

DNA Plc: Statement of the board of directors of DNA regarding the mandatory public cash tender offer by Telenor

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DNA Plc ("**DNA**" or the "**Company**") announced on 9 April 2019 that the Norwegian telecommunications company Telenor ASA ("**Telenor**") had announced that it will acquire 54% of the shares in DNA for EUR 20.90 per share in cash from Finda Telecoms Oy and PHP Holding Oy (the "**Telenor Transaction**"). DNA further announced on 21 August 2019 that it had received notice of the Telenor Transaction having been completed the same day, with the completion triggering the obligation to make a mandatory public tender offer for the remaining outstanding shares in DNA by Telenor.

On 21 August 2019, Telenor announced that it will make, through its indirect wholly-owned subsidiary Telenor Finland Holding Oy (the "**Offeror**"), a mandatory public cash tender offer to acquire all of the issued and outstanding shares in DNA that are not held by DNA or any of its group companies or by the Offeror or any of its group companies (the "**Shares**") (the "**Tender Offer**") and the Offeror announced the Tender Offer. Telenor's shares are listed on the Oslo Stock Exchange and 54.6% of its shares are held by the Government of Norway. Telenor has 181 million customers and presence in nine markets across Scandinavia and Asia. Telenor provides tele, data and media communication services with substantial activities in subsidiaries and joint venture operations across Scandinavia and Asia. In 2018, Telenor reported consolidated revenues of NOK 110 billion (approximately EUR 11 billion¹) and consolidated EBITDA of NOK 42 billion (approximately EUR 4.2 billion²). The Offeror is a private limited company established under Finnish law and an indirect wholly-owned subsidiary of Telenor. The Offeror has been incorporated for the purpose of functioning as a holding company for Telenor's holding in DNA.

The Board of Directors of DNA (the "**DNA Board**") hereby issues the below statement regarding the Tender Offer as required by the Finnish Securities Markets Act.

Tender Offer in brief

The Tender Offer is made in accordance with the terms and conditions of the tender offer document published by the Offeror on 28 August 2019 (the "**Tender Offer Document**").

The offer price is EUR 20.90 in cash for each share in DNA validly tendered into the Tender Offer (the "**Offer Price**"). The Offer Price represents:

- a premium of approximately 7.4% compared to the closing price of the Shares on Nasdaq Helsinki Ltd ("**Nasdaq Helsinki**") on 8 April 2019, the last trading day prior to Telenor announcing the Telenor Transaction on 9 April 2019 (the "**Original Disclosure Date**");
- a premium of approximately 21.3% compared to the volume-weighted average trading price of the Shares on Nasdaq Helsinki during the three-month trading period prior to and up to the Original Disclosure Date, when adjusted for the cash dividend of EUR 1.10 per Share prior to the ex-dividend date of 29 March 2019

¹ Based on the European Central Bank's euro foreign exchange rates published on 28 August 2019, pursuant to which NOK 1 equals EUR 0.09989.

² Based on the European Central Bank's euro foreign exchange rates published on 28 August 2019, pursuant to which NOK 1 equals EUR 0.09989.

(being the dividend resolved upon at the 2019 annual general meeting of shareholders of DNA) and a premium of approximately 14.8% compared to the volume-weighted average trading price of the Shares during the three-month trading period prior to and up to the Original Disclosure Date without such dividend adjustment;

- a premium of approximately 12.6% compared to the volume-weighted average trading price of the Shares on Nasdaq Helsinki during the 12-month trading period prior to and up to the Original Disclosure Date;
- a discount of approximately 0.1% compared to the closing price of the Shares on Nasdaq Helsinki on 20 August 2019, the last trading day preceding the Offeror's stock exchange release announcing the Tender Offer; and
- a discount of approximately 0.7% compared to the volume-weighted average trading price of the Shares on Nasdaq Helsinki during the period between the Original Disclosure Date and 20 August 2019, the last trading day preceding the Offeror's stock exchange release announcing the Tender Offer.

Following the completion of the Telenor Transaction, the Offeror currently holds 54% of the Shares. The Tender Offer Document contains no information of shareholders of DNA having undertaken to accept the Tender Offer.

The Tender Offer Document sets no conditions on the completion of the Tender Offer, as approvals from the relevant regulatory authorities (including competition authorities) have already been obtained by Telenor in connection with the Telenor Transaction. The Offeror's obligation to complete the Tender Offer is not conditional upon availability of financing.

The offer period under the Tender Offer has commenced on 29 August 2019 at 9:00 am (Finnish time) and is expected to end on 26 September 2019 at 4:00 pm (Finnish time), unless the Offeror extends the offer period. The Offeror reserves the right to extend the offer period from time to time in accordance with the terms and conditions of the Tender Offer. The Tender Offer is currently expected to be completed on 2 October 2019.

As at the date of this statement, the Offeror and DNA, or Telenor and DNA, have not entered into any combination agreement or any other agreement governing the Tender Offer and do not intend to do so.

Background for the statement

Pursuant to the Finnish Securities Markets Act, the DNA Board must prepare a public statement regarding the Tender Offer. The statement must include a well-founded assessment of the Tender Offer from the perspective of DNA and its shareholders as well as of the strategic plans presented by the Offeror in the Tender Offer Document and their likely effects on the operations of, and employment at, DNA. In assessing the Tender Offer, the DNA Board has carefully assessed the Tender Offer and potential alternative opportunities available to DNA. The DNA Board commenced exploring and assessing potential alternatives immediately after having learned of the Telenor Transaction on the Original Disclosure Date. The DNA Board retained legal and financial advisors to assist it in its work, as further discussed below.

In preparing its statement, the DNA Board has relied on information provided in the Tender Offer Document by the Offeror and certain other information provided by Telenor and has not independently verified this information. Accordingly, the DNA Board's assessment of the consequences of the Tender Offer on DNA's operations and employees should be treated with caution.

Strategic plans presented by Telenor and their likely effects on the operations of, and employment at, DNA

Information given by the Offeror in the Tender Offer Document

The DNA Board has assessed Telenor's strategic plans based on the Tender Offer Document.

Based on the Tender Offer Document, DNA will continue its operations and the completion of the Tender Offer will have no immediate material effect on the operations, locations of offices or assets of DNA. Further, based on the Tender Offer Document, the Tender Offer will not affect services provided by DNA.

Based on the Tender Offer Document, the Offeror and Telenor see potential for DNA to continue to grow through its focus on customer satisfaction, strengthening the corporate business segment, and leveraging on Telenor's global scale and strong position in the Nordic region. In particular, the Offeror and Telenor have indicated that:

- Over time, the acquisition of DNA is expected to generate synergies within procurement, roaming, and best practice sharing. On the Original Disclosure Date, Telenor described these synergies as "material" and estimated cost synergies from procurement and roaming to amount to approximately NOK 200 million (approximately EUR 20 million³) on a yearly run-rate basis.
- The acquisition of DNA is executing Telenor's strategic agenda, focusing on modernisation and value creation within core telecom in the Nordics and Asia, while continuing to deliver on Telenor's priorities and shareholder remuneration policy. The acquisition of DNA enables Telenor to consolidate its position in the Nordics and balance its business portfolio.
- Telenor's interest in DNA as a majority shareholder is focused on driving shareholder value in a long-term perspective. In Telenor's view, DNA has been successful in building on its recognised brand, products, customer service as well as highly performing sales and marketing. Telenor foresees long-term potential in DNA's business, however, Telenor also recognises that strategic efforts may require significant investments in the business and results from such strategic efforts may take considerable time to materialise.

On the Original Disclosure Date, Telenor announced that its intention was, subject to the outcome of the Tender Offer, to continue to list the Shares on Nasdaq Helsinki. Based on the Tender Offer Document, should the Offeror obtain more than 90% of the Shares and voting rights in DNA, the Offeror would commence redemption proceedings to redeem minority shareholders' Shares and cause DNA to apply for the delisting of Shares from Nasdaq Helsinki. Further, based on the Tender Offer Document, should the Offeror, following the completion of the Tender Offer, hold more than two-thirds but not more than 90% of the Shares and voting rights in DNA, it is possible that DNA could be subject to certain corporate transactions, including a merger of DNA into an unlisted Finnish company. However, the Offeror has not taken any resolutions regarding any such transactions.

Based on the Tender Offer Document, the Tender Offer will have no immediate material effects on the personnel or management of DNA as Telenor does not have any other telecom business in Finland. The Offeror believes that its ownership in DNA will have a positive influence on the personnel of DNA by creating broader career opportunities within a large global group. Telenor has a business model in which each market's operations are primarily led by local management.

Based on the Tender Offer Document, the Offeror intends to request an extraordinary general meeting of DNA to be convened as soon as practicable in order to change the composition of the DNA Board to reflect the Offeror's majority shareholding in DNA.

DNA Board's assessment of the strategic plans presented by Telenor and their likely effects on the operations of, and employment at, DNA

The DNA Board believes that Telenor has potential to contribute to DNA's growth and development, especially in the areas of procurement and roaming. However, the DNA Board notes that Telenor's assumptions on synergies are entirely based on publicly available information and, therefore, Telenor has not been able to verify the accuracy of its synergy assumptions. Moreover, the synergies, if achieved, would be realised over a number of years and there would be additional execution challenges posed by the non-overlapping operations of Telenor and DNA in Finland.

While the DNA Board has not been able to verify the amount of likely synergies or the portion of any synergies that would accrue to DNA, Telenor has expressed confidence in its ability to realise these synergies.

³ Based on the European Central Bank's euro foreign exchange rates published on 28 August 2019, pursuant to which NOK 1 equals EUR 0.09989.

Further, Telenor plans for DNA to be integrated into the wider Telenor group, even if DNA would operate under a separate brand and management. The DNA Board considers that the information on Telenor's plans regarding DNA's future strategy and operations included in the Tender Offer Document is of a general nature. Given Telenor's intention to cause a new DNA Board to be elected, which may involve current DNA Board members or some of them being replaced with board members not independent of Telenor, the newly-elected DNA Board's strategic decisions may be influenced by the strategy of the wider Telenor group. In addition to potentially influencing strategy, as a controlling shareholder, Telenor is in a position to influence DNA's course of business in other ways as well, including, but not limited to business plan and future M&A opportunities, irrespective of the number of Shares tendered in the Tender Offer. This may, in the medium and long term, have a material effect on DNA's daily operations.

However, based on the information presented in the Tender Offer Document, the DNA Board believes that the completion of the Tender Offer is not expected to have any immediate material effects on DNA's strategy, operations or employees. The DNA Board would, however, note that the statements in the Tender Offer Document are limited to effects that are both immediate and material. There can be no assurance that Telenor would in the future not seek to make material changes to DNA's strategy, operations or employees.

DNA does not expect any material adverse or positive financial consequences on it from the Tender Offer. DNA's EUR 150 million 2.875 percent fixed-rate notes due 12 March 2021, of which EUR 60 million is currently outstanding, contain a change of control provision, pursuant to which holders of such notes may demand prepayment of their notes at their principal amount plus accrued interest. DNA does not expect requests for prepayment to be made in an amount that would be material and, should requests for prepayment be made, DNA would finance such prepayments out of cash available, its commercial paper programme and its existing debt facilities. DNA has received waivers regarding similar provisions contained in its bank facilities. DNA is currently rated BBB by Standard & Poor's. On 11 April 2019, Standard & Poor's placed DNA on CreditWatch with positive implications following the announcement of the Telenor Transaction on the Original Disclosure Date. Standard & Poor's, on 11 April 2019, stated as its belief that, after the acquisition, DNA will be part of an enlarged and more diversified telecom operator with a stronger credit quality than DNA on a stand-alone basis, and expects to raise its ratings on DNA by one notch once the Telenor Transaction closes.

As at the date of this statement, the DNA Board has not received any opinions from DNA's employee representatives regarding the effects of the Tender Offer on employment at DNA.

Assessment of the Tender Offer from the perspective of DNA and its shareholders

When evaluating the Tender Offer and potential alternative opportunities available to DNA, the DNA Board has considered several factors, including, but not limited to, the Telenor Transaction, DNA's business operations, financial condition, results of operations and future prospects, the historical development of the market price of the Shares, as well as Telenor's capabilities to complete the Telenor Transaction and the Tender Offer.

Immediately after having learned of the Telenor Transaction on the Original Disclosure Date, the DNA Board assessed, among other things, whether the Telenor Transaction was binding in nature and capable of being consummated, whether there would be reasonable opportunity to obtain competing offers, and whether Telenor could be pursued to offer in the Tender Offer a higher price than that agreed between Telenor, Finda Telecoms Oy and PHP Holding Oy in the Telenor Transaction. In this assessment, the DNA Board recognised that the scope of opportunities were limited given that the Telenor Transaction concerned a controlling stake in DNA.

In the DNA Board's assessment, the contractual arrangements of the Telenor Transaction imposed on Telenor a binding obligation to purchase, and on Finda Telecoms Oy and PHP Holding Oy to sell, a controlling stake in DNA, subject to certain regulatory approvals. Since Telenor, through the Telenor Transaction, was to gain access to a controlling stake, in the DNA Board's assessment there was no reasonable opportunity to obtain competing offers given that competing offerors would have been incapable of achieving a controlling stake without Telenor either having reneged on or terminated its agreement with Finda Telecoms Oy and PHP Holding Oy or, after the completion of the Telenor Transaction, having agreed to sell the stake acquired by it in the Telenor Transaction.

After the Original Disclosure Date, the DNA Board also sought to initiate discussions with Telenor regarding the Offer Price. While the DNA Board has sought a higher price from Telenor in the Tender Offer, it was informed by Telenor that Telenor will be content regardless of the acceptance level in the Tender Offer and that Telenor will not offer a higher price in the Tender Offer.

Moreover, the DNA Board's assessment has been influenced by the fact that following the completion of the Telenor Transaction, Telenor holds the majority of Shares and is able to exercise a majority of the voting rights in DNA regardless of the outcome of the Tender Offer. For such reason, DNA's possibilities to operate as a fully independent company are limited and shareholders not accepting the Tender Offer will remain minority shareholders in DNA (assuming no redemption of minority shareholders' Shares or an alternative corporate transaction such as a cash merger into another company), whereas the Offer Price is not subject to uncertainty other than the completion of the Tender Offer. The DNA Board has further considered the consequences of the acceptance and non-acceptance of the Tender Offer for DNA's shareholders on this basis.

Assessment of the Offer Price

The Offer Price is EUR 20.90 in cash for each Share validly tendered in the Tender Offer.

The DNA Board is of the view that the consideration offered by the Offeror to DNA's shareholders (other than the Offeror or any of its group companies) is fair to such shareholders based on its assessment of the totality of the matters and factors which the DNA Board has concluded to be material in evaluating the Tender Offer. These matters and factors include, but are not limited to the following.

- *Information on the business operations of DNA and expected future development*

DNA's stated strategic objectives are: continue as an excellent employer in Finland; the most satisfied consumer and corporate customers; and industry-leading financial development and faster than average market growth.

DNA's strategy is implemented through its business plan, which the DNA Board continuously develops and maintains with a view of enhancing shareholder value. The business plan contains various initiatives for business development, including new products and services in the development or pre-rollout phase.

The DNA Board notes that while it has partially based its assessment of the Offer Price on DNA's business plan, Telenor has requested that it not be granted access to DNA's business plan. Consequently, Telenor will not have taken it into account when setting the Offer Price.

- *The premium represented by the Offer Price*

The Offer Price represents:

- a premium of approximately 7.4% compared to the closing price of the Shares on Nasdaq Helsinki on 8 April 2019, the last trading day prior to the Original Disclosure Date;
- a premium of approximately 21.3% compared to the volume-weighted average trading price of the Shares on Nasdaq Helsinki during the three-month trading period prior to and up to the Original Disclosure Date, when adjusted for the cash dividend of EUR 1.10 per Share prior to the ex-dividend date of 29 March 2019 (being the dividend resolved upon at the 2019 annual general meeting of shareholders of DNA) and a premium of approximately 14.8% compared to the volume-weighted average trading price of the Shares during the three-month trading period prior to and up to the Original Disclosure Date without such dividend adjustment;
- a premium of approximately 12.6% compared to the volume-weighted average trading price of the Shares on Nasdaq Helsinki during the 12-month trading period prior to and up to the Original Disclosure Date;

- a discount of approximately 0.1% compared to the closing price of the Shares on Nasdaq Helsinki on 20 August 2019, the last trading day preceding the Offeror's stock exchange release announcing the Tender Offer; and
- a discount of approximately 0.7% compared to the volume-weighted average trading price of the Shares on Nasdaq Helsinki during the period between the Original Disclosure Date and 20 August 2019, the last trading day preceding the Offeror's stock exchange release announcing the Tender Offer.

In the DNA Board's assessment, the Offer Price represents a modest premium to the closing price of the Shares to the last trading day prior to the Original Disclosure Date and on the volume-weighted average trading price of the Shares on Nasdaq Helsinki during the three-month trading period prior to and up to the Original Disclosure Date.

However, the Offer Price represents a discount of approximately 0.1% compared to the closing price of the Shares on Nasdaq Helsinki on 20 August 2019, the last trading day preceding the Offeror's stock exchange release announcing the Tender Offer, and a discount of approximately 0.7% compared to the volume-weighted average trading price of the Shares on Nasdaq Helsinki during the period between the Original Disclosure Date and 20 August 2019, the last trading day preceding the Offeror's stock exchange release announcing the Tender Offer.

- The historical market prices and current market price of the Shares

The following graph shows the daily average market price of the Shares on Nasdaq Helsinki between the commencement of trading in the Shares on Nasdaq Helsinki on 2 December 2016 and 20 August 2019, the last trading day preceding the Offeror's stock exchange release announcing the Tender Offer. The DNA Board notes that the market price of the Shares on Nasdaq Helsinki has been higher than the Offer Price at various points since the commencement of trading in the Shares on 2 December 2016, including in July 2018 and after the Original Disclosure Date.



- Telenor's intention to cause DNA's dividend policy to be changed

Pursuant to its current dividend policy, "DNA's goal is to pay a growing dividend to its shareholders or by other means to return capital equalling 80–100 percent of the net profit for the period. In addition, the DNA Board may consider the distribution of excess profit to shareholders for a specific financial period.

When making the profit distribution decision, the DNA Board will take into account the company's financial status and financial position as well as future funding needs and financial goals."

Pursuant to the Tender Offer Document, Telenor has indicated that, while Telenor considers that the dividend distribution level of DNA as a listed company has been a result of a strong balance sheet and limited investments or acquisitions of significant size, dividend payouts cannot continue to be in excess of net income and free cash flow. Telenor has stated that it aims to ensure a healthy balance sheet and predictable dividend payouts based on underlying cash flow development and that the ordinary dividend should be seen as the key element in the DNA shareholder remuneration while extraordinary dividends could occasionally be applied but should not be expected as part of the regular annual payout.

The DNA Board notes that Telenor may further develop its view of the dividend policy in the future and cause DNA to adopt a more restrictive dividend policy. The DNA Board also notes that while DNA's current dividend policy expects dividends generally not to exceed 100 percent of the net profit for the period, Telenor has indicated that dividends additionally should be limited such that they would not exceed free cash flow and that, in the case of significant investments, such additional limitation may further limit the amount of funds available for distribution.

In the assessment of the DNA Board, any reduction in distributions to shareholders could have a negative effect on the market prices of the Shares.

- Brokers' target prices for the Shares

Prior to the Original Disclosure Date equity analysts of nine brokers had a target price of which DNA is aware for the Shares. Such Share price targets related to DNA as a separate and independent company and consequently did not account for any control premium. The lowest such target price was EUR 16.20 per Share while the highest was EUR 24.00 per Share. The average of these brokers' Share price targets was EUR 19.91 per Share, which represents a discount of 4.7% on the Offer Price of EUR 20.90 per Share, and their median was EUR 20.00 per Share, which represents a discount of 4.3% on the Offer Price of EUR 20.90 per Share.

- Financing of the Tender Offer

Based on the Tender Offer Document, the DNA Board believes that the Offeror has secured necessary and adequate financing such that the Offeror will have sufficient funds in the form of cash and existing credit facilities in order to pay the aggregate Offer Price in connection with the Tender Offer and in connection with potential redemption proceedings.

- Financial analysis made by the DNA Board

The DNA Board has assessed the long-term value of DNA in connection with the Tender Offer. For this purpose, the DNA Board's external financial advisors, Citigroup Global Markets Limited ("**Citi**") and Morgan Stanley & Co. International plc ("**Morgan Stanley**"), prepared for the DNA Board various financial analyses relating to DNA based on DNA's business plan, commercial assessments and other available information.

Financial advisor opinions received by the DNA Board

The DNA Board has received from external financial advisors, Citi and Morgan Stanley, separate opinions, each dated 1 September 2019, to the effect that, as at the date of such opinions and based on and subject to various assumptions made, procedures followed, matters considered and limitations and qualifications on the review undertaken as further described in such opinions, the Offer Price offered to holders of Shares (other than DNA, the Offeror and their respective group companies, including Telenor) in the Tender Offer was fair, from a financial point of view, to such holders. The separate opinions of Citi and Morgan Stanley are attached as Appendices 1 and 2, respectively, to this statement.

Consequences of the acceptance or non-acceptance of the Tender Offer

The below statements are intended to provide DNA's shareholders with information necessary to make an assessment of the potential consequences of accepting or not accepting the Tender Offer. While they assess certain aspects which the DNA Board considers relevant for the shareholders' decision whether to accept or not to accept the Tender Offer, they may not be an exhaustive description of considerations relevant for such decision. The below considerations may be affected by the individual circumstances of each shareholder. The below discussion assumes that following the completion of the Tender Offer, Telenor would on an aggregate basis hold not more than 90% of the Shares and voting rights in DNA and that consequently there would be no redemption of the minority shareholders' Shares in DNA and that DNA would remain listed on Nasdaq Helsinki.

Potential consequences of accepting the Tender Offer

Taking into account the foregoing, DNA's shareholders who intend to accept the Tender Offer should consider the following aspects:

- Shareholders who accept the Tender Offer will receive the Offer Price of EUR 20.90 per Share upon the settlement of the Tender Offer. The Offer Price is paid against the delivery of Shares tendered in the Tender Offer.
- Shareholders who accept the Tender Offer will not directly benefit from any potential favourable development of the market price of the Shares or any positive business development of DNA. In addition, shareholders who accept the Tender Offer will not directly bear the risk from any potential adverse development of the market price of the Shares or any adverse business development of DNA.
- The settlement of the Tender Offer and the payment of the Offer Price will occur only after the end of the offer period of the Tender Offer. Until such time, shareholders who have accepted the Tender Offer may be unable to dispose of their Shares. According to the Tender Offer Document, acceptances are binding and may not be withdrawn except as otherwise provided by mandatory law.
- Should Telenor, within nine months from the end of the offer period of the Tender Offer, acquire Shares in DNA on terms that are more favourable to the sellers than those of the Tender Offer, Telenor would pursuant to the Finnish Securities Markets Act be obliged to compensate the difference to those DNA shareholders who accepted the Tender Offer. However, following the end of such nine-month period, Telenor is free to acquire further Shares in DNA on terms more favourable than those of the Tender Offer without being obliged to compensate the shareholders who accepted the Tender Offer.

Potential consequences of not accepting the Tender Offer

Taking into account the foregoing, DNA's shareholders who intend not to accept the Tender Offer should consider the following aspects:

- Shareholders who do not accept the Tender Offer will not receive the Offer Price of EUR 20.90 per Share upon the settlement of the Tender Offer. Should a shareholder that has not accepted the Tender Offer wish to dispose of the Shares held by it, it would have to sell its Shares on the open market or negotiate an alternative transaction concerning its Shares.
- Shareholders who do not accept the Tender Offer are exposed to the opportunities, but also the risk, related to the future development of the market price of the Shares and any business development of DNA. It is uncertain whether the market price of the Shares would remain at its current level, appreciate, or depreciate.
- Based on the Tender Offer Document, over time, the acquisition of DNA is expected to generate synergies within procurement, roaming, and best practice sharing. On the Original Disclosure Date,

Telenor described these synergies as "material" and estimated cost synergies from procurement and roaming to amount to approximately NOK 200 million (approximately EUR 20 million⁴) on a yearly run-rate basis. While the DNA Board has not been able to verify the amount of likely synergies or the portion of any synergies that would accrue to DNA, Telenor has expressed confidence in its ability to realise these synergies. Should synergies be realised and accrue to DNA, shareholders who do not accept the Tender Offer would be exposed to the positive effects synergies may have on DNA's business, results of operations and financial condition and thereby on the market price of the Shares.

- Should Telenor, within nine months from the end of the offer period of the Tender Offer, acquire Shares on terms that are more favourable to the sellers than those of the Tender Offer, Telenor would pursuant to the Finnish Securities Markets Act be obliged to compensate the difference to those DNA shareholders who accepted the Tender Offer. Conversely, such compensation would not be payable to the shareholders who did not accept the Tender Offer.
- Shares will continue to be listed and traded on Nasdaq Helsinki, assuming that Telenor does not apply for the delisting of the Shares. The DNA Board expects that delisting would only be available if Telenor, on an aggregate basis, holds Shares and voting rights in DNA that exceed 90% of all outstanding Shares and voting rights in DNA and commences proceedings to redeem minority shareholders' Shares. Delisting would result in substantially less onerous disclosure obligations and investor protection rules being applied to DNA.
- The Tender Offer will, depending on the number of Shares validly tendered in the Tender Offer, reduce the number of DNA's shareholders and the number of Shares available to be traded on Nasdaq Helsinki. Together with the Telenor Transaction's effects, the Tender Offer may have an adverse effect on the liquidity and value of the Shares and, consequently, may make it more difficult to dispose of Shares in a timely manner or at a favourable price.
- Various equity analysts currently follow or have recently followed DNA and published equity research on DNA. As a company majority-owned by a strategic investor with potentially reduced trading volumes in the Shares, the number of equity analysts following DNA may be reduced. This may in turn adversely affect investor interest in DNA and the Shares, which may result in less liquidity in the Shares and a decrease in the market price of the Shares.
- Pursuant to the Tender Offer Document, Telenor has indicated that, while Telenor considers that the dividend distribution level of DNA as a listed company has been a result of a strong balance sheet and limited investments or acquisitions of significant size, dividend payouts cannot continue to be in excess of net income and free cash flow. Telenor has stated that it aims to ensure a healthy balance sheet and predictable dividend payouts based on underlying cash flow development and that the ordinary dividend should be seen as the key element in the DNA shareholder remuneration while extraordinary dividends could occasionally be applied but should not be expected as part of the regular annual payout. The DNA Board notes that Telenor may further develop its view of the dividend policy in the future and cause DNA to adopt a more restrictive dividend policy. The DNA Board also notes that while DNA's current dividend policy expects dividends generally not to exceed 100 percent of the net profit for the period, Telenor has indicated that dividends additionally should be limited such that they would not exceed free cash flow and that, in case of significant investments, such additional limitation may further limit the amount of funds available for distribution. In the assessment of the DNA Board, any reduction in distributions to shareholders could have a negative effect on the market prices of the Shares.
- As a controlling shareholder, Telenor will be in a position to influence DNA's course of business, including, but not limited to, strategy, business plan and future M&A opportunities, irrespective of the number of Shares tendered in the Tender Offer. It is uncertain whether the course of business, as

⁴ Based on the European Central Bank's euro foreign exchange rates published on 28 August 2019, pursuant to which NOK 1 equals EUR 0.09989.

influenced by Telenor, would be as beneficial, more beneficial or less beneficial to the shareholders of DNA than the current course of business.

- Depending on the number of Shares tendered in the Tender Offer and the level of participation in future general meetings of shareholders of DNA, if Telenor holds two-thirds or more of the Shares and voting rights in DNA represented in a general meeting, it would pursuant to the Finnish Companies Act be able to independently make major decisions concerning DNA, including directed issuances of shares, repurchases of shares, amendments to DNA's articles of association, mergers, demergers, and a voluntary liquidation of DNA.
- Based on the Tender Offer Document, should the Offeror, following the completion of the Tender Offer, hold more than two-thirds but not more than 90% of the Shares and voting rights in DNA, it is possible that DNA could be subject to certain corporate transactions, including a merger of DNA into an unlisted Finnish company. However, the Offeror has not taken any resolutions regarding any such transactions. Should Telenor cause DNA to merge into another company as the merging entity, such a merger could be for cash consideration that could be higher, the same or lower than the Offer Price. In connection with such a merger, however, shareholders would have appraisal rights enabling shareholders to challenge the consideration provided in such a merger and to demand consideration amounting to the fair value of the Shares prior to the merger being approved in a general meeting. Such fair value could be higher, the same or lower than the Offer Price.
- Also, pursuant to the Finnish Companies Act, a shareholder that holds more than 90% of all shares and voting rights in a company shall have the right to acquire and, subject to a demand by other shareholders, also be obligated to redeem the shares owned by the other shareholders. In such case, the Shares held by DNA's shareholders, who have not accepted the Tender Offer, may be redeemed at fair value through redemption proceedings under the Finnish Companies Act in accordance with the conditions set out therein. Such fair value could be higher, the same or lower than the Offer Price.

Recommendation of the DNA Board

The DNA Board has carefully assessed the Tender Offer and its terms and conditions based on the Tender Offer Document, and other available information and with the assistance of its advisors.

Based on the foregoing, the DNA Board, acting through its independent members and taking into account the totality of various matters and factors, is of the view that the Offer Price offered in the Tender Offer is fair to DNA's shareholders other than the Offeror or any of its group companies.

Given the above-mentioned viewpoints, including the relative certainty provided by the Offer Price compared with the relative uncertainty relating to DNA's future strategy, operations, dividend policy and other matters, the DNA Board, acting through its independent members, recommends that the shareholders of DNA accept the Tender Offer.

This statement was unanimously approved by the DNA Board, acting through its independent members.

In line with the DNA Board's resolution made on the Original Disclosure Date, the following members of the DNA Board have not participated in any discussions nor in the decision-making concerning the implications of the Telenor Transaction, the Tender Offer, or this statement: Jukka Ottela and Ted Roberts. Evaluation of the independence of the members of the DNA Board is available on DNA's website.

Other issues

The DNA Board notes that the Tender Offer may, as is common in such processes, involve unforeseeable risks.

DNA has undertaken to comply with the Helsinki Takeover Code referred to in Chapter 11, Section 28 of the Finnish Securities Markets Act.

This statement of the DNA Board does not constitute investment or tax advice, and the DNA Board does not specifically evaluate herein the general price development or the risks relating to the Shares in general. Shareholders must independently decide whether to accept the Tender Offer, and they should take into account all the relevant information available to them, including information presented in the Tender Offer Document and this statement as well as any other factors affecting the value of the Shares.

DNA has retained Citi and Morgan Stanley as financial advisors and Krogerus Attorneys Ltd as legal advisor in connection with the Tender Offer.

DNA Plc
Board of Directors

Appendix 1: Opinion of Citigroup Global Markets Limited
Appendix 2: Opinion of Morgan Stanley & Co. International plc

Further enquiries:

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DNA Plc is a Finnish telecommunications group providing high-quality voice, data and TV services for communication, entertainment and working. DNA is Finland's largest cable operator and the leading pay TV provider. Our mission is to provide products and services that make our private and corporate customers' lives simple. As a telecommunications operator, DNA plays an important role in society by providing important communication connections and by enabling digital development. DNA was ranked as Finland's best place to work in 2019 in the Great Place to Work survey's large companies category. In 2018, our net sales were EUR 912 million and our operating profit EUR 139 million. DNA has more than 4 million subscriptions in its fixed and mobile communications networks. The Group also includes DNA Store, Finland's largest retail chain selling mobile phones. DNA shares are listed on Nasdaq Helsinki Ltd. For further information, visit www.dna.fi or follow us on Twitter @DNA_fi and Facebook.

Important notice

THIS STOCK EXCHANGE RELEASE MAY NOT BE RELEASED, PUBLISHED OR DISTRIBUTED, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN OR INTO, AUSTRALIA, CANADA, HONG KONG, JAPAN, SOUTH AFRICA OR SUCH OTHER COUNTRIES OR OTHERWISE IN SUCH CIRCUMSTANCES IN WHICH THE TENDER OFFER OR THE RELEASE, PUBLICATION OR DISTRIBUTION WOULD BE UNLAWFUL.

THIS STOCK EXCHANGE RELEASE IS NOT A TENDER OFFER DOCUMENT AND AS SUCH DOES NOT CONSTITUTE AN OFFER OR INVITATION TO MAKE AN OFFER TO SELL. IN PARTICULAR, THIS STOCK EXCHANGE RELEASE IS NOT AN OFFER TO BUY OR A SOLICITATION OF AN OFFER TO SELL ANY SECURITIES DESCRIBED HEREIN, AND IS NOT AN EXTENSION OF THE TENDER OFFER. INVESTORS SHALL ACCEPT THE TENDER OFFER FOR THE SHARES ONLY ON THE BASIS OF THE INFORMATION PROVIDED IN THE TENDER OFFER DOCUMENT.

Notice to shareholders in the United States

U.S. shareholders are advised that the Shares are not listed on a U.S. securities exchange and that DNA is not subject to the periodic reporting requirements of the U.S. Securities Exchange Act of 1934 (the "**Exchange Act**"), and is not required to, and does not, file any reports with the U.S. Securities and Exchange Commission (the "**SEC**") thereunder. The Tender Offer is made to DNA's shareholders resident in the United States on the same terms and conditions as those made to all other shareholders of DNA to whom an offer is made. Any information documents, including the Tender Offer Document, are being disseminated to U.S. shareholders on a basis comparable to the method that such documents are provided to DNA's other shareholders.

The Tender Offer is made for the issued and outstanding shares in DNA, which is domiciled in Finland. Information distributed in connection with the Tender Offer is subject to disclosure requirements of Finland, which are different from those of the United States. In particular, financial statements and financial information included in this stock exchange release or in the Tender Offer Document have been prepared in accordance with applicable accounting standards in Finland, which may not be comparable to the financial statements or financial information of U.S. companies.

It may be difficult for DNA's shareholders to enforce their rights and any claim they may have arising under the federal securities laws, since the Offeror and DNA are located in non-U.S. jurisdictions, and some or all of their respective officers and directors may be residents of non-U.S. jurisdictions. DNA's shareholders may not be able to sue the Offeror or DNA or their respective officers or directors in a non-U.S. court for violations of the U.S. securities laws. It may be difficult to compel the Offeror and DNA and their respective affiliates to subject themselves to a U.S. court's judgment.

The Tender Offer is made in the United States pursuant to Section 14(e) and Regulation 14E under the Exchange Act as a "Tier II" tender offer, and otherwise in accordance with the requirements of Finnish law. Accordingly, the Tender Offer will be subject to disclosure and other procedural requirements, including with respect to the offer timetable, settlement procedures and timing of payments that are different from those applicable under U.S. domestic tender offer procedures and law.

To the extent permissible under applicable law or regulations, the Offeror and its affiliates or brokers (acting as agents for the Offeror or its affiliates, as applicable) may from time to time, and other than pursuant to the Tender Offer, directly or indirectly, purchase or arrange to purchase, Shares or any securities that are convertible into, exchangeable for or exercisable for such shares. To the extent information about such purchases or arrangements to purchase is made public in Finland, such information will be disclosed by means of a press release or other means reasonably calculated to inform U.S. shareholders of DNA of such information. In addition, the financial advisors to the Offeror may also engage in ordinary course trading activities in securities of DNA, which may include purchases or arrangements to purchase such securities.

The receipt of cash pursuant to the Tender Offer by a U.S. shareholder may be a taxable transaction for U.S. federal income tax purposes and under applicable U.S. state and local, as well as foreign and other, tax laws. Each shareholder is urged to consult its independent professional adviser immediately regarding the tax consequences of accepting the Tender Offer.

Neither the SEC nor any U.S. state securities commission has approved or disapproved the Tender Offer, or passed any comment upon the adequacy or completeness of the Tender Offer Document. Any representation to the contrary is a criminal offence in the United States.

Notice to shareholders in the United Kingdom

THIS STOCK EXCHANGE RELEASE, THE TENDER OFFER DOCUMENT OR ANY OTHER DOCUMENT OR MATERIALS RELATING TO THE TENDER OFFER IS NOT BEING MADE AND HAVE NOT BEEN APPROVED BY AN AUTHORISED PERSON FOR THE PURPOSES OF SECTION 21 OF THE UK FINANCIAL SERVICES AND MARKETS ACT 2000 ("FSMA"). ACCORDINGLY, THIS STOCK EXCHANGE RELEASE, THE TENDER OFFER DOCUMENT OR ANY OTHER DOCUMENT OR MATERIALS RELATING TO THE TENDER OFFER ARE NOT BEING DISTRIBUTED TO, AND MUST NOT BE PASSED ON TO, THE GENERAL PUBLIC IN THE UNITED KINGDOM. THE COMMUNICATION OF THIS STOCK EXCHANGE RELEASE, THE TENDER OFFER DOCUMENT OR ANY OTHER DOCUMENT OR MATERIALS RELATING TO THE TENDER OFFER IS EXEMPT FROM THE RESTRICTION ON FINANCIAL PROMOTIONS UNDER SECTION 21 OF THE FSMA ON THE BASIS THAT IT IS A COMMUNICATION BY OR ON BEHALF OF A BODY CORPORATE WHICH RELATES TO A TRANSACTION TO ACQUIRE DAY TO DAY CONTROL OF THE AFFAIRS OF A BODY CORPORATE; OR TO ACQUIRE 50 PERCENT OR MORE OF THE VOTING SHARES IN A BODY CORPORATE (SUCH PERCENTAGE INCLUDING VOTING SHARES IN SUCH BODY CORPORATE ALREADY HELD BY THE BODY CORPORATE ACQUIRING SUCH VOTING SHARES),

WITHIN ARTICLE 62 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005.

Citigroup Global Markets Limited, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the United Kingdom, is acting as a financial advisor exclusively to the DNA Board and no one else in connection with the Tender Offer and the matters set forth in this announcement, and will not be responsible to anyone other than the DNA Board for providing the protections afforded to clients of Citigroup Global Markets Limited or for giving advice in connection with the Tender Offer or any matter or arrangement referred to in this announcement. Without prejudice to liability for fraud, Citigroup Global Markets Limited and its affiliates disclaim any liability to any other person in connection with the Tender Offer or any matter or arrangement referred to in this announcement.

Morgan Stanley & Co. International plc ("**Morgan Stanley**") is acting as financial advisor to the DNA Board in relation to the Tender Offer, and not for DNA or the DNA's shareholders, or any of them, and will not regard any other person (whether a recipient of this announcement or not) as a client in relation to the Tender Offer and will not be responsible to anyone other than the DNA Board for providing the protections afforded to clients of Morgan Stanley nor for providing advice to any such other person. Without prejudice to liability for fraud, each member of the Morgan Stanley Group disclaims any liability to any such other person in connection with the transaction. Morgan Stanley & Co. International plc is authorised in the United Kingdom by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.