Half year report 2023

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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 2022 Annual Report, which was published on March 24, 2023 (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, 2023 and 2022 and the audited consolidated annual financial statements as of and for the year ended December 31, 2022 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; future growth prospects; strategies; product, network and technology launches and expansion and the anticipated impact of acquisitions on Telenet's combined operations and financial performance, which involve known and unknown risks, uncertainties and other factors that may cause 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, 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 overall market penetration; Telenet's 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 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 Telenet's 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 – will become the 100% owner of Telenet Group Holding NV upon completion of the Simplified Squeeze-Out. For information regarding the Simplified Squeeze Out, see note 5.19 to our condensed consolidated interim financial statements.

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"). In addition, on October 3, 2022, Telenet closed the acquisition of an additional 21% stake in the media group Caviar; this acquisition brings its total shareholding to 70% and Telenet has consolidated Caviar's financial results since October 3, 2022. Finally, Telenet closed the acquisition of the remaining 50% (plus 1 share) in the Luxembourg-based cable operator Eltrona on January 2, 2023 and Telenet has been consolidating Eltrona's results from that date. 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 and include the revenue and Adjusted EBITDA of both Caviar and Eltrona, respectively, to the extent revenue and Adjusted EBITDA related to these transactions will no longer be included/be included in its 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 15.

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 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, mobile spectrum licenses and certain lease-related capital additions. 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, 2023 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 2023 Amended Senior Credit Facility definition, using Net Total Debt (using the €-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

Acquisition of Eltrona: On January 2, 2023, Telenet closed the acquisition of the remaining 50% (plus 1 share) ownership stake in the Luxembourg-based cable operator Eltrona. As a result, its consolidated operating statistics include Eltrona's RGUs as of that date. The inorganic adjustments included 51,700 unique customer relationships and a total of 70,700 RGUs, consisting of 46,000 video subscribers, 16,300 broadband internet customers and 8,400 fixed-line telephony clients. On top, Telenet recognized 2,400 inorganic mobile postpaid subscribers. Telenet has not rebased its prior year operational KPIs, yet provides net organic subscriber additions to allow for a like-for-like comparison. Following the Eltrona acquisition, Telenet now provides a geographical split of its RGU base and its net subscriber additions/losses.

Inclusion of TADAAM off-footprint subscribers: As of January 1, 2023, the consolidated operating statistics include TADAAM's off-footprint subscribers, which is Telenet's fixed-mobile substitution brand combining full wireless connectivity and TV services. Prior to such date, Telenet only recognized the TADAAM customers within its cable footprint in Flanders, parts of Brussels and the boot of Hainaut. In addition, the TADAAM customer base now excludes so-called "paused" customers (i.e., having temporarily paused their subscription in line with the contractual terms). The inorganic adjustments included 8,900 customer relationships and 17,800 RGUs, equally split between video and broadband internet RGUs. Telenet has not rebased its prior year operational KPIs, yet provides net organic subscriber additions to allow for a like-for-like comparison.

Restated statement of financial position December 31, 2022: In the course of the six months ended June 30, 2023, Telenet further executed its accounting for the step acquisition of Caviar Group ("purchase price allocation"), which resulted in the recognition of fair value adjustments to the group's intangible assets of €14.9 million, mainly related to acquired trade names (€7.9 million), customer relationships (€5.5 million) and other intangible assets (€1.5 million). Together with the deferred tax impact of the above mentioned adjustments (€3.7 million), goodwill was reduced by €11.2 million. The condensed consolidated interim statement of financial position as per December 31, 2022 has been restated accordingly. The recognition of the fair value of the intangible assets did not result in any material additional amortization expense for the period between the October 3, 2022 acquisition date and December 31, 2022; consequently, the consolidated statement of profit and loss and other comprehensive income for the year ended December 31, 2022 has not been restated. The fair value measurement of the assets and liabilities acquired in the Caviar Group business combination remained provisional as of June 30, 2023.

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, 2023 and 2022 and the audited consolidated financial statements of Telenet as of and for the year ended December 31, 2022, prepared in accordance with EU IFRS. The Company has included selected financial information for 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 2022 Annual Report.

1.1 Multiple play

OVERVIEW & MULTIPLE-PLAY

At June 30, 2023, Telenet served 2,041,200 unique customer relationships, which represented approximately 57% of the 3,598,600 homes passed by its leading hybrid fiber coaxial ("HFC") network in Belgium and Luxembourg. As mentioned above under 'Important reporting changes', Telenet's operational KPIs as of 2023 include both Eltrona's cable business in Luxembourg as well as TADAAM's off-footprint customer base. 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 1 gigabit per second ("Gbps") across its entire footprint in Flanders and parts of Brussels as well as parts of Luxembourg.

In July 2022, Telenet announced a binding agreement with Fluvius, taking a joint next step in the realization of the data network of the future. At the end of May this year, Telenet received regulatory approval from the European Commission and it has closed this transaction on July 1, 2023. Telenet holds a 66.8% shareholding in this new infrastructure company, called Wyre (previously referred to as Netco), with Fluvius owning the remaining 33.2%. Wyre's ambition is to provide speeds of 10 Gbps across its entire footprint, for which there is a clear roadmap through a mixture of both HFC (DOCSIS) and fiber technologies. Wyre plans to invest up to €2.0 billion to build the leading fixed network, targeting to cover 78% of its regional footprint with fiber by 2038 with approximately 70% of premises connected in 2029. Wyre will actively seek opportunities for further network rationalization and CAPEX optimization. Its investment plan is fully funded and will be independent from external financing. Wyre is well positioned to attract additional strategic and/or financial investors given its market-leading market penetration of close to 60% and its attractive financial profile.

At June 30, 2023, and including the aforementioned inorganic additions, Telenet provided 4,438,100 fixed services ("RGUs") across its Telenet and Eltrona businesses. Its RGU base consisted of 1,708,100 video, 1,749,100 broadband internet and 980,900 fixed-line telephony subscriptions. At June 30, 2023, Telenet also served 2,931,600 mobile subscribers. The number of fixed services per customer relationship continued to decrease as a result of a lower video and fixed-line telephony RGU base from 2.23 at June 30, 2022 to 2.17 at June 30, 2023. However, Telenet succeeded to further grow its FMC customer base, which represents the sum of its "WIGO", "KLIK" and "ONE" and "ONE UP" bundle propositions. Telenet's FMC customer base reached 839,900 subscribers at June 30, 2023, up 6% year-on-year. For the six months ended June 30, 2023, Telenet added 16,400 net new FMC subscribers. The lower growth rate compared to the preceding quarters reflected the combined impact of (i) the June 2023 price adjustment, (ii) temporary IT system issues because of the migration of customers to a new IT platform and (iii) an overall intense competitive environment. Against the backdrop of the aforementioned IT system issues, Telenet also decided to temporarily halt its market campaigns, negatively impacting gross sales in the six months ended June 30, 2023.

ARPU PER CUSTOMER RELATIONSHIP

The ARPU per customer relationship, which excludes mobile telephony revenue and certain other types of revenue, is one of Telenet's 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, 2023, the consolidated monthly fixed ARPU per customer relationship reached €59.3, which represented an increase of 1% compared to the six months ended June 30, 2022. The ARPU growth was driven by the benefit from the mid-June 2022 price adjustment which more than offset the continued decline in both video and fixed-line telephony revenue and a higher reallocation of "ONE" FMC bundle revenue from fixed to mobile telephony.

1.2 Broadband internet

Telenet's broadband internet subscriber base reached 1,749,100 subscribers at June 30, 2023, which was up 1% compared to June 30, 2022 and included the aforementioned inorganic subscriber additions for both Eltrona and TADAAM. On an organic basis, Telenet's broadband customer base contracted by 6,800 RGUs for the six months ended June 30, 2023, reflecting the same factors having impacted Telenet's FMC growth in the period as mentioned above. Telenet offers attractive gigaspeed broadband services of 1 Gbps across its entire footprint in Flanders, parts of Brussels and parts of Luxembourg. In addition, Telenet has a clear roadmap to 10 Gbps through a mixture of DOCSIS and FTTH technologies as mentioned above. The weighted average data download speed across Telenet's broadband subscriber base once again further increased, reaching 312 Mbps at June 30, 2023, up 28% from 243 Mbps at June 30, 2022, reflecting a continued trend of customer uptiering. In addition, approximately 38% of Telenet's total broadband customer base enjoy download speeds of at least 300 Mbps or higher at June 30, 2023.

1.3 Fixed-line telephony

At June 30, 2023, Telenet served 980,900 fixed-line telephony subscribers, including the aforementioned inorganic subscriber additions for Eltrona as of January 2023, representing a 7% decrease compared to June 30, 2022. This trend is similar to the overall fixed-line telephony market trend as customers increasingly rely on their mobile subscription and/or use alternative over-the-top solutions. Telenet's fixed-line telephony subscriber base further contracted by 39,900 RGUs on an organic basis for the six months ended June 30, 2023.

1.4 Mobile telephony

Telenet's mobile telephony subscriber base, which excludes subscribers under its commercial wholesale partnerships, totaled 2,931,600 subscribers at June 30, 2023, including 2,679,400 postpaid subscribers and the aforementioned inorganic Eltrona subscriber additions. The vast majority of Telenet's mobile subscribers (approximately 91%) are subscribed to one of its attractive mobile or fixed mobile converged ("FMC") propositions. The remaining 252,200 mobile subscribers are prepaid subscribers under the BASE brand. On an organic basis, Telenet gained 7,700 mobile postpaid subscribers for the six months ended June 30, 2023. The slowdown in growth was attributable to the same factors having impacted Telenet's broadband performance, not fully offset by the continued solid performance of its BASE mobile postpaid offers, driven by successful targeted promotions. Telenet's prepaid subscriber base continued to decrease as consumers increasingly opt for postpaid mobile tariff plans and contracted by 18,800 SIMs for the six months ended June 30, 2023.

1.5 Video

Telenet's video customer base reached 1,708,100 RGUs at June 30, 2023. This includes (i) enhanced video subscribers, (ii) the acquired Eltrona business in Luxembourg offering both basic video and enhanced video services to its customers and (iii) the recognition of TADAAM's off-footprint customers. Subscribers to Telenet's enhanced video service enjoy unrestricted access to a wide 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") video platform. For the six months ended June 30, 2023, Telenet lost 41,500 video subscribers on an organic basis. The contraction in the video RGU base can be explained by (i) a declining analog TV subscriber base due to demographics, (ii) product optimization within the multiple play customer base, (iii) a lower sales performance due to the aforementioned IT system issue and (iv) overall intense market competition.

Mid-September 2020, Telenet launched "Streamz", a unique streaming service of DPG Media and Telenet, in which Telenet holds a 50% share. Telenet believes its joint OTT platform is uniquely positioned, combining the best locally produced series of all local broadcasters, supplemented with must-see international content from HBO, in addition to an extensive kids zone, films and documentaries. Telenet also continues to have a leading market position in the sports segment. "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 its broad sports offering. In addition, Telenet's "Play Sports Open" channel offers a selection of sports events, as well as proprietary and acquired programs and documentaries, to its video subscribers in the basic tier. Telenet recently announced that Disney+ is now also available directly through its video platform. As a result, customers can now effortlessly enjoy all their favorite streaming services, including Streamz, Netflix, Amazon Prime and Disney+, through one subscription in addition to their regular telecom products with all services being bundled on one invoice. Consequently, Telenet is well positioned as a leading player in the premium entertainment segment within its footprint. Telenet's total premium entertainment subscriber base[1], including "Streamz", "Streamz+", "Play More" and "Play Sports" equaled approximately 34% of its total enhanced TV customer base[1] at June 30, 2023 versus approximately 35% at June 30, 2022. This represented a slight decline resulting from continued macro pressures and the end of the regular football season causing a seasonal decline in Telenet's Play Sports subscriber base.

[1] Including 342,400 direct subscriptions to Telenet's premium entertainment packages "Streamz", "Streamz+" and "Play More" and 209,900 "Play Sports" customers at June 30, 2023.

2. Discussion of the condensed consolidated interim financial statements

2.1 Revenue by service

Telenet generated revenue of €1,406.9 million for the six months ended June 30, 2023, which was up 9% versus €1,291.6 million of revenue generated for the six months ended June 30, 2022. As mentioned above under "Important reporting changes", Telenet's condensed consolidated interim financial statements for the six months ended June 30, 2023 included a full six-month revenue contribution from its acquired Caviar and Eltrona businesses which were not yet included in its revenue for the six months ended June 30, 2022. For the six months ended June 30, 2023, Caviar and Eltrona contributed €69.6 million and €15.2 million to Telenet's revenue, respectively.

Excluding the impact of both transactions, Telenet's rebased revenue grew almost 2% as a result of a similar increase in total subscription revenue, which represents the sum of its cable and mobile subscription revenue, following continued FMC growth and the benefit of the mid-June 2022 price adjustment. Telenet also posted a 6% pick-up in business services revenue as a result of higher recurring fixed revenue and higher ICT integration services revenue. Approximately 71% of Telenet's revenue for the six months ended June 30, 2023 was generated from monthly recurring subscriptions, while approximately 60% of its revenue benefited from the nearly 5% rate adjustment as of mid-June 2022 and is set to benefit from the 6% rate increase as of early June this year.

2.1.1 Video

Telenet's video revenue represents the sum of (i) the monthly fee paid by both Telenet's and Eltrona's video subscribers for the channels they receive in the basic tier, (ii) recurring set-top box rental fees, (iii) fees for supplemental premium content offerings, including Telenet's subscription VOD packages “Streamz”, "Streamz+" “Play More” and “Play Sports” and (iv) transactional and broadcasting-on-demand services. Telenet's video revenue for the six months ended June 30, 2023 amounted to €269.9 million, up 1% year-on-year as a result of the Eltrona acquisition impact. On a rebased basis, Telenet's video revenue for the six months ended June 30, 2023 decreased over 1% year-on-year, reflecting (i) a lower average number of video RGUs and (ii) the continued shift in revenue allocation from the new "ONE" FMC bundles from fixed into mobile. These factors combined more than outweighed the benefit from the June 2022 price adjustment.

2.1.2 Broadband internet

The revenue generated by Telenet's residential and small business broadband internet RGUs, which includes Eltrona as of January 2, 2023, totaled €367.1 million for the six months ended June 30, 2023, up 7% and 6% compared to the six months ended June 30, 2022 on a reported and rebased basis, respectively. This solid year-on-year organic revenue trend reflected (i) the benefit from the June 2022 price adjustment and (ii) the continued traction for higher-tier broadband propositions, which was partly offset by the aforementioned change in revenue allocation from Telenet's FMC bundles and a slight contraction in Telenet's broadband internet customer base.

2.1.3 Fixed-line telephony

Telenet's fixed-line telephony revenue includes recurring subscription-based revenue from Telenet's and Eltrona's 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, 2023, Telenet's fixed-line telephony revenue amounted to €94.4 million, a decline of 8% on both a reported and rebased basis. This mainly reflected (i) lower average RGUs over the period as detailed under section 1.3 Fixed-line telephony and (ii) the aforementioned change in revenue allocation from the new "ONE" FMC bundles, which more than offset the favorable impact of the June 2022 price adjustment.

2.1.4 Mobile telephony

Telenet's mobile telephony revenue represents the subscription-based revenue generated by its direct mobile telephony subscribers, including its SME and LE business customers, and out-of-bundle revenue, including Eltrona's postpaid subscribers, 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. For the six months ended June 30, 2023, Telenet generated mobile telephony revenue of €266.7 million, representing a 5% year-on-year increase on both a reported and rebased basis. The increase was mainly attributable to (i) the impact of the June 2022 price adjustment and (ii) the aforementioned revenue allocation shift from Telenet's latest FMC line-up partly offset by a contraction in Telenet's mobile customer base.

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 its cable subscription revenue lines and is not captured within Telenet Business, Telenet's business services division. Telenet Business generated revenue of €93.6 million for the six months ended June 30, 2023, representing a 6% year-on-year growth on both a reported and rebased basis, driven by (i) higher recurring fixed revenue and (ii) higher ICT integration services revenue against a favorable comparison base for the six months ended June 30, 2022.

2.1.6 Other

Other revenue primarily includes (i) interconnect revenue from both Telenet's fixed-line and mobile telephony customers, including SME and LE business customers, (ii) advertising and production revenue from its 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. As of October 2022, Telenet's other revenue also includes the contribution from the acquired media business Caviar in which Telenet now owns a 70% shareholding. Other revenue for the six months ended June 30, 2023 reached €315.2 million, up 32% compared to six months ended June 30, 2022, reflecting the aforementioned consolidation of Caviar. On a rebased basis, Telenet's other revenue remained broadly stable as (i) higher revenue from the sale of both handsets and customer premise equipment ("CPE"), (ii) higher roaming revenue and (iii) higher wholesale revenue were fully offset by (a) lower advertising and production revenue and (b) lower interconnect revenue, reflecting an increased adoption of OTT applications by consumers as well as lower regulated mobile termination rates versus 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, 2023, Telenet incurred total expenses of €1,145.2 million, representing a 15% increase compared to six months ended June 30, 2022, including (i) the inorganic impact from both the Caviar and Eltrona acquisitions and (ii) €1.3 million costs to capture to prepare the go-live of Telenet's Wyre partnership with Fluvius, which closed on July 1, 2023. Total expenses for the six months ended June 30, 2023 were favorably impacted by a €10.5 million decrease in costs associated with the one-time benefit from expected settlements of certain operational contingencies, as contemplated in Telenet's guidance. Total expenses represented approximately 81% of revenue for the six months ended June 30, 2023 (six months ended June 30, 2022: approximately 77%). Cost of services provided as a percentage of revenue represented approximately 55% for the six months ended June 30, 2023 (six months ended June 30, 2022: approximately 51%), while selling, general and administrative expenses represented approximately 27% of Telenet's total revenue for the six months ended June 30, 2023 (six months ended June 30, 2022: approximately 27%).

Telenet's 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 18% year-on-year for the six months ended June 30, 2023, including the aforementioned effects. Excluding the aforementioned inorganic acquisition impacts, Telenet's rebased operating expenses were up just over 3% year-on-year, reflecting the impact of both higher energy costs and overall inflation on certain cost lines as further detailed below, partly offset by a €10.5 million decrease in costs associated with the aforementioned one-time benefit.

2.3 Expenses by nature

2.3.1 Network operating expenses

Network operating expenses for the six months ended June 30, 2023 were €108.6 million, which was broadly stable relative to the six months ended June 30, 2022. On a rebased basis, Telenet's network operating costs were up 7% year-on-year as a result of globally higher energy prices following the war in Ukraine. Telenet recorded €3.9 million higher energy costs for the six months ended June 30, 2023 compared to the six months ended June 30, 2022. As it pertains to hedging, all of Telenet's expected energy consumption for the year ending December 31, 2023 is covered by fixed price agreements and, for the year ending December 31, 2024, Telenet has already locked in around 42% of its expected energy consumption by such agreements, reducing volatility on Telenet's future earnings.

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 our "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, 2023, Telenet's direct costs were €323.1 million, up 28% compared to six months ended June 30, 2022 and reflecting the aforementioned impact from the Caviar and Eltrona acquisitions. Excluding these impacts, Telenet's direct costs were up modestly by just over 1% year-on-year on a rebased basis reflecting higher roaming costs in line with higher roaming revenue and higher CPE costs, whereas Telenet continues to record lower interconnect costs in line with the interconnect revenue trend.

2.3.3 Staff-related expenses

Staff-related expenses for the six months ended June 30, 2023 were €168.9 million, up 16% year-on-year on a reported basis. On a rebased basis, Telenet's staff-related expenses for the six months ended June 30, 2023 were up almost 9% year-on-year, reflecting the adverse impact of the 11% mandatory wage indexation as of early 2023 as a result of overall inflation.

2.3.4 Sales and marketing expenses

For the six months ended June 30, 2023, Telenet's sales and marketing expenses were €41.8 million, representing a 6% and a 3% increase compared to the six months ended June 30, 2022 on a reported and rebased basis, respectively, as a result of timing variances in some of its campaigns and promotions.

2.3.5 Outsourced labor and professional services

Costs related to outsourced labor and professional services were €22.0 million for the six months ended June 30, 2023, reflecting year-on-year increases of 8% and 7% on a reported and rebased basis, respectively. Higher outsourced labor and professional services expenditures reflected amongst others (i) costs to capture to prepare the go-live of Telenet's Wyre partnership with Fluvius, (ii) digital transformation costs and (iii) impacts of inflation.

2.3.6 Other indirect expenses

Other indirect expenses, which includes, amongst others, (i) IT expenses, (ii) outsourced call center costs and (iii) facility-related expenses, reached €65.5 million for the six months ended June 30, 2023, representing an 18% increase compared to the six months ended June 30, 2022 on a reported basis. On a rebased basis, Telenet's other indirect expenses decreased 6% compared to the six months ended June 30, 2022, including the aforementioned one-off benefit.

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 €394.9 million for the six months ended June 30, 2023 (six months ended June 30, 2022: €363.8 million).

2.4 Net finance income (expense)

Net finance expense for the six months ended June 30, 2023 totaled €134.7 million compared to net finance income of €182.2 million for the six months ended June 30, 2022 which included a €533.8 million gain on derivatives. Finance income for the six months ended June 30, 2023 fell 87% year-on-year to €69.4 million, consisting of €58.1 million foreign exchange gain and €11.3 million interest income on money market funds, from €534.0 million for the six months ended June 30, 2022, which included the aforementioned gain on our derivatives. Excluding the latter, Telenet's underlying Interest income, net foreign exchange gain and other finance income increased as a result of higher interest income on its outstanding cash balance and a €58.1 million non-cash foreign exchange gain. Finance expense for the six months ended June 30, 2023 decreased 42% to €204.1 million from €351.8 million for the six months ended June 30, 2022, which included a €247.0 million non-cash foreign exchange loss.

2.5 Income taxes

Telenet recorded income tax expense of €139.5 million for the six months ended June 30, 2023 compared to €52.4 million for the six months ended June 30, 2022. The €87.1 million year-on-year increase was primarily attributable to the derecognition of a deferred tax asset on tax losses carried forward.

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

2.6 Net result

Telenet realized a net loss of €12.0 million for the six months ended June 30, 2023 compared to a net profit of €793.4 million for the six months ended June 30, 2022. The year-on-year decrease was primarily attributable to (i) the aforementioned gain related to the sale of Telenet's mobile infrastructure business to DigitalBridge in June last year, (ii) the aforementioned reversal in the fair value of Telenet's derivatives compared to the six months ended June 30, 2022 and (iii) the aforementioned derecognition of a deferred tax asset on tax losses carried forward. In addition, Telenet's operating profit decreased 11% year-on-year, reflecting the impact of inflation of certain costs as mentioned above. For the six months ended June 30, 2023, Telenet achieved a negative net profit margin of 0.9% compared to a positive net profit margin of 61.4% for the six months ended June 30, 2022.

2.7 Adjusted EBITDA and Adjusted EBITDAaL

For the six months ended June 30, 2023, Telenet achieved Adjusted EBITDA of €677.0 million, up 1% versus the €670.6 million we delivered for the six months ended June 30, 2022. Excluding the Caviar and Eltrona acquisition impacts, Telenet's rebased Adjusted EBITDA was broadly stable. Telenet's Adjusted EBITDA for the six months ended June 30, 2023 included a €10.5 million decrease in costs associated with the one-time benefit from expected settlements of certain operational contingencies, as contemplated in Telenet's guidance. For the six months ended June 30, 2023, Telenet's Adjusted EBITDA margin amounted to 48.1% compared to 51.9% for the six months ended June 30, 2022. On a rebased basis, Telenet's Adjusted EBITDA margin marginally contracted by 80 basis points compared to the six months ended June 30, 2022.

On June 1, 2022, Telenet closed the sale of its mobile tower business to DigitalBridge and entered into a 15-year Master Lease Agreement ("MLA") with two renewal periods of 10 years each and have started to make lease-related payments to DigitalBridge as of then. Following this transaction, Telenet has started to include Adjusted EBITDA after leases ("Adjusted EBITDAaL") as a key financial metric, which includes depreciation expenses and interest expenses on leases as mentioned under the section Definitions. Telenet believes 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.

Telenet's Adjusted EBITDAaL for the six months ended June 30, 2023 reached €619.1 million, marking a 1% increase compared to €612.4 million for the six months ended June 30, 2022. On a rebased basis, Telenet's Adjusted EBITDAaL grew 3% year-on-year, largely reflecting the same factors as those having impacted our Adjusted EBITDA performance in the six months ended June 30, 2023 and also reflecting lower depreciation and interest on the Fluvius lease as a result of the Wyre transaction. Telenet's Adjusted EBITDAaL margin for the six months ended June 30, 2023 was 44.0% compared to 47.4% for the six months ended June 30, 2022. On a rebased basis, Telenet's Adjusted EBITDAaL margin improved by 40 basis points compared to the six months ended June 30, 2022.

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

(€ in millions)	For the six months ended June 30,	
	2023	2022
Profit (loss) for the period	**(12.0)**	**793.4**
Income tax expense	139.5	52.4
Share of the result of equity accounted investees	2.3	0.7
Remeasurement to fair value of pre-existing interest in an acquiree	(1.9)	—
Gain on disposal of assets/liabilities related to a subsidiary or a joint venture	(0.9)	(371.1)
Net finance expense (income)	134.7	(182.2)
Depreciation, amortization, impairment and gain on disposal of assets	390.2	364.0
EBITDA	**651.9**	**657.2**
Share based compensation	12.6	3.8
Operating charges related to acquisitions or divestitures	7.4	9.7
Restructuring charges	4.7	(0.2)
Measurement period adjustments related to business acquisitions	0.4	0.1
Adjusted EBITDA	**677.0**	**670.6**
Depreciation on assets under leases	(42.7)	(42.7)
Interest expense on leases	(15.2)	(15.5)
Adjusted EBITDAaL	**619.1**	**612.4**
Adjusted EBITDA margin	48.1 %	51.9 %
Adjusted EBITDAaL margin	44.0 %	47.4 %
Net profit (loss) margin	(0.9)%	61.4 %

2.8 Capital expenditures

Accrued capital expenditures for the six months ended June 30, 2023 reached €356.7 million, equivalent to approximately 25% of revenue and representing a 43% decline compared to the six months ended June 30, 2022 which included €338.4 million of lease-related capital additions primarily related to the sale of Telenet's mobile infrastructure business and the start of the 15-year Master Lease Agreement with DigitalBridge. Telenet's accrued capital expenditures for the six months ended June 30, 2023 included (i) €15.4 million of lease additions previously classified as operating leases and (ii) a net negative €0.9 million related to football broadcasting rights. Excluding these impacts in both periods, as per Telenet's FY 2023 guidance, its accrued capital expenditures for the six months ended June 30, 2023 were €342.2 million, equivalent to approximately 24% of revenue, and were up 16% year-on-year.

Capital expenditures related to customer premises equipment ("CPE"), which includes Telenet's spending on set-top boxes, modems and WiFi powerlines reached €80.2 million for the six months ended June 30, 2023. This marked a 22% increase compared to the six months ended June 30, 2022 driven by higher CPE-related costs for Telenet's latest generation of set-top boxes and the continued roll-out of its in-home connectivity devices. Capital expenditures related to customer premises equipment for the six months ended June 30, 2023 represented approximately 23% of Telenet's total accrued capital expenditures (excluding the recognition of certain football broadcasting rights and certain lease-related capital additions).

Accrued capital expenditures for network growth and upgrades amounted to €71.3 million for the six months ended June 30, 2023, marking a 54% increase compared to the the six months ended June 30, 2022 and predominantly reflecting the progress of Telenet's 5G roll-out and tactical fiber-related investments. Since the launch of its 5G network in December 2021, Telenet has gradually upgraded its mobile network and is currently on track to achieve its coverage targets. Also Telenet's fiber investments are progressing well, mainly focused on targeted trench sharing opportunities until now but expected to materially ramp up with the closing of the Wyre transaction with Fluvius on July 1, 2023. As such, Telenet expects a material increase in Wyre's investment profile in the second half of the year, targeting 100,000 homes passed with FTTH by the end of 2023. For the six months ended June 30, 2023, network-related capital expenditures represented approximately 21% of total accrued capital expenditures (excluding the recognition of certain football broadcasting rights and certain lease-related capital additions).

Capital expenditures for products and services, which reflects investments in product development and the upgrade of Telenet's IT platforms and systems, amongst others, totaled €64.3 million for the six months ended June 30, 2023. This represented an 11% year-on-year decrease, mainly reflecting finalization of Telenet's IT platform upgrade. Capital expenditures for products and services represented approximately 19% of total accrued capital expenditures for the six months ended June 30, 2023 (excluding the recognition of certain football broadcasting rights 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 IT platforms and systems and (iv) lease-related capital additions. All combined, these reached €140.9 million for the six months ended June 30, 2023, representing a 68% decrease compared to the six months ended June 30, 2022 which was impacted by the sale of Telenet's mobile infrastructure business and the start of the 15-year Master Lease Agreement with DigitalBridge as mentioned above. Excluding the recognition of certain football broadcasting rights and certain lease-related capital additions, other accrued capital expenditures reached €126.4 million.

The above implies that approximately 63% of Telenet's accrued capital expenditures for the six months ended June 30, 2023 (excluding the recognition of certain football broadcasting rights 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 and shareholder value.

Reconciliation between accrued capital expenditures and cash capital expenditures

(€ in millions)	For the six months ended June 30,	
	2023	2022
Accrued capital expenditures	**356.7**	**626.6**
Assets acquired under capital-related vendor financing arrangements	(62.4)	(42.4)
Assets acquired under lease agreements	(30.2)	(338.4)
Changes in current and non-current liabilities related to capital expenditures	14.8	(7.4)
Total cash capital expenditures, net	**278.9**	**238.4**

2.9 Adjusted EBITDA less property & equipment additions

Adjusted EBITDA less property & equipment additions reached €334.8 million for the six months ended June 30, 2023 compared to €376.2 million for the the six months ended June 30, 2022. The 11% year-on-year decrease was mainly driven by higher accrued capital expenditures (excluding the recognition of certain football broadcasting rights and certain lease-related capital additions) versus the six months ended June 30, 2022 as explained above and is consistent with Telenet's full year outlook as presented in February this year.

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

(€ in millions)	For the six months ended June 30,	
	2023	2022
Adjusted EBITDA	**677.0**	**670.6**
Accrued capital expenditures	(356.7)	(626.6)
Recognition of football broadcasting rights	(0.9)	1.0
Recognition of mobile spectrum licenses	—	8.4
Recognition of certain lease-related capital additions	15.4	322.8
Accrued capital expenditures excluding recognition of football broadcasting rights, mobile spectrum licenses and certain lease-related capital additions	**(342.2)**	**(294.4)**
Adjusted EBITDA less property & equipment additions	**334.8**	**376.2**

2.10 Cash flow and liquidity

2.10.1 Net cash from operating activities

For the six months ended June 30, 2023, Telenet's operations yielded €474.5 million of net cash compared to the €512.6 million Telenet generated during six months ended June 30, 2022. The 7% year-on-year decrease reflected (i) a €28.3 million reduction in working capital compared to the six months ended June 30, 2022, which Telenet expects to reverse throughout the remainder of the year and (ii) €9.0 million higher net cash interest expenses and cash derivatives

2.10.2 Net cash used in investing activities

Telenet used €297.2 million of net cash in investing activities for the six months ended June 30, 2023 compared to €466.4 million of net cashed from investing activities for the six months ended June 30, 2022, which included €733.7 million of proceeds related to the sale of Telenet's mobile tower infrastructure business to DigitalBridge. The net cash used in investing activities primarily includes cash capital expenditures in addition to M&A-related payments. Telenet's cash capital expenditures for the six months ended June 30, 2023 were up 17% year-on-year, reflecting an increased capital intensity in line with its full year outlook. Telenet utilizes a vendor financing program through which it 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, 2023, Telenet acquired €62.4 million of assets through capital-related vendor financing arrangements (for the six months ended June 30, 2022 €42.4 million), favorably impacting its net cash used in investing activities for the equivalent amount. Please refer to Section 2.8 - Capital expenditures for a reconciliation between accrued capital expenditures and cash capital expenditures. In addition, the net cash used in investing activities for the six months ended June 30, 2023 reflected the cash consideration paid for the acquisition of the remaining 50% (plus 1 share) in the Luxembourg-based cable operator Eltrona and the acquisition of Lecter Media's 50% shareholding in the Fabiola Group by Roses Are Blue, which is subsidiary of the Caviar Group.

2.10.3 Net cash used in financing activities

For the six months ended June 30, 2023, the net cash used in financing activities was €224.6 million compared to €289.0 million six months ended June 30, 2022. The net cash used in financing activities for the six months ended June 30, 2023 mainly reflected the annual dividend payment to shareholders (€108.6 million in aggregate) and a net €90.8 million decline in outstanding loans and borrowings, including scheduled repayments under Telenet's vendor financing program. The remainder of the net cash used in financing activities primarily consisted of lease repayments and other financial payments.

2.10.4 Adjusted Free Cash Flow

For the six months ended June 30, 2023, Telenet generated Adjusted Free Cash Flow of €102.5 million compared to €166.7 million for the six months ended June 30, 2022. The 39% year-on-year decline reflected (i) 17% higher cash capital expenditures as a result of Telenet's increased capital intensity as mentioned above, (ii) a negative working capital trend, (iii) higher payments for cash interest and cash derivatives compared to the six months ended June 30, 2022 and (iv) a €4.2 million lower contribution from its vendor financing program compared to the six months ended June 30, 2022 given phasing in some of Telenet's payments. In line with its FY 2023 outlook, Telenet expects its Adjusted Free Cash Flow to significantly improve during the six months ending December 31, 2023, reconfirming its full year objective of around €250.0 million.

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

(€ in millions)	For the six months ended June 30,	
	2023	2022
Adjusted Free Cash Flow		
Net cash from operating activities	474.5	512.6
Cash payments for direct acquisition and divestiture costs	6.1	8.8
Operating-related vendor financing additions	135.7	173.2
Purchases of property and equipment	(157.3)	(134.5)
Purchases of intangibles	(121.6)	(103.9)
Principal payments on capital-related vendor financing	(171.5)	(197.2)
Principal payments on amounts financed by vendors and intermediaries	(36.8)	(32.6)
Principal payments on leases (excluding network-related leases assumed in acquisitions)	(20.5)	(27.4)
Principal payments on post acquisition additions to network leases	—	(17.0)
Adjusted Free Cash Flow (as previously defined)	**108.6**	**182.0**
Cash payments for direct acquisition and divestiture costs	(6.1)	(8.8)
Principal payments on pre-acquisition additions to network leases	—	(6.5)
Adjusted Free Cash Flow (as guided and currently defined)	**102.5**	**166.7**

2.11 Debt profile, cash balance and net leverage ratio

2.11.1 Debt profile

At June 30, 2023, Telenet carried a total debt balance (including accrued interest) of €6,575.9 million, of which €1,455.9 million principal amount is related to the € and USD-denominated Senior Secured Fixed Rate Notes due March 2028 and €3,211.9 million principal amount is owed under its 2023 Amended Senior Credit Facility with maturities ranging from April 2028 through April 2029. Telenet's total debt balance at June 30, 2023 also included outstanding liabilities of €394.6 million related to the mobile spectrum licenses following last year's multiband spectrum auction as Telenet has opted for annual deferred payments over the lifetime of each license as opposed to advance payments. Furthermore, Telenet's total debt balance at June 30, 2023 reflected a principal amount of €335.9 million related to its vendor financing program as further detailed below. 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, (ii) the long-term emphyotic lease with Fluvius for the use of its HFC network covering approximately one-third of Flanders prior to the closing of the Wyre transaction on July 1, 2023 as a result of which the lease will be terminated and (iii) other leases.

At June 30, 2023, Telenet carried €335.9 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%). Relative to December 31, 2022, the outstanding short-term vendor financing liabilities declined €10.0 million over the six months ended June 30, 2023, reflecting seasonality in some of Telenet's scheduled vendor financing payments and adversely impacting its Adjusted Free Cash Flow by the same amount over the period. Telenet anticipates a broadly stable evolution for the year ending December 31, 2023 compared to December 31, 2022, as embedded in its FY 2023 Adjusted Free Cash Flow outlook, yet with a certain seasonality in some of its payments from quarter to quarter.

On June 30, 2023, Telenet entered into a supplemental agreement to amend and restate its Senior Credit Facility Agreement (hereafter the “2023 Amended Senior Credit Facility”) to (i) replace LIBOR with CME Term SOFR as administered by CME Group Benchmark Administration Limited as the reference rate for U.S. dollar denominated loans under the 2023 Amended Senior Credit Facility, (ii) bifurcate Revolving Credit Facility I into Revolving Credit Facility A (which has a final maturity date of May 31, 2026) and Revolving Credit Facility B (which has a final maturity date of May 31, 2029) and (iii) increase the total commitments under Revolving Credit Facility B by €90.0 million. Other than the extended tenor, Revolving Credit Facility B has the same characteristics as Revolving Credit Facility A (including (a) a margin of 2.25% over EURIBOR (floored at 0%) and (b) a commitment fee of 40% of the margin) and can be used for the same purposes as Revolving Credit Facility A. As a result of these amendments, Telenet succeeded in extending and upsizing its revolving credit facility commitments under the 2023 Amended Senior Credit Facility and the total amount of its revolving credit facility commitments are now €600.0 million, further strengthening Telenet's liquidity profile.

Except for its vendor financing and mobile spectrum commitments, all of Telenet's floating interest rate and foreign exchange currency risks have been hedged until the maturity of such debt instruments through a series of derivatives, improving the visibility on future Adjusted Free Cash Flow and minimizing exposure to financial market fluctuations. Excluding short-term liabilities related to its vendor financing program, Telenet faces no debt maturities prior to March 2028 with a weighted average maturity of approximately 5.0 years at June 30, 2023. Telenet's weighted average cost of debt at June 30, 2023, including hedges, was approximately 3.0%, excluding commitment fees, leases, vendor financing and amounts related to mobile spectrum licenses. Finally, Telenet also had full access to €645.0 million of undrawn commitments under our revolving credit facilities at June 30, 2023.

2.11.2 Debt overview and payment schedules

For an overview of the Company's debt instruments and payment schedule at June 30, 2023, refer to note 5.11 to the condensed consolidated interim financial statements of the Company.

2.11.3 Cash balance and availability of funds

At June 30, 2023, Telenet held €1,017.1 million of cash and cash equivalents compared to €1,064.4 million at December 31, 2022. The decrease in Telenet's cash balance for the six months ended June 30, 2023 reflected a relatively weaker Adjusted Free Cash Flow contribution as well as the €108.6 million annual dividend payment in early May. Telenet intends to actively deploy its cash balance over the next couple of years to fund Wyre's up to €2.0 billion fiber-to-the-home build out as communicated earlier, resulting in a fully funded investment plan without any interdependencies on financial markets. In order to minimize the concentration of counterparty risk and to enhance the yield on its cash balance, Telenet has invested the vast majority throughout a range of money market funds with highly rated European and US financial institutions.

In addition to its available cash balance, Telenet also had full access to €645.0 million of available commitments under its 2023 Amended Senior Credit Facility and its other revolving credit facilities, subject to compliance with the covenants mentioned below.

2.11.4 Net leverage ratio

Following the tower disposal and the subsequent move to Adjusted EBITDAaL, and effective Q2 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 this metric, Telenet's net total leverage at June 30, 2023 remained broadly stable at 3.5x (December 31, 2022: 3.4x). Under the previous net total leverage definition, using net debt including leases divided by the last two quarters' annualized Adjusted EBITDA, Telenet's net total leverage at June 30, 2023 was also broadly stable at 4.0x (December 31, 2022 at 3.9x).

Telenet's net covenant leverage, as calculated under the 2023 Amended Senior Credit Facility, differs from its net total leverage as it excludes (i) any vendor financing-related short-term liabilities, (ii) any liabilities related to the mobile spectrum licenses, yet includes (iii) the Credit Facility Excluded Amount (which is the greater of €400.0 million and 0.25x Consolidated Adjusted Annualized EBITDA) and (iv) divides Net Total Debt by the last two quarter's annualized EBITDA. Telenet's net covenant leverage reached 2.3x at June 30, 2023, which was broadly stable compared to 2.2x at December 31, 2022. 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, 2023, 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 2023, 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 2022 Annual Report under 8.4 'Internal Control and Risk Management Systems'.

The Company is exposed to various risks within the context of its normal business activities, which could have a material adverse impact on its business, prospects, results of operations and financial condition. Therefore, managing these risks is of the utmost importance to the Company. To support its growth and help management and the directors to deal with the challenges the Company faces, the Company has set up a risk management and internal control system. The purpose of the risk management and internal control system is to enable the Company to meet its objectives. The Company refers to section 8.4 of its 2022 Annual Report for a more comprehensive explanation of the risk factors.

Following the Russian invasion of Ukraine on February 24, 2022, Telenet is continuously assessing the impact of the war on its business. The initial impact assessment has been presented to the Board of Directors on March 18, 2022. Quarterly updates of the impact assessment have been reported to the Audit and Risk Committee throughout 2022 and 2023. Overall, there is only minimal direct impact of the war on the Company's business. Telenet only works with a very limited number of Russian and Ukrainian suppliers (in the interconnect domain). Telenet has no assets or data backup located in Ukraine or Russia. Further, Telenet has no financial exposure to Russian banks. As discussed within section 2.11.3, Telenet's cash equivalents and money market funds are placed with highly rated European and US financial institutions in order to minimize the concentration of counterparty risk. 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) and the hedging hereof. In parallel to the business impact assessments, Telenet has also taken its corporate social responsibility actively supporting the Ukrainian refugees in Belgium. For more information, please refer to section 7.4 of the Company's 2022 Annual Report.

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 2022 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 5.17, 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 2022 Annual Report or explained in note 5.17 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, 2023	December 31, 2022, restated (*)
Assets			
Non-current assets:			
Property and equipment	5.4	2,199.2	2,197.1
Goodwill	5.5	1,822.2	1,818.4
Other intangible assets	5.6	1,241.1	1,246.6
Deferred tax assets	5.13	81.5	190.0
Investments in and loans to equity accounted investees	5.7	43.6	46.3
Other investments		8.0	7.7
Derivative financial instruments	5.12	370.7	485.4
Other non-current assets	5.8	22.3	22.4
Total non-current assets		**5,788.6**	**6,013.9**
Current assets:			
Inventories		35.5	28.2
Trade receivables		195.3	190.3
Other current assets	5.8	201.5	170.3
Cash and cash equivalents	5.9	1,017.1	1,064.4
Derivative financial instruments	5.12	180.6	123.4
Total current assets		**1,630.0**	**1,576.6**
Total assets		**7,418.6**	**7,590.5**

(€ in millions)	Note	June 30, 2023	December 31, 2022, restated (*)

Equity and liabilities

Equity:			
Share capital	5.10	12.8	12.8
Share premium		80.7	80.7
Other reserves		691.7	691.6
Retained losses		(1,428.4)	(1,308.4)
Remeasurements		0.8	(1.7)
Total equity attributable to owners of the Company		**(642.4)**	**(525.0)**
Non-controlling interests		17.7	20.4
Total equity	5.10	**(624.7)**	**(504.6)**
Non-current liabilities:			
Loans and borrowings	5.11	6,043.8	6,119.5
Derivative financial instruments	5.12	17.8	21.4
Deferred revenue	5.14	2.1	2.3
Deferred tax liabilities	5.13	196.4	204.8
Other non-current liabilities		53.6	61.1
Provisions		16.7	17.7
Total non-current liabilities		**6,330.4**	**6,426.8**
Current liabilities:			
Loans and borrowings	5.11	532.1	535.4
Trade payables		232.4	207.9
Accrued expenses and other current liabilities		492.5	464.6
Provisions		89.8	101.1
Deferred revenue	5.14	127.1	120.6
Derivative financial instruments	5.12	111.5	70.6
Current tax liability		127.5	168.1
Total current liabilities		**1,712.9**	**1,668.3**
Total liabilities		**8,043.3**	**8,095.1**
Total equity and liabilities		**7,418.6**	**7,590.5**

(*) We refer to note 5.1.6 Reporting changes and note 5.16.2 Caviar Group for detailed information regarding the impact of the purchase price allocation ("PPA") of the Caviar Group acquisition.

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	2023	2022

Profit for the period

	Note	2023	2022
Revenue	5.14	1,406.9	1,291.6
Cost of services provided	5.15	(768.8)	(652.8)
Gross profit		**638.1**	**638.8**
Selling, general and administrative expenses	5.15	(376.4)	(345.6)
Operating profit		**261.7**	**293.2**
Finance income		69.4	534.0
Interest income, net foreign exchange gain and other finance income	5.11	69.4	0.2
Net gain on derivative financial instruments	5.12	—	533.8
Finance expense		(204.1)	(351.8)
Interest expense, net foreign exchange loss and other finance expense	5.11	(179.5)	(351.8)
Net loss on derivative financial instruments	5.12	(24.6)	—
Net finance income/(expense)		**(134.7)**	**182.2**
Share in the result of equity accounted investees	5.7	(2.3)	(0.7)
Remeasurement to fair value of pre-existing interest in an acquiree	5.16.4	1.9	—
Gain on disposal of assets related to a subsidiary or a joint venture		0.9	371.1
Profit before income tax		**127.5**	**845.8**
Income tax expense	5.13	(139.5)	(52.4)
Profit (loss) for the period		**(12.0)**	**793.4**

(€ in millions, except per share data)	For the six months ended June 30,	
	2023	2022
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)	1.4	19.4
Equity-accounted investees - share of other comprehensive income (loss)	1.2	0.5
Items that are or may be reclassified subsequently to profit or loss		
Foreign operations - foreign currency translation differences	(0.2)	—
Other comprehensive income for the period, net of income tax	**2.4**	**19.9**
Total comprehensive income (loss) for the period	**(9.6)**	**813.3**
Profit (loss) attributable to:	**(12.0)**	**793.4**
Owners of the Company	(11.3)	793.7
Non-controlling interests	(0.7)	(0.3)
Total comprehensive income (loss) for the period, attributable to:	**(9.6)**	**813.3**
Owners of the Company	(8.8)	813.6
Non-controlling interests	(0.8)	(0.3)
Earnings (loss) per share		
Basic earnings (loss) per share in €	(0.10)	7.31
Diluted earnings (loss) per share in €	(0.10)	7.31

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	Remeasure ments	Translation reserves	Total	Non-controlling interest	Total equity
(€ in millions, except share data)														
December 31, 2022	5.10	112,110,000	12.8	80.7	156.6	64.8	(143.9)	614.1	(1,308.4)	(1.1)	(0.6)	(525.0)	20.4	(504.6)
Total comprehensive income (loss) for the period														
Loss for the period		—	—	—	—	—	—	—	(11.3)	—	—	(11.3)	(0.7)	(12.0)
Other comprehensive income [1]		—	—	—	—	—	—	—	—	2.6	(0.1)	2.5	(0.1)	2.4
Total comprehensive income (loss) for the period		—	—	—	—	—	—	—	(11.3)	2.6	(0.1)	(8.8)	(0.8)	(9.6)
Transactions with owners, recorded directly in equity														
Contributions by and distributions to owners of the Company														
Recognition of share-based compensation		—	—	—	1.7	—	—	—	—	—	—	1.7	—	1.7
Dividend declared	5.10	—	—	—	—	—	—	—	(108.6)	—	—	(108.6)	—	(108.6)
Other		—	—	—	—	—	—	—	(0.1)	—		(0.1)	—	(0.1)
Total contribution by and distributions to owners of the Company		—	—	—	1.7	—	—	—	(108.7)	—	—	(107.0)	—	(107.0)
Changes in ownership interests in subsidiaries														
Acquisition/disposal of non-controlling interests without a change in control		—	—	—	—	—	—	(1.6)	—	—	—	(1.6)	(2.5)	(4.1)
Capital contributions by NCI		—	—	—	—	—	—	—	—	—	—	—	0.6	0.6
Total transactions with owners of the Company		—	—	—	1.7	—	—	(1.6)	(108.7)	—	—	(108.6)	(1.9)	(110.5)
June 30, 2023	5.10	112,110,000	12.8	80.7	158.3	64.8	(143.9)	612.5	(1,428.4)	1.5	(0.7)	(642.4)	17.7	(624.7)

[1] Remeasurements of defined benefit liabilities/(assets), net of income tax, equity-accounted investees - share of other comprehensive income (loss), net of income tax and foreign currency translation differences

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)													
December 31, 2021		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 loss [2]		—	—	—	—	—	—	—	—	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		—	—	—	3.8	—	—	—	—	—	3.8	—	3.8
Own shares acquired		—	—	—	—	—	(21.9)	—	—	—	(21.9)	—	(21.9)
Own shares sold		—	—	—	—	—	7.1	—	(7.1)	—	—	—	—
Cancellation own shares		(1,100,000)	—	—	—	—	45.2	(45.2)	—	—	—	—	—
Dividend declared			—	—	—	—	—	—	(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		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)

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

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

4. Condensed consolidated interim statement of cash flows

(€ in millions)		For the six months ended June 30,	
	Note	2023	2022

Cash flows provided by operating activities:

Profit (loss) for the period		(12.0)	793.4
Adjustments for:			
Depreciation, amortization, impairment and restructuring	5.15	396.7	366.7
Gain on disposal of property and equipment and other intangible assets	5.15	(1.8)	(2.9)
Income tax expense	5.13	139.5	52.4
Increase in allowance for bad debt		2.7	2.8
Gain on disposal of assets/liabilities of a subsidiary or a joint venture		(0.9)	(371.1)
Net interest income and foreign exchange gain		(69.4)	(0.2)
Net interest expense, foreign exchange loss and other finance expense		179.5	351.8
Net loss (gain) on derivative financial instruments	5.12	24.6	(533.8)
Share in the result of equity accounted investees	5.7	2.3	0.7
Gain on changes in ownership of equity accounted investees	5.16.4	(1.9)	—
Share based payments	5.10	12.6	3.8
Change in:			
Trade receivables		(4.4)	3.0
Other assets		(38.2)	(0.8)
Deferred revenue		6.2	(0.6)
Trade payables		11.0	26.7
Derivatives paid (received)		70.1	(4.2)
Accrued expenses and other current liabilities		15.9	0.8
Interest paid		(185.0)	(89.5)
Interest received		12.2	—
Income taxes paid	5.13	(85.2)	(86.4)
Net cash provided by operating activities		**474.5**	**512.6**

(in millions of euro)		For the six months ended June 30,	
	Note	2023	2022

Cash flows used in investing activities:

Acquisition of property and equipment		(157.3)	(134.5)
Acquisition of intangibles		(121.6)	(103.9)
Acquisitions of and loans to equity accounted investees		(8.5)	(5.9)
Acquisitions of subsidiaries and affiliates, net of cash acquired		(18.4)	—
Proceeds from sale of property and equipment and other intangibles		8.9	733.7
Other investing activities		(0.3)	(23.0)
Net cash provided by (used in) investing activities		**(297.2)**	**466.4**

Cash flows used in financing activities:

Repayments of loans and borrowings	5.11	(227.5)	(240.2)
Proceeds from loans and borrowings	5.11	136.7	173.2
Payments of lease liabilities		(20.5)	(50.9)
Acquisition from / sale of non-controlling interests		(5.3)	—
Repurchase of own shares		—	(22.7)
Proceeds from capital transactions with equity participants		0.6	0.6
Payments related to capital reductions and dividends	5.10	(108.6)	(149.0)
Net cash used in financing activities		**(224.6)**	**(289.0)**

Net increase (decrease) in cash and cash equivalents		**(47.3)**	**690.0**
Cash and cash equivalents:			
At January 1	5.9	1,064.4	139.5
At June 30	5.9	1,017.1	829.5

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, 2023

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, certain communes in Brussels and parts of Luxembourg, 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, 2022. Results for the six months ended June 30, 2023 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 26, 2023.

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, 2022.

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, 2022.

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, 2023 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 table below summarizes the Company's:

- revenues for the year ended June 30, 2023 and 2022 from external customers earned in the Company's country of domicile and in foreign countries; and
- non-current assets, other than financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts, located in the Company's country of domicile and in foreign countries, as of June 30, 2023 and December 31, 2022.

	June 30, 2023			December 31, 2022, as restated (*)		
(€ in millions)	**Belgium**	**Foreign countries**	**TOTAL**	**Belgium**	**Foreign countries**	**TOTAL**
Property & equipment	2,167.0	32.2	2,199.2	2,194.3	2.8	2,197.1
Intangible assets	1,238.4	2.7	1,241.1	1,246.6	—	1,246.6
Total fixed assets	**3,405.4**	**34.9**	**3,440.3**	**3,440.9**	**2.8**	**3,443.7**

	For the six months ended June 30, 2023			For the six months ended June 30, 2022		
(€ in millions)	**Belgium**	**Foreign countries**	**TOTAL**	**Belgium**	**Foreign countries**	**TOTAL**
Total revenue	**1,340.4**	**66.5**	**1,406.9**	**1,291.6**	**—**	**1,291.6**

(*) We refer to note 5.1.6 Reporting changes and note 5.16.2 Caviar Group for detailed information regarding the impact of the purchase price allocation ("PPA") of the Caviar Group acquisition.

The increase in the revenues in foreign countries is due to the acquisition of the Caviar Group on October 3, 2022 and the acquisition of Eltrona Interdiffusion S.A. on January 2, 2023.

For the six months ended June 30, 2023 and June 30, 2022, no single third party customer accounted for 10 percent or more of the Company's total revenues.

5.1.6 Reporting changes

Purchase price allocation for the Caviar Group acquisition: In the course of the six months ended June 30, 2023, Telenet further executed its accounting for the step acquisition of Caviar Group (“purchase price allocation”), which resulted in the recognition of fair value adjustments on the group’s intangible assets of €14.9 million, mainly related to the acquired trade names (€7.9 million), customer relationships (€5.5 million) and other intangible assets (€1.5 million). Together with the deferred tax impact of the above mentioned adjustments (€3.7 million), goodwill was reduced by €11.2 million. The condensed consolidated statement of financial position as per December 31, 2022 has been restated accordingly. The recognition of the fair value of the intangible assets did not result in any material additional amortization expense for the period between the acquisition date (October 3, 2022) and December 31, 2022 and consequently, the consolidated statement of profit and loss and other comprehensive income for the year ended December 31, 2022 has not been restated. The fair value measurement of the assets and liabilities acquired in the Caviar Group business combination remained provisional as of June 30, 2023.

5.2 Significant accounting policies

5.2.1 Changes in 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, 2022. A number of new standards and amendments to standards are effective from January 1, 2023 but they did not have a material effect on the Company's condensed consolidated interim financial statements for the six months ended June 30, 2023 (Note 5.2.20 of the Company's consolidated financial statements as of and for the year ended December 31, 2022).

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies, issued on February 12, 2021, include narrow-scope amendments to improve accounting policy disclosures so that they provide more useful information to investors and other primary users of the financial statements. The amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The amendments are effective for annual periods beginning on or after January 1, 2023. These amendments have been endorsed by the EU in March 2022 and had no material impact on the Group's consolidated financial statements.

Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates, issued on February 12, 2021, clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

The amendments are effective for annual periods beginning on or after January 1, 2023. These amendments have been endorsed by the EU in March 2022 and had no material impact on the Group's consolidated financial statements.

Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction, issued on May 7, 2021, clarifies how companies should account for deferred tax on transactions such as leases and decommissioning obligations. IAS 12 Income Taxes specifies how a company accounts for income tax, including deferred tax, which represents tax payable or recoverable in the future. In specified circumstances, companies are exempt from recognizing deferred tax when they recognize assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations—transactions for which companies recognize both an asset and a liability. The amendments clarify that the exemption does not apply and that companies are required to recognize deferred tax on such transactions. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations.

The amendments are effective for annual periods beginning on or after January 1, 2023. These amendments have been endorsed by the EU in August 2022 and had no material impact on the Group's consolidated financial statements.

5.2.2 Forthcoming requirements

A number of new standards and amendments to standards are effective for annual periods beginning after January 1, 2023 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.

Amendments to IAS 1 Presentation of Financial statements: Classification of Liabilities as Current or Non-current, issued on January 23, 2020, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.

The amendments:

- specify that an entity's right to defer settlement must exist at the end of the reporting period;

- clarify that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement;
- clarify how lending conditions affect classification; and
- clarify requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

On July 15, 2020, the IASB issued **Classification of Liabilities as Current or Non-current — Deferral of Effective Date (Amendment to IAS 1)** deferring the effective date of the January 2020 amendments with one year.

On October 31, 2022, the IASB issued **Non-current liabilities with Covenants,** which amends IAS 1 and specifies that covenants (i.e. conditions specified in a loan arrangement) to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require a company to disclose information about these covenants in the notes to the financial statements.

All of the amendments are effective for annual reporting periods beginning on or after January 1, 2024, with early adoption permitted. The amendments have not yet been endorsed by the EU.

Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback, issued on September 22, 2022, introduce a new accounting model which will impact how a seller-lessee accounts for variable lease payments in a sale-and-leaseback transaction.

Under this new accounting model for variable payments, a seller-lessee will:

- include estimated variable lease payments when it initially measures a lease liability arising from a sale-and-leaseback transaction; and
- after initial recognition, apply the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains.

These amendments will not change the accounting for leases other than those arising in a sale and leaseback transaction.

The amendments apply retrospectively for annual periods beginning on or after January 1, 2024 with early application permitted. These amendments have not yet been endorsed by the EU.

Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules, issued May 23, 2023, provide a temporary mandatory relief from accounting for deferred tax that arises from legislation implementing the GloBE model rules. Under the relief, companies are effectively exempt from providing for and disclosing deferred tax related to top-up tax. However, they need to disclose that they have applied the relief. The relief is effective immediately and applies retrospectively. It will apply until the IASB decides either to remove it or to make it permanent.

The amendments also require new disclosures once tax law is enacted but before top-up tax is effective and after top-up tax is effective. These new disclosures apply from December 31, 2023. The amendments do not introduce new disclosure requirements in the financial statement in interim periods ending on or before December 31, 2023. These amendments have not yet been endorsed by the EU. For more information, we refer to Note 5.13.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements, issued on May 25, 2023, introduce additional disclosure requirements for companies that enter into supplier finance arrangements. The amendments are effective for periods beginning on or after January 1, 2024, with early application permitted. However, some relief from providing certain information in the year of initial application is available. These amendments have not yet been endorsed by the EU.

5.3 Financial instruments

5.3.1 Financial risk management

During the six months ended June 30, 2023, 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, 2022.

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, 2023	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	933.3	933.3	933.3	—	—
Derivative financial assets	5.12	551.3	551.3	—	551.3	—
Total financial assets carried at fair value		**1,484.6**	**1,484.6**	**933.3**	**551.3**	**—**
Financial liabilities						
Financial liabilities carried at fair value						
Derivative financial liabilities	5.12	129.3	129.3	—	129.3	—
Total financial liabilities carried at fair value		**129.3**	**129.3**	**—**	**129.3**	**—**
Financial liabilities carried at amortized cost						
Loans and borrowings (including accrued interests and excluding deferred financing fees and lease obligations)	5.11					
- 2023 Amended Senior Credit Facility		3,218.0	3,142.3	—	3,142.3	—
- Senior Secured Fixed Rate Notes [1]		1,488.7	1,377.0	1,377.0	—	—
- Vendor financing		342.7	342.7	—	342.7	—
- Clientele fee > 20 years		123.0	158.7	—	158.7	—
- Mobile Spectrum		394.6	277.4	—	277.4	—
- Other debt		17.8	12.4	—	12.4	—
Total financial liabilities carried at amortized cost		**5,584.8**	**5,310.5**	**1,377.0**	**3,933.5**	**—**

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

December 31, 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	971.3	971.3	971.3	—	—
Derivative financial assets	5.12	608.7	608.7	—	608.7	—
Total financial assets carried at fair value		**1,580**	**1,580**	**971.3**	**608.7**	**—**
Financial liabilities						
Financial liabilities carried at fair value						
Derivative financial liabilities	5.12	92.1	92.1	—	92.1	—
Total financial liabilities carried at fair value		**92.1**	**92.1**	**—**	**92.1**	**—**
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		3,269.1	3,273.0	—	3,273.0	—
- Senior Secured Fixed Rate Notes [1]		1,506.7	1,506.0	1,506.0	—	—
- Vendor financing		350.1	350.1	—	350.1	—
- Clientele fee > 20 years		128.5	142.4	—	142.4	—
- Mobile Spectrum		399.7	266.8	—	266.8	—
- Other debt		19.8	13.6	—	13.6	—
Total financial liabilities carried at amortized cost		**5,673.9**	**5,551.9**	**1,506.0**	**4,045.9**	**—**

[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 : -2023 Amended Senior Credit Facility - Revolving Credit Facility	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: - Vendor financing - Clientele fee > 20 years - Mobile Spectrum - 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, 2023, 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, 2023	**242.0**	**4,497.8**	**73.2**	**43.2**	**4,856.2**
Additions	12.8	161.5	10.0	4.8	189.1
Acquisition Eltrona	1.3	27.0	0.4	1.4	30.1
Transfers	—	21.0	(21.0)	—	—
Impairment	—	—	(0.2)	—	(0.2)
Write off of fully depreciated assets	(45.6)	(22.1)	—	(3.3)	(71.0)
Other	(0.1)	—	—	—	(0.1)
At June 30, 2023	**210.4**	**4,685.2**	**62.0**	**46.1**	**5,004.1**
Accumulated Depreciation					
At January 1, 2023	**156.8**	**2,477.5**	**—**	**24.8**	**2,659.1**
Depreciation charge for the period	11.1	201.7	—	4.5	217.3
Transfers	—	(0.5)	—	—	(0.5)
Write off of fully depreciated assets	(45.6)	(22.1)	—	(3.3)	(71.0)
At June 30, 2023	**122.3**	**2,656.6**	**—**	**26.0**	**2,804.9**
Carrying Amount					
At January 1, 2023	85.2	2,020.3	73.2	18.4	2,197.1
At June 30, 2023	88.1	2,028.6	62.0	20.1	2,199.2

Accrued capital expenditures for property and equipment reached €189.1 million for the six months ended June 30, 2023 and related mainly to investments in the Company's network.

For the six months ended June 30, 2023, the Company removed €71.0 million of gross cost and accumulated depreciation related to fully depreciated assets which are no longer used by the Company.

The carrying amount of property and equipment includes €315.9 million and €317.7 million of right-of-use assets at June 30, 2023 and December 31, 2022, respectively.

5.5 Goodwill

The total amount of goodwill as of June 30, 2023 amounted to €1,822.2 million (December 31, 2022: €1,818.4 million as restated). The increase of €3.8 million was attributable to the goodwill recognized in connection with the acquisition of the Fabiola Group (€4.1 million) and Eltrona Interdiffusion S.A (€0.5 million), partially offset by adjustments in the purchase price of Caviar Group (-€0.7 million) and the disposal of Beluga Tree (-€0.1 million).

	Note	(€ in millions)
December 31, 2022 as reported		**1,829.6**
Adjustments to purchase price allocation Caviar Group	5.16.2	(11.2)
December 31, 2022 as restated		**1,818.4**
Step acquisition of subsidiaries - Fabiola Group	5.16.4	4.1
Step acquisition of subsidiaries - Eltrona Interdiffusion S.A.	5.16.3	0.5
Adjustment purchase price - Caviar Group	5.16.2	(0.7)
Disposal - Beluga Tree		(0.1)
June 30, 2023		**1,822.2**

As of December 31, 2022, the Company identified three cash generating units, being:

- Telenet;
- SBS Belgium and Woestijnvis; and
- Caviar Group.

As of June 30, 2023, the Company identified the following four cash-generating units:

- Telenet;
- Play Media (formerly known as SBS Belgium) and Woestijnvis;
- Caviar Group; and
- Eltrona Interdiffusion S.A.

The business acquired from Fabiola Group is part of the Caviar Group cash generating unit. Goodwill arising in a business combination is allocated to the acquirer's cash generating units that are expected to benefit from the synergies of the business combination in which goodwill arose. This is irrespective of whether other assets or liabilities of the acquiree are assigned to those units. The provisional goodwill arising from the Caviar Group acquisition amounted to €27.7 million, while the provisional goodwill arising from the Fabiola Group and Eltrona Interdiffusion acquisitions amounted to €4.1 million and €0.5 million respectively. Considering the recent acquisitions of Caviar Group and Fabiola Group, as well as Eltrona Interdiffusion S.A., and the valuation of these CGUs performed at that time (Note 5.16), and the fact that the Company did not identify any indication of possible impairment between the respective acquisition dates and June 30, 2023 for the latter CGUs nor for the Telenet or the Play Media and Woestijnvis CGU, the Company determined that for none of the four identified cash-generating units, the carrying amount exceeded its recoverable amount at June 30, 2023.

5.6 Other intangible assets

(€ in millions)	Note	Network user rights	Trade names	Software	Customer relationships	Broadcasting rights	Other	Total
Cost								
At December 31, 2022, as reported		**720.3**	**184.2**	**1,209.7**	**170.0**	**323.1**	**33.0**	**2,640.3**
Adjustments to purchase price allocation Caviar Group	5.16.2	—	7.9	—	5.5	—	1.5	14.9
At December 31, 2022, as restated		**720.3**	**192.1**	**1,209.7**	**175.5**	**323.1**	**34.5**	**2,655.2**
Acquisition Eltrona		—	—	2.5	—	—	—	2.5
Additions		—	—	136.3	—	31.2	—	167.5
Remeasurements		(0.3)	—	—	—	—	—	(0.3)
Write-off of fully amortized assets		—	—	(0.2)	—	(2.7)	—	(2.9)
Other		—	—	(0.2)	—	—	—	(0.2)
At June 30, 2023		**720.0**	**192.1**	**1,348.1**	**175.5**	**351.6**	**34.5**	**2,821.8**
Accumulated amortization								
At January 1, 2023		**223.3**	**140.8**	**678.3**	**131.4**	**224.0**	**10.8**	**1,408.6**
Amortization charge for the period		14.3	2.2	109.4	4.4	43.2	1.0	174.5
Write-off of fully amortized assets		—	—	(0.2)	—	(2.7)	—	(2.9)
Transfers		—	—	—	—	0.5	—	0.5
At June 30, 2023		**237.6**	**143.0**	**787.5**	**135.8**	**265.0**	**11.8**	**1,580.7**
Carrying amount								
At January 1, 2023 as restated		497.0	51.3	531.4	44.1	99.1	23.7	1,246.6
At June 30, 2023		482.4	49.1	560.6	39.7	86.6	22.7	1,241.1

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

Software additions for the six months ended June 30, 2023 were €136.3 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 €31.2 million, primarily linked to the acquisition of movie rights.

5.7 Investments in and loans to equity accounted investees

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

Investment (€ in millions)	Joint ventures			Associates		
At January 1, 2023	Eltrona	Streamz	Other (*)	Unit-T	Other (**)	Total
Gross	**59.5**	**28.4**	**6.1**	**10.5**	**8.7**	**113.2**
Share in result	**(3.4)**	**(6.2)**	**0.3**	**6.5**	**(1.3)**	**(4.1)**
Dividend	**(0.2)**	**—**	**—**	**—**	**(0.2)**	**(0.4)**
Changes in pension funded status	**—**	**—**	**—**	**(0.4)**	**—**	**(0.4)**
Impairment	**(42.9)**	**(22.2)**	**—**	**—**	**—**	**(65.1)**
Total	**13.0**	**—**	**6.4**	**16.6**	**7.2**	**43.2**
Share in result	—	(2.1)	(0.3)	0.5	(0.4)	(2.3)
Investment	—	6.0	4.1	—	1.5	11.6
Reclassification from loans	—	0.3	—	—	0.1	0.4
Changes in pension funded status	—	—	—	1.2	—	1.2
Remeasurement to fair value of pre-existing interest in an acquiree	—	—	—	—	1.9	1.9
Reclass to fully consolidated subsidiary	(13.0)	—	—	—	(3.0)	(16.0)
At June 30, 2023						
Gross	**—**	**45.2**	**10.2**	**10.5**	**9.2**	**75.1**
Share in result	**—**	**(8.3)**	**—**	**7.0**	**(1.7)**	**(3.0)**
Dividend	**—**	**—**	**—**	**—**	**(0.2)**	**(0.2)**
Changes in pension funded status	**—**	**—**	**—**	**0.8**	**—**	**0.8**
Impairment	**—**	**(32.7)**	**—**	**—**	**—**	**(32.7)**
Total	**—**	**4.2**	**10.2**	**18.3**	**7.3**	**40.0**

Loans (€ in millions)	Joint ventures			Associates		
At January 1, 2023	Eltrona	Streamz	Other (*)	Unit-T	Other (**)	Total
Loan	**—**	**10.5**	**1.5**	**—**	**1.2**	**13.2**
Accrued interest	**—**	**0.2**	**0.2**	**—**	**—**	**0.4**
Impairment	**—**	**(10.5)**	**—**	**—**	**—**	**(10.5)**
Total	**—**	**0.2**	**1.7**	**—**	**1.2**	**3.1**
New loans granted	—	—	0.8	—	—	0.8
Accrued interest	—	0.1	—	—	—	0.1
Reclassification to investments	—	(0.3)	—	—	(0.1)	(0.4)
At June 30, 2023						
Loan	**—**	**—**	**2.5**	**—**	**1.1**	**3.6**
Accrued interest	**—**	**—**	**—**	**—**	**—**	**—**
Impairment	**—**	**—**	**—**	**—**	**—**	**—**
Total	**—**	**—**	**2.5**	**—**	**1.1**	**3.6**

Carrying amount						
At January 1, 2023	13.0	0.2	8.1	16.6	8.4	46.3
At June 30, 2023	—	4.2	12.7	18.3	8.4	43.6

(*) Other joint ventures include the investments in Ads & Data NV, Fabiola GmbH and Doccle BV & Doccle.UP NV.

(**) Other associates include the investments in June Energy NV, Caviar Paris SAS, SBS Media Belgium NV, Recneps NV, Last Swim Ltd and Idealabs Telenet Fund NV.

Streamz BV
On May 2, 2023, both Telenet and DPG Media each contributed €6.0 million to the capital increase of Streamz BV in addition to €10.5 million in receivables, which were fully impaired on December 31, 2022, and €0.3 million of accrued interest and commitment fees being capitalized. On April 25,2023, Telenet signed an additional shareholder loan making available a facility in an aggregate principal amount of €10.0 million which was fully undrawn as per June 30, 2023.

5.8 Other assets

5.8.1 Non-current

(€ in millions)	June 30, 2023	December 31, 2022
Outstanding guarantees to third parties for own liabilities (cash paid)	1.6	1.5
Deferred financing fees	2.5	2.5
Contract assets	1.2	1.3
Surplus of post retirement plan assets	9.4	9.0
Non-current lease receivable	1.8	2.4
Other	5.8	5.7
Other non-current assets	**22.3**	**22.4**

During the six months ended June 30, 2023, non-current assets decreased by €0.1 million. The overall balance at June 30, 2023 is stable compared to December 31, 2022.

The Company presents the deferred financing fees related to undrawn Term Loans and Revolving Credit Facilities as other non-current assets. At June 30, 2023, 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 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, 2023.

5.8.2 Current

(€ in millions)	June 30, 2023	December 31, 2022
Recoverable taxes	1.5	0.1
Prepaid content	5.1	8.3
Prepayments	54.4	45.3
Unbilled revenue	84.2	78.0
Working capital adjustment from sale of assets	—	7.1
Indemnification receivable from acquisitions	38.5	17.0
Receivables from sale of sports broadcasting rights	2.2	—
Contract assets	5.8	7.0
Settlement receivables	0.2	0.2
Current lease receivable	1.6	1.8
Other	8.0	5.5
Other current assets	**201.5**	**170.3**

Prepayments increased by €9.1 million which is mainly related to an increase in prepaid IT maintenance expenses and an increase in the prepayments of Spectrum license interest.

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 increased by €6.2 million for the period ended June 30, 2023 which is mainly driven by unbilled revenue of the Caviar Group.

Indemnification receivables from acquisitions amounted to €38.5 million and consist primarily of (i) amounts receivable related to Pylon taxes (€17.4 million) and (ii) a settlement receivable related to the Wyre transaction (€20.7 million).

5.9 Cash and cash equivalents

(€ in millions)	June 30, 2023	December 31, 2022
Cash at bank and on hand	83.8	93.1
Money market funds	933.3	971.3
Total cash and cash equivalents	**1,017.1**	**1,064.4**

At June 30, 2023, Telenet held €1,017.1 million of cash and cash equivalents compared to €1,064.4 million at December 31, 2022. In order to minimize the concentration of counterparty risk and to enhance the yield on its cash balance, the Company has invested the vast majority throughout a range of money market funds with highly rated European and US financial institutions.

In addition to Telenet's available cash balance of €1,017.1 million as per June 30, 2023, Telenet also had full access to €645.0 million of available commitments under its 2023 Amended Senior Credit Facility and its other revolving credit facilities, subject to compliance with the covenants. Please see note 5.11 for details regarding amendments associated with certain of Telenet's revolving credit facilities.

At June 30, 2023 and December 31, 2022, subject to compliance with certain covenants, the Company had access to the following liquidity:

(€ in millions)	June 30, 2023	December 31, 2022
Available commitment under Revolving Credit Facility I	—	510.0
Available commitment under Revolving Credit Facility A	30.0	—
Available commitment under Revolving Credit Facility B	570.0	—
Available commitment under Revolving Credit Facility	20.0	20.0
Available commitment under Banking Overdraft Facility	25.0	25.0
Total Credit Facilities	**645.0**	**555.0**

5.10 Shareholders' equity

5.10.1 Shareholders' equity

As of June 30, 2023, share capital amounted to €12.8 million (December 31, 2022: €12.8 million).

The condensed consolidated interim financial statements as of June 30, 2023 showed a negative consolidated equity amounting to €624.7 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

As of June 30, 2023, the Company held 3,500,526 own shares. No stock options were exercised during the six months ended June 30, 2023.

Dividends

On April 26, 2023, the Annual Shareholders' Meeting approved a gross final dividend over 2022 of €1.00 per share, amounting in total to €108.6 million for 108,609,474 dividend-entitled shares. The effective cash payment of the dividend occurred on May 5, 2023.

5.10.2 Employee share based compensation

Stock Option Plan 2018

The contractual term to exercise the ESOP 2018 stock options expired on June 5, 2023. As a result, all the outstanding and unexercised 691,047 stock options expired and consequently there are no longer outstanding stock options under this plan.

In the six months ended June 30, 2023, Telenet recognized €12.6 million of compensation expense for the Telenet share based compensation plans (June 30, 2022: €3.8 million), including €0.8 million related to the equity settled stock option awards, €0.5 million related to the performance share awards and €11.3 million related to the restricted share awards. The increase in compensation expense as compared to June 30, 2022 can be mainly explained by a one-off settlement of vested performance share awards (€0.5 million), restricted share awards (€1.1 million) and compensation restricted share awards (€4.0 million).

5.11 Loans and borrowings

The balances of loans and borrowings specified below include accrued interest and debt premiums as of June 30, 2023 and December 31, 2022.

(€ in millions)	June 30, 2023	December 31, 2022
2023 Amended Senior Credit Facility:		
Term Loan AR	2,105.2	2,145.4
Term Loan AQ	1,112.8	1,123.7
Senior Secured Fixed Rate Notes:		
USD1.0 billion Senior Secured Notes due 2028	940.0	958.0
€600 million Senior Secured Notes due 2028	548.7	548.7
Vendor financing	342.7	350.1
Lease obligations	996.9	987.7
Mobile Spectrum	394.6	399.7
Clientele fee > 20 years	123.0	128.5
Other debt	17.8	19.8
	6,581.7	**6,661.6**
Less: deferred financing fees	(5.8)	(6.7)
Total non-current and current loans and borrowings	**6,575.9**	**6,654.9**
Less: current portion	(532.1)	(535.4)
Total non-current loans and borrowings	**6,043.8**	**6,119.5**

At June 30, 2023, Telenet carried a total debt balance (including accrued interest and net of deferred financing fees) of €6,575.9 million, of which €1,455.9 million principal amount is related to the EUR and USD-denominated Senior Secured Fixed Rate Notes due March 2028 and €3,211.9 million principal amount is owed under Telenet's 2023 Amended Senior Credit Facility with maturities ranging from April 2028 through April 2029. Telenet's total debt balance at June 30, 2023 also included outstanding liabilities of €394.6 million related to the mobile spectrum licenses following last year's multiband spectrum auction as Telenet has opted for annual deferred payments over the lifetime of each license as opposed to advance payments. Furthermore, the total debt balance at June 30, 2023 reflected a principal amount of €335.9 million related to the vendor financing program as further detailed below. 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, (ii) the long-term emphyteutic lease with Fluvius for the use of its HFC network covering approximately one third of Flanders prior to the closing of the Wyre transaction on July 1, 2023 as a result of which the lease will be terminated and (iii) other leases.

At June 30, 2023, Telenet carried a principal amount of €335.9 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 €10.0 million versus December 31, 2022, reflecting seasonality in some of Telenet's scheduled vendor financing payments.

On June 30, 2023, Telenet entered into a supplemental agreement to amend and restate the Senior Credit Facility Agreement (hereafter the “2023 Amended Senior Credit Facility”) to (i) replace LIBOR with CME Term SOFR as administered by CME Group Benchmark Administration Limited as the reference rate for U.S. dollar denominated loans under the 2023 Amended Senior Credit Facility, (ii) bifurcate Revolving Credit Facility I into Revolving Credit Facility A (which has a final maturity date of May 31, 2026) and Revolving Credit Facility B (which has a final maturity date of May 31, 2029) and (iii) increase the total commitments under Revolving Credit Facility B by €90.0 million. Other than the extended tenor, Revolving Credit Facility B has the same characteristics as Revolving Credit Facility A (including (a) a margin of 2.25% over EURIBOR (floored at 0%) and (b) a commitment fee of 40% of the margin) and can be used for the same purposes as Revolving Credit Facility A.

With the exception of vendor financing and mobile spectrum commitments, 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 5.0 years at June 30, 2023. In addition, Telenet also had full access to €645.0 million of undrawn commitments under its revolving credit facilities at June 30, 2023, with availabilities up to May 2029.

Repayments of loans and borrowings amounted to €227.5 million and €240.2 million for the six months ended June 30, 2023 and June 30, 2022, respectively. For the period until June 30, 2023, this amount consisted primarily of repayments of debts related to the vendor financing program (€208.2 million) (June 30, 2022: €229.8 million).

Proceeds from loans and borrowings amounted to €136.7 million and €173.2 million for the six months ended June 30, 2023 and June 30, 2022, respectively. For the period until June 30, 2023 this amount consisted primarily of proceeds from debts related to the vendor financing program (€136.4 million) (June 30, 2022: €173.2 million).

Finance income for the six months ended June 30, 2023 fell 87% year-on-year to €69.4 million, consisting of €58.1 million foreign exchange gain and €11.3 million interest income on money market funds, from €534.0 million for the six months ended June 30, 2022. Telenet's underlying interest income, net foreign exchange gain and other finance income increased as a result of higher interest income on its outstanding cash balance and a €58.1 million non-cash foreign exchange gain. Finance expense for the six months ended June 30, 2023 decreased 42% to €204.1 million from €351.8 million for the six months ended June 30, 2022, which included a €247.0 million non-cash foreign exchange loss.

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, 2023.

(€ in millions)	Total Facility as per	Drawn amount	Undrawn amount	Maturity Date	Interest rate	Interest payments due
June 30, 2023						
2023 Amended Senior Credit Facility:						
Term Loan AR	2,101.9	2,101.9	—	April 30, 2028	Floating | 1-month Term SOFR (0% floor) + 0.11448% IBOR Fallback Spread Adjustment + 2.00%	Monthly
Term Loan AQ	1,110.0	1,110.0	—	April 30, 2029	Floating | 1-month Euribor (0% floor) + 2.25%	Monthly
Revolving Credit Facility A	30.0	—	30.0	May 31, 2026	Floating | Euribor (0% floor)+ 2.25%	Quarterly (commitment fees only)
Revolving Credit Facility B	570.0	—	570.0	May 31, 2029	Floating | 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)	915.9	915.9	—	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, 2024	Floating | 1-month EURIBOR (0% floor) + 1.60%	Quarterly (commitment fees only)
Total notional amount	**5,312.8**	**4,667.8**	**645.0**			

As per June 30, 2023, the lease obligations amounted to €996.9 million consisting mainly of site rentals (€577.6 million) and the Canon lease (€366.1 million).

Site rentals

On June 1, 2022, the Company entered into a sale and leaseback transaction with DigitalBridge Investments LLC. As part of the transaction, Telenet transferred certain passive mobile network infrastructure assets, both owned and leased, and liabilities to TowerCo. Telenet subsequently entered into a master lease agreement ("MLA") with Belgium Tower Partners NV, the new name of TowerCo, consisting of ground and location leases as well as the lease of the transferred passive mobile network infrastructure assets. The lease is for an initial period of 15 years with 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 leases for the sites yet to be constructed create significant rights and obligations for the lessee. As per June 30, 2023, the total commitment related to the underlying anchor tenant fees for the remaining 456 additional new sites, is estimated at €110.6 million based on the current existing roll-out planning per type of towers.

Canon, Clientele and Annuity Agreements

Following the initial 1996 and 2008 Interkabel acquisitions, the Company obtained ownership and control over the entire Pure Intercommunales (PICs) network, including the obligation beyond 20 years under the original 50 year Clientele fee agreement and now has the right to use the full capacity of the PICs network. The term of the Canon Lease Agreement is 38 years (of which still 23 years remained at the end of June 2023). Under this agreement, the Company pays recurring Canon Fees, which together with the Clientele and Annuity Fees, grant full access to the PICs network. The assets capitalized under the Canon Agreement are depreciated over a period of 15 years. The full access rights acquired under the Canon, Clientele and Annuity agreements are recorded as property and equipment (network) as from October 2008 onwards.

With the closing of the Wyre transaction on July 1, 2023 (see Note 5.16.1), Telenet early terminated and effectively settled pre-existing contractual relationships with Fluvius, including the so-called "Interkabel Agreement" dating from 2008. As a consequence, as per June 30, 2023, the existing Canon, Clientele and Annuity liabilities no longer exist as of July 1, 2023.

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, 2023	December 31, 2022
Current assets	180.6	123.4
Non-current assets	370.7	485.4
Current liabilities	(111.5)	(70.6)
Non-current liabilities	(17.8)	(21.4)
	422.0	**516.8**
Cross currency interest rate swaps	404.6	472.4
Interest rate derivatives	18.3	45.3
Foreign exchange forwards	(1.1)	(1.2)
Embedded derivatives	0.2	0.3
	422.0	**516.8**

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

	For the six months ended June 30,	
(€ in millions)	2023	2022
Change in fair value		
Cross currency interest rate swaps	(67.8)	444.9
Interest rate derivatives	(27.0)	93.4
Foreign exchange forwards	0.1	0.3
Embedded derivatives	(0.1)	(0.6)
Total change in fair value	**(94.8)**	**538.0**
Realized result on derivatives		
Cross currency interest rate swaps	(51.6)	5.4
Interest rate derivatives	121.8	(12.3)
Interest rate caps	—	2.7
Total realized result on derivatives	**70.2**	**(4.2)**
Net gain (loss) on derivative financial instruments	**(24.6)**	**533.8**

The negative change in fair value for the six months ended June 30, 2023 of €94.8 million is mainly the result of (i) a higher EUR/USD rate negatively impacting the cross currency interest rate swaps valuations and (ii) negative valuation of the basis swaps as they approach maturity.

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,	
	2023	**2022**
Current tax expense	(43.0)	(42.1)
Deferred tax expense	(96.5)	(10.3)
Income tax expense	**(139.5)**	**(52.4)**

For the six months ended June 30, 2023, the Company recognized €43.0 million of current tax expense and current taxes recognized through OCI of €0.4 million. These tax expenses have been calculated in conformity with Belgian and international tax laws. Telenet believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

For the six months ended June 30, 2023, the Company recorded deferred tax expense of €96.5 million, driven mainly by the derecognition of a deferred tax asset on tax loss carry forwards (see below for more details). This brought deferred tax assets and deferred tax liabilities to €81.5 million and €196.4 million, respectively (net liability €114.9 million) as of June 30, 2023 (December 31, 2022: net liability €14.8 million).

Telenet recorded a total income tax expense of €139.5 million for the six months ended June 30, 2023 compared to €52.4 million for the six months ended June 30, 2022.

Telenet Group Holding NV and its subsidiaries had available combined cumulative tax loss carry forwards of €1,169.1 million as of June 30, 2023 (December 31, 2022: €1,215.8 million). These tax losses may be historical (before acquisition by the Telenet group) or resulting from operational, financial or M&A activities. Under current Belgian tax law, these loss carry forwards have an indefinite life (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 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 €247.0 million as per June 30, 2023 (December 31, 2022: €136.7 million) in respect of losses amounting to €987.9 million (December 31, 2022: €546.5 million) because it is not considered more likely than not that these net deferred tax assets will be utilized in the foreseeable future. The additional derecognition of deferred tax assets compared to December 31, 2022 is primarily attributable to the Wyre transaction with Fluvius. Although the forecasted overall profitability of the Telenet group is not negatively impacted by the Wyre transaction, the distribution of profit across the different legal entities of the Telenet group will be affected. As a result and based on forecasts per legal entity as per June 30, 2023, certain tax loss carry forwards are no longer projected to be utilized in the foreseeable future.

In October 2021, the Organization for Economic Cooperation and Development (OECD) announced the OECD/G20 Inclusive Framework of Base Erosion and Profit Shifting (BEPS), which agreed a two-pillar solution to reform international taxation. Pillar Two establishes a global minimum tax regime through a series of interlocking rules that would apply when the effective tax rate within a jurisdiction is below 15%. According to the EU directive published in December 2022, it is anticipated that the Pillar Two rules will be substantively enacted in member states' legislation by the end of 2023, with the income inclusion rule applying to accounting periods beginning on or after December 31, 2023 and the undertaxed profits rule taking effect for years beginning from December 31, 2024. Telenet is incorporated and registered in Belgium, and it is part of a multinational group with a UK ultimate parent undertaking. Subject to enactment of legislation in the jurisdictions that the Company operates in, it is possible that these new initiatives could have an impact on Telenet's future tax liabilities; the Company is currently assessing the requirements under Pillar 2 to ensure it is prepared to fulfill its reporting and filing obligations as from 2024.

5.14 Revenue

The Company's revenue is comprised of the following:

(€ in millions)	For the six months ended June 30,	
	2023	2022
Subscription revenue		
Video	269.9	266.0
Broadband internet	367.1	343.5
Fixed-line telephony	94.4	102.3
Cable Subscription revenue	**731.4**	**711.8**
Mobile telephony	266.7	253.1
Total Subscription revenue	**998.1**	**964.9**
Business services	93.6	88.3
Other	315.2	238.4
Total Revenue	**1,406.9**	**1,291.6**

The Company generated revenue of €1,406.9 million for the six months ended June 30, 2023, which was up 9% versus €1,291.6 million of revenue generated in the six months ended June 30, 2022. The condensed consolidated interim statement of profit or loss and other comprehensive income for the six months ended June 30, 2023 includes a full six-month revenue contribution from the acquired Caviar Group and Eltrona businesses which were not yet included in the revenue for the six months ended June 30, 2022. For the six months ended June 30, 2023, Caviar Group and Eltrona contributed €69.6 million and €15.2 million to revenue, respectively.

Telenet's other revenue amounted to €315.2 million for the six months ended June 30, 2023, a 32% year-on-year increase, mainly because of a six-month contribution from the Caviar Group business acquired on October 3, 2022.

(€ in millions)	For the six months ended June 30,	
	2023	2022
Interconnect	54.7	58.0
Sale of handsets and customer premise equipment	49.0	47.7
Wholesale	65.5	57.6
Advertising and production	132.1	60.5
Other	13.9	14.6
Total other revenue	**315.2**	**238.4**

The Company also had deferred revenue as follows:

(€ in millions)	June 30, 2023	December 31, 2022
Subscription revenue		
Video	25.9	23.0
Broadband internet	27.9	26.4
Fixed-line telephony	9.2	7.5
Cable Subscription revenue	**63.0**	**56.9**
Mobile telephony	21.0	21.5
Total Subscription revenue	**84.0**	**78.4**
Business services	29.0	25.1
Other	10.5	12.7
Total Deferred Subscription Revenue	**123.5**	**116.2**
Other contract liabilities	5.7	6.7
Total Deferred Revenue	**129.2**	**122.9**
Non-current portion	2.1	2.3
Current portion	127.1	120.6

5.15 Expenses by nature

(€ in millions)		For the six months ended June 30,	
	Note	2023	2022
Network operating expenses		108.6	108.2
Direct costs (programming, copyrights, interconnect and other)		323.1	252.2
Staff-related expenses		168.9	145.1
Sales and marketing expenses		41.8	39.4
Outsourced labor and Professional services		22.0	20.4
Other indirect expenses		65.5	55.7
Operating expenses		**729.9**	**621.0**
Restructuring expenses		4.7	(0.2)
Operating charges related to acquisitions or divestitures		7.4	9.7
Measurement period adjustments related to business acquisitions		0.4	0.1
Share-based payments granted to directors and employees	5.10.2	12.6	3.8
Depreciation	5.4	217.3	207.5
Amortization	5.6	131.3	116.1
Amortization of broadcasting rights	5.6	43.2	43.0
Impairment of property and equipment	5.4	0.2	0.3
Gain on disposal of property and equipment		(1.8)	(2.9)
Non-cash and other items		**415.3**	**377.4**
Total costs and expenses		**1,145.2**	**998.4**

For the six months ended June 30, 2023, Telenet incurred total expenses of €1,145.2 million, representing a 15% increase compared to the six months ended June 30, 2022, reflecting (i) the inorganic impact from both the Caviar and Eltrona acquisitions and (ii) €1.3 million costs to capture to prepare the go-live of the Wyre partnership with Fluvius, which was closed on July 1, 2023. Total expenses were favorably impacted by a €10.5 million decrease in costs associated with the one-time benefit from expected settlements of certain operational contingencies in June 2023. Total expenses represented approximately 81% of revenue for the six months ended June 30, 2023 (six months ended June 30, 2022: approximately 77%). Cost of services provided as a percentage of revenue represented approximately 55% for the six months ended June 30, 2023 (six months ended June 30, 2022: approximately 51%), while selling, general and administrative expenses represented approximately 27% of the total revenue for the six months ended June 30, 2023 (six months ended June 30, 2022: approximately 27%).

Telenet's 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 18% year-on-year for the six months ended June 30, 2023, including the aforementioned effects.

5.16 Acquisition and disposal of subsidiaries

5.16.1 Wyre

The Wyre transaction is a business combination that was effected after the interim reporting date but before the Interim Financial Statements were authorized for issue. Consequently, the business combination is not yet recognized in the Interim Financial Statements. Relevant information to evaluate the nature and financial effect of the business combination are described below. The initial accounting for this business combination is incomplete at the time the Interim Financial Statements were authorized for issue. The disclosures that could not be made are described in the sub-sections below. Similarly, quantitative information disclosed below are determined on a provisional basis and will be finalized within one year from the acquisition date.

Background

Until June 30, 2023, Telenet has been operating its own Hybrid Fiber Coax (HFC) network in approximately two-thirds of the Flemish territory and in parts of Brussels ("Telenet HFC network"). Fluvius legally owned an HFC network in the remaining part (one third) of Flanders ("Fluvius HFC Network") on which Telenet had long lease rights until 2046 and through which Telenet could offer telecom services to residential and business customers and thus serve all of Flanders and parts of Brussels. Both Telenet and Fluvius intend to gradually introduce more fiber in their existing networks. Specifically, more fiber will be deployed in the last mile, from the street to the customer premises, through which effective Fiber to the Home (FTTH) is realized.

In July 2022, Telenet announced a binding agreement with Fluvius, taking a joint next step in the realization of the "data network of the future" in Flanders and parts of Brussels. Under this agreement, both Telenet and Fluvius (collectively the "parties") were to contribute their network-related assets to a new infrastructure company (named "Wyre" in the meantime), with Telenet owning a 66.8% stake in Wyre and Fluvius owning the remaining 33.2% (the "Wyre transaction").

On May 31, 2023, Telenet and Fluvius received the regulatory approval from the European Commission with respect to the Wyre Transaction and on July 1, 2023 ("acquisition date"), Telenet and Fluvius effectively closed the Wyre transaction.

Wyre intends to deploy a hybrid network strategy to enable speeds of up to 10 Gbps for all its customers, ensuring they continue to get the best possible network experience. Up to 78% of all homes in Flanders and parts of Brussels are expected to be passed by fiber (FTTH) by 2038, with approximately 70% of premises connected in 2029. In other areas, Wyre will further upgrade and expand the technology of the HFC network. Together, this represents an investment of up to €2.0 billion. Wyre will operate a fully open access network and will provide non-discriminatory access to it, providing wholesale access to interested retail telecommunications operators, including Telenet and Orange.

IFRS treatment and significant judgements

With a stake of 66.8% in Wyre and reserved matters only providing protective rights to Fluvius, Telenet concluded that it controls Wyre at acquisition date in accordance with IFRS 10 – Consolidated Financial Statements. As a result, Telenet obtains control of the assets and liabilities to be contributed by Fluvius to Wyre ("Fluvius Net Assets"), including the Fluvius HFC Network, whereas it retains control over the assets and liabilities to be contributed by Telenet to Wyre ("Telenet Net Assets").

The Company concluded that the Fluvius Net Assets represent a "business" and, therefore, the Wyre transaction qualifies as a business combination in the scope of IFRS 3 – "Business Combinations".

As part of the Wyre transaction, Telenet / Wyre also entered into a Master Service Agreement (MSA) with Fluvius under which Fluvius personnel will keep operating and maintaining not only the Fluvius HFC Network, but also providing such services for fiber assets and the FluviusNet, during an agreed migration period. On that basis, Telenet concluded that the MSA significantly contributes to the ability of Wyre to continue producing the telecom services (outputs), is scarce and cannot be replaced without significant cost, effort, or delay in the ability to continue producing the telecom services. Consequently, Telenet concluded that it also acquired significant processes together with inputs and outputs in the Wyre transaction, thus qualifying and to be treated as a business combination in the scope of IFRS 3.

Settlement of pre-existing relationships with Fluvius

With the closing of the Wyre transaction, Telenet early terminated and effectively settled pre-existing contractual relationships with Fluvius, including the so-called "Interkabel Agreement" dating from 2008 and under which Telenet:

- Obtained the long-term emphyteutic right to use the Fluvius HFC Network until 2046. As per July 1, 2023, the fair value and carrying amount of the related right-of-use asset and lease liability amounted to:

(€ in millions)	Fair value	Carrying amount	Difference
Right-of-use asset on Fluvius HFC network	**797.4**	**288.4**	**509.0**
Lease liability on Fluvius HFC network	**504.2**	**474.8**	**29.4**

  The fair value of the right-of-use asset was measured based on the depreciated replacement cost model and the fair value of the lease liability was measured based on a discounted cash flow model using a market interest rate at acquisition date.

- Recognized a liability towards Fluvius for the out-of-market component of the contract with Fluvius for the maintenance of the Fluvius HFC Network. On July 1, 2023, the carrying amount of the provision for the unfavorable maintenance contract amounted to €17.3 million, which also corresponded its fair value on that date.

- Recognized an intangible asset for the out-of-market component related to the contractual interest rate in the Canon lease agreement. On July 1, 2023, the carrying amount of the intangible asset for the favorable lease interest rate amounted to €14.3 million. This amount was deducted from the carrying amount of the lease liability in the table above.

- Recognized resulting goodwill on the Interkabel Agreement whose carrying amount on July 1, 2023 was €133.6 million.

In accordance with IFRS 3, a gain or loss shall be recognized for the favorable or unfavorable part of the pre-existing contractual relationship effectively settled by the Wyre transaction to the extent such amount is not already recognized as an asset or liability in the financial statements. On that basis, Telenet will recognize at acquisition date:

- a gain of €509.0 million for the positive difference between the fair value of the right-of-use asset on the Fluvius HFC Network and its carrying amount;

- a loss of €29.4 million for the positive difference between the fair value of the lease liability on the Fluvius HFC Network and its carrying amount.

As the identifiable assets acquired and liabilities assumed in the context of the past Interkabel business combination will be derecognized as a result of the Wyre transaction, the related carrying amount of goodwill will also be derecognized for an amount €133.6 million.

On that basis, a net gain of €346.0 million (€509.0 – €29.4 – €133.6 million) will be recognized at acquisition date with respect to the Wyre transaction.

Acquisition-related costs

Telenet incurred acquisition-related costs for an amount of €5.2 million in first half of 2023 with respect to the Wyre transaction, consisting of legal fees and due diligence costs. These have been included in 'Selling, general and administrative expenses' in the first half of 2023.

Consideration transferred

The consideration transferred by Telenet to acquire 66.8% of the Fluvius Net Assets to be contributed to Wyre is composed of:

- An equity consideration consisting of a 33.2% dilution effect (i.e., from 100% to 66.8%) in the Telenet Net Assets to be contributed to Wyre, which amounts to €1,851.0 million (representing the fair value of the Telenet Net Assets) according to the exchange ratio agreed between the parties, increased with a €0.8 million completion adjustment mechanism. As a result, the fair value of the 33.2% dilution effect amounts to €614.8 million.

- A deferred cash consideration by means of additional amounts of €20.0 million to be paid in cash by Telenet to Fluvius at each of the 6 anniversaries following the acquisition date, which is to be viewed as a deferred consideration measured on a discounted basis at acquisition date. Using a discount rate of 7.5% that represents Telenet WACC, the discounted value (fair value) of the deferred cash consideration amounts to €93.9 million and will be recognized as “other non-current and current liabilities”.

- Adjustments for the fair value of the above-mentioned pre-existing relationships deemed to be settled at acquisition date, taking into account that:

  - the €797.4 million fair value of the right-of-use asset increases the deemed consideration transferred in proportion to the Telenet stake acquired, i.e. 66.8% of €797.4 million or €532.7 million; and

  - the €504,2 million fair value of the lease liability and €17,3 million unfavorable maintenance contract decrease the deemed consideration transferred in proportion to the Telenet stake acquired, i.e. 66.8% of €521,5 million or €348,4 million.

Based on the above, the consideration transferred by Telenet to acquire 66.8% of the Fluvius Net Assets amounts to €893.0 million, being €614.8 million + €93.9 million + €532.7 million – €348.4 million.

Non-controlling interests

Telenet elected to measure the 33.2% non-controlling interests (NCI) in the Fluvius Net Assets at fair value. The fair value is measured by reference to the exchange ratio agreed between the parties, which amounts to €1,010.0 million for the Fluvius Net Assets to be contributed to Wyre. In addition, the above-mentioned fair value of the pre-existing contractual relationships similarly are to be considered in proportion to the stake held by NCI in Wyre.

On that basis, the fair value of NCI in the Fluvius Net Assets acquired amounts to €426.9 million, being 33.2% of (€1,010.0 million + €797.4 million – €504.2 million – €17.3 million).

As a result of the Wyre transaction, the amount of NCI will also be adjusted at acquisition date to reflect the 33.2% stake acquired by the NCI in the Telenet Net Assets (from 100% to 66.8% without loss of control). In accordance with IFRS 10, the related NCI will be measured in proportion to the carrying amount of Telenet Net Assets and any difference with the fair value of the related stake being immediately reported in group equity.

Assets acquired and liabilities assumed

The provisional amounts to be recognized at acquisition date for major classes of assets acquired and liabilities assumed as well as the consideration transferred, fair value of NCI and resulting goodwill are presented in the following table:

(€ in millions)	Initial IFRS opening balance sheet	Provisional opening balance sheet adjustments	Provisional IFRS opening balance sheet
Assets			
Non-current assets:			
Property and equipment	155.5	797.4	952.9
Other intangible assets	1.4	—	1.4
Total non-current assets	**156.9**	**797.4**	**954.3**
Current assets:			
Inventories	—	—	—
Trade receivables	—	—	—
Other current assets	—	—	—
Cash and cash equivalents	—	—	—
Total current assets	**—**	**—**	**—**
Total assets acquired	**156.9**	**797.4**	**954.3**
Liabilities			
Non-current liabilities:			
Loans and borrowings	32.0	(5.2)	26.8
Deferred tax liabilities	—	146.9	146.9
Total non-current liabilities	**32.0**	**141.7**	**173.7**
Current liabilities:			
Loans and borrowings	—	—	—
Trade payables	—	—	—
Accrued expenses and other current liabilities	0.1	—	0.1
Provisions	—	—	—
Deferred revenue	—	—	—
Current tax liability	—	—	—
Total current liabilities	**0.1**	**—**	**0.1**
Total liabilities assumed	**32.1**	**141.7**	**173.8**
Provisional total consideration transferred			893.0
Previously held equity interest, at fair value			—
Provisional fair value of identifiable net assets acquired			780.5
Provisional amount of Non-controlling interests			426.9
Provisional goodwill arising from the acquisition			**539.4**

As a result of the Wyre transaction, Telenet did not acquire any trade receivables or other receivables. Telenet has not identified contingent liabilities assumed knowing however that the accounting for the business combination is incomplete at this stage.

None of the goodwill recognized is expected to be deductible for income tax purposes.

5.16.2 Caviar Group

On September 23, 2022, Telenet entered into an initial option exercise agreement to increase its stake in production house Caviar Group to 70% as of October 3, 2022 (“closing date”). The Company previously already held a 49% interest in Caviar Group. At the same time, the existing shareholders’ agreement was adjusted. The increase in its stake in Caviar Group is in line with the Company's long-term entertainment strategy and investments in the Flemish media landscape. The Company has a remaining and final 30% call option that is exercisable at any time during the period between the exercise of its initial call option and the eighth anniversary of the date of the Shareholder Agreement, i.e. March 29, 2029. Telenet determined that on October 3, 2022, in accordance with IFRS 10, following these transactions, (i) it obtained control over Caviar Group and that (ii) these transactions qualified as a business combination achieved in stages.

As of December 31, 2022, Telenet was still in the process of executing a detailed allocation of the total purchase price. In the course of the first half year of 2023, Telenet further executed its accounting for the step acquisition of Caviar Group ("purchase price allocation"), which resulted in the recognition of adjustments to the previously recorded provisional value for Caviar Group's intangible assets of €14.9 million, mainly related to the acquired trade names (€7.9 million), customer relationships (€5.5 million) and other intangible assets (€1.5 million). Together with the deferred tax impact of the above mentioned adjustments (€3.7 million), goodwill was reduced by €11.2 million. The consolidated statement of financial position as per December 31, 2022 has been restated accordingly. The recognition of the fair value of the intangible assets did not result in any material additional amortization expense for the period between the acquisition date (October 3, 2022) and December 31, 2022 and consequently, the consolidated statement of profit and loss and other comprehensive income for the twelve months ended December 31, 2022 has not been restated.

The total impact of the fair value adjustments can be summarized as follows:

(€ in millions)	June 30, 2023 Updated fair values - impact	December 31, 2022 Initial fair values - impact	Total impact of fair value adjustments
Identified intangible assets			
Tradenames	7.9	7.3	15.2
Customer relationships	5.5	8.4	13.9
Other intangible assets – film formats	1.5	1.8	3.3
Identified intangible assets	**14.9**	**17.5**	**32.4**
Assumed liabilities			
Deferred taxes	(3.7)	(4.4)	(8.1)
Assumed liabilities	**(3.7)**	**(4.4)**	**(8.1)**
GOODWILL	**11.2**	**13.1**	**24.3**

The provisional amount of goodwill recognized from the acquisition of Caviar Group amounts to €27.7 million. The accounting for the Caviar Group business combination sheet remains provisional and subject to adjustment based on the Company's final assessment of the fair values of the acquired identifiable assets and liabilities. The items with the highest likelihood of changing upon the completion of the valuation process include intangible assets associated with trade names, customer relationships, deferred taxes and goodwill.

As a result of the Caviar Group acquisition, the Company acquired in total €12.3 million of trade receivables and €0.5 million of unbilled revenue, of which no amounts outstanding were estimated not to be collectible. These receivables relate to a limited number of counterparties with a low credit risk.

A summary of the consideration transferred and the identifiable assets acquired and liabilities assumed for the Caviar acquisition at the acquisition date is presented in the following table:

(€ in millions)	Initial IFRS opening balance sheet	Opening balance sheet adjustments	Final IFRS opening balance sheet	Provisional fair value adjustments	Provisional fair value of identifiable net assets
Assets					
Non-current assets:					
Property and equipment	4.2	—	4.2	—	4.2
Goodwill	0.8	(0.8)	—	—	—
Other intangible assets	0.5	—	0.5	32.4	32.9
Investments in and loans to equity accounted investees	1.1	(0.4)	0.7	—	0.7
Other assets	0.1	—	0.1	—	0.1
Total non-current assets	**6.7**	**(1.2)**	**5.5**	**32.4**	**37.9**
Current assets:					
Trade receivables	12.3	—	12.3	—	12.3
Other current assets	14.4	—	14.4	—	14.4
Cash and cash equivalents	17.2	—	17.2	—	17.2
Total current assets	**43.9**	**—**	**43.9**	**—**	**43.9**
Total assets acquired	**50.6**	**(1.2)**	**49.4**	**32.4**	**81.8**
Liabilities					
Non-current liabilities:					
Loans and borrowings	(3.5)	—	(3.5)	—	(3.5)
Deferred tax liabilities	—	—	—	(8.1)	(8.1)
Provisions	(0.1)	—	(0.1)	—	(0.1)
Total non-current liabilities	**(3.6)**	**—**	**(3.6)**	**(8.1)**	**(11.7)**
Current liabilities:					
Loans and borrowings	(4.2)	—	(4.2)	—	(4.2)
Trade payables	(1.4)	—	(1.4)	—	(1.4)
Accrued expenses and other current liabilities	(20.9)	—	(20.9)	—	(20.9)
Deferred revenue	(5.7)	—	(5.7)	—	(5.7)
Current tax liability	(1.0)	—	(1.0)	—	(1.0)
Total current liabilities	**(33.2)**	**—**	**(33.2)**	**—**	**(33.2)**
Total liabilities assumed	**(36.8)**	**—**	**(36.8)**	**(8.1)**	**(44.9)**
Total consideration transferred					13.5
Previously held equity interest, at fair value					33.9
Provisional fair value of identifiable net assets acquired					36.9
Non-controlling interests					17.2
Provisional goodwill arising from the acquisition					**27.7**

The unallocated goodwill is mainly attributable to the synergies expected to be achieved from integrating the company into the Company's existing business. None of the goodwill recognized is expected to be deductible for tax purposes.

5.16.3 Eltrona Interdiffusion SA

On April 1, 2020, Eltrona Interdiffusion S.A. ("Eltrona"), the Luxembourg cable operator, took over, through a merger, the business of Coditel S.à.r.l. ("SFR-Lux"), a former Telenet subsidiary in Luxembourg. Telenet's ownership in Eltrona is 50%-1 share, and the investment held qualifies as a joint venture, accounted for using the equity method. As per December 31, 2022, the remaining book value of the Company's investment in Eltrona amounted to €13.0 million.

On December 20, 2022, Telenet BV and the founding shareholders signed a share purchase agreement to purchase the remaining 50%+1 shares from the founding shareholders for a total purchase price of €13.0 million. The share purchase agreement did not contain any contingent consideration or other purchase price adjustment mechanisms. As per December 31, 2022, Telenet carried a €2.1 million liability towards Eltrona Interdiffusion S.A. on its books. The aforementioned carrying amount also represented the fair value of the underlying liability. Consequently, the consideration transferred by Telenet to acquire Eltrona was reduced by the fair value of Telenet's corresponding liability at the acquisition date as the business combination effectively settled this liability.

At the same time, the founding shareholders acquired 100% of the shares of Eltrona Security Systems S.A. which was, until then, a 100% subsidiary of Eltrona Interdiffusion S.A. The closing date of these transactions was January 2, 2023. Telenet determined that as of January 2, 2023, in accordance with IFRS 10, following the purchase of the remaining shares, (i) it obtained control over Eltrona and (ii) this transaction qualified as a business combination achieved in stages. The acquisition did not require any regulatory approval. As per December 31, 2022, the Company remeasured its equity investment in Eltrona Interdiffusion to its fair value. The 2023 step acquisition did not result in the recognition of a significant gain or loss on previously held equity investments in the Company's consolidated statement of profit or loss in 2023. This acquisition unlocks new opportunities for both Telenet and Eltrona. It offers the Company the opportunity to evolve as a telecommunications operator in a broader market.

The Company is in the process of executing a detailed allocation of the total purchase price. The accounting for the Eltrona business combination is therefore still subject to adjustment based on the Company's assessment of the fair values of the acquired identifiable assets and liabilities. The items with the highest likelihood of changing upon the completion of the valuation process include property and equipment, intangible assets associated with customer relationships, deferred taxes and goodwill.

A summary of the purchase price and the identifiable assets acquired and liabilities assumed for the Eltrona acquisition at the acquisition date is presented in the following table:

(€ in millions)	Initial IFRS opening balance sheet	Provisional opening balance sheet adjustments	Provisional IFRS opening balance sheet
Assets			
Non-current assets:			
Property and equipment	43.4	(13.4)	30.0
Other intangible assets	13.9	(11.4)	2.5
Total non-current assets	**57.3**	**(24.8)**	**32.5**
Current assets:			
Inventories	3.1		3.1
Trade receivables	1.2		1.2
Other current assets	8.2	(6.1)	2.1
Cash and cash equivalents	0.2		0.2
Total current assets	**12.7**	**(6.1)**	**6.6**
Total assets acquired	**70.0**	**(30.9)**	**39.1**
Liabilities			
Non-current liabilities:			
Loans and borrowings	—	(0.9)	(0.9)
Deferred tax liabilities	(5.1)	1.6	(3.5)
Total non-current liabilities	**(5.1)**	**0.7**	**(4.4)**
Current liabilities:			
Loans and borrowings	—	(0.6)	(0.6)
Trade payables	(2.9)	—	(2.9)
Accrued expenses and other current liabilities	(10.4)	6.7	(3.7)
Provisions	(2.9)	—	(2.9)
Deferred revenue	(0.1)	—	(0.1)
Current tax liability	(1.8)	0.7	(1.1)
Total current liabilities	**(18.1)**	**6.8**	**(11.3)**
Total liabilities assumed	**(23.2)**	**7.5**	**(15.7)**
Total consideration transferred			10.9
Previously held equity interest, at fair value			13.0
Provisional fair value of identifiable net assets acquired			23.4
Non-controlling interests			—
Provisional goodwill arising from the acquisition			**0.5**

The accounting for the Eltrona business combination, including the purchase price allocation, will be completed within one year of the date of acquisition.

For the six months ended June 30, 2023, the Company incurred acquisition-related costs of €0.1 million for legal fees and due diligence. These have been included in 'Selling, general and administrative expenses'.

5.16.4 Fabiola Group BV

As of December 31, 2022, Woestijnvis NV, a wholly owned subsidiary of the Telenet group, owned 50% of the shares in Fabiola Group BV, while the other 50% was held by a third party, Lecter Media NV. Fabiola Group BV is a Belgian holding company, holding a:

- 95.04% stake in the Dutch entity “Fabiola BV”; and
- 90% stake in the German entity “Fabiola GmbH”.

Fabiola Group BV has control over the Dutch entity Fabiola BV. Although Fabiola Group BV owns a 90% stake in Fabiola GmbH, it does not have control over this latter entity due to certain material veto rights held by the minority shareholder.

On December 29, 2022, Roses are Blue BV, a subsidiary of Telenet, and the shareholders of Lecter Media NV signed a share purchase agreement pursuant to which Telenet would purchase the remaining 50% shares of Fabiola Group BV for a consideration of €5.0 million and a maximum earn out amount of €0.6 million based on the 2022 EBITDA. The €5.6 million total cash consideration paid included an amount of €3.0 million allocated to the 50% increase in the participation in Fabiola Group BV and Fabiola BV while €2.6 million was allocated to the 50% increase of the stake in Fabiola GmbH, the non-consolidated entity

The transaction became effective as from January 2, 2023 and qualifies as a business combination achieved in stages. As part of accounting for the business combination, the Company remeasured its previously held interest in Fabiola Group at fair value and took this amount into account in the determination of the total consideration transferred and goodwill. This fair value remeasurement resulted in the recognition of a €1.9 million gain in the consolidated statement of profit or loss.

The acquisition of Fabiola Group is in line with the Company's long-term entertainment strategy and investments in the media landscape. The Fabiola Group was a joint venture of the production companies Lecter Media and Woestijnvis, with the intention of joining forces in the Dutch and German television markets in order to develop their own programs and produce and offer shareholders’ formats on an exclusive basis in these markets. With this acquisition of Fabiola Group by Roses are Blue, the Company can move its formats across its borders and produce them in markets outside Flanders.

As Telenet initially does not control the German entity, only Fabiola Group BV and the Dutch entity Fabiola BV are consolidated. The 90% stake in Fabiola GmbH is accounted for as an equity investment. As part of the purchase of the remaining 50% stake in Fabiola Group BV, Telenet reached an agreement on a change in the shareholders’ agreement with respect to Fabiola GmbH applicable as from January 1, 2025 onwards upon which certain important veto rights will lapse and as a result Telenet will obtain control over Fabiola GmbH.

The Company is in the process of performing a detailed allocation of the total consideration transferred and the balances related to Fabiola Group shown below therefore remain subject to adjustment based on the final measurement of the acquired assets and liabilities. The items with the highest likelihood of changing upon the completion of the valuation process include intangible assets associated with trade names, customer relationships, deferred taxes and goodwill. A summary of the consideration transferred and the identifiable assets acquired and liabilities assumed for the Fabiola acquisition at the acquisition date is presented in the following table:

(€ in millions)	Initial IFRS opening balance sheet	Opening balance sheet adjustments	Provisional IFRS opening balance sheet
Assets			
Non-current assets:			
Property and equipment	0.2	—	0.2
Other assets	0.1	—	0.1
Total non-current assets	**0.3**	**—**	**0.3**
Current assets:			
Trade receivables	1.6	—	1.6
Other current assets	1.4	—	1.4
Total current assets	**3.0**	**—**	**3.0**
Total assets acquired	**3.3**	**—**	**3.3**
Liabilities			
Non-current liabilities:			
Loans and borrowings	(0.4)	—	(0.4)
Total non-current liabilities	**(0.4)**	**—**	**(0.4)**
Current liabilities:			
Trade payables	(1.1)	—	(1.1)
Accrued expenses and other current liabilities	(0.6)	—	(0.6)
Current tax liability	0.1	—	0.1
Total current liabilities	**(1.6)**	**—**	**(1.6)**
Total liabilities assumed	**(2.0)**	**—**	**(2.0)**
Total consideration transferred			3.0
Provisional fair value of previously held equity interest			2.1
Provisional fair value of identifiable net assets acquired			1.3
Non-controlling interests			0.3
Provisional goodwill arising from the acquisition			**4.1**

The accounting for the Fabiola business combination, including the purchase price allocation will be completed within one year of the date of acquisition.

For the six months ended June 30, 2023, Fabiola BV realized total revenue of €1.7 million and a net loss of €0.3 million. For the six months ended June 30, 2023, the Company incurred acquisition-related costs of €0.1 million for legal fees and due diligence. These have been included in 'Selling, general and administrative expenses'.

On June 29, 2023 Fabiola Group BV sold 4.96% of the shares in Fabiola BV (the Dutch entity) to the existing minority shareholder which until then held a 5.04% stake for a consideration of €0.3 million. As the change in the Company's ownership of Fabiola BV does not result in a change in control of the subsidiary, this June 2023 transaction is accounted for as a transaction with equity holders. As a result, no gain or loss on such change in ownership is recognized in profit or loss, but is directly recognized in equity. Subsequent to this transaction, Fabiola Group BV holds a 90% stake in Fabiola BV while the other 10% is held by the existing minority shareholder.

5.17 Commitments and contingencies

5.17.1 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 Telenet with respect to this matter as the likelihood of loss is not considered to be probable.

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 December 8, 2021 in which the Court confirmed that by only implementing cable access on April 14, 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.

On November 15, 2022 the expert designated by the Court provided his final report in which two methods for damage assessment were described leading to a total damage assessment between €2.6 million and €3.5 million. Pleadings are scheduled for the end of Q3 2024 and a final decision is expected before the end of 2024.

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 2023.

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.

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.

Telenet intends to continue challenging any local tax regulations applicable to its mobile telecom equipment. As of June 30, 2023, Telenet has recognized a provision of €61.8 million in this respect. 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.

5.17.2 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.

5.18 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 2023 and 2022. Related parties further include transactions with Ads & Data NV, Doccle CV and Doccle.Up NV, Idealabs Telenet Fund NV, Unit-T, June Energy NV, Triangle Factory BV, Streamz BV and Cybernetic Walrus.

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

5.18.1 Statement of financial position

(€ in millions)	June 30, 2023	December 31, 2022
Trade receivables		
Liberty Global Consortium (parent)	1.8	0.5
Joint Ventures	0.1	1.0
Associates	—	3.8
Trade payables, accrued trade liabilities and other liabilities		
Liberty Global Consortium (parent)	24.4	13.4
Joint Ventures	5.4	4.6
Associates	5.0	—
Loans and borrowings receivable		
Joint Ventures	1.7	1.7
Associates	1.8	4.7
Property and equipment		
Liberty Global Consortium (parent)	—	11.2
Associates	15.6	33.0
Other intangible assets		
Liberty Global Consortium (parent)	12.8	6.2

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 Technology 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.

5.18.2 Statement of profit or loss and other comprehensive income

(€ in millions)	For the six months ended June 30,	
	2023	2022
Revenue		
Liberty Global Consortium (parent)	4.7	0.8
Joint Ventures	1.6	0.7
Associates	0.1	—
Share in result equity accounted investees		
Joint Ventures	(2.1)	(1.1)
Associates	(0.2)	0.4
Operating expenses		
Liberty Global Consortium (parent)	15.6	11.7
Joint Ventures	20.6	21.9
Associates	25.1	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, 2023 and June 30, 2022 primarily consist of transactions with Unit-T of €25.1 million and €23.4 million, respectively. Operating expenses arising from transactions with joint ventures for the six months ended June 30, 2023 and June 30, 2022 are mainly attributable to transactions with Streamz of €20.0 million and €21.6 million, respectively.

Operating expenses arising from transactions with Liberty Global Consortium for the six months ended June 30, 2023 mainly relate to (i) technology related contracts (€6.0 million), (ii) centrally purchased maintenance contracts (€4.3 million), (iii) the recharge of content costs and content contracts (€4.3 million), (iv) various other recharge agreements related to treasury services, internal audit services, employee expenses, IT expenses (€0.3 million) and (v) insurance expenses (€0.3 million).

Revenue generated by transactions with Liberty Global Consortium were €4.7 million for the six months ended June 30, 2023, and are the result of various recharge agreements related to IP Peering, interconnect and copyright fees and transactions with Virgin Media O² (€4.4 million).

5.18.3 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,	
	2023	2022
Salaries and other short-term employee benefits	3.5	3.5
Post-employment benefits	0.2	0.2
Share-based payments (compensation cost recognized)	4.7	2.4
	8.4	**6.1**

For the six months ended June 30, 2023, the Company recognized share-based compensation expense for its key management amounting to €4.7 million (€2.4 million for the six months ended June 30, 2022). The increase in compensation expense as compared to June 30, 2022 can mainly be explained by a one-off settlement of vested performance share awards, restricted share awards and compensation restricted share awards.

5.19 Subsequent events

Liberty Global will reopen its offer as a simplified squeeze-out on September 22, 2023 and Telenet will become 100% owned by Liberty Global. Telenet shares delisted at close of trade on October 13, 2023

On September 20, 2023, Liberty Global announced the results of the mandatory reopening of the voluntary and now unconditional public takeover bid by its indirect wholly-owned subsidiary, Liberty Global Belgium Holding B.V. (the “Offeror”), for all the shares of Telenet that it did not already own or that were not held by Telenet (the “Offer”) and announced that the Offer will be reopened as a simplified squeeze-out.

Liberty Global received acceptances for 3,164,944 Telenet shares[3] during the mandatory reopening period, which ended on September 13, 2023. These acceptances, together with the Telenet shares already held by the Offeror and Telenet represent 96.26% of the total shares issued by Telenet.

Payment of the offer price for the tendered shares (€21.00 per share after deduction of the €1.00 gross dividend approved by Telenet’s ordinary general meeting of April 26, 2023 and paid on May 5, 2023) took place on the payment date, September 21, 2023.

Following the payment date, the Offeror reopened the Offer as a simplified squeeze-out bid (the “Simplified Squeeze-Out”), subject to the same financial conditions as the Offer.

The Simplified Squeeze-Out opened at 9:00am CET on September 22, 2023 and will close at 4:00pm CET on October 13, 2023 (the “Simplified Squeeze-Out Period”). Shareholders who have not yet accepted the Offer will be able to accept the Offer during the Simplified Squeeze-Out Period.

The results of the Simplified Squeeze-Out will be announced on or before October 20, 2023.

Shares not tendered by the end of the Simplified Squeeze-Out Period will be deemed to have automatically transferred to the Offeror at the end of the Simplified Squeeze-Out Period, and the funds required to pay the offer price for such non-tendered shares will be deposited with the Deposit and Consignment Office (Deposito- en Consignatiekas).

On October 13, 2023, at the end of the Simplified Squeeze-Out Period, all Telenet shares will be delisted from Euronext Brussels.

Telenet closes the acquisition of a 20% stake in the Flemish radio channel Nostalgie

In July 2023, Telenet successfully closed the acquisition of a 20% stake in the Flemish radio channel Nostalgie. This follows the agreement Telenet reached with Mediahuis NV in February to purchase 20% of the latter's shareholding in Vlaanderen Eén NV, which is the company that operates the Nostalgie radio channel in Flanders. Through this transaction, Telenet consolidates its position in the Flemish radio market as it already operates the Flemish network radio NRJ via Play Media NV together with Mediahuis. Nostalgie reaches some 375,000 listeners daily in Flanders, achieving a 6.1% market share. The new Nostalgie FM

[3] Including for 380,691 Telenet shares that are subject to lock-up provisions, with settlement only upon completion of the simplified squeeze-out.

license, effective as of January 1, 2023, ensures that Nostalgie will be able to radio broadcast on the FM frequency for the next 5 years.

Acquisition of a 50% stake in the Flemish production company Het Moederschip NV by Caviar Group NV
In early July 2023, Caviar Group NV, in which Telenet owns a 70% stake, closed the acquisition of 50% of Het Moederschip NV. Het Moederschip NV is a local production company, known under the Sputnik Media brand. Sputnik Media creates and produces award-winning scripted, non-scripted and branded content with a clear focus on digital-first media. As the new share ownership structure is a 50/50 joint venture between Het Moederschip NV and Caviar Group NV, its results will not be consolidated into Telenet's financial statements.

Brand-new infrastructure company Wyre starts building the network of the future
On July 1, 2023, Telenet successfully closed the NetCo transaction with Fluvius as announced mid-July 2019 and after having received regulatory approval from the European Commission in May 2023. Wyre, previously known as NetCo, is 66.8% owned by Telenet and hence consolidated in Telenet's financial statements as from July 1, 2023. Wyre already has a footprint of 120,000 homes ducted, corresponding to almost 800 kilometers. This means that infrastructure is already ready to blow fiber into ducts in several places in Flanders without opening up the streets. By the end of the year, Wyre aims to have a fiber-optic network ready to connect 100,000 homes passed. Wyre aims to have around 70% of households in Flanders and parts of Brussels and Wallonia connected to fiber by 2029. By 2038, 78% of Flanders and parts of Brussels are expected to be on optical fiber. For areas where fiber deployment is very cost-inefficient, Wyre will continue to upgrade the existing HFC network through the introduction of the latest cable standards (such as DOCSIS 4.0), which will eventually also allow fiber speeds of up to 10 Gbps. The entire construction of its own optical fiber network involves an investment of up to €2.0 billion. Providers will then be able to offer fiber products and services to their end customers. Currently, Wyre has wholesale contracts with Telenet and Orange Belgium to commercialize internet products and services. Both companies will later announce when and on what terms they will launch these services and products. Wyre also remains open to other operators to provide access to its network based on commercial wholesale agreements.

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 June 30, 2023 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, 2023, 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, 2023 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, 2023

KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises
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Notes

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