Altice International S.à r.l.

Condensed Interim Consolidated Financial Statements

As of and for the three and nine-month periods ended September 30, 2021

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Interim Consolidated Statement of Income **(€m)**	**Notes**	**Three months ended September 30, 2021**	**Three months ended September 30, 2020**	**Nine months ended September 30, 2021**	**Nine months ended September 30, 2020**
Revenues	4	**1,088.6**	**1,021.2**	**3,153.0**	**2,956.4**
Purchasing and subcontracting costs	4	(270.3)	(257.7)	(821.1)	(724.6)
Other operating expenses	4	(224.1)	(215.5)	(638.3)	(635.6)
Staff costs and employee benefits	4	(146.1)	(119.4)	(410.2)	(349.4)
Depreciation, amortization and impairment	4	(296.9)	(297.0)	(890.7)	(905.3)
Other (expenses) and income[1]	4	(10.2)	(0.4)	(375.1)	66.1
Operating profit	4	**141.0**	**131.2**	**17.6**	**407.6**
Interest relative to gross financial debt	11	(97.4)	(105.2)	(297.2)	(432.1)
Realized and unrealized (losses) / gains on derivative instruments linked to financial debt	11	15.1	(164.7)	153.2	(51.1)
Other financial expenses	11	(155.4)	(17.3)	(211.6)	(123.0)
Finance income	11	114.0	164.5	187.0	119.8
Net result on extinguishment and remeasurement of financial liabilities	11	(89.5)	(15.0)	(89.5)	439.0
Finance income / (costs), net		**(213.2)**	**(137.7)**	**(258.1)**	**(47.4)**
Share of gain/(loss) of associates and joint ventures		-	4.3	(4.4)	2.5
Profit/(loss) before income tax		**(72.2)**	**(2.2)**	**(244.9)**	**362.7**
Income tax benefit / (expense)	10	(16.1)	(23.8)	14.2	(9.9)
Profit/(loss) for the year from continuing operations		**(88.3)**	**(26.0)**	**(230.7)**	**352.8**
Attributable to equity holders of the parent		*(94.6)*	*(39.1)*	*(254.2)*	*335.2*
Attributable to non-controlling interests		*6.3*	*13.1*	*23.5*	*17.6*

1. Other (expenses) and income for the nine-month period ended September 30, 2021 include mainly the provision for a voluntary employee reduction program for €348.2 million and a provision related to termination payments payable to employees of €23.3 million in Portugal. Other (expenses) and income for the three-month period ended September 30, 2021 include mainly the provision for a voluntary employee reduction program for €12.4 million and a provision related to termination payments payable to employees of €2.8 million in Portugal.

Interim Consolidated Statement of Comprehensive Income **(€m)**	**Three months ended September 30, 2021**	**Three months ended September 30, 2020**	**Nine months ended September 30, 2021**	**Nine months ended September 30, 2020**
Profit/(loss) for the period	**(88.3)**	**(26.0)**	**(230.7)**	**352.8**
Other comprehensive income / (loss)				
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	(31.2)	(19.8)	(45.5)	(9.3)
Cash flow hedges - effective portion of changes in fair value	15.4	(11.7)	14.8	26.9
Cash flow hedges - reclassified to profit or loss	5.5	3.6	7.8	100.0
Related taxes	(5.2)	2.0	(5.6)	(42.0)
Item that will not be reclassified subsequently to profit or loss				
Fair value of financial assets through OCI	-	(1.0)	(0.7)	(1.0)
Actuarial gain/(loss)	(18.6)	(18.7)	18.6	3.5
Related taxes	3.9	3.9	(3.9)	(0.8)
Total other comprehensive income / (loss)	**(30.2)**	**(41.7)**	**(14.5)**	**77.3**
Total comprehensive income / (loss) for the period	**(118.5)**	**(67.7)**	**(245.2)**	**430.1**
Attributable to equity holders to the parent	*(125.3)*	*(80.1)*	*(269.8)*	*413.7*
Attributable to non-controlling interests	*6.8*	*12.4*	*24.6*	*16.4*

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, 2021	As of December 31, 2020
Non-current assets			
Goodwill	5	3,342.6	3,139.1
Other intangible assets		1,043.1	1,159.9
Property, plant & equipment		3,487.0	3,438.6
Right-of-use assets		831.5	802.4
Contract costs		114.4	107.8
Investment in associates and joint ventures		53.8	15.2
Financial assets	6	2,681.1	2,562.2
Deferred tax assets		299.4	153.9
Other non-current assets		201.0	182.4
Total non-current assets		**12,053.9**	**11,561.5**
Current assets			
Inventories		142.3	119.1
Contract assets		39.8	36.9
Trade and other receivables		1,430.4	1,415.8
Current tax assets		6.5	22.8
Financial assets	6	141.0	207.5
Cash and cash equivalents		487.8	354.0
Restricted cash		38.8	39.3
Assets classified as held for sale[1]		11.0	-
Total current assets		**2,297.6**	**2,195.4**
Total assets		**14,351.5**	**13,756.9**
Equity			
Issued capital	7.1	309.3	309.3
Other reserves	7.2	(174.7)	(159.1)
Accumulated gains/(losses)	7	353.9	605.9
Equity attributable to equity holders of the parent		**488.5**	**756.1**
Non-controlling interests	3.4	(23.6)	(20.1)
Total equity		**464.9**	**736.0**
Non-current liabilities			
Long-term borrowings, financial liabilities and related hedging instruments	8	7,722.0	7,395.9
Other financial liabilities	8.7	1,069.5	1,033.6
Non-current lease liabilities	8.7	938.9	805.5
Provisions[2]		1,002.7	861.4
Deferred tax liabilities		87.1	88.0
Non-current contract liabilities		48.4	54.4
Other non-current liabilities		123.8	25.9
Total non-current liabilities		**10,992.4**	**10,264.7**
Current liabilities			
Short-term borrowings, financial liabilities and related hedging instruments	8	47.8	92.3
Other financial liabilities	8.7	642.1	808.4
Current lease liabilities	8.7	83.2	83.7
Trade and other payables		1,579.5	1,371.6
Contract liabilities		109.1	106.4
Current tax liabilities		221.7	189.4
Provisions[3]		189.1	87.7
Other current liabilities		14.5	16.7
Liabilities directly associated with assets classified as held for sale[1]		7.2	-
Total current liabilities		**2,894.2**	**2,756.2**
Total liabilities		**13,886.6**	**13,020.9**
Total equity and liabilities		**14,351.5**	**13,756.9**

1. The assets classified as held for sale and liabilities directly associated with assets classified as held for sale as of September 30, 2021 related mainly to Altice Pay in Portugal, which is under a sale process.
2. The increase in the non-current provisions is mainly related to the Portugal pre-retirement program that was launched in March 2021 (please refer to note 3.3.1).
3. As of September 30, 2021, the current portion of the termination benefit provisions was reclassified from the non-current provisions to the current provision for an amount of €104.6 million.

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 Common Shares A	Share capital	(Accumulated losses)/retained earnings	Currency translation reserve	Cash flow hedge reserve	Fair value through OCI	Employee benefits	Total equity attributable to equity holders of the parent	Non-controlling interests	Total equity
Equity at January 1, 2021	**30,925,700,000**	**309.3**	**605.9**	**(33.1)**	**(16.8)**	**3.5**	**(112.7)**	**756.1**	**(20.1)**	**736.0**
Profit / (loss) for the period		-	(254.2)	-	-	-	-	(254.2)	23.5	**(230.7)**
Other comprehensive profit/(loss)		-	-	(46.4)	16.8	(0.7)	14.7	(15.6)	1.1	**(14.5)**
Comprehensive profit/(loss)		**-**	**(254.2)**	**(46.4)**	**16.8**	**(0.7)**	**14.7**	**(269.8)**	**24.6**	**(245.2)**
Transactions with non-controlling interests[1]		-	(19.5)	-	-	-	-	(19.5)	0.3	**(19.2)**
Dividends		-	-	-	-	-	-	-	(28.7)	**(28.7)**
Other		-	21.7	-	-	-	-	21.7	0.3	**22.0**
Equity at September 30, 2021	**30,925,700,000**	**309.3**	**353.9**	**(79.5)**	**-**	**2.8**	**(98.0)**	**488.5**	**(23.6)**	**464.9**

1. Transactions with non-controlling interests mainly related to the change in the fair value of minority put options of Teads and Intelcia Portugal Inshore S.A. ("Intelcia Portugal Inshore").

Interim Consolidated Statement of Changes in Equity (€m)	Number of shares on issue Common Shares A	Share capital	(Accumulated losses)/retained earnings	Currency translation reserve	Cash flow hedge reserve	Fair value through OCI	Employee benefits	Total equity attributable to equity holders of the parent	Non-controlling interests	Total equity
Equity at January 1, 2020	**30,925,700,000**	**309.3**	**(583.1)**	**(38.5)**	**(94.7)**	**1.9**	**(124.7)**	**(529.8)**	**(12.3)**	**(542.1)**
Profit / (loss) for the period		**-**	335.2	-	-	**-**	**-**	**335.2**	17.6	**352.8**
Other comprehensive (loss)/profit		**-**	-	(8.1)	84.9	**(1.0)**	**2.7**	**78.5**	(1.2)	**77.3**
Comprehensive profit/(loss)		**-**	**335.2**	**(8.1)**	**84.9**	**(1.0)**	**2.7**	**413.7**	**16.4**	**430.1**
Transactions with non-controlling interests[2]	**-**	**-**	1,106.8	-	-	**-**	**-**	1,106.8	3.8	**1,110.6**
Dividends		**-**	-	-	-	**-**	**-**	**-**	(9.4)	**(9.4)**
Other		**-**	(1.4)	-	-	**-**	**-**	(1.4)	0.1	**(1.3)**
Equity at September 30, 2020	**30,925,700,000**	**309.3**	**857.5**	**(46.6)**	**(9.8)**	**0.9**	**(122.0)**	**989.3**	**(1.4)**	**987.9**

2. Transactions with non-controlling interest mainly related to the sale of 49.99% of the Portuguese fibre business (please refer to note 3.2.2.) and the change in the fair value of minority put options of Teads.

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)	**Notes**	**Nine months ended September 30, 2021**	**Nine months ended September 30, 2020**
Profit/(loss) for the period		**(230.7)**	**352.8**
adjustments for:			
Depreciation, amortization and impairment		890.7	905.3
Share of (gain)/loss of associates and joint ventures		4.4	(2.5)
Other non-cash operating items, net[1]		261.5	(33.5)
Finance income/(costs), net recognised in the statement of income	11	258.1	47.4
Income tax expense/(benefit) recognised in the statement of income	10	(14.2)	9.9
Income tax paid		(97.9)	(23.2)
Pension plan liability payments		(91.5)	(80.9)
Changes in working capital[2]		12.7	(54.9)
Net cash provided by operating activities		**993.1**	**1,120.4**
Payments to acquire tangible and intangible assets and contract costs	4.3.5	(605.9)	(606.8)
Proceeds from sale of tangible and intangible assets[3]	3.1.2	220.9	10.9
Payments related to acquisition of interests in associates	3.1.1	(45.4)	-
Proceeds related to acquisition of interests in associates		8.5	211.0
Payments for acquisition of consolidated entities, net of cash	3.1.3	(123.9)	(4.0)
Advances paid to group companies		(21.3)	(1,533.2)
Proceeds from repayments of advances to group companies[4]		-	521.1
Transfers from/(to) restricted cash		(0.9)	1.2
Dividend received		1.9	2.3
Other investing activities		(8.1)	(2.1)
Net cash used in investing activities		**(574.2)**	**(1,399.6)**
Proceeds from issuance of debt instruments	8.2.1	2,760.0	3,455.9
Payments to redeem debt instruments	8.2.1	(2,529.4)	(4,273.8)
Transaction with non-controlling interests		(0.8)	-
Proceeds from the sale of minority stake	3.2.2	-	1,576.0
Proceeds related to payments made to suppliers through factoring arrangements[5]		337.3	331.6
Payments made to factoring companies[5]		(340.1)	(346.5)
Dividends paid to non-controlling interests		(26.5)	(9.5)
Lease payment (principal) related to ROU		(64.9)	(59.8)
Lease payment (interest) related to ROU		(50.8)	(52.3)
Interest paid[6]		(305.0)	(400.1)
Proceeds from monetization of swaps		34.6	41.5
Other cash used by financing activities[7]		(108.6)	(96.3)
Net cash from / (used in) financing activities		**(294.2)**	**166.7**
Classification of cash as held for sale		-	-
Effects of exchange rate changes on the balance of cash held in foreign currencies		9.1	(16.4)
Net change in cash and cash equivalents		**133.8**	**(128.9)**
Cash and cash equivalents at beginning of the period		354.0	395.5
Cash and cash equivalents at end of the period		**487.8**	**266.6**

1 Other non-cash items include allowances and writebacks for provisions and capital gains and losses recorded on the disposal of assets. For the nine months ended September 30, 2021, other non-cash items include mainly the provision for a voluntary employee reduction program for €348.2 million and a provision related to termination payments payable to employees of €23.3 million in Portugal, please refer to note 3.3.1.

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

3 Mainly proceeds related to the 2021 Portuguese tower transaction for an amount of €215.2 million, which was closed on September 30, 2021 (please refer to note 3.1.2).

4 Advances paid to Group companies are included in investing activities in the consolidated interim financial statements, and the comparative figures as of September 30, 2020 have been restated by reclassifying the amount of €521.1 million from financing activities to investing activities. For the nine-month period ended September 30, 2020, proceeds from repayment of advances to Group companies mainly relate to a repayment of an advance of €520.1 million which the Company received from Altice CVC Lux S.à r.l..

5 The comparative figures as of September 30, 2020 have been restated by presenting the proceeds related to payments made to suppliers through factoring arrangements of €331.6 milion and payments made to factoring companies €346.5 million separately in the consolidated interim statement of cash flows.

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

7 For the nine months ended September 30, 2021, other cash used in financing activities mainly includes €78.9 million of call premium related to the redemption of the Altice Financing 2026 notes (please refer to 8.2.1.2.) and €13.2 million interest on factoring arrangements. For the nine months ended September 30, 2020, other cash used for financing activities mainly consisted of €100.3 million of call premium related to the repayment of bonds resulting from the refinancing transactions which occurred during the nine months ended September 30, 2020 and €13.8 million interest on factoring arrangements.

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 responsabilité limitée*") incorporated in Luxembourg, headquartered at 5, rue Eugène Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg. The Company is the parent company of a consolidated group (the "Group").

The 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, 2021, Next Alt S.à r.l. indirectly held 92.76% 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, 2021 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 16, 2021.

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, 2020 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, 2021.

These condensed interim consolidated financial statements have been prepared on a going concern basis. For COVID-19 details, please refer to note 1.4 of the annual consolidated financial statements.

2.1.1. Standards applicable for the reporting period

The following standards have mandatory application for periods beginning on or after January 1, 2021 as described in note 1.3.2 to the annual consolidated financial statements:

- Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16), effective for annual periods beginning on or after January 1, 2021.

The application of the Interest Rate Benchmark Reform – Phase 2 had no material impact on the amounts recognised and on the disclosures in these condensed interim consolidated financial statements.

2.1.2. Standards and interpretations not applicable as of reporting date

The Group has not early adopted the following standards and interpretations, for which application is not mandatory for periods starting from January 1, 2021 and that may impact the amounts reported:

- Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*, effective date of the amendments has not yet been determined by the IASB;
- Amendments in Classification of Liabilities as Current or Non-Current (Amendments to IAS 1), effective on or after January 1, 2023;
- Amendments to IAS 8 *Definition of Accounting Estimates*, effective on or after January 1, 2023 with earlier application permitted;
- Annual Improvements to IFRS Standards 2018-2020, effective on or after January 1, 2022; 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 Board of Managers anticipates that the application of those amendments will not have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities.

2.1.3. Significant accounting judgments and estimates

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

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

These key areas of judgments and estimates, as disclosed in the annual consolidated financial statements are:
- Revenue recognition;
- Estimations of provisions for claims;
- Measurement of post-employment benefits;
- Fair value measurement of financial instruments;
- Measurement of deferred taxes;
- Estimation of useful lives of intangible assets and property, plant and equipment;
- Impairment of intangible assets;
- Estimation of impairment losses for contract assets and trade receivables;
- Determination of the right-of-use assets and lease liabilities;
- Assessment of control.

As of September 30, 2021, there were no changes in the key areas of judgements and estimates.

3. Significant events

The following changes occurred during the nine-month period ended September 30, 2021, which impacted the scope of consolidation compared to that presented in the annual consolidated financial statements.

3.1. Acquisitions and disposals in the current period

3.1.1. IBC Acquisition Israel

On September 15, 2020, HOT Telecommunications Systems Ltd (HOT) announced that it has taken a minority stake in IBC Israel Broadband (IBC). Post-closing, HOT became an equal partner in the IBC Partnership (that holds 70% of IBC's share capital), together with Cellcom and Israel Infrastructure Fund (IIF) and HOT holds indirectly 23.3% of IBC's share capital, through an investment in the company of €45.4 million, substantially equal to the investment made by each of Cellcom and IIF. There is an agreement between IBC and HOT, under which HOT undertakes to purchase an indefeasible right, or IRU, to use IBC's fibre-optic network. There is also a service agreement between IBC and HOT, under which IBC undertakes to purchase certain services from HOT. The transaction was closed on February 11, 2021 following the regulatory and third-party approvals. Following the closing of the transaction, HOT exercises a significant influence over IBC, that is accounted for under the equity method based on the provisions of IAS 28 *Investments in Associates and Joint Ventures.*

3.1.2. The 2021 Portuguese tower transaction

On May 26, 2021, PT Portugal entered into an exclusivity agreement with Cellnex Telecom for the demerger and sale of a business unit consisting of a set of mobile towers, other passive mobile infrastructure and related rights and obligations for an implied enterprise value of approximately €209 million. The transaction was closed on September 30, 2021, following customary regulatory approvals. Total cash proceeds amounted to €215.2 million (which include the enterprise value adjusted for positive working capital as of the closing date of €6.2 million). The total capital gain recorded for the three-month and nine-month periods ended September 30, 2021 amounted to €88.5 million (please refer to note 4.3.2.2).

Following the transaction, PT Portugal and Cellnex Telecom have entered into a Master Service Agreement (“MSA”) related to the newly carved-out sites, the main terms of which are similar to the one of the 2018 towers transaction (please refer to note 3.1.9 of the of the 2018 annual consolidated financial statements). As a consequence of the MSA, the lease liabilities increased for a total amount of €94.1 million (please refer to note 8.7.1). Based on the provisions of IFRS 16 *Leases*, with respect to sale and lease back transactions, no right of use assets related to the MSA was recorded in the statement of financial position as it was recorded in reduction of the capital gain of the transaction.

3.1.3. Unisono Group acquisition

On August 6, 2021, the Company through its subsidiary Altice Portugal, signed and closed the acquisition of Unisono Solution Group S.L ("Unisono Group"), which is engaged in the provision of outsourced customer experience management (contact centre and business process service), and consulting and digital transformation services in Spain, Colombia, Chile and the United Kingdom. The total purchase price for the sale and purchase of the shares was €133.2 million, which represents 100% of the voting shares. Unisono Group is directly owned by Intelcia Portugal Inshore S.A., which is 65%-owned by PT Portugal and thus the economic interest of the Group in Unisono Group is 65%.

The table below presents the major classes of assets and liabilities of Unisono Group as of September 30, 2021.

Acquisition of business (€m)	**Unisono Group**
Consideration transferred	133.2
Assets	
Non-current assets	9.0
Trade receivables and others	18.6
Cash and cash equivalents	10.1
Other current assets	0.8
Total assets	**38.5**
Equity and liabilities	
Non-current liabilities	-
Current liabilities	(27.4)
Total liabilities	**(27.4)**
Net assets	11.1
Residual goodwill	**122.1**

The values of the assets and liabilities assumed have been determined on a provisional basis as being equivalent to the book values in the accounting records of Unisono Group. Due to the proximity of the date of acquisition to the balance sheet date, the Group is yet to assess the fair value of the identifiable assets and liabilities. The exercise will be completed within the measurement period as defined by IFRS 3.

Following the preliminary purchase price allocation, the goodwill recognised from business combinations during the nine-month period ended September 30, 2021 was €122.1 million. The amount of goodwill is fully tax deductible.

The revenues and the net profit for the period of Unisono Group from the acquisition date to the reporting date (from August 6, 2021 to September 30, 2021), are €24.4 million and €0.3 million respectively.

Had the acquisition of Unisono Group been completed on January 1, 2021, the Group would have earned, on a pro-forma basis, revenues of €122.4 million and net profit for the period of €3.9 million for the nine-month period ended September 30, 2021.

3.2. Acquisitions and disposals in the prior period

3.2.1. Sale of a 25% equity stake in OMTEL

On January 2, 2020, Altice Europe N.V. announced the sale of the 25% equity interest held by PT Portugal in Belmont Infra Holding S.A. ("Belmont"), that owns 100% in a tower company OMTEL, to Cellnex Telecom S.A.. Total cash proceeds amounted to €201.0 million. The total capital gain recorded for the three-month period ended March 31, 2020 amounted to €97.7 million (please refer to note 4.3.2.2).

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

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

On December 12, 2019, PT Portugal entered into an agreement with Morgan Stanley Infrastructure Partners regarding the sale of a 49.99% interest in the Portuguese fibre business to be carved-out into a dedicated wholesale vehicle, FastFiber (formerly known as Altice Portugal FTTH), comprising of the fibre passive infrastructure assets and rights, related contracts and underlying agreements, thereby creating a nationwide fibre wholesaler in Portugal. On April 17, 2020, the transaction was closed and the Group received €1,576 million of proceeds from this transaction (€1,573.1 million on closing and €2.9 million of purchase price adjustment), for the sale of 49.99% of the share capital of FastFiber (€773.3 million) and for the sale of 49.99% of the existing intercompany loan (€799.8 million), which was simultaneously converted into mandatory convertible notes (please refer to note 8.7.5). The proceeds from the transaction were partly used to further deleverage the Group's debt. Furthermore, the Group recorded a receivable representing the net present value of an earnout of €375 million due December 2021. A second earnout is due in December 2026 subject to some performance conditions and the Company did not take into consideration this second earnout in the valuation of the purchase price and thus the capital gain recognized at closing of the transaction. Following the closing of the transaction, PT Portugal continues to control and fully consolidate FastFiber. The transaction resulted in the recognition of a non-controlling interest of €4.0 million and a gain of €1,111.5 million in equity.

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

3.3. Other significant events

3.3.1. Portugal pre-retirement program

In connection with an ongoing transformation process of the Group in Portugal, in a severe context resulting not only from the COVID-19 pandemic but also from a hostile and troubled regulatory environment, some of the Group companies in Portugal have launched a voluntary employee reduction program in March 2021. This program is aimed at employees of 50 years old or more and those that decide to enroll in the program, subject to the companies' acceptance, have their employment agreements terminated and will be entitled to receive a monthly fixed compensation up to retirement age corresponding to a percentage of their previous remuneration. The deadline for employees to enroll in the program has finished in the second quarter and the selection process of the employees allowed to terminate their employment agreements under this pre-retirement scheme was concluded during the third quarter of 2021. As of September 30, 2021, management considered that the conditions for recording a liability were met under IAS 19 *Employee benefits* and thus a liability was recognised in the caption "provisions" in the statement of financial position and in the caption "other (expense) and income" of the nine-months income statement for an amount of €348.2 million, relating to approximately 1,150 employees and corresponding primarily to the present value of salaries payable up to retirement age to the employees that agreed to terminate their employment agreements under pre-retirement schemes. In addition, during the nine months ended September 30, 2021, a provision related to termination payments payable to employees was recorded for an amount of €23.3 million.

As of September 30, 2021, the liability related to the pre-retirement program was €339.6 million recorded in current provisions for an amount of €38.7 million and non-current provisions for an amount of €300.9 million.

3.3.2. Purchase of certain minority interests in Teads

In 2017, Altice International entered into certain arrangements pursuant to which it had the option to purchase, and the managers of Teads had the option to sell, certain minority interest in Teads (via indirect holding companies) with an exercise price based on a pre-determined formula. The financial liability relating to the put options based on the discounted cash flows valuation and the financial asset relating to the call options based on the Black and Scholes model were recognized in the consolidated financial statements (please refer to notes 9.1 and 9.2).

Following the exercise of the put options by certain Teads managers by the end of September 30, 2021, the financial liability was reclassified in the caption "trade and other payables" of the statement of financial position for an amount of €140.0 million and the call option related to the Teads managers that have exercised their put options was reversed in the consolidated statement of income for an amount of €121.7 million. As of September 30, 2021, the remaining amount of the financial liability related to the put options was €69.9 million and the remaining amount of the call options was €47.1 million. Please refer to note 14.5 related to the purchase of the minority interests in Teads.

3.4. Variation in non-controlling interest

Variations in non-controlling interests (€m)	**Altice Technical Services**	**FastFiber**	**Other**	**Group**
Opening balance at January 1, 2020	**(27.4)**	**-**	**15.1**	**(12.3)**
(Loss)/gain for the period	(3.4)	11.7	6.0	**14.3**
Other comprehensive income	(1.0)	-	(0.4)	**(1.4)**
Sale of Tnord and Sudtel to Portugal	3.4	-	(3.4)	**-**
FastFiber transaction	-	15.0	(11.0)	**4.0**
Teads NCI cancellation	-	-	(14.4)	**(14.4)**
Teads put option	-	-	(2.0)	**(2.0)**
Dividends	(6.4)	-	(2.1)	**(8.5)**
Other	-	-	0.2	**0.2**
Closing at December 31, 2020	**(34.8)**	**26.7**	**(12.0)**	**(20.1)**
(Loss)/gain for the period	(4.7)	27.0	1.2	**23.5**
Other comprehensive income	1.0	-	0.1	**1.1**
Dividends	(2.2)	(22.3)	(4.2)	**(28.7)**
Other	0.1	-	0.5	**0.6**
Closing at September 30, 2021	**(40.6)**	**31.4**	**(14.4)**	**(23.6)**

The main changes in non-controlling interests ("NCI") as at September 30, 2021 were:

- net income attributable to the non-controlling interest for the nine-month period ended September 30, 2021 of €23.5 million, mainly related to Fastfiber;
- dividends paid to non-controlling interest for the nine-month period ended September 30, 2021 of €28.7 million, mainly related to Fastfiber.

4. Segment reporting

4.1. Definition of segments

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

The segments that are presented are detailed below:

- **Portugal**: The Group owns Portugal Telecom ("PT Portugal"), the largest telecom operator in Portugal. PT Portugal provides fixed residential, mobile residential and business services clients using the MEO brand. This segment also includes the Altice Technical Services entities in Portugal.
- **Israel**: Fixed and mobile services are provided using the HOT telecom, HOT mobile and HOT net brands to residential and business services clients. HOT also produces award winning exclusive content that it distributes using its fixed network, as well as content application called Next and OTT services through Next Plus. This segment also includes the Altice Technical Services entity in Israel.
- **Dominican Republic**: The Group provides fixed residential, mobile residential and business services using the Altice brand. This segment also includes the Altice Technical Services entity in the Dominican Republic.
- **Teads**: Provides digital advertising solutions. 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, and
- Operating free cash flow ("OpFCF"): by segment.

4.2.1. Revenues

Additional information on the revenue split is presented as follows:
- Residential revenue
    - Fixed: revenues from fixed services to B2C customers;
    - Mobile: revenues from mobile services to B2C subscribers;
    - Equipment business to B2C subscribers;
- Business services: revenues from B2B customers, wholesale and other revenues; and
- Media: media and advertisement revenues in Teads.

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

4.2.2. Non-GAAP measures

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

4.2.3. 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*.

4.2.4. 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.

4.2.5. 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 Cashflows*.

4.3. Segment results

4.3.1. Operating profit by segment

For the three months ended September 30, 2021 €m	Portugal	Israel	Dominican Republic	Teads	Others	Inter-segment elimination	Total
Revenues	**589.4**	**248.0**	**123.2**	**129.9**	**0.2**	**(2.1)**	**1,088.6**
Purchasing and subcontracting costs	(162.8)	(79.7)	(25.3)	-	-	(2.5)	**(270.3)**
Other operating expenses	(96.0)	(50.6)	(20.9)	(59.1)	(0.7)	3.2	**(224.1)**
Staff costs and employee benefit expenses	(90.0)	(20.0)	(7.5)	(28.6)	-	-	**(146.1)**
Total	**240.6**	**97.7**	**69.5**	**42.2**	**(0.5)**	**(1.4)**	**448.1**
Share-based expense	-	-	-	-	-	-	**-**
Rental expense operating lease[1]	(18.8)	(9.7)	(5.8)	(1.0)	-	-	**(35.3)**
Adjusted EBITDA	**221.8**	**88.0**	**63.7**	**41.2**	**(0.5)**	**(1.4)**	**412.8**
Depreciation, amortisation and impairment	(176.0)	(83.5)	(31.4)	(6.0)	-	-	**(296.9)**
Share-based expense	-	-	-	-	-	-	**-**
Other expenses and income	76.0	(2.2)	2.6	(70.4)	(16.2)	-	**(10.2)**
Rental expense operating lease[1]	18.8	9.7	5.8	1.0	-	-	**35.3**
Operating profit/(loss)	**140.6**	**12.0**	**40.7**	**(34.2)**	**(16.7)**	**(1.4)**	**141.0**

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

For the nine months ended September 30, 2021 €m	Portugal	Israel	Dominican Republic	Teads	Others	Inter-segment elimination	Total
Revenues	**1,689.2**	**736.0**	**361.6**	**371.7**	**0.6**	**(6.1)**	**3,153.0**
Purchasing and subcontracting costs	(482.6)	(261.9)	(79.2)	-	(0.1)	2.7	**(821.1)**
Other operating expenses	(268.1)	(147.0)	(58.0)	(163.7)	(1.9)	0.4	**(638.3)**
Staff costs and employee benefit expenses	(243.8)	(59.5)	(22.1)	(84.7)	(0.2)	0.1	**(410.2)**
Total	**694.7**	**267.6**	**202.3**	**123.3**	**(1.6)**	**(2.9)**	**1,283.4**
Share-based expense	0.4	0.2	0.3	-	-	-	**0.9**
Rental expense operating lease[1]	(56.0)	(24.7)	(16.3)	(3.5)	-	-	**(100.5)**
Adjusted EBITDA	**639.1**	**243.1**	**186.3**	**119.8**	**(1.6)**	**(2.9)**	**1,183.8**
Depreciation, amortisation and impairment	(531.9)	(245.8)	(94.3)	(18.7)	-	-	**(890.7)**
Share-based expense	(0.4)	(0.2)	(0.3)	-	-	-	**(0.9)**
Other expenses and income	(279.4)	(6.5)	1.5	(73.0)	(17.8)	0.1	**(375.1)**
Rental expense operating lease[1]	56.0	24.7	16.3	3.5	-	-	**100.5**
Operating profit/(loss)	**(116.6)**	**15.3**	**109.5**	**31.6**	**(19.4)**	**(2.8)**	**17.6**

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

1 This line corresponds to the operating lease expenses whose impacts are included in Adjusted EBITDA following the definition stated in note 4.2.3

4.3.2. Other expenses and income

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

Details of costs incurred during the three and nine-month periods ended September 30, 2021 and 2020 are provided in the following table:

Other expenses and income **(€m)**	**For the three months ended September 30, 2021**	**For the three months ended September 30, 2020**	**For the nine months ended September 30, 2021**	**For the nine months ended September 30, 2020**
Restructuring costs (including termination employee benefit costs)	15.2	1.4	371.5	4.2
Disputes and litigation	(3.7)	(1.8)	(5.1)	11.7
Net gain on sale of interest in assets and associates	(89.2)	(6.6)	(95.2)	(106.7)
Deal fees	4.6	-	7.3	-
Management fees	(2.0)	1.6	4.2	(8.3)
Other, net	85.3	5.8	92.4	33.0
Other expenses and (income)	**10.2**	**0.4**	**375.1**	**(66.1)**

4.3.2.1. Restructuring costs (including termination employee benefit costs)

For the nine-month period ended September 30, 2021, termination employee benefit costs and a provision for termination for a total amount of €348.2 million were recognized as part of the pre-retirement program launched in March 2021, for which €12.4 million were recognized during the third quarter 2021 (please refer to note 3.3.1). In addition, during the nine-month period ended September 30, 2021, a provision related to termination payments payable to employees was recorded for an amount of €23.3 million.

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

For the nine-month period ended September 30, 2021, this related mainly to the capital gain of €88.5 million from the 2021 Portuguese tower transaction (please refer to note 3.1.2) and the capital gain of €6.1 million from the sale of a 50% stake in Janela Digital in Portugal (the cash proceeds for the sale were €8.5 million). For the nine-month period ended September 30, 2020, this related mainly to the capital gain of €97.7 million from the sale of Portugal's 25% equity stake in Belmont (please refer to note 3.2.1).

4.3.2.3. Deal fees

The deal fees for the nine-month period ended September 30, 2021 mainly include the fees related to the initial public offering ("IPO") of Teads, that was postponed due to unsatisfactory equity market conditions as compared to the growth prospects of Teads.

4.3.2.4. Other, net

For the nine-month period ended September 30, 2021, this mainly includes an expense of €66.0 million related to a one-time fee for Pierre Chappaz and Bertrand Quesada (founders of Teads) granted in July 2021. This amount will be paid by Teads in May 2022 and October 2022 and is presented in the statement of financial position in the captions "Trade and other payables" and "Other non-current liabilities" for an amount of €35.6 million and €30.4 million respectively.

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, 2021**	**Three months ended September 30, 2020**	**Nine months ended September 30, 2021**	**Nine months ended September 30, 2020**
Profit / (loss) for the period from continuing operations	**(88.3)**	**(26.0)**	**(230.7)**	**352.8**
Income tax benefit / (expense)	16.1	23.8	(14.2)	9.9
Share of gain /(loss) of associates and joint ventures	-	(4.3)	4.4	(2.5)
Finance income / (costs), net	213.2	137.7	258.1	47.4
Operating (loss) / profit	**141.0**	**131.2**	**17.6**	**407.6**
Depreciation, amortization and impairment	296.9	297.0	890.7	905.3
Other (expenses) and income	10.2	0.4	375.1	(66.1)
Share-based expense	-	0.3	0.9	0.8
Rental expense operating lease	(35.3)	(33.0)	(100.5)	(98.3)
Adjusted EBITDA	**412.8**	**395.9**	**1,183.8**	**1,149.3**

4.3.4. Revenue by activity

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

For the nine months ended September 30, 2021 €m	**Portugal**	**Israel**	**Dominican Republic**	**Teads**	**Others**	**Total**
Fixed	493.7	412.8	70.3	-	-	**976.8**
Mobile	351.7	158.8	203.8	-	-	**714.3**
Residential service	845.4	571.6	274.1	-	-	**1,691.1**
Residential equipment	78.5	51.4	23.6	-	-	153.5
Total Residential	923.9	623.0	297.7	-	-	**1,844.6**
Business services	765.3	113.0	63.9	-	0.6	**942.8**
Media	-	-	-	371.7	-	**371.7**
Total standalone revenues	**1,689.2**	**736.0**	**361.6**	**371.7**	**0.6**	**3,159.1**
Intersegment elimination	(5.2)	-	-	(0.9)	-	**(6.1)**
Total consolidated	**1,684.0**	**736.0**	**361.6**	**370.8**	**0.6**	**3,153.0**

For the nine months ended September 30, 2020 €m	**Portugal**	**Israel**	**Dominican Republic**	**Teads**	**Others**	**Total**
Fixed	461.6	431.2	70.7	-	-	**963.5**
Mobile	349.8	160.3	207.4	-	-	**717.5**
Residential service	811.4	591.5	278.1	-	-	**1,681.0**
Residential equipment	72.7	49.1	27.4	-	-	**149.2**
Total Residential	884.1	640.6	305.5	-	-	**1,830.2**
Business services	678.8	95.0	64.1	-	0.5	**838.4**
Media	-	-	-	290.7	-	**290.7**
Total standalone revenues	**1,562.9**	**735.6**	**369.6**	**290.7**	**0.5**	**2,959.3**
Intersegment elimination	(2.3)	-	-	(0.6)	-	**(2.9)**
Total consolidated	**1,560.6**	**735.6**	**369.6**	**290.1**	**0.5**	**2,956.6**

For the three months ended September 30, 2021 €m	Portugal	Israel	Dominican Republic	Teads	Others	Total
Fixed	165.4	141.2	24.4	-	-	**331.0**
Mobile	120.6	54.7	70.8	-	-	**246.1**
Residential service	286.0	195.9	95.2	-	-	**577.1**
Residential equipment	28.5	15.2	6.8	-	-	**50.5**
Total Residential	314.5	211.1	102.0	-	-	**627.6**
Business services	274.9	36.9	21.2	-	0.2	**333.2**
Media	-	-	-	129.9	-	**129.9**
Total standalone revenues	**589.4**	**248.0**	**123.2**	**129.9**	**0.2**	**1,090.7**
Intersegment elimination	(1.9)	-	-	(0.2)	-	**(2.1)**
Total consolidated	**587.5**	**248.0**	**123.2**	**129.7**	**0.2**	**1,088.6**

For the three months ended September 30, 2020 €m	Portugal	Israel	Dominican Republic	Teads	Others	Total
Fixed	157.3	139.3	22.1	-	-	**318.7**
Mobile	119.0	52.1	65.9	-	-	**237.0**
Residential service	276.3	191.4	88.0	-	-	**555.7**
Residential equipment	28.0	19.4	10.2	-	-	**57.6**
Total Residential	304.3	210.8	98.2	-	-	**613.3**
Business services	236.7	32.7	20.8	-	0.2	**290.4**
Media	-	-	-	118.5	-	**118.5**
Total standalone revenues	**541.0**	**243.5**	**119.0**	**118.5**	**0.2**	**1,022.2**
Intersegment elimination	(0.9)	-	0.1	(0.2)	-	**(1.0)**
Total consolidated	**540.1**	**243.5**	**119.1**	**118.3**	**0.2**	**1,021.2**

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, 2021 and 2020.

Revenues split IFRS 15 (€m)	For the three months ended September 30, 2021	For the three months ended September 30, 2020	For the nine months ended September 30, 2021	For the nine months ended September 30, 2020
Fixed residential	331.0	318.7	976.8	963.5
Mobile residential	246.1	237.0	714.3	717.5
Business services	309.8	267.8	855.7	774.5
Total telecom excluding equipment sales	**886.9**	**823.5**	**2,546.8**	**2,455.5**
Equipment sales	73.9	80.2	240.6	213.1
Media	129.9	118.5	371.7	290.7
Total standalone revenues	**1,090.7**	**1,022.2**	**3,159.1**	**2,959.3**
Intersegment elimination	(2.1)	(1.0)	(6.1)	(2.9)
Total consolidated	**1,088.6**	**1,021.2**	**3,153.0**	**2,956.4**

4.3.5. Capital expenditure

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

For the nine months ended September 30, 2021 €m	Portugal	Israel[1]	Dominican Republic	Teads	Others	Eliminations	Total
Capital expenditure – accrued	338.1	249.6	80.6	5.6	-	(1.5)	**672.4**
Capital expenditure - working capital items	(9.2)	(52.5)	(4.2)	-	-	(0.6)	**(66.5)**
Payments to acquire tangible and intangible assets and contract costs	**328.9**	**197.1**	**76.4**	**5.6**	**-**	**(2.1)**	**605.9**

1. The capital expenditure - accrued for Israel includes an amount of €61.9 million related to the indefeasable right of use ("IRU") signed with IBC (please refer to note 3.1.1).

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

4.3.6. Operating Free Cash Flow

For the nine months ended September 30, 2021 €m	Portugal	Israel	Dominican Republic	Teads	Others	Eliminations	Total
Adjusted EBITDA	639.1	243.1	186.3	119.8	(1.6)	(2.9)	**1,183.8**
Capital expenditure - accrued	(338.1)	(249.6)	(80.6)	(5.6)	-	1.5	**(672.4)**
Operating free cash flow (OpCFC)	**301.0**	**(6.5)**	**105.7**	**114.2**	**(1.6)**	**(1.4)**	**511.4**

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

5. Goodwill

Goodwill is tested at the level of each GCGU ("Group Cash-Generating Unit") or CGU annually for impairment and whenever changes in circumstances indicate that its carrying amount may not be recoverable. Goodwill was tested at the CGU/GCGU level for impairment as of December 31, 2020. The CGU/GCGU is at the country level where the subsidiaries operate. The recoverable amounts of the GCGUs are determined based on their value in use. The Group determined 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 CGU/GCGU. Therefore, no updated impairment testing was performed, nor any impairment recorded, for the nine-month period ended September 30, 2021.

During the nine-month period ended September 30, 2021, the goodwill increased by €195 million which is mainly explained by the acquisition of Unisono Group which was closed on August 6, 2021 (please refer to note 3.1.3) and the foreign exchange effect on goodwill denominated in local currencies.

6. Financial assets

Financial assets (€m)	Note	As of September 30, 2021	As of December 31, 2020
Derivative financial assets	6.1	71.7	78.1
Loans and receivables	6.2	2,583.0	2,498.3
Call options with non-controlling interests	6.3	60.6	162.7
Equity instruments at fair value through OCI		5.2	5.8
Other financial assets		101.6	24.8
Total		**2,822.1**	**2,769.7**
Current		*141.0*	*207.5*
Non-current		*2,681.1*	*2,562.2*

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, 2021. The total asset position as of September 30, 2021 was €71.7 million (December 31, 2020: €78.1 million). Please also refer to note 8.3 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 at September 30, 2021, loans and receivables of the Group were €2,583 million. The Group's loans and receivables as of September 30, 2021, mainly consisted of loans and advances in Altice Financing S.A. ("Altice Financing") for €1,420.2 million, the Company for €825.8 million and Altice Holdings S.à r.l. for €334.5 million granted to entities within the Altice Group (mainly Altice Group Lux S.à r.l. ("Altice Group Lux"), Altice Luxembourg and Altice Corporate Financing S.à r.l.).

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, 2021. Please also refer to notes 3.3.2 and 9.1.

7. Shareholders' equity

Equity attributable to owners of the Company (€m)	Notes	As of September 30, 2021	As of December 31, 2020
Issued capital	7.1	309.3	309.3
Other reserves	7.2	(174.7)	(159.1)
Accumulated gains/(losses)		353.9	605.9
Total		**488.5**	**756.1**

7.1. Issued capital

For the nine-month period ended September 30, 2021, there were no changes in the issued capital of the Company. Total issued capital of the Company as at September 30, 2021 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, cash flow hedge and employee benefits reserves are provided below.

Other reserves	September 30, 2021			December 31, 2020		
(€m)	Pre-tax amount	Tax effect	Net amount	Pre-tax amount	Tax effect	Net amount
Actuarial gains and losses	(123.8)	25.9	(97.9)	(142.3)	29.6	(112.7)
Items not reclassified to profit or loss	**(123.8)**	**25.9**	**(97.9)**	**(142.3)**	**29.6**	**(112.7)**
Fair value through OCI	2.8	-	2.8	3.5	-	3.5
Currency translation reserve	(79.6)	-	(79.6)	(33.1)	-	(33.1)
Cash flow hedge reserve	-	-	-	(22.6)	5.8	(16.8)
Items potentially reclassified to profit or loss	**(76.8)**	**-**	**(76.8)**	**(52.2)**	**5.8**	**(46.4)**
Total	**(200.6)**	**25.9**	**(174.7)**	**(194.5)**	**35.4**	**(159.1)**

8. Borrowings, other financial liabilities and lease liabilities

Borrowings, other financial liabilities and lease liabilities (€m)	Notes	September 30, 2021	December 31, 2020
Long term borrowings, financial liabilities and related hedging instruments		**7,722.0**	**7,395.9**
- Debentures	*8.1*	*5,745.9*	*5,348.7*
- Loans from lenders	*8.1*	*1,765.4*	*1,698.3*
- Derivative financial instruments	*8.3*	*210.7*	*348.9*
Other non-current financial liabilities	*8.7*	**1,069.5**	**1,033.6**
Lease liabilities non-current		**938.9**	**805.5**
Non-current liabilities		**9,730.4**	**9,235.0**
Short term borrowing, financial liabilities and related hedging instruments		**47.8**	**92.3**
- Debentures	*8.1*	-	-
- Loans from lenders	*8.1*	*18.6*	*17.8*
- Derivative financial instruments	*8.3*	*29.2*	*74.5*
Other financial liabilities	*8.7*	**642.1**	**808.4**
- Other financial liabilities		*541.3*	*669.0*
- Bank overdraft		*17.2*	*0.2*
- Accrued interest		*83.6*	*139.2*
Lease liabilities current		**83.2**	**83.7**
Current liabilities		**773.1**	**984.4**
Total		**10,503.5**	**10,219.4**

8.1. Debentures and loans from lenders

Debentures and loans from lenders (€m)	Notes	September 30, 2021	December 31, 2020
Debentures	8.1.1	5,745.9	5,348.7
Loans from lenders	8.1.2	1,784.0	1,716.1
Total		**7,529.9**	**7,064.8**

8.1.1. Debentures

Maturity of debentures (€m)	Less than one year	One year or more	September 30, 2021	December 31, 2020
Altice Financing	-	5,072.2	5,072.2	4,675.2
Altice Finco	-	673.7	673.7	673.5
Total	**-**	**5,745.9**	**5,745.9**	**5,348.7**

The table below provides details of all debentures.

Instrument (€m, unless stated otherwise)	Issuer	Face value in millions	Coupon	Year of maturity	September 30, 2021 Fair value	September 30, 2021 Carrying amount	December 31, 2020 Fair value	December 31, 2020 Carrying amount
Senior unsecured notes	Altice Finco	€675	4.75%	2028	643.5	675.0	652.8	675.0
Senior secured notes	Altice Financing	$1,925	5.75%	2029	1,611.9	1,663.6	-	-
Senior secured notes	Altice Financing	€700	4.25%	2029	686.9	700.0	-	-
Senior secured notes	Altice Financing	$1,200	5.00%	2028	989.1	1,037.1	1,004.7	981.6
Senior secured notes	Altice Financing	€1,100	3.00%	2028	1,035.4	1,100.0	1,058.9	1,100.0
Senior secured notes	Altice Financing	$2,750	7.50%	2026	-	-	2,127.6	2,021.0
Senior secured notes	Altice Financing	€600	2.25%	2025	577.5	600.0	579.0	600.0
Transaction costs					-	*(29.8)*	-	*(28.8)*
Total value of bonds					**5,544.3**	**5,745.9**	**5,423.0**	**5,348.7**
Of which due within one year					-	-	-	-
Of which due after one year					*5,544.3*	*5,745.9*	*5,423.0*	*5,348.7*

8.1.2. Loans from lenders

Maturity of loans from lenders (€m)	Less than one year	One year or more	September 30, 2021	December 31, 2020
Altice Financing (including RCF)	18.6	1,765.4	1,784.0	1,716.1
Others	-	-	-	-
Total	**18.6**	**1,765.4**	**1,784.0**	**1,716.1**

The table below provides details of all loans.

Term loans and revolving credit facilities Type	Borrower	Currency	Year of maturity	September 30, 2021 Face value (EUR) / (USD)	September 30, 2021 Carrying amount (EUR)	December 31, 2020 Face value (EUR) / (USD)	December 31, 2020 Carrying amount (EUR)
Term loan	Altice Financing	USD	2025	871.3	753.2	878.2	718.3
Term loan	Altice Financing	USD	2026	866.3	748.6	873.0	714.1
Term loan	Altice Financing	EUR	2026	288.8	288.8	291.0	291.0
Transaction costs					*(6.6)*		*(7.3)*
Total value of loans					**1,784.0**		**1,716.1**
Of which due within one year					*18.6*		*17.8*
Of which due after one year					*1,765.4*		*1,698.3*

8.2. Financing activities

8.2.1. Financing activities during the nine-month period ended September 30, 2021

8.2.1.1 .Drawing and repayment of Altice Financing Revolving Credit Facility

On January 13, 2021, the Group drew down €125.0 million of the Altice Financing Revolving Credit Facility. Subsequently, on March 15, 2021 and March 31, 2021, the Group repaid €100.0 million and €25.0 million respectively of the Altice Financing Revolving Credit Facility.

On April 8, 2021, the Group drew down €50.0 million of the Altice Financing Revolving Credit Facility. Subsequently, on May 10, 2021, the Group repaid €50.0 million of the Altice Financing Revolving Credit Facility.

On July 13, 2021, July 14, 2021 and August 5, 2021 the Group drew down €95.7 million, €14.3 million and €135 million respectively of the Altice Financing Revolving Credit Facility. Subsequently, on August 13, 2021 and August 19, 2021, the Group repaid €110.0 million and €135 million respectively of the Altice Financing Revolving Credit Facility.

8.2.1.2. Altice Financing refinancing

On August 12, 2021, Altice Financing issued $1,925 million aggregate principal amount of 5.75% Senior Secured Notes due August 15, 2029 and €700 million aggregate principal amount of 4.25% Senior Secured Notes due August 15, 2029. The proceeds were mainly used to refinance in full the outstanding Altice Financing 2026 7.500% Senior Secured Notes.

8.2.2. Financing activities during the nine-month period ended September 30, 2020

8.2.2.1. Redemption of notes

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

- On January 13, 2020, Altice Finco S.A. ("Altice Finco") redeemed in full the then outstanding Altice Finco 2023 Notes, in an aggregate principal amount of €250 million, in accordance with the indenture governing the Altice Finco 2023 Notes;
- On February 10, 2020, Altice Finco redeemed in full the then outstanding Altice Finco 2024 Notes, in an aggregate principal amount of $400 million, in accordance with the indenture governing the Altice Finco 2024 Notes;
- On February 18, 2020, Altice Financing redeemed in full the then outstanding Altice Financing 2023 Notes, in an aggregate principal amount of €2,400 million equivalent, in accordance with the indenture governing the Altice Financing 2023 Notes; and
- On July 22, 2020, Altice Finco redeemed in full the outstanding 2025 Notes in an aggregate principal amount of $385 million (€332.6 million equivalent). The call premium paid on July 22, 2020 related to the redemption amounted to $14.7 million (€12.7 million equivalent).

In addition, over the period from June 4, 2020 until September 30, 2020, Altice Financing repurchased and cancelled $156.7 million of its 2026 7.500% Senior Secured Notes.

8.2.2.2. Issuance of the Altice Financing 2028 Notes and Altice Financing 2025 Notes

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

8.2.2.3. Amendment of 2014 Altice Financing Revolving Credit Facility

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

8.2.2.4. Altice Finco bridge facility

On March 3, 2020, Altice Finco entered into a term loan credit agreement providing for, among other things, a euro denominated term loan in an aggregate principal amount of €500 million (the "2020 Altice Finco Bridge Credit Facility"). The term loan bears interest at a rate per annum equal to the weighted average rate of two-month and three-month EURIBOR for the period between the funding date of the 2020 Altice Finco Bridge Credit Facility (March 5, 2020) and the maturity date of the 2020 Altice Finco Bridge Credit Facility (May 29, 2020), plus the applicable margin of 2.5% per annum. The proceeds from the term loan borrowed under the 2020 Altice Finco Bridge Credit Facility were used to fund in part the redemption of the 2025 Altice Luxembourg Senior Notes. On April 17, 2020, Altice Finco fully repaid the 2020 Altice Finco Bridge Credit Facility.

8.3. 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.

8.3.1. CCIRS

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

Entity Maturity	**Notional amount due from counterparty (millions)**	**Notional amount due to counterparty (millions)**	**Interest rate due from counterparty**	**Interest rate due to counterparty**	**Accounting treatment[1]**
Altice Financing S.A.					
May 2022	USD 350	EUR 306	7.5%	7.5%	FVTPL
July 2025	USD 485	EUR 449	3m LIBOR+2.75%	3m EURIBOR+2.55%	FVTPL
May 2026	USD 1,012	EUR 884	10.5%	7.9%	FVTPL
May 2026	EUR 1,189	USD 1,362	7.9%	10.5%	FVTPL
January 2028	USD 1,200	EUR 1,079	5.0%	3.0%	FVTPL
May 2026	USD 1,925	EUR 1,731	5.8%	4.7%	FVTPL

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

The change in fair value of all derivative instruments designated as cash flow hedges was recorded in other comprehensive income for the nine-month period ended September 30, 2021. Before the impact of taxes, gains of €22.6 million were recorded in other comprehensive income (€17.0 million net of taxes). As of September 30, 2021, the termination date of the majority of the CCIRS is more than one year.

8.3.2. Interest rate swaps

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

Entity **Maturity**	**Notional amount due from counterparty (millions)**	**Notional amount due to counterparty (millions)**	**Interest rate due from counterparty**	**Interest rate due to counterparty**	**Accounting treatment**
Altice Financing S.A.					
January 2030	EUR 750	EUR 750	3m EURIBOR	-0.44%	FVTPL

8.4. Reconciliation to swap adjusted debt

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

Net debt reconciliation **(€m)**	**September 30, 2021**	**December 31, 2020**
Debentures and loans from lenders	**7,529.9**	**7,064.8**
Transaction costs	36.4	36.1
Total (including transaction costs)	**7,566.3**	**7,100.9**
Conversion of debentures and loans in foreign currency (at closing spot rate)	(6,236.5)	(7,924.6)
Conversion of debentures and loans in foreign currency (at hedged rates)	6,374.9	8,215.4
Total swap adjusted debt	**7,704.7**	**7,391.7**
Finance lease liabilities and other debt	24.9	24.5
Gross debt	**7,729.6**	**7,416.2**
Cash and cash equivalents	(487.8)	(354.0)
Net financial debt	**7,241.8**	**7,062.3**

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.

8.5. Reconciliation between net financial liabilities and net financial debt

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

Reconciliation between net financial liabilities and net financial debt (€m)	**September 30, 2021**	**December 31, 2020**
Financial liabilities	10,503.5	10,219.4
Derivative assets	(71.7)	(78.1)
Cash and cash equivalents	(487.8)	(354.0)
Net financial liabilities - consolidated statement of financial position	**9,944.0**	**9,787.3**
Reconciliation:		
Transaction costs	36.4	36.1
Rate impact derivative instruments	6.5	(18.4)
Lease liabilities	(1,022.1)	(889.2)
Reverse factoring and securitization	(283.0)	(277.2)
Accrued interest	(83.6)	(139.2)
Mandatory Convertible Notes Portugal	(863.3)	(848.8)
Mandatory Convertible Notes Altice Luxembourg	(363.2)	(354.0)
Put options with non-controlling interests	(89.4)	(212.7)
Deposits received	(0.4)	(0.4)
Bank overdraft	(17.2)	(0.2)
Other debt and liabilities	(22.9)	(21.1)
Net financial debt	**7,241.8**	**7,062.3**

8.6. Available credit facilities

Available credit facilities (€m)	**Total facility**	**Drawn**
Altice Financing S.A.	393.2	-
Revolving credit facilities	**393.2**	**-**

On July 18, 2021, €144.8 million of the Altice Financing Revolving Credit Facility matured. As of September 30, 2021, the available Altice Financing Revolving Credit Facility amounts to €393.2 million.

8.7. Other financial liabilities and lease liabilities

Other financial liabilities	**September 30, 2021**			**December 31, 2020**		
(€m)	**Current**	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Lease liabilities	83.2	938.9	1,022.1	83.7	805.5	889.2
Reverse factoring	283.0	-	283.0	277.2	-	277.2
Accrued interest	83.6	-	83.6	139.2	-	139.2
Put options with non-controlling interests	69.9	19.5	89.4	205.9	6.8	212.7
Deposits received	-	0.4	0.4	-	0.4	0.4
Bank overdraft	17.2	-	17.2	0.2	-	0.2
Mandatory Convertible Notes Altice Portugal	-	863.3	863.3	-	848.8	848.8
Mandatory Convertible Notes Altice Luxembourg	183.4	179.8	363.2	180.0	173.9	354.0
Other debt and liabilities	5.0	6.6	11.5	5.8	3.7	9.5
Total	**725.3**	**2,008.4**	**2,733.7**	**892.1**	**1,839.1**	**2,731.2**

The current portion of other financial liabilities amounts to €725.3 million as at September 30, 2021, a decrease of €166.8 million compared to December 31, 2020. The non-current portion of other financial liabilities amounts to €2,008.4 million as at September 30, 2021, an increase of €169.3 million compared to December 31, 2020. Details of the main items within the caption, and the movements from the prior period, are detailed below.

8.7.1. Lease liabilities

Leases relate to the current and non-current lease liabilities recorded in accordance with IFRS 16 *Leases*. The increase in lease liabilities of €132.9 million reflects mainly the Master Service Agreement (MSA) entered into as part of the sale of towers in Portugal (please refer to note 3.1.2).

8.7.2. Reverse factoring

Through the use of reverse factoring structures, the Group extends its payment terms up to 360 days, reducing its requirements for working capital. The contractual arrangements in place permit the supplier to obtain the amounts invoiced at agreed payment 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 at September 30, 2021 compared to December 31, 2020 is mainly due to the timing of payments.

8.7.3. Accrued interest

Accrued interest is the amount of interest due at the reporting date regarding the Company's outstanding debentures and loans from financial institutions. The decrease in accrued interest as at September 30, 2021 is the consequence of coupon timing, as for Altice Financing and Altice Finco, the main interest payments are due in the first and third quarter of the year.

8.7.4. Put options with non-controlling interests

The Group executes agreements with the non-controlling interests in certain acquisitions whereby the non-controlling interests have the option to sell their non-controlling interests to the Group. These instruments are measured at their fair value at the reporting date. As at September 30, 2021 the decrease in put options is the consequence of the purchase of certain minority interests in Teads (please refer to note 3.3.2.).

8.7.5. 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 €863.3 million relates to the financial liability of the Group towards Morgan Stanley Infrastructure Partners, consisting of the notional amount of €799.8 million, an additional contribution of €14.5 million in 2021 and an additional subscription of €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.

8.7.6. 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. As a result of the full reimbursement of Altice Luxembourg senior debt in the first quarter of 2020, the Company obtained the right to convert all or part of the MCN issued into shares with no limitation in time up until the maturity date. The Company had no obligation to pay the MCN interest beyond the conversion date. As a result, the net present value of future interest payments for the period after March 31, 2020 was released from Other financial liabilities to Net result on extinguishment of a financial liability.

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. Following the amended agreement, the existing liability was derecognized and a new liability was recorded, resulting in the recognition of an interest expense of €17.9 million and an extinguishment of debt of €478.3 million. The non-current portion of the MCN liability recorded at September 30, 2021 and December 31, 2020 are €179.8 million and €173.9 million respectively. The current portion of the MCN liability recorded at September 30, 2021 and December 31, 2020 are €183.4 million and €180.0 million respectively.

9. Fair value of financial assets and liabilities

Fair values of financial assets and liabilities (€m)	September 30, 2021 Carrying value	September 30, 2021 Fair value	December 31, 2020 Carrying value	December 31, 2020 Fair value
Cash and cash equivalents	487.8	487.8	354.0	354.0
Restricted cash	38.8	38.8	39.3	39.3
Derivatives	16.7	16.7	48.3	48.3
Call options on non-controlling interests	47.1	47.1	158.0	158.0
Other financial assets	77.2	77.2	1.2	1.2
Current financial assets	**667.6**	**667.6**	**600.8**	**600.8**
Derivatives	55.0	55.0	29.8	29.8
Call options on non-controlling interests	13.5	13.5	4.7	4.7
Equity instruments at fair value through OCI	5.2	5.2	5.8	5.8
Loans and receivables with group companies	2,583.0	2,583.0	2,498.3	2,498.3
Other financial assets	24.4	24.4	23.6	23.6
Non-current financial assets	**2,681.1**	**2,681.1**	**2,562.2**	**2,562.2**
Short term borrowings and financial liabilities	18.6	18.6	17.8	17.8
Derivatives	29.2	29.2	74.5	74.5
Lease liabilities	83.2	83.2	83.7	83.7
Reverse factoring	283.0	283.0	277.2	277.2
Accrued interest	83.6	83.6	139.2	139.2
Put options with non-controlling interests	69.9	69.9	205.9	205.9
Mandatory Convertible Notes Altice Luxembourg	183.4	183.4	180.0	180.0
Other financial liabilities	22.2	22.2	6.1	6.1
Current financial liabilities	**773.1**	**773.1**	**984.4**	**984.4**
Long term borrowings and financial liabilities	7,511.3	7,162.8	7,047.0	7,092.1
Put options with non-controlling interests	19.5	19.5	6.8	6.8
Derivatives	210.7	210.7	348.9	348.9
Lease liabilities	938.9	938.9	805.5	805.5
Mandatory Convertible Notes Portugal	863.3	863.3	848.8	848.8
Mandatory Convertible Notes Altice Luxembourg	179.8	179.8	173.9	173.9
Other financial liabilities	6.9	6.9	4.1	4.1
Non-current financial liabilities	**9,730.4**	**9,381.9**	**9,235.0**	**9,280.1**

During the nine-month period ended September 30, 2021, 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, 2021	December 31, 2020
Financial Liabilities				
Derivative financial instruments	Level 2	Discounted cash flows	239.9	423.4
Minority Put Option - Teads	Level 3	Discounted cash flows	69.9	205.9
Minority Put Option - Intelcia Portugal Inshore	Level 3	Discounted cash flows	19.5	6.8
Financial Assets				
Derivative financial instruments	Level 2	Discounted cash flows	71.7	78.1
Minority Call option - Teads	Level 3	Black and Scholes model	47.1	158.0
Minority Call option - Intelcia Portugal Inshore	Level 3	Black and Scholes model	13.5	4.7
Equity instruments at FVOCI - Partner Co. Ltd.	Level 1	Quoted share price	5.2	5.8

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 judgement, 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 judgement. The resulting fair value is discounted using appropriate discount rates of the related funding pool. These models use a variety of inputs that use judgements not able to be verified externally, therefore the Group has concluded that these instruments should be classified within Level 3 of the fair value hierarchy.

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 judgements not able to be verified externally, therefore the Group has concluded that these instruments should be classified within Level 3 of the fair value hierarchy.

9.3. Assumptions with management judgement used in fair value measurement

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

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

9.4. Change in fair value of level 3 financial instruments

Change in fair value of level 3 instruments (€m)	Minority put options	Minority call options	Total
Opening balance at January 1, 2021	**(212.7)**	**162.7**	**(50.0)**
Additions	-	-	-
Change in value of minority put options recorded in equity	(16.7)	-	(16.7)
Exercises/Settlement[1]	140.0	-	140.0
Gains or losses recognised in profit or loss	-	(102.1)	(102.1)
Closing balance at September 30, 2021	**(89.4)**	**60.6**	**(28.8)**

1. Please refer to note 3.3.2 related to the purchase of the minority interests in Teads

Change in fair value of level 3 instruments (€m)	Minority put options	Minority call options	Total
Opening balance at January 1, 2020	**(153.4)**	**113.6**	**(39.8)**
Additions	(6.8)	4.7	(2.1)
Change in value of minority put options recorded in equity	(52.5)	-	(52.5)
Gains or losses recognised in profit or loss	-	44.4	44.4
Closing balance at December 31, 2020	**(212.7)**	**162.7**	**(50.0)**

10. Taxation

Tax expense (€m)	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Profit / (loss) before income tax and share of earnings of associates and joint ventures	(240.5)	360.2
Income tax benefit / (expense)	14.2	(9.9)
Effective tax rate	**6%**	**3%**

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 an income tax benefit of €14.2 million for the nine-month period ended September 30, 2021, reflecting an effective tax rate of 6% compared to an income tax expense of €9.9 million for the nine-month period ended September 30, 2020, reflecting an effective tax rate of 3%. The permanent differences (mainly non-deductible financial expenses) and other current tax adjustments, which are only partially offset by the use of tax losses not recognized as deferred tax assets, had the effect of lowering the Group's effective tax rate for the nine-month period ended September 30, 2021. Without the effect of the capital gain in Portugal related to the disposal of a 25% equity stake in OMTEL on January 2, 2020 (please refer to note 3.2.1) and the gain resulting from the remeasurement of the net present value of future interest payments for the MCN (please refer to note 8.7.6), the effective tax rate for the nine-month period ended September 30, 2020 would have been a negative effective tax rate of 5%. Various permanent differences and the use of tax losses not recognised as deferred tax assets had the impact of lowering the Group's effective tax rate for the nine-month period ended September 30, 2020.

Income tax litigation

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:

- In the context of the VAT audit conducted by the Israeli VAT Authority for the tax years 2013-2019, Cool Holdings Ltd and Hadaros 2012 Ltd received on April 29, 2021, a VAT assessment notice for a total amount of €151.4 million. The VAT assessment is related to accrued interest on intercompany bonds issued by Cool Holdings Ltd and Hadaros 2012 Ltd. Following the companies' request, they were provided with an extension for filling a tax appeal until December 3, 2021. Based on advice received, the Company management believes it has good arguments to counter the assessment. As of September 30, 2021, no provision has been recorded in the condensed interim financial statements.
- MEO has received a preliminary tax inspection report for the year 2018 where tax authorities are proposing a stamp tax correction of approximately €29 million relating to the demerger of the mobile tower business unit in that year, following which PT Portugal disposed of a 75% stake in that business. Tax authorities alleged that a demerger is equivalent to an onerous transfer of establishment for stamp tax purposes, position with which PT Portugal disagrees. MEO exercised its right to be heard on May 24, 2021, but the tax authorities maintained their initial position in the final tax inspection report issued in the end of June 2021. In August 2021, MEO paid an amount of €32 million on a voluntary basis, instead of presenting a financial guarantee and this amount was recorded in Other non-current assets. MEO has until the end of the year to present an administrative claim. MEO believes it has good arguments to counter the possible correction. As of September 30, 2021, no provision has been recorded in the condensed interim financial statements.

11. Net finance income/(costs)

Net finance income/(costs) (€m)	For the three months ended September 30, 2021	For the three months ended September 30, 2020	For the nine months ended September 30, 2021	For the nine months ended September 30, 2020
Interest relative to gross financial debt	**(97.4)**	**(105.2)**	**(297.2)**	**(432.1)**
Realized and unrealized (losses) / gains on derivative instruments linked to financial debt	**15.1**	**(164.7)**	**153.2**	**(51.1)**
Interest on lease liabilities	(16.7)	(17.3)	(51.3)	(53.2)
Net foreign exchange losses	-	-	-	(46.4)
Impairment of financial assets	(16.5)	-	(16.5)	0.2
Other	(122.2)	-	(143.8)	(23.6)
Other financial expenses	**(155.4)**	**(17.3)**	**(211.6)**	**(123.0)**
Interest income	58.8	51.1	139.9	119.8
Net foreign exchange gains	50.7	113.4	18.5	-
Other financial income	4.5	-	28.6	-
Finance income	**114.0**	**164.5**	**187.0**	**119.8**
Net result on extinguishment and remeasurement of financial liabilities	**(89.5)**	**(15.0)**	**(89.5)**	**439.0**
Net finance income/(costs)	**(213.2)**	**(137.7)**	**(258.1)**	**(47.4)**

The net finance costs for the three-month period ended September 30, 2021 was €213.2 million compared to net costs of €137.7 million for the same period in 2020. The change was mainly attributed to:

- lower interest relative to gross financial debt due to refinancing activities in 2020, reflecting lower interest on long term debt;
- realized and unrealized gains on derivative instruments of €15.1 million compared to loss of €164.7 million for the same period in 2020 due to higher positive variation in the mark to market of the swaps of Altice Financing;
- net foreign exchange gains of €50.7 million (recognized in "Financial income") compared to gains of €113.4 million for the same period in 2020, which is mainly the result on the foreign exchange effect on long term debt of the Dominican Republic;
- loss on extinguishment of financial liability of €89.5 million as a result of the redemption of the Altice Financing 2026 notes (please refer to note 8.2.1.2);
- reversal of the call option related to Teads for an amount of €121.7 million recognized in the line "Other" as part of "Other financial expenses" (please refer to note 3.2.2).

The net finance costs for the nine-month period ended September 30, 2021 was €258.1 million compared to net finance costs of €47.4 million for the same period in 2020. The change was mainly attributed to:

- lower interest relative to gross financial debt due to refinancing activities in 2020, reflecting lower interest on long term debt;
- net foreign exchange gains of €18.5 million compared to losses of €46.4 million for the same period in 2020 as a result on the foreign exchange effect on long term debt of the Dominican Republic;
- a higher gain on extinguishment of financial liability for the nine-month ended September 30, 2020 that amounted to €439.0 million, which mainly resulted from the remeasurement of the net present value of future interest payments for the MCN (please refer to note 8.7.6) and redemptions of the Group's notes in Altice Financing and Altice Finco. For the nine months ended September 2021, the loss on extinguishment of financial liability amounts to €89.5 million as a result of the redemption of the Altice Financing 2026 notes (please refer to note 8.2.1.2).
- reversal of the call option related to Teads for an amount of €121.7 million recognized in the line "Other" as part of "Other financial expenses" (please refer to note 3.2.2.).

12. Contractual obligations and commercial commitments

During the nine-month period ended September 30, 2021, no significant contractual obligations and commercial commitments have been signed as compared to the year ended December 31, 2020.

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 believe that it is more likely than not that such lawsuits will result in an amount to be settled by the Group, and the magnitude of the amount can be reliably estimated. The magnitude of the provisions recognised is based on the best estimate of the level of the expenditure required to settle the obligation, on a case-by-case basis, considering that the occurrence of events during the legal action involves constant re-estimation of the risk.

This note describes the new proceedings and developments in existing litigations that have occurred since the publication of the annual consolidated financial statements as of December 31, 2020 and that have had or that may have a significant effect on the financial position of the Group.

European Commission Investigation

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

On September 22, 2021, the General Court issued its judgment. The General Court dismissed most of the grounds for annulment of the Commission's decision but reduced the amount of the fine in respect of the infringement of Article 4(1) of the EU Merger Regulation by €6.2 million. New Altice Europe B.V. has until December 3, 2021, to file an appeal against the General Court's judgment before the Court of Justice of the European Union. New Altice Europe B.V. is currently assessing if it will file an appeal or not.

As of September 30, 2021, a liability of €124.5 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, the bank guarantee was reduced by €6.2 million to an amount of €118.3 million.

14. Events after the reporting period

14.1. Altice Financing issuance of Senior Secured Notes

On September 19, 2021, the Company announced that Altice Financing has entered into a purchase agreement with certain investors pursuant to which it will issue €211 million (equivalent) of euro and dollar denominated senior secured notes in a private transaction by tapping the existing senior secured notes maturing in August 2029 (please refer to note 8.2.1.2). The transaction was closed on October 1, 2021.

14.2. Loan to Altice UK S.à r.l.

On October 4, 2021, the Company granted a loan of €250 million (equivalent) to Altice UK S.à r.l.

14.3. 5G spectrum auction in Dominican Republic

On December 28, 2020, INDOTEL presented the general terms and conditions of the International Public Auction for Spectrum in the 700MHz and 3.3-3.6 GHz bands. On October 11, 2021, offers were made public. The formal resolution of assignment was issued and made public on October 28, 2021. The price due by Altice Dominicana S.A for the spectrum assigned within the 3.4-3.5 GHz band totals $21 million. The total amount of $21 million is to be paid in four annual equal instalments, starting in the first quarter of 2022.

14.4. 5G spectrum auction in Portugal

On October 27, 2021, the 5G spectrum auction in Portugal concluded. Altice Portugal obtained 104MHz as part of the allocation of 5G frequencies, spread throughout the 700 MHz, 900 MHz and 3.6 GHz bands. The price due by Altice Portugal for the 104MHz of spectrum secured as part of the auction totals €125 million. Of this total amount, €62.5 million is to be paid in the fourth quarter of 2021 and the remaining €62.5 million is to be paid in seven annual equal instalments, starting in the fourth quarter of 2022.

14.5. Purchase of the minority interests in Teads

In October and November 2021, in addition to the transaction described in note 3.3.2, Pierre Chappaz has exercised his put options, the Company has exercised some call options and has also purchased the remaining minority interests from the Teads managers. As a result of these transactions, the Company made a total payment of €208.3 million and now owns 100% of Teads.

14.6. Portuguese tower transaction

In addition to the tower transaction closed on September 30, 2021 (please refer to note 3.1.2), on November 8 2021, PT Portugal has exercised its right to sell another tower business unit consisting of 102 remaining sites portfolio to be disposed to Cellnex Telecom, S.A. for an implied enterprise value of approximately €71 million. The closing of this transaction is expected to occur in the first quarter of 2022.