INTERIM REPORT

JANUARY-MARCH 2018

Index

DNA’s year 2018 off to a strong start – record-high mobile service revenue

Summary

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

For 2018, as required by the IFRS standards, the financial tables contain figures reported according to the IFRS 15 and IFRS 9 standards adopted on 1 January 2018 and, as required by IFRS 15, figures adjusted are disclosed as if they were prepared under 2017 revenue guidance. The comparative analysis in the report section is disclosed as if the figures were prepared under 2017 revenue guidance. More information: Note 11.

January–March 2018

- Net sales increased 4.2% and amounted to EUR 222.3 million (213.4 million).
- EBITDA increased 9.6% to EUR 72.3 million (65.9 million), or 32.5% (30.9%) of net sales.
- There were no items affecting the comparability of EBTIDA or operating result in the review or reference period.
- Operating result increased 23.3% and was EUR 35.6 million (28.9 million). Operating result as a percentage of net sales was 16.0% (13.5%).
- Operating free cash flow grew 14.7% to EUR 56.4 million (49.2 million).
- Earnings per share increased and was EUR 0.19 (0.16).
- The mobile communication subscription base grew 2.9%, totalling 2,811,000 (2,732,000).
- Revenue per user (ARPU) for mobile communications amounted to EUR 19.0 (17.8).
- The mobile communication subscription turnover rate (CHURN) was 18.9% (21.0%).
- The fixed-network subscription base (voice, broadband and cable television) had 1,138,000 subscriptions (1,120,000).

DNA’s guidance for 2018 remains unchanged

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

DNA's guidance for 2018 is disclosed as it was prepared under 2017 revenue guidance and does not currently incorporate the potential impact from the adoption of IFRS 15 as of 1 January 2018.

Key figures

Figures are unaudited.

EUR million	1-3/2018 Reported	1-3/2018 Adjusted*	1-3/2017 Reported	Change -%	1-12/2017 Reported
Net sales	222.3	222.3	213.4	4.2%	886.1
EBITDA	70.7	72.3	65.9	9.6%	271.8
- % of net sales	31.8%	32.5%	30.9%		30.7%
Comparable EBITDA **	70.7	72.3	65.9	9.6%	271.8
- % of net sales	31.8%	32.5%	30.9%		30.7%
Depreciation, amortisation and impairment	35.4	36.7	37.1		148.2
Operating result, EBIT	35.2	35.6	28.9	23.3%	123.5
- % of net sales	15.8%	16.0%	13.5%		13.9%
Comparable operating result**	35.2	35.6	28.9	23.3%	126.6
- % of net sales	15.8%	16.0%	13.5%		14.3%
Net result before tax	30.6	31.0	26.6	16.3%	114.2
Net result for the period	24.4	24.7	21.2	16.6%	93.1
Return on investment (ROI), %	14.4	15.2	12.5		13.1
Return on equity (ROE), %	16.7	18.2	14.9		15.5
Capital expenditure	19.9	20.3	21.2	-4.3%	144.0
Cash flow after investing activities	-7.9	-7.9	10.3		107.7
Free cash flow to equity	-3.5	-3.5	14.7		118.8
Net debt	304.0	304.0	314.3		304.3
Net debt/EBITDA	1.08	1.05	1.19		1.12
Net gearing, %	57.9	62.9	57.6		50.3
Equity ratio, %	38.8	37.2	45.3		50.6
Basic earnings per share, EUR	0.19	0.19	0.16		0.71
Diluted earnings per share, EUR	0.19	0.19	0.16		0.71
Personnel at the end of period	1,599	1,599	1,684		1,601

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

**Group key figures

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DNA’s financial publications in 2018:

- 19 July 2018: Half Year Financial Report 1–6/2018
- 19 October 2018: Interim Report 1–9/2018

CEO's review

DNA's year 2018 is off to a strong start. Our net sales increased 4.2% to EUR 222.3 million, and our operating result 23.3% to EUR 35.6 million. The positive development was fuelled by the growth in service revenue, which was boosted in particular by the growth of our mobile subscription base and increased share of 4G subscriptions. Mobile device sales were also at a good level. Typically, operative capital expenditure remained low in the first quarter, and also slightly lower year-on-year.

Our mobile communication network subscription volumes were up 79,000 from the reference period. DNA's revenue per user (ARPU) for mobile communications improved and was EUR 19.0 in the first quarter, compared to 17.8 a year ago. Among other things, our ARPU was strengthened by 3G subscribers switching to high-speed 4G subscriptions. Competition remained intense also in the first quarter of 2018. Our mobile communication subscription turnover rate (CHURN) was lower than in the reference period, but slightly higher than at the end of 2017. Our fixed-network broadband and cable television subscription base increased by 29,000 from the reference period.

In the first quarter, our fibre optic connections became available to housing companies and corporate customers in the city of Jyväskylä. Demand for higher connection speeds keeps increasing as the number of connected devices grows in Finnish households.

In addition to providing excellent customer experience and achieving profitable and faster than average market growth, our key strategic objectives include being a great place to work. Satisfied and motivated employees are a crucial foundation for our ability to provide an excellent customer experience now and in the future. Our consistent work to improve employee satisfaction received external recognition in February 2018: the survey conducted by the Great Place to Work Institute ranked DNA second in the category of large organisations.

We expect both DNA's net sales and comparable operating result in 2018 to remain at the same level as in 2017. The Group's financial position and liquidity is expected to remain at a healthy level. Our measures to improve customer experience will continue in 2018, with the aim of further developing and diversifying the competence of our personnel.

Jukka Leinonen
President and CEO

Operating environment and regulation

Operating environment

The Finnish economy is on the growth path and both consumer and business confidence was strong. Competition remained intense in the first quarter, in mobile communication in particular.

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

Most of the phones sold in the market were 4G compatible smart phones. DNA's smart phone penetration, or the share of smart phones in the subscription base, was 74% at the end of March 2018. Voice and SMS traffic are falling steadily in Finland.

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

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

Both private and public organisations improve their productivity and competitiveness by means of the Industrial Internet, digitalisation, mobile and remote working and cloud services. This is reflected in the increased demand for data service capacity in the fixed network and the growth of DNA's 4G and M2M (machine to machine) subscription base. The rising business use of cloud services increases the demand for network capacity. The increasingly mobile and networked ways of working had an impact on the data communication services adopted by both the private and public sector as mobile data grew in importance. As the IoT becomes more common, the role of good information security, data security and high operational network reliability gain in importance.

Regulation

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

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

In March 2018, the Finnish Communications Regulatory Authority FICORA issued decisions on significant market power (SMP) concerning local loop and bitstream markets (M3). The decisions impose price caps on the fibre local loops leased out by the three market leaders in Finland. As a result of the decisions, the availability of fibre local loops is improving between telecom companies, and wholesale prices are decreasing.

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

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Net sales and result

January–March 2018

Consolidated key figures

EUR million	1-3/2018 Reported	1-3/2018 Adjusted*	1-3/2017 Reported	Change -%	1-12/2017 Reported
Net sales	222.3	222.3	213.4	4.2%	886.1
EBITDA	70.7	72.3	65.9	9.6%	271.8
- % of net sales	31.8%	32.5%	30.9%		30.7%
Comparable EBITDA**	70.7	72.3	65.9	9.6%	271.8
- % of net sales	31.8%	32.5%	30.9%		30.7%
Operating result, EBIT	35.2	35.6	28.9	23.3%	123.5
- % of net sales	15.8%	16.0%	13.5%		13.9%
Comparable operating result, EBIT**	35.2	35.6	28.9	23.3%	126.6
- % of net sales	15.8%	16.0%	13.5%		14.3%
Net result for the period	24.4	24.7	21.2	16.6%	93.1

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

**Group key figures

DNA's net sales remained at a similar level year-on-year and amounted to EUR 222.3 million (213.4 million). The positive development was fuelled by the growth of service revenue, which was boosted in particular by the growth of DNA's mobile subscription base and increased share of 4G subscriptions. Mobile device sales were up 14.0% from the reference period. During the first quarter, 74.4% (74.3%) of net sales was generated by Consumer Business and 25.6% (25.7%) by Corporate Business.

EBITDA increased 9.6% and was EUR 72.3 million (65.9 million). The EBITDA percentage of net sales increased and was 32.5% (30.9%). The increase was fuelled by growth in service revenue and improved operational efficiency. Operating result increased 23.3% and was EUR 35.6 million (28.9 million). Operating result as a percentage of net sales increased and was 16.0% (13.5%). There were no items affecting comparability in the review or reference period.

Financial income and expenses amounted to EUR 4.6 million (2.2 million). Income tax for the period was EUR 6.2 million (5.4 million). The effective tax rate for the period was 20.1% (20.3%). Result for the financial period increased and was EUR 24.7 million (21.2 million). Earnings per share came to EUR 0.19 (0.16).

Key operative indicators

	1-3/2018 Reported	1-3/2018 Adjusted*	1-3/2017 Reported	Change -%	1-12/2017 Reported
Number of mobile communication network subscriptions at end of period	2,811,000		2,732,000	2.9%	2,811,000
- Revenue per user (ARPU), EUR	18.9	19.0	17.8	6.7%	18.4
- Customer CHURN rate, %	18.9%		21.0%		18.3%
Number of fixed line subscriptions at end of period	1,138,000		1,120,000	1.6%	1,130,000

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

In the first quarter, DNA's customer CHURN rate was 18.9%, which is slightly lower than a year ago, but slightly up from the end of 2017. This was due to intense competition as well as changes in the price and design of some products in the reference period.

Cash flow and financial position

January–March 2018

Cash flow and financial key figures

EUR million	1-3/2018 Reported	1-3/2018 Adjusted*	1-3/2017 Reported	1-12/2017 Reported
Cash flow after investing activities, EUR million	-7.9	-7.9	10.3	107.7
	31 March 2018 Reported	31 March 2018 Adjusted*	31 March 2017 Reported	31 December 2017 Reported
Net debt, EUR million	304.0	304.0	314.3	304.3
Net debt/EBITDA	1.08	1.05	1.19	1.12
Net gearing, %	57.9	62.9	57.6	50.3
Equity ratio, %	38.8	37.2	45.3	50.6

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

Cash flow after investing activities was EUR -7.9 million (at the end of 2017: 107.7 million). Cash flow was impacted mainly by growth in working capital due to decrease in trade payables as well as due to financing arrangements of a release of new bond and partial repurchase of existing notes.

At the end of the review period, DNA had an undrawn EUR 150 million revolving credit facility, and undrawn EUR 15 million overdraft facility (both facilities were undrawn at the end of 2017). In addition, the DNA has a commercial paper programme worth EUR 150 million (at the end of 2017: 150 million), under which EUR 70 million (at the end of 2017: 20 million) was drawn by the end of the review period.

Net gearing increased and was 62.9% at the end of March (at the end of 2017: 50.3%).

The Group's liquid assets amounted to EUR 161.9 million (at the end of 2017: 23.6 million). Net debt decreased to EUR 304.0 million (at the end of 2017: 304.3 million). The Group's liquid assets and undrawn committed credit limits amounted in total to EUR 326.9 million (at the end of 2017: 188.6 million). After the review period, on 4 April 2018, a dividend and a capital payment from the reserve for invested unrestricted equity was distributed for the financial year 2017, EUR 145.3 million in total.

Net debt/EBITDA ratio improved and was 1.05 at the end of the review period (at the end of 2017: 1.12).

DNA's equity ratio was 37.2% at the end of the review period (at the end of 2017: 50.6%). The equity ratio fell due to the increase in liabilities towards the end of the period, mostly attributable to the bond offering and also to funds drawn from the commercial paper programme in preparation for the dividend payment.

In February, DNA applied for a public credit rating. Standard & Poor's Global Ratings assessed DNA's long-term credit quality and outlook and on 2 March 2018, assigned a long-term credit rating of BBB to DNA. The outlook is stable. In the future, credit rating enables to get finance with lower expenses.

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

Development per business segment

January–March 2018
Consumer business

EUR million	1-3/2018 Reported	1-3/2018 Adjusted*	1-3/2017 Reported	Change - %	1-12/2017 Reported
Net sales	165.2	165.4	158.6	4.3%	658.7
EBITDA	53.4	55.2	50.7	8.8%	199.8
- % of net sales	32.3%	33.4%	32.0%		30.3%
Comparable EBITDA**	53.4	55.2	50.7	8.8%	199.8
- % of net sales	32.3%	33.4%	32.0%		30.3%
Operating result, EBIT	30.3	30.9	26.6	15.9%	104.6
- % of net sales	18.4%	18.7%	16.8%		15.9%
Comparable operating result, EBIT**	30.3	30.9	26.6	15.9%	104.6
- % of net sales	18.4%	18.7%	16.8%		15.9%

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

**Group key figures

Consumer Business net sales increased and were EUR 165.4 million (158.6 million). Net sales were driven by the growth in service revenue and good mobile device sales.

EBITDA increased and was EUR 55.2 million (50.7 million). The increase was fuelled by the positive development of service revenue and improved operational efficiency. The EBITDA percentage of net sales was 33.4% (32.0%). Consumer Business operating result increased and was EUR 30.9 million (26.6 million), or 18.7% of Consumer Business net sales (16.8%).

There were no items affecting comparability in the review or reference period. Depreciation of EUR 24.3 million (24.1 million) was allocated to Consumer Business.

January–March 2018
Corporate business

EUR million	1-3/2018 Reported	1-3/2018 Adjusted*	1-3/2017 Reported	Change - %	1-12/2017 Reported
Net sales	57.1	56.9	54.8	3.7%	227.4
EBITDA	17.3	17.1	15.2	12.2%	72.0
- % of net sales	30.2%	30.0%	27.8%		31.7%
Comparable EBITDA**	17.3	17.1	15.2	12.2%	72.0
- % of net sales	30.2%	30.0%	27.8%		31.7%
Operating result, EBIT	4.9	4.7	2.2	111.9%	19.0
- % of net sales	8.6%	8.3%	4.1%		8.3%
Comparable operating result, EBIT**	4.9	4.7	2.2	111.8%	22.0
- % of net sales	8.6%	8.3%	4.1%		9.7%

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

**Group key figures.

Corporate Business net sales increased and were EUR 56.9 million (54.8 million). EBITDA increased to EUR 17.1 million (15.2 million), accounting for 30.0% of net sales (27.8%). Operating result increased and was EUR 4.7 million (2.2 million), or 8.3% (4.1%) of net sales. Service revenue was strong in Corporate Business in the first quarter, which boosted net sales and profitability. Depreciation to the amount of EUR 12.4 million (13.0 million) was allocated to Corporate Business.

In January 2018, CSC – IT Center for Science and DNA agreed on the delivery of fibre optic connections for the Finnish University and Research Network Funet. The expanded cooperation reinforces DNA's market leadership as a supplier of critical, high-capacity data communications networks.

Capital expenditure

January–March 2018
Capital expenditure

EUR million	1-3/2018 Reported	1-3/2018 Adjusted*	1-3/2017 Reported	Change - %	1-12/2017 Reported
Consumer business	13.3	13.3	14.4	-7.4%	96.9
Corporate business	6.5	6.5	5.8	12.8%	43.4
Unallocated	-	0.4	1.0	-60.7%	3.7
Total capital expenditure	**19.9**	**20.3**	**21.2**	**-4.3%**	**144.0**

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

EUR million	1-3/2018 Reported	1-3/2018 Adjusted*	1-3/2017 Reported	Change - %	1-12/2017 Reported
Operative capital expenditure	15.5	15.9	16.8	-5.4%	132.9
Spectrum license	4.4	4.4	4.4	-	11.1
Total capital expenditure	**19.9**	**20.3**	**21.2**	**-4.3%**	**144.0**

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

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

In January-March, capital expenditure was EUR 20.3 million (21.2 million). Operative capital expenditure decreased 5.4% from the reference period and was EUR 15.9 million (16.8 million), or 7.1% of net sales (7.9%). Spectrum license fees contributed EUR 4.4 million to total capital expenditure in the first quarter (4.4 million). DNA expects operative capital expenditure in 2018 to remain at a similar level than in 2017.

Major individual items included in capital expenditure in the review period were 4G network capacity expansion, fibre optics 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 customers' growing use of devices and digital services. DNA's 4G network reaches 99.7% of the population in mainland Finland.

In the first quarter, 4G traffic volumes in DNA's networks grew more than 52% year-on-year. DNA's total data traffic volume in the mobile communication network grew 42%. In the first quarter, 90% of all mobile data was transferred in the 4G network.

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

DNA had the highest average downlink speed in a survey published by Omnitele in January. The survey covered 15 towns and cities and the domestic mobile networks of DNA, Elisa and Telia. The measurements were made on the fastest consumer subscription offered by each operator.

Standardisation of 5G technology continues. DNA has prepared its mobile network for the 5G era since 2016. DNA estimates that commercial launch of 5G services can take place during 2019. DNA's entire mobile network is IPv6 ready; the next generation IP protocol provides a much larger IP address space and enables two-way connections, which are essential for 5G services. The NB-IoT readiness of DNA's mobile network already covers 85% of the population in Finland. The NB-IoT (Narrow Band Internet of Things) technology supports the use of IoT. DNA has also piloted LTE-M technology in its 4G network, which makes it possible to introduce new types of IoT services as we head towards the 5G era.

Personnel

Personnel by business segment

	31 March 2018	31 March 2017	Change %	31 December 2017
Consumer Business	936	1,002	-6.6%	942
Corporate Business	663	682	-2.8%	659
Total personnel	**1,599**	**1,684**	**-5.0%**	**1,601**

At the end of March 2018, DNA Group had 1,599 employees (1,684 employees), of which 652 were women (673) and 947 men (1 011).

Salaries and employee benefit expenses paid during the first quarter amounted to EUR 27.3 million (28.2 million).

One of DNA's strategic objectives is being a great place to work and one of the most desired employers in Finland. The happiness and well-being of employees is crucial for DNA to be able to keep providing an excellent customer experience. DNA was awarded in February 2018 as the second-best workplace in Finland in the category of large organisations based on surveys conducted by the Great Place to Work Institute among personnel in 2017.

Significant litigation matters

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

Decisions of the Annual General Meeting of 2018

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

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

The AGM approved the Nomination Committee's proposal from 15 March 2018, concerning the election and remuneration of Board members. The number of Board members was confirmed to be six. Re-elected members include Pertti Korhonen, Anu Nissinen, Tero Ojanperä, Jukka Ottela, Margus Schults and Kirsi Sormunen. The AGM decided not to change the remunerations paid to the members of the Board of Directors.

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

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

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

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

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

Shares and shareholders

Shares

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

In January–March 2018, a total of 14,841 million DNA shares, totalling EUR 248,626 million, were traded on the Nasdaq Helsinki Stock Exchange. The highest quotation was EUR 18.45 and the lowest EUR 14.80. The average rate was EUR 16.75 and volume-weighted average rate EUR 16.76. The closing quotation on the last trading day of the quarter, 29 March 2018, was EUR 17.63 and the market capitalisation (without DNA's own shares owned by the company) was EUR 2.329 billion (EUR 2.066 billion at end of 2017).

Shareholders and flagging notifications

At the end of the review period, the number of registered shareholders totalled 13,616, nominee registrations included (9). The proportion of nominee registrations and direct foreign shareholders was 21.06%.

On 31 March 2018, the largest shareholders of DNA Plc were Finda Telecoms Oy (33.43%), PHP Holding Oy (25.78%) and Ilmarinen Mutual Pension Insurance Company (3.44%). At the end of the review period, they held a total of 62.65% of DNA's shares and voting rights.

DNA did not receive any flagging notifications in the first quarter.

DNA's financial objectives and dividend policy

In February, DNA updated its medium-term financial targets in terms of EBITDA margin.

DNA's medium-term financial objectives:

- net sales growth faster than average market growth
- EBITDA margin of at least 32% (previous target: at least 30%)
- operative capital expenditure less than 15% of sales
- net debt/EBITDA ratio of less than 2.0

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

DNA's mid-term financial objectives do not incorporate the impact from the adoption of IFRS 15 on 1 January 2018 and IFRS 16 on 1 January 2019. DNA continues to evaluate the impact of the adoption of these standards and will update its objectives as needed.

Corporate responsibility

In March, DNA published its GRI-compliant corporate responsibility report (Global Reporting Initiative Standards 2016). This was the first time the report was assured by an independent external party.

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

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

In the first quarter, DNA also decided to continued its long-term cooperation as the main partner of SOS Children's Village Finland.

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 the number of mobile phones per capita is among the highest in the world, which limits the prospects of future growth in the number of subscriptions.

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

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

The ongoing shift in media use will provide both new risks and opportunities 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, for instance to deepen customer understanding and to create a good omnichannel customer experience. DNA's business operations are dependent on information systems, which involve several interconnected risks but also provide business-critical opportunities for utilising data.

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

Regulatory risks

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

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

Financing risks

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

Damage risk

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

Outlook for 2018

Market outlook

The Finnish economy is on the growth path and the Bank of Finland forecasts GDP growth to be moderate. We expect the mobile service market to continue to grow and competition to remain intense in 2018.

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

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

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

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

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

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

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

DNA's guidance for 2018

(published on 2 February 2018 in DNA's Financial Statements Bulletin 2017)

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

DNA's guidance for 2018 is disclosed as it was prepared under 2017 revenue guidance and does not currently incorporate the potential impact from the adoption of IFRS 15 as of 1 January 2018.

DNA Plc
Board of Directors

Group key figures

	Jan-Mar 2018 Reported	Jan-Mar 2018 Adjusted*	Jan-Mar 2017 Reported	Jan-Dec 2017 Adjusted
Earnings per share, basic EUR	0.19	0.19	0.16	0.71
Earnings per share, diluted EUR	0.19	0.19	0.16	0.71
Equity per share, EUR	4.0	3.7	4.1	4.6
Shares outstanding at the end of the period (thousands)	132,121	132,121	132,304	132,039
Weighted average adjusted number of shares during the financial period, basic (thousands)	132,039	132,039	132,304	131,923
Weighted average adjusted number of shares during the financial period, diluted (thousands)	132,056	132,056	133,556	131,965
Net debt, EUR in thousands	304,025	304,025	314,323	304,288
Net gearing, %	57.9	62.9	57.6	50.3
Equity ratio, %	38.8	37.2	45.3	50.6
Net debt/EBITDA	1.08	1.05	1.19	1.12
Return on investment (ROI), %	14.4	15.2	12.5	13.1
Return on equity (ROE), %	16.7	18.2	14.9	15.5
Capital expenditure, EUR in thousands	19,891	20,269	21,175	144,018
Capital expenditure, % of net sales	8.9%	9.1%	9.9%	16.3%
Personnel at end of period	1,599	1,599	1,684	1,601

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

Reconciliation of comparable key figures

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

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

Free cash flow to equity

EUR in thousands	31 Mar 2018 Reported	31 Mar 2018 Adjusted*	31 Mar 2017 Reported	31 Dec 2017 Reported
Comparable EBITDA	**70,651**	**72,256**	**65,928**	**271,772**
Operative capital expenditure	-15,491	-15,869	-16,775	-132,904
Operating free cash flow	**55,160**	**56,387**	**49,153**	**138,867**
Interest paid, net	-14,807	-14,807	-4,604	-8,720
Income taxes, paid	2,034	2,034	-3,659	-25,775
Adjusted change in net working capital	-45,711	-46,938	-25,245	19,312
Change in provisions	-181	-181	-981	-4,856
Free cash flow to equity	**-3,505**	**-3,505**	**14,665**	**118,830**

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

Key operative indicators

Mobile communication network subscription volumes:

Number of:	**31 Mar 2018**	**31 Mar 2017**	**31 Dec 2017**
Subscriptions*	2,811,000	2,732,000	2,811,000
*Includes only mobile broadband			

	Jan-Mar 2018 Reported	**Jan-Mar 2018 Adjusted***	**Jan-Mar 2017 Reported**	**Jan-Dec 2017 Reported**
Revenue per subscription (ARPU), EUR**	18.9	19.0	17.8	18.4
Customer churn rate, %**	18.9	18.9	21.0	18.3

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

**Includes only postpaid phone subscriptions

Fixed-network subscription volumes:

Number of:	**31 Mar 2018**	**31 Mar 2017**	**31 Dec 2017**
Broadband subscriptions	467,000	444,000	458,000
Cable TV subscriptions	620,000	614,000	619,000
Telephone subscriptions	51,000	62,000	53,000
	1,138,000	**1,120,000**	**1,130,000**

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, fines or other similar payments, damages as well as costs related to a one time study on the Company's strategic alternatives to grow its shareholder base and direct transaction costs and cost impacts on the share based compensation plan of the listing.
Cashflow after investing activities (EUR)	=	Net cash generated from operating activities + net cash used in investing activities
Capital expenditure (EUR)	=	Capital expenditure comprises additions to property, plant and equipment and intangible assets excluding business acquisitions, gross acquisition cost of spectrum license and additions through finance leases and asset retirement obligations and including annual cash instalments for the spectrum license.
Operating free cashflow	=	Comparable EBITDA - operative capital expenditure
Free Cash Flow to Equity (FCFE)	=	Comparable EBITDA – total capital expenditure excluding the annual cash instalment for spectrum licenses - change in net working capital including an adjustment between operative capex and cash-based capex in order to present FCFE on a cash basis, however excluding cash instalments for spectrum licenses and adjusted with the items affecting comparability - net interest paid - income taxes paid - change in provisions excluding items affecting comparability.

* 12-month adjusted

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

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

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

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

Consolidated income statement

EUR in thousands	1 Jan-31 Mar 2018 Reported	1 Jan-31 Mar 2018 Adjusted*	1 Jan-31 Mar 2017 Reported	1 Jan-31 Dec 2017 Reported
Net sales	**222,346**	**222,314**	**213,407**	**886,088**
Other operating income	783	783	814	4,177
Materials and services	-95,469	-93,787	-90,375	-389,194
Employee benefit expenses	-27,238	-27,271	-28,225	-111,055
Depreciation, amortisation and impairments	-35,414	-36,662	-37,059	-148,249
Other operating expenses	-29,772	-29,783	-29,692	-118,244
Operating result, EBIT	**35,236**	**35,594**	**28,869**	**123,523**
Finance income	99	99	415	889
Finance expense	-4,725	-4,725	-2,664	-10,257
Share of associates' results	6	6	1	4
Net result before income tax	**30,617**	**30,974**	**26,621**	**114,158**
Income tax expense	-6,168	-6,240	-5,412	-21,072
Net result for the period	**24,448**	**24,734**	**21,210**	**93,086**
Attributable to:				
Owners of the parent	24,448	24,734	21,210	93,086
Earnings per share for net result attributable to owners of the parent:				
Earnings per share, basic EUR	0.19	0.19	0.16	0.71
Earnings per share, diluted EUR	0.19	0.19	0.16	0.71

Notes are an integral part of the consolidated financial statements.

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

Consolidated statement of comprehensive income

EUR in thousands	1 Jan-31 Mar 2018 Reported	1 Jan-31 Mar 2018 Adjusted*	1 Jan-31 Mar 2017 Reported	1 Jan-31 Dec 2017 Reported
Net result for the period	**24,448**	**24,734**	**21,210**	**93,086**
Items that will not be reclassified to profit or loss:				
Remeasurements of post employment benefit obligations	-	-	-	71
Items that may be reclassified subsequently to profit or loss:				
Other comprehensive income, net of tax	-	-	-	**71**
Total comprehensive income	**24,448**	**24,734**	**21,210**	**93,157**
Attributable to:				
Owners of the parent	24,448	24,734	21,210	93,157

Notes are an integral part of the consolidated financial statements.

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

Consolidated statement of financial position

EUR in thousands	31 Mar 2018 Reported	31 Mar 2018 Adjusted*	31 Mar 2017 Reported	31 Dec 2017 Reported
Assets				
Non-current assets				
Goodwill	327,206	327,206	327,206	327,206
Other intangible assets	170,592	174,097	182,973	178,070
Property, plant and equipment	405,037	405,037	411,716	421,580
Investments in associates	1,205	1,205	1,201	1,199
Available-for-sale financial assets	117	117	215	117
Trade and other receivables	65,097	32,188	33,697	38,468
Deferred tax assets	8,630	7,953	14,103	8,475
Total non-current assets	**977,884**	**947,802**	**971,110**	**975,115**
Current assets				
Inventories	26,386	26,386	21,516	22,909
Trade and other receivables	224,563	199,335	187,367	195,563
Income tax receivables	-	-	8,606	9,780
Cash and cash equivalents	161,868	161,868	44,411	23,592
Total current assets	**412,817**	**387,589**	**261,901**	**251,843**
Total assets	**1,390,701**	**1,335,392**	**1,233,011**	**1,226,958**
Equity				
Equity attributable to owners of the parent				
Share capital	72,702	72,702	72,702	72,702
Reserve for invested unrestricted equity	506,079	506,079	653,060	653,056
Treasury shares	-2,806	-2,806	-	-4,055
Retained earnings	-75,730	-117,011	-201,509	-210,425
Net result for the period	24,448	24,734	21,210	93,086
Total equity	**524,694**	**483,698**	**545,463**	**604,363**
Liabilities				
Non-current liabilities				
Borrowings	320,982	320,982	323,595	173,362
Employment benefit obligations	2,028	2,028	2,097	2,028
Provisions	6,608	6,608	10,219	6,813
Deferred tax liabilities	32,695	21,768	24,116	22,783
Other non-current liabilities	19,561	18,180	19,178	23,605
Total non-current liabilities	**381,874**	**369,567**	**379,206**	**228,591**
Current liabilities				
Borrowings	144,911	144,911	35,139	154,518
Provisions	514	514	891	490
Trade and other payables	335,515	333,508	258,361	234,603
Income tax liabilities	3,193	3,193	13,951	4,391
Total current liabilities	**484,133**	**482,126**	**308,342**	**394,003**
Total equity and liabilities	**1,390,701**	**1,335,392**	**1,233,011**	**1,226,958**

Notes are an integral part of the consolidated financial statements

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

Consolidated statement of cash flows

EUR in thousands	Jan-Mar 2018 Reported	Jan-Mar 2018 Adjusted*	Jan-Mar 2017 Reported	Jan-Dec 2017 Reported
Cash flows from operating activities				
Net result for the period	24,448	24,734	21,210	93,086
Adjustments 1)	45,860	47,179	43,725	173,780
Change in net working capital 2)	-28,528	-29,755	-11,531	15,266
Dividends received	-	-	1	8
Interest paid	-4,951	-4,951	-4,363	-7,901
Interest received	48	48	84	373
Other financial items	-9,904	-9,904	-325	-1,193
Income taxes paid	2,034	2,034	-3,659	-25,775
Net cash generated from operating activities	**29,008**	**29,386**	**45,141**	**247,646**
Cash flows from investing activities				
Investments in property, plant and equipment (PPE) and intangible assets	-37,075	-37,453	-34,889	-139,974
Proceeds from sale of PPE	172	172	13	75
Other investments	-	-	-	-52
Net cash used in investing activities	**-36,902**	**-37,280**	**-34,875**	**-139,951**
Cash flows from financing activities				
Direct costs relating to share issue	-	-	-3,300	-3,314
Treasury share acquisition	-	-	-	-14,035
Dividends paid	-	-	-	-72,767
Proceeds from borrowings	389,961	389,961	-	99,893
Repayment of borrowings	-243,790	-243,790	-8,793	-140,119
Net cash used in financing activities	**146,171**	**146,171**	**-12,092**	**-130,342**
Change in cash and cash equivalents	138,276	138,276	-1,827	-22,647
Cash and cash equivalents at beginning of period	23,592	23,592	46,238	46,238
Cash and cash equivalents at end of period	161,868	161,868	44,411	23,592
Adjustments 1):				
Depreciation, amortisation and impairment	35,414	36,662	37,059	148,249
Gains and losses on disposals of non-current assets	-162	-162	-13	-50
Other non-cash income and expense	-6	-6	-1	-4
Finance income and expense	4,626	4,626	2,249	9,368
Income tax expense	6,168	6,240	5,412	21,072
Change in provisions	-181	-181	-981	-4,856
Total adjustment	**45,860**	**47,179**	**43,725**	**173,780**
Change in net working capital 2):				
Change in trade and other receivables	1,489	41	4,264	-9,588
Change in inventories	-3,477	-3,477	210	-1,183
Change in trade and other payables	-26,539	-26,319	-16,005	26,037
Change in net working capital	**-28,528**	**-29,755**	**-11,531**	**15,266**

Notes are an integral part of the consolidated financial statements.

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

Consolidated statement of changes in equity

EUR in thousands	Share capital	Reserve for invested unrestricted equity	Treasury shares	Retained earnings	Total equity
1 January 2017	**72,702**	**652,719**	**-**	**-128,995**	**596,427**
Comprehensive income					
Net result for the period				21,210	21,210
Other comprehensive income					
Total other comprehensive income, net of tax				-	-
Total comprehensive income	-	-	-	**21,210**	**21,210**
Transactions with owners					
Expenses paid in connection with share issue net of tax		341			341
Share-based payments				252	252
Dividends relating to 2016				-72,767	-72,767
Total contribution by and distributions to owners	**-**	**341**	**-**	**-72,515**	**-72,173**
31 March 2017 Reported	**72,702**	**653,060**	**-**	**-180,300**	**545,463**
1 January 2018	**72,702**	**653,056**	**-4,055**	**-117,340**	**604,363**
Changes in accounting policy - IFRS 9				-759	-759
Changes in accounting policy - IFRS 2				1,199	1,199
Comprehensive income					
Net result for the period				24,734	24,734
Other comprehensive income					
Total other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive income	**-**	**-**	**-**	**24,734**	**24,734**
Transactions with owners					
Reclassification		-62,420		62,420	-
Share-based payments			1,250	-1,757	-507
Dividends relating to 2017				-60,776	-60,776
Capital payment		-84,557			-84,557
Total contribution by and distributions to owners	**-**	**-146,977**	**1,250**	**-112**	**-145,839**
31 March 2018 Adjusted*	**72,702**	**506,079**	**-2,806**	**-92,278**	**483,698**
1 January 2018	**72,702**	**653,056**	**-4,055**	**-117,340**	**604,363**
Changes in accounting policy - IFRS 9				-759	-759
Changes in accounting policy - IFRS 15				41,281	41,281
Changes in accounting policy - IFRS 2				1,199	1,199
Comprehensive income					
Net result for the period				24,448	24,448
Other comprehensive income					
Total other comprehensive income, net of tax				**-**	**-**
Total comprehensive income	**-**	**-**	**-**	**24,448**	**24,448**
Transactions with owners					
Reclassification		-62,420		62,420	-
Share-based payments			1,250	-1,757	-507
Dividends relating to 2017				-60,776	-60,776
Capital payment		-84,557			-84,557
Total contribution by and distributions to owners	**-**	**-146,977**	**1,250**	**-112**	**-145,839**
31 March 2018 Reported	**72,702**	**506,079**	**-2,806**	**-51,283**	**524,694**

Notes are an integral part of the consolidated financial statements.

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

Notes

1 Accounting principles

This Interim Financial Report has been prepared in accordance with IFRS regulations and measurement principles and complies with the requirements of the IAS 34 standard. The information has been prepared in accordance with International Financial Reporting Standards, as approved for application throughout the European Union. The accounting principles are identical to those applied to the Financial Statements of 31 December 2017 with the exception of new and amended standards effective as of 1 January 2018. This report should be read in connection with the 2017 Financial Statements. The information presented in the report is unaudited.

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

DNA adopted the IFRS 9 Financial Instruments standard on 1 January 2018. It became effective for financial periods beginning on or after 1 January 2018. IFRS 9 replaces IAS 39 and will change the classification and measurement of financial instruments, including a new expected credit loss impairment model. The standard also contains new requirements for hedge accounting. The Group experienced no material impact from the changes introduced by IFRS 9. The main changes impacting DNA's financial statements are described in more detail in Note 11.

1. Impairment of financial instruments

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

2. Changes in the classification of financial assets and liabilities

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

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

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

3 Hedge accounting

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

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

The five-step process must be applied for contracts with customers. The steps are the following:

1) identifying the contract
2) identifying the performance obligations in the contract
3) determining the transaction price
4) allocation of the transaction price to each performance obligation (to each separate good and service promised to the client) on a relative standalone selling price basis
5) recognising the revenue when (or as) the performance obligation is satisfied by transferring the good or service to the client.

Revenue may be recognised over time or at a point in time, and the main criterion is the transfer of control.

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

The impact of the transition to the balance sheet is stated in Note 11.

The Group has identified that changes will take place in reporting in the following areas:

- Allocation of discounts to the performance obligations: Currently DNA applies the residual method for the bundled sale transactions when allocating revenue for the equipment and service components. Under IFRS 15, discounts shall be allocated to the separate performance obligations on the basis of their relative standalone selling prices. Residual method can no longer be applied. Therefore, the allocation of discounts to the performance obligations changes. A portion of the revenue will be recognised earlier than under current guidance. Currently, discounts for services given to customers are allocated to the first months of the contract period whereas according to IFRS 15, the discounts are to be recognised evenly throughout the contract period.

The Group's management expects the adoption of the standard to increase revenue from sales of goods by less than 1% and correspondingly decrease service revenue by less than 1%.

The change in the allocation of discounts also has material impacts on the Group's system and processes, which is why the Group has adopted a new system for the purpose of calculating the impacts of the IFRS 15 standard.

- Under the new guidance also the point of recognition for certain revenues and contract costs changes. Under the current guidance, activation and connection fees are recognised at the time of activation. Under the new guidance, activation and connection fees are recognised during the contract period. IFRS 15 also requires that incremental costs of obtaining a contract are capitalised.

The Group has assessed that sales commissions and fees paid on obtaining a contract will be more widely capitalised compared to current practice. Capitalised incremental costs of obtaining a contract are amortised over the expected contract period. The Group's management estimates the new recognition method to decrease costs by 1 to 2% in 2018.

The analysis also indicates that the capitalisation of costs of obtaining a contract is expected to have a major impact on the timing of cost recognition. This will mainly affect the Consumer Business.

The Group expects no major impact on its information systems from the new guidance on recognition of contract costs, but expects the changes to mostly affect processes.

- There are also increased disclosure requirements in the new standard.

Overall, it can be stated that according to the Group's assessment, in comparison to the current accounting method, major impact on revenue can only occur as a result of change in business in areas such as pricing or business models.

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

As a result, as of 1 January 2018, DNA's share-based payment rewards will be treated as equity-settled as the cash-settled components relate directly to DNA's obligation to withhold tax from the participants. The accumulated liability related to cash-settled components has been reclassified to equity on the date of transition. Impacts of the amendments to IFRS 2 are presented in note 11.

The impact of the adopted standards on book values on 1 January 2018 are stated in Note 11.

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

IASB published the **IFRS 16 – Leases** standard on 13 January 2016. It is effective for financial periods beginning on or after 1 January 2019. The changes mainly apply to accounting by lessees. For lessors, the situation remains mostly as is.

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

DNA Plc mostly acts as a lessee. The Group enters into agreements to lease office premises, equipment facilities and aerial sites in particular. According to current accounting practices, they are classified as operating lease agreements. For office premises, the average lease period is 10 years and for equipment facilities 4 to 7 years. Due to the nature of leases, the Group currently estimates that the most essential effects of the adoption of the IFRS 16 standards will be related to leased premises.

Off-balance sheet lease liabilities totalled EUR 119.6 million on 31 December 2017. The Group currently expects to account for most of these leases on balance sheet. As a result, the Group's property, plant and equipment and non-current liabilities will increase. Other operating expenses in turn will decrease, because leases will be disclosed as expenses and interest expenses in the future. The IFRS 16 standard also has an impact on the consolidated statement of cash flows and some key figures.
The Group is assessing the impact of the standard on reporting and plans to adopt the new standard on the financial period beginning

on 1 January 2019. The IFRS 16 implementation project was initiated in the spring of 2017 and is on schedule. Up to now, the project team has identified leases that fall in the scope of the standard and made interpretations in terms of lease accounting. A review of the impacts of adoption on current processes and data systems has also started, and it will continue during 2018. The Group will present more detailed assessments of the impact of the standard on its reporting as the implementation project proceeds.

2 Revenue

EUR in thousands	Jan-Mar 2018 Reported	Jan-Mar 2018 Adjusted*	Jan-Mar 2017 Reported	Jan-Dec 2017 Reported
Mobile Service Revenue	112.2	110.8	100.3	420.0
Mobile equipment	28.4	28.3	24.9	114.1
Mobile interconnection and Inbound Roaming	13.0	13.0	12.5	51.6
Fixed Non-voice Revenue	62.0	63.4	68.5	272.5
Fixed Voice Revenue	6.8	6.8	7.3	27.9
Total	**222.3**	**222.3**	**213.4**	**886.1**

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

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

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

3 Segment information

1 Jan–31 Mar 2018 Reported

EUR in thousands

Business segments	**Consumer segment**	**Corporate segment**	**Unallocated**	**Group total**
Net sales	**165,230**	**57,116**		**222,346**
EBITDA	**53,394**	**17,256**		**70,651**
Comparable EBITDA	**53,394**	**17,256**		**70,651**
Depreciation, amortisation and impairments	23,069	12,345		35,414
Operating result, EBIT	**30,325**	**4,912**		**35,236**
Comparable operating result, EBIT	**30,325**	**4,912**		**35,236**
Net finance items			-4,626	-4,626
Share of associates' results			6	6
Net result before income tax				30,617
Net result for the period				**24,448**
Capital expenditure*	13,349	6,542	-	19,891
Employees at end of period	936	663	-	1,599

1 Jan–31 Mar 2018 Adjusted**

EUR in thousands

Business segments	**Consumer segment**	**Corporate segment**	**Unallocated**	**Group total**
Net sales	**165,421**	**56,893**		**222,314**
EBITDA	**55,170**	**17,086**		**72,256**
Comparable EBITDA	**55,170**	**17,086**		**72,256**
Depreciation, amortisation and impairments	24,281	12,381		36,662
Operating result, EBIT	**30,888**	**4,705**		**35,594**
Comparable operating result, EBIT	**30,888**	**4,705**		**35,594**
Net finance items			-4,626	-4,626
Share of associates' results			6	6
Net result before income tax				30,974
Net result for the period				**24,734**
Capital expenditure*	13,349	6,542	378	20,269
Employees at end of period	936	663	-	1,599

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

1 Jan–31 Mar 2017 Reported

EUR in thousands

Business segments	**Consumer segment**	**Corporate segment**	**Unallocated**	**Group total**
Net sales	**158,567**	**54,839**		**213,407**
EBITDA	**50,697**	**15,231**		**65,928**
Comparable EBITDA	**50,697**	**15,231**		**65,928**
Depreciation, amortisation and impairments	24,050	13,009		37,059
Operating result, EBIT	**26,647**	**2,222**		**28,869**
Comparable operating result, EBIT	**26,647**	**2,222**		**28,869**
Net finance items			-2,249	-2,249
Share of associates' results			1	1
Net result before income tax				26,621
Net result for the period				**21,210**
Capital expenditure*	14,411	5,802	962	21,175
Employees at end of period	1,002	682	-	1,684

1 Jan–31 Dec 2017 Reported				
EUR in thousands				
Business segments	**Consumer segment**	**Corporate segment**	**Unallocated**	**Group total**
Net sales	**658,680**	**227,409**		**886,088**
EBITDA	**199,752**	**72,020**		**271,772**
Comparable EBITDA	**199,752**	**72,020**		**271,772**
Depreciation, amortisation and impairments	95,181	53,068		148,249
Operating result, EBIT	**104,571**	**18,952**		**123,523**
Comparable operating result, EBIT	**104,571**	**22,009**		**126,579**
Net finance items			-9,368	-9,368
Share of associates' results			4	4
Net result before income tax				114,158
Net result for the period				**93,086**
Capital expenditure*	96,937	43,403	3,678	144,018
Employees at end of period	942	659	-	1,601

* Capital expenditure comprises additions to intangible and tangible assets, excluding business combinations, spectrum license acquisition and additions relating to finance lease agreements and decommissioning obligations. Additionnally, capital expenditure includes spectrum license payments made during the reporting period. Unallocated capital expenditure comprises sales commissions.

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		Jan-Mar 2018 Reported	Jan-Mar 2018 Adjusted**	Jan-Mar 2017 Reported	Jan-Dec 2017 Reported
Capital expenditure*					
	Intangible assets	10,051	10,429	10,124	44,062
	Property, plant and equipment	9,840	9,840	11,051	99,956
Total		**19,891**	**20,269**	**21,175**	**144,018**

* Capital expenditure comprises additions to intangible and tangible assets, excluding business combinations, spectrum license acquisition and additions relating to finance lease agreements and decommissioning obligations. Additionnally, capital expenditure includes spectrum license payments made during the reporting period.

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

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

5 Equity

	Shares outstanding (thousands)	Treasury shares (thousands)	Total number of shares (thousands)	Share capital (EUR in thousands)	Reserve for invested unrestricted equity (EUR in thousands)
1 January 2017	**132,304**	**-**	**132,304**	**72,702**	**652,719**
Direct costs relating to share issue					337
Acquisition of treasury shares	-968	968			-
Share issue	703	-703			-
31 December 2017	**132,039**	**265**	**132,304**	**72,702**	**653,056**
Direct costs relating to share issue	82	-82			
Reclassification					-62,420
Capital payment					-84,557
31 March 2018	**132,121**	**183**	**132,304**	**72,702**	**506,079**

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

Dividends

DNA Plc's Annual General Meeting of 22 March 2018 approved a payment of dividend (EUR 0.46 per share) as well as a capital payment from the reserve for invested unrestricted equity (EUR 0.17 per share). Also, the AGM approved an additional capital payment from the reserve for invested unrestricted equity (EUR 0.47 per share). In total, paid dividends and capital payments amounted to EUR 1.10 per share or EUR 145.332.782,10. The dividend was paid on 4 April 2018.

Treasury shares

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

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

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

Treasury shares acquired during the financial year represent 0.14 per cent of the votes.

Change in the classification of unrestricted equity

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

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

6 Borrowings

EUR in thousands	31 March 2018	31 March 2017	31 December 2017
Non-current borrowings			
Loans from financial institutions	19,936	75,029	23,718
Bonds	301,046	248,566	149,643
Total	**320,982**	**323,595**	**173,362**
Current borrowings			
Loans from financial institutions	35,128	35,139	34,973
Bonds	39,807	-	99,550
Commercial papers	69,976	-	19,995
Total	**144,911**	**35,139**	**154,518**

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

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

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

7 Net debt

EUR in thousands	31 March 2018	31 March 2017	31 December 2017
Non-current borrowings	320,982	323,595	173,362
Current borrowings	144,911	35,139	154,518
Total borrowings	465,893	358,735	327,880
Less cash and cash equivalents	161,868	44,411	23,592
Net debt	**304,025**	**314,323**	**304,288**

Change in net debt		**Reported in cash flows from financing activities**		
1,000 €	**Cash**	**Current borrowings**	**Non-current borrowings**	**Net debt**
1 January 2017	**46,238**	**40,290**	**327,659**	**321,710**
Change in cash	-22,647			22,647
Proceeds from borrowings		99,893		99,893
Repayment of borrowings		-84,881	-55,238	-140,119
Other non-cash transactions		99,216	-99,059	157
31 December 2017	**23,592**	**154,518**	**173,362**	**304,288**
Change in cash	138,276			-138,276
Proceeds from borrowings		139,961	250,000	389,961
Repayment of borrowings		-149,981	-93,810	-243,790
Other non-cash transactions		412	-8,570	-8,158
31 March 2018	**161,868**	**144,911**	**320,982**	**304,025**

8 Provisions

EUR in thousands	1 January 2018	Additions	Provisions used	Other/Discount effect	31 March 2018
Asset retirement obligation	6,096	-	-622	-	5,474
Restructuring provisions	58	-	-	-	58
Onerous contracts	732	467	-20	-6	1,172
Other provision	418	-	-	-	418
Total	**7,304**	**467**	**-642**	**-6**	**7,123**

Asset retirement obligation

The asset retirement obligation provision comprise the estimated dismantling and demolition costs of data centres, masts and telephone poles. The asset retirement period for telephone poles is estimated at 15 years, and 25 years for data centres and masts. Realising the dismantling and demolition costs do not involve any significant uncertainties.

Onerous contracts

This provision is mainly for a non-cancellable lease agreement and covers future leases of unused premises. The provision has been discounted. The non-cancellable lease agreement expires in 2025.

9 Related party transactions

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

The following related party transactions were carried out:

	Jan-Mar 2018	
EUR in thousands	**Organisations exercising significant influence**	**Associated companies**
Sales	4	-
Purchases	678	130
Receivables	3	-
Liabilities	216	12

	Jan-Mar 2017	
EUR in thousands	**Organisations exercising significant influence**	**Associated companies**
Sales	4	-
Purchases	707	98
Receivables	3	-
Liabilities	204	-

	Jan-Dec 2017	
EUR in thousands	**Organisations exercising significant influence**	**Associated companies**
Sales	20	-
Purchases	2721	453
Receivables	2	-
Liabilities	238	2

10 Share-based payments

Long-term share-based incentive scheme for senior management and other key employees

DNA's Board of Directors decides to continue the long-term incentive plans for senior executives and other key employees.

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

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

The Performance Share Plan

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

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

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

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

The Bridge Plan

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

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

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

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

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

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

The fair value of the PSP 2017 reward at grant date was 6,28. The fair value at grant date was valued using a Monte Carlo simulation model, taking into account share price at grant date, Volume Weighted Average Price (VWAP) during December 2016, expected dividends, risk-free interest rates, expected volatility of share prices, as well as correlation coefficients.

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

Share-Based payments

EUR in thousands

Expense recorded in the income statement	**Jan-Mar 2018**	**Jan-Mar 2017**	**Jan-Dec 2017**
Share-based payments	677	1,646	8,024

Liability recorded in the statement of financial position	**31 March 2018**	**31 March 2017**	**31 December 2017**
Liability related to share-based reward plan	-	6,551	1,199

Cash-settled share-based payment transactions have been revalued on 1 January 2018 according to the amendments to IFRS 2 and the accounting treatment has changed from cash-settled to equity-settled. The changes to the opening balance 1 January 2018 can be seen from note 11.

11. Impact of new and amended standards

Consolidated statement of financial position 1.1.2018

EUR in thousands	As at 31.12.2017	IFRS 2 amendments	IFRS 9-standard	IFRS 15-standard*	As at 1.1.2018
Assets					
Non-current assets					
Goodwill	327,206	-	-	-	327,206
Other intangible assets	178,070	-	-	-4,375	173,695
Property, plant and equipment	421,580	-	-	-	421,580
Available-for-sale financial assets	1,199	-	-	-	1,199
Investments in associates	117	-	-	-	117
Trade and other receivables	38,468	-	-	34,107	72,575
Deferred tax assets	8,475	-	190	722	9,387
Total non-current assets	**975,115**	**-**	**190**	**30,453**	**1,005,758**
Current assets					
Inventories	22,909	-	-	-	22,909
Trade and other receivables	181,164	-	-929	-	180,236
Other current receivables	1,168	-	-	-	1,168
Income tax receivables	9,780	-	-	-	9,780
Accruals	13,230	-	-20	25,478	38,689
Cash and cash equivalents	23,592	-	-	-	23,592
Total current assets	**251,843**	**-**	**-949**	**25,478**	**276,372**
Total assets	**1,226,958**	**-**	**-759**	**55,932**	**1,282,130**
Equity					
Equity attributable to owners of the parent					
Share capital	72,702	-	-	-	72,702
Reserve for invested unrestricted equity	653,056	-	-	-	653,056
Treasury shares	-4,055	-	-	-	-4,055
Retained earnings	-210,425	1,199	-759	41,281	-168,704
Net result for the period	93,086	-	-	-	93,086
Total equity	**604,363**	**1,199**	**-759**	**41,281**	**646,085**
Liabilities					
Non-current liabilities					
Borrowings	173,362	-	-	-	173,362
Employment benefit obligations	2,028	-	-	-	2,028
Provisions	6,813	-	-	-	6,813
Deferred tax liabilities	22,783	-	-	11,042	33,825
Other non-current liabilities	23,605	-	-	1,542	25,147
Total non-current liabilities	**228,591**	**-**	**-**	**12,584**	**241,176**
Current liabilities					
Borrowings	154,518	-	-	-	154,518
Provisions	490	-	-	-	490
Trade and other payables	234,603	-1,199	-	2,066	235,470
Income tax liabilities	4,391	-	-	-	4,391
Total current liabilities	**394,003**	**-1,199**	**-**	**2,066**	**394,870**
Total equity and liabilities	**1,226,958**	**-**	**-759**	**55,932**	**1,282,130**

* In non-current and current assets, the main impacts of IFRS 15 are due to the deferral of sales and agent commissions. Previously, agent commissions of certain fixed-term contracts have been recognised as intangible assets. With the adoption of IFRS 15, intangible assets decrease, as the earlier accounting treatment has been cancelled and all commissions are deferred over the

expected customer lifetime according to IFRS 15. The new deferral method of commission costs according to IFRS 15 increases receivables. In addition to the deferral of these costs, trade and other receivables include receivables according to IFRS 15 due to the new deferral method of revenue. The main impact of deferral on receivables is related to discounts.

The main impact on liabilities is due to the deferral of activation and one-time fees over the contract period, which increases liabilities.

Consolidated income statement

EUR in thousands	**Jan-Mar 2018 Reported**	**IFRS 15 Impact**	**Jan-Mar 2018 Adjusted**
Net sales	**222,346**	**32**	**222,314**
Other operating income	783	-	783
Materials and services	-95,469	-1,682	-93,787
Employee benefit expenses	-27,238	34	-27,271
Depreciation, amortisation and impairments	-35,414	1,248	-36,662
Other operating expenses	-29,772	11	-29,783
Operating result, EBIT	**35,236**	**-357**	**35,594**
Finance income	99	-	99
Finance expense	-4,725	-	-4,725
Share of associates' results	6		6
Net result before income tax	**30,617**	**-357**	**30,974**
Income tax expense	-6,168	71	-6,240
Net result for the period	**24,448**	**-286**	**24,734**
Attributable to:			
Owners of the parent	24,448	-286	24,734
Earnings per share for net result attributable to owners of the parent:			
Earnings per share, basic EUR	0.19		0.19
Earnings per share, diluted EUR	0.19		0.19

In the income statement, the impact on materials and services is due to the deferral of sales and agent commissions.

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