HALF YEAR REPORT 2020

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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 2019 Annual Report, which was published on March 27, 2020 (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, 2020 and 2019 and the audited consolidated annual financial statements as of and for the year ended December 31, 2019 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 our financial and operational outlook; future growth prospects; strategies; product, network and technology launches and expansion and the anticipated impact of acquisitions on our combined operations and financial performance, which involve known and unknown risks, uncertainties and other factors that may cause our 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 our liquidity or results of operations; potential adverse competitive, economic or regulatory developments; the potential adverse impact of the recent outbreak of the novel coronavirus (COVID-19) pandemic, our significant debt payments and other contractual commitments; our ability to fund and execute our business plan; our ability to generate cash sufficient to service our debt; interest rate and currency exchange rate fluctuations; the impact of new business opportunities requiring significant up-front investments; our ability to attract and retain customers and increase our overall market penetration; our ability to compete against other communications and content distribution businesses; our ability to maintain contracts that are critical to our operations; our ability to respond adequately to technological developments; our ability to develop and maintain back-up for our critical systems; our 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; our ability to have an impact upon, or to respond effectively to, new or modified laws or regulations; our ability to make value-accretive investments; and our ability to sustain or increase shareholder distributions in future periods. We assume 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 Brussel under ticker symbol TNET. For more information, visit www.telenet.be. Liberty Global - one of the world's leading converged video, broadband and communications companies, innovating and empowering people in six countries across Europe to make the most of the digital revolution – owns a direct stake of 58.3% in Telenet Group Holding NV (excluding any treasury shares held by the latter from time to time).

Definitions

For purposes of calculating **rebased** growth rates on a comparable basis for the six months ended June 30, 2020, we have adjusted our historical revenue and Adjusted EBITDA to (i) include the pre-acquisition revenue and Adjusted EBITDA of De Vijver Media (fully consolidated since June 3, 2019) in our rebased amounts and (ii) exclude the revenue and Adjusted EBITDA of our former Luxembourg cable subsidiary Coditel S.à r.l. (deconsolidated as of April 1, 2020) from our rebased amounts for the six months ended June 30, 2019 to the same extent that the revenue and Adjusted EBITDA of such entities were included in or excluded from our results for the six months ended June 30, 2020. We have reflected the revenue and Adjusted EBITDA of these entities in our 2019 rebased amounts based on what we believe to be the most reliable information that is currently available to us (generally pre-acquisition financial statements), as adjusted for the estimated effects of (a) any significant differences between our accounting policies and those of the acquired entities, (b) any significant effects of acquisition accounting adjustments, and (c) other items we deem appropriate. We do not adjust pre-acquisition periods to eliminate nonrecurring items or to give retroactive effect to any changes in estimates that might be implemented during post-acquisition periods. As we did not own or operate the acquired businesses during the pre-acquisition periods, no assurance can be given that we have identified all adjustments necessary to present the revenue and Adjusted EBITDA of these entities on a basis that is comparable to the corresponding post-acquisition amounts that are included in our historical results or that the pre-acquisition financial statements we have relied upon do not contain undetected errors. In addition, the rebased growth percentages are not necessarily indicative of the revenue and Adjusted EBITDA that would have occurred if these transactions had occurred on the dates assumed for purposes of calculating our rebased amounts or the revenue and Adjusted EBITDA that will occur in the future. 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 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, 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 EBITDA is a non-GAAP measure as contemplated by the U.S. Securities and Exchange Commission's Regulation G and represents 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. A reconciliation of this matter to the most directly comparable EU IFRS measure is disclosed in section 2.7 on page 13.

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 condensed consolidated interim statement of financial position on an accrued basis.

Operating Free Cash Flow ("OFCF") is defined as Adjusted EBITDA minus accrued capital expenditures as reported in the Company's condensed consolidated interim statement of financial position. Accrued capital expenditures exclude the recognition of football broadcasting rights and mobile spectrum licenses. Operating Free Cash Flow is a non-GAAP measure as contemplated by the U.S. Securities and Exchange Commission's Regulation G and represents 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.

Adjusted Free Cash Flow is defined as net cash provided by the Company's operating activities, plus (i) cash payments for third-party costs directly associated with successful and unsuccessful acquisitions and divestitures and (ii) expenses financed by an intermediary, less (i) purchases of property and equipment and purchases of intangibles as reported in the Company's condensed consolidated interim statement of cash flows, (ii) principal payments on amounts financed by vendors and intermediaries, (iii) principal payments on leases (exclusive of network-related leases that were assumed in acquisitions), and (iv) principal payments on post acquisition additions to network leases, each as reported in the Company's condensed consolidated interim statement of cash flows. Adjusted Free Cash Flow 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 ability to service debt and fund new investment opportunities 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.

Basic Video Subscriber is a home, residential multiple dwelling unit or commercial unit that receives Telenet's video service over the Combined Network either via an analog video signal or via a digital video signal without subscribing to any recurring monthly service that requires the use of encryption-enabling technology. Encryption-enabling technology includes smart cards, or other integrated or virtual technologies that Telenet uses to provide its enhanced service offerings. Telenet counts Revenue Generating Unites ("RGUs") on a unique premises basis. In other words, a subscriber with multiple outlets in one premise is counted as one RGU and a subscriber with two homes and a subscription to Telenet's video service at each home is counted as two RGUs.

Enhanced Video Subscriber is a home, residential multiple dwelling unit or commercial unit that receives Telenet's video service over the Combined Network via a digital video signal while subscribing to any recurring monthly service that requires the use of encryption-enabling technology. Enhanced Video Subscribers are counted on a unique premises basis. For example, a subscriber with one or more set-top boxes that receives Telenet's video service in one premise is generally counted as just one subscriber. An Enhanced Video Subscriber is not counted as a Basic Video Subscriber. As Telenet migrates customers from basic to enhanced video services, Telenet reports a decrease in its Basic Video Subscribers equal to the increase in Telenet's Enhanced Video Subscribers.

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

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

Telenet's 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 Basic Video Subscriber, Enhanced 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 enhanced video service, fixed-line telephony service and broadband internet service, the customer would constitute three RGUs. Total RGUs is the sum of Basic Video, Enhanced 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.

Telenet's **ARPU per mobile subscriber** calculation that excludes interconnect revenue refers to the average monthly mobile subscription revenue per average mobile subscribers in service and is calculated by dividing the average monthly mobile subscription revenue (excluding activation fees, handset sales and late fees) for the indicated period, by the average of the opening and closing balances of mobile subscribers in service for the period. Telenet's ARPU per mobile subscriber calculation that includes interconnect revenue increases the numerator in the above-described calculation by the amount of mobile interconnect revenue during the period.

Net total leverage is defined as the sum of loans and borrowings under current and non-current liabilities minus cash and cash equivalents ("Net Total Debt"), as recorded in the Company's condensed consolidated interim statement of financial position, divided by the last two quarters' Consolidated Annualized Adjusted EBITDA. In its condensed consolidated interim statement of financial position, Telenet's USD-denominated debt has been converted into € using the June 30, 2020 EUR/USD exchange rate. As Telenet has entered into several derivative transactions to hedge both the underlying floating interest rate and exchange risks, the €-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 €-equivalent hedged amounts given the underlying economic risk exposure. Net total leverage is a non-GAAP measure as contemplated by the U.S. Securities and Exchange Commission's Regulation G.

Net covenant leverage is calculated as per the 2020 Amended Senior Credit Facility definition, using Net Total Debt (using the €-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

Merger between Coditel S.à.r.l. and Eltrona: On April 1, 2020, Telenet divested its wholly-owned Luxembourg cable subsidiary Coditel S.à r.l. to Eltrona and acquired a 34% stake in the latter from Post Luxembourg. Following both transactions, Telenet now holds a 50% minus 1 share ownership in Eltrona, which is the largest cable operator in Luxembourg. As of April 1, 2020, Coditel S.à.R.L. is no longer consolidated in Telenet's operational and financial results. Consequently, Telenet removed 47,700 homes passed, 9,500 customer relationships and 18,500 RGUs (video: 9,200 RGUs, broadband: 5,500 RGUs and fixed-line telephony: 3,800 RGUs) from its consolidated subscriber counts as presented below.

Rebased growth: For purposes of calculating rebased growth rates on a comparable basis for the six months ended June 30, 2020, Telenet has adjusted its historical revenue and Adjusted EBITDA to (i) include the pre-acquisition revenue and Adjusted EBITDA of De Vijver Media (fully consolidated since June 3, 2019) in its rebased amounts and (ii) exclude the revenue and Adjusted EBITDA of its former Luxembourg cable subsidiary Coditel S.à r.l. (deconsolidated as of April 1, 2020) from its rebased amounts for the six months ended June 30, 2019 to the same extent that the revenue and Adjusted EBITDA of such entities were included in its results for the six months ended June 30, 2020. See ***Definitions*** for more disclosures.

Allocation of bundle-related subscription revenue: Following the recent revamp of Telenet's broadband internet standalone portfolio, a lower revenue share from Telenet's fixed and FMC bundles is allocated to broadband internet revenue as of January 1, 2020. This adversely impacts Telenet's broadband internet revenue, fully offset by a higher allocation to video, fixed-line telephony and mobile telephony revenue. The aforementioned change also impacts the ARPU per customer relationship (as this excludes mobile telephony revenue), yet does not impact Telenet's total subscription revenue.

Condensed consolidated interim statement of financial position December 31, 2019: In the course of Q1 2020, Telenet completed its accounting for the step acquisition of De Vijver Media concluded on June 3, 2019 ("purchase price allocation"), which resulted in the recognition of €4.6 million deferred tax liabilities through goodwill. The condensed consolidated interim statement of financial position as per December 31, 2019 has been restated accordingly.

Purchase price allocation for the Native Nation acquisition: The Company's December 31, 2019 condensed consolidated interim statement of financial position has been restated, reflecting the retrospective impact of the purchase price allocation ("PPA") and accounting policies alignment for the Native Nation acquisition, which was not yet available at year-end 2019. The fair value adjustment on intangible assets (€6.9 million) mainly related to the acquired trade names (€2.8 million), customer relationships (€2.4 million) and technology (€1.7 million). Together with the deferred tax impact of the above mentioned adjustments (€1.7 million), goodwill was reduced by €5.1 million. 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 18, 2019) and December 31, 2019, and consequently, the total equity as per December 31, 2019 as presented in the condensed consolidated interim statement of financial position has not been restated.

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, 2020 and 2019 and the audited consolidated financial statements of Telenet as of and for the year ended December 31, 2019, prepared in accordance with EU IFRS. The Company has included selected financial information on Telenet as of and for the relevant periods. You should read the condensed consolidated interim financial statements attached hereto, including the notes thereto, together with the following discussion and analysis.

For a detailed description of Telenet's activities, network and strategy, we refer to the 2019 Annual Report.

1.1 Multiple play

OVERVIEW & MULTIPLE-PLAY

At June 30, 2020, Telenet served 2,052,200 unique customer relationships, which represented approximately 61% of the 3,355,200 homes passed by Telenet's leading hybrid fiber coaxial ("HFC") network across its Flemish and Brussels footprint. Telenet's cable network consists of a dense fiber backbone with local loop coaxial cable connections and spectrum of up to 1.2 GHz. Through both EuroDocsis 3.0 and 3.1 technologies, Telenet offers data download speeds of up to 1 Gbps across its entire footprint, reaffirming its leading market position as the fastest internet service provider.

At June 30, 2020, Telenet provided 4,707,500 fixed services ("RGUs") consisting of 1,835,600 video, 1,676,500 broadband internet and 1,195,400 fixed-line telephony subscriptions. Telenet's subscriber numbers at June 30, 2020 included the removal of certain non-paying subscribers in line with its accounting policy, even though Telenet couldn't disconnect such subscribers before July 1, 2020 following specific COVID-19 related regulation imposed by the national telecoms regulator BIPT. In addition, Telenet's June 30, 2020 subscriber numbers excluded its former Coditel S.à.r.l. customers due to the merger with the Luxembourg cable operator Eltrona. Within the video mix, approximately 92% of Telenet's video subscribers had upgraded to the higher ARPU enhanced video platform at June 30, 2020. Enhanced video subscribers enjoy an enriched TV experience with unrestricted access to a wider range of digital, HD and pay television sports, series and movies channels, a vast library of domestic and international video-on-demand ("VOD") content and Telenet's over-the-top ("OTT") platform "Yelo Play". At June 30, 2020, Telenet also served 2,795,800 mobile subscribers, of which approximately 86% are subscribed to one of its attractive mobile or fixed mobile converged ("FMC") rate plans. Telenet reached a bundling rate of 2.29 fixed RGUs per unique customer relationship at June 30, 2020, which was stable compared to June 30, 2019. Approximately 32% of Telenet's cable customers subscribed to a quadruple-play bundle at June 30, 2020 (excluding mobile subscriptions under the BASE brand), a solid increase of 310 basis points compared to the same period of last year, indicating continued success of Telenet's fixed-mobile convergence strategy.

Net subscriber growth for Telenet's FMC bundles remained solid. For the six months ended June 30, 2020, Telenet attracted 51,500 net FMC subscribers, underpinning again the growth potential of its fully integrated fixed-mobile offers. At June 30, 2020, Telenet's FMC customer base, which includes its "WIGO", "YUGO" and "KLIK" (B2B) customers, reached a total of 598,900 customers, which was up 28% year-on-year. As such, the penetration of FMC subscribers relative to the total number of customer relationships represented approximately 29% at June 30, 2020 as compared to approximately 22% a year ago.

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 Telenet seeks to obtain a larger share of customers' telecommunication and entertainment spending. For the six months ended June 30, 2020, Telenet yielded an ARPU per customer relationship of €58.4, which represented a healthy increase of 2% as compared to the six months ended June 30, 2019. Growth in the ARPU per customer relationship was underpinned by (i) a higher proportion of multiple-play subscribers in the overall customer mix, (ii) a larger share of higher-tier broadband subscribers in the mix and (iii) the benefit from certain price adjustments. This favorable trend was partly offset by (i) a higher proportion of bundle discounts (including fixed-term promotions), (ii) lower out-of-bundle usage-related revenue and (iii) the effect of the changed allocation of bundle-related subscription revenue.

1.2 Broadband internet

At June 30, 2020, Telenet served 1,676,500 broadband internet subscribers, including the removal of 5,500 RGUs following the merger of Coditel S.à r.l. with the Luxembourg cable operator Eltrona. Excluding this effect, Telenet recorded a robust 17,600 net organic subscriber additions for the six months ended June 30, 20 2020, which included a strong pick-up in the consumer segment. As such, Telenet continued to see improved commercial momentum for its leading broadband services on the back of an improved product line-up and a growing customer demand for reliable high-speed connectivity solutions during the COVID-19 pandemic. Annualized churn decreased significantly from 10.4% for the six months ended June 30, 2019 to 7.3% for the six months ended June 30, 2020. Substantially all of Telenet's retail locations were forced to close between mid-March and mid-May as a result of the COVID-19 pandemic, which favorably impacted churn rates across all products.

As Telenet continues to focus on maximizing the in-home connectivity customer experience, it distributed over 101,000 WiFi boosters to customers during the six months ended June 30, 2020, totaling an

impressive installed base of 645,000, which equals approximately 38% of its broadband customer base. Five years after the start of its fixed network upgrade program "De Grote Netwerf", Telenet has started to commercialize data download speeds of 1 gigabit per second throughout its entire footprint through the "GIGA Speedboost" option for an additional €15 per month. Telenet's Gigabit Speedboost customer base at June 30, 2020 grew 23% compared to March 31, 2020, underpinning the customer need for reliable and high-speed broadband services which Telenet is able to provide thanks to its leading HFC network. Thanks to the continued uptiering of its broadband internet customer base, Telenet further drove increases in the weighted average data download speed, reaching 206 Mbps at June 30, 2020. This represents an impressive growth of almost 50% compared to the same period a year ago. During the COVID-19 lockdown, the monthly average volume used per user increased 49% year-on-year for the six months ended June 30, 2020.
Up -and download off peak traffic increased 83% (upstream) and 52% (downstream) year-on-year for the six months ended June 30, 2020.

1.3 Fixed-line telephony

At June 30, 2020, Telenet served 1,195,400 fixed-line telephony subscribers, representing a 3% decrease compared to the same period of last year, reflecting an overall declining market trend and the removal of 3,800 RGUs following the aforementioned merger of Telenet's Luxembourg cable business with Eltrona. Relative to December 31, 2019, Telenet's fixed-line telephony subscriber base contracted by 13,300 RGUs on a net organic basis for the six months ended June 30, 2020. Since the outbreak of the COVID-19 pandemic, Telenet has seen an increased fixed voice usage across its customer base. Similar to broadband internet, annualized churn for Telenet's fixed-line telephony service improved significantly compared to the six months ended June 30, 2019, improving 430 basis points to 8.3% for the six months ended June 30, 2020.

1.4 Mobile telephony

Telenet's mobile telephony subscriber base, which excludes subscribers under commercial wholesale partnerships and SME customers, totaled 2,795,800 SIMs at June 30, 2020, including 2,394,900 postpaid subscribers. The remaining 400,900 mobile subscribers are prepaid subscribers under the BASE brand. Net mobile postpaid subscriber growth for the six months ended June 30, 2020 reached 31,100. Growth was impacted by the closure of the physical retail outlets between mid-March and mid-May due to the COVID-19 pandemic. This particularly affected Telenet's standalone mobile business, which was only partly compensated by continued growth of Telenet's FMC subscriber base.

1.5 Video

TOTAL VIDEO
At June 30, 2020, Telenet's total basic and enhanced video customer base reached 1,835,600 RGUs and included the removal of 9,200 video subscribers following the merger of Coditel S.à.r.l. with Eltrona. This represented a net organic loss of 21,800 video subscribers for the six months ended June 30, 2020. The aforementioned net loss excludes migrations to Telenet's enhanced video service and represents customers churning to competitors' platforms, such as other digital television, OTT and satellite providers, or customers terminating their video service or having moved out of Telenet's service footprint.

In October 2019, Telenet launched its "Signal Switch" campaign in order to prepare for the switch-off of both the analog radio and video signals between 2020 and 2021. This will free up capacity on the network for the ever-increasing digital traffic. Telenet decided to temporarily postpone this project as a result of the precautionary measures taken for the COVID-19 crisis. This project will be relaunched again depending on further developments of the current ongoing crisis.

ENHANCED VIDEO
At June 30, 2020, 1,695,700 of Telenet's video customers had upgraded to Telenet's higher ARPU enhanced video services, so they can enjoy a much richer TV experience, including free and unrestricted access to Telenet's "Yelo Play" app, through which they can enjoy a unique content experience on multiple connected devices in the home and out-of-home. This includes Telenet's latest digital TV platform, including its next-generation cloud-based set-top box with voice recognition capabilities, which Telenet launched at the end of April 2019. For the six months ended June 30, 2020, Telenet recorded 3,000 net organic additions to its enhanced video product, which marked an improvement versus the six months ended June 30, 2019.

Telenet's subscription VOD packages "Play" and "Play More" reached 421,200 customers at June 30, 2020 as compared to 431,300 at December 31, 2019. Telenet's sports offering "Play Sports" was impacted for the six months ended June 30, 2020 by the temporary halt of both national and international football championships and other major sports events due to the COVID-19 pandemic. At June 30, 2020, Telenet had 198,300 "Play Sports" customers, representing a net loss of 40,400 subscribers compared to December 31, 2019.

2. Discussion of the consolidated financial statements

2.1 Revenue by service

For the six months ended June 30, 2020, Telenet generated revenue of €1,272.2 million, which was up 1% versus €1,261.6 million for the six months ended June 30, 2019. The Company's revenue for the six months ended June 30, 2020 included a full six-month contribution from the local media company De Vijver Media NV, of which Telenet acquired the remaining 50% stake on June 3, 2019 and which has been fully consolidated as of then. As of April 1, 2020, Telenet's consolidated revenues no longer include the contribution of the Luxembourg cable subsidiary Coditel S.à r.l., which has been merged into Eltrona and in which Telenet holds a 50% minus 1 share shareholding. Excluding both inorganic effects, the rebased revenue for the six months ended June 30, 2020 decreased nearly 3% (-2.7%) as compared to the six months ended June 30, 2019 and mainly reflected a 15% decrease in the other revenue as a result of the COVID-19 pandemic, as further described below.

Excluding other revenue, Telenet's rebased revenue for the six months ended June 30, 2020 was stable, in line with the revised full year guidance as presented at the end of April. The total subscription revenue, including both cable and mobile subscription revenue, increased nearly 1% both on a reported and rebased basis. This solid performance was driven by (i) continued solid momentum for the FMC bundles in both the residential and the business segments, (ii) the uptiering of broadband customers to higher speed bundles and (iii) the benefit of the August 2019 rate adjustments. This effect was almost fully offset by lower business services revenue, reflecting the negative effects from COVID-19 primarily on Telenet's ICT integrator business.

2.1.1 Video

Telenet's video revenue represents the monthly fee paid by its video subscribers for the channels they receive in the basic tier and the revenue generated by its enhanced video subscribers which primarily includes (i) recurring set-top box rental fees, (ii) fees for supplemental premium content offerings, including the subscription VOD packages "Play", "Play More" and "Play Sports" and (iii) transactional and broadcasting-on-demand services. For the six months ended June 30, 2020, Telenet's video revenue amounted to €284.0 million, representing a 1% decrease compared to the six months ended June 30, 2019, both on a reported and rebased basis. A higher revenue share from the FMC bundles as mentioned above and the benefit from certain rate adjustments were more than offset by the continued net loss of video subscribers and the strong decrease in the "Play Sports" sports pay-television subscriber base following the COVID-19 pandemic.

2.1.2 Broadband internet

The revenue generated by Telenet's residential and small business broadband internet RGUs totaled €323.5 million for the six months ended June 30, 2020, which was broadly stable compared to the six months ended June 30, 2019, both on a reported and rebased basis. Following the recent revamp of the Company's broadband standalone portfolio, a lower revenue share from the fixed and FMC bundles is allocated to broadband internet revenue since January 1, 2020. This had an adverse impact on Telenet's broadband internet revenue, fully offset by a higher allocation to the video, fixed-line telephony and mobile telephony revenue. This shift in Telenet's revenue mix fully offset (i) higher SOHO B2B-related broadband revenue, (ii) the August 2019 price adjustment and (iii) the continued uptiering of the broadband internet customer base.

2.1.3 Fixed-line telephony

Telenet's fixed-line telephony revenue includes recurring subscription-based revenue from its fixed-line telephony subscribers and variable usage-related revenue, but excludes the interconnect revenue generated by these customers which is reported under other revenue. For the six months ended June 30, 2020, the fixed-line telephony revenue increased 4% year-on-year on both a reported and rebased basis to €113.8 million. The increase was mainly attributable to the favorable impact from the aforementioned reallocation of Telenet's fixed and FMC bundle revenue, the August 2019 price adjustment and higher usage-related revenue as a result of increased fixed-line calling behavior during the COVID-19 pandemic

2.1.4 Mobile telephony

Telenet's mobile telephony revenue represents the subscription-based revenue generated by its direct mobile telephony subscribers and out-of-bundle revenue, but excludes (i) the interconnect revenue generated by these customers, (ii) the revenue earned from handset sales and (iii) revenue recognized under its "Choose Your Device" programs which are all recorded in other revenue. For the six months ended June 30, 2020, Telenet generated mobile telephony revenue of €223.0 million, representing a 3% year-on-year increase on both a reported and rebased basis. The increase was mainly attributable to the favorable impact from the aforementioned reallocation of Telenet's fixed and FMC bundle revenue and continued solid net postpaid subscriber growth, driven by up -and cross-sell to the high-tier FMC bundles. These elements more than offset (i) lower out-of-bundle revenue generated by the Company's mobile subscribers in excess of their monthly bundle on the back of the improved "WIGO" quad-play bundles, the shift to unlimited standalone mobile offers on both Telenet and BASE brands and the double data offer which Telenet extended till the end of May because of the lockdown measures, (ii) higher bundle-related discounts following the success of the quad-play "WIGO" propositions and (iii) a continued decline in the number of prepaid subscribers.

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) mobile telephony revenue generated by SME customers, (iii) Telenet's carrier business and (iv) value-added services such as network hosting and managed data security. Telenet's business services revenue also includes the revenue generated by the local ICT integrator Nextel, which the Company acquired on May 31, 2018. Revenue generated by its business customers on all coax-related products, such as the flagship "KLIK" bundle (formerly called "WIGO Business"), is allocated to the cable subscription revenue lines and is not captured within Telenet Business,the Company's business services division.

Telenet Business generated revenue of €98.3 million for the six months ended June 30, 2020, representing a 4% decrease on both a reported and rebased basis as compared to the six months ended June 30, 2019. The decline was mainly caused by (i) a lower contribution from the May 2018 acquired ICT integrator business with COVID-19 resulting in certain project delays and postponements, (ii) lower out-of-bundle revenue generated by SME mobile subscribers and (iii) a gradual shift from one-time revenue, such as equipment sales or project-related revenue, to recurring revenue earned following such transactions.

2.1.6 Other

Other revenue primarily includes (i) interconnect revenue from both Telenet's fixed-line and mobile telephony customers, (ii) advertising and production revenue from De Vijver Media, which it fully consolidated as of June 3, 2019, (iii) mobile handset sales, including the revenue earned under the Company's "Choose Your Device" programs, (iv) wholesale revenue generated through both the commercial and regulated wholesale businesses, (v) product activation and installation fees and (vi) set-top box sales revenue.

Telenet's other revenue reached €229.6 million for the six months ended June 30, 2020, a 4% year-on-year increase on a reported basis following a full six-month contribution from De Vijver Media as mentioned above. On a rebased basis, the Company's other revenue sharply declined by 15% year-on-year, reflecting (i) a rebased 23% decline in advertising and production revenue at De Vijver Media, (ii) a rebased 19% decline in revenue from handset sales and (iii) a rebased 17% decline in interconnect revenue.

2.2 Total expenses

For the six months ended June 30, 2020, Telenet incurred total expenses of €970.1 million, representing a 4% increase compared to the six months ended June 30, 2019. The Company's total expenses for the six months ended June 30, 2020 reflected (i) the aforementioned inorganic impacts from the De Vijver Media acquisition and the merger of Coditel S.à.r.l. into Eltrona and (ii) a €18.5 million goodwill impairment charge on De Vijver Media following the re-assessment of their strategic long-range plan, reflecting the impact of the COVID-19 pandemic on its financial profile. Total expenses represented approximately 76% of revenue for the six months ended June 30, 2020 (for the six months ended June 30, 2019: approximately 74%). Cost of services provided as a percentage of revenue represented approximately 55% for the six months ended June 30, 2020 (for the six months ended June 30, 2019: approximately 54%), while selling, general and administrative expenses represented approximately 21% of the total revenue for the six months ended June 30, 2020 (for the six months ended June 30, 2019: approximately 21%).

Telenet's operating expenses, which include the (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, decreased nearly 4% on a reported basis for the six months ended June 30, 2020 despite the aforementioned inorganic impacts. On a rebased basis, operating expenses for the six months ended June 30, 2020 decreased by almost 8% compared to the six months ended June 30, 2019. This was predominantly driven by (i) a 10% decrease in Telenet's direct costs due to significantly lower interconnect expenses and lower costs related to handset purchases during the COVID-19 pandemic, (ii) a 14% decrease in the indirect costs, mainly driven by lower facility-related costs and tight cost control and (iii) a 16% reduction in the sales and marketing expenses, including a lower spend in the second quarter due to COVID-19.

2.3 Expenses by nature

2.3.1 Network operating expenses

Network operating expenses for the six months ended June 30, 2020 were €100.7 million, a decrease of 1% year-on-year on both a reported and a rebased basis.

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, (ii) interconnect costs and (iii) handset sales and subsidies. For the six months ended June 30, 2020, the direct costs were €242.5 million, a 5% decrease compared to the six months ended June 30, 2019. On a rebased basis, the direct costs for the six months ended June 30, 2020 decreased 10% year-on-year due to significantly lower interconnect expenses and lower costs related to handset purchases during the COVID-19 pandemic.

2.3.3 Staff-related expenses

Staff-related expenses for the six months ended June 30, 2020 were €133.2 million, which represented an increase of 4% compared to the six months ended June 30, 2019 and reflected the aforementioned inorganic impacts. On a rebased basis, staff-related expenses for the six months ended June 30, 2020 decreased almost 3% relative to the six months ended June 30, 2019, as a result of continued tight cost control, a lower headcount as compared to last year and the impact of the COVID-19 pandemic on Telenet's staff-related expenses.

2.3.4 Sales and marketing expenses

Telenet's sales and marketing expenses for the six months ended June 30, 2020 were €40.0 million, representing a 10% year-on-year decrease due to phasing in certain marketing campaigns versus the same period of last year such as the SFR migration campaign and the impact of COVID-19 on the Company's marketing and retail activity. On a rebased basis, sales and marketing expenses decreased 16% year-on-year for the same period and reflected primarily the same drivers as mentioned above.

2.3.5 Outsourced labor and professional services

Costs related to outsourced labor and professional services for the six months ended June 30, 2020 were €14.3 million, an 18% decrease both on a reported and rebased basis as a result of the COVID-19 pandemic and continued tight cost control.

2.3.6 Other indirect expenses

Other indirect expenses reached €43.5 million for the six months ended June 30, 2020, representing a robust 12% decrease compared to the six months ended June 30, 2019 on a reported basis. On a rebased basis, other indirect expenses decreased 14% year-on-year, driven by lower facility-related expenses and reflecting Telenet's continued focus on operating leverage and tight cost control.

2.3.7 Depreciation and amortization, incl. gains on disposal of property and equipment and other intangible assets

Depreciation and amortization, including impairment of long-lived assets, gain on disposal of subsidiaries and restructuring charges, reached €386.8 million for the six months ended June 30, 2020 compared to €332.7 million for the six months ended June 30, 2019 and included the aforementioned €18.5 million goodwill impairment charge.

2.4 Net finance expenses

For the six months ended June 30, 2020, net finance expense totaled €97.8 million compared to net finance expense of €230.7 million for the six months ended June 30 2019,. Finance income for the six months ended June 30, 2020 increased to €27.7 million as compared to €0.5 million for the six months ended June 30, 2019, primarily due to a €22.7 million increase in Telenet's non-cash gain on derivatives. Finance expenses for the six months ended June 30, 2020 decreased sharply to €125.5 million from €231.2 million for the six months ended June 30, 2019, primarily due to the net effect of (i) a decrease of €78.7 million in non-cash loss on derivatives, (ii) a decrease of €18.3 million in non-cash foreign exchange loss on its USD-denominated debt and (iii) an increase of €15.2 million in loss on the extinguishment of debt following the January 2020 refinancing of both Telenet's euro and USD-denominated term loan facilities.

2.5 Income taxes

Telenet recorded income tax expense of €16.4 million for the six months ended June 30, 2020 compared to €36.6 million for the six months ended June 30, 2019. The Company's income tax expense for the six months ended June 30, 2020 was favorably impacted by the recognition of the innovation income tax deduction, including a one-time effect of deductions related to prior periods.

For further information, we refer to note 5.11 to the condensed consolidated interim financial statements of the Company.

2.6 Net result

Telenet realized a net profit of €184.9 million for the six months ended June 30, 2020 compared to a net profit of €56.0 million for the six months ended June 30, 2019. The substantial increase in the Company's net profit was primarily driven by significantly lower net finance expense in the period and lower income tax expense as mentioned above. For the six months ended June 30, 2020, Telenet achieved a healthy net profit margin of 14.5% compared to a net profit margin of 4.4% for the six months ended June 30, 2019.

2.7 Adjusted EBITDA

For the six months ended June 30, 2020, Telenet achieved Adjusted EBITDA of €698.0 million, representing a 5% increase versus the €664.8 million it delivered for the six months ended June 30, 2019. The Company's Adjusted EBITDA included the impacts of the acquisition of De Vijver Media (fully consolidated since June 3, 2019) and the divestiture of the former Luxembourg cable business (deconsolidated as of April 1, 2020). On a rebased basis, excluding these inorganic impacts, Telenet's Adjusted EBITDA increased nearly 2% for the six months ended June 30, 2020, driven by (i) lower sales and marketing expenses due to the impact of the COVID-19 pandemic and last year's impact of the SFR customer migration and (ii) continued tight cost control as demonstrated by lower other indirect expenses, lower costs related to outsourced labor and professional services and lower staff-related expenses. Telenet achieved an Adjusted EBITDA margin of 54.9% for the six months ended June 30, 2020 as compared to 52.7% for the six months ended June 30, 2019. On a rebased basis, the Company succeeded in expanding its Adjusted EBITDA margin by 250 basis points versus the six months ended June 30, 2019. In line with Telenet's full year 2020 outlook, it expects a softer Adjusted EBITDA performance in the second half, which includes a tougher comparison base for the third quarter relative to Q3 last year and an expected increase in certain cost drivers.

Reconciliation between profit for the period and adjusted EBITDA *(€ in millions)*	**For the six months ended June 30,**	
	2020	**2019**
Profit for the period	**184.9**	**56.0**
Income tax expense	16.4	36.6
Share of the result of equity accounted investees	(1.3)	1.4
Loss (gain) on disposal of assets related to a subsidiary or a joint venture	4.3	(0.1)
Net finance expense	97.8	230.7
Depreciation, amortization, impairment and loss (gain) on disposal of subsidiaries	381.8	331.6
EBITDA	**683.9**	**656.2**
Share based compensation	8.0	6.9
Operating charges related to acquisitions or divestitures	1.7	0.6
Restructuring charges	5.0	1.1
Post measurement period adjustments to business acquisitions	(0.6)	—
Adjusted EBITDA	**698.0**	**664.8**
Adjusted EBITDA margin	54.9 %	52.7 %
Net profit margin	14.5 %	4.4 %

2.8 Capital expenditures

Accrued capital expenditures for the six months ended June 30, 2020 reached €297.6 million, which marked a 3% decrease versus the six months ended June 30, 2019 and equivalent to approximately 23% of revenue. Telenet's accrued capital expenditures for the six months ended June 30, 2020 included the impacts of the acquisition of De Vijver Media (fully consolidated since June 3, 2019) and the divestiture of the former Luxembourg cable business (deconsolidated as of April 1, 2020), while the Company's accrued capital expenditures for the six months ended June 30, 2019 included the recognition of the UK Premier League broadcasting rights for a period of three seasons. Under EU IFRS, these football broadcasting rights have been capitalized as an intangible asset and will be amortized as the seasons progress. Excluding the recognition of the football broadcasting rights for the six months ended June 30, 2019, Telenet's accrued capital expenditures for the six months ended June 30, 2020 increased 12% year-on-year.

Capital expenditures related to customer premises equipment, which includes Telenet's spending on set-top boxes, modems and WiFi powerlines, amongst others, represented €52.4 million for the six months ended June 30, 2020. This represented a 11% decrease compared to the six months ended June 30, 2019, which reflected higher investments related to Telenet's successful in-home connectivity campaigns and the launch of its next-gen set-top box, while the first half of 2020 reflected the impact of the COVID-19 pandemic. Capital expenditures related to customer premises equipment for the six months ended June 30, 2020 represented approximately 18% of Telenet's total accrued capital expenditures.

Accrued capital expenditures for network growth and upgrades amounted to €38.6 million for the six months ended June 30, 2020, marking a 29% decrease compared to the six months ended June 30, 2019 and predominantly reflected the substantial completion of both Telenet's fixed and mobile network infrastructure improvement programs and to a lesser extent the impact of COVID-19 on its field operations. For the six months ended June 30, 2020, network-related capital expenditures represented approximately 13% of total accrued capital expenditures.

Capital expenditures for products and services, which reflects Telenet's investments in product development and the upgrade of its IT platforms and systems, amongst others, totaled €75.4 million for the six months ended June 30, 2020. This represents a strong 30% year-on-year increase, reflecting higher spending on the Company's IT upgrade program. Capital expenditures for products and services represented approximately 25% of total accrued capital expenditures for the six months ended June 30, 2020.

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 the Company's IT platform and systems and (iv) lease additions under IFRS 16. These reached €131.2 million for the six months ended June 30, 2020.

The above implies that approximately 56% of Telenet's accrued capital expenditures for the six months ended June 30, 2020 were scalable and subscriber growth related. Telenet will continue to closely monitor its capital expenditures in order to make sure that they drive incremental returns.

Reconciliation between accrued capital expenditures and cash capital expenditures:

(€ in millions)	For the six months ended June 30,	
	2020	**2019**
Accrued capital expenditures	**297.6**	**307.8**
Assets acquired under capital-related vendor financing arrangements	(49.1)	(107.8)
Assets acquired under finance leases	(39.3)	(38.0)
Changes in current liabilities related to capital expenditures	23.0	28.9
Total cash capital expenditures, net	**232.2**	**190.9**

2.9 Operating Free Cash Flow

The sum of Telenet's Adjusted EBITDA and accrued capital expenditures yielded an Operating Free Cash Flow of €400.4 million for the six months ended June 30, 2020. Compared to the six months ended June 30, 2019, the Operating Free Cash Flow increased slightly by 1% as a 12% increase in the Company's accrued capital expenditures (excluding the recognition of the UK Premier League football broadcasting rights) was more than offset by the aforementioned 5% increase in Telenet's Adjusted EBITDA. Excluding the impact of IFRS 16 and the recognition of the football broadcasting rights, the rebased Operating Free Cash Flow would have grown 5% for the six months ended June 30, 2020, representing a solid result relative to the Company's full year 2020 outlook.

Reconciliation between Adjusted EBITDA and Operating Free Cash Flow.

(€ in millions)	For the six months ended June 30,	
	2020	**2019**
Adjusted EBITDA	**698.0**	**664.8**
Accrued capital expenditures	(297.6)	(307.8)
Recognition of football broadcasting rights	—	41.3
Accrued capital expenditures excluding recognition of football broadcasting rights and mobile spectrum licenses	**(297.6)**	**(266.5)**
Operating Free Cash Flow	**400.4**	**398.3**

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2.10 Cash flow and liquidity

2.10.1 Net cash from operating activities

For the six months ended June 30, 2020, Telenet's operations yielded €571.7 million of net cash compared to the €499.2 million it generated during the six months ended June 30, 2019. The net cash from the Company's operating activities for the six months ended June 30, 2020 included the impacts of its acquisition of De Vijver Media (fully consolidated since June 3, 2019) and the divestiture of its former Luxembourg cable business (deconsolidated as of April 1, 2020). Telenet's net operating cash flow was up a strong 15% year-on-year, driven by a timing variance in its annual cash tax payment and the aforementioned increase in Adjusted EBITDA.

2.10.2 Net cash used in investing activities

Telenet used €255.4 million of net cash in investing activities for the six months ended June 30, 2020 compared to €206.6 million for the six months ended June 30, 2019. The 24% increase in the Company's net cash used in investing activities reflected both higher cash capital expenditures following a lower amount of assets procured through the Company's vendor financing program as well as the aforementioned acquisition of a 34% shareholding in the Luxembourg cable operator Eltrona from Post Luxembourg.

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, 2020, the Company acquired €49.1 million of assets through capital-related vendor financing arrangements, favorably impacting the net cash used in investing activities for the equivalent amount. This represented a decline of 54% compared to the six months ended June 30, 2019.

2.10.3 Net cash from financing activities

For the six months ended June 30, 2020, the net cash used in financing activities was €346.3 million compared to €241.3 million of net cash used in financing activities for the six months ended June 30, 2019. The net cash used in financing activities for the six months ended June 30, 2020 reflected a net cash outflow of €107.4 million related to loan repayments including the voluntary 10% redemption of the 3.50% €600.0 million Senior Secured Fixed Rate Notes due March 2028 for an aggregate amount of €56.6 million and scheduled repayments of Telenet's short-term vendor financing commitments. In addition, the net cash used in financing activities for the six months ended June 30, 2020 reflected the continued delivery against the Company's shareholder remuneration policy as presented during the December 2018 Capital Markets Day. In May 2020, Telenet paid a gross final dividend of €1.3050 per share (€142.3 million in aggregate) and during the six months ended June 30, 2020 Telenet also spent €34.4 million on share repurchases as part of its Share Repurchase Program 2020. Under this program, the Company acquired 1.1 million shares during March 2020 at an average price of €30.43. Telenet also paid €13.4 million related to debt issuance costs for debt refinancings completed during the six months ended June 30, 2020. The remainder of the net cash used in financing activities primarily consisted of finance lease repayments and other financial payments.

For the six months ended June 30, 2020, Telenet generated Adjusted Free Cash Flow of €263.9 million compared to €206.7 million for the six months ended June 30, 2019. Relative to the six months ended June 30, 2019, Adjusted Free Cash Flow increased 28% due to the aforementioned phasing in the Company's cash tax payment and robust Adjusted EBITDA growth. Telenet's Adjusted Free Cash Flow for the six months ended June 30, 2020 included a €10.6 million benefit from its vendor financing as compared to a €43.9 million benefit for the six months ended June 30, 2019. Excluding these vendor financing-related impacts, the Adjusted Free Cash Flow growth would have been even higher.

2.10.4 Adjusted Free Cash Flow

(€ in millions)	**For the six months ended June 30,**	
	2020	**2019**
Net cash from operating activities	571.7	499.2
Cash payments for direct acquisition and divestiture costs	0.9	0.3
Expenses financed by an intermediary	170.4	116.2
Purchases of property and equipment	(144.1)	(134.7)
Purchases of intangibles	(88.1)	(56.2)
Principal payments on amounts financed by vendors and intermediaries	(207.6)	(180.1)
Principal payments on capital leases (excluding network-related leases assumed in acquisitions)	(17.6)	(25.4)
Principal payments on post acquisition additions to network leases	(21.7)	(12.6)
Adjusted Free Cash Flow	**263.9**	**206.7**

2.11 Debt profile, cash balance and net leverage ratio

2.11.1 Debt profile

At June 30, 2020, Telenet carried a total debt balance (including accrued interest) of €5,660.4 million, of which €1,429.4 million principal amount is related to the € and USD-denominated Senior Secured Fixed Rate Notes due March 2028 and €3,151.2 million principal amount is owed under the 2020 Amended Senior Credit Facility with maturities ranging from April 2028 through April 2029. The Company's total debt balance at June 30, 2020 also included a principal amount of €365.5 million related to its vendor financing program and €4.0 million for the outstanding portion of the 2G and 3G mobile spectrum licenses. The remainder primarily represents lease obligations associated with the Interkabel Acquisition and lease liabilities following the adoption of IFRS 16 as of January 1, 2019.

At June 30, 2020, Telenet carried €365.5 million of short-term debt related to its vendor financing program, all of which is maturing within less than twelve months. This represented an increase of €10.6 million versus December 31, 2019. For the full year 2020, the Company still anticipates its vendor financing program to remain relatively stable compared to the end of 2019. As of February 2020, Telenet has reduced the applicable margin on its future short-dated commitments under the vendor financing program by 15 basis points to 2.10% over EURIBOR floored at 0%. Given the aforementioned size of the program, this will have a modest accretive impact on the Company's Adjusted Free Cash Flow.

For the six months ended June 30, 2020, Telenet finalized several accretive (re)financing transactions. In January 2020, the Company successfully issued and priced a new 8.25-year USD 2,295 million Term Loan ("Facility AR") and a new 9.25-year €1,110 million Term Loan ("Facility AQ"). Telenet has used the net proceeds of these issuances to redeem in full the previous Term Loans AN and AO of USD 2,295 million and €1,110 million, respectively. Through this leverage-neutral transaction, the Company succeeded in reducing the margin on both term loans by 25 basis points, which further solidifies its Adjusted Free Cash Flow profile after the October 2019 refinancing of the 4.875% Senior Secured Notes due 2027.

In April 2020, Telenet successfully issued a new 6.2-year €510.0 million revolving credit facility, replacing the former €460.0 million revolving credit facilities with certain availabilities up to June 2023. As such, the Company succeeded in extending and upsizing its revolving credit facilities, further strengthening the liquidity profile. The new RCF has the following characteristics: (i) maturity of May 31, 2026, (ii) a margin of 2.25% over EURIBOR (floored at 0%) and (iii) a commitment fee of 40% of the margin. The new RCF can be used for general corporate purposes, which may include acquisitions, distributions to shareholders and general working capital requirements of the Company.

In April 2020, Telenet also completed the 10% repurchase of its 3.50% €600.0 million Senior Secured Fixed Rate Notes due March 2028. As a result of this transaction, the principal amount under these Notes decreased to €540.0 million, leading to annual cash interest savings of €2.1 million further adding to its robust Adjusted Free Cash Flow profile.

Excluding short-term liabilities related to Telenet's vendor financing program, the Company faces no debt maturities prior to March 2028 with a weighted average maturity of 8.0 years at June 30, 2020. In addition, the Company also had full access to €555.0 million of undrawn commitments under its revolving credit facilities at June 30, 2020 with certain availabilities up to May 2026.

2.11.2 Debt overview and payment schedules

For an overview of the Company's debt instruments and payment schedule at June 30, 2020, we refer to note 5.9 to the condensed consolidated interim financial statements of the Company.

2.11.3 Cash balance and availability of funds

At June 30, 2020, Telenet held €71.4 million of cash and cash equivalents compared to €101.4 million at December 31, 2019. To minimize the concentration of counterparty risk, the Company's cash equivalents and AAA-rated money market funds are placed with highly rated European and US financial institutions and Telenet strives to invest at least 75% of its cash and cash equivalents in AAA-rated money market funds in order to limit banking counterparty exposure.

Relative to December 31, 2019, the cash balance decreased despite a robust Adjusted Free Cash Flow generation for the six months ended June 30, 2020. For the six months ended June 30, 2020, a substantial part of Telenet's cash flow has been used under its shareholder remuneration policy, including the payment of a final gross dividend per share of €1.3050 (€142.3 million in aggregate) in May 2020 and €34.4 million of net cash used under the Share Repurchase Program 2020, which has been completed end-March 2020. The Company also redeemed 10% of its 3.50% €600.0 million Senior Secured Fixed Rate Notes due March 2028 in April for an aggregate amount of €56.6 million. Finally, the Company incurred a €13.4 million payment related to debt issuance costs for debt refinancing completed during the six months ended June 30, 2020. In addition to Telenet's available cash balance,the Company also had access to €555.0 million of available commitments under the 2020 Amended Senior Credit Facility and other revolving credit facilities at June 30, 2020, subject to compliance with the covenants mentioned below.

2.11.4 Net leverage ratio

At the occasion of the December 2018 Capital Markets Day, Telenet reconfirmed its leverage framework, maintained at 3.5x to 4.5x Net Total Debt to Consolidated Annualized Adjusted EBITDA ("net total leverage"). In absence of any material acquisitions and/or significant changes in its business or regulatory environment, the Company intends to stay around the 4.0x mid-point through an attractive and sustainable level of shareholder disbursements. At June 30, 2020, net total leverage was 4.0x, which was unchanged compared to December 31, 2019. This reflected the aforementioned final dividend payment in May 2020, amongst other items that impacted the cash balance at June 30, 2020, as further described above.

Telenet's net covenant leverage, as calculated under the 2020 Amended Senior Credit Facility, differs from its net total leverage as it excludes (i) lease-related liabilities, (ii) any vendor financing-related short-term liabilities and includes (iii) the Credit Facility Excluded Amount (which is the greater of €400.0 million and 0.25x Consolidated Adjusted Annualized EBITDA). The net covenant leverage reached 2.9x at June 30, 2020. 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 the Company would draw 40% or more under its revolving credit facilities. At June 30, 2020, the 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 2020, 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 2019 Annual Report under 8.4 '***Internal Control and Risk Management Systems***'.

In view of the COVID-19 pandemic, Telenet has activated its crisis team which is closely following up on the evolution of the virus outbreak on a daily basis. Telenet also aligns its measures and communication with the advice of the Liberty Global Group Crisis Management Team.
In order to limit the impact on Telenet's operations, several precautionary measures have already been taken in the following domains:

a. Employee safety (including extension of homeworking, travel restrictions, hygienic measures, etc)
b. Supply Chain (including close monitoring of the deliveries at risk in order to avoid major hick-ups in our critical supply chain processes)
c. Operational activities (including specific attention for teams that are performing critical tasks in order to ensure continuous availability of these teams)

Telenet had launched a re-COVID strategy, allowing the employees to gradually return to the Telenet offices as from May 2020. However, as a result of the negative evolution of the COVID-19 statistics in Belgium as from July, this strategy has been adapted accordingly. Homeworking remains the standard until the end of 2020, but COVID-proof collaboration zones have been set up in the offices to allow for ad hoc physical team meetings in a safe manner.

The Telenet crisis team continues to evaluate on a frequent basis if and to which extent additional measures need to be taken.

We refer to section 1 & 2 of this half year report 2020 for the specific impact of the COVID-19 pandemic on our operational and financial performance for the six months ended June 30, 2020.

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 2019 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 5.15, 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 2019 Annual Report or explained in note 5.15 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, 2020**	**December 31, 2019, as restated (*)**
Assets			
Non-current assets:			
Property and equipment	5.4	2,319.1	2,366.8
Goodwill	5.5	1,832.9	1,874.1
Other intangible assets	5.6	718.4	797.1
Deferred tax assets	5.11	211.1	261.4
Investments in and loans to equity accounted investees	5.7	79.1	16.3
Other investments		6.1	6.1
Derivative financial instruments	5.10	111.7	55.3
Other non-current assets		20.7	27.9
Total non-current assets		**5,299.1**	**5,405.0**
Current assets:			
Inventories		32.5	25.2
Trade receivables		194.0	204.5
Other current assets		135.7	130.4
Cash and cash equivalents		71.4	101.4
Derivative financial instruments	5.10	45.2	61.7
Assets held for sale	5.17	29.9	—
Total current assets		**508.7**	**523.2**
Total assets		**5,807.8**	**5,928.2**

(*) we refer to Note 5.14 and 5.1.6 for detailed information regarding the impact of the finalization of the purchase price allocation the acquisition of De Vijver Media, Native Nation and Stream32.

(€ in millions)	Note	June 30, 2020	December 31, 2019, as restated (*)

Equity and liabilities

Equity:

Share capital	5.8	12.8	12.8
Share premium	5.8	80.7	80.7
Other reserves	5.8	666.1	695.7
Retained losses	5.8	(2,244.9)	(2,287.8)
Remeasurements		(26.0)	(13.5)
Total equity attributable to owners of the Company		**(1,511.3)**	**(1,512.1)**
Non-controlling interests		25.2	25.1
Total equity		**(1,486.1)**	**(1,487.0)**

Non-current liabilities:

Loans and borrowings	5.9	5,144.9	5,206.0
Derivative financial instruments	5.10	283.0	261.4
Deferred revenue	5.12	3.5	3.8
Deferred tax liabilities	5.11	126.5	178.7
Other non-current liabilities		73.5	63.1
Provisions		15.6	17.6
Total non-current liabilities		**5,647.0**	**5,730.6**

Current liabilities:

Loans and borrowings	5.9	515.5	527.0
Trade payables		196.1	247.7
Accrued expenses and other current liabilities		409.0	418.4
Provisions		80.8	70.9
Deferred revenue	5.12	121.3	107.8
Derivative financial instruments	5.10	70.8	69.5
Current tax liability	5.11	248.4	243.3
Liabilities directly associated with the assets held for sale	5.17	5.0	—
Total current liabilities		**1,646.9**	**1,684.6**
Total liabilities		**7,293.9**	**7,415.2**
Total equity and liabilities		**5,807.8**	**5,928.2**

(*) we refer to Note 5.14 and 5.1.6 for detailed information regarding the impact of the finalization of the purchase price allocation the acquisition of De Vijver Media, Native Nation and Stream32.

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)	Note	For the six months ended June 30, 2020	2019, as restated (*)
Profit for the period			
Revenue	5.12	1,272.2	1,261.6
Cost of services provided	5.13	(701.8)	(677.1)
Gross profit		**570.4**	**584.5**
Selling, general and administrative expenses	5.13	(268.3)	(259.9)
Operating profit		**302.1**	**324.6**
Finance income		27.7	0.5
Net interest income and foreign exchange gain		5.0	0.5
Net gain on derivative financial instruments	5.10	22.7	—
Finance expense		(125.5)	(231.2)
Net interest expense, foreign exchange loss and other finance expense		(110.3)	(152.5)
Net loss on derivative financial instruments	5.10	—	(78.7)
Net loss on extinguishment of debt	5.9	(15.2)	—
Net finance expenses		**(97.8)**	**(230.7)**
Share in the profit (loss) of equity accounted investees	5.7	1.3	(1.4)
Gain (loss) on disposal of assets related to a joint venture	5.16	(4.3)	0.1
Profit before income tax		**201.3**	**92.6**
Income tax expense	5.11	(16.4)	(36.6)
Profit for the period		**184.9**	**56.0**

(*) we refer to Note 5.14 and 5.1.6 for detailed information regarding the impact of the finalization of the purchase price allocation the acquisition of De Vijver Media, Native Nation and Stream32.

(€ in millions, except per share data)		For the six months ended June 30,	
	Note	**2020**	**2019, as restated (*)**

Other comprehensive income (loss) for the period, net of income tax

Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit liability/(asset), net of income tax		(12.5)	—
Other comprehensive loss for the period, net of income tax		**(12.5)**	**—**
Total comprehensive income for the period		**172.4**	**56.0**
Profit (loss) attributable to:		**184.9**	**56.0**
Owners of the Company		185.2	55.9
Non-controlling interests		(0.3)	0.1
Total comprehensive income (loss) for the period, attributable to:		**172.4**	**56.0**
Owners of the Company		172.7	55.9
Non-controlling interests		(0.3)	0.1
Earnings per share			
Basic earnings per share in €		1.7	0.5
Diluted earnings per share in €		1.7	0.5

(*) we refer to Note 5.14 and 5.1.6 for detailed information regarding the impact of the finalization of the purchase price allocation the acquisition of De Vijver Media, Native Nation and Stream32.

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	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)												
January 1, 2020 as reported		**12.8**	**80.7**	**118.9**	**64.8**	**(209.2)**	**721.2**	**(2,287.8)**	**(13.5)**	**(1,512.1)**	**25.1**	**(1,487.0)**
Total comprehensive income for the period												
Profit (loss) for the period		—	—	—	—	—	—	185.2	—	185.2	(0.3)	184.9
Other comprehensive loss [1]		—	—	—	—	—	—	—	(12.5)	(12.5)	—	(12.5)
Total comprehensive income for the period		**—**	**—**	**—**	**—**	**—**	**—**	**185.2**	**(12.5)**	**172.7**	**(0.3)**	**172.4**
Transactions with owners, recorded directly in equity												
Contributions by and distributions to owners of the Company												
Recognition of share-based compensation	5.8	—	—	5.2	—	—	—	—	—	5.2	—	5.2
Own shares acquired	5.8	—	—	—	—	(34.4)	—	—	—	(34.4)	—	(34.4)
Liquidation own shares	5.8	—	—	—	—	35.5	(35.5)	—	—	—	—	—
Dividend declared	5.8	—	—	—	—	—	—	(142.3)	—	(142.3)	—	(142.3)
Other	5.8	—	—	—	—	—	(0.4)	—	—	(0.4)	—	(0.4)
Total contribution by and distributions to owners of the Company		**—**	**—**	**5.2**	**—**	**1.1**	**(35.9)**	**(142.3)**	**—**	**(171.9)**	**—**	**(171.9)**
Changes in ownership interests in subsidiaries												
Capital contributions by NCI		—	—	—	—	—	—	—	—	—	0.4	0.4
Total transactions with owners of the Company		**—**	**—**	**5.2**	**—**	**1.1**	**(35.9)**	**(142.3)**	**—**	**(171.9)**	**0.4**	**(171.5)**
June 30, 2020		**12.8**	**80.7**	**124.1**	**64.8**	**(208.1)**	**685.3**	**(2,244.9)**	**(26.0)**	**(1,511.3)**	**25.2**	**(1,486.1)**

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

Attributable to equity holders of the Company	Note	Share capital	Share premium	Share-based payment reserve	Legal reserve	Reserve for own shares	Other reserves	Retained losses	Remeasurements	Total	Non-controlling interest	Total equity
(€ in millions)												
December 31, 2018 as reported		**12.8**	**80.7**	**104.6**	**64.8**	**(312.5)**	**862.3**	**(2,444.6)**	**(16.5)**	**(1,648.4)**	**22.9**	**(1,625.5)**
Nextel PPA adjustment		—	—	—	—	—	—	(1.5)	—	(1.5)	—	(1.5)
January 1, 2019 after impact of finalization PPA Nextel		**12.8**	**80.7**	**104.6**	**64.8**	**(312.5)**	**862.3**	**(2,446.1)**	**(16.5)**	**(1,649.9)**	**22.9**	**(1,627.0)**
Impact of change in accounting policies		—	—	—	—	—	—	0.1	—	0.1	—	0.1
January 1, 2019, as restated (*)		**12.8**	**80.7**	**104.6**	**64.8**	**(312.5)**	**862.3**	**(2,446.0)**	**(16.5)**	**(1,649.8)**	**22.9**	**(1,626.9)**
Total comprehensive income for the period												
Profit (loss) for the period		—	—	—	—	—	—	56.0	—	56.0	0.1	56.1
Total comprehensive income for the period		**—**	**—**	**—**	**—**	**—**	**—**	**56.0**	**—**	**56.0**	**0.1**	**56.1**
Transactions with owners, recorded directly in equity												
Contributions by and distributions to owners of the Company												
Reallocation of prior year's profit to legal reserve	5.8	—	—	—	—	—	0.1	(0.1)	—	—	—	—
Recognition of share-based compensation	5.8	—	—	9.5	—	—	—	—	—	9.5	—	9.5
Own shares acquired	5.8	—	—	—	—	(101.1)	—	—	—	(101.1)	—	(101.1)
Proceeds received upon exercise of stock options	5.8	—	—	—	—	55.6	—	(11.7)	—	43.9	—	43.9
Liquidation own shares	5.8	—	—	—	—	86.7	(86.7)	—	—	—	—	—
Total contribution by and distributions to owners of the Company		**—**	**—**	**9.5**	**—**	**41.2**	**(86.6)**	**(11.8)**	**—**	**(47.7)**	**—**	**(47.7)**
Changes in ownership interests in subsidiaries												
Capital contributions by NCI		—	—	—	—	—	—	—	—	—	0.1	0.1
Total transactions with owners of the Company		**—**	**—**	**9.5**	**—**	**41.2**	**(86.6)**	**(11.8)**	**—**	**(47.7)**	**0.1**	**(47.6)**
June 30, 2019		**12.8**	**80.7**	**114.1**	**64.8**	**(271.3)**	**775.7**	**(2,401.8)**	**(16.5)**	**(1,641.5)**	**23.1**	**(1,618.4)**

(*) we refer to Note 5.14 and 5.1.6 for detailed information regarding the impact of the finalization of the purchase price allocation the acquisition of De Vijver Media, Native Nation and Stream32.

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

4. Condensed consolidated interim statement of cash flows

(€ in millions)		For the six months ended June 30,	
	Note	**2020**	**2019, as restated (*)**
Cash flows provided by operating activities:			
Profit for the period		184.9	56.0
Adjustments for:			
Depreciation, amortization, impairment and restructuring	5.13	389.8	332.7
Gain (loss) on disposal of property and equipment and other intangible assets	5.13	(3.0)	(1.1)
Income tax expense	5.11	16.4	36.6
Increase/(decrease) in allowance for bad debt		0.3	1.3
Loss (gain) on disposal of assets to a joint venture	5.14.3 & 5.16	4.3	(0.1)
Net interest income and foreign exchange gain		(5.0)	(0.5)
Net interest expense, foreign exchange loss and other finance expense		108.4	150.4
Accretion expense IFRS 16		2.0	2.1
Net loss (gain) on derivative financial instruments	5.10	(22.7)	78.7
Loss on extinguishment of debt		15.1	—
Other income (loss)	5.7	(1.3)	1.4
Share based payments	5.8	8.0	6.9
Change in:			
Trade receivables		7.0	3.8
Other assets		2.9	16.7
Deferred revenue		15.5	13.2
Trade payables		(52.0)	22.2
Derivatives paid/received		5.6	18.3
Accrued expenses and other current liabilities		3.2	20.0
Interest paid		(107.2)	(101.2)
Interest received		—	0.1
Income taxes paid	5.11	(0.5)	(158.3)
Net cash provided by operating activities		**571.7**	**499.2**

(*) we refer to Note 5.14 and 5.1.6 for detailed information regarding the impact of the finalization of the purchase price allocation the acquisition of De Vijver Media, Native Nation and Stream32.

(in millions of euro)		For the six months ended June 30,	
	Note	**2020**	**2019 as restated (*)**

Cash flows used in investing activities:

Acquisition of property and equipment	5.4	(144.1)	(134.7)
Acquisition of intangibles	5.6	(88.1)	(56.2)
Acquisitions of and loans to equity accounted investees		(20.5)	(0.9)
Acquisitions of subsidiaries and affiliates, net of cash acquired	5.14	(3.5)	(16.0)
Proceeds from sale of property and equipment and other intangibles		0.8	1.2
Net cash used in investing activities		**(255.4)**	**(206.6)**

Cash flows used in financing activities:

Repayments of loans and borrowings	5.9	(329.5)	(366.2)
Proceeds from loans and borrowings	5.9	225.4	211.2
Repayments of loans to related parties	5.16	(3.3)	(13.0)
Payments of lease liabilities		(51.0)	(16.1)
Payments for debt issuance costs	5.9	(13.4)	—
Repurchase of own shares	5.8	(34.4)	(101.1)
Proceeds received upon exercise of warrants & stock options	5.8	—	43.8
Proceeds from capital transactions with equity participants		2.2	0.1
Payments related to capital reductions and dividends	5.8	(142.3)	—
Net cash used in financing activities		**(346.3)**	**(241.3)**
Net increase in cash and cash equivalents		**(30.0)**	**51.3**
Cash and cash equivalents:			
at January 1		101.4	88.2
at June 30		71.4	139.5

(*) we refer to Note 5.14 and 5.1.6 for detailed information regarding the impact of the finalization of the purchase price allocation the acquisition of De Vijver Media, Native Nation and Stream32.

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, 2020

5.1 Reporting entity and basis of preparation

5.1.1 Reporting entity

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

Telenet Group Holding NV and its principal operating subsidiaries are limited liability companies organized under Belgian law. Subsidiaries and structured financing entities ("**SEs**") have been incorporated in Luxembourg and the Netherlands 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, 2019. Results for the six months ended June 30, 2020 are not necessarily indicative of future results.

The Interim Financial Statements have been prepared on the historical cost basis, except for certain financial instruments and the net assets acquired as a result of the acquisition of De Vijver Media on June 3, 2019 and Native Nation on October 18, 2019, which are measured at fair value. The methods used to measure fair values are discussed in Note 5.3.2. The content assets and related liabilities classified as held-for-sale are measured at their carrying value as the carrying value did not exceed their fair value. The Interim Financial Statements were approved for issue by the board of directors on September 25, 2020.

.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 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, 2019.

In addition to those significant judgments, Telenet's management made additional significant judgments related to its accounting for the acquisition of Native Nation in its condensed consolidated interim financial statements for the six months ended June 30, 2020.

As a result of the COVID-19 pandemic, the Company had to make significant forward-looking assessments in applying its accounting policies when preparing its consolidated interim financial statements, such as:

- the determination of fair values;
- the recognition of revenues and the adjustment of the expected credit loss model for allowances;
- the recognition of deferred tax assets; and
- the tests for impairment of amongst others goodwill, in case there is an indication for such impairment (see Note 5.5).

The COVID-19 pandemic impacted the Company's revenue following the forced closing of substantially all of Telenet's retail locations between mid-March and mid-May. The Company's sports offering "Play Sports" was impacted for the six months ended June 30, 2020 by the temporary halt of both national and international football championships and other major sports events due to the COVID-19 pandemic, resulting in a significant decrease in the "Play Sports" sports pay-television subscriber base and revenue. On the other side, higher usage-related revenue was reported resulting from increased fixed-line calling behavior during the COVID-19 pandemic.

Following specific COVID-19 related regulation imposed by the national telecoms regulator BIPT, Telenet couldn't disconnect non-paying subscribers before July 1, 2020. The Company re-assessed the impact of the pandemic on its expected future credit losses, which ultimately resulted in an increase of its valuation allowance on doubtful accounts of €1.0 million.

With respect to the impact of the COVID-19 pandemic on the Company's expenses, the direct costs decreased due to significantly lower interconnect expenses and lower costs related to handset purchases, while also lower spend was noted in sales and marketing expenses and staff-related expenses.

With respect to De Vijver Media, the advertising revenue decreased significantly and content productions were temporarily stopped, which was considered to be a triggering event to perform a goodwill impairment test. The COVID-19 pandemic lead to a re-assessment of De Vijver Media's business plan and the weighted average cost of capital (WACC) increased mainly as a result of the increased credit spread. Both assumptions used to calculate the value in use ultimately resulted in a €18.5 million goodwill impairment charge on De Vijver Media and are mainly resulting from the Covid-19 pandemic.

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, 2019.

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, 2020 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 5.12. The table below summarizes the Company's:

- revenues for the six months ended June 30, 2020 and 2019 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, 2020 and December 31, 2019.

For the six months ending June 30, 2020 and June 30, 2019, no single third party customer accounted for 10 percent or more of the Company's total revenues.

(€ in millions)	June 30, 2020			December 31, 2019, as restated		
	Belgium	Foreign countries	TOTAL	Belgium	Foreign countries	TOTAL
Property & equipment	2,319.1	—	2,319.1	2,358.3	8.5	2,366.8
Intangible assets	718.4	—	718.4	777.4	19.7	797.1
Total fixed assets	**3,037.5**	**—**	**3,037.5**	**3,135.7**	**28.2**	**3,163.9**

(€ in millions)	For the six months ended June 30, 2020			For the six months ended June 30, 2019		
	Belgium	Foreign countries	TOTAL	Belgium	Foreign countries	TOTAL
Total Revenue	**1,270.2**	**2.0**	**1,272.2**	**1,256.7**	**4.9**	**1,261.6**

.1.6 Reporting changes

Purchase price allocation for the Native Nation acquisition: The Company's December 31, 2019 statement of financial position has been restated, reflecting the retrospective impact of the purchase price allocation ("PPA") and accounting policies alignment for the Native Nation acquisition, which was not yet available at year-end 2019. The fair value adjustment on intangible assets (€6.9 million) mainly related to the acquired tradenames (€2.8 million), customer relationships (€2.4 million) and technology (€1.7 million). Together with the deferred tax impact of the above mentioned adjustments (€1.7 million), goodwill was reduced by €5.2 million. 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 18, 2019) and December 31, 2019 and consequently, the consolidated statement of profit and loss and other comprehensive income for the twelve months ended December 31, 2019 has not been restated (see Note 5.14.2).

Purchase price allocation for the De Vijver Media acquisition: The Company's December 31, 2019 statement of financial position has been restated, reflecting the retrospective impact of the purchase price allocation ("PPA") and accounting policies alignment for the De Vijver Media acquisition, which was not yet completed at year-end 2019. As a result of the 2020 purchase price allocation and more specifically its related deferred tax impact, goodwill was increased by €4.6 million (see Note 5.14.1).

Allocation of bundle-related subscription revenue: Following the recent revamp of the Company's broadband internet standalone portfolio, a lower revenue share from the fixed and FMC bundles is allocated to broadband internet revenue as of January 1, 2020. This adversely impacts the Company's broadband internet revenue, fully offset by a higher allocation to the video, fixed-line telephony and mobile telephony revenue. The aforementioned change also impacts the ARPU per customer relationship (as this excludes mobile telephony revenue), yet does not impact the Company's total subscription revenue.

5.2 Significant accounting policies

The accounting policies applied by the Company in these Interim Financial Statements are the same as those applied in the Company's consolidated financial statements as of and for the year ended December 31, 2019. A number of new standards and amendments to standards are effective from January 1, 2020 but they do not have a material effect on the Company's condensed consolidated interim financial statements for the six months ended June 30, 2020 (Note 5.2.20 of the Company's consolidated financial statements as of and for the year ended December 31, 2019).

A number of new standards and amendments to standards are effective for annual periods beginning after January 1, 2020 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.

5.3 Financial instruments

5.3.1 Financial risk management

During the six months ended June 30, 2020, 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, 2019.

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 in 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, 2020	Note	**Carrying amount**	**Fair value**			
(€ in millions)				Level 1	Level 2	Level 3
Financial assets						
Financial assets carried at fair value						
Money market funds		41.5	41.5	41.5	—	—
Derivative financial assets	5.10	156.9	156.9	—	156.9	—
Total financial assets carried at fair value		**198.4**	**198.4**	**41.5**	**156.9**	**—**
Financial liabilities						
Financial liabilities carried at fair value						
Derivative financial liabilities	5.10	353.8	353.8	—	353.8	—
Total financial liabilities carried at fair value		**353.8**	**353.8**	**—**	**353.8**	**—**
Financial liabilities carried at amortized cost						
Loans and borrowings (including accrued interests and excluding deferred financing fees and lease obligations)	5.9					
- 2020 Amended Senior Credit Facility		3,158.9	3,012.0	—	3,012.0	—
- Senior Secured Fixed Rate Notes		1,460.9	1,478.4	1,478.4	—	—
- Revolving Facility I		1.1	1.1	—	1.1	—
- Nextel Credit Facility		0.9	0.8	—	0.8	—
- Overdraft facility		0.1	0.1	—	0.1	—
- SFR network right of use		3.9	1.6	—	1.6	—
- Vendor financing		368.8	368.8	—	368.8	—
- Clientele fee > 20 years		120.8	123.7	—	123.7	—
- Mobile Spectrum 2G & 3G		4.3	4.3	—	4.3	—
- Nextel debt renting		2.5	2.3	—	2.3	—
- Loan The Park		0.2	0.2	—	0.2	—
- Revolving credit facility KBC / Belfius		0.1	0.1	—	0.1	—
Total financial liabilities carried at amortized cost		**5,122.5**	**4,993.4**	**1,478.4**	**3,515.0**	**—**

December 31, 2019	Note	**Carrying amount**	**Fair value**			
(€ in millions)				Level 1	Level 2	Level 3
Financial assets						
Financial assets carried at fair value						
Money market funds		30.0	30.0	30.0	—	—
Derivative financial assets	5.10	117.0	117.0	—	117.0	—
Total financial assets carried at fair value		**147.0**	**147.0**	**30.0**	**117.0**	**—**
Financial liabilities						
Financial liabilities carried at fair value						
Derivative financial liabilities	5.10	(330.9)	(330.9)	—	(330.9)	—
Total financial liabilities carried at fair value		**(330.9)**	**(330.9)**	**—**	**(330.9)**	**—**
Financial liabilities carried at amortized cost						
Loans and borrowings (including accrued interests and excluding deferred financing fees and lease obligations)	5.9					
-2020 Amended Senior Credit Facility		3,158.4	3,174.2	—	3,174.2	—
- Senior Secured Fixed Rate Notes		1,522.5	1,608.5	1,608.5	—	—
- Nextel Credit facility		1.2	1.2	—	1.2	—
- Overdraft facility		0.2	0.2	—	0.2	—
- SFR network right of use		4.0	1.8	—	1.8	—
- Vendor financing		358.0	358.0	—	358.0	—
-Clientele fee > 20 years		125.3	139.9	—	139.9	—
- Mobile spectrum 2G & 3G		4.5	4.2	—	4.2	—
- Renting debt		3.4	3.0	—	3.0	—
-Loan The Park		0.2	0.2	—	0.2	—
Total financial liabilities carried at amortized cost		**5,177.8**	**5,291.3**	**1,608.5**	**3,682.8**	**—**

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 countercompany 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	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurements
Loans and borrowings : - 2020 Amended Senior Credit Facility - Senior Secured Notes - Overdraft facilities	Market comparison technique : The fair values are based on broker quotes. The brokers providing the quotes are among the most active in the trading of the Senior Credit Facility, and regularly provide quotes to the market. No adjustments to this pricing are needed.	Not applicable.	Not applicable.
Loans and borrowings: - Clientele fee > 20 years - 2G and 3G Mobile spectrum - Vendor Financing - SFR network right of use - Renting Debt - Nextel Credit facility - Loan The Park - Revolving Facility I - Revolving credit facility KBC/ Belfius	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, 2020, 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)	Note	Land, buildings, and leasehold improvements	Network	Construction in progress	Furniture, equipment, and vehicles	Total
Cost						
At December 31, 2019, as reported		**216.1**	**3,780.4**	**158.3**	**101.5**	**4,256.3**
At January 1, 2020, as restated		**216.1**	**3,780.4**	**158.3**	**101.5**	**4,256.3**
Additions		9.2	143.0	18.9	5.9	177.0
Disposal assets Coditel S.à.r.l. ("SFR-Lux")	5.14.3	(0.1)	(16.3)	—	(0.1)	(16.5)
Transfers		—	52.2	(52.2)	—	—
Impairment		—	(1.0)	(2.0)	—	(3.0)
Write off of fully depreciated assets		(4.3)	(23.8)	—	(2.0)	(30.1)
At June 30, 2020		**220.9**	**3,934.5**	**123.0**	**105.3**	**4,383.7**
Accumulated Depreciation						
At December 31, 2019, as reported		**103.7**	**1,742.6**	**—**	**43.2**	**1,889.5**
At January 1, 2020, as restated		**103.7**	**1,742.6**	**—**	**43.2**	**1,889.5**
Depreciation charge for the year		13.6	195.2	—	4.3	213.1
Disposal assets Coditel S.à.r.l. ("SFR-Lux")	5.14.3	(0.1)	(6.3)	—	(0.1)	(6.5)
Impairment / write off		—	(1.0)	—	—	(1.0)
Write off of fully depreciated assets		(4.3)	(23.8)	—	(2.0)	(30.1)
Other		—	(0.4)	—	—	(0.4)
At June 30, 2020		**112.9**	**1,906.3**	**—**	**45.4**	**2,064.6**
Carrying Amount						
At June 30, 2020		108.0	2,028.2	123.0	59.9	2,319.1
At January 1, 2020, as restated		112.4	2,037.8	158.3	58.3	2,366.8

Accrued capital expenditures for property and equipment reached €177.0 million for the six months ended June 30, 2020, and related mainly to investments in the Company's network.

For the six months ended June 30, 2020, the Company removed €30.1 million of gross cost and accumulated depreciation related to fully depreciated assets which are no longer used by the Company.

5.5 Goodwill

The total amount of goodwill as of June 30, 2020 amounted to €1,832.9 million (December 31, 2019 : €1,874.1 million as restated). The decrease of €41.2 million was attributable to the impairment and disposal of Coditel S.à.r.l. ("SFR Lux") (€22.6 million) and the impairment of De Vijver Media (€18.5 million).

(€ in millions)	
December 31, 2019 as reported	**1,874.6**
Purchase Price Allocation - De Vijver Media	4.6
Purchase Price Allocation - Native Nation	(5.2)
December 31, 2019, as restated	**1,874.0**
Impairment - SFR-Lux	(2.8)
Disposal - SFR-Lux	(19.8)
Impairment - De Vijver Media	(18.5)
June 30, 2020	**1,832.9**

For detailed information regarding the purchase price allocation of De Vijver Media and Native Nation, and the disposal of SFR-Lux, we refer to respectively Note 5.14.1, Note 5.14.2 and Note 5.14.3.

As of December 31, 2019, the Company identified three cash generating units, being:

- Telenet (excluding SFR-Lux),
- SFR-Lux, and
- De Vijver Media.

On April 1, 2020, The Company divested its wholly-owned Luxembourg cable subsidiary Coditel S.à r.l. ("SFR-Lux") to Eltrona Interdiffusion S.A. ("Eltrona") and at the same time acquired a 34% stake in the latter from Post Luxembourg. Following both transactions, the Company now holds a 50% minus 1 share ownership in Eltrona, which is the largest cable operator in Luxembourg. As this participation qualifies as a joint venture, SFR-Lux is no longer consolidated.

As the carrying value of the assets held for sale of SFR-Lux exceeded their fair value less costs to sell, an impairment loss on the goodwill related to SFR-Lux amounting to €2.8 million was recognized upon classification of the assets as "assets held for sale".

As a result of the disposal of SFR-Lux on April 1, 2020, the Company identified, as of June 30, 2020 the following two cash-generating units:

- Telenet, and
- De Vijver Media.

De Vijver Media, as a broadcaster with its three TV channels, and as a content production company, was more significantly impacted by the COVID-19 pandemic in comparison with the other Telenet subsidiaries. Advertising revenue decreased significantly and content productions were temporarily stopped. For that reason, COVID-19 was determined to be a triggering event requiring the Company to perform a goodwill impairment test as per June 30, 2020 in respect of the "De Vijver Media" cash-generating unit. Based on a value-in-use calculation taking into account the expected cash flows as determined in the updated business plan for De Vijver Media, which reflects the expected impact of the COVID-19 pandemic on its operations and financial results, and using a pre-tax discount rate of 9.7%, the recoverable amount of the De Vijver Media cash generating unit as per June 30, 2020 was estimated at €141.1 million, compared to a carrying amount of the CGU of €159.6 million. As a consequence, at June 30, 2020, the Company recognized a goodwill impairment charge of €18.5 million reducing the associated goodwill related to this CGU to €48.1 million (see Note 5.13).

5.6 Other intangible assets

(€ in millions)	Note	Network user rights	Trade name	Software	Customer relationships	Broadcasting rights	Other	Total
Cost								
At December 31, 2019, as reported		**294.6**	**188.5**	**817.8**	**203.9**	**251.4**	**34.1**	**1,790.3**
Acquisition of Native Nation and Stream 32 - PPA	5.14.2	—	2.8	—	2.4	—	1.7	6.9
At January 1, 2020, as restated		**294.6**	**191.3**	**817.8**	**206.3**	**251.4**	**35.8**	**1,797.2**
Additions		—	—	82.1	—	36.9	—	119.0
Disposal assets Coditel S.à.r.l.	5.14.3	—	—	(0.2)	(27.0)	—	(0.5)	(27.7)
Transfer to assets held for sale		—	—	—	—	(52.4)	—	(52.4)
Transfers		—	—	—	—	5.5	—	5.5
Write-off of fully amortized assets		—	—	—	—	(107.7)	—	(107.7)
At June 30, 2020		**294.6**	**191.3**	**899.7**	**179.3**	**133.7**	**35.3**	**1,733.9**
Accumulated amortization								
At December 31, 2019, as reported		**175.2**	**131.6**	**455.7**	**100.0**	**133.4**	**4.2**	**1,000.1**
At January 1, 2020, as restated		**175.2**	**131.6**	**455.7**	**100.0**	**133.4**	**4.2**	**1,000.1**
Amortization charge for the year		12.6	3.3	63.1	11.7	56.1	1.6	148.4
Other		—	—	0.1	—	—	—	0.1
Disposal assets Coditel S.à.r.l.	5.14.3	—	—	(0.1)	(8.3)	—	(0.1)	(8.5)
Transfer to assets held for sale		—	—	—	—	(22.4)	—	(22.4)
Transfers		—	—	—	—	5.5	—	5.5
Write-off of fully amortized assets		—	—	—	—	(107.7)	—	(107.7)
At June 30, 2020		**187.8**	**134.9**	**518.8**	**103.4**	**64.9**	**5.7**	**1,015.5**
Carrying amount								
At June 30, 2020		106.8	56.4	380.9	75.9	68.8	29.6	718.4
At January 1, 2020, as restated		119.4	59.7	362.1	106.3	118.0	31.6	797.1

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

Software additions for the six months ended June 30, 2020, were €82.1 million.

Acquisitions of broadcasting rights were €36.9 million, primarily linked to the acquisition of movie rights (€25.6 million) and local content productions (€7.5 million). Write off of fully amortized broadcasting rights were €107.7 million, and mostly related to the Belgian Soccer Jupiler Pro League, seasons 2017-2020.

The transfer of broadcasting rights to assets held for sale relates to the formation of a new Flemish streaming platform, Streamz (see also note 5.17)

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

5.7.1 Investments in and loans to equity accounted investees

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

(€ in millions)	Joint Ventures	Associates	Total
Investments			
At January 1, 2020	**—**	**14.9**	**14.9**
Additions	59.5	0.9	60.4
Reclassification from one header to another	—	0.3	0.3
At June 30, 2020	**59.5**	**16.1**	**75.6**
Share in the result			
At January 1, 2020	**—**	**(0.2)**	**(0.2)**
Share in the result	0.8	0.5	1.3
At June 30, 2020	**0.8**	**0.3**	**1.1**
Loans granted			
At January 1, 2020	**—**	**1.6**	**1.6**
Loans granted	—	1.0	1.0
Reclassification from one header to another	—	(0.2)	(0.2)
At June 30, 2020	**—**	**2.4**	**2.4**
Carrying Amount			
At June 30, 2020	60.3	18.8	79.1
At January 1, 2020	—	16.3	16.3

Eltrona Interdiffusion S.A.

On April 1, 2020, Eltrona, the Luxembourg cable operator, has taken over, through a merger, the business of Coditel S.à.r.l. ("SFR-Lux"), a former Telenet subsidiary in Luxembourg. This merger, accompanied by the issue of new shares in favor of Telenet, sealed the strategic partnership struck between the shareholders of Eltrona and Telenet. At the same time, the Post Luxembourg group, a shareholder in Eltrona since 1998, decided to dispose of its 34% holding to Telenet.

Telenet's ownership in Eltrona is 50%-1, and the investment held qualifies as a joint venture, accounted for using the equity method. At June 30, 2020, the carrying amount of the investment was €60.3 million, which consists out of i) €59.5 million (gross) initial investment value, and ii) Telenet's share in the result for the period ended June 30, 2020 of €0.8 million.

The Company was not yet able to perform a detailed allocation of the total purchase price as of June 30, 2020. The preliminary share in the net result of Eltrona is therefore subject to adjustment based on our assessment of the fair values of the acquired identifiable assets and liabilities. The items with the highest likelihood of changing upon the valuation process and thus affecting Telenet's share in the result of Eltrona include property and equipment, goodwill, intangible assets associated with customer relationships and deferred taxes.

5.8 Shareholders' equity

5.8.1 Shareholders' equity

As of June 30, 2020, share capital amounted to €12.8 million (December 31, 2019: €12.8 million).

On April 29, 2020, the Extraordinary General Shareholders' Meeting approved the cancellation of 814,966 own shares acquired by the Company under the Share Repurchase Program 2020. Following the partial share cancellation, the total number of outstanding shares decreased from 114,656,785 to 113,841,819. The loss on the cancellation of the own shares amounted to €35.5 million and was recognized in equity.

The condensed consolidated interim financial statements as of June 30, 2020 showed a negative consolidated equity amounting to €1,486.1 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 5.9.

Own shares

Share Repurchase Program

On February 12, 2020, the Company announced the initiation of a €55.0 million share repurchase program (the "Share Repurchase Program 2020"). Under this Repurchase Program, Telenet could repurchase from time to time up to 1.1 million shares for a maximum consideration of

€55.0 million until October 31, 2020. This program was funded with the Company's existing cash balances. Given the very volatile stock markets as from mid-February onwards as a consequence of the uncertainties of the impact of the global COVID-19 pandemic, it was decided upon to restrict the program with the mandated intermediary to three months, starting from March 2, 2020 and ending on June 2, 2020.

Under this program, 1,100,000 shares were repurchased in 2020 for a total amount of €34.4 million. With this repurchase, the Company completed the aforementioned share buyback program.

Own shares

Following the cancellation of 814,966 own shares on April 29, 2020, the Company held 4,798,447 own shares as of June 30, 2020. No stock options were exercised during the six months ended June 30, 2020.

Dividends

On April 29, 2020, the Annual Shareholders' Meeting approved a gross final dividend over 2019 amounting to €1.3050 per share, amounting in total to €142.3 million for the at that time 109,043,643 dividend-entitled shares. The effective cash payment of the dividend occurred on May 6, 2020.

5.8.2 Employee share based compensation

Stock Option Plan 2020

On March 16, 2020, the board of directors approved a new general stock option plan for the CEO, the Senior Leadership Team and a selected number of employees (the "**Employee Stock Option Plan 2020**" or "**ESOP 2020**"). Each of these stock options entitles the holder thereof to purchase from the Company one existing share of the Company.

On May 11, 2020 the board of directors authorized a grant under this plan to certain beneficiaries. On June 23, 2020, a total of 1,009,087 of the 1,140,955 offered stock options were accepted.

The vesting of these stock options occurs quarterly over a period of 4 years, with a vesting of 10% of the total stock options granted during each of the first 4 quarters and a vesting of 5% of the total stock options granted during each of the 12 following quarters.

The details regarding the stock option plan 2020 granted by the Company are summarized in the table below:

	Grant Date (for accounting purposes)	Fair Value at grant date (in euro)	Share Price (in euro)	Exercise Price (in euro)	Expected Volatility	Expected Option Life	Expected Dividends	Risk-free interest rate
ESOP 2020	June 23, 2020	4.48 - 5.61	37.44	35.16	28.77%-34.54%	4.3 yrs	6.2%	(0.57%) - (0.50)%

Performance shares

On May 11, 2020 the Company granted its CEO, Senior Leadership Team and a selected number of employees a total of 159,367 performance shares (the "**2020 Telenet Performance Shares**"). On June 23, 2020, a total of 156,981 of the 159,367 offered performance shares were accepted. The performance target applicable to the 2020 Telenet Performance Shares is the achievement of an Operating Free Cash Flow (OFCF) CAGR (under US GAAP), when comparing the Operating Free Cash Flow during the period started as of January 1, 2020 and ending on December 31, 2022 to the Operating Free Cash Flow for the period started on January 1, 2019 and ended on December 31, 2019. A performance range of -130% to 130% of the target Operating Free Cash Flow would generally result in award recipients earning 50% to 150% of their 2020 Telenet Performance Shares, subject to reduction or forfeiture based on individual service requirements. The earned 2020 Telenet Performance Shares will vest on May 11, 2023. Any compensation costs attributable to the 2020 Telenet Performance Shares are recognized over the requisite service period of the awards and are included in compensation expense in Telenet's consolidated statement of profit or loss and other comprehensive income.

Restricted shares

On May 11, 2020 the Company granted certain key management personnel a total of 129,144 restricted shares (the "**2020 Telenet Restricted Shares**"). On June 23, 2020, a total of 113,876 of the 129,144 offered restricted shares were accepted. The vesting of these restricted shares occurs annually over a period of 2 years, with a vesting of 40% of the restricted shares granted on May 11, 2021 and a vesting of 60% on May 11, 2022, subject to reduction or forfeiture based on individual service requirements. However, upon vesting, the Telenet shares remain blocked for trading for a period of 2 years, i.e. respectively until May 11, 2023 and May 11, 2024. Any compensation costs attributable to the 2020 Telenet Restricted Shares are recognized over the requisite service period of the awards and are included in compensation expense in Telenet's consolidated statement of profit or loss and other comprehensive income.

In the six months ended June 30, 2020, Telenet recognized €8.0 million of compensation expense for the Telenet share based compensation plans, including €5.1 million related to the equity settled stock option awards, €1.4 million related to the performance share awards and €1.5 million related to the restricted share awards. Total compensation expense for the six months ended June 30, 2019 amounted to €6.9 million.

5.9 Loans and borrowings

The balances of loans and borrowings specified below include accrued interest and debt premiums as of June 30, 2020 and December 31, 2019.

(€ in millions)	June 30, 2020	December 31, 2019, as restated (*)
2020 Amended Senior Credit Facility:		
Revolving Credit Facility AG	—	0.3
Term Loan AN	—	2,040.2
Term Loan AO	—	1,117.9
Term Loan AR	2,038.4	—
Term Loan AQ	1,120.5	—
Senior Secured Fixed Rate Notes:		
USD1000 million Senior Secured Notes due 2028	912.1	912.9
€600 million Senior Secured Notes due 2028	548.8	609.6
Revolving Facility I	1.1	—
Nextel Credit Facility	0.9	1.2
Overdraft facility	0.1	0.2
SFR network right of use	3.9	4.0
Vendor financing	368.8	358.0
Lease obligations	549.0	569.2
Mobile Spectrum 2G and 3G	4.3	4.5
Clientele fee > 20 years	120.8	125.3
Nextel debt Renting	2.5	3.4
Loan The Park	0.2	0.2
Revolving Credit facility KBC/Belfius	0.1	—
	5,671.5	**5,746.9**
Less: deferred financing fees	(11.1)	(13.9)
Total non-current and current loans and borrowings	**5,660.4**	**5,733.0**
Less: current portion	(515.5)	(527.0)
Total non-current loans and borrowings	**5,144.9**	**5,206.0**

(*) We refer to 5.1.6 Reporting changes.

At June 30, 2020, Telenet carried a total debt balance (including accrued interest and debt premium) of €5,660.4 million, of which €1,460.9 million is related to the Senior Secured Fixed Rate Notes with a maturity of March 2028 and €3,158.9 million is owed under its 2020 Amended Senior Credit Facility with maturities ranging from April 2028 through April 2029.

The Company's total debt balance at June 30, 2020 also included a principal amount of €368.8 million related to Telenet's vendor financing program, substantially all of which is maturing within less than twelve months. The remainder primarily represents lease obligations associated with the Interkabel Acquisition and lease liabilities following the adoption of IFRS 16.

In January 2020, the Company announced the successful issuance and pricing of Term Loan AR (a 8.25 years USD 2.295 million term loan) and Term Loan AQ (a 9.25 years €1.110 million term loan). The net proceeds of these issuances were used to early redeem facilities Term loan AN (USD 2,295 million) and Term loan AO (€1.110 million). The transaction qualified as a substantive modification, as result of which all remaining deferred financing charges and discount premiums of Term Loan AO and Term Loan AN were recognized as a loss on extinguishment of debt, for an amount of €18.0 million as per June 30, 2020. The company incurred debt issuance costs for a total amount of €10.8 million which were recorded on the balance sheet as deferred financing costs. These mostly relate to arrangement- and rating fees together with an original issuance discount resulting from the fact that Term Loan AR was issued below par (99.75%).

In April 2020, Telenet successfully completed the 10% repurchase of its 3.50% €600.0 million Senior Secured Fixed Rate Notes due March 2028 for an aggregate amount of €56.6 million at a weighted average price of 94.375% The transaction was settled through excess cash on the Company’s balance sheet . Telenet canceled the repurchased Notes in full, including the settlement of accrued interest. Through this transaction, the outstanding principal amount under the Notes decreased to €540.0 million. As a result of the fact that the 10% bonds could be repurchased at an average price of 94.375% while they were issued at par, the Company recognized a net gain on extinguishment of debt of €2.8 million.

In April 2020, Telenet entered into a new 6.2-year €510.0 million Revolving Facility I which replaces the Company's €460.0 million revolving credit facilities with certain availabilities up to June 2023. The new Revolving Facility I has a maturity of May 31, 2026, a margin of 2.25% over EURIBOR (floored at 0%) and a commitment fee of 40% of the margin. As the borrowing capacity of the new revolving credit facility exceeds the borrowing capacity of the old revolving credit facility, the unamortized deferred costs, fees paid to the creditor, and any third-party costs incurred, are associated with the new arrangement, i.e. deferred and amortized over the term of the new arrangement. Telenet incurred debt issuance costs of €2.6 million with regard to the aforementioned refinancing. The Revolving Facility I can be used for general corporate purposes, which may include acquisitions, distributions to shareholders and general working capital. At June 30, 2020, this facility was fully undrawn.

Excluding (i) accrued interests, (ii) lease obligations and (iii) short-term liabilities related to Telenet's vendor financing program, the Company faces no debt maturities prior to March 2028 with a weighted average maturity of 8.0 years at June 30, 2020. In addition, Telenet also had full access to €555.0 million of undrawn commitments under the revolving credit facilities at June 30, 2020 with certain availabilities up to May 2026.

The table below provides an overview of the aggregate future principal payments of the total borrowings under all of the Company's loans and borrowings other than the leases and other types of financing as of June 30,2020.

(€ in millions)	**Total Facility as per**	**Drawn amount**	**Undrawn amount**	**Maturity Date**	**Interest rate**	**Interest payments due**
June 30, 2020						
2020 Amended Senior Credit Facility:						
Term Loan AR (USD 2.295 billion)	2,041.2	2,041.2	—	April 30, 2028	Floating | 6-month USD LIBOR (0% floor) + 2.00%	Semi-annually (Jan. and Jul.)
Term Loan AQ	1,110.0	1,110.0	—	April 30, 2029	Floating | 6-month Euribor (0% floor) + 2.25%	Semi-annually (Jan. and Jul.)
Revolving Facility I	510.0	—	510.0	May 31, 2026	Floating | 6-month Euribor (0% floor) + 2.25%	Quarterly
Revolving Credit Facility						
Revolving Credit Facility	20.0	—	20.0	September 30, 2021	Floating | 1-month Euribor (0% floor) + 2.00%	Quarterly
BNP Bank Overdraft						
BNP Bank Overdraft	25.0	—	25.0	June 30, 2021	Floating | 1-month Euribor (0% floor) + 1.60%	Not applicable
Senior Secured Fixed Rate Notes						
USD 1.0 billion Senior Secured Notes due 2028 (Term Loan AJ)	889.4	889.4	—	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.)
Total notional amount	**5,135.6**	**4,580.6**	**555.0**			

5.10 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, 2020**	**December 31, 2019, as restated (*)**
Current assets	45.2	61.7
Non-current assets	111.7	55.3
Current liabilities	(70.8)	(69.5)
Non-current liabilities	(283.0)	(261.4)
	(196.9)	**(213.9)**
Interest rate derivatives	(150.6)	(153.7)
Cross Currency Interest Rate Swaps	(46.6)	(62.0)
Foreign exchange forwards	0.3	1.8
	(196.9)	**(213.9)**

(*) we refer to Note 5.14 and 5.1.6 for detailed information regarding the impact of the finalization of the purchase price allocation the acquisition of De Vijver Media, Native Nation and Stream32.

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

(€ in millions)	**June 30, 2020**	**June 30, 2019, as restated (*)**
Change in fair value		
Cross currency interest rate swaps	15.3	(62.1)
Interest rate derivatives	(13.7)	(35.2)
Foreign exchange forwards	(1.5)	(0.4)
Interest rate caps	16.9	—
Total change in fair value	**17.0**	**(97.7)**
Realized result on derivatives		
Cross currency interest rate swaps	26.9	25.9
Interest rate derivatives	(21.2)	(7.5)
Foreign exchange forwards	—	0.6
Total realized result on derivatives	**5.7**	**19.0**
Net gain (loss) on derivative financial instruments	**22.7**	**(78.7)**

(*) we refer to Note 5.14 and 5.1.6 for detailed information regarding the impact of the finalization of the purchase price allocation the acquisition of De Vijver Media, Native Nation and Stream32.

The gain for the six months ended June 30, 2020 of €17.0 million is mainly the result of a slight downward shift in the euro swap curve, which had a negative impact on the mark-to-market valuation of the Company's cross currency interest rate swaps and interest rate derivatives, more than offset by a higher Eur/USD rate positively impacting the cross currency interest rate swaps valuations and a more negative EURIBOR rate which favorably impacts the Interest rate options portfolio valuation.

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

5.11 Income taxes

(€ in millions)	For the six months ended June 30,	
	2020	2019, as restated (*)
Current tax expense	(5.6)	(65.8)
Deferred tax income	(10.8)	29.2
Income tax expense	**(16.4)**	**(36.6)**

(*) we refer to Note 5.14 and 5.1.6 for detailed information regarding the impact of the finalization of the purchase price allocation the acquisition of De Vijver Media, Native Nation and Stream32.

The Company recognized €5.6 million of current tax expense for the six months ended June 30, 2020, which combined with the payment of €0.5 million of income taxes for the six months ended June 30, 2020, brought the current tax liability to €248.4 million as of June 30, 2020 (December 31, 2019: €243.3 million).

Telenet recorded income tax expense of €16.4 million for the six months ended June 30, 2020 compared to €36.6 million for the six months ended June 30, 2019. The Company's income tax expense for the six months ended June 30, 2020 was favorably impacted by the recognition of the innovation income tax deduction, including a one-time effect of deductions related to prior periods.

Telenet Group Holding NV and its subsidiaries had available combined cumulative tax loss carry forwards of €1,269.6 million as of June 30, 2020 (December 31, 2019: €1,383.4 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 and Luxembourg tax laws, these loss carry forwards have indefinite lives 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 (including COVID-19 assessment). The same assessment is applied for group companies that incurred losses during one of the last two years, but where management was able to determine with sufficient probability, based on the business plans and projections of their taxable results, that the losses carried forward will be utilized in the foreseeable future (Telenet Group NV and Telenet International Finance Sarl were in this position and recorded a net DTA of respectively €110.7 million and €93.2 million on June 30, 2020).

The Company did not recognize deferred tax assets of €142.5 million as per June 30, 2020 (December 31, 2019: €133.7 million) in respect of tax losses carried forward amounting to €570.0 million (December 2019: €534,8 million) because it is not considered more likely than not that these net deferred tax assets will be utilized in the foreseeable future.

5.12 Revenue

The Company’s revenue is comprised of the following:

(€ in millions)	For the six months ended June 30,	
	2020	**2019, as restated (*)**
Subscription revenue		
Video	284.0	287.9
Broadband internet	323.5	323.1
Fixed-line telephony	113.8	109.8
Cable Subscription revenue	**721.3**	**720.8**
Mobile telephony	223.0	217.3
Total Subscription revenue	**944.3**	**938.1**
Business services	98.3	102.7
Other	229.6	220.8
Total Revenue	**1,272.2**	**1,261.6**

(*) we refer to Note 5.14 and 5.1.6 for detailed information regarding the impact of the finalization of the purchase price allocation the acquisition of De Vijver Media, Native Nation and Stream32.

For the six months ended June 30, 2020, the Company generated revenue of €1,272.2 million, which was up 1% versus €1,261.6 million in the prior year period. Telenet's H1 2020 revenue included a full six-month contribution from the local media company De Vijver Media NV, of which the Company acquired the remaining 50% stake on June 3, 2019 and which has been fully consolidated as of then. As of April 1, 2020, Telenet's financial results no longer include the contribution of their Luxembourg cable subsidiary Coditel S.à r.l., which has been merged into Eltrona as mentioned in note 5.14.3 and in which Telenet holds a 50% minus 1 share shareholding.

The Company's total subscription revenue, including both cable and mobile subscription revenue, increased nearly 1%. This solid performance was driven by (i) continued solid momentum for Telenet's FMC bundles in both the residential and the business segments, (ii) the uptiering of broadband customers to higher speed bundles and (iii) the benefit of the August 2019 rate adjustments. This effect was almost fully offset by lower business services revenue, reflecting the negative effects from COVID-19 primarily on the Company's ICT integrator business.

The Company's other revenue amounted to €229.6 million for the six months ended June 30, 2020, a 4% year-on-year increase, because of six month contribution of De Vijver Media, versus one month in the comparative period, partially compensated by lower interconnect revenues.

(€ in millions)	For the six months ended June 30,	
	2020	2019, as restated (*)
Interconnect	79.2	95.8
Sale of handsets and customer premise equipment	44.4	55.1
Wholesale	47.1	48.0
Advertising and production	44.8	7.7
Other	14.1	14.2
Total other revenue	**229.6**	**220.8**

(*) we refer to Note 5.14 and 5.1.6 for detailed information regarding the impact of the finalization of the purchase price allocation the acquisition of De Vijver Media, Native Nation and Stream32.

The Company also had deferred revenue as follows:

(€ in millions)	June 30, 2020	December 31, 2019, as restated (*)
Subscription revenue		
Video	16.3	18.2
Broadband internet	24.8	24.8
Fixed-line telephony	16.6	15.6
Cable Subscription revenue	**57.7**	**58.6**
Mobile telephony	31.9	23.4
Total Subscription revenue	**89.6**	**82.0**
Business services	22.7	18.0
Other	5.2	3.5
Total Deferred Subscription Revenue	**117.5**	**103.5**
Other contract liabilities IFRS 15	**7.3**	**8.1**
Total Deferred Revenue	**124.8**	**111.6**
Current portion	121.3	107.8
Non-current portion	3.5	3.8

(*) we refer to Note 5.14 and 5.1.6 for detailed information regarding the impact of the finalization of the purchase price allocation the acquisition of De Vijver Media, Native Nation and Stream32.

5.13 Expenses by nature

(€ in millions)		For the six months ended June 30,	
	Note	**2020**	**2019, as restated (*)**
Network operating expenses		100.7	101.9
Direct costs (programming, copyrights, interconnect and other)		242.5	255.3
Staff-related expenses		133.2	128.4
Sales and marketing expenses		40.0	44.4
Outsourced labor and Professional services		14.3	17.4
Other indirect expenses		43.5	49.4
Operating expenses		**574.2**	**596.8**
Restructuring expenses		5.0	1.1
Operating charges related to acquisitions or divestitures		1.7	0.6
Post measurement period adjustments related to business acquisitions		(0.6)	—
Share-based payments granted to directors and employees		8.0	6.9
Depreciation	5.4	213.1	208.8
Amortization	5.6	92.3	84.5
Amortization of broadcasting rights	5.6	56.1	39.0
Impairment of Property and equipment	5.4	2.0	0.3
Impairment of Intangible assets and Goodwill	5.5	21.3	—
Gain on disposal of property and equipment		(3.0)	(1.0)
Non-cash and other items		**395.9**	**340.2**
Total costs and expenses		**970.1**	**937.0**

(*) we refer to Note 5.14 and 5.1.6 for detailed information regarding the impact of the finalization of the purchase price allocation the acquisition of De Vijver Media, Native Nation and Stream32.

For the six months ended June 30, 2020, Telenet incurred total expenses of €970.1 million, representing a 4% increase compared to the prior year period. The Company's total expenses in H1 2020 reflected (i) the aforementioned inorganic impacts from the De Vijver Media acquisition and the merger of Coditel S.à.r.l. into Eltrona and (ii) a €18.5 million goodwill impairment charge on De Vijver Media following the re-assessment of their strategic long-range plan in Q2 2020, reflecting the impact of the COVID-19 pandemic on its financial profile. Total expenses represented approximately 76% of revenue for the six months ended June 30, 2020 (H1 2019: approximately 74%). Cost of services provided as a percentage of revenue represented approximately 55% in H1 2020 (H1 2019: approximately 54%), while selling, general and administrative expenses represented approximately 21% of Telenet's total revenue in H1 2020 (H1 2019: approximately 21%).

The Company'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, decreased nearly 4% on a reported basis for the six months ended June 30, 2020 despite the aforementioned inorganic impacts.

5.14 Acquisition and disposal of subsidiaries

5.14.1 De Vijver Media

In February 2015, the Company acquired 50% of the capital of De Vijver Media NV ("DVM"), a Belgian media company active in free-to-air broadcasting (through its TV channels “VIER”, “VIJF” and "ZES") and content production (through its production company “Woestijnvis”) for a cash purchase price of €52.5 million.

The initial 50% investment in De Vijver Media qualified as a joint venture and was accounted for using the equity method, which as of June 3, 2019 had a carrying amount of €50.9 million. On June 3, 2019, the Company acquired the remaining 50% held by Waterman & Waterman and Corelio NV. As part of accounting for the business combination, the Company remeasured its previously held interest in the equity investment at fair value and took this amount into account in the determination of goodwill. This fair value valuation did not lead to any adjustment recognized in profit or loss or other comprehensive income.

For the six months ended June 30, 2020, the Company did not incur any acquisition-related costs.

The Company accounted for the De Vijver Media acquisition using the acquisition method of accounting, whereby the total purchase price was allocated to the acquired identifiable net assets of DVM based on assessments of their respective fair values, and the excess of the purchase price over the fair values of these identifiable net assets was allocated to goodwill. As of December 31, 2019, the Company performed a detailed provisional allocation of the total purchase price and reported a preliminary opening balance sheet, subject to adjustment based on the final assessment of the fair values of the acquired identifiable assets and liabilities. As of June 3, 2020, the purchase price allocation was finalized. The fair value adjustment on the intangible assets (€0.5 million) mainly related to the acquired brandnames (-€1.5 million), customer relationships (-€11.6 million) and other intangible assets subject to amortization consisting of the order backlog and the format catalogue (€14.5 million), as well as to the broadcasting rights (-€0.9 million). Together with the deferred tax impact of the above mentioned adjustments (-€4.7 million), goodwill was increased by €4.2 million (of which -€0.4 million had been taken into account during the provisional allocation of the total purchase price last year).

A summary of the purchase price and the identifiable assets acquired and liabilities assumed for the De Vijver Media 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	Fair value adjustments	Fair value of identifiable net assets
Assets					
Non-current assets:					
Property and equipment	7.9	—	7.9	—	7.9
Goodwill	67.2	(67.2)	—	—	—
Other intangible assets	90.5	—	90.5	0.5	91.0
Deferred tax assets	10.2	4.4	14.6	—	14.6
Investments in and loans to equity accounted investees	0.5	—	0.5	—	0.5
Derivative financial instruments	1.5	—	1.5	—	1.5
Other assets	3.0	(3.0)	—	—	—
Total non-current assets	**180.8**	**(65.8)**	**115.0**	**0.5**	**115.5**
Current assets:					
Inventories	—	—	—	—	—
Trade receivables	24.4	5.3	29.7	—	29.7
Other current assets	11.5	(4.7)	6.8	—	6.8
Cash and cash equivalents	36.5	—	36.5	—	36.5
Total current assets	**72.4**	**0.6**	**73.0**	**—**	**73.0**
Total assets acquired	**253.2**	**(65.2)**	**188.0**	**0.5**	**188.5**
Liabilities					
Non-current liabilities:					
Loans and borrowings	(64.1)	—	(64.1)	—	(64.1)
Deferred tax liabilities	(11.5)	0.1	(11.4)	(4.7)	(16.1)
Other liabilities	(2.4)	2.4	—	—	—
Total non-current liabilities	**(78.0)**	**2.5**	**(75.5)**	**(4.7)**	**(80.2)**
Current liabilities:					
Loans and borrowings	(1.4)	—	(1.4)	—	(1.4)
Trade payables	(39.9)	—	(39.9)	—	(39.9)
Accrued expenses and other current liabilities	(23.9)	(0.8)	(24.7)	—	(24.7)
Deferred revenue	(4.3)	—	(4.3)	—	(4.3)
Derivative financial instruments	(1.1)	—	(1.1)	—	(1.1)
Current tax liability	(1.2)	1.1	(0.1)	—	(0.1)
Total current liabilities	**(71.8)**	**0.3**	**(71.5)**	**—**	**(71.5)**
Total liabilities assumed	**(149.8)**	**2.8**	**(147.0)**	**(4.7)**	**(151.7)**
Fair value of identifiable net assets acquired					**36.8**
Fair value of the previously held equity investment (initial 50% stake)					50.9
Consideration paid for the remaining 50% stake					52.5
Total consideration transferred 100% stake					**103.4**
Final goodwill arising from the acquisition					**66.6**

In the period from June 3, 2019 till June 30, 2019, De Vijver Media contributed revenue of €7.9 million and a loss of €1.6 million to the Company's results. If the acquisition had occurred on January 1, 2019, management estimates that consolidated revenue for the six months ended June 30, 2019 would have been €1,314.2 million, and consolidated operating result for the period would have been €314.2 million.

In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on January 1, 2019.

5.14.2 Native Nation

On October 18, 2019, pursuant to a definitive agreement, the Company acquired 100% of the shares in two related companies, being (i) Native Nation, and (ii) Stream 32, collectively referred to as "Native Nation".

The total initial purchase price paid at acquisition amounts to €3.0m, of which €2.7m was paid and €0.3m was withheld. In addition to the initial purchase price, an earn-out is applicable based on the performance criteria related to EBITDA and revenue targets for the years 2020, 2021 and 2022. Based on the available financial information at acquisition date, the Company estimated and recognized an earn-out liability amounting in total to €2.7 million. The acquisition did not require any regulatory approval.

Native Nation started in 2017 and developed various influencer marketing & PR campaigns online. With Smart AD, SBS, as part of the Telenet group, successfully launched personalized advertising on live television in Flanders. The acquisition of Native Nation offers SBS broader commercial opportunities within a rapidly evolving advertising market where creative influencer marketing is gaining in importance.

For the six months ended June 30, 2020, the Company did not incur any material acquisition-related costs.

The Company accounted for the Native Nation acquisition using the acquisition method of accounting, whereby the total purchase price was allocated to the acquired identifiable net assets of Native Nation based on assessments of their respective fair values, and the excess of the purchase price over the fair values of these identifiable net assets was allocated to goodwill. As of December 31, 2019, the Company was still in the process of executing a detailed allocation of the total purchase price and reported a preliminary opening balance sheet, subject to adjustment based on the assessment of the fair values of the acquired identifiable assets and liabilities. In the course of the six months ended June 30, 2020, the Company performed a detailed provisional allocation of the total purchase price. The fair value adjustment on the intangible assets (€6.9 million) mainly related to the acquired tradenames (€2.8 million), customer relationships (€2.4 million) and other intangible assets subject to amortization, mainly consisting of a technological Influencer Platform (€1.7 million). The deferred tax adjustment resulting from the purchase price allocations amounted to -€1.7 million and is reported under non-current deferred tax liabilities. Goodwill has therefore been reduced by €5.2 million. The adjustment to the fair value and the remaining useful lives of the respective intangible assets, did not result in any material amortization recognized for the period between the acquisition date and December 31, 2019. The accounting of the acquisition can still be revised based on the ongoing purchase price allocation which will be completed within one year of the date of acquisition. None of the goodwill recognized is expected to be deductible for tax purposes.

As a result of the acquisition of Native Nation, the Company acquired in total €0.4 million of trade receivables and €0.2 million of unbilled revenue. No significant amounts were identified as not collectible. These receivables relate to a limited number of counterparties with a low credit risk.

A summary of the purchase price and the identifiable assets acquired and liabilities assumed for the Native Nation 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	Fair value adjustments	Fair value of identifiable net assets
Assets					
Non-current assets:					
Property and equipment	—	0.4	0.4	—	0.4
Goodwill	5.1	(5.1)	—	—	—
Other intangible assets	0.1	—	0.1	6.9	7.0
Total non-current assets	**5.2**	**(4.7)**	**0.5**	**6.9**	**7.4**
Current assets:					
Trade receivables	0.4	—	0.4	—	0.4
Other current assets	0.2	—	0.2	—	0.2
Cash and cash equivalents	0.2	—	0.2	—	0.2
Total current assets	**0.8**	**0.0**	**0.8**	**0.0**	**0.8**
Total assets acquired	**6.0**	**(4.7)**	**1.3**	**6.9**	**8.2**
Liabilities					
Non-current liabilities:					
Loans and borrowings	—	(0.4)	(0.4)	—	(0.4)
Deferred tax liabilities	—	—	—	(1.7)	(1.7)
Total non-current liabilities	**0.0**	**(0.4)**	**(0.4)**	**(1.7)**	**(2.1)**
Current liabilities:					
Loans and borrowings	—	(0.1)	(0.1)	—	(0.1)
Trade payables	(0.1)	—	(0.1)	—	(0.1)
Accrued expenses and other current liabilities	(0.1)	—	(0.1)	—	(0.1)
Current tax liability	(0.1)	—	(0.1)	—	(0.1)
Total current liabilities	**(0.3)**	**(0.1)**	**(0.4)**	**0.0**	**(0.4)**
Total liabilities assumed	**(0.3)**	**(0.5)**	**(0.8)**	**(1.7)**	**(2.5)**

Fair value of identifiable net assets acquired	**5.7**
Total consideration transferred	**5.7**
Final goodwill arising from the acquisition	**0.0**

5.14.3 Coditel S.à.r.l.

On April 1, 2020, Eltrona Interdiffusion SA, a Luxembourg cable operator, took over, through a merger, the business of the Coditel S.à.r.l. ("SFR-Lux") entity in Luxembourg, owned by Telenet in exchange for newly issued shares of Eltrona in favour of Telenet. At the same time, the Post Luxembourg group, a shareholder in Eltrona since 1998, sold its 34% holding to Telenet for which a consideration in cash was paid for a total amount of €20.0 million. Upon the carve out of Eltrona's property, the Company received €2.3 million in cash as part of the overall transaction.

Subsequent to the aforementioned transactions, the existing shareholders in Eltrona hold 50%+1 share while Telenet holds 50%-1 share of the merged entity. The 50%-1 investment in Eltrona qualifies as a joint venture and is accounted for using the equity method. The initial carrying amount of the investment amounted to €59.5 million (Note 5.7.1).

This transaction resulted in the derecognition of the SFR-Lux subsidiary and the recognition of Telenet's interest in the new joint venture with Eltrona under the equity method of accounting. As the carrying value of the assets classified as held for sale exceeded their fair value less costs to sell, an impairment loss was initially recognized on the goodwill allocated to the SFR-Lux's cash generating unit amounting to €2.8 million. Upon closing of the transaction, the Company recognized a loss of €4.3 million on the divestment as the carrying value of the assets and liabilities contributed by Telenet in Eltrona exceeded the fair value of the shares received in return.

Telenet recognized its €0.8 million share in the net profit of Eltrona for the period beginning on the transaction closing date, resulting in a carrying value of the investment of €60.3 million on June 30, 2020.

5.15 Commitments and contingencies

5.15.1 Pending litigations

Interkabel Acquisition

On November 26, 2007, Telenet and the PICs 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).

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 and/or to an obligation of Telenet to pay compensation for damages, subject to the relevant provisions of the 2008 PICs Agreement, which stipulate that Telenet is responsible for damages in excess of €20.0 million. There can be no assurances that the ultimate resolution of this matter will not have a material adverse impact on Telenet's results of operations, cash flows or financial position (although Telenet does not expect this to be the case). No amounts have been accrued by us with respect to this matter as the likelihood of loss is not considered to be probable.

Litigation regarding cable access

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

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

Orange request for access to Coditel's network

On February 11, 2016, Orange Belgium SA ("Orange") made an official request for access to the cable network of Coditel, which was acquired by Telenet Group on June 19, 2017. On February 19, 2016, Orange transferred a sum of €600,000 to Coditel as required to launch the six-month implementation period to put in place the necessary measures to give Orange access to the cable network pursuant to the July 2011 Decision. In principle, the implementation period ended on August 19, 2016. As Orange had not yet obtained effective access to Coditel's network in December 2016, Orange brought a claim for damages against Coditel on December 29, 2016 in front of the French-speaking Commercial Court of Brussels. Orange claimed to have suffered a loss of €8,973 per day of delay. On January 16, 2017, Orange also initiated interim proceedings, but these have in the meantime been withdrawn. On 14 November 2019, Orange revised its claim to a lump-sum amount of €10,021,040.

The proceedings in front of the French-speaking Commercial Court of Brussels are still ongoing. Coditel considers that Orange has in the meantime obtained effective access to Coditel's cable network.

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 case management hearing is scheduled on 5 October 2020 on which the parties will agree on a new trial schedule on the remaining issues. A final judgment on these issues is not to be expected before 2022.

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

Playright

Playright (formerly Uradex) is a Belgian collecting society and claims neighboring rights fees and damages from distributors such as Telenet for the cable transmission of performances of performers ('uitvoerende kunstenaars') in TV programs distributed between 1 January 2015 and 31 December 2015. A writ of summons from PlayRight has been notified to Telenet on 27 December 2019. Playright and the distributors are currently discussing the terms of a possible mediation. Meanwhile, separate proceedings have been initiated by Playright against other distributors. Attempts to organize a mediation with all concerned parties are still taking place. Without such mediation, the trial will continue but we don't have a trial schedule yet. It us unlikely that there will be a judgment in

2021. Playrights' claim can be opposed as there is no agreement whatsoever about the tariffs and Telenet has concluded an agreement with Agicoa covering Playright's claim for the period concerned.

Cyclocross

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

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

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

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

Pylon taxes

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

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

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

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

On 15 February 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 per June 30, 2020, Telenet has recognised a provision of €51.2 million in this respect. Telenet and the KPN Group have moreover agreed on certain recourse arrangements in respect of certain (pre-2015) pylon taxes in their sale and purchase agreement with respect to BASE Company NV. It can however not be excluded that other taxes on telecom equipment will in the future be imposed, which may have a significant negative financial impact on Telenet.

Lucerne

As from 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 12 November 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.

5.15.2 Other contingent liabilities

Other 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.

5.16 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 2020 and 2019. Related parties further include transactions with Pebble Media NV, Doccle CVBA and Doccle.Up NV, Idealabs Telenet Fund NV, Unit-T, Eltrona Interdiffusion S.A. and Triangle Factory BV.

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

5.16.1 Statement of financial position

(€ in millions)	**June 30, 2020**	**December 31, 2019, as restated (*)**
Trade receivables		
Liberty Global Consortium (parent)	1.1	1.7
Associates	—	7.0
Trade payables, accrued trade liabilities and other liabilities		
Liberty Global Consortium (parent)	13.0	11.9
Joint Ventures	3.2	—
Associates	1.8	12.1
Loans and borrowings receivable		
Associates	2.4	1.6
Property and equipment		
Liberty Global Consortium (parent)	5.6	7.1
Other intangible assets		
Liberty Global Consortium (parent)	2.3	4.5

(*) we refer to Note 5.14 and 5.1.6 for detailed information regarding the impact of the finalization of the purchase price allocation the acquisition of De Vijver Media, Native Nation and Stream32.

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

The Company has established a purchase policy including clear rules applicable for all transactions with related parties. The policy includes guidelines on proper review, documentation and approval of such transactions, to ensure that all transactions with Liberty Global Consortium (and other related parties) are in correspondence with corporate decision taking, in conformity with article 7:97 (former article 524) of the Belgian Company Code.

5.16.2 Statement of profit or loss and other comprehensive income

(€ in millions)	**For the six months ended June 30,**	
	2020	**2019, as restated (*)**
Revenue		
Liberty Global Consortium (parent)	0.7	0.6
Joint Ventures	0.8	—
Associates	0.5	1.5
Operating expenses		
Liberty Global Consortium (parent) [1]	10.1	2.1
Associates	21.6	30.4
Loss on disposal of assets Coditel S.à.r.l.[2]		
Joint Ventures	4.3	—

[1] Includes recharged expenses of €1.0 million during the six months ended June 30, 2020.

[2] See note 5.14.3. regarding the disposal of Coditel S.à.r.l. ("SFR-Lux") to Eltrona.

(*) we refer to Note 5.14 and 5.1.6 for detailed information regarding the impact of the finalization of the purchase price allocation the acquisition of De Vijver Media, Native Nation and Stream32.

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: local 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 taking, in conformity with article 7:97 (former article 524) of the Belgian Company Code.

Operating expenses for the six months ended June 30, 2020 include €21.6 million for transactions with associates, which is a €8.8 million decrease compared to the six month period ended June 30, 2019. The balance of €21.6 million for the six months ended June 30, 2020 mainly consists of transactions with Unit-T of €21.1 million. The balance for the six months ended June 30, 2019 included €11.0 million for transactions with De Vijver Media (mainly recharged production costs, and costs for Digital Basic) for the period prior to acquisition date, which is no longer included in the six months ended June 30, 2020. The Company also capitalized labor from transactions with Unit-T for an amount of €16.9 million as of June 30, 2020.

Operating expenses arising from transactions with Liberty Global Consortium mainly relate to the recharge of content costs and content contracts (€5.6 million), centrally purchased maintenance contracts (€2.8 million), technology related costs (€0.6 million) telecommunication services (€0.3 million), treasury services (€0.2 million), internal audit services (€0.1 million), costs for rating- and surveillance services (€1.0 million), employee expenses (€0.1 million), director fees (€0.1 million), marketing costs (€0.1 million) and IP transit (€0.1 million) partially offset by recharged expenses for certain technology related costs (€-0.6 million), and employee charges (€-0.4 million).

Revenue generated by transactions with Liberty Global Consortium were €0.7 million for the six months ended June 30, 2020, which is mainly linked to the charge-through of content costs (€0.5 million) and IP Peering (€0.2 million).

Revenue related to transactions with associates and joint ventures was €0.5 million and €0.8 million respectively, and primarily relates to Telenet's share in the result (see note 5.7).

5.16.3 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,	
	2020	**2019, as restated (*)**
Salaries and other short-term employee benefits	3.3	3.7
Post-employment benefits	0.3	0.3
Share-based payments (compensation cost recognized)	3.3	4.6
	6.9	**8.6**

(*) we refer to Note 5.14 and 5.1.6 for detailed information regarding the impact of the finalization of the purchase price allocation the acquisition of De Vijver Media, Native Nation and Stream32.

5.17 Subsequent events

DPG Media and Telenet launch Streamz

Earlier this year, the two companies announced their intention of setting up a joint venture to launch a new local streaming platform with Flemish and international content. In the framework of this transaction Telenet would dispose certain content-related assets and employees to the joint-venture, which qualified as assets and liabilities held for sale in accordance with IFRS 5 at June 30, 2020. As per June 30, 2020 the Company accounted for i) assets held for sale of €29.9 million and ii) liabilities directly associated with assets held for sale of €5.0 million.

The European Commission gave its approval for this on August 12, 2020, and the transaction was closed on September 1st, 2020, as result of which the assets and liabilities classified as held for sale at June 30, 2020, were derecognized and contributed into the Streamz joint venture, and Telenet received a 50% stake in the joint venture in return upon entrance of DPG buying the other 50% of the shares. Consequently, Telenet holds a stake of 50% in Streamz. As the fair value of the shares received exceed the carrying amount of the assets and liabilities classified as held for sale, this transaction will result in a gain on disposal in the third quarter of 2020.

Telenet concludes an agreement with Eleven Sports for the distribution of Belgian Football

On August 14, 2020, Telenet and Eleven Sports reached an agreement regarding the distribution of the three new Eleven Sports' Pro League channels covering the next five football seasons till June 2025. As a result, Play Sports subscribers will be able to watch live the Belgian football matches of the Jupiler Pro League and the Division 1B. The weekend highlights are acquired and will be broadcasted free-to-air on the TV channels of SBS during the term of the agreement.

Statutory auditor's report to the board of directors of Telenet Group Holding NV on the review of the condensed consolidated interim financial information as at 30 June 2020 and for the 6-month period then ended

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Telenet Group Holding NV as at 30 June 2020, the condensed consolidated interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the 6-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 30 June 2020 and for the 6-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, 28 September 2020

KPMG Réviseurs d'Entreprises / Bedrijfsrevisoren Statutory Auditor
represented by

Götwin Jackers
Réviseur d'Entreprises / Bedrijfsrevisor

Notes

CORPORATE COMMUNICATIONS

T. 015 33 30 00 - www.telenet.be

RESPONSIBLE EDITOR

Telenet, Rob Goyens, Liersesteenweg 4, 2800 Mechelen