HALF-YEAR FINANCIAL REPORT

JANUARY–JUNE 2018

Index

DNA Plc Half-Year Financial Report January–June 2018

DNA's net sales, result and subscription base grew in the first half of 2018

Summary

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

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

April–June 2018

- Net sales increased 2.8% and amounted to EUR 225.5 million (219.3 million).
- EBITDA increased 6.8% to EUR 72.2 million (67.6 million), or 32.0% (30.8%) of net sales.
- There were no items affecting the comparability of EBITDA or operating result in the review or reference period.
- Operating result increased 13.1% and was EUR 34.5 million (30.5 million). Operating result as a percentage of net sales was 15.3% (13.9%).
- Earnings per share increased to EUR 0.20 (0.17).
- Revenue per user (ARPU) for mobile communications amounted to EUR 18.5 (18.5).
- The mobile communication subscription turnover rate (CHURN) was 15.4% (15.4%).

January–June 2018

- Net sales increased 3.5% and amounted to EUR 447.8 million (432.7 million).
- EBITDA increased 8.2% to EUR 144.5 million (133.6 million), or 32.3% (30.9%) of net sales.
- There were no items affecting the comparability of EBITDA or operating result in the review or reference period.
- Operating result increased 18.1% and was EUR 70.1 million (59.4 million). Operating result as a percentage of net sales was 15.6% (13.7%).
- Operating free cash flow increased 5.8% and was EUR 97.7 million (92.4 million).
- Earnings per share increased to EUR 0.38 (0.33).
- The mobile communication subscription base grew 2.7%, totalling 2,827,000 (2,754,000).
- Revenue per user (ARPU) for mobile communications amounted to EUR 18.7 (18.0).
- The mobile communication subscription turnover rate (CHURN) was 17.1% (18.1%).
- The fixed-network subscription base (voice, broadband and cable television) had 1,137,000 subscriptions (1,125,000).

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	4–6/2018 Reported	4–6/2018 Adjusted*	4–6/2017 Reported	Change, %	1–6/2018 Reported	1–6/2018 Adjusted*	1–6/2017 Reported	Change, %	1–12/2017 Reported
Net sales	**225.0**	225.5	219.3	2.8	**447.3**	447.8	432.7	3.5	886.1
EBITDA	**72.6**	72.2	67.6	6.8	**143.3**	144.5	133.6	8.2	271.8
% of net sales	**32.3**	32.0	30.8		**32.0**	32.3	30.9		30.7
Depreciation, amortisation and impairment	**36.6**	37.7	37.1		**72.0**	74.4	74.2		148.2
Operating result, EBIT	**36.0**	34.5	30.5	13.1	**71.2**	70.1	59.4	18.1	123.5
% of net sales	**16.0**	15.3	13.9		**15.9**	15.6	13.7		13.9
Comparable operating result**	**36.0**	34.5	30.5	13.1	**71.2**	70.1	59.4	18.1	126.6
% of net sales	**16.0**	15.3	13.9		**15.9**	15.6	13.7		14.3
Net result before tax	**33.8**	32.3	28.1	14.9	**64.4**	63.2	54.7	15.6	114.2
Net result for the period	**27.0**	25.8	22.5	14.8	**51.4**	50.5	43.7	15.7	93.1
Return on investment (ROI), %	**14.6**	14.6	13.2		**14.5**	14.9	12.5		13.1
Return on equity (ROE), %	**20.0**	20.8	16.2		**17.2**	18.1	15.1		15.5
Capital expenditure	**30.6**	30.9	24.4	26.6	**50.5**	51.1	45.5	12.3	144.0
Cash flow after investing activities	**30.8**	30.8	33.2		**22.9**	22.9	43.5		107.7
Free cash flow to equity	**–**	–	–		**27.3**	27.3	47.9		118.8
Net debt	**–**	–	–		**418.9**	418.9	358.3		304.3
Net debt/EBITDA	**1.44**	1.45	1.32		**1.46**	1.45	1.34		1.12
Net gearing, %	**–**	–	–		**75.8**	82.1	63.6		50.3
Equity ratio, %	**–**	–	–		**45.2**	43.8	47.5		50.6
Basic earnings per share, EUR	**0.20**	0.20	0.17		**0.39**	0.38	0.33		0.71
Diluted earnings per share, EUR	**0.20**	0.20	0.17		**0.39**	0.38	0.33		0.71
Personnel at the end of period					**1,611**	1,611	1,666		1,601

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

** Group key figures

Additional information:

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DNA's financial publications in 2018:

- Interim Report 1–9/2018 will be published on 19 October, 2018.

CEO's review

DNA had a strong first half of 2018. Our net sales increased 3.5% to EUR 447.8 million, and our operating result 18.1% to EUR 70.1 million. Operating result as a percentage of net sales increased and was 15.6%. Both the mobile device sales and mobile service revenue grew. Mobile service revenue was boosted in particular by the positive development of our mobile subscription base.

During the second quarter, both our net sales and operating result increased further. Our mobile communication network subscription volumes were up 73,000 from the reference period, despite intense competition. Our fixed-network broadband and cable television subscription base grew in total by 26,000 subscriptions from the reference period.

DNA's revenue per user (ARPU) for mobile communications improved and was EUR 18.7 in the first half of the year, compared to EUR 18.0 a year ago. Our ARPU was strengthened in particular by 3G subscribers switching to high-speed 4G subscriptions. Our mobile communication subscription turnover rate (CHURN) remained at a low level of 15.4% in the second quarter of the year. The CHURN rate for the first six months of the year was 17.1%, which is lower than in the reference period. This was due to high customer satisfaction, and also, while competition remained intense, we were able to secure our customer base by reacting quickly to our competitors' campaign changes.

We have been preparing our mobile network for the 5G era since 2016. During the second quarter, we tested the 5G technology in our production network on a 3.5 Gigahertz (GHz) frequency band. The Ministry of Transport and Communications' estimates the auction for the first 5G frequencies to start on 26 September 2018. We estimate that the commercial launch of our 5G services can take place during 2019.

In the second quarter, we announced that our backbone network capacity will be raised to a new level. The work has already begun and once completed, the production capacity of DNA's backbone and regional networks will rise to 5G-network level. This will be of immediate benefit to our mobile and fixed-network customers, as data transmission volumes on our networks have reached yet another record-breaking level.

In the second quarter, we also introduced the new DNA Connectivity IoT service to open global IoT ecosystem opportunities for Finnish companies. Implemented with Cisco Jasper, the service allows companies to develop and grow their IoT services businesses across both national and international markets. We have invested in the IoT service and the expertise of our personnel in order to become a significant operator in the IoT market.

Our guidance remains unchanged and we expect both DNA's net sales and comparable operating result in 2018 to remain at the same level as in 2017. DNA's financial position and liquidity is expected to remain at a healthy level.

Jukka Leinonen
President and CEO

DNA Plc Half-Year Financial Report 1–6/2018

Operating environment January–June 2018

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

The use of mobile data continued to grow, boosted by increased adoption of smart phones, tablets and other Internet-connected devices as well as the growing demand for high-speed 4G subscriptions. Customers are prepared to pay more for 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 75% at the end of June 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 became more versatile. While traditional TV viewing minutes decreased, the use of streaming and on-demand video services continued to grow. Growth of cable television subscriptions also continued. More customers are watching HDTV broadcasts, and they also increasingly want to watch content conveniently at a time that works best for them.

Both private and public organisations 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 have an effect on areas such as market regulation, spectrum management and use of spectrum bands, universal service obligations, regulation of electronic communication services as well as consumer protection.

The EU General Data Protection Regulation (GDPR) came into force on 25 May 2018. The Finnish parliament is still processing the national data protection law that will complement it. EU institutions continued to process the draft ePrivacy regulation.

In March 2018, the Finnish Communications Regulatory Authority FICORA issued decisions on significant market power (SMP) concerning local loop and bitstream markets (M3). They entered into force on 15 June 2018. The decisions impose price caps on the fibre local loops leased out by the three market leaders in Finland. The objective of the decisions is to improve the availability of fibre local loops between telecom companies, and decrease wholesale prices.

In April, the Finnish Communications Regulatory Authority renewed DNA's licence to apply roaming service surcharges in the EU and ETA countries until 14 April 2019.

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

Net sales and result

Consolidated key figures

EUR million	4–6/2018 Reported	4–6/2018 Adjusted*	4–6/2017 Reported	Change, %	1–6/2018 Reported	1–6/2018 Adjusted*	1–6/2017 Reported	Change, %	1-12/2017 Reported
Net sales	**225.0**	225.5	219.3	2.8	**447.3**	447.8	432.7	3.5	886.1
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% of net sales	**32.3**	32.0	30.8		**32.0**	32.3	30.9		30.7
Operating result, EBIT	**36.0**	34.5	30.5	13.1	**71.2**	70.1	59.4	18.1	123.5
% of net sales	**16.0**	15.3	13.9		**15.9**	15.6	13.7		13.9
Comparable operating result, EBIT**	**36.0**	34.5	30.5	13.1	**71.2**	70.1	59.4	18.1	126.6
% of net sales	**16.0**	15.3	13.9		**15.9**	15.6	13.7		14.3
Net result for the period	**27.0**	25.8	22.5	14.8	**51.4**	50.5	43.7	15.7	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

April–June 2018

DNA's net sales increased in the second quarter and amounted to EUR 225.5 million (219.3 million). The growth was fuelled by both mobile device sales and mobile service revenue[1)], which was boosted in particular by the growth of the mobile subscription base and good demand for mobile broadband. Mobile device sales were up 21.6% from the reference period. During the second quarter, 75.0% (74.0%) of net sales was generated by Consumer Business and 25.0% (26.0%) by Corporate Business.

EBITDA increased 6.8% and was EUR 72.2 million (67.6 million). The EBITDA percentage of net sales increased and was 32.0% (30.8%). The increase was fuelled by growth in mobile service revenue and improved operational efficiency. Operating result increased 13.1% and was EUR 34.5 million (30.5 million). Operating result as a percentage of net sales increased and was 15.3% (13.9%). There were no items affecting the comparability in the review or reference period.

Financial income and expenses amounted to EUR 2.2 million (2.4 million). Income tax for the period was EUR 6.5 million (5.6 million). The effective tax rate for the period was 20.1% (20.0%). Result for the second quarter increased and was EUR 25.8 million (22.5 million). Earnings per share came to EUR 0.20 (0.17).

January–June 2018

DNA's net sales increased 3.5% and amounted to EUR 447.8 million (432.7 million). The positive development was fuelled by the growth of mobile 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 17.9% from the reference period. During the first half of 2018, 74.7% (74.1%) of net sales was generated by Consumer Business and 25.3% (25.9%) by Corporate Business.

EBITDA increased 8.2% and was EUR 144.5 million (133.6 million). The EBITDA percentage of net sales increased and was 32.3% (30.9%). The increase was fuelled by growth in service revenue and improved operational efficiency. Operating result increased 18.1% and was EUR 70.1 million (59.4 million). Operating result as a percentage of net sales increased and was 15.6% (13.7%). There were no items affecting the comparability in the review or reference period.

Financial income and expenses amounted to EUR 6.9 million (4.6 million). Income tax for the period was EUR 12.7 million (11.0 million). The effective tax rate for the period was 20.1% (20.2%). Result for the January–June period increased and was EUR 50.5 million (43.7 million). Earnings per share came to EUR 0.38 (0.33).

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

Key operative indicators

	4–6/2018 Reported	4–6/2018 Adjusted*	4–6/2017 Reported	Change, %	1–6/2018 Reported	1–6/2018 Adjusted*	1–6/2017 Reported	Change, %	1–12/2017 Reported
Number of mobile communication network subscriptions at end of period					**2,827,000**		**2,754,000**	**2.7**	**2,811,000**
Revenue per user (ARPU), EUR	**18.4**	18.5	18.5	0.3	18.7	18.7	18.0	3.9	18.4
Customer CHURN rate, %	**15.4**		15.4		17.1		18.1		18.3
Number of fixed-network subscriptions at end of period					**1,137,000**		**1,125,000**	**1.1**	**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.

DNA's mobile subscription base grew by 73,000 subscriptions from the reference period and by 16,000 subscriptions from the end of March. Fixed-network subscription base increased by 12,000 year-on-year but was down 1,000 from the end of the previous quarter. As expected, the decrease was due to a fall in fixed-network voice subscriptions.

Revenue per user (ARPU) for the second quarter remained at the same level year-on-year and increased to EUR 18.7 for the first half, compared to 18.0 a year ago.

DNA's customer CHURN rate was 15.4% in the second quarter. This was due to high customer satisfaction and our ability to react quickly to competitors' campaign changes.

In the January–June period, DNA's customer CHURN rate was 17.1%, which is lower than a year ago. Intense competition continued to affect the CHURN rate in the first half of 2018.

Cash flow and financial position

Cash flow and financial key figures

EUR million	4–6/2018 Reported	4–6/2018 Adjusted*	4–6/2017 Reported	1–6/2018 Reported	1–6/2018 Adjusted*	1–6/2017 Reported	1–12/2017 Reported
Cash flow after investing activities	**30.8**	30.8	33.2	**22.9**	22.9	43.5	107.7

EUR million	1–6/2018 Reported	1–6/2018 Adjusted*	1–6/2017 Reported	1–12/2017 Reported
Net debt, EUR million	**418.9**	418.9	358.3	304.3
Net debt/EBITDA	**1.46**	1.45	1.34	1.12
Net gearing, %	**75.8**	82.1	63.6	50.3
Equity ratio, %	**45.2**	43.8	47.5	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.

April–June 2018

Cash flow after investing activities was EUR 30.8 million (33.2 million). Cash flow was impacted mainly by changes in working capital and higher level of capital expenditure than in the reference period.

January–June 2018

Cash flow after investing activities was EUR 22.9 million (43.5 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 a 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 (at the end of 2017: 150 million), and undrawn EUR 15 million overdraft facility (at the end of 2017: 15 million). In addition, DNA has a commercial paper programme worth EUR 150 million (at the end of 2017: 150 million), under which EUR 60 million was drawn by the end of the review period (at the end of 2017: 20 million).

Net gearing increased and was 82.1% at the end of June (at the end of 2017: 50.3%).

The Group's liquid assets amounted to EUR 23.6 million (at the end of 2017: 23.6 million). Net debt increased and was EUR 418.9 million (at the end of 2017: 304.3 million). The Group's liquid assets and undrawn committed credit limits amounted in total to EUR 188.6 million (at the end of 2017: 188.6 million). In April, a dividend and a capital payment from the reserve for invested unrestricted equity was distributed for the financial year 2017, EUR 145.3 million in total.

Net debt/EBITDA ratio was 1.45 at the end of the review period (at the end of 2017: 1.12).

DNA's equity ratio was 43.8% 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.

On 2 March 2018, Standard & Poor's Global Ratings assigned a long-term credit rating of BBB to DNA. The outlook is stable.

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

Development per business segment

Consumer Business

EUR million	4–6/2018 Reported	4–6/2018 Adjusted*	4–6/2017 Reported	Change, %	1–6/2018 Reported	1–6/2018 Adjusted*	1–6/2017 Reported	Change, %	1–12/2017 Reported
Net sales	**168.4**	169.1	162.2	4.2	**333.6**	334.5	320.7	4.3	658.7
EBITDA	**56.1**	55.8	49.3	13.2	**109.5**	111.0	100.0	11.0	199.8
% of net sales	**33.3**	33.0	30.4		**32.8**	33.2	31.2		30.3
Operating result, EBIT	**32.2**	30.9	25.3	22.3	**62.6**	61.8	51.9	19.0	104.6
% of net sales	**19.1**	18.3	15.6		**18.8**	18.5	16.2		15.9
Comparable operating result, EBIT**	**32.2**	30.9	25.3	22.3	**62.6**	61.8	51.9	19.0	104.6
% of net sales	**19.1**	18.3	15.6		**18.8**	18.5	16.2		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

April–June 2018

Consumer Business net sales increased and were EUR 169.1 million (162.2 million). Net sales were driven by the increasing demand for mobile services as well as good mobile device sales.

EBITDA increased and was EUR 55.8 million (49.3 million). The increase was fuelled by growth in mobile service revenue and improved operational efficiency. The EBITDA percentage of net sales was 33.0% (30.4%). Consumer Business operating result increased and was EUR 30.9 million (25.3 million), or 18.3% of Consumer Business net sales (15.6%).

There were no items affecting the comparability in the review or reference period. Depreciation of EUR 24.9 million (24.1 million) was allocated to Consumer Business.

January–June 2018

Consumer Business net sales increased and were EUR 334.5 million (320.7 million). Net sales were driven by the increasing demand for mobile services as well as good mobile device sales.

EBITDA increased and was EUR 111.0 million (100.0 million). The increase was fuelled by growth in mobile service revenue and improved operational efficiency. The EBITDA percentage of net sales was 33.2% (31.2%). Consumer Business operating result increased and was EUR 61.8 million (51.9 million), or 18.5% of Consumer Business net sales (16.2%).

There were no items affecting the comparability in the review or reference period. Depreciation of EUR 49.2 million (48.1 million) was allocated to Consumer Business.

Corporate business

EUR million	4–6/2018 Reported	4–6/2018 Adjusted*	4–6/2017 Reported	Change, %	1–6/2018 Reported	1–6/2018 Adjusted*	1–6/2017 Reported	Change, %	1–12/2017 Reported
Net sales	**56.6**	56.4	57.1	–1.2	**113.7**	113.3	111.9	1.2	227.4
EBITDA	**16.5**	16.4	18.3	–10.5	**33.7**	33.5	33.5	–0.2	72.0
% of net sales	**29.2**	29.1	32.1		**29.7**	29.5	30.0		31.7
Operating result, EBIT	**3.7**	3.6	5.2	–31.3	**8.6**	8.3	7.5	11.4	19.0
% of net sales	**6.6**	6.4	9.2		**7.6**	7.3	6.7		8.3
Comparable operating result, EBIT**	**3.7**	3.6	5.2	–31.3	**8.6**	8.3	7.5	11.4	22.0
% of net sales	**6.6**	6.4	9.2		**7.6**	7.3	6.7		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

April–June 2018

DNA's Corporate Business net sales decreased slightly in the second quarter and were EUR 56.4 million (57.1 million). EBITDA decreased from the reference period and was EUR 16.4 million (18.3 million), or 29.1% (32.1%) of net sales. Operating result decreased and was EUR 3.6 million (5.2 million), or 6.4% (9.2%) of net sales. In the reference period, a reduction of the provision for premises had a positive effect on the operating result. Depreciation to the amount of EUR 12.8 million (13.1 million) was allocated to Corporate Business.

January–June 2018

Net sales increased and were EUR 113.3 million (111.9 million). EBITDA remained at the reference period level and was EUR 33.5 million (33.5 million), or 29.5% (30.0%) of net sales. Operating result increased and was EUR 8.3 million (7.5 million), or 7.3% (6.7%) of net sales. Corporate Business net sales and profitability were boosted by favourable development of service revenue in the January–June period. Depreciation to the amount of EUR 25.2 million (26.1 million) was allocated to Corporate Business.

Capital expenditure

Capital expenditure

EUR million	4–6/2018 Reported	4–6/2018 Adjusted*	4–6/2017 Reported	Change, %	1–6/2018 Reported	1–6/2018 Adjusted*	1–6/2017 Reported	Change, %	1–12/2017 Reported
Consumer business	20.3	20.3	15.6	30.2	33.7	33.7	30.0	12.1	96.9
Corporate business	10.3	10.3	7.6	34.7	16.8	16.8	13.5	25.3	43.4
Unallocated	–	0.2	1.1	−80.1	–	0.6	2.1	−71.0	3.7
Total capital expenditure	**30.6**	**30.9**	**24.4**	**26.6**	**50.5**	**51.1**	**45.5**	**12.3**	**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	4–6/2018 Reported	4–6/2018 Adjusted*	4–6/2017 Reported	Change, %	1–6/2018 Reported	1–6/2018 Adjusted*	1–6/2017 Reported	Change, %	1–12/2017 Reported
Operative capital expenditure	30.6	30.9	24.4	26.6	46.1	46.7	41.1	13.6	132.9
Spectrum license	–	–	–	–	4.4	4.4	4.4	–	11.1
Total capital expenditure	**30.6**	**30.9**	**24.4**	**26.6**	**50.5**	**51.1**	**45.5**	**12.3**	**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.

April–June 2018

In the second quarter, capital expenditure was EUR 30.9 million (24.4 million). There were no spectrum licence fees paid during reporting period nor in comparison period. Operative capital expenditure was EUR 30.9 million (24.4 million), or 13.7 per cent of net sales (11.1 per cent).

January–June 2018

Capital expenditure was EUR 51.1 million (45.5 million). Operative capital expenditure increased from the reference period and was EUR 46.7 million (41.1 million), or 10.4 per cent of net sales (9.5 per cent). Spectrum licence fees contributed EUR 4.4 million (4.4 million) to total capital expenditure in the first half of 2018.

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

DNA expects its capital expenditure for 2018 to remain at a similar level to 2017.

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 second quarter, 4G traffic volumes in DNA's networks grew 43% from the reference period. Total data traffic in DNA's mobile network was up 34%. In the second 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 speeds are 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. Deployment of fibre optic connections in the city of Vaasa got underway in the second quarter, and first customers are expected to be connected to the network during 2018.

Standardisation of 5G technology continues: DNA has prepared its mobile network for the 5G era since 2016. During the second quarter, DNA tested the 5G technology in the production network with Ericsson on a 3.5 Gigahertz frequency band. DNA estimates that the commercial launch of its 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 the entire population in mainland 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

	30 June 2018	30 June 2017	Change %	31 December 2017
Consumer Business	935	984	−5.0	942
Corporate Business	676	682	−0.9	659
Total personnel	**1,611**	**1,666**	**−3.3**	**1,601**

At the end of June 2018, DNA Group had 1,611 employees (1,666), of which 645 were women (668) and 966 men (998). During the summer, DNA's divisions provide some 60 summer jobs, as well as summer internships for some 50 young people.

Salaries and employee benefit expenses paid during the second quarter amounted to EUR 27.1 million (29.1 million). In the first quarter, they amounted to EUR 54.4 million (57.3 million).

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

Decisions of the Annual General Meeting

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

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

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

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

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

The AGM also 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 30 June 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 June, 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 the first half of 2018, a total of 35,519 million DNA shares, totalling EUR 647,570 million, were traded on the Nasdaq Helsinki Stock Exchange. The highest quotation was EUR 20.72 and the lowest EUR 14.80. The average rate was EUR 18.23 and volume-weighted average rate EUR 18.24. The closing quotation on the last trading day of the second quarter, 29 June 2018, was EUR 20.50 and the market capitalisation (without DNA's own shares owned by the company) was EUR 2,708 billion (EUR 2,066 billion at end of 2017).

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

Shareholders and flagging notifications

At the end of the review period, the number of registered shareholders totalled 13,067, nominee registrations included (9). The proportion of nominee registrations and direct foreign shareholders was 28.99%.

On 30 June 2018, the largest shareholders of DNA Plc were Finda Telecoms Oy (28.26%), PHP Holding Oy (25.78%) and Ilmarinen Mutual Pension Insurance Company (3.16%). At the end of the review period, they held a total of 57.19% of DNA's shares and voting rights.

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

DNA's financial objectives and dividend policy

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 medium-term financial objectives:

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

Corporate responsibility

DNA continued the practical implementation of its corporate responsibility strategy in the first half of 2018. The responsibility strategy supports DNA's business objectives and emphasises DNA's responsible attitude towards its customers.

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. The Group 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. 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.

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

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

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

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

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

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

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

Regulatory risks

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

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

Financing risks

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

Damage risk

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

Events after the reporting period

The Finnish Government issued on 11 July 2018 an invitation to apply for electronic communications licences for the purpose of providing telecommunications services within the 3.5 GHz spectrum (3,410–3,800 MHz). The spectrum can be used for wireless broadband nationwide in mainland Finland from the beginning of 2019, and it is well suited for the construction of the first 5G networks in Finland.

The licences will be granted through an auction process. The Finnish Communications Regulatory Authority (FICORA) arrange the auction which is scheduled to begin on 26 September 2018. A total of three licences will be granted, and each enterprise, organisation or association may be issued with only one licence.

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 the rest of 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 high-speed 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 mobile subscription base is expected to grow over the coming years.

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

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

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

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.

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

DNA's guidance for 2018 unchanged

DNA's net sales and comparable operating result are expected in 2018 to remain at the same level as in 2017. DNA'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

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 discosed as if they wre preapared under 2017 revenue guidance. The comparative analysis in the report section is disclosed as if hte figures were prepared under 2017 revenue guidance.

Group key figures

	1 Apr–30 Jun 2018 Reported	1 Apr–30 Jun 2018 Adjusted*	1 Apr–30 Jun 2017 Reported	Jan–Jun 2018 Reported	Jan–Jun 2018 Adjusted*	Jan–Jun 2017 Reported	Jan–Dec 2017 Reported
Earnings per share, basic EUR	0.20	0.20	0.17	0.39	0.38	0.33	0.71
Earnings per share, diluted EUR	0.20	0.20	0.17	0.39	0.38	0.33	0.71
Equity per share, EUR	4.18	3.86	4.26	4.18	3.86	4.27	4.58
Shares outstanding at the end of the period (thousands)				132,121	132,121	131,974	132,039
Weighted average adjusted number of shares during the financial period, basic (thousands)	132,039	132,039	132,102	132,039	132,039	132,139	131,923
Weighted average adjusted number of shares during the financial period, diluted (thousands)	132,072	132,072	133,432	132,070	132,070	133,463	131,965
Net debt, EUR in thousands				418,909	418,909	358,327	304,288
Net gearing, %				75.8	82.1	63.6	50.3
Equity ratio, %				45.2	43.8	47.5	50.6
Net debt/EBITDA	1.44	1.45	1.32	1.46	1.45	1.34	1.12
Return on investment (ROI), %	14.6	14.6	13.2	14.5	14.9	12.5	13.1
Return on equity (ROE), %	20.0	20.8	16.2	17.2	18.1	15.1	15.5
Capital expenditure, EUR in thousands	30,645	30,863	24,373	50,535	51,132	45,548	144,018
Capital expenditure, % of net sales	13.6	13.7	11.1	11.3	11.4	10.5	16.3
Personnel at end of period				1,611	1,611	1,666	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	Jan–Jun 2018 Reported	Jan–Jun 2018 Adjusted*	Jan–Jun 2017 Reported	Jan–Dec 2017 Reported
Comparable EBITDA	**143,252**	**144,469**	**133,562**	**271,772**
Operative capital expenditure	−46,135	−46,732	−41,146	−132,904
Operating free cash flow	**97,116**	**97,737**	**92,416**	**138,867**
Interest paid, net	−15,509	−15,509	−5,225	−8,720
Income taxes, paid	−1,953	−1,953	−9,745	−25,775
Adjusted change in net working capital	−50,818	−51,439	−26,307	19,312
Change in provisions	−1,537	−1,537	−3,302	−4,856
Free cash flow to equity	**27,299**	**27,299**	**47,937**	**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:	30 June 2018	30 June 2017	31 Dec 2017
Subscriptions*	2,827,000	2,754,000	2,811,000

* Includes only mobile broadband

	Apr–Jun 2018 Reported	Apr–Jun 2018 Adjusted*	Apr–Jun 2017 Reported	Jan–Jun 2018 Reported	Jan–Jun 2018 Adjusted*	Jan–Jun 2017 Reported	Jan–Dec 2017 Reported
Revenue per subscription (ARPU), EUR**	18.4	18.5	18.5	18.7	18.7	18.0	18.4
Customer churn rate, %**	15.4	15.4	15.4	17.1	17.1	18.1	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:	30 June 2018	30 June 2017	31 Dec 2017
Broadband subscriptions	470,000	449,000	458,000
Cable TV subscriptions	622,000	617,000	619,000
Telephone subscriptions	45,000	59,000	53,000
	1,137,000	**1,125,000**	**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

* 12-month adjusted

Calculation of key figures

Capital expenditure (EUR)	=	Capital expenditure comprises additions to property, plant and equipment and intangible assets excluding business acquisitions, gross acquisition cost of spectrum license and additions through finance leases and asset retirement obligations and including annual cash instalments for the spectrum license.
Operating free cashflow	=	Comparable EBITDA – operative capital expenditure
Free Cash Flow to Equity (FCFE)	=	Comparable EBITDA – total capital expenditure excluding the annual cash instalment for spectrum licenses – change in net working capital including an adjustment between operative capex and cash-based capex in order to present FCFE on a cash basis, however excluding cash instalments for spectrum licenses and adjusted with the items affecting comparability – net interest paid – income taxes paid – change in provisions excluding items affecting comparability.

DNA presents alternative performance measures as additional information to financial measures presented in the consolidated income statement, consolidated statement of financial position and consolidated statement of cash flows prepared in accordance with IFRS. In DNA's view, alternative performance measures provide significant additional information on DNA's results of operations, financial position and cash flows and are widely used by analysts, investors and other parties.

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

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

Consolidated income statement

EUR in thousands	1 Apr– 30 Jun 2018 Reported	1 Apr– 30 Jun 2018 Adjusted*	1 Apr– 30 Jun 2017 Reported	1 Jan– 30 Jun 2018 Reported	1 Jan– 30 Jun 2018 Adjusted*	1 Jan– 30 Jun 2017 Reported	1 Jan– 31 Dec 2017 Reported
Net sales	**224,966**	**225,481**	**219,269**	**447,312**	**447,795**	**432,676**	**886,088**
Other operating income	882	882	966	1,665	1,665	1,780	4,177
Materials and services	−96,009	−96,852	−94,747	−191,478	−190,639	−185,122	−389,194
Employee benefit expenses	−27,079	−27,135	−29,108	−54,317	−54,406	−57,334	−111,055
Depreciation, amortisation and impairments	−36,627	−37,732	−37,145	−72,042	−74,394	−74,204	−148,249
Other operating expenses	−30,158	−30,163	−28,746	−59,930	−59,946	−58,438	−118,244
Operating result, EBIT	**35,974**	**34,482**	**30,489**	**71,210**	**70,075**	**59,358**	**123,523**
Finance income	146	146	154	244	244	569	889
Finance expense	−2,370	−2,370	−2,555	−7,094	−7,094	−5,219	−10,257
Share of associates' results	6	6	−1	12	12	1	4
Net result before income tax	**33,756**	**32,264**	**28,088**	**64,373**	**63,238**	**54,709**	**114,158**
Income tax expense	−6,772	−6,474	−5,620	−12,941	−12,714	−11,031	−21,072
Net result for the period	**26,984**	**25,790**	**22,468**	**51,432**	**50,524**	**43,677**	**93,086**
Attributable to:							
Owners of the parent	26,984	25,790	22,468	51,432	50,524	43,677	93,086
Earnings per share for net result attributable to owners of the parent:							
Earnings per share, basic EUR	0.20	0.20	0.17	0.39	0.38	0.33	0.71
Earnings per share, diluted EUR	0.20	0.20	0.17	0.39	0.38	0.33	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 Apr– 30 Jun 2018 Reported	1 Apr– 30 Jun 2018 Adjusted*	1 Apr– 30 Jun 2017 Reported	1 Jan– 30 Jun 2018 Reported	1 Jan– 30 Jun 2018 Adjusted*	1 Jan– 30 Jun 2017 Reported	1 Jan– 31 Dec 2017 Reported
Net result for the period	**26,984**	**25,790**	**22,468**	**51,432**	**50,524**	**43,677**	**93,086**
Items that will not be reclassified to profit or loss:							
Remeasurements of post employment benefit obligations	–	–	–142	–	–	–142	71
Other comprehensive income, net of tax	**–**	**–**	**–142**	**–**	**–**	**–142**	**71**
Total comprehensive income	**26,984**	**25,790**	**22,325**	**51,432**	**50,524**	**43,535**	**93,157**
Attributable to:							
Owners of the parent	26,984	25,790	22,325	51,432	50,524	43,535	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	30 Jun 2018 Reported	30 Jun 2018 Adjusted*	30 Jun 2017 Reported	31 Dec 2017 Reported
ASSETS				
Non-current assets				
Goodwill	327,206	327,206	327,206	327,206
Other intangible assets	170,614	173,233	181,284	178,070
Property, plant and equipment	399,003	399,003	400,643	421,580
Investments in associates	1,207	1,207	1,196	1,199
Available-for-sale financial assets	117	117	267	117
Trade and other receivables	71,815	38,471	33,981	38,468
Deferred tax assets	7,896	7,167	13,535	8,475
Total non-current assets	**977,858**	**946,404**	**958,112**	**975,115**
Current assets				
Inventories	27,483	27,483	24,144	22,909
Trade and other receivables	222,366	196,709	198,461	195,563
Income tax receivables	–	–	1,785	9,780
Cash and cash equivalents	23,575	23,575	31,683	23,592
Total current assets	**273,425**	**247,767**	**256,073**	**251,843**
Total assets	**1,251,283**	**1,194,171**	**1,214,185**	**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	653,059	653,056
Treasury shares	−2,806	−2,806	−4,537	−4,055
Retained earnings	−74,899	−116,180	−201,347	−210,425
Net result for the period	51,432	50,524	43,677	93,086
Total equity	**552,509**	**510,319**	**563,554**	**604,363**
LIABILITIES				
Non-current liabilities				
Borrowings	312,546	312,546	309,968	173,362
Employment benefit obligations	2,021	2,021	2,260	2,028
Provisions	5,315	5,315	7,953	6,813
Deferred tax liabilities	33,680	22,404	23,165	22,783
Other non-current liabilities	18,613	17,229	19,277	23,605
Total non-current liabilities	**372,175**	**359,515**	**362,622**	**228,591**
Current liabilities				
Borrowings	129,938	129,938	80,043	154,518
Provisions	458	458	772	490
Trade and other payables	191,945	189,682	200,182	234,603
Income tax liabilities	4,258	4,258	7,011	4,391
Total current liabilities	**326,599**	**324,337**	**288,009**	**394,003**
Total equity and liabilities	**1,251,283**	**1,194,171**	**1,214,185**	**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–Jun 2018 Reported	Jan–Jun 2018 Adjusted*	Jan–Jun 2017 Reported	Jan–Dec 2017 Reported
Cash flows from operating activities				
Net result for the period	51,432	50,524	43,677	93,086
Adjustments [1]	90,061	92,186	86,661	173,780
Change in net working capital [2]	–36,843	–37,464	–15,321	15,266
Dividends received	10	10	8	8
Interest paid	–5,176	–5,176	–4,797	–7,901
Interest received	131	131	173	373
Other financial items	–10,465	–10,465	–601	–1,193
Income taxes paid	–1,953	–1,953	–9,745	–25,775
Net cash generated from operating activities	**87,198**	**87,794**	**100,056**	**247,646**
Cash flows from investing activities				
Investments in property, plant and equipment (PPE) and intangible assets	–64,511	–65,107	–56,533	–139,974
Proceeds from sale of PPE	261	261	25	75
Other investments	–	–	–52	–52
Net cash used in investing activities	**–64,250**	**–64,846**	**–56,561**	**–139,951**
Cash flows from financing activities				
Direct costs relating to share issue	–	–	–3,314	–3,314
Treasury share acquisition	–	–	–4,270	–14,035
Dividends paid	–145,333	–145,333	–72,767	–72,767
Proceeds from borrowings	519,930	519,930	44,903	99,893
Repayment of borrowings	–397,562	–397,562	–22,602	–140,119
Net cash used in financing activities	**–22,965**	**–22,965**	**–58,050**	**–130,342**
Change in cash and cash equivalents	–17	–17	–14,555	–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	23,575	23,575	31,683	23,592
Adjustments [1]:				
Depreciation, amortisation and impairment	72,042	74,394	74,204	148,249
Gains and losses on disposals of non-current assets	–221	–221	–21	–50
Other non-cash income and expense	–12	–12	–1	–4
Finance income and expense	6,850	6,850	4,650	9,368
Income tax expense	12,941	12,714	11,031	21,072
Change in provisions	–1,537	–1,537	–3,202	–4,856
Total adjustment	**90,061**	**92,186**	**86,661**	**173,780**
Change in net working capital [2]:				
Change in trade and other receivables	–1,087	–1,670	–7,179	–9,588
Change in inventories	–4,575	–4,575	–2,418	–1,183
Change in trade and other payables	–31,182	–31,219	–5,724	26,037
Change in net working capital	**–36,843**	**–37,464**	**–15,321**	**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				43,677	43,677
Other comprehensive income					
Total other comprehensive income, net of tax				–142	–142
Total comprehensive income	–	–	–	43,535	43,535
Transactions with owners					
Expenses paid in connection with share issue net of tax		339			339
Treasury shares acquisition			–4,537		–4,537
Share-based payments				557	557
Dividends relating to 2016				–72,767	–72,767
Total contribution by and distributions to owners	**–**	**339**	**–4,537**	**–72,210**	**–76,408**
30 June 2017 Reported	**72,702**	**653,059**	**–4,537**	**–157,671**	**563,554**
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				50,524	50,524
Other comprehensive income					
Total other comprehensive income, net of tax				–	–
Total comprehensive income	**–**	**–**	**–**	**50,524**	**50,524**
Transactions with owners					
Reclassification		–62,420		62,420	–
Share-based payments			1,250	–925	325
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**	**719**	**–145,008**
30 June 2018 Adjusted*	**72,702**	**506,079**	**–2,806**	**–65,657**	**510,319**
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				51,432	51,432
Other comprehensive income					
Total other comprehensive income, net of tax				–	–
Total comprehensive income	**–**	**–**	**–**	**51,432**	**51,432**
Transactions with owners					
Reclassification		–62,420		62,420	–
Share-based payments			1,250	–925	325
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**	**719**	**–145,008**
30 June 2018 Reported	**72,702**	**506,079**	**–2,806**	**–23,467**	**552,509**

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 Half Year 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:

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

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

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

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

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

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

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

The five-step process must be applied for contracts with customers. The steps are the following:
1) identifying the contract
2) identifying the performance obligations in the contract
3) determining the transaction price
4) allocation of the transaction price to each performance obligation (to each separate good and service promised to the client) on a relative standalone selling price basis
5) recognising the revenue when (or as) the performance obligation is satisfied by transferring the good or service to the client.

Revenue may be recognised over time or at a point in time, and the main criterion is the transfer of control.
DNA Plc adopted the standard in the reporting period beginning on 1 January 2018 retrospectively with the cumulative effect of initially applying the standard recognised as an adjustment to the opening balance of retained earnings on 1 January 2018.

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

- Allocation of discounts to the performance obligations: 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.

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

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

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

IFRS 16 – Leases standard
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	1 Apr– 30 Jun 2018 Reported	1 Apr– 30 Jun 2018 Adjusted*	1 Apr– 30 Jun 2017 Reported	1 Jan– 30 Jun 2018 Reported	1 Jan– 30 Jun 2018 Adjusted*	1 Jan– 30 Jun 2017 Reported	1 Jan– 31 Dec 2017 Reported
Mobile Service Revenue	111.5	109.9	103.7	223.7	220.6	204.0	420.0
Mobile equipment	31.1	31.4	25.8	59.5	59.8	50.7	114.1
Mobile interconnection and Inbound Roaming	13.1	13.1	12.9	26.1	26.1	25.3	51.6
Fixed Non-voice Revenue	63.0	64.8	69.8	124.9	128.2	138.3	272.5
Fixed Voice Revenue	6.3	6.3	7.1	13.1	13.1	14.3	27.9
Total	225.0	225.5	219.3	447.3	447.8	432.7	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 Apr–30 Jun 2018 Reported

EUR in thousands Business segment	Consumer segment	Corporate segment	Unallocated	Group total
Net sales	**168,409**	**56,557**		**224,966**
EBITDA	**56,109**	**16,493**		**72,601**
Comparable EBITDA	**56,109**	**16,493**		**72,601**
Depreciation, amortisation and impairments	23,859	12,769		36,627
Operating result, EBIT	**32,250**	**3,724**		**35,974**
Comparable operating result, EBIT	**32,250**	**3,724**		**35,974**
Net finance items			−2,224	−2,224
Share of associates' results			6	6
Net result before income tax				33,756
Net result for the period				**26,984**
Capital expenditure*	20,339	10,305	–	30,645
Employees at end of period	935	676	–	1,611

1 Apr–30 Jun 2018 Adjusted**

EUR in thousands Business segment	Consumer segment	Corporate segment	Unallocated	Group total
Net sales	**169,052**	**56,429**		**225,481**
EBITDA	**55,818**	**16,396**		**72,213**
Comparable EBITDA	**55,818**	**16,396**		**72,213**
Depreciation, amortisation and impairments	24,930	12,802		37,732
Operating result, EBIT	**30,888**	**3,594**		**34,482**
Comparable operating result, EBIT	**30,888**	**3,594**		**34,482**
Net finance items			−2,224	−2,224
Share of associates' results			6	6
Net result before income tax				32,264
Net result for the period				**25,790**
Capital expenditure*	20,339	10,305	218	30,863
Employees at end of period	935	676	–	1,611

* 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.

** 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 Apr–30 Jun 2017 Reported

EUR in thousands Business segments	Consumer segment	Corporate segment	Unallocated	Group total
Net sales	**162,174**	**57,095**		**219,269**
EBITDA	**49,317**	**18,316**		**67,634**
Comparable EBITDA	**49,317**	**18,316**		**67,634**
Depreciation, amortisation and impairments	24,059	13,086		37,145
Operating result, EBIT	**25,259**	**5,230**		**30,489**
Comparable operating result, EBIT	**25,259**	**5,230**		**30,489**
Net finance items			−2,401	−2,401
Share of associates' results			−1	−1
Net result before income tax				28,088
Net result for the period				**22,468**
Capital expenditure*	15,627	7,649	1,096	24,373
Employees at end of period	984	682	–	1,666

1 Jan–30 Jun 2018 Reported

EUR in thousands Business segments	Consumer segment	Corporate segment	Unallocated	Group total
Net sales	**333,639**	**113,673**		**447,312**
EBITDA	**109,503**	**33,749**		**143,252**
Comparable EBITDA	**109,503**	**33,749**		**143,252**
Depreciation, amortisation and impairments	46,928	25,113		72,042
Operating result, EBIT	**62,575**	**8,636**		**71,210**
Comparable operating result, EBIT	**62,575**	**8,636**		**71,210**
Net finance items			−6,850	−6,850
Share of associates' results			12	12
Net result before income tax				64,373
Net result for the period				**51,432**
Capital expenditure*	33,688	16,848	–	50,535
Employees at end of period	935	676	–	1,611

*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.

1 Jan–30 Jun 2018 Adjusted**

EUR in thousands Business segments	Consumer segment	Corporate segment	Unallocated	Group total
Net sales	**334,474**	**113,321**		**447,795**
EBITDA	**110,987**	**33,482**		**144,469**
Comparable EBITDA	**110,987**	**33,482**		**144,469**
Depreciation, amortisation and impairments	49,211	25,182		74,394
Operating result, EBIT	**61,776**	**8,299**		**70,075**
Comparable operating result, EBIT	**61,776**	**8,299**		**70,075**
Net finance items			−6,850	−6,850
Share of associates' results			12	12
Net result before income tax				63,238
Net result for the period				**50,524**
Capital expenditure*	33,688	16,848	596	51,132
Employees at end of period	935	676	–	1,611

1 Jan–30 Jun 2017 Reported

EUR in thousands Business segments	Consumer segment	Corporate segment	Unallocated	Group total
Net sales	**320,742**	**111,934**		**432,676**
EBITDA	**100,015**	**33,547**		**133,562**
Comparable EBITDA	**100,015**	**33,547**		**133,562**
Depreciation, amortisation and impairments	48,109	26,095		74,204
Operating result, EBIT	**51,906**	**7,452**		**59,358**
Comparable operating result, EBIT	**51,906**	**7,452**		**59,358**
Net finance items			−4,650	−4,650
Share of associates' results			1	1
Net result before income tax				54,709
Net result for the period				**43,677**
Capital expenditure*	30,039	13,451	2,058	45,548
Employees at end of period	984	682	–	1,666

* 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.

** 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 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	1 Apr–30 Jun 2018 Reported	1 Apr–30 Jun 2018 Adjusted**	1 Apr–30 Jun 2017 Reported	1 Jan–30 Jun 2018 Reported	1 Jan–30 Jun 2018 Adjusted**	1 Jan–30 Jun 2017 Reported	1 Jan–31 Dec 2017 Reported
Capital expenditure*							
Intangible assets	**9,123**	9,341	8,367	19,173	19,770	18,491	44,062
Property, plant and equipment	**21,522**	21,522	16,006	31,362	31,362	27,056	99,956
Total	**30,645**	**30,863**	**24,373**	**50,535**	**51,132**	**45,548**	**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**
Share issue	82	−82			
Reclassification					−62,420
Capital payment					−84,557
30 June 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 30 June 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 30 June 2018	**182,789**

Treasury shares represent 0.14 per cent of the votes.

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

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

6 Borrowings

EUR in thousands	30 June 2018	30 June 2017	31 December 2017
Non-current borrowings			
Loans from financial institutions	9,964	61,244	23,718
Bonds	302,582	248,723	149,643
Total	**312,546**	**309,968**	**173,362**
Current borrowings			
Loans from financial institutions	31,318	35,139	34,973
Bonds	38,637	–	99,550
Commercial papers	59,983	44,903	19,995
Total	**129,938**	**80,043**	**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	30 June 2018	30 June 2017	31 December 2017
Non-current borrowings	312,546	309,968	173,362
Current borrowings	129,938	80,043	154,518
Total borrowings	442,484	390,011	327,880
Less cash and cash equivalents	23,575	31,683	23,592
Net debt	**418,909**	**358,327**	**304,288**

Change in net debt	Reported in cash flows from financing activities			
EUR in thousands	**Cash**	**Current borrowings**	**Non-current borrowings**	**Net debt**
1 January 2017	**46,238**	**40,290**	**327,659**	**321,710**
Change in cash	−22,647			22,647
Proceeds from borrowings		99,893		99,893
Repayment of borrowings		−84,881	−55,238	−140,119
Other non-cash transactions		99,216	−99,059	157
31 December 2017	**23,592**	**154,518**	**173,362**	**304,288**
Change in cash	−17			17
Proceeds from borrowings		269,930	250,000	519,930
Repayment of borrowings		−293,752	−103,810	−397,562
Other non-cash transactions		−758	−7,006	−7,764
30 June 2018	**23,575**	**129,938**	**312,546**	**418,909**

8 Provisions

EUR in thousands	1 January 2018	Additions	Provisions used	Other/ Discount effect	30 June 2018
Asset retirement obligation	6,096	–	–1,308	–	4,788
Restructuring provisions	58	–	–	–	58
Onerous contracts	732	467	–38	–652	509
Other provision	418	–	–	–	418
Total	**7,304**	**467**	**–1,346**	**–652**	**5,773**

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–Jun 2018	
EUR in thousands	**Organisations exercising significant influence**	**Associated companies**
Sales	9	–
Purchases	1,340	229
Receivables	2	–
Liabilities	205	34

	Jan–Jun 2017	
EUR in thousands	**Organisations exercising significant influence**	**Associated companies**
Sales	10	–
Purchases	1,369	273
Receivables	2	–
Liabilities	202	47

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

10 Share-based payments

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

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

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–Jun 2018	Jan–Jun 2017	Jan–Dec 2017
Share-based payments	1,508	4,288	8,024

Liability recorded in the statement of financial position	30 June 2018	30 June 2017	31 December 2017
Liability related to share-based reward plann	–	8,889	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.