

A photograph of a man and a young girl on a porch. The man, with long hair and a beard, is crouching and holding a bouquet of pink flowers on a white plate. The girl, with blonde hair, is standing and looking down at a tabby cat sitting on the ground. The background shows a white door with a mirror and framed pictures. A red square logo with the letters 'DNA' is in the top left corner.

DNA

HALF-YEAR FINANCIAL REPORT
JANUARY–JUNE 2020

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DNA Plc Half-Year Financial Report 2020

DNA fared well in the January–June period despite exceptional circumstances – EBITDA and operating result increased

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 2020

- Total revenue decreased 1% and came to EUR 459 million (463).
- Mobile revenue grew 5% and amounted to EUR 270 million (258).
- EBITDA increased 5% and was EUR 162 million (154).
- Operating result increased 8% and was EUR 76 million (71).
- Revenue per user (ARPU) for mobile communications increased 5% and was EUR 16.8 (16.0).
- The number of mobile subscriptions¹⁾ decreased and was 2,676,000 (2,698,000). The number of postpaid subscriptions grew by 7,000 and the number of prepaid subscriptions decreased by 24,000.
- The number of fixed subscriptions (telephony, Internet and TV) decreased 1% and was 880,000 (893,000). The number of broadband subscriptions grew by 33,000.

¹⁾ The number of mobile subscriptions includes postpaid, prepaid, Luuri and mobile broadband 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 key figures published by DNA's parent company Telenor ASA except for the figures for total revenues and EBITDA. The difference in total revenues and EBITDA is due to differences in the classification of certain items. The comparability of the figures and the vocabulary have been described in a press release issued on 28 April 2020, which is available on DNA's website²⁾.

EUR million	1-6/2020	1-6/2019	Change, %	1-12/2019
Total revenues ³⁾	459	463	-1	946
EBITDA ³⁾	162	154	5	306
– % of total revenues	35	33		32
Comparable EBITDA	162	154	5	310
– % of total revenues	35	33		33
Depreciation and amortisation	86	83		172
Operating result	76	71	8	134
– % of total revenues	17	15		14
Comparable operating result	76	71	8	141
– % of total revenues	17	15		15
Net result before tax	72	66	9	125
Net result for the period	56	51	9	99
Return on investment (ROI), %	13	13		12
Return on equity (ROE), %	19	18		17
Capex	66	57	15	159
Cashflow after investing activities	19	8	128	61
Net debt	546	608	-10	559
Net debt/EBITDA	1.7	2.0		1.8
Net gearing, %	90	118		101
Equity ratio, %	43	37		39
Earnings per share, basic and diluted, EUR	0.42	0.39		0.75
Personnel at the end of period	1,639	1,648	-1	1,624

²⁾ DNA's press release issued on 28 April 2020: <https://corporate.dna.fi/press-releases?type=stt1&id=69879917&scrollTo=UJpEQgFgPw1f>

³⁾ DNA's figures are reported as part of the Telenor Group. The difference in total revenues and EBITDA published by DNA and Telenor is due to some differences in the classification.

Additional information:

Jukka Leinonen, CEO, DNA Plc, +358 44 044 1000, jukka.leinonen@dna.fi
 Timo Karppinen, CFO, DNA Plc, +358 44 044 5007, timo.karppinen@dna.fi
 DNA Corporate Communications, +358 44 044 8000, communications@dna.fi

CEO's review

As the first half of 2020 closed, the circumstances in Finland improved. It looks like we have passed the peak of the first wave of the coronavirus, and the government has eased restrictions significantly. While the situation seems under control in Finland, the pandemic is worsening worldwide. Under such exceptional circumstances, it is difficult to foresee the outlook for DNA's operating environment and market. The pandemic may slow down the economic growth in Finland too, which can have a negative impact on the demand for DNA's services.

The effect of the crisis was apparent at DNA since March in areas such as higher volume of customer service, a slowdown in mobile device sales at DNA stores and a significant increase of data volumes in DNA's network. Communication networks gain importance under exceptional circumstances. DNA's network capacity was perfectly capable of managing the increase in data volumes, and we have maintained and built our 5G and 4G network infrastructure continuously. To safeguard operational reliability, our network management is decentralized, and we will continue this approach. At the end of the second quarter, more than 95% of DNA's personnel continued to work remotely. We continue to follow the development of the pandemic closely and will make decisions on appropriate action based on current situation. According to our personnel survey, remote working has gone smoothly.

Despite the challenging market situation and the exceptional circumstances, DNA mostly fared well in the first half of 2020. Total revenues for the January–June period fell slightly from the reporting period and amounted to EUR 459 million (463). The decrease was mainly due to the sale of the terrestrial pay-TV business and a slowdown in mobile device sales. Nevertheless, DNA's EBITDA developed positively in the first half of the year, growing 5% to EUR 162 million (154). Operating result also increased 8% in January–June and was EUR 76 million (71). The favourable development was due to increased mobile revenue and improved operational efficiency.

Our mobile communication subscription base decreased by 22,000 in the January–June period from the reference period. This was due to a decrease in prepaid subscriptions as our postpaid subscription base increased by 7,000. Revenue per user (ARPU) for mobile communications increased 5% year-on-year and was EUR 16.8 (16.0). Our fixed-network subscription base shrank by 13,000, but the number of broadband subscriptions grew by 33,000.



The active construction of DNA's 5G network has continued around Finland. During the first half of 2020, DNA's 5G services have been made available in more than 20 residential areas. We will continue to improve the capacity of our 4G network parallel to the 5G investments. In June, DNA won the 26 GHz range it was pursuing in the 5G spectrum auction. The new frequency band enables the transfer of higher volumes of data with low latency.

The sales of 5G subscriptions are off to a promising start and mobile device manufacturers have launched several new 5G models during the second quarter. More models are expected to be introduced to lower price points as the year progresses, and demand for subscriptions is expected to pick up once these are available. Installations of DNA's 5G Fixed Wireless Access service have also started, and feedback from customers has been positive. The benefits of 5G and its positive impact on customer experience will become more evident as our customers use increasingly rich content, higher resolution videos, and services such as online gaming, where low latency is critical.

A handwritten signature in blue ink, which appears to be 'Jukka Leinonen'. The signature is fluid and stylized, written over a white background.

Jukka Leinonen
CEO

DNA Plc Half-Year Financial Report 1–6/2020

Operating environment January–June 2020

Both the global and Finnish economy have been hit hard by the coronavirus pandemic and public finances are incurring substantial liabilities because of economic stimulus measures. However, it is difficult to assess the direct and indirect impact of the coronavirus pandemic. Any global slowdown may have an impact on the demand for DNA's services.

The use of mobile data grew significantly in the first half of 2020 as a result of more people working remotely and spending more time at home due to the coronavirus lockdown measures. While the use of 4G subscriptions has also increased, the sales of 5G subscriptions will boost mobile data speeds and volumes even further. DNA's 5G network construction continues around Finland. During the first half of 2020, DNA's 5G services have become available in more than 20 residential areas. We will continue to improve the capacity of our 4G network parallel to the 5G investments.

A continuing trend in Finland is the migration of xDSL subscribers to considerably faster fixed cable or fibre optic broadband subscriptions or replacement of xDSL connections with 4G or 5G mobile data connections. Mobile device manufacturers are expected to provide more technically advanced models for consumer and corporate customers.

While traditional TV viewing minutes decreased further, the use of streaming and on-demand video services continued to grow. More customers are watching HDTV broadcasts, and they also increasingly want to watch content conveniently at a time that works best for them.

Regulation

The proposed reforms to the Act on Electronic Communications Services (HE 98/2020) have been sent to the Finnish Parliament. The purpose of the reforms is to implement the requirements of the European Electronic Communications Code (the EECC, or the Telecoms Package Directive) and the EU Directive on Audiovisual Media Services as well as the European Commission cyber security guidelines and apply them to national legislation by the end of 2020.

DNA won the 26 GHz 5G frequency band it pursued in the spectrum auction. The licence entered into force on 1 July 2020.

EU institutions continued to process the draft ePrivacy regulation in the review period.

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	1-6/2020	1-6/2019	Change, %	1-12/2019
Total revenues	459	463	-1	946
EBITDA	162	154	5	306
– % of total revenues	35	33		32
Comparable EBITDA ¹⁾	162	154	5	310
– % of total revenues	35	33		33
Operating result	76	71	8	134
– % of total revenues	17	15		14
Comparable operating result ²⁾	76	71	8	141
– % of total revenues	17	15		15
Net result for the period	56	51	9	99

¹⁾ In 2019, the comparability of EBITDA was affected by a non-recurring expense item of EUR 4 million in relation to the use of expert services in connection to business restructuring, as well as the termination of share-based reward systems. 1-6/2020 there are no items affecting comparability.

²⁾ The comparability of the 2019 operating result was affected by non-recurring items of EUR 7 million, of which EUR 4 million were in relation to the use of expert services in connection to business restructuring, as well as the termination of share-based reward systems and EUR 3 million in relation to the sale of DNA's VHF frequency-based terrestrial network business. 1-6/2020 there are no items affecting comparability.

January–June 2020

DNA's total revenue for the January–June period decreased and came to EUR 459 million (463). The decrease was mainly due to the sale of the terrestrial pay-TV business and a drop in device sales, which fell 11% from the reference period. Mobile revenues grew 5% and came to EUR 270 million (258). During the review period, 75% (76) of total revenues was generated by consumer business and 25% (24) by corporate business.

EBITDA increased from the reference period and was EUR 162 million (154), or 35% (33) of total revenues. Operating result increased and was EUR 76 million (71). Operating result as a percentage of total revenues was 17% (15). Financial income and expenses amounted to EUR 4 million (5). Income tax for the period was EUR 16 million (14). Net result for the period increased and was EUR 56 million (51).

Key operative indicators

	1-6/2020	1-6/2019	Change, %	1-12/2019
Number of mobile subscriptions at end of period	2,676,000	2,698,000	-1	2,696,000
– average revenue per user (ARPU), EUR	16.8	16.0	5	16.3
Number of fixed subscriptions at end of period	880,000	893,000	-2	909,000

DNA's mobile subscription base for the first half of 2020 decreased by 22,000 subscriptions year-on-year. The number of postpaid subscriptions increased by 7,000. ARPU of contract subscriptions grew in the January–June period and came to EUR 17.6 (17.0). The number of prepaid

subscriptions fell by 24,000, but their ARPU increased more than 17% year-on-year and came to EUR 7.5 (6.4). In total, the ARPU came to EUR 16.8 (16.0). The number of fixed subscriptions fell by 13,000 but the number of broadband subscriptions grew by 33,000.

Cash flow and financial position

Cash flow and financial key figures

EUR million	1-6/2020	1-6/2019	Change, %	1-12/2019
Cash flow after investing activities	19	8	128	61

EUR million	1-6/2020	1-6/2019	Change, %	1-12/2019
Net debt	546	608	-10	559
Net debt/EBITDA	1.7	2.0		1.8
Net gearing, %	90	118		101
Equity ratio, %	43	37		39

January–June 2020

Cash flow after investing activities was EUR 19 million (8). Cash flow was impacted, for example, by the Moi Mobile acquisition in the reference period and ICT Elmo's business acquisition.

At the end June, DNA had a EUR 200 million internal revolving credit facility, of which EUR 100 million remained undrawn, and a 51 million (–) Group overdraft.

Net gearing decreased and was 90% at the end of June (118). Net gearing was mainly impacted by the dividend payment in the reference period.

DNA's liquidity is at a healthy level. The Group's liquid assets amounted to EUR 7 million (37). Net debt was EUR 546 million (608). The Group's liquid assets and undrawn committed credit facilities amounted in total to EUR 158 million (202). In addition to liquid assets, DNA has cash pool receivables of EUR 34 million (–). In January, DNA joined Telenor's cash pool and in March closed a EUR 150 million revolving credit facility arranged by a banking group.

Changes in working capital had an EUR 9 million (–23) negative impact on cash flow. The increase in working capital was mostly due to a decline in trade payables in comparison to the end of 2019.

DNA has a strong balance sheet. The net debt/EBITDA ratio was 1.7 (2.0) at the end of June. DNA's equity ratio at the end of the first half of the year was 43% (37).

Development per business segment

Consumer business

EUR million	1-6/2020	1-6/2019	Change, %	1-12/2019
Total revenues	346	351	-1	720
EBITDA	126	117	8	234
– % of total revenues	36	33		32
Comparable EBITDA ¹⁾	126	117	8	236
– % of total revenues	36	33		33
Operating result	71	63	11	122
– % of total revenues	21	18		17
Comparable operating result ²⁾	71	63	11	128
– % of total revenues	21	18		18

¹⁾ The comparability of the 2019 EBITDA was affected by non-recurring expense items of EUR 3 million in relation to business restructuring. 1-6/2020 there are no items affecting comparability.

²⁾ The comparability of the 2019 operating result was affected by non-recurring items of EUR 6 million, of which EUR 3 million were in connection to business restructuring and EUR 3 million in relation to the sale of DNA's VHF frequency-based terrestrial network business. 1-6/2020 there are no items affecting comparability.

January–June 2020

Consumer business total revenues decreased and came to EUR 346 million (351). The decrease was mainly due to the sale of the terrestrial pay-TV business and a slowdown in mobile device sales. EBITDA increased and was EUR 126 million (117). The EBITDA percentage of total revenues was 36% (33). The consumer business operating result increased and was EUR 71 million (63), or 21% of consumer business total revenues (18).

In March, DNA started long-term cooperation with Pelaajat.com, which is the most popular e-sports media in Finland. One of the main objectives of the cooperation is to provide a centralized offering of devices, equipment and services to the players and their audience and to improve the service offering continuously.

DNA improved the roaming pricing of its consumer subscriptions in Sweden, Denmark, Norway, Estonia, Latvia and Lithuania by offering unlimited data transfer in these countries as of 24 June and including data transfer in the monthly DNA subscription fee. The improvement automatically applies to all types of subscriptions available at DNA that include a roaming feature.

Corporate business

EUR million	1-6/2020	1-6/2019	Change, %	1-12/2019
Total revenues	113	112	0	226
EBITDA	36	37	-3	72
– % of total revenues	32	33		32
Comparable EBITDA ¹⁾	36	37	-3	74
– % of total revenues	32	33		33
Operating result	5	7	-32	11
– % of total revenues	4	6		5
Comparable operating result ¹⁾	5	7	-32	13
– % of total revenues	4	6		6

¹⁾ The comparability of 2019 EBITDA and operating result was affected by non-recurring expense items of EUR 1.8 million in relation to business restructuring. 1-6/2020 there are no items affecting comparability.

January–June 2020

Corporate business total revenues increased and came to EUR 113 million (112). EBITDA decreased and was EUR 36 million (37). The EBITDA percentage of total revenues was 32% (33). The corporate business operating result decreased and was EUR 5 million (7), or 4% of corporate business total revenues (6).

Corporate business updated its strategy at the turn of the year, with the aim of enhancing DNA's ability to provide even better services for corporations of all sizes. Service abilities in particular have been improved to meet the needs of globally operating businesses.

Capital expenditure

Capex

EUR million	1-6/2020	1-6/2019	Change, %	1-12/2019
Consumer business	41	32	29	98
Corporate business	25	25	-2	60
Total capital expenditure	66	57	15	159

Capital expenditure is defined as additions to property, plants and equipment, and intangible assets, excluding business acquisitions and asset retirement obligations. Capital expenditure includes annual cash instalments for capitalised licences.

EUR million	1-6/2020	1-6/2019	Change, %	1-12/2019
Operative capital expenditure	52	42	24	140
– % of total revenues	11	9		15
Lease investments (IFRS 16)	6	7	-17	10
Spectrum licences	9	9	0	9
Total capital expenditure	66	57	15	159

Operative capital expenditure is reported capital expenditure excluding annual cash instalments for capitalised spectrum licences and lease investments (IFRS 16).

January–June 2020

In January–June, capital expenditure was EUR 66 million (57). Operative capital expenditure increased from the reference period and came to EUR 52 million (42), or 11% of total revenues (9). In the first half of 2020, the spectrum licence fees for the 700 MHz and 3.5 GHz bands contributed EUR 9 million (9) to capital expenditure.

Major individual items included in capital expenditure in the review period were network capacity expansion and development, 5G readiness as well as 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. DNA's 4G network reaches almost 100% of the population in mainland Finland and 5G network has been constructed to more than 20 residential areas to date. Installations of DNA's 5G Fixed Wireless Access service have also started, and feedback from customers has been positive.

The construction of DNA's 5G network continues around Finland. During the first half of 2020, DNA's 5G services have become available in more than 20 municipalities. 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. DNA's mobile network supports NB-IoT and LTE-M technologies, which makes it possible to provide advanced M2M services.

In June, DNA won 5G frequencies in the 26 GHz frequency range in the auction of the 800 MHz frequency band, which guarantees DNA the ability to provide evolving 5G services long into the future.

During the first half of 2020, DNA deployed its first gigabit-speed broadband connections with fibre-optic technology in the city of Tampere. These allow high-speed connections for older households without the need to update existing cabling. In Heinola, DNA replaced the city's copper-based services with efficient fibre and mobile services, and all services in the city centre are now provided by mobile and fibre-optic networks.

According to the report published by Tefficient in April¹⁾, DNA's customers had the second-highest mobile data usage per subscription in the world in 2019, averaging at 25.4 gigabytes per month. In 2018, the average was 20.8 gigabytes. DNA was only slightly behind number one, an operator from Kuwait. In January–June 2020, the average mobile data usage of DNA's customers per month reached approximately 32.5 gigabytes per subscription (23.8). Growth from the reference period is 37%.

¹⁾ 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-2019/>

Personnel

Personnel by business segment

	30 June 2020	30 June 2019	Change, %	31 December 2019
Consumer Business	922	946	-3	933
Corporate Business	717	702	2	691
Total personnel	1,639	1,648	-1	1,624

At the end of June 2020, DNA Group had 1,639 employees (1,648), of which 634 were women (651) and 1,005 men (997).

Salaries and employee benefit expenses paid during the January–June period amounted to EUR 60 million (56).

One of DNA's strategic objectives is being a great place to work. Satisfied, motivated, and qualified employees are a crucial foundation for DNA's ability to provide the best customer experience on the market. In April 2020, the Family Federation of Finland renewed DNA's family-friendly workplace recognition, which shows that the employer is committed to implement family-friendly values and social responsibility. DNA is the only large enterprise in Finland to receive the recognition.

DNA's owner Telenor announced in early June that it will adopt the flexible method of working globally for all of its almost 19,000 employees. Leading the way, DNA has been operating flexibly since 2012. At DNA, flexible work means that if your work is not tied to a place or time, you can decide independently where and when you work, without discussing this with your supervisor. Telenor will adopt the model in other countries so that each business unit will drive the implementation as best adapted to local conditions.

Significant litigation matters

The trademark disputes between Deutsche Telekom AG and DNA have been settled on 9 April 2020 and the related claims have been withdrawn.

Telenor Finland Holding Oy, wholly-owned by the Norwegian telecommunications Group Telenor, acquired a 54% stake in DNA in August 2019 and became the main shareholder of DNA. After the completion of the transaction and the resulting mandatory public tender offer, Telenor's holding of DNA shares was 97.87%.

On 11 October 2019, Telenor Finland Holding commenced mandatory redemption proceedings in respect of DNA's minority shares by applying for arbitration proceedings to be initiated in accordance with Chapter 18, Section 4 of the Finnish Companies Act in order to redeem the remaining

shares in DNA. Telenor posted on 3 February 2020 a security approved by the arbitral tribunal for the payment of the redemption price and the interest accruing thereon and thereby obtained title to all minority shares in DNA. On 3 February 2020, Nasdaq Helsinki delisted all DNA Plc in accordance with separate releases published by Nasdaq Helsinki.

The arbitral tribunal made a decision on the arbitration proceedings initiated by Telenor Finland Holding Oy in accordance with the Finnish Companies Act on 30 March 2020, confirming the redemption price of DNA's minority shares as EUR 20.90 per share. The decision has been registered in the Finnish Trade Register on 24 April 2020. The decision is final and the redemption proceedings have concluded.

Decisions of the Annual General Meeting

DNA's Annual General Meeting was held in Helsinki on 26 March 2020. The Annual General Meeting adopted the consolidated financial statements and parent company financial statements and discharged the Board of Directors and the CEO from liability for the financial period 2019.

Since DNA now has only one shareholder, it was decided to dissolve the Shareholders' Nomination Committee established in 2015. The AGM also made minor changes to Articles regarding the composition of the Board of Directors and Notice of General Meeting.

The current composition of the Board of Directors was not changed. Jørgen C. Arentz Rostrup was elected Chairman and Fredric Scott Brown, Nils Katla, Tero Ojanperä, Anni Ronkainen, Kirsi Sormunen and Ulrika Steg were elected as members of the Board.

Corporate responsibility

DNA's responsibility strategy and objectives were updated in the first half of 2020. In accordance with the updated strategy, DNA will place even more emphasis on diversity and equal opportunity at the workplace. DNA also updated its climate objective with the aim of achieving carbon-neutral business operations by 2030, which is Telenor's group-wide objective for its Nordic operations.

The alignment of DNA's and Telenor's corporate responsibility approaches got under way in the first half of 2020 and will continue during the second half of the year. As part of Telenor Group, DNA will continue to work on and develop areas such as responsibility in the supply chain, human rights and good governance.

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.

It is difficult to assess the direct and indirect impact of the coronavirus pandemic. It may have negative impacts on areas such as the health of DNA's employees or DNA's subcontractors' employees and DNA's service reliability. The pandemic may slow down economic growth, which can have a negative impact on the demand for DNA's services. DNA is taking preventive measures because of the pandemic.

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 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.

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, 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.

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.

DNA's financial reporting in 2020

- DNA has changed its financial reporting from the beginning of 2020. The company publishes a half-year (January–June) financial report and a financial statements bulletin for the 2020 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.
- 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 senior unsecured fixed rate notes due 2025 (ISIN: FI4000312095) listed in Nasdaq Helsinki stock exchange.
- Business review for January–September 2020 will be published on 21 October 2020.

Group key figures

Group key figures

	1 Jan–30 Jun 2020	1 Jan–30 Jun 2019	1 Jan–31 Dec 2019
Earnings per share, basic and diluted, EUR	0.42	0.39	0.75
Equity per share, EUR	4.60	3.88	4.17
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	132,121	132,087
Weighted average adjusted number of shares during the financial period, diluted (thousands)	132,182	132,039	132,087
Net debt, EUR in thousands	545,552	607,513	559,073
Net gearing, %	90	118	101
Equity ratio, %	43	37	39
Net debt/EBITDA	1.7	2.0	1.8
Return on investment (ROI), %	13	13	12
Return on equity (ROE), %	19	18	17
Capital expenditure, EUR in thousands	66,108	57,347	158,707
Capital expenditure, % of net sales	15	12	17
Personnel at end of period	1,639	1,648	1,624

Reconciliation of comparable key figures

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

EUR in thousands	1 January–31 December 2019		
	Consumer	Corporate	Total
EBITDA	233,532	72,043	305,575
Fair value opinion	996	687	1,683
Share based programmes	930	642	1,572
Share based programme Bridge	519	358	878
Matching shares plan for personnel	93	64	157
Comparable EBITDA	236,070	73,795	309,865
Operating result	122,399	11,292	133,692
Fair value opinion	996	687	1,683
Share based programmes	930	642	1,572
Share based programme Bridge	519	358	878
Matching shares plan for personnel	93	64	157
Write-off of terrestrial network	3,109	-	3,109
Comparable Operating result	128,047	13,044	141,091

Key operative indicators

Mobile communication network subscription volumes:

Number of:	30 Jun 2020	30 Jun 2019	31 Dec 2019
Subscriptions*	2,676,000	2,698,000	2,696,000

* Includes only mobile broadband

	1-6/2020	1-6/2019	1-12/2019
Revenue per subscription (ARPU), EUR	16.8	16.0	16.3

Fixed-network subscription volumes:

Number of:	30 Jun 2020	30 Jun 2019	31 Dec 2019
Subscriptions	880,000	893,000	909,000

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, (EUR)	=	Operating result, 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, 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) = 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.

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

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.

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.

Consolidated income statement

EUR in thousands	1 Jan– 30 Jun 2020	1 Jan– 30 Jun 2019	1 Jan– 31 Dec 2019
Total revenues	458,935	462,771	945,968
Materials and services	-184,311	-194,921	-409,867
Employee benefit expenses	-59,505	-56,301	-112,720
Depreciation, amortisation and impairments	-85,664	-83,400	-171,883
Other operating expenses	-53,576	-57,640	-117,805
Operating result	75,880	70,508	133,692
Finance income	250	233	496
Finance expense	-4,353	-5,135	-9,590
Share of associates' results	-11	-	14
Net result before income tax	71,767	65,606	124,612
Income tax expense	-15,814	-14,160	-25,793
Net result for the period	55,953	51,446	98,819
Attributable to:			
Owners of the parent	55,953	51,446	98,819
Earnings per share for net result attributable to owners of the parent:			
Earnings per share, basic and diluted, EUR	0.42	0.39	0.75

Notes are an integral part of the Half Year Financial Report.

Consolidated statement of comprehensive income

EUR in thousands	1 Jan– 30 Jun 2020	1 Jan– 30 Jun 2019	1 Jan– 31 Dec 2019
Net result for the period	55,953	51,446	98,819
Items that will not be reclassified to profit or loss:			
Remeasurements of post employment benefit obligations	304	–34	126
Other comprehensive income, net of tax	304	–34	126
Total comprehensive income	56,257	51,412	98,945
Attributable to:			
Owners of the parent	56,257	51,412	98,945

Notes are an integral part of the Half Year Financial Report.

Consolidated statement of financial position

EUR in thousands	30 Jun 2020	30 Jun 2019	31 Dec 2019
ASSETS			
Non-current assets			
Goodwill	338,706	338,706	338,706
Other intangible assets	189,225	192,036	196,562
Property, plant and equipment	410,209	413,183	427,442
Right-of-use assets	72,991	82,147	76,237
Investments in associates	1,205	1,205	1,219
Other investments	111	117	110
Trade and other receivables	76,738	72,102	76,465
Contract assets	3,813	2,366	3,881
Deferred tax assets	5,712	7,662	7,164
Total non-current assets	1,098,710	1,109,523	1,127,786
Current assets			
Inventories	31,523	29,225	34,303
Trade and other receivables	232,449	192,036	206,906
Contract assets	4,802	3,218	4,912
Income tax receivables	160	-	2,155
Accrued expenses	52,107	48,703	47,935
Cash and cash equivalents	6,981	36,614	17,423
Total current assets	328,022	309,797	313,634
Total assets	1,426,732	1,419,319	1,441,420
Equity			
Equity attributable to owners of the parent			
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	-24,423	-115,613	-124,757
Net result for the period	55,953	51,446	98,819
Total equity	608,583	512,886	551,115
LIABILITIES			
Non-current liabilities			
Borrowings	406,254	379,937	472,445
Lease liabilities	57,641	64,475	60,587
Contract liabilities	1,580	1,469	1,813
Employment benefit obligations	1,137	1,737	1,540
Provisions	4,997	4,886	4,996
Deferred tax liabilities	34,537	34,495	36,863
Other non-current liabilities	19,270	24,490	25,606
Total non-current liabilities	525,416	511,489	603,851
Current liabilities			
Borrowings	73,846	183,971	28,810
Lease liabilities	14,792	15,744	14,652
Contract liabilities	2,317	3,065	2,876
Provisions	208	208	470
Trade and other payables	196,197	187,545	239,257
Income tax liabilities	5,371	4,410	388
Total current liabilities	292,733	394,944	286,454
Total equity and liabilities	1,426,732	1,419,319	1,441,420

Consolidated statement of cash flows

EUR in thousands	1 Jan– 30 Jun 2020	1 Jan– 30 Jun 2019	1 Jan–31 Dec 2019
Cash flows from operating activities			
Net result for the period	55,953	51,446	98,819
Adjustments ¹⁾	104,929	102,480	206,951
Change in net working capital ²⁾	-8,695	-23,198	-34,546
Dividends received	183	12	44
Interest paid	-5,334	-5,305	-5,648
Interest received	197	176	370
Other financial items	-896	-1,700	-2,589
Income taxes paid	-9,832	-14,848	-29,823
Net cash generated from operating activities	136,505	109,062	233,577
Cash flows from investing activities			
Investments in property, plant and equipment (PPE) and intangible assets	-82,928	-58,209	-132,852
Proceeds from sale of PPE	-	13	2,013
Proceeds from sale of PPE	-	-42,415	-42,180
Group account receivable	-34,311	-	-
Net cash used in investing activities	-117,239	-100,610	-173,019
Cash flows from financing activities			
Dividends paid	-	-145,400	-145,400
Proceeds from borrowings	20,081	509,505	848,801
Repayment of borrowings	-41,887	-349,941	-752,534
Repayment of lease liabilities	-7,901	-8,656	-16,657
Net cash used in financing activities	-29,707	5,508	-65,790
Change in cash and cash equivalents	-10,442	13,960	-5,232
Cash and cash equivalents at beginning of period	17,423	22,654	22,654
Cash and cash equivalents at end of period	6,981	36,614	17,423
Adjustments ¹⁾ :			
Depreciation, amortisation and impairment	85,664	83,400	171,883
Gains and losses on disposals of non-current assets	1	-6	-4
Other non-cash income and expense	11	-	-14
Finance income and expense	4,103	4,902	9,094
Income tax expense	15,814	14,160	25,793
Change in provisions	-663	24	198
Total adjustment	104,929	102,480	206,951
Change in net working capital ²⁾ :			
Change in trade and other receivables	4,644	1,211	-22,858
Change in inventories	2,780	2,456	-2,622
Change in trade and other payables	-16,119	-26,865	-9,066
Change in net working capital	-8,695	-23,198	-34,546

Notes are an integral part of the Half Year Financial Report.

Consolidated statement of changes in equity

EUR in thousands	Share capital	Reserve for invested unrestricted equity	Treasury shares	Retained earnings	Total equity
1 January 2019	72,702	506,079	-2,806	28,794	604,770
Comprehensive income					
Net result for the period				98,819	98,819
Other comprehensive income					
Total other comprehensive income, net of tax				126	126
Total comprehensive income	-	-	-	98,945	98,945
Transactions with owners					
Share-based payments			1,078	-8,278	-7,200
Dividends relating to 2018				-145,400	-145,400
Total contribution by and distributions to owners	-	-	1,078	-153,678	-152,600
31 December 2019	72,702	506,079	-1,728	-25,939	551,115
1 January 2020	72,702	506,079	-1,728	-25,939	551,115
Comprehensive income					
Net result for the period				55,953	55,953
Other comprehensive income					
Total other comprehensive income, net of tax				304	304
Total comprehensive income	-	-	-	56,257	56,257
Transactions with owners					
Share-based payments				1,211	1,211
Total contribution by and distributions to owners	-	-	-	1,211	1,211
30 June 2020	72,702	506,079	-1,728	31,529	608,583

Notes are an integral part of the Half Year Financial Report.

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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 2019 with the exception of new and amended standards effective as of 1 January 2020. This report should be read in connection with the 2019 Financial Statements. The information presented in the report is unaudited.

Reclassification

The 2019 figures are presented differently from the figures previously presented by DNA and in the same way as figures published by DNA's parent company, Telenor ASA, excluding net sales and EBITDA. Turnover and EBITDA differs due to differences in the classification of certain items. The comparability of the figures and the vocabulary have been described in a press release issued on 28 April 2020, which is available on DNA's website.

2 Revenue

The group revenue consists of income from contracts with customers. The Consumer segment revenue in H1 2020 was EUR 346.2 million and the Corporate segment revenue was EUR 112.7 million. Segment revenue is derived from the transfer of goods and services in the following:

EUR in millions	1 Jan–30 Jun 2020		1 Jan–30 Jun 2019		1 Jan–31 Dec 2019	
	Point in time	Over time	Point in time	Over time	Point in time	Over time
Timing of revenue recognition						
Subscription and traffic		250		238		486
Interconnect revenues		21		20		40
Mobile revenues subscriptions		270		258		526
Other mobile revenues		5		4		10
Total mobile revenues		275		262		536
Non-mobile revenues	67	9	75	9	160	18
Other revenues*		2		2		4
Total revenues mobile operation	67	286	75	273	160	558
Telephony		9		10		18
Internet and TV		72		72		145
Other retail revenues		17		25		50
Total retail revenues		98		107		214
Wholesale revenues		8		8		15
Total revenues fixed operation		106		115		229
Total revenues	67	391	75	388	160	787

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

3 Segment information

1 Jan–30 Jun 2020

EUR in thousands				
Business segments	Consumer segment	Corporate segment	Unallocated	Group total
Total revenues	346,214	112,722	-	458,935
EBITDA	126,008	35,536		161,544
Depreciation, amortisation and impairments	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*	41,318	24,789		66,108
Employees at end of period	922	717		1,639

1 Jan–30 Jun 2019

EUR in thousands				
Business segments	Consumer segment	Corporate segment	Unallocated	Group total
Total revenues	350,523	112,248		462,771
EBITDA	117,162	36,747		153,909
Depreciation, amortisation and impairments	53,819	29,582		83,400
Operating result	63,343	7,165		70,508
Net finance items			-4,902	-4,902
Share of associates' results				
Net result before income tax				65,606
Net result for the period				51,446
Capital expenditure*	31,964	25,383	-	57,347
Employees at end of period	946	702	-	1,648

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

1 Jan–31 Dec 2019

EUR in thousands				
Business segments	Consumer segment	Corporate segment	Unallocated	Group total
Total revenues	720,152	225,816		945,968
EBITDA	233,532	72,043		305,575
Comparable EBITDA	236,070	73,795		309,865
Depreciation, amortisation and impairments	111,133	60,751		171,883
Operating result	122,399	11,292		133,692
Comparable operating result	128,047	13,044		141,091
Net finance items			-9,094	-9,094
Share of associates' results			14	14
Net result before income tax				124,612
Net result for the period				98,819
Capital expenditure*	98,467	60,240	-	158,707
Employees at end of period	933	691	-	1,624

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

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.

4 Capital expenditure

EUR in thousands	1 Jan–30 Jun 2020	1 Jan–30 Jun 2019	1 Jan–31 Dec 2019
Capital expenditure*			
Intangible assets	25 036	24 576	48 677
Property, plant and equipment	41 071	32 771	110 031
Total	66 108	57 347	158 707

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

Major individual items included in capital expenditure in the review period were network capacity expansion and development, 5G readiness as well as fibre optic networks and transmission 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 2019	132,121	183	132,304	72,702	506,079
Share issue	61	-61	-	-	-
31 December 2019	132,182	121	132,304	72,702	506,079
30 June 2020	132,182	121	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 132,182,184 (30 June 2019 132,182,184). The shares do not have a nominal value. On 30 June 2020, DNA Plc's share capital amounted to EUR 72,702,226. All issued shares have been paid in full.

Treasury shares

	Amount
Treasury shares 30 June 2020	121,316

Treasury shares represent 0.09 per cent of the votes.

6 Borrowings

EUR in thousands	30 June 2020	30 June 2019	31 December 2019
Non-current borrowings			
Loans from financial institutions	162,389	77,367	169,231
Bonds	243,865	302,570	303,215
Lease liabilities	57,641	64,475	60,587
Total	463,895	444,412	533,033
Current borrowings			
Loans from financial institutions	13,892	64,069	13,846
Bonds	59,954	-	-
Commercial papers	-	119,902	14,964
Lease liabilities	14,792	15,744	14,652
Total	88,639	199,715	43,463

7 Net debt

EUR in thousands	30 June 2020	30 June 2019	31 December 2019
Non-current borrowings	463,895	444,412	533,033
Current borrowings	88,639	199,715	43,463
Total borrowings	552,533	644,128	576,495
Less cash and cash equivalents	6,981	36,614	17,423
Net debt	545,552	607,513	559,073

EUR in thousands	Reported in cash flows from financing activities			
	Cash	Current borrowings	Non-current borrowings	Net debt
1 January 2019	22,654	53,837	348,090	379,273
1 January 2019 IFRS 16 standard		14,775	67,329	82,104
Change in cash	-5,232			5,232
Proceeds from borrowings		712,180	136,622	848,801
Repayment of borrowings		-762,268	-6,923	-769,191
Other non-cash transactions		24,938	-12,084	12,854
31 December 2019	17,423	43,463	533,033	559,073
Change in cash	-10,442			10,442
Proceeds from borrowings		10,000	10,081	20,081
Repayment of borrowings		-32,865	-16,923	-49,788
Other non-cash transactions		68,041	-62,296	5,745
30 June 2020	6,981	88,639	463,895	545,552

The Group's cash and undrawn credit facilities totalled EUR 158 million (202). In addition to cash and cash equivalents, DNA has group account receivables of EUR 34 million (-).

DNA joined Telenor's cash pool in January.

8 Provisions

EUR in thousands	1 January 2020	Additions	Provisions used	Other/ Discount effect	30 June 2020
Asset retirement obligation	4,789	1	-	-	4,790
Restructuring provisions	469		-261	-	207
Other provision	208	-	-	-	208
Total	5,466	1	-261		5,206

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.

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 related party.

The following related party transactions were carried out:

1 Jan–30 Jun 2020

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

1 Jan–30 Jun 2019

EUR in thousands	Organisations exercising significant influence	Associated companies
Sales	9	-
Purchases	1,152	216
Receivables	2	-
Liabilities	263	-

1 Jan–31 Dec 2019

EUR in thousands	Organisations exercising significant influence	Associated companies
Sales	15	-
Purchases	1,810	432
Receivables	10	-
Liabilities	100,305	2

10 Share-based payments

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

DNA Plc's Board of Directors has resolved on 3 October 2019 to terminate DNA's long-term share-based incentive schemes for senior executives and other key employees. The Board of Directors has also resolved on the payment of rewards thereunder in cash.

In respect of the PSP programmes 2018–2020 and 2019–2021 as well as the RSP programme 2019–2021, the payment of the cash reward to around 70 participants took place on 20 June 2020. Payments of the cash reward were conditional on the participants' employment continuing until the payment of the reward or that the participant is a good leaver in accordance with the applicable terms and conditions.

Share-based reward plan	PSP 2019–2021	PSP 2018–2020
Grant date	30 January 2019	17 January 2018
Maximum number of shares	382,158	372,600
Fair value of the reward at grant date	9.66	6.12
Share price at grant date	18.39	15.07
Valid until	30 June 2020	30 June 2020
Expected volatility of share prices		19%
Expected dividends		3.12
Risk-free interest rate		–0,29%
Implementation	Reclassified as cash based	Reclassified as cash based

Share-based reward plan	RSP 2018–2020	RSP 2019–2021
Grant date	9 April 2019	9 April 2019
Maximum number of shares	45,000	37,500
Fair value of the reward at grant date	20.12	19.11
Share price at grant date	21.14	21.14
Valid until	30 June 2020	30 June 2020
Implementation	Reclassified as cash based	Reclassified as cash based

Share-Based payments

EUR in thousands	Jan–Jun 2020	Jan–Jun 2019	Jan–Dec 2019
Expense recorded in the income statement			
Share-based payments	2,037	1,863	6,298

EUR in thousands	2020
Paid	
Share-based payments	4,780
Total	4,780

Business review for January–September 2020 will be published
on 21 October 2020.

