Telenor A/S

Frederikskaj, DK-2450 Copenhagen SV, Denmark
CVR no. 19 43 36 92

Annual Report

for the period 1 January – 31 December 2018
23th financial year

Adopted by the Company's Annual General Meeting
on 22 May 2019

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chairman

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STATEMENT BY THE BOARD OF DIRECTORS AND EXECUTIVE BOARD

The Board of Directors and the Executive Board have today discussed and approved the annual report for Telenor A/S for the period 1 January – 31 December 2018.

The annual report is presented in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act. We consider the accounting policies applied appropriate, so that the annual report gives a true and fair view of the company's assets and liabilities, its financial position as at 31 December 2018 and the results of the company's activities and cash flows for the financial year 1 January – 31 December 2018.

In our opinion, the management's review gives a true and fair account of the matters addressed in the review.

We recommend that the annual report be adopted by the General Meeting.

Copenhagen, 22 May 2019

Executive Board:

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Jesper Steffen Hansen

Board of Directors:

Morten Karlsen Sørby Chairman	Håvard Naustdal	Richard Maarbjerg Stigaard
Geir Dyngeland	Jan Lundsgaard Employee representative	Nikolai Nørnberg Nielsen Employee representative
Jens Gram Larsen Employee representative		

INDEPENDENT AUDITORS' REPORT

To the shareholders of Error! Unknown document property name.

Opinion

We have audited the financial statements of Telenor A/S for the financial year 1 January – 31 December 2018, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2018 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any assurance conclusion thereon.

INDEPENDENT AUDITORS' REPORT

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements, or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatements of the Management's review.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

INDEPENDENT AUDITORS' REPORT

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

INDEPENDENT AUDITORS' REPORT

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Copenhagen, 22 May 2019

Ernst & Young
Godkendt Revisionspartnerselskab
CRV no. 30 70 02 28

Søren Skov Larsen	Allan Nørgaard
State Authorised Public Accountant	State Authorised Public Accountant
mne26797	mne35501

MANAGEMENT'S REVIEW

Company information

Telenor A/S
Frederikskaj
DK-2450 Copenhagen SV
Denmark

Municipality: Copenhagen

Board of Directors

Morten Karlsen Sørby, Chairman

Håvard Naustdal

Richard Maarbjerg Stigaard

Geir Dyngeland

Jan Lundsgaard, Employee representative

Nikolai Nørnberg Nielsen, Employee representative

Jens Gram Larsen, Employee representative

Executive Board

Jesper Steffen Hansen

Parent

Telenor Danmark Holding A/S

Frederikskaj

DK-2450 Copenhagen SV

Denmark
CVR. no. 14 72 43 46

Audit

Ernst & Young Godkendt Revisionspartnerselskab

Osvald Helmuths Vej 4

DK-2000 Frederiksberg

Denmark

Financial highlights

The Company's developments over the past five years can be described as follows:

		2018	2017	2016	2015	2014
INCOME STATEMENT						
Revenue	mDKK	3,943	4,105	4,062	4,367	4,456
Operating profit before depreciation amortisation and impairment (EBITDA)	mDKK	705	641	382	298	507
Operating profit (EBIT)	mDKK	83	1,324	115	-1,968	-180
Financial income and expenses	mDKK	179	-175	-1,438	1,353	-1,771
Profit/loss before tax	mDKK	262	1,149	-1,323	-615	-1.951
Net income for the year	mDKK	211	1,421	-1,385	-558	-1,936
BALANCE SHEET						
Balance sheet total	mDKK	8,429	12,554	12,157	12,585	13,387
Intangible assets	mDKK	955	953	599	254	763
Tangible assets	mDKK	1,781	1,982	1,166	1,001	2,510
Equity	mDKK	4,547	8,335	6,746	3,259	5,901
KEY FIGURES AND RATIOS						
EBITDA in percentage of revenue		18 %	16 %	9 %	7 %	11 %
Non-current asset investments	mDKK	382	369	434	556	528
Solvency ratio		54 %	66 %	55 %	26 %	44 %
Average number of employees		1,473	1,658	1,925	1,903	1,811

See note 2 for definitions of key figures and ratios.

The financial highlights for 2017 – 2018 reflect the figures according to revenue standard IFRS15. Comparative figures for 2014 – 2016 have not been adjusted.

The financial highlights for 2016 – 2018 also reflect the figures of the aggregate activities for the company after merger of Telenor IT Partner A/S and Telenor A/S during 2017. Comparative figures for 2014 – 2015 have not been adjusted.

Primary activity

Telenor A/S is among Denmark's largest suppliers of mobile phone solutions, mobile broadband, landline phone solutions and internet/broadband solutions.

Telenor's mobile telecommunications activity is mainly based on GSM (2G), UMTS (3G) and LTE (4G). Together, these technologies make up Telenor's mobile network which carries different forms of voice and data traffic. Telenor offers mobile phone and mobile data communication to private individuals, businesses as well as to wholesale customers. Telenor also develops services to other mobile operators, content providers and internet providers who market mobile services under their own brands in Denmark.

In 2018 Telenor markets its activities through the Telenor main brand as well as the sub brand CBB Mobil.

In addition, Telenor offers internet and broadband solutions as well as traditional landline telephone services to businesses and private individuals. The primary business areas include broadband products based on DSL and fibre technology, home-based work and gross salary concepts, security and WAN solutions as well as telephone service.

Telenor mainly performs sales and distribution through own stores and outlets throughout Denmark at central locations on high streets and in major shopping centres. Telenor also realises a significant part of its sales through established web channels.

Telenor A/S uses the network owned via the TT Netværket P/S joint-operation company which handles the expansion, operations and maintenance of the GSM (2G), UMTS (3G) and LTE (4G) networks. This ensures optimal coverage for the company's customers.

Material issues during the reporting period

No material issues have occurred during the reporting period.

MANAGEMENT'S REVIEW, CONTINUED

Development in activities and finances

Telenor's revenue has decreased compared to 2017 in a market characterised by intense competition.

The number of Telenor mobile phone customers was 1.699 million at the end of 2018 against 1.827 million at the end of 2017. DSL customers in Telenor totalled 112,000 at the end of 2018 against 138,000 the previous year.

Telenor's net revenue amounted to 3,943 mDKK in 2018 against 4,105 mDKK in 2017 and remained stable as growth in mobile products were offset by decline in fixed. Handset sales decreased causing a reduction in total reported revenues. Comprehensive efficiency measures resulted in a material opex reduction and a significant EBITDA improvement. Earnings measured before interest, tax, depreciation and amortisation (EBITDA) amounted to 705 mDKK, corresponding to 18% of the revenue. In 2017 EBITDA amounted to 641 mDKK, corresponding to 16% of the revenue.

The profit for the year before tax was 262 mDKK against 1,149 mDKK last year. The profit was affected by write-down of investments of -185 mDKK and by dividends from former investments in Telenor Serbia and Telenor Montenegro in the amount of 355 mDKK in 2018 against 771 mDKK in 2017. Additionally, the comparison figures for 2017 was affected by reversal of impairment of the Danish operations. The positive effect amounted to 978 mDKK.

In 2018, Telenor's investments totalled 382 mDKK (2017: 369 mDKK), and was prioritised towards 4G network and IT.

Telenor A/S had 1,473 employees on average in 2018 against 1,658 in 2017.

The year's performance measured against expectations in previous years

The year's operating profit before depreciations (EBITDA) totalled 705 mDKK against 641 mDKK in 2017, and the development was in line with last year's expectations.

Dividends

The Board of Directors recommends that the general meeting adopts a resolution to distribute dividends of 0 mDKK (2017: 4,000 mDKK).

Capital structure

Telenor in Denmark is part of the Telenor Group cash pool arrangements, which is handled by Group Treasury in Norway.

Future outlook

In 2019, the revenue is expected to remain at current level compared to 2018. Net income for the year is expected to improve compared to 2018.

Post balance sheet events

No events have occurred after the balance sheet date which would affect the evaluation of this annual report

CSR report

Corporate Social Responsibility or CSR is an integral part of Telenor's way of doing business, both in Denmark and internationally. We contribute to social, environmental and financial sustainability through a wide variety of specific initiatives. In Denmark, our efforts range from sponsoring Kræftens Bekæmpelse and Danmarks Indsamlingen to focusing on digital bullying through our #digitalpænt campaign targeting children in 4th to 6th grade. In 2018 we arranged a #digitalpænt school competition, with 4,000 registered children.

Telenor's CSR efforts rely on internationally acknowledged standards and clearly formulated policies in areas such as environmental management, climate impacts, responsible supplier management, corporate ethics and employee concerns. As part of the Telenor Group, we have adopted the UN Global Compact.

At Telenor we are driven by a powerful vision: To empower societies. Sustainability is therefore at the heart of our corporate culture, governance and business strategy, and a responsible business conduct has always played a big role in our operations.

Further information about Telenor's vision, goals, policies and efforts in the CSR area are available in Telenor Group's Sustainability report for 2018:

https://www.telenor.com/wp-content/uploads/2019/03/Sustainability-Report-2018-Q-918631c419f04609b09e01f8b7f85636-1.pdf

Report on gender composition in management

Telenor A/S has an ambition of having "the right employee in the right position" and of everyone enjoying equal opportunities to put their skills to use, regardless of gender. Telenor A/S believes that a balanced mix between men and women in every organisation creates strength, and we evaluate the gender composition on the Board of Directors, at management levels and in employee groups with a view to ensuring a balanced composition.

There are currently no women on the Board of Directors of Telenor A/S. This is assessed to be below the level of the industry, and the target will continue to be to have 2 women on the board by 2021. The reason for the current composition of the Board of Director is due to organizational changes in the Telenor Group.

Report on gender composition in management, continued

26% of all managers across all levels of Telenor A/S are women. 36% of all our employees are women.

Telenor's guidelines for supporting a balanced distribution of men and women and the right person for the position are as follows:

- Through recruitment, our goal is to get the right employee for the position. It is endeavoured to attract a balanced field of candidates for open positions.
- Profiles as well as gender composition are considered in relation to organisational changes and new appointments.
- The annual performance and potential review of managers and management groups includes an assessment of gender distribution.
- The company reports on gender distribution annually in the HR Fact Book for group-internal use.
- Telenor A/S' Employer Branding and values promote diversity in terms of gender, age and ethnicity.

Knowledge resources

The company's tasks call for significant expertise in the operation and development of mobile networks. For this reason, it is essential for the company to be able to retain and recruit employees with the requisite educational background. The company is of the belief that the current internal and external circumstances facilitate recruitment as well as retention of employees with the appropriate competences.

MANAGEMENT'S REVIEW, CONTINUED

External environmental impact

In isolated terms, the company is not engaged in activities that materially impact the external environment.

Through its ownership of the joint operation in TT-Netværket P/S, activities are conducted which affect the external environment. This includes more than 4,000 antenna locations which have been established in accordance with applicable rules and building permits, ensuring that the impact on the external environment is limited and complies with laws and guidelines. In addition, great efforts are, and will continue to be, invested in reducing the considerable power consumption associated with the antenna locations.

Risk factors

Telenor A/S's ultimate parent, Telenor ASA, is responsible for and performs the Group's financing and liquidity, currency and interest management centrally on behalf of the group entities.

As far as possible, the group attempts to counter and manage any risks that the Group can influence through own actions. Telenor ASA's treasury function is responsible for funding, foreign exchange risk, interest rate risk, credit risk and liquidity management for the Telenor Group companies owned more than 90 % directly or indirectly, Telenor A/S included.

INCOME STATEMENT
1 January - 31 December

	Note	2018 mDKK	2017 mDKK
Revenue	4	3,943	4,105
Transmission costs and cost of sales		-1,556	-1,724
Staff expenses	5	-673	-744
Other external costs		-911	-967
Other operating income	6	0	24
Other operating expenses	7	-98	-53
Operating profit before depreciation, amortisation and impairment (EBITDA)		**705**	**641**
Depreciation, amortisation and impairment of non-current assets	8	-622	683
Operating profit (EBIT)		**83**	**1,324**
Dividends from subsidiaries		355	771
Impairment losses from shares in subsidiaries	14	-185	-887
Financial income	9	59	27
Financial expenses	10	-50	-86
Profit/loss before tax		**262**	**1,149**
Tax on the income for the year	11	-51	272
NET INCOME FOR THE YEAR		**211**	**1,421**

STATEMENT OF COMPREHENSIVE INCOME
1 January - 31 December

	Note	2018 mDKK	2017 mDKK
Net income for the year		211	1.421
Other comprehensive income		0	0
Total comprehensive income		**211**	**1.421**

BALANCE SHEET
31 December

	Note	2018 mDKK	2017 mDKK
ASSETS			
Licence fees and rights	12	531	600
Software	12	251	316
Software in progress	12	43	37
Intangible assets		**825**	**953**
Land and buildings	13	180	229
Plant and machinery	13	1,418	1,506
Other fixtures and fittings, tools and equipment	13	101	121
Tangible assets in progress	13	82	126
Tangible assets		**1,781**	**1,982**
Investments in subsidiaries	14	495	7,310
Interest-bearing receivables	15	3,018	0
Deposits		27	27
Contract acquisition costs		130	174
Deferred tax assets	19	383	400
Financial assets		**4,053**	**7,911**
NON-CURRENT ASSETS		**6,659**	**10,846**
Inventories	16	**112**	**86**
Trade receivables	17	1,111	967
Receivables from group entities		351	288
Other receivables		41	192
Pre-paid costs		116	127
Receivables		**1,619**	**1,574**
Cash	28	**39**	**48**
CURRENT ASSETS		**1,770**	**1,708**
TOTAL ASSETS		**8,429**	**12,554**

BALANCE SHEET
31 December

	Note	2018 mDKK	2017 mDKK
EQUITY AND LIABILITIES			
Share capital	18	605	605
Reserve for development costs capitalized		219	220
Retained earnings		3,723	3,510
Proposed dividend distribution		0	4,000
EQUITY		4,547	8,335
Payables to group entities	22	2,627	2,869
Provisions	20	173	189
Deposits		8	6
Other interest-bearing liabilities	24	106	132
Non-current liabilities		2,914	3,196
Current maturities of other interest-bearing liabilities	24	26	57
Current maturities of provisions	20	23	37
Prepayments received from customers		92	94
Trade payables	21	636	687
Payables to group entities	22	65	26
Other payables	23	126	122
Current liabilities		968	1,023
LIABILITIES		3,882	4,219
TOTAL EQUITY AND LIABILITIES		8,429	12,554

STATEMENT OF CHANGES IN EQUITY

	Share capital mDKK	Retained earnings mDKK	Reserve for development costs capitalised mDKK	Dividends distributed mDKK	Total mDKK
Equity at 01.01.2017	600	6,008	138	0	6,746
Net income for the year	0	1,339	82	0	1,421
Capital increase	5	-5	0	0	0
Dividends proposed	0	-4,000	0	4,000	0
Change in accounting principles	0	168	0	0	168
Other comprehensive income	0	0	0	0	0
Comprehensive income for the year	5	-2,498	82	4,000	1,589
Equity at 31.12.2017	605	3,510	220	4,000	8,335
Equity at 01.01.2018	605	3,510	220	4,000	8,335
Net income for the year	0	212	-1	0	211
Dividends paid	0	0	0	-4,000	-4,000
Other comprehensive income	0	0	0	0	0
Comprehensive income for the year	0	212	-1	-4,000	-3,789
Equity at 31.12.2018	605	3,723	219	0	4,547

CASH FLOW STATEMENT

	Note	2018 mDKK	2017 mDKK
Profit/loss before tax		262	1,149
Reversal of depreciation, amortisation and impairment losses		622	-683
Reversal of impairment on subsidiaries		185	887
Reversal of interest income and interest expenses		72	-99
Reversal of profit/loss on sale of non-current assets		46	-18
Other non-cash items		-30	-37
Working capital changes	27	-118	-174
Tax paid		-14	3
Operating cash flows		1,025	1,376
Investment in subsidiary		-221	-321
Purchase, etc. of tangible and intangible assets		-382	-369
Dividend received		355	771
Disposals and other investing cash flows		3,510	-652
Investment cash flows		3,262	-571
Raising/repayment of non-current payables to group entities		-397	-970
Dividend paid		-4,000	0
Reduction of loans to group entities		84	39
Reduction of other non-current payables		17	3
Financing cash flows		-4,296	-928
Change in cash and cash equivalents		-9	-123
Cash at 01.01.		48	171
Cash at 31.12.	28	39	48

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Note 1. Summary of significant accounting policies

The 2018 annual report for Telenor A/S is presented in accordance with the International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports for reporting class C (large), subject to the IFRS Executive Order issued in pursuance of the Danish Financial Statements Act.

The Company expects to adopt the new accounting standards and interpretations when they become mandatory according to the effective dates adopted by the EU. IFRS 15 Revenue from customers and IFRS 9 Financial Instruments have been implemented in 2018. IFRS 9 have not had any impact except for certain disclosure requirement.

IFRS 15 impact for 2018 is shown below:

mDKK	**Previous accounting policy**	**Effect of change**	**New accounting policy**
Revenue	3,971	-28	3,943
Transmission costs and cost of sales	-1,578	22	-1,556
Staff expenses	-616	-57	-673
Other external costs	-911	0	-911
Other operating income	0	0	0
Other operating expenses	-111	13	-98
Operating profit before depreciation, amortisation and impairment (EBITDA)	**755**	**-50**	**705**
Depreciation, amortisation and impairment of non-current assets	-622	0	-622
Operating profit (EBIT)	**133**	**-50**	**83**
Dividends from subsidiaries	355	0	355
Impairment losses from shares in subsidiaries	-185	0	-185
Financial income	59	0	59
Financial expenses	-50	0	-50
Profit/loss before tax	**312**	**-50**	**262**
Tax on the income for the year	-99	48	-51
NET INCOME FOR THE YEAR	**213**	**-2**	**211**
Equity at 31.01.2017	**8,167**	**168**	**8,335**
Equity at 31.01.2018	**4,549**	**-2**	**4,547**

NOTES

Specific considerations on IFRS 16 are described below:

- IFRS 16 Leases was issued in January 2016 and will be effective for reporting periods beginning on 1 January 2019 or later. The standard will significantly change the accounting treatment of leases that under the current IAS 17 are classified as operating leases. IFRS 16 requires that all leases irrespective of their type, with only few exceptions, are recognised in the balance sheet by the lessee as an asset with a corresponding liability. The income statement will also be impacted as the annual lease expenses under IFRS 16 will consist of two elements - depreciation on the leased assets and interest expenses. Under the current standard, the annual expenses from operating leases are recognised as other external expenses. Telenor has assessed that the impact of the new standard will increase assets with approximately DKK 702 million in opening balance for 2019.

As at the annual report date, all operative standards and interpretations have been implemented.

The company has decided not to prepare consolidated financial statements with the 100 % owned subsidiaries Tn Finance A/S and Telenor Digital Holding Inc. with reference to IFRS 10.4 as the company is part of the IFRS consolidated financial statements of the company's ultimate parent, Telenor ASA, Norway.

The annual report is presented in Danish kroner (mDKK).

Recognition and measurement

Assets are recognised in the balance sheet when a previous event renders it probable that future economic benefits will flow to the company and the value of the asset can be measured reliably. Liabilities are recognised in the balance sheet when the company, as a consequence of a prior event, has a legal or constructive liability which renders it probable that future economic benefits will flow from the company and the value of the liability can be measured reliably. Assets and liabilities are measured at cost on initial recognition, except financial assets and liabilities which are initially recognised at fair value. Subsequently, assets and liabilities are measured as described for each individual item below.

The recognition and measurement include gains, losses and risks occurring before the presentation of the annual report that confirm or rebut circumstances in existence at the balance sheet date.

NOTES

Income is recognised in the income statement as and when earned. Costs incurred to achieve the year's earnings are recognised in the income statement. Value adjustments of financial assets and financial liabilities are recognised in the income statement.

Joint operations

Telenor A/S takes part in a joint arrangement, TT Netværket P/S, which handles the expansion, operations and maintenance of the GSM (2G), UMTS (3G) and LTE (4G) networks. The arrangement is a joint operation in which the partners have direct ownership to the assets and are directly responsible for liabilities in the joint operation. The joint operation has been consolidated into the financial statements of Telenor A/S on a pro rata basis.

Translation of foreign currencies

Functional currency and presentation currency

Line items are presented in the currency of the primary economic environment in which the company operates (functional currency). The annual report is presented in DKK which is also the parent's functional currency and presentation currency.

Translation of transactions and amounts

Transactions denominated in foreign currencies are translated to the functional currency at the exchange rate on the transaction date. Exchange rate gains and losses arising from the settlement of such transactions and from the translation of monetary assets and liabilities to the exchange rates at the balance sheet date are recognised in the income statement as financial income and expenses. Exchange differences arising out of the translation of non-monetary items, such as financial assets classified as available for sale, including investments, are recognised in other total comprehensive income.

INCOME STATEMENT

Revenue from contracts with customers

Revenues from contracts with customers primarily comprise sale of

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

NO T E S

Recognition and measurement

When entering into an agreement with a customer, the goods and services promised in the contract are identified as separate performance indicators to the extent that the customer can benefit from the goods or services either on their own or together with other resources that are readily available to the customer and that goods and services are separately identifiable from other promises in the contract. Example of goods and services which are normally considered to be distinct performance obligations are mobile and fixed line subscription plans, handsets and other equipment.

The company determines the transaction price to be the amount of consideration which it expects to be entitled in exchange for transferring the promised goods and services to the customer, net of discounts and sales related taxes. Sales related taxes are regarded as collected on behalf of the authorities.

If consideration promised in a contract includes a variable amount, the company estimates the amount of consideration which it expects to be entitled. An amount of variable consideration is included in the transaction price to the extend that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

When the company sells a handset with an option for the customer to buy a new handset before the original instalment period is over, without paying the remaining instalments on the original handset, the consideration related to the handset included in the current contract is estimated based on the expected value approach. If the company is obliged to accept return of the original handset, the company recognises a refund liability reflecting the amount of consideration the company expects not to be entitled to, and a return good asset (with a corresponding adjustment to cost of sales) for its right to recover the handsets returned on settling the refund liability. The new device is accounted for as a new, separate contract.

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

NOTES

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

Presentation and impairment

If recognised revenue exceeds amounts received or receivable from a customer, a contract asset is recognised. If amounts received or receivable from a customer exceed revenue recognised for a contract a contract liability is recognised.

Contract assets and contract liabilities are expected to be realised within in the company's normal operating cycle and are classified as current within trade receivables and trade payables respectively. Contract assets are adjusted for provision for impairment in accordance with the expected credit loss model.

Contract assets are transferred to receivables when rights become unconditional. Receivables from contracts with customers are presented separately from contract assets.

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

Costs of obtaining or fulfilling contracts with customers

Costs incurred that are incremental to obtaining a contract with a customer, and are expected to be recovered, are recognised as contract acquisition cost assets and amortized in a way that is consistent with the recognition of the related revenue. Contract acquisition costs includes, for example, certain commissions or bonuses to employees directly related to the contract obtained on behalf of the company.

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

NOTES

Other operating expenses
Other operating expenses include line items that are secondary to the company's activities, including the profit and losses from the sale of intangible and tangible assets. Gains or losses in connection with the sale of intangible and tangible assets are stated as the sales price less costs to sell and the carrying amount at the time of sale.

Personnel expenses
Wages, salaries, social security contributions, paid leave and sick leave, bonus and other employee benefits are recognised in the year in which the employee renders the related services.

Income from investments in subsidiaries
Dividends from investments in subsidiaries are recognised in the income statement in the period in which the dividend is declared. The carrying amounts of subsidiaries is tested at triggering events, including if the dividends received exceed the profit realised by the equity investment entity in the period or if book value of the underlying assets is below book value of the investment.

Financial income and expenses
Financial income and expenses comprise interest payments on and amortisation of financial liabilities and assets with the amounts that are attributable to the fiscal year.

Financial income and expenses also include the financial costs of financial leasing, realised and unrealised foreign currency gains and losses as well as tax surcharge and tax relief under the Danish Tax Prepayment Scheme, etc.

Tax
The company and the other Danish Telenor entities are jointly taxed. The tax is allocated in accordance with the full allocation method.

The tax for the year, consisting of the current tax for the year and the change in deferred tax for the year, is recognised in the income statement. Changes in deferred tax concerning equity items are credited or charged directly to equity. Danish corporation tax with any tax surcharge and tax relief is consequently allocated among Danish companies, whether they realise profits or losses, proportionally to their taxable income.

NOTES

BALANCE SHEET

Intangible assets

Software

Software is measured at cost less accumulated amortisation and impairment losses. Cost comprises the acquisition price and costs directly related to the acquisition until the time when the asset is ready for its intended use.

Own-developed software comprises costs and salaries directly attributable to the company's software development activities as well as finance costs in the production period. Own-developed software that is clearly defined and identifiable, where technical utilisation, sufficient resources and a potential future market or possible use in the company can be demonstrated and where it is intended to use the project, is recognised as intangible assets if the cost can be reliably measured and there is adequate assurance that the future earnings can cover the costs of production, sale and administration as well as the actual development costs.

Other development costs are charged to the income statement as and when incurred. Capitalised own-developed software is measured at cost less accumulated amortisation and impairment losses. A yearly impairment test is performed for own-developed software assets where there is an indication of impairment.

After completed development work, own-developed software is amortised on a straight-line basis over its estimated useful life. The amortisation period is usually 3-5 years. The basis of amortisation is reduced by any impairment losses.

Licences

Licences and other rights are measured at cost less accumulated amortisation and impairment losses and are amortised over the estimated useful life. However, intangible assets with indefinite useful lives are not amortised but are tested annually for impairment.

The UMTS and LTE licences are amortised from the date of initial use and over the remaining licence period. The UMTS license expires by the end of 2021 and the LTE license expires by mid-2030. New 1800 MHz license with initial use in June 2017 has been recognised as an intangible asset.

N O T E S

Tangible assets

Tangible assets are measured at cost less accumulated depreciation and impairment losses. Cost comprises the acquisition price and costs directly related to the acquisition until the time when the asset is ready for its intended use. For own-manufactured assets, the cost includes direct labour, materials, parts purchased and services rendered by subcontractors as well as interest costs in the production period. Furthermore, the cost includes estimated costs of restoration if these costs also meet the criteria for recognition of provisions. The cost of a single asset is divided into separate components that are depreciated individually if the individual components have different useful lives.

The cost of properties includes the cash acquisition cost of land and buildings as well as the aggregate construction and/or conversion costs. Finance lease assets are measured at the lower of the assets' fair value or the present value of the lease payments stated on the basis of the interest rate implicit in the lease less accumulated depreciation and impairment losses. Finance lease assets are classified as own assets.

Straight-line depreciation is applied, based on the estimated useful lives which are determined at the time of acquisition and reassessed annually. The estimated useful lives are:

- Buildings 10-50 years, including masts and leasehold improvements 5-10 years
- Plant and machinery 3-10 years
- Other fixtures and fittings, tools and equipment 3-10 years
- Land is not depreciated.

The basis of depreciation is determined with consideration of the asset's scrap value and is reduced by any impairment losses. The scrap value is determined at the time of acquisition and reassessed annually. Depreciation ceases if the scrap value exceeds the carrying amount of the asset.

If the depreciation period or scrap value changes, the depreciation effect is recognised as a change in accounting estimates going forward.

An impairment test is performed for tangible assets where there is an indication of impairment. The impairment test is performed for each individual asset or group of assets. The assets are written down to the lower of the recoverable amount and the carrying amount.

NOTES

Investments in subsidiaries
Investments in subsidiaries are measured at cost. If the cost exceeds the recoverable amount, it is written down to this lower amount. The carrying amount of subsidiaries is tested at triggering events, including if the dividends received exceed the profit realised by the equity investment entity in the period or if the net assets of the subsidiary is below net book value.

Impairment of assets
Impairment losses are recognised when the carrying amount of an asset or a cash-generating unit, respectively, exceeds the recoverable amount of the asset or the cash-generating unit. Impairment losses are charged to the income statement under depreciation, amortisation and impairment losses.

Impairment of assets is reversed to the extent of any changes in the estimates and assumptions causing the impairment charge. Impairment losses are only reversed to the extent that the new carrying amount of the asset does not exceed the carrying amount of the asset if it had not been written down. Notwithstanding the above, any impairment of goodwill will not be reversed.

Inventories
Inventories are measured at the lower of cost and net realisable value. Cost is determined using the FIFO or weighted average method, depending on the nature of the inventories. The net realisable value is the estimated selling price less costs to sell. Impairment is recognised for obsolete inventory, including slow-moving stock.

Receivables
Receivables primarily include non-current interest-bearing receivables, trade receivables and short-term advances to group entities.

Non-current interest-bearing receivables are measured on initial recognition at fair value including directly attributable transaction costs and subsequently measured at amortised cost using the effective interest rate method.

Trade receivables are initially measured at cost and subsequently at amortised cost or a lower value subject to an individual assessment of the exposure to loss. Receivables from interest-free instalment sales are recognised at the present value of the future payments based on a risk-free and customer-specific rate of interest. The interest element is carried as income as and when the loan is repaid.

Fixed-interest short-term advances to group entities are measured at amortised cost as they are held until maturity. Receivables are measured at amortised cost.

NOTES

Pre-paid costs
Prepaid costs recognised under assets include expenses paid concerning subsequent financial years.

Prepayments for leased premises are made when entering into operational leases. The advance amounts are depreciated over the expected leasing period or the estimated customer lifetime subject to a model based on the services provided. They mainly relate to connection charges for the lease of cables from other operators (operator access, etc.). The depreciation period for connection charges is the expected customer lifetime based on historical experience.

Corporation tax and deferred tax
Current tax liabilities and current tax receivables are recognised in the balance sheet as calculated tax of the year's taxable income adjusted for tax of previous years' taxable incomes and tax paid on account.

Deferred tax is recognised and measured under the balance sheet liability method on all temporary differences between the carrying amount and tax-based value of assets and liabilities. However, deferred tax is not recognised for temporary differences relating to the tax base of non-depreciable office properties. In cases where the tax base can be calculated in accordance with alternative taxation rules, deferred income tax is measured on the basis of the management's planned utilisation of the asset or settlement of the obligation, respectively.

Deferred tax assets, including the tax base of a tax loss allowed for carry forward, are measured under other non-current asset investments at the expected use value of the asset, either by elimination in tax of future income or by offsetting against deferred tax liabilities within the same legal tax entity and jurisdiction.

Deferred tax is measured based on the tax rules and rates which will be applicable under the legislation in force at the balance sheet date, when the deferred tax is expected to be realised as current tax. Changes in deferred tax in consequence of changes in tax rates are recognised in the income statement.

Provisions
Provisions are recognised when the company, as a consequence of an event in the financial year or in previous financial years, has a legal or constructive liability and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

NOTES

Provisions, continued

Provisions are recognised and measured as the best estimate of the costs required to settle the liabilities at the balance sheet date. Provisions with an expected maturity of more than 12 months from the balance sheet date are measured at present value.

The provisions include restoration liabilities. When the company has an obligation to dismantle an asset or restore the site on which the asset was used, a liability is recognised, corresponding to the present value of the expected future costs. The present value of future costs is capitalised as a tangible asset and depreciated over the useful life of the asset it relates to. After initial recognition at present value, the added cost of the liability is charged to the income as a finance cost.

Financial liabilities

Payables to credit institutions, etc., are recognised at the time of borrowing and at the received proceeds less transaction costs paid.

In subsequent periods, the financial liabilities are measured at amortised cost by applying the effective interest rate method so that the difference between the proceeds and the nominal value is recognised in the income statement over the borrowing period.

Other liabilities are measured at net realisable value.

Other rental and lease issues

When agreements to rent and lease assets for a period of several years are operational in nature, the lease payments are charged to the income statement for the period to which they relate.

The remaining rental lease commitment concerning such agreements is stated under contingent liabilities.

CASH FLOW STATEMENT

The cash flow statement shows the company's cash flows for the year, divided into operating, investment and financing activities, the year's change in cash and cash equivalents and the company's opening and closing cash balance.

NOTES

Cash flows from operating activities

Cash flows from operating activities are calculated as income before tax, adjusted for non-cash operating items, working capital changes, unpaid interest and corporation tax paid.

Cash flows from investment activities

Cash flows from investment activities comprise payments related to purchasing and selling companies and activities, purchasing and selling non-tangible, tangible and other non-current assets as well as purchasing and selling securities that are not recognised as cash and cash equivalents.

Cash flows from financing activities

Cash flows from financing activities comprise changes to the amount or composition of share capital and related costs as well as raising loans, servicing interest-bearing debt, purchasing and selling treasury shares and distributing dividends to owners.

Cash and cash equivalents

Comprises cash and cash equivalents as well as short-term bank loans.

Note 2. Definitions of key figures and ratios

Solvency ratio = Closing shareholders' equity / Balance sheet total

Note 3. Significant accounting estimates, assumptions and uncertainties

Many items in financial statements cannot be measured with precision but can only be estimated. The estimation process involves judgements based on the latest information available at time of preparing the financial statements. An estimate may have to be revised if changes occur regarding the circumstances on which the estimate was based or as a result of new information, more experience or subsequent developments.

In the practical application of the described accounting policies, the management has made the following significant accounting estimates which have significantly affected the financial statements:

Note 3. Significant accounting estimates, assumptions and uncertainties, continued

Licence fees and rights

Unpaid services associated with the acquisition of the licences are discounted, at the time of acquisition, to net present value. The uncertainty stated relates to estimates concerning the average discount rate. An average discount rate of 2.43% has been applied (2017: 2.43%) when discounting unpaid services to net present value, based on the expected interest-rate level for the period 2010-2018.

Expected useful lives

The expected useful lives of tangible and other intangible assets are based on the management's estimates and are reviewed annually to ensure compliance with the expected economic lives of the assets based on current facts and circumstances.

Particularly critical estimates concerning the expected useful lives of the assets comprise, without limitation, expectations of technological and market developments.

Valuation of investments in subsidiaries

The carrying amounts of subsidiaries is tested at triggering events, including if the dividends received exceed the profit realised by the equity investment entity in the period. See note 14 for assumptions underlying this assessment.

Asset retirement obligations

The asset retirement obligations of the company relate mainly to sites and retail stores, when the company has a legal or constructive obligation to remove an asset or restore a site. The company has estimated and capitalised the net present value of the obligations and increased the carrying value of the related assets.

NOTES

Note 4. Revenue

The company operates within a single geographic market, i.e. Denmark, and two significant activities; mobile telephony and broadband/landline services. Together, the activities are considered to be one cash-generating unit (CGU), as the structure of the company's organisation and financial management means that only the revenue is divided into the stated activities whereas other costs and investments are considered in combination.

Revenue distribution for the two activities:

	2018 mDKK	2017 mDKK
Mobile telephony	3,540	3,676
Broadband and landline services	403	429
	3,943	4,105

Note 5. Staff expenses

	2018 mDKK	2017 mDKK
Salaries and wages	637	698
Defined contribution plans	55	60
Other expenses for social security	7	6
Other staff expenses	20	25
Work performed by the enterprise and capitalised	-46	-45
	673	744
Average number of employees	1,467	1,658

Remuneration of the Executive Board is not disclosed, subject to Section 98b of the Danish Financial Statements Act. The board of directors has not received any remuneration from the company.

Note 6. Other operating income

	2018 mDKK	2017 mDKK
Gains/losses on disposal of non-current assets	0	24
	0	24

NOTES

Note 7. Other operating expenses

	2018 mDKK	2017 mDKK
Losses on disposal and retirement of non-current assets	49	7
Restructuring and onerous contracts	49	46
	98	53

Note 8. Depreciation, amortisation and impairment losses

	2018 mDKK	2017 mDKK
Depreciation of tangible assets	368	131
Amortisation of intangible assets	254	164
Reversal of impairment of tangible and intangible assets	0	-978
	622	-683

Note 9. Financial income

	2018 mDKK	2017 mDKK
Interest income concerning receivables	59	27
	59	27

Note 10. Financial expenses

	2018 mDKK	2017 mDKK
Interest expenses for group entities	6	17
Other financial expenses	34	57
Exchange rate gains and losses, net	10	12
	50	86

NOTES

Note 11. Tax on the profit for the year

	2018 mDKK	2017 mDKK
Current withholding tax on dividend and corporation tax	-33	-44
Tax from previous years	-1	4
Change in deferred tax	-17	312
	-51	272

The current corporation tax for the financial period is based on a tax rate of 22 %.

	2018	2017
Profit/loss before tax	262	1,149
Tax at a tax rate of 22 %	-58	-253
Adjustment for previous years	-1	4
Tax base of non-taxable dividend	78	170
Tax base of other non-taxable income	172	482
Tax base of non-taxable costs	-223	-92
Dividend tax paid	-19	-39
Tax on the profit for the year	-51	272
Effective tax rate for the year	19%	-24%

The company is a party to compulsory national joint taxation with all Danish companies owned by the Telenor group. Calculated tax is accrued in the company in accordance with Danish taxation rules.

The development in the company's effective tax rate is mainly attributable to the effect of the profit on non-tax credits concerning impairment losses and non-taxable dividends from subsidiaries.

NOTES

Note 12. Intangible assets

	Licences and rights mDKK	Software mDKK	Software under develop-ment mDKK	Total mDKK
Cost				
Cost at 01.01.17	880	912	57	1,849
Reclassification	0	1	0	1
	880	913	57	1,850
Additions	204	87	0	291
Disposals	0	-13	-20	-33
Cost at 31.12.17	1,084	987	37	2,108
Amortisation and impairment losses				
Amortisation and impairment losses 01.01.17	-719	-531	0	-1,250
Amortisation for the year	-21	-143	0	-164
Reversal of disposals	0	13	0	13
Reversal of impairment losses	256	-10	0	246
Amortisation and impairment losses at 31.12.17	-484	-671	0	-1,155
Carrying amount at 31.12.17	600	316	37	953

NOTES

Note 12. Intangible assets, continued

	Licences and rights mDKK	Software mDKK	Software under develop-ment mDKK	Total mDKK
Cost				
Cost at 01.01.18	1,084	987	37	2,108
Reclassification	0	8	0	8
	1,084	995	37	2,116
Additions	0	112	6	118
Disposals	0	-37	0	-37
Cost at 31.12.18	1,084	1,070	43	2,197
Amortisation and impairment losses				
Amortisation and impairment losses 01.01.18	-484	-671	0	-1,155
Amortisation for the year	-69	-185	0	-254
Reversal of disposals	0	37	0	37
Amortisation and impairment losses at 31.12.18	-553	-819	0	-1,372
Carrying amount at 31.12.18	**531**	**251**	**43**	**825**

Due to an improved outlook for the Danish operations, previously recognised impairment losses on tangible and intangible assets have been reversed in 2017. The positive effect amounts to 978 mDKK total.

NOTES

Note 13. Tangible assets

	Land and buildings mDKK	Plant and machinery mDKK	Other fixture, fittings tools and equipment mDKK	Work in progress mDKK	Total mDKK
Cost					
Balance at 01.01.17	477	3,788	492	130	4,887
Reclassification	0	-1	0	0	-1
	477	3,787	492	130	4,886
Additions	4	185	39	0	228
Disposals	-34	-380	-43	-4	-461
Cost at 31.12.17	447	3,592	488	126	4,653
Depreciation and impairment losses					
Depreciation and impairment losses 01.01.17	-300	-3,030	-391	0	-3,721
Reclassification	0	0	0	0	0
	-300	-3,030	-391	0	-3,721
Depreciation for the year	-10	-98	-23	0	-131
Reversal of disposals	33	373	43	0	449
Reversal of impairment losses	59	669	4	0	732
Depreciation and impairment losses at 31.12.17	-218	-2,086	-367	0	-2,671
Carrying amount at 31.12.17	**229**	**1,506**	**121**	**126**	**1,982**

Note 13. Tangible assets, continued

	Land and buildings mDKK	Plant and machinery mDKK	Other fixture, fittings tools and equipment mDKK	Work in progress mDKK	Total mDKK
Cost					
Balance at 01.01.18	447	3,592	488	126	4,653
Reclassification	-33	33	0	0	0
	414	3,625	488	126	4,653
Additions	9	213	37	0	259
Disposals	-46	-112	-107	-44	-309
Cost at 31.12.18	377	3,726	418	82	4,603
Depreciation and impairment losses					
Depreciation and impairment losses 01.01.18	-218	-2,086	-367	0	-2,671
Reclassification	14	-14	0	0	0
	-204	-2,100	-367	0	-2,671
Depreciation for the year	-14	-297	-57	0	-368
Reversal of disposals	21	89	107	0	217
Depreciation and impairment losses at 31.12.18	-197	-2,308	-317	0	-2,822
Carrying amount at 31.12.18	**180**	**1,418**	**101**	**82**	**1,781**

Note 14. Investments in subsidiaries

	2018 mDKK	2017 mDKK
Acquisition price at 01.01.	17,021	16,700
Additions	185	321
Disposals	-14,017	0
Impairment losses at 01.01.	-9,711	-8,824
Impairment for the year / reversal of impairment	-149	-887
Disposals of impairment	7,166	0
Carrying amount at 31.12.	495	7,310

NOTES

Note 14. Investments in subsidiaries, continued

The subsidiaries of Telenor A/S are:

	Registered Office	Ownership share	Share of voting rights	Activity
Tn Finance A/S	Denmark	100 %	100 %	Other financial services
Telenor Digital Holding Inc.	USA	100 %	100 %	Investments digital services

Investments in subsidiaries are measured at cost. If the cost exceeds the recoverable amount, it is impaired to this lower amount. The recoverable amount is based on the value in use which is determined by applying the expected cash flows on the basis of management-approved business plans covering a total period of three years. Beyond this period, a constant nominal growth rate applies. Key assumptions applied in the calculation of the recoverable amount are expected growth rates, EBIDTA margins, investments and discount rate. The following assumptions have been used for calculating the recoverable amount:

	Post-tax discount rate (WACC)		Pre-tax discount rate		Nominal growth rate terminal value	
	2018	2017	2018	2017	2018	2017
Tn Finance	4.0 %	6.2 %	5.3 %	7.9 %	0.0 %	0.0 %
Telenor Digital Holding	8.7 %	9.4 %	10.9 %	11.9 %	3.0 %	2.5 %

Former subsidiaries Telenor Serbia d.o.o. and Telenor Ltd. Montenegro was disposed in July 2018.

In 2018 impairment testing decreased the value of Telenor Digital Holding due to decreasing value of the investment in Digital Service Company in USA, resulting in impairment of additional 149 mDKK.

Note 15. Interest-bearing receivables

Non-current interest-bearing receivables include 3,018 mDKK (2017: 0 mDKK) deferred sale consideration receivable from PFF Group for the sale of shares in Telenor Serbia. The receivable, which is guaranteed, may be repaid in one installment with a discount or is otherwise repayable in four equal installments plus interest.

Note 16. Inventories

	2018 mDKK	2017 mDKK
Goods for resale	112	86
Inventories at 31.12.	112	86
Impairment losses on goods for resale to net realisable value for the year	1	5

Note 17. Trade receivables

	2018 mDKK	2017 mDKK
Trade receivables before impairment losses	1,118	1,006
Return good asset	32	14
Contract asset	19	17
Impairment for probable losses	-58	-70
Trade receivables	1,111	967

Age analysis of trade receivables

Receivables for which no impairment losses have been realised

	2018 mDKK	2017 mDKK
Not due	1,014	868
Overdue by 1 – 179 days	61	79
Overdue by 180 – 359 days	13	14
Overdue by more than 360 days	23	6
	1,111	967
Impairment for probable losses	58	70
Trade receivables (gross)	1,169	1,037

Development in impairment for losses

	2018 mDKK	2017 mDKK
Impairment losses at year-start	70	94
Changes in the period	-12	-24
Impairment losses at year-end	58	70

The company's aggregate credit risk amounts to 1,111 mDKK (2017: 967 mDKK).

	2018 mDKK	2017 mDKK
Note 18. Share capital		
Share capital at 01.01.	605	600
Capital increase	0	5
Share capital at 31.12.	605	605

The share capital consists of 605,000 shares of a nominal value of DKK 1,000. The shares are fully paid up. The shares are not divided into classes. No shares carry special rights.

The share capital for the past five years:

	2018 mDKK	2017 mDKK	2016 mDKK	2015 mDKK	2014 mDKK
Share capital	605	605	600	550	400

	2018 mDKK	2017 mDKK
Note 19. Deferred tax assets		
Deferred tax asset at 01.01.	400	135
Change in deferred tax recognised in the income statement	-17	312
Change in accounting principles	0	-47
Deferred tax asset at 31.12.	383	400

	01.01.17 mDKK	Recognised in inc. statement mDKK	31.12.17 mDKK
Non-current assets	-30	-7	-37
Current assets	-5	9	4
Non-current liabilities	45	-45	0
Current liabilities	4	-3	1
Loss carry forward	121	311	432
	135	265	400

Note 19. Deferred tax assets, continued

	01.01.18 mDKK	Recognised in inc. statement mDKK	31.12.18 mDKK
Non-current assets	-37	15	-22
Current assets	4	-3	1
Non-current liabilities	0	-2	-2
Current liabilities	1	4	5
Loss carry forward	432	-31	401
	400	-17	383

Note 20. Provisions

Provisions mainly concern restoration liabilities. When the company has an obligation to dismantle an asset or restore the site on which the asset was used, a liability is recognised, corresponding to the present value of the expected future costs.

The company's restoration obligations mainly comprise dismantling obligations concerning masts and sites on leased land as well as conversion of leased property. These leases generally include provisions requiring the company to restore the leased premises to their original condition after the expiry of the agreement. The timing of the realisation of the recognised restoration obligations will generally be subject to uncertainty.

Provision for repairs concerns provision for repairs of handsets in the 2 year guarantee period. It is expected that the most significant recognised obligation will be realised within 1 year.

Other restructuring provisions primarily concern expenses towards non-utilised contracts or dismissed employees where the company's financial obligations continue to exist. It is expected that the most significant recognised obligations will be realised within a period of 1-2 years.

Provision for restoration:	**2018 mDKK**	**2017 mDKK**
Provisions for restoration costs at 01.01.	181	208
Provisions for the year	15	6
Realised during the year	-23	-33
Provisions for restoration costs at 31.12.	173	181

NOTES

Note 20. Provisions, continued

	2018 mDKK	2017 mDKK
Provision for repairs:		
Provisions for repair costs at 01.01.	16	28
Provisions for the year	0	-8
Realised during the year	-3	-4
Provisions for repair costs at 31.12.	13	16
Provisions for restructuring – non-current element:		
Non-current element of restructuring at 01.01.	8	0
Provisions for staff reductions and onerous contracts	0	8
Reclassified to current element	-8	0
Provisions for restructuring at 31.12.	0	8
Provisions for restructuring – current element:		
Current element of restructuring at 01.01.	21	16
Reclassified from non-current element	8	0
Provisions for staff reductions and onerous contracts	49	46
Realised during the year	-68	-41
Provisions for restructuring at 31.12.	10	21
Total provisions for restructuring at 31.12.	**10**	**16**

NOTES

Note 21. Trade payables

	2018 mDKK	2017 mDKK
Trade payables	600	672
Refund liability	34	14
Contract liabilities	2	1
	636	687

Note 22. Payables to group entities

The payables carry floating-rate interest with monthly rate adjustments. For 2018 the interest ranged from 0.32 – 0.39 % p.a. (2017: 0.36 – 0.66 % p.a.).

Note 23. Other payables

	2018 mDKK	2017 mDKK
VAT and charges	31	21
Salary, payroll taxes, bonus, holiday pay, etc., payable	89	97
Other costs payable	6	3
	126	121

The carrying amount of expenses payable with respect to salary, payroll taxes, social contributions, holiday pay, etc., VAT and charges as well as other expenses payable corresponds to the fair value of the obligations.

Holiday pay obligations represent the company's obligation to pay salary in holiday periods which the employees, as at the balance sheet date, have a vested right to hold in subsequent financial years.

	2018 mDKK	2017 mDKK
Note 24. Operating lease commitments		
Minimum lease payments recognised in the income statement	149	149

Distribution of the aggregate future minimum lease payments under non-cancellable leases:

	Lease of land and buildings	Lease of cars and office equipment
Within one year	122	5
Within two to five years	113	4
After five years	16	0
	251	9

Note 25. Financial assets and liabilities

Categories of financial assets and financial liabilities

The financial assets of Telenor A/S include trade receivables, receivables from group entities, other receivables and deposits. All financial assets are recognised as receivables from group entities and other receivables at amortised cost. The financial liabilities include payables to group entities, other interest-bearing liabilities, deposits and trade payables. All financial assets and liabilities are carried at amortised cost.

Fair value

The fair value of financial assets and liabilities are assessed, for all financial assets and liabilities, to correspond to the carrying amount as this represents a reasonable approximation to the fair value because the financial assets and liabilities are either classified as current or subject to floating-rate interest at a market-determined rate of interest.

Financial risks

Telenor A/S's ultimate parent, Telenor ASA, is responsible for and performs the group's financing and liquidity, currency and interest management centrally on behalf of the group entities.

Insofar as possible, the group attempts to counter and manage any risks that the group can influence through own actions.

Note 25. Financial assets and liabilities, continued

Liquidity risks

The company is mainly financed by intercompany loans and associated cash pools. The company is part of the Telenor group's cash pool scheme, which includes that any excess liquidity is placed on accounts in the Telenor group's internal bank.

As is the case for other companies in the Telenor group, Telenor A/S will receive the necessary liquidity support from the Telenor group's internal bank to ensure that the company's liquidity resources are sufficient to cover the requirements at any time.

Credit risks

The company's credit risks primarily relate to non-current interest-bearing receivables and trade receivables.

The non-current interest-bearing receivable relates to deferred sale consideration receivable from PPF TMT. The credit risk is minimized by received by bank guarantees and parent guarantee from PFF Group N.V.

The credit risk for trade receivables is assessed to be limited due to the significant number of individual receivables. Against this background, it is not assessed that further provisions will be required in addition to the normal provisions for losses on trade receivables that have already been recognised. See note 16 for details about the age analysis of the receivables and provisions for bad debts.

Interest risks

The company primarily has floating-rate loans. Interest-rate fluctuations will consequently affect the company's interest expenses. All else being equal, an interest-rate fluctuation of 10% concerning floating-rate loans would have impacted the company's interest expenses by +/- 5 mDKK in 2018 (2017: 9 mDKK).

NOTES

Note 25. Financial assets and liabilities, continued

Financial liability maturity outline

2017	**Total mDKK**	**<1 year mDKK**	**1-3 years mDKK**	**>3 years mDKK**
Interest-bearing liabilities				
Payables to group entities	2,869	0	0	2,869
Other interest-bearing liabilities	189	57	68	64
Total interest-bearing liabilities	3,058	57	68	2,933
Non-interest-bearing liabilities				
Payables to group entities	26	26	-	-
Trade payables	671	671	-	-
Other payables	122	122	-	-
Total non-interest-bearing liabilities	819	819	-	-
Future interest expenses	1	1	0	0
Total liabilities, including interest expenses	3,878	877	68	2,933

Financial liability maturity outline

2018	**Total mDKK**	**<1 year mDKK**	**1-3 years mDKK**	**>3 years mDKK**
Interest-bearing liabilities				
Payables to group entities	2,627	0	0	2,627
Other interest-bearing liabilities	132	26	48	58
Total interest-bearing liabilities	2,759	26	48	2,685
Non-interest-bearing liabilities				
Payables to group entities	65	65	-	-
Trade payables	601	601	-	-
Other payables	126	126	-	-
Total non-interest-bearing liabilities	792	792	0	0
Future interest expenses	0	0	0	0
Total liabilities, including interest expenses	3,551	818	48	2,685

NOTES

Note 26. Contingent liabilities, provision of security and contractual obligations

In addition, the company is also liable for a financial lease obligation entered into together with a number of other Telenor companies, representing a capitalised value of at least 99 mDKK as at 31 December 2018 (2017: 102 mDKK).

Together with the other companies comprised by the joint registration with respect to VAT, the company is jointly liable for the applicable VAT obligation at any time.

The company is jointly and severally liable with the jointly taxed companies for the aggregate corporation tax.

The company has entered into purchase orders with suppliers in addition to the items carried in the financial statements at 248 mDKK as at 31 December 2018 (2017: 490 mDKK).

Telenor is a party to certain legal proceedings. The management believes that the outcome of these proceedings will not materially affect the group's financial position.

In September 2016 Telenor A/S acquired new 1800 MHz spectrum licenses through TT Netværket P/S. The acquisition includes special terms and obligations for ensuring minimum coverage in certain areas of Denmark. Obligations must be fulfilled by December 2019.

	2018 mDKK	2017 mDKK
Note 27. Working capital changes		
Changes in inventories	25	9
Changes in receivables	0	319
Changes in other provisions	84	-94
Changes in trade payables	9	-60
	118	174

	2018 mDKK	2017 mDKK
Note 28. Cash and cash equivalents		
Cash and cash equivalents and bank deposits	39	48
	39	48

The carrying amount equals the fair value of the cash and cash equivalents.

NOTES

Note 29. Shareholders

The company is wholly owned by Telenor Danmark Holding A/S, Copenhagen.

The company's ultimate parent, which is also the only entity preparing consolidated financial statements in which the company is a subsidiary, is Telenor ASA, Snarøyveien 30, NO-1311 Fornebu, Norway.

Note 30. Related parties

The company's related parties with control comprise the main shareholder, Telenor Danmark Holding A/S, Copenhagen. Related parties are also considered to include all subsidiaries and associates comprised by the company's ultimate parent, Telenor A, Fornebu. Members of the Board of Directors and the Executive Board are also considered to be related parties.

In 2018, Telenor A/S has had the following transactions and balances with related parties:

Parents	**2018 mDKK**	**2017 mDKK**
Income	5	2
Expenses	61	64
Non-current asset investments	0	0
Receivables	0	6
Liabilities other than provisions	2,643	2,623

Subsidiaries	**2018 mDKK**	**2017 mDKK**
Income (mainly dividends from subsidiaries)	355	771
Expenses	4	8
Non-current asset investments	0	0
Receivables	0	1
Liabilities other than provisions	0	0

Note 30. Related parties, continued

Other group entities	2018 mDKK	2017 mDKK
Income	79	73
Expenses	138	136
Non-current asset investments	4	10
Receivables (mainly receivables from subsidiaries)	43	26
Liabilities other than provisions	49	272

	2018 mDKK	2017 mDKK
Salary and remuneration for management and key personnel	9	6
Distributed among: Salary and pensions	8	5
Share-based payment	1	1

Remuneration of the Executive Board and Board of Directors appears from note 5.

The company's expenses for the Executive Board and Board of Directors are covered by a management fee paid to the parents.

It has been proposed to distribute dividends to the parent, Telenor Danmark Holding A/S, of 0 mDKK (2017: 4,000 mDKK).

NOTES

Note 31. Events after the balance sheet date

No events have occurred after the balance sheet date which would affect the evaluation of this annual report.

Note 32. Remuneration to the auditor elected by the general meeting

For information about the company's expenses for audit fee and other services from the company auditor, please refer to the annual report of the company's ultimate parent, Telenor ASA, Fornebu.

Note 33. Approval of the annual report for publication

At a board meeting held on 22 May 2019, the Board of Directors approved this annual report for publication. The annual report will be presented for approval of the shareholders of Telenor A/S at the annual general meeting on 22 May 2019.