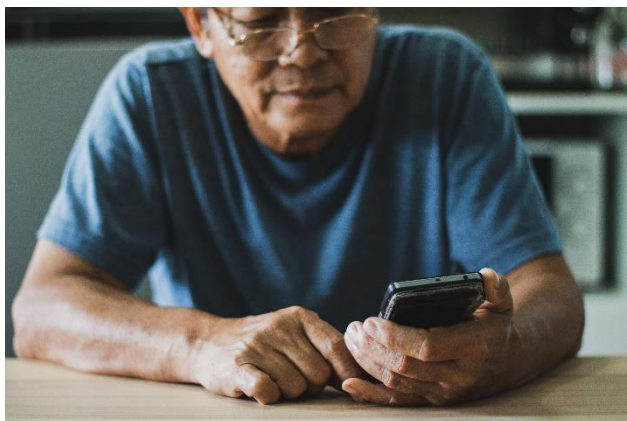
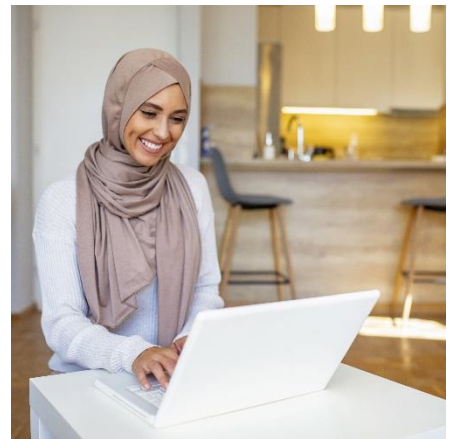
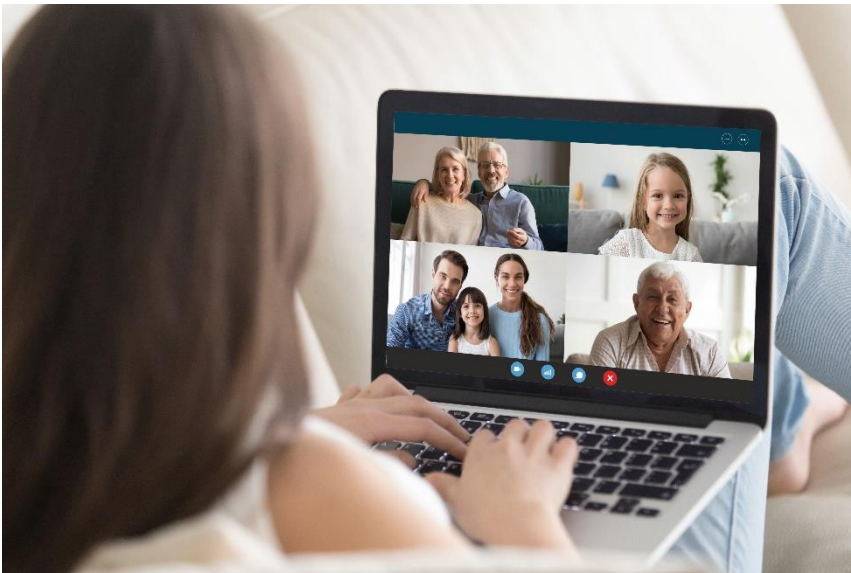


Q4 – 2020

Interim report
January – December 2020



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Strong performance in a challenging year

The year 2020 was marked by the global pandemic. In this unprecedented situation, Telenor accelerated the digitalisation, managed to safeguard employees and maintained critical connectivity to customers. For the full year, Telenor delivered an organic EBITDA growth of 2 percent and a solid free cash flow of NOK 21 billion.

In the fourth quarter, we continue to deliver a strong performance in the Nordics. In Norway, growth in mobile and new fixed services more than offset a shortfall of roaming and copper legacy revenues. In Finland, revenue and EBITDA are growing as a result of our customers' demand for higher data speeds, including our new 5G offerings. In Asia, pressure on the top-line remains due to intense competition and the impact of the pandemic, in particular in Thailand and Malaysia. For the Group, subscription and traffic revenues decreased by 3 percent, however, our flexibility to manage cost and investment levels resulted in stable EBITDA and improved cash flow.

Entering 2021, we will maintain focus on our strategic priorities: growth, modernisation and responsible business. In the coming months, all our markets and especially our Asian subsidiaries will still be impacted by the spread of COVID-19 and governments' responsive measures. For the full year 2021, we expect organic subscription and traffic revenues and EBITDA to remain around the 2020 level. We foresee a capex to sales ratio of 15–16 percent. Based on the performance in 2020, the Board of Directors propose a dividend of NOK 9.00 per share in line with our dividend policy.

– Sigve Brekke, President and CEO



Key figures Telenor Group

NOK in million	Fourth quarter		Year	
	2020	2019	2020	2019
Revenues	30 949	31 737	122 811	113 666
Organic revenue growth (%)	(3.9)	2.8	(2.3)	1.2
Subscription and traffic revenues	22 916	23 363	93 439	85 954
Organic subscription and traffic revenue growth (%)	(3.4)	1.8	(1.9)	0.4
EBITDA before other income and other expenses	13 512	13 397	56 520	50 735
Organic EBITDA growth (%)	(0.2)	4.6	1.7	(2.7)
EBITDA before other income and other expenses/Revenues (%)	43.7	42.2	46.0	44.6
Net income attributable to equity holders of Telenor ASA	7 689	1 774	17 341	7 773
Capex excl. licences and spectrum	5 787	5 574	16 351	17 415
Total Capex	10 389	6 194	21 440	18 075
Free cash flow before M&A	1 988	547	12 542	3 831
Total Free cash flow	9 130	(8 742)	20 855	(18 998)
Mobile subscriptions - Change in quarter/Total (mill.)	1.5	2.6	181.8	186.0

Fourth quarter 2020 summary¹⁾

- The Group's mobile subscriber base grew by 1.5 million and was 182 million at the end of the quarter.
- Subscription and traffic revenues decreased by 3% on an organic basis. Total reported revenues were NOK 30.9 billion, a decrease of NOK 0.8 billion or 2%. For the full year 2020, organic subscription and traffic revenues decreased by 2%.
- Currency adjusted opex excluding DNA decreased by NOK 0.7 billion, or 7%. Reported opex decreased by NOK 0.5 billion. For the full year, currency adjusted operating expenses excluding DNA were reduced by NOK 2.6 billion, or 7%.
- EBITDA remained stable on an organic basis, as the decline in subscription and traffic revenues was offset by the continued reduction in operating expenses. Reported EBITDA before other items was NOK 13.5 billion and the EBITDA margin was 44%. For the full year, organic EBITDA increased by 2% and the EBITDA margin was 46%.
- Capex excluding licences, spectrum and leases was NOK 5.8 billion, yielding a capex to sales ratio of 19%. For the full year, the capex to sales ratio ended at 13%.
- Reported net income was NOK 7.7 billion. The sale of Tapad contributed with a gain of NOK 2.1 billion and the sale and partial leaseback of the headquarter office building in Norway contributed with NOK 1.2 billion.
- Free cash flow before M&A was NOK 2.0 billion in the fourth quarter and NOK 12.5 billion for the full year. Total free cash flow in 2020 was NOK 20.9 billion.
- Leverage decreased to just below 2.0x at the end of the fourth quarter from 2.1x at the end of the previous quarter.
- On 1 February 2021, the military of Myanmar declared a state of emergency. Telenor is concerned about the situation and will closely monitor the development.

¹⁾ Please refer to Definitions on page 25 for descriptions of alternative performance measures. Some of the comments on the Group's financial results for the fourth quarter 2020 are made excluding DNA. Please refer to page 9 for the Group's consolidated figures in NOK for DNA.

COVID-19 impact on Telenor's business

Our business in Asia and roaming revenues continue to be impacted by the COVID-19 pandemic. There have been new waves of outbreaks during the fourth quarter in several of our markets, especially in Myanmar, which has impacted the economy with increasing poverty rates. Pakistan experienced a new wave in the fourth quarter, while the number of new daily COVID-19 cases in Bangladesh was more stable. In Thailand and Malaysia the trend of daily new cases is increasing going into 2021. Local lockdowns and restrictions have been reimposed and the macroeconomic pressure in Asia is increasing, impacting both customer intake and monetisation opportunities. In Developed Asia, this is also impacting postpaid segments through downselling to subscriptions with smaller packages. In the Nordics, a new wave of outbreaks has resulted in restrictions during the fourth quarter, especially in Denmark, where shops were closed before Christmas.

The sharp decline in international travel has reduced roaming volumes dramatically and will likely remain at a low level also in the first half of 2021, impacting our Nordic operations as well as the prepaid revenues from tourism in Thailand and Malaysia. The duration and modality of restrictions, reactive measures by the regulators and the timing of economic recovery remain uncertain in Asia. Furthermore, Telenor is exposed to the related uncertainty regarding macroeconomic development and currency fluctuations.

During the pandemic, Telenor has continued to enable and improve flexible work-from-home solutions, ensuring business continuity and employee safety, and has accelerated digitalisation including zero touch operations and automation. Telenor maintains its strategic direction, while closely monitoring revised expectations for economic development and changed risk profiles globally and in our markets.

For more details on the impact of COVID-19 on Telenor's business and financial results, please refer to pages 3 – 5 for a description of the Group's consolidated figures, the Interim report on Telenor's operations for market specific information, as well as Note 9 *COVID-19*.

Shareholder remuneration

Based on the performance during the year, the Board of Directors propose an ordinary dividend of NOK 9.00 per share for 2020, to be declared by the Annual General Meeting (AGM) on 27 May 2021. The proposed dividend shall be split into two tranches of NOK 5.00 and NOK 4.00 per share, to be paid in May and October 2021 respectively, and represents a 3% increase per share compared to 2019.

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%.

The strategic priorities remain and Telenor confirms the mid-term ambitions given at the capital markets day in March 2020.

¹⁾ Please refer to Definitions on page 25 for descriptions of alternative performance measures. Some of the comments on the Group's financial results for the fourth quarter 2020 are made excluding DNA. Please refer to page 9 for the Group's consolidated figures in NOK for DNA.

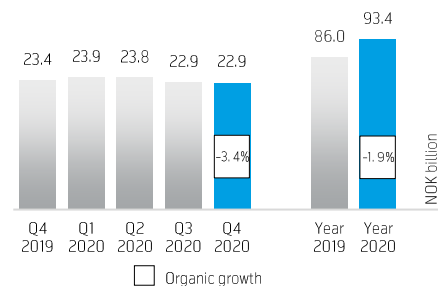
Group performance in the fourth quarter 2020¹⁾

SUBSCRIPTION AND TRAFFIC REVENUES

In the fourth quarter, reported subscription and traffic revenues fell by 2%. On an organic basis, subscription and traffic revenues decreased by 3%.

In the Nordics, our operations in Norway and Finland demonstrated strong performance, with 2% growth in subscription and traffic revenues. In Norway, growth in domestic mobile, fixed wireless access and fibre more than offset the decline in roaming and copper revenues. Our operations in Sweden and Denmark continued to progress towards stabilisation. In Asia, the top-line development remained challenging, despite the increase in the subscriber base in Thailand, Bangladesh and Pakistan. The prepaid decline in Thailand and postpaid decline in Malaysia continued to be the main drivers for the revenue decrease compared to last year. In Myanmar, growth in data consumption could not offset the continued subscriber base decline following the SIM re-registration and the effect of the removal of the price floor.

For the full year 2020, 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 resulted in a decline for the year.

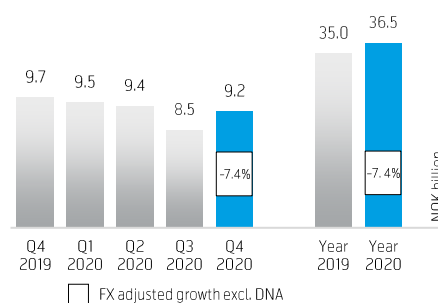


OPERATING EXPENSES (OPEX)

Reported opex decreased by NOK 0.5 billion in the quarter. On a currency adjusted basis and excluding DNA in Finland, opex decreased by NOK 0.7 billion, or 7%.

The solid opex reduction in the fourth quarter was a result of reductions across all main cost categories. Personnel costs continued decline as a result of modernisation initiatives in several operations, primarily in Thailand, Norway and Sweden, as well as in Corporate Functions. Sales and marketing costs declined mainly due to lower sales and commissions in Asia. Lower energy prices had a positive impact on energy costs in the fourth quarter, in addition to the positive effect from the deconsolidation of Tapad.

In 2020, operating expenses decreased by NOK 2.6 billion or 7%, on a currency adjusted basis and excluding DNA in Finland. 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, cost such as travel cost and sales and marketing cost were impacted by the pandemic.



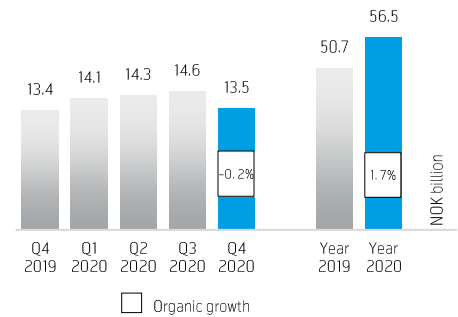
¹⁾ The comments are related to Telenor's development in the fourth quarter of 2020 compared to the fourth quarter of 2019 and are based on current Group structure unless otherwise stated. Please refer to Definitions on page 25 for descriptions of alternative performance measures.

EBITDA BEFORE OTHER INCOME AND OTHER EXPENSES (EBITDA)

Reported EBITDA increased by NOK 0.1 billion and the EBITDA margin was 44%.

In spite of revenue pressure, especially in Developed Asia, EBITDA remained stable on an organic basis as a result of reduced operating expenses, mainly due to structural initiatives. The strong performance in Telenor Norway and DNA in Finland contributed positively, as did EBITDA growth in Pakistan and Denmark. In addition, the EBITDA contribution from Other units improved, mainly explained by higher external revenues combined with reduced underlying cost in Corporate Functions.

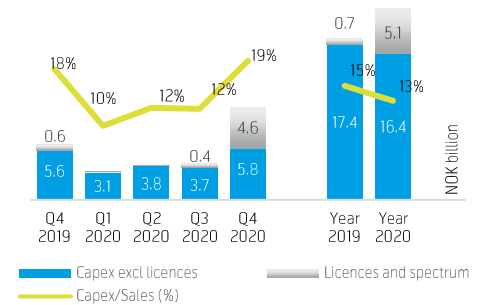
For 2020, EBITDA increased by 2% on an organic basis, as significant opex reductions protected profitability. Reported EBITDA increased by NOK 5.8 billion to NOK 56.5 billion, as the consolidation of DNA and currency effects added to the organic growth.



CAPITAL EXPENSES (CAPEX)

As planned, capex increased towards the end of the year. In the fourth quarter, capex excluding licences and spectrum was NOK 5.8 billion, which corresponds to a capex to sales ratio of 19%. 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.

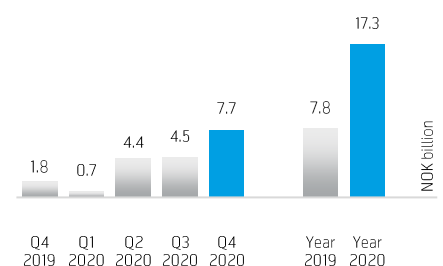
For the full year 2020, capex excluding licences and spectrum was NOK 16.4 billion, yielding a capex to sales ratio of 13%. Compared to 2019, capex was substantially lower in Asia, mainly due to high investment levels in Thailand last year and import restrictions in Bangladesh in the beginning of this year.



NET INCOME

Reported net income to equity holders of Telenor ASA in the fourth quarter was NOK 7.7 billion, which is an increase of NOK 5.9 billion. Operating profit increased by NOK 3.0 billion, mainly due to improved reported EBITDA and positive development in net financial items, partly offset by higher taxes. The sale of Tapad contributed with a gain of NOK 2.1 billion and the sale and partial leaseback of the headquarter office building in Norway contributed with NOK 1.2 billion.

For the full year 2020, net income to equity holders of Telenor ASA increased by NOK 9.6 billion to NOK 17.3 billion, primarily as a result of stronger EBITDA, lower taxes and the gains realised in the fourth quarter. Furthermore, the gain on the disposal of Canal Digital of NOK 1.7 billion and gain of NOK 0.5 billion from the sale and leaseback transaction related to development properties in Norway contributed positively.



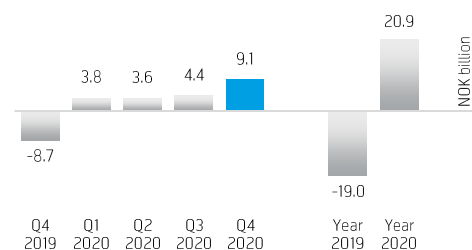
¹⁾ The comments are related to Telenor's development in the fourth quarter of 2020 compared to the fourth quarter of 2019 and are based on current Group structure unless otherwise stated. Please refer to Definitions on page 25 for descriptions of alternative performance measures.

FREE CASH FLOW

Free cash flow before M&A was NOK 2.0 billion, an increase of NOK 1.4 billion compared to last year. The increased cash flow was mainly a result of lower taxes, improved working capital and dividends of NOK 1.2 billion from Allente. Total free cash flow was NOK 9.1 billion.

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

Total free cash flow for this year was NOK 20.9 billion. This is an increase of NOK 39.9 billion. 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 in 2018 received in the first quarter, proceeds for the sale and leaseback transaction related to development properties of NOK 0.8 billion in the third quarter, 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 in the fourth quarter.

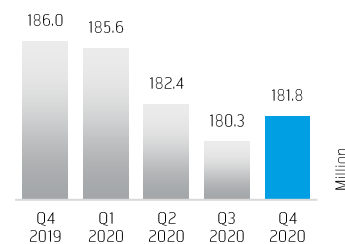


MOBILE SUBSCRIPTIONS

In Asia, Telenor Pakistan and Grameenphone in Bangladesh continued to grow their customer base, adding 1.0 million and 1.4 million new subscriptions, respectively. The customer base in Myanmar decreased by 0.9 million in the quarter, however with an improving trend through the quarter and with growth in December.

In the Nordics, our operations in Sweden and Denmark reported a positive development with in total 13,000 new subscriptions this quarter, while DNA in Finland and Telenor Norway ended the quarter with a customer base decline, resulting in a reduction of 6,000 subscriptions in the Nordic units.

The Group's mobile subscription base increased by 1.5 million this quarter to 182 million.



¹⁾ The comments are related to Telenor's development in the fourth quarter of 2020 compared to the fourth quarter of 2019 and are based on current Group structure unless otherwise stated. Please refer to Definitions on page 25 for descriptions of alternative performance measures.

Interim report

Telenor's operations

The comments and financial figures for Telenor's segments are related to the development in the fourth quarter of 2020 compared to the fourth quarter of 2019 in local currency, unless otherwise stated. In the first quarter 2020, Norkring (within Other units) was demerged into two businesses, of which one was merged with Telenor Norway, while the other became part of the infrastructure company Telenor Infra. Financial figures for 2019 for both Norway and Other units have been restated. See note 10 for further information. Please refer to Definitions on page 25 for descriptions of alternative performance measures. All comments on EBITDA are made on development in EBITDA before other income and other expenses. Please refer to page 13 for 'Specification of other income and other expenses'. Additional information is available at: www.telenor.com/ir

Norway

Telenor Norway delivered yet another quarter with solid performance, with a 1% increase in EBITDA, or 3% adjusted for the structural changes related to Norkring and Telenor Infra. The improvement continued to be driven by customers' demand for our offerings and the effects of ongoing modernisation initiatives, including the significant investments in both fixed and mobile networks.

Mobile subscription and traffic revenues increased by 1% despite a 3 percentage points negative impact of lower roaming revenues. Mobile ARPU increased by 3% as a continued increase in demand for value added services like insurance and security offset the reduction in roaming revenues. Mobile postpaid subscriptions increased by 3,000 in the quarter. The strong growth within fixed non-legacy services continued, with 13,000 new fibre subscriptions and 6,000 new fixed wireless access subscribers, thereby nearly offsetting the decline in legacy copper revenues. Total subscription and traffic revenues increased by 2%, but remained stable when adjusting for a non-recurring item related to TV connection fees.

Opex increased by 3%, but decreased by 1% when adjusted for non-recurring items. The EBITDA margin increased by 2 percentage points to 47%. The reduction in operating profit was related to increased depreciations resulting from the ongoing network modernisation.

The strong momentum on the network modernisation was maintained, with capex mainly focused on the 5G and fibre roll-out. In 2020, more than 52,000 new fibre subscriptions were added.

NOK in million	Fourth quarter		Year	
	2020	2019	2020	2019
Revenues mobile operation				
Subscription and traffic	2 809	2 777	11 170	11 140
Interconnect	109	120	435	475
Other mobile	273	270	1 071	1 027
Non-mobile	867	847	2 993	2 697
Total revenues mobile operation	4 057	4 015	15 670	15 339
Revenues fixed operation				
Telephony	182	246	812	1 018
Internet and TV	1 711	1 604	6 550	6 168
Data services	133	121	502	485
Other fixed	295	432	1 127	1 461
Total retail revenues	2 321	2 403	8 990	9 133
Wholesale and broadcasting	384	475	1 648	1 920
Total revenues fixed operation	2 705	2 879	10 638	11 053
Total revenues	6 762	6 893	26 307	26 392
Gross profit	5 222	5 130	20 446	20 532
Operating expenses	(2 035)	(1 973)	(7 659)	(7 920)
EBITDA before other items	3 187	3 158	12 787	12 612
Operating profit	1 474	1 752	5 023	7 135
EBITDA before other items/Total revenues (%)	47.1	45.8	48.6	47.8
Capex	1 260	1 903	5 298	5 854
Statistics (monthly in NOK):				
Mobile ARPU	344	334	341	332
Fixed Telephony ARPU	252	254	248	239
Fixed Internet ARPU	431	420	426	395
TV ARPU	384	331	345	329
No. of subscriptions - Change in quarter/Total (in thousands):				
Mobile	(8)	(11)	2 817	2 886
Fixed telephony	(20)	(20)	232	314
Fixed Internet	(15)	(7)	790	819
TV	-	8	590	571

Comparative figures for 2019 for Norway have been restated. Norkring, the provider of digital terrestrial TV and radio transmission, has been demerged into two businesses, of which one was merged with Telenor Norway, while the other became part of the newly established infrastructure company Telenor Infra. See note 10 for further information. Since 1 January 2020, Telenor Infra operates all passive infrastructure in Norway previously operated by Telenor Norway, Norkring and Telenor Real Estate. Hence, year on year developments in reported financial figures do not fully reflect Telenor Norway's underlying development and comments on the latter are made where deemed appropriate.

Sweden

Our operation in Sweden continued to grow its mobile customer base, ending the year at around the same level as last year. Mobile subscription and traffic revenues continued to develop in line with the stabilising trend seen in last quarter.

Compared to the same quarter last year, mobile subscription and traffic revenues decreased by 10%, as ARPU continue to be negatively impacted by lower roaming revenues and persisting price pressure. Fixed subscription and traffic revenues remained stable, as the decrease in the fixed legacy portfolio was offset by growth in fibre revenues. High-speed internet subscriptions increased by 6,000 in the period. Total subscription and traffic revenues decreased by 6%.

Opex decreased by 3%, driven by lower personnel costs as well as reduced network and IT costs, partly offset by higher sales and marketing costs. EBITDA fell by 12% primarily as a result of lower mobile subscription and traffic revenues.

NOK in million	Fourth quarter		Year	
	2020	2019	2020	2019
Revenues mobile operation				
Subscription and traffic	1 447	1 447	5 772	5 728
Interconnect	113	136	451	524
Other mobile	105	112	426	434
Non-mobile	692	642	2 267	2 046
Total revenues mobile operation	2 358	2 338	8 916	8 732
Revenues fixed operation				
Telephony	36	37	146	149
Internet and TV	731	667	2 841	2 632
Data services	49	38	199	151
Other fixed	67	80	197	281
Total retail revenues	884	821	3 383	3 212
Wholesale	85	67	320	251
Total revenues fixed operation	968	888	3 702	3 464
Total revenues	3 327	3 226	12 618	12 195
Gross profit	2 070	2 034	8 304	7 975
Operating expenses	(892)	(832)	(3 472)	(3 308)
EBITDA before other items	1 178	1 201	4 832	4 667
Operating profit	480	561	2 228	2 494
EBITDA before other items/Total revenues (%)	35.4	37.2	38.3	38.3
Capex	506	391	1 429	1 310
Investments in businesses	-	-	5	-
Statistics (monthly in NOK):				
Mobile ARPU	189	191	190	190
Fixed Telephony ARPU	35	31	33	32
Fixed Internet ARPU	243	219	238	214
TV ARPU	150	142	145	143
No. of subscriptions – Change in quarter/Total (in thousands):				
Mobile	13	(1)	2 754	2 760
Fixed telephony	(4)	(5)	115	131
Fixed Internet	3	(6)	694	685
TV	(1)	1	478	479
Exchange rate (NOK/SEK, average for the period)	-	-	1.0227	0.9302

Denmark

In Denmark, Telenor continued to gain new customers this quarter, resulting in a mobile subscription base of 1.7 million, 2% higher than a year ago.

Mobile ARPU declined by 3% mainly explained by lower roaming revenues. Total subscription and traffic revenues declined by 1%, albeit on an improving trend following a year of customer growth.

EBITDA improved by 9%, as effects from the modernisation programmes materialised.

NOK in million	Fourth quarter		Year	
	2020	2019	2020	2019
Revenues mobile operation				
Subscription and traffic	756	721	2 987	2 833
Interconnect	65	59	264	230
Other mobile	81	61	308	266
Non-mobile	378	411	1 245	1 166
Total revenues mobile operation	1 281	1 251	4 804	4 495
Revenues fixed operation				
Telephony	29	27	116	112
Internet and TV	94	85	362	348
Data services	7	6	26	25
Total revenues fixed operation	129	119	505	485
Total revenues	1 410	1 371	5 308	4 980
Gross profit	822	747	3 247	3 012
Operating expenses	(485)	(458)	(1 887)	(1 755)
EBITDA before other items	337	289	1 360	1 257
Operating profit	75	35	317	353
EBITDA before other items/Total revenues (%)	23.9	21.1	25.6	25.3
Capex	182	164	520	472
Statistics (monthly in NOK):				
Mobile ARPU	163	158	164	154
No. of subscriptions - Change in quarter/Total (in thousands):				
Mobile	1	(15)	1 675	1 637
Fixed telephony	(2)	(3)	30	38
Fixed Internet	1	(4)	107	107
Exchange rate (NOK/DKK, average for the period)	-	-	1.4386	1.3191

DNA – Finland

DNA reported a quarter with strong progress on the 5G roll-out, ending the year with a 5G population coverage of 33%.

Total subscription and traffic revenues grew by 2%. Mobile subscription and traffic revenues increased by 1% driven by ARPU growth from upselling to higher speed subscriptions. As a result of solid growth in fixed broadband, fixed subscription and traffic revenues increased by 5%.

Opex decreased by 2%, but increased by 3% when excluding the positive impact of the capitalisation of re-assessed lease contracts starting from September 2020. The increase was a consequence of higher sales and marketing costs, in addition to increased operation and maintenance cost related to the 5G roll-out. As a result of subscription and traffic revenue growth, EBITDA increased by 13%, or 6% when excluding the effect from re-assessed lease contracts.

Capex in the fourth quarter was high and related to network modernisation and 5G roll-out, with 1,516 5G sites now on-air.

NOK in million	Fourth quarter		Year	
	2020	2019	2020	2019
Revenues mobile operation				
Subscription and traffic	1 348	1 221	5 362	1 756
Interconnect	110	98	437	141
Other mobile	30	26	115	38
Non-mobile	545	499	1 843	689
Total revenues mobile operation	2 033	1 844	7 757	2 623
Revenues fixed operation				
Telephony	46	41	180	60
Internet and TV	411	359	1 578	518
Other fixed	74	124	311	178
Total retail revenues	531	524	2 069	757
Wholesale	44	38	172	54
Total revenues fixed operation	575	562	2 241	811
Total revenues	2 608	2 406	9 998	3 434
Gross profit	1 885	1 661	7 392	2 391
Operating expenses	(995)	(938)	(3 839)	(1 361)
EBITDA before other items	890	723	3 553	1 030
Operating profit	197	151	1 030	205
EBITDA before other items/Total revenues (%)	34.1	30.0	35.5	30.0
Capex	803	710	1 903	854
Statistics (monthly in NOK):				
Mobile ARPU	180	163	180	160
Fixed Telephony ARPU	480	395	452	418
Fixed Internet ARPU	176	160	175	165
TV ARPU	72	58	64	61
No. of subscriptions – Change in quarter/Total (in thousands):				
Mobile	(12)	(13)	2 694	2 696
Fixed telephony	(1)	2	31	36
Fixed Internet	10	7	584	542
TV	(4)	-	285	330
Exchange rate (NOK/EUR, average for the period)	-	-	10.7236	9.8484

dtac - Thailand

In Thailand, dtac's mobile subscription base increased by 170,000, building on the positive trends from last quarter. However, subscription and traffic revenues declined by 9%, with both prepaid and postpaid segments being significantly impacted by the economic downturn in Thailand. Closed borders and travel restrictions impacted roaming and tourist revenues.

Opex decreased by 8%, primarily due to reduced sales and marketing spend and lower personnel costs. In addition, lower rent and CAT lease costs were able to offset higher network and energy costs resulting from the continued network roll-out.

EBITDA decreased by 9% as the revenue decline could not be offset by lower opex and lower handset subsidies.

Capex in the quarter was high as planned and mainly related to 4G capacity and coverage expansion. On 24 December 2020, dtac received and capitalised its 700 MHz licence, and roll-out has begun. In December, dtac also paid instalments for the 700 MHz, 900 MHz and 1800 MHz licences of in total NOK 3.8 billion.

NOK in million	Fourth quarter		Year	
	2020	2019	2020	2019
Revenues mobile operation				
Subscription and traffic	4 140	4 664	17 472	17 279
Interconnect	108	168	475	621
Other mobile	-	32	115	136
Non-mobile	1 796	1 565	5 641	5 013
Total revenues mobile operation	6 044	6 429	23 704	23 048
Total revenues	6 044	6 429	23 704	23 048
Gross profit	3 477	3 913	15 052	14 773
Operating expenses	(1 526)	(1 695)	(5 976)	(6 125)
EBITDA before other items	1 951	2 218	9 076	8 647
Operating profit	255	524	2 542	2 747
EBITDA before other items/Total revenues (%)	32.3	34.5	38.3	37.5
Capex	6 124	1 146	7 717	3 683
Statistics (monthly in NOK):				
Mobile ARPU	75	79	78	72
No. of subscriptions - Change in quarter/Total (in thousands):				
Mobile	173	226	18 856	20 642
Exchange rate (NOK/THB, average for the period)				
	-	-	0.3006	0.2838

Digi - Malaysia

In Malaysia, the intense competition persisted and the macroeconomic development remained challenging. For Digi, this resulted in subscriber losses in the prepaid segment as well as downselling to lower value subscriptions in the postpaid segment. Closed borders and travel restrictions continued to impact roaming revenues and prepaid revenues from migrants. Subscription and traffic revenues fell by 4% and gross profit decreased by 5%.

Opex decreased by 4% as lower sales and marketing spend, reduced travel expenses and lower bad debt due to improved collection rates offset higher network related costs following coverage and capacity investments.

EBITDA decreased by 5%, as cost savings could not fully compensate for the gross profit decline.

NOK in million	Fourth quarter		Year	
	2020	2019	2020	2019
Revenues mobile operation				
Subscription and traffic	2 854	2 974	11 675	11 336
Interconnect	60	92	231	347
Other mobile	18	27	102	120
Non-mobile	496	570	1 758	1 572
Total revenues mobile operation	3 429	3 663	13 766	13 375
Total revenues	3 429	3 663	13 766	13 375
Gross profit	2 511	2 629	10 324	10 328
Operating expenses	(817)	(845)	(3 386)	(3 304)
EBITDA before other items	1 694	1 784	6 938	7 025
Operating profit	976	1 130	4 085	4 463
EBITDA before other items/Total revenues (%)	49.4	48.7	50.4	52.5
Capex	600	451	1 605	1 599
Statistics (monthly in NOK):				
Mobile ARPU	91	90	91	90
No. of subscriptions - Change in quarter/Total (in thousands):				
Mobile	(239)	(49)	10 441	11 281
Exchange rate (NOK/MYR, average for the period)				
	-	-	2.2374	2.1239

Grameenphone – Bangladesh

In Bangladesh, Grameenphone continued to expand its customer base, gaining 1.4 million new customers in the quarter. However, the softer economic environment continued to impact the revenue development.

Subscription and traffic revenues decreased by 3% partly offset by 5% growth in data revenue. Mobile ARPU decreased by 6% mainly due to lower voice usage and prices, a consequence of changed customer behavior and reduced domestic mobility.

Opex decreased by 6%, primarily due to lower sales commissions, but also lower maintenance, energy and consultancy costs. Despite sizable cost reductions, EBITDA decreased by 4% as a result of the revenue decline.

NOK in million	Fourth quarter		Year	
	2020	2019	2020	2019
Revenues mobile operation				
Subscription and traffic	3 507	3 654	14 634	14 053
Interconnect	129	177	616	691
Other mobile	6	5	27	17
Total revenues mobile operation	3 693	3 887	15 483	14 980
Total revenues	3 693	3 887	15 483	14 980
Gross profit	3 453	3 662	14 505	14 098
Operating expenses	(1 112)	(1 198)	(4 730)	(4 879)
EBITDA before other items	2 341	2 464	9 776	9 218
Operating profit	1 662	1 771	7 036	6 668
EBITDA before other items/Total revenues (%)	63.4	63.4	63.1	61.5
Capex	479	816	1 165	1 825

Statistics (monthly in NOK):

Mobile ARPU	16	17	17	16
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No. of subscriptions – Change in quarter/Total (in thousands):

Mobile	1 445	745	79 037	76 462
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Exchange rate (NOK/BDT, average for the period)	-	-	0.1109	0.1043
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Pakistan

Telenor Pakistan's mobile customer base increased by 1.0 million subscribers, and the improving revenue trend continued. Subscription and traffic revenues remained stable. The improved subscription and traffic revenue development led to a gross profit increase of 5%.

Opex decreased by 5% as a result of modernisation programmes bringing down personnel cost, as well as lower consultancy costs and targeted initiatives to reduce energy costs. Following the top-line improvement and lower cost level, EBITDA increased by 13%.

The renewal of Telenor Pakistan's 900 MHz and 1800 MHz licence, which expired on 25 May 2019, is still not concluded. A hearing was held during the last part of the quarter, and the court adjourned pending a conclusion of the matter. The next hearing is expected in the first quarter.

NOK in million	Fourth quarter		Year	
	2020	2019	2020	2019
Revenues mobile operation				
Subscription and traffic	1 184	1 239	4 822	5 190
Interconnect	201	191	797	796
Other mobile	7	4	19	19
Non-mobile	70	46	241	227
Total revenues mobile operation	1 461	1 480	5 880	6 232
Total revenues	1 461	1 480	5 880	6 232
Gross profit	1 277	1 270	5 104	5 274
Operating expenses	(508)	(558)	(1 937)	(2 106)
EBITDA before other items	770	712	3 167	3 168
Operating profit	296	222	1 205	1 374
EBITDA before other items/Total revenues (%)	52.7	48.1	53.9	50.8
Capex	142	286	889	1 446

Statistics (monthly in NOK):

Mobile ARPU	10	11	10	11
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No. of subscriptions – Change in quarter/Total (in thousands):

Mobile	1 029	998	47 240	45 389
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Exchange rate (NOK/PKR, average for the period)	-	-	0.0582	0.0588
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Myanmar

In Myanmar, our customers' use of voice and data services continued to grow. However, the fierce competition and price pressure particularly on data persisted and the price floor remains suspended by the regulator.

Subscription and traffic revenues decreased by 7% as a result of lower prices and fewer customers after the SIM registration process, partly offset by a non-recurring item. While Telenor Myanmar reported a loss of 0.9 million subscriptions in the fourth quarter, the subscriber development improved during the quarter and resulted in growth of 0.2 million in December.

Opex decreased by 17%, primarily due to lower commissions and lower energy prices. In addition, the net effect from several non-recurring items this quarter contributed positively with 2 percentage points. As a result of adapting cost levels to the revenue challenge, EBITDA decreased by only 1%.

NOK in million	Fourth quarter		Year	
	2020	2019	2020	2019
Revenues mobile operation				
Subscription and traffic	1 451	1 441	6 258	5 013
Interconnect	174	198	729	733
Other mobile	5	15	25	44
Non-mobile	1	3	6	11
Total revenues mobile operation	1 631	1 656	7 018	5 801
Total revenues	1 647	1 664	7 069	5 825
Gross profit	1 462	1 454	6 290	5 113
Operating expenses	(543)	(599)	(2 234)	(1 996)
EBITDA before other items	919	854	4 055	3 116
Operating profit	387	210	1 399	701
EBITDA before other items/Total revenues (%)	55.8	51.3	57.4	53.5
Capex	191	185	540	625

Statistics (monthly in NOK):

Mobile ARPU	33	25	28	24
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No. of subscriptions - Change in quarter/Total (in thousands):

Mobile	(940)	684	16 243	22 255
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Exchange rate (NOK/MMK, average for the period)	-	-	0.0068	0.0059
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Other units

Revenues in Other units decreased by NOK 0.1 billion due to the loss of low margin revenues in Global Wholesale, a challenged cruise industry impacting Telenor Maritime and the deconsolidation of Tapad.

EBITDA remained stable. Positive contribution from the inclusion of Telenor Infra offset the negative revenue effects explained above as well as a non-recurring item in Corporate Functions of NOK 166 million with no net effect on Group EBITDA.

EBIT increased as a result of the gain on disposal of Tapad and real estate in Norway.

NOK in million	Fourth quarter		Year	
	2020	2019	2020	2019
Revenues				
Corporate Functions	424	465	1 742	1 894
Infra	356	-	1 652	-
Satellite	212	234	841	950
Other Businesses	798	1 239	3 846	5 276
Eliminations	(43)	(42)	(163)	(206)
Total revenues	1 748	1 896	7 919	7 914
Operating expenses	(1 076)	(1 133)	(4 105)	(4 546)
EBITDA before other items				
Corporate Functions	(186)	(124)	(401)	(524)
Infra	184	-	883	-
Satellite	149	163	599	672
Other Businesses	85	153	643	729
Eliminations	-	2	-	-
Total EBITDA before other items	232	195	1 724	877
Operating profit (loss)				
Corporate Functions	(109)	(173)	(514)	(841)
Infra	93	-	415	-
Satellite	117	95	367	382
Other Businesses	3 208	144	4 428	535
Eliminations	-	-	(123)	-
Total operating profit (loss)	3 309	66	4 573	77
Capex	101	142	372	407
Investments in businesses	92	359	352	27 807

Group performance in 2020

The comments below are related to Telenor's development in 2020 compared to 2019. From the fourth quarter 2019, Canal Digital has been classified as discontinued operations, but is no longer included in the Group's consolidated figures following the approval of the transaction (Joint venture with NENT Group) by the European Commission and subsequent closing. See note 3 for further information.

Specification of other income and other expenses

NOK in million	Fourth quarter		Year	
	2020	2019	2020	2019
EBITDA before other income and other expenses	13 512	13 397	56 520	50 735
EBITDA before other income and other expenses (%)	43.7	42.2	46.0	44.6
Other income	124	-	150	46
Gains on disposals of property, plant and equipment (PPE) and operations	3 402	293	4 438	696
Losses on disposals of property, plant and equipment (PPE) and operations	(366)	(86)	(577)	(283)
Workforce reductions, onerous (loss) contracts and other	(187)	(423)	(1 966)	(917)
EBITDA	16 486	13 182	58 565	50 276
EBITDA margin (%)	53.3	41.5	47.7	44.2

In the fourth quarter, gains on disposals of PPE and operations was mainly related to the sale of Tapad (NOK 2.1 billion) and the sale and partial leaseback of the headquarter office building at Fornebu, Norway (NOK 1.2 billion). Other expenses consisted mainly of losses on disposal of network assets and scrapping of other PPE in dtac and Digi, as well as workforce reductions (of which NOK 77 million in Telenor Norway). In the fourth quarter 2019, other expenses consisted mainly of workforce reductions (of which NOK 138 million in dtac, NOK 75 million in Corporate Functions and NOK 73 million in Grameenphone), partly offset by a NOK 235 million gain on the partial disposal of 701Search.

In the year, gains on disposals of PPE and operations consisted mainly of the above mentioned gains in the fourth quarter, together with 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 recognised in the second quarter based on the decision from ESA, 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), partly offset by gains on the partial disposal of 701Search (NOK 235 million) and Digital Money Myanmar (NOK 216 million), as well as a gain of NOK 119 million in Telenor Denmark from a sale and partial leaseback of assets.

Operating profit

Reported operating profit increased by NOK 3.8 billion to NOK 29.5 billion. EBITDA increased by NOK 8.3 billion to NOK 58.6 billion, of which NOK 2.5 billion were a result of the consolidation of DNA.

Depreciations increased by NOK 4.5 billion, mainly driven by the consolidation effect from DNA with NOK 1.7 billion and currency effects of NOK 1.4 billion in the year 2020. In addition, fibre investments and accelerated depreciation on copper infrastructure in Norway, as well as higher non-current assets in Thailand increased depreciations by NOK 1.0 billion and NOK 0.3 billion, respectively.

Financial items

NOK in million	Fourth quarter		Year	
	2020	2019	2020	2019
Financial income	177	252	675	1 354
Financial expenses	(852)	(1 193)	(4 635)	(5 031)
Net currency gains (losses)	1 679	906	1 189	(282)
Net change in fair value of financial instruments	(67)	(34)	(727)	60
Net gains (losses and impairment) of financial assets and liabilities	(13)	(3)	(0)	15
Net financial income (expenses)	923	(73)	(3 498)	(3 884)
Gross interest expenses related to interest bearing liabilities and lease liabilities	(688)	(1 107)	(3 970)	(4 561)
Net interest expenses	(555)	(888)	(3 470)	(3 917)

Net financial items in 2020 amounted to negative NOK 3.5 billion, compared to negative NOK 3.9 billion last year. Financial income in 2019 includes dividend from VEON of NOK 556 million. Financial expenses in 2020 compared to 2019 shows a decrease of NOK 0.4 billion, mainly due to lower interest cost.

Net currency gains were NOK 1.2 billion in 2020, compared to losses of NOK 0.3 billion last year. The currency gains mainly relate to funding activities in EUR earlier this year. The Norwegian Krone has 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.

Taxes

For the year, the effective tax rate is 26% , mainly due to non-taxable gain in the fourth quarter on the sale of the headquarter office building at Fornebu, partly offset by the provision based on the ESA decision in the second quarter. The effective tax rate for the fourth quarter is 17%, impacted by the mentioned non-taxable gain. The underlying tax rate for the year remained stable around 30%. The effective tax rate for the year 2021 is estimated to be around 30%.

Cash flow

Net cash inflow from operating activities during 2020 was NOK 44 billion, an increase of 9.8 billion compared to 2019. Adjusted for cash flows from DNA, operating cash flow increased by NOK 7.5 billion compared to 2019 mainly due to improved EBITDA before other items, lower taxes paid, dividends received from Allente of NOK 1.2 billion, partly offset by ESA fine payment of NOK 1.2 billion. Net cash flow from operating activities in 2020 includes payment of the deposit to BTRC of NOK 2.2 billion, while cash flow from operating activities in 2019 includes payments related to the CAT settlement in Thailand of NOK 2.3 billion.

Net cash outflow to investing activities during 2020 was NOK 10.8 billion, a decrease of NOK 32.7 billion compared to 2019. Payments of PPE and intangibles were lower by NOK 2.8 billion compared to 2019. The decrease in purchases of businesses by NOK 25.6 billion was explained by acquisition of DNA last year. The increase in proceeds from sale of business by NOK 8.4 billion was explained by sale proceeds from the sale and leaseback transactions related to headquarter and development properties amounting to NOK 5.8 billion, sale of Tapad Inc. amounting to NOK 2.4 billion partly offset by deconsolidation effect of NOK 0.5 billion of Canal Digital in 2020 and deconsolidation effect of NOK 0.9 billion of Telenor Banka and Wave Money in 2019. Proceeds from other investments decreased by NOK 4 billion. The decrease was due to disposal of VEON shares in 2019 amounting to NOK 5.2 billion and was partly offset by the receipt of NOK 1.2 billion related to the deferred sale consideration for sale of CEE in 2020.

Net cash outflow to financing activities during 2020 was NOK 27.6 billion. This was primarily payments to Telenor ASA shareholders of NOK 16.4 billion, repayments of licence obligations of NOK 3.6 billion, repayments of lease obligations of NOK 5.4 billion, net receipt of borrowings of NOK 1.2 billion and NOK 3.2 billion dividends paid to non-controlling interests.

Cash and cash equivalents in continuing operations increased by NOK 6.8 billion during 2020 to NOK 20.1 billion as of 31 December.

Financial position

During 2020, total assets increased by NOK 7.5 billion to NOK 256.4 billion.

Net debt increased by NOK 3.5 billion to NOK 110.4 billion compared to the end of last year, while decreased by NOK 7.8 billion compared to the end of the third quarter of 2020. Interest-bearing liabilities excluding licence obligations increased by NOK 10.4 billion primarily driven by the depreciation of the Norwegian Krone against some currencies with an impact of approximately NOK 5.5 billion and increase in lease liabilities by NOK 3.3 billion of which NOK 2.3 billion was from the sale and lease back of the headquarter office building. Cash and cash equivalents increased by NOK 6.7 billion.

Total equity increased by NOK 0.6 billion to NOK 44 billion. The increase was primarily due to positive net income from operations of NOK 21 billion during the year partially offset by dividends to equity holders of Telenor ASA and non-controlling interests of NOK 15.6 billion, share buyback of NOK 4.1 billion, and negative currency translation effects of NOK 0.5 billion.

Transactions with related parties

For detailed information on related party transactions, please refer to Note 33 *Related parties* in the Group's Annual Report 2019.

Risks and uncertainties

The risks and uncertainties described below are expected to remain for the next three months.

A significant share of Telenor's revenues and profits is derived from operations outside Norway. Currency fluctuations may influence the reported figures in Norwegian Kroner significantly. Political risk, including regulatory conditions, may also influence the results. On 1 February 2021, the military of Myanmar declared a state of emergency, and Telenor is concerned about the situation. Please refer to Note 8 – *Events after the reporting period*.

Telenor ASA seeks to allocate debt on the basis of equity market values in local currencies, predominantly EUR, USD and SEK. Foreign currency debt in Telenor ASA that exceeds the booked equity of investments in the same currency will not be part of an effective net investment hedge relationship. Currency fluctuations related to this part of the debt will be recorded in the income statement.

The regulatory environment in Bangladesh is challenging for Grameenphone and Telenor. This relates to BTRC and their conducted audit covering the period 1997 until 2014. Please see Note 6 *Legal disputes* for further details.

From the latter part of March, we have seen impact from the global spread of COVID-19 on our performance. A major risk is the duration of the COVID-19 impact. Furthermore, Telenor is exposed to the related uncertainty regarding macroeconomic development and currency fluctuations. For more information related to COVID-19, see page 2 and Note 9 *COVID-19*.

For additional explanations regarding risks and uncertainties, please refer to the following sections in the Group's Annual Report 2019: the Risk Management section in the Board of Directors Report, Note 13 *Income taxes*, Note 29 *Financial Risk Management* and Note 34 *Legal Disputes and contingencies*. Readers are also referred to the Disclaimer below.

For new developments of legal disputes and contingencies since the publication of the Group's Annual Report for 2019, see Note 6 *Legal disputes*.

Disclaimer

This report contains statements regarding the future in connection with Telenor's growth initiatives, profit figures, outlook, strategies and objectives. In particular, the section Outlook contains forward-looking statements regarding the Group's expectations. All statements regarding the future are subject to inherent risks and uncertainties, and many factors can lead to actual profits and developments deviating substantially from what has been expressed or implied in such statements.

Interim condensed financial information

Consolidated income statement

Telenor Group

NOK in million	Note	Fourth quarter		Year	
		2020	2019	2020	2019
Revenues	2	30 949	31 737	122 811	113 666
Total cost of materials and traffic charges		(8 265)	(8 671)	(29 768)	(27 912)
Salaries and personnel costs		(2 886)	(3 006)	(11 398)	(10 803)
Other operating expenses		(6 286)	(6 663)	(25 125)	(24 215)
Other income		3 527	293	4 588	741
Other expenses		(553)	(508)	(2 543)	(1 200)
EBITDA		16 486	13 182	58 565	50 276
Depreciation and amortisation		(7 190)	(6 835)	(29 053)	(24 527)
Impairment losses		(3)	(63)	(11)	(47)
Operating profit		9 292	6 283	29 500	25 702
Share of net income from associated companies and joint ventures		(55)	(588)	(361)	(849)
Net financial items		923	(73)	(3 498)	(3 884)
Profit/Loss before Taxes		10 160	5 622	25 641	20 968
Income taxes		(1 691)	(1 351)	(6 577)	(9 033)
Profit from continuing operations		8 469	4 272	19 064	11 936
Profit (loss) from discontinued operations	3	44	(1 562)	1 995	(742)
Net income		8 513	2 709	21 059	11 194

Net income attributable to:

Non-controlling interests (Minority interests)	824	935	3 718	3 421
Equity holders of Telenor ASA	7 689	1 774	17 341	7 773

Earnings per share in NOK

Basic/diluted from continuing operations	5.46	2.34	10.90	5.91
Basic/diluted from discontinued operations	0.03	(1.10)	1.42	(0.52)
Basic/diluted from total operations	5.49	1.25	12.32	5.40

The interim financial information has not been subject to audit or review.

Consolidated statement of comprehensive income

Telenor Group

NOK in million	Fourth quarter		Year	
	2020	2019	2020	2019
Net income	8 513	2 709	21 059	11 194
Translation differences on net investment in foreign operations	(4 550)	(294)	2 409	(138)
Amount reclassified from other comprehensive income to income statement on partial disposal	69	(235)	(133)	(244)
Net gain (loss) on hedge of net investment	2 175	(91)	(3 587)	59
Income taxes	(478)	20	789	(13)
Share of other comprehensive income (loss) of associated companies and joint ventures	(2)	-	(4)	-
Amount reclassified from equity to profit and loss on disposal	(3)	-	(3)	-
Items that may be reclassified subsequently to income statement	(2 791)	(599)	(530)	(335)
Net gain (loss) on equity investments	(63)	(98)	32	(26)
Remeasurement of defined benefit pension plans	677	1 205	(416)	714
Income taxes	(138)	(266)	104	(158)
Items that will not be reclassified to income statement	475	841	(280)	530
Other comprehensive income (loss), net of taxes	(2 315)	242	(810)	194
Total Comprehensive Income	6 198	2 951	20 250	11 388
Total comprehensive income attributable to:				
Non-controlling interests	410	868	3 612	3 670
Equity holders of Telenor ASA	5 788	2 083	16 638	7 717

The interim financial information has not been subject to audit or review.

Consolidated statement of financial position

Telenor Group

NOK in million	Note	31 December 2020	31 December 2019
Deferred tax assets		2 841	2 445
Goodwill		28 947	27 451
Intangible assets		11 222	11 370
Right-of-use assets		62 813	59 381
Property, plant and equipment		79 367	83 179
Associated companies and joint ventures		6 417	4 299
Other non-current assets		15 829	13 916
Total non-current assets		207 437	202 040
Prepaid taxes		1 239	1 334
Inventories		1 313	1 485
Trade and other receivables		25 255	25 773
Other current financial assets		576	910
Assets classified as held for sale	3	-	3 489
Cash and cash equivalents		20 577	13 867
Total current assets		48 961	46 858
Total assets		256 398	248 899
Equity attributable to equity holders of Telenor ASA		38 324	38 054
Non-controlling interests		5 594	5 286
Total equity		43 918	43 339
Non-current lease liabilities		35 584	32 002
Non-current interest-bearing liabilities	4	98 627	83 987
Non-current non-interest-bearing liabilities		1 335	1 549
Deferred tax liabilities		4 831	4 902
Pension obligations		2 747	2 386
Provisions and obligations		8 820	7 701
Total non-current liabilities		151 944	132 527
Current lease liabilities		9 298	9 295
Current interest-bearing liabilities	4	7 296	14 761
Trade and other payables		33 891	35 691
Current tax payables		3 988	4 863
Current non-interest-bearing liabilities		1 871	2 227
Provisions and obligations		1 123	1 219
Liabilities classified as held for sale	3	3 070	4 976
Total current liabilities		60 536	73 032
Total equity and liabilities		256 398	248 899

The interim financial information has not been subject to audit or review.

Consolidated statement of cash flows

Telenor Group

NOK in million	Fourth quarter		Year	
	2020	2019	2020	2019
Profit before taxes from total operations ¹⁾	10 204	4 151	27 639	20 318
Income taxes paid	(2 281)	(4 299)	(7 395)	(10 512)
Net (gains) losses from disposals, impairments and change in fair value of financial assets and liabilities	(2 990)	(152)	(4 828)	(471)
Depreciation, amortisation and impairment losses	7 192	6 908	29 063	24 625
Loss (profit) from associated companies and joint ventures	55	588	361	849
Dividends received from associated companies	1 250	-	1 250	63
Currency (gains) losses not related to operating activities	(2 140)	(1 192)	(919)	(226)
Changes in working capital and other	232	992	(1 135)	(425)
Net cash flow from operating activities	11 522	6 996	44 036	34 222
Purchases of property, plant and equipment (PPE) and intangible assets	(5 083)	(4 647)	(19 216)	(21 986)
Purchases of subsidiaries, associated companies and joint ventures, net of cash acquired	(65)	(11 486)	(340)	(25 957)
Proceeds from disposal of PPE, intangible assets, associated companies and businesses, net of cash disposed	7 285	(78)	7 705	(688)
Proceeds from sale and purchases of other investments	84	3 202	1 070	5 106
Net cash flow from investing activities	2 221	(13 008)	(10 781)	(43 526)
Proceeds from and repayments of borrowings	183	(1 968)	1 175	32 261
Payments of lease liabilities related to spectrum licences	(2 770)	(237)	(3 634)	(1 080)
Payments of lease liabilities related to other lease contracts	(1 508)	(1 238)	(5 395)	(4 282)
Net payments of supply chain financing	82	104	(89)	(5)
Purchase of treasury shares	(3)	(853)	(4 161)	(6 114)
Dividends paid to and purchases of shares from non-controlling interests	(338)	(1 357)	(3 202)	(4 327)
Dividends paid to equity holders of Telenor ASA	(6 017)	(5 706)	(12 277)	(12 121)
Net cash flow from financing activities	(10 371)	(11 255)	(27 583)	4 332
Effects of exchange rate changes on cash and cash equivalents	(252)	94	420	641
Net change in cash and cash equivalents	3 119	(17 173)	6 091	(4 330)
Cash and cash equivalents at the beginning of the period	16 970	31 171	13 997	18 328
Cash and cash equivalents at the end of the period²⁾	20 088	13 997	20 088	13 997
Of which cash and cash equivalents in assets held for sale at the end of the period	-	735	-	735
Cash and cash equivalents in continuing operations at the end of the period	20 088	13 262	20 088	13 262
¹⁾ Profit before taxes from total operations consists of:				
Profit before taxes from continuing operations	10 160	5 622	25 641	20 968
Profit before taxes from discontinued operations	44	(1 472)	1 998	(651)
Profit before taxes from total operations	10 204	4 151	27 639	20 318

2) As of 31 December 2020, restricted cash was NOK 184 million, while as of 31 December 2019, restricted cash was NOK 724 million.

Cash flow from discontinued operations

NOK in million	Fourth quarter		Year	
	2020	2019	2020	2019
Net cash flow from operating activities	(5)	151	139	1 006
Net cash flow from investing activities	(39)	(20)	(531)	(779)
Net cash flow from financing activities	-	-	-	(4)

The cash flow ascribed to discontinued operations are only cash flows from external transactions. Hence, the cash flows presented for discontinued operations do not reflect these operations as if they were standalone entities.

The interim financial information has not been subject to audit or review.

Consolidated statement of changes in equity

Telenor Group

NOK in million	Attributable to equity holders of the parent				Total	Non-controlling interests	Total equity
	Total paid in capital	Other reserves	Retained earnings	Cumulative translation differences			
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 for the period	-	522	-	(578)	(56)	250	194
Total comprehensive income 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 buy back	(213)	(5 738)	-	-	(5 951)	-	(5 951)
Sale of shares, share issue, and share options to employees	-	(56)	-	-	(56)	-	(56)
Equity as of 31 December 2019	8 605	(17 792)	49 982	(2 746)	38 051	5 286	43 339
Net income for the period	-	-	17 341	-	17 341	3 718	21 059
Other comprehensive income for the period	-	(268)	-	(435)	(703)	(106)	(810)
Total comprehensive income 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 buy back	(139)	(3 974)	-	-	(4 113)	-	(4 113)
Sale of shares, share issue, and share options to employees	-	21	-	-	21	-	21
Equity as of 31 December 2020	8 466	(22 014)	55 049	(3 181)	38 324	5 594	43 918

The interim financial information has not been subject to audit or review.

Notes to the interim consolidated financial statements

Note 1 – General accounting principles

Telenor (the Group) consists of Telenor ASA (the Company) and its subsidiaries. Telenor ASA is a limited liability company, incorporated in Norway. The condensed consolidated interim financial statements consist of the Group and the Group's interests in associated companies and joint arrangements. As a result of rounding differences, numbers or percentages may not add up to the total.

These interim condensed consolidated financial statements for the year ended 31 December 2020, have been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for 2019 (Annual Report 2019). Key developments in risks and uncertainties, including COVID-19, are described in the section Risks and uncertainties on page 14.

The accounting policies applied in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31

December 2019. For information about standards, amendments to standards and interpretations effective from 1 January 2020, please refer to note 1 in the Group's Annual Report 2019. None of the standards, amendments or interpretations effective from 1 January 2020 has a significant impact on the Group's consolidated interim financial statements.

On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs. A lessee may apply the amendment for annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. EU approved the amendment on 12 October 2020. The Group has chosen to adopt the amendment with effect from 1 January 2020, using the option for early application. The amendment has not had a significant impact on the Group's consolidated financial statements.

Note 2 – Disaggregation of revenue

In the following table, revenue is disaggregated by major revenue streams divided into the reportable segments as shown in note 10. For further information on the categories, please refer to note 6 in the Group's Annual Report 2019.

Fourth quarter 2020

NOK in million	Norway	Sweden	Denmark	DNA - Finland	dtac - Thailand	Digi Malaysia	Grameen-phone Bangladesh	Pakistan	Myanmar	Other units	Eliminations	Group
Type of good/ services												
Mobile operation	4 016	2 304	1 274	2 024	5 193	3 383	3 651	1 398	1 630	-	(273)	24 598
Services	3 346	1 706	909	1 544	4 409	2 966	3 647	1 379	1 630	-	(270)	21 265
Goods	670	598	365	480	784	417	4	19	-	-	(3)	3 334
Fixed operation	2 458	966	129	575	-	-	-	-	16	412	(159)	4 397
Services	2 415	966	129	575	-	-	-	-	16	412	(121)	4 393
Goods	43	-	-	-	-	-	-	-	-	-	(39)	4
Other	176	-	-	-	-	-	-	-	-	968	(455)	689
Services	176	-	-	-	-	-	-	-	-	968	(455)	689
Goods	-	-	-	-	-	-	-	-	-	-	-	-
Sum type of good/ services	6 651	3 270	1 403	2 599	5 193	3 383	3 651	1 398	1 646	1 380	(888)	29 684
Type of mobile subscription												
Contract	2 875	1 516	821	1 400	2 822	1 310	147	43	17	-	(14)	10 939
Prepaid	43	45	-	57	1 425	1 604	3 489	1 336	1 607	-	(112)	9 495
Other ¹⁾	428	145	87	86	161	52	10	-	5	-	(145)	831
Sum services in Mobile operation	3 346	1 706	909	1 544	4 409	2 966	3 647	1 379	1 630	-	(270)	21 265
Timing of revenue recognition												
Over time	5 937	2 672	1 038	2 119	4 409	2 966	3 647	1 379	1 646	1 379	(846)	26 346
At a point in time	713	598	365	480	784	417	4	19	-	-	(42)	3 338
Total revenue from contract with customers	6 651	3 270	1 403	2 599	5 193	3 383	3 651	1 398	1 646	1 379	(887)	29 684
Other revenues ²⁾	112	57	7	8	851	46	43	64	1	369	(292)	1 265
Total revenue	6 762	3 327	1 410	2 608	6 044	3 429	3 693	1 461	1 647	1 748	(1 179)	30 949
Segment revenue as presented in note 10	6 762	3 327	1 410	2 608	6 044	3 429	3 693	1 461	1 647	1 748	(1 179)	30 949

Year 2020

NOK in million	Norway	Sweden	Denmark	DNA - Finland	dtac - Thailand	Digi Malaysia	Grameen-phone 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 good/ 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 recognition												
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 revenues 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 10	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 25.

²⁾ Other revenues include mainly lease revenue.

Fourth quarter 2019

NOK in million	Norway ³⁾	Sweden	Denmark	DNA - Finland	dtac - Thailand	Digi Malaysia ⁴⁾	Grameen-phone Bangladesh	Pakistan	Myanmar	Other units ³⁾	Eliminations	Group
Type of good/ services												
Mobile operation	3 974	2 292	1 245	1 835	5 789	3 609	3 846	1 429	1 655	-	(245)	25 429
Services	3 258	1 738	849	1 393	4 994	3 141	3 843	1 412	1 655	-	(244)	22 040
Goods	715	554	396	442	794	468	4	16	-	-	-	3 389
Fixed operation	2 590	885	119	563	-	-	-	-	8	522	(206)	4 481
Services	2 388	871	119	563	-	-	-	-	8	522	(173)	4 298
Goods	202	14	-	-	-	-	-	-	-	-	(33)	183
Other	186	-	-	-	-	-	-	-	-	1 280	(659)	808
Services	186	-	-	-	-	-	-	-	-	1 278	(659)	806
Goods	-	-	-	-	-	-	-	-	-	2	-	2
Sum type of good/ services	6 749	3 178	1 364	2 398	5 789	3 609	3 846	1 429	1 663	1 802	(1 109)	30 717
Type of mobile subscription												
Contract	2 859	1 543	779	1 266	3 066	1 406	170	50	12	-	(18)	11 135
Prepaid	38	40	-	53	1 765	1 659	3 662	1 363	1 627	-	(93)	10 113
Other ¹⁾	360	155	70	75	162	76	12	-	16	-	(133)	792
Sum services in Mobile operation	3 258	1 738	849	1 393	4 994	3 141	3 843	1 412	1 655	-	(244)	22 040
Timing of revenue recognition												
Over time	5 832	2 609	968	1 956	4 994	3 141	3 843	1 412	1 663	1 800	(1 076)	27 143
At a point in time	917	569	396	442	794	468	4	16	-	2	(33)	3 574
Total revenue from contract with customers	6 749	3 178	1 364	2 398	5 789	3 609	3 846	1 429	1 663	1 802	(1 109)	30 717
Other revenues ²⁾	144	48	7	9	641	54	41	51	1	93	(69)	1 020
Total revenue	6 893	3 226	1 371	2 406	6 429	3 663	3 887	1 480	1 664	1 896	(1 178)	31 737
Segment revenue as presented in note 10	6 893	3 226	1 371	2 406	6 429	3 663	3 887	1 480	1 664	1 896	(1 178)	31 737

Year 2019

NOK in million	Norway ³⁾	Sweden	Denmark	DNA - Finland	dtac - Thailand	Digi Malaysia ⁴⁾	Grameen-phone Bangladesh	Pakistan	Myanmar	Other units ³⁾	Eliminations	Group
Type of good/ services												
Mobile operation	15 176	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 good/ services	25 844	12 013	4 955	3 422	20 839	13 191	14 820	6 162	5 821	7 507	(4 405)	110 169
Type of mobile subscription												
Contract	11 452	6 098	3 063	1 823	11 197	5 249	628	191	43	-	(78)	39 667
Prepaid	164	153	-	74	6 702	6 433	14 116	5 795	5 703	-	(323)	38 816
Other ¹⁾	1 384	598	295	107	539	302	58	67	50	-	(489)	2 911
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 recognition												
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 revenues 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 10	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 25.

²⁾ Other revenues include mainly lease revenue.

³⁾ Figures for 2019 have been restated, see note 10 for more information.

⁴⁾ During the fourth quarter 2020 Digi reclassified revenues between the categories Contract and Prepaid, with no effect on the totals. Figures for 2019 have been restated accordingly.

Note 3 – 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 their 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 were classified as asset held for sale and discontinued operations in the Group's financial reporting. The comparative numbers for the income statement for the first three quarters of 2019 were represented. 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 recognized 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.

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.

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

NOK in million	Fourth quarter		Year	
	2020	2019	2020	2019
Revenue	4	1 042	1 296	4 201
EBITDA	2	(1 472)	317	(645)
EBIT	2	(1 482)	317	(697)
Profit (loss) before tax	90	(1 411)	378	(623)
Income taxes	-	(91)	(2)	(91)
Profit (loss) after tax	90	(1 501)	375	(714)
Gain (loss) on disposal	(46)	(60)	1 620	(28)
Profit (loss) from discontinued operations	44	(1 561)	1 995	(742)

During 2020 Canal digital contributed with profit of NOK 240 million until its disposal as subsidiary (2019: NOK 1.0 billion).

During 2019, a provision of NOK 1.7 billion was recognised after a ruling by the Supreme Court of India with regard to Adjusted Gross Revenue as basis for licence fee and spectrum usage charge.

The major classes of assets and liabilities of the disposal groups representing primarily Canal Digital and India classified as held for sale as of 31 December 2020 and 31 December 2019:

NOK in million	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. A guarantee to Bharti Airtel was recognised at fair value as of closing date of the transaction with Bharti Airtel. Subsequent changes to the estimate are recognised on the discontinued operations line in the income statement.

Note 4 – Interest-bearing liabilities

Fair value of interest-bearing liabilities recognised at amortised cost:

NOK in million	31 December 2020	
	Carrying amount	Fair value
Interest-bearing liabilities ¹⁾	(105 923)	(111 882)
of which fair value level 1	-	(102 223)
of which fair value level 2	-	(9 659)

NOK in million	31 December 2019	
	Carrying amount	Fair value
Interest-bearing liabilities ¹⁾	(98 748)	(102 702)
of which fair value level 1	-	(91 441)
of which fair value level 2	-	(11 261)

¹⁾ Excluding lease liabilities.

Note 5 – Fair value of financial instruments

Financial derivatives are recognised at fair value based on observable market data (level 2). See note 30 in the Annual Report 2019 for valuation methodologies. The financial derivatives are classified in the consolidated statement of financial position as disclosed in the table:

NOK in million	31 December	31 December
	2020	2019
Other non-current assets	3 194	1 984
Other current financial assets	181	368
Non-current non-interest-bearing financial liabilities	(1 174)	(1 398)
Non-current interest-bearing financial liabilities	-	(108)
Current non-interest-bearing liabilities	(506)	(787)
Total	1 695	59

Note 6 – Legal disputes

Grameenphone

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 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 unauthorized 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). The need for provision has been assessed based on legal merits and is consistent with prior periods.

On 20 and 24 February 2020, the Appellate Division of Supreme Court (AD) ordered Grameenphone to make payment of a total deposit of NOK 2.2 billion to BTRC in two equal installments within 24 February 2020 and 31 May 2020. Both installments were paid before the due dates. Further, AD also 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 network equipment 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.

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 subsequent court orders, the Supreme Court of India has upheld DoT's view on the determination of licence fees and spectrum usage charges. Despite the Supreme Court's final ruling in this matter, there are still computational and other elements that remain unclarified.

Telenor Norway

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. 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 other legal, economic and factual considerations as well, on which ESA and Telenor have different opinions. In conjunction with an appeal to the EFTA court, Telenor was obliged to either pay the current fine or submit a bank guarantee for the amount. Telenor appealed the decision to the EFTA Court on 28 August 2020 and simultaneously paid the fine amount.

Note 7 – Equity information

Dividend

On 11 May 2020, the Annual General Meeting approved a dividend of NOK 8.70 to be paid out in two tranches of NOK 4.40 and NOK 4.30 in May and October 2020 respectively. The first tranche of NOK 4.40 was paid out on 25 May 2020, with ex-dividend date of 12 May 2020. The second tranche of NOK 4.30 was paid out on 21 October 2020, with ex-dividend date of 8 October 2020.

Reduction of share capital

On 3 July 2020, Telenor ASA reduced the share capital with a total of NOK 257,999,994 in accordance with the resolution of the Annual General Meeting 11 May 2020. This was done by cancelling 19,794,961 own shares that were repurchased in the open market under the 2019-2020 share buyback programme, and by redeeming 23,205,038 shares held by the Kingdom of Norway through the Ministry of Trade, Industry and Fisheries by paying an amount of NOK 4,112,795,000. The share capital after the capital reduction is NOK 8,396,748,198 divided into 1,399,458,033 shares, each with a par value of NOK 6.00.

Note 8 – Events after the reporting period

Myanmar

On 1 February 2021, the military of Myanmar declared a state of emergency. Telenor is concerned about the situation, and our main priority is to ensure the safety and security of Telenor Myanmar's employees. Parts of the mobile network was affected. The situation remains unclear, and Telenor is closely monitoring the development.

Dividend for 2020

Based on the performance during the year, the Board of Directors propose an ordinary dividend of NOK 9.00 per share for 2020, to be declared by the Annual General Meeting (AGM) on 27 May 2021. The proposed dividend shall be split into two tranches of NOK 5.00 and NOK 4.00 per share, to be paid in May and October 2021 respectively, and represents a 3% increase per share compared to 2019.

Grameenphone – Bangladesh

On 27 January 2021, the Board of Directors of Grameenphone Ltd. proposed final dividend for 2020 of BDT 14.5 per share, which corresponds to approximately NOK 2.0 billion total dividend and approximately NOK 1.1 billion for Telenor's ownership share.

Digi – Malaysia

On 27 January 2021, the Board of Directors of Digi declared the final dividend for 2020 of MYR 0.036 per share, which corresponds to approximately NOK 0.6 billion total dividend and approximately NOK 0.3 billion for Telenor's ownership share.

dtac – Thailand

On 29 January 2021, the Board of Directors of dtac declared annual dividend for 2020 of THB 2.12 per share, which correspond to approximately NOK 1.4 billion total dividend and approximately NOK 0.9 billion for Telenor's ownership share.

Note 9 – COVID-19

The spread of cross-border diseases such as COVID-19 may have an operational effect on Telenor 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, we have seen impact from the global spread of COVID-19 on our performance, as mobility restrictions and lockdown measures were implemented in all countries Telenor operates in. Furthermore, Telenor is exposed to the related uncertainty regarding the macroeconomic development and currency fluctuations. A major risk is the duration of the COVID-19 impact. For comments on the impact on Telenor's business and financial results, please refer to page 2.

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*. The Group has not recognised any impairments of CGUs with or without goodwill or associated companies during 2020. The need for additional provisions for expected credit losses related to trade receivables and contract assets has also been assessed. The level of provisions remains fairly stable.

Local authorities have implemented economic relief measures in all of Telenor's markets, however the impact on Telenor has not been material.

Note 10 – Segment information and reconciliation of EBITDA before other income and other expenses

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.

The segment information 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.

Fourth quarter 2020

NOK in million	Total revenues			of which internal		EBITDA before other income and other expenses ¹⁾				Investments ²⁾	
	2020	2019	Growth	2020	2019	2020	Margin	2019	Margin	2020	2019
Norway ³⁾	6 762	6 893	-1.9 %	213	132	3 187	47.1 %	3 158	45.8 %	1 260	1 903
Sweden	3 327	3 226	3.1 %	9	22	1 178	35.4 %	1 201	37.2 %	506	391
Denmark	1 410	1 371	2.8 %	23	24	337	23.9 %	289	21.1 %	182	164
DNA - Finland	2 608	2 406	8.4 %	11	-	890	34.1 %	723	30.0 %	803	710
dtac - Thailand	6 044	6 429	-6.0 %	(9)	15	1 951	32.3 %	2 218	34.5 %	6 124	1 146
Digi - Malaysia	3 429	3 663	-6.4 %	13	16	1 694	49.4 %	1 784	48.7 %	600	451
Grameenphone - Bangladesh	3 693	3 887	-5.0 %	20	-	2 341	63.4 %	2 464	63.4 %	479	816
Pakistan	1 461	1 480	-1.2 %	73	60	770	52.7 %	712	48.1 %	142	286
Myanmar	1 647	1 664	-1.0 %	20	37	919	55.8 %	854	51.3 %	191	185
Other units ³⁾	1 748	1 896	-7.8 %	796	873	232	13.3 %	195	10.3 %	193	501
Eliminations	(1 179)	(1 178)	0.1 %	(1 169)	(1 178)	14	-1.2 %	(201)	17.1 %	-	-
Group	30 949	31 737	-2.5 %	-	-	13 512	43.7 %	13 397	42.2 %	10 480	6 553

Year 2020

NOK in million	Total revenues			of which internal		EBITDA before other income and other expenses ¹⁾				Investments ²⁾	
	2020	2019	Growth	2020	2019	2020	Margin	2019	Margin	2020	2019
Norway ³⁾	26 307	26 392	-0.3 %	798	448	12 787	48.6 %	12 612	47.8 %	5 308	5 854
Sweden	12 618	12 195	3.5 %	57	66	4 832	38.3 %	4 667	38.3 %	1 435	1 310
Denmark	5 308	4 980	6.6 %	91	109	1 360	25.6 %	1 257	25.3 %	520	472
DNA - Finland	9 998	3 434	191.1 %	21	-	3 553	35.5 %	1 030	30.0 %	1 903	854
dtac - Thailand	23 704	23 048	2.8 %	42	54	9 076	38.3 %	8 647	37.5 %	7 717	3 683
Digi - Malaysia	13 766	13 375	2.9 %	47	41	6 938	50.4 %	7 025	52.5 %	1 605	1 599
Grameenphone - Bangladesh	15 483	14 980	3.4 %	71	-	9 776	63.1 %	9 218	61.5 %	1 165	1 825
Pakistan	5 880	6 232	-5.7 %	282	203	3 167	53.9 %	3 168	50.8 %	889	1 446
Myanmar	7 069	5 825	21.4 %	98	135	4 055	57.4 %	3 116	53.5 %	540	625
Other units ³⁾	7 919	7 914	0.1 %	3 783	3 656	1 724	21.8 %	877	11.1 %	724	28 214
Eliminations	(5 240)	(4 709)	11.3 %	(5 290)	(4 709)	(748)	14.3 %	(883)	18.7 %	-	-
Group	122 811	113 666	8.0 %	-	-	56 520	46.0 %	50 735	44.6 %	21 807	45 882

¹⁾ The segment profit is EBITDA before other income and other expenses.

²⁾ Investments consist of capex and investments in businesses.

³⁾ Financial figures for 2019 have been restated.

Reconciliation

NOK in million	Fourth quarter		Year	
	2020	2019	2020	2019
Profit before taxes	2 272	6 206	2 272	6 206
Share of net income from associate companies and joint ventures	(109)	(87)	(109)	(87)
Net financial items	(4 256)	(230)	(4 256)	(230)
Operating profit	6 636	6 523	6 636	6 523
Depreciation and amortisation	(7 152)	(5 634)	(7 152)	(5 634)
Impairment losses	(8)	(19)	(8)	(19)
EBITDA	13 796	12 175	13 796	12 175
Other income	76	218	76	218
Other expenses	(386)	(220)	(386)	(220)
EBITDA before other income and other expenses	14 106	12 177	14 106	12 177

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.

Organic revenue growth

Organic revenue is defined as revenue adjusted for the effects of acquisition and disposal of operations and currency effects. We believe that the measure provides useful and necessary information to investors and other stakeholders for the following reasons:

- it provides additional information on underlying growth of the business without the effect of certain factors unrelated to its operating performance;
- it is used for internal performance analysis; and
- it facilitates comparability of underlying growth with other companies (although the term "organic" is not a defined term under IFRS and may not, therefore, be comparable with similarly titled measures reported by other companies).

Reconciliation

NOK in million	Change fourth quarter		Change fourth quarter		Change YTD 2020	Change YTD
	2020	Change YoY	2019	Change YoY		
Total revenue growth	(788)	-2.5 %	4 738	17.5 %	9 145	8.0 %
Impact using exchange rates for 2020 and 2019	(612)		(1 659)		(5 957)	
M&A	143		(2 291)		(5 917)	
Organic revenue growth	(1 257)	-3.9 %	788	2.8 %	(2 730)	-2.3 %

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 million	Change fourth quarter		Change fourth quarter		Change YTD 2020	Change YoY
	2020	Change YoY	2019	Change YoY		
Subscription and traffic revenue growth	(447)	-1.9 %	3 320	16.6 %	7 486	8.7 %
Impact using exchange rates for 2020 and 2019	(377)		(1 335)		(4 674)	
M&A	-		(1 615)		(4 547)	
Organic subscription and traffic revenue growth	(824)	-3.4 %	370	1.8 %	(1 735)	-1.9 %

Subscription and traffic revenues

NOK in million	Fourth quarter		Year	
	2020	2019	2020	2019
Mobile subscription and traffic	19 488	20 133	80 126	74 304
Fixed telephony	294	351	1 255	1 339
Fixed Internet/TV	2 955	2 718	11 355	9 672
Fixed data services	179	160	704	638
Subscription and traffic revenues	22 916	23 363	93 439	85 954
Other revenues	8 033	8 374	29 371	27 712
Total revenues	30 949	31 737	122 811	113 666

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 million	Fourth quarter		Year	
	2020	2019	2020	2019
Total revenues	30 949	31 737	122 811	113 666
Costs of materials and traffic charges	(8 265)	(8 671)	(29 768)	(27 912)
Gross profit	22 684	23 067	93 043	85 754
Gross profit FX adjusted	22 948	23 688	93 043	90 149
Gross profit FX adjusted excl. DNA	21 068	21 887	85 651	87 546
Change	(818)		(1 895)	
Change (%)	-3.7 %		-2.2 %	

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 million	Fourth quarter		Year	
	2020	2019	2020	2019
Salaries and personnel cost	(2 886)	(3 006)	(11 398)	(10 803)
Other operating expenses	(6 286)	(6 663)	(25 125)	(24 215)
Operating expenses	(9 172)	(9 669)	(36 523)	(35 019)
Operating expenses FX adjusted	(9 259)	(9 948)	(36 523)	(36 786)
Operating expenses FX adjusted excl. DNA	(8 266)	(8 931)	(32 684)	(35 305)
Change	664		2 621	
Change (%)	7.4 %		7.4 %	

Positive change indicates opex reduction

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 property, plant and equipment (PPE) and operations, workforce reductions, onerous contracts and one-time pension costs, and is reconciled in the section Group overview. EBITDA margin is defined as EBITDA before other income and expenses divided by total segment 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.

EBITDA margin

NOK in million	Fourth quarter		Year	
	2020	2019	2020	2019
Total revenues	30 949	31 737	122 811	113 666
EBITDA before other items	13 512	13 397	56 520	50 735
EBITDA margin	43.7 %	42.2 %	46.0 %	44.6 %

Organic EBITDA growth

Organic EBITDA growth is defined as 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;
- it is used for internal performance analysis.

Reconciliation

NOK in million	Change fourth quarter		Change fourth quarter		Change YTD 2020	Change YoY
	2020	Change YoY	2019	Change YoY		
EBITDA growth	115	0.9 %	1 752	17.3 %	5 784	11.4 %
Impact using exchange rates for 2020 and 2019	(174)		(597)		(2 657)	
M&A	27		(674)		(2 199)	
Organic EBITDA growth	(33)	-0.2 %	481	4.6 %	929	1.7 %

Capital expenses

Capital expenses (capex) are derived from the balance sheet and consist of investments in tangible and intangible 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 is deemed to better gauge the actual investments committed in the period than the purchases of property, plant and equipment (PPE) and intangible 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 million	Fourth quarter		Year	
	2020	2019	2020	2019
Purchases of PPE and intangible assets	5 083	4 645	19 216	21 986
Working capital movement in respect of capital expenses	1 072	1 136	(2 241)	(4 341)
Deferred licence obligations	4 234	413	4 466	476
Less:				
Discontinued operations	-	-	-	(46)
Capex	10 389	6 194	21 440	18 075
Licence and spectrum acquisition	(4 601)	(620)	(5 089)	(660)
Capex excl. licence and spectrum	5 787	5 574	16 351	17 415
Total revenues	30 949	31 737	122 811	113 666
Capex excl. licence and spectrum/Revenues (%)	18.7 %	17.6 %	13.3 %	15.3 %
Total Capex/Revenues (%)	33.6 %	19.5 %	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.

NOK in million	Fourth quarter		Year	
	2020	2019	2020	2019
Capital expenses	10 389	6 194	21 440	18 075
Investments in businesses	92	359	367	27 807
Investments	10 480	6 553	21 807	45 882

Net interest-bearing debt excluding licence obligations (Net debt)

Net debt is derived from the balance sheet and 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.

Reconciliation

NOK in million	31 December 2020	31 December 2019
Non-current interest bearing liabilities	98 627	83 987
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 of Net debt/EBITDA. From the first quarter 2020, Telenor changes 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 expenses and thus ensures transparency and a better understanding of Telenor's ability to cover debt with profits from its regular operations.

The impact of other income and expenses is however assessed to not 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 includes proforma figures for DNA for the periods before consolidation. Note that the Net debt figure for the first quarter 2019 has been adjusted to reflect discontinuation of Canal Digital.

NOK in million	Year	
	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 million	Fourth quarter		Year	
	2020	2019	2020	2019
Net cash flows from operating activities	11 522	6 994	44 036	34 221
Net cash flows from investing activities	2 221	(13 008)	(10 781)	(43 526)
Payments of lease liabilities related to spectrum licences	(2 770)	(237)	(3 634)	(1 080)
Repayments of borrowings - supply chain financing	82	104	(89)	(5)
Dividends paid to and purchase of shares from non-controlling interest	(417)	(1 357)	(3 281)	(4 327)
Payments of lease liabilities related to other lease contracts	(1 508)	(1 238)	(5 395)	(4 282)
Free cash flow	9 130	(8 742)	20 855	(18 998)
M&A activities	7 142	(9 289)	8 313	(22 829)
Free cash flow before M&A activities	1 988	547	12 542	3 831

Mobile operations

Revenues

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 includes only revenues from the company's own subscriptions.

Interconnect

Consist of revenues from incoming traffic related to the company's own subscriptions. Revenues from incoming traffic related to service provider or MVNO subscriptions are not included.

Other mobile

Consist of inbound roaming, national roaming, telemetric and revenues related to service providers and MVNOs (Mobile Virtual Network Operators). 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.

Mobile revenues from company's own subscriptions

Consist of 'Mobile subscription and traffic' and 'Interconnect' and do not include revenues from inbound roaming, national roaming, service providers, MVNOs, sale of customer equipment and incoming traffic related to service provider subscriptions.

Key Figures

Subscriptions

Contract subscriptions are counted until the subscription is terminated or until there has been no revenues or outgoing/incoming traffic during the last three months. Prepaid subscriptions are counted as active if there has been outgoing or incoming traffic or if the SIM card has been reloaded during the last three months. Service provider and MVNO subscriptions are not included. Data only SIM cards are included, but SIM cards used for telemetric applications and twin/multi SIM cards are excluded. Total subscriptions are voice SIM cards plus data only SIM cards used for mobile broadband.

Active mobile internet users

Active mobile internet users are subscriptions with at least 150 KB of data during the last three months.

Average traffic minutes per subscription per month (AMPU)

Traffic minutes per subscription per month are calculated based on total outgoing and incoming rated minutes from the company's own subscriptions less data only subscriptions. This includes zero rated minutes and outgoing minutes from own subscriptions while roaming. Outgoing and incoming minutes related to inbound roaming, national roaming, service providers and MVNOs are not included.

Average revenue per subscription per month (ARPU)

ARPU is calculated based on mobile revenues from the company's own subscriptions, divided by the average number of subscriptions for the relevant period.

Fixed operations

Revenues

Telephony

Consist of subscription and connection fees, traffic (fixed to fixed, fixed to mobile, to other countries, value added services, other traffic) for PSTN/ISDN and Voice over Internet Protocol (VoIP).

Internet and TV

Consist of subscription, traffic charges and connection fees for xDSL, cable, fibre and fixed wireless access, in addition to revenues from TV services. High-speed fixed internet includes fibre, cable, VDSL and fixed wireless access.

Data services

Consist of Nordic Connect/IP-VPN and security.

Other

Consist of leased lines, managed services and other retail products.

Wholesale and broadcasting

Wholesale 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.

Key Figures

Subscriptions

Telephony consists of PSTN, ISDN and VoIP subscriptions. Internet consists of broadband access over xDSL, fibre, cable and fixed wireless access. TV consists of TV services over fibre and cable. Subscriptions are counted until the subscription is terminated.

Average revenue per subscription per month (ARPU)

ARPU is calculated based on revenues from the company's own subscriptions, divided by the average number of subscriptions for the relevant period. Internet ARPU is calculated based on Internet revenues as defined above except TV service revenues. TV ARPU is calculated based on revenues from TV services.

Other

Revenues

Satellite

Consist of revenues from satellite services from the satellite position 1-degree west.

Infra

Consist of revenues from passive infrastructure services in Norway.



Fourth quarter 2020

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