

Q2 – 2021

Interim report
April – June 2021



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Returning to growth

Telenor returned to growth in the second quarter. The growth was driven by strong performance in the Nordics combined with a growing subscriber base and increased data consumption in the Asian markets. Subscription and traffic revenues increased by 2%. Combined with progress on the modernisation agenda this resulted in an EBITDA uplift of 4%.

In Norway, the decline in fixed legacy revenues are offset by growth in fibre and fixed wireless accesses and mobile service revenues. Improved subscription development in Sweden contributed positively towards stabilisation of the subscription and traffic revenues. Furthermore, Finland and Denmark continued its strong performance, delivering both revenue and EBITDA growth in the quarter.

In Asia, Telenor aims to strengthen the position in our markets and be better positioned for future growth. The merger agreement with Celcom in Malaysia was signed in Q2 and marks the next step towards creating a leading operator in the country. We have an ambition to serve the data revolution in the region and the demand for data contributes to the revenue development in Bangladesh and Pakistan. Domestic market performance in Thailand has stabilised the top-line despite impact from the third wave of the pandemic.

On July 8, Telenor Group announced an agreement to sell Telenor Myanmar. The situation in the country has over the past months deteriorated, posing challenges related to people security, the regulatory environment and compliance. It has not been an easy decision. The commitment to Telenor's values and responsible business conduct is the reason why we believe this sale is the best possible solution in this situation.

With the first half of 2021 behind us, and a strong set of numbers for the second quarter, we adjust our expectations for the full year 2021. We now expect organic subscription and traffic revenues growth of 0-1%, organic EBITDA growth of 0-2% and a capex to sales ratio of 15-16%.

- Sigve Brekke, President and CEO



Key figures Telenor Group^{*)}

NOK in million	Second quarter		First half year		Year
	2021	2020	2021	2020	2020
Revenues	27 158	28 978	54 675	58 109	115 839
Organic revenue growth (%)	3.3	(4.8)	1.3	(2.2)	(2.7)
Subscription and traffic revenues	20 327	22 005	40 844	44 228	87 147
Organic subscription and traffic revenue growth (%)	2.1	(4.5)	(0.4)	(2.1)	(2.6)
EBITDA before other income and other expenses	12 353	13 175	24 562	26 175	52 347
Organic EBITDA growth (%)	3.6	0.2	1.4	0.4	1.0
EBITDA before other income and other expenses/Revenues (%)	45.5	45.5	44.9	45.0	45.2
Net income attributable to equity holders of Telenor ASA	2 188	4 428	(1 701)	5 125	17 341
Capex excl. licences and spectrum	4 377	3 688	8 063	6 680	15 811
Total Capex	6 073	3 721	10 298	7 019	21 152
Free cash flow before M&A	2 126	3 995	5 117	6 659	12 542
Total Free cash flow	2 121	3 579	5 955	7 353	20 855
Mobile subscriptions - Change in quarter/Total (mill.)	1.7	(3.4)	170.3	158.9	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.

Second quarter 2021 summary¹⁾

- The Group's mobile subscriber base grew by 1.7 million. The subscriber base was 170 million at the end of the quarter.
- Subscription and traffic revenues increased by 2% on an organic basis. Total reported revenues were NOK 27.2 billion, a decrease of NOK 1.8 billion.
- Currency adjusted opex decreased by NOK 0.1 billion, or 1%. Reported opex decreased by NOK 0.9 billion.
- Organic EBITDA increased by 4%, as a result of increase in subscription and traffic revenues. Reported EBITDA before other items was NOK 12.4 billion and the EBITDA margin was 45%.
- Capex excluding licences and spectrum was NOK 4.4 billion, yielding a capex to sales ratio of 16%.
- Reported net income was NOK 2.2 billion.
- Total free cash flow was NOK 2.1 billion.
- In June, Telenor ASA paid the first tranche of the dividend for 2020 of NOK 6.7 billion or NOK 5.0 per share.
- Leverage increased to 2.0x at the end of the second quarter from 1.8x at the end of the previous quarter mainly due to Myanmar reclassification to discontinued operations and dividend pay-out in June.
- On 8 July 2021, the Group announced an agreement to sell its operations in Myanmar. As a consequence, Telenor Myanmar is classified as discontinued operations and held for sale in the Group's financial statements.

¹⁾ Please refer to Definitions on page 28 for descriptions of alternative performance measures.

COVID-19 impact on Telenor's business

Our business continues to be impacted by the COVID-19 pandemic, in particular in Asia. New waves of outbreaks have emerged during the second quarter, driven by new mutants of the virus. Thailand, Malaysia and Bangladesh are ending the second quarter with significant increase in daily infections, and new lockdowns are implemented. The Thai economy remains severely hit by the drop in tourism, both directly and indirectly impacting the demand for telecom services. In the Nordics, several of the restrictions are eased and the daily infection cases have decreased during second quarter, and the vaccination is progressing.

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, reactive measures by the authorities 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 zero touch 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, where it was underlined that the Group's future presence in Myanmar would depend on the developments in the country and the ability to contribute positively to the people of Myanmar. Further deterioration of the situation and recent developments in Myanmar form 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

The pandemic is still ongoing and continue to impact our operations in Asia. Telenor expects a gradual recovery in the Asian markets during the second half of the year. For the full year 2021, 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 28 for descriptions of alternative performance measures.

Group performance in the second quarter 2021¹⁾

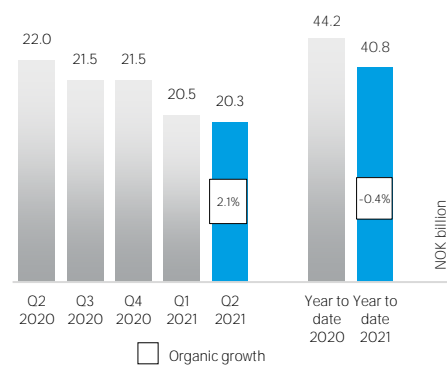
SUBSCRIPTION AND TRAFFIC REVENUES

On an organic basis, subscription and traffic revenues increased by 2% which is an improvement from the first quarter. Reported subscription and traffic revenues fell by 8%.

In Norway, growth in mobile, fixed wireless access and fibre offset the decline in fixed legacy revenues. Our operations in Finland and Denmark continued to perform well, with 3% growth each in subscription and traffic revenues. In Sweden, the improvement continued and subscription and traffic revenues stabilised.

In Asia, subscription and traffic revenues in Bangladesh, Pakistan, and Malaysia increased by 8%, 11% and 2% respectively. Subscriber growth and increasing data usage, in addition to more favourable year-on-year comparable, contributed to the solid development in Bangladesh and Pakistan. In Thailand, subscription and traffic revenues declined by 2% as the pandemic continues to impact the overall economy.

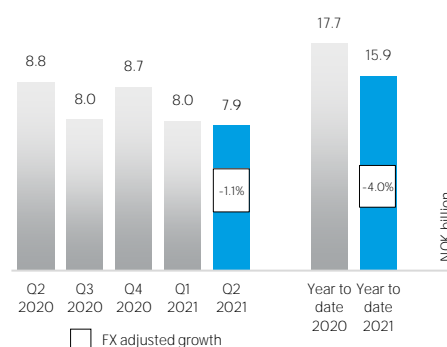
Year to date, organic subscription and traffic revenues were stable.



OPERATING EXPENSES (OPEX)

Our ongoing efforts to modernise our operations continued to have positive effect on the cost base. Reported opex decreased by NOK 0.9 billion in the quarter. On a currency adjusted basis, opex decreased by NOK 0.1 billion, or 1%. The effect of higher sales and marketing cost in line with the positive top-line development was more than offset by lower operations and maintenance cost.

Year to date, opex decreased by NOK 0.7 billion on currency adjusted basis. The solid opex reduction was a result of reductions seen in most of the segments. Personnel costs were further reduced as a result of modernisation initiatives in several operations. The increase in sales and marketing costs due to higher activity level this year was more than offset by decrease in operation and maintenance cost as well as lower bad debt expenses across the Group. Sale of Tapad last year contributed with reduction in opex by NOK 0.2 billion.



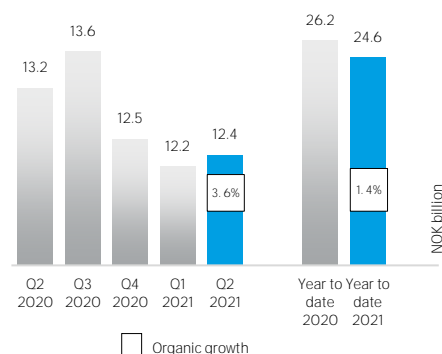
¹⁾ The comments are related to Telenor's development in the second quarter of 2021 compared to the second quarter of 2020 and are based on current Group structure unless otherwise stated. Please refer to Definitions on page 28 for descriptions of alternative performance measures.

EBITDA BEFORE OTHER INCOME AND OTHER EXPENSES (EBITDA)

On an organic basis, EBITDA increased by 4% on the back of positive development in majority of the business units. The biggest contributor to the Group's EBITDA growth this quarter was Grameenphone, driven by the solid subscription and traffic revenue growth, but also Pakistan and the Nordic operations contributed positively. In Thailand, the decrease in subscription and traffic revenues was partly compensated by lower opex.

Reported EBITDA decreased by NOK 0.8 billion and the EBITDA margin was 45%.

Year to date, EBITDA increased by 1% on an organic basis. The improvement was driven by subscription and traffic growth in the second quarter and the substantial opex reductions in the first quarter. Reported EBITDA decreased by NOK 1.6 billion as the underlying improvement was more than offset by negative currency effects.

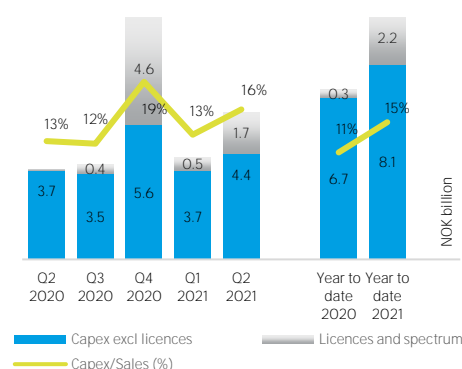


CAPITAL EXPENSES (CAPEX)

Capex in the second 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 4.4 billion, which corresponds to a capex to sales ratio of 16%. Licences and spectrum in the quarter was NOK 1.7 billion, whereof NOK 1.1 billion related to Grameenphone.

So far this year the capex excluding licences and spectrum was NOK 8.1 billion. With slower roll-out in the beginning of the year, this corresponded to a capex to sales ratio of 15%.

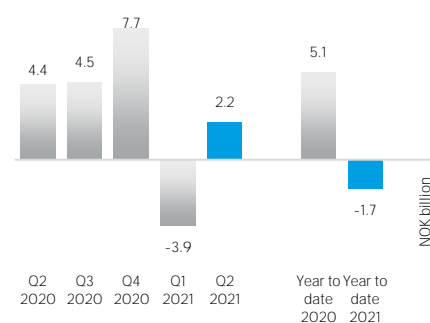


NET INCOME

Reported net income to equity holders of Telenor ASA in the second quarter was NOK 2.2 billion, which is a decrease of NOK 2.2 billion.

Net income attributable to equity holders of Telenor ASA from continuing operations decreased by NOK 0.3 billion as the increase in operating profit by NOK 0.7 billion and lower income taxes by NOK 0.5 billion were more than offset by the negative development in net financial items by NOK 1.5 billion.

Net income attributable to equity holder of Telenor ASA from discontinued operations decreased by NOK 1.9 billion primarily due to gain on disposal of Canal Digital of NOK 1.7 billion recognised last year as part of discontinued operations.



¹⁾ The comments are related to Telenor's development in the second quarter of 2021 compared to the second quarter of 2020 and are based on current Group structure unless otherwise stated. Please refer to Definitions on page 28 for descriptions of alternative performance measures.

Year to date, net income to equity holders of Telenor ASA was negative NOK 1.7 billion which is a decrease of NOK 6.8 billion.

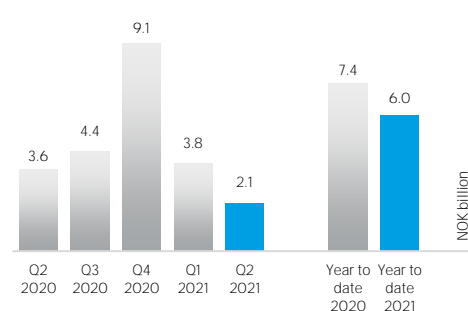
Net income attributable to equity holders of Telenor ASA from continuing operations increased by NOK 2.5 billion primarily driven by positive development in net financial items on year to date basis.

Net income attributable to equity holder of Telenor ASA from discontinued operations decreased by NOK 9.3 billion due to impairment of Telenor Myanmar of NOK 6.5 billion this year, gain on disposal of Canal Digital of NOK 1.7 billion recognised last year, as well as reduction in the underlying profits of Telenor Myanmar by NOK 0.6 billion.

FREE CASH FLOW

Free cash flow before M&A was NOK 2.1 billion, which is a decrease of NOK 1.9 billion compared to last year. Adjusted for the second installment of BTRC deposit payment in Bangladesh last year of NOK 1.1 billion, the decrease was NOK 3.0 billion. The decreased cash flow was mainly a result of negative currency effect on EBITDA development, higher income tax payments and negative working capital changes due to postponement of payments last year as part of COVID-19 incentives by the governments. The improvement in cash flow from M&A activities by NOK 0.4 billion was due to net deconsolidation effect of Canal Digital as a subsidiary last year.

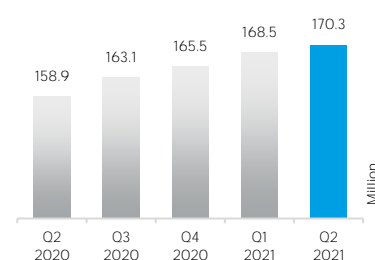
Year to date, free cash flow before M&A was NOK 5.1 billion, which is a decrease of NOK 1.5 billion. Adjusted for the two installments of BTRC deposit payment in Bangladesh last year of NOK 2.2 billion, the decrease of NOK 3.7 billion was primarily due to negative currency effect on EBITDA development, deteriorated performance in Myanmar, as well as negative working capital changes. The improvement in cash flow from M&A activities by NOK 0.1 billion was mainly explained by deconsolidation effect of Canal Digital as a subsidiary last year.



MOBILE SUBSCRIPTIONS

The Group's mobile subscription base increased by 1.7 million to 170 million, driven by Grameenphone which added 1.3 million subscribers. Both Telenor Pakistan and dtac had positive subscriber growth with 0.3 million and 0.2 million subscribers, respectively, while Digi lost 33,000 subscribers.

In the Nordics, our operations in Sweden, Denmark and Finland report positive development with in total 37,000 new mobile subscriptions, while the customer base in Telenor Norway declined by 24,000.



¹⁾ The comments are related to Telenor's development in the second quarter of 2021 compared to the second quarter of 2020 and are based on current Group structure unless otherwise stated. Please refer to Definitions on page 28 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 second quarter of 2021 compared to the second 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 28 for descriptions of alternative performance measures. All comments on EBITDA are made on development in EBITDA before other income and other expenses. Please refer to page 13 for 'Specification of other income and other expenses'. Additional information is available at: www.telenor.com/ir

Norway

Telenor Norway continued its modernisation journey and delivered yet another quarter with solid performance, with 1% growth in mobile subscription and traffic revenues and 12% growth in fixed subscription and traffic revenues from non-legacy services.

The growth within mobile subscription and traffic revenues was driven by 4% ARPU increase as the upsell to speed-based products and value-added services continued. The mobile subscription base decreased by 24,000 in the quarter, whereof 16,000 in the prepaid segment.

The strong growth within fixed non-legacy services continued, driven by a combination of subscriber and ARPU increase. 6,000 new fibre subscriptions and 9,000 new fixed wireless access subscriptions were added in the quarter. Total subscription and traffic revenues remained stable. Total revenues were negatively impacted by around NOK 130 million reduction in handset and hardware revenues.

Opex decreased by 4%, or 1% adjusted for the effects from the transfer of ownership of the passive mobile infrastructure to Telenor Infra. The underlying reduction was mainly a result of lower personnel and network related costs. Combined with gross profit increase, this resulted in 2% organic growth in EBITDA.

Capex continued to be focused on fibre investments and the mobile network modernisation, including 5G rollout. Telenor's mobile network was recently once again ranked by Ookla as the fastest network in Norway, and the network with the best coverage.

NOK in million	Second quarter		First half year		Year
	2021	2020	2021	2020	2020
Revenues mobile operation					
Subscription and traffic	2 787	2 746	5 545	5 520	11 170
Interconnect	113	108	216	217	435
Other mobile	275	270	547	526	1 071
Non-mobile	594	733	1 197	1 458	2 993
Total revenues mobile operation	3 769	3 858	7 505	7 721	15 670
Revenues fixed operation					
Telephony	154	212	316	433	812
Internet and TV	1 627	1 610	3 246	3 203	6 550
Data services	125	122	254	245	502
Other fixed	236	278	488	585	1 127
Total retail revenues	2 141	2 222	4 304	4 465	8 990
Wholesale and broadcasting	368	402	748	809	1 648
Total revenues fixed operation	2 509	2 625	5 052	5 274	10 638
Total revenues	6 278	6 482	12 557	12 995	26 307
Gross profit	4 983	5 009	9 935	10 062	20 446
Operating expenses	(1 848)	(1 923)	(3 670)	(3 852)	(7 659)
EBITDA before other items	3 135	3 086	6 265	6 210	12 787
Operating profit	1 410	369	2 855	1 685	5 023
EBITDA before other items/Total revenues (%)	50	48	50	48	49
Capex excl. Licences and Spectrum	1 390	1 482	2 486	2 822	5 298
Statistics (monthly in NOK):					
Mobile ARPU	348	335	344	335	341
Fixed Telephony ARPU	262	248	254	245	248
Fixed Internet ARPU	439	423	438	422	426
TV ARPU	350	328	343	328	345
No. of subscriptions - Change in quarter/Total (In thousands):					
Mobile	(24)	(21)	2 765	2 831	2 817
Fixed telephony	(23)	(22)	183	273	232
Fixed Internet	(11)	(2)	769	812	790
TV	(10)	8	575	586	590

Sweden

In Sweden, subscription and traffic revenues were stable as growth in fixed fiber and TV revenues offset the negative effects on mobile ARPU from price pressure.

The mobile subscription base grew by 22,000 in the quarter, primarily from growth in the fighter-brand Vimla and the large enterprise segment.

Opex decreased by 4%, mainly due to lower personnel cost driven by restructuring initiatives last year. Combined with stable gross profit, this resulted in an EBITDA growth of 2%.

In May, Telenor Sweden successfully launched its new billing support system. The new platform will enable simplification of key processes, standardised APIs and strengthen the digital customer journey.

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

NOK in million	Second quarter		First half year		Year
	2021	2020	2021	2020	2020
Revenues mobile operation					
Subscription and traffic	1 378	1 450	2 740	2 888	5 772
Interconnect	106	119	209	230	451
Other mobile	113	111	214	211	426
Non-mobile	449	510	980	1 002	2 267
Total revenues mobile operation	2 046	2 190	4 142	4 330	8 916
Revenues fixed operation					
Telephony	32	39	66	77	146
Internet and TV	695	706	1 401	1 391	2 841
Data services	49	42	98	83	199
Other fixed	29	59	68	115	197
Total retail revenues	805	847	1 633	1 666	3 383
Wholesale	91	79	179	153	320
Total revenues fixed operation	897	926	1 812	1 819	3 702
Total revenues	2 943	3 116	5 954	6 150	12 618
Gross profit	1 950	2 035	3 851	4 041	8 304
Operating expenses	(847)	(915)	(1 684)	(1 789)	(3 472)
EBITDA before other items	1 103	1 120	2 166	2 252	4 832
Operating profit	489	419	917	962	2 228
EBITDA before other items/Total revenues (%)	37	36	36	37	38
Capex excl. Licences and Spectrum	295	324	560	623	1 429
Investments in businesses	-	-	-	5	5
Statistics (monthly in NOK):					
Mobile ARPU	176	192	176	190	190
Fixed Telephony ARPU	29	36	30	33	33
Fixed Internet ARPU	231	240	233	234	238
TV ARPU	140	140	141	141	145
No. of subscriptions - Change in quarter/Total (In thousands):					
Mobile	22	(2)	2 814	2 721	2 754
Fixed telephony	(1)	(4)	111	123	115
Fixed Internet	1	3	695	692	694
TV	(1)	3	479	481	478
Exchange rate (NOK/SEK, average for the period)	-	-	1.0040	1.0065	1.0227

Denmark

Telenor Denmark continues to execute on their modernisation and digitalisation strategy, resulting in solid performance in the second quarter.

Total subscription and traffic revenues increased by 3%, driven by the 2% larger mobile subscription base with 1% ARPU growth as well as slightly higher fixed broadband revenues. Opex decreased by 7% mainly from lower personnel cost and sales and marketing cost. In combination with the revenue growth, this led to a strong EBITDA increase of 18%.

The ongoing modernisation of the mobile network is paving the way for superior customer experiences, service innovation and a cost-efficient network operation as it progresses.

NOK in million	Second quarter		First half year		Year
	2021	2020	2021	2020	2020
Revenues mobile operation					
Subscription and traffic	713	751	1 443	1 487	2 987
Interconnect	62	69	125	136	264
Other mobile	87	81	162	146	308
Non-mobile	270	298	581	582	1 245
Total revenues mobile operation	1 132	1 199	2 310	2 351	4 804
Revenues fixed operation					
Telephony	23	31	54	59	116
Internet and TV	92	92	184	179	362
Data services	6	7	12	13	26
Total revenues fixed operation	121	130	250	251	505
Total revenues	1 253	1 328	2 560	2 602	5 308
Gross profit	771	817	1 561	1 613	3 247
Operating expenses	(418)	(489)	(844)	(961)	(1 887)
EBITDA before other items	354	328	717	652	1 360
Operating profit	112	52	212	126	317
EBITDA before other items/Total revenues (%)	28	25	28	25	26
Capex excl. Licences and Spectrum	117	119	201	259	520
Statistics (monthly in NOK):					
Mobile ARPU	154	166	156	165	164
No. of subscriptions - Change in quarter/Total (in thousands):					
Mobile	3	11	1 683	1 654	1 675
Fixed telephony	(2)	(2)	26	33	30
Fixed Internet	1	(1)	111	107	107
Exchange rate (NOK/DKK, average for the period)	-	-	1.3678	1.4382	1.4386

DNA - Finland

In Finland, DNA delivered another quarter of solid performance.

Total subscription and traffic revenues increased by 3%. Fixed subscription and traffic revenues grew by 8% mainly as a positive result of the subscriber growth in the consumer segment. Within mobile, upsell to high-speed subscriptions and larger subscriber base resulted in 2% increase in subscription and traffic revenues.

12,000 new mobile subscriptions and 4,000 fixed broadband connections were added during the second quarter.

Reported EBITDA increased by 12%. Adjusted for the positive impact of capitalisation of re-assessed lease contracts, EBITDA improved by 5% as the top line growth more than offset higher network related opex.

Capex was related to 5G services as the network rollout is progressing well taking the population coverage up to 43% in June.

NOK in million	Second quarter		First half year		Year
	2021	2020	2021	2020	2020
Revenues mobile operation					
Subscription and traffic	1 288	1 377	2 590	2 681	5 362
Interconnect	102	114	205	221	437
Other mobile	32	27	61	56	115
Non-mobile	451	411	897	836	1 843
Total revenues mobile operation	1 872	1 929	3 752	3 794	7 757
Revenues fixed operation					
Telephony	42	52	85	94	180
Internet and TV	397	393	789	770	1 578
Other fixed	62	86	131	161	311
Total retail revenues	501	531	1 006	1 026	2 069
Wholesale	44	43	83	83	172
Total revenues fixed operation	545	574	1 089	1 109	2 241
Total revenues	2 417	2 503	4 840	4 903	9 998
Gross profit	1 815	1 883	3 648	3 667	7 392
Operating expenses	(905)	(1 000)	(1 784)	(1 949)	(3 839)
EBITDA before other items	909	883	1 864	1 718	3 553
Operating profit	242	250	533	519	1 030
EBITDA before other items/Total revenues (%)	38	35	39	35	36
Capex excl. Licences and Spectrum	358	379	574	557	1 830
Statistics (monthly in NOK):					
Mobile ARPU	172	185	173	180	180
Fixed Telephony ARPU	476	510	480	465	452
Fixed Internet ARPU	165	181	164	174	175
TV ARPU	75	55	74	58	64
No. of subscriptions - Change in quarter/Total (in thousands):					
Mobile	12	(14)	2 695	2 676	2 694
Fixed telephony	(1)	(1)	29	33	31
Fixed Internet	4	12	595	563	584
TV	(9)	(8)	275	284	285
Exchange rate (NOK/EUR, average for the period)	-	-	10.1717	10.7358	10.7236

dtac - Thailand

In Thailand, the COVID-19 pandemic and economic downturn continues to impact dtac's performance.

Nevertheless, the positive momentum in revenues and subscriber trends continued from previous quarter and the subscriber base increased by 164,000. Subscription and traffic revenues declined by 2% due to prevailing ARPU pressure.

Opex decreased by 5%, mainly from reduction in operations and maintenance cost, cell site costs and re-assessment of lease contracts.

Adjusted for re-assessment of lease contracts and other one-time effects, the underlying EBITDA decreased by 4%.

Capex in the quarter was driven by the rapid deployment on the 700 MHz spectrum, which was launched in December last year. At the end of the second quarter, the 700 MHz rollout includes more than 9,000 base stations and has reached 80% population coverage, resulting in significant capacity and coverage uplift.

NOK in million	Second quarter		First half year		Year
	2021	2020	2021	2020	2020
Revenues mobile operation					
Subscription and traffic	3 798	4 560	7 760	9 174	17 472
Interconnect	98	127	193	255	475
Other mobile	20	38	42	91	115
Non-mobile	1 418	1 289	3 107	2 590	5 641
Total revenues mobile operation	5 335	6 013	11 102	12 110	23 704
Total revenues	5 335	6 013	11 102	12 110	23 704
Gross profit	3 317	3 973	6 726	7 943	15 052
Operating expenses	(1 159)	(1 433)	(2 466)	(3 074)	(5 976)
EBITDA before other Items	2 158	2 540	4 260	4 869	9 076
Operating profit	670	856	1 199	1 586	2 542
EBITDA before other items/Total revenues (%)	40	42	38	40	38
Capex excl. Licences and Spectrum	977	432	1 914	694	2 924
Statistics (monthly in NOK):					
Mobile ARPU	68	82	70	80	78
No. of subscriptions - Change in quarter/Total (In thousands):					
Mobile	164	(835)	19 249	18 790	18 856
Exchange rate (NOK/THB, average for the period)					
	-	-	0.2741	0.3087	0.3006

Digi - Malaysia

In Malaysia, Digi's subscription and traffic revenue increased by 2%, mainly from prepaid revenue increase supported by Government relief initiatives. The continuation of border closures adversely impacted roaming revenues and prepaid revenues from migrants.

The subscriber base declined by 33,000 subscribers during the quarter, mainly in the prepaid segment partly offset by growth in the postpaid segment with 95,000 subscribers.

Opex increased by 8% mainly from a positive one-off last year as well as increased sales and marketing cost in line with top-line development, partly offset by improvement in bad debt expenses.

EBITDA decreased by 4%, as the revenue growth could not fully compensate for the higher opex and increased subsidy spend due to higher handset sales.

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

NOK in million	Second quarter		First half year		Year
	2021	2020	2021	2020	2020
Revenues mobile operation					
Subscription and traffic	2 614	2 933	5 305	5 943	11 675
Interconnect	60	57	120	114	231
Other mobile	21	29	45	62	102
Non-mobile	588	345	1 059	784	1 758
Total revenues mobile operation	3 284	3 364	6 528	6 903	13 766
Total revenues	3 284	3 364	6 528	6 903	13 766
Gross profit	2 300	2 626	4 671	5 265	10 324
Operating expenses	(793)	(841)	(1 612)	(1 756)	(3 386)
EBITDA before other Items	1 506	1 786	3 058	3 509	6 938
Operating profit	848	1 029	1 750	2 058	4 085
EBITDA before other items/Total revenues (%)	46	53	47	51	50
Capex excl. Licences and Spectrum	394	412	711	727	1 605
Statistics (monthly in NOK):					
Mobile ARPU	87	93	87	93	91
No. of subscriptions - Change in quarter/Total (In thousands):					
Mobile	(33)	(385)	10 217	10 623	10 441
Exchange rate (NOK/MYR, average for the period)					
	-	-	2.0603	2.2912	2.2374

Grameenphone - Bangladesh

Bangladesh is currently severely impacted by a new wave of COVID-19 with strict lockdowns implemented recently.

Despite of this, Grameenphone continued the strong subscriber momentum with a net addition of 1.3 million subscribers, including 2.3 million new 4G data users. At the end of the quarter, the subscriber base stood at 82 million, which is 10% higher than at the same time last year. Subscription and traffic revenues increased by 8%, driven by the larger subscriber base.

Opex increased by 9% due to higher sales and marketing cost as well as higher regulatory cost. EBITDA increased by 8%.

Capex spend was focused on network quality and coverage, making use of the spectrum acquired in March 2021.

NOK in million	Second quarter		First half year		Year
	2021	2020	2021	2020	2020
Revenues mobile operation					
Subscription and traffic	3 335	3 684	6 648	7 506	14 634
Interconnect	131	172	261	349	616
Other mobile	5	6	11	13	27
Total revenues mobile operation	3 531	3 913	7 029	7 970	15 483
Total revenues	3 531	3 913	7 029	7 970	15 483
Gross profit	3 295	3 656	6 559	7 468	14 505
Operating expenses	(1 106)	(1 215)	(2 178)	(2 464)	(4 730)
EBITDA before other Items	2 189	2 441	4 382	5 005	9 776
Operating profit	1 558	1 672	3 186	3 583	7 036
EBITDA before other items/Total revenues (%)	62	62	62	63	63
Capex excl. Licences and Spectrum	513	288	877	332	1 114
Statistics (monthly in NOK):					
Mobile ARPU	14	17	14	17	17
No. of subscriptions - Change in quarter/Total (In thousands):					
Mobile	1 278	(802)	82 025	74 531	79 037
Exchange rate (NOK/BDT, average for the period)	-	-	0.0996	0.1151	0.1109

Pakistan

Telenor Pakistan's targeted go-to market strategy combined with spectrum re-farming continued to drive solid performance. Subscription and traffic revenues increased by 11% mainly explained by subscriber growth and healthy monetisation on the increased data usage.

During the quarter, 0.3 million subscriptions were added, taking the customer base to 48.8 million, which is 8% higher than at the same time last year. Data revenues grew by 36%.

Opex increased by 9% due to higher energy prices and revenue-driven sales and marketing spend. Despite of this, EBITDA increased by 10%, as a result of the solid growth in subscription and traffic revenues.

NOK in million	Second quarter		First half year		Year
	2021	2020	2021	2020	2020
Revenues mobile operation					
Subscription and traffic	1 190	1 214	2 336	2 508	4 822
Interconnect	198	201	395	397	797
Other mobile	3	5	7	9	19
Non-mobile	53	62	107	123	241
Total revenues mobile operation	1 445	1 483	2 845	3 037	5 880
Total revenues	1 445	1 483	2 845	3 037	5 880
Gross profit	1 268	1 304	2 481	2 641	5 104
Operating expenses	(462)	(479)	(935)	(957)	(1 937)
EBITDA before other Items	806	825	1 546	1 685	3 167
Operating profit	356	310	657	638	1 205
EBITDA before other items/Total revenues (%)	56	56	54	55	54
Capex excl. Licences and Spectrum	187	182	472	498	718
Statistics (monthly in NOK):					
Mobile ARPU	10	10	9	11	10
No. of subscriptions - Change in quarter/Total (In thousands):					
Mobile	322	(1 400)	48 837	45 078	47 240
Exchange rate (NOK/PKR, average for the period)	-	-	0.0540	0.0611	0.0582

Other units

Revenues in Other units decreased by NOK 0.2 billion mainly explained by loss of low margin revenues in Global Wholesale and the disposal of Tapad.

EBITDA improved slightly as lower costs in Corporate Functions more than offset the effect of the disposal of Tapad.

Operating profit was negatively impacted by higher depreciations in Telenor Infra.

NOK in million	Second quarter		First half year		Year
	2021	2020	2021	2020	2020
Revenues					
Corporate Functions	444	448	871	883	1 742
Infra	427	434	862	862	1 652
Satellite	212	206	416	414	841
Other Businesses	847	1 032	1 609	2 125	3 896
Eliminations	(52)	(39)	(87)	(84)	(163)
Total revenues	1 877	2 081	3 671	4 200	7 968
Operating expenses	(872)	(1 070)	(1 752)	(2 126)	(4 125)
EBITDA before other Items					
Corporate Functions	(55)	(95)	(124)	(180)	(401)
Infra	218	230	431	453	883
Satellite	147	143	286	286	599
Other Businesses	141	147	264	332	645
Eliminations	-	-	-	-	-
Total EBITDA before other Items	451	424	857	892	1 725
Operating profit (loss)					
Corporate Functions	(167)	(153)	(281)	(301)	(514)
Infra	47	104	109	208	415
Satellite	79	76	154	152	367
Other Businesses	25	50	99	148	4 429
Eliminations	-	-	-	-	(123)
Total operating profit (loss)	(16)	77	80	207	4 575
Capex excl. Licences and Spectrum	147	68	268	168	372
Investments in businesses	(2)	-	189	-	352

Group performance in 2021

The comments below are related to Telenor's development in 2021 compared to 2020. 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	Second quarter		First half year		Year
	2021	2020	2021	2020	2020
EBITDA before other income and other expenses	12 353	13 175	24 562	26 175	52 347
EBITDA before other income and other expenses (%)	45.5	45.5	44.9	45.0	45.2
Other income	33	5	38	10	60
Gains on disposals of property, plant and equipment (PPE) and operations	52	52	58	123	4 366
Losses on disposals of property, plant and equipment (PPE) and operations	(199)	(55)	(243)	(93)	(518)
Workforce reductions, onerous (loss) contracts and other	(141)	(1 342)	(256)	(1 668)	(1 963)
EBITDA	12 098	11 835	24 159	24 547	54 293
EBITDA margin (%)	44.5	40.8	44.2	42.2	46.9

Other expenses this quarter consisted mainly of NOK 166 million in adjustments related to sales transactions from previous years in Other units, and workforce reductions (of which NOK 54 million in Grameenphone and NOK 42 million in Telenor Norway). In the second quarter last year, Telenor recognised a provision of NOK 1.2 billion based on the decision from ESA concerning the alleged insufficient margins between Telenor's wholesale prices and prices for mobile broadband to residential customers when sold on a stand-alone basis. Workforce reductions in the second quarter last year consisted mainly of NOK 76 million in Grameenphone and NOK 66 million in Telenor Sweden.

For the first half year 2021, other expenses consisted mainly of the above mentioned expenses and workforce reductions (of which NOK 75 million in Grameenphone, NOK 63 million in Telenor Norway). For the first half year 2020, other expenses consisted mainly of the above mentioned provision of NOK 1.2 billion and workforce reductions (of which NOK 199 million in Telenor Norway, NOK 95 million in Telenor Sweden and NOK 77 million in Grameenphone).

Operating profit

Reported operating profit increased by NOK 0.2 billion to NOK 11.4 billion. The decrease in EBITDA before other items by NOK 1.6 billion was more than offset by ESA fine of NOK 1.2 billion recognised last year and lower depreciation by NOK 0.6 billion this year. The lower depreciation this year was impacted by positive currency effects of NOK 0.9 billion.

Associated Companies and Joint Ventures

NOK in million	Second quarter		First half year		Year
	2021	2020	2021	2020	2020
Profit (loss) after taxes	(166)	(95)	(219)	(204)	(414)
Gains (losses) on disposal of ownership interests	-	-	-	-	53
Profit (loss) from associated companies and joint ventures	(166)	(95)	(219)	(204)	(361)

In the second quarter of 2021, net loss after tax from associated companies and joint ventures was NOK 166 million which consisted mainly of loss after tax in Telenor Microfinance Bank of NOK 68 million and in Carousell of NOK 53 million. Second quarter of 2020 includes loss after tax in Telenor Microfinance Bank of NOK 127 million which was partially offset by profit after tax in Allente Group AB (Allente) of NOK 52 million.

In the first half of 2021, net loss after tax from associated companies and joint ventures consisted mainly of loss after tax in Telenor Microfinance bank of NOK 143 million and in Carousell of NOK 83 million. The first half of 2020 includes loss after tax of NOK 245 million in Telenor Microfinance Bank which was partially offset by profit after tax of NOK 52 million in Allente. Allente was established in May 2020.

Financial Items

NOK in million	Second quarter		First half year		Year
	2021	2020	2021	2020	2020
Financial income	132	171	280	336	657
Financial expenses	(821)	(1 119)	(1 744)	(2 231)	(4 081)
Net currency gains (losses)	(473)	1 465	(3)	(1 410)	820
Net change in fair value of financial instruments	37	(108)	(41)	(626)	(727)
Net gains (losses and impairment) of financial assets and liabilities	-	12	4	13	-
Net financial income (expenses)	(1 124)	421	(1 505)	(3 917)	(3 331)
Gross interest expenses related to interest-bearing liabilities and lease liabilities	(745)	(899)	(1 495)	(1 831)	(3 417)
Net interest expenses	(656)	(769)	(1 302)	(1 577)	(2 931)

Net financial items in the first half of 2021 amounted to negative NOK 1.5 billion, compared to negative NOK 3.9 billion first half last year. Financial expenses were down compared to last year due to lower interest cost. Net currency losses in the first half of 2021 were approx. zero, compared to losses of NOK 1.4 billion last year. The volatility in the foreign exchange markets and the weak Norwegian krone led to losses in the first half of 2020, mainly related to liabilities denominated in USD.

Taxes

The effective tax rate this quarter increased to 34% compared to the 32% for the first quarter, mainly due to adjustments of non-taxable sales transactions from previous years. The effective tax rate for the first half of 2021 was 32%, down from 37% in 2020, mainly explained by the recognition of a provision based on the decision from ESA in the second quarter last year. Estimated effective tax rate for the year is 32%. The underlying tax rate for the year 2021 is estimated at 31%.

Cash flow

Net cash inflow from operating activities during the first half year of 2021 was NOK 20.7 billion, a decrease of NOK 0.9 billion compared to 2020 primarily explained by negative currency effects and negative working capital changes. Net cash flow from operating activities in 2020 includes payment of the deposit to BTRC of NOK 2.2 billion.

Net cash outflow to investing activities during the first half of 2021 was NOK 9.3 billion, a decrease of NOK 0.2 billion compared to 2020 mainly explained by deconsolidation effect of Canal digital of NOK 0.5 billion in 2020 and higher payments of PPE, intangibles and prepayments of right-of-use assets in 2021 of NOK 0.2 billion.

Net cash outflow to financing activities during the first half year of 2021 was NOK 11.0 billion. This is explained by repayments of lease liabilities of NOK 3.3 billion, net receipts of borrowings of NOK 1.1 billion and dividends paid of NOK 8.6 billion (NOK 6.7 billion paid to Telenor ASA shareholders and NOK 1.9 billion to non-controlling interests).

Cash and cash equivalents increased by NOK 251 million during the first half to NOK 20.3 billion as of 31 June 2021.

Financial position

During the first half year of 2021, total assets decreased by NOK 20.6 billion to NOK 235.9 billion. The decrease was primarily caused by the impairment of Telenor Myanmar and the appreciation of Norwegian Krone against most relevant currencies.

During the first half year of 2021, net debt decreased by NOK 7.4 billion to NOK 103.1 billion driven primarily by positive free cashflow of NOK 6.0 billion, Telenor Myanmar classification as held for sale, and positive currency impact of approximately NOK 4.9 billion, partly offset by payment of dividends to equity holders of Telenor ASA of NOK 6.7 billion. Interest-bearing liabilities excluding licence obligations decreased by NOK 9.2 billion. Cash and cash equivalents decreased by NOK 0.8 billion.

During the first half year of 2021, total equity decreased by NOK 15.2 billion to NOK 28.7 billion. The decrease was due to dividends to equity holders of Telenor ASA and non-controlling interests of NOK 14.5 billion, negative currency translation effects of NOK 1.0 billion, and negative net income from operations of NOK 0.1 billion. This was offset by pension remeasurement gain (net of tax) of NOK 0.4 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. The situation in the country has over the past months deteriorated, posing challenges related to people security, the regulatory environment and compliance, and 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.

Telenor continues to see impact from the global spread of COVID-19 on our performance. The duration and modality of restrictions, reactive measures by the authorities 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	Second quarter		First half year		Year
		2021	2020	2021	2020	2020
Revenues	2	27 158	28 978	54 675	58 109	115 839
Total cost of materials and traffic charges		(6 893)	(7 023)	(14 203)	(14 187)	(29 037)
Salaries and personnel costs		(2 688)	(2 923)	(5 383)	(5 840)	(11 152)
Other operating expenses		(5 225)	(5 857)	(10 527)	(11 907)	(23 302)
Other income		85	57	96	133	4 426
Other expenses		(340)	(1 397)	(499)	(1 761)	(2 480)
EBITDA		12 098	11 835	24 159	24 547	54 293
Depreciation and amortisation		(6 422)	(6 851)	(12 802)	(13 350)	(26 298)
Impairment losses		(5)	-	(5)	(8)	(11)
Operating profit (loss)		5 671	4 984	11 352	11 189	27 984
Share of net income from associated companies and joint ventures		(166)	(95)	(219)	(204)	(361)
Net financial items		(1 124)	421	(1 505)	(3 917)	(3 331)
Profit (loss) before taxes		4 381	5 309	9 627	7 068	24 292
Income taxes		(1 471)	(1 992)	(3 121)	(2 614)	(6 419)
Profit (loss) from continuing operations		2 911	3 317	6 506	4 455	17 873
Profit (loss) from discontinued operations	3	81	2 031	(6 647)	2 642	3 186
Net income		2 991	5 348	(141)	7 097	21 059

Net income attributable to:

Non-controlling interests	803	920	1 559	1 971	3 718
Equity holders of Telenor ASA	2 188	4 428	(1 701)	5 125	17 341

Earnings per share in NOK

Basic/diluted from continuing operations	1.51	1.70	3.53	1.75	10.05
Basic/diluted from discontinued operations	0.06	1.44	(4.75)	1.87	2.26
Basic/diluted from total operations	1.56	3.14	(1.22)	3.62	12.32

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

Consolidated statement of comprehensive income

Telenor Group

NOK in million	Second quarter		First half year		Year
	2021	2020	2021	2020	2020
Net Income	2 991	5 348	(141)	7 097	21 059
Translation differences on net investment in foreign operations	614	(3 683)	(2 397)	6 571	2 409
Amount reclassified from other comprehensive income to income statement on partial	-	(191)	-	(191)	(133)
Net gain (loss) on hedge of net investment	(717)	1 941	1 733	(5 335)	(3 587)
Income taxes	158	(427)	(381)	1 174	789
Share of other comprehensive income (loss) of associated companies and joint ventures	(26)	(2)	45	(3)	(4)
Amount reclassified from other comprehensive income to income statement on disposal	-	-	-	-	(3)
Items that may be reclassified subsequently to income statement	29	(2 362)	(1 000)	2 215	(530)
Net gain (loss) on equity investments	(15)	(30)	(5)	104	32
Remeasurement of defined benefit pension plans	(130)	171	500	(1 120)	(416)
Income taxes	28	(38)	(111)	246	104
Items that will not be reclassified to income statement	(117)	104	384	(770)	(280)
Other comprehensive income (loss), net of taxes	(88)	(2 257)	(616)	1 445	(810)
Total Comprehensive Income	2 904	3 091	(757)	8 542	20 250
Total comprehensive income attributable to:					
Non-controlling interests	751	554	1 365	2 368	3 612
Equity holders of Telenor ASA	2 153	2 536	(2 122)	6 174	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 June 2021	31 December 2020	30 June 2020
Deferred tax assets		1 917	2 841	2 773
Goodwill		27 946	28 947	30 031
Intangible assets		10 500	11 222	11 760
Right-of-use assets		53 281	62 813	63 602
Property, plant and equipment		73 231	79 367	85 296
Associated companies and joint ventures		6 020	6 417	7 631
Other non-current assets		13 565	14 856	16 531
Total non-current assets		186 460	206 464	217 624
Prepaid taxes		1 585	1 239	1 687
Inventories		1 294	1 313	1 283
Trade and other receivables		23 576	26 359	26 508
Other current financial assets		761	576	589
Assets classified as held for sale	3	2 522	-	-
Cash and cash equivalents		19 733	20 577	16 699
Total current assets		49 472	50 065	46 766
Total assets		235 933	256 529	264 390
Equity attributable to equity holders of Telenor ASA		23 648	38 324	27 821
Non-controlling interests		5 049	5 594	6 219
Total equity		28 697	43 918	34 040
Non-current lease liabilities		30 772	35 584	34 928
Non-current interest-bearing liabilities	4	88 889	98 627	102 520
Non-current non-interest-bearing liabilities		1 031	1 466	2 542
Deferred tax liabilities		4 239	4 831	5 074
Pension obligations		2 678	2 747	3 201
Provisions and obligations		8 667	8 820	8 022
Total non-current liabilities		136 276	152 075	156 287
Current lease liabilities		8 416	9 298	10 167
Current interest-bearing liabilities	4	13 715	7 296	12 030
Trade and other payables		30 059	33 891	34 510
Dividend payable		5 598	-	6 018
Current tax payables		4 667	3 988	3 587
Current non-interest-bearing liabilities		1 898	1 871	2 040
Provisions and obligations		885	1 123	2 335
Liabilities classified as held for sale	3	5 722	3 070	3 375
Total current liabilities		70 960	60 536	74 062
Total equity and liabilities		235 933	256 529	264 390

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

Consolidated statement of cash flows

Telenor Group

NOK in million	Second quarter		First half year		Year
	2021	2020	2021	2020	2020
Profit before taxes from total operations ¹⁾	4 458	7 371	2 959	9 838	27 639
Income taxes paid	(1 823)	(1 006)	(3 677)	(3 724)	(7 395)
Net (gains) losses from disposals, impairments and change in fair value of financial assets and liabilities	69	(1 520)	184	(1 027)	(4 828)
Depreciation, amortisation and impairment losses	6 763	7 580	20 258	14 739	29 063
Loss (profit) from associated companies and joint ventures	166	95	219	204	361
Dividends received from associated companies	12	-	274	-	1 250
Currency (gains) losses not related to operating activities	312	(1 616)	(194)	1 771	(919)
Changes in working capital and other	(112)	313	657	(214)	(1 351)
Net cash flow from operating activities	9 845	11 218	20 679	21 588	43 820
Purchases of property, plant and equipment, intangible assets and prepayment for right-of-use assets	(4 675)	(4 673)	(10 377)	(10 167)	(19 000)
Purchases of subsidiaries, associated companies and joint ventures, net of cash acquired	(1)	5	(192)	-	(340)
Proceeds from disposal of PPE, intangible assets, associated companies and businesses, net of cash disposed	83	(455)	116	(353)	7 705
Proceeds from sale and purchases of other investments	(25)	60	1 118	966	1 070
Net cash flow from investing activities	(4 618)	(5 062)	(9 335)	(9 554)	(10 565)
Proceeds from and repayments of borrowings	2 093	804	1 084	222	1 175
Payments of lease liabilities related to spectrum licences	(67)	(159)	(445)	(409)	(3 634)
Payments of lease liabilities related to other lease contracts	(1 531)	(1 314)	(2 927)	(2 710)	(5 395)
Net payments of supply chain financing	88	(22)	(122)	(83)	(89)
Purchase of treasury shares	24	(11)	-	(45)	(4 161)
Dividends paid to and purchases of shares from non-controlling interests	(1 596)	(1 081)	(1 895)	(1 479)	(3 202)
Dividends paid to equity holders of Telenor ASA	(6 742)	(6 260)	(6 742)	(6 260)	(12 277)
Net cash flow from financing activities	(7 732)	(8 043)	(11 048)	(10 763)	(27 583)
Effects of exchange rate changes on cash and cash equivalents	214	(349)	(45)	1 037	420
Net change in cash and cash equivalents	(2 291)	(2 236)	251	2 308	6 091
Cash and cash equivalents at the beginning of the period	22 630	18 542	20 088	13 997	13 997
Cash and cash equivalents at the end of the period ²⁾	20 339	16 305	20 339	16 305	20 088
Of which cash and cash equivalents in assets held for sale at the end of the period	973	-	973	-	-
Cash and cash equivalents in continuing operations at the end of the period	19 366	16 305	19 366	16 305	20 088
¹⁾ Profit before taxes from total operations consists of:					
Profit before taxes from continuing operations	4 381	5 309	9 627	7 068	24 292
Profit before taxes from discontinued operations	76	2 063	(6 669)	2 770	3 347
Profit before taxes from total operations	4 458	7 371	2 959	9 838	27 639

²⁾ As of 30 June 2021, restricted cash was NOK 24 million, while as of 30 June 2020, restricted cash was NOK 26 million.

Cash flow from discontinued operations

NOK in million	Second quarter		First half year		Year
	2021	2020	2021	2020	2020
Net cash flow from operating activities	564	820	1 070	1 948	3 672
Net cash flow from investing activities	(83)	(589)	(195)	(758)	(1 096)
Net cash flow from financing activities	(240)	(353)	(579)	(1 361)	(3 102)

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

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

Consolidated statement of changes in equity

Telenor Group

NOK in million	Attributable to equity holders of the parent				Total	Non-controlling interests	Total equity
	Total paid in capital	Other reserves	Retained earnings	Cumulative translation differences			
Equity as of 1 January 2020	8 605	(17 792)	49 982	(2 746)	38 051	5 286	43 339
Net income for the period	-	-	17 341	-	17 341	3 718	21 059
Other comprehensive income for the period	-	(268)	-	(435)	(703)	(106)	(810)
Total comprehensive income for the period	-	(268)	17 341	(435)	16 638	3 612	20 250
Disposal of equity investments at fair value through other comprehensive	-	(4)	4	-	-	-	-
Equity adjustments in associated companies	-	2	-	-	2	-	2
Dividends	-	-	(12 277)	-	(12 277)	(3 304)	(15 581)
Share buy back	(139)	(3 974)	-	-	(4 113)	-	(4 113)
Share - based payment, exercise of share options and distribution of shares	-	21	-	-	21	-	21
Equity as of 31 December 2020	8 466	(22 014)	55 049	(3 181)	38 324	5 594	43 918
Net income for the period	-	-	(1 701)	-	(1 701)	1 559	(141)
Other comprehensive income for the period	-	430	-	(851)	(421)	(194)	(616)
Total comprehensive income for the period	-	430	(1 701)	(851)	(2 122)	1 365	(757)
Transactions with non-controlling interests	-	-	(1)	-	(1)	(1)	(3)
Equity adjustments in associated companies	-	3	-	-	3	-	3
Dividends	-	-	(12 595)	-	(12 595)	(1 909)	(14 504)
Share - based payment, exercise of share options and distribution of shares	-	39	-	-	39	-	39
Equity as of 30 June 2021	8 466	(21 542)	40 752	(4 032)	23 649	5 049	28 697

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	-	-	5 125	-	5 125	1 971	7 097
Other comprehensive income for the period	-	(773)	-	1 821	1 048	397	1 445
Total comprehensive income for the period	-	(773)	5 125	1 821	6 174	2 368	8 542
Equity adjustments in associated companies	-	2	-	-	2	-	2
Dividends	-	-	(12 277)	-	(12 277)	(1 435)	(13 712)
Share buy back	(139)	(3 974)	-	-	(4 113)	-	(4 113)
Share - based payment, exercise of share options and distribution of shares	-	(18)	-	-	(18)	-	(18)
Equity as of 30 June 2020	8 466	(22 554)	42 830	(925)	27 822	6 219	34 041

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 six months ending 30 June 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 has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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.

Second 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	3 769	1 998	1 125	1 864	4 503	3 240	3 489	1 408	-	(257)	21 139
Services	3 318	1 645	870	1 472	4 056	2 718	3 474	1 405	-	(257)	18 701
Goods	451	353	255	393	446	522	16	3	-	-	2 438
Fixed operation	2 266	895	121	545	-	-	-	-	483	(160)	4 151
Services	2 165	894	121	545	-	-	-	-	483	(151)	4 057
Goods	101	1	-	-	-	-	-	-	-	(8)	94
Other	172	-	-	-	-	-	-	-	969	(464)	677
Services	172	-	-	-	-	-	-	-	967	(464)	675
Goods	-	-	-	-	-	-	-	-	2	-	2
Sum type of goods/services	6 207	2 893	1 246	2 409	4 503	3 240	3 489	1 408	1 453	(880)	25 965
Type of mobile subscription											
Contract	2 867	1 441	775	1 339	2 565	1 221	177	41	-	(17)	10 409
Prepaid	33	43	-	51	1 332	1 454	3 289	1 347	-	(94)	7 453
Other ¹⁾	418	162	95	82	160	44	8	17	-	(146)	839
Sum services in Mobile operation	3 318	1 645	870	1 472	4 056	2 718	3 474	1 405	-	(257)	18 701
Timing of revenue recognition											
Over time	5 655	2 539	991	2 016	4 056	2 718	3 474	1 405	1 450	(873)	23 432
At a point in time	552	354	255	393	446	522	16	3	2	(9)	2 533
Total revenue from contract with customers	6 207	2 893	1 246	2 409	4 503	3 240	3 489	1 408	1 452	(881)	25 965
Other revenue ²⁾	71	49	7	8	833	44	41	37	425	(323)	1 193
Total revenue	6 278	2 943	1 253	2 417	5 335	3 284	3 531	1 445	1 877	(1 205)	27 158
Segment revenue as presented in note 9	6 278	2 943	1 253	2 417	5 335	3 284	3 531	1 445	1 877	(1 205)	27 158

¹⁾ Other includes revenues from other mobile and non-mobile services, refer to definitions on page 28.

²⁾ Other revenues include mainly lease revenue.

First half year 2021

NOK in millions	Norway	Sweden	Denmark	DNA Finland	dtac Thailand	Digi Malaysia	Grameenphone Bangladesh	Pakistan	Other units	Eliminations	Group
Type of good/ services											
Mobile operation	7 503	4 045	2 295	3 736	9 401	6 440	6 947	2 772	-	(499)	42 641
Services	6 568	3 256	1 743	2 956	8 272	5 517	6 927	2 765	-	(499)	37 506
Goods	935	790	552	780	1 129	923	20	6	-	-	5 135
Fixed operation	4 546	1 807	250	1 089	-	-	-	-	897	(302)	8 286
Services	4 370	1 803	250	1 089	-	-	-	-	897	(281)	8 128
Goods	175	4	-	-	-	-	-	-	-	(21)	157
Other	353	-	-	-	-	-	-	-	1 879	(918)	1 314
Services	353	-	-	-	-	-	-	-	1 876	(918)	1 311
Goods	-	-	-	-	-	-	-	-	3	-	3
Sum type of goods/services	12 401	5 852	2 545	4 825	9 401	6 440	6 947	2 772	2 777	(1 719)	52 240
Type of mobile subscription											
Contract	5 697	2 864	1 568	2 695	5 250	2 466	309	83	-	(25)	20 906
Prepaid	64	84	-	100	2 704	2 959	6 601	2 647	-	(184)	14 974
Other ¹⁾	807	307	175	162	319	92	17	35	-	(289)	1 625
Sum services in Mobile operation	6 568	3 256	1 743	2 956	8 272	5 517	6 927	2 765	-	(499)	37 506
Timing of revenue											
Over time	11 291	5 059	1 993	4 045	8 272	5 517	6 927	2 765	2 773	(1 697)	46 945
At a point in time	111	793	552	780	1 129	923	20	6	3	(22)	5 296
Total revenue from contract with customers	12 401	5 852	2 545	4 825	9 401	6 440	6 947	2 772	2 776	(1 719)	52 240
Other revenue ²⁾	156	102	15	16	1 702	88	82	73	895	(692)	2 435
Total revenue	12 557	5 954	2 560	4 840	11 102	6 528	7 029	2 845	3 671	(2 411)	54 675
Segment revenue as presented in note 9	12 557	5 954	2 560	4 840	11 102	6 528	7 029	2 845	3 671	(2 411)	54 675

Second 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	3 815	2 142	1 192	1 920	5 278	3 317	3 867	1 453	-	(292)	22 692
Services	3 264	1 727	907	1 570	4 851	3 049	3 865	1 442	-	(292)	20 384
Goods	551	415	285	350	427	268	2	11	-	-	2 308
Fixed operation	2 387	924	130	574	-	-	-	-	528	(151)	4 391
Services	2 288	918	130	574	-	-	-	-	528	(137)	4 301
Goods	99	6	-	-	-	-	-	-	-	(15)	90
Other	179	-	-	-	-	-	-	-	1 089	(477)	791
Services	179	-	-	-	-	-	-	-	1 087	(477)	789
Goods	-	-	-	-	-	-	-	-	2	-	2
Sum type of goods/services	6 381	3 066	1 321	2 494	5 278	3 317	3 867	1 453	1 616	(920)	27 875
Type of mobile subscription											
Contract	2 818	1 528	820	1 435	3 152	1 421	194	44	-	(13)	11 398
Prepaid	36	42	-	56	1 534	1 568	3 662	1 371	-	(93)	8 178
Other ¹⁾	410	158	87	79	164	61	9	27	-	(185)	809
Sum services in Mobile operation	3 264	1 727	907	1 570	4 851	3 050	3 865	1 442	-	(293)	20 384
Timing of revenue											
Over time	5 730	2 645	1 037	2 144	4 851	3 049	3 865	1 442	1 615	(905)	25 474
At a point in time	651	421	285	350	427	268	2	11	2	(14)	2 402
Total revenue from contract with customers	6 381	3 066	1 321	2 494	5 278	3 317	3 867	1 453	1 617	(919)	27 875
Other revenue ²⁾	101	50	7	9	735	47	46	29	468	(390)	1 103
Total revenue	6 482	3 116	1 328	2 503	6 013	3 364	3 913	1 483	2 081	(1 305)	28 978
Segment revenue as presented in note 9	6 482	3 116	1 328	2 503	6 013	3 364	3 913	1 483	2 081	(1 305)	28 978

¹⁾ Other includes revenues from other mobile and non-mobile services, refer to definitions on page 28.

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 half year 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	7 637	4 235	2 338	3 776	10 696	6 808	7 881	2 977	-	(556)	45 791
Services	6 545	3 420	1 788	3 058	9 766	6 193	7 876	2 957	-	(549)	41 054
Goods	1 092	815	550	718	930	615	5	20	-	(8)	4 737
Fixed operation	4 805	1 823	251	1 109	-	-	-	-	980	(319)	8 649
Services	4 574	1 804	251	1 109	-	-	-	-	980	(284)	8 435
Goods	230	19	-	-	-	-	-	-	-	(36)	214
Other	358	-	-	-	-	-	-	-	2 280	(1 105)	1 533
Services	358	-	-	-	-	-	-	-	2 276	(1 105)	1 529
Goods	-	-	-	-	-	-	-	-	4	-	4
Sum type of goods/services	12 799	6 058	2 589	4 885	10 696	6 808	7 881	2 977	3 260	(1 979)	55 973
Type of mobile subscription											
Contract	5 667	3 037	1 623	2 796	6 237	2 835	373	93	-	(30)	22 631
Prepaid	71	81	-	106	3 193	3 222	7 482	2 812	-	(157)	16 810
Other ¹⁾	808	302	165	155	336	137	21	52	-	(363)	1 613
Sum services in Mobile operation	6 545	3 420	1 788	3 058	9 766	6 194	7 876	2 957	-	(550)	41 054
Timing of revenue											
Over time	11 477	5 224	2 039	4 167	9 766	6 193	7 876	2 957	3 256	(1 937)	51 018
At a point in time	1 322	834	550	718	930	615	5	20	4	(43)	4 955
Total revenue from contract with customers	12 799	6 058	2 589	4 885	10 696	6 808	7 881	2 977	3 260	(1 980)	55 973
Other revenue ²⁾	195	92	14	18	1 414	95	89	61	940	(781)	2 137
Total revenue	12 995	6 150	2 602	4 903	12 110	6 903	7 970	3 037	4 200	(2 761)	58 109
Segment revenue as presented in note 9	12 995	6 150	2 602	4 903	12 110	6 903	7 970	3 037	4 200	(2 761)	58 109

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 28.

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. As of second quarter 2021, Telenor Myanmar is treated 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	Second quarter		First half year		Year
	2021	2020	2021	2020	2020
Revenue	887	1 925	2 243	3 748	6 971
EBITDA	466	1 125	1 269	2 209	4 272
EBIT	130	397	(6 181)	827	1 516
Profit (loss) before tax	73	279	(6 529)	791	1 349
Income taxes	5	(30)	21	(125)	(158)
Profit (loss) after tax	77	249	(6 507)	666	1 191
Gain (loss) on disposal after tax	-	-	-	-	-
Profit (loss) from discontinued operations	77	249	(6 507)	666	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 Bharti 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	Second quarter		First half year		Year
	2021	2020	2021	2020	2020
Revenue	887	2 190	2 243	5 036	8 267
EBITDA	466	1 160	1 269	2 521	4 587
EBIT	130	433	(6 181)	1 140	1 832
Profit (loss) before tax	73	314	(6 529)	1 030	1 592
Income taxes	5	(32)	21	(128)	(161)
Profit (loss) after tax	77	282	(6 507)	902	1 431
Gain (loss) on disposal after tax	3	1 748	(140)	1 740	1 755
Profit (loss) from discontinued operations	81	2 031	(6 647)	2 642	3 186

During the second quarter of 2020, Canal digital contributed with profit of NOK 34 million until its disposal as subsidiary (NOK 237 million for the year 2020). The loss on disposal recognised during 2021 is mainly related to Telenor India.

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

NOK in million	30 June	31 December	30 June
	2021	2020	2020
Assets			
Right of use assets	1 040	-	-
Inventory	14	-	-
Trade and other receivables	496	-	-
Cash and cash equivalents	973	-	-
Total assets classified as held for sale	2 522	-	-
Liabilities			
Non-current liabilities	6	-	-
Current liabilities	5 716	3 070	3 375
Total liabilities held for sale	5 722	3 070	3 375

Assets held for sale of NOK 2.5 billion relates to Telenor Myanmar. Liabilities held for sale includes NOK 2.6 billion related to Telenor Myanmar and NOK 3.0 billion representing the exposure to claims from the Indian Department of Telecommunications (DoT) related to the period the Group owned the business in India.

Note 4 – Interest-bearing liabilities

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

NOK in million	30 June 2021	
	Carrying amount	Fair value
Interest-bearing liabilities ¹⁾	(102 605)	(106 979)
of which fair value level 1	-	(96 408)
of which fair value level 2	-	(10 571)

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 June 2020	
	Carrying amount	Fair value
Interest-bearing liabilities ¹⁾	(114 550)	(118 604)
of which fair value level 1	-	(102 931)
of which fair value level 2	-	(15 673)

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:

	30 June 2021	31 December 2020	30 June 2020
NOK in million			
Other non-current assets	1 699	3 325	2 751
Other current financial assets	371	181	272
Non-current non-interest-bearing financial liabilities	(884)	(1 305)	(2 338)
Non-current interest-bearing financial liabilities	(27)	-	-
Current non-interest-bearing liabilities	(447)	(506)	(673)
Total	714	1 695	13

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 principle matter common to all industry participants. In a ruling in the fourth quarter of 2019 and in subsequent court orders in 2020, the Supreme Court of India upheld DoT's view on the determination of how to calculate licence fees and spectrum usage charges. By the end of 2020, DoT had issued demand notices in the mentioned matter against Telenor's Indian subsidiaries to approximately NOK 3.7 billion including penalty and interest. In March 2021, DoT issued new demands of NOK 0.7 billion, increasing the aggregate claim to NOK 4.4 billion. Despite the Supreme Court's principle 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 has been 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 intends to appeal the ruling to the Supreme Court. 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 3.1 billion (excl. interest). dtac has appealed the negative decisions to the Central Administrative Court. On 20 May 2021, dtac received arbitral decisions in favor of CAT of approximately NOK 1.9 billion (excl. interest) for concession year 19, 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 4.5 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 3.8 billion by the Pakistan Telecommunication Authority (PTA) for an extension period of 15 years. Telenor Pakistan disagrees with the terms and conditions for renewal, primarily on the price. Telenor Pakistan believes that the renewal price should have been NOK 2.5 billion, 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 (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 judge handling the matter has orally announced that Telenor Pakistan's appeal has been dismissed, without further details. Telenor Pakistan will consider the next steps upon receipt of the written order.

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 half 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, reactive measures by the authorities 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 as of 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 will be paid out on or about 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.

Second 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	6 278	6 482	-3.1%	110	199	3 135	49.9%	3 086	47.6%	1 436	1 470
Sweden	2 943	3 116	-5.6%	19	15	1 103	37.5%	1 120	35.9%	291	324
Denmark	1 253	1 328	-5.6%	21	22	354	28.2%	328	24.7%	511	119
DNA - Finland	2 417	2 503	-3.4%	9	2	909	37.6%	883	35.3%	358	379
dtac - Thailand	5 335	6 013	-11.3%	14	19	2 158	40.5%	2 540	42.2%	977	432
Digi - Malaysia	3 284	3 364	-2.4%	15	15	1 506	45.9%	1 786	53.1%	396	412
Grameenphone - Bangladesh	3 531	3 913	-9.8%	25	24	2 189	62.0%	2 441	62.4%	1 616	288
Pakistan	1 445	1 483	-2.6%	72	72	806	55.8%	825	55.7%	342	227
Other units	1 877	2 081	-9.8%	921	992	451	24.0%	424	20.4%	145	69
Eliminations	(1 205)	(1 305)	-7.7%	(1 205)	(1 360)	(259)	21.5%	(257)	19.7%	-	-
Group	27 158	28 978	-6.3%	-	-	12 353	45.5%	13 175	45.5%	6 072	3 721

First half year

NOK in million	Total revenues			of which internal		EBITDA before other income and other expenses ¹⁾				Investments ²⁾	
	2021	2020	Growth	2021	2020	2021	Margin	2020	Margin	2021	2020
Norway	12 557	12 995	-3.4%	214	402	6 265	49.9%	6 210	47.8%	2 675	3 068
Sweden	5 954	6 150	-3.2%	33	30	2 166	36.4%	2 252	36.6%	894	628
Denmark	2 560	2 602	-1.6%	42	47	717	28.0%	652	25.1%	595	259
DNA - Finland	4 840	4 903	-1.3%	17	3	1 864	38.5%	1 718	35.0%	574	560
dtac - Thailand	11 102	12 110	-8.3%	25	39	4 260	38.4%	4 869	40.2%	1 914	694
Digi - Malaysia	6 528	6 903	-5.4%	27	25	3 058	46.8%	3 509	50.8%	744	727
Grameenphone - Bangladesh	7 029	7 970	-11.8%	48	29	4 382	62.3%	5 005	62.8%	1 968	332
Pakistan	2 845	3 037	-6.3%	142	134	1 546	54.4%	1 685	55.5%	666	588
Other units	3 671	4 200	-12.6%	1 861	2 053	857	23.4%	892	21.2%	457	169
Eliminations	(2 411)	(2 761)	-12.7%	(2 411)	(2 761)	(554)	23.0%	(615)	22.3%	-	-
Group	54 675	58 109	-5.9%	-	-	24 562	44.9%	26 175	45.0%	10 487	7 024

Year 2020

NOK in million	Total revenues		of which internal		EBITDA before other income and other expenses ¹⁾		Investments ²⁾
	2020	2020	2020	2020	2020	Margin	2020
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

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

²⁾ Investments consist of capex and investments in businesses, see page 28 for alternative performance measures. Financial figures for 2020 have been restated to align with Group definition of capex.

Reconciliation

NOK in million	Second quarter		First half year		Year
	2021	2020	2021	2020	2020
Profit (loss) before taxes	4 381	5 309	9 627	7 068	24 292
Share of net income from associate companies and joint ventures	(166)	(95)	(219)	(204)	(361)
Net financial items	(1 124)	421	(1 505)	(3 917)	(3 331)
Operating profit (loss)	5 671	4 984	11 352	11 189	27 984
Depreciation and amortisation	(6 422)	(6 851)	(12 802)	(13 350)	(26 298)
Impairment losses	(5)	-	(5)	(8)	(11)
EBITDA	12 098	11 835	24 159	24 547	54 293
Other income	85	57	96	133	4 426
Other expenses	(340)	(1 397)	(499)	(1 761)	(2 480)
EBITDA before other income and other expenses	12 353	13 175	24 562	26 175	52 347

Note 10 - Events after the reporting period

Grameenphone - Dividend declared

On 14 July 2021, the Board of Directors of Grameenphone Ltd. declared the interim dividend for 2021 of BDT 12.5 per share, which corresponds to approximately NOK 1.7 billion total dividend and approximately NOK 0.9 billion for Telenor's ownership share.

Digi - Dividend declared

On 15 July 2021, the Board of Directors of Digi declared the second interim dividend for 2021 of MYR 0.036 per share, which corresponds to approximately NOK 0.6 billion in total dividend and approximately NOK 0.3 billion for Telenor's ownership share.

Responsibility statement

We confirm that, to the best of our knowledge, the condensed consolidated interim financial statements for the first half of 2021 which have been prepared in accordance with IFRS as adopted by EU and IAS 34 *Interim Financial Reporting*, give a true and fair view of the Company's consolidated assets, liabilities, financial position and results of operations. To the best of our knowledge, the interim report for the first half of 2021 includes a fair review of important events that have occurred during the period and their impact on the condensed financial statements, the principal risks and uncertainties for the remaining half of 2021, and major related party transactions.

Fornebu, 19 July 2021

	 Gunn Wærsted Chair		 Jørgen Kildahl Vice Chair of the Board	
 Jon Erik Reinhardsen Board member	 Jacob Agraou Board member	 Pieter Cornelius Knook Board member	 Astrid Simonsen Joos Board member	 Elisabetta Ripa Board member
 Roger Rønning Employee representative	 Irene Vold Employee representative	 Jan Otto Eriksen Employee representative	 Sigve Brekke President & CEO	

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	Second quarter		Change second quarter	
	2021	2020	2021	Change YoY
Total revenue	27 158	28 978	(1 820)	-6.3 %
Impact using exchange rates for 2021	277	(2 314)	2 590	
M&A	-	(103)	103	
Organic revenue	27 435	26 562	873	3.3 %

NOK in million	Second quarter		Change second quarter	
	2020	2019	2020	Change YoY
Total revenue	28 978	25 511	3 467	13.6 %
Impact using exchange rates for 2020	(434)	1 977	(2 412)	
M&A	(2 437)	(53)	(2 384)	
Organic revenue	26 107	27 436	(1 329)	-4.8 %

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	Second quarter		Change second quarter	
	2021	2020	2021	Change YoY
Subscription and traffic revenue	20 327	22 005	(1 677)	-7.6 %
Impact using exchange rates for 2021	205	(1 897)	2 102	
M&A	-	-	-	
Organic subscription and traffic revenue	20 532	20 107	425	2.1 %

NOK in million	Second quarter		Change second quarter	
	2020	2019	2020	Change YoY
Subscription and traffic revenue	22 005	19 237	2 768	14.4 %
Impact using exchange rates for 2020	(339)	1 583	(1 922)	
M&A	(1 776)	-	(1 776)	
Organic subscription and traffic revenue	19 890	20 819	(930)	-4.5 %

Subscription and traffic revenues

NOK in million	Second quarter		Year
	2021	2020	2020
Mobile subscription and traffic	17 095	18 709	73 869
Fixed telephony	250	334	1 255
Fixed Internet/TV	2 810	2 800	11 329
Fixed data services	172	162	694
Subscription and traffic revenues	20 327	22 005	87 147
Other revenues	6 830	6 973	28 692
Total revenues	27 158	28 978	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	Second quarter		First half year		Year
	2021	2020	2021	2020	2020
Total revenues	27 158	28 978	54 675	58 109	115 839
Costs of materials and traffic charges	(6 893)	(7 023)	(14 203)	(14 187)	(29 037)
Gross profit	20 265	21 955	40 472	43 922	86 802
Gross profit FX adjusted	20 452	20 131	40 472	40 852	
Change	321		(380)		
Change (%)	1.6 %		-0.9 %		

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	Second quarter		First half year		Year
	2021	2020	2021	2020	2020
Salaries and personnel cost	(2 688)	(2 923)	(5 383)	(5 840)	(11 152)
Other operating expenses	(5 225)	(5 857)	(10 527)	(11 907)	(23 302)
Operating expenses	(7 913)	(8 780)	(15 910)	(17 747)	(34 455)
Operating expenses FX adjusted	(7 988)	(8 081)	(15 910)	(16 575)	
Change	93		665		
Change (%)	1.2 %		4.0 %		

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 gains and losses on disposals of property, plant and equipment (PPE) and operations, workforce reductions, onerous contracts and one-time pension costs, and is reconciled in the section Group overview. EBITDA margin is defined as EBITDA before other income and expenses divided by total 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	Second quarter		Year
	2021	2020	2020
Total revenues	27 158	28 978	115 839
EBITDA before other items	12 353	13 175	52 347
EBITDA margin	45.5 %	45.5 %	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	Second quarter		Change second quarter	
	2021	2020	2021	Change YoY
EBITDA	12 353	13 175	(823)	-6.2%
Impact using exchange rates for 2021	111	(1 125)	1 236	
M&A	-	(20)	20	
Organic EBITDA	12 463	12 030	433	3.6%

NOK in million	Second quarter		Change second quarter	
	2020	2019	2020	Change YoY
EBITDA	13 175	11 228	1 948	17.3%
Impact using exchange rates for 2020	(189)	884	(1 073)	
M&A	(861)	(6)	(854)	
Organic EBITDA	12 125	12 105	21	0.2%

Capital expenses

Capital expenses (capex) are derived from the balance sheet and consist of investments in property, plant and equipment (PPE), intangible assets and 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	Second quarter		First half year		Year
	2021	2020	2021	2020	2020
Purchases of PPE, intangible assets and prepayments for right-of-use assets	4 675	4 673	10 377	10 167	19 000
Working capital and other changes	160	(893)	(1 384)	(3 259)	(1 758)
Deferred licence obligations	1 300	73	1 427	340	4 466
Less:					
Discontinued operations	(62)	(132)	(122)	(230)	(556)
Capex	6 073	3 721	10 298	7 019	21 152
Licence and spectrum acquisition	(1 696)	(33)	(2 235)	(339)	(5 341)
Capex excl. licence and spectrum	4 377	3 688	8 063	6 680	15 811
Total revenues	27 158	28 978	54 675	58 109	115 839
Capex excl. licence and spectrum/Revenues (%)	16.1 %	12.7 %	14.7 %	11.5 %	13.6 %
Total Capex/Revenues (%)	22.4 %	12.8 %	18.8 %	12.1 %	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	Second quarter		First half year		Year
	2021	2020	2021	2020	2020
Capital expenses	6 073	3 721	10 298	7 019	21 152
Investments in businesses	(2)	(5)	189		367
Investments	6 072	3 716	10 487	7 019	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 June 2021	31 December 2020	30 June 2020
Non-current interest-bearing liabilities	88 889	98 627	102 520
Non-current lease liabilities	30 772	35 584	34 928
Current interest-bearing liabilities	13 715	7 296	12 030
Current lease liabilities	8 416	9 298	10 167
Less:			
Cash and cash equivalents	(19 733)	(20 577)	(16 699)
Hedging instruments	(1 401)	(2 387)	(2 601)
Financial instruments	(345)	(356)	(278)
Adjustments:			
Non-current licence obligations	(13 635)	(13 446)	(13 573)
Current licence obligations	(3 620)	(3 601)	(4 567)
Net Interest-bearing debt excluding licence obligations	103 058	110 438	121 927

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 June 2020 and 31 December 2020 include EBITDA contribution from Telenor Myanmar.

NOK in million	First half year		Year
	2021	2020	2020
Net debt	103 058	121 927	110 438
EBITDA before other items	50 734	55 425	56 520
of which EBITDA before other items proforma DNA		459	
Net debt/EBITDA before other Items	2.0	2.2	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	Second quarter		First half year		Year
	2021	2020	2021	2020	2020
Net cash flows from operating activities	9 845	11 218	20 679	21 588	43 820
Net cash flows from investing activities	(4 618)	(5 062)	(9 335)	(9 554)	(10 565)
Payments of lease liabilities related to spectrum licences	(67)	(159)	(445)	(409)	(3 634)
Repayments of borrowings - supply chain financing	88	(22)	(122)	(83)	(89)
Dividends paid to and purchase of shares from non-controlling interest	(1 596)	(1 082)	(1 896)	(1 479)	(3 281)
Payments of lease liabilities related to other lease contracts	(1 531)	(1 314)	(2 927)	(2 710)	(5 395)
Free cash flow	2 121	3 579	5 955	7 353	20 855
M&A activities	(5)	(416)	838	695	8 313
Free cash flow before M&A activities	2 125	3 995	5 117	6 659	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 half year		Year
	2021	2020	2020
Operating profit	28 146	23 828	27 984
Share of net income (loss) including gains/losses from associated companies and joint ventures	(376)	(897)	(361)
Income taxes	(6 926)	(8 033)	(6 419)
A - Earnings before adjustments	20 844	14 898	21 204
B - Adjustment for DNA as not being part of full year	-	588	-
C - Earnings after adjustments (C=A-B)	20 844	14 310	21 204
Total equity as of beginning of the period	34 040	44 404	43 339
Net interest-bearing debt including license obligations as of beginning of the period	140 067	81 638	123 707
Net pension obligations as of beginning of the period	3 201	2 841	2 386
D - Total capital employed as of beginning of the period	177 308	128 883	169 432
Total equity as of end of the period	28 697	34 040	43 918
Net interest-bearing debt including license obligations as of end of the period	120 313	140 067	127 485
Net pension obligations as of end of the period	2 678	3 201	2 747
E - Total capital employed as of end of the period	151 688	177 308	174 150
F - Average capital employed before adjustments (F=(D+E)/2)	164 498	153 096	171 791
G - Adjustment for DNA, Telenor Myanmar and Canal Digital	6 352	31 223	12 749
H - Average capital employed (H=F-G)	158 146	121 872	159 042
I - Return on capital employed (I=C/H)	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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