



**DNA**



**FINANCIAL STATEMENTS  
BULLETIN**

2019

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## DNA Plc's Financial Statements Bulletin 2019

# DNA's net sales and EBITDA reach record levels in 2019, driven by strong mobile service revenue

In December 2019, due to redemption of minority shares in DNA by Telenor Finland Holding oy, DNA has applied for the termination of public trading in DNA's shares and for

delisting of DNA's shares from the official list of Nasdaq Helsinki. The trading in DNA shares will be terminated after Telenor has obtained title to all outstanding shares in DNA.

### Summary

Unless otherwise stated, the comparison figures in brackets refer to the corresponding period in the previous year (reference period). Figures are unaudited. The impact of IFRS 16 on the statement of financial position and income statement is presented in Note 12.

#### October–December 2019

- Net sales increased 2.3% and amounted to EUR 242.4 million (236.9 million).
- Mobile service revenue grew 6.6% and was EUR 123.6 million (116.0 million).
- EBITDA increased 10.7% and was EUR 72.4 million (65.4 million), or 29.9% (27.6%) of net sales.
- The comparability of the operating result in the reference period was affected by a non-recurring expense item of EUR 3.1 million.
- The operating result decreased 8.4% and was EUR 26.1 million (28.4 million). The operating result as a percentage of net sales was 10.8% (12.0%).
- The comparable operating result increased 2.6% and came to EUR 29.2 million (28.4 million).
- IFRS 16 had a positive effect on EBITDA in the quarter and an insignificant impact on the operating result (Note 12).
- Earnings per share was EUR 0.14 (0.16).
- Revenue per user (ARPU) for mobile communications decreased 0.6% and was EUR 18.7 (18.9).
- The mobile communication subscription turnover rate (churn) increased and was 17.5% (14.8%).
- In December, DNA applied to delist its shares from the official list of Nasdaq Helsinki.

#### January–December 2019

- Net sales increased 3.3% and amounted to EUR 942.1 million (911.8 million).
- Mobile service revenue grew 7.0% and was EUR 486.4 million (454.4 million).

- EBITDA increased 7.2% and was EUR 305.6 million (284.9 million), or 32.4% (31.2%) of net sales.
- Comparable EBITDA increased 8.8% and came to EUR 309.9 million (284.9 million).
- In the review period, the comparability of EBITDA was affected by non-recurring expense items of EUR 4.3 million in relation to business restructuring.
- The comparability of the operating result was affected by non-recurring items of EUR 7.4 million.
- The operating result decreased 3.7% and was EUR 133.7 million (138.9 million). The operating result as a percentage of net sales was 14.2% (15.2%).
- The comparable operating result increased 1.6% and came to EUR 141.1 million (138.9 million).
- IFRS 16 had a positive effect on EBITDA in the review period and an insignificant impact on the operating result (Note 12).
- Operating free cash flow increased 12.3% and was EUR 169.6 million (151.0 million).
- Earnings per share was EUR 0.75 (0.77).
- The mobile communication subscription base shrank 1.9%, totalling 2,822,000 (2,877,000).
- Revenue per user (ARPU) for mobile communications remained constant at EUR 18.7 (18.7).
- The mobile communication subscription turnover rate (churn) also remained constant at 16.2% (16.2%).
- The fixed-network subscription base (voice, broadband, and cable television) grew 7.7% to 1,241,000 subscriptions (1,152,000).
- At the time of the publication of the Financial Statements Bulletin, DNA's Board of Directors has not made a decision on a proposal to the Annual General Meeting on the possible distribution of a dividend per share.

## Key figures

Figures are unaudited.

EUR million	10–12/2019	10–12/2018	Change (%)	1–12/2019	1–12/2018	Change (%)
Net sales	242.4	236.9	2.3	942.1	911.8	3.3
EBITDA	72.4	65.4	10.7	305.6	284.9	7.2
% of net sales	29.9	27.6		32.4	31.2	
Comparable EBITDA	72.4	65.4	10.7	309.9	284.9	8.8
% of net sales	29.9	27.6		32.9	31.2	
Depreciation, amortisation, and impairment	46.3	37.0		171.9	146.0	
Operating result, EBIT	26.1	28.4	–8.4	133.7	138.9	–3.7
% of net sales	10.8	12.0		14.2	15.2	
Comparable operating result	29.2	28.4	2.6	141.1	138.9	1.6
% of net sales	12.0	12.0		15.0	15.2	
Net result before tax	24.0	26.3	–8.7	124.6	127.7	–2.4
Net result for the period	19.0	21.2	–10.4	98.8	102.2	–3.3
Return on investment (ROI), %	9.3	11.5		12.1	14.1	
Return on equity (ROE), %	13.9	14.2		17.1	16.4	
Capital expenditure	74.2	53.7	38.1	158.7	138.3	14.8
Cash flow after investing activities	3.3	10.5	–68.5	60.6	63.4	–4.6
Free cash flow to equity				88.5	72.0	
Net debt	-	-		559.1	379.3	
Net debt/EBITDA	1.93	1.45		1.83	1.33	
Net gearing, %	-	-		101.4	62.7	
Equity ratio, %	-	-		38.8	46.9	
Basic earnings per share, EUR	0.14	0.16		0.75	0.77	
Diluted earnings per share, EUR	0.14	0.16		0.75	0.77	
Personnel at end of period	-	-		1,624	1,590	

### DNA's guidance for 2020

DNA has changed the way it issues guidance on future outlook, and it will not issue guidance on its net sales and EBITDA for 2020. DNA expects competition to remain strong in 2020. Nonetheless, DNA's business is anticipated to develop favourably. DNA's financial position and liquidity are expected to remain at a healthy level.

### Additional information:

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### DNA's financial publications and AGM in 2020:

The Interim Report January–March 2020 will be published on 27 April 2020, the Half-Year financial report (January–June) on 15 July 2020, and the Interim Report January–September on 20 October 2020. An electronic version of the Annual Report containing full financial statements for 2019 will be published no later than the week starting on 2 March 2020. DNA's Annual General Meeting is scheduled to be held on Thursday 26 March 2020.

## CEO's review



Once again, DNA has fared well in a challenging market environment. Net sales for January–December increased 3.3% and amounted to EUR 942.1 million. The positive development was fuelled in particular by our mobile service revenue, which grew 7.0%, and by robust mobile device sales, which were up 10.3%. Comparable EBITDA developed strongly in 2019, reflecting growth from both business segments. Comparable EBITDA grew 8.8% from the reference period to EUR 309.9 million, or 32.9% of net sales.

Competition intensified further during the last quarter of the year. Even so, both our growth and profitability showed a positive trend. Net sales increased 2.3% year-on-year and amounted to EUR 242.4 million. Positive net sales development was fuelled in particular by strong mobile service revenue, which grew 6.6% from the last quarter of 2018, boosted by favourable development of our customer billing and postpaid subscription base. Mobile device sales were up 3.2%. Comparable EBITDA improved 10.7% in the last quarter and was EUR 72.4 million, or 29.9% of net sales.

Our mobile communication subscription base decreased by 55,000 in the October–December period, due to a decrease in prepaid subscriptions. Our postpaid subscription base increased by 37,000. Revenue per user (ARPU) decreased slightly from the reference period to EUR 18.7, due to a decrease in interconnection charges from the reference period. Our customer churn rate was 17.5%. Our fixed-network subscription base grew by 89,000, boosted by new broadband connections in particular.

We are in the process of launching the sales of 5G subscriptions to consumer and corporate customers. In early 2020, DNA's 5G network will be available in more than 20 locales. Customers using 5G subscriptions benefit from

higher speeds and lower latency. The benefits of 5G and its positive impact on customer experience will become more evident as customers use increasingly rich content, higher resolution videos, and services such as online gaming, where low latency is critical. In December, we launched the sales of our 5G Fixed Wireless Access service. The solution provides super-fast connections in areas where fibre-optic connections are not available or would be very expensive to build. We will continue to improve and expand our 4G network parallel to the 5G investments.

In August, Norwegian telecommunications group Telenor acquired a 54% stake in DNA and became the main shareholder. After the completion of the transaction and the resulting mandatory public tender offer, Telenor's holding of DNA shares was 97.87%. Telenor then commenced mandatory redemption proceedings for the remaining shares, following which DNA submitted an application to Nasdaq Helsinki in December, requesting the termination of public trading in DNA's shares and the delisting of DNA's shares from the official list of Nasdaq Helsinki. Delisting of DNA share is possible once Telenor has the right to obtain title to all DNA's minority shares, which is expected to take place in early 2020.

We will continue the long-term development of our business, focusing on customer experience, personnel satisfaction, and the resulting profitable growth. We expect our business to develop favourably in 2020.

A handwritten signature in blue ink, appearing to read 'Jukka Leinonen'. The signature is fluid and stylized, with a prominent loop at the end.

Jukka Leinonen  
CEO

# DNA Plc Financial Statements Bulletin 2019

## Operating environment in 2019

The Finnish economy has been on a growth path, but growth is hampered by the overall economic uncertainty. Both consumer and business confidence has weakened. 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 smartphones, tablets, and other Internet-connected devices, as well as the demand for high-speed 4G subscriptions.

A clear trend in Finland right now is the migration of xDSL subscribers to considerably faster fixed cable or fibre-optic broadband subscriptions or the replacement of xDSL connections with 4G mobile data connections. In addition, a growing number of households use both fixed-network and mobile broadband. 5G service provision was launched towards the end of 2020, which will accelerate the switch to high-speed broadband services. Mobile device manufacturers are expected to provide more technically advanced 5G-models for consumer and corporate customers.

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. 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.

## Regulation

DNA's 5G licence entered into force in early 2019.

The cap on the cost of intra-EU mobile calls and texts was applied in the spring of 2019.

The Ministry of Transport and Communications is preparing a market analysis of the wholesale markets for television and radio services (M18).

The national data protection law related to personal data entered into force at the beginning of 2019. EU institutions continued to process the draft ePrivacy regulation in the review period.

The directive-based draft Act on Electronic Communication Services has been circulated for comments in Finland. The transposition of the EU Directive on Audiovisual Media Services and the European Electronic Communications Code (the so-called Telecoms Package Directive) in national law will be essentially completed by the end of 2020.

The European Commission started the preparation of European guidelines for cybersecurity towards the end of 2019. This so-called Security Toolbox lists means of managing network security.

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	10–12/2019	10–12/2018	Change (%)	1–12/2019	1–12/2018	Change (%)
Net sales	242.4	236.9	2.3	942.1	911.8	3.3
EBITDA	72.4	65.4	10.7	305.6	284.9	7.2
% of net sales	29.9	27.6		32.4	31.2	
Comparable EBITDA	72.4	65.4	10.7	309.9	284.9	8.8
% of net sales	29.9	27.6		32.9	31.2	
Operating result, EBIT	26.1	28.4	-8.4	133.7	138.9	-3.7
% of net sales	10.8	12.0		14.2	15.2	
Comparable operating result	29.2	28.4	2.6	141.1	138.9	1.6
% of net sales	12.0	12.0		15.0	15.2	
Net result for the period	19.0	21.2	-10.4	98.8	102.2	-3.3

### October–December 2019

In the last quarter, DNA's net sales increased and totalled EUR 242.4 million (236.9 million). The growth was fuelled by mobile service revenue<sup>1)</sup> and strong mobile device sales. Boosted by average billing per customer and favourable postpaid subscription base development, mobile service revenue grew 6.6% and was EUR 123.6 million (116.0 million). Mobile device sales were up 3.2% from the reference period. During the fourth quarter, 77.0% (75.8%) of net sales was generated by consumer business and 23.0% (24.2%) by corporate business.

EBITDA increased from the reference period and was EUR 72.4 million (65.4 million). EBITDA improved due to the impact of the IFRS 16 standard and growth in service revenue. The EBITDA percentage of net sales was 29.9% (27.6%).

The comparability of the operating result in the quarter was affected by a non-recurring expense item of EUR 3.1 million in relation to the sale of DNA's VHF frequency-based terrestrial network business. The operating result decreased and was EUR 26.1 million (28.4 million). The operating result as a percentage of net sales was 10.8% (12.0%). The comparable operating result increased and was EUR 29.2 million (28.4 million). Financial income and expenses amounted to EUR 2.1 million (2.2 million). Income tax for the period was EUR 5.0 million (5.1 million). The effective tax rate for the period was 20.8% (19.2%). The net result decreased and was EUR 19.0 million (21.2 million). Earnings per share was EUR 0.14 (0.16).

### January–December 2019

DNA's net sales increased and totalled EUR 942.1 million (911.8 million). The growth was fuelled by strong mobile service revenue<sup>1)</sup> and mobile device sales. Mobile service revenue grew 7.0% and was EUR 486.4 million (454.4 million), boosted by the favourable development of postpaid subscription base and average billing per customer. Mobile device sales were up 10.3% from the reference period. During the year, 76.4% (75.1%) of net sales was generated by consumer business and 23.6% (24.9%) by corporate business.

In the review period, the comparability of EBITDA was affected by a non-recurring expense item of EUR 4.3 million in relation to the use of expert services in connection to business restructuring, as well as the termination of share-based reward systems. EBITDA increased from the reference period and was EUR 305.6 million (284.9 million). The EBITDA percentage of net sales was 32.4% (31.2%). Comparable EBITDA was EUR 309.9 million (284.9 million).

The comparability of the operating result was affected by non-recurring items of EUR 7.4 million, of which EUR 4.3 million were in relation to the use of expert services in connection to business restructuring, as well as the termination of share-based reward systems and EUR 3.1 million in relation to the sale of DNA's VHF frequency-based terrestrial network business. EBITDA also improved due to the impact of the IFRS 16 standard and growth in service revenue. The operating result decreased and was EUR 133.7 million (138.9 million). The operating result as a percentage of net sales was 14.2% (15.2%). The comparable operating result increased and was EUR 141.1 million (138.9 million).

<sup>1)</sup> 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.

Financial income and expenses amounted to EUR 9.1 million (11.2 million). Financial expenses for the reference period were increased by the senior unsecured bond issued by DNA in March 2018. Income tax for the period was

EUR 25.8 million (25.5 million). The effective tax rate for the period was 20.7% (20.0%). The net result was EUR 98.8 million (102.2 million). Earnings per share was EUR 0.75 (0.77).

## Key operative indicators

	10-12/2019	10-12/2018	Change (%)	1-12/2019	1-12/2018	Change (%)
<b>Number of mobile communication network subscriptions at end of period</b>				<b>2,822,000</b>	<b>2,877,000</b>	-1.9
Revenue per user (ARPU), EUR	18.7	18.9	-0.6	18.7	18.7	0.0
Customer churn rate, %	17.5	14.8		16.2	16.2	
<b>Number of fixed line subscriptions at end of period</b>				<b>1,241,000</b>	<b>1,152,000</b>	7.7

DNA's mobile subscription base decreased by 55,000 subscriptions year-on-year. The number of postpaid subscriptions was up by 37,000. Revenue per user (ARPU) decreased slightly in the October–December period and was EUR 18.7 (18.9), due to a decrease in interconnection charges from the reference period. The number of prepaid subscriptions fell by 92,000, but their ARPU increased 50.1% year-on-year to EUR 5.8 (3.9).

The fixed-network subscription base grew strongly and was up by 89,000. In addition to good organic growth, DNA gained more than 30,000 fixed-line broadband customers and almost 25,000 new cable TV customers as a result of the ICT Elmo business acquisition in June.

DNA's customer churn rate increased to 17.5% in the fourth quarter (14.8%) as a result of more intense competition. The churn rate for 2019 remained constant year-on-year and was 16.2% (16.2%).

# Cash flow and financial position

## Cash flow and financial key figures

EUR million	10-12/2019	10-12/2018	Change (%)	1-12/2019	1-12/2018	Change (%)
Cash flow after investing activities	3.3	10.5	-68.5	60.6	63.4	-4.6

EUR million	10-12/2019	10-12/2018	Change (%)	1-12/2019	1-12/2018	Change (%)
Net debt	-	-		559.1	379.3	47.4
Net debt/EBITDA	1.93	1.45		1.83	1.33	
Net gearing, %	-	-		101.4	62.7	
Equity ratio, %	-	-		38.8	46.9	

### October–December 2019

Cash flow after investing activities was EUR 3.3 million (10.5 million). Cash flow was mainly impacted by a higher level of investing activity year-on-year.

### January–December 2019

Cash flow after investing activities was EUR 60.6 million (63.4 million). Cash flow was impacted, for example, by the Moi mobile acquisition in January and the ICT Elmo business acquisition in May.

At the end of 2019, DNA had a EUR 150 million revolving credit facility, of which EUR 150 million (150 million) remained undrawn, and a EUR 15 million (15 million) credit facility. In addition, DNA has a commercial paper programme worth EUR 200 million (150 million), under which EUR 15 million (50 million) was drawn by the end of the year. In December, DNA and Telenor ASA signed an agreement on a EUR 200 million internal revolving credit facility, of which EUR 100 million remained undrawn at the end of 2019.

Net gearing increased and was 101.4% at the end of December (62.7%). Net gearing was mainly impacted by the payment of a dividend, business restructuring (Moi Mobiili and ICT Elmo), and the adoption of the IFRS 16 standard, which increased liabilities as lease commitments are now disclosed as liabilities in the balance sheet.

DNA's liquidity is at a healthy level. The Group's liquid assets amounted to EUR 17.4 million (22.7 million). Net debt was EUR 559.1 million (379.3 million). The Group's liquid assets and undrawn committed credit limits amounted in total to EUR 282.4 million (187.7 million). In April, DNA paid a dividend of EUR 145.4 million.

Changes in working capital had a EUR 34.5 million negative impact (45.1 million negative impact) on cash flow. The increase in working capital was mostly due to an increase in trade receivables and a decrease in trade payables in comparison to the end of 2018.

DNA has a strong balance sheet. The net debt/EBITDA ratio was 1.83 (1.33) at the end of 2019. The equity ratio was 38.8% (46.9%) at the end of the year. Both key figures were impacted by the adoption of the IFRS 16 standard, and the equity ratio also declined due to the dividend payment.

In September, Standard & Poor's Global Ratings upgraded DNA's long-term credit rating to BBB+ from BBB following acquisition by Telenor, with a stable outlook. At the same time, DNA was removed from CreditWatch.

## Development per business segment

### Consumer business

EUR million	10–12/2019	10–12/2018	Change (%)	1–12/2019	1–12/2018	Change (%)
Net sales	186.7	179.5	4.0	719.7	684.9	5.1
EBITDA	55.4	50.1	10.6	233.5	218.8	6.8
% of net sales	29.7	27.9		32.4	31.9	
Comparable EBITDA	55.4	50.1	10.6	236.1	218.8	7.9
% of net sales	29.7	27.9		32.8	31.9	
Operating result, EBIT	25.2	26.0	-3.1	123.4	123.7	-0.3
% of net sales	13.5	14.5		17.1	18.1	
Comparable operating result	28.3	26.0	8.8	129.1	123.7	4.3
% of net sales	15.2	14.5		17.9	18.1	

#### October–December 2019

Consumer business net sales increased in the fourth quarter and were EUR 186.7 million (179.5 million). Net sales were driven by the increasing demand for mobile services, as well as strong mobile device sales.

EBITDA increased from the reference period and was EUR 55.4 million (50.1 million). EBITDA was improved by a change in calculation method according to IFRS 16, as well as an increase in mobile service revenue. The EBITDA percentage of net sales was 29.7% (27.9%). There were no items affecting the comparability of EBITDA in the fourth quarter. The comparability of the operating result in the quarter was affected by a non-recurring expense item of EUR 3.1 million in relation to the sale of DNA's VHF frequency-based terrestrial network business. The consumer business operating result decreased and was EUR 25.2 million (26.0 million), or 13.5% of consumer business net sales (14.5%). The comparable operating result increased and was EUR 28.3 million (26.0 million).

Depreciation of EUR 30.1 million (24.0 million) was allocated to consumer business. The increase was mostly due to the IFRS 16 standard.

#### January–December 2019

Consumer business net sales increased and were EUR 719.7 million (684.9 million). Net sales were driven by the increasing demand for mobile services, as well as strong mobile device sales.

In the review period, the comparability of EBITDA was affected by non-recurring expense items of EUR 2.5 million in relation to business restructuring. EBITDA increased and

was EUR 233.5 million (218.8 million). EBITDA was improved by a change in calculation method according to IFRS 16, as well as an increase in mobile service revenue. The EBITDA percentage of net sales was 32.4% (31.9%). Comparable EBITDA was EUR 236.1 million (218.8 million).

The comparability of the operating result in the reference period was affected by non-recurring items of EUR 5.6 million, of which EUR 2.5 million were in relation to business restructuring and EUR 3.1 million in relation to the sale of DNA's VHF frequency-based terrestrial network business. The consumer business operating result decreased slightly and was EUR 123.4 million (123.7 million), or 17.1% of consumer business net sales (18.1%). The comparable operating result increased to EUR 129.1 million (123.7 million). Depreciation of EUR 110.1 million (95.0 million) was allocated to consumer business. The increase was mostly due to IFRS 16.

On January 2019, DNA acquired European Mobile Operator Oy. The acquired business operations, Moi Mobiili, have been consolidated into DNA's consumer business figures from the first quarter of 2019 onwards. Before the acquisition, Moi Mobiili operated as a service operator in DNA's mobile network, and its revenue was reported in DNA's corporate business figures.

In the summer, DNA agreed to sell its terrestrial pay-TV business to Digita Oy. The Finnish competition authorities approved the sale in September. Digita took over the business and pay-TV customer base on 1 January 2020. DNA will continue its operations as the leading pay-TV operator in the cable and broadband networks.

## Corporate business

EUR million	10-12/2019	10-12/2018	Change (%)	1-12/2019	1-12/2018	Change (%)
Net sales	55.6	57.5	-3.2	222.4	226.8	-2.0
EBITDA	17.0	15.3	11.0	72.0	66.2	8.9
% of net sales	30.5	26.6		32.4	29.2	
Comparable EBITDA	17.0	15.3	11.0	73.8	66.2	11.5
% of net sales	30.5	26.6		33.2	29.2	
Operating result, EBIT	0.8	2.4	-65.5	10.3	15.2	-32.3
% of net sales	1.5	4.1		4.6	6.7	
Comparable operating result, EBIT	0.8	2.4	-65.5	12.0	15.2	-20.7
% of net sales	1.5	4.1		5.4	6.7	

### October–December 2019

DNA's corporate business net sales decreased in the fourth quarter and were EUR 55.6 million (57.5 million). Net sales were burdened by the change in the reporting of the net sales for Moi Mobiili, which is now part of consumer business, as well as the decrease in interconnection charges.

There were no non-recurring items affecting the comparability of EBITDA or the operating result in the quarter. EBITDA increased from the reference period and was EUR 17.0 million (15.3 million), or 30.5% (26.6%) of net sales. EBITDA was improved by a change in calculation method according to IFRS 16. The operating result decreased and was EUR 0.8 million (2.4 million), or 1.5% (4.1%) of net sales. Depreciation of EUR 16.2 million (12.9 million) was allocated to corporate business. The increase was mostly due to IFRS 16.

### January–December 2019

Corporate business net sales for 2019 decreased and were EUR 222.4 million (226.8 million). Net sales were mostly burdened by the change in the reporting of the net sales for Moi Mobiili, which is now part of consumer business, as well as the decrease in interconnection charges.

In the review period, the comparability of EBITDA and the operating result was affected by non-recurring expense items of EUR 1.8 million in relation to business restructuring. EBITDA increased from the reference period and was EUR 72.0 million (66.2 million), or 32.4% (29.2%) of net sales. Comparable EBITDA was EUR 73.8 million (66.2 million). EBITDA improved due to the impact of the IFRS 16 standard. The operating result decreased and was EUR 10.3 million (15.2 million), or 4.6% (6.7%) of net sales. The comparable operating result was EUR 12.0 million (15.2 million). Depreciation of EUR 61.8 million (51.0 million) was allocated to corporate business. The increase was mostly due to IFRS 16.

In January, DNA signed a four-year agreement with Veikkaus to supply the gaming company with the largest company-specific network in Finland. Service delivery got under way in early 2019. The first sales offices were connected to the network during April 2019.

# Capital expenditure

## Capital expenditure

EUR million	10-12/2019	10-12/2018	Change (%)	1-12/2019	1-12/2018	Change (%)
Consumer business	50.8	36.4	39.5	98.5	92.9	6.0
Corporate business	23.4	17.3	35.1	60.2	45.4	32.7
<b>Total capital expenditure</b>	<b>74.2</b>	<b>53.7</b>	<b>38.1</b>	<b>158.7</b>	<b>138.3</b>	<b>14.8</b>

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

EUR million	10-12/2019	10-12/2018	Change (%)	1-12/2019	1-12/2018	Change (%)
Operative capital expenditure	72.0	53.7	34.0	140.3	133.9	4.8
% of net sales	29.7	22.7		14.9	14.7	
Lease investments (IFRS 16)	2.2	-		9.8	-	
Spectrum licences	-	-		8.6	4.4	95.5
<b>Total capital expenditure</b>	<b>74.2</b>	<b>53.7</b>	<b>38.1</b>	<b>158.7</b>	<b>138.3</b>	<b>14.8</b>

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

### October–December 2019

In the last quarter of 2019, capital expenditure was EUR 74.2 million (53.7 million). Higher investments in the last quarter were due to 5G investments accumulated towards the end of the year. No spectrum licence payments were made during the reporting or reference periods. Operative capital expenditure was EUR 72.0 million (53.7 million), or 29.7% (22.7%) of net sales.

### January–December 2019

In the January–December period, capital expenditure was EUR 158.7 million (138.3 million). Operative capital expenditure increased from the reference period and was EUR 140.3 million (133.9 million), or 14.9% (14.7%) of net sales. In the first quarter, the spectrum licence fees for the 700 MHz and 3.5 GHz bands contributed EUR 8.6 million (4.4 million) to capital expenditure.

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

## 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 of 2019, mobile data volumes in DNA's network were up some 25% year-on-year. Mobile data usage per subscription averaged about 28.5 gigabytes in the fourth quarter.

DNA has been systematically preparing its mobile network for 5G with the introduction of 5G-capable technology and increased network capacity. As a result, data speeds in the 4G network have improved despite the growth in traffic volumes. DNA's mobile network is NB-IoT and LTE-M ready. DNA's M2M subscription base was boosted by building automation systems, the energy sector, and the Internet of Things (IoT).

5G network construction is in progress in various parts of the country. In December, DNA launched sales of the 5G Fixed Wireless Access service in the Helsinki metropolitan area and in the cities of Turku and Tampere. Availability will be extended to new areas soon. 5G connectivity enables fast connections with low latency in areas where fibre-optic connections are not available or would be very expensive to build. Sales of 5G subscriptions to consumer and corporate customers have just been launched. In early 2020, DNA's 5G network will be available in over 20 locales. Customers using 5G subscriptions benefit from higher speeds and lower latency. The benefits of 5G will become more evident as customers use increasingly rich content, higher resolution videos, and services such as online gaming, where low latency is critical. DNA will continue to improve and expand its 4G network parallel to the 5G investments.

DNA announced that it will close its VHF frequency-based terrestrial network in 2020. At the same time, DNA will relinquish its terrestrial network licence.

According to Tefficient's latest report\*, DNA's customers have the highest mobile data usage in the world. DNA's data usage per subscription continued to grow in the first half of 2019, averaging 23.5 gigabytes per month. Most of the data transferred in the mobile network is from different video-based services, such as YouTube and Netflix. Thanks to DNA's advanced network technologies, we can reduce the relative per-data consumption of electricity despite the continuous increase in the use of data.

\*Tefficient is an international telecommunications specialist providing analysis, benchmarking and consulting services. Tefficient's latest report is available here: <https://tefficient.com/mobile-data-operators-1h-2019/>

### **DNA acquired an extensive fibre-optic network in the Tampere region and ICT Elmo Oy's consumer business**

In June 2019, DNA acquired a fibre-optic network in the Tampere region and ICT Elmo Oy's consumer business. The net sales of the acquired business in 2018 were around EUR 8 million. DNA has been a major customer of ICT Elmo's operator business. The total acquisition price was EUR 27.5 million, which equates to an EV/EBITDA of approximately 6.1x with cost synergies considered.

## Personnel

### Personnel by business segment

	31 December 2019	31 December 2018	Change (%)
Consumer business	933	913	2.2
Corporate business	691	677	2.1
<b>Total personnel</b>	<b>1,624</b>	<b>1,590</b>	<b>2.1</b>

At the end of 2019, DNA Group had 1,624 employees (1,590), of which 637 were women (637) and 987 men (953).

Salaries and employee benefit expenses paid during the fourth quarter amounted to EUR 29.7 million (29.6 million). In January–December, they amounted to EUR 112.7 million (107.3 million).

One of DNA's strategic objectives is to be a great place to work, which requires a tolerant, non-discriminatory,

and inclusive working culture. Satisfied, motivated, and qualified employees are a crucial foundation for DNA's ability to provide the best customer service on the market. Deeper customer understanding is a particularly important area in DNA's diversity vision. A diverse and pluralistic working community helps DNA understand the needs of different customers. In February 2019, DNA was chosen as the best workplace in Finland by the Great Place to Work institute in the category of large organisations. In June, GPTW ranked DNA as one of the best employers in Europe.

## 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 Olli Sirkka, Senior Vice President, Technology Tommy Olenius, Senior Vice President, Human Resources Marko Rissanen, Senior Vice President, Legal Affairs Asta Rantanen, Senior Vice President, Strategy Christoffer von Schantz, and CIO Janne Aalto.

## Corporate Governance Statement

DNA publishes a separate Corporate Governance Statement, including a salary and remuneration report, for 2019. The statement also covers other important aspects of governance at DNA, and it will be published with

DNA's Annual Report no later than on the week starting on 2 March 2020, separately from the Board of Director's report.

## Change in DNA's Executive Team

In May, M.Sc. (Tech) (b. 1972) Olli Sirkka was appointed as Senior Vice President, Corporate Business and a member of the Executive Team of DNA Plc. Olli Sirkka is responsible

for DNA's Corporate Business division and its development, and he will report directly to the CEO. Olli Sirkka started in his new role on 12 August 2019.

## Jukka Leinonen appointed head of Telenor's Nordic Cluster

DNA's CEO Jukka Leinonen has been appointed head of Telenor Group's newly formed Nordic cluster and a member of Telenor's Group Executive Management. He will retain his responsibilities as CEO of DNA. In his new role, Jukka

Leinonen will also assume the role of chair of Telenor Sweden and Telenor Denmark. He will report to Sigve Brekke, President & CEO, Telenor Group.

## Decisions of the Annual General Meeting

DNA's Annual General Meeting was held in Helsinki on 28 March 2019. The AGM adopted the financial statements and discharged the Board of Directors and the CEO from liability for the financial period 2018. The dividend was confirmed to be EUR 0.70 per share plus an additional dividend of EUR 0.40 per share, in total EUR 1.10 per share. The dividend was paid on 10 April 2019. The AGM approved the Nomination Committee's proposal concerning the election and remuneration of Board members. Authorised Public Accountants Ernst & Young was elected as the company's auditor. APA Terhi Mäkinen acts as the principal auditor. The AGM approved the proposal of the Board of Directors to authorise the Board to decide on the repurchase of the company's own shares, as well as to decide on a share issue, to dispose of the company's own shares held by the company, and an issue of special rights.

### Decisions of the Extraordinary General Meeting

DNA's Extraordinary General Meeting was held in Helsinki on 31 October 2019. In total, 13 shareholders were present or represented at the meeting, representing 98.1% of the votes. The Extraordinary General Meeting approved the proposals of the shareholders' Nomination Committee for the number of Board members, which is seven, and the following current Board members were re-elected; Anni Ronkainen, Kirsi Sormunen, and Tero Ojanperä. Furthermore, the Nomination Committee proposed the election of Jørgen C. Arentz Rostrup, Ulrika Steg, Fredric Scott Brown, and Nils Katla as new Board members. The new members are not independent of a major shareholder. The Extraordinary General Meeting confirmed that the remuneration of the Board of Directors remains unchanged and that those Board members who are not independent of DNA Plc's major shareholders will forgo their entitlement to the reward.

At the constitutive meeting of the Board of Directors held subsequent to the Extraordinary General Meeting, Jørgen C. Arentz Rostrup was elected Chair and members of the Audit Committee and the Personnel Committee were elected from among the Board members. Kirsi Sormunen was elected as the Chair of the Audit committee and Tero Ojanperä and Nils Katla were elected as members of the Audit Committee. Jørgen C. Arentz Rostrup was selected as the Chair of the Personnel Committee and Anni Ronkainen and Ulrika Steg were elected as members of the Personnel Committee.

The minutes and other documents of the General Meeting are available on the DNA website at <https://corporate.dna.fi/investors/governance/general-meetings>.

### Composition of Shareholders' Nomination Committee

The shareholders' Nomination Committee was established in September 2019. The Committee is chaired by Gaute Simen Gravir (Director, Telenor Finland Holding Oy), and other members are Esko Torsti (Director, Ilmarinen Mutual Pension Insurance Company) and Satu Huber (Chief Executive Officer, Elo Mutual Pension Insurance Company). In addition, Pertti Korhonen, Chairman of DNA's Board of Directors at that time, served as the Nomination Committee's expert member.

The four largest registered shareholders in the shareholders' register on 1 September are entitled to appoint members to the committee. The Nomination Committee is tasked with preparing proposals for the Annual General Meeting regarding the election and remuneration of Board members.

# Shares and shareholders

## Shares

DNA's shares are traded on Nasdaq Helsinki (the Helsinki Stock Exchange). On 31 December 2019, 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 121,316 treasury shares. In March 2019, a total of 61,473 treasury shares were handed over to participants in the Group's long-term share-based reward system (Bridge Plan 2018).

In 2019, a total of 175.1 million DNA shares, totalling EUR 3.623 billion, were traded on the Nasdaq Helsinki Stock Exchange. The highest quotation was EUR 21.46 and the lowest EUR 16.52. The average rate was EUR 20.70 and the volume-weighted average rate EUR 20.72. The closing quotation on the last trading day of the review period, 30 December 2019, was EUR 20.86, and the market capitalisation (without DNA's holding of its own shares) was EUR 2.757 billion (EUR 2.257 billion).

## Shareholders and flagging notifications

At the end of the year, the number of registered shareholders totalled 2,936, with nominee registrations (6) included. The proportion of nominee registrations and direct foreign shareholders at the end of 2019 was 1.16%.

On 31 December 2019, the largest shareholders of DNA Plc were Telenor Finland Holding Oy (97.87%), Varma Mutual Pension Insurance Company (0.22%) and Nordea Life Assurance Finland Ltd. (0.04%). At the end of the review period, they held a total of 98.13% of DNA's shares and voting rights.

On 9 April 2019, the Norwegian Telenor Group announced that it had entered into separate agreements with DNA's two largest shareholders, Finda Telecoms Oy and PHP Holding Oy, to acquire 54% of the shares in the Finnish telecom operator DNA for EUR 20.90 per share in cash.

On 21 August 2019, Finda Telecoms and PHP Holding issued a flagging notice on the share transaction completed the same day, the completion bringing their share of ownership and votes in DNA to 0%. At the time of the transaction, Finda Telecoms held 37,385,454 shares in DNA (28.3% of shares and votes) and PHP Holding 34,105,827 shares in DNA (25.78% of shares and votes). On the same day, Telenor Finland Oy (a wholly owned subsidiary of Telenor ASA) issued a flagging notice of its share of ownership in DNA exceeding 50%. On completion of the transaction, Telenor launched a mandatory public tender offer for all the remaining DNA shares.

On 2 October 2019, Telenor issued a notice after its holding of shares exceeded 2/3 and 90% as a result of the transactions completed at the end of the initial offer period. According to the notice, Telenor's holding was 94.46% of shares and votes in DNA. On 16 October 2019, after the closing of the offer period, Telenor's holding in DNA was 97.87%.

## DNA's incentive schemes and matching shares plan terminated

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

The Norwegian telecommunications company Telenor has gained a controlling share in DNA, which is an event that constitutes grounds, pursuant to the terms and conditions of the long-term share-based incentive schemes and the matching shares plan, for the schemes' and the plan's accelerated termination and for the payment of any rewards thereunder in cash instead of shares. The cash reward amounts to approximately EUR 14 million in total. As a result of the cash reward, EUR 2 million was recognised as an expense in the income statement in September 2019.

See note 10 for more information on DNA's share-based incentive scheme.

## Telenor's tender offer for DNA shares

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

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

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

## Special representative appointed for arbitration proceedings concerning the redemption of minority shares in DNA

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

## DNA applied to delist its shares from Nasdaq Helsinki

On 10 December, DNA applied for the termination of public trading in DNA's shares and for delisting of DNA's shares from the official list of Nasdaq Helsinki. This will be possible once Telenor has completed the redemption proceedings and has the right to obtain title to all DNA's minority shares by posting a security approved by the arbitral tribunal for the payment of the redemption price.

## Arbitral tribunal appointed for arbitration proceedings concerning the redemption of minority shares in DNA

In October, Telenor Finland Holding commenced mandatory redemption proceedings in respect of DNA's minority shares by applying for arbitration proceedings to be initiated in accordance with Chapter 18, Section 4 of the Finnish Companies Act, in order to redeem the remaining shares in DNA. On 17 December, the Redemption Board of the Finland Chamber of Commerce appointed an arbitral tribunal consisting of three arbitrators for the arbitration proceedings concerning the redemption of the remaining shares in DNA.

## DNA's financial objectives and dividend policy

DNA's medium-term financial objectives:

- net sales growth faster than average market growth
- EBITDA margin of at least 34%
- operative capital expenditure less than 15% of net sales (excluding capitalised spectrum licence payments and the effect of IFRS16)
- net debt/EBITDA ratio of less than 2.0, which may temporarily be exceeded if DNA finds attractive opportunities that allow the company to complement its offering in existing markets.

DNA's dividend policy: DNA's goal is to pay a growing dividend to its shareholders or by other means to return capital equalling 80–100% of the net profit for the period. In addition, the Board of Directors may consider the distribution of excess profit to shareholders for a specific financial period. When making the profit distribution decision, the Board of Directors will take into account the company's financial status and financial position, as well as future funding needs and financial objectives.

## Corporate responsibility

DNA implemented its updated corporate responsibility strategy in 2019. DNA's responsibility strategy has four key areas: digital inclusion, being a great place to work, climate-friendly operations, and good governance.

DNA's key climate objective is to reduce energy indirect greenhouse gas emissions (Scope 2) by 100% by 2023 from the level reported in 2014. DNA continued the further development of emission calculations and future climate work in the fourth quarter.

DNA also launched a responsibility programme to promote digital inclusion in Finland by supporting the work of SOS Children's Villages Finland, HelsinkiMissio, and Hope to prevent digital exclusion of children and the young, senior citizens, and low-income families. During 2019, the programme supported the inclusion of hundreds of people in Finland, including children and the young, families, and senior citizens, through donated devices and support for digital skills.

In April 2019, Finnish consumers ranked DNA as the most responsible company in its industry in the Sustainable Brand Index study. The annual Sustainable Brand Index study is based on the principles of responsibility and the objectives of sustainable development according to the UN Global Compact, and it is the largest independent study in its field in the Nordic countries.

During 2019, practically all supervisors at DNA participated in training sessions on responsible decision-making, highlighting the principles of good governance according to DNA's values.

## 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 for 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 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. The roles of information security, data security, and high operational network reliability are expected to grow in importance in the future.

Global trade uncertainty may have an impact on DNA's subcontractors and partners and their product availability, service quality, and reliability, as well as customer behaviour.

### Regulatory risks

Both national and EU regulations have a 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 national implementation of the new European Electronic Communications Code, EU regulation on the data protection of electronic communications, and authority decisions on significant market power (SMP).

### Financing risks

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

### Damage risk

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

# Outlook for 2020

## Market outlook

According to the Bank of Finland, the Finnish economy will continue to expand, but growth has passed its cyclical peak. We expect mobile network service market growth to slow down 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 expand the number of high-speed 4G subscriptions as well as mobile data usage per subscription. The share of 4G subscriptions in DNA's mobile subscription base is expected to grow, but at a more moderate rate. Sales of 5G subscriptions were launched at the end of 2019, and demand is expected to increase when more technologically advanced mobile devices become available. 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 roles of good information security, data security, and high operational network reliability grow in importance.

DNA sees fixed wireless broadband access as one of the first applications 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 expects competition to remain strong in 2020. Nonetheless, DNA's business is anticipated to develop favourably. DNA's financial position and liquidity are expected to remain at a healthy level.

DNA Plc  
Board of Directors

# Group key figures

## Group key figures

	1 Oct–31 Dec 2019	1 Oct–31 Dec 2018	1 Jan–31 Dec 2019	1 Jan–31 Dec 2018
Earnings per share, basic EUR	0.14	0.16	0.75	0.77
Earnings per share, diluted EUR	0.14	0.16	0.75	0.77
Equity per share, EUR			4.17	4.58
Shares outstanding at the end of the period (thousands)			132,182	132,121
Weighted average adjusted number of shares during the financial period, basic (thousands)	132,182	132,039	132,087	132,039
Weighted average adjusted number of shares during the financial period, diluted (thousands)	132,182	132,149	132,087	132,151
Net debt, EUR in thousands			559,073	379,273
Net gearing, %			101.4	62.7
Equity ratio, %			38.8	46.9
Net debt/EBITDA	1.93	1.45	1.83	1.33
Return on investment (ROI), %	9.3	11.5	12.1	14.1
Return on equity (ROE), %	13.9	14.2	17.1	16.4
Capital expenditure, EUR in thousands	74,174	53,717	158,707	138,271
Capital expenditure, % of net sales	30.6	22.7	16.8	15.2
Personnel at end of period			1,624	1,590

## Reconciliation of comparable key figures

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

EUR in thousands	1 January–30 September 2019			1 January–31 December 2019		
	Consumer	Corporate	Total	Consumer	Corporate	Total
<b>EBITDA</b>	<b>178,158</b>	<b>55,064</b>	<b>233,223</b>	<b>233,532</b>	<b>72,043</b>	<b>305,575</b>
Fair value opinion	996	687	1,683	996	687	1,683
Share based programmes	930	642	1,572	930	642	1,572
Share based programme Bridge	519	358	878	519	358	878
Matching shares plan for personnel	93	64	157	93	64	157
<b>Comparable EBITDA</b>	<b>180,697</b>	<b>56,816</b>	<b>237,513</b>	<b>236,070</b>	<b>73,795</b>	<b>309,865</b>
<b>Operating result, EBIT</b>	<b>98,173</b>	<b>9,464</b>	<b>107,637</b>	<b>123,406</b>	<b>10,286</b>	<b>133,692</b>
Fair value opinion	996	687	1,683	996	687	1,683
Share based programmes	930	642	1,572	930	642	1,572
Share based programme Bridge	519	358	878	519	358	878
Matching shares plan for personnel	93	64	157	93	64	157
Write-off of terrestrial network	-	-	-	3,109	-	3,109
<b>Comparable EBIT</b>	<b>100,712</b>	<b>11,215</b>	<b>111,927</b>	<b>129,054</b>	<b>12,038</b>	<b>141,091</b>

## Free cash flow to equity

EUR in thousands	1 Jan–31 Dec 2019	1 Jan–31 Dec 2018
<b>Comparable EBITDA</b>	<b>309,865</b>	<b>284,921</b>
Operative capital expenditure	-140,314	-133,871
<b>Operating free cash flow</b>	<b>169,551</b>	<b>151,050</b>
Interest paid, net	-7,867	-16,942
Income taxes, paid	-29,823	-12,428
Adjusted change in net working capital	-43,631	-47,687
Change in provisions	198	-2,034
<b>Free cash flow to equity</b>	<b>88,428</b>	<b>71,959</b>

## Key operative indicators

### Mobile communication network subscription volumes:

Number of:	31 Dec 2019	31 Dec 2018
Subscriptions*	2,822,000	2,877,000

\*Includes only mobile broadband

	1 Oct–31 Dec 2019	1 Oct–31 Dec 2018	1 Jan–31 Dec 2019	1 Jan–31 Dec 2018
Revenue per subscription (ARPU), EUR**	18.7	18.9	18.7	18.7
Customer churn rate, %**	17.5	14.8	16.2	16.2

\*\*Includes only postpaid phone subscriptions

### Fixed-network subscription volumes:

Number of:	31 Dec 2019	31 Dec 2018
Broadband subscriptions	542,000	481,000
Cable TV subscriptions	663,000	630,000
Telephone subscriptions	36,000	41,000
	<b>1,241,000</b>	<b>1,152,000</b>

## Calculation of key figures

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

EUR in millions	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
<b>Net sales</b>												
Consumer	158.6	162.2	162.5	175.4	165.2	168.4	171.8	179.5	173.6	176.7	182.7	186.7
Corporate	54.8	57.1	56.2	59.2	57.1	56.6	55.7	57.5	55.3	55.3	56.1	55.6
Total	213.4	219.3	218.8	234.6	222.3	225.0	227.5	236.9	228.9	232.0	238.8	242.4
<b>Mobile service revenue</b>												
	100.3	103.7	106.8	109.2	112.2	111.5	114.7	116.0	118.2	120.6	124.0	123.6
<b>EBITDA</b>												
Consumer	50.7	49.3	53.1	46.7	53.4	56.1	59.2	50.1	57.6	59.6	61.0	55.4
% of net sales	32.0%	30.4%	32.7%	26.6%	32.3%	33.3%	34.4%	27.9%	33.2%	33.7%	33.4%	29.7%
Corporate	15.2	18.3	19.5	19.0	17.3	16.5	17.1	15.3	18.5	18.2	18.3	17.0
% of net sales	27.8%	32.1%	34.6%	32.1%	30.2%	29.2%	30.7%	26.6%	33.5%	33.0%	32.6%	30.5%
Total	65.9	67.6	72.6	65.7	70.7	72.6	76.3	65.4	76.1	77.8	79.3	72.4
% of net sales	30.9%	30.8%	33.2%	28.0%	31.8%	32.3%	33.5%	27.6%	33.2%	33.6%	33.2%	29.9%
<b>Comparable EBITDA</b>												
Consumer	50.7	49.3	53.1	46.7	53.4	56.1	59.2	50.1	57.6	59.6	63.5	55.4
% of net sales	32.0%	30.4%	32.7%	26.6%	32.3%	33.3%	34.4%	27.9%	33.2%	33.7%	34.8%	29.7%
Corporate	15.2	18.3	19.5	19.0	17.3	16.5	17.1	15.3	18.5	18.2	20.1	17.0
% of net sales	27.8%	32.1%	34.6%	32.1%	30.2%	29.2%	30.7%	26.6%	33.5%	33.0%	35.8%	30.5%
Total	65.9	67.6	72.6	65.7	70.7	72.6	76.3	65.4	76.1	77.8	83.6	72.4
% of net sales	30.9%	30.8%	33.2%	28.0%	31.8%	32.3%	33.5%	27.6%	33.2%	33.6%	35.0%	29.9%
<b>Depreciation and amortisation</b>												
Consumer	24.1	24.1	23.5	23.5	23.1	23.9	24.1	24.0	26.5	26.8	26.7	30.1
Corporate	13.0	13.1	11.7	15.2	12.3	12.8	12.9	12.9	14.8	15.3	15.5	16.2
Total	37.1	37.1	35.3	38.8	35.4	36.6	37.0	37.0	41.3	42.2	42.2	46.3
<b>Operating result/EBIT</b>												
Consumer	26.6	25.3	29.5	23.1	30.3	32.2	35.1	26.0	31.1	32.8	34.3	25.2
% of net sales	16.8%	15.6%	18.2%	13.2%	18.4%	19.1%	20.4%	14.5%	17.9%	18.5%	18.8%	13.5%
Corporate	2.2	5.2	7.8	3.7	4.9	3.7	4.2	2.4	3.7	2.9	2.8	0.8
% of net sales	4.1%	9.2%	13.8%	6.3%	8.6%	6.6%	7.5%	4.1%	6.7%	5.3%	5.0%	1.5%
Total	28.9	30.5	37.3	26.9	35.2	36.0	39.3	28.4	34.8	35.7	37.1	26.1
% of net sales	13.5%	13.9%	17.0%	11.5%	15.8%	16.0%	17.3%	12.0%	15.2%	15.4%	15.5%	10.8%
<b>Comparable operating result/EBIT</b>												
Consumer	26.6	25.3	29.5	23.1	30.3	32.2	35.1	26.0	31.1	32.8	36.9	28.3
% of net sales	16.8%	15.6%	18.2%	13.2%	18.4%	19.1%	20.4%	14.5%	17.9%	18.5%	20.2%	15.2%
Corporate	2.2	5.2	7.8	6.8	4.9	3.7	4.2	2.4	3.7	2.9	4.6	0.8
% of net sales	4.1%	9.2%	13.8%	11.5%	8.6%	6.6%	7.5%	4.1%	6.7%	5.3%	8.1%	1.5%
Total	28.9	30.5	37.3	29.9	35.2	36.0	39.3	28.4	34.8	35.7	41.4	29.2
% of net sales	13.5%	13.9%	17.0%	12.8%	15.8%	16.0%	17.3%	12.0%	15.2%	15.4%	17.3%	12.0%

## Quarterly information

EUR million	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
<b>Items affecting comparability</b>												
Consumer	-	-	-	-	-	-	-	-	-	-	2.5	3.1
Corporate	-	-	-	3.1	-	-	-	-	-	-	1.8	-
Total	-	-	-	3.1	-	-	-	-	-	-	4.3	3.1
<b>Capital expenditure</b>												
Consumer	14.4	15.6	15.4	51.5	13.3	20.3	22.8	36.4	18.3	13.6	15.7	50.8
Corporate	5.8	7.6	8.0	21.9	6.5	10.3	11.2	17.3	13.8	11.6	11.5	23.4
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	32.1	25.2	27.2	74.2
<b>Personnel</b>												
Consumer	1,002	984	972	942	936	935	934	913	902	946	948	933
Corporate	682	682	664	659	663	676	673	677	703	702	661	691
Total	1,684	1,666	1,636	1,601	1,599	1,611	1,607	1,590	1,605	1,648	1,609	1,624
<b>Mobile revenue per user (ARPU)</b>												
Consumer	18.9	19.7	20.1	20.4	20.4	20.3	20.4	20.4	19.7	20.0	20.3	20.2
Corporate	13.8	13.9	13.2	14.0	13.7	11.9	13.3	13.6	13.4	13.6	13.9	13.5
Total	17.8	18.5	18.5	19.0	18.9	18.4	18.8	18.9	18.3	18.6	18.9	18.7
<b>Mobile subscription turnover rate (CHURN)</b>												
	21.0%	15.4%	19.1%	18.1%	18.9%	15.4%	15.8%	14.8%	17.2%	15.4%	16.4%	17.5%

## Consolidated income statement

EUR in thousands	1 Oct–31 Dec 2019	1 Oct–31 Dec 2018	1 Jan–31 Dec 2019	1 Jan–31 Dec 2018
<b>Net sales</b>	<b>242,364</b>	<b>236,936</b>	<b>942,093</b>	<b>911,758</b>
Other operating income	1,119	1,092	3,875	3,804
Materials and services	-111,621	-107,548	-409,867	-398,661
Employee benefit expenses	-29,746	-29,554	-112,720	-107,388
Depreciation, amortisation and impairments	-46,298	-36,953	-171,883	-146,023
Other operating expenses	-29,763	-35,544	-117,805	-124,592
<b>Operating result, EBIT</b>	<b>26,055</b>	<b>28,429</b>	<b>133,692</b>	<b>138,898</b>
Finance income	128	163	496	523
Finance expense	-2,214	-2,334	-9,590	-11,700
Share of associates' results	8	-1	14	14
<b>Net result before income tax</b>	<b>23,977</b>	<b>26,256</b>	<b>124,612</b>	<b>127,736</b>
Income tax expense	-4,989	-5,072	-25,793	-25,502
<b>Net result for the period</b>	<b>18,988</b>	<b>21,184</b>	<b>98,819</b>	<b>102,234</b>
Attributable to:				
Owners of the parent	18,988	21,184	98,819	102,234
Earnings per share for net result attributable to owners of the parent:				
Earnings per share, basic EUR	0.14	0.16	0.75	0.77
Earnings per share, diluted EUR	0.14	0.16	0.75	0.77

Notes are an integral part of the Financial Statements Bulletin.

## Consolidated statement of comprehensive income

EUR in thousands	1 Oct–31 Dec 2019	1 Oct–31 Dec 2018	1 Jan–31 Dec 2019	1 Jan–31 Dec 2018
<b>Net result for the period</b>	<b>18,988</b>	<b>21,184</b>	<b>98,819</b>	<b>102,234</b>
<b>Items that will not be reclassified to profit or loss:</b>				
Remeasurements of post employment benefit obligations	160	249	126	249
<b>Other comprehensive income, net of tax</b>	<b>160</b>	<b>249</b>	<b>126</b>	<b>249</b>
<b>Total comprehensive income</b>	<b>19,148</b>	<b>21,433</b>	<b>98,945</b>	<b>102,483</b>
Attributable to:				
Owners of the parent	19,148	21,433	98,945	102,483

Notes are an integral part of the Financial Statements Bulletin.

## Consolidated statement of financial position

EUR in thousands	31 Dec 2019	31 Dec 2018
<b>ASSETS</b>		
<b>Non-current assets</b>		
Goodwill	338,706	327,206
Other intangible assets	196,562	191,783
Property, plant and equipment	427,442	412,550
Right-of-use assets	76,237	-
Investments in associates	1,219	1,209
Other investments	110	117
Trade and other receivables	76,465	75,921
Contract assets	3,881	104
Deferred tax assets	7,164	7,691
<b>Total non-current assets</b>	<b>1,127,786</b>	<b>1,016,582</b>
<b>Current assets</b>		
Inventories	34,303	31,681
Trade and other receivables	254,841	243,662
Contract assets	4,912	962
Income tax receivables	2,155	-
Cash and cash equivalents	17,423	22,654
<b>Total current assets</b>	<b>313,634</b>	<b>298,960</b>
<b>Total assets</b>	<b>1,441,420</b>	<b>1,315,541</b>
<b>Equity</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	72,702	72,702
Reserve for invested unrestricted equity	506,079	506,079
Treasury shares	-1,728	-2,806
Retained earnings	-124,757	-73,439
Net result for the period	98,819	102,234
<b>Total equity</b>	<b>551,115</b>	<b>604,770</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings	472,445	348,090
Lease liabilities	60,587	-
Contract liabilities	1,813	1,809
Employment benefit obligations	1,540	1,714
Provisions	4,996	5,307
Deferred tax liabilities	36,863	34,825
Other non-current liabilities	25,606	33,169
<b>Total non-current liabilities</b>	<b>603,851</b>	<b>424,914</b>
<b>Current liabilities</b>		
Borrowings	28,810	53,837
Lease liabilities	14,652	-
Contract liabilities	2,876	3,313
Provisions	470	277
Trade and other payables	239,257	223,374
Income tax liabilities	388	5,056
<b>Total current liabilities</b>	<b>286,454</b>	<b>285,857</b>
<b>Total equity and liabilities</b>	<b>1,441,420</b>	<b>1,315,541</b>

Notes are an integral part of the Financial Statements Bulletin.

## Consolidated statement of cash flows

EUR in thousands	1 Jan–31 Dec 2019	1 Jan–31 Dec 2018
<b>Cash flows from operating activities</b>		
Net result for the period	98,819	102,234
Adjustments <sup>1)</sup>	206,951	180,329
Change in net working capital <sup>2)</sup>	-34,546	-45,100
Dividends received	44	10
Interest paid	-5,648	-6,438
Interest received	370	335
Other financial items	-2,589	-10,839
Income taxes paid	-29,823	-12,428
<b>Net cash generated from operating activities</b>	<b>233,577</b>	<b>208,104</b>
<b>Cash flows from investing activities</b>		
Investments in property, plant and equipment (PPE) and intangible assets	-132,852	-145,058
Proceeds from sale of PPE	2,013	402
Business combinations	-42,180	-
<b>Net cash used in investing activities</b>	<b>-173,019</b>	<b>-144,657</b>
<b>Cash flows from financing activities</b>		
Dividends paid	-145,400	-145,333
Proceeds from borrowings	848,801	859,880
Repayment of borrowings	-752,534	-778,932
Repayment of lease liabilities	-16,657	-
<b>Net cash used in financing activities</b>	<b>-65,790</b>	<b>-64,385</b>
Change in cash and cash equivalents	-5,232	-937
Cash and cash equivalents at beginning of period	22,654	23,592
Cash and cash equivalents at end of period	17,423	22,654
<b>1) Adjustments:</b>		
Depreciation, amortisation and impairment	171,883	146,023
Gains and losses on disposals of non-current assets	-4	-324
Other non-cash income and expense	-14	-14
Finance income and expense	9,094	11,177
Income tax expense	25,793	25,502
Change in provisions	198	-2,034
<b>Total adjustment</b>	<b>206,951</b>	<b>180,329</b>
<b>2) Change in net working capital:</b>		
Change in trade and other receivables	-22,858	-27,678
Change in inventories	-2,622	-8,772
Change in trade and other payables	-9,066	-8,649
<b>Change in net working capital</b>	<b>-34,546</b>	<b>-45,100</b>

Notes are an integral part of the Financial Statements Bulletin.

## Consolidated statement of changes in equity

EUR in thousands	Share capital	Reserve for invested unrestricted equity	Treasury shares	Retained earnings	Total equity
<b>1 January 2018</b>	<b>72,702</b>	<b>653,056</b>	<b>-4055</b>	<b>-75,619</b>	<b>646,085</b>
<b>Comprehensive income</b>					
Net result for the period				102,234	102,234
<b>Other comprehensive income</b>					
Total other comprehensive income, net of tax				249	249
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>102,483</b>	<b>102,483</b>
<b>Transactions with owners</b>					
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
<b>Total contribution by and distributions to owners</b>	<b>-</b>	<b>-146,977</b>	<b>1,250</b>	<b>1,930</b>	<b>-143,797</b>
<b>31 December 2018</b>	<b>72,702</b>	<b>506,079</b>	<b>-2,806</b>	<b>28,794</b>	<b>604,770</b>
<b>1 January 2019</b>	<b>72,702</b>	<b>506,079</b>	<b>-2,806</b>	<b>28,794</b>	<b>604,770</b>
<b>Comprehensive income</b>					
Net result for the period				98,819	98,819
<b>Other comprehensive income</b>					
Total other comprehensive income, net of tax				126	126
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>98,945</b>	<b>98,945</b>
<b>Transactions with owners</b>					
Share-based payments			1,078	-8,278	-7,200
Dividends relating to 2018				-145,400	-145,400
<b>Total contribution by and distributions to owners</b>	<b>-</b>	<b>-</b>	<b>1,078</b>	<b>-153,678</b>	<b>-152,600</b>
<b>31 December 2019</b>	<b>72,702</b>	<b>506,079</b>	<b>-1,728</b>	<b>-25,939</b>	<b>551,115</b>

Notes are an integral part of the Financial Statements Bulletin.

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## 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 2018 with the exception of new and amended standards effective as of 1 January 2019. This report should be read in connection with the 2018 Financial Statements. The information presented in the report is unaudited.

### **The following new standard have been adopted as of 1 January 2019:**

On 13 January 2016, IASB published IFRS 16 Leases, effective for the financial period beginning on 1 January 2019. The changes introduced by the standard to the recognition, valuation and presentation of leases mainly apply to accounting by lessees. For lessors, the accounting of leases remains mostly as is. The lessor continues to classify its leases as operating or finance leases in accordance with almost the same principles as in IAS 17 Leases.

DNA adopted IFRS 16 on the effective date of 1 January 2019 using the modified retrospective transition method, and in accordance with the IFRS 16 transition guidance, comparative information will not be restated. The changes in the reclassification and recognition of agreements resulting from the standard have been entered in the opening balance sheet of 1 January 2019.

The standard is applied to leases previously identified as leases under IAS 17 Leases and IFRIC 4 Determining Whether an Arrangement Contains a Lease. In the adoption of IFRS 16, right-of-use assets have been recognised to reflect the amount corresponding to the discounted lease liability. The average weighted discount rate for lease liabilities was 2.2% on 1 January 2019.

The Group applies practical relief regarding short-term agreements. IFRS 16 is not applied to leases with a lease term of 12 months or less. Short-term agreements are recognised as an expense in the income statement and included in the notes to the financial statements.

DNA Plc mostly acts as a lessee. The Group enters into agreements to lease office premises, equipment facilities and aerial sites in particular. According to current accounting practices, they are classified as operating lease agreements. For office premises, the average lease period is 2 to 5 years and for equipment facilities 4 to 7 years. Due to the nature of leases, the Group currently estimates that the most essential impacts of the adoption of the IFRS 16 standard will be related to leased premises and equipment spaces. In addition, the Group has individual major agreements related to technology which have an essential impact on the assets and liabilities on the balance sheet. The Group subleases some premises, the leases of which are reported as operating leases. The agreements are recognised as a right-of-use asset and lease liability in accordance with IFRS 16. Proceeds from the leasing of the assets are presented in the notes to the financial statements. Impairment testing will be carried out where necessary if there is any indication in the reassessment of the agreements.

The relevant estimates and discretionary factors in the application of the standard are mainly related to the assessment of the lease period and to the determination of the discount rate used. The discount rate is determined by using the additional borrowing rate and adjusted quarterly. Leases may include options for continuation or termination. At the Group's discretion, options will not be taken into account in the assessment of the lease period unless the use of the option is reasonably certain. No residual value guarantees are included in the leases.

Maintenance rents or other use-based payments included in leases will be specified if they are relevant and can be reliably separated from the agreement. After consideration, DNA will not otherwise separate non-lease components from associated lease components and will report lease components and non-lease components as a single lease component.

Leases that do not meet the definition of IFRS 16 are recognised as an expense during the duration of the agreement.

## 2 Revenue

The group revenue consists of income from contracts with customers. The Consumer segment revenue in Q4 2019 was EUR 186.7 million and the Corporate segment revenue was EUR 55.6 million. Segment revenue is derived from the transfer of goods and services in the following product lines over time and at a point in time:

<b>1 Oct–31 Dec 2019</b>	<b>Mobile Service Revenue</b>	<b>Mobile Equipment</b>	<b>Mobile interconnection and Inbound Roaming</b>	<b>Fixed non-voice</b>	<b>Fixed Voice</b>	<b>Total</b>
<b>EUR in thousands</b>						
Timing of revenue recognition						
Point in time	-	42,089	-	2,621	59	44,769
Over time	123,611	-	11,362	57,422	5,199	197,595
<b>Total</b>	<b>123,611</b>	<b>42,089</b>	<b>11,362</b>	<b>60,043</b>	<b>5,258</b>	<b>242,364</b>

<b>1 Oct–31 Dec 2018</b>	<b>Mobile Service Revenue</b>	<b>Mobile Equipment</b>	<b>Mobile interconnection and Inbound Roaming</b>	<b>Fixed non-voice</b>	<b>Fixed Voice</b>	<b>Total</b>
<b>EUR in thousands</b>						
Timing of revenue recognition						
Point in time	-	40,766	-	3,321	15	44,103
Over time	116,007	-	12,264	58,720	5,843	192,833
<b>Total</b>	<b>116,007</b>	<b>40,766</b>	<b>12,264</b>	<b>62,041</b>	<b>5,858</b>	<b>236,936</b>

<b>1 Jan–31 Dec 2019</b>	<b>Mobile Service Revenue</b>	<b>Mobile Equipment</b>	<b>Mobile interconnection and Inbound Roaming</b>	<b>Fixed non-voice</b>	<b>Fixed Voice</b>	<b>Total</b>
<b>EUR in thousands</b>						
Timing of revenue recognition						
Point in time	-	147,472	-	12,234	378	160,084
Over time	486,368	-	44,722	229,626	21,293	782,009
<b>Total</b>	<b>486,368</b>	<b>147,472</b>	<b>44,722</b>	<b>241,860</b>	<b>21,671</b>	<b>942,093</b>

<b>1 Jan–31 Dec 2018</b>						
<b>EUR in thousands</b>	<b>Mobile Service Revenue</b>	<b>Mobile Equipment</b>	<b>Mobile interconnection and Inbound Roaming</b>	<b>Fixed non-voice</b>	<b>Fixed Voice</b>	<b>Total</b>
Timing of revenue recognition						
Point in time	-	133,646	-	12,877	81	146,604
Over time	454,427	-	51,495	235,269	23,964	765,154
<b>Total</b>	<b>454,427</b>	<b>133,646</b>	<b>51,495</b>	<b>248,146</b>	<b>24,045</b>	<b>911,758</b>

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.

### 3 Segment information

#### 1 Oct–31 Dec 2019

EUR in thousands				
Business segments	Consumer segment	Corporate segment	Unallocated	Group total
Net sales	186,718	55,646		242,364
EBITDA	55,374	16,979		72,353
Comparable EBITDA	55,374	16,979		72,353
Depreciation, amortisation and impairments	30,141	16,157		46,298
Operating result, EBIT	25,233	822		26,055
Comparable operating result, EBIT	28,342	822		29,164
Net finance items			-2,085	-2,085
Share of associates' results			8	8
Net result before income tax				23,977
<b>Net result for the period</b>				<b>18,988</b>
Capital expenditure*	50,778	23,396	-	74,174
Employees at end of period	933	691	-	1,624

#### 1 Oct–31 Dec 2018

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
<b>Net result for the period</b>				<b>21,184</b>
Capital expenditure*	36,393	17,324	-	53,717
Employees at end of period	913	677	-	1,590

#### 1 Jan–31 Dec 2019

EUR in thousands				
Business segments	Consumer segment	Corporate segment	Unallocated	Group total
Net sales	719,706	222,387		942,093
EBITDA	233,532	72,043		305,575
Comparable EBITDA	236,070	73,795		309,865
Depreciation, amortisation and impairments	110,126	61,757		171,883
Operating result, EBIT	123,406	10,286		133,692
Comparable operating result, EBIT	129,054	12,038		141,091
Net finance items			-9,094	-9,094
Share of associates' results			14	14
Net result before income tax				124,612
<b>Net result for the period</b>				<b>98,819</b>
Capital expenditure*	98,467	60,240	-	158,707
Employees at end of period	933	691	-	1,624

\* Capital expenditure comprises additions to intangible and tangible assets, excluding business combinations, and additions relating to decommissioning obligations. Additionally, capital expenditure includes capitalised spectrum license payments made during the reporting period.

## 3 Segment information

## 1 Jan–31 Dec 2018

EUR in thousands Business segments	Consumer segment	Corporate segment	Unallocated	Group total
<b>Net sales</b>	<b>684,919</b>	<b>226,838</b>	-	<b>911,758</b>
<b>EBITDA</b>	<b>218,764</b>	<b>66,156</b>	-	<b>284,921</b>
Depreciation, amortisation and impairments	95,049	50,974	-	146,023
<b>Operating result, EBIT</b>	<b>123,716</b>	<b>15,182</b>	-	<b>138,898</b>
Net finance items			-11,177	-11,177
Share of associates' results			14	14
Net result before income tax				127,736
<b>Net result for the period</b>				<b>102,234</b>
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 decommissioning obligations. Additionally, capital expenditure includes capitalised spectrum license payments made during the reporting period.

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 2019	1 Oct–31 Dec 2018	1 Jan–31 Dec 2019	1 Jan–31 Dec 2018
Capital expenditure*				
Intangible assets	15,477	8,756	48,677	38,753
Property, plant and equipment	58,698	44,961	110,031	99,518
<b>Total</b>	<b>74,174</b>	<b>53,717</b>	<b>158,707</b>	<b>138,271</b>

\* Capital expenditure comprises additions to intangible and tangible assets, excluding business combinations, and additions relating to decommissioning obligations. Additionally, capital expenditure includes capitalised spectrum license payments made during the reporting period.

Major individual items included in capital expenditure are radionetwork capacity expansion and development, fiber optic networks and IT.

## 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)
<b>1 January 2018</b>	<b>132,039</b>	<b>265</b>	<b>132,304</b>	<b>72,702</b>	<b>653,056</b>
Share issue	82	-82			
Reclassification					-62,420
Capital payment					-84,557
<b>31 December 2018</b>	<b>132,121</b>	<b>183</b>	<b>132,304</b>	<b>72,702</b>	<b>506,079</b>
Share issue	61	-61	-	-	-
<b>31 December 2019</b>	<b>132,182</b>	<b>121</b>	<b>132,304</b>	<b>72,702</b>	<b>506,079</b>

DNA Plc has one type of share. The total number of shares is 132,303,500 (132,303,500). The number of outstanding shares is 132,182,184 (31 December 2018 132,120,711). The shares do not have a nominal value. On 31 December 2019, 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 28 March 2019 approved a payment of dividend (EUR 0.70 per share) as well as an additional dividend (EUR 0.40 per share). In total, paid dividends amounted to EUR 1.10 per share. The dividend was paid on 10 April 2019.

### Treasury shares

Based on the Board of Directors' decision, DNA Plc has 1 March 2019 transferred 61,473 of the company's treasury shares to persons belonging to the share-based remuneration scheme, Bridge Plan 2018 for the performance period 2018, as settlement in accordance with the plan rules.

After the transfer, DNA holds a total of 121,316 treasury shares.

	Amount
<b>Treasury shares 1 January 2019</b>	<b>182,789</b>
1 March 2019 Share issue – share-based incentive scheme	-61,473
<b>Treasury shares 31 December 2019</b>	<b>121,316</b>

Treasury shares represent 0.09 per cent of the votes.

## 6 Borrowings

EUR in thousands	31 December 2019	31 December 2018
<b>Non-current borrowings</b>		
Loans from financial institutions	169,231	46,154
Bonds	303,215	301,936
Lease liabilities	60,587	-
<b>Total</b>	<b>533,033</b>	<b>348,090</b>
<b>Current borrowings</b>		
Loans from financial institutions	13,846	3,846
Commercial papers	14,964	49,991
Lease liabilities	14,652	-
<b>Total</b>	<b>43,463</b>	<b>53,837</b>

In February 2019, DNA has signed with European Investment Bank a EUR 40 million loan agreement which complements the EIB funding of a total of EUR 90 million. In March 2019, DNA has agreed to restructure its long-term credit facilities. A new binding and unsecured credit facility of EUR 150 million for the financing of working capital covers a period of five years and includes two one-year extension options. The credit facility replaced the older EUR 150 million facility signed in 2015. In addition, DNA has raised its domestic commercial paper programme to EUR 200 million.

In December DNA signed with Telenor ASA a long term Intra Group Revolving Credit Facility Agreement of EUR 200m. At the end of the year, EUR 100m of the facility is used.

DNA has a credit rating from Standard&Poors: BBB+, Outlook stable.

The increase in borrowings during the year, is mainly due to the EUR 145.4 million dividend payment in the beginning of April as well as the business combinations for a total of EUR 40.2 million during the first half of the year.

## 7 Net debt

EUR in thousands	31 December 2019	31 December 2018
Non-current borrowings	533,033	348,090
Current borrowings	43,463	53,837
Total borrowings	576,495	401,927
Less cash and cash equivalents	17,423	22,654
<b>Net debt</b>	<b>559,073</b>	<b>379,273</b>

EUR in thousands	Reported in cash flows from financing activities			
	Cash	Current borrowings	Non-current borrowings	Net debt
<b>1 January 2018</b>	<b>23,592</b>	<b>154,518</b>	<b>173,362</b>	<b>304,288</b>
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
<b>31 December 2018</b>	<b>22,654</b>	<b>53,837</b>	<b>348,090</b>	<b>379,273</b>
1 January 2019 IFRS 16 standard		14,775	67,329	82,104
Change in cash	-5,232			5,232
Proceeds from borrowings		712,180	136,622	848,801
Repayment of borrowings		-745,611	-6,923	-752,534
Other non-cash transactions		24,938	-12,084	12,854
<b>31 December 2019</b>	<b>17,423</b>	<b>43,463</b>	<b>533,033</b>	<b>559,073</b>

## 8 Provisions

EUR in thousands	1 January 2019	Additions	Provisions used	31 December 2019
Asset retirement obligation	4,788	1	-	4,789
Restructuring provisions	97	395	-23	469
Other provision	208	-	-	208
<b>Total</b>	<b>5,094</b>	<b>396</b>	<b>-23</b>	<b>5,466</b>

### 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.

## 9 Related party transactions

DNA's related parties include the main shareholders which have significant influence over the group, subsidiaries, associated companies, joint arrangements and members of the Board of Directors and the management team,

including the CEO and the deputy CEO as well as their close family members. In addition, related parties include all entities controlled or jointly controlled by a person identified as related party.

The following related party transactions were carried out:

### Jan–Dec 2019

EUR in thousands	Organisations exercising significant influence	Associated companies
Sales	15	-
Purchases	1,810	432
Receivables	10	-
Liabilities	100,305	2

### Jan–Dec 2018

EUR in thousands	Organisations exercising significant influence	Associated companies
Sales	21	-
Purchases	2,759	465
Receivables	2	-
Liabilities	354	2

## 10 Share-based payments

### DNA's incentive schemes and matching shares plan are terminated and rewards are paid in cash

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

The resolution by the Board of Directors of DNA covers the Performance Share Plan (PSP) programmes 2017–2019, 2018–2020 and 2019–2021, the Restricted Share Plan (RSP) programme 2019–2021 as well as the matching shares plan

period 2019–2020. The payment of the cash reward to around 50 participants in the PSP programme 2017–2019 was paid on 10 October 2019. In the matching share plan, matching shares were disbursed as cash reward to around 1,000 participants by 20 November 2019. In respect of the PSP programmes 2018–2020 and 2019–2021 as well as the RSP programme 2019–2021, the payment of the cash reward to around 70 participants will take place at the latest on 30 June 2020. Payments of the cash reward are conditional on the participants' employment continuing until the payment of the reward or that the participant is a good leaver in accordance with the applicable terms and conditions.

Share-based reward plan	PSP 2019–2021	PSP 2018–2020	Bridge plan 2018	PSP 2017–2019	Bridge plan 2017
Grant date	30 January 2019	17 January 2018	17 January 2018	15 February 2017	15 February 2017
Maximum number of shares	382,158	372,600	115,900	471,000	157,300
Fair value of the reward at grant date	9.66	6.12		6.28	
Share price at grant date	18.39	15.07	15.07	11.36	11.36
Valid until	30 June 2020	30 June 2020	29 August 2019	3 October 2019	29 August 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%	
Implementation	Reclassified as cash based	Reclassified as cash based	As shares and cash	Reclassified as cash based	As shares and cash

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

Based on the Board of Directors' decision, DNA Plc has on 1 March 2019 transferred 61,473 of the company's treasury shares to persons belonging to the share-based remuneration scheme, Bridge Plan 2018 for the performance period 2018, as settlement in accordance with the plan rules. Withholding tax of EUR 0.7 million was deducted from the gross amount. The shares were released on 29 August 2019.

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 deducted from the gross amount. The shares were released on 29 August 2019.

10 Share-based payments

Share-based reward plan	RSP 2017–2019	RSP 2018–2020	RSP 2019–2021
Grant date	9 April 2019	9 April 2019	9 April 2019
Maximum number of shares	42,900	45,000	37,500
Fair value of the reward at grant date	20.12	20.12	19.11
Share price at grant date	21.14	21.14	21.14
Valid until	3 October 2019	30 June 2020	30 June 2020
Implementation	Reclassified as cash based	Reclassified as cash based	Reclassified as cash based

**Share-Based payments**

EUR in thousands	Jan–Dec 2019	Jan–Dec 2018
<b>Expense recorded in the income statement</b>		
Share-based payments	6,298	2,719

Amount recorded as debt	Jan–Dec 2019	Jan–Dec 2018
Share-based payments	4,049	-

To be paid	30 June 2020
2020	4,780
<b>Total</b>	<b>4,780</b>

## 11 Business combinations

DNA Plc acquired the entire capital stock of European Mobile Operator Oy and Moi Mobiili Oy on 11 January 2019. European Mobile Operator Oy's wholly-owned subsidiary Moi Mobiili Oy provides mobile services to private and corporate customers. It has operated since 2016 as a service operator in the DNA mobile network. The acquisition is a natural continuation in implementing DNA's growth strategy.

The purchase price was paid in cash. The assets and liabilities have been adjusted to their fair value. The goodwill consists of synergy benefits expected and the knowledge of the personnel transferred.

EUR million	Fair value recorded
Intangible assets	6.5
Accounts receivable and other receivables	1.0
Cash and cash equivalents	0.0
<b>Total assets</b>	<b>7.4</b>
Borrowings	1.8
Deferred tax liabilities	-0.3
Trade and other payables	2.0
<b>Total liabilities</b>	<b>3.6</b>
<b>Net assets</b>	<b>3.9</b>
<b>Total consideration transferred</b>	<b>15.4</b>
<b>Goodwill</b>	<b>11.5</b>

Direct costs of EUR 0.3 million were recorded as other operating expenses.

The acquired subsidiaries' net sales since acquisition was EUR 7.6 million.

As the acquisition took place 11 January 2019 the group's net sales and result would have been on the same level year to date.

### ICT Elmo consumer and housing company business acquisition

DNA has on 31 May agreed to purchase an extensive fibre-optic network infrastructure used by ICT Elmo Oy (formerly Tampereen Puhelin) as well as its consumer and housing company business.

The purchase price was paid in cash. The assets and liabilities have been adjusted to their fair value.

Direct costs of EUR 0.2 million were recorded as other operating expenses.

The acquired subsidiaries' net sales since acquisition was EUR 2.7 million. Had the acquisition occurred 1 January 2019, group net sales would have been EUR 944.1 million and group result is estimated to have been EUR 99.3 million.

EUR in millions	
Customer base	3.0
Network	24.5
Liabilities	-0.1
<b>Total consideration transferred</b>	<b>27.5</b>

## 12 Changes in accounting policy IFRS 16

At the initial application on January 1, 2019 all right-of-use assets, with the exception of prepaid assets, were recorded with an equivalent value recorded for the related lease liabilities. As a result, the Group's non-current assets and non-current liabilities increased.

### Consolidated statement of financial position 1 January 2019

EUR in thousands	31 December 2018	Changes in accounting policy IFRS 16	Adjusted 1 January 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	327,206	-	327,206
Other intangible assets	191,783	-	191,783
Property, plant and equipment	412,550	-	412,550
Right-of-use assets	-	84,439	84,439
Investments in associates	1,209	-	1,209
Other investments	117	-	117
Trade and other receivables	76,026	-2,467	73,559
Deferred tax assets	7,691	-	7,691
<b>Total non-current assets</b>	<b>1,016,582</b>	<b>81,972</b>	<b>1,098,554</b>
<b>Current assets</b>			
Inventories	31,681	-	31,681
Trade and other receivables	201,037	-	201,037
Other current receivables	1,439	-	1,439
Accruals	42,148	-358	41,790
Cash and cash equivalents	22,654	-	22,654
<b>Total current assets</b>	<b>298,960</b>	<b>-358</b>	<b>298,602</b>
<b>Total assets</b>	<b>1,315,541</b>	<b>81,614</b>	<b>1,397,155</b>
<b>Equity</b>			
<b>Equity attributable to owners of the parent</b>			
<b>Total equity</b>	<b>604,770</b>	<b>-</b>	<b>604,770</b>

## 12 Changes in accounting policy IFRS 16

EUR in thousands	31 December 2018	Changes in accounting policy IFRS 16	Adjusted 1 January 2019
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	348,090	-	348,090
Lease liabilities	-	67,329	67,329
Employment benefit obligations	1,714	-	1,714
Provisions	5,307	-422	4,885
Deferred tax liabilities	34,825	-	34,825
Other non-current liabilities	34,978	-	34,978
<b>Total non-current liabilities</b>	<b>424,914</b>	<b>66,907</b>	<b>491,821</b>
<b>Current liabilities</b>			
Borrowings	53,837	-	53,837
Lease liabilities	-	14,775	14,775
Provisions	277	-68	208
Trade and other payables	226,687	-	226,687
Income tax liabilities	5,056	-	5,056
<b>Total current liabilities</b>	<b>285,857</b>	<b>14,707</b>	<b>300,564</b>
<b>Total equity and liabilities</b>	<b>1,315,541</b>	<b>81,614</b>	<b>1,397,155</b>

## 12 Changes in accounting policy IFRS 16

### Consolidated income statement

Other operating expenses decrease as leases are now disclosed as depreciation and interest expenses. Additionally, deferred tax is recognised in the income tax expense.

EUR in thousands	1.1.–31.12.2019 excluding IFRS 16	IFRS 16	1.1.–31.12.2019 including IFRS 16
<b>Net sales</b>	<b>942,093</b>	-	<b>942,093</b>
Other operating income	3,875	-	3,875
Materials and services	-409,867	-	-409,867
Employee benefit expenses	-112,720	-	-112,720
Depreciation, amortisation and impairments	-153,889	-17,995	-171,883
Other operating expenses	-135,493	17,688	-117,805
<b>Operating result, EBIT</b>	<b>133,998</b>	<b>-306</b>	<b>133,692</b>
Finance income	496	-	496
Finance expense	-8,318	-1,272	-9,590
Share of associates' results	14	-	14
<b>Net result before income tax</b>	<b>126,190</b>	<b>-1,578</b>	<b>124,612</b>
Income tax expense	-26,011	217	-25,793
<b>Net result for the period</b>	<b>100,180</b>	<b>-1,361</b>	<b>98,819</b>
Attributable to:			
Owners of the parent	100,180	-1,361	98,819

