 2019
- Half-year financial report (January-June), 19 July 2019
- Interim Report January-September 2019, 22 October 2019

CEO's review

2018 was a record-breaking year for DNA. We achieved our strategic objectives very well: our customer satisfaction developed favourably, our net sales and profitability were at the highest level in the history of DNA and our personnel satisfaction improved yet again. This put us in a good position to start the year 2019.

In 2018, our net sales increased 3.1% to EUR 913.5 million. Our comparable operating result grew 5.7% and, like our net sales, reached a record level: EUR 133.8 million. Comparable operating result as a percentage of net sales increased and was 14.6%. Net sales were driven by the growth of mobile service revenue, which was boosted in particular by the positive development of our mobile subscription base and increased share of high-value 4G subscriptions. Mobile device sales were also at a high level during the year.

Our profitability in the last quarter was affected by higher sales and marketing costs. As a result, our comparable operating result decreased 16.1% and amounted to EUR 25.1 million in the last quarter. Our efforts to secure our current customer base bore fruit and CHURN was at a low level of 14.8% in October-December.

Our mobile network subscription volumes were up 66,000 year-on-year and totalled 2,877,000 at the end of the year, despite intense competition. Our fixed-network broadband subscription base grew in total by 23,000 subscriptions and our cable television subscription base by 11,000 subscriptions in 2018. Our subscription base exceeded four million in the third quarter. During the summer, we increased our share of the fixed broadband market to 28% and became the second-largest fixed broadband service provider in Finland.

Our revenue per user (ARPU) for mobile communications amounted to EUR 18.8 in 2018, while in 2017, it was EUR 18.4. Our ARPU was strengthened in particular by our customers switching to faster 4G subscriptions. Our CHURN rate developed favourably and decreased from 18.3% in 2017 to 16.2%. While competition remained intense, we have been able to maintain a low level of CHURN thanks to high customer satisfaction and our ability to react quickly to competitors' campaigns.

5G is an important step forward for mobile data services and we have been systematically preparing our mobile network for 5G with the introduction of 5G-capable technology and increased network capacity. At the turn of the year, we launched a 5G network in Helsinki. Initially, the network will cover the very centre of the city, but will be expanded once 5G-capable mobile devices become widely available. We are also in the process of piloting 5G Fixed Wireless Access (FWA) technology in the city of Vantaa. First to benefit from the 5G network are detached-home residents and businesses without access to a fibre optic connection.

DNA will continue to improve its 4G network in parallel to the 5G investments. In our view, 4G will remain the primary mobile communication network technology for a long time still.

Our focus on improving our working environment was again recognised in November as we received the Great Place to Work® certificate for the second consecutive year. Our personnel satisfaction improved for the fourth consecutive year.

We will continue to develop our business in 2019 according to our strategic objectives, focusing on customer experience, personnel satisfaction and profitable growth. In 2019, we expect DNA's net sales to remain at the same level as in 2018, and EBITDA, including the impact of IFRS 16 standard, is expected to increase substantially from 2018. The Group's financial position and liquidity are expected to remain at a healthy level.

Jukka Leinonen
President and CEO

Dna plc's Financial statements bulletin 2018

Operating environment January–December 2018

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

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

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

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

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

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

Regulation

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

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

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

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

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

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

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

Net sales and result

Consolidated key figures

EUR million	10–12/2018 Reported	10–12/2018 Adjusted*	10–12/2017 Reported	Change-%	1–12/2018 Reported	1–12/2018 Adjusted*	1–12/2017 Reported	Change-%
Net sales	**236.9**	237.5	234.6	1.2	**911.8**	913.5	886.1	3.1
EBITDA	**65.4**	62.7	65.7	−4.5	**284.9**	283.6	271.8	4.4
% of net sales	**27.6**	26.4	28.0		**31.2**	31.0	30.7	
Operating result, EBIT	**28.4**	25.1	26.9	−6.5	**138.9**	133.8	123.5	8.3
% of net sales	**12.0**	10.6	11.5		**15.2**	14.6	13.9	
Comparable operating result, EBIT**	**28.4**	25.1	29.9	−16.1	**138.9**	133.8	126.6	5.7
% of net sales	**12.0**	10.6	12.8		**15.2**	14.6	14.3	
Net result for the period	**21.2**	18.5	21.6	−14.1	**102.2**	98.1	93.1	5.4

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

**Group key figures

October–December 2018

DNA's net sales increased and totalled EUR 237.5 million (234.6 million). The growth was fuelled by strong mobile device sales and mobile service revenue[1], which was boosted in particular by the favourable development of the mobile subscription base. Mobile device sales were up 7.3% from the reference period. During the fourth quarter, 75.8% (74.8%) of net sales was generated by consumer business and 24.2% (25.2%) by corporate business.

EBITDA decreased and was EUR 62.7 million (65.7 million). The EBITDA percentage of net sales was 26.4% (28.0%). EBITDA was affected by higher sales and marketing costs. Operating result decreased and was EUR 25.1 million (26.9 million). Operating result as a percentage of net sales was 10.6% (11.5%). Comparable operating result amounted to EUR 25.1 million (29.9 million). The comparability of operating result in the reference period was affected by an item of EUR 3.1 million related to impairment of data systems.

Financial income and expenses amounted to EUR 2.2 million (2.3 million). Income tax for the period was EUR 4.4 million (3.0 million). The effective tax rate for the period was 19.2% (12.4%). The net result for the fourth quarter decreased and was EUR 18.5 million (21.6 million). Earnings per share came to EUR 0.14 (0.16).

January–December 2018

DNA's net sales increased and totalled EUR 913.5 million (886.1 million). The positive development was fuelled by the growth of mobile service revenue, which was boosted in particular by the growth of DNA's subscription base and customers switching to faster 4G subscriptions. Mobile device sales were up 18.1% year-on-year. During the fourth quarter, 75.2% (74.3%) of net sales was generated by consumer business and 24.8% (25.7%) by corporate business.

EBITDA increased and was EUR 283.6 million (271.8 million). The EBITDA percentage of net sales was 31.0% (30.7%). The increase was fuelled by growth in mobile service revenue and improved operational efficiency. Operating result increased and was EUR 133.8 million (123.5 million). Operating result as a percentage of net sales was 14.6% (13.9%). Comparable operating result amounted to EUR 133.8 million (126.6 million). The comparability of operating result in the reference period was affected by an item of EUR 3.1 million related to impairment of data systems.

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

[1] Mobile service revenue = revenue generated by mobile subscriptions. Consumer and corporate mobile communication and mobile broadband services, corporate M2M services and corporate mobile virtual network operator (MVNO) services.

Key operative indicators

	10–12/2018 Reported	10–12/2018 Adjusted*	10–12/2017 Reported	Change-%	1–12/2018 Reported	1–12/2018 Adjusted*	1–12/2017 Reported	Change-%
Number of mobile communication network subscriptions at end of period					**2,877,000**		**2,811,000**	**2.3**
Revenue per user (ARPU), EUR	**18.9**	18.9	19.0	−0.2	18.7	18.8	18.4	2.3
Customer CHURN rate, %	**14.8**		18.1		16.2		18.3	
Number of fixed-network subscriptions at end of period					**1,152,000**		**1,130,000**	**1.9**

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

DNA's mobile subscription base grew by 66,000 subscriptions from the end of the reference year and by 22,000 subscriptions from the end of September. Fixed-network subscription base increased by 22,000 year-on-year and by 4,000 from the end of the previous quarter.

Revenue per user (ARPU) decreased slightly in the fourth quarter from the reference period to EUR 18.9 (19.0). In the January–December period, ARPU increased 2.3% and was EUR 18.8 (18.4).

DNA's customer CHURN rate was 14.8% in the fourth quarter (18.1%). This was due to high customer satisfaction and DNA's ability to react quickly to competitors' campaigns. In the January–December period, DNA's customer CHURN rate was 16.2%, which is lower than a year ago (18.3%).

Cash flow and financial position

Cash flow and financial key figures

EUR million	10–12/2018 Reported	10–12/2018 Adjusted*	10–12/2017 Reported	1–12/2018 Reported	1–12/2018 Adjusted*	1–12/2017 Reported
Cash flow after investing activities, EUR million	**10.5**	10.5	−2.1	**63.4**	63.4	107.7

EUR million	1–12/2018 Reported	1–12/2018 Adjusted*	1–12/2017 Reported
Net debt, EUR million	**379.3**	379.3	304.3
Net debt/EBITDA	**1.33**	1.34	1.12
Net gearing, %	**62.7**	67.8	50.3
Equity ratio, %	**46.9**	45.6	50.6

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

October–December 2018

Cash flow after investing activities was EUR 10.5 million (–2.1 million).

January–December 2018

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

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

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

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

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

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

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

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

Development per business segment

Consumer business

EUR million	10–12/2018 Reported	10–12/2018 Adjusted*	10–12/2017 Reported	Change-%	1–12/2018 Reported	1–12/2018 Adjusted*	1–12/2017 Reported	Change-%
Net sales	**179.5**	180.0	175.4	2.6	**684.9**	687.1	658.7	4.3
EBITDA	**50.1**	47.4	46.7	1.5	**218.8**	217.5	199.8	8.9
% of net sales	**27.9**	26.3	26.6		**31.9**	31.7	30.3	
Operating result, EBIT	**26.0**	22.7	23.1	−1.8	**123.7**	118.7	104.6	13.5
% of net sales	**14.5**	12.6	13.2		**18.1**	17.3	15.9	

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

** Group key figures

October–December 2018

Consumer business net sales increased and were EUR 180.0 million (175.4 million). Net sales were driven by the increasing demand for mobile services as well as good mobile device sales.

EBITDA remained at the same level year-on-year and came to EUR 47.4 million (46.7 million). Growth in mobile service revenue had a positive effect on EBITDA, while higher sales and marketing costs affected it negatively. The EBITDA percentage of net sales was 26.3% (26.6%). Consumer business operating result remained at the same level year-on-year and was EUR 22.7 million (23.1 million), or 12.6% of consumer business net sales (13.2%).

There were no items affecting comparability in the review or reference period. Depreciation of EUR 24.7 million (23.5 million) was allocated to consumer business.

January–December 2018

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

EBITDA increased and was EUR 217.5 million (199.8 million). The increase was fuelled by growth in mobile service revenue and improved operational efficiency. The EBITDA percentage of net sales was 31.7% (30.3%). Consumer business operating result increased and was EUR 118.7 million (104.6 million), or 17.3% of consumer business net sales (15.9%).

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

Corporate business

EUR million	10–12/2018 Reported	10–12/2018 Adjusted*	10–12/2017 Reported	Change-%	1–12/2018 Reported	1–12/2018 Adjusted*	1–12/2017 Reported	Change-%
Net sales	**57.5**	57.5	59.2	−2.9	**226.8**	226.4	227.4	−0.4
EBITDA	**15.3**	15.3	19.0	−19.2	**66.2**	66.2	72.0	−8.1
% of net sales	**26.6**	26.7	32.1		**29.2**	29.2	31.7	
Operating result, EBIT	**2.4**	2.4	3.7	−35.8	**15.2**	15.1	19.0	−20.6
% of net sales	**4.1**	4.2	6.3		**6.7**	6.6	8.3	
Comparable operating result, EBIT**	**2.4**	2.4	6.8	−64.7	**15.2**	15.1	22.0	−31.6
% of net sales	**4.1**	4.2	11.5		**6.7**	6.6	9.7	

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

** Group key figures

October–December 2018

DNA's corporate business net sales decreased slightly in the fourth quarter and were EUR 57.5 million (59.2 million). This was due to a decrease in the demand for fixed voice services and lower sales of equipment. EBITDA decreased from the reference period and was EUR 15.3 million (19.0 million), or 26.7% (32.1%) of net sales. EBITDA was weakened by an increase in fixed costs due to activities including development of new services. Operating result decreased and was EUR 2.4 million (3.7 million), or 4.2% (6.3%) of net sales. Comparable operating result amounted to EUR 2.4 million (6.8 million). The comparability of operating result in the reference period was affected by an item of EUR 3.1 million related to impairment of data systems. Depreciation to the amount of EUR 12.9 million (15.2 million) was allocated to corporate business.

January–December 2018

Corporate business net sales remained at the same level year-on-year and came to EUR 226.4 million (227.4 million). EBITDA decreased from the reference period and was EUR 66.2 million (72.0 million), or 29.2% (31.7%) of net sales. EBITDA was weakened by higher production costs in the reporting period. EBITDA for the reference period was improved by a withdrawal from provisions for premises. Operating result decreased and was EUR 15.1 million (19.0 million), or 6.6% (8.3%) of net sales. Comparable operating result amounted to EUR 15.1 million (22.0 million). The comparability of operating result in the reference period was affected by an item of EUR 3.1 million related to impairment of data systems. Depreciation to the amount of EUR 51.1 million (53.1 million) was allocated to corporate business.

Capital expenditure

Capital expenditure

EUR million	10–12/2018 Reported	10–12/2018 Adjusted*	10–12/2017 Reported	Change-%	1–12/2018 Reported	1–12/2018 Adjusted*	1–12/2017 Reported	Change-%
Consumer business	36.4	36.4	51.5	−29.3	92.9	92.9	96.9	−4.2
Corporate business	17.3	17.3	21.9	−20.9	45.4	45.4	43.4	4.6
Unallocated	–	0.1	0.7	−81.6	–	0.8	3.7	−78.2
Total capital expenditure	**53.7**	**53.8**	**74.1**	**−27.3**	**138.3**	**139.1**	**144.0**	**−3.4**

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

EUR million	10–12/2018 Reported	10–12/2018 Adjusted*	10–12/2017 Reported	Change-%	1–12/2018 Reported	1–12/2018 Adjusted*	1–12/2017 Reported	Change-%
Operative capital expenditure	53.7	53.8	67.3	−20.1	133.9	134.7	132.9	1.3
% of net sales	22.7	22.7	28.7		14.7	14.7	15.0	
Spectrum license	–	–	6.7	–	4.4	4.4	11.1	–
Total capital expenditure	**53.7**	**53.8**	**74.1**	**−27.3**	**138.3**	**139.1**	**144.0**	**−3.4**

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

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

October–December 2018

In the fourth quarter, capital expenditure was EUR 53.8 million (74.1 million). Operative capital expenditure was 53.8 million (67.3 million), or 22.7% (28.7%) of net sales. Capital expenditure was distributed more evenly throughout the year in 2018 than in the reference period.

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

January–December 2018

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

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

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

Network infrastructure and new technologies

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

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

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

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

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

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

*Tefficient's report: https://corporate.dna.fi/lehdistotiedotteet?type=stt2&id=69710283

Personnel

Personnel by business segment

	31 December 2018	31 December 2017	Change-%
Consumer Business	913	942	–3.1
Corporate Business	677	659	2.7
Total personnel	**1,590**	**1,601**	**–0.7**

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

Salaries and employee benefit expenses paid during the fourth quarter amounted to EUR 29.6 million (28.9 million). In January–December, they amounted to EUR 107.3 million (111.1 million).

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

DNA participates in the annual Great Place to Work® (GPTW) survey to monitor the development of personnel satisfaction. DNA received the Great Place to Work® certificate for the second consecutive year in November 2018 and participated in GPTW Finland 2018. According to the survey, as many as 90% of DNA employees consider DNA to be a great workplace. DNA's personnel satisfaction has improved for four consecutive years.

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

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

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

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 s salary and remuneration report, for 2018. The statement also covers other important aspects of governance at DNA and will be published with DNA's Annual Report on 1 March 2019, separately from the Board of Director's report.

Decisions of Annual General Meeting

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

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

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

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

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

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

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

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

Shares and shareholders

Shares

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

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

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

Shareholders and flagging notifications

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

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

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

Share-based reward systems

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

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

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

Matching share plan for DNA personnel

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

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

Composition of DNA's Nomination Committee

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

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

DNA’s financial objectives and dividend policy

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

DNA’s medium-term financial objectives:

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

Corporate responsibility

DNA’s responsibility strategy and objectives were updated during the last quarter of 2018. DNA’s responsibility strategy has four key areas: digital equality, being a great place to work, climate-friendly operations and good governance.

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

In the spring of 2018, DNA teamed up with the Nordea bank to offer a ready-to-use tablet for senior citizens. All banking services are pre-installed on the Nordea tablet and advice and instructions are available at all DNA Stores and Nordea banks. The package is sold below its normal price and includes a tablet suitable for online services and an interface for the easy and flexible use of online services. To pick up a tablet from a DNA Store, customers need a token provided by Nordea.

DNA takes responsibility for the environmental effects of its operations. Among the key updated climate objectives is the reduction of energy indirect greenhouse gas (GHG) emissions (Scope 2) by 100% by 2023 from the level reported in 2014.

In March, DNA became the first large company in Finland to be recognised as a Family-Friendly Workplace by the Family Federation of Finland. Receiving the badge required development measures, assessment of the company’s family friendliness by different means and the fulfilment of criteria set by the Family Federation.

DNA wants to make sure that AI (artificial intelligence) is used and developed in accordance to DNA’s strategy and values throughout the organisation. In the summer of 2018, DNA participated in the national ethics challenge issued by AI Finland by defining the ethical principles for the use of AI at DNA.

Events after the review period

DNA acquires Moi Mobiili

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

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

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

Near-term risks and uncertainties

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

Strategic and operative risks

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

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

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

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

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

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

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

Regulatory risks

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

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

Financing risks

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

Damage risk

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

Outlook for 2019

Market outlook

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

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

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

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

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

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

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

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

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

DNA's guidance for 2019

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

DNA's guidance for 2019 is disclosed with consideration to the impact of the adoption of IFRS 16. The adoption of IFRS16 from the beginning of 2019, is estimated to have a positive impact of approximately 17 million euros in EBITDA in 2019. The impact of IFRS 16 on operating result (EBIT) is insignificant.

DNA's guidance on future outlook

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

Board of Directors' proposal for distributable funds

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

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

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

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

DNA's Annual General Meeting 2019

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

DNA Plc
Board of Directors

Group key figures

For 2018, as required by the IFRS standards, the financial tables contain figures reported according to the IFRS 15 and IFRS 9 standards adopted on 1 January 2018 and, as required by IFRS 15, figures adjusted are disclosed as if they were preapared under 2017 revenue guidance. The comparative analysis in the report section is disclosed as if the figures were prepared under 2017 revenue guidance.

Group key figures

	1 Oct–31 Dec 2018 Reported	1 Oct–31 Dec 2018 Adjusted*	1 Oct–31 Dec 2017 Reported	1 Jan–31 Dec 2018 Reported	1 Jan–31 Dec 2018 Adjusted*	1 Jan–31 Dec 2017 Reported
Earnings per share, basic EUR	0.16	0.14	0.16	0.77	0.74	0.71
Earnings per share, diluted EUR	0.16	0.14	0.16	0.77	0.74	0.71
Equity per share, EUR				4.58	4.23	4.58
Shares outstanding at the end of the period (thousands)				132,121	132,121	132,039
Weighted average adjusted number of shares during the financial period, basic (thousands)	132,039	132,039	131,550	132,039	132,039	131,923
Weighted average adjusted number of shares during the financial period, diluted (thousands)	132,149	132,149	131,592	132,151	132,151	131,965
Net debt, EUR in thousands				379,273	379,273	304,288
Net gearing, %				62.7	67.8	50.3
Equity ratio, %				46.9	45.6	50.6
Net debt/EBITDA	1.45	1.51	1.16	1.33	1.34	1.12
Return on investment (ROI), %	11.5	10.6	11.5	14.1	14.2	13.1
Return on equity (ROE), %	14.2	13.4	14.5	16.4	16.9	15.5
Capital expenditure, EUR in thousands	53,717	53,841	74,060	138,271	139,072	144,018
Capital expenditure, % of net sales	22.7	22.7	31.6	15.2	15.2	16.3
Personnel at end of period				1,590	1,590	1,601

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

Reconciliation of comparable key figures

There were no items affecting comparability of EBITDA or operating result in the review or reference period.

	1 Jan–31 Dec 2017 Reported		
EUR in thousands	**Consumer**	**Corporate**	**Group total**
EBITDA	**199,752**	**72,020**	**271,772**
Comparable EBITDA	**199,752**	**72,020**	**271,772**
Operating result	**104,571**	**18,952**	**123,523**
Impairment of data systems	–	3,057	3,057
Comparable operating result	**104,571**	**22,009**	**126,579**

Free cash flow to equity

EUR in thousands	1 Jan–31 Dec 2018 Reported	1 Jan–31 Dec 2018 Adjusted*	1 Jan–31 Dec 2017 Reported
Comparable EBITDA	**284,921**	**283,645**	**271,772**
Operative capital expenditure	–133,871	–134,672	–132,904
Operating free cash flow	**151,050**	**148,973**	**138,867**
Interest paid, net	–16,942	–16,942	–8,720
Income taxes, paid	–12,428	–12,428	–25,775
Adjusted change in net working capital	–47,687	–45,610	19,312
Change in provisions	–2,034	–2,034	–4,856
Free cash flow to equity	**71,959**	**71,959**	**118,830**

* Adjusted figures are presented according to the revenue standard applied in 2017 excluding the impact of the IFRS 15 standard applicable as of 1 January 2018.

Key operative indicators

Mobile communication network subscription volumes:

Number of:	31 December 2018	31 December 2017
Subscriptions*	2,877,000	2,811,000

* Includes only mobile broadband

	1 Oct–31 Dec 2018 Reported	1 Oct–31 Dec 2018 Adjusted*	1 Oct–31 Dec 2017 Reported	1 Jan–31 Dec 2018 Reported	1 Jan–31 Dec 2018 Adjusted*	1 Jan–31 Dec 2017 Reported
Revenue per subscription (ARPU), EUR**	18.9	18.9	19.0	18.7	18.8	18.4
Customer churn rate, %**	14.8	14.8	18.1	16.2	16.2	18.3

* Adjusted figures are presented according to the revenue standard applied in 2017 excluding the impact of the IFRS 15 standard applicable as of 1 January 2018.
** Includes only postpaid phone subscriptions

Fixed-network subscription volumes:

Number of:	31 December 2018	31 December 2017
Broadband subscriptions	481,000	458,000
Cable TV subscriptions	630,000	619,000
Telephone subscriptions	41,000	53,000
	1,152,000	**1,130,000**

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

* 12-month adjusted

Calculation of key figures

Capital expenditure (EUR)	=	Capital expenditure comprises additions to property, plant and equipment and intangible assets excluding business acquisitions, and additions through finance leases and asset retirement obligations and including annual cash instalments for capitalized spectrum licenses.
Operative capital expenditure	=	Operative capital expenditure is reported capital expenditure without annual cash instalments for capitalized spectrum licenses.
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.

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.

Quarterly information

					2018 quarters incl. IFRS 15			
EUR million	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Net sales								
Consumer	158.6	162.2	162.5	175.4	165.2	168.4	171.8	179.5
Corporate	54.8	57.1	56.2	59.2	57.1	56.6	55.7	57.5
Total	213.4	219.3	218.8	234.6	222.3	225.0	227.5	236.9
Mobile service revenue	100.3	103.7	106.8	109.2	112.2	111.5	114.7	116.0
EBITDA								
Consumer	50.7	49.3	53.1	46.7	53.4	56.1	59.2	50.1
% of net sales	32.0%	30.4%	32.7%	26.6%	32.3%	33.3%	34.4%	27.9%
Corporate	15.2	18.3	19.5	19.0	17.3	16.5	17.1	15.3
% of net sales	27.8%	32.1%	34.6%	32.1%	30.2%	29.2%	30.7%	26.6%
Total	65.9	67.6	72.6	65.7	70.7	72.6	76.3	65.4
% of net sales	30.9%	30.8%	33.2%	28.0%	31.8%	32.3%	33.5%	27.6%
Comparable EBITDA								
Consumer	50.7	49.3	53.1	46.7	53.4	56.1	59.2	50.1
% of net sales	32.0%	30.4%	32.7%	26.6%	32.3%	33.3%	34.4%	27.9%
Corporate	15.2	18.3	19.5	19.0	17.3	16.5	17.1	15.3
% of net sales	27.8%	32.1%	34.6%	32.1%	30.2%	29.2%	30.7%	26.6%
Total	65.9	67.6	72.6	65.7	70.7	72.6	76.3	65.4
% of net sales	30.9%	30.8%	33.2%	28.0%	31.8%	32.3%	33.5%	27.6%
Depreciation and amortisation								
Consumer	24.1	24.1	23.5	23.5	23.1	23.9	24.1	24.0
Corporate	13.0	13.1	11.7	15.2	12.3	12.8	12.9	12.9
Total	37.1	37.1	35.3	38.8	35.4	36.6	37.0	37.0
Operating result/EBIT								
Consumer	26.6	25.3	29.5	23.1	30.3	32.2	35.1	26.0
% of net sales	16.8%	15.6%	18.2%	13.2%	18.4%	19.1%	20.4%	14.5%
Corporate	2.2	5.2	7.8	3.7	4.9	3.7	4.2	2.4
% of net sales	4.1%	9.2%	13.8%	6.3%	8.6%	6.6%	7.5%	4.1%
Total	28.9	30.5	37.3	26.9	35.2	36.0	39.3	28.4
% of net sales	13.5%	13.9%	17.0%	11.5%	15.8%	16.0%	17.3%	12.0%
Comparable operating result/EBIT								
Consumer	26.6	25.3	29.5	23.1	30.3	32.2	35.1	26.0
% of net sales	16.8%	15.6%	18.2%	13.2%	18.4%	19.1%	20.4%	14.5%
Corporate	2.2	5.2	7.8	6.8	4.9	3.7	4.2	2.4
% of net sales	4.1%	9.2%	13.8%	11.5%	8.6%	6.6%	7.5%	4.1%
Total	28.9	30.5	37.3	29.9	35.2	36.0	39.3	28.4
% of net sales	13.5%	13.9%	17.0%	12.8%	15.8%	16.0%	17.3%	12.0%
Items affecting comparability								
Consumer	–	–	–	–	–	–	–	–
Corporate	–	–	–	3.1	–	–	–	–
Total	–	–	–	3.1	–	–	–	–

Quarterly information

EUR million	Q1 2017	Q2 2017	Q3 2017	Q4 2017	2018 quarters incl. IFRS 15 Q1 2018	Q2 2018	Q3 2018	Q4 2018
Capital expenditure								
Consumer	14.4	15.6	15.4	51.5	13.3	20.3	22.8	36.4
Corporate	5.8	7.6	8.0	21.9	6.5	10.3	11.2	17.3
Un-allocated	1.0	1.1	0.9	0.7	–	–	–	–
Total	21.2	24.4	24.4	74.1	19.9	30.6	34.0	53.7
Personnel								
Consumer	1,002	984	972	942	936	935	934	913
Corporate	682	682	664	659	663	676	673	677
Total	1,684	1,666	1636	1601	1,599	1,611	1,607	1,590
Mobile revenue per user (ARPU)								
Consumer	18.9	19.7	20.1	20.4	20.4	20.3	20.4	20.4
Corporate	13.8	13.9	13.2	14.0	13.7	11.9	13.3	13.6
Total	17.8	18.5	18.5	19.0	18.9	18.4	18.8	18.9
Mobile subscription turnover rate (CHURN)	21.0%	15.4%	19.1%	18.1%	18.9%	15.4%	15.8%	14.8%

Consolidated income statement

EUR in thousands	1 Oct–31 Dec 2018 Reported	1 Oct–31 Dec 2018 Adjusted*	1 Oct–31 Dec 2017 Reported	1 Jan–31 Dec 2018 Reported	1 Jan–31 Dec 2018 Adjusted*	1 Jan–31 Dec 2017 Reported
Net sales	**236,936**	**237,500**	**234,636**	**911,758**	**913,513**	**886,088**
Other operating income	1,092	1,092	1,466	3,804	3,804	4,177
Materials and services	−107,548	−110,753	−110,514	−398,661	−401,773	−389,194
Employee benefit expenses	−29,554	−29,560	−28,936	−107,388	−107,276	−111,055
Depreciation, amortisation and impairments	−36,953	−37,603	−38,777	−146,023	−149,895	−148,249
Other operating expenses	−35,544	−35,555	−30,997	−124,592	−124,622	−118,244
Operating result, EBIT	**28,429**	**25,121**	**26,878**	**138,898**	**133,751**	**123,523**
Finance income	163	163	172	523	523	889
Finance expense	−2,334	−2,334	−2,432	−11,700	−11,700	−10,257
Share of associates' results	−1	−1	−5	14	14	4
Net result before income tax	**26,256**	**22,948**	**24,613**	**127,736**	**122,588**	**114,158**
Income tax expense	−5,072	−4,410	−3,044	−25,502	−24,472	−21,072
Net result for the period	**21,184**	**18,538**	**21,570**	**102,234**	**98,116**	**93,086**
Attributable to:						
Owners of the parent	21,184	18,538	21,570	102,234	98,116	93,086
Earnings per share for net result attributable to owners of the parent:						
Earnings per share, basic EUR	0.16	0.14	0.16	0.77	0.74	0.71
Earnings per share, diluted EUR	0.16	0.14	0.16	0.77	0.74	0.71

Notes are an integral part of the consolidated financial statements.

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

Consolidated statement of comprehensive income

EUR in thousands	1 Oct–31 Dec 2018 Reported	1 Oct–31 Dec 2018 Adjusted*	1 Oct–31 Dec 2017 Reported	1 Jan–31 Dec 2018 Reported	1 Jan–31 Dec 2018 Adjusted*	1 Jan–31 Dec 2017 Reported
Net result for the period	**21,184**	**18,538**	**21,570**	**102,234**	**98,116**	**93,086**
Items that will not be reclassified to profit or loss:						
Remeasurements of post employment benefit obligations	249	249	214	249	249	71
Other comprehensive income, net of tax	**249**	**249**	**214**	**249**	**249**	**71**
Total comprehensive income	**21,433**	**18,787**	**21,783**	**102,483**	**98,365**	**93,157**
Attributable to:						
Owners of the parent	21,433	18,787	21,783	102,483	98,365	93,157

Notes are an integral part of the consolidated financial statements.

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Consolidated statement of financial position

EUR in thousands	31 Dec 2018 Reported	31 Dec 2018 Adjusted*	31 Dec 2017 Reported
ASSETS			
Non-current assets			
Goodwill	327,206	327,206	327,206
Other intangible assets	191,783	193,087	178,070
Property, plant and equipment	412,550	412,550	421,580
Investments in associates	1,209	1,209	1,199
Available-for-sale financial assets	117	117	117
Trade and other receivables	76,026	40,045	38,468
Deferred tax assets	7,691	6,850	8,475
Total non-current assets	**1,016,582**	**981,064**	**975,115**
Current assets			
Inventories	31,681	31,681	22,909
Trade and other receivables	244,624	218,348	195,563
Income tax receivables	–	–	9,780
Cash and cash equivalents	22,654	22,654	23,592
Total current assets	**298,960**	**272,684**	**251,843**
Total assets	**1,315,541**	**1,253,748**	**1,226,958**
Equity			
Equity attributable to owners of the parent			
Share capital	72,702	72,702	72,702
Reserve for invested unrestricted equity	506,079	506,079	653,056
Treasury shares	−2,806	−2,806	−4,055
Retained earnings	−73,439	−114,721	−210,425
Net result for the period	102,234	98,116	93,086
Total equity	**604,770**	**559,371**	**604,363**
LIABILITIES			
Non-current liabilities			
Borrowings	348,090	348,090	173,362
Employment benefit obligations	1,714	1,714	2,028
Provisions	5,307	5,307	6,813
Deferred tax liabilities	34,825	22,635	22,783
Other non-current liabilities	34,978	33,390	23,605
Total non-current liabilities	**424,914**	**411,136**	**228,591**
Current liabilities			
Borrowings	53,837	53,837	154,518
Provisions	277	277	490
Trade and other payables	226,687	224,071	234,603
Income tax liabilities	5,056	5,056	4,391
Total current liabilities	**285,857**	**283,241**	**394,003**
Total equity and liabilities	**1,315,541**	**1,253,748**	**1,226,958**

Notes are an integral part of the consolidated financial statements.

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

Consolidated statement of cash flows

EUR in thousands	Jan–Dec 2018 Reported	Jan–Dec 2018 Adjusted*	Jan–Dec 2017 Reported
Cash flows from operating activities			
Net result for the period	102,234	98,116	93,086
Adjustments [1)]	180,330	183,171	173,780
Change in net working capital [2)]	–45,100	–43,023	15,266
Dividends received	10	10	8
Interest paid	–6,438	–6,438	–7,901
Interest received	335	335	373
Other financial items	–10,839	–10,839	–1,193
Income taxes paid	–12,428	–12,428	–25,775
Net cash generated from operating activities	**208,104**	**208,905**	**247,646**
Cash flows from investing activities			
Investments in property, plant and equipment (PPE) and intangible assets	–145,058	–145,860	–139,974
Proceeds from sale of PPE	402	402	75
Other investments	–	–	–52
Net cash used in investing activities	**–144,657**	**–145,458**	**–139,951**
Cash flows from financing activities			
Direct costs relating to share issue	–	–	–3,314
Treasury share acquisition	–	–	–14,035
Dividends paid	–145,333	–145,333	–72,767
Proceeds from borrowings	859,880	859,880	99,893
Repayment of borrowings	–778,932	–778,932	–140,119
Net cash used in financing activities	**–64,385**	**–64,385**	**–130,342**
Change in cash and cash equivalents	–937	–937	–22,647
Cash and cash equivalents at beginning of period	23,592	23,592	46,238
Cash and cash equivalents at end of period	22,654	22,654	23,592
Adjustments [1)]:			
Depreciation, amortisation and impairment	146,023	149,895	148,249
Gains and losses on disposals of non-current assets	–324	–324	–50
Other non-cash income and expense	–14	–14	–4
Finance income and expense	11,177	11,177	9,368
Income tax expense	25,502	24,472	21,072
Change in provisions	–2,034	–2,034	–4,856
Total adjustment	**180,330**	**183,171**	**173,780**
Change in net working capital [2)]:			
Change in trade and other receivables	–27,678	–25,006	–9,588
Change in inventories	–8,772	–8,772	–1,183
Change in trade and other payables	–8,649	–9,244	26,037
Change in net working capital	**–45,100**	**–43,023**	**15,266**

Notes are an integral part of the consolidated financial statements.

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

Consolidated statement of changes in equity

EUR in thousands	Share capital	Reserve for invested unrestricted equity	Treasury shares	Retained earnings	Total equity
1 January 2017	**72,702**	**652,719**	**–**	**–128,995**	**596,427**
Comprehensive income					
Net result for the period				93,086	93,086
Other comprehensive income					
Total other comprehensive income, net of tax				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 shares acquisition			–4,055		–4,055
Share-based payments				–8,735	–8,735
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 Reported	**72,702**	**653,056**	**–4,055**	**–117,340**	**604,363**
1 January 2018	**72,702**	**653,056**	**–4,055**	**–117,340**	**604,363**
Changes in accounting policy – IFRS 9				–759	–759
Changes in accounting policy – IFRS 2				1,199	1,199
Comprehensive income					
Net result for the period				98,116	98,116
Other comprehensive income					
Total other comprehensive income, net of tax				249	249
Total comprehensive income	**–**	**–**	**–**	**98,365**	**98,365**
Transactions with owners					
Reclassification		–62,420		62,420	–
Share-based payments			1,250	285	1,535
Dividends relating to 2017				–60,776	–60,776
Capital payment		–84,557			–84,557
Total contribution by and distributions to owners	**–**	**–146,977**	**1,250**	**1,930**	**–143,797**
31 December 2018 Adjusted*	**72,702**	**506,079**	**–2,806**	**–16,605**	**559,371**
1 January 2018	**72,702**	**653,056**	**–4,055**	**–117,340**	**604,363**
Changes in accounting policy – IFRS 9				–759	–759
Changes in accounting policy – IFRS 15				41,281	41,281
Changes in accounting policy – IFRS 2				1,199	1,199
Comprehensive income					
Net result for the period				102,234	102,234
Other comprehensive income					
Total other comprehensive income, net of tax				249	249
Total comprehensive income	**–**	**–**	**–**	**102,483**	**102,483**
Transactions with owners					
Reclassification		–62,420		62,420	–
Share-based payments			1,250	285	1,535
Dividends relating to 2017				–60,776	–60,776
Capital payment		–84,557			–84,557
Total contribution by and distributions to owners	**–**	**–146,977**	**1,250**	**1,930**	**–143,797**
31 December 2018 Reported	**72,702**	**506,079**	**–2,806**	**28,794**	**604,770**

Notes are an integral part of the consolidated financial statements.

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

Notes

1 Accounting principles

This Financial Statements Bulletin 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 2017 with the exception of new and amended standards effective as of 1 January 2018. This report should be read in connection with the 2017 Financial Statements. The information presented in the report is unaudited.

The following new standards have been adopted as of 1 January 2018:

IFRS 9 Financial Instruments standard
DNA adopted the IFRS 9 Financial Instruments standard on 1 January 2018. It became effective for financial periods beginning on or after 1 January 2018. IFRS 9 replaces IAS 39 and 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 Group experienced no material impact from the changes introduced by IFRS 9.

1. Impairment of financial instruments According to the new model, impairment provisions must be recognised based on expected credit losses, not based on incurred losses as required by IAS 39. At DNA, this new impairment model applies to the recognition of impairment loss of trade receivables, which must be recognised earlier than before. The Group's credit position has not changed between IAS 39 and IFRS 9. According to IFRS 9, DNA can apply a simplified approach and a provision matrix for trade receivables as trade receivables do not have a significant financing component. Accordingly, they are measured for impairment purposes at an amount equal to lifetime expected credit losses. The approach based on expected credit losses is forward-looking, and expected default rates are based on historical realised credit losses. The lifetime expected credit loss allowance is calculated by multiplying the gross carrying amount of trade receivables by the lifetime expected credit loss rate. The lifetime expected credit loss allowance total was recognised as an adjustment of EUR 0.8 million euros to the opening balance of retained earnings in the year 2018. Thereafter, the changes in expected credit losses will be recognised in profit and loss. The yearly recognition of credit losses in profit and loss is expected to be low. The impairment model does not have an impact on other financial instruments as those are measured at fair value through profit and loss both under IAS 39 and IFRS 9, which already takes into account expected credit losses. As regards assets measured at amortised cost, DNA is actively monitoring such instruments and will recognise impairment through profit and loss in accordance with the set criteria.

2. Changes in the classification of financial assets and liabilities The new business-model driven classification of financial assets contains three different classes: amortised cost, fair value through profit and loss and fair value through other comprehensive income. Based on DNA's analysis, the adoption of IFRS 9 did not have a material impact on the recognition of the Group's financial assets.

The table below illustrates the classification of financial instruments according to IFRS 9.

	Classification according to IAS 39	Classification according to IFRS 9
Trade and other receivables, investments in commercial papers	Loans and other receivables	Amortised cost
Interest-bearing investments	Loans and other receivables	Fair value through profit and loss
Other investments	Available-for-sale financial assets	Fair value through profit and loss (or other comprehensive income)

3 Hedge accounting IFRS 9 introduces new hedge accounting regulation to more closely align hedge accounting with risk management, allowing e.g. the hedging of net positions. DNA is not currently applying hedge accounting, and thus the changes to hedge accounting introduced by IFRS 9 have no impact on the Group.

The IFRS 15 Revenue from Contracts with Customers standard was published in May 2014. The new IFRS 15 standard includes a five-step process which must be applied for contracts with customers before revenue can be recognised. The new standard will replace IAS 18 and IAS 11 standards and the related interpretations.

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 adopted the standard in the reporting period beginning on 1 January 2018 retrospectively with the cumulative effect of initially applying the standard recognised as an adjustment to the opening balance of retained earnings on 1 January 2018.

The Group has identified that changes will take place in reporting in the following areas:
- Allocation of discounts to the performance obligations: Under IFRS 15, discounts shall be allocated to the separate performance obligations on the basis of their relative standalone selling prices. Therefore, the allocation of discounts to the performance obligations changes. A portion of the revenue will be recognised earlier than under current guidance. According to IFRS 15, discounts are to be recognised evenly throughout the contract period.
- Under the new guidance also the point of recognition for certain revenues and contract costs changes. Under the new guidance, activation and connection fees are recognised during the contract period. IFRS 15 also requires that incremental costs of obtaining a contract are capitalised. Sales commissions and fees paid on obtaining a contract are more widely capitalised. Capitalised incremental costs of obtaining a contract are amortised over the expected contract period.
  The analysis also indicates that the capitalisation of costs of obtaining a contract is expected to have a major impact on the timing of cost recognition. This will mainly affect the Consumer Business.
- There are also increased disclosure requirements in the new standard.
  In general, it can be stated that IFRS 15 did not have a material effect on net sales. The impact on total net sales for the financial year 2018 was EUR –1.8 million, of which EUR –1.1 million was in relation to sale of goods. The main changes took place between the net sales groups of fixed and mobile packages. As a result of adjustment of figures after the adoption of IFRS 15, net sales of fixed packages decreased by EUR 7.3 million and sales of mobile packages increased by EUR 7.0 million. Sales commissions and fees paid on obtaining a contract are, according to IFRS 15, recognised as incremental costs of obtaining a contract and amortised over the expected contract period, which increased EBITDA by EUR 3.0 million.

IFRS 2 Share-based Payments
Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions (effective as of 1 January 2018). The amendments provide clarification on situations where the classification of a share-based payment transaction changes from cash-settled to equity-settled. Additionally, amendments provide new guidance regarding plans in which the gross reward earned is settled partly in shares and partly in cash due to an obligation to withhold tax from the participants.

As a result, as of 1 January 2018, DNA's share-based payment rewards will be treated as equity-settled as the cash-settled components relate directly to DNA's obligation to withhold tax from the participants. The accumulated liability related to cash-settled components has been reclassified to equity on the date of transition.

The following new standards have been issued but are not effective for the annual reporting period beginning on 1 January 2018 and have not been early adopted by the Group:

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

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

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

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

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

IFRS 16 reconciliation	2018
Operating lease obligations at 31 December 2017	**109.9**
Agreements excluding VAT [1]	88.6
Agreements outside the scope of IFRS 16 [2]	–10.7
Short-term agreements [3]	–17.5
Agreements not recognised as operating lease agreements [4]	23.8
Right of use assets as a result of the initial application of IFRS 16 as at 1 January 2019	**84.2**

[1] Operating lease agreements include VAT.
The VAT amount has been excluded for reconcilation purposes.
[2] These agreements do not fulfil the criteria for lease agreements according to IFRS 16. This group include mainly agreements related to technology such as IRU agreements and capacity leases.
[3] Practical expedient is used where the lease term is 12 months or less.
[4] Agreements not reported as operating lease agreements include agreements recognised in scope of IFRS 16 as well as prepayments earlier presented in non-current receivables (discounted).

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

2 Revenue

EUR in thousands	1 Oct–31 Dec 2018 Reported	1 Oct–31 Dec 2018 Adjusted*	1 Oct–31 Dec 2017 Reported	1 Jan–31 Dec 2018 Reported	1 Jan–31 Dec 2018 Adjusted*	1 Jan–31 Dec 2017 Reported
Mobile Service Revenue	116.0	114.2	109.2	454.4	447.8	420.0
Mobile equipment	40.8	41.1	38.3	133.6	134.7	114.1
Mobile interconnection and Inbound Roaming	12.3	12.3	13.4	51.5	51.5	51.6
Fixed Non-voice Revenue	62.0	64.1	67.1	248.1	255.5	272.5
Fixed Voice Revenue	5.9	5.9	6.7	24.0	24.0	27.9
Total	236.9	237.5	234.6	911.8	913.5	886.1

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

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

The IFRS 15 adoption has only a minor impact on the total revenue. Most significant changes will take place between business segments, as in the future, certain bundled product offerings will be identified as one contract according to IFRS 15, and the transaction price will be allocated to each performance obligation in proportion to the standalone selling price. For DNA, the main impacts will result from the allocation of bundled fixed and mobile broadband products to the product groups specified above. Loyalty benefits will also be allocated to relevant performance obligations in proportion to the standalone selling price. In addition, a mobile device and subscription bundle will be identified as one contract under IFRS 15, which means that the allocation of terminal subvention, if any, to both the device and the service will have an impact on the revenue ratios between the business segments.

3 Segment information

1 Oct–31 Dec 2018 Reported

EUR in thousands Business segments	Consumer segment	Corporate segment	Unallocated	Group total
Net sales	**179,467**	**57,470**	**–**	**236,936**
EBITDA	**50,079**	**15,302**	**–**	**65,381**
Depreciation, amortisation and impairments	24,035	12,917	–	36,953
Operating result, EBIT	**26,044**	**2,385**	**–**	**28,429**
Net finance items			−2,171	−2,171
Share of associates' results			−1	−1
Net result before income tax				26,256
Net result for the period				**21,184**
Capital expenditure**	36,393	17,324	–	53,717
Employees at end of period	913	677	–	1,590

1 Oct–31 Dec 2018 Adjusted*

EUR in thousands Business segment	Consumer segment	Corporate segment	Unallocated	Group total
Net sales	**180 014**	**57 486**		**237 500**
EBITDA	**47 377**	**15 347**		**62 724**
Depreciation, amortisation and impairments	24 660	12 943		37 603
Operating result, EBIT	**22 717**	**2 404**		**25 121**
Net finance items			−2 171	−2 171
Share of associates' results			−1	−1
Net result before income tax				22 948
Net result for the period				**18 538**
Capital expenditure**	36 393	17 324	124	53 841
Employees at end of period	913	677	–	1 590

* Adjusted figures are disclosed as prepared under 2017 revenue guidance and do not currently incorporate the impact from the adoption of IFRS 15 as of 1 January 2018.
** Capital expenditure comprises additions to intangible and tangible assets, excluding business combinations, and additions relating to finance lease agreements and decommissioning obligations. Additionnally, capital expenditure includes cash instalments for capitalized spectrum licenses. Unallocated capital expenditure comprises sales commissions.

1 Oct–31 Dec 2017 Reported

EUR in thousands Business segment	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**
Comparable operating result, EBIT	**23,132**	**6,802**		**29,934**
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 Jan–31 Dec 2018 Reported

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

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

1 Jan–31 Dec 2018 Adjusted*

EUR in thousands Business segment	Consumer segment	Corporate segment	Unallocated	Group total
Net sales	**687,086**	**226,427**		**913,513**
EBITDA	**217,494**	**66,151**		**283,645**
Depreciation, amortisation and impairments	98,797	51,097		149,895
Operating result, EBIT	**118,696**	**15,054**		**133,751**
Net finance items			−11,177	−11,177
Share of associates' results			14	14
Net result before income tax				122,588
Net result for the period				**98,116**
Capital expenditure**	92,867	45,404	801	139,072
Employees at end of period	913	677	–	1,590

1 Jan–31 Dec 2017 Reported

EUR in thousands Business segment	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**
Comparable operating result, EBIT	**104,571**	**22,009**		**126,579**
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

* Adjusted figures are disclosed as prepared under 2017 revenue guidance and do not currently incorporate the impact from the adoption of IFRS 15 as of 1 January 2018.
** Capital expenditure comprises additions to intangible and tangible assets, excluding business combinations, and additions relating to finance lease agreements and decommissioning obligations. Additionnally, capital expenditure includes cash instalments for capitalized spectrum licenses. Unallocated capital expenditure comprises sales commissions.

As key figures for business segments, in addition to segment net sales, 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. DNA’s chief operative decision-maker assesses segment performance mainly based on these key figures. Items affecting comparability include essential items such as net gain or losses from business disposals, direct transaction costs related to business acquisitions, impairment 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.

4 Capital expenditure

EUR in thousands	1 Oct– 31 Dec 2018 Reported	1 Oct– 31 Dec 2018 Adjusted*	1 Oct– 31 Dec 2017 Reported	1 Jan– 31 Dec 2018 Reported	1 Jan– 31 Dec 2018 Adjusted*	1 Jan– 31 Dec 2017 Reported
Capital expenditure**						
Intangible assets	**8,756**	8,880	17,792	38,753	39,554	44,062
Property, plant and equipment	**44,961**	44,961	56,268	99,518	99,518	99,956
Total	**53,717**	53,841	74,060	138,271	139,072	144,018

* Adjusted figures are disclosed as prepared under 2017 revenue guidance and do not currently incorporate the impact from the adoption of IFRS 15 as of 1 January 2018.
** Capital expenditure comprises additions to intangible and tangible assets, excluding business combinations, and additions relating to finance lease agreements and decommissioning obligations. Additionnally, capital expenditure includes cash instalments for capitalized spectrum licenses. Unallocated capital expenditure comprises sales commissions.

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

5 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 2017	**132,304**	**–**	**132,304**	**72,702**	**652,719**
Direct costs relating to share issue					337
Acquisition of treasury shares	−968	968	–		–
Share issue	703	−703	–		–
31 December 2017	**132,039**	**265**	**132,304**	**72,702**	**653,056**
Direct costs relating to share issue	82	−82			
Reclassification					−62,420
Capital payment					−84,557
31 December 2018	**132,121**	**183**	**132,304**	**72,702**	**506,079**

DNA Plc has one type of share. The total number of shares is 132,303,500 (132,303,500). The number of outstanding shares is 132,120,711 (132,303,500). The shares do not have a nominal value. On 31 December 2018, DNA Plc's share capital amounted to EUR 72,702,226. All issued shares have been paid in full.

Dividends
DNA Plc's Annual General Meeting of 22 March 2018 approved a payment of dividend (EUR 0.46 per share) as well as a capital payment from the reserve for invested unrestricted equity (EUR 0.17 per share). Also, the AGM approved an additional capital payment from the reserve for invested unrestricted equity (EUR 0.47 per share). In total, paid dividends and capital payments amounted to EUR 1.10 per share or EUR 145,332,782.10. The dividend was paid on 4 April 2018.

Treasury shares
Based on the Board of Directors' decision, DNA Plc has 1 March 2018 transferred 82,028 company's treasury shares to persons belonging to the share-based remuneration scheme, Bridge Plan 2017 for the performance period 2017, as settlement in accordance with the plan rules.

After the transfer, DNA holds a total of 182,789 treasury shares.

	Amount
Treasury shares 1 January 2018	**264,817**
1 March 2018 Share issue	−82,028
Treasury shares 31 December 2018	**182,789**

Treasury shares represent 0.14 per cent of the votes.

Change in the classification of unrestricted equity
DNA's AGM of 22 March 2018 made a decision to change the classification of unrestricted equity. In previous years, the company had, when repurchasing its own shares, recorded the subscription price of own shares in a way that reduced the amounts of retained earnings of previous financial periods. This has been in accordance with previously made decisions as well as the Finnish Limited Liability Companies Act, but it does not fully allow for the opportunity provided for in the Act to present funds invested in the company and profits from business operations separately.

According to the decision of the AGM, EUR 62,420,161.66 was transferred from the reserve of invested unrestricted equity to retained earnings from previous financial periods. This change has no effect on the total amount of unrestricted equity.

6 Borrowings

EUR in thousands	31 December 2018	31 December 2017
Non-current borrowings		
Loans from financial institutions	46,154	23,718
Bonds	301,936	149,643
Total	**348,090**	**173,362**
Current borrowings		
Loans from financial institutions	3,846	34,973
Bonds	–	99,550
Commercial papers	49,991	19,995
Total	**53,837**	**154,518**

On 27 March 2018, DNA Plc issued a senior unsecured bond of EUR 250 million. The new bond matures on 27 March 2025 and carries a fixed annual interest at the rate of 1.375%. Standard & Poor's assigned a credit rating of BBB to the new bond.

The proceeds from the bond issue have been partially used for the partial repurchase of the existing EUR 100 million 2.625% fixed-rate notes due 28 November 2018 and EUR 150 million 2.875% fixed-rate notes due 12 March 2021. The share of the repurchase equals 60% of the nominal value of the notes, EUR 150 million in total. After the repurchase, the notes were cancelled.

The issuance costs of the new senior unsecured bond of EUR 250 million and some of the costs of the repurchase, EUR 8.9 million in total, will be deferred over the bond's seven-year term to maturity.

7 Net debt

EUR in thousands	31 December 2018	31 December 2017
Non-current borrowings	348,090	173,362
Current borrowings	53,837	154,518
Total borrowings	401,927	327,880
Less cash and cash equivalents	22,654	23,592
Net debt	**379,273**	**304,288**

Change in net debt	Reported in cash flows from financing activities			
EUR in thousands	**Cash**	**Current borrowings**	**Non-current borrowings**	**Net debt**
1 January 2017	**46,238**	**40,290**	**327,659**	**321,710**
Change in cash	−22,647			22,647
Proceeds from borrowings		99,893		99,893
Repayment of borrowings		−84,881	−55,238	−140,119
Other non-cash transactions		99,216	−99,059	157
31 December 2017	**23,592**	**154,518**	**173,362**	**304,288**
Change in cash	−937			937
Proceeds from borrowings		563,726	296,154	859,880
Repayment of borrowings		−665,123	−113,810	−778,932
Other non-cash transactions		715	−7,616	−6,901
31 December 2018	**22,654**	**53,837**	**348,090**	**379,273**

8 Provisions

EUR in thousands	1 January 2018	Additions	Provisions used	Other/ Discount effect	31 December 2018
Asset retirement obligation	6,096	–	–1,308	–	4,788
Restructuring provisions	58	39	–	–	97
Onerous contracts	732	1,115	–52	–1,304	490
Other provision	418	–	–209	–	208
Total	**7,304**	**1,153**	**–1,569**	**–1,304**	**5,583**

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. The provision has been discounted. The non-cancellable lease agreement expires in 2025.

9 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 2018	
EUR in thousands	**Organisations exercising significant influence**	**Associated companies**
Sales	21	–
Purchases	2,759	465
Receivables	2	–
Liabilities	354	2

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

10 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. DNA has a Performance Share Plan (PSP) for senior executives and other key employees. The PSP consists of three separate three-year performance periods; 2017–2019, 2018–2020 and 2019–2021.

The purpose of the long-term incentive system is to harmonise shareholders' and senior executives' goals in order to increase DNA's value, and to commit executives and other key employees to DNA by offering them a competitive, long-term reward plan in the company.

The system mainly consists of a Performance Share Plan (PSP), which is complemented by a separate share-based Bridge Plan. In addition, DNA has a Restricted Share Plan (RSP).

The Performance Share Plan

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

The first programme (PSP 2017) started at the beginning of 2017. Any share-based rewards earned through it will be paid in the spring of 2020, if the performance targets set by the Board of Directors are reached.

The first programme will be built on the following performance targets: DNA's total shareholder return (TSR) compared to a peer group over the period 2017–2019, and DNA's cumulative cash flow in 2017–2019. The first programme has about 50 participants, and the maximum number of shares to be handed out will be 471,000 (gross amount from which applicable withholding tax will be deduced, and the remaining net amount will be paid as shares).

The second programme PSP 2018–2020 started at the beginning of 2018. Any share-based rewards earned through it will be paid in the spring of 2021, if the performance targets set by the Board of Directors are achieved. The performance targets applied to the programme are DNA's total shareholder return (TSR) compared to a peer group over the period 2018–2020, and DNA's cumulative cash flow in 2018–2020. The programme has around 50 participants, and the maximum number of shares to be distributed will be 372,600 (the gross amount from which the applicable withholding tax will be deduced, and the remaining net amount will be paid as shares)

The programme PSP 2019–2021 starts at the beginning of 2019. Any share-based rewards earned through it will be paid in the spring of 2022. The performance targets applied to the programme are DNA's EBITDA development over the period 2019–2021 and DNA's total shareholder return compared to a peer group over the period 2019–2021. The programme has around 70 participants, and the maximum number of shares to be distributed will be 382,158 (the gross amount from which the applicable withholding tax will be deduced, and the remaining net amount will be paid as shares).

The Bridge Plan

The Bridge Plan for the transition period consists of two, three-year-long share-based reward programmes. These programmes have a year-long vesting period and a two-year restriction period. The first programme began in 2017. Share-based rewards based on the 2017 programme were handed out in the spring of 2018, because the performance targets set by the Board of Directors were reached (EBITDA and EBITDA margin among others). Shares received as a reward cannot be transferred during a two-year restriction period after the vesting period.

The performance targets applicable to the share-based reward system during the transition period are based on DNA's key strategic objectives for the vesting periods in question. The first programme has about 50 participants, and the maximum number of shares to be handed out will be 157,300 (gross amount from which applicable withholding tax will be deducted, and the remaining net amount will be paid as shares).

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

The restricted share-based reward system

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

The RSP 2018–2020 share-based reward programme began in early 2018, and the rewards earned will be distributed in the spring of 2021. The RSP typically applies to only a few individuals per year. The maximum number of shares to be distributed under the programme will be 45,000 (gross amount from which applicable withholding tax will be deduced, and the remaining net amount will be paid as shares).

Share-based reward plan	PSP 2018–2020	Bridge plan 2018	PSP 2017–2019	Bridge plan 2017
Grant date	17 January 2018	17 January 2018	15 February 2017	15 February 2017
Maximum number of shares	372,600	115,900	471,000	157,300
Fair value of the reward at grant date	6.12		6.28	
Share price at grant date	15.07	15.07	11.36	11.36
Valid until	31 December 2020	31 December 2020	31 December 2019	31 December 2019
Expected volatility of share prices	19%		23%	
Expected dividends	3.12	1.02	0.63–0.75	
Risk-free interest rate	−0.29%		−0.82%–0.74%	
Expected life	3 years	3 years	3 years	3 years
Implementation	As shares and cash	As shares and cash	As shares and cash	As shares and cash

The fair value of the PSP 2017–2019 reward at grant date was 6,28. The fair value of the PSP 2018–2020 awared at grant date was 6,12. The fair value at grant date was valued using a Monte Carlo simulation model, taking into account share price at grant date, Volume Weighted Average Price (VWAP), expected dividends, risk-free interest rates, expected volatility of share prices, as well as correlation coefficients.

Based on the Board of Directors' decision, DNA Plc has on 1 March 2018 transferred 82,028 of the company's treasury shares to persons belonging to the share-based remuneration scheme, Bridge Plan 2017 for the performance period 2017, as settlement in accordance with the plan rules. Withholding tax of EUR 1.1 million was deduced from the gross amount.

Share-Based payments

EUR in thousands Expense recorded in the income statement	Jan–Dec 2018	Jan–Dec 2017
Share-based payments	2,719	8,024

Liability recorded in the statement of financial position	31 December 2018	31 December 2017
Liability related to share-based reward plan	–	1,199

Cash-settled share-based payment transactions have been revalued on 1 January 2018 according to the amendments to IFRS 2 and the accounting treatment has changed from cash-settled to equity-settled.

Matching share plan for DNA personnel

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

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

11 Events after the review date

DNA acquires Moi Mobiili

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

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

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

DNA's financial publications and AGM in 2019:

- Full financial statements for 2018 and an electronic version of the Annual Report for 2018, the week starting on 25 February 2019 (week 9/2018)
- DNA's Annual General Meeting, 28 March 2019
- Interim Report January–March 2019, 25 April 2019
- Half-year financial report (January–June), 19 July 2019
- Interim Report January–September 2019, 22 October 2019

DNA