Altice International S.à r.l.

altice

Condensed Interim Consolidated Financial Statements

As of and for the three and nine-month periods ended September 30, 2023

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Interim Consolidated Statement of Income (€m)	**Notes**	**Three months ended September 30, 2023**	**Three months ended September 30, 2022**	**Nine months ended September 30, 2023**	**Nine months ended September 30, 2022**
Revenues	4	**1,287.8**	**1,296.2**	**3,799.0**	**3,665.2**
Purchasing and subcontracting costs	4	(331.0)	(351.4)	(1,005.6)	(963.2)
Other operating expenses	4	(257.5)	(266.0)	(757.6)	(766.7)
Staff costs and employee benefits	4	(181.9)	(178.5)	(548.6)	(512.1)
Depreciation, amortization and impairment	4	(285.8)	(299.1)	(855.2)	(904.6)
Other (expenses) and income	4	(10.1)	11.6	(246.2)	(48.4)
Operating profit/(loss)	4	**221.5**	**212.8**	**385.8**	**470.2**
Interest relative to gross financial debt	11	(148.0)	(113.4)	(428.8)	(319.7)
Realized and unrealized (losses)/gains on derivative instruments linked to financial debt	11	16.7	372.2	(79.0)	864.1
Other financial expenses	11	(199.6)	(226.9)	(280.7)	(587.4)
Finance income	11	84.0	57.7	241.9	165.1
Net result on extinguishment and remeasurement of financial liabilities	11	-	-	-	-
Finance income/(costs), net	11	**(246.9)**	**89.6**	**(546.6)**	**122.1**
Share of earnings/(loss) of associates and joint ventures		(1.1)	(1.9)	(9.4)	(8.9)
Profit/(loss) before income tax		**(26.5)**	**300.5**	**(170.2)**	**583.4**
Income tax benefit/(expense)	10	(33.0)	(49.6)	(51.9)	66.7
Profit/(loss) for the period		**(59.5)**	**250.9**	**(222.1)**	**650.1**
Attributable to equity holders of the parent		*(78.3)*	*237.0*	*(279.7)*	*611.0*
Attributable to non-controlling interests		*18.8*	*13.9*	*57.6*	*39.1*

Interim Consolidated Statement of Comprehensive Income (€m)	**Three months ended September 30, 2023**	**Three months ended September 30, 2022**	**Nine months ended September 30, 2023**	**Nine months ended September 30, 2022**
Profit/(loss) for the period	**(59.5)**	**250.9**	**(222.1)**	**650.1**
Other comprehensive income / (loss)				
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	9.2	40.2	(14.0)	80.6
Related taxes	-	-	-	-
Item that will not be reclassified subsequently to profit or loss				
Change of fair value of equity instruments at fair value through OCI	-	0.4	(2.4)	0.2
Actuarial gain/(loss)	20.4	(104.8)	9.8	8.0
Related taxes	(4.3)	22.0	(2.1)	(1.8)
Total other comprehensive income / (loss)	**25.3**	**(42.2)**	**(8.7)**	**87.0**
Total comprehensive income / (loss) for the period	**(34.2)**	**208.7**	**(230.8)**	**737.1**
Attributable to equity holders of the parent	*(53.1)*	*193.7*	*(287.7)*	696.8
Attributable to non-controlling interests	*18.9*	*15.0*	*56.9*	40.3

The accompanying notes on pages 5 to 27 form an integral part of these condensed interim consolidated financial statements.

Interim Consolidated Statement of Financial Position (€m)	**Notes**	**As of September 30, 2023**	**As of December 31, 2022**
Non-current assets			
Goodwill	5	3,370.5	3,391.3
Intangible assets		991.3	1,048.3
Property, plant & equipment		3,640.4	3,682.9
Right-of-use assets		803.9	816.5
Contract costs		120.5	141.7
Investment in associates and joint ventures		64.9	75.5
Financial assets	6	3,970.0	3,650.4
Deferred tax assets		364.4	298.0
Other non-current assets		164.1	189.8
Total non-current assets		**13,490.0**	**13,294.4**
Current assets			
Inventories		252.8	237.1
Contract assets		46.2	47.9
Trade and other receivables		1,263.1	1,221.9
Current tax assets		35.0	20.6
Financial assets	6	233.9	266.4
Cash and cash equivalents		286.5	428.2
Restricted cash		41.1	42.0
Assets classified as held for sale		9.7	8.7
Total current assets		**2,168.3**	**2,272.8**
Total assets		**15,658.3**	**15,567.2**
Equity			
Issued capital	7.1	309.3	309.3
Other reserves	7.2	(178.4)	(167.2)
Retained earnings	7	493.0	1,089.5
Equity attributable to equity holders of the parent		**623.9**	**1,231.6**
Non-controlling interests	7.3	61.3	22.2
Total equity		**685.2**	**1,253.8**
Non-current liabilities			
Long-term borrowings, financial liabilities and related hedging instruments	8	8,639.4	8,544.3
Other financial liabilities	8.6	938.7	935.8
Non-current lease liabilities	8.6	945.7	960.1
Provisions[1]		832.2	722.4
Deferred tax liabilities		62.7	63.3
Non-current contract liabilities		42.1	43.3
Other non-current liabilities		239.0	189.3
Total non-current liabilities		**11,699.8**	**11,458.5**
Current liabilities			
Short-term borrowings, financial liabilities and related hedging instruments	8	401.1	24.1
Other financial liabilities	8.6	569.7	555.3
Current lease liabilities	8.6	95.4	94.3
Trade and other payables		1,632.6	1,595.1
Contract liabilities		224.9	235.5
Current tax liabilities		50.9	85.5
Provisions[1]		263.4	238.3
Other current liabilities		29.6	22.1
Liabilities directly associated with assets classified as held for sale		5.7	4.7
Total current liabilities		**3,273.3**	**2,854.9**
Total liabilities		**14,973.1**	**14,313.4**
Total equity and liabilities		**15,658.3**	**15,567.2**

1 The provisions lines (non-current and current) include the recognition of a provision for onerous contracts relating to sports broadcasting rights in Portugal (please refer to note 3.3.2).

The accompanying notes on pages 5 to 27 form an integral part of these condensed interim consolidated financial statements.

Interim Consolidated Statement of Changes in Equity (€m)	Number of shares on issue Shares	Share capital	Retained earnings	Currency translation reserve	Fair value through OCI reserve	Employee benefits	Total equity attributable to equity holders of the parent	Non-controlling interests	Total equity
Equity at January 1, 2023	**30,925,700,000**	**309.3**	**1,089.5**	**(102.0)**	**5.6**	**(70.8)**	**1,231.6**	**22.2**	**1,253.8**
Profit/(loss) for the period		-	(279.7)	-	-	-	(279.7)	57.6	**(222.1)**
Other comprehensive income/(loss)		-	-	(13.3)	(2.4)	7.7	(8.0)	(0.7)	**(8.7)**
Comprehensive income/(loss)		**-**	**(279.7)**	**(13.3)**	**(2.4)**	**7.7**	**(287.7)**	**56.9**	**(230.8)**
Dividends by share premiums redemption[1]		-	(320.0)	-	-	-	(320.0)	(19.2)	**(339.2)**
Other		-	3.2	-	(3.2)	-	-	1.4	**1.4**
Equity at September 30, 2023	**30,925,700,000**	**309.3**	**493.0**	**(115.3)**	**-**	**(63.1)**	**623.9**	**61.3**	**685.2**

1 Dividends by share premiums redemption line includes a payment of €320.0 made by the Company to Altice Luxembourg (please refer to note 3.3.1).

Interim Consolidated Statement of Changes in Equity (€m)	Number of shares on issue Shares	Share capital	Retained earnings	Currency translation reserve	Fair value through OCI reserve	Employee benefits	Total equity attributable to equity holders of the parent	Non-controlling interests	Total equity
Equity at January 1, 2022	**30,925,700,000**	**309.3**	**555.0**	**(132.8)**	**5.5**	**(109.1)**	**627.9**	**(35.8)**	**592.1**
Profit/(loss) for the period		-	611.0	-	-	-	611.0	39.1	**650.1**
Other comprehensive income/(loss)		-	-	79.5	0.1	6.2	85.8	1.2	**87.0**
Comprehensive income/(loss)		**-**	**611.0**	**79.5**	**0.1**	**6.2**	**696.8**	**40.3**	**737.1**
Dividends		-	-	-	-	-	-	(8.3)	**(8.3)**
Other		-	(0.3)	-	-	-	(0.3)	(0.2)	**(0.5)**
Equity at September 30, 2022	**30,925,700,000**	**309.3**	**1,165.7**	**(53.3)**	**5.6**	**(102.9)**	**1,324.4**	**(4.0)**	**1,320.4**

The accompanying notes on pages 5 to 27 form an integral part of these condensed interim consolidated financial statements.

Interim Consolidated Statement of Cash Flows (€m)	**Note**	**Nine months ended September 30, 2023**	**Nine months ended September 30, 2022**
Profit/(loss) for the period		**(222.1)**	**650.1**
adjustments for:			
Share of (gain) / loss of associates and joint ventures		9.4	8.9
Depreciation, amortization and impairment		855.2	904.6
Other non-cash operating gains / (losses), net[1]		176.9	9.9
Finance costs/(income), net recognised in the statement of income	11	546.6	(122.1)
Income tax expense/(benefit) recognised in the statement of income	10	51.9	(66.7)
Pension plan liability payments		(75.1)	(80.8)
Income tax paid		(160.5)	(168.6)
Changes in working capital[2]		17.2	(65.1)
Net cash provided by operating activities		**1,199.5**	**1,070.2**
Payments to acquire tangible and intangible assets and contract costs	4.3.5	(666.1)	(700.2)
Proceeds from sale of tangible and intangible assets[3]	3.2	1.6	73.9
Payments for acquisition of consolidated entities, net of cash acquired		(22.2)	-
Advances paid to group companies (principal and interest)[4]		(211.3)	(24.9)
Transfers from restricted cash		(0.3)	0.7
Proceeds / (payments) from other investing activities		12.0	(3.0)
Net cash used in investing activities		**(886.3)**	**(653.5)**
Dividend paid to shareholders[4]	3.3	(320.0)	-
Proceeds from issuance of debt instruments	8.2	732.2	367.4
Payments to redeem debt instruments	8.2	(322.4)	(486.2)
Payment from the acquisition of minority stake		(13.2)	-
Proceeds related to payments made to suppliers through factoring arrangements		306.6	259.6
Payments made to factoring companies		(284.0)	(235.4)
Lease payment (principal) related to ROU		(71.0)	(71.8)
Lease payment (interest) related to ROU		(60.3)	(57.2)
Interest paid[5]		(355.5)	(287.9)
Proceeds /(payments) related to the monetization of swaps		(4.0)	0.8
Proceeds /(payments) related to the restructuring of swaps		-	101.9
Dividends paid to non-controlling interests		(19.4)	(7.3)
Other cash used by financing activities		(44.8)	(34.0)
Net cash from / (used in) financing activities		**(455.8)**	**(450.1)**
Effects of exchange rate changes on the balance of cash held in foreign currencies		0.9	22.2
Net change in cash and cash equivalents		**(141.7)**	**(11.2)**
Cash and cash equivalents at beginning of the period		428.2	285.2
Cash and cash equivalents at end of the period		**286.5**	**274.0**

1 Other non-cash items include allowances and writebacks for provisions and gains and losses recorded on the disposal of tangible and intangible assets. For the nine months ended September 30, 2023, other non-cash items include mainly the provision for onerous contracts relating to sports broadcasting rights in Portugal (please refer to note 3.3.2). For the nine months ended September 30, 2022, other non-cash items include mainly the capital gain related to the 2022 Portuguese tower transaction closed on March 31, 2022 (please refer to note 3.2).

2 Changes in working capital relate to payments and receipts related to inventories, trade and other receivables and trade and other payables.

3 Proceeds from sale of tangible and intangible assets mainly include the proceeds from the 2022 Portuguese tower transaction closed on March 31, 2022 (please refer to note 3.2).

4 For the nine months ended September 30, 2023, the Company made a distribution to its parent company Altice Luxembourg for an amount of €320.0 million by way of share premiums redemption and advances for a net amount of €211.3 million by way of additional loans (additional loans of €302.6 million decreased by the interest received of €91.3 million from Altice Luxembourg).

5 Interest paid on debt includes interest received from / paid on interest rate derivatives.

The accompanying notes on pages 5 to 27 form an integral part of these condensed interim consolidated financial statements.

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

Altice International S.à r.l. (the "Company") is a private limited liability company ("*société à responsabilitė limitėe*") incorporated in Luxembourg, headquartered at 1, rue Hildegard von Bingen, L-1282 Luxembourg, Grand Duchy of Luxembourg. The Company is the parent company of a consolidated group (the "Group").

The Company is a wholly-owned subsidiary of Altice Luxembourg S.A. ("Altice Luxembourg"). The controlling shareholder of Altice Luxembourg is Next Alt S.à r.l., which is itself controlled by Mr. Patrick Drahi. As of September 30, 2023, Next Alt S.à r.l. indirectly held 90.39% of the share capital of the Company.

The Group is a convergent leader in telecoms, content, media, entertainment and advertising, and operates in Portugal, Israel and the Dominican Republic. The Group also has a global presence through its online advertising business Teads.

2. Accounting policies

2.1. Basis of preparation

These condensed interim consolidated financial statements of the Group as of September 30, 2023 and for the three and nine-month periods then ended (the "condensed interim consolidated financial statements") were approved by the Board of Managers and authorized for issue on November 21, 2023.

These condensed interim consolidated financial statements are presented in millions of Euros, except as otherwise stated, and have been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting*. They should be read in conjunction with the annual consolidated financial statements of the Group and the notes thereto as of and for the year ended December 31, 2022 which were prepared in accordance with International Financial Reporting Standards as adopted in the European Union ("IFRS-EU") (the "annual consolidated financial statements").

The accounting policies applied for these condensed interim consolidated financial statements do not differ from those applied in the annual consolidated financial statements, except for the adoption of new standards effective as of January 1, 2023.

These condensed interim consolidated financial statements have been prepared on a going concern basis.

2.2. Application of new and revised International Financial Reporting Standards (IFRSs)

2.2.1. Standards applicable for the reporting period

The following standards have mandatory application for periods beginning on or after January 1, 2023 as described in note 1.3.2 to the annual consolidated financial statements:

- International Tax Reform – Pillar Two Model Rules, effective on or after 1 January 2023;
- Amendments to IAS 1 and IFRS Practice Statement 2 titled *Disclosure of Accounting Policies,* effective on or after 1 January 2023;
- Amendments to IAS 8 *Definition of Accounting Estimates*, effective on or after January 1, 2023; and
- Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*; effective for annual periods beginning on or after 1 January 2023.

The application of these amendments had no material impact on the amounts recognised and on the disclosures in these condensed interim consolidated financial statements.

2.2.2. Standards and interpretations not applicable as of reporting date

The Group has not early adopted the following standards and interpretations, for which application is not mandatory for periods starting from January 1, 2023 and that may impact the amounts reported:

- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7), effective on or after January 1, 2024;
- Amendments in Classification of Liabilities as Current or Non-Current (Amendments to IAS 1), effective on or after January 1, 2024;

- Amendments to IFRS 16 *Lease Liability in a Sale and Leaseback*, effective on or after January 1, 2024; and
- 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.

The Board of Managers anticipates that the application of those amendments will not have a material impact on the amounts recognised in the consolidated financial statements.

2.3. Significant accounting judgments and estimates

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

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

These key areas of judgments and estimates, as disclosed in the annual consolidated financial statements, are:

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

As of September 30, 2023, there were no changes in the key areas of judgments and estimates.

3. Significant events

The following events occurred during the nine-month period ended September 30, 2023, which impacted the scope of consolidation compared to that presented in the annual consolidated financial statements.

3.1. Acquisitions and disposals in the current period

There was no material change in the consolidation scope during the nine-month period ended September 30, 2023.

3.2. Acquisitions and disposals in the prior period

The 2022 Portuguese tower transaction

On November 8, 2021, PT Portugal exercised its right to sell a tower business unit consisting of 102 remaining sites portfolio to Cellnex Telecom, S.A.. The transaction closed on March 31, 2022, following customary regulatory approvals. Total cash proceeds amounted to €71.4 million.

The total capital gain recorded for the nine-month period ended September 30, 2022 amounted to €37.4 million, after taking into account the provisions of IFRS 16 *Leases*, with respect to sale and lease back transactions (please refer to note 4.3.2.4). Following the transaction, PT Portugal and Cellnex Telecom have entered into a Master Service Agreement ("MSA") related to the newly carved-out sites.

3.3. Other significant events

3.3.1. Distribution and advances to the parent company

For the nine-months ended September 30, 2023, the Company made a distribution to its parent company Altice Luxembourg for an amount of €320.0 million by way of share premiums redemption and advances for a net amount of €211.3 million by way of additional loans.

3.3.2. Provision for onerous contracts in Portugal

The Group entered into contracts with certain football clubs for the acquisition of the exclusive broadcasting rights of Portuguese home football games, the term of which ends in 2028. In July 2016, certain Portuguese telecom operators entered into an agreement for the reciprocal sharing of football related broadcasting rights ("Sharing Agreement"), and following the signature of the Sharing Agreement, the Group sold to Sport TV its Portuguese exclusive broadcasting rights of the football games for a four seasons-period, between July 2016 and June 2020. Simultaneously, the Group entered into a distribution agreement with Sport TV. In July 2020, the Group sold to Sport TV the exclusive broadcasting rights for an additional three seasons-period, between July 2020 and June 2023, and signed a new distribution agreement with Sport TV for the period between July 2020 and June 2024.

In June 2023, the Sharing Agreement of football broadcasting rights between Portuguese telecom operators was extended until June 2028. Furthermore, in July 2023, MEO also agreed to an amendment to the existing distribution agreement ending in June 2024 and entered into a new distribution agreement for the four-season period between July 2024 and June 2028.

Following the extension and renegotiation of the agreements, the Group has recorded a provision for onerous contracts for an amount of €237.1 million relating to both the Sharing Agreement and the related distribution agreement with Sport TV (please refer to note 4.3.2.2). The provision corresponds basically to the net present value of the direct costs related to both the Sharing Agreement and the related distribution agreement net of the incremental revenues coming from these agreements that correspond to the subscription fees obtained from both Sport TV and BTV premium sports channels, all of which covering the period between July 2023 and June 2028.

3.3.3. Altice Portugal investigation

Internal investigation and remedial actions

In mid-July of this year, Altice Portugal learned that the Public Prosecutor's Office in Portugal was investigating allegations of harmful practices and misconduct of certain individuals and entities affecting Altice Portugal and its subsidiaries.

The Group took immediate remedial actions, including enhancing internal control procedures and controls, strengthening the oversight of procurement processes and suspending certain employees that had potential connections to the misconduct under investigation.

Moreover, the Group immediately undertook to transition away from all suppliers potentially implicated in the Portuguese authorities' investigation. To date, the Group has substantially completed these transitions according to plan and will have completed the transition plan in full by the end of 2023. As previously noted, the Group confirms that these potentially implicated suppliers accounted for approximately less than 6% of its total expenditures (mainly in Portugal).

In parallel, an internal investigation in Portugal and across other jurisdictions under the direction of a global investigation committee was launched to perform a thorough risk assessment in key jurisdictions. External legal counsels were appointed as global counsel, with the support of local external counsels in each jurisdiction. They are also being assisted by forensic experts in conducting this review and root cause analysis of the alleged conduct.

The investigative work initially scoped has been substantially completed and no material impact is expected on the Group's consolidated financial statements.

Importantly, following the Public Prosecutor Office's public statement on July 14, 2023 identifying Altice Portugal as a victim in this case, Altice Portugal's status as a victim has been further confirmed with its designation as an assistant to the prosecution led by the Public Prosecutor's Office in Portugal, as publicly reported on October 26, 2023. As such, given the Portuguese authorities' ongoing investigation, the Group will continue to take account of all available facts and circumstances in determining further investigative steps and making internal and external decisions necessary to protecting its rights in each geography in which it operates.

Enhanced processes, policies and procedures going forward

Although there were already robust control mechanisms in place, the Group has proactively initiated actions to enhance and strengthen several internal control processes, policies and procedures to effectively prevent, detect and mitigate the risk of any future potential individual misconduct and have appointed external advisors to support it in the implementation of such actions. This includes further strengthening the compliance team of each operating company under the leadership of the local general counsels. The whistleblowing procedures will be enhanced and made even more accessible to allow all employees and other relevant parties to feel comfortable using the various speak-up channels. A particular emphasis has been put on all policies and procedures related to: (i) conflict of interest; (ii) procurement; (iii) third-party due diligence, onboarding and ongoing monitoring; (iv) conduct of real estate transactions, and (v) accounting controls, as well as more general policies such as the Code of Ethics. Specifically on the procurement process, each operating company will be responsible for its own purchase orders independent of the other operating entities, while a coordination committee including all head of procurement departments will be set up in order to allow the operating entities to continue to benefit from economies of scale.

The Group will continue to take all necessary steps to protect its interests and rights in all jurisdictions.

4. Segment reporting

4.1. Definition of segments

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

The segments that are presented are detailed below:

- **Portugal**: The Group owns Portugal Telecom ("PT Portugal"), the largest telecom operator in Portugal. PT Portugal provides fixed residential, mobile residential and business services clients using the MEO brand. This segment also includes the Altice Technical Services entities in Portugal and Unisono Group which is engaged in the provision of outsourced customer experience management, consulting and digital transformation services mainly in Spain.
- **Israel**: Fixed and mobile services are provided using the HOT telecom, HOT mobile and HOT net brands to residential and business services clients. HOT also produces award winning exclusive content that it distributes using its fixed network, as well as content application called Next and OTT services through Next Plus. This segment also includes the Altice Technical Services entity in Israel.
- **Dominican Republic**: The Group provides fixed residential, mobile residential and business services using the Altice brand. This segment also includes the Altice Technical Services entity in the Dominican Republic.
- **Teads**: Provides digital advertising solutions. Publishers use Teads' technology to create engaging video and display advertising experiences on their website and in their Apps.
- **Others:** Corporate entities are reported under "Others".

4.2. Financial Key Performance Indicators ("KPIs")

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

The financial KPIs tracked by the Board of Managers are:

- Revenues: by segment and in terms of activity;
- Adjusted EBITDA: by segment;
- Capital expenditure ("Capex"): by segment;
- Operating free cash flow ("OpFCF"): by segment; and
- Net financial debt.

4.2.1. Revenues

Additional information on the revenue split is presented as follows:

- Residential revenues
  - Fixed: revenues from fixed services to B2C customers;
  - Mobile: revenues from mobile services to B2C subscribers;
  - Equipment business to B2C subscribers;
- Business services: revenues from B2B customers, wholesale and other revenues; and
- Media: media and advertisement revenues in Teads.

Intersegment revenues mainly relate to sales of products between operational segments of the Group and services rendered by certain centralized Group functions to the operational segments of the Group.

4.2.2. Non-GAAP measures

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

4.2.2.1. Adjusted EBITDA

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

4.2.2.2. Capex

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

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

4.2.2.3. Operating free cash flow

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*.

4.2.2.4. Net financial debt

Net financial debt is a non-GAAP measure which is useful to the readers of the condensed interim consolidated financial statements as it provides meaningful information regarding the financial position of Group and its ability to pay its financial debt obligations compared to its liquid assets. Please refer to notes 8.3 and 8.4.

4.3. Segment results

4.3.1. Operating profit by segment

For the three months ended September 30, 2023 (€m)	**Portugal**	**Israel**	**Dominican Republic**	**Teads**	**Others**	**Inter-segment elimination**	**Total**
Revenues	**742.2**	**266.8**	**147.4**	**136.2**	**0.4**	**(5.2)**	**1,287.8**
Purchasing and subcontracting costs	(211.1)	(97.7)	(25.5)	-	-	3.3	**(331.0)**
Other operating expenses	(109.7)	(52.9)	(25.6)	(69.3)	(0.5)	0.5	**(257.5)**
Staff costs and employee benefit expenses	(117.1)	(21.3)	(9.3)	(34.3)	-	0.1	**(181.9)**
Total	**304.3**	**94.9**	**87.0**	**32.6**	**(0.1)**	**(1.3)**	**517.4**
Rental expense operating lease[1]	(23.4)	(8.4)	(8.5)	(1.4)	-	-	**(41.7)**
Adjusted EBITDA	**280.9**	**86.5**	**78.5**	**31.2**	**(0.1)**	**(1.3)**	**475.7**
Depreciation, amortisation and impairment	(165.0)	(78.4)	(38.3)	(4.1)	-	-	**(285.8)**
Other expenses and income	(5.9)	(0.9)	(0.2)	(0.9)	(2.2)	-	**(10.1)**
Rental expense operating lease[1]	23.4	8.4	8.5	1.4	-	-	**41.7**
Operating profit/(loss)	**133.4**	**15.6**	**48.5**	**27.6**	**(2.3)**	**(1.3)**	**221.5**

For the three months ended September 30, 2022 (€m)	**Portugal**	**Israel**	**Dominican Republic**	**Teads**	**Others**	**Inter-segment elimination**	**Total**
Revenues	**680.4**	**312.1**	**160.2**	**149.2**	**0.2**	**(5.9)**	**1,296.2**
Purchasing and subcontracting costs	(212.2)	(110.4)	(32.1)	-	-	3.3	**(351.4)**
Other operating expenses	(106.2)	(60.2)	(27.3)	(72.3)	(0.5)	0.5	**(266.0)**
Staff costs and employee benefit expenses	(105.9)	(24.3)	(9.7)	(38.7)	-	0.1	**(178.5)**
Total	**256.1**	**117.2**	**91.1**	**38.2**	**(0.3)**	**(2.0)**	**500.3**
Share-based expense	-	-	-	-	-	-	**-**
Rental expense operating lease[1]	(22.5)	(9.0)	(9.1)	(1.5)	-	-	**(42.1)**
Adjusted EBITDA	**233.6**	**108.2**	**82.0**	**36.7**	**(0.3)**	**(2.0)**	**458.2**
Depreciation, amortisation and impairment	(162.8)	(90.3)	(39.9)	(6.1)	-	-	**(299.1)**
Other expenses and income	28.4	(13.9)	(0.9)	(2.1)	0.1	-	**11.6**
Rental expense operating lease[1]	22.5	9.0	9.1	1.5	-	-	**42.1**
Operating profit/(loss)	**121.7**	**13.0**	**50.3**	**30.0**	**(0.2)**	**(2.0)**	**212.8**

For the nine months ended September 30, 2023 (€m)	**Portugal**	**Israel**	**Dominican Republic**	**Teads**	**Others**	**Inter-segment elimination**	**Total**
Revenues	**2,159.4**	**815.3**	**441.9**	**397.4**	**0.6**	**(15.6)**	**3,799.0**
Purchasing and subcontracting costs	(653.1)	(286.8)	(75.5)	-	-	9.8	**(1,005.6)**
Other operating expenses	(309.3)	(168.1)	(76.1)	(204.0)	(1.8)	1.7	**(757.6)**
Staff costs and employee benefit expenses	(347.3)	(65.5)	(28.3)	(107.7)	-	0.2	**(548.6)**
Total	**849.7**	**294.9**	**262.0**	**85.7**	**(1.2)**	**(3.9)**	**1,487.2**
Rental expense operating lease[1]	(69.2)	(26.1)	(25.7)	(4.1)	-	-	**(125.1)**
Adjusted EBITDA	**780.5**	**268.8**	**236.3**	**81.6**	**(1.2)**	**(3.9)**	**1,362.1**
Depreciation, amortisation and impairment	(493.5)	(238.5)	(111.4)	(11.8)	-	-	**(855.2)**
Other expenses and income	(228.9)	(9.0)	-	(4.1)	(4.2)	-	**(246.2)**
Rental expense operating lease[1]	69.2	26.1	25.7	4.1	-	-	**125.1**
Operating profit/(loss)	**127.3**	**47.4**	**150.6**	**69.8**	**(5.4)**	**(3.9)**	**385.8**

For the nine months ended September 30, 2022 (€m)	Portugal	Israel	Dominican Republic	Teads	Others	Inter-segment elimination	Total
Revenues	**1,934.6**	**891.3**	**445.1**	**408.7**	**0.6**	**(15.1)**	**3,665.2**
Purchasing and subcontracting costs	(570.0)	(313.1)	(89.6)	-	-	9.5	**(963.2)**
Other operating expenses	(307.0)	(179.8)	(73.5)	(205.7)	(2.2)	1.5	**(766.7)**
Staff costs and employee benefit expenses	(303.0)	(70.1)	(26.8)	(112.4)	-	0.2	**(512.1)**
Total	**754.6**	**328.3**	**255.2**	**90.6**	**(1.6)**	**(3.9)**	**1,423.2**
Share-based expense	-	-	-	-	-	-	-
Rental expense operating lease[1]	(66.7)	(27.4)	(24.9)	(4.3)	-	-	**(123.3)**
Adjusted EBITDA	**687.9**	**300.9**	**230.3**	**86.3**	**(1.6)**	**(3.9)**	**1,299.9**
Depreciation, amortisation and impairment	(511.5)	(265.9)	(108.0)	(19.2)	-	-	**(904.6)**
Other expenses and income	0.4	(22.9)	(1.2)	(5.5)	(19.2)	-	**(48.4)**
Rental expense operating lease[1]	66.7	27.4	24.9	4.3	-	-	**123.3**
Operating profit/(loss)	**243.5**	**39.5**	**146.0**	**65.9**	**(20.8)**	**(3.9)**	**470.2**

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

4.3.2. Other expenses and income

Other expenses and income mainly relate to provisions for ongoing and announced restructuring and other items (for example gains and losses on disposal of assets, deal fees on acquisitions of entities and provisions for litigations).

Details of costs incurred during the three and nine-month periods ended September 30, 2023 and 2022 are provided in the following table:

Other (expenses) and income (€m)	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Restructuring costs (including termination employee benefit expenses/(income))	1.4	36.0	0.4	71.1
Onerous contracts	-	-	(237.1)	-
Disputes and litigation	(0.7)	(18.9)	8.5	(131.4)
Net gain on sale of interest in assets and associates	0.1	2.2	16.9	41.8
Deal fees	(0.2)	(1.0)	(1.8)	(5.4)
Management fees	-	(0.9)	(0.6)	(3.2)
Other, net	(10.7)	(5.8)	(32.5)	(21.3)
Other (expenses) and income	**(10.1)**	**11.6**	**(246.2)**	**(48.4)**

4.3.2.1. Restructuring costs (including termination employee benefit expenses/(income))

For the nine-month period ended September 30, 2022, actuarial gains of €73.1 million were recorded in Portugal resulting from the remeasurement of the termination benefits liabilities (increase in the discount rate) for an amount of €47.5 million and from the reduction in healthcare plan benefits for an amount of €25.6 million.

4.3.2.2. Onerous contracts

For the nine-month period ended September 30, 2023, the Group recognized a provision for onerous contracts for an amount of €237.1 million relating to both the Sharing Agreement and the related distribution agreement with Sport TV in Portugal (please refer to note 3.3.2).

4.3.2.3. Disputes and litigation

For the nine-month period ended September 30, 2023, the line mainly includes the reversal of a portion of the provision for the Portuguese Competition Authority (PCA) investigation in Portugal (please refer to note 13.1.2).

For the nine-month period ended September 30, 2022, this includes mainly the liability related to litigation with the Portuguese Competition Authority (please refer to note 13.1.2), the settlement agreement related to the Israel Consumer class action and the settlement agreement between Cool Holding Ltd, H. Hadaros 2012 Ltd and the Israeli VAT authority in Israel.

4.3.2.4. Net gain on sale of interest in assets and associates

For the nine-month period ended September 30, 2022, this includes mainly the capital gain of €37.4 million related to the 2022 Portuguese tower transaction (please refer to note 3.2).

4.3.3. Reconciliation of profit / (loss) from continuing operations to Adjusted EBITDA

The tables below provide a reconciliation between of profit / (loss) from continuing operations to Adjusted EBITDA.

Reconciliation of profit / (loss) from continuing operations to Adjusted EBITDA (€m)	**Three months ended September 30, 2023**	**Three months ended September 30, 2022**	**Nine months ended September 30, 2023**	**Nine months ended September 30, 2022**
Profit / (loss) for the period from continuing operations	**(59.5)**	**250.9**	**(222.1)**	**650.1**
Income tax expense/(benefit)	33.0	49.6	51.9	(66.7)
Share of (gain) / loss of associates and joint ventures	1.1	1.9	9.4	8.9
Finance costs/(income), net	246.9	(89.6)	546.6	(122.1)
Operating profit/(loss)	**221.5**	**212.8**	**385.8**	**470.2**
Depreciation, amortization and impairment	285.8	299.1	855.2	904.6
Other expense and (income)	10.1	(11.6)	246.2	48.4
Rental expense operating lease	(41.7)	(42.1)	(125.1)	(123.3)
Adjusted EBITDA	**475.7**	**458.2**	**1,362.1**	**1,299.9**

4.3.4. Revenues by activity

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

For the three months ended September 30, 2023 (€m)	**Portugal**	**Israel**	**Dominican Republic**	**Teads**	**Others**	**Total**
Fixed	180.3	125.1	27.4	-	-	**332.8**
Mobile	128.7	57.2	84.5	-	-	**270.4**
Residential service	309.0	182.3	111.9	-	-	**603.2**
Residential equipment	32.4	19.8	8.7	-	-	**60.9**
Total Residential	341.4	202.1	120.6	-	-	**664.1**
Business services	400.8	64.7	26.8	-	0.4	**492.7**
Media	-	-	-	136.2	-	**136.2**
Total standalone revenues	**742.2**	**266.8**	**147.4**	**136.2**	**0.4**	**1,293.0**
Intersegment elimination	(4.8)	-	-	(0.4)	-	**(5.2)**
Total consolidated	**737.4**	**266.8**	**147.4**	**135.8**	**0.4**	**1,287.8**

For the three months ended September 30, 2022 (€m)	**Portugal**	**Israel**	**Dominican Republic**	**Teads**	**Others**	**Total**
Fixed	173.0	149.8	30.7	-	-	**353.5**
Mobile	123.6	67.6	91.4	-	-	**282.6**
Residential service	296.6	217.4	122.1	-	-	**636.1**
Residential equipment	33.4	27.5	10.0	-	-	**70.9**
Total Residential	330.0	244.9	132.1	-	-	**707.0**
Business services	350.4	67.2	28.1	-	0.2	**445.9**
Media	-	-	-	149.2	-	**149.2**
Total standalone revenues	**680.4**	**312.1**	**160.2**	**149.2**	**0.2**	**1,302.1**
Intersegment elimination	(5.6)	-	-	(0.3)	-	**(5.9)**
Total consolidated	**674.8**	**312.1**	**160.2**	**148.9**	**0.2**	**1,296.2**

For the nine months ended September 30, 2023 (€m)	Portugal	Israel	Dominican Republic	Teads	Others	Total
Fixed	540.5	385.5	84.2	-	-	**1,010.2**
Mobile	376.3	178.3	253.1	-	-	**807.7**
Residential service	916.8	563.8	337.3	-	-	**1,817.9**
Residential equipment	96.1	61.4	24.2	-	-	**181.7**
Total Residential	1,012.9	625.2	361.5	-	-	**1,999.6**
Business services	1,146.5	190.1	80.4	-	0.6	**1,417.6**
Media	-	-	-	397.4	-	**397.4**
Total standalone revenues	**2,159.4**	**815.3**	**441.9**	**397.4**	**0.6**	**3,814.6**
Intersegment elimination	(14.7)	-	-	(0.9)	-	**(15.6)**
Total consolidated	**2,144.7**	**815.3**	**441.9**	**396.5**	**0.6**	**3,799.0**

For the nine months ended September 30, 2022 (€m)	Portugal	Israel	Dominican Republic	Teads	Others	Total
Fixed	518.1	439.4	85.8	-	-	**1,043.3**
Mobile	362.1	190.5	252.5	-	-	**805.1**
Residential service	880.2	629.9	338.3	-	-	**1,848.4**
Residential equipment	83.9	73.9	28.1	-	-	**185.9**
Total Residential	964.1	703.8	366.4	-	-	**2,034.3**
Business services	970.5	187.5	78.7	-	0.6	**1,237.3**
Media	-	-	-	408.7	-	**408.7**
Total standalone revenues	**1,934.6**	**891.3**	**445.1**	**408.7**	**0.6**	**3,680.3**
Intersegment elimination	(14.3)	-	-	(0.8)	-	**(15.1)**
Total consolidated	**1,920.3**	**891.3**	**445.1**	**407.9**	**0.6**	**3,665.2**

The table below provides the standalone and consolidated revenues in accordance with IFRS 15 *Revenue from Contracts with Customers* for the three and nine-month periods ended September 30, 2023 and 2022.

Revenues split IFRS 15 (€m)	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Fixed residential	332.8	353.5	1,010.2	1,043.3
Mobile residential	270.4	282.6	807.7	805.1
Business services	459.0	416.1	1,318.3	1,147.9
Total telecom excluding equipment sales	**1,062.2**	**1,052.2**	**3,136.2**	**2,996.3**
Equipment sales	94.6	100.7	281.0	275.3
Media	136.2	149.2	397.4	408.7
Total standalone revenues	**1,293.0**	**1,302.1**	**3,814.6**	**3,680.3**
Intersegment elimination	(5.2)	(5.9)	(15.6)	(15.1)
Total consolidated	**1,287.8**	**1,296.2**	**3,799.0**	**3,665.2**

4.3.5. Capital expenditure

Capital expenditure is a key performance indicator tracked by the Group. The table below details the capital expenditure by segment and reconciles it to the payments to acquire capital items (tangible and intangible assets and contract costs) as presented in the consolidated statement of cash flows.

For the nine months ended September 30, 2023 (€m)	Portugal	Israel[1]	Dominican Republic	Teads	Others	Eliminations	Total
Capital expenditure – accrued	341.0	294.6	93.1	9.5	1.8	(4.1)	**735.9**
Capital expenditure - working capital items	(0.6)	(64.2)	(6.3)	-	-	1.3	**(69.8)**
Payments to acquire tangible and intangible assets and contract costs	340.4	230.4	86.8	9.5	1.8	(2.8)	**666.1**

1. The capital expenditure - accrued for Israel includes an amount of €86.0 million related to the indefeasible right of use ("IRU") signed with IBC.

For the nine months ended September 30, 2022 (€m)	Portugal	Israel[1]	Dominican Republic	Teads	Others	Eliminations	Total
Capital expenditure - accrued	339.7	324.4	104.4	6.1	-	(7.6)	**767.0**
Capital expenditure - working capital items	10.2	(81.0)	4.7	-	-	(0.7)	**(66.8)**
Payments to acquire tangible and intangible assets and contract costs	**349.9**	**243.4**	**109.1**	**6.1**	**-**	**(8.3)**	**700.2**

1. The capital expenditure - accrued for Israel includes an amount of €82.0 million related to the indefeasible right of use ("IRU") signed with IBC (please refer to note 3.2) and the acquisition of a customer base for €2.2 million.

4.3.6. Operating Free Cash Flow

For the nine months ended September 30, 2023 (€m)	Portugal	Israel	Dominican Republic	Teads	Others	Eliminations	Total
Adjusted EBITDA	780.5	268.8	236.3	81.6	(1.2)	(3.9)	**1,362.1**
Capital expenditure – accrued	(341.0)	(294.6)	(93.1)	(9.5)	(1.8)	4.1	**(735.9)**
Operating free cash flow (OpFCF)	**439.5**	**(25.8)**	**143.2**	**72.1**	**(3.0)**	**0.2**	**626.2**

For the nine months ended September 30, 2022 €m	Portugal	Israel	Dominican Republic	Teads	Others	Eliminations	Total
Adjusted EBITDA	687.9	300.9	230.3	86.3	(1.6)	(3.9)	**1,299.9**
Capital expenditure - accrued	(339.7)	(324.4)	(104.4)	(6.1)	-	7.6	**(767.0)**
Operating free cash flow (OpFCF)	**348.2**	**(23.5)**	**125.9**	**80.2**	**(1.6)**	**3.7**	**532.9**

5. Goodwill

5.1 Goodwill

Goodwill recorded in the consolidated statement of financial position was allocated to the different groups of cash generating units ("GCGU" or "CGU" for cash generating units) as defined by the Group.

Goodwill (€m)	January 1, 2023	Recognised on business combination	Changes in foreign currency translation	Held for sale	Other	September 30, 2023
Portugal	1,856.8	19.2	-	-	-	**1,876.0**
Israel	823.3	-	(52.5)	-	-	**770.8**
Dominican Republic	668.8	-	1.7	-	-	**670.5**
Others	204.9	-	-	-	-	**204.9**
Gross value	**3,553.8**	**19.2**	**(50.8)**	**-**	**-**	**3,522.2**
Portugal	-	-	-	-	-	-
Israel	(162.5)	-	10.8	-	-	**(151.7)**
Dominican Republic	-	-	-	-	-	-
Others	-	-	-	-	-	-
Cumulative impairment	**(162.5)**	**-**	**10.8**	**-**	**-**	**(151.7)**
Portugal	1,856.8	19.2	-	-	-	**1,876.0**
Israel	660.8	-	(41.7)	-	-	**619.1**
Dominican Republic	668.8	-	1.7	-	-	**670.5**
Others	204.9	-	-	-	-	**204.9**
Net book value	**3,391.3**	**19.2**	**(40.0)**	**-**	**-**	**3,370.5**

Goodwill (€m)	January 1, 2022	Recognised on business combination	Changes in foreign currency translation	Held for sale	Other	December 31, 2022
Portugal	1,822.1	34.7	-	-	-	1,856.8
Israel	873.3	-	(50.0)	-	-	823.3
Dominican Republic	618.3	-	50.5	-	-	668.8
Others	204.9	-	-	-	-	204.9
Gross value	**3,518.6**	**34.7**	**0.5**	**-**	**-**	**3,553.8**
Portugal	-	-	-	-	-	-
Israel	(172.8)	-	10.3	-	-	(162.5)
Dominican Republic	-	-	-	-	-	-
Others	-	-	-	-	-	-
Cumulative impairment	**(172.8)**	**-**	**10.3**	**-**	**-**	**(162.5)**
Portugal	1,822.1	34.7	-	-	-	1,856.8
Israel	700.5	-	(39.7)	-	-	660.8
Dominican Republic	618.3	-	50.5	-	-	668.8
Others	204.9	-	-	-	-	204.9
Net book value	**3,345.8**	**34.7**	**10.8**	**-**	**-**	**3,391.3**

5.2 Impairment of goodwill

Goodwill is tested at the level of each GCGU annually for impairment and whenever changes in circumstances indicate that its carrying amount may not be recoverable. Goodwill was tested at the GCGU level for impairment as of September 30, 2023.

The GCGU is at the country level where the subsidiaries operate. The recoverable amounts of the GCGUs are determined based on their value in use. The Group determined value in use for purposes of its impairment testing and, accordingly, did not determine the fair value less cost of disposal of the GCGUs. The key assumptions for the value in use calculations are primarily the pre-tax discount rates, the terminal growth rate, revenue, Adjusted EBITDA and capital expenditures. Following the application of IFRS 16 *Leases,* Adjusted EBITDA is defined as operating income before depreciation, amortization and impairment, other expenses and incomes (capital gains, non-recurring litigation, restructuring costs) and share-based expenses and after operating lease expenses (i.e., straight-line recognition of the rent expense over the lease term as performed under IAS 17 *Leases* for operating lease).

The Board of Managers and the Group’s senior executives have determined that there have not been any changes in circumstances indicating that the carrying amount of goodwill may not be recoverable. In addition, there were no significant changes in assets or liabilities in any GCGU, while the recoverable amounts continue to significantly exceed the carrying amounts. Therefore, based on the annual impairment test performed as at September 30, 2023, no impairment of goodwill was recorded.

5.2.1 Key assumptions used in impairment testing

The Group has made use of various external indicators and internal reporting tools to assess and estimate the key assumptions used in the Group’s impairment testing as of September 30, 2023.

5.2.2 Cash flows

The value in use of each GCGU was determined by estimating cash flows for a period of five years for the operating activities. Cash flow forecasts are derived from the most recent business plans approved by the Board of Managers. Beyond the specifically forecasted period of five years, the Company extrapolates cash flows for the remaining years based on an estimated constant growth rate between 1.8% and 3.8%. The growth rate is estimated at an individual GCGU level and does not exceed the average long-term growth rate for the relevant markets.

5.2.3 Discount rates

Discount rates have been estimated using pre-tax rates, which reflect current market rates for investments of similar risk. The discount rate for the GCGUs was estimated using the weighted average cost of capital (“WACC”) of companies that operate a portfolio of assets similar to the Group’s. The pre-tax discount rates used across the Group for the calculation of the value in use at September 30, 2023 range from 8.7% to 14.7%.

5.2.4 Other internal assumptions

The Group makes operational and financial assumptions including customer subscriber additions, churn rates and Adjusted EBITDA (and the Adjusted EBITDA margin), for example. These assumptions were based on historical experience and expectations of future changes in the market. The Group also assumes that recurring Capex is expected to be proportional to sales, related to the acquisition of new clients, and thus is indexed to the growth in revenues.

5.2.5 Assumptions about external factors

In addition to using internal indicators to assess the carrying amount in use, the Board of Managers also relies on external factors which can influence the cash generating capacity of the GCGUs and indicate that certain factors beyond the control of the Board of Managers might influence the carrying amounts in use:

- indicators of market slowdown in a country of operation;
- indicators of degradation in financial markets, that can impact the financing ability of the Group.

Key assumptions used in estimating value in use	Portugal	Israel	Dominican Republic	Teads
At September 30, 2023				
Average terminal growth rate (%)	1.9%	1.8%	3.8%	1.8%
5-year average Adjusted EBITDA margin (%)	37.6%	34.4%	53.5%	22.7%
5-year average Capex ratio (%)	9.3%	24.3%	19.4%	1.5%
Pre-tax discount rate (%)	8.7%	10.4%	14.4%	14.7%
Post-tax discount rate (WACC) (%)	6.5%	8.5%	11.5%	11.0%
At September 30, 2022				
Average terminal growth rate (%)	1.4%	1.5%	3.8%	1.5%
5-year average Adjusted EBITDA margin (%)	37.3%	36.5%	48.7%	27.1%
5-year average Capex ratio (%)	14.0%	27.6%	20.2%	2.0%
Pre-tax discount rate (%)	8.4%	9.0%	16.5%	15.1%
Post-tax discount rate (WACC) (%)	6.0%	7.5%	13.0%	11.0%

5.2.6 Sensitivity analysis

In validating the value in use determined for the GCGU, key assumptions used in the discounted cash-flow model were subject to a sensitivity analysis to test the resilience of the value in use. The sensitivity analysis of the GCGUs is presented below, given changes to the material inputs to the respective valuations:

Sensitivity to changes in key inputs in the value in use calculation	Portugal	Israel	Dominican Republic	Teads
Amount by which the GCGU exceeds the book value (€m)	11,406.7	197.7	1,159.2	1,447.4
Terminal growth rate for which recoverable amount is equal to carrying amount (%)	(41.8)%	0.8 %	(11.9)%	n.m.
Post-tax discount rate for which recoverable amount is equal to carrying amount (%)	20.0 %	9.3 %	20.4 %	63.3 %
Adjusted EBITDA margin for which recoverable amount is equal to carrying amount (%)	15.9 %	32.9 %	34.7 %	5.5 %
0.5% increase in the discount rate (€m)	(1,461.2)	(130.4)	(131.9)	(87.8)
1.0% decrease in the terminal growth rate (€m)	(2,234.1)	(199.4)	(198.3)	(123.9)

The analysis did not result in any scenarios whereby a reasonable possible change in the key assumptions would result in a recoverable amount for the GCGU which is significantly inferior to the carrying value, if applied to any other GCGU.

6. Financial assets

Financial assets (€m)	As of September 30, 2023	As of December 31, 2022
Derivative financial assets	316.2	435.8
Loans and receivables	3,708.1	3,433.2
Call options with non-controlling interests	17.4	17.4
Equity instruments at fair value through OCI	-	8.4
Other financial assets	162.2	22.0
Total	**4,203.9**	**3,916.8**
Current	*233.9*	*266.4*
Non-current	*3,970.0*	*3,650.4*

6.1. Derivative financial assets

The Group has significant borrowings and executes derivative contracts to hedge its position in compliance with its treasury policy. All derivatives are measured at their fair value at September 30, 2023. The total asset position as of September 30, 2023 was €316.2 million (December 31, 2022: €435.8 million). The decrease in the derivative financial assets is mainly related to the negative change in the mark to market of the swaps in Altice Financing (please refer to note 11).

Please also refer to note 8.2.3 for details on each of these derivatives held by the Group and to note 9 for information on the fair value of the derivatives, including the fair value hierarchy.

6.2. Loans and receivables

As of September 30, 2023, loans and receivables of the Group were €3,708.1 million. The Group's loans and receivables as of September 30, 2023 consisted of loans of the Company (€3,694.6 million) granted to related parties of the Company (mainly Altice Luxembourg and Altice UK S.à r.l.).

Advances paid to Group companies included in investing activities in the consolidated statement of cash flows for the nine-month period ended September 30, 2023 amounted to €211.3 million and were related to an additional loan to Altice Luxembourg (additional loans of €302.6 million decreased by the interest received of €91.3 million from Altice Luxembourg).

6.3. Call options with non-controlling interests

Through the various acquisitions that the Group has completed in recent years, the Company signed agreements whereby it has a call option to acquire certain residual non-controlling interests in entities in which it has not acquired 100%. The call options are derivative financial instruments and are re-measured to their fair value at September 30, 2023. Please also refer to note 9.1.

6.4. Other financial assets

The increase in other financial assets is mainly related to an increase in accrued interest on loans receivable from €7.5 million as at December 31, 2022 to €148.4 million at September 30, 2023, mainly with related parties of the Company.

7. Shareholders' equity

Equity attributable to owners of the Company (€m)	Notes	As of September 30, 2023	As of December 31, 2022
Issued capital	7.1	309.3	309.3
Other reserves	7.2	(178.4)	(167.2)
Retained earnings		493.0	1,089.5
Total		**623.9**	**1,231.6**

7.1. Issued capital

For the nine-month period ended September 30, 2023, there were no changes in the issued capital of the Company. Total issued capital of the Company as at September 30, 2023 was €309.3 million, comprising 30,925,700,000 outstanding ordinary shares, with a nominal value of €0.01 each.

7.2. Other reserves

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

Other reserves	September 30, 2023			December 31, 2022		
(€m)	Pre-tax amount	Tax effect	Net amount	Pre-tax amount	Tax effect	Net amount
Actuarial gains and losses	(79.3)	16.2	(63.1)	(89.0)	18.2	(70.8)
Items not reclassified to profit or loss	**(79.3)**	**16.2**	**(63.1)**	**(89.0)**	**18.2**	**(70.8)**
Fair value through OCI	-	-	-	6.5	(0.9)	5.6
Currency translation reserve	(115.3)	-	(115.3)	(102.0)	-	(102.0)
Items potentially reclassified to profit or loss	**(115.3)**	**-**	**(115.3)**	**(95.5)**	**(0.9)**	**(96.4)**
Total	**(194.6)**	**16.2**	**(178.4)**	**(184.5)**	**17.3**	**(167.2)**

7.3. Variation in non-controlling interests

The variations in non-controlling interests are presented in the table below:

Variations in non-controlling interests (€m)	**Altice Technical Services**	**FastFiber**	**Other**	**Total**
Opening balance at January 1, 2022	**(37.8)**	**16.8**	**(14.8)**	**(35.8)**
(Loss)/gain for the period	(2.6)	68.9	1.3	**67.6**
Other comprehensive income	(0.6)	0.1	(3.4)	**(3.9)**
Purchase of minority stake in Opticom Telecom Ltd	-	-	2.5	**2.5**
Dividends	-	(4.8)	(3.4)	**(8.2)**
Other	0.1	-	(0.1)	-
Closing at December 31, 2022	**(40.9)**	**81.0**	**(17.9)**	**22.2**
(Loss)/gain for the period	0.3	34.4	22.9	57.6
Other comprehensive income	(0.9)	-	0.2	(0.7)
Dividends	-	(18.7)	(0.5)	(19.2)
Other	-	-	1.4	1.4
Closing at September 30, 2023	**(41.5)**	**96.7**	**6.1**	**61.3**

The main change in non-controlling interests ("NCI") as of September 30, 2023 was the net income attributable to the non-controlling interests for the nine-month period ended September 30, 2023 of €57.6 million, and the dividends paid to non-controlling interests of €19.2 million, mainly related to FastFiber.

8. Borrowings, other financial liabilities and lease liabilities

Borrowings, other financial liabilities and lease liabilities (€m)	**Notes**	**September 30, 2023**	**December 31, 2022**
Long term borrowings, financial liabilities and related hedging instruments		**8,639.4**	**8,544.3**
- Debentures	*8.1*	6,231.2	*6,189.6*
- Loans from lenders	*8.1*	2,231.5	*2,175.2*
- Derivative financial instruments	*8.3*	*176.7*	*179.5*
Other non-current financial liabilities	*8.6*	**938.7**	**935.8**
Lease liabilities non-current	*8.6*	**945.7**	**960.1**
Non-current liabilities		**10,523.8**	**10,440.2**
Short term borrowing, financial liabilities and related hedging instruments		**401.1**	**24.1**
- Debentures	*8.1*	-	-
- Loans from lenders	*8.1*	383.3	*17.9*
- Derivative financial instruments	*8.3*	17.8	*6.2*
Other financial liabilities	*8.6*	**569.7**	**555.3**
- Other financial liabilities		425.8	*419.3*
- Bank overdraft		23.7	*1.1*
- Accrued interest		120.2	*134.9*
Lease liabilities current	*8.6*	**95.4**	**94.3**
Current liabilities		**1,066.2**	**673.7**
Total		**11,590.0**	**11,113.9**

8.1. Debentures and loans from lenders

Debentures and loans from lenders (€m)	**Notes**	**September 30, 2023**	**December 31, 2022**
Debentures	8.1.1	6,231.2	6,189.6
Loans from lenders	8.1.2	2,614.8	2,193.1
Total		**8,846.0**	**8,382.7**

8.1.1. Debentures

Maturity of debentures (€m)	**Less than one year**	**One year or more**	**September 30, 2023**	**December 31, 2022**
Altice Financing	-	5,557.2	5,557.2	5,515.7
Altice Finco	-	674.0	674.0	673.9
Total	-	**6,231.2**	**6,231.2**	**6,189.6**

The table below provides details of all debentures, in order of instrument and maturity.

Instrument	**Issuer**	**Face value**	**Coupon**	**Year of maturity**	**September 30, 2023**		**December 31, 2022**	
(€m, unless stated otherwise)		**in millions**			**Fair value**[1]	**Carrying amount**	**Fair value**[1]	**Carrying amount**
Senior unsecured notes	Altice Finco	€675	4.75%	2028	448.1	675.0	502.5	675.0
Senior secured notes	Altice Financing	€600	2.25%	2025	589.7	600.0	551.8	600.0
Senior secured notes	Altice Financing	$1,200	5.00%	2028	967.1	1,134.4	905.4	1,120.3
Senior secured notes	Altice Financing	€1,100	3.00%	2028	925.9	1,100.0	867.2	1,100.0
Senior secured notes	Altice Financing	$2,050	5.75%	2029	1,588.9	1,938.0	1,507.8	1,913.9
Senior secured notes	Altice Financing	€805	4.25%	2029	668.6	805.0	650.9	805.0
Transaction costs						*(21.2)*		*(24.6)*
Total value of bonds					**5,188.3**	**6,231.2**	**4,985.6**	**6,189.6**
Of which due within one year						-		-
Of which due after one year						*6,231.2*		*6,189.6*

1. Fair value is based on quoted prices (Level 1).

8.1.2. Loans from lenders

Maturity of loans from lenders (€m)	**Less than one year**	**One year or more**	**September 30, 2023**	**December 31, 2022**
Altice Financing (including RCF)	383.3	2,231.5	2,614.8	2,193.1
Total	**383.3**	**2,231.5**	**2,614.8**	**2,193.1**

The table below provides details of all term loans and revolving credit facilities.

Term loans and revolving credit facilities	**Borrower**	**Currency**	**Year of maturity**	**September 30, 2023**		**December 31, 2022**	
Type				**Face value**	**Carrying amount**	**Face value**	**Carrying amount**
Term loan	Altice Financing	USD	2027	1,419.2	1,505.0	1,450.8	1,493.8
Term loan	Altice Financing	USD	2026	124.9	124.9	124.4	124.4
Term loan	Altice Financing	USD	2025	176.9	176.9	176.0	176.0
Term loan	Altice Financing	EUR	2027	428.5	447.9	396.0	400.0
Term loan	Altice Financing	EUR	2026	49.5	49.5	49.9	49.9
RCF	Altice Financing	EUR	2027	360.5	360.5	-	-
Transaction costs					*(49.9)*		*(51.0)*
Total value of loans				**2,559.5**	**2,614.8**	**2,197.1**	**2,193.1**
Of which due within one year					*383.3*		*17.9*
Of which due after one year					*2,231.5*		*2,175.2*

8.2. Financing activities

8.2.1. Financing activities during the nine-month period ended September 30, 2023

8.2.1.1. Drawing and repayment of the Altice Financing Revolving Credit Facility

During the nine-month period ended September 30,2023, the Group drew €360.5 million of the Altice Financing Revolving Credit Facility (cumulative drawdown of €660.5 million and repayment of €300.0 million). A total of €217.7 million remained undrawn as of September 30, 2023 (please refer to note 8.5).

8.2.1.2. Swaps renegotiation

Following the amended and extended term loan refinancing closed in December 2022, the Group has renegotiated some swaps to extend the maturity date to 2027 and to adjust the rate. The characteristics of the derivatives are presented in note 8.2.3.

8.2.1.3. Additional term loan Altice Financing

Following the amended and extended term loan refinancing closed in December 2022, Altice Financing raised an additional amount of €50 million in April 2023.

8.2.2. Financing activities during the nine-month period ended September 30, 2022

8.2.2.1. Drawing and repayment of the Altice Financing Revolving Credit Facility

During the nine-month period ended September 30, 2022, the Group repaid €105.0 million of the Altice Financing Revolving Credit Facility (cumulative drawdown of €325.0 million and repayment of €430.0 million). A total of €140.0 million remained drawn as of September 30, 2022.

8.2.2.2. Restructuring of swaps

The Group restructured certain cross currency swaps over the course of the third quarter of 2022. As part of the restructuring, the Group received €101.9 million in cash. The impact for the nine-month period ended September 30, 2022 was recorded in Finance income in the line Realised and unrealized (losses)/gains on derivative instruments linked to financial debt (please refer to note 11).

8.2.3. Derivatives

As part of its financial risk management strategy, the Group uses derivative contracts to manage its risks. The main instruments used are fixed to fixed or fixed to floating cross-currency and interest rate swaps ("CCIRS") that cover against foreign currency and interest rate risk related to the Group's debt obligations.

The derivatives are all measured at fair value. The change in fair value is recognised immediately in profit or loss ("FVTPL").

8.2.3.1. CCIRS

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

Entity Maturity	**Notional amount due from counterparty (millions)**	**Notional amount due to counterparty (millions)**	**Interest rate due from counterparty**	**Interest rate due to counterparty**
Altice Financing S.A.				
May 2026	USD 1,012	EUR 884	10.50%	6.72%
May 2026	EUR 884	USD 1,012	6.72%	10.50%
May 2026	USD 350	EUR 306	6m LIBOR+0.00%	6m EURIBOR-0.02%
May 2026	EUR 306	USD 350	6m EURIBOR-0.02%	6m LIBOR+0.00%
October 2027	USD 485	EUR 474	3m SOFR+5.00%	3m EURIBOR+4.69%
January 2028	USD 1,200	EUR 1,154	5.00%	3.13%
August 2029	USD 1,925	EUR 1,776	5.75%	4.73%
August 2029	USD 125	EUR 107	5.75%	4.34%

8.2.3.2. Interest rate swaps

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

The details of the instruments are provided in the following table.

Entity Maturity	**Notional amount due from counterparty (millions)**	**Notional amount due to counterparty (millions)**	**Interest rate due from counterparty**	**Interest rate due to counterparty**
Altice Financing S.A.				
October 2026	EUR 750	EUR 750	3m EURIBOR+0.00%	1.75%

8.3. Reconciliation to swap adjusted debt

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

Net debt reconciliation (€m)	**September 30, 2023**	**December 31, 2022**
Debentures and loans from lenders	**8,846.0**	**8,382.7**
Transaction costs	71.1	75.6
Total (including transaction costs)	**8,917.1**	**8,458.3**
Conversion of debentures and loans in foreign currency (at closing spot rate)	(6,758.0)	(6,698.2)
Conversion of debentures and loans in foreign currency (at hedged rates)	6,737.8	6,721.8
Total swap adjusted debt	**8,896.9**	**8,481.9**
Finance lease liabilities and other debt	44.6	28.5
Gross debt	**8,941.5**	**8,510.4**
Cash and cash equivalents	(286.5)	(428.2)
Restricted cash	(41.1)	(42.0)
Net financial debt	**8,613.9**	**8,040.2**

Net financial debt is a non-GAAP measure as defined in note 4.2.2.4.

8.4. Reconciliation between net financial liabilities and net financial debt

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

Reconciliation between net financial liabilities and net financial debt (€m)	**September 30, 2023**	**December 31, 2022**
Financial liabilities	11,590.0	11,113.9
Derivative assets	(316.2)	(435.8)
Cash and cash equivalents	(286.5)	(428.2)
Restricted cash	(41.1)	(42.0)
Net financial liabilities - consolidated statement of financial position	**10,946.2**	**10,207.9**
Reconciliation:		
Transaction costs	71.1	75.6
Rate impact derivative instruments	101.5	273.7
Lease liabilities excluding financial leases	(1,041.1)	(1,054.0)
Reverse factoring and securitization	(312.8)	(305.1)
Accrued interest	(120.2)	(134.9)
Mandatory Convertible Notes Portugal	(910.5)	(905.3)
Mandatory Convertible Notes Altice Luxembourg	(96.5)	(93.2)
Put options with non-controlling interests	(2.2)	(2.2)
Deposits received	(0.4)	(0.4)
Debt on share purchase	(8.0)	(11.9)
Other debt and liabilities	(13.2)	(10.0)
Net financial debt	**8,613.9**	**8,040.2**

8.5. Available credit facilities

Available credit facilities (€m)	**Total facility**	**Drawn**
Altice Financing S.A.	578.2	360.5
Revolving credit facilities	**578.2**	**360.5**

8.6. Other financial liabilities and lease liabilities

Other financial liabilities	**September 30, 2023**			**December 31, 2022**		
(€m)	**Current**	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Lease liabilities	95.4	945.7	1,041.1	94.3	960.1	1,054.4
Reverse factoring	312.8	-	312.8	305.1	-	305.1
Accrued interest	120.2	-	120.2	134.9	-	134.9
Put options with non-controlling interests	2.2	-	2.2	2.2	-	2.2
Deposits received	-	0.4	0.4	-	0.4	0.4
Bank overdraft	23.7	-	23.7	1.1	-	1.1
Mandatory Convertible Notes Altice Portugal	-	910.5	910.5	-	905.3	905.3
Mandatory Convertible Notes Altice Luxembourg	96.5	-	96.5	93.2	-	93.2
Debt on share purchase	8.0	20.9	28.9	11.9	27.0	38.9
Other debt and liabilities	6.3	6.9	13.2	6.9	3.1	10.0
Total	**665.1**	**1,884.4**	**2,549.5**	**649.6**	**1,895.9**	**2,545.5**

The current portion of other financial liabilities amounts to €665.1 million as at September 30, 2023, an increase of €15.5 million compared to December 31, 2022. The non-current portion of other financial liabilities amounts to €1,884.4 million as at September 30, 2023, a decrease of €11.5 million compared to December 31, 2022. Details of the main items within the caption, and the movements from the prior period, are detailed below.

8.6.1. Lease liabilities

Leases relate to the current and non-current lease liabilities recorded in accordance with IFRS 16 *Leases*.

8.6.2. Reverse factoring

Through the use of reverse factoring structures, the Group extends its payment terms up to 360 days, reducing its requirements for working capital. The contractual arrangements in place permit the supplier to obtain the amounts invoiced at agreed payment terms with the amounts paid by the banks that participate in the reverse factoring structure. The Group will repay the banks the full invoice amount, with interest, on the scheduled payment date as required by the reverse factoring agreement. Based on the scheduled payment dates, the amounts payable under this arrangement are accounted for as current liabilities. As the amounts are payable to the participating banks, the amounts have been presented under Other financial liabilities. In the consolidated statement of cash flows, the operational cash flows related to reverse factoring are presented under Changes in working capital or Payments to acquire tangible and intangible assets and contract costs depending on the nature of the expenditure. In addition, the financing cash flows are presented under Proceeds related to payments made to suppliers through factoring arrangements and Payments made to factoring companies.

The increase in reverse factoring liability as of September 30, 2023 compared to December 31, 2022 is mainly due to the timing of payments.

8.6.3. Accrued interest

Accrued interest is the amount of interest due at the reporting date regarding the Company’s outstanding debentures and loans from financial institutions. The decrease in accrued interest as of September 30, 2023 is the consequence of coupon timing.

8.6.4. Put options with non-controlling interests

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

8.6.5. Mandatory Convertible Notes Portugal

On April 17, 2020, PT Portugal and Morgan Stanley Infrastructure Partners entered into a subscription agreement regarding the issuance and subscription to €1,600.0 million of mandatory convertible notes in which the parties subscribed considering the percentage of interest in equity of FastFiber. The amount of €910.5 million relates to the financial liability of the Group towards Morgan Stanley Infrastructure Partners, consisting of the notional amount of €799.8 million and an additional contribution of €5.2 million in 2023, €27.5 million in 2022, €29.0 million in 2021 and €49.0 million in 2020. The notes bear interest on their aggregate principal amount at the fixed rate of 6.00% per annum. Interest is due in May and November of each year. At any time on or after the date that is twenty years after the date of issue, all or part of the notes issued can be converted into shares with mutual consent. The principal of the convertible notes does not have a stated maturity and will never become payable in cash.

8.6.6. Mandatory Convertible Notes Altice Luxembourg

The Mandatory Convertible Notes ("MCN") were issued for an aggregate amount of €2,055 million, which were entirely subscribed by the Company's sole shareholder, Altice Luxembourg. These instruments are compound financial instruments that contain both a liability and an equity component. On December 30, 2020, the existing agreement was amended with a revised maturity date of December 31, 2023 and an interest rate which is based on the annual interest rate accrued on the Company's Senior Debt. The current portion of the MCN liability recorded at December 31, 2022 and September 30, 2023 are €93.2 million and €96.5 million respectively.

9. Fair value of financial assets and liabilities

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

Fair values of financial assets and liabilities	**September 30, 2023**		**December 31, 2022**	
(€m)	**Carrying value**	**Fair value**	**Carrying value**	**Fair value**
Cash and cash equivalents	286.5	286.5	428.2	428.2
Restricted cash	41.1	41.1	42.0	42.0
Derivatives	65.5	65.5	194.3	194.3
Call options on non-controlling interests	17.4	17.4	17.4	17.4
Loans and receivables with group companies	1.8	1.8	45.9	45.9
Other financial assets	149.2	149.2	8.8	8.8
Current financial assets	**561.5**	**561.5**	**736.6**	**736.6**
Derivatives	250.7	250.7	241.5	241.5
Equity instruments at fair value through OCI	-	-	8.3	8.3
Loans and receivables with group companies	3,706.3	3,868.5	3,387.3	3,631.7
Other financial assets	13.0	13.0	13.3	13.3
Non-current financial assets	**3,970.0**	**4,132.2**	**3,650.4**	**3,894.8**
Short term borrowings and financial liabilities	383.3	383.3	17.9	17.9
Derivatives	17.8	17.8	6.2	6.2
Lease liabilities	95.4	95.4	94.3	94.3
Reverse factoring	312.8	312.8	305.1	305.1
Accrued interest	120.2	120.2	134.9	134.9
Put options with non-controlling interests	2.2	2.2	2.2	2.2
Mandatory Convertible Notes Altice Luxembourg	96.5	96.5	93.2	93.2
Other financial liabilities	38.0	38.0	19.9	19.9
Current financial liabilities	**1,066.2**	**1,066.2**	**673.7**	**673.7**
Long term borrowings and financial liabilities	8,462.7	7,676.7	8,364.8	7,107.1
Derivatives	176.7	176.7	179.5	179.5
Lease liabilities	945.7	945.7	960.1	960.1
Mandatory Convertible Notes Portugal	910.5	910.5	905.3	905.3
Other financial liabilities	28.2	28.2	30.5	30.5
Non-current financial liabilities	**10,523.8**	**9,737.8**	**10,440.2**	**9,182.5**

During the nine-month period ended September 30, 2023, there were no transfers of financial assets or liabilities between levels of the fair value hierarchy. There are no non-recurring fair value measurements. The table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

9.1. Fair value hierarchy

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

Fair value measurement (€m)	**Fair value hierarchy**	**Valuation technique**	**September 30, 2023**	**December 31, 2022**
Financial Liabilities				
Derivative financial instruments	Level 2	Discounted cash flows	194.5	185.7
Minority Put Option - Intelcia Portugal Inshore	Level 3	Discounted cash flows	2.2	2.2
Financial Assets				
Derivative financial instruments	Level 2	Discounted cash flows	316.2	435.8
Minority Call option - Intelcia Portugal Inshore	Level 3	Black and Scholes model	17.4	17.4
Equity instruments at FVOCI - Partner Co. Ltd.	Level 1	Quoted share price	-	8.3

1 The decrease in Partner Co. Ltd. fair value is due to the disposal of shares during the nine-month period ended September 30, 2023.

9.2. Information on valuation techniques

9.2.1. Investments in listed entities

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

9.2.2. Derivative financial instruments

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

9.2.3. Put options

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

9.2.4. Call options

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

10. Taxation

10.1. Effective tax rate

Tax expense (€m)	**Nine months ended September 30, 2023**	**Nine months ended September 30, 2022**
Profit / (loss) before income tax and share of earnings of associates and joint ventures	(160.8)	592.3
Income tax benefit / (expense)	(51.9)	66.7
Effective tax rate	**(32%)**	**(11%)**

The Group is required to use an estimated annual effective tax rate to measure the income tax benefit or expense recognised in an interim period. The statutory tax rate in Luxembourg is 25%.

The Group recorded a tax expense of €51.9 million for the nine-month period ended September 30, 2023, reflecting a negative effective tax rate of 32% compared to an income tax benefit of €66.7 million for the nine-month period ended September 30, 2022, reflecting a negative effective tax rate of 11%. The non recognition of deferred tax assets related to tax losses, as well as the difference between the statutory tax rate in Luxembourg and local tax rates, had the effect of lowering the Group's effective tax rate for the nine-month period ended September 30, 2023.

During the nine-month period ended September 30, 2022, Cool Holding Ltd and H. Hadaros 2012 Ltd entered into a settlement agreement with the Israeli VAT authority to settle a dispute for the tax years 2013-2021. As a result of the settlement, a tax liability was reversed generating an income tax gain of €153.1 million. Excluding such reversal, the effective tax rate for the nine-month period ended September 30, 2022 would have been 15%. The use of tax losses not recognized as deferred tax assets, which are only partially offset by the permanent differences (mainly non-deductible financial expenses and the non-deductible provisions) had the effect of lowering the Group's effective tax rate for the nine-month period ended September 30, 2022.

10.2. Income tax litigation

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

Israel

The Israeli tax authorities (the "ITA") issued a tax assessment to Hot Telecommunication Systems Ltd (HOT) on December 27, 2022 for the tax years 2017 - 2020. In the tax assessment, the ITA has increased HOT's tax liability for the years 2017-2020 by the amount of €50.4 million (including interest and linkage expenses). The main claim of the ITA is related to the interest expenses deductibility. HOT is disputing the tax assessment and filed an appeal on March 23, 2023. Based on management's estimation and according to the external tax advisors, HOT has recognized the appropriate amount of provision according to its risk assessments as of September 30, 2023.

11. Finance income/(costs), net

Finance income/(costs), net **(€m)**	**For the three months ended September 30, 2023**	**For the three months ended September 30, 2022**	**For the nine months ended September 30, 2023**	**For the nine months ended September 30, 2022**
Interest relative to gross financial debt	**(148.0)**	**(113.4)**	**(428.8)**	**(319.7)**
Realized and unrealized (losses) / gains on derivative instruments linked to financial debt	**16.7**	**372.2**	**(79.0)**	**864.1**
Interest on lease liabilities	(20.5)	(19.7)	(60.9)	(57.7)
Net foreign exchange losses	(147.8)	(193.0)	(122.0)	(474.1)
Impairment of financial assets	(4.1)	(3.4)	(21.4)	(10.8)
Other	(27.2)	(10.8)	(76.4)	(44.8)
Other financial expenses	**(199.6)**	**(226.9)**	**(280.7)**	**(587.4)**
Interest income	80.8	55.7	232.5	159.5
Net foreign exchange gains	-	-	-	-
Other financial income	3.2	2.0	9.4	5.6
Finance income	**84.0**	**57.7**	**241.9**	**165.1**
Net result on extinguishment and remeasurement of financial liabilities	-	-	-	-
Net finance income / (costs)	**(246.9)**	**89.6**	**(546.6)**	**122.1**

The net finance cost for the nine-month period ended September 30, 2023 was €546.6 million compared to net finance income of €122.1 million for the same period in 2022. The change was mainly attributed to the following:

- For the nine-month period ended September 30, 2023, the Group's interest on debt amounted to €428.8 million compared to €319.7 million for the nine-month period ended September 30, 2022. The increase is due to a combination of an increase in gross financial debt and higher interest rates following the amended and extended term loan closed in December 2022 and drawing of the Altice Financing Revolving Credit Facility during the nine-month period ended September 30, 2023;
- Realized and unrealized losses on derivative instruments of €79.0 million for the nine-month period ended September 30, 2023 compared to gains of €864.1 million for the same period in 2022, due to a negative

variation in the mark to market driven by unfavourable variation of the interest rate portion of the swaps of Altice Financing;

- Net foreign exchange losses of €122.0 million for the nine-month period ended September 30, 2023 compared to losses of €474.1 million for the same period in 2022, mainly due to the foreign exchange effect on long term debt of Altice Financing.

12. Contractual obligations and commercial commitments

During the nine-month period ended September 30, 2023, no significant contractual obligations and commercial commitments have been signed as compared to the year ended December 31, 2022.

13. Litigation

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

During the nine-month period ended September 30, 2023, there was no significant new proceedings or developments in existing litigations that have occurred since the publication of the annual consolidated financial statements as of December 31, 2022 and that have had or that may have a significant effect on the financial position of the Group, except the following:

13.1. Portugal

13.1.1. European Commission Investigation

Please refer to note 30.1.1 of the annual consolidated financial statements for a description of the litigation.

On April 27, 2023, Altice Group Lux S.à r.l. received the opinion of the Advocate General, that advises the Court to dismiss the company’s appeal.

On November 9, 2023, the Court of Justice dismissed the Altice Group Lux S.à r.l.’s appeal and further reduced the amount of one of the two fines by €3.2 million, thus reducing the total amount of the two fines to €115.1 million (excluding accrued interest).

As of September 30, 2023, a liability of €127.5 million (including accrued interest) is recorded at Altice Portugal, as it is the acquiring entity of PT Portugal. On July 25, 2018, Altice Financing issued a bank guarantee to the European Commission of €124.5 million (excluding accrued interest). Following the judgment of the General Court on September 22, 2021, the bank guarantee was reduced by €6.2 million to an amount of €118.3 million.

13.1.2. Portuguese Competition Authority investigation

On December 20, 2019, MEO has received a Statement of Objections from the Portuguese Competition Authority (PCA) regarding its preliminary view that both MEO and NOWO – Communications, S.A. which operates as a MVNO using MEO’s network, were part of a cartel for market sharing and price fixing of mobile services, sold either on a standalone basis or in bundles of fixed and mobile telecommunications services. The PCA concluded that this alleged illegal practice took place between 2017 and 2018. MEO firmly denies the existence of any cartel. On February 19, 2020, MEO has submitted its written defence to the Statement of Objections.

On December 3, 2020, the PCA notified MEO of its decision to impose upon it a fine of €84 million for market sharing and price fixing of mobile and fixed telecommunications services with NOWO. MEO fully disagrees with the PCA’s unexpected decision. On January 19, 2021, MEO filed a judicial appeal against the decision before the Competition, Supervision and Regulation Court to request the decision to be annulled and to be acquitted of all charges. The appeal for the annulment of the fine was accepted on April 21, 2022 and the Court hearing took place in May 2022. The sentence was issued on June 4, 2022 and the Court confirmed the decision of the PCA to impose a fine of €84 million to MEO. MEO submitted its appeal to the Higher Court in September 2022. Given the Court's decision, a provision of €84 million was recognized as of December 31, 2022.

During the year ended December 31, 2022, in order to suspend the payment of the fine, MEO gave a real estate property as collateral, the fair value of which is estimated at €25 million, and presented a parent company guarantee from its sole shareholder PT Portugal amounting to €59 million.

On February 20, 2023, MEO was notified of the Higher Court's decision, which reduced the fine imposed by the PCA from €84 million to €70 million. In response, MEO has argued for irregularities and annulment of the Higher Court's decision and has also filed an appeal to the Constitutional Court, all of which produce a suspensive effect.

Following the Higher Court's decision, the provision was reduced from €84 million to €70 million during the first quarter of 2023 (please refer to note 4.3.2.3).

13.2. Israel

Israeli Consumer class action

In June 2014, a claim and a motion to approve it as class action was filed at the Central District Court against HOT- Telecommunication Systems Ltd. and HOT Telecom (together "HOT"). The claim is based on the allegation that HOT violated its licenses terms by failing to meet the required standards for response times in its call centers and by failing to operate the call centers during the entire working hours as required. In addition, the claimants argue that HOT did not comply with the Consumer Protection Regulations regarding the operation of a call back service in its call centers. The amount of the claim was estimated by the claimants at €11.3 million. On August 26, 2017, the Court certified the motion to approve the claim as class action based on the causes described above. Following the Court's decision, the parties submitted their statements of claim and defense and preliminary proceedings were conducted. At the recommendation of the Court, the parties agreed to conduct mediation proceedings. On September 11, 2022, the parties filed the settlement agreement to the Court. On October 19, 2022, a Court hearing took place regarding the settlement agreement and following the Judge's comments, on November 3, 2022, an amended agreement was submitted to the Court. On March 7, 2023, a Court hearing was held regarding the Government General Counsel's comments with respect to the settlement agreement. In June 2023, the Court approved the settlement agreement and the settlement agreement will be implemented over the next three years.

Based on management's estimation after consulting with the company's external legal attorneys, HOT has recognized the appropriate amount of provision according to its risk assessments as of September 30, 2023.

14. Events after the reporting period

14.1. Term Loan raise

On October 2, 2023, the Company announced that it has successfully raised a new €800 million Term Loan following. The new Term Loan, due October 2027, is priced at 5.00% over EURIBOR. Proceeds will be used to redeem, defease or otherwise discharge the outstanding €600 million 2.25% Senior Secured Notes maturing in 2025 in full, with excess proceeds going to repay RCF.

14.2. War in Israel

On October 7, 2023, the State of Israel suffered a surprise attack, which led to the declaration of the 'Iron Swords' War (the "War"). The War is on-going as of the issuance date of these condensed interim consolidated financial statements. As a consequence of the situation, the Company's operations in Israel (HOT) are impacted. More specifically, HOT is affected by a reduction of revenue in the fixed segment (subscription fees have been frozen for the evicted Israeli population in the South and in the North of the country) and in the mobile segment (reduced equipment sales due to closing of shops, prepaid revenues and roaming as less customers are travelling abroad and less visitors are coming to Israel) as well as business services revenue related to the construction of the fibre network for IBC (many local authorities currently prohibit construction). Based on the Company's current assessment, its physical infrastructure (namely mobile towers and the HFC network) was not significantly affected.

The evolution of the situation is uncertain and closely followed. Based on its current assessment, the Company expects a negative effect on its results of operations in Israel in the fourth quarter of 2023 due to the War, the extent of which cannot be quantified at this stage.