



HALF-YEAR FINANCIAL REPORT

JANUARY–JUNE 2021



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DNA Plc Half-Year Financial Report 1–6/2021

DNA's EBITDA, operating result and total revenues increased – mobile data usage per subscription rises to almost 40 gigabytes per month

Summary

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

January–June 2021

- Total revenues grew 4% and amounted to EUR 476 million (457).
- Mobile revenues grew 2% and amounted to EUR 281 million (275).
- EBITDA increased 13% and was EUR 183 million (162).
- Operating result increased 6% and was EUR 81 million (76).
- Average revenue per user (ARPU)¹⁾ for mobile communications increased 1% and was EUR 17.0 (16.8).
- The number of mobile subscriptions increased and was 2,695,000 (2,676,000).
 - The number of contract subscriptions²⁾ increased by 21,000.
 - The number of prepaid subscriptions decreased by 3,000.
- The number of fixed subscriptions³⁾ increased and came to 899,000 (880,000).
 - The number of fixed broadband subscriptions increased by 32,000.

¹⁾ ARPU = Monthly mobile revenues (company's subscriptions) and traffic revenues + interconnection / average number of subscriptions

²⁾ Postpaid, mobile home phone ("Luuri") and mobile broadband subscriptions.

³⁾ Telephony, Internet, pay-TV and DNA TV subscriptions.

Key figures

The calculation method of the key figures presented in this table differs from that of DNA's previous key figures. The figures in this table are presented the same way as the figures published by DNA's parent company Telenor ASA. The main changes concern the reclassification of spectrum acquisitions from intangible assets to right-of-use assets and the corresponding reclassification of spectrum licence liabilities from non-interest-bearing to interest-bearing borrowings, which has an impact on the presentation of net debt and cash flows. In addition, some receivables have been reclassified from non-current to current liabilities. Figures for the reference periods have been adjusted accordingly.

EUR million	1-6/2021	1-6/2020	Change, %	1-12/2020
Total revenues ⁴⁾	476	457	4	932
EBITDA ^{4) 5)}	183	162	13	333
– % of total revenues	38	35		36
Depreciation, amortisation and impairments	102	86		181
Operating result	81	76	6	151
– % of total revenues	17	17		16
Net result before tax	77	72	8	143
Net result for the period	60	56	7	115
Return on investment (ROI), %	12	13		12
Return on equity (ROE), %	17	19		19
Capital expenditure ⁶⁾	72	58	26	308
Cashflow after investing activities	72	36	99	105
Net debt	577	562	3	619
Net debt/EBITDA	1.6	1.7		1.9
Net gearing, %	80	92		94
Equity ratio, %	46	43		41
Earnings per share, basic and diluted, EUR	0.45	0.42		0.87
Personnel at the end of period	1 662	1 639	1	1 609

⁴⁾ Total revenues and EBITDA before other income and expenses differ from those previously reported for 2020 due to the transition to Telenor's reporting method.

This is a classification difference of EUR 2 million in the comparison period 1-6/2020 and at the same time in the whole of 2020.

⁵⁾ In the autumn of 2020, DNA reassessed the duration of short-term leases based on the new owner and new long-term forecast.

The effect of the reassessment on EBITDA was EUR 11 million in 1-6/2021.

⁶⁾ Capital expenditure no longer includes spectrum licence payments. In the future, DNA reports the acquisition cost of a new spectrum licence as an investment at the time of acquisition.

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CEO's review

DNA's business developed positively across the board in the first half of 2021. Our total revenues grew 4% and amounted to EUR 476 million (457). Mobile revenues also grew 2% and amounted to EUR 281 million (275). DNA's EBITDA developed well in the first six months of the year and increased 13% to EUR 183 million (162), while our operating result increased 6% to EUR 81 million (76).

Our mobile communication subscription base increased by 19,000 from the reference period, despite the decrease in the number of prepaid subscriptions. The number of contract subscriptions increased by 21,000 from the reference period. At the same time, our average revenue per user (ARPU) increased 1% and was EUR 17.0 (16.8). The number of fixed subscriptions was up by 19,000, in particular due to the increase of 32,000 broadband subscriptions.

During the eighteen months of the corona pandemic, we at DNA have seen a significant acceleration in the growth of data traffic. The same is happening all over the world; according to the report published by the international research company Tefficient¹⁾, global mobile data traffic grew 38% in 2020. As per the same report, at 34.8 gigabytes per month, DNA's customers had the highest mobile data usage per subscription in Europe in 2020. During the January–June 2021 period, mobile data usage reached approximately 39.8 gigabytes per month.

The exponential growth in mobile data volumes demonstrates the clear need for new 5G technologies. It would be difficult to meet the needs of growing demand with 4G networks alone, whereas the use of 5G networks allows us to multiply the capacity of our mobile network. DNA's 5G network construction has progressed rapidly, and our 5G network reached close to 2.4 million people, or 43% of the population, at the end of June. The sales of 5G subscriptions continued briskly, and two thirds of the phones in DNA's TOP 15 list of most popular phones in were 5G models in June.



At the end of the first half of 2021, more than 95% of DNA's personnel continued to work remotely. DNA announced on 14 June that they do not need to return to the office, and few intend to do so. According to personnel surveys, approximately 70% of the personnel expect to work at the office only one or two days a week in the future. Most of DNA's personnel have performed their work well and efficiently during continuous remote working.

A handwritten signature in blue ink, appearing to be 'Jukka Leinonen', written in a cursive style.

Jukka Leinonen
CEO

¹⁾ Source: Tefficient Industry Analysis #1 2021. Tefficient is an international telecommunications specialist providing analysis, benchmarking and consulting services. Tefficient's latest report is available here: <https://tefficient.com/mobile-data-operators-fy-2020/>

DNA Plc Half-Year Financial Report 2021

Operating environment January–June 2021

In mid-2021, the Finnish telecommunications market remains characterised by tough competition between established operators. The coronavirus pandemic may continue to have negative direct or indirect impacts on areas such as the health of DNA's employees or DNA's subcontractors' employees and DNA's service reliability. However, direct financial impacts of the pandemic have reduced.

At the end of the period, DNA's 5G services were available in more than 100 cities and towns, with nearly 2,4 million people covered by the network. Rapid construction of the network continues, and we will continue to improve the capacity of our 4G network parallel to the upgrade to 5G. In addition to mobile use, 5G enables fast broadband connections also in single-family house areas where the construction of fibre is very expensive or impossible. In cities and densely populated areas, connections will be built with fixed fibre.

The DNA TV Hubi service, which is based on an open ecosystem, meets the need created by the increasing popularity of streaming and video-on-demand services. People want to choose the content and watch it at a time that works best for them.

The need for strong data security and data protection gains even more importance, and there has been more public discussion on the subject. The purpose of data security at DNA is to protect DNA's service quality, customers, personnel, reputation as well as DNA's trademark and brand name.

Regulation

The revised Finnish Act on Electronic Communications Services entered into force on 1 January 2021. The amended Act adopts the EU requirements on electronic communications and audiovisual media services and measures included in the common toolbox to protect critical parts of the communications network related to the security of the EU's 5G networks. The main changes affecting DNA's operations are:

- The maximum term of fixed-period mobile network subscriptions is shortened from 24 months to 12 months.
- The minimum speed of universal service broadband is raised to 5 megabits per second.
- In the future, telecom operators must notify the Finnish Transport and Communications Agency when their old networks, such as copper connections, are removed or replaced. The notice must be given 6 months before the planned action.
- The Act also brings changes to the procedures for granting network licences.
- Telecom companies that transmit data may be obligated to remove illegal content in cases where the information society service provider, such as the content download service, cannot be reached.
- The Act and the Traficom regulation complementing it implements the measures of the common toolbox to secure the EU's 5G networks that concern the protection of the critical parts of the communications network.
- A new advisory board for network security was set up to monitor the security of communications networks. The advisory board consists of representatives of key authorities from different administrative branches and the telecom industry.

During 2021, Finland is expected to review national must-carry obligations. The EU is also planning several projects to revise regulations related to DNA's industry in areas such as the joint construction of broadband networks, data protection of electronic services, artificial intelligence, network security and the provision and markets of digital services.

Traficom has started a project on the examination of significant market power (SMP) in the wholesale market of broadband and corporate services. The agency will analyse the relevant wholesale markets in 2021. Any resulting SMP obligations will not be imposed until 2022 at the earliest.

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

Total revenues and result

Consolidated key figures

EUR million	1-6/2021	1-6/2020	Change, %	1-12/2020
Total revenues ¹⁾	476	457	4	932
EBITDA ^{1) 2)}	183	162	13	333
– % of total revenues	38	35		36
Operating result	81	76	6	151
– % of total revenues	17	17		16
Net result for the period	60	56	7	115

¹⁾ Total revenues and EBITDA before other income and expenses differ from those previously reported for 2020 due to the transition to Telenor's reporting method. This is a classification difference of EUR 2 million in the comparison period 1-6/2020 and at the same time in the whole of 2020.

²⁾ In the autumn of 2020, DNA reassessed the duration of short-term leases based on the new owner and new long-term forecast. The effect of the reassessment on EBITDA was EUR 11 million in 1-6/2021.

DNA's total revenues for January–June grew 4% and amounted to EUR 476 million (457). Mobile revenues grew 2% and amounted to EUR 281 million (275). During the review period, 76% (75%) of total revenues was generated by consumer business and 24% (25) by corporate business.

EBITDA increased 13% from the reference period and was EUR 183 million (162), or 38% of total revenues (35). Operating result increased 6% and was EUR 81 million (76). Operating result as a percentage of total revenues was 17% (17). Net result for the period increased 7% and was EUR 60 million (56).

Key operative indicators

	1-6/2021	1-6/2020	Change, %	1-12/2020
Number of mobile subscriptions at end of period	2,695,000	2,676,000	1	2,694,000
– average revenue per user (ARPU) ¹⁾ , EUR	17.0	16.8	1	16.8
Number of fixed subscriptions at end of period	899,000	880,000	2	900,000

¹⁾ ARPU = Monthly mobile revenues (company's subscriptions) and traffic revenues + interconnection / average number of subscriptions

DNA's mobile subscription base increased by 19,000 subscriptions year-on-year. The number of contract subscriptions increased by 21,000. Average revenue per user (ARPU) was EUR 17.0 (16.8). The number of fixed subscriptions increased by 19,000. The number of broadband subscriptions grew by 32,000.

In the first quarter of 2021, DNA became the market leader of fixed broadband in terms of subscribers¹⁾, and the growth continued in the second quarter.

¹⁾ Source: Subscription figures published by the main operators in their interim reports for Q1/2021 (DNA: 591,000, Elisa 567,000 and Telia 470,000).

Cash flow and financial position

Cash flow and financial key figures

EUR million	1-6/2021	1-6/2020	Change, %	1-12/2020
Cashflows after investing activities	72	36	99	105

EUR million	1-6/2021	1-6/2020	Change, %	1-12/2020
Net debt	577	562	3	619
Net debt/EBITDA	1.6	1.7		1.9
Net gearing, %	80	92		94
Equity ratio, %	46	43		41

Cash flow after investing activities in the first half of 2021 was EUR 72 million (36). Cash flow was impacted, for example, by higher depreciation than in the comparison period, increased profit and joining Telenor's cash pool during the comparison period.

At the end of June, DNA had a EUR 200 million internal revolving credit facility, of which EUR 60 million remained undrawn, and a 51 million (51) Group overdraft.

Net gearing decreased and was 80% (92) at the end of the period. In addition to repayments, net gearing was impacted by reclassifications of spectrum liabilities from interest-free to interest-bearing liabilities.

DNA's liquidity is at a healthy level. The Group's liquid assets amounted to EUR 7 million (7). Net debt was EUR 577 million (562). The Group's liquid assets and undrawn committed credit facilities amounted in total to EUR 118 million (158). In addition to liquid assets, DNA has cash pool receivables of EUR 43 million (34). The bond of EUR 60 million matured in March. The funds for the repayment came from the Group's internal credit facility.

Changes in working capital had an EUR 0 million (0) positive impact on cash flow. Changes in inventories and trade receivables grew in proportion to trade payables, leaving the total change very small.

DNA has a strong balance sheet. The net debt/EBITDA ratio was 1.6 (1.7) at the end of June. DNA's equity ratio at the end of the first half of the year was 46% (43).

Development per business segment

Consumer business

EUR million	1-6/2021	1-6/2020	Change, %	1-12/2020
Total revenues ¹⁾	363	344	5	707
EBITDA ^{1) 2)}	143	126	13	258
– % of total revenues	39	37		37
Operating result	77	71	8	137
– % of total revenues	21	21		19

¹⁾ Total revenues and EBITDA before other income and expenses differ from those previously reported for 2020 due to the transition to Telenor's reporting method. This is a classification difference of EUR 2 million in the comparison period 1-6/2020 and at the same time in the whole of 2020.

²⁾ In the autumn of 2020, DNA reassessed the duration of short-term leases based on the new owner and new long-term forecast. The effect of the reassessment on EBITDA was EUR 8 million in 1-6/2021.

Consumer business total revenues increased and came to EUR 363 million (344). EBITDA increased and was EUR 143 million (126). The EBITDA percentage of total revenues was 39% (37). The consumer business operating result increased and was EUR 77 million (71), or 21% of consumer business total revenues (21).

In June 2021, DNA launched a new security solution called DNA Tunnusturva ("ID protection"). To be responsible and look after customer safety, DNA is developing a more robust security culture and new security products with the best partners.

The progress of 5G network construction and launches of new 5G devices boosted the sales of 5G phones in the first half of 2021. They accounted for more than 50% of all sold phones. In addition, the sales of cellular smartwatches doubled, and the sales of gaming laptops were up by almost 90% year-on-year.

Corporate business

EUR million	1-6/2021	1-6/2020	Change, %	1-12/2020
Total revenues	113	113	1	225
EBITDA ¹⁾	40	36	13	74
– % of total revenues	35	32		33
Operating result	4	5	–19	14
– % of total revenues	3	4		6

¹⁾ In the autumn of 2020, DNA reassessed the duration of short-term leases based on the new owner and new long-term forecast. The effect of the reassessment on EBITDA was EUR 3 million in 1–6/2021.

Corporate business total revenues remained stable despite a decline in roaming revenues from the reference period due to international movement restrictions. Revenues were EUR 113 million (113). EBITDA increased and was EUR 40 million (36). EBITDA percentage of total revenues was 35% (32). Corporate business operating result decreased and was EUR 4 million (5), or 3% of corporate business total revenues (4).

In the past six months, corporate business has introduced many projects to improve its services. In June, the VoLTE and VoWiFi network technologies that improve voice quality were introduced for corporate subscriptions. In June, we also launched improvements in our self-service channel: corporate clients can now order a more versatile range of products, while also being able to manage their orders and company data more easily and efficiently. The development of the self-service channel will continue in the future.

The active development of the DNA Virtual PBX service also continued. The popularity of our secure and flexible Nordic corporate network solutions continued to grow, and we signed new agreements on the delivery of international corporate networks with new clients such as Ropo Capital Oy.

The expansion of DNA's 5G network continued throughout the winter and spring, reaching more than 43% of the population at the end of June. Interest in wireless 5G corporate network solutions has increased.

Capital expenditure

Capital expenditure

EUR million	1-6/2021	1-6/2020	Change, %	1-12/2020
Consumer business	46	37	23	185
Corporate business	27	20	31	123
Total capital expenditure¹⁾	72	58	26	308

Capital expenditure comprises additions to property, plant and equipment, and intangible assets, excluding business acquisitions and asset retirement obligations.

EUR million	1-6/2021	1-6/2020	Change, %	1-12/2020
Operative capital expenditure ²⁾	56	52	9	171
– % of total revenues	12	11		18
Lease investments (IFRS 16) ³⁾	16	6	185	137
Total capital expenditure¹⁾	72	58	26	308

¹⁾ Capital expenditure no longer includes spectrum licence payments. In the future, DNA reports the acquisition cost of a new spectrum licence as an investment at the time of acquisition.

²⁾ Operative capital expenditure is reported capital expenditure excluding acquisitions of spectrum licences and lease investments (IFRS 16).

³⁾ In the autumn of 2020, DNA reassessed the duration of short-term leases based on the new owner and new long-term forecast. The effect of the reassessment on the balance sheet was EUR 121 million in 2020.

In January–June 2021, capital expenditure increased 26% and came to EUR 72 million (58). Operative capital expenditure also increased year-on-year and amounted to EUR 56 million (52), or 12% of total revenues (11).

Major individual items included in capital expenditures in the review period were network capacity expansion and 5G network construction as well as and fibre optic networks and transmission systems.

Network infrastructure and new technologies

DNA makes continuous investments in mobile and fixed networks to keep providing high-quality connections to support the growing use of devices and digital services. At the end of the first half of 2021, 5G services were available in more than 100 residential areas, with nearly 2.4 million people covered by the network. We will continue to improve the capacity of our 4G network parallel to the 5G investments. As a result, data speeds in the 4G network have improved despite the growth of traffic volumes.

At the end of January 2021, DNA Plc and Telia Finland Oyj announced that they have agreed to expand their existing cooperation in the construction of a mobile network. Since 2015, Suomen Yhteisverkko Oy (Finnish Shared Network) has been constructing and operating a mobile network on behalf of the two companies in Eastern and Northern Finland. Now, the area will be expanded further towards the inland of Finland so that, for example, the cities of Oulu, Kuopio and Kotka will be in the area covered by the shared network. The three-year construction project, during which all parts of the shared network will be upgraded to be 5G-capable, got underway in the Varkaus area in March. During 2021, base stations will be upgraded to 5G in ski resorts in Northern Finland as well as in the southeast.

According to the report published by Tefficient in April 2021¹⁾, DNA's customers had the highest mobile data usage per subscription in the world in 2020, averaging at 34.8 gigabytes per month. In 2019, the average was 27.2 gigabytes. In January–June 2021, the average mobile data usage of DNA's customers per month reached 39.8 gigabytes (33.0). Growth from the reference period is 21%.

In May, DNA announced that it will replace its remaining copper-based services in Finland with modern solutions by 2025. The work will begin in Raisio in November–December 2021. The network will be fully decommissioned and replaced with modern technology in stages between 2021 to 2025. The time is ideal for the decommissioning the copper-based network as 5G networks are becoming more widespread in the next few years. The number of customers of the copper-based network has dropped dramatically in recent years, and the costs of maintaining the network will soon exceed its revenue.

¹⁾ Tefficient Industry Analysis #1 2021. Tefficient is an international telecommunications specialist providing analysis, benchmarking and consulting services. Tefficient's latest report is available here: <https://tefficient.com/mobile-data-operators-fy-2020/>

Personnel

Personnel by business segment

	30 June 2021	30 June 2020	Change, %	31 December 2020
Consumer business	931	922	1	899
Corporate business	731	717	2	710
Total personnel	1,662	1,639	1	1,609

At the end of June 2021, DNA Group had 1,662 employees (1,639), of which 633 were women (634) and 1,029 men (1,005). Salaries and employee benefit expenses paid during the January–June 2021 period amounted to EUR 61 million (60).

Promotion of family-friendly practices is one of DNA's main areas of development as an employer in 2021. For some, these practices allow more time with friends, while others feel that they bring flexibility into working life for the needs of children or parents. At DNA, we believe that unique families are the power source of everyday life.

A flexible and uncomplicated way of working, regardless of place and time, has been one of DNA's success stories since 2012. However, no one was prepared for the full-flexed remote working caused by the coronavirus pandemic. DNA announced in June that the lessons of

the exceptional year are being used to take the flexible work culture even further. Among other things, this means that DNA's personnel does not have to return to the office after the pandemic. This decision was made based on the feedback from employees. DNA now pays special attention to tools and systems, premises and safety, managerial work and leadership, and well-being and a sense of community.

For years, DNA has also understood that only a tolerant, non-discriminatory and inclusive work culture can best promote customer needs and guarantee an excellent workplace. DNA published its diversity goals in June to promote diversity at DNA, and the first challenge is gender equality. At the moment, 38% of the personnel are women and the aim is to increase this to at least 40%. Women hold 31% of executive positions and 22% of managerial positions. DNA aims to increase both to 35% by 2023.

Significant litigation matters

There were no significant litigation matters in the review period.

Decisions of Annual General Meeting

DNA's Annual General Meeting was held in Helsinki on 26 March 2021. The Annual General Meeting (AGM) adopted the consolidated financial statements and parent company financial statements for the financial year 1 January–31 December 2020. It was noted that the Board of Directors had proposed to the Annual General Meeting that the company pays no dividend for the financial year 2020 and that the net profit for 2020 is allocated to retained earnings. The AGM decided to approve the proposal concerning the use of distributable funds shown on the balance sheet. The AGM also decided to discharge the Members of the Board of Directors and the CEO from liability for the financial year 1 January–31 December 2020.

It was decided that the number of the Members of the Board of Directors will be six. The AGM decided to elect **Sigve Brekke** as the Chairman of the Board of Directors and the following people as Members of the Board of Directors: **Birgitte Engebretsen, Gaute Simen Gravir, Nils Katla, Håvard Naustdal** and **Trine Rønningen**. The members of the board are independent of the company but non-independent of Telenor Group. The Board Members who are not independent of Telenor Group shall not be paid remuneration.

The AGM decided to elect Authorised Public Accountants Ernst & Young as the company's auditor. APA **Terhi Mäkinen** will act as the principal auditor.

Corporate responsibility

DNA continued the implementation of its corporate responsibility strategy and goals in the first half of 2021. In accordance with the updated strategy, DNA will place even more emphasis on diversity and equal opportunity at the workplace and published its diversity goals on its website. DNA also published the results of the second Digital Inclusion in Finland survey in June 2021.

The alignment of DNA's and Telenor's corporate responsibility approaches continued. As part of Telenor Group, DNA started the establishment of DNA's Environmental Management System (EMS). The system will be implemented at DNA by the end of 2021, and relevant personnel will receive training prior to that.

Near-term risks and uncertainties

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.

The coronavirus pandemic may still have direct or indirect negative impacts on areas such as the health of DNA's employees or DNA's subcontractors' employees and DNA's service reliability.

International players have a strong presence in the competitive environment of TV and entertainment services. DNA's competitors include traditional operators but also providers such as OTT (over-the-top) service providers that deliver content over the Internet to mobile devices.

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.

Cyber security risks have increased significantly over the last few years with digitalisation and more widespread use of digital networks and services. The role of information security, data security, and high operational network reliability are expected to gain in importance in the future.

Continued uncertainty in global trade policies may have an impact on DNA's subcontractors and partners and their product availability, service quality, and reliability, as well as DNA's customers' behaviour.

Regulatory risks

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

Financing risks

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

Damage risk

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

Changes in DNA's Executive Team

On 17 March 2021, DNA announced that the company's CEO **Jukka Leinonen** moves to head Telenor Group's Nordic Cluster fulltime in the autumn 2021. When the new CEO of DNA takes office, Jukka Leinonen will take the position as DNA's Chairman of the Board of Directors.

On 11 May 2021, DNA announced that **Tommy Olenius**, CTO at DNA Plc, and a member of the DNA Executive Team, has decided to leave the company by the end of 2021.

On 19 July 2021, DNA announced that BEng, EMBA, **Ville Virtanen** has been appointed as the new CTO. Virtanen will start in his new role on 1 September 2021.

On 19 July 2021 DNA announced that Master of Political Science, **Vilhelmiina Wahlbeck**, SVP, Communications, Sustainability and Brand Development at DNA Plc, has been appointed as member of DNA's Executive Team. Wahlbeck started in her new role immediately.

LL.M, **Asta Rantanen** has been nominated as a SVP, Corporate Affairs as of August 9, 2021. In her role, she is responsible for legal and regulatory affairs and compliance as well as privacy. She also continues as a DNA Executive Team Member and reports to the CEO.

DNA's financial reporting in 2021

- Due to delisting of DNA's share from Nasdaq Helsinki on 3 February 2020, DNA is not subject to reporting obligations as an issuer of shares as set out in the Finnish Securities Markets Act.
- DNA is still subject to reporting obligations as an issuer of the senior unsecured fixed rate notes that are due in 2025 (ISIN: FI4000312095) listed in Nasdaq Helsinki stock exchange.
- DNA publishes a half-year (January–June) financial report and a financial statements bulletin for the 2021 financial period. For the January–March and January–September periods, DNA publishes Business reviews including CEO's review and certain financial and operative key figures as a press release.
- The business review for January–September 2021 will be published as a press release on 28 October 2021.

Group key figures

Group key figures

	1 Jan–30 Jun 2021	1 Jan–30 Jun 2020	1 Jan–31 Dec 2020
Earnings per share, basic and diluted, EUR	0.45	0.42	0.87
Equity per share, EUR	5.43	4.60	4.97
Shares outstanding at the end of the period, thousands			132,182
Weighted average adjusted number of shares during the financial period, basic, thousands	132,182	132,182	132,182
Weighted average adjusted number of shares during the financial period, diluted, thousands	132,182	132,182	132,182
Net debt, EUR thousands	577,182	562,078	619,476
Net gearing, %	80	92	94
Equity ratio, %	46	43	41
Net debt/EBITDA	1.6	1.7	1.9
Return on investment (ROI), %	12	13	12
Return on equity (ROE), %	17	19	19
Capital expenditure, EUR thousands	72,405	57,508	307,940
Capital expenditure, % of total revenues	15	13	33
Personnel at the end of period	1,662	1,639	1,609

Key operative indicators

Mobile subscriptions at end of period

Amount	30 Jun 2021	30 Jun 2020	31 Dec 2020
Subscriptions*	2,695,000	2,676,000	2,694,000

* includes mobile broadband

	1–6/2021	1–6/2020	1–12/2020
Average revenue per user (ARPU), EUR	17.0	16.8	16.8

Fixed subscriptions at end of period

Amount	30 Jun 2021	30 Jun 2020	31 Dec 2020
Subscriptions	899,000	880,000	900,000

Calculation of key figures

Earnings per share (EPS), 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, %	=	$\frac{\text{Non-current and current borrowings – cash and cash equivalents}}{\text{Total equity}}$
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*	=	$\frac{\text{Net debt}}{\text{Operating result + depreciation, amortisation and impairments}}$
Comparable EBITDA, EUR	=	EBITDA excluding items affecting comparability
Comparable operating result (EBIT), EUR	=	Operating result, EBIT excluding items affecting comparability
Items affecting comparability	=	Material items outside ordinary course of business such as net gain or losses from business disposals, direct transaction costs related to business acquisitions, write-off of non-current assets, costs for closure of business operations and restructurings, costs relating to the change of ownership structure and terminating share-based payments as well as fines, damages and other similar payments.
Cashflow after investing activities, EUR	=	Net cash generated from operating activities + net cash used in investing activities

* 12-month adjusted

Calculation of key figures

Capital expenditure, EUR	= Additions to property, plant and equipment and intangible assets excluding business acquisitions, gross acquisition cost of spectrum license and asset retirement obligations.
Operative capital expenditure, EUR	= Operative capital expenditure is reported capital expenditure without capitalized spectrum licenses and lease investments (IFRS 16).

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 operating result, which have been adjusted with material items outside of ordinary course of business to improve comparability between periods. EBITDA, comparable EBITDA and comparable operating result 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 and cash flow after investing activities 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.

There were no items affecting comparability in the review period or comparison periods.

Consolidated income statement

EUR thousands	1 Jan–30 Jun 2021	1 Jan–30 Jun 2020	1 Jan–31 Dec 2020
Total revenues	475,850	456,735	932,295
Materials and services	-185,001	-184,311	-385,280
Employee benefit expenses	-60,549	-59,505	-112,648
Depreciation, amortisation and impairments	-102,498	-85,664	-181,196
Other operating expenses	-47,161	-51,376	-101,754
Operating result	80,641	75,880	151,418
Finance income	98	250	530
Finance expense	-3,403	-4,353	-8,539
Share of associates' results	-18	-11	12
Net result before income tax	77,319	71,767	143,420
Income tax expense	-17,388	-15,814	-28,618
Net result for the period	59,931	55,953	114,802
Attributable to:			
Owners of the parent company	59,931	55,953	114,802
Earnings per share for net result attributable to the owners of the parent company:			
Earnings per share, basic and diluted, EUR	0.45	0.42	0.87

Notes are an integral part of the half-year financial report.

Consolidated statement of comprehensive income

EUR thousands	1 Jan–30 Jun 2021	1 Jan–30 Jun 2020	1 Jan–31 Dec 2020
Net result for the period	59,931	55,953	114,802
Items that will not be reclassified to profit or loss:			
Remeasurements of post employment benefit obligations	-108	304	290
Other comprehensive income, net of tax	-108	304	290
Total comprehensive income	59,823	56,257	115,092
Attributable to:			
Owners of the parent company	59,823	56,257	115,092

Notes are an integral part of the half-year financial report.

Consolidated statement of financial position

EUR thousands	30 Jun 2021	30 Jun 2020	31 Dec 2020
ASSETS			
Non-current assets			
Goodwill	338,706	338,706	338,706
Other intangible assets	199,790	189,225	209,793
Property, plant and equipment	447,662	410,209	461,717
Right-of-use assets	164,785	72,991	169,390
Investments in associates	1,206	1,205	1,228
Other investments	111	111	111
Trade and other receivables	43,979	39,325	42,915
Deferred tax assets	6,711	5,712	7,617
Total non-current assets	1,202,949	1,057,484	1,231,476
Current assets			
Inventories	32,012	31,523	33,724
Trade and other receivables	285,404	266,049	272,755
Contract assets	3,175	8,614	6,166
Income tax receivables	3,153	160	3,884
Accrued expenses	49,926	55,920	56,156
Cash and cash equivalents	7,005	6,981	7,633
Total current assets	380,675	369,248	380,319
Total assets	1,583,623	1,426,732	1,611,796
EQUITY			
Equity attributable to the owners of the parent company			
Share capital	72,702	72,702	72,702
Reserve for invested unrestricted equity	506,079	506,079	506,079
Treasury shares	-1,728	-1,728	-1,728
Retained earnings	80,235	-24,423	-34,653
Net result for the period	59,931	55,953	114,802
Total equity	717,219	608,583	657,202
LIABILITIES			
Non-current liabilities			
Borrowings	388,254	406,254	357,628
Lease liabilities	152,174	65,796	161,463
Employment benefit obligations	1,278	1,137	1,156
Provisions	13,299	4,997	11,833
Deferred tax liabilities	48,730	34,537	44,145
Other non-current liabilities	11,876	11,115	12,110
Total non-current liabilities	615,611	523,836	588,334
Current liabilities			
Borrowings	-	73,846	59,987
Lease liabilities	43,758	23,163	48,031
Contract liabilities	2,943	3,897	3,254
Provisions	208	208	208
Trade and other payables	199,268	187,827	254,397
Income tax liabilities	4,615	5,371	381
Total current liabilities	250,793	294,313	366,259
Total equity and liabilities	1,583,623	1,426,732	1,611,796

Notes are an integral part of the half-year financial report.

Consolidated statement of cash flows

EUR thousands	1 Jan–30 Jun 2021	1 Jan–30 Jun 2020	1 Jan–31 Dec 2020
Cash flows from operating activities			
Net result for the period	59,931	55,953	114,802
Adjustments ¹⁾	123,252	102,729	214,958
Change in net working capital ²⁾	-228	-236	-6,141
Dividends received	36	183	36
Interest paid	-5,201	-5,334	-5,480
Interest received	66	197	471
Other financial items	-704	-896	-1,734
Income taxes paid	-6,904	-9,832	-21,018
Net cash generated from operating activities	170,249	142,763	295,894
Cash flows from investing activities			
Investments in property, plant and equipment (PPE) and intangible assets	-79,001	-74,328	-169,136
Proceeds from sale of PPE	113	2,200	2,205
Business combinations	-240	-	-1
Group account receivable	-18,957	-34,311	-23,666
Net cash used in investing activities	-98,085	-106,439	-190,598
Cash flows from financing activities			
Proceeds from borrowings	21,430	3,023	77,195
Repayment of borrowings	-73,153	-41,887	-168,041
Repayment of lease liabilities	-21,069	-7,901	-24,240
Net cash used in financing activities	-72,792	-46,765	-115,085
Change in cash and cash equivalents	-628	-10,442	-9,790
Cash and cash equivalents at beginning of period	7,633	17,423	17,423
Cash and cash equivalents at end of period	7,005	6,981	7,633
¹⁾ Adjustments:			
Depreciation, amortisation and impairment	102,498	85,664	181,196
Gains and losses on disposals of non-current assets	-77	-2,199	-2,201
Other non-cash income and expense	18	11	-12
Finance income and expense	3,304	4,103	8,010
Income tax expense	17,388	15,814	28,618
Change in provisions	122	-663	-652
Total adjustments	123,252	102,729	214,958
²⁾ Change in net working capital:			
Change in trade and other receivables	2,942	4,644	-1,003
Change in inventories	1,712	2,780	579
Change in trade and other payables	-4,882	-7,660	-5,717
Change in net working capital	-228	-236	-6,141

Notes are an integral part of the half-year financial report.

Consolidated statement of changes in equity

EUR thousands	Share capital	Reserve for invested unrestricted equity	Treasury shares	Retained earnings	Total equity
1 Jan 2020	72,702	506,079	-1,728	-25,939	551,115
Comprehensive income					
Net result for the period				114,802	114,802
Other comprehensive income					
Total other comprehensive income, net of tax				290	290
Total comprehensive income				115,092	115,092
Transactions with owners					
Share-based payments				1,494	1,494
Group contribution				-10,498	-10,498
Total transactions with owners				-9,004	-9,004
31 Dec 2020	72,702	506,079	-1,728	80,149	657,202
1 Jan 2021	72,702	506,079	-1,728	80,149	657,202
Comprehensive income					
Net result for the period				59,931	59,931
Other comprehensive income					
Total other comprehensive income, net of tax				-108	-108
Total comprehensive income				59,823	59,823
Transactions with owners					
Share-based payments				194	194
Total transactions with owners				194	194
30 Jun 2021	72,702	506,079	-1,728	140,166	717,219

Notes are an integral part of the half-year financial report.

Notes

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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 2020 with the exception of new and amended standards effective as of 1 January 2021. This report should be read in connection with the 2020 Financial Statements. The information presented in the report is unaudited.

Reclassification

The calculation method of the key figures presented in this report differs from that of DNA's previous key figures. The figures are presented the same way as the figures published by DNA's parent company Telenor ASA. The main changes concern the reclassification of spectrum acquisitions from intangible assets to right-of-use assets and the corresponding reclassification of spectrum licence liabilities from non-interest-bearing to interest-bearing borrowings, which has an impact on the presentation of net debt and cash flows. In addition, some receivables have been reclassified from non-current to current liabilities. Figures for the reference periods have been adjusted accordingly.

2 Revenue

The group revenue consists of income from contracts with customers. The Consumer segment revenue in H1 2021 was EUR 362.5 million and the Corporate segment revenue was EUR 113.3 million. Segment revenue is derived from the transfer of goods and services in the following:

EUR millions	1 Jan–30 Jun 2021		1 Jan–30 Jun 2020		1 Jan–31 Dec 2020	
	Point in time	Over time	Point in time	Over time	Point in time	Over time
Timing of revenue recognition						
Subscription and traffic		255		250		500
Interconnect revenues		20		21		41
Mobile revenues subscriptions		275		270		541
Other mobile revenues		6		5		11
Total mobile revenues		281		275		552
Non-mobile revenues	77	10	67	9	149	19
Other revenues*		2		2		4
Total revenues mobile operation	77	292	67	286	149	574
Telephony		8		9		17
Internet and TV		78		72		147
Other revenues		13		15		29
Total retail revenues		99		96		193
Wholesale revenues		8		8		16
Total revenues fixed operation		107		103		209
Total revenues	77	399	67	390	149	783

*Other revenues consist of, among other things, rental income and income from the sale of assets.

3 Segment information

1 Jan–30 Jun 2021

EUR thousand Business segments	Consumer business	Corporate business	Unallocated	Group total
Total revenues	362,542	113,308		475,850
EBITDA	142,922	40,216		183,138
Depreciation, amortisation and impairment	66,220	36,277		102,498
Operating result	76,702	3,939		80,641
Net finance items			-3,304	-3,304
Share of associates' results			-18	-18
Net result before income tax				77,319
Net result for the period				59,931
Capital expenditure*	45,709	26,695		72,405
Employees at end of period	931	731		1,662

1 Jan–30 Jun 2020

EUR thousand Business segments	Consumer business	Corporate business	Unallocated	Group total
Total revenues	344,014	112,722		456,735
EBITDA	126,008	35,536		161,544
Depreciation, amortisation and impairment	54,980	30,683		85,664
Operating result	71,028	4,852		75,880
Net finance items			-4,103	-4,103
Share of associates' results			-11	-11
Net result before income tax				71,767
Net result for the period				55,953
Capital expenditure*	37,066	20,442		57,508
Employees at end of period	922	717		1,639

* Capital expenditure is defined as additions to property, plant and equipment and intangible assets excluding business acquisitions and asset retirement obligations. Capital expenditure includes capitalised licences.

1 Jan–31 Dec 2020

EUR thousand

Business segments	Consumer business	Corporate business	Unallocated	Group total
Total revenues	707,369	224,926		932,295
EBITDA	258,353	74,261		332,613
Depreciation, amortisation and impairment	121,269	59,926		181,196
Operating result	137,083	14,335		151,418
Net finance items			–8,010	–8,010
Share of associates' results			12	12
Net result before income tax				143,420
Net result for the period				114,802
Capital expenditure*	185,436	122,504		307,940
Employees at end of period	899	710		1,609

*Capital expenditure is defined as additions to property, plant and equipment and intangible assets excluding business acquisitions and asset retirement obligations. Capital expenditure includes capitalised licences.

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 change in shareholder base as well as cost effects of share-based payments.

There were no items affecting comparability in the review period or comparison periods.

4 Capital expenditure

EUR thousands	1 Jan–30 Jun 2021	1 Jan–30 Jun 2020	1 Jan–31 Dec 2020
Capital expenditure*			
Intangible assets	16,127	16,436	39,438
Property, plant and equipment	56,278	41,071	268,502
Total	72,405	57,508	307,940

*Capital expenditure is defined as additions to property, plant and equipment and intangible assets excluding business acquisitions and asset retirement obligations. Capital expenditure includes capitalised licences.

Major individual items included in capital expenditures in the review period were network capacity expansion and 5G network construction as well as and fibre optic networks and transmission systems.

5 Equity

	Outstanding shares, thousands	Treasury shares, thousands	Total number of shares, thousands	Share capital, EUR thousands	Reserve for invested unrestricted equity, EUR thousands
1 January 2020	132,182	121	132,304	72,702	506,079
31 December 2020	132,182	121	132,304	72,702	506,079
30 June 2021	132,182	121	132,304	72,702	506,079

DNA Plc has one class of shares. The total number of shares is 132,303,500 (132,303,500). The number of outstanding shares is 132,182,184 (132,182,184). The number of treasury shares is 121,316 (121,316). Treasury shares

represent 0.09 per cent of the votes. On 30 June 2021, DNA Plc's share capital amounted to EUR 72,702,226. The shares do not have a nominal value, and all issued shares have been paid in full.

6 Borrowings

EUR thousands	30 June 2021	30 June 2020	31 December 2020
Non-current			
Loans from financial institutions	143,096	162,389	-
Bonds	245,158	243,865	244,532
Other loans	-	-	113,096
Lease liabilities	152,174	65,796	161,463
Total	540,429	472,050	519,091
Current			
Loans from financial institutions	-	13,892	-
Bonds	-	59,954	59,987
Lease liabilities	43,758	23,163	48,031
Total	43,758	97,009	108,018

7 Net debt

EUR thousands	30 June 2021	30 June 2020	31 December 2020
Non-current borrowings	540,429	472,050	519,091
Current borrowings	43,758	97,009	108,018
Total borrowings	584,186	569,059	627,109
Less cash and cash equivalents	7,005	6,981	7,633
Net debt	577,182	562,078	619,476

EUR thousands	Reported in cash flows from financing activities			
	Cash	Current borrowings	Non-current borrowings	Net debt
1 January 2020	17,423	51,779	549,700	584,056
Change in cash	-9,790			9,790
Proceeds from borrowings		8,467	68,729	77,195
Repayment of borrowings		-118,435	-73,846	-192,281
Other non-cash transactions		166,207	-25,491	140,716
31 December 2020	7,633	108,018	519,091	619,476
Change in cash	-628			628
Proceeds from borrowings		-8,600	30,030	21,430
Repayment of borrowings		-94,192	-30	-94,222
Other non-cash transactions		38,532	-8,663	29,869
30 June 2021	7,005	43,758	540,429	577,182

The Group's cash and undrawn credit facilities totalled EUR 118 million (158). In addition to cash and cash equivalents, DNA has group account receivables of EUR 43 million (34).

8 Provisions

EUR thousands	1 January 2021	Additions	Provisions used	Other / discount effect	30 June 2021
Asset retirement obligation	11,633	1,466	0	-	13,099
Restructuring provision	200	-	-	-	200
Other provisions	208	-	-	-	208
Total	12,041	1,466	0	-	13,507

Asset retirement obligation

The asset retirement obligation provision comprises the estimated dismantling and demolition costs of data centres, masts and telephone poles. The asset retirement period for telephone poles is estimated at 10 years, and 40 years for data centres and masts. The realization of the dismantling and demolition costs does not involve any significant uncertainties.

9 Related party transactions

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

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

The following related party transactions were carried out:

1 Jan–30 Jun 2021

EUR thousands	Organisations exercising significant influence	Associated companies
Sales	1,865	-
Purchases	2,494	202
Receivables	43,365	-
Liabilities	140,462	-

1 Jan–30 Jun 2020

EUR thousands	Organisations exercising significant influence	Associated companies
Sales	205	-
Purchases	2,569	214
Receivables	33,313	-
Liabilities	102,392	2

1 Jan–31 Dec 2020

EUR thousands	Organisations exercising significant influence	Associated companies
Sales	1,936	-
Purchases	6,795	431
Group contribution	13,123	-
Receivables	23,994	-
Liabilities	123,875	-

10 Share-based payments

Long-term share incentive schemes for DNA senior executives and other key personnel

Telenor has a long-term share incentive scheme for top executives and critical experts, where they can earn a cash bonus of up to 15–30% of annual base salary, which will be used to purchase Telenor's shares. Remuneration is granted on the basis of the profit development of the two years preceding the payment of the remuneration.

In addition, Telenor offers employees the opportunity to participate in the Employee Share Plan program, where employees are allowed to invest a certain portion of their annual salary in Telenor shares, and where they also have the opportunity to earn bonus shares based on Telenor share price performance.

There have been no share-based compensations during 2021.

Share-based payments

EUR thousands

Expense recorded

	Jan–Jun 2021	Jan–Jun 2020	Jan–Dec 2020
Share-based payments	651	2,037	2,037

The business review for January–September 2021 will be published as a press release on 28 October 2021.

