

Altice France S.A.



Condensed Interim Consolidated Financial Statements

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

Altice France S.A. - Condensed Interim Consolidated Financial Statements - September 30, 2020

Consolidated Statement of Income	September 30,	September 30,
(€m)	2020	2019 revised (*)
Revenues	8,009.9	7,810.5
Purchasing and subcontracting costs	(2,184.8)	(2,072.5)
Other operating expenses	(1,334.2)	(1,356.7)
Staff costs and employee benefits	(767.6)	(745.5)
Depreciations, amortizations and impairments	(2,598.8)	(2,491.6)
Other expenses and income (**)	(127.9)	2,686.3
Operating profit	996.5	3,830.5
Finance income	30.7	3.3
Interest relative to gross financial debt	(584.1)	(628.3)
Realized and unrealized gains/(loss) on derivative instruments linked to financial debt	(82.8)	(115.3)
Other financial expenses	(119.2)	(191.6)
Net result on extinguishment of financial liabilities	-	(79.1)
Finance costs, net	(755.4)	(1,011.0)
Share of earnings of associates and joint ventures	(187.2)	(121.4)
Profit/(loss) before income tax from continuing operations	53.9	2,698.1
Income tax benefit/(expenses)	(112.7)	(28.7)
Profit/(loss) from continuing operations	(58.8)	2,669.4
Profit/(loss) after tax from discontinuing operations	-	-
Profit/(loss)	(58.8)	2,669.4
<i>Attributable to equity holders of the parent</i>	<i>(119.2)</i>	<i>2,630.0</i>
<i>Attributable to non-controlling interests</i>	<i>60.5</i>	<i>39.4</i>

(*) Refer to Note 20 - *Assets (and liabilities) held for sale* in the 2019 annual consolidated financial statements.

(**) As of September 30, 2019, includes the capital gain due to the loss of control in SFR FTTH (€2,795.9 million).

Consolidated Statement of Other Comprehensive Income	September 30,	September 30,
(€m)	2020	2019 revised (*)
Profit (loss)	(58.8)	2,669.4
Items that may be subsequently reclassified to profit or loss:		
Foreign currency translation adjustments	0.5	0.2
Cash flow hedges	36.5	131.4
Related taxes	(9.4)	(33.9)
Other items related to associates	0.3	0.2
Items that will not be subsequently reclassified to profit or loss:		
Actuarial gain (loss)	(0.2)	(26.5)
Related taxes	(0.0)	6.7
Total Comprehensive Profit (loss)	(31.1)	2,747.5
<i>Of which:</i>		
<i>Attributable to equity holders of the parent</i>	<i>(91.8)</i>	<i>2,708.1</i>
<i>Attributable to non-controlling interests</i>	<i>60.7</i>	<i>39.4</i>

Altice France S.A. - Condensed Interim Consolidated Financial Statements – September 30, 2020

Consolidated Statement of Financial Position (€m)	September 30, 2020	December 31, 2019
Assets		
Goodwill	11,045.4	11,076.3
Intangible assets	5,302.5	5,483.4
Contracts costs	156.2	159.6
Property, plant and equipment	6,342.2	6,323.1
Rights of use assets	3,471.0	3,418.6
Investments in associates and joint ventures	1,373.4	1,551.4
Financial assets	1,847.1	1,028.5
Deferred tax assets	149.1	230.7
Other assets	220.1	247.7
Total non-current assets	29,907.2	29,519.2
Inventories	433.2	348.5
Trade and other receivables	3,901.0	3,421.5
Contracts assets	194.3	217.4
Current tax assets	189.1	48.8
Financial assets	152.1	24.1
Cash and cash equivalents	663.0	556.8
Assets classified as held for sale	2.9	-
Total current assets	5,535.5	4,617.0
Total Assets	35,442.7	34,136.3
Equity and liabilities		
Issued capital	443.7	443.7
Additional paid in capital	3,533.1	3,533.1
Reserves	339.8	446.0
Equity attributable to owners of the company	4,316.6	4,422.8
Non-controlling interests	280.3	226.3
Total equity	4,596.9	4,649.2
Borrowings, financial liabilities and relating hedging instruments	18,780.6	17,336.5
Lease liabilities	2,833.7	2,804.3
Other financial liabilities	301.6	312.0
Provisions	496.5	460.0
Non-current contracts liabilities	502.8	520.8
Deferred tax liabilities	12.6	44.2
Other liabilities	19.3	24.8
Total non-current liabilities	22,947.0	21,502.7
Borrowings, financial liabilities	214.6	426.7
Lease liabilities	704.4	675.6
Other financial liabilities	872.1	1,170.1
Trade and other payables	5,336.9	4,828.6
Contracts liabilities	505.5	501.7
Current tax liabilities	88.7	145.1
Provisions	134.5	149.5
Other liabilities	39.2	87.2
Liabilities directly associated with assets classified as held for sale	2.9	-
Total Current liabilities	7,898.8	7,984.4
Total Equity & liabilities	35,442.7	34,136.3

Equity attributable to owners of the company

Consolidated Statement of Changes in Equity							
(€m)	Capital	Additional paid-in capital	Reserves	OCI	Total	NCI	Consolidated equity
Position at December 31, 2018	443.7	5,403.1	(1,718.2)	(306.9)	3,821.7	216.4	4,038.1
Transition - IFRS 16	-	-	40.0	-	40.0	-	40.0
Position at January 1st, 2019	443.7	5,403.1	(1,678.1)	(306.9)	3,861.7	216.4	4,078.2
Dividends paid	-	(1,870.0)	-	-	(1,870.0)	(27.1)	(1,897.1)
Comprehensive income (loss)	-	-	2,630.0	78.1	2,708.1	39.4	2,747.5
Share-based compensation	-	-	1.9	-	1.9	-	1.9
Other movements	-	4.6	(12.7)	-	(8.1)	4.0	(4.2)
Position at September 30, 2019 revised	443.7	3,537.7	941.1	(228.9)	4,693.6	232.7	4,926.3
Dividends paid	-	-	(501.4)	-	(501.4)	(20.6)	(522.0)
Comprehensive income (loss)	-	-	222.5	10.4	232.9	6.3	239.3
Share-based compensation	-	-	0.6	-	0.6	-	0.6
Other movements	-	(4.6)	1.6	-	(3.0)	8.0	5.0
Position at December 31, 2019	443.7	3,533.1	664.5	(218.4)	4,422.8	226.3	4,649.2
Dividends paid	-	-	-	-	-	(1.1)	(1.1)
Comprehensive income (loss)	-	-	(119.2)	27.5	(91.8)	60.7	(31.1)
Share-based compensation	-	-	1.9	-	1.9	-	1.9
Additional participation in Rhon Telecom and DSP (a)	-	-	(22.2)	-	(22.2)	(5.3)	(27.5)
Business combination under common control (b)	-	-	5.7	-	5.7	(0.5)	5.1
Other movements	-	-	0.2	-	0.2	0.2	0.3
Position at September 30, 2020	443.7	3,533.1	530.8	(191.0)	4,316.6	280.3	4,596.9

a) Refer to Note 3 – *Change in scope*

b) Of which Altice Picture : €5.1 million; refer to Note 2 – *Significant events of the period - Transfer of sports rights to Altice France*

Breakdown of Changes in Equity Related to Other Comprehensive Income	December 31,	September 30,	Change	December 31,	September 30,	Change
	2018	2019		2019	2020	
(€m)						
Hedging instruments	(418.3)	(286.9)	131.4	(274.6)	(238.1)	36.5
Related taxes	108.0	74.1	(33.9)	70.9	61.5	(9.4)
Actuarial gains and losses	0.8	(25.7)	(26.5)	(23.7)	(23.9)	(0.2)
Related taxes	(0.2)	6.5	6.7	5.4	5.4	(0.0)
Foreign currency translation adjustments	(1.0)	(0.7)	0.2	(0.8)	(0.3)	0.5
Items related to associates	3.7	3.8	0.2	4.0	4.3	0.3
Total	(306.9)	(228.9)	78.1	(218.7)	(191.1)	27.6

Altice France S.A. - Condensed Interim Consolidated Financial Statements – September 30, 2020

Consolidated Statement of Cash Flows (€m)	September 30, 2020	September 30, 2019 revised (*)
Net income (loss), Group share	(119.2)	2,630.0
<i>Adjustments:</i>		
Result attributable to non-controlling interests	60.5	39.4
Depreciations, amortizations and provisions	2,608.1	2,407.0
Share in net income (loss) of associates and joint-ventures	187.2	121.4
Finance costs recognised in the statement of income	755.4	1,011.0
Income tax (benefit) expense recognised in the statement of income	112.7	28.7
Other non-cash items (a)	51.3	(2,780.6)
Income tax paid	(267.8)	(149.5)
Change in working capital	(230.3)	(458.7)
Net cash flow provided (used) by operating activities	3,157.7	2,848.7
Payments to acquire tangible and intangible assets	(1,697.1)	(1,723.2)
Payments for acquisition of consolidated entities, net of cash acquired	(18.3)	(2.1)
Payments to acquire interests in associates	-	(19.6)
(Net) payments to acquire financial assets	(59.4)	(1.0)
Proceeds from disposal of property, plant and equipment and intangible assets (*)	2.9	5.4
Proceeds from disposal of consolidated entities, net of cash disposals	(14.8)	1,561.3
Net cash flow provided (used) by investing activities	(1,786.7)	(179.2)
Dividends paid to owners of the company	0.0	(1,870.0)
Dividends paid to non-controlling interests	(1.1)	(26.9)
Dividends received	3.1	0.6
Issuance of debt	6,539.6	3,482.8
Repayment of debt	(5,297.5)	(1,754.2)
Interest paid on debt	(657.0)	(754.9)
Proceeds from the sale of minority stake (purchase price adjustment)	-	(15.1)
Lease payment (principal) related to ROU	(570.3)	(528.0)
Lease payment (interest) related to ROU	(78.0)	(90.1)
Other cash (used in)/provided by financing activities (b)	(1,199.5)	(372.8)
Net cash flow provided (used) by financing activities	(1,260.8)	(1,928.6)
Net increase (decrease) in cash and cash equivalents	110.3	740.9
Effects of exchange rate changes on the balance of cash held in foreign currencies	(4.1)	(12.0)
Cash and cash equivalents at beginning of period	556.8	1,068.5
Cash and cash equivalents at end of period	663.0	1,797.3

(*) The 2019 amounts have been revised following the harmonization of the presentation of the cash flow statement with Altice Europe N.V. presentation and in order to provide a more relevant information in the cash flow statement. Except for the capital gain due to the loss of control in SFR FTTH recorded for (€2,795.9 million) as of September 30, 2019, the other revisions are described in the 2019 annual consolidated financial statements.

a) Of which the capital gain due to the loss of control in SFR FTTH: (€2,795.9 million) as of September 30, 2019;

Commercial paper	(109.0)	6.0
Reverse factoring	(96.0)	(77.9)
Securitization	(10.7)	(59.9)
Bank overdrafts	2.8	(17.4)
Transaction with non-controlling interests	(11.1)	(11.1)
Restructuring of swap instruments	236.3	189.7
Redemption fees	-	(29.6)
Loan Altice Luxembourg S.A.	-	(92.5)
Loan Altice Group Lux S.à.R.L. (excluding transfer to Altice France Holding S.A.)	(925.0)	(175.0)
Current account Altice France Holding S.A.	(118.1)	-
Current account Altice Luxembourg S.A.	(180.0)	-
Other interest paid	(27.2)	(50.1)
Other	38.6	(55.1)
b) Other cash (used in)/provided by financing activities	(1,199.5)	(372.8)

Notes to the condensed interim consolidated financial statements

1.	Basis of preparation	5
2.	Significant events of the period	6
3.	Change in scope	8
4.	Financial Key Performance Indicators (“KPIs”)	9
5.	Financial income	12
6.	Income tax expense	12
7.	Change in Goodwill	12
8.	Investments in associates and joint ventures	13
9.	Other non-current assets	13
10.	Current financial assets	13
11.	Assets (and liabilities) held for sale	13
12.	Cash and cash equivalents	13
13.	Equity	14
14.	Financial liabilities	14
15.	Derivative instruments	16
16.	Fair value of financial instruments	18
17.	Related party transactions	18
18.	Commitments and contractual obligations	20
19.	Litigation	20
20.	Entity consolidating the financial statements	20
21.	Subsequent events	20

1. Basis of preparation

Altice France (hereinafter “the Company” or “the Group”) is a limited liability corporation (*société anonyme*) formed under French law in August 2013 with headquarters in France.

Created subsequent to the merger of Numericable and SFR, the Group Altice France aims to become, on the back of the largest fiber optic network and a leading mobile network, the national leader in France in very-high-speed fixed-line/mobile convergence. The Group has major positions in all segments of the French B2C, B2B, local authorities and wholesale telecommunications market.

Altice France has adopted a new and increasingly integrated model around access and content convergence. Its Media division is composed of NextRadioTV and its subsidiaries, which covers the Group’s audiovisual activities in France (RMC Sport, BFM TV, BFM Business, BFM Paris, RMC, and RMC Découverte amongst others). In 2018, it also insourced its major providers of technical and maintenance services and customer services (Altice Technical Services France and Altice Customer Services). It also has a marked presence in the French Overseas Territories, which it expanded with the acquisition of Outremer Telecom in 2018. In 2020, Altice France further improved its content portfolio by acquiring the Pay TV division of Altice Europe and thus strengthening its ability to offer better and more innovative convergent products to its customers.

As of September 30, 2020, Altice Europe directly or indirectly held 100% of the capital of Altice France S.A.

The condensed interim consolidated financial statements were prepared and approved by the Company’s Board of Directors on November 17, 2020.

1.1. Basis of preparation of financial information

These condensed interim consolidated financial statements of the Group as of September 30, 2020 and for the nine-month period 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 Group’s 2019 annual consolidated financial statements and the notes 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.

1.2. New standards and interpretations

1.2.1. Standards and interpretations applied from 2020

The following standards have mandatory application for periods beginning on or after January 1, 2020 as described in Note 1.2.2 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;
- Interest Rate Benchmark Reform (Amendment to IFRS 9, IAS 39 and IFRS 7), effective on or after January 1, 2020;
- Amendments to IFRS 16 – *Leases*, Covid-19 – *Related Rent Concessions*, effective on or after June 1, 2020, with early application permitted.

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

1.2.2. Standards and interpretations not yet applied

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;

- 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 January 1, 2021, with earlier application permitted.

In addition, the IFRIC published a decision (“Lease Term and Useful Life of Leasehold Improvements”) in November 2019 which establishes that the determination of the enforceable period of the 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 of this IFRIC decision.

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

1.2.3. Significant accounting judgments and estimates

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

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

These key areas of judgments and estimates are:

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

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

2. Significant events of the period

Issuance of New Senior and Senior Secured Debt

On January 24, 2020, Altice France issued €500 million aggregate principal amount of its euro denominated 2.125% Senior Secured Notes due February 15, 2025 (the “2025 Altice France Senior Secured Notes”).

On January 24, 2020, Ypso Finance Bis issued \$1,225 million aggregate principal amount of its dollar denominated 6.000% Senior Notes due February 15, 2028 (the “2028 Ypso Finance Bis Dollar Senior Notes”) and €500 million aggregate principal amount of its euro denominated 4.000% Senior Notes due February 15, 2028 (the “2028 Ypso Finance Bis Euro Senior Notes”) and, together with the “2028 Ypso Finance Bis Dollar Senior Notes”, the “2028 Ypso Finance Bis Senior Notes”).

On September 15, 2020, Altice France issued €500 million aggregate principal amount of its euro denominated 4.125% Senior Secured Notes due January 15, 2029 and \$475 million aggregate principal amount of its dollar denominated 5.125% Senior Secured Notes due January 15, 2029 (or a total of €900 million equivalent).

Exchange offer completed by Ypso Finance Bis and automatic exchange

On February 6, 2020, Ypso Finance Bis commenced an exchange offer to noteholders of Altice Luxembourg's (i) 2027 Altice Luxembourg Dollar Senior Notes and (ii) 2027 Altice Luxembourg Euro Senior Notes, to exchange the 2027 Altice Luxembourg Dollar Senior Notes for an equal aggregate principal amount of corresponding dollar denominated 10.500% Senior Notes due 2027 issued by Ypso Finance Bis (the “Ypso Finance Bis Exchange Dollar

Notes”) and the 2027 Altice Luxembourg Euro Senior Notes for an equal aggregate principal amount of corresponding euro denominated 8.000% Senior Notes due 2027 issued by Ypso Finance Bis (the “Ypso Finance Bis Exchange Euro Notes” and, together with the Ypso Finance Exchange Dollar Notes, the “Ypso Finance Bis Exchange Notes”). At the expiration of the exchange offer, a total of \$1,562 million (accounting for 97.63% of the outstanding aggregate principal) of the 2027 Altice Luxembourg Dollar Senior Notes and €1,317 million (accounting for 94.10% of the outstanding aggregate principal) of the 2027 Altice Luxembourg Euro Senior Notes were tendered and accepted. On February 27, 2020, \$1,562 million of Ypso Finance Bis Exchange Dollar Notes and €1,317 million of Ypso Finance Exchange Bis Euro Notes were issued by Ypso Finance Bis.

Upon satisfaction of certain conditions, comprising full discharge, cancellation and/or redemption of 2027 Altice Luxembourg Senior Notes and 2027 Altice Luxembourg Senior Notes, at the discretion of Ypso Finance Bis (i) the Ypso Finance Exchange Dollar Notes were automatically exchanged for an equal aggregate principal amount of dollar-denominated 10.500% Senior Notes due 2027 to be issued by Altice France Holding S.A., (ii) the Ypso Finance Exchange Euro Notes were automatically exchanged for an equal aggregate principal amount of euro-denominated 8.000% Senior Notes due 2027 to be issued by Altice France Holding, (iii) the 2028 Ypso Finance Bis Dollar Senior Notes were automatically exchanged for an equal aggregate principal amount of dollar-denominated 6.000% Senior Notes due 2028 to be issued by Altice France Holding and (iv) the 2028 Ypso Finance Bis Euro Senior Notes were automatically exchanged for an equal aggregate principal amount of euro-denominated 4.000% Senior Notes due 2028 to be issued by Altice France Holding (the actions described in sub-clauses (i)-(iv) collectively, the “Automatic Exchange”).

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 36 of the annual consolidated financial statements for further detail).

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

As part of economic measures meant to mitigate the impact of the COVID-19 pandemic on industry, the French State announced a serie of measures, some of which the Group had recourse to during the mandatory stay at home period, especially partial unemployment. The Group decided to apply partial unemployment for the period from mid-March to mid-May 2020 to approximately 4,200 employees whose jobs were directly impacted by the mandatory quarantine imposed by the French state. Thus, the French State paid the concerned employees the equivalent of 84% of their fixed and variable pay per month and the Group paid the remaining 16%.

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 information above, the Group determined that the going concern assumption is still appropriate.

Financing flows with Altice Group entities

For the three months ended March 31, 2020:

- The Group increased its receivable position with Altice Group Lux S.à.R.L. for an additional amount of €175 million;
 - The Group repaid a portion of its debt towards Altice Luxembourg S.A. for an aggregate amount of €180million.
- For the second quarter, the Group provided a short term loan to its direct shareholder Altice France Holding S.A. for an aggregate amount of €118 million.

On September 18, 2020, the Group subscribed to a new loan issued by Altice Group Lux S.à.R.L for an aggregate amount of €750 million and paying interest at 8.4% annually. The loan has a maturity of July 30, 2027.

Transfer of Libération by Altice France to a non-profit organization

On May 14, 2020, Altice France announced that it would transfer Libération, the daily newspaper, to Presse Indépendante S.A.S. (“PI”), a management and holding company to be owned by a non-profit organization Fonds

de Dotation pour une Presse Indépendante (“FDPI”). As part of the project, Altice France made a donation to FDPI including cash and the shares of PI and then, PI acquired the shares of Libération.

The sale was closed on September 3, 2020. Following the closing of the transaction, the Group no longer exercises control over Libération and the total impact (donation and capital loss) of the transaction has been recorded in the statement of income for the nine-month period ended September 30, 2020 for €54.6 million in the caption Other expense and income.

Transfer of sports rights to Altice France

On July 8, 2020, SportCoTV S.A.S, a fully owned, unrestricted subsidiary of the Group, acquired the shares of Altice Picture S.à.R.L, a Luxembourg based entity, which houses the sports and other content rights mainly for the UEFA champions league and other premium content. Prior to the sale, a reorganization of the structure in Luxembourg was carried out, with the transfer of activities performed by Altice Entertainment News and Sport (AENS), (the entity that provided the premium sports channels to Altice France) to Altice Picture, thus ensuring that the entire value chain has subsequently been transferred to Altice France, the entity that benefits the most from the marketing of the associated channels. Altice Picture S.à.R.L has been subsequently merged into SportCoTV S.A.S. on October 15, 2020.

This operation has been treated as an acquisition under common control and hence no goodwill has been created as part of this transaction.

The Altice TV perimeter has been declared as a restricted subsidiary for the purposes of the Altice France indenture and hence specific information will be provided on the standalone performance of Altice TV on certain Key Performance Indicators starting from the condensed consolidated financial statements ended September 30, 2020. Refer to Note 4.5 - *Other information related to the Altice TV unrestricted perimeter.*

Media restructuring

On May 19, 2020, NextRadioTV announced a restructuring plan to take into account the changing environment for the media industry in France. This plan, based on voluntary departures, aims at reducing the employee workforce by limiting the use of part time workers, freelancers and consultants. An agreement was signed with the workers’ Council on September 15, 2020. As of September 30, 2020, management considers that the conditions for recording a provision were met and thus a provision was recorded in the income statement Other expense and income for an amount of €50 million.

Mediapro

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

Reorganization of Altice France’s shareholding structure

On July 10, 2020, Altice France’s shareholding structure was simplified by way of a share transfer between Altice Europe N.V. and Altice France Holding S.A., the direct shareholder of Altice France. Following the restructuring, Altice France Holding holds 100% minus one share of Altice France, with Altice Luxembourg S.A. holding the one share.

As part of the reorganization, the upstream loan to Altice Group Lux S.à.R.L. was also reassigned to Altice France Holding S.A.

3. Change in scope

Over the period ended September 30, 2020, the main changes in the consolidation scope are described as follows:

- Additional participation in Rhon’Telecom S.A.S. by Altice Technical Services France S.A.R.L.;
- Additional participation in Moselle Telecom S.A.S., Irisé S.A.S., Iris 64 S.A.S., Teloise S.A.S. and Medi@lys S.A.S. by SFR S.A.;
- Disposal of SFR Business Solutions Morocco S.A. by Altice France S.A. to Intelcia IT Solutions S.A.;

- Disposal of Informatique Telematique Ocean Indien S.A.R.L.;
- Disposal of Libération S.A.R.L.;
- Entry of the company Keos Telecom S.A.S.;
- Creation of the company Ypso Finance Bis S.A.;
- Entry of the company Azurconnect Technologies S.A.R.L.;
- Acquisition of RMC Films S.A.S.;
- Acquisition under common control of Altice Picture S.A.R.L.

4. Financial Key Performance Indicators (“KPIs”)

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

The financial KPIs tracked by the Board of Directors are:

- Adjusted EBITDA;
- Revenues;
- Capital expenditure (“Capex”); and
- Operating free cash flow (“OpFCF”).

Non-GAAP measures

Adjusted EBITDA, Capex and OpFCF are non-GAAP measures. These measures are useful to readers of Altice’s financial statements as they provide a measure of operating results excluding certain items that Altice’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, de facto, the 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 covenant has not changed with the adoption of IFRS 15 – *Revenue from contracts with customers* and IFRS 16 – *Leases* by the Group.

- *Adjusted EBITDA*

Following the application of IFRS 16, Adjusted EBITDA is defined as operating income before depreciation and amortization, other expenses and incomes (capital gains, non-recurring litigation, restructuring costs and management fees), 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 for operating lease). This may not be comparable to similarly titled measures used by other entities. Further, this measure should not be considered as an alternative for operating income as the effects of depreciation, amortization and impairment, excluded from Adjusted EBITDA, do ultimately affect the operating results. Operating results presented in the annual consolidated financial statements are in accordance with IAS 1 – *Presentation of financial statements*.

- *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.

- *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 cash flows*.

4.1. Revenue

The breakdown of revenue is detailed as follows:

Revenues (€m)	September 30, 2020	September 30, 2019
Residential - Fixed	1,925.2	1,868.6
Residential - Mobile	2,655.7	2,637.4
Business services	2,593.9	2,346.7
Total Telecom excl. equipment sales	7,174.8	6,852.7
Equipment sales	582.5	637.2
Media	252.6	320.7
Total	8,009.9	7,810.5

“Residential” corresponds to B2C services revenues, excluding equipment.

“Business services” includes revenues from B2B and wholesale including construction of the FTTH Network and excluding revenues from equipment and Media presented in the line below.

“Equipment sales” relates to equipment revenues from B2B and B2C.

4.2. Adjusted EBITDA

The following table shows the reconciliation of the operating profit in the condensed interim consolidated financial statements to Adjusted EBITDA:

Operating Profit (€m)	Altice France excl. Altice TV	Altice TV stand-alone	IC flows	September 30, 2020	September 30, 2019 revised (*)
Revenues	7,988.9	70.1	(49.1)	8,009.9	7,810.5
Purchasing and subcontracting costs	(2,171.4)	(62.5)	49.1	(2,184.8)	(2,072.5)
Other operating expenses	(1,334.2)	(0.0)	-	(1,334.2)	(1,356.7)
Staff costs and employee benefits	(767.6)	-	-	(767.6)	(745.5)
Total	3,715.7	7.5	-	3,723.2	3,635.8
Share-based expenses	3.1	-	-	3.1	2.9
Rental expense operating lease	(596.6)	-	-	(596.6)	(558.4)
Adjusted EBITDA	3,122.2	7.5	-	3,129.7	3,080.4
Depreciation, amortization and impairment	(2,526.9)	(71.9)	-	(2,598.8)	(2,491.6)
Share-based expenses	(3.1)	-	-	(3.1)	(2.9)
Other expenses and income	(127.9)	-	-	(127.9)	2,686.3
Rental expense operating lease	596.6	-	-	596.6	558.4
Operating profit	1,060.9	(64.4)	-	996.5	3,830.5

(*) As of September 30, 2019, includes the capital gain due to the loss of control in SFR FTTH (€2,795.9 million).

4.3. Capital expenditure

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

Capital Expenditure (€m)	September 30, 2020	September 30, 2019
Capital expenditure (accrued)	1,589.5	1,676.1
Capital expenditure - working capital items and other impacts	107.6	47.2
Payments to acquire tangible and intangible assets	1,697.1	1,723.2

Capital Expenditure - Altice TV stand alone (€m)	September 30, 2020	September 30, 2019
Capital expenditure (accrued)	3.2	-
Capital expenditure - working capital items and other impacts	1.7	-
Payments to acquire tangible and intangible assets	4.9	-

4.4. Adjusted EBITDA less accrued Capex

The table below details the calculation of Adjusted EBITDA less accrued Capex or operating free cash flows (“OpFCF”), as presented to the Board of Directors. This measure is used as an indicator of the Group’s financial performance as the Board of Directors believes it is one of several benchmarks used by investors, analysts and peers for comparison of performance in the Group’s industry, although it may not be directly comparable to similar measures reported by other companies. Adjusted EBITDA and accrued Capex are both reconciled to GAAP reported figures in this note; this measure is a calculation using these two non-GAAP figures, therefore no further reconciliation is provided.

Adjusted EBITDA less accrued Capex (€m)	September 30, 2020	September 30, 2019
Adjusted EBITDA	3,129.7	3,080.4
Capital expenditure (accrued)	(1,589.5)	(1,676.1)
Operating free cash flow	1,540.2	1,404.3

4.5. Other information related to the Altice TV unrestricted perimeter:

The information below pertains to the performance of the Altice France restricted group (excluding the TV business) and specific information related to the restricted group.

Management cash flow (€m)	Altice France excl. Altice TV	Altice TV stand-alone	September 30, 2020	September 30, 2019 revised (*)
Adjusted EBITDA	3,122.2	7.5	3,129.7	3,080.4
Capital expenditure (accrued)	(1,586.3)	(3.2)	(1,589.5)	(1,676.1)
Capital expenditure (working capital items and other impacts)	(105.9)	(1.7)	(107.6)	(47.2)
Change in working capital	(145.7)	(84.6)	(230.3)	(458.7)
Financing between funding silos	(78.4)	78.4	-	-
Other cash flow items	(1,097.2)	1.2	(1,096.1)	(169.5)
Change in cash	108.7	(2.5)	106.2	728.9

- Capital expenditure: as of September 30, 2019 (and for the period of consolidation in the Altice France perimeter), Altice TV incurred capital expenditure of €3.2 million on an accrued basis. Working capital items related to capital expenditures amounted to -€1.7 million, thus resulting in net cash capital expenditure of €4.9 million.
- Change in working capital: as of September 30, 2020 (and for the period of consolidation in the Altice France perimeter), Altice TV had a net working capital outflow of €84.6 million.
- Financing between silos: Altice France (excl. TV), made contributions to Altice TV for an aggregate amount of €78.4 million, in order to fund the activities of Altice TV.

5. Financial income

The following table presents the breakdown of the financial income:

Financial Income (€m)	September 30, 2020	September 30, 2019
Interest relative to gross financial debt	(584.1)	(628.3)
Realized and unrealized gains/(loss) on derivative instruments linked to financial debt	(82.8)	(115.3)
Finance income	30.7	3.3
Finance income	30.7	3.3
Provisions and unwinding of discount	1.6	(2.3)
Interest related to lease liabilities	(78.0)	(90.1)
Other	(42.8)	(99.3)
Other financial expenses	(119.2)	(191.6)
Net result on extinguishment of a financial liability	-	(79.1)
Net result on extinguishment of a financial liability	-	(79.1)
Finance costs, net	(755.4)	(1,011.0)

The interest relative to gross financial debt decreased from €628.3 million as of September 30, 2019 to €584.1 million as of September 30, 2020. This decrease was mainly driven by a decrease in our cost of debt, resulting from the debt refinancings performed in 2019.

For the nine-month period ended September 30, 2020, the net loss realized on derivative instruments is mainly due to an unfavourable variation in the fair value of our derivative financial instruments. This caption also includes a one off income related to the monetisation of certain CCS for an aggregate amount of €236.3 million, which was offset by negative variation of the FX rate effect on the restructured cross currency swaps. The realized and unrealized FX gain on CCS is offset by the unrealized FX loss on the debts.

6. Income tax expense

For interim condensed financial statements, the tax expense or tax income on profit or loss is determined in accordance with IAS 34, based on the best estimate of the annual average tax rate expected for the full fiscal year, restated for non-recurring items (which are recorded in the period as incurred).

7. Change in Goodwill

Change in Goodwill (€m)	September 30, 2020	December 31, 2019
Opening balance	11,076.3	11,071.9
Acquisitions	2.7	4.5
Disposals (a)	(33.4)	(0.2)
Exchange impact	(0.1)	0.1
Closing balance	11,045.4	11,076.3

(a) Concern the disposal of Libération. Refer to Note 2 – *Significant events of the period - Transfer of Libération by Altice France to a non-profit organization.*

8. Investments in associates and joint ventures

The change as of September 30, 2020 is analysed as follows:

Change of the Investments in Associates and Joint Ventures (€m)	September 30, 2020	December 31, 2019
Opening balance	1,551.4	19.8
Capital increase	-	19.6
Change in scope	(1.7)	1,707.4
Dividends paid	(3.1)	(1.1)
Profit/Loss	(187.2)	(201.0)
Other	13.9	6.7
Closing balance	1,373.4	1,551.4

9. Other non-current assets

Other non-current assets are detailed as follows:

Other Non-Current Assets (€m)	September 30, 2020	December 31, 2019
Derivative financial instruments (a)	409.6	629.3
Call options with non-controlling interests (b)	28.6	28.5
Loans and receivables (c)	1,299.9	258.3
Other	109.0	112.4
Non-current financial assets	1,847.1	1,028.5
Other non-current assets (d)	220.1	247.7
Other non-current assets	2,067.2	1,276.2

a) Related to swaps - Refer to Note 15 – *Derivative instruments*;

b) Related to ACS call option;

c) Concerns a loan to Altice Group Lux S.à.R.L for an amount of €847.2 million and to Altice France Holding S.A. for an amount of €452.8 million;

d) Includes mainly non-current prepaid expenses.

10. Current financial assets

Current Financial Assets (€m)	September 30, 2020	December 31, 2019
Loan Altice Group Lux S.à.R.L. and Altice France Holding S.A.	13.7	7.6
Current account Altice France Holding S.A.	130.0	-
Other	8.5	16.4
Current financial assets	152.1	24.1

11. Assets (and liabilities) held for sale

Following the disposal of Libération on September 3, 2020, the assets and associated liabilities classified as held for sale as per the provisions of IFRS 5 - *Non-current assets held for sale and discontinued operations* concern only Altice IO as of September 30, 2020; the impact is not significant enough to require the presentation of a detailed table.

12. Cash and cash equivalents

The following table presents the breakdown of the cash and cash equivalents:

Cash and Cash Equivalents (€m)	September 30, 2020	December 31, 2019
Cash	629.2	501.5
Cash equivalents	33.8	55.2
Cash and cash equivalents	663.0	556.8

13. Equity

As of September 30, 2020, Altice France's share capital amounted to €443,706,618 comprising 443,706,618 ordinary shares with a par value of €1 each. There was no change on share capital over the nine-month period. The Group does not hold treasury shares.

The Group did not pay dividends to its shareholders in the nine-month period ended September 30, 2020.

The Shareholders' Meeting of May 7, 2019 approved an exceptional dividend distribution at €1.85 per share, for an aggregate amount of €820 million, which was deducted from the "additional paid-in capital" caption.

The Shareholders' Meeting of August 14, 2019 approved an exceptional dividend distribution at €2.37 per share, for an aggregate amount of €1,050 million, which was deducted from the "additional paid-in capital" caption.

The Board of December 19, 2019 approved an interim dividend distribution at €1.13 per share, for an aggregate amount of €501.4 million, which was deducted from the "Reserves" caption.

The Group did not pay dividends to its shareholders during the fiscal years 2017 and 2018.

14. Financial liabilities

14.1. Financial liabilities breakdown

Financial liabilities breakdown as follows:

Financial Liabilities breakdown (€m)	Current		Non-current		Total	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
Bonds	142.7	257.2	10,779.5	9,677.4	10,922.3	9,934.6
Loans from financial institutions	71.9	169.4	6,947.0	7,203.3	7,018.9	7,372.7
Derivative financial instruments	-	-	1,054.0	455.8	1,054.0	455.8
Borrowings, financial liabilities and related hedging instruments *	214.6	426.7	18,780.6	17,336.5	18,995.2	17,763.2
Finance lease liabilities	20.3	24.3	38.0	42.5	58.4	66.8
Operating lease liabilities	684.0	651.3	2,795.6	2,761.8	3,479.7	3,413.2
Lease liabilities	704.4	675.6	2,833.7	2,804.3	3,538.0	3,479.9
Perpetual subordinated notes	-	-	59.7	56.8	59.7	56.8
Deposits received from customers	31.0	33.9	166.1	166.9	197.1	200.8
Bank overdrafts	8.2	6.2	-	-	8.2	6.2
Securitization	142.2	152.9	-	-	142.2	152.9
Reverse factoring	618.7	601.2	-	-	618.7	601.2
Commercial paper	40.0	149.0	-	-	40.0	149.0
Other (a)	32.0	226.8	75.8	88.4	107.8	315.2
Other financial liabilities	872.1	1,170.1	301.6	312.0	1,173.7	1,482.1
Financial liabilities	1,791.1	2,272.3	21,915.9	20,452.9	23,706.9	22,725.2

(*) Including accrued interest.

a) As of September 30, 2020, this amount includes:

- €42.1 million of liabilities related to the acquisition of non-controlling interests (in ERT Luxembourg for €30.0 million, Icart for €6.7 million and DSP €5.4 million), compared to €50 million as of December 31, 2019 (in ERT Luxembourg for €41.1 million and Icart €9.0 million);
- €40.2 million related to ACS put option;
- €2.2 million related to a current account with Altice Luxembourg S.A. compared to €182.2 million as of December 31, 2019.

Financial liabilities issued in US dollars are converted at the following closing rate:

- As of September 30, 2020: €1 = 1.1722 USD;
- As of December 31, 2019: €1 = 1.1229 USD.

On January 24, 2020, Altice France issued bonds for an aggregate amount of €500 million, due in 2025 and bearing a coupon of 2.125%. The bonds were issued at an OID of 99.408% and an issuance fee of 0.5%. The proceeds from the issuance of these bonds were used to fully repay the revolving credit facility.

On September 15, 2020, Altice France issued €500 million aggregate principal amount of its euro denominated 4.125% Senior Secured Notes due January 15, 2029 and \$475 million aggregate principal amount of its dollar denominated 5.125% Senior Secured Notes due January 15, 2029. The bonds were issued at par. The proceeds from the issuance were used to subscribe a loan issued by Altice Group lux for an aggregate amount of €750 million and repay the revolving credit facility which had been drawn for an aggregate amount of €150 million.

As of September 30, 2020, the Group has completely repaid borrowings under its revolving credit facility.

14.2. Net financial debt

Net financial debt as defined and utilized by the Group can be broken down as follows:

Net Financial Debt (€m)	September 30, 2020	December 31, 2019
Bonds	10,814.1	9,710.0
Loans from financial institutions	7,131.5	7,499.8
Finance lease liabilities	58.4	66.8
Commercial paper	40.0	149.0
Bank overdrafts	8.2	6.2
Other	37.0	68.6
Financial Liabilities contributing to net financial debt (a)	18,089.1	17,500.5
Cash and cash equivalents	663.0	556.8
Net derivative instruments - currency translation impact	(4.3)	755.3
Other items contributing to net financial debt (b)	658.7	1,312.0
Net financial debt (a) – (b)	17,430.4	16,188.5
Net Financial Debt - Altice TV stand-alone (€m)	September 30, 2020	December 31, 2019
Financial Liabilities contributing to net financial debt (c)	-	-
Cash and cash equivalents	1.1	-
Financial Assets contributing to net financial debt (d)	1.1	-
Net financial debt - Altice TV (c) – (d)	(1.1)	-
Net financial debt - excluding Altice TV	17,431.5	16,188.5

- a) Liability items correspond to the nominal value of financial liabilities excluding accrued interest, impact of EIR, perpetual subordinated Notes, operating debts (notably guarantee deposits, securitization debts and reverse factoring). All these liabilities are converted at the closing exchange rates. Refer to Note 14.3 – *Reconciliation between net financial liabilities and net financial debt*;
- b) Asset items consist of cash and cash equivalents and the portion of the fair value of derivatives related to the currency impact €(4.3) million as of September 30, 2020 and €755.3 million as of December 31, 2019). The fair value of derivatives related to the interest rate impacts €(640.1) million as of September 30, 2020 and €(5818) million as of December 31, 2019 is not included;
- c) Excluding intragroup current account debt. As of September 30, 2020, Altice TV had a current account liability towards the Altice France restricted group of €78.4 million.

14.3. Reconciliation between net financial liabilities and net financial debt

In compliance with IAS 7 amendments, 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	September 30,	December 31,
(€m)	2020	2019
Financial liabilities	23,706.9	22,725.2
Cash and cash equivalents	(663.0)	(556.8)
Derivative instruments classified as asset	(409.6)	(629.3)
Net financial debt - consolidated statement of financial position	22,634.3	21,539.2
<i>Reconciliation:</i>		
Lease liabilities	(3,479.7)	(3,413.2)
Net derivative instruments - rate impact	(640.1)	(581.8)
Accrued interest	(171.6)	(288.9)
EIR	178.4	197.6
Perpetual subordinated notes	(59.7)	(56.8)
Deposits received from customers	(197.1)	(200.8)
Securitization	(142.2)	(152.9)
Reverse factoring	(618.7)	(601.2)
Debt on share purchase	(59.3)	(60.0)
Dividend to pay	(1.9)	(1.9)
Current accounts (a)	(2.6)	(182.4)
Other	(9.3)	(8.5)
Net financial debt	17,430.4	16,188.5

a) Of which €2.2 million related to a current account with Altice Luxembourg S.A. compared to €182.2 million as of December 31, 2019.

15. Derivative instruments

The following table shows the derivative instruments fair value:

Type	Underlying element	September 30,	December 31,
(€m)		2020	2019
	2026 USD bonds	(64.8)	240.7
	2027 USD bonds	136.3	120.8
	2028 USD bonds	3.1	3.6
Cross-currency Swaps	January 2026 USD term loan	(73.5)	(2.2)
	July 2025 USD term loan	50.9	167.9
	August 2026 USD term loan	(173.8)	(29.1)
	January 2029 USD term loan	(0.1)	-
Interest rate swaps	Fixed rate - Floating rate USD	(486.8)	(291.4)
	Fixed rate - Euribor 3 months	(37.5)	(26.1)
	Swap Euribor 1 month - Euribor 3 months	1.8	(10.7)
	Derivative instruments classified as assets	409.6	629.3
	Derivative instruments classified as liabilities	(1,054.0)	(455.8)
	Net Derivative instruments	(644.4)	173.5
	<i>O/w currency effect</i>	<i>(4.3)</i>	<i>755.3</i>
	<i>O/w interest rate effect</i>	<i>(640.1)</i>	<i>(581.8)</i>

In accordance with IFRS 9, the Group uses the fair value method to recognise its derivative instruments.

The fair value of derivative financial instruments (cross currency swaps) traded over-the-counter is calculated on the basis of models commonly used by traders to measure these types of instruments. The resulting fair values are checked against bank valuations.

The measurement of the fair value of derivative financial instruments includes a “counterparty risk” component for asset derivatives and an “own credit risk” component for liability derivatives. Credit risk is measured using a simplified model derived from Basel II for calculating exposure risk and using market data to determine the probability of default.

Altice France S.A. - Condensed Interim Consolidated Financial Statements – September 30, 2020

For the nine-month period ended September 30, 2020, the following changes were made to the Group's derivative instruments:

- Altice France Holding S.A. mirror swap: the Group entered into a back to back swap with its direct shareholder, Altice France Holding S.A., in order to hedge a new dollar denominated debt issued by Altice France Holding S.A.. The characteristics of the swap are as follows:
 - Altice France with financing counterparties: CCS with a USD leg of \$1,150.9 million/ EUR leg of €1,046.0 million with a USD receiving rate of 6.00% and a EUR paying rate of 4.06%;
 - Altice France with Altice France Holding S.A.: CCS with a EUR leg of €1,046.0 million/USD leg of \$1,150.9 million with a USD paying rate of 6.00% and a receiving rate of EUR 4.06%.
- The company also entered into a new cross currency swap agreement in order to hedge the 2029 USD notes.
 - A EUR/USD CCS swap with a EUR leg of €400 million and a USD receiving leg of \$475 million with a Eur paying rate of 4.156% and a USD receiving rate of 5.125%.

The Group modified the conditions of existing swaps associated with the 2026 USD notes and the TLB 11 loan:

Nominal USD Receiving	Nominal EUR paying - Old	Interest rate - EUR paying - Old	Nominal EUR paying - New	Interest rate - EUR paying - New	Cash premium received
262.0	189.5	6.790%	239.4	5.840%	49.8
96.0	69.0	6.790%	86.0	5.860%	17.0
280.0	202.0	6.770%	258.0	5.660%	56.0
120.0	87.0	7.070%	104.0	6.500%	18.0
213.0	176.0	5.990%	194.0	5.850%	16.0
117.0	84.0	6.780%	104.0	5.890%	20.0
204.0	148.0	Euribor 3m + 4.585%	189.0	Euribor 3m + 4.295%	41.0
130.0	94.0	Euribor 3m + 4.830%	113.0	Euribor 3m + 4.640%	19.0

Other modifications to the Group's derivative instruments are listed below.

- Modification of a USD receiving/EUR paying CCS (\$851.9 million/€768.4 million), where the EUR paying rate was changed from 5.744% to 4.783%. The Group also entered into a new fixed to floating swap with the same counterparty, for the same nominal amounts, with USD receive rate of USD Libor 6m+ 3% and a EUR paying rate of 4.783%. This new swap has a forward start in May 2026, with a maturity date of May 2030.
- Removal of mandatory breaks on a swap nominal of \$1,790 million associated with the USD TLB 12. Previous mandatory breaks were all positioned in 2020. Following the removal of the mandatory breaks, the Euro paying rate was adjusted for almost all legs of the swap. The new weighted average euro paying rate increased from Euribor 3m+3.124% to Euribor 3m+3.244%.

Following these modifications, the Group received a net amount of €236.3 million as cash from the restrike of the CCS, which was also recorded as income in the consolidated statement of income. The income was offset by a negative variation of the fair value of the restructured CCS swaps. The realized and unrealized FX gain on CCS is offset by the unrealized FX loss on the debts.

The Group also entered into new IRS swaps for a total nominal amount of €3,400 million, with two legas described below:

- A floating to fixed swap with an average receive fixed rate of 6.139% and a floating pay rate of Euribor 6m+3% from 2020 to 2024;
- A fixed to floating swap with an average fixed paying rate of 4.627% and an average receive rate of Euribor 6m+3% from 2020 to 2030.

On an annual basis, the above IRS will allow the Group to economise €51.4 million in cash interest expense from 2020 to 2024.

Given that the swaps above were entered with the same counterparties at the same time, the Group has considered that the two legs constitute a single swap and hence has valued the swaps as such, especially for the calculations of the credit risks.

16. Fair value of financial instruments

The following table presents the net carrying amount per category and the fair value of the Group's financial instruments at September 30 of each year:

Fair Values of Assets and Liabilities (€m)	September 30, 2020		December 31, 2019	
	Carrying value	Fair value	Carrying value	Fair value
Cash and cash equivalents	663.0	663.0	556.8	556.8
Other financial assets	152.1	152.1	24.1	24.1
Current assets	815.1	815.1	580.8	580.8
Derivatives	409.6	409.6	629.3	629.3
Call options on non-controlling interests	28.6	28.6	28.5	28.5
Other financial assets	1,408.9	1,408.9	370.7	370.7
Non-current assets	1,847.1	1,847.1	1,028.5	1,028.5
Short term borrowings and financial liabilities	214.6	214.6	426.7	426.7
Lease liabilities	704.4	704.4	675.6	675.6
Reverse factoring and securitisation	760.9	760.9	754.1	754.1
Accrued interest	4.6	4.6	5.2	5.2
Commercial paper	40.0	40.0	149.0	149.0
Other financial liabilities	66.5	66.5	261.8	261.8
Current liabilities	1,791.1	1,791.1	2,272.3	2,272.3
Long term borrowings and financial liabilities	17,726.5	18,021.2	16,880.7	17,622.0
Put options with non-controlling interests	40.2	40.2	40.0	40.0
Derivatives	1,054.0	1,054.0	455.8	455.8
Lease liabilities	2,833.7	2,833.7	2,804.3	2,804.3
Other financial liabilities	261.4	261.4	272.0	272.0
Non-current liabilities	21,915.9	22,210.5	20,452.9	21,194.2

For the nine-month period ended September 30, 2020, there was no transfer of asset or liabilities between levels of the fair value hierarchy. The Group's trade and other receivables and trade and other payables are not shown in the table above as their carrying amounts approximate their fair values.

With the exception of derivatives, loans and other short-term and long-term financial debts, and other current and non-current financial liabilities are measured at their amortized cost, which corresponds to the estimated value of the financial liability when initially recognised, minus repayments of principal, and plus or minus cumulative amortization, measured using the effective interest rate method.

Derivatives are measured at fair value through the income statement, or through other items of comprehensive income, for the effective portion of the change in fair value of derivatives qualifying as cash flow hedges. As of September 30, 2020, no derivative was qualified for hedge accounting.

17. Related party transactions

Parties related to the Group include:

- All companies included in the consolidation scope, regardless of whether they are fully consolidated or equity associates;
- Altice Europe, the entities that it consolidates and its related parties;
- All the members of the Executive Committee of Altice France and companies in which they hold a directorship.

Transactions between fully consolidated entities within the consolidation scope have been eliminated when preparing the condensed interim consolidated financial statements. Details of transactions between the Group and other related parties are disclosed below.

17.1. Shareholders

As of September 30, 2020, the overview of these transactions is as follows:

Related Parties Transactions - Shareholders (€m)	September 30, 2020	December 31, 2019
Assets	1,996.2	792.5
Non-current financial assets (a)	1,344.1	290.5
Non-current operating assets (b)	439.5	439.1
Current financial assets (c)	151.2	10.7
Current operating assets	61.3	52.2
Liabilities	540.2	703.2
Non-current financial liabilities (d)	428.8	426.8
Current financial liabilities (e)	37.9	218.0
Operating liabilities	73.5	58.4

- a) Of which loan to Altice Group Lux S.à.R.L.: €847.1 million as of September, 2020 compared to loan to Altice Group Lux S.à.R.L.: €258.3 million as of December 31, 2019 million and a loan to Altice France Holding S.A. : €452.8 million as of September, 2020;
- b) Concerns mainly the transaction with SCI Quadrans (which is majority owned by the Company's controlling shareholder) recorded under IFRS 16;
- c) Of which current account with Altice France Holding S.A.: €130.0 million;
- d) Concerns the transaction with SCI Quadrans under IFRS 16: €419.0 million as of September 30, 2020;
- e) Of which current account with Altice Luxembourg S.A.: €2.2 million as of September 30, 2020 compared to €182.2 million as of December 31, 2019 and €35.5 million non-current liabilities related to the SCI Quadrans recorded under IFRS 16.

Related Parties Transactions - Shareholders (€m)	September 30, 2020	September 30, 2019
Operating income	61.8	56.8
Operating expenses	148.9	175.4
Financial income	17.1	-
Financial expenses	22.6	40.8
Net income (loss)	(92.6)	(159.4)

These transactions are carried out as part of the Group's activity, mainly with the following entities:

- Hot, Portugal Telecom: telecommunication services;
- Altice Entertainment News and Sport: television royalties and content;
- Altice Europe and Altice Luxembourg: management fees;
- SCI Quadrans: rental of real estate.

Following the transfer of sports rights by Altice Entertainment News and Sport S.A. to Altice Picture and the disposal of Altice Picture to SportCoTV S.A.S. on July 8, 2020, the related parties "Statement of Income" include transactions with Altice Picture S.à.R.L until the disposal date; refer to Note 2 - *Significant events of the period*.

17.2. Associates and joint ventures

The main transactions with equity associates (EA) and joint ventures (JV) relate to:

- La Poste Telecom SAS (EA) as part of its telecommunication activities;
- Synerail SAS (JV) as part of the GSM-R public-private partnership;
- SFR FTTH SAS (JV) and its subsidiaries as part of the network deployment in AMII zones.

Associates and Joint Ventures (€m)	September 30, 2020	December 31, 2019
Assets	438.4	225.0
Non-current assets	9.1	10.4
Current assets	429.4	214.6
Liabilities	130.0	106.2
Current liabilities	130.0	106.2

Associates and Joint Ventures (€m)	September 30, 2020	September 30, 2019
Statement of income	714.8	503.3
Revenue	758.1	528.1
Operating expenses	44.1	25.0
Financial income	0.8	0.2

18. Commitments and contractual obligations

During the nine-month period ended September 30, 2020, there was no significant change in the commitments and contractual obligations undertaken or received by the Group as described in the Group's 2019 annual consolidated financial statements.

19. Litigation

In the normal course of business, the Group is subject to a number of lawsuits and governmental arbitration and administrative proceedings as a plaintiff or a defendant.

During the nine-month period ended September 30, 2020, there was no significant development in existing litigation or new litigation since the publication of the 2019 annual consolidated financial statements that have had, or that may have, a significant effect on the financial position of the Group.

Furthermore, in the context of the on-going COVID-19 pandemic, most of planned audiences and legal procedures were postponed to a further date.

20. Entity consolidating the financial statements

The consolidated financial statements of Altice France are included in the consolidated financial statements of Altice Europe, a company listed for trading in the Netherlands.

21. Subsequent events

5G spectrum acquisition

On October 01, 2020, Altice France announced that it had successfully acquired 80 MHz of spectrum in the 3.4 to 3.8 GHz band as part of the French government's spectrum auction to support the deployment of 5G mobile technology in France. The frequencies have been allotted for twenty years.

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

New upstream loan

On October 18, 2020, Altice France increased its receivable position with Altice Groupe Luxembourg by €101 million. The terms and conditions of the new loan are the same as previous loans made to Altice Group Lux S.à.R.L..