

Q4 – 2021

Interim report
October – December 2021



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Strong cash flow supporting the dividend

Several years of modernisation and digitalisation initiatives enabled Telenor to deliver solid operational results for 2021, despite impact from the ongoing pandemic. For the full year we deliver stable subscription and traffic revenues and EBITDA. The strong free cash flow of NOK 13 billion supports the proposed dividend of NOK 9.30 per share resulting in a yield of around 6%.

During the year, Telenor has focused on safeguarding employees and providing services to customers as the demand for connectivity, digitalisation and data has increased during the year, all while ensuring the robustness of the critical infrastructure we provide. Modernising our operations remain a top priority, and structural initiatives have resulted in NOK 1.2 billion in savings during the year. More importantly, these efforts have enabled us to provide great customer experience and a position to partner with Google and AWS to explore new services beyond connectivity.

In the Nordics, we delivered yet another good quarter. In Norway our strategy of providing value to customers with services on top of a world class network is yielding results, with a mobile ARPU growth of 3%. With the copper decommissioning reaching its peak, the growth in non-legacy services were not able to fully compensate for the legacy decline. The demand for services and increased data speed drove the ARPU growth of 3% in Finland and 6% in Denmark. In Sweden, the revitalised go-to market strategy resulted in stable subscription and traffic revenues and strong mobile subscriber growth this quarter.

In Asia, pressure on the top line remains due to intense competition and impact from the pandemic, in particular in Thailand. Through 2021, we have progressed on our strategy to build strong positions across our markets in the region. In the fourth quarter, we announced yet another merger in Asia. With this transaction, we aim to combine dtac and True in Thailand and create the leading telecom operator in the country.

Based on the solid financial position, strong free cash flow generation and a leverage ratio of 2.05x, the Board of Directors propose a dividend of NOK 9.30 per share, in line with the dividend policy. The dividend represents a 3% increase from last year.

Entering 2022, we will maintain our focus on returning to growth, the opportunities we see from also going "beyond connectivity", creating leading operators through partnerships in Asia and further developing our infrastructure position in the Nordics. For the full year 2022 and excluding Digi in Malaysia, we expect low single digit growth in service revenues, EBITDA around 2021 level or slightly higher and capex to sales ratio of 16-17%.

- Sigve Brekke, President and CEO



Key figures Telenor Group^{*)}

NOK in million	Fourth quarter		Year	
	2021	2020	2021	2020
Revenues	28 154	29 322	110 241	115 839
Organic revenue growth (%)	1.9	(3.6)	1.2	(2.7)
Subscription and traffic revenues	20 234	21 455	81 776	87 147
Organic subscription and traffic revenue growth (%)	(0.1)	(3.2)	(0.2)	(2.6)
EBITDA before other income and other expenses	11 743	12 549	49 162	52 347
Organic EBITDA growth (%)	(1.1)	(0.4)	(0.2)	1.0
EBITDA before other income and other expenses/Revenues (%)	41.7	42.8	44.6	45.2
Net income attributable to equity holders of Telenor ASA	587	7 689	1 528	17 341
Capex excl. licences and spectrum	5 865	5 596	17 942	15 811
Total Capex	8 023	10 190	22 345	21 152
Free cash flow before M&A	(274)	1 988	11 014	12 542
Total Free cash flow	(472)	9 130	12 667	20 855
Mobile subscriptions - Change in quarter/Total (mill.)	0.1	2.4	172.2	165.5

^{*)} With effect from the second quarter of 2021, Telenor Myanmar is classified as held for sale and discontinued operations, see note 3. As a consequence, the relevant figures, except for the net income and free cash flow, in the table above and throughout the report excludes Telenor Myanmar.

Fourth quarter and full year 2021 summary¹⁾

- Subscription and traffic revenues remained stable on an organic basis, both for the fourth quarter and for the full year. Total reported revenues in the quarter were NOK 28.2 billion, which is a decrease of NOK 1.2 billion driven by negative currency impacts.
- Currency adjusted opex increased by NOK 0.1 billion, or 1%. Reported opex decreased by NOK 0.4 billion. For the full year 2021, currency adjusted opex decreased by NOK 0.6 billion or 2%.
- Organic EBITDA decreased by 1%. Reported EBITDA before other items was NOK 11.7 billion and the EBITDA margin was 42%. For the full year, organic EBITDA remained stable as the higher energy cost driven by price increases was compensated by solid opex reductions.
- Capex excluding licences and spectrum fees was NOK 5.9 billion, yielding a capex to sales ratio of 21%. For the full year 2021, the capex to sales ratio ended at 16%.
- Reported net income was NOK 0.6 billion for the quarter and NOK 1.5 billion for the full year. Net income for the quarter was impacted by the fine imposed by the Norwegian Competition Authority (NCA) of NOK 0.8

¹⁾ Please refer to page 29 for Definitions and descriptions of Alternative Performance Measures.

- billion and negative contribution from discontinued operations of NOK 0.5 billion.
- Total free cash flow was NOK 0.5 billion negative for the quarter, including payment of the fine imposed by NCA. For the full year, total free cashflow was NOK 12.7 billion. Leverage was 2.05x at the end of the year, which is in the middle of the target range of 1.8-2.3x.
 - The Group's mobile subscriber base grew by 0.1 million in the quarter, and 6.7 million during the year. The subscriber base was 172 million at the end of the quarter.

¹⁾ Please refer to page 29 for Definitions and descriptions of Alternative Performance Measures.

COVID-19 impact on Telenor's business

In Asia, as the COVID-19 pandemic receded and following increased level of vaccination, the economies gradually reopened during fourth quarter. Nevertheless, the outlook for 2022 remains uncertain, as the new variant of COVID-19 is picking up traction in Asia. The Thai economy remains severely hit by the drop in tourism, both directly and indirectly impacting the demand for telecom services.

During the pandemic, Telenor has enabled and improved flexible work-from-home solutions, ensuring business continuity and employee safety, and has accelerated digitalisation including implementation of touch free operations and automation. Telenor maintains its strategic direction focusing on growth, modernisation and responsible business, while closely monitoring revised expectations for economic development and changed risk profiles, both globally and in our local markets.

For more details on the impact of COVID-19 on Telenor's business and financial results, please refer to pages 4 – 6 for a description of the Group's consolidated figures, the Interim report on Telenor's operations for market specific information, as well as Note 7 COVID-19.

Divestment of operations in Myanmar

As announced on 8 July 2021, Telenor Group has entered into an agreement to sell 100 percent of its mobile operations in Myanmar to M1 Group for a total consideration of USD 105 million (approximately NOK 900 million). The transaction is subject to regulatory approvals in Myanmar.

The decision to divest the operations in Myanmar followed the military coup and severely worsening conditions in the country. In the first quarter of 2021, Telenor recognised an impairment of NOK 6.5 billion. Since the first quarter 2021, Telenor Myanmar has generated significant profits. Due to the continued uncertain situation, an additional impairment of NOK 1.0 billion related to the increase in net assets since the first quarter of 2021 has been recognized in the fourth quarter 2021. The net contribution from Telenor Myanmar was negative NOK 0.2 billion for the fourth quarter 2021 and NOK 6.2 billion for the full year 2021.

Since operations started in 2014, Telenor's funding to Myanmar has been around NOK 5.3 billion. After turning cashflow positive in 2017, Telenor Myanmar has distributed approximately NOK 3.2 billion in dividend.

With effect from the second quarter of 2021, Telenor Myanmar is classified as an asset held for sale and discontinued operations with comparative figures for the income statement re-presented, see note 3 for more information.

Until disposal is completed, the results of Telenor Myanmar will continue to be consolidated as part of discontinued operations in the income statement, and cash flows will be part of total cash flow for the Group. Upon disposal, the net assets including consolidated results will be derecognised as part of profit (loss) from discontinued operations in the income statement. Cash flows as part of the cash balance will be derecognised as part of the total cash effect from disposal in the cash flow statement.

Shareholder remuneration

Based on the solid financial position, strong free cash flow generation and a leverage ratio of 2.05x, the Board of Directors propose an ordinary dividend of NOK 9.30 per share, in line with the dividend policy, subject to declaration by the Annual General Meeting on 11 May 2022. The proposed dividend shall be split into two tranches of NOK 5.00 and NOK 4.30 per share to be paid in May and October 2022, respectively, and represents a 3% increase per share compared to 2020.

Outlook for 2022

Entering 2022, we will maintain our focus on returning to growth, the opportunities we see from "beyond connectivity", creating leading operators through partnerships in Asia and developing our infrastructure position in the Nordics.

For the full year 2022 and excluding Digi in Malaysia, we expect low single digit growth in service revenues, EBITDA around 2021 level or slightly higher and capex to sales ratio of 16-17%.

¹⁾ Please refer to page 29 for Definitions and descriptions of Alternative Performance Measures.

Group performance in the fourth quarter 2021¹⁾

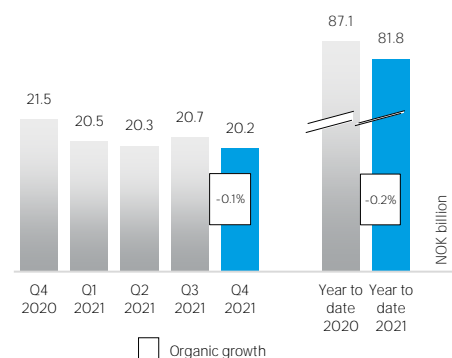
SUBSCRIPTION AND TRAFFIC REVENUES

On an organic basis, subscription and traffic revenues remained stable. Reported subscription and traffic revenues fell by 6%, primarily driven by negative currency effects.

In Norway, the solid growth in mobile ARPU continued, driven by increasing demand for value-added services, offsetting the impact of lower subscriber base. Revenues from fibre and fixed wireless access continued to grow, partly offsetting the decline in fixed legacy revenues. Our operations in Finland and Denmark continued the solid growth, with positive contribution from both mobile and fixed segments. In Sweden, the stabilisation trend further improved, and subscription and traffic revenues remained stable.

In Asia, subscription and traffic revenues in Pakistan and Bangladesh increased by 5% and 4% respectively. Subscriber growth and increasing data usage contributed to the solid development in Pakistan. In Bangladesh, the positive contribution from a larger subscriber base was partly offset by lower ARPU. However, revamp of the data users portfolio and tariff optimisation resulted in improved trend during the quarter. In Malaysia and Thailand, subscription and traffic revenues decreased by 3% and 1%, respectively. The pandemic continues to impact the overall economy, particularly in Thailand.

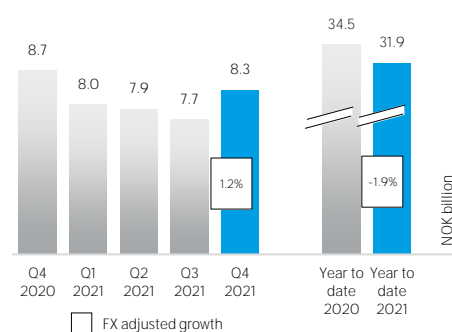
For the full year 2021, organic subscription and traffic revenues were stable. Solid growth in Norway's non-legacy revenues as well as positive development in Finland, Denmark, Bangladesh and Pakistan almost offset the decline in Thailand, Malaysia, Sweden and fixed legacy revenues in Norway.



OPERATING EXPENSES (OPEX)

Our ongoing efforts to modernise our operations continued to have positive effect on the cost base. Reported opex decreased by NOK 0.4 billion in the quarter. On a currency adjusted basis, opex increased by NOK 0.1 billion, or 1%, driven by higher sales and marketing activities, and increased energy prices, partly offset by lower operations and maintenance, and personnel cost.

For the full year 2021, opex decreased NOK 0.6 billion or 2%, on a currency adjusted basis. The solid opex reduction was a result of reductions in most of the business units. Personnel costs were further reduced following several modernisation initiatives. The increase in sales and marketing costs due to higher activity levels this year and increase in energy cost driven partly by price increase was more than offset by the decrease in operation and maintenance cost as well as lower bad debt expenses across the Group. The sale of non-core businesses, Tapad and Valyou last year, contributed with reduction in opex by NOK 0.3 billion.



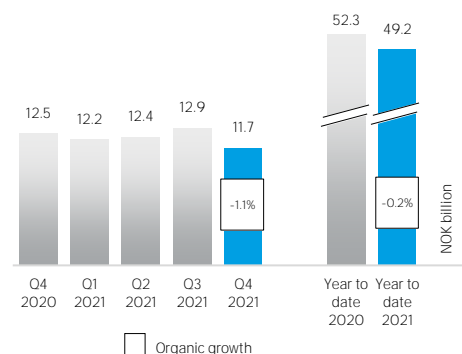
¹⁾ The comments are related to Telenor's development in the fourth quarter of 2021 compared to the fourth quarter of 2020 and are based on current Group structure unless otherwise stated. Please refer to page 29 for Definitions and descriptions of Alternative Performance Measures.

EBITDA BEFORE OTHER INCOME AND OTHER EXPENSES (EBITDA)

On an organic basis, EBITDA decreased by 1%. The EBITDA growth led by strong subscription and traffic revenues development in Grameenphone, Pakistan, Denmark and Finland only partly compensated for the decline in Norway mainly due to accelerated copper decommissioning and lower subscription and traffic revenues in Malaysia. Further, the effect of higher corporate activities and increase in energy cost impacted EBITDA negatively. The latter was mainly driven by price increases in Norway and Pakistan.

Reported EBITDA decreased by NOK 0.8 billion and the EBITDA margin was 42%.

For the full year 2021, EBITDA remained stable on an organic basis. With stable organic subscription and traffic revenues, the negative effect from higher energy prices was fully offset by solid opex reductions within other areas. Reported EBITDA decreased by NOK 3.2 billion, primarily driven by negative currency effects.

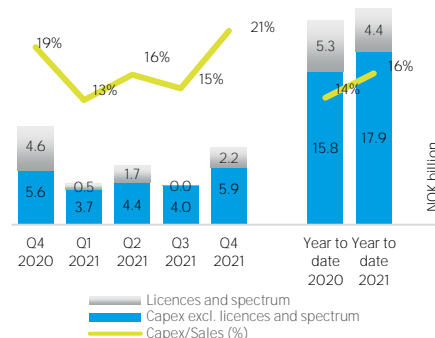


CAPITAL EXPENSES (CAPEX)

In line with the plan, capex was high this quarter, driven by increased activity levels in several of our markets. This included 5G roll-out in Norway, Finland and Sweden, fibre investments in Norway, network capacity and coverage expansion in Thailand, as well as 4G expansion in Bangladesh.

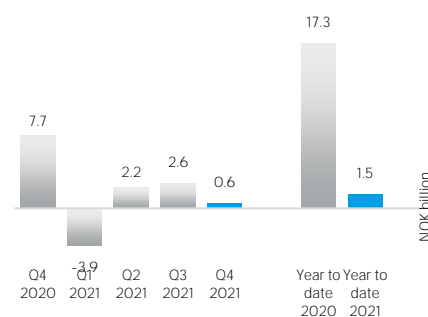
In total for the quarter, capex excluding licences and spectrum was NOK 5.9 billion, which corresponds to a capex to sales ratio of 21%.

For the full year 2021, capex excluding licences and spectrum was NOK 17.9 billion which corresponds to a capex to sales ratio of 16%. Compared to 2020, capex was substantially higher this year, mainly due to accelerated execution of network modernisation and 5G roll-out.



NET INCOME

Reported net income to equity holders of Telenor ASA in the fourth quarter was NOK 0.6 billion, which is a decrease of NOK 7.1 billion. Profit from continuing operations excluding non-controlling interests decreased by NOK 6.3 billion. The decrease was mainly driven by NOK 3.3 billion gain on sale of Tapad and Telenor headquarters made last year, NCA fine in Norway of NOK 0.8 billion this year and negative currency effects on operating profit and net financial items. Profit from discontinued operations decreased by NOK 0.8 billion, primarily due to negative contribution from Telenor Myanmar.



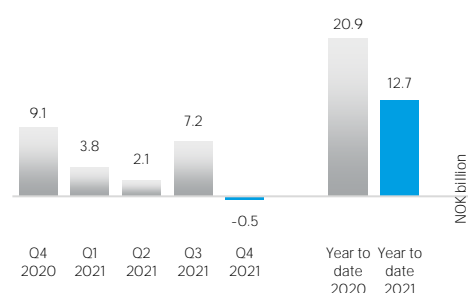
¹⁾ The comments are related to Telenor's development in the fourth quarter of 2021 compared to the fourth quarter of 2020 and are based on current Group structure unless otherwise stated. Please refer to page 29 for Definitions and descriptions of Alternative Performance Measures.

For the full year 2021, net income to equity holders of Telenor ASA was NOK 1.5 billion, which is a decrease of NOK 15.8 billion. Profit from continuing operations excluding non-controlling interests decreased by NOK 5.9 billion, mainly driven by gains on disposals made last year as well as negative currency effects on operating profit and net financial items. Profit from discontinued operations decreased by NOK 9.9 billion, primarily due to impairment of Telenor Myanmar of NOK 6.5 billion in the first quarter this year, lower contribution from the underlying results of Telenor Myanmar, and the gain on disposal of Canal Digital of NOK 1.7 billion last year.

FREE CASH FLOW

Free cash flow before M&A was NOK 0.3 billion negative, which is a decrease of NOK 2.3 billion compared to last year. The decrease was mainly due to decrease in reported EBITDA inter alia by negative currency effects and payment of NCA fine in Norway. The decrease in cash flow from M&A activities of NOK 7.3 billion was primarily driven by total net proceeds received last year related to sale of Telenor headquarters at Fornebu and Tapad. Total free cash flow decreased by NOK 9.6 billion.

For the full year 2021, free cash flow before M&A was NOK 11.0 billion, which is a decrease of NOK 1.5 billion. The decrease in reported EBITDA was mainly due to negative currency effects and NCA fine payment in Norway as well as lower dividend from Allente was partly offset by the total payments of NOK 3.4 billion last year related to BTRC deposit in Bangladesh and ESA fine in Norway. The decrease in cash flow from M&A activities of NOK 6.7 billion was mainly driven by sale of Telenor headquarters at Fornebu and Tapad last year. Total free cash flow decreased by NOK 8.2 billion.



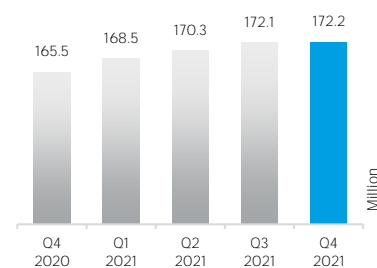
MOBILE SUBSCRIPTIONS

The Group's mobile subscription base increased by 0.1 million in the fourth quarter.

In Asia, Telenor Pakistan and dtac continued to grow their subscriber base, adding 0.3 million and 0.2 million new subscriptions, respectively. The subscriber base of Grameenphone decreased by 0.3 million this quarter. The subscriber base of Digi decreased by 46 000.

In the Nordics, our operations in Sweden reported an improvement in their customer base, with total 25 000 new mobile subscriptions this quarter. The customer bases in Denmark and DNA decreased by 21 000 and 8 000 respectively, both impacted by the port-out of large public accounts. In Norway, the customer base decreased by 18 000.

During 2021, the mobile subscription base increased by 6.7 million. At the end of the year, the subscription base stood at 172.2 million.



¹⁾ The comments are related to Telenor's development in the fourth quarter of 2021 compared to the fourth quarter of 2020 and are based on current Group structure unless otherwise stated. Please refer to page 29 for Definitions and 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 2021 compared to the fourth quarter of 2020 in local currency, unless otherwise stated. With effect from the second quarter of 2021, Telenor Myanmar is classified as discontinued operation and accordingly, it is excluded from the segment reporting, see note 3 for more information. From 1 January 2020, Telenor Infra became the operator of all passive infrastructure in Norway. However, Telenor Norway retained ownership of its passive infrastructure, and as a second step, the ownership of the passive mobile infrastructure was transferred from Telenor Norway to Telenor Infra with effect from 1 January 2021. The reported figures for 2020 have not been restated to reflect this, hence the year-on-year development in the reported financial figures do not fully reflect Telenor Norway's underlying development, and the comments on the latter are made where deemed appropriate. See note 9 for further information. Please refer to Definitions on page 30 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 14 for 'Specification of other income and other expenses. Additional information is available at: www.telenor.com/ir

Norway

In Norway, we continue to see good progress on the modernisation journey. The copper decommissioning is running according to plan, set for migrating all own subscribers in 2022. The 5G roll-out gathered significant pace throughout the year. According to a recent speed test by Ookla, Telenor has the fastest 5G network in Norway.

Mobile ARPU grew by 3% from customers' increasing demand for value-added services and speed-based products as well as higher roaming activity. Mobile subscriptions decreased by 18 000 in the quarter, mainly from prepaid segment and data cards. Mobile subscription and traffic revenues remained stable.

The growth within fixed non-legacy services continued, with 7 000 new fibre subscriptions and 3 000 new fixed wireless access subscriptions. Fixed subscription and traffic revenues from non-legacy services increased by 3%, partly compensating for the decline in copper revenues.

Total subscription and traffic revenues decreased by 3% or 1% when adjusting for non-recurring item last year. Total revenues declined by 5%, mainly impacted by non-recurring items, transfer of ownership of the passive mobile infrastructure to Telenor Infra and lower hardware sales.

Opex decreased by 10%, whereof 7 percentage points due to non-recurring items and effects of the transfer of passive mobile infrastructure ownership to Telenor Infra. The remaining opex reduction was attributable to modernisation and efficiency initiatives resulting in lower network and personnel related costs. EBITDA decreased by 3%, or by 1% adjusted for the non-recurring items.

The reduction in EBIT was mainly due to the fine imposed by NCA of NOK 0.8 billion, pursuant to Telenor's appeal being rejected in the Supreme Court. The lawsuit between Telenor and NCA concerned a pricing model in a wholesale agreement for the period 2010 to 2014.

Capex this quarter continued to be focused on fibre investments and the mobile network modernisation. The 5G roll-out gathered significant pace throughout the year and the population coverage surpassed 30%.

NOK in million	Fourth quarter		Year	
	2021	2020	2021	2020
Revenues mobile operation				
Subscription and traffic	2 814	2 809	11 210	11 170
Interconnect	112	109	438	435
Other mobile	311	273	1 169	1 071
Non-mobile	745	867	2 536	2 993
Total revenues mobile operation	3 983	4 057	15 353	15 670
Revenues fixed operation				
Telephony	121	182	572	812
Internet and TV	1 625	1 711	6 516	6 550
Data services	133	133	520	502
Other fixed	292	295	1 015	1 127
Total retail revenues	2 170	2 321	8 623	8 990
Wholesale and broadcasting	304	384	1 386	1 648
Total revenues fixed operation	2 474	2 705	10 009	10 638
Total revenues	6 457	6 762	25 362	26 307
Gross profit	4 928	5 222	19 910	20 446
Operating expenses	(1 833)	(2 035)	(7 152)	(7 659)
EBITDA before other items	3 096	3 187	12 758	12 787
Operating profit	453	1 474	4 987	5 023
EBITDA before other items/Total revenues (%)	48	47	50	49
Capex excl. Licences and Spectrum	1 667	1 260	5 515	5 298
Statistics (monthly in NOK):				
Mobile ARPU	354	344	350	341
Fixed Telephony ARPU	257	252	256	248
Fixed Internet ARPU	457	431	447	426
TV ARPU	353	384	349	345
No. of subscriptions - Change in quarter/Total (in thousands):				
Mobile	(18)	(8)	2 746	2 817
Fixed telephony	(17)	(20)	149	232
Fixed Internet	(14)	(15)	743	790
TV	(7)	-	562	590

Sweden

In Sweden, the re-vamped go to market strategy resulted in solid mobile subscriber growth of 25 000 this quarter, with positive development in both consumer and business segments including 5 000 new subscriptions in the main brand in consumer segment and 6 000 new voice subscriptions in the business segment.

Subscription and traffic revenues were stable supported by larger subscriber base and stable ARPU within consumer main brand and SME segments.

Opex increased by 4%, primarily driven by higher sales and marketing activities, partly offset by a reduction in personnel cost. EBITDA decreased by 2%.

The agreement to sell fixed non-core assets (Open Universe and SDU fibre), which was announced in November 2021 and completed on 1 February 2022, is an important step for simplifying portfolio and paving way for focusing resources on the core business.

NOK in million	Fourth quarter		Year	
	2021	2020	2021	2020
Revenues mobile operation				
Subscription and traffic	1 349	1 447	5 480	5 772
Interconnect	107	113	421	451
Other mobile	133	105	470	426
Non-mobile	622	692	2 106	2 267
Total revenues mobile operation	2 211	2 358	8 476	8 916
Revenues fixed operation				
Telephony	29	36	125	146
Internet and TV	691	731	2 798	2 841
Data services	48	49	194	199
Other fixed	53	67	158	197
Total retail revenues	820	884	3 276	3 383
Wholesale	87	85	355	320
Total revenues fixed operation	908	968	3 631	3 702
Total revenues	3 119	3 327	12 107	12 618
Gross profit	1 952	2 070	7 786	8 304
Operating expenses	(870)	(892)	(3 352)	(3 472)
EBITDA before other items	1 081	1 178	4 434	4 832
Operating profit	361	480	1 777	2 228
EBITDA before other items/Total revenues (%)	35	35	37	38
Capex excl. Licences and Spectrum	615	514	1 504	1 429
Investments in businesses	-	-	-	5
Statistics (monthly in NOK):				
Mobile ARPU	173	189	176	190
Fixed Telephony ARPU	33	35	32	33
Fixed Internet ARPU	230	243	233	238
TV ARPU	139	150	141	145
No. of subscriptions - Change in quarter/Total (in thousands):				
Mobile	25	13	2 818	2 754
Fixed telephony	(4)	(4)	99	115
Fixed Internet	-	3	698	694
TV	(6)	(1)	470	478
Exchange rate (NOK/SEK, average for the period)	-	-	1.0013	1.0227

Denmark

Telenor Denmark completed a solid 2021 with continued top line growth and healthy ARPU development also in the fourth quarter.

The mobile subscription base grew by 1,000, adjusted for churn related to public sector agreement. In fixed broadband, 6,000 new high-speed cable and fibre subscriptions were added. Total subscription and traffic revenues grew by 2% this quarter.

Opex increased by 4% this quarter, primarily driven by the launch of a new brand platform and several IT projects.

Higher opex combined with higher energy prices resulted in 1% EBITDA decline. Nevertheless, the broad modernisation programme provided solid support to the profitability throughout the year, resulting in the full year EBITDA growth of 9%.

Capex was high this quarter, at 21% of revenues, which was primarily related to the ongoing network modernisation.

NOK in million	Fourth quarter		Year	
	2021	2020	2021	2020
Revenues mobile operation				
Subscription and traffic	717	756	2 903	2 987
Interconnect	89	65	296	264
Other mobile	121	81	386	308
Non-mobile	386	378	1 260	1 245
Total revenues mobile operation	1 312	1 281	4 844	4 804
Revenues fixed operation				
Telephony	20	29	97	116
Internet and TV	98	94	380	362
Data services	6	7	24	26
Total revenues fixed operation	124	129	502	505
Total revenues	1 436	1 410	5 346	5 308
Gross profit	777	822	3 131	3 247
Operating expenses	(467)	(485)	(1 717)	(1 887)
EBITDA before other items	310	337	1 413	1 360
Operating profit	80	75	434	317
EBITDA before other items/Total revenues (%)	22	24	26	26
Capex excl. Licences and Spectrum	303	182	683	520
Statistics (monthly in NOK):				
Mobile ARPU	160	163	159	164
No. of subscriptions - Change in quarter/Total (in thousands):				
Mobile	(41)	1	1 646	1 675
Fixed telephony	(4)	(2)	20	30
Fixed Internet	-	1	114	107
Exchange rate (NOK/DKK, average for the period)				
	-	-	1.3661	1.4386

DNA - Finland

DNA in Finland delivered another solid quarter, while network modernisation continued at full speed.

Mobile subscription and traffic revenues grew by 3% from increased demand for higher value tariffs. The mobile subscription base decreased by 8 000 explained by churn of a large public account customer. Fixed subscription and traffic revenues grew by 5%, driven by good development within broadband services. Total subscription and traffic revenues grew by 3%.

EBITDA improved by 6% as the revenue increase more than offset slightly higher costs relating to market activities, energy cost and 5G roll-out.

Capex was high in the fourth quarter, explained by high activity level in the network modernisation programme and 5G roll-out. The 5G network reached 65% population coverage at year end.

NOK in million	Fourth quarter		Year	
	2021	2020	2021	2020
Revenues mobile operation				
Subscription and traffic	1 286	1 348	5 207	5 362
Interconnect	99	110	399	437
Other mobile	41	30	135	115
Non-mobile	527	545	1 787	1 843
Total revenues mobile operation	1 953	2 033	7 527	7 757
Revenues fixed operation				
Telephony	40	46	166	180
Internet and TV	404	411	1 596	1 578
Other fixed	67	74	268	311
Total retail revenues	511	531	2 030	2 069
Wholesale	37	44	155	172
Total revenues fixed operation	547	575	2 185	2 241
Total revenues	2 500	2 608	9 712	9 998
Gross profit	1 838	1 885	7 241	7 392
Operating expenses	(960)	(995)	(3 596)	(3 839)
EBITDA before other items	878	890	3 645	3 553
Operating profit	226	197	993	1 030
EBITDA before other items/Total revenues (%)	35	34	38	36
Capex excl. Licences and Spectrum	683	803	1 625	1 830
Statistics (monthly in NOK):				
Mobile ARPU	172	180	173	180
Fixed Telephony ARPU	420	480	447	452
Fixed Internet ARPU	166	176	166	175
TV ARPU	80	72	76	64
No. of subscriptions - Change in quarter/Total (in thousands):				
Mobile	(8)	(12)	2 699	2 694
Fixed telephony	(1)	(1)	27	31
Fixed Internet	2	10	603	584
TV	(11)	(4)	262	285
Exchange rate (NOK/EUR, average for the period)	-	-	10.1598	10.7236

dtac - Thailand

In Thailand, dtac's mobile subscription base increased by 286 000 this quarter, continuing the positive trend from previous quarters. During 2021, the subscriber base has increased by 4%. As a result of continued ARPU decline and slow macro-economic recovery, subscription and traffic revenues declined by 1%.

Opex decreased by 8% due to lower lease costs and personnel cost, partly offsetting increased sales and marketing cost.

EBITDA increased by 5%, driven by opex reductions. Adjusted for re-assessment of lease contracts and other one-time effects last year, the underlying EBITDA remained stable as the opex reductions fully compensated for lower subscription and traffic revenues.

Capex in the quarter was mainly related to accelerated network rollout and capacity expansion. At the end of the quarter the 700 MHz roll-out includes ~12.500 sites, resulting in capacity and coverage uplift.

During the fourth quarter, Telenor and CP Group agreed to explore the creation of a new company by amalgamating dtac and True in Thailand. The process is progressing according to plan.

NOK in million	Fourth quarter		Year	
	2021	2020	2021	2020
Revenues mobile operation				
Subscription and traffic	3 636	4 140	15 093	17 472
Interconnect	92	108	383	475
Other mobile	26	-	88	115
Non-mobile	1 911	1 796	6 313	5 641
Total revenues mobile operation	5 665	6 044	21 878	23 704
Total revenues	5 665	6 044	21 878	23 704
Gross profit	3 077	3 477	12 997	15 052
Operating expenses	(1 248)	(1 526)	(4 930)	(5 976)
EBITDA before other items	1 829	1 951	8 067	9 076
Operating profit	222	255	1 884	2 542
EBITDA before other items/Total revenues (%)	32	32	37	38
Capex excl. Licences and Spectrum	1 009	1 607	3 852	2 924
Statistics (monthly in NOK):				
Mobile ARPU	64	75	67	78
No. of subscriptions - Change in quarter/Total (in thousands):				
Mobile	286	173	19 561	18 856
Exchange rate (NOK/THB, average for the period)				
	-	-	0.2690	0.3006

Digi - Malaysia

In Malaysia, Digi's postpaid segment continued to grow, with 50 000 new subscribers added in the fourth quarter. The total subscriber base declined by 46 000, as the positive development in postpaid was offset by decline in the prepaid segment.

Subscription and traffic revenue decreased by 3%, due to lower prepaid subscriber base and lower revenues from the migrant segment. The revenues were also negatively impacted by a platform migration outage which occurred in October. Total revenues increased by 1%, driven by higher handset sales.

Opex increased by 7% from higher network and IT cost, as well as one-time items both this year and last year. Adjusted for the one-time items, the opex increased by 3%. EBITDA decreased by 3% mainly as a result of the increased opex, while gross profit remained stable.

Capex in the quarter was mainly related to 4G capacity and coverage expansion.

The preparations for the proposed merger with Celcom are progressing according to plan.

NOK in million	Fourth quarter		Year	
	2021	2020	2021	2020
Revenues mobile operation				
Subscription and traffic	2 640	2 854	10 635	11 675
Interconnect	58	60	244	231
Other mobile	26	18	93	102
Non-mobile	576	496	2 164	1 758
Total revenues mobile operation	3 300	3 429	13 136	13 766
Total revenues	3 300	3 429	13 136	13 766
Gross profit	2 380	2 511	9 500	10 324
Operating expenses	(827)	(817)	(3 219)	(3 386)
EBITDA before other items	1 552	1 694	6 281	6 938
Operating profit	883	976	3 626	4 085
EBITDA before other items/Total revenues (%)	47	49	48	50
Capex excl. Licences and Spectrum	608	600	1 666	1 605
Statistics (monthly in NOK):				
Mobile ARPU	87	91	88	92
No. of subscriptions - Change in quarter/Total (in thousands):				
Mobile	(46)	(239)	10 318	10 441
Exchange rate (NOK/MYR, average for the period)				
	-	-	2.0734	2.2374

Grameenphone - Bangladesh

In Bangladesh, Grameenphone delivered 4% increase in subscription and traffic revenues. The improved performance was driven by several optimisation initiatives, in particular towards end of the quarter.

Subscriber base decreased by 0.3 million during the quarter, mainly driven by high churn in low ARPU segment. At the end of the quarter, subscriber base stood at 83.3 million, which is 5% higher than at the same time last year.

Opex increased by 6% due to higher sales & marketing cost and operations & maintenance cost. EBITDA increased by 3%.

Capex continued to be focused on enhancing network quality and coverage, including accelerated 4G roll-out to support data revenues growth.

NOK in million	Fourth quarter		Year	
	2021	2020	2021	2020
Revenues mobile operation				
Subscription and traffic	3 483	3 507	13 683	14 634
Interconnect	135	129	536	616
Other mobile	6	6	22	27
Total revenues mobile operation	3 689	3 693	14 464	15 483
Total revenues	3 689	3 693	14 464	15 483
Gross profit	3 433	3 453	13 496	14 505
Operating expenses	(1 133)	(1 112)	(4 444)	(4 730)
EBITDA before other items	2 301	2 341	9 052	9 776
Operating profit	1 586	1 662	6 403	7 036
EBITDA before other items/Total revenues (%)	62	63	63	63
Capex excl. Licences and Spectrum	663	429	1 745	1 114
Statistics (monthly in NOK):				
Mobile ARPU	14	16	14	17
No. of subscriptions - Change in quarter/Total (in thousands):				
Mobile	(318)	1 445	83 263	79 037
Exchange rate (NOK/BDT, average for the period)				
	-	-	0.1011	0.1109

Pakistan

Telenor Pakistan reported another quarter of solid top-line performance. Consistent execution on the company's focused and granular go-to-market strategy resulted in good subscriber growth and increased data revenues.

During the quarter, 240 000 subscriptions were added. At the end of the quarter, the subscribers base stood at 49.1 million, which is 4% higher than at the same time last year. Subscription and traffic revenues increased by 5% primarily driven by subscriber growth. Data revenues grew by 27%.

Opex increased by 8% due to higher energy prices. EBITDA declined by 1%, as a result of the higher energy tariffs.

The challenging macroeconomic situation is driving inflationary pressure, impacting profitability through increased energy prices and indirectly also through the impact on customers' purchasing power. Several modernisation initiatives are ongoing, including projects which are addressing the energy cost.

In December 2021, Telenor Pakistan signed the licence renewal agreement with the regulator for the spectrum frequencies under 900 and 1800 MHz that expired on 25 May 2019, with a demanded price of NOK 4 billion (USD 449 million). The agreement was signed under protest, primarily on the price where Telenor Pakistan believes that the licence renewal price should be USD 291 million, pending adjudication in the Supreme Court of Pakistan. See note 6 for more details. Total licence capex of NOK 2.5 billion is recognised so far, based on the best estimate of the final outcome of the case, of which NOK 2.1 billion in the fourth quarter. Total amount of NOK 2.8 billion (USD 314 million excluding interest) is deposited so far with the regulator in accordance with the signed licence agreement, with no payment having been due in the fourth quarter.

NOK in million	Fourth quarter		Year	
	2021	2020	2021	2020
Revenues mobile operation				
Subscription and traffic	1 105	1 184	4 621	4 822
Interconnect	179	201	765	797
Other mobile	3	7	14	19
Non-mobile	46	70	204	241
Total revenues mobile operation	1 334	1 461	5 604	5 880
Total revenues	1 334	1 461	5 604	5 880
Gross profit	1 165	1 277	4 890	5 104
Operating expenses	(487)	(508)	(1 915)	(1 937)
EBITDA before other items	677	770	2 976	3 167
Operating profit	254	296	1 216	1 205
EBITDA before other items/Total revenues (%)	51	53	53	54
Capex excl. Licences and Spectrum	88	101	718	718
Statistics (monthly in NOK):				
Mobile ARPU	9	10	9	10
No. of subscriptions - Change in quarter/Total (in thousands):				
Mobile	241	1 029	49 125	47 240
Exchange rate (NOK/PKR, average for the period)				
	-	-	0.0528	0.0582

Other units

Revenues in Other units increased by NOK 0.2 billion mainly explained by higher internal revenues of tower business in Norway due to transfer of passive mobile infrastructure ownership from Telenor Norway.

EBITDA adjusted for transfer of passive mobile infrastructure ownership from Telenor Norway and other internal transactions, decreased by NOK 0.2 billion mainly as a result of higher corporate activities and increase in energy prices in Norway.

The IoT provider Telenor Connexion increased their revenues by 4% from increased monthly fees as well as growth in traffic levels across the customer base. EBITDA decreased mainly due to higher cost related to growth initiatives.

The decrease in operating profit of Infra was primarily due to higher energy cost and higher depreciation related to transfer of mobile infrastructure ownership from Telenor Norway. The decrease in operating profit of Other Businesses was primarily driven by gains on disposals made last year of Telenor headquarter at Fornebu, Tapad and development properties in Norway.

NOK in million	Fourth quarter		Year	
	2021	2020	2021	2020
Revenues				
Infra	474	356	1 804	1 652
Satellite	220	212	861	841
Connexion	192	198	759	756
Other Businesses	612	591	2 526	3 140
Corporate Functions	462	424	1 739	1 742
Eliminations	(49)	(43)	(173)	(163)
Total revenues	1 911	1 738	7 518	7 968
Operating expenses	(1 151)	(1 076)	(3 817)	(4 125)
EBITDA before other items				
Infra	153	184	816	883
Satellite	151	149	609	599
Connexion	39	68	228	257
Other Businesses	46	7	310	388
Corporate Functions	(201)	(186)	(444)	(401)
Eliminations	(11)	-	(11)	-
Total EBITDA before other items	177	223	1 508	1 725
Operating profit (loss)				
Infra	(19)	93	133	415
Satellite	73	117	327	367
Connexion	34	62	205	218
Other Businesses	38	3 136	107	4 211
Corporate Functions	(274)	(109)	(710)	(514)
Eliminations	30	-	30	(123)
Total operating profit (loss)	(118)	3 300	92	4 575
Capex excl. Licences and Spectrum	228	101	635	372
Investments in businesses	190	92	392	352

Group performance in 2021

The comments below are related to development in 2021 compared to 2020, unless otherwise stated. From the second quarter 2021, Telenor Myanmar is classified as discontinued operations. Historical figures related to the income statement are re-presented. See note 3 for further information.

Specification of other income and other expenses

NOK in million	Fourth quarter		Year	
	2021	2020	2021	2020
EBITDA before other income and other expenses	11 743	12 549	49 162	52 347
Other income	(15)	39	28	60
Gains on disposals of property, plant and equipment (PPE) and operations	71	3 330	145	4 366
Total other income	56	3 370	173	4 426
Losses on disposals of property, plant and equipment (PPE) and operations	(271)	(366)	(499)	(518)
Workforce reductions, onerous (loss) contracts and other	(1 016)	(187)	(1 461)	(1 963)
Total other expenses	(1 287)	(552)	(1 960)	(2 480)
EBITDA	10 512	15 366	47 375	54 293

Total other expenses this quarter related mainly to a fine from the Norwegian Competition Authority (NOK 788 million), losses on termination of leases in dtac (NOK 122 million), and workforce reductions (of which NOK 129 million in Grameenphone and NOK 67 million in Telenor Norway). In the fourth quarter 2020, total other income 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). Total other expenses in the fourth quarter 2020 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 year, total other expenses consisted mainly of the above-mentioned expenses in the fourth quarter and workforce reductions (of which NOK 338 million in Grameenphone and NOK 168 million in Telenor Norway). In 2020, total other income 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 70iSearch in 2019. Total other expenses in 2020 were mainly related to a provision of NOK 1.2 billion 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).

Operating profit

Reported operating profit decreased by NOK 6.5 billion to NOK 21.5 billion. The decrease was due to lower EBITDA before other items by NOK 3.2 billion primarily driven by negative currency effects, negative development in other income and expenses by NOK 3.7 billion mainly due to gains on disposals last year, partly offset by lower depreciation by NOK 0.4 billion this year. The effect of increase in underlying depreciation by NOK 1.1 billion primarily driven by lease contracts in DNA and dtac was more than offset by positive currency effects of NOK 1.5 billion.

Associated Companies and Joint Ventures

NOK in million	Fourth quarter		Year	
	2021	2020	2021	2020
Profit (loss) after taxes	(173)	(108)	(480)	(414)
Gains (losses) on disposal of ownership interests	-	53	21	53
Profit (loss) from associated companies and joint ventures	(173)	(55)	(459)	(361)

In the fourth quarter of 2021, net loss after tax from associated companies and joint ventures was NOK 173 million which consisted mainly of loss after tax in Allente Group AB (Allente) of NOK 69 million and in Telenor Microfinance Bank of NOK 67 million. Fourth quarter of 2020 mainly includes loss after tax in Telenor Microfinance Bank of NOK 89 million.

In the year 2021, net loss after tax from associated companies and joint ventures consisted mainly of loss after tax in Telenor Microfinance bank of NOK 287 million and in Carousell of NOK 158 million. The year 2020 mainly includes loss after tax of NOK 339 million in Telenor Microfinance Bank.

Allente, a 50% controlled joint venture by Telenor, is a leading Nordic TV distributor broadcasting via satellite and internet TV to customers in Norway, Sweden, Denmark and Finland. Allente was established in May 2020.

In the fourth quarter of 2021, Allente generated revenues of NOK 1.7 billion, a decrease of 7% which was mainly driven by negative currency effects and lower DTH customer base. EBITDA was close to zero, impacted by NOK 0.3 billion restructuring costs mainly related to the dish turning project. For the full year 2021, revenues and EBITDA amounted to NOK 6.8 billion and NOK 0.6 billion, respectively, compared to NOK 4.7 billion and NOK 0.6 billion, respectively, for the period May to December 2020. Restructuring costs for the full year 2021 amounted to NOK 0.7 billion. During 2021, Telenor received dividends of NOK 0.5 billion compared to NOK 1.2 billion in 2020.

Financial items

NOK in million	Fourth quarter		Year	
	2021	2020	2021	2020
Financial income	157	170	566	657
Financial expenses	(883)	(720)	(3 553)	(4 081)
Net currency gains (losses)	(230)	1 746	(1 066)	820
Net change in fair value of financial instruments	39	(67)	84	(727)
Net gains (losses and impairment) of financial assets and liabilities	2	(13)	7	-
Net financial income (expenses)	(915)	1 116	(3 962)	(3 331)
Gross interest expenses related to interest-bearing liabilities and lease liabilities	(758)	(555)	(2 999)	(3 417)
Net interest expenses	(650)	(426)	(2 616)	(2 931)

Net financial items in 2021 amounted to negative NOK 4.0 billion, compared to negative NOK 3.3 billion last year. Financial expenses were down by NOK 0.5 billion compared to last year due to lower interest cost. Net currency losses were NOK 1.1 billion, compared to gains of NOK 0.8 billion last year. The net currency losses in 2021 were mainly related to liabilities denominated in USD, while in 2020 the net currency gains were mainly related to funding activities in EUR partly offset by losses related to liabilities in USD.

Taxes

For the year, the effective tax rate is 34%, mainly due to Norwegian Competition Authority fine recognized this quarter. Last year 26% effective tax rate was mainly impacted by the recognition of non-taxable gains related to disposal, partly offset by a provision based on the decision from ESA. The effective tax rate for the fourth quarter is 39%, impacted mainly by the mentioned fine. The effective tax rate for the year 2022 is estimated to be around 30%.

Cash flow

Net cash inflow from operating activities during the year 2021 was NOK 42.3 billion, a decrease of NOK 1.5 billion mainly due to negative currency translation effects and lower dividends received from Allente offsetting the positive effects from lower income taxes paid. Cash flow in 2020 includes deposit payment to BTRC of 2.2 billion.

Net cash outflow to investing activities during the year 2021 was NOK 17.2 billion, an increase of NOK 6.7 billion compared to 2020 mainly due to 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 in 2020 offset by higher deferred consideration received for the sale of CEE operations (NOK 2.0 billion in 2021 and NOK 1.1 billion in 2020). Payments of PPE, intangibles and prepayments of right-of-use assets in 2021 are NOK 0.4 billion higher compared to 2020.

Net cash outflow to financing activities during the year 2021 was NOK 27.9 billion. This is explained by payments of lease liabilities of NOK 6.0 billion, payments of licence obligations of NOK 2.9 billion, net payments of borrowings of NOK 2.9 billion and dividends paid of NOK 16.2 billion (12.6 billion paid to Telenor ASA shareholders and NOK 3.6 billion to non-controlling interests).

Cash and cash equivalents decreased by NOK 3.1 billion during the year 2021 to NOK 17.0 billion as of 31 December 2021.

Financial position

During 2021, total assets decreased by NOK 30.8 billion to NOK 225.7 billion. The decrease was primarily caused by the total impairment of Telenor Myanmar of NOK 7.5 billion and negative currency translation impact of approximately NOK 10.1 billion.

During 2021, net debt decreased by NOK 9.7 billion to NOK 100.8 billion driven primarily by positive free cashflow of NOK 12.7 billion, Telenor Myanmar classification as held for sale, and positive currency translation impact of approximately NOK 5.8 billion, partly offset by payment of dividends to equity holders of Telenor ASA of NOK 12.6 billion. Interest-bearing liabilities excluding licence obligations decreased by NOK 16.4 billion. Cash and cash equivalents decreased by NOK 5.4 billion.

During 2021, total equity decreased by NOK 12.4 billion to NOK 31.5 billion. The decrease was due to dividends to equity holders of Telenor ASA and non-controlling interests of NOK 15.9 billion, and negative currency translation effects of NOK 1.6 billion. This was offset by positive net income from total operations of NOK 4.6 billion, impacted by impairment of Telenor Myanmar of NOK 7.5 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 2020.

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, and political risk, including regulatory conditions, may influence the Group's financial statements. On 1 February 2021, a state of emergency was declared under military leadership in Myanmar. Since then, the situation in the country has deteriorated, posing challenges related to people security, the regulatory environment and compliance. On 8 July 2021, Telenor Group announced an agreement to sell Telenor Myanmar. Please see Note 3 *Discontinued operations and assets held for sale* for more information. Further, the regulatory environment in Bangladesh is still challenging for Grameenphone and Telenor. This relates to BTRC and their conducted audit covering the period 1997 until 2014. Please see Note 34 *Legal Disputes and contingencies* in the Group's Annual Report 2020 for further details.

Currency fluctuations may also influence the reported figures in Norwegian Kroner significantly. Telenor ASA seeks to allocate debt based on equity market values in local currencies, predominantly EUR, USD, and SEK. Foreign currency debt in Telenor ASA that exceeds the recorded 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.

Climate-related risks may have an effect on the Group's financial statements. The Group is exposed to climate-related physical risks, such as potential damage to vital infrastructure and utilities, through the impact of more extreme weather events and rising sea levels. Climate-related regulatory risks for the Group include potentially higher operational costs due to increasing carbon taxes and energy/fuel taxes, as well as risks of higher capital expenditures due to a required transition towards the use of renewable energy solutions and energy efficient networks. Climate-related risks may affect future cash flow projections applied to determine the recoverable amount of cash-generating units for the purpose of impairment testing, as well as estimates of useful life and residual value of assets.

During 2021, we have seen continued impact from the COVID-19 pandemic on our performance in Asia and through reduction in roaming revenues. The pandemic receded in Asia during the fourth quarter following increased level of vaccination, and the economies gradually reopened. Nevertheless, the outlook for 2022 in Asia remains uncertain. Furthermore, Telenor is exposed to the related uncertainty regarding macroeconomic development and currency fluctuations. For more information related to COVID-19, see page 3 and Note 7 *COVID-19*.

For additional explanations regarding risks and uncertainties, please refer to the following sections in the Group's Annual Report 2020: the *Risk* 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 2020, 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.

Fornebu, 1 February 2022
The Board of Directors of Telenor ASA

Interim condensed financial information

Consolidated income statement

Telenor Group

NOK in million	Note	Fourth quarter		Year	
		2021	2020	2021	2020
Revenues	2	28 154	29 322	110 241	115 839
Total cost of materials and traffic charges		(8 120)	(8 093)	(29 176)	(29 037)
Salaries and personnel costs		(2 659)	(2 819)	(10 457)	(11 152)
Other operating expenses		(5 631)	(5 861)	(21 446)	(23 302)
Other income		56	3 370	173	4 426
Other expenses		(1 287)	(552)	(1 960)	(2 480)
EBITDA		10 512	15 366	47 375	54 293
Depreciation and amortisation		(6 449)	(6 502)	(25 868)	(26 298)
Impairment losses		1	(3)	-	(11)
Operating profit (loss)		4 064	8 861	21 506	27 984
Share of net income from associated companies and joint ventures		(173)	(55)	(459)	(361)
Net financial items		(915)	1 116	(3 962)	(3 331)
Profit (loss) before taxes		2 975	9 922	17 084	24 292
Income taxes		(1 154)	(1 680)	(5 740)	(6 419)
Profit (loss) from continuing operations		1 821	8 242	11 344	17 873
Profit (loss) from discontinued operations	3	(532)	271	(6 753)	3 186
Net income		1 289	8 513	4 592	21 059

Net income attributable to:

Non-controlling interests	702	824	3 063	3 718
Equity holders of Telenor ASA	587	7 689	1 528	17 341

Earnings per share in NOK

Basic/diluted from continuing operations	0.80	5.30	5.92	10.05
Basic/diluted from discontinued operations	(0.38)	0.19	(4.83)	2.26
Basic/diluted from total operations	0.42	5.49	1.09	12.32

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	
	2021	2020	2021	2020
Net income	1 289	8 513	4 592	21 059
Translation differences on net investment in foreign operations	(661)	(4 550)	(3 514)	2 409
Amount reclassified from other comprehensive income to income statement on partial disposal	-	69	-	(133)
Net gain (loss) on hedge of net investment	638	2 175	2 447	(3 587)
Income taxes	(140)	(478)	(538)	789
Share of other comprehensive income (loss) of associated companies and joint ventures	23	(2)	75	(4)
Amount reclassified from other comprehensive income to income statement on disposal	-	(3)	1	(3)
Items that may be reclassified subsequently to income statement	(140)	(2 790)	(1 529)	(530)
Net gain (loss) on equity investments	75	(63)	134	32
Remeasurement of defined benefit pension plans	(469)	677	266	(416)
Income taxes	105	(138)	(57)	104
Items that will not be reclassified to income statement	(289)	475	344	(280)
Other comprehensive income (loss), net of taxes	(429)	(2 315)	(1 186)	(810)
Total Comprehensive Income	860	6 198	3 406	20 250
Total comprehensive income attributable to:				
Non-controlling interests	750	410	2 909	3 612
Equity holders of Telenor ASA	110	5 788	498	16 638

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 2021	31 December 2020
Deferred tax assets		2 195	2 841
Goodwill		27 448	28 947
Intangible assets		10 195	11 222
Right-of-use assets		51 565	62 813
Property, plant and equipment		72 767	79 367
Associated companies and joint ventures		5 683	6 417
Other non-current assets		12 046	14 856
Total non-current assets		181 898	206 464
Prepaid taxes		1 568	1 239
Inventories		1 563	1 313
Trade and other receivables		21 739	26 359
Other current financial assets		839	576
Assets classified as held for sale	3	2 910	-
Cash and cash equivalents		15 223	20 577
Total current assets		43 843	50 065
Total assets		225 740	256 529
Equity attributable to equity holders of Telenor ASA		26 294	38 324
Non-controlling interests		5 206	5 594
Total equity		31 500	43 918
Non-current lease liabilities		28 101	35 584
Non-current interest-bearing liabilities	4	87 811	98 627
Non-current non-interest-bearing liabilities		1 388	1 466
Deferred tax liabilities		4 374	4 831
Pension obligations		2 429	2 747
Provisions and obligations		7 971	8 820
Total non-current liabilities		132 073	152 075
Current lease liabilities		6 977	9 298
Current interest-bearing liabilities	4	9 276	7 296
Trade and other payables		32 315	33 891
Current tax payables		5 149	3 988
Current non-interest-bearing liabilities		1 974	1 871
Provisions and obligations		896	1 123
Liabilities classified as held for sale	3	5 580	3 070
Total current liabilities		62 167	60 536
Total equity and liabilities		225 740	256 529

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	
	2021	2020	2021	2020
Profit before taxes from total operations ¹⁾	2 468	10 204	10 385	27 639
Income taxes paid	(1 370)	(2 281)	(6 113)	(7 395)
Net (gains) losses from disposals, impairments and change in fair value of financial assets and liabilities	210	(2 990)	272	(4 828)
Depreciation, amortisation and impairment losses	7 441	7 192	34 363	29 063
Loss (profit) from associated companies and joint ventures	173	55	459	361
Dividends received from associated companies	126	1 250	532	1 250
Currency (gains) losses not related to operating activities	146	(2 140)	1 160	(919)
Changes in working capital and other	(673)	16	1 216	(1 351)
Net cash flow from operating activities	8 522	11 306	42 272	43 820
Purchases of property, plant and equipment, intangible assets and prepayment for right-of-use assets	(4 936)	(4 867)	(19 447)	(19 000)
Purchases of subsidiaries, associated companies and joint ventures, net of cash acquired	(186)	(65)	(391)	(340)
Proceeds from disposal of PPE, intangible assets, associated companies and businesses, net of cash disposed	30	7 284	178	7 705
Proceeds from sale and purchases of other investments	102	85	2 432	1 070
Net cash flow from investing activities	(4 990)	2 437	(17 228)	(10 565)
Proceeds from and repayments of borrowings	(321)	183	(2 930)	1 175
Payments of lease liabilities related to spectrum licences	(2 106)	(2 770)	(2 871)	(3 634)
Payments of lease liabilities related to other lease contracts	(1 739)	(1 508)	(5 955)	(5 395)
Net payments of supply chain financing	167	82	(1)	(89)
Purchase of treasury shares	-	(3)	-	(4 161)
Dividends paid to and purchases of shares from non-controlling interests	(326)	(338)	(3 551)	(3 202)
Dividends paid to equity holders of Telenor ASA	(5 598)	(6 018)	(12 595)	(12 277)
Net cash flow from financing activities	(9 923)	(10 372)	(27 903)	(27 583)
Effects of exchange rate changes on cash and cash equivalents	208	(253)	(245)	420
Net change in cash and cash equivalents	(6 183)	3 119	(3 103)	6 091
Cash and cash equivalents at the beginning of the period	23 168	16 970	20 088	13 997
Cash and cash equivalents at the end of the period ²⁾	16 985	20 088	16 985	20 088
Of which cash and cash equivalents in assets held for sale at the end of the period	1 863	-	1 863	-
Cash and cash equivalents in continuing operations at the end of the period	15 121	20 088	15 121	20 088
¹⁾ Profit before taxes from total operations consists of:				
Profit before taxes from continuing operations	2 975	9 922	17 084	24 292
Profit before taxes from discontinued operations	(508)	282	(6 699)	3 347
Profit before taxes from total operations	2 468	10 204	10 385	27 639

2) As of 31st December 2021, restricted cash was NOK 10 million, while as of 31st December 2020, restricted cash was NOK 184 million.

Cash flow from discontinued operations

NOK in million	Fourth quarter		Year	
	2021	2020	2021	2020
Net cash flow from operating activities	667	901	2 574	3 758
Net cash flow from investing activities	(34)	(163)	(256)	(1 095)
Net cash flow from financing activities	(260)	(278)	(981)	(987)
Total cash flows from discontinued operations	372	460	1 337	1 676
Effects of exchange rate changes on cash and cash equivalents	72	(330)	(229)	(64)
Net cash flows from discontinued operations	444	130	1 108	1 612

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 2020	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	-	(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)
Share - based payment, exercise of share options and distribution of shares	-	21	-	-	21	-	21
Equity as of 31 December 2020	8 466	(22 014)	55 049	(3 181)	38 324	5 594	43 918
Net income for the period	-	-	1 528	-	1 528	3 063	4 591
Other comprehensive income for the period	-	415	-	(1 446)	(1 031)	(155)	(1 186)
Total comprehensive income for the period	-	415	1 528	(1 446)	497	2 908	3 406
Transactions with non-controlling interests	-	-	(1)	-	(1)	(1)	(2)
Equity adjustments in associated companies	-	3	-	-	3	-	3
Dividends	-	-	(12 595)	-	(12 595)	(3 296)	(15 891)
Share - based payment, exercise of share options and distribution of shares	-	66	-	-	66	-	66
Equity as of 31 December 2021	8 466	(21 530)	43 981	(4 627)	26 295	5 205	31 500

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 public 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 2021, 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 2020 (Annual Report 2020). Key developments in risks and uncertainties are described in the section Risks and uncertainties on page 15.

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 2020. For information about standards, amendments to standards and interpretations effective from 1 January 2021, that could affect the Group's consolidated financial statements, please refer to note 1 in the Group's Annual Report 2020. None of the amendments effective from 1 January 2021 has had a significant impact on the Group's consolidated interim financial statements.

The Group applies the optional practical expedient for lessees in IFRS 16 *Leases* from assessing whether a rent concession related to COVID-19 is a lease modification, and instead 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. On 31 March 2021, the IASB published the amendment *Covid-19-Related Rent Concessions beyond 30 June 2021* extending the application period for the practical expedient to cover payments originally due on or before 30 June 2022. A lessee may apply this amendment for annual reporting periods beginning on or after 1 April 2021. Earlier application is permitted. EU approved the amendment on 30 August 2021, and the Group has chosen to adopt the amendment with effect from 1 January 2021, 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 9. For further information on the categories, please refer to note 6 in the Group's Annual Report 2020.

Fourth quarter 2021

NOK in millions	Norway	Sweden	Denmark	DNA Finland	dtac Thailand	Digi Malaysia	Grameenphone Bangladesh	Pakistan	Other units	Eliminations	Group
Type of good/ services											
Mobile operation	3 983	2 158	1 304	1 946	4 832	3 252	3 639	1 300	-	(255)	22 158
Services	3 374	1 625	939	1 482	3 898	2 755	3 638	1 298	-	(254)	18 755
Goods	608	533	365	463	934	496	1	3	-	-	3 403
Fixed operation	2 247	906	124	547	-	-	-	-	385	(123)	4 087
Services	2 111	904	124	547	-	-	-	-	385	(109)	3 963
Goods	136	2	-	-	-	-	-	-	-	(14)	124
Other	147	-	-	-	-	-	-	-	1 030	(491)	686
Services	147	-	-	-	-	-	-	-	1 020	(491)	676
Goods	-	-	-	-	-	-	-	-	9	-	9
Sum type of goods/services	6 377	3 064	1 427	2 493	4 832	3 252	3 639	1 300	1 415	(869)	26 931
Type of mobile subscription											
Contract	2 898	1 410	806	1 330	2 491	1 257	158	39	-	(16)	10 373
Prepaid	29	45	-	55	1 237	1 442	3 460	1 246	-	(110)	7 404
Other ¹⁾	448	169	132	97	170	57	20	13	-	(129)	978
Sum services in Mobile operation	3 374	1 625	939	1 482	3 898	2 755	3 638	1 298	-	(254)	18 755
Timing of revenue recognition											
Over time	5 633	2 529	1 062	2 030	3 898	2 755	3 638	1 298	1 405	(854)	23 394
At a point in time	744	535	365	463	934	496	1	3	9	(14)	3 537
Total revenue from contract with customers	6 377	3 064	1 427	2 493	4 832	3 252	3 639	1 300	1 415	(868)	26 931
Other revenue ²⁾	80	55	9	7	833	49	50	34	496	(391)	1 223
Total revenue	6 457	3 119	1 436	2 500	5 665	3 300	3 689	1 334	1 911	(1 259)	28 154
Segment revenue as presented in note 9	6 457	3 119	1 436	2 500	5 665	3 300	3 689	1 334	1 911	(1 259)	28 154

¹⁾ Other includes revenues from other mobile and non-mobile services, refer to definitions on page 30.

²⁾ Other revenues include mainly lease revenue.

Year 2021

NOK in millions	Norway	Sweden	Denmark	DNA Finland	dtac Thailand	Digi Malaysia	Grameenphone Bangladesh	Pakistan	Other units	Eliminations	Group
Type of good/ services											
Mobile operation	15 350	8 268	4 814	7 496	18 502	12 941	14 288	5 461	-	(1 011)	86 111
Services	13 362	6 541	3 617	5 951	16 133	11 077	14 263	5 451	-	(1 010)	75 385
Goods	1 987	1 728	1 197	1 546	2 370	1 864	25	10	-	(1)	10 726
Fixed operation	9 058	3 623	502	2 185	-	-	-	-	1 732	(561)	16 540
Services	8 690	3 616	502	2 185	-	-	-	-	1 732	(512)	16 214
Goods	369	7	-	-	-	-	-	-	-	(50)	326
Other	639	-	-	-	-	-	-	-	3 903	(1 855)	2 687
Services	639	-	-	-	-	-	-	-	3 889	(1 855)	2 673
Goods	-	-	-	-	-	-	-	-	14	-	14
Sum type of goods/services	25 047	11 892	5 316	9 682	18 502	12 941	14 288	5 461	5 635	(3 427)	105 338
Type of mobile subscription											
Contract	11 525	5 723	3 199	5 396	10 286	4 996	629	162	-	(71)	41 845
Prepaid	122	177	-	209	5 190	5 883	13 591	5 224	-	(516)	29 881
Other ¹⁾	1 715	640	419	345	656	198	44	65	-	(423)	3 660
Sum services in Mobile operation	13 362	6 541	3 617	5 951	16 133	11 077	14 263	5 451	-	(1 010)	75 385
Timing of revenue											
Over time	22 691	10 157	4 119	8 136	16 133	11 077	14 263	5 451	5 621	(3 377)	94 272
At a point in time	2 356	1 735	1 197	1 546	2 370	1 864	25	10	14	(50)	11 066
Total revenue from contract with customers	25 047	11 892	5 316	9 682	18 502	12 941	14 288	5 461	5 635	(3 427)	105 338
Other revenue ²⁾	314	216	30	31	3 376	195	176	143	1 883	(1 461)	4 903
Total revenue	25 362	12 107	5 346	9 712	21 878	13 136	14 464	5 604	7 518	(4 887)	110 241
Segment revenue as presented in note 9	25 362	12 107	5 346	9 712	21 878	13 136	14 464	5 604	7 518	(4 887)	110 241

Fourth quarter 2020

NOK in millions	Norway	Sweden	Denmark	DNA Finland	dtac Thailand	Digi Malaysia	Grameenphone Bangladesh	Pakistan	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	-	(253)	22 989
Services	3 346	1 706	909	1 544	4 409	2 966	3 647	1 379	-	(250)	19 655
Goods	670	598	365	480	784	417	4	19	-	(3)	3 334
Fixed operation	2 458	966	129	575	-	-	-	-	412	(159)	4 381
Services	2 415	966	129	575	-	-	-	-	412	(120)	4 377
Goods	43	-	-	-	-	-	-	-	-	(39)	4
Other	176	-	-	-	-	-	-	-	958	(445)	689
Services	176	-	-	-	-	-	-	-	958	(445)	689
Goods	-	-	-	-	-	-	-	-	-	-	-
Sum type of goods/services	6 651	3 270	1 403	2 599	5 193	3 383	3 651	1 398	1 369	(857)	28 059
Type of mobile subscription											
Contract	2 875	1 516	821	1 400	2 822	1 310	147	43	-	(13)	10 922
Prepaid	43	45	-	57	1 425	1 604	3 489	1 336	-	(85)	7 914
Other ¹⁾	428	145	87	86	161	52	10	-	-	(151)	820
Sum services in Mobile operation	3 346	1 706	909	1 544	4 409	2 966	3 647	1 379	-	(250)	19 655
Timing of revenue											
Over time	5 937	2 672	1 038	2 119	4 409	2 966	3 647	1 379	1 369	(815)	24 721
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	1 369	(857)	28 059
Other revenue ²⁾	112	57	7	8	851	46	43	64	369	(292)	1 265
Total revenue	6 762	3 327	1 410	2 608	6 044	3 429	3 693	1 461	1 738	(1 149)	29 322
Segment revenue as presented in note 9	6 762	3 327	1 410	2 608	6 044	3 429	3 693	1 461	1 738	(1 149)	29 322

¹⁾ Other includes revenues from other mobile and non-mobile services, refer to definitions on page 30.

²⁾ Other revenues include mainly lease revenue.

Year 2020

NOK in millions	Norway	Sweden	Denmark	DNA Finland	dtac Thailand	Digi Malaysia	Grameenphone Bangladesh	Pakistan	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	-	(1 089)	90 928
Services	13 263	6 830	3 591	6 123	18 612	12 143	15 295	5 684	-	(1 078)	80 464
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	-	-	-	-	1 845	(620)	17 346
Services	9 274	3 675	505	2 241	-	-	-	-	1 845	(529)	17 010
Goods	405	22	-	-	-	-	-	-	-	(92)	336
Other	712	-	-	-	-	-	-	-	4 345	(2 023)	3 033
Services	712	-	-	-	-	-	-	-	4 339	(2 023)	3 027
Goods	-	-	-	-	-	-	-	-	6	-	6
Sum type of goods/services	25 894	12 415	5 281	9 963	20 681	13 579	15 309	5 729	6 189	(3 733)	111 307
Type of mobile subscription											
Contract	11 452	6 052	3 250	5 579	11 908	5 454	647	179	-	(55)	44 467
Prepaid	154	171	-	220	6 039	6 452	14 604	5 440	-	(342)	32 738
Other ¹⁾	1 658	607	341	324	665	236	45	65	-	(681)	3 259
Sum services in Mobile operation	13 263	6 830	3 591	6 123	18 612	12 143	15 295	5 684	-	(1 078)	80 464
Timing of revenue											
Over time	23 249	10 506	4 096	8 363	18 612	12 143	15 295	5 684	6 183	(3 630)	100 501
At a point in time	2 645	1 910	1 185	1 599	2 070	1 437	13	45	6	(102)	10 807
Total revenue from contract with customers	25 894	12 415	5 281	9 963	20 681	13 579	15 309	5 729	6 189	(3 733)	111 307
Other revenue ²⁾	414	203	27	35	3 022	187	174	151	1 779	(1 460)	4 532
Total revenue Segment revenue as presented in note 9	26 307	12 618	5 308	9 998	23 704	13 766	15 483	5 880	7 968	(5 193)	115 839

¹⁾ Other includes revenues from other mobile and non-mobile services, refer to definitions on page 30.

²⁾ Other revenues include mainly lease revenue.

Note 3 – Discontinued operations and assets held for sale

As announced on 8 July 2021, Telenor Group has entered into an agreement with M1 Group to sell 100 percent of its mobile operations in Myanmar for a total consideration of USD 105 million (approximately NOK 920 million), of which USD 55 million (approximately NOK 480 million) is a deferred payment over five years. The transaction corresponds to an implied enterprise value of approximately USD 600 million (approximately NOK 5.2 billion). The transaction is subject to regulatory approvals in Myanmar. With effect from the second quarter 2021, Telenor Myanmar has been classified as asset held for sale and discontinued operation. The comparative numbers for the income statement are re-presented.

On 1 February 2021, a state of emergency was declared under military leadership in Myanmar. Due to worsening of the economic and business environment outlook and a deteriorating security and human rights situation, Telenor saw limited prospects of improvement going forward. As a consequence, Telenor recognised an impairment of NOK 6.5 billion in the first quarter. Telenor estimated the value in use of the cash-generating unit Myanmar as of 31 March 2021 based on a scenario analysis incorporating discounted cash flows from current revenue streams and capex levels, as well as the substantial uncertainty emerging from the overall unstable situation. Determination of key assumptions, including number of days with continued shutdown of mobile data, and probabilities to be assigned to the scenarios came with significant uncertainty. The discount rate applied in the terminal value of 12.2% was unchanged from 31 December 2020, as the increased risk emerging from the current situation was reflected in the cash flow scenarios. After the impairment (of which NOK 3.6 billion related to property, plant and equipment, NOK 2.4 billion related to right-of-use assets net of lease liabilities and NOK 0.5 billion related to other assets) the recoverable amount of the cash-generating unit Telenor Myanmar was approximately zero. Since the first quarter, Telenor Myanmar has generated significant profits. Due to the uncertain situation, Telenor has in the fourth quarter recognised an additional impairment of NOK 1.0 billion, bringing the recoverable amount of the cash generating unit Telenor Myanmar back to approximately zero as of 31 December 2021.

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

NOK in million	Fourth quarter		Year	
	2021	2020	2021	2020
Revenue	1 147	1 627	4 835	6 971
EBITDA	626	1 119	2 751	4 272
EBIT	(367)	431	(5 743)	1 516
Profit (loss) before tax	(225)	238	(6 185)	1 349
Income taxes	(25)	(11)	(53)	(158)
Profit (loss) after tax	(249)	227	(6 238)	1 191
Gain (loss) on disposal after tax	-	-	-	-
Profit (loss) from discontinued operations	(249)	227	(6 238)	1 191

As announced on 22 October 2019, the Group entered into an arrangement with Nordic Entertainment Group (NENT) to combine their satellite-based entertainment businesses in a joint venture to extract synergies and deliver enhanced customer experience. The arrangement was approved by the European Commission on 30 April 2020 and the transaction was closed on 5 May 2020. Accordingly, the Group disposed of Canal Digital as a subsidiary and recognised its 50% share of the joint venture (Allente) at fair value of NOK 3.1 billion with a gain of NOK 1.7 billion recognised during the second quarter of 2020.

On 23 February 2017, the Group entered into an agreement with Bharti Airtel Limited (Airtel), whereby Airtel would take full ownership of Telenor India. The transaction was completed 14 May 2018. The exposure to claims related to the period Telenor owned the business remains with Telenor. A guarantee to Airtel was recognised at fair value

as of closing date of the transaction, and subsequent changes to the estimate are recognised on the discontinued operations line in the income statement. During fourth quarter of 2021, an additional provision of NOK 0.2 billion was recognized following reassessment of the demand from Department of Telecommunication (DoT).

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

NOK in million	Fourth quarter		Year	
	2021	2020	2021	2020
Revenue	1 147	1 631	4 835	8 267
EBITDA	626	1 121	2 751	4 587
EBIT	(367)	433	(5 743)	1 832
Profit (loss) before tax	(225)	240	(6 185)	1 592
Income taxes	(25)	(11)	(53)	(161)
Profit (loss) after tax	(249)	229	(6 238)	1 431
Gain (loss) on disposal after tax	(283)	42	(515)	1 755
Profit (loss) from discontinued operations	(532)	271	(6 753)	3 186

The losses on disposal recognised during 2021 is mainly related to Telenor India and gain on disposal recognized during 2020 was related to Canal Digital.

On 24 November 2021, Telenor Sweden has agreed to divest Open Universe and the company's fiber to the home (FTTH) accesses in the single dwelling unit (SDU) segment to Global Connect for a total consideration of NOK 2.9 billion. The sale includes around 200,000 ports in the open fiber networks model and approximately 14,000 single dwelling unit fiber to the home accesses. As a result, related assets of NOK 0.7 billion has been classified as assets held for sale as of 31 December 2021.

The major classes of assets and liabilities of the disposal groups classified as held for sale as of 31 December 2021 (representing mainly Telenor Myanmar, Telenor India and Open Universe transaction above) and 31 December 2020 (representing mainly India):

NOK in million	31 December	
	2021	2020
Assets		
Right of use assets	-	-
Inventory	13	-
Trade and other receivables	317	-
Cash and cash equivalents	1 863	-
Total assets classified as held for sale	2 910	-
Liabilities		
Non-current liabilities	23	-
Current liabilities	5 557	3 070
Total liabilities held for sale	5 580	3 070

Assets held for sale of NOK 2.2 billion relates to Telenor Myanmar and remaining NOK 0.7 billion relates to Open Universe. Liabilities held for sale includes NOK 2.1 billion related to Telenor Myanmar and NOK 3.4 billion representing the exposure to claims from the Indian Department of Telecommunications (DoT) related to the period the Group owned the business in India.

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

NOK in million	31 December	
	2021	2020
Telenor Myanmar	(802)	(195)
Telenor India	(180)	(136)
Total gain (loss)	(982)	(331)

Note 4 – Interest-bearing liabilities

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

NOK in million	31 December 2021	
	Carrying amount	Fair value
Interest-bearing liabilities ¹⁾	(97 087)	(99 389)
of which fair value level 1	-	(92 421)
of which fair value level 2	-	(6 968)

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)

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 2020 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
	2021	2020
Other non-current assets	1 013	3 325
Other current financial assets	464	181
Non-current non-interest-bearing financial liabilities	(1 106)	(1 305)
Non-current interest-bearing financial liabilities	(120)	-
Current non-interest-bearing liabilities	(675)	(506)
Total	(425)	1 695

Note 6 – Legal disputes

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 calculating 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. In a ruling in the fourth quarter of 2019 and in subsequent court orders in 2020 and 2021, the Supreme Court of India has upheld DoT's view on the determination of how to calculate licence fees and spectrum usage charges. By the end of 2020, DoT had issued demand notices in the mentioned matter against Telenor's Indian subsidiaries to approximately NOK 3.8 billion including penalty and interest. During 2021, DoT has issued new demands of NOK 0.9 billion, increasing the aggregate claim to NOK 4.7 billion. Despite the Supreme Court's principal ruling in the fourth quarter 2019, there are still computational elements that remain unclarified and hence the outcome is uncertain.

Grameenphone - Dividend restrictions by Bangladesh Bank

Bangladesh Bank informed Grameenphone in 2019 that future dividend repatriation to Telenor with respect to its shares which were issued against contribution in-kind would be suspended until supporting documentary evidence was submitted to Bangladesh Bank. The original shareholders in Grameenphone had contributed services which were incurred as pre-incorporation expenses, and received shares currently representing 2.9% of the total number of shares in the company. Grameenphone has responded to all queries from Bangladesh Bank and duly submitted all available documents as requested by Bangladesh Bank. On 13 April 2021, Bangladesh Bank issued a letter to Grameenphone where the bank revoked its earlier decision and allowed Grameenphone to undertake dividend repatriation related to the shares issued against contribution in-kind. Retained dividend in this matter

amounted to NOK 0.2 billion, which was received in the second quarter 2021.

Telenor Norway - The Norwegian Competition Authority (NCA)

The case relates to an alleged breach of the prohibition against abuse of a dominant position related to the pricing model in one mobile wholesale agreement in the mobile market in the period 2010-2014. The NCA's concern relates to the roll-out of the third mobile network in Norway. On 21 June 2018, the NCA issued a decision where it imposed a fine of NOK 0.8 billion. Telenor appealed the decision to the Competition Complaint Board on 20 December 2018. In a decision from 19 June 2019, the Competition Complaint Board sustained the NCA fine, but with a split decision. Telenor appealed the decision by the Competition Complaint Board to the Gulating Court of Appeal on 18 September 2019 and the court proceeding took place in January and February 2021. On 24 June 2021, the Gulating Court of Appeal gave a ruling where they upheld the decision from NCA and the Competition Complaint Board. Telenor appealed the ruling to the Supreme Court on 3 September 2021. On 26 November 2021, the Supreme Court rejected the appeal. The case is thereby closed, and Telenor paid the fine in December 2021.

dtac - Revenue share (deduction of interconnect expenses)

dtac is involved in industry disputes with CAT related to the calculation of revenue share in the now expired concession. The issue of the disputes is whether dtac had the right to deduct interconnect expenses from its interconnect revenues to be used as basis for calculating the payment of concession fee to CAT.

Since late December 2019, various arbitration panels have made decisions in dtac's favor and disfavor for concession years 16, 17, 18 and 20. Pursuant to these awards, dtac has an obligation to pay an approximate total amount of NOK 3.1 billion (excl. interest). dtac has appealed the negative decisions to the Central Administrative Court. On 20 May 2021, dtac received arbitral decisions in favor of CAT of approximately NOK 1.9 billion (excl. interest) for concession year 19. On 11 August 2021, dtac filed a petition to the Central Admin Court requesting to revoke the arbitral decision of the 19th concession year.

Similar disputes exist for concession years 21 to 27 (16 September 2011 to 15 September 2018) where CAT has presented claims of NOK 4.2 billion in total (excl. penalty and interest).

Telenor Pakistan - Licence renewal

Telenor Pakistan's 900 MHz and 1800 MHz spectrum licence expired on 25 May 2019, and the renewal fee was set to NOK 4.0 billion (USD 449 million) by the Pakistan Telecommunication Authority (PTA) for an extension period of 15 years. Telenor Pakistan disagrees with the terms and conditions for renewal, primarily on the price. Telenor Pakistan believes that the renewal price should have been NOK 2.5 billion (USD 291 million), which is the same as for prior renewals for other operators. Accordingly, Telenor Pakistan challenged the terms and conditions for renewal of said licence in Islamabad High Court. On 19 July 2021, the High Court decided the case in Telenor Pakistan's disfavor. Telenor Pakistan appealed the case to the Supreme Court on 31 August 2021. In December 2021, Telenor Pakistan signed the licence under protest whilst waiting for the Supreme Court's hearing of the case. Telenor Pakistan has paid a total of NOK 2.8 billion (USD 314 million excl. interest) of the demanded licence renewal fee, which is considered adjustable against the final outcome of the case. NOK 2.5 billion has been recognised as right-of-use asset based on best estimate of the final outcome of the case, and NOK 0.3 billion has been recognised as prepayment.

Telenor Pakistan - Federal Excise Duty on Interconnect charges

The Federal Board of Revenue (FBR) alleged that the Cellular Mobile Operators (CMOs) have, together, evaded Federal Excise Duty (FED) payable on interconnect charges. The alleged liability for Telenor Pakistan was approximately NOK 0.4 billion, excluding penalty and interests. The CMOs collectively challenged the FED decision on interconnect charges in the Islamabad High Court, as they had collected and paid the FED on the full value of calls. The case was decided in favour of the CMOs in January 2014 as no double taxation of excise duty is permissible on the basis of law. The decision was

appealed by the FBR. The High Court dismissed the appeal in June 2019, but FBR filed an appeal before the Supreme Court against the judgment of the High Court during fourth quarter of 2019. On 11 January 2022, the Supreme Court rejected the appeal, and the case is thereby closed.

Note 7 – 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. During 2021, we have seen continued impact from the COVID-19 pandemic on our performance in Asia and through reduction in roaming revenues. The pandemic receded in Asia during the fourth quarter following increased level of vaccination, and the economies gradually reopened. Nevertheless, the outlook for 2022 in Asia remains uncertain. Furthermore, Telenor is exposed to the related uncertainty regarding the macroeconomic development and currency fluctuations. For comments on the impact on Telenor's business and financial results, please refer to page 3.

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*. With the exception of Telenor Myanmar (please see note 3), the Group has not recognised any significant impairments of CGUs with or without goodwill or associated companies during 2021. Telenor Myanmar is classified as discontinued operation from second quarter.

Note 9 – Segment information and reconciliation of EBITDA before other income and other expenses

Pursuant to announcement on 8 July 2021 about divestment of Telenor Myanmar, with effect from the second quarter 2021 Telenor Myanmar is classified as discontinued operations with comparative figures for 2020 re-presented.

From 1 January 2020, Telenor Infra became the operator of all passive infrastructure in Norway. However, Telenor Norway retained ownership of its passive infrastructure, and as a second step, the ownership of the passive mobile infrastructure was transferred from Telenor Norway to Telenor Infra with effect from 1 January 2021. The reported figures for 2020 have not been restated to reflect the transfer.

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 2021 and 2020

NOK in million	Total revenues			of which internal		EBITDA before other income and other expenses ¹⁾				Investments ²⁾	
	2021	2020	Growth	2021	2020	2021	Margin	2020	Margin	2021	2020
Norway	6 457	6 762	-4.5 %	117	213	3 096	47.9 %	3 187	47.1 %	1 631	1 253
Sweden	3 119	3 327	-6.3 %	19	9	1 081	34.7 %	1 178	35.4 %	615	506
Denmark	1 436	1 410	1.9 %	21	23	310	21.6 %	337	23.9 %	301	182
DNA - Finland	2 500	2 608	-4.1 %	10	11	878	35.1 %	890	34.1 %	683	803
dtac - Thailand	5 665	6 044	-6.3 %	14	(9)	1 829	32.3 %	1 951	32.3 %	1 009	6 124
Digi - Malaysia	3 300	3 429	-3.7 %	12	13	1 552	47.0 %	1 694	49.4 %	608	600
Grameenphone - Bangladesh	3 689	3 693	-0.1 %	26	20	2 301	62.4 %	2 341	63.4 %	666	479
Pakistan	1 334	1 461	-8.7 %	64	73	677	50.8 %	770	52.7 %	2 282	142
Other units	1 911	1 738	10.0 %	976	796	177	9.2 %	223	12.8 %	417	193
Eliminations	(1 259)	(1 149)	9.5 %	(1 259)	(1 149)	(158)	12.5 %	(21)	1.8 %	-	-
Group	28 154	29 322	-4.0 %	-	-	11 743	41.7 %	12 549	42.8 %	8 212	10 281

The need for additional provisions for expected credit losses related to trade receivables and contract assets has also been assessed. The level of provisions has not been significantly impacted by COVID-19.

Note 8 – Equity information

Dividend

On 27 May 2021, the Annual General Meeting approved a dividend of NOK 9.00 per share to be paid out in two tranches of NOK 5.00 and NOK 4.00 in June and October 2021 respectively. The first tranche of NOK 5.00 was paid out on 9 June 2021, with ex-dividend date of 28 May 2021. The second tranche of NOK 4.00 was paid out on 20 October 2021, with ex-dividend date of 7 October 2021.

Year

NOK in million	Total revenues			of which internal		EBITDA before other income and other expenses ¹⁾				Investments ²⁾	
	2021	2020	Growth	2021	2020	2021	Margin	2020	Margin	2021	2020
Norway	25 362	26 307	-3.6 %	447	798	12 758	50.3 %	12 787	48.6 %	5 637	5 544
Sweden	12 107	12 618	-4.0 %	69	57	4 434	36.6 %	4 832	38.3 %	1 839	1 435
Denmark	5 346	5 308	0.7 %	87	91	1 413	26.4 %	1 360	25.6 %	1 077	520
DNA - Finland	9 712	9 998	-2.9 %	34	21	3 645	37.5 %	3 553	35.5 %	1 625	1 919
dtac - Thailand	21 878	23 704	-7.7 %	52	42	8 067	36.9 %	9 076	38.3 %	3 852	7 717
Digi - Malaysia	13 136	13 766	-4.6 %	49	47	6 281	47.8 %	6 938	50.4 %	1 699	1 605
Grameenphone - Bangladesh	14 464	15 483	-6.6 %	102	71	9 052	62.6 %	9 776	63.1 %	2 853	1 165
Pakistan	5 604	5 880	-4.7 %	276	282	2 976	53.1 %	3 167	53.9 %	3 129	889
Other units	7 518	7 968	-5.7 %	3 770	3 782	1 508	20.1 %	1 725	21.7 %	1 027	724
Eliminations	(4 887)	(5 193)	-5.9 %	(4 887)	(5 193)	(971)	19.9 %	(867)	16.7 %	-	-
Group	110 241	115 839	-4.8 %	-	-	49 162	44.6 %	52 347	45.2 %	22 737	21 519

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

²⁾ Investments consist of capex and investments in businesses, see page 30 for alternative performance measures. Financial figures for 2020 have been restated to align with Group definition of capex.

Reconciliation

NOK in million	Fourth quarter		Year	
	2021	2020	2021	2020
Profit (loss) before taxes	2 975	9 922	17 084	24 292
Share of net income from associate companies and joint ventures	(173)	(55)	(459)	(361)
Net financial items	(915)	1 116	(3 962)	(3 331)
Operating profit (loss)	4 064	8 861	21 506	27 984
Depreciation and amortisation	(6 449)	(6 502)	(25 868)	(26 298)
Impairment losses	1	(3)	-	(11)
EBITDA	10 512	15 366	47 375	54 293
Other income	56	3 370	173	4 426
Other expenses	(1 287)	(552)	(1 960)	(2 480)
EBITDA before other income and other expenses	11 743	12 549	49 162	52 347

Note 10 – Events after the reporting period

Digital Money Myanmar Limited (Wave Money)

On 17 January 2022, Telenor Group announced that it has entered into an agreement with Yoma Strategic to sell the Group's 51 percent ownership share in Digital Money Myanmar Limited (Wave Money) for USD 53 million (around NOK 470 million) to Yoma MFS Holdings Pte. Ltd, a subsidiary of Yoma Strategic. The transaction is subject to various conditions in order to be completed, among them regulatory approval from the Myanmar Central Bank.

Divestment of Open Universe and fiber to the home (FTTH) in Sweden

On 1 February, Telenor Sweden finalised the divestment of Open Universe and company's fiber to the home (FTTH) to GlobalConnect Sverige AB for a total consideration of NOK 2.9 billion. The transaction was approved by the Swedish competition authorities in December 2021. The sale includes around 200,000 ports in the open fiber networks model and approximately 14,000 single dwelling unit fiber to the home accesses.

Dividend for 2021

Based on the performance during the year, the Board of Directors propose an ordinary dividend of NOK 9.3 per share for 2021, to be declared by the Annual General Meeting (AGM) on 11 May 2022. The proposed dividend shall be split into two tranches of NOK 5.0 and NOK 4.3 per share, to be paid in May and October 2022 respectively, and represents a 3 % increase per share compared to 2020.

Grameenphone – Bangladesh

On 26 January 2022, the Board of Directors of Grameenphone Ltd. proposed final dividend for 2021 of BDT 12.5 per share, which corresponds to approximately NOK 1.7 billion total dividend and approximately NOK 1.0 billion for Telenor's ownership share.

Digi – Malaysia

On 27 January 2022, the Board of Directors of Digi declared the final dividend for 2021 of MYR 0.039 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 28 January 2022, the Board of Directors of dtac proposed final dividend for 2021 of THB 1.05 per share, which corresponds to approximately NOK 0.7 billion total dividend and approximately NOK 0.4 billion for Telenor's ownership share.

Definitions and Alternative Performance Measures

Definitions

Revenues

Mobile operations

Mobile subscription and traffic

Consist of subscription and connection fees, revenues from voice (outgoing traffic) and non-voice traffic, outbound roaming and other mobile service revenues. Subscription and traffic include only revenues from the company's own subscriptions.

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, Internet of Things (IoT), and revenues related to service providers and MVNOs (Mobile Virtual Network Operators). IoT is defined as subscription and services related to 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.

Fixed operations

Telephony

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

Internet and TV

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

Data services

Consist of Nordic Connect/IP-VPN and security.

Fixed subscription and traffic

Consist of telephony, internet and TV, and data services.

Other

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

Wholesale and broadcasting

Wholesale consists of sale to service providers of telephony (PSTN/ISDN), Bitstream, LLUB, national and international interconnect, transit traffic, leased lines and other wholesale products. Broadcasting consist of revenues from terrestrial radio and TV transmission.

Other

Satellite

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

Infra

Consist of revenues from passive infrastructure services in Norway.

Connexion

Consist of revenues from subscription and services related to IoT, i.e., industrial mobile data applications directed at communication between machines.

Service revenues

Consist of mobile and fixed subscription and traffic, value added services that are not included in subscription and traffic revenues such as IoT, maritime communication and other end user related services in mobile and fixed operations.

Other key figures

Mobile operations

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

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.

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

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	Fourth quarter		Change fourth quarter	
	2021	2020	2021	Change YoY
Total revenue	28 154	29 322	(1 168)	-4.0 %
Impact using exchange rates for 2021	301	(1 340)	1 640	
M&A	-	(49)	49	
Organic revenue	28 455	27 934	521	1.9 %

NOK in million	Fourth quarter		Change fourth quarter	
	2020	2019	2020	Change YoY
Total revenue	29 322	30 110	(788)	-2.6 %
Impact using exchange rates for 2020	320	790	(470)	
M&A	-	(143)	143	
Organic revenue	29 642	30 757	(1 115)	-3.6 %

NOK in million	YTD		Change YTD	
	2021	2020	2021	Change YTD
Total revenue	110 241	115 839	(5 599)	-4.8 %
Impact using exchange rates for 2021	-	(6 476)	6 476	
M&A	-	(410)	410	
Organic revenue	110 241	108 953	1 288	1.2 %

Organic subscription and traffic revenue

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	Fourth quarter		Change fourth quarter	
	2021	2020	2021	Change YoY
Subscription and traffic revenue	20 234	21 455	(1 221)	-5.7%
Impact using exchange rates for 2021	216	(993)	1 209	
M&A	-	-	-	
Organic subscription and traffic revenue	20 450	20 462	(12)	-0.1%

NOK in million	Fourth quarter		Change fourth quarter	
	2020	2019	2020	Change YoY
Subscription and traffic revenue	21 455	21 917	(463)	-2.1%
Impact using exchange rates for 2020	289	538	(249)	
M&A	-	-	-	
Organic subscription and traffic revenue	21 743	22 456	(712)	-3.2%

NOK in million	YTD		Change YTD	
	2021	2020	2021	Change YTD
Subscription and traffic revenue	81 776	87 147	(5 372)	-6.2%
Impact using exchange rates for 2021	-	(5 171)	5 171	
M&A	-	-	-	
Organic subscription and traffic revenue	81 776	81 976	(200)	-0.2%

Subscription and traffic revenues

NOK in million	Fourth quarter		Year	
	2021	2020	2021	2020
Mobile subscription and traffic	17 026	18 037	68 817	73 869
Fixed telephony	209	294	960	1 255
Fixed Internet/TV	2 817	2 947	11 287	11 329
Fixed data services	181	176	711	694
Subscription and traffic revenues	20 234	21 455	81 776	87 147
Other revenues	7 920	7 867	28 465	28 692
Total revenues	28 154	29 322	110 241	115 839

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	
	2021	2020	2021	2020
Total revenues	28 154	29 322	110 241	115 839
Costs of materials and traffic charges	(8 120)	(8 093)	(29 176)	(29 037)
Gross profit	20 033	21 229	81 065	86 802
Gross profit FX adjusted	20 242	20 303	81 065	81 899
Change	(61)		(834)	
Change (%)	-0.3 %		-1.0 %	

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	
	2021	2020	2021	2020
Salaries and personnel cost	(2 659)	(2 819)	(10 457)	(11 152)
Other operating expenses	(5 631)	(5 861)	(21 446)	(23 302)
Operating expenses	(8 290)	(8 680)	(31 903)	(34 455)
Operating expenses FX adjusted	(8 380)	(8 284)	(31 903)	(32 533)
Change	(96)		630	
Change (%)	-1.2 %		1.9 %	

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 excluding other income and other expenses, such as gains and losses on disposals of property, plant and equipment (PPE) and operations, workforce reductions, onerous contracts and outcome from legal settlements that are of special or structural nature. EBITDA before other income and expenses is reconciled in the section Group overview. EBITDA margin is defined as EBITDA before other income and expenses divided by total revenues. These measures are useful to investors and other stakeholders in evaluating operating profitability on a more variable cost basis as they exclude depreciation and amortisation expenses related primarily to capital expenses and acquisitions that occurred in the past and non-recurring items, as well as evaluating operating performance in relation to Telenor's competitors. EBITDA margin enables comparison between segments and other operators.

EBITDA margin

NOK in million	Fourth quarter		Year	
	2021	2020	2021	2020
Total revenues	28 154	29 322	110 241	115 839
EBITDA before other items	11 743	12 549	49 162	52 347
EBITDA margin	41.7 %	42.8 %	44.6 %	45.2 %

Organic EBITDA

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, and
- it is used for internal performance analysis.

Reconciliation

NOK in million	Fourth quarter		Change fourth quarter	
	2021	2020	2021	Change YoY
EBITDA	11 743	12 549	(806)	-6.4%
Impact using exchange rates for 2021	118	(530)	648	
M&A	-	(24)	24	
Organic EBITDA	11 861	11 995	(134)	-1.1%

NOK in million	Fourth quarter		Change fourth quarter	
	2020	2019	2020	Change YoY
EBITDA	12 549	12 527	22	0.2%
Impact using exchange rates for 2020	185	288	(103)	
M&A	-	(27)	27	
Organic EBITDA	12 734	12 788	(54)	-0.4%

NOK in million	YTD		Change YTD	
	2021	2020	2021	Change YoY
EBITDA	49 162	52 347	(3 185)	-6.1%
Impact using exchange rates for 2021	-	(2 982)	2 982	
M&A	-	(122)	122	
Organic EBITDA	49 162	49 243	(82)	-0.2%

Capital expenses

Capital expenses (capex) are derived from the balance sheet and consist of investments in property, plant and equipment (PPE), intangible assets and licences and spectrum as part of right-of-use assets. Capex excludes 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 capital expenses incurred in the period than the payment for purchases of PPE, intangible assets and licences and spectrum as part of right-of-use 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	
	2021	2020	2021	2020
Purchases of PPE, intangible assets and prepayments for right-of-use assets	4 936	4 867	19 447	19 000
Working capital and other changes	3 117	1 280	1 745	(1 758)
Deferred licence obligations	6	4 234	1 340	4 466
Less:				
Discontinued operations	(37)	(191)	(188)	(556)
Capex	8 023	10 190	22 345	21 152
Licence and spectrum acquisition	(2 157)	(4 594)	(4 403)	(5 341)
Capex excl. licence and spectrum	5 865	5 596	17 942	15 811
Total revenues	28 154	29 322	110 241	115 839
Capex excl. licence and spectrum/Revenues (%)	20.8 %	19.1 %	16.3 %	13.6 %
Total Capex/Revenues (%)	28.5 %	34.8 %	20.3 %	18.3 %

Investments

Investments consist of capex and investments in businesses. Investments in businesses comprise purchase of shares in both controlled and non-controlled entities from a third party, including acquisitions of businesses not organised as separate companies as well as capital injections into non-controlled entities. 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	
	2021	2020	2021	2020
Capital expenses	8 023	10 190	22 345	21 152
Investments in businesses	190	92	392	367
Investments	8 212	10 281	22 737	21 519

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.

Net debt is considered to be an alternative performance measure as it is not defined in IFRS. The most directly comparable IFRS measure is the aggregate interest-bearing liabilities (both current and non-current) and cash and cash equivalents. A reconciliation from these to net debt is provided below.

Reconciliation

NOK in million	31 December 2021	31 December 2020
Non-current interest-bearing liabilities	87 811	98 627
Non-current lease liabilities	28 101	35 584
Current interest-bearing liabilities	9 276	7 296
Current lease liabilities	6 977	9 298
Less:		
Cash and cash equivalents	(15 223)	(20 577)
Hedging instruments	(1 071)	(2 387)
Financial instruments	(327)	(356)
Adjustments:		
Non-current licence obligations	(12 496)	(13 446)
Current licence obligations	(2 264)	(3 601)
Net interest-bearing debt excluding licence obligations	100 783	110 438

Net debt/EBITDA

Telenor measures leverage as the ratio of Net debt/ EBITDA before other items. 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. Further, 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.

Telenor 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. 12 months EBITDA for the period ending 31 December 2020 includes EBITDA contribution from Telenor Myanmar.

NOK in million	Year	
	2021	2020
Net debt	100 783	110 438
EBITDA before other items	49 162	56 520
Net debt/EBITDA before other items	2.1	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	
	2021	2020	2021	2020
Net cash flows from operating activities	8 522	11 306	42 272	43 820
Net cash flows from investing activities	(4 990)	2 437	(17 228)	(10 565)
Payments of lease liabilities related to spectrum licences	(2 106)	(2 770)	(2 871)	(3 634)
Repayments of borrowings - supply chain financing	167	82	(1)	(89)
Dividends paid to and purchase of shares from non-controlling interest	(326)	(417)	(3 551)	(3 281)
Payments of lease liabilities related to other lease contracts	(1 739)	(1 508)	(5 955)	(5 395)
Free cash flow	(472)	9 130	12 667	20 855
M&A activities	(198)	7 142	1 653	8 313
Free cash flow before M&A activities	(274)	1 988	11 014	12 542

Return On Capital Employed (ROCE)

When evaluating different financial metrics before making an investment, the Group also considers the return on capital employed. Return on capital employed is calculated by dividing the return of last twelve months by the average balance of capital employed for the same twelve-month period. Return is defined as operating profit including share of profits from associated companies and joint ventures, less income taxes. Capital employed is defined as the sum of total equity and net interest-bearing debt including licence obligations and net pension obligations. The average of capital employed during the period is calculated as average of opening and closing balance for the given twelve-month period.

The calculated return on capital employed is based on the actual generated return, and hence it may be impacted by unusual returns or losses at a particular point of time.

Reconciliation

NOK in million	Year	
	2021	2020
Operating profit	21 506	27 984
Share of net income (loss) including gains/losses from associated companies and joint ventures	(459)	(361)
Income taxes	(5 740)	(6 419)
A - Earnings	15 307	21 204
Total equity as of beginning of the period	43 918	43 339
Net interest-bearing debt including licence obligations as of beginning of the period	127 485	123 707
Net pension obligations as of beginning of the period	2 747	2 386
B - Total capital employed as of beginning of the period	174 150	169 432
Total equity as of end of the period	31 500	43 918
Net interest-bearing debt including licence obligations as of end of the period	115 543	127 485
Net pension obligations as of end of the period	2 429	2 747
C - Total capital employed as of end of the period	149 472	174 150
D- Average capital employed before adjustments (D=(B+C)/2)	161 811	171 791
E - Adjustment for Telenor Myanmar and Canal Digital	5 756	12 382
F - Average capital employed (F=D-E)	156 055	159 409
G - Return on capital employed (G=A/F)	10%	13%



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