

# **Altice Europe N.V.**



## **Condensed Interim Consolidated Financial Statements**

**As of and for the three and nine-month periods ended  
September 30, 2020**

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**Altice Europe N.V.**  
Condensed Interim Consolidated Financial Statements

Consolidated Statement of Income	Notes	Unaudited & not reviewed			
		Three months ended		Nine months ended	
		September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019 (*restated)
<b>(€m)</b>					
<b>Revenues</b>	4	<b>3,765.1</b>	<b>3,659.5</b>	<b>10,930.6</b>	<b>10,763.8</b>
Purchasing and subcontracting costs	4	(1,019.4)	(950.4)	(2,903.1)	(2,828.4)
Other operating expenses	4	(638.8)	(722.8)	(1,976.7)	(2,043.3)
Staff costs and employee benefits	4	(391.2)	(376.8)	(1,103.7)	(1,131.6)
Depreciation, amortization and impairment	4	(1,258.7)	(1,171.1)	(3,722.5)	(3,798.6)
Other (expenses) and income	4	(79.9)	(115.0)	(113.1)	1,654.2
<b>Operating profit</b>	4	<b>377.1</b>	<b>323.4</b>	<b>1,111.5</b>	<b>2,616.1</b>
Interest relative to gross financial debt	15	(401.4)	(486.5)	(1,275.1)	(1,530.4)
Realized and unrealized (losses)/gains on derivative instruments linked to financial debt	15	(449.7)	247.1	(109.8)	679.2
Other financial expenses	15	(58.5)	(236.5)	(201.5)	(801.0)
Finance income	15	235.6	24.9	55.5	35.0
Net result on extinguishment and remeasurement of financial liabilities	15	(15.1)	(78.4)	(215.4)	(206.2)
<b>Finance costs, net</b>	15	<b>(689.1)</b>	<b>(529.4)</b>	<b>(1,746.3)</b>	<b>(1,823.4)</b>
Share of loss of associates and joint ventures	6	(70.6)	(54.3)	(199.6)	(123.3)
<b>(Loss)/profit before income tax</b>		<b>(382.6)</b>	<b>(260.3)</b>	<b>(834.4)</b>	<b>669.4</b>
Income tax (expense)/benefit	14	24.5	0.5	(107.1)	59.2
<b>(Loss)/profit for the period</b>		<b>(358.1)</b>	<b>(259.8)</b>	<b>(941.5)</b>	<b>728.6</b>
<i>Attributable to equity holders of the parent</i>		(393.2)	(270.5)	(1,019.6)	691.1
<i>Attributable to non-controlling interests</i>		35.1	10.6	78.1	37.5
<i>Earnings per share</i>					
(Loss)/earnings per share (basic)	10	(0.3)	(0.2)	(0.9)	0.6
(Loss)/earnings per share (diluted)	10	(0.3)	(0.2)	(0.9)	0.5

Consolidated Statement of Comprehensive Income	Unaudited & not reviewed				
	Three months ended		Nine months ended		
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019 (*restated)	
<b>(€m)</b>					
<b>(Loss)/profit for the period</b>		<b>(358.1)</b>	<b>(259.8)</b>	<b>(941.5)</b>	<b>728.6</b>
<b>Other comprehensive (loss)/income</b>					
<b>Items that may be reclassified subsequently to profit or loss</b>					
Exchange differences on translating foreign operations		(8.9)	33.6	1.6	(12.5)
Cash flow hedges - effective portion of changes in fair value		(11.7)	28.0	26.9	32.9
Cash flow hedges - reclassified to profit or loss		16.0	54.2	192.6	203.3
Related taxes		(1.2)	(15.6)	(65.4)	(61.1)
<b>Item that will not be reclassified subsequently to profit or loss</b>					
Change of fair value of equity instruments at fair value through OCI		1.1	92.8	(71.9)	258.8
Actuarial gain/(loss)		(26.9)	(28.0)	3.2	(87.8)
Related taxes		9.1	8.8	(0.7)	27.6
<b>Total other comprehensive (loss)/income</b>		<b>(22.5)</b>	<b>173.8</b>	<b>86.3</b>	<b>361.2</b>
<b>Total comprehensive (loss)/income for the period</b>		<b>(380.6)</b>	<b>(86.0)</b>	<b>(855.2)</b>	<b>1,089.8</b>
<i>Attributable to equity holders of the parent</i>		(415.3)	(98.3)	(932.3)	1,050.1
<i>Attributable to non-controlling interests</i>		34.7	12.2	77.1	39.7

(\* ) Previously published information has been restated to take into account the impact from capital gain correction of SFR FTTH. Please refer to note 20 for the reconciliation to previously published results.

The accompanying notes on pages 6 to 37 form an integral part of these condensed interim consolidated financial statements.

**Altice Europe N.V.**  
Condensed Interim Consolidated Financial Statements

Consolidated Statement of Financial Position (€m)	Notes	Unaudited & not reviewed	
		As of September 30, 2020	As of December 31, 2019
<b>Non-current assets</b>			
Goodwill	5	14,498.5	14,655.5
Other intangible assets		6,517.9	7,458.4
Property, plant & equipment		9,891.3	9,974.6
Right-of-use assets		4,292.4	4,289.8
Contract costs		256.0	263.8
Investment in associates and joint ventures	6	1,388.1	1,567.4
Financial assets	7	711.9	1,626.7
Deferred tax assets		291.1	300.2
Other non-current assets	8	759.1	439.6
<b>Total non-current assets</b>		<b>38,606.3</b>	<b>40,576.0</b>
<b>Current assets</b>			
Inventories		553.6	479.4
Contract assets		228.0	254.1
Trade and other receivables		4,776.4	4,463.7
Current tax assets		216.3	99.8
Financial assets	7	133.8	47.8
Cash and cash equivalents		955.2	1,022.1
Restricted cash		36.3	119.5
Assets classified as held for sale	3.5	6,899.6	6,486.4
		4.8	119.0
<b>Total current assets</b>		<b>6,904.4</b>	<b>6,605.4</b>
<b>Total assets</b>		<b>45,510.7</b>	<b>47,181.4</b>
<b>Equity</b>			
Issued capital	9.1	59.5	59.5
Treasury shares	9.2	(0.4)	(0.4)
Additional paid in capital		5.7	5.7
Other reserves	9.3	(567.5)	(500.5)
Accumulated losses		(1,907.4)	(2,098.9)
<b>Equity attributable to equity holders of the parent</b>		<b>(2,410.1)</b>	<b>(2,534.6)</b>
Non-controlling interests	3.4	278.6	213.7
<b>Total equity</b>		<b>(2,131.5)</b>	<b>(2,320.9)</b>
<b>Non-current liabilities</b>			
Long-term borrowings, financial liabilities and related hedging instruments	11	30,405.2	32,101.9
Other financial liabilities	11.7	1,130.5	476.2
Non-current lease liabilities	11	3,655.4	3,644.6
Provisions		1,418.5	1,441.8
Deferred tax liabilities		126.5	164.6
Non-current contract liabilities		558.9	588.4
Other non-current liabilities	13	52.7	233.0
<b>Total non-current liabilities</b>		<b>37,347.7</b>	<b>38,650.5</b>
<b>Current liabilities</b>			
Short-term borrowings, financial liabilities and related hedging instruments	11	73.8	432.7
Other financial liabilities	11.7	1,668.2	1,822.3
Current lease liabilities	11	789.7	758.4
Trade and other payables		6,442.7	6,486.6
Contract liabilities		637.5	614.3
Current tax liabilities		261.9	261.4
Provisions		220.8	227.9
Other current liabilities	13	196.7	247.9
Liabilities directly associated with assets classified as held for sale	3.5	10,291.3	10,851.5
		3.2	0.3
<b>Total current liabilities</b>		<b>10,294.5</b>	<b>10,851.8</b>
<b>Total liabilities</b>		<b>47,642.2</b>	<b>49,502.3</b>
<b>Total equity and liabilities</b>		<b>45,510.7</b>	<b>47,181.4</b>

The accompanying notes on pages 6 to 37 form an integral part of these condensed interim consolidated financial statements.

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Consolidated Statement of Changes in Equity  (unaudited & not reviewed)	Number of shares on issue			Share capital	Treasury shares	Additional paid in capital	(Accumulated losses)/retained earnings	Currency translation reserve	Cash flow hedge reserve	Fair value through OCI	Employee benefits	Total equity attributable to equity holders of the parent	Non-controlling interests	Total equity
	Common Shares A	Common Shares B	Preference Shares B											
<b>Equity at January 1, 2020</b>	<b>1,038,014,875</b>	<b>196,261,727</b>	<b>1,391,748</b>	<b>59.5</b>	<b>(0.4)</b>	<b>5.7</b>	<b>(2,098.9)</b>	<b>(305.3)</b>	<b>(284.2)</b>	<b>236.5</b>	<b>(147.6)</b>	<b>(2,534.7)</b>	<b>213.7</b>	<b>(2,321.0)</b>
(Loss)/profit for the period	-	-	-	-	-	-	(1,019.6)	-	-	-	-	(1,019.6)	78.1	(941.5)
Other comprehensive profit/(loss)	-	-	-	-	-	-	-	2.6	154.1	(71.9)	2.5	87.3	(1.0)	86.3
<b>Comprehensive profit/(loss)</b>	-	-	-	-	-	-	<b>(1,019.6)</b>	<b>2.6</b>	<b>154.1</b>	<b>(71.9)</b>	<b>2.5</b>	<b>(932.3)</b>	<b>77.1</b>	<b>(855.2)</b>
Conversion Common Shares B to Common Shares A	33,164,275	(1,326,571)	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of Preference Shares B <sup>1</sup>	-	-	463,916	-	-	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	(28.1)	-	-	-	-	(28.1)	-	(28.1)
Altice USA shares disposal	-	-	-	-	-	-	154.2	6.9	(161.1)	-	-	-	-	-
Transactions with non-controlling interests <sup>2</sup>	-	-	-	-	-	-	1,085.0	-	-	-	-	1,085.0	(1.8)	1,083.2
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	(8.5)	(8.5)
Other	-	-	-	-	-	-	-	-	-	-	-	-	(1.9)	(1.9)
<b>Equity at September 30, 2020</b>	<b>1,071,179,150</b>	<b>194,935,156</b>	<b>1,855,664</b>	<b>59.5</b>	<b>(0.4)</b>	<b>5.7</b>	<b>(1,907.4)</b>	<b>(295.8)</b>	<b>(130.1)</b>	<b>3.5</b>	<b>(145.1)</b>	<b>(2,410.1)</b>	<b>278.6</b>	<b>(2,131.5)</b>

1 Preference Shares B were issued to the Company's CEO, Mr. Alain Weil, on January 6, 2020. Please refer to note 9.1.

2 Transactions with non-controlling interests mainly related to the sale of 49.99% of the Portuguese fibre business (please refer to note 3.1.2), transactions with NCI at Altice France of minority stakes (please refer to note 3.4), and the change in the fair value of minority put options of Teads (please refer to note 12.1.2).

Consolidated Statement of Changes in Equity  (unaudited & not reviewed) (*restated)	Number of shares on issue			Share capital	Treasury shares	Additional paid in capital	(Accumulated losses)/retained earnings	Currency translation reserve	Cash flow hedge reserve	Fair value through OCI	Employee benefits	Total equity attributable to equity holders of the parent	Non-controlling interests	Total equity
	Common Shares A	Common Shares B	Preference Shares B											
<b>Equity at January 1, 2019</b>	<b>1,596,608,025</b>	<b>209,318,001</b>	<b>927,832</b>	<b>68.3</b>	<b>(14.6)</b>	<b>-</b>	<b>(2,401.5)</b>	<b>(280.1)</b>	<b>(473.2)</b>	<b>4.0</b>	<b>(34.2)</b>	<b>(3,131.4)</b>	<b>226.7</b>	<b>(2,904.7)</b>
IFRS 16 transition impact	-	-	-	-	-	-	40.0	-	-	-	-	40.0	-	40.0
<b>Equity at January 1, 2019<sup>1</sup></b>	<b>1,596,608,025</b>	<b>209,318,001</b>	<b>927,832</b>	<b>68.3</b>	<b>(14.6)</b>	<b>-</b>	<b>(2,361.5)</b>	<b>(280.1)</b>	<b>(473.2)</b>	<b>4.0</b>	<b>(34.2)</b>	<b>(3,091.4)</b>	<b>226.7</b>	<b>(2,864.6)</b>
Profit for the period	-	-	-	-	-	-	691.1	-	-	-	-	691.1	37.5	728.6
Other comprehensive (loss)/profit	-	-	-	-	-	-	-	(14.7)	175.2	258.8	(60.3)	359.0	2.2	361.2
<b>Comprehensive profit/(loss)</b>	-	-	-	-	-	-	<b>691.1</b>	<b>(14.7)</b>	<b>175.2</b>	<b>258.8</b>	<b>(60.3)</b>	<b>1,050.1</b>	<b>39.7</b>	<b>1,089.8</b>
Conversion Common Shares B to Common Shares A	315,231,850	(12,609,274)	-	-	-	-	-	-	-	-	-	-	-	-
Cancellation of treasury shares	(685,000,000)	-	-	(6.9)	11.7	-	(4.8)	-	-	-	-	-	-	-
Transaction on treasury shares	-	-	-	-	-	-	32.5	-	-	-	-	32.5	-	32.5
Issuance of Preference Shares B <sup>2</sup>	-	-	463,916	-	-	-	-	-	-	-	-	-	-	-
Distribution of Altice USA shares	-	-	-	-	-	-	(26.8)	-	-	-	-	(26.8)	-	(26.8)
Share-based payments	-	-	-	-	-	-	20.4	-	-	-	-	20.4	-	20.4
Transactions with non-controlling interests	-	-	-	-	-	-	(19.5)	-	-	-	-	(19.5)	5.7	(13.8)
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	(28.8)	(28.8)
Other	-	-	-	-	-	-	14.2	-	-	-	-	14.2	(2.2)	12.0
<b>Equity at September 30, 2019</b>	<b>1,226,839,875</b>	<b>196,708,727</b>	<b>1,391,748</b>	<b>61.4</b>	<b>(2.9)</b>	<b>-</b>	<b>(1,654.4)</b>	<b>(294.8)</b>	<b>(298.0)</b>	<b>262.8</b>	<b>(94.5)</b>	<b>(2,020.5)</b>	<b>241.1</b>	<b>(1,779.4)</b>

1 Equity as at January 1, 2019 includes the impact from the adoption of IFRS 16 *Leases* as of January 1, 2019 by the Group.

2 Preference Shares B were issued to the Company's CEO, Mr. Alain Weil, on January 9, 2019. Please refer to note 9.1.

(\*) Previously published information has been restated to take into account the impact from capital gain correction of SFR FTTH.

*The accompanying notes on pages 6 to 37 form an integral part of these condensed interim consolidated financial statements.*

**Altice Europe N.V.**  
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Consolidated Statement of Cash Flows	<i>Unaudited &amp; not reviewed</i>	
	Nine months ended	
(€m)	September 30, 2020	September 30, 2019 (*restated)
<b>(Loss)/profit for the period</b>	<b>(941.5)</b>	<b>728.6</b>
<i>adjustments for:</i>		
Share of loss of associates and joint ventures	199.6	123.3
Depreciation, amortization and impairment	3,722.5	3,798.6
(Benefit) expenses related to share-based payments	(20.3)	33.8
Loss (gain) on disposal of consolidated entities	84.6	(2,014.3)
Gain on sale of interest in associates	(97.7)	-
Other non-cash operating (gain) loss, net <sup>1</sup>	(25.5)	123.2
Pension plan liability payments	(80.9)	(83.0)
Finance costs recognised in the statement of income	1,746.3	1,823.4
Income tax expense/(benefit) recognised in the statement of income	107.1	(59.2)
Income tax paid	(291.1)	(283.7)
Changes in working capital <sup>2</sup>	(118.9)	(391.9)
<b>Net cash provided by operating activities</b>	<b>4,284.3</b>	<b>3,798.8</b>
Payments to acquire tangible and intangible assets	(2,475.0)	(2,676.7)
Proceeds (payments) related to disposal or acquisition of financial assets <sup>3</sup>	449.0	(0.7)
(Payments)/proceeds from disposal of business <sup>4</sup>	(6.7)	1,537.4
Proceeds from disposal of tangible and intangible assets	13.8	5.6
Proceeds (payments) related to sale or acquisition of interests in associates <sup>5</sup>	211.0	(19.6)
Payment to acquire subsidiaries, net of cash <sup>6</sup>	(22.3)	(2.3)
Transfers from restricted cash <sup>7</sup>	83.3	12.8
Dividend received	7.6	1.2
<b>Net cash (used in)/provided by investing activities</b>	<b>(1,739.3)</b>	<b>(1,142.3)</b>
Proceeds from sale of treasury shares	-	32.5
Proceeds from issuance of debt instruments	7,215.7	6,282.8
Payments to redeem debt instruments <sup>8</sup>	(9,261.5)	(5,516.0)
Payments to non-controlling interests <sup>9</sup>	(11.1)	(11.0)
Proceeds (payments) from the sale of minority stake <sup>10</sup>	1,576.0	(15.1)
Lease payment (principal) related to ROU <sup>11</sup>	(630.1)	(573.4)
Lease payment (interest) related to ROU <sup>11</sup>	(130.3)	(144.6)
Interest paid <sup>12</sup>	(1,352.1)	(1,472.0)
Proceeds from the monetization of swaps <sup>13</sup>	283.4	664.2
Dividends paid to non-controlling interests	(10.7)	(26.9)
Other cash used by financing activities <sup>14</sup>	(274.6)	(334.2)
<b>Net cash used in financing activities</b>	<b>(2,595.3)</b>	<b>(1,113.7)</b>
Classification of cash as held for sale	-	(10.2)
Effects of exchange rate changes on the balance of cash held in foreign currencies	(16.6)	5.4
<b>Net change in cash and cash equivalents</b>	<b>(66.9)</b>	<b>1,538.0</b>
Cash and cash equivalents at beginning of the period	1,022.1	1,837.0
<b>Cash and cash equivalents at end of the period</b>	<b>955.2</b>	<b>3,375.0</b>

- 1 Other non-cash items include allowances and writebacks for provisions and gains and losses recorded on the disposal of tangible and intangible assets.
- 2 Changes in working capital relate to payments and receipts related to inventories, trade and other receivables and trade and other payables.
- 3 The net proceeds related to financial assets largely relate to proceeds of the sale of 24.2 million Altice USA shares of Class A common stock for an amount of €528.8 million.
- 4 Payments for the disposal of consolidated entities largely relate to the purchase price adjustments related to the sale of the international wholesale business which was closed on July 18, 2018 of €12.5 million, which was partially offset by proceeds of €4.7 million regarding the sale of Milibris. Proceeds from the disposal of consolidated entities for the nine-month period ended September 30, 2019 related to the cash received for the sale of a 49.99% equity stake in SFR FTTH, amounting to €1,709.5 million, less the cash transferred to SFR FTTH upon the completion of the transaction. In addition, the €175.0 million of cash which had been received for the sale of a 49.99% equity stake in SFR FTTH, but which was subsequently held in escrow, less the €120.0 million of cash which has been released in the nine months ended September 30, 2019, has been reported as part of the proceeds from the disposal of consolidated entities, net of cash. Furthermore, €24.0 million of cash paid in connection with the sale of L'Express was reported as part of this line.
- 5 Proceeds from the sale of interests in associates largely relate to the proceeds received from the sale of PT Portugal's 25% equity interest in the tower company OMTEL to Cellnex Telecom S.A. which was closed on January 2, 2020.
- 6 Payment to acquire subsidiaries relates to participations acquired by Altice France in Rhon Telecom S.A.S. for an amount of €10.5 million, a transaction which was completed on March 13, 2020, and in certain DSP's (*Délégation de service public*), which were acquired during 2020. In addition, on August 19, 2020, MEO in Portugal acquired a participation in MEO Energia for an amount of €4.0 million.
- 7 The transfer of restricted cash related to the release of the restricted cash in connection with the Altice Corporate Financing facility.
- 8 Payments to redeem debt instruments include net repayments of €109.0 million related to commercial paper and €2.3 million related to various other loans.
- 9 Transactions with non-controlling interests relate to payments made to former minority shareholders of ERT Luxembourg S.A. during the first quarter of 2020.
- 10 Proceeds from the sale of a minority stake relates to the sale of the 49.99% interest in the Portuguese FTTH business to Morgan Stanley Infrastructure Partners on April 17, 2020.
- 11 Repayment of lease liabilities (IFRS 16 lease payment and the interest related to right-of-use ("ROU")) are reported under financing activities upon adoption of IFRS 16 *Leases*.
- 12 Interest paid on debt includes interest received from / paid on interest derivatives.

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- 13 Proceeds from the monetization of swaps relate to the swap monetization proceeds of €283.4 million recorded in Altice Luxembourg, Altice France and Altice Financing.
- 14 Other cash used in financing activities largely relate to an amount of €186.7 million of call premium related to the repayment of bonds resulting from the refinancing transactions which occurred during the nine months ended September 30, 2020 and €121.6 million of net repayments related to factoring and securitization arrangements.

(\*) Previously published information has been restated to take into account the impact from capital gain correction of SFR FTTH and other adjustments. Please refer to note 20 for the reconciliation to previously published results.

*The accompanying notes on pages 6 to 37 form an integral part of these condensed interim consolidated financial statements.*

## **1. About Altice Europe N.V.**

Altice Europe N.V. (the “Company”) is a public limited liability company (“*Naamloze vennootschap*”) incorporated in the Netherlands and its address is Oostdam 1, 3441 EM, Woerden, the Netherlands. The Company is the parent entity of the Altice Europe N.V. consolidated group (the “Group”). The Company is ultimately controlled by Patrick Drahi (via Next Alt S.à r.l., “Next Alt”). As of September 30, 2020, Next Alt, directly and indirectly, held 77.58% of the share capital of the Company.

The Group is a convergent leader in telecoms, content, media, entertainment and advertising. The Group delivers innovative, customer-centric products and solutions that connect and unlock the limitless potential of its over 30 million customers over fibre networks and mobile broadband. The Group is also a provider of enterprise digital solutions to millions of business customers. The Group innovates with technology, research and development and enables people to live out their passions by providing original content, high-quality and compelling TV shows, and international, national and local news channels. The Group delivers live broadcast premium sports events and enables its customers to enjoy the most well-known media and entertainment.

## **2. Accounting policies**

### **2.1. Basis of preparation**

These condensed interim consolidated financial statements of the Group as of September 30, 2020 and for the three and nine-month periods then ended were approved by the Board of Directors and authorized for issue on November 19, 2020.

These condensed interim consolidated financial statements of the Group as of September 30, 2020 and for the three and nine-month periods then ended, are presented in millions of Euros, except as otherwise stated, and have been prepared in accordance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting*. They should be read in conjunction with the annual consolidated financial statements of the Group and the notes thereto as of and for the year ended December 31, 2019 which were prepared in accordance with International Financial Reporting Standards as adopted in the European Union (“IFRS”) (the “annual consolidated financial statements”).

The accounting policies applied for the condensed interim consolidated financial statements as of September 30, 2020 do not differ from those applied in the annual consolidated financial statements as of and for the year ended December 31, 2019, except for the adoption of new standards effective as of January 1, 2020.

The condensed interim consolidated financial information as of and for the three and nine-month periods ended September 30, 2019 and September 30, 2020 is not audited or reviewed by an external auditor. Consequently, the corresponding figures included in the statements of income and comprehensive income and the statements of changes in equity and cash flows and in the related notes have not been audited or reviewed.

#### *2.1.1. Standards applicable for the reporting period*

The following standards have mandatory application for periods beginning on or after January 1, 2020 as described in note 1.3.2 to the annual consolidated financial statements:

- Amendments to IAS 1 and IAS 8 *Definition of Material*, effective on or after January 1, 2020;
- Amendments to IFRS 3 *Definition of a Business*, effective on or after January 1, 2020;
- Amendments to References to the Conceptual Framework in IFRS Standards, effective on or after January 1, 2020; and
- Amendments to IFRS 16 *Leases, Covid-19-Related Rent Concessions*, effective on or after June 1, 2020, with early application permitted.

The application of amendments to IAS 1 and IAS 8, IFRS 3, IFRS 16 and to References of the Conceptual Framework in IFRS standards had no material impact on the amounts recognised and on the disclosures in these condensed interim consolidated financial statements.

#### *2.1.2. Standards and interpretations not applicable as of reporting date*

The Group has not early adopted the following standards and interpretations, for which application is not mandatory for period started from January 1, 2020 and that may impact the amounts reported:

- Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*, effective date of the amendments has not yet been determined by the IASB;



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- Amendments in Classification of Liabilities as Current or Non-Current (Amendments to IAS 1), effective on or after January 1, 2023;
- Annual Improvements to IFRS Standards 2018-2020, effective on or after January 1, 2022; and
- Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16), effective for annual periods beginning on or after 1 January 2021, with earlier application permitted.

The Board of Directors anticipates that the application of those amendments will not have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities.

In addition, the IFRIC published a decision in November 2019 which establishes that the determination of the enforceable period of a lease and the lease term itself consider broad economic circumstances beyond purely contractual terms. The committee considers that a lease arrangement remains enforceable as long as lessee, or lessor, would have to support a loss or a more than insignificant penalty in the event of termination of the contract. The assessment of the impact for the Group of the IFRIC decision on the enforceable period of contracts is in progress and will be implemented as of December 31, 2020 on all leases falling within the scope of the final decision.

#### 2.1.3. *Significant accounting judgments and estimates*

In the application of the Group's accounting policies, the Board of Directors is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

These key areas of judgments and estimates are:

- Revenue recognition
- Estimations of provisions for claims;
- Measurement of post-employment benefits;
- Fair value measurement of financial instruments;
- Measurement of deferred taxes;
- Estimation of useful lives of intangible assets and property, plant and equipment;
- Impairment of intangible assets;
- Estimation of impairment losses for contract assets and trade receivables;
- Determination of the right-of-use and lease liabilities; and
- Assessment of control over SFR FTTH.

As of September 30, 2020, there were no changes in the key areas of judgements and estimates.

#### 2.1.4. *Update on the COVID-19 pandemic*

On March 11, 2020, the COVID-19 outbreak was declared by the World Health Organization (WHO) as a global pandemic, highlighting the health risks of the disease. In this context and following regulatory requirements published by governments over the last months in the countries in which the Group operates, the Group activated a response program in order to minimize the impact of the COVID-19 pandemic (please refer to note 35.9 of the annual consolidated financial statements for further detail).

The COVID-19 pandemic had a limited impact on the condensed interim consolidated financial statements of the Group as of September 30, 2020 and for the three and nine-month periods then ended. The Group has been impacted by a decline in handsets sales (low margin activity) in the context of the closure of the shops in many countries where the Group operates, a decrease in roaming revenue, some delays in the construction of FTTH homes passed in France and a decline in the advertising businesses (Teads and NextRadioTV). The impact has remained limited since the beginning of the crisis demonstrating the resilience of the Group's telecom business in the countries where the Group operates. Although the situation continues to evolve, the Company expects that the COVID-19 pandemic will have limited effects on the Group's operations and financial performance for future periods.

As part of economic measures meant to mitigate the impact of the COVID-19 pandemic on industry, the French State announced a series of measures, some of which the Group had recourse to during the mandatory stay at home period, especially partial unemployment. The Group decided to apply for partial unemployment for the period from mid-March to mid-May 2020 for approximately 4,200 employees whose jobs were directly impacted by the mandatory quarantine imposed by the French State. Thus, the State paid the concerned employees the equivalent of 84% of their fixed and variable pay per month and the Group paid the remaining 16%. In other countries where the Group operates, the Group did not benefit from specific programs that required the compliance with particular conditions.

The Group has taken this situation into account in its estimates, notably those related to the non-current and current assets valuation (including goodwill). The valuation of the non-current and current assets has not been adjusted as of September 30, 2020 as a result of the COVID-19 outbreak.

Based on the above and information in note 18, the Group determined that the going concern assumption is still appropriate.

### **3. Significant events**

The following changes occurred during the nine-month period ended September 30, 2020, which impacted the scope of consolidation compared to that presented in the annual consolidated financial statements.

#### **3.1. Acquisitions and disposals in the current period**

##### *3.1.1. Sale of a 25% equity stake in OMTEL*

On January 2, 2020, the Company announced the sale of the 25% equity interest held by PT Portugal in Belmont Infra Holding S.A. (“Belmont”), that owns 100% in a tower company OMTEL, to Cellnex Telecom S.A.. Total cash proceeds amounted to €201.0 million. The total capital gain recorded for the nine-month period ended September 30, 2020 amounted to €97.7 million (please refer to note 4.3.2.2).

The sale by PT Portugal of its 25% equity interest in OMTEL is part of a larger transaction pursuant to which Cellnex Telecom S.A. acquired 100% of the share capital of OMTEL. In September 2018, at the time of its sale of OMTEL to a consortium including Morgan Stanley Infrastructure Partners and Horizon Equity Partners, PT Portugal had reinvested €108.8 million for a 25% equity interest in OMTEL.

##### *3.1.2. Closing of the partnership with Morgan Stanley Infrastructure Partners and the sale of 49.99% interest in FastFiber (formerly known as Altice Portugal FTTH)*

On December 12, 2019, PT Portugal entered into an agreement with Morgan Stanley Infrastructure Partners regarding the sale of a 49.99% interest in the Portuguese fibre business to be carved-out into a dedicated wholesale vehicle, FastFiber (formerly known as Altice Portugal FTTH), comprising of the fibre passive infrastructure assets and rights, related contracts and underlying agreements, thereby creating a nationwide fibre wholesaler in Portugal. On April 17, 2020, the transaction was closed and the Group received €1,573.1 million of proceeds from this transaction, for the sale of 49.99% of the share capital of FastFiber (€773.3 million) and for the sale of 49.99% of the existing intercompany loan (€799.8 million), which was simultaneously converted into convertible notes (please refer to note 11.7.3). The proceeds from the transaction were partly used to further deleverage the Group’s debt (please refer to note 11.2). Furthermore, the Group recorded a receivable representing the net present value of an earnout of €375.0 million due December 2021. A second earnout is due in December 2026 subject to some performance conditions and the Company did not take into consideration this second earnout in the valuation of the purchase price and thus the capital gain recognized at closing of the transaction. Following the closing of the transaction, PT Portugal continues to control and fully consolidate FastFiber. The transaction resulted in the recognition of a non-controlling interest of €4.0 million (please refer to note 3.4) and a gain of €1,111.5 million in equity.

FastFiber will sell wholesale services to all operators at the same financial terms. MEO will sell technical services to FastFiber for the construction, the subscriber connection and the maintenance of its fibre network.

##### *3.1.3. Monetization of the Altice USA stake*

On June 22, 2020, the Company completed the sale of a large part of its remaining indirect stake in Altice USA, commensurate with its previously stated strategy. The Group sold 24.2 million Altice USA shares of Class A

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common stock over the period from June 4, 2020 until June 22, 2020, for a total consideration of approximately \$583.0 million (€528.8 million). The Company retained approximately 0.3 million Altice USA shares of Class A common stock.

#### **3.1.4. Sale of Libération**

On May 14, 2020, Altice France announced that it would transfer Libération, the daily newspaper, to Presse Indépendante, a management and holding company mainly owned by a non-profit organization (Fonds de Dotation pour une Presse Indépendante "FDPI"). As part of this project, Altice France made a donation to FDPI including cash and the shares of Presse Indépendante and Presse Indépendante acquired the shares of Libération.

The sale was closed on September 3, 2020. Following the closing of the transaction, the Group no longer exercises control over Libération and the total impact (donation and capital loss) of the transaction has been recorded in the statement of income for the nine-month period ended September 30, 2020 for €74.4 million in the caption Other expense and income.

### **3.2. Acquisitions and disposals in the prior period**

#### **3.2.1. Change in consolidation method in PHI**

In January 2019, HOT Mobile and Partner signed an amendment to the Network Sharing Agreement with respect to the governance of the company PHI, effective on January 1, 2019. Following this amendment, the parties have joint control over PHI (compared to significant influence before the amendment); accordingly, PHI is accounted under the provisions of IFRS 11 *Joint Arrangements* as joint operation (recognition of HOT Mobile's interests in PHI's assets, liabilities, revenues and expenses) instead of equity method.

#### **3.2.2. Closing of the sale of 49.99% in SFR FTTH**

On November 30, 2018, Altice France entered into an exclusivity agreement with Allianz Capital Partners, AXA Investment Managers - Real Assets, acting on behalf of its clients and OMERS Infrastructure (together the "Partners") regarding the sale of a 49.99% equity stake in SFR FTTH.

The transaction closed on March 27, 2019. The consideration received was €1.7 billion, based on a €3.4 billion equity value. The total capital gain recorded for the nine-month period ended September 30, 2019 was €2,085.6 million (please refer to note 4.3.2.3 and note 20). This partnership created the leading FTTH infrastructure wholesaler in France and brought an additional €1.7 billion of cash to Altice France. Following the closing of the transaction, Altice France lost exclusive control over SFR FTTH as Altice France and the Partners have joint control over the new entity based on the provisions of IFRS 11 *Joint Arrangements*. Judgements and assumptions are made in determining that Altice France has joint control over SFR FTTH even though Altice France holds more than half of the voting rights of SFR FTTH (50.01%). The most significant effect on the judgements and assumptions made in determining that Altice France has joint control over SFR FTTH is the governance structure and the composition of the Board of SFR FTTH (2 directors for Altice France and 2 for the Partners). Based on the governance of SFR FTTH, decisions about the relevant activities requires the unanimous consent of both Altice France and the Partners and therefore joint control exists. In addition, the Shareholders General Meeting cannot deviate from the decisions taken by the Board as approved by both parties. Furthermore, as SFR FTTH is a joint venture (joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement), SFR FTTH is accounted for under the equity method based on the provisions of IAS 28 *Investments in Associates and Joint Ventures*.

#### **3.2.3. The sale of a majority stake in Groupe L'Express S.A.**

On February 12, 2019, Altice France and Groupe L'Express S.A. ("L'Express") announced the potential sale by Altice France to News Participations S.A.S, a company controlled by Alain Weill, of a majority stake in L'Express. On July 19, 2019, the Board approved the sale of a 51% equity stake to News Participations S.A.S., the remaining 49% of the share capital of L'Express being held by Altice Group Lux S.à r.l.

The sale closed on July 30, 2019. News Participations paid a nominal consideration of €18,890 for the subscription to 1,889,000 preference shares B, granting 51% of the financial interests in L'Express. Following the closing of the transaction, the Group lost control over L'Express and the remaining 49% equity stake held by Altice Group Lux S.à r.l. is accounted for under the equity method in accordance with IAS 28 *Investments in Associates and Joint Ventures* in the Group's financial statements within the caption Share of earnings of associates and joint

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ventures (please refer to note 6.2). The capital loss recorded in the consolidated statement of income for the nine-month period ended September 30, 2019 was €67.7 million in the caption Other expenses and income, of which €23.0 million was recorded in Altice Group Lux S.à r.l. which corresponded to the contribution by Altice Group Lux S.à r.l to L'Express before the closing of the sale.

### 3.3. Other significant events

#### 3.3.1. Mediapro

On July 27, 2020, Altice Europe announced two agreements with Mediapro. Firstly, for the season 2020/21, Altice Europe will resell the UEFA rights to Mediapro in exchange for Altice Europe's right to resell Mediapro's TELEFOOT channel (including the main football matches for French Ligue 1 and Ligue 2). This will allow Mediapro to broadcast the UEFA Champions League and Europa League. Both the RMC Sport channel and Mediapro's TELEFOOT channel will broadcast the two competitions from October 2020. SFR will offer all of the football to its customers with RMC Sport, TELEFOOT, Canal+ and BeIN SPORTS. Secondly, for the seasons 2021/22, 2022/23 and 2023/24, Altice Europe entered into a distribution agreement with Mediapro to resell the TELEFOOT channel (including the main football matches for French Ligue 1 and Ligue 2) with a revenue share mechanism. This is expected to generate additional revenues for the Altice France residential segment. With this agreement, Altice Europe maintains the commitment to improve Altice TV cash flow trends, approaching break-even, while SFR customers will continue to benefit from the best football offer in France.

#### 3.3.2. Agreement on recommended all-cash offer for all common shares A and common shares B in the capital of the Company by Next Private B.V

On September 11, 2020, the Company and Next Private B.V. (the "Offeror"), a direct subsidiary of Next Alt, jointly announced that a conditional agreement had been reached on a recommended public offer (the "Offer") to be made by the Offeror for all common shares A and common shares B in the capital of the Company for €4.11 in cash per share (cum dividend). This represents a total consideration of approximately €2.5 billion. Following the Offer, the Offeror wishes to delist the Company.

### 3.4. Variations in non-controlling interests

Variations in non-controlling interests (€m)	Altice France	Hivory <sup>1</sup>	Altice Technical Services	Other	Group
<b>Opening balance at January 1, 2019</b>	<b>3.3</b>	<b>220.7</b>	<b>(13.8)</b>	<b>16.5</b>	<b>226.7</b>
Net income	9.5	36.3	(1.9)	1.8	45.7
Other comprehensive income	(0.1)	-	0.5	0.1	0.5
Transaction with NCI in ERT Lux	(2.0)	-	-	-	(2.0)
Transaction with NCI in GNP	6.1	-	-	-	6.1
Sale of SIRESP	-	-	-	(3.6)	(3.6)
Dividends	(10.1)	(37.6)	(12.1)	-	(59.8)
Other	(0.1)	-	(0.2)	0.4	0.1
<b>Closing at December 31, 2019</b>	<b>6.6</b>	<b>219.4</b>	<b>(27.5)</b>	<b>15.2</b>	<b>213.7</b>
Net income	17.5	43.0	(2.6)	20.4	78.3
Other comprehensive income	0.2	-	(1.0)	(0.2)	(1.0)
Transaction with NCI in Altice France	(5.3)	-	-	-	(5.3)
Transaction with NCI in FastFiber	-	-	-	4.0	4.0
Sale of SBS Morocco to Intelcia	(0.5)	-	-	-	(0.5)
Sale of Tnord and Sudtel to Portugal	-	-	3.4	(3.4)	-
Dividends	(1.1)	-	(6.3)	(1.1)	(8.5)
Other	0.2	-	-	(2.3)	(2.1)
<b>Closing at September 30, 2020</b>	<b>17.6</b>	<b>262.4</b>	<b>(34.0)</b>	<b>32.6</b>	<b>278.6</b>

<sup>1</sup> This column presents the impact of the sale by Altice France of a minority stake in Hivory (an entity created by Altice France to which Altice France contributed some of its telecommunication towers) that was closed on December 18, 2018. Following the closing of the sale, Altice France keeps exclusive control of Hivory which is consolidated in Altice France.

The change in non-controlling interests ("NCI") as at September 30, 2020 compared to December 31, 2019 was mainly due to:

- net income attributable to the non-controlling interests for the nine-month period ended September 30, 2020 of €78.3 million, mainly in Altice France and Hivory; and
- transactions with NCI which related to the acquisition of minority interests by Altice France, decreasing NCI by €5.3 million and the sale of 49.99% of the Portuguese fibre business increasing NCI by €4.0 million.

### 3.5. Assets held for sale

Disposal groups held for sale (€m)	September 30, 2020	December 31, 2019
Tangible and intangible assets	-	9.3
Investment in associates	-	107.7
Currents assets	4.8	2.0
<b>Total assets held for sale</b>	<b>4.8</b>	<b>119.0</b>
Non-current liabilities	-	0.1
Current liabilities	3.2	0.3
<b>Total liabilities related to assets held for sale</b>	<b>3.2</b>	<b>0.4</b>

The reduction in Investment in associates from December 31, 2019 to September 30, 2020 is due to the sale by PT Portugal of its 25% holding in Belmont (please refer to note 3.1.1).

## 4. Segment reporting

### 4.1. Definition of segments

Given the geographical spread of the entities within the Group, analysis by geographical area is fundamental in determining the Group's strategy and managing its different businesses. The Group's chief operating decision maker is the Board of Directors. The Board of Directors analyses the Group's results across geographies, and certain key areas by activity. The presentation of the segments here is consistent with the reporting used internally by the Board of Directors to track the Group's operational and financial performance. The businesses that the Group owns and operates do not show significant seasonality, except for the mobile residential and business services, which can show significant changes in sales at year end and at the end of the summer season (the "back to school" period). The business services are also impacted by the timing of preparation of the annual budgets of public and private sector companies. The accounting policies of the reportable segments are the same as the Group's accounting policies.

The segments that are presented are detailed below:

- **France:** The Group controls Altice France S.A. ("Altice France"), the second largest telecom operator in France, which provides residential, business, mobile and high-speed internet services using SFR and the associated brands. Additionally, the media division of Altice France includes NextRadioTV and SFR Presse companies, which cover audio-visual and press activities in France, respectively. This segment also comprises of the French Overseas Territories ("FOT"), ATS France and Altice Customer Services S.à r.l. ("ACS"). On July 8, 2020, Altice Picture S.à.r.l., a Luxembourg based entity which houses the sports and other content rights mainly for the UEFA Champions League and other premium content, was sold to SportsCoTV S.A.S, which is fully owned by Altice France S.A. The segment reporting information below presents Altice France excluding Altice TV entities for the three and nine-month periods ended September 30, 2020 as well as comparative figures.
- **Portugal:** The Group owns Portugal Telecom ("PT Portugal"), the largest telecom operator in Portugal. PT Portugal caters to fixed residential, mobile residential and business services clients using the MEO brand. This segment also includes the Altice Technical Services entities in Portugal.
- **Israel:** Fixed and mobile services are provided using the HOT telecom, HOT mobile and HOT net brands to residential and business services clients. HOT also produces award winning exclusive content that it distributes using its fixed network, as well as content application called Next and OTT services through Next Plus. This segment also includes the Altice Technical Services entity in Israel.
- **Dominican Republic:** The Group provides fixed residential, mobile residential and business services using the Altice brand. This segment also includes the Altice Technical Services entity in the Dominican Republic.
- **Teads:** Provides digital advertising solutions.
- **Altice TV:** Content business from the use of content rights.
- **Others:** Corporate entities are reported under "Others".

### 4.2. Financial Key Performance Indicators ("KPIs")

The Board of Directors has defined certain financial KPIs that are tracked and reported by each operating segment every month to the senior executives of the Company. The Board of Directors believes that these indicators offer them the best view of the operational and financial efficiency of each segment and this follows best practices in the rest of the industry, thus providing investors and other analysts a suitable base to perform their analysis of the Group's results.

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The financial KPIs tracked by the Board of Directors are:

- Revenues: by segment and in terms of activity,
- Adjusted EBITDA: by segment,
- Capital expenditure (“Capex”): by segment, and
- Operating free cash flow (“OpFCF”): by segment.

#### 4.2.1. Revenues

Additional information on the revenue split is presented as follows:

- Residential revenue
  - Fixed: revenues from fixed services to B2C customers;
  - Mobile: revenues from mobile services to B2C subscribers;
  - Equipment business to B2C subscribers;
- Business services: revenues from B2B customers, wholesale (including the construction of the FTTH network for SFR FTTH) and other revenues; and
- Media: media, content and advertisement revenues in Altice France, Teads and Altice TV.

Intersegment revenues represented 1.9% of total revenues for the three-month period ended September 30, 2020, compared to 2.0% of total revenues for the three-month period ended September 30, 2019 (€72.5 million compared to €73.9 million).and 1.9% of total revenues for the nine-month period ended September 30, 2020, compared to 2.1% of total revenues for the nine-month period ended September 30, 2019 (€208.5 million compared to €220.9 million). Intersegment revenues mainly relate to services rendered by certain centralized Group functions (relating to content production, content distribution and centralized research and development) to the operational segments of the Group. A significant proportion of Altice TV’s revenues (based on contractual terms) and activities are within the Group and therefore are eliminated.

#### 4.2.2. Non-GAAP measures

Adjusted EBITDA, Capex and OpFCF are non-GAAP measures. These measures are useful to readers of the condensed interim consolidated financial statements as they provide a measure of operating results excluding certain items that the Group’s management believe are either outside of its recurring operating activities, or items that are non-cash. Excluding such items enables trends in the Group’s operating results and cash flow generation to be more easily observable. The non-GAAP measures are used by the Group internally to manage and assess the results of its operations, make decisions with respect to investments and allocation of resources, and assess the performance of management personnel. Such performance measures are also the de facto metrics used by investors and other members of the financial community to value other companies operating in the same industry as the Group and thus are a basis for comparability between the Group and its peers. Moreover, the debt covenants of the Group are based on the Adjusted EBITDA and other associated metrics. The definition of Adjusted EBITDA used in the covenants has not changed with the adoption of IFRS 15 *Revenue from Contracts with Customers* and IFRS 16 *Leases* by the Group.

##### 4.2.2.1. Adjusted EBITDA

Following the application of IFRS 16 *Leases*, Adjusted EBITDA is defined as operating income before depreciation and amortization, other expenses and income (capital gains, non-recurring litigation, restructuring costs) and share-based expenses and after operating lease expenses (i.e., straight-line recognition of the rent expense over the lease term as performed under IAS 17 *Leases* for operating lease). This may not be comparable to similarly titled measures used by other entities. Further, this measure should not be considered as an alternative for operating income as the effects of depreciation, amortization and impairment, excluded from Adjusted EBITDA, do ultimately affect the operating results. Operating results presented in the condensed interim consolidated financial statements are in accordance with IAS 1 *Presentation of Financial Statements*.

##### 4.2.2.2. Capex

Capex is an important indicator to follow, as the profile varies greatly between activities:

- The fixed business has fixed Capex requirements that are mainly discretionary (network, platforms, general), and variable capex requirements related to the connection of new customers and the purchase of Customer Premise Equipment (TV decoder, modem, etc.).
- Mobile Capex is mainly driven by investment in new mobile sites, upgrade to new mobile technology and licenses to operate; once engaged and operational, there are limited further Capex requirements.
- Other Capex is mainly related to costs incurred in acquiring content rights.

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4.2.2.3. *Operating free cash flow*

OpFCF is defined as Adjusted EBITDA less Capex. This may not be comparable to similarly titled measures used by other entities. Further, this measure should not be considered as an alternative for operating cash flow as presented in the consolidated statement of cash flows in accordance with IAS 7 *Statement of Cashflows*.

**4.3. Segment results**

4.3.1. *Operating profit by segment*

<b>For the three months ended September 30, 2020 €m</b>	<b>France</b>	<b>Portugal</b>	<b>Israel Dominican Republic</b>	<b>Teads</b>	<b>Altice TV</b>	<b>Others</b>	<b>Inter- segment elimination</b>	<b>Total</b>	
<b>Revenues</b>	<b>2,745.1</b>	<b>541.1</b>	<b>243.5</b>	<b>119.1</b>	<b>118.5</b>	<b>70.1</b>	<b>0.2</b>	<b>(72.5)</b>	<b>3,765.1</b>
Purchasing and subcontracting costs	(769.7)	(144.1)	(83.2)	(31.1)	-	(63.1)	-	71.8	(1,019.4)
Other operating expenses	(421.5)	(90.7)	(52.7)	(18.7)	(53.5)	-	(2.3)	0.5	(638.8)
Staff costs and employee benefit expenses	(266.2)	(70.8)	(18.5)	(6.8)	(23.2)	(0.1)	(5.6)	-	(391.2)
<b>Total</b>	<b>1,287.6</b>	<b>235.5</b>	<b>89.2</b>	<b>62.4</b>	<b>41.8</b>	<b>6.9</b>	<b>(7.6)</b>	<b>(0.2)</b>	<b>1,715.7</b>
Share-based expense	1.1	0.1	-	0.2	-	-	2.3	-	3.6
Rental expense operating lease <sup>1</sup>	(204.7)	(18.7)	(8.0)	(5.0)	(1.3)	-	-	-	(237.8)
<b>Adjusted EBITDA</b>	<b>1,084.0</b>	<b>216.9</b>	<b>81.2</b>	<b>57.6</b>	<b>40.5</b>	<b>6.9</b>	<b>(5.3)</b>	<b>(0.2)</b>	<b>1,481.5</b>
Depreciation, amortisation and impairment	(900.6)	(181.1)	(81.0)	(29.1)	(5.7)	(72.0)	10.8	-	(1,258.7)
Share-based expense	(1.1)	(0.1)	-	(0.2)	-	-	(2.3)	-	(3.6)
Other expenses and income	(69.4)	1.9	(0.6)	(0.6)	(0.2)	-	(10.9)	(0.1)	(79.9)
Rental expense operating lease <sup>1</sup>	204.7	18.7	8.0	5.0	1.3	-	-	-	237.8
<b>Operating profit/(loss)</b>	<b>317.6</b>	<b>56.3</b>	<b>7.6</b>	<b>32.7</b>	<b>36.0</b>	<b>(65.1)</b>	<b>(7.8)</b>	<b>(0.3)</b>	<b>377.1</b>

<b>For the three months ended September 30, 2019 €m</b>	<b>France</b>	<b>Portugal</b>	<b>Israel Dominican Republic</b>	<b>Teads</b>	<b>Altice TV</b>	<b>Others</b>	<b>Inter- segment elimination</b>	<b>Total</b>	
<b>Revenues</b>	<b>2,646.4</b>	<b>536.2</b>	<b>245.6</b>	<b>140.3</b>	<b>106.8</b>	<b>57.9</b>	<b>0.2</b>	<b>(73.9)</b>	<b>3,659.5</b>
Purchasing and subcontracting costs	(682.9)	(142.8)	(74.5)	(34.6)	-	(88.0)	-	72.4	(950.4)
Other operating expenses	(484.1)	(95.5)	(51.6)	(20.9)	(64.2)	(0.9)	(4.5)	(1.1)	(722.8)
Staff costs and employee benefit expenses	(250.0)	(64.4)	(18.3)	(8.1)	(24.9)	(0.3)	(10.9)	0.1	(376.8)
<b>Total</b>	<b>1,229.4</b>	<b>233.5</b>	<b>101.2</b>	<b>76.7</b>	<b>17.7</b>	<b>(31.3)</b>	<b>(15.2)</b>	<b>(2.5)</b>	<b>1,609.5</b>
Share-based expense	0.7	-	-	-	-	-	8.6	-	9.3
Rental expense operating lease <sup>1</sup>	(178.3)	(18.0)	(8.3)	(6.2)	(1.0)	-	-	-	(211.8)
<b>Adjusted EBITDA</b>	<b>1,051.8</b>	<b>215.5</b>	<b>92.9</b>	<b>70.5</b>	<b>16.7</b>	<b>(31.3)</b>	<b>(6.6)</b>	<b>(2.5)</b>	<b>1,407.0</b>
Depreciation, amortisation and impairment	(792.0)	(177.2)	(92.9)	(31.2)	(5.2)	(72.6)	-	-	(1,171.1)
Share-based expense	(0.7)	-	-	-	-	-	(8.6)	-	(9.3)
Other expenses and income	(99.5)	(3.7)	(2.9)	(0.1)	0.7	-	(9.6)	0.1	(115.0)
Rental expense operating lease <sup>1</sup>	178.3	18.0	8.3	6.2	1.0	-	-	-	211.8
<b>Operating profit/(loss)</b>	<b>337.9</b>	<b>52.6</b>	<b>5.4</b>	<b>45.4</b>	<b>13.2</b>	<b>(103.9)</b>	<b>(24.8)</b>	<b>(2.4)</b>	<b>323.4</b>

<sup>1</sup> This line corresponds to the operating lease expenses which impacts are included in Adjusted EBITDA following the definition stated in note 4.2.2.1.

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<b>€m</b>									
<b>Revenues</b>	<b>7,988.9</b>	<b>1,562.9</b>	<b>735.6</b>	<b>369.6</b>	<b>290.7</b>	<b>190.8</b>	<b>0.6</b>	<b>(208.5)</b>	<b>10,930.6</b>
Purchasing and subcontracting costs	(2,171.4)	(399.8)	(236.4)	(90.0)	-	(208.7)	-	203.2	(2,903.1)
Other operating expenses	(1,334.2)	(275.3)	(152.6)	(58.5)	(148.0)	(0.4)	(10.1)	2.4	(1,976.7)
Staff costs and employee benefit expenses	(743.1)	(206.1)	(55.2)	(22.2)	(65.8)	(0.4)	(11.0)	0.1	(1,103.7)
<b>Total</b>	<b>3,740.2</b>	<b>681.7</b>	<b>291.4</b>	<b>198.9</b>	<b>76.9</b>	<b>(18.7)</b>	<b>(20.5)</b>	<b>(2.8)</b>	<b>4,947.1</b>
Share-based expense	(21.4)	0.4	-	0.4	-	-	0.3	-	(20.3)
Rental expense operating lease <sup>1</sup>	(596.6)	(53.8)	(24.2)	(16.4)	(3.9)	-	-	-	(694.9)
<b>Adjusted EBITDA</b>	<b>3,122.2</b>	<b>628.3</b>	<b>267.2</b>	<b>182.9</b>	<b>73.0</b>	<b>(18.7)</b>	<b>(20.2)</b>	<b>(2.8)</b>	<b>4,231.9</b>
Depreciation, amortisation and impairment	(2,573.2)	(543.7)	(248.0)	(96.8)	(16.8)	(254.8)	10.8	-	(3,722.5)
Share-based expense	21.4	(0.4)	-	(0.4)	-	-	(0.3)	-	20.3
Other expenses and income	(140.0)	77.0	(8.7)	(0.3)	(0.4)	(10.4)	(30.2)	(0.1)	(113.1)
Rental expense operating lease <sup>1</sup>	596.6	53.8	24.2	16.4	3.9	-	-	-	694.9
<b>Operating profit/(loss)</b>	<b>1,027.0</b>	<b>215.0</b>	<b>34.7</b>	<b>101.8</b>	<b>59.7</b>	<b>(283.9)</b>	<b>(39.9)</b>	<b>(2.9)</b>	<b>1,111.5</b>
<b>For the nine months ended September 30, 2019 (*restated)</b>									
<b>€m</b>									
<b>Revenues</b>	<b>7,811.1</b>	<b>1,566.7</b>	<b>712.2</b>	<b>419.7</b>	<b>300.2</b>	<b>174.2</b>	<b>0.6</b>	<b>(220.9)</b>	<b>10,763.8</b>
Purchasing and subcontracting costs	(2,072.8)	(403.6)	(217.5)	(104.9)	-	(245.5)	-	215.9	(2,828.4)
Other operating expenses	(1,357.1)	(275.2)	(150.5)	(61.9)	(179.3)	(3.2)	(14.8)	(1.3)	(2,043.3)
Staff costs and employee benefit expenses	(745.9)	(198.4)	(51.6)	(23.1)	(75.1)	(1.6)	(36.2)	0.3	(1,131.6)
<b>Total</b>	<b>3,635.3</b>	<b>689.5</b>	<b>292.6</b>	<b>229.8</b>	<b>45.8</b>	<b>(76.1)</b>	<b>(50.4)</b>	<b>(6.0)</b>	<b>4,760.5</b>
Share-based expense	2.9	-	-	-	-	-	30.9	-	33.8
Rental expense operating lease <sup>1</sup>	(558.4)	(54.1)	(25.2)	(18.7)	(3.0)	-	-	-	(659.4)
<b>Adjusted EBITDA</b>	<b>3,079.8</b>	<b>635.4</b>	<b>267.4</b>	<b>211.1</b>	<b>42.8</b>	<b>(76.1)</b>	<b>(19.5)</b>	<b>(6.0)</b>	<b>4,134.9</b>
Depreciation, amortisation and impairment	(2,523.4)	(535.7)	(272.6)	(94.6)	(15.0)	(357.2)	(0.1)	-	(3,798.6)
Share-based expense	(2.9)	-	-	-	-	-	(30.9)	-	(33.8)
Other expenses and income	1,932.4	(287.0)	(6.4)	(5.4)	(0.2)	-	20.9	(0.1)	1,654.2
Rental expense operating lease <sup>1</sup>	558.4	54.1	25.2	18.7	3.0	-	-	-	659.4
<b>Operating profit/(loss)</b>	<b>3,044.3</b>	<b>(133.2)</b>	<b>13.6</b>	<b>129.8</b>	<b>30.6</b>	<b>(433.3)</b>	<b>(29.6)</b>	<b>(6.1)</b>	<b>2,616.1</b>

<sup>1</sup> This line corresponds to the operating lease expenses which impacts are included in Adjusted EBITDA following the definition stated in note 4.2.2.1.

Regarding the share-based expenses, the Group has several share-based compensation plans across its various entities comprising of mainly the Long-Term Incentive Plan (“LTIP”), the Share Option Plan (“SOP”), the options granted to Next Alt and the Preference Shares granted to the Company’s CEO, Mr. Alain Weill. During the three-month period ended September 30, 2020, the Group recorded a share-based charge of €3.6 million, compared to a charge of €9.3 million in the three-month period ended September 30, 2019. During the nine-month period ended September 30, 2020, the Group recorded a share-based credit of €20.3 million, compared to a charge of €33.8 million in the nine-month period ended September 30, 2019. Following the reassessment by management of the non-market vesting conditions included in free Preference Shares B granted to Mr. Weill in July 10, 2018 (please refer to note 26.2 to the annual financial statements for the year ended December 31, 2019), the Company has reversed the share based payment expense recognized from the grant date for an amount of €35.0 million in the nine-month period ended September 30, 2020.

#### 4.3.2. Other expenses and income

Other expenses and income mainly relate to provisions for ongoing and announced restructuring, net gain of sale of interest in associates and consolidated entities and other expenses (for example gains and losses on disposal of assets, deal fees on acquisitions of entities and provisions for litigations).

Details of costs incurred during the three and nine-month periods ended September 30, 2020 and 2019 are provided in the following table:



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Other expenses and income (€m)	For the three months ended September 30, 2020	For the three months ended September 30, 2019	For the nine months ended September 30, 2020	For the nine months ended September 30, 2019 (*restated)
Restructuring costs	53.4	(2.6)	59.5	262.2
Net (gain)/loss on disposal of assets	(9.8)	11.2	(9.8)	11.2
Disputes and litigation	16.4	(5.8)	31.2	6.3
Net gain on sale of interest in associates	-	-	(97.7)	-
Net loss/(gain) on sale of consolidated entities	22.4	69.5	84.6	(2,014.3)
Other, net	(2.5)	42.7	45.3	80.4
<b>Other expenses and (income)</b>	<b>79.9</b>	<b>115.0</b>	<b>113.1</b>	<b>(1,654.2)</b>

4.3.2.1. *Restructuring costs*

For the three and nine-month periods ended September 30, 2020, the charge mainly related to the media restructuring plans for an amount of €50.0 million. On May 19, 2020, NextRadioTV announced a restructuring plan to take into account the changing environment for the media industry in France. This plan, based on voluntary departures, aims at reducing the employee workforce by limiting the use of part time workers, freelancers and consultants. An agreement was signed with the workers' council on September 15, 2020. As of September 30, 2020, management considers that the conditions for recording a provision were met and thus a provision was recorded in the income statement Other expense and income for an amount of €50.0 million.

Restructuring costs for the nine-month period ended September 30, 2019 mainly related to the restructuring plans in PT Portugal for which a €255.3 million provision fully tax deductible was recorded in connection with the voluntary employee reduction program undertaken in 2019 covering approximately 850 employees (mainly in support functions) in order to improve operational flexibility of PT Portugal.

4.3.2.2. *Net gain on sale of interest in associates*

For the nine-month period ended September 30, 2020, this related to the capital gain of €97.7 million from the sale of Portugal's 25% equity stake in Belmont (please refer to note 3.1.1).

4.3.2.3. *Net loss/gain on sale of consolidated entities*

For the three-month period ended September 30, 2020, the loss resulted from the sale of Libération (please refer to note 3.1.4). For the three-month period ended September 30, 2019, the loss mainly resulted from the capital loss from the sale of a majority stake in Groupe L'Express S.A. of €67.7 million (please refer to note 3.2.3).

For the nine-month period ended September 30, 2020, the loss resulted from the sale of Milibris SAS and Libération (please refer to note 3.1.4). For the nine-month period ended September 30, 2019, the gain related to the capital gain from the sale of a 49.99% equity stake in SFR FTTH and the remeasurement at fair value of residual interest in SFR FTTH of €2,085.6 million (please refer to note 3.2.2 and note 20), the capital loss from the sale of a majority stake in Groupe L'Express S.A. of €67.7 million (please refer to note 3.2.3).

4.3.3. *Revenues by activity*

The tables below provide the split of revenues by activity as defined in note 4.2.1.

For the three months ended September 30, 2020 €m	France	Portugal	Israel Dominican Republic	Teads	Altice TV	Others	Total	
Fixed	650.8	157.2	139.3	22.2	-	-	969.5	
Mobile	889.2	119.0	52.1	65.9	-	-	1,126.3	
Residential service	1,540.0	276.3	191.4	88.1	-	-	2,095.8	
Residential equipment	174.1	28.0	19.4	10.2	-	-	231.7	
<b>Total Residential</b>	<b>1,714.2</b>	<b>304.4</b>	<b>210.8</b>	<b>98.2</b>	<b>-</b>	<b>-</b>	<b>2,327.6</b>	
Business services	957.0	236.7	32.7	20.8	-	0.2	1,247.6	
Media	73.9	-	-	-	118.5	70.1	262.4	
<b>Total standalone revenues</b>	<b>2,745.1</b>	<b>541.1</b>	<b>243.5</b>	<b>119.1</b>	<b>118.5</b>	<b>70.1</b>	<b>0.2</b>	<b>3,837.6</b>
Intersegment elimination	(8.7)	(20.3)	(0.1)	(0.3)	(0.6)	(42.6)	-	(72.5)
<b>Total consolidated</b>	<b>2,736.3</b>	<b>520.8</b>	<b>243.5</b>	<b>118.9</b>	<b>117.9</b>	<b>27.5</b>	<b>0.2</b>	<b>3,765.1</b>

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For the three months ended September 30, 2019 €m	France	Portugal	Israel Dominican Republic	Teads	Altice TV	Others	Total
Fixed	623.2	150.9	142.3	26.0	-	-	942.3
Mobile	889.2	120.2	54.0	76.4	-	-	1,139.8
Residential service	1,512.5	271.0	196.3	102.4	-	-	2,082.2
Residential equipment	170.0	29.1	18.3	11.9	-	-	229.4
Total Residential	1,682.5	300.1	214.6	114.4	-	-	2,311.6
Business services	876.0	236.0	31.0	25.9	-	0.2	1,169.2
Media	87.8	-	-	-	106.8	57.9	252.6
<b>Total standalone revenues</b>	<b>2,646.4</b>	<b>536.2</b>	<b>245.6</b>	<b>140.3</b>	<b>106.8</b>	<b>57.9</b>	<b>3,733.4</b>
Intersegment elimination	(16.1)	(19.6)	(0.1)	(0.1)	(0.1)	(38.0)	(73.9)
<b>Total consolidated</b>	<b>2,630.2</b>	<b>516.6</b>	<b>245.5</b>	<b>140.2</b>	<b>106.8</b>	<b>19.9</b>	<b>3,659.5</b>

For the nine months ended September 30, 2020 €m	France	Portugal	Israel Dominican Republic	Teads	Altice TV	Others	Total
Fixed	1,925.2	461.6	431.2	70.7	-	-	2,888.7
Mobile	2,655.7	349.8	160.3	207.4	-	-	3,373.2
Residential service	4,580.9	811.4	591.5	278.1	-	-	6,261.9
Residential equipment	440.1	72.7	49.1	27.4	-	-	589.3
Total Residential	5,021.0	884.1	640.6	305.5	-	-	6,851.2
Business services	2,736.3	678.8	95.0	64.1	-	0.6	3,574.8
Media	231.6	-	-	-	290.7	190.8	713.1
<b>Total standalone revenues</b>	<b>7,988.9</b>	<b>1,562.9</b>	<b>735.6</b>	<b>369.6</b>	<b>290.7</b>	<b>190.8</b>	<b>11,139.1</b>
Intersegment elimination	(31.8)	(54.1)	(0.2)	(0.3)	(1.5)	(120.6)	(208.5)
<b>Total consolidated</b>	<b>7,957.1</b>	<b>1,508.8</b>	<b>735.4</b>	<b>369.3</b>	<b>289.2</b>	<b>70.2</b>	<b>10,930.6</b>

For the nine months ended September 30, 2019 €m	France	Portugal	Israel Dominican Republic	Teads	Altice TV	Others	Total
Fixed	1,868.6	458.5	416.9	77.3	-	-	2,821.3
Mobile	2,637.4	351.7	148.4	229.3	-	-	3,366.8
Residential service	4,506.0	810.2	565.3	306.6	-	-	6,188.1
Residential equipment	484.3	71.1	53.8	34.2	-	-	643.4
Total Residential	4,990.3	881.3	619.1	340.8	-	-	6,831.5
Business services	2,500.1	685.4	93.1	78.9	-	0.6	3,358.1
Media	320.7	-	-	-	300.2	174.2	795.1
<b>Total standalone revenues</b>	<b>7,811.1</b>	<b>1,566.7</b>	<b>712.2</b>	<b>419.7</b>	<b>300.2</b>	<b>174.2</b>	<b>10,984.7</b>
Intersegment elimination	(56.8)	(47.3)	(0.2)	(0.4)	(1.5)	(114.7)	(220.9)
<b>Total consolidated</b>	<b>7,754.3</b>	<b>1,519.4</b>	<b>712.0</b>	<b>419.3</b>	<b>298.7</b>	<b>59.5</b>	<b>10,763.8</b>

The table below provides the standalone and consolidated revenues in accordance with IFRS 15 *Revenue from Contracts with Customers* for the three and nine-month periods ended September 30, 2020 and 2019.

Revenues split IFRS 15 (€m)	For the three months ended September 30, 2020	For the three months ended September 30, 2019	For the nine months ended September 30, 2020	For the nine months ended September 30, 2019
	Fixed residential	969.5	942.3	2,888.7
Mobile residential	1,126.3	1,139.7	3,373.2	3,366.7
Business services	1,168.6	1,042.2	3,369.0	3,149.7
<b>Total telecom excluding equipment sales</b>	<b>3,264.5</b>	<b>3,124.2</b>	<b>9,630.9</b>	<b>9,337.7</b>
Equipment sales	310.6	356.6	795.0	851.9
Media	262.4	252.6	713.1	795.1
<b>Total standalone revenues</b>	<b>3,837.5</b>	<b>3,733.4</b>	<b>11,139.0</b>	<b>10,984.7</b>
Intersegment elimination	(72.4)	(73.9)	(208.4)	(220.9)
<b>Total consolidated</b>	<b>3,765.1</b>	<b>3,659.5</b>	<b>10,930.6</b>	<b>10,763.8</b>

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4.3.4. *Capital expenditure*

The table below details capital expenditure by segment and reconciles to the payments to acquire capital items (tangible and intangible assets) as presented in the consolidated statement of cash flows.

For the nine months ended	France	Portugal	Israel Dominican Republic	Teads	Altice TV <sup>1</sup>	Others	Eliminations	Total	
<b>September 30, 2020</b>									
<b>€m</b>									
Capital expenditure - accrued	1,586.3	338.4	196.1	77.1	5.3	3.2	-	(2.7)	<b>2,203.7</b>
Capital expenditure - working capital items	107.6	7.9	(13.4)	(5.2)	-	175.7	-	(1.3)	<b>271.3</b>
<b>Payments to acquire tangible and intangible assets<sup>1</sup></b>	<b>1,693.9</b>	<b>346.3</b>	<b>182.7</b>	<b>71.9</b>	<b>5.3</b>	<b>178.9</b>	<b>-</b>	<b>(4.0)</b>	<b>2,475.0</b>
<b>September 30, 2019</b>									
<b>€m</b>									
Capital expenditure - accrued	1,676.1	295.6	179.5	92.1	4.2	7.5	-	(6.2)	<b>2,248.8</b>
Capital expenditure - working capital items	62.6	10.9	7.1	(5.7)	-	353.0	-	-	<b>427.9</b>
<b>Payments to acquire tangible and intangible assets<sup>1</sup></b>	<b>1,738.7</b>	<b>306.5</b>	<b>186.6</b>	<b>86.4</b>	<b>4.2</b>	<b>360.5</b>	<b>-</b>	<b>(6.2)</b>	<b>2,676.7</b>

1 The capital expenditure – working capital items for Altice TV for the nine-month period ended September 30, 2020 of €175.7 million does not include the second payment of 2020 of Champions League rights due to ongoing discussions with UEFA regarding compensation for the suspension of the competition since March 2020. The payment is anticipated in the fourth quarter of 2020. In 2019, the working capital items included the payments to the UEFA made in January and July 2019.

4.3.5. *Adjusted EBITDA less accrued Capex*

For the nine months ended	France	Portugal	Israel Dominican Republic	Teads	Altice TV	Others	Eliminations	Total	
<b>September 30, 2020</b>									
<b>€m</b>									
Adjusted EBITDA	3,122.2	628.3	267.2	182.9	73.0	(18.7)	(20.2)	(2.7)	<b>4,232.0</b>
Capital expenditure - accrued	(1,586.3)	(338.4)	(196.1)	(77.1)	(5.3)	(3.2)	-	2.7	<b>(2,203.7)</b>
<b>Operating free cash flow (OpFCF)</b>	<b>1,535.9</b>	<b>289.9</b>	<b>71.1</b>	<b>105.8</b>	<b>67.7</b>	<b>(21.9)</b>	<b>(20.2)</b>	<b>-</b>	<b>2,028.3</b>
<b>September 30, 2019</b>									
<b>€m</b>									
Adjusted EBITDA	3,080.0	635.5	267.4	211.1	42.8	(76.2)	(19.6)	(6.0)	<b>4,135.0</b>
Capital expenditure - accrued	(1,676.1)	(295.6)	(179.5)	(92.1)	(4.2)	(7.5)	-	6.2	<b>(2,248.8)</b>
<b>Operating free cash flow (OpFCF)</b>	<b>1,403.9</b>	<b>339.9</b>	<b>87.9</b>	<b>119.0</b>	<b>38.6</b>	<b>(83.7)</b>	<b>(19.6)</b>	<b>0.2</b>	<b>1,886.2</b>

**5. Goodwill**

Change in Goodwill (€m)	September 30, 2020	December 31, 2019
Opening balance	14,655.5	14,639.1
Acquisitions	2.7	4.5
Disposals <sup>1</sup>	(63.6)	-
Exchange impact	(104.5)	37.0
Impairment	-	(28.3)
Other	8.4	3.2
<b>Total</b>	<b>14,498.5</b>	<b>14,655.5</b>

1 Disposals mainly relates to the sale of Libération (please refer to note 3.1.4).

Goodwill is reviewed at the level of each different group of cash generating units (“GCGU” or “CGU” for cash generating units) annually for impairment and whenever changes in circumstances indicate that its carrying amount may not be recoverable. Goodwill was tested at the CGU/GCGU level for impairment as of December 31, 2019. The CGU/GCGU is at the country level where the subsidiaries operate. The recoverable amounts of the GCGUs are determined based on their value in use. The Group determined to calculate value in use for purposes of its impairment testing and, accordingly, did not determine the fair value less costs of disposal of the GCGUs. The key assumptions for the value in use calculations are primarily the post-tax discount rates, the terminal growth rate, revenue, Adjusted EBITDA and capital expenditures.

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The Board of Directors and the Group's senior executives have determined that there have not been any changes in circumstances indicating that the carrying amount of goodwill may not be recoverable. In addition, there were no significant changes in assets or liabilities in any CGU/GCGU, while the recoverable amounts continue to significantly exceed the carrying amounts. Therefore, no updated impairment testing was performed, nor any material impairment recorded, for the nine-month period ended September 30, 2020.

## 6. Associates and joint ventures

### 6.1. Investment in associates and joint ventures

Investments in associates and joint ventures (€m)	As of September 30, 2020	As of December 31, 2019
Associates and joint ventures of Altice France	1,373.4	1,551.4
Associates and joint ventures of PT Portugal	14.6	16.0
<b>Total</b>	<b>1,388.1</b>	<b>1,567.4</b>

### 6.2. Share of earnings of associates and joint ventures

Share of earnings/(loss) of associates and joint ventures (€m)	Three months ended		Nine months ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Associates and joint ventures of Altice France	(73.1)	(52.8)	(187.2)	(121.4)
Associates and joint ventures of PT Portugal	4.3	-	2.5	(0.4)
L'Express	(1.8)	(1.5)	(14.9)	(1.5)
<b>Total</b>	<b>(70.6)</b>	<b>(54.3)</b>	<b>(199.6)</b>	<b>(123.3)</b>

Share of loss of associates and joint ventures for the three-month period ended September 30, 2020 amounted to a €70.6 million loss, an increase in loss of €16.3 million compared to the same period in 2019. The increase was mainly related to the share of loss related to SFR FTTH (please refer to note 3.2.2).

Share of loss of associates and joint ventures for the nine-month period ended September 30, 2020 amounted to a €199.6 million loss, an increase in loss of €76.3 million compared to the same period in 2019. The increase was mainly related to the share of loss related to SFR FTTH (please refer to note 3.2.2).

## 7. Financial assets

Financial assets (€m)	Note	As of September 30, 2020	As of December 31, 2019
Derivative financial assets	7.1	508.4	746.0
Loans and receivables		166.9	160.1
Call options with non-controlling interests	7.2	137.4	142.1
Equity instruments at fair value through OCI	7.3	10.1	601.0
Other financial assets		22.9	25.3
<b>Total</b>		<b>845.7</b>	<b>1,674.5</b>
Current		133.8	47.8
Non-current		711.9	1,626.7

### 7.1. Derivative financial assets

The Group has a significant debt book and executes derivative contracts to hedge its position in compliance with its treasury policy. All derivatives are measured at their fair value at the balance sheet date. The total asset position as of September 30, 2020 was €508.4 million (2019: €746.0 million) and the decrease was mainly caused by the decrease in the fair value of derivative assets in Altice France of €236.7 million. Please also refer to note 11.3 for details on each of these derivatives held by the Group and to note 12 for information on the fair value of the derivatives, including the fair value hierarchy.

### 7.2. Call options with non-controlling interests

Through the various acquisitions that the Group has completed in recent years, the Group signed agreements whereby it has a call option to acquire certain residual non-controlling interests in entities that it has not acquired

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100%. The call options are derivative financial instruments and must be re-measured to their fair value at the balance sheet date. The carrying amount of the call options is detailed in note 12.1.

**7.3. Equity instrument at fair value through OCI**

As of September 30, 2020, the decrease in the equity instruments at fair value through OCI was mostly due to the sale of 24.2 million Altice USA shares of Class A common stock (please see note 3.1.3) for \$583.0 million (€528.8 million). Approximately 0.3 million Altice USA shares of Class A common stock were retained after this sale. These investments in equity instruments are not held for trading. Instead, they are held for medium term. Accordingly, the Board of Directors has elected to designate these as equity instruments at fair value through other comprehensive income (“FVTOCI”).

**8. Other non-current assets**

Other non-current assets (€m)	Note	As of September 30, 2020	As of December 31, 2019
Pension assets		2.8	2.8
Prepaid expenses		220.2	247.7
Other receivables		536.1	189.1
<b>Total</b>		<b>759.1</b>	<b>439.6</b>

The increase in other receivable from December 31, 2019 to September 30, 2020 is mainly due the recognition of a €375.0 million earnout in relation to the sale of 49.99% of FastFiber (please refer to note 3.1.2).

**9. Shareholders’ equity**

Equity attributable to owners of the Company (€m)	Notes	As of September 30, 2020	As of December 31, 2019
Issued capital	9.1	59.5	59.5
Treasury shares	9.2	(0.4)	(0.4)
Additional paid in capital		5.7	5.7
Other reserves	9.3	(567.5)	(500.5)
Accumulated losses		(1,907.4)	(2,098.9)
<b>Total</b>		<b>(2,410.1)</b>	<b>(2,534.6)</b>

**9.1. Issued capital**

Share capital	Total shares authorized (number)	Total capital authorized (€m)	Number of shares issued (number)	Value per share (cents)	Total capital issued (€m)
<b>September 30, 2020</b>					
Common Shares A	4,787,715,725	47.9	1,071,179,150	0.01	10.7
Common Shares B	208,491,371	52.1	194,935,156	0.25	48.7
Preference Shares A	4,000,000,000	160.0	-	0.04	-
Preference Shares B	150,000,000	1.5	1,855,664	0.01	0.0
<b>Total</b>	<b>9,146,207,096</b>	<b>261.5</b>	<b>1,267,969,970</b>		<b>59.5</b>
<b>December 31, 2019</b>					
Common Shares A	4,754,551,450	47.5	1,038,014,875	0.01	10.4
Common Shares B	209,817,942	52.5	196,261,727	0.25	49.1
Preference Shares A	4,000,000,000	160.0	-	0.04	-
Preference Shares B	150,000,000	1.5	1,391,748	0.01	0.0
<b>Total</b>	<b>9,114,369,392</b>	<b>261.5</b>	<b>1,235,668,350</b>		<b>59.5</b>

As at September 30, 2020, the Company had a total of 1,267,969,970 Common Shares outstanding (1,071,179,150 Common Shares A and 194,935,156 Common Shares B) and 1,855,664 Preference Shares B outstanding in the market. The Company held a total of 72,103,159 Common Shares A with a nominal value of €0.01 as treasury shares as of September 30, 2020. The Preference Shares B were issued to the Company’s CEO (927,832 shares issued on July 20, 2018, 463,916 shares issued on January 9, 2019 and 463,916 shares issued on January 6, 2020).

## 9.2. Treasury shares

The table below provides a reconciliation of treasury shares held by the Company and the movements in the period.

Reconciliation of treasury shares	For the nine months ended September 30, 2020	Year ended December 31, 2019
<b>Opening</b>	<b>40,265,455</b>	<b>615,998,253</b>
Conversions	31,837,704	313,350,576
Cancellation of treasury shares	-	(885,000,000)
Share transfer	-	(4,083,374)
<b>Closing</b>	<b>72,103,159</b>	<b>40,265,455</b>
Common shares A	72,103,159	40,265,455
Common shares B	-	-

### 9.2.1. Shares conversions

For the nine-month period ended September 30, 2020, the Company received and executed conversion orders, amounting to a total of 1,326,571 Common Shares B. For each conversion, 1 Common Share B is converted to 25 Common Shares A and 24 Common Shares A are subsequently acquired by the Company for nil consideration and retained as treasury shares. As a result, a total of 33,164,275 Common Shares A was created during the period, of which 31,837,704 shares were held as treasury shares.

## 9.3. Other reserves

The tax effects of the Group's currency, fair value through OCI, cash flow hedge and employee benefits reserves are provided below:

Other reserves (€m)	September 30, 2020			December 31, 2019		
	Pre-tax amount	Tax effect	Net amount	Pre-tax amount	Tax effect	Net amount
Actuarial gains and losses	(189.9)	44.8	(145.1)	(193.1)	45.5	(147.6)
<b>Items not reclassified to profit or loss</b>	<b>(189.9)</b>	<b>44.8</b>	<b>(145.1)</b>	<b>(193.1)</b>	<b>45.5</b>	<b>(147.6)</b>
Fair value through OCI	3.5	-	3.5	236.5	-	236.5
Currency translation reserve	(295.8)	-	(295.8)	(305.3)	-	(305.3)
Cash flow hedge reserve	(208.1)	78.0	(130.1)	(438.8)	154.6	(284.2)
<b>Items potentially reclassified to profit or loss</b>	<b>(500.4)</b>	<b>78.0</b>	<b>(422.4)</b>	<b>(507.6)</b>	<b>154.6</b>	<b>(353.0)</b>
<b>Total</b>	<b>(690.3)</b>	<b>122.8</b>	<b>(567.5)</b>	<b>(700.7)</b>	<b>200.1</b>	<b>(500.6)</b>

## 10. Earnings per share

Earnings per share (€m)	For the three months ended September 30, 2020	For the three months ended September 30, 2019	For the nine months ended September 30, 2020	For the nine months ended September 30, 2019 (*restated)
<b>(Loss)/profit for the period attributable to equity holders of the parent</b>	<b>(393.2)</b>	<b>(270.5)</b>	<b>(1,019.6)</b>	<b>691.1</b>
<b>Basic earnings per share</b>				
Weighted average number of ordinary shares	1,195.9	1,195.4	1,195.9	1,192.9
Basic (loss)/earnings per ordinary share (in €)	(0.3)	(0.2)	(0.9)	0.6
<b>Diluted earnings per share</b>				
Dilutive shares: stock options and management investment plan	-	-	-	64.4
Weighted average number of ordinary shares including dilutive shares	1,195.9	1,195.4	1,195.9	1,257.3
Diluted (loss)/earnings per ordinary share (in €)	(0.3)	(0.2)	(0.9)	0.5

As both Common Shares A and Common Shares B have the same economic rights, basic earnings per share is calculated using the aggregate number of shares in circulation, excluding treasury shares held by the Company.

## 11. Borrowing, other financial liabilities and lease liabilities

Borrowings, other financial liabilities and lease liabilities (€m)	Notes	September 30, 2020	December 31, 2019
<b>Long term borrowings, financial liabilities and related hedging instruments</b>		<b>30,405.2</b>	<b>32,101.9</b>
- <i>Debentures</i>	11.1	20,407.4	20,627.2
- <i>Loans from lenders</i>	11.1	8,703.5	10,767.9
- <i>Derivative financial instruments</i>	11.3	1,294.3	706.8
<b>Other non-current financial liabilities</b>	11.7	<b>1,130.5</b>	<b>476.2</b>
<b>Lease liabilities non-current</b>		<b>3,655.4</b>	<b>3,644.6</b>
<b>Non-current liabilities</b>		<b>35,191.1</b>	<b>36,222.7</b>
<b>Short term borrowing, financial liabilities and related hedging instruments</b>		<b>73.8</b>	<b>432.8</b>
- <i>Debentures</i>	11.1	-	257.5
- <i>Loans from lenders</i>	11.1	72.9	163.5
- <i>Derivative financial instruments</i>	11.3	0.9	11.8
<b>Other financial liabilities</b>	11.7	<b>1,668.2</b>	<b>1,822.3</b>
- <i>Other financial liabilities</i>		1,304.6	1,274.5
- <i>Bank overdraft</i>		8.2	6.7
- <i>Accrued interest</i>		355.4	541.1
<b>Lease liabilities current</b>		<b>789.7</b>	<b>758.4</b>
<b>Current liabilities</b>		<b>2,531.7</b>	<b>3,013.5</b>
<b>Total</b>		<b>37,722.8</b>	<b>39,236.2</b>

### 11.1. Debentures and loans from lenders

Debentures and loans from lenders (€m)	Notes	September 30, 2020	December 31, 2019
Debentures	11.1.1	20,407.4	20,884.7
Loans from lenders	11.1.2	8,776.4	10,931.4
<b>Total</b>		<b>29,183.8</b>	<b>31,816.1</b>

#### 11.1.1. Debentures

Maturity of debentures (€m)	Less than one year	One year or more	September 30, 2020	December 31, 2019
Altice France	-	10,772.9	10,772.9	9,671.9
Altice France Holding	-	4,158.0	4,158.0	-
Altice Luxembourg	-	-	-	4,839.6
Altice Financing	-	4,803.1	4,803.1	4,750.8
Altice Finco	-	673.5	673.5	1,622.5
<b>Total</b>	-	<b>20,407.4</b>	<b>20,407.4</b>	<b>20,884.8</b>

#### 11.1.2. Loans from lenders

Maturity of loans from lenders (€m)	Less than one year	One year or more	September 30, 2020	December 31, 2019
Altice France (including RCF) <sup>1</sup>	54.5	6,940.0	6,994.5	7,340.4
Altice Corporate Financing	-	-	-	1,728.0
Altice Financing (including RCF) <sup>1</sup>	18.4	1,763.5	1,781.9	1,861.4
Others	-	-	-	1.6
<b>Total</b>	<b>72.9</b>	<b>8,703.5</b>	<b>8,776.4</b>	<b>10,931.4</b>

1. RCF amounts have been classified as amounts which mature in less than one year, but can be extended till the maturity date of the RCF agreement. Please refer to note 11.6 for further details regarding the credit facilities.

## 11.2. Financing activities

During the nine-month period ended September 30, 2020, the following financing transactions have been closed.

### 11.2.1. Redemption and repurchase of notes

The Group has undertaken the following redemptions of notes since January 1, 2020:

- On January 13, 2020, Altice Finco redeemed in full the outstanding 2023 9.0% Altice Finco Euro Senior Notes, in an aggregate principal amount of €250 million, in accordance with the 2013 Altice Finco Euro Senior Notes Indenture;
- On February 10, 2020, Altice Finco redeemed in full the outstanding 2024 8.13% Altice Finco Dollar Senior Notes, in an aggregate principal amount of \$400 million, in accordance with the 2013 Altice Finco

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Dollar Senior Notes Indenture;

- On February 18, 2020, Altice Financing redeemed in full the outstanding 2023 5.25% and 2023 6.625% Altice Financing Senior Secured Notes, in an aggregate principal amount of €2,400.0 million equivalent, in accordance with the 2015 Altice Financing Senior Secured Notes Indenture;
- On February 24, 2020 and March 9, 2020, Altice Luxembourg redeemed in full the outstanding 2025 7.63% and 2025 6.25% Altice Luxembourg Senior Notes, in two parts, in an aggregate principal amount of €2,108.0 million equivalent, in accordance with the 2015 Altice Luxembourg Senior Notes Indenture;
- On March 6, 2020, Altice Luxembourg redeemed the remaining outstanding 2027 8.00% Altice Luxembourg Euro Senior Notes, in an aggregate principal amount of €82.6 million, in accordance with the 2019 Altice Luxembourg Senior Notes Indenture; and
- On March 6, 2020, Altice Luxembourg redeemed the remaining outstanding 2027 10.50% Altice Luxembourg Dollar Senior Notes, in an aggregate principal amount of \$38.0 million, in accordance with the 2019 Altice Luxembourg Senior Notes Indenture.
- Over the period from June 4, 2020 until September 25, 2020, Altice Financing repurchased and cancelled \$279.4 million of its 2026 7.5% notes.
- On July 22, 2020, Altice Finco redeemed in full the outstanding \$385 million 2025 7.63% notes in an aggregate principal amount of \$385 million (€332.6 million equivalent). The call premium paid on July 22, 2020 related to the redemption amounted to \$14.7 million (€12.7 million equivalent).

#### 11.2.2. *Issuance of the 2020 Altice Financing Senior Secured Notes*

On January 22, 2020, Altice Financing issued \$1,200 million aggregate principal amount of 5.000% Senior Secured Notes due January 15, 2028, €1,100 million aggregate principal amount of 3.000% Senior Secured Notes due January 15, 2028 and €600 million aggregate principal amount of 2.250% Senior Secured Notes due January 15, 2025 (together, the “2020 Altice Financing Senior Secured Notes”).

#### 11.2.3. *Exchange offer completed by Ypso Finance Bis*

As part of this transaction, on January 24, 2020, the Company announced that it would significantly simplify the Group’s capital structure through the removal of Altice Luxembourg S.A. as a debt issuer, a long-standing objective for the Group. Following an exchange offer and the Automatic Exchange (please also refer to note 11.2.9) this resulted in a Group’s capital structure with direct access to cashflows from two distinct, diversified funding pools.

On January 24, 2020, Ypso Finance Bis, a subsidiary of the Group, commenced an exchange offer to noteholders of Altice Luxembourg’s (i) 2027 10.50% Altice Luxembourg Dollar Senior Notes and (ii) 2027 8.00% Altice Luxembourg Euro Senior Notes, to exchange the 2027 10.50% Altice Luxembourg Dollar Senior Notes for an equal aggregate principal amount of corresponding dollar denominated 10.500% senior notes due 2027 issued by Ypso Finance Bis (the “Ypso Finance Bis Exchange Dollar Notes”) and the 2027 8.00% Altice Luxembourg Euro Senior Notes for an equal aggregate principal amount of corresponding euro denominated 8.000% senior notes due 2027 issued by Ypso Finance Bis (the “Ypso Finance Bis Exchange Euro Notes”).

At the expiration of the exchange offer, a total of \$1,562 million (accounting for 97.63% of the outstanding aggregate principal) of the 2027 10.50% Altice Luxembourg Dollar Senior Notes and €1,317 million (accounting for 94.10% of the outstanding aggregate principal) of the 2027 8.00% Altice Luxembourg Euro Senior Notes were tendered and accepted. On February 27, 2020, \$1,562 million of Ypso Finance Bis Exchange Dollar Notes and €1,317 million of Ypso Finance Bis Exchange Euro Notes were issued by Ypso Finance Bis.

On March 6, 2020, Altice Luxembourg redeemed the remaining €82.6 million aggregate principal amount of the 2027 8.00% Altice Luxembourg Euro Senior Notes and the remaining \$38.0 million aggregate principal amount of the 2027 10.50% Altice Luxembourg Dollar Senior Notes, in each case not tendered in and exchanged in connection with the exchange offer.

#### 11.2.4. *Issuance of the 2020 Altice France Senior Secured Notes*

On February 6, 2020, Altice France issued €500 million aggregate principal amount of its euro denominated 2.125% Senior Secured Notes due February 15, 2025.

#### 11.2.5. *Issuance of the 2020 Ypso Finance Bis Senior Notes*

On February 6, 2020, Ypso Finance Bis issued \$1,225 million aggregate principal amount of its dollar



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denominated 6.000% Senior Notes due February 15, 2028 (the “2020 Ypso Finance Bis Dollar Senior Notes”) and €500 million aggregate principal amount of its euro denominated 4.000% Senior Notes due February 15, 2028 (the “2020 Ypso Finance Bis Euro Senior Notes” and, together with the 2020 Ypso Finance Bis Dollar Senior Notes, the “2020 Ypso Finance Bis Senior Notes”).

#### *11.2.6. Amendment of 2014 Altice Financing Revolving Credit Facility Agreement*

On February 20, 2020, all of the lenders under the 2014 Altice Financing Revolving Credit Facility Agreement agreed to amend the 2014 Altice Financing Revolving Credit Facility Agreement to extend the maturity date to February 20, 2025, reduce the margin and make certain other changes.

#### *11.2.7. Bridge facility*

On March 3, 2020, Altice Finco entered into a term loan credit agreement providing for, among other things, a euro denominated term loan in an aggregate principal amount of €500 million (the “2020 Altice Finco Bridge Credit Facility”). The term loan bears interest at a rate per annum equal to the weighted average rate of 2-month and 3-month EURIBOR for the period between the funding date of the 2020 Altice Finco Bridge Credit Facility (March 5, 2020) and the maturity date of the 2020 Altice Finco Bridge Credit Facility (May 29, 2020), plus the applicable margin of 2.5% per annum. The proceeds from the term loan borrowed under the 2020 Altice Finco Bridge Credit Facility were used to fund in part the redemption of the 2015 Altice Luxembourg Senior Notes. On April 17, 2020, Altice Finco fully repaid the 2020 Altice Finco Bridge Credit Facility.

#### *11.2.8. New revolving credit facility at Altice France Holding*

On March 26, 2020, all of the lenders under the 2014 Altice Luxembourg Revolving Credit Facility Agreement agreed to amend and restate the 2014 Altice Luxembourg Revolving Credit Facility Agreement to replace Altice Luxembourg as borrower thereunder with Altice France Holding, and make certain other related changes.

#### *11.2.9. Automatic Exchange*

On March 26, 2020, upon satisfaction of certain conditions, comprising full discharge, cancellation and/or redemption of the 2027 8.00% and 2027 10.50% Altice Luxembourg Senior Notes and the 2025 7.63% and 2025 6.25% Altice Luxembourg Senior Notes, (i) the Ypso Finance Bis Exchange Dollar Notes were automatically exchanged for an equal aggregate principal amount of dollar-denominated 10.500% senior notes due 2027 issued by Altice France Holding, (ii) the Ypso Finance Exchange Euro Notes were automatically exchanged for an equal aggregate principal amount of euro-denominated 8.000% senior notes due 2027 issued by Altice France Holding, (iii) the 2020 Ypso Finance Bis Dollar Senior Notes were automatically exchanged for an equal aggregate principal amount of dollar-denominated 6.000% senior notes due 2028 issued by Altice France Holding and (iv) the 2020 Ypso Finance Bis Euro Senior Notes were automatically exchanged for an equal aggregate principal amount of euro-denominated 4.000% senior notes due 2028 issued by Altice France Holding (the actions described in sub-clauses (i)-(iv) collectively, the “Automatic Exchange”).

After the Automatic Exchange, the Altice Luxembourg group does not hold any third party debentures or loans from lenders and therefore does not have any reporting requirements towards lenders anymore.

#### *11.2.10. Partial repayment and extension of the maturity of the Altice Corporate Financing facility*

On May 19, 2020, the Company announced the extension of the maturity and a partial repayment of the Altice Corporate Financing (“ACF”) facility. The Company repaid €668 million of the ACF facility with cash available on balance sheet. After this repayment, the ACF facility has been reduced from €1,728 million to €1,060 million. The coupon has been reduced from 6.85% to 6.625%. The maturity of the remaining facility has been extended from June 30, 2021 to June 30, 2023.

#### *11.2.11. Issuance of 8.25-year Senior Secured Notes at Altice France and repayment of the Altice Corporate Financing facility and the Altice France Revolving Credit Facility*

On September 15, 2020, Altice France issued €900.0 million (equivalent) of new 8.25-year Senior Secured Notes with a coupon of 4.125% on a fully Euro-swapped basis. This consists of €500.0 million of 8.25-year Senior Secured Notes with a coupon of 4.125% and \$475 million of 8.25-year Senior Secured Notes with a coupon of 5.125%.

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The proceeds from this transaction were used to repay the outstanding amount under the Altice France Revolving Credit Facility of €150.0 million, and the remaining proceeds of €750.0 million were used on September 21, 2020 to partly repay the Altice Corporate Financing facility of €1.059.6 million. The remainder of this facility was repaid with cash on hand at Altice International.

### 11.3. Derivatives and hedge accounting

As part of its financial risk management strategy, the Group uses derivative contracts to manage its risks. The main instruments used are fixed or fixed to floating cross-currency and interest rate swaps (“CCIRS”) that cover against foreign currency and interest rate risk related to the Group’s debt obligations. The Group applies hedge accounting for the operations that meet the eligibility criteria as defined by IAS 39 *Financial Instruments: Recognition and Measurement* (the Group continues to apply the requirement of IAS 39 related to hedge accounting, as allowed under IFRS 9 *Financial Instruments*).

For calculating the value of the derivatives, the future cash flows are estimated using market observable data at the end of the reporting period (namely, forward exchange rates and interest rates) and the contracted rates of the derivative discounted at a rate that reflects the counterparty credit risk.

#### 11.3.1. CCIRS

The following table provides a summary of the Group’s CCIRS.

Entity Maturity	Notional amount due from counterparty (millions)	Notional amount due to counterparty (millions)	Interest rate due from counterparty	Interest rate due to counterparty	Accounting treatment <sup>1</sup>
<b>Altice France S.A.</b>					
July 2022	USD 550	EUR 498	3m LIBOR+3.25%	3m EURIBOR+2.93%	FVPL
January 2023	USD 1,240	EUR 1,096	3m LIBOR+4.00%	3m EURIBOR+4.27%	FVPL
January 2024	USD 1,425	EUR 1,164	3m LIBOR+4.25%	3m EURIBOR+4.41%	FVPL
April 2024	USD 2,349	EUR 2,069	7.38%	5.76%	FVPL
July 2024	USD 1,989	EUR 1,644	7.38%	6.21%	FVPL
February 2028	USD 1,150	EUR 1,046	6.00%	4.06%	FVPL
January 2026	USD 350	EUR 298	LIBOR+3.00%	3m EURIBOR+2.76%	FVPL
May 2026	USD 852	EUR 768	7.38%	4.78%	FVPL
August 2026	USD 2,514	EUR 2,073	LIBOR+4.00%	5.50%	FVPL
February 2027	USD 1,736	EUR 1,435	8.13%	6.15%	FVPL
May 2027	USD 200	EUR 175	10.50%	7.86%	FVPL
January 2028	USD 1,100	EUR 996	5.50%	3.32%	FVPL
September 2025	USD 475	EUR 400	5.13%	4.15%	FVPL
<b>Altice Financing S.A.</b>					
May 2022	USD 350	EUR 305	7.50%	5.25%	FVPL
May 2026	USD 1,150	EUR 1,004	10.50%	7.91%	FVPL
May 2026	USD 930	EUR 853	7.50%	7.40%	FVPL
July 2025	USD 485	EUR 449	3m LIBOR+2.75%	3m EURIBOR+2.55%	FVPL
July 2024 <sup>2</sup>	USD 1,580	EUR 1,341	7.50%	6.06%	FVPL
February 2022	EUR 94	USD 107	3m EURIBOR+4.13%	3m LIBOR+4.25%	FVPL
January 2028	USD 1,200	EUR 1,079	5.00%	3.04%	FVPL

1 The derivatives are all measured at fair value. The change in fair value of derivatives classified as cash flow hedges (“CFH”) in accordance with IAS 39 is recognized in the cash flow hedge reserve. The derivatives for which no hedge accounting has been applied have the change in fair value recognised immediately in profit or loss (“FVPL”).

2 Contains a derivative instrument with notional amount of \$779 million / €686 million which is classified as cash flow hedge.

The change in fair value of all derivative instruments designated as cash flow hedges was recorded in other comprehensive income for the nine-month period ended September 30, 2020. Before the impact of taxes, gains of €219.5 million were recorded in other comprehensive income (€154.1 million net of taxes).

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11.3.2. *Interest rate swaps*

The Group enters into interest rate swaps to cover its interest rate exposure in line with its treasury policy. These swaps cover the Group's debt portfolio and do not necessarily relate to specific debt issued by the Group. The details of the instruments are provided in the following table.

Entity Maturity	Notional amount due from counterparty (millions)	Notional amount due to counterparty (millions)	Interest rate due from counterparty	Interest rate due to counterparty	Accounting treatment
<b>Altice France S.A.</b>					
July 2024	EUR 1,400	EUR 1,400	6.68%	6m EURIBOR + 3.0%	FVPL
April 2024	EUR 2,000	EUR 2,000	5.76%	6m EURIBOR + 3.0%	FVPL
January 2030	EUR 3,400	EUR 3,400	6m EURIBOR+3.0%	4.63%	FVPL
January 2023	EUR 4,000	EUR 4,000	3m EURIBOR	-0.12%	FVPL
April 2021	USD 1,377	USD 1,377	3m USD LIBOR - 0.205%	1m USD LIBOR	FVPL
April 2021	USD 2,102	USD 2,102	3m USD LIBOR - 0.205%	1m USD LIBOR	FVPL
<b>Altice Financing S.A.</b>					
April 2021	USD 878	USD 878	1m LIBOR	3m LIBOR - 0.200%	FVPL
April 2021	USD 883	USD 883	1m LIBOR	3m LIBOR - 0.200%	FVPL
January 2030	EUR 750	EUR 750	3m EURIBOR	-0.44%	FVPL

**11.4. Reconciliation to swap adjusted debt and net financial debt**

The various hedge transactions mitigate interest and foreign exchange risks on the debt instruments issued by the Group. Such instruments cover both the principal and the interest due. A reconciliation from the carrying amount of the debt as per the statement of financial position and the amount due of the debt, considering the effect of the hedge operations (i.e., the "swap adjusted debt"), and a reconciliation to net debt is provided below:

Net debt reconciliation (€m)	September 30, 2020	December 31, 2019
<b>Debentures and loans from lenders</b>	<b>29,183.8</b>	<b>31,816.2</b>
Transaction costs	252.5	300.9
<b>Total (including transaction costs)</b>	<b>29,436.3</b>	<b>32,117.1</b>
Conversion of debentures and loans in foreign currency (at closing spot rate)	(40,410.3)	(35,837.1)
Conversion of debentures and loans in foreign currency (at hedged rates)	40,653.5	34,992.7
<b>Total swap adjusted debt</b>	<b>29,679.5</b>	<b>31,272.7</b>
Finance lease liabilities	82.6	105.9
Commercial paper	40.0	149.0
Other	45.2	66.0
<b>Gross debt</b>	<b>29,847.3</b>	<b>31,593.6</b>
Cash and cash equivalents	(955.2)	(1,022.1)
Restricted cash related to Altice Corporate Financing facility	-	(82.1)
<b>Net financial debt</b>	<b>28,892.1</b>	<b>30,489.4</b>

Net financial debt is a non-GAAP measure which is useful to the readers of the condensed interim consolidated financial statements as they provide meaningful information regarding the financial position of Group and its ability to pay its financial debt obligations compared to its liquid assets.

### 11.5. Reconciliation between net financial liabilities and net financial debt

The following table shows the reconciliation between net financial liabilities in the consolidated statement of financial position and the net financial debt:

<b>Reconciliation between Net Financial Liabilities and Net Financial Debt (€m)</b>	<b>September 30, 2020</b>	<b>December 31, 2019</b>
Financial liabilities	37,722.8	39,236.2
Derivative assets	(508.4)	(746.0)
Cash and cash equivalents	(955.2)	(1,022.1)
Restricted cash related to Altice Corporate Financing facility	-	(82.1)
<b>Net financial liabilities - consolidated statement of financial position</b>	<b>36,259.2</b>	<b>37,386.0</b>
<i>Reconciliation:</i>		
Transaction costs	252.5	300.9
Rate impact derivative instruments	(374.8)	(817.0)
Lease liabilities	(4,445.1)	(4,297.1)
Reverse factoring and securitisation	(1,031.4)	(1,046.1)
Accrued interest	(355.4)	(541.1)
Mandatory Convertible Notes	(820.8)	-
Put options with non-controlling interests	(198.3)	(193.4)
Deposits received	(197.5)	(201.2)
Buy out minority interest ERT Lux	(30.0)	(41.1)
Perpetual subordinated notes ("TSDI") - Altice France	(59.7)	(56.8)
Other	(106.6)	(3.7)
<b>Net financial debt</b>	<b>28,892.1</b>	<b>30,489.4</b>

### 11.6. Available credit facilities

<b>Available credit facilities (€m)</b>	<b>Total facility</b>	<b>Drawn</b>
Altice France S.A. <sup>1</sup>	1,414.9	-
Altice France Holding S.A.	185.9	-
Altice Financing S.A.	538.0	-
<b>Revolving credit facilities</b>	<b>2,138.8</b>	<b>-</b>

Drawings of the revolving credit facilities are mainly used for working capital related expenditures.

### 11.7. Other financial liabilities

<b>Other financial liabilities (€m)</b>	<b>September 30, 2020</b>			<b>December 31, 2019</b>		
	<b>Current</b>	<b>Non-current</b>	<b>Total</b>	<b>Current</b>	<b>Non-current</b>	<b>Total</b>
Reverse factoring and securitisation	1,031.4	-	1,031.4	1,046.1	-	1,046.1
Accrued interest	355.4	-	355.4	541.1	-	541.1
Mandatory Convertible Notes	-	820.8	820.8	-	-	-
Put options with non-controlling interests	158.1	40.2	198.3	-	193.4	193.4
Deposits received from customers	31.0	166.5	197.5	33.9	167.3	201.2
Bank overdraft	8.2	-	8.2	6.7	-	6.7
Commercial paper	40.0	-	40.0	149.0	-	149.0
Buy out minority interest ERT Lux	10.0	20.0	30.0	11.1	30.0	41.1
Perpetual subordinated notes ("TSDI") - Altice France	-	59.7	59.7	-	56.8	56.8
Other	34.1	23.3	57.4	34.4	28.7	63.1
<b>Total</b>	<b>1,668.2</b>	<b>1,130.5</b>	<b>2,798.7</b>	<b>1,822.3</b>	<b>476.2</b>	<b>2,298.5</b>

#### 11.7.1. Reverse factoring and securitisation

Through the use of reverse factoring structures, the Group extends its payment terms up to 360 days, reducing its requirements for working capital. The contractual arrangements in place permit the supplier to obtain the amounts invoiced at agreed payment term with the amounts paid by the banks that participate in the reverse factoring structure. The Group will repay the banks the full invoice amount, with interest, on the scheduled payment date as required by the reverse factoring agreement. Based on the scheduled payment dates, the amounts payable under this arrangement are accounted for as current liabilities. As the amounts are payable to the participating banks, the amounts have been presented under Other financial liabilities. In the consolidated statement of cash flows, the cash flows related to reverse factoring are presented under changes in working capital for the movement in Trade payable and Other cash provided by financing activities relating to the net payment to the banks. The decrease in reverse factoring and securitisation as at September 30, 2020 compared to December 31, 2019 is due to the

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combination of timing of reverse factoring capacity with the banks and a reduction of secured business services receivables resulting from recovery efforts in Altice France.

#### *11.7.2. Accrued interest*

Accrued interest is the amount of interest due at the reporting date regarding the Company's outstanding debentures and loans from financial institutions.

#### *11.7.3. Mandatory convertible notes*

On April 17, 2020, PT Portugal and Morgan Stanley Infrastructure Partners entered into a subscription agreement regarding the issuance and subscription of €1,600.0 million mandatory convertible notes in which the parties subscribed considering the percentage of interest in equity of FastFiber. The €820.8 million relates to the financial liability of the Group towards Morgan Stanley Infrastructure Partners, consisting of the initial notional amount of €799.8 million and an additional subscription of €21.0 million. The notes will bear interest on their aggregate principal amount at the fixed rate of 6.00% per annum. Interest is due in May and November of each year. At any time on or after the date that is twenty years after the date of issue, all or part of the notes issued can be converted into shares with mutual consent. The principle of the convertible notes do not have a stated maturity and will never become payable in cash.

#### *11.7.4. Put options with non-controlling interests*

The Group executes agreements with the non-controlling interests in certain acquisitions whereby the non-controlling interests have the option to sell their non-controlling interests to the Group. These instruments are measured at their fair value at the reporting date.

#### *11.7.5. Commercial paper*

During the nine-month period ended September 30, 2020, Altice France decreased its borrowings under its commercial paper program by €109.0 million.

## 12. Fair value of financial assets and liabilities

### 12.1. Fair value of assets and liabilities

The table below shows the carrying value compared to fair value of financial assets and liabilities:

Fair values of financial assets and liabilities (€m)	September 30, 2020		December 31, 2019	
	Carrying value	Fair value	Carrying value	Fair value
Cash and cash equivalents	955.2	955.2	1,022.1	1,022.1
Restricted cash	36.3	36.3	119.5	119.5
Derivatives	125.3	125.3	31.0	31.0
Other financial assets	8.5	8.5	16.8	16.8
<b>Current financial assets</b>	<b>1,125.3</b>	<b>1,125.3</b>	<b>1,189.4</b>	<b>1,189.4</b>
Derivatives	383.1	383.1	715.0	715.0
Call options on non-controlling interests	137.4	137.4	142.1	142.1
Equity instruments at fair value through OCI	10.1	10.1	601.0	601.0
Other financial assets	181.3	181.3	168.6	168.6
<b>Non-current financial assets</b>	<b>711.9</b>	<b>711.9</b>	<b>1,626.7</b>	<b>1,626.7</b>
Short term borrowings and financial liabilities	72.9	72.9	421.0	421.0
Put options with non-controlling interests	158.1	158.1	-	-
Derivatives	0.9	0.9	11.8	11.8
Lease liabilities	789.7	789.7	758.4	758.4
Reverse factoring and securitisation	1,031.4	1,031.4	1,046.1	1,046.1
Accrued interest	355.4	355.4	541.1	541.1
Commercial paper	40.0	40.0	149.0	149.0
Bank overdrafts	8.2	8.2	6.7	6.7
Other financial liabilities	75.1	75.1	79.4	79.4
<b>Current financial liabilities</b>	<b>2,531.7</b>	<b>2,531.7</b>	<b>3,013.5</b>	<b>3,013.5</b>
Long term borrowings and financial liabilities	29,110.9	29,404.5	31,395.1	33,039.6
Put options with non-controlling interests	40.2	40.2	193.4	193.4
Mandatory Convertible Notes	820.8	820.8	-	-
Derivatives	1,294.3	1,294.3	706.8	706.8
Lease liabilities	3,655.4	3,655.4	3,644.6	3,644.6
Other financial liabilities	269.5	269.5	282.8	282.8
<b>Non-current financial liabilities</b>	<b>35,191.1</b>	<b>35,484.7</b>	<b>36,222.7</b>	<b>37,867.2</b>

During the nine-month period ended September 30, 2020, there were no transfers of financial assets or liabilities between levels of the fair value hierarchy. There are no non-recurring fair value measurements. The Group's trade and other receivables and trade and other payables are not shown in the table above as their carrying amounts approximate their fair values.

#### 12.1.1. New put and call options

During the nine-month period ended September 30, 2020, the Group did not enter into new put-call option contracts.

#### 12.1.2. Fair value hierarchy

The following table provides information about the fair values of the Group's financial assets and liabilities and which level in the fair value hierarchy they are classified.

Fair value measurement (€m)	Fair value hierarchy	Valuation technique	September 30, 2020	December 31, 2019
<b>Financial Liabilities</b>				
Derivative financial instruments	Level 2	Discounted cash flows	1,295.2	718.5
Minority Put Option - Teads	Level 3	Discounted cash flows	158.1	153.4
Minority Put Option - Intelcia	Level 3	Discounted cash flows	40.2	40.0
<b>Financial Assets</b>				
Derivative financial instruments	Level 2	Discounted cash flows	508.4	746.0
Minority Call option - Teads	Level 3	Black and Scholes model	108.9	113.6
Minority Call option - Intelcia	Level 3	Black and Scholes model	28.5	28.5
Altice USA shares <sup>1</sup>	Level 1	Quoted share price	5.7	595.9
Equity instruments at FVOCI - Partner Co. Ltd.	Level 1	Quoted share price	4.4	5.1

<sup>1</sup> The interest in Altice USA was revalued at fair value through Other Comprehensive Income, based on the requirements of IFRS 9 *Financial Instruments*. During June 2020, 24.2 million of the 24.5 million Altice USA shares of Class A common stock have been sold for an amount of €528.8 million (please refer to note 3.1.3).

12.1.3. *Information on valuation techniques*

12.1.3.1. *Investments in listed entities*

Quoted prices directly available from an active market are used to source the fair value, i.e. the quoted share price of the listed investments in Altice USA and Partner Co. These valuations are directly observable in an open market and therefore the Group has concluded that these instruments should be classified within Level 1 of the fair value hierarchy.

12.1.3.2. *Derivative financial instruments*

Future cash flows are estimated using market observable data at the end of the reporting period (namely, forward exchange rates and interest rates) and the contracted rates of the derivative discounted at a rate that reflects the counterparty credit risk. Since model inputs can generally be verified and do not involve significant management judgement, the Company has concluded that these instruments should be classified within Level 2 of the fair value hierarchy.

12.1.3.3. *Put options*

Each contract has specific terms and conditions, and the valuation is performed using the contracted terms and assessment against market comparable information where appropriate. For example, the exercise price in the option may be determined based on an EBITDA multiple minus the net financial debt. In all instances, the probabilities of the option being exercised is determined using management's best estimate and judgement. The resulting fair value is discounted using appropriate discount rates of the related funding pool (4.0%). These models use a variety of inputs that use judgements not able to be verified externally, therefore the Group has concluded that these instruments should be classified within Level 3 of the fair value hierarchy.

12.1.3.4. *Call options*

The valuation is derived by calculating the intrinsic value, being the difference in the value of the underlying asset and the options exercise price, and time value of the option, which accounts for the passage of time until the option expires. Various inputs are used, including the price of the underlying asset and its volatility, the strike price and maturity in the contract, and the risk-free rate and dividend yield. The model calculates the possible prices of the underlying asset and their respective probability of occurrence, given these inputs. These models use a variety of inputs that use judgements not able to be verified externally, therefore the Group has concluded that these instruments should be classified within Level 3 of the fair value hierarchy.

**12.2. Level 3 financial instruments**

12.2.1. *Assumptions with management judgement used in fair value measurement*

The instruments in Level 3 are the put and call options with the non-controlling interests in acquired entities. The valuation methods used to determine the fair value of these instruments include certain inputs that do not use publicly available information and therefore require management's judgement. Those with significant impact on the fair value of the instruments concerned are deemed to be categorized as Level 3 of the fair value hierarchy. Further details on these valuation methods and the associated inputs using judgements and which can have a significant impact on the fair value are presented below.

<b>Valuation method</b>	<b>Inputs with significant judgement</b>	<b>How management determines inputs</b>	<b>Relationship to fair value</b>
Black and Scholes model (call options)	Price of the underlying asset	Based on EBITDA multiple approach using business plans prepared by management to derive an appropriate EBITDA of the company to use in the valuation	An increase in projected EBITDA used in isolation would result in increase in the fair value
	Volatility of underlying asset	Based on analysis of peers' volatility to derive an appropriate volatility rate	A significant increase in the volatility used in isolation would result in significant increase in the fair value
Multiples approach (put options)	Projected group net sales	Projected sales are determined using internally produced budgets using management's best estimates of future operations of the entities concerned	A slight increase in the projected group net sales used in isolation would result in significant increase in the fair value
	Projected group financial net debt	Projected net debt is determined using internally produced budgets using management's best estimates of future operations of the entities concerned	An increase in the projected net debt used in isolation would result in decrease in the fair value
	Discount rate	Based upon the cost of debt of the funding pool	An increase in the discount rate used in isolation would result in decrease in the fair value

12.2.2. *Reconciliation of movement in fair value of Level 3 financial instruments*

Change in fair value of level 3 instruments (€m)	Available for sale unlisted shares	Minority put options	Minority call options	September 30, 2020
<b>Opening balance</b>	-	<b>(193.4)</b>	<b>142.1</b>	<b>(51.3)</b>
Change in value of minority put options recorded in equity	-	(4.9)	-	(4.9)
Gains or losses recognised in profit or loss	-	-	(4.7)	(4.7)
<b>Closing balance</b>	-	<b>(198.3)</b>	<b>137.4</b>	<b>(60.9)</b>

Change in fair value of level 3 instruments (€m)	Available for sale unlisted shares	Minority put options	Minority call options	December 31, 2019
<b>Opening balance</b>	-	<b>(161.6)</b>	<b>63.5</b>	<b>(98.1)</b>
Change in value of minority put options recorded in equity	-	(31.8)	-	(31.8)
Gains or losses recognised in profit or loss	-	-	78.6	78.6
<b>Closing balance</b>	-	<b>(193.4)</b>	<b>142.1</b>	<b>(51.3)</b>

**13. Other non-current liabilities**

Other non-current liabilities (€m)	As of September 30, 2020	As of December 31, 2019
Fixed asset payables	16.3	182.7
Other	36.4	50.3
<b>Total</b>	<b>52.7</b>	<b>233.0</b>

The decrease in fixed asset payables from December 31, 2019 to September 30, 2020 of €166.4 million is mainly due the payment of €175.7 million in respect of 2020 Champions League rights (please refer to note 4.3.4).

**14. Taxation**

Tax expense (€m)	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019 (*restated)
Profit before income tax and share of earnings of associates and joint ventures	(312.0)	(206.0)	(634.8)	792.7
Income tax (expense)/benefit	24.5	0.5	(107.1)	59.2
<b>Effective tax rate</b>	<b>8%</b>	<b>0.2%</b>	<b>-17%</b>	<b>-7%</b>

The Group is required to use an estimated annual effective tax rate to measure the income tax benefit or expense recognized in an interim period.

The Group recorded an income tax expense of €107.1 million for the nine-month period ended September 30, 2020, reflecting a negative effective tax rate of 17% compared to an income tax benefit of €59.2 million for the nine-month period ended September 30, 2019, reflecting a negative effective tax rate of 7%. Without the effect of the capital gain in France related to the disposal of a 49.99% equity stake in SFR FTTH on March 27, 2019 (please refer to note 3.2.2), the effective tax rate for the nine-month period ended September 30, 2019 would have been an effective tax rate of 5.5%.

Non-deductible expenses and other permanent differences as well as non-recognition of tax losses as deferred tax assets had the impact of increasing the Group's income tax expense for the nine-month period ended September 30, 2020, which resulted in a negative effective tax rate in the context of a negative income.

There was no significant development in existing tax litigations since the publication of the annual consolidated financial statements that have had, or that may have, a significant effect on the financial position of the Group.



## 15. Net finance (costs)/income

Net finance (costs)/income (€m)	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019 (*restated)
<b>Interest relative to gross financial debt</b>	<b>(401.4)</b>	<b>(486.5)</b>	<b>(1,275.1)</b>	<b>(1,530.4)</b>
<b>Realized and unrealized gains on derivative instruments linked to financial debt</b>	<b>(449.7)</b>	<b>247.1</b>	<b>(109.8)</b>	<b>679.2</b>
Interest on lease liabilities	(43.6)	(51.8)	(131.2)	(145.5)
Net foreign exchange losses	-	(152.9)	-	(558.9)
Impairment of available for sale financial assets	(14.9)	(0.9)	(18.6)	(4.1)
Other	-	(30.9)	(51.7)	(92.5)
<b>Other financial expenses</b>	<b>(58.5)</b>	<b>(236.5)</b>	<b>(201.5)</b>	<b>(801.0)</b>
Interest income	1.6	-	5.8	10.1
Other financial income	18.5	24.9	13.5	24.9
Net foreign exchange gains	215.5	-	36.2	-
<b>Finance income</b>	<b>235.6</b>	<b>24.9</b>	<b>55.5</b>	<b>35.0</b>
<b>Net result on extinguishment of financial liabilities</b>	<b>(15.1)</b>	<b>(78.4)</b>	<b>(215.4)</b>	<b>(206.2)</b>
<b>Finance (costs)/income</b>	<b>(689.1)</b>	<b>(529.4)</b>	<b>(1,746.3)</b>	<b>(1,823.4)</b>

Net finance costs for the three-month period ended September 30, 2020 increased by €159.7 million compared to €529.4 million for the same period in 2019. The increase was mainly attributable to:

- a realized loss on derivative instruments of €449.7 million in 2020 compared to a gain of €247.1 million in 2019;
- net foreign exchange gains of €215.5 million in 2020 compared to net foreign exchange losses of €152.9 million in 2019;
- lower interest relative to gross financial debt, mainly in lower interest relative to gross financial debt in Altice Luxembourg and Altice France following the refinancing activities in 2019 and in the first quarter of 2020 (please refer to note 11.2)

Net finance costs for the nine-month period ended September 30, 2020 decreased by €77.1 million compared to €1,823.4 million for the same period in 2019. The decrease was mainly attributable to:

- net foreign exchange gains of €36.2 million in 2020 compared to net foreign exchange losses of €558.9 million in 2019;
- a realized loss on derivative instruments of €109.8 million in 2020 compared to a gain of €679.2 million in 2019 mainly due to lower mark to market gains on swaps in Altice Financing and Altice Luxembourg partially offset by lower mark to market losses on swaps in Altice France;
- lower interest relative to gross financial debt, mainly in lower interest relative to gross financial debt mainly in Altice Luxembourg and Altice France following the refinancing activities in 2019 and in the first quarter of 2020 (please refer to note 11.2).

## 16. Contractual obligations and commercial commitments

During the nine-month period ended September 30, 2020, no significant contractual obligations and commercial commitments have been signed as compared to the year ended December 31, 2019 except the additional commitments described below:

- In connection with the VAT contingencies related to the sale of credits, MEO has provided bank guarantees for an amount of €28.4 million;
- Teads and publishers' commitments under the Minimum Guarantee Agreements were suspended from March 17, 2020 to June 30, 2020 following the force majeure event caused by the global pandemic and triggered by the World Health Organizations declaration of global pandemic on March 11, 2020. The negotiations for the next periods have been finalised, reducing the level of commitments and setting a new pricing policy in favour of Teads.

## 17. Litigation

In the normal course of its activities, the Group is accused in a certain number of governmental, arbitration and administrative lawsuits. Provisions are recognised by the Group when management believe that it is more likely than not that such lawsuits will result in an amount to be settled by the Group, and the magnitude of the amount can be reliably estimated. The magnitude of the provisions recognised is based on the best estimate of the level of the expenditure required to settle the obligation, on a case-by-case basis, considering that the occurrence of events during the legal action involves constant re-estimation of the risk.

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This note describes the new proceedings and developments in existing litigations that have occurred since the publication of the annual consolidated financial statements as of December 31, 2019 and that have had or that may have a significant effect on the financial position of the Group.

#### **17.1. Portugal**

##### *17.1.1. European Commission Investigation*

After having approved the acquisition of PT Portugal by the Group on April 20, 2015, the European Commission initiated an investigation into infringement by the Company of the obligation of prior notification of concentrations under Article 4(1) of the Merger Regulation and/or of the stand-still obligation laid down in Article 7(1) of the Merger Regulation. The European Commission issued a statement of objections on May 18, 2017, informing the Company of the objections raised against it.

On April 24, 2018, the European Commission notified the Company of its decision to impose upon it two fines totalling €124.5 million. The Commission found that the Company infringed the prior notification obligation of a concentration under Article 4(1) of the EU Merger Regulation, and the stand-still obligation under Article 7(1) of the EU Merger Regulation. The Company fully disagrees with the Commission's decision, and in particular, it considers that this case differs entirely from the French Numéricable/Altice France/Virgin gun jumping case, in which the Group had agreed not to challenge the allegations brought against it. In the Company's opinion, the Commission's decision relies on a wrongful definition of the notion of "implementation" of a concentration. Further, the transaction agreement governing the management of the target during the pre-closing period provided the Company with a consultation right on certain exceptional matters relating to PT Portugal aimed at preserving the value and integrity of the target prior to closing and was in accordance with well-established M&A market practice.

In any event, the Company considers that the elements in the Commission's file do not establish the exercise of influence, as alleged by the Commission, by the Company over PT Portugal's business conduct neither prior to the merger notification to the Commission nor prior to the Commission's clearance.

On July 5, 2018, the Company filed an Application for annulment against the Commission's decision before the EU General Court to request that the decision as a whole be annulled or, at the very least, that the sanction be significantly reduced (Case T-425/18). The Commission's decision does not affect the approval granted by the European Commission on April 20, 2015 for the acquisition of PT Portugal by the Group.

On November 6, 2018, the Council of the European Union filed an Application to intervene in the case before the EU General Court. Both the Company and the European Commission confirmed they had no observations to the Council's Application to intervene. The Council requested an extension of the time-limit to file its Statement of intervention. The Court granted that extension until February 25, 2019.

On November 30, 2018, the European Commission filed its Defence requesting the Court (1) to dismiss the Company's Application and (2) to order the Company to pay the costs. The said Defence was notified to the Company on December 14, 2018. On December 20, 2018, the Company requested an extension of one month to lodge its Reply. The extension was granted on January 4, 2019, until February 25, 2019.

On February 25, 2019, the Company filed its Reply to the Commission's Defence adhering to the conclusions and orders sought in its Application for annulment.

On March 15, 2019, the Company filed its observations on the Statement of intervention of the Council of the European Union, which essentially mirror the corresponding allegations in the Company's Application and reply to the Commission's defence.

On March 18, 2019, the Company received the copy of the Commission's observations on the Statement of intervention of the Council of the European Union, which merely state it does not have any observations, as its position and that of the Council of the European Union are aligned.

After an extension of the deadline, the Commission filed its Rejoinder to the Company's reply on May 10, 2019. The written phase of the procedure was closed. The President fixed a date on which the Judge-Rapporteur was to present a preliminary report to the General Court. The preliminary report should contain an analysis of the relevant issues of fact and of law raised by the action, proposals as to whether measures of organization of procedure or

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measures of inquiry should be undertaken, whether there should be an oral part of the procedure and whether the case should be referred to the Grand Chamber or to a Chamber sitting with a different number of Judges.

The Company submitted a reasoned request for a hearing on May 29, 2019.

On March 10, 2020, the Company received from the General Court an invitation addressed to all the parties to submit observations regarding the possible consequences of the Court of Justice of the European Union (CJEU) judgment on another case by March 25, 2020. On March 25, 2020, the Company lodged its observations and reiterated its submission filed on May 29, 2019, regarding the importance of a hearing in the present case.

On March 23, 2020, the Commission and the Council of the European Union lodged their observations, which have been transmitted to the Company on March 31, 2020. In essence, the Commission and the Council concluded by reiterating that the Company's application should be rejected.

On June 3, 2020, the Company received the decision from the General Court to open the oral part of the procedure. The hearing took place on September 24, 2020. On July 21, 2020, the Company received the report for the hearing prepared by the Judge-Rapporteur summarizing the facts relied on and the arguments of each party and of the Council as the intervener.

On October 5, 2020, the Company sent a letter to the General Court with some observations to respond to a question posed by the Judge Rapporteur during the Hearing.

On November 16, 2020, the Company received the decision from the General Court to reopen the oral part of the procedure, to hear the other parties on the Company's observations and to request the Commission to produce certain documents. The Commission and the Council have until November 27, 2020 to submit their response.

The Company would expect a judgment in the first half of 2021.

As of September 30, 2020, a liability of €128.6 million (including accrued interest) is recorded at Altice Portugal, as it is the acquiring entity of PT Portugal. On July 25, 2018, the Group issued a bank guarantee to the European Commission of €124.5 million (excluding accrued interest).

#### *17.1.2. Portuguese Competition Authority Investigation*

On July 16, 2020, the Portuguese Competition Authority issued a Statement of Objections regarding its preliminary view that MEO, NOS – Comunicações, S.A. NOWO – Communications, S.A. and Vodafone Portugal – Comunicações Pessoas, S.A. were part of an agreement in accordance with which all those entities would not bid for certain key Google AdWords of the other operators, which according to the Portuguese Competition Authority is similar to an agreement to indirectly fix the acquisition price of certain Google AdWords related to the retail telecommunications market. The Portuguese Competition Authority concluded that telecommunications operators distorted competition of the Portuguese online search advertising, between 2010 and 2018 in the case of MEO. The maximum fine applicable for this kind of infraction corresponds to 10% of the turnover of each company in the specific markets that were impacted by the alleged illegal practices. In relation to MEO, such maximum fine amounts to approximately €136 million, based on the Portuguese Competition Authority's estimate of the relevant market for this purpose. MEO submitted its written defense to the Statement of Objections in October 2020, after which the Portuguese Competition Authority will decide whether to issue a final condemnatory action and in that case the amount of the fine. Due to the early stage and little previous background in similar cases, management determined that it cannot reliably estimate the outcome of this case at this time. As such, no provision was recognized as of September 30, 2020.

## **17.2. Altice USA**

### *Altice USA and the Company – securities lawsuit*

In the latter half of 2018, eight named plaintiffs, each on behalf of a putative class of stockholders who purchased Altice USA common stock in the Altice USA's IPO pursuant to the Registration Statement and Prospectus, filed complaints (seven in New York State Supreme Court, one in United States District Court for the Eastern District of New York). The lawsuits name as defendants Altice USA, the Company, and Altice USA's directors, among others, and assert that all defendants violated Sections 11 and 12 of the Securities Act of 1933 (the "Securities Act") and that the individual defendants violated Section 15 of the Securities Act as control persons. In a consolidated amended complaint filed in the lawsuit in the Eastern District of New York, plaintiff also asserts

violations of Section 10(b) of the Securities Act of 1934, Rule 10b-5 promulgated thereunder, and Section 20 of the Securities Act of 1934 against Altice USA, the Company, and certain individual directors. The facts underlying each case are substantively similar, with plaintiffs alleging that the Registration Statement and Prospectus misrepresented or omitted material facts relating to the negative performance of Altice France and Altice Portugal, the disclosure of which in November 2017 negatively impacted the value of Altice USA's stock. In June 2019, plaintiffs in the New York State action filed a consolidated amended complaint, which Altice USA and the Company moved to dismiss in July 2019. They moved to dismiss the complaint in the Eastern District of New York in October 2019. On June 26, 2020, the state Court granted Altice USA and the Company's motion to dismiss. Plaintiffs in the New York State action filed a notice of appeal on July 21, 2020 and moved for leave to file an amended complaint on September 4, 2020. On September 23, 2020, the federal district court granted Altice USA and the Company's motion to dismiss with leave for plaintiff to refile. On October 7, 2020, plaintiffs filed a second amended complaint in the Eastern District of New York.

Altice USA and the Company intend to vigorously defend the lawsuits. Although the outcome of the matter cannot be predicted and the impact of the final resolution of this matter on the Group's results of operations in any particular subsequent reporting period is not known at this time, management does not believe that the ultimate resolution of the matter will have a material adverse effect on the operations or financial position of the Group or the ability of the Group to meet its financial obligations as they become due.

### **17.3. Israel**

#### *Consumer class action*

In June 2014, a claim and a motion to approve it as class action was filed at the Central District Court against HOT- Telecommunication Systems Ltd. and HOT Telecom (together "HOT"). The claim is based on the allegation that HOT violated its licenses terms by failing to meet the required standards for response times in its call centers and by failing to operate the call centers during the entire working hours as required. In addition, the claimants argue that HOT did not comply with the Consumer Protection Regulations regarding the operation of a call back service in its call centers. The amount of the claim was estimated by the claimants at €10.3 million. On August 26, 2017, the Court certified the motion to approve the claim as class action based on the causes described above. Following the Court's decision, the parties submitted their statements of claim and defense and preliminary proceedings were conducted. At the recommendation of the Court, the parties agreed to conduct mediation proceedings. The mediation is still in progress and a provision was recorded as of September 30, 2020 based on management's estimation after consulting with the company's external legal attorneys.

### **18. Going concern**

As at September 30, 2020, the Group had a net current liability position of €3,390.1 million (mainly due to trade payables amounting to €6,442.7 million) and a negative working capital of €1,112.7 million. During the nine-month period ended September 30, 2020, the Group registered a net loss of €941.5 million and generated cash flows of €4,284.3 million from operating activities.

As at September 30, 2020, the Group had a negative equity position of €2,131.5 million compared to negative equity position of €2,320.9 million as at December 31, 2019. The equity position improved from the prior period due to the positive impact of the sale of 49.99% of the Portuguese fibre business on equity although this was partially offset by the comprehensive loss for the nine-month period ended September 30, 2020.

The negative working capital position is structural and follows industry norms. Customers generally pay subscription revenues early or mid-month, with short days of sales outstanding and suppliers are paid under standard commercial terms, except for invoices of suppliers under factoring arrangements, thus generating a negative working capital. This is evidenced by the difference in the level of receivables and payables; €4,776.4 million compared to €6,442.7 million as at September 30, 2020, as compared to €4,463.7 million and €6,486.6 million as at December 31, 2019. Payables due the following month are covered by revenues and cash flows from operations (if needed).

As at September 30, 2020, the Group's short-term borrowings comprised mainly of short-term loans of €54.5 million for Altice France and €18.4 million for Altice Financing. As at December 31, 2019, the Group's short-term borrowings amounted to €421.4 million. The short-term obligations are covered by the operating cash flows of the operating subsidiaries. The expected interest payments for the 12 months period ending September 30, 2021

amount to approximately €1,459.0 million.

As at September 30, 2020, the amount drawn on the revolving credit facilities at Altice France and Altice Financing amounted to nil. A listing of available credit facilities by silo is provided in note 11.6 and the amounts available per segments are sufficient to cover the short-term debt and interest expense needs of each of these segments, if needed.

Given the above, the Board of Directors has considered the following elements in determining that the use of the going concern assumption is appropriate:

- The Group's performance on Adjusted EBITDA and operating cash flows:
  - Adjusted EBITDA for the nine-month period ended September 30, 2020 amounted to €4,231.9 million, an increase of 2.3% compared to the same period last year. This increase in Adjusted EBITDA is mainly linked to a better performance in the France, Teads and Altice TV segments, which was partially offset by a decrease in performance in Portugal, Israel and the Dominican Republic segments.
  - Operating cash flows for the nine-month period ended September 30, 2020 were €4,284.3 million.
- The Group had unrestricted cash reserves of €955.2 million as at September 30, 2020, a decrease of €66.9 million compared to €1,022.1 million as at December 31, 2019. The unrestricted cash reserves as at September 30, 2020 will allow it to cover any urgent cash needs. The Group can move its cash from one segment to another under certain conditions as allowed by its debentures and debt covenants. Cash reserves in operating segments carrying debt obligations were as follows:
  - France: €663.0 million
  - Altice International: €266.6 million
- Additionally, as of September 30, 2020, the Group had access to revolving credit facilities of up to €2,138.8 million, of which nil were drawn as of September 30, 2020.

The Group's senior executives track operational KPIs on a weekly basis, thus tracking trends closely. This allows the Group's senior executives and local CEOs to ensure proper alignment with budget targets and respond with speed and flexibility to counter any unexpected events and help to ensure that the budgeted targets are met.

On April 17, 2020, the Group closed the transaction to sell 49.99% interest in the Portuguese fibre business to Morgan Stanley Infrastructure Partners. On April 17, 2020, the Group received €1,573.1 million of proceeds from this transaction.

Regarding commitments for 5G, please refer to note 19.1 for more details.

On March 11, 2020, the COVID-19 outbreak was declared by the World Health Organization (WHO) as a global pandemic, highlighting the health risks of the disease. The COVID-19 pandemic had a limited impact on the condensed interim consolidated financial statements of the Group as of September 30, 2020 and for the three and nine-month periods then ended. Although the situation continues to evolve, the Company expects that the COVID-19 pandemic will have limited effects on the Group's operations and financial performance for future periods. Please refer to note 2.1.4 for more details.

Management expects the available cash on hand at September 30, 2020 and the expected limited impact of COVID-19 on the Group's cash flows to be sufficient to continue the Group's operations and to repay all contractual obligations that fall due in the next 12 months. Accordingly, the Board of Directors is of the view that the Group will continue to act as a going concern for 12 months from the date of approval of these financial statements and has hence deemed it appropriate to prepare these condensed interim consolidated financial statements using the going concern assumption.

## **19. Events after the reporting period**

### **19.1. France 5G spectrum acquisition**

On October 1, 2020, Altice France announced that it had successfully acquired 80Mhz of spectrum in the 3.4 to 3.8 Ghz band as part of the French government's spectrum auction to support the deployment of 5G mobile technology in France. The frequencies have been allotted for 20 years.

The total price for the acquisition amounts to €728 million. Of the total amount, €350 million is payable over 15 years and €378 million over 4 years. The first payment of c. €118 million is expected to take place in the fourth quarter of 2020.

## 19.2. Covage expected closing

The Company expects the closing of the Covage transaction to occur during the fourth quarter of 2020.

## 20. Restated information

The Company had reassessed the application of paragraph IAS 36.86 with respect to goodwill allocation related to the SFR FTTH transaction, which was included in the group of CGUs Altice France. In 2018, the goodwill associated with SFR FTTH was not measured on the basis of the relative values of the operation disposed of and the portion of the group of CGUs retained and therefore no goodwill was allocated to SFR FTTH Assets held for sale. As a consequence of this reassessment, based on the provisions of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, the Company restated the consolidated statement of income for the nine-month period ended September 30, 2019 and restated the capital gain from the sale of SFR FTTH by €1,118.2 million.

<b>Consolidated Statement of Income</b>	<b>Nine months ended September 30, 2019</b>	<b>Restatement SFR FTTH</b>	<b>Nine months ended September 30, 2019</b>
<b>(€m)</b>	<b>reported</b>		<b>restated</b>
<b>Revenues</b>	<b>10,763.8</b>	-	<b>10,763.8</b>
Purchasing and subcontracting costs	(2,828.4)	-	(2,828.4)
Other operating expenses	(2,043.3)	-	(2,043.3)
Staff costs and employee benefits expenses	(1,131.6)	-	(1,131.6)
Depreciation, amortization and impairment	(3,798.6)	-	(3,798.6)
Other (expenses) and income	2,772.4	(1,118.2)	1,654.2
<b>Operating profit/(loss)</b>	<b>3,734.3</b>	<b>(1,118.2)</b>	<b>2,616.1</b>
Interest relative to gross financial debt	(1,530.4)	-	(1,530.4)
Realized and unrealized gains on derivative instruments linked to financial debt	679.2	-	679.2
Other financial expenses	(801.0)	-	(801.0)
Finance income	35.0	-	35.0
Net result on extinguishment of a financial liability	(206.2)	-	(206.2)
<b>Finance costs, net</b>	<b>(1,823.4)</b>	-	<b>(1,823.4)</b>
Share of earnings of associates	(123.3)	-	(123.3)
<b>Gain/(loss) before income tax from continuing operations</b>	<b>1,787.6</b>	<b>(1,118.2)</b>	<b>669.4</b>
Income tax benefit	59.2	-	59.2
<b>Gain/(loss) for the period</b>	<b>1,846.8</b>	<b>(1,118.2)</b>	<b>728.6</b>
<i>Attributable to equity holders of the parent</i>	1,809.3	(1,118.2)	691.1
<i>Attributable to non-controlling interests</i>	37.5	-	37.5

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The consolidated statement of cash flows had been restated as of and for the nine-month period ended September 30, 2019 to take into account the adjustment in the capital gain from the sale of SFR FTTH and reclassifications of repayments of commercial paper and interest proceeds from interest rate swaps from net cash used in financing activities to payments to redeem debt instruments and interest paid respectively.

Consolidated Statement of Cash Flows	Nine months ended September 30, 2019	Reclassifications	Restatement SFR FTTH	Nine months ended September 30, 2019
(€m)	Reported			Restated
<b>Profit/(loss) for the period</b>	<b>1,809.3</b>	<b>37.5</b>	<b>(1,118.2)</b>	<b>728.6</b>
<i>adjustments for:</i>				
Result attributable to non-controlling interest	37.5	(37.5)	-	-
Share of profit of associates and joint ventures	123.3	-	-	123.3
Depreciation, amortization and impairment	3,798.6	-	-	3,798.6
Charge related to share-based payment	33.8	-	-	33.8
Gain on disposal of business	(3,132.5)	-	1,118.2	(2,014.3)
Other non-cash operating gain/(loss), net	123.2	-	-	123.2
Pension plan liability	(83.0)	-	-	(83.0)
Finance costs recognised in the statement of income	1,823.4	-	-	1,823.4
Income tax (benefit)/expense recognised in the statement of income	(59.2)	-	-	(59.2)
Income tax paid	(283.7)	-	-	(283.7)
Changes in working capital	(391.9)	-	-	(391.9)
<b>Net cash provided by operating activities</b>	<b>3,798.8</b>	<b>-</b>	<b>-</b>	<b>3,798.8</b>
Payments to acquire tangible and intangible assets	(2,676.7)	-	-	(2,676.7)
Net payments to acquire financial assets	(0.7)	-	-	(0.7)
Proceeds from disposal of business	1,537.4	-	-	1,537.4
Proceeds from disposal of tangible, intangible and financial assets	5.6	-	-	5.6
Payment to acquire interests in associates	(19.6)	-	-	(19.6)
Payment to acquire subsidiaries, net	(2.3)	-	-	(2.3)
Transfers from restricted cash	-	12.8	-	12.8
Dividend received	-	1.2	-	1.2
<b>Net cash used in investing activities</b>	<b>(1,156.3)</b>	<b>14.0</b>	<b>-</b>	<b>(1,142.3)</b>
Payments to acquire own shares	-	-	-	-
Proceeds from sale of treasury shares	32.5	-	-	32.5
Proceeds from issuance of debt instruments	6,282.8	-	-	6,282.8
Payments to redeem debt instruments	(5,509.0)	(7.0)	-	(5,516.0)
Other transactions with non-controlling interest	(11.0)	-	-	(11.0)
Proceeds from the sale of minority stake	(15.1)	-	-	(15.1)
Transfers from restricted cash	12.8	(12.8)	-	-
Lease payment (principal) related to ROU	(573.4)	-	-	(573.4)
Lease payment (interest) related to ROU	(144.6)	-	-	(144.6)
Dividends paid	(26.9)	-	-	(26.9)
Interest paid	(1,530.3)	58.3	-	(1,472.0)
Swap proceeds	664.2	-	-	664.2
Dividend received	1.2	(1.2)	-	-
Other cash provided by financing activities	(282.9)	(51.3)	-	(334.2)
<b>Net cash used in financing activities</b>	<b>(1,099.7)</b>	<b>(14.0)</b>	<b>-</b>	<b>(1,113.7)</b>
Classification of cash as held for sale	(10.2)	-	-	(10.2)
Effects of exchange rate changes on the balance of cash held in foreign currencies	5.4	-	-	5.4
<b>Net change in cash and cash equivalents</b>	<b>1,538.0</b>	<b>-</b>	<b>-</b>	<b>1,538.0</b>
Cash and cash equivalents at beginning of the period	1,837.0	-	-	1,837.0
<b>Cash and cash equivalents at end of the period</b>	<b>3,375.0</b>	<b>-</b>	<b>-</b>	<b>3,375.0</b>