MANAGEMENT'S DISCUSSION AND ANALYSIS

ALTICE FRANCE HOLDING RESTRICTED GROUP

FOR THE THREE MONTHS ENDED MARCH 31, 2021

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Basis of Presentation

The discussion and analysis for each of the periods presented is based on the financial information derived from the unaudited consolidated financial statements as of and for the three months ended March 31, 2021.

Please refer to the Glossary for a definition of the key financial terms discussed and analysed in this document.

Disclaimers:

The following discussion and analysis is intended to assist in providing an understanding of the Group's financial condition, changes in financial condition and results of operations and should be read together with the consolidated financial statements of Altice France as of and for the three months ended March 31, 2021, including the accompanying notes. Some of the information in this discussion and analysis includes forward-looking statements that involve risks and uncertainties.

Unless the context otherwise requires, when used in this section, the terms "we," "our," "Company," the "Group," and "us" refer to the business constituting the Group as of March 31, 2021, even though we may not have owned such business for the entire duration of the periods presented.

The Group applies International Financial Reporting Standards (IFRS) as endorsed in the European Union. Adjusted EBITDA and Capex are not defined in IFRS, they are "non-GAAP measures". Management believes that these measures are useful to readers of Altice France's financial statements as they provide a measure of operating results excluding certain items that we believe are either outside of our recurring operating activities, or items that are non-cash. Excluding such items enables trends in our operating results and cash flow generation to be more easily observable. We use the non-GAAP measures internally to manage and assess the results of our 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 our industry, and thus are a basis for comparability between us and our peers. Moreover, our debt covenants are based on Adjusted EBITDA and other associated metrics.

Key Factors Affecting Our Results of Operations

Our operations and the operating metrics discussed below have been, and may continue to be, affected by certain key factors as well as certain historical events and actions. The key factors affecting the ordinary course of our business and our results of operations include, among others, network upgrades, competition, acquisitions and integration of acquired businesses, disposals, macro-economic and political risks in the areas where we operate, our pricing and cost structure, churn and the introduction of new products and services, including multi-play services.

Acquisitions and Integration of Businesses

We have from time to time made significant direct and indirect equity investments in, and divestments of, several cable and telecommunication businesses and ancillary service providers in various jurisdictions. Due to the significant nature of certain of these acquisitions, the comparability of our results of operations based on the Historical Consolidated Financial Information may be affected.

Our revenues for the three months ended March 31, 2021 increased by 2.3% to €2,703.7 million, from €2,642.7 million for the three months ended March 31, 2020. Adjusted EBITDA increased by 0.5% to €979.3 million, from €974.5 million for the three months ended March 31, 2020. The increases in revenues and Adjusted EBITDA were impacted by such acquisitions and disposals. See "*—Discussion and Analysis of Our Results of Operations—Three months ended March 31, 2021 compared to the three months ended March 31, 2020—Significant Events Affecting Historical Results*".

At the core of Altice France's strategy is a return to revenue, profitability and cash flow growth and, as a result, deleveraging. Altice France benefits from a unique asset base which is fully-converged, fibre rich, media rich, active across consumers and businesses and holds the number two position in its market with nationwide fixed and mobile coverage. The reinforced operational focus offers significant value creation potential. In parallel, Altice France is advancing with its preparations for the disposal of non-core assets. Key elements of the Altice France's growth and deleveraging strategy include:

- Operational and financial turnaround under the leadership of a new management team;
- Optimizing commercial performance with a particular focus on customer services;
- Continuing to invest in best-in-class infrastructure commensurate with Altice France's market position;
- Monetizing content investments through various pay TV models and growing advertising revenue, and;
- Execution of the non-core asset disposal program, including part of Altice France's mobile tower portfolio

For the three months ended March 31, 2021 and 2020, we incurred restructuring and other non-recurring income and cost (respectively) of €339.5 million and €18.0 million, which primarily include costs with respect to renegotiations or termination of contractual arrangements, employee redundancies, fees paid to external counsel, capital gain or loss on investing activities and other administrative expenses related to reorganization of existing or newly acquired businesses. In addition, we generally record goodwill relating to such acquisitions. As of March 31, 2021, the goodwill recorded on our balance sheet amounted to €9,771.9 million. Goodwill is subject to impairment reviews in accordance with IFRS and any impairment charge on goodwill would have a negative impact on operating profit/net operating income. For the three months ended March 31, 2021, we did not incur any impairment losses.

Multi-Play Strategy

We have implemented a business strategy focused on the provision and expansion of multi-play product offerings, including triple- and quad-play bundles. Customers who elect to subscribe for our multi-play bundles rather than our individual services realize comparative cost savings on their monthly bill. We believe that the enhanced value proposition associated with our bundled services enables us to meet our customers' communication and entertainment requirements while concurrently both increasing customer loyalty and attracting new customers. As a result of our focus on providing subscribers with multi-play bundles, we have experienced an increase in the

number of cable/fiber customer relationships. We believe our bundled service offerings will be an important driver of our fixed-based services, partially offsetting the continued pressure on traditional fixed-based services.

Introduction of New Products and Services and Investment in Content

We have significantly expanded our presence and product and service offerings in the past. In France, we launched new offers with new sports and other content in order to differentiate the product offering and to underline our investment in sports rights and other nonlinear content.

In addition, we regularly review and invest in the content that we offer to provide our subscribers with a flexible and diverse range of programming options, including high-quality local content and exclusive premium content. The Altice group has acquired the exclusive rights to broadcast and distribute various premium sporting events, including the English Premier League, French Basketball League and English Rugby Premiership, which are commercialised in France via exclusive RMC branded channels. Moreover, in May 2017, the Group successfully acquired the exclusive rights to broadcast UEFA Champions League and UEFA Europa League fixtures in France. These rights cover the period from August 2019 to May 2021. Sports events are broadcasted in France by the Altice France Group through channels packaged and distributed by AENS. In 2016, the Altice France Group and AENS entered into a distribution agreement regarding a package of sports and news channels. We intend to continue to selectively invest in local and value-added premium content as well as sports broadcasting and distribution rights in the future to enrich our differentiated and convergent communication services from those of our competitors. We believe that such efforts will reduce our customer churn and increase ARPU.

In March 2019, we redesigned our offers, stripping out premium content, and making the telecom offers more simple and comparable to competitors. These offers are now built around two separate blocks: one centred around telecoms and one centred on premium content (Sport, Cinema/Series, etc.); these are offered as paid options, at a rate still preferential for SFR customers, for fixed and mobile offers. Altice France also launched a single brand for all of its sports content: RMC Sport, which replaced SFR Sport at the time of the Champions League launch in 2019. This strategy paid off as there was a significant uplift on gross-adds ARPU for customers taking content options.

Pricing

We focus our product offerings on multi-play offers. In France, we offer multiple play (4P) offers at various price points based on the targeted clientele (low cost, no engagement period offers through our RED brand and more premium offers with the SFR brand). The French market remains highly competitive and hence extremely sensitive to pricing strategy. The cost of a multi-play subscription package generally depends on market conditions, our competitors' pricing of similar offerings and the content and add-ons available on each platform. In general, the greater the optionality, content and usage time included in the offering, the higher the price of the multi-play package. The prices of B2B contracts are negotiated individually with each customer. The B2B market for voice services is extremely price-sensitive and entails very low margins as voice services are highly commoditized, involving sophisticated customers and relatively short-term contracts. The B2B market for data services is less price-sensitive, as data services require more customization and involve service level agreements. In both markets, price competition is strongest in the large corporate and public-sector segments, whereas customer-adapted solutions are an important competitive focus in the medium and small business segments. We have tailored our targeted pricing strategy to account for these dynamics in France.

Cost Structure

We generally work towards achieving satisfactory operating margins in our business and focus on revenue-enhancing measures once we have achieved such margins. We continuously work towards optimizing our cost base by streamlining processes and service offerings, improving productivity by centralizing our business functions, reorganizing our procurement process, eliminating duplicative management functions and overhead, terminating lower-return projects and non-essential consulting and third-party service agreements, and investing in our employee relations and our culture. We are implementing common technological platforms across our networks to gain economies of scale, notably with respect to billing systems, network improvements and customer premises equipment and are investing in sales, marketing and innovation, including brand-building, enhancing our sales channels and automating provisioning and installation processes. We have also achieved, and expect to continue to achieve, substantial reductions in our operating expenses as we implement uniform best practice

operational processes across our organization. As a result, we have generally managed to achieve growth in the Adjusted EBITDA, profitability and operating cash flow of businesses that we have acquired.

For three years running, we have incurred significant capital expenditure (between 21-23% of total consolidated revenues) in order to improve our mobile network and to roll out new fiber homes (we are the market leader in very high-speed internet). Our gross capital expenditure amounted to €999.5 million for the three months ended March 31, 2021 and €518.6 million for the three months ended March 31, 2020.

Network Upgrades

Our ability to provide new or enhanced fixed-based services, including HDTV and VoD television services, broadband internet network access at increasing speeds and fixed-line telephony services as well as UMTS, 3G and 4G mobile services to additional subscribers depends in part on our ability to upgrade our (i) cable and DSL networks by extending the fiber portion of our network, reducing the number of nodes per home passed and upgrading technical components of our network and (ii) mobile networks by building-out our UMTS-network and investing in LTE as well as maintaining agreements with third parties to share mobile networks. During the past four years (since 2015), we have increased our fiber deployment and upgraded a substantial part of our cable networks. For example, as of March 31, 2021, our cable networks are largely DOCSIS 3.0 enabled, which allows us to offer our customers high broadband internet access speeds and better HDTV services across our footprint. In France, the Group accelerated the build-out of its 4G network over the last three years to have a market-leading mobile network in place by the end of March 2021 (4G population coverage of 99%). The Group also aims to continue the expansion of its fiber network in France and intends to capitalize on its past investments in improved fiber infrastructure.

Competition

The Group faces significant competition and competitive pressures in the French market. Moreover, the Group's products and services are subject to increasing competition from alternative new technologies or improvements in existing technologies.

With respect to its B2C activities, the Group faces competition from telephone companies and other providers of DSL, VDSL2 and fiber network connections. With respect to pay TV services, the Group is faced with growing competition from alternative methods for broadcasting television services other than through traditional cable networks. For example, online content aggregators which broadcast over-the-top ("OTT") programs on a broadband network, such as Internet competitors Amazon, Apple, Google and Netflix, are expected to grow stronger in the future. Connected or 'smart' TVs facilitate the use of these services. With respect to the fixed line and mobile telephony markets, the Group experiences a shift from fixed line telephony to mobile telephony and faces intensive competition from established telephone companies, mobile virtual network operators ("MVNOs") and providers of new technologies such as VoIP.

In the competitive B2B data services market, price pressure has been strong. Conversely, the use of data transmission services has significantly increased. The Group is currently facing competition from software providers and other IT providers of data and network solutions, and the line between them and the suppliers of data infrastructure and solutions like the Group has become increasingly blurred. Partnerships between IT providers and infrastructure providers are becoming more and more common and are an additional source of competition but also an opportunity. Being able to face the competition efficiently depends in part on the density of the network, and certain competitors of the Group have a broader and denser network. In recent years, the B2B market has experienced a structural change marked by a move from traditional switched voice services to VoIP services.

In the French pay television market, the Group competes with providers of premium television packages such as CanalSat, DSL triple-play and/or quad-play operators such as Orange, Free and Bouygues Telecom, which provide Internet Protocol TV ("IPTV"), and providers of pay digital terrestrial television ("DTT"). In the broadband market, the Group competes primarily, though increasingly with fiber, with xDSL providers such as Orange (the leading DSL provider in France), Free and Bouygues Telecom. The Group's competitors continue to invest in fiber network technology which has resulted in additional competition to its fiber-based services. In the French mobile telephony market, the Group competes with well-established mobile network operators such as Orange, Bouygues Telecom and Free, as well as other MVNOs such as La Poste. In particular, price competition is significant since entry into the market by Free in early 2012 with low-priced no-frills packages.

Moreover, the competition in the fixed market has deteriorated recently with more aggressive promotions from competitors for longer periods, particularly at the low end of the market. However, the acceleration of the Group's fiber deployment in France, notably expanding FTTH coverage in low-density and rural areas, should support better fiber subscriber trends as the addressable market for very high-speed broadband services expands.

Macroeconomic and Political Developments

Our operations are subject to macroeconomic and political risks that are outside of our control. For example, high levels of sovereign debt in certain European countries, combined with weak growth and high unemployment, could lead to low consumer demand, fiscal reforms (including austerity measures), sovereign debt restructurings, currency instability, increased counterparty credit risk, high levels of volatility and, potentially, disruptions in the credit and equity markets, as well as other outcomes that might adversely impact our financial condition.

Fluctuations in Currency Exchange Rates and Interest Rates

Our reporting currency is Euros and most of our operations are conducted in Euros. We are exposed to the USD and variable interest rates as part of our debt obligations. However, we have entered into hedging operations to mitigate risk related to variations in USD and a majority of our debt is fixed rate date, thus reducing the risk of an increase in benchmark interest rates having a material impact on our interest obligations.

Discussion and Analysis of Our Results of Operations

For the three months ended March 31, 2021 compared to the three months ended March 31, 2020

The below table sets forth our consolidated statement of income for the three months ended March 31, 2021 and 2019, in millions of Euros with the variation between the periods:

Consolidated statement of income (€m)	**March 31, 2021**	**March 31, 2020**	***Change***
Revenues	**2,703.7**	**2,642.7**	***2.3%***
Purchasing and subcontracting costs	(721.4)	(703.0)	*2.6%*
Other operating expenses	(527.4)	(514.5)	*2.5%*
Staff costs and employee benefits	(271.3)	(264.4)	*2.6%*
Depreciations, amortizations and impairments	(828.6)	(846.1)	*(2.1)%*
Other expenses and income	339.5	(18.0)	*(1,989.4)%*
Operating profit	**694.5**	**296.8**	***134.0%***
Finance income	27.9	7.6	*265.2%*
Interest relative to gross financial debt	(269.7)	(225.3)	*19.7%*
Realized and unrealized gains/(loss) on derivative instruments linked to financial debt	9.2	388.2	*(97.6)%*
Other financial expenses	(52.7)	(52.7)	*(0.0)%*
Finance costs, net	**(285.2)**	**117.8**	***(342.1)%***
Share of earnings of associates and joint ventures	(103.8)	(42.3)	*145.5%*
Profit/(loss) before income tax from continuing operations	**305.5**	**372.3**	***(18.0)%***
Income tax benefit/(expenses)	(159.1)	(146.7)	*8.4%*
Profit/(loss) from continuing operations	**146.3**	**225.6**	***(35.1)%***
Profit/(loss) after tax from discontinuing operations	**-**	**-**	
Profit/(loss)	**146.3**	**225.6**	***(35.1)%***
Attributable to equity holders of the parent	*115.7*	*202.7*	*(42.9)%*
Attributable to non-controlling interests	*30.6*	*22.9*	*33.3%*

Significant Events Affecting Historical Results

Our historical results were impacted by the following significant events that occurred during the course of the three months ended March 31, 2021

Hivory transaction with Cellnex

On February 3, 2021, Altice France announced it has entered into an exclusivity agreement to sell its 50.01% stake in Hivory, a tower company, to Cellnex for an enterprise value of €2.65 billion. The commitment to divest to Cellnex covers the entire capital and thus includes the 49.99% stake of co-shareholder KKR (representing €2.55 billion).

Prior to consummation of the transaction, Altice France and Altice France Holding intend to designate Hivory as an unrestricted subsidiary under the documents governing their respective indebtedness.

The transaction is expected to close in the second half of 2021, following customary regulatory approvals.

Altice France was committed to a long-term partnership with KKR in relation with the development of Hivory. Nevertheless, both partners responded positively to the attractive unsolicited offer formulated by Cellnex.

As of March 31, 2021, the assets and associated liabilities of Hivory were classified as held for sale as per the provisions of IFRS 5 (Refer to Note 13 – *Assets (and liabilities) held for sale*).

Upstream loan to Altice Group Lux

On January 25, 2021, Altice France increased its receivable position with Altice Group Lux by €100 million. The terms and conditions of the new loan are the same as previous loans made to Altice Group Lux.

2025 Strategic Plan

On March 3, 2021, the Group unveiled its strategic mid-term plan, named, ‘transformation et ambitions 2025’, whereby the Group laid out its strategy in order to achieve certain business objectives by 2025, including, amongst others, fibre and 5G coverage targets. As part of the plan, the Group announced that it intends to reduce its headcount by approximately 1,700 employees, including 400 employees in its distribution business pursuant to

voluntary departure plans. As the *Livre 2,* the document that outlines the details of the restructuring had not been officially presented to the workers' unions as of March 31, 2021, the Group did not book a provision, as it considers that the conditions outlined in IAS 37 were not met.

Revenue

For the Three months ended March 31, 2021, we generated total revenues of €2,703.7 million, a 2.3% increase compared to €2,642.7 million for the three months ended March 31, 2020.

From January 01, 2019, the Group has changed the way it presents the revenue split by business segment in an effort to better present the underlying trends. The new split is provided in the table below.

The increase in revenues was driven by an increase in all our business segments, except the media business. Residential fixed business revenues grew by 6.8% and residential mobile revenues decreased by 1.3% respectively, while business services revenues stayed mostly stable for the three months ended March 31, 2021 compared to the three months ended March 31, 2020.

The tables below set forth the Group's revenue by lines of activity which the Group operates for the three months ended March 31, 2021 and March 31, 2020, respectively:

Revenues (€m)	**March 31, 2021**	**March 31, 2020**	***Change***
Residential - Fixed	684.2	640.8	*6.8%*
Residential - Mobile	888.4	899.9	*(1.3)%*
Business services	824.3	823.4	*0.1%*
Total Telecom excl. equipment sales	**2,396.8**	**2,364.1**	***1.4%***
Equipment sales	232.9	183.0	*27.2%*
Media	74.0	95.6	*(22.7)%*
Total	**2,703.7**	**2,642.7**	***2.3%***

Revenues for the Group's residential mobile services decreased to €888.4 million for the three months ended March 31, 2021 compared to €899.9 million for the three months ended March 31, 2020. Despite a continuing positive mobile net adds trend in the first three months of 2021, revenues were lower due to higher pricing pressure, mainly from MVNO players. B2C mobile sales were impacted in part by the COVID-19 pandemic mainly as a result of the closure of our shops in the second half of March 2020 (see section on *Significant Events Affecting Historical Results*).

Equipment revenues grew by 27.2% from €181.0 million for the three months ended March 31, 2020 to €183.0 million for the three months ended March 31, 2021, mainly driven by the fact that shops had closed in March 2020 as part of the first lockdown imposed in 2020 in response to the COVID-19 pandemic. In the first three months of 2021, shops remained partially open, leading to higher equipment sales.

The Group's residential fixed segment revenues increased by 6.8% from €640.8 million for the three months ended March 31, 2020 to €684.2 million for the three months ended March 31, 2021. This increase was mainly due to the impact of sustained net-adds for the B2C fixed businesses since the first quarter of 2018 and an improvement in ARPU trends. B2C fixed sales were impacted in part by the COVID-19 pandemic mainly as a result of the closure of our shops in the second half of March 2020 (see section on *Significant Events Affecting Historical Results*).

Revenues from our business services segment remained mostly flat at €824.3 million for the three months ended March 31, 2021 compared to € 823.4 million for the three months ended March 31, 2020.

Revenues from the Group's media activities totalled €74.0 million for the three months ended March 31, 2021, a 22.7% decrease as compared to €95.6 million for the three months ended March 31, 2020. Media business revenues were significantly impacted by the loss of ad revenues as a result of the COVID-19 pandemic.

Adjusted EBITDA

For the three months ended March 31, 2021, our Adjusted EBITDA was €979.3 million, an increase of 0.5% compared to the three months ended March 31, 2020 (€974.5 million). A reconciliation from revenues to adjusted EBITDA is presented below. This increase was mainly due to 1) the increase in revenues as explained above offset by an in operating expenses and content costs.

- Purchasing and subcontracting costs increased by 2.6%, from €654.2 million in the three months ended March 31, 2020 to €703.0 million in the three months ended March 31, 2021, mainly due to an increase in direct costs related to revenues.

- Other operating expenses increased by 2.5% to €527.4 million in the three months ended March 31, 2021 from €514.5 million in the three months ended March 31, 2020, mainly due to an increase in maintenance costs and sales and marketing costs (which were lower in the three months ended March 31, 2020 owing to the lockdown imposed as part of the COVID-19 pandemic).

- Staff costs and employee benefit expenses increased by 2.6%, from €264.4 million in the three months ended March 31, 2020 to €271.3 million in the three months ended March 31, 2021, driven by an increase in staff costs in our technical services and customer services businesses.

- Share based expenses: the costs incurred in the three months ended March 31, 2021 are related to the recharge of the costs related to the free preference shares allotted to the CEO of Altice France by Altice Europe NV.

Operating profit (€m)	**March 31, 2021**	**March 31, 2020**	***Change***
Revenues	**2,703.7**	**2,642.7**	***2.3%***
Purchasing and subcontracting costs	(721.4)	(703.0)	*2.6%*
Other operating expenses	(527.4)	(514.5)	*2.5%*
Staff costs and employee benefits	(271.3)	(264.4)	*2.6%*
Total	**1,183.6**	**1,160.8**	***2.0%***
Share-based expenses	3.3	6.8	*(50.7)%*
Rental expense operating lease	(207.7)	(193.1)	*7.6%*
Adjusted EBITDA	**979.3**	**974.5**	***0.5%***
Depreciation, amortization and impairment	(828.6)	(846.1)	*(2.1)%*
Share-based expenses	(3.3)	(6.8)	*(50.7)%*
Other expenses and income (a)	339.5	(18.0)	*(1,989.4)%*
Rental expense operating lease	207.7	193.1	*7.6%*
Operating profit	**694.5**	**296.8**	***134.0%***

Depreciation and Amortization and Impairment

For the three months ended March 31, 2021, depreciation and amortization totalled €828.6 million, a 2.1% increase compared to €846.1 million for the three months ended March 31, 2020. The decrease was mainly due to lower amortisation of right of use recognised under IFRS 16.

Non-recurring expenses and income

For the three months ended March 31, 2021, our non-recurring expenses and income amounted to an expense of €18.0 million, a decrease compared to an income of €2,773.4 million for the three months ended March 31, 2020.

Other expenses and income (€m)	**March 31, 2021**	**March 31, 2020**
Net restructuring costs (a)	7.7	(2.4)
Litigation	350.7	(0.4)
Gain and loss on disposal of property, plant, equipment and intangible assets	1.2	(4.3)
Other (b)	(20.2)	(10.9)
Other expenses and income	**339.5**	**(18.0)**

The details of non-recurring income and expenses are given below:

(1) Restructuring costs mainly include costs related to provisions for employee redundancies as part of the media voluntary departure plan launched in 2020. For the three-month period ended March 31, 2021, we recorded an income of €7.7 million related to reversal of certain provisions related to the media restructuring plan.
(2) Litigation: includes indemnity received from Orange to close certain open litigation.

Finance costs (net)

Net finance costs amounted to €(285.2) million for the year ended March 31, 2021, compared to €117.8 million as of March 31, 2020.

The following table presents the breakdown of the financial income:

Financial income (€m)	March 31, 2021	March 31, 2020
Interest relative to gross financial debt	**(269.7)**	**(225.3)**
Realized and unrealized gains/(loss) on derivative instruments linked to financial debt	**9.2**	**388.2**
Finance income	27.9	7.6
Finance income	**27.9**	**7.6**
Provisions and unwinding of discount	(4.6)	3.4
Interest related to lease liabilities	(29.6)	(22.0)
Other	(18.4)	(34.0)
Other financial expenses	**(52.7)**	**(52.7)**
Net result on extinguishment of a financial liability	**-**	**-**
Finance costs, net	**(285.2)**	**117.8**

Interest relative to gross debt increased between March 31, 2020 and March 31, 2021 mainly owing to the timing of issuance of debt at Altice France Holding (1 month accrual in 2020 compared to a full quarter in 2021). Apart from this, interest relative to gross financial debt for the Altice France silo remained stable at €188 million.

For the three-month period ended March 31, 2021, the increase in realised and unrealised gains related to derivative financial instruments was directly related to the restructuring of our swaps in 2020.

As of March 31, 2021, financial income includes interest income on intercompany upstream loans to Altice Group Lux for an amount of €27.9 million (€7.6 million as of March 31, 2020). Other financial expenses mainly includes expenses related to reverse factoring and securitization arrangements.

Share of earnings of associates

For the three months ended March 31, 2021, our share of loss of associates amounted to €103.8 million compared to a loss of €42.3 million for the three months ended March 31, 2020. This increase was mainly due to the contribution of net income of XpFiber for the three months ended March 31, 2021.

Income tax income / (expense)

For the three months ended March 31, 2021, we recorded an income tax expense of €159.1 million compared to an expense of €146.7 million for the three months ended March 31, 2020. The increase was mainly due to higher taxable income for the three months ended March 31, 2021 compared to March 31, 2020 (mainly as a result of the Orange indemnity).

Liquidity and Capital Resources

Cash and Debt Profile

As of March 31, 2021, our consolidated cash and cash equivalents amounted to €464.7 million on an actual basis (net of overdraft).

Our most significant financial obligations are our debt obligations. As a result of the various acquisitions we have made since 2014 and the financing transactions that we entered into to fund such acquisitions, our financing profile has undergone a substantial change in this period. Our total third-party debt (excluding certain other long term and short-term liabilities, finance leases and operating lease debt generated by the first time application of IFRS 16) as of March 31, 2021 was €15,182.2 million relating to bonds and €7,184.3 million relating to loans from financial institutions, including drawings under the Existing Revolving Credit Facilities. As of March 31, 2021, our revolving credit facilities had been drawn for an aggregate amount of €200 million, leaving an amount of €1,215 million free to finance any liquidity needs (including available credit facilities at Hivory).

The following table presents the detail of the Group's debt:

Financial liabilities breakdown (€m)	Current		Non-current		Total	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Bonds	260.3	309.4	14,921.9	14,546.2	15,182.2	14,855.6
Loans from financial institutions	274.5	84.3	6,909.8	6,732.8	7,184.3	6,817.1
Derivative financial instruments	38.9	460.7	1,157.9	1,248.7	1,196.8	1,709.3
Borrowings, financial liabilities and related hedging instruments (*)	**573.7**	**854.4**	**22,989.6**	**22,527.6**	**23,563.4**	**23,382.0**
Finance lease liabilities	18.3	20.0	31.1	33.0	49.4	53.0
Operating lease liabilities	663.4	712.5	2,770.7	2,938.6	3,434.1	3,651.1
Lease liabilities	**681.7**	**732.5**	**2,801.8**	**2,971.7**	**3,483.5**	**3,704.1**
Perpetual subordinated notes	-	-	61.8	60.8	61.8	60.8
Deposits received from customers	30.6	31.6	158.5	161.3	189.1	193.0
Bank overdrafts	6.9	2.7	-	-	6.9	2.7
Securitization	273.4	269.6	-	-	273.4	269.6
Reverse factoring	649.1	704.1	-	-	649.1	704.1
Commercial paper	91.0	87.0	-	-	91.0	87.0
Debt Altice Group	0.5	0.5	68.7	68.1	69.2	68.7
Other (a)	18.8	24.5	77.5	85.9	96.3	110.4
Other financial liabilities	**1,070.3**	**1,120.1**	**366.5**	**376.2**	**1,436.9**	**1,496.2**
Financial liabilities	**2,325.8**	**2,707.0**	**26,158.0**	**25,875.5**	**28,483.8**	**28,582.4**

For the three months ended March 31, 2021 there were no significant variations in our financial liabilities.

For the three months ended March 31, 2021, we recorded liabilities related to the capitalisation of our operating leases, resulting from the first time application of IFRS 16. The total amount of operating lease liabilities amounted to 3,434.1 million.

The terms of our debt instruments contain certain restrictions, including covenants that restrict our ability to incur additional debt. As a result, additional debt financing is only a potential source of liquidity if the incurrence of any new debt is permitted by the terms of our existing debt instruments.

Sources of Liquidity

Our principal source of liquidity is expected to be the operating cash flows of our operating subsidiaries and, if required, borrowings under the Existing Revolving Credit Facilities. As of March 31, 2021, our revolving credit facility was drawn for an aggregate amount of €200 million. We expect to use these sources of liquidity to fund operating expenses, working capital requirements, capital expenditures, debt service requirements and other liquidity requirements that may arise from time to time. The availability of borrowings under the Existing Revolving Credit Facilities is conditioned upon compliance with specified leverage ratios. Our ability to generate cash from our operations will depend on our future operating performance, which is in turn dependent, to some

extent, on general economic, financial, competitive, market, regulatory and other factors, many of which are beyond our control. We believe that our cash and cash equivalents, the cash provided from the operations of our operating subsidiaries and any available borrowings under the Existing Revolving Credit Facilities will be sufficient to fund our currently anticipated working capital needs, capital expenditures, and debt service requirements during the next 12 months, although no assurance can be given that this will be the case. However, as our debt matures in later years, we anticipate that we will seek to refinance or otherwise extend our debt maturities. No assurance can be given that we will be able to complete the Refinancing Transactions or otherwise extend our debt maturities. In this regard, it is not possible to predict how economic conditions, sovereign debt concerns and/or any adverse regulatory developments could impact the credit markets we access and accordingly, our future liquidity and financial position. In addition, sustained or increased competition, particularly in combination with adverse economic or regulatory developments, could have an unfavourable impact on our cash flows and liquidity.

The debt issued by the subsidiaries of the Company is subject to certain restrictive covenants, which apply in the case of debt issued by Altice France to SFR S.A. and its restricted subsidiaries.

The debt issued by the Group's subsidiaries is subject to incurrence based covenants, which do not require ongoing compliance with financial ratios, but place certain limitations on the relevant restricted group's ability to, among other things, incur or guarantee additional debt (including to finance new acquisitions), create liens, pay dividends and other distributions to shareholders or prepay subordinated indebtedness, make investments, sell assets, engage in affiliate transactions or engage in mergers or consolidations. These covenants are subject to several important exceptions and qualifications.

To be able to incur additional debt under an applicable debt instrument, the relevant restricted group must either meet the ratio test described below (on a pro forma basis for any contemplated transaction giving rise to the debt incurrence) or have available capacity under the general debt basket described below or meet certain other exceptions to the limitation on indebtedness covenant in such debt instrument.

Senior Secured Debt and Senior Debt is subject to an incurrence test as following:

- Senior Secured debt of Altice France is subject to an incurrence test of 3.25:1 (Adjusted EBITDA to Net Debt) and Senior Debt is subject to an incurrence test of 4.00:1 (Adjusted EBITDA to Net Debt)

In addition, the Group can use various 'baskets' as defined under its debt covenants to rely on when incurring indebtedness.

The Company or its relevant subsidiaries are allowed to fully consolidate the EBITDA from any subsidiaries in which they have a controlling interest and that are contained in the restricted group as defined in the relevant debt instruments.

The Group has access to a revolving credit facilities, which are subject to maintenance covenants. The terms of these facilities are no more restrictive than the incurrence covenants contained in other debt instruments.

The Issuer is a holding company with no direct source of operating income. Therefore, the Issuer will be dependent on dividends and other payments from its operating subsidiaries to meet its liquidity requirements.

Working Capital

As of March 31, 2021, the Group had net current liability position of €5,412.7 million (mainly due to trade payables amounting to €4,825.9 million) and a negative working capital of €1,596.1 million. 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 in the beginning of the following month, thus generating a negative working capital. Payables due the following month are generally covered by operating cash flow. We expect that our operating cash flows and, if required, available borrowings under the Existing Revolving Credit Facilities will be sufficient to meet our working capital requirements during the next 12 months.

Cash flow statement

Consolidated statement of cash flows **(€m)**	**March 31,** **2021**	**March 31,** **2020**	***Change***
Net income (loss), Group share	**115.7**	**202.7**	***(42.9)%***
Net cash flow provided (used) by operating activities	**1,379.7**	**1,022.2**	***35.0%***
Net cash flow provided (used) by investing activities	**(863.6)**	**(709.8)**	***21.7%***
Net cash flow provided (used) by financing activities	**(588.9)**	**(481.5)**	***22.3%***
Net increase (decrease) in cash and cash equivalents	**(72.8)**	**(169.2)**	***(57.0)%***
Effects of exchange rate changes on the balance of cash held in foreign currencies	**1.9**	**(5.3)**	*(136.1)%*
Cash and cash equivalents at beginning of period	**535.6**	**556.8**	***(3.8)%***
Cash and cash equivalents at end of period	**464.7**	**382.3**	***21.6%***

Net cash provided by operating activities

Net cash provided by operating activities increased to €1,379.7 million for the three months ended March 31, 2021 compared to €1,022.2 million for the three months ended March 31, 2020. This trend was the result of higher operating profit (excluding non-cash non-recurring income) recorded for the three months ended March 31, 2021.

Net cash provided by (used in) investing activities

For the three months ended March 31, 2021, the group recorded a net cash outflow in investing activities for an amount of €863.6 million, compared to net cash used in investing activities of €709.8 million for the three months ended March 31, 2020. This was mainly due to higher capital expenditure in the first three months of 2021 compared to 2020. Capital expenditure amounted to €850.4 million for the three months ended March 31, 2021 compared to €700.7 million for the three months ended March 31, 2020.

Net cash provided by (used in) financing activities

For the Three months ended March 31, 2021, net cash used for financing activities amounted to €588.9 million, compared to €481.5 million used in financing activities for the three months ended March 31, 2020. This difference was mainly due to higher loans made to Altice group affiliates in the first three months of 2020, compared to the first three months of 2021 (€324.9 million vs €120 million).

Other disclosures

Unrecognized Contractual Commitments

We have other contractual obligations incurred in the ordinary course of business, including commitments relating to building or upgrading network infrastructure, purchase of set-top boxes, modems, mobile handsets and other end-user equipment and various maintenance and support contracts primarily relating to the maintenance and support of network infrastructure and equipment, purchase commitments for content, royalty payments to regulatory authorities and authors' rights to societies and commitments under interconnection contracts. See Note 33 to the audited consolidated financial statements of Altice France for the year ended December 31, 2020.

Defined Benefit and Defined Contribution Pension Plans

In addition, we have obligations under defined benefit and defined contribution pension plans. Our cash outflow relating to these obligations will vary depending on many factors. In the case of defined benefit plans, we have recognized a liability regarding employee benefits in the statement of financial position of Altice France which represents the present value of the defined benefits liability less the fair value of the plan assets, and the past service costs. The liability in respect of defined benefit plans is determined using actuarial valuations. The actuarial valuation involves making assumptions with regards to, among others, discount rates, expected rates of return on assets, future salary increases and mortality rates. Due to the long-term nature of these plans, such estimates are subject to uncertainty. Actuarial gains and losses are reflected in the statement of income and statement of other comprehensive income in the period in which they arise, as part of the salary costs. Deposits in a defined contribution plan in respect of severance pay or in respect of emoluments are recognized as an expense at the time of the deposit in the plan, in parallel to the receipt of the labour services from the employee and no additional provision is recognized in the financial statements. As of March 31, 2021, our total defined benefit plans liabilities were €167.0 million. See Note 27 to the audited consolidated financial statements of Altice France for the year ended December 31, 2020 for more details.

Post-Balance Sheet Date Events

Issuance of new 2029 Euro and USD Notes

On April 27, 2021, the Group issued €400 million and $2,500 million Senior Secured Notes falling due in 2029. The Euro notes pay a coupon of 4% and fall due in 2029, while the USD notes pay a coupon of 5.25%.

On May 04, 2021, the Group used the proceeds from new debt issuance to repay a portion of its $5,290 million 2026 Senior Secured Notes.

As part of the refinancing, the Group also redeemed a portion of its existing swaps following a decrease in the amount of its USD debt. The Group obtained $369.3 million in principal in exchange for a payment of €305.8 million.

Agreement to acquire Afone Participations

On May 18, 2021, Altice France announced it has signed an agreement to acquire a 100% stake in the MVNO Afone Participations which itself holds 50% of the "RégloMobile business" (with the other 50% owned by the Leclerc group).

Following this transaction, Altice France will become a partner of the Leclerc Group, reinforce its mobile customer base by 770k new consumers and benefit from Leclerc's distribution network.

This acquisition is subject to the approval of the French Competition Authority.

Related Party Transactions

Other than as disclosed in the consolidated financial statements of Altice France as of and for the three months ended March 31, 2021, the Group had no other transactions with related parties. See Note 32 to the audited consolidated financial statements of Altice France for the year ended December 31, 2020.

Off Balance Sheet Arrangements

We are not party to any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on our financial condition, changes in financial condition, revenue or expenses, results of operations, liquidity, capital expenditure or capital resources, other than the contractual commitments relating to

purchase of property plant, and equipment, operating leases or as disclosed below or in the audited consolidated financial statements of Altice France (*note 33*) as of and for the year ended December 31, 2020.

Quantitative and Qualitative Disclosures about Market Risk

We are exposed to market risks relating to fluctuations in interest rates and foreign exchange rates, primarily as between the U.S. dollar and Euro, and use financial instruments to manage our exposure to interest rate and foreign exchange rate fluctuations.

Credit Risk

The Group does not have significant concentrations of credit risk. Credit risk may arise from the exposures of commitments under a number of financial instruments with one counterparty or as the result of commitments with a number of groups of debtors with similar economic characteristics, whose ability to meet their commitments could be similarly affected by economic or other changes.

The Group's income mainly derives from customers in France. The majority of our B2C clients are on direct debit, thus reducing credit and recovery risk from our biggest operating segment. The Group regularly monitors its customers' debts and provisions for doubtful debts are recorded in the consolidated financial statements, which provide a fair value of the loss that is inherent to debts whose collection lies in doubt.

Liquidity Risk

Ultimate responsibility for liquidity risk management rests with the Board of Managers, which manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecasted and actual cash flows and by matching the maturity profiles of financial assets and liabilities. The Group has a strong track record of driving operating free cash flow generation and specializes in turning around struggling businesses and improving the cash generation of existing businesses. As all external debt is issued and managed centrally, the executive directors of the Group have a significant amount of control and visibility over the payments required to satisfy obligations under the different external debts.

Additionally, as of March 31, 2021, the Group has access to revolving credit facilities of up to €1,415.0 million (which remained drawn for an amount €200 million as of March 31, 2021) to cover any liquidity needs not met by operating cash flow generation.

Interest Rate and Related Risk

For fixed rate debt, changes in interest rates generally affect the fair value of the debt instrument, but not our earnings or cash flows. Accordingly, interest rate risk and changes in fair market value should not have a significant effect on the fixed rate debt until we would be required to refinance such debt at maturity. On a consolidated basis, taking into account our swap portfolio, our primary fixed rate debt obligations were in an amount equivalent to €15,812.1 million, while our primary floating rate debt obligations were equivalent to €7,184.3 million.

Foreign Currency Risk

As part of its financial risk management strategy, the Group has entered into certain hedging operations. These are split mainly into either fixed to fixed or floating to floating cross-currency and interest rate swaps that cover against foreign currency and interest rate risk, FX forwards that cover against foreign exchange risk only, or interest rate swaps covering interest rate risk only. For details regarding the Group's outstanding derivative instruments to secure foreign currency liabilities and to reduce foreign currency exposure, see Note 25.4 to the audited consolidated financial statements of Altice France as of and for the year ended December 31, 2020.

Critical Accounting Policies, Judgments and Estimates

For details regarding the Group's critical accounting policies, judgments and estimates, see Note 2 to the audited consolidated financial statements of Altice France as of and for the year ended December 31, 2020

For details regarding the Group's adoption of IFRS 16 and its impact on its financial statements, see Note 1.2 *New standards and interpretations* to the condensed consolidated financial statements of Altice France for the year ended December 31, 2019

Key Income Statement Items

Revenue

Revenue consists of income generated from the delivery of fixed-based services to our B2C and B2B customers, mobile services to our B2C and B2B customers, wholesale and other services. Revenue is recognized at the fair value of the consideration received or receivable net of value added tax, returns, rebates and discounts and after eliminating intercompany sales within the Group.

Fixed-based residential services: Revenue from fixed-based services consists of revenue from pay television services, including related services such as Video on Demand ("VoD"), broadband internet services, fixed-line telephony services and ISP services to our customers. This primarily includes (i) recurring subscription revenue for pay television services, broadband internet and fixed-line telephony (which are recognized in revenue on a straight-line basis over the subscription period), (ii) variable usage fees from VoD and fixed-line telephony calls (which are recognized in revenue when the service is rendered), (iii) installation fees (which are recognized in revenue when the service is rendered if consideration received is lower than the direct costs to acquire the contractual relationship) and (iv) interconnection revenue received for calls that terminate on our cable network.

Mobile residential services: Revenue from mobile telephony services primarily consists of (i) recurring subscription revenue for our post-paid mobile services (which are recognized in revenue on a straight-line basis over the subscription period), (ii) revenue from purchases of our pre-paid mobile services (which are recognized in revenue when the service is rendered), (iii) variable usage fees for mobile telephony calls (which are recognized in revenue when the service is rendered), (iv) revenue from the sale of handsets (which are recognized on the date of transfer of ownership), and (v) interconnection revenue received for calls that terminate on our mobile network.

Business services: Revenue from wholesale services primarily consists of revenues derived from renting our network infrastructure services, including IRUs and bandwidth capacity on its network, to other telecommunications operators, including mobile virtual network operations ("MVNOs") as well as related maintenance services. Revenue from B2B services is the same as the above fixed and mobile services, but for the business sector. This segment also includes revenues from our other services primarily consists of revenue from businesses such as (i) datacenter activities, (ii) content production and distribution, (iii) customer services, (iv) technical services, and (v) other activities that are not related to our core fixed or mobile businesses.

Media: Revenues from the media segment includes mainly advertising and subscription revenues derived from news, radio and printed press businesses.

Intersegment Eliminations: Intersegment costs, which primarily relate to services rendered by certain centralized Group functions (such content production and customer service) to the operational segments of the Group, are eliminated in consolidation.

Purchasing and subcontracting services

Purchasing and subcontracting services consist of direct costs associated with the delivery of fixed-based services to our B2C and B2B customers, mobile services to our B2C and B2B customers, wholesale and other services. We present purchasing and subcontracting services paid for the procurement of the following services:

Fixed-based residential services: Purchasing and subcontracting services associated with fixed-based services consist of all direct costs related to the (i) procurement of non-exclusive television content, royalties and licenses to broadcast, (ii) transmission of data services and (iii) interconnection costs related to fixed-line telephony. In addition, it includes costs incurred in providing VoD or other interactive services to subscribers and accounting

variations arising from changes in inventories of customer premises equipment (such as modems, set-top boxes and decoders).

Mobile residential services: Purchasing and subcontracting services associated with mobile services consist primarily of mobile interconnection fees, including roaming charges and accounting variations arising from the changes in inventories of mobile handsets.

Business services: Purchasing and subcontracting services associated with wholesale primarily consist of costs associated with delivering wholesale services to other operators. Other purchasing and subcontracting services consist of the (i) cost of renting space for datacenters (subject to certain exceptions), (ii) utility costs related to the operation of datacenters (such as power and water supply costs), (iii) in our technical services business, the cost of raw materials used in the technical activities related to the construction and maintenance of the network, cables for customer connections, etc., and sub-contractor fees associated with the performance of basic field work and the supervision of such sub-contractors, and (iv) direct costs related to our call centers operations, such as service expenses, telecom consumption subscriptions and energy costs, in our customer services functions.

Media: Purchasing and subcontracting costs for our media business mainly consists of direct costs related to capacity rental for our TV and radio businesses.

Intersegment Eliminations: Intersegment costs, which primarily relate to services rendered by certain centralized Group functions (such content production and customer service) to the operational segments of the Group, are eliminated in consolidation.

Other operating expenses

Other operating expenses mainly consist of the following subcategories:

Customer service costs: Customer service costs include all costs related to billing systems, bank commissions, external costs associated with operating call centers, allowances for bad customer debts and recovery costs associated therewith.

Technical and maintenance: Technical and maintenance costs include all costs related to infrastructure rental, equipment, equipment repair, costs of external subcontractors, maintenance of backbone equipment and datacenter equipment, maintenance and upkeep of the fixed-based and mobile networks, costs of utilities to run network equipment and those costs related to customer installations that are not capitalized (such as service visits, disconnection and reconnection costs).

Business taxes: Business taxes include all costs related to payroll and professional taxes or fees.

General and administrative expenses: General and administrative expenses consist of office rent and maintenance, professional and legal advice, recruitment and placement, welfare and other administrative expenses.

Other sales and marketing expenses: Other sales and marketing expenses consist of advertising and sales promotion expenses, office rent and maintenance, commissions for marketers, external sales and storage and other expenses related to sales and marketing efforts.

Staff costs and employee benefits

Staff costs and employee benefits are comprised of all costs related to wages and salaries, bonuses, social security, pension contributions and other outlays paid to Group employees.

Depreciation, amortization and impairment

Depreciation and amortization includes depreciation of tangible assets related to production, sales and administrative functions and the amortization of intangible assets. Impairment losses include the write-off of any goodwill or tangible and intangible assets that have been recognized on the acquisition of assets based upon a re-evaluation of the cash generating capacity of such assets compared to the initial valuation thereof.

Non-recurring expenses and income

Non-recurring expenses and income includes any one-off or non-recurring income or expenses incurred during the on-going financial year. This includes deal fees paid to external consultants for merger and acquisition

activities, restructuring and other non-recurring costs related to those acquisitions or the business in general, any non-cash operating gains or losses realized on the disposal of tangible and intangible assets and management fees paid to related parties.

Interest relative to gross financial debt

Interest relative to gross financial debt includes interest expenses recognized on third party debt (excluding other long term liabilities, short term liabilities and other finance leases) incurred by the Group.

Other financial expenses

Other financial expenses include other financial expenses not related to the third party debt (excluding other long term liabilities and short term liabilities, other than finance leases) incurred by the Group. Such expenses mainly include interest costs of finance leases, variations in the fair value of non-hedged derivative instruments and the inefficient portion of hedged derivative instruments.

Financial income

Financial income consists of changes in the net fair value of the financial derivatives, gains from the disposal of financial assets, net exchange rate differences, and other financial income.

Share in net income/(loss) of associates

Share of profit of associates consists of the net result arising from activities that are accounted for using the equity method in the consolidation perimeter of the Group.

Income tax expense/(income)

Income tax expenses are comprised of current tax and deferred tax. Taxes on income are recognized in the income statement except when the underlying transaction is recognized in other comprehensive income, at which point the associated tax effect is also recognized under other comprehensive income or in equity.

Adjusted EBITDA

Adjusted EBITDA is defined as operating profit before depreciation and amortization, impairment and losses, other operating and non-recurring items and other adjustments (equity-based compensation expenses) in EBITDA. Adjusted EBITDA is unaudited and is not required by or presented in accordance with IFRS or any other generally accepted accounting standards. We believe that this measure is useful to readers of our financial as it provides them with a measure of the operating results which excludes certain items we consider outside of our recurring operating activities or that are non-cash, making trends more easily observable and providing information regarding our operating results and cash flow generation that allows investors to better identify trends in its financial performance. Adjusted EBITDA should not be considered as a substitute measure for operating income and may not be comparable to similarly titled measures used by other companies.