

Telenor Annual Report



2022



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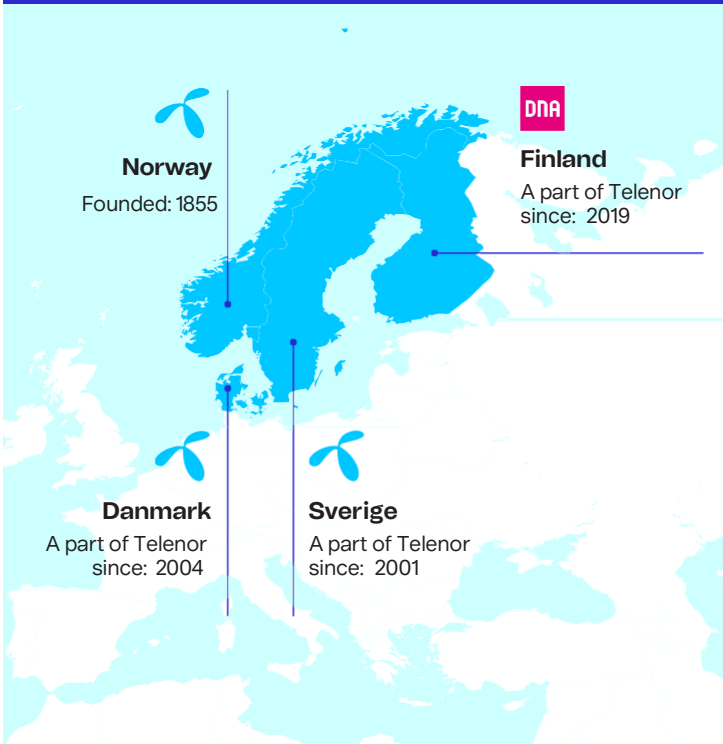


Telenor at a glance

Telenor Group is a leading telecommunications company across the Nordics and Asia. Responsible business conduct is the foundation of how the company operates. Connectivity has been Telenor's domain since 1855, and the company's purpose is to empower societies and connect its customers to what matters most.

Telenor Nordics

10 million subscribers | 4 markets



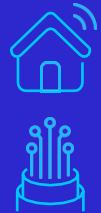
Telenor Infrastructure

A leading Nordic infrastructure player

26.000 Nordic telecommunication towers

Fibre infrastructure that connects 400.000 homes across Norway

Data centres across the Nordic region



Telenor Amp

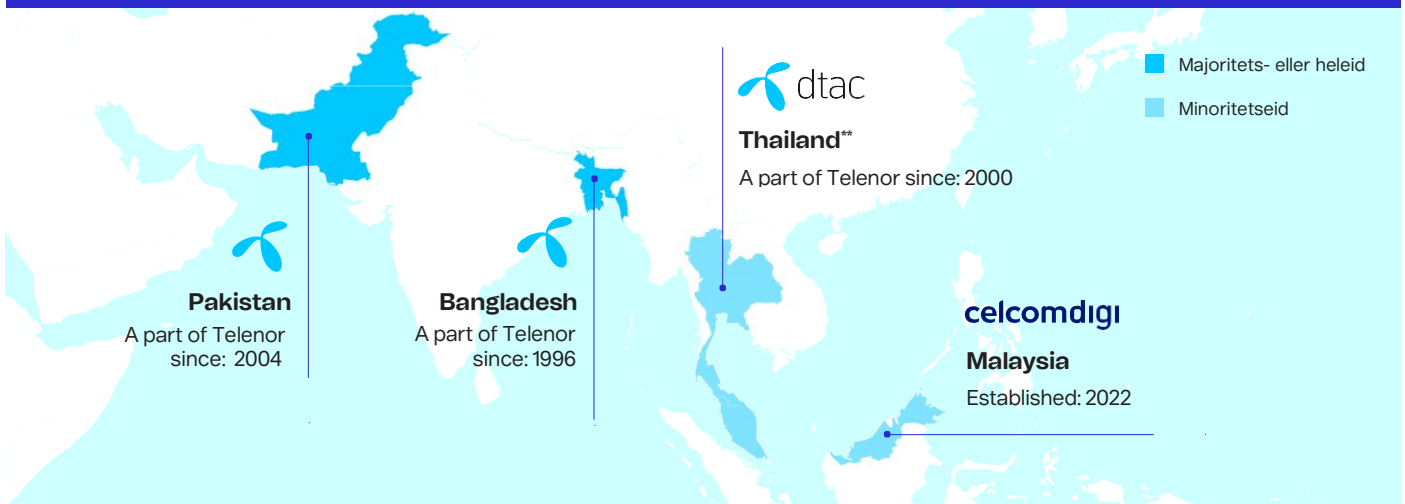
Investments and partnerships adjacent to Telenor's core business.

15 companies within Internet of Things, maritime communication, satellites, entertainment distribution and online classifieds and more.



Telenor Asia

148 millioner subscribers* | 4 markets



* Reported subscriber numbers exclude CelcomDigi

** I 2023, dtac was merged with True and Telenor took a minority ownership position in the new company.

Letter from the CEO

Every day, Telenor works towards advancing the digital world and making it safe, green, and for all. In today's reality, these topics are more important than ever. In 2022, we saw the war in Ukraine begin and the aftermath of a global pandemic cause macroeconomic turmoil and surging energy prices that threatened people's livelihoods threatened in all corners of our world. We also saw first-hand the effects of climate change in natural disasters all over the world, not least in our Asian markets.

Telenor wants to play a vital role in connecting people and businesses to what matters most to them, and as we navigate challenges and uncertainties, businesses and private actors need to step up and take their share of the responsibility to empower the societies where we operate. As Pakistan and Bangladesh faced devastating floods, colleagues across both countries worked tirelessly to keep customers and societies connected, enabling aid and crucial information to flow between loved ones and those needing help. Our former colleagues in Myanmar continued to deliver connectivity in the face of enormous challenges following the military takeover in 2021. It still saddens me and all Telenor colleagues with Myanmar close to their hearts that Telenor was forced to sell our operations in the country and exit Myanmar in March 2022.

Securing people's digital lives has become ever more critical in a world where digitalisation has been supercharged throughout the pandemic. In Europe, we have seen increased digital security awareness following the war in Ukraine and the resulting escalation of geopolitical tensions. In Asia we see digitalisation rapidly changing societies. We work hard and invest continually to keep our customers' digital lives safe. We stopped more than 250 million fraudulent calls to our customers worldwide while building robust and resilient networks to face the risks of both digital and physical attacks.

Despite the massive challenges and uncertainties 2022 brought, we saw grounds for optimism and opportunities. Digitalisation is rapidly changing the world around us, and we want to give our customers new opportunities, products, and services. We worked hard to put Telenor in the best position to keep creating value for customers, shareholders, and societies.

In that regard, 2022 was a major milestone for Telenor, as we launched a new strategy to reshape the company. We established four empowered business areas with distinct strategic priorities: Telenor Nordics will cement our role as a leading Nordic telecommunications player by growing our core connectivity business, offering more and better services – such as security solutions – to customers, and ensuring our operations are at the forefront of technological innovation and modernisation. Telenor Asia is now operating more independently with a strong focus on governance and value creation as we partner with other companies to build scale and market leaders in the region. Telenor Infrastructure is set up to maximise the value in our infrastructure portfolio while ensuring we are in a strong position to offer



Sigve Brekke, President & CEO
Telenor Group

customers secure, robust and green connectivity. In Telenor Amp, our focus is on leveraging the companies in Telenor that are adjacent to our core connectivity business to build leading, Nordic service offerings with high-growth opportunities. Our ambition is to take a leading Nordic position within Internet of Things (IoT) and security services. We plan to unlock the value of our current assets through transactions and partnerships.

Last year demonstrated Telenor's ability to deliver on our new ambitions. We showed the profitable growth potential in the Nordics, completed a merger in Malaysia – establishing CelcomDigi as the clear market leader – and laid the groundwork for the creation of a market leader in Thailand in 2023. We also agreed on the sale of 30 percent of the Norwegian fibre business that allows us to build more fibre and return value to shareholders. Finally, we also completed the decommissioning of the more than 100-year-old copper network in Norway, moving our customers to new and modern future-proof network solutions.

None of this would be possible without the dedication of our amazing colleagues, who always explore and challenge the status quo. I want to take this opportunity to thank them for their tireless efforts, positioning us for exciting opportunities as we enter 2023.

Telenor is now in a strong position to succeed with growth, deliver on our purpose, and continue to empower societies for years to come. We are committed to ensuring that our customers have the best experience with our products and services, and we will continue to work endlessly to meet their needs. Let us advance the digital world, and make it green, safe, and for all.

A handwritten signature in dark ink, appearing to read 'Sigve Brekke'. The signature is fluid and cursive, written in a professional but personal style.

Sigve Brekke, President & CEO Telenor Group

Telenor Group Leadership Team



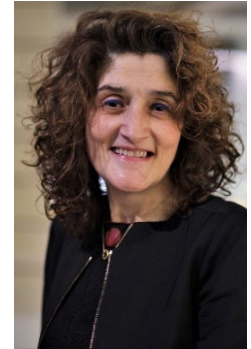
Sigve Brekke
President and
Chief
Executive Officer
(CEO)



**Tone Hegland
Bachke**
EVP and Chief
Financial Officer
(CFO)



Rita Skjærvik
EVP and Chief
People,
Sustainability and
External Relations
Officer



Ruza Sabanovic
EVP and Chief
Technology Officer



**Petter-Børre
Furberg**
EVP and Head of
Telenor Nordics



**Jørgen C.
Arentz
Rostrup**
EVP and Head of
Telenor Asia



Jannicke Hilland
EVP and Head of
Telenor
Infrastructure



**Dan
Ouchterlony**
EVP and Head of
Telenor Amp

Telenor Board of Directors



Gunn Wærsted
Chair of the Board



Jørgen Kildahl
Deputy Chair of the Board



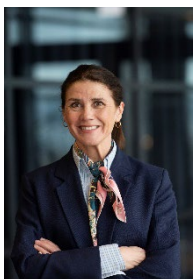
Nina Bjornstad
Board member



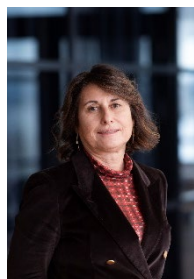
Jon Erik Reinhardsen
Board member



Pieter Cornelis Knook
Board member



Astrid Simonsen
Joos
Board member



Elisabetta Ripa
Board member



Jan Otto Eriksen
Board member,
employee representative



Irene Vold
Board member,
employee representative



Roger Rønning
Board member,
employee representative

Letter from the Chair

Dear Reader

In 2022, as the world emerged from the devastating challenges of the COVID-19 pandemic, war broke out in Europe causing global political and economic insecurity with inflation, increased interest rates, volatile energy markets and escalated tensions on the global geopolitical stage. Several Asian countries, including Telenor's markets, faced catastrophic flooding and the 2021 military coup in Myanmar continued to have devastating effects on the country's people. Against this challenging backdrop, Telenor responded with a balanced approach grounded in the Nordic values that it has carried from its inception.

The actions outlined in this year's report, were taken with the needs of our customers, employees, shareholders, and the planet in mind. As a vital player in the digital world, Telenor works tirelessly to connect hundreds of millions of people across Asia and the Nordics. We do this with a deep sense of responsibility to create a just and sustainable foundation for the future.

During a volatile 2022, Telenor responded on all fronts, addressing immediate challenges while restructuring the company with an eye towards increased responsiveness, profitability, and innovation. Over the course of the year, Telenor successfully transitioned to four distinct business areas, each empowered with their own strategic priorities. As separate business units, Telenor Nordics and Telenor Asia are now better positioned than ever to serve the unique customer needs across the different markets. Telenor Infrastructure will focus on the vital infrastructure that serve all regions while Telenor Amp is our growing edge, investing in and developing growth companies in segments where Telenor can make a difference. We also initiated two successful mergers in Malaysia and Thailand creating clear market leaders in both markets which show great promise in 2023. These mergers underscore the growing importance that size, and scalability play in increasing customer and shareholder value.

We made the difficult decision to leave our operation in Myanmar after the country suffered a military coup. International law and the safety of our people came above the financial considerations of leaving a profitable operation behind. In some ways this situation parallels the war in Ukraine, where a vast exodus of private enterprises happened almost overnight with private companies forgoing assets and future profits to take a stand against the undermining of international law.

We enter 2023 differently than the company that I wrote about in last year's letter. We feel confident that we have laid the groundwork for a transformative shift that enables Telenor to create greater value for our customers and shareholders while advancing diversity, safety, and opportunity in the workplace. We have taken crucial steps toward resolving the challenges facing us as an industry and as a company, at the same time positioning ourselves to benefit from the opportunities that disruption creates.



Gunn Wærsted, Chair of the Board

Telenor ASA

Our achievements in digitalisation enable us to leverage the latest technologies to create products and services that meet evolving market requirements. Simultaneously we are dedicated to providing a secure and inclusive experience that our customers can rely on into the future. Telenor continues its commitment to reducing global warming by reducing greenhouse gas emissions across its operations. Embracing both the challenges and opportunities before us, we are confident that Telenor will remain a leader in the telecommunications industry for years to come.

Finally, I would like to take this opportunity to express my appreciation to our management and employees for their hard work and dedication during this extraordinary year. On behalf of the Board, I am proud of what has been accomplished so far and believe Telenor has a strong foundation to deliver also in the future.

A handwritten signature in blue ink, appearing to read 'Gunn Wærsted'.

Gunn Wærsted
Chair of the Board of Directors



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Telenor Group has a proud history of providing critical connectivity for people and societies for 168 years. Founded in 1855 as the Norwegian Telegraph Administration, Telenor is today a global telecommunications company with 158 million subscribers across the Nordics and Asia at the end of 2022. The company is headquartered at Fornebu, Norway, and will operate through four main business areas going forward: Telenor Nordics, Telenor Asia, Telenor Infrastructure and Telenor Amp.

Connectivity is the lifeblood of modern societies, and Telenor's purpose is to empower societies and connect customers to what matters most. Across the world, consumers and societies are in the midst of a massive digital shift, and Telenor's purpose has never been more important.

Accelerated by the COVID-19 pandemic, global demand for connectivity continued to increase in 2022 and this digitalisation megatrend brings growth opportunities both for Telenor and the global telecommunications industry. Telenor is confident that the demand for green, safe, trusted, and reliable communication services will continue to rise well into the next decade. Telenor will meet the communications needs of its customers by delivering connectivity solutions for today and tomorrow.

The networks, services and communications infrastructure that Telenor builds and operates enable millions of people across its footprint to explore new digital opportunities. Connectivity is a critical first step towards inclusion in any society, and in 2022 Telenor trained more than 1.3 million people in digital skills across the Nordics and Asia. Since 2021, Telenor has trained three million people and is on track to reach the 2025 goal of six million. By providing connectivity Telenor drives inclusion and firmly believes this is an important step towards individual and societal prosperity.

Connectivity and communication services must be robust and secure. On a global level, Telenor blocked more than

250 million fraudulent calls to customers. In the Nordics, Telenor meets the customers' high demand for secure connectivity in a sharply increasing digital risk environment. Security services saw a significant growth across the Nordic region in 2022.

The green shift cannot happen without digitalisation and connectivity. The use of mobile technology is estimated to have contributed to a global reduction in greenhouse gas emissions, with emissions savings ten times greater than the global carbon footprint of the mobile industry itself¹. Telenor is committed to play its part in the efforts to limit the rise in worldwide temperature in line with the Paris Agreement by developing its role as a digital and green enabler for customers and partners. At the same time, Telenor is reducing greenhouse gas emissions across its own operations and supply chain through setting science-based targets, approved by the Science Based Targets Initiative. In 2022, Telenor decommissioned its copper network in Norway, enabling more energy efficient network solutions for customers. Since 2019, the traffic through Telenor's networks has increased by approximately 200 percent. Despite this massive increase in data traffic, Telenor's energy consumption has remained almost flat. The company's total energy use per terabyte of data has fallen by 60 percent as a result of improved energy management and modernisation initiatives. This will continue to remain in focus as consumers move to more energy efficient connectivity with 4G and 5G compared to older technologies such as 2G and 3G. In 2022, The company also entered into power purchasing agreements that will provide green energy for its own operations from 2023 and 2024, and 36.3 percent of suppliers by spend had set science-based targets, showing progress towards the end goal of 68 percent by 2025.

In the Nordic region, Telenor is executing on the strategy to be a leading Nordic telecommunications company with profitable growth from efficient connectivity and services. **Telenor Nordics** consists of four business units: Telenor Norway, Telenor Sweden, Telenor Denmark and DNA (Finland). Together, the companies have 10 million mobile subscribers across the region.

Telenor has a strong Asian presence with market-leading telecom operators in the region. Telenor has over the years built a solid regional telecommunications operation capable of driving further digitalisation and inclusion. **Telenor Asia** manages Telenor's ownership in mobile

¹ According to the 2019 study, "The Enablement Effect", by the telecommunications industry association GSMA and the Carbon Trust.

operators across the region: CelcomDigi in Malaysia, True Corporation in Thailand, where Telenor holds 33,1 and 30,1 percent ownership of the respective companies. True Corporation is the result of a merger between dtac and True that was completed on 1 March 2023. Telenor holds a controlling stake in Grameenphone in Bangladesh, and 100 percent ownership of Telenor Pakistan. After the two mergers in Malaysia and Thailand, the combined mobile subscriber base for Telenor's Asian companies was 202 million.

Telenor and its partners have worked to consolidate operations in the region into larger and stronger entities. In 2022 and early 2023 Telenor successfully completed the two largest mergers ever in the region's telecommunications sector. These mergers will further strengthen market positions and allow for realisation of significant synergies over time.

The reorganisation of Telenor during the year resulted in four business areas that will be reported separately from 2023. The business units Telenor Norway, Telenor Sweden, Telenor Denmark, and DNA in Finland will be reported as Telenor Nordics. Grameenphone in Bangladesh and Telenor Pakistan will make up the new business area Telenor Asia, where the newly merged companies CelcomDigi and True Corporation also will be reported. In addition, two new business areas have been established: Telenor Infrastructure and Telenor Amp. These will also be reported separately from 2023.

The business area **Telenor Infrastructure** is set up to deliver on the ambition of being a leading Nordic infrastructure player with a strong portfolio of assets and to create value from these assets over time. It consists of Telenor's 26.000 telecommunication towers in the Nordics, fibre infrastructure that connects 400.000 homes across Norway and data centres across the Nordic region.

portfolio with a focused approach to unlock values through partnerships and transactions, especially focusing on powering innovative solutions within security and the Internet of Things (IoT). As of 2022, the portfolio comprised of 15 companies.

Reshaping for the future

In the past two decades, Telenor has delivered value to customers, shareholders, and societies by connecting the unconnected in Asia and by successfully managing the transition from traditional telecoms to digital communications in the Nordics.

Telenor has effectively taken a proven mobile services business model from Norway and adapted it to meet the demands of mass distribution business models in Asia. Simultaneously, the company has gained new insights from the Asian experience and taken important lessons back to its Nordic operations. However, what was a successful business model in the past, is not going to provide the answers to the challenges of tomorrow.

On the one hand, Telenor sees growing connectivity demand, increasing customer trust, and significant growth opportunities in the business-to-business segment with continued digitalisation and the introduction of 5G. On the other hand, the company acknowledges the need for continued modernisation and stronger entities to ensure cost efficiency and profitable growth in a challenging market environment with fierce competition and disruptive new players. This is the reason why Telenor has presented an ambitious strategic shift: A reshaped Telenor with a new structure to develop the business closer to the customers, and ambitions to ensure growth which strengthens the company's role as an enabler for digitalisation and sustainability.



Reshaped Telenor

The new strategy, launched in 2022 at Telenor's Capital Markets Day, created four separate business areas: Telenor Nordics, Telenor Asia, Telenor Infrastructure and Telenor Amp. The strategy represents a natural next step for Telenor, with an ambition to be a leading telecom operator and infrastructure player in the Nordics, with leading positions in security and the Internet of Things (IoT), while holding a strong position and strengthening the company's ability to manage risk and create value in Asia.

Telenor is going from an integrated, global company to operations through business areas with clear ambitions and strategic flexibility. This new strategic direction sets Telenor up to create value through profitable long-term growth in the Nordics and Asia. It is based on the belief that digitalisation continues to hold many profitable opportunities that can be developed both within Telenor and through partnerships. The new strategy was launched to bring Telenor back to growth by building core connectivity services with secure and reliable connections to more customers. Further value will be added by delivering services beyond connectivity and be a trusted partner to customers. Reduced time to market and easy-to-use services will be key to maintain this trust. To achieve its strategic ambitions, Telenor strengthened its regional presence in Asia and the Nordics and has continued to modernise the company during 2022.

Telenor's aspiration is to lead in modernisation by continuing the de-layering of the integrated telecommunication model. A key ambition is to leverage Telenor's technological capabilities to develop customer-centric, secure, automated, and green operations. In some areas this will be achieved alongside partners. The goal is to improve efficiency, scalability, and innovation speed, which are all key in taking leading positions for industrialised products.

The new strategic direction and subsequent organisational set-up, enables the company to pursue new opportunities and help overcome some of the telecommunication industry's challenges. It also provides the company with strategic optionality to manoeuvre through uncertain geopolitical and macroeconomic trends.

Telenor's aim of building trusted partnerships comes with a commitment to continuously raise standards in all operations through a common approach to responsible business conduct and value-based leadership. This commitment will remain firm across Telenor's footprint.

Responsible Business

Telenor's strategy sets the company up to both grow and reshape its role as an enabler for digitalisation and sustainability. During Telenor's Capital Markets Day in 2022, the Environmental, Social and Governance (ESG) ambitions until 2025 were laid out:

- **Environmental:** Deliver on our science-based climate targets and be an environmental enabler for our partners and customers.
- **Social:** Drive social and digital inclusion by promoting skills for the future and workplace diversity.
- **Governance:** Upholding high standards in governance across and be the preferred partner for digitalisation and corporate cyber security.

Telenor's responsible business agenda is broad, and below are some of the key areas and milestones reached in Telenor's responsible business agenda during 2022.

Safeguarding and wellbeing of employees

People's safety is our top priority. The ambition is to have zero injuries to employees and suppliers working for the company, and Telenor launched a number of activities in 2022 as part of its continued focus to fully embed health, safety, people security and wellbeing in the business. This includes, among other things, the roll out of a set of common operational requirements for high-risk activities, common for all operations across the Group and its business partners, and various training initiatives both targeted for leaders, employees and suppliers. Still, the business experienced three fatalities during the year within its supply chain, which reinforces Telenor's conviction to continue and improve its risk-based focus in this area. For more information about working environment, injuries, sick-leave and initiatives of safeguarding measures for employees and supplier staff, see the Sustainability Report (page 56).

Environment and climate

Telenor is uniquely positioned to contribute to a greener future. The company is committed to fulfilling its share of the global responsibility to limit the rise in worldwide temperature to 1.5 degrees Celsius, as set out in the Paris Agreement. Telenor has set the following targets, approved by the Science Based Targets Initiative (SBTi):

- Reduce emissions of GHGs from global operations (scope 1 and 2) by 57 per cent, from a 2019 baseline, by 2030
- Ensure that 68% of suppliers by spend have set science-based climate targets by 2025 (our scope 3 engagement target)

The dominant emission footprint from the telecommunications industry comes from the supply chain, and Telenor's climate targets can only be achieved by having a joint commitment from partners. The climate enabler role is increasingly important for Telenor when providing connectivity solutions to reduce environmental impact for partners and customers. For more information, see the Sustainability Report (page 40).

Social

Telenor is committed to ensure gender equality and to have both a workforce and a supply chain free of discrimination. Some examples of these commitments are equal pay for work of equal value, minimum six-month maternity leave in all countries of operation, healthcare coverage that meets the needs for diverse communities and non-harassment policies. Furthermore, Telenor respects labour rights principles as laid down in the UN Global Compact and ILO's fundamental conventions, which includes a commitment to eliminate discrimination in the workplace. For more information, see the Sustainability Report (page: 45).

Equality and equal pay

Telenor is an equal opportunity employer where pay is critical for Telenor to be able to attract, retain and engage talent across all markets. As a responsible business Telenor sets high standards and implements robust and sustainable practices including transparent, objective, and fair compensation practices.

In 2020, new regulatory requirements related to equality and gender pay were introduced in Norway, with similar requirements introduced in other European markets in 2023. Although there is no legal requirement to implement the Norwegian reporting requirements globally, the 2021 Equality & Gender Pay report published in 2022 also covered all the core telecommunications business units and Telenor Group, in addition to the seven companies with over 50 employees in Norway. While the gender pay reports are required to be published on a bi-annual basis, Telenor publishes annual equality statements for relevant companies also for 2022.

Governance

Core to Telenor's commitment to good governance and responsible business is securing high international standards of governance across the company's operations. The company has a long track-record of navigating complex business environments with the help of robust principles and processes. This will continue to be a central part of how Telenor does business in the future.

The governance framework is set up to maintain high standards for responsible business and corporate governance, both when Telenor holds majority and minority ownership positions. For more information, see the Governance Report and the Sustainability Report.

Executive compensation report

The Board of Directors' guidelines for compensation of Group Leadership Team ("compensation policy") was presented to the AGM on 11 May 2022. Telenor Group's Executive Compensation Report for 2022 is published as a separate document, available on Telenor.com.

The AGM approved the Board's policy for compensation of Group Executive Management and approved the guidelines for share-related incentives. For minutes of the AGM in 2022, please see Telenor.com. It is the Board of Directors' assessment that the implementation is aligned with the compensation policy and the Norwegian state guidelines.

Norwegian Transparency Act

An important event in 2022 was the Norwegian Transparency Act coming into force. The objective of the legislation is to promote corporate respect for human rights and decent working conditions in their operations and supply chains and places an obligation on companies to carry out due diligence on actual and risks of adverse impacts on human rights or decent working conditions in their operations, supply chain and other business relationships. In addition, companies have a duty to provide information to the public and to publish an account of the company's due diligence assessments which is easily available. In preparation for the law, Telenor has engaged with a broad range of stakeholders to provide input, seek clarifications, and manage expectations; conducted a gap analysis to determine Telenor Group's preparedness for the new law; set up an internal cross-functional working group to strengthen collaboration, coordination and preparedness; and conducted awareness-raising through dialogue, presentations, and workshops, including with key suppliers.

In accordance with the requirements of the act, Telenor publishes an account of its due diligence assessments in the Sustainability Report (page: 49).

Telenor's Sustainability report

Telenor's Responsible Business agenda and delivery on ESG is further elaborated on in the 2022 Sustainability Report (page 31). The Sustainability Report is published in accordance with reporting requirements mandated by the Norwegian Accounting Act §3-3c and the EU nonfinancial reporting directive (EU NFRD 2014/95).

Telenor Nordics

The Nordic region is one of the most attractive markets for telecommunications in the world. For Telenor, the growth formula is based on the company's record of providing value to customers. Throughout the year, Telenor has continued to build on its trusted position as a connectivity provider to deliver more value to customers through services beyond connectivity.

During 2022, Telenor strengthened the Nordics regional organisation to further drive regional cooperation and efficiencies and take key decisions closer to the customers.

The four business units in the Nordics are:

- Telenor Norway, which is Norway's leading telecom operator, was awarded Norway's fastest mobile network by Ookla in its 2022 Speedtest Awards for the fifth year in a row. The company offers services ranging from fixed and mobile telephony to broadband and data communications services for residential and business customers, as well as wholesale services.
- Telenor Sweden, which is Sweden's third largest mobile operator and provider of fixed broadband services to Swedish consumers.
- Telenor Denmark is the second largest mobile and fixed broadband operator serving the Danish market.
- DNA, which is the third largest mobile and fixed broadband operator serving the Finnish market.

The Nordic growth strategy as a leading Nordic telecommunications player laid out in 2022 is based on two main pillars. The first is a focus on core connectivity, where Telenor sees profitable growth opportunities in efficient delivery of secure and reliable connectivity across all segments, both mobile and fixed. Telenor's high investment levels in 2022 were driven by the rollout of 5G across the Nordic markets.

The second pillar is to provide services beyond connectivity, such as cloud storage, insurance and blocking of fraudulent and malicious online activity for both consumers and businesses. This offers potential for growth and a way to protect the core connectivity services. Telenor will continue to develop its brand and distribution strength to introduce new services with partners and provide more value to customers. This will enable Telenor to differentiate itself and maintain its leading position in a competitive market. 2022 demonstrated the opportunities that lie in these service offerings. Alongside higher roaming revenues and larger subscriber bases in Finland and Sweden, services on top of connectivity contributed to Telenor's growth in the region. Close to 20 percent of the mobile service revenues in the Nordics came from services on top of connectivity. In Norway, security services were a key driver of this growth and the new, Nordic setup in the reshaped Telenor is set to expand these offerings on a regional level in the near term. In the longer term, Telenor also believes that the accelerating digitalisation will bring new growth opportunities in the business-to-business segment, for example in private networks, software-defined networks, and managed security.

Telenor's strategy is setting up the company to deliver on its ambition of being the preferred provider for customers in the Nordic region, while delivering profitable growth through continued modernisation and cross-country synergies. During 2022, Telenor reached a significant modernisation milestone by completing the decommissioning of the copper network in Norway and successfully migrating all own customers on fixed legacy products to services based on fibre and fixed wireless access. Profitable growth will be the result of Telenor's ability to develop, operate and sell secure and reliable services to Nordic consumers.

Telenor Asia

Since the 1990s, when Telenor's first Asian venture was set up in Bangladesh, the region has been a source of growth, which has helped generate considerable value for Telenor's shareholders. While growth in the region has slowed in recent years, with a population of half a billion people across these markets there are still more than 150 million that remain unconnected. Increasing data usage and accelerated digitalisation also represent growth potential for Telenor in Asia. During 2022, Telenor has seen high double digit data growth in Bangladesh and Pakistan, and there is further room to monetize this. The business-to-business market is underpenetrated by Telenor in its Asian markets, and this segment also offers double-digit opportunities.

Since 2020, Telenor's Asia unit, headquartered in Singapore, has been driving an ambitious mergers and acquisition (M&A) agenda. In Thailand and Malaysia, two competitive markets, Telenor has sought partnerships to strengthen its competitive positioning, reduce risk, and build platforms for more profitable growth. In 2022, CelcomDigi was established through the largest ever merger in Malaysia and one of the largest telecommunications mergers in Southeast Asia's history. The record transaction was followed by what is now the largest telecommunication merger ever completed in the same region, when the amalgamation of True and dtac was completed on 1 March 2023, creating a number one telecommunications and tech player in Thailand. Both these mergers will offer significant revenue and cost synergies and allow for improved value and cash flow generation over time.



The strategy launched by Telenor in 2022 is setting Telenor Asia up to capture these opportunities in the region, while at the same time managing an increasingly complex risk picture. To develop the Asian portfolio to its full potential and to have the optionality for potential structural moves at the regional level, the Asian assets will be developed more independently from Telenor's Nordic operations. In some markets, Telenor is partnering with leading regional telecoms players to create positions of scale. Telenor's responsible business practices across its portfolio remains a fundamental commitment.

Telenor's telecommunications portfolio in Asia consists of the following companies from 2023:

- Grameenphone, which is Bangladesh's largest mobile operator, offering voice, data, and several value-added services to customers through contract and prepaid plans.
- Telenor Pakistan, which is Pakistan's second largest mobile operator by subscriber base, offering voice and data services to primarily prepaid customers.
- CelcomDigi, the largest converged operator in Malaysia, that combines the strengths of Celcom and Digi to serve the growing digital needs of more than 20 million consumers, SMEs, and large enterprises in the country.
- True Corporation, a telecom tech frontrunner with 63 million customers across mobile, broadband and television in Thailand that was established through the merger of True and dtac.

In Myanmar, Telenor was forced to exit the country following the military takeover. Telenor could not operate under a regime that conflicted with its values, international law and human rights principles. Safety of employees consistently remained a key priority. A sale was considered to be the option that had the least negative consequences for employees, customers and the broader society. The sale of Telenor Myanmar was closed in March 2022. Telenor has continued to engage with civil society organisations both as a part of its own learning processes and through the Norwegian National Contact Point (NCP) for the Organisation for Economic Co-operation and Development (OECD).

As Asia continues to change rapidly, Telenor Asia is entering partnerships to capture new growth opportunities and realising an unwavering ambition of value creation. Telenor is strengthening its positions within each market to create strong local champions. The mergers in Malaysia and Thailand created two new market leaders. In Bangladesh, Grameenphone maintains its number one position. In 2022, Telenor initiated a strategic review of operations in Pakistan to address a challenging business environment. The new partnerships Telenor Asia has formed through mergers enable the company to also mitigate political and regulatory risks in the region. Lastly, the more autonomous operations of Telenor Asia gives Telenor more strategic optionality. Telenor's ambition is to increase the cash flow from Telenor Asia, targeting a cash flow generation of more than NOK 5 billion in 2025.

Telenor Infrastructure

Telenor Infrastructure comprises Telenor's passive infrastructure in the Nordics, including fibre infrastructure, datacentres and telecommunication towers that are wholly or part owned. Its main focus is to develop the full potential of the infrastructure assets by prioritising operational efficiency and new revenue sources. The setup also gives Telenor the optionality to bring in external partners to both fund and support the value of the assets.

The Nordic infrastructure market has a highly digitised customer base, access to green energy and is located in countries with solid economic conditions. Telenor aims to capitalize on these advantages by growing the infrastructure assets, achieving operational excellence, and forging strategic partnerships in 2022.

In October 2022, Telenor achieved a significant milestone by announcing a deal with KKR, a global investment firm, and Oslo Pensjonskasse as minority partners, to sell 30 percent of the fibre assets held by Telenor Fiber AS. The company owns the passive fibre assets in Norway, including 130,000 km of cables that connect 560,000 homes. The agreed sales price represented an enterprise value for the Norwegian fibre business of NOK 36.1 billion. Telenor received proceeds of approximately NOK 10.8 billion from the sale, which was finalized on February 1, 2023.

In 2022, Telenor also became the first European telecommunications company to decommission its copper network. This move has enabled Telenor to deliver more energy-efficient services, and reduce its environmental impact while providing modern internet solutions to its customers.

As telecommunications companies become more digital, passive infrastructure such as fibre, towers, and data centres, will be increasingly de-coupled from active infrastructure, such as antennas, core networks and service platforms. This trend has provided Telenor with an opportunity to build standalone businesses that offer services to both internal and external customers. This new strategy has positioned Telenor to enhance its operations' efficiency and explore partnerships in all relevant asset classes, maximizing the assets' value and improving the world-class connectivity infrastructure for the Nordic region.

From 2023 and onwards, Telenor will report the fully owned Nordic tower infrastructure as a separate business area named Telenor Infrastructure.

Telenor Amp

Telenor Amp, established in 2022, is Telenor's spearhead when it comes to investments and partnerships adjacent to Telenor's core business. Telenor Amp will unlock value through partnerships and transactions, managing Telenor's portfolio of companies adjacent to the core connectivity business. In short, Telenor Amp invests in and builds Nordic high-growth companies together with partners, in segments where Telenor can make a difference as an owner. Telenor Amp will establish a portfolio of companies co-owned with financial or industrial partners that builds on Telenor's existing portfolio of companies within areas such as the Internet of Things, maritime communication, satellites, entertainment distribution and online classifieds.

The purpose is to create value for Telenor by building valuable companies together with partners that generate returns for all shareholders, and to contribute to increased innovation, for example, by investing more in IoT, cyber security and communication software. Telenor Amp will enable Telenor to participate in the next wave of growth enabled by technology advances in networks and data processing. It will invest in areas where Telenor has relevant competencies and competitive or technological edge.

During 2022, the growth trend continued within services closely linked to Telenor's core mobile and fixed connectivity, such as secure connectivity and IoT. Telenor Amp will seek to develop leading Nordic service positions within these areas. Both represent attractive markets with double digit growth, healthy margins and where Telenor has the experience and competencies to create value.

Telenor will pursue growth within these areas in the mid-term period from 2023-2025. While exploring new opportunities for the telecommunications industry's next advancements, Telenor will seek to work with strong partners. Telenor Amp's approach is to unlock significant value with limited funding requirements through partnerships or divestment of non-core assets. The portfolio will be managed and developed to ensure that Telenor is invested in future-oriented technologies, creates added value and offers attractive opportunities for potential partners.



03 Performance in 2022

Board of Directors' Report

Telenor's performance in 2022 enabled the company to deliver a record high net income of NOK 45 billion highly impacted by the gain of NOK 33 billion from divesting Digi as a result of the merger with Celcom in Malaysia. Telenor's performance from continued operations improved from the prior year despite high energy costs and global macroeconomic instability. The year marked several key events for the Group, including unveiling of a new strategy in September and delivering on several milestones of the strategy, including completion of the merger between Digi and Celcom in Malaysia and divestiture of 30% of Telenor Fibre AS in Norway.

Revenues

Total revenues for the year 2022 were NOK 99 billion, which is an increase of NOK 1.8 billion, or 2%, from the year 2021. Service revenues increased by 3% on reported and 2% on organic basis. The growth in service revenues were largely driven by growth in mobile service revenues in the Nordics, as well as in Bangladesh and Pakistan. Mobile service revenues growth in the Nordics was driven by increasing demand for value-added services, higher roaming revenues and larger subscriber bases in Sweden and Finland.

Operating expenses

The operating expenses (opex) increased by NOK 1.3 billion. Organic opex increased by NOK 1.5 billion, or 5%, and were mainly driven by higher energy costs, increases sales and marketing expenses and higher project costs.

EBITDA

EBITDA before other items decreased in 2022 by NOK 0.3 billion on reported basis to NOK 42.4 billion. On an organic basis, EBITDA before other items increased by 0.5%, or NOK 0.2 billion, to NOK 42.4 billion. Copper decommissioning, increased project costs and higher energy costs had a negative effect on the EBITDA of around 5 percentage points in 2022. These were offset by higher revenues and positive non-recurring effects in Pakistan, Norway, Thailand and Other units.

Total EBITDA increased by NOK 2.2 billion and, in addition to the aforementioned items, was primarily driven by gain of NOK 1.7 billion on disposal of fixed non-core assets in Sweden and the Norwegian Competition Authority fine in Norway in 2021 of NOK 0.8 billion.

Net Income

Net income to equity holders of Telenor ASA was NOK 44.9 billion in 2022, which is an increase of NOK 43.4 billion from 2021. Net income from discontinued operations increased by NOK 38.3 billion, mainly due to the gain on disposal of Digi of NOK 32.9 billion and impairment of Telenor Myanmar last year of NOK 6.5 billion. Net income from continued operations was NOK 13.7 billion, which is an increase of NOK 4.9 billion. Net income was impacted by gain on disposal of fixed non-core assets in Sweden of NOK 1.7 billion, partly offset by impairment of Telenor Pakistan of NOK 2.5 billion. Telenor had a net tax income which was impacted by a favourable development in a tax dispute in Norway and realisation of tax losses from restructuring of shareholdings in Asia.

Free cash flow

The free cash flow for the year was NOK 10.6 billion. Free cash flow before M&A activities was NOK 9.9 billion, and was a result of positive contributions from all business areas despite inflationary pressures.

Free cash flow relating to M&A activities was NOK 0.7 billion. Cash inflows from the sale of fixed non-core assets in Sweden and receipt of final instalment from the sale of operations in Central and Eastern Europe led to inflows of NOK 2.9 billion and 1.0 billion, respectively, and were largely offset by cash outflows of NOK 1.8 billion related to the completion of the merger in Malaysia and net reduction in cash of NOK 1.4 billion from the sale of Myanmar. The outflows related to the merger in Malaysia and sale of Telenor Myanmar include the effects of deconsolidation of their cash balances.

Capital expenses

The capital expenses for the year excluding licences and spectrum were NOK 16.7 billion which was driven by the 5G roll-out in the Nordics, fibre investments in Norway and network investments in Thailand. The capex to sales ratio in 2022 was 17% which is the same as in the prior year.

Financial position

At the end of 2022, total assets stood at NOK 239.2 billion. The main changes during 2022 were caused by the deconsolidation of Digi and recognition of CelcomDigi as an associate, and positive currency translation effects.

Net debt stood at NOK 97.9 billion at the year end, which is a decrease of NOK 2.9 billion from the prior year. The decrease was driven primarily by positive free cashflow adjusted for sale of Telenor Myanmar of NOK 12.0 billion and deconsolidation of Digi of NOK 7.1 billion, partly offset by dividends to equity holders of Telenor ASA of NOK 13.0 billion and negative currency translation effects of approximately NOK 5.0 billion. Interest-bearing liabilities excluding licence obligations decreased by NOK 9.3 billion. Cash and cash equivalents decreased by NOK 5.3 billion.

The leverage ratio on 31 December 2022 stood at 2.2x, which is an increase of 0.1x from 31 December 2021. Following deconsolidation of Digi, the leverage definition now includes dividends from associated companies and joint ventures.

Other key events

On 30 November, the merger of the telecommunication operations of Celcom and Digi in Malaysia was completed. The newly established entity, CelcomDigi, is now operational.

Furthermore, during the year, Power Purchase Agreements (PPAs) for Telenor's operations in Norway and Denmark were entered into. In Norway, Telenor signed a 10-year PPA with Hydro for the supply of renewable energy to power the Norwegian operations and the energy of which will be generated by a wind park in Sweden. The construction of the wind park is well underway, and commissioning is planned for November 2023. In Denmark, the PPA is also 10-year and based on solar energy and will power the operations of our shared network with Telia. The solar park is expected to be completed and operational by end of 2024.

Outlook

Telenor maintains the mid-term ambitions outlined at the Capital Markets Day in 2022. The company aims to generate profitable growth in the Nordics, with a mid-term ambition to deliver low to mid single-digit service revenue growth and mid single-digit growth in EBITDA.

For 2023, Telenor expects to see low to mid single-digit growth for both service revenues and EBITDA in the Nordics. Capex to sales in the Nordics is expected to be around 17%. The capex is expected to decline in the following years as the company aims to reduce Nordic capex by around NOK 2 billion in nominal terms from 2022 to 2025.

Telenor maintains the dividend policy to aim for a year-on-year growth on ordinary dividends per share, and reiterates that the dividend is expected to be covered by free cash flow in 2025. The company's outlook for free cash flow excluding M&A and new spectrum investments for 2023-2025 is unchanged from the Capital Markets Day.

Parent company performance

Telenor ASA is the parent company that include group management, corporate functions and a research and development department. Revenues are mainly sale of various services to the group companies, including consultancy, research and development services. Expenses in the parent company mainly relate to consultancy fees in strategic group projects, property lease, IT-operations and maintenance purchased from other group companies. Telenor ASA has a Treasury function that manages the main part of the external debt financing of Telenor and provide loans and guarantees to group companies. Treasury also manage the cash pool in the group.

For 2022, Telenor ASA recorded revenues of NOK 871 million, down from NOK 895 million in 2021, while the total operating expenses increased by NOK 63 million to NOK 1602 million.

During the year the interest-bearing liabilities decreased from NOK 72 349 million to NOK 70 225 million, of which NOK 3.4 billion is related to currency losses.

Telenor ASA's net income for 2022 was NOK 5 776 million, after receipt of a group contribution and dividends of NOK 7 011 million.

Allocation of profits

The Board proposes the following allocation: NOK 5 776 million transferred to retained earnings. After this allocation, and after the deduction of share capital, Telenor ASA has equity of NOK 96 459 million.

Shareholder remuneration

Telenor aims for year-on-year growth in ordinary dividends per share, where annual dividends are paid in two instalments. Buyback of own shares or extraordinary dividend payouts will be evaluated on a case-by-case basis.

Based on the performance during the year, the Board of Directors proposes an ordinary dividend of NOK 13.2 billion corresponding to NOK 9.40 per share for 2022, to be declared by the Annual General Meeting on 10 May 2023. The proposed dividend shall be split into two tranches of NOK 5.00 and NOK 4.40 per share, to be paid in May and October 2023 respectively.

Additionally, the Board of Directors of Telenor ASA held an extraordinary general meeting on 26 January 2023 asking

the General Meeting for a share buyback authorization. The proposal for a share buyback authority relates to the agreement to divest 30% of Telenor Fiber AS in a transaction as described in stock exchange notice of 7 October 2022. The transaction will generate proceeds of approximately NOK 10.8 billion to Telenor, of which NOK 3.7 billion will be utilised for share buyback.

Going concern

In the view of the Board, Telenor ASA has a solid financial position. In accordance with Section 3-3a of the Norwegian Accounting Act, the Board confirms that the prerequisites for the going concern assumption exist and that the financial statements have been prepared based on a going concern basis.



04 Risk overview

Board of Directors' Report

Risk management is crucial in identifying, assessing, and managing risks in a way that supports Telenor in achieving its ambitions and goals. It is also a crucial part of Telenor's commitments to the wide range of stakeholders impacted by the company. Risk management is therefore an integrated part of business throughout all entities in Telenor.

For more information about the company's risk process, see chapter 10 of the Governance Report (page 27).

When operating across multiple markets, Telenor is exposed to a range of risks that may affect its business. The company prioritises risks based on a materiality assessment and aims to reduce the exposure to an acceptable level. Telenor aspires to earn competitive returns at acceptable risk levels. Some key risk areas are highlighted below.

Geopolitical environment risk

Telenor operates in markets that are subject to geopolitical risks with potential negative impacts. The war in Ukraine resulted in geopolitical uncertainty and volatility across the globe. The duration, impact and outcome of the ongoing military conflict is highly unpredictable. The war contributed to the slowing down of global economic growth, energy shortages leading to price increases and overall rising inflation. Further, it resulted in increased risk exposure in various areas, such as disruptions in the supply chain, increased cyber threats, risk of sabotage of critical infrastructure and sanction risk. The higher inflation and economic slowdown caused by the war is increasing the risk of a potential global recession in 2023.

In addition, the US-China trade relation is impacting the long-term strategic supply chain risk, with tensions related to Taiwan accelerating the trend.

Post-COVID-19 macroeconomic instability, aggravated by increased energy costs and inflation, may increase the risk of governments in Telenor's Asian markets enforcing additional financial, regulatory and tax requirements.

These risks require close and continuous monitoring and are being closely followed up.

Operational risk

Business security (cyber and physical security)

Cyber-attacks on Telenor could lead to service disruption or theft of sensitive information, which may have a severe impact on Telenor's reputation and financial performance. The amount, severity and sophistication of attacks have increased in recent years, which has led Telenor to make considerable efforts in countering this risk by strengthening the ability to detect and manage cyber security incidents to protect customers, assets and services. This includes improving the cyber security capabilities and competences in both technology, people and processes, including working with partners and improving Telenor's defensive capabilities in detecting and preventing cyber risks to assets and customers.

The likely act of sabotage involving critical infrastructure in the Baltic Sea, namely the Nord Stream 1 and 2 gas pipelines, demonstrates that adversarial acts towards critical infrastructure is becoming a more salient risk. Telenor considers the war in Ukraine and the resulting sanctions on Russia and Belarus to increase the likelihood of cyber-attacks on Western countries and critical infrastructure, where Telenor may be subject to both direct cyber-attacks and collateral damage. Telenor continues to monitor the situation closely and has increased its readiness in the event of potential attacks.

Supplier and supply chain risk

Telenor depends on key suppliers and third-party providers for the supply and maintenance of equipment and services. Supply chain disruptions, such as bans or sanctions on vendors due to increasing geopolitical tension, may lead to confidentiality and integrity breaches, reputational impact and can have potential impact on Telenor's innovation and competitive ability. The global shortage of chipsets, especially low-cost chips such as SIM cards, may impact Telenor's operation.

Telenor has a multi-vendor strategy, which includes supply of products and services from European, US-based and Chinese suppliers. Telenor's multi-vendor strategy limits the downside of being dependent on only one vendor. When it comes to chipset shortages, Telenor has reduced the impact of the global shortage by putting concerted effort to securing stocks for chipset categories like SIM cards and essential spare parts. Telenor is increasing the focus on supplier due diligence and follow-up, especially for critical contracts.

Supplier and supply chains risks also impact Telenor's ESG risks and ambitions. For more information, see the Sustainability Report (page: 66).

Global pandemics

The spread of cross-border diseases such as COVID-19 poses an operational risk to Telenor Group. It may impact the health and safety of Telenor's employees. Due to lockdown measures and pandemic responses, it may also cause significant changes in consumption, macroeconomic developments, commercial activity, usage patterns, potential disruptions in the supply chain of hardware and handsets, maintenance of infrastructure and access to resources.

Network

The quality and reliability of Telenor's telecommunications services depend on the resilience and stability of its network, including the networks of other service providers with which it interconnects. These networks are vulnerable to service interruptions, damage or data breaches coming from targeted and advanced cyberattacks. Repeated, prolonged or major network or IT system failure could damage Telenor's reputation and financial performance, including its ability to attract and retain subscribers.

New technologies are more robust in response to cyber security attacks. Telenor ensures continued improvements in network quality by investing in increased redundancy and resilience of systems and modernisation of equipment and technology, extending the lifetime of its networks.

People Risk

Telenor's employees play a crucial role achieving the company's ambitions and their skills are key factor in the process. Telenor aims to fostering a learning culture by focusing employee development plans and follow up with strategic and targeted learning and development activities. Failing to attract and retain talent in critical roles or with critical skills, and to foster a culture where everyone felt able to be their best, could affect Telenor's overall capabilities.

Emerging technology and digitalisation

Introduction of new technologies, digitalisation and changing consumer behaviours in the telecommunications sector opens opportunities for new business models. These opportunities lead to structural changes and increased industry dynamics. Failure to respond to and meet the demands developing in the marketplace could have a negative impact on customer relationships, value chain position and service offerings.

Telenor has embarked on a vital modernisation agenda to adapt accordingly, including investing in upskilling the organisation and modernising its networks.

Environment, Social, Governance risk

People safety

Employees and suppliers involved in Telenor's operations remain exposed to health and safety incidents. Risks related to traffic, network, rollout projects in remote locations, terrorism, natural disasters and social unrest remain relevant to Telenor, particularly in the Asian markets. Telenor is committed to raising health, safety and people security awareness and culture among employees and suppliers. In 2022, Asian business units continued to implement a program that focused on improvement within health and safety competence, culture and leadership focus.

Telenor's ambition is zero injuries to employees and business partners and having health, safety and people security fully embedded in the business. For more information, see the Sustainability Report (page: 56).

Climate and environment

For Telenor, climate-related physical risks include potential damage to vital infrastructure and utilities through the impact of more extreme weather events and rising sea levels. Climate-related regulatory risks include potentially higher operational costs due to increasing carbon taxes, energy and fuel taxes, as well as risks of higher capital costs due to a required transition towards the use of renewable energy solutions. The severe flood in Pakistan is an indication that the frequency of natural disasters will increase in the coming years. For more information, see the Sustainability Report (page: 39).

Human rights

Telenor's most salient group-wide human rights risks remains ensuring the right to privacy and freedom of expression, compliance with labour standards in the supply chain, preventing child labour, ensuring online safety, preventing discrimination and respecting land rights. Following internal processes based on international frameworks such as the UN Guiding Principles on Business and Human Rights is the first step towards mitigating these risks. Other mitigating actions, such as engagement with stakeholders, training and capacity-building, are in place to mitigate these risks. For more information, see the Sustainability Report (page: 49).

Privacy and protection of personal data

The privacy risk relates to the compliance risks of customer data protection as regulated by relevant privacy laws and regulations. Data processing in breach of privacy laws may be subject to substantial fines. Examples of such risks are lack of customer consent where needed, lack of privacy impact assessments, lack of data processing agreements, privacy risks related to authority requests, or lack of adequate technical and organisational measures to ensure information security.

Telenor's risk responses include implementation of continuous vendor monitoring dialogue, facilitation of knowledge sharing across subsidiaries and in-depth

monitoring of security and privacy maturity levels across subsidiaries with follow-up dialogues. Telenor's internal processes for managing all authority directives and requests are guided by international frameworks such as the UN Guiding Principles on Business and Human Rights.

Corruption risk

Corruption is a threat to Telenor's business and the societies where the company operates. It can undermine legitimate business activities, distort competition, damage reputations, and expose individuals to risk. Corruption-related risk includes bribery and trading in influence. A risk-based Anti-Corruption Compliance Programme to prevent, detect and remedy corruption risk is implemented in all Telenor's subsidiaries. For more information, see the Sustainability Report (page: 64).

Business environment risk

Regulatory risk

Telenor's operations are subject to requirements through sector-specific laws, regulations and national licences. Regulatory developments and uncertainty could affect the Group's results and business prospects. Telenor Group depends on licences and access to spectrum and numbering resources in order to provide telecommunications. Unforeseen events could cause disruption in rollout plans and result in the risk of not meeting mobile license obligations. The risk is particularly high in Asian markets with issues related to high spectrum prices, tax disputes, renewal of licenses and general unpredictability in the business environment.

The regulatory risk exposure is primarily related to mobile operations in Grameenphone and Telenor Pakistan. In Bangladesh, Grameenphone faces regulatory scrutiny of its operations and has several pending and unresolved regulatory and legal cases. These risks can lead to limitations on the commercial freedom of Grameenphone, combined with financial burden and loss of reputation. In Pakistan, Telenor Pakistan continues to be subject to arbitrary assessments and unpredictable application of tax legislation.

Telenor is committed to working towards securing modern regulatory frameworks and tax regimes, ensuring that everyone can derive the full benefit of a digital society. For more information, see the Sustainability Report (page: 68).

Spectrum

There is a risk in timing of spectrum acquisitions, its price levels, and its impact on Telenor's market positions and value creation in the Asian markets. Spectrum related risk may have significant financial impact and creates uncertainty and challenges for network investments. There is a low risk associated with spectrum in the Nordics.

Specific spectrum risk responses are developed on a case-by-case basis. Telenor supports efficient use of radio spectrum resources for the increasing demands for mobile broadband capacity.

Financial risk

Currency risk

Approximately 74 percent of Group revenues is derived from operations with a functional currency other than the Norwegian krone. Currency fluctuations affect the value of investment in foreign operations when translating financial statements into Norwegian kroner. Telenor seeks to hedge its net investment in foreign operations by allocating currency debt on the basis of relevant market values and market capabilities. The most significant debt currencies for Telenor are euros, US dollars, Swedish krona, Thai baht and Malaysian ringgit. Currency risk exists when Telenor or any of its subsidiaries enter into transactions or hold monetary items in foreign currencies. Committed cash flows in foreign currencies equivalent to NOK 300 million or more shall be considered for hedging, if feasible.

Credit risk

Telenor's exposure to credit risk mainly relates to trade receivables, deposits with financial institutions and financial derivatives. Credit risk related to trade receivables is assessed to be limited due to the high number of customers in the Group's customer base. Credit risk arising from financial derivatives and cash deposits is managed through diversification, internal risk assessment and credit scoring, as well as credit risk mitigation tools. In 2022 Telenor had no credit losses due to default of financial institutions.

Liquidity

Liquidity risk is low and financial flexibility is maintained through a diversified set of funding sources. Telenor emphasises financial flexibility and minimises liquidity risk through ensuring access to a diversified set of funding sources, this includes committed and uncommitted sources of funding. According to Group Treasury Policy, Telenor shall have sufficient sources of liquidity to cover expected operational liquidity needs for the next 12 months.

Interest rate risk

Telenor is exposed to fluctuations in interest rates through funding and liquidity management activities. The Group treasury policy states that the portion of the fixed rate shall be between 30 percent to 70 percent of external debt. The portion of fixed rate of Group's debt was 58 percent as of 31 December 2022. The risk is managed using both fixed and floating rate debt, often through interest rate derivatives.

1. Implementation and reporting on Corporate Governance

The Board considers sound corporate governance as vital to ensure the greatest possible sustainable value creation over time in the best interest of its shareholders, employees, and other stakeholders. The Board is committed to maintaining a high standard of corporate governance across Telenor Group, in line with applicable Norwegian and international laws and internationally recognised standards, including the latest edition of the Norwegian Code of Practice for Corporate Governance (the NCGB Code of Practice) of 14 October 2021.

Telenor's principles and practices for corporate governance are subject to regular discussions and annual review by the Board and the Board's People and Governance Committee. The Board commits to these principles and practices in its own work and decision-making.

Telenor ASA is a public limited liability company established under Norwegian law, with shares listed on the Oslo Stock Exchange (Oslo Børs). As an issuer of listed shares, Telenor complies with and operates in accordance with rules governing the Oslo Børs, including the at any time applicable Issuer Rules and Rule Books for Oslo Børs. Further, Telenor is subject to specific rules and regulations in all countries where the Telenor Group conducts business.

The corporate governance principles and practices as required by the Accounting Act Section 3-3b and the details of how Telenor complies with the NCGB Code of Practice are accounted for in this section, which follows the structure of the NCGB Code of Practice.

Deviations from the NCGB Code of Practice Section 1: None.

2. Business

Business Activity Clause

The business activities in which Telenor is engaged are set out in the Articles of Association for Telenor ASA, Clause 3:

"The object of the company is to engage in telecommunications and other related activities. These activities may be conducted by the company itself, by subsidiaries or through participation in other companies or in cooperation with others."

The Articles of Association are published on Telenor's corporate website.

Objectives, Strategies and Risk Profiles

The Board has established clear objectives and strategic ambitions, with responsible business as a foundation for Telenor's strategy. The strategy and the Board's commitment to responsible business conduct is described in the previous chapters of this Board of Directors Report and in Telenor's Sustainability Report which annually illustrates Telenor's work and progress on goals related to the ESG framework (page 31).

Objectives and strategies are evaluated by the Board regularly throughout the year, while risk profiles are evaluated by the Board bi-annually and the Risk and Audit Committee assesses top risks every quarter. Risk is further an embedded part of the Board's strategy discussions and investment decisions. See section on Telenor's risk overview (page 19) and section 10 on Risk management and internal control (page 27).

Telenor's Corporate Governance Framework

It is the role and responsibility of the Board to ensure that Telenor adheres to internationally recognised principles for effective control of company activities, and to provide the necessary guidelines for such activities and corporate management. The Board furthermore adheres to such standards in its own work and decision-making. The Board also ensures that Telenor protects its reputation in relation to owners, employees, customers, the public and the capital market.

Telenor Group's Governing Principles describe the governance for the business of Telenor Group, as well as key governing bodies in Telenor ASA, the interaction between Telenor ASA and the business areas, business units and non-controlled entities, and core global processes including strategy, financial reporting, forecasting and reviews.

Telenor works continuously to improve its governance framework and to ensure that policies, training, and control mechanisms are adequate to ensure that considerations related to its stakeholders are considered in the decision-making processes. During 2022 a revised governance framework has been developed with new mechanisms that reflect the Reshaped Telenor, with a clear headquarter role and four business areas.

Sound corporate governance, in line with Norwegian and international laws and generally accepted rules and recommendations, is critical to Telenor's business integrity and for ensuring the greatest possible value creation over time. Implementing high ethical standards across Telenor

Group continues to be a strong focus of the Board. Telenor's Code of Conduct highlights the core values and ethical principles and represents an important foundation for Telenor's corporate governance in maintaining a healthy corporate culture promoting ethical conduct. The Code of Conduct is owned and approved by the Board. All employees are required to complete an annually updated eLearning programme with dilemma training in order to sign the Code of Conduct.

The Board places high emphasis on transparency and trustful cooperation between parties and stakeholders involved with Telenor Group: its owners, Corporate Assembly, Board and Group Leadership Team, partners, employees, customers, suppliers, creditors, public authorities, and society at large.

Telenor's governing documents are implemented in Telenor ASA and in all subsidiaries directly or indirectly controlled by Telenor ASA, as defined in Telenor's Governing Principles. Separately listed companies shall take due account of the requirements for listed companies in the relevant jurisdiction. For operations that are not controlled by Telenor, it is a requirement that the company operates within relevant rules and regulations and a risk-based governance framework consistent with recognized international standards. Ensuring such standards in the companies' governance framework has been a particular focus when working to merge Telenor's telecom operations in Malaysia and Thailand.

Deviations from the NCGB Code of Practice Section 2: None.

3. Equity and dividends

Share capital

The share capital of Telenor is stated in the Articles of Association, Clause 4. The company's share capital at year-end 2022 is NOK 8,396,748,198 divided into 1,399,458,033 shares, each with a par value of NOK 6.00.

At the AGM on 11 May 2022, the Board was given authorisation according to section 9-4 of the Public Limited Liability Companies Act to acquire up to 10,000,000 of its own shares with a nominal value of a total of NOK 60,000,000, which corresponds to approximately 0.7 percent of the company's share capital. The authorisation was given to cover the fulfilment of the company's obligations in accordance with the company's Long-Term Incentive (LTI) program for executive management and in connection with Telenor's general share program for employees (ESP). As per 31 December 2022, a total of 469,550 shares had been purchased and distributed to employees according to this authorisation.

In the first quarter of 2022, 338,977 own shares for the ESP program were acquired according to authorisation from the AGM in 2021, bringing the total number of shares acquired in 2022 to 808,527.

At an EGM on 26 January 2023, the Board was granted an authorisation to acquire up to 47,000,000 own shares with a nominal value of a total of NOK 282,000,000, which corresponds to approximately 3.4 percent of the company's share capital. The authorisation is limited to a maximum of NOK 4.3 billion and is valid until 31 December 2023. The purpose of the buyback authorisation is to compensate for the minority leakage created by the sale of 30 percent of the shareholding in the Norwegian fibre business.

Equity

Telenor regards its consolidated equity to be at an appropriate level considering the company's objectives, strategy, and risk profile. Telenor's objective is to create value for its owners and stakeholders and involves a continuous focus on ensuring that the company's equity is adapted to the company's objectives, strategy, and risk profile.

The Board has established a dividend policy that forms the basis for the proposals on dividend payments presented to the General Meeting. The Board believes that it is in the best interest of Telenor to draw up a long-term and predictable dividend policy. This corresponds with the objective of providing its shareholders with a return on their investments at least equal to alternative investments with similar risk profiles. Such a return should come in the form of cash dividends and/or share buyback if applicable, and increased share value.

Telenor's dividend policy is to aim for year-on-year growth in ordinary dividends per share. Telenor pays semi-annual dividends. In addition, acquisition of treasury shares and/or extraordinary dividends will be evaluated on a case-by-case basis. The Public Limited Companies Act provides for dividend payments to be resolved by the Board pursuant to authorisation from the General Meeting. Such authorisation may only be provided until the next ordinary AGM and dividends may only be resolved based on the company's latest approved annual accounts.

The General Meeting, following the proposal from the Board, adopts a resolution on the distribution of the dividend. The AGM on 11 May 2022 approved an ordinary dividend of in total NOK 9.30 per share, representing an increase of three percent per share over the previous year.

The Board will propose a total dividend of NOK 9.40 per share for the financial year 2022 to the AGM in May 2023. The dividend will be split into two tranches of NOK 5.00 and NOK 4.40 per share to be paid in May and October 2023, respectively. The two tranches will have separate ex-dividend and record dates. The proposed dividend per share is one percent higher than the dividend per share paid out in 2022.

Deviations from the NCGB Code of Practice Section 3: The NCGB Code of Practice recommends that mandates granted to the board of directors to increase the company's share capital or to purchase own shares should be intended for a defined purpose and should be limited in time to no later than the date of the next annual general

meeting. In the EGM held on 26 January 2023, the Board was granted authorisation to acquire own shares until 31 December 2023. The reason the authorisation was not limited in time until the next ordinary AGM was to allow sufficient time to acquire shares in accordance with the authorisation.

4. Equal treatment of shareholders

One class of shares, equal rights

The Board endorses the principles of transparency and equal treatment of all shareholders. Telenor has only one class of shares. The Articles of Association have no restrictions on voting rights. All shareholders have the same rights.

The General Meeting may authorise the Board to purchase treasury shares. Pursuant to such authorisations given to the Board, the Board has been free to decide if and how the acquisition of shares shall take place within the framework of applicable law and shall ensure compliance with general principles of equal treatment of shareholders. All buy backs have been made in market places where the Telenor share is traded at prevailing market price.

The Norwegian state as the main shareholder

The Norwegian state is the main shareholder in Telenor, with a holding of 53.97 percent of the Telenor shares as of 31 December 2022. The Ministry of Trade, Industry and Fisheries manage the ownership interest. The Norwegian state emphasises that partly state-owned companies should comply with principles for good corporate governance. The state's active exercising of its ownership policy is governed by the Norwegian legislation for companies and by accepted principles for exercising good ownership. As a result, the Board is responsible for evaluating the expectations that the shareholders and others have towards the company, and for accomplishing the commercial targets which the Board deems appropriate. More information about administration of the Norwegian state's ownership interests and the Government's Ownership Policies can be found on the Government's webpages.

Increase in share capital

Telenor practices the principle that any decision to waive the pre-emption rights of existing shareholders to subscribe for shares in the event of an increase in share capital should be justified. Where the Board resolves to carry out an increase in share capital and waive the pre-emption rights of existing shareholders based on a mandate granted to the Board, the justification should be publicly disclosed in a stock exchange announcement issued in connection with the increase in share capital.

Deviations from the NCGB Code of Practice Section 4: None.

5. Shares and negotiability

Telenor shares are listed on the Oslo Stock Exchange and are freely negotiable. Telenor has one class of shares, and each share equals one vote at the General Meeting. The shares have no trading restrictions in the form of Board consent or ownership limitations.

The Articles of Association of Telenor ASA contain no restrictions on negotiability or voting rights and all shares have equal rights.

Deviations from the NCGB Code of Practice Section 5: None.

6. General Meetings

The AGM is the company's supreme governing body. The General Meeting adopts Telenor's Articles of Association and serves as the main meeting place between shareholders, elected officers, and management.

Telenor encourages all shareholders to exercise their rights by voting at the General Meeting. Notice of the meeting together with all relevant documents are published on Telenor's corporate website no later than 21 days prior to the date of the General Meeting. The notice includes voting procedures and instructions to shareholders wishing to propose resolutions. To allow shareholders to form a view on all matters to be considered at the General Meeting, the draft resolutions and supporting information shall be detailed and comprehensive. According to the Articles of Association, documents relating to the items on the agenda, including documents that according to law shall be included in the notice, are not required to be sent to the shareholders if the documents are available on Telenor's corporate website. A shareholder may request, however, that such documents are sent to them. Shareholders can vote separately on each item of the agenda and on each candidate nominated for election to the company's bodies.

According to the Articles of Association, the AGM shall be held once a year before the end of June. The AGM shall deal with the following matters, as stipulated in the Articles, article 8:

- Approval of the financial statements and annual report, including distribution of dividends.
- Any other matters that shall be dealt with by the AGM by law or pursuant to the Articles of Association.

Shareholders who wish to attend the AGM must give prior notice to Telenor in accordance with the Board's decision. The deadline can be up to five days prior to the AGM, as stated in the third paragraph in article 8 of the Articles. In 2022, the deadline was set to two days prior to the AGM for physical attendance, while online attendance did not require prior notice.

Shareholders who do not attend may vote by proxy or in advance by paper votes or electronic means. The notice includes instructions on how to vote by proxy.

The Board may provide guidelines for advance voting. Such guidelines shall be included in the notice.

The 2022 AGM of Telenor ASA was held on 11 May 2022 with the possibility for both electronic and physical attendance for shareholders.

The AGM was chaired by the Chair of the Corporate Assembly in accordance with article 8 of the Articles.

In addition to the Chair of the AGM, who is also Chair of the Corporate Assembly and the Nomination Committee, the Chair of the Board, the President and CEO, the Chief Financial Officer and the company's auditor attended the meeting physically.

The Board, the Corporate Assembly or the Chair of the Corporate Assembly can convene an Extraordinary General Meeting ("EGM"). If the company's auditor or shareholders representing at least 5% of the share capital request in writing that an EGM is convened to deal with a specific matter, the Board must ensure that an EGM is held within one month of when the request was submitted.

No EGM was convened in 2022, however, an EGM was held on 26 January 2023, where the Board was granted authorisation to acquire own shares until 31 December 2023, please also see section 3 in this chapter.

The minutes of General Meetings, together with voting results, attendance, shareholder representation and pre-meeting documents are made available on Telenor's corporate website.

Deviation from the NCGB Code of Practice section 6:

- *The NCGB Code of Practice recommends that all Board members attend the AGM. Telenor has not deemed it necessary to require the presence of all Board members. The Chair of the Board, the Chair of the Nomination Committee and the Corporate Assembly, the President and CEO and other relevant members of management are present at the AGM.*
- *The NCGB Code of Practice recommends that the general meeting can elect an independent chairman for the general meeting. Article 8 of the Articles provides that the general meeting shall be chaired by the Chair of the Corporate Assembly.*

7. Nomination Committee

The Nomination Committee of Telenor ASA is established and works pursuant to Telenor ASA's Articles of Association, Clause 9. The General Meeting has adopted instructions for the Nomination Committee.

The Nomination Committee consists of four members that shall be shareholders or representatives of shareholders and shall be independent of the Board and the Executive Management. The members are elected by the General Meeting, however, the Chair of the Corporate Assembly shall be elected as the Chair of the Nomination Committee.

When appointing members to the Nomination Committee, the interest of the company and shareholders interest shall be taken into consideration. According to its instruction, the Nomination Committee shall take into account the Company's need for expertise, capacity and diversity when assessing candidates.

The Nomination Committee of Telenor nominates shareholder representatives to the Corporate Assembly and the Board, as well as the Nomination Committee, including a proposal for the compensation of these. The Nomination Committee makes recommendations to the General Meeting for the election and compensation of members of the Nomination Committee.

The Nomination Committee consults with shareholders, the Board, including every member of the Board individually, and executive personnel (and with members of the Corporate Assembly, where appropriate) as part of its work on monitoring the composition of the Board, the Corporate Assembly, and the Nomination Committee. Information about the composition and background of the members of the Nomination Committee and how to submit proposals is available on Telenor's corporate website.

The General Meeting has adopted instructions for the Nomination Committee. The Nomination Committee held 30 meetings in 2022. Average attendance over the year at the Nomination Committee meetings was 99.2 percent.

Deviations from the NCGB Code of Practice Section 7: None.

8. Board of Directors composition and independence

Telenor has a Corporate Assembly and a Board of Directors, as required by Norwegian law. The Corporate Assembly is a Norwegian body, regulated by the Public Limited Liability Companies Act, Sections 6-35 to 6-40 and Telenor's Articles of Association Section 7. The Corporate Assembly has adopted instructions for the Corporate Assembly.

Composition and work of the Corporate Assembly
The composition of the Corporate Assembly is determined with a view to ensure that it represents a broad cross-section of Telenor shareholders. The Corporate Assembly consists of 15 members and two observers, elected for a term of two years. Ten members and three deputies are elected by the General Meeting. Five members and two observers, with deputies, are elected by and from the employees pursuant to the rules in the regulations relating to the provisions of the Norwegian Public Limited Liability Companies Act concerning the employees' right to representation on the board of directors, corporate assembly, etc.

The Corporate Assembly is primarily a supervisory body, which supervises the Board and the President and CEO's administration of the company. The Corporate Assembly elects the Board of Directors and the Chair of the Board and

decides the Board's compensation. The General Meeting cannot influence, change, or reverse the Corporate Assembly's decisions regarding the elections.

In 2022, the Corporate Assembly conducted three ordinary physical meetings, in line with the requirements set out in the instructions. The Chair of the Board and the President and CEO attended all meetings. The average attendance for members of the Corporate Assembly in 2022 was 78,43 percent. Deputies have attended when members have not been able to participate. Further information about the members of the Corporate Assembly is published on Telenor's corporate website.

Composition and independence of the Board

According to Telenor's Articles of Association Section 5, the Telenor ASA Board of Directors shall consist of a minimum of five and a maximum of 13 members. The members are elected for a term of up to two years. By 31 December 2022, the Board consisted of ten Board Members, of which three were employee-elected members as required by Norwegian company law.

On 11 May 2022, the Corporate Assembly re-elected two of the shareholder elected members of the Board. In addition, one shareholder elected member resigned and was replaced by a new shareholder elected member.

The Board shall have a diverse composition and expertise tailored to meet the company's needs. There are five women in the Board and five men. Two of the Board members are non-Norwegian citizens. None of the Board members, other than the employee representatives, are employees of Telenor or have carried out work for Telenor not covered by the general board and committee compensation. Management is not represented on the Board, and all shareholder representatives on the Board are independent. Information regarding the background, education and other board positions of each Board member is available on Telenor's corporate website.

The members of the Board are encouraged to own shares in the company. An overview of their share ownership is available in the Executive Compensation report, which is available [here](#).

Deviations from the NCGB Code of Practice Section 8: None.

9. The work of the Board of Directors

Role and responsibility of the Board

The Board is ultimately responsible for the management of the Telenor Group, for safeguarding proper governance and organisation of the business, as well as for supervising Telenor's business activities. A key responsibility of the Board is making decisions on and granting authority to make decisions on issues, which, due to the nature of the business, are unusual, or of major significance to the company. Other key responsibilities are oversight and control. The Board draws up plans and financial, as well as

non-financial, frames and goals for the activities of Telenor. The Board keeps itself informed of Telenor's financial position and ensures that its activities, accounts, and asset management are subject to adequate control. The Board ensures that Telenor has adequate internal controls with respect to the rules and regulations that apply to the Telenor Group.

The Board initiates those examinations it finds necessary for the performance of its duties and if demanded by one or more of the members of the Board.

The Board adopts a plan for its work, with special emphasis on objectives, strategy, and implementation, once a year. The Board shall, to the degree necessary, approve strategies, business plans and financial targets for the activities of Telenor Group. Telenor's strategy is described in the previous chapters of this report 11.

The Board emphasises the importance of gaining valuable insights and being well informed on relevant areas such as operational, technological, regulatory and market developments. In 2022 the Board members travelled to Telenor's subsidiary DNA, in Helsinki.

The Board issues instructions for its own work as well as for the President and CEO, with particular emphasis on clear internal allocation of responsibilities and duties. The instructions set out how the Board shall supervise Telenor's day-to-day management and business in general. The Board evaluates the instructions for the Board and the instructions for the President and CEO annually.

Principles for managing conflicts-of-interest, and perceived conflicts of interest, are set out in Telenor's Code of Conduct, which is applicable to the Board members and all employees. The instructions for the Board contain rules disqualifying board members from participating in the processing and decision making of issues where the member, or a related party to the board member, have a conflict of interest. The Board has adopted procedures to secure awareness of conflict-of-interest issues, securing that Board members have a regular, open and transparent dialogue about any interest they may have, or be perceived to have.

In relation to its ordinary business, Telenor has regular transactions with related parties. Before approving any agreement with a related party, the Board shall assess whether the agreement is on arms' length terms and whether it would be appropriate to obtain a third-party valuation, as set out in the Board's instructions; cf. also the Public Limited Liability Companies Act, Sections 3-8 and 3-9. The same applies for the President and CEO, should the agreement fall under day-to-day management.

Agreements with related parties, including transactions with associated companies, are accounted for in note 36 of the financial statements for Telenor Group for 2022 in this Annual Report.

Board meetings in 2022

The Board shall normally hold eight Board meetings during the calendar year, but the minimum is set at four. Individual Board members and the President and CEO may, at any given time, request a Board meeting to be held to discuss specific matters. The minutes from the Board meetings are shared with selected members of management, the Head of Group Internal Audit and Investigations and Telenor's external Auditor.

The Board held 11 Board meetings in 2022, out of which three were extraordinary meetings, and each of the Board committees held between five and seven meetings. The average attendance over the year at the Board meetings was 98.9 percent. For the employee elected Board members, designated deputies are invited if a Board member is unable to attend.

Board self-assessment

The Board systematically evaluates its performance, activities, and expertise by undertaking a yearly self-assessment. External resources are used to facilitate the self-assessment and the evaluation, as recommended by the NCGB Code of Practice. The Board's self-assessment for 2022 has been reviewed in the Board meeting held on 19 December 2022.

The Directors' and officers' liability insurance

Telenor has purchased and maintains a directors and officers liability insurance. It covers pure financial loss resulting from a claim made against an insured person resulting from a wrongful act committed or allegedly committed in a position as a director or officer, member of the supervisory board or management board or an employee acting in a managerial or supervisory capacity. The liability is personal.

Working committees of the Board

To help ensure thorough preparation of specific issues, the Board has appointed four preparatory working committees of the Board: The Risk and Audit Committee, the People and Governance Committee, the Sustainability and Compliance Committee and the Transformation and Innovation Committee.

The Committees have no independent, decision-making authority, except where expressly granted by the Board on a case-by-case basis or by law. The Committees' roles are to prepare matters for consideration and/or decision by the Board. The Board evaluates the charters for the Committees on a yearly basis and adopted revised charters in June 2022. The Committees report to the Board and all Board members have access to all working documents, including the minutes, from the committee meetings.

The Risk and Audit Committee

Risk and Audit Committee (RAC)
Conducted seven meetings in 2022 with 100 percent attendance

Jon Erik Reinhardsen (Chair)	Pieter Cornelis Knook (Member)
Jørgen Kildahl (Member)	Jan Otto Eriksen (Employee representative)

The Risk and Audit Committee is a preparatory committee that supports the Board in fulfilling the Board's responsibilities with respect to financial reporting, internal controls, internal and external audit, risk management and risk framework; and is established in accordance with the requirements of Audit Committee in the Norwegian Public Limited Liability Companies Act. The Committee also monitors the formulation and execution of Telenor's security strategy.

The People and Governance Committee

People and Governance Committee (PGC)
Conducted 7 meetings in 2022 with 100 percent attendance

Gunn Wærsted (Chair)	Astrid Simonsen Joos (Member)
Jon Erik Reinhardsen (Member)	Roger Rønning (Employee representative)
Nina Bjornstad (Member)	

The People and Governance Committee is a preparatory committee that supports the Board in fulfilling the Board's responsibilities with respect to corporate governance, executive compensation, leadership, and culture development. The committee also supports the Board on succession planning.

The Sustainability and Compliance Committee

Sustainability and Compliance Committee (SCC) Conducted six meetings in 2022 with 100 percent attendance

Jørgen Kildahl (Chair)	Gunn Wærsted (Member)
Astrid Simonsen Joos (Member)	Irene Vold (Employee representative)

The Sustainability and Compliance Committee is a preparatory committee that supports the Board in fulfilling its responsibilities with respect to sustainability and compliance issues. In conducting its work, the Committee is guided by international conventions and standards, the Telenor Code of Conduct, Group Policies and Manuals relevant to the scope of the Committee. The Committee also supports the Board on its responsibilities to specifically address climate and environment, human rights, labour standards and anti-corruption.

The Transformation and Innovation Committee

Transformation and Innovation Committee (TIC)
Conducted five meetings in 2022 with 100 percent attendance

Pieter Cornelis Knook (Chair)	Elisabetta Ripa (Member)
Nina Bjornstad (Member)	Irene Vold (Employee representative)

The Transformation and Innovation Committee is a preparatory committee that supports the Board in fulfilling the Board's responsibilities with respect to innovation and technology development. This includes monitoring the overall progress of Telenor's transformation, following innovations and technology developments that affects Telenor and monitoring brand and customer centric initiatives.

The Chief Executive Officer (CEO)

The Board appoints the President and CEO and provides instructions for governance to the President and CEO.

The President and CEO oversees the day-to-day management of Telenor ASA and is responsible for ensuring that Telenor Group is organised, run and developed in accordance with applicable laws, Telenor's Articles of Association and decisions adopted by the Board, the Corporate Assembly and the General Meeting.

The instructions to the President and CEO further cover the management of the Telenor Group, its subsidiaries, ownership interests and other companies in the Telenor Group, financial reporting, the power of attorney, submission of proposals for decisions for the Board and responsibilities for reporting to the Board. Reporting procedures are set up to ensure that the Board receives accurate, relevant and timely information that is sufficient for the Board to carry out its tasks.

The President and CEO's terms of employment are decided upon by the Board based on recommendations by the People and Governance Committee.

Group Leadership Team

The Group Leadership Team of Telenor ASA is an advisory management body for the President and CEO. The team consists of the President and CEO, the Executive Vice Presidents (EVPs) for Headquarters and the four Business Areas. The Group Leadership Team members report to the President and CEO. Experience, competence, and diversity (gender balance, cultural backgrounds, etc.) are important factors for the selection of candidates to EVP positions.

Deviations from the NCGB Code of Practice Section 9: None.

10. Risk management and internal control

The Board's responsibility and objective for Risk Management

Risk management and internal control are given high priority at Telenor. Key aspects encompass embedding risk management, designating risk ownership and implementing risk responses throughout the organisation. The Group Governing Principles set out key principles related to Risk Management and Internal Control. All foreseeable risks that may have an impact on Telenor's ambitions will be evaluated.

Telenor's risk management objective is to earn competitive returns from its various business activities at acceptable risk levels and without compromising its vision, values, and Code of Conduct. Risk management is integrated within Telenor's annual strategy planning process, and top risks highlighted therein by business units are tracked through various group review processes. Business units report their risks in their annual strategy plan, based on a thorough risk assessment process.

Group Enterprise Risk Management aggregates risks from the business units, analyses other risks across the Telenor Group in a Group Risk Forum and presents Telenor's risks and risk process to the Group Leadership Team, the Risk and Audit Committee and ultimately to the Board. The Board reviews the Group risk picture biannually. Each business unit is responsible for updating their company level risk register on a regular basis.

Business units provide quarterly updates and report risks that have emerged, including the status of actions to respond to the risks. Business units are required to align risk management processes closely with existing business and management processes locally. All managers are required to assume responsibility for risk management within their areas of responsibility and ensure that risk management is embedded in day-to-day business processes.

The Board's responsibility and objective for Internal Control

Telenor has a strong focus on internal control including internal controls over financial reporting (ICFR) and has established a process for ensuring that sufficient internal controls are implemented in Telenor's financially significant business units worldwide. The Group Governing Principles define the key requirements and the expectations for the ICFR program to be implemented in these business units. The Risk and Audit Committee has delegated the ICFR program coordination and overseeing responsibility to Group Finance, which reports back to the Risk and Audit Committee twice a year. The implementation of the ICFR program in the financially significant business units is the responsibility of the local management. These business units provide quarterly and annual ICFR status reports to Group Finance.

Management performs twice a year an evaluation of the effectiveness of the ICFR program. The evaluation includes identification and assessment of all material financial reporting risks, as well as ensuring that relevant controls to address these risks are implemented, executed, and tested with a certain frequency throughout the year. For controls that are not operationally effective, the potential impact and financial exposure on the consolidated financial statements are evaluated. Regular reviews are performed to identify the most relevant financial reporting risks and to improve Telenor's ICFR best practices. These reviews also ensure that identified risks are addressed by sufficient controls at all times.

Telenor focuses on continuously improving its risk management process. The purpose is to improve assessment, monitoring and reporting of risks by linking risks to relevant policies and ambitions, and increasing control and follow-up.

Further information regarding risk management is presented in the previous chapter of this Board of Directors' Report (page 19).

Financial Reporting Standards

Telenor prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union. The consolidated financial statements shall give a true and fair view of the Company's and the Telenor Group's assets, liabilities, financial position, and results of operations.

Telenor ASA is a holding company and contains the Group Management, Corporate Functions, Research and Development and Group Treasury. The financial statements for Telenor ASA are prepared in accordance with the Norwegian Accounting Act section 3-9 and regulations regarding simplified application of IFRS issued by the Ministry of Finance on 21 January 2008. Financial Reporting Standards and accounting principles are further described in the notes to the financial statements of this Annual Report for 2022.

The Disclosure Committee

The Disclosure Committee supports the company's efforts to meet the requirements for external financial reporting. The Disclosure Committee meets and reviews the quarterly and annual reports of the Telenor Group and ensures that external reporting requirements are met. The Committee is chaired by the CFO and includes the following members: Head of Group Legal, Head of Investor Relations, Group Controller, Head of Group Accounting, Head of Controlling, Planning and Analysis, Head of Group Tax and Head of Group Communications.

The Group Compliance Officer and the Compliance function

Telenor has established a compliance function (Group Compliance) to support the President and CEO and the Board executing Telenor Group's strategic owner role with the following objectives:

- Uphold and continually advance Telenor Group's high standards for Governance and Compliance

- Ensure that Telenor's governance framework addresses group-wide Compliance Risks and requirements
- Follow up that Compliance Risks are managed effectively in Telenor Group

The Chief Compliance Officer (CCO) oversees Group Compliance and is responsible for the Compliance function's fulfilment of its role and responsibilities. The CCO reports to the EVP of the relevant Group Unit, has a direct reporting line to the President and CEO, meets as relevant in the meetings of the Board and attends meetings in the Sustainability and Compliance Board Committee. Governance and Compliance in Telenor's operations in Asia is delegated and managed by a local separate 2nd line compliance function at the Telenor Asia office in Singapore.

Group Internal Audit and Investigation (GIAI)

Group Internal Audit and Investigation (GIAI) is an independent investigation unit, creating business value through independent fact-based assessments to improve the operations of Telenor. The Head of GIAI reports to the Board through the Risk and Audit Committee. GIAI is a global function, empowered to perform engagements in Telenor ASA and any subsidiary in which Telenor ASA, directly or indirectly, owns more than 50 % of the voting shares, or the power of control is possessed and exercised by or on behalf of Telenor ASA.

Group Investment Committee (GIC)

The Group Investment Committee (GIC) provides recommendations to the President and CEO and other approval bodies regarding investments and other financial commitments above a certain threshold or deemed to be of special interest or principle in nature. GIC is chaired by the CFO and consists of members who have relevant expertise.

GIC secures agreement on the decision process and strategic alignment of proposals and ensures quality and completeness of assessments and standards for business cases and risks. In addition, GIC performs post-investment evaluations and enhances knowledge sharing.

Group Treasury

In order to ensure overall management, mitigation and control of the group's treasury activities, the company has set up Group Treasury as a central corporate function. The Group Treasury function and responsibilities are defined in accordance with its mandate set out in the treasury section of the Group Policy Finance. Group Treasury is part of Group Finance and reports to the Group CFO.

The purpose of the treasury policy is to mitigate treasury risks in Telenor Group and to enable efficient management of treasury activities. It also provides an overall framework for the management of treasury risks including liquidity risk, financial counterparty credit risk, currency risk and interest rate risk.

Further, the treasury section of the Group Policy Finance sets the main principles related to capital structure, funding, cash management, bank relationship

management, treasury risk management, issuance of guarantees and treasury reporting requirements.

Business Area Meetings and Financial Reviews

Business Area Meetings are normally held with the Business Areas (Telenor Nordics, Telenor Asia, Telenor Infrastructure and Telenor Amp) between 9 and 12 times a year and are chaired by the President and CEO. The primary focus in the Business Area Meetings is to discuss important strategic and operational and financial/non-financial issues (such as people, compliance and regulatory) on a regular basis, and actions required to reach defined milestone or ambition.

The Financial Review is held with key business units on a quarterly basis and is chaired by the Group CFO. The main purpose of the Financial Review is to review the business unit's financial performance, internal control, development of risks and regulatory issues as well as forecasted financial performance for the coming quarters.

Deviations from the NCGB Code of Practice Section 10: None.

11. Compensation to the Corporate Assembly and the Board of Directors

Compensation to the Corporate Assembly and the Board of Directors is described in the 2022 Executive Compensation Report available on Telenor's corporate website / [here](#).

Deviations from the Code of Practice Section 11: None.

12. Compensation to the Group Leadership Team

The prevailing Executive Compensation Policy and the Executive Compensation Report for 2022 are available on Telenor's corporate website / [here](#).

Deviations from the NCGB Code of Practice Section 12: None.

13. Information and communications

A regular flow of information from Telenor will help shareholders and other investors make informed decisions on the purchase and sale of the company's shares, based on equal access to information.

The Board provides guidelines on the company's reporting of financial and other information based on openness and transparency, and in accordance with requirements relating to equal treatment of players in the share market. Each year, Telenor announces the dates of important

events, such as the AGM, the publication of interim reports, public presentations, and the payment date of any dividends.

Information sent to the company's shareholders is made available on the Telenor website at the same time as it is sent to the shareholders. The Investor Relations function at Telenor ensures that contact with the company's shareholders is maintained outside the General Meeting; see Telenor's corporate website.

Deviations from the NCGB Code of Practice Section 13: None.

14. Take-overs

The Norwegian State owns 53.97 percent of Telenor. Any reduction in the stake by the state requires a special resolution from the Norwegian Parliament. For such reason, the Board has not adopted any guiding principles as recommended by the NCGB Code of Practice since the process in Parliament will safeguard the intentions set down in the NCGB principles.

In the event of a take-over bid, the Board will comply with the NCGB principles.

Deviations from the NCGB Code of Practice Section 14: Exception made with respect to the Norwegian State's ownership.

15. Auditor

In accordance with Norwegian regulations, Telenor complies with strict requirements for oversight of the auditing and auditors, including the auditor's independence.

Telenor has a pre-approval policy and procedures in place for the approval of non-audit services performed by the external auditor that have been established by the Board. The external auditor provides the Risk and Audit Committee with an annual written confirmation of independence. The auditor presents to the Risk and Audit Committee, on a bi-annual basis, a summary of all services, in addition to the audit, provided by the external auditor. The auditor also presents any threats to their independence and documents measures implemented to reduce these, as required by the Audit and Auditors Act Section 5a-3 3.

The Company's external auditor presents the main features of the plan for the execution of the audit to the Risk and Audit Committee and reports interim and final results of the external auditor's work to the Risk and Audit Committee.

The external auditor attends all meetings of the Risk and Audit Committee, the Board meeting that approves the Annual Report and other meetings on request. The external auditor presents the result of the audit to the Risk and Audit Committee and the Board in the meeting approving the

Annual Report, including presentation of any material changes in the company's accounting principles and significant accounting estimates, and reports material matters in which there have been disagreement between the auditor and Telenor's Leadership Team, if any.

Each year the auditor presents to the Risk and Audit Committee and the Board internal control weaknesses and improvement opportunities, if any. The external auditor meets with the Risk and Audit Committee and the Board at

least annually where neither the President and CEO nor other members of management are present.

At the General Meeting, the Board gives an account of the auditor's remuneration divided into audit fees and other services as disclosed in the Annual Report.

Deviations from the NCGB Code of Practice Section 15: None.

Fornebu, 21 March 2023

 Gunn Wærsted Chair	 Jørgen Kildahl Vice Chair of the Board			
 Jon Erik Reinhardsen Board member	 Nina Bjørnstad Board member	 Pieter Knook Board member	 Astrid Simonsen Jøos Board member	 Elisabetta Ripa Board member
 Roger Rønning Employee representative	 Irene Vold Employee representative	 Jan Otto Eriksen Employee representative	 Signe Brekke President & CEO	



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About this report

This Sustainability Report is published in accordance with reporting requirements mandated by the Norwegian Accounting Act §3-3c and the EU Non-Financial Reporting Directive (EU NFRD 2014/95). It covers material areas within Telenor’s Responsible Business and details how these are linked to the business strategy, ESG performance, and the relationship with stakeholders.

Beyond compliance with legislation and standards, reporting on how Telenor’s efforts in Responsible Business are integrated with strategy, financial performance and company value allow Telenor to be transparent about how the company is addressing some of the world’s most pressing challenges, such as climate change and inequality.

Transparency, accountability, and integrity are an integrated part of the guidelines that form the core of how Telenor operates as a responsible company: the Code of Conduct. Telenor is working to ensure that ESG impacts, risks and opportunities are reported transparently, in line with materiality assessments and in alignment with relevant regulations and international guidance.

For more information about reporting boundaries and context, see “Reporting Frameworks” below.



"We believe the most positive impact we have on societies is through the services we provide and the standards we hold ourselves and our partners accountable to. Throughout 2022, we saw several examples of how our integrated approach to support people, planet and profit can unlock new opportunities, especially within the climate and social domain. Our focus on raising standards for responsible business over time contributes to fulfilling Telenor's purpose of empowering societies and connecting people to what matters most."

– Rita Skjærvik, EVP People, Sustainability and External Relations

Telenor's Responsible Business agenda is an integral part of the company's strategic objectives. In 2022, this included initiatives in support of the company's modernisation and cost optimising efforts through deployment of energy saving technologies in the mobile networks as well as entering into power purchasing agreements in two of our Nordic markets. Reflecting the company's ambition to be an enabler for reduced Greenhouse Gas (GHG) emissions, new initiatives are being explored for the use of internet of things (IoT) technology in collaboration with customers and partners. According to the Global System for Mobile Communications Association (GSMA) SDG impact report for 2022, the mobile and digital technology could enable 40 percent of the required CO2 reductions needed by 2030 within the top four largest emitting industries (manufacturing, power and energy, transport and buildings). These sectors account for 80 percent of global emissions.

Building on the company's ambition to be a trusted partner, Telenor also initiated a series of activities aimed at taking a leading position within the security domain, in areas including information security, physical security, and service fraud.

Sustainable Development Goals

Telenor is committed to all 17 Sustainable Development Goals (SDGs) laid out by the United Nations. Telenor has prioritised five of the goals where the company can have the most impact. Telenor continuously evolves its services, operations, and targets as they relate to the SDGs. At the heart of the company's business functions is a drive to provide sustainable, innovative, and resilient infrastructure (SDG 9 and SDG 13). Through its services and programs, Telenor is committed to empowering societies by reducing inequalities (SDG10), empowering women and girls (SDG5), and helping enable quality education (SDG4). Together, these five SDGs form the bedrock of Telenor's global commitments. These goals are reflected in the company's materiality and stakeholder analysis, where both positive and negative impacts are assessed.



In the social domain, Telenor continued to drive inclusion through connectivity as well as digital upskilling of marginalised groups across the markets it operates in. While these initiatives strengthen Telenor's core business, they also serve to empower societies through economic and social inclusion. The company will continue to seek out opportunities in this space, together with global partners, with the aim of creating value in the markets it operates.

In addition to setting high ambitions for how the company's services should drive positive impact with focus on Climate and Digital Skills, Telenor strives for continuous improvement in core areas such as Human Rights, Diversity & Inclusion, Health & Safety, People Security & Wellbeing, Responsible Supply Chain, Anti-Corruption, Privacy & Data Protection and Cyber Security. Telenor has a long track-record of navigating in complex business environments with the help of robust principles and processes. The reshaped Telenor Group will uphold the focus on building new partnerships on a solid governance set-up founded in international best practice and robust operating models.

The reshaping of Telenor Group into four separate Business Areas resulted in a review of Telenor's Responsible Business ambitions for the mid-term. While the key ambitions communicated at the Capital Markets Day 2022 remain, Telenor's ESG targets will be revisited to better reflect the diversity in risks and opportunities across the Company's footprint. The ambitions in the lead-up to 2025 are:

- **Environmental:** Deliver on the Science-Based climate targets and be an environmental enabler by empowering customers to reduce their greenhouse gas emissions and increase their environmental performance
- **Social:** Be a frontrunner when it comes to social and digital inclusion in the communities where the company operates, and promote skills for the future and workplace diversity
- **Governance:** Uphold high standards of governance across all company-owned entities and be the preferred partner for digitalisation and corporate cyber security

To ensure that employees have the necessary skills to turn sustainability targets into actions, the company is investing in internal communication and training in areas related to Responsible Business.

Sustainability is closely weaved into Telenor's governance framework, providing accountability and enabling the company to clearly plan, implement and monitor sustainability activities.

Board of Directors' role

The Board has established clear objectives and strategic ambitions, with Responsible Business as a foundation for Telenor's strategy. The Board of Directors has established four committees of the Board, one of which is the Sustainability and Compliance Committee (SCC). The SCC is a preparatory working committee with respect to sustainability and compliance issues. The committee receives regular updates on compliance and sustainability-related matters and monitors the sustainability performance of the company.

Management's role

The Group Leadership Team (GLT) ensures that dedication to Telenor's high business conduct standards is engrained into the company culture and endorsed at all levels in the organisation by setting a clear tone from the top. The members of the GLT discuss Telenor's Responsible Business agenda, including compliance, anti-corruption, privacy and data protection, on a regular basis in various fora. Within the GLT, the Executive Vice President of People, Sustainability and External Relations, has a responsibility for the day-to-day management of these areas. This includes the development and maintenance of the overall governance framework, managing, and maintaining the Code of Conduct and regularly monitoring and reporting to management and the SCC at Board level on compliance and sustainability issues including ambitions, strategy and overall measures and initiatives.

Ambitions and target-setting

The most important driver when setting targets is the ability to measure Telenor's impact on society and environment and the impacts external factors have on Telenor's enterprise value.

Targets for Telenor Group are defined annually by the Board of Directors. In 2022, Telenor established two empowered regional organisations in the Nordics and Asia. Following the renewal of Telenor's regional focus, the company has initiated a process to update relevant ESG targets for each business area to reflect the diversity in risks and opportunities that the company sees across its footprint. The targets, which will be finalised during 2023, will reflect the strategic objectives and key priorities of the respective business area. Telenor develops a broad set of financial and non-financial indicators that facilitate a forward-looking performance dialogue. Follow-up and performance relative to the targets is tracked through the established ownership governance structure processes.

More information on Sustainability Governance can be found in the Sustainability Governance pages on Telenor.com and in the Corporate Governance Report above.

Sustainability-linked Short-Term Incentive (STI)

The Board of Directors of Telenor ASA introduced a climate-related Key Performance Indicator (KPI) in the 2023 short-term incentive plan for the Group Leadership Team. The KPI is linked to reflecting progress towards Telenor's goal of ensuring that 68 per cent of suppliers by spend have set science-based targets within 2025.

This is one of Telenor's climate goals approved by the Science Based Targets Initiative (SBTi). Read more about the Company's climate commitments in section Climate below.

Responsible business forms the core of everything Telenor does, and the company actively engages its stakeholders and continues to strengthen its relations as an owner and business partner, true to its commitments, values and the purpose of empowering societies. Telenor communicates with its stakeholders in a transparent way, through frequent dialogue, which feeds into its materiality analysis. Telenor's main stakeholders include employees, customers, investors, policy makers, communities, media, suppliers, industry peers, civil society and civil society organisations (CSOs). Stakeholders play an integral part in the materiality assessment process as described in the section below.

Stakeholder group	Expectations in 2022		How we engage	
Employees	<ul style="list-style-type: none"> Occupational health, safety and wellbeing Diversity and equal opportunities Development and career opportunities 	<ul style="list-style-type: none"> Climate action Position on social issues 	<ul style="list-style-type: none"> Townhalls Strategy updates Departmental meetings Employee engagement surveys Trainings 	<ul style="list-style-type: none"> Internal channels incl. digital platforms/Workplace Board of Directors representation People dialogue Engagement with labour unions Workshops with teams
Investors	<ul style="list-style-type: none"> Responsible sourcing Human Rights Digital Access Anti-bribery and corruption 	<ul style="list-style-type: none"> Transparency on how Telenor delivers value to its stakeholders Climate Action ESG reporting and transparency Information about company reorganisation 	<ul style="list-style-type: none"> Capital Market's Day Quarterly presentations Annual General Meeting Investor roadshows Analyst meeting with key owners/investors 	<ul style="list-style-type: none"> Human Rights due diligence Increased and more detailed ESG reporting ESG targets Improvements in transparency and efficiency
Customers	<ul style="list-style-type: none"> People's online safety Digital access and inclusion Climate action E-waste / products sustainability 	<ul style="list-style-type: none"> Data privacy and security Responsible sourcing Position on social issues 	<ul style="list-style-type: none"> Net Promoter Score (NPS) Managing customer privacy risks Customer satisfaction surveys 	<ul style="list-style-type: none"> Call centres Industry forums Customer-focused circular economy initiatives
Civil Society and Civil Society Organisations	<ul style="list-style-type: none"> Human Rights Ethics and Digital Rights Transparency Climate Action 	<ul style="list-style-type: none"> Freedom of Expression Data protection and privacy Digital Access 	<ul style="list-style-type: none"> Open dialogue and partnerships Participation in closed and public multi-stakeholder foras Partnership and dialogue with Non-Governmental Organizations, via: <ul style="list-style-type: none"> United Nations Global Compact (UNGC) Confederation of Norwegian Enterprise (NHO) 	<ul style="list-style-type: none"> Child Labour Platform (CLP) UNI Global Union Global Network Initiative (GNI) Norwegian National Contact Point (NCP)
Policy Makers / Governments	<ul style="list-style-type: none"> Digital Access for all Customer privacy and security Climate and Environment Responsible sourcing 	<ul style="list-style-type: none"> Health and well-being Diversity Artificial Intelligence ethics ESG reporting and transparency 	<ul style="list-style-type: none"> Participation in consultations and public forums Engagement through industry consultative bodies and associations Participation in analysis and studies Social events, conferences Partnering on key areas (incl. Digital skills and Climate and Environment) Engagements via: 	<ul style="list-style-type: none"> European Union World Economic Forum Nordic Business Forum Confederation of Norwegian Enterprise (Næringslivets Hovedorganisasjon, NHO) International Monetary Fund World Bank
Community and Media	<ul style="list-style-type: none"> Responsible sourcing / human rights incl. conflict minerals Digital Access Digital rights / inclusion 	<ul style="list-style-type: none"> Climate Action and E-waste 	<ul style="list-style-type: none"> Meetings with NGOs Press releases and social media Interviews with the CEO and key executives Close dialogues 	<ul style="list-style-type: none"> Being transparent on recent operational and strategic developments, new products and services, etc Surveys Global partnerships
Business Partners and Industry Peers	<ul style="list-style-type: none"> Transparency Future needs and requirements Climate Action Diversity and inclusion Health, safety and security 	<ul style="list-style-type: none"> Data protection and privacy Partnerships on key areas Human Rights 	<ul style="list-style-type: none"> Memberships in associations: <ul style="list-style-type: none"> Nordic Business Forum GSMA (Global Mobile Operators' Association) ETNO (European Telecommunications Network Operators' Association) Alliance for CSR (JAC) TMforum (Board member) 	<ul style="list-style-type: none"> Due-diligence process Bilateral dialogues Partnerships / Strategic collaborations Best practice sharing Following up on audits and inspections Supplier Conduct Principles

Telenor's 2021 Materiality Assessment highlighted a need to account more systematically for financial materiality on most ESG issues. It identified some qualitative consideration of impacts and some gaps in Telenor's consideration of financial materiality and inward impact. In 2022, Telenor worked further on closing those gaps and took proactive steps to align with the draft European Sustainability Reporting Standards' guidance on double-materiality.

Telenor performed a double-materiality assessment, supported by BSR™ - a sustainable business network and consultancy focused on creating a world in which all people can thrive on a healthy planet. The assessment was conducted in line with the European Union's Corporate Sustainability Reporting Directive (EU CSRD), the associated draft European Sustainability Reporting Standards (ESRS) and the guidance of the Global Reporting Initiative (GRI) 2021.

The scope of the assessment was a corporate-wide qualitative assessment and a high-level strategic prioritization. Risks, opportunities and impacts were identified depending on where the impact lies in the value chain – direct operations, business partners, or end-users. Where risks, opportunities or impacts differed, the assessment highlighted the highest risk.

The materiality assessment process consisted of five main steps:

1. **Identification of sustainability topics relevant to Telenor** based on guidance and requirements as set in the relevant reporting standards including GRI, EU CSRD and ESRS (drafts), SASB, TCFD recommendations, GHG protocol, SDGs, UN Global Compact, etc.
2. **Desktop research and draft scoring** based on:
 - Internal Telenor documentations including previous assessments conducted by Telenor such as the Corporate-wide Climate and Human Rights Impact Assessments
 - Public resources and BSR expertise
 - The risks identified by Telenor's enterprise risk management process
 - Feedback from external analysis and rating of Telenor's ESG performance
3. **Focus group interviews to identify and assess impacts** and collect feedback on draft ratings:
 - Methodology aligned with Telenor's Enterprise Risk matrix (severity and likelihood)
 - 20 internal stakeholders interviewed from across different levels and regions in the Telenor organisation

- Seven external stakeholders interviewed – including business partners, investors, industry associations, Non-Governmental Organisations
 - Identification and analysis of the impacts in each material topic:
 - Impact on Society and Environment - the criteria for assessing impact on society and the environment are set by global standards (GRI, EU CSRD, etc), considering scale, scope, and remediability
 - Impact on Business (risks and opportunities) - the criteria for assessing impact on business leverage Telenor's Enterprise Risk Management framework (severity and likelihood)
4. **Revising assessment** based on quantitative and qualitative input from stakeholders.
 5. **Validating results** in a workshop with internal stakeholders.

The analysis identified a long list of 20 topics, split into Environmental, Social and Governance factors and prioritised the top 12 most material topics for Telenor, based on the significance of impact to society and environment, impact on business, and the link to the company's strategic objectives. These top priority material topics include: Climate mitigation & energy Use, Climate adaptation, Digital skills & inclusion, Online safety, Diversity, equity & inclusion, Occupational health, safety & wellbeing, Forced labour, Cyber security, Data protection, Freedom of expression & privacy, Anti-corruption and Responsible supply chain.

The next section *Material areas and key highlights* summarizes the topics, including their impacts levels, and how they fit in Telenor's prioritised Responsible Business agenda.

In 2023, Telenor will focus efforts on further embedding the material topics in the company's strategy and risk management processes, concentrating on the topics with the highest impact as identified by the materiality assessment. The purpose is to ensure that risks, opportunities and impacts are understood, measured, and mitigated in line with strategic objectives. The strategic material topics will be mapped against existing policies and measured through corresponding performance indicators. Specific action plans will be created to ensure that any gaps are handled as part of the strategy and risk management processes. An important step of the process will be to define whether significant financial resources will be required.

Comparison of Materiality Assessment Results

2021 results:

Climate & Environment

Digital Skills

Diversity and Inclusion

Health, Safety, People Security and Wellbeing

Human Rights

Cyber security

Data Privacy Compliance

Anti-corruption

Supply Chain Sustainability

2022 results:

Climate adaptation

Climate mitigation & energy Use

Digital skills & inclusion

Online safety

Diversity, equity & inclusion

Occupational health, safety and wellbeing

Forced labour

Cyber security

Data protection

Freedom of expression & privacy

Anti-corruption

Responsible supply chain

Material areas & key highlights 2022

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	Responsible Business Area	Ambition	Material topic 2022	Impact on Business *** (Risks & Opportunities)	Impact on Society and Environment **	Targets	2022 performance	SDGs impacted
Environmental	Climate	Meet Telenor's own science-based targets and explore business opportunities to enable third parties to reduce their climate footprint.	Climate mitigation & energy use*	////	///	57% reduction of emissions of GHGs from global operations by 2030, from a 2019 baseline	7% reduction of absolute scope 1 and 2 GHG emissions from global operations (baseline year 2019),	
			Climate adaptation*	////	///	68% of suppliers by spend have set science-based climate targets by 2025	36.3% of suppliers by spend had set science-based targets	
	Environment	Explore opportunities within circular economy, set targets and define a strategy for climbing the waste hierarchy, initially for mobile phones and home devices in Nordic, secondarily for network equipment.	e-Waste & circularity	///	///	TBD	32% recovered devices recycled 68% recovered devices reused 0% recovered devices landfilled	
			Biodiversity	///	///	TBD	N/A	
Social	Digital skills	Become an inclusive partner in building future skills.	Digital skills & inclusion*	////	////	6 mil people trained in digital skills by 2025 (baseline year 2021) 68% active data users by 2025	3 mil people trained in digital skills (baseline year 2021) by year end 2022 58% active data users	
			Online safety*	///	////			
	Human rights	Respect and promote human rights, be trusted by stakeholders and ensure regular human rights due diligence across the organisation.	Forced labour*	///	////	100% staff completed human rights training by 2024	60% of sustainability teams completed human rights training	
			Child and underage labour	///	///			
			Freedom of association	///	///			
			Living wage & social benefits	///	///			
	Diversity & inclusion	Be a frontrunner in diversity and engaged in a sustainable future for all.	Diversity, equity & inclusion*	////	///	40% women senior leaders by 2025	33% women senior leaders 38% women in the workforce 32% non-Nordic senior leaders	
			Talent acquisition & development	///	///			
Health, safety, people security & wellbeing (HSS)	Zero injuries to employees and business partners and having HSS fully embedded in the business	Occupational health & safety, including wellbeing*	///	///	6000 observations (unsafe acts, unsafe conditions) by 2023	3500 observations (unsafe acts, unsafe conditions) 3 fatalities		

Responsible Business Area	Ambition	Material topic 2022	Impact on Business *** (Risks & Opportunities)	Impact on Society and Environment **	Targets	2022 performance	SDGs impacted	
Governance	Cyber security	With continuous risk-based maturity improvement of core businesses towards "measured security", Telenor will be a trusted and responsible partner, working after the same high standards everywhere it operates. This includes all security areas of information security, physical security, and service fraud.	Cyber security*	////	///	Telenor to be recognized as a security leader in the telco industry in every market where the company operates	99 % employees completed basic security training	
	Privacy & data protection	Remain a strong and trusted brand with a continued high focus on customers' privacy.	Data protection*	////	///	Continuously monitor and act on threats to the privacy of customers and employees, improve the effectiveness of privacy controls, and ensure that business decisions are conscious of the potential impact to privacy	Revised privacy governance framework implemented	
			Freedom of expression & privacy*	////	///			
	Anti-corruption	Uphold zero-tolerance approach to bribery and corruption and avoid even the appearance of misconduct or improper actions.	Anti-corruption*	////	///	Strengthen Telenor's preventive anti-corruption programme across all business units, including relevant controls to properly mitigate corruption	Common risk taxonomy implemented across all business units	
Responsible supply chain	Uphold responsible business practices within the supply chain through high sustainability standards and continuous improvement.	Responsible supply chain*	////	////	90% annual closure rate of non-conformities in the supply chain by 2025 Monitoring conducted on 100% high-risk business partners by 2024	55% annual closure rate of non-conformities from supply chain sustainability inspections		

*Top priority material topics based on the significance of impacts

**As identified in the materiality analysis (I - very low; II - low; III - medium; IIII - high; IIIII - very high)

The next sections of the report provide an overview of the top priority material topics in Telenor's Responsible Business areas as defined in its materiality analysis, and defines how Telenor addresses the identified impacts, risks and opportunities within the defined areas. The section is structured around Environmental, Social and Governance factors. The link to Telenor's strategy is underlined in the beginning of each ESG section. Reported information for each material area includes:

- Policies and commitments
- Ambition
- Target(s)
- Overview of material topics as identified in the Materiality Assessment and what they mean for Telenor
- Update from 2022
- Strategy to reach ambitions and targets going forward

06 Environmental

Sustainability report

Telenor's purpose is to empower societies and connect people to what matters most. That purpose compels the company to do its part in the effort to fight climate change and environmental hazards. Telenor provides technology and platforms to enable climate action and raise the awareness of climate change and the risks the world faces from global warming, pollution, and waste. But the company also needs to be part of the change and drive the action in the communities it empowers and connects. There are three main dimensions to Telenor's work on climate and environment. The first is to clean up the company's own operations, by lowering greenhouse gas (GHG) emissions and improving environmental performance. The second is to raise environmental standards across the supply chain by lowering the GHG emissions of suppliers, and the third is to help other parties reduce their emissions, by way of Telenor's services.

Responsible business practices are at the core of everything Telenor does, and the company focuses on continuous improvement across all its markets through a risk-based approach. Guided by international standards and operational experience, Telenor works to systematically address risks and maximize the positive impact of its business. As such, reducing greenhouse gas emissions and waste are at the core of the company's commitment to responsible business. Taking responsibility for GHG emissions and waste is also an important element of Telenor's Code of Conduct, which clearly holds the company is accountable for its actions.



Climate

Telenor is committed to reducing its climate impact by contributing both to the prevention of climate change (mitigation) and resilience against damage to infrastructure and societies from climate change (adaptation). The company adheres to local and internationally recognised environmental and energy efficiency standards and all business units are required to make reasonable efforts to minimise the use of natural resources including energy, water, and raw materials, as well as reduce their GHG emissions in line with Telenor's science-based targets. Telenor is compliant to the expectation of its main owner, that companies partially owned by the Ministry of Trade, Industries and Fisheries, should set climate targets that are science-based.

Ambition

Meet Telenor's own science-based targets and explore business opportunities to enable third parties to reduce their climate footprint.

Targets towards 2025/2030

Reduce emissions of GHGs from global operations by **57%**, from a 2019 baseline, by 2030

Ensure that **68%** of suppliers by spend have set science-based climate targets by 2025

Science Based Targets

In May 2021, The Science Based Targets Initiative (SBTi) approved Telenor's GHG emission reduction targets. The approval confirms that Telenor's climate targets are in line with what climate science deems necessary to meet the Paris Climate Agreement target of limiting global warming to 1.5°C above pre-industrial levels. Telenor's approved Climate Goals are to:

- Reduce emissions of GHGs from global operations by 57 per cent, from a 2019 baseline, by 2030. For the two regions where Telenor operates, this means:
 - The Nordic operations: Telenor's target for the Nordics is carbon-neutral business operations by 2030, focusing on energy efficiency measures in network operations, purchasing renewable electricity, and offsetting residual emissions by way of high-quality carbon credits.
 - The Asian operations: Telenor's target for the Asian operations is a 50 per cent reduction in GHG emissions by 2030 (from a 2019 baseline), focusing on substituting diesel generators with solar solutions at base stations and exploring other renewable electricity options in the region.
- 68 per cent of suppliers, by spend, within the categories Purchased Goods, Services and Capital Goods, shall set science-based targets within 2025

Note: Following deconsolidation of some of Telenor's assets and a company restructure, Telenor will resubmit updated targets for approval to SBTi in 2023.

Material topics

Climate mitigation & energy use

What this topic means for Telenor

This means Telenor's ability to lower its emissions of greenhouse gases (GHG). This includes energy efficiency.

- Scope 1: Direct emissions produced by the company including owned facilities, vehicles, heat, cooling.
- Scope 2: Indirect emissions from the generation of purchased electricity, steam, heat and cooling.
- Scope 3: Other indirect emissions including purchased goods and services, business travel, commuting, waste disposal, use of sold products, transport, and distribution (up- and downstream).

Climate adaptation

What this topic means for Telenor

For Telenor, climate adaptation means preparing for and managing the physical risks of climate change, including more frequent extreme weather events, flooding, drought, and rising temperatures over time. This includes Telenor's ability to adapt to impacts of climate change across its value chain, including operations, supply chain, distribution, communities, and employees and work on inclusive access to its products and services as well as their enablers such as access to energy. Preparing for and managing the transition risks, such as those related to policy, legal, technology, and market changes is also important.

Update from 2022

36.3%

of suppliers by spend had set science-based targets in 2022

7%

reduction of absolute scope 1 and 2 GHG emissions from global operations (baseline year 2019) in 2022

To address scope 1 emissions, Telenor has continued the reduction of scope 1 emissions from network operations by continuing solar and storage solutions at base stations in Bangladesh and Pakistan. In 2022, 100 new solar base stations were added.

To address scope 2 GHG emissions, in 2022, Telenor entered into long-term Power Purchase Agreements (PPAs) for the operations in Norway and Denmark. The renewable energy for Telenor in Norway will be generated by a wind park in Sweden, which will start production towards the end of 2023. In Denmark, the PPA is based on a solar energy plant, which will be operational by the end of 2024. In addition to securing green energy for these operations, the PPAs will also provide predictable energy

cost levels. Both projects are progressing according to plan. A PPA sourcing process in Finland also began in the fourth quarter of 2022 to be concluded in 2023.

In Asia, dtac sourced Energy Attribute Certificates (certificates to prove renewability of purchased electricity) from a solar power plant in 2022.

Telenor (and other operators') dominant emission footprint comes from the supply chain. To sufficiently reduce its scope 3 emissions Telenor depends on suppliers to set targets and deliver emission reductions. Therefore, Telenor has established a clear expectation for suppliers to set their own science-based targets, to ensure increased climate performance, and contribution towards meeting Telenor Group's own scope 3 target.

In 2022, Telenor Procurement Company (TPC) launched a "Project 68%" together with Telenor Group to drive forward Telenor's scope 3 science-based target. The project's initial focus was on influencing the top 300 suppliers to Telenor by spend to set science-based targets. Each of the Telenor owned-operators have contacted their top 20 local suppliers. TPC has also contacted the top 20 suppliers for each sourcing category for global suppliers to influence the commitment to science-based targets. For 2022, the company target was that 33% of suppliers by spend should have set SBTs. The final achievement was 36.3%.

Energy consumption

Energy efficiency, through optimization and deployment of new features such as artificial intelligence and machine learning, remains an important focus area for Telenor when it comes to reaching the company's targets. Telenor has a structural program addressing the energy cost and consumption with activities including decommissioning and sunseting old technologies, implementation of artificial intelligence and machine learning. In 2022, Telenor saw a stable energy consumption development in the Nordics, while in the Asian operations the energy consumption continues to grow following rapid data growth and network expansions across markets.

While the data traffic has been growing in Telenor's networks with more subscribers using 5G high speed connections, Telenor remains committed to increasing energy efficiency and deriving efficiencies through network modernization and fixed phase-out. The decommissioning of the copper network in Norway is already saving 14 GWh of electricity consumption per year. As a result of these initiatives Nordic energy consumption decreased by 2.6% in 2022 compared to 2021.

In Asia, due to prolonged outages caused by floods, black outs, brown outs, heat stress and other disturbances, Pakistan and Bangladesh operations experienced an overrun of diesel generators and hence increased fuel consumption. This resulted in a respective 10 and 12 percent higher energy consumption in 2022 than forecasted for 2022.

Despite these challenges the emissions intensity in Telenor's networks declined by 16 percent in 2022 to 62 tCO₂e/Petabyte.

Energy efficiency measures will remain a priority for Telenor's operations. The most material activities for energy efficiency will be to continue to making advances in energy solution systems in the Asian region and initiatives in the Nordics such as the decommissioning of the copper network in Norway which will save around 17GWh per year.

TCFD

Telenor's climate risk reporting follows the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). As highlighted in Telenor's TCFD climate risk assessment, multiple climate risks and opportunities exist for Telenor and ICTs more broadly. Telenor's 2022 TCFD report highlights the most material risks and opportunities the company faces. In summary:

The most material climate risks to Telenor are:

- Increased pricing of GHG emissions, and consequent cost increases
- Cost increase and lack of availability of renewable electricity
- Physical risks from extreme weather events and chronic global warming effects

The most material climate opportunities to Telenor are:

- Increased demand for development of new services (e.g. IoT)
- Evaluation as a climate resilient and prepared company
- Use of more efficient production and distribution processes

Impacts of transition risks are expected to be higher in the Nordic operations, while physical risk impacts are forecasted to be higher in operations in Asia.

Telenor's 2022 TCFD report can be accessed on [Telenor.com](https://www.telenor.com).

Climate adaptation case: Preparedness for floods in Thailand to ensure customers remain connected

Dtac set up emergency measures to deal with potential network disruptions caused by floods nationwide. Network teams were expedited to deploy contingency plans in flood-prone provinces. The operations involved the mobilization of mobile base stations, power generators, and fuel in areas that may lose power from the impact of flooding and storms. In addition, 4x4 vehicles and paddle boats were prepared to ensure logistics operations to and from impacted base stations when required.

dtac also worked closely with the Department of Meteorology and the Department of Disaster Prevention and Mitigation to send alerts via its network to millions of mobile users at risk of floods. To prepare for impact alleviation measures post-flood, dtac collaborated with National Broadcasting and Telecommunications Commission.

Strategy to reach targets

Telenor’s ambition is to meet its own science-based targets and explore business opportunities to enable third parties to reduce their climate footprint, by way of reducing the company’s own scope 1 and 2 GHG emissions, and ensuring suppliers commit to science-based targets.

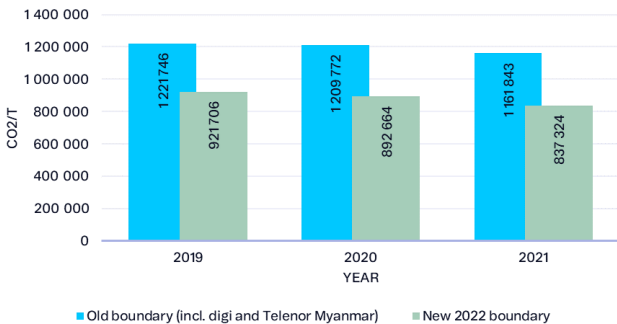
A sourcing process with the aim of closing a Power Purchase Agreement (PPA) for DNA has started and is set to conclude within 2023. Efforts towards securing corporate PPAs are continuing in Asia to ensure both stability in energy costs and reduction in greenhouse gases. For example, a recent MoU was signed between Grameenphone and renewable energy developer Ditrollic Energy for advocacy work towards the Government of Bangladesh for corporate PPAs.

In the short term, Telenor will continue to use Energy Attribute Certificates to reduce emissions, and where possible, sign PPAs from utility scale power producers to supply operations with both clean and stable electricity. There is a significant shortage of Energy Attribute Certificates in Bangladesh and a nascent EAC market in Pakistan. To overcome these challenges, local teams are taking a proactive approach to sourcing.

GHG Emission inventory and baseline changes

Following the successful merger between Digi and Celcom and the sale of Telenor Myanmar, significant changes have been made to Telenor’s GHG emissions inventory, targets, and baselines for these targets. Both the Malaysian and Myanmar entities have been removed from Telenor’s scope 1 and 2 emissions. However, an equity ownership rate-based amount of Digi and Celcom’s emissions will now appear in Telenor’s scope 3 emissions under Category 15. The below table illustrates how the structural changes have effected Telenor’s emissions and baseline target year.

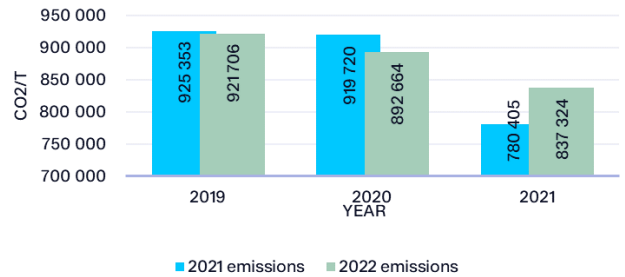
GHG emission changes due to boundary changes in 2022



Note All historical emissions have been normalised to reflect updated emissions factors where necessary and may show small differences to previously reported numbers.

Furthermore, Telenor has updated historical scope 2 emission factors where material updates have been supplied by the International Energy Agency (IEA). Other emission factor changes include new conversion factors for propellants that effect Telenor’s scope 1 emissions. These emission factors are supplied by the UK Department for Business, Energy and Industrial Strategy. The graph below illustrates the changes using Telenor’s 2022 emissions boundary.

Scope 1 and 2 GHG emission changes due to emission factor changes



Floods in Pakistan

What proved to work during this year’s flood

- Robust tower foundations - no tower collapse incident during flood
- Raised foundations for equipment in flood prone areas reduced impact
- Various equipment raised/installed on tower instead on ground was protected from windstorm/splash-rains
- Raised solar panels were protected
- Waterproof power equipment minimized water damage

Additional mitigation designs under evaluation

- Raise more platforms that were affected by flood and need repair
- Remotely controlled power infrastructure
- Hybrid backup solutions to better tackle electricity grid damages.
- Stricter site selection criteria to take into account flood paths and earthquake exposure
- Build more shelters to avoid backup diesel freezing during winter storms

Environment

Telenor is committed to increasing the availability of connectivity and the benefits of digital inclusion, while ensuring that the company, customers and partners contribute to safeguarding the environment. This commitment stands strong across Telenor's markets, and the company complies with local laws and internationally recognized environmental standards. Telenor's policy states that all business units are required to maintain an environmental management system including sustainable waste management and shall support business initiatives using communications services to develop eco-efficient solutions. All electronic waste shall be reused, recycled or safely disposed of, and the ambition is to steadily increase the share of reuse to prolong the active lifetime of both end-user devices and network/IT equipment. No electronic waste shall be landfilled. Environmental sustainability criteria such as reusability and reparability shall always be considered in procurement processes for major contracts.

Ambition

Explore opportunities within circular economy, set targets and define a strategy for climbing the waste hierarchy, initially for mobile phones and home devices in Nordic, secondarily for network equipment.

Material topics

E-waste & circularity

[What this topic means for Telenor](#)

Telenor's (e-)waste and circularity management imply a life-cycle assessment (LCA) approach at all stages of mobile phones, home devices and other connected end-user devices, as well as network equipment at base stations: design, manufacturing, packaging, sale, use and end-of-life, without depleting resources. This includes recovering and regenerating materials at the end of each service life, to realise the full business and environmental value of material inputs. This includes the quantity and type of waste and electronic waste generated, proper handling, and disposal including end of life treatment (i.e., reprocessing or reuse, recycling, incineration, landfilling).

Biodiversity

[What this topic means for Telenor](#)

The recent White paper on state ownership of the Norwegian government's ownership report stated clearly that companies under ownership by the Ministry of Trade, Industry and Fisheries, are expected to be leaders within the area of risk management and reporting of business impacts on biodiversity of ecosystems on land and in water. This includes, but is not limited to, impact on red-list species, biodiversity loss or change in distribution (reproduction or immigration) of local species, critical habitats, and protected areas.

Update from 2022

Over

440 000

devices returned through take back programmes in the Nordics in 2022

32 %

recovered devices recycled in 2022

68 %

recovered devices reused in 2022

0 %

recovered devices landfilled in 2022

E-waste & circularity

Telenor is an active participant in GSMA's initiatives to improve the telecommunications sector's circular economy performance.

For Telenor, there are two fundamental areas where circular economy is relevant and material. The first is circularity of devices like mobile phones, routers and TV-boxes, including prolonging the lifespan of said devices. The second is connected to reuse, refurbishment and recycling of equipment from base stations.

Reused phones are currently offered in the Nordic Business Units and work is ongoing on how to increase the share of used phones sold. Telenor participates in two ongoing GSMA initiatives that will define common metrics and ambitions across devices and network equipment for the industry. Telenor will set targets once each of these initiatives concludes.

Environmental enablement

Telenor sees an increasingly important role for the company as a climate enabler, by providing connectivity solutions to reduce the environmental impact for partners and customers. The use of mobile and digital technology is a key enabler of the decarbonisation transition. The telecommunications industry has outlined a high-level quantification of decarbonisation and associated strategies for four key industries that account for 80 percent of global emissions: manufacturing, power and energy, transport and buildings.

Nature and biodiversity

As defined in the 2022 materiality analysis, Telenor's operations and development of network products can affect biodiversity related risks. ICTs need a lot of cooling; hence data centres and systems may be put underwater, and potentially damage ecosystems. Biodiversity loss may also lead to social impacts, such as lowered food security and the health and wellbeing of local communities. At the same time, ICT technologies such as AI and satellite solutions can help in geospatial monitoring of biodiversity changes and protected areas. ICT innovation can lead to nature positive solutions, e.g., for marine ecosystems, including the rewilding of marine species, recreation of reefs via 3D printing, etc.

Telenor will increase internal efforts to map risks and opportunities within the area of Biodiversity in 2023.

Task force on Nature-related Financial Disclosures (TNFD)

In 2023, Telenor will undertake initial screening on its operational impact on nature and biodiversity.

Strategy to reach targets

Telenor works to influence and accelerate, directly and through third parties, country-level actions that will increase access to renewable electricity from national electricity grids. The aim is to push for accelerated investments in, and deregulation of, grid electricity in developing and emerging markets, such as Telenor's

markets in Asia. Specifically, the company asks governments to enable corporate Power Purchase Agreements, as this will ensure companies can drive demand and reduce their emissions whilst providing risk reduction for financing and power plant developer parties. The telecoms operators, together with businesses in other industries, should pool its long-term demand for renewable electricity in the grids to attract investments. This way, the industry can empower sustainable solutions both for the companies and in the societies.

In 2023, Telenor will integrate circular economy into its strategy processes, products and commercial goals. The company will also increase its efforts when it comes to managing risks and opportunities within nature and biodiversity.

Internet of Things with Scania trucks

Telenor's Internet-of-Things (IoT) cooperation with Scania Trucks, through which they have been able to reduce fuel consumption by 10%, using real-time vehicle information.

Reducing GHG emissions through Artificial intelligence in DNA

DNA's intelligent heating service Wattinen helps households reduce GHG emissions from home heating through Artificial Intelligence (AI). The service, called Wattinen, enables households to save up to 30% on the energy used for heating by adjusting the heating of their apartment according to their own daily rhythm.

Telenor was founded in Norway over 168 years ago, and the Nordic values of equality, trust, and democracy forms the foundation of how the company does business today. Telenor's purpose is to empower societies and connecting people to what matters most. A fundamental pillar of Telenor's responsible business work is digital access for all. Telenor is committed to equipping people with the resources, knowledge, and skills they need in an accelerated digital future. Telenor continues to build the infrastructure needed to ensure everyone can access and derive the benefits associated with digital societies, all while focusing on responsible business conduct with customers, employees and supply chain operators.

Telenor sets high standards in health, safety, and security for employees as well as business partners. The company is committed to respecting labour rights principles as laid down in the UN Global Compact and the ILO Declaration on Fundamental Principles and Rights at Work. These principles relate to respecting the right to freedom of association and collective bargaining, the elimination of forced labour, child labour and discrimination and harassment in the workplace, and are reflected in Telenor's Code of Conduct, group-wide Policies and Supplier Conduct Principles. Attracting and retaining the best talent through learning and development opportunities as well as career prospects is fundamental to continued competitiveness and growth.

In order to make the best decisions, foster innovation and provide the best services to customers, Telenor must evolve as the societies around it evolve. This belief forms the core of Telenor's focus on diversity, inclusion, and equitable opportunities.



Digital skills

As a part of Telenor's 2022 strategy, the commitment to ensure digital access and inclusion for all was strengthened. This includes a commitment to equipping people with the necessary knowledge and resources to operate effectively and safely and stimulate a supportive ecosystem that can address key risks and grow the digital resilience of people. Giving more people access to digital services and connectivity also creates commercial opportunities, grows the potential customer base, and allows for greater value creation with customers and partners. In order to do its part in building fundamental competences within connectivity and digitalisation, Telenor has for many years had a wide range of initiatives and operations aimed at building digital skills, bolstering online safety, and promoting diversity and inclusion in the realm of connectivity. Given the far-reaching nature of these ambitions, the company has partnerships with organisations such as UNICEF, Plan International and Cisco to realise its goals across all the markets in which it operates.

Ambition

Become an inclusive partner in building future skills.

Target towards 2025

68%

active data users
by 2025

6 million

trained in digital
skills by 2025
(base year 2021)

Material topics

Digital skills & Inclusion

[What this topic means for Telenor.](#)

Building digital skills is a crucial step in promoting digital inclusion and ensuring people can take advantage of the connectivity and digital access benefits. This includes efforts to use technology to strengthen digital literacy, promote social innovation, and provide access to essential services through digital solutions.

Online Safety

[What this topic means for Telenor](#)

The ability to protect children, elderly, vulnerable groups, and girls can have business impacts. This includes digital parenting to protect children's rights in their digital life and prevent violations towards children and others including infringements on privacy, discrimination, and harassment. Efforts against the sexual abuse of minors is an important part of online safety.

Update from 2022

Connectivity is a critical first step towards inclusion in any society. In 2022, Telenor continued to deliver affordable, essential connectivity services – opening the digital door of possibilities to 175 million customers across its footprint. The target is to reach a 68 percent share of active data users in Telenor's customer base by 2025. However, connectivity by itself is not enough to achieve inclusion. Development of skills for a digital future is crucial to advance Telenor's workforce and societies across Telenor's markets.

58 %

active data users in
2022

1.3 mil

trained in digital
skills in 2022

In 2022, Telenor continued to invest in ongoing projects across the Nordics and Asia with the ambition to train 6 million people by 2025 (base-year 2021) focusing on children, young people, and small and medium enterprises. So far, Telenor has trained 3 million people since the beginning of 2021. Telenor's global sustainability partners UNICEF and Plan International remained instrumental in this area. Both partners deliver value and impact for Telenor by reducing risks and costs, increasing transparency, governance, credibility, and amplifying the knowledge base. In addition, in March 2022, Telenor entered into its first global private sector sustainability partnership with Cisco. The partnership became part of the existing Joint Purpose Agreement with Cisco, and the aim of the partnership is to build future-ready skills and provide safe online experiences for the societies where both companies operate.

Examples of impact from 2022 include:

Bangladesh

- In Grameenphone – the *Child Online Safety programme*, in cooperation with UNICEF was concluded in June 2022. More than 300,000 children were trained in online safety through the duration of the project.
- The *Future Nations* programme in Grameenphone, was launched in cooperation with the United Nations Development Programme, under the national level youth development program. The aim is to accelerate Bangladesh's future economic growth by enhancing the skills and potential of youth by identifying opportunities for development, employment, entrepreneurship, and investment in the post-pandemic situation.
- A pilot project as part of Grameenphone's Academy in cooperation with Cisco took place in 2022. Built around

the three pillars of career readiness, entrepreneurship and future skills, the project leveraged Grameenphone's existing training courses – such as public speaking, job interview training and design thinking – combined with Cisco's NetAcademy (NetAcad) courses in Python programming, IoT, and cybersecurity. Masterclasses with world-leading experts from Cisco and women-focused workshops on specific topics within science, technology, engineering, and mathematics (STEM) also took place.

Thailand

- A *Digital Entrepreneurship Skills for Ethnic Communities in Thailand* project was launched in dtac, in partnership with Plan International Thailand, building on the success of the existing *Net for Living* project. The project empowers people of ethnic minorities, especially young women, through income-generating activities using digital skills. The project reach includes over 600 selected community-based enterprises (CBEs) across seven different ethnic groups in northern Thailand.
- A pilot project with Cisco *Young Safe Internet Leaders Cyber Camp* was launched in 2022. The project aimed at promoting digital resilience, cybersecurity awareness and skills amongst youth through a digital campus or 'metaverse' immersive learning programme, which includes bootcamps, mentored incubation labs, and interactions with leading technology companies. It offered 200 youth an opportunity to learn about cybersecurity, how to stay safe and vigilant in the digital world, and experiment in a fun metaverse cyber-security sandbox. Approximately 1,6 million people were reached via owned and paid channels.

Malaysia

- The *Future Skills for All* project in cooperation with UNICEF continued in 2022. In its latest phase, the '#BolehCode Coding Challenge' was launched, which aimed at cultivating interest in digital skills among youth.
- The *Cybercrimes of Bukit Kuning* pilot project was launched – a gamified safe internet educational approach by using role-play and case studies. Facilitated by learning experts, the game helps students identify the signs, causes and dangers of the internet indirectly as they 'crack' the case by piecing together the evidence from interviews and clues.

Finland

- A joint DNA and Plan International project *Digital skills for migrant youth* was launched in January 2022, aimed at preventing digital marginalization, strengthening equality of migrant youth, and improving understanding of diversity and inclusion among DNA employees. The project trained approximately 130 young people with migrant backgrounds in digital working life skills through relevant workshops and job shadowing at DNA. Another 250 young migrants were impacted indirectly through the programme. The

project also built awareness of diversity among 500 DNA employees.

Norway

- In Telenor Norway more than 50,000 students have used the interactive training programme on cyber-bullying, *Bruk Hue*. The programme, which began in 2009 in partnership with Red Cross Norway, has been used by more than 535,000 teachers and students by the end of 2022. Bruk Hue was relaunched in 2019 in a fully digital format, adapted to goals in the curriculum, as well as to children's digital everyday life. In 2022, Telenor Norway launched content for new target groups, including a new anti-bullying toolbox for leaders and coaches in volunteerism, accompanied by a wide-reach campaign adapted to cinema, TV, social media, etc. The campaign, called "Take this year's most important conversation" aims to inspire both volunteers and parents to talk to children and young people about bullying and exclusion, which is a crucial conversation to have in an increasingly digitalised everyday school environment.
- Telenor Norway and Plan International launched the second round of the *Girls Create Tech* project. The project is a mentorship programme aimed at reducing the digital gender gap in Norway and inspiring more girls to choose technological education and challenge gender stereotypes in careers within technology.

Sweden

- The *Nätprat* project was relaunched by Telenor Sweden in September 2022. The project aims to increase the dialogue between children and adults on both negatives and positives of life online, with the aim of increasing children's digital resilience. Over 66,000 children were reached in 2022.

Denmark

- In Telenor Denmark, #digitalpænt programme continued to help school children to address online challenges and provided them with the skills to navigate digital media and platforms. In 2022, over 8,000 children were trained via the programme.

Further examples of Telenor's work on digital skills building can be found on Telenor.com.

Strategy to reach targets

To achieve the target of training 6 million people by 2025, Telenor continues to leverage its ongoing partnerships with UNICEF and Plan International, strengthening the private sector sustainability partnership with Cisco and integrating with local initiatives to achieve scale and impact. The focus will remain on children and youth, small and medium enterprises with a special emphasis on the inclusion of vulnerable groups.

In 2023, Telenor will strengthen its efforts towards migrant populations, and launch further projects on online safety in several markets, with focus on providing protection to children and adolescents from all forms of online and digital violence. In addition, the company will continue its efforts in awareness raising and capacity building, strengthening policies through advocacy in the strategic and the regulatory environments. See [Telenor.com](https://www.telenor.com) for more examples of Telenor's work.

Human rights

For the past ten years, Telenor Group has conducted and reported on human rights due diligence as part of its commitment with the UN Guiding Principles on Business and Human Rights. The processes and disclosure efforts listed below are subject to regular updates and revisions, with a view to continuous improvement in line with international human rights standards. Following the entry into force of the Norwegian Transparency Act, Telenor considers this section of its annual report, together with the Sustainability Governance section above, to meet the law's requirements on companies to account for its due diligence as per section 5 of the Act. In case of significant changes to Telenor's risk assessments during the course of the year, this will be updated on Telenor.com as per the company's usual procedure.

Respect and promotion of human rights is the foundation of how Telenor conducts business across its markets and is a prerequisite for Telenor's purpose of empowering societies and connecting people to what matters most.

Telenor's human rights ambitions are embedded in the company's Code of Conduct and Human Rights Policy and are based on the following international instruments: the Universal Declaration of Human Rights (UDHR), the International Covenant on Civil and Political Rights (ICCPR), the International Covenant on Economic, Social and Cultural Rights (ICESCR) and the ILO Declaration on Fundamental Principles and Rights at Work. Telenor is committed to respecting human rights in accordance with the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, UN Global Compact and the Global Network Initiative (GNI) Principles on freedom of expression and privacy. This includes ensuring regular human rights due diligence across the organisation in order to identify and address negative potential and actual human rights impacts, as well as meaningful engagement with stakeholders.

As part of Telenor's responsibility to respect human rights, and in accordance with internal policies, all business units are required to conduct and document regular human rights due diligence to identify, address and manage human rights related risks and impacts resulting from the company's own activities and those in the value chain. This shall be integrated with ongoing due diligence/risk-assessment processes where possible. In the business units' human rights assessments, they must follow the higher standard when national law and international human rights law differ. If they are in conflict, the business unit shall adhere to national law, while seeking ways to respect international human rights to the greatest extent possible, in accordance with the UN Guiding Principles on Business and Human Rights.

Ambition

Respect and promote Human Rights, be trusted by stakeholders, and ensure regular Human Rights due diligence across the organisation.

Target towards 2024

100% staff
trained in human
rights by 2024

Material topics

Forced labour

What this topic means for Telenor

This topic implies business impacts that can result from the ability of people to freely choose employment, to just and favourable conditions of work.

Child and underage labour

What this topic means for Telenor

This topic includes impacts on children's rights, work that deprives children of their childhood, their potential, and their dignity, and that is harmful to physical and mental development.

It includes efforts to prevent the use of internet and telecommunication services to facilitate trafficking of children.

Freedom of association

What this topic means for Telenor

This includes the business approach to ensuring the right to form and to join trade unions. Companies should have appropriate labour policies and due diligence processes to respect the rights of all workers to form and join trade unions of their own choosing, to bargain collectively, and to engage in peaceful assembly, as well as respect the right of workers to refrain from such activities.

Living wage and social security

What this topic means for Telenor

A living wage enables workers and their families to meet their basic needs, such as food, health care, and housing. In many countries the minimum wage falls under the living wage, which means companies must go beyond existing wage legislation as minimum wages may not allow for a decent living. Social security should ensure protection against certain life risks and social needs. This includes:

- lack of work-related income (or insufficient income) caused by sickness, disability, pregnancy and parenthood, employment injury, unemployment, old age, or death of a family member;

- lack of access or unaffordable access to health care; or
- insufficient family support, particularly for children and adult dependents.

Further information about Telenor’s materiality assessment process can be found in section Materiality Assessment above.

Update from 2022

Recent global and local events and emerging trends, including the Covid-19 pandemic, the war in Ukraine, and the introduction of new and disruptive technology, continue to impact Telenor’s Human Rights profile.

Norwegian Transparency Act

The Norwegian Transparency Act came into force on 1 July 2022.

Telenor welcomed such legislation for Norwegian companies to provide a more even playing field and to avoid competition at the cost of human rights. As reported in 2021, Telenor took an active role in providing input during the public hearing for the new legislation, and by promoting the adoption of a mandatory due diligence act through its engagement with other companies and stakeholders.

The objective of the legislation is to promote corporate respect for human rights and decent working conditions in companies’ operations and supply chains. The law requires companies like Telenor to:

- perform due diligence assessments and demonstrate that policies and processes are in place to prevent human rights and worker rights violations in operations and the entire supply chain.
- report on assessments including cases of severe risk or harmful incidents.
- provide information upon public request on how actual and potential negative human rights impacts across operations and entire supply chains are managed.

In 2022, Telenor has continued to raise awareness of the law both internally and externally and has also taken steps to help ensure it would meet the requirements of the law not already covered by existing processes, and to identify areas of improvement of the latter. More specifically, Telenor has:

- Engaged with other state-owned companies and stakeholders, including the Confederation of Norwegian Enterprise (Næringslivets Hovedorganisasjon, NHO), civil society organisations and the Norwegian Consumer Authority, (Forbrukertilsynet) to both seek and provide input, clarifications and guidance.
- Conducted a gap analysis to determine Telenor Group’s preparedness for the new legislation. This gap analysis was conducted by third party sustainability experts, BSR, and use the UNGPs and the OECD Guidelines’ general structures as base themes. The gap analysis findings suggest that Telenor has a robust approach to human rights due diligence and is well positioned to respond to the substantive requirements

of the Norwegian Transparency Act and the upcoming EU Directive on Corporate Sustainability Due Diligence. Nonetheless, it found potential gaps that Telenor would need to address in the short and medium term to fully prepare for the new requirements as interpreted in line with the OECD Guidelines and UNGPs. Further information on how Telenor has, and will be working to address this, is included in the box *Recommendations to Telenor on prioritised actions with regards to its preparedness for the Transparency Act.*

- Set up an internal cross-functional working group to strengthen collaboration, coordination, and preparedness.
- Conducted awareness-raising through dialogue, presentations, and workshops, including with internal functions, its business units and key suppliers.

Recommendations to Telenor on prioritised actions with regards to its preparedness for the Transparency Act:

Reporting and Communication (short term):

- Determine process and clear procedures for responding to the Right to Request information
- Engage with Telenor’s legal team and other relevant teams in relation to the above

In the period leading up to 1 July 2022, Telenor established a process and mechanism to be able to respond to the Rights to Request Information section. It set up a cross-functional task force, representing Sustainability, Legal, Communications, Compliance and Procurement from both Group and Telenor Norway, to not only handle incoming requests, but to discuss emerging issues and potential human right risks, particularly in relation to Telenor’s supply chain and business relationships.

Due Diligence (medium term):

- Telenor has strong due diligence processes in place for its own operations and upstream value chain but should increase visibility over downstream human rights due diligence being carried at the BU level.

Going forward, Telenor will be working to establish greater understanding of the different ways in which risks are managed through the business on product development prior to a determination on whether specific actions are required.

Human rights capacity and training

60 %

of sustainability teams completed human rights training in 2022

Note: The feedback from the sustainability teams on the training will be used when developing the company-wide training for all employees. Number doesn’t include digi and dtac teams.

In 2022, Telenor continued its internal human rights capacity building and training across its business units both in the Nordics and in Asia. The company rolled out the Human Rights Due Diligence e-learning developed by Amnesty International with Telenor support. The training was made mandatory for all sustainability teams across the

telco business units in the Nordic and Asia region. By end of 2022, 100% of its sustainability teams had completed the training. As part of Telenor's efforts to continue to ensure human rights awareness and build human rights due diligence capacity, each telco business unit conducted both introductory and function-specific training to pre-defined prioritized teams. In addition to these deep dive training efforts, Telenor also took steps to build broader awareness across the whole organization, by including a human rights due diligence focused case/scenario in its code of conduct training. This training is mandatory for all staff and requires completion on an annual basis. Going forward, Telenor will take steps to continue the improvement and reach of its human rights related training and awareness raising across its organization.

Human rights due diligence

In light of the disruptions and impacts caused by Covid-19 and international events in the past years, and to comply with the expectation of ongoing due diligence, a third-party human rights due diligence risk review for Telenor Group was conducted by BSR in 2021. As part of this process, Telenor's Human Rights Due Diligence Toolkit, initially developed by BSR in 2017, was updated.

The outputs from the Group Due Diligence process served as a basis for the business unit level due diligence process. Initiated by Telenor Group in the third quarter of 2021, each business unit conducted human rights impact assessments, using Telenor's internal Human Rights Impact Assessment Tool, followed by risk prioritisation and a mitigation plan which was presented to business unit management and Telenor Group in the first quarter of 2022. Business units focused on implementation of mitigating actions during the last half of 2022. Support and guidance were provided throughout this process. Telenor Asia supported the Asian business units, and Telenor's Group functions provided support for the Nordic business units.

All business units completed local human rights due diligence review in 2022

Key high risks identified by the Asian units included i) privacy and freedom of expression related to authority requests, ii) working conditions in the supply chain, and iii) underage and forced labour in the supply chain.

Key high risks identified by the Nordic units included i) privacy and cybersecurity, ii) child online safety and iii) working conditions, particularly in the supply chain.

For those Norway-based Telenor subsidiaries who exceed the threshold for two of three conditions as provided in the Transparency Law, key high risks identified included: i) working conditions in the supply chain, ii) ensuring

connectivity (particularly in time of conflict) and iii) employee data privacy. This excludes Telenor Norway, which is included as part of the Nordic units above.

Mitigating actions in place to address these risks are detailed in other sections of this report, including Health, Safety and Wellbeing, Responsible Supply Chain, Cyber security and Privacy. In addition, business units have taken steps to support the capacity of their suppliers in their sub-tier supplier risk mitigations. For example, Telenor Norway has provided its contractors with tools and support to better enable them to meet their commitment to increased HSS and working conditions responsibilities further down the supply chain. Other business units conduct training during supplier inspections. In addition, all sustainability teams across Telenor have completed human rights due diligence training, and continued to engage in training and awareness raising across key functions in their respective organisations.

To manage human right impacts as identified in the materiality assessment, meet the increased expectations from all stakeholders and be transparent about its processes and dilemmas, Telenor continues a proactive approach to transparency efforts and stakeholder engagement.

Stakeholder Engagement & Transparency

Telenor is committed to being transparent on challenges and company practices to the greatest extent possible through its Annual Sustainability Report, the annual Authority Request Disclosure Report and through other sustainability updates, presentations and public arenas. In June 2022, Telenor participated in RightsCon, including as a panellist in a session focused on a human rights-based approach relating to market entry and exit. During the Norwegian Arendalsuka, representatives from Telenor's management, including its CEO, participated in several meetings and sessions focusing on human rights dilemmas as well as how companies can play a part as a driver or enabler of positive impact. Telenor also participated at the 11th UN Business and Human Rights Forum, including on a multistakeholder panel focused on advancing business action on human rights in conflict situations.

As part of Telenor's commitment to transparency, the company also reports on specific efforts related to ongoing human rights challenges in Myanmar. See pages on Human rights in Myanmar on the Telenor corporate website. Telenor engages with a number of organisations to advance its human rights objectives, including the UN Global Compact, the Global Network Initiative (GNI), the Global System for Mobile Communications Association (GSMA), and the Joint Alliance for CSR (JAC). On the latter, Telenor also joined the initiative's Human Rights Workstream, focusing on salient issues for the sector, including forced labour and child labour. In 2023, Telenor will participate in issue-focused working groups as part of the JAC human rights workstream.

Telenor ranked fourth in the 2022 Ranking Digital Rights (RDR) Telco Scorecard. This was the same position as in

2021, although the score itself had decreased from 37 percent to 35 percent. Telenor continues to engage with RDR, and has used, inter alia, the RDR findings to assess areas of improvement.

OECD Norwegian National Contact (NCP)

As part of its human rights commitment, Telenor has also actively engaged with the OECD Norwegian National Contact (NCP) and in the two complaints raised against Telenor over the past years. The first case was raised by the complainants in December 2019. More information about the case can be found on NCP's [website](#). On 29 August 2022, the NCP published its final statement in which it states that Telenor has sought to respect human rights and carry out due diligence in accordance with the OECD Guidelines in its operations in Myanmar. Telenor has continuously engaged with the NCP and supported it with facts and clarifications in the case. It has from the onset also expressed willingness for dialogue with the complainant as part of the NCP process. Visit [Telenor.com](#) to read the conclusion of NCP complaint against Telenor.

The second complaint was raised in July 2021 in relation to the sale of Telenor Myanmar. For information about Telenor's initial response to the complaint, please refer to the [update on the ongoing OECD complaint against Telenor on the sale of Telenor Myanmar](#) published on Telenor.com. Formal mediation began in June 2022, resulting in a preliminary Memorandum of Understanding (MoU), which was officially announced on 28 October 2022. For further information on the MoU, please refer to [the update published on Telenor's website](#).

Labour rights

Telenor respects labour rights principles as laid down in the UN Global Compact and the ILO Declaration on Fundamental Principles and Rights at Work. These principles relate to respecting the rights to freedom of association and the effective recognition of the right to collective bargaining, the elimination of all forms of forced or compulsory labour, the effective abolition of child labour, the elimination of discrimination in respect of employment and occupation, and a safe and healthy working environment, and are reflected in Telenor's Code of Conduct, Group People Policy, and Supplier Conduct Principles. Telenor complies with applicable laws and regulations and if there are differences between such laws and regulations and the standards set out in the company's Code of Conduct, Telenor will apply the higher standard consistent with applicable local laws. Telenor continues to promote employee involvement throughout Telenor and maintains good labour standards in the company's operations. All workforce restructuring in Telenor shall be done with the aim of creating and sustaining long-term business value. Workforce restructuring shall be conducted in a responsible manner, through verifiable processes and in accordance with Telenor Purpose and Behaviours and applicable legal

requirements and legislation. Read more on the Labour Rights and Standards pages on Telenor.com.

Grievance Mechanisms

Grievances are to be reported through Telenor's whistleblowing Integrity Hotline. In 2022, 3 grievances relating to human rights were reported through the hotline. For more information on the process of handling reports, see the section on the Integrity Hotline below.

Global Network Initiative (GNI)

In 2022, Telenor continued to engage with the GNI as part of its commitment to human rights and stakeholder engagement. The GNI is a multi-stakeholder initiative that brings together companies, civil society organisations, investors and academics to address privacy and freedom of expression particularly related to authority requests.

Telenor Group [joined the GNI in 2017](#) together with six other major telecoms companies and vendors as a result of the [Telecommunications Industry Dialogue on Freedom of Expression and Privacy](#) (the Industry Dialogue) joining forces with the GNI.

As part of its membership with the GNI, Telenor has committed to implement the [GNI Principles](#) and undergo an independent assessment every two to three years to assess progress on this commitment. The assessment provides an opportunity for the GNI Board to review how each company member is implementing the GNI Principles into its systems, policies and procedures, and to evaluate the company's efforts to demonstrate how it has done this in practice.

Telenor successfully completed its first GNI Independent Assessment by a GNI accredited external assessor in 2019. In 2022 Telenor completed its second independent assessment. Following a detailed review of the assessment by the multi-stakeholder GNI Board, Telenor is pleased to inform that the Board determined that Telenor is making good faith effort to implement the GNI Principles on freedom of expression and privacy with improvement over time.

The Public Report on the Fourth Cycle will be launched in 2023. The Public Report on the Third Cycle of Independent Assessments of GNI Company members 2018/2019 is available [here](#).

Strategy to reach targets

The company will continue incorporating human rights due diligence across its operations, with a priority on the most salient risks. This includes continued effort with its business partners, in line with its Supplier Conduct Principles. Stakeholder engagement will continue to be important for Telenor going forward. In 2023, it will host a Human Rights Expert Forum with external experts, engage in closer dialogue with investors on human rights topics, and continue to engage in external foras including the GNI, GSMA, JAC and UN platforms to share experiences, learn, and promote human rights.

Internally, Telenor will continue to strengthen internal awareness and capacity to identify and address potential human rights risks. Communication campaigns and workshops are planned for 2023, including a promotion of human rights due diligence toolkit. Telenor will also in 2023 work closely with its business units in light of the expectations set out in the "White paper on state ownership of the Norwegian government's ownership report" and the Transparency Act, as well as other emerging regulatory developments such as the EU Directive on Corporate Due Diligence.

Integrity Hotline

Telenor's whistleblowing mechanism: The Integrity Hotline

The Integrity Hotline is a confidential whistleblowing channel intended for related questions and reported concerns about possible breaches of Telenor's Code of Conduct, including relevant laws, regulations and Governing Documents. The service is accessible to both employees and external stakeholders on the internet and is thus available 24 hours a day, seven days a week. It can accommodate reports in the local languages of all Telenor's markets. Any query or report made will be treated confidentially and respectfully. Telenor encourages employees, business partners and other stakeholders to speak up through the Integrity Hotline.

Group Internal Audit and Investigation (GIAI) manages the investigations into alleged breaches of the Code of Conduct and the preparation of audit reports addressing corrective actions stemming from investigations to strengthen Telenor's policies and procedures. Telenor's Compliance functions are responsible for the process around disciplinary actions and resolutions stemming from substantiated investigations. Investigations, corrective actions and disciplinary resolutions are reported regularly to the Board Sustainability and Compliance Committee and annually to the Board of Directors.

All incoming reports in the Integrity Hotline are assessed by GIAI. Further handling is decided based on GIAI's assessment:

- The cases with a perceived risk above a certain threshold are mandated as an investigation and managed directly by GIAI.
- Cases that fall below the threshold for further handling through a mandated investigation by GIAI or fall out of scope for the Integrity Hotline are directly managed by the line or other parts of the organization.
- Certain cases are concluded at pre-assessment stage as they do not require further follow-up or lack information to enable further follow-up.

660

Concerns reported in 2022

3

Reported concerns classified as human rights incidents

49%

Reported concerns submitted anonymously

15

Mandated investigations initiated by GIAI based on reports received in 2022

21

Investigations completed in 2022

2

Investigations remain open at year-end 2022

Diversity and inclusion

Different perspectives, experiences and ideas are crucial for good decision-making and innovation and is a prerequisite for Telenor to provide relevant and valuable connectivity and digital services. This is why Telenor is committed to diversity as a tool to do better business. Telenor's diversity and inclusion's policy states that all business units are required to:

- have local diversity and inclusion action plans that address locally relevant challenges and opportunities
- ensure that diversity is reflected in the recruitment, selection, promotion and retention processes
- provide learning and development opportunities that raise awareness and provide practical guidance on diversity and inclusion, so that all employees can actively contribute to building a workplace that embraces diversity and inclusion
- support and promote internal networks and employee resource groups that uplift and create a sense of belonging for diverse and under-represented groups
- engage business partners in sharing and adhering to the same commitment to diversity and inclusion

Ambition

Be a frontrunner in diversity and engaged in a sustainable future for all.

Targets towards 2025

40 %
women senior
leaders by 2025

Note: Targets in the area of diversity and inclusion are being revisited following the company restructure and the merger processes in the Asian operations.

Material topics

Diversity, equity and inclusion

What this topic means for Telenor

For Telenor, this means diversity at all levels, from the board to management and within the supply chain, to consider the skills required for the global business strategy (R&D, operations, and customer base) as well as representation reflective of the workforce pool in countries of operation (regarding gender, ethnicity, age, etc.). It means a commitment to a workforce free of discrimination involving any distinction, exclusion, or preference that has the effect of nullifying equality of treatment or opportunity, and where that consideration is based on prejudice rather than a legitimate ground. This may include equal pay for work of equal value, healthcare coverage that meets the needs for

diverse communities, non-harassment policies, among others.

Talent acquisition and development

What this topic means for Telenor

This means the ability to attract, retain and develop talent, and provide career opportunities for employees through professional development and skills. This includes paying Telenor employees a competitive salary.

Update from 2022

38 %	33 %	32 %
Women in the workforce in 2022	Women senior leaders in 2022	Non-Nordic senior leaders in 2022

Diversity and inclusion are prioritised as key enablers in the responsible business work for Telenor. In 2022, Telenor continued its systematic efforts towards an inclusive culture through initiatives and learning programmes and leveraging on partnerships and coalition participation. The company continued to advance opportunities to include people with disabilities, LGBTQIA+ and other underrepresented groups.

In 2022, Telenor joined Global virtual Pride hosted by a united telco industry. The conference involved senior leaders from leading telco companies coming together to raise awareness and celebrate Pride 2022, promote LGBTQIA+ rights and non-discrimination. The companies collectively reaffirmed their support to LGBTQIA+ rights and strongly committed to non-discrimination in the workplace. This is important for Telenor's engagement at work, but also important for innovation, and to reflect the diverse perspectives of the company's customers. Telenor's behaviours and code of conduct reflect this promise.

Gender pay equality

Telenor is an equal opportunity employer who considers diversity to be imperative to the way it does business. Equal pay is critical for Telenor to be able to attract, retain and engage employees across all markets. Furthermore, as a responsible business it is important that Telenor also sets high standards and implements robust and sustainable practices. As such, Telenor applies compensation practices that are transparent, objective, and fair.

Equal pay for Telenor means that employees within the same function shall, as a key principle, receive equal pay for work of equal scope and responsibility. Any pay differences for work of equal scope shall only be attributed to difference in employees' level of skills and experience relevant to the respective roles and/or individual performance. Telenor aims to secure equal pay across all functions and levels of the organisation and conducts on a regular basis group-wide analysis and action planning in all business units to understand and address any gender pay gaps.

Telenor observes variations between its business units, and this is being mitigated by improving gender representation in certain levels and functions of the organisation, specific focus and consideration during the annual salary review process and creating further awareness and commitment across the people manager population. The company's efforts have been focused on reducing observed gaps to secure fair and just compensation practices and support the broader diversity and inclusion agenda.

Strategy to reach targets

To achieve its ambition of being a frontrunner in diversity, progress towards the 2025 targets will continue to be in focus. Telenor will continue working systematically towards an inclusive culture through various initiatives and learning programmes and measures psychological safety and inclusion via employee surveys. The company will continue to advance opportunities to include people with disabilities, LGBTQIA+ and other under-represented groups through the Open Mind initiative, which aims to include and empower under-represented and diverse candidates in the workforce. At the same time, efforts to enrich the workforce and leadership with a mix of nationalities, cultural backgrounds and experiences that enable diverse perspectives in decision-making will be important. Telenor will also continue to influence and challenge its partners and stakeholders by championing its diversity and inclusion agenda, including continued thought leadership in cross-industry coalitions and consortiums.

Responsible employer

Telenor's companies have a multi-pronged approach to attracting, developing and retaining the best talent. This includes ensuring that policies and benefits are best-in-class and match global practices. The list of monetary and non-monetary compensation elements and benefits varies per market. However, here are some initiatives that have been introduced in all markets:

- The Employee Share Plan (ESP) provides employees with the opportunity to become a shareholder in Telenor by purchasing company shares at a discounted price, with the potential of a matching bonus dependent on company performance.
- Telenor offers six months of maternity leave as a global standard – in some locations it can be more, but there is not a Telenor office offering less than half a year. This is particularly significant for Asia, where the local standard is less than six months.
- Telenor provides upskilling opportunities to all employees via the Telenor Academy, the global learning platform that manages training across all business units in Telenor. With an updated learning curriculum, Telenor provides upskilling opportunities on critical skills for the digital future, leadership and new ways of working for all employees.

Equal treatment of LGBTQIA+ in Thailand

dtac has implemented a set of policies to foster inclusion of its lesbian, gay, bisexual, transgender and queer (LGBTQIA+) employees. The policies reaffirm that dtac has zero tolerance for discrimination based on gender and sexual orientation, while also offering new benefits for LGBTQIA+ employees. The benefits dtac offers to legally wed couples are now being offered to same-sex couples in committed relationships. In addition, dtac offers parental leave for adoptions and medical leave for gender reassignment surgery. The intention with policies is that they foster diversity and inclusion, which will in turn increase productivity and improve services.

Open Mind programme

The Open Mind programme, which runs in Norway, Sweden and Pakistan, gives participants the opportunity to gain valuable experience, through relevant work practice and training, that strengthens their chances to gain access to working life and the labour market. The programme is addressing two target groups: people with disabilities and immigrants from non-European countries (the latter – in Norway).

The original target group of the programme was people with disabilities, including those with physical challenges, hearing and/or visual impairments, or mental health problems. In Norway, the programme also gives job training opportunity to individuals with an immigrant background from non-western countries. Open Mind has given an opportunity to more than 500 participants, in Norway, Sweden and Pakistan to date.

Examples of local initiatives include:

- Pakistan – On-site child-care, New Beginnings programmes that help wives and mothers re-enter the workforce and provide transportation
- Norway – Company cottage rentals at a reasonable rate
- Bangladesh – Special Telenor discounts for the employees in local and foreign hospitals- health care on site in the GP headquarters

Read more about Telenor's inclusive and inspiring work environment here <https://www.telenor.com/career/life-at-telenor/>

Health, safety, people security and wellbeing

Telenor prioritises the health, safety, security and well-being of its employees and business partners above all else. With a risk-based approach and a culture that values these ideals, the company ensures their implementation in every market. The management of Health, Safety and people Security and wellbeing (HSS) falls under the responsibility of line management, with full endorsement and support from senior management in each business area. Through its HSS policy, Telenor is committed to the following:

- Having a risk-based approach to its operations and implementing mitigations to as low as reasonably practicable.
- Reporting and handling all incidents and hazards to learn and prevent them from reoccurring.
- Having an open culture where the health, safety, people security and wellbeing of employees, business partners and visitors is promoted, and everyone has the right and duty to stop unsafe activity and intervene.
- Identifying lessons learned and ensuring continuous improvement by implementing ISO 45001 requirements

Telenor contributes to sustainable development by providing a safe and inclusive work environment for all its employees, business partners and the communities in which it operates. The company complies and adheres to the guidelines set forth by the International Standards Organisation (ISO) 14001 and ISO 45001 and will continue use these standards as the foundation for its HSS management system. By doing so, the company is committed to meeting the principles and requirements outlined by these standards.

Ambition

Zero injuries to employees and business partners and having HSS and wellbeing fully embedded in the business.

Target towards 2023

6000
Observations
(unsafe acts,
unsafe
conditions) by
2023

The target of obtaining 3000 observations by 2024, as stated in Telenor's 2021 Annual Report, has been adjusted to reaching 6000 observations by 2023. This change came about as a result of surpassing the original target by the end of 2022 due to the enhanced reporting culture at Telenor, as outlined in the "update from 2022" section of this chapter.

Material topic

Occupational health and safety, including wellbeing

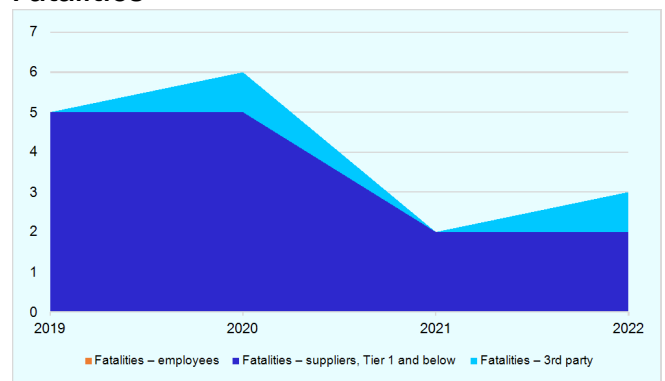
What this topic means for Telenor

This means honoring workers' rights to a safe and healthy life, and reducing their exposure to any potential health and safety risks. This includes both physical and mental health, and well-being of employees.

Update from 2022

Telenor deeply regrets to report that three fatalities occurred in the supply chain of its Asian operations in 2022. In Bangladesh, a traffic accident involving a supplier vehicle resulted in the demise of a staff member, while in Pakistan, a work-related incident at height resulted in another fatality. Additionally, a separate traffic accident in Bangladesh, involving a supplier vehicle resulted in the loss of life for a member of the public. These incidents are unacceptable and corrective actions have been implemented to reduce the likelihood of future occurrence. The health and safety of all employees and workers in the supply chain is a top priority and Telenor has implemented various measures to ensure the well-being of all parties involved. These measures include but are not limited to incident investigation to ensure learning, providing health and safety training, and regularly monitoring conditions in the supply chain to identify and address any potential risks. The company's goal is to create a safe and healthy work environment for all employees and business partners, and Telenor remains committed to continuously improving health and safety practices to achieve this objective.

Fatalities



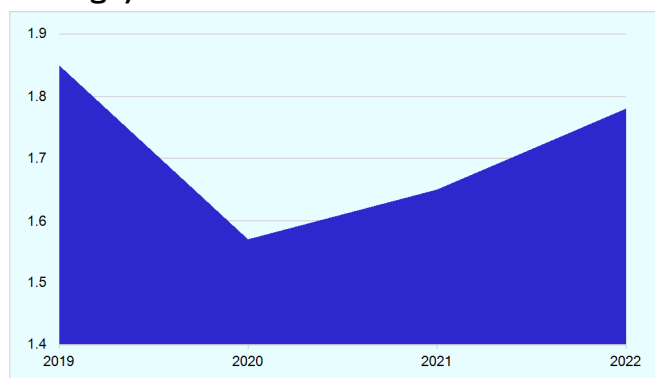
The Asian operations continue to represent the highest risks, with road transportation, security and work at height remaining the primary concerns. To ensure high-risk activities are conducted safely with minimum risk, the company has further strengthened its stringent requirements via the 'Making Zero Possible' initiative. This

initiative aims to ensure that anyone working on the behalf of the company follows a set of requirements to protect themselves and their colleagues, regardless of their location within Telenor. An online training course centred around 'Making Zero Possible' has been created to provide employees and business partners with the necessary knowledge and abilities to work safely and ensure that projects have appropriate risk procedures and controls in place. A set of support tools are available to the company's in complying with these requirements.

Telenor keeps track of and investigates incidents that have or may have serious consequences involving its employees and business partners. The Serious Incident Close Out Rate (SICOR) help the company more systematically prevent major incidents that could result in severe injuries and death. The company recorded 15 SICOR incidents in 2022. Of the 15 incidents, six were related to road transportation, five to work-at-height, two were property maintenance-related and two were fire-related.

An essential aspect of health and safety reporting is ensuring that all incidents are followed up and analysed to identify trends and areas for improvement. The health and safety reporting trends for each market are reviewed on a quarterly basis to create plans for enhancing safety performance. The analysis of these trends is conducted locally and at the Group level.

Sickness Absence Frequency (full year average)



Sickness Absence frequency measures absence due to other health issues for Telenor employees in per cent of possible working time.

Classification of personal injuries has been made consistent with the Occupational Safety and Health (OSHA) standards. This initiative aims at establishing a well-organised framework for promoting a safe and healthy work environment. It helps to create a shared understanding of terms, allowing for better knowledge transfer between business units and industry partners to improve overall safety and health performance.

In 2022, Telenor continued to prioritise the involvement and engagement of its employees in reporting and resolving identified health, safety and people security challenges. This involved empowering workers to confidently refuse or stop any work that they deem unsafe or unhealthy, and to remove themselves from situations that may cause injury or illness to themselves or others. Telenor's incident management, reporting and investigation programme encourages all employees and suppliers to report all

incidents, including near misses and potential incidents, for the purpose of identifying risks, determining corrective actions and for improvement.

Telenor also launched the HSS observations target to identify and assess potential risks in the work environment, increase awareness about quality of reporting and promote continuous improvements in safety leadership and operational discipline. In 2022, the company recorded 3500 health and safety observations, thus reaching the target set for 2024. The achievement resulted from a steadfast focus on safety and a companywide communication campaign.

3500

Observations (unsafe acts, unsafe conditions) reported in 2022

In 2022, significant progress was made in enhancing the ability of senior leaders to deliver strong health, safety, and people security performance across Telenor's Asia footprint. The company conducted a two-day safety leadership workshop to educate its leaders on the importance of HSS leadership, ensuring that they possess the necessary understanding, mindset, and tools to serve as responsible leaders and model a systematic approach to HSS across all locations. The training was completed from March to June and was attended by 240 participants.

In 2022, Telenor also strengthened its HSS management by promoting clarity and accountability within the organisation. The company takes a holistic and proactive approach to employee wellbeing where physical, mental, and social health are equally prioritised. The improvement of HSS performance is based on the combination of risk awareness and lessons learnt from incidents and achievements and demands a consistent and systematic effort from the entire organisation. Everyone who works for Telenor, including employees and suppliers' staff, shall be able to perform their work in an environment where safety prevails.

In addition, Telenor made health and safety training mandatory for all employees. The training consists of three interactive online sessions and is delivered through internal communication channels.

82 %

of employees completed the Health & Safety training programme in 2022

95 %

of leaders completed the Safety leadership training in 2022

At the beginning of 2022, managing the risks associated with the covid-19 pandemic remained a key concern. Telenor did not experience any covid-19 disruption to its operations in 2022. The company continues to monitor the

situation closely and is prepared to adjust its response in line with the regulations and advice from authorities in the countries where it operates. Additionally, Telenor monitors the geopolitical situation following the Russia – Ukraine crisis and is working to mitigate uncertainties the conflict may bring, with a particular focus on the safety and security of its employees.

Strategy to reach targets

In 2023 Telenor will continue its efforts towards promoting a safety culture and encouraging reporting on health and safety issues. A key aspect of this will be managing risks in the supply chain, particularly in light of the fatal incidents that occurred in 2022. New safety and risk management requirements will be incorporated into contracts with medium and high-risk business partners as part of these efforts. The company will continue to implement “Making Zero Possible” initiative to enhance the management of high-risk activities and improve performance across all HSS objectives. Additionally, Telenor will offer a training on health and wellbeing to all employees and review some of its HSS indicators to create a learning environment that prioritise leading indicators, such as near misses, unsafe acts, and unsafe conditions, to proactively identify and address potential health and safety risks.

Mental health in Telenor

In the aftermath of the pandemic Telenor continues focusing on the mental health of its employees, including care and concern among managers, access to mental health practitioners, as well as online campaigns, events, and webinars with counselling psychologists in the business units.

In 2022, to help create harmony between personal and professional lives and to improve overall mental well-being, Telenor Pakistan launched a course called “Towards Meaningful Work by Dr. Yousaf” - a program that is spread over the course of 12 months and is particularly designed at keeping the modern workplace and its woes in mind. Grameenphone arranged a day-long one-on-one mental health counseling for employees at individual booths with trained professionals from community health care institutions. dtac launched a *D Energizer* campaign which aims at taking care of both health and wellness through various activities to energize its employees.

As part of their efforts to care for employees’ wellbeing, Digi have been continuously finding ways to normalise the conversations around mental wellness. They do this through awareness initiatives such as wellness programmes as well as providing resources such as the mental health first aid team, all of which enable them to build a supportive workplace culture where we all feel safe, understood and cared for.

The Telenor Academy houses a special course on ‘The Importance of Mental Health’, which all Telenor employees group-wide were encouraged to take.

Mobile masts and health

Telenor continues to abide by national and international guidelines and regulations to sustain compliance with national or global emission standards from the World Health Organisation and the International Commission on Non-Ionizing Radiation Protection for network equipment and mobile phones sold through Telenor.

Telenor will also continue to inform the public about scientific facts related to radio waves and its radio base stations, together with science-based guidelines and science-based research, through its own channels and in collaboration with local regulators/authorities and industry associations. More facts, and Q&A at www.telenor.com/sustainability/responsible-business/safe-services/mobile-phones-and-health.

Responsible Product Use

This topic has emerged as an increasingly more material area for Telenor in that impacts associated with the use or misuse of company products and services may include a range of sustainability issues, including safety (e.g. impact of electromagnetic waves). The company continues to monitor responsible product use and will, in 2023 analyse the impacts, risks and opportunities associated with this area as part of its materiality process.

Telenor considers good corporate governance to be a prerequisite for value creation and trustworthiness and for access to capital. Corporate governance defines a framework of rules and procedures by which Telenor governs and controls its business. Good corporate governance involves accountability, responsibility, transparency, fairness, and effective engagement between all internal and external stakeholders. It is about applying the company's values to create value for Telenor stakeholders.

Telenor has a long track-record of navigating complex business environments with the help of robust principles and processes. The company will continue this path, also as it enters into minority positions in several assets and focus will remain in being a responsible owner in both minority and majority ownership positions.

Telenor's commitment to integrity and transparency is clearly stated in the company's Code of Conduct. The company follows high international standards of governance across all entities and has a clear process for dealing with both risks and opportunities. As a company that operates across multiple markets, ownership structures and organizational set-ups, Telenor can be exposed to a range of risks that may affect its business. Risk management is a continuous process and an integrated part of business throughout all entities in Telenor Group. The risk-based approach allows the company to adapt from a global to regional agenda, based on different areas of impact and different risk profiles.



Cyber security

Telenor's business security vision is that the company always protects society and people in their digital life, and security is the foundation for everything Telenor does. This ambition is key to succeed both with the strategic directions for connectivity as well as services beyond connectivity, as robust internal security is required to deliver credible services externally. Telenor's customers and society in general should have confidence in Telenor as a trustworthy supplier of safe, reliable and secure telecommunications and digital services.

To meet the rapidly evolving threats in the cyber domain, Telenor has developed a holistic, group-wide and long-term security strategy aimed at securing Telenor's global business. A key element in this strategy is risk-based maturity improvement and continuous development of critical security capabilities and competencies in all Telenor companies. To Telenor, security is the company's license to operate.

Ambition

With continuous risk-based maturity improvement of core businesses towards "measured security", Telenor will be a trusted and responsible partner, working after the same high standards everywhere it operates. This includes all security areas of information security, physical security, and service fraud.

Target towards 2025

Telenor to be recognized as a security leader in the telco industry in every market where the company operates.

Material topics

Cyber security

What this topic means for Telenor

This implies impacts to society and the human right to privacy related to disruption of customer operations or services (e.g., provision of essential services) and/or loss or compromise of data due to cyberattacks. This also includes unauthorized access or criminal use of networks, devices, and data due to cyberattacks.

Update from 2022

99 %

of all Telenor employees completed basic security training in 2022

Close cooperation with authorities, business partners and third-party providers has remained vital to address legitimate concerns about security. In 2022, Telenor executed on its security strategy to manage security risks to meet emerging threats. The company also continued the security training and awareness for all employees.

Increasing risk associated with cyberattacks, physical security events and evolving threat landscape have more and more serious repercussions for organizations, individuals, including society in general. Globally, Telenor observes an increase in advanced cyber-attacks, targeting the supply chain and increased sophistication in cyber-attacks on employees and customers. Adversaries targeting critical infrastructure is becoming a relevant concern within Telenor premises and external surroundings like power sources, fibre cables and shared mobile infrastructure. Targeted cyber-attack is Telenor's number one business risk. Telenor continues to systematically manage security risks and handle cyber security threats according to industry best practices and local laws and regulations.

During 2022, Telenor continued its security awareness program "We are Security" to promote a security-first culture, measured and followed up as one of the company's strategic key performance indicators. 99 percent of all Telenor employees completed security trainings tailored to address major security risks. In addition, Telenor continues advanced security training to address critical security competence, more than 250 completed role-crafted expert training.

In 2022, to address rising expectations and awareness within cyber security, Telenor implemented the SAFE products towards consumers in Norway and Denmark and Safezone towards business customers in Norway. Supporting growth and innovation projects within security, Telenor in partnership with Aker and Cognite, moved beyond connectivity to offer software that helps to secure industrial operators and critical infrastructure by establishing the software security company Omny.

Read more about how Telenor protects people's digital lives on the Cybersecurity pages on Telenor.com.

Strategy to reach targets

Telenor will continue leveraging on its expertise which has been developed over the years. To fulfil the ambition and targets, close cooperation with authorities, suppliers and third-party providers is vital. Telenor is committed to cooperating with stakeholders as the company strives to have security at the foundation of everything it does.

Telenor's security strategy focuses on safeguarding customer data, critical infrastructure, and business information. It is a composite of industry security frameworks, security and risk controls which have been aligned to the overall Telenor Security Execution Program and Telenor Defendable Architecture principles. Additionally, as controls alone do not provide a complete approach to security defence, maturity measurements, and monitoring are also integrated into the overall design to continuously improve and adapt security posture to new cyber threats, prioritize capabilities, and define multi-year planning to achieve security maturity goals. This includes all areas of information security, physical security, and service fraud.



Privacy & data protection

Telenor is committed to creating and maintaining secure and privacy-friendly services that customers can use without having to worry about having their integrity and personal sphere compromised. To this end, the Telenor Group Privacy Policy sets high-level requirements for all subsidiaries to follow, in addition to requirements related to reporting to the Group function. Among the requirements are:

- The formal allocation of responsibility and resources for privacy management
- Implementation of effective internal controls that verify the privacy compliance
- Maintenance of up-to-date processing activity inventories and documentation of legal basis for processing activities
- Transparency towards data subjects
- Performance of privacy impact assessments for high-risk processing activities
- Maintaining an overview of cross-border transfers and their legal basis
- Third-party privacy management
- Provision of general and role-based privacy training to employees
- Detection, prevention and mitigation of privacy incidents

Ambition

Remain a strong and trusted brand with a continued high focus on customers' privacy.

Target towards 2024

Continuously monitor and act on threats to the privacy of customers and employees, improve the effectiveness of privacy controls, and ensure that business decisions are conscious of the potential impact to privacy.

Material topics

Data protection

What this topic means for Telenor

Processing personal data is ingrained in the activities of any electronic communications company, and the processing activities are very large-scale. It is therefore crucial that all processing of information considers the need for confidentiality, integrity and availability.

Freedom of expressions and privacy

What this topic means for Telenor

Privacy and freedom of expression are two rights that are key to the core business of Telenor, to be balanced with the interests of authorities. Telenor must respond to data access, intercept, network and content law enforcement requests in ways that respect laws and regulations, as well as international human rights standards such as UN Guiding Principles on Business and Human Rights (UNGPs) and the Global Networking Initiative (GNI) Principles.

Customers, governments, and other stakeholders demonstrate increasing concern and knowledge on privacy. Comprehensive privacy legislation exists in Europe, and the attention to privacy issues is high. Additionally, European privacy legislation is continuing to influence Asian markets, and there is an ongoing introduction of privacy legislation in Asian markets where Telenor operates.

Update from 2022

In 2022, Telenor implemented a revised privacy governance framework across all business units, which was aligned to current compliance risks. At the group level, Telenor has worked to further improve its "governance in practice" through developing tools, guidance and sharing best practices with the local Data Protection Officers, to supporting their independent roles in each business unit. A focus area has been to develop and implement a new risk taxonomy for Privacy and related reporting.

Telenor also completed the implementation of its global privacy training programme for employees. A final training module was developed in collaboration with the global security function, emphasizing the importance of "Security in Privacy".

In 2022, Telenor also worked to address new regulatory developments within the scope of privacy law related to international data transfers in all its business units, as relevant.

Strategy to reach targets

Telenor's strategy remains focused on providing transparency in the way the company works to protect personal data, manage privacy risks, and in remaining compliant with regulatory requirements.

Telenor remains committed to being a strong and trusted brand with a high focus on customer privacy.

For 2023, the priority is to ensure that Telenor's privacy governance is aligned with Telenor Group's overall strategy as well as remaining adequate and transparent. Telenor continues efforts to ensure the ongoing monitoring and management of privacy risks and controls at both the individual company level and at the Group level. Through Telenor's privacy communities, the company will work to enable sharing of best practices within privacy governance and compliance.

Read more on the Privacy Governance pages on [Telenor.com](https://www.telenor.com)



Anti-corruption

Telenor is committed to conducting business activities in a transparent manner, maintaining the highest ethical standards and complying with all applicable anticorruption laws and regulations. The Telenor Code of Conduct and the company's Anti-Corruption Policy prohibits corrupt conduct in all Telenor's business activities. All Telenor business units are required to implement controls designed to prevent corruption across business operations, and to monitor and manage potential conflicts of interest. This applies also to the conduct of third parties acting on behalf of Telenor. Business units are expected to implement controls regarding the following:

- Business courtesies
- Facilitation payments
- Intermediaries
- Public officials
- Sponsorships and donations
- Conflict of interest
- Improper payments

All Telenor business units have a responsibility to ensure that concerns regarding corrupt conduct can easily and anonymously be reported without fear of retaliation. Remedial actions are to be implemented where corrupt conduct is substantiated.

Ambition

Uphold zero-tolerance approach to bribery and corruption and avoid even the appearance of misconduct or improper actions.

Target

Strengthen Telenor's preventive anticorruption programme across all business units, including relevant controls to properly mitigate corruption

Material topic

Anti-corruption

[What this topic means for Telenor](#)

Telenor considers corruption as a threat to Telenor's business and to the societies where the company operates. Not only is it illegal and against Telenor's principles, but it is also damaging sustainable growth. Moreover, Telenor operates in countries that are perceived to represent a corruption risk according to international indices and its own risk assessments. Therefore, a systematic and

proactive approach is important to adequately manage the risk.

Telenor manages corruption risk through its anti-corruption compliance programme, including organisational standards, sets of principles, values and norms that govern the actions and behaviours of individuals with the aim to prevent bribery and corruption.

Update from 2022

In 2022, Telenor launched a revised Anti-Corruption Policy which included key requirements on how to manage corruption risk based on international standard and best practices. The policy clearly defines specific and measurable requirements to each business unit for demonstrating that an adequate and risk-based anti-corruption programme is in place. Business Units have throughout 2022 worked to implement the updated policy.

Risk assessments are one of the key elements of the anti-corruption compliance programme and are meant to ensure that corruption risks are identified, analysed on a regular basis and mitigated by sufficiently robust controls and actions.

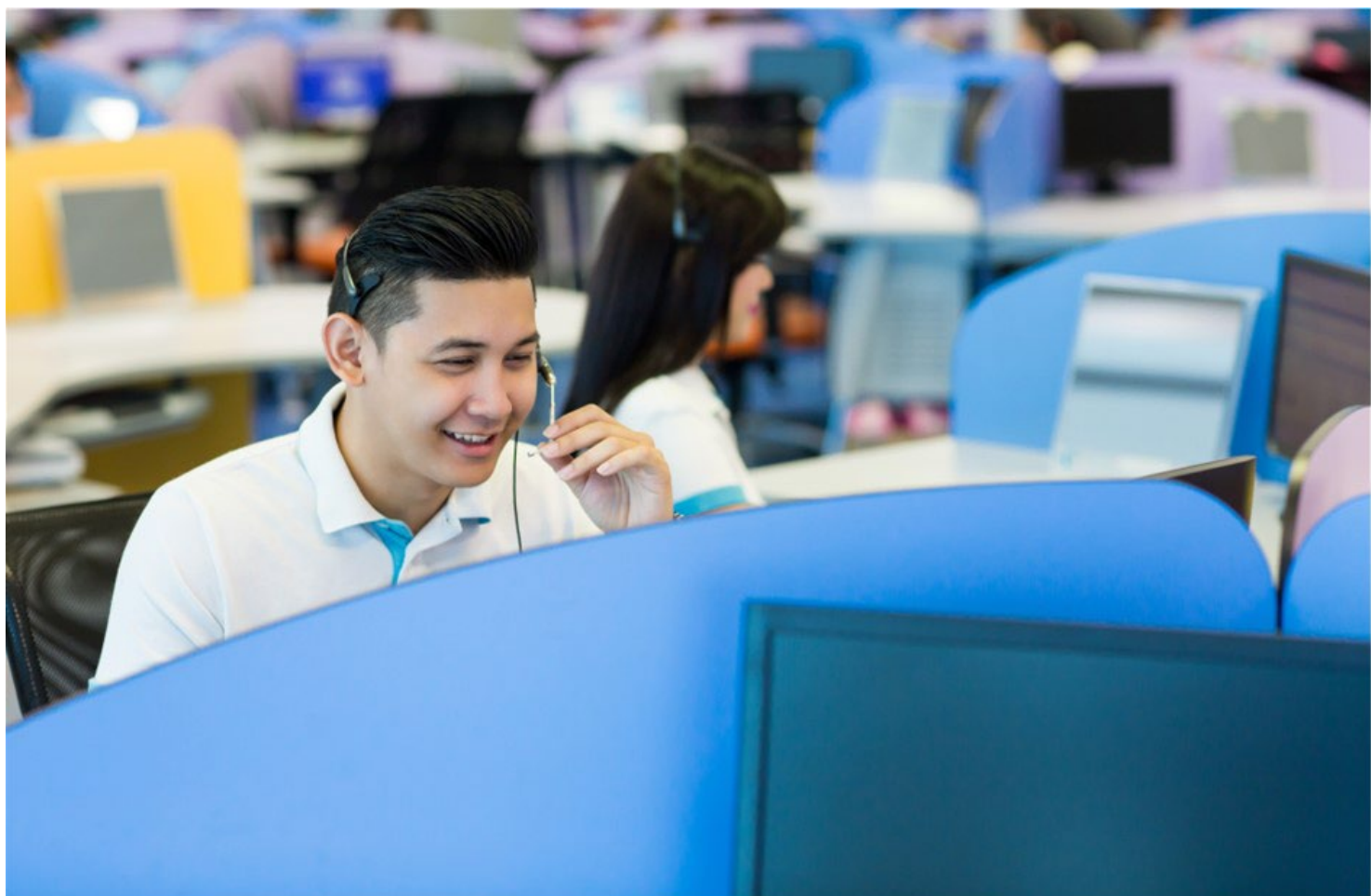
During 2022, several initiatives were initiated to strengthen the corruption risk assessment process in Telenor. An updated and common risk taxonomy was implemented across all business units as a tool to establish a more comprehensive and generic set of risk categories and individual risk definitions. This has improved the risk management process and provided a more comprehensive picture of the relevant risks. This also enables the company to better compare risks across Telenor's business units.

Another key element in Telenor's Anti-Corruption Programme is capacity-building and training of employees. Anti-corruption training includes e-learning programs, dilemma-training and other awareness activities. Telenor Group's commitment to integrity and transparency is clearly stated in Telenor's Code of Conduct and forms an important part of training and awareness activities.

A description of Telenor's Anti-Corruption Programme and the Compliance function is publicly available on the Corporate Governance pages on Telenor.com.

Strategy to reach targets

To achieve its ambition of taking a zero-tolerance approach to bribery and corruption and avoiding even the appearance of misconduct or improper actions, Telenor Group functions have been working closely with the local compliance functions to improve their ability to identify and manage corruption risks. The revised Anti-corruption policy is also intended to improve the business units' ability to manage corruption risks. Please see the Anti-corruption pages on Telenor.com for more information. The Governance Report section above also includes a further description of Telenor's Corporate Governance Framework.



Responsible supply chain

A crucial component of empowering societies and doing business responsibly, is raising standards both within operations and supply chains across Telenor's markets. Supply chain sustainability is a key focus area for Telenor in which the company strives to uphold high standards of conduct amongst its business partners through risk assessments, monitoring and mitigation activities while focusing on continuous improvement. Suppliers that have direct contractual relationships with Telenor are required to comply with Telenor's Supplier Conduct Principles (SCP) and are legally obliged to ensure that the requirements are met in their associated supply chain through the Agreement on Responsible Business Conduct (ABC).

Ambition

Uphold responsible business practices within the supply chain through high sustainability standards and continuous improvement.

Target towards 2024/2025

Monitoring conducted on **100 %** of high-risk business partners by 2024

Achieve an annual **90%** closure rate of non-conformities* in the supply chain by 2025

*Note: Telenor will prioritize quality and timely closure of *major* nonconformities for Asia due to the need for systemic improvements within and beyond first tier business partners. to be added based on change in target wording

Material topic

Responsible supply chain

[What does this topic mean for Telenor](#)

This means business impacts associated with a company's relationships with entities in its supply chain, including those beyond the first tier. This also includes the extent to which environmental and social factors are considered in procurement, such as selecting responsible business partners, who provide employees with a decent wage and put in place protections for workers.

Update from 2022

To manage risks within the supply chain, Telenor relies on a consistent and risk-based process tailored to their scope of work and nature of engagement. This helps identify and manage supplier SCP risks throughout the lifecycle of their relationships. At various stages of engagement, this process is supported by improved tools and systems.

Telenor undertakes monitoring of and follow up with business partners on their controls and practice to comply with the SCP throughout their supply chain. In addition to direct monitoring, Telenor collaborates through the industry platform Joint Alliance for CSR (JAC) to verify, assess, and develop responsible business across the manufacturing centres of important multinational suppliers of the Information Communication Technology (ICT) industry. This includes joint efforts to respect human rights and ethical standards, particularly addressing forced labour, labour exploitation and conflict minerals, ensuring health and safety within the supply chain and scope 3 supplier engagements. For more details see section on Climate above.

More than **27 000** hours of awareness and capacity-building on topics related to relevant risks to the SCP throughout 2022

Telenor's key risks in the supply chain continue to be health and safety issues such as road accidents, working at height, electrical and fire safety. Additionally, working condition deficits related to hours and wages, underage labour and risks to business ethics are formidable. The majority of these risks are in Telenor's operations in Asia. Use of conflict minerals, forced labour and modern slavery allegations in the common industry supply chain are also followed up through the industry platform JAC.

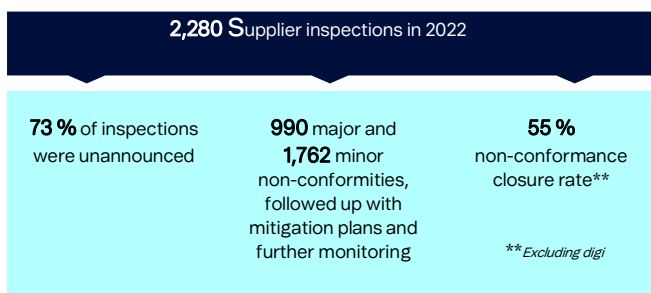
In 2022, Telenor continued to focus on the risk-based follow-up of business partners and strengthen its systems and procedures to assess, identify and mitigate risk within the supply chain.

- Augmented criteria have been applied to supplier selection based on Telenor's Supplier Conduct Principles via automated system.
- New and augmented tools for high-level and in-depth monitoring have been introduced.
- Through the membership with JAC, Telenor has had access to 83 audit reports of global supplier factories/sites which are common to the industry.

- Continuous improvement is central to Telenor's Responsible Supply Chain work. A risk-based approach is taken when choosing suppliers for capacity building and training within key risk areas. This includes not only delivering trainings but also to develop capacity and commitment with suppliers to drive capacity building within their own supply chain according to agreed standards.
- In 2022 the approach to classify and monitor high risk suppliers was streamlined across markets. While Telenor has ensured that all known high risk suppliers have been monitored during the year, calculation of the percentage for purposes of reporting against target is not produced for the year. This is because the streamlined methodology was rolled out in markets in a staged manner, leading to the challenge of data comparability. Telenor will report against the target of *100% monitoring conducted on high-risk business partners* for subsequent years.

Strategy to reach targets

To achieve the ambition of upholding responsible business practices within the supply chain through high sustainability standards and continuous improvement, Telenor will continue to focus on a risk-based approach towards suppliers, strengthening its systems and procedures to assess, identify and mitigate risk within the supply chain. Capacity-building will continue to be a significant priority to ensure that key suppliers drive trainings and build further competence within their supply chain according to agreed standards.



A crucial part of Telenor's purpose to empower societies and commitment to do business responsibly, Telenor is a significant tax contributor across the markets it operates in, both as a direct taxpayer and by creating economic opportunities by providing access to connectivity and digital services. Telenor maintains a responsible tax policy and practices in line with legislation in every jurisdiction of operation. The company has reported its country-by-country earnings, investments, taxation, and employment since 2014. Telenor is in constant dialogue with the relevant authorities regarding tax, for instance on whether it needs to adapt to new legislation. Telenor follows the terms of applicable Double Taxation Treaties, relevant OECD guidelines in dealing with transfer pricing and establishing taxable presence, and the Base Erosion and Profit Shifting initiatives. The company endorses transparency and fairness across the global tax system, exchange of financial information and concerted action to fight base erosion and profit shifting.

Telenor is an owner, employer, and taxpayer in the markets it operates. The company's operations contribute with tax revenue, employment, and investments. Contributing positively to societies is a key component in building trust in Telenor and creating a predictable and productive business environment. Together, these elements improve the company's value creation prospects. In addition to employing over 16.000 people and constantly striving for high sustainability standards throughout the supply chain, Telenor contributes to the financing of public domains through Taxes Borne as well as Taxes Collected. Total tax contributions are not only the taxes levied on the profit of the Telenor Group, but also takes into account further taxes. Activities that add value to the societies include positive financial impact through wage taxes, social contributions, and value-added taxes.

Country-by-country tax reporting

The table below specifies the most important elements of Telenor's direct economic contribution country-by-country. It includes Telenor's revenues, capital expenditure, EBITDA and the corporate income taxes paid in 2022. The table does not specify all taxes and fiscal levies – only corporate income tax (CIT) is included.

NOK in millions	Revenues	Capex	EBITDA	Profit before taxes	Corporate income tax (CIT)	Man-years per 31.12.2022
Norway	28 529	7 954	11 851	2 587	5 184	4 124
Sweden	12 454	2 076	6 357	4 033	(280)	1 687
Denmark	5 414	934	1 456	570	(94)	935
Finland	10 074	1 423	3 732	1 040	(172)	1 605
Thailand	22 076	3 168	8 343	1 215	(120)	2 749
Bangladesh	15 392	3 701	9 333	5 316	(2 236)	1 312
Pakistan	4 847	2 188	2 660	(2 862)	681	1 339
Other	166	840	(617)	(1 166)	(50)	244
Telenor Group	98 953	22 284	43 117	10 732	2 914	13 995

	2019	2020	2021	2022
ENVIRONMENTAL				
Climate				
Total GHG emissions (thousand tonnes CO ₂ e) (Market based CO ₂ factors)	4 494	3 770	4 258	3 708
Direct GHG emissions/Scope 1 (thousand tonnes CO ₂ e)	101	78	71	92
Indirect GHG emissions /Scope 2 (thousand tonnes CO ₂ e)	820	815	767	763
Other indirect GHG emissions/Scope 3 (thousand tonnes CO ₂ e)	3 572	2 887	3 421	2 853
Scope 1+2 GHG emissions - change from science-based target Baseline year 2019 (%)	N/A	-1.6	-11	-7
Asia Scope 1+2 GHG emissions (thousand tonnes CO ₂ e)	770	712	801	837
Nordic Scope 1+2 GHG emissions (thousand tonnes CO ₂ e)	123	178	33	17
Scope 1+2 GHG emissions per mobile data traffic (tonnes CO ₂ e / petabyte)	164	105	74	62
Suppliers by spend who had set science-based targets (%)	0	0	29	36
Total energy use (GWh)	2 531	2 384	2 542	2 791
Number of new solar base stations	500	798	280	100
Environment				
Total electronic waste recycled/reused (%)	99	99	100	100
Devices returned through take back programmes	0	0	452 008	486 200
Recovered devices reused (%)	0	0	83	68
Recovered devices recycled (%)	0	0	17	32
Recovered devices landfilled (%)	0	0	0	0
SOCIAL				
Digital skills				
Mobile Internet users (% of active data users)	58	58	58	58
People trained in digital skills (base year 2021) (accumulated)			1 688 290	3 002 330
Diversity and Inclusion				
Women in the workforce (%)	38	38	38	38
Women senior leaders (%)	32	32	33	33
Non-Nordic senior leaders (%)	34	36	32	32
Health, Safety, People Security and Wellbeing				
Fatalities – employees	0	0	0	0
Fatalities – suppliers, Tier 1 and below	5	5	2	2
Fatalities – 3rd party	0	1	0	1
Lost Time Injury Frequency (LTIF) (%)	0.17	0.06	0.20	0.13
Sickness Absence Rate (full year average) (%)	1.85	1.57	1.65	1.78

	2019	2020	2021	2022
GOVERNANCE				
Responsible Supply Chain				
Capacity building of suppliers (man-hours)	24 986	24 216	34 716	27 741
Sustainability inspections	3 616	3 560	3 562	3 559
% of inspections that were unannounced	86	52	45	73
No of major non-conformities	651	1 054	442	990
No of minor non-conformities	1 398	1 475	1 066	1 762
Closure rate of non-conformities in the supply chain (%)	75.8	79	95	55
Child labour cases	0	0	0	0
Underage labour in hazardous conditions cases	7	1	7	0
Integrity Hotline				
No of concerns reported through the Integrity Hotline*	655	461	550	660
% of reports from the Integrity Hotline that were submitted anonymously	38	39	41	49
Cyber security				
Telenor employees who completed basic security training (%)	0	99	96	99
Compliance and Anti-corruntion				
Code of conduct training (%)	100	100	100	100

*Historical data from the Integrity hotline has been revised to exclude reports from Telenor Microfinance Bank (TMB), which is a joint venture between Telenor and Ant Financial

To ensure high-quality, structured, transparent and decision-relevant reporting of sustainability performance, Telenor Group reports to various external organisations including UN Global Compact, in accordance with the international reporting standard GRI, the Sustainability Accounting Standards Board (SASB), Carbon Disclosure Project (CDP), in line with the Task Force on Climate-related Financial Disclosures (TCFD) and the Greenhouse Gas Protocol. Telenor also supports the UN Sustainable Development Goals (SDGs).

Verification

EY has carried out an independent review of the Sustainability Report 2022 to assess the accuracy of claims. The engagement has been undertaken in accordance with the International Standards on Assurance Engagements (ISAE) 3000 (Revised) Assurance engagements Other Than Audits or Reviews of Historical financial information ("ISAE 3000 (Revised)"). EY's Independent Limited Assurance Report can be found on Telenor.com

Targets

In view of material change to company ownership structure, the targets as set out in this report might be revised to better reflect the structural organisation of Telenor Group and its business units.

Key reporting standards and frameworks

GRI index

Telenor reports its sustainability performance in accordance with the GRI Standards for the period 1 January 2022 to 31 December 2022. Telenor's GRI Content Index can be found on Telenor.com.

SASB

Telenor has also adopted the SASB reporting framework. With a growing interest on how sustainability factors influence the company's business activities and financial position, this is a useful supplement to the already implemented ESG reporting standards. Telenor is classified by SASB in the Telecommunications Services industry category under the Technology and Communications sector. SASB's Materiality Map identifies sustainability issues that are likely to affect the financial condition or

operating performance of companies within an industry. The SASB report can be found on Telenor.com.

UN Global Compact Principles and Sustainable Development Goals

Telenor fully supports the UN Global Compact Principles in the areas of Human Rights, Labour, Environment and Anti-corruption and reports its Communication on Progress (COP) to the United Nations Global Compact (UNGC), meeting the requirements of the UNGC Active Level.

Telenor supports the UN Sustainable Development Goals (SDGs) and has prioritized 5 SDGs where it believes it can have the most impact.

CDP and TCFD

Telenor also reports to the Carbon Disclosure Project (CDP) and in line with the Task Force on Climate-related Financial Disclosures (TCFD). The reports can be found on Telenor.com.

In addition, there are a number of internationally recognized standards that provide guidance when setting requirements within Telenor's Responsible Business areas. The below table shows an overview of standards that are relevant in Telenor's Responsible Business areas:

Key standards followed

Area	Standard
Climate and Environment	Science Based Targets (SBTi) ISO14001
Human Rights	United Nations (UN) guiding principles on business and Human Rights Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work
Diversity and Inclusion	UN Women Empowerment Principles UN standards of business for lesbian, gay, bi, trans and intersex (LGBTI) rights Norwegian Gender Equality Reporting Requirement
Health, Safety, People Security and Wellbeing	ISO 45001 ILO Declaration on Fundamental Principles and Rights at Work Norwegian Working environment act §5-1
Responsible Supply Chain	SA 8000 ILO Declaration on Fundamental Principles and Rights at Work Norwegian Transparency Law
Anti-corruption	United Kingdom Bribery Act (UKBR) Foreign Corrupt Practices Act (FCPA) Norwegian law (Civil Penal Code Sections 276a-c) ISO 37001 OECD Anti-Corruption Guidelines
Privacy & Data Protection	General Data Protection Regulation (GDPR) OECD Guidelines The Law Enforcement Data Protection (LEPD) Directive The ePrivacy Directive (2002/58/EC)
Cyber Security	ISO 27001 National Institute of Standards and Technology Standard of Good Practice for Information Security

Reporting boundaries

This report includes disclosures and data from companies under the operational control of Telenor ASA. Data from all business units where Telenor is a majority owner is included. Unless otherwise stated, data from Digi is included in figures up until end of Q3 2022.

Climate and Environment

- Climate and environment data excludes data from Myanmar and Digi and the impact of business partners and the life-cycle-perspectives of activities is excluded.
- External reporting on Municipal waste recycled has been discontinued as it is not defined as a material area for Telenor; All Telenor business units are required to establish and maintain an Environmental Management System (EMS) according to the ISO 14001 standard, which requires that all business units shall secure sustainable waste management, including reducing resource consumption, reusing or refurbishing own equipment rather than disposing it, and promoting reuse and recycling of products offered to customers.
- Total energy use (GWh) reflects Scope 1 and 2 boundaries.
- External reporting on customer mobile phones and batteries collected for recycling or reuse has been discontinued and replaced by reporting on the number of devices returned through take back programmes

and the share of reuse and recycling of such devices. These consist of mobile devices such as smartphones and fixed CPE devices such as TV boxes and broadband routers. The definition excludes devices with status "unknown" i.e. collected, but reuse status has not been determined yet.

Diversity and inclusion

Digi is excluded from diversity and inclusion data for 2022.

For small Telenor entities, accounting for less than 3 percent of energy consumption of parent company or less than 3 percent of the total number of employees of the parent company, and for companies which have no significant and material impact on the ESG performance of the Telenor Group, the following applies:

- The ESG data of small Telenor entities is included in the ESG reporting of the parent company, if these companies are co-located and there is no system in place to measure their impact separately from the parent company's impact (e.g. employees sharing the same office space; there is no infrastructure for separate energy metering; etc).
- The ESG impact of small Telenor entities is excluded from the ESG reporting of the parent company, if these companies are operating in separate locations and there is a system in place to measure the ESG impact of the two entities separately (e.g., metering, separate utility invoices, etc.).

Data from joint ventures is included if the ESG impact is essential to Telenor's core business and is also reflected in Telenor's financial accounts. The reporting includes only the Telenor relevant ESG impact of the joint venture, including but not limited to energy consumption, energy cost and CO2 emissions (scope 1 and 2).

Where business units have outsourced functions to independent companies, the reporting shall include the ESG impact of outsourced functions that are essential to Telenor's core business and reflected in Telenor's financial accounts and the aggregated ESG impact is more than 3 percent of the BUs total impact. The impact of different sub-contractors delivering services related to the same business functions is aggregated.

The same applies in cases of outsourcing functions to a company with Telenor ownership. The ESG impact related to the outsourced activity shall be reported by the business unit, where the impact of the outsourced activity has been realised.

In case of organisational changes, the ESG reporting is aligned with the financial reporting.

EU Taxonomy Regulation

The EU taxonomy regulation is a key element of the European Green Deal to become a climate-neutral continent by 2050. The taxonomy is a classification system which provides specific criteria for economic activities to

be defined as sustainable, with the aim to direct investments towards sustainable activities and projects. So far, the taxonomy has set such criteria for Climate Change Mitigation and Climate Change Adaptation.

Economic activities are eligible (covered) if they are considered relevant to achieve the objectives, and are part of the taxonomy, while alignment means that the business activity is sustainable and meets the specific criteria set out in the taxonomy. To be aligned, the activity must have substantial contribution to one of the objectives, do no significant harm to the other, as well as comply with minimum social safeguards. Companies in EU were required to disclose eligibility in their 2021 annual reports and alignment in 2022. In Norway the Taxonomy Regulation is effective from 2023, and Telenor will be required to disclose both eligibility and alignment in the 2023 annual report.

For the telecom industry, only a few activities are currently covered in the EU taxonomy and hence regarded as eligible. The vast majority of telecom activities, including telecom networks are currently not addressed in the taxonomy. However, the taxonomy is still in development, and more activities are being added to its scope, including enabling activities.

Telenor has identified the relevant activities and report the eligible share for revenues and capex for 2022 and has evaluated two of the economic activities listed in the taxonomy as relevant '8.1 Data processing, hosting and related activities' and '8.2 Data-driven solutions for GHG emissions reductions.

8.1 Data processing, hosting and related activities:

This activity is related to data centres, including edge computing. Telenor has several data centres, however these are mainly related to internal usage for IT and network infrastructure, and do not directly generate external revenue. The external revenue related to data centres are included, however this is extremely limited for 2022.

8.2 Data-driven solutions for GHG emissions reductions:

This activity relates to information and communication technology (ICT) solutions that are predominantly aimed at enabling greenhouse gas (GHG) emissions reductions. Telenor provides technology and services that enables customers to reduce their emissions, and revenues related to the following activities as evaluated as eligible: Internet of Things (IoT) solutions for automotive segment, utilities, smart cities (e.g., optimisation of energy consumption in buildings), as well as solutions for remote meetings. The majority of the eligible revenue relates to the IoT business of Telenor Connexion, and therefore a share of Telenor Connexion's capex is also assessed as eligible.

Total revenues and capital expenses (capex) are based on Telenor Group's financial statements for 2022. The calculation for eligible share of capex is based on capex excluding licences and spectrum frequency fees. From 2023 onwards, opex and alignment will be reported in addition, according to the disclosure requirements.

Taxonomy KPIs			
NOK in million		Revenues	Capex excl. licenses and spectrum
Telenor Group 2022		98,953	16,728
Covered by taxonomy (eligible)	8.1 Data processing, hosting and related activities	0.0%	0.1%
	8.2 Data-driven solutions for GHG emissions reductions	0.8%	0.3%
	Total	0.8%	0.4%
Not covered by taxonomy (non-eligible)		99.2%	99.6%



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INDEPENDENT AUDITOR'S ASSURANCE REPORT

To the board of directors in Telenor ASA

Scope

We have been engaged by Telenor ASA to perform a limited assurance engagement, as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on Telenor ASA's sustainability reporting as defined in the Telenor ASA's GRI Index and SASB-report (publicly available at <https://www.telenor.com/sustainability/reporting-our-performance/reporting-and-verification/>) (the "Subject Matter") as of 31 December 2022 and for the period from 1 January to 31 December 2022.

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Annual report, and accordingly, we do not express a conclusion on this information.

Criteria applied by Telenor ASA

In preparing the Subject Matter, Telenor ASA applied the relevant criteria from the Global Reporting Initiative (GRI) sustainability reporting standards and Sustainability Accounting Standards Board (SASB) sustainability reporting standards (the "Criteria"). The Criteria can be accessed at globalreporting.org and sasb.org, and are available to the public. Such Criteria were specifically designed for companies and other organizations that want to report their sustainability impacts in a consistent and credible way. As a result, the Subject Matter information may not be suitable for another purpose.

Telenor ASA's responsibilities

The Board of Directors and the Chief Executive Officer (management) are responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the Subject Matter, such that it is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the International Standard for Assurance Engagements *Other Than Audits or Reviews of Historical Financial Information* ('ISAE 3000'). This standard requires that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our Independence and Quality Control

We are independent of the company in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of

Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. Our firm applies *International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained if a reasonable assurance engagement had been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- Conducted interviews with key personnel to understand the business and the reporting process
- Conducted interviews with key personnel to understand the process for collecting, collating and reporting the Subject Matter during the reporting period
- Checked on a sample basis the calculation Criteria against the methodologies outlined in the Criteria
- Performed analytical review procedures of the data
- Identified and tested the assumptions supporting the calculations
- Tested, on a sample basis, the underlying source information
- Checked that the presentation requirements outlined in the Criteria

We believe that our procedures provide us with an adequate basis for our conclusion. We also performed such other procedures as we considered necessary in the circumstances.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Subject Matter as of 31 December 2022 and for the period from 1 January 2022 to 31 December 2022 in order for it to be in accordance with the Criteria.

Oslo, 21 March 2023
ERNST & YOUNG AS

Anders Gøbel
State Authorised Public Accountant

(This translation from Norwegian has been made for information purposes only.)

Independent auditor's assurance report – Telenor ASA 2022

A member firm of Ernst & Young Global Limited

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Consolidated Income Statement

Telenor Group 1 January – 31 December

NOK in millions, except earnings per share	Note	2022	2021
Revenues	3	98 953	97 153
Cost of materials and traffic charges	4	(26 404)	(25 591)
Salaries and personnel costs	5	(9 998)	(10 014)
Other operating expenses	6	(20 178)	(18 891)
Other income	8	2 004	172
Other expenses	8	(1 261)	(1 926)
EBITDA		43 117	40 902
Depreciation and amortisation	15, 16, 17	(23 269)	(23 247)
Impairment losses	14, 15, 16, 17	(2 502)	-
Operating profit		17 346	17 654
Share of net income (loss) from associated companies and joint ventures	35	(232)	(480)
Gains (losses) on disposal of associated companies and joint ventures	35	(71)	21
Financial income and expenses			
Financial income	9	452	417
Financial expenses	9	(3 772)	(2 983)
Net currency gains (losses)	9	(3 384)	(1 070)
Other changes	9	393	165
Net financial income (expenses)		(6 312)	(3 472)
Profit before taxes		10 732	13 723
Income taxes	10	2 914	(5 008)
Profit from continuing operations		13 646	8 714
Profit (loss) from discontinued operations	12	33 932	(4 123)
Net income		47 578	4 592
Net income attributable to:			
Non-controlling interests		2 665	3 063
Equity holders of Telenor ASA		44 913	1 528
Earnings per share in NOK:			
Basic/diluted from continuing operations	11	7.85	4.04
Basic/diluted from discontinued operations	11	24.25	(2.95)
Basic/diluted from total operations	11	32.09	1.09

Consolidated Statement of Comprehensive Income

Telenor Group 1 January – 31 December

NOK in millions	Note	2022	2021
Net income		47 578	4 592
Other comprehensive income (loss)			
Translation differences on net investment in foreign operations	28	1 806	(3 514)
Amount reclassified from other comprehensive income to income statement on partial disposal	28	370	-
Net gain (loss) on hedge of net investment	28, 31	(1 402)	2 447
Income tax on net investment hedge		308	(538)
Amount reclassified from other comprehensive income to income statement	28	233	-
Share of other comprehensive income (loss) of associated companies and joint ventures		46	75
Amount reclassified from other comprehensive income to income statement on disposal		-	1
Items that may be reclassified subsequently to income statement		1 361	(1 529)
Net gain (loss) on equity investments	28	157	134
Remeasurement of defined benefit pension plans	28, 21	661	266
Income taxes on pension remeasurement		(138)	(57)
Items that will not be reclassified to income statement		680	344
Other comprehensive income (loss), net of taxes		2 041	(1 186)
Total comprehensive income (loss)		49 620	3 406
Total comprehensive income (loss) attributable to:			
Non-controlling interests		2 780	2 909
Equity holders of Telenor ASA		46 840	498

Consolidated Statement of Financial Position

Telenor Group as of 31 December

NOK in millions	Note	2022	2021
ASSETS			
Deferred tax assets	10	5 536	2 195
Goodwill	14, 18	27 334	27 448
Intangible assets	15	9 689	10 195
Right-of-use assets	16	45 686	51 565
Property, plant and equipment	17	65 659	72 767
Associated companies and joint ventures	35	39 686	5 683
Contract costs and prepaid costs	26	4 212	4 414
Other non-current financial assets	27	9 264	7 632
Total non-current assets		207 067	181 898
Prepaid taxes		1 491	1 568
Inventories		1 559	1 563
Trade and other receivables	19	18 842	21 739
Other current financial assets	27	361	839
Assets classified as held for sale	12	-	2 910
Cash and cash equivalents	20	9 929	15 223
Total current assets		32 182	43 843
Total assets		239 249	225 740
EQUITY AND LIABILITIES			
Equity attributable to equity holders of Telenor ASA	28	60 139	26 294
Non-controlling interests	28	4 237	5 206
Total equity		64 375	31 500
Liabilities			
Non-current lease liabilities	29	24 417	28 101
Non-current interest-bearing liabilities	30	82 724	87 811
Non-current non-interest-bearing liabilities	27	1 772	1 388
Deferred tax liabilities	10	3 639	4 374
Pension obligations	21	1 919	2 429
Provisions and obligations	22	6 627	7 971
Total non-current liabilities		121 097	132 073
Current lease liabilities	29	6 674	6 977
Current interest-bearing liabilities	30	9 169	9 276
Trade and other payables	24	28 227	32 320
Current tax payables		2 487	5 149
Current non-interest-bearing liabilities	27	1 694	1 969
Provisions and obligations	22	791	896
Liabilities classified as held for sale	12	4 735	5 580
Total current liabilities		53 777	62 167
Total equity and liabilities		239 249	225 740

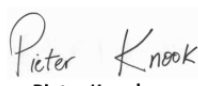

Gunn Wærsted
Chair

Fornebu, 21 March 2023


Jørgen Kildahl
Vice Chair of the Board


Jon Erik Reinhardsen
Board member


Nina Bjørnstad
Board member


Pieter Knook
Board member


Astrid Simonsen Joos
Board member


Elisabetta Ripa
Board member


Roger Rønning
Employee representative


Irene Vold
Employee representative


Jan Otto Eriksen
Employee representative


Sigve Brekke
President & CEO

Consolidated Statement of Cash Flows

Telenor Group 1 January – 31 December

NOK in millions	Note	2022	2021
Profit before taxes from continuing operations		10 732	13 723
Profit (loss) before taxes from discontinued operations	12	34 986	(3 338)
Profit before taxes		45 718	10 385
Income taxes paid		(5 977)	(6 113)
Net (gains) losses from disposals, impairments and change in fair value of financial assets and liabilities		(33 823)	272
Depreciation, amortisation and impairment losses		28 217	34 363
Share of net (income) loss and (gains) losses on disposal of associated companies and joint ventures		303	459
Dividends received from associated companies		575	532
Net interest expense		2 746	2 686
Changes in net operating working capital	13	(1 389)	905
Net currency (gains) losses not relating to operating activities		3 737	1 160
Interest received		616	220
Interest paid		(3 004)	(2 635)
Other adjustments		1 504	41
Net cash flow from operating activities		39 222	42 272
Proceeds from sale of property, plant and equipment, intangible assets and right-of-use assets		199	161
Purchases of property, plant and equipment, intangible assets and prepayments for right-of-use assets	13	(19 298)	(19 447)
Proceeds from disposal of subsidiaries and associated companies, net of cash disposed	13	(4 662)	17
Purchases of subsidiaries, associated companies and joint ventures, net of cash acquired	13	(991)	(391)
Proceeds from sale of other investments		1 639	2 582
Purchases of other investments		(31)	(150)
Net cash flow from investing activities		(23 145)	(17 228)
Proceeds from borrowings	13	20 956	26 470
Repayments of borrowings	13	(21 044)	(29 399)
Payments of lease liabilities related to spectrum licences	13	(2 483)	(2 871)
Payments of lease liabilities related to other lease contracts	13	(5 589)	(5 955)
Net payments related to supply chain financing		21	(1)
Purchase of treasury shares	31	(27)	-
Dividends paid to non-controlling interests in subsidiaries	13	(2 803)	(3 551)
Dividends paid to equity holders of Telenor ASA	28	(13 015)	(12 595)
Net cash flow from financing activities		(23 984)	(27 903)
Effects of exchange rate changes on cash and cash equivalents		600	(245)
Net change in cash and cash equivalents		(7 306)	(3 103)
Cash and cash equivalents as of 1 January		16 985	20 088
Cash and cash equivalents as of 31 December		9 677	16 985
Of which cash and cash equivalents in assets held for sale as of 31 December	12	-	1 863
Cash and cash equivalents excluding assets held for sale as of 31 December	13	9 677	15 121

Consolidated Statement of Changes in Equity

Telenor Group – for the years ended 31 December 2021 and 2022

NOK in millions	Attributable to equity holders of Telenor ASA						
	Paid-in capital	Other reserves	Retained earnings	Cumulative translation differences	Total	Non-controlling interests	Total equity
Equity as of 1 January 2021	8 466	(22 014)	55 049	(3 181)	38 324	5 594	43 918
Net income for the period	-	-	1 528	-	1 528	3 063	4 592
Other comprehensive income (loss) for the period	-	415	-	(1 446)	(1 031)	(155)	(1 186)
Total comprehensive income (loss) for the period	-	415	1 528	(1 446)	498	2 909	3 406
Disposal of equity investments at fair value through other comprehensive income	-	-	(1)	-	(1)	(1)	(2)
Equity adjustments in associated companies	-	3	-	-	3	-	3
Dividends	-	-	(12 595)	-	(12 595)	(3 296)	(15 891)
Share-based payment, exercise of share options and distribution of shares	-	66	-	-	66	-	66
Equity as of 31 December 2021	8 466	(21 530)	43 981	(4 627)	26 294	5 206	31 500
Net income for the period	-	-	44 913	-	44 913	2 665	47 578
Other comprehensive income (loss) for the period	-	723	-	1 204	1 927	114	2 041
Total comprehensive income (loss) for the period	-	723	44 913	1 204	46 840	2 780	49 620
Transactions with non-controlling interests	-	-	(42)	-	(42)	(590)	(632)
Dividends	-	-	(13 015)	-	(13 015)	(3 159)	(16 174)
Share-based payment, exercise of share options and distribution of shares	-	61	-	-	61	-	61
Equity as of 31 December 2022	8 466	(20 746)	75 837	(3 422)	60 139	4 237	64 375

See note 28 for additional equity information.

Notes to the Financial Statements

Telenor Group

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Telenor is a Norwegian listed company offering telecommunications services in the Nordics and Asia. The consolidated financial statements of Telenor are prepared according to IFRS. The accounting policies are described in this note and in the individual notes to the financial statements.

Company information

The consolidated financial statements of Telenor (referred to as "the company") comprise the parent company and its subsidiaries. The parent company Telenor ASA is a Norwegian public limited company listed on the Oslo Stock exchange under the ticker TEL. The principal activities of Telenor are described in note 2 Segments. The headquarter is at Snarøyveien 30, N-1360 Fornebu, Norway and the telephone number is +47 810 77 000.

Basis of preparation

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the additional requirements of the Norwegian Accounting Act. The consolidated financial statements were approved by the Board of Directors on 21 March 2023 and is subject to approval by the Annual General Meeting on 10 May 2023.

The consolidated financial statements have been prepared on a historical cost basis, except for equity investments (primarily shareholdings of less than 20%) and derivative financial instruments, which are carried at fair value. The financial year corresponds to the calendar year. The consolidated financial statements are presented in Norwegian Kroner (NOK). Amounts are rounded to the nearest million, unless otherwise stated. As a result of rounding adjustments, amounts and percentages may not add up to the total.

The merger of Digi with Celcom was completed in November 2022, resulting in Digi being deconsolidated from the Telenor group and the remaining 33.1% ownership being recognised as an associate. The transaction resulted in a gain for Telenor of NOK 32.7 billion. Historical figures have been represented as discontinued operations, refer to further information in note 12.

Accounting policies

Descriptions of accounting principles are generally included in the various notes to the financial statements. The general principles relating to foreign currency translation, distinction between current and non-current assets and liabilities and government grants are described below.

Foreign currency translation

The consolidated financial statements are presented in NOK, which is Telenor ASA's functional currency. The group has foreign entities with functional currency other than NOK. At the reporting date, the assets and liabilities of foreign entities with functional currencies other than NOK are translated into NOK at the rate of exchange at the reporting date. The income statements are translated at the average exchange rates for the year except significant transactions that are translated using the daily exchange rate. The translation differences arising from the translation are recognised in other comprehensive income until the disposal of the net investment, at which time they are recognised in the income statement.

Current/non-current classification

An asset or liability is classified as current when it is expected to be realised, sold, used or settled in Telenor's normal operating cycle, which is normally within twelve months after the reporting date. Other assets and liabilities are classified as non-current. Financial instruments, other than those held for trading, are classified based on maturity, and hedging instruments are classified consistently with the underlying hedged item.

Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received. Grants that relate to expenses are normally recognised as a reduction of the expense over the related period. Grants that relate to assets are deducted from the carrying amount of the asset and result in lower depreciation over the useful life of the asset.

Key judgments and estimates

The preparation of consolidated financial statements of Telenor involves significant judgements and estimates that could result in material adjustments to the carrying amount of the asset or liability the next financial year. Management is required to make difficult, subjective and complex assessments of the outcome of matters that are inherently uncertain on an ongoing basis. The key judgments and estimates are based on historical results and experience, consultations with experts, trends, forecasts and scenarios of future development and other methods which management considers reasonable under the circumstances. Information about key judgments and estimates are included in the individual notes. The following notes include the most significant judgments and estimates in the consolidated financial statements of Telenor:

- Note 10 Income taxes
- Note 14 Goodwill
- Note 16 Right-of-use assets
- Note 17 Property, plant and equipment
- Note 18 Impairment of assets
- Note 22 Provisions and obligations
- Note 23 Legal disputes and contingencies

Adoption of new and revised standards, amendments and interpretations

The accounting policies applied are consistent with those applied in the previous financial year, except for the implementation of new and revised accounting standards as described below. The amendments adopted with effect from 1 January 2022 relevant for Telenor include:

- Onerous contracts - cost of fulfilling a contract (amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts - Cost of Fulfilling a Contract*). These narrow-scope amendments clarify that the cost of fulfilling an onerous contract includes both incremental cost and an allocation of other costs that relate directly to fulfilling the contract. The implementation did not have a significant impact on Telenor's consolidated financial statements.

Telenor has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. The amendments are effective from 1 January 2023 are not expected to have a significant impact on the consolidated financial statements.

The segments are consistent with the countries where Telenor operates within mobile and fixed line communication. Telenor had seven operating segments at year-end 2022, of which four were in the Nordics and three in Asia. Digi in Malaysia merged with Celcom in November 2022 and is no longer a segment of Telenor, but an associated company.

Accounting policies

Reporting segments are identified based on reporting to Group Management Team (chief operating decision makers) and is consistent with financial information used for assessing performance and allocating resources during 2022 and 2021. The accounting principles for the segment reporting are consistent with those applied by the Group. The operating and reportable segments are based on business activities and geographical location. The segment result is defined as EBITDA before other income and other expenses.

Deliveries of network-based regulated services are based on cost-oriented prices based on negotiations between the units. All transactions between the segments are based on market conditions. Gains and losses arising from internal transfer of businesses, group contribution and dividends within the Group are not included in the income statements for the segments.

Segments

The countries where Telenor operates is the basis for the segment reporting. The mobile communication business mainly includes voice, data, internet, content services, customer equipment and messaging. In Norway, Sweden, Denmark and Finland, the fixed line businesses are reported together with mobile operations. Fixed services comprise telephony, internet and TV and leased lines, as well as data services and managed services.

Other units consist of Corporate Functions, Telenor Infra, Telenor Satellite and Other Businesses. Corporate Functions comprise activities such as global shared services, research and development, strategic Group projects, Group Treasury, the internal insurance company, and support functions. Telenor Infra operates all tower infrastructure in Norway previously operated by Telenor Norway, Norkring and Telenor Real Estate. Telenor Satellite offers broadcasting and data communication services via satellite. Other Businesses consists mainly of mobile communication business at sea conducted by Telenor Maritime; Telenor Linx, which is focused on interconnecting global operators and delivering key communications services on a global scale; Telenor Real Estate; Telenor Connexion, which is specialising in Internet of Things with capabilities to support the most advanced machine-to-machine-communication and Internet of Things customers worldwide; and other businesses, including internet based services, none of which are material enough to be reported as separate segments.

Change in composition of reportable segments

In 2022, Telenor announced the new organisation to take effect from 2023. As a consequence, the current country-based segment reporting will be discontinued and replaced with the following four operating segments from the first quarter 2023: Nordics, Asia, Infrastructure and Amp. The mobile and fixed line businesses will be reported in the Nordic and Asia segments. The Infrastructure segment will consist of certain passive infrastructure in the Nordics, whereas the Amp segment will consist of the portfolio of adjacent business and companies that are near the core of Telenor's business.

Pursuant to closing of the merger between Digi and Celcom in Malaysia on 30 November 2022, Digi as a subsidiary is classified as discontinued operations with comparative figures re-presented. Telenor's ownership in the merged entity CelcomDigi is recognised as associated company using the equity method, see note 35. The share of profits or losses from CelcomDigi will be included in the Asia segment from Q1 2023.

Segment Information 2022

NOK in millions	Revenues	External revenues	EBITDA before other income and other expenses ¹⁾	EBITDA ¹⁾	Depreciation, amortisation and impairment losses	Operating profit (loss)	Investments ²⁾	Capital employed ³⁾
Norway	25 400	24 959	12 236	11 853	(7 146)	4 707	6 849	28 033
Sweden	11 712	11 620	4 033	5 729	(2 525)	3 204	2 016	14 720
Denmark	5 510	5 414	1 396	1 375	(910)	465	934	5 013
DNA - Finland	10 074	10 031	3 681	3 678	(2 614)	1 064	1 387	33 665
dtac - Thailand	22 107	22 076	8 181	8 020	(6 155)	1 865	3 168	37 823
Grameenphone - Bangladesh	15 508	15 392	9 685	9 441	(2 870)	6 571	3 701	9 086
Pakistan	5 188	4 822	2 891	2 888	(3 917)	(1 028)	2 188	7 586
Other units	9 061	4 639	2 409	2 299	(1 292)	1 007	2 042	n.m.
Eliminations	(5 606)	-	(2 139)	(2 166)	1 658	(509)	-	n.m.
Group	98 953	98 953	42 374	43 117	(25 770)	17 346	22 284	n.m.

Segment Information 2021

NOK in millions	Revenues	External revenues	EBITDA before other income and other expenses ¹⁾	EBITDA ¹⁾	Depreciation, amortisation and impairment losses	Operating profit (loss)	Investments ²⁾	Capital employed ³⁾
Norway	25 362	24 915	12 758	11 726	(6 739)	4 987	5 637	25 378
Sweden	12 107	12 038	4 434	4 428	(2 651)	1 777	1 839	16 242
Denmark	5 346	5 259	1 413	1 362	(927)	434	1 077	4 621
DNA - Finland	9 712	9 678	3 645	3 643	(2 651)	993	1 625	33 951
dtac - Thailand	21 878	21 826	8 067	7 934	(6 050)	1 884	3 852	39 701
Grameenphone - Bangladesh	14 464	14 362	9 052	8 730	(2 327)	6 403	2 853	7 976
Pakistan	5 604	5 328	2 976	2 967	(1 751)	1 216	3 129	8 886
Other units	7 518	3 747	1 508	1 323	(1 231)	92	1 027	n.m.
Eliminations	(4 838)	-	(1 196)	(1 212)	1 080	(132)	-	n.m.
Group	97 153	97 153	42 656	40 902	(23 247)	17 654	21 038	n.m.

¹⁾ See table below for definition and reconciliation of EBITDA.

²⁾ Investments consist of capex and investments in businesses. See page 180 for alternative performance measures.

³⁾ Capital employed (average for the period) adjusted for dividend and group contribution payables/receivables. For definition of capital employed and Group figures, see page 180 for alternative performance measures. (n.m. – not measured)

Reconciliation

NOK in millions	2022	2021
EBITDA before other income and other expenses	42 374	42 656
Other income	2 004	172
Other expenses	(1 261)	(1 926)
EBITDA	43 117	40 902

Geographical distribution of external revenues based on customer location

NOK in millions	2022	2021
Norway	25 826	25 730
Sweden	12 806	12 810
Denmark	5 563	5 423
Finland	9 940	9 528
Thailand	22 086	21 866
Bangladesh	15 390	14 360
Pakistan	4 829	5 343
Other countries	2 513	2 094
Total revenues	98 953	97 153

Assets by geographical location of the company

NOK in millions	Non-current assets excluding deferred tax assets, contract cost and other non-current financial assets		Total assets	
	2022	2021	2022	2021
Norway	35 559	34 503	54 233	56 423
Sweden	16 120	17 349	23 191	22 803
Denmark	4 448	3 921	7 703	7 723
Finland	34 868	33 985	40 692	38 522
Thailand	37 814	37 973	47 219	47 305
Malaysia	34 436	13 266	34 448	17 333
Bangladesh	14 071	12 958	17 576	16 648
Pakistan	7 837	10 536	10 287	12 784
Myanmar	-	349	-	2 543
Other countries	2 902	2 816	3 899	3 658
Total assets	188 055	167 657	239 249	225 740

Revenues in Telenor mainly relate to mobile and fixed operations. Revenues in mobile operations include subscription fees in addition to roaming, traffic fees and interconnect fees for use of Telenor's network. Devices like mobile phones are regularly part of a bundled offering together with the subscription. Revenues in the fixed operations include services like telephony, broadband, TV connections, broadcasting, data networks and data security services.

Accounting policies

Services

Service revenues include subscriptions and traffic revenues for mobile voice and data. Subscriptions are either invoiced on a monthly basis or prepaid. Outbound roaming charges in addition to voice and non-voice traffic fees are recognised based on the minutes or data used. Other mobile services include subscriptions and services for machine-to-machine and internet-of-things (IoT), inbound and national roaming and revenues related to service providers and MVNOs (Mobile Virtual Network Operators). Interconnect fees are revenues from other operators using Telenor's networks. Service revenues are recognised over time or based on usage.

Fixed-network services include revenues from telephony, internet, TV, broadcasting and data services. The subscription fees are usually flat rate, where some contracts have a minimum contract term. Fixed service revenues are recognised over time or based on usage.

Goods

Revenues from the sale of mobile phones, broadband set-up boxes and other devices are recognised at point in time when the equipment is delivered to the customer.

Bundled multi-element contracts

Bundled multi-element contracts are contracts that consist of several separate identifiable performance obligations. Within mobile operations this typically include a subscription, a handset and sometimes screen insurance and other services. Within our fixed operations this typically include subscription, set-up boxes and other types of equipment or services.

The transaction price is net of discounts and sales related taxes. Bundled contracts may include a financing component, as the handset or other equipment is provided to a customer up-front and payments are received over an instalment period. Financing components are not considered when the timing of the payment is at the discretion of the customer (for example prepaid mobile services) or the timing difference between rendering the service or good and payment is less than twelve months. If a significant financing component is provided to the customer, the transaction price is adjusted, and interest revenue is recognised over the customer's payment period using an interest rate reflecting the relevant risk-free rate and customer specific credit risk.

The transaction price for bundled contracts is allocated to each identified performance obligation based on relative prices Telenor would achieve by selling the same goods or services to a similar customer on a stand-alone basis. Discounts are allocated proportionately to all performance obligations in the contract unless there is observable evidence to allocate it differently.

Mobile swap contracts

The Group offers in some markets sale of handsets on instalment plans with an option for the customer to change to a new device before all the instalments are paid. If the option is exercised, the customer pays any remaining months of minimum instalment under the original contract and enters into a new contract. The transaction price at inception of the contract includes an estimate of the payments to be received based on the expected value approach using historical data. When the Group is obliged to accept return of the original handset, a refund liability is recognised at the inception of the contract. A returned-good asset with a corresponding adjustment to cost of sales is recognised representing the right to recover the returned handsets. The new device is accounted for as a new, separate contract.

Telenor as agent

In some markets, mobile subscriptions and devices are sold as bundles through external channels. The group acts as principal for the subscription services and recognise the revenues on a gross basis. For the sale of the handset an assessment is made to determine if Telenor is agent or principal. If Telenor is regarded as an agent, no revenue is recognised as there are no commissions earned for providing services in the capacity of an agent in these arrangements. Further, Telenor is acting as an agent in arrangements where third parties are the main supplier and the Group mainly arrange for those goods or services to be provided by the third party. For example, screen insurance which is offered as part of a bundled offering in some mobile subscriptions.

Other revenues

Revenues other than mobile and fixed operations are mainly offered by units not separately identified as reporting segments. Revenues include colocation services, data centre facilities, telematics (communication between machines), satellite services, maritime services and Internet of Things (IoT). Revenues are recognised over time based on either monthly fees or usage.

Lease revenues (IFRS 16)

The Group has operating lease arrangements in which it is a lessor, mainly related to passive infrastructure sharing with other telecommunication operators. The Group has classified these leases as operating leases because they do not transfer substantially all the risks and rewards incidental to ownership of the underlying assets. Lease revenues are recognised on a straight-line basis over the lease term.

Key judgments and estimates

In mobile swap contracts, there is an uncertainty when and if the customer will exercise the option to cancel the current contract and enter into a new. As the transaction price at inception of the contract is based on an estimate of payments received, the revenue is a variable consideration. The total consideration to be received is estimated based on the expected value approach using historical data.

In some markets with mobile swap contracts, Telenor is obliged to accept return of the original handset and a refund liability is recognised. In other markets, an external third party takes ownership of the device, resells it and guarantee a compensation to Telenor. In these contracts, Telenor consider the guaranteed amount from the third party as part of the total consideration to be received at inception of the contract.

Disaggregation of revenues from contract with customers

Revenues are disaggregated by major revenue streams divided into the reportable segments as shown in note 2 in the table below.

Year 2022

NOK in millions	Norway	Sweden	Denmark	DNA Finland	dtac Thailand	Grameenphone Bangladesh	Pakistan	Other units	Eliminations	Group
Type of good/ services										
Mobile operation	15 955	8 341	4 952	7 761	18 559	15 323	5 047	-	(1 062)	74 875
Services	13 832	6 619	3 744	6 025	16 094	15 301	5 037	-	(1 059)	65 593
Goods	2 123	1 722	1 208	1 735	2 464	22	10	-	(2)	9 282
Fixed operation	8 529	3 126	529	2 169	-	-	-	2 170	(642)	15 880
Services	8 180	3 119	529	2 169	-	-	-	2 170	(587)	15 578
Goods	349	7	-	-	-	-	-	-	(54)	302
Other	587	-	-	-	-	-	-	4 117	(1 699)	3 004
Services	587	-	-	-	-	-	-	4 109	(1 699)	2 997
Goods	-	-	-	-	-	-	-	8	-	8
Sum type of goods/services	25 071	11 468	5 480	9 930	18 559	15 323	5 047	6 287	(3 403)	93 760
Type of mobile subscription										
Contract	11 697	5 637	3 212	5 498	10 174	708	244	-	(123)	37 047
Prepaid	104	193	-	229	5 230	14 553	4 729	-	(449)	24 589
Other ¹⁾	2 032	789	532	298	691	39	64	-	(488)	3 956
Sum services in Mobile operation	13 832	6 619	3 744	6 025	16 094	15 301	5 037	-	(1 059)	65 593
Timing of revenue recognition										
Over time	22 599	9 738	4 273	8 194	16 094	15 301	5 037	6 278	(3 346)	84 168
At a point in time	2 472	1 730	1 208	1 735	2 464	22	10	8	(57)	9 592
Total revenue from contract with customers	25 071	11 468	5 480	9 930	18 559	15 323	5 047	6 287	(3 403)	93 760
Other revenue ²⁾	329	244	30	144	3 548	185	141	2 775	(2 203)	5 193
Total revenue	25 400	11 712	5 510	10 074	22 107	15 508	5 188	9 061	(5 606)	98 953
Segment revenue as presented in note 2	25 400	11 712	5 510	10 074	22 107	15 508	5 188	9 061	(5 606)	98 953

¹⁾ Other includes revenues from other mobile and non-mobile services, refer to definitions on page 180.

²⁾ Other revenue includes mainly lease revenue.

Year 2021

NOK in millions	Norway	Sweden	Denmark	DNA Finland	dtac Thailand	Grameenphone Bangladesh	Pakistan	Other units	Eliminations	Group
Type of good/ services										
Mobile operation	15 350	8 268	4 814	7 496	18 502	14 288	5 461	-	(962)	73 218
Services	13 362	6 541	3 617	5 951	16 133	14 263	5 451	-	(961)	64 357
Goods	1 987	1 728	1 197	1 546	2 370	25	10	-	(1)	8 862
Fixed operation	9 058	3 623	502	2 185	-	-	-	1 732	(561)	16 540
Services	8 690	3 616	502	2 185	-	-	-	1 732	(512)	16 214
Goods	369	7	-	-	-	-	-	-	(50)	326
Other	639	-	-	-	-	-	-	3 903	(1 855)	2 687
Services	639	-	-	-	-	-	-	3 889	(1 855)	2 673
Goods	-	-	-	-	-	-	-	14	-	14
Sum type of goods/services	25 047	11 892	5 316	9 682	18 502	14 288	5 461	5 635	(3 378)	92 445
Type of mobile subscription										
Contract	11 525	5 723	3 199	5 396	10 286	629	162	-	(72)	36 849
Prepaid	122	177	-	209	5 190	13 591	5 224	-	(516)	23 998
Other ¹⁾	1 715	640	419	345	656	44	65	-	(374)	3 510
Sum services in Mobile operation	13 362	6 541	3 617	5 951	16 133	14 263	5 451	-	(961)	64 357
Timing of revenue recognition										
Over time	22 691	10 157	4 119	8 136	16 133	14 263	5 451	5 621	(3 328)	83 244
At a point in time	2 356	1 735	1 197	1 546	2 370	25	10	14	(50)	9 202
Total revenue from contract with customers	25 047	11 892	5 316	9 682	18 502	14 288	5 461	5 635	(3 378)	92 445
Other revenue ²⁾	314	216	30	31	3 376	176	143	1 883	(1 461)	4 708
Total revenue	25 362	12 107	5 346	9 712	21 878	14 464	5 604	7 518	(4 838)	97 153
Segment revenue as presented in note 2	25 362	12 107	5 346	9 712	21 878	14 464	5 604	7 518	(4 838)	97 153

¹⁾ Other includes revenues from other mobile and non-mobile services, refer to definitions on page 180.

²⁾ Other revenue includes mainly lease revenue.

Lease revenues

Other revenue of NOK 5.2 billion (NOK 4.7 billion in 2021) recognised in the income statement includes variable lease revenue of NOK 152 million (NOK 87 million in 2021) primarily relating to energy charges received from lessees based on the consumption.

The following table sets forth the maturity analysis of minimum lease payments to be received in nominal terms after the reporting date:

NOK in millions	2022	2021
Less than 1 year	5 209	4 919
1 to 2 years	4 653	4 478
2 to 3 years	3 246	4 438
3 to 4 years	493	2 658
4 to 5 years	487	400
After 5 years	831	504
Total	14 919	17 397

NOTE 4 Costs of materials and traffic charges

Cost of materials and traffic charges

NOK in millions	2022	2021
Traffic charges	(11 823)	(11 397)
Cost of materials etc	(14 580)	(14 194)
Total costs of materials and traffic charges	(26 404)	(25 591)

Cost of materials include variable lease expenses, see note 16 for more information.

Power purchase agreements

As part of Telenor's commitment to reduce our greenhouse gas emissions and meet our science-based targets, Telenor has in 2022 entered into Power Purchase Agreements with different vendors for the provision of renewable energy to Telenor's operations. These agreements are fixed price agreements and the first agreement is expected to be effective from end of 2023. As these agreements are entered into and will continue to be held for the purpose of receiving energy for own usage within Telenor's operations, they will be recognised as cost of materials and traffic charges when effective.

NOTE 5 Salaries and personnel costs

The Group has around 14 000 full-time equivalent employees. The employees have various benefits in addition to salary, including a share-based payment program that is described in this note.

Overview of salary and personnel costs

NOK in millions	2022	2021
Salaries and holiday pay	(8 753)	(8 688)
Social security tax	(924)	(910)
Pension costs including social security tax (note 21)	(1 004)	(1 039)
Share-based payments ¹⁾	(116)	(131)
Other personnel costs	(468)	(466)
Own work capitalised	1 268	1 219
Total salaries and personnel costs	(9 998)	(10 014)

¹⁾ Include expenses related to the Group's employee share programme, and the Group's long term incentive programme for managers and key personnel (please refer to note 37 as well as chapter 11 of the Corporate Governance section of the Board of Directors' report).

The average number of labour-years employed in continuing operations was approximately 14 000 in 2022 and 15 000 in 2021.

Share-based payment program

Employees and managers worldwide are offered to purchase Telenor shares at a discounted price and potentially earn bonus shares if the share price exceeds certain benchmarks in the future. Bonus shares are awarded net after tax and Telenor withhold and pay withholding taxes on behalf of the employee. The share-based payment programs including the withholding tax are considered as equity-settled share-based payments, where the fair value of the bonus shares is estimated at the grant date and expensed over the vesting period. Social security taxes are recognised as cash-settled share-based payments measured at fair value and remeasured at each reporting date.

NOTE 6 Other operating expenses

Other operating expenses

NOK in millions	2022	2021
Other cost of premises, vehicles, office equipment etc.	(2 668)	(2 196)
Operation and maintenance	(5 574)	(5 470)
Marketing and sales commission	(4 629)	(4 394)
Advertising	(1 530)	(1 598)
External personnel and consultancy fees	(1 950)	(1 800)
Variable lease expenses ¹⁾	(2 145)	(2 057)
Other ²⁾	(1 682)	(1 375)
Total other operating expenses	(20 178)	(18 891)

¹⁾ See note 16 for more information.

²⁾ Includes expenses related to short term and low value leases, see note 16 for more information.

NOTE 7 Research and development costs

The research and development activities in Telenor mainly relate to developing new services and products, development of networks, Artificial Intelligence (AI) and advanced analytics, safeguarding of personal data and cyber security. All research and development costs in Telenor are expensed as they do not meet the requirements in IFRS for capitalisation.

Accounting policies

Development expenditures are capitalised only when the criteria for recognition are met, i.e. that it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity, management has committed itself to complete the asset, the technical feasibility of completing the asset has been demonstrated and the cost can be measured reliably. The assets are amortised over their expected useful life once the assets are available for use. Costs incurred during the research stage of a project, as well as maintenance and training costs are expensed as incurred. Development costs that do not meet the criteria for capitalisation are expensed as incurred.

Research and development costs

Research and development costs that have been recognised in the income statement amount to NOK 177 million in 2022 (NOK 187 million in 2021). Expensed research and development activities mainly related to new technologies, 5G projects, security awareness and network optimisation.

NOTE 8 Other income and other expenses

Income and expenses not regarded as part of regular operational performance are presented on a separate line as other income and other expenses in Telenor. It includes gains and losses on disposal of PPE and other non-current assets, restructuring costs, losses from onerous contracts and fines concluded in legal disputes.

Accounting policies

Other income and other expenses are items that are not regarded as part of regular operational performance. The purpose of presenting these items on a separate line is to enable comparison of profitability between periods. It includes gains and losses on disposal of non-current assets such as property, plant and equipment (PPE) and intangible assets. It also includes gains and losses from sale of subsidiaries, unless the sale is presented as discontinued operations. Restructuring costs are included to the extent they qualify as a restructuring in IAS 37. Costs related to reduction of personnel is only included when they relate to the time the employee no longer render services to Telenor. Costs for loss contracts are included when they qualify as onerous contracts under IAS 37. Fines concluded in legal disputes are included, whereas settlements on legal disputes are only included in other income and expense when they relate to the business as a whole and are non-recurring in nature.

Other income and other expenses

NOK in millions	2022	2021
Gains on disposals of property, plant and equipment (PPE), right-of-use assets and operations	1 954	144
Other	50	28
Total other income	2 004	172
Losses on disposals of property, plant and equipment (PPE), right-of-use assets and operations	(462)	(464)
Expenses for workforce reductions, onerous contracts and other	(800)	(1 462)
Total other expenses	(1 261)	(1 926)

For the year 2022, total other income consisted mainly of NOK 1.7 billion gain on divestment of fixed non-core assets and NOK 95 million related to gain on sale of licenses in Telenor Sweden. Total other expenses consisted mainly of workforce reductions (of which NOK 392 million in Telenor Norway and NOK 180 million in Grameenphone) and NOK 150 million damaged fixed assets in a fire in dtac.

In 2021, total other expenses consisted mainly of a fine from the Norwegian Competition Authority (NOK 788 million), losses on termination of leases in dtac (NOK 138 million) and workforce reductions (of which NOK 338 million in Grameenphone and NOK 168 million in Telenor Norway).

Financial income in Telenor includes interest income on cash and cash equivalents as well as customer credit. The interest expenses mainly relate to bonds, derivatives, and other borrowings in addition to lease liabilities. Other financial items include foreign currency gains and losses and change in fair value of hedging instruments and hedged items.

Accounting policies

Interest expenses related to bonds, commercial papers, bank loans and bank overdrafts are recognised at amortised cost using the effective interest-rate method. Foreign currency gains and losses arise from monetary assets and liabilities denominated in foreign currencies translated to the functional currency. All exchange differences are recognised in the income statement except exchange differences on foreign currency borrowings and monetary items that provide an effective hedge against a net investment in a foreign entity. These gains and losses are recognised in other comprehensive income until the disposal of the net investment or settlement of the monetary item, at which time they are recognised in the income statement. Dividend income from investments is recognised when the Group's rights to receive payment have been established (declared by the General Meeting or otherwise) and classified as financial income.

Financial income and expenses

NOK in millions	2022	2021
Interest income on cash and cash equivalents	290	279
Other financial income	162	137
Total financial income	452	417
Interest expenses on financial liabilities ⁴⁾	(2 640)	(2 485)
Other financial expenses	(1 132)	(498)
Total financial expenses	(3 772)	(2 983)
Foreign currency gains	1 644	2 451
Foreign currency losses	(5 028)	(3 521)
Net foreign currency gains (losses)	(3 384)	(1 070)
Net change in fair value of financial instruments at fair value through profit or loss	592	201
Net change in fair value of hedging instruments and hedged items	(200)	(44)
Net gains (losses and impairment) on financial assets and liabilities	1	7
Other changes	393	165
Net financial income (expenses)	(6 312)	(3 472)

⁴⁾ Includes interest expenses on lease liabilities, see note 16 for more information.

In 2022, interest expenses related to interest-bearing debt amounts to NOK 1.6 billion, an increase of NOK 0.1 billion compared to 2021. This increase is mainly explained by higher interest rates. Further, interest expenses on lease liabilities amounts to NOK 1.1 billion in 2022 and 2021. Other financial expenses for 2022 includes provision for regulatory disputes in Bangladesh.

Net foreign currency losses were NOK 3.4 billion in 2022, compared to losses of NOK 1.1 billion in 2021. The net foreign currency losses in 2022 was mainly related to translation of debt denominated in USD used for economic hedges of assets, USD liabilities in Pakistan as well as internal loans in SGD within Telenor Group. The net foreign currency losses in 2021 was mainly related to translation of debt denominated in USD used for economic hedges of assets and USD liabilities in Pakistan.

Telenor is in a payable tax position in most jurisdictions. Nevertheless, Telenor had a net tax income in 2022 of 27.1% as a result of favourable development in a tax dispute in Norway and realisation of tax losses from restructuring of shareholdings in Asia. Telenor is involved in several legal proceedings and discussions related to its tax position where the outcome is uncertain. Uncertain tax positions may require significant judgment including assessment of future taxable profits and estimating the outcome of significant tax disputes.

Accounting policies

Telenor bases its assessment of taxable income on interpretation of relevant laws and regulations, and when it is considered as probable that the tax treatment will be sustained in a tax review. Current tax assets and liabilities are measured at the amount expected to be recovered or paid to the tax authorities. Deferred tax assets and liabilities are calculated using the liability method where deferred taxes are recognised on the difference between the tax base and the carrying amount of the assets and liabilities, including tax losses carried forward. Deferred tax assets and liabilities are not recognised on goodwill or on investments in subsidiaries, associates, or joint ventures where the timing of the reversal can be controlled, and it is probable that the temporary difference will not be reversed in the foreseeable future. Deferred tax assets are only recognised to the extent it is more likely than not that the tax assets will be utilised. Deferred tax assets and liabilities are offset when there is a legally enforceable right, Telenor is capable to and intends to settle on a net basis. The enacted tax rates at the end of the reporting period and undiscounted amounts are used. A change in deferred tax assets and liabilities because of change in tax rates is recognised in profit or loss, except when it relates to items that previously was recognised in other comprehensive income or directly in equity. Deferred tax is provided for undistributed earnings in subsidiaries when distribution is expected in foreseeable future. Deferred tax for undistributed earnings in associated companies is provided for as the timing of the reversal of the temporary differences cannot be controlled by Telenor.

Key judgments and estimates

Significant judgements are required when assessing uncertain tax assets, like tax losses carried forward. Such judgment may include assessment of taxable profits in futures years as well as tax planning strategies and the existence of taxable temporary differences. Entities with a history of recent losses need convincing evidence that sufficient future taxable profit will be generated before a tax asset is recognised. Uncertainty related to new transactions and events and the interpretation of new tax rules may also affect these judgements.

Telenor is involved in various legal proceedings, disputes and claims related to its income tax positions where the outcomes is subject to significant uncertainty. The management assessment may include interpretation of relevant laws, regulations, and the outcome of similar tax disputes in the same jurisdiction, expert opinions from external tax advisors and communication with the tax authorities. A tax provision is recognised when an unfavourable outcome is considered probable, and a reliable estimate can be made. In Norway, a formal decision made by the tax authorities or lower courts is presumed to represent the best estimate for accounting purposes unless expert opinions can point to errors clearly indicating that the tax assessment is incorrect. The tax provision is updated whenever the assumptions change. Tax disputes are disclosed in this note if they are considered significant for Telenor. See also note 23 Legal Disputes and contingencies.

Income tax expense

NOK in millions	2022	2021
Profit before taxes	10 732	13 723
Current taxes	(411)	(5 864)
Deferred taxes	3 325	855
Income taxes	2 914	(5 008)

Current taxes

In 2022 current taxes are impacted mainly by current tax income of NOK 3.1 billion in Norway (see below reversal of tax expense for the India guarantee for Unitech Wireless, reversal of tax provision in Norway related to losses on loans and guarantees, and prior year assessments or adjustments on current tax) and current tax expense of NOK 2.3 billion in Bangladesh. Current taxes in 2021 were impacted mainly by a fine paid by Telenor to the Norwegian Competition Authority (NCA) for a claim on an alleged breach of the prohibition against abuse of a dominant position (see comments below on NCA case).

Deferred taxes

In 2022 deferred taxes are impacted mainly by NOK 2.1 billion in Norway, mainly due to realisation of tax losses related to an internal legal restructuring in Asia, and NOK 1.1 billion in Pakistan mainly related to the impairment of fixed assts.

Effective tax rate

The table below reconciles the reported income tax expense to the expected income tax expense according to the Norwegian corporate income tax rate of 22%. It also discloses the main elements of the tax expense. Comments are provided on selected line items in the table below.

NOK in millions	2022	2021
Income tax expense at corporate income tax rate in Norway 22%	(2 361)	(3 019)
Effect of tax rates outside Norway different from 22%	(625)	(1 135)
Effect of changes in tax rates	13	-
Current and deferred taxes on retained earnings and dividend in subsidiaries and associated companies	(70)	(98)
Tax income from restructuring in Asia	3 136	
Reversal of tax expense for the India guarantee for Unitech Wireless	2 491	
Divestment of fixed non-core assets in Telenor Sweden	356	
Reversal of tax provision in Norway related to losses on loans and guarantees	330	
Fine imposed by NCA		(173)
Other items	(594)	(624)
Prior years assessments or adjustments on current tax	297	34
Deferred tax assets not recognised current year	(66)	1
Change in previously not recognised deferred tax assets	6	6
Income taxes	2 914	(5 008)
Effective tax rate in %	-27.1	36.5

Tax rates outside Norway different from 22%

Effects are mainly related to Grameenphone Ltd. (Bangladesh: 40%) and Telenor Pakistan (33%) having higher nominal tax rates than the nominal tax rate for Norway. Telenor Sweden (20.6%), DNA (Finland: 20%) and dtac (Thailand: 20%) have lower nominal tax rates.

Effect of changes in tax rates

Pakistan enacted an increase of their corporate income tax rate from 29% to 33% in 2022.

Current and deferred taxes on retained earnings and dividend in subsidiaries and associated companies

Includes current taxes on dividends received, as well as change in deferred tax liability (primarily withholding tax) recognised on undistributed earnings in subsidiaries and associated companies outside of Norway. Deferred taxes on retained earnings in foreign subsidiaries are provided for in full as of 31 December 2022 and 2021.

Tax income from restructuring in Asia

As a part of Telenor's new strategy, an internal restructuring process has been initiated to form a new Singapore holding company for all Asian mobile operations. Telenor India is not a part of the strategy for Asia going forward, and therefore the company holding the interests in India has been transferred from Telenor Mobile Communications AS to Telenor Communications II AS. A deductible tax loss of NOK 14.3 billion was realised for Norwegian purposes by the transaction. The deductibility is based on an advanced binding ruling from Norwegian tax authorities.

Reversal of tax expense for the India guarantee for Unitech Wireless

In 2012, Telenor ASA recorded a loss after having repaid, as guarantor, all Unitech Wireless' interest-bearing borrowings, amounting to NOK 10.6 billion. A deferred tax asset of NOK 2.5 billion was recognised. In 2013, the business transfer from Unitech Wireless to Telenor India was completed, and Telenor ASA deducted NOK 9.3 billion as loss on guarantees in its tax filing. In 2019, Telenor ASA has received a reassessment order from the Norwegian tax authorities disallowing deduction for the loss, which increases previous years' current income tax with NOK 2.5 billion in 2019. The decision was upheld by the Tax Appeal Board. Telenor ASA has appealed the decision to the district court. On 28 March 2022, the district court decided in favour of Telenor ASA, and the tax expense was reversed with NOK 2.5 billion in 2022. The government has appealed the ruling to the Appeal Court, and the appeal is scheduled to be heard in April 2023.

Divestment of fixed non-core assets in Telenor Sweden

Telenor Sweden sold Open Universe and the company's fibre to the home (FTTH) accesses in the single dwelling unit (SDU) segment to Global Connect for a total consideration of NOK 3 billion. The transaction generated a pre-tax gain on disposal of NOK 1.7 billion.

Reversal of tax provision in Norway related to losses on loans and guarantees.

Telenor ASA claimed deductions for losses on loans and guarantees related to the subsidiary Cinclus Technology AS in 2008 with NOK 0.5 billion and in 2011 with NOK 0.7 billion. The Tax Office disallowed deductions for 2008 by decision of 21 December 2016, and for 2011 by decision of 21 February 2018. Telenor ASA appealed the decisions. On 6 June 2022, the Tax Appeal Board decided that Telenor ASA should be allowed deductions, and the tax expense was therefore reversed.

Fine imposed by the Norwegian Competition Authority (NCA)

In 2021 Telenor paid a fine of NOK 0.8 billion to NCA for a claim from 21 June 2018. The claim relates to an alleged breach of the prohibition against abuse of a dominant position related to the pricing model in one mobile wholesale agreement in the mobile market in the period 2010-2014, see note 23 Legal Disputes and contingencies.

Other items

In 2022 non-deductible items are in line with last year.

Prior year assessments or adjustments on current tax

In 2022 it is mainly related to reversal of previous years' current income for pipes and digging costs in Norway.

Tax losses carried forward

Tax losses carried forward in selected countries expire as follows as of 31 December 2022:

NOK in millions	Norway	Denmark	Thailand	Other	Total
2023	-	-	591	-	591
2024	-	-	999	1	1 000
2025	-	-	327	14	340
2026	-	-	516	15	531
2027	-	-	939	20	959
2028 and later	-	-	-	319	319
Not time-limited	12 484	590	379	283	13 737
Total tax losses carried forward	12 484	590	3 751	653	17 477
Of which deferred tax assets have not been recognised	-	154	431	542	1 127
Of which deferred tax assets have been recognised	12 484	436	3 320	111	16 350

Tax losses carried forward in selected countries expire as follows as of 31 December 2021:

NOK in millions	Norway	Denmark	Thailand	Other	Total
2022	-	-	139	-	139
2023	-	-	2 063	1	2 064
2024	-	-	938	1	939
2025	-	-	305	2	307
2026	-	-	700	14	714
2027 and later	-	-	-	334	334
Not time-limited	-	735	366	242	1 344
Total tax losses carried forward	-	735	4 512	594	5 841
Of which deferred tax assets have not been recognised	-	146	427	485	1 059
Of which deferred tax assets have been recognised	-	589	4 085	109	4 782

In 2022, tax losses carried forward, before and after valuation allowance, increased by NOK 11.6 billion, mainly due to recognition of NOK 12.5 billion tax losses carried forward in Norway, partly offset by the utilisation of tax losses in Denmark and Thailand. In 2021, tax losses carried forward, before and after valuation allowance, decreased by NOK 1.6 billion and NOK 1.5 billion, respectively, mainly due to utilisation of tax losses in Denmark and Thailand.

Tax assets recognised on tax losses carried forward

Norway, Thailand and Denmark have recognised tax assets on unused tax losses as the Group expects there will be sufficient future taxable profits available to utilise these losses.

Uncertain tax positions

Pakistan

Telenor Pakistan has received reassessment orders from the Tax Authority concerning deductibility of certain expenses in tax returns and disputing the adjustment of advance income tax paid on import of equipment with a total exposure of NOK 2.1 billion. Telenor Pakistan is of the opinion that the deductibility of these expenses is in accordance with the tax law in Pakistan (also supported by external legal advisors), hence Telenor Pakistan disagrees with the reassessment orders and has challenged the orders, which are pending at various appellate forums.

Norway

In 2012, Telenor ASA recorded a loss on receivables on its Indian subsidiary Unitech Wireless after having repaid, as guarantor, all Unitech Wireless' interest-bearing borrowings, amounting to NOK 10.6 billion. A deferred tax asset of NOK 2.5 billion was recognised. In 2013, after the business transfer from Unitech Wireless to Telenor India was completed, Telenor ASA deducted the actual tax loss of NOK 9.3 billion in its tax return. During 2017 and 2018 Telenor ASA received draft notices of possible reassessment, and Telenor has disclosed an uncertain tax position in its Annual Reports since 2016. On 22 August 2019, Telenor ASA received a reassessment order related to income year 2013, disallowing deduction for the loss Telenor ASA recognised in 2012. Following this reassessment, Telenor ASA recognised a tax expense of NOK 2.5 billion in the third quarter 2019 and paid the amount on 3 October 2019. Telenor ASA disagrees with the tax authorities' position and appealed the reassessment. In a decision received 10 February 2021 the Tax Appeal Board upheld the reassessment. Telenor ASA appealed the decision to the district court. On 28 March 2022, the district court decided in favour of Telenor ASA, and the tax expense was reversed with NOK 2.5 billion in 2022. The government has appealed the ruling to the Court of Appeal, and the appeal is scheduled to be heard in April 2023.

Tax effect of temporary differences and tax losses carried forward as of 31 December

NOK in millions	2022				2021			
	Deferred tax assets	Deferred tax liabilities	Of which deferred assets not recognised	Recognised in the income statement	Deferred tax assets	Deferred tax liabilities	Of which deferred assets not recognised	Recognised in the income statement
Tangible and intangible assets	1 791	(9 269)	(142)	575	1 861	(11 885)	(80)	618
Undistributed earnings in foreign subsidiaries and associated companies	-	(207)	-	128	-	(344)	-	106
Non-current borrowings	4 364	(262)	-	524	4 920	(169)	-	(722)
Other non-current items	761	(994)	-	(48)	1 262	(1 307)	-	121
Total non-current assets and liabilities	6 915	(10 733)	(142)	1 180	8 043	(13 706)	(80)	124
Total current assets and liabilities	2 532	(204)	-	117	2 884	(288)	-	955
Tax losses carried forward	3 757	-	(229)	2 088	1 184	-	(216)	(241)
Valuation allowance recognised in the income statement				(59)				17
Deferred tax recognised in the income statement				3 325				855
Total deferred tax assets/liabilities	13 205	(10 937)	(371)		12 111	(13 994)	(296)	
Net deferred tax assets/liabilities	-	1 897	-		-	(2 179)	-	
Of which deferred tax assets	-	5 536	-	-	-	2 195	-	-
Of which deferred tax liabilities	-	(3 639)	-	-	-	(4 374)	-	-

For 2022, total non-current assets and liabilities decreased by NOK 1.1 billion, and NOK 3.0 billion respectively. Out of those, NOK 1.1 billion, and NOK 2.4 billion respectively are related to the deconsolidation of Digi. Total current assets decreased by NOK 0.7 billion for the same reason. For 2021, the decrease in deferred tax assets is mainly related to the reclassification of Telenor Myanmar as discontinued operations. See also note 12 Held for sale and discontinued operations.

Changes in net deferred tax assets and liabilities

NOK in millions	2022	2021
As of 1 January	(2 179)	(1 990)
Recognised in the income statement	3 325	855
Recognised in other comprehensive income	170	(592)
Recognised directly to equity	(11)	(14)
Acquisitions and disposals of subsidiaries	644	9
Translation differences on deferred taxes	(51)	64
Discontinued operations	-	(511)
As of 31 December	1 897	(2 179)

Recognised in the income statement

For 2022, the change of the amount recognised in the income statement between 2022 and 2021 is related mainly to Norway and Pakistan.

Recognised in other comprehensive income

For 2022, the change of the amount recognised in other comprehensive income between 2022 and 2021 is related to losses on net investment hedges.

Acquisitions and disposals of subsidiaries

For 2022, the change of the amount in acquisitions and disposals between 2022 and 2021 is related to the deconsolidation of Digi, see note 12 Held for sale and discontinued operations.

.NOTE 11 Earnings per share and dividends

The earnings per share (EPS) of NOK 32.09 in 2022 was significantly impacted by the gain from the merger between Digi and Celcom, see further information in note 12. The EPS from continuing operations was NOK 7.85 in 2022 compared to NOK 4.04 in 2021. The dividend policy in Telenor is to aim for a year-on-year growth in nominal dividend per share. The annual dividends are normally paid in two instalments. The Board of Directors has proposed a dividend of NOK 9.40 per share for 2022.

Accounting policies

Earnings per share (EPS) is the amount of profit generated for the financial year attributable to equity shareholders divided by the weighted average ordinary outstanding shares.

The calculations of earnings per share attributable to the ordinary equity holders of Telenor ASA are based on the following net income and share data:

Earnings per share

Net income to equity holders of Telenor ASA

NOK in millions	2022	2021
Net income from continuing operations	10 980	5 651
Net income (loss) from discontinued operations	33 932	(4 123)
Net income from total operations	44 913	1 528

Number of shares

In thousands	2022	2021
Weighted average number of shares for the purpose of basic earnings per share	1 399 458	1 399 458

Basic/Diluted earnings per share

NOK	2022	2021
Basic/Diluted earnings per share from continuing operations	7.85	4.04
Basic/Diluted earnings per share from discontinued operations	24.25	(2.95)
Basic/Diluted earnings per share for total operations	32.09	1.09

Dividends

NOK	2022	2021
Ordinary dividend per share in NOK – paid	9.30	9.00
Ordinary dividend per share in NOK - proposed by the Board of Directors	9.40	9.30

Total dividend of NOK 13.0 billion has been paid and charged to equity in 2022 (NOK 12.6 billion in 2021).

In respect of 2022, the Board of Directors proposed an ordinary dividend of NOK 9.40, to be resolved by the Annual General Meeting on 10 May 2023. The total amount of dividend is estimated to be NOK 13.2 billion based on the outstanding number of shares as of 31 December 2022. The dividend will be split into two tranches of NOK 5.00 and NOK 4.40 per share to be paid out in May 2023 and October 2023, respectively.

Paid ordinary dividends per share was NOK 9.30 in 2022 and NOK 9.00 in 2021.

Dividends paid to non-controlling interests

During 2022, dividends paid to non-controlling interests in subsidiaries amounted to NOK 3.6 billion (NOK 1.2 billion in Digi, NOK 1.6 billion in Grameenphone and NOK 0.7 billion in dtac).

During 2021, dividends paid to non-controlling interests in subsidiaries amounted to NOK 3.2 billion (NOK 1.5 billion in Digi, NOK 1.1 billion in Grameenphone and NOK 0.6 billion in dtac).

In 2022, the merger between Digi and Celcom in Malaysia took place and Telenor got diluted and Digi was deconsolidated as a subsidiary. For historical periods Digi has been re-presented as discontinued operations. After the transaction, Telenor owns 33.1 percent of Digi which is presented as an associated company of Telenor, see note 35. Other entities presented as held for sale and discontinued operations include Myanmar which was sold in March 2022 and Telenor India, which was disposed in 2018.

Accounting policies

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through sale rather than continuing use. This also applies for situations where the Group continues its operations but loses control over the operation. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less cost to sell and presented separately as assets held for sale and liabilities held for sale in the statement of financial position.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the plan will be made or that the plan to sell will be withdrawn. In addition, management must be committed to the plan, and must be expected that the sale will be completed within a year.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. The equity method is discontinued for associated companies classified as held for sale.

A disposal group qualifies as discontinued operation if it is a cash generating unit that has either been disposed of, or is classified as held for sale, and represent a separate major line of business or geographical area of operations. Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the income statement. Discontinued operations are also excluded from segment reporting. All consolidation procedures are still applicable, and only external revenues and expenses are shown as discontinued operations.

Discontinued operations and assets held for sale

Digi

On 30 November 2022, the merger of the telecommunication operations of Celcom and Digi in Malaysia was completed. The new company is named CelcomDigi. On completion, Digi issued 3.96 billion shares to Axiata in addition to a cash payment of NOK 5.4 billion. The share issue diluted Telenor's ownership to 32.47% and Telenor lost control over Digi and Digi was deconsolidated and recognised as an associated company as of 30 November 2022. As part of the transaction to bring Telenor and Axiata to equal ownership, Telenor acquired at the same date 73.4 million shares from Axiata for an amount of NOK 667 million. Telenor's ownership after the transaction is 33.1% and CelcomDigi is accounted for as an associated company.

The gain recognised on the date of losing control over Digi amounts to NOK 32.7 billion. The gain was based on a market value of the combined entity as of opening 1 December 2022, which was NOK 34.1 billion for Telenor's interest in the new company CelcomDigi. Due to CelcomDigi being a listed company and have not yet published their fourth quarter 2022 result, the gain is combined with the net income from Digi for the period October and November 2022. A gain of NOK 450 million related to cumulative translation differences and a loss of NOK 233 million related to net investment hedge items, previously recognised in other comprehensive income, have been reclassified and included in the gain calculation. The success fee to advisors of NOK 155 million has been included in the gain calculation.

Prior to closing of the transaction, Digi obtained funds through external borrowings to finance the cash payment to Axiata. This is reflected as a significant cash inflow in Telenor's consolidated cash flow as financing activities. As Telenor lost control in Digi, the cash balance is derecognised under investing activities in the cash flow statement. The derecognised cash balance of NOK 6.4 billion includes the funding for payment to Axiata of NOK 5.4 billion.

The historical profit (loss) for Digi presented as discontinued operation are as follows:

NOK in millions	2022	2021
Revenue	12 362	13 088
EBITDA	6 026	6 473
EBIT	3 586	3 851
Profit (loss) before tax	3 136	3 361
Income taxes	(1 004)	(731)
Profit (loss) after tax	2 132	2 630
Gain (loss) on disposal after tax	32 652	-
Profit (loss) from discontinued operations - attributable to equity holders of Telenor ASA	34 784	2 630

Telenor Myanmar

On 8 July 2021, Telenor Group entered into an agreement with M1 Group to sell 100 percent of its mobile operations in Myanmar for a total consideration of USD 105 million (approximately NOK 920 million), of which USD 55 million (approximately NOK 480 million) as deferred payment over five years. The transaction corresponded to an implied enterprise value of approximately USD 600 million (approximately NOK 5.2 billion). On 25 March 2022, Telenor completed the sale of Telenor Myanmar following the regulatory approval given 17 March 2022. In line with the sales and purchase agreement, Telenor received USD 50 million (NOK 0.5 billion) at closing and paid USD 4 million as transaction cost. In the third quarter 2022 Telenor received USD 28 million (NOK 0.3 billion) from M1 Group as a final settlement of the transaction, which represented the present value of the remaining USD 55 million deferred payment. The received deferred payment was recognised in the third quarter of 2022. The transaction has impacted the equity of Telenor Group positively with NOK 0.2 billion. However, the reclassification of accumulated losses related to translation differences earlier recognised in other comprehensive income impacted the income statement negatively with approximately NOK 0.8 billion, resulted in a net loss on disposal of NOK 0.6 billion. The derecognition of the cash balance in Telenor Myanmar and the total proceeds received have resulted in a net negative cash flow impact of around NOK 1.4 billion in 2022.

Telenor Myanmar was with effect from the second quarter 2021 presented as assets held for sale and discontinued operations.

The profit (loss) for Telenor Myanmar presented as discontinued operation are as follows:

NOK in millions	2022	2021
Revenue	1 018	4 835
EBITDA	617	2 751
EBIT	617	(5 743)
Profit (loss) before tax	602	(6 185)
Income taxes	(50)	(53)
Profit (loss) after tax	553	(6 238)
Gain (loss) on disposal after tax	(589)	-
Profit (loss) from discontinued operations - attributable to equity holders of Telenor ASA	(36)	(6 238)

Telenor India

On 23 February 2017, the Group entered into an agreement with Bharti Airtel Limited (Airtel), whereby Airtel would take full ownership of Telenor India. The transaction was completed 14 May 2018. The exposure to claims related to the period Telenor owned the business remains with Telenor. A guarantee to Airtel was recognised at fair value as of closing date of the transaction, and subsequent changes to the estimate are recognised on the discontinued operations line in the income statement. During 2022, an additional provision of NOK 0.9 billion plus interests was recognised following reassessment of the demand from Department of Telecommunication (DoT). See note 23 for further information regarding the disputed amount and note 40 for payments made after 31 December 2022.

Summary all disposal groups

The profit (loss) of all disposal groups including Digi and Telenor Myanmar presented as discontinued operations until disposal, and subsequent adjustments:

NOK in millions	2022	2021
Revenue	13 380	17 923
EBITDA	6 643	9 223
EBIT	4 203	(1 892)
Profit (loss) before tax	3 738	(2 823)
Income taxes	(1 054)	(785)
Profit (loss) after tax	2 684	(3 608)
Gain (loss) on disposal after tax	31 248	(515)
Profit (loss) from discontinued operations - attributable to equity holders of Telenor ASA	33 932	(4 123)

The gain on disposal recognised during 2022 are mainly related to Digi which is offset by additional provision and accrual of interest on existing Adjusted Gross Revenue (AGR) provision against demand from Department of Telecommunication (DoT) in India and losses from Telenor Myanmar. The losses on disposal recognised during 2021 was mainly related to Telenor India.

Cashflow related to discontinued operations presented below are from external transactions. Hence, the cash flows for discontinued operations do not reflect these operations as if they were standalone entities.

NOK in millions	2022			2021		
	Digi	Myanmar	Total	Digi	Myanmar	Total
Net cash flow from operating activities	5 451	612	6 063	5 557	2 574	8 130
Net cash flow from investing activities	(7 802)	(2 122)	(9 925)	(1 465)	(256)	(1 721)
Net cash flow from financing activities	2 922	(186)	2 736	(2 912)	(981)	(3 893)
Total cash flows from discontinued operations	570	(1 697)	(1 126)	1 179	1 337	2 516
Effects of exchange rate changes on cash and cash equivalents	38	1	38	23	(229)	(207)
Net cash flows from discontinued operations	608	(1 696)	(1 088)	1 201	1 108	2 309

The major classes of liabilities of the disposal groups classified as held for sale as of 31 December 2022 represents Telenor India with a provision of NOK 4.7 billion. As of 31 December 2021, assets held for sale of NOK 2.2 billion relates to Telenor Myanmar and remaining NOK 0.7 billion relates to Open Universe. Liabilities held for sale includes NOK 2.1 billion related to Telenor Myanmar and NOK 3.4 billion representing the provision for Telenor India:

NOK in millions	31 December 2022	31 December 2021
Assets		
Property, plant and equipment	-	717
Inventory	-	13
Trade and other receivables	-	317
Cash and cash equivalents	-	1 863
Total assets classified as held for sale	-	2 910
Liabilities		
Non-current liabilities	-	23
Current liabilities	4 735	5 557
Total liabilities held for sale	4 735	5 580

Accumulated amounts recognised in Other comprehensive income

The accumulated amounts for discontinued operations recognised in Other comprehensive income within Equity are as follows:

NOK in millions	2022	2021
Digi	-	361
Telenor Myanmar	-	(802)
Telenor India	(652)	(180)
Total gain (loss)	(652)	(621)

This note summarises the most significant cash inflows and outflows during the year, including significant investments and disposals in addition to payments of interest-bearing liabilities and leasing liabilities.

Accounting policies

Telenor presents the statement of cash flows using the indirect method. Cash inflows and outflows are shown separately for investing and financing activities, while operating activities include both cash and non-cash line items. Interest received and paid, and dividends received, are reported as a part of operating activities. Dividends distributed by Telenor ASA and subsidiaries with non-controlling interests are included as a part of financing activities. Value-added tax (VAT) and other similar taxes are regarded as collection of tax on behalf of authorities and are reported net. Discontinued operations are included in the cash flow statement and information about operating, financing, investing cash flows from discontinued operations is shown in note 12.

Changes in net operating working capital

Changes in net operating working capital include changes in accounts receivable and accounts payable related to operating activities, and inventory.

NOK in millions	2022	2021
Inventory	(186)	(319)
Trade and other receivables	(1377)	392
Trade and other payables	174	831
Changes in net operating working capital	(1389)	905

Property, plant and equipment and intangible assets reconciliation of additions and purchases

NOK in millions	2022	2021
Additions to property, plant and equipment and (see note 17)	(13 789)	(14 888)
Additions to intangible assets (see note 15)	(3 092)	(2 816)
Additions to right-of-use assets (see note 16)	(9 963)	(9 015)
Capital expenses incurred as part of assets held for sale	(1 203)	(127)
Lease liabilities	8 871	5 704
Change in estimates for ARO obligations	(856)	(339)
Changes in accounts payable and prepayments	(510)	1 985
Other Adjustments	1 244	50
Purchases of property plant and equipment and intangible assets (cash flow from investing activities)	(19 298)	(19 447)

Cash payments at or before lease commencement date are classified as cash outflows from investing activities. Subsequent payments during the lease term are classified as cash outflows from financing activities.

During 2022, the recognised lease liabilities of NOK 8.9 billion represent the deferred payments of total additions in right-of-use assets of NOK 10.0 billion, NOK 1.1 billion was paid at or before lease commencement date mainly relating to spectrum licences in Grameenphone, Pakistan and Norway, which is classified as cash outflow from investing activities. See note 16 for more information related to leases.

During 2021, the recognised lease liabilities of NOK 5.7 billion represent the deferred payments of total additions in right-of-use assets of NOK 9.0 billion, NOK 3.3 billion was paid at or before lease commencement date mainly relating to spectrum licences in Pakistan (NOK 2.2 billion), Grameenphone and Sweden, which is classified as cash outflow from investing activities. See note 16 for more information related to leases.

Changes in accounts payable and prepayments in 2022 are mainly related to change in capex related payables in Dtac and Grameenphone. Changes in accounts payable and prepayments in 2021 are mainly due to reclassification from prepaid capex to right-of-use licences in Pakistan.

Acquisitions and disposals of subsidiaries, associated companies and joint ventures

The table below shows the effects on the consolidated statement of financial position from disposals of subsidiaries, associated companies, and joint ventures.

NOK in millions	2022	2021
Disposals of subsidiaries, associated companies, and joint ventures		
Associated companies and joint ventures (refer to note 35)	432	(3)
Other non-current assets	15 302	12
Current assets	12 580	-
Liabilities	(24 144)	(1)
Gains (losses) adjusted for translation differences on disposals ¹⁾	34 339	(174)
Sales price	37 916	(166)
Of which non-cash	(34 116)	182
Proceeds received as sale consideration	3 798	17
Cash in subsidiaries disposed of	(8 460)	-
Proceeds from disposal of subsidiaries and associated companies net of cash disposed of	(4 662)	17

¹⁾ In 2022 adjusted for NOK 0.6 billion relating to reclassification of translation differences from other comprehensive income to the income statement (see note 28) the total gain of NOK 34.3 billion mainly relates to deconsolidation of Digi and recognition as an associate, sale of Telenor Myanmar and disposal of fixed non-core assets in Sweden (see note 28, 35 and 12). In 2021, there are no actual disposals, the effects are mainly related to adjustments to disposals made in 2020.

During 2022, disposals of associated companies and joint ventures were mainly related to disposal of the associated company Wave Money, see note 35.

During 2022, disposals of subsidiaries were mainly related to deconsolidation of Digi and recognition as an associate, sale of Telenor Myanmar and disposal of fixed non-core assets in Sweden. During 2021, disposals of subsidiaries were mainly related to disposal of development properties.

The table below shows the effects on the consolidated statement of financial position from acquisition of subsidiaries, associated companies, and joint ventures.

NOK in millions	2022	2021
Purchases of subsidiaries associated companies, and joint ventures		
Investments in associated companies and joint ventures	35 089	393
Total purchase price and capital injections	35 089	393
Of which non-cash	(34 098)	(5)
Cash payments related to acquisitions	(991)	(391)
Purchases of subsidiaries associated companies and joint ventures net of cash acquired	(991)	(391)

During 2022, investments in associated companies and joint ventures are mainly related to deconsolidation of Digi and recognition as an associate, Telenor's acquisition of 73.4 million shares from Axiata and capital injection in Telenor Microfinance Bank Limited (TMB), see note 35.

During 2021, investments in associated companies and joint ventures are mainly related to capital injection in Telenor Microfinance Bank Limited (TMB), see note 35.

Reconciliation of interest bearing liabilities

NOK in millions	2022			2021		
	Interest-bearing liabilities	Lease liabilities	Total	Interest-bearing liabilities	Lease liabilities	Total
Balance as of 1 January	97 087	35 077	132 164	105 923	44 882	150 805
Cash flow from Financing activities						
Proceeds from borrowings	20 956	-	20 956	26 470	-	26 470
Repayments of borrowings	(21 044)	-	(21 044)	(29 399)	-	(29 399)
Payments of lease liabilities related to spectrum licences	-	(2 483)	(2 483)	-	(2 871)	(2 871)
Payments of lease liabilities related to other lease contracts	-	(5 589)	(5 589)	-	(5 955)	(5 955)
Net cash flow from financing activities	(88)	(8 072)	(8 159)	(2 930)	(8 826)	(11 756)
Change due to hedge accounting	(585)	-	(585)	(1 160)	-	(1 160)
Effects from exchange rate fluctuations	5 138	744	5 882	(4 915)	(2 227)	(7 142)
Net interest paid/accrued	205	277	483	(10)	353	343
Acquisitions	-	-	-	-	-	-
Disposals	(10 490)	(5 359)	(15 849)	(22)	-	(22)
New lease contracts	-	8 871	8 871	-	5 704	5 704
Termination and reassessment of lease contracts	-	(589)	(589)	-	(4 076)	(4 076)
Classified as liabilities held for sale	-	-	-	-	(733)	(733)
Other	627	141	767	201	-	201
Other changes	(5 106)	4 085	(1 020)	(5 906)	(979)	(6 885)
Balance as of 31 December	91 893	31 091	122 984	97 086	35 077	132 164
Non-current liabilities	82 724	24 417	107 141	87 811	28 101	115 911
Current liabilities	9 169	6 674	15 843	9 276	6 977	16 253

Cash flow from financing activities consists of proceeds from and repayments of borrowings, including repayments of principal portion of lease liabilities. Net cash outflow from financing activities excluding repayments of lease liabilities amounted to NOK 0.1 billion in 2022 compared to NOK 2.9 billion in 2021, mainly explained by no bond issuances under the EMTN program in 2022 (see note 30).

Cash payments related to lease contracts

NOK in millions	Classification in cash flow statement	2022	2021
		Payments of lease liabilities – principal portion	Financing activities
Payments of lease liabilities – interest portion	Operating activities	1 060	1 029
Payments of variable, short term and low value leases	Operating activities	3 074	3 540
Prepayments made at or before lease commencement	Investing activities	803	1 202
Total cash outflow		13 009	14 597

Repayments of the principal portion related to total lease liabilities in 2022 of NOK 8.1 billion (NOK 8.8 billion in 2021) include instalment payment of spectrum licences of NOK 2.5 billion (NOK 2.9 billion in 2021) and repayments of other leases of NOK 5.6 billion (NOK 6.0 billion in 2021). The instalment payments of spectrum licences in 2022 and 2021 were mainly in dtac, Norway and Pakistan. Lease payments related to other lease contracts were mainly in dtac, Sweden, Digi, Pakistan and Grameenphone in 2022 whereas in 2021 it was mainly in dtac, Sweden, Digi, Myanmar, Pakistan.

Repayments of the interest portion of total lease liabilities in 2022 of NOK 1.1 billion include repayments of interest related to spectrum licences of NOK 0.4 billion (NOK 0.3 billion in 2021) and repayments of interest related to other lease contracts of NOK 0.7 billion (NOK 0.7 billion in 2021).

Payments of variable, short term and low value leases of NOK 3.1 billion include variable lease payments of NOK 3.0 billion and payments of short term and low value leases of NOK 0.2 billion.

Prepayments of investing activities of NOK 0.8 billion in 2022 mainly related to payments made at or before acquisition of spectrum licences of NOK 0.3 billion in Norway for the bands of 2500-2690 MHz and 3400-3800 MHz and NOK 0.3 billion in Grameenphone for the bands 2.6 GHz.

Goodwill relates to excess values that has not been allocated to other assets in business combinations. Goodwill typically represents the value of synergies, employees and other assets that do not qualify for recognition as separate identifiable assets according to IFRS. Goodwill is not amortised but tested for impairment together with other assets in cash-generating units, refer to note 18 for further information about impairment of assets.

Accounting policies

Goodwill arises in business combinations as the difference between the consideration and the acquired business' identifiable assets and assumed liabilities at the acquisition date. Assets and liabilities are generally recognised at fair value, except for non-current assets classified as held for sale and deferred taxes which are recognised at nominal value. The fair value of any previously held equity interests and the amount of any non-controlling interest is also included when determining the amount of goodwill.

Key judgments and estimates

The fair value assessment of assets and liabilities in a business combination usually include significant judgments and estimates, as valuation techniques can include assumptions on future revenues, net income, outcome of legal claims and many other variables. Telenor always use external valuation experts to assess the fair value of assets and liabilities in significant business combinations. Further, the impairment testing of goodwill includes a variety of key judgments and estimates made by management. See further description in note 18 Impairment.

Origination of goodwill

The table below illustrates where the goodwill has originated and the development in carrying amounts.

NOK in millions	Telenor Sweden	dtac Thailand	DNA Finland	Other ¹⁾	Sum
Accumulated cost					
As of 1 January 2021	6 771	3 572	17 401	1 504	29 248
Translations differences	(455)	(249)	(807)	(7)	(1518)
As of 31 December 2021	6 317	3 323	16 594	1 497	27 730
Translations differences	(187)	241	901	4	958
Derecognised on disposal of subsidiaries	(475)	-	-	(604)	(1079)
As of 31 December 2022	5 655	3 564	17 495	896	27 609
Accumulated impairment					
As of 1 January 2021	(278)	-	-	(24)	(301)
Translations differences	19	-	-	-	19
As of 31 December 2021	(259)	-	-	(24)	(283)
Translations differences	8	-	-	-	8
As of 31 December 2022	(251)	-	-	(24)	(275)
Carrying amount					
As of 31 December 2022	5 403	3 564	17 495	873	27 335
As of 31 December 2021	6 057	3 323	16 594	1 473	27 448

¹⁾ Other includes primarily Digi (Malaysia) and Telenor Norway.

A significant part of intangible assets relates to software either acquired individually, generated internally or acquired in business combinations. Intangible assets also include customer bases and trademarks in addition to other intangible assets.

Accounting policies

Intangible assets acquired individually are measured initially at cost and recognised as an intangible assets when the Group has control over the asset, future economic benefits are expected to flow to the Group and the cost can be measured reliably. The cost to be capitalised as part of the assets includes direct and incremental costs and, for qualifying assets, borrowing costs. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. Following that initial recognition, intangible assets are carried at cost less accumulated amortisation and any impairment losses. The straight-line amortisation method is used for most intangible assets as this best reflects the consumption of the assets. The amortisation period for a customer base is the expected lifetime of the customer relationship, and the amortisation method is based on historical experience of churn (customers ending their relationship) for the different businesses. The useful lives and amortisation methods are reviewed at least annually. Refer to note 18 for further information about impairment.

Key judgments and estimates

Amortisation expenses are based on management's estimates of amortisation method, useful life and residual value. Estimates may change due to technological developments, changed competition or market conditions, geopolitical developments and other factors. In particular, technological developments are difficult to predict as trends and pace of development may change over time. Estimated useful lives for similar types of assets may vary between different entities due to factors such as growth rate, maturity of the market, history and expectations for replacements or transfer of assets, climate and quality of the technology used. A change in estimated useful life is a change in accounting estimate, and amortisation plans are adjusted prospectively. Refer to note 18 for further information about impairment.

Intangible assets

NOK in millions	Customer base	Trade-marks ¹⁾	Software acquired	Internally generated software	Others	Work in progress ²⁾	Total
Accumulated cost							
As of 1 January 2021	2 560	6 372	19 762	4 253	2 097	1 894	36 938
Reclassifications ³⁾	-	-	1 386	700	(423)	(2 053)	(391)
Additions	-	-	1 111	-	99	1 379	2 589
Additions internally developed	-	-	-	219	8	-	227
Translation differences	(114)	(331)	(518)	(103)	(92)	(40)	(1 199)
Derecognition	(77)	-	(871)	(392)	(250)	(1)	(1 592)
Reclassified to assets held for sale	-	-	(361)	-	-	-	(361)
As of 31 December 2021	2 369	6 041	20 510	4 677	1 438	1 178	36 212
Reclassifications ³⁾	-	-	1 017	415	31	(1 448)	15
Additions	-	-	1 129	-	36	1 819	2 984
Additions internally developed	-	-	-	99	9	-	108
Translation differences	87	356	81	(26)	(21)	1	478
Derecognition	-	(158)	(2 752)	(153)	(378)	(275)	(3 716)
As of 31 December 2022	2 456	6 240	19 985	5 011	1 115	1 275	36 081

Accumulated amortisation and impairment

As of 1 January 2021	(1 064)	(3 086)	(16 309)	(3 552)	(1 703)	(2)	(25 716)
Reclassifications ³⁾	-	-	-	(40)	230	-	190
Amortisation - continuing operations	(247)	-	(1 955)	(504)	(188)	-	(2 894)
Amortisation - discontinued operations	-	-	(184)	-	-	-	(184)
Impairment - discontinued operations	-	-	(140)	-	-	-	(140)
Translation differences	50	178	420	62	88	-	798
Derecognition	77	-	855	383	250	2	1 569
Reclassified to assets held for sale	-	-	361	-	-	-	361
As of 31 December 2021	(1 184)	(2 907)	(16 954)	(3 651)	(1 323)	-	(26 018)
Reclassifications ³⁾	-	-	1	-	3	-	4
Amortisation - continuing operations	(238)	-	(1 984)	(604)	(70)	-	(2 898)
Amortisation - discontinued operations	-	-	(173)	-	-	-	(173)
Impairment - continuing operations	-	-	(29)	-	-	-	(30)
Translation differences	(40)	(189)	(17)	10	23	-	(214)
Derecognition	-	147	2 273	138	378	-	2 936
As of 31 December 2022	(1 463)	(2 949)	(16 884)	(4 108)	(990)	-	(26 392)

Carrying amount

As of 31 December 2022	993	3 291	3 101	904	125	1 275	9 689
As of 31 December 2021	1 185	3 134	3 556	1 026	115	1 178	10 195
Amortisation periods in years	3-20	-	3-7	3	3-5	-	-

¹⁾ Trademarks have indefinite useful lives.

²⁾ The Additions line items represent net additions of work in progress during the financial year. Work in progress capitalised and activated within the same financial year is shown as Additions in the relevant asset categories in this table.

³⁾ Including reclassifications to/from other lines in the statement of financial position which are not a part of this table.

Telenor has chosen to account for the right to use the spectrum as a lease, where the identified asset is the frequency band that is exclusive for Telenor in the lease period. Telenor also leases passive infrastructure such as towers and cables in addition to land and property. Refer to 29 for more information about lease liabilities.

Accounting policies

A lease liability and a right-of-use asset is recognised at commencement date in lease contracts where Telenor has the right to direct the use and obtains substantially all the economic benefits from the use of an identified asset. For spectrum contracts, Telenor has chosen to account for the right to use the spectrum as a lease, where the identified asset is the frequency band that is exclusive for Telenor during the lease period. Lease payments on short-term leases (less than 12 months) and low-value asset leases (mainly office equipment) are generally expensed on a straight-line basis over the lease term. The short-term exemption does not apply to spectrum leases or leases with purchase options.

The lease liability represents the net present value of lease payments over the lease period and include fixed payments, in-substance fixed payments, non-lease components, residual value guarantees and lease incentives. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised and termination penalties when termination is expected. Variable lease payments such as licence payments based on revenue sharing arrangements are expensed as incurred.

The incremental borrowing rate generally used to determine the net present value is based on the respective country's risk-free rate for the term corresponding to the lease term, adjusted for own credit risk. Subsidiaries with external financing use the external borrowing rate corresponding to the lease term.

The non-cancellable lease period is basis for the lease liability, and periods covered by options to extend or terminate the lease are included only when it is reasonably certain the lease period will be extended. The lease liability is remeasured if the lease term or lease payments change, or there are other modifications. Significant amounts paid up-front on spectrum and other lease contracts are recognised as prepayment until commencement date.

Right-of-use assets are measured at cost, less accumulated depreciation and impairments, and adjusted for any remeasurement of lease liabilities. The right-of-use asset includes estimated costs for dismantling and removing the underlying leased asset, restoring the site on which it is located or restoring the underlying leased asset to the condition required by the terms and conditions of the lease. Non-refundable value-added tax is included as initial direct cost. The right-of-use asset is depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets where it is reasonably certain that Telenor will exercise a purchase option at the end of the lease term are not depreciated.

Key judgments and estimates

Determining the lease term can involve significant judgment for lease contracts with extension or termination options, as an assessment of whether or not it is reasonably certain that the lease period will be extended is required. The broader economics of the contract and not only contractual termination payments are basis for such assessment. For lease of land for own towers or leasing of towers from tower companies or other operators, factors considered in particular for assessing the lease term are technology development and potential changes in business models. Based on an assessment of these factors, the lease term for Telenor's leases relating to sites will normally be within a range of 4 to 7 years. This means that the lease term for sites with renewal options shall normally be the higher of a non-cancellable period or within a range of 4 to 7 years. Some sites may be in strategically important locations and it might be more than reasonably certain that the sites will be maintained beyond 7 years. In these exceptional cases, the lease term may be up to 10 years.

Right-of-use assets

Right-of-use assets are classified based on the nature of underlying assets as follow:

NOK in millions	Spectrum licences ¹⁾	Network passive infrastructure	Cables	Land	Buildings	Others	Total
Accumulated cost							
As of 1 January 2021	53 423	20 464	5 851	5 618	4 167	116	89 638
Additions	4 403	2 999	213	748	452	200	9 015
Derecognition	(93)	(1 121)	(191)	(453)	(348)	(40)	(2 246)
Reclassifications	(2)	(326)	-	238	87	-	(2)
Translation differences	(2 930)	(1 405)	(415)	(299)	(157)	-	(5 207)
Reclassified to assets held for sale	(4 563)	(4 414)	(1 403)	(105)	(102)	(6)	(10 594)
As of 31 December 2021	50 237	16 197	4 054	5 747	4 099	270	80 604
Additions	4 845	2 435	1 026	716	816	125	9 963
Derecognition	(766)	(1 258)	(291)	(507)	(330)	(28)	(3 180)
Disposal of companies	(5 729)	(4 157)	(25)	(1 271)	(60)	(2)	(11 243)
Reclassifications	1	(99)	(17)	-	(20)	-	(135)
Translation differences	287	133	(160)	112	73	3	447
As of 31 December 2022	48 875	13 251	4 586	4 797	4 579	368	76 456
Accumulated depreciation							
As of 1 January 2021	(16 264)	(5 276)	(2 272)	(1 646)	(1 321)	(46)	(26 826)
Amortisation - continuing operations	(3 073)	(2 365)	(481)	(769)	(700)	(60)	(7 447)
Amortisation - discontinued operations	(368)	(871)	(133)	(247)	(25)	(2)	(1 646)
Impairment - discontinued operations	(2 542)	-	-	-	-	-	(2 542)
Reassessment of right-of-use assets - discontinued operations	(136)	(2 103)	(720)	(47)	(40)	(1)	(3 047)
Derecognition	93	572	180	278	312	34	1 469
Reclassifications	(3)	15	(2)	4	(14)	-	-
Translation differences	795	391	121	92	70	4	1 473
Reclassified to assets held for sale	4 543	3 651	1 150	89	88	5	9 526
As of 31 December 2021	(16 954)	(5 986)	(2 156)	(2 247)	(1 631)	(66)	(29 040)
Amortisation - continuing operations	(3 341)	(2 289)	(489)	(780)	(723)	(76)	(7 690)
Amortisation - discontinued operations	(281)	(518)	(6)	(219)	(12)	-	(1 036)
Impairment - continuing operations	-	(576)	(93)	(272)	(22)	-	(963)
Derecognition	740	1 010	144	322	332	26	2 574
Disposal of companies	2 869	1 748	20	530	27	2	5 195
Reclassifications	(18)	133	(44)	-	19	-	90
Translation differences	85	(4)	82	(23)	(34)	(2)	105
As of 31 December 2022	(16 900)	(6 482)	(2 540)	(2 688)	(2 043)	(116)	(30 770)
Carrying amount							
As of 31 December 2021	33 283	10 211	1 898	3 500	2 468	204	51 565
As of 31 December 2022	31 975	6 769	2 046	2 109	2 535	251	45 686
Weighted average remaining lease term							
As of 31 December 2021 ¹⁾	-	5	7	5	9	3	-
As of 31 December 2022 ¹⁾	-	5	7	4	9	3	-
Related lease liability disaggregated per class of right-of-use assets							
As of 31 December 2021	14 760	10 134	1 460	4 499	4 024	201	35 077
As of 31 December 2022	14 878	7 082	1 619	3 263	4 004	245	31 091

¹⁾ See table below for overview spectrum licences, including lease term.

For lease of network passive infrastructure (lease of tower space in networks and lease of part of buildings for own towers), land for own sites or towers and lease of buildings for office spaces, equipment and retail stores, lease agreements generally contain termination options or renewal options. These options are used to limit the period to which Telenor is committed to individual lease contracts and to maximise operational flexibility in terms of dynamic network requirements. The remaining non-cancellable period for lease contracts under network passive infrastructure is 3 years on average. The non-cancellable period for lease contracts related to land is 2 years on average, which is mainly driven by non-cancellable lease agreements in Thailand.

As a result of deteriorating macro-economic situation in Pakistan, an impairment of NOK 963 million related to right-of-use assets was recognised in 2022. Please see note 18 for further information. In 2021, due to a worsening security and human rights situation in Myanmar, Telenor made an impairment of the right of use assets and at the same time reassessed the lease term of all the lease agreements in Myanmar, limiting the lease term to one year.

The additions of spectrum licences in 2022 were related to additional spectrum fee of NOK 1.7 billion in Pakistan, which is pursuant to the Supreme Court ruling there the detailed judgement is still awaited, see further below and note 23 for more information. Moreover, the additions were related to acquisition of spectrum under 3500 MHz in Norway, 2100 MHz in Denmark, and 2600 MHz in Grameenphone. The additions of spectrum licences in 2021 were primarily related to renewal of spectrum under the 900 MHz and 1800 MHz bands in Pakistan, acquisition of spectrum under 1800 MHz and 2100 MHz bands in Grameenphone, 3500 MHz band in Sweden and 3500 MHz and 26 GHz bands in Denmark.

In 2022, the additions in network passive infrastructure were mainly related to site leases from towercos in Grameenphone, contract renewal of CAT equipment lease in dtac, tower spaces and part of building for own towers Telenor Norway and Finland. The additions in cables were mainly in Sweden and Grameenphone. The additions in building were mainly related to Telenor Real Estate, Telenor South East Asia Investment Pte Ltd., Telenor Sweden and Telenor Denmark. The additions in land were mainly related to land for own sites in dtac and Pakistan.

In 2021, the additions in network passive infrastructure were mainly related to site leases from towerco in Grameenphone, CAT equipment in dtac, tower spaces and part of building for own towers in Digi and Telenor Norway. The additions in cables were mainly in Sweden. The additions in building were mainly related to dtac and Telenor Infra. The additions in land were mainly related to land for own sites in dtac, Digi and Pakistan.

For lease of spectrum, the agreements are generally non-cancellable. Telenor has not considered periods covered by renewal options even if in some agreements the option to renew exists, given the uncertainty around terms and conditions of renewal of licences.

The following table sets forth the spectrum licences that Telenor holds as of 31 December 2022:

Spectrum (MHz)	Bandwidth (MHz)	Spectrum expiration
Telenor Norway		
700	2x10	2039
800	2x10	2033
900	2x15	2033
1800	2x10 + 2x20	2028/2033
2100	2x20	2032
3500	120	2042
Telenor Sweden		
700	2x10 ¹⁾	2040
800	2x10 ¹⁾	2035
900	2x6 ¹⁾ + 2x5	2025
1800	2x20 ¹⁾ + 2x10 ¹⁾	2027/2037
2100	2x10 ^{1),3)} + 2x9.8 + 5	2025
2600	2x40 ²⁾	2025
3500	100 ¹⁾	2045
Telenor Denmark		
700	2x5 ⁴⁾	2040
800	2x10 ⁴⁾	2034
900	2x10 ⁴⁾	2034
1500	45 ⁴⁾	2042
1800	2x25 ⁴⁾	2032
2100	2x15 + 1x5	2022
2100	2x20 ⁴⁾	2042
2600	2x20 + 10	2030
3500	140 ⁴⁾	2042
26000	600 ⁴⁾	2042
DNA, Finland		
700	2x10	2033
800	2x10	2033
900	2x11.6	2033
1800	2x24.8	2033
2100	2x19.8	2033
2600	2x20	2029
3500	130	2033
26000	800	2033
dtac, Thailand		
700	2x10	2035
900	2x5	2033
1800	2x5	2033
2100	2x15	2027
2300	60 ⁵⁾	2025
26000	200	2035
Grameenphone, Bangladesh		
900	2x7.4	2026
1800	2x7.4	2026
1800	2x7.2	2026
1800	2x5	2033
1800	2x0.4	2026
2100	2x10	2028
2100	2x10	2026
2600	60	2033
Telenor Pakistan		
850	2x10	2031
900	2x4.8	2034
1800	2x8.8	2034
2100	2x5	2029

¹⁾ The licenses are held by Net4Mobility (a joint operation with Tele 2, owned 50% by Telenor).

²⁾ Tele 2 and Telenor transferred their respective licences (2x20 MHz) in the 2600 MHz band to Net4Mobility on 2 July 2012.

³⁾ Telenor transferred 2x10 MHz (out of 2x19.6 MHz) in the 2100 MHz band to Net4Mobility on 25 February 2022.

⁴⁾ The licenses are held by TT Netværket (a joint operation with Telia, owned 50% by Telenor).

⁵⁾ The spectrum is held under capacity agreement with TOT and therefore not part of right-of-use assets.

Telenor Pakistan's 900 MHz and 1800 MHz spectrum licence expired on 25 May 2019, and the renewal fee was set to NOK 4.0 billion (USD 449 million) by the Pakistan Telecommunication Authority (PTA) for an extension period of 15 years. Telenor Pakistan disagreed with the terms and conditions for renewal, primarily on the price. Telenor Pakistan is of the opinion that the renewal price should have been NOK 2.5 billion (USD 291 million), which was the same as for prior renewals for other operators. Accordingly, Telenor Pakistan challenged the terms and conditions for renewal of said licence in Islamabad High Court. On 19 July 2021, the High Court decided the case in Telenor's disfavor. Telenor Pakistan appealed the case to the Supreme Court on 31 August 2021. In December 2021, Telenor Pakistan signed the licence under protest whilst waiting for the Supreme Court's hearing of the case. On 25 May 2022, the Supreme Court rejected the appeal. The new spectrum price is considered a variable lease payment that has become in-substance fixed, and the right-of-use asset and lease liability has been adjusted accordingly. Telenor Pakistan is still waiting for the written Supreme Court decision and will assess to file a review petition. Telenor Pakistan has paid a total of NOK 2.8 billion (USD 314 million excl. interest) of the demanded licence renewal fees. See note 18 for further information about impairment of Pakistan following the Supreme Court ruling.

Lease expenses

Expenses recognised in the income statement related to lease contracts are presented below:

NOK in millions	Classification in income statement	2022	2021
Depreciation of right-of-use assets	Depreciation and amortisation	7 690	7 447
Interest expenses on lease liabilities	Financial expenses (note 9)	1 058	1 053
Variable lease expenses not dependant on index or rate	Other operating expenses (note 6)	2 145	2 057
Variable lease expenses not dependant on index or rate	Cost of materials and traffic charges (note 4)	141	116
Expenses relating to short term leases	Other operating expenses (note 6)	54	116
Expenses relating to low value leases	Other operating expenses (note 6)	13	12
Total		11 103	10 801

Variable lease expenses of NOK 2.3 billion (NOK 2.2 billion in 2021) recognised in other operating expenses include NOK 1.7 billion (NOK 1.8 billion in 2021) related to spectrum and NOK 0.4 billion (NOK 0.3 billion in 2021) related to other lease contracts. Variable lease expenses related to spectrum agreements vary mainly with revenue, as a significant part of the expenses are based on share of revenues under the agreements. Variable lease expenses related to other lease contracts of NOK 0.4 billion (0.3 billion NOK in 2021) represent energy charges paid to lessors as part of the lease agreements for some mobile sites, and the expenses vary with the consumption of energy on those mobile sites.

The majority of the property, plant and equipment (PPE) in Telenor relate to investments in network equipment and infrastructure, including base stations, cables, fiber and radio equipment. Other assets include equipment for cable TV and satellites in addition to buildings, land and administrative assets.

Accounting policies

Property, plant and equipment are recognised at cost less accumulated depreciation and any impairment losses. The cost includes borrowing costs for qualifying assets. If Telenor has a legal or constructive obligation to dismantle, remove and restore a site, an asset retirement obligation (ARO) is recognized with a corresponding increase in the related asset within property, plant and equipment. AROs primarily relate to base stations and installed network and infrastructure equipment in addition to some buildings, refer to note 22 for further information. Estimated useful lives for similar types of assets may vary between different geographical areas due to factors such as growth rate, maturity of the market, history and expectations for replacements or transfer of assets, climate and quality of components used. Estimated useful life, depreciation method and residual value are evaluated at least annually. The straight-line depreciation method is used as this best reflects the consumption of the assets, which often is the passage of time. Residual value is estimated to be zero for most assets, except for some commercial buildings and vehicles that are not expected to be used for the whole economic life. Refer to note 18 for further information about impairment.

Key judgments and estimates

Depreciation expenses are based on management's estimates of depreciation method, useful life and residual value. Estimates may change due to technological developments, competition, changes in market conditions, geopolitical developments, climate change and other factors. In particular, technological developments are difficult to predict as trends and pace of development may change over time. The asset retirement obligation (ARO) is a significant estimate as there is significant uncertainty related to the timing of the removal and restoration of the sites, and also whether the restoration actually will take place. There is also significant uncertainty related to future price development as the work will take place well into the future. See note 22 for further information about the asset removal obligation. Climate changes can potentially lead to destruction of assets from flooding, fires or other natural disasters. Climate changes and increased focus on sustainable businesses may impact technological development, markets and economic or legal environment which are critical estimates in the evaluations of useful lives. A change in estimated useful life is a change in accounting estimate, and depreciation plans are adjusted prospectively. Refer to note 18 for further information about impairment.

Property, plant and equipment

NOK in millions	Local, regional and trunk networks	Mobile telephone network	Subscriber equipment	Switches and equipment	Radio installations	Cable-TV equipment	Buildings	Land	Corporate administrative assets	Satellites	Work in progress ¹⁾	Total
Accumulated cost												
As of 1 January 2021	64 248	40 324	2 651	15 785	46 725	6 502	7 229	686	11 383	5 021	6 814	207 369
Reclassifications ²⁾	1 890	3 014	195	484	3 270	84	(560)	3	(106)	-	(7 839)	436
Additions	1 653	792	752	367	1 784	65	35	2	703	(14)	8 749	14 888
Translation differences	(1 187)	(1 685)	(65)	(403)	(1 920)	(59)	(127)	(28)	(381)	-	(223)	(6 079)
Derecognitions	(869)	(1 645)	(504)	(1 219)	(2 271)	(28)	(155)	(3)	(872)	-	(7)	(7 574)
Reclassified to assets held for sale	(2 064)	(1 564)	(1)	(484)	(3 751)	(272)	(36)	-	(465)	-	(167)	(8 804)
As of 31 December 2021	63 671	39 236	3 028	14 530	43 837	6 293	6 386	660	10 262	5 007	7 326	200 235
Reclassifications ²⁾	1 321	2 496	(15)	283	2 294	34	(548)	(40)	702	-	(6 551)	(24)
Additions	1 842	547	582	361	2 438	48	90	18	771	-	7 093	13 789
Translation differences	542	109	(21)	(47)	397	(19)	30	7	(85)	-	39	953
Derecognitions	(5 420)	(8 952)	(837)	(3 027)	(10 574)	(371)	(464)	(67)	(1 945)	-	(408)	(32 064)
As of 31 December 2022	61 956	33 435	2 737	12 099	38 393	5 985	5 494	578	9 705	5 007	7 500	182 888
Accumulated depreciation and impairment losses												
As of 1 January 2021	(40 166)	(23 439)	(1 431)	(13 642)	(28 912)	(4 252)	(4 797)	(4)	(7 913)	(3 442)	-	(128 001)
Reclassifications ²⁾	(402)	(448)	(9)	(2)	(397)	-	381	1	641	-	-	(236)
Depreciation - continuing operations	(2 705)	(2 924)	(823)	(675)	(4 289)	(395)	(244)	-	(643)	(206)	-	(12 905)
Depreciation - discontinued operations	(297)	(763)	-	(141)	(380)	-	(7)	-	(103)	-	-	(1 691)
Impairment - discontinued operations	(641)	(817)	-	(43)	(1 488)	-	(15)	-	(215)	-	(176)	(3 395)
Translation differences	503	935	48	325	1 180	38	74	1	227	-	-	3 331
Derecognition	862	1 559	504	1 218	2 257	27	123	-	811	-	-	7 361
Reclassified to assets held for sale	1 463	1 562	1	484	3 746	135	36	-	465	-	176	8 067
As of 31 December 2021	(41 383)	(24 335)	(1 711)	(12 475)	(28 283)	(4 447)	(4 451)	(2)	(6 733)	(3 648)	-	(127 468)
Reclassifications ²⁾	(119)	(583)	91	34	39	-	541	-	2	-	-	4
Depreciation - continuing operations	(2 565)	(2 724)	(862)	(674)	(4 353)	(309)	(210)	-	(780)	(202)	-	(12 681)
Depreciation - discontinued operations	(243)	(573)	-	(120)	(225)	-	(6)	-	(65)	-	-	(1 231)
Impairment - continuing operations	(179)	(606)	-	(103)	(399)	-	(108)	(38)	(77)	-	-	(1 509)
Translation differences	(78)	123	15	67	(145)	14	(17)	3	129	-	-	110
Derecognition	4 234	6 259	836	2 657	9 235	369	195	-	1 762	-	-	25 546
As of 31 December 2022	(40 332)	(22 440)	(1 631)	(10 615)	(24 132)	(4 373)	(4 056)	(38)	(5 762)	(3 850)	-	(117 229)
Carrying amount												
As of 31 December 2022	21 623	10 995	1 106	1 485	14 260	1 612	1 438	540	3 943	1 157	7 500	65 659
As of 31 December 2021	22 287	14 901	1 317	2 055	15 554	1 846	1 935	658	3 529	1 359	7 326	72 767
Depreciation periods, years ³⁾	3-30	5-20	3	3-7	5-15	3-15	5-30	-	2-10	17	-	-

¹⁾ The Additions line items represent net additions of work in progress during the financial year. Work in progress capitalised and activated within the same financial year is shown as Additions in the relevant asset categories in this table.

²⁾ Including reclassifications to/from other lines in the statement of financial position which is not a part of this table.

³⁾ Asset categories presented in this movement schedule is an aggregated total from different asset components belonging to a particular category, and the disclosed depreciation rates represent a range of useful lives allocated to components.

Telenor has significant investments in the network and infrastructure required to operate in the telecom industry, such as base stations, networks and radio equipment. Other significant assets include goodwill, customer bases and software. Goodwill is tested for impairment annually or when impairment indicators are present. In 2022, Telenor has recognised impairment of NOK 2.5 billion related to its operations in Pakistan following the adverse ruling of Supreme Court in the licence renewal case.

Accounting policies

Impairment indicators are assessed at each reporting date for individual assets and cash generating units (CGUs), and impairment testing is performed if any indicators are identified. Goodwill, intangible assets with indefinite useful life and intangible assets not yet brought into use are assessed for impairment annually or when impairment indicators are identified. Identification of Telenor's main CGUs is based on the countries where Telenor operates its fixed and mobile operations. The CGU may include both fixed and mobile operations as they are monitored and reported as one operating unit. Goodwill arising from acquisitions are allocated to the respective CGU and included in the impairment test. Fair values are used in the CGU testing when these are available, for example when the CGU is a listed company. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a discount rate based on the weighted average cost of capital (WACC) rate. The WACC reflects current market assessments of the time value of money and the risks specific to the asset or the CGU to which the asset belongs. Impairments are recognised by reducing carrying amount of goodwill first before other assets are reduced on a pro-rata basis. Impairments of goodwill are not reversed.

Key judgments and estimates

Impairment triggers

Significant management judgment is used when assessing impairment triggers at each reporting date. The following factors are assessed: significant fall in market values; significant underperformance relative to historical or projected future operating results; significant changes in the use of the assets or the strategy for the overall business, including assets that are decided to be phased out or replaced and assets that are damaged or taken out of use; significant negative industry or economic trends; significant loss of market share; significant adverse political and/or regulatory development including unfavourable court decisions and significant cost overruns in the development of assets.

Value-in-use

The assessment of value-in-use includes significant management judgments and estimates, including determining the discount rate (WACC), estimating future performance, revenue generating capacity of the assets, margins, prices on future renewals of spectrum licences, political and regulatory risk, required maintenance capex, network costs and technological developments, and assumptions of the future market conditions. There are significant variations between different markets with respect to growth, mobile penetration, average revenue per user (ARPU), market share, inflation, regulatory costs, and technological development, resulting in differences in EBITDA margins, future investments, and long terms growth assumptions. In some markets, certain expenses and capex are denominated in foreign currency and impacted by currency fluctuations. Recessional effects and increased macroeconomic risks may impact the estimates of growth, future performance and discount rates used in estimating recoverable amounts of assets. Discount rates are impacted by several macroeconomic factors including borrowing rates, country risk, inflation assumptions and currency development. For assumptions used, external evidence has been taken into consideration.

Climate-related risks

Telenor is exposed to climate-related physical risks such as potential damage to infrastructure and utilities through the impact of more extreme weather events and rising sea levels. Climate-related regulatory risks include potentially higher operational costs due to increasing carbon taxes and energy/fuel taxes, as well as risks of higher capital expenditures due to a required transition towards the use of renewable energy solutions and energy efficient networks. Climate-related risks are considered in the cash flow projections.

Key assumptions

Cash flows

Discounted cash flow models have been applied to determine the value-in-use for cash-generating units. The cash flows are based on the most recent financial forecasts approved by management. Management has projected cash flows based on financial forecasts and strategy plans covering the period 2023-2025 for DNA and Telenor Pakistan. The cash flows beyond the explicit forecast period have been extrapolated into perpetuity using a constant nominal growth rate to arrive at the terminal value. The estimates of value in use have been compared to market valuation and multiples for peers in the telecommunication business for reasonableness.

Growth rates

The expected growth in revenue, EBITDA, and EBITDA margin for a cash-generating unit is based on historical performance, expected development in the market in which the entity operates and assumptions in terms of development in market share. The growth rates applied in the explicit forecast period converge from its current level experienced over the last few years to the long-term growth level in the market where the entity operates. The growth rates used to extrapolate cash flow projections beyond the explicit forecast period are not higher than the average expected long-term growth in the markets in which the entities operate. In periods with relatively low discount rates, the estimated growth rates used in the projections might be determined significantly below the average expected long term growth observed in the market.

Average revenue per user (ARPU)

ARPU is a measure for average revenue per subscription per month, which is a key component when estimating revenue growth. ARPU is calculated based on mobile revenues from the company's own subscriptions, divided by the average number of subscriptions for the relevant period. ARPU is estimated based on the current ARPU level and expected future market development.

EBITDA margin¹⁾

The EBITDA margin is estimated based on the current margin level and expected future market development. Committed or implemented operational efficiency programmes are included. Changes in the outcome of these initiatives may affect future estimated EBITDA margins.

Capital expenses (capex)¹⁾ and spectrum licences

A normalised level of capex as a percentage of revenues (capex/revenues) is assumed in the long run. Changes in traffic volumes and number of subscriptions during a growth phase will affect the future capex/revenues ratio. Estimated capex reflect the level of capex needed for maintaining current operation. Costs related to future spectrum acquisitions are estimated based on historical levels of spectrum costs compared to revenue included in the assessment of future spectrum prices. Telenor also takes into consideration the development in neighbouring countries and more advanced markets for potential spectrum auctions in emerging markets.

Discount rates

Discount rates are based on Weighted Average Cost of Capital (WACC) derived from the Capital Asset Pricing Model (CAPM) methodology. The cost is derived from its weighted average cost of capital. In economies where the Group considers risk-free yields to be unreliable, the WACC rates used in discounting the future cash flows are based on a US 30-year risk-free interest rate, adjusted with a country risk premium and the inflation differential between the US and the relevant country. The discount rates consider the debt premium, market risk premium, gearing, corporate tax rate, inflation, and asset beta. For cash-generating units in economies with unstable inflation rates, rolling discount rates are applied.

¹⁾ Please refer to page 180 for description of alternative performance measures.

Cash-generating units (CGUs) with significant goodwill

The goodwill allocated to each CGU is shown in note 14. The recoverable amounts for the cash-generating units with significant goodwill have been determined based on the following discount rates and terminal value nominal growth rates for the years 2022 and 2021:

	Discount rate after tax (%)		Discount rate pre-tax (%)		Nominal growth in cash flow in terminal value (%)	
	2022	2021	2022	2021	2022	2021
Telenor Sweden	6.7	5.0	8.5	6.4	1.9	0.0
DNA	6.8	5.0	8.5	6.3	2.3	0.75

In the recoverable amount assessment, the Group has applied estimated cash flows after tax and corresponding discount rates after tax. The recoverable amounts would not change significantly if pre-tax cash flows and pre-tax discount rates had been applied instead.

The war in Ukraine has generated a sharp increase in energy prices following the shortage of supply, and there is increased risk of supply chain disruption due to escalating trade tension and sanctions. The risk related to continued high energy prices and general inflation caused by the war is reflected in the forecasts used as basis for the value in use calculation.

Impairment in 2022 and 2021

In 2022, Telenor recognised an impairment of assets of NOK 2.5 billion related to Telenor Pakistan as a result of several negative developments. A significant increase in interest rates, country risk premium and market premiums impacted the Weighted Average Cost of Capital. A hike in energy prices and increased global inflation made the outlook for Telenor Pakistan challenging. Further, one of the key assumptions in the assessment at year end 2021 was the outcome of the Supreme Court's hearing related to the renewal fee for the 900 MHz and 1800 MHz spectrum license. On 25 May 2022, the Supreme Court concluded the fee to remain at the level set by the Pakistani Telecommunication Authority, see note 23. In June 2022 Telenor completed an assessment of value in use based on discounted cash flows of Telenor Pakistan with updated earnings projections. As a consequence, an impairment of NOK 2.5 billion was recognised in the second quarter 2022 related to property, plant and equipment, right-of-use assets and intangible assets in the Telenor Pakistan segment. Recoverable amount of the assets was estimated to be NOK 5.8 billion as of 30 June 2022. The impairment assessment, with several scenarios, was updated as of year-end 2022 and no further impairment was recognised. Telenor Pakistan is still sensitive for impairment.

The impairment per class of asset was as follows:

NOK in million	2022
Property, plant and equipment	1 508
Right-of-use assets	963
Intangible assets	29
Total impairments	2 500

Key assumptions applied in the calculation of value in use for Telenor Pakistan as of 30 June 2022 are stated in the table below. During the assessment of Telenor Pakistan, several scenarios related to timing and level of spectrum acquisitions, investment in radio equipment and operational efficiency were prepared. The assessment was based on a weighting of scenarios reflecting the mentioned sensitivities. The weighted key assumptions used in the scenarios are summarised below.

Key assumptions 2022	Telenor Pakistan
Revenue growth during 2022-2027, percent ¹	1.1
EBITDA growth during 2022-2027, percent ¹	1.7
EBITDA margin growth from 2022-2027, percentage points ²	1.7
Capex/revenues in the terminal value, percent	13.5
WACC, percent	From 14.5 to 18.5
WACC used in the testing at year-end 2021, percent	From 11.6 to 15.3
Nominal growth in cash flow in terminal value, percent	4.8

¹ Represents the compound annual growth rate during the period.

² Represents annual growth during the period.

Telenor did not recognise any significant impairments in 2021, except for the impairment recognised for Telenor Myanmar presented as discontinued operations, see note 12.

Sensitive cash-generating units with significant goodwill

Apart from DNA in Finland, the Group believes that no reasonably possible change in any of the key assumptions used for impairment testing would cause the carrying amounts of the cash-generating units with significant goodwill to exceed recoverable amounts. The recoverable amount of DNA has been estimated based on discounted cash flows from current revenue streams and the estimated recoverable amount exceeds the carrying amount by approximately NOK 9.5 billion. Key assumptions used to determine recoverable amount of DNA are listed in the table below:

Key assumptions in 2022	DNA
Revenue growth during 2023-2025, per cent ¹	2.9
Revenue growth in the year used as basis for calculation of terminal value, per cent	2.0
EBITDA growth during 2023-2025, per cent ¹	4.7
EBITDA margin growth from 2023 to 2025, percentage points ²	0.6
EBITDA margin in the year used as basis for calculation of terminal value, per cent	37.0
Nominal growth in cash flow in terminal value, per cent	2.3
Capex/revenues in the terminal value, per cent	13.5
WACC, per cent	6.8

¹ Represents the compound annual growth rate during the period.

² Represents annual growth during the period.

The Finnish market has historically seen a relatively high growth in subscription and traffic revenues. The expected growth in revenue and EBITDA for DNA reflects expectations of continued upselling of existing customers following the 5G rollout, increased market share within the business segment and higher contribution from value added services, supported by DNA's historical performance and external sources of information. Real GDP growth in the Finnish economy is expected to be between 1.5-2.0 % per year in the medium to long-term period, and inflation is expected to be at comparable level. Capex/revenues in terminal value represent normal investment level after 5G roll-out and is in line with historical levels (excluding spectrum). Spectrum prices are assumed to be in line with historical levels.

The following changes in key assumptions, in isolation, would result in the recoverable amount being approximately equal to the carrying amount. Consequential effects of a change in one key assumption on other key assumptions may occur. Predicting any interaction between them involves significant uncertainties and judgements, and thus has not been done. Changes beyond those described below may lead to impairment.

DNA
Decrease in annual revenue growth during 2023-2025 by 1.4 percentage points
Decrease in revenue growth in the year used as basis for calculation of terminal value by 4.3 percentage points
Decrease in annual EBITDA growth during 2023-2025 by 2.8 percentage points
Decrease in annual EBITDA margin growth from 2023 to 2025 by 1.3 percentage points
Decrease in EBITDA margin in the year used as basis for calculation of terminal value by 4.2 percentage points
Increase in WACC by 1 percentage points
Decrease in nominal growth in cash flow in terminal value by 1.1 percentage points
Increase in capex/revenues in the terminal value by 3.4 percentage points

Accounting policies

Trade and other receivables are recognised at fair value including directly attributable transaction costs and subsequently measured at amortised cost using the effective interest rate method. A customer contract asset is recognised when the revenue from contracts with customers exceeds the amounts received, for example when sale of handsets or other customer equipment is recovered through future subscription fee payments. Contract assets are transferred to trade receivables when the rights to payment become unconditional, which is normally when the invoice has been issued. Refer to further information in note 3 Revenues.

Key judgments and estimates

Trade receivables and contract assets are adjusted for provision for impairment in accordance with the expected credit loss model. The simplified approach is applied measuring the loss allowance at an amount equal to lifetime expected credit losses. Impairment for expected credit losses is assessed every reporting period and calculated by considering the historic evidence of the level of bad debt experienced for customer types and the aging of the receivable balance.

Trade and other receivables

NOK in millions	Category	2022	2021
Receivables from contracts with customers		15 245	15 490
Provision for expected credit losses on trade receivables		(894)	(998)
Total receivables from contracts with customers as of 31 December	FAAC ¹⁾	14 352	14 492
Interest-bearing receivables ³⁾		35	1 051
Finance lease receivable ⁴⁾		458	423
Other non-interest-bearing receivables		1 648	2 334
Provision for expected credit losses on other current receivables		(13)	(15)
Total other current receivables as of 31 December	FAAC ¹⁾	2 128	3 793
Contract asset		216	362
Return good asset ⁵⁾		85	71
Governmental taxes and duties		388	685
Prepayments		1 674	2 336
Total other current non-financial assets as of 31 December	NF ²⁾	2 362	3 455
Total trade and other receivables as of 31 December		18 842	21 739

¹⁾ FAAC: Financial assets at amortised cost

²⁾ NF: Non-financial assets and liabilities

³⁾ In 2021, this includes the current portion of the deferred sales consideration receivable from PPF Group for the sale of shares in Telenor Serbia in 2018.

⁴⁾ See note 27 for more information

⁵⁾ Asset for the right to recover returned goods on settling refund liabilities.

As of 31 December 2022, NOK 3.1 billion (NOK 3.1 billion as of 31 December 2021) of trade and other receivables relates to handset instalments not due within one year.

Specification of contract assets

NOK in millions	2022	2021
Balance as of 1 January	362	412
New contract assets during the period less transfer to receivables	93	(41)
Disposal of subsidiaries	(263)	-
Currency and other effects	24	(9)
Balance as of 31 December	216	362

Specification of provision for expected credit losses on trade receivables

NOK in millions	2022	2021
Provision as of 1 January	(998)	(1 268)
Change during the year - continuing operations	(91)	111
Change during the year - discontinued operations	77	55
Disposal of subsidiaries	131	-
Reclassified to assets held for sale	-	49
Currency and other effects	(13)	55
Provision as of 31 December	(894)	(998)
Realised losses for the year - continuing operations	(549)	(629)
Realised losses for the year - discontinued operations	(137)	(203)
Recovered amounts previously provided for - continuing operations	37	39
Recovered amounts previously provided for - discontinued operations	45	46

Specification of the age distribution of trade receivables

NOK in millions	Carrying amount	Not past due on the reporting date	Past due on the reporting date in the following periods:					
			Less than 30 days	Between 30 and 60 days	Between 61 and 90 days	Between 91 and 180 days	Between 181 and 365 days	More than 365 days
As of 31 December 2022								
Trade receivables	15 245	12 567	1 077	263	135	324	347	532
Provision for expected credit losses on trade receivables	(894)	(65)	(42)	(34)	(45)	(129)	(218)	(360)
Total trade receivables	14 352	12 502	1 035	229	89	194	130	172
As of 31 December 2021								
Trade receivables	15 490	12 825	990	239	137	277	399	621
Provision for expected credit losses on trade receivables	(998)	(101)	(43)	(45)	(51)	(135)	(229)	(394)
Total trade receivables	14 492	12 724	947	194	86	142	171	227

For the trade and other current receivables that are not impaired or past due, there are no indicators at the date of the reporting that the debtors will not be able to meet their payment obligations.

NOTE 20 Cash and cash equivalents

Accounting policies

Cash and cash equivalents include bank deposits, fixed rate bonds and commercial papers with original maturity of three months or less which are readily convertible to known amount of cash and subject to insignificant risk.

Cash and cash equivalents

NOK in millions	2022	2021
Cash in the group's cash pool systems	2 667	4 976
Cash outside the group's cash pool systems ¹⁾	7 262	9 777
Cash equivalents ²⁾	-	470
Total cash and cash equivalents in statement of financial position	9 929	15 223
Bank overdraft (part of cash in statement of cash flows)	(252)	(102)
Total cash and cash equivalents in statement of cash flows	9 677	15 121

¹⁾ Includes restricted cash in Grameenphone of NOK 10 million as of 31 December 2022 (NOK 10 million as of 31 December 2021).

²⁾ Related to fixed deposit placements with shorter than 3 months maturity in Digi and Telenor ASA in 2021.

Telenor has established cash pool arrangements where Telenor ASA is the account holder and the other companies in the group are sub-account holders or participants. The cash pool arrangements allow netting of cash positions within the group. Subsidiaries in which Telenor owns less than 90% of the shares are normally not participants in the cash pool arrangements held by Telenor ASA. As of 31 December 2022 the major part of the cash and cash equivalents outside the cash pool arrangements relates to Telenor ASA, dtac and Grameenphone. For 2021 the major part of the cash and cash equivalents outside the cash pool systems relates to Telenor ASA, dtac, Grameenphone and Telenor Pakistan.

Telenor offer several different pension plans to its employees. The most common pension plan is the defined contribution plan where a contribution is made to the employee's individual pension account. This arrangement is in addition to the plans organised by governments providing a basic pension entitlement to all taxpayers. Telenor also has defined benefit plans with future pension obligations that are mostly closed for new members.

Accounting policies

Defined contribution plans

A defined contribution plan is a type of retirement plan where the employer makes contributions on a regular basis to the employee's individual pension account. The benefits received by the employee are based on the employer contributions and gains or losses from investing the capital. Contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

Defined benefit plans

A defined benefit plan is a pension plan where the employer promises an annual pension on retirement based on a percentage of the salary upon retirement and the employee's earnings history, years of service and age. The pension obligations are determined by discounting the estimated future pension cash outflows less the fair value of plan assets. The discount rate is based on interest rates of high-quality corporate bonds denominated in the same currency and with similar maturity as the related pension obligation. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

Current and past service cost in addition to non-routine pension settlements, is presented as salaries and personnel costs, and the net interest expense is recognised as financial expense in the income statement. Remeasurements including actuarial gains and losses and the return on plan assets exceeding the discount rate are recognised in the statement of comprehensive income and are not subsequently reclassified to the income statement.

A plan curtailment is when Telenor is committed to reduce the number of employees in a plan or change the terms, so the employees are entitled to reduced benefits or is no longer eligible for benefits. Past service cost is recognised in the income statement on the earlier of the date of the plan amendment or curtailment or when the related restructuring cost is recognised. Gains and losses on curtailments form part of service cost and are presented as part of other income or other expenses in the income statement.

Defined benefit multi-employer plans (such as the AFP arrangement in Norway) are accounted for as defined contribution plans when insufficient information is available to calculate Telenor's proportionate share.

Key judgments and estimates

The present value of the pension obligations depends on a number of actuarial assumptions, including the discount rate, expected salary growth, inflation and return on assets as well as demographical factors concerning mortality, employee turnover, disability and early retirement. Assumptions about all these factors are based on the situation at the time the assessment is made, whereas it is expected that such factors will change over the long periods for which pension calculations are made. Any changes in these assumptions will affect the calculated pension obligations with immediate recognition in other comprehensive income.

Significant pension arrangements in Telenor

Telenor provides pension plans for employees in Norway which follow the requirements in the Act on Mandatory company pensions. In addition, the Norwegian government provides social security payments to all retired Norwegian citizens. Such payments are calculated by reference to a base amount annually approved by the Norwegian parliament (G-regulation). Benefits are determined based on the employee's length of service and compensation. The cost of pension benefit plans is expensed over the period that the employees render services and becomes eligible to receive benefits.

Telenor Pension Fund, covering the defined benefit plans offered to all employees in Norway, was closed to new members during 2006 and replaced by defined contribution plans with insurance companies.

In Norway, 3 575 of the employees were members of the contribution plan as of 31 December 2022 (3 383 as of 31 December 2021). In 2022, 1 022 of the employees were covered by the defined benefit plans through Telenor Pension Fund (1 135 in 2021). In addition, Telenor Pension Fund paid out pensions to 2 516 persons in 2022 (2 475 in 2021). Telenor Sweden has a defined benefit plan with 588 active members in 2022 (614 in 2021). Other companies outside Norway and Sweden primarily offer contribution plans.

The funded defined benefit plans in Norway have net funds of NOK 858 million as of 31 December 2022 (NOK 618 million in net funds as of 31 December 2021). The current service cost was NOK 178 million in 2022 (NOK 174 million in 2021). Net interest income was NOK 15 million (interest income of NOK 10 million in 2021).

Unfunded defined benefit plans have previously been offered to executive employees. These plans are now closed. As of 31 December 2022, the net defined benefit liability recognised in the statement of financial position was NOK 636 million (NOK 684 million as of 31 December 2021). The service cost was NOK 8 million in 2022 (NOK 8 million in 2021). Net interest cost was NOK 13 million (NOK 11 million in 2021). Telenor does not have a right to use the net funds in the funded plans to settle the obligations under the unfunded plans.

Telenor is member of an agreement-based early retirement plan (new AFP) in Norway. Essentially all the Norwegian employees are entitled to life-long benefits from the age of 62 from this plan, in addition to other plans. The plan is financed through a pooled arrangement, where private sector

employers cover 2/3 of the funding requirements and the Norwegian government covers 1/3. For 2022, the contribution was 2.6% of total salaries between 1 and 7.1 times the base amount (G) (2.5% for 2021). For 2023, the contribution is set to 2.6%. The plan is considered to be a defined benefit multi-employer plan with limited funding and where plan assets are not segregated. The information required to calculate a proportionate share of the plan, and account for the plan as a defined benefit plan, is not available from the plan administrator. Consequently, the plan is accounted for as a defined contribution plan.

The defined benefit plan in Sweden has a net benefit liability of NOK 918 million as of 31 December 2022 (NOK 1 372 million as of 31 December 2021). The service cost was NOK 58 million and net interest cost was NOK 29 million in 2022 (NOK 82 million and NOK 21 million in 2021, respectively). The discount rate used for the pension calculations as of 31 December 2022 was 3.9% (2.0% in 2021) and expected salary increase was set to 3.0% (3.0% in 2021).

For the Norwegian defined benefit plans, the Group applies the K2013 risk table for mortality and a risk table for disability based on historical figures in Telenor Pension Fund (both implemented in 2013). The average expected lifetime in the risk tables is 88 years for men and 91 years for women.

The table below shows the probability of an employee in a certain age group becoming disabled or dying, within one year, as well as expected lifetime.

Age	Mortality %		Disability %		Expected lifetime	
	Men	Women	Men	Women	Men	Women
40	0.1	0.0	0.1	0.1	88	92
50	0.1	0.1	0.2	0.3	88	91
60	0.4	0.3	0.8	1.2	87	91
70	1.1	0.8	-	-	88	91
80	3.8	2.6	-	-	90	92

The plan assets were measured at fair value 31 December 2022 and 31 December 2021. The calculation of the projected benefit obligations (PBO) as of 31 December 2022 was based on the member base at 11 October 2022 (at 20 October 2021).

The actuarial calculations for the Telenor Pension Fund obligations were carried out by independent actuaries. The present value of the projected defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

Employees in Norway that leave Telenor before the age of retirement receive a paid-up policy. Telenor Pension Fund administers some of these policies. This is at the discretion of the Telenor Pension Fund and does not affect Telenor. At the time of issuance of a paid-up policy, Telenor is relieved of any further obligations towards the receiver. The funds and obligations are valued at the time of issuance of paid-up policies and are derecognised from pension obligations and plan assets.

Changes in the defined benefit obligation and fair value of plan assets

NOK in millions	2022			2021		
	Defined benefit obligation	Fair value plan assets	Benefit liability	Defined benefit obligation	Fair value plan assets	Benefit liability
As of 1 January	(10 432)	8 624	(1 808)	(10 231)	7 913	(2 318)
Current service cost	(307)	-	(307)	(337)	-	(337)
Past service cost	-	-	-	26	-	26
Net interest	(227)	185	(42)	(189)	155	(34)
Discontinued operations	-	-	-	-	-	-
Sub-total included in Income Statement	(534)	185	(349)	(501)	155	(345)
Return on plan assets (excluding amounts included in net interest expense)	-	(632)	(632)	-	327	327
Actuarial changes arising from changes in demographic assumptions	(31)	-	(31)	(10)	-	(10)
Actuarial changes arising from changes in financial assumptions	1 421	-	1 421	(65)	-	(65)
Experience adjustments ¹⁾	(96)	-	(96)	15	-	15
Sub-total in Other Comprehensive Income	1 294	(632)	661	(61)	327	266
Effects of business combinations and disposals	(2)	1	(1)	(3)	-	(3)
Contributions by employer	-	323	323	-	448	449
Benefits paid	380	(304)	76	321	(303)	18
Translation differences	65	(26)	39	41	84	125
As of 31 December	(9 230)	8 171	(1 059)	(10 432)	8 624	(1 808)
Of which classified as:						
Pension obligations			(1 919)			(2 429)
Other non-current assets ²⁾			859			620

¹⁾ Telenor does not have a right to use the net funds in the funded plans to settle the obligations under the unfunded plans.

²⁾ Experience adjustments on benefit obligations are the effects of differences between previous actuarial assumptions and what has actually occurred.

Assumptions used to determine defined benefit obligations for Norwegian companies as of 31 December

	2022	2021
Discount rate in %	3.00	1.90
Future salary increase in %	3.00	2.50
Future increase in the social security base amount in %	3.25	2.50
Future turnover in %	3.00	3.00
Future pension increases in %	2.00	1.75
Expected average remaining service period in years	7	7

Telenor has used the Norwegian covered bonds (OMF – Obligasjoner med fortrinnsrett) as basis for the discount rate as of 31 December for both 2022 and 2021 for the Norwegian plans. OMFs are covered bonds issued by mortgage companies owned by Norwegian banks under a well-established legal framework. Generally, bonds with ratings better than AA are considered to be of high quality. Most OMFs have AAA rating.

Components of net periodic benefit cost

NOK in millions	2022	2021
Current service cost	(307)	(337)
Past service cost	-	26
Net interest cost	(42)	(34)
Net periodic benefit costs	(349)	(345)
Contribution plan costs	(707)	(709)
Total pension costs charged to the income statement for the year	(1 056)	(1 054)
Of which reported as other expense (note 8)	(10)	19
Of which reported as pension cost (note 5)	(1 004)	(1 039)
Of which reported as net interest cost (note 9)	(42)	(34)

Sensitivity analysis

The table below shows an estimate of the potential effects of changes in the key assumptions for the defined benefit plans in Norway. The following estimates are based on facts and circumstances as of 31 December 2022. Actual results may deviate materially from these estimates.

NOK in millions	Discount rate		Future salary increase		Social security base amounts		Annual adjustments to pensions		Turnover	
	-1%	+1%	-1%	+1%	-1%	+1%	-1%	+1%	-1%	+1%
Change in % is percentage points										
Changes in:										
Increase (decrease) in benefit obligations	1 279	(989)	(389)	389	89	(132)	(783)	936	42	(84)

Asset categories

Telenor Pension Fund's weighted average asset allocations as of 31 December, by asset category, were as follows:

	2022	2021
Bonds %	61	58
Equity securities %	35	36
Other %	4	5
Total	100	100

The bond investments are in securities issued by the Norwegian government, Norwegian municipals, financial institutions, and corporations. Bonds held in foreign currencies are to a large extent currency hedged. Equity investments are both in Norwegian and foreign securities. There is no currency hedging for investments in foreign equity securities. The category Other consist mainly of investments in Private Equity and Hedge funds.

Contributions in future years

Expected contributions to the Telenor Pension Fund in 2023 is approximately NOK 288 million.

The following table shows expected benefit payments from the Norwegian defined benefit plans in future years:

NOK in millions	
Within the next 12 months (next annual reporting period)	201
Between 2 and 5 years	906
Next 5 years	1 642
Total expected payments next 10 years	2 749

The average duration of the Norwegian defined benefit plans at the end of the reporting period is 15 years.

Telenor makes provisions for legal disputes when they become probable and the amount can be reliably estimated. Provisions are also made for asset retirement obligations representing the removal and restoration cost for infrastructure operated by Telenor. Other provisions relate to restructuring costs and various onerous contracts.

Accounting policies

Provisions such as for asset retirement obligations, workforce reductions, onerous contracts and legal claims are recognised when there is a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value. Asset retirement obligations (ARO) primarily relate to base stations and installed network and infrastructure equipment in addition to some buildings, see note 17. The net present value of the future ARO is discounted using a pre-tax risk-free rate as risks are reflected in the cash flows. Upon recognition of an asset retirement obligation, a corresponding amount is recognised as an increase of the related asset within property, plant and equipment with subsequent depreciation over the useful life of the asset. After the initial recognition, an accretion expense is recognised as finance cost. Any subsequent adjustments of the asset retirement obligation from changes of the removal costs or discount rates will have a corresponding adjustment to the carrying value of the property, plant and equipment.

Key judgments and estimates

Provisions are estimated based on a number of assumptions and are highly uncertain in nature. In particular, the amounts related to legal disputes can be significant and the assessment of probability and the possible outcome include highly judgmental and complex assessments made by management. Further, there is significant uncertainty related to the timing of the asset retirement obligation to occur, as the removal and restoration of the sites will occur well into the future and strategy, technological developments, markets and other factors may impact the timing. There is also significant uncertainty related to the asset removal cost due to uncertain future price development and possibility of negotiations of prices for a large number of removals. Further, there is potentially agreements that relief Telenor from its obligations and also uncertainty as to whether the restoration actually will take place. Due to these uncertainties, the actual costs for legal claims and asset retirement obligations may be significantly different than current estimates.

Non-current provisions

NOK in millions	2022	2021
Provision for workforce reductions and onerous (loss) contracts	334	195
Asset retirement obligations	6 092	7 526
Other provisions	201	250
Total non-current provisions and obligations as of 31 December	6 627	7 971

Current provisions

NOK in millions	2022	2021
Provisions for workforce reduction and onerous (loss) contracts	345	416
Asset retirement obligations	13	12
Other provisions	433	468
Total current provisions and obligations as of 31 December	791	896

Development in provisions

The table below shows the development of provisions during 2022. Provisions for legal disputes are mainly recognised as trade and other payables in the statement of financial position. Provisions made for discontinued operations are disclosed in note 12.

NOK in millions	Legal disputes	Asset retirement obligations	Workforce reduction and onerous (loss) contracts
As of 1 January	3 548	7 538	611
Obligations arising and effects of changes in estimates during the year	952	(1 056)	729
Accretion expense	-	147	-
Amounts utilised	(102)	(175)	(656)
Other changes and translation difference	(793)	18	(4)
Reclassified to liabilities held for sale	-	(367)	-
As of 31 December	3 605	6 105	679

Legal disputes

The increase in provisions during 2022 includes update of provisions for regulatory disputes based on available information from the outcome of court proceedings in Grameenphone. See further information in Note 23 Legal disputes and contingencies.

Asset retirement obligations

The reduction in provisions in 2022 is a result of updated estimates on timing before expected removals and restorations are expected to occur.

Workforce reduction

Provisions for workforce reductions included about 570 employees as of 31 December 2022 compared to about 650 employees the year before.

Telenor is subject to various legal proceedings, disputes and claims including regulatory discussions related to its business, licences and investments. Management makes a provision for legal disputes when an unfavourable outcome is probable and a reliable estimate can be made. The most significant legal disputes are summarised in this note.

Accounting policies

Legal disputes are usually contingent in nature, meaning the possible obligation depends on future events outside the company's control, for example a court decision. Provisions are made for legal claims where an unfavorable outcome is probable and the amount required to settle the dispute can be reliably estimated. Provisions are based on management's best estimate of the amount required to settle the obligation discounted to present value.

Key judgments and estimates

There is significant uncertainty related to predicting the outcome of legal proceedings, disputes and claims. The potential obligations can represent significant amounts, the disputes may involve complex assessments of contracts and legislation, and political and country risk is high in certain disputes. Due to these uncertainties, the future actual costs for legal disputes may be significantly different than current estimates. Management evaluates the degree of probability of an unfavourable outcome and the ability to make a reasonable estimate of the amount of loss. Unanticipated events or changes in these factors may require management to accrue for a matters that become probable or reliable, or change a provision accrued for in a previous reporting period.

Significant legal proceedings, claims and regulatory discussions

Significant legal proceedings, claims and regulatory discussions are summarised below. Some of the cases include a statement that a provision has been made. Cases that do not state that a provision has been made either (a) do not have a provision and the matter is treated as a contingent liability; or (b) a provision has been established but the fact has not been disclosed as it can seriously prejudice our position. Disclosing that a provision has been made to the counterparty would reveal the fact that Telenor believes it is probably that a cash outflow will occur and that that an amount can be reliably estimated. While acknowledging the uncertainties related to these matters, management is of the opinion that based on the information currently available, these matters will be resolved without any material financial adverse effect individually or in aggregate. See note 10 for further information about tax claims and uncertain tax positions. See note 22 for further information about development in legal dispute provisions.

Grameenphone, Bangladesh

BTRC audit

The Bangladesh Telecommunications Regulatory Commission (BTRC) has over several years conducted an information system audit of Grameenphone for the period 1997 to 2014. On 2 April 2019, Grameenphone received a demand notice from BTRC for payment of NOK 8.1 billion to BTRC (NOK 2.2 billion in principal and NOK 5.9 billion in interest), including some matters pending in ongoing formal resolution processes (sub-judice). These claims are unjustified from Telenor's and Grameenphone's position. In addition, BTRC has unauthorised and erroneously claimed NOK 3.9 billion, which mainly is related to an already resolved matter and other sub-judice matters with the National Board of Revenue (NBR). The total demand amounts to NOK 12.0 billion (the Demand). Overall, the Demand is based on allegations that Grameenphone has, amongst other things, underpaid various taxes, such as corporate taxes, SIM tax, VAT, and revenue share from its mobile operation. The Demand is comprised of claims against 26 line items, of which 22 line items are related to BTRC matters and no provision has been recorded based on the Demand dated 2 April 2019, as such. The other four line items are related to the NBR matters, where Telenor and Grameenphone in previous years have recorded provisions based on an assessment of the legal merits of the claims.

On 22 July 2019, BTRC imposed operational restrictions on Grameenphone by stopping No Objection Certificates (NOCs) and approvals on import of products, services, and equipment. Late August 2019, Grameenphone filed both a civil case (title suit) to the District Court contesting the Demand and an injunction application with a request to stay the suspension of NOCs and to restrain BTRC from taking any steps in enforcing the Demand. The District Court rejected the application for injunction. Grameenphone appealed before the High Court Division (HCD) on 17 September 2019. On 17 October 2019, HCD passed an injunction order restraining BTRC, for a period of two months, from taking any steps to realise or enforce the Demand and suspend NOCs for import of equipment/software and approvals of tariff/service packages etc. (the "HCD order"). The HCD order was appealed by BTRC to the Appellate Division of the Supreme Court (AD) and on 24 November 2019 the AD decided that the HCD order shall be maintained, subject to payment of NOK 1.9 billion by Grameenphone; otherwise, the HCD order would stand vacated.

On 20 and 24 February 2020, the AD ordered the payment of the deposit of NOK 1.9 billion to BTRC to be made in two equal instalments within 24 February 2020 and 31 May 2020. Both instalments were paid before the due dates and recognised as non-current financial assets (see note 27). Further, AD directed BTRC to allow Grameenphone to carry on its business without any hindrance and fixed the matter on 31 May 2020 for passing further order. Due to the COVID-19 situation in Bangladesh, the meeting was postponed, and no new date has been set. BTRC has lifted the operational restrictions on the import of equipment/software and approvals of tariff/service packages etc. The original Title suit, where the court is supposed to assess the merits of the Demand, is pending at the District Court. BTRC submitted their response in the title suit in District Court 26 May 2022. The court requested the parties to respond to the commencement of a possible mediation process, pursuant to local law.

One of the claims that BTRC has presented to Grameenphone in the BTRC-case is related to a dispute as to how VAT on the payment of 2G license fee shall be handled. The dispute is whether VAT is included in the license fee or excluded and thereby needs to be added and paid separately. The claim represents an exposure of NOK 0.8 billion, excluding interests and penalty. Grameenphone was under legal obligation to deduct 15% VAT at source from the payment to BTRC, however BTRC stipulated in the License Renewal Guideline to make payment without any deduction. In 2011 the mobile operators in Bangladesh challenged the new guideline before the High Court Division. The High Court Division has directed Grameenphone

to pay 100% of the license fee to BTRC, 15% VAT to the NBR and thereafter exercise a rebate right for VAT. However, the rebate was denied by NBR due to BTRC not being VAT registered. Grameenphone, BTRC and NBR filed appeals against the verdict before the Appellate Division of the Supreme Court (AD) on various grounds.

The hearing started on 26 July 2022 before the AD and the verbal judgement was pronounced on 10 January 2023, disallowing the appeal of Grameenphone and allowing the appeals of NBR (challenging the judgement of Grameenphone's rebate right). Moreover, the appeal of BTRC (challenging the judgement relating to declaring imposition of Market Competition Factor on Spectrum Assignment in 2008 as illegal) has been disposed of, which will be clarified when the written judgement is available. Upon receiving written judgement, Grameenphone will take necessary steps subject for further assessment including the relevant parts of BTRC audit demands.

Singapore and Bangladesh have entered a Bilateral Investment Treaty (BIT) and in October 2019, Telenor Asia Pte Ltd, a Telenor subsidiary being a shareholder in Grameenphone and domiciled in Singapore, sent a notice to the President of Bangladesh to initiate discussions as a first step in an attempt to resolve issues arising from the audit dispute between Grameenphone and BTRC pursuant to the procedural mechanisms in such BIT.

As set out above, Telenor's and Grameenphone's position is that the BTRC claims are unjustified. Grameenphone has performed a detailed assessment and obtained legal advice for each of the line items in the Demand. The errors in the BTRC audit-findings, the unprecedented long period covered by the audit (more than 20 years backwards), the inclusion of already settled/resolved items, the erroneous claim on behalf of third parties and the inclusion of sub-judice items in conjunction with the absence of merit based determination through any solution process, create significant uncertainty about the validity of the demand and outcome of the dispute.

SIM tax on replacement SIM cards

The Large Taxpayer Unit-VAT has issued three notices to Grameenphone claiming SIM tax of in total NOK 1.4 billion (excl. interest) on the replacement of SIM cards issued during three time periods from July 2007 to June 2015. In 2019 and 2020, the VAT Appellate Tribunal gave decisions in Grameenphone's disfavour in two of the three periods (2007-2011 and July 2012-June 2015), representing a total demand of NOK 1.3 billion (excl. interest). Grameenphone has appealed the decisions to the High Court Division of the Supreme Court who passed stay orders on these two decisions by the Tribunal until final adjudication.

Dtac, Thailand

Revenue share and deduction of interconnect expenses in dtac (Thailand)

In January 2021, the two Thailand's state-owned telecom companies TOT Public Company Limited (TOT) and CAT Telecom Public Company Limited (CAT) merged and became National Telecom Public Company Limited (NT). The disputes mentioned below were initiated prior to the merger, as disputes with CAT, but as a result of the merger, NT is now dtac's counterpart in these proceedings.

Dtac is involved in industry disputes with NT related to the calculation of revenue share in the now expired concession. The issue of the disputes is whether dtac had the right to deduct interconnect expenses from its interconnect revenues to be used as basis for calculating the payment of concession fee to NT. Since late December 2019, various arbitration panels have made decisions in dtac's favor and disfavor for concession years 16 to 20. Pursuant to these awards, dtac has an obligation to pay an approximate total amount of NOK 5.3 billion. Dtac has appealed the negative awards to the Central Administrative Court. For the disputes related to concession years 21 to 27 (16 September 2011 to 15 September 2018), NT has previously presented claims of NOK 4.5 billion in total (excl. penalty and interest). During second quarter 2022, the Arbitral Tribunal allowed NT to increase the claimed amount by NOK 0.4 billion, since interconnect revenues dtac received from other telecom operators was higher than the amounts stated in NT's statement of claim.

Revenue share - deduction of excise tax

On 11 January 2008, National Telecom PCL (NT) submitted a claim to the Arbitration Institute in Thailand requesting dtac to make concession revenue sharing payments for the concession period 16 September 2002 to 15 September 2006 amounting to NOK 6.6 billion including VAT and penalties. The basis for the claim is that revenue share paid by dtac to NT was made after deduction of excise tax. Dtac's opinion is that it was entitled to deduct excise tax pursuant to resolutions made by the Thai Council of Ministers on 11 February 2003 and a letter issued by NT on 27 March 2003. On 28 May 2012, the Thai Arbitral Tribunal rendered an award in favor of dtac and dismissed NT's claim. However, on 31 August 2012, NT filed a lawsuit with the Central Administrative Court in Thailand in order to revoke the Arbitral Tribunal's award. On 29 January 2016, dtac was notified by the Central Administrative Court in Thailand that the court had decided the case in dtac's favor. NT appealed the case to the Supreme Administrative Court in Thailand. On 10 January 2023, the Supreme Administrative Court uphold the judgement of the Administrative Court of First Instance to dismiss CAT's statement of claim to revoke the arbitral award requested. The case is thereby closed in dtac's favour.

Foreign ownership

One of dtac's competitors made a number of complaints to the Thai Police and the Thai Ministry of Commerce early in 2011, that dtac is in breach of the Foreign Business Act (FBA) limiting foreign ownership to 49% of the share capital without special governmental permission.

In addition, on 22 September 2011, one of dtac's minority shareholders (holding 100 shares in dtac) filed a complaint against the state agency, National Broadcasting and Telecommunication Commission (NBTC), with the Central Administrative Court in Thailand alleging that NBTC (as an administrative agency) has negligently failed to perform its duties in allowing dtac to operate its telecom business. The Central Administrative Court in Thailand has issued a summons requesting dtac to become a co-defendant in these proceedings. On 26 November 2015, the Central Administrative Court in Thailand ruled that the court cannot revoke dtac's right to operate. However, the court has ordered NBTC to investigate whether dtac is in breach of the FBA. Both NBTC and dtac have filed an appeal to the Supreme Administrative Court in Thailand.

Currently, these two cases are under the consideration of the Royal Thai Police and the Supreme Administrative Court in Thailand. Telenor believes that the ownership structure in dtac was and still is in accordance with Thai law as well as established practices in Thailand.

India

Licences and spectrum

Telenor's previous operations in India are subject to a number of disputes with the Indian Department of Telecommunications (DoT), which remain to be concluded. Telenor has provided guarantees for certain claims to the current owner Bharti Airtel. Refer to note 12 Held for sale and discontinued operations for further information about the guarantee and provisions related to the period Telenor owned the business in India.

One of the disputes relate to the basis for calculation of licence fees and spectrum usage charges for the entire duration of Telenor's operations in India. DoT has issued several revised and new demand notices in the mentioned matter against Telenor's Indian subsidiaries during the last years. In a ruling in the fourth quarter of 2019 and in subsequent court orders in 2020, the Supreme Court of India upheld DoT's view on the determination of the licence fees and spectrum usage. These rulings have bearing on demands amounting to approximately NOK 3.5 billion. Interest accruals on demand notices received will apply and are currently estimated to NOK 0.9 billion for demand notices covered by the Supreme Court orders. For demand notices received, not covered by the Supreme Court orders, there are ongoing reviews performed by DoT and continued dialog between Telenor and DoT. Telenor has settled NOK 0.5 billion of the mentioned demands.

On 2 February 2012, the Indian Supreme Court quashed (cancelled) all 122 2G licences awarded in 2008, including those granted to Telenor subsidiary at the time, Unitech Wireless. The Indian Supreme Court ordered that all such 2G licences and spectrum should be auctioned. The spectrum auction was completed in November 2012 and Telenor, through Telewings, secured spectrum licences in 6 circles. In February 2013, the Indian Supreme Court ordered the payment of retroactive spectrum fees for the licences quashed in February 2012. DoT issued a notice in November 2014 to Unitech Wireless seeking an explanation as to why retrospective spectrum fee payment should not be recovered by DoT pursuant to the February 2013 order of the Indian Supreme Court. Telenor replied to the above notice in December 2014. However, on 14 February 2017, DoT issued a demand notice of NOK 0.9 billion (including interest). Telenor has challenged such demand and the interpretation by DoT of the Indian Supreme Court judgment before the Telecom Disputes Settlement and Appellate Tribunal in India. A stay order is currently in place.

DoT has further issued a notice to 8 entities of Unitech Wireless relating to a financial penalty of NOK 1.3 billion imposed, due to an alleged violation of a merger approval for the Unitech Wireless entities. Telenor has contested the basis for the claim.

Telenor Pakistan

Licence renewal

Telenor Pakistan's 900 MHz and 1800 MHz spectrum licence expired on 25 May 2019, and the renewal fee was set to NOK 4.0 billion by the Pakistan Telecommunication Authority (PTA) for an extension period of 15 years. Telenor Pakistan disagreed with the terms and conditions for renewal, primarily on the price. Telenor Pakistan believed that the renewal price should be NOK 2.5 billion, which is the same as for prior renewals for other operators. Accordingly, Telenor Pakistan challenged the terms and conditions for renewal of said licence in Islamabad High Court.

On 19 July 2021, the High Court decided the case in Telenor Pakistan's disfavour. Telenor Pakistan appealed the case to the Supreme Court on 31 August 2021. In December 2021, Telenor Pakistan signed the licence under protest whilst waiting for the Supreme Court's hearing of the case. On 25 May 2022, the Supreme Court rejected the appeal. The right-of-use asset and lease liability related to this licence has been adjusted accordingly, see further information in note 16. Telenor Pakistan is still waiting for the written Supreme Court decision and will assess to file a review petition. Telenor Pakistan has paid a total of NOK 2.8 billion (USD 359 million excl. interest) of the demanded license renewal fees. See note 18 for further information about impairment of Pakistan following the Supreme Court ruling.

Telenor Norway

ESA

EFTA Surveillance Authority (ESA) and the Norwegian Competition Authority (NCA) initiated an inspection of Telenor Norge AS on 4 December 2012 based on the suspected abuse of a dominant position and/or anti-competitive collaboration in the Norwegian mobile market. On 29 June 2020 ESA issued a decision against Telenor Norway and Telenor ASA with a fine of NOK 1.2 billion for abuse of dominant position in Norway. The investigation has covered a number of issues, but the final decision only concerns the alleged insufficient margins between Telenor's wholesale prices and prices for mobile broadband to residential customers when sold on a stand-alone basis between 2008 and 2012. The case rests on a number of legal, economic, and factual considerations, on which ESA and Telenor have different opinions. Telenor has paid the fine in accordance with the obligation in the decision. Telenor appealed the decision to the EFTA Court on 28 August 2020. On 5 May 2022, the EFTA Court rejected Telenor's appeal and the case is thereby final and closed.

NOTE 24 Trade and other payables

Accounting policies

Trade and other payables relate to amounts owed to suppliers and customer contract liabilities include amounts received from a customer that exceed the revenue recognised, for example prepaid subscriptions. Customer contract liabilities are expected to be realised within in the Group's normal operating cycle and are classified as current.

Trade and other payables

NOK in millions	Category	2022	2021
Trade payables		7 955	9 082
Accruals		12 322	13 530
Total trade payables and accruals as of 31 December	FLAC ¹⁾	20 277	22 612
Contract liabilities		5 013	6 001
Government taxes, tax deductions etc.		2 937	3 707
Total other payables as of 31 December	NF ²⁾	7 950	9 708
Total trade and other payables as of 31 December		28 227	32 320

¹⁾ FLAC: Financial liabilities at amortised cost.

²⁾ NF: Non-financial assets and liabilities.

Specification of customer contract liabilities

NOK in millions	2022	2021
Balance as of 1 January	6 001	6 785
Revenue recognised that was included in opening balance	(4 677)	(6 063)
New contract liabilities less transfer to revenue	4 646	5 990
Disposal of companies	(897)	-
Currency and other effects	(59)	(206)
Reclassified to liabilities held for sale	-	(505)
Balance as of 31 December	5 013	6 001

Customer contract liabilities comprise Group's obligation to transfer services to its customers for which it has received consideration in advance. This includes unearned revenue relating to prepaid services, connection fee not considered to be a separate performance obligation, and other contract liabilities.

NOTE 25 Contractual commitments

Telenor has entered into agreements with fixed payments in respect of the following as of 31 December 2022 and as of 31 December 2021.

2022

NOK in millions	2023	2024	2025	2026	2027	After 2027
Contractual purchase obligations						
IT-related agreements	246	50	4	-	-	-
Other contractual obligations	4 490	1 164	43	32	32	27
Committed investments						
Property plant and equipment and intangible assets	2 242	18	10	10	10	20
Total contractual obligations	6 978	1 233	57	42	42	47

2021

NOK in millions	2022	2023	2024	2025	2026	After 2026
Contractual purchase obligations						
IT-related agreements	329	28	4	-	-	-
Other contractual obligations	5 080	2 018	334	45	13	10
Committed investments						
Property plant and equipment and intangible assets	3 621	9	-	-	-	-
Total contractual obligations	9 031	2 055	338	45	13	10

The tables above include agreements under which Telenor has only committed minimum purchase obligations. The table for 2021 has been updated with changes related to other contractual obligations in Denmark.

Accounting policies

Costs of obtaining customer contracts include commissions to dealers and costs for fulfilling a contract include connection and installation of equipment on customer premises, including direct labour and material costs. When such costs are incremental and expected to be recovered, they are capitalised as contract cost assets and amortised over the expected customer lifetime. Renewal periods are included in the period based on historical churn data, unless new costs are incurred on contract renewals. These costs are included in EBITDA. The practical expedient of not capitalising contract costs that would have been amortised within 12 months has been applied.

Contract costs and other prepaid costs

NOK in millions	2022	2021
Contract costs	4 082	4 059
Governmental taxes and duties	127	138
Prepayments	3	217
Total non-current non-financial assets	4 212	4 414

Contract costs

The below tables set forth the costs capitalised and amortised during the year 2022 and 2021:

NOK in millions	As of 31 December 2021	Costs capitalised during the year	Amortisation - continued operations	Amortisation - discontinued operations	Impairment - discontinued operations	Translation Differences	As of 31 December 2022
Contract acquisition costs	4 008	2 146	(1 775)	(174)	9	(2)	4 041
Contract fulfilment costs	51	4	(11)	-	-	(3)	41
Total contract costs	4 059	2 150	(1 787)	(174)	9	(4)	4 082

NOK in millions	As of 31 December 2020	Costs capitalised during the year	Amortisation - continued operations	Amortisation - discontinued operations	Impairment - discontinued operations	Translation Differences	As of 31 December 2021
Contract acquisition costs	3 851	2 518	(2 086)	(173)	-	(101)	4 008
Contract fulfilment costs	75	21	(25)	(3)	(12)	(6)	51
Total contract costs	3 926	2 539	(2 112)	(176)	(13)	(107)	4 059

Derivatives such as forward currency contracts and interest rate swaps are used to mitigate financial risks. Other financial assets include commercial papers, deposits, lease receivables and equity investments.

Accounting policies

Financial assets and liabilities

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The financial instruments are recognised in the statement of financial position when Telenor becomes a party to the contractual provisions of the instrument, using trade date accounting. Financial assets and liabilities are offset when there is intention and legally enforceable right to settle the contracts net.

Categories of financial assets and liabilities

The categorisation of the financial instrument for measurement purposes is based on the objective and the contractual cash flow characteristics determined at initial recognition. Telenor does not apply the fair value option.

Telenor has financial assets classified in the following measurement categories:

- FAAC - financial assets at amortised cost. Consist of financial assets held to collect contractual cash flows that are solely payments of principal and interest.
- FVTOCI - financial assets at fair value through other comprehensive income. Consist of equity investments not held for trading.
- FVTPL - financial assets at fair value through profit or loss. Include derivatives not designated for hedging purposes, assets held for trading and financial assets that are not classified in one of the other categories.

Telenor has financial liabilities classified in the following categories:

- FLAC - financial liabilities at amortised cost. Consist of liabilities that are not a part of the category at fair value through profit or loss.
- FVTPL - financial liabilities at fair value through profit or loss. Include derivatives not designated for hedging purposes and other liabilities held for trading.

Equity investments

Equity investments include equity instruments and capital contribution to Telenor Pension Fund. Equity investments not held for trading are financial assets with changes in fair value through other comprehensive income (FVTOCI). Unrealised gains and losses are reclassified within equity from other reserves to retained earnings when the investment is disposed. Equity investments held for trading are financial assets with changes in fair value through profit and loss (FVTPL), and transaction costs are immediately expensed. Telenor does currently not have equity instruments held for trading.

Derivatives

Telenor uses derivative financial instruments such as forward currency contracts, interest rate swaps and cross currency interest rate swaps to hedge its risks associated with interest rate and foreign currency fluctuations. The derivative financial instruments are measured at fair value. Any gains or losses arising from changes in fair value on derivatives that are not cash flow hedges or hedges of net investments are recognised in the income statement as financial income or expense.

Embedded derivatives

Embedded derivatives are separated from the host contract and recognised at fair value, except when the risks and economic characteristics are closely related to the host contract and the host contract is not carried at fair value. The currency derivative embedded in committed purchase or sales contracts are not separated when the payment is in one of the party's functional currency or in a commonly used currency in the relevant economic environment. Unrealised gains or losses are recognised in the income statement.

Other current and non-current financial assets

Financial assets such as various receivables and deposits initially recognised at fair value including directly attributable transactions costs and subsequently measured at amortised cost using the effective interest rate method. These financial assets are adjusted for provision for impairment in accordance with the expected credit loss model.

Lease receivables

In finance leases, a lease receivable is recognised based on future expected lease payments, and finance income is allocated using a constant periodic rate of return over the lease term. In a transaction for which an underlying asset is sub-leased to a third party, the sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. See note 3 for further information about operation lease revenue.

Supply chain financing agreements

In supply chain financing agreements, the payables are reclassified from trade payables to current non-interest bearing liabilities when the financing arrangements are linked to the payment terms of the contract with the vendor. The current liability is presented as non-interest bearing as the payment of interest is carried by the vendor. When the financial institution makes the payment to the vendor, an operational cash outflow is presented in the Statement of Cash Flows if it is related to operating activities and cash outflow from investing activities if it is related to investing activities. At the same time a financial cash inflow reflecting that a financial liability has been obtained. The subsequent payment of the financial liability is presented as financial cash outflow in the cash flow statement. Supply chain financing arrangements that do not have any link to payment terms or any other parts of the contract with the vendor are classified as trade payables. Cash outflow from such arrangements are presented as operating activities in the Statement of Cash Flows.

Non-current financial assets

NOK in millions	Fair value level ⁴⁾	Category	2022	2021
Equity investments	3	FVTOCI ¹⁾	937	975
Financial derivatives	2	FVTPL ²⁾	248	59
Financial derivatives designated for net investment hedge	2		713	27
Other financial non-current non-interest-bearing assets		FAAC ³⁾	3 066	3 318
Fair value hedge instruments	2		25	927
Other financial non-current interest-bearing assets		FAAC ³⁾	3 230	970
Finance lease receivable ⁵⁾			1 046	1 356
Total non-current financial assets as of 31 December			9 264	7 632

¹⁾ FVTOCI: Fair value through other comprehensive income.

²⁾ FVTPL: Fair value through profit and loss.

³⁾ FAAC: Financial assets at amortised cost.

⁴⁾ For information about the fair value level of financial instruments, see note 32.

Equity investments

Equity investments (FVTOCI) include capital contribution to Telenor Pension Fund of NOK 0.3 billion and other equity investments of NOK 0.6 billion (NOK 0.3 billion and NOK 0.7 billion in 2021, respectively).

Other financial non-current non-interest-bearing assets

Other financial non-current non-interest-bearing assets as of 31 December 2022 includes a deposit of NOK 1.9 billion paid to the Bangladesh Telecommunication Regulatory Commission (BTRC, see note 23), long term deposits of NOK 0.3 billion and other non-current receivables of NOK 0.9 billion (NOK 2.0 billion, NOK 0.6 billion and of NOK 0.7 billion in 2021, respectively).

Other financial non-current interest-bearing assets

Other financial non-current interest-bearing assets includes a receivable against the Norwegian tax authorities of NOK 2.7 billion related to the ongoing court case for losses on receivables on the Indian subsidiary Unitech Wireless after having repaid, as guarantor, all Unitech Wireless' interest-bearing borrowings. In 2019, Telenor paid an amount of NOK 2.7 billion after an unfavourable decision by the Norwegian tax authorities. In March 2022, Telenor received a favourable verdict and reversed the tax expense accordingly, see note 10.

Finance lease receivables

Telenor has recognised receivables at present value of future lease payments to be received in lease arrangements where Telenor has transferred substantially all the risks and rewards incidental to ownership of the underlying assets to the lessee. Current finance lease receivables are included in Trade and other receivables (see note 19).

NOK in millions	2022			2021		
	Current	Non-current	Total	Current	Non-current	Total
Sublease of land	361	973	1 334	329	1 203	1 533
Lease of satellite	97	72	169	94	153	247
Total finance lease receivables	458	1 046	1 504	423	1 356	1 779

During 2022, the Group recognised interest income of NOK 60 million (NOK 73 million in 2021) (note 9) related to finance lease receivables.

Dtac has Tower Service Agreement with the National Telecom Public Company Limited (NT) and under the agreement, dtac transferred towers that dtac procured under the concession agreement to operate and to provide cellular telephonic service and entered into lease agreement to use the towers. The right to use towers from NT was recognised as right-of-use asset with corresponding lease liability. Under the agreement, dtac shall itself have lease agreements for the land with landowners and shall receive compensation from NT for this. dtac recognised lease agreements as a lessee with the landowners for the land related to transferred towers to NT with related lease liabilities. Right-of-use assets related to land was derecognised on 1 January 2019 based on the sublease arrangement with NT and a finance lease receivable was recognised with reference to the tenure of the agreement with NT.

The Group entered into a long-term lease with UPC on 1 April 2017 for the lease of 9 transponders on Thor 6, where the final payment from UPC will be made in January 2025. According to the agreement, substantially all the risks and rewards related to Thor 6 are transferred to UPC, and accordingly a finance lease receivable was recognised at present value, which represents the deferred payments to be received until January 2025.

The following table sets forth the maturity analysis of lease receivables:

NOK in millions	2022	2021
Less than 1 year	506	438
1 to 2 years	445	449
2 to 3 years	384	415
3 to 4 years	272	360
4 to 5 years	-	269
After 5 years	-	-
Total undiscounted lease payments receivable	1 607	1 931
Unearned interest income	(103)	(152)
Net investment in leases	1 504	1 779

Current financial assets

NOK in millions	Fair value level ³⁾	Category	2022	2021
Assets held for trading	2	FVTPL ¹⁾	50	48
Bonds and commercial papers > 3 months		FAAC ²⁾	277	327
Financial derivatives	2	FVTPL ¹⁾	29	1
Financial derivatives designated for net investment hedge	2		2	320
Fair value hedge instruments	2		2	143
Total other current financial assets as of 31 December			361	839

Non-current non-interest-bearing liabilities

NOK in millions	Fair value level ³⁾	Category	2022	2021
Financial derivatives	2	FVTPL ¹⁾	149	156
Financial derivatives designated for net investment hedge	2		1306	950
Other non-current non-interest-bearing liabilities		FLAC ²⁾	317	282
Total non-current non-interest-bearing liabilities as of 31 December			1772	1388

Current non-interest-bearing liabilities

NOK in millions	Fair value level ³⁾	Category	2022	2021
Financial derivatives	2	FVTPL ¹⁾	3	6
Financial derivatives designated for net investment hedge	2		382	669
Other current non-interest-bearing liabilities		FLAC ²⁾	1308	1294
Total current non-interest-bearing liabilities as of 31 December			1694	1969

¹⁾ FVTPL: Fair value through profit and loss.

²⁾ FLAC: Financial liabilities at amortised cost.

³⁾ For information about the fair value level of financial instruments, see note 32.

Other current non-interest-bearing liabilities include liabilities to financing institutions under supply chain financing programs of NOK 616 million as of 31 December 2022 (NOK 596 million as of 31 December 2021).

NOTE 28 Equity

Paid-in capital

NOK in millions, except number of shares	Number of shares	Share capital	Other paid in capital	Treasury shares	Total paid-in capital
Equity as of 1 January 2021	1 399 458 033	8 397	69	-	8 466
Share buyback	-	-	-	-	-
Cancellation of shares	-	-	-	-	-
Equity as of 31 December 2021	1 399 458 033	8 397	69	-	8 466
Share buyback	-	-	-	-	-
Cancellation of shares	-	-	-	-	-
Equity as of 31 December 2022	1 399 458 033	8 397	69	-	8 466

Nominal value per share is NOK 6.

At the Extraordinary General Meeting on 26 January 2023, The Board of Directors authorised a new share buyback program. At the same time the company has the intention to enter into an agreement with the Norwegian State represented by the Ministry of Trade, Industry and Fisheries to buy back shares for the purpose of cancellation of shares and write-down of share capital in order to maintain the Government proportion of the total shares. The Board of Directors is authorised to acquire up to 47 000 000 own shares with nominal value of NOK 282 million which corresponds to approximately 3.4% of the company's share capital. The share buyback is limited to NOK 3.7 billion. The authorisation is valid until 31 December 2023.

Other reserves

NOK in millions	Net unrealised gains/(losses) reserve	Employee equity benefits reserve	Pension remeasurement reserve	Transactions with non-controlling interests	Share of equity adjustments and other comprehensive income in associated companies	Other equity transactions	Total other reserves
Equity as of 1 January 2021	117	403	298	-	1 469	(24 302)	(22 014)
Other comprehensive income (loss), net of taxes	134	-	204	-	76	-	415
Share-based payment	-	66	-	-	-	-	66
Equity adjustments in associated companies	-	-	-	-	3	-	3
Equity as of 31 December 2021	251	469	503	-	1 548	(24 302)	(21 530)
Other comprehensive income (loss), net of taxes	157	-	520	-	46	-	723
Share-based payment	-	61	-	-	-	-	61
Other changes in other reserves during 2022	408	531	1 023	-	1 594	(24 302)	(20 746)

Net unrealised gains/losses reserve

This reserve includes unrealised gains and losses arising from changes in fair value of equity investments are recognised directly in other comprehensive income until the investment is disposed of, at which time the cumulative gain or loss is reclassified within equity from other reserves to retained earnings.

Employee equity benefits reserve

Share-based payments represents cost charged to income statement over the vesting period based on the fair value measured at grant date for equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. In 2022, the Group paid NOK 27 million (did not pay any bonus share in 2021) related to the equity-settled share-based program.

Please refer to note 37 and chapter 12 in the corporate governance section of the Board of Directors' report for further details on these programmes.

Pension re-measurement

This reserve includes the effect of re-measurement of pension obligations arising due to change in assumptions, such as discount rate and long-term demographic trends.

NOK in millions	Pension remeasurement	Income taxes	Net pension remeasurement
Equity as of 1 January 2021	406	(107)	298
Other comprehensive income (loss)	259	(54)	204
Equity as of 31 December 2021	665	(161)	503
Other comprehensive income (loss)	657	(137)	520
Equity as of 31 December 2022	1 322	(299)	1 023

See note 21 for more information relating to pension obligations.

Share of equity adjustments and other comprehensive income in associated companies

This reserve includes underlying adjustments to equity in associated companies, such as other comprehensive income, share buybacks and transactions with non-controlling interests.

Other equity transactions

This includes the decrease in other reserves as a result of acquisition and sale/cancellation of treasury shares and the increase as a result of transfers from other paid-in capital, including transfers from other paid-in capital related to cancellation of treasury shares. The price paid in excess of the nominal value of the shares reduces this reserve.

Cumulative translation differences

NOK in millions	Foreign currency translation	Net investment hedge	Income taxes	Net translation differences
Equity as of 1 January 2021	1 424	(5 565)	964	(3 181)
Changes during 2021, excluding effects of disposal	(3 355)	2 447	(538)	(1 446)
Net changes during 2021	(3 355)	2 447	(538)	(1 446)
Equity as of 31 December 2021	(1 931)	(3 118)	426	(4 627)
Changes during 2022, excluding effects of disposal	1 695	(1 402)	308	602
Amount reclassified from other comprehensive income to income statement on disposal	370	233	-	603
Net changes during 2022	2 066	(1 170)	308	1 205
Equity as of 31 December 2022	135	(4 287)	734	(3 422)

During 2022, a loss of NOK 370 million was reclassified from other comprehensive income to income statement which mainly consisted of NOK 789 million currency loss on disposal of Telenor Myanmar, NOK 450 million gain on disposal of Digi as a subsidiary and recognised its 32.47% share of the associated company CelcomDigi and NOK 42 million currency loss on disposal of Wave Money. See note 35 for more information

During 2021, there was no reclassification from other comprehensive income to income statement.

In 2022, the translation difference gain on net investment in foreign operations was caused by depreciation of the Norwegian Krone against Danish Krone, Euro, Thai Bath, and Malaysian Ringgit. The appreciation of Danish Krone by 5%, Euro by 5%, Thai Bath by 7% and Malaysian Ringgit by 6% against Norwegian Krone had the most significant impact on the translation difference gain.

In 2022, a loss of NOK 233 million was reclassified from other comprehensive income to income statement on net investment hedge item related to Digi disposal.

In 2021, the translation difference loss on net investment in foreign operations was caused by appreciation of the Norwegian Krone against all the functional currencies of the Group's investments except the Bangladeshi Taka. The depreciation of Euro by 5%, Swedish Krone by 7%, Thai Bath by 7%, Danish Krone by 5%, Pakistani Rupee by 6% and Myanmar Kyat by 23% against Norwegian Krone had the most significant impact on the translation difference loss.

Non-controlling interests

NOK in millions	Country of incorporation and operation	Non-controlling interests share of net income (loss) 2022	Non-controlling interests share of net income (loss) 2021	Non-controlling interests in the statement of financial position 31.12.22	Non-controlling interests in the statement of financial position 31.12.21	Non-controlling interests share of dividend in 2022	Non-controlling interests share of dividend in 2021
Digi.Com Bhd	Malaysia	999	1 227	-	686	1 136	1 196
Grameenphone Ltd.	Bangladesh	1 372	1 523	1 948	2 255	1 595	1 616
Total Access Communications Plc (dtac)	Thailand	296	314	2 316	2 287	419	484
Others		(2)	(1)	(28)	(23)	9	-
Total		2 665	3 063	4 236	5 206	3 159	3 296

Summarised financial information for subsidiaries with significant non-controlling interests

Summarised statement of financial position as of 31 December:

NOK in millions	2022			2021		
	Digi.Com Bhd	Grameenphone Ltd	Total Access Communications Plc (dtac)	Digi.Com Bhd	Grameenphone Ltd	Total Access Communications Plc (dtac)
Current assets	-	1 155	6 849	3 251	1 010	6 189
Non-current assets	-	16 518	40 177	14 077	15 680	40 786
Current liabilities	-	(8 876)	(12 501)	(6 318)	(8 731)	(12 517)
Non-current liabilities	-	(4 531)	(25 636)	(9 053)	(3 032)	(25 917)
Total equity	-	4 265	8 888	1 958	4 927	8 541
Attributable to:						
Equity holders of Telenor ASA	-	2 317	6 572	1 271	2 672	6 254
Non-controlling interests	-	1 948	2 316	686	2 255	2 287

Summarised comprehensive income information 1 January – 31 December:

NOK in millions	2022			2021		
	Digi.Com Bhd	Grameenphone Ltd	Total Access Communications Plc (dtac)	Digi.Com Bhd	Grameenphone Ltd	Total Access Communications Plc (dtac)
Revenues	-	15 508	22 107	-	14 464	21 878
Net income	-	3 188	960	-	3 460	979
Total comprehensive income	-	2 917	1 544	-	3 511	313
Attributable to non-controlling interests	-	1 372	296	-	1 523	314

Summarised cash flow information 1 January – 31 December:

NOK in millions	2022			2021		
	Digi.Com Bhd	Grameenphone Ltd	Total Access Communications Plc (dtac)	Digi.Com Bhd	Grameenphone Ltd	Total Access Communications Plc (dtac)
Operating activities	5 239	6 418	7 058	5 343	5 623	6 779
Investing activities	(7 809)	(2 224)	(3 318)	(1 481)	(1 899)	(3 915)
Financing activities	2 123	(4 135)	(3 171)	(4 066)	(3 708)	(3 691)
Effect of exchange rate changes on cash and cash equivalents	14	(23)	90	(6)	4	(121)
Net increase/(decrease) in cash and cash equivalents	(433)	36	659	(210)	19	(947)

NOTE 29 Lease liabilities

This note gives further information about the lease liabilities of Telenor, such as lease liabilities per currency and subsidiary in addition to the maturity profile. Refer to note 16 for description of accounting policies and key judgments and estimates relating to lease liabilities and right-of-use assets.

Lease liabilities measured at amortised cost

NOK in millions	2022			2021		
	Current	Non-current	Total	Current	Non-current	Total
Lease liability related to spectrum licences	2 931	11 944	14 875	2 264	12 496	14 760
Lease liability related to other lease contracts	3 743	12 473	16 216	4 713	15 604	20 317
Total lease liabilities	6 674	24 417	31 091	6 977	28 101	35 077

Distribution of lease liabilities per currency and subsidiary as of 31 December 2022

NOK in millions	Currency	2022			2021		
		Spectrum licences	Other lease contracts	Total	Spectrum licences	Other lease contracts	Total
Subsidiary							
dtac	THB	8 696	4 348	13 044	9 350	5 062	14 412
Digi	MYR	-	-	-	1 776	3 428	5 204
Grameenphone	BDT	2 242	2 714	4 955	1 230	2 059	3 289
Pakistan	PKR	-	1 953	1 953	-	2 339	2 339
Pakistan	USD	1 006	-	1 006	88	-	88
Norway	NOK	1 918	379	2 298	1 401	351	1 752
Sweden	SEK	32	1 690	1 721	36	1 875	1 912
Denmark	DKK	728	678	1 406	585	569	1 154
Finland	EUR	253	1 557	1 810	294	1 589	1 883
Other units	NOK	-	2 898	2 898	-	3 044	3 044
Total subsidiaries		14 875	16 216	31 091	14 760	20 317	35 077

Lease liabilities maturity profile

NOK in millions	Total as of 31.12.22	<1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	9 years	10 years	>10 years
Lease liabilities - spectrum licences	14 875	2 931	2 363	1 947	2 012	1 891	863	875	901	424	213	455
Lease liabilities - other lease contracts	16 216	3 743	3 745	2 935	1 894	970	508	412	362	308	193	1 146
Sum of lease liabilities	31 091	6 674	6 109	4 883	3 906	2 861	1 371	1 286	1 263	732	406	1 601
Future interest payments	3 618	945	742	556	408	289	202	161	122	83	61	49
Total including future interest payments	34 709	7 619	6 851	5 439	4 314	3 150	1 573	1 447	1 385	815	466	1 650

NOK in millions	Total as of 31.12.21	<1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	9 years	10 years	>10 years
Lease liabilities - spectrum licences	14 760	2 264	1 812	1 852	1 839	1 864	1 768	800	798	811	352	600
Lease liabilities - other lease contracts	20 317	4 713	3 752	3 650	2 944	1 995	796	465	316	226	161	1 299
Sum of lease liabilities	35 077	6 977	5 564	5 503	4 783	3 858	2 565	1 265	1 114	1 037	514	1 899
Future interest payments	4 672	1 158	927	744	562	404	277	192	151	114	80	63
Total including future interest payments	39 749	8 135	6 491	6 247	5 345	4 263	2 842	1 457	1 264	1 151	594	1 961

NOTE 30 Interest-bearing liabilities

The non-current debt in Telenor mainly consists of bonds issued under the EMTN programme (Euro Medium Term Note), bonds issued in other markets and bank loans. Forward contracts and cross currency swaps are used to hedge foreign exchange rate risk for certain assets.

Accounting policies

Interest-bearing liabilities are initially measured at fair value net of transaction costs and are subsequently measured at amortised cost using the effective interest-rate method (FLAC). In addition, where fair value hedge accounting is applied the hedged liabilities are adjusted for gains and losses attributable to the risk being hedged. On extinguishment of debt, in whole or in part, the difference between the carrying amount of the liability and the consideration paid is recognised in the income statement.

Interest-bearing liabilities

NOK in millions	2022			2021		
	Current interest-bearing liabilities	Non-current interest-bearing liabilities	Total	Current interest-bearing liabilities	Non-current interest-bearing liabilities	Total
Interest-bearing liabilities measured at amortised cost						
Bank loans	1 586	2 349	3 935	2 783	3 331	6 115
Bonds	6 969	76 529	83 498	6 423	83 781	90 204
Other liabilities	604	194	798	70	579	648
Interest-bearing liabilities measured at fair value						
Fair value hedge instruments	10	3 652	3 662	-	120	120
Total interest-bearing liabilities	9 169	82 724	91 893	9 276	87 811	97 087
Fair value of debt ¹⁾			99 389			99 389
Of which fair value hierarchy level 1 ²⁾			92 421			92 421
Of which fair value hierarchy level 2 ²⁾			6 968			6 968

¹⁾ Excluding lease liabilities and licence obligations.

²⁾ For information about the fair value hierarchy for valuation of financial instruments, see note 32.

Non-current interest-bearing liabilities

NOK in millions	Company	Currency	2022		2021	
			Debt before the effect of currency swaps	Debt adjusted for the effect of currency swaps ²⁾	Debt before the effect of currency swaps	Debt adjusted for the effect of currency swaps ²⁾
	Telenor ASA					
		EUR	60 714	35 496	62 981	39 014
		NOK ¹⁾	-	(2 735)	-	(2 735)
		SEK	4 248	15 670	4 376	16 152
		USD	-	13 612	-	15 540
	Total Telenor ASA		64 962	62 044	67 357	67 970
	DNA - Finland	EUR	2 601	2 601	2 454	2 454
	dtac - Thailand	THB	14 967	14 967	13 558	13 558
	Digi - Malaysia	MYR	-	-	3 863	3 863
	Other non-current interest-bearing liabilities		194	194	578	578
	Total subsidiaries		17 762	17 762	20 454	20 454
	Total non-current interest-bearing liabilities		82 724	79 805	87 811	88 424

¹⁾ Telenor ASA's debt position in Norwegian Kroner is a net asset position when including currency swaps.

²⁾ Debt adjusted for currency swaps includes financial instruments that are not classified as interest-bearing liabilities in the statement of financial position.

Current interest-bearing liabilities

NOK in millions	Currency	2022		2021	
		Debt before the effect of currency swaps	Debt adjusted for the effect of currency swaps ²⁾	Debt before the effect of currency swaps	Debt adjusted for the effect of currency swaps ²⁾
Company					
Telenor ASA	NOK ¹⁾	-	3 335	-	(558)
	EUR ¹⁾	5 263	963	4 992	(658)
	SEK	-	236	-	351
	MYR	-	2 224	-	2 106
	THB	-	3 624	-	5 093
	USD ¹⁾	-	(4 782)	-	(1 000)
Total Telenor ASA		5 263	5 599	4 992	5 333
dtac - Thailand	THB	2 570	2 570	2 121	2 121
Digi - Malaysia	MYR	-	-	1 460	1 460
Grameenphone - Bangladesh	BDT	481	481	563	563
Pakistan	PKR	232	232	81	81
Other current interest-bearing liabilities		623	623	58	58
Total subsidiaries		3 906	3 906	4 284	4 284
Total current interest-bearing liabilities		9 169	9 505	9 276	9 617

¹⁾ Telenor ASA's debt positions in US Dollars as of 31 December 2022 and Norwegian Kroner, US Dollars and Euro as of 31 December 2021, are net asset positions when including currency swaps.

²⁾ Debt adjusted for currency swaps includes financial instruments that are not classified as interest-bearing liabilities in the statement of financial position.

Debt issued under Telenor ASA's EMTN programme is based on documentation that is commonly used for investment grade issuers in the Eurobond market. This documentation contains provisions restricting the pledge of assets to secure future borrowings without granting a similar secured status to the existing lenders (negative pledges) and contains covenants limiting disposals of assets.

Bonds issued under the EMTN programme are subject to a Change of Control Clause. Such Change of Control shall be deemed to have occurred if a person or entity, other than the Kingdom of Norway, directly or indirectly owns or acquires more than 50% of the issued ordinary share capital of Telenor ASA. If such Change of Control leads to a downgrade below investment grade rating, the holder of such bonds can require Telenor ASA to redeem the principal amount together with accrued interest. The full definition of this Change of Control Clause is described in the Final Terms for each specific bond issue.

Telenor ASA did not issue bonds under the EMTN programme in 2022. All outstanding debt issued by Telenor ASA is unsecured.

Furthermore, debt in dtac is mainly comprised of issued bonds (NOK 14.3 billion) and debt to financial institutions (NOK 3.2 billion).

The interest-bearing liabilities in subsidiaries are generally not guaranteed by Telenor ASA and are subject to standard financial covenants, some of which limit the ability to transfer funds to Telenor ASA in the form of dividends or loans.

Refer to note 31 Capital and financial risk management for further information about capital management, maturity profile of the interest-bearing liabilities, liquidity risk, exchange rate risk, interest rate risk and derivatives.

The objectives and policies for capital and risk management are described in this note, in addition to exposure and sensitivity for financial risks such as liquidity risk, interest rate risk, foreign exchange risk and credit risk. Telenor uses various types of derivatives to hedge such exposure.

Accounting policies

Hedge accounting is applied for fair value hedges and hedges of net investments in foreign operations when the hedging criteria are met. For fair value hedges, the carrying amount of the hedged item is adjusted for gains and losses attributable to the risk being hedged. The derivative is also measured at fair value, and gains and losses from both the hedging instrument and the hedged item are recognised in the income statement. Hedge effectiveness is assessed on an ongoing basis, and hedge accounting is discontinued if the hedge no longer meets the hedge accounting criteria. If the hedged item still exists and is not sold, the fair value adjustment to the hedged item attributable to the risk being hedged at designation will be amortised in the income statement over the remaining time to maturity.

A hedge of a net investment in a foreign operation is accounted for in a similar way as a cash flow hedge. Foreign exchange gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised directly in other comprehensive income while any foreign exchange gains or losses relating to the ineffective portion are recognised in the income statement. On disposal of the foreign entity, the cumulative foreign exchange gains or losses recognised in other comprehensive income is reclassified to the income statement.

Refer to note 27 Financial assets and liabilities for further information on accounting policies for derivatives.

Managing capital

In recent years, Telenor has measured leverage as the ratio of Net debt to EBITDA before other items. Following the structural changes in the portfolio, and triggered by closing of the merger in Malaysia, Telenor measures the leverage from 2022 as the ratio of Net debt to EBITDA before other items and dividends from associated companies and joint ventures. Telenor aims to maintain a solid balance sheet through keeping leverage ratio in the range of 1.8x to 2.3x maintain financial flexibility and ensure cost efficient funding (see page 180 for alternative performance measures). As of 31 December 2022, the reported leverage ratio was 2.2x (2.1x as of 31 December 2021). The targeted capital structure provides a good balance between shareholder return and a solid balance sheet with stable access to global debt markets, while also supporting Telenor's strategic priorities. As of 31 December 2022, Telenor ASA's long-term credit rating was "Baa1/stable outlook" by Moody's Investors Service and "A-/stable outlook" by Standard & Poor's (S&P). During 2022, Moody's changed their rating and outlook from "A3/negative watch" to "Baa1/stable outlook", while S&P's rating and outlook were unchanged throughout the year.

Key elements of the Group's capital structure include interest-bearing debt as disclosed in note 30, cash and cash equivalents as disclosed in note 20 and equity attributable to the shareholders of Telenor ASA as presented in the consolidated statement of changes in equity and in note 28.

In order to adjust the capital structure, the Group may acquire or sell own shares, distribute dividends to shareholders, return capital to shareholders or issue new shares. In 2022, Telenor's shareholder remuneration via dividend was NOK 13.0 billion comprised of ordinary dividends paid out in June 2022 (NOK 5.00 per share) and October 2022 (NOK 4.30 per share).

For the financial year 2022, the Telenor Board of Directors will propose an ordinary dividend of NOK 9.40 per share to be resolved by the Annual General Meeting in May 2023 and paid out in two tranches of NOK 5.00 and NOK 4.40 per share in May 2023 and October 2023, respectively. The total ordinary dividend amount proposed for the financial year 2022 is NOK 13.2 billion.

Following the successful transaction of divesting 30% of Telenor Fiber AS, Telenor Group has decided to initiate a 2023-2024 share buyback programme. The Board of Directors of Telenor ASA held an extraordinary general meeting on 26 January 2023 asking the General Meeting for a share buyback authorisation. The programme size will be limited to NOK 3.7 billion and up to 47 million shares.

Telenor's shareholder remuneration policy is to aim for a year-on-year growth in dividend per share, where the annual dividends are paid in two instalments. Buyback of own shares or extraordinary dividend pay-outs might also be used as a measure to reach a targeted leverage.

Financial risk

Telenor Group Treasury is responsible for funding and financial risk management for the parent company and subsidiaries owned, directly or indirectly, more than 90% by Telenor ASA. Subsidiaries owned less than 90% normally have stand-alone financing and management of financial risks. Beyond hedging activities, the Group has limited trading activities.

Liquidity risk

Liquidity risk is the ability to ensure appropriate funding. The Group emphasises financial flexibility, and an important part of this is to minimise liquidity risk through ensuring access to a diversified set of funding sources. Debt issued in the international capital market is predominately issued under the existing EMTN programme (Euro Medium Term Note) to secure longer dated funding and under existing ECP programme (Euro Commercial Paper) to secure shorter dated funding up to 12 months. In addition to these uncommitted loan programmes, the Norwegian domestic capital market is used from time to time.

Telenor ASA also has a sustainability-linked committed syndicated revolving credit facility (RCF) of EUR 1.8 billion with maturity in 2025. The RCF was undrawn as of 31 December 2022.

When permissible by local rules and regulations, subsidiaries owned 90% or more are part of Telenor ASA's cash management framework agreements and participate in Telenor ASA's cash pool setup. Subsidiaries owned less than 90% have established separate framework agreements for banking services.

Telenor ASA shall have sufficient sources of liquidity to cover expected operational liquidity needs for the next 12 months. Liquidity requirements to fund acquisitions is considered separately.

Maturity profile of the Group's liabilities (in nominal values)

NOK in millions	Total as of 31.12.22	< 1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	9 years	10 years	>10 years	Not specified
Interest-bearing liabilities													
Financial Debt	91 267	8 907	14 579	12 498	11 608	7 997	6 701	11 524	717	6 310	-	10 425	-
Other interest-bearing liabilities	252	252	-	-	-	-	-	-	-	-	-	-	-
Sum of interest-bearing liabilities ⁵⁾	91 518	9 159	14 579	12 498	11 608	7 997	6 701	11 524	717	6 310	-	10 425	-
Non-interest-bearing liabilities													
Trade and other payables	28 227	28 227	-	-	-	-	-	-	-	-	-	-	-
Other current non-interest-bearing liabilities	1 308	1 308	-	-	-	-	-	-	-	-	-	-	-
Derivative financial instruments	1 841	386	923	224	125	183	-	-	-	-	-	-	-
Other non-current non-interest-bearing liabilities	317	-	-	-	-	-	-	-	-	-	-	-	317
Sum of non-interest-bearing liabilities	31 692	29 920	923	224	125	183	-	-	-	-	-	-	317
Total	123 211	39 080	15 502	12 721	11 733	8 181	6 701	11 524	717	6 310	-	10 425	317

Future interest payments	9 491	2 030	2 022	1 566	1 043	769	651	445	245	219	155	346	-
Total including future interest payments	132 701	41 109	17 524	14 288	12 776	8 950	7 352	11 969	962	6 529	154	10 771	317

NOK in millions	Total as of 31.12.21	< 1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	9 years	10 years	>10 years	Not specified
Interest-bearing liabilities													
Financial Debt	96 008	9 143	8 694	13 236	11 157	11 823	7 840	6 331	11 611	665	5 655	9 854	-
Other interest-bearing liabilities	134	134	-	-	-	-	-	-	-	-	-	-	-
Sum of interest-bearing liabilities ⁵⁾	96 142	9 276	8 694	13 236	11 157	11 823	7 840	6 331	11 611	665	5 655	9 854	-
Non-interest-bearing liabilities													
Trade and other payables	32 320	32 320	-	-	-	-	-	-	-	-	-	-	-
Other current non-interest-bearing liabilities	1 294	1 294	-	-	-	-	-	-	-	-	-	-	-
Derivative financial instruments	1 782	675	44	284	216	387	59	54	-	-	63	-	-
Other non-current non-interest-bearing liabilities	282	-	-	-	-	-	-	-	-	-	-	-	282
Sum of non-interest-bearing liabilities	35 677	34 288	44	284	216	387	59	54	-	-	63	-	282
Total	131 818	43 565	8 738	13 520	11 374	12 210	7 898	6 384	11 611	665	5 718	9 854	282

Future interest payments	8 260	1 322	1 425	1 415	1 056	781	584	462	365	224	196	430	-
Total including future interest payments	140 079	44 887	10 163	14 935	12 430	12 991	8 482	6 846	11 976	889	5 913	10 284	282

⁵⁾ The maturity tables do not include lease liabilities related to licences or other lease liabilities. See note 29 for more information on licence commitments and lease liabilities.

Interest rate risk

The Group is exposed to interest rate risk through funding and cash management activities. Changes in interest rates affect the fair value of assets and liabilities. Interest income and interest expense in the income statement are influenced by changes in interest rates in the market. In 2022, average interest rate for the Group was 1.8% on interest-bearing liabilities, excluding lease and licence liabilities (1.6% in 2021).

The majority of debt issued by the Group is fixed rate debt. The Group uses interest rate derivatives to manage interest rate risk of the debt portfolio. This typically involves interest rate swaps, swapping floating interest rates to fixed interest rates and vice versa.

According to Group Policy, Telenor subsidiaries with external debt instruments shall maintain a balanced profile between fixed and floating rate debt. The portion of the fixed rate shall be between 30% to 70% of external debt. As of 31 December 2022, the portion of fixed rate of Group's debt was 58% (50% as of 31. December 2021). For Telenor ASA the portion of fixed rate debt as of 31 December 2022 was 58% (55% as of 31. December 2021).

Effect from the interest rate benchmark reform

The Group is exposed to the interest rate benchmark reform (IBOR reform) through financial instruments with exposures from EURIBOR, THBFX (Thai Baht) and USD Libor interest rate fixings. In 2022, dtac has converted part of the exposure from THBFX to THOR (Thai Overnight Repurchase Rate) through issuance of new bonds or conversion of legacy derivatives. Outside of these agreements in Thailand, there are no other effects on the Group's consolidated financial statements as a result of the IBOR reform. The Group has signed ISDA Fallback Protocol and supplement as part of the transition plan to the alternative rates, further Group is in dialogue with counterparties about the IBOR reform, and this has not resulted in changes to the Group's risk management strategy.

The table below shows the financial instruments impacted by interest rate benchmark reform as of 31 December 2022:

NOK in millions	Non-derivatives Carrying amount	Derivatives Nominal amount
Bonds		
EURIBOR 12 months	72 217	
THBFX 6 months	<u>14 325</u>	
	<u>86 542</u>	
Interest Rate Swaps		
EURIBOR 6 months		21 578
EURIBOR 3 months		12 631
THBFX 6 months		2 418
USD LIBOR 6 months		-
USD LIBOR 3 months		<u>4 607</u>
		<u>41 235</u>
Cross Currency Swaps		
EURIBOR 6 months		11 052
EURIBOR 3 months		14 089
USD LIBOR 3 months		<u>16 004</u>
		<u>41 146</u>

Derivative instruments designated as fair value hedging instruments

The majority of debt is issued using fixed rate bonds. In order to manage interest rate risk, a portion of the debt may be swapped to floating interest rate by using interest rate swaps. Fair value hedge accounting is applied when hedge accounting criteria are met. There is an economic relationship between the hedged items and the hedging instruments, as the terms of the interest rate swaps match the terms of the fixed rate bonds (i.e., notional amount, maturity, payment and rate set dates).

Effectiveness testing is performed using the hypothetical derivative method and compares changes in fair value of the hedging instrument against the changes in fair value of the hedged item attributable to the hedged risk. Hedge ineffectiveness in fair value hedges can arise from:

- Different interest rate curve applied to discount the hedged items and hedging instruments.
- Differences in timing of cash flows of the hedged items and hedging instruments. The table below shows the effects of the Group's fair value hedges.
- The effects of the forthcoming IBOR reforms because these might take effect at a different time and have a different impact on the hedged item (the fixed rate debt) and the hedging instruments (the interest rate swaps used to hedge the debt).

The change in fair value of the hedging instrument and the hedged item is recognised on the line item Net change in fair value of hedging instruments and hedged items under net financial income (expenses) in the income statement, see also note 9.

Fair value hedging relationships

NOK in millions	2022	2021
Net gain / (loss) recognised in the income statement on hedged items	4 118	1 280
Net gain / (loss) recognised in the income statement on hedging instruments	(4 317)	(1 323)
Amount of hedge ineffectiveness	(200)	(44)

Financial instruments designated as hedging instruments in fair value hedges are classified on the line items Other non-current assets and Other current financial assets in the statement of financial position, see note 27, and current and non-current interest-bearing liabilities, see note 30:

NOK in millions	2022		2021	
	Assets	Liabilities	Assets	Liabilities
As of 31 December				
Nominal amounts fair value hedge instruments	37 424	-	42 278	-
Fair values of fair value hedge instruments	27	(3 663)	1 071	(120)

The following table shows the maturity profile of the Group's fair value hedge instruments (in nominal values):

NOK in millions	Total	< 1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	9 years	10 years	>10 years
As of 31 December 2022	(2 416)	(524)	(528)	(468)	(375)	(256)	(144)	(46)	(19)	(19)	(19)	(19)
As of 31 December 2021	2 148	524	378	369	321	203	119	91	79	13	13	40

The terms of the fixed rate receive leg of the interest rate swaps designated as fair value hedge instruments match the terms of the fixed rate pay leg of the hedged items. The average interest rate terms of the floating pay legs of the interest rate swaps are EURIBOR 3/6 months + 72 basis points (+ 71 basis points in 2021) for EUR denominated swaps, and THBFX + 146 basis points (+ 140 basis points in 2021) and THOR + 143 basis points (n.a. in 2021) for THB denominated swaps.

The table below shows the carrying amounts of the Group's fair value hedge items, which are recognised on the line items Non-current interest-bearing liabilities and Current interest-bearing liabilities in the statement of financial position:

NOK in millions	2022	2021
As of 31 December		
Carrying amount of hedged items recognised in the statement of financial position	33 004	43 003
Fair value hedge adjustments included in the carrying amount of the hedged items	(3 288)	825

Interest rate risk sensitivity analysis

The Group calculates the sensitivity on the change in fair value of assets and liabilities of a defined parallel shift in the yield curve of the relevant currencies. For each simulation, the same shifts in interest rates are used for all currencies. The sensitivity analysis is run only for assets and liabilities that represent significant interest-bearing positions. Due to debt instruments the net position is a liability. Since hedge accounting is applied and interest-bearing debt is measured at amortised cost, the full effect of change in fair value is not recognised in the income statement. This is shown in the table below:

NOK in millions	2022		2021	
	Yield curve increase 50 Basis points	Yield curve decrease 50 Basis points	Yield curve increase 50 Basis points	Yield curve decrease 50 Basis points
Reduction (increase) in fair value of net liabilities	1 225	(1 278)	1 629	(1 709)
Gain (loss) in the income statement	66	(69)	41	(44)

Sensitivity analysis of change in floating interest rates on net financial items in the income statement:

NOK in millions	2022		2021	
	Yield curve increase 50 Basis points	Yield curve decrease 50 Basis points	Yield curve increase 50 Basis points	Yield curve decrease 50 Basis points
Gain (loss) in the income statement	(399)	399	(491)	491

Exchange rate risk

The Group is exposed to changes in the value of NOK relative to other currencies. The carrying amount of the Group's net investments in foreign entities and proceeds from these investments varies with changes in the foreign exchange rate. The net income of the Group is also affected by currency fluctuations, as the profit and losses from foreign operations are translated into NOK using average exchange rates for the period. Exchange rate risk related to some net investments in foreign operations is partly hedged by issuing debt instruments in the currencies involved or correlated currencies when this is considered appropriate. Combinations of money market instruments (Commercial Paper and bonds) and derivatives (foreign exchange forward contracts and cross currency swaps) are used for this purpose. Short-term currency swaps are used for liquidity management purposes. Net investment hedge accounting is applied when possible.

Exchange rate risk also arises when Telenor ASA or any of its subsidiaries enter into transactions or holds monetary items denominated in other currencies than their own functional currency. In accordance with Group Policy, committed cash flows in foreign currency equivalent to NOK 300 million or above are evaluated for hedging.

Financial instruments designated as hedging instruments of net investment in foreign operations

As of 31 December 2022 and 2021, material hedging positions are designated as net investment hedges.

There is an economic relationship between the hedged items and the hedging instruments as the net investment creates a translation risk that will match the foreign exchange risk on the debt and derivatives designated as hedging instruments.

Net investment hedging is mainly applied in currencies that have well-functioning financial markets, but the Group may also designate debt in correlated currencies as hedging instruments to hedge foreign exchange risk.

The Group has established hedge ratios to match the underlying risk of the hedging instruments with the hedged risk component. Hedge ineffectiveness may arise when the amount of the investment in the foreign subsidiary becomes lower than the amount of the debt and derivatives designated as hedging instruments. There was no ineffectiveness in the years ending 31 December 2022 and 2021.

For additional information and a reconciliation of the net investment hedge balance in equity, see note 28.

Net investment hedging relationships

NOK in millions	2022	2021
Amount recognised directly to other comprehensive income (OCI)	(1 402)	2 447
Amount reclassified from OCI to the income statement on disposal	233	-

Net investment hedging was performed for the investment in Bangladesh using USD denominated instruments, but hedging was discontinued due to loss of economic relationship during 2022. As of 31 December 2022, the remaining balance included in the net investment hedge reserve was NOK 125 million.

Interest-bearing debt and derivatives designated as hedging instruments in net investment hedges (only effective part of instruments is included):

NOK in millions	2022		2021	
	Debt	Derivatives	Debt	Derivatives
As of 31 December				
Nominal amounts net investment hedge instruments	(50 533)	8 372	(54 232)	9 184
Fair value net investment hedge instruments	(44 000)	(974)	(55 997)	(1 273)

Debt designated as hedging instruments in net investment hedges are recognised on the line items Non-current interest-bearing liabilities and Current interest-bearing liabilities in the statement of financial position.

Classification of derivatives designated for net investment hedge in the consolidated statement of financial position:

NOK in millions	2022	2021
As of 31 December		
Other non-current assets	713	27
Other financial current assets	2	320
Non-current non-interest-bearing financial liabilities	(1 306)	(950)
Current non-interest-bearing liabilities	(382)	(669)
Fair value net investment hedge instruments	(974)	(1 273)

The following table shows the maturity profile (in nominal values) of the Group's net investment hedge instruments (only effective part of instruments is included):

NOK in millions	Total	< 1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	9 years	10 years	>10 years
As of 31 December 2022	(44 646)	(6 084)	(2 766)	(1 284)	(6 800)	(2 653)	(4 194)	(8 233)	(130)	(4 137)	(105)	(8 259)
As of 31 December 2021	(49 304)	(5 688)	(1 903)	(3 707)	(2 449)	(7 126)	(3 057)	(4 223)	(8 259)	(134)	(4 372)	(8 386)

Average currency rates in cross currency swaps designated as net investment hedge instruments were NOK/USD n.a. (8.57 in 2021), USD/EUR 1.15 (1.16 in 2021), SEK/EUR 10.47 (10.47 in 2021) and NOK/EUR 10.83 (10.83 in 2021) in 2022. In 2022, average currency rates in foreign exchange contracts designated as net investment hedge instruments were NOK/SEK 0.95 (1.00 in 2021), NOK/EUR 10.57 (9.98 in 2021), USD/EUR n.a. (1.16 in 2021), USD/MYR 0.22 (0.24 in 2021) and USD/THB 0.03 (0.03 in 2021).

Exchange rate risk sensitivity analysis

This analysis does not consider correlation between currencies. Empirical studies confirm substantial diversification effect across the currencies that the Group is exposed to.

Effects on net currency gains (losses)

Currency gains and losses on monetary items in foreign currency are recognised in the income statements of Telenor ASA and its subsidiaries. Net currency gains (losses) in foreign subsidiaries are translated to NOK in the consolidated income statement. The table below shows the effect on consolidated net currency losses of 10% depreciation in functional currencies in the Group, keeping other currencies constant (only significant exposures are included in the table):

NOK in millions	Monetary Item Currency							
	2022				2021			
	EUR	SEK	USD	Other	EUR	SEK	USD	Other
Depreciating Functional Currency								
NOK	-	(510)	(677)	(104)	(146)	(443)	(1 212)	(116)

Effects due to foreign exchange translations on other comprehensive income

Translation of subsidiaries from their functional currencies into the presentation currency of the Group (NOK) will impact the Group's other comprehensive income (OCI) and equity. If NOK had weakened by 10% against all other functional currencies of the Group, the change in the carrying amount of consolidated equity as of 31 December 2022, including effects of net investment hedge, would have been an increase of approximately NOK 2.1 billion (increase of NOK 2.2 billion as of 31 December 2021).

The table below shows the impact on OCI of net investment hedge (NIH) instruments if the functional currency weakened by 10%.

NOK in millions	2022				2021			
	EUR	SEK	USD	Other	EUR	SEK	USD	Other
Currency effect on OCI (before tax) of NIH instruments								
NOK	(2 420)	(1 211)	-	(585)	(2 474)	(1 128)	(267)	(636)
Effect on other comprehensive income (OCI)	-	-	-	(4 216)	-	-	-	(4 505)

Effects due to foreign exchange translations on net income

Translation of net income from subsidiaries with functional currency other than NOK, also represents a currency exposure for the Group's reported figures. If the presentation currency (NOK) had weakened / strengthened by 10% against all other currencies included in the analysis, net income for the Group would have been NOK 0.6 billion higher / lower in 2022 (NOK 0.3 billion in 2021).

Credit risk

Credit risk is the loss that the Group would suffer if a counterparty fails to perform its financial obligations. The Group considers its maximum exposure to credit risk to be as follows:

Maximum credit exposure

NOK in millions	2022	2021
Cash and cash equivalents	9 929	15 223
Bonds and commercial papers > 3 months (note 27)	277	327
Financial derivatives (note 27)	1 017	1 333
Current interest-bearing receivables – deferred payment from disposal (note 19)	-	998
Trade and other current financial receivables (note 19)	16 480	17 286

The Group's credit risks largely arise from trade receivables, financial derivatives and cash and cash equivalents.

Credit risk from cash and cash equivalents is managed by the Group's Treasury department in accordance with the principles defined in the Group Policy Treasury. Cash deposits are only made with approved counterparties and in accordance with approved credit limits per counterparty. Counterparty credit limits for core banks are reviewed by the Group's Board of Directors on a regular basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential payment default.

Credit risk arising from financial derivatives and cash deposits is managed through diversification, internal risk assessment and credit scoring, as well as credit risk mitigation tools. The main risk mitigation tools include legal netting and collateral agreements.

Credit risk related to trade receivables is assessed to be limited due to the high number of customers in the Group's customer base. As such, no further credit risk provision is required in excess of the normal provision for bad and doubtful receivables. See note 19 for information on receivables in terms of age distribution and provision for bad debt. Credit risk related to sale of handsets on instalment plans, where the effect of discounting is considered material, is also assessed to be limited. Credit risk related to such arrangements are embedded in the discount rate and reflected as reduced revenue.

As of 31 December 2022, NOK 264 million was posted as cash collateral (receivable). As of 31 December 2021, NOK 658 million was posted as cash collateral (receivable).

NOTE 32 Fair values of financial instruments

Based on the characteristics of the financial instruments that are recognised in the financial statements, the financial instruments are grouped into classes and categories. The estimated fair values of Telenor's financial instruments are based on available market prices and various valuation methodologies as summarised in this note.

Fair value hierarchy

Telenor measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in measuring fair value:

- Level 1: Quoted prices (unadjusted) in active markets for identical financial instruments
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

Interest-bearing liabilities

Fair values of interest-bearing liabilities as shown in note 30 are based on quoted prices where available. Interest-bearing liabilities that are not traded in an active market have been estimated using yield curves which incorporate estimates of the Telenor ASA credit spread. The credit curves have been extrapolated using indicative prices on debt issuance by Telenor ASA for different maturities. The yield curves have been interpolated from cash and swap curves observed in the market for different currencies and maturities.

Trade receivables and other current and non-current financial assets

For trade receivables and other current receivables, see note 19 for more information, the carrying amount is assessed to be a reasonable approximation of fair value. The effect of not discounting is considered to be immaterial for this class of financial instruments.

Trade payables and other non-interest-bearing financial liabilities

For trade payables and other non-interest-bearing financial liabilities, see note 24 for more information, the carrying amount is assessed to be a reasonable approximation of fair value. The effect of not discounting is considered to be insignificant for this class of financial instruments.

Equity investments

Fair values for listed shares as shown in note 27 are based on quoted prices at the end of the reporting period. Fair value of unlisted shares is estimated by using commonly used valuation techniques or measured at cost if the investment does not have a quoted market price in an active market and the fair value cannot be reliably measured.

Cash and cash equivalents

The fair value for this class of financial instruments is assessed to be equal to the nominal amount.

Derivatives

Fair value of currency swaps, foreign currency forward contracts and interest rate swaps as shown in note 27 is estimated based on calculating the net present value of future cash flows, using interest rate curves, exchange rates and currency spreads as of 31 December 2022 and 2021, respectively.

NOTE 33 Guarantees

NOK in millions	2022	2021
Guarantee obligations as of 31 December	1 522	2 475

Telenor has provided various types of guarantees to external parties, including guarantees relating to partnership agreements, guarantee for the pension funds and various guarantees for taxes. Purchased bank guarantees are not shown in the table.

Accounting policies

The consolidated financial statements include the financial statements of Telenor ASA and entities controlled by Telenor ASA. Control normally exists when the Group has more than 50% of the voting power through ownership or agreements, except where non-controlling interests prevent the exercise of control. Subsidiaries have the same reporting periods as the parent company and use consistent accounting policies. Intercompany transactions, balances, revenues, expenses and unrealised internal profit or losses are eliminated on consolidation. Non-controlling interests in subsidiaries are presented within equity separately from the equity attributable to the owners of the parent, refer to note 28. Non-controlling interests have been measured at the proportionate fair value of net identifiable assets at the date of the business combination and share of changes in equity since the date of the business combination.

Shares in subsidiaries

	Office	Ownership interest in % 2022	Ownership interest in % 2021
Telenor Networks Holding AS	Norway	100.0	100.0
Telenor Global Shared Services AS	Norway	100.0	100.0
Telenor Communication II AS	Norway	100.0	100.0
Telenor Mobile Holding AS	Norway	100.0	100.0
Telenor KB AS	Norway	100.0	100.0
Telenor Forsikring AS	Norway	100.0	100.0
Telenor Maritime AS 1)	Norway	98.9	98.9
Telenor GTI AS	Norway	100.0	100.0
Cinclus Technology AS	Norway	100.0	100.0
Telenor Digital AS 2)	Norway	0.0	100.0
Telenor Real Estate AS	Norway	100.0	100.0

¹⁾ The remaining 1.1% of shares in Telenor Maritime AS are owned by Telenor Communication II AS.

²⁾ Telenor Digital AS is merged with Telenor Linx AS which is owned by Telenor Networks Holding AS in 2022.

Shares in subsidiaries owned through subsidiaries

	Office	Ownership interest in % 2022	Ownership interest in % 2021
Telenor Networks Holding AS			
Telway AS	Norway	100.0	100.0
Telenor Linx AS ¹⁾²⁾	Norway	100.0	100.0
Telenor Svalbard AS	Norway	100.0	100.0
Telenor Norge AS	Norway	100.0	100.0
Telenor Nordic Towers AS ³⁾	Norway	100.0	100.0
Telenor Satellite AS	Norway	100.0	100.0
Telenor Fiber AS ⁴⁾	Norway	100.0	
Telenor Communication II AS			
Telenor Financial Services AS ⁵⁾	Norway	0.0	100.0
Telenor GO Pte Ltd	Singapore	100.0	100.0
SnT East Holding AS	Norway	100.0	100.0
Telenor India Private Ltd	India	100.0	100.0
Norkring België N.V.	Belgium	75.0	75.0
BLDNG.AI AS	Norway	100.0	100.0
Telenor Marketplace Invest AS	Norway	100.0	100.0
Telenor South Asia Investment Pte Ltd ⁶⁾	Singapore	100.0	0.0
Telenor Mobile Holding AS			
Telenor Mobile Communications AS ⁵⁾	Norway	100.0	100.0
Telenor Danmark Holding A/S	Denmark	100.0	100.0
Telenor Sverige AB	Sweden	100.0	100.0
Telenor Connexion AB	Sweden	100.0	100.0
Canal Digital Finland Oy	Finland	100.0	100.0
Telenor Finland Holding Oy	Finland	100.0	100.0
Telenor Maritime AS			
Telenor Maritime Inc	USA	100.0	100.0
Telenor Maritime AB	Sweden	100.0	100.0
Telenor Maritime Pte	Singapore	100.0	100.0
Telenor Maritime Oy	Finland	100.0	100.0
Telenor Real Estate AS			
Telenor Eiendom Harellokken AS	Norway	100.0	100.0
Telenor Nord 2 AS	Norway	100.0	100.0
Telenor Møre og Romsdal og Trøndelag 2 AS	Norway	100.0	100.0
Telenor Vestlandet og Rogaland 2 AS	Norway	100.0	100.0
Telenor Agder Vestfold og Telemark 2 AS	Norway	100.0	100.0
Telenor Viken og Innlandet 2 AS	Norway	100.0	100.0
Telenor Øvre Strandgate 5 2 AS	Norway	100.0	100.0
Telenor Låveveien 55 AS	Norway	100.0	100.0
Telenor Jeløy Radio AS	Norway	100.0	100.0
Telenor Tryvann Radio AS	Norway	100.0	100.0
Telenor Feste kontrakter AS	Norway	100.0	100.0
Telenor Linx AS ²⁾			
Telenor Health AS	Norway	100.0	100.0

¹⁾ The company was presented as Telenor Global Services AS earlier.

²⁾ Telenor Digital AS is merged with Telenor Linx AS in 2022.

³⁾ The company was presented as Telenor Tower Holding AS earlier.

⁴⁾ The company is newly established in 2022.

⁵⁾ The company is merged with Telenor Communication II AS in 2022.

⁶⁾ The company is sold from Telenor Mobile Communications AS to Telenor Communication II AS in 2022.

Other significant subsidiaries (owned through holding companies)

	Office
Telenor A/S	Denmark
Telenor Pakistan (Private) Ltd.	Pakistan
Total Access Communications Plc. (dtac)	Thailand
GrameenPhone Ltd.	Bangladesh
Unitech Wireless Private Limited	India
DNA Plc	Finland

Telenor consolidated Digi before it was merged with Celcom in November 2022 and reported as an associate. Digi was listed on Bursa Malaysia Securities Berhad and the shares in Digi were widely dispersed. Telenor owned 49% of the shares, and 98% of the shares had to be present at the General Meeting for Telenor not to have the majority of the votes. As a consequence of this and based on experience from past General Meetings, Telenor had the power to direct Digi's activities. The assessment was that the ability to exercise control was upheld through a majority of the votes at the General Meeting and at the Board of Directors meetings. The consolidation of Digi based on de facto control was assessed on an ongoing basis.

Associated companies are normally those entities where Telenor has between 20 to 50 percent ownership. Joint arrangements are those entities where Telenor shares control with other parties. On 30 November 2022, the subsidiary Digi in Malaysia merged with Celcom. This resulted in a derecognition as a subsidiary of Telenor with a gain of NOK 32.9 billion. After the merger, CelcomDigi is an associated company with Telenor having an ownership percentage of 33.1%.

Accounting policies

Associates are those entities where Telenor has significant influence, but not control or joint control, usually between 20 to 50 percent voting power. Joint ventures are those entities where unanimous consent is required by the owners on important decision and where the parties have rights to net assets. Interests in joint ventures and associates are accounted for using the equity method. The investments are initially recognised at cost (including transaction costs) and subsequently adjusted for the share of profits and losses, dividends received and impairment. The profit and losses are presented on a separate line in the income statement.

An investment is a joint operation when unanimous consent is required by the owners on important decisions and Telenor and the parties have rights to specific assets and obligations. These entities are consolidated on a line-by-line basis with a share of revenues and costs, and the specific assets and liabilities or the proportionate share of jointly owned assets and liabilities.

For investments where financial statements are not available at the time Telenor publishes its report, the share of net income is recognised with a one quarter lag. Adjustments are made for significant transactions or events known in the market. To ensure consistency, the Annual Report is not updated in situations where the financial statements for the investee are made available after fourth quarter and before the issuance of the Annual Report, unless the transactions or events are significant.

Associated companies and joint ventures

NOK in millions	2022	2021
Balance as of 1 January	5 683	6 417
Additions	35 089	393
Disposals ¹⁾	(432)	3
Share of net income (losses) ²⁾	(232)	(480)
Share of other comprehensive income	46	79
Dividends received ³⁾	(575)	(532)
Translation differences	106	(198)
Balance as of 31 December	39 686	5 683
Of which investment in CelcomDigi ⁴⁾	34 436	-
Of which investment in Telenor Microfinance Bank Limited ⁵⁾	828	952
Of which investment in Carousell ⁶⁾	2 660	2 619
Of which investment in Allente	1 369	1 420
Of which investment in others	393	692

¹⁾ Mainly relates to the disposal of Wave Money during 2022.

²⁾ Share of net income (loss) includes the Group's share of net income (loss) after taxes, amortisation of excess values, impairments, and adjustment for differences in accounting policies.

³⁾ Of which NOK 0.3 billion from Allente and NOK 0.3 billion from CelcomDigi in 2022, and NOK 0.5 billion from Allente in 2021.

⁴⁾ Of which NOK 34.1 billion relates to the market value of the investment retained on disposal of Digi.

⁵⁾ Of which allocated to goodwill NOK 0.8 billion in 2022 and NOK 0.9 billion in 2021.

⁶⁾ Of which allocated to goodwill NOK 2.7 billion in 2022 and NOK 2.1 billion in 2021.

As announced in June 2021, Telenor and Axiata Group Berhad entered into an agreement to merge Digi.Com Berhad and Celcom Axiata Berhad in Malaysia. The merger of the telecommunication operations of Celcom and Digi in Malaysia was completed on 30 November 2022. On completion, Digi issued 3.96 billion shares to Celcom's owner Axiata in addition to making cash payments of NOK 5.4 billion. The share issue diluted Telenor's ownership to 32.5%, Telenor lost control over Digi, and Digi was deconsolidated and recognised as an associated company as of 30 November 2022. As part of the transaction to bring Telenor and Axiata to equal ownership, Telenor acquired at the same date 73.4 million shares from Axiata for an amount of NOK 667 million. Telenor's ownership after the transaction in CelcomDigi is 33.1%. The gain of NOK 32.9 billion was recognised on the date of losing control over Digi based on a market value of the combined entity as of first day of trading i.e., 1 December 2022, which was NOK 34.1 billion for Telenor's interest in the new company CelcomDigi. See note 12 for more information.

During 2022, Telenor injected NOK 0.2 billion representing its proportionate share of the capital into Telenor Microfinance Bank Limited (TMB). Share of net loss for 2022 includes share of losses related to TMB of NOK 0.2 billion (NOK 0.3 billion in 2021).

As announced on 17 January 2022, Telenor entered into an agreement with Yoma Strategic to sell the Group's 51% ownership share in Digital Money Myanmar Limited (Wave Money) to Yoma MFS Holdings Pte. Ltd, a subsidiary of Yoma Strategic. The transaction was closed on 7 December 2022 for a cash consideration of NOK 0.4 billion. The loss recognised on disposal was NOK 35 million during 2022.

In 2022, Telenor's economic interest in Carousell was diluted following new capital investment of USD 15 million. The loss of NOK 36 million was recognised during 2022 on deemed disposal. As of 31 December 2022, Telenor's economic interest in Carousell stands at 32.4%. During 2021, new capital of USD 100 million was raised by Carousell leading to the dilution of Telenor's economic interest in Carousell from 37.4% to 33.6% as of 31 December 2021. The gain of NOK 21 million was recognised during 2021.

Significant associates and joint ventures

CelcomDigi

CelcomDigi is an associated company where Telenor controls 33.1% of the shares and voting rights. The associate is accounted for using the equity method. CelcomDigi is a telecommunication company, listed on Bursa Malaysia Berhad and became the largest mobile network operator in Malaysia through a merger between the former Telenor subsidiary Digi and Celcom Axiata Berhad in November 2022. Telenor share of CelcomDigi's market value amounted to NOK 34.7 billion as of 31 December 2022.

The Group is not aware of significant restrictions limiting the ability of CelcomDigi to transfer funds to its shareholders. For example, under the form of dividends, repayment of advances or loans made.

As the financial quarterly results of the listed company CelcomDigi will not always be published at the time Telenor reports its quarterly results, Telenor will include the share of profits from CelcomDigi with a one-quarter lag. This means that the fourth quarter results of CelcomDigi consisting of December 2022 will be included in the Telenor's Q1 2023 report.

The following table sets forth the summarised financial information of CelcomDigi. The figures reflect the opening balance for CelcomDigi on 1 December 2022, adjusted for dividend received by Telenor in December 2022. The financial information includes the preliminary allocation of the excess values recognised as part of the merger, and reconciliation with the carrying amount of the investment for the Group.

NOK in millions	2022
Statement of financial position	
Non-current assets	77 836
Current assets excluding cash and cash equivalents	9 593
Cash and cash equivalents	7 744
Non-current non-interest-bearing liabilities	(6 978)
Non-current interest-bearing liabilities	(33 310)
Current non-interest-bearing liabilities	(8 194)
Total equity	46 691
Group's share of equity	15 455
Goodwill related to the Group's investment	18 981
Carrying amount of investment	34 436
Dividends received	289

Allente

Allente Group AB (Allente) is a joint venture where Telenor controls 50% of the shares and the voting rights. The joint venture is accounted for using the equity method. Allente is a Nordic TV distributor broadcasting via satellite and internet TV, to customers within Norway, Sweden, Denmark, and Finland. Allente was established in May 2020 through a merger between the former Telenor subsidiary Canal Digital and Nordic Entertainment Group (NENT).

The following table sets forth summarised financial information of Allente, including excess values from the merger in 2020, and reconciliation with the carrying amount of the investment for the Group:

NOK in millions	2022	2021
Statement of comprehensive income		
Revenue	6 472	6 826
EBITDA	1 181	593
Depreciation and amortisation	(526)	(663)
Net financial items	(62)	-
Income tax expense	(143)	46
Net income	470	(25)
Other comprehensive income(loss)	83	148
Total comprehensive income (loss)	553	123
Group's ownership in %	50	50
Group's share of net income (loss) from continuing operations	235	(12)
Group's share of other comprehensive income (loss)	42	74
Group's share of total comprehensive income (loss)	277	61

NOK in millions	2022	2021
Statement of financial position		
Non-current assets	4 401	4 910
Current assets excluding cash and cash equivalents	1 781	1 647
Cash and cash equivalents	144	191
Non-current non-interest-bearing liabilities	(442)	(514)
Non-current interest-bearing liabilities	(1 948)	(2 252)
Current non-interest-bearing liabilities	(1 971)	(1 940)
Total equity	1 964	2 042
Group's share of equity	982	1 021
Goodwill related to the Group's investment	387	399
Carrying amount of investment	1 369	1 420
Dividends received	285	501

Joint operations

The Group is part of four joint arrangements for networks sharing in Sweden, Denmark, and Finland. These joint arrangements are structured through separate vehicles. The activities are designed for the provision of output to the investors and hence these arrangements are classified as joint operations.

Joint Operation	Description	Ownership interest in %
3G Infrastructure Services AB	Joint operation with the mobile operator 3 in Sweden ¹⁾	50
Net4Mobility HB	Joint operation under partnership agreement with the mobile operator Tele2 Sverige AB in Sweden ¹⁾	50
TT Netværket P/S	Joint operation with the mobile operator TeliaSonera Mobile Holding AB in Denmark	50
Suomen Yhteisverkko Oy	Joint operations with mobile Operator Telia Finland Oy in Finland ²⁾	49

¹⁾ Under Swedish law, all partners in a partnership are jointly and severally liable for all obligations in a partnership.

²⁾ According to the shareholder's agreement, both partners in are jointly and severally liable for all obligations in the joint undertaking.

NOTE 36 Related parties

Telenor ASA is 53.97% owned by the Kingdom of Norway represented through the Ministry of Trade, Industry and Fisheries (MTIF). Transactions between Telenor and Norwegian authorities are therefore regarded as related party transactions. Further, transactions between Telenor and its associated companies and joint ventures are regarded as related party transactions. All transactions with these related parties are based on the arm's length principle.

Transaction with Norwegian authorities

The Norwegian telecommunications market is governed by the Electronic Communications Act of 4 July 2003 and other regulations issued pursuant to this Act. The Group provides designated Universal Service Obligations (USO) through an agreement between the Group and the Norwegian Ministry of Local Government and Regional Development (MLGRD). The USO obligation entails among other things the provision of public voice telephony and basic access to internet to all households and companies. Telenor is imposed USO obligations to provide text telephony services for the deaf and hearing impaired, but does not receive any compensation for providing the USO services.

In addition, Telenor was in 2022 and 2021 subject to Special Service Obligations (SSO), mainly related to security and emergency following an agreement between the Norwegian Ministry of Justice and Public Security and Telenor Coastal Radio. In 2022 and 2021, NOK 97 million and NOK 93 million, respectively, was received as compensation under this agreement.

Telenor may also receive compensation for the obligations to fulfil additional requirements on the network to serve national security issues and other statutory services. In 2022 and 2021, a refund related to such activities of NOK 110 million and NOK 57 million, respectively, was received.

In 2022 and 2021, Telenor received NOK 274 and NOK 67 million in government grants, respectively, in connection with construction of broadband networks in designated areas in Norway.

Telenor pays an annual fee to Norwegian Communications Authority and an annual levy to MLGRD for delivering electronic communication services, including payments for frequencies and numbers. The fee/levy was NOK 185 million and NOK 189 million in 2022 and 2021, respectively.

Telenor invested NOK 1.2 billion in spectrum in the 2.6 GHz and 3.6 GHz frequency bands in Norway in 2021. The allocation in the 3.6 GHz band became usable from 1 January 2022, while the 2.6 GHz band allocation could be used from 1 January 2023. Expiry of both licenses are 31 December 2042.

In addition, Telenor sold transmission capacity and related services in the digital and analogue terrestrial transmission network to Norsk rikskringkasting AS of NOK 226 million in 2022 and NOK 210 million in 2021.

Telenor provides mobile and fixed telephony services, leased lines, customer equipment, internet connections, TV distributions and other services to the state and companies controlled by the state in the normal course of business and at arms-length prices. It also purchases services, such as postal services, in the normal course of business and at arm's-length prices. Details of such transactions are not included in this note.

Transactions with associated companies and joint ventures

NOK in millions	2022		2021	
	Sales to	Purchases from	Sales to	Purchases from
	483	(791)	499	(696)

Amounts receivable from and amounts due to associated companies and joint ventures

NOK in millions	2022		2021	
	Receivables	Payables	Receivables	Payables
	210	(41)	88	(38)

Sales to associated companies in 2022 and 2021 include NOK 420 million and NOK 432 million in sale of satellite capacity to Allente Group. Purchases from Strex AS regarding mobile content services were NOK 578 million in 2022 and NOK 542 million in 2021.

CelcomDigi was accounted for as an associate company from December 2022 upon the completion of the merger between Digi and Celcom. Telenor has a receivable against CelcomDigi of NOK 131 million of which NOK 72 million are related to integration costs from 2021 and 2022.

Transactions with subsidiaries and joint operations have been eliminated on consolidation and do not represent related party transactions. See note 35 for further information about joint operations and note 34 further information about group companies.

For compensation to key management personnel, please refer to note 37 Key management compensation and chapter 11 and 12 in the corporate governance section of the Board of Directors' report.

Key management compensation

The table below outlines key management compensation for 2022 and 2021 by categories. The figures presented in each category are the total amounts for both the President & CEO and the Group Leadership Team (GLT).

NOK in millions	2022 ⁷⁾	2021 ⁷⁾
Base salary ¹⁾	39.3	35.3
Benefits ²⁾	4.0	3.8
Short-term incentive (STI) ³⁾	11.5	10.6
Long-term incentive (LTI) ⁴⁾	11.3	8.7
Extraordinary items ⁵⁾		0.9
Pension ⁶⁾	6.9	6.0
Total compensation	73.0	65.3

¹⁾ Base salary includes holiday pay, if applicable.

²⁾ Benefits include any type of cash or benefit in kind provided, such as car allowance or car benefit, insurances, mobile phone and broadband subscriptions and expatriate benefits such as accommodation and children schooling.

³⁾ The STI amounts reflect the annual bonus earned in the respective year. Any applicable holiday pay is reported under 'Base salary'.

⁴⁾ The LTI is a multi-year incentive plan that is a restricted share plan under which participants can receive Telenor ASA shares or phantom shares for a defined maximum percentage of their annual base salary. The shares are locked for a period of 3 years (4 years for the shares granted prior to 2020). The amounts reported for the LTI plan reflect the annual cost of all active programs in that year.

⁵⁾ In 2021, Telenor issued a one-time compensation to recognise the hardship the extensive restrictions related to travel and freedom of movement had on their expatriate population and their families. The compensation was equivalent to one-month base salary.

⁶⁾ The calculations of pension benefits earned are based on the same actuarial and other assumptions as used in the pension benefit calculations in note 21.

⁷⁾ Taxes in Norway incurred for a manager on assignment to Singapore of NOK 6.6 million in 2022 (NOK 5.6 million in 2021) due to double taxation in Singapore and Norway as a result of travel restrictions during the Covid-19 pandemic are not included in table above.

In addition to the above, fees to the Board of Directors amount to NOK 6.4 million in 2022 and NOK 5.5 million in 2021. The fees consist of an annual fee reflecting the role in the Board and additional fees for any board committee the respective director takes part in.

Loans to employees

Total loans to employees were NOK 3.9 million as of 31 December 2022 and NOK 5.1 million as of 31 December 2021.

NOTE 38 Fees to external auditor

The table below summarises incurred audit fees for 2022 and 2021 and fees for audit related services, tax services and other services. Fees include both Norwegian and foreign subsidiaries.

NOK in millions, excluding VAT	Audit fees		Fees for further assurance services		Fees for tax services		Other fees	
	2022	2021	2022	2021	2022	2021	2022	2021
Telenor ASA	7.0	6.1	0.7	0.3	0.6	0.6	0.1	2.0
Other Group companies	32.7	32.3	5.6	4.7	23.0	14.7	8.6	8.8
Total Group auditors	39.7	38.3	6.3	5.0	23.7	15.3	8.7	10.8
Other auditors in subsidiaries	0.5	0.9	0.0	0.0	0.0	0.0	0.0	0.0
Total	40.2	39.2	6.4	5.0	23.7	15.3	8.7	10.8

Fees for audit services include fees associated with the required statutory and financial audits. Further assurance services principally include other attestation services required by laws and regulations, attestations related to information system, audits, attestations and agreed upon procedures reported on to regulators and other third parties.

Fees for tax services include tax compliance and advice regarding tax rules and consequences, as well as tax due diligence services in connection with acquisitions, disposals, and other transactions. Other fees relate primarily to process/system/project/supplier reviews, financial due diligence services and consultations in connection with acquisitions, disposals, and other transactions.

NOTE 39 Share information and ownership

Share information

As of 31 December 2022, Telenor ASA had a share capital of NOK 8 396 748 198 divided into 1 399 458 033 ordinary shares with a nominal value of NOK 6 each. All ordinary Telenor shares have equal voting rights and the right to receive dividends. As of 31 December 2022 and 2021 the company held no treasury shares.

Shareholders

As of 31 December 2022, Telenor ASA had about 61,300 registered shareholders, compared to about 57,100 as of 31 December 2021.

The 20 largest shareholders as of 31 December 2022 from the shareholder register ¹

Name of shareholders	Number of shares	%
1 Ministry of Trade, Industry and Fisheries, Kingdom of Norway	755 220 420	53.97
2 Folketrygdfondet	62 579 157	4.47
3 DNB Asset Management AS	29 014 798	2.07
4 DWS Investment GmbH	26 948 952	1.93
5 BlackRock Institutional Trust Company, N.A.	24 298 544	1.74
6 The Vanguard Group, Inc.	22 474 455	1.61
7 Caisse de Depot et Placement du Quebec	18 634 411	1.33
8 Storebrand Kapitalforvaltning AS	18 235 048	1.30
9 Amundi Asset Management, SAS	14 369 399	1.03
10 KLP Fondsforvaltning AS	13 076 230	0.93
11 BlackRock Advisors (UK) Limited	10 777 743	0.77
12 Pyrford International Limited	10 424 701	0.74
13 State Street Global Advisors (US)	9 100 156	0.65
14 Handelsbanken Kapitalförvaltning AB	8 534 582	0.61
15 Danske Invest Asset Management AS	8 481 555	0.61
16 Danske Bank Asset Management	7 009 921	0.50
17 Nordea Funds Oy	6 723 481	0.48
18 Fidelity International	6 509 442	0.47
19 Legal & General Investment Management Ltd.	6 264 538	0.45
20 APG Asset Management N.V.	6 138 212	0.44
Total held by 20 largest shareholders	1 064 815 745	76.10
Total all Telenor shares	1 399 458 033	100.00

The 20 largest shareholders as of 31 December 2022 beneficial ownership ²⁾

Name of shareholders	Number of shares	%
1 Ministry of Trade, Industry and Fisheries, Kingdom of Norway	755 220 420	53.97
2 FOLKETRYGDFONDET	62 579 157	4.47
3 State Street Bank and Trust Comp	28 908 338	2.07
4 State Street Bank and Trust Comp	27 135 763	1.94
5 State Street Bank and Trust Comp	24 842 271	1.78
6 JPMorgan Chase Bank	12 730 679	0.91
7 State Street Bank and Trust Comp	12 679 695	0.91
8 State Street Bank and Trust Comp	12 147 338	0.87
9 CLEARSTREAM BANKING S.A.	10 568 174	0.76
10 JPMorgan Chase Bank	9 718 372	0.69
11 State Street Bank and Trust Comp	7 496 236	0.54
12 State Street Bank and Trust Comp	7 435 292	0.53
13 CACEIS Bank	7 028 900	0.50
14 VERDIPAPIRFONDET KLP AKSJENORGE IN	6 572 343	0.47
15 VERDIPAPIRFONDET DNB TEKNOLOGI	6 216 179	0.44
16 VERDIPAPIRFONDET STOREBRAND NORGE	6 093 235	0.44
17 VPF DNB AM NORSKE AKSJER	5 827 471	0.42
18 SIX SIS AG	5 620 721	0.40
19 The Bank of New York Mellon	5 287 074	0.38
20 Société Générale	5 037 420	0.36
Total held by 20 largest shareholders	1 019 145 078	72.85
Total all Telenor shares	1 399 458 033	100.00

¹⁾ Source: VPS share register

²⁾ The data is provided by Nasdaq Advisory Services and is obtained through an analysis of beneficial ownership and fund manager information provided in replies to disclosure of ownership notices issued to all custodians on the Telenor VPS share register. Every reasonable effort has been made to verify the data; however, neither Telenor nor Nasdaq Advisory Services can guarantee the accuracy of the analysis.

NOTE 40 Events after the reporting period

Completion of the amalgamation of dtac and True in Thailand

On 1 March 2023, Telenor announced the completion of the amalgamation of the telco operations of True and dtac in Thailand. The transaction is the largest telco merger in Southeast Asia by combined enterprise value. The name of the new company is True Corporation. Telenor's ownership in True Corporation after the transaction is 30.3%. The gain from the divestment of dtac will be reported in Q1 2023. True Corporation will be accounted for as an associate using the equity method going forward. The share of profits or losses from True Corporation will be included in the Asia segment from Q1 2023.

Partial divestment of Telenor Fiber AS (Norway)

On 1 February 2023, Telenor announced the closing of the transaction to divest 30 percent of the newly established company, Telenor Fiber AS, in Norway to a consortium led by KKR. The agreed sales price represents an enterprise value for the Norwegian fiber business of NOK 36.1 billion, resulting in proceeds of NOK 10.8 billion to Telenor. The transaction results in an increase of equity to shareholders of Telenor ASA of around NOK 7.6 billion.

Partial settlement with the Indian Department of Telecommunications

On 30 January 2023, Telenor paid NOK 1.5 billion to the Department of Telecommunications in India related to warranties given to Bharti Airtel for the period Telenor had operations in India. The payment is a partial settlement of the dispute related to the basis for calculating license payments and spectrum usage charges. The payment made will reduce the provision recognised in the statement of financial position accordingly. See note 23 Legal disputes and note 12 Held for sale and discontinued operations.

Dividend proposed or declared by the Board of Directors in subsidiaries with non-controlling interests

Dtac - Thailand

On 26 January 2023, the Board of Directors of dtac proposed final dividend for 2022 of THB 1.22 per share, which corresponds to approximately NOK 0.8 billion total dividend and approximately NOK 0.3 billion for the non-controlling interests ownership share.

Grameenphone - Bangladesh

On 30 January 2023, the Board of Directors of Grameenphone Ltd. proposed final dividend for 2022 of BDT 9.5 per share, which corresponds to approximately NOK 1.2 billion total dividend and approximately NOK 0.5 billion for the non-controlling interests ownership share.

Parent Company Income Statement

Telenor ASA 1 January – 31 December

NOK in millions	Note	2022	2021
Revenues	1	871	895
Salaries and personnel costs	2, 14	(634)	(631)
Other operating expenses	3	(918)	(890)
Depreciation, amortisation and impairment losses	7, 8	(50)	(18)
Total operating expenses		(1 602)	(1 539)
Operating profit (loss)		(731)	(644)
Financial income and expenses			
Financial income	5	7 841	15 061
Financial expenses	5	(1 384)	(967)
Net currency gains (losses)	5	(2 563)	1 457
Net change in fair value of financial instruments	5	406	185
Net gains (losses and impairment) on financial assets	5	-	10 383
Net financial income (expenses)		4 300	26 119
Profit before taxes		3 569	25 475
Income taxes	6	2 207	(1 630)
Net income		5 776	23 845

Parent Company Statement of Comprehensive Income

Telenor ASA 1 January – 31 December

NOK in millions	2022	2021
Net income	5 776	23 845
Other comprehensive income (loss)		
Remeasurement of defined benefit pension plans	33	(34)
Income taxes	(7)	7
Items that will not be reclassified to income statement	26	(27)
Other comprehensive income (loss), net of taxes	26	(27)
Total comprehensive income (loss)	5 802	23 818

Parent Company Statement of Financial Position

Telenor ASA as of 31 December

NOK in millions	Note	2022	2021
ASSETS			
Deferred tax assets	6	1 254	2 003
Pension funds	14	156	132
Goodwill		20	20
Intangible assets	7	4	5
Right-of-use assets	8	900	945
Property, plant and equipment		11	13
Shares in subsidiaries	9	154 787	154 787
Non-current interest-bearing receivables from Group companies	15	32 126	31 592
Other non-current financial assets	10, 11	4 497	2 043
Total non-current assets		193 755	191 540
Trade receivables from Group companies		515	363
Trade receivables external		19	1
Other current financial assets	10, 11	199	830
Liquid assets and short-term placements	11	4 651	7 333
Total current assets		5 384	8 527
Total assets		199 139	200 067
EQUITY AND LIABILITIES			
Equity	12	104 856	112 065
Liabilities			
Non-current lease liabilities	8	860	883
Non-current interest-bearing external liabilities	11	64 962	67 357
Non-current non-interest-bearing external liabilities	11	1 420	1 077
Pension obligations	14	488	531
Other provisions		73	47
Total non-current liabilities		67 803	69 895
Current lease liabilities	8	67	67
Current interest-bearing liabilities to Group companies	11, 15	15 102	7 480
Current interest-bearing external liabilities	11	5 263	4 992
Drawings on Group's cash pool	11	4 777	1 965
Current non-interest-bearing liabilities to Group companies	11, 13	112	58
Current non-interest-bearing external liabilities	11, 13	1 159	3 545
Total current liabilities		26 480	18 107
Total equity and liabilities		199 139	200 067



Gunn Wærsted
Chair

Fornebu, 21 March 2023



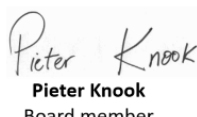
Jørgen Kildahl
Vice Chair of the Board



Jon Erik Reinhardsen
Board member



Nina Bjørnstad
Board member



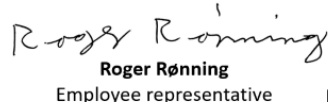
Pieter Knook
Board member



Astrid Simonsen Joos
Board member



Elisabetta Ripa
Board member



Roger Rønning
Employee representative



Irene Vold
Employee representative



Jan Otto Eriksen
Employee representative



Sigve Brekke
President & CEO

Parent Company Statement of Cash Flows

Telenor ASA 1 January – 31 December

NOK in millions	Note	2022	2021
Profit before taxes		3 569	25 475
Income taxes paid		(1 509)	(569)
Net (gains) losses, impairment and change in fair value of financial assets and liabilities		-	(10 383)
Depreciation, amortisation and impairment losses		50	18
Net currency (gains) losses not relating to operating activities		3 208	(1 747)
Net changes in interest accruals against Group companies		(316)	(48)
Received dividend		-	8 000
Recognised dividend		-	(8 000)
Interest received		576	137
Interest paid		(1 381)	(921)
Net changes in other accruals		957	673
Net cash flow from operating activities		5 154	12 635
Purchases of property, plant and equipment and intangible assets		(3)	(2)
Purchases of and capital increase in subsidiaries		-	(3 025)
Net cash flow from investing activities		(3)	(3 027)
Proceeds from borrowings		2 077	1 035
Repayments of borrowings		(7 699)	(4 445)
Payments of lease liabilities	8	(23)	(6)
Net change in Group's cash pool		7 883	2 684
Dividends paid to equity holders of Telenor ASA		(13 015)	(12 595)
Net cash flow from financing activities		(10 777)	(13 327)
Effect on cash and cash equivalents of changes in foreign exchange rates		132	(54)
Net change in cash and cash equivalents		(5 494)	(3 773)
Cash and cash equivalents as of 1 January		5 368	9 141
Cash and cash equivalents as of 31 December		(126)	5 368
Specification of cash and cash equivalents:			
Liquid assets and short-term placements		4 651	7 333
Drawing from Group's cash pool		(4 777)	(1 965)
Cash and cash equivalents as of 31 December		(126)	5 368

Parent Company Statement of Changes in Equity

Telenor ASA – for the years ended 31 December 2021 and 2022

NOK in millions (except for number of shares)	Number of shares	Share capital	Treasury shares	Share premium	Pension re-measurement reserve	Other reserves	Retained earnings	Total equity
Equity as of 1 January 2021	1 399 458 033	8 397	-	69	52	(19 306)	111 623	100 835
Net income for the period	-	-	-	-	-	-	23 845	23 845
Other comprehensive income for the period	-	-	-	-	(27)	-	-	(27)
Total comprehensive income	-	-	-	-	(27)	-	23 845	23 818
Dividends	-	-	-	-	-	-	(12 595)	(12 595)
Share-based payment, exercise of share options and distribution of shares	-	-	-	-	-	7	-	7
Equity as of 31 December 2021	1 399 458 033	8 397	-	69	25	(19 299)	122 873	112 065
Net income for the period	-	-	-	-	-	-	5 776	5 776
Other comprehensive income for the period	-	-	-	-	26	-	-	26
Total comprehensive income	-	-	-	-	26	-	5 776	5 802
Dividends	-	-	-	-	-	-	(13 015)	(13 015)
Share-based payment, exercise of share options and distribution of shares	-	-	-	-	-	4	-	4
Equity as of 31 December 2022	1 399 458 033	8 397	-	69	51	(19 295)	115 634	104 856

Notes to the Financial Statements of Parent Company

Telenor ASA

Contents notes

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2	Salaries and personnel costs	12	Equity and dividends
3	Other operating expenses	13	Current non-interest-bearing liabilities
4	Research and development costs	14	Pension obligations
5	Financial income and expenses	15	Related parties
6	Income taxes	16	Guarantees
7	Intangible assets		
8	Leases		
9	Shares in subsidiaries		
10	Other financial assets		

NOTE 1 General information and summary of significant accounting principles

Telenor ASA is a holding company and contains the Group Management, Corporate Functions, Research and Development and the Group's internal bank (Group Treasury).

The financial statements have been prepared in accordance with simplified IFRS pursuant to the Norwegian Accounting Act § 3-9 and regulations regarding simplified application of IFRS issued by the Ministry of Finance on 21 January 2008.

Telenor ASA's accounting principles are consistent with the accounting principles for the Group. Where the notes for the parent company are substantially different from the notes for the Group, these are shown below. Otherwise, refer to the notes to the consolidated financial statements.

Telenor ASA uses the indirect method for the statement of cash flows. Cash and cash equivalents consist of liquid assets, short-term placements, and drawings from cash pool. Net change in Group internal drawing rights are loans to, and placements from Group companies. These loans and placements have high turnover and are presented net.

Revenues are mainly sale of Group services to other Group companies, sale of research and development services and sale of other consultancy services. Purchases from other Group companies consist mainly of consultancy fees in strategic Group projects, property lease, IT-operations, and maintenance. Telenor ASA conducts the main part of the external debt financing in the Group, and provides loan and guarantees to, and receives deposits from Group companies. See note 30 to the consolidated financial statements.

Shares in subsidiaries and loans provided to subsidiaries are evaluated at the lower of cost or fair value. Any impairment losses and reversal of impairment losses are classified as net gains (loss and impairment) on financial assets in the income statement.

NOTE 2 Salaries and personnel costs

The Group's Chief Executive Officer and the Board of Directors have the same positions in Telenor ASA. Please refer to chapter 11 and 12 in the corporate governance section of the Board of Directors' report as well as note 37 and note 38 of the consolidated financial statements, for further information about compensation to the Board of Directors, management and auditor.

NOK in millions	2022	2021
Salaries and holiday pay	(457)	(455)
Social security tax	(69)	(67)
Pension cost including social security tax (note 14)	(65)	(67)
Share-based payments ¹⁾	(24)	(26)
Other personnel costs	(19)	(16)
Total salaries and personnel costs	(634)	(631)
Number of labour-years employed, average	321	341

¹⁾ Share-based payments are costs related to Telenor's employees share program and Long Term Incentive plan (LTI) for senior executives and key personnel.

NOTE 3 Other operating expenses

NOK in millions	2022	2021
Operating expenses related to country offices and services from shared service centres	(297)	(134)
Cost of premises, vehicles, office equipment, operation and maintenance etc.	(127)	(162)
Marketing, representation and sales commission	(27)	(50)
Workforce reductions and onerous contracts	(105)	(30)
Other operating expenses ¹⁾	(362)	(514)
Total other operating expenses	(918)	(890)

¹⁾ Other operating expenses are primarily related to safeguarding of interests and assessment of new market opportunities. In addition, audit fees and other fees to the auditor are included, see note 38 in the consolidated financial statements. Provision for bad debt of NOK 204 million is recognised against intercompany trade receivables, a reduction of NOK 147 million compared to 2021.

NOTE 4 Research and development costs

Research and development expenses in Telenor ASA were NOK 135 million in 2022 and NOK 131 million in 2021. Research and development activities relate to new technologies and secure full utilisation of existing technologies and network.

NOTE 5 Financial income and expenses

NOK in millions	2022	2021
Interest income from Group companies	643	70
Group contribution and dividends from subsidiaries	7 011	14 903
Other financial income	187	87
Other financial income from Group companies	-	1
Total financial income	7 841	15 061
Interest expenses to Group companies	(426)	(15)
Interest expenses (external)	(958)	(952)
Total financial expenses	(1 384)	(967)
Foreign currency gain	932	2 804
Foreign currency loss	(3 495)	(1 347)
Net foreign currency gains (losses)	(2 563)	1 457
Net change in fair value of financial instruments at fair value through profit or loss	611	229
Net change in fair value of hedging instruments and hedged items	(205)	(44)
Net change in fair value of financial instruments	406	185
Gains on transfer of shares in subsidiaries ¹⁾	-	12 659
Impairment losses on shares in subsidiaries ²⁾	-	(2 276)
Net gains (losses and impairment) on financial assets	-	10 383
Net financial income (expenses)	4 300	26 119

¹⁾ Gains on transfer of shares in subsidiaries relate to transfer of shares in Telenor Infra AS to the wholly owned subsidiary Telenor Networks Holding AS as contribution in-kind.

²⁾ The impairment is related to Telenor Real Estate AS and due to Telenor Real Estate AS paid out a dividend to Telenor ASA of NOK 3.0 billion in 2021.

Group contribution and dividends received from Group companies is recognised as financial income in the year it is approved by the General Meeting in the relevant company and Telenor ASA obtains the right to the Group contribution and dividends. In 2022, Telenor ASA received and recognised NOK 7.0 billion in taxable Group contribution, which relates to the financial year 2021.

In 2021, Telenor ASA received and recognised NOK 6.9 billion in taxable Group contribution, which relates to the financial year 2020. Telenor ASA also received dividends of NOK 5.0 billion from Telenor Mobile Holding AS and dividend of NOK 3.0 billion from Telenor Real Estate AS. Telenor Mobile Holding AS has also distributed dividends received from its subsidiaries.

NOTE 6 Income taxes

NOK in millions	2022	2021
Profit before taxes	3 569	25 475
Current taxes	-	(1 667)
Reversal of tax expense related to losses on guarantee for Unitech Wireless (India)	2 491	-
Reversal of tax provision related to losses on loans and guarantees	330	-
Resolution of disputed items and adjustment in previous years' current income tax	128	(42)
Change in deferred taxes	(742)	79
Income tax	2 207	(1 630)

Tax basis		
Profit before taxes	3 569	25 475
Effect of other comprehensive income and tax-free transfers	33	(34)
Non-deductible expenses and tax-free income	(197)	(10 009)
Group contribution previous year	(7 011)	(6 903)
Dividend – tax-free	-	(8 000)
Changes in temporary differences recognised in income statement	338	(23)
Change in previously years deferred tax assets	-	61
Group contribution current year	-	7 011
Tax loss carryforwards	3 268	-
Tax basis for the year	-	7 577
Current taxes at nominal income tax rate in Norway (22% in 2022 and 2021)	-	1 667

Effective tax rate		
Income tax expense at corporate income tax rate in Norway (22% in 2022 and 2021)	(785)	(5 605)
Non-deductible expenses and tax-free income	36	2 209
Accounting effect of received tax-free dividend	-	1 760
Resolution and adjustments of disputed item	2 949	12
Other	7	(7)
Income tax	2 207	(1 630)
Effective tax rate in %	-61.83%	6.40%

NOK in millions	2022	2021	Changes
Temporary differences as of 31 December			
Non-current assets	(4)	(15)	11
Interest element in connection with fair value hedges of liabilities	3 277	(653)	3 930
Financial derivatives	(4 566)	(737)	(3 829)
Losses on guarantees	(280)	(280)	-
Other accruals for liabilities	(86)	(10)	(76)
Pension liabilities	(332)	(399)	67
Group contribution	-	(7 011)	7 011
Disallowed interest deduction carried forward	(441)	-	(441)
Tax loss carryforwards	(3 268)	-	(3 268)
Total temporary differences as of 31 December	(5 700)	(9 105)	3 405
Tax rate	22%	22%	-
Net deferred tax assets	1 254	2 003	(749)

Changes in net deferred tax assets:		
Recognised in other comprehensive income ¹⁾		(7)
Recognised in the income statement		(742)

¹⁾ Deferred taxes recognised in other comprehensive income is related to tax re-measurement of defined benefit pension plans. Other comprehensive income elements are presented gross in the comprehensive income with the related tax effect on a separate line. Tax effect of 22% is included in change in deferred taxes.

The general tax rate in Norway is 22% in 2022.

In 2012, Telenor ASA recorded a loss after having repaid, as guarantor, all Unitech Wireless' interest-bearing borrowings, amounting to NOK 10.6 billion. A deferred tax asset of NOK 2.5 billion was recognised. In 2013, the business transfer from Unitech Wireless to Telenor India was completed, and Telenor ASA deducted NOK 9.3 billion as loss on guarantees in its tax filing. In 2019, Telenor ASA has received a reassessment order from the Norwegian tax authorities disallowing deduction for the loss, which increases previous years' current income tax with NOK 2.5 billion in 2019. The decision was upheld by the Tax Appeal Board. Telenor ASA has appealed the decision to the district court. On 28 March 2022, the district court decided in favor of Telenor ASA, and the tax expense was reversed with NOK 2.5 billion in 2022. The government has appealed the ruling to the Appeal Court, and the appeal is scheduled to be heard in April 2023.

Telenor ASA claimed deductions for losses on loans and guarantees related to the subsidiary Cinclus Technology AS in 2008 with NOK 0.5 billion and in 2011 with NOK 0.7 billion. The Tax Office disallowed deductions for 2008 by decision of 21 December 2016, and for 2011 by decision of 21 February 2018. Telenor ASA appealed the decisions. On 6 June 2022, the Tax Appeal Board decided that Telenor ASA should be allowed deductions, and the tax expense was therefore reversed by an additional NOK 0.3 billion in 2022.

Non-deductible expenses and tax-free income for 2021 includes gain of NOK 12.7 billion on transfer of shares in Telenor Infra AS to the wholly owned subsidiary Telenor Networks Holding AS as contribution in-kind, and impairment of NOK 2.3 billion related to Telenor Real Estate AS and comes as a consequence after Telenor Real Estate AS paid out a dividend to Telenor ASA of NOK 3.0 billion in 2021.

NOTE 7 Intangible assets

2022

NOK in millions	Accumulated cost as of 1 January	Additions	Disposals	Amortisations and impairment losses	Accumulated amortisations and impairment losses	Carrying amount as of 31 December
Software purchased (5 years)	412	-	-	-	(412)	-
Work in progress	5	-	(1)	-	-	4
Total intangible assets	417	-	(1)	-	(412)	4

2021

NOK in millions	Accumulated cost as of 1 January	Additions	Disposals	Amortisations and impairment losses	Accumulated amortisations and impairment losses	Carrying amount as of 31 December
Software purchased (5 years)	412	-	-	(1)	(412)	-
Work in progress	5	-	-	-	-	5
Total intangible assets	417	-	-	(1)	(412)	5

NOTE 8 Leases

Group as lessee

The Group disposed of its ownership of the headquarter office building at Fornebu, Norway in 2020.

Upon closing of the transaction, the Group entered into several lease agreements with Snarøyveien 30 AS for leasing back office space in parts of the building. In 2021 Telenor Group has entered corresponding new lease agreements with Group companies that have offices at Fornebu with the same conditions.

The non-cancellable period under the lease agreements is between 7-15 years, with a lease term of 7-25 years.

Telenor ASA has accounted for the new lease agreements in accordance with IFRS 16 from commencement date of the agreement on 1 October 2021.

Lease liability and a corresponding right-of-use asset is recognised at the commencement date of the lease.

Property lease cost until the commencement date of the new agreements in 2021 is recognised as other operating expenses as in the previous years and amounts to NOK 33 million.

Right-of-use assets

NOK in millions	Buildings
Accumulated cost	
As of 1 January 2021	-
Additions	956
As of 31 December 2021	956
Additions	
As of 31 December 2022	956
Accumulated depreciation	
As of 1 January 2021	-
Amortisation	(11)
As of 31 December 2021	(11)
Amortisation	(45)
As of 31 December 2022	(56)
Carrying amount	
As of 31 December 2021	945
As of 31 December 2022	900
Related lease liability disaggregated per class of right-of-use assets	
As of 31 December 2021	950
As of 31 December 2022	927

Lease liability

NOK in millions	2022			2021		
	Current	Non-current	Total	Current	Non-current	Total
Lease liability related to buildings	67	860	927	67	883	950
Total lease liabilities	67	860	927	67	883	950

The lease liabilities maturity profile is as follows:

NOK in millions	Total as of 31.12.22											
		< 1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	9 years	10 years	>10 years
Lease liabilities - buildings	927	67	68	69	69	67	63	64	64	65	65	266
Sum of lease liabilities	927	67	68	69	69	67	63	64	64	65	65	266
Future interest payments	289	21	20	20	20	19	18	18	17	16	15	105
Total including future interest	1 216	88	88	89	89	86	81	82	81	81	80	371

Changes in lease liabilities are presented below:

NOK in millions	2022	2021
Lease liabilities as of 1 January	950	-
Increase in lease liabilities related to other lease contracts due to new contracts or modification of existing contracts	-	956
Increase due to interest expense accrued	22	5
Decrease due to repayments of principal portion of lease liabilities	(23)	(6)
Decrease due to repayments of interest portion of lease liabilities	(22)	(5)
Lease liabilities as of 31 December 2022	927	950

Cash payments made relating to lease contracts are presented below:

NOK in millions	Classification in cash flow statement	2022	2021
Repayments of lease liabilities – principal portion	Financing activities	23	6
Repayments of lease liabilities – interest portion	Operating activities	22	5
Total cash outflow		45	11

Expenses recognised in the income statement related to lease contracts are presented below:

NOK in millions	Classification in income statement	2022	2021
Depreciation of right-of-use assets	Depreciation and amortisation	45	11
Interest expenses on lease liabilities	Financial expenses (note 5)	22	5
Variable lease expenses not dependant on index or rate	Other operating expenses (note 3)	28	27
Total		95	43

NOTE 9 Shares in subsidiaries

The table below sets forth Telenor ASA's ownership interest in its subsidiaries. These subsidiaries will mainly be holding companies. Shares owned by the subsidiaries are shown in note 34 in the consolidated financial statements. Ownership interests correspond to voting interest if not otherwise stated.

Shares in subsidiaries

NOK in millions	Office	Ownership interest in % 2022	Ownership interest in % 2021	Carrying amount as of 31 December 2022	Carrying amount as of 31 December 2021
Telenor Networks Holding AS	Norway	100.0	100.0	71 277	70 765
Telenor Global Shared Services AS	Norway	100.0	100.0	626	626
Telenor Communication II AS	Norway	100.0	100.0	7 235	7 235
Telenor Mobile Holding AS	Norway	100.0	100.0	70 977	70 977
Telenor KB AS	Norway	100.0	100.0	-	-
Telenor Forsikring AS	Norway	100.0	100.0	300	300
Telenor Maritime AS ¹⁾	Norway	98.9	98.9	172	172
Telenor GTI AS	Norway	100.0	100.0	3 850	3 850
Cinclus Technology AS	Norway	100.0	100.0	-	-
Telenor Digital AS ²⁾	Norway	0.0	100.0	-	512
Telenor Real Estate AS	Norway	100.0	100.0	351	351
Total				154 787	154 787

¹⁾ The remaining 1.1% of shares in Telenor Maritime AS are owned by Telenor Communication II AS.

²⁾ Telenor Digital AS is merged with Telenor Linx AS which is owned by Telenor Networks Holding AS in 2022.

NOTE 10 Other financial assets

NOK in millions	2022	2021
Capital contribution in Telenor Pension Fund ¹⁾	298	298
Derivatives financial instruments	960	29
Fair value hedging instruments	-	738
Other financial assets external ²⁾	3 239	978
Total other non-current financial assets	4 497	2 043
Receivables from Group companies	86	317
Other current financial assets external	113	513
Total other current financial assets	199	830

¹⁾ The amount capitalised in the statement of financial position is the cost price, which is considered an approximation of fair value. Telenor ASA holds the entire core capital in the Telenor Pension Fund. The capital contribution to Telenor Pension Fund is classified as equity investment.

²⁾ Other financial assets external in 2022 include NOK 2.6 billion related to the district court decision on 28 March 2022 in favor of Telenor ASA due to guarantee of Unitech Wireless' interest-bearing borrowings. See also Note 6 Income taxes.

Risk management

Telenor ASA's treasury function is responsible for financial risk management including liquidity management, interest rate risk, managing foreign exchange risk, credit risk and capital management. The activities in the treasury function are performed according to policies and procedures approved by the Board of Directors of Telenor ASA.

Telenor ASA issues debts in Norwegian and foreign capital market mainly through certificates and bonds. In addition, Telenor ASA has established a sustainability-linked committed syndicated revolving credit facility of EUR 1.8 billion with maturity in 2025.

Financing of the Group's activities implies that Telenor ASA's income statement is exposed to changes in interest rates in the market. Fluctuation in interest rates also influences the fair value of assets and liabilities.

Telenor ASA holds debt in other currencies than Norwegian Kroner (NOK) and is exposed to currency risk related to changes in value of NOK compared to other currencies. Net investment hedge relationships are established to match currency fluctuation on debt instruments to currency fluctuations on foreign investments.

The Company is exposed to credit risk related to receivables and financial instruments with positive value against external parties and other companies in the Group.

Telenor ASA uses derivatives as forward currency contracts and interest rate swaps to manage the risk exposure related to changes in currency and interest rates. All derivative contracts are measured at fair value with changes through profit and loss. If the derivatives are designated for cash flow hedge accounting or as part of a hedge of net investment, the changes in fair value are recognised as other comprehensive income.

Telenor ASA is exposed to the interest rate benchmark reform (IBOR reform) through financial instruments with exposures from EURIBOR and USD Libor interest rate fixings. As of 31 December 2022, there are no effects on Telenor ASAs fair value hedging relationships as a result of the IBOR reform. Telenor ASA is monitoring and managing the transition to alternative benchmark rates and is in dialogue with counterparties about the IBOR reform.

See also note 31 in the consolidated financial statements where interest rate risk is explained in detail.

See also note 27 and note 31 in the consolidated financial statements where financial risks and accounting for financial instruments are explained in detail.

Fair value of financial instruments

Principles for estimating fair values

Based on the characteristics of the financial instruments that are recognised in the financial statements, the financial instruments are grouped into the classes and categories described below. The estimated fair values of the financial instruments are based on market prices and the valuation methodologies per class are described below.

Fair value hierarchy

Telenor ASA measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in measuring fair value:

Level 1: Quoted prices (unadjusted) in active markets for identical financial instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

Interest-bearing liabilities

Fair values of interest-bearing liabilities are based on quoted prices where available. Interest-bearing liabilities that are not traded in an active market have been calculated using yield curves, which incorporates estimates of the Telenor ASA credit spread. The credit curve has been extrapolated using indicative prices on debt issuance by Telenor ASA for different maturities. The yield curves have been interpolated from cash and swap curves observed in the market for different currencies and maturities.

Trade receivables and other current and non-current financial assets

For trade receivables and other current receivables, the nominal amount is assessed to be a reasonable approximation of fair value. The effect of not discounting is considered to be immaterial for this class of financial instruments.

Equity investments

Fair values for listed shares are based on quoted prices at the end of the reporting period. Fair value of unlisted shares is calculated using commonly used valuation techniques or measured at cost if the investment does not have a quoted market price in an active market and the fair value cannot be reliably measured.

Trade payables and other non-interest-bearing financial liabilities

For trade payables and other non-interest-bearing financial liabilities the nominal amount is assessed to be a reasonable approximation of fair value. The effect of not discounting is considered to be immaterial for this class of financial instruments.

Cash and cash equivalents

The fair value for this class of financial instruments is assessed to be equal to the nominal amount.

Derivatives

Fair values of currency swaps, foreign currency forward contracts and interest rate swaps are estimated based on calculating the net present value of future cash flows, using interest rate curves, exchange rates and currency spreads as of 31 December 2022 and 2021, respectively.

2022

NOK in millions	Carrying amount	Total as of 31 December 2022	2023	2024-2026	2027-2031	2032->
Interest-bearing liabilities						
Bonds and Commercial Papers	66 586	70 038	5 263	27 934	26 315	10 526
Other interest-bearing liabilities	3 640	-	-	-	-	-
Total interest-bearing liabilities external	70 225	70 038	5 263	27 934	26 315	10 526
Other interest-bearing liabilities Group	15 170	15 170	15 170	-	-	-
Drawing on Group cash pools	4 777	4 777	-	-	-	4 777
Interest-bearing liabilities Telenor Group	19 947	19 947	15 170	-	-	4 777
Non-interest-bearing liabilities						
Trade and other payables external	539	539	539	-	-	-
Trade and other payables Group companies	112	112	112	-	-	-
Other current non-interest-bearing liabilities	237	237	237	-	-	-
Derivative financial instruments liabilities	1 803	1 803	382	1 236	185	-
Other non-current non-interest-bearing liabilities	73	73	-	73	-	-
Total non-interest-bearing liabilities	2 763	2 764	1 270	1 309	185	-
Total	92 935	92 749	21 703	29 243	26 501	15 303
Future interest payments	-	7 038	1 441	3 373	1 723	500
Total including future interest payments	92 935	99 787	23 144	32 616	28 224	15 804

2021

NOK in millions	Carrying amount	Total as of 31 December 2021	2022	2023-2025	2026-2030	2031->
Interest-bearing liabilities						
Bonds and Commercial Papers	72 229	71 775	4 992	21 855	29 952	14 976
Other interest-bearing liabilities	120	-	-	-	-	-
Total interest-bearing liabilities external	72 349	71 775	4 992	21 855	29 952	14 976
Other interest-bearing liabilities Group	7 480	7 480	7 480	-	-	-
Drawing on Group cash pools	1 965	1 965	-	-	-	1 965
Interest-bearing liabilities Telenor Group	9 445	9 445	7 480	-	-	1 965
Non-interest-bearing liabilities						
Trade and other payables external	631	631	631	-	-	-
Trade and other payables Group companies	55	55	55	-	-	-
Other current non-interest-bearing liabilities	2 239	2 239	2 239	-	-	-
Derivative financial instruments liabilities	1 755	1 755	678	513	502	63
Other non-current non-interest-bearing liabilities	47	47	-	47	-	-
Total non-interest-bearing liabilities	4 727	4 727	3 603	560	502	63
Total	86 522	85 948	16 075	22 415	30 454	17 004
Future interest payments	-	5 584	818	2 563	1 592	610
Total including future interest payments	86 522	91 531	16 894	24 978	32 046	17 614

For specification regarding external interest-bearing liabilities in Telenor ASA, see note 30 in the consolidated financial statements.

Changes in external interest-bearing liabilities

NOK in millions	2022	2021
As of 1 January	72 349	79 781
Change in cash flow from financing activities	(5 622)	(3 410)
Change in fair value adjustment of hedge items	(3 931)	(1 134)
Change in fair value of hedge instruments	3 520	120
Effects from changes in foreign exchange rates	3 418	(3 671)
Interest ¹⁾	33	30
Other changes	458	633
As of 31 December	70 225	72 349

¹⁾ Classified as cash flow from operating activities.

NOTE 12 Equity and dividends

Allocation of equity and dispositions over the last two years is shown in a separate table, see statement of changes in shareholders' equity.

Nominal value per share is NOK 6.

Dividends paid and proposed

	2022	2021
Dividends per share in NOK – paid	9.30	9.00
Dividends per share in NOK - proposed by the Board of Directors	9.40	9.30

Dividend of NOK 13.0 billion has been recognised to equity in 2022 (NOK 12.6 billion in 2021).

Board of Directors proposes an ordinary dividend of NOK 9.40 for 2022 (NOK 13.2 billion), to be declared by the Annual General Meeting (AGM) on 10 May 2023. The proposed dividend shall be split into two tranches of NOK 5.00 and NOK 4.40 per share, to be paid in May and October 2023, respectively.

At the Extraordinary General Meeting on 26 January 2023, The Board of Directors authorised a new share buyback program. At the same time the company has the intention to enter into an agreement with the Norwegian State represented by the Ministry of Trade, Industry and Fisheries to buy back shares for the purpose of cancellation of shares and write-down of share capital in order to maintain the Government proportion of the total shares. The Board of Directors is authorised to acquire up to 47 000 000 own shares with nominal value of NOK 282 million which corresponds to approximately 3.4% of the company's share capital. The share buyback is limited to NOK 3.7 billion. The authorisation is valid until 31 December 2023.

NOTE 13 Current non-interest-bearing liabilities

NOK in millions	Category	2022	2021
Trade payables to Group companies	FLAC ¹⁾	112	55
Financial derivatives to Group companies	FVTPL	-	3
Current non-interest-bearing liabilities within the Group		112	58
Trade payables external	FLAC	539	631
Government taxes, tax deductions, holiday pay etc.	NF ²⁾	121	123
Income taxes payable	NF	20	1 986
Financial derivatives	FVTPL	382	675
Other current liabilities	FLAC	97	130
Current non-interest-bearing external liabilities		1 159	3 545

¹⁾ FLAC: Financial liabilities at amortised cost.

²⁾ NF: Non-financial assets and liabilities.

NOTE 14 Pension obligations

Telenor ASA is obliged to follow and complies with the Act on Mandatory Company Pensions. The company has a pension scheme according to the requirements set in the Act. Telenor ASA follows the same assumptions as the Group, see note 21 to the consolidated financial statements.

Changes in the defined benefit obligation and fair value of plan assets

NOK in millions	2022			2021		
	Defined benefit obligation	Fair value plan assets	Net liability defined benefit	Defined benefit obligation	Fair value plan assets	Net liability defined benefit
As of 1 January	(1 572)	1 172	(399)	(1 457)	1 060	(397)
Service cost	(30)	-	(30)	(32)	-	(32)
Net interest	(29)	22	(7)	(25)	19	(6)
Sub-total included in Income Statement	(59)	22	(37)	(57)	19	(38)
Return on plan assets (excluding amounts included in net interest)	-	(96)	(96)	-	1	1
Actuarial changes arising from changes in financial assumptions	148	-	148	(67)	-	(67)
Experience adjustments	(18)	-	(18)	31	-	31
Sub-total included in Other Comprehensive Income	130	(96)	34	(36)	1	(35)
Effects of business combinations and disposals	21	(15)	6	(87)	85	(1)
Contributions by employer	-	40	40	-	48	48
Benefits paid	66	(42)	24	65	(41)	24
As of 31 December	(1 414)	1 081	(332)	(1 572)	1 172	(399)
Of which classified as:						
Pension obligations			(488)			(531)
Pension assets ¹⁾			156			132

¹⁾ Telenor does not have a right to use the net funds in the funded plans to settle the obligations under the unfunded plans.

Telenor ASA expects to contribute approximately NOK 63 million to the Telenor Pension Fund in 2022.

80 employees were covered by defined benefit plan of the Telenor Pension Fund. Telenor Pension Fund paid out pensions to 415 persons.

Components of net periodic benefit cost

NOK in millions	2022	2021
Service cost	(30)	(32)
Net interest cost	(7)	(6)
Contribution plan costs	(34)	(36)
Total pension costs recognised in the income statement	(71)	(74)
Of which reported as pension cost (note 14)	(65)	(67)
Of which reported as net interest cost (note 5)	(7)	(6)

NOTE 15 Related parties

Telenor ASA's transactions with its major shareholder, the Norwegian State represented by the Ministry of Trade, Industry and Fisheries, are discussed in note 36 to the consolidated financial statements.

Telenor ASA's other related parties consist mainly of subsidiaries of the Group. Telenor ASA sells and buys services from these companies, see note 1 for further description, and provides loans and receives deposits from the companies. When permissible by local rules and regulations, subsidiaries owned 90% or more are part of Telenor ASA's cash pool systems and the internal bank in Group Treasury. Through the internal bank, the subsidiaries can get loans, place excess liquidity, and make currency exchanges.

In addition, Telenor ASA receives dividends that are recognised as financial income, see note 5. Group contributions and dividends recognised in 2022 and 2021 of NOK 7,011 million and NOK 14,903 million, respectively, are received from companies within Other units.

Lease liabilities to Telenor Real Estate AS of NOK 927 million are included under Financial transactions, Liabilities, see note 8.

Sales and purchases of services, receivables, and liabilities

NOK in millions	2022				2021			
	Sales	Purchases	Receivables	Liabilities	Sales	Purchases	Receivables	Liabilities
Subsidiaries								
Norway	263	42	32	35	255	42	13	13
Sweden	88	30	11	(1)	78	10	28	(2)
Denmark	40	12	2	4	37	9	6	3
Finland	57	9	1	2	5	2	-	-
dtac – Thailand	127	-	13	-	143	1	2	1
Digi – Malaysia	95	2	-	-	103	2	17	-
Grameenphone – Bangladesh	59	-	310	9	104	-	247	6
Pakistan	50	6	183	1	50	5	58	2
Myanmar	9	1	-	-	54	-	38	-
Other units	60	364	39	62	65	361	142	32
Total	848	466	591	112	894	432	551	55

Financial transactions, receivables, and liabilities

NOK in millions	2022				2021			
	Financial income	Financial expense	Receivables	Liabilities	Financial income	Financial expense	Receivables	Liabilities
Subsidiaries								
Norway	313	21	5 321	-	33	-	5 180	-
Sweden	29	11	1 134	-	18	-	1 135	-
Denmark	4	8	-	13	-	-	-	13
Finland	25	1	2 351	-	-	-	680	-
Other units	273	385	23 330	16 016	19	15	24 726	8 421
Total	643	426	32 136	16 029	70	15	31 721	8 434

NOTE 16 Guarantees

NOK in millions	2022	2021
Guarantee liabilities	656	764

Guarantee liabilities contain the unrecognised guarantee liabilities issued by Telenor ASA. The guarantee liabilities mainly consist of guarantees issued by Telenor ASA on behalf of subsidiaries.

Purchased bank guarantees are not included in the table.

Responsibility Statement

We confirm that, to the best of our knowledge, the consolidated financial statements for the year ended 31 December 2022 have been prepared in accordance with IFRS as adopted by the EU, that the financial statements for the parent company for the year ended 31 December 2022 have been prepared in accordance with the Norwegian Accounting Act and simplified IFRS in Norway, that they give a true and fair view of the Company's and Group's assets, liabilities, financial position and results of operations, and that the Report of the Board of Directors gives a true and fair review of the development, performance and financial position of the Company and the Group and includes a description of the principle risks and uncertainties that they face.



Gunn Wærsted
Chair

Fornebu, 21 March 2023



Jørgen Kildahl
Vice Chair of the Board



Jon Erik Reinhardsen
Board member



Nina Bjørnstad
Board member



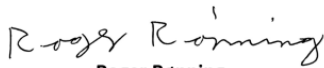
Pieter Knook
Board member



Astrid Simonsen Joos
Board member



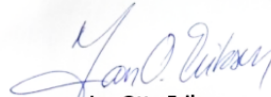
Elisabetta Ripa
Board member



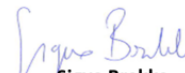
Roger Rønning
Employee representative



Irene Vold
Employee representative



Jan Otto Eriksen
Employee representative



Sigve Brekke
President & CEO

Statement from the Corporate Assembly of Telenor ASA

On 22 March 2023, the Corporate Assembly of Telenor ASA passed the following resolution:

The Corporate Assembly recommends that the Annual General Meeting approves the Board's proposal for Financial Statements for Telenor Group and Telenor ASA for 2022 as presented to the Corporate Assembly, by transfer of NOK 5 776 million to retained earnings and a dividend payment of NOK 9.40 per share to be paid out in two instalments of NOK 5.00 per share and NOK 4.40 per share in May and October 2023, respectively.

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Telenor ASA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Telenor ASA (the Company) which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company comprise the statement of financial position as at 31 December 2022 and the income statement, statement of comprehensive income, statement of cash flows and the statement of changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements of the Group comprise the statement of financial position as at 31 December 2022, the income statement, statement of comprehensive income, statement of cash flows and the statement of changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable legal requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022 and its financial performance and cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act,
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the audit committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 22 years from the incorporation of the Company on 21 July 2000 for the accounting year 2000.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2022. These matters were addressed in the context of our audit of the

financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Impairment assessment

Basis for the key audit matter

Telenor has performed impairment assessment for cash generating units (CGUs) with goodwill and other CGUs with impairment indicators. Uncertainty with respect to market and industry conditions, regulatory developments and when applicable country risk, increases the risk that CGUs may be impaired. The determination of recoverable amount, being the higher of fair value less costs of disposal and value in use (VIU), requires management's judgment. VIU is estimated based on a discounted cash flow model and has been applied for CGUs where observable market prices are not available. Determining the VIU involves estimation of long-term future cash flows, which are dependent upon management's estimate of future economic and industry conditions and technological developments, and weighted average cost of capital (WACC). The CGUs future operational performance and external factors have a significant impact on the estimated future cash flows.

Significant assumptions used in forecasting future cash flows are revenue growth, EBITDA growth, EBITDA margin, capital expenditure, long term growth rates and spectrum licence costs. For certain CGUs, estimated VIU also incorporates management's judgment about current and long-term country risk. Cash flow projections in the explicit period are based on forecasts and business plans approved by management and the Board of Directors whereas cash flow projections beyond the explicit period are extrapolated. Impairment assessment is a key audit matter because there is considerable estimation uncertainty, complexity and subjectivity related to determination of VIU.

Our audit response

We obtained an understanding of, evaluated the design, and tested the operational effectiveness of controls over the Group's impairment assessment process. This included testing management's controls over their review of the significant assumptions used in determining the VIU of the CGUs. We performed audit procedures that included evaluating the CGUs identified and compared the estimated VIU to the carrying amount of each CGU. We paid particular attention to the CGUs Telenor Pakistan and DNA, as we expected that the impairment assessment would be sensitive to changes in key assumptions within a reasonable range.

Our audit procedures included assessment of the appropriateness of valuation methods and models, significant assumptions, including supporting and contradicting evidence and mathematical accuracy. We also assessed the adequacy of the related disclosures provided, in particular disclosures about key assumptions and sensitivities. For future cash flows, we performed audit procedures to test and assess significant assumptions used in the VIU models, including projected revenue and EBITDA growth, management's models for forecasting spectrum license cost, normalized cash flows for the initial period in the terminal value and long-term growth rates, among others comparing them to external evidence such as economic and industry forecasts for the relevant markets. Further, we compared the cash flow projections used in the VIU models to the information approved by the Group's Board of Directors and evaluated the historical accuracy of management's business plans by performing look-back analysis. For WACC, we compared the applied market risk premium, long-term risk-free rate, beta and when applicable, inflation differentials (between US and local inflation) and country risk premium against external evidence. We also performed an analysis of the significant assumptions to evaluate the implied sensitivity of the valuation models. We included valuation specialists in our team to assist us with evaluation and testing of valuation models, assessment of key assumptions and analysis of external evidence.

We refer to note 18 to the consolidated financial statements for further details.

Regulatory disputes

Basis for the key audit matter

The Group is involved in regulatory disputes in several jurisdictions. These regulatory disputes are uncertain regarding timing, amounts and consequences of resolutions. The assessment of whether a liability should be recognized involves judgment from management.

Regulatory disputes is a key audit matter due to the amounts involved, potential consequences and the inherent difficulty in assessing the outcome.

Our audit response

We obtained and reviewed a summary of disputes and claims prepared by management and discussed the regulatory disputes. Furthermore, we made enquiries to external legal counsel, obtained external legal opinions and evaluated management's conclusion with respect to recognition, measurement and note disclosures by corroborating to the external legal opinions and other information obtained. We paid particular attention to regulatory disputes in Bangladesh, Thailand, India and Pakistan.

We refer to note 23 to the consolidated financial statements for further details.

Revenue recognition

Basis for the key audit matter

The Group delivers goods and services which can be sold separately or combined in promotional packages to millions of customers in multiple geographical locations. Determining revenue to be recognized is complex because of the high volume of customer contracts and transactions, continuously changing business and price models (including tariff structures, options and incentives) and the complexity of the IT-systems. The application of the Group's accounting policies for revenue recognition requires managements judgement.

Revenue recognition is a key audit matter because of the transaction volume, the complexity of the IT-systems and the judgement involved in the application of accounting policies.

Our audit response

Our audit procedures included test of controls and substantive procedures, including:

- assessment of the appropriateness of accounting principles
- test of the design and operating effectiveness of controls over the revenue processes, including test of general IT controls and application controls over the main IT-systems and applications
- test of application of revenue recognition accounting policies including test of stand-alone selling prices and allocation of revenue to performance obligations for a sample of contracts
- assess management's judgement and estimates
- test of end-to-end reconciliation from revenue system to accounting system
- test of accruals for deferred and unbilled revenue
- assessment of completeness and accuracy of note disclosures on revenue

We refer to note 3 to the consolidated financial statements for further details.

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and the Chief Executive Officer) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility contain the information required by applicable legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that the other information is materially inconsistent with the financial statements, there is a material misstatement in this other information or that the information

required by applicable legal requirements is not included in the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility are consistent with the financial statements and contain the information required by applicable legal requirements.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act and of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or the Group, or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirement

Report on compliance with regulation on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of Telenor ASA we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name telenorasa-2022-12-31-no.zip, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF Regulation.

Management's responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF Regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's responsibilities

Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation. We conduct our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance about whether the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation.



As part of our work, we perform procedures to obtain an understanding of the company's processes for preparing the financial statements in accordance with the ESEF Regulation. We test whether the financial statements are presented in XHTML-format. We evaluate the completeness and accuracy of the iXBRL tagging of the consolidated financial statements and assess management's use of judgement. Our procedures include reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 22 March 2023
ERNST & YOUNG AS

Anders Gøbel
State Authorised Public Accountant (Norway)

(This translation from Norwegian has been prepared for information purposes only.)

Definitions

Alternative Performance Measures

Telenor's consolidated financial information is prepared in accordance with International Financial Reporting standards (IFRS). In addition, management provides alternative performance measures that are regularly reviewed by management with the intent to enhance the understanding of Telenor's performance. The alternative performance measures presented may be determined or calculated differently by other companies.

The principles for measurement of the alternative performance measures are in accordance with the principles used both for segment reporting in note 2 in the consolidated financial statements and internal reporting to Group Management Team (GMT). The GMT are considered to be the chief operating decision makers in Telenor, and the alternative performance measures are consistent with financial information used for assessing performance and allocating resources.

Revenues

NOK in million	2022	2021
Mobile subscription and traffic revenues	59 153	58 174
Other mobile revenues	1 205	931
A - Total mobile service revenues	60 358	59 104
Wholesale and other mobile	4 081	4 159
Non-mobile	14 502	13 916
B - Total revenues mobile operations	78 941	77 180
Fixed telephony	586	960
Fixed Internet/TV	11 739	11 999
Other fixed services	974	973
C - Total fixed service revenues	13 300	13 931
Hardware	260	243
Wholesale and broadcasting	4 210	4 216
D - Total revenues fixed operations	17 770	18 390
E - Other service revenues	1 299	1 020
F - Total service revenues (F=A+C+E)	74 957	74 055
G - Other revenues (incl. "E - Other service revenues")	2 243	1 583
H - Total revenues (H=B+D+G)	98 953	97 153

Mobile operations

Mobile subscription and traffic

Consist of subscription and connection fees, revenues from voice (outgoing traffic) and non-voice traffic, outbound roaming, and other mobile service revenues. Subscription and traffic include only revenues from the company's own subscriptions.

Other mobile services

Consist of Internet of Things (IoT) and other mobile services

Mobile service revenues

Consist of subscription and traffic and other mobile revenues.

Wholesale & other mobile

Consists of inbound roaming, national roaming, revenues related to service providers and MVNOs (Mobile Virtual Network Operators), and interconnect. Interconnect consists of revenues from incoming traffic related to the company's own subscriptions but excludes revenues from incoming traffic related to service provider or MVNO subscriptions.

Non-mobile

Consist of revenues from customer equipment and businesses that are not directly related to mobile operations.

Fixed operations

Telephony

Consist of subscription and connection fees, traffic (fixed to fixed, fixed to mobile, to other countries, value added services, other traffic) for PSTN/ISDN and Voice over Internet Protocol (VoIP).

Internet and TV

Consist of subscription, traffic charges and connection fees for xDSL, cable, fibre, and fixed wireless access, in addition to revenues from TV services. High-speed fixed internet includes fibre, cable, VDSL and fixed wireless access.

Fixed service revenues

Consist of telephony, internet and TV, and other fixed services such as leased lines and managed services.

Wholesale and broadcasting

Wholesale consists of sale to service providers of telephony (PSTN/ISDN), Bitstream, LLUB, national and international interconnect, transit traffic, leased lines, and other wholesale products. Broadcasting consists of revenues from terrestrial radio and TV transmission.

Other

Infra

Consist of revenues from passive infrastructure services in Norway.

Satellite

Consist of revenues from satellite services from the satellite position 1-degree west.

Connexion

Consist of revenues from subscription and services related to IoT, i.e., industrial mobile data applications directed at communication between machines.

Maritime

Consist of revenues from maritime communication services.

Service revenues

Consist of mobile and fixed service revenues, and revenues from Connexion and Maritime.

Organic revenue growth

Organic revenue is defined as revenue adjusted for the effects of acquisition and disposal of operations and currency effects. We believe that the measure provides useful and necessary information to investors and other stakeholders for the following reasons:

- it provides additional information on underlying growth of the business without the effect of certain factors unrelated to its operating performance
- it is used for internal performance analysis, and
- it facilitates comparability of underlying growth with other companies (although the term "organic" is not a defined term under IFRS and may not, therefore, be comparable with similarly titled measures reported by other companies).

Reconciliation

NOK in million	2022	2021	Change whole year	Change YoY
Revenue growth	98 953	97 153	1 800	1.9%
Impact using exchange rates for 2022	-	(584)	584	
M&A	-	(271)	271	
Organic revenue	98 953	96 298	2 655	2.8%

NOK in million	2021	2020	Change whole year	Change YoY
Revenue growth	97 153	102 121	(4 967)	-4.9%
Impact using exchange rates for 2021	-	(5 564)	5 564	
M&A	-	(427)	427	
Organic revenue	97 153	96 130	1 023	1.1%

Organic service revenue

Service revenues consist of mobile and fixed subscription and traffic, value added services that are not included in subscription and traffic revenues such as IoT, maritime communication and other end user related services in mobile and fixed operations. Subscription and traffic revenues consist of revenues from mobile subscription and traffic, fixed telephony, fixed Internet/TV and fixed data services.

Organic service revenues are defined as service revenues adjusted for the effects of acquisition and disposal of operations and currency effects. We believe that the measure provides useful and necessary information to investors and other stakeholders for the following reasons:

- it refers to the core revenue streams of the business making up more than 75% of total revenues and almost the entire gross profit for the Group;
- it provides additional information on underlying growth of the business within these core revenue streams, without the effect of certain factors unrelated to its operating performance,
- it is used for internal performance analysis, and
- it facilitates comparability of underlying growth with other companies (although the term "organic" is not defined under IFRS and may not, therefore, be comparable with similarly titled measures reported by other companies).

Reconciliation

NOK in million	2022	2021	Change whole year	Change YoY
Service revenues	74 957	74 055	902	1.2%
Impact using exchange rates for 2022	-	(477)	477	
M&A	-	-	-	
Organic service revenues	74 957	73 578	1 379	1.9%

NOK in million	2021	2020	Change whole year	Change YoY
Service revenues	74 055	78 379	(4 324)	-5.5%
Impact using exchange rates for 2021	-	(4 381)	4 381	
M&A	-	-	-	
Organic service revenues	74 055	73 998	57	0.1%

Gross profit

Gross profit is a key financial parameter for Telenor and is the difference between total revenue and costs of materials and traffic charges. Gross profit reflects the profitability contribution of Telenor's revenue growth in its markets and therefore describes Telenor's potential for sustainable value creation, making gross profit a key financial parameter to follow. It is also used for internal performance analysis.

Reconciliation

NOK in millions	2022	2021	Change whole year	Change YoY
Total revenues	98 953	97 153	1 800	1.9%
Costs of materials and traffic charges	(26 404)	(25 591)	(812)	3.2%
Gross Profit	72 550	71 562	988	1.4%
Impact using exchange rates for 2022	-	(438)	438	
M&A	-	(298)	298	
Organic gross profit	72 550	70 825	1 724	2.4%

Reconciliation

NOK in millions	2021	2020	Change whole year	Change YoY
Total revenues	97 153	102 121	(4 967)	-4.9%
Costs of materials and traffic charges	(25 591)	(25 625)	33	-0.1%
Gross Profit	71 562	76 496	(4 934)	-6.5%
Impact using exchange rates for 2021	-	(4 148)	4 148	
M&A	-	-	-	
Organic gross profit	71 562	72 348	(786)	-1.1%

With effect from 2022, the organic gross profit is adjusted for the effects of acquisition and disposals in addition to currency effects. The change in the definition from currency adjusted gross profit in 2021 to organic gross profit in 2022 is made for consistency with organic revenues and organic EBITDA, without restating 2021 for the effects of acquisition and disposals.

Operating expenses (opex)

Operating expenses (opex) is a key financial parameter for Telenor and consists of salaries and personnel cost and other operating expenses. Telenor's continuous effort to improve efficiency makes opex a key financial parameter to follow. It is also used for internal performance analysis.

Reconciliation

NOK in millions	2022	2021	Change whole year	Change YoY
Salaries and personnel cost	9 998	10 014	(16)	-0.2%
Other operating expenses	20 178	18 891	1 287	6.8%
Operating expenses	30 176	28 906	1 270	4.4%
Impact using exchange rates for 2022	7	(212)	219	
M&A	-	(15)	15	
Organic operational expenses	30 183	28 679	1 504	5.2%

Reconciliation

NOK in millions	2021	2020	Change whole year	Change YoY
Salaries and personnel cost	10 014	10 697	(683)	-6.4%
Other operating expenses	18 891	20 596	(1 705)	-8.3%
Operating expenses	28 906	31 293	(2 388)	-7.6%
Impact using exchange rates for 2021	-	(1 689)	1 689	
M&A	-	-	-	
Organic operational expenses	28 906	29 604	(698)	-2.4%

With effect from 2022, the organic operating expenses are adjusted for the effects of acquisition and disposals in addition to currency effects. The change in the definition from currency adjusted operating expenses in 2021 to organic operating expenses in 2022 is made for consistency with organic revenues and organic EBITDA, without restating 2021 for the effects of acquisition and disposals.

EBITDA before other income and other expenses and EBITDA margin

Earnings before interest, tax, depreciation, and amortisation (EBITDA) is a key financial parameter for Telenor. EBITDA before other income and other expenses is defined as EBITDA less gains and losses on disposals of fixed assets and operations, workforce reductions, onerous contracts, and one-time pension costs, see note 8. EBITDA margin is defined as EBITDA before other income and other expenses divided by total revenues. These measures are useful to investors and other stakeholders in evaluating operating profitability on a more variable cost basis as they exclude depreciation and amortisation expenses related primarily to capital expenses and acquisitions that occurred in the past and non-recurring items, as well as evaluating operating performance in relation to Telenor's competitors. EBITDA margin enables comparison between segments and other operators.

Reconciliation

NOK in millions	2022	2021
EBITDA	43 117	40 902
Other income	(2 004)	(172)
Other expenses	1 261	1 926
EBITDA before other income and expenses	42 374	42 656

EBITDA margin

NOK in millions	2022	2021
Total revenues	98 953	97 153
EBITDA before other items	42 374	42 656
EBITDA margin	42.8%	43.9%

Organic EBITDA growth

Organic EBITDA growth is defined as growth in EBITDA (before other income and other expenses) adjusted for the effects of acquisition and disposal of operations and currency effects. We believe that the measure provides useful and necessary information to investors, and other stakeholders for the following reasons:

- it provides additional information on underlying growth of the business without the effect of certain factors unrelated to its operating performance, and
- it is used for internal performance analysis.

Reconciliation

NOK in millions	2022	2021	Change whole year	Change YoY
EBITDA growth	42 374	42 656	(282)	-0.7%
Impact using exchange rates for 2022	(7)	(226)	219	
M&A		(284)	284	
Organic EBITDA growth	42 367	42 146	221	0.5%

NOK in millions	2021	2020	Change whole year	Change YoY
EBITDA growth	42 656	45 202	(2 546)	-5.6%
Impact using exchange rates for 2021	-	(2 458)	2 458	
M&A		(122)	122	
Organic EBITDA growth	42 656	42 622	34	0.1%

Capital expenses

Capital expenses (capex) are derived from the statement of financial position and consists of investments in property, plant and equipment (PPE), intangible assets and prepayments for right-of-use assets excluding business combinations and asset retirement obligations. Capex is a measure of investments made in the operations in the relevant period and is useful to investors and other stakeholders in evaluating the capital intensity of the operations. Capex and capex/revenues are deemed to better gauge the actual investments in the period than the line items purchases of property, plant and equipment (PPE), intangible assets and prepayments for right-of-assets in the cash flow statement.

Capex excluding licences and spectrum is relevant to users to measure the level of underlying investments. Historically, licence and spectrum investments have varied significantly between reporting periods.

Reconciliation

NOK in millions	2022	2021
Purchases of PPE, intangible assets and prepayments for right-of-use assets	19 298	19 447
Working capital movement of PPE, intangible assets and prepayments of right-of -use assets	(683)	1 746
Deferred licence obligations	4 108	1 340
Less:		
Discontinued operations	(1 404)	(1 888)
Capex	21 319	20 646
Licence and spectrum acquisition	(4 592)	(4 369)
Capex excl. licence and spectrum	16 728	16 277
Total revenues	98 953	97 153
Capex excl. licence and spectrum/Revenues (%)	16.9%	16.8%
Total Capex/Revenues (%)	21.5%	21.3%

Investments

Investments consist of capex and investments in businesses. Investments in businesses comprise acquisitions of shares and participations, including acquisitions of subsidiaries and businesses not organised as separate companies. Investments (or total investments) is deemed to better gauge the actual investments for the period than in the purchases of property, plant and equipment (PPE) and intangible assets line items in the cash flow statement.

Reconciliation

NOK in millions	2022	2021
Capex	21 319	20 646
Investments in businesses	965	392
Investments	22 284	21 038

Net interest-bearing debt excluding licence obligations (Net debt)

Net debt consists of both current and non-current interest-bearing liabilities, current and non-current lease liabilities less related current and non-current hedging instruments, financial instruments, such as debt instruments and derivatives, and cash and cash equivalents. Net debt is adjusted for licence obligations.

Net debt is a measure of the Group's net indebtedness that provides an indicator of the overall balance sheet strength. It is also a single measure that can be used to assess both the Group's cash position and its indebtedness. The use of the term 'net debt' does not necessarily mean that the cash included in the net debt calculation is available to settle the liabilities included in this measure.

Net debt is considered to be an alternative performance measure as it is not defined in IFRS. The most directly comparable IFRS measure is the aggregate interest-bearing liabilities (both current and non-current) and cash and cash equivalents. A reconciliation from these to net debt is provided below.

Reconciliation

NOK in millions	2022	2021
Non-current interest-bearing liabilities	82 724	87 811
Non-current lease liabilities	24 417	28 101
Current interest-bearing liabilities	9 169	9 276
Current lease liabilities	6 674	6 977
Less:		
Cash and cash equivalents	(9 929)	(15 223)
Hedging instruments	(27)	(1 071)
Financial instruments	(277)	(327)
Adjustments:		
Non-current licence obligations	(11 944)	(12 496)
Current licence obligations	(2 931)	(2 264)
Net interest-bearing debt excluding licence obligations	97 875	100 783

Leverage

In recent years, Telenor has measured leverage as the ratio of Net debt to EBITDA before other items. Following the structural changes in the portfolio, and triggered by closing of the merger in Malaysia, Telenor measures the leverage from 2022 as the ratio of Net debt to EBITDA before other items and dividends from associated companies and joint ventures.

The leverage definition is aligned with our alternative performance measure organic EBITDA before other items growth for controlled entities, and cash flow contribution from associates and joint ventures. Further, the usage of EBITDA before other items for controlled entities prevents temporary spikes in leverage due to other income and expenses and thus ensures transparency and a better understanding of Telenor's ability to cover debt with profits from its regular operations.

Telenor aims to maintain a solid balance sheet through keeping leverage ratio in the range of 1.8x to 2.3x, in order to maintain financial flexibility and ensure cost efficient funding. The measure provides useful information about the strength of our financial position and is regularly reported internally.

Leverage	2022	2021
A - Net Debt	97 875	100 783
B - EBITDA before other items	42 374	49 162
C - Dividends from associates and joint ventures	1 376	-
D - Leverage ratio D=A/(B+C)	2.2	2.1

Dividend from associated companies and joint ventures during 2022 includes dividends from Digi of NOK 0.8 billion before merger with Celcom. EBITDA before other items for 2021 includes EBITDA before other items contribution from Digi.

Free cash flow

Telenor makes use of Free cash flow and Free cash flow before M&A activities as important performance measures when presenting and discussing the reported results. We believe it is both useful and necessary to communicate Free cash flow and Free cash flow before M&A activities for the following reasons:

- Free cash flow and Free cash flow before M&A activities allow management and investors to evaluate Telenor's liquidity and cash generated by the operations.
- Free cash flow excludes items that are deemed discretionary, such as financing activities. In addition, Free cash flow before M&A activities excludes cash flows relating to acquisitions and disposals of businesses.
- Free cash flow facilitates comparability with other companies, although Telenor's measure of Free cash flow may not be directly comparable to similar titled measures used by other companies.
- These measures are used for planning, reporting and incentive purposes.

A reconciliation of Net cash flow from operating activities and Net cash flow from investing activities to Free cash flow and Free cash flow before M&A activities is provided in the table below.

Reconciliation

NOK in millions	2022	2021
Net cash flows from operating activities	39 222	42 272
Net cash flows from investing activities	(23 145)	(17 228)
Payments of lease liabilities related to spectrum licences	(2 484)	(2 871)
Payments of lease liabilities related to other lease contracts	(5 589)	(5 954)
Repayments of borrowings - supply chain financing	21	(1)
Dividends paid to and purchase of shares from non-controlling interest	(2 802)	(3 551)
Adjustment for payment to Axiata by CelcomDigi after the merger	5 381	-
Free cash flow	10 604	12 668
M&A activities	739	1 653
Free cash flow before M&A activities	9 865	11 015

Net cash flows from investing activities include the negative deconsolidation effect of the cash balances in Digi on 30 November 2022 before the merger. The closing cash balance in Digi was NOK 6.4 billion which include NOK 5.4 billion financing obtained externally by Digi to make payment to Celcom's owner, Axiata, right after the merger. Since free cash flow has, by definition, one sided negative effect through investing activities of NOK 5.4 billion, an adjustment has been made to exclude the negative effect from free cash flow. Total cash flow including financing activities is not affected by this adjustment.

Return On Capital Employed (ROCE)

When evaluating different financial metrics before making an investment, the return on capital employed is also considered. Return on capital employed is calculated by dividing the return of last twelve months by the average balance of capital employed for the same twelve-month period. Return is defined as operating profit including share of profits from associated companies and joint ventures, less income taxes. Capital employed is defined as the sum of total equity and net interest-bearing debt including licence obligations and net pension obligations. The average of capital employed during the period is calculated as average of opening and closing balance for the given twelve-month period.

The calculated return on capital employed is based on the actual generated return, and hence it may be impacted by unusual returns or losses at a particular point of time.

Reconciliation

NOK in millions	2022	2021
Operating profit	17 346	17 654
Share of net income (loss) including gains/losses from associated companies and joint ventures	(303)	(459)
Income taxes	2 914	(5 008)
A - Earnings	19 958	12 187
Total equity as of beginning of the period	31 500	43 918
Net interest-bearing debt including licence obligations as of beginning of the period	115 543	127 485
Net pension obligations as of beginning of the period	2 429	2 747
B - Total capital employed as of beginning of the period	149 472	174 150
Total equity as of end the period	64 375	31 500
Net interest-bearing debt including licence obligations as of end of the period	112 750	115 543
Net pension obligations as of end of the period	1 919	2 429
C - Total capital employed as of end of the period	179 045	149 472
D- Average capital employed before adjustments (D=(B+C)/2)	164 258	161 811
E - Adjustment for Telenor Myanmar	(117)	5 756
E - Adjustment for Digi's capital employed	6 026	12 463
E - Adjustment for CelcomDigi	17 218	-
F - Average capital employed (F=D-E)	141 131	143 592
G - Return on capital employed (G=A/F)	14%	8%



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