

# **Altice International S.à r.l.**



## **Condensed Interim Consolidated Financial Statements**

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

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Consolidated Statement of Income	Notes	Three months ended		Nine months ended	
		September 30, 2020	September 30, 2019 (Unaudited & not reviewed)	September 30, 2020	September 30, 2019
(€m)					
<b>Revenues</b>	4	<b>1,021.2</b>	<b>1,028.8</b>	<b>2,956.4</b>	<b>2,997.4</b>
Purchasing and subcontracting costs	4	(257.7)	(251.7)	(724.6)	(724.8)
Other operating expenses	4	(215.5)	(231.8)	(635.6)	(669.5)
Staff costs and employee benefits	4	(119.4)	(115.8)	(349.4)	(348.7)
Depreciation, amortization and impairment	4	(297.0)	(306.5)	(905.3)	(917.8)
Other (expenses) and income	4	(0.4)	(8.2)	66.1	(303.4)
<b>Operating profit</b>		<b>131.2</b>	<b>114.8</b>	<b>407.6</b>	<b>33.2</b>
Interest relative to gross financial debt	12	(105.2)	(149.8)	(432.1)	(453.4)
Realized and unrealized (losses)/gains on derivative instruments linked to financial debt	12	(164.7)	153.4	(51.1)	218.9
Other financial expenses	12	(17.3)	(102.6)	(123.0)	(92.0)
Finance income	12	164.5	43.1	119.8	111.6
Net result on extinguishment and remeasurement of financial liabilities	12	(15.0)	-	439.0	-
<b>Finance (costs)/income, net</b>		<b>(137.7)</b>	<b>(55.9)</b>	<b>(47.4)</b>	<b>(214.9)</b>
Share of (loss)/earnings of associates		4.3	(0.1)	2.5	(0.5)
<b>(Loss)/profit before income tax</b>		<b>(2.2)</b>	<b>58.8</b>	<b>362.7</b>	<b>(182.2)</b>
Income tax (expense)/benefit	11	(23.8)	(11.7)	(9.9)	56.8
<b>(Loss)/profit for the period</b>		<b>(26.0)</b>	<b>47.1</b>	<b>352.8</b>	<b>(125.4)</b>
<i>Attributable to equity holders of the parent</i>		<i>(39.1)</i>	<i>47.7</i>	<i>335.2</i>	<i>(123.5)</i>
<i>Attributable to non-controlling interests</i>		<i>13.1</i>	<i>(0.6)</i>	<i>17.6</i>	<i>(1.9)</i>

Consolidated Statement of Comprehensive Income	Three months ended		Nine months ended	
	September 30, 2020	September 30, 2019 (Unaudited & not reviewed)	September 30, 2020	September 30, 2019
(€m)				
<b>(Loss)/profit for the period</b>	<b>(26.0)</b>	<b>47.1</b>	<b>352.8</b>	<b>(125.4)</b>
<b>Other comprehensive income/(loss)</b>				
<b>Items that may be reclassified subsequently to profit or loss</b>				
Exchange differences on translating foreign operations	(19.8)	10.1	(9.3)	(38.1)
Cash flow hedges - effective portion of changes in fair value	(11.7)	27.4	26.9	32.3
Cash flow hedges - reclassified to profit or loss	3.6	1.6	100.0	4.3
Fair value of financial assets through OCI	(1.0)	0.4	(1.0)	(0.3)
Related taxes	2.0	(7.1)	(42.0)	(9.1)
	<b>(26.9)</b>	<b>32.4</b>	<b>74.6</b>	<b>(10.9)</b>
<b>Items that are not reclassified to profit or loss</b>				
Actuarial (loss)/gain	(18.7)	(13.1)	3.5	(58.7)
Related taxes	3.9	3.9	(0.8)	18.2
	<b>(14.8)</b>	<b>(9.2)</b>	<b>2.7</b>	<b>(40.5)</b>
<b>Total other comprehensive (loss)/gain</b>	<b>(41.7)</b>	<b>23.2</b>	<b>77.3</b>	<b>(51.4)</b>
<b>Total comprehensive (loss)/profit for the period</b>	<b>(67.7)</b>	<b>70.3</b>	<b>430.1</b>	<b>(176.8)</b>
<i>Attributable to equity holders of the parent</i>	<i>(80.1)</i>	<i>69.7</i>	<i>413.7</i>	<i>(177.0)</i>
<i>Attributable to non-controlling interests</i>	<i>12.4</i>	<i>0.6</i>	<i>16.4</i>	<i>0.2</i>

The accompanying notes on pages 5 to 28 form an integral part of these condensed interim consolidated financial statements.

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(€m)	Notes	As of September 30, 2020	As of December 31, 2019
<b>Non-current assets</b>			
Goodwill	5	3,151.9	3,247.9
Intangible assets		1,215.8	1,438.1
Property, plant & equipment		3,435.3	3,521.3
Right-of-use assets		821.4	871.3
Contract costs		99.8	104.2
Investment in associates		14.7	16.0
Financial assets	6	3,108.9	1,805.7
Deferred tax assets		139.6	67.2
Other non-current assets	7	539.0	191.8
<b>Total non-current assets</b>		<b>12,526.4</b>	<b>11,263.5</b>
<b>Current assets</b>			
Inventories		120.5	130.9
Contract assets		33.6	36.5
Trade and other receivables		1,009.2	1,023.6
Current tax assets		27.1	50.9
Financial assets	6	181.1	38.6
Cash and cash equivalents		266.6	395.5
Restricted cash		36.3	37.5
		1,674.4	1,713.5
Assets classified as held for sale		1.8	118.9
<b>Total current assets</b>		<b>1,676.2</b>	<b>1,832.4</b>
<b>Total assets</b>		<b>14,202.6</b>	<b>13,095.9</b>
<b>Equity</b>			
Issued capital	8.1	309.3	309.3
Other reserves	8.2	(177.5)	(256.0)
Accumulated gains/(losses)	8	857.5	(583.1)
<b>Equity attributable to equity holders of the parent</b>		<b>989.3</b>	<b>(529.8)</b>
Non-controlling interests	3.3	(1.4)	(12.3)
<b>Total equity</b>		<b>987.9</b>	<b>(542.1)</b>
<b>Non-current liabilities</b>			
Long term borrowings, financial liabilities and related hedging instruments	9	7,480.7	8,155.8
Other financial liabilities	9.7	1,366.9	690.3
Non-current lease liabilities	9.7	821.7	840.3
Provisions		902.9	977.5
Deferred tax liabilities		85.1	86.2
Non-current contract liabilities		56.1	61.6
Other non-current liabilities		33.5	31.9
<b>Total non-current liabilities</b>		<b>10,746.9</b>	<b>10,843.6</b>
<b>Current liabilities</b>			
Short-term borrowings, financial liabilities and related hedging instruments	9	30.1	288.4
Other financial liabilities	9.7	604.4	676.5
Current lease liabilities	9.7	85.3	82.8
Trade and other payables		1,341.3	1,412.7
Contract liabilities		133.6	117.5
Current tax liabilities		172.7	115.5
Provisions		86.0	78.4
Other current liabilities		14.3	22.4
		2,467.7	2,794.2
Liabilities directly associated with assets classified as held for sale		0.1	0.2
<b>Total current liabilities</b>		<b>2,467.8</b>	<b>2,794.4</b>
<b>Total liabilities</b>		<b>13,214.7</b>	<b>13,638.0</b>
<b>Total equity and liabilities</b>		<b>14,202.6</b>	<b>13,095.9</b>

*The accompanying notes on pages 5 to 28 form an integral part of these condensed interim consolidated financial statements.*

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Consolidated Statement of Changes in Equity	Number of shares on issue	Share capital	Accumulated gains/(losses)	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
<b>Equity at January 1, 2020</b>	<b>30,925,700,000.0</b>	<b>309.3</b>	<b>(583.1)</b>	<b>(38.5)</b>	<b>(94.7)</b>	<b>1.9</b>	<b>(124.7)</b>	<b>(529.8)</b>	<b>(12.3)</b>	<b>(542.1)</b>
Profit for the period		-	335.2	-	-	-	-	335.2	17.6	352.8
Other comprehensive profit/(loss)		-	-	(8.1)	84.9	(1.0)	2.7	78.5	(1.2)	77.3
<b>Comprehensive profit/(loss)</b>		-	<b>335.2</b>	<b>(8.1)</b>	<b>84.9</b>	<b>(1.0)</b>	<b>2.7</b>	<b>413.7</b>	<b>16.4</b>	<b>430.1</b>
Transactions with non-controlling interests <sup>1</sup>		-	1,106.8	-	-	-	-	1,106.8	3.8	1,110.6
Dividends		-	-	-	-	-	-	-	(9.4)	(9.4)
Other		-	(1.4)	-	-	-	-	(1.4)	0.1	(1.3)
<b>Equity at September 30, 2020</b>	<b>30,925,700,000.0</b>	<b>309.3</b>	<b>857.5</b>	<b>(46.6)</b>	<b>(9.8)</b>	<b>0.9</b>	<b>(122.0)</b>	<b>989.3</b>	<b>(1.4)</b>	<b>987.9</b>

1 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) and the change in the fair value of minority put options of Teads.

Consolidated Statement of Changes in Equity	Number of shares on issue	Share capital	Accumulated gains/(losses)	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
<b>Equity at January 1, 2019</b>	<b>30,925,700,000.0</b>	<b>309.3</b>	<b>(128.7)</b>	<b>(7.9)</b>	<b>(124.0)</b>	<b>2.6</b>	<b>(30.1)</b>	<b>21.2</b>	<b>4.0</b>	<b>25.2</b>
Loss for the period		-	(123.5)	-	-	-	-	(123.5)	(1.9)	(125.4)
Other comprehensive profit/(loss)		-	-	(40.2)	27.5	(0.3)	(40.5)	(53.5)	2.1	(51.4)
<b>Comprehensive profit/(loss)</b>		-	<b>(123.5)</b>	<b>(40.2)</b>	<b>27.5</b>	<b>(0.3)</b>	<b>(40.5)</b>	<b>(177.0)</b>	<b>0.2</b>	<b>(176.8)</b>
Transactions with non-controlling interests		-	(10.0)	-	-	-	-	(10.0)	(0.4)	(10.4)
Transactions with Altice shareholders		-	1.2	-	-	-	-	1.2	-	1.2
Dividends		-	-	-	-	-	-	-	(1.7)	(1.7)
Other		-	1.2	-	-	-	-	1.2	(0.4)	0.8
<b>Equity at September 30, 2019</b>	<b>30,925,700,000.0</b>	<b>309.3</b>	<b>(259.8)</b>	<b>(48.1)</b>	<b>(96.5)</b>	<b>2.3</b>	<b>(70.6)</b>	<b>(163.4)</b>	<b>1.7</b>	<b>(161.7)</b>

*The accompanying notes on pages 5 to 28 form an integral part of these condensed interim consolidated financial statements.*

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<b>Consolidated Statement of Cash Flows</b>	<b>Nine months ended September 30, 2020</b>	<b>Nine months ended September 30, 2019</b>
<b>(€m)</b>		
<b>Profit/(loss) for the period</b>	<b>352.8</b>	<b>(125.4)</b>
Adjustments for:		
Depreciation, amortization and impairment	905.3	917.8
Share of loss (gain) of associates	(2.5)	0.5
Loss on disposal of business	-	1.8
Gain on sale of interest in associates	(97.7)	-
Expenses related to share-based payment	0.8	-
Other non-cash operating losses, net <sup>1</sup>	63.4	270.9
Finance (income) costs recognised in the statement of income	47.4	214.9
Income tax expense (credit) recognised in the statement of income	9.9	(56.8)
Income tax paid	(23.2)	(134.2)
Pension liability payments	(80.9)	(83.0)
Changes in working capital <sup>2</sup>	(54.9)	10.2
<b>Net cash from operating activities</b>	<b>1,120.4</b>	<b>1,016.7</b>
Payments to acquire tangible and intangible assets	(606.8)	(583.9)
Dividends received	2.3	0.6
Receipts from disposal of financial assets	-	0.3
Payments from disposal of business <sup>3</sup>	(2.1)	-
Proceeds from disposal of tangible and intangible assets	10.9	0.2
Transfers (to) from restricted cash	1.2	(0.1)
Payments for acquisition of consolidated entities, net of cash acquired	(4.0)	-
Proceeds from sale of interests in associates <sup>4</sup>	211.0	-
Advances paid to group companies <sup>5</sup>	(1,533.2)	-
<b>Net cash used in investing activities</b>	<b>(1,920.7)</b>	<b>(582.9)</b>
Proceeds from issuance of debts	3,455.9	-
Payments to redeem debt instruments	(4,273.8)	(14.4)
Proceeds from the sale of minority stake <sup>6</sup>	1,576.0	-
Lease payment (principal) related to ROU <sup>7</sup>	(59.8)	(60.9)
Lease payment (interest) related to ROU <sup>7</sup>	(52.3)	(54.5)
Proceeds from the monetization of swaps <sup>8</sup>	41.5	-
Advances received from group companies <sup>9</sup>	521.1	4.2
Dividends paid	(9.5)	-
Interest paid <sup>10</sup>	(400.1)	(366.3)
Other cash used in financing activities <sup>11</sup>	(110.9)	(91.4)
<b>Net cash from (used in) financing activities</b>	<b>687.8</b>	<b>(583.3)</b>
Classification of cash as held for sale	-	(10.2)
Effects of exchange rate changes on the balance of cash held in foreign currencies	(16.4)	4.8
<b>Net change in cash and cash equivalents</b>	<b>(128.9)</b>	<b>(154.9)</b>
Cash and cash equivalents at beginning of period	395.5	597.3
<b>Cash and cash equivalents at end of the period</b>	<b>266.6</b>	<b>442.4</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 Payments from the disposal of consolidated entities, net of cash, mainly relate to purchase price adjustments related to the sale of the international wholesale business to Tofane, which was closed on July 18, 2018.

4 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.

5 Advances paid to Group companies largely relate to advances of €527.0 million upstreamed by Altice Financing S.A. ("Altice Financing") to Altice Luxembourg S.A. and €627.4 million and €340.6 million upstreamed by Altice Altice International S.à r.l. to respectively Altice Group Lux S.à r.l. and Altice Corporate Finance.

6 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.

7 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.

8 Proceeds from the monetization of swaps relate to the swap monetization proceeds of €39.4 million recorded in Altice Financing S.A. ("Altice Financing").

9 Advances received from Group companies relates to advances of €520.1 million which Altice International S.à r.l. received from Altice CVC Lux S.à r.l.

10 Interest paid on debt includes interest received from / paid on interest derivatives.

11 Other cash used in financing activities include an amount of €100.3 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, €14.9 million of net repayments related to factoring arrangements (consisting of €331.6 million of payments made to suppliers through the factoring arrangements and €346.5 million of payments made to the factoring company), €13.8 million related to interest on factoring arrangements and €2.9 million related to other financing activities. These payments were partially offset by proceeds of €21.0 million related to the increase in the Mandatory Convertible Notes due by FastFiber to non-controlling interest.

*The accompanying notes on pages 5 to 28 form an integral part of these condensed interim consolidated financial statements.*

## **1. About Altice International S.à r.l. and the Altice Group**

Altice International S.à r.l. (the “Company”) is a private limited liability company (“*société à responsabilité limitée*”) incorporated in Luxembourg, headquartered at 5, rue Eugène Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg. The Company is the parent company of a consolidated group (the “Group”).

The direct controlling shareholder of the Company is Altice Luxembourg S.A. (“Altice Luxembourg”), which holds 100% of the share capital of the Company, and is itself indirectly controlled by Altice Europe N.V. (“Altice Europe”), whose address is Oostdam 1, 3441 EM, Woerden, the Netherlands. Altice Europe is the parent entity of the Altice Europe N.V. consolidated group (the “Altice Group”). The controlling shareholder of Altice Europe is Next Alt S.à r.l., which, directly and indirectly, held 77.58% of the share capital of Altice Europe as of September 30, 2020 and is controlled by Mr. Patrick Drahi.

The Altice Group is a convergent leader in telecoms, content, media, entertainment and advertising. The Altice 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 Altice Group is also a provider of enterprise digital solutions to millions of business customers. The Altice 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 Altice 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 Managers 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.

#### *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.

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;
- 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 Managers 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 Managers 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, as disclosed in the annual consolidated financial statements 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.

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 32.6 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 and a decline in the advertising businesses (Teads). 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.

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 15, 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, Altice Europe 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 mandatory convertible notes (refer to note 9.7.5). The proceeds from the transaction were partly used to further deleverage the Group's debt (refer to note 9.2). Furthermore, the Group recorded a receivable representing the net present value of an earnout of €375 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 (refer to note 3.3) 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.

#### **3.2. 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.

### 3.3. Other significant events

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

On September 11, 2020, Altice Europe 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 Altice Europe 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 Altice Europe. On November 24, 2020, the Offer was launched.

### 3.4. Variations in non-controlling interests

Variations in non-controlling interests (€m)	Altice Technical Services	Other	Group
<b>Opening balance at January 1, 2019</b>	<b>(13.9)</b>	<b>17.9</b>	<b>4.0</b>
(Loss)/gain for the period	(2.0)	1.9	(0.1)
Other comprehensive income	0.7	0.1	0.8
Sale of SIRESP	-	(3.6)	(3.6)
Dividends	(12.2)	-	(12.2)
Other	-	(1.2)	(1.2)
<b>Closing at December 31, 2019</b>	<b>(27.4)</b>	<b>15.1</b>	<b>(12.3)</b>
(Loss)/gain for the period	(2.6)	20.2	17.6
Other comprehensive income	(1.0)	(0.2)	(1.2)
Sale of Tnord and Sudtel to Portugal	3.4	(3.4)	-
Fastfiber transaction	-	4.0	4.0
Dividends	(6.4)	(3.0)	(9.4)
Other	-	(0.1)	(0.1)
<b>Closing at September 30, 2020</b>	<b>(34.0)</b>	<b>32.6</b>	<b>(1.4)</b>

The main changes in non-controlling interests (“NCI”) as at September 30, 2020 were:

- net income attributable to the non-controlling interest for the nine-month period ended September 30, 2020 of €17.6 million, mainly in Portugal;
- dividends paid to non-controlling interests of €9.4m of which €6.4 million relates to Israel and €3.0 million to Portugal; and
- the sale of 49.99% of the Portuguese fibre business increasing NCI by €4.0 million.

## 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 Managers. The Board of Managers 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 Managers 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:

- **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.
- **Others:** Corporate entities are reported under “Others”.

#### **4.2. Financial Key Performance Indicators (“KPIs”)**

The Board of Managers 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 Managers 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.

The financial KPIs tracked by the Board of Managers 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 and other revenues; and
- Media: media, content and advertisement revenues in Teads.

Intersegment revenues represented 0.1% of total revenues for the three-month period ended September 30, 2020, compared to 0.03% of total revenues for the three-month period ended September 30, 2019 (€1.0 million compared to €0.3 million) and 0.1% of total revenues for the nine-month period ended September 30, 2020, compared to 0.1% of total revenues for the nine-month period ended September 30, 2019 (€2.9 million compared to €2.9 million). Intersegment revenues mainly relate to services rendered by certain centralized Group functions (relating to centralized research) to the operational segments of the Group.

##### *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 leases). 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*.

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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.

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*

For the three months ended September 30, 2020	Portugal	Israel	Dominican Republic	Teads	Others	Inter- segment elimination segment elimination	Total
€m			Republic				
<b>Revenues</b>	<b>541.0</b>	<b>243.5</b>	<b>119.0</b>	<b>118.5</b>	<b>0.2</b>	<b>(1.0)</b>	<b>1,021.2</b>
Purchasing and subcontracting costs	(144.1)	(83.2)	(31.1)	-	-	0.7	(257.7)
Other operating expenses	(90.7)	(52.7)	(18.7)	(53.5)	(0.3)	0.4	(215.5)
Staff costs and employee benefits	(70.9)	(18.5)	(6.8)	(23.2)	-	-	(119.4)
<b>Total</b>	<b>235.3</b>	<b>89.1</b>	<b>62.4</b>	<b>41.8</b>	<b>(0.1)</b>	<b>0.1</b>	<b>428.6</b>
Share-based expense	0.1	-	0.2	-	-	-	0.3
Rental expense operating lease <sup>1</sup>	(18.7)	(8.0)	(5.0)	(1.3)	-	-	(33.0)
<b>Adjusted EBITDA</b>	<b>216.7</b>	<b>81.1</b>	<b>57.6</b>	<b>40.5</b>	<b>(0.1)</b>	<b>0.1</b>	<b>395.9</b>
Depreciation, amortization and impairment	(181.2)	(81.0)	(29.1)	(5.7)	-	-	(297.0)
Share-based expense	(0.1)	-	(0.2)	-	-	-	(0.3)
Other expenses and income	1.9	(0.6)	(0.6)	(0.2)	(0.7)	(0.2)	(0.4)
Rental expense operating lease	18.7	8.0	5.0	1.3	-	-	33.0
<b>Operating profit/(loss)</b>	<b>56.0</b>	<b>7.5</b>	<b>32.7</b>	<b>35.9</b>	<b>(0.8)</b>	<b>(0.1)</b>	<b>131.2</b>

For the three months ended September 30, 2019	Portugal	Israel	Dominican Republic	Teads	Others	Inter- segment elimination	Total
(Unaudited & not reviewed) €m							
<b>Revenues</b>	<b>536.2</b>	<b>245.6</b>	<b>140.3</b>	<b>106.8</b>	<b>0.2</b>	<b>(0.3)</b>	<b>1,028.8</b>
Purchasing and subcontracting costs	(143.0)	(74.5)	(34.6)	-	-	0.4	(251.7)
Other operating expenses	(95.4)	(51.6)	(20.9)	(64.2)	-	0.3	(231.8)
Staff costs and employee benefits	(64.5)	(18.3)	(8.1)	(24.9)	-	-	(115.8)
<b>Total</b>	<b>233.3</b>	<b>101.2</b>	<b>76.7</b>	<b>17.7</b>	<b>0.2</b>	<b>0.4</b>	<b>429.5</b>
Rental expense operating lease <sup>1</sup>	(18.0)	(8.3)	(6.2)	(1.0)	-	-	(33.5)
<b>Adjusted EBITDA</b>	<b>215.3</b>	<b>92.9</b>	<b>70.5</b>	<b>16.7</b>	<b>0.2</b>	<b>0.4</b>	<b>396.0</b>
Depreciation, amortization and impairment	(177.2)	(92.9)	(31.2)	(5.2)	-	-	(306.5)
Share-based expense	-	-	-	-	-	-	-
Other expenses and income	(3.8)	(2.9)	-	0.7	(1.8)	(0.4)	(8.2)
Rental expense operating lease	18.0	8.3	6.2	1.0	-	-	33.5
<b>Operating profit</b>	<b>52.3</b>	<b>5.4</b>	<b>45.5</b>	<b>13.2</b>	<b>(1.6)</b>	<b>0.0</b>	<b>114.8</b>

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For the nine months ended September 30, 2020	Portugal	Israel	Dominican Republic	Teads	Others	Inter-segment elimination	Total
<b>€m</b>							
<b>Revenues</b>	<b>1,562.9</b>	<b>735.6</b>	<b>369.6</b>	<b>290.7</b>	<b>0.5</b>	<b>(2.9)</b>	<b>2,956.4</b>
Purchasing and subcontracting costs	(399.8)	(236.4)	(90.0)	-	-	1.6	(724.6)
Other operating expenses	(275.3)	(152.6)	(58.5)	(148.0)	(2.1)	0.9	(635.6)
Staff costs and employee benefits	(206.2)	(55.2)	(22.2)	(65.8)	-	-	(349.4)
<b>Total</b>	<b>681.6</b>	<b>291.4</b>	<b>198.9</b>	<b>76.9</b>	<b>(1.6)</b>	<b>(0.4)</b>	<b>1,246.8</b>
Share-based expense	0.4	-	0.4	-	-	-	0.8
Rental expense operating lease <sup>1</sup>	(53.8)	(24.2)	(16.4)	(3.9)	-	-	(98.3)
<b>Adjusted EBITDA</b>	<b>628.2</b>	<b>267.2</b>	<b>182.9</b>	<b>73.0</b>	<b>(1.6)</b>	<b>(0.4)</b>	<b>1,149.3</b>
Depreciation, amortization and impairment	(543.7)	(248.0)	(96.8)	(16.8)	-	-	(905.3)
Share-based expense	(0.4)	-	(0.4)	-	-	-	(0.8)
Other expenses and income	77.0	(8.7)	(0.3)	(0.4)	(1.5)	-	66.1
Rental expense operating lease	53.8	24.2	16.4	3.9	-	-	98.3
<b>Operating profit/(loss)</b>	<b>214.9</b>	<b>34.7</b>	<b>101.8</b>	<b>59.7</b>	<b>(3.1)</b>	<b>(0.4)</b>	<b>407.6</b>

For the nine months ended	Portugal	Israel	Dominican Republic	Teads	Others	Inter-segment elimination	Total
<b>September 30, 2019</b>							
<b>€m</b>							
<b>Revenues</b>	<b>1,566.7</b>	<b>712.2</b>	<b>419.7</b>	<b>300.2</b>	<b>1.5</b>	<b>(2.9)</b>	<b>2,997.4</b>
Purchasing and subcontracting costs	(403.6)	(217.5)	(104.9)	-	(0.5)	1.7	(724.8)
Other operating expenses	(275.2)	(150.5)	(61.9)	(179.3)	(3.6)	1.0	(669.5)
Staff costs and employee benefits	(198.4)	(51.6)	(23.1)	(75.1)	(0.5)	-	(348.7)
<b>Total</b>	<b>689.5</b>	<b>292.6</b>	<b>229.8</b>	<b>45.8</b>	<b>(3.1)</b>	<b>(0.2)</b>	<b>1,254.4</b>
Rental expense operating lease <sup>1</sup>	(54.1)	(25.2)	(18.7)	(3.0)	-	-	(101.0)
<b>Adjusted EBITDA</b>	<b>635.4</b>	<b>267.4</b>	<b>211.1</b>	<b>42.8</b>	<b>(3.1)</b>	<b>(0.2)</b>	<b>1,153.4</b>
Depreciation, amortization and impairment	(535.6)	(272.6)	(94.6)	(15.0)	-	-	(917.8)
Other expenses and income	(287.0)	(6.4)	(5.3)	(0.2)	(4.2)	(0.3)	(303.4)
Rental expense operating lease	54.1	25.2	18.7	3.0	-	-	101.0
<b>Operating profit</b>	<b>(133.1)</b>	<b>13.6</b>	<b>129.9</b>	<b>30.6</b>	<b>(7.3)</b>	<b>(0.5)</b>	<b>33.2</b>

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

#### 4.3.2. Other expenses and income

Other expenses and income mainly relate to provisions for ongoing and announced restructuring 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:

Other expenses and income (€m)	For the three months ended September 30, 2020	For the three months ended September 30, 2019 (Unaudited & not reviewed)	For the nine months ended September 30, 2020	For the nine months ended September 30, 2019
Restructuring costs	1.4	0.7	4.2	255.5
Net (gain)/loss on disposal of assets	(6.6)	0.8	(9.0)	2.9
Disputes and litigation	(1.8)	4.0	11.7	20.7
Net gain on sale of interest in associates	-	-	(97.7)	-
Management fee	1.6	2.6	(8.3)	11.3
Other, net	5.8	0.1	33.0	13.0
<b>Other expenses and (income)</b>	<b>0.4</b>	<b>8.2</b>	<b>(66.1)</b>	<b>303.4</b>

##### 4.3.2.1. Restructuring costs

For the three and nine-month periods ended September 30, 2020 restructuring costs related to termination payments in connection with the voluntary employee reduction program in PT Portugal.

For the three-month period ended September 30, 2019, restructuring costs related to the voluntary employee reduction program in PT Portugal of €0.7 million.

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Restructuring costs for the nine-month period ended September 30, 2019 related to the restructuring plans in PT Portugal for which a €255.5 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).

4.3.3. *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	Portugal	Israel	Dominican Republic	Teads	Others	Total
<b>€m</b>						
Fixed	157.3	139.3	22.1	-	-	318.7
Mobile	119.0	52.1	65.9	-	-	237.0
Residential service	276.3	191.4	88.0	-	-	555.7
Residential equipment	28.0	19.4	10.2	-	-	57.6
Total residential	304.3	210.8	98.2	-	-	613.3
Business services	236.7	32.7	20.8	-	0.2	290.4
Media	-	-	-	118.5	-	118.5
<b>Total standalone revenues</b>	<b>541.0</b>	<b>243.5</b>	<b>119.0</b>	<b>118.5</b>	<b>0.2</b>	<b>1,022.2</b>
Intersegment elimination	(0.9)	-	0.1	(0.2)	-	(1.0)
<b>Total consolidated</b>	<b>540.1</b>	<b>243.5</b>	<b>119.1</b>	<b>118.3</b>	<b>0.2</b>	<b>1,021.2</b>

For the three months ended September 30, 2019	Portugal	Israel	Dominican Republic	Teads	Others	Total
<i>(Unaudited &amp; not reviewed)</i>						
<b>€m</b>						
Fixed	150.9	142.3	26.0	-	-	319.2
Mobile	120.2	54.0	76.3	-	-	250.5
Residential service	271.1	196.3	102.3	-	-	569.7
Residential equipment	29.1	18.3	11.9	-	-	59.3
Total residential	300.2	214.6	114.2	-	-	629.0
Business services	236.0	31.0	26.1	-	0.2	293.3
Media	-	-	-	106.8	-	106.8
<b>Total standalone revenues</b>	<b>536.2</b>	<b>245.6</b>	<b>140.3</b>	<b>106.8</b>	<b>0.2</b>	<b>1,029.1</b>
Intersegment elimination	(0.1)	-	-	(0.2)	-	(0.3)
<b>Total consolidated</b>	<b>536.1</b>	<b>245.6</b>	<b>140.3</b>	<b>106.6</b>	<b>0.2</b>	<b>1,028.8</b>

For the nine months ended September 30, 2020	Portugal	Israel	Dominican Republic	Teads	Others	Total
<b>€m</b>						
Fixed	461.6	431.2	70.7	-	-	963.5
Mobile	349.8	160.3	207.4	-	-	717.5
Residential service	811.4	591.5	278.1	-	-	1,681.0
Residential equipment	72.7	49.1	27.4	-	-	149.2
Total residential	884.1	640.6	305.5	-	-	1,830.2
Business services	678.8	95.0	64.1	-	0.5	838.4
Media	-	-	-	290.7	-	290.7
<b>Total standalone revenues</b>	<b>1,562.9</b>	<b>735.6</b>	<b>369.6</b>	<b>290.7</b>	<b>0.5</b>	<b>2,959.3</b>
Intersegment elimination	(2.3)	-	-	(0.6)	-	(2.9)
<b>Total consolidated</b>	<b>1,560.6</b>	<b>735.6</b>	<b>369.6</b>	<b>290.1</b>	<b>0.5</b>	<b>2,956.4</b>

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For the nine months ended September 30, 2019	Portugal	Israel	Dominican Republic	Teads	Others	Total
<b>€m</b>						
Fixed	458.5	416.9	77.3	-	-	952.7
Mobile	351.7	148.4	229.2	-	-	729.3
Residential service	810.2	565.3	306.5	-	-	1,682.0
Residential equipment	71.1	53.8	34.2	-	-	159.1
Total residential	881.3	619.1	340.7	-	-	1,841.1
Business services	685.4	93.1	79.0	-	1.5	859.0
Media	-	-	-	300.2	-	300.2
<b>Total standalone revenues</b>	<b>1,566.7</b>	<b>712.2</b>	<b>419.7</b>	<b>300.2</b>	<b>1.5</b>	<b>3,000.3</b>
Intersegment elimination	(2.2)	-	-	(0.7)	-	(2.9)
<b>Total consolidated</b>	<b>1,564.5</b>	<b>712.2</b>	<b>419.7</b>	<b>299.5</b>	<b>1.5</b>	<b>2,997.4</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)	Three months ended		Nine months ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
	<i>(Unaudited &amp; not reviewed)</i>			
Fixed residential	318.7	319.2	963.5	952.8
Mobile residential	237.0	250.5	717.5	729.3
Business services	267.8	279.3	774.5	803.1
<b>Total telecom excluding equipment sales</b>	<b>823.5</b>	<b>849.0</b>	<b>2,455.5</b>	<b>2,485.2</b>
Equipment sales	80.2	73.3	213.1	214.9
Media	118.5	106.8	290.7	300.2
<b>Total standalone revenues</b>	<b>1,022.2</b>	<b>1,029.1</b>	<b>2,959.3</b>	<b>3,000.3</b>
Intersegment elimination	(1.0)	(0.3)	(2.9)	(2.9)
<b>Total consolidated</b>	<b>1,021.2</b>	<b>1,028.8</b>	<b>2,956.4</b>	<b>2,997.4</b>

#### 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 condensed consolidated statement of cash flows.

For the nine months ended September 30, 2020	Portugal	Israel	Dominican Republic	Teads	Eliminations	Total
<b>€m</b>						
Capital expenditure - accrued	338.4	196.1	77.1	5.3	(0.4)	616.5
Capital expenditure - working capital items	7.9	(13.4)	(5.2)	-	1.0	(9.7)
<b>Payments to acquire tangible and intangible assets</b>	<b>346.3</b>	<b>182.7</b>	<b>71.9</b>	<b>5.3</b>	<b>0.6</b>	<b>606.8</b>

  

For the nine months ended September 30, 2019	Portugal	Israel	Dominican Republic	Teads	Eliminations	Total
<b>€m</b>						
Capital expenditure - accrued	295.6	179.5	92.1	4.2	(0.4)	571.0
Capital expenditure - working capital items	10.9	7.1	(5.7)	-	0.6	12.9
<b>Payments to acquire tangible and intangible assets</b>	<b>306.5</b>	<b>186.6</b>	<b>86.4</b>	<b>4.2</b>	<b>0.2</b>	<b>583.9</b>

#### 4.3.5. Adjusted EBITDA less accrued Capex

For the nine months ended September 30, 2020	Portugal	Israel	Dominican Republic	Teads	Others	Inter-segment elimination	Total
<b>€m</b>							
Adjusted EBITDA	628.2	267.2	182.9	73.0	(1.6)	(0.4)	1,149.3
Capital expenditure (accrued)	(338.4)	(196.1)	(77.1)	(5.3)	-	0.4	(616.5)
<b>Operating free cash flow (OpFCF)</b>	<b>289.8</b>	<b>71.1</b>	<b>105.8</b>	<b>67.7</b>	<b>(1.6)</b>	<b>-</b>	<b>532.8</b>

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For the nine months ended September 30, 2019	Portugal	Israel	Dominican Republic	Teads	Others	Inter-segment elimination	Total
<b>€m</b>							
Adjusted EBITDA	635.4	267.4	211.1	42.8	(3.1)	(0.2)	<b>1,153.4</b>
Capital expenditure (accrued)	(295.6)	(179.5)	(92.1)	(4.2)	-	0.4	<b>(571.0)</b>
<b>Operating free cash flow (OpFCF)</b>	<b>339.8</b>	<b>87.9</b>	<b>119.0</b>	<b>38.6</b>	<b>(3.1)</b>	<b>0.2</b>	<b>582.4</b>

## 5. Goodwill

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 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.

The Board of Managers 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 impairment recorded, for the nine-month period ended September 30, 2020.

## 6. Financial assets

Financial assets (€m)	Note	As of September 30, 2020	As of December 31, 2019
Derivative financial assets	6.1	110.5	107.6
Loans and receivables	6.2	2,992.0	1,598.2
Call options with non-controlling interests	6.3	108.9	113.6
Equity instruments at fair value through OCI		4.3	5.1
Other financial assets		74.3	19.7
<b>Total</b>		<b>3,290.0</b>	<b>1,844.2</b>
Current		181.1	38.6
Non-current		3,108.9	1,805.7

### 6.1. 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 €110.5 million (2019: €107.6 million). Please also refer to note 9.3 for details on each of these derivatives held by the Group and to note 10 for information on the fair value of the derivatives, including the fair value hierarchy.

### 6.2. Loans and receivables

The increase in loans and receivables of €1,393.8 million is largely explained by cash advances of €1,553.2 million made to group companies.

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

Through the various acquisitions that the Group has completed in recent years, the Company signed agreements whereby it has a call option to acquire certain residual non-controlling interests in entities in which it has not acquired 100%. The call options are derivative financial instruments and must be re-measured to their fair value



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at the balance sheet date. Please also refer to note 10.1.2.

**6.4. Other financial assets**

The increase in other financial assets is mainly related to an increase in accrued interest on loans receivable from €7.6 million as at December 31, 2019 to €49.0 million as at September 30, 2020.

**7. Other non-current assets**

Financial assets (€m)	As of September 30, 2020	As of December 31, 2019
Pension assets	2.8	2.8
Fastfiber earnout	375.0	-
Other non-current assets	161.2	189.0
<b>Total</b>	<b>539.0</b>	<b>191.8</b>

The increase in other receivables 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).

**8. Shareholders' equity**

Equity attributable to owners of the Company (€m)	Notes	As of September 30, 2020	As of December 31, 2019
Issued capital	8.1	309.3	309.3
Other reserves	8.2	(177.5)	(256.0)
Accumulated gains/(losses)		857.5	(583.1)
<b>Total</b>		<b>989.3</b>	<b>(529.8)</b>

**8.1. Issued capital**

For the nine-month period ended September 30, 2020, there were no changes in the issued capital of the Group. Total issued capital of the Company as at September 30, 2020 was €309.3 million, comprising 30,925,700,000 outstanding ordinary shares, with a nominal value of € 0.01 each.

**8.2. 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	(154.0)	32.0	(122.0)	(157.5)	32.8	(124.7)
<b>Items not reclassified to profit or loss</b>	<b>(154.0)</b>	<b>32.0</b>	<b>(122.0)</b>	<b>(157.5)</b>	<b>32.8</b>	<b>(124.7)</b>
Fair value through OCI	0.9	-	0.9	1.9	-	1.9
Currency translation reserve	(46.6)	-	(46.6)	(38.5)	-	(38.5)
Cash flow hedge reserve	(13.1)	3.3	(9.8)	(140.0)	45.3	(94.7)
<b>Items potentially reclassified to profit or loss</b>	<b>(58.8)</b>	<b>3.3</b>	<b>(55.5)</b>	<b>(176.6)</b>	<b>45.3</b>	<b>(131.3)</b>
<b>Total</b>	<b>(212.8)</b>	<b>35.3</b>	<b>(177.5)</b>	<b>(334.1)</b>	<b>78.1</b>	<b>(256.0)</b>

## 9. Borrowings, 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>7,480.7</b>	<b>8,155.8</b>
- Debentures	9.1	5,476.5	6,115.8
- Loans from lenders	9.1	1,763.5	1,843.9
- Derivative financial instruments	9.3	240.7	196.1
<b>Other non-current financial liabilities</b>	9.7	<b>1,366.9</b>	<b>690.3</b>
<b>Lease liabilities non-current</b>	9.7	<b>821.7</b>	<b>840.3</b>
<b>Non-current liabilities</b>		<b>9,669.3</b>	<b>9,686.4</b>
<b>Short term borrowing, financial liabilities and related hedging instruments</b>		<b>30.1</b>	<b>288.4</b>
- Debentures	9.1	-	257.5
- Loans from lenders	9.1	18.4	19.1
- Derivative financial instruments	9.3	11.7	11.8
<b>Other financial liabilities</b>	9.7	<b>604.4</b>	<b>676.5</b>
- Other financial liabilities		518.2	437.5
- Bank overdraft		-	0.5
- Accrued interest		86.2	238.5
<b>Lease liabilities current</b>	9.7	<b>85.3</b>	<b>82.8</b>
<b>Current liabilities</b>		<b>719.8</b>	<b>1,047.7</b>
<b>Total</b>		<b>10,389.1</b>	<b>10,734.1</b>

### 9.1. Debentures and loans from lenders

Debentures and loans from lenders (€m)	Notes	September 30, 2020	December 31, 2019
Debentures	9.1.1	5,476.5	6,373.3
Loans from lenders	9.1.2	1,781.9	1,863.0
<b>Total</b>		<b>7,258.4</b>	<b>8,236.3</b>

#### 9.1.1. Debentures

Maturity of debentures (€m)	Less than one year	One year or more	September 30, 2020	December 31, 2019
Altice Financing	-	4,803.1	4,803.1	4,750.8
Altice Finco	-	673.4	673.4	1,622.5
<b>Total</b>	-	<b>5,476.5</b>	<b>5,476.5</b>	<b>6,373.3</b>

#### 9.1.2. Loans from lenders

Maturity of loans from lenders (€m)	Less than one year	One year or more	September 30, 2020	December 31, 2019
Altice Finco	-	-	-	-
Altice Financing	18.4	1,763.5	1,781.9	1,861.4
Others	-	-	-	1.6
<b>Total</b>	<b>18.4</b>	<b>1,763.5</b>	<b>1,781.9</b>	<b>1,863.0</b>

## 9.2. Financing activities

During the nine month ended September 30, 2020, the following refinancing transactions have been closed.

### 9.2.1. 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 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,

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in accordance with the 2015 Altice Financing Senior Secured 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).

**9.2.2. 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”).

**9.2.3. 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.

**9.2.4. 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.

**9.3. 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 to 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).

**9.3.1. 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 Financing</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
May 2026	USD 1,400	EUR 1,223	10.50%	7.91%	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 recognised in the cash flow hedge reserve. The derivatives not hedge accounted 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 €126.9 million were recorded in other comprehensive income (€84.9 million net of taxes).

### 9.3.2. 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 Financing</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

### 9.4. Reconciliation to swap adjusted 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>7,258.4</b>	<b>8,236.3</b>
Transaction costs	37.4	50.0
<b>Total (including transaction costs)</b>	<b>7,295.8</b>	<b>8,286.3</b>
Conversion of debentures and loans in foreign currency (at closing spot rate)	(8,426.8)	(10,845.3)
Conversion of debentures and loans in foreign currency (at hedged rates)	8,569.0	10,793.3
<b>Total swap adjusted debt</b>	<b>7,438.0</b>	<b>8,234.3</b>
Finance lease liabilities	24.3	39.1
<b>Gross debt</b>	<b>7,462.3</b>	<b>8,273.4</b>
Cash and cash equivalents	(266.5)	(395.5)
<b>Net financial debt</b>	<b>7,195.8</b>	<b>7,877.9</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.**

### 9.5. 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.

Reconciliation between Net Financial Liabilities and Net Financial Debt (€m)	September 30, 2020	December 31, 2019
Financial liabilities	10,389.1	10,734.0
Derivative assets	(110.5)	(107.6)
Cash and cash equivalents	(266.6)	(395.5)
<b>Net financial liabilities - consolidated statement of financial position</b>	<b>10,012.0</b>	<b>10,230.9</b>
<i>Reconciliation:</i>		
Transaction costs	37.4	50.0
Rate impact derivative instruments	37.7	(100.2)
Lease liabilities	(907.0)	(923.1)
Reverse factoring and securitisation	(270.5)	(292.0)
Accrued interest	(86.2)	(238.5)
Mandatory Convertible Notes	(820.8)	-
Mandatory Convertible Notes Altice Luxembourg	(626.6)	(629.7)
Put options with non-controlling interests	(158.1)	(153.4)
Debts and liabilities with Altice Group companies	(0.9)	(46.0)
Deposits received	(0.4)	(0.4)
Other	(20.8)	(19.7)
<b>Net financial debt</b>	<b>7,195.8</b>	<b>7,877.9</b>

## 9.6. Available credit facilities

Available credit facilities (€m)	Total facility	Drawn
Altice Financing	538.0	-
<b>Revolving credit facilities</b>	<b>538.0</b>	-

During the nine-month period ended September 30, 2020, Altice Financing has drawn down €175.0 million, which was mainly used for working capital related expenditures. Altice Financing repaid the drawn credit facility of €175.0 million before the end of September 30, 2020.

## 9.7. Other financial liabilities and lease liabilities

Other financial liabilities (€m)	September 30, 2020			December 31, 2019		
	Current	Non-current	Total	Current	Non-current	Total
Lease liabilities	85.3	821.7	907.0	82.9	840.3	923.2
Reverse factoring	270.5	-	270.5	292.0	-	292.0
Accrued interest	86.2	-	86.2	238.5	-	238.5
Put options with non-controlling interests	158.1	-	158.1	-	153.4	153.4
Deposits received	-	0.4	0.4	-	0.4	0.4
Bank overdraft	-	-	-	0.5	-	0.5
Mandatory Convertible Notes	-	820.8	820.8	-	-	-
Mandatory Convertible Notes Altice Luxembourg	85.0	-	85.0	139.9	489.9	629.8
Debts and liabilities with Altice Group companies	-	542.5	542.5	-	46.0	46.0
Other	4.6	3.2	7.7	5.5	0.6	6.1
<b>Total</b>	<b>689.7</b>	<b>2,188.6</b>	<b>2,878.3</b>	<b>759.3</b>	<b>1,530.6</b>	<b>2,289.9</b>

The current portion of other financial liabilities amounts to €689.7 million as at September 30, 2020, a decrease of €69.6 million compared to December 31, 2019. The non-current portion of other financial liabilities amounts to €2,188.6 million as at September 30, 2020, an increase of €658.0 million compared to December 31, 2019. Details of the main items within the caption, and the movements from the prior period, are detailed below.

### 9.7.1. Lease liabilities

Leases relate to the current and non-current lease liabilities recorded in accordance with IFRS 16 *Leases*, which standard was adopted as from January 1, 2019.

### 9.7.2. Reverse factoring

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 condensed 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 as at September 30, 2020 compared to December 31, 2019 is due to the combination of timing of reverse factoring capacity with the banks and utilization of the capacity.

### 9.7.3. 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.

### 9.7.4. 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.

*9.7.5. 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 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.

*9.7.6. Mandatory Convertible Notes Altice Luxembourg*

The Mandatory Convertible Notes (“MCN”) were issued for an aggregate amount of €2,055.0 million, which were entirely subscribed by the Company’s sole shareholder, Altice Luxembourg. These instruments are compound financial instruments that contain both a liability and an equity component. As a result of the full reimbursement of Altice Luxembourg senior debt in the first quarter of 2020, the Company obtained the right to convert all or part of the MCN issued into shares with no limitation in time up until the maturity date. The Company has no obligation to pay the MCN interest beyond the conversion date. As a result of the revision of the conversion date, the net present value of future interest payments were remeasured. Please also refer to note 10. The non-current portion of the MCN liability recorded at September 30, 2020 and December 31, 2019 are nil and €489.9 million respectively. The current portion of the MCN liability recorded at September 30, 2020 and December 31, 2019 are €85.0 million and €139.9 million respectively.

*9.7.7. Debts and liabilities with Altice Group companies*

Debts and liabilities with Altice Group companies relate to debts and liabilities which the Company has with Altice Group companies outside of the Group.

## 10. Fair value of financial assets and liabilities

### 10.1. Fair value of financial 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	266.6	266.6	395.5	395.5
Call options on non-controlling interests	108.9	108.9		
Restricted cash	36.3	36.3	37.5	37.5
Derivatives	128.9	128.9	27.2	27.2
Other financial assets	52.2	52.2	11.3	11.3
<b>Current financial assets</b>	<b>592.9</b>	<b>592.9</b>	<b>471.5</b>	<b>471.5</b>
Derivatives	90.5	90.5	80.4	80.4
Call options on non-controlling interests	-	-	113.6	113.6
Equity instruments at fair value through OCI	4.3	4.3	5.1	5.1
Loans and receivables with group companies	2,992.0	2,992.0	1,605.2	1,605.2
Other financial assets	22.1	22.1	1.4	1.4
<b>Non-current financial assets</b>	<b>3,108.9</b>	<b>3,108.9</b>	<b>1,805.7</b>	<b>1,805.7</b>
Short term borrowings and financial liabilities	18.4	18.4	276.6	276.6
Put options with non-controlling interests	158.1	158.1		
Derivatives	11.7	11.7	11.8	11.8
Lease liabilities	85.3	85.3	82.8	82.8
Reverse factoring and securitisation	270.5	270.5	292.0	292.0
Accrued interest	86.2	86.2	238.5	238.5
Mandatory Convertible Notes	-	-	-	-
Mandatory Convertible Notes Altice Luxembourg	85.0	85.0	139.9	139.9
Other financial liabilities	4.6	4.6	6.1	6.1
<b>Current financial liabilities</b>	<b>719.8</b>	<b>719.8</b>	<b>1,047.7</b>	<b>1,047.7</b>
Long term borrowings and financial liabilities	7,240.0	7,118.3	7,959.7	8,526.5
Put options with non-controlling interests	-	-	153.4	153.4
Derivatives	240.7	240.7	196.1	196.1
Lease liabilities	821.7	821.7	840.3	840.3
Mandatory Convertible Notes	820.8	820.8	-	-
Mandatory Convertible Notes Altice Luxembourg	-	-	489.9	489.9
Debts and liabilities with Altice Group companies	542.5	542.5	46.0	46.0
Other financial liabilities	3.6	3.6	1.0	1.0
<b>Non-current financial liabilities</b>	<b>9,669.3</b>	<b>9,547.6</b>	<b>9,686.4</b>	<b>10,253.2</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 carrying amounts of the Group's assets and liabilities as reported in the table above approximate their fair values, with the exception of the long term borrowings and financial liabilities.

#### 10.1.1. New put and call options

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

10.1.2. *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	252.4	207.8
Minority put option - Teads	Level 3	Discounted cash flows	158.1	153.4
<b>Financial Assets</b>				
Derivative financial instruments	Level 2	Discounted cash flows	110.5	107.6
Minority call option - Teads	Level 3	Black and Scholes model	108.9	113.6
Available for sale assets - Wananchi	Level 3	Discounted cash flows	-	-
Equity instruments at FVOCI - Partner Co. Ltd.	Level 1	Quoted share price	4.4	5.1

10.1.3. *Information on valuation techniques*

10.1.3.1. *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 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.

10.1.3.2. *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.

10.1.3.3. *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. 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.

10.1.3.4. *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.

**10.2. Level 3 financial instruments**

10.2.1. *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.



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Valuation method	Inputs with significant judgement	How management determines inputs	Relationship to fair value
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

10.2.2. Level 3 financial instruments

Change in fair value of level 3 instruments (€m)	Minority put options	Minority call options	Total
<b>Opening balance at January 1, 2020</b>	<b>(153.4)</b>	<b>113.6</b>	<b>(39.8)</b>
Change in value of minority put options recorded in equity	(4.7)	-	(4.7)
Gains or losses recognised in profit or loss	-	(4.7)	(4.7)
<b>Closing balance at June 30, 2020</b>	<b>(158.1)</b>	<b>108.9</b>	<b>(49.2)</b>

Change in fair value of level 3 instruments (€m)	Minority put options	Minority call options	Total
<b>Opening balance at January 1, 2019</b>	<b>(133.6)</b>	<b>53.8</b>	<b>(79.8)</b>
Change in value of minority put options recorded in equity	(19.8)	-	(19.8)
Gains or losses recognised in profit or loss	-	59.8	59.8
<b>Closing balance at December 31, 2019</b>	<b>(153.4)</b>	<b>113.6</b>	<b>(39.8)</b>

**11. Taxation**

Tax expense (€m)	Three months ended September 30, 2020	Three months ended September 30, 2019 (unaudited & not reviewed)	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Profit/(loss) before income tax and share of earnings of associates	(6.5)	58.9	360.2	(181.7)
Income tax (charge)/benefit	(23.8)	(11.7)	(9.9)	56.8
<b>Effective tax rate</b>	<b>-366%</b>	<b>20%</b>	<b>3%</b>	<b>31%</b>

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

The Group recorded an income tax expense of €9.9 million for the nine-month period ended September 30, 2020, reflecting an effective tax rate of 3% compared to an income tax benefit of €56.8 million for the nine-month period ended June 30, 2019, reflecting an effective tax rate of 31%. Without the effect of the capital gain in Portugal related to the disposal of a 25% equity stake in OMTTEL on January 2, 2020 (please refer to note 3.1.1) and the gain resulting from the remeasurement of the net present value of future interest payments for the MCN (please refer to note 9.7.6), the effective tax rate for the nine-month period ended September 30, 2020 would have been a negative effective tax rate of 5%. Various permanent differences and the use of tax losses not recognised as deferred tax assets had the impact of lowering the Group's effective tax rate for the nine-month period ended September 30, 2020.

*Income tax litigation*

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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.

**12. Net finance costs**

Net finance (costs)/income (€m)	Three months ended		Nine months ended	
	September 30, 2020	September 30, 2019 <i>(Unaudited &amp; not reviewed)</i>	September 30, 2020	September 30, 2019
<b>Interest relative to gross financial debt</b>	<b>(105.2)</b>	<b>(149.8)</b>	<b>(432.1)</b>	<b>(453.4)</b>
<b>Realized and unrealized gains on derivative instruments linked to financial debt</b>	<b>(164.7)</b>	<b>153.4</b>	<b>(51.1)</b>	<b>218.9</b>
Interest on lease liabilities	(17.3)	(22.0)	(53.2)	(55.3)
Net foreign exchange losses	-	(71.3)	(46.4)	-
Reversal of impairment of equity instruments at fair value through OCI	-	-	0.2	-
Other	-	(9.3)	(23.6)	(36.7)
<b>Other financial expenses</b>	<b>(17.3)</b>	<b>(102.6)</b>	<b>(123.0)</b>	<b>(92.0)</b>
Interest income	51.1	43.1	119.8	102.7
Net foreign exchange gains	113.4	-	-	8.9
<b>Finance income</b>	<b>164.5</b>	<b>43.1</b>	<b>119.8</b>	<b>111.6</b>
<b>Net result on extinguishment and remeasurement of financial liabilities</b>	<b>(15.0)</b>	<b>-</b>	<b>439.0</b>	<b>-</b>
<b>Finance (costs)/income, net</b>	<b>(137.7)</b>	<b>(55.9)</b>	<b>(47.4)</b>	<b>(214.9)</b>

The net finance costs for the three-month period ended September 30, 2020 was €137.7 million compared to net costs of €55.9 million for the same period in 2019. The change was mainly attributed to:

- lower interest relative to gross financial debt due to refinancing activities.
- realized and unrealized losses on derivative instruments of €164.7 million compared to gains of €153.4 million in 2019 due to higher losses in variation in the mark to market of the swaps of Altice Financing;
- net foreign exchange gains of €113.4 million compared to losses of of €71.3 million in 2019; and

The net finance costs for the nine-month period ended September 30, 2020 was €47.4 million compared to net costs of €214.9 million for the same period in 2019. The change was mainly attributed to:

- realized and unrealized losses on derivative instruments of €51.1 million compared to gains of €218.9 million in 2019 due to higher losses in variation in the mark to market of the swaps of Altice Financing;
- net foreign exchange losses of €46.4 million compared to gains of €8.9 million in 2019; and
- a higher gain on extinguishment of financial liability that amounted to €439.0 million (2019: nil), which resulted from the remeasurement of the net present value of future interest payments for the MCN (please refer to note 9.7.6) and redemptions of the Group's notes in Altice Financing and Altice Finco (please refer to note 9.2.1).

**13. 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.

**14. 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.

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.

#### **14.1. Portugal**

##### *14.1.1. 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

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).

#### 14.1.2. *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 has 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 as this time. As such, no provision was recognized as of September 30, 2020.

#### 14.2. **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.

## **15. Going concern**

As of September 30, 2020, the Group had net current liability position of €791.6 million (mainly due to trade payables amounting to €1,341.3 million) and a negative working capital of €211.6 million. During the nine-month period ended September 30, 2020, the Group registered a net profit of €352.8 million and generated cash flows of €1,120.4 million from operating activities.

As of September 30, 2020, the Group had an equity position of €987.9 million compared to negative equity position of €542.1 million as of 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 and the comprehensive profit 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; €1,009.2 million compared to €1,341.3 million as of September 30, 2020, as compared to €1,023.6 million and €1,412.7 million as of December 31, 2019. Payables due the following month are covered by revenues and cash flows from operations (if needed).

As of September 30, 2020, the Group's short-term borrowings comprised mainly of short-term loans of €18.4 million for Altice Financing. As of December 31, 2019, the Group's short-term borrowings amounted to €276.6 million. The short-term obligations are covered by the proceeds of the refinancing transaction in Altice Financing and the operating cash flows of the operating subsidiaries. The expected interest payments for the 12 months period ending June 30, 2021 amount to approximately €338.0 million.

As of September 30, 2020, the amount drawn on the revolving credit facilities at Altice Financing amounted to nil. A listing of available credit facilities is provided in note 9.6 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 Managers 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 €1,149.3 million, a decrease of 0.4% compared to the same period last year. This decrease in Adjusted EBITDA is mainly linked to a lower performance in the Portugal, Israel and the Dominican Republic segments, which was partially offset by an increase in performance in the Teads and Other segments.
  - Operating cash flows for the nine-month period ended September 30, 2020 were €1,120.4 million.
- The Group had unrestricted cash reserves of €266.6 million as of September 30, 2020, a decrease of €128.9 million compared to €395.5 million as of December 31, 2019, which would 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.
- Additionally, as of September 30, 2020, the Group had access to revolving credit facilities of up to €538.0million, of which nil was 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.

On March 11, 2020, the COVID-19 outbreak was declared by the World Health Organization (WHO) as a global

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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 Managers 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.