INTERIM REPORT

JANUARY-SEPTEMBER 2017

Index

DNA’s net sales and profitability increased in the January-September period

Summary

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

July–September 2017

- Net sales decreased 1.2% and amounted to EUR 218.8 million (221.5 million).
- EBITDA increased 9.3% to EUR 72.6 million (66.4 million), or 33.2% (30.0%) of net sales.
- Comparable EBITDA was EUR 72.6 million (70.9 million).
- The operating result increased 27.2% and was EUR 37.3 million (29.3 million). Operating result as a percentage of net sales increased and was 17.0% (13.2%).
- The comparable operating result amounted to EUR 37.3 million (33.9 million).
- Revenue per user (ARPU) for mobile communications amounted to EUR 18.5 (17.7).
- The mobile communication subscription turnover rate (CHURN) was 19.1% (17.8%).

January–September 2017

- Net sales increased 2.8% and amounted to EUR 651.5 million (633.7 million).
- EBITDA increased 11.4% to EUR 206.1 million (185.0 million), or 31.6% (29.2%) of net sales.
- Comparable EBITDA came to EUR 206.1 million (189.6 million).
- The operating result increased 25.9% and was EUR 96.6 million (76.7 million). Operating result as a percentage of net sales increased and was 14.8% (12.1%).
- The comparable operating result amounted to EUR 96.6 million (81.3 million).
- The mobile communication subscription base grew 2.2%, totalling 2,790,000 (2,731,000).
- Revenue per user (ARPU) for mobile communications amounted to EUR 18.2 (17.0).
- The mobile communication subscription turnover rate (CHURN) was 18.4% (15.5%).
- The fixed-network subscription base (voice, broadband and cable television) grew slightly and was 1,130,000 subscriptions at the end of September (1,115,000).

DNA revised upwards its guidance for 2017 regarding profitability on 13 October, 2017

Revised guidance for 2017: DNA's net sales are expected to remain at the same level and the comparable operating result is expected to improve substantially in 2017 compared to 2016. The Group's financial position and liquidity is expected to remain at a healthy level.

Previous guidance for 2017 (published on 31 January 2017):
DNA's net sales are expected to remain at the same level and the comparable operating result is expected to improve somewhat in 2017 compared to 2016. The Group's financial position and liquidity is expected to remain at a healthy level.

Key figures

Figures are unaudited.

EUR million	7-9/2017	7-9/2016	Change, %	1-9/2017	1-9/2016	Change, %	1-12/2016
Net sales	**218.8**	221.5	-1.2%	**651.5**	633.7	2.8%	858.9
EBITDA	**72.6**	66.4	9.3%	**206.1**	185.0	11.4%	236.3
- % of net sales	**33.2%**	30.0%		**31.6%**	29.2%		27.5%
Comparable EBITDA *	**72.6**	70.9	2.3%	**206.1**	189.6	8.7%	247.1
- % of net sales	**33.2%**	32.0%		**31.6%**	29.9%		28.8%
Depreciation, amortisation and impairment	**35.3**	37.0		**109.5**	108.3		145.0
Operating result, EBIT	**37.3**	29.3	27.2%	**96.6**	76.7	25.9%	91.2
- % of net sales	**17.0%**	13.2%		**14.8%**	12.1%		10.6%
Comparable operating result*	**37.3**	33.9	10.1%	**96.6**	81.3	18.9%	102.1
- % of net sales	**17.0%**	15.3%		**14.8%**	12.8%		11.9%
Net result before tax	**34.8**	26.9	29.4%	**89.5**	69.5	28.8%	81.7
Net result for the period	**27.8**	21.5	29.3%	**71.5**	55.6	28.7%	65.2
Return on investment (ROI), %	**15.7**	12.4		**13.5**	10.7		9.6
Return on equity (ROE), %	**19.4**	16.2		**16.1**	13.9		11.6
Capital expenditure	**24.4**	30.3	-19.4%	**70.0**	84.9	-17.6%	143.6
Cash flow after investing activities	**66.3**	39.4		**109.8**	79.7		83.5
Net debt, EUR million	**302.0**	373.1		**302.0**	373.1		321.7
Net debt/EBITDA	**1.04**	1.41		**1.10**	1.51		1.36
Net gearing, %	**51.9**	69.0		**51.9**	69.0		53.9
Equity ratio, %	**48.6**	45.8		**48.6**	45.8		48.4
Basic earnings per share, EUR	**0.21**	0.17		**0.54**	0.44		0.51
Diluted earnings per share, EUR	**0.21**	0.17		**0.54**	0.44		0.51
Personnel at the end of period				**1,636**	1,669		1,668

*Group key figures

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DNA's Capital Markets Day 2017, financial publications and AGM in 2018:

- 21 November 2017: DNA's Capital Markets Day in Helsinki
- 2 February 2018: Financial Statements Bulletin 201722
- 22 March 2018: Annual General Meeting
- 19 April 2018: Interim Report 1–3/2018
- 19 July 2018: Half Year Financial Report 1–6/2018
- 18 October 2018: Interim Report 1–9/2018

CEO's review

DNA had a strong January-September period, and both our net sales and our profitability improved. Our net sales increased 2.8% to EUR 651.5 million, 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. Our comparable operating result for the January-September period grew 18.9% and was EUR 96.6 million, or 14.8% of net sales (12.8%).

Our results continued to develop favourably also in the third quarter, despite intensifying competition. While our net sales decreased slightly, our comparable operating result increased 10.1% and was EUR 37.3 million. Our service revenue grew slightly, but mobile device sales fell short of the strong reference period a year earlier. The result was fuelled by the improved cost-efficiency of our modern network platforms. We expect our operative capital expenditure to increase during the last quarter of 2017 but remain at a somewhat lower level than in 2016.

Our mobile communication network subscription volumes were up 59,000 from the reference period. DNA's corporate mobile subscription base in particular has grown strongly throughout 2017. DNA's revenue per user (ARPU) improved and was EUR 18.2 in the third quarter, compared to EUR 17.0 a year ago. Competition has remained intense throughout 2017, affecting our CHURN rate. Our broadband and cable television subscriptions increased in total by 26,000 subscriptions, adding 15,000 new subscriptions to our fixed-network subscription base (fixed voice, fixed-network broadband and cable television) compared to last year.

Finns are watching more TV content than before, and in more versatile ways. According to the survey* we commissioned in the summer, the increase is particularly noticeable among young people (those aged 15 to 24): up to 42% of them said they had increased their consumption of TV content. The increase is mostly due to content viewed online. We responded by launching a new Android TV device, called "DNA TV-hubi" in the third quarter. The device combines a set-top box, online applications, games and music to one, easy-to-use entertainment system which also has a smart phone-style app store. Sales of the hub took off well, giving a clear signal that Finns are welcoming the new way of watching TV.

We revised upwards our guidance for 2017 regarding profitability. DNA's net sales are expected to remain at the same level and the comparable operating result is expected to improve substantially in 2017 compared to 2016. The Group's financial position and liquidity is expected to remain at a healthy level. DNA's business has developed favourably for the beginning of the year. Especially the first half was strong. The demand for mobile communications services has been good throughout the year and profitability was fuelled by the growth in service revenue and the improved cost-efficiency of modern network platforms. Intense competition might affect DNA's CHURN rate during rest of the year.

We will continue to serve our customers with our strategic objectives in mind.

Jukka Leinonen
President and CEO

*DNA's "Digitaaliset Elämäntavat" survey on the digital way of life in Finland: https://corporate.dna.fi/lehdistotiedotteet?type=stt2&id=62047856

Operating environment

The Finnish economy is on the growth path and consumer confidence has improved significantly. General business outlook in the corporate sector has also improved. Competition remained intense in the third quarter.

The growth of the mobile data market continued, boosted by increased adoption of smart phones, tablets and other Internet-connected devices as well as the increased demand for fast 4G subscriptions. Customers are prepared to pay more for 4G subscriptions.

Most of the phones sold in the market are smart phones and mostly 4G models. Revenue from voice calls as well as the text message market continued to decline in Finland, but the growth of the mobile data market exceeds this decline. Demand for mobile communication services remained strong in the third quarter.

The number of fixed-network broadband subscriptions remained steady. However, Finns are switching to considerably faster cable and Ethernet-based broadband connections. A growing number of households uses both fixed-network and mobile broadband. Price competition in the broadband market remained very intense.

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

Private and public organisations need to implement new ICT solutions to improve the productivity of their business. Companies are interested in the Industrial Internet and its possibilities, which is reflected, for example, in the steady growth of DNA's M2M (machine to machine) subscription base. The rising business use of cloud services increases the demand for network capacity. The increasingly mobile and networked ways of working have an impact on the access solutions and data communication services adopted by both the private and public sector as mobile data grows in importance. Entrepreneurs in particular are switching from fixed-network broadband subscriptions to mobile broadband subscriptions.

Regulation

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

In early 2017, the European Commission complemented its General Data Protection Regulation with a proposal for a Regulation on Privacy and Electronic Communications, which increases the protection of people's 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. The EU institutions were still processing the proposal during the review period.

According to the EU roaming regulation that entered into force on 15 June 2017, Europeans will be able to Roam Like at Home without roaming charges, as long as the use falls within the scope of fair use and the travel is only periodic. Pursuant to the sustainability mechanism, the Finnish Communications Regulatory Authority FICORA granted DNA permission to levy roaming surcharges. The surcharge cannot exceed EUR 4.6018 per GB of data. VAT at the current rate can be added to the surcharge. The decision does not impose any obligation to apply the surcharge in full, in part or at all. The decision is valid for 12 months.

FICORA has been preparing decisions on significant market power (SMP) in wholesale fixed-network services. In September 2017, FICORA issued SMP decisions on market 4, which entered into force on 1 October 2017. FICORA continues to prepare draft decisions on market 3.

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

Net sales and result

There were no items affecting the comparability of EBITDA and operating result in the review period. The items affecting the comparability of EBITDA and operating result in the July–September period of 2016 totalled EUR 4.6 million and were related to the listing of DNA.

July–September 2017

DNA's net sales decreased and totalled EUR 218.8 million (221.5 million). Our service revenue grew slightly, but mobile device sales fell short of the strong reference period. During the third quarter, 74.3% (74.4%) of net sales was generated by Consumer Business and 25.7% (25.6%) by Corporate Business.

EBITDA increased and was EUR 72.6 million (66.4 million). The EBITDA percentage of net sales increased and was 33.2% (30.0%). The increase was fuelled by growth in service revenue and improved cost-efficiency of modern network platforms. Operating result increased and was EUR 37.3 million (29.3 million). Operating result as a percentage of net sales increased and was 17.0% (13.2%).

Financial income and expenses amounted to EUR 2.5 million (2.4 million). Income tax for the period was EUR 7.0 million (5.4 million). Result for the financial period increased and was EUR 27.8 million (21.5 million). Earnings per share was EUR 0.21 (0.17).

January–September 2017

DNA's net sales increased and totalled EUR 651.5 million (633.7 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. In January-September, 74.2% (73.3%) of net sales was generated by Consumer Business and 25.8% (26.7%) by Corporate Business.

EBITDA increased and was EUR 206.1 million (185.0 million). The EBITDA percentage of net sales increased and was 31.6% (29.2%). The increase was fuelled by growth in service revenue and improved cost-efficiency of modern network platforms. Operating result increased and was EUR 96.6 million (76.7 million). Operating result as a percentage of net sales increased and was 14.8% (12.1%).

Financial income and expenses amounted to EUR 7.1 million (7.2 million). Income tax for the period was EUR 18.0 million (13.9 million). Result for the financial period increased and was EUR 71.5 million (55.6 million). Earnings per share was EUR 0.54 (0.44).

Consolidated key figures

EUR million	7-9/2017	7-9/2016	Change, %	1-9/2017	1-9/2016	Change, %	1-12/2016
Net sales	**218.8**	221.5	-1.2%	**651.5**	633.7	2.8%	858.9
EBITDA	**72.6**	66.4	9.3%	**206.1**	185.0	11.4%	236.3
- % of net sales	**33.2%**	30.0%		**31.6%**	29.2%		27.5%
Comparable EBITDA*	**72.6**	70.9	2.3%	**206.1**	189.6	8.7%	247.1
- % of net sales	**33.2%**	32.0%		**31.6%**	29.9%		28.8%
Operating result, EBIT	**37.3**	29.3	27.2%	**96.6**	76.7	25.9%	91.2
- % of net sales	**17.0%**	13.2%		**14.8%**	12.1%		10.6%
Comparable operating result, EBIT*	**37.3**	33.9	10.1%	**96.6**	81.3	18.9%	102.1
- % of net sales	**17.0%**	15.3%		**14.8%**	12.8%		11.9%
Net result for the period	**27.8**	21.5	29.3%	**71.5**	55.6	28.7%	65.2

*Group key figures

Key operative indicators

	7-9/2017	7-9/2016	Change, %	1-9/2017	1-9/2016	Change, %	1-12/2016
Number of mobile communication network subscriptions at end of period	**2,790,000**	2,731,000	2.2%	**2,790,000**	2,731,000	2.2%	2,742,000
- Revenue per user (ARPU), EUR	**18.5**	17.7	4.5%	**18.2**	17.0	7.0%	17.1
- Customer CHURN rate, %	**19.1%**	17.8%		**18.4%**	15.5%		16.1
Number of fixed line subscriptions at end of period	**1,130,000**	1,115,000	1.3%	**1,130,000**	1,115,000	1.3%	1,113,000

Cash flow and financial position

July–September 2017

Cash flow after investing activities was EUR 66.3 million (39.4 million). Cash flow after investing activities was positively impacted by improved profitability and concentration of capital expenditure and its cash flows towards the end of the financial year. The decrease in net working capital also had a positive impact on cash flow after investing activities.

January–September 2017

Cash flow after investing activities was EUR 109.8 million (79.7 million). Cash flow after investing activities was positively impacted by improved profitability and concentration of capital expenditure and its cash flows towards the end of the financial year. The decrease in net working capital also had a positive impact on cash flow after investing activities.

At the end of September, DNA had a EUR 150 million revolving credit facility, of which EUR 150 million (150 million) remained undrawn, and a EUR 15 million (15 million) credit facility. The revolving credit facility was extended for the first time in the first quarter, with the agreement of all the banks, by one year and the new maturity is October 2021. In addition, the Group has a commercial paper programme worth EUR 150 million (150 million), under which EUR 30 million (45 million) was drawn by the end of the review period.

DNA’s net gearing decreased and was 51.9% (69.0%) at the end of September.

The Group’s liquid assets comprising cash and cash equivalents amounted to EUR 69.4 million (48.4 million). Net debt decreased to EUR 302.0 million (373.1 million). The Group’s liquid assets and undrawn committed credit limits amounted in total to EUR 219.4 million (198.4 million).

Net debt/EBITDA ratio improved and was 1.10 (1.51).

DNA’s equity ratio was 48.6% (45.8%).

Cash flow and financial key figures

EUR million	**7-9/2017**	**7-9/2016**	**1-9/2017**	**1-9/2016**	**1-12/2016**
Cash flow after investing activities, EUR million	**66.3**	39.4	**109.8**	79.7	**83.5**

	9/30/2017	**9/30/2016**	**12/31/2016**
Net debt, EUR million	**302.0**	373.1	321.7
Net debt/EBITDA	**1.10**	1.51	1.36
Net gearing, %	**51.9**	69.0	53.9
Equity ratio, %	**48.6**	45.8	48.4

Development per business segment

Consumer business

July–September 2017

Consumer Business net sales decreased and were EUR 162.5 million (164.8 million). While service revenue grew slightly, mobile device sales fell short of the strong reference period a year earlier. Service revenue was boosted by the growing number of mobile subscriptions and increased mobile data usage per subscription, which is due in particular to the growing share of 4G subscriptions in the subscription base. The technology switch and reduced coverage of the terrestrial network decreased the pay TV customer base which impacted negatively to net sales. EBITDA increased and was EUR 53.1 million (46.9 million). The increase was fuelled by improved operational efficiency and positive development of service revenue. The EBITDA percentage of net sales was 32.7% (28.4%). Consumer Business operating result increased and was EUR 29.5 million (22.7 million), or 18.2% (13.8%) of Consumer Business net sales. Depreciation of EUR 23.5 million (24.2 million) was allocated to Consumer Business.

In the third quarter, DNA launched the sales of its new open ecosystem Android TV device, DNA TV-hubi. The device combines a set-top box, Google Cast mirroring and a smart phone-style app store.

January–September 2017

Consumer Business net sales increased and were EUR 483.3 million (464.4 million). Net sales were driven by the growth in service revenue. Mobile device sales remained at the same strong level as in the reference period. EBITDA increased and was EUR 153.1 million (131.2 million). The increase was fuelled by the positive development of service revenue and improved operational efficiency. The EBITDA percentage of net sales was 31.7% (28.2%). Consumer Business operating result increased and was EUR 81.4 million (61.4 million), or 16.9% (13.2%) of Consumer Business net sales. Depreciation of EUR 71.6 million (69.8 million) was allocated to Consumer Business.

Changes in the price and product design of certain older DNA subscription types increased DNA's subscription turnover rate (CHURN) temporarily in the first quarter. While the rate returned back to the usual level in the second quarter, intensifying competition in the third quarter together with certain product changes affected CHURN.

Consumer business

EUR million	7-9/2017	7-9/2016	Change, %	1-9/2017	1-9/2016	Change, %	1-12/2016
Net sales	**162.5**	164.8	-1.4%	**483.3**	464.4	4.1%	631.3
EBITDA	**53.1**	46.9	13.3%	**153.1**	131.2	16.7%	168.4
- % of net sales	**32.7%**	28.4%		**31.7%**	28.2%		26.7%
Comparable EBITDA*	**53.1**	49.6	7.1%	**153.1**	133.9	14.4%	174.9
- % of net sales	**32.7%**	30.1%		**31.7%**	28.8%		27.7%
Operating result, EBIT	**29.5**	22.7	30.2%	**81.4**	61.4	32.7%	74.6
- % of net sales	**18.2%**	13.8%		**16.9%**	13.2%		11.8%
Comparable operating result, EBIT*	**29.5**	25.4	16.3%	**81.4**	64.1	27.1%	81.1
- % of net sales	**18.2%**	15.4%		**16.9%**	13.8%		12.8%

*Group key figures

Corporate business

July–September 2017

Corporate Business net sales remained at a similar level year-on-year and amounted to EUR 56.2 million (56.8 million). EBITDA came to EUR 19.5 million (19.5 million), accounting for 34.6 per cent (34.4%) of net sales. EBITDA was fuelled by the improved cost-efficiency of modern network platforms and positive development of mobile subscription sales. In the reference period, a reduction of the provision for unused premises had a positive effect on the EBITDA. Operating result grew to EUR 7.8 million (6.6 million), or 13.8% (11.7%) of net sales. Depreciation to the amount of EUR 11.7 million (12.9 million) was allocated to Corporate Business.

In September, DNA and the city of Vantaa signed an extension agreement on the delivery of telecommunications services. The contract period is initially three years, after which the agreement will remain in force until further notice. The total value of the agreement for the first three years exceeds EUR 8 million.

January–September 2017

Corporate Business net sales remained at a similar level year-on-year and amounted to EUR 168.2 million (169.3 million). EBITDA came to EUR 53.0 million (53.9 million), accounting for 31.5 per cent of net sales (31.8 per cent). Net sales and EBITDA were mainly affected by price changes of leased masts and equipment sites that came into force in the spring of 2017. Operating result remained at a similar level year-on-year and amounted to EUR 15.2 million (15.4 million), or 9.0% (9.1%) of net sales. Depreciation to the amount of EUR 37.8 million (38.5 million) was allocated to Corporate Business.

DNA's corporate mobile subscription base in particular has enjoyed strong growth throughout 2017. In the January–September period, the subscription base has increased by 68,000.

Corporate business

EUR million	7-9/2017	7-9/2016	Change, %	1-9/2017	1-9/2016	Change, %	1-12/2016
Net sales	**56.2**	56.8	-0.9%	**168.2**	169.3	-0.7%	227.5
EBITDA	**19.5**	19.5	-0.1%	**53.0**	53.9	-1.6%	67.9
- % of net sales	**34.6%**	34.4%		**31.5%**	31.8%		29.8%
Comparable EBITDA*	**19.5**	21.3	-8.7%	**53.0**	55.7	-4.8%	72.2
- % of net sales	**34.6%**	37.6%		**31.5%**	32.9%		31.7%
Operating result, EBIT	**7.8**	6.6	17.0%	**15.2**	15.4	-1.1%	16.7
- % of net sales	**13.8%**	11.7%		**9.0%**	9.1%		7.3%
Comparable operating result, EBIT*	**7.8**	8.5	-8.5%	**15.2**	17.2	-11.7%	21.0
- % of net sales	**13.8%**	14.9%		**9.0%**	10.2%		9.2%

*Group key figures.

Capital expenditure

July–September 2017

Capital expenditure was EUR 24.4 million (30.3 million). Operative capital expenditure decreased 19.4% from the reference period and was EUR 24.4 million (30.3 million), or 11.2% of net sales (13.7%).

January–September 2017

Capital expenditure was EUR 70.0 million (84.9 million). Operative capital expenditure decreased 22.8% from the reference period and was EUR 65.6 million (84.9 million), or 10.1% of net sales (13.4%).

The focus of DNA's mobile communication network investments has shifted from network modernisation and coverage expansion to capacity expansion. DNA expects operative capital expenditure to increase during the last quarter of 2017 but remain at a somewhat lower level than in 2016.

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

Capital expenditure

EUR million	7-9/2017	7-9/2016	Change, %	1-9/2017	1-9/2016	Change, %	1-12/2016
Consumer business	**15.4**	18.9	-18.5%	**45.5**	53.5	-15.0%	90.9
Corporate business	**8.0**	9.4	-14.0%	**21.5**	26.5	-19.0%	45.8
Unallocated	**0.9**	2.0	-52.7%	**3.0**	4.9	-38.7%	6.9
Total capital expenditure	**24.4**	**30.3**	-19.4%	**70.0**	**84.9**	**-17.6%**	**143.6**

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

EUR million	7-9/2017	7-9/2016	Change-%	1-9/2017	1-9/2016	Change-%	1-12/2016
Operative capital expenditure	**24.4**	**30.3**	-19.4%	**65.6**	84.9	-22.8%	136.9
Spectrum license	-	-	-	**4.4**	**-**	-	6.7
Total capital expenditure	**24.4**	**30.3**	**-19.4%**	**70.0**	**84.9**	**-17.6%**	**143.6**

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

Network infrastructure

DNA makes continuous investments in mobile networks and fixed-network broadband to support the customers' growing use of subscriptions, devices and services. DNA's 4G network reaches 99.6% of the population in mainland Finland. In 2017, the focus of DNA's network investments has shifted from network coverage expansion to capacity expansion.

In the third quarter, 4G traffic volumes in DNA's networks grew more than 70% year-on-year. DNA's total data traffic volume in the mobile communications network grew 53%. At the end of September, some 87% 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. In the first quarter of 2017, the Gigabit-class speed became available to all 600,000 households in the DNA Valokuitu Plus network. Gigabit-class speeds are required because the number of Internet-connected devices is growing in households.

In early 2017, DNA tested the potential of the new 5G radio technology. A transmission rate of some 25 Gbps and a delay of less than 3 ms were achieved in the radio connection in the 5G test, which is a strong proof of the progress of 5G development. In the second quarter, DNA took another step toward 5G by testing a 1 Gbps speed on its 4G network. The new maximum speed is tested in Karuby, Siuntio.

The 700 MHz spectrum auction for licences for commercial use took place towards the end of 2016 and DNA won the frequency pair it pursued. DNA began 4G construction using the spectrum in the beginning of February 2017. Use of the spectrum will be expanded as mobile devices supporting the spectrum become available.

Personnel

At the end of September 2017, DNA Group had 1,636 employees (1,669 employees), of which 655 were women (673) and 981 men (996).

Salaries and employee benefit expenses during the third quarter amounted to EUR 24.8 million (27.4 million). In the January–September period, they amounted to EUR 82.1 million (82.9 million).

Personnel by business segment

	9/30/2017	9/30/2016	Change %	12/31/2016
Consumer business	**972**	1,002	-3.0%	1,012
Corporate business	**664**	667	-0.4%	656
Total personnel	**1,636**	**1,669**	**-2.0%**	**1,668**

Significant litigation matters

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

Management and governance

DNA Plc has a line organisation, comprising of Consumer Business, Corporate Business, Technology, and Information Management and IT units as well as support functions.

At the end of the review period, DNA's Executive Team comprised CEO Jukka Leinonen, CFO Timo Karppinen, Senior Vice President, Consumer Business Pekka Väisänen, Senior Vice President, Corporate Business Hannu Rokka, Senior Vice President, Technology Tommy Olenius, Senior Vice President, Human Resources Marko Rissanen, Senior Vice President, Legal Affairs Asta Rantanen, Senior Vice President, Strategy Christoffer von Schantz and CIO Janne Aalto.

Decisions of the Annual General Meeting of 2017

DNA Plc's Annual General Meeting was held on 22 March 2017. The AGM adopted the financial statements and discharged the Board of Directors and the CEO from liability for the financial period 2016.

According to the proposal by the Board of Directors, the dividend was set at EUR 0.55 per share. The dividend was paid on 7 April 2017.

Board of Directors and auditor

The number of Board members was confirmed as seven, and Pertti Korhonen was re-elected as Chairman of the Board. Re-elected members of the Board include Anu Nissinen, Tero Ojanperä, Jukka Ottela, Margus Schults and Kirsi Sormunen. Heikki Mäkijärvi was elected as a new member. The term of office of the Board members will last until the end of the next Annual General Meeting.

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

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

The AGM approved the proposal by the Board of Directors to authorise the Board to decide on the repurchase and transfer of the Group's own shares and on a share issue. The authorisation will be in force until the end of the next Annual General Meeting. The minutes of the General Meeting are available at corporate.dna.fi/corporate-governance#yhtiokokoukset.

Shares and shareholders

Shares

On 30 September 2017, DNA's registered shares totalled 132,303,500 (144,275,355) 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 the review period, the Group held 967,897 treasury shares.

Trading in the DNA share began at Nasdaq Helsinki (the Helsinki Stock Exchange) on 30 November 2016. In the January–September period, a total of 27.1 million DNA shares, totalling EUR 349.6 million, were traded on the Nasdaq Helsinki Stock Exchange. The highest quotation was EUR 15.73 and the lowest EUR 10.13. The average rate was EUR 12.88 and volume-weighted average rate EUR 12.90. The closing quotation on the last trading day of the quarter, 29 September 2017, was EUR 14.80 and the market capitalisation (without DNA's own shares owned by the company) was EUR 1,944 billion (EUR 1,343 billion at end of 2016).

Repurchasing programme

DNA started to repurchase its own shares on 1 June 2017 in connection to the Group's incentive schemes. The repurchasing programme ended on 14 September 2017. During this period, DNA repurchased 967,897 own shares with an average price per share of EUR 14.46. After the programme, DNA holds a total of 967,897 own shares, corresponding to approximately 0.73% of all DNA shares.

The shares were purchased at market price on the acquisition date through trading on a regulated market organised by Nasdaq Helsinki Ltd.

Shareholders and flagging notifications

The number of registered shareholders totalled 14,019 at the end of September, nominee registrations included. At the end of September, the proportion of nominee registrations and direct foreign shareholders was 18.19%.

On 30 September 2017, the largest shareholders of DNA Plc were Finda Oy (33.43%), PHP Holding Oy (25.78%) and Ilmarinen Mutual Pension Insurance Company (3.67%). At the end of the review period, they held a total of 62.88% of DNA's shares and voting rights.

Under the provisions of the Securities Markets Act, a shareholder of a listed company has an obligation to inform the Financial Supervisory Authority and the listed company in question of the changes in its holding in the listed company's shares. DNA did not receive any such flagging notifications in the third quarter.

Share-based reward systems

DNA's Board of Directors decided in its meeting on 30 January 2017 to establish a new long-term share-based incentive scheme for senior management and other key employees of the Group. The main structure of the system is a Performance Share Plan (PSP) and the Board of Directors decided that a bridge element between DNA's long-term share-based compensation plan launched in 2014, and the new long-term share-based incentive scheme that will begin in 2017, will be covered with an adjusted short-term incentive earning opportunity (Bridge Plan). In addition, DNA has a Restricted Share Plan (RSP). See note 8 for more information on DNA's share-based reward system.

DNA's financial objectives and dividend policy

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

DNA's medium-term financial objectives:

- net sales growth faster than average market growth
- EBITDA margin of at least 30%
- operative capital expenditure less than 15% of sales
- net debt/EBITDA of less than 2.0

According to the decision of the AGM on 22 March 2017, a dividend per share of EUR 0.55 was paid on 7 April 2017. The total payout amounted to EUR 73 million.

Corporate responsibility

DNA continued the practical implementation of its corporate responsibility strategy in the third quarter of 2017. The responsibility strategy supports DNA's business objectives and emphasises DNA's responsibility towards its customers.

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. DNA has signed up to the Society's Commitment to Sustainable Development, in which DNA undertakes to reduce the climate impacts of its operations.

Emission calculations completed in early 2017 indicate that DNA has reduced total emissions 8.8%* from the initial 2014 level. Emissions from the radio network in proportion to annual data transfer volumes have already decreased 92% from 2014, faster than expected. The reductions are due to procurement of renewable energy and increased energy efficiency of the radio network.

Modernisation of base stations continued as planned. By the end of September 2017, more than 95 per cent of the old base stations had been replaced by more energy-efficient models. The project is expected to be completed by the end of 2017.

DNA Group adopted its updated responsible procurement practices and processes in the second quarter of 2017. DNA added more detail to areas related to responsible procurement, such as risk assessment and monitoring of suppliers and subcontractors.

DNA continued the practical implementation of responsible procurement in the third quarter of 2017.

*Due to a change in calculation, DNA's total emissions have reduced by 8.8% from 2014. The previously reported figure was 11.9%.

Near-term risks and uncertainties

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

Strategic and operative risks

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

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

New communication methods and continuous technological development

The rapid phase of technological development affects the entire telecommunication industry and DNA's business. Alongside traditional communications methods, technological development and new types of services and devices can create new revenue models. Customer behaviour can change rapidly if new services are reliable and easy to use.

As new communications methods gain widespread popularity, they have an impact on the traditional business of operators.

Intense competition in entertainment business

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

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

System and network risks

The nature of DNA's operations and customer requirements place high demands on DNA's information systems and network infrastructure. DNA's business is capital-intensive, and the Group's success depends on its ability continuously to maintain and improve its network infrastructure.

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

Use of mobile devices that have a constant network connection is increasing strongly among both business and private users. M2M subscriptions and the Internet of Things (IoT) will further expand the volume of data traffic. As the IoT becomes more common, for example through the introduction of new kinds of smart devices, the role of good information security, data security and high operational network reliability gain in importance.

Regulatory risks

Both national and EU regulation have significant impact on the operation of the telecommunications market in Finland. The authorities' ability to influence 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.

Events after the review period

DNA revised upwards its guidance for 2017 regarding profitability on 13 October, 2017.

Outlook for 2017

Market outlook

The Finnish economy has returned to the growth path and the value of the telecommunications market has also returned to growth. Competition is expected to remain intense in 2017 in the mobile communications and fixed-network broadband markets.

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 and unlimited 4G subscriptions as well as mobile data usage per subscription. Customers are prepared to pay more for faster data connections. In 2017, almost all of the new smart phones sold will support 4G.

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

In the mobile communication networks, SMS and voice traffic is expected to fall slightly. 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 relatively steady.

Companies and organisations increasingly need to implement new ICT solutions to improve the productivity of their business. 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 subsequently for M2M subscriptions, is expected to grow.

DNA revised upwards its guidance for 2017

DNA revised upwards its guidance for 2017 regarding profitability on 13 October, 2017. DNA's net sales are expected to remain at the same level and the comparable operating result is expected to improve substantially in 2017 compared to 2016. The Group's financial position and liquidity is expected to remain at a healthy level.

Previous guidance for 2017 (published on 31 January 2017):
DNA's net sales are expected to remain at the same level and the comparable operating result is expected to improve somewhat in 2017 compared to 2016. The Group's financial position and liquidity is expected to remain at a healthy level.

DNA's business has developed favourably for the beginning of the year. Especially the first half was strong. The demand for mobile communications services has been good throughout the year and profitability was fuelled by the growth in service revenue and the improved cost-efficiency of modern network platforms. Intense competition might affect DNA's CHURN rate during rest of the year.

DNA’s guidance on future outlook

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

DNA Ltd
Board of Directors

Group key figures

	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Jan-Dec 2016
Earnings per share, basic EUR	**0.21**	0.17	**0.54**	0.44	0.51
Earnings per share, diluted EUR	**0.21**	0.17	**0.54**	0.44	0.51
Equity per share, EUR			**4.4**	4.2	4.5
Shares outstanding at the end of the period (thousands)			**131,336**	127,326	132,304
Weighted average adjusted number of shares during the financial period, basic (thousands)	**131,540**	127,325	**131,650**	127,321	127,733
Weighted average adjusted number of shares during the financial period, diluted (thousands)	**132,945**	-	**133,054**	-	128,862
Net debt, EUR in thousands			**301,973**	373,150	321,710
Net gearing, %			**51.9**	69.0	53.9
Equity ratio, %			**48.6**	45.8	48.4
Net debt/EBITDA	**1.04**	1.41	**1.10**	1.51	1.36
Return on investment (ROI), %	**15.7**	12.4	**13.5**	10.7	9.6
Return on equity (ROE), %	**19.4**	16.2	**16.1**	13.9	11.6
Capital expenditure, EUR in thousands	**24,410**	30,269	**69,958**	84,878	143,604
Capital expenditure, % of net sales	**11.2%**	13.7%	**10.7%**	13.4%	16.7%
Personnel at end of period			**1,636**	1,669	1,668

Reconciliation of comparable key figures

EUR in thousands	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Jan-Dec 2016
EBITDA	**72,555**	**66,357**	**206,117**	**185,036**	**236,290**
Direct transaction costs of the listing	-	764	-	764	6,486
Cost impacts on the share based compensation plan of the listing	-	3,795	-	3,795	3,795
Restructuring costs	-	-	-	-	528
Comparable EBITDA	**72,555**	**70,916**	**206,117**	**189,595**	**247,100**
Operating result	**37,287**	**29,312**	**96,645**	**76,736**	**91,249**
Direct transaction costs of the listing	-	764	-	764	6,486
Cost impacts on the share based compensation plan of the listing	-	3,795	-	3,795	3,795
Restructuring costs	-	-	-	-	528
Comparable operating result	**37,287**	**33,871**	**96,645**	**81,295**	**102,059**

Free cash flow to equity

EUR in thousands	30 Sep 2017	31 Dec 2016
Comparable EBITDA	**206,117**	**247,100**
Operative capital expenditure	-65,558	-136,890
Operating free cash flow	**140,559**	**110,210**
Interest paid, net	-5,390	-8,608
Income taxes, paid	-17,607	-5,180
Adjusted change in net working capital	482	-1,497
Change in provisions	-3,811	-2,307
Free cash flow to equity	**114,233**	**92,617**

Key operative indicators

Mobile communication network subscription volumes:

Number of:	30 Sep 2017	30 Sep 2016	31 Dec 2016
Subscriptions*	**2,790,000**	2,731,000	2,742,000
DNA's own customers*	**2,733,000**	2,718,000	2,721,000

	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Jan-Dec 2016
Revenue per subscription (ARPU), EUR**	**18.5**	17.7	**18.2**	17.0	17.1
Customer churn rate, %**	**19.1**	17.8	**18.4**	15.5	16.1

*Includes only mobile broadband **Includes only postpaid phone subscriptions

Fixed-network subscription volumes:

Number of:	30 Sep 2017	30 Sep 2016	31 Dec 2016
Broadband subscriptions	**454,000**	438,000	440,000
Cable TV subscriptions	**619,000**	609,000	608,000
Telephone subscriptions	**57,000**	68,000	65,000
	1,130,000	**1,115,000**	**1,113,000**

Calculation of key figures

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

* 12-month adjusted

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

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

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

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

Consolidated income statement

EUR in thousands	**1 Jul-30 Sep 2017**	**1 Jul-30 Sep 2016**	**1 Jan-30 Sep 2017**	**1 Jan-30 Sep 2016**	**1 Jan -31 Dec 2016**
Net sales	**218,777**	**221,541**	**651,453**	**633,720**	**858,887**
Other operating income	**931**	766	**2,711**	2,680	3,822
Materials and services	**-93,558**	-99,377	**-278,680**	-278,437	-383,313
Employee benefit expenses	**-24,785**	-27,418	**-82,119**	-82,916	-112,877
Depreciation, amortisation and impairments	**-35,267**	-37,046	**-109,472**	-108,300	-145,041
Other operating expenses	**-28,809**	-29,154	**-87,247**	-90,012	-130,228
Operating result, EBIT	**37,287**	**29,312**	**96,645**	**76,736**	**91,249**
Finance income	**147**	209	**716**	672	920
Finance expense	**-2,606**	-2,613	**-7,825**	-7,903	-10,504
Share of associates' results	**7**	6	**8**	13	18
Net result before income tax	**34,836**	**26,913**	**89,545**	**69,519**	**81,683**
Income tax expense	**-6,997**	-5,389	**-18,029**	-13,946	-16,474
Net result for the period	**27,839**	**21,524**	**71,516**	**55,573**	**65,209**
Attributable to:					
Owners of the parent	**27,839**	21,524	**71,516**	55,573	65,209
Earnings per share for net result attributable to owners of the parent:					
Earnings per share, basic EUR	**0.21**	0.17	**0.54**	0.44	0.51
Earnings per share, diluted EUR	**0.21**	0.17	**0.54**	0.44	0.51

Notes are an integral part of the consolidated financial statements

Consolidated statement of comprehensive income

EUR in thousands	**1 Jul-30 Sep 2017**	**1 Jul-30 Sep 2016**	**1 Jan-30 Sep 2017**	**1 Jan-30 Sep 2016**	**1 Jan -31 Dec 2016**
Net result for the period	**27,839**	**21,524**	**71,516**	**55,573**	**65,209**
Items that will not be reclassified to profit or loss:					
Remeasurements of post employment benefit obligations	-	-	**-142**	-16	-155
Items that may be reclassified subsequently to profit or loss:					
Other comprehensive income, net of tax	-	-	**-142**	**-16**	**-155**
Total comprehensive income	**27,839**	**21,524**	**71,374**	**55,557**	**65,053**
Attributable to:					
Owners of the parent	27,839	21,524	71,374	55,557	65,053

Notes are an integral part of the consolidated financial statements

Consolidated statement of financial position

EUR in thousands	30 Sep 2017	30 Sep 2016	31 Dec 2016
Assets			
Non-current assets			
Goodwill	**327,206**	327,206	327,206
Other intangible assets	**179,694**	154,494	187,153
Property, plant and equipment	**391,391**	423,132	427,126
Investments in associates	**1,203**	1,195	1,199
Available-for-sale financial assets	**117**	215	215
Trade and other receivables	**34,709**	34,561	36,277
Deferred tax assets	**13,468**	17,839	14,704
Total non-current assets	**947,789**	**958,642**	**993,880**
Current assets			
Inventories	**22,446**	17,991	21,725
Trade and other receivables	**192,600**	184,097	189,241
Income tax receivables	**2,167**	328	7,687
Cash and cash equivalents	**69,436**	48,369	46,238
Total current assets	**286,649**	**250,785**	**264,891**
Total assets	**1,234,437**	**1,209,427**	**1,258,771**
Equity			
Equity attributable to owners of the parent			
Share capital	**72,702**	72,702	72,702
Reserve for invested unrestricted equity	**653,057**	607,335	652,719
Treasury shares	**-14,035**	-103,321	-
Retained earnings	**-201,201**	-91,188	-194,203
Net result for the period	**71,516**	55,573	65,209
Total equity	**582,039**	**541,100**	**596,427**
Liabilities			
Non-current liabilities			
Borrowings	**306,340**	341,330	327,659
Employment benefit obligations	**2,260**	1,974	2,097
Provisions	**7,584**	10,290	10,739
Deferred tax liabilities	**23,020**	25,618	25,671
Other non-current liabilities	**24,459**	12,540	22,957
Total non-current liabilities	**363,663**	**391,752**	**389,123**
Current liabilities			
Borrowings	**65,068**	80,189	40,290
Provisions	**533**	737	1,351
Trade and other payables	**216,527**	186,197	221,340
Income tax liabilities	**6,607**	9,452	10,240
Total current liabilities	**288,735**	**276,575**	**273,221**
Total equity and liabilities	**1,234,437**	**1,209,427**	**1,258,771**

Notes are an integral part of the consolidated financial statements

Consolidated statement of cash flows

EUR in thousands	Jan-Sep 2017	Jan-Sep 2016	Jan-Dec 2016
Cash flows from operating activities			
Net result for the period	**71,516**	55,573	65,209
Adjustments 1)	**130,750**	126,360	169,053
Change in net working capital 2)	**12,386**	11,945	16,375
Dividends received	**8**	6	6
Interest paid	**-4,867**	-5,125	-8,418
Interest received	**265**	365	492
Other financial items	**-788**	-465	-682
Income taxes paid	**-17,607**	-552	-5,180
Net cash generated from operating activities	**191,664**	**188,106**	**236,855**
Cash flows from investing activities			
Investments in property, plant and equipment (PPE) and intangible assets	**-81,862**	-107,436	-152,405
Proceeds from sale of PPE	**46**	109	303
Other investments	**-52**	-1,120	-1,268
Net cash used in investing activities	**-81,868**	**-108,448**	**-153,370**
Cash flows from financing activities			
Proceeds from share issue	**-**	67	50,067
Direct costs relating to share issue	**-3,314**	-	-2,209
Treasury share acquisition	**-14,035**	-	-
Dividends paid	**-72,767**	-40,063	-40,063
Proceeds from borrowings	**44,903**	59,864	59,864
Repayment of borrowings	**-41,386**	-76,423	-130,170
Net cash used in financing activities	**-86,599**	**-56,555**	**-62,512**
Change in cash and cash equivalents	**23,197**	23,104	20,973
Cash and cash equivalents at beginning of period	**46,238**	25,266	25,266
Cash and cash equivalents at end of period	**69,436**	48,369	46,238
Adjustments 1):			
Depreciation, amortisation and impairment	**109,472**	108,300	145,041
Gains and losses on disposals of non-current assets	**-39**	-137	-250
Other non-cash income and expense	**-8**	-13	-18
Finance income and expense	**7,109**	7,230	9,584
Income tax expense	**18,029**	13,946	16,474
Change in provisions	**-3,811**	-2,965	-1,779
Total adjustment	**130,750**	**126,360**	**169,053**
Change in net working capital 2):			
Change in trade and other receivables	**-2,101**	-3,561	-10,332
Change in inventories	**-720**	3,091	-643
Change in trade and other payables	**15,208**	12,415	27,351
Change in net working capital	**12,386**	**11,945**	**16,375**

Notes are an integral part of the consolidated financial statements

Consolidated statement of changes in equity

EUR in thousands	Share capital	Reserve for invested unrestricted equity	Treasury shares	Retained earnings	Total equity
1 January 2016	72,702	607,335	-103,388	-51,729	524,920
Comprehensive income					
Net result for the period				55,573	55,573
Other comprehensive income					
Total other comprehensive income, net of tax				-16	-16
Total comprehensive income	-	-	-	55,557	55,557
Transactions with owners					
Share issue			67	-67	
Share-based payments				687	687
Dividends relating to 2015				-40,063	-40,063
Total contribution by and distributions to owners	-	-	67	-39,443	-39,376
30 September 2016	72,702	607,335	-103,321	-35,615	541,100
1 January 2017	**72,702**	**652,719**	-	**-128,994**	**596,427**
Comprehensive income					
Net result for the period				**71,516**	**71,516**
Other comprehensive income					
Total other comprehensive income, net of tax	-	-	-	**-142**	**-142**
Total comprehensive income	-	-	-	**71,374**	**71,374**
Transactions with owners					
Expenses paid in connection with share issue net of tax		**338**			**338**
Treasury share acquisition			**-14,035**		**-14,035**
Share-based payments				**703**	**703**
Dividends relating to 2016				**-72,767**	**-72,767**
Total contribution by and distributions to owners	-	**338**	**-14,035**	**-72,064**	**-85,761**
30 September 2017	**72,702**	**653,057**	**-14,035**	**-129,686**	**582,039**

Notes are an integral part of the consolidated financial statements.

1 Accounting principles

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

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

IFRS 15 Revenue from Contracts with Customers (which shall be applied for annual reporting periods beginning on or after 1 January 2018).
The Group will adopt the standard on 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. During the IFRS 15 implementation project, there has not been any material changes to the Group's previously reported application principles.
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.
A new 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.

The Group has assessed the effects of the standard and has identified that changes among others will take place 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. According to the Group's impact analysis, the change in the allocation method is not expected to have a large effect on numbers reported. The change in the allocation method has material impacts on the Group's systems and processes.

- Recognition of revenue and contract costs: 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 during the contract period. According to the Group's impact analysis, the capitalisation of costs of obtaining a contract is expected to have a major impact on the timeing 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.
Preparation for the adoption of IFRS 15 continues during the 2017 accounting period.

IFRS 9 Financial Instruments and amendments thereto (effective for financial periods beginning on or after 1 January 2018). The new standard replaces the existing IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 will change the classification and measurement of financial instruments, including a new expected credit loss impairment model. The standard also contains new requirements for hedge accounting. The classification and measurement of financial liabilities largely correspond to the current guidance in IAS 39. DNA expects no material impact on the Group's income statement and balance sheet from the new guidance to the classification and measurement of financial liabilities. The Group is currently preparing a model for the assessment of credit risks according to IFRS 9. The Group expects no material impact on the Group's financial statements from the adoption of the model. The Group will adopt the IFRS 9 standard on the reporting period beginning on 1 January 2018.

After long preparation, the IASB published the final version of the IFRS 16 – Leases standard on 13 January 2016. The new standard applies to financial periods beginning on or after 1 January 2019. The Group is currently assessing the potential effects of the standard and aims to adopt the standard in the financial period beginning on 1 January 2019.

The primary objective of the new accounting standard is to make financial reporting more transparent by introducing a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value of up to USD 5,000. For lessors, the situation remains mostly as is. According to an initial assessment, the IFRS 16 – Leases standard will have impacts on DNA's financial statements, because the Group enters into agreements to lease premises and telecommunication premises. These agreements are currently classified as other lease agreements and reported under operating lease agreements. The Group will present more detailed assessments of the impact of the standard on its financial statement during the implementation project.

2 Segment information

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

1 Jul–30 Sep 2017
EUR in thousands

Business segments	Consumer segment	Corporate segment	Unallocated	Group total
Net sales	**162,532**	**56,245**		**218,777**
EBITDA	**53,071**	**19,483**		**72,555**
Depreciation, amortisation and impairments	**23,539**	**11,729**		**35,267**
Operating result, EBIT	**29,533**	**7,754**		**37,287**
Net finance items			**-2,459**	**-2,459**
Share of associates' results			**7**	**7**
Net result before income tax				**34,836**
Net result for the period				**27,839**
Capital expenditure*	**15,425**	**8,043**	**943**	**24,410**
Employees at end of period	**972**	**664**		**1,636**

1 Jul–30 Sep 2016
EUR in thousands

Business segments	Consumer segment	Corporate segment	Unallocated	Group total
Net sales	164,760	56,781		221,541
EBITDA	46,852	19,506		66,357
Depreciation, amortisation and impairments	24,170	12,876		37,046
Operating result, EBIT	22,682	6,630		29,312
Net finance items			-2,404	-2,404
Share of associates' results			6	6
Net result before income tax				26,913
Net result for the period				21,524
Capital expenditure*	18,924	9,350	1,994	30,269
Employees at end of period	1,002	667		1,669

1 Jan–30 Sep 2017
EUR in thousands

Business segments	Consumer segment	Corporate segment	Unallocated	Group total
Net sales	**483,273**	**168,179**		**651,453**
EBITDA	**153,086**	**53,030**		**206,117**
Depreciation, amortisation and impairments	**71,648**	**37,824**		**109,472**
Operating result, EBIT	**81,439**	**15,206**		**96,645**
Net finance items			**-7,109**	**-7,109**
Share of associates' results			**8**	**8**
Net result before income tax				**89,545**
Net result for the period				**71,516**
Capital expenditure*	**45,464**	**21,493**	**3,001**	**69,958**
Employees at end of period	**972**	**664**		**1,636**

1 Jan–30 Sep 2016
EUR in thousands

Business segments	Consumer segment	Corporate segment	Unallocated	Group total
Net sales	464,439	169,281		633,720
EBITDA	131,160	53,876		185,036
Depreciation, amortisation and impairments	69,807	38,493		108,300
Operating result, EBIT	61,353	15,383		76,736
Net finance items			-7,230	-7,230

Share of associates' results			13	13
Net result before income tax				69,519
Net result for the period				55,573
Capital expenditure*	53,459	26,521	4,898	84,878
Employees at end of period	1,002	667		1,669

1 Jan–31 Dec 2016
EUR in thousands

Business segments	**Consumer segment**	**Corporate segment**	**Unallocated**	**Group total**
Net sales	631,343	227,544		858,887
EBITDA	168,437	67,853		236,290
Depreciation, amortisation and impairments	93,863	51,178		145,041
Operating result, EBIT	74,574	16,675		91,249
Net finance items			-9,584	-9,584
Share of associates' results			18	18
Net result before income tax				81,683
Net result for the period				65,209
Capital expenditure*	90,893	45,795	6,916	143,604
Employees at end of period	1,012	656		1,668

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

The primary key indicators for the segments' profit and loss monitoring comprise net sales, EBITDA and operating result. The company believes that the EBITDA measure provides meaningful supplemental information to the company management and the readers of its financial statements by excluding items that may not be indicative of the company's operating result or cash flows.

EBITDA is not prepared in accordance with IFRS and is therefore considered a non-IFRS financial measure, which should not be viewed in isolation or as a substitute to the equivalent IFRS financial measures. EBITDA should not be considered as an alternative to (a) operating result or net result for the period as a measure of operating performance, (b) cash flows from operating, investing or financing activities as a measure of the company's ability to meet its cash needs or (c) any other IFRS financial measures, or as a measure of performance or liquidity.

3 Capital expenditure

EUR in thousands		Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan–Sep 2016	Jan–Dec 2016
Capital expenditure*						
	Intangible assets	**7,779**	7,598	**26,270**	22,420	41,774
	Property, plant and equipment	**16,631**	22,671	**43,688**	62,458	101,831
Total		**24,410**	**30,269**	**69,958**	**84,878**	**143,604**

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

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

4 Equity

EUR in thousands	Shares outstanding (thousands)	Treasury shares (thousands)	Total number of shares (thousands)	Share capital	Reserve for invested unrestricted equity
1 January 2016	8,488	1,130	9,618	72,702	607,335
Share issue	1	-1			67
Cancellation of treasury shares		-1,130	-1,130		
Subdivision of shares (split) through share issue without payment	118,837		118,837		
Share issue	4,978		4,978		50,000
Direct costs relating to share issue					-5,417
Taxes related to share issue expenses					417
Reclassification					316
31 December 2016	**132,304**	**-**	**132,304**	**72,702**	**652,719**
Direct costs relating to share issue					**338**
Acquisition of treasury shares	**-968**	**968**			
30 September 2017	**131,336**	**968**	**132,304**	**72,702**	**653,057**

DNA Plc has one type of share. The total number of shares is 132,303,500 (144,275,355). The number of outstanding shares is 131,335,603 (127,325,850). The shares do not have a nominal value. On 30 September 2017, DNA Plc's share capital amounted to EUR 72,702,226. All issued shares have been paid in full.

Dividends

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

Treasury shares

DNA Plc's Board of Directors has decided in its meeting on 18 May 2017 to use the authorisation given by the Annual General Meeting held on 22 March 2017 to acquire DNA's shares and initiate a share repurchase programme. The repurchase of shares is carried out in order to fulfil obligations pertaining to the company's share-based incentive schemes.

The share repurchase programme started on 1 June 2017 and ended on 14 September 2017. During this period, DNA repurchased 967,897 shares with an average price per share of 14.46 euros. After the conclusion of the repurchase programme, DNA holds a total of 967,897 treasury shares representing approximately 0.73% of all DNA shares.

Date	Amount	Payment including transaction costs, EUR
1 June-14 September 2017	967,897	14,035,000
Total	**967,897**	**14,035,000**

Treasury shares acquired during the financial year represent 0.73 per cent of the votes. The purchase of treasury shares did not materially affect the structure of ownership and voting power in the company.

5 Net debt

EUR in thousands	30 September 2017	30 September 2016	31 December 2016
Non-current borrowings	**306,340**	341,330	327,659
Current borrowings	**65,068**	80,189	40,290
Total borrowings	**371,409**	421,519	367,948
Less cash and cash equivalents	**69,436**	48,369	46,238
Net debt	**301,973**	**373,150**	**321,710**

6 Provisions

EUR in thousands	1 January 2017	Additions	Provisions used	Other/Discount effect	30 September 2017
Asset retirement obligation	7,627	-	-1,172	-	**6,455**
Restructuring provisions	671	-	-395	-133	**142**
Onerous contracts	3,207	461	-159	-2,408	**1,101**
Other provision	586	-	-168	-	**418**
Total	**12,090**	**461**	**-1,894**	**-2,541**	**8,116**

Asset retirement obligation

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

Onerous contracts

This provision is mainly for a non-cancellable lease agreement and covers future leases of unused premises. During the period, the Group has let part of the under-utilised premises and the provision has been reversed. The provision has been discounted. The non-cancellable lease agreement expires in 2025.

7 Related party transactions

DNA's related parties include the main shareholders (Finda Oy, 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-Sep 2017	
EUR in thousands	Organisations exercising significant influence	Associated companies
Sales	14	-
Purchases	2,032	365
Receivables	2	-
Liabilities	203	2

	Jan-Sep 2016	
EUR in thousands	Organisations exercising significant influence	Associated companies
Sales	22	-
Purchases	2,042	344
Receivables	2	-
Liabilities	193	2

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

8 Share-based payments

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

DNA's Board of Directors decided in its meeting of 30 January to establish a new long-term share-based incentive scheme for senior management and other key employees of the company. The main structure of the system is a Performance Share Plan (PSP) and the Board of Directors decided that a bridge element between DNA's long-term share-based compensation plan launched in 2014 and the new long-term share-based incentive scheme that will begin in 2017 will be covered with an adjusted short-term incentive earning opportunity (bridge plan). In addition, DNA has a Restricted Share Plan (RSP).

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) starts 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 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 programmes will begin in 2017 and 2018. 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. 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 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.

Share-based reward plan	**PSP 2017**	**Bridge plan 2017**
Grant date	15 February 2017	15 February 2017
Maximum number of shares	471,000	157,300
Fair value of the reward at grant date	6.28	
Share price at grant date	11.36	11.36
Valid until	31 December 2019	31 December 2019
Expected life	3 years	3 years
Implementation	As shares and cash	As shares and cash

Rights issue against payment to Group key personnel in 2014

On 20 November 2014, the Board of Directors decided to introduce a new share-based reward plan in the incentive and commitment scheme of DNA and its subsidiaries. The objective is to align the goals of DNA's owners and the participating key personnel in order to increase the value of DNA, ensure the commitment of the key personnel and to offer them a competitive reward plan based on earning and accumulating company shares.

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

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

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

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

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

Share-based reward plan		
Grant date	12 Dec 2014	22 May 2015
Amount of granted instruments*	97,125	5,625
Returned instruments*	3,750	
Share price at grant date*	6.37	6.37
Fair value of the reward at grant date		
Matching share/Share*	6.37	6.37
Performance share*	21.00	21.00
Valid until	31 May 2019	31 May 2019
Expected life	3 years	3 years
Implementation	As shares and cash	As shares and cash

*after the share split

After the listing of the DNA shares, the Board of Directors has confirmed the maximum amount of awarded shares to be 1,458,622 shares.

Witholding tax will be deducted and the net reward will be paid as shares in December 2017, one year after the listing. The fair value of the share at grant date is estimated according to the shares' valuation model.

The determination of fair value is based on assumptions such as expected volatility, fair value of the share at grant date and expected life.

Expense recorded in the income statement	**Jan-Sep 2017**	**Jan-Sep 2016**	**Jan-Dec 2016**
Share-based payments	6,270	5,746	5,581

Liability recorded in the statement of financial position	**30 September 2017**	**30 September 2016**	**31 December 2016**
Liability related to share-based reward plan	10,725	5,456	5,153