ANNUAL REPORT 2019

LETTER FROM THE CEO

MODERNISING TELENOR TO DRIVE SOCIETIES FORWARD

The first Telenor CEO was Carsten Tank Nielsen. He believed strongly in the telegraph as a means to enable and strengthen businesses and connect the young Norwegian nation with the rest of the world. It was his way of empowering the Norwegian society.

It is now 165 years later, and we are still in the business of empowering societies through connectivity. Today we are in the midst of what is probably our largest modernisation effort to date. We are mapping, planning and preparing ourselves and the societies we serve for yet another technology shift to continue moving us forward. In Norway, for example, we are decommissioning the legacy copper lines and upgrading our entire fixed network with fibre and wireless solutions. At the same time, we are constantly seeking to improve and enhance our operations and renew our way of work, in order to better serve our customers throughout all of our markets. Seamless, personal and more engaging customer journeys is one part of that, while we are exploring how to deploy robots, automation and Artificial Intelligence (AI) to deliver the best possible network experience to our customers.

Our strategic direction guides us towards reaching our ambitions. It consists of three main components:

- Deliver growth through focused customer offerings that fuel the persistent need for connectivity and related services.
- Continue to innovate on our core business and be a leader in modernisation, from how we run our networks to the way we engage with customers across touchpoints.
- Reinforce our strong foundation of responsible business through the way we operate and manage business environment risk, in how we treat our customers' data, and in our role as a global citizen working towards our climate ambitions.

This direction will guide us through 2020-21. Crucial to our strategy is our decision to uniting our Asian markets into a single, strong unit and thus build a stronger presence in the region. This will make us well equipped to fully realise the potential across the region and seize opportunities for growth. On the technology side, we have already seen commercial launches of 5G in our footprint, and in the coming year we will continue to explore how 5G can make an even bigger impact in society. There are so many new opportunities with 5G, AI, automation and more. Acting on them requires us to work in new ways, move faster and engage more deeply with partners and peers than ever before. This is why Telenor is investing time and resources in upskilling our entire workforce.

The 2020s will also usher in new risks for us to tackle. We will continue to face manipulation and contamination of data intended to disrupt and mislead, which places higher expectations on everyone. For connectivity providers in general and Telenor in particular, it means that building and maintaining trust, from consumers, businesses and societies, is more important than ever. As we have seen lately, cross-border diseases such as COVID-19 disrupts daily lives, business and society as a whole. Keeping our people safe remains a top priority. So does striving for business continuity, as Telenor plays a key role in securing critical infrastructure when a crisis like this occurs. In the light of the COVID-19 situation, keeping people connected to what matters most is more relevant than ever.

In 2020 and beyond, we will continue to focus on making a positive impact for customers and societies. In order to play this important societal role, we are dependent on our ability to monetise our services in a fair, predictable and sustainable way. We are reshaping the model that took us this far by seeking new and smarter ways of delivering value to our customers, while applying technology and managing our resources as efficiently as possible. In 2020, we will continue to modernise our infrastructure, enhance the way we work, and institutionalise our utilisation of data to deliver new, relevant services and better customer journeys. We fully support the UNs 2030 Agenda for Sustainable Development. Together with our partners, customers and stakeholders we are raising standards in our operations and supply chain. We are providing access to services and opportunities that help deliver on the UNs Sustainable Development Goals across our markets.

While the strategy is the map for our business, I like to think of our purpose as our ultimate destination. Connecting customers to what matters most.

Empowering societies. That is what it is all for. We are a company built on the idea of always exploring, seeking new opportunities and developing smarter ways to bring people, businesses and societies together. And we believe that secure, reliable and efficient connectivity is a fundamental need and the lifeblood of modern societies. This requires continuous improvement on our core services; it requires simpler systems and processes; and it requires us to be even more efficient in how we operate. This is not new to us in Telenor. We have been creating together every day since 1855. And we will continue what Carsten Tank Nielsen started all those years ago, working to empower societies for the next 165 years and beyond.

Sigve Brekke, President & CEO
Telenor Group

GROUP EXECUTIVE MANAGEMENT[1)]

Sigve Brekke
President and Chief Executive Officer (CEO)

Jørgen C. Arentz Rostrup
EVP and Chief Financial Officer (CFO)

Cecilie Blydt Heuch
EVP and Chief People Officer

Anne Kvam
EVP and Chief Corporate Affairs Officer

Ruza Sabanovic
EVP and Head of Technologies and Services

Lars Thomsen
Acting EVP and Chief Marketing Officer

Petter-Børre Furberg
EVP and CEO of Telenor Norway

Albern Murty
EVP Developed Asia Cluster and CEO of Digi

Jukka Leinonen
EVP Nordic Cluster and CEO of DNA, Finland

Irfan Wahab Khan
EVP Emerging Asia Cluster and CEO of Telenor Pakistan

1) As announced on 19 March 2020, a number of key management changes will take place with effect from 1 May 2020; The Asian clusters will be united into one region with Jørgen C. Arentz Rostrup as EVP and Head of Asia. Rostrup will be succeeded by Tone Hegland Bachke as EVP and Chief Financial Officer. Digi CEO Albern Murty and Telenor Pakistan CEO Irfan Wahab Khan will step out of their current roles as heads of the clusters Developed Asia and Emerging Asia and the Group Executive Management, and will continue as CEOs of their respective companies.

LETTER FROM THE CHAIR

Telenor has a proud history, for more than 165 years, of connecting people and societies. The company has expanded its role in Norway and internationally not only because it has proven capable of handling change, but by embracing change. Going forward the capability to transform will be as pivotal. A fast-moving world requires a fast-moving Telenor. Our industry is facing challenges from disruption and new competitors, as well as increasing customer expectations and regulations. However, technological and economic development unveil new opportunities. Internet is spreading, smartphone ownership is surging and communication technology is democratizing globally.

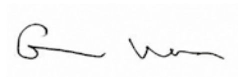
In 2019, Telenor continued to invest in upskilling our employees as well as modernising the way we work. We are progressing on our promises to become leaner and more agile through ambitious modernisation efforts. Operational excellence and delivering great customer experiences is at the core of what we do. Both are elements we see as a license to operate.

We continued to optimise Telenor's portfolio of businesses in 2019. The Finnish company DNA was welcomed as a new member of the Telenor family, expanding the Nordic footprint. DNA is an agile and growing business with a strong customer focus, a challenger mind-set and an ability to utilise new technologies, which fits well with Telenor. Building scale, creating synergies and leveraging our unique position to create value was the rationale behind our efforts to enter into a merger with our Asian assets in 2019. This initiative did not succeed, but our strategy of looking at value-creating opportunities and our belief that Asia is one of the most dynamic and innovative regions in the world, remains.

Responsible business is, and has always been, important to us. Expectations from customers and stakeholders are increasing on our core services and on all aspects of our services and deliveries. Telenor has over the last years strengthened substantially our efforts with regard to business conduct. We have also learned that building a proper understanding in all parts of our organisation require continuous efforts. For 2020 and onwards the work to strengthen responsible business efforts will continue, but there is one area where we will increase efforts notably; within climate. Our climate ambitions cover two main pillars. The first pillar regards our own climate footprint. In early 2020 we committed to targets of becoming carbon neutral in the Nordic region and reducing our CO_2 emissions by 50 per cent in the Asian region by 2030. Second, we aim to leverage our knowledge of technology and connectivity to empower other industries to reduce their own emissions through emissions-saving business solutions derived from 5G and IoT.

Telenor is continuously striving to empower the societies where we operate. This is best done by combining efforts to create value for both shareholders and stakeholders. We have aligned our strategy with the UN Sustainable Development Goals, and we remain committed to our efforts to reduce inequalities. In this regard we are focusing on harnessing Telenor's technology and knowledge to deliver tangible and practical results. One part of this effort is providing digital birth registration of children in Pakistan and Myanmar, providing them with an identity and thus access to essential services and opportunities. Entering into 2020, the world has faced a truly global challenge; the COVID-19 pandemic. Telenor works with other industries, partners and governments to provide services and solutions to the challenges presented by the spread of COVID-19. With this exceptional situation, access to robust connectivity is crucial. Our connectivity services throughout our nine markets are critical for functioning societies, and maintaining our service levels across all of our markets therefore remains a top priority.

Future challenges and future opportunities will be proactively dealt with while staying committed to our ambition to create value for customers, shareholders and stakeholders. To deliver on this promise we believe in agility, responsiveness, long term strategic focus and customer centricity in all parts of our organisation and value chain. On behalf of the Board of Directors I would like to thank all employees of Telenor for their efforts and achievements in the year of 2019. You have delivered on the strategy we jointly laid out in 2017 with promises to customers, shareholders and stakeholders. And in March 2020 we presented a strategic update pointing to 2022 with new promises. I feel confident that our workforce will work very hard to deliver on them. Our strong performance has allowed Telenor to stand out in a challenging industry, build trust and make our choices from a position of strength. Let us make the joint effort it will take to ensure we stay this way.



Gunn Wærsted, Chair of the Board
Telenor Group

BOARD OF DIRECTORS' REPORT

KEY FINANCIAL PARAMETERS

Revenues

Revenues in 2019 were NOK 113.9 billion, 7.6 per cent above the reported revenues of NOK 105.9 billion in 2018. The organic revenue growth was 1.2 per cent[1]. Total organic subscription and traffic revenue increased by 0.4 per cent. Positive currency effects on revenue amounted to NOK 3.5 billion.

Operating expenses[1]

In 2019, operating expenses (opex) increased by NOK 2.3 billion to NOK 40.1 billion, mainly related to the inclusion of the Finnish company DNA Plc (DNA). Adjusted for currency effects and excluding DNA, opex decreased by 0.8 per cent, primarily as a result of structural efficiency programmes within Corporate Functions and workforce reductions in Scandinavia. Further positive impact came from reduced sales and marketing costs, as well as extraordinarily high cost levels in Thailand the previous year. These costs savings more than offset the increase in network-related costs in our Asian operations.

EBITDA before other income and other expenses[2]

EBITDA before other income and other expenses increased by NOK 1.1 billion to NOK 45.4 billion, primarily as a result of the consolidation of DNA. Organic EBITDA[1] decreased by three per cent. Cost reductions were offset by the negative gross profit development, which was also affected by last year's reversal of a SIM tax in Pakistan, the full-year effect of TOT rental in Thailand and the margin dilution in the Scandinavian fixed portfolio. The EBITDA margin[1] declined by two percentage points from 2018, to 40 per cent.

EBITDA

EBITDA increased by NOK 9.2 billion to NOK 50.3 billion due to the consolidation of DNA, lower workforce reduction costs and gains on partial disposals of subsidiaries and sales of assets, as well as due to the effects of IFRS 16 *Leases* implemented from 1 January 2019 (see note 1).

Net income

The net income to equity holders of Telenor ASA in 2019 was NOK 7.8 billion, or NOK 5.40 per share, a decrease of NOK 7.0 billion. The reduction is primarily due to: net gains on disposal of discontinued operations in Central and Eastern Europe and Telenor Microfinance Bank in 2018 (see note 4), compared to losses related to discontinued operations in India recognised in 2019; an income tax expense of NOK 2.5 billion was recognised in the third quarter related to a deduction for the loss suffered by Telenor ASA in 2012 due to the settlement of bank guarantees related to Unitech Wireless (see note 13); and a provision of NOK 1.7 billion related to licence fee and spectrum usage charges (AGR, see note 34) which was recognised in the fourth quarter. These effects were only partly offset by increased operating profit, mainly as a result of the CAT settlement in the fourth quarter of last year.

Capital expenses[1]

Total investments in 2019 amounted to NOK 45.9 billion, of which NOK 18.1 billion was capital expenses (capex) and NOK 27.8 billion were investments in businesses. Following the consolidation of DNA, reported capex excluding leases, licences and spectrum increased by NOK 0.7 billion to NOK 17.4 billion. Capex for spectrum and licences amounted to NOK 0.7 billion in 2019 and was related to Grameenphone, Norway and Pakistan. Capex as a proportion of revenues, excluding licences and spectrum, was 15 per cent, compared to 16 per cent in 2018.

Mobile subscription development

During 2019, the total number of mobile subscriptions increased by 12 million to 186 million, aided by strong growth in Myanmar, Bangladesh and Pakistan in addition to the inclusion of DNA.

Free cash flow[1]

For the full year 2019, free cash flow was negative NOK 18.8 billion. This was primarily a result of the payments of NOK 26.6 billion for the acquisition of 98 per cent of the shares in DNA. It was partly offset by proceeds of NOK 5.1 billion from the completion of the VEON sell-down. Free cash flow before M&A activities was NOK 4.0 billion, which is NOK 7.7 billion less than the previous year. CAT settlement payments in Thailand of approximately NOK 2.7 billion and tax payment in Telenor ASA were the main drivers of this development, together with higher capex and net interest payments.

Net cash inflow from operating activities during 2019 was NOK 34.2 billion, a decrease of NOK 2.2 billion compared to 2018.

[1] Please refer to page 151 for descriptions of alternative performance measures

[2] Please refer to note 5 in the financial statements for reconciliation from EBITDA to EBITDA before other income and other expenses, and page 151 for definition and descriptions of alternative performance measures

Adjusting for repayments of lease obligations of NOK 4.3 billion and the effect of disposed operations in Central and Eastern Europe (CEE) and India of NOK 1.7 billion, the underlying operating cash flow decreased by NOK 4.9 billion compared to 2018, mainly due to higher taxes and interest paid. Improvements in working capital were partly offset by the CAT settlement in Thailand of NOK 2.6 billion.

Net cash outflow to investment activities during 2019 was NOK 43.5 billion, an increase of NOK 42.9 billion compared to 2018. Excluding the effects from sale and purchases of businesses and other investments (sale of CEE and India in 2018, acquisition of DNA and sale of VEON shares in 2019), the increase was NOK 1.0 billion and related mainly to the payment of PPE and intangibles.

Net cash inflow from financing activities during 2019 was NOK 4.3 billion. This is mainly a consequence of net proceeds from borrowings of NOK 28.0 billion, including repayments of lease obligations of NOK 4.3 billion, these now being classified as financing activities under IFRS 16. Total Telenor ASA shareholder return was NOK 18.2 billion (dividends of NOK 12.1 billion and share buyback of NOK 6.1 billion) and dividend paid to non-controlling interests was NOK 3.4 billion.

Cash and cash equivalents decreased by NOK 4.3 billion during 2019 to NOK 14.0 billion as of 31 December 2019.

Financial position

Total assets increased by NOK 57.6 billion to NOK 248.9 billion in 2019. This was mainly due to the acquisition of DNA, of which goodwill amounts to NOK 16.5 billion (see note 4), and to IFRS 16 implementation effects of NOK 26.7 billion (see note 1).

Total liabilities increased by NOK 68.7 billion to NOK 205.6 billion. This was mainly due to IFRS 16 implementation effects of NOK 26.7 billion (see note 1), the issuance of EUR and SEK bonds in Telenor ASA resulting in a net increase in interest-bearing debt (excluding leases) of NOK 42.7 billion, and liabilities of NOK 11.1 billion acquired in DNA.

Net debt based on pre IFRS 16 increased by NOK 42.5 billion to NOK 83.1 billion. Interest-bearing liabilities excluding licence obligations increased by NOK 38.5 billion, while cash and cash equivalents decreased by NOK 4.6 billion. The increase in net debt was mainly driven by the acquisition of DNA with a total purchase consideration of NOK 27.4 billion for 100 per cent ownership and net interest-bearing liabilities acquired in DNA.

Total equity decreased by NOK 11.1 billion to NOK 43.3 billion. This was mainly due to dividends to equity holders of Telenor ASA and non-controlling interests of NOK 15.5 billion, share buyback of NOK 6.0 billion and an effect related to the acquisition of DNA of NOK 1.0 billion. This was partly offset by positive net income from operations of NOK 11.2 billion.

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

Outlook for 2020[1]

In 2020, we expect organic subscription and traffic revenue growth of 0 to 2 per cent and organic EBITDA 2 to 4 per cent. The capex to sales ratio, excluding licences and spectrum, is expected to be around 15 per cent.

The spread of cross-border diseases such as COVID-19 may have an operational effect on Telenor Group due to 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. As of today, Telenor has limited insight into the full effects of COVID-19 in the markets we operate.

Annual results and allocation

Telenor ASA's net income for 2019 was NOK 17,141 million, after receipt of a group contribution and dividends of NOK 23,151 million. The Board proposes the following allocation: NOK 17,141 million transferred to retained earnings. After this allocation, and after the deduction of share capital, Telenor ASA has equity of NOK 96,648 million. Telenor's shareholder remuneration policy is to aim for a year-on-year growth in dividend per share, where annual dividends are paid in two instalments. Buy-back of own shares or extraordinary dividend pay-outs will be evaluated on a case-by-case basis. To maintain financial flexibility and ensure cost-efficient funding, Telenor aims to maintain a solid balance sheet by maintaining net debt/EBITDA[2] between 1.8 to 2.3x. As of 31 December 2019, the reported net debt ratio was 1.8x.

Shareholder remuneration

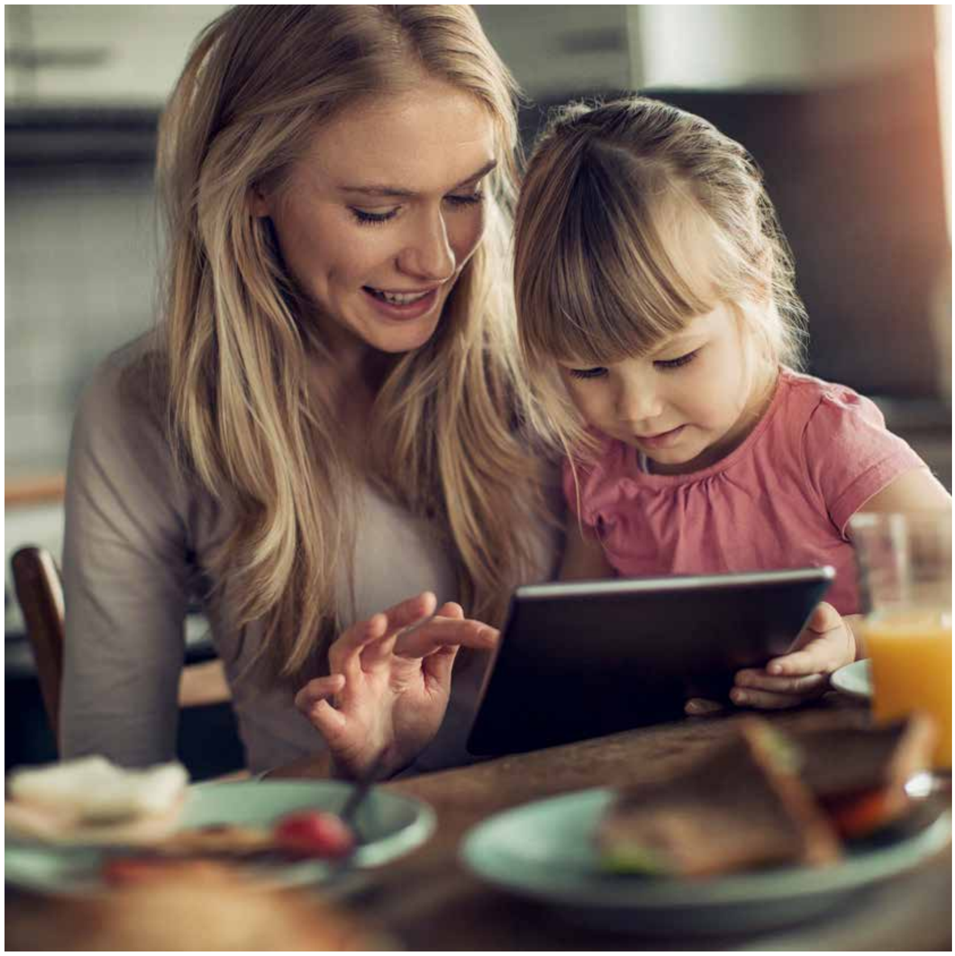
Based on the performance during the year, the Board of Directors proposes an ordinary dividend of NOK 12.4 billion corresponding to NOK 8.70 per share for 2019, to be declared by the Annual General Meeting on 11 May 2020. The proposed dividend shall be split into two tranches of NOK 4.40 and NOK 4.30 per share, to be paid in May and October 2020 respectively, and represents a four per cent increase per share compared to 2018.

[1] The outlook for 2020 is based on Group structure as of 31 December 2019 and accounting standards as of 31 December 2019 (post IFRS 16).

[2] Please refer to page 151 for descriptions of alternative performance measures

TELENOR GROUP STRATEGIC ACTION PLAN: Modernising to drive societies forward

In Telenor, we exist to empower societies by connecting our customers to what matters most. Connectivity is a fundamental need and serves as the lifeblood of modern societies. Our role is to create opportunities for our customers through our services. It is intrinsic to Telenor's nature to deliver connectivity in a safe, reliable and efficient way, which is what our customers have come to expect. This is the number one priority of Telenor teams across the Nordics and Asia, and it requires a dedication to modernisation as a prerequisite to creating efficiencies and enabling growth.



What we believe

Connectivity creates opportunities for people, business and societies. We believe that secure, reliable and efficient connectivity is a fundamental need and customer expectation. We believe that trust in our brand is essential to building deeper and longer relationships with customers, and that a great customer experience must be personalised, seamless and engaging. As concerns unlocking the transformational potential of the perfect storm of technologies, where 5G, IoT and AI all come together to accelerate digitalisation, no single company is an island: partnerships are crucial for innovation.

Modernisation means continually simplifying and improving, in order to enable the connectivity opportunity for our customers.

We will continue to improve and innovate on our core services. We strive to simplify our systems and processes and make ourselves more efficient. We are modernising the ways we work and collaborate. And we do all of this for the benefit of our customers. Because when our customers take advantage of all the opportunities that connectivity presents, societies can thrive. For Telenor, it will always be important to provide services that help advance societies, empowering them in a way that is responsible and relevant.

Our strategic direction has three main components:

- Delivering growth through focused customer offerings that fuel the persistent need for connectivity and related services
- Continuing to innovate on our core business and be a leader in modernisation, from how we run our networks to the way we engage with customers across touchpoints
- Reinforcing our strong foundation of responsible business through the way we operate and manage business environment risk, in how we treat our customers' data and through our role as a global citizen working to achieve our climate goals

For 165 years, Telenor has been empowering societies through connectivity. Throughout our history, we've explored new, innovative and more efficient ways of helping customers and societies benefit from being connected. To remain a leader in enabling opportunity through connectivity, we must put our customers first, ensuring their safety and security, reinforcing our trusted relationships and engaging them in the Telenor experience. That's what matters most to us and continues to drive us forward.

STRATEGY EXECUTION

This has been another important year in Telenor's modernisation. It has reflected 2019's strategic ambitions of revenue growth, simplified and more efficient operations, delivered by a winning team and with responsible business conduct. Telenor delivers secure, reliable and efficient connectivity to its customers and relevant services tailored to their needs while safeguarding their data.

RISK MANAGEMENT

Risk management is a continuous process and an integrated part of the business throughout all Telenor Group entities. All managers are required to assume responsibility for risk management within their areas of responsibility and ensure that risk management is embedded in day-to-day business processes. When operating across multiple markets, Telenor Group is exposed to a range of risks that may affect its business. Telenor aims to earn competitive returns at acceptable risk levels. Some key risk areas are discussed below.

Regulatory

Telenor Group's operations are subject to requirements through sector-specific laws, regulations and national licences. Regulatory developments and regulatory uncertainty could affect the Group's results and business prospects. Telenor Group depends on licences and access to spectrum and numbering resources in order to provide telecommunications services. Spectrum processes, including the renewal of existing spectrum licences in some markets, are expected over the next 1 to 3 years. If Telenor is not successful in acquiring spectrum licences or is required to pay higher rates than expected, this could have an impact on the Group's business strategy and require additional investment to maximise the utilisation of existing spectrum.

Unforeseen events could cause disruption in rollout plans and result in the risk of not meeting mobile licence obligations. The risk is particularly high in Emerging Asia with issues related to high spectrum prices, tax disputes, renewal of licences and general unpredictability in the business environment. For example, risk related to the business environment in Bangladesh continued to increase in 2019. Grameenphone still faces regulatory scrutiny of its operations and has several unresolved regulatory and legal cases pending. For further information on tax, legal and regulatory matters, see note 13 and note 34.

Financial

Financial risk includes credit risk, liquidity risk, currency risk and interest rate risk. Telenor Group's exposure to credit risk mainly relates to accounts receivable, deposits with financial institutions and financial derivatives. In 2019 Telenor Group had no credit losses due to default of financial institutions. Liquidity risk is low and financial flexibility is maintained through a diversified set of funding sources. 72 per cent of Group revenues are derived from operations with a functional currency other than the Norwegian Krone. Currency fluctuations affect the value of investment in foreign operations when translating financial statements into Norwegian Kroner. Telenor Group seeks to hedge its net investment in foreign operations by allocating currency debt on the basis of relevant market values and market capabilities. The most significant debt currencies for Telenor Group are Euros, US dollars, Swedish Krona, Thai Baht and Malaysian Ringgit. Currency risk exists when Telenor ASA or any of its subsidiaries enter into transactions or hold monetary items in foreign currencies. Committed cash flows in foreign currencies equivalent to NOK 100 million or more shall be considered for hedging, if feasible. Telenor Group is exposed to fluctuations in interest rates through funding and liquidity management activities. The Group's treasury policy states that the interest rate duration on the debt portfolio shall be in the interval between 0 and 5 years. The duration was 2.6 years as of 31 December 2019. The risk is managed using both fixed and floating rate debt, often through interest rate derivatives.

Operational

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

Telenor Group depends on key suppliers and third-party providers for the supply and maintenance of equipment and services. Supply chain disruptions, such as bans or sanctions on vendors due to increasing geopolitical tension, may negatively impact operations and lead to a negative financial impact. The spread of cross-border diseases such as COVID-19 may also have a negative operational effect on Telenor Group due to potential disruption in the supply chain.

Cyberattacks may cause disruption in services and damage critical infrastructure. This may have a severe impact on Telenor's reputation and financial performance. Technological development and complexity coupled with geopolitical instability continue to drive the risk of cyberattacks, and especially of advanced cyber threats.

Telenor Group handles substantial volumes of personal data. In addition, legislation and customer expectations related to personal data and cyber security are increasing across the markets where Telenor Group operates. Loss, alteration or unauthorised disclosure of personal data due to either mishandling or cyberattacks may incur legal action, fines and increased customer churn.

Responsible Business Conduct

Telenor strives for high standards and continuous improvement in responsible business conduct both within its operations and throughout the supply chain.

Telenor operates in some emerging markets that have potentially complex and sensitive political and social contexts. Corruption-related risk includes bribery and trading in influence. How Telenor can ensure connectivity in high-risk areas such as those affected by conflict, or for vulnerable groups such as the Rohingya in Myanmar and Bangladesh, is an area of grave concern.

Telenor continues to engage with and closely monitor the supply chain to strive for long-term risk reduction and continuous improvement as a priority. In 2019, five fatal incidents were regrettably reported in Telenor's supply chain in its Pakistan and Bangladesh operations. The majority of these involved road transportation, which continues to be one of the highest risks related to Health and Safety in our supply chain. Furthermore, Telenor remains vigilant when it comes to following up suppliers with respect to under-aged labour, conflict minerals, modern day slavery and other potential risk areas. In 2019, there were zero fatalities among employees.

E-waste management and climate change-related risks to vital infrastructure, as well as potentially higher operational costs, also form part of the risk picture.

For mitigating actions on responsible business conduct risks, see Annual Sustainability Report 2019 on page 42–56.

Modernisation

Introduction of new technologies, digitalisation and changing consumer behaviours in the telecom sector opens up for new business models leading to structural changes and increased industry dynamics. Telenor has embarked on a vital modernisation agenda to adapt accordingly. Failure to respond to and meet the demands developing in the marketplace could have a negative impact on customer relationships, value chain position and service offerings.

Telenor Group's portfolio of companies competes on several dimensions, such as product portfolio, price, network quality, network coverage, reliability, sales, distribution and brand. Telenor's ability to differentiate through these dimensions has a significant impact on its ability to attract, engage and retain customers and drive usage. Furthermore, revenue growth is partly dependent on the development and deployment of new products, services, technologies and processes for customer engagement. If new releases are not technically or commercially successful, or if limitations affect the customer experience, Telenor Group's ability to attract or retain customers may be impaired.

2019 MILESTONES AND ACHIEVEMENTS

Overall market performance[1]

In the Nordic region, Telenor Norway's mobile market share remains above 55 per cent, while our operations in Sweden and Denmark each maintain approximately 20 per cent market share. DNA's market share in Finland is around 28 per cent. In Malaysia, Digi maintained a stable market share at close to 27 per cent. In Thailand, dtac's market share fell to approximately 22 per cent in 2019. In Emerging Asia, Grameenphone maintained a market share of more than 50 per cent. Telenor Pakistan and Telenor Myanmar maintained subscriber market shares of almost 30 and 35 per cent respectively.

Nordics – Norway, Finland, Sweden and Denmark

Telenor has maintained its network strength in the Norwegian market and is continuously taking the necessary steps to increase its capacity. Throughout 2019, Telenor launched several 5G pilots, which function as testbeds for the next generation technology. In November 2019, Telenor opened Scandinavia's largest 5G pilot and refarmed its 3G holdings in Norway to strengthen its 4G position, with a 99.4 per cent population coverage. Telenor launched 5G commercially in March 2020. Telenor has also embarked on a modernisation of its network with the aim of emigrating all customers on Telenor's copper network to solutions more fit for future needs by 2023.

In Finland, DNA continued its solid growth momentum and maintained its strong customer focus in 2019. In December, DNA began its 5G rollout and launched the fixed wireless service DNA Home 5G in selected districts close to Helsinki.

In the Swedish and Danish markets, the competition levels remained significant throughout 2019. Telenor's focus in these markets has been to build stronger and leaner businesses.

Developed Asia – Thailand and Malaysia

In 2019, Telenor maintained a growth momentum in Developed Asia, and both dtac in Thailand and Digi in Malaysia ended the year with subscription and revenue growth on the back of solid market performance.

In Thailand, dtac has built a spectrum portfolio that enables us to deliver high-quality data services to Thai customers and creates value in the growing local mobile market.

In Malaysia, Digi received a strong network rating and continues to develop future-ready technology. In 2019, Telenor opened Malaysia's first 5G lab in partnership with Cyberview. The lab gives innovators full access to 5G technology to test solutions and collaborate on ideas to build the nation's 5G ecosystem together.

Emerging Asia – Myanmar, Bangladesh, Pakistan

In 2019, Telenor Myanmar returned to growth while our operations in Bangladesh and Pakistan delivered good market performance in the face of challenging business environments.

The strong demand for Telenor's services continued in Myanmar, as demonstrated by a solid customer intake that lifted the subscription base to an all-time high of 22.3 million. The significant rebound in Myanmar came on the back of increasing data usage, customer growth and Telenor once again becoming the most favoured telecommunication brand in the country. Mobile network shutdowns were a challenge in 2019, as in previous years. The Myanmar Ministry of Transport and Communications (MoTC) directed all mobile phone operators in Myanmar, including Telenor Myanmar, to temporarily stop mobile internet traffic on multiple occasions. Telenor has

[1] All figures are estimates. Unless otherwise stated, market share represents revenue market share.

expressed grave concerns over the shutdowns and has conveyed to the relevant authorities its position that freedom of expression through access to telecoms services should be maintained for humanitarian purposes.

Growth in subscription and traffic revenues continued in Bangladesh, despite 2019 being a year with an increasingly demanding business environment. We were able to serve our customers with innovative and high-quality services, despite the challenging regulatory situation intensifying through the year.

In Pakistan, we were able to end the year with an increasing the subscriber base despite macroeconomic and regulatory headwinds. A challenging macroeconomic environment and the re-introduction of a telecoms tax have made the situation in Pakistan challenging locally and have had a negative impact on financial performance. In Telenor Microfinance Bank in Pakistan, a joint venture with Ant Financial, an evaluation uncovered past lending irregularities and past incidents that were in breach of Pakistani law and internal codes of conduct. These incidents highlight the importance of clear, continuous and systematic governance and compliance efforts, and are being followed up with an increased emphasis on compliance training, internal controls and zero tolerance for breaches.

Portfolio optimisation

In 2019, Telenor saw strategic achievements in mergers and acquisitions (M&A) that drove efficiency and created new synergies and shareholder value.

In the first quarter, Telenor completed the sale of the Serbian commercial bank Telenor Banka to PPF Group.

In the third quarter, Telenor completed the acquisition of DNA and is now taking the opportunity to expand service offerings to Finnish business customers. In the same quarter, Telenor entered into a joint venture agreement with Nordic Entertainment Group, combining the satellite-based entertainment businesses to extract synergies and deliver enhanced customer experience.

Telenor merged its online classifieds business, 701Search, with Carousell, one of Asia's largest and fastest-growing classifieds marketplaces, in the fourth quarter. The merger created a regional leader in online classifieds, giving Telenor a 32 per cent stake in the company.

Digitalisation, transformation

In 2019 Telenor automated more than 400 use cases that reduced customer friction, saved time and increased quality. We continued to enhance the customer experience through progression to a zero-touch operation, where the first activity is an automated technology action that is secure, predictive and self-learning. In Telenor Denmark, for example, it was possible to automate 95 per cent of the steps in the enterprise order process, improving the quality of all orders by 75 per cent.

Telenor Group established a foundation for modern analytics in 2019 by deploying data lakes in eight Telenor subsidiaries. By deploying data lakes, Telenor Group completed a significant step towards modernising the entire analytics architecture, which in turn will power future value creation, including data-driven activities, experimentation and use cases.

Telenor Hybrid Cloud (THC) is a cloud platform providing flexibility, scale and synergies across the IT and Network functions. During 2019 Telenor's share of mobile data traffic on the cloud platform increased from 50 per cent to 83 per cent. 16 per cent of Telenor's IT applications are now running on a public or private cloud infrastructure.

Preparing for 5G is part of our network modernisation, and implementation steps are decided based on business value in each market. Our global scale brings learnings and benefits across all business units. We have piloted 5G in Norway, Sweden and Denmark, including the world´s northernmost 5G pilot in Spitsbergen. Telenor Norway launched 5G commercially in March 2020, and DNA launched in December 2019 in Finland. dtac and Digi have implemented showcase activities.

Telenor's Application Programming Interface (API) policy is leading our transformation to a digital architecture, in order to decouple our legacy and enable cost-effective, flexible and agile IT development. In 2019 Telenor implemented 196 industry-based, standardised APIs across the Telenor Group. Going forward, we will increase API usage and uptake.

Telenor has established many global teams within network, IT, sourcing and security. Global teams create scale by engaging key experts across business units to deliver solutions that enable growth, efficiency and simplification. Furthermore, Telenor has worked systematically throughout 2019 to upskill more than 1,300 employees in critical competency areas such as Cloud and Virtualisation, Automation, Customer-facing IT, Analytics, and Cyber Security.

Continued progress in simplification, standardisation and global scale

Striving for simple and efficient operations is vital to creating a seamless experience for the customer and is a prerequisite for strong cash flow development. In 2019, a new structural efficiency programme delivered 1.3 NOK billion gross cost savings by focusing on a) "Network & IT modernisation", b) Digitisation of Customer Touchpoints and c) Future Fit Organisations. Telenor also continued to remove inefficiencies through locally driven and short-term cost reduction initiatives reinforced by top-down cost targets from Telenor Group.

The Common Delivery Center (CDC) Network has been implemented in Telenor Myanmar, Digi and Telenor Pakistan. dtac went live on 6 January 2020. The data-driven approach in CDC delivers increased network quality, customer experience and efficiency. The average customer Network Net Promoter Score (NPS) across Telenor Group increased by almost five percentage points in 2019, with CDC as an important driver. The CDC effect on efficiency is according to plan at 20 to 30 per cent. In November, the industry recognised Telenor´s innovative CDC. Telenor Myanmar and Ericsson were jointly awarded the Managed Services Innovation of the Year award at the Telecoms.com 7th annual Global Telecoms Awards.

CDC IT has been successfully implemented in Myanmar and Grameenphone, and transition has begun in Digi. The shared services model between Myanmar and Grameenphone has started to further enhance our ability to share competence, best practice and increase efficiency. The strong focus on zero touch operations has been supported by significant progress in automation, tools, the adoption of robotic process automation (RPA),the DevOps model, and enhanced security. Improved vendor governance, with customer-focused SLAs, has further improved customer experience and operations stability. A substantial capability uplift has been achieved across Telenor's Asian operations.

Telenor Procurement Company (TPC) enabled Telenor Group to realise savings of NOK 2.8 billion during 2019. This was achieved through 18 global categories within network, IT, devices and indirect costs, and by utilising economy of scale by establishing Group frame agreements at lower costs for higher volume purchases. All Telenor companies are increasingly using the centrally negotiated global frame agreements with global suppliers. TPC is now managing 63 per cent of Telenor Group's overall external spend.

Continued focus on upskilling employees and organisational modernisation

In 2019, Telenor continued to invest in upskilling and organisational modernisation initiatives. This includes the continued 40-hour challenge initiative, experts being enrolled in intermediate and advanced learning journeys, the implementation of tools for collaboration and periodic reviews of organisational efficiency initiatives through holistic employee reviews. By year-end, the average number of online learning hours per employee was 40.5, and there were 1,468 individuals enrolled in expert learning journeys. Most business units have already implemented Office 365 and are now enabling adoption of the tool in daily work practices. Selected business units are exploring opportunities to simplify and automate people processes by implementing RPA. FTEs (full-time equivalents) at year-end 2019 stood at approximately 20,000 (inclusive of DNA). At the same time, Telenor continued to invest in employee experience and feedback, achieving an unprecedented six percentage point improvement in the employee Engagement and Enablement Index.

Diversity in 2019

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

In 2019, 30 per cent of Telenor's senior leadership roles were held by women, compared to 28 per cent at the end of 2018, and up from 22 per cent in 2015. The percentage of women in the total workforce remains stable at 37 per cent.

We broadened the diversity agenda from gender balance to also focus on inclusion of abilities, competence, nationality and LGBTI. As a result, our progress reflects the holistic focus of, and continuous attention given to, this topic.

Telenor has set clear diversity targets that are anchored in our People Strategy, including a broad set of initiatives to support these targets. Based on our positive progress and the broadened agenda for diversity and inclusion, Telenor has also outlined new long-term goals for 2023. These ambitions include striving for 40 per cent women in the global workforce, and on the senior leadership level, the ambitions are to include 35 per cent women and 35 per cent leaders of non-Nordic origin.

At Telenor we are confident that a diverse workforce is key to developing the services we bring to the market. In the Nordic CEOs for a Sustainable Future network Telenor has taken a leading role in developing diversity and inclusion as a main priority for 2020. This work will continue in 2020, with the clear goal of making greater progress towards the UN Sustainable Development Goals. During 2019 we took steps to ensure that there are two non-nationals in the management team of every Telenor subsidiary, we added a Diversity and Inclusion learning path to Telenor Campus and we signed the UN expression of support for LGBTI rights. We also undertook our first-ever global gender pay analysis based on job grades and functions. The results vary between markets, reflecting gaps in some segments while there are no gaps in others. In 2020, we will continue our focus in this area and work with action plans devised to close such gaps where relevant. Telenor has continued the partnership with the SHE community to engage in a collaborative dialogue on diversity and inclusion with private and public Norwegian entities.

Health, safety and people security

Telenor promotes high standards within health, safety and people security (HS&S) in order to ensure a healthy, safe and secure working environment. Securing sustainable business practices is crucial to maintaining safety both for our employees and for society as a whole. For more details on HS&S, see the Sustainability Report (page 42–56).

A future-ready Telenor: exploring new technologies

During 2019, Telenor's research unit continued to provide new knowledge and build deep competences in areas such as digital customer behaviour, new network and Internet technologies, artificial intelligence (AI), advanced analytics, business models, organisational solutions, competition and business environment.

Telenor spent a total of NOK 280 million on research and development (R&D), compared to NOK 372 million in 2018.

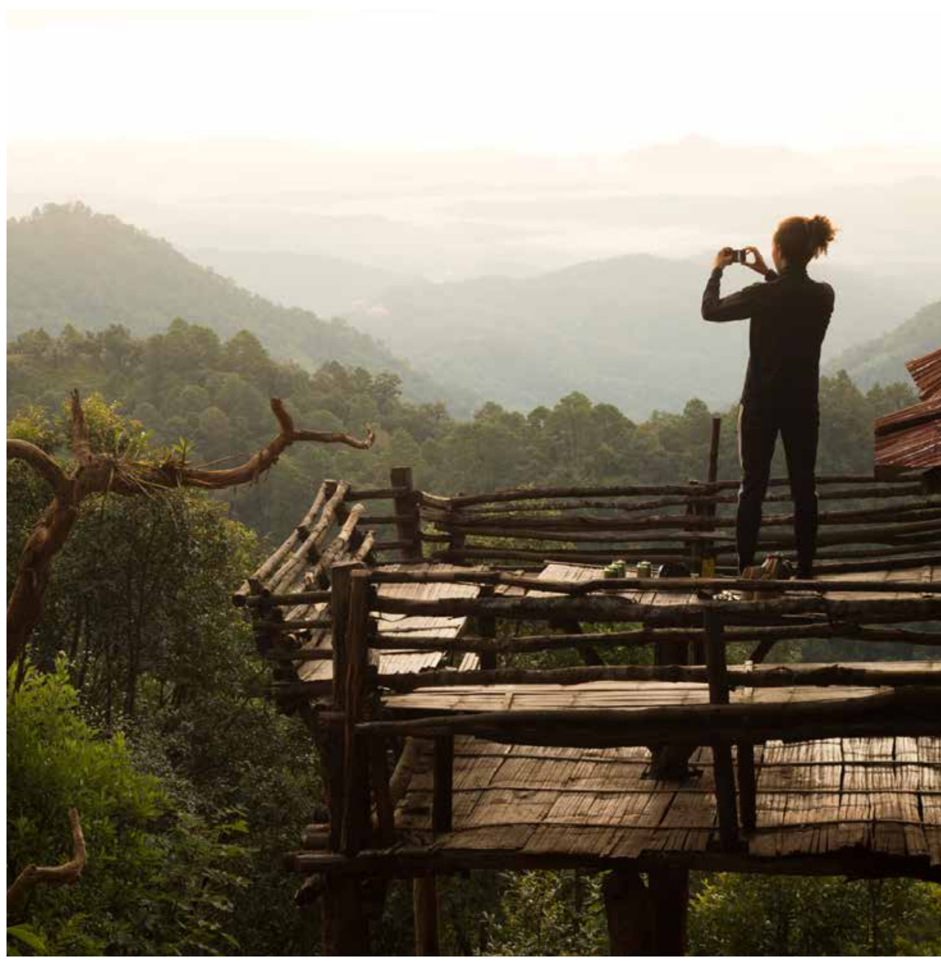
Telenor has continued to build relationships with leading research institutions in Norway and internationally. Transformation, digital innovation and artificial intelligence (AI) are at the top of decision-makers' minds and agendas. Some of Norway's key knowledge institutions have joined forces to contribute to the country's digital success: NHH, NTNU and Telenor have established an open collaboration arena for digital transformation and innovation. The new arena, located at NHH in Bergen, seeks to increase the success rate of Norway's digitalisation efforts. Telenor is part of the High Level Expert Group on Artificial Intelligence (AI HLEG), which supports the European Commission in the implementation of the European strategy on artificial intelligence, focusing on AI investment, policy recommendations and the AI Ethics Guidelines for Trustworthy AI.

Telenor has contributed several studies to prepare for tomorrow's communications market, including how to further empower societies. Scientists worked on how to realise the full benefit of the technological revolutions within rtificial intelligence (AI) and the Internet of Things (IoT), how 5G can create new revenue growth by serving industry verticals and deliver mass-market connectivity, and how to differentiate and stay relevant to our customers. To modernise Telenor and prepare for the future, the scientists examined possible business models, organisational principles, ways of working and long-term trends that may have implications for Telenor's business and which Telenor should pursue. Telenor is also active in European research collaborations on 5G, including the projects 5G-VINNI, 5G-SOLUTIONS and 5G-HEART, all of which aim to accelerate the uptake of 5G in Europe.

OUR RESPONSIBILITIES

Sustainability

Responsible business is at the very foundation of Telenor's operations. Telenor is committed to responsible business conduct and driven by our ambition to reduce inequalities and empower societies. Telenor publishes its Sustainability Report in accordance with reporting requirements mandated by the Norwegian Accounting Act §3-3c and the EU non-financial reporting directive. The Sustainability Report is part of the Annual Report (page 42-56). The report covers Telenor's efforts within sustainability and responsible business.



CORPORATE GOVERNANCE REPORT

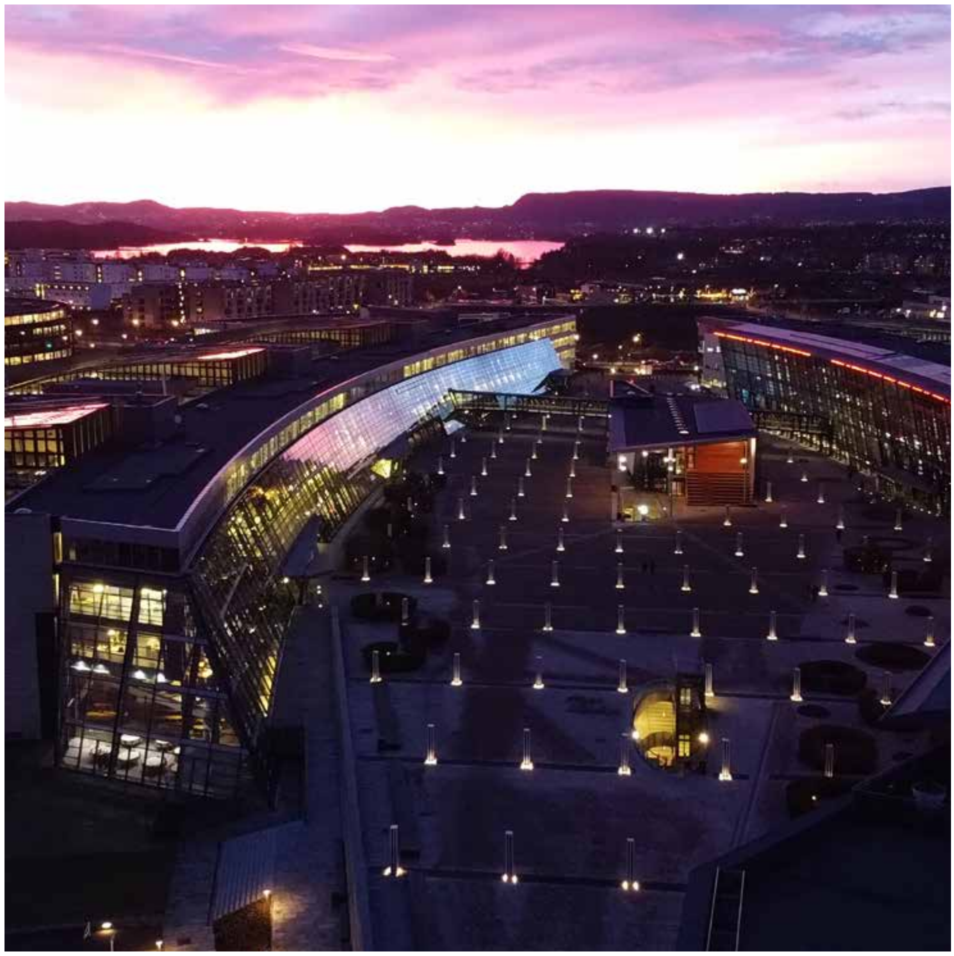
1. Implementation and reporting on corporate governance

Board Statement on Corporate Governance

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

Telenor's principles and practices for corporate governance are subject to regular discussion and annual review by the Board and the Board's People and Governance Committee. Furthermore, the Board shall observe such standards in its own work and decision-making.

Telenor ASA is a public limited liability company established under Norwegian law. Telenor is subject to specific rules and regulations in all countries where Telenor Group conducts business. Telenor's shares are listed on the Oslo Stock Exchange (Oslo Børs ASA). As an issuer of shares, Telenor complies with and operates in accordance with the rules governing the Norwegian stock exchange, including the rules applicable at any given time on the continuing obligations of listed companies as approved by Oslo Børs ASA, with reference to the Norwegian Code of Practice for Corporate Governance (NCGB Code of Practice) in its latest edition, dated 17 October 2018, issued by the Norwegian Corporate Governance Board (NCGB). The NCGB Code of Practice may be found at www.nues.no.



The corporate governance principles and practices as required by the Accounting Act Section 3-3b and the details of how Telenor complies with the NCGB Code of Practice are accounted for in this Report on Corporate Governance.

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

Deviations from the NCGB Code of Practice Section 1: None

2. Business

Business Activity Clause

The business activity in which Telenor is engaged is clearly set out in the Articles of Association for Telenor ASA, Clause 3: "The object of the company is to engage in telecommunications and other related activities. These activities may be conducted by the company itself, by subsidiaries or through participation in other companies or in cooperation with others."

Objectives and Strategies

Telenor's Board of Directors has established clear objectives and strategic ambitions guided by the purpose: "Connecting you to what matters most. Empowering societies." Customers want help in selecting the right types of offers for their usage patterns and to better understand their options. Customers want things to be easy, they want to trust us and know that their information is safe with us, and they want to get help when they need it. This is what matters most to customers today, and it is what drives our strategy.

For more information on strategy, please see the Board of Directors' Report under the heading "Telenor Group Strategic Action Plan" on page 9.

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

Telenor's Corporate Governance Framework

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

Sound corporate governance, in line with Norwegian and international laws and generally accepted rules and recommendations, is critical to Telenor's business integrity and for ensuring the greatest possible value creation over time. Implementing high ethical standards and culture across Telenor Group continues to be a strong focus for the Board. Telenor's Code of Conduct highlights its core values and ethical principles and represents an important foundation for Telenor's corporate governance in maintaining a healthy corporate culture. The Code of Conduct is owned and approved by the Board, and all employees are required to sign it yearly. An annually updated eLearning programme with dilemma training must be completed in order to sign the Code of Conduct. In 2019, 18,292 employees completed the eLearning programme and signed the Code of Conduct, representing 100% of the workforce in scope for Telenor Group.

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

Telenor works continuously to improve its governance framework and to ensure that policies, training and control mechanisms are current and adequate to ensure that stakeholder considerations are taken into account in the value creation of Telenor Group. Telenor's principles and practices for corporate governance are subject to regular discussion and annual review by the Board and the Board's People and Governance Committee. The Governance Work Programme (GWP) is the annual process for updating/developing, implementing and monitoring the Group Governing Documents.

Telenor has organised its operations into three different Clusters, with each Cluster including a number of business units (composed of one or more subsidiaries). Telenor Group's Governing Principles describe the key governing bodies in Telenor ASA, the interaction between Telenor ASA and the business units, and core global processes such as strategy, financial reporting, forecasting and reviews.

A robust governance model requires both appropriate design and effective implementation. Telenor has adopted a governance framework that includes the Telenor Code of Conduct and a set of policies and manuals, processes and systems on monitoring and reporting. The governing documents set one single standard which shall govern all business activities, regardless of where such activities take place. Telenor's Governing Documents are implemented in Telenor ASA and in all subsidiaries directly or indirectly controlled by Telenor and as defined in Telenor's Governing Principles. The Governing Principles were updated and approved in December 2019. Companies which are separately listed shall take due account of the requirements for listed companies in the relevant jurisdiction. In case of conflict between Telenor's Governing Principles and the local requirements, the latter shall prevail.

Telenor is committed to the disclosure of its performance on material sustainability issues in line with stakeholder expectations. Telenor publishes its Sustainability Report (page 42-56) in accordance with legal requirements such as Norwegian Accounting Act § 3-3c and the EU non-financial reporting directive.

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

3. Equity and dividends

Share capital

The share capital of Telenor is stated in the Articles of Association, Clause 4. The company's share capital at year-end 2019 is NOK 8,654,748,192 divided into 1,442,458,032 shares each with a par value of NOK 6.00. As a consequence of the share buyback programme conducted by Telenor in 2018, the General Meeting on 7 May 2019 resolved to decrease the share capital by cancellation of repurchased own shares and redemption of shares held by the Government, and a decrease of other reserves. In total 28,999,999 shares were cancelled or redeemed.

Equity

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

Dividend policy

The Board has established a dividend policy that forms the basis for the proposals on dividend payments presented to the General Meeting. The

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

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

The General Meeting following the proposal from the Board adopts a resolution on the distribution of the dividend. The General Meeting on 7 May 2019 approved an ordinary dividend of NOK 8.40 per share, representing an increase of 3.7% per share over the previous year.

The Telenor Board of Directors will propose a total dividend of NOK 8.70 per share for the financial year 2019 to the Annual General Meeting in May 2020. The dividend will be split into two tranches, of NOK 4.40 and NOK 4.30 per share, to be paid in May and October 2020 respectively. The two tranches will have separate ex. dividend and record dates. The proposed dividend per share is 4% higher than the dividend per share paid out in 2019.

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

4. Equal treatment of shareholders and transactions with close associates

One class of shares, equal rights

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

The General Meeting may authorise the Board to purchase treasury shares. Previously, under such authorisation, the Board has been free to decide if and how the acquisition of shares shall take place within the framework of applicable law, and shall ensure compliance with general principles of equal treatment of shareholders. At the Annual General Meeting in 2019, the Board asked, and received authorisation, to repurchase up to 43,000,000 of the company's own shares, equalling around 3% of the outstanding shares. On 14 May 2019, Telenor announced a share buyback programme based on such authorisation. By the end of 2019, Telenor had acquired 19.8 million shares under the programme, which is equal to the whole market part of the buyback. The programme is managed by a third party, meaning that its trading decisions in relation to the shares are independent of, and uninfluenced by, Telenor.

The Norwegian State as the main shareholder

The Norwegian State is the main shareholder in Telenor, with a holding of 53.97% of Telenor shares as of 31 December 2019. The Ministry of Trade, Industry and Fisheries manages the ownership interest. The Norwegian State emphasises that partly state-owned companies should comply with principles for good corporate governance. The state's active exercise of its ownership policy is governed by Norwegian legislation for companies and by accepted principles for exercising good ownership. This means that the Board is responsible for evaluating the expectations that the shareholders and others have towards the company, and for accomplishing commercial targets which the Board deems appropriate. More information about the administration of the Norwegian State's ownership interests and the Government's Ownership Policies can be found on the Government's web pages www.regjeringen.no/en/topics/business-and-industry/state-ownership/id1336.

Telenor ASA has an agreement with the Norwegian State through the Ministry of Trade, Industry and Fisheries to carry through share buybacks for the purpose of cancelling these shares through the write-down of the share capital to maintain the Norwegian State's ownership interest. See notes 24, 33 and 36 to the financial statements for Telenor Group for 2019 for further information.

Increase in share capital

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

Transactions with close associates

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

Transactions with related parties, including transactions with associated companies, are accounted for in note 33 to the financial statements for Telenor Group for 2019 in this Annual Report.

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

5. Shares and negotiability

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

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

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

6. General meetings

Supreme governing body

The General Meeting is the company's highest authority. The General Meeting adopts Telenor's Articles of Association.

The shareholders' interests are primarily ensured through Telenor's Annual General Meeting (General Meeting). The General Meeting is the main meeting place for shareholders and the officers they elect. According to the Articles of Association, the General Meeting shall be held once a year before the end of June.

Telenor encourages as many shareholders as possible to exercise their rights by attending the General Meeting, and aims to ensure that the General Meeting remains an effective meeting place for shareholders and the Board. In order to allow shareholders to form a view on all matters to be considered at the General Meeting, the resolutions and supporting information distributed shall be sufficiently detailed and comprehensive. Any shareholder is entitled to have a question discussed at the General Meeting. The Board is to be notified of the question in writing at least seven days before the deadline for sending the notice convening the General Meeting, together with a proposal for a draft resolution or an explanation as to why the matter has been put on the agenda.

Shareholders are given the opportunity to vote separately on each item of the agenda at the General Meeting and on each candidate nominated for election to the company's bodies.

The 2019 General Meeting of Telenor ASA was held on 7 May 2019. The pre- and post-General Meeting documents, including the minutes, are available at: www.telenor.com/investors/general-meeting.

The Annual General Meeting (General Meeting)

The General Meeting shall deal with the following matters, as stipulated in the Articles of Association, Clause 8:

- Approval of the annual report and accounts, including distribution of dividends
- Any other matters that shall be dealt with by the General Meeting by law or pursuant to the Articles of Association

According to the Norwegian Public Limited Liability Companies Act, Section 5-6, the General Meeting shall also deal with the Board's declaration regarding the determination of salary and other remuneration to executive management pursuant to Section 6-16a. An advisory vote shall be held at the General Meeting following the Board's guidelines for the determination of executive salary and other remuneration. The guidelines for schemes as mentioned in §16-6 a, first paragraph, third sentence must be approved at the General Meeting and are binding upon the Board. Otherwise, the guidelines are precatory.

Further information on the Board's declaration regarding the determination of salary and other compensation to executive management is included in Sections 11 and 12 below.

According to the Norwegian Public Limited Liability Companies Act, Section 5-6 (4), the General Meeting shall deal with the Report on Corporate Governance pursuant to Section 3-3b of the Norwegian Accounting Act. The following is noted in the minutes of the General Meeting of 7 May 2019:

"The Board of Directors' Report on corporate governance was considered by the Annual General Meeting. There were no objections to the report."

See the minutes of the General Meeting at: www.telenor.com/wp-content/uploads/2019/04/Minutes-AGM-2019.pdf.

Extraordinary General Meeting (EGM)

The Board, the Corporate Assembly or the Chair of the Corporate Assembly may decide to convene an Extraordinary General Meeting (EGM). The Board shall convene an EGM if, in order to deal with a specific matter, the auditor who audits the company's annual accounts or shareholders representing at least one-twentieth of the share capital demand this in writing. The Board shall ensure that the General Meeting is held within one month of the date the demand is submitted.

Notice convening the General Meeting

Notice convening the General Meeting shall be sent no later than 21 days before the meeting is to be held.

According to Telenor's Articles of Association, Clause 8, the documents relating to items to be considered at the General Meeting, including documents that according to law shall be included in or attached to the notice of meeting, are not required to be sent to the shareholders if the documents are available on Telenor's website. A shareholder may request that such documents be sent to him/her.

Attendance at the General Meeting

The General Meeting shall, in accordance with Section 5-12, first paragraph of the Public Limited Liability Act and the Articles of Association, article 8, first section, be chaired by the Chair of the Corporate Assembly. The Chair of the Board and the President and CEO shall also attend the General Meeting. Furthermore, Telenor's auditor will attend the General Meeting. In addition, the representatives of the Nomination Committee shall attend the General Meeting in order to present their recommendations and answer any questions.

Shareholders who wish to attend the General Meeting must give notice to Telenor no later than three days prior to the General Meeting in accordance with the Board's detailed instructions, as stated in the Articles of Association, Clause 8, second paragraph.

Shareholders who are unable to attend may vote by proxy. The person authorised to serve under proxy shall submit a written and dated instrument of proxy. If the proxy is presented by electronic transmission, a secure method shall be utilised to authenticate the transmitter. The proxy is deemed valid only for the forthcoming general meeting unless otherwise clearly indicated. The shareholder may at any time revoke the proxy.

Written voting prior to General Meetings

The shareholders may cast paper votes, or vote electronically, in the period preceding the General Meeting. The shareholders may vote separately on each item of the agenda. The Board may provide guidelines for advance voting. The summons shall include the guidelines adopted by the Board, as stated in the Articles of Association, clause 8, sixth paragraph.

Minutes of the General Meetings

The minutes of the Annual General Meetings and Extraordinary General Meetings, together with voting results, attendance and pre-meeting documents, are made available online at: www.telenor.com/about-us/corporate-governance/about-the-general-meeting.

Deviations from the NCGB Code of Practice Section 6: The NCGB Code of Practice recommends that all of the members of the Board are present at the General Meeting. Telenor has not deemed it necessary to require the presence of all members of the Board. The Chair of the Board, the Chair of the Nomination Committee and the Corporate Assembly, the President and CEO and other relevant members of management, are, however, always present at the General Meeting.

7. Nomination committee

Establishment and Composition

The appointment of a nomination committee is not required by legislation but is recommended by the NCGB Code of Practice. The Nomination Committee of Telenor ASA is established pursuant to Telenor ASA's Articles of Association, Clause 9.

The Nomination Committee of Telenor nominates shareholder representatives to the Corporate Assembly and Board, as well as to the Nomination Committee. The Corporate Assembly elects the members of the Board and the General Meeting elects the members of the Corporate Assembly.

The Nomination Committee consists of four members that shall be shareholders or representatives of shareholders and shall be independent of the Board and the Executive Management. Composition of the Nomination Committee is regulated in the Articles of Association, Clause 9. When appointing members to the Nomination Committee, the interest of the company and broad shareholders interest shall be taken into consideration.

The members of the Nomination Committee are elected for a period of two years. The General Meeting shall elect the members; however, the Chair of the Corporate Assembly shall be elected as the Chair of the Nomination Committee. Of the other three members, one shall be a shareholder-elected member or deputy member of the Corporate Assembly. The General Meeting determines the remuneration to the members of the Nomination Committee.

MEMBERS OF THE NOMINATION COMMITTEE AT YEAR-END 2019

Bjørn Erik Næss
Chair
Elected from the Corporate Assembly:
Elected Chair on 7 May 2019

Lars Tronsgaard
Member
Elected from the Corporate Assembly on 2 May 2018

Jan Tore Føsund
Member
Elected by the Annual General Meeting on 7 May 2019

Marianne Bergmann Røren
Member
Elected by the Annual General Meeting on 7 May 2019

The work of the Nomination Committee

According to the Articles of Association, Clause 9, the tasks of the Nomination Committee are to make recommendations to:

- the General Meeting regarding the election of shareholder-elected members and deputies to the Corporate Assembly and remuneration to the members of the Corporate Assembly;
- the General Meeting regarding the election and remuneration to

members of the Nomination Committee;
- the Corporate Assembly regarding the election of shareholder-elected members and deputies to the Board of Directors and remuneration to the Board of Directors; and
- the Corporate Assembly regarding the election of the Chair and Deputy Chair of the Corporate Assembly.

The Nomination Committee has contact with shareholders, the Board and executive personnel, and, where appropriate, with members of the Corporate Assembly, as part of its work on monitoring the composition of the Board, the Corporate Assembly and the Nomination Committee. The Committee consults with relevant shareholders concerning proposals for candidates and welcomes proposals for candidates. Further information about the members of the Nomination Committee and how to submit proposals is available at: www.telenor.com/en/about-us/corporate-governance/nomination-committee.

The Nomination Committee reviews the Board's annual self-evaluation report. The Nomination Committee emphasises the Board's total competence when making its recommendations.

The General Meeting has adopted instructions for the Nomination Committee. The Nomination Committee held 23 meetings in 2019. Average attendance over the year at the Nomination Committee meetings was 98.9%.

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

8. Corporate assembly and board of directors: composition and independence

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

Composition of the Corporate Assembly

The composition of the Corporate Assembly is determined with a view to ensuring that it represents a broad cross-section of Telenor shareholders.

The Corporate Assembly consists of 15 members. The members and deputies are elected for a term of two years. The General Meeting elects ten members and three deputies for these members. Five members and two observers, with deputies, are elected by and from employees pursuant to the rules in the regulations relating to the provisions of the Norwegian Public Limited Companies Act concerning employees' right to representation on the board of directors, in the corporate assembly, etc.

Due to the independence of the Corporate Assembly, members of the Board and the President and CEO cannot be members of the Corporate Assembly (cf. the Public Limited Liability Companies Act, Section 6-36).

The instructions for the Corporate Assembly stipulate that the Chair of the Board and the President and CEO normally shall attend the Corporate Assembly meetings. The Corporate Assembly shall have at least three ordinary meetings per year, and three meetings were held in 2019. The Chair of the Board and the President and CEO attended all three meetings. Average attendance by members of the Corporate Assembly in 2019 was 82.2%. Deputies have attended when shareholder-elected members or employee-elected members have not been able to participate.

Further information about the members of the Corporate Assembly is published at: www.telenor.com/about-us/corporate-governance/corporate-assembly.

The work of the Corporate Assembly

The Corporate Assembly is primarily a supervisory body, which supervises the Board's and the President and CEO's administration of the company. The Corporate Assembly also makes decisions on limited, but important, areas. One important task for the Corporate Assembly is the election of members to the Board, including the Chair of the Board. The General Meeting cannot influence, change or reverse the Corporate Assembly's decisions regarding the election of the Board and Chair of the Board.

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

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

At the proposal of the Board, the Corporate Assembly may adopt resolutions on matters concerning investments that are substantial in relation to the company's resources, as well as on matters concerning a rationalisation or restructuring of operations that would result in a major change in or reorganisation of the workforce.

The Corporate Assembly may adopt the recommendations of the Board or management on any matter. The Corporate Assembly decides the remuneration to the Board.

Other specific tasks of the Corporate Assembly are set out in the Public Limited Liability Companies Act. Further tasks may not be assigned to the Corporate Assembly unless specifically required by the law.

Composition of the Board

According to Telenor's Articles of Association, Section 5, the Telenor ASA Board of Directors shall consist of a minimum of five and a maximum of 13 members. The members are elected for a term of up to two years. At 31 December 2019, the Board consisted of nine Board Members, of which three were employee-elected members as required by Norwegian company law.

In 2019, the Corporate Assembly re-elected the Chair of the Board and four of the shareholder-elected members. Three new employee-elected members were elected to the Board. One shareholder-elected member of the Board resigned in August 2019.

Expertise and Independence

The Board shall have a diverse composition and expertise tailored to meet the company's needs. Information regarding the background, education and other board positions of each Board member is available on Telenor's website: www.telenor.com/about-us/corporate-governance/board-of-directors.

None of the Board members, apart from the employee representatives, is an employee of Telenor or has carried out work for Telenor. In Norway, executive personnel are not normally elected to the board of directors (two-tier system). The management is not represented on the Board, and all shareholder representatives on the Board are independent.

In addition to having appropriate expertise, it is important that the Board have sufficient capacity to carry out its duties. The commitment involved in being a board member may vary from company to company. Therefore, there is no set limit for the number of board appointments an individual can hold.

Shares

The members of the Board are encouraged to own shares in the company. Details of the number of shares held by Board members are disclosed at www.telenor.com/about-us/corporate-governance/board-of-directors and in Chapter 12 on page 22.

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

9. The work of the Board, the Chief Executive Officer and the Group Executive Management of Telenor ASA

Role and responsibility of the Board

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

The Board draws up plans and financial frames and goals for the activities of Telenor. The Board is to keep itself informed of Telenor's financial position and ensure that its activities, accounts and asset management are subject to adequate control. The Board ensures that Telenor has adequate internal controls with respect to the rules and regulations that apply to Telenor Group. The Board initiates those examinations it finds necessary for the performance of its duties and if so demanded by one or more members of the Board.

The Board adopts a plan for its work, with special emphasis on objectives, strategy and implementation, once a year. The Board shall, to the degree necessary, approve strategies, business plans and rolling forecasts for the activities of the company and its subsidiaries. Telenor's strategy is described in this Report on Corporate Governance, Section 2 and in more detail in the Board of Directors' Report page 16. Further information on the Telenor Group strategy is available at www.telenor.com/about-us/our-strategy.

The Board emphasises the importance of gaining valuable insights into and being well informed about relevant areas such as operational, technological, regulatory and market developments. In May 2019, the Board visited Telenor's operations in Thailand and Bangladesh.

The Board issues instructions for its own work as well as for the President and CEO, with particular emphasis on the clear internal allocation of responsibilities and duties. The Board evaluates the instructions for the Board and the instructions for the President and CEO on a yearly basis. No amendments to the instructions were adopted in 2019.

The rules regulating loyalty, impartiality and conflict of interest set out in Telenor's Code of Conduct apply to all members of the Board, managers and other employees of Telenor, as well as others acting on behalf of Telenor.

The instructions for the Board of Telenor ASA state that Board members are not permitted to take part in the processing of or decision-making on issues that have such significance to them or any closely related parties that they must be regarded as having a distinct personal or financial special interest in the issue, or where the said person's disqualification may become relevant for other reasons. The same applies to the President and CEO (cf. also the Public Limited Liability Companies Act, Section 6-27). Neither the Board members nor the President and CEO may, under any circumstances, take part in the processing of or decision-making on any issues regarding loans or other credits to themselves or in relation to security for their own debt. In addition, in the event that the Board considers a matter of a material nature in which the Chair of the Board has, or has had, an active involvement (i.e. negotiations on merger, acquisitions, etc.), the Deputy Chair or, in his/her absence, a person nominated by the majority of the Board members shall act as a substitute for the Chair when such a matter is being considered. In order to raise awareness of conflict of interest issues amongst the Board members, the Board implemented new procedures in 2018 In order to regularly discuss Board members' additional engagements and the potential impact of these on the Board's work. The Board evaluates these procedures on a yearly basis.

Board meetings in 2019

Information about the attendance of each member of the Board is reported in the minutes of each Board meeting. The minutes from Board meetings are shared with selected members of management, the Head of Group Internal Audit and Investigations and Telenor's external auditor.

The Board shall normally hold eight ordinary Board meetings during the calendar year, but the minimum is four. Individual Board members and the President and CEO may, at any given time, request that a Board meeting be held to discuss specific matters. In the event that a Board member is unable to attend a Board meeting, the member must notify the Board Secretary, who will invite deputies when relevant. Designated deputies have been elected for the employee representatives but not for the shareholder-elected Board members. Directors unable to attend a Board meeting are provided with the preparatory Board documents.

The Board constitutes a quorum if more than half of its members are present or participate in the discussion of the matter in question. However, the Board may not adopt a resolution without all Board members having been given an opportunity, in so far as possible, to participate in the discussion of the matter in question. Where the Chair of the Board finds it appropriate, Board members may attend a meeting remotely. The annual financial statements and annual report, as well as the remuneration to the President and CEO and other members of the executive management (if appointed by the Board), will always be dealt with in a physical meeting.

The Board held ten Board meetings in 2019. Average attendance over the year at Board meetings was 94.4%.

Board self-assessment

The Board systematically evaluates its performance, activities and expertise by undertaking a yearly self-assessment. External resources are used to facilitate the self-assessment and the evaluation of the self-assessment, as recommended by the NCGB Code of Practice. The Board's self-assessment for 2019 was reviewed in a Board meeting on 11 December 2019.

Working committees of the Board

In order to help ensure thorough preparation of specific issues, the Board has appointed four preparatory working committees: the Risk and Audit Committee, the People and Governance Committee, the Sustainability and Compliance Committee and the Innovation and Technology Committee.

The committees have no independent decision-making authority except where expressly granted by the Board on a case-by-case basis. The role of the committees is to prepare matters for consideration and/or decision by the Board as a whole. The Board makes all decisions in Board meetings. The Board evaluates the charters for the committees on a yearly basis, and on 19 June 2019 it adopted revised charters for each committee. The committees report to the Board in connection with the scope of work described in the charters. Each member of the Board has access to all working documents, including the minutes, from committee meetings.

The Risk and Audit Committee

At the end of 2019 the Risk and Audit Committee consisted of the following Board members: Jon Erik Reinhardsen (Chair of the Committee), Jørgen Kildahl, Jacob Aqraou and Anita Helen Steine (employee representative). The committee held seven meetings in 2019 and attendance was 96%.

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

The People and Governance Committee

At the end of 2019 the committee consisted of the following Board members: Gunn Wærsted (Chair of the Committee), Jon Erik Reinhardsen, Sally Davis and Esben Smistad (employee representative). The committee held six meetings in 2019 and attendance was 100%. The President and Chief Executive Officer and the Executive Vice President and Chief People Officer attend all committee meetings.

The People and Governance Committee is a preparatory committee of the Board of Directors of Telenor ASA and supports the Board in fulfilling Its responsibilities with respect to corporate governance, executive compensation, leadership and culture development. The committee also supports the Board In succession planning.

The Sustainability and Compliance Committee

At the end of 2019 the Sustainability and Compliance Committee consisted of the following Board members: Sally Davis (Chair of the Committee), Gunn Wærsted, Jørgen Kildahl and Anita Helen Steine (employee representative). The committee held five meetings in 2019 and attendance was 100%.

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

During 2019, the committee focused in particular on compliance, privacy, health, safety and personnel security, human rights and ensuring alignment in key risk areas, which are to be followed up going forwards.

The Innovation and Technology Committee

At the end of 2019 the Innovation and Technology Committee consisted of the following Board members: Jacob Aqraou (Chair of the Committee), Grethe Viksaas and Jan Otto Eriksen (employee representative). The committee held five meetings in 2019 and attendance was 89%.

The Innovation and Technology Committee is a preparatory committee that supports the Board in fulfilling its responsibilities with respect to innovation and technology development. This includes monitoring the overall progress of Telenor's digital transformation, following trends and technology developments that affect Telenor and monitoring the formulation and execution of Telenor's security strategy, security governance and operational status, with an emphasis on cyber security as a top enterprise risk.

Topics covered in 2019 related to technology trends, 5G, the Internet of Things (IoT), embedded SIM (eSim), devices, innovation investments and effects, analytics capabilities, digital technology enablers, and cyber security.

The Chief Executive Officer (CEO)

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

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

The Board has provided instructions for governance to the President and CEO covering the management of the Telenor Group, financial reporting and the management of ownership interests, the management of Telenor ASA in subsidiaries and other companies in the Telenor Group, the power of attorney of the President and CEO, the submission of proposals for decisions by the Board from the President and CEO, and the President and CEO's responsibilities for reporting to the Board.

Group Executive Management (GEM)

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

A subsidiary's relationship to Telenor ASA

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

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

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

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

10. Risk management and internal control

The Board's responsibility and objective for Risk Management

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

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

Group Enterprise Risk Management aggregates risks from the Business Units, analyses other risks across Telenor Group in a Group Risk Forum and presents Telenor's risks and risk process to the Group Executive Management, the Risk and Audit Committee and, ultimately, the Board of Directors. At least once a year, the Board of Directors reviews the Group risk picture in a meeting. Each Business Unit is responsible for updating its company-level risk register on a regular basis. Business Units provide quarterly updates and report any risks that have emerged, including the status of actions to respond to these risks. Business Units are required to closely align risk management processes with existing business and management processes locally. All managers are required to assume responsibility for risk management within their areas of responsibility and ensure that risk management is embedded in day-to-day business processes.

The Board's responsibility and objective for Internal Control

Telenor has a strong focus on internal controls over financial reporting (ICFR) and has established a process for ensuring that sufficient internal controls are implemented in Telenor's financially significant Business Units worldwide. The Group Governing Principles define the key requirements and expectations of the ICFR programme to be implemented in these Business Units. The Risk and Audit Committee has delegated the ICFR programme coordination and oversight responsibility to Group Finance. Implementation of the ICFR programme in financially significant Business Units is the responsibility of the local management. These Business Units provide quarterly and annual ICFR status reports to Group Finance.

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

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

Further information on risk management is presented in the Board of Directors' Report of this Annual Report for 2019.

Financial Reporting Standards

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

Telenor ASA is a holding company and contains the Group Management, Corporate Functions, Research and Development and Group Treasury. The financial statements for Telenor ASA are prepared in accordance with the Norwegian Accounting Act, Section 3-9 and regulations regarding simplified application of IFRS issued by the Ministry of Finance on 21 January 2008. Financial Reporting Standards and accounting principles are further described in the notes to the financial statements of this Annual Report for 2019.

The Disclosure Committee

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

The Group Compliance Officer and the Compliance function

The Group compliance function in Telenor is responsible for

- Code of Conduct ownership on behalf of the Board;
- resolution of compliance cases;
- ownership and implementation of the anti-corruption policy, business partner compliance management policy and the privacy policy;
- design and implementation of a Compliance Management System; and
- leading the Governance Work Programme (GWP).

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

The CCO reports to the Chief Corporate Affairs Officer, facilitates and acts as secretary for the Group Compliance

Committee and meets as relevant in the Board of Telenor ASA and/or relevant board committees. Correspondingly, the Telenor Business Unit head of compliance reports directly to the Business Unit CEO. The Business Unit head of compliance also reports regularly to the Business Unit Board of Directors on compliance matters. In order to ensure alignment of strategy, prioritisation and implementation of compliance and governance related matters, the Business Unit heads of compliance have a dotted functional reporting line to the Group Chief Compliance Officer.

Group Internal Audit and Investigation (GIA&I)

Group Internal Audit and Investigation (GIA&I) is an assurance, advisory and investigation unit independent of management. The Head of GIA&I reports functionally to the Board of Directors through the Risk and Audit Committee and administratively to the President and CEO.

By bringing a systematic and disciplined approach to evaluating and improving the effectiveness of Telenor Group's risk management, control, reporting and governance processes, the internal audit unit aims to help Telenor accomplish its objectives.

The investigation unit ensures that internal investigations are conducted with predictability, confidentiality, fairness and independence in order to clarify factual circumstances and establish if there is any evidence of personal misconduct or violation of Telenor's Governing Documents and/or laws and regulations.

GIA&I is a global function, empowered to carry out engagements in Telenor ASA and any subsidiary in which Telenor ASA, directly or indirectly, owns more than 50% of the voting shares, or in which the power of control is possessed and exercised by or on behalf of Telenor ASA.

Group Investment Committee (GIC)

The Group Investment Committee (GIC) provides recommendations to the President and CEO and other approval bodies regarding investments and other financial commitments falling within the authority limits set out in the Group Authority Matrix or deemed to be of special interest or principle in nature. GIC is chaired by the CFO and consists of members who have relevant expertise.

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

Group Treasury

In order to ensure the overall management and control of the group's treasury activities, the company has set up Group Treasury as a central function. Group Treasury functions in accordance with its mandate as set out in the Group Policy Treasury. Group Treasury reports to the Group CFO.

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

Value Agenda meetings and Financial Reviews

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

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

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

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

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

Board of Directors

The Corporate Assembly determines the compensation to the Board of Directors, based on recommendation from the Nomination Committee. The members of the Board receive annual fixed compensation and additional compensation for participation in any of the Board committees. Separate compensation levels are set for the Chair of the Board and Deputy Chair of the Board. Deputy Board members receive compensation for each meeting they attend. Employee-elected members of the Board receive the same compensation as shareholder-elected members. Board members living outside of Norway receive a separate travel allowance for each physical meeting they attend[1].

Compensation to the Board of Directors is not linked to the company's performance. Shareholder-elected Board members are not entitled to compensation in the event of termination or to other types of compensation such as pension plans, incentives, profit sharing or options. Board members receive compensation in the form of cash-based payments, not shares or other instruments.

Board members who are on the People and Governance Committee and/or the Risk and Audit Committee receive a fixed annual fee, whereas members on the Sustainability and Compliance Committee and/or the Technology and Innovation Committee receive a fee for each meeting they attend. Separate compensation levels are set for the Chair and the members of the respective committees.

Shareholder-elected members of the Board and/or companies they are associated with do not ordinarily take on specific assignments for Telenor in addition to fulfilling their responsibilities as Board members. Any additional assignments will be disclosed to the Board, and the Board will approve any compensation for such additional assignments. In 2019, none of the Board

BOARD AND COMMITTEE TOTAL COMPENSATION

Amounts in NOK (thousands)	2019	2018
Board of Directors (fixed fee and allowances)	4 160	4 022
Risk and Audit Committee	578	615
People and Governance Committee	381	327
Sustainability and Compliance Committee	173	169
Technology and Innovation Committee	230	267
Total fees for board services to Telenor ASA during the year	**5 522**	**5 399**

COMPENSATION TO MEMBERS OF THE BOARD

Amounts in NOK (thousands)	**Total compensation 2019**	Board compensation 2019	Committee compensation 2019	Share ownership [1] 31.12.2019
Gunn Wærsted	**848**	683	165	12 000
Jørgen Kildahl	**700**	388	312	2 000
Grethe Viksaas	**479**	343	137	-
Jacob Aqraou	**628**	343	286	10 000
Jon Erik Reinhardsen	**638**	343	295	1 500
Sally Davis	**640**	343	297	-
Anita Helen Steine (from 7 May 2019)	**323**	231	92	674
Jan Otto Eriksen (from 7 May 2019)	**274**	231	43	5 729
Esben Smistad (from 7 May 2019)	**277**	231	46	-
Harald Stavn (until 7 May 2019)	**185**	112	73	-
Sabah Qayyum (until 7 May 2019)	**140**	112	28	-
Roger Rønning (until 7 May 2019)	**129**	112	17	-
René Richard Obermann (until 1 Aug 2019)	**261**	199	62	-

[1] Shareholdings not included for representatives who were no longer members as of 31 December 2019.

[1] Effective 7 May 2019, the annual fees for the chairperson of the board, deputy chairperson and directors are NOK 691,000 (2018: NOK 668,000), NOK 392,000 (2018: NOK 381,000) and NOK 346,000 (2018: NOK 336,000), respectively. The travel allowance for Board members living outside of Norway is NOK 23,000 (2018: NOK 11,000) per physical meeting. The fee per meeting for deputy members is NOK 9,200 (2018: NOK 9,000). The annual fees for the chair and members of the Risk and Audit Committee are NOK 206,000 (2018: NOK 200,000) and NOK 133,000 (2018: NOK 130,000). The annual fees for the chair and members of the People and Governance Committee are NOK 123,000 (2018: NOK 120,000) and NOK 92,000 (2018: NOK 90,000). The fees per meeting for the chair and members of the Innovation and Technology Committee are NOK 15,000 (2018: NOK 14,600) and NOK 14,400 (2018: NOK 14,000). The fees per meeting for the chair and members of the Sustainability and Compliance Committee are NOK 9,200 (2018: NOK 9,000) and NOK 8,600 (2018: NOK 8,400).

members received compensation from any other Telenor Group companies, apart from the employee-elected Board members, nor did they have any loans from the company.

The total compensation to the Board of Directors in 2019 was NOK 5.5 million, compared to NOK 5.4 million in 2018. See the separate table for compensation to the respective Board members, including the number of shares owned by Board members and deputy Board members (for employee-elected Board members) as of 31 December 2019. Shareholdings include shares owned by their related parties. Regular salaries and other compensation to employee-elected members of the Board are not included.

Corporate Assembly

Compensation to the Corporate Assembly is determined by the General Assembly, based on the recommendation of the Nomination Committee. The total compensation to the members of the Corporate Assembly was NOK 744,550 in 2019, compared to NOK 729,947 in 2018. The members of the Corporate Assembly receive annual fixed compensation, with the exception of deputies to employee-elected members, who receive compensation for each meeting attended. Separate compensation levels are set for the Chair, Deputy Chair and members respectively. The employee-elected members receive the same compensation as the shareholder-elected members[1].

[1] From 7 May 2019, the annual fees for the chair, deputy chair and members of the Corporate Assembly were NOK 106,000, NOK 47,200 and NOK 38,800 respectively. The fee for deputy members was NOK 7,600 per meeting.

SHARE OWNERSHIP FOR THE CORPORATE ASSEMBLY

As of 31 December	2019[1]
Hege Ottesen	781
May Iren Arnøy	22
Magnhild Øvsthus Hanssen	3,121
Tom Westby	1 556
Swati Sharma	680
Rune Aamodt	186
Laila Fjelde Olsen	920
Pål Ligaard	228
Tord Overå	153
Marie Brun Svendsen	215
Olga Marie Lerflaten	149
Sune Jakobsson	3,580
Espen Egeberg Christiansen	1 293
Camilla Skarsjø Grimnes	47
Håkon Lønsethagen	1 065

[1] Shareholdings not included for representatives who did not hold shares or were no longer members as of 31 December 2019.

Deviations from the Code of Practice Section 11: None.

12. Compensation to the Group Executive Management

Introduction from the Chair of the Board

Executive compensation supports our business strategy and company culture by attracting, engaging and developing the right people to create long-term value for Telenor Group and its stakeholders.

The Board of Directors' statement on executive compensation as presented below is in accordance with the Norwegian Public Limited Liability Companies Act, Section 6-16, prevailing statutory guidelines for executive compensation and the Norwegian Corporate Governance Board (NCGB) Code of Practice. The Board of Directors aims to present the Telenor Group compensation policy and its implementation in a clear, easily understandable and comprehensive fashion.

As Telenor Group operates in different markets internationally, the Board of Directors is continually being challenged when executing its executive compensation responsibilities. The Board of Directors has reviewed the executive compensation structure and concluded that it supports the company with its achievement of the business strategy and that any deviation from the guidelines are explained in accordance with the prevailing principles of corporate governance.

Fornebu, 27 March 2020
Gunn Wærsted

COMPENSATION POLICY FOR 2020

Executive compensation helps Telenor Group attract, engage and retain the right people to deliver results in accordance with the Telenor behaviours and create long-term value for stakeholders.

The business strategy is based on the company's purpose - "Connecting you to what matters most. Empowering societies." - and has three main components:

- Delivering growth through focused customer offerings that fuel the persistent need for connectivity and related services
- Continuing to innovate on core business and be a leader in modernisation, from how the Group runs networks to the way it engages with customers across touchpoints.
- Reinforcing the Group's strong foundation as a responsible business through the way it operates and manages business environment risk, in how it treats customer data and through its role as a global citizen working to achieve Its climate goals

Telenor Group's executive compensation is designed to support the prevailing business strategy and the short-term and long-term priorities of the company. In accordance with its group-wide strategy process, Telenor develops a yearly strategy action plan, as well as a longer-term strategic outlook that guides the overall direction of the company towards a five-year horizon. Performance measures for incentive plans are developed as part of this process.

The compensation policy contributes to the sustainability of the company, as the incentive plans are tied to key financial and operational metrics, and payments vary in accordance with the overall performance of the company.

Telenor has a strong culture built on the following behaviours: Always explore. Create together. Keep promises. Be respectful. These behaviours create a strong set of expectations of employee conduct across the company and ways of working across all markets in Telenor Group.

Telenor Group – Key Reward Principles:

- Rewarding performance: Compensation shall be based on a combination of company performance and individual impact as evaluated against objective and transparent criteria. Telenor puts significant emphasis on company results so as to foster collaboration and joint ownership of strategic priorities.
- Supporting holistic and sustainable results: Compensation shall reflect financial results and operational performance, including Telenor Group's strong commitment to Responsible Business Conduct. At an individual level, this implies that both "what" is being delivered and "how" results are delivered shall be considered when making compensation decisions in line with Telenor behaviours.
- Offering competitive total compensation: Compensation shall be attractive and competitive, but not market-leading in comparison with relevant local markets.

TELENOR BEHAVIOURS

Always Explore
We believe growth comes from learning every day. We're curious and we dare to challenge, test, fail fast and pivot.

Keep promises
We believe that trust is key in all our relationships. We take ownership and pride in delivering with precision and integrity.

Create together
We believe diverse teams find better solutions. We seek different perspectives, share, involve and help each other succeed.

Be respectful
We believe in the unique human ability to understand what matters for people. We meet everyone at eye level, listen and show that we care.

COMPENSATION ELEMENTS

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

Compensation elements

Total compensation is built with an emphasis on base salary; hence the variable elements are relatively smaller when looking at the total pay mix. Benefits such as pension, insurance, allowances and leave are all important elements ensuring total compensation is aligned with local market practice, regulations and employment conditions, while also providing a foundation for the financial security and well-being of employees. The relative size of base salary and incentives at the maximum earnings potential are as follows: base salary 56%, short-term incentive 28% and long-term incentive 16%.

The table above summarises the key compensation elements applicable to the President and CEO and the Group Executive Management.

Base salary

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

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

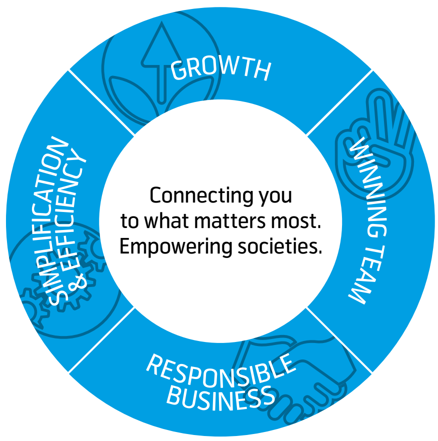
- Business performance
- Salary level relative to the respective market
- The individual's impact on the business: "what" and "how" in line with Telenor behaviours

Short-term incentive

The short-term incentive (STI) is designed to set the direction and motivate executives to drive annual results in key areas of the business in accordance with Telenor behaviours. In particular, the plan aims to foster collaboration across functions and markets by having common goals and rewarding executives for achieving results together as management teams.

The STI is a cash-based plan where the maximum annual earning is 50% of annual base salary for the President and CEO and the Group Executive Management, in accordance with the guidelines for compensation to executives in companies with Norwegian state ownership. Executives are eligible from day one, provided employment commences prior to 1 October.

2020 STI: TELENOR GROUP SCORECARD



Growth
- Organic S&T Revenue Growth
- Brand NPS

Efficiency
- Organic EBITDA Growth
- Underlying Free Cash Flow

Winning Team
- Engagement & Enablement

Responsible Business
- Code of Conduct
- Security

KPI DESCRIPTIONS

#	KPI	Description
1	Organic Subscription and Traffic Revenue Growth	Organic subscription and traffic revenue growth is one of Telenor Group's external guiding parameters. It refers to the underlying growth of the core revenue streams of Telenor's business, representing more than 75% of total revenue and almost all of the Group's gross profit. Organic subscription and traffic revenue growth is defined as subscription and traffic revenue adjusted for the effects of acquisition and the disposal of operations and currency effects. Subscription and traffic revenue consists of revenue from mobile subscriptions and traffic, fixed telephony, fixed Internet/TV and fixed data services.
2	Organic EBITDA Growth	Organic EBITDA growth is a key financial parameter for Telenor Group and a commonly used profitability measure within the telecoms industry. Organic EBITDA growth is one of Telenor's external guiding parameters, and is defined as growth in EBITDA (before other income and other expenses) adjusted for the effects of acquisition and disposal of operations and currency effects.
3	Underlying Free Cash Flow	Free cash flow (FCF) is an important performance measure when presenting and discussing Telenor Group's financial results. It allows the company and investors to evaluate liquidity and cash generated by Telenor Group's operations. Free Cash Flow is the net cash flow from operating activities, plus net cash flow from investing activities, less dividend paid to and purchases of shares from non-controlling interest, payments in supply chain financing programmes and payments on interest-bearing licence obligations. Underlying implies that FCF is adjusted for effects of significant acquisitions, disposals of operations and/or potential effects of extraordinary events/ items subject to the Board of Directors' approval.
4	Brand Net Promoter Score (NPS)	A strong brand is essential for securing a competitive position in all markets, as well as for driving organic growth and profitability. In 2020, Brand NPS will be a particularly important measure for tracking Telenor's ability to deliver on the key belief that "trusted brands are essential to building deeper and longer relationships with our customers". Brand NPS measures the customer experience in all Telenor markets by asking how strongly the customer feels about Telenor as a company and the services Telenor provides. The measure is widely used in the telecoms industry for gauging customers' overall experience and brand loyalty.
5	Engagement and Enablement Index (EEI)	People are the heart of Telenor, as highly engaged, winning teams are the key to delivering a great customer experience, growth and long-term value for stakeholders. The EEI provides in-depth understanding of the organisation's engagement and enablement levels as well as drivers across all teams and markets. Hence it provides a solid basis for systematic organisational development and improvement. The index provides insight into internal year-on-year changes and trends, as well as a comparison with various external benchmarks. The targets are set as stretch goals with improvements compared to the previous year.
6	Code of Conduct	Telenor's Code of Conduct is the company's commitment to integrity. It is a commitment to conducting business in a responsible, ethical and lawful manner. The Code of Conduct is the foundation of Telenor's corporate culture, setting high standards of integrity for how business is conducted. Everyone at Telenor must follow these standards. The metric measures completion rates for the mandatory e-learning in dilemma training and for employees' annual sign-off on the Code, and targets are set reflecting expectation levels of all-employee completion.
7	Security	Telenor Group strives to always protect society and people in their digital life. Cyber security in particular is one of Telenor Group's top enterprise risks. To secure a strong security posture globally it is essential to have proper security awareness and competency amongst all company employees, as employees are the first line of defence. Security has been a key focus for several years, and in 2020 a KPI for security awareness and competency has been included in the short-term incentive plan. The KPI measures completion of global training programmes for all employees, as well as implementation of key security-related initiatives in all companies, and targets are set at a challenging achievement level.

The STI is based on performance as measured against a balanced scorecard with key performance indicators (KPI). The KPIs are updated each year as part of a group-wide strategy process where KPIs are identified and targets set to deliver against the strategy for the coming year. Achievement is determined by assessing performance against targets set for the year. In addition, a discretionary assessment can be made by the Board of Directors and the President and CEO to ensure that final achievement represents overall business performance.

The STI terms and conditions regulate the prevailing terms for participating employees. Most of the terms from previous years have been continued in the 2020 plan; however, the claw back provision has been expanded to cover situations of misconduct and errors leading to financial re-statement. Enforcement of the provision will be subject to local law.

For the 2020 STI scorecard, the combined weights of financial and operational KPIs were 55% and 45% respectively.

STI performance measurement for the President and CEO

In addition to the Telenor Group scorecard described above, which the President and CEO shares with the Group Executive Management, the performance evaluation also includes additional key priorities set by the Board of Directors as in previous years. The priorities for 2020 are related to strategy communication and execution, with a particular emphasis on driving growth and increasing customer focus, as well as leadership development. The Board of Directors can also conduct a discretionary assessment to determine the President and CEO's overall performance for the year.

STI performance measurement for the EVPs and Cluster Heads

As a key principle, members of the Group Executive Management are measured on and rewarded for group-wide performance. A few Group Executive Management members also hold Business Unit CEO roles with responsibilities for the end-to-end value chain and profit and loss of locally listed companies. In order to get the right focus, reflect role accountabilities and cater for differences in Business Unit ownership structures, including the expectations of independent shareholders, Cluster Heads will be measured on both Telenor Group and Business Unit performance. The weighting will be 60/40 for the EVPs and Cluster Heads Nordics, Emerging Asia and CEO of Telenor Norway, with the majority of the weight on group-wide performance. An exception is the CEO of Digi, who holds the EVP and Cluster Head role for Developed Asia. Due to the ownership structure of Digi, the weighting for the 2020 performance year will be 20/80, with the majority of the weight on Digi performance.

The President and CEO can conduct a discretionary assessment to determine the final achievement for the year for all Group Executive Management.

Long-term incentive

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

Telenor will, on behalf of the participants, invest the after-tax grant amount in Telenor ASA shares. The shares will be subject to a three-year lock-in period and be released for disposal provided the executive is still employed by Telenor Group at the end of the lock-in period.

The annual LTI grants depend on Telenor Group's performance as measured over a two-year period. The performance measures are binary thresholds with 50:50 weighting:

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

The LTI terms and conditions regulate the prevailing plan terms for participating employees. For the 2020 plan, most of the terms from previous years have been continued. However, the claw back provision has been expanded to cover both situations of misconduct and errors leading to financial re-statement. Enforcement of the provision will be subject to local law.

Employee share plan

Telenor Group offers all employees, including executives, the opportunity to purchase Telenor ASA shares at a discounted price to encourage alignment of employee and shareholder interests and to give employees an opportunity to take part in value creation. Employees can choose from different investment levels, ranging from a minimum of NOK 2,000 up to 4% of their annual base salary. To encourage employees to take part, there is a discount of 25%, up to a maximum of NOK 2,000, on the share purchase, and an additional bonus opportunity depending on company performance.

The plan runs over two fiscal years, with employees buying the shares in the first year. The performance period and shareholding requirement cover the full two-year period. If the Telenor ASA Total Shareholder Return (TSR) outperforms the STOXX Europe 600 Tele-communications Index (SXKGR) over the plan period, participants will receive an ESP bonus based on their initial investment:

- Telenor ASA TSR outperforms the index: 1 x matching
- Telenor ASA TSR outperforms the index with a minimum of 15 percentage points: 3 x matching
- Telenor ASA TSR performance is below the index: no bonus

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

Pension

Pension terms vary for the Group Executive Management, as the executives are employed in different markets on both local and expatriate terms. Additionally, certain historically agreed individual pension terms can be honoured as per Telenor Group policy. See the table for an overview by individual.

Since 2006, new Group Executive Management members employed in Norway and hired externally have been enrolled in the collective defined contribution scheme for employees in Norway. In this plan, pensionable earnings are capped at 12 G, where G is the basic amount of the Norwegian National Insurance Scheme (NOK 99,858 in 2019). The pension contribution is 5% of pensionable earnings between 0 G and 7.1 G and 18% between 7.1 G and 12 G. Pension agreements from before 2006 have been honoured for some Group Executive Management members. With effect from 2017, individually agreed terms for pensionable salary above 12 G are discontinued for internal hires upon appointment to the Group Executive Management.

Since 2016 the retirement age for all employees in Norway, including executives, has been 70. Some members of the Group Executive Management are entitled to retire at the age of 60, 62 or 65, according to individual agreements. Please see the separate table.

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

Other benefits

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

Shareholding requirement

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

Employment conditions

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

Severance terms

The President and CEO and Group Executive Management are entitled to severance pay equal to six months of their annual base salary from the expiry of the notice period. Severance pay is conditional upon the employee waiving her/his employee protection rights. Telenor has the opportunity to reduce severance payments corresponding to other income earned during the severance period. The employee may be released from her/his duties to work during the notice period. Furthermore, the short-term incentive is pro-rated based on the employee's active period during the year, and shares held as part of any active long-term incentive plans may be released.

IMPLEMENTATION OF THE COMPENSATION POLICY AND PLANS IN 2019

The compensation policy and plans implemented in 2019 were in accordance with the statement of the Board of Directors to the Annual General Meeting (AGM) on 7 May 2019 and any deviations are explained below. The statement regarding the determination of salary and other compensation to the executive management was included as a separate appendix (Appendix 2) to the AGM in accordance with the NCGB Code of Practice: www.telenor.com/wp-content/uploads/2019/04/Appendix-2-Statement-regarding-determination-of-salary-and-other-remuneration-to-the-executive-management-in-note-34-to-the-fin-statement.pdf.

The Annual General Meeting approved the Board's statement on the determination of salary and other compensation elements and approved the guidelines for share-related incentives. For minutes of the AGM for 2019, please see www.telenor.com/wp-content/uploads/2019/04/Minutes-AGM-2019.pdf.

The key remuneration principles applied in 2019 are similar to those set out for 2020 except for the following:

- Some of the KPIs for the short-term incentive plan have been changed to reflect strategy and priorities
- The long-term incentive grant in 2019 was contingent upon a single measure of financial performance: underlying free cash flow.

2019 SHORT-TERM INCENTIVE KPIs

Area	Strategic objectives
Finance	Key objectives and actions within this area are related to revenue growth, opex reduction and cash generation across the Telenor Group. Key performance indicators: Gross profit uplift (total revenues less total cost of goods sold), reduction in operating expenses and generation of underlying free cash flow.
Customer and market	Key objectives and actions within this area are related to securing a strong market position, and providing personalised and digital customer experiences. Key performance indicators: Brand Net Promoter Score which gives an indication of customers' overall experience and loyalty towards the Telenor main brands in each of the markets and monthly active users of digital care applications.
People	It is the Telenor employees who enable Telenor Group to deliver what matters most for our customers. Hence, the focus on building a winning team with highly engaged and enabled people will remain in 2019. Key performance indicator: Engagement and Enablement Index measuring the level of engagement and enablement for Telenor Group overall and for employees in each of the markets.
Responsible Business	Responsible Business Conduct continues to be a key priority across the Telenor Group and the supply chain. For the coming year the following two key performance indicators will be linked to the short-term incentive: The Code of Conduct and the Employee Integrity Index. The Code of Conduct is at the core of the Telenor Group governance structure and defines the principles and ethical standards for how Telenor operates and creates value across all markets. The Integrity Index is a global measure of employees' views on key aspects related to ethics and integrity such as tolerance of ethical compromises to achieve business goals and how comfortable they feel to speak up if they observe a breach of the Code.

Company performance and incentive achievements in 2019

For the 2019 short-term incentive, a balanced scorecard was applied with a mix of financial and operational targets measured through the above listed KPIs. The combined weights of financial and operational KPIs were 55% and 45% respectively.

Telenor Group delivered solid results in 2019 across several areas of the business, and strong performance was observed in both financial and operational KPIs relating to the short-term incentive. The results can be attributed mainly to Telenor Group's ability to continue its strong cost discipline and attainment of the opex reduction targets, as well as cash flow performance. Regarding the operational KPIs, Telenor Group in particular managed to deliver strong positive development in the Employee Engagement and Enablement Index and increase the number of monthly active users of Telenor's apps, which is a key indicator of the group's ability to deliver good customer experiences in digital channels.

In its assessment of performance for the President and CEO for 2019, the Board of Directors has reviewed results achieved on the Telenor Group KPIs mentioned above, as well as evaluated performance on additional key priorities set for the President and CEO relating to driving a growth and structural agenda, customer focus, team and leadership development. Following review of the set priorities for the year, the Board of Directors conducted an overall assessment in accordance with the terms and conditions to determine the final STI outcome for the President and CEO. See table "Compensation to the Group Executive Management".

The 2019 long-term incentive grant was contingent upon financial performance in 2018 as measured by underlying free cash flow for the fiscal year. A binary threshold of NOK 5 billion was approved by the Board of Directors. The performance threshold was achieved and, as such, full grants were issued on 9 and 10 May 2019 at a share price of NOK 172,48.

The Telenor ASA Total Shareholder Return (TSR) outperformed the STOXX Europe 600 Telecommunications Index (SXKGR) by 41 percentage points during the two-year plan period of the 2017 Employee Share Plan, resulting in ESP bonus shares being issued to eligible employees with 3x matching between 31 January and 5 February 2019 at a share price of NOK 158.62.

Group Executive Management in 2019

Telenor Group is an international company operating in markets with continuously changing environments and, as such, the composition of the executive management team is regularly reviewed and adapted to ensure Telenor remains competitive as a global player. See below for an overview of the Group Executive Management team and its respective members' period in the team.

GROUP EXECUTIVE MANAGEMENT TEAM

Member	Position(s)	Period
Sigve Brekke	President and Chief Executive Officer (P&CEO)	Full year
Jørgen C. Arentz Rostrup	EVP and Chief Financial Officer (CFO)	Full year
Cecilie Blydt Heuch	EVP and Chief People Officer	Full year
Anne Kvam	EVP and Chief Corporate Affairs Officer	Full year
Ruza Sabanovic	EVP and Chief Technology Officer	Full year
Lars Thomsen	Acting EVP & Chief Marketing Officer	2 April – 31 December
Petter-Børre Furberg	EVP Emerging Asia Cluster EVP and CEO Telenor Norway	1 January – 31 March 1 November– 31 December
Albern Murty	EVP Developed Asia Cluster and CEO of Digi, Malaysia	Full year
Jukka Leinonen	EVP Nordic Cluster and CEO of DNA, Finland	1 November – 31 December
Irfan Wahab Khan	EVP Emerging Asia Cluster and CEO of Telenor Pakistan	1 April – 31 December
Morten Karlsen Sørby	EVP and acting Cluster Head Scandinavia	1 January – 30 September
Svein Henning Kirkeng	EVP and Head of Products and Marketing	1 January – 2 April

Salary development

The average base salary increase for the Group Executive Management including the President and CEO was 3.1% in 2019. The 2019 salary review budget for Telenor Norway and Telenor ASA was 3.4%, and the average employee base salary was NOK 780,000 at the end of 2019. Historical salary development is listed in below table.

Year	Executives	Base salary
2019	P&CEO	3.4%
	GEM	3.0%[1]
2018	P&CEO	2.9%
	GEM	2.9%
2017	P&CEO	2.4%
	GEM	2.5%
2016	P&CEO	0.0%
	GEM	2.0%

[1] Average increase excludes Jørgen Rostrup's salary adjustment related to increase in scope of role, and Albern Murty's increase due to a market adjustment, both amounting to 15%.

Incentive claw back

Telenor Group has implemented a strengthened claw back provision in the terms and conditions for both incentive plans with effect from 2020. No claw backs were applied during 2019.

Individual terms and conditions

See the table on the next page for individual employment and pension terms for 2019.

Petter-Børre Furberg continued membership in the pension plan for pensionable salary above 12 G upon re-appointment to the Group Executive Management on 1 November 2019. Furberg was in the Group Executive Management until 1 April 2019 with legacy membership in the now closed pension plan. According to policy, this pension benefit should have ceased; however, it was considered most appropriate to continue the benefit due to the brevity of Furberg's period outside of the Group Executive Management.

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

Morten Karlsen Sørby is entitled to retain long-term incentive plan shares granted prior to 2019 in accordance with Telenor policy when leaving the company. Karlsen Sørby was employed by Telenor Group in 1993 and entered Group Executive Management in 2003.

Albern Murty has been granted the right to continue his participation in the Digi quarterly bonus plan for all employees. This exception has been granted as this is a company-wide plan for a publicly listed company in Malaysia.

The decision-making process

In accordance with the Norwegian Public Limited Liability Companies Act, the Board of Directors reviews and approves the total compensation to the President and CEO and the Telenor Group executive compensation policy and plans. To assist the Board in its work, the Board has appointed a designated committee as a preparatory body: the People and Governance Committee (see Section 9). The committee does not have independent decision-making authority; hence, the work of the committee does not alter the responsibilities of the Board of Directors or of the individual Board members.

INDIVIDUAL TERMS AND CONDITIONS

Name	Contract type	Notice Period	Pension plan
Sigve Brekke	Permanent, local Norway	6 months	Defined benefit: 60% of pensionable earnings until the age of 75, thereafter 58%. Pensionable earnings capped at NOK 5.4 million (subject to annual index regulation). Individual entitlement to retire at age 65
Jørgen C. Arentz Rostrup	Permanent, local Norway	6 months	Telenor ASA defined contribution scheme, capped at 12G
Cecilie Blydt Heuch	Permanent, local Norway	6 months	Telenor ASA defined contribution scheme, capped at 12G
Anne Kvam	Permanent, local Norway	6 months	Telenor ASA defined contribution scheme, capped at 12G
Ruza Sabanovic	Permanent, expatriate	6 months	Telenor ASA defined contribution scheme, capped at 12G
Lars Thomsen	Permanent, local Denmark	6 months	Defined contribution: 8% employer contribution and 4% employee contribution of pensionable earnings
Petter Børre Furberg	Permanent, local Norway	6 months	Defined benefit: 66% of pensionable earnings up to 12G Defined contribution: 15% of pensionable earnings above 12G
Albern Murty	Permanent, local Malaysia	6 months	Defined contribution: 15% of base salary, 12% of annual and quarterly bonus
Jukka Leinonen	Permanent, local Finland	6 months	Defined contribution: 20% of pensionable earnings. Individual entitlement to retire at age 60
Irfan Wahab Khan	Permanent, expatriate	6 months	Allowance in lieu of pension: 11% of pensionable earnings
Morten Karlsen Sørby	Permanent, local Norway	6 months	Defined benefit: 60% of pensionable earnings until the age of 72, thereafter 58%. Individual entitlement to retire at age 62
Svein Henning Kirkeng	Permanent, local Norway	6 months	Telenor ASA defined contribution scheme, capped at 12G

Compensation to the Group Executive Management 2019

In 2019, the aggregate compensation to the Group Executive Management was NOK 78.3 million, compared to NOK 81.6 million in 2018.

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

The numbers provided in the compensation table are based on each individual's respective period in the Group Executive Management. The figures are in NOK, using average currency exchange rates for 2019 and 2018 where applicable. The relative size of each component as a percentage of total compensation is listed in brackets.

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

COMPENSATION TO GROUP EXECUTIVE MANAGEMENT 2019

NOK (thousands)	Base salary[1]	Salary increase[2]	Short-term incentive (STI)[3]	Long-term incentive (LTI) expensed[4]	Pension benefit[5]	Other compensation and benefits[6]	Total compen-sation
Sigve Brekke	6 606 (45%)	+3.4%	1 928 (13%)	1 804 (12%)	3 715 (26%)	469 (3%)	14 524
Jørgen C. Arentz Rostrup	4 164 (57%)	+15%	1 586 (22%)	770 (11%)	129 (2%)	675 (9%)	7 323
Cecilie Blydt Heuch	3 150 (63%)	+3.4%	1 148 (23%)	426 (8%)	134 (3%)	179 (4%)	5 037
Anne Kvam	2 949 (65%)	+3.4%	1 075 (24%)	203 (4%)	133 (3%)	179 (4%)	4 538
Ruza Sabanovic	3 855 (50%)	+3.0%	1 506 (19%)	549 (7%)	133 (2%)	1 722 (22%)	7 765
Lars Thomsen	2 428 (67%)	+2.5%	534 (15%)	260 (7%)	253 (7%)	128 (4%)	3 604
Petter-Børre Furberg[7] (until 31 March and from 1 November)	1 545 (38%)	+3.4%	413 (10%)	313 (8%)	218 (5%)	1 548 (38%)	4 038
Albern Murty	4 772 (53%)	+15%	1 465 (16%)	1 017 (11%)	1 053 (12%)	615 (7%)	8 922
Jukka Leinonen (from 1 November)	952 (55%)	n/a	567 (33%)	-	194 (11%)	15 (1%)	1 728
Irfan Wahab Khan[7] (from 1 April)	3 677 (60%)	n/a	673 (11%)	436 (7%)	405 (7%)	948 (15%)	6 139
Morten Karlsen Sørby[8] (until 30 September)	3 124 (23%)	+2.5%	1 143 (9%)	- (0%)	1 865 (14%)	7 285 (54%)	13 416
Svein Henning Kirkeng (until 2 April)	818 (63%)	n/a	290 (22%)	111 (9%)	33 (3%)	46 (4%)	1 298
Totals	38 039	-	12 329	5 889	8 266	13 809	78 332

COMPENSATION TO GROUP EXECUTIVE MANAGEMENT 2018

NOK (thousands)	Base salary[1]	Short-term incentive (STI)[3]	Long-term incentive (LTI) expensed[4]	Pension benefit[5]	Other compensation and benefits[6]	Total compen-sation
Sigve Brekke	6 666	3 108	1 430	3 484	1 233	15 921
Jørgen C. Arentz Rostrup	3 793	1 791	501	123	180	6 389
Cecilie Blydt Heuch	3 091	1 442	210	127	180	5 050
Anne Kvam (from 1 October 2018)	797	338	-	32	2	1 169
Ruza Sabanovic[7]	4 026	2 041	493	119	1 355	8 033
Svein Henning Kirkeng	3 201	1 494	217	124	180	5 216
Albern Murty (from 1 August 2018)	1 754	1 053	318	277	141	3 542
Morten Karlsen Sørby	4 115	1 930	1 041	2 425	817	10 329
Petter Børre Furberg[7]	2 993	1 515	433	349	3 131	8 421
Alexandra Reich[7] (until 8 January 2018)	85	43	6	9	3	146
Berit Svendsen[8] (until 3 September 2018)	2 197	1 076	-	1 145	7 018	11 436
Håkon Bruaset Kjøl (from 1 July until 30 September 2018)	530	152	54	90	80	906
Lars-Åke Norling[7] (until 14 March 2018)	957	-	-	423	1 002	2 382
Wenche Agerup (until 30 June 2018)	1 480	700	307	58	90	2 636
Totals	35 686	16 682	5 010	8 786	15 413	81 577

1) Base salary includes holiday pay, if applicable. The development in base salary and actual paid salary may differ from one year to the next due to effects of the holiday pay system.

2) 2019 salary increases were effective on 1 July 2019, with the exception of Morten Karlsen Sørby's salary increase (1 January 2019).

3) STI (annual bonus) reflects the STI earned excluding holiday pay. Any applicable holiday pay is reported under "base salary". All GEM members have the same maximum STI earnings potential; however, actual outcomes vary as result of different STI plan structures and assessments of overall performance for the year.

4) LTI is reported on an expensed basis, i.e. the cost of all active plans in 2018 and 2019 are reported in their respective tables.

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

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

7) Individuals on international assignments have a net entitlement to base salary, short-term incentive, allowance in lieu of pension and other benefits. "Other benefits" includes compensation not separately mentioned and benefits provided according to the international assignment policy, such as insurance, company car benefit or car allowance, accommodation, children's education, home travel, social security costs if the employee is maintained in the home country social security scheme, tax benefits etc. Base salary, short-term incentive, allowance in lieu of pension and other benefits in the 2019 table are given as gross amounts based on estimated tax figures provided by an external service provider. Reconciliation of the tax calculation will occur when the tax return is settled, which will be during 2020 for most of our countries. Consequently, the actual tax amounts for 2019 will be reported as part of adjusted gross figures for base salary, short-term incentive, allowance in lieu of pension and other benefits in next year's annual report. Figures in the 2018 table have been updated accordingly to reflect gross reconciled amounts where applicable.

8) The final settlement between Telenor and Morten Karlsen Sørby amounts to NOK 7.1 million and is given under "other compensation and benefits" in the 2019 table. The final settlement between Telenor and Berit Svendsen amounts to NOK 6.8 million and is given under "other compensation and benefits" in the 2018 table.

SHARES HELD DURING 2019

	Shares held as of 1 January[1)]	Granted	Net Additions/ (Disposals)	Shares held as of 31 December[2)]	Restricted shares held as of 31 December
Sigve Brekke	130 620	5 299	683	136 602	24 622
Jørgen C. Arentz Rostrup	11 684	2 991	2 353	17 028	9 457
Cecilie Blydt Heuch	3 084	2 508	689	6 281	4 966
Anne Kvam	-	2 536	644	3 180	2 536
Ruza Sabanovic	12 646	1 972	-	14 618	8 682
Lars Thomsen	4 519	1 259	186	5 964	4 379
Petter-Børre Furberg	36 446	4 479	1 627	42 552	11 459
Albern Murty	22 793	5 506	938	29 237	19 066
Jukka Leinonen	-	-	-	-	-
Irfan Wahab Khan	5 675	-	-	5 675	[3)]

1) Start date for new members.
2) Shareholdings not included for representatives who are no longer in GEM as of 31 December 2019.
3) Irfan Wahab Khan holds 11,404 restricted phantom shares, awarded through active LTI plans. Phantom shares are used due to local regulations in the country of employment.

SHARES HELD DURING 2018

	Shares held as of 1 January[1)]	Granted	Net Additions/ (Disposals)	Shares held as of 31 December[2)]	Restricted shares held as of 31 December
Sigve Brekke	121 798	5 201	3 621	130 620	21 908
Jørgen C. Arentz Rostrup	8 019	2 909	756	11 684	6 466
Cecilie Blydt Heuch	-	2 458	626	3 084	2 458
Anne Kvam	-	-	-	-	-
Ruza Sabanovic	10 501	1 899	246	12 646	7 444
Svein Henning Kirkeng	3 000	2 546	649	6 195	3 478
Petter-Børre Furberg	32 385	2 152	1 909	36 446	8 272
Morten Karlsen Sørby	88 104	3 226	1 771	93 101	10 517
Albern Murty	17 090	4 309	1 394	22 793	14 873

1) Start date for new members.
2) Shareholdings not included for representatives who were no longer in GEM as of 31 December 2018.

13. Information and communication

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

The Board provides guidelines for the company's reporting of financial and other information. These guidelines are based on openness and transparency and in accordance with requirements relating to equal treatment of players in the share market. Each year, Telenor announces the dates of important events, such as the General Meeting, the publication of interim reports, public presentations and the payment date of any dividends.

Information sent to the company's shareholders is made available on the Telenor website at the same time as it is sent to the shareholders. The Investor Relations function at Telenor ensures that contact with company shareholders is maintained beyond the General Meeting (see: www.telenor.com/ir).

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

14. Take-overs

The Norwegian State owns 53.97% of Telenor. Any reduction in the stake by the state requires a special resolution of the Norwegian Parliament. The Board has not adopted any guiding principles as recommended by the NCGB Code of Practice as the process in Parliament will safeguard the intentions set out in the principles of the NCGB.

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

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

15. Auditor

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

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

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

The external auditor attends all meetings of the Risk and Audit Committee, the Board meeting that approves the Annual Report and other meetings on request. The external auditor presents the result of the audit to the Risk and Audit Committee and the Board in the meeting where the Annual Report is to be approved. The result presented includes any material changes in the company's accounting principles and significant accounting estimates, and reports material matters on which there has been disagreement between the auditor and Telenor's Executive Management, if any.

Each year the auditor presents internal control weaknesses and improvement opportunities, if any, to the Risk and Audit Committee and the Board. At least once a year, the external auditor meets with the Risk and Audit Committee and the Board without the President and CEO or other members of management being present.

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

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

THE CORPORATE ASSEMBLY AT YEAR-END 2019

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

Lars Tronsgaard
Deputy Chair
Elected 2018

MEMBERS ELECTED BY THE SHAREHOLDERS:

Silvija Seres
Elected 2011, re-elected 2019

John Gordon Bernander
Elected 2013, re-elected 2019

Widar Salbuvik
Elected 2013, re-elected 2019

Jostein Christian Dalland
Elected 2017, re-elected 2019

Heidi Finskas
Elected 2018, re-elected 2019

Lisbeth Karin Nærø
Elected 2019

Trine Sæther Romuld
Elected 2019

Marianne Bergmann Røren
Elected 2019

DEPUTY MEMBERS ELECTED BY THE SHAREHOLDERS:

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

Elin Merete Myrmel-Johansen
Second deputy, elected 2009, re-elected 2019

Randi Marjamaa
Third deputy, elected 2019

MEMBERS ELECTED BY EMPLOYEES:

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

Hege Karita Ottesen
Elected 2015, re-elected 2019

Magnhild Øvsthus Hanssen
Elected 2007, re-elected 2019

Tom Westby
Elected as observer 2016, elected as member 2019

Swati Sharma
Elected as deputy 2017, elected as member 2019

OBSERVERS FOR EMPLOYEES:

Laila Fjelde Olsen
Elected 2018, re-elected 2019

Rune Aamodt
Elected 2019

DEPUTY MEMBERS ELECTED BY EMPLOYEES:

Mona Irene Børøen
Hege Nøttestad
Jonny Brodalen
Pål Ligaard
Daniel Eidesun
Tord Overå
Jon Espen Nergård
Marie Brun Svendsen
Olga Marie Lerflaten
Espen Egeberg Christiansen
Sune Johannes Jakobsson
Camilla Skarsjø Grimnes
Håkon Lønsethagen

TELENOR ASA BOARD OF DIRECTORS BY YEAR-END 2019

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

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

Jacob Aqraou
Board Member
Appointed 11 May 2016, re-elected 2 May 2018

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

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

Grethe Viksaas
Board Member
Appointed 10 May 2017, re-elected 7 May 2019

Esben Smistad
Employee Representative
Appointed 7 May 2019

Jan Otto Eriksen
Employee Representative
Appointed 7 May 2019

Anita Steine
Employee Representative
Appointed 7 May 2019

Fornebu, 24 March 2020

Gunn Wærsted
Chair

Jørgen Kildahl
Vice Chair of the Board

Jon Erik Reinhardsen
Board member

Jacob Aqraou
Board member

Sally Davis
Board member

Grethe Viksaas
Board member

Esben Smistad
Board member

Anita Helen Steine
Board member

Jan Otto Eriksen
Board member

Sigve Brekke
President & CEO

THE BOARD

Gunn Wærsted
Chair of the Board

Jørgen Kildahl
Vice Chair of the Board

Grethe Viksaas
Board member

Jacob Aqraou
Board member

Jon Erik Reinhardsen
Board member

Sally Davis
Board member

Anita Helen Steine
Board member
employee representative

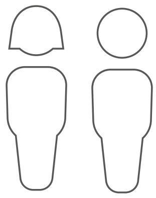
Jan Otto Eriksen
Board member
employee representative

Esben Smistad
Board member
employee representative

SUSTAINABILITY REPORT 2019

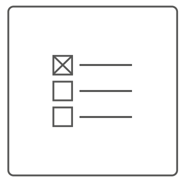
RESPONSIBLE BUSINESS

Responsible business and sustainability is an integral part of Telenor's business strategy. It is about how we do business.



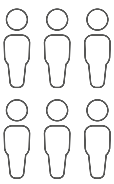
DIVERSE WORKFORCE

Telenor Group employed close to 20,000 as of year end 2019 (including DNA), of which 37% are women. 30% of senior leadership positions are held by women, a 2% increase from 2018.



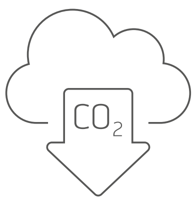
SUPPLY CHAIN SUSTAINABILITY

Telenor carried out 3,600 supplier inspections resulting in 650 major nonconformities, 81% of which were closed by year end 2019. In addition, the business units carried out close to 25,000 man-hours of capacity building among our suppliers.



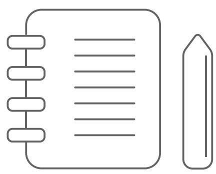
DIGITAL BIRTH REGISTRATION

By year end 2019, more than 780,000 children have been registered in five districts of Pakistan through Telenor's Digital Birth Registration solution.



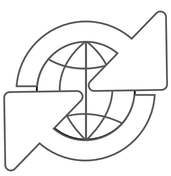
CLIMATE FOOTPRINT

In 2019, Telenor's total carbon emissions increased by approx. 9%, while carbon emissions per petabyte of mobile data traffic decreased by approx. 29%, since the total mobile data traffic increased by approx. 51% - all data compared to 2018.



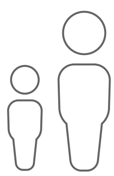
ETHICS AND COMPLIANCE

In 2019, 704 incoming reports were logged through the Integrity Hotline. Reporting volume per 100 employees in 2019 was 3.2, an increase from 2018 and 2017.



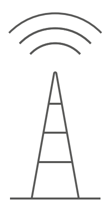
REDUCED INEQUALITIES

We are committed to all UN Sustainable Development Goals and have a particular opportunity through our business to advance SDG 10 Reduced Inequalities.



CHILD ONLINE SAFETY

During 2019, training on how to be safer online has been delivered to 1.2 million children, resulting in the education of a total of 3.3 million children and young people.



SOLAR ENERGY

By year end 2019, Telenor has installed solar energy solutions for close to 3,000 base stations in Asia up from 2,500 in 2018

SUSTAINABILITY AT TELENOR

About the report

Telenor publishes this Sustainability Report in accordance with reporting requirements mandated by the Norwegian Accounting Act §3-3c and the EU non-financial reporting directive. The report covers what Telenor does to promote, uphold and recognise human rights, labour rights, social issues, climate and environment issues, and anti-corruption measures into the business strategy, daily operations and relationship with stakeholders. The report covers information on policies, principles, procedures and standards the company uses to integrate the above considerations. In addition, other material issues, in-line with stakeholder expectations as well as Oslo Stock Exchange's guidance on the reporting of corporate responsibility, are addressed.

Telenor has set long-term targets towards 2030 to reduce 50 per cent CO_2 emissions in Asian operations and 100 per cent CO_2 emissions in Nordic operations.

The Finnish company DNA was consolidated on 21 August 2019. DNA publishes its own sustainability report for 2019, and this report does not include sustainability performance data from DNA's operation in 2019.

DNV GL has been commissioned to carry out an independent review of the Sustainability Report, in particular to assess the accuracy of claims.

More information at www.telenor.com/sustainability/reporting/scope-and-principles.

Responsible business conduct in Telenor

The foundation for Telenor's strategy is its purpose: Connecting you to what matters most - empowering societies. Telenor is committed to responsible business conduct, and is driven by the ambition to reduce inequalities and empower societies.

Telenor fully supports the UN Global Compact Principles, and together with customers and partners, is well positioned to help deliver on the UN Sustainable Development Goals (SDGs). Telenor has chosen to focus particularly on SDG 10 Reduced Inequalities, which is embedded in the global business strategy. The company has set itself SDG 10-related targets by the end of 2020, and has been reporting on progress since 2016.

Telenor's efforts to reduce inequalities include both providing access to services that foster inclusion and empowerment, and striving to raise working conditions and operating standards wherever Telenor is present.

Access to services includes promoting digital inclusion by extending connectivity, building digital skills and resilience, and stimulating digital identity projects. This also includes making available financial inclusion services, health and education services, and big data/machine learning/AI solutions to further enhance and personalise services.

Furthermore, Telenor is striving to raise standards in its operations and supply chain. This includes increasing employee involvement, promoting health, safety and people's security, and reinforcing supply chain risk management. This also includes respecting and supporting human rights, protecting customer privacy, strengthening cybersecurity, maintaining standards of safe mobile communication, and implementing diversity and inclusion policies. Climate change is a defining agenda of our times, and Telenor has set long-term targets towards 2030 to reduce 50 per cent CO_2 emissions in Asian operations and 100 per cent CO_2 emissions in Nordic operations.

Telenor's business environment will become increasingly complex as digitalisation and the demand for connectivity proliferates. Some of the markets in which Telenor operates are emerging economies, with potentially complex and sensitive political and social contexts. Telenor continues to deploy sound corporate governance mechanisms, continuous focus on Telenor's Code of Conduct and anti-corruption measures, as well as processes to respect and support human rights.

Telenor faces a more severe threat landscape, higher expectations from customers and stakeholders, as well as increasing regulations and legislation. The company actively engages with stakeholders, and will continue strengthening its relations as a long-term owner and business partner, committed to its values and to the ambition of reducing inequalities and empowering societies.

In 2020, responsible business conduct at Telenor will continue to focus on the most critical business environment risks, seizing the opportunity to generate positive long-term value and meeting stakeholder expectations. Strengthening awareness, accountability and transparency will remain key to securing our licence to operate and ensuring ethical and responsible business practices. Telenor will also continue to raise standards in its operations and supply chain, and will provide access to services and skills for a digital future to positively impact societies where it operates.

More information at www.telenor.com/sustainability/strategic-direction.

RESPONSIBLE BUSINESS PERFORMANCE

CORPORATE GOVERNANCE

Telenor Group's corporate governance principles and practices define a framework of rules and procedures for the way business is governed and controlled in all Telenor business units. Each business unit adopts the relevant and agreed governing documents. The governance framework is used as a platform to integrate material sustainability issues into business strategies, daily operations and relationship with stakeholders.

More information on Telenor's principles and practices for corporate governance can be read in Telenor's Report on Corporate Governance in the Annual Report of 2019 on page 16–39, and at www.telenor.com/about-us/corporate-governance.

Code of Conduct

Policy and actions

The Telenor Code of Conduct is owned and approved by the Group Board of Directors. The Code of Conduct embodies Telenor's commitment to high ethical standards. Telenor strives to be a trusted partner of all customers, shareholders, vendors and employees, and to the communities where Telenor operates. Telenor's business depends on this trust, and Telenor is committed to conducting its business in a responsible, ethical and lawful manner.

Telenor's commitment to integrity and transparency is stated in the Code of Conduct. The principles of transparency at Telenor are part of the corporate governance framework and are implemented within company operations.

The Code is applicable to all Telenor employees, board members and hired personnel. The Code is available on digital platforms and all devices, with links and drill-down functionalities, which provide immediate access to Telenor's governing document framework.

It is viewed as a sign of openness and trust that employees, suppliers and other stakeholders speak up about possible non-compliance with the Code of Conduct. This allows us to address their concerns, investigate and take disciplinary action when needed, and to learn from and prevent similar issues from reoccurring. Managing breaches of the Code of Conduct is an important part of Telenor's compliance programme.

To encourage a speak-up culture, Telenor has established a global external reporting hotline, the Integrity Hotline, which is a confidential channel where anyone can ask questions or raise concerns about misconduct. The Integrity Hotline is available at secure.ethicspoint.eu/domain/media/en/gui/102575/index.html.

Status and ambitions

In 2019, 18,292 employees completed the eLearning programme for the Code of Conduct with dilemma training, and signed the Code of Conduct, which represents 100 per cent of the work force in scope.

In 2019, 704 incoming reports were logged through the Integrity Hotline, of which 38 per cent were submitted anonymously. The reporting volume per 100 employees in 2019 amounted to 3.2, which indicates an increase compared to both 2018 and 2017.

All incoming reports are assessed by the centralized Group Investigation team. The reports that are assessed to meet defined criteria on materiality, are further handled by Group Investigation. From 1 January to 31 December 2019, the Group Investigation team initiated 19 investigations and completed five Investigations that were started in 2018.

At year end 2019, three investigations remained open. About 48 per cent of the incoming reports were concerns pertaining to other parts of the organisation, falling below the threshold for Group Investigation, and thus followed up by line management or HR.

Group Internal Audit and Investigation handles the investigation of alleged breaches of the Code whereas the Compliance Function handles the resolution of substantiated breaches. Investigated cases and its resolutions are reported regularly to both the Board Sustainability and Compliance Committee and the Board of Directors. The resolution of substantiated cases may involve disciplinary actions towards individuals and corrective actions, which strengthen Telenor's policies or procedures.

More information at www.telenor.com/about-us/corporate-governance/governance-in-telenor.

Anti-corruption

Policy and actions

Telenor has zero tolerance for corruption, and the Code of Conduct prohibits corrupt conduct in all business activities. Telenor's management sends clear, unambiguous and regular messages to all employees and business partners that any form of corruption is unacceptable. Telenor has implemented a risk-based Anti-Corruption Compliance Programme to prevent, detect and remedy corruption risks in all subsidiaries directly or indirectly controlled by Telenor Group. Where Telenor is not a controlling owner, these companies are required to comply with an ethical standard that is consistent with Telenor's, and to operate within a risk-based compliance framework. Risks relating to corruption include bribery and trading in influence.

Status and ambitions

Telenor seeks to work with business partners who share its commitment to ethics and compliance and, in 2019, Telenor strengthened its processes around third-party background checks by establishing a digital platform to more effectively gather, manage and use information related to its vendors.

LOOKING AHEAD: Telenor also seeks to support its employees identify corruption risks and, in 2020, Telenor will strengthen its Anti-Corruption eLearning programme. The eLearning programme aims to build awareness and empower Telenor's employees to manage the risks that they may face. Telenor will further develop the anti-corruption risk assessment and reporting processes to ensure that risks are identified and properly managed.

More information at www.telenor.com/about-us/corporate-governance/anti-corruption.

Employee involvement

Policy and actions

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

Telenor believes in empowering employees through management dialogue with employees and their recognised employee representatives, and by utilising the employees' experiences and insights to influence working conditions and contribute to sustainable business growth. Telenor Group is, throughout its operations, promoting partnerships based on good and trusting dialogue, for example in relation to acknowledged unions, or through local cooperation bodies such as the People Council.

All workforce restructuring in Telenor shall be done with the aim of creating and sustaining long-term business value. Workforce restructuring shall be done in a responsible manner, through verifiable processes and in accordance with Telenor's purpose and behaviours, and applicable legal requirements and legislation.

Status and ambition

In 2019 the Telenor Works Council – Europe (TWC-E) held two meetings, one in the spring and one in the autumn, where European employee representatives met with the Telenor Group Management. After the acquisition of DNA in Finland, employee representatives from DNA participated as observers and will be members of TWC-E from 2020 onwards.

Additionally, Telenor has continued its commitment to promoting employee involvement in operations throughout the Group. GPEU (Grameenphone Employees Union) was registered by the Labour Directive of Bangladesh as a union in March 2019. As a consequence, Grameenphone signed a Recognition Agreement with GPEU in October 2019.

The Frame Agreement between Telenor Group and UNI Global Union expired in May 2017 and has been up for renegotiation. In November 2019 Telenor Group and UNI Global Union agreed upon a renegotiated Agreement. The official signing took place in February 2020.

LOOKING AHEAD: Whilst undergoing business transformation, Telenor will continue to promote employee involvement throughout Telenor Group and maintenance of good labour standards in the company's operations.

More information at www.telenor.com/sustainability/responsible-business/labour-rights-and-standards/dialogue-initiatives.

Building a diverse and inclusive culture

Policy and actions

Telenor is an equal opportunity employer, and diversity and inclusion is imperative to the way Telenor does business. It is about creating services and solutions that include different perspectives from employees, customers, stakeholders and partners.

Discrimination is against Telenor's Code of Conduct, and it is interpreted that no direct or indirect negative discrimination shall take place based on race, colour, gender, sexual orientation, age, disability, language, religion, employee representation, political or other opinions, national or social origin, property, birth or other status.

Status and ambition

Telenor started the journey of systematically working with diversity in 2014. In 2019, the diversity agenda was broadened from gender balance to focus on abilities, competence, nationalities and LGBTI inclusion.

By year end 2019, 30 per cent of senior leadership positions are held by women, a 2 per cent increase from 2018, while those in total workforce remained stable at 37 per cent. The mix of nationalities in Telenor's senior leadership was also more diverse compared to 2018. All senior recruitments were approved by the President and CEO.

In 2019, Telenor continued to support various diversity networks like WIN (Women Inspirational Network in Grameenphone, FEN (Female Empowerment Network) in Norway, and Telenor Rainbow in Norway and Sweden, which brings together the LGBTI community in Telenor. Telenor Norway also participated in the Pride for the first time. Telenor continued to support Student Women Leadership Program in partnership with McKinsey, and the Girls in Tech collaboration with Plan International.

Telenor's Open Mind programme continued to provide meaningful work opportunities to persons with disabilities. In Norway alone, where the programme also includes qualified non-EU immigrants, approximately 340 people have successfully graduated. In Pakistan, approximately 90 people have graduated from the programme.

LOOKING AHEAD: Built on a foundation of steady progress on gender balance, Telenor is expanding the current approach and deepening the commitment towards diversity and inclusion. This is supported by clear ambitions towards 2020, to build a culture that embraces and respects multiple viewpoints, mirroring Telenor's current and future customer base worldwide.

More information at www.telenor.com/career/diversity-inclusion.

Health, safety and people security

Policy and actions

Telenor shall promote high standards within health, safety and people security (HS&S) in order to ensure a healthy, safe and secure working environment. A healthy and sustainable work-life balance will be an integral part of Telenor's HS&S focus. Telenor's ambition is zero injuries to its employees and suppliers. To achieve this Telenor is committed to be safe and responsible. This applies to everyone working for Telenor.

Telenor is committed to work on HS&S in accordance with ISO45001, to learn from experience, and to continuously improve by identifying and managing HS&S risks in its operations, increasing HS&S awareness, preventing incidents and providing healthy, safe and secure working environments.

Status and ambition

In 2019, five fatal incidents were reported in Telenor's supply chain in Pakistan and Bangladesh operations. The majority of these were related to road transportation. Overall, a decrease of fatalities during the last five years has been observed. Telenor has experienced a steady decrease in lost time injury frequency (LTIF) among employees, from 0.22 in 2018 to 0.17 in 2019, although man-hours also decreased during the same period.

The majority of lost time injuries involving employees are related to road transportation. In Asia, road transportation remains a challenge, and is Telenor's highest HS&S risk. In 2019, road safety awareness and initiatives have been implemented where risk exists. Telenor monitors the COVID-19 outbreak closely and will continue taking measures to minimise the impact on health and safety as well as ensuring business continuity.

In 2019, the Sickness Absence Rate (SAR) for Telenor Group increased slightly to 1.85, compared to 1.82 in 2018. The SAR continues to be lower in Asian countries and higher in Scandinavian countries. There are variations in reported data based on different local and national procedures and regulations related to sickness reporting.

In 2019, Telenor began group-wide ISO 45001 framework adoption, and business units Telenor Pakistan and Digi have been ISO 45001 certified. Telenor is continuously working on improving systematic learning process from incidents, and has started reporting on a KPI that measures its ability to report and follow up incidents.

LOOKING AHEAD: In 2020 Telenor will continue to implement Group ISO 45001 framework, risk assessment and investigation training. The global digital HS&S incident reporting system will be implemented, and continued focus will remain on road transportation by raising awareness and identifying activities to mitigate this risk further. Moreover, health and wellbeing programmes will continue to be implemented.

More information at www.telenor.com/sustainability/responsible-business/labour-rights-and-standards/health-safety-and-security.

Supply chain risk management

Policy and actions

Supply chain risk management continues to be high on Telenor's materiality assessment, and is key for long-term business success. Through the Agreement for Responsible Business Conduct (ABC), Telenor's Supplier Conduct Principles (SCP) are applicable for most supplier categories and contracts (based on risk assessments). The SCP are based on internationally recognised standards, including requirements on the respect for human rights, health and safety, labour rights, working conditions, conflict and other unsustainably mined minerals, environment, privacy and freedom of expression, and prohibited business practices.

Telenor's approach to supply chain sustainability starts with a contractual obligation for the supplier to uphold responsible business practices, monitor compliance with Telenor's requirements, and build capacity on these topics within the supply chain. All suppliers are obliged to extend the supplier requirements to their own supplier base to help ensure that the requirements are implemented throughout the supply chain. Telenor believes that partnership and cooperation with suppliers and industry peers is vital to achieving a responsible global supply chain.

Status and ambition

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

CHILD LABOUR/UNDERAGE LABOUR: During 2019, Telenor recorded and addressed seven cases of underage labour (15–18 years involving hazardous work). There have been no incidents of child labour (12–14 years) identified in our supply chain since 2017.

OTHER POTENTIAL RISKS: Use of conflict minerals is an indirect risk area for Telenor, and the company monitors that suppliers have a written policy and procedures in place to avoid knowingly acquiring conflict minerals. Based on recent years' global audits conducted through the Joint Audit cooperation (JAC), an association of telecom operators, there have been no specific issues highlighted with any of the major suppliers of smartphones and tablets.

Modern slavery is also a potential risk in Telenor's supply chain, especially related to payment of wages and working hours. Telenor actively monitors suppliers to ensure they do not employ or use any form of forced, bonded or compulsory labour, and that they strictly prohibit any form of slavery or human trafficking.

CAPACITY BUILDING: Telenor's business units conducted close to 25,000 hours of capacity building on topics related to the SCP throughout 2019. These efforts involved building awareness and capacity to drive continuous improvement. The activities vary between suppliers and regions, depending on the most relevant and salient risks in the scope of work towards Telenor.

MONITORING COMPLIANCE: Telenor carries out site inspections at supplier premises and operational sites in all its markets to monitor compliance with the SCP requirements. In 2019, Telenor carried out 3,616 supplier inspections across the Group. 86 per cent of these inspections were unannounced. These inspections resulted in 650 major non-conformities, which were followed up with mitigation plans and further monitoring. 81 per cent of these non-conformities were resolved and closed by yearend.

Through participation in the JAC, Telenor also had access to 104 audit reports conducted in the global supply chain in 2019.

LOOKING AHEAD: Effective risk management in Telenor's supply chain will remain a priority in 2020. Telenor will continue to strive for its supply chain sustainability efforts to have a positive impact on the business as a whole, and in

In 2019, Telenor carried out more than 3,600 supplier inspections across the Group. 86 per cent of these inspections were unannounced.

the societies in which it operates.

More information at www.telenor.com/sustainability/responsible-business/supply-chain-sustainability.

Human rights impact

Policy and actions

Telenor is committed to respecting and supporting human rights in accordance with the International Bill of Human Rights, the UN Guiding Principles on Business and Human Rights, and the ILO Declaration on the Fundamental Principles and Rights at Work.

Telenor applies an ongoing process of human rights due diligence, both at Group- and business unit levels, to identify, address and manage human rights-related risks and impacts resulting from Telenor's own activities and those in its value chains.

Grievances are reported through Telenor's Integrity Hotline. See chapter Code of Conduct for more information on the process of handling reports.

Telenor is committed to being transparent on challenges and company practices to the extent possible through its annual reporting, issue-specific reporting (including the annual Authority Request Disclosure Report), and through other sustainability updates, presentations and forums.

Telenor engages with a number of organisations to advance its human rights objectives, including the UN Global Compact, the Global Network Initiative, GSMA, the Joint Audit Cooperation (JAC) and Global Union.

Status and ambition

Telenor has communicated its human rights efforts and challenges on various public platforms in 2019, including on its own website, the UN's Special Procedures website, the Business and Human Rights Resource Centre, and at the 8th UN Forum on Business and Human Rights.

DUE DILIGENCE: In mid 2019, Telenor conducted a Group-level human rights due diligence. The process identified Telenor's most salient group-wide human rights risks: ensuring the right to privacy and freedom of expression, compliance with labour standards in the supply chain, ensuring online safety, preventing discrimination, and respecting land rights. Mitigating actions such as training and capacity building are in place for several of these risks, and Telenor is assessing how to strengthen these efforts and address gaps.

MYANMAR: 2019 continued to be a challenging year with respect to human rights in some of Telenor's markets. The Rohingya situation in Northern Myanmar and the refugee camps in Bangladesh, including how Telenor can ensure connectivity in those areas, is of grave concern. In August 2019, the Independent Fact Finding Mission on Myanmar published a report urging the international community to sever ties with Myanmar's military and any companies it controls and relies on. The report is a clear indication of the continued importance for Telenor to carry out due diligence on an ongoing basis – both in Telenor's own processes as well as those in the supply chain. This is to ensure that the company is not complicit in human rights abuses or adverse impacts. Telenor also continues to engage in dialogue with authorities and other stakeholders at local and international levels.

More information at www.telenor.com/sustainability/responsible-business/human-rights/mitigate/human-rights-in-myanmar.

GLOBAL NETWORK INITIATIVE: In 2019, Telenor continued to engage with the multi-stakeholder Global Network Initiative (GNI) to address challenges related to authority requests that may limit privacy and/or freedom of expression. In 2019 it underwent its first GNI Independent Assessment by an external assessor. Following a detailed review of the assessment by the multi-stakeholder GNI Board, it determined that Telenor is making good-faith efforts to implement the GNI Principles with improvement over time. Telenor will issue a public report following the release of the formal GNI report on the 2019 assessments in 2020.

ACKNOWLEDGEMENT: In 2019, Telenor ranked among the top companies within the European telecommunications and technology industry in the Global Child Forum's Benchmark Study on children's rights and business. Additionally, The Economist & ECPAT Country Overview Briefing Paper on Sexual Exploitation of Children in Malaysia has acknowledged Digi for their efforts in limiting online child sexual abuse and safety in general. Telenor also ranked fourth out of 12 telecommunications companies in the global 2019 Ranking Digital Rights (RDR) Corporate Accountability Index.

LOOKING AHEAD: Building on the work initiated in 2019, Telenor will continue its efforts to integrate human rights considerations throughout the company, through, inter alia, training and capacity building of staff across functions and business units. Telenor will also continue to prioritise multi-stakeholder efforts, including the GNI, take an active role in public policy discussions related to business and human rights, both nationally and internationally, and continue to strengthen transparency and stakeholder engagement efforts.

More information at www.telenor.com/sustainability/responsible-business/human-rights/mitigate.

Customer privacy

Policy and actions

Customers expect not only real-time, relevant and individualised services, they also expect that their privacy is safe-guarded. As a provider of mobile and internet connectivity, respect for rights to privacy and freedom of expression is central to Telenor's core business. The company approaches these issues from a privacy point of view, as well as from a security angle, with policies and manuals that set out mandatory requirements applicable across all operations.

Telenor recognises that while telecommunications generally contributes to freedom of expression, there may be challenges related to the business. In many situations, authorities may have a legitimate need to require telecommunications companies to comply with requests that limit privacy or free communication. For Telenor, it is important to seek to limit the risks of unlawful and disproportionate restrictions on privacy and freedom of expression, to the extent that the company can.

Although national requirements vary throughout Telenor's markets, Telenor strives to be transparent about how personal data is handled. Telenor believes this is the best approach to ensure and build the trust of customers and employees.

With the enforcement of GDPR in 2018, and gradual introduction and revision of privacy-related laws in Asian markets, privacy has become a more prominent issue in both broader society and in Telenor. In 2015, Telenor established a clear privacy position: being open and transparent about how personal data is collected and used, committed to using personal data to provide better and more relevant services, and thorough in keeping personal data safe.

Status and ambition

In 2019, Telenor moved its centralised privacy unit under the compliance function in the Group. The privacy unit will focus on privacy oversight across the Group, in addition to supporting the Data Protection Officers (DPO) of the business units in monitoring and acting on privacy risks, ensuring effective internal controls for privacy are in place across Telenor. Telenor Norway launched a new service in 2019 that helps subscribers delete their own personal data disclosed on the Internet.

AUTHORITY REQUESTS: In 2019, Telenor continued to prioritise transparency to mitigate potential human rights abuse by authorities, including by publishing the Authority Request Disclosure Report of 2018. As described in the human rights chapter, Telenor has actively engaged in the Global Network Initiative (GNI) on freedom of expression and privacy, as well as bilaterally with a range of stakeholders, as part of Telenor's collaborative effort to protect and advance freedom of expression and privacy.

LOOKING AHEAD: It is expected that governments and regulators across Telenor's markets will continue to strengthen privacy and national security regulations, and introduce new measures that directly or indirectly affect Telenor's ability to manage customer data. Telenor will continue to comply with regulatory requirements and meet the expectations of its customers.

In 2020, Telenor will prioritise the following areas: efficient oversight and risk management of privacy across Telenor, strengthened responsiveness to data breaches, and further embedding privacy into business operations.

More information at www.telenor.com/sustainability/responsible-business/privacy-and-data-protection.

Cybersecurity

Policy and actions

The global nature of Telenor's business and role as a provider of critical infrastructure means that it is at a constant risk of basic and advanced cyber threats, with cyber-attacks being one of the top enterprise risks. Telenor strives to always protect society and people in their digital lives. The key focus is to professionalise security across Telenor, and manage security risks according to industry best practices, local laws, and regulations. Telenor has established a global security organisation with a global way of work driving the security agenda, supported by global security capabilities and governed by joint meeting places and arenas

Telenor is bolstering its global capabilities for security monitoring and incident response, and the business units are conducting security uplifts in legacy environments and migrating to new infrastructure. The purpose is to implement best practice security controls in an infrastructure that enables efficient threat mitigation and incident response. Furthermore, it enables Telenor to apply a vendor-agnostic approach.

Status and ambition

FROM STRATEGY TO EXECUTION: During 2019, Telenor brought security from strategy to execution in the business units at an operational level, demonstrating measurable impact in every business unit. Telenor has systematically strengthened its basic security posture in terms of people and competency, processes, technology, and vendor management. Telenor Group Policy Security is regularly updated in order to maintain strong governance.

THIRD PARTY RISKS: During 2019, Telenor has strengthened the focus on third-party risk with a framework for strategic vendor management, established a cross-functional working group to address third-party risks, and security risk assessments have been performed in the business units.

EXTERNAL COLLABORATION: Telenor has actively contributed to several security arenas, such as the GSMA Fraud and Security Group, GSMA Fraud and Security Advisory Panel, ISF (Council Member), Europol EC3 (Advisory Board Member), ETNO (European Telecommunications Network Operators Association), ETSI (European Telecommunications

Standards Institute) and FIRST (Forum of Incident Response and Security Teams). Telenor is also a signatory to the Paris Call for Trust and Security in Cyberspace.

CYBER ATTACKS: In 2019, the two largest categories of threats detected by Telenor's global security operations centre were ransomware, trojans, and other malware such as coinware. In 2019, more than 80 per cent decrease was observed in detected basic security incidents, which demonstrates increased security in the business units.

However, advanced cyber-attacks targeting business information, customer data and critical infrastructure continue to pose a significant risk, partly due to the difficulty in detecting such attacks. While Telenor has been successfully developing the capability to detect a wide number of threats globally, the process of establishing advanced levels of security is lengthy, requiring substantial changes in terms of competency, processes, technology and vendor management.

Telenor recognises the importance of collaboration and is working to establish a close dialogue with the authorities in all markets. Telenor shares experience and threat intelligence with the industry through established forums. Telenor Norway annually publishes a public security report, Digital Sikkerhet (www.telenor.no/om/digital-sikkerhet), and Telenor Security Operations Center (TSOC) regularly publishes information about detected incidents and cyber threat trends on the blog telenorsoc.blogspot.com.

LOOKING AHEAD: Going into 2020, Telenor will continue to strengthen local and global capabilities protecting critical assets, customer data and confidential business information, with a focus on detecting and responding to security incidents. Furthermore, Telenor will strengthen internal security culture and competency among all employees, and continue to integrate security into strategic programmes and projects, striving to have security at the foundation of everything Telenor does.

More information at www.telenor.com/about-us/corporate-governance/cyber-security.

Climate impact and environmental management

Policy and actions

Climate change is one of the greatest challenges facing people, businesses and governments.

Telenor' s group-wide policy states that the business units shall make all reasonable efforts to minimise use of resources including energy, water and raw materials as well as seek to minimise carbon emissions from all parts of the operations. Further, the business units shall secure environmental management including sustainable waste management where all electronic waste shall be reused, recycled or safely disposed.

The mobile industry's technology and smart services through Internet of Things (IoT) have the potential to cut global carbon emissions, reduce resource intensity, stimulate economic growth, and deliver substantial social benefits. Telenor has over the years followed up potential business initiatives and partnerships offering eco efficient solutions

The growing demand for ICT products and mobile devices, and their increasingly short lifespans, has resulted in e-waste becoming a significant concern and risk for the ICT industry. In this regard, all Telenor business units are mandated to secure sustainable waste management. All electronic waste is to be reused or recycled according to internationally recognised standards and regulations.

Status and ambition

CLIMATE RISKS: For Telenor, climate-related physical risks include potential damage to vital infrastructure and utilities through the impact of more extreme weather events and rising sea levels. Climate-related regulatory risks include potential higher operational costs due to increasing carbon taxes and energy/fuel taxes, as well as risks of higher capital costs due to a required transition towards the use of renewable energy solutions.

By year end 2019, Telenor has installed solar energy solutions for close to 3,000 of its base stations in Asia.

ENERGY CONSUMPTION: In 2019, Telenor's total energy consumption was approximately 3,340 GWh –an increase of 9 per cent compared to recalculated data from 2018 – despite a 51 per cent increase in data traffic on Telenor's mobile network to approximately 5,500 petabytes in 2019.

CO_2 EMISSIONS: The associated emissions of greenhouse gases in 2019 for Telenor Group has been estimated to be a total of around 1.1 million tonnes of CO_2 when using location-based electricity emission factors for the indirect scope 2 emissions, an increase of 9 per cent compared to recalculated data from 2018. The operations in Asia account for 96 per cent of the CO_2 emissions, of which 80 per cent is related to grid electricity, while the remaining 16 per cent stems from diesel generators. Nordic operations account for 4 per cent of the Group's CO_2 emissions (including fuel from car fleet, electricity purchases and business flights). In 2019, Telenor's carbon emissions were 5.9 kg CO_2 per customer per year, an increase of 1 per cent from 2018.

Further, Telenor Group's total GHG emissions in 2019 was close to 1.2 million tonnes of CO_2 when using market-based electricity emission factors for indirect scope 2 emissions, an increase of 1 per cent compared to the recalculated data from 2018. The market-based method reflects the CO_2 emissions from the electricity that a company is purchasing, which may be different from the electricity that is generated locally in the country.

RENEWABLE ENERGY SOLUTIONS: By year end 2019, Telenor has installed solar energy solutions for close to 3,000 of its base stations in Asia, an increase from 2,500 solar-based sites by year end 2018.

LOW CARBON SOLUTIONS: In 2019, Telenor Group passed more than 15.7 million SIM-connected devices globally on its IoT platforms, an increase from 13 million IoT SIMs in 2018. Telenor Connexion, Telenor's dedicated IoT company, designs and operates IoT solutions for the global market that can enable smart services with potential to cut global carbon emissions.

ENVIRONMENTAL MANAGEMENT: In 2019, more than 72 per cent of Telenor's procurement processes with a contract value greater than 250,000 USD used a specified set of environmental criteria such as hazardous substance handling and energy efficiency. In 2019, mobile handset recycling continued in Telenor's business units, and more than 227,000 mobile handsets and batteries were collected and recycled. During 2019, Telenor's business units reported close to 3,900 tonnes of obsolete electrical and electronic equipment waste (e-waste) removed from active operations, of which 99 per cent was reused or recycled in an environmentally-sound manner.

LOOKING AHEAD: Telenor will continue to mitigate climate-related physical risks by ensuring robust infrastructure and safeguarding in its operations. Telenor will be driving a climate agenda that contributes to its position as a trusted brand, with a key focus on responsible business conduct and value creation. Telenor's climate ambitions should help set a long-term direction towards group-wide carbon neutral business operations in 2050, and should contribute to low-carbon economies, in line with the Paris Agreement. In 2020, Telenor will disclose more climate-related risks information in line with the TCFD's recommendations.

Telenor's climate targets towards 2030 are based on the new mobile sector-specific decarbonisation pathway approved by the Scientific Based Targets initiative (SBTi). The new climate ambitions towards 2030 will allow Telenor to support the ambitious Paris Agreement goal of limiting global warming to 1.5°C, designed to substantially reduce the risks and effects of climate change:

Telenor's ambition for Nordic markets is to have carbon-neutral business operations by 2030, focusing on energy efficiency measures in network operations, purchasing renewable electricity, enabling carbon neutral transport (including its supply chain), and offsetting business flights.

Telenor's ambitions for Asian operations is 50 per cent reduction in carbon emissions by 2030, focusing on substituting diesel generators with solar solutions at base stations and exploring other renewable electricity options in the region.

In the coming period, we expect to see significant growth in data traffic that will increase energy consumption as well as emissions due to limited access to renewable energy, especially in the Asian region. Reaching our target will require very close follow up and implementation of energy efficiency measure in close cooperation with our vendors and partners.

More information at www.telenor.com/sustainability/responsible-business/environment-and-climate.

Digital inclusion

Mobile connectivity and Internet access are catalysts for growth. Exclusion can have a negative effect, particularly on the ability of vulnerable groups to earn a living, increase income or improve their way of life. As children and young people increasingly explore and benefit from the digital world, the need to build their capacity and resilience to navigate safely remains ever important. Ensuring access and skills that help safely capture digital opportunities of the future, is therefore an important part of Telenor's commitment to reduce inequalities and empower societies.

CHILD ONLINE SAFETY: In pursuit of the ambition to train four million children in online safety by 2020, Telenor business units reached out to approximately 1.2

million children in 2019, cumulatively training a total of approximately 3.3 million children. This was achieved through collaboration with Telenor's Global Sustainability Partners, UNICEF and Plan International, local organisations and government agencies. In October 2019, Telenor participated in the first ASEAN Stop Cyberbullying Workshop to lobby for online safety integration in national curricula. Moreover, nearly all Telenor Asian business units adopted Telenor's Digiworld online safety resources.

In 2019, all business units undertook online safety training with a locally relevant approach. Efforts included outreach programmes, awareness campaigns, and capacity building of parents and teachers. Telenor Myanmar partnered with Plan International, the government and local partners to promote digital literacy and online safety, with an aim to reach 740,000 by the end of 2020. Another project to scale child online protection in Bangladesh was launched by Grameenphone and UNICEF. The goal is to build skills for 1.2 million children and youth by 2020. In 2019 alone, Grameenphone trained almost 600,000 children, created awareness for more than 200,000 parents, guardians and teachers, and reached 13 million through a national awareness campaign.

In Malaysia, Digi continued to build its safe internet capacity building programme, and together with UNICEF and partners, ran a national awareness campaign against cyberbullying. Telenor Norway, together with partners, launched an interactive digitised version of Bruk Hue (Use your Head) programme to prevent cyberbullying, while the service Nettslett - offering psycho-judicial support related to online harm - was integrated in the subscriptions of 600,000 customers. Telenor Denmark also utilised digital channels to create awareness and outreach for its #DigitalPænt programme.

SMART FARMING: Through the Smart Farmer project, dtac continues to empower smallholder farmers in Thailand with access to advanced technology and skills. In 2019, nearly 400 farmers were trained in online marketing, and the use of IoT and plot-specific weather forecast helped farmers increase crop yields and margin. An assessment in 2019 suggested that farmers perceived advanced technology well and were willing to invest to elevate farming capacity.

In Pakistan, Khushaal Zamindar, which is an Interactive Voice Response, outbound dialling and SMS-based information service, reached 7.5 million monthly active users to serve farmers, including women, through Khushaal Aangan health and agri info. The portfolio was expanded to include medical consultation, veterinary service, health insurance, crop insurance and personalised consultation for crops.

DIVERSITY AND INCLUSION: In May 2019, Telenor Norway and PLAN International launched the Girls Create Tech Academy - a mentorship programme to reduce the digital gender gap in Norway, inspire more girls to choose education and challenge gender stereotypes in careers within technology. Thirty mentees under the guidance of female Telenor Norway employees are part of the one-year programme.

To mark the International Day of the Girl on 11 October, Telenor participated in Plan International's '#GirlsTakeOver' initiative, where aspiring young girls took over the positions of Telenor leaders in several markets as a symbolic gesture to encourage equal opportunities for girls.

In August 2019, Telenor, in partnership with Plan International, launched the study 'PROGRAMMED OUT: The Gender Gap in Technology in Scandinavia'. This report reflects on reinforced gender roles and other barriers to women in Scandinavia with career ambitions in tech, and offers recommendations for the industry.

Leveraging the power of technology to advance inclusion for Persons with Disabilities (PWDs), Telenor Pakistan is piloting a Digital Job Portal aimed at providing livelihood and skills development opportunities to PWDs. Digi's Yellow Heart is also providing differentiated offerings and rebates for seniors and PWDs to lower barriers of adopting a digital lifestyle.

Social innovation

Mobile connectivity and digital services have the potential to advance all UN SDGs through solutions that can address social, economic and environmental problems. In addition, research is instrumental in gaining insights and competencies to help connect customers to what matters most. Telenor continues to strengthen its efforts to leverage mobile for sustainable development, reduce inequalities and empower societies.

DIGITAL BIRTH REGISTRATION: According to UNICEF, globally one in four children under five years old remain unregistered at birth, and are consequently at risk of being denied healthcare, education and social protection against child labour and early marriage. In Pakistan and Myanmar, Telenor is working with the governments and UNICEF to digitally register births efficiently, and with scale.

In October 2019, Telenor Myanmar in collaboration with UNICEF implemented the Mobile Birth and Death Registration app in Mon State. The app will allow health workers to free up time lost in manual data entry and duplication, making the birth certificate issuance process more efficient.

By 2019, the Digital Birth Registration project in Pakistan registered 780,000 children in five districts. It is not expected that Telenor and partners will reach the ambition of 7 million digital birth registrations by 2020. This is due to challenges including training capacity of users, network availability in government-selected areas, approval process, and delays in improved solution rollout. It is expected that Telenor will reach 2 million birth registrations by year end 2020.

FINANCIAL INCLUSION: In Myanmar, Wave Money, with its large financial services distribution network, continues to drive financial inclusion. In 2019, Wave Money continued to facilitate humanitarian aid disbursements for World Food Program (WFP) and settlement of pensions via mobile money together with Myanma Economic Bank (MEB). In July 2019, Gpay—a mobile financial services solution by Grameenphone—was repositioned and simplified to facilitate financial inclusion for women and rural communities. This is being achieved through a partnership with Rural Electrification Board (REB) of Bangladesh. By year end, the effort has created a customer base of two million, of which 18 per cent are women. In Pakistan, Easypaisa, the country's first mobile banking platform, introduced Enable Pay & Credit for the masses, digitising the payment value chain between distributors and retailers, and enabling easy access to credit. More than 13,000 merchants benefitted from the service in 2019.

USING BIG DATA AGAINST DRUG-RESISTANT MALARIA: Drug resistance poses one of the greatest threats to malaria control, and results in increased morbidity and mortality. With an ambition to support local authorities to track and contain this emerging health threat, a research report was published in collaboration with Harvard T. H. Chan School of Public Health, Grameenphone, Telenor and other partners titled 'Mapping Imported Malaria in Bangladesh Using Parasite Genetic and Human Mobility Data'. The study, one of the largest efforts of its kind, shows that combining malaria genetic data with human mobility data from mobile networks can help map and predict the spread of drug-resistant malaria.

The foundation for Telenor's strategy is its purpose: Connecting you to what matters most - empowering societies.

Safe use of mobile communications

Mobile communications are delivered via radio frequency signals that are electromagnetic fields (EMF). Radio base stations are the essential part of the infrastructure for transmitting and receiving those signals, and the base stations need to be located where people use their mobile devices.

Over many years, there has been certain public and stakeholder interest in human health issues related to EMF. With 5G, Internet of Things (IoT) and wearable devices, an increasing public interest in EMF is expected, with potential regulatory issues for the mobile industry, and business-limiting consequences for Telenor operations.

Throughout Telenor, all business units work strictly in accordance with the guidelines provided by national regulations and the International Commission on Non-Ionizing Radiation Protection (ICNIRP). These guidelines are endorsed by the World Health Organisation (WHO) and represent the basis for all of Telenor's planning, installation work and safety measures at antenna sites.

More information at www.telenor.com/sustainability/responsible-business/safe-services/mobile-phones-and-health.

HOW TELENOR IMPACTS SOCIETIES

In Asia and Europe, Telenor contributes to society in a number of ways. Digitalisation allows countries to leapfrog stages of economic development. Digital processes allow most industries to produce more effectively with less physical strain. Digital services empower government services and information to reach citizens, and digital systems represent a frontline of democracy, security and defence.

Telenor's social agendas address and enforce these contributions: Telenor pursues a network rollout model that brings Internet to all. Telenor believes that digital services have the potential to reduce inequalities (UN Sustainable Development Goal #10) by providing the poorest with low-cost access to information and economic opportunities. Telenor's deliberate policy of sustainable value chains and local procurement enforces decent work and economic growth. Telenor communicates a value proposition of good governance between competent tax authorities and responsible taxpayers.

Tax position

Telenor aspires to be a trusted company, recognised for strong business ethics. Telenor's ambition is to contribute to economic, environmental and social development in countries where the company is present, acting with accountability and transparency. Telenor understands the importance of taxes to support this development, and takes a responsible approach respecting its obligations as a taxpayer.

Telenor recognises the sovereign right of all states to amend existing or introduce new tax legislation, and Telenor supports a stable and transparent fiscal environment based on universal tax principles, founded on predictable legislation applied by objective authority, and tested by independent court systems. Telenor aims to constructively engage in dialogue with relevant authorities on tax legislation.

Telenor supports initiatives to improve international transparency in taxation matters, including OECD measures for country-by-country reporting and automatic exchange of information. Since 2014, Telenor has communicated a sincere commitment to corporate responsibility by voluntarily reporting country-by-country income and tax contributions.

More information on Telenor's tax policy at www.telenor.com/media/public-policy/a-fiscal-environment-for-digital-inclusion-and-economic-growth-through-fiscal-stability.

Economic contribution to society

Telenor is a long-term owner, employer and taxpayer. Telenor supports efficient use of radio spectrum resources for the increasing demands for mobile broadband capacity. Telenor employs local vendors for network rollout and civil works, or alternatively buy network capacity from local tower companies.

In 2019, Telenor was actively engaged in business start-up incubation and acceleration, not least through the Artificial Intelligence Lab in Norway, and 5G development efforts with partners

DIRECT VALUE CREATION

The table specifies the direct Gross Value Added of Telenor in five Asian countries. Frontier Economics: "The Mobile effect: How Connectivity Enables Growth", Nov 2019.

	Telenor - direct gross value added (GVA)				
Million USD[1]	Pakistan Telenor	Bangladesh Grameenphone	Myanmar Telenor	Thailand DTAC	Malaysia Digi
2014	565	877	331	1276	1244
2016	721	1078	406	1033	913
2018	695	1272	314	846	933

[1] Numbers are unadjusted for depreciation or inflation

COUNTRY-BY-COUNTRY REPORTING[1]

Financial Year 2019

NOK in millions	Revenues	EBITDA	Capex (incl. licenses & spectrum)	Profit before taxes	Corporate income tax (CIT) paid	Headcount (FTEs) per 31.12.2019
Norway	28 658.0	11 199.9	6 495.6	4 110.4	3 701.8	4 350
Sweden	12 857.0	5 289.3	1 815.7	3 070.9	563.6	1 812
Denmark	4 871.3	1 390.7	516.6	535.9	80.8	1 215
Finland	3 434.4	1 020.0	879.5	167.5	13.3	1 512
Pakistan	6 033.1	3 125.3	2 416.2	53.0	232.5	1 812
Bangladesh	14 980.2	9 377.6	1 901.6	6 456.5	3 144.4	2 303
Myanmar	5 759.2	3 363.9	884.4	547.4	(28.7)	798
Thailand	22 994.6	8 811.8	4 210.3	2 751.5	213.6	3 945
Malaysia	13 517.6	7 250.5	2 116.5	4 343.3	981.4	1 844
Telenor Group	**113 665.9**	**50 276.0**	**21 359.0**	**20 968.5**	**9 032.7**	**20 044**

[1] This table specifies the most important elements of Telenor's direct economic contribution country-by-country. It includes Telenor's revenues, EBITDA, capital expenditure including licenses and spectrum, the corporate income taxes paid in 2019 and the number of employees. The table does not specify all taxes and fiscal levies – only Corporate Income Tax (CIT) is included.

and authorities in Thailand and Malaysia. A private-public 5G Lab was launched in Malaysia in 2019. In Bangladesh, Telenor and the industry advocate the introduction of 5G development in dialogue with authorities.

Existing public policy positions on mobile spectrum management, 5G, taxation, net neutrality, and free flow of data, were supplemented in 2019 by a new policy position on e-SIM.

In 2019, Telenor's investments, excluding licences and spectrum, amounted to NOK 17.4 billion (16.7 billion in 2018), from a total revenue of NOK 113.7 billion (105.9 billion), with a resulting investment ratio of 15.3 per cent (15.8 per cent).

Telenor is among the top foreign investors in all its Asian markets. In 2019, Frontier Economics published a study that quantified Telenor's direct and indirect value creation in five Asian markets. Direct value added was estimated along global national accounting conventions.

Frontier Economics estimated that Telenor's local companies generated direct value added in Asia at 4.1 billion USD. Since 2014, value creation in Asia has fluctuated not least by the effect of volatile currency depreciation. Taking account of currency depreciation, Telenor's value creation is still increasing in Pakistan and Bangladesh, but stagnant in saturated markets such as Thailand and Malaysia. In mature Asian markets and the Nordics, Telenor takes great effort to improve further economic value creation by opening up the opportunities in 5G, the Internet of Things, Artificial Intelligence, and other advanced digital services.

Frontier Economics has estimated that the value creation in 2018 per Telenor employee in the five Asian countries was on average 367,719 USD, or forty times higher than the national average of 9,270 USD per employee. With above average labour productivity, Telenor and the telecommunications industry drive high-skilled job creation, domestic spending power, and national economic growth. In Telenor's five Asian markets, the mobile industry created skills and wage opportunities for 132,750 employees in 2018.

Other than Telenor's direct economic contribution as measured in the table above, the company also stimulates increased value creation in other companies and sectors by investing in infrastructure, buying local goods and services, and raising their productivity via digitalisation. In Telenor's five Asian markets, highly digital sectors have increased their value creation between 6 and 12 per cent per year since 2005, and expanded to now represent 65–75 per cent of all economic activity. By growing considerably faster than other sectors, highly digital companies give specific and substantial extra growth stimulus.

More information on the study from Frontier Economics at www.telenor.com/sustainability/frontier-economics-report.

After almost a decade of Corporate Income Tax (CIT) rate reductions in Europe and Asia, there were no notable changes in 2019. Apart from direct taxes on profits and revenues, Telenor also pays substantial regulatory fees and indirect taxes on products and services, such as Value Added Tax (VAT), General Sales Tax (GST), customs duties, service taxes, Revenue Sharing, etc.

HOW TELENOR HELPS EMPOWER SOCIETIES: SDG IMPACT

An assessment of how Telenor impacts the United Nations Sustainable Development Goals (SDGs) can be found at www.telenor.com/wp-content/uploads/2020/03/Telenor-SDG-Impact-Assessment-2019.pdf. Building on the first impact assessment in 2018, this year Telenor has also taken into consideration the risks from business activities, which has helped paint a broader picture of areas of SDG impact.

In 2019 SDG impact assessment report, Telenor has also taken into consideration the risks from business activities, which has helped paint a broader picture of areas of SDG impact.

ESG METRICS

Analytical tool

An overview of Telenor's historic sustainability performance is available by downloading the Telenor Group Sustainability Performance Analytical tool, where figures are separated per business unit, and covers the period from 2012 to 2019, at www.telenor.com/sustainability/reporting/key-figures/#analytical-tool. The table below shows a synopsis of key metrics from 2017 to 2019.

GRI index

Telenor reports its sustainability performance in accordance with the Consolidated Set of GRI Sustainability Reporting Standards. These standards incorporate the key concepts and disclosures from GRI G4 guidelines with a new and improved structure and format. The standards are issued by the Global Sustainability Standards Board (GSSB), and Telenor uses them to report publicly on its impacts on the economy, the environment and society. GRI represents a universally-applicable, comparable framework which facilitates transparency and accountability.

Telenor's GRI index can be found at www.telenor.com/sustainability/reporting/gri-index.

Verification statement

DNV GL has been commissioned by Telenor to carry out an independent review of the Sustainability Report 2019, in particular to assess the accurancy of non-financial claims. The engagement has been undertaken in accordance with the requirements in the ISAE 3000 standard, as well as DNV GL's general method for assessments of sustainability reporting.

More information at www.telenor.com/sustainability/reporting/our-performance.

TELENOR GROUP - NON-FINANCIAL KEY FIGURES

	2017	2018	2019
People & Organisation			
Women in total workforce (%)	36	37	37
Women in management positions (%)	26	28	30
Health, Safety & Security			
Fatalities – employees	0	0	0
Lost Time Injury Frequency (LTIF)	0.23	0.22	0.17
Sickness Absence Rate (full year average)	1.84	1.82	1.85
Supply Chain Sustainability			
Capacity building of suppliers (man-hours)	23 660	20 028	24 986
Sustainability inspections and audits	5 000	3 515	3 616
Fatalities in the supply chain – including tiers below tier 1	7	4	5
Climate Change			
Total carbon emissions (thousand tonnes CO_2)	1 065	1 013	1 080
Direct carbon emissions/Scope 1 (thousand tonnes CO_2)	225	219	209
Indirect carbon emissions /Scope 2 (thousand tonnes CO_2)	819	777	852
Other indirect carbon emissions/Scope 3 (thousand tonnes CO_2)	21	17	18
Total energy use (GWh)	3 183	3 061	3 340
Carbon emissions per mobile data traffic (tonnes CO_2 / petabyte)	408	277	196
Environment			
Customer mobile phones and batteries collected for recycling or reuse	168 000	315 000	227 000
Municipal waste recycled (%)	40	49	55
Electronic waste recycled/reused (%)	97	86	99

CONSOLIDATED INCOME STATEMENT

Telenor Group 1 January – 31 December

NOK in millions, except earnings per share	Note	**2019**	2018
Revenues	6	**113 666**	105 923
Cost of materials and traffic charges	7	**(27 912)**	(23 939)
Salaries and personnel costs	8	**(10 803)**	(10 446)
Other operating expenses	9	**(24 215)**	(27 318)
Other income	10	**741**	63
Other expenses	10	**(1 200)**	(3 244)
EBITDA		**50 276**	41 040
Depreciation and amortisation	17, 18, 19	**(24 527)**	(20 039)
Impairment losses	15, 17, 18, 19	**(47)**	(56)
Operating profit		**25 702**	20 945
Share of net income (loss) from associated companies and joint ventures	20	**(955)**	(81)
Gains (losses) on disposal of associated companies and joint ventures	20	**106**	-
Financial income and expenses			
Financial income	12	**1 354**	1 203
Financial expenses	12	**(5 031)**	(2 484)
Net currency gains (losses)	12	**(282)**	(2 227)
Net change in fair value of financial instruments	12	**60**	342
Net gains (losses and impairment) on financial assets and liabilities	12	**15**	3
Net financial income (expenses)		**(3 884)**	(3 163)
Profit before taxes		**20 968**	17 701
Income taxes	13	**(9 033)**	(6 024)
Profit from continuing operations		**11 936**	11 676
Profit (loss) from discontinued operations	4	**(742)**	5 765
Net income		**11 194**	17 442
Net income attributable to:			
Non-controlling interests		**3 421**	2 711
Equity holders of Telenor ASA		**7 773**	14 731
Earnings per share in NOK:			
Basic/Diluted from continuing operations	14	**5.91**	6.09
Basic/Diluted from discontinued operations	14	**(0.52)**	3.91
Basic/Diluted from total operations	14	**5.40**	10.00

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Telenor Group 1 January – 31 December

NOK in millions	Note	**2019**	2018
Net income		**11 194**	17 442
Other comprehensive income (loss)			
Translation differences on net investments in foreign operations	24	**(135)**	(1 175)
Amount reclassified from other comprehensive income to income statement on disposal	24	**(244)**	1 584
Net gain (loss) on hedge of net investments	24, 29	**59**	316
Income taxes		**(13)**	(73)
Amount reclassified from other comprehensive income to income statement on disposal	24	**-**	1 090
Income taxes reclassified	24	**-**	(298)
Share of other comprehensive income (loss) from associated companies and joint ventures		**-**	2
Amount reclassified from other comprehensive income to income statement on disposal		**-**	(2)
Items that may be reclassified subsequently to income statement		**(333)**	1 445
Net gain (loss) on equity investments	24	**(26)**	(2 809)
Remeasurement of defined benefit pension plans	24, 26	**714**	(323)
Income taxes		**(158)**	84
Items that will not be reclassified to income statement		**530**	(3 047)
Other comprehensive income (loss), net of taxes		**197**	(1 602)
Total comprehensive income (loss)		**11 391**	15 839
Total comprehensive income (loss) attributable to:			
Non-controlling interests		**3 670**	2 939
Equity holders of Telenor ASA		**7 720**	12 900

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Telenor Group as of 31 December

NOK in millions	Note	**2019**	2018
ASSETS			
Deferred tax assets	13	**2 445**	2 699
Goodwill	15, 16	**27 451**	14 403
Intangible assets	17	**11 370**	36 371
Right-of-use assets	18	**59 381**	-
Property, plant and equipment	19	**83 179**	73 361
Associated companies and joint ventures	20	**4 299**	2 382
Other non-current assets	22	**13 916**	17 792
Total non-current assets		**202 040**	**147 009**
Prepaid taxes		**1 334**	804
Inventories		**1 485**	1 703
Trade and other receivables	21	**25 773**	21 685
Other current financial assets	22	**910**	678
Assets classified as held for sale	4	**3 489**	902
Cash and cash equivalents	23	**13 867**	18 492
Total current assets		**46 858**	**44 263**
Total assets		**248 899**	**191 272**
EQUITY AND LIABILITIES			
Equity attributable to equity holders of Telenor ASA	24	**38 054**	49 446
Non-controlling interests	24	**5 286**	5 009
Total equity		**43 339**	54 455
Liabilities			
Non-current lease liabilities	18	**32 002**	805
Non-current interest-bearing liabilities	28	**83 987**	55 120
Non-current non-interest-bearing liabilities	27	**1 549**	1 809
Deferred tax liabilities	13	**4 902**	3 322
Pension obligations	26	**2 386**	2 819
Provisions and obligations	25	**7 701**	5 485
Total non-current liabilities		**132 527**	**69 361**
Current lease liabilities	18	**9 295**	54
Current interest-bearing liabilities	28	**14 761**	15 687
Trade and other payables	27	**35 691**	37 728
Current tax payables		**4 863**	5 541
Current non-interest-bearing liabilities	27	**2 227**	1 666
Provisions and obligations	25	**1 219**	3 811
Liabilities classified as held for sale	4	**4 976**	2 970
Total current liabilities		**73 032**	**67 456**
Total equity and liabilities		**248 899**	**191 272**

Fornebu, 24 March 2020

Gunn Wærsted
Chair

Jørgen Kildahl
Vice Chair of the Board

Jon Erik Reinhardsen
Board member

Jacob Aqraou
Board member

Sally Davis
Board member

Grethe Viksaas
Board member

Esben Smistad
Board member

Anita Helen Steine
Board member

Jan Otto Eriksen
Board member

Sigve Brekke
President & CEO

CONSOLIDATED STATEMENT OF CASH FLOWS

Telenor Group 1 January – 31 December

NOK in millions	Note	**2019**	2018
Profit before taxes from continuing operations		20 968	17 701
Profit (loss) before taxes from discontinued operations		(651)	6 166
Profit before taxes		**20 318**	**23 867**
Income taxes paid		(10 512)	(6 599)
Net (gains) losses from disposals, impairments and change in fair value of financial assets and liabilities		(471)	(3 672)
Depreciation, amortisation and impairment losses		24 625	20 846
Share of net (income) loss and (gains) losses on disposal of associated companies and joint ventures		849	83
Dividends received from associated companies		63	28
Net interest expense		3 923	1 602
Changes in net operating working capital	23	512	(2 799)
Net currency (gains) losses not relating to operating activities		(226)	2 512
Interest received		681	479
Interest paid		(4 664)	(2 198)
Other adjustments		(876)	2 246
Net cash flow from operating activities		**34 222**	**36 394**
Proceeds from sale of property, plant and equipment and intangible assets		384	91
Purchases of property, plant and equipment and intangible assets	23	(21 986)	(21 011)
Proceeds from disposal of subsidiaries and associated companies, net of cash disposed	23	(1 073)	20 404
Purchases of subsidiaries, associated companies and joint ventures, net of cash acquired	23	(25 957)	(37)
Proceeds from sale of other investments		5 350	253
Purchases of other investments		(245)	(313)
Net cash flow from investing activities		**(43 526)**	**(613)**
Proceeds from borrowings	28	78 147	21 759
Repayments of borrowings	28	(45 886)	(33 182)
Payments of lease liabilities	18	(4 282)	(80)
Payments of licence obligations	18, 28	(1 080)	(740)
Net payments related to supply chain financing		(5)	43
Purchase of treasury shares	29	(6 114)	(5 809)
Dividends paid to non-controlling interests in subsidiaries	23	(4 327)	(3 095)
Dividends paid to equity holders of Telenor ASA	24	(12 121)	(18 381)
Net cash flow from financing activities		**4 332**	**(39 487)**
Effects of exchange rate changes on cash and cash equivalents		641	(284)
Net change in cash and cash equivalents		**(4 330)**	**(3 990)**
Cash and cash equivalents as of 1 January		18 328	22 318
Cash and cash equivalents as of 31 December		**13 997**	**18 328**
Of which cash and cash equivalents in assets held for sale as of 31 December	4	735	407
Cash and cash equivalents excluding assets held for sale as of 31 December	23	**13 262**	**17 921**

[1] Spectrum licences were in 2018 recognised as intangible assets, while in 2019 (under IFRS 16) the rights to use the underlying spectrum are recognised as leases. See note 1 for more information

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Telenor Group – for the years ended 31 December 2018 and 2019

NOK in millions	Attributable to equity holders of Telenor ASA						
	Paid-in capital [1]	Other reserves [1]	Retained earnings	Cumulative translation differences [1]	Total	Non-controlling interests [1]	Total equity
Equity as of 1 January 2018	**9 025**	**(6 842)**	**62 075**	**(3 398)**	**60 860**	**5 139**	**66 000**
Net income for the period	-	-	14 731	-	14 731	2 711	17 442
Other comprehensive income (loss) for the period	-	(3 061)	-	1 230	(1 831)	229	(1 602)
Total comprehensive income (loss) for the period	**-**	**(3 061)**	**14 731**	**1 230**	**12 900**	**2 939**	**15 839**
Transactions with non-controlling interests	-	-	-	-	-	4	4
Dividends	-	-	(18 382)	-	(18 382)	(3 073)	(21 455)
Share buyback	(208)	(5 560)	-	-	(5 768)	-	(5 768)
Share-based payment, exercise of share options and distribution of shares	-	(166)	-	-	(166)	-	(166)
Equity as of 31 December 2018	**8 818**	**(15 630)**	**58 424**	**(2 168)**	**49 446**	**5 009**	**54 455**
Net income for the period	-	-	7 773	-	7 773	3 421	11 194
Other comprehensive income (loss) for the period	-	522	-	(575)	(53)	250	194
Total comprehensive income (loss) for the period	**-**	**522**	**7 773**	**(575)**	**7 720**	**3 670**	**11 388**
Disposal of VEON shares	-	3 586	(3 586)	-	-	-	-
Acquisition of subsidiaries with non-controlling interests	-	-	-	-	-	651	651
Disposal of subsidiaries with non-controlling interests	-	-	-	-	-	(52)	(52)
Transactions with non-controlling interests	-	(476)	(506)	-	(982)	(653)	(1 635)
Dividends	-	-	(12 125)	-	(12 125)	(3 339)	(15 464)
Share buyback	(213)	(5 738)	-	-	(5 951)	-	(5 951)
Share-based payment, exercise of share options and distribution of shares	-	(56)	-	-	(56)	-	(56)
Equity as of 31 December 2019	**8 605**	**(17 792)**	**49 982**	**(2 743)**	**38 054**	**5 286**	**43 339**

[1] See note 24 for additional equity information.

NOTES TO THE FINANCIAL STATEMENTS

Telenor Group

Contents notes

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

General information

Telenor ASA (the Company) is a limited liability company incorporated in Norway. The Company is subject to the provisions of the Norwegian Act relating to Public Limited Liability Companies. The Company's principal offices are located at Snarøyveien 30, N-1360 Fornebu, Norway. Telephone number: +47 678 90 000. Telenor is a telecommunication company and the principal activities of the Company and its subsidiaries (the Group) are described in Note 5 Segments.

These consolidated financial statements have been approved for issuance by the Board of Directors on 24 March 2020 and is subject to approval by the Annual General Meeting on 11 May 2020.

Statement of compliance

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

The accounting policies applied are consistent with those applied in the previous financial year, except for the implementation of new and revised accounting standards and interpretations, and other changes, as described below.

Adoption of new and revised standards and interpretations

The below standards and interpretations have been adopted with effect from 1 January 2019:

- IFRS 16 *Leases* (effective from 1 January 2019), see further below.
- Amendments to IAS 19 *Plan amendment, curtailment or settlement* (effective from 1 January 2019). The amendments clarify the accounting when a plan amendment, curtailment or settlement occurs.
- Amendments to IAS 28 *Long term interests in Associates and Joint Ventures* (effective from 1 January 2019). The amendments clarify that a company applies IFRS 9 *Financial Instruments* to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture (to which it does not apply the equity method).
- Improvements to IFRSs 2015-2017 cycle (effective from 1 January 2019).
  - Amendments to IAS 12 *Income Taxes:* Clarifications regarding the classification of tax consequences of dividends.
  - Amendments to IAS 23 *Borrowing Costs:* Guidance on whether specific borrowings should be included in general borrowings after completion of the asset.
  - Amendments to IFRS 3 *Business Combinations* and IFRS 11 *Joint Arrangements:* The amendments clarify how a company accounts for obtaining control (or joint control) of a business that is a joint operation if the company already holds an interest in that business.
- IFRIC 23 *Uncertainty over Income Tax Treatments* (effective from 1 January 2019, early adoption permitted and elected by the Group). The interpretation requires an assessment when there is uncertainty regarding if particular tax treatments made in tax filings will be accepted by the tax authorities. When acceptability is probable, accounting tax positions must be determined consistently with the treatment in the tax filings. If acceptability is not probable, the uncertainty must be reflected when determining the accounting tax positions.

Except for IFRS 16 Leases as further described below, none of the standards and interpretations effective from 1 January 2019 has had a significant impact on the Group's consolidated financial statements. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 16 Leases (effective from 1 January 2019)

IFRS 16 supersedes IAS 17 *Leases* and IFRIC 4 *Determining whether an Arrangement contains a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosures of leases. Lessees are required to account for most leases under a single on-balance sheet model, and the distinction between operating and finance leases for lessees as was required by IAS 17 has been eliminated. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. However, subleases will in some cases be classified differently by the Group as lessor under IFRS 16. A sublease agreement is assessed based on the terms in the head lease and not on the characteristics of the underlying asset under IFRS 16.

In accordance with IFRS 16, the Group recognises a liability to make lease payments (i.e. a lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. a right-of-use asset), and recognises depreciation of the right-of-use assets separately from interest on lease liabilities in the income statement. For a summary of new accounting policies, see note 2 in section Leases. For significant judgements related to leases, see note 3.

The effects of adoption of IFRS 16

The Group has lease contracts related to the mobile networks (mainly towers), land, buildings and other equipment.

Before the adoption of IFRS 16 *Leases* 1 January 2019, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as finance lease whenever the terms of the lease transferred substantially all the risks and rewards incidental to ownership to the Group. All other leases were classified as operating leases. Assets held under finance leases were recognised as assets of the Group at their fair value at inception of the leases or, if lower, at the present value of the minimum lease payments. The liabilities to the lessor were recognised as finance lease obligations in the statement of financial position. Lease payments were apportioned between finance expenses and reduction of the lease liability to achieve a constant periodic rate of interest on the remaining balance of the liability. In an operating lease, the leased asset was not capitalised, and the lease payments were recognised in the income statement on a straight-line basis over the lease terms. Any prepaid rent and accrued rent were recognised under prepayments and trade and other payables, respectively.

Upon adoption of IFRS 16, the Group recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets for all leases where it is the lessee, except for short-term leases and leases of low-value assets. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term, subject to impairment assessments. Variable lease payments that do not depend on an index or a rate are recognised as expense in the period in which the event or condition that triggers the payment occurs.

The Group has made the following accounting policy choices:

- Low-value leases, meaning mainly leased office equipment, are not capitalised.
- Leases with a lease term of 12 months or shorter that do not contain a purchase option are not capitalised (short-term leases), except for leases of spectrum licences (separate class of underlying assets).
- The right to spectrum was previously treated as an intangible asset, while under IFRS 16 the right to use the underlying spectrum is treated as a lease.
- Fixed non-lease components embedded in the lease contracts are not separated and hence recognised as lease liabilities and capitalised as right-of-use assets.
- Right-of-use assets and lease liabilities are presented separately in the statement of financial position.

In addition to the above accounting policy choices the Group elected to apply the following practical expedients related to the implementation of IFRS 16:

- The Group elected to apply the modified retrospective approach for transition to IFRS 16. Right-of-use assets and liabilities have been measured at the same amount, taking into consideration prepayments and accruals recognised as of 31 December 2018. Initial direct costs have been excluded from the measurement of the right-of-use asset at the date of initial application. The comparatives for 2018 have not been restated.
- The Group relied on its assessment of whether leases were onerous immediately before the date of initial application.
- A single discount rate was applied to portfolios of leases with reasonably similar characteristics.
- The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases. The requirements of IFRS 16 were applied to these leases from 1 January 2019.

The tables below show the impacts arising from IFRS 16 on the opening balance and for the year 2019.

CONSOLIDATED INCOME STATEMENT

NOK in millions, except for earnings per share	2019 Post IFRS 16	Impact IFRS 16	2019 Pre IFRS 16
Revenues	**113 666**	**269**	**113 935**
Cost of materials and traffic charges	(27 912)	(556)	(28 467)
Salaries and personnel costs	(10 803)	(1)	(10 804)
Other operating expenses	(24 215)	(5 096)	(29 311)
Other income	741	147	888
Other expenses	(1 200)	(6)	(1 206)
EBITDA	**50 276**	**(5 242)**	**45 034**
Depreciation and amortisation	(24 527)	4 880	(19 647)
Impairment losses	(47)	-	(47)
Operating profit	**25 702**	**(362)**	**25 341**
Share of net income (loss) from, and gains (losses) on disposal off, associated companies and joint ventures	(849)	-	(849)
Net financial income (expenses)	(3 884)	1 299	(2 586)
Profit before taxes	**20 968**	**937**	**21 906**
Income taxes	(9 033)	(276)	(9 308)
Profit from continuing operations	**11 936**	**661**	**12 597**
Profit (loss) from discontinued operations	(742)	-	(742)
Net income	**11 194**	**661**	**11 855**
Net income attributable to:			
Non-controlling interests	3 421	110	3 531
Equity holders of Telenor ASA	7 773	551	8 324
Earnings per share in NOK:			
Basic/Diluted from continuing operations	5.91	0.38	6.30
Basic/Diluted from discontinuing operations	(0.52)	-	(0.52)
Basic/Diluted from total operations	5.40	0.38	5.78

The net effect on EBITDA is mainly explained by operating lease expenses previously recorded under other operating expenses. These leases are now recognised as right-of-use assets and lease liabilities, leading to a corresponding increase in depreciation and amortisation expenses and financial expenses. The decrease in revenue mainly relates to sublease agreements previously classified as operating leases under IAS 17.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Opening balance			31 December 2019		
NOK in millions	31 desember 2018 Pre IFRS 16	Impact IFRS 16	1 January 2019 Post IFRS 16	31 desember 2019 Pre IFRS 16	Impact IFRS 16	31 desember 2019 Post IFRS 16
Deferred tax assets	2 699	-	2 699	2 266	178	2 445
Goodwill	14 403	-	14 403	27 451	-	27 451
Intangible assets	36 371	(30 116)	6 255	43 080	(31 710)	11 370
Right-of-use assets	-	58 268	58 268	-	59 381	59 381
Property, plant and equipment	73 361	(1 544)	71 817	84 676	(1 497)	83 179
Associated companies and joint ventures	2 382	-	2 382	4 299	-	4 299
Other non-current assets	17 792	911	18 703	13 182	735	13 916
Total non-current assets	**147 009**	**27 518**	**174 527**	**174 954**	**27 086**	**202 040**
Prepaid taxes	804	-	804	1 334	-	1 334
Inventories	1 703	-	1 703	1 485	-	1 485
Trade and other receivables	21 685	(833)	20 852	26 553	(780)	25 773
Other current financial assets	678	-	678	910	-	910
Assets classified as held for sale	902	-	902	3 489	-	3 489
Cash and cash equivalents	18 492	-	18 492	13 867	-	13 867
Total current assets	**44 263**	**(833)**	**43 430**	**47 638**	**(780)**	**46 858**
Total assets	**191 272**	**26 685**	**217 957**	**222 592**	**26 306**	**248 899**
Equity attributable to equity holders of Telenor ASA	49 446	-	49 446	38 615	(561)	38 054
Non-controlling interests	5 009	-	5 009	5 398	(112)	5 286
Total equity	**54 455**	**-**	**54 455**	**44 013**	**(674)**	**43 339**
Non-current lease liabilities	805	33 443	34 248	620	31 382	32 002
Non-current interest-bearing liabilities	55 120	(10 971)	44 150	92 868	(8 880)	83 987
Non-current non-interest-bearing liabilities	1 809	(53)	1 756	1 635	(86)	1 549
Deferred tax liabilities	3 322	-	3 322	5 000	(99)	4 902
Pension obligations	2 819	-	2 819	2 386	-	2 386
Provisions and obligations	5 485	-	5 485	7 704	(3)	7 701
Total non-current liabilities	**69 361**	**22 419**	**91 781**	**110 213**	**22 314**	**132 527**
Current lease liabilities	54	5 735	5 789	49	9 246	9 295
Current interest-bearing liabilities	15 687	(876)	14 811	18 567	(3 806)	14 761
Trade and other payables	37 728	(593)	37 135	36 465	(774)	35 691
Current tax payables	5 541	-	5 541	4 863	-	4 863
Current non-interest-bearing liabilities	1 666	-	1 666	2 227	-	2 227
Provisions and obligations	3 811	-	3 811	1 220	(1)	1 219
Liabilities classified as held for sale	2 970	-	2 970	4 976	-	4 976
Total current liabilities	**67 456**	**4 266**	**71 722**	**68 366**	**4 666**	**73 032**
Total equity and liabilities	**191 272**	**26 685**	**217 957**	**222 592**	**26 306**	**248 899**

Main effects as at 1 January 2019:

- Additional non-current lease liabilities of NOK 33,443 million and current lease liabilities of NOK 5,735 million, NOK 39,178 million in total, were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application, including the reclassification of non-current interest-bearing liabilities and current interest-bearing liabilities related to spectrum licences.
- Right-of-use assets of NOK 58,268 million were recognised, including the reclassification of intangible assets related to spectrum licences and finance leases reclassified from property, plant and equipment.
- The net effect on other non-current assets is related to the Group as a lessor in sublease agreements. The effects on prepayments classified as trade and other receivables, and on accounts payable and accrued expenses, were related to operating leases under IAS 17 reclassified to right-of-use assets and lease liabilities.

The weighted average incremental borrowing rate applied to lease liabilities recognised in the statement of financial position as of 1 January 2019 was 6%.

CONSOLIDATED STATEMENT OF CASH FLOWS

NOK in millions, except for earnings per share	2019 Post IFRS 16	Impact IFRS 16	2019 Pre IFRS 16
Profit before taxes from total operations	20 968	937	21 906
Profit before taxes from discontinued operation	(651)	-	(651)
Profit before taxes	**20 318**	**937**	**21 255**
Income taxes paid	(10 512)	0	(10 512)
Net (gains) losses from disposals, impairments and change in fair value of financial assets and liabilities	(471)	(187)	(659)
Depreciation, amortisation and impairment losses	24 625	(4 880)	19 745
Share of net (income) loss and (gains) losses on disposal of associated companies and joint ventures	849	-	849
Dividends received from associated companies	63	-	63
Currency (gains) losses not related to operating activities	(226)	53	(173)
Change in working capital and other	(425)	(285)	(710)
Net cash flows from operating activities	**34 222**	**(4 362)**	**29 859**
Purchases of property, plant and equipment (PPE) and intangible assets	(21 986)	73	(21 913)
Purchases of subsidiaries, associated companies and joint ventures, net of cash acquired	(25 957)	-	(25 957)
Proceeds from disposal of PPE, intangible assets, subsidiaries, associated companies and joint ventures, net of cash disposed	(688)	(0)	(688)
Net proceeds from sale and purchases of other investments	5 106	-	5 106
Net cash flows from investing activities	**(43 526)**	**73**	**(43 453)**
Net proceeds from and repayments of borrowings	32 261	10	32 271
Payment of lease liabilities	(4 282)	4 088	(194)
Payments of licence obligations	(1 080)	191	(888)
Net payments related to supply chain financing	(5)	-	(5)
Purchase of treasury shares	(6 114)	-	(6 114)
Dividends paid to non-controlling interests in subsidiaries	(4 327)	-	(4 327)
Dividends paid to equity holders of Telenor ASA	(12 121)	-	(12 121)
Net cash flows from financing activities	**4 332**	**4 289**	**8 622**

The improvement of net cash flow from operating activities and decrease in cash flow from financing activities is mainly due to reclassification of payments related to operating leases under IAS 17. The cash outflow for leases under IFRS 16 is presented as repayment of interest-bearing liabilities within financing activities. Interest paid is still classified as cash flow within operating activities.

The following table provides reconciliation from operating lease commitments as of 31 December 2018 under IAS 17 and lease liabilities recognised in the statement of financial position as of 1 January 2019:

NOK in millions	
Operating lease commitments disclosed as of 31 December 2018	17 861
Adjusted for:	
Commitments related to low value leases and short term leases	(56)
Non-lease components not included in lease commitments as of 31 December 2018	1 137
Total adjusted undiscounted operating lease commitments as of 31 December 2018	**18 942**
Weighted average incremental borrowing rate as at 1 January 2019	**6%**
Discounted adjusted operating lease commitments capitalised as of 1 January 2019	**14 079**
Lease liabilities related to leases previously classified as finance leases	859
Reclassification of licence obligations included as lease liabilities	11 847
Renewal options included in lease term as of 1 January 2019	12 086
Other	1 167
Lease liabilities as of 1 January 2019	**40 037**

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

- Amendments to IAS 1 and IAS 8 *Definition of Material* (effective from 1 January 2020, approved by the EU). The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.
- Amendments to IFRS 3 *Definition of a Business* (effective from 1 January 2020, but not yet approved by the EU). The amendments narrowed and clarified the definition of a business. They also permit a simplified assessment of whether an acquired set of activities and assets is a group of assets rather than a business.

Management anticipates that these standards and interpretations will be adopted at the dates stated above provided that the standards and interpretations are approved by the EU.

NOTE 2 Summary of significant accounting policies

Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for equity investments (primarily shareholdings of less than 20%) and derivative financial instruments, which are carried at fair value.

The consolidated financial statements are presented in Norwegian Kroner (NOK). Amounts are rounded to the nearest million, unless otherwise stated. As a result of rounding adjustments, amounts and percentages may not add up to the total.

Basis of consolidation and non-controlling interests

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

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

The financial statements of the subsidiaries are prepared for the same reporting periods as the parent company. Consistent accounting policies are applied. The results of subsidiaries acquired or disposed of during the year are included in the income statement from the date when control is obtained and until control ceases, respectively. Intercompany transactions, balances, revenues, expenses and unrealised Group internal profit or losses are eliminated on consolidation.

Non-controlling interests in subsidiaries are presented within equity separately from the equity attributable to the owners of the parent. Non-controlling interests consist either of the proportionate fair value of net identifiable assets or of fair value of those interests at the date of the business combination, and the non-controlling interests' share of changes in equity since the date of the business combination. The principle for measuring non-controlling interests is determined separately for each business combination.

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

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

Foreign currency translation

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

The Group has foreign entities with functional currency other than NOK. At the reporting date, the assets and liabilities of foreign entities with functional currencies other than NOK are translated into NOK at the rate of exchange at the reporting date and their income statements are translated at the average exchange rates for the year. The translation differences arising from the translation are recognised in other comprehensive income until the disposal of the net investment, at which time they are recognised in the income statement.

Current/non-current classification

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

Financial instruments, other than those held for trading, are classified based on maturity, and hedging instruments are classified consistently with the underlying hedged item.

Non-current assets held for sale and discontinued operations

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

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

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

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

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

Business combinations

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

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

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

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

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

Investments in associated companies

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

Interests in joint arrangements

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

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

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

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

Equity method

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

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

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

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

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

Goodwill

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

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

Cash-generating units

A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. In identifying whether cash inflows from an asset (or group of assets) are largely independent of the cash inflows from other assets (or groups of assets), management considers various factors including how management monitors the entity's operations (such as by product or service lines, businesses or geographical areas). Goodwill is monitored and tested for the group of cash-generating units combined in markets where the fixed and mobile operations are monitored and reported as one operating segment. The group of cash-generating units is in any case not larger than an operating segment determined in accordance with IFRS 8 Operating Segments.

Revenue from contracts with customers

Revenues from contracts with customers primarily comprise sale of

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

Recognition and measurement

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

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

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

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

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

Presentation and impairment

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

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

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

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

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

Licence fees payable to telecommunications authorities that are calculated on the basis of revenue share arrangements are not offset against the revenues. Instead, they are recognised as licence costs because the Group is considered to be the primary obligor.

Costs of obtaining or fulfilling contracts with customers

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

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

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

Interest and dividend income

Interest income is accrued on a time proportionate basis that reflects an effective yield on the asset. Interest income related to the Group's banking operations are included within revenue, other interest income is included in financial income in the income statement. Dividend income from investments is recognised when the Group's rights to receive payment have been established (declared by the General Meeting or otherwise) and classified as financial income.

Government Grants

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

Pensions

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

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

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

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

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

Leases

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

The Group as lessee

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

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and impairments, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The cost of a right-of-use asset also includes an estimate of costs to be incurred by the Group in dismantling and removing the underlying leased asset, restoring the site on which it is located or restoring the underlying leased asset to the condition required by the terms and conditions of the lease. Unless the Group is reasonably certain to exercise an option to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use asset is depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment assessments as described further below.

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

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

Lease liabilities

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

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

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

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

The Group as lessor

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

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

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

Financial instruments
A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Group has classified financial assets and liabilities into the following classes: trade receivables and other current and non-current financial assets, equity investments, cash and cash equivalents, trade payables and other non-interest bearing liabilities, interest-bearing liabilities and derivatives. The categorisation of the financial instrument for measurement purposes is done based on the objective for holding the asset and the asset's contractual cash flow characteristics determined at initial recognition. The Group does not apply the fair value option.

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

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

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

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

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

Equity investments
Equity investments include equity instruments and capital contribution to Telenor Pension Fund. Equity investments are divided into the two categories of financial instruments at FVTOCI and FVTPL. Equity instruments measured at FVTOCI consist of equity investments not held for trading. Presenting fair value gains and losses in OCI for these equity instruments is considered to provide more useful information to users of the Group's financial statements, as this will allow the users to more easily identify the associated fair value changes. FVTOCI investments are initially measured at fair value plus directly attributable transaction costs, and are subsequently measured at fair value. Unrealised gains and losses arising from changes in fair value are recognised directly in other comprehensive income until the investment is disposed of, at which time the cumulative gain or loss is reclassified within equity from other reserves to retained earnings.

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

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

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

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

Interest-bearing liabilities
Interest-bearing liabilities include bonds and commercial papers, bank loans and overdrafts, and are classified in the category FLAC. These liabilities are initially measured at fair value net of transaction costs, and are subsequently measured at amortised cost using the effective interest-rate method. In addition, where fair value hedge accounting is applied the hedged liabilities are adjusted for gains and losses attributable to the risk being hedged. On extinguishment of debt, in whole or in part, the difference between the carrying amount of the liability and the consideration paid is recognised in the income statement.

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

The derivative financial instruments are measured at fair value. Any gains or losses arising from changes in fair value on derivatives that are not cash flow hedges or hedges of net investments are recognised in the income statement as financial income or expense. The accounting for fair value hedges and hedges of net investments are described below.

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

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

Hedging

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

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

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

Fair value hedges

Fair value hedges are hedges of the Group's exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such, that is attributable to a particular risk and could affect the income statement. For fair value hedges, the carrying amount of the hedged item is adjusted for gains and losses attributable to the risk being hedged. The derivative is also measured at fair value, and gains and losses from both the hedging instrument and the hedged item are recognised in the income statement.

The Group discontinues fair value hedge accounting if the hedging instrument expires or is sold, terminated or exercised, the hedge no longer meets the criteria for hedge accounting or the Group revokes the designation. If the hedged item still exists and is not sold, the fair value adjustment to the hedged item attributable to the risk being hedged at de-designation will be amortised in the income statement over the remaining time to maturity.

Hedges of a net investment

A hedge of a net investment in a foreign operation is accounted for in a similar way to a cash flow hedge. Foreign exchange gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised directly in other comprehensive income while any foreign exchange gains or losses relating to the ineffective portion are recognised in the income statement. On disposal of the foreign entity, the cumulative foreign exchange gains or losses recognised in other comprehensive income is reclassified to the income statement.

Income taxes

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

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

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

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

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

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

Inventories

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

Property, plant and equipment

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

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

Estimated useful life, depreciation method and residual value are evaluated at least annually. The straight-line depreciation method is used as this best reflects the consumption of the assets, which often is the passage of time. Residual value is estimated to be zero for most assets, except for any commercial buildings and vehicles which the Group does not expect to use for the assets' whole economic lives.

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

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

Intangible assets

Intangible assets acquired separately are measured initially at cost and recognised as an intangible asset when the Group has control over the asset, future economic benefits are expected to flow to the Group and the cost can be measured reliably. The cost to be capitalised as part of the asset includes direct and incremental costs and, for qualifying assets, borrowing costs. If payment of an intangible asset is deferred beyond normal credit term, its cost is the cash price equivalent. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

Intangible assets with finite lives are amortised over the useful lives. Useful lives and amortisation method for intangible assets with finite useful life are reviewed at least annually. The straight-line amortisation method is used for most intangible assets as this best reflects the consumption of the assets. The amortisation period for a customer base is the expected customer relationship and the amortisation method is based on historical experience of churn for the individual businesses.

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

Research and development costs

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

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

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

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

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

Provisions

Provisions such as workforce reductions, onerous contracts and legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value.

Asset retirement obligations

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

Share-based payments

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

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

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

Statement of cash flows

The Group presents the statement of cash flows using the indirect method. Cash inflows and outflows are shown separately for investing and financing activities, while operating activities include both cash and non-cash line items. Interest received and paid, and dividends received, are reported as a part of operating activities. Dividends distributed (both by Telenor ASA and by subsidiaries with non-controlling interests) are included as a part of financing activities. Value Added Tax and other similar taxes are regarded as collection of tax on behalf of authorities, and are reported net.

Treasury shares

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

NOTE 3 Critical accounting judgements and key sources of estimation uncertainty

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

Critical judgements in applying the Group's accounting policies

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

Lease term of contracts with renewal or termination options

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

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

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

The main part of the Group's lease contracts excluding spectrum licences relates to the mobile networks (mainly towers) and land/property. For lease of land for own towers or leasing of towers from tower companies/other operators, factors considered in particular for assessing the lease term are technology development and potential changes in business models. Based on an assessment of these factors, the lease term for the Group's leases relating to sites will normally be within a range of 4 to 7 years. This means that the lease term for sites with renewal options shall normally be the higher of a non-cancellable period or within a range of 4 to 7 years. Some sites may be in strategically important locations and it might be more than reasonably certain that the sites will be maintained beyond 7 years. In these exceptional cases, the lease term may be up to 10 years.

Acquisition of DNA

In August 2019, the Group acquired 54% of the shares in DNA in Finland and launched a mandatory public tender offer (MTO) for the remaining shares after which Telenor had obtained approx. 95% of the shares and voting interests. IFRS does not specifically address the accounting for a sequence of transactions that begins with an acquirer gaining control over another entity, followed by acquiring additional ownership interests shortly thereafter. Since the MTO arose from the same transactions in which Telenor gained control over DNA, and Telenor had no discretion to reject acceptances of the offer, Telenor accounted for the initial acquisition of 54% and the acquisition of the additional 41% under the MTO as one transaction as of the acquisition date 21 August 2019. For more information, see note 4.

Consolidation of Digi

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

Key sources of estimation uncertainty - critical accounting estimates

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

Depreciation and amortisation, see note 17, 18 and 19

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

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

The Group has made significant investments in property, plant and equipment, intangible assets, goodwill, associates and other investments, and is party to a significant amount of lease contracts giving rise to right-of-use assets, both in the ordinary telecommunication industry and in the digital sphere. Goodwill, intangible assets with indefinite useful life and intangible assets not yet in use are tested for impairment annually or more often if indicators of impairment exist, whereas other assets are tested for impairment when circumstances indicate there may be a potential impairment. Factors that indicate impairment which trigger impairment testing include the following: significant fall in market values; significant underperformance relative to historical or projected future operating results; significant changes in the use of the assets or the strategy for the overall business, including assets that are decided to be phased out or replaced and assets that are damaged or taken out of use; significant negative industry or economic trends; significant loss of market share; significant unfavourable regulatory and court decisions and significant cost overruns in the development of assets.

In accordance with IAS 36 Impairment of assets the recoverable amounts of assets and companies is the higher of value in use and fair value less cost of disposal. Value in use, particularly when discounted cash flow methods are used, must in part be based on management's evaluations, including determining appropriate cash-generating units, determining the discount rate, estimates of future performance, revenue generating capacity of the assets, margins, prices on future renewals of spectrum licences, required maintenance capex, network costs and assumptions of the future market conditions. In some markets, certain expenses and capex are denominated in foreign currency and impacted by currency fluctuations. Recessionary effects and increased macroeconomic risks may impact the estimates of growth, future performance and discount rates used in estimating recoverable amounts of assets. Discount rates are impacted by several macroeconomic factors including borrowing rates, country risk, inflation assumptions and currency development. For assumptions used, external evidence has been taken into consideration.

There are significant variations between different markets with respect to growth, mobile penetration, ARPU, market share and similar parameters, resulting in differences in EBITDA margins. The future developments of EBITDA margins are important in the Group's impairment assessments, and the long-term estimates of EBITDA margins for each country are uncertain.

Asset retirement obligations (ARO), see note 25

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

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

Deferred tax assets, see note 13

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

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

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

Through the operations in many emerging markets, the Group is involved in legal proceedings, including regulatory discussions. The legal systems in these countries are, to varying degrees, less predictable than the Norwegian legal system. Accordingly, management's estimates relating to legal proceedings and regulatory issues in these countries involve a relatively higher level of uncertainty.

The Bangladesh Telecommunication Regulatory Commission (BTRC) has over several years conducted an information system audit of Grameenphone for the period 1997 to 2014, and has presented substantial financial claims against Grameenphone. On 20 February 2020, the court verbally ordered Grameenphone to make payment of a deposit of approximately NOK 1 billion before 24 February 2020, and on 23 February 2020 Grameenphone deposited the amount to BTRC. Errors in the audit-findings, the unprecedented long period covered by the audit, inclusion of already settled/resolved items, erroneous claim on behalf of third parties and inclusion of sub-judice items in conjunction with the absence of merit based determination through any solution process, create significant uncertainty about the validity of the demand and outcome of the dispute, and the range on which to establish a reliable estimate of the financial effect related to the final outcome of the BTRC audit. Please see Note 34 Legal disputes and contingencies for further details.

NOTE 4 Business combinations and discontinued operations

Acquisition of DNA Plc

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

DNA is an integrated fixed and mobile telecom operator based in Helsinki. The company is the third largest mobile operator in Finland, with around 2.7 million subscribers, 29% market share and 1 600 employees. In addition, DNA is the second largest fixed broadband provider and the largest cable TV provider in Finland. DNA complements Telenor's operations in the Nordic region, and the transaction is expected to generate material synergies within procurement, roaming, and best practice sharing.

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

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

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

Fair values as of acquisition date

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

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

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

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

Discontinued operations and assets held for sale

On 22 October 2019, the Group announced that it had 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 combination is subject to regulatory approvals and is expected to be completed during the first half of 2020. With effect from the fourth quarter 2019, the Group's satellite-based entertainment business Canal Digital operations are classified as assets held for sale and discontinued operations in the Group's financial reporting. The comparative numbers for the income statement are re-presented.

During 2018, Telenor Banka in Serbia and Telenor Microfinance Bank in Pakistan (TMB), which were the two main contributors to the Financial Services segment, the operations in Central and Eastern Europe (CEE) and Telenor India were classified as held for sale and discontinued operations. Telenor India was disposed of on 14 May 2018, CEE was disposed of on 31 July 2018, and TMB was partially disposed of on 14 December 2018. Telenor Banka was disposed of on 20 February 2019.

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

NOK in millions	2019	2018
Revenue	**4 201**	13 396
EBITDA	**(645)**	3 246
EBIT	**(697)**	2 742
Profit (loss) before tax	**(623)**	**2 654**
Income taxes	**(91)**	(357)
Profit (loss) after tax	**(714)**	**2 297**
Gain (loss) on disposal after tax	**(28)**	3 468
Profit (loss) from discontinued operations	**(742)**	**5 765**

During 2019, Canal Digital contributed with revenue and profit after tax of NOK 4.2 billion (NOK 4.4 billion in 2018) and NOK 952 million (NOK 991 million in 2018) respectively.

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

Gain on disposal of NOK 3.5 billion in 2018 consists of NOK 1.7 billion related to disposal of operations in CEE and NOK 1.8 billion related to partial disposal of TMB, see note 20 for more information related to TMB.

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

NOK in millions	2019	2018
Net cash flow from operating activities	**1 006**	3 132
Net cash flow from investing activities	**(779)**	18 682
Net cash flow from financing activities	**(4)**	(238)

The major classes of assets and liabilities of the disposal groups, representing primarily Canal Digital and India as of 31 December 2019, and Telenor Banka and India as of 31 December 2018:

NOK in millions	31 December 2019	31 December 2018
Assets		
Property, plant and equipment	**10**	-
Goodwill	**1 597**	-
Intangible assets	**183**	-
Other non-current assets	**338**	99
Inventory	**103**	-
Trade and other receivables	**525**	396
Cash and cash equivalents	**735**	407
Total assets classified as held for sale	**3 489**	**902**
Liabilities		
Non-current liabilities	**86**	114
Current liabilities	**4 890**	2 856
Total liabilities held for sale	**4 976**	**2 970**

Liabilities held for sale includes a provision of NOK 3.4 billion (NOK 1.8 billion as of 31 December 2018) representing the exposure to claims from the Indian Department of Telecommunications (DoT) related to the period the Group owned the business in India. A guarantee to Bharti Airtel was recognised at fair value as of closing date of the transaction with Bharti Airtel. Subsequent changes to the estimate are recognised on the discontinued operations line in the income statement.

NOTE 5 Segments

Segment information for 2019 and 2018 is reported in accordance with the reporting to Group Executive Management (chief operating decision makers) and is consistent with financial information used for assessing performance and allocating resources. The accounting principles for the segment reporting are consistent with those applied by the Group before the implementation of IFRS 16 *Leases*, meaning that the effects of IFRS 16 in 2019 are excluded in the segment reporting. For 2018, the segment reporting has been restated to include the effects of IFRS 15 *Revenue from Contracts with Customers*. Segment result is defined as EBITDA before other income and expenses.

The Group's reportable segments are based on the business activities and geographical location. The main products and services are mobile communication and fixed line communication. In addition, the Group reports Other units as a separate segment.

The Group's mobile communication business mainly includes voice, data, internet, content services, customer equipment and messaging. In Norway, Sweden, Denmark and Finland, the fixed line businesses are reported together with mobile operations. Fixed services comprise telephony, Internet and TV and leased lines, as well as data services and managed services.

Other units consist of Global Wholesale, Corporate Functions, Norkring, Telenor Satellite and Other Businesses including Digital Services. The Global Wholesale business is focused on interconnecting global operators and delivering key communications services on a global scale. They enable the operators to route international voice, messaging, data and signaling traffic through a single connection to a global network. In addition, they collectively handle all international roaming relationships for Telenor operators. Corporate Functions comprise activities such as real estate, global shared services, research and development, strategic Group projects, Group Treasury, the internal insurance company and support functions. Norkring and Telenor Satellite offer broadcasting and data communication services via satellite, and terrestrial radio and TV transmission in Norway and Belgium. Other Businesses consists mainly of mobile communication business at sea conducted by Telenor Maritime, as well as Digital Services, including companies operating within international communication services, machine to machine communication as well as internet based services, digital media advertising and financial services, none of which are material enough to be reported as separate segments.

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

Gains and losses arising from internal transfer of businesses, group contribution and dividends within the Group are not included in the income statements for the segments.

Segment Information 2019

NOK in millions	Revenues	External revenues	EBITDA before other income and other expenses [1]	EBITDA [1]	Depreciation, amortisation and impairment losses	Operating profit (loss)	Investments [2]
Norway	25 612	25 093	11 212	11 019	(4 260)	6 759	5 591
Sweden	12 195	12 129	3 992	3 910	(1 432)	2 478	1 310
Denmark	4 980	4 871	1 054	1 214	(742)	471	472
DNA - Finland	3 434	3 434	964	962	(756)	205	854
dtac - Thailand	23 312	23 258	7 290	7 080	(4 388)	2 692	3 683
Digi - Malaysia	13 375	13 334	6 191	6 172	(1 771)	4 401	1 599
Grameenphone - Bangladesh	14 980	14 980	8 876	8 766	(2 194)	6 572	1 825
Pakistan	6 232	6 029	2 780	2 766	(1 431)	1 335	1 446
Myanmar	5 825	5 690	2 129	2 087	(1 563)	524	625
Other units [3]	8 865	5 114	1 335	1 562	(1 159)	403	28 477
Eliminations	(4 877)	-	(470)	(503)	3	(500)	-
Group (Pre IFRS 16)	**113 935**	**113 935**	**45 352**	**45 034**	**(19 694)**	**25 341**	**45 882**
IFRS 16 adjustments	(269)	(269)	5 383	5 242	(4 880)	362	-
Group (Post IFRS 16)	**113 666**	**113 666**	**50 735**	**50 276**	**(24 574)**	**25 702**	**45 882**

Segment Information 2018

NOK in millions	Revenues	External revenues	EBITDA before other income and other expenses [1]	EBITDA [1]	Depreciation, amortisation and impairment losses	Operating profit (loss)	Investments [2]
Norway	25 909	25 421	11 004	10 530	(4 023)	6 508	4 403
Sweden	12 421	12 355	4 125	4 033	(1 246)	2 787	1 965
Denmark	5 076	4 971	1 045	924	(805)	119	441
DNA - Finland	-	-	-	-	-	-	-
dtac - Thailand	18 908	18 834	7 045	4 862	(6 087)	(1 225)	16 562
Digi - Malaysia	13 149	13 133	6 111	6 032	(1 621)	4 410	1 649
Grameenphone - Bangladesh	12 910	12 909	7 807	7 751	(2 188)	5 563	3 292
Pakistan	7 492	7 247	4 296	4 272	(1 523)	2 749	1 157
Myanmar	5 810	5 621	2 179	2 169	(1 443)	727	1 050
Other units [3]	9 993	5 431	1 264	1 063	(1 197)	(135)	777
Eliminations	(5 745)	-	(655)	(596)	37	(559)	-
Group (Pre IFRS 16)	**105 923**	**105 923**	**44 220**	**41 040**	**(20 095)**	**20 945**	**31 296**

[1] See table below for definition and reconciliation of EBITDA. EBITDA before other income and other expenses is the segment result.

[2] Investments consist of capex and investments in businesses. See page 151 for alternative performance measures.

[3] Financial figures for 2018 have been restated due to changes in composition of reportable segments.

Change in composition of reportable segments

Canal Digital is classified as discontinued operations. Consequently, the Broadcast segment has been dissolved. Telenor Satellite, Norkring and other companies including holding companies previously reported as part of this segment are now reported as part of Other units. The segment information for 2018 has been restated to reflect this.

Reconciliation of EBITDA before other income and other expenses

NOK in millions	Note	2019	2018
EBITDA		**50 276**	41 040
Other income	10	**741**	63
Other expenses	10	**(1 200)**	(3 244)
EBITDA before other income and other expenses		**50 735**	**44 220**

Geographic distribution of external revenues based on customer location

NOK in millions	2019	2018
Norway	**26 111**	26 253
Sweden	**12 426**	13 032
Denmark	**4 925**	4 913
Finland	**3 467**	42
Thailand	**23 223**	18 908
Malaysia	**13 431**	13 281
Bangladesh	**14 990**	12 906
Pakistan	**6 033**	7 388
Myanmar	**5 965**	5 813
Other Asia	**472**	620
Other countries	**2 890**	2 768
Total revenues	**113 935**	**105 923**

Assets by geographical location of the company

	Non-current assets excluding deferred tax assets and other non-current assets		Total assets	
NOK in millions	2019	2018	2019	2018
Norway	**36 134**	33 027	**56 258**	57 584
Sweden	**17 037**	14 880	**22 903**	22 281
Denmark	**3 959**	3 625	**10 766**	11 544
Finland	**33 457**	-	**37 682**	215
Thailand	**41 986**	32 845	**53 663**	44 569
Malaysia	**13 039**	10 662	**18 313**	15 795
Bangladesh	**12 719**	12 170	**15 385**	14 393
Pakistan	**10 909**	9 751	**14 834**	11 686
Myanmar	**13 284**	8 470	**14 876**	9 976
Other Asia	**2 702**	642	**3 351**	1 571
Other countries	**454**	446	**866**	1 658
Total assets	**185 679**	126 518	**248 899**	191 272

NOTE 6 Disaggregation of revenues

Disaggregation of revenues from contract with customers

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

Year 2019

NOK in millions	Norway	Sweden	Denmark	DNA Finland	dtac Thailand	Digi - Malaysia	Grameenphone - Bangladesh	Pakistan	Myanmar	Other units	Eliminations	Group
Type of goods/services												
Mobile operation	**15 185**	**8 562**	**4 470**	**2 611**	**20 839**	**13 191**	**14 820**	**6 162**	**5 797**	**-**	**(900)**	**90 737**
Services	13 009	6 850	3 358	2 004	18 439	11 984	14 802	6 052	5 796	-	(900)	81 394
Goods	2 176	1 712	1 112	608	2 400	1 207	18	109	-	-	-	9 343
Fixed operation	**10 096**	**3 452**	**485**	**811**	**-**	**-**	**-**	**-**	**24**	**2 321**	**(782)**	**16 407**
Services	9 512	3 400	485	811	-	-	-	-	24	2 321	(688)	15 865
Goods	585	51	-	-	-	-	-	-	-	-	(94)	542
Satellite and TV transmission [1]	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1 894**	**(655)**	**1 239**
Services	-	-	-		-	-	-	-	-	1 882	(655)	1 228
Goods	-	-	-	-	-	-	-	-	-	12	-	12
Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4 126**	**(2 194)**	**1 932**
Services	-	-	-	-	-	-	-	-	-	4 126	(2 194)	1 932
Goods	-	-	-	-	-	-	-	-	-	-	-	-
Sum type of goods/services	**25 282**	**12 013**	**4 955**	**3 422**	**20 839**	**13 191**	**14 820**	**6 162**	**5 821**	**8 341**	**(4 531)**	**110 315**
Type of mobile subscription												
Contract	11 452	6 098	3 063	74	11 197	8 463	628	191	43	-	(78)	41 131
Prepaid	164	153	-	1 823	6 702	3 220	14 116	5 795	5 703	-	(323)	37 353
Other [2]	1 393	598	295	107	539	301	58	67	50	-	(499)	2 910
Sum services in Mobile operation	**13 009**	**6 850**	**3 358**	**2 004**	**18 439**	**11 984**	**14 802**	**6 052**	**5 796**	**-**	**(900)**	**81 394**
Timing of revenue recognition												
Over time	22 521	10 250	3 843	2 815	18 439	11 984	14 802	6 052	5 821	8 329	(4 436)	100 419
At a point in time	2 761	1 764	1 112	608	2 400	1 207	18	109	-	12	(94)	9 897
Total revenue from contract with customers	**25 281**	**12 013**	**4 955**	**3 422**	**20 839**	**13 191**	**14 820**	**6 162**	**5 821**	**8 341**	**(4 530)**	**110 315**
Other revenue [3]	331	182	25	12	2 209	184	160	71	4	520	(346)	3 351
Total revenue	**25 612**	**12 195**	**4 980**	**3 434**	**23 048**	**13 375**	**14 980**	**6 232**	**5 825**	**8 861**	**(4 877)**	**113 666**
IFRS 16 effects [4]	-	-	-	-	264	-	-	-	-	5	-	269
Segment revenue as presented in note 5	**25 612**	**12 195**	**4 980**	**3 434**	**23 312**	**13 375**	**14 980**	**6 232**	**5 825**	**8 865**	**(4 877)**	**113 935**

[1] Broadcasting and data communication services via satellite, and terrestrial radio and TV transmission in Norway and Belgium (mainly Norkring and Telenor Satellit).

[2] Other includes revenues from other mobile and non-mobile services, refer to definitions on page 151.

[3] Other revenue includes mainly lease revenue, see note 18 for more information.

[4] Please refer to note 1.

Year 2018

NOK in millions	Norway	Sweden	Denmark	DNA Finland	dtac Thailand	Digi - Malaysia	Grameenphone - Bangladesh	Pakistan	Myanmar	Other units [4]	Eliminations	Group
Type of goods/services												
Mobile operation	**15 192**	**8 770**	**4 535**	**-**	**18 569**	**12 998**	**12 751**	**7 422**	**5 796**	**-**	**(968)**	**85 065**
Services	12 985	7 001	3 469	-	16 555	11 735	12 737	7 315	5 788	-	(968)	76 616
Goods	2 207	1 769	1 066	-	2 014	1 264	14	107	8	-	-	8 449
Fixed operation	**10 390**	**3 477**	**518**	**-**	**-**	**-**	**-**	**-**	**14**	**3 006**	**(1 007)**	**16 399**
Services	9 720	3 405	518	-	-	-	-	-	14	3 006	(939)	15 724
Goods	670	73	-	-	-	-	-	-	-	-	(68)	674
Satellite and TV transmission [1]	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1 968**	**(657)**	**1 311**
Services	-	-	-	-	-	-	-	-	-	1 958	(657)	1 301
Goods	-	-	-	-	-	-	-	-	-	10	-	10
Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**5 011**	**(3 062)**	**1 949**
Services	-	-	-	-	-	-	-	-	-	5 011	(3 062)	1 949
Goods	-	-	-	-	-	-	-	-	-	-	-	-
Sum type of goods/services	**25 582**	**12 248**	**5 053**	**-**	**18 569**	**12 998**	**12 751**	**7 422**	**5 810**	**9 986**	**(5 694)**	**104 724**
Type of mobile subscription												
Contract	11 263	6 292	3 184	-	9 372	4 614	507	196	30	-	(110)	35 348
Prepaid	189	147	-	-	6 785	6 860	12 180	7 020	5 703	-	(379)	38 505
Other [2]	1 532	562	285	-	398	261	50	99	55	-	(479)	2 763
Sum services in Mobile operation	**12 985**	**7 001**	**3 469**	**-**	**16 555**	**11 735**	**12 737**	**7 315**	**5 788**	**-**	**(967)**	**76 616**
Timing of revenue recognition												
Over time	22 705	10 406	3 987	-	16 555	11 735	12 737	7 315	5 801	9 976	(5 626)	95 590
At a point in time	2 877	1 842	1 066	-	2 014	1 264	14	107	8	10	(68)	9 133
Total revenue from contract with customers	**25 582**	**12 248**	**5 053**	**-**	**18 569**	**12 998**	**12 751**	**7 422**	**5 810**	**9 986**	**(5 694)**	**104 724**
Other revenue [3]	328	173	23	-	339	151	159	70	-	7	(51)	1 199
Total revenue	**25 909**	**12 421**	**5 076**	**-**	**18 908**	**13 149**	**12 910**	**7 492**	**5 810**	**9 993**	**(5 745)**	**105 923**
Segment revenue as presented in note 5	**25 909**	**12 421**	**5 076**	**-**	**18 908**	**13 149**	**12 910**	**7 492**	**5 810**	**9 993**	**(5 745)**	**105 923**

1) Broadcasting and data communication services via satellite, and terrestrial radio and TV transmission in Norway and Belgium (mainly Norkring and Telenor Satellit.)
2) Other includes revenues from other mobile and non-mobile services, refer to definitions on page 151.
3) Other revenue includes mainly lease revenue, see note 18 for more information.
4) Figures for 2018 have been restated due to changes in the composition of reportable segments.

Type of goods/ services:

Mobile operation:

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

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

Fixed operation:

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

Goods: Include revenues from sales of customer equipment.

Satellite and TV distribution:

Services: Include revenues from Nordic DTH subscribers and households in SMATV networks, revenues from satellite services and revenues from terrestrial radio and TV transmission in Norway and Belgium.

Goods: Include revenues from sales of devices and customer equipment.

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

Type of mobile subscription:

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

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

Other includes revenues from other mobile services.

Timing of revenue recognition:

Over time includes revenues from the provision of services recognised over time when or as the Group performs the related services over the agreed service period.

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

NOTE 7 Costs of materials and traffic charges

NOK in millions	2019	2018
Traffic charges	**(13 168)**	(10 790)
Costs of materials etc	**(14 744)**	(13 149)
Total costs of materials and traffic charges	**(27 912)**	**(23 939)**

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

NOTE 8 Salaries and personnel costs

NOK in millions	2019	2018
Salaries and holiday pay	**(9 505)**	(9 157)
Social security tax	**(950)**	(969)
Pension costs including social security tax (note 26)	**(947)**	(880)
Share-based payments [1]	**(172)**	(186)
Other personnel costs	**(620)**	(553)
Own work capitalised	**1 390**	1 300
Total salaries and personnel costs	**(10 803)**	**(10 446)**

[1] Include expenses related to the Group's employee share programme, and the Group's long term incentive programme for managers and key personnel (please refer to note 35 as well as chapter 11 and 12 in the corporate governance section of the Board of Directors' report on page 27 and 28).

The average number of labour-years employed was approximately 20,000 in 2019 and 20,000 in 2018 from continuing operations.

NOTE 9 Other operating expenses

NOK in millions	2019	2018
Operating leases of buildings, land and equipment	-	(4 207)
Other cost of premises, vehicles, office equipment etc.	**(2 650)**	(2 718)
Operation and maintenance	**(6 040)**	(5 432)
Licence fees	-	(3 785)
Marketing and sales commission	**(6 016)**	(5 648)
Advertising	**(1 773)**	(1 866)
External personnel and consultancy fees	**(1 927)**	(1 781)
Variable lease expenses [1]	**(3 265)**	-
Other [2]	**(2 543)**	(1 881)
Total other operating expenses	**(24 215)**	**(27 318)**

[1] See note 18 for more information.

[2] Includes expenses related to short term and low value leases, see note 18 for more information.

For impact arising from IFRS 16 on 2019, see note 1.

NOTE 10 Other income and other expenses

NOK in millions	2019	2018
Gains on disposals of fixed assets, right-of-use assets and operations	696	63
Other	46	-
Total other income	**741**	**63**
Losses on disposals of fixed assets, right-of-use assets and operations	(283)	(223)
Expenses for workforce reductions, onerous contracts and other	(917)	(3 020)
Total other expenses	**(1 200)**	**(3 244)**

For the year 2019, other expenses consisted mainly of workforce reductions (of which NOK 255 million in Corporate Functions, NOK 205 million in Telenor Norway and NOK 167 million in dtac). Other income consisted mainly of gains on partial disposal of 701Search (NOK 235 million) and Digital Money Myanmar (NOK 216 million), and a gain of NOK 119 million in Telenor Denmark from a sale and partial leaseback of assets. Last year, other expenses were mainly related to the settlement of disputes between CAT and dtac (see note 34), as well as workforce reductions.

NOTE 11 Research and development costs

Research and development costs that have been recognised in the income statement amount to NOK 280 million in 2019 (NOK 372 million in 2018). Expensed research and development activities relate to new technologies, digital services and products, digital marketing and distribution and new usages of the existing network.

NOTE 12 Financial income and expenses

NOK in millions	2019	2018
Interest income on cash and cash equivalents	644	476
Other financial income	710	728
Total financial income	**1 354**	**1 203**
Interest expenses on financial liabilities [1]	(4 561)	(2 130)
Other financial expenses	(470)	(354)
Total financial expenses	**(5 031)**	**(2 484)**
Foreign currency gains	944	538
Foreign currency losses	(1 226)	(2 765)
Net foreign currency gains (losses)	**(282)**	**(2 227)**
Net change in fair value of financial instruments at fair value through profit or loss	4	350
Net change in fair value of hedging instruments and hedged items	56	(8)
Net change in fair value of financial instruments	**60**	**342**
Net gains (losses and impairment) on financial assets and liabilities	**15**	**3**
Net financial income (expenses)	**(3 884)**	**(3 163)**

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

Other financial income for 2019 includes VEON dividends equivalent to NOK 556 million, compared to NOK 598 million in 2018.

In 2019, interest expenses related to interest bearing debt amounts to NOK 2.7 billion, an increase of NOK 0.6 billion compared to 2018. Further, interest expenses on lease liabilities amounts to NOK 1.8 billion, and NOK 1.3 billion excluding lease liabilities related to spectrum licences (NOK 75 million in 2018). The increase is mainly explained by implementation of IFRS 16 Leases (see note 1 for more information).

Net foreign currency losses in 2019 are mainly related to USD liabilities in Pakistan and translation of debt denominated in USD used for economic hedges of assets. In 2018 similar translation of USD debt used for economic hedges of assets was the main driver for the loss, with a higher loss due to a more significant weakening of the NOK compared to 2019.

Net change in fair value of financial instruments in 2018 included a gain of NOK 815 million on the financial derivative features of the bond exchangeable into VEON ADSs, partly offset by losses on swaps.

NOTE 13 Income taxes

NOK in millions	2019	2018
Profit before taxes	**20 968**	17 701
Current taxes	**(9 237)**	(7 362)
Deferred taxes	**204**	1 337
Income tax expense	**(9 033)**	**(6 024)**

The increase in current taxes is mainly due to the reassessment order received in 2019 from Norwegian Tax Authorities disallowing deduction for the actual tax loss Telenor ASA had on guarantees to its former Indian operation in 2013 (see comments below on Prior years' assessments or adjustments on current tax). The reduction of the deferred tax income is mainly related to the settlement of disputes between CAT and dtac provided for last year becoming tax deductible upon payment (see note 34).

Effective tax rate

The table below reconciles the reported income tax expense to the expected income tax expense according to the Norwegian corporate income tax rate of 22% (23% in 2018). It also discloses the main elements of the tax expense. We have commented on selected line items in the table below.

NOK in millions	2019	2018
Income tax expense at corporate income tax rate in Norway (22%/23%)	**(4 613)**	(4 071)
Effect of tax rates outside Norway different from 22% (23%)	**(1 306)**	(1 272)
Effect of changes in tax rates	**(36)**	11
Current and deferred taxes on retained earnings and dividend in subsidiaries and associated companies	**(349)**	(363)
Non-taxable and non-deductible items	**(161)**	-
Prior years assessments or adjustments on current tax	**(2 535)**	(262)
Deferred tax assets not recognised current year	**(16)**	(90)
Change in previously not recognised deferred tax assets	**(18)**	23
Income tax expense	**(9 033)**	**(6 024)**
Effective tax rate in %	**43.1**	**34.0**

Tax rates outside Norway different from 22%

Effects are mainly related to Grameenphone Ltd. (Bangladesh: 40%) and Telenor Pakistan (29%) having higher nominal tax rates than the nominal tax rate for Norway. Telenor Myanmar (25%) and Digi (Malaysia: 24%) also have higher nominal tax rates, while Telenor Sweden (21,4%) and dtac (Thailand: 20%) have lower nominal tax rates.

Effect of changes in tax rates

Norway reduced the corporate income tax rate from 23% to 22% with effect from 1 January 2019. Sweden at the same time decreased their corporate income tax rate from 22% to 21,4% and also enacted a further reduction to 20,6% from 1 January 2021.

Non-taxable and non-deductible items

2019 is impacted by an increase in non-deductible items in Grameenphone. In both 2019 and 2018, non-deductible items are offset by the tax effect from non-taxable dividend income from VEON.

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

Includes current taxes on dividends received, as well as change in deferred tax liability (primarily withholding tax) recognised on undistributed earnings in subsidiaries and associated companies outside of Norway. Deferred taxes on retained earnings in foreign subsidiaries are provided for in full as of 31 December 2019 and 2018.

Prior years' assessments or adjustments on current tax

For 2019, the increase is mainly due to reassessment order from Norwegian Tax Authorities disallowing deduction for the actual tax loss Telenor ASA recognised in 2013 upon settlement of bank guarantees related to its former Indian subsidiary Unitech Wireless. For 2018, this relates to a reassessment by the Norwegian Tax Office to treat the loss on the loan to Telenor Cinclus claimed in 2014 as a non-deductible. The decision has been appealed. In addition, there was adjustments of current tax and minimum Tax in Telenor Pakistan and a reassessment of R&D expenses in Norway. A reversal of a provision in Grameenphone has positive impact.

Change in previously not recognised deferred tax assets

The main amount is related to Tapad in 2019 and Pakistan in 2018.

Tax losses carried forward

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

NOK in millions	Denmark	Thailand	USA	Other	Total
2020		296		38	335
2021		1 368			1 368
2022		1 943			1 943
2023		2 299			2 299
2024		1 055			1 055
2025 and later			1 115	447	1 562
Not time-limited	2 273	496	55	179	3 002
Total tax losses carried forward	**2 273**	**7 458**	**1 170**	**664**	**11 564**
Of which deferred tax assets have not been recognised	144	541	1 170	575	2 429
Of which deferred tax assets have been recognised	**2 129**	**6 917**		**89**	**9 135**

Tax losses carried forward in selected countries expire as follows as of 31 December 2018

NOK in millions	Denmark	Thailand	USA	Other	Total
2019		58		301	359
2020		270		75	345
2021		1 246		132	1 377
2022		1 769		23	1 792
2023		2 097		20	2 117
2024 and later		-	1 126	100	1 226
Not time-limited	2 600	347	-	327	3 274
Total tax losses carried forward	**2 600**	**5 787**	**1 126**	**978**	**10 490**
Of which deferred tax assets have not been recognised	145	434	1 126	937	2 642
Of which deferred tax assets have been recognised	**2 455**	**5 353**	**-**	**41**	**7 848**

In 2019 tax losses carried forward, before and after valuation allowance, increased by NOK 1 billion and NOK 1.3 billion respectively, mainly due to the settlement cost between dtac and CAT becoming tax deductible with net increase in tax losses of NOK 1.5 billion in Thailand. In 2018 tax losses carried forward, before and after valuation allowance, increased by NOK 1,8 billion mainly due to an increased tax loss in dtac of NOK 2.3 billion partly offset by a decrease in Denmark .

Tax assets recognised on tax losses carried forward

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

Uncertain tax positions

Pakistan

Telenor Pakistan received reassessment orders from Tax Authority concerning deductibility of certain expenses in tax returns and disputing the adjustment of advance income tax paid on import of equipment with a total exposure of NOK 2 billion as of 31 December 2019. Telenor Pakistan disagrees with the reassessment orders and has challenged the orders, which are pending at various appellate forums.

Norway

In 2012, Telenor ASA recorded a loss on receivables on its Indian subsidiary Unitech Wireless after having repaid, as guarantor, all of Unitech Wireless' interest-bearing borrowings, amounting to NOK 10.6 billion. A deferred tax asset of NOK 2.5 billion was recognised. In 2013, after the business transfer from Unitech Wireless to Telenor India was completed, Telenor ASA deducted the actual tax loss of NOK 9.3 billion in its tax return. During 2017 and 2018 Telenor ASA received draft notices of possible reassessment, and Telenor has disclosed an uncertain tax position in its Annual Reports since 2016. On 22 August 2019, Telenor ASA received a reassessment order related to income year 2013, disallowing deduction for the loss Telenor ASA recognised in 2012. Following this reassessment, Telenor ASA recognised a tax expense of NOK 2.5 billion in the third quarter and paid the amount on 3 October 2019. Telenor ASA disagrees with the tax authorities' position and has appealed the reassessment on 30 September 2019.

India

In 2013, the Empowered Group of Ministers in India decided that license payment of approximately NOK 2.1 billion made by Unitech Wireles in 2008 on licenses quashed in 2012 could be offset against license payments in Telenor India (formerly named Telewings), see note 34. Telenor India treated NOK 1.9 billion as a reduction to the tax base of the spectrum. In the fourth quarter of 2016, Telenor India received a demand notice for payment of NOK 0.5 billion regarding income year 2013-2014, maintaining that the offset is a taxable gain. Telenor India appealed the decision and got the claim reduced to NOK 0.3 billion in 2017. We appealed the decision to the ITAT and got a favourable result. The decision has been appealed to High Court by the Tax authorities. Only a portion of the claim was paid in previous years, amounting to NOK 0.1 billion. This amount has been refunded to Bharti in 2019, and can be set off against possible claims by Bharti against Telenor under the guarantee issued to Bharti.

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

	2019			2018		
NOK in millions	Deferred tax assets	Deferred tax Liabilities	Of which deferred assets not recognised	Deferred tax assets	Deferred tax liabilities	Of which deferred assets not recognised
Tangible and intangible assets	1 010	(12 410)	(164)	278	(3 682)	(110)
Undistributed earnings in foreign subsidiaries and associated companies		(434)			(432)	
Other non-current items	7 420	(1 816)	-	1 340	(1 043)	(10)
Total non-current assets and liabilities	**8 430**	**(14 660)**	**(164)**	1 618	(5 157)	(121)
Total current assets and liabilities	**2 220**	**(161)**		1 597	(178)	
Tax losses carried forward	**2 393**		**(515)**	2 186		(569)
Total deferred tax assets/liabilities	**13 042**	**(14 820)**	**(679)**	5 401	(5 335)	(690)
Net deferred tax assets/liabilities		**(2 457)**			(623)	
Of which deferred tax assets		2 445			2 699	
Of which deferred tax liabilities		(4 902)			(3 322)	

Deferred tax liabilities and assets have increased due to recognition of right-of-use assets and lease liabilities.

Changes in net deferred tax assets/liabilities

NOK in millions	2019	2018
As of 1 January	**(623)**	(1 442)
Recognised in the income statement	**204**	1 335
Recognised in other comprehensive income	**(170)**	(287)
Recognised directly to equity	**7**	(921)
Acquisitions and disposals of subsidiaries	**(2 072)**	533
Translation differences on deferred taxes	**196**	159
As of 31 December	**(2 457)**	**(623)**

In isolation, net deferred tax liabilities have increased by NOK 2.3 billion due to the acquisition of DNA Plc.

NOTE 14 Earnings per share

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

Earnings

NOK in millions except earnings per share	2019	2018
Net income from continuing operations	**8 515**	8 966
Net income from discontinued operations	**(742)**	5 765
Net income from total operations	**7 773**	14 731
Basic/Diluted earnings per share from continuing operations	**5.91**	6.09
Basic/Diluted earnings per share from discontinued operations	**(0.52)**	3.91
Basic/Diluted earnings per share for total operations	**5.40**	**10.00**

Number of shares

In thousands	2019	2018
Weighted average number of shares for the purpose of basic earnings per share	**1 440 183**	1 472 865

NOTE 15 Goodwill

NOK in millions	Telenor Sweden	Telenor Hungary	Telenor Serbia	dtac Thailand	DNA Finland	Telenor Bulgaria	Broadcast	701 Search	Tapad	Other[1]	Sum
Accumulated cost											
As of 1 January 2018	**6 483**	**4 948**	**6 219**	**3 151**	**-**	**2 561**	**1 727**	**2 230**	**2 630**	**1 633**	**31 582**
Translation differences	(191)	(251)	(124)	213	-	(63)	(2)	83	155	16	(164)
Arising on acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	4	4
Derecognised on disposal of subsidiaries and reclassified to assets held for sale	-	(4 697)	(6 095)	-	-	(2 498)	-	-	-	(155)	(13 445)
As of 31 December 2018	**6 292**	**-**	**-**	**3 364**	**-**	**-**	**1 725**	**2 313**	**2 785**	**1 499**	**17 977**
Translation differences	(168)	-	-	331	(102)	-	(2)	25	31	13	127
Arising on acquisition of subsidiaries	-	-	-	-	16 498	-	-	-	-	-	16 498
Derecognised on disposal of subsidiaries and reclassified to assets held for sale	-	-	-	-	-	-	(1 723)	(2 337)	-	-	(4 060)
As of 31 December 2019	**6 124**	**-**	**-**	**3 694**	**16 396**	**0**	**-**	**0**	**2 816**	**1 512**	**30 541**
Accumulated impairment											
As of 1 January 2018	**(266)**	**-**	**(1 722)**	**-**	**-**	**-**	**(128)**	**(366)**	**(2 630)**	**(24)**	**(5 136)**
Translation differences	8	-	34	-		-	1	(14)	(155)	-	(126)
Derecognised on disposal of subsidiaries and reclassified to assets held for sale	-	-	1 688	-	-	-	-	-	-	4	1 692
Impairment	-	-	-	-	-	-	-	-	-	(4)	(4)
As of 31 December 2018	**(258)**	**-**	**-**	**-**	**-**	**-**	**(127)**	**(380)**	**(2 785)**	**(24)**	**(3 574)**
Translation differences	7	-	-	-	-	-	-	(4)	(31)	-	(28)
Derecognised on disposal of subsidiaries and reclassified to assets held for sale	-	-	-	-	-	-	127	384	-	-	511
As of 31 December 2019	**(251)**	**-**	**-**	**-**	**-**	**-**	**-**	**0**	**(2 816)**	**(24)**	**(3 091)**
Carrying amount											
As of 31 December 2019	5 873	-	-	3 694	16 396	0	-	0	-	1 488	27 451
As of 31 December 2018	6 034	-	-	3 364		-	1 599	1 933	-	1 475	14 403

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

See note 16 for impairment testing.

NOTE 16 Impairment testing

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

The recoverable amount of assets and companies is the higher of value in use and fair value less cost of disposal. Fair value less cost of disposal derived from quoted market prices as of 31 December 2019 and 2018, has been applied to determine the recoverable amount of the listed cash-generating units with goodwill, Digi and dtac. Digi is listed on the Stock Exchange in Malaysia and dtac is listed on the Stock Exchange in Thailand. In addition, the Group has applied fair value less cost of disposal to determine the recoverable amount of the recently acquired subsidiary DNA in Finland.

Discounted cash flow models have been applied to determine the value in use for the remaining cash-generating units with goodwill, based on the most recent financial forecasts approved by management. Management has projected cash flows based on financial forecasts and strategy plans covering the two-year period 2020-2021. The cash flows beyond the explicit forecast period have been extrapolated into perpetuity using a constant nominal growth rate to arrive at the terminal value. The estimates of value in use have been compared to market valuation and multiples for peers in the telecommunication business for reasonableness.

Key assumptions in the discounted cash flow models

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

Growth rates – The expected growth rate for a cash-generating unit converges from its current level experienced over the last few years to the long-term growth level in the market where the entity operates. The growth rates used to extrapolate cash flow projections beyond the explicit forecast period are based on past experience, assumptions in terms of market share and expected development in the market in which the entity operates. The growth rates used to extrapolate cash flows in the year used as basis for calculation of terminal value are not higher than the average expected long-term growth in the markets in which the entities operates.

ARPU – Average revenue per subscription per month (ARPU) is calculated based on mobile revenues from the company's own subscriptions, divided by the average number of subscriptions for the relevant period. ARPU is estimated based on the current ARPU level and expected future market development.

EBITDA margin[1] – The EBITDA margin is estimated based on the current margin level and expected future market development. Committed or implemented operational efficiency programmes are included. Changes in the outcome of these initiatives may affect future estimated EBITDA margins.

Capital expenses (Capex)[1] and spectrum licences – A normalised Capex to sales ratio (Capex as a percentage of revenue) is assumed in the long run. Changes in traffic volumes and number of subscriptions during a growth phase will affect the future Capex to sales ratio. Estimated Capex does not include Capex that enhances current performance of assets, or new licences. Hence, such effects are not included in the cash flow projections. However, renewals of existing licences are included, either as separately calculated cash flows or as part of normalised capex.

Discount rates – Discount rates are based on Weighted Average Cost of Capital (WACC) derived from the Capital Asset Pricing Model (CAPM) methodology. The cost of a company's equity and debt, derive from its weighted average cost of capital. In economies where the Group considers risk-free yields to be unreliable, the WACC rates used in discounting the future cash flows are based on a US 10-year risk-free interest rate, adjusted for the inflation differential between the US and the relevant country. A country risk premium is also added. The discount rates take into account the debt premium, market risk premium, gearing, corporate tax rate, inflation and asset beta. For cash-generating units within economies with unstable inflation rates, rolling discount rates are applied.

The recoverable amounts for the cash-generating units with significant goodwill have been determined based on the following discount rates and terminal value nominal growth rates for the years 2019 and 2018:

	Discount rate after tax (%)		Discount rate pre-tax (%)		Nominal growth in cash flow in terminal value (%)	
	2019	2018	2019	2018	2019	2018
Telenor Sweden	**6.0**	5.5	**7.6**	7.1	**0.0**	0.0

In the recoverable amount assessment, the Group has applied estimated cash flows after tax and corresponding discount rates after tax. The recoverable amounts would not change significantly if pre-tax cash flows and pre-tax discount rates had been applied instead.

Key assumptions in the fair value less cost of disposal model

The Group has applied fair value less cost of disposal to determine the recoverable amount of the recently acquired subsidiary DNA in Finland. Fair value of DNA (Level 3) is measured using discounted cash flow projections. Revenue growth is based on publicly available market analysis and economic development reports. Capital expenses are projected as an expected percentage of the sales. Key assumptions used in the fair value calculation are listed in the table below:

Key assumptions in 2019	DNA
Revenue growth during 2019-2028, per cent [1]	1.8
Revenue growth in the year used as basis for calculation of terminal value , per cent	1.0
Compound average EBITDA margin growth from 2019 to 2028, per cent [2]	1.2
EBITDA margin in the year used as basis for calculation of terminal value, per cent	36.0
WACC, per cent	6.5

[1] Represents the compound annual growth rate during the period.

[2] Represents annual growth during the period.

Impairment in 2019 and 2018

The Group has not recognised any significant impairments in 2019 or 2018.

Sensitivity analyses of the cash-generating units with significant goodwill

With the exception of DNA in Finland, the Group believes that no reasonably possible change in any of the key assumptions used for impairment testing would cause the carrying amounts of the cash-generating units with significant goodwill to exceed recoverable amounts. The estimated recoverable amount of DNA is approximately equal to the carrying amount of the cash-generating unit, and it is therefore sensitive to any adverse changes in the key assumptions.

NOTE 17 Intangible assets

NOK in millions	Customer base	Licences	Trade-marks [1]	Software acquired	Internally generated software	Roaming agreements and other [2]	Work in progress [3]	Total
Accumulated cost								
As of 1 January 2018	**2 883**	**57 849**	**3 628**	**19 375**	**3 648**	**4 827**	**1 793**	**94 003**
Reclassifications [4]	-	668	-	681	106	(17)	(751)	688
Additions	-	14 483	-	892	-	139	1 018	16 533
Additions internally developed	-	-	-	-	171	19	-	190
Additions through acquisition of subsidiaries	-	-	-	-	-	-	-	-
Translation differences	(60)	107	122	18	23	(60)	(8)	142
Derecognition	(9)	(26 861)	(272)	(1 299)	(107)	(1 149)	(54)	(29 751)
Reclassified to assets held for sale	(1 935)	(6 092)	-	(1 674)	(24)	(1 109)	(12)	(10 846)
As of 31 December 2018	**878**	**40 155**	**3 479**	**17 993**	**3 817**	**2 651**	**1 986**	**70 960**
IFRS16 implementation effect [5]	-	(39 876)	-	-	-	-	-	(39 876)
Reclassifications [4]	30	(139)	-	975	264	70	(1 185)	15
Additions	-	(4)	-	907	-	135	1 599	2 637
Additions internally developed	-	-	-	-	179	15	-	194
Additions through acquisition of subsidiaries	1 523	-	3 079	460	-	67	14	5 143
Translation differences	(22)	(2)	146	122	(9)	(32)	2	206
Derecognition	(3)	(134)	(349)	(2 569)	(122)	(951)	(17)	(4 145)
Reclassified to assets held for sale	-	-	(120)	(438)	-	-	(117)	(674)
As of 31 December 2019	**2 407**	**0**	**6 235**	**17 451**	**4 130**	**1 954**	**2 283**	**34 459**
Accumulated amortisation and impairment								
As of 1 January 2018	**(1 934)**	**(34 880)**	**(2 934)**	**(16 634)**	**(3 145)**	**(3 868)**	**(8)**	**(63 404)**
Reclassifications [4]	-	(257)	-	(6)	-	21	-	(242)
Amortisation - continuing operations	(30)	(4 810)	(188)	(1 365)	(254)	(300)	-	(6 947)
Amortisation - discontinued operations	(57)	(112)	-	(91)	(1)	(21)	-	(282)
Impairment	-	-	(33)	(15)	(1)	-	-	(49)
Translation differences	38	172	(107)	(8)	(11)	49	-	133
Derecognition	9	26 862	272	1 257	104	1 149	-	29 652
Reclassified to assets held for sale	1 305	3 056	-	1 457	18	714	-	6 550
As of 31 December 2018	**(669)**	**(9 969)**	**(2 990)**	**(15 405)**	**(3 291)**	**(2 256)**	**(8)**	**(34 589)**
IFRS16 implementation effect [5]	-	9 759	-	-	-	-	-	9 759
Reclassifications [4]	-	94	-	(11)	(8)	(24)	-	49
Amortisation - continuing operations	(69)	(2)	(16)	(1 584)	(340)	(221)	-	(2 233)
Amortisation - discontinued operations	-	-	-	(45)	-	-	-	(45)
Impairment	-	-	-	17	(57)	-	-	(39)
Translation differences	10	3	(162)	(100)	8	31	-	(210)
Derecognition	3	114	16	2 534	120	938	-	3 725
Reclassified to assets held for sale	-	-	72	421	-	-	-	493
As of 31 December 2019	**(726)**	**-**	**(3 080)**	**(14 173)**	**(3 568)**	**(1 533)**	**(8)**	**(23 090)**
Carrying amount								
As of 31 December 2019	**1 681**	**-**	**3 155**	**3 277**	**561**	**421**	**2 275**	**11 370**
As of 31 December 2018	**209**	**30 186**	**488**	**2 588**	**526**	**395**	**1 979**	**36 371**
Amortisation periods in years	3-20	-	-	3-7	3-5	3-5	-	-

[1] The carrying amount of trademarks with indefinite useful lives is NOK 3 155 million as of 31 December 2019 (NOK 488 million as of 31 December 2018).

[2] The carrying amount of roaming agreements is nil as of 31 December 2019 (nil as of 31 December 2018).

[3] The Additions line items represent net additions of work in progress during the financial year. Work in progress capitalised and activated within the same financial year is shown as Additions in the relevant asset categories in this table.

[4] Including reclassifications to/from other lines in the statement of financial position which are not a part of this table.

[5] This represents transfer to right-of-use assets, see note 1.

The additions of licences in 2018 are primarily related to acquisition of spectrums under the 900 and 1800 MHz bands in dtac, 1800 MHz band in Bangladesh, 700 MHz band in Sweden, 2100 MHz band in Digi Malaysia, 900 MHz band in Myanmar.

The additions in software acquired in 2019 were mainly in Telenor Norway and Grameenphone. The additions in software acquired in 2018 were mainly in Telenor Norway and Telenor Denmark.

Until September 2018, dtac operated under a concession right to operate and deliver mobile services in Thailand granted by CAT Telecom Public Company Limited (CAT). CAT allowed dtac to arrange, expand, operate and provide the cellular telephone services in various areas in Thailand. Following expiry of the concession right agreement in 2018 dtac made a transition from concession to licence model. The concession right accounted for under the Intangible Asset Model according to IFRIC 12 Service Concession Arrangements was fully amortised at the end of September 2018.

The derecognition of licences and roaming agreements in 2018 is primarily related to concession right in dtac.

The carrying amounts of licences as of 31 December 2018 in Grameenphone, Telenor Myanmar and Telenor Pakistan were NOK 4.7 billion, NOK 3.4 billion and NOK 2.8 billion. The carrying amount of licences in dtac as of 31 December 2018 was NOK 14.6 billion.

NOTE 18 Leases

Group as lessee

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

Right-of-use assets

Right-of-use assets are classified based on the nature of underlying assets as follow:

NOK in millions	Spectrum licences	Network passive infra-structure	Cables	Land	Buildings	Others	Total
Accumulated cost							
IFRS 16 implementation effect as of 1 January 2019	43 675	14 203	4 755	4 461	2 051	69	69 214
Additions	705	1 500	491	782	664	35	4 177
Additions through acquisition of subsidiaries	2 572	218	143	39	379	15	3 366
Derecognition	(2)	(434)	(67)	(115)	(225)	(12)	(854)
Disposal of companies	-	-	-	-	(10)	-	(10)
Reclassifications	102	503	(13)	(499)	(4)	-	88
Translation differences	1 418	535	(4)	145	13	3	2 110
As of 31 December 2019	**48 471**	**16 525**	**5 305**	**4 814**	**2 868**	**109**	**78 091**
Accumulated depreciation							
IFRS 16 implementation effect as of 1 January 2019	(9 901)	-	(840)	(12)	(193)	-	(10 946)
Depreciation	(3 089)	(2 520)	(586)	(941)	(619)	(51)	(7 816)
Derecognition	2	44	6	73	103	12	239
Disposal of companies	-	-	-	-	4	-	4
Reclassifications	(53)	-	-	-	(1)	-	(55)
Translation differences	(91)	(27)	-	(12)	(6)	(1)	(138)
As of 31 December 2019	**(13 133)**	**(2 503)**	**(1 430)**	**(893)**	**(711)**	**(40)**	**(18 710)**
Carrying amount							
As of 31 December 2019	**35 338**	**14 022**	**3 874**	**3 920**	**2 157**	**69**	**59 381**
Weighted average lease term							
As of 31 December 2019 [1)]	**-**	**7**	**8**	**7**	**6**	**3**	
Related lease liability disaggregated per class of right-of-use assets							
As of 31 December 2019	**16 729**	**13 951**	**3 167**	**5 177**	**2 206**	**67**	**41 297**

1) See table for the spectrum licences below.

For lease of network passive infrastructure (lease of tower space in networks and lease of part of buildings for own towers), land for own sites or towers and lease of buildings for office spaces, equipment and retail stores, lease agreements generally contain termination options or renewal options. These options are used to limit the period to which the Group is committed to individual lease contracts and to maximise operational flexibility in terms of dynamic network requirements. The Group has determined the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease on the same terms and conditions, if it is reasonably certain to exercise the option, or periods covered by an option to terminate the lease, if it is reasonably certain not to exercise the option. The non-cancellable period for lease contracts under network passive infrastructure is 6 years on average, which is mainly driven by the non-cancellable CAT lease agreement in Thailand and non-cancellable tower agreements in Myanmar. The non-cancellable period for lease contracts related to land is 3 years on average, which is mainly driven by non-cancellable lease agreements in Thailand.

For lease of spectrum, the agreements are generally non-cancellable. The Group has not considered periods covered by renewal options even if in some agreements the option to renew exists, given the uncertainty around terms and conditions of renewal of licences.

The following table sets forth the spectrum licences that the Group holds as of 31 December 2019:

Spectrum (MHz)	Bandwidth (MHz)	Type/technology	Spectrum expiration
Telenor Norway			
700	2x10	Technology Neutral	2039
800	2× 10	Technology Neutral	2033
900	2× 15	Technology Neutral	2033
1800	2× 10 + 2× 20	Technology Neutral	2028/2033
2100	2× 19.8	Technology Neutral	2032
2600	2× 40	Technology Neutral	2022
Telenor Sweden			
700	2× 10 [a]	Technology Neutral	2040
800	2× 10 [a]	Technology Neutral	2035
900	2× 6 [a] + 2× 5	Technology Neutral	2025
1800	2× 20 + 2× 10 [a]	Technology Neutral	2027/2037
2100	2× 19.8 + 1× 5	Technology Neutral	2025
2600	2× 40 [b]	Technology Neutral	2023
Telenor Denmark			
700	2x5 [c]	Technology Neutral	2040
800	2× 10 [c]	Technology Neutral	2034
900	2× 9 [d]	Technology Neutral	2020
900	2× 10 [c), e]	Technology Neutral	2034
1800	2× 25 [c]	Technology Neutral	2032
2100	2× 15 + 1× 5	Technology Neutral	2021
2600	2× 20 + 1× 10	Technology Neutral	2030
DNA, Finland			
700	2x10	Technology Neutral	2033
800	2x10	Technology Neutral	2033
900	2x11.6	Technology Neutral	2033
1800	2x24.8	Technology Neutral	2033
2100	2x19.8	Technology Neutral	2033
2600	2x20	Technology Neutral	2029
3500	1x130	Technology Neutral	2033
dtac, Thailand			
700	2x10 [f]	Technology Neutral	2035
900	2× 5 [g]	Technology Neutral	2033
1800	2× 5	Technology Neutral	2033
2100	2× 15	3G/4G	2027
2300	1× 60 [h]	Technology Neutral	2025
Digi, Malaysia			
900	2× 5	Technology Neutral	2032
1800	2× 20	Technology Neutral	2032
2100	2× 15	3G	2034
2600	2× 10 [i]	4G	2019
2600	2× 10	4G	2021
Grameenphone, Bangladesh			
900	2× 7.4	Technology Neutral	2026
1800	2× 7.2 + 2× 7.4	Technology Neutral	2026
1800	2× 5	Technology Neutral	2033
2100	2× 10	3G/4G	2028
Telenor Pakistan			
850	2× 10	3G/4G	2031
900	2× 4.8	2G	2019
1800	2× 8.8	2G/4G	2019
2100	2× 5	3G	2029
Telenor Myanmar			
900	2× 5	Technology Neutral	2029
900	2× 2.2	Technology Neutral	2023
1800	2× 20	Technology Neutral	2029
2100	2× 10+2× 5	Technology Neutral	2029

[a] The licences are held by Net4Mobility (a joint operation with Tele 2 owned 50% by the Group).
[b] Tele 2 and the Group transferred their respective licences (2× 20 MHz) in the 2600 MHz band to Net4Mobility on 2 July 2012.
[c] The licences are held by TT Netværket (a joint operation with Telia, owned 50% by the group).
[d] The licence is extended to 31st March 2020.
[e] The licence is valid from 1st April 2020.
[f] The licence is expected to be valid from October 2020.
[g] As a part the 900 MHz spectrum licensing conditions, dtac is entitled to use spectrum under the 850 MHz band for up to 2 years before fully switch-ing to the spectrum in the 900 MHz band.
[h] The spectrum is held under capacity agreement with TOT and therefore, is not part of right-of-use assets.
[i] The spectrum is held under agreement with Altel.

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

Lease liabilities

Lease liabilities measured at amortised cost

	2019		
NOK in millions	Current	Non-current	Total
Lease liability related to spectrum licences	4 421	12 309	16 729
Lease liability related to other lease contracts	4 875	19 693	24 568
Total lease liabilities	**9 295**	**32 002**	**41 297**

For 2018, lease liabilities for finance leases under IAS 17 amounted to a total of NOK 859 million of which NOK 54 million was classified as current and NOK 805 million was classified as non-current.

The right to spectrum was previously treated as an intangible asset, while under IFRS 16 the right to use the underlying spectrum is treated as a lease. Accordingly all fixed payments, including upfront fees payable in instalments over the lease term (or license period) are included as lease liabilities with corresponding right-of-use assets as of 1 January 2019. Before implementation of IFRS 16, license obligations for the upfront fees payable in instalments as of 31 December 2018 amounting to NOK 11,847 million were recognised as part of other interest-bearing liabilities, see note 28.

The distribution of lease liabilities per currency and subsidiary as of 31 December 2019 is as follow:

	2019			
NOK in millions	Currency	Spectrum licences	Other lease contracts	Total
Subsidiary				
dtac	THB	10 974	7 242	18 215
Digi	MYR	2 019	2 376	4 395
Grameenphone	BDT	694	1 466	2 160
Myanmar	MMK	210	2 526	2 736
Myanmar	USD	102	2 953	3 055
Pakistan	PKR	-	2 641	2 641
Pakistan	USD	694	-	694
Norway	NOK	1 425	776	2 201
Sweden	SEK	42	2 633	2 675
Denmark	DKK	143	887	1 029
Finland	EUR	420	742	1 163
Other units	NOK	6	327	333
Total subsidiaries		**16 729**	**24 568**	**41 297**

The lease liabilities maturity profile is as follow:

NOK in millions	Total as of 31.12.19	< 1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	9 years	10 years	>10 years
Lease liabilities related to spectrum licences	16 729	4 423	2 748	1 603	1 360	1 337	1 336	1 359	1 383	287	267	627
Lease liabilities related to other lease contracts	24 568	4 872	4 609	3 918	3 433	2 973	2 407	1 473	466	247	99	71
Sum of lease liabilities	**41 297**	**9 295**	**7 357**	**5 520**	**4 792**	**4 311**	**3 742**	**2 832**	**1 849**	**534**	**366**	**698**
Future interest payments	7 596	2 030	1 573	1 212	940	705	493	309	169	79	52	34
Total including future interest payments	**48 893**	**11 326**	**8 930**	**6 732**	**5 732**	**5 015**	**4 235**	**3 141**	**2 019**	**613**	**418**	**733**

NOK in millions	Total as of 31.12.18	< 1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	9 years	10 years	>10 years
Lease liabilities related to other lease contracts	**859**	**54**	**54**	**59**	**71**	**84**	**292**	**85**	**102**	**58**	**-**	**-**
Future interest payments	504	93	88	82	75	66	56	24	15	4		
Total including future interest payments	**1 363**	**148**	**142**	**142**	**146**	**150**	**348**	**109**	**117**	**62**		

Changes in lease liabilities during 2019 are presented below:

NOK in millions	2019
Finance lease liabilities as of 31 December 2018 under IAS 17	**859**
New lease liabilities recognised as part of implementation effect of IFRS 16	27 331
Licence obligations reclassified from other interest bearing liabilities as part of implementation effect of IFRS 16	11 847
Increase in lease liabilities related to spectrum licences	476
Increase in lease liabilities related to other lease contracts due to new contracts or modification of existing contracts	3 224
Increase due to additions through acquisition of subsidiaries	1 207
Increase due to interest expense accrued	1 848
Effects from changes in foreign exchange rates	1 686
Decrease due to repayments of principal portion of lease liabilities	(5 362)
Decrease due to repayments of interest portion of lease liabilities	(1 308)
Decrease due to termination of contracts or modification of existing contracts	(502)
Other changes	(10)
Lease liabilities as of 31 December 2019	**41 297**

Cash payments made relating to lease contracts are presented below:

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

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

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

Variable lease expenses of NOK 3.3 billion recognised in other operating expenses include NOK 2.7 billion related to spectrum agreements and NOK 0.6 billion related to other lease contracts. Variable lease expenses related to spectrum agreements vary mainly with revenue, as a significant part of the expenses are based on share of revenues under the agreements. Variable lease expenses related to other lease contracts of NOK 0.6 billion represent energy charges paid to lessors as part of the lease agreements for some mobile sites, and the expenses vary with the consumption of energy on those mobile sites.

The portfolio of short term leases during 2019 is expected to reduce significantly during 2020 due to ongoing renegotiation of lease contracts.

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

Group as lessor

Operating leases

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

Revenue of NOK 3.3 billion (note 6) recognised in the income statement includes variable lease revenue of NOK 131 million primarily relating to energy charges received from lessees based on the consumption.

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

NOK in millions	Amount
Less than 1 year	3 618
1 to 2 years	3 589
2 to 3 years	3 834
3 to 4 years	3 791
4 to 5 years	3 774
After 5 years	1 301
Total	**19 907**

Finance leases

The Group has recognised receivables at present value of future lease payments to be received in lease arrangements where the Group has transferred substantially all the risks and rewards incidental to ownership of the underlying assets to the lessee.

	2019			2018		
NOK in millions	Current	Non-current	Total	Current	Non-current	Total
Sublease of land	113	1 799	1 912	-	-	-
Lease of satellite	92	303	395	88	380	468
Other	5	11	16	-	-	-
Total finance lease receivables	**210**	**2 114**	**2 323**	**88**	**380**	**468**

During 2019, the Group recognised interest income of NOK 82 million (note 12) related to finance lease receivables.

Sublease of land in Thailand

During the year 2018, dtac entered into the Disputes Settlement and Tower Service Agreement with CAT. Under the agreement, dtac transferred disputed towers that dtac procured under the concession agreement to operate and to provide cellular telephonic service, and entered into lease agreement to use the towers. The right to use towers from CAT was recognised as right-of-use asset with corresponding lease liability on 1 January 2019 as part of the IFRS 16 implementation. Under the agreement, dtac shall itself have lease agreements for the land with landowners and shall receive compensation from CAT for this. dtac recognised lease agreements as a lessee with the landowners for the land related to transferred towers to CAT with related lease liabilities as of 1 January 2019. Right-of-use assets related to land was simultaneously derecognised on 1 January 2019 based on the sublease arrangement with CAT and a finance lease receivable was recognised with reference to the tenure of the agreement with CAT.

Lease of satellite

The Group entered into a long-term lease with UPC on 1 April 2017 for the lease of 9 transponders on Thor 6, where the final payment from UPC will be made in January 2025. According to the agreement, substantially all the risks and rewards related to Thor 6 are transferred to UPC, and accordingly a finance lease receivable was recognised at present value, which represents the deferred payments to be received until January 2025.

The following table sets forth the maturity analysis of lease receivables:

NOK in millions	Amount
Less than 1 year	231
1 to 2 years	441
2 to 3 years	449
3 to 4 years	446
4 to 5 years	433
After 5 years	646
Total undiscounted lease payments receivable	**2 644**
Unearned interest income	(321)
Net investment in leases	**2 323**

NOTE 19 Property, plant and equipment

NOK in millions	Local, regional and trunk networks	Mobile telephone network	Subscriber equipment	Switches and equipment	Radio installations	Cable-TV equipment	Buildings	Land	Corporate administrative assets	Satellites	Work in progress [1]	Total
Accumulated cost												
As of 1 January 2018	**51 339**	**33 626**	**2 458**	**17 209**	**33 410**	**6 088**	**15 263**	**1 075**	**13 312**	**5 020**	**8 969**	**187 770**
Reclassifications [2]	1 493	3 722	75	216	1 600	183	(1 510)	-	487	-	(6 972)	(707)
Additions	1 625	965	313	580	5 805	178	253	-	670	-	5 975	16 362
Additions through acquisition of subsidiaries	-	-	-	-	-	-	-	-	0	-	-	0
Translation differences	(51)	(188)	(39)	70	320	(12)	(274)	4	45	-	(160)	(287)
Derecognition	(1 824)	(313)	(933)	(602)	(159)	(175)	(133)	(4)	(876)	-	(18)	(5 037)
Reclassified to assets held for sale	(711)	(3 344)	(8)	(642)	(2 351)	-	(1 901)	(44)	(1 670)	-	(380)	(11 050)
As of 31 December 2018	**51 871**	**34 468**	**1 866**	**16 831**	**38 625**	**6 262**	**11 698**	**1 031**	**11 968**	**5 020**	**7 414**	**187 053**
IFRS16 implementation effect [3]	(1 938)	(282)	-	-	-	-	(496)	(15)	-	-	-	(2 731)
Reclassifications [2]	1 512	2 446	181	487	524	112	57	-	313	-	(5 789)	(159)
Additions	2 881	1 224	559	372	4 762	140	480	35	743	-	5 328	16 523
Additions through acquisition of subsidiaries	7 360	132	24	-	-	34	237	7	373	-	421	8 588
Translation differences	23	245	(20)	122	952	(23)	18	21	93	-	13	1 444
Derecognition	(1 249)	(473)	(851)	(508)	(537)	(237)	(30)	(19)	(1 977)	-	(22)	(5 904)
Reclassified to assets held for sale	-	-	-	-	-	(1)	(2)	-	(46)	-	-	(50)
As of 31 December 2019	**60 458**	**37 759**	**1 758**	**17 304**	**44 326**	**6 286**	**11 960**	**1 060**	**11 467**	**5 021**	**7 364**	**204 764**
Accumulated depreciation and impairment losses												
As of 1 January 2018	**(37 449)**	**(18 234)**	**(1 570)**	**(13 568)**	**(17 144)**	**(3 367)**	**(8 336)**	**(30)**	**(9 717)**	**(2 796)**	**(1)**	**(112 213)**
Reclassifications [2]	1	(368)	-	4	(16)	-	650	0	(10)	-	-	260
Depreciation - continuing operations	(2 254)	(2 439)	(579)	(1 412)	(3 918)	(444)	(471)	(1)	(1 353)	(224)	-	(13 094)
Depreciation - discontinued operations	(15)	(57)	(0)	(8)	(60)	-	(25)	-	(45)	-	-	(211)
Impairment - continuing operations	-	-	-	-	(2)	-	(0)	2	(0)	-	(2)	(3)
Impairment - discontinued operations	-	-	-	-	-	-	(0)	-	-	-	-	(0)
Translation differences	43	239	27	(70)	(196)	9	88	(1)	(80)	-	(0)	60
Derecognition	1 817	269	932	598	150	165	87	-	823	-	-	4 842
Reclassified to assets held for sale	261	2 486	6	545	1 453	-	753	-	1 164	-	-	6 667
As of 31 December 2018	**(37 596)**	**(18 104)**	**(1 184)**	**(13 911)**	**(19 733)**	**(3 637)**	**(7 254)**	**(30)**	**(9 218)**	**(3 020)**	**(3)**	**(113 692)**
IFRS16 implementation effect [3]	981	12	-	-	-	-	193	-	(1)	-	-	1186
Reclassifications [2]	12	(111)	-	-	11	21	4	-	114	-	3	55
Depreciation - continuing operations	(2 576)	(3 093)	(595)	(1 161)	(4 678)	(463)	(427)	(1)	(1 274)	(213)	-	(14 480)
Depreciation - discontinued operations	-	-	-	-	-	-	-	-	(2)	-	-	(2)
Impairment - continuing operations	-	-	-	-	-	-	(7)	-	-	-	-	(7)
Impairment - discontinued operations	-	-	-	-	-	-	-	-	-	-	-	-
Translation differences	55	80	14	(51)	(357)	14	(30)	(2)	(93)	-	-	(370)
Derecognition	1 223	422	851	502	499	227	3	18	1 935	-	-	5 680
Reclassified to assets held for sale	-	-	-	-	-	1	2	-	41	-	-	44
As of 31 December 2019	**(37 901)**	**(20 794)**	**(915)**	**(14 620)**	**(24 257)**	**(3 836)**	**(7 517)**	**(15)**	**(8 497)**	**(3 233)**	**-**	**(121 585)**
Carrying amount												
As of 31 December 2019	**22 557**	**16 966**	**844**	**2 684**	**20 069**	**2 450**	**4 444**	**1 045**	**2 969**	**1 788**	**7 364**	**83 179**
As of 31 December 2018	**14 275**	**16 364**	**681**	**2 920**	**18 891**	**2 625**	**4 444**	**1 001**	**2 749**	**2 001**	**7 411**	**73 361**
Depreciation periods in years [4]	3-30	5-20	3	3-7	5-15	3-15	5-90	-	2-10	17	-	-

1) The Additions line items represent net additions of work in progress during the financial year. Work in progress capitalised and activated within the same financial year is shown as Additions in the relevant asset categories in this table.

2) Including reclassifications to/from other lines in the statement of financial position which is not a part of this table.

3) This represents transfer to right-of-use asset, see note 18.

4) Asset categories presented in this movement schedule is an aggregated total from different asset components belonging to a particular category, and the disclosed depreciation rates represent a range of useful lives allocated to components.

NOTE 20 Associated companies and joint arrangements

Associated companies and joint ventures

NOK in millions	2019	2018
Balance as of 1 January	**2 365**	454
Additions	2 948	2 009
Disposals	134	(6)
Additions through acquisitions of subsidiaries	12	-
Share of net income (loss) [1]	(955)	(81)
Share of other comprehensive income	-	2
Equity transactions including dividends	(63)	(24)
Translation differences	(143)	11
Balance as of 31 December	**4 299**	2 365
Of which losses applied to other components of interests in associated companies [2]	-	17
Carrying amount of investments in associated companies and joint ventures [3]	**4 299**	2 382
Of which investment in Telenor Microfinance Bank Limited	1 140	1 916
Of which investment in Carousell	2 431	-
Of which investment in others	728	467

1) Share of net income (loss) includes the Group's share of net income (loss) after taxes, amortisation of excess values, impairments and adjustment for differences in accounting policies.

2) The Group's share of net losses in Riks TV AS (an associated company) exceeded the investment in shares. The excess amount of NOK 17 million has been applied to the Group's other long-term interests in Riks TV AS classified as Other financial non-current interest-bearing assets. Riks TV AS is disposed off during 2019.

3) Of which allocated to goodwill NOK 3.2 billion in 2019 (related to Carousell and TMB) and NOK 1.3 billion in 2018 (related to TMB).

On 21 November 2019, the Group announced a merger between its wholly owned online classifieds business, 701Search, and Carousell whereby the Group contributed 701Search and cash of NOK 0.2 billion to acquire a 32.4% economic interest with 33.5% preference share voting rights in Carousell. The Group's 32.4% economic interest and 33.5% preference share voting rights are represented by 3 out of a total of 10 members on the Board of Directors, and the Group is the largest minority shareholder in Carousell. The Group is deemed to have significant influence over Carousell and accordingly the investment is an associated company accounted for using the equity method with effect from 21 November 2019. The Group's economic interest of 32.4% is initially measured at fair value of NOK 2.4 billion, and a gain of NOK 235 million was recognised on disposal of 701Search as a subsidiary (see note 10 and 24).

On 1 March 2019, the Group changed its shareholders agreement for its partially owned subsidiary Digital Money Myanmar where after the key financial and operational decisions are to be made unanimously and the Group has joint control over Digital Money Myanmar. Accordingly, Digital Money Myanmar was disposed off as a subsidiary and recognised as a joint venture at fair value of NOK 0.3 billion, and a gain of NOK 0.2 billion was recognised (see note 10).

On 12 March 2018, the Group entered into a strategic partnership agreement with Ant Financial Services (Ant Financial) in Pakistan, where Ant Financial were going to invest, over a two years period, USD 184.5 million for a 45% stake in Telenor Microfinance Bank Limited (TMB). The investment was partly capital injection of USD 140 million and partly consideration for sale of shares of USD 44.5 million.

On 14 December 2018, the first part of the transaction was completed and simultaneously, the Group entered into a shareholder agreement with Ant Financial. The shareholder agreement mandated an equal representation of each party on the Board of Directors of TMB where key financial and operational decisions were made with a majority vote, which made TMB a jointly controlled entity between the Group and Ant Financial. On completion of the first part of the transaction, the Group received USD 44.5 million (NOK 0.4 billion) for the sale of 16% of the shares in TMB and simultaneously Ant Financial injected USD 70 million in TMB. In total, the Group's ownership share was reduced to 66.3% in TMB, and TMB became a joint venture between Ant Financial and the Group. The joint venture was accounted for using the equity method with effect from December 2018. The Group's ownership interest of 66.3% in the joint venture was initially measured on fair value of NOK 1.9 billion and a gain of NOK 1.8 billion was recognised on disposal of TMB as a subsidiary in 2018 as part of discontinued operations (see note 4).

During 2019, Ant Financial injected the second tranche of its committed capital investment in TMB of USD 70 million and accordingly, the Group's ownership interest was reduced from 66.3% to 55%. A gain of NOK 0.1 billion was recognised on deemed disposal.

Share of net loss for 2019 includes the Group's share of losses related to TMB of NOK 0.9 billion (NOK 30 million for 2018). A provision of NOK 0.5 billion was recognised to cover for a potential loss related to lending irregularities in TMB. The provision is recognised based on an Expected Credit Loss Model for the entire loan portfolio. The matter is still being evaluated.

Joint operations

The Group is part of four joint arrangements for networks sharing in Sweden, Denmark and Finland. These joint arrangements are structured through separate vehicles. The activities are designed for the provision of output to the investors and hence these arrangements are classified as joint operations.

Joint Operation	Description	Ownership interest
3G Infrastructure Services AB	Joint operation with the mobile operator 3 in Sweden [1]	50%
Net4Mobility HB	Joint operation under partnership agreement with the mobile operator Tele2 Sverige AB in Sweden [1]	50%
TT Netværket P/S	Joint operation with the mobile operator TeliaSonera Mobile Holding AB in Denmark	50%
Suomen Yhteisverkko Oy	Joint operations with mobile Operator Telia Finland Oyj in Finland [2]	49%

1) Under Swedish law, all partners in a partnership are jointly and severally liable for all obligations in a partnership

2) According to the shareholder's agreement, both partners in are jointly and severally liable for all obligations in the joint undertaking

NOTE 21 Trade and other receivables

NOK in millions	Category	2019	2018
Receivables from contracts with customers		17 665	15 650
Provision for bad debt		(1 200)	(1 119)
Total receivables from contracts with customers as of 31 December	FAAC [1]	**16 465**	14 531
Interest-bearing receivables [3]		1 155	-
Finance lease receivable [4]		210	88
Accrued financial income		4	130
Other non-interest-bearing receivables		2 542	2 620
Provision for bad debt		(1)	-
Total other current receivables as of 31 December	FAAC [1]	**3 910**	2 838
Contract asset		470	531
Return good asset [5]		70	112
Governmental taxes and duties		698	1 135
Prepayments		4 160	2 538
Total other current non-financial assets as of 31 December	NF [2]	**5 399**	4 316
Total trade and other receivables as of 31 December		**25 774**	21 685

[1] FAAC: Financial assets at amortised cost
[2] NF: Non-financial assets and liabilities
[3] This includes the current portion of the deferred sales consideration receivable from PPF Group for the sale of shares in Telenor Serbia in 2018. See note 22 for more information.
[4] See note 18 for more information
[5] Asset for the right to recover returned goods on settling refund liabilities.

As of 31 December 2019, NOK 1.4 billion (NOK 1.2 billion as of 31 December 2018) of trade and other receivables related to handset instalments not due within one year.

Specification of contract assets:

NOK in millions	2019	2018
Balance as of 1 January	**531**	-
IFRS 15 implementation effect	-	1050
New contract assets during the period less transfer to receivables	(58)	122
Addition through acquisition of subsidiaries	71	-
Change in measure of progress	(6)	(13)
Currency and other effects	2	(87)
Reclassified to assets held for sale	(69)	(541)
Balance as of 31 December	**470**	531

Performance obligations to provide services are generally satisfied over time when or as the Group performs the related services over the agreed service period. For the majority of contracts with customers, services will be delivered on a monthly basis during the contract period of maximum 24 months, and payments normally follow the service delivery cycle. Performance obligations to deliver customer equipment are normally satisfied at the point in time when the equipment is delivered to the customer. Payments related to equipment are made either when the equipment is delivered to the customer or on a monthly basis over the agreed contract period, either due to instalment plans related to customer equipment giving rise to a receivable and/or due to other differences between recognised revenue and amounts received or receivable from a customer resulting in contract assets in the Group accounts. For the Group, the main part of recognised contract assets relates to contracts where the transaction price allocated to the customer equipment is recovered by the Group through future service fee payments. The contract assets are transferred to receivables when rights to payment become unconditional, normally on a monthly basis over the agreed instalment period.

Specification of provision for bad debt:

NOK in millions	2019	2018
Provision as of 1 January	**(1 119)**	(1 897)
Change during the year - continuing operations	30	(112)
Change during the year - discontinued operations	-	(24)
Addition through acquisition of subsidiaries	(76)	-
Reclassified to assets held for sale	6	913
Currency and other effects	(41)	1
Provision as of 31 December	**(1 200)**	(1 119)
Realised losses for the year - continuing operations	(783)	(525)
Realised losses for the year - discontinued operations	(22)	(23)
Recovered amounts previously provided for - continuing operations	64	84
Recovered amounts previously provided for - discontinued operations	6	-

Specification of the age distribution of trade receivables:

NOK in millions	Carrying amount	Not past due on the reporting date	Past due on the reporting date in the following periods: less than 30 days	between 30 and 60 days	between 61 and 90 days	between 91 and 180 days	between 181 and 365 days	more than 365 days
As of 31 December 2019								
Trade receivables	17 665	14 109	1 505	287	213	389	496	666
Provision for bad debt	(1 200)	(56)	(61)	(62)	(60)	(178)	(325)	(458)
Total trade receivables	**16 465**	**14 053**	**1 444**	**225**	**153**	**211**	**171**	**208**
As of 31 December 2018								
Trade receivables	15 650	11 970	1 488	387	220	359	454	772
Provision for bad debt	(1 119)	(20)	(46)	(60)	(57)	(154)	(287)	(495)
Total trade receivables	**14 531**	**11 950**	**1 442**	**327**	**163**	**205**	**167**	**277**

For the trade and other current receivables that are not impaired or past due, there are no indicators at the date of the reporting that the debtors will not be able to meet their payment obligations.

NOTE 22 Other non-current assets and current financial assets

NOK in millions	Fair value level[5]	Category	2019	2018
Other non-current assets				
Equity investments	3	FVTOCI [1]	**925**	863
Equity investments	1	FVTOCI [1]	**-**	5 219
Financial derivatives	2	FVTPL [2]	**132**	223
Financial derivatives designated for net investment hedge	2		**21**	21
Other financial non-current non-interest-bearing assets		FAAC [3]	**1 256**	395
Fair value hedge instruments	2		**1 831**	1 492
Other financial non-current interest-bearing assets		FAAC [3]	**3 707**	4 453
Finance lease receivable [6]			**2 114**	380
Total non-current financial assets as of 31 December			**9 985**	13 048
Contract costs			**3 614**	3 237
Governmental taxes and duties			**87**	424
Prepayments			**232**	1 083
Total non-current non-financial assets		NF [4]	**3 932**	4 744
Total other non-current assets as of 31 December			**13 916**	17 792
Other current financial assets				
Assets held for trading	2	FVTPL [2]	**57**	59
Bonds and commercial papers > 3 months		FAAC [3]	**485**	332
Financial derivatives	2	FVTPL [2]	**21**	201
Financial derivatives designated for net investment hedge	2		**190**	86
Fair value hedge instruments	2		**157**	-
Total other current financial assets as of 31 December			**910**	678

1) FVTOCI: Fair value through other comprehensive income.
2) FVTPL: Fair value through profit and loss.
3) FAAC: Financial assets at amortised cost.
4) NF: Non-financial assets .
5) For information about the fair value level of financial instruments, see note 30.
6) See note 18 for more information.

Equity investments

Equity investments (FVTOCI) include capital contribution to Telenor Pension Fund of NOK 0.3 billion and other equity investments of NOK 0.6 billion (NOK 0.3 billion and NOK 5.8 billion in 2018, respectively).

During 2019, Telenor sold its remaining shares in VEON, for a cash consideration of around NOK 5.1 billion. The investment was classified as fair value through other comprehensive income, with unrealised gains and losses arising from changes in fair value recognised directly in other comprehensive income. A cumulative loss of NOK 3.6 billion was reclassified within equity from other reserves to retained earnings upon disposal of the remaining shares (see note 24). During 2018, a loss of 2.9 billion was recognised in other comprehensive income, and the carrying amount and fair value of 14.6% of the shares in VEON was NOK 5.2 billion on 31 December 2018.

Other financial non-current interest-bearing assets

Other financial non-current interest-bearing assets includes deferred sales consideration receivable from PPF Group for the sale of shares in Telenor Serbia in 2018, amounting to NOK 2.9 billion (EUR 300 million) as of 31 December 2019 and NOK 4 billion (EUR 400 million) as of 31 December 2018. The receivable may be repaid early with a discount or is otherwise repayable in four equal installments plus interest. The first instalment of NOK 1.2 billion including interest (EUR 117 million) due and paid in January 2020 is included in Trade and other receivables (see note 21) as of 31 December 2019.

Contract costs

Contract costs include incremental costs of obtaining and fulfilling contracts with customers. Costs of obtaining a contract typically include sales commissions incurred at the time of entering into a sales contract with a customer. IFRS 15 requires capitalisation of such costs if the amortisation period is more than 12 months. The amortisation period is the expected contract period, including expected renewals.

The below tables set forth the costs capitalised and amortised during the year 2019 and 2018:

NOK in millions	As of 31 December 2018	Effect of IFRS 15 implementation	Costs capitalised during the year	Reclassified to assets held for sale	Amortisation - continued operations	Amortisation - discontinued operations	Translation Differences	As of 31 December 2019
Contract acquisition costs	3 159	2 040	613	(299)	(1 811)	(126)	(41)	3 534
Contract fulfilment costs	79	50	-	-	(46)	-	(3)	80
Total contract costs	**3 237**	**2 090**	**613**	**(299)**	**(1 857)**	**(126)**	**(44)**	**3 614**

NOK in millions	As of 31 December 2017	Effect of IFRS 15 implementation	Costs capitalised during the year	Reclassified to assets held for sale	Amortisation - continued operations	Amortisation - discontinued operations	Translation Differences	As of 31 December 2018
Contract acquisition costs	-	3 454	1 984	(227)	(1 924)	(65)	(62)	3 159
Contract fulfilment costs	-	104	35	-	(52)	-	(8)	79
Total contract costs	**-**	**3 558**	**2 019**	**(227)**	**(1 976)**	**(65)**	**(71)**	**3 237**

NOTE 23 Additional cash flow information

Changes in net operating working capital

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

NOK in millions	2019	2018
Inventory	428	(204)
Trade and other receivables	317	(1 375)
Trade payables	(232)	(1 221)
Changes in net operating working capital	**512**	**(2 799)**

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

NOK in millions	2019	2018
Additions to property plant and equipment and (see note 19)	**(16 523)**	(16 362)
Additions to intangible assets (see note 17)	**(2 831)**	(16 723)
Additions to right-of-use assets (see note 18)	**(4 177)**	-
Capital expenses incurred as part of assets held for sale	(10)	(539)
Licence obligations [1]	476	9 610
Lease liabilities [1]	3 224	-
Asset retirement obligation additions	2 125	1 682
Changes in accounts payable and prepayments	(4 281)	1 347
Adjustments in lease liabilities	(78)	-
Other adjustments	89	(26)
Purchases of property plant and equipment and intangible assets (cash flow from investing activities)	**(21 986)**	**(21 011)**

[1] Payments are classified as cash flow from financing activities. Spectrum licences were in 2018 recognised as intangible assets, while in 2019 (under IFRS 16) the rights to use the underlying spectrum are recognised as leases. See note 1 for more information

Licence obligations in 2019 were mainly related to licence acquisition in Norway with deferred payment schedule. Licence obligations in 2018 were related to licence acquisition in dtac, Grameenphone and Myanmar with deferred payment schedule.

Cash payments at or before lease commencement are classified as cash outflows from investing activities. Subsequent payments during the lease term are classified as cash outflows from financing activities. Accordingly, the lease liabilities of NOK 3.1 billion (adjusted for NOK 0.1 billion related to sale and leaseback) recognised during 2019 represent the deferred payments of total additions in right-of-use assets (excluding spectrum licences and asset retirement obligations) of NOK 3.3 billion whereby NOK 0.2 billion was paid at or before lease commencement which is classified as cash outflow from investing activities. See note 18 for more information related to leases.

Changes in accounts payable and prepayments in 2019 are mainly related to capex payables in dtac and spectrum licence deposit in Pakistan, see note 18 for more information.

Adjustments in lease liabilities mainly relates to the sale and leaseback transaction in Denmark. See note 18 for further information.

Acquisitions and disposals of subsidiaries, associated companies and joint ventures

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

NOK in millions	2019	2018
Disposals of subsidiaries, associated companies and joint ventures		
Associated companies and joint ventures	(134)	3
Other non-current assets	2 136	21 720
Current assets	1 876	9 673
Liabilities	(1 602)	(8 939)
Non-controlling interests	(51)	(7)
Gains (losses) adjusted for translation differences on disposals [1]	338	6 049
Sales price	**2 564**	**28 499**
Of which non-cash	(2 538)	(5 706)
Proceeds received as sale consideration	25	22 796
Cash in subsidiaries disposed of	(1 098)	(2 392)
Proceeds from disposal of subsidiaries and associated companies net of cash disposed of	**(1 073)**	**20 404**

[1] In 2019, adjusted for NOK 0.2 billion relating to reclassification of translation differences from other comprehensive income to the income statement, see note 24, the total gain of NOK 592 million mainly relates to disposal of 701 Search and Digital Money Myanmar, see note 10 and 20. In 2018, adjusted for NOK 2.5 billion relating to reclassification of translation differences from other comprehensive income to the income statement, see note 24, the total gain of NOK 6 billion relates to disposal of operations in Central and Eastern Europe and Telenor Microfinance Bank in 2018, see note 4 and 20.

During 2019, the disposal of associated companies and joint ventures were mainly related to gain on deemed disposal of partial ownership interest in Telenor Microfinance Bank Limited, see note 20.

During 2019, the disposal of subsidiaries were mainly related to partial disposal of 701 Search and Digital Money Myanmar, see note 10 and 20.

During 2018, the Group sold its operations in Central and Eastern Europe, Telenor India and 33.7% in Telenor Microfinance Bank for a total cash consideration of NOK 22.8 billion. See note 22 for information relating to deferred consideration for sale of shares in Telenor Serbia and note 20 for recognition of investment in Telenor Microfinance Bank as a joint venture.

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

NOK in millions	2019	2018
Purchases of subsidiaries associated companies and joint ventures		
Investments in associated companies and joint ventures	2 948	2 009
Other non-current assets	34 298	4
Current assets	3 411	2
Liabilities	(11 132)	(2)
Non-controlling interests	(651)	-
Total purchase price and capital injections	**28 874**	2 013
Of which non-cash	(2 565)	(1 976)
Cash payments related to acquisitions	(26 309)	(37)
Cash in subsidiaries acquired	351	-
Purchases of subsidiaries associated companies and joint ventures net of cash acquired	**(25 957)**	(37)

During 2019, investments in associated companies and joint ventures are mainly related to contribution of the wholly owned subsidiary 701Search and a cash contribution of NOK 0.2bn to acquire a 32.4% ownership share in Carousell. See note 20 for further information. Purchases of subsidiaries are related to acquisition of DNA Plc for a cash consideration of NOK 25.9 billion.

Investments in associated companies and joint ventures in 2018 are mainly related to conversion of Telenor Microfinance Bank from subsidiary to joint venture. See note 20 for further information.

Dividends paid to non-controlling interests

During 2019, dividends paid to non-controlling interests in subsidiaries amounted to NOK 3.4 billion (NOK 1.6 billion in Digi, NOK 1.5 billion in Grameenphone and NOK 0.3 billion in dtac).

During 2018, dividends paid to non-controlling interests in subsidiaries amounted to NOK 3.1 billion (NOK 1.6 billion in Digi, NOK 1.3 billion in Grameenphone and NOK 0.3 billion in dtac).

Cash and cash equivalents as of 31 December

NOK in millions	2019	2018
Cash and cash equivalents in the Group's cash pool systems [1]	4 304	2 115
Cash and cash equivalents outside the Group's cash pool systems [1]	9 562	16 377
Total cash and cash equivalents in statement of financial position	**13 867**	18 492
Bank overdraft (part of cash in statement of cash flows)	(605)	(571)
Total cash and cash equivalents in statement of cash flows	**13 263**	17 921

Cash and cash equivalents include restricted cash related to Grameenphone of NOK 724 million as of 31 December 2019 (NOK 389 million as of 31 December 2018).

The Group has established cash pool systems. Under these agreements, Telenor ASA is the Group account holder and the other companies in the Group are sub-account holders or participants. The banks can offset balances in their favour against deposits so that the net position represents the net balance between the bank and the Group account holder.

Subsidiaries in which Telenor owns less than 90% of the shares are normally not participants in the Group's cash pool systems held by Telenor ASA. As of 31 December 2019 and 2018 the major part of the cash and cash equivalents outside the Group's cash pool systems relates to dtac, Digi, Grameenphone, Telenor India, Telenor Myanmar, and Telenor Pakistan.

NOTE 24 Additional equity information

Paid-in capital

NOK in millions, except number of shares	Number of shares	Share capital	Other paid in capital	Treasury shares	Total paid-in capital
Equity as of 1 January 2018	**1 501 458 030**	**9 009**	**69**	**(52)**	**9 025**
Share buyback	-	-	-	(208)	(208)
Cancellation of shares	(29 999 999)	(180)	-	180	-
Equity as of 31 December 2018	**1 471 458 031**	**8 829**	**69**	**(80)**	**8 818**
Share buyback	-	-	-	(213)	(213)
Cancellation of shares	(28 999 999)	(174)	-	174	-
Equity as of 31 December 2019	**1 442 458 032**	**8 655**	**69**	**(120)**	**8 605**

Nominal value per share is NOK 6.

Other reserves

NOK in millions	Net unrealised gains/(losses) reserve	Employee equity benefits reserve	Pension remeasurement reserve	Transactions with non-controlling interests	Share of equity adjustments and other comprehensive income in associated companies	Other equity transactions	Total other reserves
Equity as of 1 January 2018	**(662)**	**603**	**294**	**476**	**1 475**	**(9 030)**	**(6 842)**
Other comprehensive income (loss), net of taxes	(2 809)	-	(252)	-	-	-	(3 061)
Share-based payment	-	(166)	-	-	-	-	(166)
Share buyback	-	-	-	-	-	(5 560)	(5 560)
Equity as of 31 December 2018	**(3 471)**	**437**	**42**	**476**	**1 475**	**(14 590)**	**(15 630)**
Other comprehensive income (loss), net of taxes	(26)	-	548	-	-	-	522
Share-based payment	-	(56)	-	-	-	-	(56)
Share buyback	-	-	-	-	-	(5 738)	(5 738)
Disposal of VEON shares	3 586	-	-	-	-	-	3 586
Other changes in other reserves during 2019	-	-	-	(476)	-	-	(476)
Equity as of 31 December 2019	**88**	**382**	**590**	**-**	**1 475**	**(20 328)**	**(17 792)**

Net unrealised gains/losses reserve

This reserve includes unrealised gains and losses arising from changes in fair value of equity investments are recognised directly in other comprehensive income until the investment is disposed of, at which time the cumulative gain or loss is reclassified within equity from other reserves to retained earnings.

During 2019, upon disposal of all shares of VEON, the accumulated loss of NOK 3.6 billion recognised in other reserves was transferred to retained earnings. See note 22 for further information.

During 2018, a loss of NOK 2.9 billion related to VEON was recognised in other comprehensive income. The loss on VEON was related to decline in the share price of VEON partially offset by currency gain due to depreciation of NOK against USD.

Employee equity benefits reserve

Share-based payments represents cost charged to income statement over the vesting period based on the fair value measured at grant date for equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. In 2019, the Group paid NOK 163 million (NOK 303 million in 2018) related to the equity-settled share-based program.

Please refer to note 35 and chapter 12 in the corporate governance section of the Board of Directors' report on page 28 for further details on these programmes.

Pension re-measurement

This reserve includes the effect of re-measurement of pension obligations arising due to change in assumptions, such as discount rate and long term demographic trends.

NOK in millions	Pension remeasurement	Income taxes	Net pension remeasurement
Equity as of 1 January 2018	**421**	**(127)**	**294**
Other comprehensive income (loss)	(336)	84	(252)
Equity as of 31 December 2018	**85**	**(43)**	**41**
Other comprehensive income (loss)	705	(157)	548
Equity as of 31 December 2019	**790**	**(200)**	**589**

See note 26 for more information relating to pension obligations.

Share of equity adjustments and other comprehensive income in associated companies

This reserve includes underlying adjustments to equity in associated companies, such as other comprehensive income, share buybacks and transactions with non-controlling interests.

Other equity transactions

This includes the decrease in other reserves as a result of acquisition and sale/cancellation of treasury shares and the increase as a result of transfers from other paid-in capital, including transfers from other paid-in capital related to cancellation of treasury shares. The price paid in excess of the nominal value of the shares reduces this reserve.

Cumulative translation differences

NOK in millions	Foreign currency translation	Net investment hedge	Income taxes	Net translation differences
Equity as of 1 January 2018	**(512)**	**(3 444)**	**558**	**(3 398)**
Changes during 2018, excluding effects of disposal	(1 390)	316	(73)	(1 147)
Amount reclassified from other comprehensive income to income statement on disposal	1 584	1 090	(298)	2 377
Net changes during 2018	**194**	**1 407**	**(370)**	**1 230**
Equity as of 31 December 2018	**(318)**	**(2 038)**	**188**	**(2 168)**
Changes during 2019, excluding effects of disposal	(377)	59	(13)	(331)
Amount reclassified from other comprehensive income to income statement on disposal	(244)	-	-	(244)
Net changes during 2019	**(621)**	**59**	**(13)**	**(575)**
Equity as of 31 December 2019	**(939)**	**(1 979)**	**175**	**(2 743)**

During 2019, a gain of NOK 244 million was reclassified from other comprehensive income to income statement which consisted of NOK 275 million currency gain on disposal of 701 Search as a subsidiary against consideration of 32% ownership interest in merged Carousell and NOK 58 million currency loss on deemed disposal of Telenor Microfinance Bank Limited. See note 20 for more information.

During 2018, a total loss of NOK 2.4 billion was reclassified from other comprehensive income to income statement upon disposal of subsidiaries in Central and Eastern Europe (CEE), Telenor India and Telenor Microfinance Bank in Pakistan. The following amounts which were earlier recognised in other comprehensive income were reclassified to the income statement in 2018:

NOK in millions	Foreign currency translation	Net investment hedge	Income taxes	Total amount reclassified to the income statement net of income taxes
CEE	(1 648)	(1 090)	298	(2 441)
Telenor India	165	-	-	165
Telenor Microfinance Bank	(102)	-	-	(102)
Others	2	-	-	2
Total	**(1 584)**	**(1 090)**	**298**	**(2 377)**

In 2019, the translation difference loss on net investment in foreign operations was caused by appreciation of the Norwegian Krone against all the functional currencies of the Group's investments except the Thai Bhat, Myanmar Kyat and Malaysian Ringgit. The depreciation of Pakistani Rupee by 8% and the Swedish Krone by 3% against Norwegian Krone had the most significant impact on the translation difference loss.

In 2018, the translation difference loss on net investment in foreign operations was caused by appreciation of the Norwegian Krone against all the functional currencies of the Group's investments except the Thai Baht, the Bangladeshi Taka, Malaysian Ringgit and Danish Krone. The depreciation of the Pakistani Rupee by 16%, the Myanmar Kyat by 7%, and the Swedish Krone by 3% against Norwegian Krone had the most significant impact.

Transactions with non-controlling interests

During 2019, an amount of NOK 982 million was charged to retained earnings for acquiring the remaining 5% non-controlling interest shares in DNA for a total consideration of NOK 1.6 billion against carrying amount of non-controlling interest of NOK 0.6 billion. See note 4 for more information. From 2019, the Group has changed its practice for recognising the equity effect of transactions with non – controlling from other reserves to retained earnings. Accordingly, the accumulated surplus balance of transactions with non-controlling of NOK 476 million was transferred from other reserves to retained earnings.

Dividends paid and proposed

NOK in millions	2019	2018
Special dividend per share in NOK - paid	**-**	4.40
Ordinary dividend per share in NOK – paid	**8.40**	8.10
Ordinary dividend per share in NOK - proposed by the Board of Directors	**8.70**	8.40

Total dividend of NOK 12.1 billion has been paid and charged to equity in 2019 (NOK 18.4 billion in 2018). In 2018, in addition to the ordinary dividend of NOK 11.9 billion, the Annual General Meeting authorised the Board of Directors to decide further distribution of dividends if the agreement for the divestment of Telenor's mobile business in Central Eastern Europe announced on 21 March 2018 is completed, limited to a maximum aggregate amount of NOK 7 billion. Pursuant to completion of the transaction on 31 July 2018, on 18 September 2018 the Board of Directors resolved to distribute special dividend of NOK 4.40 with a total amount of NOK 6.5 billion paid on 2 October 2018.

In respect of 2019, the Board of Directors will propose an ordinary dividend of NOK 8.70, to be resolved by the Annual General Meeting on 11 May 2020. The total amount of dividend is estimated to be NOK 12.4 billion based on the outstanding number of shares as of 31 December 2019. The dividend will be split into two tranches of NOK 4.40 and NOK 4.30 per share to be paid out in May 2020 and October 2020, respectively.

Non-controlling interests

NOK in millions	Country of incorporation and operation	Non-controlling interests share of net income (loss) 2019	Non-controlling interests share of net income (loss) 2018	Non-controlling interests in the statement of financial position 31.12.19	Non-controlling interests in the statement of financial position 31.12.18	Non-controlling interests share of dividend in 2019	Non-controlling interests share of dividend in 2018
Digi.Com Bhd	Malaysia	**1 552**	1 583	**728**	728	**1 549**	1 533
Grameenphone Ltd.	Bangladesh	**1 336**	1 509	**1 752**	1 945	**1 502**	1 281
Total Access Communications Plc (dtac)	Thailand	**569**	(386)	**2 797**	2 233	**288**	252
Others		**(37)**	4	**8**	103	**-**	7
Total		**3 421**	**2 711**	**5 286**	**5 009**	**3 339**	**3 073**

Summarised financial information for subsidiaries with significant non-controlling interests

Summarised statement of financial position as of 31 December:

	2019			2018		
NOK in millions	Digi.Com Bhd	Grameenphone Ltd	Total Access Communications Plc (dtac)	Digi.Com Bhd	Grameenphone Ltd	Total Access Communications Plc (dtac)
Current assets	4 325	2 177	7 444	4 510	1 390	8 464
Non-current assets	13 825	13 241	45 948	9 178	13 028	35 817
Current liabilities	(5 984)	(9 374)	(17 674)	(5 687)	(8 048)	(12 277)
Non-current liabilities	(10 122)	(2 177)	(24 884)	(5 971)	(2 099)	(22 839)
Total equity	**2 044**	**3 868**	**10 834**	**2 030**	**4 271**	**9 165**
Attributable to:						
Equity holders of Telenor ASA	1 316	2 116	8 037	1 303	2 326	6 932
Non-controlling interests	728	1 752	2 797	728	1 945	2 233

Summarised comprehensive income information 1 January – 31 December:

	2019			2018		
NOK in millions	Digi.Com Bhd	Grameenphone Ltd	Total Access Communications Plc (dtac)	Digi.Com Bhd	Grameenphone Ltd	Total Access Communications Plc (dtac)
Revenues	13 375	14 980	23 048	13 149	12 910	18 908
Net income	3 043	3 048	1 553	3 104	3 387	(1 141)
Total comprehensive income	**3 051**	**2 995**	**2482**	**3 144**	**3 520**	**(441)**
Attributable to non-controlling interests	1 550	1 309	852	1 592	1 591	(247)

Summarised cash flow information 1 January – 31 December:

	2019			2018		
NOK in millions	Digi.Com Bhd	Grameenphone Ltd	Total Access Communications Plc (dtac)	Digi.Com Bhd	Grameenphone Ltd	Total Access Communications Plc (dtac)
Operating activities	4 825	5 875	4 984	4 498	5 700	4 520
Investing activities	(1 873)	(1 499)	(5 111)	(1 725)	(2 931)	(6 334)
Financing activities	(2 901)	(3 560)	(1 451)	(3 058)	(3 398)	(1 193)
Effect of exchange rate changes on cash and cash equivalents	19	(6)	310	31	14	238
Net increase/(decrease) in cash and cash equivalents	**71**	**810**	**(1 268)**	**(255)**	**(615)**	**(2 769)**

NOTE 25 Provisions and obligations

Non-current

NOK in millions	2019	2018
Provision for workforce reductions and onerous (loss) contracts	**219**	217
Asset retirement obligations	**7 275**	5 024
Other provisions	**207**	244
Total non-current provisions and obligations as of 31 December	**7 701**	**5 485**

Current

NOK in millions	2019	2018
Provisions for workforce reduction and onerous (loss) contracts	**649**	618
Asset retirement obligations	**24**	24
Other provisions	**545**	3 169
Total current provisions and obligations as of 31 December	**1 219**	**3 811**

Development in provisions

The table below shows the development of provisions during 2019. Provisions for legal disputes are mainly recognised as trade and other payables in the statement of financial position. Provisions made for discontinued operations are disclosed in note 4.

NOK in millions	Legal disputes	Asset retirement obligations	Workforce reduction and onerous (loss) contracts
As of 1 January	**6 527**	**5 048**	**834**
Obligations arising during the year and effects of changes in estimates - continuing operations	919	2 104	922
Obligations arising during the year and effects of changes in estimates - discontinued operations	-	-	49
Obligations arising through acquisition of subsidiaries	-	48	1
Accretion expense	-	144	-
Amounts utilised	(2 889)	(54)	(816)
Other changes and translation difference	241	9	(83)
Reclassified as held for sale	-	-	(39)
As of 31 December	**4 798**	**7 299**	**868**

Legal disputes

Significant legal disputes are disclosed in note 34. On 10 January 2019 CAT and dtac entered into a settlement agreement covering all legal disputes between the parties regarding the concession agreement (see note 34 for more information). According to the settlement, dtac has paid a total amount of approximately NOK 2.7 billion to CAT.

Workforce reduction

Provisions for workforce reductions included approximately 730 employees as of 31 December 2019 and approximately 720 employees as of 31 December 2018 .

Asset retirement obligations

The Group has asset retirement obligations relating primarily to equipment and other leasehold improvements installed on leased network sites and in administrative and network buildings. Those leases generally contain provisions that require the Group to remove the assets and restore the sites to their original condition at the end of the lease term. The table above presents all changes in the Group's asset retirement obligations. The increases in asset retirement obligations mainly relate to fixed line infrastructure in Telenor Norway.

In most situations, the timing of asset removals will be well into the future and there is uncertainty as to whether and when the obligation will be paid. The actual gross removal costs that the Group will incur may be significantly different from the estimated costs, for example due to negotiation of prices for a large amount of removals or agreements that reduce or relieve the Group from its obligations. The actual timing of the removals may also differ significantly from the estimated timing.

NOTE 26 Pension obligations

The pension schemes of the Norwegian companies in the Group follow the requirements in the Act on Mandatory company pensions.

The Group provides pension plans for employees in Norway. In addition, the Norwegian government provides social security payments to all retired Norwegian citizens. Such payments are calculated by reference to a base amount annually approved by the Norwegian parliament (G-regulation). Benefits are determined based on the employee's length of service and compensation. The cost of pension benefit plans is expensed over the period that the employee renders services and becomes eligible to receive benefits.

Telenor Pension Fund, covering the defined benefit plans offered to all employees in Norway, was closed to new members during 2006 and replaced by defined contribution plans with insurance companies.

3 439 of the Group's employees were members of the contribution plan in Norway as of 31 December 2019 (3,252 as of 31 December 2018). In 2019, 1,390 of the Group's employees were covered by the defined benefit plans through Telenor Pension Fund (1,595 in 2018). In addition Telenor Pension Fund paid out pensions to 2,439 persons in 2019 (2,343 in 2018). Telenor Sweden has a defined benefit plan with 655 active members in 2019 (668 in 2018). Other companies outside Norway and Sweden primarily offer contribution plans.

The funded defined benefit plans in Norway have net funds of NOK 487 million as of 31 December 2019 (NOK 646 million net benefit liability as of 31 December 2018). The current service cost was NOK 197 million in 2019 (NOK 203 million in 2018). Net interest cost was NOK 12 million (NOK 11 million in 2018).

Unfunded defined benefit plans have previously been offered to executive employees. These plans are now closed. As of 31 December 2019 the net defined benefit liability recognised in the statement of financial position was NOK 629 million (NOK 633 million as of 31 December 2018). The service cost was NOK 12 million in 2019 (NOK 13 million in 2018). Net interest cost was NOK 16 million (NOK 14 million in 2018). Telenor does not have a right to use the net funds in the funded plans to settle the obligations under the unfunded plans.

In Norway, the Group is a member of an agreement-based early retirement plan (new AFP). Essentially all of the Norwegian employees are entitled to life-long benefits from the age of 62 from this plan, in addition to other plans. The plan is financed through a pooled arrangement, where private sector employers cover 2/3 of the funding requirements and the Norwegian government covers 1/3. For 2019, the contribution was 2.5% of total salaries between 1 and 7.1 times the base amount (G) (2.5% for 2018). For 2020 the contribution is set to 2.5%. The plan is considered to be a defined benefit multi-employer plan with limited funding and where plan assets are not segregated. The information required to calculate a proportionate share of the plan, and account for the plan as a defined benefit plan, is not available from the plan administrator. Consequently, the plan is accounted for as a defined contribution plan.

The defined benefit plan in Sweden has a net benefit liability of NOK 1,390 million as of 31 December 2019 (NOK 1,117 million as of 31 December 2018). The service cost was NOK 61 million and net interest cost was NOK 25 million in 2019 (NOK 53 million and NOK 25 million in 2018, respectively). The discount rate used for the pension calculations as of 31 December 2019 was 1.7% (2.5% in 2018) and expected salary increase was set to 3.0% (3.0% in 2018).

For the Norwegian defined benefit plans, the Group applies the K2013 risk table for mortality and a risk table for disability based on historical figures in Telenor Pension Fund (both implemented in 2013). The average expected lifetime in the risk tables is 87 years for men and 91 years for women. The table below shows the probability of an employee in a certain age group becoming disabled or dying, within one year, as well as expected lifetime.

	Mortality %		Disability %		Expected lifetime	
Age	Men	Women	Men	Women	Men	Women
40	0.05	0.03	0.06	0.09	87.98	91.74
50	0.13	0.09	0.22	0.33	87.25	90.87
60	0.38	0.26	0.78	1.23	86.86	90.28
70	1.21	0.84	-	-	87.34	90.40
80	3.97	2.74	-	-	89.52	91.96

The plan assets were measured at fair value 31 December 2019 and 31 December 2018. The calculation of the projected benefit obligations (PBO) as of 31 December 2019 was based on the member base at 26 September 2019 (at 12 October 2018).

The actuarial calculations for the Telenor Pension Fund obligations were carried out by independent actuaries. The present value of the projected defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

Employees that leave the Group before the age of retirement receive a paid-up policy. Telenor Pension Fund administers some of these policies. This is at the discretion of the Telenor Pension Fund and does not affect the Group. At the time of issuance of a paid-up policy, the Group is relieved of any further obligations towards the receiver. The funds and obligations are valued at the time of issuance of paid-up policies, and are derecognised from pension obligations and plan assets.

Changes in the defined benefit obligation and fair value of plan assets

	2019			2018		
NOK in millions	Defined benefit obligation	Fair value plan assets	Benefit liability	Defined benefit obligation	Fair value plan assets	Benefit liability
As of 1 January	**(9 419)**	**6 604**	**(2 815)**	(9 117)	6 565	(2 552)
Current service cost	(332)	-	(332)	(358)	-	(358)
Past service cost	(1)	-	(1)	1	-	1
Net interest	(267)	203	(64)	(236)	179	(57)
Discontinued operations	(6)	-	(6)	(9)	-	(9)
Sub-total included in Income Statement	**(606)**	**203**	**(403)**	**(602)**	**179**	**(423)**
Return on plan assets (excluding amounts included in net interest expense)	-	523	523	-	(256)	(256)
Actuarial changes arising from changes in demographic assumptions	(230)	-	(230)	(5)	-	(5)
Actuarial changes arising from changes in financial assumptions	314	-	314	(157)	-	(157)
Experience adjustments	107	-	107	83	-	83
Sub-total in Other Comprehensive Income	**191**	**523**	**714**	**(79)**	**(256)**	**(335)**
Effects of business combinations and disposals	34	(43)	(9)	32	(2)	30
Contributions by employer	-	558	558	-	429	429
Benefits paid	305	(247)	58	300	(273)	27
Translation differences	13	(12)	1	47	(38)	9
As of 31 December	**(9 481)**	**7 586**	**(1 895)**	(9 419)	6 604	(2 815)
Of which classified as:						
Pension obligations			(2 386)			(2 819)
Other non-current assets [1]			491			4

[1] Telenor does not have a right to use the net funds in the funded plans to settle the obligations under the unfunded plans.

Experience adjustments on benefit obligations are the effects of differences between previous actuarial assumptions and what has actually occurred.

Assumptions used to determine defined benefit obligations for Norwegian companies as of 31 December

	2019	2018
Discount rate in %	2.30	2.60
Future salary increase in %	2.00	2.50
Future increase in the social security base amount in %	2.00	2.50
Future turnover in %	4.00	4.00
Expected average remaining service period in years	8.00	8.00
Future pension increases in %	1.50	2.00

The Group has used the Norwegian covered bonds (OMF – Obligasjoner med fortrinnsrett) as basis for the discount rate as of 31 December for both 2019 and 2018 for the Norwegian plans. OMFs are covered bonds issued by mortgage companies owned by Norwegian banks under a well-established legal framework. Generally, bonds with ratings better than AA are considered to be of high quality. Most OMFs have AAA rating.

Components of net periodic benefit cost

NOK in millions	2019	2018
Current service cost	(332)	(358)
Past service cost	(1)	1
Net interest cost	(64)	(57)
Net periodic benefit costs	**(397)**	**(414)**
Contribution plan costs	(610)	(547)
Total pension costs charged to the income statement for the year	**(1 007)**	**(961)**
Of which reported as other expense (note 10)	5	(23)
Of which reported as pension cost (note 8)	(947)	(880)
Of which reported as net interest cost (note 12)	(64)	(57)

Sensitivity analysis

The table below shows an estimate of the potential effects of changes in the key assumptions for the defined benefit plans in Norway. The following estimates are based on facts and circumstances as of 31 December 2019. Actual results may deviate materially from these estimates.

NOK in millions	Discount rate		Future salary Increase		Social security base amount		Annual adjustments to pensions		Turnover	
Change in % is percentage points	-1%	+1%	-1%	+1%	-1%	+1%	-1%	+1%	-1%	+1%
Changes in:										
Increase (decrease) in benefit obligations	1 436	(1 047)	(473)	484	96	(150)	(788)	996	63	(105)

Asset categories

Telenor Pension Fund's weighted average asset allocations as of 31 December, by asset category, were as follows:

	2019	2018
Bonds %	**59**	64
Equity securities %	**36**	33
Real estate %	**4**	3
Other %	**1**	0
Total	**100**	**100**

The bond investments are in securities issued by the Norwegian government, Norwegian municipals, financial institutions and corporations. Bonds held in foreign currencies are to a large extent currency hedged. Equity investments are both in Norwegian and foreign securities. Currency hedging for foreign equity securities is evaluated per investment.

The Telenor Pension Fund owns real estate previously held by the Group. The values of these were set based on evaluations made by an independent project and construction management company. Approximately 49% of the buildings measured at market value are used by the Group through rental contracts.

The Group expects to contribute approximately NOK 479 million to the Telenor Pension Fund in 2020.

The following table shows expected benefits payment from the Norwegian defined benefit plans in future years:

NOK in millions	
Within the next 12 months (next annual reporting period)	159
Between 2 and 5 years	716
Next 5 years	1 312
Total expected payments next 10 years	**2 187**

The average duration of the Norwegian defined benefit plans at the end of the reporting period is 16.4 years.

NOTE 27 Trade and other payables and non-interest-bearing liabilities

Non-current non-interest-bearing liabilities

NOK in millions	Fair value level [4]	Category	2019	2018
Financial derivatives	2	FVTPL [1]	**78**	111
Financial derivatives designated for net investment hedge	2		**1 321**	1 585
Other non-current non-interest-bearing liabilities		FLAC [2]	**151**	113
Total non-current non-interest-bearing liabilities as of 31 December			**1 549**	**1 809**

Trade and other payables

NOK in millions	Fair value level [4]	Category	2019	2018
Trade payables			**9 409**	8 194
Accruals			**15 986**	18 661
Total trade payables and accruals as of 31 December		**FLAC [2]**	**25 395**	**26 855**
Contract liabilities			**6 410**	7 020
Other prepaid revenues			**170**	244
Government taxes, tax deductions etc.			**3 716**	3 609
Total other payables as of 31 December		**NF [3]**	**10 296**	**10 873**
Total trade and other payables as of 31 December			**35 691**	**37 728**

Current non-interest-bearing liabilities

NOK in millions	Fair value level [4]	Category	2019	2018
Financial derivatives	2	FVTPL [1]	**1**	217
Financial derivatives designated for net investment hedge	2		**786**	172
Other current non-interest-bearing liabilities		FLAC [2]	**1 440**	1 277
Total current non-interest-bearing liabilities as of 31 December			**2 227**	**1 666**

[1] FVTPL: Fair value through profit and loss
[2] FLAC: Financial liabilities at amortised cost
[3] NF: Non-financial assets and liabilities
[4] For information about the fair value level of financial instruments, see note 30.

Other current non-interest-bearing liabilities include liabilities to financing institutions under supply chain financing programs of NOK 686 million as of 31 December 2019 (NOK 690 million as of 31 December 2018).

Specification of contract liabilities:

NOK in millions	2019	2018
Balance as of 1 January	**7 020**	**7 217**
IFRS 15 implementation effect	**-**	24
Revenue recognised that was included in opening balance	**(5 416)**	(5 545)
New contract liabilities less transfer to revenue	**5 272**	5 654
Addition through acquisition of subsidiaries	**220**	-
Disposal of companies	**(17)**	-
Change in measure of progress	**(30)**	(28)
Currency and other effects	**(28)**	(66)
Reclassified to liabilities held for sale	**(610)**	(236)
Balance as of 31 December	**6 410**	**7 020**

Contract liabilities comprise Group's obligation to transfer services to its customers for which it has received consideration in advance. This includes unearned revenue relating to prepaid services, connection fee not considered to be a separate performance obligation, and other contract liabilities.

NOTE 28 Interest-bearing liabilities

NOK in millions	2019			2018		
	Current interest-bearing liabilities	Non-current interest-bearing liabilities	Total	Current interest-bearing liabilities	Non-current interest-bearing liabilities	Total
Interest-bearing liabilities measured at amortised cost						
Bank loans	5 537	4 025	9 561	1 537	8 577	10 115
Bonds and Commercial Papers	8 578	79 633	88 212	13 175	34 949	48 124
Licence obligations [1]	-	-	-	876	10 971	11 847
Deposits from customers	54	-	54	62	-	62
Other liabilities	592	329	921	36	623	659
Total interest-bearing liabilities	**14 761**	**83 987**	**98 748**	**15 686**	**55 121**	**70 807**
Fair value of debt [2]			102 702			61 166
Of which fair value hierarchy level 1 [3]			91 441			49 534
Of which fair value hierarchy level 2 [3]			11 261			11 632

[1] Net present value of future payments for mobile licences in dtac, Pakistan, Myanmar, Grameenphone and Denmark were recognised as interest-bearing liabilities in 2018. See note 18 for disclosures of licence obligations for 2019.

[2] Excluding lease liabilities and licence obligations. Comparative figures have been restated accordingly.

[3] For information about the fair value hierarchy for valuation of financial instruments, see note 30.

Non-current interest-bearing liabilities

NOK in millions	Currency	2019		2018	
		Debt before the effect of currency swaps	Debt adjusted for the effect of currency swaps [2]	Debt before the effect of currency swaps	Debt adjusted for the effect of currency swaps [2]
Company					
Telenor ASA	EUR	57 191	39 439	25 422	7 331
	NOK [1]	-	(6 578)	-	(9 269)
	SEK	6 830	9 845	-	3 068
	USD	-	22 339	-	25 602
Total Telenor ASA		**64 021**	**65 045**	**25 422**	**26 732**
Denmark	DKK	-	-	142	142
Finland	EUR	3 674	3 674	-	-
dtac	THB	10 046	10 046	22 030	22 030
Digi	MYR	5 852	5 852	5 279	5 279
Grameenphone	BDT	-	-	358	358
Grameenphone	USD	-	-	301	301
Pakistan	USD	-	-	686	686
Myanmar	USD	-	-	91	91
Other non-current interest-bearing liabilities		394	394	811	811
Total subsidiaries		**19 966**	**19 966**	**29 698**	**29 698**
Total non-current interest-bearing liabilities		**83 987**	**85 011**	**55 120**	**56 430**

[1] Telenor ASA's debt position in Norwegian Kroner is a net asset position when including currency swaps.

[2] Debt adjusted for currency swaps includes financial instruments that are not classified as interest-bearing liabilities in the statement of financial position.

Current interest-bearing liabilities

		2019		2018	
NOK in millions	Currency	Debt before the effect of currency swaps	Debt adjusted for the effect of currency swaps [2]	Debt before the effect of currency swaps	Debt adjusted for the effect of currency swaps [2]
Company					
Telenor ASA	NOK[1]	**-**	**(3 817)**	-	(5 826)
	EUR	**7 399**	**1 756**	-	-
	SEK	**-**	**702**	3 298	5 179
	MYR	**-**	**2 135**	-	2 781
	THB	**-**	**1 888**	-	1 719
	USD	**-**	**5 348**	869	386
	HUF	**-**	**-**	-	62
Total Telenor ASA		**7 399**	**8 012**	4 167	4 301
Finland	EUR	**284**	**284**	-	-
dtac	THB	**4 718**	**4 718**	403	403
Digi	MYR	**839**	**839**	400	400
Grameenphone	BDT	**-**	**-**	135	135
Grameenphone	USD	**304**	**304**	599	599
Pakistan	PKR	**605**	**605**	556	556
Pakistan	USD	**-**	**-**	471	471
Myanmar	USD	**-**	**-**	234	234
Telenor East Holding II AS	USD	**-**	**-**	8 605	8 605
Other current interest-bearing liabilities		**613**	**613**	117	117
Total subsidiaries		**7 363**	**7 363**	11 520	11 520
Total current interest-bearing liabilities		**14 761**	**15 375**	15 687	15 821

[1] Telenor ASA's debt position in Norwegian Kroner is a net asset position when including currency swaps.
[2] Debt adjusted for currency swaps includes financial instruments that are not classified as interest-bearing liabilities in the statement of financial position.

Changes interest-bearing liabilities

NOK in millions	2019	2018
As of 1 January	**70 807**	73 369
Implementation effect IFRS 16 [1]	**(11 847)**	-
Change in cash flow from financing activities	**32 261**	(12 164)
Change due to hedge accounting	**127**	(94)
Effects from changes in foreign exchange rates	**1 385**	2 094
Liabilities held for sale	**-**	(2 282)
Acquisitions	**5 401**	-
Change in net interest accruals and payments [2]	**(304)**	76
Increase in licence liability [3]	**-**	9 610
Liability for redemption of non-controlling interests in DNA	**554**	-
Other changes	**364**	198
As of 31 December	**98 748**	70 807

[1] Licence obligation is part of lease liabilities from 1 January 2019. For changes in lease liabilities, see note 18.
[2] Classified as cash flow from operating activities.
[3] Acquisition of licence with deferred payments in 2018. Instalment payments are included in cash flow from financing activities.

Debt issued under Telenor ASA's EMTN programme is based on documentation that is commonly used for investment grade issuers in the Eurobond market. This documentation contains provisions restricting the pledge of assets to secure future borrowings without granting a similar secured status to the existing lenders (negative pledges) and also contains covenants limiting disposals of assets.

Bonds issued under the EMTN programme are subject to a Change of Control Clause. Such Change of Control shall be deemed to have occurred if a person or entity, other than the Kingdom of Norway, directly or indirectly owns or acquires more than 50% of the issued ordinary share capital of Telenor ASA. If such Change of Control leads to a downgrade below investment grade rating, the holder of such bonds can require Telenor ASA to redeem the principal amount together with accrued interest. The full definition of this Change of Control clause is described in the Final Terms for each specific bond issue.

In 2019, Telenor made three bond issuances under the EMTN programme:

- SEK 7.25 billion bond was issued in March with three tranches,
  - SEK 2.75 billion with floating rate and maturity in 2021
  - SEK 2.5 billion with floating rate and maturity in 2024
  - SEK 2 billion with fixed coupon rate of 1.125% and maturity in 2024
- EUR 2.5 billion bond was issued in May with three tranches,
  - EUR 1 billion with fixed coupon rate of 0.75% and maturity in 2026
  - EUR 1 billion with fixed coupon rate of 1.125% and maturity in 2029
  - EUR 500 million with fixed coupon rate of 1.75% and maturity in 2034
- EUR 1.5 billion bond was issued in September with three tranches,
  - EUR 500 million with fixed coupon rate of 0.00% and maturity in 2023
  - EUR 500 million with fixed coupon rate of 0.25% and maturity in 2027
  - EUR 500 million with fixed coupon rate of 0.625% and maturity in 2031

All outstanding debt issued by Telenor ASA is unsecured.

In 2016, Telenor East Holding II AS placed USD 1 billion principal amount of senior, unsecured bonds exchangeable into VEON American Depository Shares. The bonds had a maturity of 3 years and were repaid on maturity 20 September 2019.

Furthermore, debt in dtac is mainly comprised of issued bonds (NOK 10.0 billion) and debt to financial institutions (NOK 4.7 billion) and debt in Digi is mainly comprised of issued bonds (NOK 3.9 billion) and debt to financial institutions (NOK 2.8 billion).

The interest-bearing liabilities in subsidiaries are generally not guaranteed by Telenor ASA and are subject to standard financial covenants, some of which limit the ability to transfer funds to Telenor ASA in the form of dividends or loans.

NOTE 29 Financial risk management

Managing capital

Telenor Group's capital allocation priorities are:
1. Maintain a solid balance sheet
2. Offer competitive shareholder remuneration
3. Value driven investment approach

In January 2019 Telenor introduced a new leverage target of 1.5x-2.0x net debt/EBITDA based on figures pre IFRS 16 implementation (see note 1). As of 31 December 2019, the reported net debt/EBITDA ratio was 1.8x based on pre IFRS 16 figures (0.9x as of 31 December 2018). The implementation of IFRS 16 from January 2019 and the changed principles related to operational leases, implies an increase in leverage of 0.3x bringing the reported leverage to 2.1x based on figures post implementation of IFRS 16 as of 31 December 2019. The increased leverage of 0.3x, translates the leverage target of 1.5x-2.0x pre IFRS 16 implementation to a new leverage target of 1.8x-2.3x after IFRS 16 implementation. The targeted capital structure provides a good balance between shareholder return and a solid balance sheet with stable access to capital markets, while also supporting Telenor's strategic priorities. As of 31 December 2019 Telenor ASA's long term credit rating was "A3/stable outlook" by Moody's Investors Service and "A-/stable outlook" by Standard & Poor's (S&P). During 2019, S&P changed their rating from A to A-, while Moody's ratings were unchanged throughout the year.

Key elements of the Group's capital structure includes interest-bearing debt as disclosed in note 28, cash and cash equivalents and equity attributable to the shareholders of Telenor ASA as presented in the consolidated statement of changes in equity and in note 24.

In order to adjust the capital structure, the Group may acquire or sell own shares, distribute dividends to shareholders, return capital to shareholders or issue new shares. In 2019, Telenor's total shareholder remuneration was NOK 18.1 billion comprised of NOK 12.1 billion of ordinary dividends paid out in May 2019 (NOK 4.40 per share) and October 2019 (NOK 4.00 per share), and NOK 6.0 billion of share buybacks.

For the 2019/2020 share buyback programme, Telenor ASA has an agreement with the Kingdom of Norway through the Ministry of Trade, Industry and Fisheries to carry out share buybacks with the purpose of cancelling these shares through write-down of the share capital in order to maintain its ownership interest. The cash effect of this agreement will occur in 2020. See notes 24, 33 and 36 for further description.

For the financial year 2019, the Telenor Board of Directors will propose an ordinary dividend of NOK 8.70 per share to be resolved by the Annual General Meeting in May 2020 and paid out in two tranches of NOK 4.40 and NOK 4.30 per share in May 2020 and October 2020, respectively. The net dividend amount to be paid out in 2020 is NOK 12.4 billion.

Telenor's shareholder remuneration policy is to aim for a year-on-year growth in dividend per share, where the annual dividends are paid in two instalments. Buyback of own shares or extraordinary dividend pay-outs might also be used as a measure in order to reach a targeted leverage.

Financial risk

Telenor Group Treasury is responsible for funding and financial risk management for the parent company and subsidiaries owned, directly or indirectly, more than 90% by Telenor ASA. Subsidiaries owned less than 90% normally have stand-alone financing and management of financial risks. Beyond hedging activities, the Group has limited trading activities.

Liquidity risk

The Group emphasises financial flexibility. An important part of this is to minimise liquidity risk through ensuring access to a diversified set of funding sources. Debt issued in the international capital market is predominately issued under the existing EMTN programme (Euro Medium Term Note) to secure longer dated funding and under existing ECP programme (Euro Commercial Paper) to secure shorter dated funding up to 12 months. In addition to these uncommitted loan programmes, the Norwegian domestic capital market is used from time to time. Telenor ASA also has a committed syndicated revolving credit facility (RCF) of EUR 2.0 billion with maturity in 2021. The RCF was undrawn as of 31 December 2019.

When permissible by local rules and regulations, subsidiaries owned 90% or more are part of Telenor ASA's cash management framework agreements, and participate in Telenor ASA's cash pool setup. Subsidiaries owned less than 90% have established separate framework agreements for banking services.

Telenor ASA shall have sufficient sources of liquidity to cover expected operational liquidity needs for the next 12 months. Potential liquidity to fund acquisitions is considered separately.

The debt portfolio of Telenor ASA and each subsidiary with external debt shall have a balanced maturity profile. The Group's debt maturities shall be spread relatively even over a time horizon of at least 10 years in order to reduce the Group's refinancing risk. The debt maturity profile is presented below. For information about duration please see chapter "Interest rate risk".

Maturity profile of the Group's liabilities (in nominal values)

NOK in millions	Total as of 31.12.19	< 1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	9 years	10 years	>10 years	Not specified
Interest-bearing liabilities													
Financial debt	97 099	14 085	5 091	7 802	6 313	11 941	13 363	10 294	6 953	888	10 537	9 833	-
Other interest-bearing liabilities	659	659	-	-	-	-	-	-	-	-	-	-	-
Sum of interest-bearing liabilities [1]	**97 759**	**14 744**	**5 091**	**7 802**	**6 313**	**11 941**	**13 363**	**10 294**	**6 953**	**888**	**10 537**	**9 833**	**-**
Non-interest-bearing liabilities													
Trade and other payables	35 691	35 691	-	-	-	-	-	-	-	-	-	-	-
Other current non-interest-bearing liabilities	1 440	1 440	-	-	-	-	-	-	-	-	-	-	-
Derivative financial instruments	2 186	787	71	688	40	209	191	201	-	-	-	-	-
Other non-current non-interest-bearing liabilities	151	-	-	-	-	-	-	-	-	-	-	-	151
Sum of non-interest-bearing liabilities	**39 467**	**37 917**	**71**	**688**	**40**	**209**	**191**	**201**	**-**	**-**	**-**	**-**	**151**
Total	**137 226**	**52 662**	**5 162**	**8 489**	**6 353**	**12 150**	**13 554**	**10 495**	**6 953**	**888**	**10 537**	**9 833**	**151**
Future interest payments	**8 310**	**1 415**	**1 179**	**1 092**	**1 000**	**964**	**706**	**500**	**373**	**343**	**240**	**497**	**-**
Total including future interest payments	**145 536**	**54 076**	**6 341**	**9 581**	**7 353**	**13 114**	**14 260**	**10 995**	**7 326**	**1 231**	**10 777**	**10 330**	**151**

NOK in millions	Total as of 31.12.18	< 1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	9 years	10 years	>10 years	Not specified
Interest-bearing liabilities													
Financial debt [2]	57 696	14 177	14 213	1 636	8 314	1 002	6 761	8 091	282	2 523	12	685	-
Other interest-bearing liabilities, including licence commitments	12 480	1 509	1 119	1 030	8 772	28	21	-	-	-	-	-	-
Sum of interest-bearing liabilities [1]	**70 176**	**15 687**	**15 332**	**2 667**	**17 086**	**1 031**	**6 782**	**8 091**	**282**	**2 523**	**12**	**685**	**-**
Non-interest-bearing liabilities													
Trade and other payables	37 728	37 728	-	-	-	-	-	-	-	-	-	-	-
Other current non-interest-bearing liabilities	1 278	1 278	-	-	-	-	-	-	-	-	-	-	-
Derivative financial instruments	2 058	388	650	90	654	7	151	93	14	5	-	6	-
Other non-current non-interest-bearing liabilities	113	-	-	-	-	-	-	-	-	-	-	-	113
Sum of non-interest-bearing liabilities	**41 177**	**39 394**	**650**	**90**	**654**	**7**	**151**	**93**	**14**	**5**	**-**	**6**	**113**
Total	**111 353**	**55 081**	**15 981**	**2 756**	**17 740**	**1 037**	**6 933**	**8 184**	**296**	**2 527**	**12**	**690**	**113**
Future interest payments	**5 062**	**1 027**	**960**	**743**	**671**	**552**	**481**	**319**	**155**	**97**	**30**	**28**	**-**
Total including future interest payments	**116 415**	**56 108**	**16 941**	**3 499**	**18 412**	**1 590**	**7 414**	**8 503**	**451**	**2 625**	**42**	**718**	**113**

[1] Maturity table as of 31.12.2019 does not include lease liabilities related to licences or other lease liabilities, while maturity table as of 31.12.2018 does not include financial lease liabilities. See note 18 for more information on licence commitments and lease liabilities.

[2] Financial debt in the maturity table 31.12.2018 includes the VEON exchangeable bonds. Settlement details for these bonds are explained in note 28.

Interest rate risk

The Group is exposed to interest rate risk through funding and cash management activities. Changes in interest rates affect the fair value of assets and liabilities. Interest income and interest expense in the income statement are influenced by changes in interest rates in the market. In 2019, average interest cost, excluding lease and licence expenses, for the Group was 2.7% on interest-bearing liabilities, excluding lease and licence liabilities. (3.4% in 2018)

The majority of debt issued by the Group is fixed rate debt. The Group uses interest rate derivatives to manage interest rate risk of the debt portfolio. This typically involves interest rate swaps, swapping floating interest rates to fixed interest rates and vice versa.

According to Group Policy, Telenor Group's portfolio of external debt instruments shall have interest rate duration between 0 and 5 years whereas subsidiaries shall have interest rate duration below 2 years. As of 31 December 2019, the duration of the Group's debt was 2.6 years (1.5 years as of 31 December 2018). Telenor ASA's duration was 2.9 years as of 31 December 2019 (2.2 years as of 31 December 2018).

Derivative instruments designated as fair value hedging instruments

The majority of debt is issued using fixed rate bonds. In order to manage interest rate risk a portion of the debt may be swapped to floating interest rate by using interest rate swaps. Fair value hedge accounting is applied when hedge accounting criteria are met.

There is an economic relationship between the hedged items and the hedging instruments, as the terms of the interest rate swaps match the terms of the fixed rate bonds (i.e., notional amount, maturity, payment and rate set dates).

Effectiveness testing is performed using the hypothetical derivative method, and compares changes in fair value of the hedging instrument against the changes in fair value of the hedged item attributable to the hedged risk. Hedge ineffectiveness in fair value hedges can arise from:

- Different interest rate curve applied to discount the hedged items and hedging instruments.
- Differences in timing of cash flows of the hedged items and hedging instruments.

The table below shows the effects of the Group's fair value hedges. The change in fair value of the hedging instrument and the hedged item is recognised on the line item Net change in fair value of financial instruments under financial items in the income statement.

Fair value hedging relationships

NOK in millions	2019	2018
Net gain / (loss) recognised in the income statement on hedged items	**(93)**	94
Net gain / (loss) recognised in the income statement on hedging instruments	**149**	(102)
Amount of hedge ineffectiveness	**56**	**(8)**

Financial instruments designated as hedging instruments in fair value hedges are classified on the line items Other non-current assets and Other current financial assets in the statement of financial position, see note 22:

	2019		2018	
NOK in millions	Assets	Liabilities	Assets	Liabilities
As of 31 December				
Nominal amounts fair value hedge instruments	**48 266**	**-**	21 382	-
Fair values of fair value hedge instruments	**1 831**	**(108)**	1 492	-

The following table shows the maturity profile of the Group's fair value hedge instruments (in nominal values):

NOK in millions	Total	< 1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	9 years	10 years	> 10 years
As of 31 December 2019	2 909	649	440	452	322	320	250	157	92	78	93	56
As of 31 December 2018	2 036	444	459	302	316	188	186	123	12	6	-	-

The terms of the fixed rate receive leg of the interest rate swaps designated as fair value hedge instruments match the terms of the fixed rate pay leg of the hedged items. The average interest rate terms of the floating pay legs of the interest rate swaps are EURIBOR 3/6 months +77 basis points (+84 basis points in 2018) for EUR denominated swaps and BIBOR +132 basis points (+130 basis points in 2018) for THB denominated swaps.

The table below shows the carrying amounts of the Group's fair value hedge items, which are recognised on the line items Non-current interest-bearing liabilities and Current interest-bearing liabilities in the statement of financial position:

NOK in millions	2019	2018
Carrying amount of hedged items recognised in the statement of financial position	**48 936**	22 028
Fair value hedge adjustments included in the carrying amount of the hedged items	**830**	684

Interest rate risk sensitivity analysis

Effects on changes in fair value

The Group calculates the sensitivity on the change in fair value of assets and liabilities of a defined parallel shift in the yield curve of the relevant currencies. For each simulation, the same shifts in interest rates are used for all currencies. The sensitivity analysis is run only for assets and liabilities that represent significant interest-bearing positions. Due to debt instruments the net position is a liability. Since hedge accounting is applied and interest-bearing debt is measured at amortised cost, the full effect of change in fair value is not recognised in the income statement. This is shown in the table below:

	2019		2018	
NOK in millions	Yield curve increase 50 basis points	Yield curve decrease 50 basis points	Yield curve increase 50 basis points	Yield curve decrease 50 basis points
Reduction (increase) in fair value of net liabilities	**1 227**	**(1 287)**	473	(485)
Gain (loss) in the income statement	**16**	**(15)**	75	(75)

Sensitivity analysis of change in floating interest rates on net financial items in the income statement:

	2019		2018	
NOK in millions	Interest rates increase 50 basis points	Interest rates decrease 50 basis points	Interest rates increase 50 basis points	Interest rates decrease 50 basis points
Gain (loss) in the income statement	**(517)**	**517**	(324)	324

Exchange rate risk

The Group is exposed to changes in the value of NOK relative to other currencies. The carrying amount of the Group's net investments in foreign entities and proceeds from these investments varies with changes in the foreign exchange rate. The net income of the Group is also affected by currency fluctuations, as the profit and losses from foreign operations are translated into NOK using average exchange rates for the period. Exchange rate risk related to some net investments in foreign operations is partly hedged by issuing debt instruments in the currencies involved or correlated currencies, when this is considered appropriate. Combinations of money market instruments (Commercial Paper and bonds) and derivatives (foreign exchange forward contracts and cross currency swaps) are used for this purpose. Short-term currency swaps are used for liquidity management purposes. Net investment hedge accounting is applied when possible.

Exchange rate risk also arises when Telenor ASA or any of its subsidiaries enter into transactions or holds monetary items denominated in other currencies than their own functional currency. In accordance with Group Policy, committed cash flows in foreign currency equivalent to NOK 100 million or above are evaluated for hedging.

Financial instruments designated as hedging instruments of net investment in foreign operations

As of 31 December 2019 and 2018, material hedging positions are designated as net investment hedges.

There is an economic relationship between the hedged items and the hedging instruments as the net investment creates a translation risk that will match the foreign exchange risk on the debt and derivatives designated as hedging instruments.

Net investment hedging is mainly applied in currencies that have well-functioning financial markets, but the Group may also designate debt in correlated currencies as hedging instruments to hedge foreign exchange risk.

The Group has established hedge ratios to match the underlying risk of the hedging instruments with the hedged risk component. Hedge ineffectiveness may arise when the amount of the investment in the foreign subsidiary becomes lower than the amount of the debt and derivatives designated as hedging instruments. There was no ineffectiveness in the years ending 31 December 2019 and 2018.

For additional information and a reconciliation of the net investment hedge balance in equity, see note 24.

Net investment hedging relationships

NOK in millions	2019	2018
Amount recognised directly to other comprehensive income (OCI)	**59**	316
Amount reclassified from OCI to the income statement on disposal	**-**	1 090

Interest-bearing debt and derivatives designated as hedging instruments in net investment hedges (only effective part of instruments are included):

	2019		2018	
NOK in millions	Debt	Derivatives	Debt	Derivatives
As of 31 December				
Nominal amounts net investment hedge instruments	**(56 402)**	**14 383**	(24 420)	4 428
Fair value net investment hedge instruments	**(58 802)**	**(1 895)**	(26 135)	(1 649)

Debt designated as hedging instruments in net investment hedges are recognised on the line items Non-current interest-bearing liabilities and Current interest-bearing liabilities in the statement of financial position.

Classification of derivatives designated for net investment hedge in the consolidated statement of financial position:

NOK in millions	2019	2018
As of 31 December		
Other non-current assets	**21**	21
Other financial current assets	**190**	86
Non-current non-interest-bearing financial liabilities	**(1 321)**	(1 584)
Current non-interest-bearing liabilities	**(786)**	(172)
Fair value net investment hedge instruments	**(1 895)**	**(1 649)**

The following table shows the maturity profile (in nominal values) of the Group's net investment hedge instruments (only effective part of instruments are included):

NOK in millions	Total	< 1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	9 years	10 years	> 10 years
As of 31 December 2019	(46 677)	(5 317)	(3 499)	10	(1 292)	(6 826)	(1 712)	(8 061)	(3 998)	(176)	(7 800)	(8 005)
As of 31 December 2018	(22 869)	(8 588)	(6 294)	(1 590)	(337)	(281)	(3 414)	(2 160)	(204)	-	-	-

Average currency rates in cross currency swaps designated as net investment hedge instruments were NOK/USD 8.55 (8.54 in 2018), USD/EUR 1.21 (1.24 in 2018) and SEK/EUR 10.64 (n.a. in 2018) in 2019. In 2019, average currency rates in foreign exchange contracts designated as net investment hedge instruments were NOK/DKK 1.33 (n.a. in 2018), NOK/SEK 0.96 (0.98 in 2018), NOK/USD 8.89 (7.64 in 2018), USD/EUR 1.12 (n.a. in 2018), USD/MYR 0.24 (0.24 in 2018) and USD/THB 0.03 (0.03 in 2018).

Exchange rate risk sensitivity analysis

This analysis does not take into account correlation between currencies. Empirical studies confirm substantial diversification effect across the currencies that the Group is exposed to.

Effects on net currency gains (losses)

Currency gains and losses on monetary items in foreign currency are recognised in the income statements of Telenor ASA and its subsidiaries. Net currency gains (losses) in foreign subsidiaries are translated to NOK in the consolidated income statement. The table below shows the effect on consolidated net currency losses of 10% depreciation in functional currencies in the Group, keeping other currencies constant (only significant exposures are included in the table):

	Monetary Item Currency					
	2019			2018		
NOK in millions	EUR	USD	Other	EUR	MYR	USD
Depreciating Functional Currency						
NOK	**187**	**(2 634)**	**-**	(248)	(148)	(3 649)
PKR	**-**	**-**	**-**	-	-	(152)

Effects due to foreign exchange translations on other comprehensive income

Translation of subsidiaries from their functional currencies into the presentation currency of the Group (NOK) will impact the Group's other comprehensive income (OCI) and equity. If NOK had weakened by 10% against all other functional currencies of the Group, the change in the carrying amount of consolidated equity as of 31 December 2019, including effects of net investment hedge, would have been an increase of approximately NOK 3.5 billion (increase of NOK 3.0 billion as of 31 December 2018).

The table below shows the impact on OCI of net investment hedge (NIH) instruments if the functional currency weakened by 10%.

	2019				2018			
NOK in millions	EUR	SEK	USD	Other	EUR	SEK	USD	Other
Currency effect on OCI (before tax) of NIH instruments								
NOK	**(2 611)**	**(1 056)**	**(214)**	**(320)**	(640)	(825)	(232)	(302)
Effect on other comprehensive income (OCI)				**(4 201)**				**(1 999)**

Effects due to foreign exchange translations on net income

Translation of net income from subsidiaries with functional currency other than NOK, also represents a currency exposure for the Group's reported figures. The sensitivity analysis is only carried out for the Group's major subsidiaries. If the presentation currency (NOK) had weakened / strengthened by 10% against all other currencies included in the analysis, net income for the Group would have been NOK 1.2 billion higher / lower in 2019 (NOK 1.5 billion in 2018).

Credit risk

Credit risk is the loss that the Group would suffer if a counterparty fails to perform its financial obligations. The Group considers its maximum exposure to credit risk to be as follows:

Maximum credit exposure

NOK in millions	2019	2018
Cash and cash equivalents	**13 867**	18 492
Bonds and commercial papers > 3 months (note 22)	**485**	332
Financial derivatives (note 22)	**2 352**	2 023
Other financial non-current interest-bearing assets – deferred payment from disposal (note 22)	**2 949**	4 020
Current interest-bearing receivables – deferred payment from disposal (note 21)	**1 155**	-
Trade and other current financial receivables (note 21)	**19 220**	17 369

The Group's credit risks largely arise from trade receivables, financial derivatives and cash and cash equivalents.

Credit risk from cash and cash equivalents is managed by the Group's Treasury department in accordance with the principles defined in the Group Policy Treasury. Cash deposits are only made with approved counterparties and in accordance with approved credit limits per counterparty. Counterparty credit limits for core banks are reviewed by the Group's Board of Directors on a regular basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential payment default.

Credit risk arising from financial derivatives and cash deposits is managed through diversification, internal risk assessment and credit scoring, as well as credit risk mitigation tools. The main risk mitigation tools include legal netting and collateral agreements.

Credit risk from other financial non-current interest-bearing assets and current interest-bearing receivables regarding deferred payment of EUR 400 million from disposal of operations in Central Eastern Europe (CEE) is mitigated through received bank and parent company guarantees as well as covenants in the sales agreement.

Credit risk related to trade receivables is assessed to be limited due to the high number of customers in the Group's customer base. As such, no further credit risk provision is required in excess of the normal provision for bad and doubtful receivables. See note 21 for information on receivables in terms of age distribution and provision for bad debt. Credit risk related to sale of handsets on instalment plans, where the effect of discounting is considered material, is also assessed to be limited. Credit risk related to such arrangements are embedded in the discount rate and reflected as reduced revenue.

As of 31 December 2019, NOK 63 million was held as cash collateral (liability) and NOK 768 million was posted as cash collateral (receivable). As of 31 December 2018, NOK 40 million was held as cash collateral (liability) and NOK 423 million was posted as cash collateral (receivable).

NOTE 30 Fair values of financial instruments

Principles for estimating fair values
Based on the characteristics of the financial instruments that are recognised in the financial statements, the financial instruments are grouped into classes and categories. The estimated fair values of the Group's financial instruments are based on available market prices and the valuation methodologies per class are described below.

Fair value hierarchy
The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in measuring fair value.

Level 1: Quoted prices (unadjusted) in active markets for identical financial instruments
Level 2: Inputs other than quoted prices included within Level 1 that are observable for assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: Inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

Interest-bearing liabilities
Fair values of interest-bearing liabilities as shown in note 28 are based on quoted prices where available. Interest-bearing liabilities that are not traded in an active market have been estimated using yield curves which incorporate estimates of the Telenor ASA credit spread. The credit curves have been extrapolated using indicative prices on debt issuance by Telenor ASA for different maturities. The yield curves have been interpolated from cash and swap curves observed in the market for different currencies and maturities.

Trade receivables and other current and non-current financial assets
For trade receivables and other current receivables, the carrying amount is assessed to be a reasonable approximation of fair value. The effect of not discounting is considered to be immaterial for this class of financial instruments.

Trade payables and other non-interest-bearing financial liabilities
For trade payables and other non-interest-bearing financial liabilities, the carrying amount is assessed to be a reasonable approximation of fair value. The effect of not discounting is considered to be insignificant for this class of financial instruments.

Equity investments
Fair values for listed shares are based on quoted prices at the end of the reporting period. Fair value of unlisted shares is estimated by using commonly used valuation techniques, or measured at cost if the investment does not have a quoted market price in an active market and the fair value cannot be reliably measured.

Cash and cash equivalents
The fair value for this class of financial instruments is assessed to be equal to the nominal amount.

Derivatives
Fair value of currency swaps, foreign currency forward contracts and interest rate swaps is estimated based on calculating the net present value of future cash flows, using interest rate curves, exchange rates and currency spreads as of 31 December 2019 and 2018, respectively.

NOTE 31 Guarantees

Guarantee obligations:

NOK in millions	2019	2018
Guarantee obligations as of 31 December	**2 139**	3 636

In relation to the licence issuance in Myanmar, a performance bond issued to Myanmar authorities as a guarantee towards coverage and quality of services commitments expired in 2019 (NOK 0.5 billion as of 31 December 2018).

Telenor ASA has issued corporate guarantees of NOK 0.1 billion (NOK 0.7 billion as of 31 December 2018) as security for Telenor India's bank guarantee facilities. In addition, the exposure to claims from the Department of Telecommunications in India related to the period Telenor owned the business remains with Telenor. The fair value of this guarantee was recognised as of closing date, and as of 31 December 2019 the amount recognised was NOK 3.4 billion.

Purchased bank guarantees are not shown in the table.

NOTE 32 Contractual commitments

The Group has entered into agreements with fixed payments in respect of the following as of 31 December 2019 and as of 31 December 2018:

2019

NOK in millions	2020	2021	2022	2023	2024	After 2024
Contractual purchase obligations						
IT-related agreements	287	11	1	1	1	-
Other contractual obligations	5 917	3 246	877	6	6	-
Committed investments						
Property plant and equipment and intangible as-sets	3 305	696	-	-	-	-
Total contractual obligations	**9 509**	**3 952**	**879**	**7**	**7**	**-**

2018

NOK in millions	2019	2020	2021	2022	2023	After 2023
Contractual purchase obligations						
IT-related agreements	291	23	1	1	1	-
Other contractual obligations	4 709	1 902	1 311	6	6	-
Committed investments						
Property plant and equipment and intangible as-sets	3 955	12	-	-	-	-
Total contractual obligations	**8 955**	**1 937**	**1 313**	**7**	**7**	**-**

The tables above do not include agreements under which the Group has no committed minimum purchase obligations.

The table for 2018 has been updated with changes related to other contractual obligations and committed investments in Digi and Grameenphone.

NOTE 33 Related parties

As of 24 March 2020, Telenor ASA was 53.97% owned by the Kingdom of Norway, represented through the Ministry of Trade, Industry and Fisheries (MTIF).

At the Annual General Meetings (AGM) in May 2019 and May 2018 respectively, authority was given to the Board of Telenor ASA to acquire treasury shares with the purpose to cancel these shares through reduction of share capital. The programmes comprise 43 million shares in 2019 and 29 million shares in 2018, of which 19.8 million shares in 2019 and 13.4 million shares in 2018 were repurchased in the market. The remaining shares will be purchased by Telenor through the agreement with MTIF, whereby it is agreed that the Ministry is committed to participation and voting at Telenor's general meeting for the cancellation of a proportionate number of its shares, so that its ownership interest in Telenor will remain unaffected if Telenor repurchase shares for the purpose of cancellation. For further information regarding share ownership, see note 36.

The Norwegian telecommunications market is governed by the Electronic Communications Act of 4 July 2003 and other regulations issued pursuant to this Act. The Group provides designated Universal Service Obligations (USO) through an agreement between the Group and the Norwegian Ministry of LocaL Government and Modernisation and Communications. The USO obligation entails among other things the provision of public voice telephony and basic access to internet to all households and companies. The Group is imposed USO obligations to provide text telephony services for the deaf and hearing impaired. The Group receives no compensation for providing USO services.

In addition, the Group was in 2019 and 2018 subject to Special Service Obligations (SSO), mainly related to security and emergency following an agreement between the Norwegian Ministry of Justice and Public Security and Telenor Coastal Radio. The Group receives compensation for providing SSO. In 2019 and 2018, the Group received NOK 89 million and NOK 86 million, respectively, under this agreement.

The Group may also receive compensation for the obligations to fulfill additional requirements on the network to serve national security issues and other statutory services. In 2019 and 2018, the Group received a refund related to such activities of NOK 80 million and NOK 65 million, respectively.

Furthermore, the Group may receive government grants in connection with construction of broadband networks in designated areas in Norway. In 2019 and 2018, the Group received refunds on such activities of NOK 21 million and NOK 52 million, respectively.

The Group pays an annual fee to Norwegian Communications Authority and an annual levy to the Norwegian Ministry of Local Government and Modernisation for delivering electronic communication services, including payments for frequencies and numbers. The fee/levy was NOK 169 million and NOK 167 million in 2019 and 2018, respectively.

In 2019, the Group invested NOK 180 million in spectrum in the 700 MHz band in Norway. The licence is valid from 1 November 2019 until 31 December 2039.

The Group provides mobile and fixed telephony services, leased lines, customer equipment, internet connections, TV distributions and other services to the state and companies controlled by the state in the normal course of business and at arms-length prices. The Group also purchases services, such as postal services, in the normal course of business and at arms-length prices. Details of such transactions are not included in this note.

In addition, the Group sold transmission capacity and related services in the digital and analog terrestrial transmission network to Norsk rikskringkasting AS of NOK 214 million in 2019 and NOK 206 million in 2018.

Transactions with associated companies and joint ventures

NOK in millions	2019		2018	
	Sales to	Purchases from	Sales to	Purchases from
	582	(627)	488	(655)

Amounts receivable from and amounts due to associated companies and joint ventures

NOK in millions	2019		2018	
	Receivables	Payables	Receivables	Payables
	76	(25)	176	(32)

In 2019 and 2018, sales to associated companies include network access charges to Norges televisjon AS of NOK 457 million and NOK 446 million, respectively. Norges televisjon AS was deconsolidated as an associated company in November 2019.

Purchases from Strex AS regarding mobile content services were NOK 456 million in 2019 and NOK 458 million in 2018. In addition, a substantial part of the purchases in 2019 and 2018 from associated companies concerns sales and marketing support for distributors of the Group's products and services in Norway and Thailand.

The Group has provided fulfilment guarantees of NOK 75 million in favour of Norges televisjon AS, which is owned with equal parts by the associate Norsk rikskringkasting AS and TV2.

Transactions with subsidiaries have been eliminated on consolidation and do not represent related party transactions. See Note 14 Related Parties and Note 15 Shares in Subsidiaries in the financial statements of Telenor ASA for further details. The same applies to transactions with joint operations, see note 20.

For compensation to key management personnel, please refer to note 35 and chapter 11 and 12 in the corporate governance section of the Board of Directors' report on page 27 and 28.

NOTE 34 Legal disputes and contingencies

The Group is subject to various legal proceedings, disputes and claims including regulatory discussions related to the Group's business, licences and investments, the outcomes of which are subject to significant uncertainty. While acknowledging the uncertainties related to these matters, the management is of the opinion that based on the information currently available, these matters will be resolved without any material adverse effect individually or in the aggregate on the Group's financial position, with the exception of the BTRC Audit further described below for which no reliable estimation of the amount of obligation could be derived as per 31 December 2019. For matters in which the Group assesses it to be probable (more likely than not) that an economic outflow will be required to settle the obligation, provisions have been made based on management's best estimate.

The development in provisions during 2019 related to legal disputes in total is disclosed in note 25. We expect disclosure of any amount of provision per case to seriously prejudice our position with other parties in the matter because it would reveal what the Group believes to be a probable outflow.

See note 13 for uncertain tax positions.

Grameenphone
In Bangladesh, the regulatory environment has in 2019 developed to be challenging for Grameenphone and Telenor. This relates to the Bangladesh Telecommunication Regulatory Commission (BTRC) and their conducted audit covering Grameenphone's operation for a period since its inception in 1997 and until 2014. Following the audit, BTRC has presented substantial financial claims against Grameenphone and initiated several regulatory restrictions with major potential impact on Grameenphone's operation. In addition, Bangladeshi Bank has restricted repatriation of parts of the dividend from Grameenphone to Telenor. We describe these cases in more detail below.

BTRC – Audit
BTRC has over several years conducted an information system audit of Grameenphone for the period 1997 to 2014. On 2 April 2019, Grameenphone received a demand notice from BTRC for payment of NOK 8.9 billion to BTRC (NOK 2.4 billion in principal and NOK 6.5 billion in interest), including some matters pending in ongoing formal resolution processes (sub-judice). These claims are unjustified from Telenor's and Grameenphone's position. In addition, BTRC have unauthorised and erroneously claimed NOK 4.4 billion, which mainly is related to an already resolved matter and other sub-judice matters with the National Board of Revenue (NBR). As of 31 December 2019, the total demand amounts to NOK 13.3 billion (the Demand). Overall, the Demand is based on allegations that Grameenphone has, amongst other things, underpaid various taxes, such as corporate taxes, SIM tax, VAT and revenue shares from its mobile operation. The Demand is comprised of claims against 26 line items, of which 22 line items are related to BTRC matters and no provision has been recorded based on the Demand dated 2 April 2019, as such. The other four line items are related to the NBR matters, where Telenor and Grameenphone in previous years have recorded provisions based on an assessment of the legal merits of the claims.

On 22 July 2019, BTRC imposed operational restrictions on Grameenphone by stopping No Objection Certificates (NOCs) and approvals on import of products, services and equipment. On 30 July 2019, Grameenphone filed two applications to the High Court Division of the Supreme Court (HCD) for appointment of an arbitrator and for injunction against BTRC's suspension of approvals and NOCs. On 21 October 2019 the HCD rejected both applications. On 5 September 2019, BTRC issued a show cause notice to Grameenphone as to why Grameenphone's 2G & 3G licences should not be cancelled. Grameenphone responded timely to the show cause notice on 3 October 2019. Late August 2019, Grameenphone filed both a civil case (title suit) to the District Court contesting the Demand and an injunction application with a request to stay the suspension of NOCs and to restrain BTRC from taking any steps in enforcing the Demand. The District Court rejected the application for injunction. Grameenphone appealed before the HCD on 17 September 2019. On 17 October 2019, HCD passed an injunction order restraining BTRC, for a period of two months, from taking any steps to realise or enforce the Demand and suspend NOC for import of equipment/software and approvals of tariff/service packages etc. (the "HCD order"). The HCD order was appealed by BTRC to the Appellate Division of the Supreme Court (AD) and on 24 November 2019 the AD decided that the HCD order shall be maintained, subject to payment of NOK 2 billion by Grameenphone within three months; otherwise the HCD order shall stand vacated.

In a review application filed on 26 January 2020, Grameenphone requested AD to review the order dated 24 November 2019 to allow Grameenphone to instead deposit 25% of the principal amount demanded by BTRC, which amounts to NOK 600 million, to be paid in 12 equal monthly instalments from the date of order to be passed by the AD on the review application. This does not reflect Grameenphone's view on the substance or merit of the matter. On 20 February 2020, AD held a hearing of the review application in which the court verbally ordered Grameenphone to make payment of a deposit of approximately

NOK 1 billion before 24 February 2020. Following the verbal order of the AD, on 23 February 2020 Grameenphone deposited the amount to BTRC. On 24 February 2020, AD further ordered Grameenphone to deposit the remaining NOK 1 billion to BTRC within three months. The certified copies of the court orders are not yet available. The original Title Suit (where the court is supposed to consider the merits of the Demand) is pending at the District Court. On 3 March 2020 BTRC sought more time for submitting reply. The next hearing date is yet to be fixed.

In parallel, Grameenphone has been in continuing engagement with the authorities to find a transparent and amicable resolution. BTRC has, however, refused to meet to discuss the substance of the claims following the feedback Grameenphone provided against the audit observations in 2018. In 2019, BTRC refused to enter into an agreement to refer the matter to arbitration. On 18 September 2019, the Finance Minister in the presence of Minister of Post and Telecommunication, NBR Chairman, BTRC Chairman and representatives of Grameenphone, got involved to pursue a path towards resolving the issue. There, it was expressed that BTRC would withdraw the show cause notice and impositions to resume normal operations immediately and that Grameenphone would suspend its legal efforts to facilitate a transparent process towards an amicable solution. Despite these efforts, BTRC has neither lifted the show cause notice nor any of its operational impositions and did not follow up on the initiatives from the 18 September 2019 meeting. Subsequent invitations for continued dialogue have been rejected. In light of these events, at this stage Grameenphone has concerns over the prospects of an amicable solution based on merit.

Singapore and Bangladesh have entered into a Bilateral Investment Treaty (BIT) and in October 2019, Telenor Asia Pte Ltd, a Telenor subsidiary being a shareholder in Grameenphone and domiciled in Singapore, sent a notice to the President of Bangladesh to initiate discussions as a first step in an attempt to resolve issues arising from the audit dispute between Grameenphone and the BTRC pursuant to the procedural mechanisms in such BIT.

As set out above, Telenor's and Grameenphone's position is that the BTRC claims are unjustified. Grameenphone has performed a detailed assessment and obtained legal advice for each of the line items in the Demand. The errors in the BTRC audit-findings, the unprecedented long period covered by the audit (more than 20 years backwards), the inclusion of already settled/resolved items, the erroneous claim on behalf of third parties and the inclusion of sub-judice items in conjunction with the absence of merit based determination through any solution process, create significant uncertainty about the validity of the demand and outcome of the dispute, and the range on which to establish a reliable estimate of the financial effect related to the final outcome of the BTRC audit. Accordingly, no provision has been recorded based on the Demand dated 2 April 2019, as such.

Other related issue – Dividend restrictions by Bangladeshi Bank

It is also to be noted that Bangladeshi Bank have asked Grameenphone to maintain adequate liquid assets to be able to meet potential obligations arising out of the BTRC audit disputes. Bangladeshi Bank has further informed Grameenphone that future dividend repatriation to Telenor with respect to its shares which were issued against contribution in-kind will be suspended until supporting documentary evidence is submitted to Bangladeshi Bank. The original three foreign shareholders in Grameenphone had contributed services valued at BDT 78.5 million which were incurred as pre-incorporation expenses and received shares, currently representing 2.9 per cent of the total number of shares in the company. Except for a small number of in-kind shares later acquired by a local shareholder, Telenor is the current owner of most of the affected shares. On 5 March 2020, Grameenphone received a post facto approval from Bangladeshi Bank of the final dividend for 2018 for the unaffected shares, and the bank instructed Grameenphone to retain the repatriation of dividend on the affected shares until the matter has been cleared. On 12 March 2020, Telenor received NOK 624 million in interim dividend for 2019 from Grameenphone for the unaffected shares. By requesting documentary evidence related to a share allotment properly registered with the Registrar of Joint Stock Companies more than 22 years ago, Bangladesh Bank is suspending repatriation of dividend from Telenor's contribution-in-kind shares in Grameenphone.

SIM tax on replacement SIM cards

The Large Tax Payer Unit-VAT has issued three notices to Grameenphone claiming SIM tax of in total NOK 1.5 billion (excl. interest) on the replacement of SIM cards issued during three time periods from July 2007 to June 2015. In June 2019, the VAT Appellate Tribunal gave a decision in Grameenphone's disfavor in one of the three periods (between July 2012 and June 2015), and upheld the claim of NOK 0.4 billion (excl. interest). On 27 July 2019, Grameenphone appealed the decision to the High Court Division of the Supreme Court who in August 2019 passed a stay order on the decision by the Tribunal.

dtac

Dispute between TOT, CAT and dtac regarding Access Charge/Interconnection

On 17 May 2006, the National Broadcasting and Telecommunications Commission (NBTC) issued a notification on use and interconnection of telecommunications networks, applicable to telecommunication licencees who have their own telecommunication networks (the Notification). The Notification required the licencees to interconnect with each other on request, where an interconnection provider is entitled to apply an interconnection charge that reflects its costs. On 17 November 2006, dtac issued a written notification informing TOT Public Company Limited (TOT) and CAT Telecom Public Company Limited (CAT) that dtac would no longer apply the rates for calculating the access charge under the Access Charge Agreements entered into with TOT prior to the issuance of the Notification. In dtac's view, the rate and the collection of access charge under the Access Charge Agreements were, in certain respects, contrary to the law. dtac also informed TOT and CAT that it would pay the interconnection charge to TOT when dtac and TOT have entered into an interconnection charge agreement in accordance with the Notification. TOT has refused to enter into such agreement.

On 9 May 2011, TOT filed a complaint with the Central Administrative Court in Thailand requiring the court to order dtac and CAT to jointly pay an access charge to TOT, together with default interests, in the amount of approximately NOK 30.5 billion. On 10 October 2014, TOT increased its claim to dtac to a total of approximately NOK 66.1 billion, including interest fee, penalty charge and VAT surcharge.

On 31 May 2019, the Central Administrative Court issued a verdict dismissing TOT's claim on access charges against dtac in its entirety. The Court views that the access charge rate is against the Notification and that the telecommunication operators are required to calculate the interconnection charge rates in accordance with the said Notification. As TOT has not appealed the decision within the deadline, the case is final.

Disputes and settlements between dtac and CAT regarding revenue sharing payment under Concession Agreement

On 10 January 2019, CAT and dtac entered into a settlement agreement covering all legal disputes between the parties regarding the concession agreement, including the dispute related to porting of dtac's subscribers to its subsidiary dtac TriNet. The settlement did not comprise the industry cases related to revenue sharing concerning excise tax and interconnection charges (see further below). According to the settlement, dtac should pay a total amount of approximately NOK 2.5 billion to CAT in various instalments. dtac's Annual General Meeting approved the settlement on 4 April 2019. All instalments have been paid and the litigations have been withdrawn from the courts.

Revenue share - deduction of interconnect expenses

dtac is involved in industry disputes with CAT related to the calculation of revenue sharing in the now expired concession. The issue of the disputes is whether dtac had the right to deduct interconnect expenses from its interconnect revenues to be used as basis for calculating the payment of concession fee to CAT. The arbitration panel set for the 16th concession year gave on 25 December 2019 an award in favour of dtac, stating that dtac was entitled to deduct its interconnect expenses from its revenues. Subsequently, on 27 December 2019, 26 December 2019 and on 6 February 2020 other arbitration tribunals gave their decisions in CAT's favour for concession years 17, 18 and 20, respectively. The arbitration panel in these cases considered that interconnect revenue is a concessionary revenue that dtac should include without deductions in its calculation of revenue share to CAT. Pursuant to the three awards, dtac has an obligation to pay an approximate total amount of NOK 3.3 billion. dtac will appeal these awards to the Central Administrative Court. Similar disputes exist for concession years 21 to 27 (16 September 2011 to 15 September 2018) where CAT has presented claims of NOK 4.7 billion in total.

Revenue share – deduction of excise tax

On 11 January 2008, CAT submitted a claim to the Arbitration Institute in Thailand requesting dtac to make concession revenue sharing payments for the concession period 16 September 2002 to 15 September 2006 amounting to NOK 6.5 billion including VAT and penalties. The basis for the claim is that revenue share paid by dtac to CAT was made after deduction of excise tax. dtac's opinion is that it was entitled to deduct excise tax pursuant to resolutions made by the Thai Council of Ministers on 11 February 2003 and a letter issued by CAT on 27 March 2003. On 28 May 2012, the Thai Arbitral Tribunal rendered an award in favour of dtac and dismissed CAT's claim. However, on 31 August 2012, CAT filed a lawsuit with the Central Administrative Court in Thailand in order to revoke the Arbitral Tribunal's award. On 29 January 2016, dtac was notified by the Central Administrative Court in Thailand that the court had decided the case in dtac's favour. CAT has appealed the case to the Supreme Administrative Court in Thailand. These proceedings are pending.

Foreign ownership

One of dtac's competitors made a number of complaints to the Thai Police and the Thai Ministry of Commerce early in 2011, that dtac is in breach of the Foreign Business Act (FBA) limiting foreign ownership to 49% of the share capital without special governmental permission.

In addition, on 22 September 2011, one of dtac's minority shareholders (holding 100 shares in dtac) filed a complaint against the state agency, National Broadcasting and Telecommunication Commission (NBTC), with the Central Administrative Court in Thailand alleging that NBTC (as an administrative agency) has negligently failed to perform its duties in allowing dtac to operate its telecom business. The Central Administrative Court in Thailand has issued a summons requesting dtac to become a co-defendant in these proceedings. On 26 November 2015, the Central Administrative Court in Thailand ruled that the court cannot revoke dtac's right to operate. However, the court has ordered NBTC to investigate whether dtac is in breach of the FBA. Both NBTC and dtac have filed an appeal to the Supreme Administrative Court in Thailand.

Currently, these two cases are under the consideration of the Royal Thai Police and the Supreme Administrative Court in Thailand. Telenor believes that the Group's ownership structure in dtac was established, and is, in accordance with Thai law as well as established practices in Thailand.

India

Telenor's previous operations in India are subject to a number of disputes with the Indian Department of Telecommunications (DoT), which remain to be concluded.

One of these disputes is related to the basis for calculation of licence fees and spectrum usage charges for the entire duration of Telenor's operations in India. This is a principal matter common to all industry participants. During 2019, prior to the Supreme Court judgement (see below), DoT had issued demand notices in the mentioned matter to approximately NOK 3.0 billion, including penalty and interest, against Telenor's Indian subsidiaries. In the fourth quarter of 2019, the Supreme Court of India upheld DoT's view on the determination of how to calculate licence fees and spectrum usage charges. DoT has requested all operators to assess and update the calculations applying the principles laid down in the Supreme Court ruling and submit this along with payment of corrected fees and charges. Although the Supreme Court ruling implies a significant increase of fees and charges for all operators, there are still a number of computational elements that remain unclarified and hence the outcome is uncertain.

On 2 February 2012, the Indian Supreme Court quashed all 122 2G licences awarded in 2008, including those granted to Unitech Wireless. The Indian Supreme Court ordered that all such 2G licences and spectrum should be auctioned. The spectrum auction was completed in November 2012 and the Group, through Telewings, secured spectrum licences in 6 circles. In February 2013, the Indian Supreme Court ordered the payment of retroactive spectrum fees for the licences quashed in February 2012. DoT issued a notice in November 2014 to Unitech Wireless seeking an explanation as to why retrospective spectrum fee payment of NOK 0.8 billion (plus interest) should not be recovered by DoT pursuant to the February 2013 order of the Indian Supreme Court. Telenor replied to the above notice in December 2014. However, on 25 September 2016 DoT issued a demand notice of NOK 1.0 billion (including interest), which on 14 February 2017 was adjusted to NOK 0.9 billion (including interest) by DoT. Telenor has challenged such demand and the interpretation by DoT of the Indian Supreme Court judgment before the Telecom Disputes Settlement and Appellate Tribunal in India. A stay order is currently in place.

DoT has further issued a notice to 8 entities of Unitech Wireless relating to a financial penalty of NOK 1.3 billion imposed, due to an alleged violation of a merger approval for the Unitech Wireless entities. Telenor has contested the basis for the claim.

See note 4 under Discontinued operations and assets held for sale for information on provisions related to the period the Group owned the business in India.

Telenor Pakistan

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 0.5 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 favor of the CMOs in January 2014 as no double taxation of excise duty is permissible on the basis of law. The decision of the single bench was appealed by the FBR. The Division Bench of the High Court dismissed the appeal in June 2019 and upheld the decision of the single bench. FBR has now filed an appeal before the Supreme Court against the judgment of the High Court. Telenor is contesting the matter along with the industry in the Supreme Court.

Telenor Norway

EFTA Surveillance Authority (ESA) and the Norwegian Competition Authority (NCA) initiated an inspection of Telenor Norge AS on 4 December 2012 based on the suspected abuse of a dominant position and/or anti-competitive collaboration in the Norwegian mobile market. Telenor's position in both cases further described below is that it has not breached the competition law.

ESA

On 1 February 2016, the ESA sent a Statement of Objection (SO) to Telenor, setting out its preliminary views in respect of the possible abuse of Telenor's dominant position in the Norwegian mobile market, in relation to margin squeeze in the segment mobile broadband standalone to consumers in Norway and lock-in agreements at a subscription level to business customers in Norway. ESA is considering imposing a fine, but has not suggested a fine amount.

On 24 June 2019, ESA issued a Supplementary SO (SSO) regarding the margin squeeze part of the case. On the same date, ESA closed the investigation related to the lock-in agreements. The SSO is not a final decision. Telenor has submitted its comments to the SSO and a hearing was held on 10 October 2019. On 27 February 2020 ESA sent Telenor a Letter of Facts, whereby ESA informed about additional documents and facts that ESA wants to take into consideration. Telenor gave their comments to this within the deadline, 16 March 2020.

NCA

The case relates to an alleged breach of the prohibition against abuse of a dominant position related to the pricing model in one mobile wholesale agreement. 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 788 million. 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 is scheduled to start in week 2 in 2021.

NOTE 35 Key management compensation and fees to external auditor

Key management compensation

The table below outlines key management compensation for 2019 and 2018 by categories. The figures presented in each category are the total amounts for both the President & CEO and the Group executive management. For a detailed overview at individual level, and further details on Telenor's compensation policy and practice, please refer to chapter 11 and 12 of the governance section in the Board of Directors' report on page 27 and 28.

NOK in thousands	2019	2018
Base salary [1]	**38 039**	35 686
Short-term incentive (STI) [2]	**12 329**	16 682
Long Term Incentive (LTI) expensed [3]	**5 899**	5 010
Pension benefits [4]	**8 266**	8 786
Other compensation and benefits [5]	**13 809**	15 413
Total compensation	**78 332**	**81 577**

1) Base salary includes holiday pay, if applicable.

2) STI (annual bonus) reflects actual bonus amount and excludes holiday pay. Any applicable holiday pay is reported under 'base salary'.

3) LTI is a restricted share plan under which participants can receive Telenor ASA shares or phantom shares for a defined maximum percentage of their annual base salary. The shares are locked for a period of 4 years. LTI is reported on expensed basis, i.e. cost in any particular year is a total of annual cost of all active programs in that year.

4) The calculations of pension benefits earned are based on the same actuarial and other assumptions as used in the pension benefit calculations in note 26.

5) Includes items such as insurance, company car benefit or car allowance, relocation costs, taxable bonus shares related to employee share plan etc. and payments related to termination (i.e. notice periods, severance payments, short-term and long-term incentives; where relevant). Termination benefits amount to NOK 7.1 million in 2019 and NOK 6.8 million in 2018.

In addition to the above, fees to the Board of Directors amount to NOK 5.5 million in 2019 and NOK 5.4 million in 2018. The fees consist of an annual fee reflecting the role in the Board and additional fees for any board committee the respective director takes part in.

Loans to employees

Total loans to employees were NOK 3.6 million as of 31 December 2019 and NOK 2.0 million as of 31 December 2018.

Fees to the auditors

The table below summarises audit fees for 2019 and 2018 and fees for audit related services, tax services and other services incurred by the Group during 2019 and 2018. Fees include both Norwegian and foreign subsidiaries.

	Audit fees		Fees for further assurance services		Fees for tax services		Other fees	
NOK in millions, excluding VAT	2019	2018	2019	2018	2019	2018	2019	2018
Telenor ASA	**4.8**	4.7	**1.1**	0.2	**5.0**	0.3	**5.7**	0.6
Other Group companies	**28.3**	26.6	**4.2**	1.8	**5.7**	2.7	**7.0**	14.3
Total	**33.1**	**31.4**	**5.3**	**1.9**	**10.7**	**3.0**	**12.8**	**14.9**

Fees for audit services include fees associated with the required statutory and financial audits. Further assurance services principally include other attestation services required by laws and regulations, attestations related to information system, audits, attestations and agreed upon procedures required by regulators and other third parties.

Fees for tax services include tax compliance and advice regarding tax rules and consequences, as well as tax due diligence services in connection with acquisitions, disposals and other transactions. Other fees relate primarily to process/system/project/supplier reviews, financial due diligence services and consultations in connection with acquisitions, disposals and other transactions.

NOTE 36 Number of shares, authorisations, ownership etc.

As of 31 December 2019, Telenor ASA had a share capital of NOK 8,654,748,192 divided into 1,442,458,032 ordinary shares with a nominal value of NOK 6 each. During 2019, the share capital was decreased by NOK 173,999,994 and the number of registered shares was decreased by 28,999,999. All ordinary Telenor shares have equal voting rights and the right to receive dividends. As of 31 December 2019, the company held 19,794,691 treasury shares.

At the AGM in May 2018, authority was given to the Board of Directors to acquire up to 29,000,000 own shares, corresponding to approximately 2% of the share capital, for the purpose of cancellation. Within this authorisation which was valid until AGM in May 2019, on 25 October 2018 Telenor completed the market part of share buyback programme where Telenor purchased 13,350,090 own shares in the open market. Prior to the AGM, Telenor entered into an agreement with its largest shareholder, the Kingdom of Norway, represented through the Ministry of Trade, Industry and Fisheries. The agreement implied that the Kingdom of Norway was committed, through the Ministry of Trade, Industry and Fisheries' participation and voting in Telenor's general meeting, to sell a proportionate number of its shares so that the Kingdom of Norway's ownership interest in Telenor would remain unaffected if Telenor repurchased shares for the purpose of cancellation. The agreement was valid until the AGM in 2019. Following AGM approval in May 2019, Telenor's share capital was decreased by NOK 173,999,994 by cancellation of the 13,350,090 repurchased shares under the authorisation from AGM in May 2018 and redemption of 15,649,909 shares owned by the Kingdom of Norway against payment of an amount of NOK 2,379,746,137.

At the AGM in May 2019, authority was given to the Board of Directors to acquire up to 43,000,000 own shares, corresponding to approximately 3% of the share capital, consisting of buy-backs in the open market and subsequently purchase of a pro-rata number of shares from the Ministry of Trade, Industry and Fisheries. On 31 October 2019, Telenor completed the market part of share buyback programme where Telenor purchased 19,794,691 shares in the open market at a weighted average price of NOK 180.40 per share.

Changes in treasury shares including redemption of shares owned by the Norwegian State:

	2019	2018
Balance as of 1 January	**13 350 090**	8 738 593
Purchase of treasury shares	**35 444 600**	34 611 496
Cancellation of treasury shares	**(28 999 999)**	(29 999 999)
Balance as of 31 December	**19 794 691**	13 350 090

As of 31 December 2019, Telenor ASA had about 40,200 registered shareholders, compared with about 40,300 as of 31 December 2018.

The 20 largest shareholders as of 31 December 2019 from the shareholder register [1)]

	Name of shareholders	Number of shares	%
1	Ministry of Trade, Industry and Fisheries, Kingdom of Norway	778 425 458	53.97
2	Folketrygdfondet	73 022 492	5.06
3	State Street Bank and Trust Company (nominee)	31 747 689	2.20
4	State Street Bank and Trust Company (nominee)	20 377 441	1.41
5	Telenor ASA	19 794 961	1.37
6	Clearstream Banking S.A. (nominee)	18 858 167	1.31
7	JPMorgan Chase Bank, N.A., London (nominee)	13 856 767	0.96
8	JPMorgan Chase Bank, N.A., London (nominee)	13 674 667	0.95
9	State Street Bank and Trust Company (nominee)	12 463 023	0.86
10	State Street Bank and Trust Company (nominee)	11 131 286	0.77
11	State Street Bank and Trust Company (nominee)	10 012 663	0.69
12	The Northern Trust Comp, London Br (nominee)	8 097 214	0.56
13	JPMorgan Bank Luxembourg S.A. (nominee)	7 158 051	0.50
14	KLP Aksjenorge Indeks	6 956 037	0.48
15	Verdipapirfondet DNB Norge	6 804 978	0.47
16	Street Bank and Trust Company (nominee)	6 591 194	0.46
17	Storebrand Norge I Verdipapirfond	6 004 808	0.42
18	JPMorgan Chase Bank, N.A., London (nominee)	5 939 978	0.41
19	Euroclear Bank S.A./N.V.	5 936 852	0.41
20	The Bank of New York Mellon SA/NV (nominee)	5 427 398	0.38
	Total held by 20 largest shareholders	**1 062 281 124**	**73.64**
	Total all Telenor shares	**1 442 458 032**	**100.00**

The 20 largest shareholders as of 31 December 2019 beneficial ownership [2)]

	Name of shareholders	Number of shares	%
1	Ministry of Trade, Industry and Fisheries, Kingdom of Norway	778 425 458	53.97
2	Folketrygdfondet	73 022 492	5.06
3	BlackRock Institutional Trust Company, N.A.	26 272 925	1.82
4	The Vanguard Group, Inc.	22 641 176	1.57
5	DWS Investment GmbH	20 553 263	1.44
6	Storebrand Kapitalforvaltning AS	15 398 958	1.07
7	JPMorgan Asset Management U.K. Limited	14 907 888	1.03
8	KLP Forsikring	13 327 753	0.92
9	Lazard Asset Management, L.L.C.	12 442 367	0.86
10	DNB Asset Management AS	12 156 460	0.84
11	Aberdeen Standard Investments (Edinburgh)	10 694 608	0.74
12	SAFE Investment Company Limited	10 219 167	0.71
13	State Street Global Advisors (U.S.)	9 256 275	0.64
14	Danske Capital (Norway)	8 669 330	0.60
15	Pyrford International Limited	7 760 959	0.54
16	BlackRock Advisors (UK) Limited	7 693 579	0.53
17	Schroder Investment Management Ltd. (SIM)	7 281 418	0.50
18	APG Asset Management N.V.	7 046 520	0.49
19	Fidelity International	7 039 719	0.49
20	Acadian Asset Management LLC	6 754 609	0.47
	Total held by 20 largest shareholders	**1 071 564 924**	**74.29**
	Total all Telenor shares	**1 442 458 032**	**100.00**

1) Source: VPS share register

2) The data is provided by Nasdaq Advisory Services and is obtained through an analysis of beneficial ownership and fund manager information provided in replies to disclosure of ownership notices issued to all custodians on the Telenor VPS share register. Every reasonable effort has been made to verify the data; however neither Telenor nor Nasdaq Advisory Services can guarantee the accuracy of the analysis.

NOTE 37 Events after the reporting period

COVID-19

The spread of cross-border diseases such as COVID-19 may have an operational effect on Telenor Group due to 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. As of today, Telenor has limited insight into the full effects of COVID-19 in the markets we operate. Telenor as a company has a key role in securing critical infrastructure, and will monitor closely and continue to take measures to minimise the impact on health and safety as well as ensuring business continuity.

Depreciation of the Norwegian Krone after year-end 2019

Telenor Group's presentation currency and Telenor ASA's functional currency is NOK (Norwegian Krone). Since year-end 2019, the Norwegian Krone has depreciated significantly against most other currencies, which may significantly affect the consolidated net income and statement of financial position in 2020. In 2019, 75% of revenue and 81% of EBITDA was related to operations outside Norway. In addition, as of 31 December 2019 Telenor ASA has interest bearing liabilities nominated in USD not part of net investment hedge of approximately NOK 25 billion (USD 2.9 billion). Currency effects related to interest bearing liabilities nominated in foreign currencies not used for net investment hedge in accordance with IFRS 9 is recorded as net financial items in the income statement. Please see note 28 and 29 for further information about Telenor Groups exposure and sensitivity related to changes in foreign exchange rates.

INCOME STATEMENT

Telenor ASA 1 January – 31 December

NOK in millions	Note	2019	2018
Revenues	1	**1 053**	1 134
Operating expenses			
Salaries and personnel costs	2, 3	**(760)**	(728)
Other operating expenses	4	**(1 019)**	(1 076)
Depreciation, amortisation and impairment losses	8	**(31)**	(40)
Total operating expenses		**(1 810)**	(1 844)
Operating profit (loss)		**(757)**	(710)
Financial income and expenses			
Financial income	6	**23 295**	62 227
Financial expenses	6	**(1 534)**	(1 302)
Net currency gains (losses)	6	**(472)**	(1 203)
Net change in fair value of financial instruments	6	**(77)**	(499)
Net gains (losses and impairment) of financial assets	6	**(33)**	(1 614)
Net financial income (expenses)		**21 179**	57 609
Profit before taxes		**20 422**	56 899
Income taxes	7	**(3 281)**	(1 044)
Net income		**17 141**	55 855

STATEMENT OF COMPREHENSIVE INCOME

Telenor ASA 1 January – 31 December

NOK in millions	2019	2018
Net income	**17 141**	55 855
Other comprehensive income (loss)		
Remeasurement of defined benefit pension plans	137	(50)
Income taxes	(30)	11
Items that will not be reclassified to income statement	**107**	(39)
Other comprehensive income (loss), net of taxes	**107**	(39)
Total comprehensive income (loss)	**17 248**	55 816

STATEMENT OF FINANCIAL POSITION

Telenor ASA as of 31 December

NOK in millions	Note	2019	2018
ASSETS			
Non-current assets			
Deferred tax assets	7	1 998	1 791
Pension funds	3	88	-
Goodwill		20	20
Intangible assets	8	18	81
Property, plant and equipment		27	49
Shares in subsidiaries	15	138 837	137 765
Non-current interest-bearing receivables from Group companies	14	38 374	4 871
Other non-current financial assets	9, 11	2 761	2 402
Total non-current assets		**182 123**	**146 979**
Current assets			
Trade receivables from Group companies		584	396
Trade receivables external		6	7
Other current financial assets	9, 11	496	2 211
Liquid assets and short-term placements	11	2 618	8 890
Total current assets		**3 704**	**11 504**
Total assets		**185 827**	**158 483**
EQUITY AND LIABILITIES			
Equity	10	**105 303**	**106 138**
Non-current interest-bearing external liabilities	11	64 021	25 422
Non-current non-interest-bearing external liabilities	11	1 409	1 655
Pension obligations	3	472	526
Other provisions		78	18
Total non-current liabilities		**65 980**	**27 621**
Current interest-bearing liabilities to Group companies	11,14	3 352	9 127
Current interest-bearing external liabilities	11	7 399	4 167
Drawings on Group's cash pool	11	188	8 699
Current non-interest-bearing liabilities to Group companies	11, 12	169	65
Current non-interest-bearing external liabilities	11, 12	3 436	2 666
Total current liabilities		**14 544**	**24 724**
Total equity and liabilities		**185 827**	**158 483**

Fornebu, 24 Mars 2020

Gunn Wærsted
Chair

Jørgen Kildahl
Vice Chair of the Board

Jon Erik Reinhardsen
Board member

Jacob Aqraou
Board member

Sally Davis
Board member

Grethe Viksaas
Board member

Esben Smistad
Board member

Anita Helen Steine
Board member

Jan Otto Eriksen
Board member

Sigve Brekke
President & CEO

STATEMENT OF CASH FLOWS

Telenor ASA 1 January – 31 December

NOK in millions	2019	2018
Profit before taxes	**20 422**	**56 899**
Income taxes paid	(3 360)	(796)
Net (gains) losses, impairment and change in fair value of financial assets and liabilities	110	1 932
Depreciation, amortisation and impairment losses	31	40
Net currency (gains) losses not relating to operating activities	(9)	1 273
Net changes in interest accruals against Group companies	101	2
Received dividend	15 451	31 491
Recognised dividend	(16 751)	(52 916)
Interest received	511	1 031
Interest paid	(1 836)	(2 116)
Net changes in other accruals	1 310	(2 234)
Net cash flow from operating activities	**15 980**	**34 606**
Proceeds from sale of property, plant and equipment and intangible assets	15	-
Purchases of property, plant and equipment and intangible assets	(11)	(6)
Purchases of and capital increase in subsidiaries	(1 105)	-
Net cash flow from investing activities	**(1 101)**	**(6)**
Proceeds from borrowings	47 402	18 402
Repayments of borrowings	(5 803)	(28 105)
Net change in Group's cash pool	(36 434)	1 253
Purchase of treasury shares	(5 975)	(5 809)
Dividends paid to equity holders of Telenor ASA	(12 121)	(18 381)
Net cash flow from financing activities	**(12 931)**	**(32 640)**
Effect on cash and cash equivalents of changes in foreign exchange rates	291	(92)
Net change in cash and cash equivalents	**2 239**	**1 868**
Cash and cash equivalents as of 1 January	191	(1 677)
Cash and cash equivalents as of 31 December	**2 430**	**191**

Specification of cash and cash equivalents:		
Liquid assets and short term placements	2 618	8 890
Drawing from Group's cash pool	(188)	(8 699)
Cash and cash equivalents as of 31 December	**2 430**	**191**

STATEMENT OF CHANGES IN EQUITY

Telenor ASA for the years ended 31 December 2018 and 2019

NOK in millions (except for number of shares)	Number of shares	Share capital	Treasury shares	Share premium	Pension re-measurement reserve	Other reserves	Retained earnings	Total equity
Equity as of 1 January 2018	**1 501 458 030**	**9 009**	**(52)**	**69**	**20**	**(4 003)**	**69 449**	**74 492**
Net income for the period	-	-	-	-	-	-	55 855	55 855
Other comprehensive income for the period	-	-	-	-	(39)	-	-	(39)
Total comprehensive income	**-**	**-**	**-**	**-**	**(39)**		**55 855**	**55 816**
Dividend	-	-	-	-	-	-	(18 382)	(18 382)
Share buyback	-	-	(208)	-	-	(5 560)	-	(5 768)
Cancellation of shares	(29 999 999)	(180)	180	-	-	-	-	-
Share-based payment, exercise of share options and distribution of shares	-	-	-	-	-	(20)	-	(20)
Equity as of 31 December 2018	**1 471 458 031**	**8 829**	**(80)**	**69**	**(19)**	**(9 583)**	**106 922**	**106 138**
Net income for the period	-	-	-	-	-	-	17 141	17 141
Other comprehensive income for the period	-	-	-	-	107	-	-	107
Total comprehensive income	**-**	**-**	**-**	**-**	**107**	**-**	**17 141**	**17 248**
Dividend	-	-	-	-	-	-	(12 121)	(12 121)
Share buyback	-	-	(213)	-	-	(5 738)	-	(5 951)
Cancellation of shares	(28 999 999)	(174)	174	-	-	-	-	-
Share-based payment, exercise of share options and distribution of shares	-	-	-	-	-	(11)	-	(11)
Equity as of 31 December 2019	**1 442 458 032**	**8 655**	**(119)**	**69**	**88**	**(15 332)**	**111 942**	**105 303**

NOTES TO THE FINANCIAL STATEMENTS

Telenor ASA

Contents notes

NOTE 1 General information and summary of significant accounting principles

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

The financial statements have been prepared in accordance with simplified IFRS pursuant to the Norwegian Accounting Act § 3-9 and regulations regarding simplified application of IFRS issued by the Ministry of Finance on 21 January 2008.

Telenor ASA's accounting principles are consistent with the accounting principles for the Group, as described in note 2 of the consolidated financial statements. Where the notes for the parent company are substantially different from the notes for the Group, these are shown below. Otherwise, refer to the notes to the consolidated financial statements.

Telenor ASA uses the indirect method for the statement of cash flows. Cash and cash equivalents consist of liquid assets, short-term placements and drawings from cash pool. Net change in Group internal drawing rights are loans to, and placements from Group companies. These loans and placements have high turnover and are presented net.

Revenues are mainly sale of Group services to other Group companies, sale of research and development services and sale of other consultancy services. Purchases from other Group companies consist mainly of consultancy fees in strategic Group projects, property lease, IT-operations and maintenance.

Telenor ASA conducts the main part of the external debt financing in the Group, and provides loan and guarantees to, and receives deposits from Group companies. See note 28 to the consolidated financial statements.

Shares in subsidiaries and loans provided to subsidiaries are evaluated at the lower of cost or fair value. Any impairment losses and reversal of impairment losses are classified as net gains (loss and impairment) on financial assets in the income statement.

NOTE 2 Salaries and personnel costs

The Group's Chief Executive Officer and the Board of Directors have the same positions in Telenor ASA. Please refer to chapter 11 and 12 in the corporate governance section of the Board of Directors' report (page 27 and 28) as well as note 35 of the consolidated financial statements, for further information about compensation to the Board of Directors, management and auditor.

NOK in millions	2019	2018
Salaries and holiday pay	**(557)**	(532)
Social security tax	**(80)**	(77)
Pension cost including social security tax (note 3)	**(80)**	(74)
Share-based payments [1]	**(26)**	(31)
Other personnel costs	**(17)**	(14)
Total salaries and personnel costs	**(760)**	**(728)**
Number of labour-years employed, average	**413**	402

[1] Share-based payments are costs related to Telenor's employees share program and Long Term Incentive plan (LTI) for senior executives and key personnel.

NOTE 3 Pension obligations

Telenor ASA is obliged to follow and complies with the Act on Mandatory Company Pensions. The company has a pension scheme according to the requirement set in the Act.

Changes in the defined benefit obligation and fair value of plan assets

	2019			2018		
NOK in millions	Defined benefit obligation	Fair value plan assets	Net liability defined benefit	Defined benefit obligation	Fair value plan assets	Net liability defined benefit
As of 1 January	**(1 379)**	**853**	**(526)**	(1 291)	804	(487)
Service cost	**(41)**	**-**	**(41)**	(38)	-	(38)
Net interest	**(35)**	**23**	**(13)**	(31)	19	(11)
Sub-total included in Income Statement	**(76)**	**23**	**(54)**	**(69)**	**19**	**(49)**
Return on plan assets (excluding amounts included in net interest expense)	**-**	**59**	**59**	-	(20)	(20)
Actuarial changes arising from changes in financial assumptions	**44**	**-**	**44**	(13)	-	(13)
Experience adjustments	**34**	**-**	**34**	(17)	-	(17)
Sub-total included in Other Comprehensive Income	**78**	**59**	**137**	**(30)**	**(20)**	**(50)**
Effects of business combinations and disposals	**(57)**	**39**	**(18)**	(38)	28	(10)
Contributions by employer	**-**	**56**	**56**	-	53	53
Benefits paid	**53**	**(32)**	**21**	49	(31)	18
As of 31 December	**(1 381)**	**998**	**(384)**	(1 379)	853	**(526)**
Of which classified as:						
Pension obligations			(472)			(526)
Pension assets [1]			88			-

[1] Telenor does not have a right to use the net funds in the funded plans to settle the obligations under the unfunded plans.

Telenor ASA expects to contribute approximately NOK 58 million to the Telenor Pension Fund in 2020.

129 employees were covered by defined benefit plan of the Telenor Pension Fund. Telenor Pension Fund paid out pensions to 357 persons.

Components of net periodic benefit cost

NOK in millions	2019	2018
Service cost	**(41)**	(38)
Net interest cost	**(13)**	(11)
Contribution plan costs	**(39)**	(36)
Total pension costs recognised in the income statement	**(93)**	**(85)**
Of which reported as pension cost (note 2)	**(80)**	(74)
Of which reported as net interest cost (note 6)	**(13)**	(11)

NOTE 4 Other operating expenses

NOK in millions	2019	2018
Operating expenses related to country offices and services from shared service centres	**(209)**	(220)
Cost of premises, vehicles, office equipment, operation and maintenance etc.	**(152)**	(154)
Marketing, representation and sales commission	**(29)**	(38)
Workforce reductions and onerous contracts	**(210)**	(82)
Other operating expenses [1]	**(419)**	(582)
Total other operating expenses	**(1 019)**	(1 076)

[1] Other operating expenses are primarily related to safeguarding of interests, assessment of new market opportunities and loss of receivables related to Telenor India. In addition, audit fees and other fees to the auditor are included, see note 35 in the consolidated financial statements.

NOTE 5 Research and development costs

Research and development expenses in Telenor ASA were NOK 161 million in 2019 and NOK 155 million in 2018. Research and development activities relate to new technologies and secure full utilisation of existing technologies and network.

NOTE 6 Financial income and expenses

NOK in millions	2019	2018
Interest income from Group companies	**96**	314
Group contribution and dividends from subsidiaries	**23 151**	60 566
Other financial income	**47**	119
Other financial income from Group companies [1]	**1**	1
Reversal of losses on guarantees and recourse against subsidiaries	**-**	1 227
Total financial income	**23 295**	62 227
Interest expenses to Group companies	**(78)**	(180)
Interest expenses (external)	**(1 456)**	(1 105)
Other financial expenses	**-**	(16)
Total financial expenses	**(1 534)**	(1 302)
Foreign currency gain	**8**	41
Foreign currency loss	**(480)**	(1 244)
Net foreign currency gains (losses)	**(472)**	**(1 203)**
Net change in fair value of financial instruments at fair value through profit or loss	**(142)**	(484)
Net change in fair value of hedging instruments and hedged items	**65**	(15)
Net change in fair value of financial instruments	**(77)**	**(499)**
Impairment losses on shares in subsidiaries [1]	**(33)**	(1 614)
Net gains (losses and impairment) on financial assets	**(33)**	**(1 614)**
Net financial income (expenses)	**21 179**	57 609

[1] Impairment of shares in subsidiaries in 2019 relate to investments in Telenor Digital AS. Impairment of shares in 2018 relates to investments in Telenor Eiendom Holding AS and Telenor Communications II AS, see note 15.

Group contribution and dividends received from Group companies is recognised as financial income in the year it is approved by the General Meeting in the relevant company and Telenor ASA obtains the right to the Group contribution and dividends. In 2019, Telenor ASA received and recognised NOK 6.4 billion in taxable Group contribution, which relates to the financial year 2018. Telenor ASA also received dividends of NOK 12 billion from Telenor Mobile Holding AS and dividends from other Group companies of NOK 4.8 billion. Telenor Mobile Holding AS has also distributed dividends received from its subsidiaries.

In 2018, Telenor ASA received and recognised NOK 6.3 billion in taxable Group contribution, which relates to the financial year 2017 and NOK 1.35 billion in tax free Group contribution. Telenor ASA also received dividends of NOK 45 billion from Telenor Mobile Holding AS and dividends from other Group companies of NOK 7.9 billion. Dividends from Telenor Mobile Holding AS were partly settled by the transfer of receivable from Telenor Networks Holding AS following reorganization for the ownerstructure of Telenor Norge AS in 2017, see also Note 15. Telenor Mobile Holding AS has also distributed dividends recieved from its subsidiaries. This included dividends received from Telenor Mobile Communications AS partly financed by the proceeds from the sale of shares in Telenor Hungary and Telenor Bulgaria.

NOTE 7 Income taxes

NOK in millions	2019	2018
Profit before taxes	20 422	56 899
Current taxes	**(1 067)**	(909)
Resolution of disputed items and adjustment in previous years' current income tax	**(2 450)**	(285)
Change in deferred taxes	**237**	150
Income tax	**(3 281)**	**(1 044)**
Tax basis:		
Profit before taxes	**20 422**	56 899
Effect of other comprehensive income and tax-free transfers	**137**	(50)
Non-deductible expenses and tax-free income	**99**	315
Group contribution previous year	**(6 400)**	(6 300)
Dividend – tax-free	**(16 751)**	(52 916)
Group contribution previous year – tax-free	**-**	(1 350)
Changes in temporary differences recognised in income statement	**294**	953
Group contribution current year	**7 047**	6 400
Tax basis for the year	**4 848**	**3 951**
Current taxes at nominal income tax rate in Norway (22% in 2019 and 2018)	**1 067**	**909**
Effective tax rate		
Income tax expense at corporate income tax rate in Norway (22% in 2019 and 2018)	**(4 493)**	(13 087)
Non-deductible expenses and tax-free income	**(52)**	(61)
Received Group contribution, tax-free	**-**	311
Accounting effect of received tax-free dividend	**3 685**	12 171
Resolution and adjustments of disputed item	**(2 450)**	(285)
Other	**30**	(11)
Effect of changes in tax rates	**0**	(81)
Income tax	**(3 281)**	**(1 044)**
Effective tax rate in %	**16.06%**	**1.83%**

NOK in millions	2019	2018	Changes
Temporary differences as of 31 December			
Non-current assets	**(27)**	19	(46)
Interest element in connection with fair value hedges of liabilities	**(516)**	(565)	49
Financial derivatives	**(809)**	(371)	(438)
Losses on guarantees	**(280)**	(280)	0
Other accruals for liabilities	**(20)**	(18)	(2)
Pension liabilities	**(383)**	(526)	143
Group contribution	**(7 047)**	(6 400)	(647)
Total temporary differences as of 31 December	**(9 082)**	(8 141)	**(941)**
Tax rate	**22%**	22%	-
Net deferred tax assets	**1 998**	1 791	207

Changes in net deferred tax assets:	
Recognised in other comprehensive income [1]	(30)
Recognised in the income statement	237

[1] Deferred taxes recognised in other comprehensive income is related to tax re-measurement of defined benefit pension plans. Other comprehensive income elements are presented gross in the comprehensive income with the related tax effect on a separate line.

The general tax rate in Norway is 22% in 2019. With effect from 1 January 2018, the tax rate changed from 23% to 22%.

In 2012, Telenor ASA recorded a loss on receivables on Unitech Wireless after having repaid, as guarantor, all of Unitech Wireless' interest-bearing borrowings, amounting to NOK 10.6 billion. A deferred tax asset of NOK 2.5 billion was recognised. In 2013, the business transfer from Unitech Wireless to Telenor India was completed, and Telenor ASA deducted NOK 9.3 billion as loss on receivables in its tax filing. In 2019, Telenor ASA has received a reassessment order from the Norwegian tax authorities disallowing deduction for the loss, which increases previous years' current income tax with NOK 2.5 billion in 2019. Telenor ASA disagrees with the order and has appealed.

Resolution of disputed items and adjustment in previous years' current income tax of NOK 285 million in 2018 concerns reassessment by Norwegian tax authorities for 2014 with tax effect of NOK 181 million and for 2015 and 2016 with tax effect of NOK 91 million together. Both reassessments have been appealed.

Non-taxable income in 2018 represents reversal of non-deductible expenses of NOK 1,299 million in 2016 primarily relate to provisions for loss on guarantees for liabilities in Telenor India. Non-taxable cost in 2018 are related to impairment of shares in Telenor Eiendom Holding AS and Telenor Communication II AS of NOK 1.614 (see note 15).

NOTE 8 Intangible assets

2019

NOK in millions	Accumulated cost as of 1 January	Additions	Disposals	Internal Sub-lease [1]	Amortisations and impairment losses	Accumulated amortisations and impairment losses	Carrying amount as of 31 December
Licences and legal rights (12–15 years)	214	-	-	(50)	(164)	(164)	-
Software purchased (5 years)	411	-	-	-	(12)	(398)	13
Work in progress	6	-	(1)	-	-	-	5
Total intangible assets	**631**	**-**	**(1)**	**(50)**	**(176)**	**(562)**	**18**

2018

NOK in millions	Accumulated cost as of 1 January	Additions	Disposals	Amortisations and impairment losses	Accumulated amortisations and impairment losses	Carrying amount as of 31 December
Licences and legal rights (12–15 years)	214	-	-	(10)	(164)	50
Software purchased (5 years)	430	37	(56)	(12)	(386)	25
Work in progress	41	-	(35)	-	-	6
Total intangible assets	**685**	**37**	**(91)**	**(22)**	**(550)**	**81**

[1] Internal sub-lease are two licences being transferred to Telenor Norge AS in 2019 related to the implementation of IFRS 16.

NOTE 9 Other financial assets

NOK in millions	2019	2018
Capital contribution in Telenor Pension Fund [1]	**298**	298
Derivatives financial instruments	**57**	245
Fair value hedging instruments	**1 569**	1 411
Other financial assets external	**837**	448
Total other non-current financial assets	**2 761**	**2 402**
Receivables from Group companies [2]	**167**	1 952
Other current financial assets external	**329**	259
Total other current financial assets	**496**	**2 211**

[1] The amount capitalised in the statement of financial position is the cost price, which is considered an approximation of fair value. Telenor ASA holds the entire core capital in the Telenor Pension Fund. The capital contribution to Telenor Pension Fund is classified as equity investment.

[2] In 2018 the amount included NOK 1.8 billion approved dividend from Telenor Broadcast Holding AS which was settled on 1 January 2019.

NOTE 10 Equity and dividends

Allocation of equity and dispositions over the last two years is shown in a separate table, see statement of changes in shareholders' equity.

Nominal value per share is NOK 6. As of 31 December 2019, Telenor ASA had 19,794,961 treasury shares.

Dividends paid and proposed

	2019	2018
Dividends per share in NOK – paid	**8.40**	12.50
Dividends per share in NOK – proposed by the Board of Directors	**8.70**	8.40

Dividend of NOK 12.1 billion has been recognised to equity in 2019. Total paid dividend in 2018 was NOK 18.4 billion, of which NOK 5.7 billion was extraordinary dividend of nok 4.4 per share.

Board of Directors proposes an ordinary dividend of NOK 8.70 per share for 2019 (NOK 12.4 billion), to be declared by the Annual General Meeting (AGM) on 11 May 2020. The proposed dividend shall be split into two tranches of NOK 4.40 and NOK 4.30 per share, to be paid in May and October 2020 respectively.

At the Annual General Meeting 7 May 2019, the share buyback programme approved by the Annual General Meeting in 2018 was finalised by cancellation of 13,350,909 own shares and redemption of 15,649,909 shares owned by the Norwegian Government by the Ministry of Trade, Industry and Fisheries against a payment of an amount of NOK 2.4 billion to the Ministry of Trade, Industry and Fisheries.

2019-2020 buyback programme was announced on 14 May 2019. Telenor ASA has an agreement with the Norwegian State represented by the Ministry of Trade, Industry and Fisheries to buy back shares for the purpose of cancellation of shares and write-down of share capital in order to maintain the government proportion of the total shares. The buyback program from the government and market comprises in total up to 3% of the number of registered shares, corresponding to 43 million shares. The proposed cancellation is subject to approval by the Annual General Meeting on 11 May 2020. The market part of the buyback programme was finalised in October 2019 following the repurchase of 19.79 million shares in the open market at a weighted average price of NOK 180.40.

NOTE 11 Financial instruments and risk management

Risk management

Telenor ASA's treasury function is responsible for financial risk management including liquidity management, interest rate risk, managing foreign exchange risk, credit risk and capital management. The activities in the treasury function are performed according to policies and procedures approved by the Board of Directors of Telenor ASA.

Telenor ASA issues debts in Norwegian and foreign capital market mainly through certificates and bonds. In addition, Telenor ASA has established a committed syndicated revolving credit facility of EUR 2.0 billion with maturity in 2021.

Financing of the Group's activities implies that Telenor ASA's income statement is exposed to changes in interest rates in the market. Fluctuation in interest rates also influences the fair value of assets and liabilities.

Telenor ASA holds debt in other currencies than Norwegian Kroner (NOK) and is exposed to currency risk related to changes in value of NOK compared to other currencies. Net investment hedge relationships are established to match currency fluctuation on debt instruments to currency fluctuations on foreign investments.

The Company is exposed to credit risk related to receivables and financial instruments with positive value against external parties and other companies in the Group.

Telenor ASA uses derivatives as forward currency contracts and interest rate swaps to manage the risk exposure related to changes in currency and interest rates. All derivative contracts are measured at fair value with changes through profit and loss. If the derivatives are designated for cash flow hedge accounting or as part of a hedge of net investment, the changes in fair value are recognised as other comprehensive income.

See also note 2 and note 29 in the consolidated financial statements where financial risks and accounting for financial instruments are explained in detail.

Fair value of financial instruments

Principles for estimating fair values

Based on the characteristics of the financial instruments that are recognised in the financial statements, the financial instruments are grouped into the classes and categories described below. The estimated fair values of the financial instruments are based on market prices and the valuation methodologies per class are described below.

Fair value hierarchy

Telenor ASA measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in measuring fair value:

Level 1: Quoted prices (unadjusted) in active markets for identical financial instruments.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: Inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

Interest-bearing liabilities
Fair values of interest-bearing liabilities are based on quoted prices where available. Interest-bearing liabilities that are not traded in an active market have been calculated using yield curves, which incorporates estimates of the Telenor ASA credit spread. The credit curve has been extrapolated using indicative prices on debt issuance by Telenor ASA for different maturities. The yield curves have been interpolated from cash and swap curves observed in the market for different currencies and maturities.

Trade receivables and other current and non-current financial assets
For trade receivables and other current receivables, the nominal amount is assessed to be a reasonable approximation of fair value. The effect of not discounting is considered to be immaterial for this class of financial instruments.

Equity investments
Fair values for listed shares are based on quoted prices at the end of the reporting period. Fair value of unlisted shares is calculated using commonly used valuation techniques, or measured at cost if the investment does not have a quoted market price in an active market and the fair value cannot be reliably measured.

Trade payables and other non-interest bearing financial liabilities
For trade payables and other non-interest bearing financial liabilities the nominal amount is assessed to be a reasonable approximation of fair value. The effect of not discounting is considered to be immaterial for this class of financial instruments.

Cash and cash equivalents
The fair value for this class of financial instruments is assessed to be equal to the nominal amount.

Derivatives
Fair values of currency swaps, foreign currency forward contracts and interest rate swaps are estimated based on calculating the net present value of future cash flows, using interest rate curves, exchange rates and currency spreads as of 31 December 2019 and 2018, respectively.

2019

NOK in millions	Carrying amount	Total as of 31 December 2019	2020	2021-2023	2024-2028	2029->
Interest-bearing liabilities						
Bonds and Commercial Papers	71 249	70 966	7 399	12 461	31 377	19 730
Other interest-bearing liabilities	171	63	-	23	40	-
Total interest-bearing liabilities external	**71 419**	**71 029**	**7 399**	**12 484**	**31 417**	**19 730**
Other interest-bearing liabilities Group companies	3 352	3 352	3 352	-	-	-
Drawing on Group cash pools	188	188	-	-	-	188
Interest-bearing liabilities Telenor Group	**3 540**	**3 540**	**3 352**	**-**	**-**	**188**
Non-interest-bearing liabilities						
Trade and other payables external	954	954	954	-	-	-
Trade and other payables Group companies	68	68	68	-	-	-
Other current non-interest-bearing liabilities	1 696	1 696	1 696	-	-	-
Derivative financial instruments liabilities	2 297	2 297	887	806	603	-
Other non current non interest-bearing liabilities	78	78	-	78	-	-
Total non-interest-bearing liabilities	**5 093**	**5 093**	**3 605**	**884**	**603**	**-**
Total	**80 053**	**79 662**	**14 356**	**13 368**	**32 021**	**19 918**
Future interest payments	-	5 985	982	2 294	2 020	689
Total including future interest payments	**80 053**	**85 647**	**15 338**	**15 661**	**34 041**	**20 607**

2018

NOK in millions	Carrying amount	Total as of 31 December 2018	2019	2020-2022	2023-2027	2028->
Interest-bearing liabilities						
Bonds and Commercial Papers	29 549	29 038	4 167	12 435	12 435	-
Other interest-bearing liabilities	40	40	-	27	13	-
Total interest-bearing liabilities external	**29 589**	**29 078**	**4 167**	**12 463**	**12 448**	**-**
Other interest-bearing liabilities Group companies	9 127	9 127	9 127	-	-	-
Drawing on Group cash pools	8 699	8 699	-	-	-	8 699
Interest-bearing liabilities Telenor Group	**17 826**	**17 826**	**9 127**	**-**	**-**	**8 699**
Non-interest-bearing liabilities						
Trade and other payables external	761	761	761	-	-	-
Trade and other payables Group companies	65	65	65	-	-	-
Other current non-interest-bearing liabilities	1 517	1 517	1 517	-	-	-
Derivative financial instruments liabilities	2 043	2 043	388	1 392	263	-
Other non current non interest-bearing liabilities	18	18	-	18	-	-
Total non-interest-bearing liabilities	**4 404**	**4 404**	**2 731**	**1 410**	**263**	**-**
Total[1)]	**51 819**	**51 308**	**16 025**	**13 873**	**12 711**	**8 699**
Future interest payments	-	2 668	666	1 358	644	-
Total including future interest payments	**51 819**	**53 976**	**16 961**	**15 231**	**13 355**	**8 699**

For specification regarding external interest-bearing liabilities in Telenor ASA, see note 28 in the consolidated financial statements.

Changes interest bearing liabilities

NOK in millions	2019	2018
As of 1 January	**29 589**	39 261
Change in cash flow from financing activities	**41 599**	(9 703)
Change due to hedge accounting	**(49)**	(84)
Effects from changes in foreign exchange rates	**(104)**	87
Interest [1)]	**28**	17
Other changes	**357**	11
As of 31 December	**71 419**	29 589

1) Classified as cash flow from operating activities

NOTE 12 Current non-interest-bearing liabilities

NOK in millions	Category	2019	2018
Trade payables to Group companies	FLAC [1)]	**68**	65
Financial derivatives to Group companies	FVTPL	**101**	-
Current non-interest-bearing liabilities within the Group		**169**	**65**
Trade payables external	FLAC	**954**	761
Government taxes, tax deductions, holiday pay etc.	NF [2)]	**126**	136
Income taxes payable	NF	**1 396**	1 239
Financial derivatives	FVTPL	**786**	388
Other current liabilities	FLAC	**174**	142
Current non-interest-bearing external liabilities		**3 436**	**2 666**

1) FLAC: Financial liabilities at amortised cost.
2) NF: Non-financial assets and liabilities.

NOTE 13 Guarantees

NOK in millions	2019	2018
Guarantee liabilities	**929**	2 358

Guarantee liabilities contain the unrecognised guarantee liabilities issued by Telenor ASA. The guarantee liabilities mainly consist of guarantees issued by Telenor ASA on behalf of subsidiaries.

Telenor ASA has issued corporate guarantees of NOK 0.1 billion (NOK 0.7 billion as of 31 December 2018) as security for Telenor India's bank guarantee facilities.

In relation to the licence issuance in Myanmar, a performance bond issued to Myanmar authorities as a guarantee towards coverage and quality of services commitments expired in 2019 (NOK 0.5 billion as of 31 December 2018).

Purchased bank guarantees are not included in the table.

NOTE 14 Related parties

Telenor ASA's transactions with its major shareholder, the Norwegian State represented by the Ministry of Trade, Industry and Fisheries, are discussed in note 33 to the consolidated financial statements.

Telenor ASA's other related parties consist mainly of subsidiaries of the Group. Telenor ASA sells and buys services from these companies, see note 1 for further description, and provides loans and receives deposits from the companies. When permissible by local rules and regulations, subsidiaries owned 90% or more are part of Telenor ASA's cash pool systems and the internal bank in Group Treasury. Through the internal bank, the subsidiaries can get loans, place excess liquidity and make currency exchanges.

In addition, Telenor ASA receives dividends that are recognised as financial income, see note 6. Group contributions and dividends recognised in 2019 and 2018 of NOK 23.151 million and NOK 60.566 million, respectively, are received from companies within Other units and Broadcast. Dividends from Telenor Broadcast Holding AS of NOK 1.800 million in 2018 was included in receivables on Broadcast. Changes against subsidiaries in Hungary, Serbia, Bulgaria and Montenegro are related to the sale of those companies in 2018.

Sales and purchases of services, receivables and liabilities

	2019				2018			
NOK in millions	Sales	Purchases	Receivables	Liabilities	Sales	Purchases	Receivables	Liabilities
Subsidiaries								
Norway	**292**	**51**	**37**	**12**	230	39	25	24
Sweden	**97**	**11**	**10**	**(1)**	100	9	7	(1)
Denmark	**45**	**13**	**13**	**9**	42	11	25	3
Finland	**-**	**-**	**101**	**-**	-	-	-	-
Hungary	**-**	**-**	**-**	**-**	26	7	-	-
Serbia	**-**	**-**	**-**	**-**	17	2	-	-
Bulgaria	**-**	**-**	**-**	**-**	18	1	-	-
Montenegro	**-**	**-**	**-**	**-**	3	-	-	-
dtac – Thailand	**161**	**-**	**4**	**-**	148	-	4	-
Digi – Malaysia	**121**	**1**	**8**	**-**	109	2	28	1
Grameenphone – Bangladesh	**106**	**1**	**276**	**2**	97	1	170	-
Pakistan	**75**	**3**	**168**	**1**	78	2	91	-
India	**-**	**-**	**1**	**-**	-	-	-	-
Broadcast	**24**	**-**	**8**	**1**	26	-	1 802	2
Myanmar	**62**	**-**	**3**	**-**	59	-	14	-
Other units	**49**	**404**	**122**	**44**	62	453	168	36
Total	**1 032**	**484**	**751**	**68**	**1 015**	**527**	**2 334**	**65**

Financial transactions, receivables and liabilities

	2019				2018			
NOK in millions	Financial income	Financial expense	Receivables	Liabilities	Financial income	Financial expense	Receivables	Liabilities
Subsidiaries								
Norway	**51**	**29**	**23 337**	**89**	276	130	3 599	1 941
Sweden	**18**	**-**	**1 228**	**-**	12	-	694	-
Denmark	**-**	**-**	**-**	**-**	2	-	-	-
Finland	**8**	**-**	**12 951**	**-**	-	-	-	-
Broadcast	**16**	**-**	**857**	**-**	18	8	571	-
Singapore	**-**	**49**	**-**	**2 429**	-	42	-	4 485
Myanmar	**2**	**-**	**-**	**-**	6	-	-	-
Netherlands	**-**	**-**	**-**	**834**	-	-	-	2 701
Other units	**-**	**-**	**-**	**-**	-	-	7	-
Total	**96**	**78**	**38 374**	**3 352**	**314**	**180**	**4 871**	**9 127**

NOTE 15 Shares in subsidiaries

The table below sets forth Telenor ASA's ownership interest in its subsidiaries. These subsidiaries will mainly be holding companies and their directly owned subsidiaries. Several of the subsidiaries named in the second part own shares in other subsidiaries as described in their respective annual financial statements.

Ownership interests correspond to voting interest if not otherwise stated.

Shares in subsidiaries

NOK in millions	Office	Ownership interest in % 2019	Ownership interest in % 2018	Carrying amount as of 31 December 2019	Carrying amount as of 31 December 2018
Telenor Networks Holding AS	Norway	100.0	100.0	52 749	52 749
Telenor Global Shared Services AS	Norway	100.0	100.0	626	626
Telenor Communication II AS	Norway	100.0	100.0	2 806	2 806
Telenor Mobile Holding AS	Norway	100.0	100.0	70 977	70 977
Telenor Broadcast Holding AS	Norway	100.0	100.0	4 429	4 429
Telenor Infra AS (earlier Telenor Eiendom Holding AS) [1) 2) 6)]	Norway	100.0	100.0	690	3 311
Telenor KB AS	Norway	100.0	100.0	-	-
Telenor Forsikring AS	Norway	100.0	100.0	300	300
Telenor Maritime AS [3)]	Norway	98.9	98.9	172	172
Telenor GTI AS [4)]	Norway	100.0	100.0	2 950	1 850
Cinclus Technology AS	Norway	100.0	100.0	-	-
Telenor Digital AS [5)]	Norway	100.0	100.0	512	546
Telenor Real Estate AS (earlier Telenor Towers Holding AS) [1)]	Norway	100.0	0.0	1 737	-
Telenor Damgårdslunden 15 AS [2)]	Norway	100.0	0.0	20	-
Telenor Festekontrakter AS [2)]	Norway	100.0	0.0	32	-
Telenor Agder Vestfold og Telemark AS [2)]	Norway	100.0	0.0	32	-
Telenor Anthon Walles Vei 34 AS [2)]	Norway	100.0	0.0	26	-
Telenor Gamle Drammensvei 6 AS [2)]	Norway	100.0	0.0	41	-
Telenor Harstadåsen AS [2)]	Norway	100.0	0.0	19	-
Telenor Jeløy Radio AS [2)]	Norway	100.0	0.0	40	-
Telenor Låveveien 55 AS [2)]	Norway	100.0	0.0	27	-
Telenor Møre og Romsdal og Trøndelag AS [2)]	Norway	100.0	0.0	48	-
Telenor Nord AS [2)]	Norway	100.0	0.0	62	-
Telenor Snaret 34 AS [2)]	Norway	100.0	0.0	31	-
Telenor Sigurds Gate 14 AS [2)]	Norway	100.0	0.0	36	-
Telenor Stoltenbergs Gate 3 AS [2)]	Norway	100.0	0.0	28	-
Telenor Tryvann Radio AS [2)]	Norway	100.0	0.0	16	-
Telenor Tåsenveien 73 AS [2)]	Norway	100.0	0.0	48	-
Telenor Utviklingsportefølje AS [2)]	Norway	100.0	0.0	125	-
Telenor Viken og Innlandet AS [2)]	Norway	100.0	0.0	74	-
Telenor Ytrebygdsvegen 33 AS [2)]	Norway	100.0	0.0	23	-
Telenor Øvre Strandgate 5 AS [2)]	Norway	100.0	0.0	49	-
Telenor Vestlandet og Rogaland AS [2)]	Norway	100.0	0.0	113	-
Silurveien 45 AS [6) 7)]	Norway	0.0	0.0	-	-
Kongensgate 20A AS [6) 8)]	Norway	0.0	0.0	-	-
Total				138 837	137 765

1) Telenor Real Estate AS were purchased by Telenor ASA from Telenor Communication II AS in 2019 for NOK 5 million and later received capital injection of NOK 1,732 million from Telenor Infra AS.

2) In relation to reorganisation of Telenor Infra AS, 20 Norwegian real estate companies were established with total carrying amount of NOK 889 million, which are directly owned by Telenor ASA in 2019.

3) The remaining 1.1% of shares in Telenor Maritime AS are owned by Telenor Communication II AS.

4) Telenor GTI AS received capital injection of NOK 1.100 million in 2019.

5) The shares in Telenor Digital AS were impaired in 2019 by NOK 33 million.

6) In relation to reorganization of Telenor Infra AS, 2 Norwegian real estate companies were established with a total carrying amount of NOK 19 million and the ownership is transferred to Telenor ASA in 2019.

7) Ownership is tranferred to Telenor Real Estate AS in 2019.

8) Ownership is tranferred to Telenor Real Estate AS and sold in 2019

Shares in subsidiaries owned through subsidiaries

	Office	Ownership interest in % 2019	Ownership interest in % 2018
Telenor Networks Holding AS			
Telway AS	Norway	100.0	100.0
Telenor Global Services AS	Norway	100.0	100.0
Telenor Svalbard AS	Norway	100.0	100.0
Telenor Norge AS	Norway	100.0	100.0
Telenor Inpli AS [1]	Norway	0.0	100.0
Telenor Communication II AS			
Telenor Kapitalforvaltning AS [2]	Norway	0.0	100.0
Telenor Financial Services AS	Norway	100.0	100.0
Telenor Real Estate AS (earlier Telenor Towers Holding AS) [3] [12]	Norway	0.0	100.0
Telenor GO Pte Ltd	Singapore	100.0	100.0
701 Search Pte. Ltd. [4]	Singapore	0.0	100.0
SnT East Holding AS	Norway	100.0	100.0
Telenor India Private Ltd	India	99.9	99.9
Tapad Norway AS	Norway	95.0	95.0
Telenor Mobile Holding AS			
Telenor Mobile Communications AS	Norway	100.0	100.0
Nye Telenor Mobile Communications II AS [5]	Norway	0.0	100.0
Nye Telenor Mobile Communications III AS [5]	Norway	0.0	100.0
Telenor Danmark Holding A/S	Denmark	100.0	100.0
Telenor Sverige AB	Sweden	100.0	100.0
Telenor East Holding II AS	Norway	100.0	100.0
Telenor Connexion Holding AB [6]	Sweden	0.0	100.0
Telenor Connexion AB [6]	Sweden	100.0	0.0
Telenor Finland Holding Oy [7]	Finland	100.0	0.0
Telenor Broadcast Holding AS			
Telenor Satellite AS	Norway	100.0	100.0
Telenor UK Ltd.	Great Britain	100.0	100.0
Canal Digital AS	Norway	100.0	100.0
Norkring AS [8]	Norway	0.0	100.0
Telenor Infra AS (earlier Telenor Eiendom Holding AS) [3]			
Telenor Eiendom Fornebu Kvartal 1 AS [10]	Norway	0.0	100.0
Telenor Eiendom Fornebu Kvartal 2 AS [10]	Norway	0.0	100.0
Telenor Eiendom Fornebu Kvartal 3 AS [10]	Norway	0.0	100.0
Telenor Eiendom Fornebu Kvartal 4 AS [10]	Norway	0.0	100.0
Telenor Eiendom Hareløkken AS [10]	Norway	0.0	100.0
Frognerseterveien 23 AS [10]	Norway	0.0	100.0
Grønnegata 55 AS [10]	Norway	0.0	100.0
Ilderveien 9 AS [10]	Norway	0.0	100.0
Kirkegata 45 Lillehammer AS [10]	Norway	0.0	100.0
Kirkegata 59 AS [10]	Norway	0.0	100.0
Nordbyveien 1 AS [10]	Norway	0.0	100.0
Nygaten 4 AS [10]	Norway	0.0	100.0
Skolegata 8 AS [10]	Norway	0.0	100.0
Sælidveien 40 AS [10]	Norway	0.0	100.0

Telenor Real Estate AS (earlier Telenor Towers Holding AS) [3]			
Telenor Eiendom Fornebu Kvartal 1 AS [10]	Norway	100.0	0.0
Telenor Eiendom Fornebu Kvartal 2 AS [10]	Norway	100.0	0.0
Telenor Eiendom Fornebu Kvartal 3 AS [10]	Norway	100.0	0.0
Telenor Eiendom Fornebu Kvartal 4 AS [10]	Norway	100.0	0.0
Telenor Eiendom Hareløkken AS [10]	Norway	100.0	0.0
Frognerseterveien 23 AS [10]	Norway	100.0	0.0
Grønnegata 55 AS [10]	Norway	100.0	0.0
Ilderveien 9 AS [10]	Norway	100.0	0.0
Kirkegata 45 Lillehammer AS [10]	Norway	100.0	0.0
Kirkegata 59 AS [10]	Norway	100.0	0.0
Nordbyveien 1 AS [10]	Norway	100.0	0.0
Nygaten 4 AS [10]	Norway	100.0	0.0
Skolegata 8 AS [10]	Norway	100.0	0.0
Sælidveien 40 AS [10]	Norway	100.0	0.0
Silurveien 45 AS [10]	Norway	100.0	0.0
Kongensgate 20A AS [11]	Norway	0.0	0.0
Telenor Digital AS			
Telenor Health AS [9]	Norway	100.0	100.0
Telenor Software Lab AS (earlier Telenor Capture AS) [9]	Norway	100.0	100.0
Telenor Digital Asia LTD (earlier ABC Tech Ltd)	Thailand	99.0	99.0

1) The company are merged with Telenor Norge AS in 2019.
2) The company are merged with Telenor Communications II AS in 2019.
3) In relation to reorganisation of Telenor Infra AS, the ownership of Telenor Real Estate AS was transferred to Telenor ASA in 2019 from Telenor Communication II AS.
4) Sold in 2019.
5) The companies are merged with Telenor Mobile Communications AS in 2019.
6) The company was merged with Telenor Connexion AB in 2018.
7) Acquired in 2019.
8) The company was sold to Telenor Norge AS in 2019.
9) The shares were written down in 2019.
10) Ownership is tranferred to Telenor Real Estate AS in 2019.
11) Ownership is tranferred to Telenor Real Estate AS and sold in 2019
12) Telenor Towers Holding AS was presented as Telenor Media Partner AS in 2018 Annual report.

Other significant subsidiaries (owned through holding companies)

	Office
Telenor A/S	Denmark
Digi.com Bhd	Malaysia
Telenor Pakistan (Private) Ltd.	Pakistan
Total Access Communications Plc. (dtac)	Thailand
GrameenPhone Ltd.	Bangladesh
Unitech Wireless Private Limited	India
Telenor Myanmar Ltd.	Myanmar
DNA Plc	Finland

RESPONSIBILITY STATEMENT

We confirm that, to the best of our knowledge, the consolidated financial statements for the year ended 31 December 2019 have been prepared in accordance with IFRS as adopted by the EU, that the financial statements for the parent company for the year ended 31 December 2019 have been prepared in accordance with the Norwegian Accounting Act and simplified IFRS in Norway, that they give a true and fair view of the Company's and Group's assets, liabilities, financial position and results of operations, and that the Report of the Board of Directors gives a true and fair review of the development, performance and financial position of the Company and the Group and includes a description of the principle risks and uncertainties that they face.

Fornebu, 24 March 2020

Gunn Wærsted
Chair

Jørgen Kildahl
Vice Chair of the Board

Jon Erik Reinhardsen
Board member

Jacob Aqraou
Board member

Sally Davis
Board member

Grethe Viksaas
Board member

Esben Smistad
Board member

Anita Helen Steine
Board member

Jan Otto Eriksen
Board member

Sigve Brekke
President & CEO

STATEMENT FROM THE CORPORATE ASSEMBLY OF TELENOR ASA

On 25 March 2020, the Corporate Assembly of Telenor ASA passed the following resolution:

The Corporate Assembly recommends that the Annual General Meeting approves the Board's proposal for Financial Statements for Telenor Group and Telenor ASA for 2019 as presented to the Corporate Assembly, by transfer of NOK 17,141 million to retained earnings and a dividend payment of NOK 8.70 per share to be paid out in two instalments of NOK 4.40 per share and NOK 4.30 per share in May and October 2020, respectively.

AUDITOR'S REPORT

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Statsautoriserte revisorer
Ernst & Young AS

Dronning Eufemias gate 6A, NO-0191 Oslo
Postboks 1156 Sentrum, NO-0107 Oslo

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00

www.ey.no
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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Telenor ASA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Telenor ASA comprising the financial statements of the parent company and the Group. The financial statements of the parent company comprise the statement of financial position as at 31 December 2019, the income statement and statements of comprehensive income, cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements comprise the statement of financial position as at 31 December 2019, the income statement and the statements of comprehensive income, cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion,

- the financial statements are prepared in accordance with the law and regulations;
- the financial statements present fairly, in all material respects, the financial position of the parent company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway;
- the consolidated financial statements present fairly, in all material respects the financial position of the Group as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to note 34 of the consolidated financial statements, which describes management's assessment of the demand issued by Bangladesh Telecommunication Regulatory Commission (BTRC) dated 2 April 2019 for payment of NOK 13.3 billion following the information system audit of Grameenphone conducted by BTRC (BTRC audit). As described in note 34 to the consolidated financial statements, management has concluded that a significant uncertainty exists about the validity of the demand and outcome of the dispute, and the range of possible outcomes on which to establish a reliable estimate of the financial effect related to the final outcome of the BTRC audit. As of 31 December 2019, therefore, no provision is recognised with respect to the demand.

Our opinion is not modified in respect of this matter.

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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Regulatory Matters

The Telenor Group is involved in regulatory matters in a number of jurisdictions. These regulatory matters are uncertain in timing of resolutions and amount or consequences.

Regulatory matters were a key audit matter due to the amounts involved, potential consequences and the inherent difficulty in assessing the outcome of regulatory matters. The assessment of whether a liability should be recognized involves judgment from management.

We discussed the matters with local and Group management including Telenor's regulatory and legal departments and legal counsel. Furthermore, we obtained and reviewed lists of litigation and claims prepared by management, made enquiries to external legal counsel and evaluated the external opinions obtained by Telenor and compared these with management's information and note disclosures and information about other regulatory cases. Our audit procedures also included assessment of disclosures about risks and uncertainties and potential outcomes.

We refer to note 3 and 34 to the consolidated financial statements for further details.

Uncertain tax positions

The Telenor Group is present in various tax jurisdictions and subject to changes to tax laws and interpretations by relevant authorities. Uncertain tax positions could eventually require payments of taxes and were a key audit matter because of the amounts involved and because of the uncertainty in estimating the final outcome of these matters.

The Group records provisions for uncertain liabilities, including tax contingencies, when it is more likely than not that a liability has been incurred, and the amount can be reliably estimated.

Our audit procedures included assessment of the companies' communication with the tax authorities, the companies' tax filings and relevant disclosures provided. We have also discussed the matter with management including Telenor's in-house tax department. We included internal tax specialists in our team to assist us with these evaluations.

Our audit procedures also included assessment of disclosures made in note 3 and 13 to the consolidated financial statements.

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Revenue recognition

Telenor Group delivers goods and services which can be sold separately or bundled in promotional packages to millions of customers in multiple geographical locations. There is an inherent risk to revenue recognition because of the high volume of customer contracts and transactions, continuously changing business and price models (including tariff structures and options and incentives) and the complexity of the IT-systems. The application of the revenue recognition standard requires managements judgement.

Revenue recognition was a key audit matter because of the transaction volume, the complexity of the IT-systems and the judgement involved in the application of accounting principles.

Our audit procedures included test of controls and substantive procedures, including

- assessment of the appropriateness of accounting principles
- test of the design and operating effectiveness of controls over the revenue processes, including test of general IT controls and application controls over the main IT-systems and applications.
- test of application of revenue recognition accounting principles including test of a sample of contracts and stand-alone selling prices and assess management's judgement and estimates
- test of end-to-end reconciliation from billing system to accounting system
- test of accruals for deferred and unbilled revenue
- test of cash receipts for a sample of customers back to customer invoices
- assessment of completeness and accuracy of note disclosures on revenue

We refer to note 2, 3 and 6 to the consolidated financial statements for further details.

Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the parent company and International Financial Reporting Standards as adopted by the EU for the financial statements of the Group, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our qualified audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on other legal and regulatory requirements

Opinion on the Board of Directors' report and on the report on sustainability

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the report on sustainability concerning the financial statements, the going concern assumption and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Oslo, 24 March 2020
ERNST & YOUNG AS

Erik Mamelund
State Authorised Public Accountant (Norway)

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

DEFINITIONS

Alternative performance measures

Telenor Group's financial information is prepared in accordance with International Financial Reporting standards (IFRS). In addition it is management's intent to provide alternative performance measures that are regularly reviewed by management to enhance the understanding of Telenor's performance, but not instead of the financial statements prepared in accordance with IFRS. The alternative performance measures presented may be determined or calculated differently by other companies.

The principles for measurement of the alternative performance measures are in accordance with the principles used both for segment reporting in note 5 in the consolidated financial statements and internal reporting to Group Executive Management (chief operating decision makers) and are consistent with financial information used for assessing performance and allocating resources.

To enable comparison between periods, the accounting principles applied are consistent with those applied by the Group before implementing IFRS 16 *Leases*. For the effects of implementing IFRS 16 and reconciliation per financial statement line item in 2019 with the previous IFRS standards and interpretations, see note 1.

Revenues

NOK in millions	2019 Post IFRS 16	2019 Pre IFRS 16	2018 Pre IFRS 16
Mobile subscription and traffic	74 304	74 304	69 237
Fixed telephony	1 339	1 339	1 559
Fixed Internet/TV	9 672	9 672	8 927
Fixed data services	638	638	663
Subscription and traffic revenues	**85 954**	**85 954**	80 386
Other revenues	27 712	27 981	25 537
Total revenues	**113 666**	**113 935**	105 923

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

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

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

Fixed Data services
Consist of Nordic Connect/IP-VPN and security.

Other revenues
Interconnect
Consist of revenues from incoming traffic related to the company's own subscriptions. Revenues from incoming traffic related to service provider or MVNO (Mobile Virtual Network Operators) subscriptions are not included.

Other mobile
Consist of inbound roaming, national roaming, telemetric and revenues related to service providers and MVNOs. Telemetric is defined as subscriptions and services related to machine-to-machine (M2M) / Internet of Things (IoT), i.e. industrial mobile data applications directed at communication between machines.

Non-mobile
Consist of revenues from customer equipment and businesses that are not directly related to mobile operations.

Wholesale
Consist of sale to service providers of telephony (PSTN/ISDN), Bitstream, LLUB, national and international interconnect, transit traffic, leased lines and other wholesale products.

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

Norkring
Consist of revenues from terrestrial radio and TV transmission in Norway and Belgium.

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

Organic revenue growth

Organic revenue is defined as revenue adjusted for the effects of acquisition and disposal of operations and currency effects. We believe that the measure provides useful and necessary information to investors and other stakeholders for the following reasons:
- it provides additional information on underlying growth of the business without the effect of certain factors unrelated to its operating performance;
- it is used for internal performance analysis; and
- it facilitates comparability of underlying growth with other companies (although the term "organic" is not a defined term under IFRS and may not, therefore, be comparable with similarly titled measures reported by other companies).

Reconciliation

NOK in millions	2019	2018	Change whole year	Change YoY
Segment revenue growth [1]	**113 935**	105 923	8 012	7.6%
Impact using exchange rates for 2019		3 460	(3 460)	
M&A	**(3 434)**	(208)	(3 226)	
Organic revenue growth	**110 500**	**109 174**	**1 326**	**1.2%**

NOK in millions	2018	2017	Change whole year	Change YoY
Segment revenue growth [1]	**105 923**	107 556	(1 633)	(1.5%)
Impact using exchange rates for 2018		(1 363)	1 363	
M&A	**(416)**	(40)	(376)	
Organic revenue growth	**105 507**	**106 153**	**(646)**	**(0.6%)**

[1] See note 5.

Organic subscription and traffic revenue growth

Subscription and traffic revenues consist of revenues from mobile subscription and traffic, fixed telephony, fixed Internet/TV and fixed data services.

Organic subscription and traffic revenues are defined as subscription and traffic revenues adjusted for the effects of acquisition and disposal of operations and currency effects. We believe that the measure provides useful and necessary information to investors and other stakeholders for the following reasons:
- it refers to the core revenue streams of the business making up more than 75% of total revenues and almost the entire gross profit for the Group;
- it provides additional information on underlying growth of the business within these core revenue streams, without the effect of certain factors unrelated to its operating performance;
- it is used for internal performance analysis; and
- it facilitates comparability of underlying growth with other companies (although neither "subscription and traffic revenues" nor the term "organic" are defined terms under IFRS and may not, therefore, be comparable with similarly titled measures reported by other companies).

Reconciliation

NOK in millions	2019	2018	Change whole year	Change YoY
Subscription and traffic revenue growth	**85 954**	80 386	5 568	6.9%
Impact using exchange rates for 2019		2 939	(2 939)	
M&A	**(2 335)**	-	(2 335)	
Organic subscription and traffic revenue growth	**83 619**	**83 325**	**295**	**0.4%**

NOK in millions	2018	2017	Change whole year	Change YoY
Subscription and traffic revenue growth	**80 386**	81 802	(1 416)	(1.7%)
Impact using exchange rates for 2018		(1 113)	1 113	
M&A	**-**	-	-	
Organic subscription and traffic revenue growth	**80 386**	**80 688**	**(302)**	**(0.4%)**

Subscription and traffic revenues

NOK in millions	2019	2018
Mobile subscription and traffic	**74 304**	69 237
Fixed telephony	**1 339**	1 559
Fixed Internet/TV	**9 672**	8 927
Fixed data services	**638**	663
Subscription and traffic revenues	**85 954**	**80 386**
Other revenues	**27 981**	25 537
Total segment revenue [1]	**113 935**	**105 923**

[1] See note 5.

Gross profit

Gross profit is a key financial parameter for Telenor and is the difference between total segment revenue and costs of materials and traffic charges. Gross profit reflects the profitability contribution of Telenor's revenue growth in its markets and therefore describes Telenor's potential for sustainable value creation, making gross profit a key financial parameter to follow. It is also used for internal performance analysis.

Reconciliation

NOK in millions	2019	2018
Total segment revenue [1]	**113 935**	105 923
Costs of materials and traffic charges [2]	**(28 467)**	(23 939)
Gross profit	**85 467**	**81 985**

[1] See note 5.
[2] See note 1.

Operating expenses (opex)

Operating expenses (opex) is a key financial parameter for Telenor and consists of salaries and personnel cost and other operating expenses. Telenor's continuous effort to improve efficiency makes opex a key financial parameter to follow. It is also used for internal performance analysis.

Reconciliation

NOK in millions	2019	2018
Salaries and personnel cost [1]	**(10 804)**	(10 446)
Other operating expenses [1]	**(29 311)**	(27 318)
Operating expenses	**(40 115)**	**(37 764)**

[1] See note 1.

EBITDA before other income and other expenses and EBITDA margin

Earnings before interest, tax, depreciation and amortisation (EBITDA) is a key financial parameter for Telenor. EBITDA before other income and other expenses is defined as EBITDA less gains and losses on disposals of fixed assets and operations, workforce reductions, onerous contracts and one-time pension costs, see note 10. EBITDA margin is defined as EBITDA before other income and other expenses divided by total segment revenues. These measures are useful to investors and other stakeholders in evaluating operating profitability on a more variable cost basis as they exclude depreciation and amortisation expenses related primarily to capital expenses and acquisitions that occurred in the past and non-recurring items, as well as evaluating operating performance in relation to Telenor's competitors. EBITDA margin enables comparison between segments and other operators.

Reconciliation

NOK in millions	2019	2018
EBITDA [1]	**45 034**	41 040
Other income [1]	**888**	63
Other expenses [1]	**(1 206)**	(3 244)
EBITDA before other income and expenses	**45 352**	**44 220**

[1] See note 1.

EBITDA margin

NOK in millions	2019	2018
Total segment revenue [1]	**113 935**	105 923
EBITDA before other items	**45 352**	44 220
EBITDA margin	**39.8%**	**41.7%**

[1] See note 1.

Organic EBITDA growth

Organic EBITDA growth is defined as growth in EBITDA (before other income and other expenses) adjusted for the effects of acquisition and disposal of operations and currency effects. We believe that the measure provides useful and necessary information to investors, and other stakeholders for the following reasons:

- it provides additional information on underlying growth of the business without the effect of certain factors unrelated to its operating performance;
- it is used for internal performance analysis.

Reconciliation

NOK in millions	2019	2018	Change whole year	Change YoY
EBITDA growth	**45 352**	44 220	1 132	2.6%
Impact using exchange rates for 2019		1 364	(1 364)	
M&A	**(964)**	17	(981)	
Organic EBITDA growth	**44 389**	**45 601**	**(1 213)**	**(2.7%)**

NOK in millions	2018	2017	Change whole year	Change YoY
EBITDA growth	**44 220**	43 447	773	1.8%
Impact using exchange rates for 2018		(800)	800	
M&A	**(19)**	(11)	(8)	
Organic EBITDA growth	**44 201**	**42 635**	**1 565**	**3.7%**

Capital expenses

Capital expenses (capex) are derived from the balance sheet based on accounting principles applied prior to implementation of IFRS 16, as presented in note 1, and consists of investments in tangible and intangible assets, excluding business combinations and asset retirement obligations. Capex is a measure of investments made in the operations in the relevant period and is useful to investors and other stakeholders in evaluating the capital intensity of the operations. Capex and capex/revenues are deemed to better gauge the actual investments in the period than the line items purchases of property, plant and equipment (PPE) and intangible assets in the cash flow statement.

Capex excluding licences and spectrum is relevant to users to measure the level of underlying investments. Historically, licence and spectrum investments have varied significantly between reporting periods.

Reconciliation

NOK in millions	2019	2018
Purchases of PPE and intangible assets (note 1)	21 913	21 011
Working capital movement in respect of capital expenses	(4 268)	782
Deferred licence obligations	476	9 610
Less:		
Discontinued operations	(46)	(221)
Capex	**18 075**	**31 182**
Licence and spectrum acquisition	(660)	(14 469)
Capex excl. licence and spectrum	**17 415**	**16 713**
Segment revenue	113 935	105 923
Capex excl. licence and spectrum/Revenues (%)	**15.3%**	**15.8%**
Total Capex/Revenues (%)	**15.9%**	**29.4%**

Investments

Investments consist of capex and investments in businesses. Investments in businesses comprise acquisitions of shares and participations, including acquisitions of subsidiaries and businesses not organised as separate companies. Investments (or total investments) is deemed to better gauge the actual investments for the period than in the purchases of property, plant and equipment (PPE) and intangible assets line items in the cash flow statement.

Reconciliation

NOK in millions	2019	2018
Capital expenses	18 075	31 182
Investments in businesses	27 807	114
Investments	**45 882**	**31 296**

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

Net debt is derived from the balance sheet based on accounting principles prior to implementation of IFRS 16, as presented in note 1 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 millions	2019	2018
Non-current interest bearing liabilities	92 868	55 120
Non-current lease liabilities	620	805
Current interest-bearing liabilities	18 567	15 687
Current lease liabilities	49	54
Less:		
Cash and cash equivalents	(13 867)	(18 492)
Hedging instruments	(1 988)	(1 492)
Financial instruments	(485)	(350)
Adjustments:		
Licence obligations	(12 686)	(11 847)
Net interest-bearing debt excluding licence obligations	**83 078**	**39 485**
Less:		
Net interest-bearing debt in discontinued operations	-	1 078
Net interest-bearing debt excluding licence obligations	**83 078**	**40 563**

Net debt/EBITDA

Telenor aims to maintain a solid balance sheet through keeping Net debt/EBITDA in the range of 1.5x to 2.0x, in order to maintain financial flexibility and ensure cost efficient funding. The measure provides useful information about the strength of our financial position and is regularly reported internally. For comparability, the 12 months rolling EBITDA for 2019 includes proforma figures for DNA for the periods before consolidation. Note that the 2018 Net debt figure has been adjusted to reflect discontinuation of Canal Digital.

NOK in millions	2019	2018
Net debt	**83 078**	40 563
EBITDA	**46 879**	41 040
Of which EBITDA proforma DNA	**1 844**	-
Net debt/EBITDA	**1.8**	**1.0**

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. Net cash flow from operating activities and Net cash flow from investing activities, the closest equivalent GAAP measures, are based on accounting principles prior to implementation of IFRS 16 as presented in note 1.

Reconciliation

NOK in millions	2019	2018
Net cash flows from operating activities	**29 859**	36 394
Net cash flows from investing activities	**(43 453)**	(613)
Repayments of borrowings - licence obligations	**(889)**	(740)
Repayments of borrowings - supply chain financing	**(5)**	43
Dividends paid to and purchase of shares from non-controlling interest	**(4 327)**	(3 095)
Free cash flow	**(18 814)**	**31 989**
M&A activities	**22 829**	(20 298)
Free cash flow before M&A activities	**4 015**	**11 691**

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