

Q3 – 2021

Interim report
July – September 2021



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Subscriber growth and strong cash flow

In the third quarter, Telenor reports flat organic subscription and traffic revenues, a 2% decline in organic EBITDA and a strong cash flow of NOK 7 billion. The results are impacted by the prevailing covid situation in Asia, nevertheless, we see strong trends, adding almost 2 million subscribers this quarter and almost 7 million year to date.

The solid performance in the Nordics continued. In Norway, demand for value added services drove a 3 % mobile ARPU growth in the quarter. The 5G rollout and copper decommissioning is running at full speed, supporting our superior network position and laying the foundation for future service growth. In Finland and Denmark, the strong performance resulted in 4 % growth in subscription and traffic revenues.

In Asia, there are early signs of gradual recovery from the impact of the pandemic. Subscriber growth and increasing data usage are important drivers in Bangladesh and Pakistan. In Thailand, the results are impacted by lockdowns. The country, however, is signaling re-opening of the borders for tourists towards the end of the year. In Malaysia, we see gradual improvement in performance through targeted market initiatives, supported by government stimuli packages and easing of restrictions as a result of high vaccination rates.

During the pandemic, we have accelerated the execution of our strategic ambitions, including modernisation and digitalization initiatives. As a result, our operations today are more efficient and resilient than they were at the beginning of the pandemic. Based on the performance so far this year, and on our expectations for the fourth quarter, we maintain our outlook for 2021.

- Sigve Brekke, President and CEO



Key figures Telenor Group^{*)}

NOK in million	Third quarter		First three quarters		Year
	2021	2020	2021	2020	2020
Revenues	27 411	28 408	82 087	86 517	115 839
Organic revenue growth (%)	0.3	(2.7)	1.0	(2.4)	(2.7)
Subscription and traffic revenues	20 698	21 465	61 542	65 693	87 147
Organic subscription and traffic revenue growth (%)	(0.1)	(2.9)	(0.3)	(2.3)	(2.6)
EBITDA before other income and other expenses	12 856	13 623	37 418	39 798	52 347
Organic EBITDA growth (%)	(2.2)	3.3	0.1	1.4	1.0
EBITDA before other income and other expenses/Revenues (%)	46.9	48.0	45.6	46.0	45.2
Net income attributable to equity holders of Telenor ASA	2 642	4 527	942	9 652	17 341
Capex excl. licences and spectrum	4 014	3 535	12 077	10 215	15 811
Total Capex	4 025	3 943	14 323	10 962	21 152
Free cash flow before M&A	6 170	3 895	11 288	10 554	12 542
Total Free cash flow	7 185	4 372	13 139	11 725	20 855
Mobile subscriptions - Change in quarter/Total (mill.)	1.8	4.2	172.1	163.1	165.5

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

Third quarter 2021 summary¹⁾

- The Group's mobile subscriber base grew by 1.8 million. The subscriber base was 172 million at the end of the quarter.
- Subscription and traffic revenues remained stable on an organic basis. Total reported revenues were NOK 27.4 billion, a decrease of NOK 1.0 billion.
- Currency adjusted opex decreased by NOK 0.1 billion, or 1%. Reported opex decreased by NOK 0.3 billion.
- Organic EBITDA decreased by 2%. Adjusted for non-recurring item in Sweden last year, organic EBITDA decreased by 1%. Reported EBITDA before other items was NOK 12.9 billion and the EBITDA margin was 47%.
- Capex excluding licences and spectrum was NOK 4.0 billion, yielding a capex to sales ratio of 15%.
- Reported net income was NOK 2.6 billion.
- Total free cash flow was NOK 7.2 billion. Leverage decreased to 1.9x at the end of the third quarter from 2.0x at the end of the previous quarter primarily driven by the solid free cash flow.

¹⁾ Please refer to Definitions on page 27 for descriptions of alternative performance measures.

COVID-19 impact on Telenor's business

Our business in Asia continued to be impacted by the COVID-19 pandemic. In Thailand, strict lockdowns prevailed during most of the third quarter following the escalated COVID-19 situation since July. The Thai economy remains severely hit by the drop in tourism, both directly and indirectly impacting the demand for telecom services. In Bangladesh, the lockdowns implemented since April prevailed until August. In Malaysia, the lockdowns have been eased mostly towards end of the third quarter and industries are gradually re-opening.

The low level of international travel and roaming volumes will likely remain until restrictions are eased and mass-vaccination has gained traction. The duration and modality of restrictions, and the timing of economic recovery in Asia remains uncertain.

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

For more details on the impact of COVID-19 on Telenor's business and financial results, please refer to pages 3 – 5 for a description of the Group's consolidated figures, the Interim report on Telenor's operations for market specific information, as well as Note 7 COVID-19.

Divestment of operations in Myanmar

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

The decision to divest the operations in Myanmar followed the announcement from 4 May 2021 regarding impairment of Telenor Myanmar by NOK 6.5 billion. The further deterioration of the situation and developments in Myanmar formed the basis for the decision to divest the company.

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

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

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

Outlook for 2021

Based on the performance so far this year, and on our expectations for the fourth quarter, we maintain our outlook for 2021. For the full year, Telenor expects growth in organic subscription and traffic revenues of 0-1%, organic EBITDA growth of 0-2% and a capex to sales ratio of 15-16%.

¹⁾ Please refer to Definitions on page 27 for descriptions of alternative performance measures.

Group performance in the third quarter 2021¹⁾

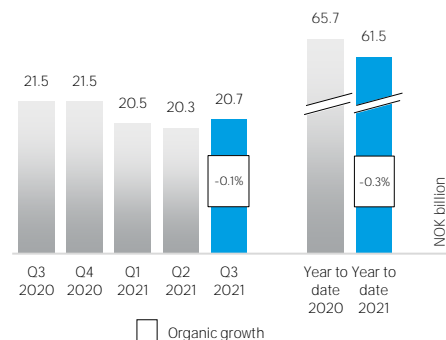
SUBSCRIPTION AND TRAFFIC REVENUES

On an organic basis, subscription and traffic revenues remained stable. Reported subscription and traffic revenues fell by 4%.

In Norway, mobile, fixed wireless access and fibre revenues grew by 4%. Total subscription and traffic revenues decreased by 1% as the decline in fixed legacy revenues more than offset the growth in non-legacy revenues. Our operations in Finland and Denmark continued to perform well, with 4% growth each. In Sweden, subscription and traffic revenues decreased by 2%.

In Asia, subscription and traffic revenues in Pakistan and Bangladesh increased by 7% and 2% respectively. Subscriber growth and increasing data usage, in addition to more favourable year-on-year comparables, contributed to the solid development in Pakistan. In Bangladesh, the positive contribution from strong subscriber growth was partly offset by the prevailing impact of lockdowns. In Malaysia and Thailand, subscription and traffic revenues decreased by 3% each. The pandemic continues to impact the overall economy, particularly in Thailand.

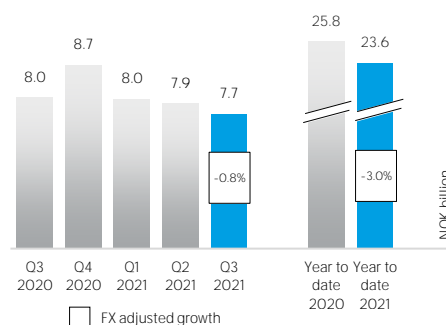
Year to date, organic subscription and traffic revenues were stable.



OPERATING EXPENSES (OPEX)

Our ongoing efforts to modernise our operations continued to have positive effect on the cost base. Reported opex decreased by NOK 0.3 billion in the quarter. On a currency adjusted basis, opex decreased by NOK 0.1 billion, or 1%. The decrease was driven by reduction in all main cost categories except energy cost.

Year to date, opex decreased by NOK 0.7 billion on a currency adjusted basis. The solid opex reduction was a result of reductions in most of the business units. Personnel costs were further reduced as a result of modernisation initiatives. The increase in sales and marketing costs due to higher activity level this year and increase in energy cost driven partly by price increase was more than offset by decrease in operation and maintenance cost as well as lower bad debt expenses across the Group. Sale of Tapad and Valyou last year contributed with reduction in opex by NOK 0.3 billion.



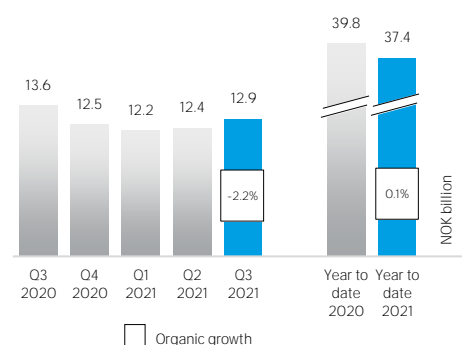
¹⁾ The comments are related to Telenor's development in the third quarter of 2021 compared to the third quarter of 2020 and are based on current Group structure unless otherwise stated. Please refer to Definitions on page 27 for descriptions of alternative performance measures.

EBITDA BEFORE OTHER INCOME AND OTHER EXPENSES (EBITDA)

On an organic basis, EBITDA decreased by 2%. Adjusted for a non-recurring item in Sweden last year, the organic EBITDA decreased by 1%. Strong subscription and traffic revenues development in Denmark, Finland and Pakistan partly compensated for the decline due to weaker development in Thailand and Sweden as well as the effect of higher corporate activities and increase in energy cost. The latter was mainly driven by price increases in Norway and Pakistan.

Reported EBITDA decreased by NOK 0.8 billion and the EBITDA margin was 47%.

Year to date, EBITDA remained stable on an organic basis. Adjusted for a non-recurring item in Sweden last year, the organic EBITDA increased by 1%. The improvement was driven by solid opex reductions despite increased energy prices. Reported EBITDA decreased by NOK 2.4 billion as the underlying improvement was more than offset by negative currency effects.

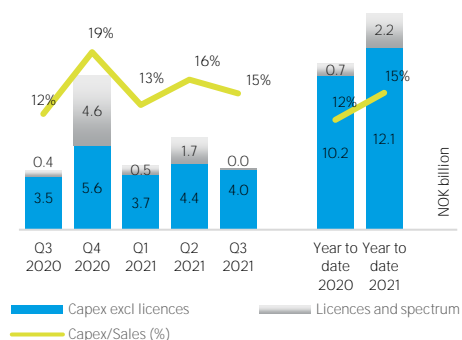


CAPITAL EXPENSES (CAPEX)

Capex in the third quarter was driven by the ongoing network modernisation in several of our markets, including 5G roll-out in Norway and Finland, fibre investments in Norway, network capacity and coverage expansion in Thailand, as well as 4G expansion in Bangladesh.

In total for the quarter, capex excluding licences and spectrum was NOK 4.0 billion, which corresponds to a capex to sales ratio of 15%.

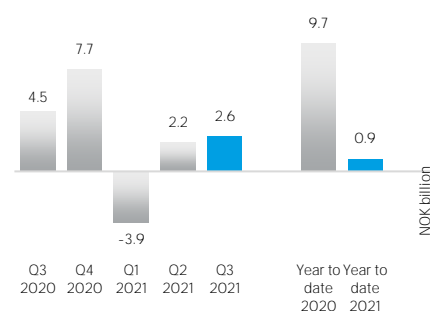
So far this year, the capex excluding licences and spectrum was NOK 12.1 billion which corresponds to a capex to sales ratio of 15%.



NET INCOME

Reported net income to equity holders of Telenor ASA in the third quarter was NOK 2.6 billion, which is a decrease of NOK 1.9 billion.

Net income attributable to equity holders of Telenor ASA from continuing operations decreased by NOK 2.1 billion. The decrease was mainly driven by negative currency effects on operating profit and net financial items as well lower gain on disposals.



¹⁾ The comments are related to Telenor's development in the third quarter of 2021 compared to the third quarter of 2020 and are based on current Group structure unless otherwise stated. Please refer to Definitions on page 27 for descriptions of alternative performance measures.

Year to date, net income to equity holders of Telenor ASA was NOK 0.9 billion, which is a decrease of NOK 8.7 billion.

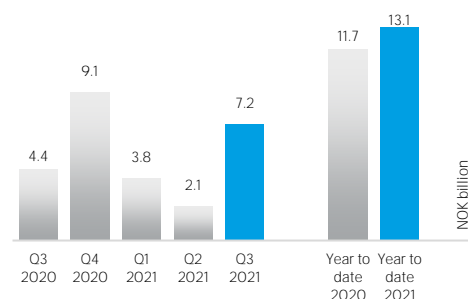
Net income attributable to equity holders of Telenor ASA from continuing operations increased by NOK 0.4 billion primarily driven by positive development in net financial items on year to date basis.

Net income attributable to equity holders of Telenor ASA from discontinued operations decreased by NOK 9.1 billion primarily due to impairment of Telenor Myanmar this year and gain on disposal of Canal Digital last year.

FREE CASH FLOW

Free cash flow before M&A was NOK 6.2 billion, which is an increase of NOK 2.3 billion compared to last year. The decrease in reported EBITDA by NOK 0.8 billion due to negative currency effects was more than compensated by positive development in working capital this year and ESA fine payment last year. The improvement in cash flow from M&A activities by NOK 0.5 billion was primarily driven by receipt of the second last installment this year of NOK 1 billion related to sale of Central and Eastern Europe (CEE) in 2018. Total free cash flow increased by NOK 2.8 billion.

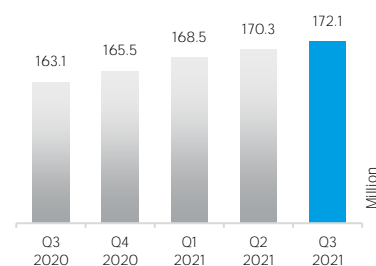
Year to date, free cash flow before M&A was NOK 11.3 billion, which is an increase of NOK 0.7 billion. The decrease in reported EBITDA by NOK 2.4 billion due to negative currency effects was more than compensated by positive development in working capital this year, ESA fine payment in Norway and BTRC deposit payment in Bangladesh last year. The improvement in cash flow from M&A activities by NOK 0.7 billion was mainly explained by the two installments of NOK 2 billion for the sale of CEE received this year compared to one installment of NOK 1.1 billion received last year. Total free cash flow increased by NOK 1.4 billion.



MOBILE SUBSCRIPTIONS

The Group's mobile subscription base increased by 1.8 million to 172 million, driven by Grameenphone and which added 1.6 million subscribers. The subscriber base of Pakistan increased by 48,000. Both Digi and dtac had positive subscriber growth with 148,000 and 26,000 subscribers respectively.

In the Nordics, our operations in Finland and Denmark reported continued improvement in their customer bases with total 18,000 new mobile subscriptions this quarter. The customer base in Sweden decreased by 21,000 mainly due to clean-up of inactive subscriptions, whereas in Norway it remained stable.



¹⁾ The comments are related to Telenor's development in the third quarter of 2021 compared to the third quarter of 2020 and are based on current Group structure unless otherwise stated. Please refer to Definitions on page 27 for descriptions of alternative performance measures.

Interim report

Telenor's operations

The comments and financial figures for Telenor's segments are related to the development in the third quarter of 2021 compared to the third quarter of 2020 in local currency, unless otherwise stated. With effect from the second quarter of 2021, Telenor Myanmar is classified as discontinued operation and accordingly, it is excluded from the segment reporting, see note 3 for more information. From 1 January 2020, Telenor Infra became the operator of all passive infrastructure in Norway. However, Telenor Norway retained ownership of its passive infrastructure, and as a second step, the ownership of the passive mobile infrastructure was transferred from Telenor Norway to Telenor Infra with effect from 1 January 2021. The reported figures for 2020 have not been restated to reflect this, hence the year-on-year development in the reported financial figures do not fully reflect Telenor Norway's underlying development, and the comments on the latter are made where deemed appropriate. See note 9 for further information. Please refer to Definitions on page 27 for descriptions of alternative performance measures. All comments on EBITDA are made on development in EBITDA before other income and other expenses. Please refer to page 13 for 'Specification of other income and other expenses. Additional information is available at: www.telenor.com/ir

Norway

In Norway we saw another quarter of robust performance, with continued good uptake of fibre and fixed wireless access subscribers, as well as upselling within mobile. The modernisation continued at high speed, with 5G roll-out and phase-out of fixed legacy services.

Mobile ARPU increased by 3% from continued strong demand for value-added services and speed-based products. Mobile postpaid subscriptions increased by 3,000 in the quarter, nearly offsetting the reduction within prepaid. Mobile subscription and traffic revenues remained stable.

The strong growth within fixed non-legacy services continued, with 6,000 new fibre subscriptions and 5,000 new fixed wireless access subscriptions, nearly offsetting the decline in legacy copper and cable revenues. Fixed subscription and traffic revenues from non-legacy services increased by 12%. Total subscription and traffic revenues decreased by 1%.

Total revenues fell by 3%, impacted by the transfer of ownership of the passive mobile infrastructure to Telenor Infra and lower hardware sales.

Opex decreased by 7%, or 4% adjusted for the effects from the transfer of ownership of the passive mobile infrastructure to Telenor Infra, resulting in a stable EBITDA. The underlying opex reduction was mainly a result of modernisation and efficiency initiatives.

Capex continued to be focused on fibre investments and the 5G roll-out with more than 1,000 sites activated in total.

In a spectrum auction on 30 September, Telenor Norway was awarded spectrum in the 2.6 GHz and 3.6 GHz frequency bands for a total consideration of NOK 1.2 billion. The first instalment is due in December, with the remaining installments to be paid over the next 5 years.

NOK in million	Third quarter		First three quarters		Year
	2021	2020	2021	2020	2020
Revenues mobile operation					
Subscription and traffic	2 851	2 841	8 396	8 362	11 170
Interconnect	109	109	325	326	435
Other mobile	311	273	858	799	1 071
Non-mobile	594	668	1 791	2 126	2 993
Total revenues mobile operation	3 865	3 892	11 370	11 613	15 670
Revenues fixed operation					
Telephony	135	197	451	630	812
Internet and TV	1 645	1 636	4 891	4 839	6 550
Data services	133	124	387	369	502
Other fixed	236	247	724	832	1 127
Total retail revenues	2 148	2 204	6 452	6 669	8 990
Wholesale and broadcasting	334	455	1 082	1 263	1 648
Total revenues fixed operation	2 482	2 659	7 535	7 933	10 638
Total revenues	6 347	6 551	18 904	19 545	26 307
Gross profit	5 047	5 162	14 982	15 224	20 446
Operating expenses	(1 649)	(1 772)	(5 319)	(5 624)	(7 659)
EBITDA before other items	3 398	3 390	9 663	9 600	12 787
Operating profit	1 679	1 864	4 534	3 549	5 023
EBITDA before other items/Total revenues (%)	54	52	51	49	49
Capex excl. Licences and Spectrum	1 362	1 215	3 848	4 037	5 298
Statistics (monthly in NOK):					
Mobile ARPU	357	348	349	339	341
Fixed Telephony ARPU	258	250	256	247	248
Fixed Internet ARPU	455	430	443	424	426
TV ARPU	356	335	347	330	345
No. of subscriptions - Change in quarter/Total (in thousands):					
Mobile	(1)	(6)	2 764	2 825	2 817
Fixed telephony	(17)	(21)	167	252	232
Fixed Internet	(12)	(8)	757	805	790
TV	(7)	3	568	590	590

Sweden

In Sweden, the positive mobile subscriber trend continued, resulting into underlying net mobile subscription growth of 13,000 this quarter driven by the fighter-brand Vimla and the large enterprise segment. The reported subscription decrease this quarter was mainly caused by clean-up of inactive subscriptions in the prepaid segment.

Mobile subscription and traffic revenues decreased by 1%, driven by negative effects from price pressure. Fixed subscription and traffic revenues decreased by 2% but remained stable when adjusting for a reclassification last year.

Opex increased by 3%, primarily driven by increase in sales and marketing cost. Adjusted for positive non-recurring item last year, the underlying EBITDA decreased by 4%.

The ongoing network modernisation will be further stepped up in the coming quarters, including ramp up of 5G rollout.

NOK in million	Third quarter		First three quarters		Year
	2021	2020	2021	2020	2020
Revenues mobile operation					
Subscription and traffic	1 391	1 436	4 131	4 324	5 772
Interconnect	105	108	314	338	451
Other mobile	122	110	336	320	426
Non-mobile	505	574	1 484	1 575	2 267
Total revenues mobile operation	2 123	2 227	6 265	6 558	8 916
Revenues fixed operation					
Telephony	31	33	97	110	146
Internet and TV	706	718	2 107	2 110	2 841
Data services	48	66	146	150	199
Other fixed	38	15	105	130	197
Total retail revenues	823	833	2 456	2 499	3 383
Wholesale	89	82	268	235	320
Total revenues fixed operation	912	915	2 724	2 734	3 702
Total revenues	3 035	3 142	8 989	9 292	12 618
Gross profit	1 984	2 193	5 834	6 234	8 304
Operating expenses	(798)	(791)	(2 482)	(2 580)	(3 472)
EBITDA before other items	1 186	1 402	3 352	3 654	4 832
Operating profit	500	786	1 416	1 749	2 228
EBITDA before other items/Total revenues (%)	39	45	37	39	38
Capex excl. Licences and Spectrum	329	293	889	916	1 429
Investments in businesses	-	-	-	5	5
Statistics (monthly in NOK):					
Mobile ARPU	177	188	177	190	190
Fixed Telephony ARPU	33	31	31	33	33
Fixed Internet ARPU	235	240	234	236	238
TV ARPU	143	148	142	143	145
No. of subscriptions - Change in quarter/Total (in thousands):					
Mobile	(21)	20	2 793	2 741	2 754
Fixed telephony	(8)	(4)	103	119	115
Fixed Internet	3	-	699	692	694
TV	(3)	(2)	476	478	478
Exchange rate (NOK/SEK, average for the period)	-	-	1.0070	1.0144	1.0227

Denmark

Telenor Denmark continued the positive trend and delivered another solid quarter.

Mobile subscription and traffic revenues increased by 3%, driven by growth in mobile ARPU. Fixed subscription and traffic revenues grew 7% as a result of upsell to subscriptions with higher speeds.

Opex decreased by 5% mainly from lower personnel cost, reflecting the impact of automations and new way of work. In combination with revenue growth, this led to EBITDA growth of 7%.

The ongoing network modernisation programme is accelerating into 2022 with the aim of supporting improved customer experiences, service innovation and unlocking further efficiency gains.

NOK in million	Third quarter		First three quarters		Year
	2021	2020	2021	2020	2020
Revenues mobile operation					
Subscription and traffic	744	744	2 186	2 231	2 987
Interconnect	81	62	206	198	264
Other mobile	103	80	265	227	308
Non-mobile	294	285	874	867	1 245
Total revenues mobile operation	1 222	1 172	3 532	3 523	4 804
Revenues fixed operation					
Telephony	24	28	78	87	116
Internet and TV	99	90	283	269	362
Data services	6	6	18	19	26
Total revenues fixed operation	129	124	379	376	505
Total revenues	1 350	1 296	3 910	3 899	5 308
Gross profit	792	811	2 353	2 424	3 247
Operating expenses	(406)	(441)	(1 250)	(1 402)	(1 887)
EBITDA before other items	386	371	1 103	1 023	1 360
Operating profit	142	117	354	242	317
EBITDA before other items/Total revenues (%)	29	29	28	26	26
Capex excl. Licences and Spectrum	179	79	380	339	520
Statistics (monthly in NOK):					
Mobile ARPU	163	161	158	164	164
No. of subscriptions - Change in quarter/Total (in thousands):					
Mobile	5	21	1 688	1 674	1 675
Fixed telephony	(2)	(1)	24	32	30
Fixed Internet	2	(1)	113	106	107
Exchange rate (NOK/DKK, average for the period)	-	-	1.3747	1.4365	1.4386

DNA - Finland

DNA in Finland stayed on the growth path and once again delivered a solid quarter. The 5G rollout is progressing as planned and more than half of Finland's population now has access to DNA's 5G services.

The mobile subscription base increased by 13,000 this quarter to 2.7 million. Mobile subscription and traffic revenues increased by 3%, driven by growth in mobile ARPU from increased demand for high-end subscriptions. 7 000 new fixed broadband connections were added during the third quarter leading to 5% growth in fixed subscription and traffic revenues. Total subscription and traffic revenues improved by 4%.

Reported EBITDA decreased by 1%. A one-time correction to handset revenue and cost relating to previous periods was recorded with a net negative effect on EBITDA this quarter. Adjusted for this correction and the positive impact of capitalisation of re-assessed lease contracts, the underlying EBITDA improved by 4%.

NOK in million	Third quarter		First three quarters		Year
	2021	2020	2021	2020	2020
Revenues mobile operation					
Subscription and traffic	1 331	1 333	3 921	4 014	5 362
Interconnect	95	106	300	327	437
Other mobile	33	29	94	85	115
Non-mobile	363	462	1 260	1 298	1 843
Total revenues mobile operation	1 823	1 930	5 574	5 724	7 757
Revenues fixed operation					
Telephony	41	39	126	134	180
Internet and TV	403	397	1 192	1 167	1 578
Other fixed	70	76	201	237	311
Total retail revenues	514	512	1 519	1 538	2 069
Wholesale	36	44	119	128	172
Total revenues fixed operation	549	557	1 638	1 665	2 241
Total revenues	2 372	2 486	7 212	7 390	9 998
Gross profit	1 755	1 839	5 402	5 507	7 392
Operating expenses	(851)	(894)	(2 635)	(2 844)	(3 839)
EBITDA before other items	903	945	2 767	2 663	3 553
Operating profit	233	314	766	833	1 030
EBITDA before other items/Total revenues (%)	38	38	38	36	36
Capex excl. Licences and Spectrum	368	470	942	1 027	1 830
Statistics (monthly in NOK):					
Mobile ARPU	176	178	174	180	180
Fixed Telephony ARPU	405	397	456	442	452
Fixed Internet ARPU	170	174	166	174	175
TV ARPU	78	66	75	61	64
No. of subscriptions - Change in quarter/Total (in thousands):					
Mobile	13	30	2 707	2 706	2 694
Fixed telephony	(1)	(1)	28	33	31
Fixed Internet	7	11	601	573	584
TV	(2)	5	273	289	285
Exchange rate (NOK/EUR, average for the period)	-	-	10.2233	10.7133	10.7236

dtac - Thailand

In Thailand, the COVID-19 pandemic and economic downturn continues to impact dtac's performance. The lockdowns in the third quarter led to closure of shops and declining number of active callers. The subscriber base increased by 26,000 this quarter, which is at a slower pace than seen in previous quarters. Subscription and traffic revenues decreased by 3%, mainly due to lower ARPU.

Opex decreased by 3%, mainly from reduction in personnel cost, a one-time regulatory effect and re-assessment of lease contracts.

EBITDA decreased by 4%. Adjusted for re-assessment of lease contracts and other one-time effects, the underlying EBITDA decreased by 7% as a result of lower subscription and traffic revenues.

Capex in the quarter was driven by the accelerated roll-out and capacity expansion on the 700 and 900 MHz frequency bands. At the end of the third quarter the 700 MHz roll-out includes more than 11,500 base stations, resulting in capacity and coverage uplift.

NOK in million	Third quarter		First three quarters		Year
	2021	2020	2021	2020	2020
Revenues mobile operation					
Subscription and traffic	3 697	4 157	11 457	13 332	17 472
Interconnect	98	112	291	367	475
Other mobile	20	25	62	115	115
Non-mobile	1 295	1 256	4 403	3 845	5 641
Total revenues mobile operation	5 110	5 550	16 213	17 660	23 704
Total revenues	5 110	5 550	16 213	17 660	23 704
Gross profit	3 195	3 632	9 920	11 575	15 052
Operating expenses	(1 216)	(1 376)	(3 682)	(4 450)	(5 976)
EBITDA before other items	1 978	2 256	6 238	7 125	9 076
Operating profit	463	701	1 662	2 286	2 542
EBITDA before other items/Total revenues (%)	39	41	38	40	38
Capex excl. Licences and Spectrum	928	624	2 842	1 318	2 924
Statistics (monthly in NOK):					
Mobile ARPU	66	76	68	79	78
No. of subscriptions - Change in quarter/Total (in thousands):					
Mobile	26	(107)	19 274	18 683	18 856
Exchange rate (NOK/THB, average for the period)					
	-	-	0.2714	0.3028	0.3006

Digi - Malaysia

In Malaysia, the subscriber base grew by 148,000 subscribers this quarter, with positive development in both prepaid and postpaid segments.

Subscription and traffic revenue decreased by 3%, due to lower prepaid subscriber base and lower revenues from the migrant segment partly offset by growth in postpaid revenues and Malaysian segment.

Subscription and traffic revenues were stable compared to the second quarter.

Opex and EBITDA remained stable. Increased handset revenues with an improved margin offset the subscription and traffic revenue decline, resulting in stable gross profit.

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

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

NOK in million	Third quarter		First three quarters		Year
	2021	2020	2021	2020	2020
Revenues mobile operation					
Subscription and traffic	2 690	2 878	7 995	8 821	11 675
Interconnect	65	57	186	171	231
Other mobile	22	22	67	84	102
Non-mobile	529	478	1 588	1 262	1 758
Total revenues mobile operation	3 308	3 435	9 836	10 337	13 766
Total revenues	3 308	3 435	9 836	10 337	13 766
Gross profit	2 450	2 548	7 120	7 813	10 324
Operating expenses	(780)	(813)	(2 392)	(2 569)	(3 386)
EBITDA before other items	1 670	1 735	4 728	5 244	6 938
Operating profit	993	1 051	2 743	3 108	4 085
EBITDA before other items/Total revenues (%)	50	51	48	51	50
Capex excl. Licences and Spectrum	346	279	1 058	1 005	1 605
Statistics (monthly in NOK):					
Mobile ARPU	89	92	88	92	92
No. of subscriptions - Change in quarter/Total (in thousands):					
Mobile	148	57	10 365	10 680	10 441
Exchange rate (NOK/MYR, average for the period)					
	-	-	2.0694	2.2512	2.2374

Grameenphone - Bangladesh

Bangladesh was severely impacted by the COVID-19 situation including lockdowns in July and August.

Despite of this, Grameenphone continued the growth with 2% increase in subscription and traffic revenues. Subscriber growth momentum continued with a net addition of 1.6 million subscribers this quarter, including 3.8 million new 4G data users, resulting in 23% growth in data revenues. At the end of the quarter, the subscriber base stood at 83.6 million, which is 8% higher than at the same time last year.

Opex increased by 2% due to higher regulatory cost as well as energy cost. EBITDA increased by 1%.

Capex spend was focused on enhancing network quality and coverage, following deployment of the spectrum acquired in March 2021.

NOK in million	Third quarter		First three quarters		Year
	2021	2020	2021	2020	2020
Revenues mobile operation					
Subscription and traffic	3 551	3 621	10 200	11 127	14 634
Interconnect	140	138	402	487	616
Other mobile	4	8	16	21	27
Total revenues mobile operation	3 745	3 820	10 775	11 790	15 483
Total revenues	3 745	3 820	10 775	11 790	15 483
Gross profit	3 503	3 584	10 062	11 052	14 505
Operating expenses	(1 134)	(1 154)	(3 311)	(3 618)	(4 730)
EBITDA before other items	2 369	2 430	6 751	7 435	9 776
Operating profit	1 631	1 791	4 818	5 374	7 036
EBITDA before other items/Total revenues (%)	63	64	63	63	63
Capex excl. Licences and Spectrum	205	353	1 081	685	1 114
Statistics (monthly in NOK):					
Mobile ARPU	15	16	14	17	17
No. of subscriptions - Change in quarter/Total (in thousands):					
Mobile	1 555	3 061	83 581	77 592	79 037
Exchange rate (NOK/BDT, average for the period)					
	-	-	0.1009	0.1125	0.1109

Pakistan

Telenor Pakistan reported another quarter of solid performance despite increased COVID-19 impact from lockdowns. Subscription and traffic revenues increased by 7% explained by subscriber growth and increased subscribers' engagement resulting into higher usage and data revenues.

During the quarter, 48,000 subscriptions were added. At the end of the quarter, the subscribers base stood at 48.9 million, which is 6% higher than at the same time last year. Data revenues grew by 35%.

Opex increased by 7% due to higher energy prices and sales and marketing spend. EBITDA increased by 7%, as a result of the solid growth in subscription and traffic revenues.

NOK in million	Third quarter		First three quarters		Year
	2021	2020	2021	2020	2020
Revenues mobile operation					
Subscription and traffic	1 180	1 130	3 516	3 638	4 822
Interconnect	191	199	586	596	797
Other mobile	4	3	11	12	19
Non-mobile	50	49	158	172	241
Total revenues mobile operation	1 425	1 381	4 270	4 418	5 880
Total revenues	1 425	1 381	4 270	4 418	5 880
Gross profit	1 245	1 185	3 726	3 827	5 104
Operating expenses	(493)	(473)	(1 428)	(1 429)	(1 937)
EBITDA before other items	752	713	2 298	2 397	3 167
Operating profit	305	270	962	908	1 205
EBITDA before other items/Total revenues (%)	53	52	54	54	54
Capex excl. Licences and Spectrum	158	120	630	617	718
Statistics (monthly in NOK):					
Mobile ARPU	9	10	9	10	10
No. of subscriptions - Change in quarter/Total (in thousands):					
Mobile	48	1 133	48 885	46 211	47 240
Exchange rate (NOK/PKR, average for the period)					
	-	-	0.0538	0.0589	0.0582

Other units

Revenues in Other units decreased by NOK 0.1 billion mainly explained by the disposal of Tapad, partly offset by better development in Telenor Maritime and Satellite.

EBITDA decreased mainly as a result of higher corporate activities, increase in energy prices in Norway as well as the effect of the disposal of Tapad.

Operating profit in 2020 was positively impacted by gain on sale and leaseback transaction related to development properties in Norway of NOK 0.5 billion and an adjustment to the gain on partial disposal of 701Search in 2019 of NOK 0.3 billion.

NOK in million	Third quarter		First three quarters		Year
	2021	2020	2021	2020	2020
Revenues					
Corporate Functions	406	434	1 277	1 318	1 742
Infra	468	435	1 330	1 296	1 652
Satellite	225	215	642	629	841
Other Businesses	872	983	2 480	3 108	3 896
Eliminations	(36)	(37)	(123)	(121)	(163)
Total revenues	1 935	2 031	5 606	6 230	7 968
Operating expenses	(914)	(923)	(2 666)	(3 049)	(4 125)
EBITDA before other items					
Corporate Functions	(119)	(36)	(243)	(216)	(401)
Infra	232	245	663	699	883
Satellite	171	165	458	451	599
Other Businesses	189	237	453	569	645
Eliminations	-	-	-	-	-
Total EBITDA before other items	474	611	1 331	1 503	1 725
Operating profit (loss)					
Corporate Functions	(154)	(105)	(436)	(405)	(514)
Infra	44	114	152	322	415
Satellite	100	99	254	250	367
Other Businesses	141	1 083	240	1 231	4 429
Eliminations	-	(123)	-	(123)	(123)
Total operating profit (loss)	130	1 068	211	1 275	4 575
					-
Capex excl. Licences and Spectrum	139	102	407	270	372
Investments in businesses	13	260	203	260	352

Group performance in 2021

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

Specification of other income and other expenses

NOK in million	Third quarter		First three quarters		Year
	2021	2020	2021	2020	2020
EBITDA before other income and other expenses	12 856	13 623	37 418	39 798	52 347
EBITDA before other income and other expenses (%)	46.9	48.0	45.6	46.0	45.2
Other income	5	11	43	21	60
Gains on disposals of property, plant and equipment (PPE) and operations	16	913	74	1 036	4 366
Losses on disposals of property, plant and equipment (PPE) and operations	16	(59)	(228)	(152)	(518)
Workforce reductions, onerous (loss) contracts and other	(189)	(108)	(445)	(1 776)	(1 963)
EBITDA	12 703	14 380	36 862	38 927	54 293
EBITDA margin (%)	46.3	50.6	44.9	45.0	46.9

This quarter, other expenses related mainly to workforce reductions (of which NOK 134 million in Grameenphone). In the third quarter 2020, other income consisted mainly of NOK 537 million gain from the sale and leaseback transaction related to development properties in Norway and NOK 310 million adjustment to the gain on the partial disposal of 701Search in 2019.

In the first three quarters of 2021, other expenses consisted mainly of workforce reductions (of which NOK 209 million in Grameenphone, and NOK 101 million in Telenor Norway). In the first three quarters of 2020, other income consisted mainly of the mentioned gains on disposals of fixed assets and operations in the third quarter 2020, partly offsetting the other expenses related mainly to a provision of NOK 1.2 billion based on the decision from ESA, and workforce reductions (of which NOK 231 million in Telenor Norway, NOK 102 million in Grameenphone).

Operating profit

Reported operating profit decreased by NOK 1.7 billion to NOK 17.4 billion. The decrease in EBITDA before other items by NOK 2.4 billion primarily driven by negative currency effects was partly offset by lower net negative other income and expenses by NOK 0.3 billion and lower depreciation by NOK 0.4 billion this year. The effect of increase in underlying depreciation by NOK 0.8 billion primarily driven by lease contracts in DNA and dtac was more than offset by positive currency effects of NOK 1.1 billion.

Associated Companies and Joint Ventures

NOK in million	Third quarter		First three quarters		Year
	2021	2020	2021	2020	2020
Profit (loss) after taxes	(88)	(101)	(307)	(306)	(414)
Gains (losses) on disposal of ownership interests	21	-	21	-	53
Profit (loss) from associated companies and joint ventures	(67)	(101)	(286)	(306)	(361)

In the third quarter of 2021, net loss after tax from associated companies and joint ventures was NOK 88 million which consisted mainly of loss after tax in Telenor Microfinance Bank of NOK 76 million and in Carousell of NOK 26 million which was partially offset by profit after tax in Allente Group AB (Allente) of NOK 43 million. Third quarter of 2020 includes loss after tax in Allente of NOK 62 million and in Carousell of NOK 54.

In the first three quarters of 2021, net loss after tax from associated companies and joint ventures consisted mainly of loss after tax in Telenor Microfinance bank of NOK 219 million and in Carousell of NOK 109 million which was partially offset by profit after tax in Allente of NOK 56 million. The first three quarters of 2020 includes loss after tax of NOK 250 million in Telenor Microfinance Bank and in Carousell of NOK 89 million.

Financial items

NOK in million	Third quarter		First three quarters		Year
	2021	2020	2021	2020	2020
Financial income	129	151	409	487	657
Financial expenses	(926)	(1 131)	(2 670)	(3 362)	(4 081)
Net currency gains (losses)	(833)	484	(836)	(926)	820
Net change in fair value of financial instruments	86	(34)	45	(660)	(727)
Net gains (losses and impairment) of financial assets and liabilities	1	-	6	13	-
Net financial income (expenses)	(1 542)	(530)	(3 047)	(4 447)	(3 331)
Gross interest expenses related to interest-bearing liabilities and lease liabilities	(747)	(1 031)	(2 241)	(2 862)	(3 417)
Net interest expenses	(665)	(928)	(1 967)	(2 505)	(2 931)

Net financial items in the first three quarters of 2021 amounted to negative NOK 3.0 billion, compared to negative NOK 4.4 billion in the same period last year. Financial expenses were down by NOK 0.7 billion compared to last year due to lower interest cost. Net currency losses were NOK 0.8 billion, compared to losses of NOK 0.9 billion last year. The net currency losses were mainly related to liabilities denominated in USD. In 2020 this was partly offset by gains from funding activities in EUR.

Taxes

The effective tax rate for the first three quarters of 2021 was 33% in line with last year. The tax rate this year was mainly impacted by adjustments of non-taxable sales transactions from previous years, while last year was mainly impacted by the recognition of a provision based on the decision from ESA, largely offset by the non-taxable gains related to disposals. The effective tax rate for the year 2021 is expected to be around 32%.

Cash flow

Net cash inflow from operating activities during the first three quarters of 2021 was NOK 33.8 billion, an increase of NOK 1.2 billion compared to 2020. Adjusting for payment of the deposit to BTRC of NOK 2.2 billion and ESA fine payment of NOK 1.2 billion in 2020 the change is primarily explained by negative currency effects partly offset by positive effects from changes in working capital.

Net cash outflow to investing activities during first three quarters of 2021 was NOK 12.2 billion, a decrease of NOK 0.8 billion compared to 2020 mainly due to higher deferred consideration received for the sale of CEE operations (NOK 2.0 billion in 2021 and NOK 1.1 billion in 2020). Payments of PPE, intangibles and prepayments of right-of-use assets in 2021 are NOK 0.4 billion higher compared to 2020.

Net cash outflow to financing activities during the first three quarters of 2021 was NOK 18.0 billion. This is explained by repayments of lease liabilities of NOK 5.0 billion, net payments of borrowings of NOK 2.6 billion and dividends paid of NOK 10.2 billion (7.0 billion paid to Telenor ASA shareholders and NOK 3.2 billion to non-controlling interests).

Cash and cash equivalents increased by NOK 3.1 billion during the first three quarters of 2021 to NOK 23.2 billion as of 30 September 2021.

Financial position

During the first three quarters of 2021, total assets decreased by NOK 22.9 billion to NOK 233.6 billion. The decrease was primarily caused by the impairment of Telenor Myanmar of NOK 6.5 billion and negative currency translation impact of approximately NOK 9.7 billion.

During the first three quarters of 2021, net debt decreased by NOK 14.1 billion to NOK 96.3 billion driven primarily by positive free cashflow of NOK 13.1 billion, Telenor Myanmar classification as held for sale, and positive currency impact of approximately NOK 5.0 billion, partly offset by payment of dividends to equity holders of Telenor ASA of NOK 7.0 billion. Interest-bearing liabilities excluding licence obligations decreased by NOK 13.8 billion. Cash and cash equivalents increased by NOK 1.4 billion.

During the first three quarters of 2021, total equity decreased by NOK 13.0 billion to NOK 31.0 billion. The decrease was due to dividends to equity holders of Telenor ASA and non-controlling interests of NOK 15.6 billion, and negative currency translation effects of NOK 1.3 billion. This was offset by positive net income from total operations of NOK 3.3 billion, impacted by impairment of Telenor Myanmar of NOK 6.5 billion.

Transactions with related parties

For detailed information on related party transactions, please refer to Note 33 *Related parties* in the Group's Annual Report 2020.

Risks and uncertainties

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

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

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

Our business in Asia continues to be impacted by the COVID-19 pandemic. The duration and modality of restrictions, and the timing of economic recovery in Asia, remains uncertain. Furthermore, Telenor is exposed to the related uncertainty regarding macroeconomic development and currency fluctuations. For more information related to COVID-19, see page 2 and Note 7 *COVID-19*.

For additional explanations regarding risks and uncertainties, please refer to the following sections in the Group's Annual Report 2020: the *Risk* section in the Board of Directors' Report, Note 13 *Income taxes*, Note 29 *Financial Risk Management* and Note 34 *Legal Disputes and contingencies*. Readers are also referred to the Disclaimer below.

For new developments of legal disputes and contingencies since the publication of the Group's Annual Report for 2020, see Note 6 *Legal disputes*.

Disclaimer

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

Interim condensed financial information

Consolidated income statement

Telenor Group

NOK in million	Note	Third quarter		First three quarters		Year
		2021	2020	2021	2020	2020
Revenues	2	27 411	28 408	82 087	86 517	115 839
Total cost of materials and traffic charges		(6 852)	(6 757)	(21 056)	(20 944)	(29 037)
Salaries and personnel costs		(2 414)	(2 493)	(7 798)	(8 333)	(11 152)
Other operating expenses		(5 289)	(5 535)	(15 815)	(17 442)	(23 302)
Other income		21	924	116	1 057	4 426
Other expenses		(174)	(167)	(673)	(1 928)	(2 480)
EBITDA		12 703	14 380	36 862	38 927	54 293
Depreciation and amortisation		(6 617)	(6 447)	(19 419)	(19 796)	(26 298)
Impairment losses		4	-	(1)	(8)	(11)
Operating profit (loss)		6 091	7 933	17 442	19 123	27 984
Share of net income from associated companies and joint ventures		(67)	(101)	(286)	(306)	(361)
Net financial items		(1 542)	(530)	(3 047)	(4 447)	(3 331)
Profit (loss) before taxes		4 482	7 301	14 109	14 370	24 292
Income taxes		(1 464)	(2 125)	(4 585)	(4 739)	(6 419)
Profit (loss) from continuing operations		3 017	5 176	9 523	9 630	17 873
Profit (loss) from discontinued operations	3	427	274	(6 220)	2 916	3 186
Net income		3 444	5 449	3 303	12 546	21 059

Net income attributable to:

Non-controlling interests	802	922	2 362	2 894	3 718
Equity holders of Telenor ASA	2 642	4 527	942	9 652	17 341

Earnings per share in NOK

Basic/diluted from continuing operations	1.58	3.04	5.12	4.78	10.05
Basic/diluted from discontinued operations	0.31	0.20	(4.44)	2.07	2.26
Basic/diluted from total operations	1.89	3.23	0.67	6.84	12.32

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

Consolidated statement of comprehensive income

Telenor Group

NOK in million	Third quarter		First three quarters		Year
	2021	2020	2021	2020	2020
Net income	3 444	5 449	3 303	12 546	21 059
Translation differences on net investment in foreign operations	(456)	388	(2 853)	6 959	2 409
Amount reclassified from other comprehensive income to income statement on partial disposal	-	(11)	-	(202)	(133)
Net gain (loss) on hedge of net investment	76	(426)	1 809	(5 761)	(3 587)
Income taxes	(17)	94	(398)	1 267	789
Share of other comprehensive income (loss) of associated companies and joint ventures	8	1	52	(2)	(4)
Amount reclassified from other comprehensive income to income statement on disposal	-	-	1	-	(3)
Items that may be reclassified subsequently to income statement	(389)	46	(1 389)	2 261	(530)
Net gain (loss) on equity investments	65	(9)	60	95	32
Remeasurement of defined benefit pension plans	235	27	735	(1 093)	(416)
Income taxes	(52)	(4)	(162)	243	104
Items that will not be reclassified to income statement	248	14	633	(755)	(280)
Other comprehensive income (loss), net of taxes	(141)	60	(757)	1 505	(810)
Total Comprehensive Income	3 304	5 509	2 547	14 052	20 250
Total comprehensive income attributable to:					
Non-controlling interests	794	833	2 159	3 202	3 612
Equity holders of Telenor ASA	2 510	4 676	388	10 850	16 638

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

Consolidated statement of financial position

Telenor Group

NOK in million	Note	30 September 2021	31 December 2020	30 September 2020
Deferred tax assets		1 419	2 841	2 333
Goodwill		27 853	28 947	30 165
Intangible assets		10 313	11 222	11 664
Right-of-use assets		51 117	62 813	61 791
Property, plant and equipment		72 613	79 367	83 486
Associated companies and joint ventures		5 812	6 417	8 154
Other non-current assets		12 588	14 856	16 198
Total non-current assets		181 715	206 464	213 789
Prepaid taxes		1 813	1 239	1 394
Inventories		1 127	1 313	1 255
Trade and other receivables		23 238	26 359	26 181
Other current financial assets		1 014	576	538
Assets classified as held for sale	3	2 741	-	-
Cash and cash equivalents		21 997	20 577	17 483
Total current assets		51 930	50 065	46 851
Total assets		233 645	256 529	260 640
Equity attributable to equity holders of Telenor ASA		26 179	38 324	32 522
Non-controlling interests		4 777	5 594	5 549
Total equity		30 956	43 918	38 072
Non-current lease liabilities		29 693	35 584	33 913
Non-current interest-bearing liabilities	4	88 834	98 627	103 188
Non-current non-interest-bearing liabilities		1 187	1 466	1 563
Deferred tax liabilities		3 992	4 831	4 822
Pension obligations		2 711	2 747	3 258
Provisions and obligations		8 572	8 820	8 031
Total non-current liabilities		134 990	152 075	154 776
Current lease liabilities		8 022	9 298	10 213
Current interest-bearing liabilities	4	10 123	7 296	8 377
Trade and other payables		30 712	33 891	33 019
Dividend payable		5 601	-	6 018
Current tax payables		5 182	3 988	3 899
Current non-interest-bearing liabilities		1 706	1 871	1 772
Provisions and obligations		783	1 123	1 116
Liabilities classified as held for sale	3	5 570	3 070	3 379
Total current liabilities		67 699	60 536	67 792
Total equity and liabilities		233 645	256 529	260 640

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

Consolidated statement of cash flows

Telenor Group

NOK in million	Third quarter		First three quarters		Year
	2021	2020	2021	2020	2020
Profit before taxes from total operations ¹⁾	4 959	7 597	7 917	17 435	27 639
Income taxes paid	(1 067)	(1 390)	(4 744)	(5 114)	(7 395)
Net (gains) losses from disposals, impairments and change in fair value of financial assets and liabilities	(121)	(811)	63	(1 838)	(4 828)
Depreciation, amortisation and impairment losses	6 664	7 132	26 921	21 871	29 063
Loss (profit) from associated companies and joint ventures	67	101	286	306	361
Dividends received from associated companies	131	-	405	-	1 250
Currency (gains) losses not related to operating activities	1 208	(550)	1 014	1 221	(919)
Changes in working capital and other	1 231	(1 153)	1 888	(1 367)	(1 351)
Net cash flow from operating activities	13 071	10 926	33 751	32 514	43 820
Purchases of property, plant and equipment, intangible assets and prepayment for right-of-use assets	(4 134)	(3 966)	(14 511)	(14 133)	(19 000)
Purchases of subsidiaries, associated companies and joint ventures, net of cash acquired	(13)	(275)	(205)	(275)	(340)
Proceeds from disposal of PPE, intangible assets, associated companies and businesses, net of cash disposed	33	773	149	420	7 705
Proceeds from sale and purchases of other investments	1 212	19	2 330	986	1 070
Net cash flow from investing activities	(2 902)	(3 448)	(12 237)	(13 002)	(10 565)
Proceeds from and repayments of borrowings	(3 692)	771	(2 609)	992	1 175
Payments of lease liabilities related to spectrum licences	(320)	(455)	(765)	(864)	(3 634)
Payments of lease liabilities related to other lease contracts	(1 289)	(1 177)	(4 216)	(3 887)	(5 395)
Net payments of supply chain financing	(46)	(89)	(168)	(171)	(89)
Purchase of treasury shares	-	(4 113)	-	(4 158)	(4 161)
Dividends paid to and purchases of shares from non-controlling interests	(1 330)	(1 385)	(3 225)	(2 864)	(3 202)
Dividends paid to equity holders of Telenor ASA	(255)	-	(6 997)	(6 260)	(12 277)
Net cash flow from financing activities	(6 932)	(6 448)	(17 980)	(17 212)	(27 583)
Effects of exchange rate changes on cash and cash equivalents	(408)	(365)	(453)	672	420
Net change in cash and cash equivalents	2 829	665	3 080	2 972	6 091
Cash and cash equivalents at the beginning of the period	20 339	16 305	20 088	13 997	13 997
Cash and cash equivalents at the end of the period ²⁾	23 168	16 970	23 168	16 970	20 088
Of which cash and cash equivalents in assets held for sale at the end of the period	1 428	-	1 428	-	-
Cash and cash equivalents in continuing operations at the end of the period	21 740	16 970	21 740	16 970	20 088

¹⁾ Profit before taxes from total operations consists of:

Profit before taxes from continuing operations	4 482	7 301	14 109	14 370	24 292
Profit before taxes from discontinued operations	477	295	(6 192)	3 066	3 347
Profit before taxes from total operations	4 959	7 597	7 917	17 435	27 639

²⁾ As of 30 September 2021, restricted cash was NOK 8 million, while as of 30 September 2020, restricted cash was NOK 205 million.

Cash flow from discontinued operations

NOK in million	Third quarter		First three quarters		Year
	2021	2020	2021	2020	2020
Net cash flow from operating activities	865	867	1 907	2 857	3 758
Net cash flow from investing activities	(26)	(174)	(221)	(931)	(1 095)
Net cash flow from financing activities	(248)	(184)	(721)	(709)	(987)
Total cash flows from discontinued operations	591	509	965	1 216	1 676
Effects of exchange rate changes on cash and cash equivalents	(217)	104	(301)	265	(64)
Net cash flows from discontinued operations	374	613	664	1 481	1 612

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

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

Consolidated statement of changes in equity

Telenor Group

NOK in million	Attributable to equity holders of the parent				Total	Non-controlling interests	Total equity
	Total paid in capital	Other reserves	Retained earnings	Cumulative translation differences			
Equity as of 1 January 2020	8 605	(17 792)	49 982	(2 746)	38 051	5 286	43 339
Net income for the period	-	-	17 341	-	17 341	3 718	21 059
Other comprehensive income for the period	-	(268)	-	(435)	(703)	(106)	(810)
Total comprehensive income for the period	-	(268)	17 341	(435)	16 638	3 612	20 250
Disposal of equity investments at fair value through other comprehensive	-	(4)	4	-	-	-	-
Equity adjustments in associated companies	-	2	-	-	2	-	2
Dividends	-	-	(12 277)	-	(12 277)	(3 304)	(15 581)
Share buy back	(139)	(3 974)	-	-	(4 113)	-	(4 113)
Share - based payment, exercise of share options and distribution of shares	-	21	-	-	21	-	21
Equity as of 31 December 2020	8 466	(22 014)	55 049	(3 181)	38 324	5 594	43 918
Net income for the period	-	-	942	-	942	2 362	3 303
Other comprehensive income for the period	-	686	-	(1 239)	(554)	(203)	(757)
Total comprehensive income for the period	-	686	942	(1 239)	388	2 159	2 547
Transactions with non-controlling interests	-	-	(1)	-	(1)	(1)	(3)
Equity adjustments in associated companies	-	3	-	-	3	-	3
Dividends	-	-	(12 595)	-	(12 595)	(2 974)	(15 569)
Share - based payment, exercise of share options and distribution of shares	-	60	-	-	60	-	60
Equity as of 30 September 2021	8 466	(21 265)	43 394	(4 420)	26 180	4 777	30 956

NOK in million	Attributable to equity holders of the parent				Total	Non-controlling interests	Total equity
	Total paid in capital	Other reserves	Retained earnings	Cumulative translation differences			
Equity as of 1 January 2020	8 605	(17 792)	49 982	(2 746)	38 051	5 286	43 339
Net income for the period	-	-	9 652	-	9 652	2 894	12 546
Other comprehensive income for the period	-	(761)	-	1 959	1 198	308	1 506
Total comprehensive income for the period	-	(761)	9 652	1 959	10 850	3 202	14 052
Equity adjustments in associated companies	-	2	-	-	2	-	2
Dividends	-	-	(12 277)	-	(12 277)	(2 938)	(15 215)
Share buy back	(139)	(3 974)	-	-	(4 113)	-	(4 113)
Share - based payment, exercise of share options and distribution of shares	-	7	-	-	7	-	7
Equity as of 30 September 2020	8 466	(22 518)	47 357	(787)	32 523	5 549	38 072

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

Notes to the interim consolidated financial statements

Note 1 – General accounting principles

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

These interim condensed consolidated financial statements for the nine months ending 30 September 2021, have been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for 2020 (Annual Report 2020). Key developments in risks and uncertainties are described in the section Risks and uncertainties on page 14.

The accounting policies applied in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2020. For information about standards,

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

The Group applies the optional practical expedient for lessees in IFRS 16 *Leases* from assessing whether a rent concession related to COVID-19 is a lease modification, and instead account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs. On 31 March 2021, the IASB published the amendment *Covid-19-Related Rent Concessions beyond 30 June 2021* extending the application period for the practical expedient to cover payments originally due on or before 30 June 2022. A lessee may apply this amendment for annual reporting periods beginning on or after 1 April 2021. Earlier application is permitted. EU approved the amendment on 30 August 2021, and the Group has chosen to adopt the amendment with effect from 1 January 2021, using the option for early application. The amendment has not had a significant impact on the Group's consolidated financial statements.

Note 2 – Disaggregation of revenue

In the following table, revenue is disaggregated by major revenue streams divided into the reportable segments as shown in note 9. For further information on the categories, please refer to note 6 in the Group's Annual Report 2020.

Third quarter 2021

NOK in millions	Norway	Sweden	Denmark	DNA Finland	dtac Thailand	Digi Malaysia	Grameenphone Bangladesh	Pakistan	Other units	Eliminations	Group
Type of good/ services											
Mobile operation	3 864	2 065	1 214	1 815	4 270	3 249	3 702	1 390	-	(257)	21 312
Services	3 420	1 660	935	1 513	3 962	2 805	3 698	1 388	-	(257)	19 124
Goods	444	406	279	302	308	445	3	2	-	-	2 188
Fixed operation	2 265	910	129	549	-	-	-	-	450	(136)	4 168
Services	2 208	909	129	549	-	-	-	-	450	(122)	4 123
Goods	57	2	-	-	-	-	-	-	-	(15)	44
Other	140	-	-	-	-	-	-	-	994	(447)	687
Services	140	-	-	-	-	-	-	-	993	(447)	686
Goods	-	-	-	-	-	-	-	-	1	-	1
Sum type of goods/services	6 269	2 976	1 343	2 364	4 270	3 249	3 702	1 390	1 444	(840)	26 166
Type of mobile subscription											
Contract	2 930	1 448	825	1 372	2 545	1 273	162	40	-	(30)	10 566
Prepaid	30	48	-	55	1 249	1 482	3 529	1 331	-	(97)	7 627
Other ¹⁾	460	164	111	86	167	49	7	17	-	(129)	933
Sum services in Mobile operation	3 420	1 660	935	1 513	3 962	2 805	3 698	1 388	-	(257)	19 124
Timing of revenue recognition											
Over time	5 768	2 569	1 064	2 062	3 962	2 805	3 698	1 388	1 443	(826)	23 933
At a point in time	501	407	279	302	308	445	3	2	1	(15)	2 233
Total revenue from contract with customers	6 269	2 976	1 343	2 364	4 270	3 249	3 702	1 390	1 444	(840)	26 166
Other revenue ²⁾	78	60	7	8	841	58	44	35	491	(377)	1 245
Total revenue	6 347	3 035	1 350	2 372	5 110	3 308	3 745	1 425	1 935	(1 217)	27 411
Segment revenue as presented in note 9	6 347	3 035	1 350	2 372	5 110	3 308	3 745	1 425	1 935	(1 217)	27 411

¹⁾ Other includes revenues from other mobile and non-mobile services, refer to definitions on page 27.

²⁾ Other revenues include mainly lease revenue.

First three quarters 2021

NOK in millions	Norway	Sweden	Denmark	DNA Finland	dtac Thailand	Digi Malaysia	Grameenphone Bangladesh	Pakistan	Other units	Eliminations	Group
Type of good/ services											
Mobile operation	11 367	6 111	3 510	5 551	13 670	9 690	10 649	4 161	-	(756)	63 953
Services	9 988	4 916	2 679	4 469	12 234	8 322	10 625	4 154	-	(756)	56 630
Goods	1 379	1 195	831	1 082	1 436	1 368	24	8	-	-	7 323
Fixed operation	6 811	2 717	379	1 638	-	-	-	-	1 347	(439)	12 453
Services	6 578	2 712	379	1 638	-	-	-	-	1 347	(402)	12 251
Goods	233	5	-	-	-	-	-	-	-	(36)	202
Other	492	-	-	-	-	-	-	-	2 873	(1 365)	2 001
Services	492	-	-	-	-	-	-	-	2 869	(1 365)	1 996
Goods	-	-	-	-	-	-	-	-	4	-	4
Sum type of goods/services	18 670	8 828	3 889	7 189	13 670	9 690	10 649	4 161	4 220	(2 559)	78 407
Type of mobile subscription											
Contract	8 627	4 313	2 392	4 067	7 795	3 739	470	124	-	(56)	31 472
Prepaid	94	132	-	154	3 953	4 441	10 131	3 978	-	(282)	22 601
Other ¹⁾	1 267	471	286	248	486	141	24	52	-	(418)	2 558
Sum services in Mobile operation	9 988	4 916	2 679	4 469	12 234	8 322	10 625	4 154	-	(756)	56 630
Timing of revenue											
Over time	17 059	7 628	3 057	6 107	12 234	8 322	10 625	4 154	4 216	(2 523)	70 878
At a point in time	1 612	1 200	831	1 082	1 436	1 368	24	8	4	(36)	7 529
Total revenue from contract with customers	18 670	8 828	3 889	7 189	13 670	9 690	10 649	4 161	4 220	(2 559)	78 407
Other revenue ²⁾	234	161	22	23	2 542	146	126	108	1 386	(1 069)	3 680
Total revenue	18 904	8 989	3 910	7 212	16 213	9 836	10 775	4 270	5 606	(3 628)	82 087
Segment revenue as presented in note 9	18 904	8 989	3 910	7 212	16 213	9 836	10 775	4 270	5 606	(3 628)	82 087

Third quarter 2020

NOK in millions	Norway	Sweden	Denmark	DNA Finland	dtac Thailand	Digi Malaysia ³⁾	Grameenphone Bangladesh	Pakistan	Other units	Eliminations	Group
Type of good/ services											
Mobile operation	3 849	2 179	1 165	1 922	4 792	3 388	3 777	1 355	-	(279)	22 149
Services	3 371	1 704	895	1 521	4 436	2 984	3 773	1 349	-	(279)	19 754
Goods	478	475	270	400	356	405	5	6	-	-	2 394
Fixed operation	2 416	908	124	557	-	-	-	-	453	(142)	4 316
Services	2 284	905	124	557	-	-	-	-	453	(125)	4 198
Goods	131	3	-	-	-	-	-	-	-	(17)	118
Other	178	-	-	-	-	-	-	-	1 107	(474)	810
Services	178	-	-	-	-	-	-	-	1 105	(474)	807
Goods	-	-	-	-	-	-	-	-	3	-	3
Sum type of goods/services	6 443	3 087	1 290	2 478	4 792	3 388	3 777	1 355	1 560	(896)	27 275
Type of mobile subscription											
Contract	2 910	1 499	806	1 382	2 849	1 312	127	43	-	(11)	10 917
Prepaid	40	45	-	57	1 420	1 624	3 633	1 286	-	(93)	8 013
Other ¹⁾	421	160	89	82	167	48	13	20	-	(175)	825
Sum services in Mobile operation	3 371	1 704	895	1 521	4 436	2 984	3 773	1 349	-	(279)	19 754
Timing of revenue											
Over time	5 834	2 609	1 019	2 078	4 436	2 984	3 773	1 349	1 558	(878)	24 761
At a point in time	610	478	270	400	356	405	5	6	2	(17)	2 514
Total revenue from contract with customers	6 443	3 087	1 290	2 478	4 792	3 388	3 777	1 355	1 560	(896)	27 275
Other revenue ²⁾	107	54	7	8	758	46	43	26	470	(387)	1 132
Total revenue	6 551	3 142	1 296	2 486	5 550	3 435	3 820	1 381	2 031	(1 282)	28 408
Segment revenue as presented in note 9	6 551	3 142	1 296	2 486	5 550	3 435	3 820	1 381	2 031	(1 282)	28 408

¹⁾ Other includes revenues from other mobile and non-mobile services, refer to definitions on page 27.

²⁾ Other revenues include mainly lease revenue.

³⁾ Revenues have been reclassified between the categories Contract and Prepaid, with no effect on the totals.

First three quarters 2020

NOK in millions	Norway	Sweden	Denmark	DNA Finland	dtac Thailand	Digi Malaysia ³⁾	Grameenphone Bangladesh	Pakistan	Other units	Eliminations	Group
Type of good/ services											
Mobile operation	11 487	6 414	3 503	5 698	15 488	10 196	11 658	4 331	-	(835)	67 940
Services	9 917	5 125	2 683	4 579	14 202	9 177	11 649	4 305	-	(828)	60 809
Goods	1 570	1 289	820	1 119	1 286	1 020	9	26	-	(8)	7 131
Fixed operation	7 221	2 731	376	1 665	-	-	-	-	1 433	(461)	12 965
Services	6 859	2 709	376	1 665	-	-	-	-	1 433	(408)	12 633
Goods	362	22	-	-	-	-	-	-	-	(53)	331
Other	536	-	-	-	-	-	-	-	3 387	(1 579)	2 344
Services	536	-	-	-	-	-	-	-	3 381	(1 579)	2 337
Goods	-	-	-	-	-	-	-	-	6	-	6
Sum type of goods/services	19 243	9 145	3 878	7 363	15 488	10 196	11 658	4 331	4 820	(2 876)	83 248
Type of mobile subscription											
Contract	8 577	4 536	2 429	4 178	9 086	4 144	500	136	-	(41)	33 545
Prepaid	111	126	-	163	4 613	4 848	11 115	4 098	-	(250)	24 824
Other ¹⁾	1 229	462	254	238	503	185	34	71	-	(537)	2 440
Sum services in Mobile operation	9 917	5 125	2 683	4 579	14 202	9 177	11 649	4 305	-	(828)	60 809
Timing of revenue											
Over time	17 311	7 834	3 058	6 245	14 202	9 177	11 649	4 305	4 814	(2 815)	75 779
At a point in time	1 932	1 312	820	1 119	1 286	1 020	9	26	6	(60)	7 469
Total revenue from contract with customers	19 243	9 145	3 878	7 363	15 488	10 196	11 658	4 331	4 820	(2 876)	83 248
Other revenue ²⁾	302	146	20	26	2 171	141	131	87	1 410	(1 168)	3 269
Total revenue	19 545	9 292	3 899	7 390	17 660	10 337	11 790	4 418	6 230	(4 044)	86 517
Segment revenue as presented in note 9	19 545	9 292	3 899	7 390	17 660	10 337	11 790	4 418	6 230	(4 044)	86 517

Year 2020

NOK in millions	Norway	Sweden	Denmark	DNA Finland	dtac Thailand	Digi Malaysia	Grameenphone Bangladesh	Pakistan	Other units	Eliminations	Group
Type of good/ services											
Mobile operation	15 503	8 718	4 777	7 722	20 681	13 579	15 309	5 729	-	(1 089)	90 928
Services	13 263	6 830	3 591	6 123	18 612	12 143	15 295	5 684	-	(1 078)	80 464
Goods	2 240	1 887	1 185	1 599	2 070	1 437	13	45	-	(11)	10 465
Fixed operation	9 679	3 697	505	2 241	-	-	-	-	1 845	(620)	17 346
Services	9 274	3 675	505	2 241	-	-	-	-	1 845	(529)	17 010
Goods	405	22	-	-	-	-	-	-	-	(92)	336
Other	712	-	-	-	-	-	-	-	4 345	(2 023)	3 033
Services	712	-	-	-	-	-	-	-	4 339	(2 023)	3 027
Goods	-	-	-	-	-	-	-	-	6	-	6
Sum type of goods/services	25 894	12 415	5 281	9 963	20 681	13 579	15 309	5 729	6 189	(3 733)	111 307
Type of mobile subscription											
Contract	11 452	6 052	3 250	5 579	11 908	5 454	647	179	-	(55)	44 467
Prepaid	154	171	-	220	6 039	6 452	14 604	5 440	-	(342)	32 738
Other ¹⁾	1 658	607	341	324	665	236	45	65	-	(681)	3 259
Sum services in Mobile operation	13 263	6 830	3 591	6 123	18 612	12 143	15 295	5 684	-	(1 078)	80 464
Timing of revenue											
Over time	23 249	10 506	4 096	8 363	18 612	12 143	15 295	5 684	6 183	(3 630)	100 501
At a point in time	2 645	1 910	1 185	1 599	2 070	1 437	13	45	6	(102)	10 807
Total revenue from contract with customers	25 894	12 415	5 281	9 963	20 681	13 579	15 309	5 729	6 189	(3 733)	111 307
Other revenue ²⁾	414	203	27	35	3 022	187	174	151	1 779	(1 460)	4 532
Total revenue	26 307	12 618	5 308	9 998	23 704	13 766	15 483	5 880	7 968	(5 193)	115 839
Segment revenue as presented in note 9	26 307	12 618	5 308	9 998	23 704	13 766	15 483	5 880	7 968	(5 193)	115 839

¹⁾ Other includes revenues from other mobile and non-mobile services, refer to definitions on page 27.

²⁾ Other revenues include mainly lease revenue.

³⁾ Revenues have been reclassified between the categories Contract and Prepaid, with no effect on the totals.

Note 3 – Discontinued operations and assets held for sale

As announced on 8 July 2021, Telenor Group has entered into an agreement with M1 Group to sell 100 percent of its mobile operations in Myanmar for a total consideration of USD 105 million (approximately NOK 900 million), of which USD 55 million (approximately NOK 470 million) is a deferred payment over five years. The transaction corresponds to an implied enterprise value of approximately USD 600 million (approximately NOK 5.2 billion). The transaction is subject to regulatory approvals in Myanmar. With effect from the second quarter 2021, Telenor Myanmar is classified as an asset held for sale and discontinued operation. The comparative numbers for the income statement are re-presented.

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

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

NOK in million	Third quarter		First three quarters		Year
	2021	2020	2021	2020	2020
Revenue	1 446	1 597	3 688	5 344	6 971
EBITDA	855	943	2 125	3 152	4 272
EBIT	805	258	(5 377)	1 085	1 516
Profit (loss) before tax	569	320	(5 960)	1 111	1 349
Income taxes	(50)	(22)	(29)	(147)	(158)
Profit (loss) after tax	519	299	(5 989)	964	1 191
Gain (loss) on disposal after tax	-	-	-	-	-
Profit (loss) from discontinued operations	519	299	(5 989)	964	1 191

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

On 23 February 2017, the Group entered into an agreement with Bharti Airtel Limited (Airtel), whereby Airtel would take full ownership of Telenor India. The transaction was completed 14 May 2018. The exposure to claims related to the period Telenor owned the business remains with Telenor. A guarantee to Airtel was recognised at fair value as of closing date of the transaction, and subsequent changes to the estimate are recognised on the discontinued operations line in the income statement.

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

NOK in million	Third quarter		First three quarters		Year
	2021	2020	2021	2020	2020
Revenue	1 446	1 600	3 688	6 636	8 267
EBITDA	855	945	2 125	3 466	4 587
EBIT	805	260	(5 377)	1 399	1 832
Profit (loss) before tax	569	322	(5 960)	1 352	1 592
Income taxes	(50)	(22)	(29)	(150)	(161)
Profit (loss) after tax	519	300	(5 989)	1 203	1 431
Gain (loss) on disposal after tax	(92)	(27)	(232)	1 713	1 755
Profit (loss) from discontinued operations	427	274	(6 220)	2 916	3 186

The losses on disposal recognised during 2021 and third quarter of 2020 are mainly related to Telenor India.

The major classes of assets and liabilities of the disposal groups classified as held for sale as of 30 September 2021 (representing mainly Myanmar and India) and 30 September 2020 (representing mainly India):

NOK in million	30 September	31 December	30 September
	2021	2020	2020
Assets			
Right of use assets	913	-	-
Inventory	14	-	-
Trade and other receivables	367	-	-
Cash and cash equivalents	1 428	-	-
Total assets classified as held for sale	2 741	-	-
Liabilities			
Non-current liabilities	18	-	-
Current liabilities	5 552	3 070	3 379
Total liabilities held for sale	5 570	3 070	3 379

Assets held for sale of NOK 2.7 billion relates to Telenor Myanmar. Liabilities held for sale includes NOK 2.4 billion related to Telenor Myanmar and NOK 3.2 billion representing the exposure to claims from the Indian Department of Telecommunications (DoT) related to the period the Group owned the business in India.

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

NOK in million	30 September	31 December	30 September
	2021	2020	2020
Telenor Myanmar	(739)	(195)	670
Telenor India	140	136	365
Total gain (loss)	(599)	(60)	1 035

Note 4 – Interest-bearing liabilities

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

NOK in million	30 September 2021	
	Carrying amount	Fair value
Interest-bearing liabilities ¹⁾	(98 956)	(103 026)
of which fair value level 1	-	(94 746)
of which fair value level 2	-	(8 280)

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

NOK in million	30 September 2020	
	Carrying amount	Fair value
Interest-bearing liabilities ¹⁾	(111 565)	(116 688)
of which fair value level 1	-	(106 747)
of which fair value level 2	-	(9 941)

¹⁾ Excluding lease liabilities.

Note 5 – Fair value of financial instruments

Financial derivatives are recognised at fair value based on observable market data (level 2). See note 30 in the Annual Report 2020 for valuation methodologies. The financial derivatives are classified in the consolidated statement of financial position as disclosed in the table:

NOK in million	30 September	31 December	30 September
	2021	2020	2020
Other non-current assets	1 361	3 325	2 967
Other current financial assets	639	181	227
Non-current non-interest-bearing financial liabilities	(1 038)	(1 305)	(1 374)
Non-current interest-bearing financial liabilities	(51)	-	(1)
Current non-interest-bearing liabilities	(587)	(506)	(551)
Total	325	1 695	1 268

Note 6 – Legal disputes

India

Telenor's previous operations in India are subject to a number of disputes with the Indian Department of Telecommunications (DoT), which remain to be concluded. One of these disputes is related to the basis for calculating licence fees and spectrum usage charges for the entire duration of Telenor's operations in India. This is a principal matter common to all industry participants. In a ruling in the fourth quarter of 2019 and in subsequent court orders in 2020 and 2021, the Supreme Court of India has upheld DoT's view on the determination of how to calculate licence fees and spectrum usage charges. By the end of 2020, DoT had issued demand notices in the mentioned matter against Telenor's Indian subsidiaries to approximately NOK 3.8 billion including penalty and interest. During 2021, DoT has issued new demands of NOK 0.9 billion, increasing the aggregate claim to NOK 4.7 billion. Despite the Supreme Court's principal ruling in the fourth quarter 2019, there are still computational elements that remain unclarified and hence the outcome is uncertain.

Grameenphone – Dividend restrictions by Bangladesh Bank

Bangladesh Bank informed Grameenphone in 2019 that future dividend repatriation to Telenor with respect to its shares which were issued against contribution in-kind would be suspended until supporting documentary evidence was submitted to Bangladesh Bank. The original shareholders in Grameenphone had contributed services which were incurred as pre-incorporation expenses, and received shares currently representing 2.9% of the total number of shares in the company. Grameenphone has responded to all queries from Bangladesh Bank and duly submitted all available documents as requested by

Bangladesh Bank. On 13 April 2021, Bangladesh Bank issued a letter to Grameenphone where the bank revoked its earlier decision and allowed Grameenphone to undertake dividend repatriation related to the shares issued against contribution in-kind. Retained dividend in this matter amounted to NOK 0.2 billion, which was received in the second quarter 2021.

Telenor Norway – The Norwegian Competition Authority (NCA)

The case relates to an alleged breach of the prohibition against abuse of a dominant position related to the pricing model in one mobile wholesale agreement in the mobile market in the period 2010–2014. The NCA's concern relates to the roll-out of the third mobile network in Norway. On 21 June 2018, the NCA issued a decision where it imposed a fine of NOK 0.8 billion. Telenor appealed the decision to the Competition Complaint Board on 20 December 2018. In a decision from 19 June 2019, the Competition Complaint Board sustained the NCA fine, but with a split decision. Telenor appealed the decision by the Competition Complaint Board to the Gulating Court of Appeal on 18 September 2019 and the court proceeding took place in January and February 2021. On 24 June 2021, the Gulating Court of Appeal gave a ruling where they upheld the decision from NCA and the Competition Complaint Board. External and internal competition law experts have thoroughly analysed the interpretation and application of the law made by the Gulating Court of Appeal. Based on this, Telenor's position is that the agreement is legal, and Telenor appealed the ruling to the Supreme Court on 3 September 2021. No provision has been made in this matter.

dtac – Revenue share (deduction of interconnect expenses)

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

Since late December 2019, various arbitration panels have made decisions in dtac's favor and disfavor for concession years 16, 17, 18 and 20. Pursuant to these awards, dtac has an obligation to pay an approximate total amount of NOK 3.0 billion (excl. interest). dtac has appealed the negative decisions to the Central Administrative Court. On 20 May 2021, dtac received arbitral decisions in favor of CAT of approximately NOK 1.8 billion (excl. interest) for concession year 19, and dtac further intends to file a petition to the Central Administrative Court requesting the Court to revoke this arbitral decision.

Similar disputes exist for concession years 21 to 27 (16 September 2011 to 15 September 2018) where CAT has presented claims of NOK 4.1 billion in total (excl. penalty and interest).

Telenor Pakistan – Licence renewal

Telenor Pakistan's 900 MHz and 1800 MHz spectrum licence expired on 25 May 2019, and the renewal fee was set to NOK 3.9 billion (USD 449 million) by the Pakistan Telecommunication Authority (PTA) for an extension period of 15 years. Telenor Pakistan disagrees with the terms and conditions for renewal, primarily on the price. Telenor Pakistan believes that the renewal price should have been NOK 2.6 billion (USD 291 million), which is the same as for prior renewals for other operators. Accordingly, Telenor Pakistan challenged the terms and conditions for renewal of said licence in Islamabad High Court. Telenor Pakistan has paid a total deposit of NOK 2.9 billion (USD 314 million excl. interest) of the demanded licence renewal fee. The total deposit is considered adjustable against the final outcome of the case and has been recognised as prepayment. On 19 July 2021, the High Court decided the case in Telenor Pakistan's disfavor. Telenor Pakistan appealed the case to the Supreme Court on 31 August 2021.

Note 7 – COVID-19

The spread of cross-border diseases such as COVID-19 may have an operational effect on Telenor Group due to, among other things, mobility restrictions and lockdown measures, change in consumption, usage patterns, potential disruptions in the supply chain of hardware and handsets, maintenance of infrastructure and access to resources as well as impact on employees. During the first nine months of 2021, we have seen continued impact from the COVID-19 pandemic on our

performance in Asia and through reduction in roaming revenues. The duration and modality of restrictions, and the timing of economic recovery in Asia, remains uncertain. Furthermore, Telenor is exposed to the related uncertainty regarding the macroeconomic development and currency fluctuations. For comments on the impact on Telenor's business and financial results, please refer to page 2.

In light of the effects on financial results and outlook, Telenor has assessed whether there are indicators of impairment of cash-generating units (CGUs) with or without goodwill and associated companies in accordance with IAS 36 *Impairment of Assets*. With the exception of Telenor Myanmar in the first quarter (please see note 3), the Group has not recognised any significant impairments of CGUs with or without goodwill or associated companies during 2021. Telenor Myanmar is classified as discontinued operation from second quarter.

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

Note 8 – Equity information

Dividend

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

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

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

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

The segment information is reported in accordance with the reporting to Group Executive Management (chief operating decision makers) and is consistent with financial information used for assessing performance and allocating resources.

Third quarter 2021 and 2020

NOK in million	Total revenues			of which internal		EBITDA before other income and other expenses ¹⁾				Investments ²⁾	
	2021	2020	Growth	2021	2020	2021	Margin	2020	Margin	2021	2020
Norway	6 347	6 551	-3.1 %	115	183	3 398	53.5 %	3 390	51.8 %	1 331	1 223
Sweden	3 035	3 142	-3.4 %	17	18	1 186	39.1 %	1 402	44.6 %	330	301
Denmark	1 350	1 296	4.2 %	23	22	386	28.6 %	371	28.6 %	181	79
DNA - Finland	2 372	2 486	-4.6 %	7	7	903	38.1 %	945	38.0 %	368	556
dtac - Thailand	5 110	5 550	-7.9 %	13	12	1 978	38.7 %	2 256	40.7 %	928	899
Digi - Malaysia	3 308	3 435	-3.7 %	10	10	1 670	50.5 %	1 735	50.5 %	348	279
Grameenphone - Bangladesh	3 745	3 820	-2.0 %	29	22	2 369	63.3 %	2 430	63.6 %	219	354
Pakistan	1 425	1 381	3.2 %	70	74	752	52.8 %	713	51.6 %	181	160
Other units	1 935	2 031	-4.7 %	933	934	474	24.5 %	611	30.1 %	153	362
Eliminations	(1 217)	(1 282)	-5.1 %	(1 217)	(1 282)	(259)	21.3 %	(231)	18.0 %	-	-
Group	27 411	28 408	-3.5 %	-	-	12 856	46.9 %	13 623	48.0 %	4 038	4 213

First three quarters

NOK in million	Total revenues			of which internal		EBITDA before other income and other expenses ¹⁾				Investments ²⁾	
	2021	2020	Growth	2021	2020	2021	Margin	2020	Margin	2021	2020
Norway	18 904	19 545	-3.3 %	330	585	9 663	51.1 %	9 600	49.1 %	4 006	4 291
Sweden	8 989	9 292	-3.3 %	50	48	3 352	37.3 %	3 654	39.3 %	1 224	929
Denmark	3 910	3 899	0.3 %	65	68	1 103	28.2 %	1 023	26.2 %	776	339
DNA - Finland	7 212	7 390	-2.4 %	24	10	2 767	38.4 %	2 663	36.0 %	942	1 116
dtac - Thailand	16 213	17 660	-8.2 %	38	51	6 238	38.5 %	7 125	40.3 %	2 842	1 593
Digi - Malaysia	9 836	10 337	-4.9 %	37	35	4 728	48.1 %	5 244	50.7 %	1 091	1 005
Grameenphone - Bangladesh	10 775	11 790	-8.6 %	77	51	6 751	62.7 %	7 435	63.1 %	2 187	686
Pakistan	4 270	4 418	-3.4 %	212	208	2 298	53.8 %	2 397	54.3 %	847	747
Other units	5 606	6 230	-10.0 %	2 795	2 987	1 331	23.7 %	1 503	24.1 %	610	531
Eliminations	(3 628)	(4 044)	-10.3 %	(3 628)	(4 044)	(814)	22.4 %	(846)	20.9 %	-	-
Group	82 087	86 517	-5.1 %	-	-	37 418	45.6 %	39 798	46.0 %	14 525	11 237

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

²⁾ Investments consist of capex and investments in businesses, see page 27 for alternative performance measures. Financial figures for 2020 have been restated to align with Group definition of capex.

Year 2020

NOK in million	Total revenues		EBITDA before other income and other expenses ¹⁾		Investments ²⁾
	2020	of which internal 2020	2020	Margin	
Norway	26 307	798	12 787	48.6 %	5 544
Sweden	12 618	57	4 832	38.3 %	1 435
Denmark	5 308	91	1 360	25.6 %	520
DNA - Finland	9 998	21	3 553	35.5 %	1 919
dtac - Thailand	23 704	42	9 076	38.3 %	7 717
Digi - Malaysia	13 766	47	6 938	50.4 %	1 605
Grameenphone - Bangladesh	15 483	71	9 776	63.1 %	1 165
Pakistan	5 880	282	3 167	53.9 %	889
Other units	7 968	3 782	1 725	21.7 %	724
Eliminations	(5 193)	(5 193)	(867)	16.7 %	-
Group	115 839	-	52 347	45.2 %	21 519

³⁾ The segment profit is EBITDA before other income and other expenses.

⁴⁾ Investments consist of capex and investments in businesses, see page 27 for alternative performance measures. Financial figures for 2020 have been restated to align with Group definition of capex.

Reconciliation

NOK in million	Third quarter		First three quarters		Year
	2021	2020	2021	2020	2020
Profit (loss) before taxes	4 482	7 301	14 109	14 370	24 292
Share of net income from associate companies and joint ventures	(67)	(101)	(286)	(306)	(361)
Net financial items	(1 542)	(530)	(3 047)	(4 447)	(3 331)
Operating profit (loss)	6 091	7 933	17 442	19 123	27 984
Depreciation and amortisation	(6 617)	(6 447)	(19 419)	(19 796)	(26 298)
Impairment losses	4	-	(1)	(8)	(11)
EBITDA	12 703	14 380	36 862	38 927	54 293
Other income	21	924	116	1 057	4 426
Other expenses	(174)	(167)	(673)	(1 928)	(2 480)
EBITDA before other income and other expenses	12 856	13 623	37 418	39 798	52 347

Note 10 – Events after the reporting period

Digi – Dividend declared

On 20 October 2021, the Board of Directors of Digi declared the third interim dividend for 2021 of MYR 0.04 per share which corresponds to approximately NOK 0.7 billion total dividend and approximately NOK 0.3 billion for Telenor's ownership share.

Definitions

Alternative Performance Measures

Telenor Group's financial information is prepared in accordance with International Financial Reporting standards (IFRS). In addition, it is management's intent to provide alternative performance measures that are regularly reviewed by management to enhance the understanding of Telenor's performance, but not instead of, the financial statements prepared in accordance with IFRS. The alternative performance measures presented may be determined or calculated differently by other companies.

Organic revenue

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

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

Reconciliation

NOK in million	Third quarter		Change third quarter	
	2021	2020	2021	Change YoY
Total revenue	27 411	28 408	(997)	-3.5 %
Impact using exchange rates for 2021	(57)	(1 023)	966	
M&A	-	(125)	125	
Organic revenue	27 355	27 261	94	0.3 %

NOK in million	Third quarter		Change third quarter	
	2020	2019	2020	Change YoY
Total revenue	28 408	27 061	1 347	5.0 %
Impact using exchange rates for 2020	600	1 359	(759)	
M&A	(2 490)	(1 185)	(1 305)	
Organic revenue	26 518	27 235	(717)	-2.6 %

Organic subscription and traffic revenue

Subscription and traffic revenues consist of revenues from mobile subscription and traffic, fixed telephony, fixed Internet/TV and fixed data services. Organic subscription and traffic revenues are defined as subscription and traffic revenues adjusted for the effects of acquisition and disposal of operations and currency effects. We believe that the measure provides useful and necessary information to investors and other stakeholders for the following reasons:

- it refers to the core revenue streams of the business making up more than 75% of total revenues and almost the entire gross profit for the Group;
- it provides additional information on underlying growth of the business within these core revenue streams, without the effect of certain factors unrelated to its operating performance,
- it is used for internal performance analysis, and
- it facilitates comparability of underlying growth with other companies (although neither "subscription and traffic revenues" nor the term "organic" are defined terms under IFRS and may not, therefore, be comparable with similarly titled measures reported by other companies).

Reconciliation

NOK in million	Third quarter		Change third quarter	
	2021	2020	2021	Change YoY
Subscription and traffic revenue	20 698	21 465	(767)	-3.6 %
Impact using exchange rates for 2021	(64)	(810)	745	
M&A	-	-	-	
Organic subscription and traffic revenue	20 634	20 656	(22)	-0.1 %

NOK in million	Third quarter		Change third quarter	
	2020	2019	2020	Change YoY
Subscription and traffic revenue	21 465	20 514	951	4.6 %
Impact using exchange rates for 2020	512	1 068	(556)	
M&A	(1 777)	(782)	(994)	
Organic subscription and traffic revenue	20 200	20 800	(599)	-2.9 %

Subscription and traffic revenues

NOK in million	Third quarter		Year
	2021	2020	2020
Mobile subscription and traffic	17 437	18 137	73 869
Fixed telephony	230	296	1 255
Fixed Internet/TV	2 852	2 841	11 329
Fixed data services	180	191	694
Subscription and traffic revenues	20 698	21 465	87 147
Other revenues	6 713	6 943	28 692
Total revenues	27 411	28 408	115 839

Gross profit

Gross profit is a key financial parameter for Telenor and is the difference between total revenue and costs of materials and traffic charges. Gross profit reflects the profitability contribution of Telenor's revenue growth in its markets and therefore describes Telenor's potential for sustainable value creation, making gross profit a key financial parameter to follow. It is also used for internal performance analysis.

Reconciliation

NOK in million	Third quarter		First three quarters		Year
	2021	2020	2021	2020	2020
Total revenues	27 411	28 408	82 087	86 517	115 839
Costs of materials and traffic charges	(6 852)	(6 757)	(21 056)	(20 944)	(29 037)
Gross profit	20 559	21 651	61 031	65 573	86 802
Gross profit FX adjusted	20 484	20 879	61 031	61 802	
Change	(395)		(771)		
Change (%)	-1.9 %		-1.2 %		

Operating expenses (opex)

Operating expenses (opex) is a key financial parameter for Telenor and consists of salaries and personnel cost and other operating expenses. Telenor's continuous effort to improve efficiency makes opex a key financial parameter to follow. It is also used for internal performance analysis.

Reconciliation

NOK in million	Third quarter		First three quarters		Year
	2021	2020	2021	2020	2020
Salaries and personnel cost	(2 414)	(2 493)	(7 798)	(8 333)	(11 152)
Other operating expenses	(5 289)	(5 535)	(15 815)	(17 442)	(23 302)
Operating expenses	(7 703)	(8 028)	(23 613)	(25 775)	(34 455)
Operating expenses FX adjusted	(7 670)	(7 734)	(23 613)	(24 340)	
Change	64		727		
Change (%)	0.8 %		3.0 %		

Positive change indicates opex reduction

EBITDA before other income and other expenses and EBITDA margin

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

EBITDA margin

NOK in million	Third quarter		Year
	2021	2020	2020
Total revenues	27 411	28 408	115 839
EBITDA before other items	12 856	13 623	52 347
EBITDA margin	46.9 %	48.0 %	45.2 %

Organic EBITDA

Organic EBITDA growth is defined as EBITDA (before other income and other expenses) adjusted for the effects of acquisition and disposal of operations and currency effects. We believe that the measure provides useful and necessary information to investors, and other stakeholders for the following reasons:

- it provides additional information on underlying growth of the business without the effect of certain factors unrelated to its operating performance, and
- it is used for internal performance analysis.

Reconciliation

NOK in million	Third quarter		Change third quarter	
	2021	2020	2021	Change YoY
EBITDA	12 856	13 623	(767)	-5.6%
Impact using exchange rates for 2021	(42)	(478)	436	
M&A	-	(39)	39	
Organic EBITDA	12 814	13 105	(291)	-2.2%

NOK in million	Third quarter		Change third quarter	
	2020	2019	2020	Change YoY
EBITDA	13 623	12 339	1 284	10.4%
Impact using exchange rates for 2020	314	623	(310)	
M&A	(548)	(4)	(544)	
Organic EBITDA	13 389	12 958	430	3.3%

Capital expenses

Capital expenses (capex) are derived from the balance sheet and consist of investments in property, plant and equipment (PPE), intangible assets and licenses and spectrum as part of right-of-use assets. Capex excludes business combinations and asset retirement obligations. Capex is a measure of investments made in the operations in the relevant period and is useful to investors and other stakeholders in evaluating the capital intensity of the operations. Capex and capex/revenues is deemed to better gauge the actual capital expenses incurred in the period than the payment for purchases of PPE, intangible assets and licenses and spectrum as part of right-of-use assets in the cash flow statement.

Capex excluding licences and spectrum is relevant to users to measure the level of underlying investments. Historically, licence and spectrum investments have varied significantly between reporting periods.

Reconciliation

NOK in million	Third quarter		First three quarters		Year
	2021	2020	2021	2020	2020
Purchases of PPE, intangible assets and prepayments for right-of-use assets	4 134	3 966	14 511	14 133	19 000
Working capital and other changes	13	220	(1 371)	(3 038)	(1 758)
Deferred licence obligations	(93)	(109)	1 334	231	4 466
Less:					
Discontinued operations	(29)	(135)	(151)	(365)	(556)
Capex	4 025	3 943	14 323	10 962	21 152
Licence and spectrum acquisition	(10)	(408)	(2 245)	(747)	(5 341)
Capex excl. licence and spectrum	4 014	3 535	12 077	10 215	15 811
Total revenues	27 411	28 408	82 087	86 517	115 839
Capex excl. licence and spectrum/Revenues (%)	14.6 %	12.4 %	14.7 %	11.8 %	13.6 %
Total Capex/Revenues (%)	14.7 %	13.9 %	17.4 %	12.7 %	18.3 %

Investments

Investments consist of capex and investments in businesses. Investments in businesses comprise purchase of shares in both controlled and non-controlled entities from a third party, including acquisitions of businesses not organised as separate companies as well as capital injections into non-controlled entities. Investments (or total investments) is deemed to better gauge the actual investments for the period than in the purchases of property, plant and equipment (PPE) and intangible assets line items in the cash flow statement.

NOK in million	Third quarter		First three quarters		Year
	2021	2020	2021	2020	2020
Capital expenses	4 025	3 943	14 323	10 962	21 152
Investments in businesses	13	275	203	275	367
Investments	4 038	4 218	14 525	11 237	21 519

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

Net debt is derived from the balance sheet and consists of both current and non-current interest-bearing liabilities, current and non-current lease liabilities less related current and non-current hedging instruments, financial instruments, such as debt instruments and derivatives, and cash and cash equivalents. Net debt is adjusted for licence obligations.

Net debt is a measure of the Group's net indebtedness that provides an indicator of the overall balance sheet strength. It is also a single measure that can be used to assess both the Group's cash position and its indebtedness. The use of the term 'net debt' does not necessarily mean that the cash included in the net debt calculation is available to settle the liabilities included in this measure.

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

Reconciliation

NOK in million	30 September 2021	31 December 2020	30 September 2020
Non-current interest-bearing liabilities	88 834	98 627	103 188
Non-current lease liabilities	29 693	35 584	33 913
Current interest-bearing liabilities	10 123	7 296	8 377
Current lease liabilities	8 022	9 298	10 213
Less:			
Cash and cash equivalents	(21 997)	(20 577)	(17 483)
Hedging instruments	(1 327)	(2 387)	(2 625)
Financial instruments	(329)	(356)	(272)
Adjustments:			
Non-current licence obligations	(13 382)	(13 446)	(12 686)
Current licence obligations	(3 307)	(3 601)	(4 387)
Net interest-bearing debt excluding licence obligations	96 329	110 438	118 239

Net debt/EBITDA

Telenor measures leverage as the ratio of Net debt/ EBITDA before other items. This ensures consistency with our alternative performance measure organic EBITDA growth, which is also based on EBITDA before other items, and our external guiding for this parameter. Further, this prevents temporary spikes in leverage due to other income and expenses and thus ensures transparency and a better understanding of Telenor's ability to cover debt with profits from its regular operations.

Telenor aims to maintain a solid balance sheet through keeping Net debt/EBITDA before other items in the range of 1.8x to 2.3x, in order to maintain financial flexibility and ensure cost efficient funding.

The measure provides useful information about the strength of our financial position and is regularly reported internally. For comparability, the 12 months rolling EBITDA before other items includes proforma figures for DNA for the periods before consolidation. 12 months EBITDA for the period ending 30 September 2020 and 31 December 2020 include EBITDA contribution from Telenor Myanmar.

NOK in million	First three quarters		Year
	2021	2020	2020
Net debt	96 329	118 239	110 438
EBITDA before other items	49 967	56 405	56 520
Net debt/EBITDA before other items	1.9	2.1	2.0

Free cash flow

Telenor makes use of free cash flow and free cash flow before M&A activities as important performance measures when presenting and discussing our reported results. We believe it is both useful and necessary to communicate free cash flow and free cash flow before M&A activities for the following reasons:

- Free cash flow and free cash flow before M&A activities allow us and investors to evaluate Telenor's liquidity and cash generated by our operations.
- Free cash flow excludes items that are deemed discretionary, such as financing activities. In addition, free cash flow before M&A activities excludes cash flows relating to acquisitions and disposals of businesses.
- Free cash flow facilitates comparability with other companies, although our measure of free cash flow may not be directly comparable to similar titled measures used by other companies.
- These measures are used for management planning, reporting and incentive purposes.

A reconciliation of net cash flow from operating activities and net cash flow from investing activities to free cash flow and free cash flow before M&A activities is provided in the table below.

Reconciliation

NOK in million	Third quarter		First three quarters		Year
	2021	2020	2021	2020	2020
Net cash flows from operating activities	13 071	10 926	33 751	32 514	43 820
Net cash flows from investing activities	(2 902)	(3 448)	(12 237)	(13 002)	(10 565)
Payments of lease liabilities related to spectrum licences	(320)	(455)	(765)	(864)	(3 634)
Repayments of borrowings - supply chain financing	(46)	(89)	(168)	(171)	(89)
Dividends paid to and purchase of shares from non-controlling interest	(1 330)	(1 385)	(3 225)	(2 864)	(3 281)
Payments of lease liabilities related to other lease contracts	(1 289)	(1 177)	(4 216)	(3 887)	(5 395)
Free cash flow	7 185	4 372	13 139	11 725	20 855
M&A activities	1 014	476	1 852	1 171	8 313
Free cash flow before M&A activities	6 170	3 895	11 288	10 554	12 542

Return On Capital Employed (ROCE)

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

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

Reconciliation

NOK in million	First three quarters		Year
	2021	2020	2020
Operating profit	26 303	25 180	27 984
Share of net income (loss) including gains/losses from associated companies and joint ventures	(341)	(894)	(361)
Income taxes	(6 270)	(6 093)	(6 419)
A - Earnings	19 692	18 193	21 204
Total equity as of beginning of the period	38 072	41 531	43 339
Net interest-bearing debt including license obligations as of beginning of the period	135 312	120 383	123 707
Net pension obligations as of beginning of the period	3 258	3 358	2 386
B - Total capital employed as of beginning of the period	176 641	165 272	169 432
Total equity as of end of the period	30 947	38 072	43 918
Net interest-bearing debt including license obligations as of end of the period	113 018	135 312	127 485
Net pension obligations as of end of the period	2 711	3 258	2 747
C - Total capital employed as of end of the period	146 676	176 641	174 150
D - Average capital employed before adjustments (D=(B+C)/2)	161 658	170 957	171 791
E - Adjustment for Telenor Myanmar and Canal Digital	6 473	13 458	12 749
F - Average capital employed (F=D-E)	155 186	157 499	159 042
G - Return on capital employed (G=A/F)	13%	12%	13%

Mobile operations

Revenues

Mobile subscription and traffic

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

Interconnect

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

Other mobile

Consist of inbound roaming, national roaming, telemetric and revenues related to service providers and MVNOs (Mobile Virtual Network Operators). Telemetric is defined as subscriptions and services related to machine-to-machine (M2M) / Internet of Things (IoT), i.e. industrial mobile data applications directed at communication between machines.

Non-mobile

Consist of revenues from customer equipment and businesses that are not directly related to mobile operations.

Mobile revenues from company's own subscriptions

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

Key Figures

Subscriptions

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

Active mobile internet users

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

Average traffic minutes per subscription per month (AMPU)

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

Average revenue per subscription per month (ARPU)

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

Fixed operations

Revenues

Telephony

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

Internet and TV

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

Data services

Consist of Nordic Connect/IP-VPN and security.

Other

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

Wholesale and broadcasting

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

Key Figures

Subscriptions

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

Average revenue per subscription per month (ARPU)

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

Other

Revenues

Satellite

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

Infra

Consist of revenues from passive infrastructure services in Norway.



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