telenor group

ANNUAL REPORT 2020

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Telenor at a glance

9 countries
182 million subscribers
18.000 employees
166 years

Telenor Group is a leading telecommunications company across the Nordics and Asia. We are committed to responsible business conduct and driven by the ambition of empowering societies. Connectivity has been Telenor's domain since 1855 and our purpose is to empower societies and connect our customers to what matters most.

Telenor is listed at Oslo Stock Exchange under the ticker TEL. For more information, see www.telenor.com

Letter from the CEO

Telenor's purpose is empowering societies - connecting you to what matters most. In 2020, our purpose was put to its ultimate test: A global pandemic. Overnight, we couldn't meet face-to-face, we needed to meet virtually. Our services made sure people could be together, but still keep their distance. I'm proud to say that Telenor did our part and delivered on our purpose in 2020.

These first months of 2021 have given us new challenges, with a state of emergency under military leadership declared in Myanmar. The developments we have seen in the country in the weeks preceding this report's publication have been deeply saddening and concerning. In Telenor, we condemn the use of violence against demonstrators and civilians and we use our voice where we can, in support of human rights and democracy. I was there when we entered Myanmar in 2014, with the clear ambition to support the country in its progress towards economic development and democracy. Since then, we have seen that access to communication technology can contribute to reduced inequalities and inclusive growth for the people in Myanmar.

In 2020, the global pandemic created a heavy reliance on connectivity and considerable pressure on networks worldwide. We had to find ways to stay at home, all the while ensuring that our customers - from Malaysia to Finland - stayed connected.

We experienced a rapid acceleration of our digital agenda. Millions of customers needed to buy data and voice minutes digitally as the shops closed down. Network issues needed to be detected and resolved remotely. Customer service needed to work from

home, with extensive use of artificial intelligence (AI) to solve problems, and customer agents used social media to keep in touch with customers. We learned during the COVID-19 crisis that we have the technology needed to make these giant leaps, but we see that there's a great deal of untapped potential for us to move even faster than we ever thought possible. Therefore, we decided to accelerate plans for digital customer journeys, use new technology to build better solutions for customers, continue improving operations, and adapt into a future way of work.

We met the pandemic all while delivering on our strategy: Positioning us for growth through focused offerings, being at the forefront of modernising our core business and making responsible business an integrated part of our strategy. We invested in future-proof technology, and we also saw that customers appreciate our focus on new services on top of data connectivity. We saw modernisation efforts with digitalisation and increase in digital channel use all over Asia, and organisational modernisation across. We also delivered new climate ambitions and continued to build our responsible business footprint in Asia.

For this, Telenor's approximately 18.000 employees deserve the credit. I think our response in 2020 made Telenor an even stronger company today than we were a year ago.

In 2020, we introduced a more flexible way of work for our employees, moving the focus from where we work towards how we work. The new flexible way of work is building on positive experiences and lessons learned from the successful and productive period with new ways of working and home office during the pandemic. We have also drawn on knowledge built from the Finnish member of the Telenor-family, DNA.

I'm a firm believer that purpose-driven companies are companies of the future. Businesses that are not sustainable and responsible won't thrive in the years ahead. I also believe that big companies, such as Telenor, have a responsibility to our customers and societies around us to conduct business that does good. Last year, we launched Telenor's most tangible and concrete climate ambitions and targets so far in our history. We made plans for action in all markets, and in 2021 we must deliver.

2020 was the year of connectivity. However, connectivity isn't about last year. It's about the future. It's at the core of how we rebuild, adjust, and renew societies and the world in the years to come. And I can promise you this: Telenor will be leading the way.

Sigve Brekke, President & CEO
Telenor Group

Telenor Global Executive Management

Sigve Brekke
President and Chief Executive Officer (CEO)

Tone Hegland Bachke
EVP and Chief Financial Officer (CFO)

Cecilie Blydt Heuch
EVP and Chief People & Sustainability Officer

Ruza Sabanovic
EVP and Chief Technology Officer

Jørgen C. Arentz Rostrup
EVP and Head of Telenor Asia

Petter-Børre Furberg
EVP and CEO of Telenor Norway

Jukka Leinonen
EVP Head of Nordics and CEO of DNA, Finland

Letter from the Chair

Dear reader of this letter

Who could have imagined the changes 2020 would bring? During the outbreak of the COVID-19 crisis, Telenor faced a number of challenges and decisions as societies across markets entered lockdown and 18.000 Telenor employees were moved to home office almost overnight. Telenor is accountable for critical infrastructure which proved to be pivotal to keep businesses, schools, and societies in general running. A priority for the board has been to support and work with Telenor's management to balance short-term crisis management with the long-term implications. As in any crisis there are both opportunities and pitfalls, and there are lessons to be learned. The interaction and dynamics between the board and management become even more important in such situations. My assessment is that this has worked well.

The digital quantum leap societies and Telenor have taken in 2020 is important, and digitalising both customer journeys and internal processes must continue. 2020 has yielded important lessons on how new ways of working can improve organisational design, decision making processes, and the way projects are run. The negative aspects of the pandemic must also be taken into account, including the long-lasting effects on employee fatigue and motivation and leaders being physically distant from their people and not able to follow up and support in an optimal way. Risk management in this regard is a focus area for the board.

Connectivity and advanced technology are becoming available for ever more people. Boundaries between connectivity, services and to some extent hardware

are being blurred and the differences between telecom companies, IT companies and system integrators will diminish. As a result, integrated business models and partnerships are likely to proliferate. The immense digitalisation we are seeing will require a deep and trusted relationship with customers, which will be won by helping customers realise the benefits of these new opportunities. This drives benefits of scale as globalisation drives a convergence in customer demands and behaviours across borders. 2020 has shown that Telenor is in a position of strength to capture new growth opportunities, both organic and in-organic. As we have demonstrated over the last years, the board is looking at both options.

Telenor drives change by lifting standards across markets and leveraging connectivity to empower societies. Climate is a key part of it, and in 2020 Telenor made significant progress in setting ambitious targets and executing on plans to achieve them. Raising business standards requires constant attention, and during the pandemic new ways of working have been key to uphold the focus in this area. Some markets where Telenor operate have a complex business environment, and the mandatory online dilemma training for all employees as part of the yearly signing of the Code of Conduct, is an important component in ensuring that the company maintains a high standard across all markets. I am pleased to see a completion rate in 2020 of close to 100 percent.

At the time of writing, the situation in Myanmar has become deeply concerning and we are facing challenging dilemmas. Our focus is directed at the safety of our employees and the support to customers and society in trying times. The board is monitoring the situation closely, with the hope of a return to peace and democracy.

I will end this letter with a sincere thank you to all Telenor employees who have stood up and worked hard to keep operations running and supporting customers and societies, and for their willingness to adapt through accelerated digitalisation. The performance in 2020 has strengthened Telenor and further build a solid foundation for capturing opportunities ahead.

Gunn Wærsted, Chair of the Board
Telenor Group

Impact of COVID-19 in 2020

2020 brought unprecedented challenges for global societies, Telenor, our customers and our employees. During the pandemic, providing customers and societies with critical services while ensuring our employees' health and safety has been our first priority.

As a consequence of the outbreak of COVID-19, mobility restrictions and lockdown measures were implemented in all countries where Telenor operates from March onwards. The restrictions have had visible impact on Telenor.

The temporary lockdown of physical retail channels has led to a decline in sales, impacting revenues negatively especially in our Asian prepaid markets. These are cash-dominated societies dependent on people's ability to make physical transactions. Mobility and travel restrictions in all markets have led to a significant decrease in inbound and outbound roaming, affecting our Nordic operations in particular. It also resulted in reduced revenues from the tourism industry and migrant workers in Asia, both of which are important parts of the customer base in some of our markets. In response to these developments, Telenor has shifted sales activities towards digital channels to offset physical distribution risk and to remain available to customers.

In addition to digitalising the customer journey Telenor has, together with partners, contributed to empowering societies during the pandemic. In some of our markets, Telenor has offered free data packages in partnership with local authorities. COVID-19 has led to suspension of classroom education and a shift to digital platforms in many of our markets. Telenor has been working with global partners including UNICEF and Plan International to support access to education, provide digital literacy training and keep children safe when online. Telenor has also contributed with donations to support access to protective health equipment. For more information, see Sustainability Report (page 62).

COVID-19 also brought changes in user patterns and demand for robust networks. We have seen demand shift in some of our Asia markets from migrations to rural communities. Asians spending more time at home has increased dependence on mobile data as a means to stay connected, and as an enabler of important economic activity. In the Nordics, data traffic has shifted from mobile data to fixed broadband as customers spend more time at home. Telenor has maintained stable and reliable networks throughout 2020, even as our operations have largely moved to home offices across our markets.

2020 has brought significant changes to how Telenor operates. Enabled by previous modernisation efforts and investments in digitalisation, Telenor rapidly adjusted to the mobility restrictions: Implementing work-from-home solutions, ensuring seamless business continuity and employee safety in all markets. We maintained focus on automation and zero touch operations, taking a transformative leap in digitalisation. This yielded strong full-year financial results for 2020: Telenor successfully adjusted and managed operations, cost and investments during a volatile year, contributing to a positive EBITDA year on year development.

Malaysia went into lockdown in March, inspiring Digi's store agents to quickly transform themselves into online retail agents to continue serving their customers. Read more about this digital transformation in 2020 on Telenor.com.

How we performed

During a 2020 heavily impacted by the global COVID-19 pandemic, Telenor accelerated digitalisation, safeguarded employees, maintained critical connectivity to customers and continued progress on our responsible business agenda. Telecommunication is a crucial avenue to reduce inequalities and empower societies. We leverage mobile technology as a tool to promote human rights, create new opportunities, and enable sustainable development.

Providing connectivity and access to digital services is an important part of this agenda and is a key priority for Telenor. In 2020, we contributed to giving people access to telecommunications and digital services across our markets and helped build skills, capacity and competence to benefit from connectivity.

Beyond connectivity, we are empowering societies around us by ensuring a more sustainable supply chain and reducing carbon emissions. As a long-term owner, employer, investor and taxpayer we see contributing positively to societies where we operate as a key component in building trust in Telenor and creating a predictable and productive business environment.

In order to best serve our customers and the societies around us, we need to create services and solutions together in a way that includes different perspectives. That is why we are an equal opportunity employer. We made further progress on our broad diversity and inclusion agenda also in 2020.

Key people and sustainability figures	2020	2019
Total man-hours supplier capacity training (man-hours)	**24 216**	24 986
Share of women in total workforce (%)	**38**	37
Share of women in management positions (%)	**32**	30
Total GHG emissions (thousand tonnes CO_2e, market based CO_2 factors)	1 221	**1 233**
Number of new solar base stations	**798**	500

Key financial figures NOK in millions	2020	2019
Revenue	**122 811**	113 666
EBITDA before other income and other expenses	**56 520**	50 735
Net income attributable to equity holders of Telenor ASA	**17 341**	7 773
Capex excl. licences and spectrum	**16 351**	17 415
Free cash flow before M&A	12 542	3 831

Revenues

Revenues in 2020 were NOK 122.8 billion, 8 percent above the reported revenues of NOK 113.7 billion previous year, mainly driven by the consolidation of the Finnish company DNA Plc (DNA) from August 2019. Organic subscription and traffic revenues decreased by 2%. While performance in Norway, Finland and Myanmar was strong, the revenue decline in Asia combined with lower roaming revenues, mainly in the Nordic countries, resulted in a decline for the year.

Operating expenses

In 2020, operating expenses (opex) increased by NOK 1.5 billion to NOK 36.5 billion, mainly related to the inclusion of DNA. Opex decreased by NOK 2.6 billion or 7%, on a currency adjusted basis and excluding DNA. Significant effects from our structural efficiency agenda and modernisation efforts resulted in lower operating expenses within most cost categories compared to last year. In addition, costs such as travel costs and sales and marketing costs were impacted by the pandemic.

EBITDA before other income and other expenses

Reported EBITDA before other income and other expenses increased by NOK 5.8 billion to NOK 56.5 billion, as the consolidation of DNA and currency effects added to the organic growth. On an organic basis, EBITDA increased by 2%, as significant opex reductions protected profitability.

EBITDA

EBITDA increased by NOK 8.3 billion to NOK 58.6 billion due to operational efficiency, the consolidation of DNA and the gains realised on the disposal of Tapad (NOK 2.1 billion), Headquarter office building (NOK 1.2 billion), Canal Digital (NOK 1.7 billion) and gain of NOK 0.5 billion from the sale and leaseback transaction related to development properties in Norway, please refer to Note 10 for further details.

Net income

The net income to equity holders of Telenor ASA in 2020 was NOK 17.3 billion, or NOK 12.32 per share, an increase of NOK 9.6 billion. The increase is primarily a result of stronger EBITDA and lower taxes.

Capital expenses

Total investments in 2020 amounted to NOK 21.8 billion. Reported capex excluding leases, licences and spectrum decreased by NOK 1.0 billion to NOK 16.4 billion. Capex was driven by network modernisation in several of our markets, including fibre and 5G roll-out in Norway, 5G roll-out in Finland and network capacity and coverage expansion in Thailand. Capex for spectrum and licences amounted to NOK 5.1 billion in 2020 and was primarily related to Thailand, Denmark and Finland. Capex as a proportion of revenues, excluding licences and spectrum, was 13 percent, compared to 15 percent in 2019, due to lower investment levels in Asian subsidiaries.

Free cash flow

Free cash flow before M&A in 2020 was NOK 12.5 billion, which is an increase of NOK 8.7 billion compared to 2019. The improvement was primarily a result of higher EBITDA, mainly explained by the acquisition of DNA in 2019, and lower taxes. The effects from the CAT settlement in Thailand in 2019 and the dividend from Allente were offset by deposits to BTRC in Bangladesh of NOK 2.2 billion and the ESA fine payment of 1.2 billion.

Total free cash flow for 2020 was NOK 20.9 billion. This is an increase of NOK 39.9 billion compared to 2019. Total free cash flow was positively impacted by an instalment of NOK 1.2 billion related to the sale of our operations in Central and Eastern Europe, proceeds for the sale and leaseback transaction related to development properties of NOK 0.8 billion, the net proceeds from the sale of Tapad of NOK 2.4 billion, and the net proceeds from the sale of the Telenor headquarters at Fornebu of NOK 4.9 billion.

Net cash inflow from operating activities during 2020 was NOK 43.8 billion, an increase of NOK 9.6 billion compared to 2019.

Net cash outflow to investment activities during 2020 was NOK 10.6 billion, positively impacted by M&A activities and sales of assets of NOK 8.3 billion (please see note 23). Net cash outflow from financing activities during 2020 was NOK 27.6 billion. This was mainly a consequence of net outflow to borrowings of NOK 4.2 billion, including repayments of lease obligations of NOK 5.4 billion. Total Telenor ASA shareholder return was NOK 16.5 billion (dividends of NOK 12.3 billion and share buyback of NOK 4.2 billion) and dividend paid to non-controlling interests was NOK 3.2 billion. Cash and cash equivalents increased by NOK 6.1 billion during the year to NOK 20.1 billion as of 31 December 2020.

Financial position

Total assets increased by NOK 7.6 billion to NOK 256.5 billion in 2020.Net debt increased by NOK 3.5 billion to NOK 110.4 billion. Interest-bearing liabilities excluding licence obligations increased by NOK 7.1 billion, while cash and cash equivalents increased by NOK 6.7 billion. Total equity increased by NOK 0.6 billion to NOK 43.9 billion. The dividends to equity holders of Telenor ASA and non-controlling interests were offset by positive net income from operations and gain of M&A.

Going concern

In the view of the Board, Telenor Group 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.

Outlook for 2021

The effects of the pandemic on our operations in Asia remain. Lockdowns and border closures will continue into 2021 and Telenor expects a gradual recovery in the Asian markets during the second half of the year. For the Nordic operations, roaming is expected to remain the area most impacted by the pandemic. For the full year 2021, Telenor expects organic subscription and traffic revenues and EBITDA to remain around the 2020 level. We foresee a capex to sales ratio of 15-16%.

Allocation of 2020 results

Telenor ASA is the holding company and contains the Group Management, Corporate Functions, Research and Development and the Group's internal bank. 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.

For 2020, Telenor ASA recorded revenues of NOK 911 million, down from NOK 1,053 million in 2019, while the total operating expenses were reduced by NOK 258 million to NOK 1,552 million.

During the year the external interest bearing liabilities increased from NOK 71,419 million to NOK 79,781 million, of which NOK 4,5 billion relates to currency effect. Please refer to note 11 in the financial statements.

Telenor ASA's net income for 2020 was NOK 11,958 million, after receipt of a group contribution and dividends of NOK 16,877 million.

The Board proposes the following allocation: NOK 11,958 million transferred to retained earnings. After this allocation, and after the deduction of share capital, Telenor ASA has equity of NOK 92,438 million. Telenor's shareholder remuneration policy is to aim for a year-on-year growth in dividend per share, where annual dividends are paid in two instalments. Buy-back of own shares or extraordinary dividend pay-outs will be evaluated on a case-by-case basis. To maintain financial flexibility and ensure cost-efficient funding, Telenor aims to maintain a solid balance sheet by maintaining net debt/EBITDA between 1.8 to 2.3x. As of 31 December 2020, the reported net debt ratio was 2.0x.

Shareholder remuneration

Based on the performance during the year, the Board of Directors proposes an ordinary dividend of NOK 12.6 billion corresponding to NOK 9.00 per share for 2020, to be declared by the Annual General Meeting on 27 May 2021. The proposed dividend shall be split into two tranches of NOK 5.00 and NOK 4.00 per share, to be paid in June and October 2021 respectively, and represents a three percent increase per share compared to 2019.

Telenor's purpose

Telenor's purpose is: Empowering societies. Connecting you to what matters most. Building on this, Telenor wants to be known as a company that enables participation for all, advances connectivity to accelerate the digital future and safeguards the planet, people and data in the digital world and beyond. The past year has demonstrated that our purpose is more relevant than ever.

Customers will expect better service, more data, and more value for money. The demand for connectivity will remain high and networks will become an even more critical asset in society. 5G and the Internet of Things (IoT) will bring new opportunities to create differentiation within the mobile core. However, to monetise future opportunities, Telenor must continue to modernise, invest smartly, and serve customers in new ways. New ways of working will be important to learn and adapt fast.

Trusted brands are essential to build deeper and longer relationships with customers. The commoditisation of voice and data, reduced switching barriers with eSIM, and new types of global competitors increase the importance of trusted brands, both towards customers and towards society. Telenor must be clear on its customer promise and its differentiators and value proofs defining the 'Telenor experience' and position in the respective markets. Customers have become more conscious about who they can trust. We continue to focus our brand on drivers that build trust, including how we do business responsibly and how it empowers societies.

We offer customer experiences based on personalised care, seamless interactions, and engaging experiences. To deliver such experiences, we continue to build and deploy new capabilities especially within digitalisation, data and analytics. At the same time, our current customer base is amongst the largest assets for further growth, developing the customer relationship with new products and services for ARPU growth.

Innovation built on partnerships will be essential to transform businesses and societies with 5G, AI and IoT. Telenor needs to engage partner ecosystems and to increase flexibility in adopting new business models. This requires us to transform our go-to-market capabilities and to open up and monetise our network interfaces to engage with partners through defined API.

Our ambitions are addressed in the three pillars of Telenor's strategy:

- **Growth:** Telenor's core business provides opportunities and will be the focus for growth initiatives by adding value for our customers. In addition, Telenor will explore new growth from new capabilities derived from modernisation of the core and business model innovation, including value-adding services.
- **Modernisation:** Telenor will continue to drive modernisation to create benefits for our customers and ensuring preparedness for the future. Through the use of new technologies we establish new capabilities, such as a de-layered network, available data, analytics and digital customer interactions with a high degree of personalisation.
- **Responsible Business:** The way in which we conduct our business responsibly through raising business standards and contribute by providing skills for an accelerated digital future will continue to be a key contributor to societies around us, building reputation and trust among stakeholders and meeting the increasing expectations of employees, investors, customers, governments and the public at large.

At Telenor, we aim to stimulate a supportive ecosystem that can address the risks and grow the digital resilience of young people. Read more about our Child Online Safety initiative on Telenor.com.

Creating stakeholder value

Telenor is continuously striving to empower the societies in which we operate, combining efforts to create value for all stakeholders. To this end, we believe in agility, responsiveness, long term strategic focus and customer centricity in all parts of our organisation and value chain. For more information about stakeholder engagement, see Governance Report (Page 36) and Sustainability Report (page 62). The Telenor behaviors, which guide the way we work, are listed on Telenor.com.

Shareholders

Telenor's shareholders consist of Norwegian and international investors, with the Norwegian government as the largest owner. Our investors want 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. Shareholders are increasingly focusing on responsible business practices and sustainability. For more information regarding shareholder engagement, see Governance Report (page 36).

Customers

We are constantly seeking to improve and enhance our operations and renew our way of work, in order to better serve our customers throughout our markets. Seamless, personal and more engaging customer journeys is one part of that, while we are exploring how to deploy robots, automation and Artificial Intelligence (AI) to deliver the best possible network experience to our customers. We are open and transparent about how personal data is collected and used, committed to using personal data to provide better and more relevant services, and thorough in storing and sharing personal data safely. In 2020, the average customer Network Net Promoter Score (NPS) across Telenor increased by four percentage points.

For business customers, we leverage our knowledge of technology and connectivity to empower other industries. We support the customer in reaping the benefits and mitigating the risks from digitalisation and being connected. In 2020, we established the Nordic Product House to strengthen our value proposition to business customers by complementing core business, especially within internet of things and security.

Suppliers

Telenor Group depends on key suppliers and third-party providers for the supply and maintenance of equipment and services. Telenor continues to engage with and closely monitor the supply chain to strive for long-term risk reduction and continuous improvement as a priority.

All Telenor companies are increasingly using centrally negotiated global frame agreements with global suppliers, enabled by Telenor Procurement Company (TPC).

Telenor believes that partnership and cooperation with suppliers and industry peers is vital to achieving a responsible global supply chain. Telenor carries out site inspections at supplier premises and operational sites in all its markets to monitor compliance with the SCP requirements. For more information, see Sustainability Report (page 62).

Employees

Our employees are critical to delivering on our strategy. Telenor continues to invest in upskilling employees as well as modernising the way we work. In 2020, Telenor provided trainings to upskill 1266 employees in critical competency areas such as Cloud and Virtualisation, Automation, Customer-facing IT, Analytics, and Cyber Security. We also implemented a more flexible way of work for our employees, giving them more freedom and the tools needed to work either from the office or remotely. At the same time, Telenor continued to invest in employee experience and feedback, achieving an all time high score in the employee Engagement and Enablement Index (EES). Telenor is an equal opportunity employer, and diversity and inclusion are imperative to the way we do business. Telenor has set clear targets and a broad set of initiatives to support these targets. For more details on diversity and inclusion, see the Sustainability Report (page 62).

Telenor promotes high standards within health, safety and people security (HS&S) in order to ensure a healthy, safe and secure working environment. Securing sustainable business practices is crucial to maintaining safety for our employees and for society as a whole. For more details on HS&S, see the Sustainability Report (page 62).

Society

Telenor plays a key role in securing infrastructure that is critical to keep people and societies connected. This role has been especially important during 2020. When a crisis like COVID-19 occurs, keeping people connected to what matters most is more relevant than ever.

We leverage mobile technology as a tool to promote human rights and to enable sustainable development. Telenor invests in critical connectivity infrastructure across our markets, driving value creation, connectivity, digitalisation and increasing access to important services. An important aspect of this is our digital inclusion efforts, providing connectivity to ever more people across the societies where we operate, including local communities and vulnerable groups.

Strategy deep dive and performance review

Telenor has successfully delivered on its strategy for the previous years and has built a strong platform for further modernisation and a strengthened growth agenda while adhering to the core belief in doing business responsibly. At the same time, Telenor has never faced the breadth of uncertainties it does now. Last year's action plan highlighted the industry's challenges and the specific challenges associated with Telenor's Asian footprint. The ongoing COVID-19 pandemic adds to this and has also accelerated some of the trends that were presented last year.

Telenor's modernisation journey has sharpened the company's focus and improved its efficiency. In addition, the company will build on its modernised operations to strengthen growth within core business. The ambition for 2020-2022 is 0-2 percent subscription and traffic revenue growth, as presented at the Capital Markets Day2020. Our short-term priority is to navigate through the immediate market uncertainties and revert to growth while laying the groundwork for new growth opportunities. This includes commercialising new capabilities enabled by technology advancements, and Research and Development especially related to 5G and the modernisation of our operations. Please refer to note 11 for further details.

Responsible business remains a foundation of how we operate. Telenor will continue to be a flag-bearer for raising business standards across all markets. In addition, we will contribute to societies through providing skills for an accelerated digital future, an area close to our business and focus. Combined, Telenor's agenda will continue to build trust towards customers, investors, and society at large.

The company's strategy is ambitious and focused on driving sustainable value creation. Telenor has established two regional Hubs consisting of highly experienced managers geographically placed close the operations. The Nordic Hub's role is to contribute to growth in the region through a Nordic Product House and systematic best practice sharing. The Asia Hub will have a role to closer support the business units in execution and to ensure the company operates with the same priorities.

New services and new technologies will be key growth drivers for Telenor. Read more about Telenor's first commercial 5G network in Norway on Telenor.com.

Growth

Driving growth to deliver long term, sustainable value creation

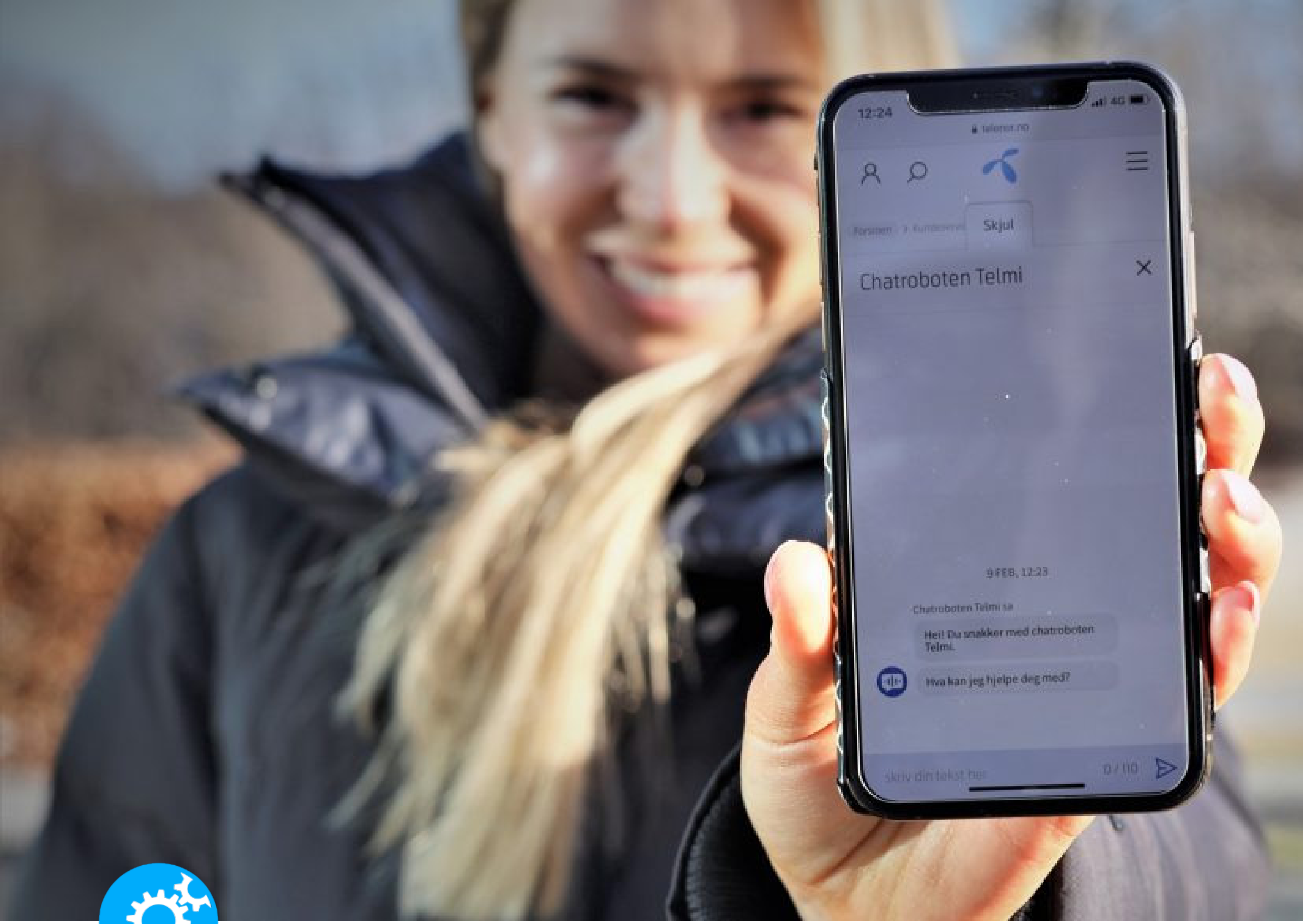
Secure, reliable and efficient connectivity will continue to be Telenor's primary value proposition to customers. Data is the main driver of growth across markets, although there are still growth opportunities from voice in less mature markets. In the Nordics a smartphone penetration of above 90 percent creates the foundation for service revenue growth, while the same penetration of around 40 percent indicates an upside potential in Bangladesh and Pakistan. Telenor will target SMEs to grow its B2B base in Asia. This segment has lower requirement for fibre and simpler and more standardised product needs than other B2B segments. The strategy is to build a product and service portfolio in addition to offering basic mobile products.

Beyond our core operations, Telenor will continue to offer selected products and services to offer customers with new solutions. The combination of 5G and other network assets, AI and IoT will bring opportunities to create value further from the core. Telenor will explore such opportunities, in co-operation with customers and targeted partnerships.

Monetising these opportunities and delivering on customers' needs will to a large degree require capabilities outside of what Telenor has today. Thus, developing partnerships is a key priority. This includes partnerships with Big Tech players, traditional players as well as smaller players with more niche capabilities and offerings. Based on these partnerships Telenor seek to understand the position where it can create the most value, which capabilities it will have to develop and what type of business models to deploy.

- In 2020 the share of active data users increased by 1 percent to 58 percent.
- In Norway, the value added service growth of 28 percent or 400 million NOK demonstrates the growth opportunities in more saturated markets.
- The year demonstrated the first phase of monetisation from technology migration to 5G in Finland and Norway

With increasing smart ownership and digitalization comes growth opportunities across Telenor's markets. Grameenphone CEO Yasir Azman presented the Asian growth opportunity during Telenor's Capital Markets Day in 2020. More information on Telenor.com.



Telmi, Telenor Norway's very own chatbot, was 'born' on 29 January 2019. From its first day of operations, the AI robot has handled more than one million customer inquiries. Read more about Telmi on Telenor.com.

Modernisation

Developing the foundation for a future-fit and efficient growth company

Telenor's modernisation journey is a foundation for the strategic agenda. At its core lies several structural initiatives: As preference for digital solutions has accelerated with COVID-19, we will continue to modernise the organisation, digitalise core processes- and customer interactions. In 2020, Telenor automated more than 1200 operational processes, or use cases, compared to the approximately 500 use cases automated in 2019. By automating traditional operation activities and processes we will increase efficiency, quality and speed across technology but also business and support domains such as customer care, back office and Telenor Procurement Company.

COVID-19 has shown the benefits of flexible way of work. This was not new in our operations, where especially DNA has been a pioneer. The new way of work is based on three main pillars:

1. A flexible way of work where we focus on how we work rather than where. This approach builds on the approach adopted since 2012 in DNA and was brought on by the home office requirements following COVID-19.
2. Moving from open offices to meeting rooms and social zones.
3. Promoting and implementing a performance-based leadership model. The model, called "Tight-Loose-Tight" emphasises setting direction and goals early, with leaders subsequently giving employees autonomy on how the task is to be solved. After completion, leaders follow up closely to ensure effective feedback and learning.

Telenor will continue to use digital solutions to re-invent the mass-distribution model. The MyTelenor app is developed for engagement and relevance to drive usage, e.g. with partner services and self-service, and to meet the customer with a personalised and contextual offer. This drives loyalty, convenience and reduced commissions. Although the majority of customers still purchase handsets in physical channels, research increasingly starts online. Telenor will build on brand trust and in this phase be an active advisor while influencing customers' channel preference. Customers who prefer physical channels shall experience their physical journeys as a continuation of their digital research.

Data points	2020	2019	2018
Network NPS (Net Promoter Score)	23.1	19.4	15.2
Share of data traffic on Telenor Hybrid Cloud	91%	83%	58%
Share of IT applications on Cloud	38%	16%	Journey starts
Share of BUs with operational data lakes	100%	87%	Journey starts
Employees who attended intermediate and advanced learning journeys within critical competency areas in the technology domain	887	911	Journey starts

Telenor has a broad diversity inclusion agenda that reaches across our markets in the Nordics and Asia. In Asia, we believe that pursuing gender equality can unleash the region's economic potential and reinforce its dynamic growth. Read more about how Telenor's Asia companies are playing their part to empower women on Telenor.com.

Responsible business

Telenor will continue to be recognised for raising standards

Responsible business is important to maintain and strengthen trust in Telenor, is an enabler for business and lies at the core of our purpose to empower societies. For us, it is positive that internal and external expectations in this area have increased. In addition to deliver access to connectivity and services, we have identified where Telenor can build on inherent advantages to take a leading position in the industry and in the countries where we operate. This is in line with our commitment to reduced inequalities in the UN's Sustainable Development Goal 10.

Transparency and reporting on challenges, efforts and incidents will remain an important part of our responsible business agenda and is a tool actively used in dialogue with stakeholders. It is also a crucial tool to identify gaps to drive continuous improvement.

Digital inclusion

Telenor is leveraging the impact of connectivity to ensure digital inclusion. We see connectivity as the first step, and in 2020 we made progress on increasing the active data users in our customer base to 65 percent by 2023. At the end of the year, our share of active data users stood at 58 percent.

The next step is to build skills, capacity and competence that will enable those with access to internet to benefit from connectivity. We have a range of initiatives to build skills, increase security and digitalise crucial services across our geographical footprint. 1.1 million births have so far been registered using digital solutions from Telenor. These birth registrations reduces children's risk of being denied healthcare, education and social protection. In 2020 we also reached 4.3 million children trained in online safety, giving them the tools to take charge of their own digital futures. For more information and other initiatives, see the Digital Inclusion chapter in the Sustainability Report (page 62).

A responsible supply chain

Telenor continuously works on supply chain sustainability by maintaining high operating standards in line with international best practices. Telenor's approach to supply chain sustainability is to legally oblige the supplier to uphold responsible business practices. Telenor carries out site inspections at supplier premises and operational sites in all its markets to monitor compliance with our requirements, and completed 3,560 inspections in 2020. Telenor is part of international networks such as Joint Audit Cooperation to coordinate audit reports in the global supply chain.

We also aim to build capacity in our supply chain and conducted 24,216 hours of training to increase compliance in 2020. For more information about our Supply Chain management, see the Supply Chain Risk and Resilience chapter in the Sustainability Report (page 62).

Climate and environment

Telenor is committed to take responsibility and contribute to the green transition. Telenor has committed to the Science Based Targets initiative (SBTi) and announced climate goals at the Capital Markets Day 2020: Carbon neutral operations in the Nordics and a 50 percent carbon emission reduction from a 2019 baseline in Asia, both by 2030.

Telenor has committed to standardised measures to document how to reach direct emissions- and energy usage targets (Scope 1 and 2) as well as indirect emissions (scope 3).

In 2020, total greenhouse gas emissions fell, while emissions per unit of data decreased. We continued to increase the use of renewable energy, replacing 789 diesel generators with solar power generators in 2020. This represents a 60 percent growth compared to 2019. 99 percent of our e-waste was reused or recycled. For more information, see the Climate and Environment chapter in the Sustainability Report (page 62).

A broad diversity agenda

Telenor is an equal opportunity employer, and diversity and inclusion are imperative to the way we do business. We continue to work systematically on diversity and inclusion, with a broadened agenda that includes gender, abilities, competence, nationalities and LGBTI. At our Capital Markets Day we presented an action plan with clear targets within diversity and inclusion to be reached by 2023:

	2023 target	2020 performance
Share of women senior leaders	35 percent	32 percent
Share of non-Nordic senior leaders	35 percent	34 percent
Share of women amongst all employees	40 percent	38 percent

Risk

Risk management is a continuous process and an integrated part of business throughout all entities in Telenor Group. 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. When operating across multiple markets, Telenor Group is exposed to a range of risks that may affect its business. Telenor aims to earn competitive returns at acceptable risk levels. Below are some key risks areas discussed and described. For more information, see Governance Report (page 36).

Operational

Cyber security

Cyberattacks may cause disruption in services and damage critical infrastructure. This may have a severe impact on Telenor's reputation and financial performance. Technological development and complexity coupled with geopolitical instability continue to drive the risk of cyberattacks, and especially of advanced cyber threats. This has led to major efforts in strengthening Telenor's ability to protect critical assets and respond to security incidents. Telenor is observing and responding to different types of cyberattacks. We have observed an increase in cyberattacks and fraud taking advantage of the current situation through specific COVID-19 phishing and malware, which is expected to continue. This risk has been addressed through awareness and training, as well as strengthening the focus on securing remote access for employees and vendors.

People safety

Employees and suppliers involved in our operations remain exposed to health and safety incidents. Risks related to traffic, work on network, rollout projects in remote locations, terror, natural disasters and social unrest remain relevant particular in our Asian markets. Risk related to stress and prolonged working from home due to COVID-19 has become relevant during 2020.

We are committed to raise HS&S awareness and culture among employees and suppliers. For Asian business units, we have initiated a program that will focus on identifying areas for improvement within health and safety competence, culture and leadership focus.

Telenor's ambition is to reduce fatalities in our operations and supply chain, with the objective of zero fatalities. For more information, see Employee Health and Safety chapter in the Sustainability Report (page 62).

Privacy

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.

The risk responses from Telenor Group 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. Our internal processes to handle all authority directives are guided by international frameworks such as the UN Guiding Principles on Business and Human Rights.

Vendor risk

Telenor Group 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 supply chain disruptions with potential impact on Telenor's innovation and competitive ability.

Telenor has a multi-vendor strategy, which includes supply of products and services from European, USA-based and Chinese suppliers. Our multi-vendor strategy limits the downside from being dependent on only one vendor. Telenor is increasing the focus on supplier due diligence and follow-up, especially for critical contracts

Global pandemics

The spread of cross-border diseases such as COVID-19 may have an operational effect on Telenor Group. It may impact the health and safety of our employees, and due to lockdown measures and pandemic responses it may 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.

Modernisation

Introduction of new technologies, digitalisation and changing consumer behaviours in the telecom sector opens up for new business models leading 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 organization and modernizing our networks.

Network

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

In addition to upskilling within cyber security (See Sustainability Report page 62), Telenor is ensuring network quality by investing in modernisation, rolling out 5G and replacing the Norwegian copper network with solutions more fit for future needs.

ESG (Environment, Social, Governance) risk

Responsible business conduct

Telenor strives for high standards and continuous improvement in responsible business conduct both within its operations and throughout the supply chain. Telenor operates in some emerging markets that have potentially complex and sensitive political and social contexts. Strengthening awareness, accountability and transparency will remain key to securing our license to operate and ensuring ethical and responsible business practices. For more information about responsible business conduct, see Sustainability Report (page 62).

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 potential higher operational costs due to increasing carbon taxes and energy/fuel taxes, as well as risks of higher capital costs due to a required transition towards the use of renewable energy solutions. During Capital Markets Day in March 2020, Telenor announced updated climate goals: carbon neutral business operations in the Nordics and a 50 percent reduction of carbon emissions from our Asian operations, both by 2030. For more information, see the Climate and Environment chapter in the Sustainability Report (page 62).

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 to mitigate these risks. Other actions such as engagement with stakeholders, training and capacity building are in place to mitigate these risks. For more information, see the Respect for Human Rights chapter in the Sustainability Report (page 62).

Corruption risk

Corruption is a threat to our business and the societies in which we operate. We know that it can undermine legitimate business activities, distort competition, damage reputations and expose individuals to risk. Corruption-related risk includes bribery and trading in influence. In 2020, business partners continue to be in focus. Telenor will focus on assessing internal financial controls to ensure that they are effective. A risk-based Anti-Corruption Compliance Programme to prevent, detect and remedy corruption risk is implemented in all subsidiaries directly or indirectly controlled by Telenor Group. For more information, see the Anti-corruption chapter in the Sustainability Report (page 62).

Business environment risk

Regulatory risk

Telenor Group's operations are subject to requirements through sector-specific laws, regulations and national licenses. Regulatory developments and uncertainty could affect the Group's results and business prospects. Telenor Group depends on licenses 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 some 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 mainly related to our mobile operations in Grameenphone, Telenor Pakistan and Myanmar. In Bangladesh, Grameenphone faces regulatory scrutiny of its operations and have 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 continuous to be subject to arbitrary assessments and unpredictable application of tax legislation. See separate section on risk in Myanmar below.

We are committed to working towards securing modern policy frameworks and tax regimes, ensuring that everyone can derive the full benefit of a digital society. For more information, see the Economic Contribution to Society chapter in the Sustainability Report (page 62).

Spectrum

Spectrum processes, including the renewal of existing spectrum licenses in some markets, are expected in the next two years. There is a risk in timing of spectrum acquisitions, their price levels, and their impact on our 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.

Myanmar

2020 continued to be a challenging year with respect to human rights in some of Telenor's markets, especially in Myanmar. The Rohingya situation in Myanmar and the refugee camps in Bangladesh, including how Telenor can ensure connectivity in those areas, is of grave concern. On 1 February 2021, the military took power in Myanmar which has created a crisis that we are deeply concerned about. Telenor continues to assess the situation on the ground and address the challenges we face to ensure safety and security for our employees, maintain transparency and keep network open as best we can.

Geopolitical Environment

Telenor operates in markets that are subject to geopolitical risks with potential negative impacts. The most prominent risks include supply chain disruption due to escalating trade tension and sanctions. Furthermore, post-COVID-19 macroeconomic instability 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 being closely followed up at both local and Group level.

Financial

Currency risk

Approximately 77 percent of Group revenues are 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 Group 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 Group are Euros, US dollars, Swedish Krona, Thai Baht and Malaysian Ringgit. Currency risk exists when Telenor ASA or any of its subsidiaries enter into transactions or hold monetary items in foreign currencies. Committed cash flows in foreign currencies equivalent to NOK 100 million or more shall be considered for hedging, if feasible.

Credit risk

Telenor Group'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 2020 Telenor Group had no credit losses due to default of financial institutions.

Liquidity risk

Liquidity risk is low and financial flexibility is maintained through a diversified set of funding sources. Telenor Group 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 ASA shall have sufficient sources of liquidity to cover expected operational liquidity needs for the next 12 months.

The Group’s debt maturities shall be spread relatively even over a time horizon of at least 10 years in order to reduce the Group’s refinancing risk.

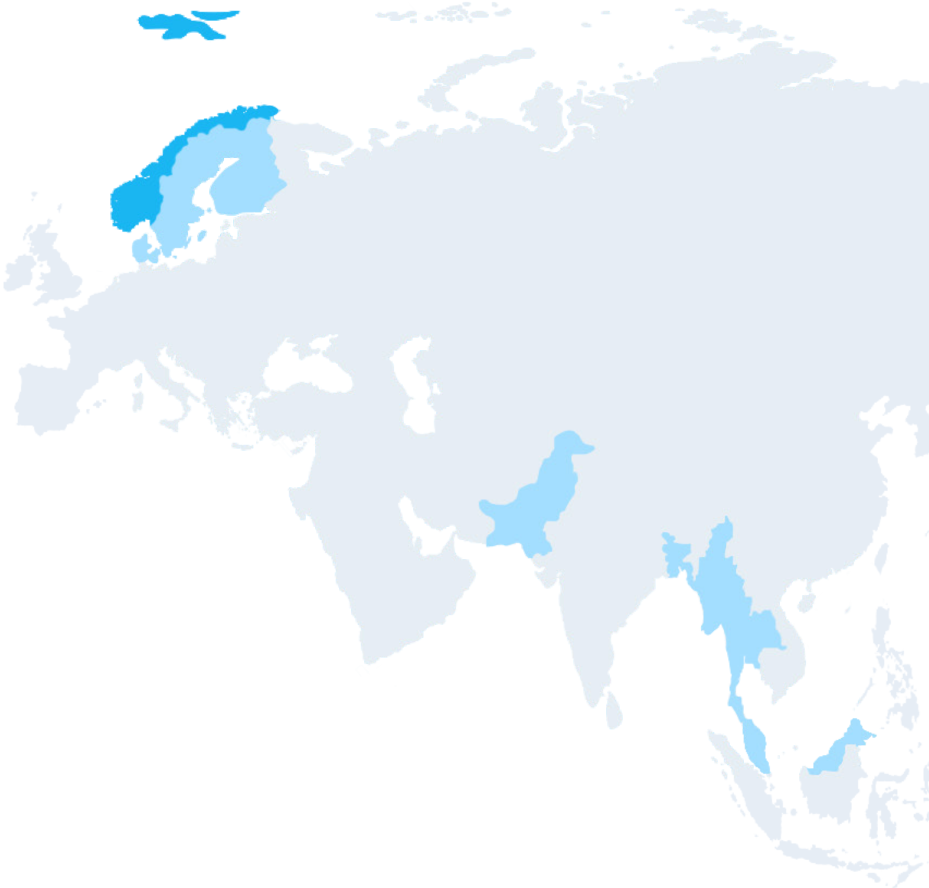
Interest rate risk

Telenor Group is exposed to fluctuations in interest rates through funding and liquidity management activities. The Group’s treasury policy states that the interest rate duration on the debt portfolio shall be in the interval between 0 and 5 years. The duration was 3.6 years as of 31 December 2020. The risk is managed using both fixed and floating rate debt, often through interest rate derivatives.

Macroeconomic risk

Telenor Group is exposed to fluctuations in interest rates through funding and liquidity management activities. The Group's treasury policy states that the interest rate duration on the debt portfolio shall be in the interval between 0 and 5 years. The duration was 3.6 years as of 31 December 2020. The risk is managed using both fixed and floating rate debt, often through interest rate derivatives.

Business Unit Overview: Telenor Norway



Telenor is the incumbent telecom operator in Norway, with a history of more than 150 years offering mobile, fixed and TV services. In the mobile market, which is postpaid dominated, Telenor holds the leading position with 55 percent revenue market share and 2.8 million subscriptions at the end of 2020.

Within fixed broadband, Telenor holds 33 percent revenue market share at the end of 2020 with 0.8 million subscriptions, of which 0.7 million were high speed fibre and cable connections.

Performance

In 2020, Telenor Norway made significant steps on the path to decommissioning the copper network. During the year, there has been solid momentum on fiber build-out and sale of Fixed Wireless replacement products, which has more than offset the revenue decline from copper legacy products.

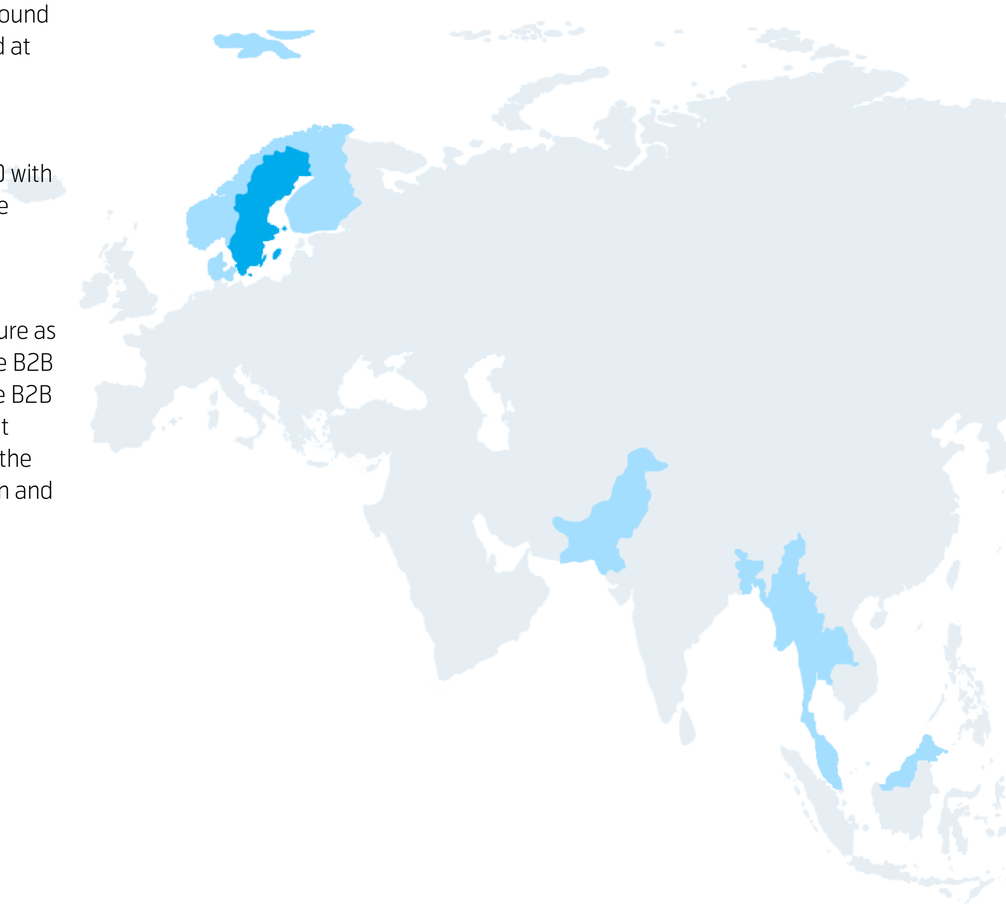
The mobile business has seen increasing ARPU in 2020 driven by value added services, such as cloud storage, security and insurance, in addition to customers' increasing demand for data. In 2020 Telenor Norway started the roll-out of 5G, the next generation mobile network. The 5G roll-out will continue in the coming years.

NOK in millions	2016	2017	2018	2019	**2020**
Revenues	26 065	25 965	26 647	26 392	**26 307**
EBITDA before other items	10 950	11 117	11 512	12 612	**12 787**
Mobile ARPU	319	320	322	332	**341**
Fixed broadband ARPU	352	369	373	395	**426**
Mobile subscribers ('000)	3 066	2 984	2 952	2 886	**2 817**
Fixed broadband subscribers ('1000)	865	859	844	819	**790**

Telenor Sweden

In Sweden, Telenor's offerings include mobile, fixed and TV services. The mobile market is postpaid dominated, and Telenor is the number three operator. At the end of 2020, revenue market share was around 18 percent and the number of subscriptions stood at 2.8 million.

Within fixed broadband Telenor held around 17 percent revenue market share at the end of 2020 with 0.7 million subscriptions, of which 0.7 million were high speed fibre and cable connections.



Performance

In 2020, Telenor Sweden has seen top line pressure as a result of intense competition, in particular in the B2B segment. Telenor Sweden is a strong player in the B2B segment with higher market share in this segment compared to its overall market share. As a result, the intensified competition has impacted subscription and traffic revenues, which is down 6 percent in local currency for the year.

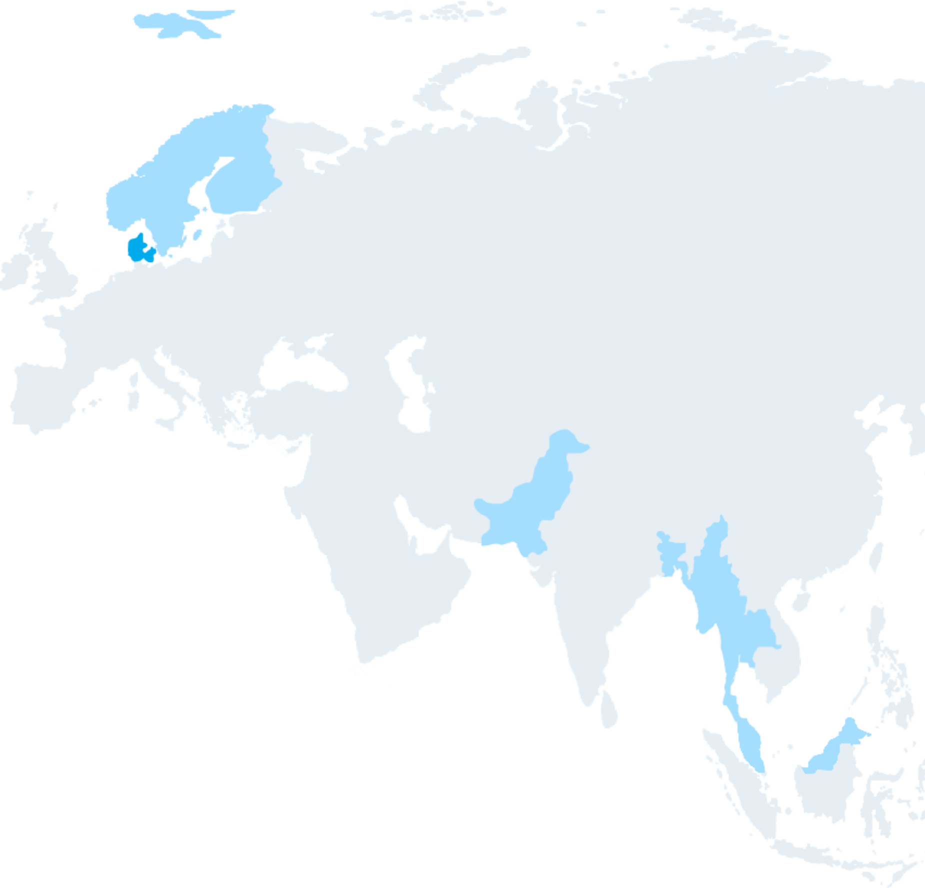
NOK in millions	2016	2017	2018	2019	**2020**
Revenues	12 384	12 938	12 421	12 195	**12 618**
EBITDA before other items	3 538	4 136	4 125	4 667	**4 833**
Mobile ARPU	214	217	213	204	**185**
Fixed broadband ARPU	220	220	226	231	**232**
Mobile subscribers ('000)	2 624	2 689	2 729	2 760	**2 754**
Fixed broadband subscribers ('1000)	657	679	684	685	**694**

*ARPU in local exchange rate

Telenor Denmark

In Denmark Telenor's offerings include mobile and fixed services. The mobile market is postpaid dominated, and Telenor is the number two operator. At the end of 2020, revenue market share was around 23 percent and the number of subscriptions stood at 1.7 million.

Within fixed broadband Telenor Denmark had 107,000 subscriptions at the end of 2020.



Performance

During 2020, Telenor Denmark has seen improvement in the customer acquisition trend as a result of targeted efforts. This resulted in 2 percent higher subscriber base than a year ago.

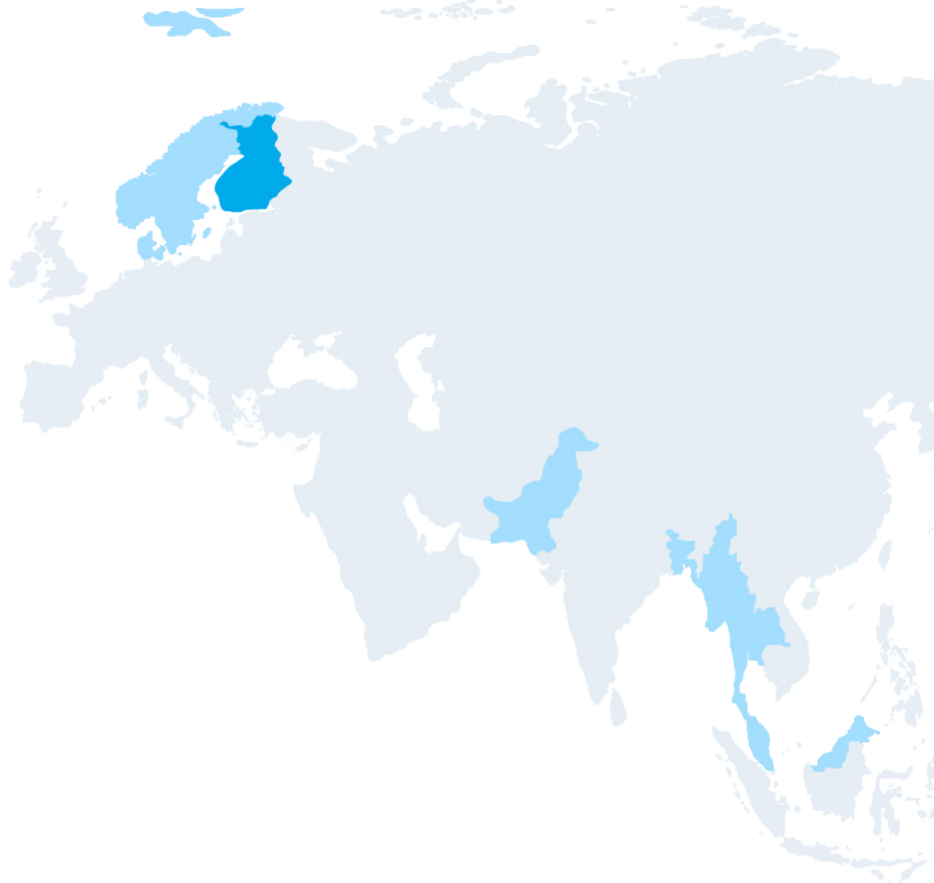
NOK in millions	2016	2017	2018	2019	**2020**
Revenues	5 068	5 147	5 076	4 980	**5 308**
EBITDA before other items	609	849	1 045	1 257	**1 360**
Mobile ARPU	118	115	117	116	**114**
Fixed broadband ARPU	170	165	170	185	**191**
Mobile subscribers ('000)	1 820	1 827	1 699	1 637	**1 675**
Fixed broadband subscribers ('1000)	149	138	123	107	**107**

*ARPU in local exchange rate

DNA Finland

In 2019, Telenor acquired the Finnish mobile operator DNA. DNA's offerings include mobile, fixed services and TV services. The mobile market is postpaid dominated, with the majority of subscriptions on speed-based tariffs. In the Finnish mobile market, DNA is the number three operator with around 27 percent revenue market share and 2.7 million subscriptions at the end of 2020.

Within fixed broadband DNA had 0.6 million subscriptions at the end of 2020.



Performance

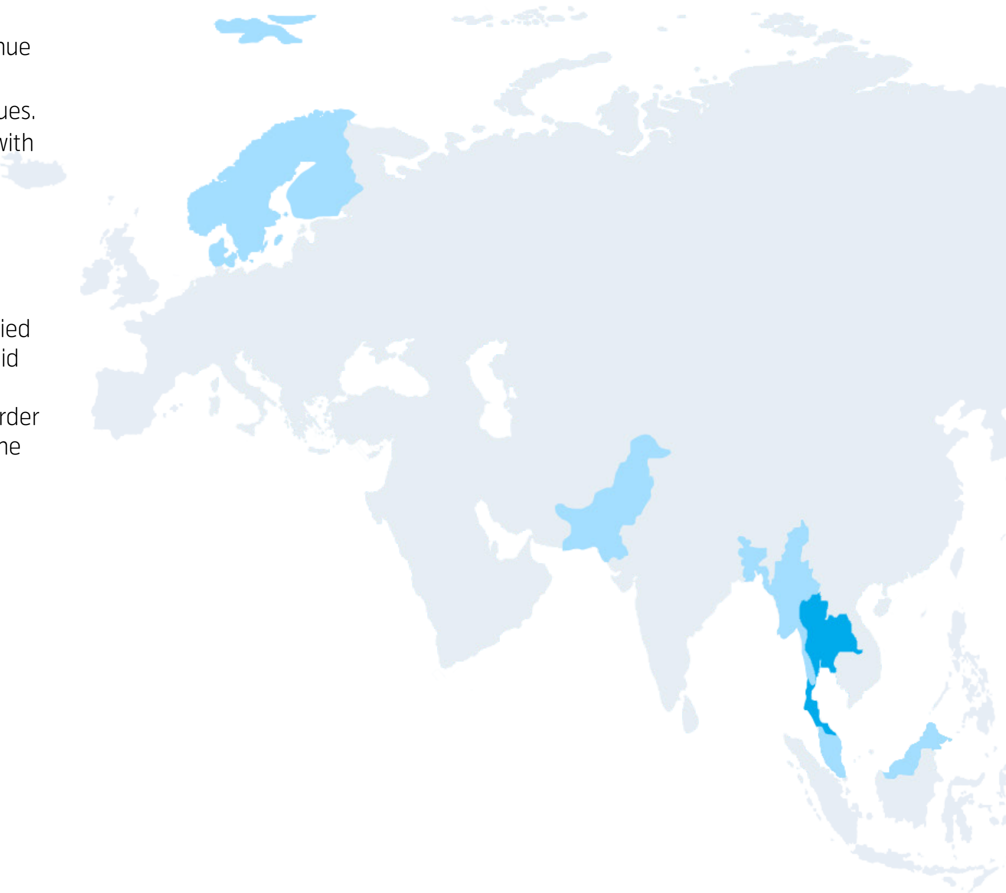
In Finland, DNA continued to grow its revenues as a result of customers demand for higher download speed. This resulted in subscription and traffic revenue growth of 2 percent in local currency. In 2020, the roll out of 5G started and DNA ended the year with a population coverage of 1.8 million and good traction on the sale of 5G subscriptions. The 5G roll-out will continue in the coming years.

NOK in millions	2019	2020
Revenues	9 268	**9 998**
EBITDA before other items	2 822	**3 553**
Mobile ARPU	16	**17**
Fixed broadband ARPU	17	**16**
Mobile subscribers ('000)	2 696	**2 694**
Fixed broadband subscribers ('1000)	542	**584**

*ARPU in local exchange rate

Dtac

Telenor has a 65 percent economic exposure in dtac, a Thai mobile operator, listed on the Thai stock exchange SET. In recent years, the postpaid revenue base has had strong growth, and now constitutes around 2/3 of total subscription and traffic revenues. Dtac is the number three operator in the market with around 22 percent revenue market share and 21 million subscriptions at the end of 2020.



Performance

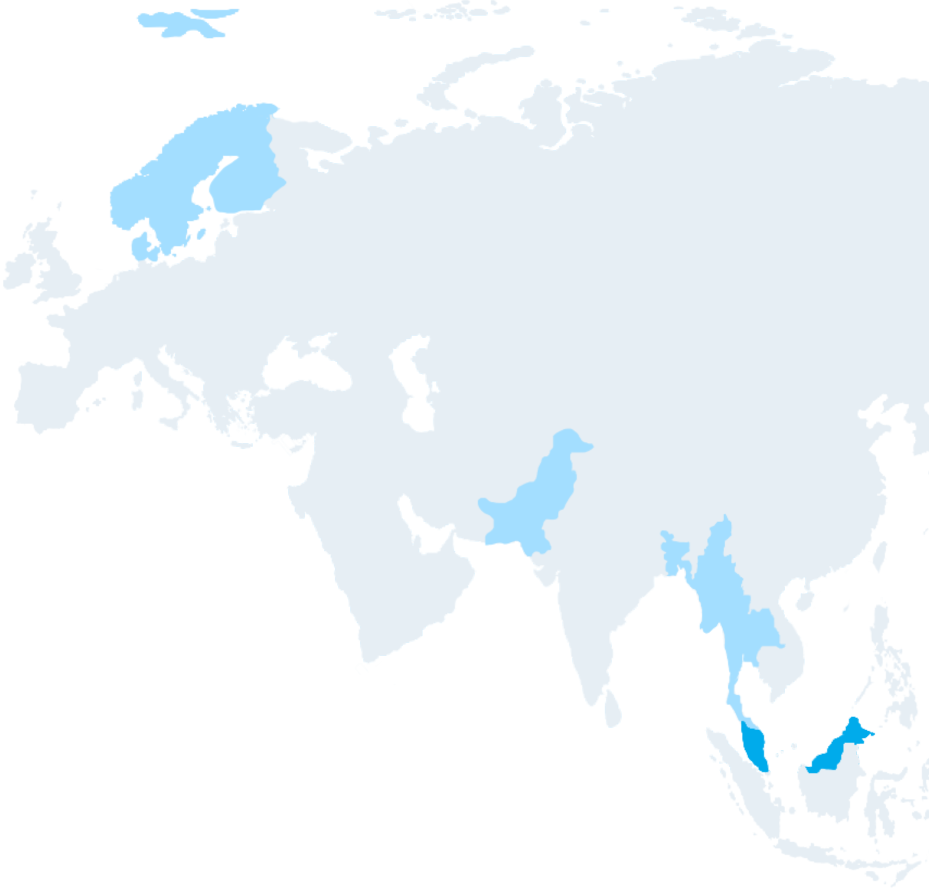
In Thailand, dtac's postpaid growth slowed down, impacted by the economic downturn and intensified competition. Dtac saw a declining trend on prepaid revenues impacted by lower tourist and migrant revenues due to government's introduction of border closures and travel restrictions as a response to the spread of COVID-19. As a result, subscription and traffic revenues in local currency decreased by 5 percent. Dtac's subscriptions ended the year 9 percent below last year.

NOK in millions	2016	2017	2018	2019	**2020**
Revenues	19 647	19 089	18 908	23 048	**23 704**
EBITDA before other items	6 645	7 413	7 045	8 647	**9 076**
ARPU	229	238	248	254	**259**
Mobile subscribers ('000)	24 480	22 652	21 202	20 642	**18 856**

*ARPU in local exchange rate

Digi

Telenor has a 49% ownership share in Digi, a Malaysian mobile operator listed on Bursa Malaysia Securities Berhad stock exchange. In recent years, the postpaid revenue base has been growing and now constitutes around 50 percent of total subscription and traffic revenues. Digi is the number two player in the market with around 27 percent revenue market share and 10.4 million subscriptions at the end of 2020.



Performance

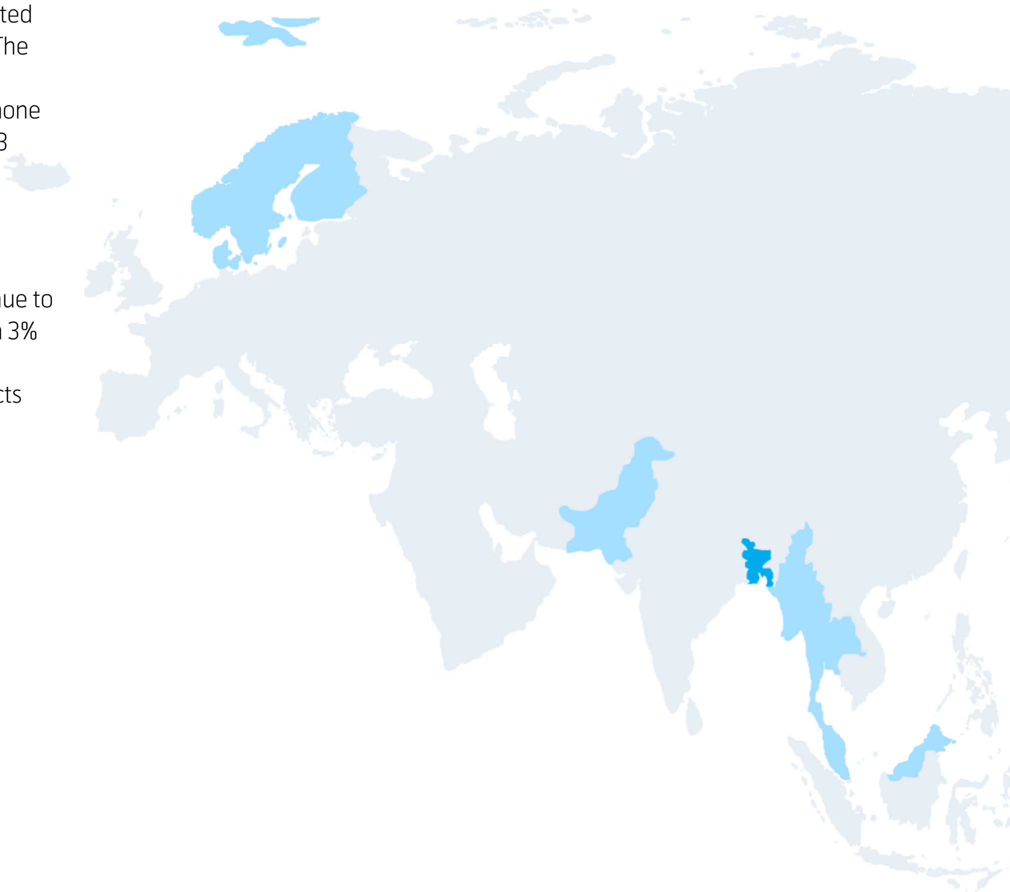
In Malaysia, tough competition especially on data revenues, and the macroeconomic development became increasingly challenging. This resulted in increased down selling pressure and lower customer intake, particularly in the entry-level postpaid segment. In addition, continued border closures and travel restrictions in response to COVID-19 continued to impact roaming revenues. Subscription and traffic revenues in local currency decreased by 2 percent.

NOK in millions	2016	2017	2018	2019	**2020**
Revenues	13 374	12 188	13 149	13 375	**13 766**
EBITDA before other items	6 004	5 556	6 111	7 025	**6 938**
ARPU*	42	41	40	40	**41**
Mobile subscribers ('000)	12 299	11 747	11 660	11 281	**10 441**

*ARPU in local exchange rate

Grameenphone

Telenor has a 55.8 percent ownership share in Grameenphone, a Bangladeshi telco operator listed on the Dhaka and Chittagong Stock Exchanges. The company is a mobile only operator in a market dominated by prepaid subscriptions. Grameenphone is the leading player in the market with around 53 percent revenue market share and 79 million subscriptions at the end of 2020.



Performance

During 2020 Grameenphone managed to continue to increase its subscriber base, ending the year with 3% or 2.6 million more than at the end of last year. Competitive intensity and COVID-19 related effects resulted in a decrease in subscription and traffic revenues in local currency of 2% for the full year.

NOK in millions	2016	2017	2018	2019	**2020**
Revenues	12 339	13 156	12 910	14 980	**15 483**
EBITDA before other items	6 829	7 791	7 807	9 218	**9 776**
ARPU*	162	167	157	157	**150**
Mobile subscribers ('000)	57 954	65 329	72 732	76 462	**79 037**

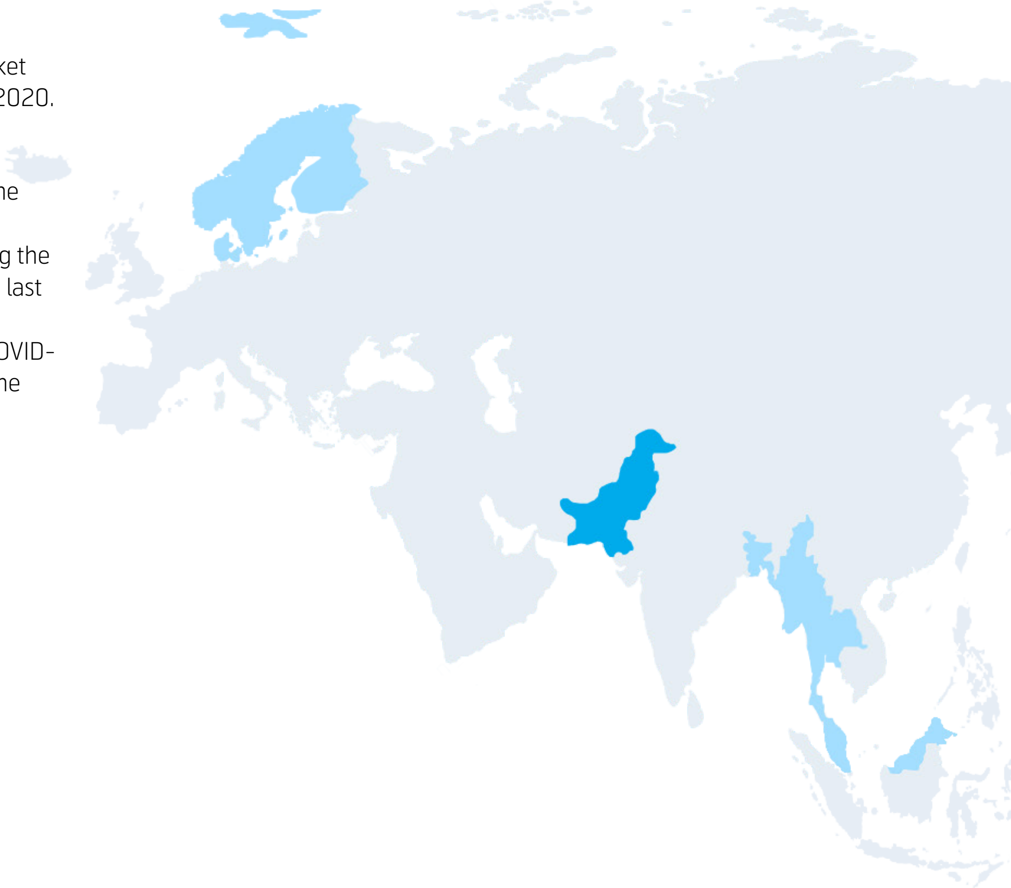
*ARPU in local exchange rate

Telenor Pakistan

In Pakistan, Telenor operates a mobile only company in a market dominated by prepaid subscriptions. Telenor Pakistan is the number two player in the market with around 27 percent subscription market share and 47 million subscriptions at the end of 2020.

Performance

Pakistan showed solid subscriber intake during the year supported by churn control measures. This resulted in net 1.9 million new subscribers, closing the year with a subscriber base 4 percent larger than last year. Subscription and traffic revenues in local currency decreased by 6 percent as a result of COVID-19 lock down effects primarily in the first half of the year.

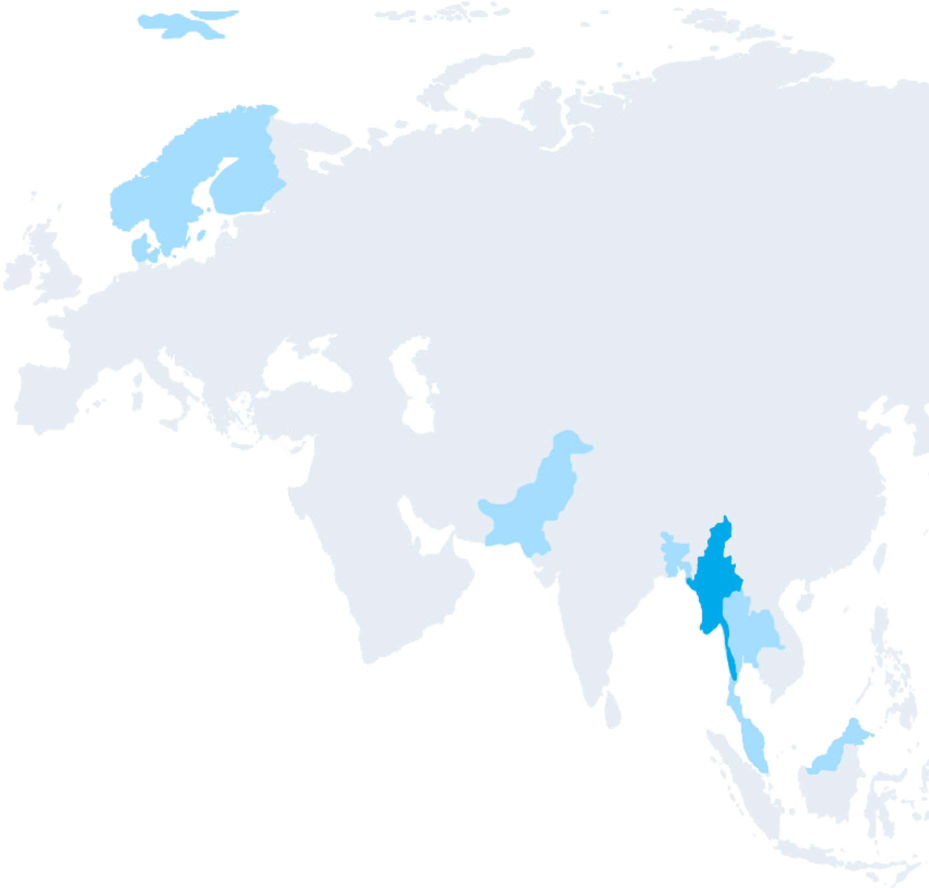


NOK in millions	2016	2017	2018	2019	**2020**
Revenues	7 698	8 181	7 492	6 232	**5 880**
EBITDA before other items	3 441	4 204	4 296	3 168	**3 167**
ARPU*	207	205	209	192	**175**
Mobile subscribers ('000)	39 428	41 625	43 530	45 389	**47 240**

*ARPU in local exchange rate

Telenor Myanmar

In Myanmar, Telenor operates a mobile only company in a market dominated by prepaid subscriptions. Telenor Myanmar is the number two player in the market with around 28 percent voice traffic market share and 16 million subscriptions at the end of 2020.



Performance

In Myanmar, the competitive intensity increased in May as the country's price floor regulation was temporarily suspended by the regulator until March 2021. Furthermore, during the year all mobile operators in Myanmar faced a regulatory requirement to re-register all SIM cards with ID cards. This resulted in reduced SIM sales and a 27 percent lower subscriber base at the end of the year. Consequently, subscription and traffic revenues in local currency slowed down towards the end of the year, but still ending 2020 with a growth of 7 percent.

NOK in millions	2016	2017	2018	2019	**2020**
Revenues	7 016	6 643	5 810	5 825	**7 069**
EBITDA before other items	3 038	2 869	2 179	3 116	**4 055**
ARPU*	5 158	4 776	4 550	4 129	**4 080**
Mobile subscribers ('000)	18 255	19 474	17 232	22 255	**16 243**

*ARPU in local exchange rate

Corporate governance report

1. IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE

Board Statement on Corporate Governance

The Board of Directors of Telenor ASA (the Board) is responsible for the administration of the Telenor Group and for safeguarding proper organisation of its operations. The Board believes that sound corporate governance is vital to ensure the greatest possible sustainable value creation over time in the best interests of Telenor's shareholders, employees and other stakeholders. The Board is committed to maintaining a high standard of corporate governance across Telenor Group, in line with Norwegian and international laws and generally accepted rules and practices.

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 commit to such standards in its own work and decision-making.

Telenor ASA is a public limited liability company established under Norwegian law. Telenor is subject to specific rules and regulations in all countries where the Telenor Group conducts business. Telenor's shares are listed on the Oslo Stock Exchange (Oslo Børs ASA). As an issuer of shares, Telenor complies with and operates in accordance with rules governing the Norwegian stock exchange, including the at any time applicable rules on Continuing Obligations of Listed Companies as approved by Oslo Børs ASA, with reference to the Norwegian Code of Practice for Corporate Governance (the NCGB Code of Practice) in its latest edition of 17 October 2018, issued by the Norwegian Corporate Governance Board (NCGB).

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 Report on Corporate Governance.

The NCGB Code of Practice covers 15 topics. The structure of this Report on Corporate Governance is aligned with the structure of the NCGB Code of Practice. Links to relevant information on Telenor's website are included in this Report on Corporate Governance.

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

2. BUSINESS

Business Activity Clause

The business activity in which Telenor is engaged is clearly 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."

Objectives and Strategies

Telenor's Board of Directors has established clear objectives and strategic ambitions guided by the purpose: "Empowering societies. Connecting you to what matters most". Customers rely on us providing secure and resilient networks so they can connect with each other. Customers want individual and prudent guidance in choosing the right solutions. Finally, customers want to reach us in the channel of their choosing, -when they want to. To deliver on this and to create value to our shareholders we continue to modernise, we grow through delivering on customer needs and we conduct business responsibly wherever we are. This is what matters most to customers and how we create value, and it serves as the driver for our strategy.

For more information on strategy, please see the Board of Directors Report under the heading Strategy Deep Dive & Performance Review on page 16.

Telenor updates the market through investor presentations, press releases and other information made available online: www.telenor.com/investors.

Telenor's Corporate Governance Framework
Telenor Group's corporate governance principles and practices are the framework by which Telenor Group governs and controls its business. It is the role and responsibility of the Board to ensure that Telenor adheres to generally accepted principles for the effective control of company activities, and to provide the necessary guidelines for such activities and corporate management. The Board shall furthermore adhere to such standards in its own work and decision-making. The Board shall also ensure that Telenor protects its reputation in relation to owners, employees, customers, the public and the capital market effectively.

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. The Code of Conduct is owned and approved by the Board, and all employees are required to sign it yearly. An annually updated eLearning programme with dilemma training must be completed to sign the Code of Conduct. In 2020, 18,423 employees completed the eLearning program and signed the Code of Conduct, representing 100 % of the workforce for Telenor Group.

The Board places high emphasis on transparency and trustful cooperation between parties and stakeholders involved in the Telenor Group: the owners, the Corporate Assembly, the Board and Group Executive Management, partners, employees, customers, suppliers, creditors, public authorities and society in general.

Telenor works continuously to improve its governance framework and to ensure that policies, training and control mechanisms are current and adequate to ensure that considerations related to its stakeholders are taken into account in the decision-making processes. 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 Governance Work Programme (GWP) is the annual process for updating/developing, implementing and monitoring the Group Governing Documents.

Telenor Group's Governing Principles describe the key governing bodies in Telenor ASA, the interaction between Telenor ASA and the Business Units, and core global processes like strategy, financial reporting, forecasting and reviews.

A robust governance model requires both appropriate design and effective implementation. Telenor has adopted a governance framework, including the Telenor Code of Conduct and a set of policies and manuals, processes and systems on monitoring and reporting. The governing documents set one single standard which shall govern all business activities, regardless of where such activities take place. Telenor's governing documents are implemented in Telenor ASA and in all subsidiaries directly or indirectly controlled by Telenor and as defined in Telenor's Governing Principles. The Governing Principles were updated and approved in September 2020. Companies which are separately listed shall take due account of the requirements for listed companies in the relevant jurisdiction. In case of conflict between Telenor's governing principles and such local laws and regulations, the latter shall prevail.

Telenor is committed to the disclosure of its performance on material sustainability issues in line with stakeholder expectations. Telenor publishes a Sustainability Report (pages 62-84) in accordance with legal requirements such as Norwegian Accounting Act § 3-3c and EU Non-financial reporting directive.

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 2020 is NOK 8,396,748,198 divided into 1,399,458,033 shares, each with a par value of NOK 6.00. As a consequence of the share buyback programme conducted by Telenor in 2019 the General Meeting on 11 May 2020 resolved to decrease the share capital by cancellation of repurchased own shares and redemption of shares held by the Government, and a decrease of other reserves. In total 42,999,999 shares were cancelled or redeemed.

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 interests 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 General Meeting 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 General Meeting on 11 May 2020 approved an ordinary dividend of in total NOK 8.70 per share, representing an increase of 4% per share over the previous year.

The Telenor Board of Directors will propose a total dividend of NOK 9.00 per share for the financial year 2020 to the Annual General Meeting in May 2021. The dividend will be split into two tranches of NOK 5.00 and NOK 4.00 per share to be paid in June and October 2021, respectively. The two tranches will have separate ex. dividend and record dates. The proposed dividend per share is 3 % higher than the dividend per share paid out in 2020.

Deviations from the NCGB Code of Practice Section 3: None.

4. EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES

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. Previously, under such authorisation, 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.

The Norwegian State as the main shareholder

The Norwegian State is the main shareholder in Telenor, with a holding of 53.97 % of the Telenor shares as of 31 December 2020. 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. This means that 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 web pages.

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.

Transactions with close associates

In relation to its ordinary business, Telenor has regular transactions with certain entities in which Telenor has ownership interests. Such transactions are carried out on an arm's length basis; cf. also the Public Limited Liability Companies Act, Sections 3-8 and 3-9. For material transactions with related parties, Telenor has a practice to obtain an independent valuation to ensure compliance with the arm's lengths principle.

Transactions with related parties, including transactions with associated companies, are accounted for in note 32 to the financial statements for Telenor Group for 2020 in this Annual Report.

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 annual general meeting (the "AGM") is the company's supreme governing body. The AGM adopts Telenor's Articles of Association (the "AoA") 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 AGM. Notice of the meeting together with all relevant documents are published on Telenor's website no later than 21 days prior to the date of the AGM. The notice includes voting procedures and instructions to shareholders wishing to propose resolutions. In order to allow shareholders to form a view on all matters to be considered at the AGM, the draft resolutions and supporting information shall be detailed and comprehensive. According to the AoA, documents relating to the items on the agenda for the AGM, 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 website. A shareholder may request, however, that such documents are sent to him/her. 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 AoA, 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 AoA, 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 notify Telenor no later than three days prior to the AGM in accordance with the Board's detailed instructions, as stated in the AoA, article 8, second paragraph.

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 2020 AGM of Telenor ASA was held on 11 May 2020. Due to the COVID-19 pandemic, physical presence at the AGM involved unnecessary health risks for shareholders and staff. To mitigate health risks and to comply with the Norwegian government's instructions, Telenor encouraged shareholders to be represented through proxy or by voting in advance. Shareholders were encouraged to grant any proxy to either the Chair of the Board of Directors or the Chair of the AGM. They could also follow the meeting via a live webcast on Telenor's website and send in questions in advance to Telenor's Investor Relations unit. Four persons with voting rights attended the AGM. Also the Chair of the AGM, Chair of the Board of Directors, the President and CEO, the Chief Financial Officer and the company's auditor attended the meeting.
The Chair of the Corporate Assembly shall chair the AGM, according to article 8, first paragraph, of the AoA. The Chair of the Board, the President and CEO as well as the representatives of the Nomination Committee shall also attend the AGM. Further, Telenor's auditor will attend the AGM.

The Board, the Corporate Assembly or the Chair of the Corporate Assembly can convene an extraordinary general meeting (the "EGM"). If the company's auditor or shareholders representing at least 5 % of the share capital demands 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 demand was submitted.

The minutes of the AGMs and EGMs, together with voting results, attendance, shareholder representation and pre-meeting documents are made available online at:
www.telenor.com/investors/general-meeting.

Deviation from the NCGB Code of Practice section 6: The NCGB Code of Practice recommends that all Board members are present at 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.

7. NOMINATION COMMITTEE

The Nomination Committee of Telenor ASA is established and works pursuant to Telenor ASA's Articles of Association, Clause 9.

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 board shareholders interest shall be taken into consideration.

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

MEMBERS OF THE NOMINATION COMMITTEE AT YEAR-END 2020
Bjørn Erik Næss *Chair* Elected from the Corporate Assembly: Elected Chair 7 May 2019
Lars Tronsgaard *Member* Re-elected by the Annual General Meeting 11 May 2020
Jan Tore Føsund *Member* Elected by the Annual General Meeting 7 May 2019
Heidi Algarheim *Member* Elected by the Annual General Meeting 11 May 2020

The Nomination Committee consults with shareholders, the Board 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. Further information about the members of the Nomination Committee and how to submit proposals is available at: www.telenor.com/en/about-us/corporate-governance/nomination-committee.

The General Meeting has adopted instructions for the Nomination Committee. The Nomination Committee held 22 meetings in 2020. Average attendance over the year at the Nomination Committee meetings was 98.9 %.

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

8. CORPORATE ASSEMBLY AND 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 2 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 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's 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 remuneration. The General Meeting cannot influence, change or reverse the Corporate Assembly's decisions regarding the elections.

In order to exercise its supervisory function, members or observers may propose that specific matters are discussed and demand information on Telenor's affairs to the extent they consider necessary. The Corporate Assembly may also undertake investigations on its own or through a committee.

The Corporate Assembly shall issue a resolution to the General Meeting as to whether the Board's proposal for the income statement and balance sheet and Telenor Group's consolidated income statement and balance sheet should be approved, and on the Board's proposal for the allocation of profit or coverage of loss.

At the proposal of the Board, the Corporate Assembly may adopt resolutions in matters that concern investments that are substantial in relation to the company's resources and rationalisation or restructuring of the operations, which will result in a major change in or reorganization of the workforce.

The Corporate Assembly may adopt recommendations to the Board or the management on any matter. The Corporate Assembly has some other specific tasks set out in the Public Limited Liability Companies Act.

In 2020, the Corporate Assembly conducted three ordinary meetings, which is in line with the requirements set out in the instructions. The Chair of the Board and the President and CEO attended all meetings. Due to the coronavirus pandemic, all Corporate Assembly meetings in 2020 have been conducted by video conference, in accordance with the regulation on exemptions from the rules regarding physical meetings etc. in the Public Limited Liability Companies Act (the "Corona Regulation") of 27 March 2020 and subsequent regulations. The average attendance for members of the Corporate Assembly in 2020 was 94%. Deputies have attended when members have not been able to participate. Further information about the members of the Corporate Assembly is published at: www.telenor.com/about-us/corporate-governance/corporate-assembly.

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 5 and a maximum of 13 members. The members are elected for a term of up to two years. By 31 December 2020, the Board consisted of ten Board Members, of which three are employee-elected members as required by Norwegian company law.

11 May 2020, the Corporate Assembly re-elected one shareholder elected member and two new shareholder elected members were elected to the Board. One shareholder elected member resigned in addition to the shareholder elected members stepping down autumn 2019.

The Board shall have a diverse composition and expertise tailored to meet the company's needs. There are four women in the board and six men. Three of the board members are non-Norwegian citizens. None of the Board members, apart from the employee representatives, is an employee of Telenor or has carried out work for Telenor not covered by the general board and committee remuneration. The 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 website.

The members of the Board are encouraged to own shares in the company, see section 12.

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

9. THE WORK OF THE BOARD, THE CHIEF EXECUTIVE OFFICER AND THE GROUP EXECUTIVE MANAGEMENT OF TELENOR ASA

Role and responsibility of the Board
The Board of Telenor ASA is responsible for the administration of the Telenor Group and for safeguarding the proper organisation of the business. The Board shall supervise the day-to-day management and Telenor's business in general. The Board makes decisions and in certain cases grants authority to make decisions on issues, which, due to the nature of the business, are unusual, or of major significance to the company.

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 Board of Directors report page 16.

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 2020 the planned visit for Board members to local Business Units was cancelled due to the coronavirus pandemic.

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 Board evaluates the instructions for the Board and the instructions for the President and CEO on a yearly basis. The Board has also adopted procedures to secure awareness of conflict of interest issues.

Board meetings in 2020
The Board shall normally hold eight Board meetings during the calendar year, but the minimum is 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.

Where the Chair of the Board finds it appropriate, Board members may attend a meeting remotely. The annual financial statement and annual report, as well as the remuneration of the President and CEO and other members of the executive management (if appointed by the Board), shall according to Norwegian regulation be dealt with in a physical meeting. Due to COVID1-19, all Board meetings from March 2020 have been conducted by video conference, in accordance with the regulation on exemptions from the rules regarding physical meetings etc. in the Public Limited Liability Companies Act (the "Corona Regulation") of 27 March 2020 and subsequent regulations.

The Board held 10 Board meetings in 2020. The average attendance over the year at the Board meetings was 99%. 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 2020 was reviewed in a Board meeting on 14 December 2020.

Working committees of the Board

In order 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 & 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' role 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 2020. 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 eight meetings in 2020 with 100% attendance	
Jon Erik Reinhardsen (Chair)	Pieter Cornelis Knook (Member)
Jørgen Kildahl (Member)	Anita Steine (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 five meetings in 2020 with 95% attendance	
Gunn Wærsted (Chair)	Sally Davis (Member)
Jon Erik Reinhardsen (Member)	Esben Smistad (Employee representative)

The People and Governance Committee is a preparatory committee that supports the Board in fulfilling the Boards 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 four meetings in 2020 with 100% attendance	
Sally Davis (Chair)	Gunn Wærsted (Member)
Jørgen Kildahl (Member)	Anita Steine (Employee representative)

The 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 2020 with 100% attendance	
Jacob Aqraou (Chair)	Pieter Cornelis Knook (Member)
Astrid Simonsen Joos (Member)	Gunn Wærsted (Member)
Jan Otto Eriksen (Employee representative)	

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

The Chief Executive Officer (CEO)

The President and CEO is in charge of the day-to-day management of operations at Telenor ASA and across the Telenor Group, and is responsible for ensuring that the company and Group are organised, run and developed in accordance with the law, Telenor's Articles of Association and decisions adopted by the Board, the Corporate Assembly and the General Meeting.

The Board appoints the President and CEO and sets his/her terms of employment based on recommendations by the People and Governance Committee.

The Board has provided instructions for governance to the President and CEO covering the management of the Telenor Group, 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 his responsibilities for reporting to the Board.

Group Executive Management (GEM)

The Group Executive Management (GEM) of Telenor ASA is an advisory management body for the President and CEO. GEM consists of Executive Vice Presidents (EVPs) for Group Units and Clusters and other EVP positions. The GEM members report to the President and CEO.

A subsidiary's relationship to Telenor ASA

The board of directors of a subsidiary in the Telenor Group is obliged to provide the Board of Telenor ASA with any information that is necessary for an evaluation of the Telenor Group's position and the result of the group's activities.

Telenor ASA notifies a subsidiary's board of directors of matters that may be of importance to the Telenor Group as a whole. Telenor ASA also notifies the subsidiary's board of directors of decisions that may be of importance to the subsidiary before a final decision is made.

To ensure implementation of good and efficient corporate governance in Telenor's subsidiaries, Telenor's governance framework is implemented in all Business Units. The Business Unit's board of directors adopts the relevant governing documents and supervises its implementation.

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 the Telenor Group'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 Executive Management, the Risk and Audit Committee and ultimately to the Board of Directors. At least once a year, the Board of directors reviews the Group risk picture. 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 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. The implementation of the ICFR program in the financially significant Business Unit's 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 Board of Directors' Report of this Annual Report for 2020 (page 23).

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 (check definitions/names with Legal). 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 2020.

The Disclosure Committee
The Disclosure Committee supports the company's efforts to meet the requirements for external financial reporting. The Disclosure Committee 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 Disclosure Committee meets to review the Quarterly financial reports and the Annual Report.

The Group Compliance Officer and the Compliance function
The Group Compliance function in Telenor is responsible for
- Code of Conduct ownership on behalf of the Board;
- Resolution of compliance cases;
- Ownership and implementation of the anti-corruption policy, business partner compliance management policy, privacy policy and the Information management policy;
- Design, implementation and follow up of the Compliance Management System; and
- Leading the Governance Work Programme (GWP).

The Group Chief Compliance Officer (CCO) heads the group-wide compliance function and supports the President and CEO and the Board in ensuring that the Code of Conduct sets the appropriate standards, and that these standards are implemented and enforced.

The CCO reports to the EVP Group People and Sustainability Officer, facilitates and acts as secretary for the Group Compliance Committee and meets as relevant in the Board of Telenor ASA. The CCO attends all meetings in the Sustainability and Compliance Committee. Correspondingly, the Telenor Business Unit Head of Compliance report functionally directly to the Business Unit CEO. The Business Unit Head of Compliance also reports regularly to the Business Unit Board of Directors on compliance matters. In order to ensure alignment of strategy, prioritisation and implementation of compliance and governance related matters; the Business Unit Heads of Compliance have a dotted functional reporting line to the Group Chief Compliance Officer.

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 of Directors 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 falling within the authority limits set out in the Group Authority Matrix 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 and control of the group's treasury activities, the Company has set up Group Treasury as a central function. Group Treasury functions in accordance with its mandate set out in the Group Policy Treasury. Group Treasury reports to the Group CFO.

The purpose of the Group Policy Treasury is to mitigate treasury risks in the Telenor Group and to secure efficient management and control of treasury activities. It also provides an overall framework for the management of treasury risks, including liquidity risk, financial counterparty credit risk, customer credit risk, currency risk and interest rate risk. Further, the Group Policy Treasury sets the main principles for activities for the Group Treasury function as well as Business Units related to capital structure, equity and debt funding, cash management, working capital management, bank relationship management, treasury risk management, issuance of guarantees and treasury reporting requirements.

Value Agenda meetings and Financial Reviews
Value Agenda meetings and Financial Reviews are conducted regularly. Value Agenda meetings are normally held with the Business Units three to four times a year and are chaired by the President and CEO. The primary focus in the Value Agenda meetings is to discuss important strategic and operational and financial/non-financial (such as people, compliance and regulatory) issues in more depth, and actions required to reach defined milestones or ambitions. Once a year, the focus is on long-term strategic aspirations as part of the strategy process (referred to as Strategy Workshop).

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.

Business Unit performance reviews are conducted regularly with each of the main Business Units in the Telenor Group, and are chaired by the Group CFO with participation from other relevant functional EVPs. The purpose of these meetings is to monitor and follow-up key strategic priorities, financial and operational performance relative to defined targets as well as other relevant topics with reputational and/or strategic impact.

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

11. COMPENSATION TO THE BOARD OF DIRECTORS AND THE CORPORATE ASSEMBLY

Board of Directors

The Corporate Assembly determines the compensation to the Board of Directors, based on recommendation from the Nomination Committee.

The members of the board receive an annual fixed compensation and additional compensation for participation in any of the board committees. Separate compensation levels are set for the Chair of the Board and Deputy Chair of the Board. Deputy board members receive compensation per meeting they attend (NOK 9,200). Employee-elected members of the board receive the same compensation as shareholder-elected members. Board members living outside Norway, receive a separate travel allowance for each physical meeting they attend (NOK 30,000). Relevant expenses are reimbursed at costs, and mobile and broadband subscription for the Chair is covered by the company. There were no changes to compensation fees in 2020, except for the travel allowance.

	Board of Directors	Risk & Audit Committee	People & Governance Committee	Sustainability & Compliance Committee	Transformation & Innovation Committee
	Annual fee	Annual fee		Fee per meeting	
Chair	691	206	123	9	15.0
Deputy	392				
Member	346	133	92	9	14.4

Compensation to the Board of Directors is not linked to the company's performance. Shareholder-elected board members are neither entitled to compensation in the event of termination, nor other types of compensation such as pension plans, incentives, profit sharing or options. The board members receive compensation by cash-based payments, neither shares nor other instruments.

Shareholder-elected members of the board and/or companies they are associated with do not ordinarily take on specific assignments for Telenor in addition to fulfilling their responsibilities as board members. Any additional assignments will be disclosed to the Board, and the Board will approve any compensation for such additional assignments. In 2020, none of the Board members received compensation from any other Telenor Group companies, apart from the employee-elected board members, nor did they have any loans from the company.

The total compensation to the Board of Directors in 2020 was NOK 5.2 million, compared to NOK 5.5 million in 2019. See separate table for compensation to the respective board members, including the number of shares owned by board members and deputy board members (for employee-elected board members) as of 31 December 2020. Shareholdings include shares owned by their related parties. Regular salaries and other compensation to employee-elected members of the board are not included.

BOARD AND COMMITTEE TOTAL COMPENSATION

NOK in thousands	**2020**	**2019**
Board of Directors (fixed fee and allowances)	3 727	4 160
Risk and Audit Committee	605	578
People and Governance Committee	399	381
Sustainability and Compliance Committee	140	173
Technology and Innovation Committee	305	230
Total fees for board services to Telenor ASA during the year	5 176	5 522

COMPENSATION TO MEMBERS OF THE BOARD

NOK in thousands	Total compensation 2020	Board compensation 2020	Committee compensation 2020	Share ownership 31.12.2020
Gunn Wærsted - Chair of BoD*	892	691	201	18 650
Jørgen Kildahl - Deputy Chair of BoD	582	392	190	2 000
Jacob Aqraou	511	346	165	10 000
Jon Erik Reinhardsen	644	346	298	1 500
Sally Davis	498	346	152	0
Pieter Cornelis Knook (from 11 May 2020)	302	192	110	0
Astrid Simonsen Joos (from 11 May 2020)	235	192	43	0
Anita Steine (employee elected)	513	346	167	736
Jan Otto Eriksen (employee elected)	418	346	72	6 125
Esben Smistad (employee elected)	438	346	92	0
Grethe Viksaas (until 11 May 2020)	144	115	29	0

*Taxable benefit related to electronic communication (NOK 4,392) is excluded from table

Corporate Assembly
Compensation to the Corporate Assembly is determined by the General Assembly, based on recommendation by the Nomination Committee. The total compensation to the members of the Corporate Assembly was NOK 723,677 in 2020 compared to NOK 744,550 in 2019. The members of the Corporate Assembly receive an annual fixed compensation, except for deputies who receive compensation per meeting attended. Separate compensation levels are set for the Chair, Deputy Chair and members respectively. The employee-elected members receive the same compensation as the shareholder-elected members[1].

The table below shows the share ownership for members of the Corporate Assembly.

[1)]Effective 11 May 2020, the annual fees for the chair, deputy chair and members of the Corporate Assembly are NOK 106,000, NOK 47,200 and NOK 36,800 respectively. The fee for deputy members was NOK 7,600 per meeting. There were no changes to compensation fees in 2020.

As of 31 December	Share ownership[1)]31.12.2020
Members elected by employees	
Hege Ottesen	878
May-Iren Arnøy	22
Magnhild Øvsthus Hanssen	3 338
Tom Westby	1 937
Rune Aamodt	434
Observers elected by employees	
Laila Fjelde Olsen	1 131
Tord Overå	314
Deputy members elected by employees	
Hege Sletten	657
Jonny Brodalen	272
Pål Ligaard	249
Daniel Eidesund	150
Olga Marie Lerflaten	210
Sune Jakobsson	3 932
Espen Egeberg Christiansen	1 473
Camilla Skarsjø Grimnes	101
Håkon Lønsethagen	7 674

1) Shareholdings not included for representatives who are no longer members as of 31 December 2020.

Deviations from the Code of Practice Section 11: None.

12. COMPENSATION TO THE GROUP EXECUTIVE MANAGEMENT

Introduction from the Chair of the Board

Executive compensation is an important tool to attract and retain executives who are motivated and enabled to deliver on the business strategy and contribute to the long-term interests and sustainability of Telenor Group.

As the transformation of the telecommunications industry and Telenor Group continues, the importance of access to executives with international experience who are incentivized to achieve strategic objectives and deliver shareholder returns is critical. Telenor Group operates in different markets internationally hence it is important that the executive compensation is competitive both in terms of level and structure in a local market context.

The Board of Directors aims to present the Telenor Group compensation policy and its implementation in a clear, easily understandable, and comprehensive way. The Board of Directors' policy and report on executive compensation as presented below is in accordance with the Norwegian Public Limited Liability Companies Act, Section 6-16 and the Norwegian Corporate Governance Board (NCGB) Code of Practice. It is the Board of Director's view that the compensation structure and its implementation support the strategic direction and interests of stakeholders, that it meets the prevailing governmental guidelines for executive compensation and that the overall compensation is competitive but not market leading.

Gunn Wærsted
Chair of the Board, Telenor Group

COMPENSATION POLICY

The Board of Directors proposes the following compensation policy for Telenor's executives for approval at the 2021 Annual General Meeting. Compensation to members of the Board of Directors and the Corporate Assembly is covered in chapter 11. The policy is subject to approval by the Annual General Meeting when there is a material change and at least every fourth year in accordance with the Norwegian Public Limited Liability Companies Act, section 6-16 a and supplementing regulations.

Executive compensation supports business strategy, long-term interests, and sustainability of the company

Telenor Group's executive compensation is designed to support the business strategy, long-term interests and sustainability of the company by attracting, engaging and retaining the right people to create long-term value for Telenor Group and its stakeholders.

The compensation policy and structure contribute to achievement of short-term results, as well as longer-term strategic priorities for all business units and Telenor Group overall. Performance measures for incentive plans are defined for a broad set of financial and operational strategic priorities with targets to drive desired results and secure a clear link between executive compensation, business strategy and company performance. See Strategy Deep Dive and Performance Review section.

Furthermore, the compensation policy contributes to long-term interests and sustainability of the company by securing that compensation levels and structure reflect local market conditions and company performance over time, as well as includes compensation elements designed specifically to create alignment of interest between executives and other stakeholders. Also, the Telenor Behaviours i.e. key behaviours that create a set of expectations of employee conduct and ways of working across all markets in Telenor are reflected in the compensation policy and key compensation elements.

Telenor Group – Key Reward Principles

Rewarding performance:
Compensation shall be based on a combination of company performance and individual impact as evaluated against objective and transparent criteria. Telenor puts significant emphasis on company results to foster collaboration and joint ownership of strategic priorities.

Supporting holistic & sustainable results:
Compensation shall reflect financial results and operational performance, including Telenor Group's strong commitment to Responsible Business Conduct. At an individual level, this implies that both "what" is being delivered and "how" results are delivered shall be considered when making compensation decisions in line with Telenor Behaviours.

Offering competitive total compensation:
Compensation shall be attractive and competitive, but not market-leading in comparison with relevant local markets.

Compensation structure

The compensation structure consists of fixed and variable compensation elements that together shall provide a competitive compensation to executives which contributes to achievement of the business strategy, long-term interests, and sustainability of the Telenor Group. The incentive plans have been built so that in combination they target short-term and long-term performance through a selection of financial and operational KPIs, and where the total expected outcome of the plans over time harmonize with a competitive total compensation. This implies that all targets relating to the STI plan are set with clear stretch, whereas for the LTI plan the performance criteria are set as minimum thresholds to be achievable in most years. In accordance with the prevailing Norwegian state guidelines, the overall structure is built with an emphasis on base salary and at the maximum earnings potential the relative size of base salary is 56%, short-term incentive 28% and long-term incentive 16%.

In addition, benefits such as pension, insurance and allowances are all important elements ensuring total compensation is aligned with local market practice, regulations and employment conditions, while also providing a foundation for the financial security and well-being of employees. As such, a holistic view considering total compensation and employment conditions is used when establishing the compensation policy.

The table below summarises the key compensation elements for the President and CEO and the Group Executive Management.

Compensation element	Key objective	Level/ annual earnings potential	Performance evaluation
Base salary	To serve as the foundation for competitive, but not market-leading, total compensation	Main compensation element reflecting scope of role and the executive's experience and business impact	Reviewed annually and adjusted as needed to reflect the executive's relative pay and business impact
Short-term incentive (STI)	To provide direction and motivation to deliver high performance in line with strategic ambitions and Telenor behaviours	Maximum 50% of annual base salary	Achievement of set annual performance measures, using a balanced scorecard focusing on group-wide priorities related to Finance, Customers, People and Responsible Business. See separate section for P&CEO STI
Long-term incentive (LTI)	To align executives and shareholder interests, contribute to long-term value creation and retain key leaders and experts	Maximum 30% of annual base salary	Achievement of defined performance thresholds based on generation of free cash flow for Telenor Group and relative Total Shareholder Return (Telenor ASA) compared to the STOXX 600 Telecommunications index
Employee share purchase plan (ESP)	To encourage alignment of employee and shareholder interests, foster loyalty and offer an opportunity to take part in long-term value creation	Employees can invest up to maximum 4% of their base salary with potential to achieve up to triple matching dependent on company performance	Performance of the Telenor ASA share vs the STOXX 600 Telecommunications index, measured over a two-year period, results in matching of purchased shares ("ESP bonus")
Pension and insurance	To provide security and support in different life situations	See separate section	Not applicable
Other compensation and benefits	To ensure competitive compensation and meet the specific demands of a given temporary or permanent situation	See separate section	Not applicable

Base salary

Base salary is the main element of compensation to all executives in Telenor Group, and so competitive base salary levels are critical for attracting and retaining executives who are skilled and motivated to deliver results and long-term value creation for Telenor Group and its stakeholders.

Base salaries are set and adjusted based on the local market and business context, the scope of the role and responsibilities, and the individual's experience and competence level relevant to the role. On a regular basis, Telenor participates in salary surveys and conducts compensation benchmarking to ensure that executive salary levels are competitive and in line with local market practice. To secure moderation in its pay setting practices, Telenor targets the median level when benchmarking compensation and setting salary levels. Salaries are normally reviewed on an annual basis, taking the following key considerations into account:

- Business performance
- Salary level relative to the local market
- The individual's impact on the business: "what" and "how" in line with Telenor Behaviours

Short-term incentive

The short-term incentive (STI) is designed to motivate executives to drive annual results across key areas of the business in accordance with Telenor Behaviours and the longer-term direction of the company. In particular, the STI plan aims to drive key strategic priorities and foster collaboration by having common Key Performance Indicators (KPI) and rewarding executives for achieving results together. As such, members of the Group Executive Management (GEM) are as a key principle measured on and rewarded for group-wide performance and GEM members with Business Unit CEO responsibility are measured on a combination of Group and Business Unit results to reflect their scope of role.

The STI is a cash-based plan where the maximum annual earning is 50% of annual base salary for the President and CEO and the Group Executive Management, in accordance with the guidelines for companies with Norwegian state ownership.

The STI is based on performance as measured against a balanced scorecard with key performance indicators (KPI), where as a principle the financial KPIs account for a minimum of 50%. The financial parameters typically measure revenue, profit and cash flow while the operational KPIs are tied to areas such as customer, people and responsible business - aiming to improve customer experience and satisfaction, operational efficiency and employee engagement and safeguarding responsible business conduct. The KPIs are updated each year as part of the group-wide strategy process where KPIs are identified and targets set to deliver against the strategy for the coming year. The target levels for each KPI are set as a stretch and challenging to achieve with on-target pay-out at 35% of base salary. STI achievement is determined by assessing results achieved for each KPI against the set target range for the year. Except for the President and CEOs key priorities, there are no individual KPIs in the STI plan. However, a discretionary assessment can be made by the Board of Directors and the President and CEO to ensure that final achievement represents overall business performance. The assessment could result in a positive or negative adjustment to the achieved results. The 2021 STI scorecard for Telenor Group is described below. The target ranges will be reported as part of the compensation report next year together with the results achieved.

The Board of Directors will update the scorecard with relevant KPIs and targets every year in line with the described process.

2021 STI Telenor Group scorecard

Deliver **growth** through focused offerings

Be a leader in **modernisation**

Reinforce our **responsible business** foundation

	KPIs	Descriptions		Weights
Financial	Organic S&T Revenue Growth	Telenor's overall financial ambition is to create shareholder value through cash flow generation, while maintaining a solid balance sheet and providing attractive shareholder remuneration. The ambition is based on the following key value drivers:	Revenue growth is key for long-term sustainable value creation. Subscription and traffic revenues constitute the major share of revenues in Telenor's core business.	20 %
	Organic EBITDA Growth		EBITDA reflects progress on our modernisation and efficiency agenda and measures how profitable our revenue growth is.	20 %
	Underlying Free Cash Flow		Free cash flow generation through EBITDA growth and prudent capital allocation, supporting shareholder remuneration.	15 %
Operational	Brand Preference	A strong brand is essential for securing a competitive position in all markets, as well as for driving organic growth and profitability. Brand Preference is a leading brand strength indicator which accompanied by a broader set of performance-based metrics functions as a steering cockpit for go-to-market strategies.		15 %
	Engagement & Enablement	People are the heart of Telenor, and highly engaged, winning teams are the key to delivering a great customer experience, growth and long-term value for stakeholders. The Engagement and Enablement Index measures two key dimensions that drive workforce effectiveness and business performance across all teams and markets and serves as a foundation for systematic work on organisational development and improvement.		15 %
	Security	Telenor Group strives to always protect society and people in their digital life. Cyber security is among our top enterprise risks, and our employees are the first line of defence in protecting customer data, critical infrastructure and business information. Through global programs, Telenor works to continue to increase security awareness and strengthen employees' behaviour and competency within the area.		15 %

STI plan for the President and CEO
In addition to the Telenor Group scorecard, which the President and CEO shares with the Group Executive Management, the STI plan for this role also includes additional key priorities set by the Board of Directors reflecting group-wide strategic priorities and/ or specific focus areas for the President and CEO within areas of leadership, culture and business growth. For 2021 the priorities are growth, strategy alignment, customer centricity and succession planning.

As a general principle the Telenor Group scorecard accounts for 70% and the President and CEO key priorities accounts for 30% of the overall STI plan. The complete STI plan is reviewed and approved on an annual basis by the Board of Directors.

Long-term incentive
The long-term incentive (LTI) is designed to align the interests of executives and shareholders, contribute to long-term value creation, and retain leaders across the Telenor Group. Dependent on Telenor Group performance, the President and Chief Executive Officer and Group Executive Management can, on an annual basis, receive a maximum LTI grant of 30% of their annual base salary. Telenor will, on behalf of the participants, invest the after-tax grant amount in Telenor ASA shares.

LTI grants are contingent upon Telenor Group's financial performance measured over a two-year period prior to the grant year. Telenor Group will apply financial measures that drive long-term business results and value creation for Telenor Group and shareholders. Telenor aims to maintain performance measures and target levels over time, provided these are supporting the long-term business objectives and sustainability of the company. As opposed to the STI targets that are set with significant stretch, performance criteria relating to the LTI are set as minimum thresholds with the intention of issuing grants in most years to fulfil the purpose of aligning interests between executives and shareholders, retention and contribute to an overall competitive total compensation.

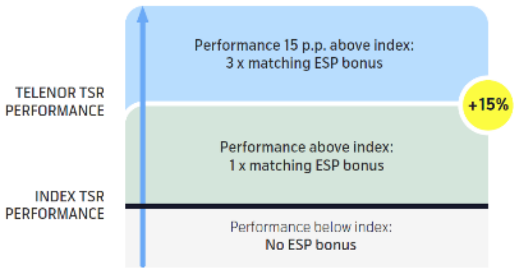
The following performance measures are in place for the LTI plan, these are binary measures with 50:50 weighting:

- Underlying Free Cash Flow, threshold NOK 5 billion (yearly average over the performance period)
- Total Shareholder Return relative to the European telecommunications market (STOXX 600 Telecommunications Index, SXKGR) with threshold -5% of index

In addition to the two-year performance period, the shares will be subject to three years lock-in from the year of grant, hence, the LTI plan spans over a period of five years in total. Granted shares are released for disposal provided the executive is still employed by Telenor Group at the end of the lock-in period. Should the executive resign from Telenor before the end of the lock-in period, the shares are forfeited and returned to Telenor. However, in cases where employment is terminated due to retirement or disability, the employee may be granted rights to retain locked LTI shares.

Employee share purchase plan
The Employee Share Purchase Plan (ESP) is a group-wide plan offered to all employees in the Telenor Group to encourage alignment of employee and shareholder interests and to give employees an opportunity to take part in the value creation. The plan enables employees to invest up to 4% of their annual base salary in Telenor ASA shares or phantom shares in countries where local laws and regulations restrict foreign shareholdings. The plan runs over two fiscal years where employees purchase shares the first year, while the performance period and shareholding requirement cover the two-year period.

To encourage participation there is a discount of 25% on the share purchase (up to a maximum of NOK 2,000) and an opportunity to receive bonus shares depending on company performance; If the Telenor ASA Total Shareholder Return (TSR) outperforms the STOXX Europe 600 Telecommunications Index (SXKGR) over the plan period, participants will receive an ESP bonus based on their initial investment:



To be eligible for any ESP bonus, participants must be employed in Telenor Group and hold the ESP shares for the entire plan period.

Telenor Group does not offer share option plans.

Pension
Pension terms vary for the Group Executive Management, as the executives are employed in different markets on both local and expatriate terms. Additionally, certain historically agreed individual pension terms can be honoured as per Telenor Group policy. The table with individual terms provides an overview of pension entitlements that are not part of the general collective pension plans.

Since 2006, new Group Executive Management members employed in Norway and hired externally have been enrolled in the collective defined contribution scheme for employees in Norway. In this plan, pensionable earnings are capped at 12 G, where G is the basic amount of the Norwegian National Insurance Scheme (NOK 101,351 in 2020). The pension contribution is 5% of pensionable earnings between 0 G and 7.1 G and 18% between 7.1 G and 12 G. Pension agreements predating 2006 have been honoured for some Group Executive Management members. With effect from 2017, individually agreed terms for pensionable salary above 12 G are discontinued for internal hires upon appointment to the Group Executive Management.

The retirement age for all employees in Norway, including executives, is 70. Some members of the Group Executive Management are entitled to retire at the age of 60 or 65, according to individual agreements. Please see separate table.

The pension plans for Group Executive Management members employed outside of Norway are in accordance with legislation and practice in the respective markets. Employees on international assignments will normally remain in their home country pension plan. Alternatively, they will be enrolled in a host country plan or an allowance will be provided in lieu.

Other benefits

The President and CEO and the Group Executive Management are entitled to benefits, as per local policies and country specific practices. These benefits can be permanent or temporary in nature. Normally, such benefits are not included in pensionable earnings or the annual salary review. Please refer to the compensation table for details.

Shareholding requirement

The President and CEO and the Group Executive Management should as a minimum hold shares in Telenor ASA equivalent to the value of one annual base salary. The executives are required to invest up to 20% of their net short-term incentive payment in Telenor ASA shares over time until this requirement is met.

Employment conditions

Employment contracts for the Group Executive Management are permanent employment contracts, normally with a six-month notice period. Telenor Group actively rotates leaders to drive business performance and foster a strong culture across markets, as well as to develop the leadership skills required now and in the future.

Severance

The President and CEO and Group Executive Management are entitled to severance pay equal to six months of their annual base salary from the expiry of the notice period. Any severance pay entitlement is conditional upon the executive waiving their employee protection rights under local law and applied in situations where the resignation is requested by the company. In extraordinary situations it may also be applied to facilitate an agreement to discontinue the employment, where the executive gives notice pursuant to a written agreement with the company. The company will reduce severance payments corresponding to other income earned during the severance period. Further, the executive may be paid the short-term incentive earned prior to the notice period, and company shares held as part of active long-term incentive plans may be released.

The executive's own resignation will not trigger severance payment, and the severance payment is also forfeited in cases of summary dismissal from the company.

Relocation

In cases where executives are hired from a different country and required to relocate for the employment with Telenor, the company can cover reasonable costs related to the relocation of the executive and family to ease the transition and settling into a new country. Normally costs will be covered for items such as housing and school for a period of up to one year.

External hiring of executives and appointments resulting from M&A

When executives are recruited externally or transferred due to a merger or acquisition, the company may offer compensation at a reasonable level for forfeited incentive opportunities and/ or other material compensation changes as a result of recruitment to Telenor. This will typically only be applied in special situations with the aim to attract critical competence and achieve sustainable total compensation levels.

Deviation from the policy

The Board of Directors may decide to temporary deviate from the compensation policy in exceptional circumstances where the deviation is required to serve the long-term interests and sustainability of the Telenor Group. In such a case, the Board of Directors will report to the General Assembly by disclosing and explaining the deviation in the compensation report.

The decision-making process

In accordance with the Norwegian Public Limited Liability Companies Act, the Board of Directors reviews and approves the total compensation to the President and CEO and the Telenor Group executive compensation policy and plans. To assist the Board in its work, the Board has appointed a designated committee as a preparatory body: The People and Governance Committee (see Chapter 9). At every material change and at least every fourth year, the Board of Directors prepares the proposed compensation policy and submits it for approval to the Annual General Meeting. The policy remains in force until new guidelines have been approved by the Annual General Meeting. The committee does not have independent decision-making authority; hence, the work of the committee does not alter the responsibilities of the Board of Directors or of the individual Board members.

IMPLEMENTATION OF THE COMPENSATION POLICY AND PLANS IN 2020

The compensation policy and plans implemented in 2020 were in accordance with the statement of the Board of Directors to the Annual General Meeting (AGM) on 11 May 2020 and any deviations are explained below. The statement regarding the determination of salary and other compensation to the executive management was included as a separate appendix (Appendix 2) to the AGM in accordance with the NCGB Code of Practice.

The Annual General Meeting approved the Board's statement on the determination of salary and other compensation elements and approved the guidelines for share-related incentives. For minutes of the AGM in 2020, please see Telenor.com.

Company performance and incentive achievements in 2020

In accordance with the policy, a balanced scorecard with a mix of financial and operational KPIs was applied for the 2020 short-term incentive as outlined in the below 2020 STI Telenor Group scorecard. The combined weights of financial and operational KPIs were 55% and 45% respectively, and based on the KPI results as described below, the total achievement for the Telenor Group scorecard was 66.5% for the fiscal year 2020.

2020 quickly turned into a different year and amidst the sudden challenges brought by the pandemic, Telenor has shown resilience, ability to pivot, and delivered strong results despite a challenging business context. Telenor accelerated the digitalisation agenda, managed to motivate and safeguard employees and maintained critical connectivity and services to customers across markets. Telenor Group experienced severe Covid-19 effects on the top-line in most Business Units and for the Group overall, resulting in below target performance for Organic Subscription & Traffic revenue growth. To secure financial flexibility and protect cash flow, operational expenditure and capital expenditure frames were adjusted early in the year. As a result of consistently controlling the expenditures throughout the year, Telenor Group over-performed on the operational expenditure reduction plan and achieved positive organic EBITDA growth however below target level, and a solid underlying free cash flow performance well above target.

2020 STI Telenor Group scorecard achievements

Positioning for **growth** through focused offerings | At the forefront of **modernising** our core business | **Responsible business** as an integrated part of our strategy

	KPIs	Descriptions		Weights	Achievement
Financial	Organic S&T Revenue Growth	Telenor's overall financial ambition is to create shareholder value through cash flow generation, while maintaining a solid balance sheet and providing attractive shareholder remuneration. The ambition is based on the following key value drivers:	Revenue growth is key for long-term sustainable value creation. Subscription and traffic revenues constitute the major share of revenues in Telenor's core business.	20 %	0 %
Financial	Organic EBITDA Growth		EBITDA reflects progress on our modernisation and efficiency agenda and measures how profitable our revenue growth is.	20 %	32.7 %
Financial	Underlying Free Cash Flow		Free cash flow generation through EBITDA growth and prudent capital allocation, supporting shareholder remuneration.	15 %	100 %
Operational	Brand NPS	A strong brand is essential for securing a competitive position in all markets, as well as for driving organic growth and profitability. Brand NPS measures the customer experience in all Telenor markets by asking how strongly the customer feels about Telenor as a company and the services Telenor provides.		15 %	100 %
Operational	Engagement & Enablement	People are the heart of Telenor, and highly engaged, winning teams are the key to delivering a great customer experience, growth and long-term value for stakeholders. The Engagement and Enablement Index measures two key dimensions that drive workforce effectiveness and business performance across all teams and markets and serves as a foundation for systematic work on organisational development and improvement.		10 %	100 %
Operational	Code of Conduct	Telenor's Code of Conduct is the company's commitment to integrity - a commitment to conducting business in a responsible, ethical and lawful manner. The Code of Conduct is the foundation of Telenor's corporate culture, and everyone at Telenor must follow these standards, complete the annual e-learning and signing of the Code.		10 %	100 %
Operational	Security	Telenor Group strives to always protect society and people in their digital life. Cyber security is among our top enterprise risks, and our employees are the first line of defence in protecting customer data, critical infrastructure and business information. Through global programs, Telenor works to continue to increase security awareness and strengthen employees' behaviour and competency within the area.		10 %	100 %
				2020 STI achievement	66.5%

For the operational KPIs, positive development was observed for Brand Net Promoter Score with results well above target, attributed to the clear focus of the local businesses on customer experience through the execution of network rollouts and initiatives to improve touch point experience, simplifying back-end technology to improve the customer journeys. Telenor Group achieved the highest-ever Engagement and Enablement Index (EEI) score, delivering well above target and standing 11 percentage points above the benchmark of high performing companies and telecom industry. Furthermore, the Code of Conduct and Security KPIs also delivered well above targets as result of targetted efforts and attention across the Group.

EVPs with CEO responsibilities are measured on a combination of Group (60% weight) and Business Unit performance (40% weight) to reflect scope of role. The results for the combined Group and Business unit achievement were 72.6% for the EVP and CEO of Telenor Norway and 69.2% for the EVP Head of Nordics and CEO of DNA.

In the performance assessment for the President and CEO for 2020, the Board of Directors has reviewed results achieved on the Telenor Group KPIs mentioned above, as well as evaluated performance on additional key priorities set for the President and CEO relating to driving a growth and structural agenda, customer focus, team and leadership development. Following review of the set priorities for the year, the Board of Directors conducted an overall assessment in accordance with the terms and conditions and concluded the final STI achievement at 66.5% for the President and CEO.

The 2020 long-term incentive grant was contingent upon financial performance in 2018 and 2019 as measured by underlying free cash flow and relative TSR. Binary thresholds of NOK 5 billion for underlying free cash flow and -5% of index performance for relative TSR was approved by the Board of Directors. The performance thresholds were achieved and, as such, full grants were issued on 13 and 14 May 2020 at a share price of NOK 145.19.

The Telenor ASA Total Shareholder Return (TSR) outperformed the STOXX Europe 600 Telecommunications Index (SXKGR) by 1.98 percentage points during the two-year plan period of the 2018 Employee Share Purchase Plan, resulting in ESP bonus shares being issued to eligible employees with 1x matching on 4 February 2020 at a share price of NOK 163.34.

Group Executive Management in 2020

Telenor Group is an international company operating in markets with continuously changing environments and, as such, the composition of the executive management team is regularly reviewed and adapted to ensure Telenor remains competitive as a global player. The following table provides an overview of the Group Executive Management team during 2020, also detailing any individual terms and relevant information pertaining to the reporting year. All GEM members are permanent employees with 6 months' notice period.

Executive (period served where parts of year)	Position	Individual terms & other information
Sigve Brekke	President and Chief Executive Officer (P&CEO)	Individual pension plan: Defined benefit with 60% of pensionable earnings until the age of 75, thereafter 58%. Pensionable earnings capped at NOK 5.574 million (subject to annual index regulation) and entitlement to retire at age 65.
Tone Hegland Bachke (from 1 May)	EVP and Chief Financial Officer (CFO)	
Cecilie Blydt Heuch	EVP and Chief People & Sustainability Officer	
Ruza Sabanovic	EVP and Chief Technology Officer	On international assignment on standard expat terms with membership in host country defined contribution pension plan.
Jørgen C. Arentz Rostrup	EVP and Head of Asia (CFO until 30 Apr)	Transferred from local employment, to expatriate terms from 1 May 2020. On international assignment on standard expat terms with membership in home country defined contribution pension plan.
Petter-Børre Furberg	EVP and CEO of Telenor Norway	Member of legacy pension plans: Defined benefit with 66% of pensionable earnings up to 12G, and defined contribution at 15% of pensionable earnings above 12G
Jukka Leinonen	EVP Head of Nordics and CEO of DNA, Finland	Individual pension plan: Defined contribution at 20% of pensionable earnings and entitlement to retire at age 60
Anne Kvam (until 31 May)	EVP and Chief Corporate Affairs Officer	
Lars Thomsen (until 31 May)	Acting EVP & Chief Marketing Officer	
Albern Murty (until 30 Apr)	EVP Developed Asia Cluster and CEO of Digi, Malaysia	
Irfan Wahab Khan (until 30 Apr)	EVP Emerging Asia Cluster and CEO of Telenor Pakistan	On international assignment on standard expat terms with allowance in lieu of pension at 11% of pensionable earnings.

Deviations from policy or guidelines

Jukka Leinonen, Head of Nordics and CEO of DNA, upon appointment to the Group Executive Management on 1 November 2019, was granted rights to continue STI earnings potential at a maximum of nine months of base salary. The rationale for granting this exception was to limit the reduction to overall earnings potential as a result of the integration with Telenor Group, and to seek to maintain competitive compensation. Leinonen is eligible for the Telenor Group LTI plan on standard terms.

Salary development

Due to the uncertainty of the COVID-19 effects, Telenor implemented a salary freeze for executives in 2020, except where executives were appointed to new roles. The 2020 salary review budget for employees in Telenor ASA and Telenor Norway was 2.0%, and the average employee base salary was NOK 796,851 at the end of 2020. Historical base salary development is listed in below table.

Base Salary Adjustments	P&CEO	GEM
2020	0.0 %	0.0 % *
2019	3.4 %	3.0 %
2018	2.9 %	2.9 %
2017	2.4 %	2.5 %
2016	0.0 %	2.0 %

*excludes Rostrup's salary adjustment related to change in responsibilities (not comparable due to expatriate terms)

Incentive claw back

Telenor Group have implemented claw back provisions in the terms and conditions for both incentive plans. No claw backs were applied during 2020.

Compensation to the Group Executive Management 2020

In 2020, the aggregate compensation to the Group Executive Management was NOK 69.7 million, compared to NOK 78.9 million in 2019. In 2020, none of the executives received compensation from any other Telenor Group company, nor did they have any loans from the company.

In accordance with the Norwegian Public Limited Liability Companies Act, the Accounting Act and the Norwegian Government's guidelines for compensation to executive personnel, and in line with the Norwegian Code of Practice, all aspects of compensation to the President and CEO and the Group Executive Management are presented below.

The numbers provided in the compensation table are based on the respective periods served in the Group Executive Management. The figures are in NOK, using average currency exchange rates for 2020 and 2019 where applicable.

Total Compensation to Group Executive Management in 2020 and 2019

NOK in thousands	Year	Base salary [1]	Base salary increase [2]	Short-term incentive (STI) [3]	Long-term incentive (LTI) expensed [4]	Pension benefits [5]	Other compensation and benefits	Total compensation
Sigve Brekke	2020	6.726	0.0%	2.137	2.005	3.606	353	14.827
	2019	6.606	3.4%	1.928	1.804	3.715	469	14.524
Tone Hegland Bachke	2020	2.744	0.0%	820	167	85	107	3.924
(from 1 May 2020)	2019		n/a					
Cecilie Blydt Heuch	2020	3.176	0.0%	992	724	128	278	5.298
	2019	3.150	3.4%	1.148	426	134	179	5.037
Ruza Sabanovic [7]	2020	4.193	0.0%	1.394	656	128	1.009	7.382
	2019	4.103	3.0%	1.603	584	133	1.250	7.672
Jørgen C. Arentz Rostrup [7] [8]	2020	5.383	0.0%	1.735	1.181	127	1.137	9.563
	2019	4.164	15.0%	1.586	770	129	675	7.323
Petter-Børre Furberg [7]	2020	3.537	0.0%	1.201	831	556	249	6.374
(until 31 Mar 2019 from 1 Nov 2019)	2019	1.545	3.4%	413	313	218	1.996	4.486
Jukka Leinonen	2020	6.217	0.0%	3.228	654	1.386	137	11.623
(from 1Nov2019)	2019	952	n/a	567	-	194	15	1.728
Anne Kvam	2020	1.239	0.0%	387	201	53	74	1.954
(until 31 May 2020)	2019	2.949	3.4%	1.075	203	133	179	4.538
Lars Thomsen	2020	1.458	0.0%	279	193	178	78	2.186
(from 2 Apr 2019 until 31 May 2020)	2019	2.428	2.5%	534	260	253	128	3.604
Albern Murty	2020	1.793	0.0%	621	316	269	69	3.067
(until 30 Apr 2020)	2019	4.772	15.0%	1.465	1.017	1.053	615	8.922
Irfan W. Khan [7]	2020	1.647	0.0%	577	284	181	804	3.493
(from 1 Apr 2019 until 30 Apr 2020)	2019	3.822	n/a	700	454	421	948	6.344

1) Base salary includes earned holiday pay, if applicable.

2) In 2020, a salary freeze was implemented for members of the Group executive management. 2019 salary increases were effective on 1 July 2019.

3) STI reflects the STI earned, any applicable holiday pay is reported under base salary.

4) LTI is reported on an expensed basis, i.e. the cost of all active plans in 2020 and 2019 are reported in the table. With effect from 2020, the lock-in period was reduced from 4 to 3 years, as such the annual expensed proportion increases from 25% to 33% of grant. During the transition period (2020 to 2022), the reported value may exceed the annual grant value, the maximum grant remains 30% of base salary for GEM members. From 2023, all plans reported will have transitioned to 3 years lock-in and the expensed value will again be aligned with the grants.

5) Pension benefits earned is calculated based on the same actuarial and other assumptions as those used in the pension benefit calculations in note 26.

6) Other compensation & benefits includes items such as insurance, company car benefit or car allowance, relocation costs, taxable bonus shares related to employee share purchase plan etc. and payments related to termination (where relevant: notice periods, severance payments, short-term and long-term incentives, benefits).

7) Individuals on international assignments have a net entitlement to base salary, short-term incentive, allowance in lieu of pension and other benefits. Other benefits includes compensation not separately mentioned and benefits provided according to the international assignment policy, such as insurance, company car benefit or car allowance, accommodation, children's education, home travel, social security costs if the employee is maintained in the home country social security scheme, tax benefits etc. Base salary, short-term incentive, allowance in lieu of pension and other benefits in the 2020 table are reported as gross amounts based on estimated tax figures provided by an external service provider. Reconciliation of the tax calculation will occur when the tax return is settled, which will be during 2021 for most countries. Consequently, the actual tax amounts for 2020 will be reported as part of adjusted gross figures for base salary, short-term incentive, allowance in lieu of pension and other benefits in next year's annual report. Figures pertaining to 2019 have been updated accordingly to reflect the same approach where applicable.

8) Due to COVID-19 travel restrictions, Rostrup was working out of Norway for the assignment in Singapore from 1 May to 25 August 2020. Compensation for this period may therefore be subject to taxation both in Norway and Singapore (double taxation), depending on available exemptions. The estimated Norwegian taxes for this period, before taking any exemptions into account, amounts to NOK 3.8 million, and have not been included in the above table.

Share ownership 2020 and 2019

	Year	Shares held as of 1 January [1]	Granted	Net Additions/ (Disposals)	Shares held as of 31 December [2]	Restricted shares held as of 31 December
Sigve Brekke	2020	136.602	6.508	1.989	145.099	23.886
	2019	130.620	5.299	683	136.602	24.622
Tone Hegland Bachke	2020	2.637	1.616	4.814	9.067	2.931
	2019					
Cecilie Blydt Heuch	2020	6.281	3.019	1.070	10.370	7.985
	2019	3.084	2.508	689	6.281	4.966
Ruza Sabanovic	2020	14.618	2.413	146	17.177	8.663
	2019	12.646	1.972	0	14.618	8.682
Jørgen C. Arentz Rostrup	2020	17.028	4.085	3.420	24.533	13.542
	2019	11.684	2.991	2.353	17.028	9.457
Petter-Børre Furberg [3]	2020	40.856	3.418	1.130	45.404	10.722
	2019	36.446	2.783	1.627	40.856	9.763
Jukka Leinonen	2020	0	7.362	1.745	9.107	7.362
	2019					

1) Start date for new members.
2) Shareholdings not included for representatives who are no longer in GEM as of 31 December.
3) Furberg's 2019 grant has been corrected due to an administrative error

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

13. INFORMATION AND COMMUNICATION

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

The Board provides guidelines for 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 General Meeting, 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: www.telenor.com/ir.

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

14. TAKE-OVERS

The Norwegian State owns 53.97 % of Telenor. Any reduction in the stake by the state requires a special resolution of 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 on this issue.

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 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 his/her 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 on which there has been disagreement between the auditor and Telenor's Executive Management, 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.

THE CORPORATE ASSEMBLY AT YEAR-END 2020

MEMBERS ELECTED BY THE SHAREHOLDERS:

Bjørn Erik Næss
Chair
Elected 2019 – member of the Corporate Assembly since 2019

Lars Tronsgaard
Deputy Chair
Elected 2018, re-elected 2019

Silvija Seres
Elected 2011, re-elected 2019

John Gordon Bernander
Elected 2013, re-elected 2019

Widar Salbuvik
Elected 2013, re-elected 2019

Jostein Christian Dalland
Elected 2017, re-elected 2019 and resigned 19 May 2020

Heidi Finskas
Elected 2018, re-elected 2019

Lisbeth Karin Nærø
Elected 2019

Trine Sæther Romuld
Elected 2019

Marianne Bergmann Røren
Elected 2019

DEPUTY MEMBERS ELECTED BY THE SHAREHOLDERS:

Maalfrid Brath
First deputy, elected 2016, re-elected 2019

Elin Merete Myrmel-Johansen
Second deputy, elected 2019, re-elected 2019

Randi Marjamaa
Third deputy, elected 2019

MEMBERS ELECTED BY EMPLOYEES:

May-Iren Arnøy
Elected deputy in 2007, re-elected as member 2019

Hege Karita Ottesen
Elected 2015, re-elected 2019

Magnhild Øvsthus Hanssen
Elected 2007, re-elected 2019

Tom Westby
Elected observer 2016, elected as member 2019

OBSERVERS FOR THE EMPLOYEES:

Laila Fjelde Olsen
Elected 2018, re-elected 2019

Tord Overå
Elected 2019

DEPUTY MEMBERS ELECTED BY THE EMPLOYEES:

Mona Irene Børøen
Hege Sletten
Jonny Brodalen
Pål Ligaard
Daniel Eidesun
Olga Marie Lerflaten
Sune Johannes Jakobsson
Espen Egeberg Christiansen
Camilla Skarsjø Grimnes
Håkon Lønsethagen

TELENOR ASA BOARD OF DIRECTORS BY YEAR-END 2020

Gunn Wærsted
Chair of the Board
Appointed: 14 January 2016, re-elected 7 May 2019

Jørgen Kildahl
Deputy Chair
Appointed: 10 May 2017, re-elected 7 May 2019

Jacob Aqraou
Board Member
Appointed: 11 May 2016, re-elected 11 May 2020

Sally Margaret Davis
Board Member
Appointed: 23 November 2011, re-elected 7 May 2019

Jon Erik Reinhardsen
Board Member
Appointed: 14 May 2014, re-elected 7 May 2019

Pieter Cornelis Knook
Board member
Appointed: 11 May 2020

Astrid Simonsen Joos
Board member
Appointed: 11 May 2020

Esben Smistad
Employee representative
Appointed: 7 May 2019

Jan Otto Eriksen
Employee representative
Appointed: 7 May 2019

Anita Steine
Employee representative
Appointed: 7 May 2019

Fornebu, 23 March 2021

Gunn Wærsted
Chair

Jørgen Kildahl
Vice Chair of the Board

Jon Erik Reinhardsen
Board member

Jacob Aqraou
Board member

Pieter Cornelius Knook
Board member

Astrid Simonsen Joos
Board member

Sally Davis
Board member

Esben Smistad
Employee representative

Anita Helen Steine
Employee representative

Jan Otto Eriksen
Employee representative

Sigve Brekke
President & CEO

Sustainability Report

About the Report
Telenor publishes this Sustainability Report in accordance with reporting requirements mandated by the Norwegian Accounting Act §3-3c and the EU non-financial reporting directive.

The report covers material sustainability issues, and what Telenor does to promote, uphold and recognise human rights, labour rights, social issues, climate and environmental aspects, and anti-corruption measures into the business strategy, daily operations and the relationship with stakeholders.

For more detailed information on our progress against our sustainability business strategy and targets, see www.telenor.com/sustainability.

GRI index. Telenor reports its sustainability performance in accordance with the Consolidated Set of GRI Sustainability Reporting Standards. Telenor's GRI index can be found on Telenor.com.

Verification statement. DNV has carried out an independent review of the Sustainability Report 2020, in particular to assess the accuracy of claims. The engagement has been undertaken in accordance with the requirements in the ISAE 3000 standard. More information on Telenor.com.

The responsible business performance presented in this report covers the most important issues within our responsible business strategy and sustainability direction. An overview of key ESG data can be found on page 84.

During 2020 we reviewed our materiality assessment to consider the impact of major developments (most notably COVID-19) on our sustainability priorities. This review concluded that several issues, such as digital inclusion, employee health and safety, and privacy, have become more important to both our stakeholders and the long-term business success of Telenor. Read more about our materiality assessment on Telenor.com.

Our Contribution to the United Nations Sustainable Development Goals: An assessment of how Telenor impacts the SDGs can be found on Telenor.com.

Responsible Business conduct in Telenor

The foundation for Telenor's strategy is its purpose: Empowering societies. Connecting you to what matters most. Our Responsible Business strategy helps us deliver on our purpose.

Telenor was built on a belief in connecting the many, not just the few. We are committed to all UN Sustainable Development Goals (SDGs) and believe we in particular have an opportunity through our business to advance SDG 10, Reduced Inequalities. SDG 10 is embedded in our global business strategy; in the way we provide digital inclusion and strive to influence and raise working conditions and operating standards wherever we are present.

We believe that Telenor has a significant role to play in contributing to society.

Our "Skills for an Accelerated Digital Future" initiative promotes digital inclusion by extending connectivity, building digital skills and resilience, and stimulating digital identity projects. Digital inclusion includes both upskilling and reskilling youth as well as small and medium size enterprises (SMEs) to leverage new technology and provide access to crucial services (link Social Innovation). Telenor continues to build partnerships across our markets to reach these ambitions.

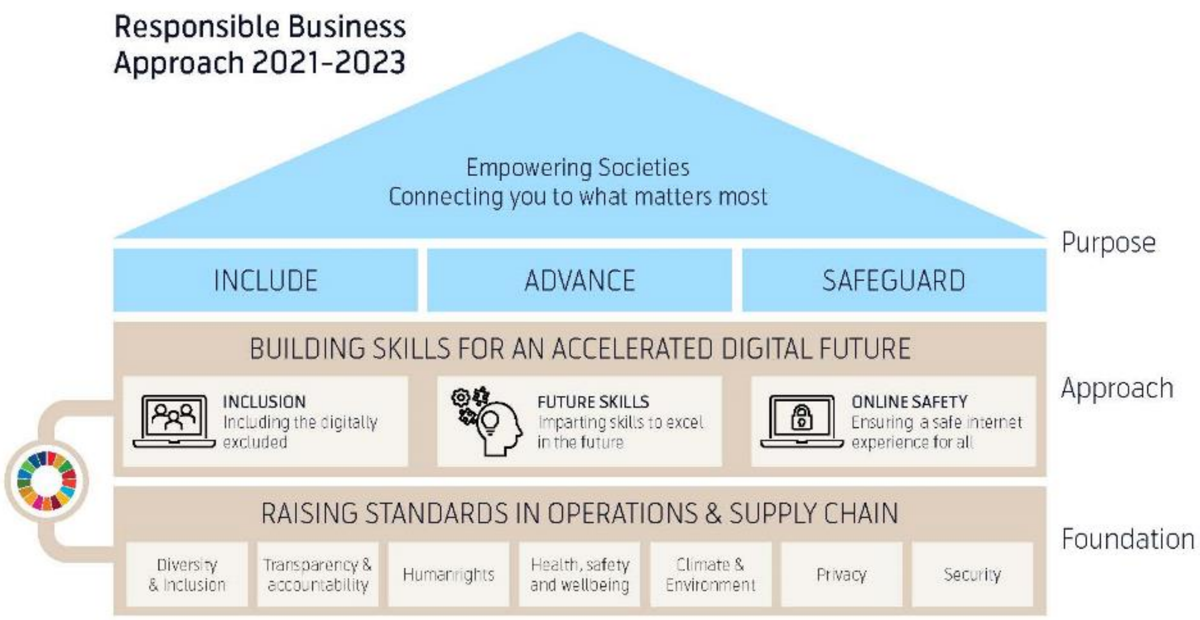
Furthermore, Telenor is striving to raise standards in our operations and supply chain. This includes increasing employee involvement, promoting health, safety and people's security, and reinforcing supply chain risk management. Our work in this area also includes respecting and supporting human rights, protecting customer privacy and strengthening cybersecurity.

Telenor has set ambitious climate and environment goals and committed to set science-based targets through SBTi that are consistent with a 1.5oC warming scenario. We aim to reduce 50 percent of our CO_2 emissions in the Asian operations, with 2019 as base year and become carbon neutral in the Nordic operations by 2030. We are addressing energy efficiency, renewable energy supply and responsible recycling of e-waste.

In 2020, Telenor's role in empowering societies has become especially clear. We have provided critical connectivity during the COVID-19 pandemic and the resulting global lockdown measures taken to mitigate the spread of the virus.

Transparency and stakeholder engagement
Trust and transparency are crucial to engage with the partners and stakeholders we need to reach our ambitions, empower societies and create shared solutions to face the challenges of our time. Our commitment to integrity and transparency is clearly stated in Telenor's Code of Conduct.

We are cognisant that we may face situations which may challenge these commitments in certain markets. Telenor will continue stakeholder engagement as an integral part of the effort to promote responsible business conduct and advance sustainability efforts.



Telenor's response to support societies during COVID-19

2020 brought unprecedented challenges for our customers, employees and other stakeholders as societies in the regions Telenor operates in have endured the COVID-19 pandemic and the impact of measures taken to stop it. In such a situation, we have been reminded about the importance of providing critical connectivity services. COVID-19 has altered the sustainability context for Telenor and shifted our stakeholders' expectations both in terms of access to services and responsible business practices.

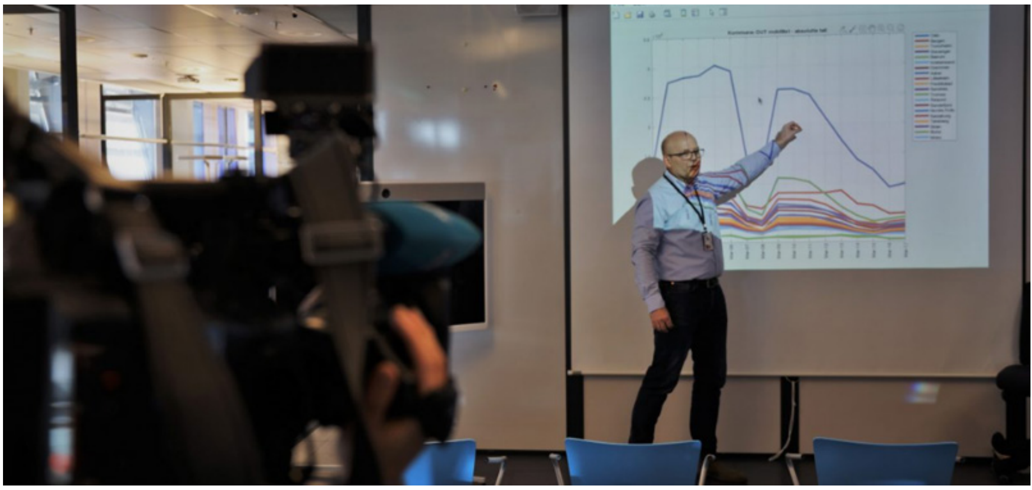
Digital services have proven particularly important to support public health efforts in preventing and tracing infections. Telenor has been working with the Norwegian Institute of Public Health (see text box) to provide aggregated and anonymised mobile data insights on population movement to map and predict the spread of COVID-19. Telenor has provided mobility data to health authorities in Pakistan, Bangladesh and Malaysia in the joint effort to combat the spread of COVID-19 and supported authorities' dissemination of critical health information.

COVID-19 has closed schools for millions of children. Telenor has been working with partners including UNICEF and Plan to support access to education, provide digital literacy training and keeping children safe online (see Digital Inclusion section on page 66).

The onset of the COVID-19 pandemic resulted in increased sustainability risks and need for increased focus on issues such as:

- The central role of health and safety in managing a resilient and engaged workforce, both as a preventative measure against infection but also and more importantly to safeguard employees' mental health and well-being.
- Human Rights risk including privacy risks with the emergence of COVID-19 tracing apps, child online safety risks and labour conditions in the supply chain.
- Cyber Security has increased in relevance , with the global trend of increased frequency and sophistication of cyber attacks having intensified during the pandemic.

Telenor's preparedness through previous Big Data for Social Good projects allowed us to quickly deploy mobility data to help health authorities to predict the spread of COVID-19 in Norway and the EU and understand the effectiveness of lock-down measures. The data from Telenor is based on phone signaling information, i.e. when you connect to a nearby tower to make a call. The dataset is fully anonymized and aggregated and gives insight into the travel patterns of the whole Norwegian population. Read more on Telenor.com



Responsible business performance

This section provides a short overview of our material sustainability issues. We have divided the issues into; Customer and Society, Employee & Supply Chain and Climate & Environment. For more detailed information, see Telenor's sustainability website.

Telenor Group's principles and practices for Corporate Governance define a framework of rules and procedures for the way business is governed and controlled in all Telenor business units. For more information, see the Corporate Governance Report and on Telenor.com.

Customer and Society

Digital Inclusion

Why this is a material issue
Ensuring digital access for all is essential to how Telenor empowers societies. Digital inclusion has become especially salient during the pandemic-driven acceleration of trends towards more remote working, distance learning, telemedicine, and other remote services. We see this development as integral to our commitment to reduce inequalities.

Ambitions
Telenor remains committed to deliver the benefits of digital access to all. COVID-19 has accelerated the world's digital agenda and in Telenor we maintain our focus on child online safety and increasing digital literacy. recognize our role in Individuals require new skill sets, and societies need support in capturing the opportunities from accelerated digitalisation.

Connectivity is key in achieving the UN SDGs. Our target is to reach a 65 percent share of active data users in our customer base by 2023.

In 2017, we set targets to reach 7 million digital birth registrations and 4 million child online safety trainings until end of 2020. Together with partners, we met our target on online safety, however digital birth registration target could not be met due to operational challenges. We are currently assessing our performance and targets on digital inclusion and will share our new targets in 2021. Performance 2020 Telenor's active internet user base stands at 58 percent at the end of 2020. We believe that connectivity itself is not enough to ensure digital inclusion, which is why we build digital skills that help people take advantage of the connectivity they have.

Child online safety
In 2020, we realised our ambition to train four million children and young people in online safety. COVID-19 related school closures significantly impacted online safety education in all our markets, as most were based on engagement with children in school.

With cyberbullying on the rise, Telenor Group has increased the digital resilience of 4 million children globally by end-2020. Read more about our work on child online safety on Telenor.com.

Recognizing the increased importance of online safety awareness during the lockdowns, we collaborated with our global sustainability partners UNICEF and Plan International, as well as local organisations and government agencies, to pivot to digital platforms. Examples include;

- In 2020, Grameenphone (GP) trained more than 685.000 children on digital and traditional media through partnerships with UNICEF and in collaboration with the Bangladeshi Ministry of Women and Children Affairs.
- In Myanmar, the online safety curriculum Digiworld was made available on the government's teacher training portal. Telenor Myanmar and Plan Myanmar trained close to 126,000 youths and 16,000 teachers through the curriculum and "Train the Trainer" sessions, as physical classes remained suspended.
- Telenor Pakistan teamed up with 600 schools to use accessible digital channels to facilitate engagement between trainers, teachers and students in urban and rural parts of society. The initiative reached 175,000 children in 2020.

Digital Skills

Telenor leverages technology to provide critical digital skills to children. Examples include:

- In Malaysia, Digi's "Future Skills for All" programme trained close to 2730 schoolteachers in coding in collaboration with UNICEF and Malaysia Digital Economy Corporation (MDEC). At Digi's 130 internet centres, managers have been trained in the same modules. In 2020, these centres have provided more than 20,000 students and teachers with hands-on tools to develop their digital skills.
- In Finland, DNA offered training to small enterprises and entrepreneurs on how to improve and safeguard their business including digital marketing, online security and GDPR. More than 2200 entrepreneurs completed the exam.

Digital Birth Registration

One in four children under five years old remain unregistered at birth according to UNICEF. They are consequently at risk of being denied healthcare, education and social protection against child labour and early marriage. Telenor is leveraging mobile technology to register births in Pakistan and Myanmar in collaboration with local governments and UNICEF to. Lockdowns due to COVID-19 were a challenge given limited opportunities for fieldwork, and the target achievement has been pushed to 2021.

In Pakistan more than 291,590 births were registered in 2020 with more than 1,072,000 births have been digitally registered since the project's initiation. The next step for this project is to continue building government capacity to run the system and ensure full transfer of knowledge. In Myanmar, we are running a pilot project in Mon state using mobile technology to improve registration of births and deaths in collaboration with UNICEF. By 2020 more than 500 health workers have been trained in using the app and 32,850 births registered.

Social Innovation

Digital services carry huge potential to improve people's lives. These services can address social, economic and environmental problems, increase efficiency, and help close the inequality gap. Examples include;

- In Pakistan a digital platform tailored for rural farmers, Khushaal Zamindaar, provides localized weather forecasts and agriculture advice. The platform had up to 8 million monthly active users. The platform also disseminated COVID-19 advisories.
- In Thailand, dtac and Yara Thailand launched Kaset Go, a mobile application that has connected 145,000 farmers to reliable and real time insights verified by agricultural experts.

Please see [Telenor.com]() for more examples of our work.

Anti-corruption

Why this is a material issue

For Telenor, anti-corruption is not only a legal obligation and an ethical standpoint. We understand that corruption is a threat to our business and the societies in which we operate. We know that it can undermine legitimate business activities, distort competition, damage reputations and expose individuals to risk.

Ambitions and Targets

Telenor is firmly opposed to corruption in all forms and is committed to doing business in accordance with the highest ethical standards. Our Code of Conduct and Anti-corruption policy prohibit corrupt conduct in all business activities. More information on Telenor.com.

In 2020, business partners continue to be in focus. Telenor will focus on assessing internal financial controls to ensure that they are effective.

A risk-based Anti-Corruption Compliance Programme to prevent, detect and remedy corruption risk is implemented in all subsidiaries directly or indirectly controlled by Telenor Group. The programme includes risk assessment systems, risk mitigation controls and employee training.

Challenges

Telenor operates in markets that are complex and involve sensitive political and social contexts, including markets associated with high corruption risks. Our Anti-corruption Compliance Programme must be continuously strengthened to meet emerging risks.
More information on Telenor's anti-corruption website.

Performance

This past year, an updated Anti-Corruption e-learning programme was launched and made available to all employees.

Improved guidance was developed and implemented for anti-corruption risk assessments to ensure that risks are identified and properly managed. We continued the focus on strengthening the management of corruption risks in the supply-chain. Telenor's senior management continued to send clear, unambiguous and regular messages to employees that any form of corruption is unacceptable.

Telenor monitors compliance in our supply chain through a systematic, risk-based approach, which may include both announced and unannounced site visits and inspections. Read more about how Telenor works with suppliers on Telenor.com.

Respect for Human Rights

Why this is a material issue

Telenor's business is about enabling people to communicate, and it is crucial to our operations that the rights and opportunities to connect with each other is not unduly restricted. Our operations and services have an overall positive impact on human rights across markets by supporting freedom of expression and enabling access to benefits of education, banking and healthcare.

Telenor also recognizes the possible negative impacts that the business can have on human rights, and it is imperative to the way we operate that we maintain high standards to build and retain trust in the societies where we operate. Misuse or restrictions on the services we provide can have negative consequences, such as infringement of rights to privacy and freedom of expression as well as risks for children online.

Ambitions and Targets

Telenor is committed to respecting human rights in accordance with the UN International Bill of Human Rights, the UN Guiding Principles on Business and Human Rights, OECD Guidelines for Multinational Enterprises, and the ILO Declaration on the Fundamental Principles and Rights at Work. Telenor engages with several organisations to advance its human rights objectives, including the UN Global Compact, the Global Network Initiative, GSMA, the Joint Audit Cooperation (JAC) and Global Union.

Telenor applies an ongoing process of human rights due diligence, both at Group- and business unit levels. For more information, see https://www.telenor.com/sustainability/responsible-business/human-rights/mitigate/.

Grievances are to be reported through Telenor's Integrity Hotline. For more information on the process of handling reports, see Telenor's integrity hotline website.
Telenor is committed to being transparent on challenges and company practices to the extent possible through external reporting

In 2021, Telenor will continue building human rights competency of staff across functions and business units.

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Human Rights and COVID-19

During late 2020 and early 2021 we reviewed our Telenor Group human rights due diligence to consider the impact of major developments (most notably COVID-19) on our salient human rights issues. The review continues as the impact of COVID-19 becomes more visible.

Global Network Initiative (GNI)

Global Network Initiative (GNI) is a multi-stakeholder initiative that brings together companies, civil society organizations, investors and academics to address privacy and freedom of expression particularly related to authority requests. Telenor Group joined the GNI Board in 2017. As part of our membership with the GNI, we have committed to implement the GNI Principles and undergo an independent assessment every two years to assess progress on this commitment. In 2019 Telenor underwent its first independent assessment by an external assessor which was then reviewed at the multi-stakeholder GNI board. It was determined that Telenor is making good faith efforts to implement the GNI Principles with the improvement over time. The full report can be accessed here.

Norwegian National Contact Point Complaint Case

The Committee Seeking Justice for Alethankyaw (CSJA) has filed a complaint to the Norwegian National Contact Point (NCP) for the Organisation for Economic Co-operation and Development (OECD), alleging breaches of the OECD Guidelines by Telenor and its subsidiary, Telenor Myanmar Ltd. NCP has informed Telenor that the issues raised in the complaint in its view merit further consideration, and has decided to proceed with the complaint. As stated in the public assessment, the NCP has not expressed a view as to whether Telenor has acted in breach of OECD Guidelines. Telenor supports the NCP with facts and clarifications in the case and continue to express openness for dialogue with the complainant and the NCP. More information on; Telenor.com
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Challenges

2020 was yet another challenging year with respect to human rights, and the COVID-19 pandemic brought additional complexity. In Myanmar the on-going internet restrictions in Rakhine and Chin states combined with increasing orders from the Myanmar authorities to impose restrictions to access to certain websites further impeded Telenor's ability to respect human rights and ensure connectivity for all. On 1 February 2021, the military took power in Myanmar which has created a crisis that we are deeply concerned about. Telenor continues to assess the situation on the ground and address the challenges we face to ensure safety and security for our employees, maintain transparency and keep our network open as best we can. More information on Telenor.com.

Performance 2020

Telenor conducts Group-level human rights due diligence on an on-going basis. The process has identified Telenor's most salient group-wide human rights risks: ensuring the right to privacy and freedom of expression, compliance with labour standards in the supply chain, ensuring online safety, preventing discrimination, and respecting land rights. Mitigating actions such as training and capacity building are in place for several of these risks, and Telenor is assessing how to strengthen these efforts and address gaps.

Employee training content for business and human rights was further improved in 2020 to include COVID-19 impacts as well as tailored material for regional and national contexts. Human Rights training sessions have been conducted with staff in all our markets during 2020. The training was conducted by 3rd party experts. Top management and teams dealing with human rights issues attended the sessions.

We engaged in active dialogue with stakeholders including authorities at local and international level in 2020, with an objective to minimise the human rights impacts.

Telenor also ranked third among telecommunications companies in the global 2020 Ranking Digital Rights (RDR) Corporate Accountability Index.

At Telenor Group, respect for human rights is integral to our business, clearly stated in our policies, and approached with a focus on continuous improvement through raising standards. Read more on Telenor.com.

Customer and employee privacy framework

Why this is a material issue

As a provider of mobile and internet connectivity, respect for the rights to privacy and freedom of expression is central to Telenor's core business. Customers, governments and other stakeholders demonstrate increasing concern and knowledge about privacy. If we do not protect the data of our customers, our customers will not be willing to share it which will limit our ability to deliver data-driven services.

We have comprehensive privacy legislation in place in Europe and the attention to privacy issues is generally high. Ongoing introduction and revision of privacy legislation in Asian markets, and increased privacy concern by Asian consumers also underlines the need for solid privacy governance in our Asian markets.

Ambitions and Targets

We strive to build a strong and trusted brand with high focus on our customers' privacy and security. We invest in knowledge, technology and services to ensure safe and secure connectivity for our customers and the societies they live in. These topics are prioritised at all levels of the organization and we continuously train ourselves to understand new threats and concerns.

Updated general privacy training will be provided to all Telenor employees in 2021, and we aim to make more online learning resources available for employees.

It remains a priority for Telenor to strengthen the link between risks, controls, mitigating actions and strategic choices and improve privacy control frameworks.
Furthermore, closer collaboration with security and sourcing functions on third party risk is an important strategic imperative to reach our ambitions.

We want to take a strong privacy position in in our Asian markets, and further increase our trust among customers in the region.

Challenges

In many of our jurisdictions in Asia there is uncertainty related to legal framework and enforcement. The regulatory privacy framework has undergone changes or been introduced for the first time altogether. Legislative processes are still ongoing in several Asian jurisdictions and uncertainty remains about what the final texts will include and how they will impact Telenor's operations. We continue to follow developments closely.

The European Court of Justice ruling from July 2020, also known as "Schrems II", was a reminder to step up on third party privacy management. We continue to address risks related to third party privacy management in 2021.

Performance 2020

We have improved oversight of data flows and personal data management across the organisation. Across Telenor, individual subsidiaries have continued to improve their privacy management.

Telenor has been the subject of data protection authority inspections in Europe, which has helped us highlight and improve in challenging areas.

During 2020, Telenor has been asked by authorities in several of the countries where we operate to provide data and analytics to support efforts to mitigate the spread of COVID-19. We have been able to maintain high privacy standards while still providing such support.

In 2020, Telenor successfully completed the Asia Privacy Programme, which resulted in a higher level of compliance with internal policy requirements on privacy. The programme improved preparedness for stricter privacy regulation and improved the foundations to capitalise on higher privacy expectations from customers.

We have revised our Privacy Compliance framework in 2020, ensuring a clearer connection between identified risks, controls applied, follow-up activities and our strategic positions.

Cyber Security

Why this is a material issue

The global nature of Telenor' business and role as a provider of critical infrastructure means that it is at constant risk of basic and advanced cyber threats, with cyber-attacks being one of Telenor's top enterprise risks. Telenor faces a rapidly changing threat landscape with new technological risks and geopolitical instability. Repeated, prolonged or complex network or IT system failures could damage our services and consequently weaken the trust our customers place in us as a reliable communications provider.

Ambitions and Targets

In 2020, Telenor's updated security strategy focused on safeguarding customer data, critical infrastructure and business information. Our Business Security vision is that we always protect society and people in their digital life, and that security is the foundation of everything we do. By 2021 the aim is to professionally manage security risks and cyber security threats according to industry best practices and local laws and regulations. By 2023, the ambition is to have security in all aspects of our business and all technology domains following a risk-based approach, with defendable architecture implemented for all critical assets. For more information on Telenor's defendable architecture, see Telenor.com.

Challenges

the difficulty in detecting and responding to such attacks. While Telenor has been successfully developing the capability to detect a wide number of threats globally, the process of establishing advanced levels of security is lengthy, requiring substantial changes in terms of competency, processes, technology and vendor management.

In light of the COVID-19 lockdowns and the shift to working from home, new security risks and threats have emerged. Specifically, remote work solutions with weak security measures pose a new threat, but also new modes of crime taking advantage of the COVID-19 situation.

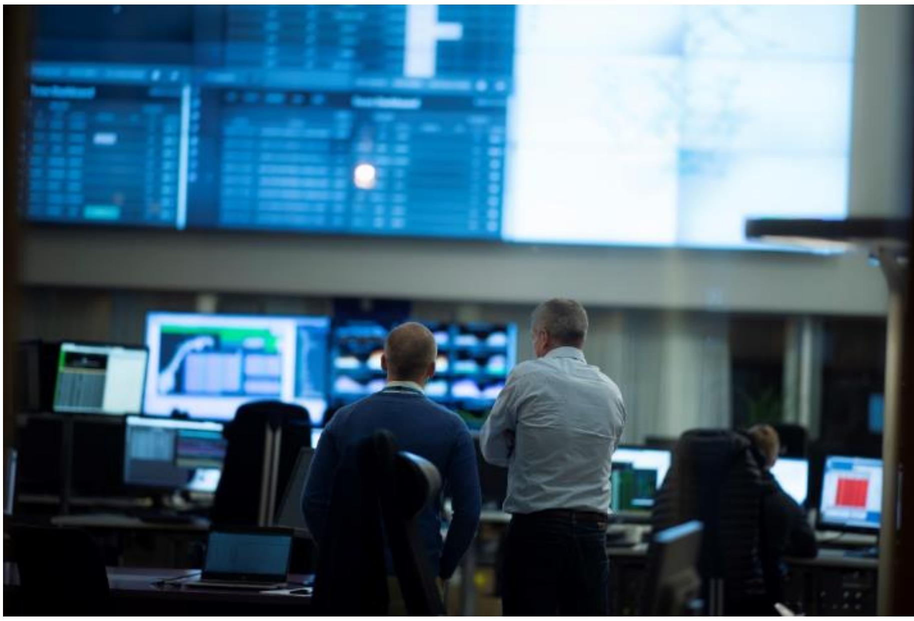
Performance 2020

In 2020 Telenor launched its security awareness program "We are Security" to promote a security-first culture, measured and followed up as one of our strategic KPIs. During 2020, 98 percent of all Telenor employees completed security trainings, including on work tool security and work from home scenarios. In addition, we have introduced targeted awareness for top management teams as well as exposed functions and vendors.

Physical security is an integrated part of the journey to strengthen Telenor's security posture globally. In 2020, physical security was fully integrated into the security execution program, resulting in an uplift of physical security governance in all business units and several risk minimizing activities were concluded.

In order to address the increased risks induced by increasing remote work solutions, Telenor has in 2020 offered security training lessons to the public for free. We have also disseminated material and training for competence building towards security in home offices.

During 2020, observed cyber security alerts was reduced by 89 percent, indicating that our efforts to improve basic cyber security hygiene has successfully reduced basic security risks. Most of Telenor's telecommunications subsidiaries have reached the global target of professionally managing security risks and cyber security threats according to industry best practices and local laws and regulations.



Read more about how Telenor manages cyber security threats and the capabilities needed to develop an organisation's overall security posture on Telenor.com.

Mobile Masts and Health

Why this is a material issue

Mobile communications are delivered via radio frequency signals that are electromagnetic fields (EMF). Radio base stations are the essential part of the infrastructure for transmitting and receiving those signals, and the base stations need to be located where people use their mobile devices. Telenor plans to invest heavily in rolling out 5G in all markets over the next decade and started doing so in 2020.

For Telenor, ensuring health and safety in our operations is of paramount importance, and we take all possible measures to ensure that people are safe when using our products and services. Over many years, there has been regular public and stakeholder interest in human health risks related to EMF. With the growth of 5G, Internet of Things (IoT) and wearable devices in 2020 this interest has increased and is expected to rise further.

Ambitions and Targets

Telenor will continue to abide by national and international guidelines and regulations to ensure that all subsidiaries comply 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 our radio base stations, together with science-based guidelines and science-based research, through own channels and in collaboration with local regulators/authorities and industry associations.

Challenges

In 2020, we have unfortunately seen an emergence in unproven and unsubstantiated theories linking mobile technology and 5G to the spread of COVID-19. These have mainly been circulated on social media. In several countries the proliferation of these theories has incited individuals to damage mobile connectivity infrastructure.

Telenor addresses these challenges jointly with the global mobile industry primarily through GSMA and ETNO to counter disinformation and promote science-based research and facts.

Performance 2020

Telenor's global risk management addresses EMF health risks for employees, suppliers and the general public.

Throughout Telenor, all business units continue to work strictly in accordance with the guidelines provided by national regulations and the science based International Commission on Non-Ionizing Radiation Protection (ICNIRP). These guidelines have been updated in 2020 to cater for 5G, are endorsed by the World Health Organisation (WHO) and represent the basis for all of Telenor's planning, installation work and safety measures at antenna sites for employees, suppliers and the general public.

More facts, and Q&A at www.telenor.com/sustainability/responsible-business/safe-services/mobile-phones-and-health.

Read more about Telenor's work on health and the use of mobile phones and telecommunications infrastructure on Telenor.com.

Economic Contribution to Society

Why this is a material issue

Telenor is a long-term owner, employer and taxpayer in the markets where we operate. Telenor's operations contribute with tax revenue, employment and investments and our industry drives crucial societal digitalisation. Contributing positively to societies where we operate is a key component in building trust in Telenor and creating a predictable and productive business environment. Together, these elements improve our value creation prospects across our geographical footprint.

Ambitions

We are committed to working with governments and regulators to secure modern policy frameworks, ensuring that everyone can derive the full benefit of a digital society. We have public policy positions on cybersecurity, spectrum, tax, privacy and data protection, net neutrality, free flow of data and e-SIM and aim to be open and inform about these policies.

Telenor supports efficient use of radio spectrum resources for the increasing demands for mobile broadband capacity. Telenor employs local vendors for network rollout and civil works, or alternatively buy network capacity from local tower companies.

Challenges

Telenor's business environment is becoming increasingly complex as digitalisation and the demand for connectivity proliferates. In this context, securing sustainable value creation and contribute to developing infrastructure and connectivity in these markets remain crucial. Telenor operates in markets with a challenging political, socio-economic, macroeconomic and regulatory context, and uncertainty is exacerbated by COVID-19.

Performance 2020

In 2020, Telenor's investments, excluding licences, spectrum and lease, amounted to NOK 16.4 billion (17.4 billion in 2019), from a total revenue of NOK 122.8 billion (NOK 113.7 billion in 2019), with a resulting investment ratio of 13.4 percent (15.3 percent in 2019).

Telenor is a significant investor in the five Asian countries it operates in. Connecting 172 million customers in Asia, Telenor contributes to direct and indirect value creation through long-term investment. In 2019, Frontier Economics published a study that quantified Telenor's direct and indirect value creation in five Asian markets. Direct value added was estimated along global national accounting conventions.

In mature Asian markets and in the Nordics, Telenor strives to create economic value by opening up opportunities within 5G, IoT, AI and other advanced digital services.

Telenor also stimulates increased value creation in other companies and sectors by investing in infrastructure, buying local goods and services and raising their productivity via digitalisation. Telenor also pays substantial regulatory fees and indirect taxes on products and services, such as Value Added Tax (VAT), General Sales Tax (GST), customs duties, service taxes and revenue sharing. Telenor Group's total corporate income tax contribution was 6,577 million NOK in 2020 (see figure). See Note 5 for other key elements of Telenor's direct economic contribution country-by-country, including revenues and EBITDA.

Country-by-country reporting Amounts in NOK (thousands)	Corporate income tax
Norway	990
Sweden	531
Denmark	339
Finland	191
Thailand	248
Malaysia	902
Bangladesh	2 935
Pakistan	188
Myanmar	158
Other	94
Telenor Group	6 577

** The table does not specify all taxes and fiscal levies. Only Corporate Income Tax (CIT) is included. Figures are rounded.*

Employee and Supply Chain

Employee Diversity, Equality and Inclusion

Why this is a material issue

Telenor is an equal opportunity employer, and diversity and inclusion are imperative to the way we do business. It is about creating services and solutions together that include the different perspectives of our employees, customers, stakeholders and partners.

Ambitions and Targets

We continue to work systematically on diversity and inclusion, with a broadened agenda that includes gender, abilities, competence, nationalities and LGBTI. The following is the action plan towards 2023 with three clear targets as outlined at the Capital Markets Day in March 2020:

- 35% women senior leaders
- 35% non-Nordic senior leaders
- 40% women amongst all employees

Challenges

The most significant challenges to reach our ambitions within diversity and inclusion are in the area of gender balance. For instance, in critical competence areas that usually correspond to STEM (Science, Technology, Engineering and Mathematics) areas of education, there is a short supply of women, both as fresh graduates as well as experienced leaders. Additionally, we have operations in geographies with a historic shortage of women in the corporate sector.

Performance 2020

In 2020, our performance reflects our holistic focus and continuous attention towards diversity and inclusion.

Among Telenor's senior leaders, 32 percent are now women and 34 percent are non-Nordic. In the total workforce there are 38 percent women. In addition, most Telenor subsidiaries have two non-nationals in each business unit management team. In 2020, Telenor carried out the second gender pay equality analysis across the organisation. We closed gaps based on the 2019 analysis and outlined actions to close gaps outlined in the 2020 analysis.

We continued to engage with peers and civil society to further our diversity and inclusion agenda. In 2020, Telenor continued the partnership with the SHE community as a platform for continuous dialogue on diversity and inclusion with Norwegian private and public entities. Telenor ranks #2 in the SHE Index in Norway , and #2 European Women on Boards survey. Diversity and inclusion is, along with climate, a prioritized topic at the Nordic CEOs summit, where 14 Nordic companies share best practice and work towards influencing private and public sector to make a difference in policies of diversity and inclusion[1]. We continued to strengthen our Open Mind programme for people with disabilities in Norway, Sweden and Pakistan, and launched the same programme in Myanmar in January 2020.

We continued our emphasis on upskilling our employees, and a learning path on Telenor Academy (Telenor's online learning portal) is refreshed annually to provide relevant online courses on diversity and inclusion for leaders and employees.

Telenor's gender pay equality analysis in 2020 included employees in each of the nine business units and Group (headquarters) that were on company payroll. Our ambition is to continue our systematic analysis on an annual basis so we can make necessary improvements and close relevant pay gaps where needed.

[1]SHE Index is an independent index that ranks organizations based on gender balance in leadership, and policies that support diversity. The index is managed by EY Norway in collaboration with SHE Community. Telenor achieved a score of 92 out of 100 possible points and ranked 2nd out of 98 companies. The data on leaders and diversity policies is for Telenor units in Norway.

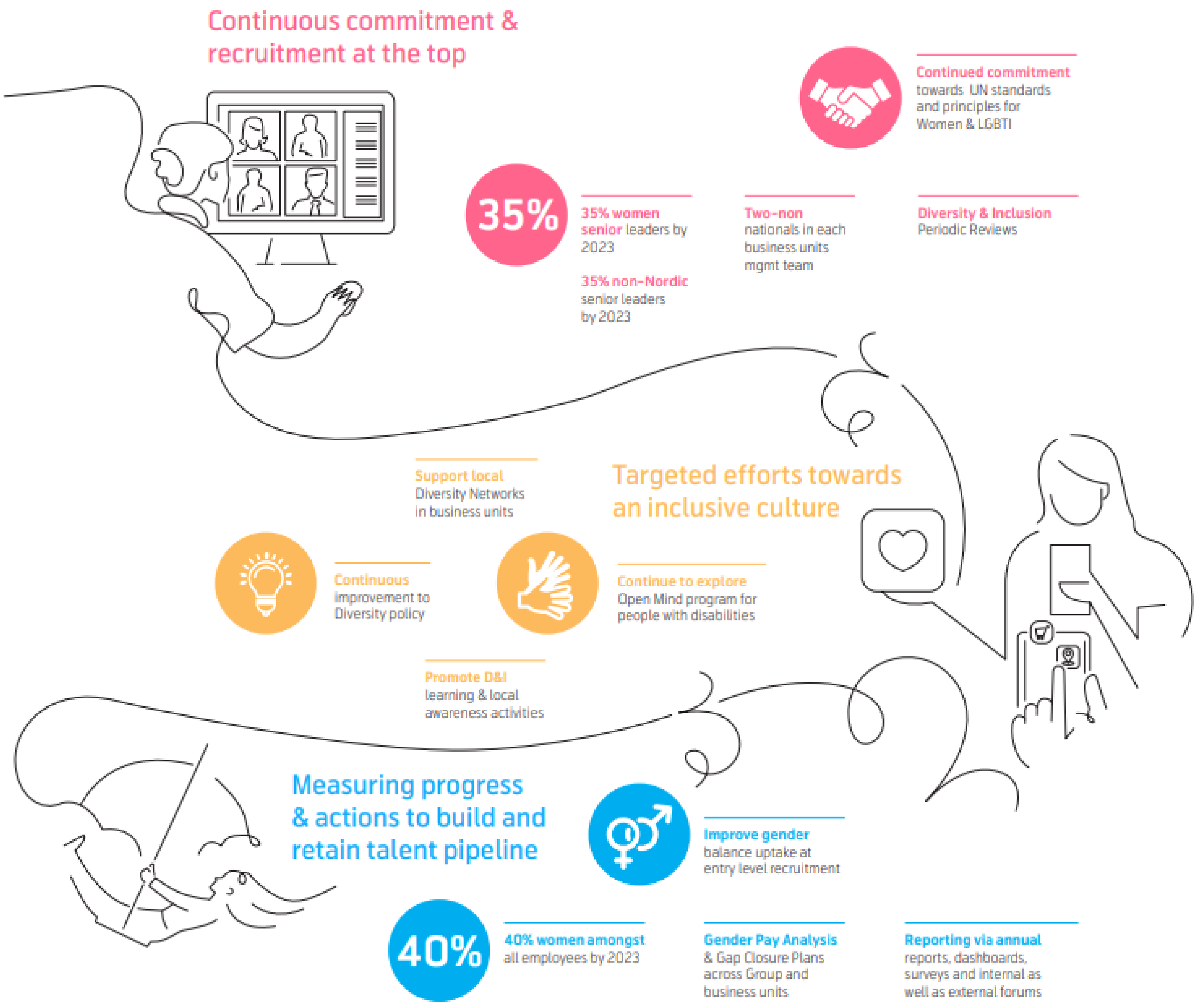
Nordic CEOs for a Sustainable Future was created in 2018 to inspire joint leadership and action towards delivery of the Sustainable Development Goals (SDGs) in the Nordic region. The 14 companies in this coalition are in particular looking at strengthening their efforts within the areas of climate change, and diversity and inclusion.

Telenor's systematic efforts on diversity and inclusion

Telenor has worked systematically with diversity since 2014. We decided to prioritize gender balance as the starting point, and early on took a bold move to standardize six month paid parental leave globally in September 2015. This created engagement, especially among the Asian business units, both within and outside the organization. In 2016, gender balance targets were established for senior leaders that were tied to STI (short-term incentive) plans.

Alongside this, in the same year, we also launched Women Inspirational Networks (WIN) across all business units to provide a targeted development and networking arena for women in CXO-1 & CXO-2 roles. In 2017 we initiated a series of unconscious bias workshops, starting with the participants at the annual top management arena Telenor Global Forum and thereafter cascading local and group led solutions in various business units. We retained the momentum in 2018. We made progress in gender balance metrics and broadened our diversity and inclusion agenda towards year end. Consequently, in 2019, we initiated the gender pay equality analysis across the group, supported the UN LGBTI business standards and extended our global commitment towards the Open Mind programme for people with disabilities that originated from Norway.

Diversity and Inclusion Action Plan 2020-2023



Labour standards and Employee Rights

Why this is a material issue

Respecting labour rights principles and promoting employee involvement throughout Telenor is a crucial part of our purpose to empower societies. Ensuring employee involvement and utilising employees' experience and insight to influence working conditions contributes to sustainable business growth.

Ambitions and Targets

Telenor respects labour rights principles as laid down in the UN Global Compact and ILO's fundamental conventions. These principles relate to respecting the rights to freedom of association and collective bargaining, the elimination of forced labour, child labour and discrimination in the workplace, and are reflected in Telenor's Code of Conduct, Group People Policy and Supplier Conduct Principles.

Telenor Group will continue promoting employee involvement throughout Telenor Group, and maintain 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 done in a responsible manner, through verifiable processes and in accordance with Telenor Purpose and Behaviours (link) and applicable legal requirements and legislation.

Challenges

COVID-19 and the increased use of remote work solutions has placed new challenges regarding engagement, contact, and involvement of employees in organizational processes.

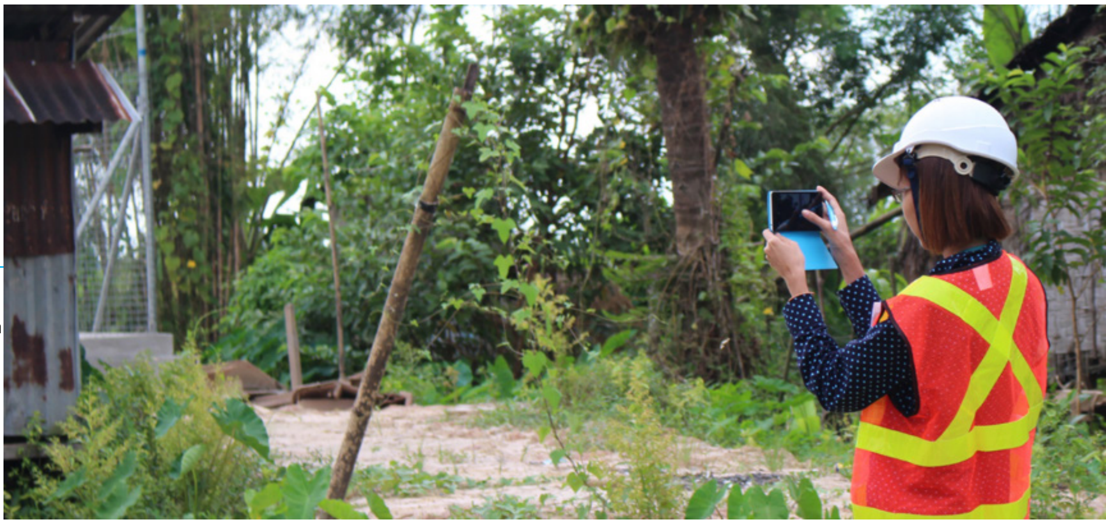
Performance 2020

Telenor Group is, throughout its operations, promoting partnerships based on good and trusting dialogue, e.g. in relation to acknowledged unions or through local cooperation bodies such as the People Council. We enjoy strong relations with various stakeholders such as UNI Global Union, union representatives and work councils across the group.

In 2020 the Telenor Works Council – Europe (TWC-E) held six meetings, including one where European employee representatives met with the Telenor Group Management. The objective was to enhance information exchange and discussions in relation to transnational issues impacting employees. The main focus this year was the establishment of the Nordic Hub to support value creation in the Nordic markets and the transformational changes in Telenor Group.

Telenor promotes employee involvement in operations throughout the Group. In 2020, Telenor renewed our global framework agreement with UNI Global Union. The new agreement will last for three years, until February 2023. Digi in Malaysia also renewed the local collective agreement with their union.

Late October 2019, the first recognition agreement in the ICT sector in Bangladesh was signed between Grameenphone and Grameenphone employees' unions.



Effective monitoring and risk mitigation of Telenor's supply chain is paramount to the business as a whole and to the societies in which we operate. Local inspections, follow up action plans, and industry collaboration all help to improve our supply chain efforts. Read more on Telenor.com.

Health and Safety

Why this is a material issue

Telenor promotes high standards within health, safety and people security (HS&S) in order to ensure a healthy, safe and secure working environment. Securing sustainable business practices is crucial to maintaining safety both for our employees and for society as a whole.

Keeping employees' health and safety is any company's key responsibility and a license to operate. Ensuring employee wellbeing and a sustainable work-life balance will empower employees to perform in their roles and make Telenor an attractive employer.

Focusing on the health, safety and wellbeing of our employees has shown to be particularly important during 2020. The impact of the pandemic has impacted our employees in many different ways, including infection, stress and isolation.

In our operations, Telenor engages with a broad supply chain. Ensuring our suppliers' health and safety is equally important to ensure that we operate in line with our commitment to Reduced Inequalities (SDG 10) and continue raising standards in our operations and societies at large.

Ambitions and Targets

Telenor's ambition is to reduce fatalities in our operations and supply chain, with an objective of zero fatalities.

To reach our long-term objective, we are continuously seeking to improve and define relevant measures to improve our health and safety performance. Focus on quality of reporting is key for Telenor. We will therefore implement a revised set of key performance indicators (KPIs) which will measure quality of reporting internally and in our supply chain for fatalities and serious incidents.

We will ensure implementation improvement measures identified in our incident investigations, relating to systems and implementation, as well as competence and culture.

We are committed to raise HS&S competence, awareness and culture among employees and suppliers, with increased focus on reporting near misses and unsafe acts and conditions.

In Telenor's Asian subsidiaries we have initiated a programme focusing on identifying areas for improvement within health and safety competence, culture and leadership focus. The programme was initiated end of 2020 and is expected to be finalized with improvements implemented during 2021.

Challenges

The global pandemic reinforced the importance of keeping our employees and suppliers safe and healthy to ensure business continuity and success. Telenor Group's footprint, in particular in Asia covers many thousands of employees and several hundred thousand supply chain employees. With such large numbers of people working for and with Telenor, and with an extensive network spreading over huge areas of land, the company holds major stakes in everyone's safety. Getting access to our sites and performing our work safely has been a particular challenge this year during the pandemic. Specifically, we have experienced an increased number of fatalities and serious incidents related to network operations and sales distribution in our Asian BUs. Consistent and holistic implementation of group policy and requirements across all BU and all tiers of our supply chain continues to be a challenge with the network and suppliers' footprint that Telenor has.

Performance 2020

Fatalities - suppliers & 3rd party

	2017	2018	2019	2020
Employees	0	0	0	0
1st tier suppliers	5	3	3	2
Lower tier suppliers	2	1	2	3
3rd parties	0	4	0	1

The fatalities occurred in Pakistan, Bangladesh and Myanmar, which remain challenging markets when it comes to health and safety. The fatalities reported are related to Telenor key processes: network operations and sales distribution. Road transportation remain a key contributor to many incidents, as well as remote operations.

Lost time injury frequency (LTIF) among employees

LTIF for our employees has decreased in the past years. In 2020, working from home during COVID-19 can be a contributing factor, with a likely cause being reduced road transportation across all markets in 2020 due to government-imposed restrictions. Road traffic accidents have traditionally been a contributor to lost time injuries among our employees.
Lost time injury close-out rate (LTICOR)[3] was 75 percent in 2020, against a target of 80 percent. This key performance indicator measures Telenor's ability to timely report, investigate and learn from past incidents.

	2017	2018	2019	2020
LTIF (rolling)	0.22	0.22	0.17	0.06
Manhours	15.08	9.55	7.60	8.72

Sickness Absence Rate (SAR)

*Describes (number of sickness days/number of possible working days)*100.*

The SAR continues to be lower in Asian countries and higher in Nordic countries. There are variations in reported data based on different local and national procedures and regulations related to sickness reporting.

In 2020, Telenor continued the group-wide ISO 45001 framework adoption. We also developed and delivered on risk assessment, incident reporting and investigation training.

	2017	2018	2019	2020
SAR	1.72	1.82	1.85	1.57

Supply Chain Risk and Resilience

Why this is a material issue

A responsible and sustainable supply chain is a foundational element of Telenor's long-term value creation. Partnership and cooperation with suppliers and industry peers is vital to achieving our ambitions within supply chain sustainability.

Ambitions and Targets

Telenor strives for high sustainability standards and continuous improvement in our operations throughout the supply chain. Telenor aims to uphold responsible business practices in our supply chain, which includes respect for human rights and ethical standards, sourcing minerals responsibly, working towards the elimination of forced labour and labour exploitation, including migrant workers, and ensuring health and safety of our suppliers. Telenor seeks a resilient supply chain able to withstand the impacts of climate change, global health pandemics, and other potential disruptions.

Telenor's approach to supply chain sustainability is to legally oblige the supplier to uphold responsible business practices. Telenor monitors compliance with sustainability requirements in the supply chain and undertakes capacity-building among our suppliers to ensure compliance. Through the Agreement for Responsible Business Conduct (ABC), Telenor's Supplier Conduct Principles (SCP) are applicable for most supplier categories and contracts (based on risk assessments). More information on Telenor.com.

Telenor will focus on refining processes, systems and procedures for effective risk management in the supply chain.

Going forward we will focus on the quality of how we manage our suppliers and findings from our inspection utilising a risk-based approach. Our main emphasis will be on high-risk suppliers and our abilities to follow up these. Key performance measures cover the quality of our inspections and our suppliers' ability to close those will be implemented in 2021.

Challenges

Telenor's key risks in the supply chain continue to be health and safety issues such as road accidents, risks related to working at heights, other working condition deficits related to hours and wages, existence of underage labour, risks to business ethics and fire safety in network equipment. The majority of these risks are in Telenor's operations in Asia.

The global pandemic reinforced the need for an even more resilient and secure supply chain for business continuity and success. During the COVID-19 lockdowns, the local teams across Telenor continued to monitor supply chain activities through 2201 on-site inspections and complemented these with 1359 virtual health and safety checks when they were unable to travel to the worksites in person.

More information on Telenor.com.

In Telenor, we aim to build our competitive advantage by setting high requirements for our suppliers and following up with inspections and risk mitigation while focusing on continuous improvement. You can find the main elements of Telenor's Supply Chain Sustainability framework on Telenor.com.

Performance 2020

Telenor carries out site inspections at supplier premises and operational sites in all its markets to monitor compliance with the SCP requirements. In 2020, Telenor carried out 3560 supplier inspections across the Group.

- 83 percent of these inspections were unannounced.
- The inspections resulted in 1051 major and 1459 minor non-conformities, which were followed up with mitigation plans and further monitoring.
- Non-conformance close out rate was 79 percent

Through participation in the Joint Audit Cooperation (JAC), Telenor also had access to 74 audit reports conducted in the global supply chain in 2020

During 2020, Telenor recorded and addressed one case of underage labour in Thailand (15–18 years involving hazardous work). There have been no incidents of child labour (12–14 years) identified in our supply chain since 2017.
Telenor's business units conducted more than 24,000 hours of capacity building on topics related to the SCP throughout 2020. These efforts involved building awareness and capacity to drive continuous improvement. The activities vary between suppliers and regions, depending on the most relevant and salient risks in the scope of work towards Telenor.

Use of conflict minerals is an indirect risk area for Telenor, and the company monitors that suppliers have a written policy and procedures in place to avoid knowingly acquiring conflict minerals. Through cooperation with JAC, a mechanism to highlight issues with major suppliers of smartphones and tablets is in place.

Modern slavery is also a potential risk in Telenor's supply chain, especially related to payment of wages and working hours. Telenor actively monitors suppliers to ensure they do not employ or use any form of forced, bonded or compulsory labour, and that they strictly prohibit any form of slavery or human trafficking. Telenor notes with serious concern findings from the Australian Strategic Policy Institute (ASPI) report alleging major supplier brands including telecom device manufactures with factories in China using Uighur minority Muslims as forced labour. Telenor is working with JAC on an industry level to identify if any Telenor suppliers or partners are implicated in the findings. This process is ongoing.

Climate and Environment

Why this is a material issue

In order to reach the Paris climate agreement goal of limiting global warming to well below 2°C, preferably to 1.5°C, the world will need to rapidly cut global emissions of GHGs, and this decade will be critical. Telenor will do its part to support this effort.

Climate risks include damage to vital infrastructure and utilities through the impact of more extreme weather events. At the same time, the ICT industry's technology and smart services through the IoT have the potential to cut global carbon emissions, reduce resource intensity, stimulate economic growth and deliver substantial social benefits.

Governments, investors and civil society are setting climate change higher on the agenda. An important new measure will be the EU taxonomy. For Telenor, this may affect our access to debt and equity finance.

Telenor is committed to meet the expectations of all our stakeholders. To this end, Telenor is collaborating through GSMA and other fora to promote science-based targets, increased use of renewable energy and the enablement potential of telecom in cross-industry climate efforts.

Ambitions and Targets

Telenor is committed to protecting the environment and contributing to the prevention of climate change. For Telenor, the most material environmental aspect is clearly climate change mitigation. We are also prioritizing pro-active waste management and supporting a circular economy.

Telenor presented its updated climate ambitions during its Capital Markets Day in March 2020. The ambitions are carbon neutral operations in Telenor's Nordic operations, and a 50 percent reduction in GHG emissions from a 2019 baseline in our Asian operations, both by 2030. Telenor has committed and submitted science-based targets aligned with 1.5°C criteria to the SBTi and are among the signatories to the UNGC Business Ambition for 1.5°C.

Telenor complies with local laws and internationally recognized environmental standards. Telenor seeks to secure sustainable waste management and recycle or safely dispose of electronic waste. The environment is considered when purchasing, and sustainability criteria are used in procurement processes for major contracts.

The gravelly road leads up to Røverkollen base station, which is located in Oslo, Norway. Read more about how Telenor's researchers are developing an algorithm that will help reduce the environmental impact of Telenor's mobile network operations on Telenor.com.

Challenges

66 percent of our CO_2 emissions come from use of electricity grids in Asia with a high carbon intensity. For both our Asian and Nordic business units, the most important mitigation action will be to source renewable electricity. Renewable electricity is widely available in our Nordic markets, but for our Asian business units, electricity markets are not currently regulated to allow for Corporate Power Purchase Agreements, which is the mechanism Telenor predominantly seeks to use to decarbonize its electricity supply.

Telenor will work with partners and global trade associations to influence grid regulators to enable this mechanism. We will also evaluate Energy Attribute Certificates (EACs), such as International Renewable Energy Certificates (IRECs).

Among the main challenges to Telenor's environmental management is a lack of infrastructure for waste management, in some of our Asian markets.

Performance 2020

During 2020, Telenor took significant steps towards articulating our climate ambitions. Total scope 1 and 2 GHG emissions were close to 1.22 million tonnes of CO_2e, calculated with market-based electricity emission factors and DNA Finland included. This is approximately the same amount as in 2019. When using location-based electricity emission factors, the total scope 1 and 2 GHG emissions were close to 1.03 million tonnes of CO_2e, compared to 1,08 million tonnes in 2019, a reduction of 5.1 percent.

The total energy use was reduced by 6.9 percent to 3,257 GWh. The difference between market-based and location-based emission factors is that the former takes into consideration the use, import, and export of energy attribute certificates such as Guarantees of Origin.

We took several actions to reduce the emissions and environmental impact from our operations. We continued to increase the use of renewable energy, replacing 789 diesel generators with solar power generators in 2020. This represents a 60 percent growth compared to 2019. Furthermore, more than 3,100 tonnes of obsolete electrical and electronic equipment waste (e-waste) was removed from active operations in Telenor's business units during the year. 99 percent of the e-waste was reused or recycled in an environmentally sound manner aiming at eliminating waste and continual use of resources. Approximately 135,000 mobile handsets and batteries were collected and recycled in the mobile handset recycling programmes in Telenor's business units.
We conducted our first TCFD (Task Force on Climate-related Financial Disclosures) climate risk assessment and scope 3 emission screening, and all Telenor subsidiaries created emission reduction road maps for 2020-2030.

Climate risk assesment

In Telenor's climate risk assessment, the identified risks are looked at through three separate climate scenarios: 1) Strong mitigation scenario (below 2°C) , 2) Delayed and disorderly mitigation scenario, 3) Business as usual, low mitigation scenario. In the climate risk assessment, all risks are assessed in three time horizons: short (2020-2025), medium (2025-2030) and long (2030-2050). This is different from how Telenor usually look at risks, as the different outcomes in the three scenarios in many cases will take decades to materialize.

The most material risks to Telenor are as follows:
- Increased pricing of GHG emissions, and consequent cost increases
- Cost increase and/or limited availability of renewable electricity
- Demographic shifts and conflict due to physical damage from climate change
- Increased frequency and severity of storms and tropical typhoons

The most material opportunities for Telenor are as follows:
- Increased demand for new services connected to the low-carbon economy, IoT and new technology
- Increased use of lower-emission sources of energy
- Evaluation as a climate resilient and prepared company

Green Radio

In 2020, Telenor's researchers developed an algorithm that will help reduce the environmental impact of Telenor's mobile network operations, called the "Green Radio" project.

Research estimates that communication networks account for more than one percent of all energy consumption worldwide, and it has been a priority for Telenor to mitigate our network emissions.

The "Green Radio" tests done on Telenor's Danish network demonstrate potential efficiency gains in the network energy consumption of about 2.5%. This represents an annual reduction of 700 tonnes of CO_2 in carbon emissions in Denmark alone. More information on Telenor.com.

ESG Key Figures

An overview of Telenor's historic sustainability performance is available by downloading the Telenor Group Sustainability Performance Analytical tool, where figures are given per business unit, and cover the period from 2013 to 2020, on Telenor.com.

	2017	2018	2019	2020
People & Organisation				
Women in total workforce (%)	36	37	37	38
Women in management positions (%)	26	28	30	32
Non-Nordic senior leaders (commitment from Capital Markets	0	0	0	34
Health, Safety & Security				
Fatalities - employees	0	0	0	0
Fatalities suppliers, tier 1 and below	7	4	5	5
Fatalities – 3rd party	0	4	0	1
Lost Time Injury Frequency (LTIF)	0.23	0.22	0.17	0.06
Sickness Absence Rate (full year average)	1.84	1.82	1.85	1.57
Supply Chain Sustainability				
Capacity building of suppliers (man-hours)	23 660	20 028	24 986	24 216
Sustainability inspections	5 000	3 515	3 616	3 560
Supply Chain Sustainability Inspections - Closure rate (BoD OPI)	0	0	5	79
Climate Change				
DNA included from 2019				
Total GHG emissions (thousand tonnes CO_2e) (market based CO_2	1 149	1 321	1 233	1 221
Direct GHG emissions/Scope 1 (thousand tonnes CO_2e)	219	219	210	175
Indirect GHG emissions /Scope 2 (thousand tonnes CO_2e)	910	1 085	1 005	1 040
Other indirect GHG emissions/Scope 3 (thousand tonnes CO_2e)	20	17	18	6
Total energy use (GWh)	2 932	3 288	3 497	3 257
Asia Scope 1+2 GHG emissions level in relevant year compared to emissions in base year 2019 (%)	0	0	100	96
Nordic Scope 1+2 GHG emissions level in relevant year compared to emissions in base year 2019 (%) (incl. DNA)	0	0	100	125
GHG emissions per mobile data traffic (tonnes CO_2e / petabyte)	478	361	212	130
Number of new solar base stations	0	0	500	798
Environment				
Customer mobile phones and batteries collected for recycling or	168 000	315 000	227 000	135 000
Municipal waste recycled (%)	40	49	55	41
Electronic waste recycled/reused (%)	97	86	99	99
Digital Inclusion				
Mobile Internet users (% of active data users)			57	58
Child birth registrations (total)	0	587 000	780 000	1 104 800
Children trained in online safety (total)	0	2 200 000	3 300 000	4 300 500

Consolidated Income Statement

Telenor Group 1 January – 31 December

NOK in millions, except earnings per share	Note	**2020**	2019
Revenues	6	**122 811**	**113 666**
Cost of materials and traffic charges	7	**(29 768)**	(27 912)
Salaries and personnel costs	8	**(11 398)**	(10 803)
Other operating expenses	9	**(25 125)**	(24 215)
Other income	10	**4 588**	741
Other expenses	10	**(2 543)**	(1 200)
EBITDA		**58 565**	**50 276**
Depreciation and amortisation	17, 18, 19	**(29 053)**	(24 527)
Impairment losses	15, 17, 18, 19	**(11)**	(47)
Operating profit		**29 500**	**25 702**
Share of net income (loss) from associated companies and joint ventures	20	**(414)**	(955)
Gains (losses) on disposal of associated companies and joint ventures	20	**53**	106
Financial income and expenses			
Financial income	12	**675**	1 354
Financial expenses	12	**(4 635)**	(5 031)
Foreign currency gains	12	**3 080**	884
Foreign currency losses	12	**(1 891)**	(1 166)
Other changes	12	**(727)**	75
Net financial income (expenses)		**(3 498)**	**(3 884)**
Profit before taxes		**25 641**	**20 968**
Income taxes	13	**(6 577)**	(9 033)
Profit from continuing operations		**19 064**	**11 936**
Profit (loss) from discontinued operations	4	**1 995**	(742)
Net income		**21 059**	**11 194**
Net income attributable to:			
Non-controlling interests (Minority interests)		**3 718**	3 421
Equity holders of Telenor ASA		**17 341**	7 773
Earnings per share in NOK:			
Basic/diluted from continuing operations	14	**10.90**	5.91
Basic/diluted from discontinued operations	14	**1.42**	(0.52)
Basic/diluted from total operations	14	**12.32**	5.40

Consolidated Statement of Comprehensive Income

Telenor Group 1 January – 31 December

NOK in millions	Note	**2020**	2019
Net income		**21 059**	**11 194**
Other comprehensive income (loss)			
Translation differences on net investment in foreign operations	24	2 409	(138)
Amount reclassified from other comprehensive income to income statement on partial disposal	24	(133)	(244)
Net gain (loss) on hedge of net investment	24, 29	(3 587)	59
Income taxes		789	(13)
Share of other comprehensive income (loss) of associated companies and joint ventures		(4)	-
Amount reclassified from other comprehensive income to income statement on disposal		(3)	-
Items that may be reclassified subsequently to income statement		**(530)**	**(335)**
Net gain (loss) on equity investments	24	32	(26)
Remeasurement of defined benefit pension plans	24, 26	(416)	714
Income taxes		104	(158)
Items that will not be reclassified to income statement		**(280)**	**530**
Other comprehensive income (loss), net of taxes		**(810)**	**194**
Total comprehensive income (loss)		**20 250**	**11 388**
Total comprehensive income (loss) attributable to:			
Non-controlling interests		3 612	3 670
Equity holders of Telenor ASA		16 638	7 717

Consolidated Statement of Financial Position

Telenor Group as of 31 December

NOK in millions	Note	**2020**	2019
ASSETS			
Deferred tax assets	13	2 841	2 445
Goodwill	15, 16	28 947	27 451
Intangible assets	17	11 222	11 370
Right-of-use assets	18	62 813	59 381
Property, plant and equipment	19	79 367	83 179
Associated companies and joint ventures	20	6 417	4 299
Other non-current assets	22	14 856	13 916
Total non-current assets		**206 464**	**202 040**
Prepaid taxes		1 239	1 334
Inventories		1 313	1 485
Trade and other receivables	21	26 359	25 773
Other current financial assets	22	576	910
Assets classified as held for sale	4	-	3 489
Cash and cash equivalents	23	20 577	13 867
Total current assets		**50 065**	**46 858**
Total assets		**256 529**	**248 899**
EQUITY AND LIABILITIES			
Equity attributable to equity holders of Telenor ASA	24	38 324	38 054
Non-controlling interests	24	5 594	5 286
Total equity		**43 918**	**43 339**
Liabilities			
Non-current lease liabilities	18	35 584	32 003
Non-current interest-bearing liabilities	28	98 627	83 988
Non-current non-interest-bearing liabilities	27	1 466	1 549
Deferred tax liabilities	13	4 831	4 902
Pension obligations	26	2 747	2 386
Provisions and obligations	25	8 820	7 701
Total non-current liabilities		**152 075**	**132 527**
Current lease liabilities	18	9 298	9 295
Current interest-bearing liabilities	28	7 296	14 762
Trade and other payables	27	33 891	35 691
Current tax payables		3 988	4 863
Current non-interest-bearing liabilities	27	1 871	2 227
Provisions and obligations	25	1 123	1 219
Liabilities classified as held for sale	4	3 070	4 976
Total current liabilities		**60 536**	**73 032**
Total equity and liabilities		**256 529**	**248 899**

Fornebu, 23 March 2021

Gunn Wærsted
Chair

Jørgen Kildahl
Vice Chair of the Board

Jon Erik Reinhardsen
Board member

Jacob Aqraou
Board member

Pieter Cornelius Knook
Board member

Astrid Simonsen Joos
Board member

Sally Davis
Board member

Esben Smistad
Employee representative

Anita Helen Steine
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	2020	2019
Profit before taxes from continuing operations		25 641	20 968
Profit (loss) before taxes from discontinued operations		1 998	(651)
Profit before taxes		**27 639**	**20 318**
Income taxes paid		(7 395)	(10 512)
Net (gains) losses from disposals, impairments and change in fair value of financial assets and liabilities		(4 828)	(471)
Depreciation, amortisation and impairment losses		29 063	24 625
Share of net (income) loss and (gains) losses on disposal of associated companies and joint ventures		361	849
Dividends received from associated companies		1 250	63
Net interest expense		3 468	3 923
Changes in net operating working capital	23	1 101	512
Net currency (gains) losses not relating to operating activities		(919)	(226)
Interest received		308	681
Interest paid		(3 539)	(4 664)
Other adjustments		(2 689)	(876)
Net cash flow from operating activities		**43 820**	**34 222**
Proceeds from sale of property, plant and equipment, intangible assets and right-of-use assets		54	384
Purchases of property, plant and equipment, intangible assets and prepayments for right-of-use assets	23	(19 000)	(21 986)
Proceeds from disposal of subsidiaries and associated companies, net of cash disposed	23	7 651	(1 073)
Purchases of subsidiaries, associated companies and joint ventures, net of cash acquired	23	(340)	(25 957)
Proceeds from sale of other investments		1 434	5 350
Purchases of other investments		(364)	(245)
Net cash flow from investing activities		**(10 565)**	**(43 526)**
Proceeds from borrowings	28	34 432	66 184
Repayments of borrowings	28	(33 257)	(33 923)
Payments of lease liabilities related to spectrum licences	18, 28	(3 634)	(1 080)
Payments of lease liabilities related to other lease contracts	18	(5 395)	(4 282)
Net payments related to supply chain financing		(89)	(5)
Purchase of treasury shares	29	(4 161)	(6 114)
Dividends paid to non-controlling interests in subsidiaries	23	(3 202)	(4 327)
Dividends paid to equity holders of Telenor ASA	24	(12 277)	(12 121)
Net cash flow from financing activities		**(27 583)**	**4 332**
Effects of exchange rate changes on cash and cash equivalents		420	641
Net change in cash and cash equivalents		**6 091**	**(4 330)**
Cash and cash equivalents as of 1 January		13 997	18 328
Cash and cash equivalents as of 31 December		**20 088**	**13 997**
Of which cash and cash equivalents in assets held for sale as of 31 December	4	-	735
Cash and cash equivalents excluding assets held for sale as of 31 December	23	**20 088**	**13 262**

Consolidated Statement of Changes in Equity

Telenor Group – for the years ended 31 December 2019 and 2020

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 2019	**8 818**	**(15 630)**	**58 425**	**(2 168)**	**49 446**	**5 009**	**54 455**
Net income for the period	-	-	7 773	-	7 773	3 421	11 194
Other comprehensive income (loss) for the period	-	522	-	(578)	(56)	250	194
Total comprehensive income (loss) for the period	**-**	**522**	**7 773**	**(578)**	**7 717**	**3 670**	**11 388**
Disposal of VEON shares	-	3 586	(3 586)	-	-	-	-
Acquisition of subsidiaries with non-controlling interests	-	-	-	-	-	651	651
Disposal of subsidiaries with non-controlling interests	-	-	-	-	-	(52)	(52)
Transactions with non-controlling interests	-	(476)	(506)	-	(982)	(653)	(1 635)
Dividends	-	-	(12 125)	-	(12 125)	(3 339)	(15 464)
Share buyback	(213)	(5 738)	-	-	(5 951)	-	(5 951)
Share-based payment, exercise of share options and distribution of shares	-	(56)	-	-	(56)	-	(56)
Equity as of 31 December 2019	**8 605**	**(17 792)**	**49 982**	**(2 746)**	**38 054**	**5 286**	**43 339**
Net income for the period	-	-	17 341	-	17 341	3 718	21 059
Other comprehensive income (loss) for the period	-	(268)	-	(435)	(703)	(106)	(810)
Total comprehensive income (loss) for the period	**-**	**(268)**	**17 341**	**(435)**	**16 638**	**3 612**	**20 250**
Disposal of equity investments at fair value through other comprehensive income	-	(4)	4	-	-	-	-
Equity adjustments in associated companies	-	2	-	-	2	-	2
Dividends	-	-	(12 277)	-	(12 277)	(3 304)	(15 581)
Share buyback	(139)	(3 974)	-	-	(4 113)	-	(4 113)
Share-based payment, exercise of share options and distribution of shares	-	21	-	-	21	-	21
Equity as of 31 December 2020	**8 466**	**(22 014)**	**55 049**	**(3 181)**	**38 324**	**5 594**	**43 918**

See note 24 for additional equity information.

Notes to the Financial Statements

Telenor Group

Contents notes

NOTE 1 General information, compliance, and changes in International Financial Reporting Standards

General information

Telenor ASA (the Company) is a limited liability company incorporated in Norway. The Company is subject to the provisions of the Norwegian Act relating to Public Limited Liability Companies. The Company's principal offices are located at Snarøyveien 30, N-1360 Fornebu, Norway. Telephone number: +47 67 89 00 00. Telenor is a telecommunication company and the principal activities of the Company and its subsidiaries (the Group) are described in Note 5 Segments.

These consolidated financial statements have been approved for issuance by the Board of Directors on 23 March 2021 and is subject to approval by the Annual General Meeting on 27 May 2021.

Statement of compliance

As required by the European Union's IAS Regulation and the Norwegian Accounting Act, the Company has prepared its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). References to IFRS hereafter should be construed as references to IFRS as adopted by the EU.

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.

Adoption of new and revised standards, amendments and interpretations

The below amendments have been adopted with effect from 1 January 2020:

- Amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, changes in Accounting Estimates and Errors*. The amendments clarify and align the definition of "material" and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.
- Amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments Recognition and Measurement* and IFRS 7 *Financial Instruments: Disclosures (phase 1)*. The amendments address the pre-replacement issues of the IBOR reform. The amendments provide temporary exceptions to specific hedge accounting requirements.
- Amendments to IFRS 3 *Definition of a Business*. The amendments narrow and clarifies the definition of a business, with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.
- Amendment to IFRS 16 *Covid-19 Related Rent Concessions*. The amendment permits lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications. The amendment may be applied for annual reporting periods beginning on or after 1 June 2020, earlier application is permitted.

None of the amendments implemented with effect from 1 January 2020 has had a significant impact on the Group's consolidated financial statements. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective, except for Amendment to IFRS 16 *Covid-19 Related Rent Concessions*.

At the date of authorisation of these financial statements, the following amendments that could affect the Group's consolidated financial statements were issued but not effective:

- Amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments Recognition and Measurement* and IFRS 7 *Financial Instruments: Disclosures (phase 2)* (effective from January 1, 2021, but not yet approved by the EU). The amendments include requirements related to accounting of financial instruments when the contractual cash flow changes as an effect of a changed benchmark rate, including the impact on the hedge accounting and disclosures.

Management anticipates that these amendments will be adopted at the date stated above provided that the amendments are approved by the EU.

NOTE 2 Summary of significant accounting policies

Basis of preparation

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 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.

Basis of consolidation and non-controlling interests

The consolidated financial statements include the financial statements of Telenor ASA and entities controlled by Telenor ASA (the Group). Control is achieved when the company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Control normally exists when the Group has more than 50% of the voting power through ownership or agreements, except where non-controlling interests are such that a non-controlling shareholder is able to prevent the Group from exercising control.

In addition, control may exist without having 50% voting power through ownership or agreements as a consequence of de facto control. De facto control is the ability to exercise control through the majority of the votes at the General Meeting and at the Board of Directors meeting, without the legal right to exercise unilateral control. Control may also exist through potential voting rights, such as options. Such potential voting rights are only considered if they are substantive.

The financial statements of the subsidiaries are prepared for the same reporting periods as the parent company. Consistent accounting policies are applied. The results of subsidiaries acquired or disposed of during the year are included in the income statement from the date when control is obtained and until control ceases, respectively. Intercompany transactions, balances, revenues, expenses and unrealised Group 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. Non-controlling interests consist either of the proportionate fair value of net identifiable assets or of fair value of those interests at the date of the business combination, and the non-controlling interests' share of changes in equity since the date of the business combination. The principle for measuring non-controlling interests is determined separately for each business combination.

In some circumstances the Group has, in substance, present ownership over non-controlling interests based on a transaction that currently gives the Group access to the returns associated with an ownership interest. In such circumstances, the Group derecognises the non-controlling interest, and recognises a financial liability reflecting the value of the redemption amount. This may for example be the case if put and call options related to the non-controlling shares are issued on terms effectively giving the Group access to the returns associated with ownership interest in these shares.

A change in ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. Consideration in excess of, or lower than, the carrying amount of non-controlling interests is recognised against the equity attributable to the owners of the parent. If the Group loses control over a subsidiary it derecognises the assets, liabilities and non-controlling interest, and reclassifies to profit or loss, or transfers directly to retained earnings as appropriate, the amounts recognised in other comprehensive income in relation to the subsidiary. Any investment retained at the date when control is lost is measured at fair value and a gain/loss is recognised.

Foreign currency translation

The consolidated financial statements are presented in NOK, which is Telenor ASA's functional currency. Transactions in foreign currencies are initially recognised in the functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency using the exchange rate at the reporting date. All exchange differences are recognised in the income statement with the exception of exchange differences on foreign currency borrowings that provide an effective hedge against a net investment in a foreign entity, or monetary items that are regarded as a part of the net investments. These exchange differences are recognised as a separate component of 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. Tax charges and credits attributable to exchange differences on those borrowings are also recognised in other comprehensive income. Non-monetary items measured at historical cost in foreign currency are translated using the exchange rates at the dates of the initial transactions. The date of initial transaction for non-monetary assets on which the Group has paid an advance consideration is the date of the payment of the advanced consideration.

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 and their income statements are translated at the average exchange rates for the year. 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 is classified as current when it is expected to be realised, or is intended for sale or consumption, in the Group's normal operating cycle, it is held primarily for the purpose of being traded, or it is expected/due to be realised or settled within twelve months after the reporting date. Other assets are classified as non-current. A liability is classified as current when it is expected to be settled in the Group's normal operating cycle, is held primarily for the purpose of being traded, the liability is due to be settled within twelve months after the reporting period or if the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. All other 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.

Non-current assets held for sale and discontinued operations

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. All consolidation procedures as presented above are still applicable, and only external revenues and expenses are shown as discontinued operations.

Operations previously classified as discontinued operations which cease to be held for sale are reclassified and included in continuing operations with retrospective effect. Comparative information in statements and disclosures are re-presented.

Business combinations
The acquisition of subsidiaries is accounted for using the acquisition method. Acquisition costs incurred are expensed and included in operating expenses. When the Group acquires a business, it assesses the identifiable assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances, and relevant conditions as of the acquisition date.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition are recognised at their fair values at the acquisition date, except for non-current assets that are classified as held for sale and recognised at fair value less cost to sell, and deferred tax assets and liabilities which are recognised at nominal value.

Goodwill arising on acquisition is recognised as an asset measured at the excess of the sum of the consideration transferred, the fair value of any previously held equity interests and the amount of any non-controlling interests in the acquiree over the net amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the total consideration of the business combination, the excess is recognised in the income statement immediately.

Any contingent consideration will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of contingent consideration which is not classified as equity will be recognised in the income statement as financial income or expense. If the contingent consideration is classified as equity, it will not be remeasured, and subsequent settlement will be accounted for within equity.

If the business combination is achieved in stages, the Group's previously held non-controlling interest in the acquiree is remeasured at fair value at the acquisition date through the income statement.

Investments in associated companies
An associated company is an entity over which the Group has significant influence and that is not a subsidiary or a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but without the ability to have control over those policies. Significant influence normally exists when the Group has 20% to 50% voting power through ownership or agreements. Investments in associated companies are accounted for using the equity method.

Interests in joint arrangements
A joint arrangement is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control. That is when the strategic financial and operating policy decisions relating to the activities of the joint arrangement require the unanimous consent of the parties sharing control. If the parties to the joint arrangement have rights to the net assets of the arrangement, the arrangement is classified as a joint venture. If the parties have rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is classified as a joint operation.

In relation to its interest in a joint operation, the Group recognises its assets, including its share of assets held jointly, its liabilities, including its share of liabilities incurred jointly, its revenues and its expenses, including its share of revenues earned and expenses incurred jointly. Adjustments are made where necessary to bring the accounting policies in line with those of the Group. The accounting for joint operations structured through separate vehicles reflects the Group's involvement in the assets and liabilities and not the joint operations involvement with other joint operators.

Any goodwill arising on the acquisition of the Group's interest in a joint operation is accounted for in accordance with the Group's accounting policy for goodwill arising on the acquisition of a subsidiary (see above). Where the Group transacts with its joint operation, unrealised profits and losses are eliminated to the extent of the Group's interest in the joint operation.

Interests in joint ventures are accounted for using the equity method.

Equity method
The results, assets and liabilities of associated companies and joint ventures are accounted for using the equity method. Under the equity method, investments are carried in the consolidated statement of financial position at cost and adjusted for post-acquisition changes in the Group's share of the net assets of the investees (i.e. total comprehensive income and equity adjustments), less any impairment in the value of the investments. Adjustments are made where necessary to bring the accounting policies in line with those of the Group. Losses in excess of the Group's interest in such companies, including any long-term loans and receivables that, in substance, form part of the Group's net investment, are not recognised unless the Group has incurred legal or constructive obligations, or made payments on behalf of these associated companies or joint ventures.

Any goodwill is included in the carrying amount of the investment and is assessed for impairment as part of the investment. At each reporting date the Group evaluates if there are indications that the investment may be impaired. If there are such indications, the recoverable amount of the investment is estimated in order to determine the extent of the impairment (if any).

Where a Group entity transacts with an associate or joint venture of the Group, unrealised profits or losses are eliminated or deferred to the extent of the Group's interest in the relevant associated company or joint venture.

The share of net result, including amortisation of excess values, impairments, and reversals of impairments, is presented as a separate line item in the income statement between operating profit (loss) and financial items. Gains and losses on disposals are presented separately. The share of other comprehensive income is recognised in the Group's comprehensive income. Other equity adjustments in the investees are recognised in the statement of changes in equity.

Financial statements as of the reporting date are for some investments not available before the Group issues its quarterly financial information. In such instances, the share of net income of the investment is recognised in the consolidated financial statements with a one quarter lag. Adjustments are made for the effects of publicly available information on significant transactions or events that occur between the latest interim financial reporting of the investee and the date of the consolidated financial statements of the Group. To ensure consistency in reporting in Quarterly and Annual Reports, the figures in the Annual Report are not updated in situations where the financial statements for the investee are made available between the issuance of the quarterly report for the fourth quarter and the issuance of the Annual Report, unless the financial statements of the investee contains information about significant transactions or events.

Goodwill
Goodwill arising in a business combination is not amortised. Goodwill does not generate cash flows independently of other assets or groups of assets and is allocated to the cash-generating units (defined below) expected to benefit from the synergies of the combination that gave rise to the goodwill. Cash-generating units to which goodwill has been allocated are tested for impairment annually or more frequently if there is any indication that the cash-generating unit may be impaired. Impairment is recognised if the recoverable amount (the higher of fair value less costs of disposal and value in use) of the cash-generating unit is less than the carrying amount of the cash-generating unit. The impairment first reduces the carrying amount of any goodwill and then reduces the carrying amount of the other assets of the unit pro-rata. The carrying amount of any individual asset is not reduced below its individual recoverable amount or zero. Any impairment is presented as impairment in the income statement.

An impairment recognised for goodwill is not reversed if the recoverable amount of the cash-generating unit exceeds the carrying amount in a subsequent period. On disposal of businesses, the attributable amount of goodwill is included in the determination of gain or loss on disposal.

Cash-generating units
A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. In identifying whether cash inflows from an asset (or group of assets) are largely independent of the cash inflows from other assets (or groups of assets), management considers various factors including how management monitors the entity's operations (such as by product or service lines, businesses or geographical areas). Goodwill is monitored and tested for the group of cash-generating units combined in markets where the fixed and mobile operations are monitored and reported as one operating segment. The group of cash-generating units is in any case

not larger than an operating segment determined in accordance with IFRS 8 Operating Segments.

Revenue from contracts with customers

Revenues from contracts with customers primarily comprise sale of

- Services: subscription and traffic fees, connection fees, interconnection fees, roaming charges, fees for data network services and fees for TV distribution and satellite services.
- Goods: customer equipment, primarily mobile devices/phones.

Recognition and measurement

When the Group enters into an agreement with a customer, the goods and services promised in the contract are identified as separate performance obligations to the extent that the customer can benefit from the goods or services either on their own or together with other resources that are readily available to the customer, and that the goods and services are separately identifiable from other promises in the contract. Goods and services that do not meet the criteria to be identified as separate performance obligations are aggregated with other goods and/or services in the agreement, until a separate performance obligation is identified. Examples of goods and services which are normally considered to be distinct performance obligations within the Group are mobile and fixed line subscription plans, handsets and other equipment, satellite dishes and set-top boxes.

The Group determines the transaction price to be the amount of consideration which it expects to be entitled in exchange for transferring the promised goods and services to the customer, net of discounts and sales related taxes. Sales related taxes are regarded as collected on behalf of the authorities. The Group adjusts the transaction price for a significant financing component if, at contract inception, the expected period between the transfer of a good or service to the customer and when the customer pays for that good or service is more than one year, unless the timing of the transfer of those goods or services is at the discretion of the customer (i.e. prepaid services). The discount rate used reflects the relevant risk-free rate and customer specific credit risk. In some markets where discounted handsets and subscriptions are sold through external channels, the Group is the principal in the subscription sale only, while the discounted handset is regarded as sold by the dealer. Any commission to the dealer is offset against revenue to the extent it is possible to establish a link between the commission to the dealer, which is passed on to the customer, and the consideration from the customer subsequently collected by the Group.

If the consideration promised in a contract includes a variable amount, the Group estimates the amount of consideration which it expects to be entitled. An amount of variable consideration is included in the transaction price to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. When the Group sells a handset with an option for the customer to buy a new handset before the original instalment period is over, without paying the remaining instalments on original handset, the consideration related to the handset included in the current contract is estimated based on the expected value approach. If the Group is obliged to accept return of the original handset, the Group recognises a refund liability reflecting the amount of consideration the Group expects not to be entitled to, and a return good asset (with a corresponding adjustment to cost of sales) for its right to recover the handsets returned on settling the refund liability. The new device is accounted for as a new, separate contract.

The transaction price is allocated to each performance obligation in the contract on a relative stand-alone selling price basis. The stand-alone selling price for each performance obligation is determined according to the prices that the Group would achieve by selling the same goods or services to a similar customer on a stand-alone basis. Except when the Group has observable evidence that the entire discount included in a contract relates to only one or more, but not all, performance obligations in a contract, the Group allocates the discount proportionately to all performance obligations in the contract.

Revenue is recognised when the respective performance obligations in the contract are satisfied and payment remains probable. Revenue from sales of customer equipment, such as handsets or other devices, is normally recognised at the point in time when the equipment is transferred to customer, including the related significant risks and rewards of ownership. Revenue from the provision of services is generally recognised over time when or as the Group performs the related service during the agreed service period, by measuring progress towards complete satisfaction of the performance obligation. The effects of significant financing components are recognised over the payment period. Revenues for prepaid services are recognised based on usage.

Presentation and impairment

If recognised revenue exceeds amounts received or receivable from a customer, a contract asset is recognised. For the Group, this will for example be relevant for contracts where the transaction price allocated to a handset or other customer equipment is recovered by the Group through future service fee payments. If amounts received or receivable from a customer exceed revenue recognised for a contract, for example if the Group receives an advance payment from a customer, a contract liability is recognised. This will typically be relevant for prepaid services, where revenue is recognised based on usage.

Contract assets and contract liabilities are expected to be realised within in the Group's normal operating cycle and are classified as current within trade and other receivables and trade and other payables respectively. Contract assets are adjusted for provision for impairment in accordance with the expected credit loss model. The Group applies the simplified approach for contract assets, measuring the loss allowance at an amount equal to lifetime expected credit losses. Impairment for expected credit losses is recognised in the income statement and updated at each reporting date. The impairment is calculated by considering the historic evidence of the level of bad debt experienced for customer types.

Contract assets are transferred to receivables when rights become unconditional. Receivables from contracts with customers are presented separately from contract assets. The effects of significant financing components are presented as interest income, separately from revenue from contracts with customers in the statement of comprehensive income.

When another party is involved in providing goods or services to a customer, the Group evaluates whether it has an obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent). Where the Group acts as a principal, the revenues are recognised on a gross basis with any related expenses charged as costs. Where the Group acts as an agent, the expenses are offset against the revenues and the resulting net revenues represent the margins or commissions earned for providing services in the capacity of an agent.

Revenues from roaming are recognised gross and in line with generally accepted accounting principles within the telecommunications industry.

Licence payments to telecommunications authorities that are calculated based on revenue share arrangements are not offset against the revenues. Instead, they are recognised as variable lease expense because the Group is considered to be the primary obligor.

Costs of obtaining or fulfilling contracts with customers

Costs incurred that are incremental to obtaining a contract with a customer, and are expected to be recovered, are recognised as contract acquisition cost assets, and amortised in a way that is consistent with the recognition of the related revenue. Contract acquisition costs include, for example, certain commissions or bonuses to employees or dealers (not offset against revenue, see above), directly related to the contracts obtained on behalf of the Group.

Costs directly related to fulfilling a specified contract with a customer, which generate or enhance resources that will be used in fulfilling the performance obligations in the contract, are recognised as contract fulfilment cost assets to the extent they are expected to be recovered. The costs are expensed in the period in which the related revenue is recognised. Contract fulfilment costs include, for example, costs incurred for connection and installation of equipment on customer premises, including direct labour and material costs.

Contract acquisition and fulfilment cost assets are presented as other non-current assets. The amortisation period normally covers the expected customer life, which is the contractual period and additional expected renewal periods assessed based on historical churn data, unless new costs are incurred on contract renewals. These costs are included in EBITDA. The Group applies the practical expedient of not capitalising contract costs that would have been amortised within 12 months.

Interest and dividend income

Interest income is accrued on a time proportionate basis that reflects an effective yield on the asset. Interest income related to the Group's banking operations are included within revenue, other interest income is included in financial income 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.

Government Grants

Government grants are recognised when there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grants relate to an expense item, it is normally recognised as a reduction of the expense on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is presented in the statement of financial position by deducting the grant in arriving at the carrying amount of the asset. The grant is recognised in the income statement over the useful life of a depreciable asset as a reduced depreciation expense.

Pensions

The Group operates various post-employment plans, both defined benefit and defined contribution plans. The Group's liability recognised in the statement of financial position related to defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

The Group recognise service cost, comprising of current service cost, past service cost and non-routine settlements, as salaries and personnel costs in the income statement. Gains and losses on curtailments, which also form part of service cost, are presented as part of other income or other expenses in the income statement. Net interest expense is recognised as financial expense in the income statement.

Remeasurements, comprising of actuarial gains and losses and the return on plan assets (excluding net interest), are recognised in the statement of comprehensive income. Remeasurements are not subsequently reclassified to the income statement.

Past service cost is recognised in the income statement on the earlier of the date of the plan amendment or curtailment, and the date that the Group recognises related restructuring costs. A curtailment occurs when the Group is either demonstrably committed to make a material reduction in the number of employees covered by a plan, or amends the terms of a defined benefit plan such that a material element of future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.

Payments to defined contribution plans are expensed as incurred. When sufficient information is not available to use defined benefit accounting for a multi-employer plan that is a defined benefit plan, the plan is accounted for as if it was a defined contribution plan.

Leases

Determining whether a contract is, or contains, a lease is based on the substance of the contract and requires an assessment of whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration, i.e. whether the Group or a lessee of the Group has the right to obtain substantially all of the economic benefits from use of the identified asset and has the right to direct the use of the identified asset throughout the period of use.

The Group as lessee

The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets for all leases where it is the lessee, except for low-value leases (i.e. leases of low-value assets, meaning mainly leased office equipment) and short-term leases. The Group has chosen to account for right to use spectrum as a lease. Short-term leases are leases with a lease term of 12 months or shorter that do not contain a purchase option, except for leases of spectrum licences. Lease payments on short-term leases and leases of low-value assets, are recognised as expenses on a straight-line basis over the lease term. Fixed non-lease components embedded in the lease contracts are not separated and hence recognised as lease liabilities and capitalised as right-of-use assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and impairments, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The cost of a right-of-use asset also includes an estimate of costs to be incurred by the Group in 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. Unless the Group is reasonably certain to exercise an option to obtain ownership of the leased asset at the end of the lease term, the recognised 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 are subject to impairment assessments as described further below.

For spectrum licences, the Group might sometimes pay significant amounts up front and before the spectrum is available for the Group. The payments will under such circumstances be accounted for as a prepayment until commencement date.

Gains and losses arising from derecognition of right-of-use assets and corresponding lease liabilities (i.e. cancellation, transfer or sales of leases) are measured as the difference between the remaining net carrying amount of the right-of-use assets and corresponding lease liabilities, and any proceeds or termination fees, and are reported as other income or other expenses in the income statement as part of operating profit.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period in which the event or condition that triggers the payment occurs.

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to exercise the option, or any periods covered by an option to terminate the lease, if it is reasonably certain not to exercise the option. For further information on judgement applied when evaluating lease term of contracts with renewal or termination options, see note 3.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. To arrive at the incremental borrowing rate the Group applies the respective country's (economic environment) risk free rate for the term corresponding to the lease term, adjusted for own credit risk. For subsidiaries with external financing, the Group applies the external borrowing rate corresponding to the lease term available to those subsidiaries.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the Group remeasures the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments, or other modifications). Generally, the amount of remeasurement of the lease liability is recognised as an adjustment to the right-of-use asset.

The Group as lessor

Receivables on assets leased to others under finance leases are presented at an amount equal to the net investment in the leases. Finance income is allocated using a constant periodic rate of return on the net investment over the lease term. Direct costs incurred that are directly attributable to negotiating and arranging the leases, are included in the receivables.

Lease income from operating leases is recognised on a straight-line basis over the lease terms. Incentives provided to the lessees are aggregated and recognised as a reduction of income on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are included in the carrying amounts of the leased assets and recognised as an expense over the lease term on the same basis as the lease. Contingent rents are recognised as revenue in the period in which they are earned.

Subleases

In a transaction for which an underlying asset is re-leased by the Group to a third party, and the head lease between the head lessor and the Group remains in effect, the Group classifies the sublease as a finance lease or an operating lease by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset that is the subject of the lease.

Financial instruments

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 Group has classified financial assets and liabilities into the following classes: trade receivables and other current and non-current financial assets, equity investments, cash and cash equivalents, trade payables and other non-interest-bearing liabilities, interest-bearing liabilities, and derivatives. The categorisation of the financial instrument for measurement purposes is done based on the objective for holding the asset and the asset's contractual cash flow characteristics determined at initial recognition. The Group does not apply the fair value option.

The Group has financial assets classified in the following measurement categories: financial assets at amortised cost (FAAC), financial assets at fair value through other comprehensive income (FVTOCI), and financial assets at fair value through profit or loss (FVTPL). In addition, derivatives are used for hedging purposes. FAAC consist of financial assets held to collect contractual cash flows that are solely payments of principle and interest. Financial assets measured at FVTOCI consist of equity investments not held for trading. Financial assets measured at FVTPL include derivatives not designated for hedging purposes, assets held for trading and financial assets that are not classified in one of the other categories.

The Group has financial liabilities classified in the following categories: financial liabilities at amortised cost (FLAC) and financial liabilities at fair value through profit or loss (FVTPL). In addition, derivatives are used for hedging purposes. Financial liabilities at FVTPL include derivatives not designated for hedging purposes and other liabilities held for trading. FLAC consist of liabilities that are not a part of the category at fair value through profit or loss.

The financial instruments are recognised in the Group's statement of financial position as soon as the Group becomes a party to the contractual provisions of the instrument, using trade date accounting. Financial assets and liabilities are offset, and the net amount presented in the statement of financial position when the Group has the intention and legally enforceable right to settle the contracts net, otherwise the financial assets and liabilities are presented gross.

Trade receivables and other current and non-current financial assets

Trade receivables and other current and non-current financial assets include trade and other current receivables, other financial non-current interest-bearing and non-interest-bearing assets, and bonds and commercial papers with original maturity beyond three months. These assets are part of the category FAAC. FAAC are measured on initial recognition at fair value including directly attributable transaction costs and subsequently measured at amortised cost using the effective interest rate method.

FAAC are adjusted for provision for impairment in accordance with the expected credit loss model. The Group applies the simplified approach for trade receivables, measuring the loss allowance at an amount equal to lifetime expected credit losses. Impairment for expected credit losses is recognised in the income statement and updated at each reporting date. The impairment is calculated by considering the historic evidence of the level of bad debt experienced for customer types and the aging of the receivable balance.

Equity investments

Equity investments include equity instruments and capital contribution to Telenor Pension Fund. Equity investments are divided into the two categories of financial instruments at FVTOCI and FVTPL. Equity instruments measured at FVTOCI consist of equity investments not held for trading. Presenting fair value gains and losses in OCI for these equity instruments is considered to provide more useful information to users of the Group's financial statements, as this will allow the users to more easily identify the associated fair value changes. FVTOCI investments are initially measured at fair value plus directly attributable transaction costs and are subsequently measured at fair value. Unrealised gains and losses arising from changes in fair value 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.

Equity investments classified as assets held for trading are part of the category financial assets measured at FVTPL. Assets held for trading are initially and subsequently measured at fair value. Transaction costs are immediately expensed in this category. Gains and losses arising from changes in fair value are recognised in the income statement on the line net change in fair value of financial instruments at fair value through profit or loss.

Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits, fixed rate bonds and commercial papers with original maturity of three months or less.

Trade payables and other non-interest-bearing financial liabilities

Trade payables and other non-interest-bearing financial liabilities include trade payables, contract liabilities, liabilities to associated companies and other current and non-current non-interest-bearing financial liabilities. These liabilities are a part of the category FLAC initially recognised in the statement of financial position at fair value, and subsequently measured at amortised cost using the effective interest rate method.

The Group has introduced supply chain financing for some of the vendors to the Group. In circumstances where the supply chain financing arrangements are linked to the payment terms of the contract with the vendor, the payable for the services or goods delivered are reclassified from trade payables to current non-interest-bearing liabilities, as the payment terms are not extended beyond normal payment terms for the Group and interests related to early payments provided by the bank is carried by the vendor. When the payable is reclassified from trade payable to current non-interest-bearing liability, the Group shows a cash outflow from operating activities 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 cash inflow is recognised in financing activities, reflecting the required payment to the financial institution providing the supply chain financing arrangement. When the Group makes the payment to the finance institution, it will be reflected as a repayment of debt in financing activities in the statement of cash flow. 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.

Interest-bearing liabilities

Interest-bearing liabilities include bonds and commercial papers, bank loans and overdrafts, and are classified in the category FLAC. These liabilities are initially measured at fair value net of transaction costs and are subsequently measured at amortised cost using the effective interest-rate method. 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.

Derivatives

The Group uses derivative financial instruments such as forward currency contracts, interest rate swaps, cross currency interest rate swaps and, to a small extent, interest rate options to hedge its risks associated with interest rate and foreign currency fluctuations. In 2019, the Group had an embedded derivative related to the issuance of the bond exchangeable into VEON ADSs. This embedded derivative was treated as a separate derivative and classified as FVTPL.

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. The accounting for fair value hedges and hedges of net investments are described below.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risk and economic characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses recognised in the income statement. Currency derivatives embedded in committed purchase or sales contracts are not bifurcated and recognised at fair value if the contract requires payments denominated in either the functional currency of one of the parties to the contract or in a commonly used currency for purchase or sales in the relevant economic environment.

Derivatives are recognised without any offsetting; as assets when the value is positive and as liabilities when the value is negative, unless the Group has the intention or legally enforceable right to settle the contracts net.

Hedging

The Group applies hedge accounting for hedges that meet the criteria for hedge accounting. The Group has fair value hedges and hedges of net investments in foreign operations.

At the inception of each hedge relationship, the Group designates and documents the hedge accounting relationship, risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to change in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedge relationships that meet the requirements for hedge accounting are accounted for in the Group's consolidated financial statements as follows:

Fair value hedges

Fair value hedges are hedges of the Group's exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such, that is attributable to a particular risk and could affect the income statement. 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.

The Group discontinues fair value hedge accounting if the hedging instrument expires or is sold, terminated, or exercised, the hedge no longer meets the criteria for hedge accounting, or the Group revokes the designation. 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 de-designation will be amortised in the income statement over the remaining time to maturity.

Hedges of a net investment

A hedge of a net investment in a foreign operation is accounted for in a similar way to 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.

Income taxes

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 with full allocation for all temporary differences between the tax base and the carrying amount of assets and liabilities in the consolidated financial statements, including tax losses carried forward. Deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or in respect of temporary differences associated with investments in subsidiaries, associates or joint ventures where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

For undistributed earnings in subsidiaries, deferred tax is provided for to the extent it is expected that retained earnings will be distributed in the foreseeable future. For undistributed earnings in associated companies, deferred tax is provided for because the Group cannot control the timing of the reversal of the temporary differences. Deferred taxes are calculated on undistributed earnings in foreign subsidiaries and associated companies based on the estimated taxation on transfer of funds to the parent company, based on the substantially enacted tax rates and regulation as of the end of the reporting period.

The Group treats expenses as tax deductible and income as not taxable based on interpretation of relevant laws and regulations and when it is assessed as probable that such treatment will be sustained in a tax review. The Group records provisions relating to uncertain or disputed tax positions at the amount expected to be paid, reflecting the effect of uncertainty over tax treatment. The provision is reversed if the disputed tax position is settled in favour of the Group and can no longer be appealed.

Deferred tax assets are recognised in the statement of financial position to the extent it is more likely than not that the tax assets will be utilised. The enacted tax rates at the end of the reporting period and undiscounted amounts are used.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and the Group is able to and intends to settle its current tax assets and liabilities on a net basis.

A change in deferred tax assets and liabilities because of change in tax rates is recognised in profit or loss, except to the extent that it relates to items that previously was recognised in other comprehensive income or directly in equity.

Inventories

Inventories are valued at the lower of cost or net realisable value for products that will be sold as a separate item. Inventories that will be sold as part of a transaction with several items, which is expected to earn net income, are not considered as an indicator of write down, even though the allocated sales price in the transaction is lower than the cost. Cost is determined using the FIFO or weighted average method, depending on the nature of the inventories.

Property, plant and equipment

Property, plant and equipment are recognised at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated to reduce the cost of assets, other than land, which is not depreciated, to their estimated residual value, if any, over their estimated useful lives. The cost to be capitalised as part of the asset, includes direct and incremental costs, borrowing costs for qualifying assets and the initial estimate of the cost of dismantling and removing the item and restoring the site on which it is located. If payment is deferred beyond normal credit term, its cost is the cash price equivalent. Depreciation commences when the assets are ready for their intended use.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is reported as other income or other expenses in the income statement as part of operating profit or loss.

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 any commercial buildings and vehicles which the Group does not expect to use for the assets' whole economic lives.

Repair and maintenance are expensed as incurred. If new parts are capitalised, replaced parts are derecognised and any remaining net carrying amount is recognised in operating profit (loss) as loss on disposal.

An exchange of assets is recognised at fair value if the transaction has commercial substance and the value of the assets can be measured reliably. If these criteria are not met, the carrying amount of the replaced assets is carried forward for the new assets.

Intangible assets

Intangible assets acquired separately are measured initially at cost and recognised as an intangible asset 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 asset includes direct and incremental costs and, for qualifying assets, borrowing costs. If payment of an intangible asset is deferred beyond normal credit term, its cost is the cash price equivalent. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

Intangible assets with finite lives are amortised over the useful lives. Useful lives and amortisation method for intangible assets with finite useful life are reviewed at least annually. 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 customer relationship and the amortisation method is based on historical experience of churn for the individual businesses.

Gains and losses arising from derecognition of intangible assets are measured as the difference between the net sales proceeds and the carrying amount of the assets and are reported as other income or other expenses in the income statement as part of operating profit.

Research and development costs

Development expenditures are capitalised only when the criteria for recognition is 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.

Impairment of property, plant and equipment, right-of use assets and intangible assets other than goodwill

At each reporting date, the Group evaluates if there are indicators that property, plant and equipment, right-of-use assets or intangible assets may be impaired. If there are indicators, the recoverable amount of the assets is estimated in order to determine the extent of the impairment (if any). Intangible assets with indefinite useful life and intangible assets not yet brought into use are assessed for impairment annually. If it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than it's carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. The impairment is recognised in the income statement. If the impairment is subsequently reversed, the carrying amount of the asset (cash-generating unit) is increased to the updated estimate of its recoverable amount to the extent the increased carrying amount does not exceed the carrying amount that would have been recognised had no impairment losses been recognised for the asset (or cash-generating unit) in prior years. Reversals of impairments are recognised in the income statement.

Provisions

Provisions such as workforce reductions, onerous contracts and legal claims are recognised when the Group has 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

An asset retirement obligation exists where the Group has a legal or constructive obligation to remove an asset and restore the site. Where the Group is required to settle an asset retirement obligation, the Group has estimated and capitalised the net present value of the obligations and increased the carrying value of the related asset. The cash flows are discounted at a pre-tax risk-free rate as risks are reflected in the cash flows. After the initial recognition, an accretion expense is recognised as finance cost relating to the asset retirement obligation, and the capitalised cost is expensed as ordinary depreciation with the related asset. The effects on the net present value of any subsequent changes to the gross removal costs or discount rates adjust the carrying value of assets and liabilities and are expensed over the remaining estimated useful life of the related assets.

Share-based payments

The Group has share-based payment programs to management and employees. Bonus shares in these programs are awarded net after tax. The Group is obliged to withhold an amount for an employee's tax obligation associated with a share-based payment and transfer that amount, normally in cash, to the tax authority on the employee's behalf. These share-based payment programs, including tax, are considered as equity-settled share-based payments. In addition, the Group is obliged to make a provision for social security tax related to these programs, to be transferred to the tax authority, normally in cash. This part of the share-based payment arrangements is recognised as a cash-settled share-based payment.

Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, based on the Group's estimate of the shares that will eventually vest, adjusted for the effect of non-market-based vesting conditions.

Cash-settled share-based payments are measured at fair value of the liability. The liability is remeasured at each reporting date.

Statement of cash flows

The Group 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 (both by Telenor ASA and by subsidiaries with non-controlling interests) are included as a part of financing activities. Value Added Tax and other similar taxes are regarded as collection of tax on behalf of authorities and are reported net.

Treasury shares

Own equity instruments which are reacquired (treasury shares) are deducted from equity. No gain or loss is recognised in the income statement on the purchase, sale, issue, or cancellation of the Company's own equity instruments.

NOTE 3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosures of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected within the next financial year.

Critical judgements in applying the Group's accounting policies

The following represents a summary of the critical accounting judgements the management has made in the process of applying the Group's accounting policies:

Lease term of contracts with renewal or termination options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to exercise the option, or any periods covered by an option to terminate the lease, if it is reasonably certain not to exercise the option, within the period for which the contract is enforceable.

The Group determines the period for which the contract is enforceable considering the broader economics of the contract and not only contractual termination payments. For example, if the Group expects to use significant non-removable leasehold improvements beyond the date on which a lease contract can be terminated, the existence of those leasehold improvements may indicate that the Group might incur a more than insignificant penalty if it terminates the lease.

When the Group concludes that the enforceable period exceeds the notice period of a cancellable lease or the initial period of a renewable lease, the Group considers whether it is reasonably certain to extend the lease or not to exercise the option to terminate the lease. The threshold for being reasonably certain is not explicitly specified in IFRS 16 Leases. However, the Group considers reasonably certain to be lower than virtually certain and significantly higher than more likely than not under IAS 37 Provisions, Contingent liabilities and Contingent Assets. The Group applies judgement in evaluating whether it is reasonably certain to exercise an option to renew or not exercise an option to terminate a lease contract, considering all relevant factors that create an economic incentive for the Group to exercise the renewal or not exercise , an option to terminate, including significant leasehold improvements.

The main part of the Group's lease contracts excluding spectrum licences relates to the mobile networks (mainly towers) and land/property. For lease of land for own towers or leasing of towers from tower companies/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 the Group'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.

Consolidation of Digi

The Group consolidates Digi. Digi is listed on Bursa Malaysia Securities Berhad and the shares in Digi are widely dispersed. As the Group owns 49% of the shares, 98% of the shares must be present at the General Meeting for the Group not to have the majority of the votes at the General Meeting. As a consequence of this and based on experience from past general meetings, the Group has the power to direct Digi's activities. The Group's assessment is that the ability to exercise control is upheld through a majority of the votes at the General Meeting and at the Board of Directors meetings. Consolidation based on de facto control is assessed on an ongoing basis.

Key sources of estimation uncertainty – critical accounting estimates

A critical accounting estimate is one which is both important to the presentation of the Group's financial position and results and requires management's most difficult, subjective or complex judgements, often as a result of the need to make important estimates based on assumptions about the outcome of matters that are inherently uncertain. Management evaluates such estimates on an ongoing basis, based upon historical results and experience, consultations with experts, trends, and other methods which management considers reasonable under the circumstances, as well as forecasts as to how these might change in the future.

Depreciation and amortisation, see note 17, 18 and 19

Depreciation and amortisation expenses are based on management's estimates of residual value, depreciation and amortisation method and the useful life of property, plant and equipment, right-of-use assets, and intangible assets. Estimates may change due to technological developments, competition, changes in market conditions and other factors and may result in changes in the estimated useful life and in the amortisation or depreciation charges. Technological developments are difficult to predict and the Group's views on the trends and pace of development may change over time. Critical estimates in the evaluations of useful lives include, but are not limited to, remaining licence period and expected developments in technology and markets. The useful lives are reviewed at least annually taking into consideration the factors mentioned above and all other important relevant factors. Estimated useful lives for similar types of assets may vary between different entities in the Group due to local factors such as growth rate, maturity of the market, history and expectations for replacements or transfer of assets, climate and quality of components used. A change in estimated useful life is a change in accounting estimate, and depreciation and amortisation plans are adjusted prospectively.

Impairment, see note 15, 16, 17, 18, 19 and 20

The Group has made significant investments in property, plant and equipment, intangible assets, goodwill, associates and other investments, and is party to a significant amount of lease contracts giving rise to right-of-use assets, both in the ordinary telecommunication industry and in the digital sphere. Goodwill, intangible assets with indefinite useful life and intangible assets not yet in use are tested for impairment annually or more often if indicators of impairment exist, whereas other assets are tested for impairment when circumstances indicate there may be a potential impairment. Factors that indicate impairment which trigger impairment testing include the following: 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.

In accordance with IAS 36 Impairment of assets the recoverable amounts of assets and companies is the higher of value in use and fair value less cost of disposal. Value in use, particularly when discounted cash flow methods are used, involves management judgement. There is estimation uncertainty, complexity and subjectivity related to the value in use determination, including determining appropriate cash-generating units, determining the discount rate, 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. In some markets, certain expenses and capex are denominated in foreign currency and impacted by currency fluctuations. Recessionary 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.

There are significant variations between different markets with respect to growth, mobile penetration, ARPU, market share, inflation, regulatory costs, and technological development, resulting in differences in EBITDA margins, future investments, and long terms growth assumptions. The future developments of EBITDA margins, invested capital and growth, are important in the Group's impairment assessments, and the long-term estimates of EBITDA margins for each country are uncertain.

On 1 February 2021, a state of emergency under military leadership was declared in Myanmar. In the following weeks, Telenor has faced an irregular and uncertain situation, which may have an effect on the Group's financial statements within the next financial year.

Asset retirement obligations (ARO), see note 25

Asset retirement obligations exist where the Group has a legal or constructive obligation to remove an asset and restore the site. The Group has asset retirement obligations relating primarily to equipment and other leasehold improvements installed on leased network sites and in administrative and network buildings. Where the Group is required to settle an asset retirement obligation, the Group has estimated and capitalised the net present value of the obligations and increased the carrying value of the related asset.

In most situations, the timing of asset removals will be well into the future and there is uncertainty as to whether and when the obligation will be paid. Provisions for asset retirement obligations are based on management's estimates of the reasonably possible outcomes in terms of both the range of settlement dates and amount of expenses, as well as probabilities to be assigned to each of the reasonably possible outcomes. The actual gross removal costs that the Group will incur may be significantly different from the estimated costs, for example due to negotiation of prices for a large amount of removals or agreements that reduce or relieve the Group from its obligations. The actual timing of the removals may also differ significantly from the estimated timing, for example due to change in strategy, technological developments, changes in market conditions and other factors, and may result in changes in the provisions. The estimated cash flows are discounted at a pre-tax risk-free rate as risks are reflected in the cash flows.

Deferred tax assets, see note 13

Deferred tax assets are recognised to the extent that it is probable that the tax assets will be realised. Significant judgement is required to determine the amount that can be recognised and depends foremost on the expected timing, level of taxable profits as well as tax planning strategies and the existence of taxable temporary differences. The judgements relate primarily to tax losses carried forward in some of the Group's foreign operations. When an entity has a history of recent losses the deferred tax asset arising from unused tax losses is recognised only to the extent that there is convincing evidence that sufficient future taxable profit will be generated. Uncertainty related to new transactions and events and the interpretation of new tax rules may also affect these judgements.

Uncertain tax positions, legal proceedings, claims and regulatory discussions, see also note 13 and 34

The Group is subject to various legal proceedings, disputes and claims including regulatory discussions related to the Group's business, licences, tax positions, investments etc., of which the outcomes are subject to significant uncertainty. Management evaluates, among other factors, 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 the Group to accrue for a matter that has not been previously accrued for because it was not considered probable or a reasonable estimate could not be made, or increase or decrease an amount accrued for a matter in previous reporting periods.

Through the operations in many emerging markets, the Group is involved in legal proceedings, including regulatory discussions. The legal systems in these countries may, to varying degrees, be unpredictable. Accordingly, management's estimates relating to legal proceedings and regulatory issues in these countries involve a relatively high level of uncertainty.

The Bangladesh Telecommunication 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 8.5 billion. On 20 and 24 February 2020, the Appellate Division of the Supreme Court (AD) ordered Grameenphone to make payment of a total deposit of approximately NOK 2.2 billion to BTRC in two equal instalments before 24 February 2020 and 31 May 2020. Both instalments were paid before due dates. Errors in the audit-findings, the unprecedented long period covered by the audit, inclusion of already settled/resolved items, erroneous claim on behalf of third parties and 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. Please see Note 34 Legal disputes and contingencies for further details.

NOTE 4 Business combinations and discontinued operations

Discontinued operations and assets held for sale

As announced on 22 October 2019, the Group entered into an arrangement with Nordic Entertainment Group (NENT) to combine the companies' satellite-based entertainment businesses in a joint venture to extract synergies and deliver enhanced customer experience. With effect from the fourth quarter 2019, the Group's Canal Digital operations, the main contributor to the Broadcast segment, were classified as asset held for sale and discontinued operations in the Group's financial reporting. The arrangement was approved by the European Commission on 30 April 2020 and the transaction was closed on 5 May 2020. Accordingly, the Group disposed of Canal Digital as a subsidiary and recognised its 50% share of the joint venture Allente at fair value of NOK 3.1 billion with a gain of NOK 1.7 billion recognised in the income statement during the second quarter of 2020.

During 2019, Telenor Banka in Serbia which was one of the two main contributors to the Financial Services segment, remained classified as asset held for sale and discontinued operations until it was disposed of on 20 February 2019.

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 Bharti 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.

The results of all disposal groups are presented as discontinued operations until disposal:

NOK in millions	2020	2019
Revenue	1 296	4 201
EBITDA	317	(645)
EBIT	317	(697)
Profit (loss) before tax	**378**	**(623)**
Income taxes	(2)	(91)
Profit (loss) after tax	**375**	**(714)**
Gain (loss) on disposal after tax	1 620	(28)
Profit (loss) from discontinued operations	**1 995**	**(742)**

During 2020 Canal Digital contributed with profit after tax of NOK 240 million until its disposal as subsidiary (NOK 952 million in 2019).

During 2019, an increase of NOK 1.7 billion in the provision related to the guarantee to Bharti Airtel was recognised after a ruling by the Supreme Court of India with regard to Adjusted Gross Revenue (AGR) as basis for licence fee and spectrum usage charge. See note 34 for more information.

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	2020	2019
Net cash flow from operating activities	139	1 006
Net cash flow from investing activities	(531)	(779)
Net cash flow from financing activities	-	(4)

The major classes of assets and liabilities of the disposal groups (primarily India as of 31 December 2020, and Canal Digital and India as of 31 December 2019):

NOK in millions	31 December 2020	31 December 2019
ASSETS		
Property, plant and equipment	-	10
Goodwill	-	1 597
Intangible assets	-	183
Other non-current assets	-	338
Inventory	-	103
Trade and other receivables	-	525
Cash and cash equivalents	-	735
Total assets classified as held for sale	**-**	**3 489**
Liabilities		
Non-current liabilities	-	86
Current liabilities	3 070	4 890
Total liabilities held for sale	**3 070**	**4 976**

Liabilities held for sale includes provision of NOK 3.0 billion (NOK 3.4 billion as of 31 December 2019) representing the exposure to claims from the Indian Department of Telecommunications (DoT) related to the period the Group owned the business in India.

Business combinations 2019

On 9 April 2019, Telenor Group entered into agreements to acquire 54% of the shares in the Finnish telecom operator DNA Plc from Finda Telecoms Oy and PHP Holding Oy (holding 28.3% and 25.8% respectively) for EUR 20.90 per share in cash. Following approval by the general meetings of the sellers and required regulatory approvals, the transaction was completed 21 August 2019. As a result of the transaction, Telenor launched a mandatory public tender offer (MTO) on 29 August 2019, for the remaining outstanding shares in DNA at a cash consideration of EUR 20.90 per share. The offer period ended 26 September 2019, after which Telenor had obtained approx. 95% of the outstanding shares and voting interests in DNA. Upon expiry of the MTO, Telenor extended the tender offer period until 10 October 2019, after which Telenor held close to 98% of the shares and voting rights. During the beginning of 2020, Telenor redeemed the remaining minority shareholders, and now holds 100% of the shares and voting rights.

DNA is an integrated fixed and mobile telecom operator based in Helsinki. The company is the third largest mobile operator in Finland, with around 2.7 million subscribers, 27% market share and 1,600 employees. In addition, DNA is the second largest fixed broadband provider and the largest cable TV provider in Finland. DNA complements Telenor's operations in the Nordic region.

IFRS does not specifically address the accounting for a sequence of transactions that begins with an acquirer gaining control over another entity, followed by acquiring additional ownership interests shortly thereafter. Since the MTO arose from the same transactions in which Telenor gained control over DNA, and Telenor had no discretion to reject acceptances of the offer, Telenor accounted for the initial acquisition of 54% and the acquisition of the additional 41% under the MTO as one transaction as of the acquisition date 21 August 2019. The total transaction price for 95% of the shares amounted to NOK 25.9 billion (EUR 2.6 billion).

According to the Limited Liability Companies Act in Finland, the remaining minority shareholders had a right to demand their shares redeemed and Telenor had a right to redeem these shares at 'the fair price'. Telenor assessed that it had present ownership interest over the shares in DNA held by the non-controlling interests from 26 September 2019, and no non-controlling interests remained in the statement of financial position as of 31 December 2019. A liability of NOK 1.5 billion was recorded as of 26 September 2019 based on the same price per share as in the MTO, to reflect the redemption amount. As of 31 December 2019, NOK 0.6 billion of the liability remained. Transaction costs of approximately NOK 93 million were recognised as other operating expenses.

The purchase price allocation was performed with assistance from third-party valuation experts. The fair values of the identifiable assets and liabilities of the business as at the acquisition date 21 August 2019 were:

Fair values as of acquisition date

NOK in millions	
Assets	
Property, plant and equipment	8 590
Spectrum licences	2 572
Customer base	1 523
Brands	3 080
Other right-of-use assets	793
Other intangibles	541
Trade receivables	2 771
Other assets	990
Cash and cash equivalents	351
Total assets	**21 211**
Liabilities	
Deferred tax	(2 385)
Non-current liabilities	(4 873)
Current liabilities	(3 874)
Total liabilities	**(11 132)**
Net identifiable assets	**10 079**
Goodwill	16 498
NCI	(651)
Total consideration for 95% of the shares	**25 926**
Of which cash	14 832
Of which liability	11 094

The fair value of property, plant and equipment was established by depreciating the estimated replacement cost to reflect the value attributable to the remaining portion of the useful lives of the assets. The fair value of spectrum was primarily based on an approach which assumed the licence was given back to the regulator and auctioned again as a standalone asset. The fair value of brands was derived from estimated royalty rates, and the fair value of customer relationships was based on an excess earnings approach.

The valuation was completed during the beginning of 2020 with minor adjustments compared to the provisional values, resulting in a total goodwill of NOK 16.5 billion arising on the acquisition. The goodwill comprised the value of expected synergies, assembled workforce, and deferred tax on excess values. None of the goodwill is expected to be deductible for income tax purposes.

For the period between the date of acquisition and 31 December 2019, DNA contributed NOK 3,434 million to Telenor Group's revenues and NOK 175 million to profit before tax. If the business combination had taken place at the beginning of 2019, the Group's revenues would have been NOK 119,548 million in 2019 and profit before tax for the Group in 2019 would have been NOK 21,898 million.

NOTE 5 **Segments**

Segment information for 2020 and 2019 is reported in accordance with the reporting to Group Executive Management (chief operating decision makers) and is consistent with financial information used for assessing performance and allocating resources. The accounting principles for the segment reporting are consistent with those applied by the Group after the implementation of IFRS 16 *Leases*. The Group's operating and reportable segments are based on business activities and geographical location. The main products and services are mobile communication and fixed line communication. In addition, the Group reports Other units as a separate segment.

The Group's 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 passive 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, Global Services which is focused on interconnecting global operators and delivering key communications services on a global scale, Telenor Real Estate, 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 and financial services, none of which are material enough to be reported as separate segments.

Deliveries of network-based regulated services within the Group are based on cost-oriented prices based on negotiations between the units. All other 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.

Segment Information 2020

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	26 307	25 509	12 787	11 368	(6 345)	5 023	5 308	24 322
Sweden	12 618	12 561	4 832	4 686	(2 457)	2 228	1 435	16 642
Denmark	5 308	5 217	1 360	1 270	(953)	317	520	4 795
DNA - Finland	9 998	9 977	3 553	3 576	(2 547)	1 030	1 903	33 764
dtac - Thailand	23 704	23 661	9 076	8 844	(6 302)	2 542	7 717	41 502
Digi - Malaysia	13 766	13 719	6 938	6 819	(2 734)	4 085	1 605	12 511
Grameenphone - Bangladesh	15 483	15 411	9 776	9 659	(2 623)	7 036	1 165	6 474
Pakistan	5 880	5 598	3 167	3 133	(1 929)	1 205	889	9 454
Myanmar	7 069	6 971	4 055	4 154	(2 755)	1 399	540	11 963
Other units	7 919	4 186	1 724	5 807	(1 234)	4 573	724	n.m.
Eliminations	(5 240)	-	(748)	(752)	815	63	-	n.m.
Group	**122 811**	**122 811**	**56 520**	**58 565**	**(29 065)**	**29 500**	**21 807**	**n.m.**

Segment Information 2019

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 [4]	26 392	25 944	12 612	12 441	(5 306)	7 135	5 854	24 085
Sweden	12 195	12 129	4 667	4 580	(2 085)	2 494	1 310	16 190
Denmark	4 980	4 871	1 257	1 294	(941)	353	472	5 338
DNA - Finland	3 434	3 434	1 030	1 027	(823)	205	854	n.m.
dtac - Thailand	23 048	22 994	8 647	8 421	(5 674)	2 747	3 683	38 284
Digi - Malaysia	13 375	13 334	7 025	7 006	(2 543)	4 463	1 599	11 730
Grameenphone - Bangladesh	14 980	14 980	9 218	9 113	(2 445)	6 668	1 825	6 282
Pakistan	6 232	6 029	3 168	3 155	(1 780)	1 374	1 446	8 744
Myanmar	5 825	5 690	3 116	3 073	(2 372)	701	625	12 537
Other units [4]	7 914	4 258	877	1 081	(1 005)	77	28 214	n.m.
Eliminations	(4 709)	-	(883)	(916)	400	(515)	-	n.m.
Group	**113 666**	**113 666**	**50 735**	**50 276**	**(24 574)**	**25 702**	**45 882**	**n.m.**

[1] See table below for definition and reconciliation of EBITDA. EBITDA before other income and other expenses is the segment results.
[2] Investments consist of capex and investments in businesses. See page 179 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 179 for alternative performance measures. (n.m. – not measured)
[4] Financial figures for 2019 have been restated due to changes in composition of reportable segments.

Change in composition of reportable segments

In the first quarter 2020, Norkring was demerged into two businesses, of which one was merged with Telenor Norway, while the other became part of the infrastructure company Telenor Infra. The segment information for 2019 has been restated to reflect this.

Reconciliation

NOK in millions	2020	2019
EBITDA	58 565	50 276
Other income	4 588	741
Other expenses	(2 543)	(1 200)
EBITDA before other income and other expenses	**56 520**	**50 735**

Geographical distribution of external revenues based on customer location

NOK in millions	2020	2019
Norway	26 302	26 111
Sweden	13 056	12 426
Denmark	5 414	4 925
Finland	9 861	3 467
Thailand	23 690	22 958
Malaysia	13 776	13 431
Bangladesh	15 412	14 990
Pakistan	5 598	6 033
Myanmar	6 979	5 965
Other Asia	430	472
Other countries	2 294	2 885
Total revenues	**122 811**	**113 666**

Assets by geographical location of the company

	Non-current assets excluding deferred tax assets and other non-current assets		Total assets	
NOK in millions	2020	2019	2020	2019
Norway	34 882	36 134	59 584	56 258
Sweden	20 270	17 037	25 773	22 903
Denmark	3 891	3 959	10 939	10 766
Finland	36 344	33 457	40 706	37 682
Thailand	42 644	41 986	54 402	53 663
Malaysia	13 704	13 039	17 853	18 313
Bangladesh	11 378	12 719	14 910	15 385
Pakistan	9 508	10 909	13 563	14 834
Myanmar	13 180	13 284	14 802	14 876
Other Asia	2 769	2 702	3 382	3 351
Other countries	194	454	483	866
Total assets	**188 766**	**185 679**	**256 398**	**248 899**

Disaggregation of revenues

Disaggregation of revenues from contract with customers

In the following table, revenues are disaggregated by major revenue streams divided into the reportable segments as shown in note 5.

Year 2020

NOK in millions	Norway	Sweden	Denmark	DNA Finland	dtac Thailand	Digi Malaysia	Grameenphone Bangladesh	Pakistan	Myanmar	Other units	Eliminations	Group
Type of good/ services												
Mobile operation	**15 503**	**8 718**	**4 777**	**7 722**	**20 681**	**13 579**	**15 309**	**5 729**	**7 012**	**-**	**(1 186)**	**97 843**
Services	13 263	6 830	3 591	6 123	18 612	12 143	15 295	5 684	7 012	-	(1 175)	87 378
Goods	2 240	1 887	1 185	1 599	2 070	1 437	13	45	-	-	(11)	10 465
Fixed operation	**9 679**	**3 697**	**505**	**2 241**	**-**	**-**	**-**	**-**	**51**	**1 845**	**(621)**	**17 397**
Services	9 274	3 675	505	2 241	-	-	-	-	51	1 845	(529)	17 061
Goods	405	22	-	-	-	-	-	-	-	-	(92)	336
Other	**712**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4 295**	**(1 975)**	**3 032**
Services	712	-	-	-	-	-	-	-	-	4 290	(1 975)	3 027
Goods	-	-	-	-	-	-	-	-	-	5	-	5
Sum type of goods/services	**25 894**	**12 415**	**5 281**	**9 963**	**20 681**	**13 579**	**15 309**	**5 729**	**7 063**	**6 139**	**(3 781)**	**118 272**
Type of mobile subscription												
Contract	11 452	6 052	3 250	5 579	11 908	5 454	647	179	66	-	(55)	44 533
Prepaid	154	171	-	220	6 039	6 452	14 604	5 440	6 921	-	(439)	39 562
Other [1]	1 658	607	341	324	665	236	45	65	25	-	(681)	3 284
Sum services in Mobile operation	**13 263**	**6 830**	**3 591**	**6 123**	**18 612**	**12 143**	**15 295**	**5 684**	**7 012**	**-**	**(1 175)**	**87 378**
Timing of revenue												
Over time	23 249	10 506	4 096	8 363	18 612	12 143	15 295	5 684	7 063	6 135	(3 679)	107 467
At a point in time	2 645	1 910	1 185	1 599	2 070	1 437	13	45	-	5	(102)	10 806
Total revenue from contract with customers	**25 894**	**12 415**	**5 281**	**9 963**	**20 681**	**13 579**	**15 309**	**5 729**	**7 063**	**6 139**	**(3 781)**	**118 272**
Other revenue [2]	414	203	27	35	3 022	187	174	151	6	1 779	(1 460)	4 537
Total revenue	**26 307**	**12 618**	**5 308**	**9 998**	**23 704**	**13 766**	**15 483**	**5 880**	**7 069**	**7 919**	**(5 240)**	**122 811**
Segment revenue as presented in note 5	**26 307**	**12 618**	**5 308**	**9 998**	**23 704**	**13 766**	**15 483**	**5 880**	**7 069**	**7 919**	**(5 240)**	**122 811**

1) Other includes revenues from other mobile and non-mobile services, refer to definitions on page 179.
2) Other revenue includes mainly lease revenue, see note 18 for more information.

Year 2019

NOK in millions	Norway	Sweden	Denmark	DNA Finland	dtac Thailand	Digi Malaysia	Grameenphone Bangladesh	Pakistan	Myanmar	Other units[3]	Eliminations	Group
Type of good/ services												
Mobile operation	**15 175**	**8 562**	**4 470**	**2 611**	**20 839**	**13 191**	**14 820**	**6 162**	**5 797**	**-**	**(891)**	**90 736**
Services	12 999	6 850	3 358	2 004	18 439	11 984	14 802	6 052	5 796	-	(890)	81 394
Goods	2 176	1 712	1 112	608	2 400	1 207	18	109	-	-	(1)	9 342
Fixed operation	**9 935**	**3 452**	**485**	**811**	**-**	**-**	**-**	**-**	**24**	**2 321**	**(766)**	**16 261**
Services	9 350	3 400	485	811	-	-	-	-	24	2 321	(672)	15 719
Goods	585	51	-	-	-	-	-	-	-	-	(94)	542
Other	**734**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**5 186**	**(2 748)**	**3 172**
Services	734	-	-	-	-	-	-	-	-	5 174	(2 748)	3 160
Goods	-	-	-	-	-	-	-	-	-	12	-	12
Sum type of goods/services	**25 844**	**12 013**	**4 955**	**3 422**	**20 839**	**13 191**	**14 820**	**6 162**	**5 821**	**7 506**	**(4 405)**	**110 169**
Type of mobile subscription												
Contract	11 452	6 098	3 063	1 823	11 197	5 249	628	191	43	-	3 137	42 881
Prepaid	164	153	-	74	6 702	6 433	14 116	5 795	5 703	-	(3 537)	35 603
Other [1]	1 384	598	295	107	539	302	58	67	50	-	(490)	2 910
Sum services in Mobile operation	**12 999**	**6 850**	**3 358**	**2 004**	**18 439**	**11 984**	**14 802**	**6 052**	**5 796**	**-**	**(890)**	**81 394**
Timing of revenue												
Over time	23 083	10 250	3 843	2 815	18 439	11 984	14 802	6 052	5 821	7 495	(4 310)	100 273
At a point in time	2 761	1 764	1 112	608	2 400	1 207	18	109	-	12	(95)	9 896
Total revenue from contract with customers	**25 844**	**12 013**	**4 955**	**3 422**	**20 839**	**13 191**	**14 820**	**6 162**	**5 821**	**7 506**	**(4 405)**	**110 169**
Other revenue [2]	548	182	25	12	2 209	184	160	71	4	407	(305)	3 496
Total revenue	**26 392**	**12 195**	**4 980**	**3 434**	**23 048**	**13 375**	**14 980**	**6 232**	**5 825**	**7 914**	**(4 709)**	**113 666**
Segment revenue as presented in note 5	**26 392**	**12 195**	**4 980**	**3 434**	**23 048**	**13 375**	**14 980**	**6 232**	**5 825**	**7 914**	**(4 709)**	**113 666**

1) Other includes revenues from other mobile and non-mobile services, refer to definitions on page 179.
2) Other revenue includes mainly lease revenue, see note 18 for more information.
3) Figures for 2019 have been restated due to changes in the composition of reportable segments, see note 5.

Type of goods/ services:

Mobile operation:

Services: include revenues from subscription and connection fees, voice and non-voice traffic, interconnect, outbound and inbound roaming, national roaming, telemetric, revenues related to service providers and MVNOs, and other mobile services.

Goods: include revenues from sales of handsets and other customer equipment.

Fixed operation:

Services: include revenues from traffic, subscription and connection fees for PSTN/ISDN and Voice over Internet Protocol (VoIP), revenues from subscription, traffic charges and connection fees for xDSL, cable and fibre, revenues from TV services and data services, and revenues from fixed wholesale and other fixed retail.

Goods: include revenues from sales of customer equipment.

Other includes revenues mainly from non-core services in Other units.

Type of mobile subscription:

Contract includes revenues from subscriptions which are paid according to invoice from the Group. Revenue is recognised over time when or as the Group performs the related services over the agreed service period.

Prepaid includes revenues from subscriptions paid for in advance, except when invoiced in advance by the Group. Revenues are recognised based on usage.

Other includes revenues from other mobile services.

Timing of revenue recognition:

Over time includes revenues from the provision of services recognised over time when or as the Group performs the related services over the agreed service period, by measuring progress towards complete satisfaction of the performance obligation.

At a point in time includes revenues from sale of goods recognised at the point in time when the goods are delivered to the customer.

NOTE 7 Costs of materials and traffic charges

NOK in millions	2020	2019
Traffic charges	**(13 192)**	(13 168)
Cost of materials etc	**(16 576)**	(14 744)
Total costs of materials and traffic charges	**(29 768)**	**(27 912)**

Costs of materials etc includes variable lease expenses, see note 18 for more information.

NOTE 8 Salaries and personnel costs

NOK in millions	2020	2019
Salaries and holiday pay	**(10 127)**	(9 505)
Social security tax	**(952)**	(950)
Pension costs including social security tax (note 26)	**(1 043)**	(947)
Share-based payments [1]	**(160)**	(172)
Other personnel costs	**(539)**	(620)
Own work capitalised	**1 421**	1 390
Total salaries and personnel costs	**(11 398)**	**(10 803)**

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 35 as well as chapter 11 and 12 in the corporate governance section of the Board of Directors' report on pages 46 and 49).

The average number of labour-years employed in continuing operations was approximately 19,000 in 2020 and 20,000 in 2019.

NOTE 9 Other operating expenses

NOK in millions	2020	2019
Other cost of premises, vehicles, office equipment etc.	**(2 992)**	(2 650)
Operation and maintenance	**(6 764)**	(6 040)
Marketing and sales commission	**(5 670)**	(6 016)
Advertising	**(1 852)**	(1 773)
External personnel and consultancy fees	**(2 049)**	(1 927)
Variable lease expenses [1]	**(3 407)**	(3 265)
Other [2]	**(2 391)**	(2 543)
Total other operating expenses	**(25 125)**	**(24 215)**

1) See note 18 for more information.
2) Includes expenses related to short term and low value leases, see note 18 for more information.

NOTE 10 Other income and other expenses

NOK in millions	2020	2019
Gains on disposals of property, plant and equipment (PPE), right-of-use assets and operations	4 438	696
Other	150	46
Total other income	**4 588**	**741**
Losses on disposals of property, plant and equipment (PPE), right-of-use assets and operations	(577)	(283)
Expenses for workforce reductions, onerous contracts and other	(1 966)	(917)
Total other expenses	**(2 543)**	**(1 200)**

For the year 2020, other income consisted mainly of the gain on sale of Tapad of NOK 2.1 billion, the gain on sale and partial leaseback of the headquarter office building at Fornebu, Norway of NOK 1.2 billion, a gain of NOK 538 million from the sale and leaseback of development properties in Norway, and a NOK 310 million adjustment to the gain on the partial disposal of 701Search in 2019. Other expenses were mainly related to a provision of NOK 1.2 billion based on the decision from ESA (see note 34), and workforce reductions (of which NOK 308 million in Telenor Norway, NOK 139 million in Grameenphone, and NOK 110 million in Telenor Sweden).

In 2019, other expenses consisted mainly of workforce reductions (of which NOK 255 million in Corporate Functions, NOK 208 million in Telenor Norway and NOK 167 million in dtac). Other income consisted mainly of gains on the partial disposal of 701Search of NOK 235 million and Digital Money Myanmar of NOK 216 million, as well as a gain of NOK 119 million in Telenor Denmark from a sale and partial leaseback of assets.

NOTE 11 Research and development costs

Research and development costs that have been recognised in the income statement amount to NOK 238 million in 2020 (NOK 280 million in 2019). Expensed research and development activities mainly relate to new technologies, digital services and products, 5G projects, security awareness and new usages of the existing network.

NOTE 12 Financial income and expenses

NOK in millions	2020	2019
Interest income on cash and cash equivalents	500	644
Other financial income	175	710
Total financial income	**675**	**1 354**
Interest expenses on financial liabilities [1]	(3 970)	(4 561)
Other financial expenses	(665)	(470)
Total financial expenses	**(4 635)**	**(5 031)**
Foreign currency gains	3 080	884
Foreign currency losses	(1 891)	(1 166)
Net foreign currency gains (losses)	**1 189**	**(282)**
Net change in fair value of financial instruments at fair value through profit or loss	(373)	4
Net change in fair value of hedging instruments and hedged items	(354)	56
Net gains (losses and impairment) on financial assets and liabilities	-	15
Other changes	**(727)**	**75**
Net financial income (expenses)	**(3 498)**	**(3 884)**

[1] Includes interest expenses on lease liabilities, see note 18 for more information.

Other financial income for 2019 includes VEON dividends equivalent to NOK 556 million.

In 2020, interest expenses related to interest-bearing debt amounts to NOK 2.0 billion, a decrease of NOK 0.7 billion compared to 2019. This decrease is mainly explained by lower interest rates. Further, interest expenses on lease liabilities amounts to NOK 2.0 billion, an increase of NOK 0.1 billion compared to 2019.

Net foreign currency gains were NOK 1.2 billion in 2020, compared to losses of NOK 0.3 billion in 2019. The net foreign currency gains mainly related to funding activities in EUR in the beginning of 2020. The Norwegian Krone strengthened against USD during second half of 2020, reversing most of the net currency losses related to liabilities denominated in USD in the first half of 2020. Liabilities in other currencies than USD are to a large extent used for net investment hedges, and related currency gains or losses are classified within other comprehensive income. Net foreign currency losses in 2019 are mainly related to USD liabilities in Pakistan and translation of debt denominated in USD used for economic hedges of assets.

Net change in fair value of financial instruments in 2020 includes a loss of NOK 0.3 billion related to discontinuation of fair value hedge accounting.

NOTE 13 Income taxes

NOK in millions	2020	2019
Profit before taxes	25 641	20 968
Current taxes	(6 385)	(9 237)
Deferred taxes	(192)	204
Income tax expense	**(6 577)**	**(9 033)**

The decrease of current taxes compared to last year is mainly due to the reassessment order received in 2019 from Norwegian Tax Authorities disallowing deduction for the tax loss Telenor ASA had on guarantees to its former Indian operation in 2013 (see comments below on Prior years' assessments or adjustments on current tax).

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	2020	2019
Income tax expense at corporate income tax rate in Norway 22%	(5 641)	(4 613)
Effect of tax rates outside Norway different from 22%	(1 347)	(1 306)
Effect of changes in tax rates	9	(36)
Current and deferred taxes on retained earnings and dividend in subsidiaries and associated companies	(253)	(349)
Sale of Telenor properties	679	-
Sale of Tapad	201	-
Provision based on the ESA decision	(257)	-
Other items	54	(161)
Prior years assessments or adjustments on current tax	(66)	(2 535)
Deferred tax assets not recognised current year	(1)	(16)
Change in previously not recognised deferred tax assets	45	(18)
Income tax expense	**(6 577)**	**(9 033)**
Effective tax rate in %	**25.7**	**43.1**

Tax rates outside Norway different from 22%

Effects are mainly related to Grameenphone Ltd. (Bangladesh: 40%) and Telenor Pakistan (29%) having higher nominal tax rates than the nominal tax rate for Norway. Telenor Myanmar (25%) and Digi (Malaysia: 24%) also have higher nominal tax rates, while Telenor Sweden (21.4%), DNA (Finland: 20%) and dtac (Thailand: 20%) have lower nominal tax rates.

Effect of changes in tax rates

Sweden enacted a decrease of their corporate income tax rate from 21.4% to 20.6% from 1 January 2021.

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 2020 and 2019.

Sale of Telenor's properties

Telenor has carried out an intra-group restructuring where the purpose has been to cultivate the Group's real estate business. As part of the restructuring several sales transactions have been completed, including the sale of the headquarter at Fornebu.

Sale of Tapad

The tax effect of the non-taxable gain on the disposal of Tapad is partly offset by tax on a gain on a related internal loan receivable.

Provision based on the ESA decision

The 2020 tax effect relates to NOK 1.2 billion provision for ESA decision against Telenor for abuse of dominant position in the Norwegian mobile broadband market (see note 34).

Other items

In 2020 non-deductible items are offset by tax credits on network investments in dtac. In 2019 non-deductible items are offset by the tax effect from non-taxable dividend income from VEON.

Prior years' assessments or adjustments on current tax

For 2019, the impact is mainly due to reassessment order from Norwegian Tax Authorities disallowing deduction for the actual tax loss Telenor ASA recognised in 2013 upon settlement of bank guarantees related to its former Indian subsidiary Unitech Wireless.

Tax losses carried forward

Tax losses carried forward in selected countries expire as follows as of 31 December 2020:

NOK in millions	Denmark	Thailand	USA	Other	Total
2021	-	-	-	26	26
2022	-	1 821	-	4	1 825
2023	-	2 223	-	-	2 223
2024	-	1 012	-	-	1 012
2025	-	366	-	-	366
2026 and later	-	-	-	256	256
Not time-limited	1 026	442	-	289	1 757
Total tax losses carried forward	**1 026**	**5 863**	**-**	**576**	**7 465**
Of which deferred tax assets have not been recognised	153	513	-	505	1 171
Of which deferred tax assets have been recognised	**873**	**5 351**	**-**	**71**	**6 294**

Tax losses carried forward in selected countries expire as follows as of 31 December 2019:

NOK in millions	Denmark	Thailand	USA	Other	Total
2020	-	296	-	62	358
2021	-	1 368	-	-	1 368
2022	-	1 943	-	4	1 947
2023	-	2 299	-	-	2 299
2024	-	1 055	-	-	1 055
2025 and later	-	-	1 115	450	1 565
Not time-limited	2 273	496	55	179	3 002
Total tax losses carried forward	**2 273**	**7 458**	**1 170**	**695**	**11 595**
Of which deferred tax assets have not been recognised	144	541	1 170	594	2 448
Of which deferred tax assets have been recognised	**2 129**	**6 917**	**-**	**101**	**9 147**

In 2020, tax losses carried forward, before and after valuation allowance, decreased by NOK 4.1 billion and NOK 2.8 billion respectively, mainly due to disposal of Tapad, and utilisation of tax losses in Denmark and Thailand. In 2019, tax losses carried forward, before and after valuation allowance, increased by NOK 1.0 billion and NOK 1.3 billion respectively, mainly due to the settlement cost between dtac and CAT becoming tax deductible with net increase in tax losses of NOK 1.5 billion in Thailand.

Tax assets recognised on tax losses carried forward

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 1.9 billion. 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 has appealed the reassessment. In a decision received 10 February 2021 the Tax Appeal Board upheld the reassessment. Telenor ASA will appeal the decision to the district court.

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

NOK in millions	2020 Deferred tax assets	2020 Deferred tax liabilities	2020 Of which deferred assets not recognised	2019 Deferred tax assets	2019 Deferred tax liabilities	2019 Of which deferred assets not recognised
Tangible and intangible assets	1 130	(12 487)	(91)	709	(12 174)	(95)
Undistributed earnings in foreign subsidiaries and associated companies	-	(465)	-	-	(434)	-
Non-current borrowings	6 785	(215)	-	6 257	(288)	-
Other non-current items	1 072	(1 194)	-	809	(1 099)	-
Total non-current assets and	8 987	(14 361)	(91)	7 775	(13 994)	(95)
Total current assets and liabilities	2 310	(111)	-	2 135	(144)	-
Tax losses carried forward	1 516	-	(239)	2 380	-	(515)
Total deferred tax assets/liabilities	**12 812**	**(14 472)**	**(330)**	**12 291**	**(14 138)**	**(610)**
Net deferred tax assets/liabilities	**-**	**(1 990)**	**-**	**-**	**(2 457)**	**-**
Of which deferred tax assets	-	2 841	-	-	2 445	-
Of which deferred tax liabilities	-	(4 831)	-	-	(4 902)	-

For 2020, the increase in deferred tax assets on non-current borrowings is mainly related to the increase of lease liabilities from the sale and lease back of the headquarter office building.

Changes in net deferred tax assets/liabilities

NOK in millions	2020	2019
As of 1 January	**(2 457)**	(623)
Recognised in the income statement	**(192)**	204
Recognised in other comprehensive income	**881**	(170)
Recognised directly to equity	**(19)**	7
Acquisitions and disposals of subsidiaries	**(90)**	(2 072)
Translation differences on deferred taxes	**(113)**	196
As of 31 December	**(1 990)**	**(2 457)**

For 2020, the increase in the amount recognised in other comprehensive income between 2020 and 2019 is related to losses on net investment hedges. Acquisitions and disposals of subsidiaries is higher in 2019 due to the acquisition of DNA Plc.

NOTE 14 Earnings per share

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

NOK in millions	2020	2019
Net income from continuing operations	**15 346**	8 515
Net income from discontinued operations	**1 995**	(742)
Net income from total operations	**17 341**	7 773
Basic/Diluted earnings per share from continuing operations	**10.90**	5.91
Basic/Diluted earnings per share from discontinued operations	**1.42**	(0.52)
Basic/Diluted earnings per share for total operations	**12.32**	**5.40**

Number of shares

In thousands	2020	2019
Weighted average number of shares for the purpose of basic earnings per share	**1 407 764**	1 440 183

NOTE 15 **Goodwill**

NOK in millions	Telenor Sweden	dtac Thailand	DNA Finland	Broadcast	701Search	Tapad	Other [1]	Sum
Accumulated cost								
As of 1 January 2019	**6 292**	**3 364**	**-**	**1 725**	**2 313**	**2 785**	**1 499**	**17 977**
Translations differences	(168)	331	(102)	(2)	25	31	13	127
Arising on acquisition of subsidiaries	-	-	16 498	-	-	-	-	16 498
Derecognised on disposal of subsidiaries and reclassified to assets held for sale	-	-	-	(1 723)	(2 337)	-	-	(4 060)
As of 31 December 2019	**6 124**	**3 694**	**16 396**	**-**	**-**	**2 816**	**1 512**	**30 541**
Translations differences	647	(122)	1 006	-	-	200	(4)	1 727
Arising on acquisition of subsidiaries	-	-	-	-	-	-	85	85
Derecognised on disposal of subsidiaries and reclassified to assets held for sale	-	-	-	-	-	(3 016)	(89)	(3 105)
As of 31 December 2020	**6 771**	**3 572**	**17 401**	**-**	**-**	**-**	**1 504**	**29 248**
Accumulated impairment								
As of 1 January 2019	**(258)**	**-**	**-**	**(127)**	**(380)**	**(2 785)**	**(24)**	**(3 574)**
Translations differences	7	-	-	-	(4)	(31)	-	(28)
Derecognised on disposal of subsidiaries and reclassified to assets held for sale	-	-	-	127	384	-	-	511
As of 31 December 2019	**(251)**	**-**	**-**	**-**	**-**	**(2 816)**	**(24)**	**(3 091)**
Translations differences	(27)	-	-	-	-	(200)	-	(226)
Derecognised on disposal of subsidiaries and reclassified to assets held for sale	-	-	-	-	-	3 016	-	3 016
As of 31 December 2020	**(278)**	**-**	**-**	**-**	**-**	**-**	**(24)**	**(301)**
Carrying amount								
As of 31 December 2020	6 493	3 572	17 401	-	-	-	1 480	28 947
As of 31 December 2019	5 873	3 694	16 396	-	-	-	1 488	27 451

[1] Other includes primarily Digi (Malaysia) and Telenor Norway.

See note 16 for impairment testing.

NOTE 16 Impairment testing

Goodwill acquired through business combinations has been allocated to individual cash-generating units as presented in note 15.

The recoverable amount of assets and companies is the higher of value in use and fair value less cost of disposal. Fair value less cost of disposal derived from quoted market prices as of 31 December 2020 and 2019, has been applied to determine the recoverable amount of the listed cash-generating units with goodwill, Digi and dtac. Digi is listed on the Stock Exchange in Malaysia and dtac is listed on the Stock Exchange in Thailand.

Discounted cash flow models have been applied to determine the value in use for the remaining cash-generating units, 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 2021-2023 and 2021-2025 for DNA. 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.

Key assumptions in the discounted cash flow models used for value in use calculations

Key assumptions used in the calculation of value in use are growth rates, ARPU, EBITDA margins, capital expenses (capex) and discount rates.

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 operates.

ARPU – Average revenue per subscription per month (ARPU), a key component when estimating revenue growth, 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 margin[1)] – 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 does not include capex that enhances current performance of assets, or new licences. Hence, such effects are not included in the cash flow projections. However, renewals of existing licences are included as separately calculated cash flows.

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 10-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 179 for description of alternative performance measures.

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 2020 and 2019:

	Discount rate after tax (%)		Discount rate pre-tax (%)		Nominal growth in cash flow in terminal value (%)	
	2020	2019	2020	2019	2020	2019
Telenor Sweden	**5.0**	6.0	**6.4**	7.6	**0.0**	0.0
DNA [1)]	**5.0**	6.5	**6.3**	8.1	**0.5**	1.0

1) WACC of 6.5% was applied in determining fair value less cost of disposal of DNA in 2019, which represents the WACC applied in the acquisition case for DNA. Comparable WACC in a value in use calculation in 2019 would have been 6.1%.

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.

Impairment in 2020 and 2019

The Group has not recognised any significant impairments in 2020 or 2019.

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 subject to scenario analysis incorporating the uncertainty related to the low interest rates at the end of 2020. The weighted estimated recoverable amount exceeds the carrying amount of DNA by approximately NOK 3.5 billion. Key assumptions used to determine recoverable amount of DNA are listed in the table below:

Key assumptions in 2020	DNA
Revenue growth during 2021-2025, percent [1)]	2.4
EBITDA growth during 2021-2025, percent [1)]	5.1
EBITDA margin growth from 2021 to 2025, percentage points [2)]	1.0
EBITDA margin in the year used as basis for calculation of terminal value, percent	40.7
Nominal growth in cash flow in terminal value, percent	0.5
Capex/revenues in the terminal value, percent	14.3
WACC, percent	5.0

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 to existing customers and a potential for increased market share within the business segment, 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% for the next 30 years, and inflation is expected to be between 1.5%-1.8% per year. 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. Changes beyond those described below may lead to impairment:

DNA
Decrease in revenue growth [1)] during 2021-2025 by 1.1 percentage points
Decrease in EBITDA growth [1)] during 2021-2025 by 0.9 percentage points
Decrease in EBITDA margin growth [2)] from 2021 to 2025 by 0.4 percentage points
Decrease in EBITDA margin in the year used as basis for calculation of terminal value by 2.1 percentage points
Decrease in nominal growth in cash flow in terminal value by 0.5 percentage points
Increase in capex/revenues in the terminal value by 1.8 percentage points
Increase in WACC by 0.4 percentage points

1) Represents the compound annual growth rate during the period.
2) Represents annual growth during the period.

Sensitive cash-generating units without goodwill

Telenor Pakistan's 900 MHz and 1800 MHz spectrum licence expired on 25 May 2019, and Telenor Pakistan applied for renewal. The renewal fee was set to NOK 3.8 billion by the Pakistan Telecommunication Authority (PTA) for an extension of 15 years. Telenor Pakistan disagrees with the terms and conditions for renewal and has challenged the terms and conditions in Islamabad High Court. Please see note 34 for more information.

The recoverable amount of Telenor Pakistan has been estimated based on discounted cash flows from current revenue streams subject to scenario analysis incorporating the uncertainty related to key assumptions; spectrum prices, WACC and perpetual growth. The weighted estimated recoverable amount exceeds the carrying amount of Telenor Pakistan as of 31 December 2020. However, adverse changes in political and/or regulatory development, including unfavourable court decisions, and changes in management's and market participants' evaluations and assumptions, may give rise to impairment losses in future periods.

NOTE 17 Intangible assets

NOK in millions	Customer base	Spectrum licences [5]	Trade-marks [1]	Software acquired	Internally generated software	Others	Work in progress [2]	Total
Accumulated cost								
As of 1 January 2019	**878**	**40 155**	**3 479**	**17 993**	**3 817**	**2 651**	**1 986**	**70 960**
IFRS16 implementation effect [3]	-	(39 876)	-	-	-	-	-	(39 876)
Reclassifications [4]	30	(139)	-	975	264	70	(1 185)	15
Additions	-	(4)	-	907	-	135	1 599	2 637
Additions internally developed	-	-	-	-	179	15	-	194
Additions through acquisition of subsidiaries	1 523	-	3 079	460	-	67	14	5 143
Translation differences	(22)	(2)	146	122	(9)	(32)	2	206
Derecognition	(3)	(134)	(349)	(2 569)	(122)	(951)	(17)	(4 145)
Reclassified to assets held for sale	-	-	(120)	(438)	-	-	(117)	(674)
As of 31 December 2019	**2 407**	**-**	**6 235**	**17 451**	**4 130**	**1 954**	**2 282**	**34 459**
Reclassifications [4]	-	-	-	983	292	73	(1 519)	(171)
Additions	-	-	-	1 341	-	101	1 078	2 520
Additions internally developed	-	-	-	-	285	13	-	297
Additions through acquisition of subsidiaries	3	-	-	-	44	-	-	47
Translation differences	150	-	200	295	135	129	58	967
Derecognition	-	-	(63)	(308)	(632)	(173)	(4)	(1 180)
As of 31 December 2020	**2 560**	**-**	**6 372**	**19 762**	**4 253**	**2 097**	**1 894**	**36 938**
Accumulated amortisation and impairment								
As of 1 January 2019	**(669)**	**(9 969)**	**(2 990)**	**(15 405)**	**(3 291)**	**(2 256)**	**(8)**	**(34 589)**
IFRS16 implementation effect [3]	-	9 759	-	-	-	-	-	9 759
Reclassifications [4]	-	94	-	(11)	(8)	(24)	-	49
Amortisation - continuing operations	(69)	(2)	(16)	(1 584)	(340)	(221)	-	(2 233)
Amortisation - discontinued operations	-	-	-	(45)	-	-	-	(45)
Impairment	-	-	-	17	(57)	-	-	(39)
Translation differences	10	3	(162)	(100)	8	31	-	(210)
Derecognition	3	114	16	2 534	120	938	-	3 725
Reclassified to assets held for sale	-	-	72	421	-	-	-	493
As of 31 December 2019	**(726)**	**-**	**(3 080)**	**(14 173)**	**(3 568)**	**(1 533)**	**(8)**	**(23 090)**
Reclassifications [4]	-	25	-	(25)	-	-	-	-
Amortisation - continuing operations	(295)	(25)	-	(2 172)	(424)	(223)	-	(3 139)
Impairment	-	-	-	-	(8)	-	(2)	(10)
Translation differences	(43)	-	(6)	(213)	(96)	(122)	-	(479)
Derecognition	-	-	-	274	543	175	8	1 000
As of 31 December 2020	**(1 064)**	**-**	**(3 086)**	**(16 309)**	**(3 552)**	**(1 703)**	**(2)**	**(25 716)**
Carrying amount								
As of 31 December 2020	**1 496**	**-**	**3 286**	**3 453**	**702**	**394**	**1 892**	**11 222**
As of 31 December 2019	**1 681**	**-**	**3 155**	**3 277**	**561**	**421**	**2 275**	**11 370**
Amortisation periods in years	3-20	-	-	3-10	3-5	3-12	-	-

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) This represents transfer to right-of-use assets, see note 18.
4) Including reclassifications to/from other lines in the statement of financial position which are not a part of this table.
5) Right to spectrum was previously treated as an intangible asset, while under IFRS 16 the right to use the underlying spectrum is treated as a lease. See note 18.

NOTE 18 Leases

Group as lessee

Upon implementation of IFRS 16 on 1 January 2019, the Group recognised lease liabilities to make lease payments over the lease term with corresponding right-of-assets under all lease agreements where the Group is a lessee. Assets subject to finance leases under IAS 17 that were earlier recognised as part of property, plant and equipment were reclassified to right-of-assets as part of IFRS 16 implementation as of 1 January 2019. In addition, while the right to spectrum was previously treated as an intangible asset, under IFRS 16 the right to use the underlying spectrum is treated as a lease. For information on judgement applied when evaluating lease term of contracts with renewal or termination options, see note 3.

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 infra-structure	Cables	Land	Buildings	Others	Total
Accumulated cost							
IFRS 16 implementation effect as of 1 January 2019	43 675	14 203	4 755	4 461	2 051	69	69 214
Additions	705	1 500	491	782	664	35	4 177
Additions through acquisition of subsidiaries	2 572	218	143	39	379	15	3 366
Derecognition	(2)	(434)	(62)	(115)	(225)	(12)	(849)
Disposal of companies	-	-	-	-	(10)	-	(10)
Reclassifications	102	503	(13)	(499)	(4)	-	88
Translation differences	1 418	535	(9)	145	13	3	2 105
As of 31 December 2019	**48 471**	**16 525**	**5 305**	**4 814**	**2 868**	**109**	**78 091**
Additions	5 495	4 256	378	1 620	1 772	48	13 570
Additions through acquisition of subsidiaries	2	-	-	-	-	-	2
Derecognition	(84)	(624)	(98)	(416)	(550)	(46)	(1 818)
Disposal of companies	-	-	-	(13)	(59)	-	(72)
Reclassifications	1	285	(29)	(234)	42	-	64
Translation differences	(461)	22	295	(152)	92	5	(199)
As of 31 December 2020	**53 423**	**20 464**	**5 851**	**5 618**	**4 167**	**116**	**89 638**
Accumulated depreciation							
IFRS 16 implementation effect as of 1 January 2019	(9 901)	-	(840)	(12)	(193)	-	(10 946)
Amortisation	(3 089)	(2 520)	(596)	(941)	(619)	(51)	(7 816)
Derecognition	2	44	6	73	103	12	239
Disposal of companies	-	-	-	-	4	-	4
Reclassifications	(53)	-	-	-	(1)	-	(55)
Translation differences	(91)	(27)	-	(12)	(6)	(1)	(138)
As of 31 December 2019	**(13 133)**	**(2 503)**	**(1 430)**	**(893)**	**(711)**	**(40)**	**(18 710)**
Amortisation	(3 569)	(3 209)	(715)	(1 052)	(789)	(47)	(9 381)
Derecognition	79	318	44	253	180	42	916
Disposal of companies	-	-	-	6	26	-	32
Reclassifications	124	6	(145)	(15)	(17)	-	(47)
Translation differences	234	112	(26)	56	(10)	(1)	365
As of 31 December 2020	**(16 264)**	**(5 276)**	**(2 272)**	**(1 646)**	**(1 321)**	**(46)**	**(26 826)**
Carrying amount							
As of 31 December 2019	35 338	14 022	3 874	3 920	2 157	69	59 381
As of 31 December 2020	37 159	15 188	3 579	3 972	2 845	70	62 812
Weighted average lease term							
As of 31 December 2019 [1]		7	8	7	6	3	
As of 31 December 2020 [1]		6	7	5	9	3	
Related lease liability disaggregated per class of right-of-use assets							
As of 31 December 2019	16 730	13 951	3 167	5 177	2 206	67	41 297
As of 31 December 2020	17 047	15 071	2 966	5 189	4 535	75	44 882

[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 the Group is committed to individual lease contracts and to maximise operational flexibility in terms of dynamic network requirements. The Group has determined the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease on the same terms and conditions, if it is reasonably certain to exercise the option, or periods covered by an option to terminate the lease, if it is reasonably certain not to exercise the option. The non-cancellable period for lease contracts under network passive infrastructure is 5 years on average, which is mainly driven by the non-cancellable CAT lease agreement in Thailand and non-cancellable tower agreements in Myanmar. 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.

The additions of spectrum licences in 2020 were primarily related to acquisition of spectrum under the 700 MHz and 26 GHz bands in dtac, 900 MHz band in Denmark (the licences are held by TT Netværket), and 26 GHz band in DNA. The additions of spectrum licences in 2019 were primarily related to acquisition of spectrum under the 700 MHz band in Telenor Norway.

In 2020, the additions in network passive infrastructure were mainly related to tower spaces and part of building for own towers in DNA, Digi, Myanmar, and Telenor Norway. The additions in cables were mainly in Myanmar and Sweden. The additions in building were mainly related to dtac, Telenor Norway and leaseback of Fornebu headquarters. The additions in land were mainly related to land for own sites or towers in dtac, Digi, Telenor Norway, and Pakistan.

In 2019 the additions in network passive infrastructure were mainly to tower spaces and part of building for own towers in Digi and Pakistan. The additions in cables were mainly in Sweden and Myanmar. The additions in land for own sites or towers were mainly in dtac, Digi and Pakistan. The additions in buildings were mainly in Telenor Norway.

For lease of spectrum, the agreements are generally non-cancellable. The Group 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 the Group holds as of 31 December 2020:

Spectrum (MHz)	Bandwidth (MHz)	Spectrum expiration
Telenor Norway		
700	2x10	2039
800	2× 10	2033
900	2× 15	2033
1800	2× 10 + 2× 20	2028/2033
2100	2× 20	2032
2600	2× 40	2022
Telenor Sweden		
700	2× 10 [1)]	2040
800	2× 10 [1)]	2035
900	2× 6a) + 2× 5	2025
1800	2× 20 + 2× 10 [1)]	2027/2037
2100	2× 19.8 + 1× 5	2025
2600	2× 40 [2)]	2023
Telenor Denmark		
700	2x5 [3)]	2040
800	2× 10 [3)]	2034
900	2× 10 [3)]	2034
1800	2× 25 [3)]	2032
2100	2× 15 + 1× 5	2021
2600	2× 20 + 1× 10	2030
DNA, Finland		
700	2x10	2033
800	2x10	2033
900	2x11.6	2033
1800	2x24.8	2033
2100	2x19.8	2033
2600	2x20	2029
3500	1x130	2033
26000	1x800	2033
dtac, Thailand		
700	2x10	2035
900	2× 5 [4)]	2033
1800	2× 5	2033
2100	2× 15	2027
2300	1× 60 [5)]	2025
26000	1x200	2035
Digi, Malaysia		
900	2× 5	2032
1800	2× 20	2032
2100	2× 15	2034
2600	2× 10 [6)]	2021
2600	2× 10	2021
Grameenphone, Bangladesh		
900	2× 7.4	2026
1800	2× 7.2 + 2× 7.4	2026
1800	2× 5	2033
2100	2× 10	2028
Telenor Pakistan		
850	2× 10	2031
900	2× 4.8	2034
1800	2× 8.8	2034
2100	2× 5	2029
Telenor Myanmar		
900	2× 5	2029
900	2× 2.2	2023
1800	2× 20	2029
2100	2× 10+2× 5	2029

1) The licences are held by Net4Mobility (a joint operation with Tele 2 owned 50% by the Group).
2) Tele 2 and the Group transferred their respective licences (2× 20 MHz) in the 2600 MHz band to Net4Mobility on 2 July 2012.
3) The licences are held by TT Netværket (a joint operation with Telia, owned 50% by the group).
4) As a part the 900 MHz spectrum licencing conditions, dtac is entitled to use spectrum under the 850 MHz band (up until 31 December 2021) before fully switching to the spectrum in the 900 MHz band.
5) The spectrum is held under capacity agreement with TOT and therefore, is not part of right-of-use assets.
6) The spectrum is held under agreement with Altel.

Telenor Pakistan's 900 MHz and 1800 MHz spectrum licence expired on 25 May 2019, and the renewal fee was set to NOK 3.8 billion (USD 449 million) by the Pakistan Telecommunication Authority (PTA) for an extension period of 15 years. Telenor Pakistan disagrees with terms and conditions for renewal, primarily on the price. Telenor Pakistan believes that the renewal price should be NOK 2.5 billion (USD 291 million), which is the same as for prior renewals for other operators. Accordingly, Telenor Pakistan has challenged the terms and conditions for renewal of said licence in Islamabad High Court. In the third quarter of 2019, Telenor Pakistan paid a deposit of NOK 2.1 billion (USD 225 million) of the demanded licence renewal fee awaiting conclusion of the case in Islamabad High Court. In the second quarter of 2020, Telenor Pakistan paid an additional deposit of NOK 0.5 billion (USD 57 million). The total deposit of NOK 2.6 billion (USD 282 million) has been recognised as prepayment (note 21) and is considered adjustable against the final outcome of the case. Telenor Pakistan has a stay order until the final adjudication. Accordingly, a right-of-use asset is recognised monthly with immediate amortisation for the continuing use of spectrum after 25 May 2019, with corresponding adjustment to the paid deposit.

Lease liabilities

Lease liabilities measured at amortised cost:

	2020			2019		
NOK in millions	Current	Non-current	Total	Current	Non-current	Total
Lease liability related to spectrum licences	**3 601**	**13 446**	**17 047**	4 421	12 309	16 729
Lease liability related to other lease contracts	**5 697**	**22 138**	**27 835**	4 875	19 693	24 568
Total lease liabilities	**9 298**	**35 584**	**44 882**	**9 295**	**32 002**	**41 297**

The right to spectrum was previously treated as an intangible asset, while under IFRS 16 the right to use the underlying spectrum is treated as a lease. Accordingly, all fixed payments, including upfront fees payable in instalments over the lease term (or licence period) are included as lease liabilities with corresponding right-of-use assets.

The distribution of lease liabilities per currency and subsidiary as of 31 December 2020 is as follow:

		2020			2019		
NOK in millions	Currency	Spectrum licences	Other lease contracts	Total	Spectrum licences	Other lease contracts	Total
Subsidiary							
dtac	THB	**11 718**	**6 411**	**18 128**	10 974	7 242	18 215
Digi	MYR	**1 892**	**3 587**	**5 479**	2 019	2 376	4 395
Grameenphone	BDT	**562**	**1 505**	**2 066**	694	1 466	2 160
Myanmar	MMK	**220**	**2 888**	**3 107**	210	2 526	2 736
Myanmar	USD	**-**	**2 480**	**2 480**	102	2 953	3 055
Pakistan	PKR	**-**	**2 546**	**2 546**	-	2 641	2 641
Pakistan	USD	**343**	**-**	**343**	694	-	694
Norway	NOK	**1 560**	**714**	**2 274**	1 431	817	2 248
Sweden	SEK	**42**	**2 407**	**2 449**	42	2 633	2 675
Denmark	DKK	**285**	**686**	**971**	143	887	1 029
Finland	EUR	**426**	**1 768**	**2 193**	420	742	1 163
Other units	NOK	**-**	**2 844**	**2 844**	-	286	286
Total subsidiaries		**17 047**	**27 835**	**44 882**	**16 729**	**24 568**	**41 297**

The lease liabilities maturity profile is as follow:

NOK in millions	Total as of 31.12.20	< 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	17 047	3 601	1 863	1 779	1 772	1 768	1 805	1 848	806	803	298	704
Lease liabilities - other lease contracts	27 835	5 696	4 977	4 401	3 857	3 382	2 144	874	498	331	161	1 513
Sum of lease liabilities	**44 882**	**9 298**	**6 840**	**6 180**	**5 629**	**5 150**	**3 950**	**2 723**	**1 304**	**1 134**	**459**	**2 217**
Future interest payments	8 430	2 077	1 647	1 330	1 044	784	545	363	237	176	124	103
Total including future interest	**53 312**	**11 375**	**8 487**	**7 511**	**6 673**	**5 934**	**4 495**	**3 085**	**1 540**	**1 310**	**583**	**2 320**

NOK in millions	Total as of 31.12.19	< 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	16 729	4 423	2 748	1 603	1 360	1 337	1 336	1 359	1 383	287	267	627
Lease liabilities - other lease contracts	24 568	4 872	4 609	3 918	3 433	2 973	2 407	1 473	466	247	99	71
Sum of lease liabilities	**41 297**	**9 295**	**7 357**	**5 520**	**4 792**	**4 311**	**3 742**	**2 832**	**1 849**	**534**	**366**	**698**
Future interest payments	7 596	2 034	1 573	1 212	940	705	493	309	169	79	52	34
Total including future interest	**48 893**	**11 326**	**8 930**	**6 732**	**5 732**	**5 015**	**4 235**	**3 141**	**2 019**	**613**	**418**	**733**

Changes in lease liabilities during 2020 are presented below:

NOK in millions	2020	2019
Lease liabilities as of 1 January	**41 297**	**859**
New lease liabilities recognised as part of implementation effect of IFRS 16	-	27 331
Licence obligations reclassified from other interest-bearing liabilities as part of implementation effect of IFRS 16	-	11 847
Increase in lease liabilities related to spectrum licences	4 464	476
Increase in lease liabilities related to other lease contracts due to new contracts or modification of existing contracts	9 657	3 224
Increase due to additions through acquisition of subsidiaries	-	1 207
Increase due to interest expense accrued	1 977	1 848
Effects from changes in foreign exchange rates	(362)	1 686
Decrease due to repayments of principal portion of lease liabilities	(9 029)	(5 362)
Decrease due to repayments of interest portion of lease liabilities	(2 108)	(1 308)
Decrease due to termination of contracts or modification of existing contracts	(971)	(502)
Other changes	(43)	(10)
Lease liabilities as of 31 December 2020	**44 883**	**41 297**

Cash payments made relating to lease contracts are presented below:

NOK in millions	Classification in cash flow statement	2020	2019
Repayments of lease liabilities – principal portion	Financing activities	9 029	5 362
Repayments of lease liabilities – interest portion	Operating activities	2 108	1 308
Payments of variable, short term and low value leases	Operating activities	3 800	3 744
Prepayments made at or before lease commencement	Investing activities	984	235
Total cash outflow		**15 922**	**10 649**

Repayments of the principal portion related to total lease liabilities in 2020 of NOK 9.0 billion (NOK 5.4 billion in 2019) include instalment payment of spectrum licences of NOK 3.6 billion (NOK 1.1 billion in 2019) and repayments of other leases of NOK 5.4 billion (NOK 4.3 billion in 2019). During 2020, the instalment payments of spectrum licences were mainly in dtac, Pakistan and Digi whereas in 2019 it was mainly in Pakistan, Myanmar and Grameenphone. Lease payments related to other lease contracts were mainly in dtac, Sweden, Digi, and Myanmar whereas in 2019 it was mainly in dtac, Sweden, Digi, Myanmar, and Pakistan.

Repayments of the interest portion of total lease liabilities in 2020 of NOK 2.1 billion include repayments of interest related to spectrum licences of NOK 0.9 billion (NOK 0.2 billion in 2019) and repayments of interest related to other lease contracts of NOK 1.2 billion (NOK 1.1 billion in 2019).

Payments of variable, short term and low value leases of NOK 3.8 billion include variable lease payments of NOK 3.6 billion and payments of short term and low value leases of NOK 0.3 billion.

Prepayments of NOK 1.0 billion in 2020 mainly relates to payments made at or before acquisition of spectrum licences in the bands of 700 MHz and 26 GHz in dtac.

Expenses recognised in the income statement related to lease contracts are presented below:

NOK in millions	Classification in income statement	2020	2019
Depreciation of right-of-use assets	Depreciation and amortisation	9 381	7 816
Interest expenses on lease liabilities	Financial expenses (note 12)	1 978	1 848
Variable lease expenses not dependant on index or rate	Other operating expenses (note 9)	3 407	3 265
Variable lease expenses not dependant on index or rate	Cost of materials and traffic charges (note 7)	168	69
Expenses relating to short term leases	Other operating expenses (note 9)	241	437
Expenses relating to low value leases	Other operating expenses (note 9)	14	15
Total		**15 189**	**13 450**

Variable lease expenses of NOK 3.6 billion (NOK 3.3 billion in 2019) recognised in other operating expenses include NOK 2.9 billion (NOK 2.7 billion in 2019) related to spectrum and NOK 0.5 billion (NOK 0.6 billion in 2019) 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 0.5 billion (0.6 billion NOK in 2019) 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.

Sale and leaseback in 2020

As part of the Group's continued simplification program, the Group entered into two sale and leaseback transactions related to the headquarter office building at Fornebu, Norway, and development properties in Norway that will not be needed once the planned copper net decommissioning is completed.

Headquarter office building at Fornebu:

The Group disposed of its ownership of the headquarter office building at Fornebu with a carrying amount of NOK 1.9 billion for a sale consideration of NOK 4.9 billion. Upon closing of the transaction, the Group entered into several lease agreements with Snarøyveien 30 AS for leasing back office space for parts of the building. The non-cancellable period under the lease agreements is between 7-15 years, with a lease term of 7-25 years. A lease liability of NOK 2.4 billion was recognised, and a right-of-use asset amounting to NOK 1.0 billion was recognised at the proportion of the previous carrying amount of the building that relates to the right-of-use retained by the Group. Consequently, a gain of NOK 1.2 billion (note 10) was recognised in the income statement which relates to the rights transferred. Under the lease agreements, in addition to the repayment of lease liability along with interest, the Group will make variable lease payment to the lessor for its share of common costs related to the use of the building.

Development properties:
The Group disposed of its ownership of several development properties in Norway with a carrying amount of NOK 0.1 billion for a sale consideration of NOK 0.9 billion. Upon closing of the transaction, the Group entered into lease agreements for leasing back those properties in their entirety for a period of 5 years. After the initial lease period, Telenor will rent small and limited areas to host fibre and mobile equipment. The non-cancellable period and lease term under these lease agreements are 5 years. A lease liability of NOK 0.2 billion was recognised, and a right-of-use asset amounting to NOK 24 million was recognised at the proportion of the previous carrying amount of the building that relates to the right-of-use retained by the Group. Consequently, a gain of NOK 0.5 billion (note 10) was recognised in the income statement which relates to the rights transferred.

Sale and leaseback in 2019

During 2019, gain on derecognition of right-of-use assets amounted to NOK 0.1 billion (note 10). The gain was primarily related to sale and leaseback of a building in Denmark. The building was earlier leased under a finance lease arrangement with an option to purchase the building. The building was purchased on 1 April 2019 at the exercise price of NOK 0.1 billion. The building was sold at fair market value of NOK 0.4 billion, of which NOK 0.3 billion was received in cash. Simultaneously, the Group entered into a leaseback agreement for the continued use of the building and recognised a lease liability of NOK 0.1 billion.

Group as lessor

Operating leases

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.

Revenue of NOK 4.5 billion (NOK 3.5 billion in 2019) (note 6) recognised in the income statement includes variable lease revenue of NOK 60 million (NOK 131 million in 2019) 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	2020	2019
Less than 1 year	**4 599**	3 618
1 to 2 years	**3 917**	3 589
2 to 3 years	**3 851**	3 834
3 to 4 years	**3 679**	3 791
4 to 5 years	**1 256**	3 774
After 5 years	**127**	1 301
Total	**17 430**	**19 907**

Finance leases

The Group has recognised receivables at present value of future lease payments to be received in lease arrangements where the Group has transferred substantially all the risks and rewards incidental to ownership of the underlying assets to the lessee.

	2020			2019		
NOK in millions	Current	Non-current	Total	Current	Non-current	Total
Sublease of land	**375**	**1 565**	**1 940**	113	1 799	1 912
Lease of satellite	**98**	**245**	**343**	92	303	395
Other	**-**	**-**	**-**	5	11	16
Total finance lease receivables	**474**	**1 810**	**2 283**	**210**	**2 113**	**2 323**

During 2020, the Group recognised interest income of NOK 99 million (NOK 82 million in 2019) (note 12) related to finance lease receivables.

Sublease of land in Thailand

During the year 2018, dtac entered into the Disputes Settlement and Tower Service Agreement with CAT. Under the agreement, dtac transferred disputed 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 CAT was recognised as right-of-use asset with corresponding lease liability on 1 January 2019 as part of the IFRS 16 implementation. Under the agreement, dtac shall itself have lease agreements for the land with landowners and shall receive compensation from CAT for this. dtac recognised lease agreements as a lessee with the landowners for the land related to transferred towers to CAT with related lease liabilities as of 1 January 2019. Right-of-use assets related to land was simultaneously derecognised on 1 January 2019 based on the sublease arrangement with CAT and a finance lease receivable was recognised with reference to the tenure of the agreement with CAT.

Lease of satellite

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	2020	2019
Less than 1 year	**493**	231
1 to 2 years	**459**	441
2 to 3 years	**460**	449
3 to 4 years	**445**	446
4 to 5 years	**391**	433
After 5 years	**275**	646
Total undiscounted lease payments receivable	**2 523**	**2 644**
Unearned interest income	**(240)**	(321)
Net investment in leases	**2 283**	**2 323**

NOTE 19 Property, plant and equipment

NOK in millions	Local, regional and trunk networks	Mobile telephone network	Subscriber equipment	Switches and equip-ment	Radio installa-tions	Cable-TV equipment	Buildings	Land	Corporate adminis-trative assets	Satellites	Work in progress [1]	Total
Accumulated cost												
As of 1 January 2019	**51 871**	**34 468**	**1 866**	**16 831**	**38 625**	**6 262**	**11 698**	**1 031**	**11 968**	**5 020**	**7 414**	**187 053**
IFRS16 implementation effect [2]	(1 938)	(282)	-	-	-	-	(496)	(15)	-	-	-	(2 731)
Reclassifications [3]	1 512	2 446	181	487	524	112	57	-	313	-	(5 789)	(159)
Additions	2 881	1 224	559	372	4 762	140	480	35	743	-	5 328	16 523
Additions through acquisition of subsidiaries	7 360	132	24	-	-	34	237	7	373	-	421	8 588
Translation differences	23	245	(20)	122	952	(23)	18	21	93	-	13	1 444
Derecognitions	(1 249)	(473)	(851)	(508)	(537)	(237)	(30)	(19)	(1 977)	-	(22)	(5 904)
Reclassified to assets held for sale	-	-	-	-	-	(1)	(2)	-	(46)	-	-	(50)
As of 31 December 2019	**60 458**	**37 759**	**1 758**	**17 304**	**44 326**	**6 286**	**11 960**	**1 060**	**11 467**	**5 021**	**7 364**	**204 764**
Reclassifications [3]	1 173	2 123	141	507	1 879	87	(103)	2	477	-	(6 178)	107
Additions	2 796	1 554	864	310	2 092	107	98	9	866	-	5 573	14 269
Additions through acquisition of subsidiaries	-	-	-	-	1	-	-	-	2	-	-	3
Translation differences	828	246	81	163	(296)	85	(27)	(17)	100	-	88	1 252
Derecognitions	(1 007)	(1 357)	(194)	(2 499)	(1 278)	(63)	(4 699)	(367)	(1 528)	-	(33)	(13 026)
As of 31 December 2020	**64 248**	**40 324**	**2 651**	**15 785**	**46 725**	**6 502**	**7 229**	**686**	**11 383**	**5 021**	**6 814**	**207 369**
Accumulated depreciation and impairment losses												
As of 1 January 2019	**(37 596)**	**(18 104)**	**(1 184)**	**(13 911)**	**(19 733)**	**(3 637)**	**(7 254)**	**(30)**	**(9 218)**	**(3 020)**	**(3)**	**(113 692)**
IFRS16 implementation effect [2]	981	12	-	-	-	-	193	-	-	-	-	1 186
Reclassifications [3]	12	(111)	-	-	11	21	4	-	114	-	3	55
Depreciation - continuing operations	(2 576)	(3 093)	(595)	(1 161)	(4 678)	(463)	(427)	(1)	(1 275)	(213)	-	(14 480)
Depreciation - discontinued operations	-	-	-	-	-	-	-	-	(2)	-	-	(2)
Impairment - continuing operations	-	-	-	-	-	-	(7)	-	-	-	-	(7)
Translation differences	55	80	14	(51)	(357)	14	(30)	(2)	(93)	-	-	(370)
Derecognition	1 223	422	851	502	499	227	3	18	1 935	-	-	5 680
Reclassified to assets held for sale	-	-	-	-	-	1	2	-	41	-	-	44
As of 31 December 2019	**(37 901)**	**(20 794)**	**(915)**	**(14 620)**	**(24 257)**	**(3 836)**	**(7 516)**	**(15)**	**(8 497)**	**(3 233)**	**-**	**(121 585)**
Reclassifications [3]	140	256	-	(81)	(488)	(1)	34	11	176	-	-	48
Depreciation - continuing operations	(3 133)	(3 910)	(655)	(1 180)	(5 616)	(432)	(381)	-	(1 017)	(209)	-	(16 533)
Impairment - continuing operations	-	-	-	-	(2)	-	-	-	-	-	-	(2)
Translation differences	(245)	(187)	(56)	(138)	235	(46)	35	-	(38)	-	-	(440)
Derecognition	972	1 196	194	2 377	1 215	63	3 030	-	1 463	-	-	10 510
As of 31 December 2020	**(40 166)**	**(23 439)**	**(1 431)**	**(13 642)**	**(28 912)**	**(4 252)**	**(4 798)**	**(4)**	**(7 914)**	**(3 442)**	**-**	**(128 001)**
Carrying amount												
As of 31 December 2020	**24 081**	**16 885**	**1 220**	**2 143**	**17 812**	**2 250**	**2 431**	**682**	**3 469**	**1 579**	**6 814**	**79 367**
As of 31 December 2019	**22 557**	**16 966**	**844**	**2 684**	**20 069**	**2 450**	**4 444**	**1 045**	**2 970**	**1 788**	**7 364**	**83 179**
Depreciation periods, years [4]	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) This represents transfer to right-of-use asset, see note 18.
3) Including reclassifications to/from other lines in the statement of financial position which is not a part of this table.
4) 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.

NOTE 20 Associated companies and joint arrangements

Associated companies and joint ventures

NOK in millions	2020	2019
Balance as of 1 January	**4 299**	**2 365**
Additions	4 043	2 948
Disposals	(142)	134
Additions through acquisition of subsidiaries	-	12
Share of net income (loss) [1]	(414)	(955)
Share of other comprehensive income	-	-
Equity transactions including dividends [2]	(1 211)	(63)
Translation differences	(157)	(143)
Balance as of 31 December	**6 417**	**4 299**
Of which investment in Telenor Microfinance Bank Limited [3]	980	1 140
Of which investment in Carousell [4]	2 669	2 431
Of which investment in Allente	1 978	-
Of which investment in others	790	728

1) 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.
2) Of which NOK 1.2 billion from Allente in 2020.
3) Of which allocated to goodwill NOK 0.9 billion in 2020 and NOK 1.0 billion in 2019.
4) Of which allocated to goodwill NOK 2.2 billion in 2020 and NOK 2.2 billion in 2019.

As announced on 22 October 2019, the Group entered into an arrangement with Nordic Entertainment Group (NENT) to combine their satellite-based entertainment businesses in a joint venture to extract synergies and deliver enhanced customer experience. The arrangement was approved by the European Commission on 30 April 2020 and the transaction was closed on 5 May 2020. Accordingly, the Group disposed of Canal Digital as a subsidiary and recognised its 50% share of the joint venture Allente at fair value of NOK 3.1 billion with a gain of NOK 1.7 billion recognised during the second quarter of 2020.

On 21 November 2019, the Group announced a merger between its wholly owned online classifieds business, 701Search, and Carousell whereby the Group contributed 701Search and cash of NOK 0.2 billion to acquire a 32.4% economic interest with 33.5% preference share voting rights in Carousell. The Group's 32.4% economic interest and 33.5% preference share voting rights are represented by 3 out of a total of 10 members on the Board of Directors, and the Group is the largest minority shareholder in Carousell. The Group is deemed to have significant influence over Carousell and accordingly the investment is an associated company accounted for using the equity method with effect from 21 November 2019. The Group's economic interest of 32.4% was initially measured at fair value of NOK 2.4 billion, and a gain of NOK 235 million was recognised on disposal of 701Search as a subsidiary (see note 10 and 24). During 2020, the Group`s economic interest increased from 32.4% to 36.3% for correction of employee share options in Carousell and an additional gain of NOK 310 million on disposal of 701Search as a subsidiary was recognised. Following the capital investment in Carousell by consortium led by Naver during 2020, the Groups economic interest was reduced from 36.3% to 35.2%. Further, the Group exchanged its 11.3% ownership interest in associated company Silver Indonesia for additional 2.2% interest in Carousell and recognised a gain of NOK 55 million. As of 31 December 2020, the Group's economic interest in Carousell stands at 37.4%.

On 1 March 2019, the Group changed its shareholders agreement for its partially owned subsidiary Digital Money Myanmar where after the key financial and operational decisions are to be made unanimously and the Group has joint control over Digital Money Myanmar. Accordingly, Digital Money Myanmar was disposed of as a subsidiary and recognised as a joint venture at fair value of NOK 0.3 billion, and a gain of NOK 0.2 billion was recognised (see note 10).

During 2020, the Group injected NOK 0.2 billion representing its proportionate share of the capital into Telenor Microfinance Bank Limited ("TMB"). Share of net loss for 2020 includes the Group's share of losses related to TMB of NOK 0.3 billion (2019: NOK 0.9 billion). During 2019, the Group recognised provision of NOK 0.5 billion related to lending irregularities in TMB. During 2019, Ant Financial injected the second tranche of its committed capital investment in TMB of USD 70 million and accordingly, the Group's ownership interest was reduced from 66.3% to 55%. A gain of NOK 0.1 billion was recognised on deemed disposal.

Allente

Allente Group AB (Allente) is a joint venture where the Group 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 Group subsidiary Canal Digital and Nordic Entertainment Group (NENT).

The following table sets forth summarised financial information of Allente, and reconciliation with the carrying amount of the investment for the Group:

NOK in millions	2020
Statement of comprehensive income	
Revenue	4 699
Depreciation and amortisation	(515)
Net financial items	(4)
Income tax expense	(58)
Net income (loss) from continuing operations	43
Other comprehensive income(loss)	12
Total comprehensive income (loss)	55
Group's ownership in %	50
Group's share of net income (loss) from continuing operations	**21**
Group's share of other comprehensive income (loss)	6
Group's share of total comprehensive income (loss)	**27**
Statement of financial position	
Non-current assets	5 553
Current assets excluding cash and cash equivalents	1 662
Cash and cash equivalents	1 297
Non-current non-interest-bearing liabilities	(599)
Non-current interest-bearing liabilities	(2 610)
Current non-interest-bearing liabilities	(2 203)
Total equity	**3 101**
Group's share of equity	1 550
Goodwill related to the Group's investment	428
Carrying amount of investment	1 978
Dividends received	1 209

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
Soumen 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 21 Trade and other receivables

NOK in millions	Category	2020	2019
Receivables from contracts with customers		**16 936**	17 665
Provision for expected credit losses on trade receivables		**(1 268)**	(1 200)
Total receivables from contracts with customers as of 31 December	FAAC [1]	**15 667**	**16 465**
Interest-bearing receivables [3]		**2 236**	1 155
Finance lease receivable [4]		**474**	210
Accrued financial income		**1**	4
Other non-interest-bearing receivables		**2 249**	2 542
Provision for expected credit losses on other current receivables		**(31)**	(1)
Total other current receivables as of 31 December	FAAC [1]	**4 929**	**3 910**
Contract asset		**412**	470
Return good asset [5]		**63**	70
Governmental taxes and duties		**905**	698
Prepayments		**4 383**	4 160
Total other current non-financial assets as of 31 December	NF [2]	**5 763**	**5 399**
Total trade and other receivables as of 31 December		**26 359**	**25 774**

1) FAAC: Financial assets at amortised cost
2) NF: Non-financial assets and liabilities
3) This includes the current portion of the deferred sales consideration receivable from PPF Group for the sale of shares in Telenor Serbia in 2018. See note 22 for more information.
4) See note 18 for more information
5) Asset for the right to recover returned goods on settling refund liabilities.

As of 31 December 2020, NOK 0.7 billion (NOK 1.4 billion as of 31 December 2019) of trade and other receivables related to handset instalments not due within one year.

Specification of contract assets:

NOK in millions	2020	2019
Balance as of 1 January	**470**	**531**
New contract assets during the period less transfer to receivables	**(59)**	(58)
Addition through acquisition of subsidiaries	**-**	71
Change in measure of progress	**-**	(6)
Currency and other effects	**1**	2
Reclassified to assets held for sale	**-**	(69)
Balance as of 31 December	**412**	**470**

Performance obligations to provide services are generally satisfied over time when or as the Group performs the related services over the agreed service period. For the majority of contracts with customers, services will be delivered monthly during the contract period of maximum 24 months, and payments normally follow the service delivery cycle. Performance obligations to deliver customer equipment are normally satisfied at the point in time when the equipment is delivered to the customer. Payments related to equipment are made either when the equipment is delivered to the customer or on a monthly basis over the agreed contract period, either due to instalment plans related to customer equipment giving rise to a receivable and/or due to other differences between recognised revenue and amounts received or receivable from a customer resulting in contract assets in the Group accounts. For the Group, the main part of recognised contract assets relates to contracts where the transaction price allocated to the customer equipment is recovered by the Group through future service fee payments. The contract assets are transferred to receivables when rights to payment become unconditional, normally monthly over the agreed instalment period.

Specification of provision for expected credit losses on trade receivables:

NOK in millions	2020	2019
Provision as of 1 January	**(1 200)**	**(1 119)**
Change during the year - continuing operations	**(108)**	30
Change during the year - discontinued operations	**11**	-
Addition through acquisition of subsidiaries	**-**	(76)
Disposal of subsidiaries	**15**	-
Reclassified to assets held for sale	**2**	6
Currency and other effects	**11**	(41)
Provision as of 31 December	**(1 268)**	**(1 200)**
Realised losses for the year - continuing operations	**(888)**	(783)
Realised losses for the year - discontinued operations	**(5)**	(22)
Recovered amounts previously provided for - continuing operations	**73**	64
Recovered amounts previously provided for - discontinued operations	**2**	6

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 2020								
Trade receivables	16 936	13 847	1 093	338	166	337	489	665
Provision for expected credit	(1 268)	(218)	(53)	(48)	(50)	(159)	(299)	(442)
Total trade receivables	**15 667**	**13 629**	**1 040**	**290**	**117**	**178**	**190**	**223**
As of 31 December 2019								
Trade receivables	17 665	14 109	1 505	287	213	389	496	666
Provision for expected credit	(1 200)	(56)	(61)	(62)	(60)	(178)	(325)	(458)
Total trade receivables	**16 465**	**14 053**	**1 444**	**225**	**153**	**211**	**171**	**208**

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 22 Other non-current assets and current financial assets

NOK in millions	Fair value level [5]	Category	2020	2019
Other non-current assets				
Equity investments	3	FVTOCI [1]	968	925
Financial derivatives	2	FVTPL [2]	273	132
Financial derivatives designated for net investment hedge	2		665	21
Other financial non-current non-interest-bearing assets		FAAC [3]	3 088	1 256
Fair value hedge instruments	2		2 387	1 831
Other financial non-current interest-bearing assets		FAAC [3]	1 362	3 707
Finance lease receivable [6]			1 810	2 114
Total non-current financial assets as of 31 December			**10 553**	**9 985**
Contract costs			3 926	3 614
Governmental taxes and duties			111	87
Prepayments			266	232
Total non-current non-financial assets		NF [4]	**4 304**	**3 932**
Total other non-current assets as of 31 December			**14 856**	**13 916**
Other current financial assets				
Assets held for trading	2	FVTPL [2]	39	57
Bonds and commercial papers > 3 months		FAAC [3]	356	485
Financial derivatives	2	FVTPL [2]	4	21
Financial derivatives designated for net investment hedge	2		177	190
Fair value hedge instruments	2		-	157
Total other current financial assets as of 31 December			**576**	**910**

1) FVTOCI: Fair value through other comprehensive income.
2) FVTPL: Fair value through profit and loss.
3) FAAC: Financial assets at amortised cost.
4) NF: Non-financial assets.
5) For information about the fair value level of financial instruments, see note 30.
6) See note 18 for more information.

Equity investments

Equity investments (FVTOCI) include capital contribution to Telenor Pension Fund of NOK 0.3 billion and other equity investments of NOK 0.7 billion (NOK 0.3 billion and NOK 0.6 billion in 2019, respectively).

Other financial non-current non-interest-bearing assets

Other financial non-current non-interest-bearing assets as of 31 December 2020 includes a deposit of NOK 2.0 billion paid to the Bangladesh Telecommunication Regulatory Commission (BTRC, see note 34), long term deposits of NOK 0.6 billion and other non-current receivables of NOK 0.5 billion (long term deposits of NOK 0.7 billion and other non-current receivables of NOK 0.5 billion as of 31 December 2019).

Other financial non-current interest-bearing assets

Other financial non-current interest-bearing assets includes deferred sales consideration receivable from PPF Group for the sale of shares in Telenor Serbia in 2018, amounting to NOK 1.0 billion (EUR 100 million) as of 31 December 2020 and NOK 2.9 billion (EUR 300 million) as of 31 December 2019. The receivable may be repaid early with a discount or is otherwise repayable in four equal instalments plus interest of which first instalment of NOK 1.2 billion including interest (EUR 117 million) was received in January 2020. The second and third instalment plus interest due of NOK 2.2 billion (EUR 215 million) are included in Trade and other receivables (see note 21) as of 31 December 2020 of which the second instalment was received in January 2021.

Contract costs

Contract costs include incremental costs of obtaining and fulfilling contracts with customers. Costs of obtaining a contract typically include sales commissions incurred at the time of entering a sales contract with a customer. The amortisation period is the expected contract period, including expected renewals. The below tables set forth the costs capitalised and amortised during the year 2020 and 2019:

NOK in millions	As of 31 December 2019	Costs capitalised during the year	Addition through acquisition of subsidiaries	Reclassified to assets held for sale	Amortisation - continued operations	Amortisation - discontinued operations	Translation Differences	As of 31 December 2020
Contract acquisition costs	3 534	2 453	-	-	(2 201)	-	65	3 851
Contract fulfilment costs	80	40	-	-	(50)	-	5	75
Total contract costs	**3 614**	**2 493**	**-**	**-**	**(2 251)**	**-**	**70**	**3 926**

NOK in millions	As of 31 December 2018	Costs capitalised during the year	Addition through acquisition of subsidiaries	Reclassified to assets held for sale	Amortisation - continued operations	Amortisation - discontinued operations	Translation Differences	As of 31 December 2019
Contract acquisition costs	3 159	2 040	613	(299)	(1 811)	(126)	(41)	3 534
Contract fulfilment costs	79	50	-	-	(46)	-	(3)	80
Total contract costs	**3 237**	**2 090**	**613**	**(299)**	**(1 857)**	**(126)**	**(44)**	**3 614**

NOTE 23 Additional cash flow information

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	2020	2019
Inventory	**242**	428
Trade and other receivables	**1 589**	317
Trade and other payables	**(730)**	(232)
Changes in net operating working capital	**1 101**	**512**

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

NOK in millions	2020	2019
Additions to property, plant and equipment and (see note 19)	**(14 269)**	**(16 523)**
Additions to intangible assets (see note 17)	**(2 817)**	**(2 831)**
Additions to right-of-use assets (see note 18)	**(13 570)**	**(4 177)**
Capital expenses incurred as part of assets held for sale	**(16)**	(10)
Lease liabilities (see note 18)	**14 121**	3 700
Asset retirement obligation additions	**781**	2 125
Adjustments in lease liabilities	**(1 630)**	(4 281)
Changes in accounts payable and prepayments	**(1 420)**	(78)
Other Adjustments	**(181)**	89
Purchases of property plant and equipment and intangible assets (cash flow from investing activities)	**(19 000)**	**(21 986)**

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. Accordingly, the lease liabilities of NOK 12.5 billion (adjusted for NOK 1.6 billion related to sale and leaseback) recognised during 2020 represent the deferred payments of total additions in right-of-use assets of NOK 13.6 billion, whereby NOK 1.1 billion was paid at or before lease commencement date mainly relating to spectrum licences in dtac, which is classified as cash outflow from investing activities. See note 18 for more information related to leases.

Changes in accounts payable and prepayments in 2020 are mainly related to change in capex related payables in Norway and Pakistan and spectrum licence renewal deposit in Pakistan, see note 18 for more information.

Adjustments in lease liabilities are mainly due to the sale and leaseback transaction related to the headquarter office building at Fornebu, Norway, and development properties in Norway. See note 18 for further information.

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	2020	2019
Disposals of subsidiaries, associated companies, and joint ventures		
Associated companies and joint ventures	**142**	(134)
Other non-current assets	**4 587**	2 136
Current assets	**(159)**	1 876
Liabilities	**(1 777)**	(1 602)
Non-controlling interests	**-**	(51)
Gains (losses) adjusted for translation differences on disposals [1]	**5 732**	338
Sales price	**8 526**	**2 564**
Of which non-cash	**(1 728)**	(2 538)
Proceeds received as sale consideration	**6 797**	25
Cash in subsidiaries disposed of	**854**	(1 098)
Proceeds from disposal of subsidiaries and associated companies net of cash disposed of	**7 651**	**(1 073)**

[1] In 2020, adjusted for NOK 0.1 billion relating to reclassification of translation differences from other comprehensive income to the income statement (see note 24), the total gain of NOK 5.7 billion mainly relates to disposal of Canal Digital, Tapad, 701Search and Valyou (see note 10 and 20). In 2019, adjusted for NOK 0.2 billion relating to reclassification of translation differences from other comprehensive income to the income statement, see note 24, the total gain of NOK 592 million relates to disposal of 701Search and Digital Money Myanmar 2019, see note 4 and 20.

During 2020, disposals of associated companies and joint ventures were mainly related to disposal of the associated company Silver Indonesia, see note 20. During 2019, disposals of associated companies and joint ventures were mainly related to gain on deemed disposal of partial ownership interest in Telenor Microfinance Bank Limited, see note 20.

During 2020, disposals of subsidiaries were mainly related to disposal of the wholly owned subsidiary Canal Digital of NOK 1.7 billion to acquire a 50% share in the joint venture Allente, as well as disposal of the headquarter office building at Fornebu, Tapad Inc and Valyou, see note 10. During 2019, disposal of subsidiaries was mainly related to partial disposal of 701Search and Digital Money Myanmar. See note 10 and 20.

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	2020	2019
Purchases of subsidiaries associated companies, and joint ventures		
Investments in associated companies and joint ventures	**4 043**	2 948
Other non-current assets	**139**	34 298
Current assets	**3**	3 411
Liabilities	**(48)**	(11 132)
Non-controlling interests	**-**	(651)
Total purchase price and capital injections	**4 137**	**28 874**
Of which non-cash	**(3 795)**	(2 565)
Cash payments related to acquisitions	**(340)**	(26 309)
Cash in subsidiaries acquired	**-**	351
Purchases of subsidiaries associated companies and joint ventures net of cash acquired	**(340)**	**(25 957)**

During 2020, investments in associated companies and joint ventures are mainly related to contribution of the wholly owned subsidiary Canal Digital of NOK 1.7 billion to acquire a 50% ownership share in the joint venture Allente. See note 20 for further information. Capital injections in associated companies of NOK 0.2 billion are related to Telenor Microfinance Bank Limited ("TMB"), see note 20. Purchases of subsidiaries are related to acquisition of KNL Investments for a cash consideration of NOK 0.1 billion.

During 2019, investments in associated companies and joint ventures are mainly related to contribution of the wholly owned subsidiary 701Search and a cash contribution of NOK 0.2 billion to acquire a 36.3% ownership share in Carousell. See note 20 for further information. Purchases of subsidiaries are related to acquisition of DNA Plc for a cash consideration of NOK 25.9 billion.

Dividends paid to non-controlling interests

During 2020, 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).

During 2019, dividends paid to non-controlling interests in subsidiaries amounted to NOK 3.4 billion (NOK 1.6 billion in Digi, NOK 1.5 billion in Grameenphone and NOK 0.3 billion in dtac).

Cash and cash equivalents as of 31 December

NOK in millions	2020	2019
Cash in the Group's cash pool systems	**9 168**	4 304
Cash outside the Group's cash pool systems [1]	**10 951**	8 731
Cash equivalents [2]	**458**	831
Total cash and cash equivalents in statement of financial position	**20 577**	**13 867**
Bank overdraft (part of cash in statement of cash flows)	**(489)**	(605)
Total cash and cash equivalents in statement of cash flows	**20 088**	**13 262**

1) Includes restricted cash in Grameenphone of NOK 184 million as of 31 December 2020 (NOK 724 million as of 31 December 2019) mainly related to declared dividend not yet paid.

2) Related to fixed deposit placement – shorter than 3 months maturity in Digi in 2020 and 2019.

The Group has established cash pool systems. Under these agreements, Telenor ASA is the Group account holder and the other companies in the Group are sub-account holders or participants. The banks can offset balances in their favour against deposits so that the net position represents the net balance between the bank and the Group account holder.

Subsidiaries in which Telenor owns less than 90% of the shares are normally not participants in the Group's cash pool systems held by Telenor ASA. As of 31 December 2020 and 2019 the major part of the cash and cash equivalents outside the Group's cash pool systems relates to dtac, Digi, Grameenphone, Telenor Myanmar, Telenor Sweden, and Telenor Pakistan.

NOTE 24 Additional equity information

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 2019	**1 471 458 031**	**8 829**	**69**	**(80)**	**8 818**
Share buyback	-	-	-	(213)	(213)
Cancellation of shares	(28 999 999)	(174)	-	174	-
Equity as of 31 December 2019	**1 442 458 032**	**8 655**	**69**	**(120)**	**8 605**
Share buyback	-	-	-	(138)	(138)
Cancellation of shares	(42 999 999)	(258)	-	258	-
Equity as of 31 December 2020	**1 399 458 033**	**8 397**	**69**	**(0)**	**8 466**

Nominal value per share is NOK 6.

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 2019	**(3 471)**	**437**	**42**	**476**	**1 475**	**(14 590)**	**(15 630)**
Other comprehensive income (loss), net of taxes	(26)	-	548	-	-	-	522
Share-based payment	-	(56)	-	-	-	-	(56)
Share buyback	-	-	-	-	-	(5 738)	(5 738)
Disposal of VEON shares	3 586	-	-	-	-	-	3 586
Other changes in other reserves during 2019	-	-	-	(476)	-	-	(476)
Equity as of 31 December 2019	**88**	**382**	**590**	**-**	**1 475**	**(20 328)**	**(17 792)**
Other comprehensive income (loss), net of taxes	32	-	(293)	-	(7)	-	(268)
Share-based payment	-	21	-	-	-	-	21
Share buyback	-	-	-	-	-	(3 974)	(3 974)
Disposal of equity investments at fair value through other comprehensive income	(4)	-	-	-	-	-	(4)
Equity adjustments in associated companies	-	-	-	-	2	-	2
Other changes in other reserves during 2020	**117**	**403**	**298**	**-**	**1 469**	**(24 302)**	**(22 014)**

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.

During 2019, upon disposal of all shares of VEON, the accumulated loss of NOK 3.6 billion recognised in other reserves was transferred to retained earnings. See note 22 for further information.

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 2020, the Group paid NOK 48 million (NOK 163 million in 2019) related to the equity-settled share-based program.

Please refer to note 35 and chapter 12 in the corporate governance section of the Board of Directors' report on page 49 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 2019	**85**	**(43)**	**41**
Other comprehensive income (loss)	705	(157)	548
Equity as of 31 December 2019	**790**	**(200)**	**589**
Other comprehensive income (loss)	(385)	92	(293)
Equity as of 31 December 2020	**406**	**(107)**	**296**

See note 26 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 2019	**(318)**	**(2 038)**	**188**	**(2 168)**
Changes during 2019, excluding effects of disposal	(377)	59	(13)	(331)
Amount reclassified from other comprehensive income to income statement	(244)	-	-	(244)
Net changes during 2019	**(621)**	**59**	**(13)**	**(578)**
Equity as of 31 December 2019	**(939)**	**(1 979)**	**175**	**(2 746)**
Changes during 2020, excluding effects of disposal	2 496	(3 587)	789	(302)
Amount reclassified from other comprehensive income to income statement	(133)	-	-	(133)
Net changes during 2020	**2 363**	**(3 587)**	**789**	**(435)**
Equity as of 31 December 2020	**1 424**	**(5 565)**	**964**	**(3 181)**

During 2020, a gain of NOK 133 million was reclassified from other comprehensive income to income statement which consisted of NOK 190 million currency gain on disposal of Canal Digital as a subsidiary and recognised its 50% share of the joint venture Allente, NOK 11 million currency gain on disposal of Valyou and NOK 68 million currency loss on disposal of Tapad. See note 20 for more information.

During 2019, a gain of NOK 244 million was reclassified from other comprehensive income to income statement which mainly consisted of NOK 275 million currency gain on disposal of 701Search as a subsidiary against consideration of 32% ownership interest in merged Carousell and NOK 58 million currency loss on deemed disposal of Telenor Microfinance Bank Limited.

In 2020, the translation difference gain on net investment in foreign operations was caused by depreciation of the Norwegian Krone against Danish Krone, Swedish Krone, Euro and Myanmar Kyat. The appreciation of Danish Krone by 7%, Swedish Krone by 11%, Euro by 6% and Myanmar Kyat by 9% against Norwegian Krone had the most significant impact on the translation difference gain.

In 2019, 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 Thai Bhat, Myanmar Kyat and Malaysian Ringgit. The depreciation of Pakistani Rupee by 8% and the Swedish Krone by 3% against Norwegian Krone had the most significant impact on the translation difference loss.

Transactions with non-controlling interests

During 2019, an amount of NOK 982 million was charged to retained earnings for acquiring the remaining 5% non-controlling interest shares in DNA for a total consideration of NOK 1.6 billion against carrying amount of non-controlling interest of NOK 0.6 billion. See note 4 for more information. In 2019, the Group changed its practice for recognising the equity effect of transactions with non-controlling interests from other reserves to retained earnings. Accordingly, the accumulated surplus balance of transactions with non-controlling of NOK 476 million was transferred from other reserves to retained earnings.

Dividends paid and proposed

NOK in millions	2020	2019
Ordinary dividend per share in NOK – paid	**8.70**	8.40
Ordinary dividend per share in NOK - proposed by the Board of Directors	**9.00**	8.70

Total dividend of NOK 12.3 billion has been paid and charged to equity in 2020 (NOK 12.1 billion in 2019).

In respect of 2020, the Board of Directors proposed an ordinary dividend of NOK 9.00, to be resolved by the Annual General Meeting on 27 May 2021. The total amount of dividend is estimated to be NOK 12.6 billion based on the outstanding number of shares as of 31 December 2020. The dividend will be split into two tranches of NOK 5.00 and NOK 4.00 per share to be paid out in June 2021 and October 2021, respectively.

Non-controlling interests

NOK in millions	Country of incorporation and operation	Non-controlling interests share of net income (loss) 2020	Non-controlling interests share of net income (loss) 2019	Non-controlling interests in the statement of financial position 31.12.20	Non-controlling interests in the statement of financial position 31.12.19	Non-controlling interests share of dividend in 2020	Non-controlling interests share of dividend in 2019
Digi.Com Bhd	Malaysia	**1 393**	1 552	661	728	1 483	1 549
Grameenphone Ltd.	Bangladesh	**1 824**	1 336	2 324	1 752	1 159	1 502
Total Access Communications Plc (dtac)	Thailand	**535**	569	2 625	2 797	661	288
Others		**(34)**	(37)	(17)	8	-	-
Total		**3 718**	**3 421**	**5 594**	**5 286**	**3 304**	**3 339**

Summarised financial information for subsidiaries with significant non-controlling interests

Summarised statement of financial position as of 31 December:

	2020			2019		
NOK in millions	Digi.Com Bhd	Grameenphone Ltd	Total Access Communications Plc (dtac)	Digi.Com Bhd	Grameenphone Ltd	Total Access Communications Plc (dtac)
Current assets	3 383	1 002	6 867	4 325	2 177	7 444
Non-current assets	14 459	13 952	46 434	13 825	13 241	45 948
Current liabilities	(5 301)	(7 732)	(13 731)	(5 984)	(9 374)	(17 674)
Non-current liabilities	(10 630)	(2 151)	(29 286)	(10 122)	(2 177)	(24 884)
Total equity	**1 911**	**5 071**	**10 283**	**2 044**	**3 868**	**10 834**
Attributable to:						
Equity holders of Telenor ASA	1 249	2 747	7 658	1 316	2 116	8 037
Non-controlling interests	661	2 324	2 625	728	1 752	2 797

Summarised comprehensive income information 1 January – 31 December:

	2020			2019		
NOK in millions	Digi.Com Bhd	Grameenphone Ltd	Total Access Communications Plc (dtac)	Digi.Com Bhd	Grameenphone Ltd	Total Access Communications Plc (dtac)
Revenues	13 766	15 483	23 704	13 375	14 980	23 048
Net income	2 731	4 033	1 565	3 043	3 048	1 553
Total comprehensive income	**2 771**	**3 827**	**1 340**	**3 051**	**2 995**	**2 482**
Attributable to non-controlling	1 393	1 824	535	1 552	1 336	569

Summarised cash flow information 1 January – 31 December:

	2020			2019		
NOK in millions	Digi.Com Bhd	Grameenphone Ltd	Total Access Communications Plc (dtac)	Digi.Com Bhd	Grameenphone Ltd	Total Access Communications Plc (dtac)
Operating activities	5 786	3 524	7 655	4 825	5 875	4 984
Investing activities	(1 786)	(1 244)	(3 755)	(1 873)	(1 499)	(5 111)
Financing activities	(4 347)	(3 518)	(4 465)	(2 901)	(3 560)	(1 451)
Effect of exchange rate changes on cash and cash equivalents	7	74	(54)	19	(6)	310
Net increase/(decrease) in cash and cash equivalents	**(339)**	**(1 164)**	**(620)**	**71**	**810**	**(1 268)**

NOTE 25 Provisions and obligations

Non-current

NOK in millions	2020	2019
Provision for workforce reductions and onerous (loss) contracts	**244**	219
Asset retirement obligations	**8 247**	7 275
Other provisions	**328**	207
Total non-current provisions and obligations as of 31 December	**8 820**	**7 701**

Current

NOK in millions	2020	2019
Provisions for workforce reduction and onerous (loss) contracts	**577**	649
Asset retirement obligations	**41**	24
Other provisions	**489**	545
Total current provisions and obligations as of 31 December	**1 108**	**1 219**

Development in provisions

The table below shows the development of provisions during 2020. 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 4.

NOK in millions	Legal disputes	Asset retirement obligations	Workforce reduction and onerous (loss) contracts
As of 1 January	**4 798**	**7 299**	**868**
Obligations arising during the year and effects of changes in estimates - continuing operations	1 581	846	845
Accretion expense	-	179	-
Amounts utilised	(1 570)	(120)	(790)
Other changes and translation difference	(309)	85	(101)
As of 31 December	**4 499**	**8 288**	**822**

Legal disputes

Significant legal disputes are disclosed in note 34. Following an investigation that started in 2012, the EFTA Surveillance Authority (ESA) issued a decision against Telenor Norway and Telenor ASA on 29 June 2020 with a fine of NOK 1.2 billion (EUR 112 million) for abuse of dominant Position. A provision of NOK 1.2 billion was recognised in the second quarter 2020 based on the decision from ESA. Telenor appealed the decision to the EFTA Court on 28 August 2020 and simultaneously paid the fine amount. See note 34 for more information.

Workforce reduction

Provisions for workforce reductions included approximately 820 employees as of 31 December 2020 and approximately 730 employees as of 31 December 2019.

Asset retirement obligations

The Group has asset retirement obligations relating primarily to equipment and other leasehold improvements installed on leased network sites and in administrative and network buildings. Those leases generally contain provisions that require the Group to remove the assets and restore the sites to their original condition at the end of the lease term. The table above presents all changes in the Group's asset retirement obligations.

In most situations, the timing of asset removals will be well into the future and there is uncertainty as to whether and when the obligation will be paid. The actual gross removal costs that the Group will incur may be significantly different from the estimated costs, for example due to negotiation of prices for a large amount of removals or agreements that reduce or relieve the Group from its obligations. The actual timing of the removals may also differ significantly from the estimated timing.

NOTE 26 Pension obligations

The pension schemes of the Norwegian companies in the Group follow the requirements in the Act on Mandatory company pensions.

The Group provides pension plans for employees in Norway. 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.

3 355 of the Group's employees were members of the contribution plan in Norway as of 31 December 2020 (3 439 as of 31 December 2019). In 2020, 1 234 of the Group's employees were covered by the defined benefit plans through Telenor Pension Fund (1 390 in 2019). In addition, Telenor Pension Fund paid out pensions to 2 469 persons in 2020 (2 439 in 2019). Telenor Sweden has a defined benefit plan with 673 active members in 2020 (655 in 2019). Other companies outside Norway and Sweden primarily offer contribution plans.

The funded defined benefit plans in Norway have net funds of NOK 425 million as of 31 December 2020 (NOK 487 million in net funds as of 31 December 2019). The current service cost was NOK 172 million in 2020 (NOK 197 million in 2019). Net interest income was NOK 16 million (interest cost of NOK 12 million in 2019).

Unfunded defined benefit plans have previously been offered to executive employees. These plans are now closed. As of 31 December 2020, the net defined benefit liability recognised in the statement of financial position was NOK 656 million (NOK 629 million as of 31 December 2019). The service cost was NOK 11 million in 2020 (NOK 12 million in 2019). Net interest cost was NOK 14 million (NOK 16 million in 2019). Telenor does not have a right to use the net funds in the funded plans to settle the obligations under the unfunded plans.

In Norway, the Group is a member of an agreement-based early retirement plan (new AFP). 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 2020, the contribution was 2.5% of total salaries between 1 and 7.1 times the base amount (G) (2.5% for 2019). For 2021 the contribution is set to 2.5%. 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 1 695 million as of 31 December 2020 (NOK 1 390 million as of 31 December 2019). The service cost was NOK 76 million and net interest cost was NOK 23 million in 2020 (NOK 61 million and NOK 25 million in 2019, respectively). The discount rate used for the pension calculations as of 31 December 2020 was 1.5% (1.7% in 2019) and expected salary increase was set to 3.0% (3.0% in 2019).

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.

	Mortality %		Disability %		Expected lifetime	
Age	Men	Women	Men	Women	Men	Women
40	0.05	0.03	0.06	0.09	88	92
50	0.13	0.09	0.22	0.33	87	91
60	0.37	0.26	0.78	1.23	87	90
70	1.18	0.83	-	-	87	91
80	3.91	2.70	-	-	90	92

The plan assets were measured at fair value 31 December 2020 and 31 December 2019. The calculation of the projected benefit obligations (PBO) as of 31 December 2020 was based on the member base at 14 October 2020 (at 26 September 2019).

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 that leave the Group 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 the Group. At the time of issuance of a paid-up policy, the Group 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	2020 Defined benefit obligation	2020 Fair value plan assets	2020 Benefit liability	2019 Defined benefit obligation	2019 Fair value plan assets	2019 Benefit liability
As of 1 January	**(9 481)**	**7 586**	**(1 895)**	**(9 419)**	**6 604**	**(2 815)**
Current service cost	(333)	-	(333)	(332)	-	(332)
Past service cost	50	-	50	(1)	-	(1)
Net interest	(238)	202	(36)	(267)	203	(64)
Discontinued operations	-	-	-	(6)	-	(6)
Sub-total included in Income Statement	**(521)**	**202**	**(319)**	**(606)**	**203**	**(403)**
Return on plan assets (excluding amounts included in net interest expense)	-	74	74	-	523	523
Actuarial changes arising from changes in demographic assumptions	12	-	12	(230)	-	(230)
Actuarial changes arising from changes in financial assumptions	(685)	-	(685)	314	-	314
Experience adjustments	182	-	182	107	-	107
Sub-total in Other Comprehensive Income	**(490)**	**74**	**(416)**	**191**	**523**	**714**
Effects of business combinations and disposals	102	(102)	-	34	(43)	(9)
Contributions by employer	-	424	424	-	558	558
Benefits paid	283	(253)	30	305	(247)	58
Translation differences	(122)	(19)	(142)	13	(12)	1
As of 31 December	**(10 231)**	**7 912**	**(2 319)**	**(9 481)**	**7 586**	**(1 895)**
Of which classified as:						
Pension obligations			(2 747)			(2 386)
Other non-current assets [1]			428			491

[1] Telenor does not have a right to use the net funds in the funded plans to settle the obligations under the unfunded plans.

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

	2020	2019
Discount rate in %	**1.70**	2.30
Future salary increase in %	**2.00**	2.00
Future increase in the social security base amount in %	**2.00**	2.00
Future turnover in %	**4.00**	4.00
Expected average remaining service period in years	**8.00**	8.00
Future pension increases in %	**1.25**	1.50

The Group has used the Norwegian covered bonds (OMF – Obligasjoner med fortrinnsrett) as basis for the discount rate as of 31 December for both 2020 and 2019 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	2020	2019
Current service cost	**(333)**	(332)
Past service cost	**50**	(1)
Net interest cost	**(36)**	(64)
Net periodic benefit costs	**(319)**	**(397)**
Contribution plan costs	**(718)**	(610)
Total pension costs charged to the income statement for the year	**(1 037)**	**(1 007)**
Of which reported as other expense (note 10)	**42**	5
Of which reported as pension cost (note 8)	**(1 043)**	(947)
Of which reported as net interest cost (note 12)	**(36)**	(64)

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 2020. 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	
Change in % is percentage points	-1%	+1%	-1%	+1%	-1%	+1%	-1%	+1%	-1%	+1%
Changes in:										
Increase (decrease) in benefit obligations	1 534	(1 110)	(473)	489	96	(150)	(848)	1 085	67	(118)

Asset categories

Telenor Pension Fund's weighted average asset allocations as of 31 December, by asset category, were as follows:

	2020	2019
Bonds %	**60**	59
Equity securities %	**40**	36
Real estate %	**-**	4
Other %	**-**	1
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 investment in foreign equity securities.

In 2020, Telenor Pension Fund sold all real estate properties. In 2019, Telenor Pension Fund owned real estate previously held by the Group. Approximately 49% of the buildings measured at market value were used by the Group through rental contracts.

Contributions in future years

The Group expects to contribute approximately NOK 369 million to the Telenor Pension Fund in 2021.

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)	175
Between 2 and 5 years	746
Next 5 years	1 321
Total expected payments next 10 years	**2 242**

The average duration of the Norwegian defined benefit plans at the end of the reporting period is 17 years.

NOTE 27 Trade and other payables and non-interest-bearing liabilities

Non-current non-interest-bearing liabilities

NOK in millions	Fair value level [4]	Category	2020	2019
Financial derivatives	2	FVTPL [1]	**321**	78
Financial derivatives designated for net investment hedge	2		**984**	1 321
Other non-current non-interest-bearing liabilities		FLAC [2]	**161**	151
Total non-current non-interest-bearing liabilities as of 31 December			**1 466**	**1 549**

Trade and other payables

NOK in millions	Fair value level [4]	Category	2020	2019
Trade payables			**9 064**	9 409
Accruals			**13 929**	15 986
Total trade payables and accruals as of 31 December		FLAC [2]	**22 993**	**25 395**
Contract liabilities			**6 785**	6 410
Other prepaid revenues			**-**	170
Government taxes, tax deductions etc.			**4 113**	3 716
Total other payables as of 31 December		NF [3]	**10 898**	**10 296**
Total trade and other payables as of 31 December			**33 891**	**35 691**

Current non-interest-bearing liabilities

NOK in millions	Fair value level [4]	Category	2020	2019
Financial derivatives	2	FVTPL [1]	**1**	1
Financial derivatives designated for net investment hedge	2		**505**	786
Other current non-interest-bearing liabilities		FLAC [2]	**1 365**	1 440
Total current non-interest-bearing liabilities as of 31 December			**1 871**	**2 227**

1) FVTPL: Fair value through profit and loss
2) FLAC: Financial liabilities at amortised cost
3) NF: Non-financial assets and liabilities
4) For information about the fair value level of financial instruments, see note 30.

Other current non-interest-bearing liabilities include liabilities to financing institutions under supply chain financing programs of NOK 596 million as of 31 December 2020 (NOK 686 million as of 31 December 2019).

Specification of contract liabilities:

NOK in millions	2020	2019
Balance as of 1 January	**6 410**	**7 020**
Revenue recognised that was included in opening balance	**(4 587)**	(5 416)
New contract liabilities less transfer to revenue	**4 848**	5 272
Addition through acquisition of subsidiaries	**-**	220
Disposal of companies	**-**	(17)
Change in measure of progress	**-**	(30)
Currency and other effects	**115**	(28)
Reclassified to liabilities held for sale	**-**	(610)
Balance as of 31 December	**6 785**	**6 410**

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 28 Interest-bearing liabilities

NOK in millions	2020 Current interest-bearing liabilities	2020 Non-current interest-bearing liabilities	2020 Total	2019 Current interest-bearing liabilities	2019 Non-current interest-bearing liabilities	2019 Total
Interest-bearing liabilities measured at amortised cost						
Bank loans	2 548	4 323	6 871	5 537	4 025	9 561
Bonds and Commercial Papers	4 211	94 031	98 242	8 578	79 633	88 212
Deposits from customers	32	-	32	54	-	54
Other liabilities	506	273	779	592	329	921
Total interest-bearing liabilities	**7 296**	**98 627**	**105 923**	**14 762**	**83 988**	**98 748**
Fair value of debt [1]			111 882			102 702
Of which fair value hierarchy level 1 [2]			102 223			91 441
Of which fair value hierarchy level 2 [2]			9 659			11 261

[1] Excluding lease liabilities and licence obligations.
[2] For information about the fair value hierarchy for valuation of financial instruments, see note 30.

Non-current interest-bearing liabilities

NOK in millions	Currency	2020 Debt before the effect of currency swaps	2020 Debt adjusted for the effect of currency swaps [2]	2019 Debt before the effect of currency swaps	2019 Debt adjusted for the effect of currency swaps [2]
Company					
Telenor ASA	EUR	72 224	43 552	57 191	39 439
	NOK [1]	-	(2 735)	-	(6 578)
	SEK	4 687	15 719	6 830	9 845
	USD	-	20 468	-	22 339
Total Telenor ASA		**76 910**	**77 004**	**64 021**	**65 045**
DNA - Finland	EUR	2 560	2 560	3 674	3 674
dtac - Thailand	THB	13 584	13 584	10 046	10 046
Digi - Malaysia	MYR	5 299	5 299	5 852	5 852
Other non-current interest-bearing liabilities		273	273	394	394
Total subsidiaries		**21 716**	**21 716**	**19 966**	**19 966**
Total non-current interest-bearing liabilities		**98 627**	**98 720**	**83 988**	**85 011**

[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	2020 Debt before the effect of currency swaps	2020 Debt adjusted for the effect of currency swaps [2]	2019 Debt before the effect of currency swaps	2019 Debt adjusted for the effect of currency swaps [2]
Company					
Telenor ASA	NOK [1]	-	(2 760)	-	(3 817)
	EUR [1]	-	(883)	7 399	1 756
	SEK	2 871	3 080	-	702
	MYR	-	2 112	-	2 135
	THB	-	5 474	-	1 888
	USD [1]	-	(3 808)	-	5 348
Total Telenor ASA		**2 871**	**3 215**	**7 399**	**8 012**
DNA - Finland	EUR	628	628	284	284
dtac - Thailand	THB	1 849	1 849	4 718	4 718
Digi - Malaysia	MYR	828	828	839	839
Grameenphone - Bangladesh	BDT	125	125	-	-
Grameenphone - Bangladesh	USD	-	-	304	304
Pakistan	PKR	489	489	605	605
Other current interest-bearing liabilities		506	506	613	613
Total subsidiaries		**4 425**	**4 425**	**7 363**	**7 363**
Total current interest-bearing liabilities		**7 296**	**7 640**	**14 762**	**15 375**

[1] Telenor ASA's debt positions in Norwegian Kroner, US Dollars and Euro as of 31 December 2020, and Norwegian Kroner as of 31 December 2019, 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.

Changes in interest-bearing liabilities

NOK in millions	2020	2019
As of 1 January	**98 748**	**70 807**
Implementation effect IFRS 16 [1]	-	(11 847)
Proceeds from borrowings [2]	34 432	66 184
Repayments of borrowings [2]	(33 257)	(33 923)
Change due to hedge accounting	1 200	127
Effects from changes in foreign exchange rates	4 238	1 385
Liabilities held for sale	(22)	-
Acquisitions	64	5 401
Change in net interest accruals and payments [3]	303	(304)
Liability for redemption of non-controlling interests in DNA	-	554
Other changes	217	364
As of 31 December	**105 923**	**98 748**

1) Licence obligation is part of lease liabilities from 1 January 2019. For changes in lease liabilities, see note 18.
2) Included in cash flow from financing activities.
3) Classified as cash flow from operating activities.

Cash flow from financing activities consists of proceeds from and repayments of borrowings, including repayments of lease liabilities – principal portion (see note 18). Net cash flow from financing activities excluding repayments of lease liabilities amounted to NOK 1.2 billion in 2020 compared to NOK 32.3 billion in 2019, mainly explained by a lower level of bond issuances under the EMTN programme in 2020 compared to 2019.

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.

In February 2020, Telenor ASA issued the following bond tranches under the EMTN programme:

- EUR 500 million with fixed coupon rate of 0.25% and maturity in 2028
- EUR 500 million with fixed coupon rate of 0.875% and maturity in 2035

In 2019 Telenor made three bond issuances under the EMTN programme:

- SEK 7.25 billion bond was issued in March with three tranches
  - SEK 2.75 billion with floating rate and maturity in 2021
  - SEK 2.5 billion with floating rate and maturity in 2024
  - SEK 2 billion with fixed coupon rate of 1.125% and maturity in 2024
- EUR 2.5 billion bond was issued in May with three tranches
  - EUR 1 billion with fixed coupon rate of 0.75% and maturity in 2026
  - EUR 1 billion with fixed coupon rate of 1.125% and maturity in 2029
  - EUR 500 million with fixed coupon rate of 1.75% and maturity in 2034
- EUR 1.5 billion bond was issued in September with three tranches,
  - EUR 500 million with fixed coupon rate of 0.00% and maturity in 2023
  - EUR 500 million with fixed coupon rate of 0.25% and maturity in 2027
  - EUR 500 million with fixed coupon rate of 0.625%and maturity in 2031

All outstanding debt issued by Telenor ASA is unsecured.

Furthermore, debt in dtac is mainly comprised of issued bonds (NOK 11.5 billion) and debt to financial institutions (NOK 4.0 billion) and debt in Digi is mainly comprised of issued bonds (NOK 3.8 billion) and debt to financial institutions (NOK 2.3 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.

NOTE 29 Financial risk management

Managing capital

Telenor Group's capital allocation priorities are:
1. Maintain a solid balance sheet
2. Offer competitive shareholder remuneration
3. Value driven investment approach

Telenor has a leverage guiding in the range of 1.8x to 2.3x Net debt/EBITDA before other items (see page 179 for alternative performance measures). As of 31 December 2020 the reported Net debt/EBITDA before other items was 2.0x (2.0x as of 31 December 2019) 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 2020, Telenor ASA's long-term credit rating was "A3/stable outlook" by Moody's Investors Service and "A-/stable outlook" by Standard & Poor's (S&P).

Key elements of the Group's capital structure include interest-bearing debt as disclosed in note 28, cash and cash equivalents and equity attributable to the shareholders of Telenor ASA as presented in the consolidated statement of changes in equity and in note 24.

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 2020, Telenor's shareholder remuneration via dividend was NOK 12.3 billion comprised of ordinary dividends paid out in May 2020 (NOK 4.40 per share) and October 2020 (NOK 4.30 per share).

For the financial year 2020, the Telenor Board of Directors will propose an ordinary dividend of NOK 9.00 per share to be resolved by the Annual General Meeting in May 2021 and paid out in two tranches of NOK 5.00 and NOK 4.00 per share in June 2021 and October 2021, respectively. The total ordinary dividend amount proposed for the financial year 2020 is NOK 12.6 billion.

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

The Group emphasises financial flexibility. 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 2.0 billion with maturity in 2023. The RCF was undrawn as of 31 December 2020.

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. Potential liquidity to fund acquisitions is considered separately.

The debt portfolio of Telenor ASA and each subsidiary with external debt shall have a balanced maturity profile. The Group's debt maturities shall be spread relatively even over a time horizon of at least 10 years to reduce the Group's refinancing risk. The debt maturity profile is presented below. For information about duration please see chapter "Interest rate risk".

Maturity profile of the Group's liabilities (in nominal values)

NOK in millions	Total as of 31.12.20	< 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	103 275	6 775	8 480	8 330	13 384	11 776	10 910	7 529	6 104	11 196	715	18 077	-
Other interest-bearing liabilities	521	521	-	-	-	-	-	-	-	-	-	-	-
Sum of interest-bearing liabilities [1]	**103 796**	**7 296**	**8 480**	**8 330**	**13 384**	**11 776**	**10 910**	**7 529**	**6 104**	**11 196**	**715**	**18 077**	**-**
Non-interest-bearing liabilities													
Trade and other payables	33 891	33 891	-	-	-	-	-	-	-	-	-	-	-
Other current non-interest-bearing liabilities	1 365	1 365	-	-	-	-	-	-	-	-	-	-	-
Derivative financial instruments	1 811	506	320	27	194	132	549	-	82	-	-	-	-
Other non-current non-interest-bearing liabilities	161	-	-	-	-	-	-	-	-	-	-	-	161
Sum of non-interest-bearing liabilities	**37 228**	**35 762**	**320**	**27**	**194**	**132**	**549**	**-**	**82**	**-**	**-**	**-**	**161**
Total	**141 024**	**43 057**	**8 800**	**8 357**	**13 578**	**11 908**	**11 460**	**7 529**	**6 186**	**11 196**	**715**	**18 077**	**161**
Future interest payments	**8 226**	**1 331**	**1 223**	**1 152**	**1 094**	**857**	**612**	**469**	**382**	**314**	**189**	**602**	**-**
Total including future interest	**149 250**	**44 388**	**10 023**	**9 509**	**14 672**	**12 765**	**12 071**	**7 998**	**6 568**	**11 510**	**904**	**18 679**	**161**

NOK in millions	Total as of 31.12.19	< 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	97 099	14 085	5 091	7 802	6 313	11 941	13 363	10 294	6 953	888	10 537	9 833	-
Other interest-bearing liabilities	659	659	-	-	-	-	-	-	-	-	-	-	-
Sum of interest-bearing liabilities [1]	**97 759**	**14 744**	**5 091**	**7 802**	**6 313**	**11 941**	**13 363**	**10 294**	**6 953**	**888**	**10 537**	**9 833**	**-**
Non-interest-bearing liabilities													
Trade and other payables	35 691	35 691	-	-	-	-	-	-	-	-	-	-	-
Other current non-interest-bearing liabilities	1 440	1 440	-	-	-	-	-	-	-	-	-	-	-
Derivative financial instruments	2 186	787	71	688	40	209	191	201	-	-	-	-	-
Other non-current non-interest-bearing liabilities	151	-	-	-	-	-	-	-	-	-	-	-	151
Sum of non-interest-bearing liabilities	**39 467**	**37 917**	**71**	**688**	**40**	**209**	**191**	**201**	**-**	**-**	**-**	**-**	**151**
Total	**137 226**	**52 662**	**5 162**	**8 489**	**6 353**	**12 150**	**13 554**	**10 495**	**6 953**	**888**	**10 537**	**9 833**	**151**
Future interest payments	**8 310**	**1 415**	**1 179**	**1 092**	**1 000**	**964**	**706**	**500**	**373**	**343**	**240**	**497**	**-**
Total including future interest	**145 536**	**54 076**	**6 341**	**9 581**	**7 353**	**13 114**	**14 260**	**10 995**	**7 326**	**1 231**	**10 777**	**10 330**	**151**

[1] The maturity tables do not include lease liabilities related to licences or other lease liabilities. See 18 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 2020, average interest cost, excluding lease and licence expenses, for the Group was 1.8% on interest-bearing liabilities, excluding lease and licence liabilities. (2.7% in 2019)

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 Group's portfolio of external debt instruments shall have interest rate duration between 0 and 5 years whereas subsidiaries shall have interest rate duration below 2 years. As of 31 December 2020, the duration of the Group's debt was 3.6 years (2.6 years as of 31 December 2019). Telenor ASA's duration was 4.1 years as of 31 December 2020 (2.9 years as of 31 December 2019).

Effect from the interest rate benchmark reform

The Group is exposed to the interest rate benchmark reform (IBOR reform) through financial instruments and hedges and has designated fair value hedging relationships with EURIBOR and THBFIX (Thai Baht) interest rate fixings. See table Fair Value Hedge Instruments for nominal amount on hedging relationships. As of 31 December 2020, there are no effects on the Group's fair value hedging relationships as a result of the IBOR reform. The Group is monitoring and managing the Group's transition to alternative benchmark rates and is in dialogue with counterparties about the IBOR reform.

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 financial instruments under financial items in the income statement.

Fair value hedging relationships

NOK in millions	2020	2019
Net gain / (loss) recognised in the income statement on hedged items	**(1 308)**	(93)
Net gain / (loss) recognised in the income statement on hedging instruments	**954**	149
Amount of hedge ineffectiveness	**(354)**	**56**

Net hedge ineffectiveness for 2020 includes a loss of NOK 0.3 billion related to discontinuation of fair value hedge accounting.

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 22:

	2020		2019	
NOK in millions	Assets	Liabilities	Assets	Liabilities
As of 31 December				
Nominal amounts fair value hedge instruments	**44 488**	**-**	48 266	-
Fair values of fair value hedge instruments	**2 387**	**-**	1 831	(108)

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 2020	2 630	517	527	376	366	317	195	109	80	77	13	54
As of 31 December 2019	2 909	649	440	452	322	320	250	157	92	78	93	56

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 + 71 basis points (+ 77 basis points in 2019) for EUR denominated swaps, and THBFIX + 140 basis points (+ 132 basis points in 2019) 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	2020	2019
Carrying amount of hedged items recognised in the statement of financial position	**46 499**	48 936
Fair value hedge adjustments included in the carrying amount of the hedged	**2 126**	830

Interest rate risk sensitivity analysis

Effects on changes in fair value

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:

	2020		2019	
NOK in millions	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	**1 933**	**(2 035)**	1 227	(1 287)
Gain (loss) in the income statement	**(9)**	**11**	16	(15)

Sensitivity analysis of change in floating interest rates on net financial items in the income statement:

	2020		2019	
NOK in millions	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	**(547)**	**547**	(517)	517

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 100 million or above are evaluated for hedging.

Financial instruments designated as hedging instruments of net investment in foreign operations
As of 31 December 2020 and 2019, 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 2020 and 2019.

For additional information and a reconciliation of the net investment hedge balance in equity, see note 24.

Net investment hedging relationships

NOK in millions	2020	2019
Amount recognised directly to other comprehensive income (OCI)	**(3 587)**	59
Amount reclassified from OCI to the income statement on disposal	**-**	-

Interest-bearing debt and derivatives designated as hedging instruments in net investment hedges (only effective part of instruments is included):

	2020		2019	
NOK in millions	Debt	Derivatives	Debt	Derivatives
As of 31 December				
Nominal amounts net investment hedge instruments	**(58 177)**	**9 046**	(56 402)	14 383
Fair value net investment hedge instruments	**(62 086)**	**(647)**	(58 802)	(1 895)

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	2020	2019
As of 31 December		
Other non-current assets	**665**	21
Other financial current assets	**177**	190
Non-current non-interest-bearing financial liabilities	**(984)**	(1 321)
Current non-interest-bearing liabilities	**(505)**	(786)
Fair value net investment hedge instruments	**(647)**	**(1 895)**

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 2020	(54 532)	(6 686)	(689)	(1 890)	(4 682)	(2 542)	(8 360)	(3 159)	(4 535)	(8 677)	(137)	(13 174)
As of 31 December 2019	(46 677)	(5 317)	(3 499)	10	(1 292)	(6 826)	(1 712)	(8 061)	(3 998)	(176)	(7 800)	(8 005)

Average currency rates in cross currency swaps designated as net investment hedge instruments were NOK/USD 8.55 (8.55 in 2019), USD/EUR 1.16 (1.21 in 2019), SEK/EUR 10.57 (10.64 in 2019) and NOK/EUR 10.83 (n.a. in 2019) in 2020. In 2020, average currency rates in foreign exchange contracts designated as net investment hedge instruments were NOK/DKK n.a. (1.33 in 2019), NOK/SEK 0.96 (0.96 in 2019), NOK/USD n.a. (8.89 in 2019), USD/EUR 1.19 (1.12 in 2019), USD/MYR 0.24 (0.24 in 2019), USD/THB 0.03 (0.03 in 2019) and SEK/USD 8.26 (n.a. in 2019).

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):

	Monetary Item Currency							
	2020				2019			
NOK in millions	EUR	SEK	USD	Andre	EUR	SEK	USD	Andre
Depreciating Functional Currency								
NOK	-	(605)	(1 290)	-	187	-	(2 634)	-

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 2020, including effects of net investment hedge, would have been an increase of approximately NOK 3.4 billion (increase of NOK 3.5 billion as of 31 December 2019).

The table below shows the impact on OCI of net investment hedge (NIH) instruments if the functional currency weakened by 10%.

	2020				2019			
NOK in millions	EUR	SEK	USD	Andre	EUR	SEK	USD	Andre
Currency effect on OCI (before tax) of NIH instruments								
NOK	(2 726)	(1 242)	(273)	(672)	(2 611)	(1 056)	(214)	(320)
Effect on other comprehensive income (OCI)	-	-	-	**(4 913)**	-	-	-	**(4 201)**

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. The sensitivity analysis is only carried out for the Group's major subsidiaries. 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 1.4 billion higher / lower in 2020 (NOK 1.2 billion in 2019).

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	2020	2019
Cash and cash equivalents	20 577	13 867
Bonds and commercial papers > 3 months (note 22)	356	485
Financial derivatives (note 22)	3 506	2 352
Other financial non-current interest-bearing assets - deferred payment from	1 047	2 949
Current interest-bearing receivables - deferred payment from disposal (note 21)	2 180	1 155
Trade and other current financial receivables (note 21)	18 416	19 220

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 from other financial non-current interest-bearing assets and current interest-bearing receivables regarding deferred payment of EUR 300 million from disposal of operations in Central Eastern Europe (CEE) is mitigated through received bank and parent company guarantees as well as covenants in the sales agreement.

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 21 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 2020, NOK 78 million was posted as cash collateral (receivable). As of 31 December 2019, NOK 63 million was held as cash collateral (liability) and NOK 768 million was posted as cash collateral (receivable).

NOTE 30 Fair values 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 classes and categories. The estimated fair values of the Group's financial instruments are based on available market prices and the valuation methodologies per class are described below.

Fair value hierarchy
The Group 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 28 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, 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, 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 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 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 2020 and 2019, respectively.

NOTE 31 Guarantees

Guarantee obligations:

NOK in millions	2020	2019
Guarantee obligations as of 31 December	2 477	2 539

The exposure to claims from the Department of Telecommunications (DoT) in India related to the period Telenor owned the business remains with Telenor. A guarantee to Bharti Airtel was recognised at fair value as of closing date of the transaction and classified as liabilities held for sale. As of 31 December 2020, the amount recognised was NOK 3.0 billion (NOK 3.4 billion as of 31 December 2019).

Purchased bank guarantees are not shown in the table.

NOTE 32 Contractual commitments

The Group has entered into agreements with fixed payments in respect of the following as of 31 December 2020 and as of 31 December 2019:

2020

NOK in millions	2021	2022	2023	2024	2025	After 2025
Contractual purchase obligations						
IT-related agreements	422	76	63	-	-	-
Other contractual obligations	6 321	2 193	1 999	74	44	10
Committed investments						
Property plant and equipment and intangible assets	4 311	25	-	-	-	-
Total contractual obligations	**11 054**	**2 294**	**2 062**	**74**	**44**	**10**

2019

NOK in millions	2020	2021	2022	2023	2024	After 2024
Contractual purchase obligations						
IT-related agreements	287	11	1	1	1	-
Other contractual obligations	4 841	2 388	877	6	6	-
Committed investments						
Property plant and equipment and intangible assets	3 305	696	-	-	-	-
Total contractual obligations	**8 433**	**3 094**	**879**	**7**	**7**	**-**

The tables above include agreements under which the Group has only committed minimum purchase obligations.

The table for 2019 has been updated with changes related to other contractual obligations in dtac.

NOTE 33 Related parties

As of 23 March 2021, Telenor ASA was 53.97% owned by the Kingdom of Norway, represented through the Ministry of Trade, Industry and Fisheries (MTIF).

At the Annual General Meeting (AGM) in May 2019, authority was given to the Board of Telenor ASA to acquire treasury shares with the purpose to cancel these shares through reduction of share capital. The programme comprises 43 million shares in 2019, of which 19.8 million shares were repurchased in the market. The remaining shares were purchased by Telenor through the agreement with MTIF, whereby it is agreed that the Ministry is committed to participation and voting at Telenor's general meeting for the cancellation of a proportionate number of its shares, so that its ownership interest in Telenor will remain unaffected when Telenor repurchase shares for the purpose of cancellation. For further information regarding share ownership, see note 36.

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 Modernisation (MLGM). The USO obligation entails among other things the provision of public voice telephony and basic access to internet to all households and companies. The Group is imposed USO obligations to provide text telephony services for the deaf and hearing impaired. The Group receives no compensation for providing USO services.

In addition, the Group was in 2020 and 2019 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. The Group receives compensation for providing SSO. In 2020 and 2019, the Group received NOK 98 million and NOK 89 million, respectively, under this agreement.

The Group may also receive compensation for the obligations to fulfil additional requirements on the network to serve national security issues and other statutory services. In 2020 and 2019, the Group received a refund related to such activities of NOK 99 million and NOK 80 million, respectively.

In 2020 and 2019, the Group received NOK 146 and NOK 167 million in government grants, respectively, in connection with construction of broadband networks in designated areas in Norway.

The Group pays an annual fee to Norwegian Communications Authority and an annual levy to MLGM for delivering electronic communication services, including payments for frequencies and numbers. The fee/levy was NOK 219 million and NOK 169 million in 2020 and 2019, respectively.

In 2019, the Group invested NOK 180 million in spectrum in the 700 MHz band in Norway. The licence is valid from 1 November 2019 until 31 December 2039.

The Group 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. The Group also purchases services, such as postal services, in the normal course of business and at arms-length prices. Details of such transactions are not included in this note.

In addition, the Group sold transmission capacity and related services in the digital and analogue terrestrial transmission network to Norsk rikskringkasting AS of NOK 211 million in 2020 and NOK 214 million in 2019.

Transactions with associated companies and joint ventures

	2020		2019	
NOK in millions	Sales to	Purchases from	Sales to	Purchases from
	421	**(712)**	582	(627)

Amounts receivable from and amounts due to associated companies and joint ventures

	2020		2019	
NOK in millions	Receivables	Payables	Receivables	Payables
	78	**(16)**	76	(25)

Sales to associated companies in 2020 include NOK 285 million in sale of satellite capacity to Allente Group AB, which was accounted for as an associate company from May 2020 upon the completion of the merger between Canal Digital AS and Viasat Consumer AB. In 2019, sales to associated companies include network access charges to Norges televisjon AS of NOK 457 million. Norges televisjon AS was deconsolidated as a subsidiary and recognised as an associated company in November 2019.

Purchases from Strex AS regarding mobile content services were NOK 567 million in 2020 and NOK 456 million in 2019. In addition, a substantial part of the purchases in 2020 and 2019 from associated companies concerns sales and marketing support for distributors of the Group's products and services in Norway and Thailand.

The Group has provided fulfilment guarantees until 2 June 2021 of NOK 75 million in favour of Norges televisjon AS, which from 1 January 2020 is owned with equal parts by Norsk rikskringkasting AS and TV2.

Transactions with subsidiaries have been eliminated on consolidation and do not represent related party transactions. See Note 14 Related Parties and Note 15 Shares in Subsidiaries in the financial statements of Telenor ASA for further details. The same applies to transactions with joint operations, see note 20 ASA in the financial statements of Telenor Group.

For compensation to key management personnel, please refer to note 35 and chapter 11 and 12 in the corporate governance section of the Board of Directors' report on pages 46 and 49.

NOTE 34 Legal disputes and contingencies

The Group is subject to various legal proceedings, disputes and claims including regulatory discussions related to the Group's business, licences and investments, the outcomes of which are subject to significant uncertainty. While acknowledging the uncertainties related to these matters, the management is of the opinion that based on the information currently available, these matters will be resolved without any material adverse effect individually or in the aggregate on the Group's financial position.

For matters in which the Group assesses it to be probable (more likely than not) that an economic outflow will be required to settle the obligation, provisions have been made based on management's best estimate. The development in provisions during 2020 related to legal disputes in total is disclosed in note 25.

See note 13 for uncertain tax positions.

Grameenphone

BTRC – Audit

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 8.5 billion to BTRC (NOK 2.3 billion in principal and NOK 6.2 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 4.1 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 12.6 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 2.2 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 2.2 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 22). 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 and its Auditor appeared in the suit earlier, but they have not yet submitted their reply.

Singapore and Bangladesh have entered into 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.

Dividend restrictions by Bangladesh Bank

Bangladesh Bank informed Grameenphone in 2019 that future dividend repatriation to Telenor with respect to its shares which were issued against contribution in-kind will be suspended until supporting documentary evidence is submitted to Bangladesh Bank. The original shareholders in Grameenphone had contributed services which were incurred as pre-incorporation expenses, and received shares currently representing 2.9% of the total number of shares in the company. Bangladesh Bank is still suspending dividend repatriation to Telenor with respect to its shares which were issued against contribution in-kind. Grameenphone has responded to all queries from Bangladesh Bank and duly submitted all available documents as requested by Bangladesh Bank. Grameenphone has requested a resolution to the matter so that the NOK 0.2 billion in retained dividend amount can be paid to Telenor.

SIM tax on replacement SIM cards

The Large Taxpayer Unit-VAT has issued three notices to Grameenphone claiming SIM tax of in total NOK 1.5 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 1.4 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

Revenue share – deduction of interconnect expenses

dtac is involved in industry disputes with CAT 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 CAT. The arbitration panel set for the 16th concession year gave on 25 December 2019 an award in favour of dtac, stating that dtac was entitled to deduct its interconnect expenses from its revenues. Subsequently, on 27 December 2019, 26 December 2019 and on 6 February 2020 other arbitration tribunals gave their decisions in CAT's favour for concession years 17, 18 and 20, respectively. The arbitration panel in these cases considered that interconnect revenue is a concessionary revenue that dtac should include without deductions in its calculation of revenue share to CAT. Pursuant to the three awards, dtac has an obligation to pay an approximate total amount of NOK 3.3 billion. Dtac has appealed these awards to the Central Administrative Court. Similar disputes exist for concession years 21 to 27 (16 September 2011 to 15 September 2018) where CAT has presented claims of NOK 4.5 billion in total.

Revenue share – deduction of excise tax

On 11 January 2008, CAT 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 CAT 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 CAT on 27 March 2003. On 28 May 2012, the Thai Arbitral Tribunal rendered an award in favour of dtac and dismissed CAT's claim. However, on 31 August 2012, CAT 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 favour. CAT has appealed the case to the Supreme Administrative Court in Thailand. These proceedings are pending.

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 Group's ownership structure in dtac was established, and is, in accordance with Thai law as well as established practices in Thailand.

India

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.

One of these disputes is related to the basis for calculation of licence fees and spectrum usage charges for the entire duration of Telenor's operations in India. This is a principal matter common to all industry participants. During 2019 and 2020, DoT has issued demand notices in the mentioned matter to approximately NOK 3.6 billion, including penalty and interest, against Telenor's Indian subsidiaries. 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 how to calculate licence fees and spectrum usage charges. Despite the Supreme Court's final ruling in this matter, there are still computational elements that remain unclarified and hence the outcome is uncertain.

On 2 February 2012, the Indian Supreme Court quashed all 122 2G licences awarded in 2008, including those granted to 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 the Group, 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 1.2 billion imposed, due to an alleged violation of a merger approval for the Unitech Wireless entities. Telenor has contested the basis for the claim.

See note 4 under Discontinued operations and assets held for sale for information on provisions related to the period the Group owned the business in India.

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 3.8 billion by the Pakistan Telecommunication Authority (PTA) for an extension period of 15 years. Telenor Pakistan disagrees with the terms and conditions for renewal, primarily on the price. Telenor Pakistan believes that the renewal price should be NOK 2.5 billion, which is the same as for prior renewals for other operators. Accordingly, Telenor Pakistan has challenged the terms and conditions for renewal of said licence in Islamabad High Court. In the third quarter of 2019, Telenor Pakistan paid a deposit of NOK 2.1 billion of the demanded licence renewal fee awaiting conclusion of the case in Islamabad High Court. In the second quarter of 2020, Telenor Pakistan paid an additional deposit of NOK 0.5 billion. The total deposit of NOK 2.6 billion was recognised as prepayment (note 21) which is considered adjustable against the final outcome of the case. Telenor Pakistan has a stay order until the final adjudication.

Federal Excise Duty (FED) on interconnect charges

The Federal Board of Revenue (FBR) alleged that the Cellular Mobile Operators (CMOs) have, together, evaded Federal Excise Duty (FED) payable on interconnect charges. The alleged liability for Telenor Pakistan was approximately NOK 0.4 billion, excluding penalty and interests. The CMOs collectively challenged the FED decision on interconnect charges in the Islamabad High Court, as they had collected and paid the FED on the full value of calls. The case was decided in favour of the CMOs in January 2014 as no double taxation of excise duty is permissible on the basis of law. The decision of the single bench was appealed by the FBR. The Division Bench of the High Court dismissed the appeal in June 2019 and upheld the decision of the single bench. FBR has now filed an appeal before the Supreme Court against the judgment of the High Court. Telenor is contesting the matter along with the industry in the Supreme Court.

Telenor Norway

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.

ESA

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.

NCA

The case 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. The NCA's concern relates to the roll-out of the third mobile network in Norway. On 21 June 2018, the NCA issued a decision where it imposed a fine of NOK 0.8 billion. Telenor appealed the decision to the Competition Complaint Board on 20 December 2018. In a decision from 19 June 2019, the Competition Complaint Board sustained the NCA fine, but with a split decision. Telenor appealed the decision by the Competition Complaint Board to the Gulating Court of Appeal on 18 September 2019 and the court proceeding took place in January and February 2021.

NOTE 35 Key management compensation and fees to external auditor

Key management compensation

The table below outlines key management compensation for 2020 and 2019 by categories. The figures presented in each category are the total amounts for both the President & CEO and the Group executive management (GEM). For a detailed overview at individual level, and further details on Telenor's compensation policy and practice, please refer to chapter 11 and 12 in the corporate governance section of the Board of Directors' report on pages 46 and 49.

NOK in millions	2020 [6]	2019
Base salary [1]	38 113	38 432
Short-term incentive (STI) [2]	13 371	12 452
Long Term Incentive (LTI) expensed [3]	7 212	5 941
Pension benefits [4]	6 699	8 282
Other compensation and benefits [5]	4 296	13 785
Total compensation	**69 691**	**78 892**

1) Base salary includes holiday pay, if applicable.
2) STI (annual bonus) reflects actual bonus amount and excludes holiday pay. Any applicable holiday pay is reported under 'base salary'.
3) LTI 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 4 years. LTI is reported on expensed basis, i.e. cost in any particular year is a total of annual cost of all active programs in that year.
4) The calculations of pension benefits earned are based on the same actuarial and other assumptions as used in the pension benefit calculations in note 26.
5) Includes items such as insurance, company car benefit or car allowance, relocation costs, taxable bonus shares related to employee share plan etc. and payments related to termination (i.e. notice periods, severance payments, short-term and long-term incentives; where relevant). Termination benefits amount to NOK 0 million in 2020 and NOK 7.1 million in 2019.
6) Due to COVID-19 travel restrictions, one GEM member was working out of Norway for the assignment in Singapore from 1 May to 25 August 2020. Compensation for this period may therefore be subject to taxation both in Norway and Singapore (double taxation), depending on available exemptions. The estimated Norwegian taxes for this period, before taking any exemptions into account, amounts to NOK 3.8 million, and have not been included in the table.

In addition to the above, fees to the Board of Directors amount to NOK 5.2 million in 2020 and NOK 5.5 million in 2019. 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 5.1 million as of 31 December 2020 and NOK 3.6 million as of 31 December 2019.

Fees to the auditors

The table below summarises audit fees for 2020 and 2019 and fees for audit related services, tax services and other services incurred by the Group during 2020 and 2019. Fees include both Norwegian and foreign subsidiaries.

	Audit fees		Fees for further assurance services		Fees for tax services		Other fees	
NOK in millions, excluding VAT	2020	2019	2020	2019	2020	2019	2020	2019
Telenor ASA	5.4	5.6	1.3	1.1	1.0	5.0	1.7	5.7
Other Group companies	28.9	31.5	4.0	4.2	14.7	5.7	7.0	7.0
Total	**34.3**	**37.1**	**5.3**	**5.3**	**15.7**	**10.7**	**8.7**	**12.7**

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 36 Number of shares, authorisations, ownership etc.

As of 31 December 2020, 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. During 2020, the share capital was decreased by NOK 257,999,994 and the number of registered shares was decreased by 42,999,999. All ordinary Telenor shares have equal voting rights and the right to receive dividends. As of 31 December 2020, the company held no treasury shares.

At the AGM in May 2019, authority was given to the Board of Directors to acquire up to 43,000,000 own shares, corresponding to approximately 2% of the share capital, for the purpose of cancellation. Within this authorisation, which was valid until AGM in May 2020, on 31 October 2019 Telenor completed the market part of share buyback programme where Telenor purchased 19,794,961 own shares in the open market. Prior to the AGM, Telenor entered into an agreement with its largest shareholder, the Kingdom of Norway, represented through the Ministry of Trade, Industry and Fisheries. The agreement implied that the Kingdom of Norway was committed, through the Ministry of Trade, Industry and Fisheries' participation and voting in Telenor's general meeting, to sell a proportionate number of its shares so that the Kingdom of Norway's ownership interest in Telenor would remain unaffected if Telenor repurchased shares for the purpose of cancellation. The agreement was valid until the AGM in 2020. Following AGM approval in May 2020, Telenor's share capital was decreased by NOK 257,999,994 by cancellation of the 19,794,961 repurchased shares under the authorisation from AGM in May 2019 and redemption of 23,205,038 shares owned by the Kingdom of Norway against payment of an amount of NOK 4,112,795,215.

Changes in treasury shares including redemption of shares owned by the Norwegian State:

	2020	2019
Balance as of 1 January	**19 794 961**	**13 350 090**
Purchase of treasury shares	23 205 038	35 444 870
Cancellation of treasury shares	(42 999 999)	(28 999 999)
Balance as of 31 December	**-**	**19 794 961**

As of 31 December 2020, Telenor ASA had about 47,800 registered shareholders, compared with about 40,200 as of 31 December 2019.

The 20 largest shareholders as of 31 December 2020 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	79 881 073	5.71
3	State Street Bank and Trust Company (nominee)	30 933 257	2.21
4	State Street Bank and Trust Company (nominee)	29 676 533	2.12
5	State Street Bank and Trust Company (nominee)	22 470 959	1.61
6	JPMorgan Chase Bank (nominee)	13 902 658	0.99
7	JPMorgan Chase Bank (nominee)	13 846 379	0.99
8	State Street Bank and Trust Company (nominee)	11 553 771	0.83
9	State Street Bank and Trust Company (nominee)	11 278 164	0.81
10	State Street Bank and Trust Company (nominee)	8 858 509	0.63
11	Clearstream Banking S.A. (nominee)	8 610 814	0.62
12	Verdipapirfondet KLP Aksjenorge IN	7 523 805	0.54
13	The Bank of New York Mellon SA/NV (nominee)	7 373 061	0.53
14	The Northern Trust Comp (nominee)	6 870 325	0.49
15	Storebrand Norge I Verdipapirfond	6 152 175	0.44
16	The Bank of New York Mellon (nominee)	5 939 974	0.42
17	JPMorgan Chase Bank (nominee)	5 589 516	0.40
18	JPMorgan Chase Bank (nominee)	5 425 917	0.39
19	Schweizerische Nationalbank (nominee)	5 348 249	0.38
20	BNP Paribas Securities Services (nominee)	5 046 976	0.36
	Total held by 20 largest shareholders	**1 041 502 535**	**74.44**
	Total all Telenor shares	**1 399 458 033**	**100.00**

The 20 largest shareholders as of 31 December 2020 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	79 881 073	5.71
3	Caisse de Depot et Placement du Quebec	27 393 351	1.96
4	BlackRock Institutional Trust Company, N.A.	25 230 936	1.80
5	DWS Investment GmbH	22 941 756	1.64
6	DNB Asset Management AS	21 999 435	1.57
7	The Vanguard Group, Inc.	19 123 745	1.37
8	Storebrand Kapitalforvaltning AS	18 397 003	1.31
9	Lazard Asset Management, L.L.C.	14 613 190	1.04
10	KLP Forsikring	12 986 850	0.93
11	APG Asset Management N.V.	11 516 662	0.82
12	Pyrford International Limited	10 217 599	0.73
13	Danske Invest Asset Management AS	9 875 016	0.71
14	State Street Global Advisors (US)	9 205 156	0.66
15	Fidelity International	9 123 397	0.65
16	BlackRock Advisors (UK) Limited	8 391 467	0.60
17	Aberdeen Standard Investments (Edinburgh)	8 101 050	0.58
18	Danske Bank Asset Management	7 740 922	0.55
19	Legal & General Investment Management Ltd.	6 705 165	0.48
20	Handelsbanken Asset Management	6 531 258	0.47
	Total held by 20 largest shareholders	**1 085 195 451**	**77.54**
	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 37 COVID-19

The spread of cross-border diseases such as COVID-19 may have an operational effect on the Group due to, among other things, mobility restrictions and lockdown measures, change in consumption, usage patterns, potential disruptions in the supply chain of hardware and handsets, maintenance of infrastructure and access to resources as well as impact on employees. From the latter part of March and through fourth quarter, the Group has seen impact from the global spread of COVID-19, as mobility restrictions and lockdown measures were implemented in all countries the Group operates in. The temporary lockdown of physical retail channels has impacted revenues negatively, especially in our Asian prepaid markets. Further to this, some local authorities temporarily abolished price floors. Mobility and travel restrictions in all markets have led to a decrease in roaming, affecting our Nordic operations in particular. It also resulted in reduced revenues from the tourism industry and migrant workers in Asia. Furthermore, the Group is exposed to the related uncertainty regarding the macroeconomic development and currency fluctuations. A major risk is the duration of the COVID-19 impact.

In light of the effects on financial results and outlook, Telenor has assessed whether there are indicators of impairment of cash-generating units (CGUs) with or without goodwill and associated companies in accordance with IAS 36 *Impairment of Assets*. Although mobility restrictions and lockdown measures have impacted Telenor's financial results, Telenor expects a gradual recovery in the Asian markets during the second half of 2021. For the Nordic operations, roaming is expected to remain the area most impacted by the pandemic. The expected impact of COVID-19 has been incorporated into the projected cash flows; however, the Group has not recognised any significant impairments in 2020. Please refer to note 16.

Further, the need for additional provisions for expected credit losses related to trade and other receivables has also been assessed, please see note 21.

Local authorities have implemented economic relief measures in all the Group's markets, however the impact on the Group has not been material.

NOTE 38 Events after the reporting period

Myanmar

On 1 February 2021, a state of emergency under military leadership was declared in Myanmar and in the following weeks, Telenor has faced an irregular and uncertain situation. The top priority is the safety of the employees and providing a functioning network for our customers. An estimate of financial effects cannot be established at the time of publication of this Annual Report.

Income Statement

Telenor ASA 1 January – 31 December

NOK in millions	Note	2020	2019
Revenues	1	**911**	**1 053**
Salaries and personnel costs	2, 3	**(651)**	(760)
Other operating expenses	4	**(870)**	(1 019)
Depreciation, amortisation and impairment losses	8	**(31)**	(31)
Total operating expenses		**(1 552)**	**(1 810)**
Operating profit (loss)		**(641)**	**(757)**
Financial income and expenses			
Financial income	6	**17 110**	23 295
Financial expenses	6	**(1 213)**	(1 534)
Net currency gains (losses)	6	**(1 857)**	(472)
Net change in fair value of financial instruments	6	**(841)**	(77)
Net gains (losses and impairment) on financial assets	6	**-**	(33)
Net financial income (expenses)		**13 199**	**21 179**
Profit before taxes		**12 558**	**20 422**
Income taxes	7	**(600)**	(3 281)
Net income		**11 958**	**17 141**

Statement of Comprehensive Income

Telenor ASA 1 January – 31 December

NOK in millions	2020	2019
Net income	**11 958**	**17 141**
Other comprehensive income (loss)		
Remeasurement of defined benefit pension plans	(46)	137
Income taxes	10	(30)
Items that will not be reclassified to income statement	**(36)**	**107**
Other comprehensive income (loss), net of taxes	**(36)**	**107**
Total comprehensive income (loss)	**11 922**	**17 248**

Statement of Financial Position

Telenor ASA as of 31 December

NOK in millions	Note	**2020**	2019
ASSETS			
Deferred tax assets	7	1 917	1 998
Pension funds	3	96	88
Goodwill		20	20
Intangible assets	8	6	18
Property, plant and equipment		16	27
Shares in subsidiaries	15	141 380	138 837
Non-current interest-bearing receivables from Group companies	14	37 591	38 374
Other non-current financial assets	9, 11	3 383	2 761
Total non-current assets		**184 409**	**182 123**
Trade receivables from Group companies		512	584
Trade receivables external		1	6
Other current financial assets	9, 11	382	496
Liquid assets and short-term placements	11	10 621	2 618
Total current assets		**11 516**	**3 704**
Total assets		**195 925**	**185 827**
EQUITY AND LIABILITIES			
Equity	10	**100 835**	**105 303**
Liabilities			
Non-current interest-bearing external liabilities	11	76 910	64 021
Non-current non-interest-bearing external liabilities	11	1 276	1 409
Pension obligations	3	493	472
Other provisions		68	78
Total non-current liabilities		**78 747**	**65 980**
Current interest-bearing liabilities to Group companies	11, 14	9 449	3 352
Current interest-bearing external liabilities	11	2 871	7 399
Drawings on Group's cash pool	11	1 480	188
Current non-interest-bearing liabilities to Group companies	11, 12	338	169
Current non-interest-bearing external liabilities	11, 12	2 205	3 436
Total current liabilities		**16 343**	**14 544**
Total equity and liabilities		**195 925**	**185 827**

Fornebu, 23 March 2021

Gunn Wærsted
Chair

Jørgen Kildahl
Vice Chair of the Board

Jon Erik Reinhardsen
Board member

Jacob Aqraou
Board member

Pieter Cornelius Knook
Board member

Astrid Simonsen Joos
Board member

Sally Davis
Board member

Esben Smistad
Employee representative

Anita Helen Steine
Employee representative

Jan Otto Eriksen
Employee representative

Sigve Brekke
President & CEO

Statement of Cash Flows

Telenor ASA 1 January – 31 December

NOK in millions	2020	2019
Profit before taxes	12 558	20 422
Income taxes paid	(1 063)	(3 360)
Net (gains) losses, impairment and change in fair value of financial assets and liabilities	-	110
Depreciation, amortisation and impairment losses	31	31
Net currency (gains) losses not relating to operating activities	1 805	(9)
Net changes in interest accruals against Group companies	(2)	101
Received dividend	9 830	15 451
Recognised dividend	(9 830)	(16 751)
Interest received	234	511
Interest paid	(1 363)	(1 836)
Net changes in other accruals	2 150	1 310
Net cash flow from operating activities	14 350	15 980
Proceeds from sale of property, plant and equipment and intangible assets	-	15
Purchases of property, plant and equipment and intangible assets	(8)	(11)
Purchases of and capital increase in subsidiaries	(900)	(1 105)
Net cash flow from investing activities	(908)	(1 101)
Proceeds from borrowings	13 814	47 402
Repayments of borrowings	(11 446)	(5 803)
Net change in Group's cash pool	7 346	(36 434)
Purchase of treasury shares	(4 119)	(5 975)
Dividends paid to equity holders of Telenor ASA	(12 277)	(12 121)
Net cash flow from financing activities	(6 682)	(12 931)
Effect on cash and cash equivalents of changes in foreign exchange rates	(49)	291
Net change in cash and cash equivalents	6 711	2 239
Cash and cash equivalents as of 1 January	2 430	191
Cash and cash equivalents as of 31 December	9 141	2 430
Specification of cash and cash equivalents:		
Liquid assets and short-term placements	10 621	2 618
Drawing from Group's cash pool	(1 480)	(188)
Cash and cash equivalents as of 31 December	9 141	2 430

Statement of Changes in Equity

Telenor ASA – for the years ended 31 December 2019 and 2020

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 2019	**1 471 458 031**	**8 829**	**(80)**	**69**	**(19)**	**(9 583)**	**106 922**	**106 138**
Net income for the period	-	-	-	-	-	-	17 141	17 141
Other comprehensive income for the period	-	-	-	-	107	-	-	107
Total comprehensive income	**-**	**-**	**-**	**-**	**107**	**-**	**17 141**	**17 248**
Dividends	-	-	-	-	-	-	(12 121)	(12 121)
Share buyback	-	-	(213)	-	-	(5 738)	-	(5 951)
Cancellation of shares	(28 999 999)	(174)	174	-	-	-	-	-
Share-based payment, exercise of share options and distribution of shares	-	-	-	-	-	(11)	-	(11)
Equity as of 31 December 2019	**1 442 458 032**	**8 655**	**(119)**	**69**	**88**	**(15 332)**	**111 942**	**105 303**
Net income for the period	-	-	-	-	-	-	11 958	11 958
Other comprehensive income for the period	-	-	-	-	(36)	-	-	(36)
Total comprehensive income	**-**	**-**	**-**	**-**	**(36)**	**-**	**11 958**	**11 922**
Dividends	-	-	-	-	-	-	(12 277)	(12 277)
Share buyback	-	-	(139)	-	-	(3 974)	-	(4 113)
Cancellation of shares	(42 999 999)	(258)	258	-	-	-	-	-
Share-based payment, exercise of share options and distribution of shares	-	-	-	-	-	-	-	-
Equity as of 31 December 2020	**1 399 458 033**	**8 397**	**-**	**69**	**52**	**(19 306)**	**111 623**	**100 835**

Notes to the Financial Statements

Telenor ASA

Contents notes

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, as described in note 2 of the consolidated financial statements. 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 28 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 (pages 46 and 49) as well as note 35 of the consolidated financial statements, for further information about compensation to the Board of Directors, management and auditor.

NOK in millions	2020	2019
Salaries and holiday pay	**(492)**	(557)
Social security tax	**(66)**	(80)
Pension cost including social security tax (note 3)	**(72)**	(80)
Share-based payments [1]	**(25)**	(26)
Other personnel costs	**4**	(17)
Total salaries and personnel costs	**(651)**	**(760)**
Number of labour-years employed, average	**370**	413

[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 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 26 to the consolidated financial statements.

Changes in the defined benefit obligation and fair value of plan assets

	2020			2019		
NOK in millions	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	**(1 381)**	**998**	**(384)**	**(1 379)**	**853**	**(526)**
Service cost	(36)	-	(36)	(41)	-	(41)
Net interest	(32)	25	(7)	(35)	23	(13)
Sub-total included in Income Statement	**(68)**	**25**	**(43)**	**(76)**	**23**	**(54)**
Return on plan assets (excluding amounts included in net interest expense)	-	(50)	(50)	-	59	59
Actuarial changes arising from changes in financial assumptions	(81)	-	(81)	44	-	44
Experience adjustments	85	-	85	34	-	34
Sub-total included in Other Comprehensive Income	**4**	**(50)**	**(46)**	**78**	**59**	**137**
Effects of business combinations and disposals	(69)	76	8	(57)	39	(18)
Contributions by employer	-	50	50	-	56	56
Benefits paid	57	(39)	18	53	(32)	21
As of 31 December	**(1 457)**	**1 060**	**(397)**	**(1 381)**	**998**	**(384)**
Of which classified as:						
Pension obligations			(493)			(472)
Pension assets [1]			96			88

[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 52 million to the Telenor Pension Fund in 2021.

104 employees were covered by defined benefit plan of the Telenor Pension Fund. Telenor Pension Fund paid out pensions to 421 persons.

Components of net periodic benefit cost

NOK in millions	2020	2019
Service cost	(36)	(41)
Net interest cost	(7)	(13)
Contribution plan costs	(36)	(39)
Total pension costs recognised in the income statement	**(79)**	**(93)**
Of which reported as pension cost (note 2)	(72)	(80)
Of which reported as net interest cost (note 6)	(7)	(13)

NOTE 4 Other operating expenses

NOK in millions	2020	2019
Operating expenses related to country offices and services from shared service centres	(146)	(209)
Cost of premises, vehicles, office equipment, operation and maintenance etc.	(146)	(152)
Marketing, representation and sales commission	(27)	(29)
Workforce reductions and onerous contracts	(87)	(210)
Other operating expenses [1]	(464)	(419)
Total other operating expenses	**(870)**	**(1 019)**

[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 35 in the consolidated financial statements. Provision for bad debt of NOK 166 million is recognised against intercompany trade receivables.

NOTE 5 Research and development costs

Research and development expenses in Telenor ASA were NOK 132 million in 2020 and NOK 161 million in 2019. Research and development activities relate to new technologies and secure full utilisation of existing technologies and network.

NOTE 6 Financial income and expenses

NOK in millions	2020	2019
Interest income from Group companies	179	96
Group contribution and dividends from subsidiaries	16 877	23 151
Other financial income	54	47
Other financial income from Group companies	-	1
Total financial income	**17 110**	**23 295**
Interest expenses to Group companies	(21)	(78)
Interest expenses (external)	(1 192)	(1 456)
Total financial expenses	**(1 213)**	**(1 534)**
Foreign currency gain	2 017	8
Foreign currency loss	(3 874)	(480)
Net foreign currency gains (losses)	**(1 857)**	**(472)**
Net change in fair value of financial instruments at fair value through profit or loss	(1 709)	(142)
Net change in fair value of hedging instruments and hedged items	868	65
Net change in fair value of financial instruments	**(841)**	**(77)**
Impairment losses on shares in subsidiaries [1)]	-	(33)
Net gains (losses and impairment) on financial assets	**-**	**(33)**
Net financial income (expenses)	**13 199**	**21 179**

1) Impairment of shares in subsidiaries in 2019 relate to investments in Telenor Digital AS, see note 15.

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 2020, Telenor ASA received and recognised NOK 7.0 billion in taxable Group contribution, which relates to the financial year 2019. Telenor ASA also received dividends of NOK 6.0 billion from Telenor Mobile Holding AS, dividend of NOK 3.8 billion from Telenor Broadcast Holding AS (merged with Telenor Communication II AS in 2020). Telenor Mobile Holding AS has also distributed dividends received from its subsidiaries.

In 2019, Telenor ASA received and recognised NOK 6.4 billion in taxable Group contribution, which relates to the financial year 2018. Telenor ASA also received dividends of NOK 12.0 billion from Telenor Mobile Holding AS and dividends from other Group companies of NOK 4.8 billion. Telenor Mobile Holding AS has also distributed dividends received from its subsidiaries.

NOTE 7 Income taxes

NOK in millions	2020	2019
Profit before taxes	**12 558**	**20 422**
Current taxes	(515)	(1 067)
Resolution of disputed items and adjustment in previous years' current income tax	6	(2 450)
Change in deferred taxes	(91)	237
Income tax	**(600)**	**(3 281)**
Tax basis		
Profit before taxes	12 558	20 422
Effect of other comprehensive income and tax-free transfers	(46)	137
Non-deductible expenses and tax-free income	28	99
Group contribution previous year	(7 047)	(6 400)
Dividend – tax-free	(9 830)	(16 751)
Changes in temporary differences recognised in income statement	82	294
Group contribution current year	6 596	7 047
Tax basis for the year	**2 340**	**4 848**
Current taxes at nominal income tax rate in Norway (22% in 2020 and 2019)	**515**	**1 067**
Effective tax rate		
Income tax expense at corporate income tax rate in Norway (22% in 2020 and 2019)	(2 763)	(4 493)
Non-deductible expenses and tax-free income	4	(52)
Accounting effect of received tax-free dividend	2 163	3 685
Resolution and adjustments of disputed item	6	(2 450)
Other	(10)	30
Income tax	**(600)**	**(3 281)**
Effective tax rate in %	**4.78%**	**16.06%**

NOK in millions	2020	2019	Changes
Temporary differences as of 31 December			
Non-current assets	(25)	(27)	2
Interest element in connection with fair value hedges of liabilities	(1 787)	(516)	(1 271)
Financial derivatives	633	(809)	1 442
Losses on guarantees	(280)	(280)	-
Other accruals for liabilities	(188)	(20)	(168)
Pension liabilities	(397)	(383)	(14)
Group contribution	(6 596)	(7 047)	451
Disallowed interest deduction carried forward	(73)	-	(73)
Total temporary differences as of 31 December	**(8 713)**	**(9 082)**	**369**
Tax rate	22%	22%	-
Net deferred tax assets	**1 917**	**1 998**	**(81)**
Changes in net deferred tax assets:			
Recognised in other comprehensive income [1]			10
Recognised in the income statement			(91)

[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 2020.

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. Telenor ASA disagrees with the order and has appealed. In a decision received 10 February 2021 the Tax Appeal Board upheld the reassessment. Telenor ASA will appeal the decision to the district court.

NOTE 8 Intangible assets

2020

NOK in millions	Accumulated cost as of 1 January	Additions	Disposals	Internal Sub-lease [1]	Amortisations and impairment losses	Accumulated amortisations and impairment losses	Carrying amount as of 31 December
Software purchased (5 years)	411	1	-	-	(13)	(411)	1
Work in progress	5	-	-	-	-	-	5
Total intangible assets	**416**	**1**	**-**	**-**	**(13)**	**(411)**	**6**

2019

NOK in millions	Accumulated cost as of 1 January	Additions	Disposals	Internal Sub-lease [1]	Amortisations and impairment losses	Accumulated amortisations and impairment losses	Carrying amount as of 31 December
Licences and legal rights (12 -15 years)	112	-	-	(50)	-	(62)	-
Software purchased (5 years)	411	-	-	-	(12)	(398)	13
Work in progress	6	-	(1)	-	-	-	5
Total intangible assets	**529**	**-**	**(1)**	**(50)**	**(12)**	**(460)**	**18**

[1] Internal sub-lease are two licences being transferred to Telenor Norge AS in 2019 related to the implementation of IFRS 16.

NOTE 9 Other financial assets

NOK in millions	2020	2019
Capital contribution in Telenor Pension Fund [1]	**298**	298
Derivatives financial instruments	**671**	57
Fair value hedging instruments	**2 014**	1 569
Other financial assets external	**400**	837
Total other non-current financial assets	**3 383**	**2 761**
Receivables from Group companies	**165**	167
Other current financial assets external	**217**	329
Total other current financial assets	**382**	**496**

[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.

NOTE 10 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

	2020	2019
Dividends per share in NOK – paid	**8.70**	8.40
Dividends per share in NOK - proposed by the Board of Directors	**9.00**	8.70

Dividend of NOK 12.3 billion has been recognised to equity in 2020 (NOK 12.1 billion in 2019).

Board of Directors proposes an ordinary dividend of NOK 9 per share for 2020 (NOK 12.6 billion), to be declared by the Annual General Meeting (AGM) on 27 May 2021. The proposed dividend shall be split into two tranches of NOK 5 and NOK 4 per share, to be paid in June and October 2021 respectively.

At the Annual General Meeting 11 May 2020, the share buyback programme approved by the Annual General Meeting in 2019 was finalised by cancellation of 19,794,961 own shares and redemption of 23,205,038 shares owned by the Norwegian Government by the Ministry of Trade, Industry and Fisheries against a payment of an amount of NOK 4.1 billion to the Ministry of Trade, Industry and Fisheries.

NOTE 11 Financial instruments and risk management

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 2.0 billion with maturity in 2023.

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 and hedges and has designated fair value hedging relationships with EURIBOR. As of 31 December 2020, 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 29 in the consolidated financial statements where interest rate risk is explained in detail.

See also note 2 and note 29 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 2020 and 2019, respectively.

2020

NOK in millions	Carrying amount	Total as of 31 December 2020	2021	2022-2024	2025-2029	2030->
Interest-bearing liabilities						
Bonds and Commercial Papers	79 781	78 240	2 871	21 450	38 215	15 705
Other interest-bearing liabilities	-	-	-	-	-	-
Total interest-bearing liabilities external	**79 781**	**78 240**	**2 871**	**21 450**	**38 215**	**15 705**
Other interest-bearing liabilities Group companies	9 449	9 449	9 449	-	-	-
Drawing on Group cash pools	1 480	1 480	-	-	-	1 480
Interest-bearing liabilities Telenor Group	**10 929**	**10 929**	**9 449**	**-**	**-**	**1 480**
Non-interest-bearing liabilities						
Trade and other payables external	563	563	563	-	-	-
Trade and other payables Group companies	109	109	109	-	-	-
Other current non-interest-bearing liabilities	1 136	1 136	1 136	-	-	-
Derivative financial instruments liabilities	2 010	2 010	734	510	766	-
Other non-current non-interest-bearing liabilities	68	68	-	68	-	-
Total non-interest-bearing liabilities	**3 886**	**3 886**	**2 542**	**578**	**766**	**-**
Total	**94 597**	**93 056**	**14 862**	**22 028**	**38 981**	**17 185**
Future interest payments	-	5 445	879	2 193	1 610	763
Total including future interest payments	**94 597**	**98 501**	**15 741**	**24 221**	**40 591**	**17 947**

2019

NOK in millions	Carrying amount	Total as of 31 December 2019	2020	2021-2023	2024-2028	2029->
Interest-bearing liabilities						
Bonds and Commercial Papers	71 249	70 966	7 399	12 461	31 377	19 730
Other interest-bearing liabilities	171	63	-	23	40	-
Total interest-bearing liabilities external	**71 419**	**71 029**	**7 399**	**12 484**	**31 417**	**19 730**
Other interest-bearing liabilities Group companies	3 352	3 352	3 352	-	-	-
Drawing on Group cash pools	188	188	-	-	-	188
Interest-bearing liabilities Telenor Group	**3 540**	**3 540**	**3 352**	**-**	**-**	**188**
Non-interest-bearing liabilities						
Trade and other payables external	954	954	954	-	-	-
Trade and other payables Group companies	68	68	68	-	-	-
Other current non-interest-bearing liabilities	1 696	1 696	1 696	-	-	-
Derivative financial instruments liabilities	2 297	2 297	887	806	603	-
Other non-current non-interest-bearing liabilities	78	78	-	78	-	-
Total non-interest-bearing liabilities	**5 093**	**5 093**	**3 605**	**884**	**603**	**-**
Total	**80 053**	**79 662**	**14 356**	**13 368**	**32 021**	**19 918**
Future interest payments	-	5 985	982	2 294	2 020	689
Total including future interest payments	**80 053**	**85 647**	**15 338**	**15 661**	**34 041**	**20 607**

For specification regarding external interest-bearing liabilities in Telenor ASA, see note 28 in the consolidated financial statements.

Changes interest-bearing liabilities

NOK in millions	2020	2019
As of 1 January	**71 419**	**29 589**
Change in cash flow from financing activities	**2 369**	41 599
Change due to hedge accounting	**1 272**	(49)
Effects from changes in foreign exchange rates	**4 529**	(104)
Interest [1]	**40**	28
Other changes	**153**	357
As of 31 December	**79 781**	**71 419**

[1] Classified as cash flow from operating activities

NOTE 12 Current non-interest-bearing liabilities

NOK in millions	Category	2020	2019
Trade payables to Group companies	FLAC [1]	**109**	68
Financial derivatives to Group companies	FVTPL	**229**	101
Current non-interest-bearing liabilities within the Group		**338**	**169**
Trade payables external	FLAC	**564**	954
Government taxes, tax deductions, holiday pay etc.	NF [2]	**135**	126
Income taxes payable	NF	**845**	1 396
Financial derivatives	FVTPL	**505**	786
Other current liabilities	FLAC	**156**	174
Current non-interest-bearing external liabilities		**2 205**	**3 436**

[1] FLAC: Financial liabilities at amortised cost.
[2] NF: Non-financial assets and liabilities.

NOTE 13 Guarantees

NOK in millions	2020	2019
Guarantee liabilities	685	929

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.

NOTE 14 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 33 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 6. Group contributions and dividends recognised in 2020 and 2019 of NOK 16,877 million and NOK 23,151 million, respectively, are received from companies within Other units and Broadcast.

Sales and purchases of services, receivables, and liabilities

	2020				2019			
NOK in millions	Sales	Purchases	Receivables	Liabilities	Sales	Purchases	Receivables	Liabilities
Subsidiaries								
Norway	250	49	20	32	292	51	37	12
Sweden	76	14	6	(1)	97	11	10	(1)
Denmark	35	14	4	2	45	13	13	9
Finland	5	-	7	-	-	-	101	-
dtac – Thailand	149	-	5	-	161	-	4	-
Digi – Malaysia	102	2	17	-	121	1	8	-
Grameenphone – Bangladesh	102	-	210	4	106	1	276	2
Pakistan	55	3	189	-	75	3	168	1
India	-	-	1	-	-	-	1	-
Broadcast	8	-	-	-	24	-	8	1
Myanmar	51	1	3	-	62	-	3	-
Other units	55	329	215	72	49	404	122	44
Total	**888**	**412**	**677**	**109**	**1 032**	**484**	**751**	**68**

Financial transactions, receivables, and liabilities

	2020				2019			
NOK in millions	Financial income	Financial expense	Receivables	Liabilities	Financial income	Financial expense	Receivables	Liabilities
Subsidiaries								
Norway	27	-	1 522	-	8	-	3 107	-
Sweden	18	-	1 146	-	18	-	1 228	-
Denmark	-	-	-	2 301	-	-	-	-
Finland	1	-	1 184	-	-	-	987	-
Broadcast	8	-	640	-	16	-	857	-
Singapore	-	-	-	-	-	-	-	-
Myanmar	-	-	-	-	2	-	-	-
Netherlands	-	-	-	-	-	-	-	-
Other units	124	21	33 099	7 148	52	78	32 195	3 352
Total	**179**	**21**	**37 591**	**9 449**	**96**	**78**	**38 374**	**3 352**

NOTE 15 Shares in subsidiaries

The table below sets forth Telenor ASA's ownership interest in its subsidiaries. These subsidiaries will mainly be holding companies and their directly owned subsidiaries. Several of the subsidiaries named in the second part own shares in other subsidiaries as described in their respective annual financial statements.

Ownership interests correspond to voting interest if not otherwise stated.

Shares in subsidiaries

NOK in millions	Office	Ownership interest in % 2020	Ownership interest in % 2019	Carrying amount as of 31 December 2020	Carrying amount as of 31 December 2019
Telenor Networks Holding AS	Norway	100.0	100.0	52 749	52 749
Telenor Global Shared Services AS	Norway	100.0	100.0	626	626
Telenor Communication II AS	Norway	100.0	100.0	7 235	2 806
Telenor Mobile Holding AS	Norway	100.0	100.0	70 977	70 977
Telenor Broadcast Holding AS [1]	Norway	100.0	100.0	-	4 429
Telenor Infra AS [2]	Norway	100.0	100.0	2 332	690
Telenor KB AS	Norway	100.0	100.0	-	-
Telenor Forsikring AS	Norway	100.0	100.0	300	300
Telenor Maritime AS [3]	Norway	98.9	98.9	172	172
Telenor GTI AS [4]	Norway	100.0	100.0	3 850	2 950
Cinclus Technology AS	Norway	100.0	100.0	-	-
Telenor Digital AS	Norway	100.0	100.0	512	512
Telenor Real Estate AS [5]	Norway	100.0	100.0	2 627	1 737
Telenor Damgårdslunden 15 AS [5]	Norway	0.0	100.0	-	20
Telenor Festekontrakter AS [5]	Norway	0.0	100.0	-	32
Telenor Agder Vestfold og Telemark AS [5]	Norway	0.0	100.0	-	32
Telenor Anthon Walles Vei 34 AS [5]	Norway	0.0	100.0	-	26
Telenor Gamle Drammensvei 6 AS [5]	Norway	0.0	100.0	-	41
Telenor Harstadåsen AS [5]	Norway	0.0	100.0	-	19
Telenor Jeløy Radio AS [5]	Norway	0.0	100.0	-	40
Telenor Låveveien 55 AS [5]	Norway	0.0	100.0	-	27
Telenor Møre og Romsdal og Trøndelag AS [5]	Norway	0.0	100.0	-	48
Telenor Nord AS [5]	Norway	0.0	100.0	-	62
Telenor Snaret 34 AS [5]	Norway	0.0	100.0	-	31
Telenor Sigurds Gate 14 AS [5]	Norway	0.0	100.0	-	36
Telenor Stoltenbergs Gate 3 AS [5]	Norway	0.0	100.0	-	28
Telenor Tryvann Radio AS [5]	Norway	0.0	100.0	-	16
Telenor Tåsenveien 73 AS [5]	Norway	0.0	100.0	-	48
Telenor Utviklingsportefølje AS [5]	Norway	0.0	100.0	-	125
Telenor Viken og Innlandet AS [5]	Norway	0.0	100.0	-	74
Telenor Ytrebygdsvegen 33 AS [5]	Norway	0.0	100.0	-	23
Telenor Øvre Strandgate 5 AS [5]	Norway	0.0	100.0	-	49
Telenor Vestlandet og Rogaland AS [5]	Norway	0.0	100.0	-	113
Total				**141 380**	**138 837**

1) The company is merged with Telenor Communication II AS in 2020.
2) During 2020, Telenor Infra AS performed a capital increase through a share issuance of NOK 1,643 million to Telenor Norge AS. The issued shares were later acquired by Telenor ASA from Telenor Norge AS for the same amount.
3) The remaining 1.1% of shares in Telenor Maritime AS are owned by Telenor Communication II AS.
4) Telenor GTI AS received capital injection of NOK 900 million in 2020.
5) 20 Norwegian real estate companies with total carrying amount of NOK 889 million, were during 2020 transferred to Telenor Real Estate AS and subsequently sold.

Shares in subsidiaries owned through subsidiaries

	Office	Ownership interest in % 2020	Ownership interest in % 2019
Telenor Networks Holding AS			
Telway AS	Norway	100.0	100.0
Telenor Global Services AS	Norway	100.0	100.0
Telenor Satellite AS [1]	Norway	100.0	0.0
Telenor Svalbard AS	Norway	100.0	100.0
Telenor Norge AS	Norway	100.0	100.0
Telenor Communication II AS			
Telenor Financial Services AS	Norway	100.0	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	99.9	99.9
Norkring België N.V. [2]	Belgium	75.0	0.0
Tapad Norway AS [3]	Norway	0.0	95.0
Telenor Mobile Holding AS			
Telenor Mobile Communications AS	Norway	100.0	100.0
Telenor Danmark Holding A/S	Denmark	100.0	100.0
Telenor Sverige AB	Sweden	100.0	100.0
Telenor East Holding II AS [4]	Norway	0.0	100.0
Telenor Connexion AB	Sweden	100.0	100.0
Canal Digital Finland Oy [5]	Finland	100.0	100.0
Telenor Finland Holding Oy [6]	Finland	100.0	100.0
Telenor Broadcast Holding AS [7]			
Telenor Satellite AS [1]	Norway	0.0	100.0
Telenor UK Ltd	Great Britain	100.0	100.0
Canal Digital AS [8]	Norway	0.0	100.0
Telenor Real Estate AS			
Telenor Eiendom Fornebu Kvartal 2 AS [3]	Norway	0.0	100.0
Telenor Eiendom Fornebu Kvartal 3 AS [3]	Norway	0.0	100.0
Telenor Eiendom Fornebu Kvartal 4 AS [3]	Norway	0.0	100.0
Telenor Eiendom Fornebu Kvartal 1 AS [3]	Norway	0.0	100.0
Telenor Eiendom Hareløkken AS	Norway	100.0	100.0
Frognerseterveien 23 AS [3]	Norway	0.0	100.0
Grønnegata 55 AS [3]	Norway	0.0	100.0
Ilderveien 9 AS	Norway	100.0	100.0
Kirkegata 45 Lillehammer AS [3]	Norway	0.0	100.0
Kirkegata 59 AS [3]	Norway	0.0	100.0
Nordbyveien 1 AS [3]	Norway	0.0	100.0
Nygaten 4 AS [3]	Norway	0.0	100.0
Skolegata 8 AS [3]	Norway	0.0	100.0
Sælidveien 40 AS [3]	Norway	0.0	100.0
Silurveien 45 AS [3] [9]	Norway	0.0	100.0
Telenor Nord 2 AS [10]	Norway	100.0	0.0
Telenor Møre og Romsdal og Trøndelag 2 AS [11]	Norway	100.0	0.0
Telenor Vestlandet og Rogaland 2 AS [12]	Norway	100.0	0.0
Telenor Agder Vestfold og Telemark 2 AS [13]	Norway	100.0	0.0
Telenor Viken og Innlandet 2 AS [14]	Norway	100.0	0.0
Telenor Øvre Strandgate 5 2 AS [15]	Norway	100.0	0.0
Telenor Damgårdslunden 15 AS [16]	Norway	0.0	0.0
Telenor Festekontrakter AS [16]	Norway	0.0	0.0
Telenor Agder Vestfold og Telemark AS [13] [16]	Norway	0.0	0.0
Telenor Anthon Walles Vei 34 AS [16]	Norway	0.0	0.0
Telenor Gamle Drammensvei 6 AS [16]	Norway	0.0	0.0
Telenor Harstadåsen AS [16]	Norway	0.0	0.0
Telenor Jeløy Radio AS [16]	Norway	0.0	0.0
Telenor Låveveien 55 AS [16]	Norway	0.0	0.0

Telenor Møre og Romsdal og Trøndelag AS [11) 16)]	Norway	0.0	0.0
Telenor Nord AS [10) 16)]	Norway	0.0	0.0
Telenor Snaret 34 AS [16)]	Norway	0.0	0.0
Telenor Sigurds Gate 14 AS [16)]	Norway	0.0	0.0
Telenor Stoltenbergs Gate 3 AS [16)]	Norway	0.0	0.0
Telenor Tryvann Radio AS [16)]	Norway	0.0	0.0
Telenor Tåsenveien 73 AS [16)]	Norway	0.0	0.0
Telenor Utviklingsportefølje AS [16)]	Norway	0.0	0.0
Telenor Viken og Innlandet AS [14) 16)]	Norway	0.0	0.0
Telenor Ytrebygdsvegen 33 AS [16)]	Norway	0.0	0.0
Telenor Øvre Strandgate 5 AS [15) 16)]	Norway	0.0	0.0
Telenor Vestlandet og Rogaland AS [12) 16)]	Norway	0.0	0.0
Telenor Digital AS			
Telenor Health AS	Norway	100.0	100.0
Telenor Software Lab AS [17)]	Norway	0.0	100.0
Telenor Digital Asia LTD	Thailand	99.0	99.0

1) The company is sold to Telenor Networks Holding AS in 2020.
2) The company is sold to Telenor Communication II AS in 2020.
3) The companies are sold in 2020.
4) The company is merged with Telenor Mobile Communications AS in 2020.
5) The company is acquired from Canal Digital AS in 2019.
6) Acquired in 2019.
7) The company is merged with Telenor Communications II AS in 2020.
8) The company is sold to Allente AB as an associated company in 2020.
9) Ownership is transferred to Telenor Real Estate AS in 2020.
10) The company is demerged from Telenor Nord AS in 2020.
11) The company is demerged from Telenor Møre og Romsdal og Trøndelag AS in 2020.
12) The company is demerged from Telenor Vestlandet og Rogaland AS in 2020.
13) The company is demerged from Telenor Agder Vestfold og Telemark AS in 2020.
14) The company is demerged from Telenor Viken og Innlandet AS in 2020.
15) The company is demerged from Øvre Strandgate 5 AS in 2020.
16) Ownership is transferred from Telenor ASA to Telenor Real Estate AS and the companies are sold in 2020.
17) The company is sold to Telenor Norge AS in 2020.

Other significant subsidiaries (owned through holding companies)

	Office
Telenor A/S	Denmark
Digi.com Bhd	Malaysia
Telenor Pakistan (Private) Ltd.	Pakistan
Total Access Communications Plc. (dtac)	Thailand
GrameenPhone Ltd.	Bangladesh
Unitech Wireless Private Limited	India
Telenor Myanmar Ltd.	Myanmar
DNA Plc	Finland

Responsibility Statement

We confirm that, to the best of our knowledge, the consolidated financial statements for the year ended 31 December 2020 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 2020 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.

Fornebu, 23 March 2021

	Gunn Wærsted Chair		Jørgen Kildahl Vice Chair of the Board	
Jon Erik Reinhardsen Board member	Jacob Aqraou Board member	Pieter Cornelius Knook Board member	Astrid Simonsen Joos Board member	Sally Davis Board member
Esben Smistad Employee representative	Anita Helen Steine Employee representative	Jan Otto Eriksen Employee representative	Sigve Brekke President & CEO	

Statement from the Corporate Assembly of Telenor ASA

On 24 March 2021, 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 2020 as presented to the Corporate Assembly, by transfer of NOK 11,958 million to retained earnings and a dividend payment of NOK 9.00 per share to be paid out in two instalments of NOK 5.00 per share and NOK 4.00 per share in June and October 2021, respectively.

Auditor's report

Statsautoriserte revisorer
Ernst & Young AS

Dronning Eufemias gate 6A, NO-0191 Oslo
Postboks 1156 Sentrum, NO-0107 Oslo

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00
Fax:

www.ey.no
Medlemmer av Den norske revisorforening

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 comprising the financial statements of the parent company and the Group. The financial statements of the parent company comprise the statement of financial position as at 31 December 2020, 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 comprise the statement of financial position as at 31 December 2020, 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 are prepared in accordance with the law and regulations
- the financial statements present fairly, in all material respects, the financial position of the parent company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway
- the consolidated financial statements present fairly, in all material respects the financial position of the Group as at 31 December 2020 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including 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 ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations 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.

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 2020. 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.

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Impairment assessment

Telenor performed impairment assessment for cash generating units (CGU) with goodwill and other CGUs with impairment indicators as of 31 December 2020. Uncertainty with respect to market and industry conditions, regulatory developments and when applicable country risk, increases the risk that these cash generating units may be impaired.

The determination of recoverable amount, being the higher of fair value less costs of disposal and value in use, requires management's judgment. Fair value less cost of disposal is derived from observable market prices as of 31 December 2020 and has been applied to determine the recoverable amount of dtac. Value in use has been applied for other cash generating units, including DNA and Telenor Pakistan. When Telenor considers value in use as the appropriate basis for determining recoverable amount, the recoverable amount is estimated based on a discounted cash flow model.

As disclosed in the consolidated financial statements, determining the value in use 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 operational performance and external factors have a significant impact on the estimated future cash flows. Significant assumptions used in forecasting future cash flows are future revenue growth, EBITDA growth, EBITDA margin, capital expenditure, long term growth rates and spectrum licence costs. For certain CGUs, including Telenor Pakistan, estimated value in use incorporates management's judgment about current and long-term country risk.

Management has taken external information into consideration when estimating future cash flows and WACC. Cash flow projections in the explicit forecast period are based on forecasts and business plans approved by management and those charged with governance whereas cash flow projections beyond the explicit period are extrapolated.

Impairment assessment was a key audit matter because there is considerable estimation uncertainty, complexity and subjectivity related to determination of value in use.

We obtained an understanding, 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 value in use of the CGUs. We performed audit procedures that included evaluating the CGUs identified and testing the allocation of assets and liabilities to the carrying amount of each CGU. Based on an expectation that the impairment assessment would be sensitive to changes in key assumptions within a reasonable range, we paid particular attention to the DNA and Telenor Pakistan CGUs. 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 value in use 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, for example by 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 value in use models to the information approved by the Group's Board of Directors and evaluated the historical accuracy of management's business plans. 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 3 and 16 to the consolidated financial statements for further details.

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Regulatory Matters

The Telenor Group is involved in regulatory matters in several jurisdictions. These regulatory matters are uncertain in timing of resolutions and amount or consequences.

Regulatory matters were a key audit matter due to the amounts involved, potential consequences and the inherent difficulty in assessing the outcome of regulatory matters. The assessment of whether a liability should be recognized involves judgment from management. We paid particular attention to regulatory matters in Norway, Bangladesh, Thailand, India and Pakistan.

We discussed the matters with local and Group management including Telenor's regulatory and legal departments and legal counsel. Furthermore, we obtained and reviewed lists of litigation and claims prepared by management, made enquiries to external legal counsel, evaluated management's information and conclusion with respect to recognition, measurement and note disclosures by corroborating to external legal opinions obtained. Our audit procedures also included assessment of disclosures about risks and uncertainties and potential outcomes.

We refer to note 3 and 34 to the consolidated financial statements for further details.

Revenue recognition

Telenor Group delivers goods and services which can be sold separately or bundled in promotional packages to millions of customers in multiple geographical locations. There is an inherent risk to revenue recognition because of the high volume of customer contracts and transactions, continuously changing business and price models (including tariff structures and options and incentives) and the complexity of the IT-systems. The application of Telenor's accounting policies for revenue recognition requires managements judgement.

Revenue recognition was 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 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 a sample of contracts and stand-alone selling prices and 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 2 and 6 to the consolidated financial statements for further details.

Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are 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 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 there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the parent company and International Financial Reporting Standards as adopted by the EU for the financial statements of the Group, 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 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 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 law, regulations and generally accepted auditing principles in Norway, including 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 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 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 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 those charged with governance 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 those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and 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 those charged with governance, 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 requirements

Opinion on the Board of Directors' report and on the sustainability report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the sustainability report concerning the financial statements, the going concern assumption and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Oslo, 23 March 2021
ERNST & YOUNG AS

Anders Gøbel
State Authorised Public Accountant (Norway)

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

Definitions

Alternative Performance Measures

Telenor Group's financial information is prepared in accordance with International Financial Reporting standards (IFRS). In addition, it is management's intent to provide alternative performance measures that are regularly reviewed by management to enhance the understanding of Telenor's performance, but not instead of the financial statements prepared in accordance with IFRS. 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 5 in the consolidated financial statements and internal reporting to Group Executive Management (chief operating decision makers) and are consistent with financial information used for assessing performance and allocating resources.

Revenues

NOK in millions	2020	2019
Mobile subscription and traffic	80 126	74 304
Fixed telephony	1 255	1 339
Fixed Internet/TV	11 355	9 672
Fixed data services	704	638
Subscription and traffic revenues	**93 439**	**85 954**
Other revenues	29 371	27 712
Total revenues	**122 811**	**113 666**

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.

Fixed 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).

Fixed 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 Data services
Consist of Nordic Connect/IP-VPN and security.

Other revenues
Interconnect
Consist of revenues from incoming traffic related to the company's own subscriptions. Revenues from incoming traffic related to service provider or MVNO (Mobile Virtual Network Operators) subscriptions are not included.

Other mobile
Consist of inbound roaming, national roaming, telemetric and revenues related to service providers and MVNOs. Telemetric is defined as subscriptions and services related to machine-to-machine (M2M) / Internet of Things (IoT), i.e. industrial mobile data applications directed at communication between machines.

Non-mobile
Consist of revenues from customer equipment and businesses that are not directly related to mobile operations.

Fixed wholesale and broadcasting
Consist of sale to service providers of telephony (PSTN/ISDN), Bitstream, LLUB, national and international interconnect, transit traffic, leased lines, and other wholesale products. Broadcasting consist of revenues from terrestrial radio and TV transmission.

Other fixed
Consist of leased lines, managed services, and other retail products.

Satellite
Consist of revenues from satellite services from the satellite position 1-degree west.

Infra
Consist of revenues from passive infrastructure services in Norway.

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 millions	2020	2019	Change whole year	Change YoY
Revenue growth	122 811	113 666	9 145	8.0%
Impact using exchange rates for 2020	-	5 955	(5 955)	
M&A	(6 305)	(386)	(5 919)	
Organic revenue growth	**116 506**	**119 235**	**(2 730)**	**-2.3%**

NOK in millions	2019	2018	Change whole year	Change YoY
Revenue growth [1)]	113 935	105 923	8 012	7.6%
Impact using exchange rates for 2019	-	3 460	(3 460)	
M&A	(3 434)	(208)	(3 226)	
Organic revenue growth	**110 500**	**109 174**	**1 326**	**1.2%**

1) To enable comparison between year 2019 and 2018, the accounting principles applied are consistent with those applied by the Group before implementing IFRS 16 *Leases*.

Organic subscription and traffic revenue growth

Subscription and traffic revenues consist of revenues from mobile subscription and traffic, fixed telephony, fixed Internet/TV, and fixed data services.

Organic subscription and traffic revenues are defined as subscription and traffic 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 neither "subscription and traffic revenues" nor the term "organic" are defined terms under IFRS and may not, therefore, be comparable with similarly titled measures reported by other companies).

Reconciliation

NOK in millions	2020	2019	Change whole year	Change YoY
Subscription and traffic revenue growth	93 439	85 954	7 486	8.7%
Impact using exchange rates for 2020	-	4 672	(4 672)	
M&A	(4 548)	-	(4 548)	
Organic subscription and traffic revenue growth	**88 891**	**90 626**	**(1 735)**	**-1.9%**

NOK in millions	2019	2018	Change whole year	Change YoY
Subscription and traffic revenue growth	85 954	80 386	5 568	6.9%
Impact using exchange rates for 2019	-	2 936	(2 936)	
M&A	(2 335)	-	(2 335)	
Organic subscription and traffic revenue growth	**83 619**	**83 322**	**297**	**0.4%**

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	2020	2019
Total revenues	122 811	113 666
Costs of materials and traffic charges	(29 768)	(27 912)
Gross profit	**93 043**	**85 754**

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	2020	2019
Salaries and personnel cost	(11 398)	(10 803)
Other operating expenses	(25 125)	(24 215)
Operating expenses	**(36 523)**	**(35 019)**

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 10. 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	2020	2019
EBITDA	**58 565**	50 276
Other income	**4 588**	741
Other expenses	**(2 543)**	(1 200)
EBITDA before other income and expenses	**56 520**	**50 735**

EBITDA margin

NOK in millions	2020	2019
Total revenues	**122 811**	113 666
EBITDA before other items	**56 520**	50 735
EBITDA margin	**46.0%**	**44.6%**

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	2020	2019	Change whole year	Change YoY
EBITDA growth	**56 520**	50 735	5 784	11.4%
Impact using exchange rates for 2020	**-**	2 656	(2 656)	
M&A	**(2 253)**	(54)	(2 199)	
Organic EBITDA growth	**54 266**	**53 337**	**929**	**1.7%**

NOK in millions	2019	2018	Change whole year	Change YoY
EBITDA growth [1]	**45 352**	44 220	1 132	2.6%
Impact using exchange rates for 2019	**-**	1 364	(1 364)	
M&A	**(964)**	17	(981)	
Organic EBITDA growth	**44 389**	45 601	(1 213)	-2.7%

1) To enable comparison between year 2019 and 2018, the accounting principles applied are consistent with those applied by the Group before implementing IFRS 16 *Leases*

Capital expenses

Capital expenses (capex) are derived from the statement of financial position and consists of investments in 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	2020	2019
Purchases of PPE, intangible assets and prepayments for right-of-use assets	**19 000**	21 986
Working capital movement of PPE, intangible assets and prepayments of right-of-use assets	**(2 025)**	(4 341)
Deferred licence obligations	**4 466**	476
Less:		
Discontinued operations	**-**	(46)
Capex	**21 440**	**18 075**
Licence and spectrum acquisition	**(5 089)**	(660)
Capex excl. licence and spectrum	**16 351**	**17 415**
Total revenues	**122 811**	113 666
Capex excl. licence and spectrum/Revenues (%)	**13.3%**	**15.3%**
Total Capex/Revenues (%)	**17.5%**	**15.9%**

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	2020	2019
Capital expenses	21 440	18 075
Investments in businesses	367	27 807
Investments	**21 807**	**45 882**

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	2020	2019
Non-current interest-bearing liabilities	98 267	83 897
Non-current lease liabilities	35 584	32 002
Current interest-bearing liabilities	7 296	14 761
Current lease liabilities	9 298	9 295
Less:		
Cash and cash equivalents	(20 577)	(13 867)
Hedging instruments	(2 387)	(1 988)
Financial instruments	(356)	(485)
Adjustments:		
Non-current licence obligations	(13 446)	(12 309)
Current licence obligations	(3 601)	(4 421)
Net interest-bearing debt excluding licence obligations	**110 438**	**106 977**

Net debt/EBITDA

Telenor has so far measured leverage as the ratio Net debt/EBITDA. From the first quarter 2020, Telenor changed the denominator from EBITDA to EBITDA before other items. Firstly, this ensures consistency with our alternative performance measure organic EBITDA growth, which is also based on EBITDA before other items, and our external guiding for this parameter. Secondly, this prevents temporary spikes in leverage due to other income and other expenses and thus ensures transparency and a better understanding of Telenor's ability to cover debt with earnings from its regular operations.

The impact of other income and other expenses is however assessed not to be material in the mid and long-term. Thus Telenor keeps its previously communicated guiding range and aims to maintain a solid balance sheet through keeping Net debt/EBITDA before other items 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. For comparability, the 12 months rolling EBITDA before other items in 2019 includes proforma figures for DNA for the periods before consolidation.

NOK in millions	2020	2019
Net debt	110 438	106 977
EBITDA before other items	56 520	52 691
of which EBITDA before other items proforma DNA		1 956
Net debt/EBITDA before other items	**2.0**	**2.0**

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 our 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 us and investors to evaluate Telenor's liquidity and cash generated by our 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 our measure of Free cash flow may not be directly comparable to similar titled measures used by other companies.
- These measures are used for management 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	2020	2019
Net cash flows from operating activities	43 820	34 221
Net cash flows from investing activities	(10 565)	(43 526)
Payments of lease liabilities related to spectrum licences	(3 634)	(1 080)
Repayments of borrowings - supply chain financing	(89)	(5)
Dividends paid to and purchase of shares from non-controlling interest	(3 281)	(4 327)
Payments of lease liabilities related to other lease contracts	(5 395)	(4 282)
Free cash flow	**20 855**	**(18 998)**
M&A activities	8 313	(22 829)
Free cash flow before M&A activities	**12 542**	**3 831**

Return On Capital Employed (ROCE)

When evaluating different financial metrics before making an investment, the Group also considers the return on capital employed. 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	2020	2019
Operating profit	29 500	25 702
Share of net income (loss) including gains/losses from associated companies and joint ventures	(361)	(849)
Income taxes	(6 577)	(9 033)
A - Earnings before adjustments	**22 562**	**15 820**
B - Adjustment for DNA - not part of the Group for the full year	-	178
C - Earnings after adjustments (C=A-B)	**22 562**	**15 642**
Total equity as of beginning of the period	43 339	54 455
Net interest-bearing debt including licence obligations as of beginning of the period	123 707	78 682
Net pension obligations as of beginning of the period	2 386	2 819
D - Total capital employed as of beginning of the period	**169 432**	**135 956**
Total equity as of end the period	43 918	43 339
Net interest-bearing debt including licence obligations as of end of the period	127 485	123 707
Net pension obligations as of end of the period	2 747	2 386
E - Total capital employed as of end of the period	**174 150**	**169 432**
F- Average capital employed before adjustments (F=(D+E)/2)	**171 791**	**152 694**
G - Adjustment for DNA and Canal Digital	425	16 651
H - Average capital employed (H=F-G)	**171 366**	**136 043**
I - Return on capital employed (I=C/H)	**13%**	**11%**

Published by Telenor ASA
N-1360 Fornebu, Norway
Phone: +47 67 89 00 00

Investor Relations:
E-mail: ir@telenor.com

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