Half year report 2022

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Introduction

Introduction

Telenet Group Holding NV (hereafter referred to as the “Company” or “Telenet”) is a company organized under the laws of Belgium. Other notations and definitions herein apply as presented in the Company’s 2021 Annual Report, which was published on March 25, 2022 (the “Annual Report”), a copy of which is available on the Company’s website at http://investors.telenet.be.

Presentation of financial and other information

The condensed consolidated Interim Financial Statements of Telenet Group Holding NV as of and for the period ended June 30, 2022 and 2021 and the audited consolidated annual financial statements as of and for the year ended December 31, 2021 have in each case been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (“EU IFRS”). The financial information included in this report is not intended to comply with SEC reporting requirements.

Forward-looking statements

Various statements contained in this document constitute “forward-looking statements” as that term is defined under the U.S. Private Securities Litigation Reform Act of 1995. Words like “believe,” “anticipate,” “should,” “intend,” “plan,” “will,” “expects,” “estimates,” “projects,” “positioned,” “strategy,” and similar expressions identify these forward-looking statements related to Telenet's financial and operational outlook and performance, including revenue, Adjusted Free Cash Flow, Adjusted EBITDA, rebased Adjusted EBITDAaL and Adjusted EBITDA less property & equipment additions, as well as Telenet's financial guidance; future growth prospects; strategies; product, network and technology launches and capabilities and expansion; the strength of Telenet's and its affiliates' respective balance sheets (including cash and liquidity position), tenor of Telenet's third-party debt, anticipated borrowing capacity; the anticipated endeavors, growth and financial performance of the NetCo creation between Telenet and Fluvius, including the timing, costs and benefits to be derived therefrom; any dividends to be paid to shareholders; the anticipated continued expansion of Telenet's 5G network, including the timing, costs and benefits to be derived therefrom; the costs and benefits to be realized as a result of the Company’s sale of its mobile tower infrastructure to DigitalBridge; and the anticipated impact of acquisitions on Telenet's combined operations and financial performance, each of which involve known and unknown risks, uncertainties and other factors that may cause Telenet's actual results, performance or achievements or industry results to be materially different from those contemplated, projected, forecasted, estimated or budgeted whether expressed or implied, by these forward-looking statements. These factors include: potential adverse developments with respect to Telenet's liquidity or results of operations; potential adverse competitive, economic or regulatory developments, the potential adverse impact of the outbreak of the coronavirus (COVID-19) pandemic; Telenet's significant debt payments and other contractual commitments; Telenet's ability to fund and execute its business plan; Telenet's ability to generate cash sufficient to service its debt; interest rate and currency exchange rate fluctuations; the impact of new business opportunities requiring significant up-front investments; Telenet's ability to attract and retain customers and increase its overall market penetration; ability to compete against other communications and content distribution businesses; Telenet's ability to maintain contracts that are critical to its operations; Telenet's ability to respond adequately to technological developments; Telenet's ability to develop and maintain back-up for its critical systems; Telenet's ability to continue to design networks, install facilities, obtain and maintain any required governmental licenses or approvals and finance construction and development, in a timely manner at reasonable costs and on satisfactory terms and conditions; Telenet's ability to have an impact upon, or to respond effectively to, new or modified laws or regulations; Telenet's ability to make value-accretive investments; and its ability to sustain or increase shareholder distributions in future periods. The Company assumes no obligation to update these forward-looking statements contained herein to reflect actual results, changes in assumptions or changes in factors affecting these statements.

About Telenet

As a provider of entertainment and telecommunication services in Belgium, Telenet is always looking for the perfect experience in the digital world for its customers. Under the brand name Telenet, the Company focuses on offering digital television, high-speed Internet and fixed and mobile telephony services to residential customers in Flanders and Brussels. Under the brand name BASE, it supplies mobile telephony in Belgium. The Telenet Business department serves the business market in Belgium and Luxembourg with connectivity, hosting and security solutions. More than 3,000 employees have one aim in mind: making living and working easier and more pleasant. Telenet Group is part of Telenet Group Holding NV and is quoted on Euronext Brussels under ticker symbol TNET. For more information, visit www.telenet.be. Liberty Global - one of the world’s leading converged video, broadband and communications companies, innovating and empowering people in six countries across Europe to make the most of the digital revolution – owns a direct stake of 58.9% in Telenet Group Holding NV (including any treasury shares held by the latter from time to time).

Definitions

Rebased information: On June 1, 2022, Telenet successfully completed the sale of its mobile tower infrastructure business ("TowerCo") to DigitalBridge Investments, LLC, an affiliate of DigitalBridge Group, Inc. ("DigitalBridge"). For purposes of calculating rebased growth rates on a comparable basis, Telenet has adjusted its historical revenue and Adjusted EBITDA to exclude the revenue and Adjusted EBITDA of TowerCo to the extent revenue and Adjusted EBITDA related to this transaction is no longer included in the Company's current results. The rebased growth percentages have been presented as a basis for assessing growth rates on a comparable basis. Rebased growth is a non-GAAP measure as contemplated by the U.S. Securities and Exchange Commission's Regulation G and is an additional measure used by management to demonstrate the Company's underlying performance and should not replace the measures in accordance with EU IFRS as an indicator of the Company's performance, but rather should be used in conjunction with the most directly comparable EU IFRS measure.

EBITDA is defined as profit before net finance income/(expense), the share of the result of equity accounted investees, income taxes, depreciation, amortization and impairment. **Adjusted EBITDA** is defined as EBITDA before stock-based compensation, measurement period and post-measurement period adjustments related to business acquisitions and restructuring charges, and before operating charges or credits related to successful or unsuccessful acquisitions or divestitures. Operating charges or credits related to acquisitions or divestitures include (i) gains and losses on the disposition of long-lived assets, (ii) due diligence, legal, advisory and other third-party costs directly related to the Company's efforts to acquire or divest controlling interests in businesses, and (iii) other acquisition-related items, such as gains and losses on the settlement of contingent consideration. **Adjusted EBITDAaL** (Adjusted EBITDA after leases) is defined as Adjusted EBITDA further adjusted to include lease-related depreciation and interest expense. Adjusted EBITDA and Adjusted EBITDAaL are non-GAAP measures as contemplated by the U.S. Securities and Exchange Commission's Regulation G and (i) represent an additional measure used by management to demonstrate the Company's underlying performance both before and after including all lease-related expenses necessary to run the business and (ii) provide comparability between Telenet's performance and the performance of other companies in the same or similar industries, although Telenet's measure may not be directly comparable to similar measures used by other public companies. These non-GAAP measures should not replace the measures in accordance with EU IFRS as an indicator of the Company's performance, but rather should be used in conjunction with the most directly comparable EU IFRS measure. A reconciliation of this measure to the most directly comparable EU IFRS measure is disclosed on page 16.

Accrued capital expenditures are defined as additions to property, equipment and intangible assets, including additions from leases and other financing arrangements, as reported in the Company's consolidated statement of financial position on an accrued basis.

Adjusted EBITDA less property & equipment additions (previously referred to as Operating Free Cash Flow ("OFCF")) is defined as Adjusted EBITDA minus accrued capital expenditures as reported in the Company's consolidated financial statements. Accrued capital expenditures exclude the recognition of football broadcasting rights and mobile spectrum licenses. Adjusted EBITDA less property & equipment additions is a non-GAAP measure as contemplated by the U.S. Securities and Exchange Commission's Regulation G and is a meaningful measure because it provides (i) a transparent view of Adjusted EBITDA that remains after the Company's capital spend, which the Company believes is important to take into account when evaluating overall performance of the business and (ii) a comparable view of the Company's performance relative to other telecommunications companies. The Company's Adjusted EBITDA less property and equipment additions measure may differ from how other companies define and apply their definition of similar measures.

Adjusted Free Cash Flow is defined as net cash provided by the Company's operating activities, plus operating-related vendor financed expenses (which represents an increase in the period to the Company's actual cash available as a result of extending vendor payment terms beyond normal payment terms, which are typically 90 days or less, through non-cash financing activities), less (i) cash payments in the period for capital expenditures as reported in the Company's consolidated statement of cash flows, (ii) principal payments on operating- and capital-related amounts financed by vendors and intermediaries (which represents a decrease in the period to the Company's actual cash available as a result of paying amounts to vendors and intermediaries where we previously had extended vendor payments beyond the normal payment terms), and (iii) principal payments on finance leases (which represents a decrease in the period to its actual cash available) each as reported in the Company's consolidated statements of cash flows. The Company believes its presentation of Adjusted Free Cash Flow, which is a non-GAAP measure as contemplated by the U.S. Securities and Exchange Commission's Regulation G, provides useful information to its investors because this measure can be used to gauge the Company's ability to (i) service debt and (ii) fund new investment opportunities after consideration of all actual cash payments related to working capital activities and expenses that are capital in nature whether paid inside normal vendor payment terms or paid later outside normal vendor payment terms (in which case the Company typically pays in less than 365 days). Adjusted Free Cash Flow should not be understood to represent the Company's ability to fund discretionary amounts, as the Company has various mandatory and contractual obligations, including debt repayments, that are not deducted to arrive at these amounts. Investors should view Adjusted Free Cash Flow as a supplement to, and not a substitute for EU IFRS measures of liquidity included in the Company's consolidated statements of cash flows. Further, the Company's Adjusted Free Cash Flow may differ from how other companies define and apply their definition of Adjusted Free Cash Flow.

Video Subscriber is a home, residential multiple dwelling unit or commercial unit that receives Telenet's video service over the Telenet and Partner Networks (commonly referred to as the "Combined Network").

Internet Subscriber is a home, residential multiple dwelling unit or commercial unit that receives Telenet's internet services over the Combined Network.

Fixed-line Telephony Subscriber is a home, residential multiple dwelling unit or commercial unit that receives Telenet's fixed-line voice services over the Combined Network. Fixed-line Telephony Subscribers exclude mobile telephony subscribers.

Mobile subscriber count represents the number of active subscriber identification module ("SIM") cards in service rather than services provided. For example, if a mobile subscriber has both a data and voice plan on a smartphone this would equate to one mobile subscriber. Alternatively, a subscriber who has a voice and data plan for a mobile handset and a data plan for a laptop (via a dongle) would be counted as two mobile subscribers. Customers who do not pay a recurring monthly fee are excluded from Telenet's mobile telephony subscriber counts after a 90-day inactivity period.

Customer Relationships are the number of customers who receive at least one of Telenet's video, internet or telephony services that Telenet counts as RGUs, without regard to which or to how many services they subscribe. Customer Relationships generally are counted on a unique premises basis. Accordingly, if an individual receives Telenet's services in two premises (e.g. a primary home and a vacation home), that individual generally will count as two Customer Relationships. Telenet excludes mobile-only customers from Customer Relationships.

Average Revenue Per Unit ("ARPU") refers to the average monthly subscription revenue per average customer relationship and is calculated by dividing the average monthly subscription revenue (excluding mobile services, Business-to-Business ("B2B") services, interconnect, channel carriage fees, mobile handset sales and installation fees) for the indicated period, by the average of the opening and closing balances for customer relationships for the period.

Homes Passed are homes, residential multiple dwelling units or commercial units that can be connected to the Combined Network without materially extending the distribution plant. Telenet's Homes Passed counts are based on census data that can change based on either revisions to the data or from new census results.

RGU is separately a Video Subscriber, Internet Subscriber or Fixed-line Telephony Subscriber. A home, residential multiple dwelling unit, or commercial unit may contain one or more RGUs. For example, if a residential customer subscribed to Telenet's video service, fixed-line telephony service and broadband internet service, the customer would constitute three RGUs. Total RGUs is the sum of Video, Internet and Fixed-line Telephony Subscribers. RGUs generally are counted on a unique premises basis such that a given premises does not count as more than one RGU for any given service. On the other hand, if an individual receives one of Telenet's services in two premises (e.g. a primary home and a vacation home), that individual will count as two RGUs for that service. Each bundled cable, internet or fixed-line telephony service is counted as a separate RGU regardless of the nature of any bundling discount or promotion. Non-paying subscribers are counted as subscribers during their free promotional service period. Some of these subscribers may choose to disconnect after their free service period. Services offered without charge on a long-term basis (e.g. VIP subscribers, free service to employees) generally are not counted as RGUs. Telenet does not include subscriptions to mobile services in its externally reported RGU counts.

Customer Churn represents the rate at which customers relinquish their subscriptions. The annual rolling average basis is calculated by dividing the number of disconnects during the preceding 12 months by the average number of customer relationships. For the purpose of computing churn, a disconnect is deemed to have occurred if the customer no longer receives any level of service from Telenet and is required to return Telenet's equipment. A partial product downgrade, typically used to encourage customers to pay an outstanding bill and avoid complete service disconnection is not considered to be disconnected for purposes of Telenet's churn calculations. Customers who move within Telenet's cable footprint and upgrades and downgrades between services are also excluded from the disconnect figures used in the churn calculation.

Net total leverage is defined as the sum of loans and borrowings under current and non-current liabilities (excluding lease-related liabilities) minus cash and cash equivalents ("Net Total Debt"), as recorded in the Company's statement of financial position, divided by the last two quarters' Consolidated Annualized Adjusted EBITDAaL. In its statement of financial position, Telenet's

USD-denominated debt has been converted into EUR using the June 30, 2022 EUR/USD exchange rate. As Telenet has entered into several derivative transactions to hedge both the underlying floating interest rate and exchange risks, the EUR-equivalent hedged amounts were €2,041.5 million (USD 2,295.0 million Term Loan AR) and €882.8 million (USD 1.0 billion Senior Secured Notes due 2028), respectively. For the calculation of its net leverage ratio, Telenet uses the EUR-equivalent hedged amounts given the underlying economic risk exposure. Net total leverage is a non-GAAP measure as contemplated by the U.S. Securities and Exchange Commission's Regulation G.

Net covenant leverage is calculated as per the 2020 Amended Senior Credit Facility definition, using Net Total Debt (using the EUR-equivalent hedged amounts for its USD-denominated debt as highlighted above), excluding (i) subordinated shareholder loans, (ii) capitalized elements of indebtedness under the Clientele and Annuity Fees, (iii) any finance leases entered into on or prior to August 1, 2007, (iv) any indebtedness incurred under the network lease entered into with the pure intermunicipalities, (v) any vendor financing-related liabilities, and including (vi) the Credit Facility Excluded Amount (which is the greater of (a) €400.0 million and (b) 0.25x Consolidated Annualized Adjusted EBITDA), divided by last two quarters' Consolidated Annualized Adjusted EBITDA.

Important reporting changes

Inclusion of Small and Medium Sized ("SME") and Large Enterprise ("LE") business customers: As of Q2 2021, Telenet's postpaid and total mobile subscriber counts include its SME and LE business customers, which were previously not recorded in the Company's SIM count. Telenet has represented its consolidated subscriber counts as presented below in order to allow both investors and analysts to assess Telenet's operational performance on a like-for-like basis. Consequently, Telenet has added 130,100, 132,600, 140,500, 146,100, 156,600 and 158,900 mobile postpaid subscribers to its subscriber count for the quarterly periods from Q1 2020 up to Q2 2021. As a result of the aforementioned change, the subscription and usage-related revenue generated by Telenet's SME and LE business customers is now being reported under its mobile telephony revenue (as opposed to business services revenue previously), while the interconnect revenue is now being recognized under other revenue (as opposed to business services revenue previously). Telenet provides rebased year-on-year changes in order to allow both investors and analysts to assess its financial performance on a like-for-like basis and represented all comparative 2021 periods on that basis.

Discontinuation of basic video RGU reporting: Following the successful completion of Telenet's analog TV switch-off program across its entire footprint at the end of November 2021, the Company will no longer distinguish between basic and enhanced video subscribers and will only report the total number of video customers as of January 1, 2022.

Rebased information: On June 1, 2022, Telenet successfully completed the sale of its mobile tower infrastructure business ("TowerCo") to DigitalBridge Investments, LLC, an affiliate of DigitalBridge Group, Inc. ("DigitalBridge"). For purposes of calculating rebased growth rates on a comparable basis, Telenet has adjusted its historical revenue and Adjusted EBITDA to exclude the revenue and Adjusted EBITDA of TowerCo to the extent revenue and Adjusted EBITDA related to this transaction is no longer included in its current results. The Company refers to the Definitions section above for more information.

Inclusion of Adjusted EBITDA after leases ("Adjusted EBITDAaL"): Following the aforementioned sale of its mobile tower infrastructure business on June 1, 2022, Telenet will now include Adjusted EBITDA after leases as a core financial metric in addition to Adjusted EBITDA. Adjusted EBITDAaL is defined as Adjusted EBITDA as further adjusted to include lease-related depreciation and interest expense as mentioned in the Definitions section above. As a result of the tower disposal, Telenet has entered into a 15-year Master Lease Agreement ("MLA") with DigitalBridge with two renewal periods of 10 years each. As a result, Telenet will make substantial payments to DigitalBridge for the use of its former mobile tower infrastructure. As a result, we believe Adjusted EBITDAaL is a helpful financial metric to (i) demonstrate the Company's underlying performance after including all lease-related expenses necessary to run its business and (ii) provide comparability between Telenet's performance and the performance of other companies in the same or similar industries, although Telenet's measure may not be directly comparable to similar measures used by other public companies.

Operating Free Cash Flow renamed Adjusted EBITDA less property & equipment additions: Effective with the release of Telenet's Q3 2021 earnings, the Company has stopped using the term Operating Free Cash Flow and now uses the term "Adjusted EBITDA less property & equipment additions". As Telenet defines the term, Adjusted EBITDA less property & equipment additions has the same meaning as Operating Free Cash Flow had previously, and therefore does not impact any previously reported amounts.

Revised definition of Adjusted Free Cash Flow: Effective Q4 2021, Telenet has changed the way it calculates Adjusted Free Cash Flow by deducting (i) cash payments for direct acquisition and divestiture costs and (ii) principal payments on pre-acquisition additions to network leases from its Adjusted Free Cash Flow. Prior to implementing this change, Telenet's Adjusted Free Cash Flow excluded both payments, in line with its historical guidance. Telenet has represented its Adjusted Free Cash Flow on that basis for all comparative 2021 periods as further detailed under 2.11.4 Adjusted Free Cash Flow. The Company refers to the Definitions section above for more information regarding its Adjusted Free Cash Flow disclosure.

1. Information on the Company

The following Management Discussion and Analysis is based on the condensed consolidated Interim Financial Statements of Telenet as of and for the six months ended June 30, 2022 and 2021 and the audited consolidated financial statements of Telenet as of and for the year ended December 31, 2021, prepared in accordance with EU IFRS. The Company has included selected financial information on Telenet as of and for the relevant periods. You should read the condensed consolidated interim financial statements attached hereto, including the notes thereto, together with the following discussion and analysis.

For a detailed description of Telenet's activities, network and strategy, we refer to the 2021 Annual Report.

1.1 Multiple play

OVERVIEW & MULTIPLE-PLAY

At June 30, 2022, Telenet served 2,022,400 unique customer relationships, which represented approximately 59% of the 3,419,400 homes passed by its leading hybrid fiber coaxial ("HFC") network across Telenet's Flemish and Brussels footprint. Telenet's cable network consists of a dense fiber backbone with local loop coaxial cable connections and spectrum of up to 1.2 GHz. Through both EuroDocsis 3.0 and 3.1 technologies, Telenet offers data download speeds of up to 1 gigabit per second ("Gbps") across its entire footprint. Mid-July 2022, Telenet announced a binding agreement with Fluvius taking a joint next step in the realization of the data network of the future. Both companies' ambition is to provide speeds of 10 Gbps across the entire footprint in time, for which there is a clear roadmap through a mixture of both HFC and fiber technologies ("DOCSIS"). As announced in October last year, both companies will incorporate a new independent self-funding infrastructure company (working name “NetCo”), of which Telenet will own 66.8% and Fluvius 33.2%. Combining both companies' fixed network assets, NetCo will invest in the gradual evolution of their current HFC network infrastructure into a Fiber-To-The-Home (“FTTH”) network, targeting 78% of their combined footprint in Flanders by 2038, through a combination of own build and/or a potential collaboration with external partners. Telenet's footprint in parts of Brussels and Wallonia will also be included in NetCo and be part of NetCo's investments. The estimated investment of up to a maximum of €2.0 billion (excluding termination-related capital expenditures) will be funded through NetCo's cash flow as well as additional intragroup financing facilities and will therefore not require any incremental external financing. The majority of this investment will be done within the next eight years. NetCo will also focus on upgrading the existing HFC network in areas where FTTH will not be deployed. This will ensure that everyone in Flanders will continue to enjoy the fastest and most reliable internet connection.

At June 30, 2022, Telenet provided 4,517,900 fixed services ("RGUs") consisting of 1,731,800 video, 1,728,900 broadband internet and 1,057,200 fixed-line telephony subscriptions. At June 30, 2022, Telenet also served 2,939,000 mobile subscribers, of which approximately 90% are subscribed to one of its attractive mobile or fixed mobile converged ("FMC") rate plans. Telenet reached a bundling rate of 2.23 fixed RGUs per unique customer relationship at June 30, 2022, which was modestly down compared to the prior year period as a result of the continued contraction in both Telenet's video and fixed-line telephony RGU base as further addressed below. Telenet's FMC customer base, which represents the sum of its "WIGO", "KLIK" and "ONE" and "ONE UP" propositions, continued to expand, however, reaching 788,900 subscribers at June 30, 2022, up 15% year-on-year, equivalent to 39,200 net new FMC subscribers for the six months ended June 30, 2022.

ARPU PER CUSTOMER RELATIONSHIP

The ARPU per customer relationship, which excludes Telenet's mobile telephony revenue and certain other types of revenue, is one of its core operating statistics as the Company seeks to obtain a larger share of its customers' telecommunication and entertainment spending. For the six months ended June 30, 2022, the monthly fixed ARPU per customer relationship reached €58.5, representing a decline of just over 1% compared to the six months ended June 30, 2021. The headwind from a higher reallocation of "ONE" FMC bundle revenue from fixed to mobile telephony annualized as of June 30, 2022 as the Company launched its "ONE" and "ONEup" bundles in April last year. For the six months ended June 30, 2022, the aforementioned bundle allocation effect more than offsets (i) the favorable impact of a greater share of higher-tier broadband subscribers in Telenet's mix, (ii) the favorable impact of last year's price adjustment and (iii) the favorable impact of a higher proportion of multiple-play subscribers.

1.2 Broadband internet

At June 30, 2022, Telenet served 1,728,900 broadband internet subscribers, which was up 1% compared to June 30, 2021. Telenet observed a more muted market environment for the six months ended June 30, 2022. As a result, the Company recorded lower gross sales, but was also able to maintain the favorable trend in its annualized churn. For the six months ended June 30, 2022, Telenet added a total of 3,200 net new broadband subscribers, which was primarily driven by the business segment with 3,400 net new broadband subscribers and a broadly stable result for the residential segment with a loss of 200 net broadband subscribers. Annualized churn decreased only slightly from 7.5% for the six months ended June 30, 2021 to 7.2% for the six months ended June 30, 2022 and hence remains at historically low levels. Telenet continues to offer gigaspeed broadband services of up to 1 Gbps across its entire footprint. The weighted average data download speed across Telenet's broadband subscriber base once again further increased, reaching 243 Mbps at June 30, 2022.

1.3 Fixed-line telephony

At June 30, 2022, Telenet served 1,057,200 fixed-line telephony subscribers, representing a 7% decrease compared to the same period of last year. Telenet's fixed-line telephony subscriber base contracted by 43,000 RGUs for the six months ended June 30, 2022, reflecting a generally declining fixed-line telephony market and the successful take-up of its latest "ONE " and "ONEUp" FMC bundles, as fixed-line telephony is no longer activated by default in these FMC packages, but needs a customer opt-in. Annualized churn for Telenet's fixed-line telephony service reached 9.8% for the six months ended June 30, 2022 and remained stable compared to the 9.9% churn rate for the six months ended June 30, 2021

1.4 Mobile telephony

Telenet's mobile telephony subscriber base, which excludes subscribers under its commercial wholesale partnerships, totaled 2,939,000 subscribers at June 30, 2022, including 2,640,900 postpaid subscribers. The remaining 298,100 mobile subscribers are prepaid subscribers under the BASE brand. On an organic basis, Telenet added 16,900 net new mobile postpaid subscribers for the six months ended June 30, 2022 which marked a subdued growth trend relative to last year reflecting softer market dynamics in the first half of 2022. Telenet's prepaid subscriber base continued to decrease in line with the general market trend and contracted by 22,300 subscribers for the six months ended June 30, 2022.

1.5 Video

At June 30, 2022, Telenet's video customer base reached 1,731,800 RGUs. Following the successful completion of Telenet's analog TV switch-off program across its entire footprint at the end of November 2021, substantially all of Telenet's video customers have upgraded to its higher ARPU enhanced video services, enabling them to enjoy an enriched TV experience with unrestricted access to a wider range of digital, HD and pay television sports, series and movies channels, a vast complementary and paid library of domestic and international video-on-demand ("VOD") content and its over-the-top ("OTT") platform "Telenet TV" and "Yelo". For the six months ended June 30, 2022, Telenet lost 30,200 video subscribers on a net basis. Annualized video churn reached 8.6% for the six months ended June 30, 2022 compared to a churn rate of 8.9% for the six months ended 30 June, 2021, marking an improved trend versus preceding quarters in line with the rest of Telenet's services.

Mid-September 2020, Telenet launched "Streamz": A unique streaming service of DPG Media and Telenet, in which Telenet holds a 50% share. Consequently, neither the operational nor the financial results of the joint venture itself are consolidated into Telenet's accounts. However, as Telenet offers both "Streamz" and "Streamz+" directly to customers through its digital TV platform, Telenet will continue to include the number of premium entertainment customers to whom the Company directly serves. The revenue generated by these direct premium entertainment subscribers is unaffected and remains within Telenet's video subscription revenue, while the content-related costs are accounted for as direct costs (programming-related expenses) and hence impacting the Adjusted EBITDA.

Following the launch of the "Streamz" streaming service, Telenet introduced a new "Streamz+" product and rebranded the former "Play" product into "Streamz" alongside "Play More", which continues to exist. Telenet believes its joint OTT platform is uniquely positioned, combining the best locally produced series of all local broadcasters VTM, Play and VRT, supplemented with must-see international content from HBO, in addition to an extensive kids zone, films and documentaries. Streamz is available to everyone through the Streamz app, online at Streamz.be and for Telenet customers through its digital TV platforms. In addition, Telenet continues to have a leading market position as far as sports is concerned. "Play Sports" continues to broadcast both domestic and international football competitions, such as the English Premier League exclusively, and via the Eleven Sports channels: the Belgian Jupiler Pro League, La Liga, Serie A and Bundesliga 1. Other sports, such as cyclo-cross, basketball, hockey, tennis, golf and motor sports, are also included in Telenet's broad sports offering. Play Sports Open offers all Telenet TV customers a selection of matches from different competitions, including Premier League, Europa League, Eredivisie, ATP and WTA Tennis, Belgian Hockey and Basketball, Cyclo-cross, Formula 1 and MXGP. This channel also includes both proprietary and acquired programs and documentaries.

Furthermore, as Telenet is evolving to offer all relevant premium entertainment to its customers, the Company has started to integrate other main subscription VOD services (including amongst others Netflix and Amazon Prime) to its customers through their set-top box environment and the Company intends to continue to expand with other relevant VOD services in the future. Consequently, Telenet is well positioned as a leading player in the premium entertainment segment within its footprint. Telenet's total premium entertainment subscriber base, including "Streamz", "Streamz+", "Play More" and "Play Sports" equaled approximately 35% of its total enhanced TV customer base[1] at the end of June 30, 2022, which was slightly down compared to the same period last year, reflecting a seasonally lower base of Play Sports subscribers as a result of the end of the major football championships in May and a lower number of premium entertainment customers as a result of a seasonally weaker content offering.

1 Including 370,400 direct subscriptions to Telenet's premium entertainment packages "Streamz", "Streamz+" and "Play More" and 210,500 "Play Sports" customers at June 30, 2022.

2. Discussion of the consolidated financial statements

2.1 Revenue by service

Telenet generated revenue of €1,291.6 million for the six months ended June 30, 2022, which was broadly flat versus €1,288.3 million of revenue the Company generated for the six months ended June 30, 2021, which included certain one-time benefits to our video revenue in the first quarter of 2021. Telenet sold its mobile tower infrastructure business to DigitalBridge on June 1, 2022. As a result, the tower disposal had no meaningful impact on Telenet's revenue profile for the six months ended June 30, 2022. Therefore, the growth rates mentioned below apply both on a reported and rebased basis.

Telenet's total subscription revenue for the six months ended June 30, 2022, which represents the sum of Telenet's cable and mobile subscription revenue, was broadly stable compared to the six months ended June 30, 2021. Growth in Telenet's broadband and mobile telephony revenue of 2% and 6%, respectively, was offset by a decline of 6% and 5%, respectively, in its fixed line telephony and video revenue with the latter including a tougher comparison given the one-off benefit in the first quarter of last year. Growth in mobile telephony revenue was mainly driven by the changes to the allocation of revenue from Telenet's new "ONE" FMC bundles compared to its former "WIGO" and "YUGO" FMC bundles, resulting in an increase of €10.8 million for the six months ended June 30, 2022, with a corresponding decrease in cable subscription revenue. In line with Telenet's outlook for the year ending December 31, 2022, the Company expects the second half of the year to be stronger in terms of revenue growth as a result of the rate adjustment effective mid-June 2022.

2.1.1 Video

Telenet's video revenue represents the monthly fee paid by its video subscribers for the channels they receive in the basic tier and the revenue generated by its enhanced video subscribers which primarily includes (i) recurring set-top box rental fees, (ii) fees for supplemental premium content offerings, including Telenet's subscription VOD packages “Streamz”, "Streamz+" “Play More” and “Play Sports” and (iii) transactional and broadcasting-on-demand services. Telenet's video revenue for the six months ended June 30, 2022 amounted to €266.0 million, representing a 5% decrease compared to the six months ended June 30, 2021, as a result of the aforementioned one-off effect in the first quarter of last year. Excluding this effect, Telenet's video revenue showed a more moderate 3% year-on-year decline, reflecting (a) a lower average number of video RGUs and (b) the aforementioned shift in revenue allocation from the new "ONE" FMC bundles. These factors combined more than outweighed the benefit from the August 2021 price adjustment.

2.1.2 Broadband internet

The revenue generated by Telenet's residential and small business broadband internet RGUs totaled €343.5 million for the six months ended June 30, 2022, up 2% compared to the six months ended June 30, 2021. This robust year-on-year performance reflected (i) the benefit from the August 2021 price adjustment, (ii) the continued uptiering of Telenet's broadband internet customer base and (iii) the successful launch of its new "ONE" FMC propositions. This was partly offset by the aforementioned change in revenue allocation from the new "ONE" FMC bundles.

2.1.3 Fixed-line telephony

Telenet's fixed-line telephony revenue includes recurring subscription-based revenue from its fixed-line telephony subscribers and variable usage-related revenue, but excludes the interconnect revenue generated by these customers, which is reported under other revenue. For the six months ended June 30, 2022, Telenet's fixed-line telephony revenue fell 6% year-on-year to €102.3 million. This mainly reflected lower average RGUs over the period as detailed under 1.3 Fixed-line telephony and the aforementioned change in revenue allocation from the new "ONE" FMC bundles, which more than offset the favorable impact of the August 2021 price adjustment.

2.1.4 Mobile telephony

Telenet's mobile telephony revenue represents the subscription-based revenue generated by its direct mobile telephony subscribers and out-of-bundle revenue, but excludes (i) the interconnect revenue generated by these customers, (ii) the revenue earned from handset sales and (iii) revenue recognized under its "Choose Your Device" programs, which are all recorded in other revenue. Telenet's mobile telephony revenue also includes the subscription and usage-related revenue generated by its SME and LE business customers. For the six months ended June 30, 2022, the Company generated mobile telephony revenue of €253.1 million, representing a year-on-year increase of over 6%. The increase was mainly attributable to a favorable comparison base as last year's mobile usage was adversely impacted by COVID-19 lockdown restrictions. Furthermore, Telenet's mobile telephony revenue benefited from the aforementioned revenue allocation shift from its latest FMC line-up.

2.1.5 Business services

The revenue reported under business services relates to (i) the revenue generated on non-coax products, including fiber and leased DSL lines, (ii) Telenet's carrier business and (iii) value-added services such as network hosting and managed data security. Revenue generated by Telenet's business customers on all coax-related products, such as its flagship "KLIK" bundle, is allocated to Telenet's cable subscription revenue lines and is not captured within Telenet Business, its business services division. Telenet's business services revenue no longer includes the subscription, usage-related and interconnect revenue generated by its SME and LE business customers, now reflected under mobile telephony and other revenue, respectively. Telenet Business generated revenue of €88.3 million for the six months ended June 30, 2022, representing a 2% year-on-year decline on a reported and rebased basis, driven by lower fixed-line and ICT integration services revenue.

2.1.6 Other

Other revenue primarily includes (i) interconnect revenue from both Telenet's fixed-line and mobile telephony customers, including its SME and LE business customers, (ii) advertising and production revenue from Telenet's media subsidiaries, (iii) mobile handset sales, including the revenue earned under Telenet's "Choose Your Device" programs, (iv) wholesale revenue generated through both Telenet's commercial and regulated wholesale businesses, (v) product activation and installation fees and (vi) set-top box sales revenue. Telenet's other revenue reached €238.4 million for the six months ended June 30, 2022, up 2% compared to the six months ended June 30, 2021, on a reported and rebased basis. Growth was mainly driven by higher wholesale revenue and improved handset sales in the second quarter of 2022. Both factors more than compensated for a continued decline in Telenet's interconnect revenue, reflecting the impact of the COVID-19 pandemic on customer behavior and related increased usage of OTT applications, while advertising and production business remained stable for the six months ended June 30, 2022, compared to the same period last year.

For more details on other revenue, please refer to note 5.14 in the condensed consolidated interim financial statements.

2.2 Total expenses

For the six months ended June 30, 2022, Telenet incurred total expenses of €998.4 million, representing a 2% increase compared to the six months ended June 30, 2021, reflecting the impact of both higher energy costs and overall inflation on certain of Telenet's cost lines. Total expenses represented approximately 77% of revenue for the six months ended June 30, 2022 (for the six months ended June 30, 2021: approximately 76%). Cost of services provided as a percentage of revenue represented approximately 51% for the six months ended June 30, 2022 (for the six months ended June 30, 2021: approximately 49%), while selling, general and administrative expenses represented approximately 27% of Telenet's total revenue for the six months ended June 30, 2022 (for the six months ended June 30, 2021: approximately 27%).

Telenet's operating expenses, which include its (i) network operating expenses, (ii) direct costs, (iii) staff-related expenses, (iv) sales and marketing expenses, (v) outsourced labor and professional services and (vi) other indirect expenses, increased almost 4% both on a reported and rebased basis for the six months ended in June 30, 2022, compared to the six months ended June 30, 2021. This was mainly driven by (i) higher staff-related expenses following the mandatory wage indexation in January 2022, (ii) the impact of higher inflation on outsourced labour and professional services and (iii) higher energy costs, leading to an overall increase in network operating expenses.

2.3 Expenses by nature

2.3.1 Network operating expenses

Network operating expenses for the six months ended June 30, 2022 were €108.2 million, up 2% year-on-year on a reported basis and up 3% year-on-year on a rebased basis. Within Telenet's network operating costs, energy costs increased by €7.5 million for the six months ended June 30, 2022, as a result of globally higher energy prices following the war in Ukraine. Approximately half of Telenet's energy costs are hedged until the end of the year and the Company expects a similar uplift in the second half of 2022 on its energy costs compared to the six months ended June 30, 2022, as embedded in its outlook for the year ending December 31, 2022.

2.3.2 Direct costs (programming and copyrights, interconnect and other)

Telenet's direct costs include all of its direct expenses such as (i) programming and copyright costs, including costs related to the purchase of content for its "Streamz", "Streamz+" and "Play More" packages, as well as the costs related to the Belgian football broadcasting rights, (ii) interconnect costs and (iii) handset sales and subsidies. For the six months ended June 30, 2022, Telenet's direct costs were €252.2 million, marking a 1% increase on a reported basis compared to six months ended June 30, 2021, mainly driven by higher programming and handset costs, partially offset by lower interconnect costs. On a rebased basis, Telenet's direct costs were broadly stable for the six months ended June 30, 2022 compared to the six months ended June 30, 2021.

2.3.3 Staff-related expenses

Staff-related expenses for the first half of 2022 were €145.1 million, which represented year-on-year increases of 5% and 7%, on a reported and rebased basis, respectively. This reflected (i) a higher average headcount and (ii) the effect of the 3.6% mandatory wage indexation as of early 2022.

2.3.4 Sales and marketing expenses

Telenet's sales and marketing expenses were €39.4 million for the six months ended June 30, 2022, broadly stable compared to the six months ended June 30, 2021, both on a reported and rebased basis. This reflected a more muted commercial market environment as discussed under 1.1 Multiple play.

2.3.5 Outsourced labor and professional services

Costs related to outsourced labor and professional services were €20.4 million for the first half of 2022, a 34% year-on-year increase both on a reported and rebased basis, reflecting higher costs related to certain strategic projects and digital transformation costs.

2.3.6 Other indirect expenses

Other indirect expenses reached €55.7 million for the six months ended June 30, 2022, representing year-on-year increases of 10% and 6% on a reported and rebased basis, respectively, compared to the six months ended June 30, 2021.

2.3.7 Depreciation, amortization, and restructuring, incl. impairment of long-lived assets and gain on disposal of assets

Depreciation and amortization, including impairment of long-lived assets, gain on disposal of assets and restructuring charges, reached €363.8 million for the six months ended June 30, 2022 compared to €358.5 million for the six months ended June 30, 2021.

2.4 Net finance income/expense

Net finance income for the six months ended June 30, 2022, totaled €182.2 million compared to net finance expense of €28.8 million for the six months ended June 30, 2021. Finance income for the six months ended June 30, 2022 increased 249% year-on-year from €152.9 million for the six months ended 30 June, 2021 to €534.0 million and included a non-cash gain on Telenet's derivatives of €533.8 million for the six months ended June 30, 2022, as compared to €152.3 million for the six months ended June 30, 2021. Telenet's finance expense for the six months ended June 30, 2022 increased 94% to €351.8 million from €181.7 million for the six months ended June 30, 2021, reflecting a €163.4 million higher non-cash foreign exchange loss on its USD-denominated debt. As detailed under 2.12 Debt profile, cash balance and net total leverage ratio, substantially all of Telenet's USD-denominated and floating rate debt has been hedged until the respective maturity dates, hence minimizing the impact of foreign exchange and interest rate fluctuations on its cash flows.

2.5 Gain on disposal of assets related to a subsidiary or joint venture

On June 1, 2022, Telenet successfully completed the sale of its mobile tower infrastructure business to DigitalBridge. This resulted in a gain on disposal of assets related to a subsidiary or joint venture of €371.1 million for the six months ended June 30, 2022, favorably impacting the Company's net income.

2.6 Income taxes

Telenet recorded income tax expense of €52.4 million for the six months ended June 30, 2022 compared to €69.7 million for the six months ended June 30, 2021.

For further information, refer to note 5.13 to the condensed consolidated interim financial statements of the Company.

2.7 Net result

Telenet realized a net profit of €793.4 million for the six months ended June 30, 2022 compared to €211.7 million for the six months ended June 30, 2021. The robust year-on-year increase was attributable to the aforementioned gain on disposal of assets related to the TowerCo transaction. Furthermore, the higher net profit reflected a significantly improved financial result partly offset by a 6% year-on-year decline in Telenet's operating profit. For the six months ended June 30, 2022, Telenet therefore achieved a net profit margin of 61.4%, an increase of 4,500 basis points compared to the six months ended June 30, 2021.

2.8 Adjusted EBITDA and Adjusted EBITDAaL

For the six months ended June 30, 2022, Telenet achieved Adjusted EBITDA of €670.6 million, which represented a decline of almost 3% on both a reported and a rebased basis versus the €688.7 million Telenet delivered for the six months ended June 30, 2021. As mentioned above, the decline in Telenet's Adjusted EBITDA for the six months ended June 30, 2022, was driven by (i) the impact of higher inflation on both its staff-related expenses and costs related to outsourced labor and professional services, (ii) the impact of higher energy prices on its network operating costs and (iii) a tougher comparison base as a result of certain one-off impacts to video revenue in the first half of last year. In line with Telenet's outlook for the year ending December 31, 2022, the Company anticipates an improved trend in its Adjusted EBITDA in the second half of the year, driven by certain price adjustments effective in mid-June, as well as a continued focus on its operating expenses and tight cost control. For the six months ended June 30, 2022, Telenet achieved an Adjusted EBITDA margin of 51.9% compared to 53.5% for the six months ended June 30, 2021.

On June 1, 2022, Telenet closed the sale of its mobile tower business to DigitalBridge and, as a result, the Company entered into a 15-year MLA and has started to make lease-related tower payments to DigitalBridge. Following this transaction, Telenet will now also include Adjusted EBITDA after leases ("Adjusted EBITDAaL") as a key financial metric, which includes all of its lease-related costs. Telenet's Adjusted EBITDAaL for the six months ended June 30, 2022 reached €612.4 million compared to €629.8 million for six months ended June 30, 2021, a decline of almost 3%, and impacted by the start of lease-related payments for passive mobile infrastructure following the sale of the mobile towers on June 1, 2022. On a rebased basis, as detailed under Definitions, Adjusted EBITDAaL was down 2% over the comparable period. For the six months ended June 30, 2022, Telenet achieved an Adjusted EBITDAaL margin of 47.4% compared to 48.9% for the six months ended June 30, 2021.

Reconciliation between profit for the period, Adjusted EBITDA and Adjusted EBITDAaL

(€ in millions)	For the six months ended June 30,	
	2022	2021
Profit for the period	**793.4**	**211.7**
Income tax expense	52.4	69.7
Share of the result of equity accounted investees	0.7	2.3
Gain on disposal of assets/liabilities related to a subsidiary or a joint venture	(371.1)	—
Net finance expense (income)	(182.2)	28.8
Depreciation, amortization, impairment and gain on disposal of assets	364.0	357.6
EBITDA	**657.2**	**670.1**
Share based compensation	3.8	12.8
Operating charges related to acquisitions or divestitures	9.7	6.9
Restructuring charges	(0.2)	0.9
Measurement period adjustments related to business acquisitions	0.1	(2.0)
Adjusted EBITDA	**670.6**	**688.7**
Depreciation on assets under leases	(42.7)	(45.2)
Interest expense on leases	(15.5)	(13.7)
Adjusted EBITDaL	**612.4**	**629.8**
Adjusted EBITDA margin	51.9 %	53.5 %
Adjusted EBITDAaL margin	47.4 %	48.9 %
Net profit margin	61.4 %	16.4 %

2.9 Capital expenditures

Accrued capital expenditures for the six months ended June 30, 2022 reached €626.6 million, an increase of 122% in comparison to the six months ended June 30, 2021, and equivalent to approximately 49% of revenue over the period. Telenet's accrued capital expenditures for the six months ended June 30, 2022 included €338.4 million of lease-related capital additions of which €322.8 million relates to lease additions previously classified as operating leases, and are hence excluded from Telenet's full year outlook. The vast majority of lease additions for the six months ended June 30, 2022, related to the sale of the Company's mobile towers and the start of its 15-year MLA with DigitalBridge. In addition, Telenet's accrued capital expenditures for the six months ended June 30, 2022 included (i) a temporary six-month extension of both its 2G and 3G mobile spectrum licenses in March this year for an aggregate amount of €8.4 million as well as (ii) €1.0 million for the recognition of football broadcasting rights. Excluding these impacts, as per Telenet's guidance for the year ending December 31, 2022, its accrued capital expenditures for the six months ended June 30, 2022 were €294.4 million, equivalent to approximately 23% of revenue, and representing a more moderate 11% year-on-year increase. In line with Telenet's outlook for the year ending December 31, 2022, its investment intensity picked up compared to last year.

Capital expenditures related to customer premises equipment, which includes Telenet's spending on set-top boxes, modems and WiFi powerlines represented €65.5 million for the six months ended June 30, 2022, up 27% compared to the six months ended June 30, 2021, driven by targeted set-top box and modem swap programs in addition to the continued roll-out of its in-home connectivity devices. Telenet's capital expenditures related to customer premises equipment for the six months ended June 30, 2022 represented approximately 22% of its total accrued capital expenditures compared to 19% for the six months ended June 30, 2021 (excluding the recognition of certain football broadcasting rights, the aforementioned mobile spectrum licenses and certain lease-related capital additions).

Accrued capital expenditures for network growth and upgrades amounted to €46.4 million for the six months ended June 30, 2022, marking an 48% increase compared to the six months ended June 30, 2021, and predominantly reflected the start of

Telenet's 5G roll-out and tactical fiber-related investments, as embedded in its outlook for the year ending December 31, 2022. For the six months ended June 30, 2022, network-related capital expenditures represented approximately 16% of total accrued capital expenditures compared to 12% for the six months ended June 30, 2021 (excluding the recognition of certain football broadcasting rights, the aforementioned mobile spectrum licenses and certain lease-related capital additions).

Telenet's capital expenditures for products and services, which reflects its investments in product development and the upgrade of its IT platforms and systems, amongst others, totaled €72.3 million for the six months ended June 30, 2022. This represented a noticeable 15% year-on-year decrease, reflecting lower spending on its IT upgrade program which is expected to be finalized by the end of this year. Capital expenditures for products and services represented approximately 25% of total accrued capital expenditures for the six months ended June 30, 2022 compared to 32% for the six months ended June 30, 2021 (excluding the recognition of certain football broadcasting rights, the aforementioned mobile spectrum licenses and certain lease-related capital additions).

The remainder of Telenet's accrued capital expenditures includes (i) refurbishments and replacements of network equipment, (ii) sports and programming acquisition costs, including certain content acquired by De Vijver Media, (iii) certain recurring investments in its IT platform and systems and (iv) lease-related capital additions. These reached €442.4 million for the six months ended June 30, 2022, representing a 288% increase compared to the six months ended June 30, 2021, and included the aforementioned €338.4 million of lease-related capital additions of which €322.8 million relates to lease additions previously classified as operating leases.

The above implies that approximately 63% of Telenet's accrued capital expenditures for the six months ended June 30, 2022 (excluding the recognition of certain football broadcasting rights, the aforementioned mobile spectrum licenses and certain lease-related capital additions) were scalable and subscriber growth related. Telenet continues to closely monitor its capital expenditures in order to drive incremental returns.

Reconciliation between accrued capital expenditures and cash capital expenditures

(€ in millions)	For the six months ended June 30,	
	2022	**2021**
Accrued capital expenditures	**626.6**	**281.8**
Assets acquired under capital-related vendor financing arrangements	(42.4)	(29.9)
Assets acquired under lease agreements	(338.4)	(18.9)
Changes in current liabilities related to capital expenditures	(7.4)	6.5
Total cash capital expenditures, net	**238.4**	**239.5**

2.10 Adjusted EBITDA less property & equipment additions

Telenet yielded an Adjusted EBITDA less property & equipment additions (previously referred to as Operating Free Cash Flow) of €376.2 million for the six months ended June 30, 2022 compared to €424.0 million for the six months ended June 30, 2021. The 11% year-on-year decrease was mainly driven by (i) a nearly 3% contraction in the Adjusted EBITDA as explained above and (ii) higher accrued capital expenditures versus the six months ended June 30, 2021 (excluding the recognition of football broadcasting rights, mobile spectrum licenses and certain lease-related capital additions). In line with Telenet's outlook for the year ending December 31, 2022, the Company expects a further contraction in its Adjusted EBITDA less property & equipment additions for the remainder of the year as higher investments will more than offset the projected recovery in the Adjusted EBITDA.

Reconciliation between Adjusted EBITDA and Adjusted EBITDA less property & equipment additions

(€ in millions)	For the six months ended June 30,	
	2022	2021
Adjusted EBITDA	**670.6**	**688.7**
Accrued capital expenditures	(626.6)	(281.8)
Recognition of football broadcasting rights	1.0	3.0
Recognition of mobile spectrum licenses	8.4	8.4
Recognition of certain lease-related capital additions	322.8	5.7
Accrued capital expenditures excluding recognition of football broadcasting rights, mobile spectrum licenses and certain lease-related capital additions	**(294.4)**	**(264.7)**
Adjusted EBITDA less property & equipment additions	**376.2**	**424.0**

2.11 Cash flow and liquidity

2.11.1 Net cash from operating activities

For the six months ended June 30, 2022, Telenet's operations yielded €512.6 million of net cash compared to the €511.3 million generated during the six months ended June 30, 2021. Telenet's net cash from operating activities was broadly stable year-on-year as a 3% contraction in its Adjusted EBITDA was offset by €9.2 million lower cash taxes paid during the six months ended June 30, 2022 compared to the six months ended June 30, 2022, and a modestly improved working capital trend.

2.11.2 Net cash used in investing activities

Telenet generated €466.4 million of net cash from investing activities for the six months ended June 30, 2022 compared to €255.0 million of net cash used in investing activities for the six months ended June 30, 2021. The net cash from investing activities for the six months ended June 30, 2022, reflected the sale of Telenet's mobile tower business to DigitalBridge, which was closed on June 1, 2022. Telenet utilizes a vendor financing program through which the Company is able to extend its payment terms for certain suppliers to 360 days at an attractive all-in cost. During the six months ended June 30, 2022, Telenet acquired €42.4 million of assets through capital-related vendor financing arrangements, compared to €29.9 million during the six months ended June 30, 2021, favorably impacting the net cash used in investing activities for the equivalent amount. Please refer to Section 2.9 - Capital expenditures for a reconciliation between accrued capital expenditures and cash capital expenditures.

2.11.3 Net cash used in financing activities

For the six months ended June 30, 2022, the net cash used in financing activities was €289.0 million compared to €243.4 million for the six months ended June 30, 2021, representing an increase of 19% year-on-year. Telenet's net financing cash flow for the six months ended June 30, 2022 reflected (i) the final dividend payment of €1.375 (gross) per share in May for an aggregate amount of €149.0 million, (ii) a net €67.0 million reduction in its outstanding loans and borrowings, including scheduled repayments under its vendor financing program and (iii) €22.7 million spent under its Share Repurchase Program 2021, which Telenet started at the end of November 2021 and completed end-February 2022. Under this program, Telenet repurchased 1.1 million treasury shares for an aggregate amount of €35.4 million, which have been cancelled in full in March 2022. The remainder of Telenet's net cash used in financing activities primarily consisted of lease repayments and other financial payments.

2.11.4 Adjusted Free Cash Flow

For the six months ended June 30, 2022, Telenet generated €166.7 million of Adjusted Free Cash Flow compared to €193.6 million for the six months ended June 30, 2021. This represented a 14% year-on-year decrease and mainly reflected (i) a €10.9 million lower contribution from Telenet's vendor financing program compared to the six months ended June 30, 2021, and (ii) €6.4 million higher direct acquisition costs, more than offsetting €9.2 million lower cash taxes paid relative to the six months ended June 30, 2021.

Reconciliation between net cash from operating activities and Adjusted Free Cash Flow

(€ in millions)	For the six months ended June 30,	
	2022	2021
Adjusted Free Cash Flow		
Net cash from operating activities	512.6	511.3
Cash payments for direct acquisition and divestiture costs	8.8	2.4
Operating-related vendor financing additions	173.2	189.7
Purchases of property and equipment	(134.5)	(143.8)
Purchases of intangibles	(103.9)	(95.7)
Principal payments on capital-related vendor financing	(197.2)	(185.9)
Principal payments on amounts financed by vendors and intermediaries	(32.6)	(37.0)
Principal payments on leases (excluding network-related leases assumed in acquisitions)	(27.4)	(22.6)
Principal payments on post acquisition additions to network leases	(17.0)	(15.9)
Adjusted Free Cash Flow (as previously defined)	**182.0**	**202.5**
Cash payments for direct acquisition and divestiture costs	(8.8)	(2.4)
Principal payments on pre-acquisition additions to network leases	(6.5)	(6.5)
Adjusted Free Cash Flow (as guided and currently defined)	**166.7**	**193.6**

2.12 Debt profile, cash balance and net leverage ratio

2.12.1 Debt profile

At June 30, 2022, Telenet carried a total debt balance (including accrued interest) of €6,297.2 million, of which €1,494.0 million principal amount is related to the EUR and USD-denominated Senior Secured Fixed Rate Notes due March 2028 and €3,299.4 million principal amount is owed under Telenet's 2020 Amended Senior Credit Facility with maturities ranging from April 2028 through April 2029. Telenet's total debt balance at June 30, 2022 also included a principal amount of €331.7 million related to its vendor financing program, while the remainder primarily represents lease obligations associated with (i) the June 1, 2022 sale of its mobile tower business to DigitalBridge resulting into a 15-year MLA, (ii) the Interkabel Acquisition prior to the closing of the recently announced NetCo transaction in early 2023 and (iii) other leases.

At June 30, 2022, Telenet carried €331.7 million of short-term debt related to its vendor financing program, all of which is maturing within less than twelve months and which carries a margin of 195 basis points over EURIBOR (floored at 0%). This represented a decline of €14.3 million versus December 31, 2021, reflecting seasonality in some of Telenet's scheduled vendor financing payments and negatively impacting its Adjusted Free Cash Flow by the same amount in the period. For the year ending December 31, 2022, Telenet continues to anticipate a broadly stable evolution from December 31 2021, as embedded in the Company's Adjusted Free Cash Flow outlook for the year ending December 31, 2022, yet with a certain seasonality in some of its payments from quarter to quarter.

All of Telenet's floating interest rate risk and foreign exchange currency risk have been hedged until the maturity of such debt instruments through a series of derivatives, improving the visibility on its future Adjusted Free Cash Flow. Excluding short-term liabilities related to Telenet's vendor financing program, the Company faces no debt maturities prior to March 2028 with a weighted average maturity of approximately 6.0 years at June 30, 2022. In addition, Telenet also had full access to €555.0 million of undrawn commitments under its revolving credit facilities at June 30, 2022, with certain availabilities up to September 2026.

2.12.2 Debt overview and payment schedules

For an overview of the Company's debt instruments and payment schedule at June 30, 2022, refer to note 5.11 to the condensed consolidated interim financial statements of the Company.

2.12.3 Cash balance and availability of funds

At June 30, 2022, Telenet held €829.5 million of cash and cash equivalents compared to €139.5 million at December 31, 2021. The robust increase in Telenet's cash balance as per June 30, 2022 reflected the net proceeds from the sale of its mobile tower business to DigitalBridge in early June. In order to minimize the concentration of counterparty risk, Telenet's cash equivalents and AAA-rated money market funds are placed with highly rated European and US financial institutions and the Company strives to invest at least 75% of its cash and cash equivalents in AAA-rated money market funds. In addition to Telenet's available cash balance, the Company also has full access to €555.0 million of available commitments under its 2020 Amended Senior Credit Facility and its other revolving credit facilities, subject to compliance with the covenants mentioned below.

2.12.4 Net leverage ratio

Telenet's net total leverage at June 30, 2022 reached 3.9x as the favorable impact from the tower sale was offset by the recognition of a 15-year lease liability reflecting the MLA with DigitalBridge. Following the tower disposal and the subsequent move to Adjusted EBITDAaL, and effective second quarter of 2022, Telenet has changed the way it is calculating net total leverage. Net total leverage is now calculated using net debt excluding leases and is divided by the last two quarters' annualized Adjusted EBITDAaL. On the new definition, Telenet's net total leverage was exceptionally low at 3.4x as its Adjusted EBITDAaL for the six months ended June 30, 2022 only included a one-month lease expense for tower sites and as its leverage did not yet include the ramifications from the June 2022 multiband spectrum auction. Therefore, Telenet expects its net total leverage to increase as of the next quarter.

Telenet's net covenant leverage, as calculated under the 2020 Amended Senior Credit Facility, differs from net total leverage as it excludes (i) any vendor financing-related short-term liabilities and includes (ii) the Credit Facility Excluded Amount (which is the greater of €400.0 million and 0.25x Consolidated Adjusted Annualized EBITDA). Telenet's net covenant leverage reached 2.5x at June 30, 2022, which marked a substantial improvement compared to 3.0x at December 31, 2021. This was entirely attributable to the strong growth in Telenet's cash balance following the aforementioned sale of its mobile tower business. Telenet's current net covenant leverage ratio is significantly below the springing maintenance covenant of 6.0x and the incurrence test of 4.5x net senior leverage. The aforementioned maintenance covenant only applies, however, in case Telenet would draw 40% or more under its revolving credit facilities. At June 30, 2022, Telenet's revolving credit facilities were fully undrawn as mentioned above.

3. Risk factors

3.1 General information

Certain statements in this Half Year Report constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. To the extent that statements in this Half Year Report are not recitations of historical fact, such statements constitute forward-looking statements, which, by definition, involve risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. In particular, statements under section 1. 'Information on the Company' may contain forward-looking statements, including statements regarding Telenet's business, product, foreign currency and finance strategies in 2022, subscriber growth and retention rates, competitive, regulatory and economic factors, the timing and impacts of proposed transactions, the maturity of the Company's markets, the anticipated impacts of new legislation (or changes to existing rules and regulations), anticipated changes in Telenet's revenue, costs or growth rates, Telenet's liquidity, credit risks, foreign currency risks, target leverage levels, Telenet's future projected contractual commitments and cash flows and other information and statements that are not historical fact. Where, in any forward-looking statement, the Company expresses an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished. In evaluating these statements, you should consider the risks and uncertainties discussed in the Company's 2021 Annual Report under 8.4 'Internal Control and Risk Management Systems'.

Following the Russian invasion of Ukraine on February 24, 2022, Telenet has been assessing the impact of the war on the Company's business. The initial impact assessment has mostly focused on the supplier and supply chain businesses, and concluded that there is only minimal direct impact of the war on the Company's business:

- With regard to the Company's suppliers, no significant direct impact has been identified. Telenet only works with a very limited number of Russian and Ukrainian suppliers, mostly in subcontractor positions. Telenet will not make hasty decisions on the supplier side and will carefully assess whether business practices of its suppliers with a link to Russia are infringing the Telenet Supplier Code of Conduct. Suppliers with a high-risk profile will be included in the annual ESG review the Company drives through EcoVadis. However, as requested by the Belgian authorities, immediate action has been taken on February 28, 2022 to suspend the broadcasting of Russian TV channels.

- Within the Company's supply chain, no direct impact has been identified at the tier 1 suppliers. An assessment of the impact at the tier 2 suppliers has been launched. Indirect impact is being monitored as well, such as the adverse impact of higher electricity prices on the Company's operating expenses (both for the current fiscal year and its three-year plan).

Telenet has no financial exposure to Russian banks. As discussed within section 2.12.3, Telenet's cash equivalents and AAA-rated money market funds are placed with highly rated European and US financial institutions in order to minimize the concentration of counterparty risk and the Company strives to invest at least 75 percent of its cash and cash equivalents in AAA-rated money market funds.

The initial impact assessment has been presented to the Board of Directors on March 18, 2022. The impact assessment will be further elaborated and fine-tuned, and periodically reported to the Audit and Risk Committee.

The Company refers to section 8.4 of its 2021 Annual Report for a more comprehensive explanation of the risk factors.

3.2 Legal proceedings

Telenet is involved in a number of legal proceedings that have arisen in the ordinary course of its business. Telenet discusses in its 2021 Annual Report certain pending lawsuits in which the Company is involved, which may have, or have had in the recent past, significant effects on its financial position or profitability. In note 5.16, Telenet discusses certain of these lawsuits and contingent liabilities and provides updates on certain regulatory matters. There have not been any major lawsuits other than those reported in Telenet's 2021 Annual Report or explained in note 5.16 that are expected to have a material adverse impact on the Company's business or consolidated financial position. Telenet notes, however, that the outcome of legal proceedings can be extremely difficult to predict with certainty, and Telenet offers no assurances in this regard.

4. Fair view statement by the management of the Company

We, the undersigned, John Porter, Chief Executive Officer of Telenet Group Holding NV, and Erik Van den Enden, Chief Financial Officer of Telenet Group Holding NV, declare that to our knowledge:

- The set of condensed consolidated interim financial statements drawn up in accordance with the prevailing accounting standards on Interim Financial Statements (IAS 34 as adopted by the European Union), gives a true and fair view of the assets, liabilities, financial position and profit and loss of the issuer and the companies included within its consolidation;

- The interim management's discussion and analysis provides a fair overview of the important events and major transactions of the issuer which occurred during the first six months of the financial year, and their impact on the set of condensed consolidated interim financial statements, and a description of the main risks and uncertainties which the issuer is exposed to.

John Porter

Chief Executive Officer

Erik Van den Enden

Chief Financial Officer

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Condensed consolidated interim statement of financial position

(€ in millions)	Note	June 30, 2022	December 31, 2021
Assets			
Non-current assets:			
Property and equipment	5.4	2,224.0	2,114.8
Goodwill	5.5	1,823.8	1,823.8
Other intangible assets	5.6	770.5	783.0
Deferred tax assets	5.13	187.3	169.0
Investments in and loans to equity accounted investees	5.7	123.5	117.6
Other investments		7.7	7.7
Derivative financial instruments	5.12	397.9	30.8
Other non-current assets	5.8	35.1	23.7
Total non-current assets		**5,569.8**	**5,070.4**
Current assets:			
Inventories		27.0	26.5
Trade receivables		170.8	174.3
Other current assets	5.8	173.7	135.7
Cash and cash equivalents	5.9	829.5	139.5
Derivative financial instruments	5.12	58.3	57.1
Total current assets		**1,259.3**	**533.1**
Total assets		**6,829.1**	**5,603.5**

(€ in millions)	Note	June 30, 2022	December 31, 2021

Equity and liabilities

Equity:			
Share capital	5.10	12.8	12.8
Share premium		80.7	80.7
Other reserves		686.7	697.7
Retained losses		(1,510.5)	(2,148.1)
Remeasurements		10.3	(9.6)
Total equity attributable to owners of the Company		**(720.0)**	**(1,366.5)**
Non-controlling interests		3.7	3.4
Total equity	5.10	**(716.3)**	**(1,363.1)**
Non-current liabilities:			
Loans and borrowings	5.11	5,814.6	5,080.3
Derivative financial instruments	5.12	18.6	174.0
Deferred revenue	5.14	2.4	3.6
Deferred tax liabilities	5.13	143.7	111.7
Other non-current liabilities		72.1	83.3
Provisions		21.0	14.8
Total non-current liabilities		**6,072.4**	**5,467.7**
Current liabilities:			
Loans and borrowings	5.11	482.6	498.8
Trade payables		193.2	166.5
Accrued expenses and other current liabilities		414.2	400.6
Provisions		94.4	88.4
Deferred revenue	5.14	114.6	115.2
Derivative financial instruments	5.12	44.7	58.9
Current tax liability	5.13	129.3	170.5
Total current liabilities		**1,473.0**	**1,498.9**
Total liabilities		**7,545.4**	**6,966.6**
Total equity and liabilities		**6,829.1**	**5,603.5**

The notes are an integral part of these condensed consolidated interim financial statements.

2. Condensed consolidated interim statement of profit or loss and other comprehensive income

(€ in millions, except per share data)		For the six months ended June 30,	
	Note	2022	2021

Profit for the period

Revenue	5.14	1,291.6	1,288.3
Cost of services provided	5.15	(652.8)	(632.6)
Gross profit		**638.8**	**655.7**
Selling, general and administrative expenses	5.15	(345.6)	(343.2)
Operating profit		**293.2**	**312.5**
Finance income		534.0	152.9
Net interest income and foreign exchange gain and other financial income		0.2	0.5
Net gain on derivative financial instruments	5.12	533.8	152.3
Net gain on extinguishment of debt		—	0.1
Finance expense		(351.8)	(181.7)
Net interest expense, foreign exchange loss and other finance expense		(351.8)	(181.7)
Net finance income/(expense)		**182.2**	**(28.8)**
Share in the result of equity accounted investees	5.7	(0.7)	(1.4)
Impairment of equity accounted investees		—	(0.9)
Gain on disposal of assets related to a subsidiary or a joint venture	5.4	371.1	—
Profit before income tax		**845.8**	**281.4**
Income tax expense	5.13	(52.4)	(69.7)
Profit for the period		**793.4**	**211.7**

(€ in millions, except per share data)	For the six months ended June 30,	
	2022	2021
Other comprehensive income (loss) for the period, net of income tax		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit liability/(asset), net of income tax	19.4	2.7
Equity-accounted investees - share of Other comprehensive income (loss), net of income tax	0.5	—
Other comprehensive income (loss) for the period, net of income tax	**19.9**	**2.7**
Total comprehensive income for the period	**813.3**	**214.4**
Profit attributable to:	**793.4**	**211.7**
Owners of the Company	793.7	212.0
Non-controlling interests	(0.3)	(0.3)
Total comprehensive income for the period, attributable to:	**813.3**	**214.4**
Owners of the Company	813.6	214.7
Non-controlling interests	(0.3)	(0.3)
Earnings per share		
Basic earnings per share in €	7.31	1.94
Diluted earnings per share in €	7.31	1.94

The notes are an integral part of these condensed consolidated interim financial statements.

3. Condensed consolidated interim statement of changes in shareholders' equity

Attributable to equity holders of the Company	Note	Number of shares	Share capital	Share premium	Share-based payment reserve	Legal reserve	Reserve for own shares	Other reserves	Retained losses	Remeasurements	Total	Non-controlling interest	Total equity
(€ in millions, except share data)													
December 31, 2021	5.10	113,841,819	12.8	80.7	149.7	64.8	(202.1)	685.3	(2,148.1)	(9.6)	(1,366.5)	3.4	(1,363.1)
Total comprehensive income for the period													
Profit for the period		—	—	—	—	—	—	—	793.7	—	793.7	(0.3)	793.4
Other comprehensive income [1]		—	—	—	—	—	—	—	—	19.9	19.9	—	19.9
Total comprehensive income for the period		—	—	—	—	—	—	—	793.7	19.9	813.6	(0.3)	813.3
Transactions with owners, recorded directly in equity													
Contributions by and distributions to owners of the Company													
Recognition of share-based compensation	5.10	—	—	—	3.8	—	—	—	—	—	3.8	—	3.8
Own shares acquired	5.10	—	—	—	—	—	(21.9)	—	—	—	(21.9)	—	(21.9)
Own shares sold	5.10	—	—	—	—	—	7.1	—	(7.1)	—	—	—	—
Cancellation own shares	5.10	(1,100,000)	—	—	—	—	45.2	(45.2)	—	—	—	—	—
Dividend declared	5.10	—	—	—	—	—	—	—	(149.0)	—	(149.0)	—	(149.0)
Total contribution by and distributions to owners of the Company		(1,100,000)	—	—	3.8	—	30.4	(45.2)	(156.1)	—	(167.1)	—	(167.1)
Changes in ownership interests in subsidiaries													
Capital contributions by NCI		—	—	—	—	—	—	—	—	—	—	0.6	0.6
Total transactions with owners of the Company		(1,100,000)	—	—	3.8	—	30.4	(45.2)	(156.1)	—	(167.1)	0.6	(166.5)
June 30, 2022	5.10	112,741,819	12.8	80.7	153.5	64.8	(171.7)	640.1	(1,510.5)	10.3	(720.0)	3.7	(716.3)

[1] Remeasurements of defined benefit liabilities/(asset), net of income taxes and equity-accounted investees - share of other comprehensive income (loss), net of income tax

Attributable to equity holders of the Company	Note	Share capital	Share premium	Share-based payment reserve	Legal reserve	Reserve for own shares	Other reserves	Retained losses	Remeasurements	Total	Non-controlling interest	Total equity
(€ in millions)												
December 31, 2020	5.10	12.8	80.7	135.6	64.8	(199.4)	685.3	(2,249.9)	(12.3)	(1,482.4)	28.4	(1,454.0)
Total comprehensive income for the period												
Profit for the period		—	—	—	—	—	—	212.0	—	212.0	(0.3)	211.7
Other comprehensive loss [2]		—	—	—	—	—	—	—	2.7	2.7	—	2.7
Total comprehensive income for the period		—	—	—	—	—	—	212.0	2.7	214.7	(0.3)	214.4
Transactions with owners, recorded directly in equity												
Contributions by and distributions to owners of the Company												
Recognition of share-based compensation	5.10	—	—	6.9	—	—	—	—	—	6.9	—	6.9
Own shares sold	5.10	—	—	—	—	5.8	—	(5.8)	—	—	—	—
Dividend declared	5.10	—	—	—	—	—	—	(150.2)	—	(150.2)	—	(150.2)
Liquidation Telenet Tecteo Bidco NV and Telenet Finance BV	5.10	—	—	—	—	—	—	19.1	—	19.1	(24.9)	(5.8)
Total contribution by and distributions to owners of the Company		—	—	6.9	—	5.8	—	(136.9)	—	(124.2)	(24.9)	(149.1)
Changes in ownership interests in subsidiaries												
Capital contributions by NCI		—	—	—	—	—	—	—	—	—	0.2	0.2
Total transactions with owners of the Company		—	—	6.9	—	5.8	—	(136.9)	—	(124.2)	(24.7)	(148.9)
June 30, 2021	5.10	12.8	80.7	142.5	64.8	(193.6)	685.3	(2,174.8)	(9.6)	(1,391.9)	3.4	(1,388.5)

The notes are an integral part of these condensed consolidated interim financial statements.

[2] Remeasurements of defined benefit liability/(asset), net of taxes

4. Condensed consolidated interim statement of cash flows

(€ in millions)		For the six months ended June 30,	
	Note	2022	2021

Cash flows provided by operating activities:

Profit for the period		793.4	211.7
Adjustments for:			
Depreciation, amortization, impairment and restructuring	5.15	366.7	360.7
Gain on disposal of property and equipment and other intangible assets	5.15	(2.9)	(2.2)
Income tax expense	5.13	52.4	69.7
Increase in allowance for bad debt		2.8	2.4
Loss (gain) on disposal of assets/liabilities of a subsidiary or a joint venture	5.4	(371.1)	—
Net interest income and foreign exchange gain		(0.2)	(0.5)
Net interest expense, foreign exchange loss and other finance expense		351.8	179.8
Accretion expense IFRS 16		—	1.9
Net gain on derivative financial instruments	5.12	(533.8)	(152.3)
Loss (gain) on extinguishment of debt		—	(0.1)
Share in the result of equity accounted investees	5.7	0.7	2.3
Share based payments	5.10	3.8	12.8
Change in:			
Trade receivables		3.0	7.3
Other assets		(0.8)	(16.7)
Deferred revenue		(0.6)	(4.4)
Trade payables		26.7	31.0
Derivatives paid (received)		(4.2)	(8.6)
Accrued expenses and other current liabilities		0.8	(3.6)
Interest paid		(89.5)	(84.3)
Income taxes paid	5.13	(86.4)	(95.6)
Net cash provided by operating activities		**512.6**	**511.3**

(in millions of euro)		For the six months ended June 30,	
	Note	2022	2021

Cash flows used in investing activities:

Acquisition of property and equipment		(134.5)	(143.8)
Acquisition of intangibles		(103.9)	(95.7)
Acquisitions of and loans to equity accounted investees	5.7	(5.9)	(16.2)
Proceeds from sale of assets related to a subsidiary or joint venture	5.4	733.7	0.7
Other investing activities	5.6	(23.0)	—
Net cash provided by (used in) investing activities		**466.4**	**(255.0)**

Cash flows used in financing activities:

Repayments of loans and borrowings		(240.2)	(232.5)
Proceeds from loans and borrowings		173.2	189.9
Payments of lease liabilities		(50.9)	(45.0)
Repurchase of own shares		(22.7)	—
Proceeds from capital transactions with equity participants		0.6	0.2
Payments related to capital reductions and dividends	5.10	(149.0)	(156.0)
Net cash used in financing activities		**(289.0)**	**(243.4)**
Net increase (decrease) in cash and cash equivalents		**690.0**	**12.9**
Cash and cash equivalents:			
At January 1	5.9	139.5	82.0
At June 30	5.9	829.5	94.9

The notes are an integral part of these condensed consolidated interim financial statements.

5. Notes to the condensed consolidated interim financial statements for the six months ended June 30, 2022

5.1 Reporting entity and basis of preparation

5.1.1 Reporting entity

The accompanying condensed consolidated interim financial statements (the "Interim Financial Statements") present the operations of Telenet Group Holding NV, its subsidiaries and other consolidated companies (hereafter collectively referred to as the “Company” or “Telenet”). Through its broadband network, the Company offers basic and enhanced video services, including pay television services, broadband internet and fixed-line telephony services to residential subscribers in Flanders and certain communes in Brussels as well as broadband internet, data and voice services in the business market throughout Belgium and parts of Luxembourg. The Company also offers mobile telephony services through its own mobile network.

Telenet Group Holding NV and its principal operating subsidiaries are limited liability companies organized under Belgian law. Subsidiaries and structured financing entities ("SEs") have been incorporated in Luxembourg in order to structure the Company’s financing operations.

5.1.2 Basis of preparation

The Interim Financial Statements have been prepared in accordance with IAS 34 “Interim Financial Reporting” as adopted by the EU (“EU IFRS”). They do not include all of the information required for full annual financial statements and should be read in conjunction with the Company’s audited consolidated financial statements as of and for the year ended December 31, 2021. Results for the six months ended June 30, 2022 are not necessarily indicative of future results.

The Interim Financial Statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value. The methods used to measure fair values are discussed in Note 5.3.2. The Interim Financial Statements were approved for issue by the board of directors on September 27, 2022.

5.1.3 Functional and presentation currency

The Interim Financial Statements are presented in euro (“€”), which is the Company’s functional currency, rounded to the nearest hundred thousand (€0.1 million) except when indicated otherwise.

5.1.4 Use of estimates and judgments

The preparation of financial statements in accordance with EU IFRS requires the use of certain critical accounting estimates and management judgment in the process of applying the Company’s accounting policies that affects the reported amounts of assets and liabilities and disclosure of the contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Interim Financial Statements are the same as those discussed in Note 5.1.4 of the Company's consolidated financial statements as of and for the year ended December 31, 2021.

In addition to those significant judgments, Telenet's management made additional significant judgments in its condensed consolidated interim financial statements for the six months ended June 30, 2022, related to its accounting, for:

- the sale of its passive mobile infrastructure to DigitalBridge Investments LLC, and
- the subsequent leaseback of its passive mobile infrastructure from Belgium Tower Partners NV (see Note 5.4).

Such major judgements and estimates include:

- The Company's determination of the minimum lease term is based on its judgement that at the lease inception date, it was not reasonably certain that the Company will exercise any of the available renewal options. The Company will reassess this judgement in future periods depending on the circumstances at that time.
- The Company's determination of the discount rate is based on (i) its judgement that the discount rate implicit in the lease cannot be readily determined, as well as (ii) its estimates for, amongst other things, a reference rate based on the country, currency and lease term, and financing spread adjustments based on the credit profile and the asset rating of the borrowing entity.
- The Company's estimate of the fair value of the passive mobile network infrastructure is based on, amongst other things, the total consideration paid by DigitalBridge Investments LLC pursuant to the Sale and Purchase Agreement, as well as the Company's assessment that no significant part of this consideration is attributable to elements of the overall transaction other than the passive mobile network infrastructure.
- In its assessment, the Company identified the various lease and non-lease components and allocated the total amounts of the minimum lease payments over these lease and non-lease components by reference to the respective fair values of each of the components.

A number of the Company's accounting policies and disclosures require the measurement of fair value for both financial and non-financial assets and liabilities. Measuring the fair value of an asset or liability is performed in the same manner as discussed in Note 5.1.4 of the Company's consolidated financial statements as of and for the year ended December 31, 2021.

5.1.5 Segment reporting

Operating segments are the individual operations of a company that the chief operating decision maker ("CODM") reviews regularly in allocating resources to these segments and in assessing segment performance. Telenet's segment reporting is presented based on how Telenet's internal financial information is organized and reported to the CEO, who is Telenet's CODM, the Senior Leadership Team and the board of directors.

The operating segments identified for the six months ended June 30, 2022 were the same as those described in the last annual financial statements.

For an overview of the Company's revenue by major category, we refer to note 5.14. The revenue for the six months ended June 30, 2022 and 2021 was all earned from external customers in Belgium. As of June 30, 2022 and December 31, 2021, all non-current assets, other than financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts, were located in Belgium.

5.1.6 Reporting changes

Revenue allocation from Telenet's Small and Medium Sized ("SME") and Large Enterprise ("LE") business customers: As of the second quarter of 2021, the Company's postpaid and total mobile subscriber count includes its SME and LE business customers, which were previously not recorded in the Company's SIM count. As a result of the aforementioned change, the subscription and usage-related revenue generated by Telenet's SME and LE business customers is now being reported under mobile telephony revenue as of the second quarter of 2021 (as opposed to business services revenue previously), while the interconnect revenue is now being recognized under other revenue (as opposed to business services revenue previously).

5.2 Significant accounting policies

The accounting policies applied by the Company in these Interim Financial Statements are the same as those applied in the Company's consolidated financial statements as of and for the year ended December 31, 2021. A number of new standards and amendments to standards are effective from January 1, 2022 but they do not have a material effect on the Company's condensed consolidated interim financial statements for the six months ended June 30, 2022 (Note 5.2.20 of the Company's consolidated financial statements as of and for the year ended December 31, 2021).

A number of new standards and amendments to standards are effective for annual periods beginning after January 1, 2022 and earlier application is permitted, however, the Company has not early adopted any of the forthcoming new or amended standards in preparing these condensed consolidated interim financial statements. The adoption of these standards and amendments to standards is not expected to have a material impact on the Company's financial result or financial position.

5.3 Financial instruments

5.3.1 Financial risk management

During the six months ended June 30, 2022, the Company did not change its financial risk management objectives or policies and, as a result, they are still consistent with the disclosures in the consolidated financial statements as of and for the year ended December 31, 2021.

5.3.2 Financial instruments: fair values

Carrying amount versus fair value

The fair values of financial assets and financial liabilities, together with the carrying amounts on the condensed consolidated interim statement of financial position and their levels in the fair value hierarchy are summarized in the table below. The fair value measurements are categorized into different levels in the fair value hierarchy based on the inputs used in the valuation techniques. Further, the fair value disclosures of lease liabilities are not required.

June 30, 2022	Note	Carrying amount	Fair value			
(€ in millions)				Level 1	Level 2	Level 3
Financial assets						
Financial assets carried at fair value						
Money market funds	5.9	789.4	789.4	789.4	—	—
Derivative financial assets	5.12	456.2	456.2	—	456.2	—
Total financial assets carried at fair value		**1,245.6**	**1,245.6**	**789.4**	**456.2**	**—**
Financial liabilities						
Financial liabilities carried at fair value						
Derivative financial liabilities	5.12	(63.3)	(63.3)	—	(63.3)	—
Total financial liabilities carried at fair value		**(63.3)**	**(63.3)**	**—**	**(63.3)**	**—**
Financial liabilities carried at amortized cost						
Loans and borrowings (including accrued interests and excluding deferred financing fees and lease obligations)	5.11					
- 2020 Amended Senior Credit Facility		3,310.1	3,058.4	—	3,058.4	—
- Senior Secured Fixed Rate Notes [1]		1,526.2	1,328.4	1,328.4	—	—
- Revolving Credit Facility I		1.1	1.1	—	1.1	—
- Nextel Credit Facility		0.3	0.3	—	0.3	—
- SFR network right of use		3.7	1.5	—	1.5	—
- Vendor financing		334.5	334.5	—	334.5	—
- Clientele fee > 20 years		121.2	121.1	—	121.1	—
- Renting debt		0.5	0.5	—	0.5	—
- Loan Connectify & UCast		0.5	0.5	—	0.5	—
- TowerCo other debt		8.0	3.7	—	3.7	—
Total financial liabilities carried at amortized cost		**5,306.1**	**4,850.0**	**1,328.4**	**3,521.6**	**—**

[1] The Senior Secured Fixed Rate Notes are listed on the Luxembourg stock exchange market.

December 31, 2021	Note	Carrying amount	Fair value		
(€ in millions)			Level 1	Level 2	Level 3
Financial assets					
Financial assets carried at fair value					
Money market funds	5.9	95.0	95.0	95.0	—	—
Derivative financial assets	5.12	87.9	87.9	—	87.9	—
Total financial assets carried at fair value		**182.9**	**182.9**	**95.0**	**87.9**	**—**
Financial liabilities						
Financial liabilities carried at fair value						
Derivative financial liabilities	5.12	(232.9)	(232.9)	—	(232.9)	—
Total financial liabilities carried at fair value		**(232.9)**	**(232.9)**	**—**	**(232.9)**	**—**
Financial liabilities carried at amortized cost						
Loans and borrowings (including accrued interests and excluding deferred financing fees and lease obligations)	5.11					
- 2020 Amended Senior Credit Facility		3,135.4	3,092.2	—	3,092.2	—
- Senior Secured Fixed Rate Notes [1]		1,449.3	1,494.2	1,494.2	—	—
- Revolving Credit Facility I		1.1	1.1	—	1.1	—
- Nextel Credit Facility		0.4	0.3	—	0.3	—
- SFR network right of use		3.8	1.9	—	1.9	—
- Vendor financing		349.4	349.4	—	349.4	—
- Clientele fee > 20 years		125.7	143.7	—	143.7	—
- Renting debt		0.9	0.8	—	0.8	—
- Loan Connectify & UCast		0.8	0.7	—	0.7	—
Total financial liabilities carried at amortized cost		**5,066.8**	**5,084.3**	**1,494.2**	**3,590.1**	**—**

[1] The Senior Secured Fixed Rate Notes are listed on the Luxembourg stock exchange market,

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring level 2 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Unobservable inputs	Inter-relationship between unobservable inputs and fair value measurements
Interest rate derivatives	Discounted cash flows: the fair value of the cross currency and interest rate derivatives is calculated by the Company based on swap curves flat, taking into account the credit risk of both the Company and the respective counterparties to the instruments. The Company also compares the calculated fair values to the respective instruments' fair value as provided by the counterparty.	The credit risk of both the Company and the respective counterparties to the instruments.	The estimated fair value would increase (decrease) if: - the credit risk of the Company were lower (higher) - the credit risk of the counterparty were higher (lower).
Foreign exchange forwards and embedded derivatives	Discounted cash flows: the fair value of forward exchange contracts is calculated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate. This calculation is compared to the listed market price, if available.	Not applicable.	Not applicable.

Financial instruments not measured at fair value

Type	Valuation technique	Unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurements
Loans and borrowings : - 2020 Amended Senior Credit Facility - Senior Secured Fixed Rate Notes - Overdraft facilities	Market comparison technique: The fair values are based on broker quotes. The brokers providing the quotes are among the most active in the trading of the Senior Credit Facility, and regularly provide quotes to the market. No adjustments to this pricing are needed.	Not applicable.	Not applicable.
Loans and borrowings: - Renting debt - SFR network right of use - Vendor financing - Nextel credit facility - Clientele fee > 20 years - Loan Connectify & U-Cast - TowerCo other debt	Discounted cash flows.	Discount rate.	The estimated fair value would increase (decrease) if: - the discount rate were lower (higher).

During the six months ended June 30, 2022, no financial assets or liabilities measured at fair value have been transferred between the levels of the fair value hierarchy.

5.4 Property and equipment

(€ in millions)	Land, buildings, and leasehold improvements	Network	Construction in progress	Furniture, equipment, and vehicles	Total
Cost					
At January 1, 2022	**224.2**	**4,280.2**	**48.2**	**65.6**	**4,618.2**
Additions	6.4	446.7	22.8	4.8	480.7
Sale of assets - TowerCo	—	(320.8)	(0.7)	—	(321.5)
Decommissioning provision - TowerCo	—	18.1	—	—	18.1
Transfers	—	12.9	(12.9)	—	—
Impairment	—	—	(0.3)	—	(0.3)
Write off of fully depreciated assets	0.1	0.2	—	(1.6)	(1.3)
At June 30, 2022	**230.7**	**4,437.3**	**57.1**	**68.8**	**4,793.9**
Accumulated Depreciation					
At January 1, 2022	**137.2**	**2,337.2**	**—**	**29.0**	**2,503.4**
Depreciation charge for the year	11.4	191.8	—	4.2	207.4
Sale of assets - TowerCo	—	(141.7)	—	—	(141.7)
Transfers	—	1.0	—	—	1.0
Write off of fully depreciated assets	0.1	0.2	—	(1.6)	(1.3)
Other	—	—	—	1.1	1.1
At June 30, 2022	**148.7**	**2,388.5**	**—**	**32.7**	**2,569.9**
Carrying Amount					
At January 1, 2022	87.0	1,943.0	48.2	36.6	2,114.8
At June 30, 2022	82.0	2,048.8	57.1	36.1	2,224.0

Accrued capital expenditures for property and equipment reached €480.7 million for the six months ended June 30, 2022 and related mainly to investments in the Company's network, primarily related to the sale and leaseback of the Company's passive mobile network and infrastructure, as further detailed below.

For the six months ended June 30, 2022, the Company removed €1.3 million of gross cost and accumulated depreciation related to fully depreciated assets which are no longer used by the Company.

Sale and leaseback of the Company's passive mobile network infrastructure
On March 25, 2022, Telenet Group Holding NV and DigitalBridge Investments LLC, a wholly owned subsidiary of DigitalBridge Group, Inc. (further referred to as "DigitalBridge"), entered into a binding agreement for the sale of 100% of the shares of Telenet Newco NV (further referred to as "TowerCo") for a total consideration of €745.0 million on a cash-free and debt-free basis, fully payable in cash. The initial purchase price as defined in the aforementioned agreement, taking into account an initial net working capital adjustment as well as a price correction for new sites built at completion date amounted to a cash amount received of €733.0 million upon the closing of the transaction, i.e. June 1, 2022. As per June 30, 2022, the adjusted purchase price, after contractually foreseen adjustments was determined to be €740.0 million but the aforementioned adjustments to the purchase price were still subject to final agreement between the parties.

As part of the aforementioned agreement, Telenet Group NV and Belgium Tower Partners NV, the new name of TowerCo, entered into a Master Lease Agreement ("MLA") for an initial lease period of 15 years and two possible renewal periods of 10 years each. The agreement also includes a build-to-suit commitment to deploy a minimum of 475 additional new sites with Telenet (i) acting as a subcontractor to Belgium Tower Partners NV and (ii) entering into a lease agreement for these newly constructed sites.

The Company determined that (i) the initial transfer of the assets and liabilities related to the Company's passive mobile network infrastructure qualified as a sale under IFRS 15, and consequently, that (ii) the series of transactions mentioned above represent a sale and leaseback transaction.

In accordance with the requirements of IFRS 16 Leases, the Company thus:

- derecognized the underlying assets,
- applied the lessee accounting model to the leaseback and recognized a corresponding lease liability,
- measured the right-of-use asset at the retained portion of the previous carrying amount (at cost), and
- recognized only the amount of the gain related to the rights transferred to the TowerCo.

In its assessment, the Company identified the various lease and non-lease components and allocated the total amounts of the minimum lease payments over these components by reference to the respective fair values of each of the components.

The key financial impacts of the aforementioned transactions can be summarized as follows (see also Note 5.18):

- purchase price amounting to €740.0 million, of which €733.0 million had been received in cash as per June 30, 2022
- derecognition of the owned passive mobile network infrastructure with a net book value of €72.0 million at transaction date,
- derecognition of the transferred right of use assets (net book value of €108.1 million) and the corresponding lease liabilities (€106.6 million),
- recognition of lease liabilities under the MLA, amounting to €582.3 million (see note 5.11.),
- recognition of right-of-use assets related to the sold passive mobile network infrastructure, amounting to €32.0 million,
- recognition of right-of-use assets related to land and location leases, amounting to €254.8 million,
- recognition of other lease – leaseback financing liabilities for an amount of €8.0 million,
- a total gain realized on the series of transactions amounting to €371.1 million,
- a deferred tax asset and a corresponding deferred tax benefit on the transactions for an amount of €75.9 million.

With respect to its obligations regarding the removal of its active mobile network equipment on the leased passive mobile network infrastructure, the Company recognized a decommissioning provision (and corresponding asset) amounting to €18.1 million.

5.5 Goodwill

The total amount of goodwill as of June 30, 2022 amounted to €1,823.8 million and remained unchanged compared to December 31, 2021. The Company identified two cash generating units, being:

- Telenet, and
- De Vijver Media.

5.6 Other intangible assets

(€ in millions)	Network user rights	Trade name	Software	Customer relationships	Broadcasting rights	Other	Total
Cost							
At January 1, 2022	**280.7**	**185.1**	**1,018.3**	**179.0**	**296.7**	**34.6**	**1,994.4**
Additions	8.4	—	106.2	—	31.5	—	146.1
Sale of assets - TowerCo	—	—	(0.5)	—	—	—	(0.5)
Write-off of fully amortized assets	—	—	—	(17.2)	(31.2)	—	(48.4)
Transfers	—	—	—	—	—	0.1	0.1
At June 30, 2022	**289.1**	**185.1**	**1,124.0**	**161.8**	**297.0**	**34.7**	**2,091.7**
Accumulated amortization							
At January 1, 2022	**194.4**	**136.0**	**559.1**	**134.0**	**180.2**	**7.7**	**1,211.4**
Amortization charge of the year	12.3	3.0	88.3	10.6	43.0	2.0	159.2
Sale of assets - TowerCo	—	—	(0.1)	—	—	—	(0.1)
Write-off of fully amortized assets	—	—	—	(17.2)	(31.2)	—	(48.4)
Transfers	—	—	(1.0)	—	—	0.1	(0.9)
At June 30, 2022	**206.7**	**139.0**	**646.3**	**127.4**	**192.0**	**9.8**	**1,321.2**
Carrying amount							
At January 1, 2022	86.3	49.1	459.2	45.0	116.5	26.9	783.0
At June 30, 2022	82.4	46.1	477.7	34.4	105.0	24.9	770.5

The Company's intangible assets other than goodwill each have finite lives and are comprised primarily of network user rights (mainly mobile spectrum), trade name, software development and acquisition costs, customer relationships, and broadcasting rights.

Software additions for the six months ended June 30, 2022 were €106.2 million. The significant software-related investments represent increased investments in our customer-facing platform as well as investments in driving the customer experience and investments in a new ERP software program.

Acquisitions of broadcasting rights were €31.5 million, primarily linked to the acquisition of movie rights (€30.2 million) and sport rights (€1.3 million). Write off of fully amortized broadcasting rights were €31.2 million, and mostly related to the UK Soccer League seasons 2019-2022 (€29.4 million) and Netherlands Soccer League seasons 2018-2022 (€1.4 million).

Mobile spectrum auction
On June 1, 2022, the BIPT ("Belgian Institute for Postal Services and Telecommunications") initiated the auctions for new 5G spectrum (700 MHz and 3600 MHz bands) and the existing 2G and 3G spectrum (900 MHz, 1800 MHz and 2100 MHz bands) by means of a so-called "simultaneous multiple-round ascending" ("SMRA") auction process. The auctions resulted in the allocation of "generic" frequency lots within each of the frequency bands to the respective bidders. The position of the actual frequency blocks was not yet determined in these auctions as per June 30, 2022. In July 2022, the exact frequencies within each spectrum band were specified and allocated following a mutual agreement amongst the operators and approval by the BIPT.

The auction for the 5G 1400 MHz band was initiated on July 12, 2022 and completed on July 20, 2022 with the allocation of the specified frequencies per operator.

Telenet will obtain a license on the aforementioned spectrum bands for a consideration consisting of a so-called “unique fee” and “annual fees”. The "unique fee" can be paid upfront in one single payment or in yearly installments, with the application of an interest rate calculated on a yearly basis (EURIBOR 1 year + 2%). The “annual fee" is a spectrum availability fee and is due regardless of whether the spectrum is used or not and is subject to an annual indexation adjustment.

The frequency lots awarded to Telenet at the occasion of the auction procedures, as well as the respective so-called "unique fee" and (total estimated) "annual fee" can be summarized as follows:

Band	Type	Existing / New	Quantity	Positioning	Duration	Start date	Unique fee (€ in millions)	Annual Fee (*) (€ in millions)	Estimated cash price equivalent at recognition date (€ in millions)
900 MHz	2G	Existing	2 x 10 MHz	880-890 MHz / 925-935 MHz	20 years	January 1, 2023	57.4	23.5	80.9
1800 MHz	2G	Existing	2 x 20 MHz	1765-1785 MHz / 1860-1880 MHz	20 years	January 1, 2023	69.4	25.8	95.2
2100 MHz	3G	Existing	2 x 15 MHz	1945-1960 MHz / 2135-2150 MHz	20 years	January 1, 2023	60.4	19.3	79.7
700 MHz	5G	New	2 x 5 MHz	708-713 MHz / 763-768 MHz	20 years	September 1, 2022	21.3	10.2	31.5
3600 MHz	5G	New	1 x 100 MHz	3480-3580 MHz	through May 6, 2040	September 1, 2022	55.8	10.5	66.3
1400 MHz	5G	New	1 x 15 MHz	1457-1472 MHz	20 years	July 1, 2023	38.0	8.4	46.4
At June 30, 2022							**302.3**	**97.7**	**400.0**

(*) Discounted value of the (estimated) future payments

The 2G and 3G spectrum required a new allocation amongst the respective operators, with also one new operator obtaining frequencies in these bands. The allocation of the specific frequency blocks for the 2G and 3G spectrum was finalized in July 2022, and the respective operators will need to complete the required reconfiguration of their network equipment upon which the BIPT will cause the 2G and 3G spectrum licenses to enter into force and the frequency blocks to become available for use. The BIPT has extended the currently existing 2G and 3G spectrum licenses which matured on September 15, 2022 until December 31, 2022. In case the operators would not have completed the required reconfiguration by then, the BIPT can extend the existing licenses for a limited period of time. The Company currently expects that the newly granted 2Gand 3G spectrum licenses will become ready for use as of January 1, 2023 onwards. The frequency blocks within the 5G spectrum require less to no "reshuffling" amongst the operators.

The Company analyzed whether the rights acquired under the June 2022 auction procedures meet the definition and recognition criteria of intangible assets under IAS 38 Intangible Assets as per June 30, 2022. The Company concluded that, because:

a. the spectrum granted via the June 2022 auctions only assigned generic frequency blocks and the specific spectrum frequency blocks had not been allocated by June 30, 2022,

b. some or all of the specific 2G and 3G frequency blocks that will be allocated to Telenet may have been in use by other operators at June 30, 2022 and thus were not yet available to Telenet, and

c. none of the new spectrum licenses had entered into force by June 30, 2022,

the Company did not yet control the specific frequency blocks at June 30, 2022. Telenet concluded that consequently, the spectrum frequency rights did not yet meet the criteria for recognition as an intangible asset as per June 30, 2022. However, as a consequence of the completed auction process, the Company incurred significant commitments for the purchase of the mobile spectrum which are summarized in the table above.

The Company currently expects to recognize intangible assets in respect of the acquired spectrum licenses, when such licenses will meet the criteria for recognition in the second half of 2022, for the respective cash price equivalent amounts shown in the table above.

The financial impact of the 2022 mobile spectrum auction for the six months ended June 30, 2022 was limited to the effectively paid advance payments amounting in total to €23.0 million which are recorded under the Other current assets.

5.7 Investments in and loans to equity accounted investees and other investments

5.7.1 Investments in and loans to equity accounted investees

The following table shows the components of the Company's investments in equity accounted investees:

(€ in millions)	Joint Ventures	Associates	Total
Investments			
At January 1, 2022	**96.2**	**11.6**	**107.8**
Capital increase Doccle	1.0	—	1.0
OCI pension equity pickup	—	0.6	0.6
At June 30, 2022	**97.2**	**12.2**	**109.4**
Share in the result			
At January 1, 2022	**(2.8)**	**3.1**	**0.3**
Share in the result	(1.1)	0.4	(0.7)
At June 30, 2022	**(3.9)**	**3.5**	**(0.4)**
Loans granted			
At January 1, 2022	**5.5**	**4.0**	**9.5**
New loans granted	4.6	0.3	4.9
Accrued interest	—	0.1	0.1
At June 30, 2022	**10.1**	**4.4**	**14.5**
Carrying Amount			
At January 1, 2022	98.9	18.7	**117.6**
At June 30, 2022	103.4	20.1	**123.5**

Streamz BV

On April 1, 2022, both Telenet and DPG Media each granted a loan to Streamz BV of €2.0 million with a duration of three years. On June 30, 2022, an additional loan of €2.5 million was granted by both parties, also with a duration of three years.

Caviar Group

On May 3, 2021, Telenet Group NV completed the acquisition of a 49% stake in Caviar Group NV and 6320 Canal SA (jointly referred to as “Caviar” or the "Caviar Group") for a purchase price of €14.4 million. The Caviar Group is a worldwide entertainment and audio-visual content production group active in Europe and the United States.

The 49% investment in Caviar Group qualifies as a joint venture and is accounted for using the equity method. Telenet recognized its €2.9 million share in the net result of Caviar Group for the period beginning on the transaction closing date, resulting in a carrying value of the investment of €17.3 million on June 30, 2022. As per December 31, 2021, the Company had not yet completed the allocation of the cost of the investment to the Company's share of the net fair value of Caviar Group's identifiable assets and liabilities. As of March 31, 2022, the allocation of the purchase price to the acquired identified net assets was finalized. The fair value adjustments mainly related to intangible assets (including customer relationships (€10.3 million), trade name (€8.5 million), TV & film formats (€2.2 million) and other intangible assets €(0.5) million) and the deferred tax related to the aforementioned adjustments (€5.2 million).

(€ in millions)	Initial IFRS opening balance sheet	Fair value adjustments	Fair value of identifiable net assets
Net assets (01/05/2021)			
Non-current assets	2.7	20.5	23.2
Current assets	22.0	—	22.0
Non-current liabilities	(4.2)	(5.2)	(9.4)
Current liabilities	(18.9)	—	(18.9)
Net assets (100%)	**1.6**	**15.3**	**16.9**
Group's share of the net assets (49%)			
Group's share of the net assets (49%)	0.8	7.5	8.3
Goodwill	13.6	(7.5)	6.1
Amount recognized as equity investment	**14.4**	**—**	**14.4**

Doccle BV / Doccle.Up NV

Doccle is a digital platform enabling producers and consumers to securely store documents and perform administrative tasks. Telenet and Isabel Group each hold 50% of the shares in the JV.

In January 2022, the Company contributed €1.0 million to the capital increase of Doccle.UP to bring the total investment value to €3.1 million as of June 30, 2022.

5.8 Other assets

5.8.1 Non-current

(€ in millions)	Note	June 30, 2022	December 31, 2021
Outstanding guarantees to third parties for own liabilities (cash paid)		1.6	1.7
Deferred financing fees		2.9	3.2
Contract assets		1.1	1.2
Surplus of post retirement plan assets		21.6	9.3
Non-current lease receivable		2.9	3.2
Other		5.0	5.1
Other non-current assets		35.1	23.7

Non-current assets increased by €11.4 million, which is primarily driven by the increase in surplus of post retirement plan assets (increase of €12.3 million).

The Company presents the deferred financing fees related to undrawn Term Loans and Revolving Credit Facilities as other non-current assets. At June 30, 2022, the Revolving Credit Facilities were undrawn.

The lease receivables are related to certain customized equipment offerings to business customers which qualify as manufacturer or dealer leases.

The contract assets amounting to €1.1 million at June 30, 2022 are mainly related to multiple element arrangements.

The outstanding guarantees consist of amounts paid towards third parties for the Company's liabilities as at June 30, 2022.

5.8.2 Current

(€ in millions)	Note	June 30, 2022	December 31, 2021
Recoverable withholding taxes		0.1	0.3
Prepaid content		4.1	4.7
Prepayments		80.3	40.9
Unbilled revenue		54.5	59.1
Indemnification receivable from acquisitions		21.3	15.1
Contract assets	5.14	5.9	6.2
Settlement receivables		0.2	0.6
Current lease receivable		1.9	1.9
Other		5.4	6.9
Other current assets		173.7	135.7

Unbilled revenue generally represents revenue for which the Company has already provided a service or product and has a right to invoice in accordance with the customer agreement but for which the customer has not yet been invoiced and thus relate to unconditional rights to receivables and are not to be considered contract assets. The outstanding balance for unbilled revenue decreased by €4.6 million for the period ended June 30, 2022 which is mainly driven by the decrease of the outstanding unbilled revenue of De Vijver Media progressed by the Company's equity accounted investee Ads & Data.

Indemnification receivables from acquisitions amounted to €21.3 million and consist primarily of (i) amounts receivable from KPN related to Pylon taxes (we refer to 5.16.2) (€10.1 million) and (ii) a working capital adjustments related to TowerCo (€7.0 million) (we refer to 5.4).

The prepayments amounted to €80.3 million for the period ended June 30, 2022 which represents an increase of €39.4 million compared to December 31, 2021 (€40.9 million) and is mainly driven by (i) a deposit for the spectrum auction (€23.0 million) and (ii) IT related prepayments (€10.5 million).

5.9 Cash and cash equivalents

(€ in millions)	June 30, 2022	December 31, 2021
Cash at bank and on hand	40.1	44.5
Money market funds	789.4	95.0
Total cash and cash equivalents	829.5	139.5

At June 30, 2022, Telenet held €829.5 million of cash and cash equivalents compared to €139.5 million at December 31, 2021. In order to minimize the concentration of counterparty risk, Telenet's cash equivalents and AAA-rated money market funds are placed with highly rated European and US financial institutions and Telenet strives to invest at least 75% of Telenet's cash and cash equivalents in AAA-rated money market funds.

Relative to December 31, 2021, Telenet's cash balance at June 30, 2022 increased by €690.0 million, reflecting mainly the net proceeds from the sale of our mobile tower business to DigitalBridge early June (we refer to 5.4).

In addition to Telenet's available cash balance of €829.5 million as per June 30, 2022, Telenet also had full access to €555.0 million of available commitments under its 2020 Amended Senior Credit Facility and its other revolving credit facilities, subject to compliance with the covenants.

At June 30, 2022 and December 31, 2021 and subject to compliance with certain covenants, the Company had access to the following liquidity:

(€ in millions)	June 30, 2022	December 31, 2021
Available commitment under Revolving Credit Facility I	510.0	510.0
Available commitment under Revolving Credit Facility	20.0	20.0
Available commitment under Banking Overdraft Facility	25.0	25.0
Total Credit Facilities	555.0	555.0

5.10 Shareholders' equity

5.10.1 Shareholders’ equity

As of June 30, 2022, share capital amounted to €12.8 million (December 31, 2021: €12.8 million).

On April 27, 2022, the Extraordinary General Shareholders' Meeting approved the cancellation of 1,100,000 own shares acquired by the Company under the Share Repurchase Program 2021. Following the cancellation of these shares, the total number of outstanding shares decreased from 113,841,819 to 112,741,819. The loss on the cancellation of the own shares amounted to €45.2 million and was recognized in equity.

The condensed consolidated interim financial statements as of June 30, 2022 showed a negative consolidated equity amounting to €716.3 million, mainly as a result of the Company's historical shareholder disbursements policy, including various capital reductions.

The Company considers its most optimal equity structure on a consolidated level, based on a certain net leverage range, even in case of a negative equity on a consolidated level and taking into account that the amount of current liabilities exceeded the amount of current assets.

The board of directors has considered the Company's net equity position and has prepared the consolidated financial statements applying the accounting policies consistently on a going concern basis taking into account amongst others:

- the forecasted earnings for the next year;
- a projected strong and steady positive cash flow for the next year;
- maturities of financial obligations as disclosed in note 5.11.

Own shares

Share Repurchase Program

On October 28, 2021, the Company announced the initiation of a €45.0 million share repurchase program (the "Share Repurchase Program 2021"). Under this Repurchase Program, Telenet could repurchase from time to time up to 1.1 million shares for a maximum consideration of €45.0 million until February 28, 2022. This program was funded with the Company's existing cash balances.

Under this program, 435,709 shares were repurchased in 2021 and 664,291 shares in 2022 for an amount of €13.5 million and €21.9 million respectively. With this repurchase, the Company completed the aforementioned share buy-back program.

Own shares

No stock options were exercised during the six months ended June 30, 2022. As a consequence of the vesting during the six months ended June 30, 2022 of (i) the PSP 2019, (ii) the RSU 2020 and (iii) the Compensation RSU May 2022 plans, the Company transferred in total 182,973 own shares to certain beneficiaries, resulting in a loss of €7.1 million which was recognized directly in equity. Following the repurchase of 664,291 shares in 2022 and the cancellation of 1,100,000 own shares on April 27, 2022, the Company held 4,165,396 own shares as of June 30, 2022.

Dividends

On April 28, 2022, the Annual Shareholders' Meeting approved a gross final dividend over 2021 of €1.375 per share, amounting in total to €149.0 million for 108,393,647 dividend-entitled shares. The effective cash payment of the dividend occurred on May 4, 2022.

5.10.2 Employee share based compensation

Stock Option Plan 2017

The contractual term to exercise the ESOP 2017 stock options expired on June 7, 2022. As a result, all the outstanding and unexercised 365,640 stock options expired and consequently there are no longer outstanding stock options under this plan.

Restricted shares

The Company has an established practice of compensating beneficiaries under share based long term incentive plans for the effect of dividend pay-outs on the Company's share price. On May 4, 2022, the Company granted Compensation Restricted Shares (the "Compensation Restricted Shares May 2022") to holders of vested and unvested stock options, unvested performance shares and unvested restricted shares. These Compensation Restricted Shares immediately vested upon grant and were settled in 107,597 shares by the Company upon issuance. The Compensation Restricted Share Plans do not contain any service requirement and as a consequence, the compensation expense related to these plans was integrally recognized on the grant date being May 4, 2022.

In the six months ended June 30, 2022, Telenet recognized €3.8 million of compensation expense for the Telenet share based compensation plans (June 30, 2021: €12.8 million), including €1.2 million related to the equity settled stock option awards, €(4.9) million related to the performance share awards and €7.5 million related to the restricted share awards. The decrease in compensation expense as compared to June 30, 2021 can be explained by a decrease of the stock price, which is used for calculating the accrual of withholding tax and social security charges, and an adjustment of the expected vesting percentage.

5.11 Loans and borrowings

The balances of loans and borrowings specified below include accrued interest and debt premiums as of June 30, 2022 and December 31, 2021.

(€ in millions)	Note	June 30, 2022	December 31, 2021
2020 Amended Senior Credit Facility:			
Term Loan AR		2,188.7	2,013.6
Term Loan AQ		1,121.4	1,121.8
Senior Secured Fixed Rate Notes:			
USD1.0 billion Senior Secured Notes due 2028		977.5	900.6
€600 million Senior Secured Notes due 2028		548.7	548.7
Revolving Credit Facility		1.1	1.1
Nextel Credit Facility		0.3	0.4
SFR network right of use		3.7	3.8
Vendor financing		334.5	349.4
Lease obligations	5.18	999.0	520.9
Clientele fee > 20 years		121.2	125.6
Renting debt		0.5	0.9
Loan Connectify & UCast		0.5	0.8
TowerCo other debt		8.0	—
		6,305.1	**5,587.6**
Less: deferred financing fees		(7.9)	(8.5)
Total non-current and current loans and borrowings		**6,297.2**	**5,579.1**
Less: current portion		(482.6)	(498.8)
Total non-current loans and borrowings		**5,814.6**	**5,080.3**

At June 30, 2022, Telenet carried a total debt balance (including accrued interest) of €6,297.2 million, of which €1,494.0 million principal amount is related to the EUR and USD-denominated Senior Secured Fixed Rate Notes due March 2028 and €3,299.4 million principal amount is owed under Telenet's 2020 Amended Senior Credit Facility with maturities ranging from April 2028 through April 2029. Telenet's total debt balance at June 30, 2022 also included a principal amount of €331.7 million related to the Company's vendor financing program, while the remainder primarily represents lease obligations associated with (i) the June 1, 2022 sale of Telenet's mobile tower business to DigitalBridge resulting into a 15-year MLA as further detailed above under Important reporting changes, (ii) the Interkabel Acquisition prior to the closing of the recently announced NetCo transaction in early 2023 and (iii) other leases.

At June 30, 2022, Telenet carried a principal amount of €331.7 million of short-term debt related to its vendor financing program, all of which is maturing within less than twelve months and which carries a margin of 195 basis points over EURIBOR (floored at 0%). This represented a decline of €14.3 million versus December 31, 2021, reflecting seasonality in some of Telenet's scheduled vendor financing payments.

All of Telenet's floating interest rate risk and foreign exchange currency risk have been hedged until the maturity of such debt instruments through a series of derivatives. Excluding short-term liabilities related to Telenet's vendor financing program: accrued interest and various lease obligations, Telenet faces no debt maturities prior to March 2028 with a weighted average maturity of approximately 6.0 years at June 30, 2022. In addition, Telenet also had full access to €555.0 million of undrawn commitments under its revolving credit facilities at June 30, 2022, with certain availabilities up to September 2026.

The table below provides an overview of the aggregate future principal payments of the total borrowings under all of the Company's loans and borrowings other than the leases and other types of financing as of June 30, 2022.

(€ in millions)	Total Facility as per	Drawn amount	Undrawn amount	Maturity Date	Interest rate	Interest payments due
June 30, 2022						
2020 Amended Senior Credit Facility:						
Term Loan AR (USD 2,295 million)	2,189.4	2,189.4	—	April 30, 2028	Floating | USD Libor 6-month (0% floor)+ 2.00%	Monthly
Term Loan AQ	1,110.0	1,110.0	—	April 30, 2029	Floating | 6-month Euribor (0% floor) + 2.25%	Semi-annually (Jan. and Jul.)
Revolving Credit Facility I	510.0	—	510.0	May 31, 2026	Floating | 6-month Euribor (0% floor)+ 2.25%	Quarterly (commitment fees only)
Senior Secured Fixed Rate Notes						
USD 1.0 billion Senior Secured Notes due 2028 (Term Loan AJ)	954.0	954.0	—	March 1, 2028	Fixed | 5.50%	Semi-annually (Jan. and Jul.)
€600 million Senior Secured Notes due 2028 (Term Loan AK)	540.0	540.0	—	March 1, 2028	Fixed | 3.50%	Semi-annually (Jan. and Jul.)
Other						
Revolving Credit Facility	20.0	—	20.0	September 30, 2026	Floating | 1-month EURIBOR (0% floor) + 2.25%	Quarterly (commitment fees only)
Overdraft Facility	25.0	—	25.0	June 30, 2023	Floating | 1-month EURIBOR (0% floor) + 1.60%	Quarterly (commitment fees only)
Total notional amount	**5,348.4**	**4,793.4**	**555.0**			

As part of the sale and leaseback transaction with DigitalBridge Investments LLC (see Note 5.4), the Company also transferred its related existing ground and location leases and consequently derecognized its related lease liabilities amounting to €106.6 million. The Company subsequently entered into a master lease agreement (“MLA”) with Belgium Tower Partners NV for an initial lease period of 15 years and two possible renewal periods of 10 years each. In respect of this MLA, the Company recognized a new lease liability for a total amount of €582.3 million, comprising of the ground and location leases as well as of the lease of the passive mobile network infrastructure.

As mentioned in Note 5.4, the agreement also includes a build-to-suit commitment to deploy and lease a minimum of 475 additional new sites. These leases, that have not yet commenced yet, create significant rights and obligations for the lessee. As per June 30, 2022, the total commitment related to the underlying anchor tenant fees for these 475 additional new sites, is estimated at €97.5 million based on the current existing roll-out planning per type of towers.

5.12 Derivative financial instruments

The Company has entered into various derivative financial instruments to manage interest rate and foreign currency exposure. The following tables provide details of the fair value of the Company's financial and derivative instrument assets (liabilities), net:

(€ in millions)	June 30, 2022	December 31, 2021
Current assets	58.3	57.1
Non-current assets	397.9	30.8
Current liabilities	(44.7)	(58.9)
Non-current liabilities	(18.6)	(174.0)
	392.9	**(145.0)**
Interest rate derivatives	1.9	(91.4)
Cross currency interest rate swaps	388.7	(56.3)
Foreign exchange forwards	2.0	1.8
Embedded derivatives	0.3	0.9
	392.9	**(145.0)**

Realized and unrealized gains (losses) on derivative financial instruments are comprised of the following amounts:

	For the six months ended June 30,	
(€ in millions)	2022	2021
Change in fair value		
Cross currency interest rate swaps	444.9	137.2
Interest rate derivatives	93.4	18.5
Foreign exchange forwards	0.3	3.4
Embedded derivatives	(0.6)	1.8
Total change in fair value	**538.0**	**160.9**
Realized result on derivatives		
Cross currency interest rate swaps	5.4	14.0
Interest rate derivatives	(12.3)	(24.4)
Interest rate caps	2.7	1.8
Total realized result on derivatives	**(4.2)**	**(8.6)**
Net gain on derivative financial instruments	**533.8**	**152.3**

The favorable change in fair value for the six months ended June 30, 2022 of €538.0 million is mainly the result of (i) a downward shift in the euro swap curve, which had a positive impact on the mark-to-market valuation of the Company's cross currency interest rate swaps and interest rate derivatives, (ii) a lower EUR/USD rate positively impacting the cross currency interest rate swaps valuations and (iii) less negative EURIBOR rate which favorably impacts the interest rate options portfolio valuation.

For cross currency interest rate swaps and interest rate derivatives, the change in fair value does not include interest amounts settled in cash.

5.13 Income taxes

(€ in millions)	For the six months ended June 30,	
	2022	2021
Current tax expense	(42.1)	(44.6)
Deferred tax expense	(10.3)	(25.1)
Income tax expense	**(52.4)**	**(69.7)**

The Company recognized €42.1 million of current tax expense, and current taxes recognized through OCI of €4.2 million, for the six months ended June 30, 2022. Combined with the payment of €86.4 million of income taxes, this brought the current tax liability to €129.3 million as of June 30, 2021 (December 31, 2021: €170.5 million).

The Company recorded deferred tax expense of €10.3 million, driven by the sale and lease back transaction of the Company's passive mobile network infrastructure (see note 5.4) and changes in the fair values of derivatives. This brought deferred tax assets and deferred tax liabilities to €187.3 million and €143.7 million, respectively (net €43.6 million) as of June 30, 2022 (December 31, 2021: net €57.3 million).

Telenet recorded a total income tax expense of €52.4 million for the six months ended June 30, 2022 compared to €69.7 million for the six months ended June 30, 2021.

Telenet Group Holding NV and its subsidiaries had available combined cumulative tax loss carry forwards of €1,300.6 million as of June 30, 2022 (December 31, 2021: €1,162.7 million). These tax losses may be historical (before acquisition by the Telenet group) or resulting from operational, financial or merger and acquisition activities. Under current Belgian law, these loss carry forwards have indefinite lives (and 17 years in Luxembourg) and may be used to offset future taxable income of Telenet Group Holding NV and its subsidiaries.

Deferred tax assets ("DTA") are recognized for tax loss carry forwards to the extent that the realization of the related tax benefit through future taxable profits is probable, based on management's assessment taking into account business plans and projections of future expected results.

The Company did not recognize deferred tax assets of €136.4 million as per June 30, 2022 (December 31, 2021: €135.0 million) in respect of tax losses carried forward amounting to €545.6 million (December 31, 2021: €540.0 million) because it is not considered more likely than not that these net deferred tax assets will be utilized in the foreseeable future.

5.14 Revenue

The Company's revenue is comprised of the following:

(€ in millions)	For the six months ended June 30,	
	2022	2021
Subscription revenue		
Video	266.0	278.8
Broadband internet	343.5	337.8
Fixed-line telephony	102.3	109.3
Cable Subscription revenue	**711.8**	**725.9**
Mobile telephony	253.1	238.0
Total Subscription revenue	**964.9**	**963.9**
Business services	88.3	90.3
Other	238.4	234.1
Total Revenue	**1,291.6**	**1,288.3**

For the six months ended June 30, 2022, the Company generated revenue of €1,291.6 million, which was broadly flat versus €1,288.3 million in the prior year period.

The Company's total subscription revenue, including both cable and mobile subscription revenue, was broadly stable compared to the six months ended June 30, 2021 and continues to represent a solid source of cash flow for the business. Growth in the broadband and mobile telephony revenue of 2% and 6%, respectively, was offset by a declines of 6% and 5%, respectively, in the fixed line telephony and video revenue. As in previous periods, growth in mobile telephony revenue was mainly driven by the changes to the allocation of revenue from Telenet's new "ONE" FMC bundles compared to the former "WIGO" and "YUGO" FMC bundles, resulting in an increase of €10.8 million during the first half of 2022, with a corresponding decrease in cable subscription revenue.

The Company's other revenue amounted to €238.4 million for the six months ended June 30, 2022, a 2% year-on-year increase, mainly because of a higher wholesale revenue and improved handset sales.

(€ in millions)	For the six months ended June 30,	
	2022	2021
Interconnect	58.0	65.0
Sale of handsets and customer premise equipment	47.7	45.9
Wholesale	57.6	50.9
Advertising and production	60.5	60.4
Other	14.6	11.9
Total other revenue	**238.4**	**234.1**

The Company also had deferred revenue as follows:

(€ in millions)		
	June 30, 2022	December 31, 2021
Subscription revenue		
Video	22.8	22.6
Broadband internet	25.9	25.7
Fixed-line telephony	7.3	7.2
Cable Subscription revenue	56.0	55.5
Mobile telephony	22.0	23.6
Total Subscription revenue	78.0	79.1
Business services	27.4	25.4
Other	3.8	6.7
Total Deferred Subscription Revenue	**109.2**	**111.2**
Other contract liabilities	7.8	7.6
Total Deferred Revenue	**117.0**	**118.8**
Non-current portion	2.4	3.6
Current portion	114.6	115.2

5.15 Expenses by nature

(€ in millions)		For the six months ended June 30,	
	Note	2022	2021
Network operating expenses		108.2	106.1
Direct costs (programming, copyrights, interconnect and other)		252.2	250.3
Staff-related expenses		145.1	138.1
Sales and marketing expenses		39.4	39.3
Outsourced labor and Professional services		20.4	15.2
Other indirect expenses		55.7	50.6
Operating expenses		**621.0**	**599.6**
Restructuring expenses		(0.2)	0.9
Operating charges related to acquisitions or divestitures		9.7	6.9
Post measurement period adjustments related to business acquisitions		0.1	(2.0)
Share-based payments granted to directors and employees	5.8.2	3.8	12.8
Depreciation	5.4	207.5	218.1
Amortization	5.6	116.1	103.1
Amortization of broadcasting rights	5.6	43.0	38.3
Impairment of property and equipment	5.4	0.3	0.3
Impairment of intangible assets and goodwill		—	—
Gain on disposal of property and equipment		(2.9)	(2.2)
Non-cash and other items		**377.4**	**376.2**
Total costs and expenses		**998.4**	**975.8**

For the six months ended June 30, 2022, Telenet incurred total expenses of €998.4 million, representing a 2% increase compared to the six months ended June 30, 2021, reflecting the impact of both higher energy costs and overall inflation on certain of Telenet's cost lines. Total expenses represented approximately 77% of revenue for the six months ended June 30, 2022 (six months ended June 30, 2021: approximately 76%). Cost of services provided as a percentage of revenue represented approximately 51% for six months ended June 30, 2022 (six months ended June 30, 2021: approximately 49%), while selling, general and administrative expenses represented approximately 27% of total revenue for six months ended June 30, 2022 (six months ended June 30, 2021: approximately 27%).

Operating expenses, which include (i) network operating expenses, (ii) direct costs, (iii) staff-related expenses, (iv) sales and marketing expenses, (v) outsourced labor and professional services and (vi) other indirect expenses, increased almost 4% for the six months ended June 30, 2022 compared to the six months ended June 30, 2021. This was mainly driven by (a) higher staff-related expenses following the mandatory wage indexation in January 2022, (b) the impact of higher inflation on outsourced labour and professional services and (c) higher energy costs, leading to an overall increase in network operating expenses.

5.16 Commitments and contingencies

5.16.1 Pending litigations

Interkabel Acquisition

On November 26, 2007, Telenet and the PICs ("Public InterCommunales") announced a non-binding agreement-in-principle to transfer the analog and digital television activities of the PICs, including all existing subscribers to Telenet. Subsequently, Telenet and the PICs entered into a binding agreement (the "2008 PICs Agreement"), which closed effective October 1, 2008. Beginning in December 2007, Proximus NV/SA ("Proximus"), the incumbent telecommunications operator in Belgium, instituted several proceedings seeking to block implementation of these agreements. Proximus lodged summary proceedings with the President of the Court of First Instance of Antwerp to obtain a provisional injunction preventing the PICs from effecting the agreement-in-principle and initiated a civil procedure on the merits claiming the annulment of the agreement-in-principle. In March 2008, the President of the Court of First Instance of Antwerp ruled in favor of Proximus in the summary proceedings, which ruling was overturned by the Court of Appeal of Antwerp in June 2008. Proximus brought this appeal judgment before the Belgian Supreme Court (Hof van Cassatie / Cour de Cassation), which confirmed the appeal judgment in September 2010. On April 6, 2009, the Court of First Instance of Antwerp ruled in favor of the PICs and Telenet in the civil procedure on the merits, dismissing Proximus' request for the rescission of the agreement-in-principle and the 2008 PICs Agreement. On June 12, 2009, Proximus appealed this judgment with the Court of Appeal of Antwerp. In this appeal, Proximus also sought compensation for damages. While these proceedings were suspended indefinitely, other proceedings were initiated, which resulted in a ruling by the Belgian Council of State in May 2014 annulling (i) the decision of the PICs not to organize a public market consultation and (ii) the decision from the PICs' board of directors to approve the 2008 PICs Agreement. In December 2015, Proximus resumed the civil proceedings pending with the Court of Appeal of Antwerp seeking to have the 2008 PICs Agreement annulled and claiming damages of €1.4 billion. On December 18, 2017, the Court of Appeal of Antwerp rejected Proximus' claim in its entirety. On June 28, 2019, Proximus brought this appeal judgment before the Belgian Supreme Court (Hof van Cassatie / Cour de Cassation). On January 22, 2021, the Supreme Court partially annulled the judgment of the Court of Appeal of Antwerp. The case is pending before the Court of Appeal of Brussels. This Court will need to make a new decision on the matter within the boundaries of the annulment by the Supreme Court. It is likely that it will take this other Court of Appeal several years to decide on the matter.

No assurance can be given as to the outcome of these or other proceedings. However, an unfavorable outcome of existing or future proceedings could potentially lead to the annulment of the 2008 PICs Agreement. There can be no assurances that the ultimate resolution of this matter will not have a material adverse impact on Telenet's results of operations, cash flows or financial position (although Telenet does not expect this to be the case). No amounts have been accrued by us with respect to this matter as the likelihood of loss is not considered to be probable.

Litigation regarding cable access

In June 2018, the Belgisch Instituut voor Post en Telecommunicatie and the regional regulators for the media sectors (together, the Belgium Regulatory Authorities) adopted a new decision finding that Telenet has significant market power in the wholesale broadband market (the 2018 Decision). The 2018 Decision imposes on Telenet the obligations to (i) provide third-party operators with access to the digital television platform (including basic digital video and analog video) and (ii) make available to third-party operators a bitstream offer of broadband internet access (including fixed-line telephony as an option). Unlike prior decisions, the 2018 Decision no longer applies "retail minus" pricing on Telenet; however, as of August 1, 2018, this decision imposes a 17% reduction in monthly wholesale cable resale access prices for an interim period. On July 5, 2019, the Belgium Regulatory Authorities have published for consultation a draft decision regarding "reasonable access tariffs" that will replace the interim prices. On May 26, 2020, the Belgian Regulatory Authorities adopted and published the decision regarding "reasonable access tariffs" (2020 Decision) that represents, for example, a decrease of 11.5% as compared to the interim rates for a 100Mbps offer combined with TV. The rates will evolve over time, amongst others due to broadband capacity usage. The 2020 Decision applies as of July 1, 2020.

The 2020 Decision aims to, and in its application, may strengthen Telenet's competitors by granting them resale access to Telenet's network to offer competing products and services notwithstanding Telenet's substantial historical financial outlays in developing the infrastructure. In addition, any resale access granted to competitors could (i) limit the bandwidth available to Telenet to provide new or expanded products and services to the customers served by its network and (ii) adversely impact Telenet's ability to maintain or increase its revenue and cash flows. The extent of any such adverse impacts ultimately will be dependent on the extent that competitors take advantage of the resale access afforded to Telenet's network, the rates that Telenet receives for such access and other competitive factors or market developments. Telenet considers the 2018 Decision to be inconsistent with the principle of technology-neutral regulation and the European Single Market Strategy to stimulate further investments in broadband networks. Telenet has challenged the 2018 Decision in the Brussels Court of Appeal and has also initiated an action in the European Court of Justice against the European Commission's decision not to challenge the 2018 Decision. The proceedings before the European Court of Justice have been withdrawn by Telenet in order to avoid undue delays in the Court of Appeal case. In a decision of September 4, 2019, the Brussels Court of Appeal upheld the 2018 CRC Decision.

Orange request for access to Coditel's network

On February 11, 2016, Orange Belgium SA ("Orange") made an official request for access to the cable network of Coditel, which was acquired by Telenet Group on June 19, 2017. On February 19, 2016, Orange transferred a sum of €600,000 to Coditel as required to launch the six-month implementation period to put in place the necessary measures to give Orange access to the cable network pursuant to the July 2011 Decision. In principle, the implementation period ended on August 19, 2016. As Orange had not yet obtained effective access to Coditel's network in December 2016, Orange brought a claim for damages against

Coditel on December 29, 2016 in front of the French-speaking Commercial Court of Brussels. Orange claimed to have suffered a loss of €8,973 per day of delay. On January 16, 2017, Orange also initiated interim proceedings, but these have in the meantime been withdrawn. On November 14, 2019, Orange revised its claim to a lump-sum amount of €10,021,040.

A judgement was issued on 8 December 2021 in which the Court confirmed that by only implementing cable access on 14 April 2017, Orange had suffered damages that should be compensated by Coditel. The amount of damages is set at a provisional amount of €1 and will be determined by an expert. Telenet is now engaged in providing input to the designated expert.

Copyright related legal proceedings
The issue of copyrights and neighboring rights to be paid for the distribution of television has during the last two decades given rise to a number of litigations. Already in 1994, the Belgian Radio and Television Distributors Association (Beroepsvereniging voor Radio- en Televisiedistributie / Union professionnelle de radio et de télédistribution) (the "RTD", renamed afterwards to "Cable Belgium") was involved in discussions with various copyrights collecting agencies regarding the fees to be paid to the latter for the analogue broadcasting of various television programs. In November 2002, the RTD, together with certain Belgian cable operators (among which Telenet), began reaching settlements with the copyright collecting agencies and broadcasters. Pursuant to those settlement agreements, to which Telenet acceded, Telenet agreed to make certain upfront payments as well as to make increased payments over time. Consequently, in August 2003, Telenet increased the copyright fee it charges its subscribers. In July 2004, the Association for the Collection, Distribution and Protection of the Rights of the Artists, Interpreters and Performers (CVBA Vereniging voor de inning, repartitie en de verdediging van de vertolkende en uitvoerende kunstenaars) ("Uradex", later renamed to "Playright") filed a claim against the RTD for €55 million plus interest concerning neighboring rights owed by the members of the RTD to artists and performers represented by Uradex during the period from August 1994 through the end of July 2004.

After the roll-out of digital television, Telenet in 2006 started a judicial procedure against a number of collecting agencies. This procedure is related to a discussion between Telenet and these collecting agencies about the legal qualification of (i) simulcast (i.e. channels distributed both in analogue and in digital quality), (ii) direct injection (i.e. channels delivered to the distributor over a non-publicly accessible transmission channel) and (iii) all rights included contracts (i.e. contracts in which broadcasters engage to deliver their signals and programs after having cleared all rights necessary for the communication to the public over the distributor's networks).

On April 12, 2011, the Court of First Instance of Mechelen rendered a positive judgment in the procedure against Sabam, Agicoa, Uradex and other collecting agencies, and as part of which procedure several collecting agencies (Sabam not included) filed counterclaims against Telenet for the payment of the invoices that Telenet disputed. The Court validated Telenet's arguments in each of the claims and counterclaims that were the subject of the procedure and, as a result: (i) no retransmission fees have to be paid by Telenet in case of direct injection of a broadcaster's signal into Telenet's network, (ii) no retransmission fees have to be paid in case of simulcast of an analog and digital signal (and consequently, Telenet does not have to pay extra for the distribution of linear digital television signals) and (iii) all-rights-included contracts are deemed legally valid, which means that if Telenet agrees with a broadcaster that the latter is responsible for clearing all copyrights, Telenet is not liable towards the collecting agencies. The collecting agencies lodged an appeal (see below).

Since Sabam had not filed any counterclaim for the payment of invoices as part of the aforesaid judgment, on April 6, 2011, Sabam (not the other collecting agencies) initiated judicial proceedings before the Commercial Court of Antwerp, claiming payment by Telenet of invoices relating to (a) fees for a period from January 1, 2005 until December 31, 2010 for Telenet's basic digital television package, and (b) fee advances for the first semester of 2011 for Telenet's basic and optional digital television packages. The claims mainly related to (i) direct injection and (ii) all-rights-included contracts. Sabam's claim was based on arguments substantially similar to those rejected by the Court of First Instance in Mechelen on April 12, 2011. As discussed below, Sabam has asked the Commercial Court of Antwerp to withdraw these claims as Sabam has filed similar claims in the pending proceedings before the Brussels Court of Appeal. Simultaneously, Sabam initiated a summary procedure before the President of the Commercial Court of Antwerp, to receive provisional payment of the contested fees and fee advances. On June 30, 2011, the President of the Commercial Court of Antwerp rendered a positive judgment for Telenet in this procedure. Sabam lodged an appeal. On June 27, 2012, the Court of Appeal of Antwerp confirmed this judgment and dismissed the claim in summary proceedings of Sabam.

In the case of the appeal against the judgment of April 12, 2011 of the Court of First Instance of Mechelen, the Court of Appeal of Antwerp rendered an intermediate ruling on February 4, 2013. The Court of Appeal rejected the claims of the collecting societies with regard to simulcasting and confirmed that direct injection is a single copyright relevant operation (royalties should therefore be paid only once). The case was re-opened to allow the collecting societies to provide further proof of their actual claims. On January 20, 2014 and on May 5, 2014, respectively, Numéricable (previously Coditel) and Telenet appealed this intermediate ruling before the Supreme Court mainly because of the incorrect qualification of the fees to be paid for the communication to the public as if it would be “retransmission” rights.

The Supreme Court has issued its judgment in this matter on September 30, 2016. The Supreme Court accepted the argument of Telenet that direct injection only involves a single communication to the public and therefore cannot constitute "retransmission" as this requires two communications to the public. The Supreme Court has referred the case to the Court of Appeal of Brussels, where the case has been activated upon request of Sabam.

In the context of these proceedings Sabam has filed a counterclaim for copyrights due as from 2005 to 2016 (all claims combined), withdrawing its claims that were pending before the Antwerp Commercial Court. The trial date was scheduled on September 23, 24 and 30, 2019. At the hearing the parties agreed that the Court of Appeal of Brussels would only render a decision part of the claims covering the situation of exclusive direct injection prior to July 1, 2019. July 1, 2019 is the date on which the Belgian law of November 25, 2018 governing direct injection entered into force. This law confirms that, except in cases whereby the distributor is a mere technical provider of the broadcaster, direct injection constitutes one communication to the public, which is however performed by both the broadcaster and the distributor (which are both liable for their respective contributions to such communication). The new law furthermore imposes transparency in relation to copyright payments and levies. The preparatory work of the law provides that broadcasters and distributors can make contractual arrangements in relation to the clearance and payment of the right for direct injection, and confirms as well that double payments and ‘anomalies’ shall be avoided.

By judgment of March 10, 2020 the Court of Appeal of Brussels rendered an interlocutory decision only dealing with “direct injection”. The Court decided that exclusive direct injection does not qualify as “cable transmission” (as always has been argued by Telenet) and is one single communication to the public. The Court, however, decided that this communication by the public is done by Telenet as its distribution service is not purely technical in nature. Hence, Telenet needs in principle the authorization from rightholders except if the broadcaster has already obtained copyright clearance for the communication to the public.

Furthermore, the Court of Appeal of Brussels decided that the mere existence of ARI-agreements with broadcasters (“all-rights-included” agreements) is not enough for Telenet to avoid copyright liability. Despite an ARI-agreement in place, the rightholder can always directly claim compensation from Telenet. Telenet, however, can reclaim payment from an ARI-broadcaster.

A new round of trial briefs and a new hearing will be organized to deal with the open questions: which broadcasters fall under the definition of exclusive direct injection, what is the copyright status of non-exclusive direct injection, what is the concrete scope and impact of the ARI-agreements, etc. Also the counterclaims of the collecting societies (including the claims on compensation) will still need to be dealt with. A final judgment on these issues is not to be expected before the end of 2022.

The concrete financial impact of this matter will depend on the qualification of the broadcasting activity and the rights the broadcasters have cleared with the right holders.

Cyclocross

In 2015, Telenet acquired exclusive broadcasting rights with regard to the UCI Worldcup cyclocross races and the Superprestige cyclocross races. On September 16, 2015, Proximus filed a complaint with the Belgian Competition Authority ("BCA"). In the complaint, Proximus alleges that cyclocross broadcasting rights are premium rights and that the acquisition by Telenet of exclusive broadcasting rights on UCI Worldcup races and Superprestige races, without a competitive bidding process, forecloses competing TV-distributors. At the same time, Proximus filed a request for interim measures regarding the Superprestige races.

On November 5, 2015, the BCA partially granted the request for interim measures by giving two alternatives concerning the Superprestige races. Telenet and the organizers of the Superprestige races could either (i) waive the exclusivity and grant sublicenses, or (ii) organize a competitive bidding process. Telenet filed an appeal against the BCA’s interim measures decision with the Brussels Court of Appeal. Telenet’s appeal was however dismissed on September 7, 2016.

Telenet and the organizers of the Superprestige agreed to waive the exclusivity of the Superprestige broadcasting rights and Proximus obtained a non-exclusive license from the organizers as from season 2016/2017. Furthermore, Telenet voluntarily granted a sublicense to Proximus in respect of the UCI World Cup races.

The BCA's investigation on the merits regarding Proximus' complaint is still ongoing.

Pylon taxes

Since the second half of the 1990s, certain municipalities (mainly in the Brussels-Capital and Walloon Regions) and certain provinces and the Walloon Region have levied local taxes, on an annual basis, on pylons, masts and/or antennas dedicated to mobile telecom services located on their territory, on the basis of various municipal, provincial and regional regulations. These taxes have systematically been contested by Telenet Group NV (formerly BASE Company NV) ("Telenet Group") before the Courts on various grounds.

In particular, Telenet Group has argued that such tax regulations are discriminatory because they apply only to pylons, masts and antennas dedicated to mobile telecom services and not to comparable equipment used for other purposes (whether telecom-related or not). Telenet believes that there is no objective and reasonable justification for such differentiated tax treatment. Telenet is therefore of the view that the contested tax regulations violate the general non-discrimination principle. The Courts have in a number of instances accepted this argument (for example the positive judgments of the Supreme Court of September 25, 2015 and December 20, 2018)), although the Court of Appeal of Brussels has also rejected the discrimination argument in other cases (for example in procedures involving Proximus, Orange Belgium and the commune of Schaarbeek and a procedure involving Telenet Group and the province of Brabant Wallon). There are also several procedures pending before the Supreme Court to clarify the scope of the non-discrimination argument.

Telenet Group NV also takes the view that some of the contested tax regulations violate its property right. The Brussels Court of First Instance has accepted this argument on December 7, 2018 in a case involving Orange Belgium and the commune of Uccle. There was also a question as to whether article 98 §2 of the Belgian law of March 21, 1991 on the reform of certain public economic companies (the "1991 Law") prohibits municipalities from taxing the economic activity of telecom operators on their territories through the presence (whether on public or private domain) of mobile telephone pylons, masts or antennas dedicated to this activity. The Belgian Constitutional Court held on December 15, 2011 that this was not the case. That interpretation was confirmed by the Belgian Supreme Court in its judgments of March 30, 2012.

In the case between Telenet Group NV and the City of Mons, the European Court of Justice ruled on October 6, 2015 that the municipal tax on GSM pylons levied by the City of Mons, as disputed by Telenet Group NV, does not fall within the scope of Article 13 of Directive 2002/20/EC of the European Parliament and of the Council of March 7, 2002 on the authorization of electronic communications networks and services (the "Authorization Directive") and is therefore not prohibited on the basis of Article 13 of the Authorization Directive.

On February 15, 2019, the Flemish Government has adopted a circular letter which includes some recommendations towards the local authorities on how to tax the pylons of the mobile operators. Following the publication of this circular letter, Telenet observes a substantial increase in the number of Flemish communes that levy a tax on the pylons owned by Telenet. On January 25, 2021, Telenet and the other mobile operators concluded an agreement with the Walloon Region. This agreement includes an undertaking from the Walloon Region not to levy any taxes on telecom infrastructure and a commitment for Telenet to pay €1.4 million for 2021 and 2022 and to invest €3.6 million in telecom infrastructure until the end of 2021 in the Walloon Region.

Telenet intends to continue challenging any local tax regulations applicable to its mobile telecom equipment. As of June 30, 2022, Telenet has recognized a provision of €52.4 million in this respect. Telenet and the KPN Group have moreover agreed on certain recourse arrangements in respect of certain (pre-2015) pylon taxes in their sale and purchase agreement with respect to BASE Company NV. It can however not be excluded that other taxes on telecom equipment will in the future be imposed, which may have a significant negative financial impact on Telenet.

Lucerne

Beginning in May 2018, Lucerne Capital, a shareholder of Telenet Group Holding NV reporting a 3.06% shareholding, has expressed, through often public correspondence and messaging certain policy proposals towards Telenet Group Holding NV, as well as made certain allegations aimed at Telenet's directors, CEO and majority shareholder, Liberty Global plc. Such proposals and allegations have also been accompanied by the attempted exercise by Lucerne of certain shareholder rights in the context of Telenet Group Holding NV's shareholder meetings. On November 12, 2018, Lucerne Capital Management LP served a writ of summons on Telenet Group Holding NV, requesting the Commercial Court to appoint an expert to investigate certain matters in relation to governance, information exchange and related party transactions, in accordance with article 168 of the Belgian Companies Code. Article 168 of the Belgian Companies Code requires the claimant (Lucerne) to prove - among others- grave indications that the interest of the Company is prejudiced or may be prejudiced. On February 13, 2020, the Brussels Enterprise Court (Dutch speaking) ruled the claim by Lucerne Capital Management LP inadmissible for lack of capacity as it itself does not hold shares in Telenet Group Holding NV, while reopening the procedure to allow the parties in the litigation procedure to debate the admissibility of an intervention request made earlier by Lucerne Capital Master Fund LP, and in particular on whether or not such intervention request would qualify as the 'writ of summons' referred to in article 169 of the (old) Belgian Companies Code. This reopened procedure remains pending before the Brussels Enterprise Court. Telenet Group Holding NV's Board has consistently engaged with Lucerne Capital in a constructive manner and denies any allegations of wrongdoing, and maintains that the claim to appoint an expert as referred to above is not admissible and without merit in a case such as Telenet.

5.16.2 Other contingent liabilities

In addition to the foregoing items, Telenet has contingent liabilities related to matters arising in the ordinary course of business including (i) legal proceedings, (ii) issues involving VAT and wage, property and other tax issues, (iii) disputes over certain contracts and (iv) disputes over programming, copyright fees and alleged patent infringements. While Telenet generally expects that the amounts required to satisfy these contingencies will not materially differ from any estimated amounts Telenet has accrued, no assurance can be given that the resolution of one or more of these contingencies will not result in a material impact on Telenet's results of operations or cash flows in any given period. Due, in general, to the complexity of the issues involved and, in certain cases, the lack of a clear basis for predicting outcomes, the Company cannot provide a meaningful range of potential losses or cash outflows that might result from any unfavorable outcomes.

5.17 Related parties

The related parties of the Company mainly comprise its shareholders that have the ability to exercise significant influence or control. This consisted of the Liberty Global Consortium for both 2022 and 2021. Related parties further include transactions with Ads & Data NV, Doccle CV and Doccle.Up NV, Idealabs Telenet Fund NV, Unit-T, Eltrona Interdiffusion S.A., Triangle Factory BV, Streamz BV and Caviar Group NV.

The following tables summarize material related party balances and transactions for the period:

5.17.1 Statement of financial position

(€ in millions)	June 30, 2022	December 31, 2021
Trade receivables		
Liberty Global Consortium (parent)	0.3	0.3
Joint Ventures	0.3	1.0
Associates	—	0.1
Trade payables, accrued trade liabilities and other liabilities		
Liberty Global Consortium (parent)	5.8	7.6
Joint Ventures	8.2	5.1
Associates	2.9	—
Loans and borrowings receivable		
Joint Ventures	10.1	5.5
Associates	4.4	4.0
Property and equipment		
Liberty Global Consortium (parent)	5.6	11.2
Associates	14.1	32.4
Other intangible assets		
Liberty Global Consortium (parent)	2.8	5.7

The transactions with the entities of the Liberty Global Consortium mainly consisted of the purchase of certain property and equipment and other services within the normal course of business from Liberty Global Services B.V.

The Company has established a purchase policy including clear rules applicable for all transactions with related parties. The policy includes guidelines on proper review, documentation and approval of such transactions, to ensure that all transactions with Liberty Global Consortium (and other related parties) are in correspondence with corporate decision making, in conformity with article 7:97 of the Belgian Code of Companies and Associations.

5.17.2 Statement of profit or loss and other comprehensive income

(€ in millions)	For the six months ended June 30,	
	2022	2021
Revenue		
Liberty Global Consortium (parent)	0.8	0.7
Joint Ventures	0.7	0.1
Share in result equity accounted investees		
Joint Ventures	(1.1)	(2.3)
Associates	0.4	0.9
Operating expenses		
Liberty Global Consortium (parent)	11.7	6.9
Joint Ventures	21.9	24.0
Associates	23.4	23.4

In general costs charged by Liberty Global Consortium include (i) specific hardware (external modems and access points) via central purchase contracts, (ii) maintenance contracts (third party software which is contracted centrally), (iii) treasury services, and (iv) marketing costs.

Costs recharged by Telenet to Liberty Global Consortium primarily relate to employee costs associated with Telenet employees working on the design and development of a next-generation video platform and implementation of certain features.

The Company's purchase policy includes clear rules applicable for all transactions with related parties. The policy includes guidelines on proper review, documentation and approval of such transactions, to ensure that all transactions with Liberty Global Consortium (and other related parties) are in correspondence with corporate decision making, in conformity with article 7:97 of the Belgian Code of Companies and Associations.

Operating expenses arising from transactions with associates for the six months ended June 30, 2022 and June 30, 2021 primarily consist of transactions with Unit-T of €23.4 million and €22.8 million, respectively. Operating expenses arising from transactions with joint ventures for the six months ended June 30, 2022 and June 30, 2021 are mainly attributable to transactions with Streamz of €21.6 million and €23.9 million, respectively.

Operating expenses arising from transactions with Liberty Global Consortium mainly relate to (i) the recharge of content costs and content contracts (€3.9 million), (ii) centrally purchased maintenance contracts (€3.2 million), (iii) technology related contracts (€0.2 million) and (iv) various other recharge agreements related to treasury services, internal audit services, employee expenses, IT expenses (€4.4 million).

Revenue generated by transactions with Liberty Global Consortium were €0.8 million for the six months ended June 30, 2022, which is mainly adjusted to the charge-through of content costs (€0.7 million) and IP Peering (€0.1 million).

5.17.3 Key management compensation

For purposes of this footnote, key management is identified as people involved in strategic orientation of the Company.

(€ in millions)	For the six months ended June 30,	
	2022	2021
Salaries and other short-term employee benefits	3.5	3.2
Post-employment benefits	0.2	0.3
Share-based payments (compensation cost recognized)	2.4	6.0
	6.1	**9.5**

For the six months ended June 30, 2022, the Company recognized share-based compensation expense for its key management amounting to €2.4 million (€6.0 million for the six months ended June 30, 2021). The decrease can be explained by a decrease of the stock price, which is used for calculating the accrual of withholding tax and social security charges, and an adjustment of the expected vesting percentage.

5.18 Leases

5.18.1 Leases in which the Company is a lessee

Lease liabilities are payable as follows:

(€ in millions)	Total future minimum lease payments		Interest		Future minimum lease payments	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Within one year	140.6	116.7	51.7	24.1	88.9	92.6
In the second to fifth year, inclusive	441.4	301.3	171.4	65.7	270.0	235.6
Thereafter	820.7	231.9	180.6	39.2	640.1	192.7
Total minimum lease payments	1,402.7	649.9	403.7	129.0	999.0	520.9

The following table summarizes the obligations per lease type:

(€ in millions)	Total future minimum lease payments		Interest		Future minimum lease payments	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Canon	477.2	488.4	115.4	118.9	361.8	369.5
Site Rentals	873.3	105.8	285.1	7.5	588.2	98.3
Buildings	29.0	30.8	2.2	1.5	26.8	29.3
Cars	11.4	12.5	0.2	0.2	11.2	12.3
Dark fibre	11.0	11.6	0.8	0.9	10.2	10.7
Laptops	0.8	0.8	—	—	0.8	0.8
Total minimum lease payments	1,402.7	649.9	403.7	129.0	999.0	520.9

The increase in Site Rental related lease liabilities is mainly due to the sale and lease back agreement with Belgium Tower Partners NV (see Note 5.4).

Some leases regarding buildings and site rentals contain extension options exercisable by the Company. The Company has determined that the extension options are not 'reasonably certain' to be exercised and are not taken into account in the determination of the lease term. The main change in the amount of potential future lease payments not included in the recognized lease liabilities as per June 30, 2022 compared to December 31, 2021 is due to the two possible renewal terms under the master lease agreement with Belgium Tower Partners NV (see Note 5.11). The potential future lease payments not recognized related to this latter lease agreement amount to €1.8 billion.

5.18.2 Right-of-use assets

The Company leases certain assets including the Canon network, site rentals, buildings, vehicles and dark fibre. Information with respect to the carrying amount, the depreciation expense and the additions of the underlying right-of-use assets for the years ended June 30, 2022 and December 31, 2021 is presented in the table below:

(€ in millions)	Land, buildings, and leasehold improvements	Network	Furniture, equipment, and vehicles	Total
Carrying amount of leases included in property and equipment				
June 30, 2022	26.7	616.4	11.7	654.8
December 31, 2021	30.3	425.3	13.5	469.1
Depreciation expense				
For the period ended June 30, 2022	7.0	31.9	3.8	42.7
For the period ended June 30, 2021	6.9	34.9	3.4	45.2
Additions to right-of-use assets				
For the period ended June 30, 2022	3.4	331.3	1.2	335.9
For the period ended June 30, 2021	2.6	25.2	4.7	32.5

The increase in the network related right-of-use assets is mainly due to the sale and lease back agreement with Belgium Tower Partners NV (see Note 5.4).

5.19 Subsequent events

Telenet obtains extra spectrum to accelerate 5G deployment in Belgium

Following the multi-band auction procedure organized by the Belgian Institute for Postal Services and Telecommunications ("BIPT") in June 2022, Telenet has obtained frequencies in the 700 MHz, 900 MHz, 1800 MHz, 2100 MHz, and 3500 MHz bands. Telenet will use this spectrum to ensure continuity of service for its existing networks, and to continue the expansion of its 5G network, whose commercial rollout began in December 2021 for the Telenet brand and in April 2022 for the BASE brand and for Telenet Business. In total, Telenet obtained (including the reserved spectrum in the 900 MHz (2x5 MHz), 1800 MHz (2x15 MHz) and 2100 MHz (2x10 MHz) frequency bands) 2x5 MHz in the 700 MHz band, 2x10 MHz in the 900 MHz band, 2x20 MHz in the 1800 MHz band, 2x15 MHz in the 2100 MHz band and 100 MHz in the 3500 MHz band. Telenet will be able to use these frequencies for a period of 20 years, except for the frequencies in the 3500 MHz band, which will expire on 6 May 2040.

In July 2022, Telenet also won 15 MHz (38% of the 40 MHz) of the more valuable core part of the 1400 MHz band, in addition to the 200 MHz spectrum already acquired during the first auction in June. The 1400 MHz band is divided into a core part and two extensions. The core part is more valuable because it can be used for 4G and 5G, whereas the extension lots can only be used for 5G. But for the time being, the device ecosystem for 5G in this band has not yet been developed.

Telenet has opted to pay for the mobile spectrum licenses annually. We refer to note 5.6 for more information.

Telenet and Fluvius have reached a binding agreement to partner on 'the data network of the future'

On July 19, 2022, Telenet and Fluvius announced that they have entered into a binding agreement to take a joint next step in the realization of the data network of the future. Both companies' ambition is to provide speeds of 10 Gbps across the entire footprint in time, for which there is a clear roadmap. As announced in October last year, both companies will incorporate a new independent self-funding infrastructure company (working name "NetCo"), of which Telenet will own 66.8% and Fluvius 33.2%. Combining both companies' fixed network assets, NetCo will invest in the gradual evolution of their current hybrid fiber coaxial ("HFC") network infrastructure into a Fiber-To-The-Home ("FTTH") network, targeting 78% of their combined footprint in Flanders by 2038, through a combination of own build and/or a potential collaboration with external partners. Telenet's footprint in parts of Brussels and Wallonia will also be included in NetCo and be part of NetCo's investments. The estimated investment of up to maximum €2.0 billion (excluding termination-related capital expenditures) will be funded through NetCo's cash flow as well as additional intragroup financing facilities and will therefore not require any incremental external financing. The majority of this investment will be done within the next eight years. NetCo will also focus on upgrading the existing HFC network with DOCSIS technology in areas where FTTH will not be deployed. This will ensure that everyone in Flanders will continue to enjoy the fastest and most reliable internet connection.

On 3 August 2022, Eurofiber NV (Eurofiber) served a summons to appear on Fluvius System Operator NV (Fluvius) in summary proceedings ("uiterst dringende noodzakelijkheid") before the Belgian Council of State in order to obtain suspension of Fluvius' decisions to enter into the 18 July 2022 contribution & framework agreement between Telenet BV and Fluvius in relation to the set up of Netco (as announced by press release on 19 July 2022). Telenet BV intervened in these proceedings on 16 August 2022. On 26 August 2022 the Council of State has rejected Eurofiber's claim. On 12 August 2022, Eurofiber has served Fluvius and Telenet BV a summons to appear before the Commercial Court in Ghent, Belgium, in summary proceedings in order to obtain disclosure of certain documents and to request the suspension of execution of the contribution agreement referred to above. An outcome of these proceedings is expected in the course of October 2022. Telenet does not expect to incur a delay in relation to the closing of the project as a consequence of these proceedings.

Telenet increases its stake in Caviar Group from 49% to 70%

At the end of September 2022, Telenet entered into a share purchase agreement to increase its stake in production house Caviar Group from 49% to 70% as of October 1, 2022 ("closing date"). Telenet determined, in accordance with IFRS 10, that it will obtain control over the Caviar Group as from the closing date. As a consequence, Telenet will include Caviar Group in its consolidated financial figures as from October 1, 2022. Telenet stepped into the production house in May 2021, based on a shared ambition to make its strong local content and talents more profitable worldwide. Caviar Group will continue to function as an independent content studio. The remaining shares stay in the hands of current shareholders Bert Hamelinck (CEO Caviar and responsible for scripted content), Mathias Coppens (responsible for the TV division Roses Are Blue) and Michael Sagol (Chief Talent Officer and responsible for branded content internationally). The day-to-day management of Caviar remains in the hands of the current leadership team, which continues to be strongly committed to the long term. In 2021, Caviar Group closed the year with revenues of €126.4 million and an EBITDA of €8.8 million (numbers excluding Caviar Paris, which will not be consolidated).

Statutory auditor's report to the board of directors of Telenet Group Holding NV on the review of the condensed consolidated interim financial information as at 30 June, 2022 and for the six-month period then ended

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Telenet Group Holding NV as at June 30, 2022, the condensed consolidated interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the interim financial information ("the condensed consolidated interim financial information"). The board of directors is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at June 30, 2022 and for the six-month period then ended is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

Zaventem, September 28, 2022

KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises
Statutory Auditor
represented by

Götwin Jackers
Bedrijfsrevisor / Réviseur d'Entreprises

Notes

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