FINANCIAL REPORT 2019

Abridged annual report of the board of directors to the annual general meeting of shareholders

This section contains an abridged version of the statutory (non-consolidated) annual accounts and annual report of Telenet Group Holding NV (TGH).

The statutory auditor issued an unqualified opinion on the statutory accounts of Telenet Group Holding NV as of and for the year ended December 31, 2019. The second part of the auditor's report includes specific additional paragraphs in accordance with article 523 of the Belgian Company Code (conflict of interest reported by a member of the board of directors).

The full version of the annual accounts will be filed with the National Bank of Belgium and are available on the Company's website (http://investors.telenet.be).

1. Abridged non-consolidated balance sheet Telenet Group Holding NV (Statutory accounts)

(€ in millions)	As of December 31,	
	2019	**2018**
Assets		
Non-current assets:		
Financial assets	5,121.1	5,172.7
Total non-current assets	**5,121.1**	**5,172.7**
Current assets:		
Amounts receivable within 1 year	27.3	39.0
Other investments and deposits	209.2	312.5
Cash at bank and in hand	1.2	4.5
Deferred charges and accrued income	—	0.6
Total current assets	**237.7**	**356.6**
Total assets	**5,358.8**	**5,529.3**

(€ in millions)	As of December 31,	
	2019	**2018**
Equity and Liabilities		
Equity:		
Capital	12.8	12.8
Share premium	80.7	80.7
Reserves	277.0	380.3
Profit to be carried forward	4,477.5	4,262.8
Total equity	**4,848.0**	**4,736.6**
Liabilities:		
Provisions	9.5	24.0
Amounts payable after more than 1 year	151.2	174.0
Amounts payable within 1 year	350.1	594.7
Total liabilities	**510.8**	**792.7**
Total Equity and Liabilities	**5,358.8**	**5,529.3**

2. Abridged non-consolidated income statement Telenet Group Holding NV (Statutory accounts)

(€ in millions)	**For the years ended December 31,**	
	2019	**2018**
Operating Income	2.1	14.9
Operating expenses	9.2	(12.7)
Operating profit / (loss)	**11.3**	**2.2**
Finance income	474.8	33.5
Finance expenses	(27.3)	(22.5)
Taxes	—	(0.1)
Profit/(loss) to be appropriated	**458.8**	**13.1**

3. Capital Telenet Group Holding NV (Statutory accounts)

	2019	
	(€ in millions)	*(number of shares)*
Issued capital		
January 1, 2019	**12.8**	**114,656,785**
December 31, 2019	**12.8**	**114,656,785**

Composition of the capital		
Dispreference shares	—	94,843
Golden shares	—	30
Ordinary shares without nominal value	12.8	114,561,912

4. Accounting Policies Telenet Group Holding NV (Statutory accounts)

4.1 General

The Accounting Policies have been determined in accordance with the conditions of Chapter II of the Royal Decree of January 30, 2001 on the financial statements of companies.

4.2 Specific accounting policies

4.2.1 Formation expenses

The capitalized issuance costs relating to the Senior Notes are amortized over the term of the loan and recognized in earnings pro rata the monthly amount of interest. As from 2011 onwards, debt issuance costs are expensed as incurred.

4.2.2 Financial assets

Investments are recorded at their acquisition value. For the investments recorded under the heading "Financial fixed assets", an impairment loss is accounted for in case of permanent capital loss or decline in value, justified by the situation, profitability or outlook of the respective investees.

4.2.3 Amounts receivable within one year

Amounts receivable are recorded on the balance sheet at their nominal value. An appropriate write-down will be made if part or all of the payment on the due date is uncertain, or if the recoverable amount on the balance sheet date is lower than the book value.

Amounts receivable in foreign currency are converted at the official exchange rate applicable on the date when the invoice is posted. At the end of the financial year, they are converted using the official exchange rate on the balance sheet date.

Every component of the assets is valued individually. Depreciation was calculated on an annual basis up to 2001 and on a monthly basis from 2002 onwards. As a general rule, each component of the assets is valued at its acquisition cost, and shown in the balance sheet at that amount, minus any depreciation or write-downs. The amounts receivable are also shown, in principle, at their nominal value.

4.2.4 Other investments and cash at bank and in hand

Balances held with financial institutions are valued at their nominal value.

Securities are valued at their acquisition value. Other cash equivalents are shown at their nominal value.

The additional expenses are charged immediately to earnings. Write-downs are accounted for if the recoverable amount on the balance sheet date is lower than the book value.

4.2.5 Amounts payable after more than 1 year and within 1 year

Creditors are shown in the balance sheet at their nominal value. Trade creditors in foreign currency are shown at the exchange rate on the date when the incoming invoice was posted. At the end of the financial year, they are converted using the exchange rate on the balance sheet date.

4.2.6 Fees related to long term financing

The deferred financing fees including early redemption fees and debt issuance costs which are expensed as incurred.

4.2.7 Income statement

Income and expenses are recognized in the period to which they relate.

5. Abridged annual report concerning the statutory annual accounts of Telenet Group Holding NV

5.1 Comments on the balance sheet

5.1.1 Financial assets

Investments amounted to €5,120.0 million as of December 31, 2019 (2018: €5,171.9 million) and consisted of:

(€ in millions)	As of December 31,	
	2019	**2018**
Investees		
Telenet Vlaanderen NV	0.3	0.3
Telenet Group NV	5,116.6	5,116.6
De Vijver Media NV	—	52.2
Idealabs Telenet Fund NV	0.6	0.6
Imec.istart Fund	0.6	0.3
Recneps NV	1.9	1.9
Telenet Retail BVBA	—	—
Investees	**5,120.0**	**5,171.9**
Amounts receivables from affiliated companies		
Doccle Up NV	0.3	—
Doccle cvba	0.3	0.3
Idealabs Telenet Fund NV	0.5	0.5
Amounts receivables from affiliated companies	**1.1**	**0.8**
Non-current financial assets	**5,121.1**	**5,172.7**

5.1.2 Amounts receivable within one year

In accordance with advice CBN 2012/3 with respect to the accounting treatment of stock option plans, the Company recognized a provision amounting to € 9.5 million as of December 31, 2019 (2018: € 24.0 million) related to the expected future loss on own shares when the stock options are expected to be exercised. This cost was recharged to Telenet BVBA and Telenet Group NV, the entities in which the beneficiaries are employed and all personnel expenses are incurred. The total outstanding receivable on Telenet BVBA and Telenet Group NV as per December 31, 2019 amounted to respectively €22.7 million and €1.9 million (2018: respectively €38.4million and €0.5 million).

In addition, other current receivables as of December 31, 2019 include a €2.5 million current account receivable on Telenet International Finance S.à.r.l.

5.1.3 Other investments, deposits and cash

The investments as reported at year-end 2019 for an amount of €209.2 million consisted integrally of own shares (2018: €312.5 million). The own shares are held by the Company to cover the Company'sobligations under existing stock option plans. There are no dividend rights for these shares for as long as they remain in possession of the Company. In 2019, the Company delivered 1,364,091 own shares in exchange for stock options exercised and the settlement of the Company's Performance Share Plan 2016 (2018: 498,065 shares).

5.1.4 Capital

No changes occured in the capital of the Company during financial year 2019.

5.1.5 Share premium

No changes occured in this section of the annual accounts.

5.1.6 Reserves

Total reserves at year-end 2019 amounted to €277.0 million (2018: €380.3 million).

(€ in millions)	As of December 31,	
	2019	**2018**
Reserves		
Legal reserve	64.8	64.8
Reserves unavailable for distribution		
- for own shares	209.2	312.5
Untaxed reserves	3.0	3.0
Reserves	**277.0**	**380.3**

On April 24, 2019 and on December 4, 2019, the Extraordinary General Shareholders' Meeting approved the cancellation of respectively 1,881,040 and 1,179,498 own shares acquired by the Company under the share repurchase program 2018bis. Under the aforementioned share repurchase program, 2,332,478 shares were repurchased in 2019 for a total consideration of €101.0 million. Together with the 1,364,091 delivered shares at the occasion of the exercise of stock options, this resulted in a net decrease of the corresponding reserves unavailable for distribution.

The untaxed reserves of €3.0 million relate to the capital reduction of €3.25 as decided upon by the general meeting of shareholders in April 2012 on 648,584 own shares that were held on the payment date, being August 31, 2012. The €2.1 million was not paid out, but added back to the Company's equity as untaxed reserves. The remaining €0.9 million consists of the right to the 2012 dividend and capital reduction of €3.25 and €1.0, respectively) related to the 220,352 own shares held with respect to the obligation under the Company's stock option plans. As this right was cancelled in 2013, the corresponding amount €0.9 million is recognized as untaxed reserves.

5.1.7 Provisions

In accordance with advice CBN 2012/3 with respect to the accounting treatment of stock option plans, the Company accounted for a provision amounting to €9.5 million at December 31, 2019 (2018: €24.0 million) related to the expected future loss on own shares when the stock options are expected to be exercised.

5.1.8 Amounts payable after more than one year

As of December 31, 2019 and 2018, total amounts payable after more than one year consisted of a loan from Telenet International Finance S.à r.l of which €151.2 million is due after more than one year as of December 31, 2019 (2018: €174.0 million) and €188.2 million within one year (2018: €576.2 million). Total reduction of the outstanding loan payable during 2019 resulted primarily from additional funds received as proceeds under this loan for financing of the 2019 interim dividend payment of €62.8 million, offset by a loan settlement through upstream of a dividend income from Telenet Group NV of €474.6 million.

5.1.9 Amounts payable within one year

Amounts payable within one year amounted to €350.1 million as of December 31, 2019 compared to €594.7 million at year-end 2018 and can be detailed as follows:

(€ in millions)	As of December 31,	
	2019	**2018**
Amounts payable within one year		
Trade debts	0.4	13.7
Taxes, remuneration and social security	5.8	3.6
Loan Telenet International Finance S.à r.l	188.2	576.2
Other amounts payable	155.7	1.2
Amounts payable within one year	**350.1**	**594.7**

As of December 31, 2018, trade debt amounted to €13.7 million and consisted almost entirely of invoices to receive from Telenet International Finance S.à r.l related to recharges of fees on debt facilities. As of December 31, 2019, the amount of €0.4 million is related to other professional fees.

The taxes, remuneration and social security outstanding as of December 31, 2019 amounted to €5.8 million (2018: €3.6 million) and consisted primarily of the social security charges related to performance shares which are payable upon vesting of the underlying performance shares amounting to €4.8 million (2018: €2.6 million).

The Company received a loan from Telenet International Finance S. à r.l in order to finance the dividend payments and to fund the Share Buy Back programs, of which the short term portion amount is €188.2 million as of December 31, 2019 (2018: €576.2 million). The reduction of the outstanding loan payable during 2019 was primarily the result of a loan settlement through dividend upstream of €474.6 million, offset by new funds received for financing of the 2019 interim dividend of €62.8 million.

The other amounts payable for an amount of €155.7 million as of December 2019 (2018: €1.2 million) consisted of €144.4 million of 2019 dividends declared as well as past dividends and capital reductions payable, which were not yet claimed as of December 31, 2019. The other amounts payable of €11.3 million as of December 31, 2019 were linked to the interest accrual on debts towards Telenet International Finance S.à.r.l.

5.2 Comments on the income statement

The income statement showed a gain of €458.8 million for the financial year ended December 31, 2019 (versus a gain of €13.1 million in 2018). Net operating profit for the year amounted to €11.3 million (compared to a profit of €2.2 million in 2018).

Operating income amounted to €2.1 million for the year ended December 31, 2019 (2018: €14.9 million) and included recharges of costs related stock options to Telenet Group Holding NV and Telenet Group NV.

The operating expenses decreased from a cost of €12.7 million to a net income of €9.2 million for the 12 months ended December 31, 2019 mainly attributable to a reversal of the provision for expected future loss on own shares for when the stock options are expected to be exercised (€14.5 million reversal of provision in 2019 versus a €8.9 million addition of provision in 2018). In line with the underlying accounting principles additions as well as reversals of such provisions are included in operating expenses.

The Financial income amounted to €474.8 million for the year ended December 31, 2019 (2018: €33.5 million) and consisted of:

(€ in millions)	**For the years ended December 31,**	
	2019	**2018**
Finance income		
Financial income from financial fixed assets	474.6	—
Financial income from current assets	—	5.4
Reversal of impairment De Vijver Media NV	0.2	28.1
Finance income	**474.8**	**33.5**

Financial income from financial fixed assets as per December 31, 2019 resulted from an interim dividend distribution by Telenet Group NV, as approved by the Board of Directors on December 18, 2019.

In 2018, the financial income from current assets consisted of the interest on the intercompany loan to Finance Center Telenet.

Based on the improved profitability of De Vijver Media in the course of 2018, as well as the updated and improved projections included in the updated business plan, the Company concluded that there was an indication that the impairment of this investment might no longer exist or had decreased. Accordingly, on December 31, 2018, the recoverable amount of the equity method investment in De Vijver Media was reassessed at €52.2 million compared to a carrying amount of €24.2 million, resulting in a reversal of the previously recognized impairment of €28.1 million. On March 7, 2018, Telenet entered into an agreement with the other shareholders of De Vijver Media NV to sell their 50% stake to Telenet, and became the only shareholder of De Vijver Media NV as of June 3, 2019. As part of this transaction Telenet Group Holding NV sold its 50% stake in De Vijver Media NV to Telenet Group NV.

Finance expense amounted to €27.3 million for the year ended December 31, 2019 compared to €22.5 million in the prior year and consists of:

(€ in millions)	**For the years ended December 31,**	
	2019	**2018**
Finance expense		
Interest charges		
- Bank	—	0.5
- Telenet International Finance S.à r.l.	13.9	3.3
Loss on sale of treasury shares	13.4	5.7
Amortization of financing cost	—	12.9
Other finance expense	—	0.1
Finance expense	**27.3**	**22.5**

Stock options exercised during the twelve months ended December 31, 2019 resulted in the delivery of 1,255,465 own shares by the Company to the stock option holders. As part of the Performance Share Plan 2016 and hiring bonus being settled in own shares, the Company delivered in 2019 in total another 108,626 shares to the beneficiaries involved. The cash received at the occasion of the exercise of the options amounted to €49.6 million. As the cost of all own shares delivered amounted to €63.0 million, the Company realized a loss on the sale of treasury shares of €13.4 million for the year ended December 31, 2019 (2018: €5.7 million).

Amortization of financing cost for the year ended December 31, 2018 of €12.9 million resulted from the successful issuance and pricing in August 2018 of an additional $475.0 million term loan ("Facility AN2") and an additional $205.0 million term loan ("Facility AO2). In line with underlying accounting principles, financing costs of debt issuance were fully recognized in financial expenses at the time of the transaction. No similar transaction occurred in 2019 which would have required the Company to recognize such cost in 2019.

The Company proposes to the general shareholders' meeting to:

- bring forward the profit brought forward at the prior year-end amounting to €4,262.7 million, resulting in a profit available for appropriation amounting to €4,721.5 million at December 31, 2019;
- allocate an amount of €38.0 million to the reserves unavailable for distribution for own shares;
- allocate an amount of €206.0 million as dividend contribution to its shareholders.

As a result, the profit to be carried forward amounted to €4,477.5 million as of December 31, 2019.

5.3 Information on research and development

We refer to the consolidated annual report of the board of directors.

5.4 Risk factors

We refer to the consolidated annual report of the board of directors.

5.5 Information about subsequent events

We refer to the consolidated annual report of the board of directors.

5.6 Going concern

The going concern of the Company is entirely dependent on that of the Telenet Group.

Currently, the Telenet group still has a substantial amount of losses carried forward on the balance sheet, but succeeded to deliver solid Adjusted EBITDA margins and growing operational cash flows. This is entirely aligned with the Company's long range plan, which encompasses a continued development of the Company's profit generating activities in order to absorb the losses carried forward over time. Because of the relatively stable number of subscribers on telephony, internet and digital television and a further focus on cost control and process improvements, the Company was again able to deliver strong operating results.

As of December 31, 2019, the Company carried a total debt balance (including accrued interest) of €5,733.0 million, of which €1,490.6 million principal amount is related to the Senior Secured Fixed Rate Notes with maturities in March 2028 and €3,153.8 million principal amount is owed under Telenet's 2018 Amended Senior Credit Facility with maturities ranging from August 2026 through December 2027. Telenet's total debt balance at December 31, 2019 also included €358.0 million of short-term debt related to Telenet's vendor financing program (including accrued interest) and €4.5 million for the outstanding portion of the 2G and 3G mobile spectrum licenses. The remainder primarily represents the Company's lease obligations merely associated with the Interkabel Acquisition and lease liabilities following the adoption of IFRS 16.

Taking into account the growing positive Adjusted EBITDA results of the current year, the board of directors believes that the Telenet group will be able to fund the further development of its operations and to meet its obligations and believes that the current valuation rules, as enclosed in the annual accounts, and in which the continuity of the Company is assumed, are correct and justified under the current circumstances.

5.7 Application of legal rules regarding conflicts of interest

We refer to the consolidated annual report of the board of directors.

5.8 Branch office of the Company

Telenet Group Holding NV has no branch offices.

5.9 Extraordinary activities and special assignments carried out by the auditor

We refer to the notes to the consolidated financial statements of the Company.

5.10 Telenet hedging policy and the use of financial instruments

We refer to the consolidated annual report of the board of directors.

5.11 Grant of discharge to the directors and statutory auditor

In accordance with the law and articles of association, the shareholders will be requested at the annual shareholders' meeting of April 29, 2020 to grant discharge to the directors and the statutory auditors of their responsibilities assumed in the financial year 2019.

5.12 Information required pursuant to article 34 of the Belgian Royal Decree of November 14, 2007 and the law of April 6, 2010

We refer to the consolidated annual report of the board of directors.

This report shall be deposited in accordance with the relevant legal provisions and is available at the registered office of the Company.

5.13 Non-financial information

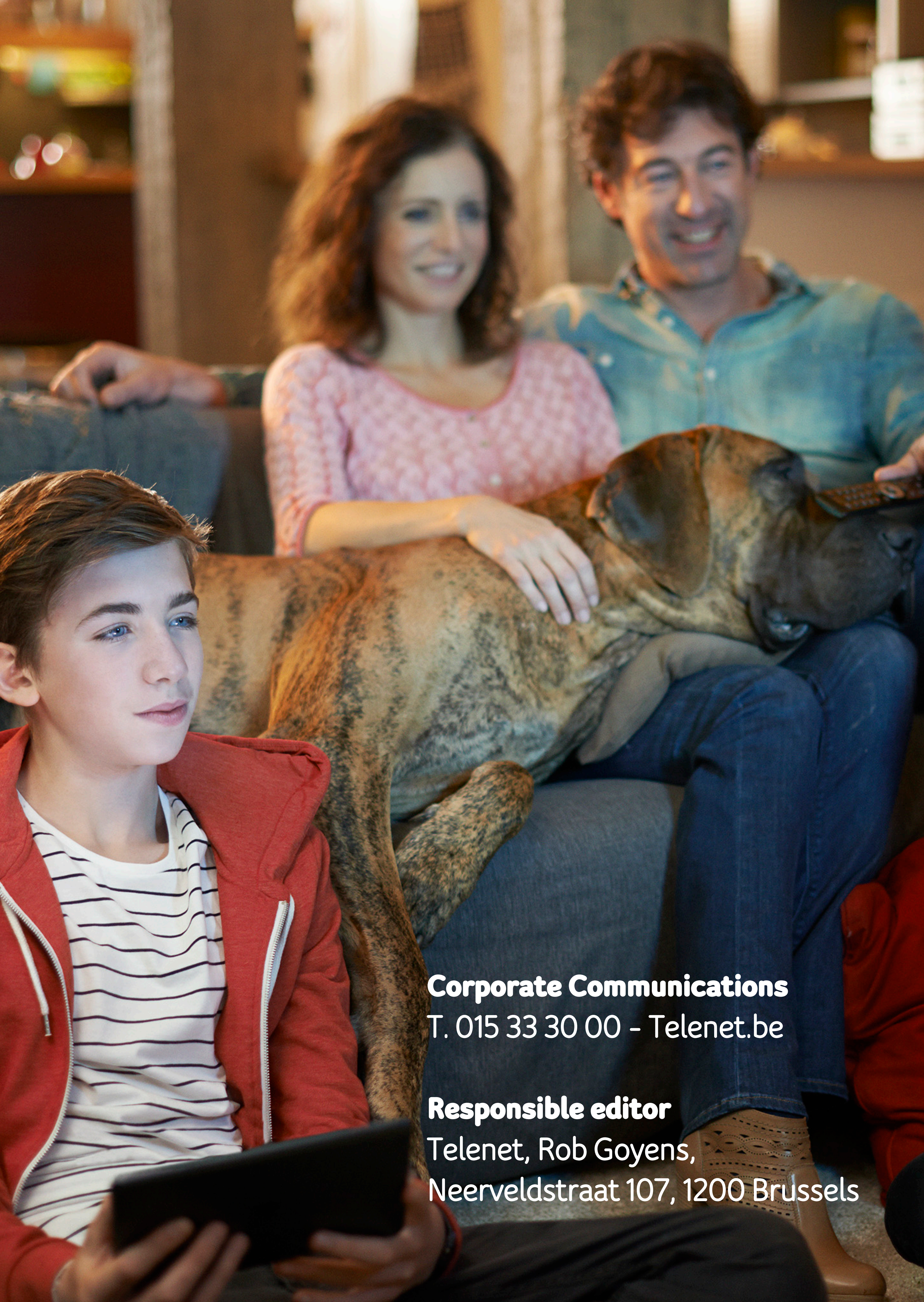
We refer to the consolidated annual report of the board of directors.

Brussels, March 24, 2020

On behalf of the board of directors

John Porter	Bert De Graeve
Chief Executive Officer	Chairman

Notes



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