NOTICE TO THE HOLDERS OF

ALTICE FRANCE S.A.

$2^{1}/_{2}$% Senior Secured Notes due 2025
$2^{1}/_{8}$% Senior Secured Notes due 2025
$7^{3}/_{8}$% Senior Secured Notes due 2026
$8^{1}/_{8}$% Senior Secured Notes due 2027
$5^{7}/_{8}$% Senior Secured Notes due 2027
$5^{1}/_{2}$% Senior Secured Notes due 2028
$3^{3}/_{8}$% Senior Secured Notes due 2028
$4^{1}/_{8}$% Senior Secured Notes due 2029
$5^{1}/_{8}$% Senior Secured Notes due 2029
$5^{1}/_{8}$% Senior Secured Notes due 2029
4.000% Senior Secured notes due 2029

ALTICE FRANCE HOLDING S.A.

10.500% Senior Notes due 2027
8.000% Senior Notes due 2027
6.000% Senior Notes due 2028
4.000% Senior Notes due 2028

Dated: September 23, 2021

September 23, 2021: Altice France S.A., a public limited liability company (*société anonyme*) organized and established under the laws of France (the "**Company**"), has announced that the Company proposes to issue $3,000 million (equivalent) in aggregate principal amount of senior secured notes (the "**Proposed Financing**"), the proceeds of which will be used to finance the Transactions (as defined herein).

The information contained in this Notice will, among other information, be disclosed in connection with the Proposed Financing. The final decision to proceed with the Proposed Financing and the final amount of the Proposed Financing and any use of proceeds thereof is subject to determination by the Company in its sole discretion and we disclaim any obligation to update or revise this Notice in connection with such final determination.

This Notice may contain certain information that constitutes forward-looking statements. Forward-looking statements are frequently characterized by words such as "plan," "expect," "project," "intend," "believe," "anticipate" and other similar words, or statements that certain events or conditions "may" or "will" occur. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. We disclaim any obligation to update or revise any forward-looking statements if circumstances or management's estimates or opinions should change. The reader is cautioned not to place undue reliance on forward-looking statements.

Any offering of securities related to the Proposed Financing will be made by means of an offering memorandum (the "**Offering Memorandum**") to be made available to certain eligible investors as specified in such Offering Memorandum. This Notice does not describe the material terms of the Proposed Financing and no investment decision should be made on the basis of this announcement. This Notice is solely for informational purposes and does not constitute the solicitation of an offer to buy or an offer to sell any securities relating to the Proposed Financing and shall not constitute an offer, sale or solicitation in the United States or in any jurisdiction in which, or to any persons to whom, such offering, solicitation or sale would be unlawful. This Notice does not constitute and shall not, in any circumstances, constitute a public offering nor an invitation to the public in connection with any offer within the meaning of the Regulation (EU) 2017/1129 (as amended), and any relevant implementing measure in the relevant member state of the European Economic Area or Regulation (EU) 2017/1129 as it forms parts of the U.K. domestic law by virtue of the European Union (Withdrawal) Act 2018 the United Kingdom.

Any securities offered in the Proposed Financing will be offered and sold (1) in the United States only to "qualified institutional buyers" as defined in Rule 144A under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), in a private transaction in reliance upon the exemption from the registration requirements of the Securities

Act provided by Section 4(a)(2) thereof and (2) outside the United States to persons that are not "U.S. persons," as such term is defined in Rule 902 of Regulation S and who would be participating in any transaction in accordance with Regulation S (and, if investors are resident in a member state of the European Economic Area, a qualified investor (within the meaning of Article 2(e) of Regulation (EU) 2017/1129, as amended) or in the United Kingdom, at (i) persons who are outside the U.K., (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or (iii) those persons to whom it may otherwise lawfully be distributed. Any securities offered in the Proposed Financing have not been, and will not be, registered under the Securities Act and may not be offered or sold in the United States, or to, or for the account or benefit of, U.S. persons, except pursuant to an applicable exemption from, or in a transaction not subject to the, registration requirements of the Securities Act and applicable state or local securities laws. Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Proposed Financing will be described in the Offering Memorandum.

Unless otherwise stated or the context otherwise requires, the terms "Group", "we", "us" and "our" as used in this Notice refers to the Company and its subsidiaries.

The present announcement will also be kept accessible on www.altice.net.

FORWARD-LOOKING STATEMENTS

This Notice contains "forward-looking statements" as that term is defined by the U.S. federal securities laws. These forward-looking statements include, but are not limited to, statements other than statements of historical facts contained in this Notice, including, but without limitation, those regarding our future financial condition, results of operations and business, our products, acquisitions, dispositions and finance strategies, our capital expenditure priorities, regulatory or technological developments in the market, subscriber growth and retention rates, potential synergies and cost savings, competitive and economic factors, the maturity of our markets, anticipated cost increases, synergies, liquidity and credit risk. In some cases, you can identify these statements by terminology such as "aim", "anticipate", "believe", "continue", "could", "estimate", "expect", "forecast", "guidance", "intend", "may", "plan", "potential", "predict", "project", "should", and "will" and similar words used in this Notice.

By their nature, forward-looking statements are subject to numerous assumptions, risks and uncertainties. Many of these assumptions, risks and uncertainties are beyond the Group's control. Accordingly, actual results may differ materially from those expressed or implied by the forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which the Group operates. We caution readers not to place undue reliance on the statements, which speak only as of the date of this Notice, and we expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein, to reflect any change in our expectations with regard thereto, or any other change in events, conditions or circumstances on which any such statement is based.

Where, in any forward-looking statement, the Group expresses an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished.

Risks and uncertainties that could cause actual results to vary materially from those anticipated in the forward-looking statements included in this Notice include those described under "*Risk Factors*".

The following are some but not all of the factors that could cause actual results or events to differ materially from anticipated results or events:

- our substantial leverage and debt service obligations;
- our ability to generate sufficient cash flow to service our debt and to control and finance our capital expenditures and operations;
- restrictions and limitations contained in the agreements governing our indebtedness;
- our ability to raise additional financing or refinance our existing indebtedness;
- fluctuations in currency exchange rates, inflation and interest rates;
- negative changes to our credit rating;
- risks associated with our structure and our other indebtedness;
- the competitive environment and downward price pressure in the broadband internet communications, television sector, fixed line telephony, mobile telephony and B2B sectors in France or in countries in which we may operate in the future;
- economic and business conditions and trends in the industries in which we and the entities in which we have interests operate;
- changes in the political, judicial, economic or security environment in France or in countries in which we may operate in the future;

- changes in consumer demand for cable-based, mobile and media products as well as the demand for bundled services and offerings;
- development of telecommunications networks and services and dependence on third-parties for access to certain parts of our network;
- our ability to introduce new technologies or services and our ability to respond to technological developments;
- deployment of fibre and/or VDSL2 networks and/or new generation mobile networks by our competitors;
- perceived or actual health risks and other environmental requirements relating to our mobile operations;
- our ability to maintain favorable roaming or network sharing agreements;
- our ability to achieve cost savings from network sharing agreements for our mobile services;
- the ability of telecommunications providers to provide consistent services without disruption;
- the ability of third party suppliers and vendors to timely deliver products, network infrastructure, equipment, software and services;
- the availability of attractive content for our digital video services or necessary equipment at reasonable costs;
- risks related to royalties payments and our licenses;
- technical failures, equipment defects, physical or electronic break-ins to the services, computer viruses and similar description problems;
- any negative impact on our reputation, including due to product quality issues;
- customer churn;
- our ability to integrate acquired businesses and realize planned synergy benefits from past or future acquisitions;
- our ability to maintain adequate managerial controls and procedures as the business grows;
- our inability to provide high levels of customer service;
- the declining revenue from certain of our services and our ability to offset such declines;
- any disruptions in the credit and equity markets which could affect our credit instruments and cash investments;
- our ability to protect our intellectual property rights and avoid any infringement of any third party's intellectual property rights;
- our ability to maintain subscriber data and comply with data privacy laws;
- the outcome of any pending legal, administrative and regulatory proceedings;
- our significant post retirement and healthcare benefit obligations (both funded and unfunded);
- changes in laws or treaties relating to taxation in the countries in which we operate, or the interpretation thereof;

- the regulatory environment in France or in countries in which we may operate in the future and changes in, or a failure or an inability to comply with, government regulations and adverse outcomes from regulatory proceedings;

- local business risks in the jurisdictions in which we operate;

- our ability to manage our brands;

- our inability to completely control the prices we charge to customers or the programming we provide;

- our ability to obtain building and environmental permits for the building and upgrading of our networks and to comply generally with city planning laws;

- the loss of key employees and the availability of qualified personnel and a deterioration of the relationship with employee representatives;

- our ultimate parent's interests, which may conflict with our interests;

- the impact from the coronavirus ("**COVID-19**") pandemic;

- events that are outside of our control, such as political unrest in international markets, terrorist attacks, natural disasters, pandemics and other similar events; and

- other factors described in more detail under "*Risk Factors*".

The cable television, broadband internet access, fixed line telephony, mobile services, ISP services, business services and wholesale industries are changing rapidly and, therefore, the forward-looking statements of expectations, plans and intent in this Notice are subject to a significant degree of risk.

We do not undertake any obligation to review or confirm analysts' expectations or estimates or to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date of this Notice.

The Group discloses important factors that could cause the Group's actual results to differ materially from its expectations in this Notice. These cautionary statements qualify all forward-looking statements attributable to the Group or persons acting on our behalf. When the Group indicates that an event, condition or circumstance could or would have an adverse effect on the Group, we mean to include effects upon the Group's business, financial and other conditions, results of operations and the Company's ability to make payments under the Notes.

This list of factors that may affect future performance and the accuracy of forward-looking statements is illustrative, but by no means exhaustive, and should be read in conjunction with other factors that are included in this Notice. See "*Risk Factors*" along with sections of this Notice titled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Industry, Competition and Market Overview*" and "*Business of the Group*" for a more complete discussion of the factors that could affect the Group's future performance and the markets in which the Group operates. All forward-looking statements should be evaluated in light of their inherent uncertainty.

The Group operates in a competitive and rapidly changing environment. New risks, uncertainties and other factors may emerge that may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, you should not place undue reliance on forward-looking statements as a prediction of actual results. Except as required by law or the rules and regulations of any stock exchange on which its securities are listed, we expressly disclaim any obligation or undertakings to release publicly any updates or revisions to any forward-looking statements contained in this Notice to reflect any change in its expectations or any change in events, conditions or circumstances on which any forward-looking statement contained in this Notice is based.

CERTAIN DEFINITIONS

Unless otherwise stated or the context otherwise requires, the terms "Group", "we", "us" and "our" as used in this Notice refers to the Company and its subsidiaries. Definitions of certain terms and certain financial and operating data can be found below. For explanations or definitions of certain technical terms relating to our business as used herein, see "*Glossary*".

"2027 Altice Lux Dollar Senior Notes"	the $1,600 million aggregate principal amount of 10.500% senior notes due 2027, issued by Altice Lux on May 3, 2019, out of which $1,562 million aggregate principal amount were exchanged for an equal aggregate principal amount of corresponding dollar-denominated 10.500% senior notes due 2027 issued by Ypso Finance Bis, and the remaining amount was redeemed. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Significant Events Affecting Historical Results—For the six months ended June 30, 2020—Debt reorganization within the Altice Europe Group*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Significant Events Affecting Historical Results—For the year ended December 31, 2020—Debt reorganization within the Altice Europe Group*".
"2027 Altice Lux Euro Senior Notes"..............	the €1,400 million aggregate principal amount of 8.000% senior notes due 2027, issued by Altice Lux on May 3, 2019, out of which €1,317 million aggregate principal amount were exchanged for an equal aggregate principal amount of corresponding euro-denominated 8.000% senior notes due 2027 issued by Ypso Finance Bis, and the remaining amount was redeemed. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Significant Events Affecting Historical Results—For the six months ended June 30, 2020—Debt reorganization within the Altice Europe Group*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Significant Events Affecting Historical Results—For the year ended December 31, 2020—Debt reorganization within the Altice Europe Group*".
"ACS"	Altice Customer Services S.à r.l., a private limited liability company (*société à responsabilité limiteé*) organized under the laws of the Grand Duchy of Luxembourg and registered with the Luxembourg Trade and Companies Register under Number B 210139, having its registered office at 5, rue Eugène Ruppert, L-2453 Luxembourg, which is the sole shareholder of Intelcia Group S.A., a public limited liability company (*société anonyme*) organized under the laws of Morocco, and its subsidiaries.
"AENS"...	Altice Entertainment News & Sport S.A., a public limited liability company (*société anonyme*) incorporated under the laws of the Grand Duchy of Luxembourg registered with the Luxembourg Trade and Companies Register under Number B 170036, having its registered office at 5, rue Eugène Ruppert, L-2453 Luxembourg, and a subsidiary of Altice TV.

"AENS Contract Renegotiation"	has the meaning ascribed to such term in "*Business of the Group—Material Contracts—Supply Agreements—Content Agreements*".
"Afone Transaction"...	has the meaning ascribed to such term in "*Summary—Recent Developments—Agreement to acquire Afone Participations*".
"Altice B2B France"	Altice B2B France is a French *société par actions simplifiée* having its registered office at 16, rue du Général Alain de Boissieu, 75015 Paris, France, registered with the Paris Trade and Companies Register (*registre du Commerce et des Sociétés*) under sole identification number 499 662 757.
"Altice Blue Two"	Altice Blue Two is a French *société par actions simplifiée* having its registered office at 16, rue du Général Alain de Boissieu, 75015 Paris, France, registered with the Paris Trade and Companies Register (*registre du Commerce et des Sociétés*) under sole identification number 793 618 000.
"Altice Europe"..	(i) prior to January 27, 2021, Altice Europe N.V. (formerly known as Altice N.V. and Altice S.A.), a public company with limited liability (*naamloze vennootschap*) incorporated and existing under the laws of the Netherlands, registered with the Dutch Trade Registry under number 63329743 and having its registered office at Oostdam 1, 3441 EM Woerden, Amsterdam, the Netherlands, (ii) on and with effect from January 27, 2021, New Altice Europe B.V., a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated and existing under the laws of the Netherlands, registered with the Dutch Trade Registry under number 80976557 and having its corporate seat at Oostsingel 1, 3441 GB Woerden, the Netherlands and (iii) following the dissolution of New Altice Europe B.V. on July 9, 2021, New Altice Europe B.V. in liquidatie. Upon the effectiveness of the liquidation of New Altice Europe B.V., all its remaining assets will be transferred to, and all its remaining liabilities, if any, will be assumed by, Next Private.
"Altice Europe Group"......................................	Altice Europe and its consolidated subsidiaries as of the date hereof.
"**Altice Finco France**"...	Altice Finco France S.A.S., a French simplified joint stock company (*société par actions simplifiée*) having its registered office at 16 Rue Du Général Alain de Boissieu 75015 Paris, France, and registered with the Paris Trade and Companies Register under number 892 243 080.
"Altice France" or "Company"	Altice France S.A. (formerly known as SFR Group S.A. and Numericable-SFR S.A.), a public limited liability company (*société anonyme*) incorporated under the laws of France and having its registered office at 16, rue du Général Alain de Boissieu, 75015 Paris, France, registered with the Paris Trade and Companies Register (*Registre du*

Commerce et des Sociétés) under sole identification number 794 661 470.

"Altice France Holding"....................................	Altice France Holding S.A., formerly known as Altice Luxembourg FR S.A., a public limited liability company (*société anonyme*) incorporated under the laws of the Grand Duchy of Luxembourg and registered with the Luxembourg Trade and Companies Register under number B 135296, having its registered office at 5, rue Eugène Ruppert, L-2453 Luxembourg.
"Altice Group Lux"	Altice Group Lux S.à r.l., a private limited liability company (*société à responsabilité limiteé*) incorporated under the laws of the Grand Duchy of Luxembourg and registered with the Luxembourg Trade and Companies Register under Number B 202171, having its registered office at 5, rue Eugène Ruppert, L-2453 Luxembourg.
"Altice International"..	Altice International S.à r.l., a private limited liability company (*société à responsabilité limitée*) organized under the laws of the Grand Duchy of Luxembourg, formerly known as Altice VII S.à r.l. and registered with the Luxembourg Trade and Companies Register under Number B 143725, having its registered office at 5, rue Eugène Ruppert, L-2453 Luxembourg.
"Altice Lux"..	Altice Luxembourg S.A., a public limited liability company (*société anonyme*) incorporated under the laws of the Grand Duchy of Luxembourg and registered with the Luxembourg Trade and Companies Register under Number B 197134, having its registered office at 5, rue Eugène Ruppert, L-2453 Luxembourg.
"Altice Lux Bis"	Altice Luxembourg FR Bis S.à r.l. (formerly known as Altice France Bis S.à r.l.), a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of the Grand Duchy of Luxembourg and registered with the Luxembourg Trade and Companies Register under Number B 196532, having its registered office at 5, rue Eugène Ruppert, L-2453 Luxembourg, which has been dissolved by a resolution of its sole shareholder, Altice France Holding, dated as of July 10, 2020 and submitted with the Luxembourg Trade and Companies Register on July 28, 2020.
"Altice TV"...	prior to the reorganization of the content activities by Altice Europe and the Group, Altice Europe's content distribution division, and following such reorganization, the Group's content distribution division relating to the business undertaken by SportCoTV, a wholly owned subsidiary of Altice France.
"Altice USA"...	Altice USA, Inc., a public company incorporated under the laws of Delaware and an affiliate of the Altice Europe Group.
"ARCEP"..	*Autorité de Régulation des Communications Electroniques et des Postes*, the French regulatory authority for electronic and postal communications.

"ATS France" ..... the consolidated French operations of Altice Technical Services S.A. (formerly Parilis S.A.), a public limited liability company (*société anonyme*) organized under the laws of the Grand Duchy of Luxembourg and registered with the Luxembourg Trade and Companies Register under Number B 204810, having its registered office at 5, rue Eugène Ruppert, L-2453 Luxembourg, and its subsidiaries.

"Authority" ..... The International Stock Exchange Authority Limited.

"Completel" ..... Completel is a French *société par actions simplifiée* having its registered office at 16, rue du Général Alain de Boissieu, 75015 Paris, France, registered with the Paris Trade and Companies Register (*Registre du Commerce et des Sociétés*) under sole identification number 418 299 699.

"Covage Acquisition" ..... has the meaning ascribed to such term in "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Discussion and Analysis of Our Results of Operations—Significant Events Affecting Historical Results—For the year ended December 31, 2020—Completion of acquisition of 100% interest in Covage by XpFibre Holding*".

"Dollar Notes" ..... the dollar denominated Senior Secured Notes due 2029 expected to be issued pursuant to the Proposed Financing.

"EEA" ..... the trading area established by the European Economic Area Agreement of January 1, 1994, comprising the member states of the EU (currently, Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovak Republic, Slovenia, Spain and Sweden) and Norway, Iceland and Liechtenstein.

"EU" ..... the European Union.

"euro", "EUR" or "€" ..... the euro, the currency of the EU member states participating in the European Monetary Union.

"Euro Notes" ..... the euro denominated Senior Secured Notes due 2029 expected to be issued pursuant to the Proposed Financing.

"Exchange" ..... The International Stock Exchange.

"Existing January 2025 Senior Secured Notes" ..... the €550 million aggregate principal amount of 2$^1/_2$% senior secured notes due 2025, issued by the Company on September 27, 2019.

"Existing February 2025 Senior Secured Notes" ..... the €500 million aggregate principal amount of 2$^1/_8$% senior secured notes due 2025, issued by the Company on February 6, 2020.

“Existing 2025 Senior Secured Notes” .... collectively, the Existing January 2025 Senior Secured Notes and the Existing February 2025 Senior Secured Notes.

“Existing 2026 Senior Secured Notes” .... the $5,190 million aggregate principal amount of $7^{3}/_{8}\%$ senior secured notes due 2026, issued by the Company on April 11, 2016, which were partially redeemed out of the proceeds of the Existing July 2029 Senior Secured Euro Notes and the Existing July 2029 Senior Secured Dollar Notes, and are expected to be fully redeemed with the proceeds of the Notes.

“Existing 2027 Senior Secured Dollar Notes”.. the $1,750 million aggregate principal amount of $8^{1}/_{8}\%$ senior secured notes due 2027, issued by the Company on July 31, 2018.

“Existing 2027 Senior Secured Euro Notes”.... the €1,000 million aggregate principal amount of $5^{7}/_{8}\%$ senior secured notes due 2027, issued by the Company on July 31, 2018.

“Existing 2027 Senior Secured Notes” .... collectively, the Existing 2027 Dollar Notes and the Existing 2027 Euro Notes.

“Existing 2028 Senior Secured Dollar Notes”.. the $1,100 million aggregate principal amount of $5^{1}/_{2}\%$ senior secured notes due 2028, issued by the Company on September 27, 2019.

“Existing 2028 Senior Secured Euro Notes”.... the €1,000 million aggregate principal amount of $3^{3}/_{8}\%$ senior secured notes due 2028, issued by the Company on September 27, 2019.

“Existing Dollar Senior Secured Notes”.......... collectively, the Existing January 2029 Senior Secured Dollar Notes, the Existing July 2029 Senior Secured Dollar Notes, the Existing 2026 Senior Secured Notes, the Existing 2027 Senior Secured Dollar Notes and the Existing 2028 Senior Secured Dollar Notes.

“Existing Euro Senior Secured Notes”............ collectively, the Existing January 2029 Senior Secured Euro Notes, the Existing July 2029 Senior Secured Euro Notes, the Existing 2025 Senior Secured Notes, the Existing 2027 Senior Secured Euro Notes and the Existing 2028 Senior Secured Euro Notes.

“Existing January 2029 Senior Secured Dollar Notes”.. the $475 million aggregate principal amount of $5^{1}/_{8}\%$ senior secured notes due 2029, issued by the Company on September 18, 2020.

“Existing January 2029 Senior Secured Euro Notes”.. the €500 million aggregate principal amount of $4^{1}/_{8}\%$ senior secured notes due 2029, issued by the Company on September 18, 2020.

“Existing January 2029 Senior Secured Notes” .... collectively, the Existing January 2029 Senior Secured Dollar Notes and the Existing January 2029 Senior Secured Euro Notes.

“Existing July 2029 Senior Secured Dollar Notes”.. the $2,500 million aggregate principal amount of $5^{1}/_{8}\%$ Senior Secured Notes due 2029, issued by the Company on April 27, 2021.

"Existing July 2029 Senior Secured Euro Notes"	the €400 million aggregate principal amount of 4.000% Senior Secured notes due 2029, issued by the Company on April 27, 2021.
"Existing July 2029 Senior Secured Notes"	collectively, the Existing July 2029 Senior Secured Dollar Notes and the Existing July 2029 Senior Secured Euro Notes.
"Existing RCF Lenders"	has the meaning ascribed to such term in "*Description of Indebtedness—Existing Revolving Credit Facilities*".
"Existing Revolving Credit Facilities Agreement"	the revolving credit facilities agreement, dated on or about May 8, 2014, among, *inter alios*, the Company and the security agent party thereto, as amended, restated, supplemented or otherwise modified from time to time.
"Existing Revolving Credit Facilities"	the revolving credit facilities made available under the Existing Revolving Credit Facilities Agreement.
"Existing Senior Secured Indebtedness"	collectively, the Existing Senior Secured Notes, any borrowings under the Existing Revolving Credit Facilities from time to time and the Existing Term Loans.
"Existing Senior Secured Indentures"	collectively, the indentures governing the Existing Senior Secured Notes, in each case, as amended, restated, supplemented or otherwise modified from time to time.
"Existing Senior Secured Notes"	collectively, the Existing 2025 Senior Secured Notes, the Existing 2026 Senior Secured Notes, the Existing 2027 Senior Secured Notes, the Existing 2028 Senior Secured Notes, the Existing January 2029 Senior Secured Notes and the Existing July 2029 Senior Secured Notes or, after giving effect to the Transactions, the Existing 2025 Senior Secured Notes, the Existing 2027 Senior Secured Notes, the Existing 2028 Senior Secured Notes, the Existing January 2029 Senior Secured Notes and the Existing July 2029 Senior Secured Notes, as the context requires.
"Existing Term Loans"	the various term loans established under the Existing Term Loans Agreement. See "*Description of Indebtedness—Term Loans*" for further information.
"Existing Term Loans Agreement"	the term loan agreement, dated May 8, 2014, among, *inter alios*, the Company, Ypso France and Numericable U.S. LLC as borrowers, the lenders from time to time party thereto and Deutsche Bank AG, London Branch as facility agent and security agent, as supplemented by way of the incremental loan assumption agreements dated July 20, 2015 and October 14, 2015, and as amended by the first amendment to term loan credit agreement dated November 10, 2015, the second amendment to term loan credit agreement dated April 7, 2016, the third amendment to term loan credit agreement dated June 21, 2016, the fourth amendment to term loan credit agreement dated November 14, 2016, the fifth amendment to term loan credit agreement dated April 18, 2017 and the sixth amendment to term loan credit agreement dated October 31, 2017, the seventh amendment to term loan credit agreement dated August 14, 2018 and the eighth amendment to term loan credit agreement dated August 14,

2018, and as further amended, restated, supplemented or otherwise modified from time to time.

"Existing Term Loans Borrowers".................. has the meaning ascribed to such term in the section entitled "*Description of Indebtedness—Existing Term Loans*".

"FOT Business".. Altice Europe's operations in the French Overseas Territories.

"Group" .... the Company and its subsidiaries.

"Guarantors".. collectively, SFR Presse, SFR Presse Distribution, Ypso France, SFR Fibre, Altice B2B France, Completel, Numericable U.S. LLC and SFR.

"Hivory".. Hivory is a French a *société par actions simplifiée* having its registered office at 124, Boulevard de Verdun, 92400 Courbevoie, France registered with the Nanterre Trade and Companies Registry (*Registre du Commerce et des Sociétés*) under number sole identification number 838 867 323, and which is consolidated in the Historical Consolidated Financial Information of the Company.

"Hivory Transaction".. has the meaning ascribed to such term in the section entitled "*Summary—Recent Developments—Transactions with Cellnex*".

"IFRS" .... International Financial Reporting Standards as adopted by the European Union.

"Indenture" .... the indenture, expected to be entered into, among, *inter alios*, the Company, the Guarantors and the Trustee, governing the Notes.

"Intercreditor Agreement" .... the intercreditor agreement dated on or about May 8, 2014, among, *inter alios*, the Company and the security agent party thereto, as amended, restated, supplemented or otherwise modified from time to time.

"News Participations".. News Participations S.A.S., a French corporation incorporated as a *société par actions simplifiée* registered under sole identification number 491 421 582 RCS Paris.

"Next Alt" .... Next Alt S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of the Grand Duchy of Luxembourg and registered with the Luxembourg Register of Commerce and Companies under number B 194978, having its registered office at 5, rue Eugène Ruppert, L-2453 Luxembourg, and the controlling shareholder of Next Private.

"Next Private" .... Next Private B.V., a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of the Netherlands, registered with the Dutch Trade Registry under number 80275613, having its corporate seat at Oostsingel 1, 3441 GB Woerden, the Netherlands.

"NextRadioTV"	NextRadioTV S.A., with or without its subsidiaries as the context requires.
"Notes"	collectively, the Dollar Notes and the Euro Notes expected to be issued pursuant to the Proposed Financing.
"Notes Collateral Documents"	the security agreements, pledge agreements, collateral assignments, and any other instrument and document executed and delivered pursuant to the Indenture or otherwise or any of the foregoing, as the same may be amended, supplemented or otherwise modified from time to time, creating the security interests in the collateral as contemplated by the Indenture.
"Numericable U.S. LLC"	Numericable U.S. LLC, a Delaware limited liability company, having its registered office at 901 N. Market St, Suite 705, Wilmington, County of New Castle, Delaware 19801, United States.
"Numericable US S.A.S."	Numericable US S.A.S. is a French *société par actions simplifiée* having its registered office at 16, rue du Général Alain de Boissieu, 75015 Paris, France, registered with the Paris Trade and Companies Register (*Registre du Commerce et des Sociétés*) under sole identification number 801 376 161. On August 30, 2021, Altice France filed for a *transmission universelle de patrimoine* of all assets and liabilities of Numericable US S.A.S. to Altice France, with Altice France being the surviving entity. The *transmission universelle de patrimoine* is expected to become effective on October 1, 2021 pursuant to which Numericable US S.A.S. will be dissolved.
"Omer Telecom"	Omer Telecom Limited, a private limited company registered with the Register of Companies in England and Wales under number 05721373.
"Regulation S"	Regulation S promulgated under the U.S. Securities Act.
"Restricted Group"	the Company and its Restricted Subsidiaries.
"Restricted Subsidiary"	each subsidiary of the Company other than an Unrestricted Subsidiary.
"Rule 144A"	Rule 144A promulgated under the U.S. Securities Act.
"Security Agent"	Deutsche Bank AG, London Branch.
"SFR"	Société Française du Radiotéléphone—SFR S.A. a French corporation incorporated as a *société anonyme*, registered under sole identification number 343 059 564 RCS Paris, and, as the context requires, its subsidiaries, which was acquired, indirectly by the Company pursuant to the SFR Acquisition, and the results of which were consolidated in the results of the Company from November 27, 2014.
"SFR Acquisition"	the acquisition by the Company of SFR and certain of its subsidiaries on November 27, 2014.
"SFR Fibre"	SFR Fibre S.A.S. (formerly NC Numericable S.A.S.) is a French *société par actions simplifiée* having its registered

	office at 10, rue Albert Einstein, 77420 Champs-sur-Marne, France registered with the Meaux Trade and Companies Register (*Registre du Commerce et des Sociétés*) registered under sole identification number 400 461 950 and one of our operating subsidiaries.
"SFR Presse"	SFR Presse (formerly known as Altice Media Group France) is a French *société par actions simplifiée* having its registered office at 16, rue du Général Alain de Boissieu, 75015 Paris, France, registered with the Paris Trade and Companies Register (*Registre du Commerce et des Sociétés*) under sole identification number 810 902 635.
"SFR Presse Distribution"	SFR Presse Distribution is a French *société par actions simplifiée* having its registered office at 16, rue du Général Alain de Boissieu, 75015 Paris, France, registered with the Paris Trade and Companies Register (*Registre du Commerce et des Sociétés*) under sole identification number 808 636 054.
"SportCoTV"	SportCoTV S.A.S., a simplified joint stock company (*société par actions simplifiée*) having its registered office at 2, rue du Général Alain de Boissieu, 75015 Paris (France) and registered with the Trade and Companies Register of Paris under number 819 960 998.
"Take-Private Transaction"	has the meaning ascribed to such term in the section entitled "*Summary—Other Significant Developments—Take-Private Transaction*".
"Towers Transaction"	has the meaning ascribed to such term in the section entitled "*Business of the Group—Material Contracts—Hivory*".
"Transactions"	has the meaning ascribed to such term in the section entitled "*Summary—The Transactions*".
"Trustee"	Deutsche Bank Trust Company Americas.
"Unrestricted Subsidiary"	collectively, (i) Altice Finco France, (ii) SportCoTV, (iii) Hivory, (iv) XpFibre Holding, (v) any Subsidiary of the Company that at the time of determination is an Unrestricted Subsidiary (as designated by the Board of Directors of the Company in the manner provided under "*Description of Notes*") and (vi) any Subsidiary of an Unrestricted Subsidiary.
"U.S." or "United States"	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia.
"U.S. dollars", "dollars", "U.S.$" or "$"	the lawful currency of the United States.
"U.S. Exchange Act"	The U.S. Exchange Act of 1934, as amended.
"U.S. GAAP"	generally accepted accounting principles in the United States.

"U.S. Securities Act" .... the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Virgin Mobile" .... Omer Telecom Limited, the holding company for the group operating in France under the Virgin Mobile brand, and its subsidiaries acquired by the Company pursuant to the Virgin Mobile Acquisition.

"Virgin Mobile Acquisition" .... the acquisition on December 5, 2014 by the Company of Omer Telecom and its subsidiaries, the holding company for the group operating in France under the Virgin Mobile brand.

"Vivendi" .... Vivendi S.A. is a French *société anonyme* having its registered office at 42, avenue de Friedland, 75008 Paris, France, registered with Paris Trade and Companies Registry (*Registre du Commerce et des Sociétés*) under sole identification number 343 134 763.

"Voice Carrier Business" .... the Group's international wholesale voice carrier business, prior to its disposal on September 6, 2018.

"XpFibre" .... the fibre infrastructure business conducted by XpFibre Holding and its subsidiaries, including Covage, which was acquired by XpFibre Network on December 8, 2020.

"XpFibre S.A.S." .... XpFibre S.A.S. (formerly known as SFR FTTH S.A.S) is a French *société par actions simplifiée* having its registered office at 124, boulevard de Verdun, 92400 Courbevoie, France, registered with the Nanterre Trade and Companies Register (*Registre du Commerce et des Sociétés)* under sole identification number 844 717 587.

"XpFibre Holding" .... XpFibre Holding S.A.S. (formerly known as SFR FTTH Network Holding S.A.S.) is a French *société par actions simplifiée* having its registered office at 124, boulevard de Verdun, 92400 Courbevoie, France, registered with the Nanterre Trade and Companies Register (*Registre du Commerce et des Sociétés)* under sole identification number 879 907 145. XpFibre Holding (along with its subsidiaries) is accounted for as a joint venture and is therefore consolidated using the equity method in the Historical Consolidated Financial Information. See "*Business of the Group—Material Contracts—XpFibre—Sale of a 49.99% Interest in SFR FTTH*" and "*Certain Relationships and Related Party Transactions—Transactions with Equity Associates and Joint Ventures—XpFibre Holding and its subsidiaries*".

"XpFibre Network" .... XpFibre Network S.A.S (formely known as SFR FTTH Network S.A.S) is a French *société par actions simplifiée* having its registered office at 124, boulevard de Verdun, 92400 Courbevoie, France, registered with the Nanterre Trade and Companies Register (*Registre du Commerce et des Sociétés*) under sole identification number 879 906 998.

"Ypso France" .... YPSO France S.A.S. is a French *société par actions simplifiée* having its registered office at 10, rue Albert Einstein, 77420 Champs-sur-Marne, France registered

with the Meaux Trade and Companies Register (*Registre du Commerce et des Sociétés*) under sole identification number 484 348 131.

SUMMARY

The summary below highlights information contained elsewhere in this Notice. You should read the entire Notice carefully, including "Risk Factors" and the financial statements and notes thereto. In this section, references to the terms "Group", "we", "us" and "our" refer to the Company and its subsidiaries as of the date of this Notice.

The Group

We are the second largest telecommunications operator and a leading alternative telecommunications operator in France by revenues and number of subscribers. We have major positions in all segments of the French telecommunications market, including residential mobile, residential fixed, business services, which includes B2B services, wholesale and other services and media, which includes media, content and advertisement services through our leading fibre/cable and mobile networks. As of June 30, 2021, we had approximately 18,159,000 total mobile subscribers and approximately 6,704,000 total fixed customers. We generated revenues of €11,264 million and Adjusted EBITDA of €4,346 million for the twelve months ended June 30, 2021. See "*Summary Financial Information and Other Data*".

We currently offer residential fixed services under the SFR and Red brands. We also offer business services under the SFR Business brand. We believe we are the leader in terms of 4G mobile antennas in service in France, with 53,086 antennas as of June 30, 2021 and our mobile network covers 99.6% of the population with 4G as of June 30, 2021. The Group has a state-of-the-art fibre/cable infrastructure, consisting of 88,000 km of fibre optic cable and more than 165 metropolitan loops as of December 31, 2020, passing approximately 23,083,000 fibre homes as of June 30, 2021, including fibre homes passed by XpFibre, a joint venture in which we own a 50.01% interest (with the remaining held by the JV Consortium), which we believe is the largest alternative FTTH infrastructure wholesale operator in France (without giving effect to the divestiture of certain assets in Covage, conforming to the remedies previously proposed by the European Commission as part of the Covage Acquisition (the "**Covage Disposition**"). Moreover, XpFibre plans to significantly expand its network in low density areas, which has been supplemented by the Covage Acquisition which was completed on December 8, 2020.

We track the performance of our business and further analyze our revenues by activity, which, with effect from January 1, 2019, includes "residential – mobile," "residential – fixed," "business services," "equipment sales," and "media". See "*Management's Discussion and Analysis of Financial Condition and Results of Operations of the Group—Basis of Presentation—Operational Activities*" for a discussion of the revised presentation of our operational activities.

Residential - Mobile

We are the second-largest operator of mobile telephony in France by number of subscribers. We believe that we are also the leader in terms of 4G mobile antennas in service in France with 53,086 antennas as of June 30, 2021. Due to our strong market position in the mobile telephony market, we are one of the primary convergence operators in France with an attractive "4P" offer (consisting of pay-TV products, broadband internet, fixed telephony and mobile services).

We accelerated the build-out of our 4G network over the last two years to have a market-leading mobile network (with a 4G population coverage of 99.6% as of June 30, 2021).

In 2020, the French Government initiated the 5G spectrum auction and the process for such auction included (i) the allocation of four blocks of 50 MHz (comprising five blocks of 10 MHz each) at a price of €350 million each to qualifying operators; and (ii) a competitive auction process for the remaining 11 blocks of 10 MHz. We qualified to obtain five blocks of 10 MHz each and also participated in the competitive auction for the remaining 11 blocks of 10 MHz each. On October 1, 2020, we obtained three blocks of 10 MHz each in the competitive auction bringing our total to 80 MHz of 5G spectrum in the 3.4 to 3.8 GHz band. The price for these 80 MHz frequencies will equal €728 million (of which €350 million is to be paid over a 15-year period in equal installments and the balance €378 million to be paid over four years also in equal installments). The first payment of €118 million was made on January 13, 2021. The Group became the first player in the market to offer 5G technology to its customers in certain areas on November 20, 2020 and has 245 MHz in all the frequency bands put into service in France. On March 19, 2021 we launched 5G services in Paris, with close to 80 authorized sites and continue to expand the deployment of our 5G network in other locations. As of June 30, 2021, we have deployed 5G technology in more than 600 municipalities (about 1,751 radio sites) across France.

In December 2018, we completed the Towers Transaction through which we partially monetized the value of our passive mobile infrastructure assets. Hivory, the tower company in which we currently own a 50.01% interest, is a high-quality telecommunications infrastructure provider with a nationwide presence. It is the largest independent telecommunications tower company in France and the third largest European tower company, benefiting from more than 10,000 strategically located sites with a diversified portfolio of ground-based towers and rooftops. Hivory seeks to proactively partner with third party mobile operators to develop their coverage and densification objectives, including through the build-to-suit of 1,200 new sites by 2022. We expect to complete the monetization of Hivory's assets upon the closing of the Hivory Transaction. See "*—Recent Developments—Transactions with Cellnex*" for more information.

In the six months ended June 30, 2021 and June 30, 2020, our mobile residential activity (excluding equipment) generated €1,783 million and €1,767 million of revenue, respectively.

Residential - Fixed

In recent years, we have increased our fibre/cable deployment and upgraded a substantial part of our fibre/cable networks. For example, our fibre/cable networks are largely DOCSIS 3.0 enabled, which allows us to offer customers high broadband internet access speeds and better HDTV services across our footprint. We believe that we are also France's leading fibre/cable provider, with approximately 23,083,000 fibre homes passed as of June 30, 2021, including fibre homes passed by XpFibre (without giving effect to the Covage Disposition). We intend to continue the expansion of our fibre network in France through engagement with local communities and government and capitalize on our past investments in improved fibre/cable infrastructure. Moreover, XpFibre plans to significantly expand its network in low density areas, which has been supplemented by the Covage Acquisition which was completed on December 8, 2020. We are able to upsell our existing DSL subscribers with fibre/cable broadband offers due to the overlapping fibre/cable and DSL networks and, moreover, the natural churn rate of broadband subscribers draws existing DSL subscribers to our cable and fibre products. This shift of subscribers from DSL has allowed, and is expected to continue to allow, us to reallocate investment expenses previously earmarked for DSL infrastructure to accelerating the rollout of our fibre/cable network.

In the six months ended June 30, 2021 and June 30, 2020, our residential fixed activity generated €1,356 million and €1,274 million of revenue, respectively.

Business Services

In the business services market, we benefit from our extensive combined fibre/cable and DSL network, our strong customer relationships and the ability to respond to the growing demand of medium-sized businesses for increasingly sophisticated voice and data services. We offer data services, including IP VPN services (virtual private network on IP), LAN to LAN (local network), internet, security services, hosting and "cloud computing" and voice services, in particular voice call services, VoIP and Centrex.

We are the largest national alternative wholesale services player to the incumbent provider by revenues and number of subscribers. We offer a broad portfolio of wholesale products across the entire spectrum of the wholesale market including wholesale connectivity services for fixed-line and mobile voice calls, wholesale connectivity services for data, wholesale fibre infrastructure services as well as triple-play DSL white label packages and very-high-speed offers to a significant base of local, virtual, national and international operators.

In the six months ended June 30, 2021 and June 30, 2020, our business services activity generated €1,685 million and €1,693 million of revenue, respectively.

Equipment Sales

Our equipment sales relate to revenue derived from sales of equipment to residential and business services customers. This revenue segment was created in order to comply with the presentation requirements of IFRS 15 (*Contracts with customers*). We have relationships with the industry's significant mobile and customer services equipment providers, and are able to offer customers with top-of-the-market mobile and fixed equipment.

In the six months ended June 30, 2021 and June 30, 2020, our equipment sales activity generated €440 million and €352 million of revenue, respectively.

Media

In furtherance of our convergence strategy, we are focused on delivering high quality content offerings to complement our fixed and mobile services, including producing proprietary content. This strategy is evidenced by our investment in NextRadioTV S.A. ("**NextRadio TV**"), through which the Group produces high quality television channels such as BFM TV and RMC Sport.

In addition, we are focused on supplementing our own content offerings with premium content produced by third parties, including high quality local content and exclusive premium content. Altice Europe and the Group reorganized the corporate organizational structure relating to premium sports content activities and we now hold the rights to broadcast and/or distribute various premium sporting events through our unrestricted subsidiary SportCoTV (which was previously held by a subsidiary of Altice Europe outside the Group), including the French Athletics Federation, the English Premier League (through an agreement with Canal+), the French Basketball League, the English Rugby Premiership, the UEFA Champions League, the UEFA Europa League, the UEFA Super Cup and the UEFA Europa Conference League (each of the UEFA leagues through an agreement with Canal+ for the 2021-2024 seasons), which are commercialized in France via exclusive RMC Sport branded channels. On July 7, 2020, SportCoTV acquired the shares of Altice Pictures S.à.r.l, a subsidiary of Altice Europe incorporated in Luxembourg ("**Altice Pictures**"), which at the time held the rights for sports content and other premium content. Prior to such acquisition, a reorganization of Altice Europe's structure relating to content activities was carried out, including the transfer of activities performed by Altice Entertainment News and Sport ("**AENS**"), an affiliate of the Group that previously provided the premium sports channels to the Company, to Altice Pictures, thereby ensuring that the entire value chain would subsequently be transferred to the Company, which is the entity that benefits the most from the marketing of the associated channels. Altice Pictures was subsequently merged into SportCoTV.

We also launched a single brand in July 2018 for all of our sports content: RMC Sport, which replaced the SFR Sport channel. At the end of 2016, Altice Europe and the Group also announced strategic agreements with NBCUniversal International and Discovery which confer certain exclusive distribution rights in France.

We intend to continue to selectively invest in local and value-added premium content as well as sports broadcasting and distribution rights in the future to enrich our differentiated and convergent communication services from those of our competitors.

In the six months ended June 30, 2021 and June 30, 2020, our media activity (which comprises revenues generated by content, including the proprietary content produced by us, as described above and advertisement services) generated €219 million and €158 million of revenue, respectively.

Competitive Strengths

We believe that we benefit from the following key strengths:

We benefit from an owner-operator culture.

We are part of a founder-controlled organization with an owner-operator culture and strategy that is focused on operational efficiency and innovation. In recent years, our management team has moved quickly to, among other things, streamline business processes, centralize functions and eliminate non-essential overhead expenses, simplify and redesign our product offerings, drive adoption of higher broadband speeds and continue to build out our fibre and 4G networks and enter into strategic transactions. We continuously strive to improve our operational and financial performance, encouraging communication across the organization while empowering nimble, efficient decision-making that is focused at every level on enhancing the overall customer experience.

We are a leading alternative operator with strong market positions in all segments of an attractive telecommunications market.

France is the third largest telecommunications market in Europe, with revenues of approximately €35.2 billion in 2020 (*Source: ARCEP*). We have a significant market share across all main segments of the French telecommunications market, acting as the main competitor of the incumbent operator, and are a leading alternative telecommunications operator in Europe. Despite growth in market size, the French telecommunications market has recently declined in value primarily due to price pressure in the mobile market following the arrival of a fourth player in 2012 and the decline in regulated call termination rates. The Group, however, believes that it is the

largest operator in the fibre/cable market, with approximately 23,083,000 fibre homes passed as of June 30, 2021, including fibre homes now passed by XpFibre (without giving effect to the Covage Disposition). We intend to continue the expansion of our fibre network in France through engagement with local communities and government and capitalize on our past investments in improved fibre/cable infrastructure. Moreover, XpFibre plans to significantly expand its network in low density areas, which has been supplemented by the Covage Acquisition which was completed on December 8, 2020. We are also the second largest mobile telephony operator in France, with approximately 18,159,000 total mobile subscribers as of June 30, 2021, and a leading operator in the wholesale telephony segment due to our significant wholesale capabilities in the fibre sector.

Mobile. We are the second largest mobile telephony operator in France, with approximately 18,159,000 total mobile subscribers as of June 30, 2021. The French B2C mobile telephony market was disrupted by the entry of a fourth mobile operator in January 2012, which increased the overall level of competition in the market. After strong price decreases in 2013 and 2014, which resulted in mobile post-paid prices in France being among the lowest in Europe, price pressure eased in 2015 and 2016 but intensified again in 2017, weakened slightly in 2018, increased again in 2019, remained relatively stable in 2020 and intensified in 2021. The French B2C mobile telephony market is divided between (i) premium offers targeting subscribers seeking access to subsidized handsets, physical distribution, customer care, data services, value added services and content, (ii) no-frills offers targeting more cost-conscious, SIM-only, self-care subscribers and (iii) a decreasing proportion of prepaid subscribers. We target the premium post-paid subscription market with our "SFR" offers, the basic subscription mobile telephony market with our "RED" offers and the prepaid market with an offer of a prepaid range at attractive prices, under the "*SFR La Carte*" offering. We continued to add new mobile post-paid subscribers in 2019 and 2020, which enabled us to maintain our market position. The combination of our very-high-speed fibre/cable network and our 4G networks allow us to offer attractive flat rate 4P packages, which meet the growing demand for speed and bandwidth coming from multi-screen households, for usage both in and outside the home. Furthermore, following the 5G spectrum allocation by the French government on October 1, 2020, we have obtained a total of 80 MHz (comprising eight blocks of 10 MHz each). The Group became the first player in the market to offer 5G technology to its customers in certain areas in France on November 20, 2020 and has 245 MHz in all the frequency bands put into service in France. On March 19, 2021, we launched 5G services in Paris, with close to 80 authorized sites and continue to expand the deployment of our 5G network in other locations. As of June 30, 2021, we have deployed 5G technology in more than 600 municipalities (about 1,751 radio sites) across France.

Fixed. The fibre/cable fixed-line market in France has experienced strong growth in recent years due to an increasing household coverage, which has led to a 40.5% increase in very-high speed subscribers (over 100Mbps) between March 31, 2020 and March 31, 2021 (*Source: ARCEP*). The fibre fixed-line market has also experienced intense price pressure over the past few years, as certain of our competitors have decreased prices for their fixed-line offers. We estimate that we are the largest operator in the fibre/cable market, with approximately 23,083,000 fibre homes passed as of June 30, 2021, including fibre homes now passed by XpFibre (without giving effect to the Covage Disposition). We intend to continue the expansion of our fibre network in France through engagement with local communities and government and capitalize on our past investments in improved fibre/cable infrastructure. The recent growth has been primarily driven by the increasing penetration of FTTB/FTTH. We believe that we are well positioned to benefit from further growth. We take advantage of our extensive and high-quality fibre/cable network, brand image and distribution capacities, to meet the growing demand for speed and bandwidth, with "multi-play" offers at competitive prices in the fixed-line B2C market.

The French B2B telecommunications market has undergone a structural change in recent years, with traditional switched voice services decreasing and VoIP and data services increasing in number and complexity. In particular, the data service needs of medium-sized businesses have changed and are now more bandwidth-intensive and complex. Subscribers' need for high speeds favors players with strong network coverage, such as the Group, due to our dense capillary network comprised of more than 165 metropolitan loops and our direct fibre/cable connection from our network to the main sites of our subscribers, which provides them with symmetrical high speeds and reliable service. In line with evolving market needs, we have also developed leading data solutions, among others "infrastructure as a service" and IP VPN services. We are also a strong challenger to the incumbent operator in the B2B market and, in recent years, have been able to strategically redeploy our French sales force to fully address, and compete effectively against, the incumbent operator in all B2B market sub-segments. We continue to take advantage of our commercial network and sales force to increase our market share in this segment and target adjacent market segments such as cloud computing services and machine-to-machine ("**M2M**") communications.

Wholesale. In the wholesale telecommunications market, we are able to provide solutions at attractive prices for the short-term needs of operators through our extensive network and can obtain attractive margins by leveraging our cost structure. These solutions include selling fibre connections and circuits to international or local operators with sub-networks in France, leasing indefeasible rights of use ("**IRUs**") and bandwidth capacity on our network and selling point-to-point connections to other national operators including radio transit sites for the roll-out of 3G and 4G. We expect growth in the wholesale segment due to increasing worldwide data traffic, the migration of existing technologies towards Ethernet and fibre technologies, increasing demand for greater bandwidth and building of more antennas in connection with the roll-out of 4G coverage by operators. We believe we are a leading operator in the wholesale telephony segment due to our significant wholesale capabilities in the fibre sector. We have relationships with incumbent operators of French mobile virtual network operators ("**MVNOs**") and fixed-line voice network operators (such as Bouygues Telecom), as well as with leading international players. We also intend to continue to promote our reactive and adapted wholesale offers in order to fully take advantage of our network infrastructure and maximize return on our network assets.

Media. The French television market is one of the largest in Europe. We have strategically developed our content capabilities to complement our fixed and mobile services and provide our subscribers with premium, high-quality content, including a large choice of high-definition channels, catch-up TV channels, the largest catalog of VOD content in France (through our "SFR Play" service), integrated OTT video services and innovative social media applications. Moreover, we offer subscribers leading 24-hour news through our TV news hub bundle, BFM. We believe that our high-quality pay-TV content programming is an important differentiating factor in our offering of bundled and convergent products. See "—*The Group—Media*" above for more information.

We believe that we benefit from a network advantage, combining highly complementary state-of-the-art fixed and mobile networks.

We believe that we benefit from a fixed network advantage in the French market. Based on the current infrastructure of operators in the telecommunication industry, our network is the only end-to-end alternative central network in France to have a local loop infrastructure and is supplemented by our DSL presence and interurban fibre/cable network. This highly advanced fibre/cable network provides high download speeds and is supported by a powerful backbone. We have the largest fibre/cable network in France, with approximately 23,083,000 fibre homes passed (which provides broadband speeds of 100 Mbps and higher), including fibre homes passed by XpFibre (without giving effect to the Covage Disposition), as of June 30, 2021, and we have significantly increased our fibre/cable penetration, in particular through cross-selling fibre/cable offers to existing DSL subscribers. We will continue to focus on rolling out our fibre/cable network through engagement with local communities and governments. Additionally, as the first French operator to offer 4G technology to residential and business subscribers, we believe that we have one of the most expansive and advanced mobile networks of the alternative French players, offering 4G services to 99.6% of the French population as of June 30, 2021. We believe that we are also the leader in terms of 4G mobile antennas in service in France, with 53,086 antennas as of June 30, 2021. Furthermore, following the 5G spectrum allocation by the French government on October 1, 2020, we have obtained a total of 80 MHz (comprising eight blocks of 10 MHz each) and the Group became the first player in the market to offer 5G technology to its customers in certain areas in France on November 20, 2020. On March 19, 2021 we launched 5G services in Paris, with close to 80 authorized sites and continue to expand the deployment of our 5G network in other locations. As of June 30, 2021, we have deployed 5G technology in more than 600 municipalities (about 1,751 radio sites) across France. We are also updating a large number of our antennas by equipping them with single radio access network ("**Single-RAN**") technology (that supports 2G, 3G and 4G standards on one network) and fibre transmission, which we believe will reduce maintenance and infrastructure investment costs and ensure the quality of our infrastructure over time. The combination of our extensive, state-of-the-art fixed network and high-quality 4G mobile network allows us to respond to the rapidly increasing demand for data on mobile phones by providing high bandwidth fibre backhaul connections to connect the mobile Single-RAN. Our high level of prior investment and ownership of local networks, metropolitan loops and backbone in France provides us with a cost advantage compared to our alternative operator competitors, who must rely partially on the networks or technology of other operators to provide their services. For the last three years, and for the six months ended June 30, 2021, we have incurred significant capital expenditure (between 22-29% of total consolidated revenues), a significant portion of which has been spent to improve our mobile network and to roll out new fibre homes. This also gives us a greater ability to control costs compared to our alternative operator competitors, determine the most accurate incremental capital expenditures and generate higher margins. We believe that we will be able to maintain this cost advantage in France so long as alternative competitors do not undertake significant investment and build their own networks.

We are a primary convergence operator and a leading multi-play provider of fibre/cable- and/or mobile-based services in France, with substantial cross-sell, up-sell and value-add opportunities in fixed and mobile services.

Building on our technologically advanced networks and innovative offerings, we have developed leading positions in our markets in multi-play offerings by selling our differentiated pay-TV, high-speed broadband internet, fixed-line telephony, premium content and, mobile telephony services as bundles. We believe that the strength of our fixed and mobile businesses, and our ability to complement these services with premium content offerings, provide an opportunity to increase the penetration of our multi-play and premium packages. The demand for high-speed internet, fixed mobile convergence and high-quality content are key drivers of our cross-sell and up-sell strategy.

Very-high-speed broadband. We believe that we are well positioned to capitalize on the expected growth for very high speed broadband services as our network has been built and upgraded specifically to address the increasing speed and bandwidth requirements of our subscribers. We also continue to offer our existing DSL subscribers the option to subscribe to a fibre/cable offering, which provides an opportunity to significantly grow penetration on our network and to create upselling opportunities. Migrating existing DSL subscribers to our fibre/cable network also reduces the costs associated with renting the last mile and enables funds to be reallocated to accelerate the rollout of our fibre/cable network. We offer our fibre/cable subscribers very-high-speed broadband internet at speeds from 100 Mbps to 1 Gbps. We also provide our subscribers with access to one of the most advanced 4G mobile networks in France, offering high speeds and latency benefits. The combination of our extensive fixed network and high-quality 3G, 4G and 5G mobile networks allows us to capture the rapidly increasing demand for data on mobile phones driven by the digitization of everyday life, and in turn to upsell premium data and content services to new and existing mobile customers.

Comprehensive premium content. We are also focused on delivering high quality content offerings to complement our fixed and mobile services. We have direct long-term relationships with major content providers and television channel suppliers, enabling us to offer bundles that include an extensive array of HD channels as well as the largest VOD catalog in the market, with over 30,000 programs available, and an extensive catalog of HD and 4K/UHD content. We also benefit from our experience in sourcing media content from the largest French and international production companies (including NBCUniversal and Discovery) and our acquisition of NextRadioTV, which enable us to expand our catalog of media partners and premium content offerings. For example, we, through our unrestricted subsidiary SportCoTV, hold the rights to broadcast and/or distribute various premium sporting events, including the UEFA Champions League, UEFA Europa League, UEFA Super Cup and UEFA Europa Conference League (each through an agreement with Canal+ for the 2021-2024 seasons), the French Athletics Federation, the English Premier League (through an agreement with Canal+), the French Basketball League and the English Rugby Premiership, which are commercialized in France via exclusive RMC branded channels.

We benefit from a strong brand and extensive retail distribution network

We believe that our strong brands and our retail distribution networks will enable us to leverage our extensive fixed and mobile infrastructure and best-in-class product offerings to drive growth.

Strong brand image. We continue to invest in strengthening our brands, by focusing on network reliability and high-quality customer care. We believe that improvements in such areas, among other factors, have made an impact and helped achieve net additions in fibre unique home subscribers and post-paid mobile subscribers in each quarter since first quarter of 2018. See "*Business of the Group—Residential Market—Brand Policy*".

Multi-channel distribution network. We also benefit from a strong distribution network, including physical and digital channels. Our physical distribution channels include an extensive network of stores and other physical points of sale, which we believe offer a compelling customer experience by providing pre-purchase advice on devices and services, subscriptions and customer support, including after-sales service and claims. Our online platforms complement our physical network through value-added services, including technical support and news, and through our online stores, which showcase our product offerings and serve as one of the main distribution channels for certain of our business services offers. Our multi-channel networks are supported by our customer service and support teams, which offer a comprehensive range of services covering subscribers' needs, such as claim management, technical support, loyalty programs and sales. See "*Business of the Group—Marketing*".

Cash flow generation

We generated Adjusted EBITDA of €4,346 million and incurred capital expenditures of €3,734 million for the twelve months ended June 30, 2021, compared to Adjusted EBITDA of €4,210 million and capital expenditures of €2,186 million for the twelve months ended June 30, 2020. See "*Summary Financial Information and Other Data—Capital Expenditures*". We believe that our large and diversified customer base and predominantly monthly subscription structure provide a certain level of predictability as to future cash flows. We believe that our ability to generate cash is a direct result of our rigorous focus on cost optimization and organizational efficiency as well as a prudent capital expenditure policy.

We have a proven track record of unlocking value through operational excellence.

We believe that our entrepreneurial culture and efficient decision making processes allow us to quickly react to changes in our operating environments and to seize business opportunities as they arise. We believe a key driver of our success has been our ability to timely implement best operational practices that drive the previously identified improvements in the profitability of our businesses. In our businesses, we have successfully simplified organizational structures, reduced management layers, streamlined decision-making processes, optimized costs and redeployed resources with a focus on network investment, customer service enhancements and marketing support. We expect to continue to focus on achieving operational synergies, including through the integration of our customer and technical services businesses, ACS and ATS France.

We have an experienced management team and supportive shareholder with a proven track record.

Experienced management with proven track record. Our management has extensive experience in the cable and telecommunications industry and in the French market in particular. The Altice Europe Group cross-deploys talent and expertise across its businesses, allowing us to benefit from the Altice Europe Group's senior management's experience around the world. We believe this diversity of experience differentiates us from our more traditional and localized industry peers. We were created as the successful combination of multiple cable, mobile and media assets in France, which our existing management and shareholders have successfully consolidated into a fully integrated and profitable company. The senior management team includes Grégory Rabuel, CEO of the Group, Malo Corbin, CFO of Altice Europe, and Armando Pereira, COO of Altice Europe. Dennis Lodewijk Okhuijsen serves as an advisor to Altice Europe on all financing and capital structure activity.

Strong shareholder support. The Altice Europe Group is supported by an entrepreneurial shareholder, Patrick Drahi, founder of the Altice Europe Group, with over 20 years of experience owning and managing cable and telecommunications companies globally.

Strategy

We intend to leverage and continue to modernize our superior network in order to compete in all market segments to address the growing need for high bandwidth, rapid and reliable network access driven by the digitization of everyday life and business. We intend to continue to offer innovative and differentiated products, services and content in order to generate growth and improve user experience. The key components of our strategy are to:

Grow operating margins and cash flow by leveraging our operational expertise.

We have a successful track record of improving the performance of cable and telecommunication operators. We expect to continue to streamline processes and service offerings and to improve productivity by centralizing our business functions, reorganizing our procurement processes, eliminating duplicative management functions and overhead, terminating lower-return projects and non-essential consulting and third-party service arrangements, optimizing the convergence of our product and service offerings and investing in our employee relations and our culture across our organization. We aim to continue to focus on achieving operational efficiencies by (i) investing in our fibre/cable network, migrating existing DSL subscribers to our own network and reducing the need for third party network services, (ii) optimizing our sales channels and simplifying our brand portfolio, (iii) implementing further procurement efficiencies by leveraging our bargaining power and (iv) further reducing overhead costs. We aim to achieve such operational efficiencies and successfully integrate our businesses through our experienced management team, which has a proven track record of delivering such improvements.

Invest in fixed and mobile infrastructure, as well as sales, marketing and innovation, to maintain our competitive advantage and provide best-in-class services and user experience to our French subscribers.

We aim to remain a technology leader in France by providing innovative, best-in-class services to our subscribers. We believe that our fibre-optic network is the most advanced end-to-end fibre-based fixed network in France, capable of delivering an enhanced user experience to French subscribers and taking advantage of the expected growth in bandwidth demands, while optimizing cost structure. As of June 30, 2021, our fibre network passed approximately 23,083,000 homes in France (including fibre homes passed by XpFibre (without giving effect to the Covage Disposition)). We intend to continue the expansion of our fibre network in France through engagement with local communities and government and capitalize on our past investments in improved fibre/cable infrastructure. Moreover, XpFibre plans to significantly expand its network in low density areas, which has been supplemented by the Covage Acquisition which was completed on December 8, 2020. In addition, we aim to leverage our mobile network to offer subscribers the most compelling 4P offers in the French market, in particular, through our state-of-the-art 4G network. We accelerated the build-out of our 4G network over the last few years and achieved 4G population coverage of 99.6% in France as of June 30, 2021. For our residential customers, our focus is on new customer platforms and faster data speeds. For our business customers, we are introducing new value-added services, such as next generation remote voice protocol services, hosting and cloud services, which require high bandwidth and offer higher margins. For our media clients, we offer advanced, targeted and multi-screen advertising services and data analytics using our proprietary data and the advanced technology platforms that we have developed and acquired. We have already invested heavily in our network, having incurred significant capital expenditure (between 22-29% of total consolidated revenue) over the years ended December 31, 2018, 2019 and 2020 and for the six months ended June 30, 2021 respectively, a significant portion of which has been spent to improve our mobile network and roll out new fibre/cable homes. We intend to continue to build up our brands and invest in our networks, services and new technologies in order to maintain our competitive advantage and position ourselves to grow in the future.

Furthermore, following the completion of the 5G spectrum allocation by the French government, we have obtained a total of 80 MHz of frequencies in the 3.4-3.8 GHz band. The Group became the first player in the market to offer 5G technology to its customers in certain areas on November 20, 2020 and has 245 MHz in all the frequency bands put into service in France. On March 19, 2021 we launched 5G services in Paris, with close to 80 authorized sites and continue to expand the deployment of our 5G network in other locations. As of June 30, 2021, we have deployed 5G technology in more than 600 municipalities (about 1,751 radio sites) across France.

Provide a compelling value proposition to residential subscribers in 3P and 4P.

Provide high speed broadband, high quality content and superior mobile services to existing and new residential subscribers. We believe that our network leadership, operational excellence and multi-play strategy are key factors to our success in France. Our strategy is to continue to increase our multi-play customer penetration. We aim to offer existing and new residential subscribers market-leading 3P and 4P packages by accelerating investment in both fibre/cable and 4G and 5G infrastructures and leveraging our differentiated product offerings, access to premium content, large customer base and premium brands. Our significant investments in media businesses, such as our investment in NextRadioTV and broadcast rights to premium content, evidences our strategy to provide premium content across all platforms to complement our fixed and mobile services and thereby drive bundling and convergence to our multi-play offerings. As of June 30, 2021, we had approximately 6,704,000 total fixed customers and approximately 18,159,000 total mobile subscribers.

Leverage our large customer base to up- and cross-sell our fibre/cable, mobile and premium content products as well as gain market share from new customers. Our primary focus is to up- and cross-sell offerings to our existing customer base, including fibre/cable, mobile and premium content. We believe that our competitive and differentiated product offerings will act as natural drivers of up- and cross-selling. For example, we expect the investments in improvements to our innovative set-top box technology will attract new premium package customers and prompt existing fixed customers to upgrade to our fibre/cable and premium packages which offer these products as standard. In addition, we intend to leverage our leading product offerings, brand image and store network to increase our market share by capturing new subscribers that are in need of higher speeds and bandwidth.

Selectively invest in key premium content to enrich our communications service offerings and differentiate our offerings in the market place.

We plan to invest selectively in premium content and accelerate the development of multimedia projects as part of our long-term strategy of converging our telecommunications assets with media channels and content

development, production and distribution to offer greater value and differentiated products and services to our customers. Through our unrestricted subsidiary SportCoTV, we hold the rights to broadcast and/or distribute in France various premium sports events, including the French Athletics Federation, the English Premier League (through an agreement with Canal+), the French Basketball League, the English Rugby Premiership, the UEFA Champions League, the UEFA Europa League, the UEFA Super Cup and the UEFA Europa Conference League (each of the UEFA leagues through an agreement with Canal+ for the 2021-2024 seasons). We believe that these arrangements will enhance our profile in the market and help us differentiate ourselves from our competitors. In addition, we have made notable investments in the French media businesses in 2016 and 2017, including the acquisition of NextRadioTV, which have strengthened our position as a true content publisher. We have also made substantial investments in other high quality content, which serve to differentiate our service offerings from those of our competitors.

Leverage our networks to exploit new growth opportunities, including business services markets.

We believe that our dense fibre/cable network will position us ideally to service new demand from corporate customers and to benefit from the convergence of fixed and mobile usage with relatively lower levels of capital investment compared to some of our peers. We aim to leverage our well-invested infrastructures to offer tailored data solutions and capture profitable growth in these markets, thereby maximizing the return on our network assets. As the B2B telecommunications market shifts to next generation services, including IP VPN, hosting and cloud services, which are more bandwidth intensive and complex and offer higher margins, we will look to opportunistically expand our business services, which offer important economies of scale and synergies with our residential operations. Our fibre/cable network is both powerful and flexible, has the high capacity bandwidth necessary to offer these next generation services and is fully adaptable to future services that may require even greater bandwidth capacity and reliability. We intend to capitalize on the combination of our powerful network and expertise in critical network architecture to grow our customer base and increase our offering of higher margin next generation and data products and services.

In addition, as mobile internet traffic is expected to grow, primarily due to the development of smart devices supporting multiple wireless technologies, we believe that our high capacity backbone will differentiate us from our competitors as it enables us to offer a compelling backhaul offload offering to MVNOs. We benefit from a full range of services deployed to meet the evolving needs of B2B subscribers and have 11 national data centers. We are also a strong challenger to the incumbent operator in the B2B market and, in recent years, have been able to strategically redeploy our sales force to fully address, and compete effectively against, the incumbent operator in all B2B market sub-segments. We intend to continue to increase our market share in the B2B segment and address adjacent market segments including cloud services and M2M communications.

Recent Developments

Acquisition of Coriolis S.A.

On September 17, 2021, Altice France entered into an exclusivity agreement to acquire 100% of Coriolis S.A. (the "**Coriolis Acquisition**") for an upfront purchase price of €298 million and deferred consideration of €117 million. Coriolis S.A. is a French independent telecommunications group, built over more than 20 years by French entrepreneur Pierre Bontemps. Coriolis S.A., through its brand Coriolis Telecom, offers mobile and fixed telecommunications services. In addition, Coriolis S.A. has developed a customer relationship management division, Coriolis Service, serving both internal and third-party customers relying on five contact centers in France and abroad. The Coriolis Acquisition is subject to customary regulatory approvals and is expected to be completed in the first half of 2022.

Transactions with Altitude Infra

On July 1, 2021, XpFibre Holding and Covage entered into a share purchase agreement with Altitude Infra for the divestiture of certain assets of Covage, conforming to the remedies previously proposed by the European Commission as part of the Covage Acquisition (the "**Covage Disposition**"). The disposal relates to Covage's local fibre loop business, comprising fibre-to-the-office (FTTO) networks, including several mixed FTTO and FTTH networks. The transaction is expected to close in the fourth quarter of 2021, subject to the required approvals.

Agreement to acquire Afone Participations

On May 17, 2021, Altice France entered into an agreement to acquire 100% of MVNO Afone Participations which further holds 50% of the "RégloMobile business" (with the other 50% owned by the Leclerc group) (the "**Afone Transaction**") for an upfront purchase price of €50 million and deferred consideration of €45 million. Following the completion of the Afone Transaction, Altice France will become a partner of the Leclerc group, reinforce its mobile customer base by 770,000 new consumers and benefit from Leclerc group's distribution network. The Afone Transaction is expected to be completed in the third quarter of 2021.

Acquisition of Prixtel

On June 25, 2021, Altice France acquired 100% of MVNO Prixtel (the "**Prixtel Acquisition**") for an upfront purchase price of €20 million, a deferred consideration of €5 million and an earn-out of up to €5 million.

2025 Strategic Plan

On March 3, 2021, the Group unveiled its strategic mid-term plan, named, 'transformation et ambitions 2025', whereby the Group laid out its strategy in order to achieve certain business objectives by 2025, including, amongst others, fibre and 5G coverage targets. As part of the plan, the Group announced that it intends to reduce its headcount by approximately 1,700 employees, including 400 employees in its distribution business pursuant to voluntary departure plans. The Livre 2, the document that outlines the details of the restructuring was officially presented to the workers' unions on April 8, 2021. As a result, the Group has booked a provision for restructuring of €385 million as at June 30, 2021. There can be no assurance that the Group will be successful in achieving its intended objectives. See "*Forward Looking Statements*".

Transactions with Cellnex

The Company entered into an exclusivity agreement dated February 3, 2021 with Cellnex ("**Cellnex**") pursuant to which the Company will sell its 50.01% stake in Hivory to Cellnex for an implied enterprise value at 100% of €5.2 billion (the "**Hivory Transaction**"). The transaction is expected to close in the fourth quarter of 2021 following customary regulatory approvals. The Company has designated Hivory as an unrestricted subsidiary under the documents governing its indebtedness, and the proceeds generated from the Hivory Transaction are expected to be used to repay indebtedness of certain holding companies or unrestricted subsidiaries of the Group. However, there can be no assurance that the Hivory Transaction will be completed in a timely manner or at all, and the Proposed Financing is not conditional upon the closing of the Hivory Transaction.

Other Significant Developments

COVID-19 Pandemic

On March 11, 2020, the COVID-19 outbreak was declared by the World Health Organization (WHO) as a global pandemic, highlighting the health risks of the disease. There have also been extraordinary and wide ranging actions taken by national, regional and local governmental authorities to contain and combat the outbreak and spread of the virus. In this context and following regulatory requirements published by the French government over the last several months, the Group activated a response program in order to ensure the health and safety of, and minimize the impact of the pandemic on, our employees, customers, business and operations. Please refer to Note 4.3 of the 2020 Financial Statements for more information.

We have continued to provide our telecommunications services to our customers during this pandemic. The COVID-19 pandemic had a limited impact on the consolidated financial statements of the Group for the year ended December 31, 2020 and the six months ended June 30, 2021 demonstrating the resilience of the Group's business model. The Group has been impacted by a decline in handsets sales in the context of the closure of shops in France, a decrease in roaming revenue due to decreased travel, delays in the construction of FTTH homes passed in France and, in the year ended December 31, 2020, a decline in the advertising businesses.

As part of economic measures intended to mitigate the impact of the COVID-19 pandemic on businesses, the French government announced a series of measures, certain of which we were entitled to benefit from, including partial unemployment benefit for employee salaries. We decided to apply for such government benefit from mid-March to mid-May 2020 with respect to approximately 4,200 employees whose jobs were directly impacted by the mandatory lockdown imposed by the French government. Under such measure, the French government paid

the relevant employees the equivalent of 84% of their fixed and variable pay per month for the period between March 2020 and May 2020 and the Group paid the remaining 16%. The Group received a wage subsidy of €16 million under this economic measure and there were no restrictions on the Group's business associated with subscribing to such measure.

Our future results may be impacted, including if residential or business customers discontinue their service or are unable to pay for our products and services, if roaming revenue continues to decline due to reduced international travel or if advertising revenue continues to decline. Additionally, in order to prioritize the demands of the business, we may choose to delay certain capital investments or reassess our priorities relating to capital investments. Due to the uncertainty surrounding the magnitude and duration of business and economic impacts relating to the COVID-19 pandemic, including the effort to contain and combat the spread of the virus, and business impacts of government actions, we currently cannot reasonably estimate the ultimate impact of the COVID-19 pandemic on our business.

The Group has taken into account the impact of the COVID-19 pandemic in its accounting estimates, notably those related to the valuation of non-current and current assets (including goodwill).

Based on the information above and available liquidity and cash requirements, the Group considers that the assessment of the going concern assumption for the Group is not impacted as of the date of this Notice.

For more information, please also refer to "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting Our Results of Operations—COVID-19 Pandemic*" and "*Risk Factors—Risks Relating to the Group's Business, Technology and Competition—Our business, financial condition and results of operations may be adversely affected by the recent COVID-19 pandemic*".

Take-Private Transaction

On September 11, 2020, Altice Europe N.V. and Next Private B.V. (the "**Offeror**" or "**Next Private**"), a direct subsidiary of Next Alt S.à r.l. ("**Next Alt**"), the controlling shareholder of Altice Europe N.V., announced that a conditional agreement had been reached relating to a recommended public offer (the "**Offer**") to be made by the Offeror for all common shares A and common shares B of Altice Europe N.V. (each, a "**Target Share**"). The Offer was launched on November 25, 2020 and expired on January 21, 2021 (the "**Offer Period**"). As per the terms of the Offer, as amended, each minority shareholder who tendered in the Offer would receive a cash consideration (cum dividend) equal to €5.35 per Target Share tendered (the "**Offer Price**"). The shareholders of Altice Europe N.V. approved the resolutions relating to the Offer at the extraordinary general meeting held on January 7, 2021.

At the expiry of the Offer Period, 90.89% of the listed shares of Altice Europe N.V., not already held by the Offeror, were tendered and the settlement of the Offer was completed on January 26, 2021. Following the consummation of the settlement of the Offer, the Offeror held 95.11% of the listed shares of Altice Europe N.V. and approximately 92.02% of the total issued share capital of Altice Europe N.V. The Offeror then consummated the post-Offer merger, pursuant to which (i) Altice Europe N.V. ceased to exist following its merger into New Altice Europe B.V., an entity created in connection with the post-Offer merger and the surviving entity of such post-Offer merger (under the terms of a triangular merger), (ii) Altice Europe N.V.'s listing on the Euronext Amsterdam was terminated on January 27, 2021 and (iii) an advance liquidation distribution was made to the non-tendering shareholders of Altice Europe N.V. on January 29, 2021 in an amount equal to the Offer Price per non-tendered share. As a result of these transactions, New Altice Europe B.V. became a privately held company. On July 9, 2021, Next Private, being the sole shareholder of New Altice Europe B.V., resolved to dissolve New Altice Europe B.V. and to commence the liquidation process. All members of the board of directors of New Altice Europe B.V. have been appointed as liquidators. The liquidation will be effective after the expiry of a two-month creditor opposition period, and subject to completion of the corporate and registration formalities. Upon the effectiveness of the liquidation, all remaining assets of New Altice Europe B.V. will be transferred to, and all remaining liabilities of New Altice Europe B.V., if any, will be assumed by, Next Private. As of the date of this Notice, Next Private owns indirectly 92.76% of the shares of the Company. The transactions described above are referred to herein as the "**Take-Private Transaction**".

The Transactions

The proceeds from the Proposed Financing, along with cash on balance sheet, are expected to be used to (i) fully redeem the Existing 2026 Senior Secured Notes in a euro equivalent aggregate principal amount equal to €1,948

million, (ii) pay the upfront purchase price and deferred consideration, as applicable, in relation to the Coriolis Acquisition, the Prixtel Acquisition and the Afone Transaction and (iii) pay fees and expenses, including call premium, in connection with the Proposed Financing and such redemption. The Proposed Financing and such transactions are collectively referred to herein as the "**Transactions**". However, the Proposed Financing, is not conditional upon the closing of the Coriolis Acquisition or the Afone Transaction.

The Company

Altice France S.A. is a French public limited liability company incorporated as a *société anonyme*, having its registered office at 16, rue du Général Alain de Boissieu, 75015 Paris, France, registered under sole identification number 794 661 470 RCS Paris. The Company changed its corporate name from SFR Group S.A. to Altice France S.A. on February 9, 2018.

Principal Shareholders

As of the date of this Notice and following the completion of the Take-Private Transaction, Next Private, a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of the Netherlands, registered with the Dutch Trade Registry under number 80275613, having its corporate seat at Oostsingel 1, 3441 GB Woerden, the Netherlands, owns, through its direct and indirect subsidiaries, 92.76% of share capital and voting rights in the Company.

Founded by telecommunications entrepreneur Patrick Drahi, Altice Europe is a convergent leader in telecommunications, content, media, entertainment and advertising. Altice Europe delivers innovative, customer-centric products and solutions that connect its over 30 million customers over fibre networks and mobile broadband. Altice Europe is also a provider of enterprise digital solutions to millions of business customers. Altice Europe innovates with technology, research and development and enables people to live out their passions by providing original content, high-quality and compelling TV shows, and international, national and local news channels. Altice Europe delivers live broadcast premium sports events and enables its customers to enjoy the most well-known media and entertainment.

SUMMARY FINANCIAL INFORMATION AND OTHER DATA

The following tables set forth summary financial information and other data of the Group. The consolidated statement of income, consolidated statement of financial position and selected consolidated statement of cash flow data presented below are derived from (i) the unaudited condensed interim consolidated financial statements for the Group as of and for the six months ended June 30, 2021 (which include comparative figures for the six months ended June 30, 2020) prepared in accordance with IAS 34 as adopted in the European Union and which have been subject to a review by Deloitte & Associés and KPMG Audit, a department of KPMG S.A. (the "**Unaudited Interim Financial Statements**") and (ii) the English language translations of the audited consolidated financial statements for the Group as of and for the years ended December 31, 2020 (which include comparative figures as of and for the year ended December 31, 2019) (the "**2020 Financial Statements**"), December 31, 2019 (which include comparative figures as of and for the year ended December 31, 2018) (the "**2019 Financial Statements**") and December 31, 2018 (which include comparative figures as of and for the year ended December 31, 2017) (the "**2018 Financial Statements**"), each prepared in accordance with IFRS as adopted in the European Union and which have been audited by Deloitte & Associés and KPMG Audit, a department of KPMG S.A. (together, the "**Audited Financial Statements**"). The financial information for the year ended December 31, 2018 provided below has been derived from the 2019 Financial Statements. The historical consolidated financial information of the Group described above, including the accompanying notes thereto, are referred to herein as the "**Historical Consolidated Financial Information**".

In this section, unless the context otherwise requires or otherwise specifies, the term (i) "Group", "we", "us" and "our" refers to Altice France and its subsidiaries as of the applicable time period presented, even though we may not have owned such subsidiaries for the entire duration of such period presented and (ii) "Altice TV" refers to the businesses conducted by SportCoTV and its subsidiaries relating to the packaging and distribution of television content, including premium sports content.

The summary financial information presented below should be read together with the section entitled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", included elsewhere in this Notice, as well as the Historical Consolidated Financial Information, including the accompanying notes.

The Group has adopted IFRS 15 and IFRS 9 effective from January 1, 2018. The summary financial information presented below reflects the change in the accounting standards for all periods presented. The Group has adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of January 1, 2019. The financial information for the year ended December 31, 2018 in the 2019 Financial Statements and the 2018 Financial Statements has not been restated for the impacts of IFRS 16. See note 1.2.3 to the 2019 Financial Statements and the 2018 Financial Statements, respectively.

As a result of certain transactions that have been consummated by the Group or events that have occurred during these periods, and the intra-year timing of such transactions and events, the comparability of the Historical Consolidated Financial Information over each of the periods presented below may be limited. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Discussion and Analysis of Our Results of Operations—For the six months ended June 30, 2021 compared to the six months ended June 30, 2020—Significant Events Affecting Historical Results*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Discussion and Analysis of Our Results of Operations—For the year ended December 31, 2020 compared to the year ended December 31, 2019—Significant Events Affecting Historical Results*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Discussion and Analysis of Our Results of Operations—For the year ended December 31, 2019 compared to the year ended December 31, 2018—Significant Events Affecting Historical Results*".

Unrestricted Perimeter

Unless otherwise specified, the tables in this section represent the consolidated financial results of the Group (including (i) Altice TV with effect from July 8, 2020, following the completion of the reorganization of Altice Europe's and the Group's content activities, (ii) Hivory and (iii) Altice Finco France following its incorporation on December 21, 2020. XpFibre Holding (along with its subsidiaries) is accounted for as a joint venture and is therefore consolidated using the equity method in the Historical Consolidated Financial Information.

Altice TV

On July 7, 2020, the Group and Altice Europe reorganized the corporate organizational structure for content activities. SportCoTV, a wholly-owned subsidiary of the Company, acquired the shares of Altice Pictures, a subsidiary of Altice Europe incorporated in Luxembourg, which at the time held the rights for sports content, including UEFA Champions League and other premium content. Altice Pictures was subsequently merged into SportCoTV. The Group commenced consolidation of Altice TV in its financial statements from July 8, 2020 following the completion of the reorganization of the Group's and Altice Europe's content activities. SportCoTV has been designated as an unrestricted subsidiary under the agreements, instruments and indentures governing the Group's indebtedness, including the Existing Senior Secured Indentures, the Existing Revolving Credit Facilities Agreement and the Existing Term Loans Agreement and will be designated as an unrestricted subsidiary under the Indenture (and therefore will not be subject to any of the covenants set forth therein). Certain stand-alone income statement and cash flow items for Altice TV and a reconciliation to the corresponding consolidated income statement and cash flow items of the Group is provided under "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Discussion and Analysis of Our Results of Operations—For the six months ended June 30, 2021 compared to the six months ended June 30, 2020—Other Information related to Altice TV*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Discussion and Analysis of Our Results of Operations—Discussion and Analysis of Our Results of Operations—For the year ended December 31, 2020 compared to the year ended December 31, 2019—Other Information related to Altice TV*".

Altice Finco France

In connection with the Take-Private Transaction, the Company designated its newly incorporated subsidiary, Altice Finco France, which primarily conducted certain financing activities, as an unrestricted subsidiary under the agreements, instruments and indentures governing the Group's indebtedness, and will designate such entity as an unrestricted subsidiary under the Indenture (and therefore Altice Finco France will not be subject to any of the covenants set forth therein). The financial information, primarily including the indebtedness and interest expense thereon, pertaining to Altice Finco France has been consolidated in the Unaudited Interim Financial Statements of the Company.

Hivory

The Company entered into an exclusivity agreement dated February 3, 2021 with Cellnex pursuant to which the Company will sell its 50.01% stake in Hivory to Cellnex for an implied enterprise value at 100% of €5.2 billion. The transaction is expected to close in the fourth quarter of 2021 following customary regulatory approvals. The Company has designated Hivory as an unrestricted subsidiary under the agreements, instruments and indentures governing the Group's indebtedness, and will designate such entity as an unrestricted subsidiary under the Indenture (and therefore Hivory will not be subject to any of the covenants set forth therein). The financial information pertaining to Hivory has been consolidated in the Unaudited Interim Financial Statements and the Audited Financial Statements of the Company, except that the assets and associated liabilities of Hivory have been classified as held for sale as per the provisions of IFRS 5 since March 31, 2021. For the *pro forma* impact of the Hivory Transaction on the Adjusted EBITDA and the capital expenditures (accrued) of the Group, see "—*Adjusted EBITDA and Pro Forma Adjusted EBITDA*" and "*—Capital Expenditures*".

XpFibre Holding

XpFibre Holding (formerly known as SFR FTTH Network Holding S.A.S.), a joint venture in which the Group owns a 50.01% interest (with the remaining held by the JV Consortium) was incorporated as a sole shareholder of (x) XpFirbre Network (formerly known as SFR FTTH Network S.A.S.) and (y) XpFibre S.A.S. (formerly known as SFR FTTH S.A.S.), and the XpFibre business was contributed to XpFibre Holding on December 8, 2020. XpFibre Holding and its subsidiaries have been designated as unrestricted subsidiaries under the agreements, instruments and indentures governing the Group's indebtedness, including the Existing Senior Secured Indentures, the Existing Revolving Credit Facilities Agreement and the Existing Term Loans Agreement, and will be designated as unrestricted subsidiaries under the Indenture (and therefore will not be subject to any of the covenants set forth therein). XpFibre Holding (along with its subsidiaries) is accounted for as a joint venture and is therefore consolidated using the equity method in the Unaudited Interim Financial Statements and the Audited Financial Statements of the Company.

Consolidated Statement of Income

	For the year ended December 31,						For the six months ended June 30			
	2018[1]		2019		2020		2020		2021	
					(in € millions)					
Revenues	10,187	*100.0%*	10,798	*100.0%*	11,025	*100.0%*	5,244	*100.0%*	5,483	*100.0%*
Purchasing and subcontracting	(3,383)	*(33.2)%*	(2,898)	*(26.8)%*	(3,228)	*(29.3)%*	(1,402)	*(26.7)%*	(1,432)	*(26.1)%*
Other operating expenses	(2,171)	*(21.3)%*	(1,910)	*(17.7)%*	(1,700)	*(15.4)%*	(913)	*(17.4)%*	(988)	*(18.0)%*
Staff costs and employee benefit expenses	(930)	*(9.1)%*	(1,060)	*(9.8)%*	(1,023)	*(9.3)%*	(502)	*(9.6)%*	(531)	*(9.7)%*
Depreciation, amortization and impairment	(2,672)	*(25.5)%*	(3,475)	*(32.2)%*	(3,559)	*(32.3)%*	(1,663)	*(31.7)%*	(1,827)	*(33.3)%*
Other expenses and income	(520)	*(5.8)%*	2,601	*24.1%*	(151)	*(1.4)%*	(26)	*(0.5)%*	10	*0.2%*
Operating income	**512**	***5.0%***	**4,056**	***37.6%***	**1,364**	***12.4%***	**739**	***14.1%***	**715**	***13.0%***
Financial income	9	*0.1%*	17.5	*0.2%*	61	*0.6%*	17	*0.3%*	64	*1.2%*
Interest relative to gross financial debt	(807)	*(8.2)%*	(837)	*(7.8)%*	(791)	*(7.2)%*	(385)	*(7.3)%*	(404)	*(7.4)%*
Realized and unrealized gains/(loss) on derivative instruments linked to financial debt	(9)	—	6	*0.1%*	(267)	*(2.4)%*	69	*1.3%*	16	*0.3%*
Other financial expenses	(120)	*(2.5)%*	(231)	*(2.1)%*	(307)	*(2.8)%*	(81)	*(1.6)%*	(112)	*(2.0)%*
Net result on extinguishment of financial liabilities	(149)	—	(79)	*(0.7)%*	—	—	—	—	(98)	*(1.8)%*
Net financial income (expense)	(1,075)	*(10.6)%*	(1,124)	*(10.4)%*	(1,304)	*(11.8)%*	(380)	*(7.3)%*	(534)	*(9.7)%*
Share in net income (loss) of associates and joint ventures	(13)	*(0.1)%*	(201)	*(1.9)%*	(237)	*(2.1)%*	(114)	*(2.2)%*	(167)	*(3.0)%*
Income (loss) before taxes	(576)	*(5.7)%*	2,731	*25.3%*	(177)	*(1.6)%*	244	*4.7%*	15	*0.3%*
Income tax income (expense)	99	*1.0%*	168	*1.6%*	(23)	*(0.2)%*	(160)	*(3.1)%*	(84)	*(1.5)%*
Net income (loss) from continuing operations	(477)	*(4.7)%*	2,899	*26.9%*	(199)	*(1.8)%*	85	*1.6%*	(70)	*(1.3)%*
Net income (loss) from discontinued operations	—	—	—	—	—	—	—	—	—	—
Net income (loss)	(477)	*(4.7)%*	2,899	*26.9%*	(199)	*(1.8)%*	85	*1.6%*	(70)	*(1.3)%*
Group share	(476)	*(4.7)%*	2,853	*26.4%*	(255)	*(2.3)%*	46	*0.9%*	(138)	*(2.5)%*
Non-controlling interests	(1)	*0.0%*	46	*0.4%*	56	*0.5%*	39	*0.7%*	68	*1.2%*

(1) The Group has adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of January 1, 2019. The financial information for the year ended December 31, 2018 in the 2019 Financial Statements and the 2018 Financial Statements has not been restated for the impacts of IFRS 16. See note 1.2.3 to the 2019 Financial Statements and the 2018 Financial Statements, respectively.

Consolidated Statement of Financial Position

	As of December 31,			As of June 30
	2018 (restated)[1][*]	2019	2020	2021
	(in € millions)			
Goodwill	11,072	11,076	11,046	9,772
Intangible assets	5,889	5,483	5,826	5,851
Contracts costs	157	160	169	184
Property, plant and equipment	6,331	6,323	6,502	6,057
Rights of use	—	3,419	3,616	3,315
Investments in associates and joint ventures	20	1,551	1,317	1,143
Non-current financial assets	1,116	1,029	2,098	1,079
Deferred tax assets	12	231	346	263
Other non-current assets	266	248	213	198
Total non-current assets	24,862	29,519	31,132	27,862
Inventories	304	349	414	416
Trade and other receivables	3,550	3,422	3,403	3,416
Contracts assets	227	217	215	204
Income tax receivables	111	49	56	49
Current financial assets	2	24	449	621
Cash and cash equivalents	1,069	557	536	371
Assets held for sale[2]	930	—	—	2,162
Total current assets	6,192	4,617	5,072	7,239
Total assets	**31,054**	**34,136**	**36,204**	**35,100**
Equity and liabilities				
Share capital	444	444	444	444
Additional paid-in capital	5,403	3,533	3,533	1,066
Reserves	(2,025)	446	176	(2,033)
Equity attributable to the owners of the entity	3,822	4,423	4,152	(523)
Non-controlling interests	216	226	281	307
Consolidated equity	4,038	4,649	4,434	(216)
Non-current borrowings and financial liabilities	17,436	17,337	18,437	18,838
Non-current lease liabilities	—	2,804	2,972	2,752
Other non-current financial liabilities	367	312	317	308
Non-current provisions	476	460	473	467
Non-current contracts liabilities	503	521	466	466
Deferred tax liabilities	126	44	13	16
Other non-current liabilities	50	25	416	581
Total Non-current liabilities	18,959	21,503	23,093	23,427
Current borrowings and financial liabilities	360	427	763	4,046
Current lease liabilities	—	676	733	663
Other current financial liabilities	1,086	1,170	1,120	1,018
Trade payables and other liabilities	5,558	4,829	5,247	4,664
Current contracts liabilities	479	502	624	637
Income tax liabilities	115	145	34	47
Current provisions	217	150	119	406
Other current liabilities	43	87	38	30
Liabilities directly associated to assets held for sale[2]	199	—	—	381
Current liabilities	8,057	7,984	8,678	11,890
Total equity and liabilities	**31,054**	**34,136**	**36,204**	**35,100**

(*) The Group reclassified the goodwill allocation related to the XpFibre transaction from "Goodwill" to "Assets classified as held for sale" as of December 31, 2018. See note 20 to the 2019 Financial Statements for more information.

(1) The Group has adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of January 1, 2019. The financial information for the year ended December 31, 2018 in the 2019 Financial Statements and the 2018 Financial Statements has not been restated for the impacts of IFRS 16. See note 1.2.3 to the 2019 Financial Statements and the 2018 Financial Statements, respectively.

(2) Assets held for sale and liabilities directly associated with assets held for sale as of December 31, 2018 reflects assets disposed of and liabilities directly associated with such assets held for sale, as applicable, in connection with the sale of a 49.99% interest in

XpFibre S.A.S. on March 27, 2019. See "*Business of the Group—Material Contracts—XpFibre—Sale of a 49.99% Interest in XpFibre S.A.S.*" below and "*Certain Relationships and Related Party Transactions—Transactions with Equity Associates and Joint Ventures—XpFibre Holding and its subsidiaries*". Assets held for sale and liabilities directly associated with assets held for sale as of June 30, 2021 reflects the assets and associated liabilities of Hivory which are proposed to be disposed off under the Hivory Transaction. See Note 11 to the Unaudited Interim Financial Statements for more information. See "*Summary—Recent Developments—Transactions with Cellnex*".

Selected Consolidated Statement of Cash Flow Data

	For the year ended December 31,			**For the six months ended June 30**	
	(in € millions)				
	2018 (restated)[1]	**2019**	**2020**	**2020**	**2021**
Net cash flow provided by/(used in) operating activities	2,711	4,087	4,599	2,009	2,644
Net cash flow provided by/(used in) investing activities	(3,116)	(666)	(2,720)	(1,105)	(1,764)
Net cash flow provided by/(used in) financing activities	1,045	(3,921)	(1,898)	(974)	(1,048)
Net change in cash and cash equivalents	**640**	**(500)**	**(19)**	**(70)**	**(167)**

(1) The amounts for the year ended December 31, 2018 were restated following the harmonization of the presentation of the cash flow statement with the corresponding Altice Group presentation and in order to provide additional information in the cash flow statement, including the following revisions: (i) cash excludes bank overdraft and (ii) acquisitions and disposals of property, plant and equipment and intangible assets are net of related change in working capital.

Adjusted EBITDA and Pro Forma Adjusted EBITDA

	For the year ended December 31,			**For the six months ended June 30,**		**For the twelve months ended June 30,**
	2018[1]	**2019**	**2020**	**2020**	**2021**	**2021**
	(in € millions)					
Adjusted EBITDA (excluding Altice TV)[2]	3,706	4,200	4,277	2,038	2,107	4,346
Adjustment for disposals[3]						(174)
Adjustment for acquisitions[4]						76
Pro Forma Adjusted EBITDA[5]						4,247

(1) The Group has adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of January 1, 2019. The financial information for the year ended December 31, 2018 in the 2019 Financial Statements and the 2018 Financial Statements has not been restated for the impacts of IFRS 16. See note 1.2.3 to the 2019 Financial Statements and the 2018 Financial Statements, respectively.

(2) Prior to adoption of IFRS 16 Adjusted EBITDA was defined as operating income before depreciation and amortization, non-recurring items (capital gains, non-recurring litigation, restructuring costs) and share-based expenses. Following the application of IFRS 16, Adjusted EBITDA is defined as operating income before depreciation and amortization, other expenses and incomes (capital gains, non-recurring litigation, restructuring costs and management fees), share-based expenses and after operating lease expenses (i.e., straight-line recognition of the rent expense over the lease term as performed under IAS 17 (*Leases*) for operating leases) allowing comparability for each of the periods presented. The Group believes that this measure is useful to investors as it provides them with a measure that excludes certain items that the Group considers to be outside its recurring operating activities or that are non-cash, making trends more easily observable and providing information regarding the Group's earnings and cash-flow generation that allows investors to identify trends in its financial performance. It should not be considered as a substitute measure for operating profit or profit for the period (as determined in accordance with IFRS), cash flows from operating, investing and financing activities or any other measures of performance under IFRS or other generally accepted accounting principles. Adjusted EBITDA as defined by us may not be comparable to similarly titled measures used by other companies.

Adjusted EBITDA presented in the table above excludes Adjusted EBITDA of Altice TV. The Group commenced consolidation of Altice TV in its financial statements with effect from July 8, 2020 following the completion of the reorganization of the Group's and Altice Europe's content activities. The following tables present the Adjusted EBITDA of Altice TV on a stand-alone basis and a corresponding reconciliation of the Group's consolidated Adjusted EBITDA.

Reconciliation of operating income to Adjusted EBITDA

	For the six months ended June 30,				
	2020	2021			
	(in € millions)				
	Altice France	Altice France (excl. Altice TV)	Altice TV stand-alone	IC flows	Altice France (incl. Altice TV)
Operating income	**739**	**879**	**(164)**	**—**	**715**
Depreciation, amortization and impairment	1,663	1,652	176	—	1,827
Rental expense operating lease[a]	(392)	(416)	—	—	(416)
Share-based expenses	2	3	—	—	3
Other expenses and income[b]	26	(10)	0	—	(10)
Adjusted EBITDA	**2,038**	**2,107**	**12**	**—**	**2,119**

(a) Following the application of IFRS 16, Adjusted EBITDA is defined as operating income before depreciation and amortization, other expenses and incomes (capital gains, non-recurring litigation, restructuring costs and management fees), share-based expenses and after operating lease expenses.

(b) For the six months ended June 30, 2020, other expenses and income mainly includes loss of €32 million relating to the intended sale of *Libération* and other non-recurring expenses and charges relating to deal fees paid on M&A transactions and certain COVID-19 pandemic related costs, which were partially off-set by the reversal of provisions relating to performance based compensation. For the six months ended June 30, 2021, mainly includes (i) the indemnity received from Orange in order to close certain outstanding litigation and a settlement gain in relation to the DSP 92 litigation and (ii) a provision for restructuring related to the telecom and distribution business of the Group for an aggregate amount of €385 million.

	For the year ended December 31,					
	2018[a]	2019	2020			
	(in € millions)					
			Altice France (excl. Altice TV)	Altice TV stand-alone	IC flows	Altice France (incl. Altice TV)
Operating income	**512**	**4,056**	**1,490**	**(125)**	**—**	**1,364**
Depreciation, amortization and impairment	2,672	3,475	3,438	121	—	3,559
Restructuring costs[b]	(9)	—			—	
Rental expense operating lease[c]	—	(761)	(810)	—	—	(810)
Share-based expenses	2	31	9	—	—	9
Other expenses and income[d]	529	(2,601)	151	—	—	151
Adjusted EBITDA	**3,706**	**4,200**	**4,277**	**(4)**	**—**	**4,273**

(a) The Group has adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of January 1, 2019. The financial information for the year ended December 31, 2018 in the 2019 Financial Statements and the 2018 Financial Statements has not been restated for the impacts of IFRS 16. See note 1.2.3 to the 2019 Financial Statements and the 2018 Financial Statements, respectively for more information.

(b) For the year ended December 31, 2018, includes the reversal of certain internal provisions in relation to the 2017 departure plan.

(c) Following the application of IFRS 16, Adjusted EBITDA is defined as operating income before depreciation and amortization, other expenses and incomes (capital gains, non-recurring litigation, restructuring costs and management fees), share-based expenses and after operating lease expenses.

(d) For the year ended December 31, 2018, mainly includes the break-up fee with AENS of €300 million relating to the cancellation of existing content wholesale contracts between Altice France and AENS due to its replacement with a new revenue sharing contract with a lower guaranteed amount payable by Altice France, management fees paid to Altice Lux of €59 million, allowances related to Bouygues Telecom settlements of €79 million, net reversal of provisions

related to litigation of €64 million, costs related to the change in office premises of €52 million and network sale and buybacks of €28 million. For the year ended December 31, 2019 mainly includes a capital gain related to the divestment of a 49.99% stake in XpFibre S.A.S. for an aggregate amount of €2,796 million. For the year ended December 31, 2020, mainly includes the impact of the transfer of *Libération* to *Presse Indépendante SAS* (donation and capital loss), which amounted to €(55) million, a provision relating to the employee workforce restructuring plan in the Group's media business (part time workers, freelancers and consultants) based on the agreement signed with the workers' council on September 15, 2020, which amounted to €50 million and other non-recurring charges, including deal fees related to M&A transactions.

(3) Reflects the *pro forma* impact of the Hivory Transaction (representing the Adjusted EBITDA of Hivory on a stand-alone basis for the twelve months ended June 30, 2021). See "*Summary—Recent Developments—Transactions with Cellnex*".

(4) Reflects the *pro forma* impact of the Coriolis Acquisition (€69 million) and the Prixtel Acquisition (€7 million) representing the estimated EBITDA of Coriolis S.A. and Prixtel for the year ended December 31, 2021, including certain estimated synergies expected to be realized in connection with these transactions. See "*Summary—Recent Developments—Acquisition of Coriolis S.A.*" and See "*Summary—Recent Developments—Acquisition of Prixtel*". Such estimates are based on a number of assumptions made in reliance on the information available to us and management's judgments based on such information. The estimated synergies are expected as a result of operational improvements at the acquired businesses including reduction of operational complexity, sales and marketing savings and other savings through elimination of duplicative functions. The assumptions used in estimating the *pro forma* impact and the synergies arising from the Coriolis Acquisition and the Prixtel Acquisition are inherently uncertain and are subject to a wide variety of significant business, economic, and competitive risks and uncertainties that could cause actual results to differ materially from those contained in the synergy benefit estimates. The synergy estimates and *Pro Forma* Adjusted EBITDA have not been prepared in accordance with the requirements of Article 11 of Regulation S-X under the Securities Act.

The consummation of the Coriolis Acquisition is subject to customary regulatory approvals. However, the issuance of the Notes, or any portion thereof, is not conditional upon the closing of the Coriolis Acquisition.

(5) Excludes the contribution of Altice TV. Certain covenants applicable to our indebtedness are calculated on the basis of *Pro Forma* Adjusted EBITDA (as described in such indebtedness) for the most recent two consecutive fiscal quarters on an annualized basis (*i.e.*, multiplied by 2). The *Pro Forma* Adjusted EBITDA as set forth in this Notice calculated for the last two quarters ended June 30, 2021 on an annualized basis would have been €4,117 million.

Capital Expenditures

	For the year ended December 31,			For the six months ended June 30,		For the twelve months ended June 30,
	2018[1]	**2019**	**2020**	**2020**	**2021**	**2021**
			(in € millions)			
Capital Expenditures (accrued)[2] .	2,247	2,355	3,138	979	1,575	3,734
Adjusted EBITDA less accrued Capital Expenditures................	1,459	1,845	1,135	1,060	544	619

(1) The Group has adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of January 1, 2019. The financial information for the year ended December 31, 2018 in the 2019 Financial Statements and the 2018 Financial Statements has not been restated for the impacts of IFRS 16. See note 1.2.3 to the 2019 Financial Statements and the 2018 Financial Statements, respectively.

(2) Capital expenditures (accrued) reflects the payments to acquire tangible and intangible assets, excluding the working capital items and other impacts. For the year ended December 31, 2020, includes purchase price for the 5G spectrum allocation amounting to a nominal value of €728 million (of which €350 million is to be paid over a 15-year period in equal installments and the balance €378 million to be paid over four years also in equal installments). For the six months ended June 30, 2021, includes accruals related to a new IRU and the renewal of the 2G licences in March 2021 for an aggregate amount of €428 million. Of this amount, €155 million has been paid as of June 30, 2021.

The following table provides the capital expenditures for Altice TV and Hivory for the six months ended June 30, 2021:

Capital Expenditures (accrued)	**Altice France (incl. Altice TV and Hivory)**	**Altice TV stand-alone**	**Hivory stand-alone**	**Altice France (excl. Altice TV and Hivory)**
		(in € millions)		
For the six months ended June 30, 2021..............	1,575[a]	3	32	1,540

(a) Includes accruals related to a new IRU and the renewal of the 2G licences in March 2021 for an aggregate amount of €428 million. Of this amount, €155 million has been paid as of June 30, 2021.

Key Performance Indicators

We use certain key performance indicators specified below to track the financial and operating performance of our business. None of these terms are measures of financial performance under IFRS, nor have these measures been audited or reviewed by an auditor, consultant or expert. All of these measures are derived from our internal operating and financial systems. As defined by our management, these terms may not be directly comparable to similar terms used by competitors or other companies.

With effect from January 1, 2021, we have revised the presentation of our key performance indicators, which differs from our presentation for the prior periods. As of January 1, 2021, our key performance indicators include fibre homes passed, total fibre customers, total fixed customers and total mobile subscribers. The fibre homes passed measure is comparable to the fibre/cable homes passed measure for the periods prior to January 1, 2021. Total fibre customers, total fixed customers and total mobile subscribers include the customers/subscribers in our B2C and B2B segments, while in the periods prior to January 1, 2021, we only presented customers/subscribers in our B2C segment. As a result, there is no directly comparable information available for any periods prior to January 1, 2021 with respect to the total fibre customers, total fixed customers and total mobile subscribers, due to which the comparability of our operating performance based on these measures is limited.

The table below details the Group's key operating data as of June 30, 2021.

	As of June 30, 2021[4]
	(in thousand)
Fibre homes passed[1]	23,083
Total fibre customers[2]	3,685
Total fixed customers	6,704
Total mobile subscribers[3]	18,159

(1) Includes fibre homes now passed by XpFibre. Does not give effect to the disposition of a portion of the homes passed by XpFibre in connection with certain remedies proposed by the European Commission, while approving the Covage Acquisition. The disposition is expected to close in the fourth quarter of 2021, subject to the required approvals. See "*Business of the Group—XpFibre*".

(2) Total fibre customers represents the number of end users who have subscribed for one or more of our fibre/cable-based services (including pay television, broadband or telephony), without regard to how many services to which the end user subscribed. Fibre customer base for France includes FTTH, FTTB and 4G Box customers and excludes white-label wholesale customers.

(3) Mobile subscribers is equal to the net number of lines or SIM cards that have been activated on the Group's mobile network and excludes M2M SIM cards. Does not give effect to the Afone Transaction.

(4) Includes the operating data in relation to the FOT Business.

The table below details the Group's key operating data as of December 31, 2018, 2019 and 2020, and June 30, 2020, respectively.

	As of and for the year ended December 31,			**As of and for the six months ended June 30,**
	2018[4]	**2019[5]**	**2020[5]**	**2020[5]**
		(in thousand)		**(in thousand)**
Fibre/cable homes passed[1]	12,295	15,364	20,625	17,457
Fixed B2C				
Fibre/cable unique customers[2]	2,515	2,899	3,335	3,070
Fibre/cable customer net adds	284	264	437	172
Total fixed B2C unique customers	6,129	6,356	6,498	6,401
Total fixed B2C customer net adds	186	144	142	45
Mobile B2C				
Postpaid subscribers	13,530	14,400	14,673	14,578
Postpaid net adds	1,022	652	272	177

Prepaid subscribers	1,534	1,451	1,289	1,300
Total mobile B2C subscribers[3]	15,064	15,852	15,962	15,877

(1) For the year ended December 31, 2020, includes fibre homes now passed by XpFibre. Does not give effect to the disposition of a portion of the homes passed by XpFibre in connection with certain remedies proposed by the European Commission, while approving the Covage Acquisition. The disposition is expected to close in the fourth quarter of 2021, subject to the required approvals. See "*Business of the Group—XpFibre*".

(2) Fibre/cable unique customers represents the number of individual end users who have subscribed for one or more of the Group's fibre/cable based services (including pay-TV, broadband or telephony), without regard to the number of services to which the end user subscribed. It is calculated on a unique premises basis. The total number of fibre/cable customers does not include subscribers to either the Group's mobile or ISP services. Fibre/cable customers for France excludes white-label wholesale subscribers.

(3) Mobile subscribers is equal to the net number of lines or SIM cards that have been activated on the Group's mobile network and excludes M2M SIM cards.

(4) Does not include the operating data in relation to the FOT Business.

(5) Includes the operating data in relation to the FOT Business.

Certain As Adjusted Information

The following table sets forth certain information as adjusted to give effect to the Transactions as if such transactions had occurred on June 30, 2021. For further details, please refer to "*Capitalization*".

	As of and for the twelve months ended June 30, 2021	**As of and for the last two quarters ended June 30, 2021 (on an annualized basis)**
	As adjusted for the Transactions	**As adjusted for the Transactions**
	(in € millions)	
As adjusted total net financial debt (after currency impact of derivative instruments) of the Restricted Group[1]	18,724	18,724
Pro Forma Adjusted EBITDA[2]	4,247	4,117
Ratio of as adjusted total net financial debt (after currency impact of derivative instruments) of the Restricted Group to *Pro Forma* Adjusted EBITDA	4.4x	4.5x

(1) Reflects consolidated total financial debt of the Restricted Group (comprising of the Notes, the Existing Senior Secured Notes, the Existing Term Loans, the Existing Revolving Credit Facilities, and finance leases and other liabilities (prior to giving effect to IFRS 16)) after taking into account the exchange rate effect of derivative instruments with respect to our existing debt minus cash and cash equivalents of the Restricted Group, on an as adjusted basis after giving effect to the Transactions. See "*Summary—The Transactions*" and "*Capitalization*". Excludes the indebtedness and cash and cash equivalents of (i) Altice Finco France (€3,350 million principal amount of indebtedness), (ii) SportCoTV (€10 million cash and cash equivalents), (iii) Hivory (as its assets have been classified as held for sale as per the provisions of IFRS 5 since March 31, 2021 in connection with the Hivory Transaction) and (iv) XpFibre Holding (along with its subsidiaries) which is accounted for as a joint venture and is therefore consolidated using the equity method in the Historical Consolidated Financial Information. Each of Altice Finco France, SportCoTV, Hivory and XpFibre Holding has been designated as an Unrestricted Subsidiary by the Company under the agreements, instruments and indentures governing the Group's indebtedness, and will be designated as an Unrestricted Subsidiary under the Indenture (and therefore will not be subject to any of the covenants set forth therein).

(2) Certain covenants applicable to our indebtedness are calculated on the basis of *Pro Forma* Adjusted EBITDA (as described in such indebtedness) for the most recent two consecutive fiscal quarters on an annualized basis (*i.e.*, multiplied by 2). The *Pro Forma* Adjusted EBITDA as set forth in this Notice calculated for the last two quarters ended June 30, 2021 on an annualized basis would have been €4,117 million.

RISK FACTORS

In this section, unless the context otherwise requires, the terms "Group", "we", "us" and "our" refer to the Company and its subsidiaries.

Risks Relating to the Group's Business, Technology and Competition

The Group faces significant competition in each of the industries in which the Group operates and such competitive pressures could have a material adverse effect on the Group's business.

The French telecommunications market is a mature market, marked by very active competition between the main operators and very strong pressure on prices. Despite growth in market size, the French telecommunications market has recently declined in value primarily due to price pressure in the mobile market following the arrival of a fourth player in 2012 and the decline in regulated call termination rates. The Group faces significant competition from established and more recent competitors and may face competition from new entrants and market concentrations in the future. While the nature and level of competition to which the Group is subject vary according to the products and services that it offers, in each case the Group generally competes on the basis of prices, marketing, products, network coverage, characteristics of services, and customer service. The main competitor of the Group in the residential and business services markets overall is Orange, the incumbent telecommunications operator in France, that has greater financial resources and owns a more extensive network than the Group's and that is unlikely to be duplicated or matched by the Group in the near future. In addition, Bouygues Telecom Enterprises ("**Bouygues Telecom**") and Iliad are the Group's major competitors in the residential market. In the premium pay-TV market, Groupe Canal+ products are available throughout the French territory via satellite, cable, and DTT and DSL technologies. In addition to Orange and Bouygues Telecom, the Group also competes in the residential market with international telecommunications operators such as Colt, Verizon, AT&T, and BT, which offer multinationals access to their international networks while the Group's network is available only in France. The Group also has operations in the French Overseas Territories that face competition and competitive pressure risks similar to those described herein.

The Group's products and services are also subject to increasing competition from alternative new technologies or improvements in existing technologies. New players from sectors that are either unregulated or subject to different regulations (including internet players such as Yahoo!, Google, Disney+, Microsoft, Amazon, Apple, YouTube, Netflix and other audiovisual players, media players and "over the top" ("**OTT**") (of an existing broadband internet network) players) have also emerged as competitors to the Group's video content offering. These players are taking advantage of improved connectivity and platform agnostic technologies to offer OTT and cloud-based services. Telecommunications operators are expected to maintain traditional access services and billing relationships over which users access services from adjacent players such as well-known companies offering music, video, photos, apps and retail. The rapid success of audiovisual content streamed through the telecommunications network and insufficient innovation could lead to the emergence of other content or service providers as well as the saturation of the market, which would put pressure on the revenues and margins of operators like the Group, while simultaneously requiring them to increase capital expenditures to remain competitive, which could adversely affect the Group's business, financial condition or results of operations.

Moreover, the Group is also facing competition from non-traditional mobile voice and data services based on new mobile internet technologies, in particular OTT applications, such as Skype, Google Talk, Facetime, Viber and WhatsApp. These OTT applications are often free of charge, accessible via smartphones and allow their users to have access to potentially unlimited messaging and voice services over the internet, thus bypassing more expensive traditional voice and messaging services, such as SMS and MMS, provided by mobile network operators, who are only able to charge the internet data usage for such services. All telecommunications operators are currently competing with OTT service providers who leverage existing infrastructures and operate capital-light business models, enhancing their ability to compete with businesses, such as the Group's, which operate capital-intensive business models. OTT service providers have over the past years become more sophisticated and technological developments have led to a significant improvement in the quality of service, particularly in speech quality. In addition, players with strong brand capability and financial strength, such as Apple, Google and Microsoft, have turned their attention to the provision of OTT audio and data services. In the long term, if non-traditional mobile voice and data services or similar services continue to increase in popularity and if the Group, or more generally all of the telecommunications operators, are not able to address this competition, this could cause declines in subscriber base and profitability across all of the Group's products and services, among other material adverse effects.

In addition, the Group may face increasing competition from the large-scale roll-out of public Wifi networks by local governments and utilities and transportation service providers, new and existing Wifi telecommunications operators and others, which particularly benefits OTT service providers. Due to their ability to leverage existing infrastructure and to roll out public Wifi in a cost-efficient way, the Group's competitors may be better positioned to offer their customers public Wifi access at attractive terms and conditions or as part of their current mobile and landline offerings, which may affect the Group's ability to retain or acquire customers. Furthermore, the Group's competitors may realize cost savings by off-loading mobile data traffic onto their own Wifi networks or those of their partners in order to reduce costs and increase bandwidth more quickly or efficiently than the Group can. An increase in public Wifi networks could also cause declines in profitability as demand for the Group's network and services decreases.

The following is an overview of the competitive landscape in France:

1. Residential—Mobile

The Group competes with service providers that use alternative technologies for internet access, such as satellite technologies or mobile standards such as universal mobile telecommunications system ("**UMTS**") and 3G/4G mobile technologies. These mobile broadband high speed internet access technologies may enable both incumbent and new broadband access providers to provide high bandwidth connection services for voice and data.

The French mobile telephony market is characterized by competition among well-established mobile network operators such as Orange, Bouygues Telecom and Free and other operators without their own mobile networks. Competition has intensified, particularly as to price, since Free entered the market in early 2012 with a low-priced unlimited calling package. The mobile telephony market in France is currently undergoing a transformation because of competitive pricing, bundled packages no longer including subsidized handsets and the development of "low cost" brands.

After strong price decreases in 2013 and 2014, which resulted in mobile post-paid prices in France being among the lowest in Europe, price pressure eased in 2015 and 2016 but intensified again in 2017, weakened slightly in 2018, increased again in 2019, remained relatively stable in 2020 and intensified in 2021. Furthermore, additional access technologies such as 5G mobile technology recently launched in France will further increase competition or lead the Group to increase capital expenditure for additional upgrades. Providers of mobile broadband internet access may be able to offer fast internet access speeds at a competitive cost, with the additional possibility of allowing subscribers to access the internet remotely. If price pressure continues to intensify, the Group's results of operations and financial condition in future periods may be materially adversely affected.

2. Residential—Fixed

In the French pay-TV market, the Group competes with providers of premium television packages such as CanalSat, DSL triple-play and/or quadruple-play operators such as Orange, Free and Bouygues Telecom, which provide IPTV, and providers of pay DTT (such as Canal+, which operates across multiple formats: including IPTV, pay DTT, satellite and cable). The growth of IPTV, which is the most popular pay-TV distribution platform followed by satellite and DTT, has changed the market, opening up the provision of pay-TV services beyond the traditional methods of cable and satellite, which is limited by the inability to install a satellite dish on the façade of buildings in certain areas, such as central Paris. The Group also competes with satellite television services that may be able to offer a greater range of channels to a larger audience, reaching wider geographic areas (especially in rural areas) for lower prices than the prices of the Group's cable pay-TV services. Any increase in market share of satellite distribution may have a negative impact on the success of the Group's digital cable television services. The Group also faces competition from satellite distribution of free to air television programming. While pay DTT's share of the pay-TV market is currently low, providers of pay DTT may in the future be able to offer a wider range of channels to a larger audience for lower prices than the Group charges.

In the broadband market, the Group provides high speed internet through its cable, FTTH and xDSL networks and it competes primarily with xDSL and FTTH providers, with FTTH currently being the most widespread technology used to access very high speed internet in France. Orange is the leading DSL provider in France, followed by Free, the Group and Bouygues Telecom. While the Group believes that it has the network advantage in terms of its fibre optic/cable network compared to its competitors' xDSL networks, and better coverage of fibre networks as compared to its competitors, which currently places the Group at a competitive advantage to exploit the increased demand in France for very-high-speed internet in the areas covered by the Group's fibre optic/cable network, such competitive advantage may be diminished to the extent that competitors increase the roll out their

FTTH networks. For further information see "*The deployment of fibre optic networks and/or VDSL2 by competitors of the Group could reduce and ultimately eliminate the gap between the speed and the power of the fibre optic/cable network of the Group compared to the DSL networks of its main competitors*". In addition, the Group's xDSL competitors' networks cover more French households than the Group's network and pricing is very competitive.

3. Business Services—B2B

In the B2B segment the Group's main competitors are Orange (Orange Business Services) and Colt. Bouygues Telecom is also a competitor in the SME segment. The French B2B market for voice services is extremely price sensitive, with sophisticated customers, relatively short term (typically one year) contracts, and vulnerability to cuts in mobile termination rates. The ability to compete effectively is partially a function of network capillarity, and certain of the Group's competitors have a more extensive and denser network than us. In the data market, customers also often seek combined infrastructure and software solutions. As a result, the Group also competes with software and other IT providers of data and network solutions, which may decrease the value customers place on its infrastructure solutions, leading to a reduction in its prices and margins. IT providers may also partner with the Group's infrastructure telecommunications competitors.

4. Business Services—Wholesale

The French wholesale telecommunications market is dominated by Orange and the Group, although Orange's and the Group's market shares vary depending on the segment. The Group also faces competition from consortiums of telecommunications operators and construction companies, such as Vinci, Eiffage and Axiom (who may lay down fibre in construction sites and then lease them on the wholesale market). The wholesale market for data services in France is less volatile than the voice market. Competition is based primarily, in addition to price, on service quality and technological advancement. The wholesale market for dark fibre infrastructure in France is more open than for wholesale voice and data carriage, as providing it does not require having a dense, national network and does not include any services would require technical expertise.

The Group expects competition in the French telecommunications industry to remain intense and there can be no assurance that the Group will not be negatively impacted by any future consolidation of the Group's competitors or similar developments in one or more of the markets in which the Group competes.

The deployment of fibre optic networks and/or VDSL2 by competitors of the Group could reduce and ultimately eliminate the gap between the speed and the power of the fibre optic/cable network of the Group compared to the DSL networks of its main competitors.

The Group believes that one of its major competitive advantages is the power and speed of its fibre optic/cable network. As of June 30, 2021, the Group's network passed approximately 23,083,000 fibre homes, including fibre homes now passed by XpFibre (without giving effect to the Covage Disposition). However, competitors of the Group are also deploying fibre and/or VDSL2 networks enabling download speeds and bandwidths that could rival those reached by the Group's network, and thus strongly reduce the Group's competitive advantage. The Group's main competitors (Orange, Free and Bouygues Telecom) have begun to introduce FTTH networks to increase and harmonize their network speed. On December 4, 2019, Orange unveiled its strategic plan through 2025 indicating its objectives for FTTH lines to include the deployment of approximately 19 million lines in private areas (compared to 10.4 million already rolled-out as of June 2019) and approximately 4 million lines in investment areas (compared to 0.4 million as of June 2019) in addition of approximately 13 million lines deployed by a third party and co-financed by Orange by 2023 (*Source: Orange press release*).

Furthermore, other operators may obtain access to the infrastructure deployed by an operator, through joint projects for financing. All of the DSL operators have announced various agreements on sharing the deployment of FTTH in given areas. For example, Orange and Free entered into a contract in July 2013 providing for the deployment by Free of a fibre network using Orange's infrastructure in approximately 20 French cities, which allows for open access to all competing operators.

In addition, in 2013 the French government announced a FTTH deployment plan of €20 billion (invested by private operators and local authorities) with the objective of providing very-high-speed internet access to the entire territory in 2022. The government will provide a subsidy package of approximately €3,300 million, partly from funding from the Investments for the Future Program managed by the Office of the General Commissioner of Investment under the 2015 Budget Act. The rollout has been divided in three zones: very dense areas

(approximately six million households) and low-density areas (approximately 13 million households), that are already covered or will be covered by FTTH with privately-funded networks; and low-density areas (approximately 15 million households), where private operators will co-invest with public partners. Orange and the Group will lead the deployment of the very-high speed network in privately-funded, low density areas, with the Group being in charge of approximately 20% of the network deployment. Various local and regional authorities have already extended subsidies to network operators, including the Group, to install FTTH connections. This trend should continue, as certain departments, municipalities and regions, such as Hauts-de-Seine, Amiens and Louvin, for example, have entered into public-private partnerships to encourage such investments. In such areas, various operators will have access to the network and will be able to compete. In addition, in accordance with the conditions established by ARCEP, third-party operators may have access to the infrastructure used by an operator, including by co-financing projects, for their own very-high-speed internet offers.

As a result, FTTH deployment by the Group's competitors could accelerate and the share of FTTH on the high-speed internet market could grow significantly, thereby eliminating or reducing the Group's fixed network advantage. VDSL2 technology has also been implemented in some areas by competitors of the Group. Deployment of VDSL2 only requires adding VDSL2 cards in already deployed digital subscriber line access multiplexers ("**DSLAMs**") and does not involve physical intervention at the subscriber's premises. Moreover, the deployment of this technology has accelerated since October 2014 given the favorable opinion of the copper experts committee that has allowed the marketing, starting from that date, of VDSL2 in indirect distribution on all lines from a main distribution frame ("**MDF**") on Orange's local copper loop.

If the competitors of the Group continue to deploy or significantly increase their fibre optic networks they could be able to compete with the Group in terms of the offering of high-speed internet and television services of a quality and speed greater than or equal to those of the Group, thus potentially eliminating the Group's current competitive advantage, increasing the pressure upon prices and margins and leading the Group to make significant investments in order to match the services they offer. Deployment of VDSL2 and/or fibre optic networks by competitors also represents a risk for the business services activity of the Group, particularly with regard to medium-sized, small-to-medium-sized and very-small-sized businesses to which the Group's DSL and fibre/cable networks network presently represent an advantage. Although the Group is preparing for this deployment by improving its product range and building out its fibre/cable network, such deployment could have a material adverse effect on the Group's business, financial position and results of operations.

Changes in competitive offerings for content, including the potential rapid adoption of piracy-based video offerings, could adversely impact the Group's business.

The market for content is intensely competitive and subject to rapid change. Through new and existing distribution channels, consumers have increasing options to access entertainment video, sports and other content. The various economic models underlying these channels include subscription, transactional, ad-supported and piracy-based models. All of these have the potential to capture meaningful segments of the content market. Piracy, in particular, threatens to damage the Group's business, as its fundamental proposition of virtually all content being offered for free to consumers is so compelling and difficult to compete against. Furthermore, in light of the compelling consumer proposition, piracy services are subject to rapid global growth. Traditional providers of content, including broadcasters, as well as internet based e-commerce or content providers are increasing their internet-based offerings. Several of these competitors have long operating histories, large customer bases, strong brand recognition and significant financial, marketing and other resources. They may secure better terms from suppliers, adopt more aggressive pricing and devote more resources to product development, technology, infrastructure, content acquisitions and marketing. New entrants may enter the market, or existing providers may adjust their services, with unique offerings or approaches to providing content. Companies also may enter into business combinations or alliances that strengthen their competitive positions. If the Group is unable to successfully or profitably compete with current and new competitors, the Group's business will be adversely affected, and it may not be able to increase or maintain market share, revenues or profitability.

Acquisitions and other strategic transactions present many risks, including the risk that the Group may not be able to integrate newly acquired operations into its business, which may prevent the Group from realizing the strategic and financial goals contemplated at the time of any such transaction and thus adversely affect its business.

Historically, the Group's business has grown, in part, through a significant number of selective acquisitions, including the SFR acquisition that has enabled the Group to take advantage of existing networks, service offerings

and management expertise. The Group may continue to grow its business through acquisitions of broadband and mobile communications businesses, content companies and ancillary services that we believe will present opportunities to create value by generating strong cash flows and operational synergies or enter into other strategic transactions. For instance, in 2018 we entered into certain strategic transactions, such as the Towers Transactions and the sale of the Group's Voice Carrier Business, to monetize the value of certain of our non-core assets in France, and the sale of a 49.99% interest in XpFibre S.A.S. to create an alternative FTTH infrastructure wholesale operator. Moreover, in December 2020, XpFibre Network (a joint venture in which the Group owns a 50.01% interest) acquired all of the equity interests in Covage and in April 2021, XpFibre Network entered into an agreement with Altitude Infra to divest certain assets corresponding to Covage's local fibre loop business, comprising fibre-to-the-office (FTTO) networks (including several mixed FTTO and FTTH networks) pursuant to remedies agreed with the European Commission. In addition, in February 2021 the Group entered into an agreement with Cellnex pursuant to which it will sell the 50.01% stake held by the Group in Hivory to Cellnex. In May 2021, Altice France entered into an agreement to acquire a 100% stake in MVNO Afone Participations which furher holds 50% of the "RégloMobile business" (with the other 50% owned by the Leclerc group). In the future, the Group may enter into similar transactions.

Any acquisition, disposal or other strategic transaction the Group may undertake in the future could result in the incurrence of debt and contingent liabilities and an increase in interest expenses, amortization expenses related to goodwill and other intangible assets or in the use by us of available cash on hand to finance any such acquisitions. The Group may experience difficulties in integrating acquired operations into the Group's business, incur higher than expected costs or fail to realize all of the anticipated benefits or synergies of these acquisitions, if any. Such transactions may also disrupt the Group's relationships with current and new employees, customers and suppliers. In addition, the Group's management may be distracted by such acquisitions and the integration of acquired businesses. Thus, if the Group consummates any further acquisitions or fail to integrate any previous acquisitions, there could be a material adverse effect on the Group's business, financial condition and results of operations. There can be no assurance that we will be successful in completing business acquisitions or integrating previously acquired companies. In addition, the Group's debt burden may increase if we borrow funds to finance any future transactions, which could have a negative impact on the Group's cash flows and the Group's ability to finance our overall operations.

Acquisitions or disposals of additional telecommunications companies may require the approval of governmental authorities (either domestically or, in the case of the EU, at the EU level), which can block, impose conditions on, or delay the process which could result in a failure on our part to proceed with announced transactions on a timely basis or at all, thus hampering our opportunities for growth. In the event conditions are imposed and we fail to meet them in a timely manner, the relevant governmental authority may impose fines and, if in connection with a merger transaction, may require restorative measures, such as mandatory disposition of assets or divestiture of operations. Even after entering into a share purchase agreement, exclusivity agreement or letter of intent, there can be no assurance that such acquisition will close until such transactions are finalized, including the Coriolis Acquisition and the Afone Transaction.

Although we analyze and conduct due diligence on acquisition targets, our assessments are subject to a number of assumptions concerning profitability, growth, interest rates and company valuations and our inquiries may fail to uncover relevant information. There can be no assurance that our assessments or due diligence of and assumptions regarding acquisition targets will prove to be correct, and actual developments may differ significantly from our expectations. Moreover, our plans to acquire additional businesses in the future are subject to the availability of suitable opportunities. The Group's competitors may also follow similar acquisition strategies and may have greater financial resources available for investments or may be willing to accept less favorable terms than we can accept, which may prevent us from acquiring businesses that we target to the benefit of our competitors.

The operating complexity of the Group's business and the responsibilities of management have increased significantly as a result of the growth of our business through acquisitions, which may place significant strain on our managerial and operational resources. The Group may be unable to allocate sufficient managerial and operational resources to meet our needs as our business grows, and our current operational and financial systems and managerial controls and procedures may become inadequate.

Although the Group considers the operational and financial systems and managerial controls and procedures that we currently have in place to be adequate for the Group's purposes, we recognize that the effectiveness of these systems, controls and procedures needs to be kept under regular review as the Group's business grows. The Group will have to maintain close coordination among our logistical, technical, accounting, finance, marketing and sales

personnel. Management of growth will also require, among other things, continued development of financial and management controls and information technology systems. The constant growth may strain our managerial resources which may require the Group to hire additional managerial resources. The Group may be unable to hire managers with the relevant expertise or the hiring process may require significant time and resources, all of which could result in a disruption in the Group's management, growth, operational and financial systems, managerial controls and procedures and, accordingly, the Group's business, financial condition and results of operations.

The Group periodically evaluates, and has engaged in, the disposition of certain non-core assets and businesses. Divestitures could involve difficulties in the separation of operations, services, products and personnel, the diversion of management's attention, the disruption of our business and the potential loss of key employees. After reaching an agreement with a buyer for the disposition of a business, the transaction may be subject to the satisfaction of pre-closing conditions as well as to obtaining necessary regulatory and government approvals, which, if not satisfied or obtained, may prevent us from completing the transaction. Divestitures may also involve continued financial involvement in the divested assets and businesses, such as indemnities or other financial obligations, in which the performance of the divested assets or businesses could impact our results of operations. Any divestiture the Group undertakes could adversely affect the Group's financial condition and results of operations. In certain cases, the Group has entered into or may enter into joint venture arrangements with a majority or minority interest in such joint ventures. Even in cases where the Group has retained a majority interest, the joint venture partner may have significant influence over policies, including consent rights with respect to certain specified matters. The Group has a lesser degree of control over the business operations of the joint ventures and businesses in which it has made minority investments.

The Group might not be able to effectively implement or adapt its business strategy.

The Group has based its strategy on its vision of the market, especially the importance of very-high-speed fibre/cable and mobile networks and of fixed-mobile convergence. At the core of the Group's strategy has been revenue generation, profitability and cash flow growth. Key elements of this strategy have included: (i) operational and financial turnaround under the leadership of a new management team; (ii) optimizing commercial performance with a particular focus on customer services; (iii) continuing to invest in best-in-class infrastructure commensurate with its market position; and (iv) monetizing content investments through various pay-TV models and growing advertising revenue. In addition, in 2021, the Group announced a strategic mid-term plan whereby the Group laid out its strategy in order to achieve certain business objectives by 2025, including, amongst others, fibre and 5G coverage targets. However, the Group is evolving in a market affected by economic, competitive and regulatory uncertainty and the Group must regularly adapt its business model to take into account market changes such as changes in consumer behavior, introduction of new technology, products or services, competition and the development of specific pricing policies, the adaptation of its structural costs, the streamlining of its operational organization, and the adaptation of its sales strategy. If the measures taken by the Group do not meet the demands, expectations, or habits of the consumer, it will have an adverse effect on the return on investments, financial targets, market share, and revenues generated. Consequently, any development of the Group's business strategy that proves not to be sufficiently adapted to the actual trends and demands, expectations, or habits of the consumer in the telecommunications market may not achieve its desired goals and/or have a material adverse effect on its business, financial position and results of operations.

Moreover, the transformation of the Group following the execution of certain strategic transactions, including non-core asset disposals, strategic acquisitions and investments or entry into joint venture arrangements, could create operational difficulties and unforeseen expenses and could give rise to significant administrative, financial, and managerial challenges involving the activity of the Group. Such strategic transactions may also disrupt its ongoing business, cause management's attention to be diverted and result in legal, regulatory, contractual, labor, or other difficulties that have not been foreseen or disclosed.

Revenue from certain of the Group's services has been declining or not growing, and the Group may be unable to offset such trends.

While the Group's total revenues increased for the year ended December 31, 2019 compared to the year ended December 31, 2018, there was a decrease in revenues in the residential-fixed and media segments. Similarly, while the Group's total revenue increased for the year ended December 31, 2020 compared to the year ended December 31, 2019, there was a decrease in revenues in the equipment sales and media segments. Although the Group is focused on achieving an operational financial turnaround, there can be no assurance that this trend of declines in revenue of certain of the Group's services will not continue in future periods.

The Group expects its DSL business with Bouygues Telecom to continue to decline. In particular, churn in Bouygues Telecom's DSL white label customers has already led to a decrease in white label subscribers. If the revenue and profitability loss from such businesses is not offset by revenue and profitability growth in other Group businesses, this could have a material adverse effect on the Group's business activities, the results of its operation and financial condition.

In addition, the Group could experience further decreases in customers on its DSL network in the future due to their migration to fibre/cable networks providing them with access to greater internet speeds compared with those available on DSL networks. If the revenue and profitability loss from customers on the Group's DSL network is not offset by revenue and profitability growth on the Group's fibre/cable network, this could have a material adverse effect on the Group's business activities, the results of operation and financial condition.

Customer churn, or the threat of customer churn, may adversely affect the Group's business.

The Group's ability to attract and retain subscribers to its services or to increase profitability from existing subscribers will depend in large part on the Group's ability to stimulate and increase subscriber usage, convince subscribers to switch from competitors' services to our services and the Group's ability to minimize customer churn. Customer churn is a measure of the number of customers who stop subscribing for one or more of our products or services. Churn arises mainly as a result of the contractual subscription period (generally 12 months in the residential segments and between one and three years in the business services market), competitive influences, the relocation of clients outside of the Group's network area (which is less extensive than our competitors), introduction of new products and technologies, deterioration of personal financial circumstances, price increases and regulatory developments. Customer churn may also increase if the Group is unable to deliver satisfactory services over its network, or if it modifies the types of services it makes available in a certain region. In addition, customer churn also arises upon the cancellation of services to customers who are delinquent in their payments to the Group. In addition, the Group outsources many of its customer service functions to third party contractors over which the Group has less control than if it were performing those tasks itself. The Group has experienced significant churn in mobile and fixed customers in recent years due to intense competition.

Moreover, the churn rate in the Group's white label business may increase for reasons outside the Group's control (as it is not involved in client services and retention). In particular, churn in Bouygues Telecom's DSL white label customers has already led to a decrease in white label subscribers, which is expected to continue in the long term. See "*Business of the Group—Material Contracts—White Label Agreements*". If the Group fails to effectively communicate the benefits of the Group's networks through its marketing advertising efforts, it may not be able to attract new customers and our efforts to attract and retain customers may prove unsuccessful. In addition, any interruption of the Group's services or the removal or unavailability of programming, which may not be under our control, could contribute to increased customer churn. Further the Group's competitors may improve their ability to attract new customers, for example by offering new product bundles or product offerings at lower prices than the Group, which would make it difficult for the Group to retain its current subscribers, and the cost of retaining and acquiring new subscribers could increase. In addition, the Group's business services operations are also subject to tariff churn (i.e. an existing customer negotiating tariff decreases). Large corporate customers in particular are highly sophisticated and often aggressive in seeking to renegotiate the pricing of their contracts, which tends to result in margin pressure. Increased customer or tariff churn may have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's growth prospects depend on continued demand for fixed-based and mobile products and services and increased demand for bundled and premium offerings.

The use of broadband, television and fixed-line telephony and mobile services in France has increased sharply in recent years. The Group has benefited from this growth in recent years and its growth and profitability depend, in part, on continued demand for these services in the coming years. The Group relies on its multi-play and premium television services to attract new customers and to migrate existing customers to such services. Therefore, if demand for multi-play products and premium television services does not increase as expected, this could have a material adverse effect on our business, financial condition and results of operations.

The Group's future revenue growth depends in part on market acceptance of new product introductions and product innovations.

In general, the telecommunications industry is characterized by the frequent introduction of new products and services or upgrading of existing products and services, in connection with new technologies, as well as changes

in usage patterns and in customer needs and priorities. The Group's long term results of operations therefore depend substantially upon its ability to continue to conceive, design, source and market new products and services as well as continuing market acceptance of the Group's existing and future products and services. Should the Group fail to or be significantly delayed in introducing new products and services in the future, if the Group's new products and services are not accepted by customers, or if the Group's competitors introduce more sophisticated or more popular products and services, the Group's business and results of operations may be adversely affected.

If the Group is unable to obtain attractive content on satisfactory terms for its services, the demand for these services could be reduced, thereby lowering revenue and profitability.

The success of the Group's pay-TV services depends on access to an attractive selection of television programming. For example, the ability to provide movies, sports and other popular programming, including video-on-demand ("**VOD**") content, is a major factor that attracts subscribers to pay-TV services, especially premium services. The Group relies on digital programming suppliers for a significant portion of the Group's programming content and VOD services. The Group may not be able to obtain sufficient high quality programming, sports and other content from third party producers for the Group's digital cable television and other services on satisfactory terms or at all in order to offer compelling digital cable television services. The Group also relies on certain of its competitors for the provision of certain content offerings. In addition, to the extent that the Group is unable to reach agreements with certain content providers on terms that the Group believes is reasonable, the Group may be forced, or may determine for strategic or business reasons, to remove such content from its line-up and may decide to replace it with other programming, which may not be available on acceptable terms or be as attractive to customers. There can be no assurance that the Group's expiring programming and other content contracts will be renewed on favorable or comparable terms or at all, or that the rights the Group negotiates will be adequate for it to execute the Group's business strategy. The inability to obtain high quality content, may also limit the Group's ability to migrate customers from lower tier programming to higher tier products, thereby inhibiting the Group's ability to execute its business strategy. Any or all of these factors could result in reduced demand for, and lower revenue and profitability from, the Group's digital cable television and other content services.

Programming and content-related costs are one of the Group's largest categories of expenses. In recent years, the cost of programming in the cable and satellite video industries has increased significantly and is expected to continue to increase, particularly with respect to costs for sports programming and broadcast networks. The Group may not be able to pass these increased programming costs on to the Group's subscribers due to the increasingly competitive environment that the Group operates in. If the Group is unable to pass these increased programming costs on to its subscribers, its business, financial condition and results of operations may be adversely affected. Moreover, programming costs typically include a minimum guaranteed amount and a variable amount related directly to the number of subscribers to whom the programming is provided, which may affect the Group's ability to negotiate lower per-subscriber programming costs and which could impact the Group's operating margins. The expiration dates of the Group's various programming contracts are staggered, which results in the expiration of a portion of its programming contracts throughout each year. The Group may not be able to renegotiate these agreements on terms as favorable as those of the current agreements, or at all, which could result in a decline in the revenue generated or an increase in the Group's costs deriving from broadcaster licences. The Group also faces the risk of not being able to obtain new broadcast rights for content (including premium sports content) or unexpected cancellations of the existing agreements as a result of factors beyond the Group's control, including due to termination of the rights or licenses held by third party content suppliers.

The Group attempts to control its programming costs and, therefore, the cost of the video services it charges to its customers, by negotiating favorable terms for the renewal of its affiliation agreements with programmers. To the extent the Group is unable to reach agreements with certain programmers on terms it believes are reasonable, the Group may be forced to, or determine for strategic reasons to, remove certain programming from its line-up and may decide to replace such programming with alternatives which may not be as attractive to consumers or available on acceptable terms. Such negotiations have in the past and may in the future affect the Group's carriage of particular programming services.

Some of the Group's programming contracts require it to pay prices for the programming based on a guaranteed minimum number of subscribers, even if that number is larger than the number of actual subscribers, whereas some of the Group's programming contracts are based on a flat fee irrespective of the popularity of the content purchased under such contract. As a result, if the Group misjudges anticipated demand for the programming or if the programming it acquires does not attract the number of viewers anticipated, the profitability of the Group's television services may be impaired. Furthermore, as the Group purchases a significant portion of its content from

various content providers under relatively short term contracts, the prices the Group pays to purchase such content is subject to change and may increase significantly in the future, which could have a material adverse effect on the Group's results of operations.

Furthermore, program providers and broadcasters may elect to distribute their programming through other distribution platforms, such as satellite platforms, digital terrestrial broadcasting or IPTV, or may enter into exclusive arrangements with other distributors. Such actions may inconvenience some of the Group's subscribers and can lead to customer dissatisfaction and, in certain cases, the loss of customers, which may have a material adverse effect on the Group's business, financial condition and results of operations.

In addition, as long as the Group continues to develop its VOD and other interactive services, its ability to acquire programs for its free VOD offerings (replay), VOD by subscription, and one-time VOD will become more and more crucial and will depend on the ability of the Group to maintain a relationship and cooperation with content providers and broadcasters, for both standard-definition as well as HD content.

If the Group cannot obtain and keep competitive programs at attractive prices on its networks, demand for its services could decline, thus limiting its ability to maintain or increase the revenue. A loss of programs or an inability to ensure the availability of premium content under favorable terms could have a material adverse effect on the business activities of the Group, its financial position and its results of operations.

The Group's business is capital-intensive and its capital expenditures may not generate a positive return or the Group may be unable or unwilling to make additional capital expenditures.

The Group's business demands significant capital expenditures to add customers to our networks, including expenditures relating to equipment and labor. In particular, the Group incurs significant capital expenses for the deployment of new technologies such as 4G and 5G (for the purchase of frequencies and the deployment of network infrastructures) for its mobile operations and fibre optics (for the deployment of the fibre infrastructure) and for its fixed operations. Moreover, as spectrum auctions are infrequent and the Group may need additional spectrum in the future, the Group will likely participate in future spectrum auctions even though it might not, at the time of auction, require additional spectrum capacity. Such participation would require significant capital expenditures in the near term as acquiring spectrum is expensive, due in part to the fact that spectrum availability is limited.

Furthermore, new technologies and the use of multiple applications increasing customers' bandwidth requirements could lead to saturation of the networks and require telecommunications operators to make additional investments to increase the capacity of their infrastructures. Moreover, the Group regularly invests in the content that we offer in order to provide our subscribers with a flexible and diverse range of programming and other content options, including high-quality local content and exclusive premium content, in order to reduce churn.

For example, the structure of the French telecommunications market does not allow telecommunications operators to pass along their investment costs to the end consumer in proportion to the volume of data consumed. Accordingly, telecommunications operators may not benefit from increased revenues from the growing demand for data and content even though they incur the costs of such demand through their investments in infrastructure.

The Group is also bound by certain obligations of access and/or coverage for its fibre/cable and/or mobile network, particularly under its mobile licences, such as obligations to allow roaming or sharing of networks in certain deployment zones. This requires the Group to make significant and frequent investments and the conditions for the implementation of these obligations, including some prices (such as roaming rates), may be regulated within the EU. Given such constraints, the Group may not be able to operate its network under economically favorable conditions, which could affect the profitability of its investments. The Group may be subject to similar obligations in the future, which could have a material effect on the manner in which the Group operates its business and, accordingly, on its outlook, financial position or results of operations.

It cannot be guaranteed that the Group will continue to have sufficient resources to maintain the quality of its network and of its other products and services, and to expand the Group's network coverage, which are key elements for its growth of over the long term. Unforeseen investment expenses, an inability to finance them at an acceptable cost or even an inability to make profitable investments could have a material adverse effect on the Group's business, outlook, financial position or results of operations.

The Group is subject to increasing operating costs and inflation risks which may adversely affect its earnings.

While the Group generally attempts to increase our subscription rates to offset increases in operating costs, there is no assurance that it will be able to do so due to competitive and other factors. Therefore, operating costs may rise faster than associated revenue, resulting in a material negative impact on the Group's cash flow and results of operations. The Group is also affected by inflationary increases in salaries, wages, benefits and other administrative costs which the Group may not be in a position to pass on to its customers, which in turn could have a material adverse effect on its financial condition and results of operations.

The continuity of the Group's services strongly depends on the proper functioning of its IT and network infrastructure and any failure of this infrastructure could have a material adverse effect on the business of the Group, its financial position and its results of operations.

The reliability and quality (both in terms of service as well as availability) of the Group's information systems and networks, particularly for its mobile and fixed businesses, are key components of its business activities, the continuity of its services and the confidence of its customers. More specifically, the unavailability or failure of information systems used by the Group, the Group's network, the production of "electronic" communications services and television, the Group's website, and the customer service function of the Group, could significantly disrupt the Group's business.

A flood, fire, other natural disaster, war, act of terrorism, power failure, cyber-attack, computer virus or other catastrophe affecting a portion of the Group's network could have a material adverse impact on its business and its relations with customers. For example, the Group's business in the French Overseas Territories has experienced network disruptions and other adverse effects in the past, and may experience network disruption and other adverse effects in the future, as a result of extreme weather and other environmental conditions. Measures with the aim of remedying such disasters, safety and security measures, or measures for protecting service continuity that have been undertaken or may be undertaken in the future by the Group, as well as the effects thereof on the performance of its network, could be insufficient to avoid losses. The Group is insured against operating losses only up to a capped amount, any disaster or other damage affecting the network of the Group could result in significant uninsured losses. The Group's network may be subjected to disruptions and to significant technological problems, and such difficulties could escalate over time. For example, although the Group's cable networks are generally built in resilient rings to ensure the continuity of network availability in the event of any damage to its underground fibres, if any ring is cut twice in different locations, transmission signals will not be able to pass through, which could cause significant damage to the Group's business. In the event of a power outage or other shortage, we do not have a back up or alternative supply source for all of the Group's network components. The occurrence of any such event could cause interruptions in service or reduce capacity for customers, either of which could reduce the Group's revenue or cause the Group to incur additional expenses. In addition, the occurrence of any such event may subject us to penalties and other sanctions imposed by regulators. Further, the Group may incur costs and revenue losses associated with the unauthorized use of the Group's networks, including administrative and capital costs associated with the unpaid use of the Group's networks as well as with detecting, monitoring and reducing the incidences of fraud. Fraud also impacts interconnection costs, capacity costs, administrative costs and payments to other carriers for unbillable fraudulent roaming charges.

In addition, the Group's business depends on certain crucial systems, particularly its network operations center and its billing and customer service systems. In particular, the support for a large number of systems critical to the network of the Group is located at a relatively limited number of sites. While the Group has extensive backup systems, the risk that these systems may not be sufficient to handle a spike in activity cannot be ruled out, which could lead to a slowdown or unavailability of IT systems for a period of time and, when involving the business services customers of the Group, to financial penalties. Moreover, the Group may incur legal penalties and reputational damages to the extent that any accident or security breach results in a loss of or damage to customers' data or applications or the inappropriate disclosure of confidential information.

Moreover, the technical projects of the Group that are in progress, involving both information systems and networks, and the plans for migrations planned in the short and medium terms for certain pieces of mobile network equipment, may generate an increased risk of failures of networks and information systems. In particular, the quality of the networks could be impacted by the deployment of the 5G network as well as by the concurrent work of renovating 2G, 3G and 4G networks, requiring, among other things, frequent technical interventions. Such work could also result in breakdowns or interruptions in services for the customers of the Group.

Furthermore, the development of the resources used by consumers (for example, videoconferencing, telepresence, and cloud computing for business services customers), of the "Internet of Things", and of new terminals (smartphones, tablets, etc.) may generate risks of saturating the networks due to the large volumes of data that such resources generate or promote the use of.

The end-of-year period is an extremely sensitive sales period. A major failure of the information systems or of any component of the chain of production and logistics during that period would have negative consequences on revenues. To reduce the likelihood of this type of risk occurring, the Group avoids changes to the network and information systems during this period of the year (starting in mid-November until the end of the year), however, there can be no assurance that there will be no failure of the Group's network and information systems during the end-of-year period.

Should all or some of the risks described above materialize, this could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group depends on hardware, software and other providers of outsourced services, who may discontinue their services or products, seek to charge the Group prices that are not competitive or choose not to renew contracts with the Group.

The Group has important relationships with several suppliers of hardware, software and related services that we use to operate our pay-TV, broadband internet, fixed-line telephony, mobile and business services businesses. In certain cases, we have made substantial investments in the equipment or software of a particular supplier, making it difficult for the Group to quickly change supply and maintenance relationships in the event that our initial supplier refuses to offer favorable prices or ceases to produce equipment or provide the support that the Group requires. For example, while we continue to promote a rapid take up of our premium multi-play services using a single set-top box, the Group faces potential risks in securing the required customer set-top box equipment to maintain this roll out as the Group currently relies on a single provider. Currently, the Group has a sufficient supply of these boxes available, but any future shortages may involve significant delays in seeking alternative supplies, may constrain its ability to meet customer demand and may result in increased customer churn. Further, in the event that hardware or software products or related services are defective, it may be difficult or impossible to enforce recourse claims against suppliers, especially if warranties included in contracts with suppliers have expired or are exceeded by those in our contracts with the Group's subscribers, in individual cases, or if the suppliers are insolvent, in whole or in part. In addition, there can be no assurances that the Group will be able to obtain the hardware, software and services it needs for the operation of the Group's business in a timely manner, at competitive terms and in adequate amounts (including as a result of supply shortages due to pandemics such as the COVID-19 pandemic). In particular, in the case of an industry wide cyclical upturn or high demand for a particular product, the Group's suppliers of software, hardware and other services may receive customer orders beyond the capacity of their operations, which could result in delivery delays, particularly where suppliers elect to prioritize other customer accounts. The Group has, from time to time, experienced extensions of lead times or limited supplies due to capacity constraints and other supply-related factors as well as quality control problems with service providers. The Group may also not be able to recover monies paid to such suppliers or obtain contractual damages to which the Group may be entitled (if any) in the event our suppliers fail to comply with their obligations in a timely manner.

The Group also outsources some of its support services, including parts of its subscriber services, information technology support, technical services, and maintenance operations. Should any of these arrangements be terminated by either contract party, this could result in delays or disruptions to the Group's operations and could result in it incurring additional costs, including if the outsourcing counterparty increases pricing or if the Group is required to locate alternative service providers or in-source previously outsourced services.

The Group is dependent on various third parties in order to provide commercially viable services. For example, the Group depends on Orange to access a portion of its network infrastructure and on Bouygues Telecom for access to certain mobile networks, and following the completion of the Hivory Transaction, the Group will also depend on Hivory for access to certain mobile infrastructure. The Group is generally dependent on access to sites and network infrastructure owned by third parties, including duct space and antennas used for our networks and facility space (colocation). In addition, the Group's telephony services are reliant on its ability to interconnect with the telecommunications networks of other fixed-line, mobile and international operators globally. The Group has limited or no control over the quality and consistency of the services that are supplied to us by third parties. Any deterioration in the provision of such services may affect the Group's business, financial condition and results of operations.

The Group's ability to renew its existing contracts with suppliers of products or services or enter into new contractual relationships with these or other suppliers upon the expiration of existing agreements, either on commercially attractive terms, or at all, depends on a range of commercial and operational factors and events which may be beyond its control. The occurrence of any of these risks or a significant disruption in the Group's supply of equipment and services from key sourcing partners could create technical problems, damage its reputation, result in the loss of customer relationships and have a material adverse effect on its business, financial condition and results of operations.

Pressure on customer service could adversely affect the Group's business.

The volume of contracts handled by the Group's customer service functions can vary considerably over time. The introduction of new product offerings can initially place significant pressure on the Group's customer service personnel. Increased pressure on such functions is generally associated with decreased satisfaction of customers.

In the business services market, customers require service to be extremely reliable and to be re-established within short timeframes if there is any disruption. Penalties are often payable in the case of failure to meet expected service quality. In addition, product installation can be complex, requiring specialized knowledge and expensive equipment. Delays and service problems may result in both penalties and the potential loss of customers. In these segments, the Group relies on its experienced customer relations personnel to handle any customer issues or requests, and the loss of such personnel can result in the loss of customers.

The Group has, in the past, experienced significant levels of customer dissatisfaction as a result of operational difficulties. Improvements to customer service functions may be necessary to achieve desired growth levels, and, if the Group fails to manage such improvements effectively and achieve such growth, the Group may in the future experience customer service problems and damage its reputation, contribute to increased churn and/or limit or slow the Group's future growth.

The operation of the Group's conditional access systems is dependent on licensed technology and subject to illegal piracy risks.

In order to transmit encrypted digital programs, including the Group's digital pay-TV packages and for billing its customers, the Group generates conditional access systems, which rely on a proper functioning of its conditional access systems. Even though the Group requires its conditional access system providers to provide state of the art security for the conditional access systems, the security of the Group's conditional access systems may be compromised by illegal piracy and other means. In addition, the Group's set-top boxes require smart cards before subscribers can receive programming and its smart cards have been and may continue to be illegally duplicated, providing unlawful access to our television signals. While the Group works diligently to reduce the effect of piracy, there can be no assurance that the Group will be able to successfully eliminate the piracy it currently faces. In addition, there can be no assurance that any new conditional access system security that the Group may put in place will not be circumvented. Encryption failures could result in lower revenue, higher costs and increased basic cable subscriber churn or may otherwise have a material adverse effect on the Group's business, financial condition and results of operations.

If the Group fails to successfully introduce new technologies or services, or to respond to technological developments, its business and level of revenue may be adversely affected and it may not be able to recover the cost of investments that it has made.

The Group's business is characterized by rapid technological change and the introduction of new products and services, and it is difficult to forecast the impact such technological innovations will have on our business. If any new or enhanced technologies, products or services that the Group introduces fail to achieve broad market acceptance or experience technical difficulties, the Group's revenue growth, margins and cash flows may be adversely affected. As a result, the Group may not recover investments that it makes in order to deploy these technologies and services. Enhanced fixed service infrastructure access and mobile services provided by competing operators may be more appealing to customers, and new technologies may enable the Group's competitors to offer not only new services, but to also offer existing standard services at lower prices. The Group may not be able to fund the capital expenditures necessary to keep pace with technological developments. It is possible that alternative technologies that are more advanced than those the Group currently provides may be developed. The Group may not obtain the expected benefits of its investments if more advanced technology is adopted by the market. While the Group attempts to stay ahead of the market, closely following technological developments and making investments implementing such developments, it is difficult to forecast the effect that

technical innovations will have on the Group's business. The Group may also be unable to adapt to new or existing technologies to meet customer needs within an appropriate time frame, or a competitor may do so before us, which could have a material adverse effect on our business, financial condition and results of operations. Even if the Group adopts new technologies in a timely manner as they are developed, the cost of such technology may exceed their benefits. The Group's inability to obtain the funding or other resources necessary to expand or further upgrade its systems and provide advanced services in a timely manner, or successfully anticipate the demands of the marketplace, could adversely affect the Group's ability to attract and retain customers and generate revenue.

Furthermore, given the pace at which the Group launches new offers into the market and the multitude of its bundled service offerings, it may experience vulnerability to revenue leakage as a result of the dynamic changes in networks and IT systems. The Group's revenue chain consists of a complex set of inter-related technologies and processes providing a seamless set of services to the end customer. Although the Group closely monitors the risks related to revenue loss and continuously improves controls in its revenue assurance processes in order to prevent and/or detect cases of revenue leakage, as the set of technologies and business processes grows bigger and more complex, the chance of failure increases in each connection of the revenue chain. Revenue leakage may have an impact on the Group's ability to bill customers correctly for a given service or to receive the correct payment, which may adversely affect the Group's margins and profitability.

The Group anticipates that, over time, new products and services it may introduce will require upgraded or new customer premises equipment, which may constrain the Group's ability to market and distribute such new products and services. For example, the Group does not expect that previously installed internet modems or set-top boxes will be able to support all the enhancements the Group may introduce to our broadband internet or pay-TV services over time. A portion of the Group's subscribers will therefore require some form of upgrade or potentially a replacement of their customer premises equipment. Implementing such upgrades may entail additional costs to us and could delay the introduction of enhanced services and therefore reduce our cash flow and profitability, particularly where customers rent such customer premise equipment from us. In addition, we will need to expend significant capital expenditure to fulfil universal service obligations and to upgrade the parts of our networks that are xDSL.

In particular, the Group must also continue to increase and improve the functionality, availability, and characteristics of its network, particularly by improving its bandwidth capacity and its 4G coverage, as well as the introduction of 5G technology, to meet the growing demand for the services that require very-high-speed telephony and internet services as the telecommunications industry in each of the markets in which the Group operates is facing challenges relating to: (i) rapid, significant technological evolution; (ii) frequent improvement of existing products or services resulting from the emergence of new technologies; and (iii) the establishment of new industry practices and standards that make current systems and technologies obsolete. There can be no assurance that we will have sufficient capital to finance such upgrades or that such upgrades will generate a positive return.

The Group may also be required to incur additional marketing and customer service costs in order to retain and attract existing customers to any upgraded products and services we offer, as well as to respond to competitors' advertising pressure, and potentially more extensive marketing campaigns, which may adversely affect our margins. Any of the above occurrences could have a material adverse effect on our business, financial condition and results of operations.

The Group relies on interconnecting telecommunications providers and could be adversely affected if such providers fail to provide these services on a consistent basis and without disruption.

The Group's ability to provide commercially viable telephone services depends upon the Group's ability to interconnect with the telecommunications networks of fixed-line, mobile and international operators in France in order to complete calls between our subscribers and parties on a fixed-line or other mobile telephone network, as well as third parties abroad. Generally, fixed-line telephony, mobile and international operators in France are obliged by law to provide interconnection to, and not to discriminate against, any other licensed telecommunications operator. The Group has no control over the quality and timing of the investment and maintenance activities that are necessary for these entities to provide us with interconnection to their respective telecommunications networks.

The failure of these or other telecommunications providers to provide reliable interconnections to us on a consistent basis and under terms that are favorable to us could have an adverse effect on our business, financial condition and results of our operations.

In addition, interconnection agreements and interconnection rates are normally subject to regulation in France. Reduced interconnection rates and other decisions by regulators may have a material impact on our business, financial condition and results of our operations.

The Group's business activities and development depend on the Group's ability to enter into and maintain joint arrangements with other players in the telecommunications field.

The Group has entered into various contracts and arrangements with other players in the telecommunications field, including mobile and wireless network sharing agreements as well as agreements relating to fibre optics roll-out. For a detailed summary of material agreements entered into by the Group, see "*Business of the Group—Material Contracts*". The Group is exposed to various risks related to these agreements and arrangements. For instance, under the network sharing agreements, the Group is dependent upon other players for a part of their networks. In particular, the Group may not have any direct operational control of and may have no control over a portion of the networks that are managed by the counterparties to the network sharing agreements. Therefore, the Group will not be able to control the quality of the network provided to the customers involved or to implement corrective measures necessary in the event of defect and will be exposed to the risk of failure on the part of its counterparties.

Additionally, the Group's arrangements may fail to generate the expected synergies, especially in terms of geographic coverage or quality of service. Delays in implementation may affect the ability of the Group to achieve the objectives of geographic coverage and quality of service. Implementation of arrangements will also require significant capital expenditures and there can be no assurance that the Group will be able to make a return on such investment or recoup such investments. Delays in deployment caused by the Group or an inability to achieve the targets provided for in the agreements could put the Group at risk under its contractual obligations to its key partners which could have a material adverse effect on the Group's business, financial position, results of operations or outlook.

Further, in the event of partial or total cessation and/or failure of such arrangements, the Group may have to redeploy networks and/or incur significant capital expenditure on build-up or maintenance of networks in the zones covered by such agreements so as to maintain its geographic coverage and the quality of its services. Moreover, the Group cannot guarantee that it will be able, in such a scenarios, to implement coverage equivalent to that enjoyed by customers under its joint agreements.

The competent authorities may, in the future, make decisions jeopardizing the overall economics and/or validity of such arrangements with other players in the market. Third parties may also seek to gain access to shared networks and take action against the Group and its partners. For information on such proceedings faced by the Group see "*Business of the Group—Legal Proceedings—Civil and Commercial Disputes—Wholesale Disputes*".

The Group is dependent on its national distribution network.

The Group distributes its products and services meant for the general public and businesses directly or indirectly through its national distribution network. Within the framework of our B2C activity, such distribution occurs mainly through our spaces. For indirect distribution of our services, we rely on independent partners, in which we directly or indirectly hold minority stakes.

In particular, the French telecommunications market is characterized by rapid change in the habits and needs of customers. Therefore, the Group is committed to adapting its distribution network accordingly in order to respond to new market characteristics. This evolution of the distribution network involves regular adaptation of indirect distribution and thus on the part of all of its independent partners. However, some of them might not have the ability or might not wish to implement the necessary adaptations. In addition, the Group is engaged in significant disputes with former or current partners, particularly demands to re-characterize agreements for joint arrangements as commercial agent agreements, to obtain compensation due to breakdowns in commercial relations, and to invoke the status of management employee, as well as demands from its own employees for recognition of the Group's status as employer and for application of the employment status applicable inside of the "SFR Social and Economic Unit" ("**UES**") convention. The Group has already implemented policies for adapting its contractual tools in order to prevent such risks and manage tailored protective policies, however it cannot guarantee that such claims will not increase or that the factual or legal arguments put forward by the Group to rebut these claims will be received favorably by the courts. In particular, the Group may be obligated to apply its employment status outside its current UES convention. Such events could have an adverse effect on the Group's distribution network and compel it to modify it. More generally it could have a significant material adverse effect on the organization, business, financial condition, results of operations or prospects of the Group. See "*Business*

of the Group—Legal Proceedings—Consumer Disputes—Litigation over distribution in the independent network (Consumer Market and SFR Business Team)".

The Group relies on third parties for access to, and the operation of, certain parts of our network.

The Group is generally dependent on access to sites and land belonging to, and network infrastructure owned by, third parties, including for cable duct space and antennas used for our networks and facility space (colocation). In this respect, the Group has generally obtained leases, rights and licenses from network operators, including incumbent operators, governmental authorities and individuals. For example, in January 2014, we entered into the Bouygues Network Sharing Agreement to share a portion of our mobile networks, and following the completion of the Hivory Transaction, the Group will also depend on Hivory for access to certain mobile infrastructure. See "*Business of the Group—Material Contracts—Wireless Network Agreements—Bouygues Telecom Agreement".* The Group is dependent on Orange to access a portion of our network infrastructure, on Bouygues Telecom to access certain mobile networks and on Canal+ Group, with which we have entered into a number of contracts, for the supply of content.

These contracts are generally subject to rights of termination upon sufficient notice, in the event of a material breach or upon the commencement of liquidation or insolvency proceedings. In the event that the Group is unable to reach agreements with third parties or favorably renegotiate or renew our existing roaming, network sharing agreements or other agreements on terms we believe are reasonable, our fixed-based and mobile services may be adversely affected, which could have a material adverse effect on our business, financial condition and results of operations. There can be no assurance that such agreements will be renewed on favorable or comparable terms. For a description of the material agreements that the Group is party to as of the date hereof, see "*Business of the Group—Material Contracts*".

The Group's ability to offer our services to customers depends on the performance of these third parties of their obligations under such leases, licenses and rights. If the Group is not able to renew our current lease agreements for these sites and/or enter into new lease agreements for suitable alternate sites, this could have a negative impact on the coverage of our network. If third parties refuse to or only partially fulfil their obligations under or terminate the licenses granted to us or prevent the required access to certain or all of such sites, it could prevent or delay the connection to sites or customers, limit the growth of our offerings and influence the Group's ability to supply high quality services to our customers in a timely and cost effective manner. In addition, the costs of providing services is dependent on the pricing and technical terms under which the Group is given such access and any change in such terms may have a material adverse effect on our business, financial condition and results of operations. In many cases, the Group may not be able to find suitable alternatives at comparable cost or within a reasonable timeframe.

The Group's reputation and financial condition may be negatively affected by problems with the quality and availability of our products.

Many of our products and services including LaBox technology are produced and/or maintained using complex and precise technological processes. These complex products and services may contain defects or experience failures when first introduced or when new or improved versions are released. Despite the testing procedures we have implemented, we cannot guarantee that faults will not be found in our new products and services after their launch. Such faults could result in a loss of or delay in market acceptance of our products and services, increased costs associated with customer support, delays in service, delayed revenue generation or lost revenue, defective products eliminated from inventories and replacement costs, or could undermine our reputation with our customers and within the industry.

Any loss of confidence by our customers may cause sales of our other products and services to drop significantly. Furthermore, the Group may have difficulty identifying customers of defective products and services. As a result, we could incur substantial costs to implement modifications and correct defects. Any of these problems could materially adversely affect our business, financial condition and results of operations.

Furthermore, demand for our products or the products we offer as part of our services, including TV decoders, high-speed routers, mobile handsets, among others, may increase rapidly. The Group may fail to accurately estimate the demand for those products and services, which could result in a temporary shortage of supply leading to a drop in new subscriptions for our services and could have a material adverse impact on our results of operation.

The Group's reputation and business could be materially harmed as a result of, and the Group could be held liable, including criminally liable, for, data loss, data theft, unauthorized access or successful hacking.

The Group's operations depend on the secure and reliable performance of its information technology systems as the nature of the Group's business involves the receipt and storage of information relating to the Group's customers and employees. The techniques used to obtain unauthorized access, disable or degrade service or sabotage systems change frequently and often are not recognized until launched against a target and hardware, software or applications the Group develops or procures from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. The Group may be unable to anticipate these techniques or detect these defects, or to implement in a timely manner effective and efficient countermeasures.

If unauthorized third parties manage to gain access to any of the Group's information technology systems, or if such systems are brought down, unauthorized third parties may be able to misappropriate confidential information, cause interruptions in the Group's operations, access its services without paying, damage its computers or otherwise damage its reputation and business. While the Group continues to invest in measures to protect its networks, any such unauthorized access to the Group's cable television service could result in a loss of revenue, and any failure to respond to security breaches could result in consequences under the Group's agreements with content providers, all of which could have a material adverse effect on its business, financial condition and results of operations. Furthermore, as an electronic communications services provider, the Group may be held liable for the loss, release or inappropriate modification or storage conditions of customer or other data which are carried by the Group's network or stored on the Group's infrastructures. In such circumstances, the Group could be held liable or be subject to litigation, penalties (including the payment of damages and interest) or adverse publicity that could adversely affect its business, financial condition and results of operations.

The Group's reputation is in part dependent on our relationship with our third party providers.

The Group relies on third-party suppliers to provide services to its customers and to perform its business activities. The Group utilizes suppliers of equipment and software, including suppliers of TV decoders, conditional access system suppliers, as well as suppliers of high-speed routers and mobile terminals. The Group also employs the services of subcontractors to maintain its network, manage call centres, and supply, install, and maintain equipment set up at private households and at the premises of business services customers. The Group cannot guarantee the quality of such services or that these services will comply with the quality and safety standards it imposes or requires. If there are defects in the equipment or software or the services involving these products, or if the tasks of our subcontractors are not performed properly, it may be difficult or even impossible to make a claim against the suppliers or subcontractors, particularly if the warranties provided for in the contracts entered into with suppliers or subcontractors are not as extensive as those contained in the contracts entered into between us and our customers in certain specific cases or if these suppliers or subcontractors are insolvent or have suspended payments. These difficulties could undermine relations between the Group and its customers, as well as the reputation of its brand.

Any delay or failure by the Group's third parties suppliers in providing services or products, any increase in their prices, or any decision not to renew their contracts with the Group could lead to delays or interruptions in its activities. In addition, in many cases the Group makes significant investments in the equipment or software of a particular supplier, which makes it more difficult to rapidly change its procurements or maintenance services if its original supplier refuses to offer favorable prices or ceases to produce equipment or provide services that the Group requires. If any of these risks materialize, technical problems could arise, the Group's reputation could be impaired and customers could be lost, which could result in a material adverse effect on the Group's business activities, its financial position and its results of operations. See "*Business of the Group—Suppliers*".

The Group may be held liable for the content hosted on its respective infrastructures or transmitted by its networks.

In its capacity as an internet and/or mobile service provider and host, the Group could be held liable for claims due to the content hosted on its infrastructures or transmitted by its networks (specifically in connection with infringements in terms of press, invasion of privacy and breach of copyright) and thus face significant defense costs, even if its liability is ultimately not proven (since internet access providers and hosts are covered by a limited exemption from liability scheme). The existence of such claims could also harm the reputation of the Group.

The Group's business may be adversely affected by actual or perceived health risks and other environmental requirements relating to exposure to electromagnetic fields through telecommunications equipment.

The Group operates several facilities classified by the government as ICPEs (*installation classée pour la protection de l'environnement*) in mainland France, particularly its data centers. The Group remains attentive to environmental risks that might arise or be discovered in the future and it has adopted programs aimed at ensuring compliance with applicable environmental regulations. Environmental and health concerns are expressed in numerous countries and particularly arise in the context of the deployment of mobile technology regarding exposure to electromagnetic fields through telecommunications equipment, relay antennas and Wifi. A number of studies have been conducted to examine the health effects of mobile phone use and network sites, and some of these studies have been construed as indicating that radiation from mobile phone use causes adverse health effects. The World Health Organization has classified the radiofrequency of electromagnetic fields, linked particularly with the use of cordless phones, as "possibly carcinogenic to humans", but, to date, no adverse health effects have been established as being caused by mobile phone use.

Several lawsuits have been filed against mobile operators and other participants in the mobile industry alleging adverse health effects and other claims relating to radio frequency transmissions to and from sites, handsets and other mobile telecommunications devices. The perception of increased health risks related to mobile network sites may also cause the Group increased difficulty in obtaining leases for new mobile network site locations or renewing leases for existing locations or otherwise in installing mobile telecommunication devices. The fears generated by the potential health risks connected with electromagnetic waves could also lead third parties to act against the Group by, for example, bringing actions demanding the withdrawal of antennas or towers, which could affect the Group's conduct of operations and the deployment of our network, and could have a material adverse effect on the Group's business, financial position and results of operations. If it is ever determined that health risks existed or that there was a deviation from radiation standards which would result in a health risk from sites, other mobile technology or handsets, this would have a material adverse effect on the Group's business, financial condition and results of operations, including through exposure to potential liability, a reduction in subscribers and reduced usage per subscriber. Furthermore, the Group does not expect to be able to obtain insurance with respect to such liability.

The possible inability of the Group to protect its image, reputation and brand and intellectual property could have a material adverse effect on its business.

The brands under which the Group sells its products and services, including "SFR", "RED by SFR" and "Altice" are well recognized brands in France and the French Overseas Territories, as applicable. The Group has developed the brands it uses through extensive marketing campaigns, website promotions, customer referrals, and the use of a dedicated sales force and dealer networks. For a description of the Group's brands and offers, see "*Business of the Group—Description of the Group's Operations*".

These brands have been developed through extensive marketing campaigns, website promotions and customer referrals, and the use of a dedicated sales force and dealer networks. The Group's success depends on its ability to maintain and enhance the image and reputation of its existing products and services and to develop a favorable image and reputation for new products and services. The image and reputation of the Group's products and services may be adversely affected by several factors, including if concerns arise about (i) the quality, reliability and benefit/cost balance of its products and services, (ii) the quality of its support centers or (iii) its ability to deliver the level of service advertised. An event or series of events that threatens the reputation of one or more of the Group's brands, or one or more of the Group's products could have an adverse effect on the value of that brand or product and subsequent revenues therefrom. Restoring the image and reputation of the Group's products and services may be costly and not always possible.

The Group relies upon copyright, trademark and patent laws to establish and protect its intellectual property rights, but no assurance can be given that the actions they have taken or will take in the future will be adequate to prevent violation of our intellectual property rights. Adverse publicity, legal action or other factors could lead to substantial erosion in the value of the Group's brand, which could lead to decreased consumer demand and have a material adverse effect on the Group's business, results of operations or financial condition and prospects.

Although we try to manage the Group's brands, we cannot guarantee that its brands will not be damaged by circumstances that are outside the Group's control or by third parties such as hackers, sponsorees, or interfaces with its clients, such as subcontractors' employees or sales forces, with a resulting negative impact on our activities. In particular, the Group's image is increasingly tied to LaBox and its associated technology, an innovative set-top

box which it sources from a third party supplier. A failure on the Group's part to protect its image, reputation and the brands under which the Group markets our products and services may have a material adverse effect on our business and results of operations.

The current macroeconomic environment is highly volatile, and continuing instability in global markets may jeopardize the Group's growth targets, have a material adverse effect on the Group's business, financial condition and results of operations and significantly increase the Group's cost of debt.

The Group's operations are subject to macroeconomic and political risks that are outside of its control. High levels of sovereign debt in the U.S. and certain European countries combined with weak growth and high unemployment could lead to fiscal reforms (including austerity measures), sovereign debt restructurings, currency instability, increased counterparty credit risk, high levels of volatility and, potentially, disruptions in the credit and equity markets as well as other outcomes that might adversely impact our business and financial operations. In Europe, future developments are dependent upon a number of political and economic factors, including the effectiveness of measures by the EU Commission to address debt burdens of certain countries in Europe and the overall stability of the Eurozone.

The current macroeconomic environment is highly volatile, and continuing instability in global markets, including instability related to international trade, tariffs, sovereign debt issues, the risk of deflation and the stability of the euro, has contributed to a challenging global economic environment. As France seeks to recover from any natural disasters and pandemics (such as the COVID-19 pandemic) or the French government seeks new sources of revenue due to high fiscal deficit, the government may impose new or increased taxes and levies. Accordingly, our results of operations and cash flows may be adversely affected if the macroeconomic environment remains uncertain or declines further or the government increases taxes or levies as a result of fiscal deficits, pandemics or natural disasters. We are currently unable to predict the extent of any of these potential adverse effects.

Furthermore, we rely on third-party vendors for the equipment (including customer premises equipment, telecommunications equipment, network infrastructure and mobile handsets), software and services that we require in order to provide services to our customers. Our suppliers often conduct business worldwide and their ability to meet our needs is subject to various risks, including political and economic instability, international regulations or sanctions, natural calamities, interruptions in transportation systems or power supplies, terrorism, pandemics (such as the COVID-19 pandemic) and labor issues.

With regard to currency instability issues, concerns exist in the Eurozone with respect to individual macro fundamentals on a country-by-country basis, as well as with respect to the overall stability of the European monetary union and the suitability of a single currency to appropriately deal with specific fiscal management and sovereign debt issues in individual Eurozone countries. Following Brexit on January 31, 2020, the U.K. entered into a transition period which terminated on December 31, 2020, before which on December 24, 2020, the U.K. and the European Union agreed to a trade deal (the "**Trade and Cooperation Agreement**") which was ratified by the U.K. on December 30, 2020. The Trade and Cooperation Agreement was applied provisionally since January 1, 2021 and entered into force on May 1, 2021. While it is difficult to predict the effect of Brexit on the European and global economy, uncertainty regarding new or modified arrangements between the U.K. and the European Union could result in additional volatility in the markets, increased costs and a material adverse effect on the buying behavior of commercial and individual customers. Brexit has created substantial political uncertainty within the European Union, uncertainty in international financial markets and reduced economic growth in certain jurisdictions. It is possible that other members of the European monetary union could hold similar referendums regarding their membership within the Eurozone in the future. The realization of these concerns could lead to the exit of one or more countries from the European monetary union and the re-introduction of individual currencies in these countries or, in more extreme circumstances, the possible dissolution of the euro entirely, which could result in the redenomination of a portion or, in the extreme case, all of the Group's euro-denominated assets, liabilities and cash flows to the new currency of the country in which they originated. This could result in a mismatch in the currencies of the Group's assets, liabilities and cash flows. Any such mismatch, together with the capital market disruption that would likely accompany any such redenomination event, could have a material adverse impact on the Group's liquidity and financial condition. Furthermore, any redenomination event would likely be accompanied by significant economic dislocation, particularly within the Eurozone countries, which in turn could have an adverse impact on demand for our products and, accordingly, on our revenue and cash flows. Further, since we rely on access to the financial markets in order to refinance our debt liabilities and gain access to new financing, ongoing political uncertainty and any worsening of the economic environment may reduce our ability to refinance our existing and future liabilities or gain access to new financing,

in each case on favorable terms or at all. Furthermore, our counterparties may not be able to fulfil their obligations under their respective agreements due to a lack of liquidity, operational failure, bankruptcy or other reasons.

Moreover, any changes from euro to non-euro currencies in countries would require the Group to modify its billing and other financial systems. No assurance can be given that any required modifications could be made within a timeframe that would allow the Group to timely bill its customers or prepare and file required financial reports. In light of the significant exposure that the Group has to the euro through its euro-denominated borrowings, derivative instruments, cash balances and cash flows, a redenomination event could have a material adverse impact on the Group's business.

On November 8, 2013, Standard & Poor's Ratings Services downgraded France's sovereign debt rating by one notch to AA, where it currently stands. On December 13, 2014, France was downgraded by Fitch by one notch to AA, where it currently stands. On September 18, 2015, France was downgraded by Moody's by one notch to Aa2, where it currently stands. There can be no guarantee that there will not be a downgrade of France's sovereign debt rating in the future. Poor performance of the French economy, particularly due to a possible resurgence of the Eurozone debt crisis, could have a direct negative impact on consumer spending habits and on businesses in relation to products and their usage levels. Such poor performance could (i) make it more difficult for the Group to capture new subscribers and customers, (ii) increase the likelihood that some subscribers or customers of the Group might reduce the level of subscribed services or terminate their subscriptions and (iii) make it more difficult for the Group to keep its prices at current levels.

Negative macroeconomic developments in France, in particular increasing levels of unemployment, may have a direct negative impact on the spending patterns of retail consumers, both in terms of the products they subscribe for and usage levels. Because a substantial portion of our revenue is derived from residential subscribers who may be impacted by these conditions, it may be more difficult to attract new subscribers and more likely that certain of the Group's subscribers will downgrade or disconnect their services. In addition, we can provide no assurances that a deterioration of any of these economies will not lead to a higher number of non-paying customers or generally result in service disconnections. Similarly, a deterioration in economic conditions would be likely to adversely affect the demand for, and pricing of, our business services as a result of businesses and governments reducing spending. Therefore, a weak economy and negative economic development in the French markets may jeopardize our growth targets and may have a material adverse effect on our business, financial condition and results of operations. In addition, adverse economic conditions (including as a result of the COVID-19 pandemic) may lead to a rise in the number of our customers who are not able to pay for our services.

Each of the above-mentioned risks has been heightened by the impact of the COVID-19 pandemic on the world economy.

Our business, financial condition and results of operations may be adversely affected by the recent COVID-19 pandemic.

The COVID-19 pandemic, and measures to prevent its spread, may have a material adverse impact on our business, financial condition and results of operations. The severity and timing of the impact will depend on a number of factors, including the level and rapidity of infection, the speed and efficacy of national and global vaccination programs, duration of the pandemic and related containment measures, changes in consumer spending patterns, measures imposed or taken by governmental authorities in response to the pandemic, macroeconomic conditions in our markets, and negative effects on the financial condition of our customers, suppliers and vendors.

Under difficult economic conditions, including prolonged unemployment and employment furloughs, demand for our products and services could decline and some customers may be unable or unwilling to pay for our products and services. Additionally, in order to prioritize the demands of the business and/or depending on any restrictions that may be imposed by the French government on deployment of new infrastructure, we may, or may be required to, delay certain capital investments, such as FTTH or in other new initiatives, products or services, which may adversely affect our business in the future. If these events occur and were to continue, our revenue may be reduced materially which could result in reduced operating margins and a reduction in cash flows. While the COVID-19 pandemic has had a limited impact on our financial results for the year ended December 31, 2020 and for the six months ended June 30, 2021, the Group has been impacted by a decline in handsets sales in the context of the closure of shops in France, a decrease in roaming revenue due to decreased travel, delays in the construction of FTTH homes passed in France and, in the year ended December 31, 2020, a decline in the advertising businesses.

Governmental and non-governmental initiatives to reduce the transmission of COVID-19, such as the imposition of restrictions on work and public gatherings and the promotion of social distancing, along with certain temporary regulations concerning collections, or changes in consumer behaviour, have impacted and could continue to impact our operations and financial results. Even though the strict lockdown in France was lifted on May 11, 2020, significant restrictions and social distancing measures remain in place, which continue to adversely affect the overall French economy and, in turn, our operations. If a significant portion of our workforce is unable to work effectively due to prolonged illness, quarantines, shelter-in-place arrangements, government actions, facility closures or other reasons in connection with the COVID-19 pandemic, our operations could be further materially impacted. Our suppliers and vendors also may be affected by such measures in their ability to provide products and services to us and these measures could also make it more difficult for us to serve our customers. The COVID-19 pandemic is ongoing and there is a significant risk of recurring outbreaks in affected countries and possible future mutations in the virus may prove difficult to contain. For example, many countries in Europe have re-introduced full or partial lockdowns in late 2020 and 2021 in order to stem subsequent waves of higher infection rates. It is unclear whether measures being taken by the French government to contain the COVID-19 pandemic in France are adequate and will be effective in achieving their goals. It is unclear when, if at all, the COVID-19 pandemic will be contained. Although COVID-19 vaccination coverage has broadened considerably since the vaccines were first approved and became available in late 2020, the progress in vaccination rates has slowed in certain geographies. In addition, while the vaccines generally have been reported to be highly effective against the original COVID-19 virus strain, their effectiveness against variants, including the Delta variant, is the subject of evolving and sometimes conflicting information. The duration of effectiveness of the vaccines, as well as their effectiveness against future variants is uncertain.

We have implemented enhanced health and safety measures in our operations in line with public health rules and guidelines and industry practices to combat the spread of the COVID-19 pandemic. In addition to the increase in costs associated with the implementation of such measures, we are also exposed to the risk of an increase in the number of workplace and third-party claims arising from actual or alleged failures to implement such measures adequately, or at all, and a potential increase in legal, advisory and other costs as a result of any COVID-19 pandemic related claims from workers or third party customers and suppliers that may come into contact with our operations.

Financial markets have been experiencing extreme fluctuations that may cause a contraction in available liquidity globally as important segments of the markets react to the development. The pandemic may lead to a decline in business and consumer confidence and presents the risk of an economic recession in France and around the globe, which could adversely impact our results.

Further, political repercussions of responses to the COVID-19 pandemic by European Union institutions as well as by other countries in the European Union could have complex and hard-to-predict consequences for the future, including a destabilization of the European Union or its institutions or a slow-down or reversal of European integration. In addition, the impact that the COVID-19 pandemic will have on our business, financial condition and results of operations could exacerbate the other risks identified in this Notice.

Changes in financial accounting standards may cause unexpected revenue fluctuations and affect our reported results of operations.

The preparation of our consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are considered by our management to be reasonable under the circumstances and at the time. These estimates and assumptions form the basis of judgments about the carrying values of assets and liabilities that are not readily available from other sources. Areas requiring more complex judgments may shift over time based on changes business mix and industry practice which could affect our reported amounts of assets, liabilities, income and expenses. In addition, management's judgments, estimates and assumptions and the reported amounts of assets, liabilities, income and expenses may be affected by changes in accounting policy.

In January 2016, the IASB issued a new standard coming into effect on January 1, 2019, IFRS 16 (*Leases*), which superseded the standard (IAS 17) and its interpretations. IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a sufficiently low value. IFRS 16 applies to annual reporting periods beginning on or after January 1, 2019. The Group has applied IFRS 16 using the modified retrospective method, with the date of initial application of January 1, 2019. Under

this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of the initial application. The Group now applies IFRS 16 (*Leases*), as amended for '*COVID-19 Related Rent Concessions*', effective June 1, 2020, which provides an optional relief to lessees from applying guidance under IFRS 16 on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic.

IFRS 16 had a significant impact on our consolidated statement of financial position from periods beginning on January 1, 2019, due to the recognition of rights-of-use related to leased assets and corresponding lease liabilities. Moreover, our consolidated statement of profit or loss was impacted as operating lease expenses no longer comprise a part of operating expenses, but instead fall under depreciation and interest expenses. The Group's consolidated statement of cash flows was also impacted given that payment for lease liabilities is now presented within financing activities.

The principal effects of the application of IFRS 16 on our consolidated statement of financial position and results of operations as of January 1, 2019, were a recognition of right-of-use ("**ROU**") assets of €3,233 million which include the lease assets in the amount of €121 million previously recognized under finance leases and reclassified from the property, plant and equipment and intangible assets line items, and an increase in lease liabilities by €3,214 million, of which the current and non-current liabilities increased by €663 million and €2,551 million, respectively.

The Group has completed its assessment of IFRS 16 with respect to subsurfacing rights and has concluded that in its relevant contracts, the suppliers have a substantive right to substitute the asset throughout the period of use and therefore, such contracts do not constitute a lease. For further details on new accounting standards that may have a significant impact on our consolidated financial statements, see note 1.2 to the 2019 Financial Statements and note 1.2 to the 2020 Financial Statements.

The Group is closely monitoring the work of IASB and the IFRS Interpretation Committee, aiming to clarify interpretation of IFRS 16, which could lead to a revision of the accounting policies applied by the Group.

The liquidity and value of our interests in certain of the Group's subsidiaries and the Group's ability to take certain corporate actions may be adversely affected by shareholder agreements and other similar agreements to which the Group is a party.

Certain of our operations (including, for example, XpFibre and, prior to the completion of the Hivory Transaction, Hivory), are conducted through subsidiaries, associates or joint ventures in which third parties hold a minority equity interest or with respect to which we have provided third parties with rights to acquire minority equity interests in the future. The Group's equity interests in such subsidiaries are subject to shareholder agreements, partnership agreements and other instruments and agreements that contain provisions that affect the liquidity, and therefore the realizable value, of those interests. Most of these agreements subject the transfer of equity interests to consent rights, pre-emption rights or rights of first refusal of the other shareholders or partners. All of these provisions will restrict the ability to sell those equity interests and may adversely affect the prices at which those interests may be sold. In addition, the present or potential future shareholders in the Group's subsidiaries have the ability to block certain transactions or decisions that we would otherwise undertake. Although the terms of our investments vary, our operations may be affected if disagreements develop with other equity participants in the Group's subsidiaries. Failure to resolve such disputes could have an adverse effect on our business, financial condition and results of operations.

The Group is exposed to risks of consumer fraud.

As a telecommunications operator, the Group is exposed to risks of fraud in its various activities. These risks are linked in particular with fraudulent subscriptions and orders for the purchase of subsidized terminals and telephone lines. Furthermore, the change in the usage of mobile telephony services and applications against a backdrop of the marketing of new offers, as well as the development of new means of payment, could encourage fraud. The occurrence of such fraudulent activity could have a material adverse effect on the Group's business, financial condition and results of operations.

Risks Relating to the Group's Financial Profile

The Group's significant leverage could adversely affect its business, financial condition and results of operations and prevent the Group from fulfilling its debt obligations under the Notes or impede its ability to raise additional capital to fund our operations.

The Restricted Group has significant outstanding debt and debt service requirements and may incur additional debt in the future. As of June 30, 2021, after giving effect to the Transactions, the Restricted Group had total third party debt, without giving effect to the exchange rate impact of derivative instruments (excluding other long term and short term liabilities, other than finance lease liabilities prior to giving effect to IFRS 16), of €18,927 million (comprising of the Notes, the Existing Senior Secured Notes, the Existing Term Loans, the Existing Revolving Credit Facilities, finance leases and other liabilities (prior to giving effect to IFRS 16). For a description of such changes to our financial profile and our third party indebtedness, see "*Description of Indebtedness*". The Group's significant level of debt could have important consequences, including, but not limited to, the following:

- requiring the Group to devote a significant portion of its cash flow deriving from its operations to the repayment of its debt, thus reducing the availability of the Group's cash flows for financing internal growth using working capital and investments and for other general business requirements;

- impeding the Group's ability to compete with other providers of pay-TV, broadband internet services, fixed line telephony services, mobile services and business services in the regions in which it operates;

- restricting the Group from exploiting business opportunities or making acquisitions or investments;

- increasing the vulnerability of the Group to a business slowdown or to economic or industrial circumstances;

- limiting the Group's flexibility in planning for or reacting to changes in its business and its sector;

- adversely affecting public perception of the Group and its brands;

- limiting the ability of the Group to make investments in its growth, especially those aimed at modernizing its network; and

- in particular, limiting the Group's ability to borrow additional funds in the future and to increase the costs of such additional financing, especially due to restrictive clauses in our current debt agreements.

Any of these factors or their consequences could have a material adverse effect on the Group's ability to satisfy its debt obligations under the Notes.

The terms of the agreements and instruments governing the Group's existing debt and the Notes restrict, but do not prohibit, us from incurring additional debt. The Group may refinance our outstanding debt or increase our consolidated debt for various business reasons which might include, among other things, financing acquisitions, funding the prepayment premiums, if any, on the debt that we refinance, funding distributions to our shareholders or general corporate purposes. In the event that we incur additional debt, the related risks that we now face will intensify.

The Group may not generate sufficient cash flow to fund its capital expenditures, ongoing operations and debt obligations, and may be subject to certain tax liabilities.

The ability of the Group to service its debt and to finance its operations in progress will depend on its ability to generate cash flows. The Group cannot provide any assurance that its businesses will generate sufficient cash flow from operations or that future debt or equity financing will be available to the Group in an amount sufficient to enable the Group to pay its debt obligations when due. The ability of the Group to generate cash flows and finance its capital expenditures, current operations, and debt service obligations depends on numerous factors, including:

- its future operating performance;
- the demand and price levels for its current and projected products and services;
- its ability to maintain the level of technical capacity required on its networks and the subscriber equipment and other pertinent equipment connected to the Group's networks;
- its ability to successfully introduce new products and services;
- its ability to reduce the churn rate;
- the general economic conditions and other circumstances affecting consumer spending;
- competition;
- sufficient distributable reserves, in accordance with applicable law;
- the outcome of certain disputes in which it is involved; and
- legal, tax and regulatory developments affecting the Group's business.

Some of these factors are beyond the control of the Group. If the Group is not able to generate sufficient cash flows it might not be able to repay its debt, expand its business, respond to competitive challenges, or finance its other cash and capital requirements, including capital expenditures. If the Group is not able to meet its debt service obligations, it might have to sell off assets, attempt to restructure or refinance its existing debt or seek additional financing in the form of debt or equity. The Group may not be able to do so in a satisfactory manner, or at all.

The agreements and instruments governing the Group's existing debt contain, and the Indenture will contain, restrictions and limitations that could adversely affect the Group's ability to operate its business.

The terms of the agreements and instruments governing the Group's existing debt contain, and the Indenture will contain, a number of significant covenants or other provisions that could adversely affect the Group's ability to operate our business. These covenants restrict the Group's ability, and the ability of its subsidiaries, to, among other things:

- pay dividends or make other distributions;
- make certain investments or acquisitions, including participating in joint ventures;
- make capital expenditures;
- engage in transactions with affiliates and other related parties;
- dispose of assets other than in the ordinary course of business;
- merge with other companies;
- incur additional debt and grant guarantees;
- repurchase or redeem equity interests and subordinated debt or issue shares of subsidiaries; and
- grant liens and pledge assets.

All of these limitations are subject to certain exceptions and qualifications, including the ability to pay dividends, make investments or to make significant prepayments of shareholder debt. However, these covenants could limit the Group's ability to finance our future operations and capital needs and the Group's ability to pursue business opportunities and activities that may be in our interest. In addition, the Group's ability to comply with these restrictions may be affected by events beyond our control. In addition, the Group is also subject to the affirmative covenants contained in certain of the debt agreements it is a party to, which requires the Group to maintain

specified leverage ratios, see *"Description of Indebtedness*". The Group's ability to meet these leverage ratios may be affected by events beyond its control and, as a result, the Group cannot assure you that it will be able to meet these ratios.

In addition to limiting our flexibility in operating our business, the breach of any covenants or obligations under the agreements and instruments governing the Group's debt may result in a default under the applicable debt agreement or instrument and could trigger the acceleration of related debt, which in turn could trigger defaults under agreements governing our other debt. A default under any of the agreements governing our other debt could materially adversely affect our growth, financial condition and results of operations.

A substantial amount of the Group's indebtedness will mature before the Notes, and the Group may not be able to repay this indebtedness or refinance this indebtedness at maturity on favorable terms, or at all.

All the borrowings of the Group outstanding as of June 30, 2021 (excluding other long term and short term liabilities, other than finance lease liabilities prior to giving effect to IFRS 16), as adjusted to give effect to the Transactions, will mature prior to the maturity date of the Notes.

The Group's ability to refinance its indebtedness, on favorable terms, or at all, will depend in part on its financial condition at the time of any contemplated refinancing. Any refinancing of the Group's indebtedness could be at higher interest rates than its current debt and it may be required to comply with more onerous financial and other covenants, which could further restrict the Group's business operations and may have a material adverse effect on its business, financial condition, results of operations and prospects and the value of the Notes. The Group cannot assure you that it will be able to refinance its indebtedness as it comes due on commercially acceptable terms or at all and, in connection with the refinancing of its debt or otherwise, it may seek additional refinancing, dispose of certain assets, reduce or delay capital investments, or seek to raise additional capital.

The Group is exposed to interest rate risks. Shifts in such rates may adversely affect its debt service obligations.

The Group is exposed to the risk of fluctuations in interest rates, primarily under the Existing Term Loans. In addition, any amounts the Group borrows under the Existing Revolving Credit Facilities will bear interest at a floating rate. See "*Description of Indebtedness*". An increase in the interest rates on the Group's debt will reduce the funds available to repay its debt and to finance its operations, capital expenditures and future business opportunities. The Group enters into various derivative transactions to manage exposure to movements in interest rates; however, there can be no assurance that it will be able to continue to do so at a reasonable cost. There can be no guarantee that the Group's hedging strategies will adequately protect the Group from the effects of interest rate fluctuation, or that these hedges will not limit any benefit that we might otherwise receive from favorable movements in interest rates.

Following allegations of manipulation of LIBOR, regulators and law enforcement agencies from a number of governments and the European Union are conducting investigations into whether the banks that contribute data in connection with the calculation of daily EURIBOR or the calculation of LIBOR may have been manipulating or attempting to manipulate EURIBOR and LIBOR. In addition, LIBOR, EURIBOR and other interest rates or other types of rates and indices which are deemed to be "benchmarks" are the subject of ongoing national and international regulatory reform, including the implementation of the IOSCO Principles for Financial Market Benchmarks (July 2013) and the new European regulation on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds, which entered into force on June 30, 2016. Following the implementation of any such reforms, the manner of administration of benchmarks may change, with the result that they may perform differently than in the past, or benchmarks could be eliminated entirely, or there could be other consequences which cannot be predicted. For example, on March 5, 2021, the UK Financial Conduct Authority ("**FCA**") announced that certain LIBOR settings will permanently cease immediately after December 31, 2021 or after June 30, 2023, as applicable (the "**FCA Announcement**"). The FCA Announcement indicates that the FCA will no longer require any panel banks to continue to submit LIBOR beyond the date from which the panel banks have notified their departure, or to require the ICE Benchmark Association to continue to publish LIBOR on the basis of panel banks submissions beyond such dates. It follows that all LIBOR settings will either cease to be provided by any administrator or no longer be representative immediately after the dates set out in the FCA Announcement. The International Swaps and Derivatives Association has further announced on March 5, 2021 that the FCA Announcement constitutes an index cessation event under the IBOR Fallbacks Supplement and the ISDA 2020 IBOR Fallbacks Protocol for all LIBOR settings. The elimination of the LIBOR benchmark or any other benchmark, changes in the manner of administration of any benchmark, or actions by regulators or law enforcement agencies could result in changes to the manner in

which a benchmark is determined, which could require an adjustment to the terms and conditions, or result in other consequences, in respect of any debt linked to such benchmark (including, but not limited to, the Existing Revolving Credit Facilities and/or the Existing Term Loans having interest rates that are linked to LIBOR or EURIBOR, as applicable). Any such change, as well as manipulative practices or the cessation thereof, may result in a sudden or prolonged increase in reported EURIBOR or LIBOR, which could have an adverse impact on the Group's ability to service debt that bears interest at floating rates of interest.

Changes or uncertainty in respect of LIBOR may affect the Group's sources of funding.

Some of the Group's sources of funding are linked to LIBOR. See "*Description of Indebtedness—Term Loans*" and "*Description of Indebtedness—Revolving Credit Facilities*". Various interest rate benchmarks (including LIBOR) are the subject of recent regulatory guidance and proposals for reform. Some reforms are already effective while others are still to be implemented, including the EU Benchmark Regulation (Regulation (EU) 2016/1011, as amended). In addition, the FCA Announcement indicates that all LIBOR settings will either cease to be provided by any administrator or no longer be representative immediately after December 31, 2021 or June 30, 2023, as applicable. These reforms and other pressures may cause such benchmarks to disappear entirely, to perform differently than in the past (as a result of a change in methodology or otherwise), create disincentives for market participants to continue to administer or participate in certain benchmarks or have other consequences which cannot be predicted. Based on the foregoing, investors should in particular be aware that:

- any of the reforms or pressures described above or any other changes to a relevant interest rate benchmark (including LIBOR) could affect the level of the published rate, including to cause it to be lower and/or more volatile than it would otherwise be; and

- from the cessation date of LIBOR, the rate of interest applicable to the Group's sources of funding may be determined for a period by applicable fall-back provisions, although such provisions, often being dependent in part upon the provision by reference banks of offered quotations for the LIBOR rate, may not operate as intended (depending on market circumstances and the availability of rates information at the relevant time) and may in certain circumstances result in the effective application of a fixed rate based on the rate which applied in the previous period when LIBOR was available.

More generally, any of the above matters or any other significant change to the setting or existence of LIBOR could affect the Group's ability to meet our obligations under the Group's sources of funding and/or could have a material adverse effect on the liquidity of, and the amount payable under, the Group's sources of funding. See also "*—The Group is exposed to interest rate risks. Shifts in such rates may adversely affect the Group's debt service obligations*". Changes in the manner of administration of LIBOR could result in adjustments to the conditions applicable to the Group's sources of funding or other consequences relevant to the Group's sources of funding. No assurance can be provided that changes will not be made to LIBOR or any other relevant benchmark rate and/or that such benchmarks will continue to exist.

Currency fluctuations and interest rate and other hedging risks could adversely affect our financial results.

The Group's business is exposed to fluctuations in currency exchange rates. The primary transactional currency of the Group is euro and most of the Group's revenues and operating cash flows are in euro. The Group conducts, and will continue to conduct, transactions in currencies other than such primary transactional currencies, particularly the U.S. dollar. A significant portion of the Group's existing debt is denominated in U.S. dollars. The exchange rate between the U.S. dollar and the euro has fluctuated significantly in recent years and may continue to fluctuate significantly in the future. The Group has historically covered a portion of our U.S. dollar cash outflows arising on anticipated and committed obligations through the use of foreign exchange derivative instruments. Further, while we manage the risk of certain currency fluctuations in respect of a portion of our existing debt and to hedge our exposure to interest rate changes in respect of indebtedness linked to interest rates, these arrangements may be costly and may not insulate us completely from such exposure. There can be no guarantee that our hedging strategies will adequately protect our operating results from the effects of exchange rate fluctuation or changes in interest rates, or that these hedges will not limit any benefit that we might otherwise receive from favorable movements in exchange rates or interest rates.

Disruptions in the credit and equity markets could increase the risk of default by the counterparties to its financial instruments, undrawn debt facilities and cash investments and may impact the Group's future financial position.

The Group seeks to manage the credit risks associated with its financial instruments, cash and cash equivalents and undrawn debt facilities; nonetheless, disruptions in credit and equity markets could increase the risk that the Group's counterparties could default on their obligations to us. Were one or more of the Group's counterparties to fail or otherwise be unable to meet its obligations to it, the Group's cash flows, results of operations and financial condition could be adversely affected. It is not possible to predict how disruptions in the credit and equity markets and the associated difficult economic conditions could impact our future financial position. In this regard, (i) the financial failures of any of the Group's counterparties could (a) reduce amounts available under committed credit facilities and (b) adversely impact the Group's ability to access cash deposited with any failed financial institution and (ii) sustained or further tightening of the credit markets could adversely impact the Group's ability to access debt financing on favorable terms, or at all.

Negative changes in our credit rating and future ratings downgrades of sovereign debt may have a material adverse effect on our financial condition.

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed herein and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by the rating agency at any time. No assurance can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the credit rating agency if, in its judgment, circumstances in the future so warrant. A suspension, reduction or withdrawal at any time of the credit rating assigned to the Notes by one or more of the credit rating agencies may adversely affect the cost and terms and conditions of our financings and could adversely affect the value and trading of such Notes.

A downgrade in our credit rating may negatively affect the Group's ability to obtain future financing to fund our operations and capital needs, which may affect our liquidity. It may also increase our financing costs by increasing the interest rates of our outstanding debt or the interest rates at which it is able to refinance existing debt or incur additional debt. There can be no assurance that the Group's corporate rating, or the instrument rating with respect to the Notes, will be maintained at existing levels.

Because the financial condition, revenues and profitability of our operating subsidiaries are closely linked to the economies of their countries of operations, we expect that the Group as a whole will also be impacted by any downgrading in the sovereign debt rating of such countries. Any deterioration in the economic condition of the other countries in which we operate or any ratings downgrade of sovereign debt of these countries may have a material adverse impact on our business, financial condition and results of operations.

The Group's long-lived assets may become impaired in the future, which could cause a non-cash charge to its earnings.

The valuations of certain of the Group's assets in connection with acquisitions have resulted in increases to the book value of long lived assets, including property, plant and equipment, and intangible assets. Amortizable long-lived assets must be reviewed for impairment whenever indicators of impairment exist. Non-amortizable long-lived assets are required to be reviewed for impairment on an annual basis or more frequently whenever indicators of impairment exist. Indicators of impairment could include, but are not limited to:

- an inability to perform at levels that were forecasted;
- a permanent decline in market capitalization;
- an implementation of restructuring plans;
- changes in industry trends; and/or
- unfavorable changes in our capital structure, cost of debt, interest rates or capital expenditure levels.

Situations such as these could result in an impairment that would require a material non-cash charge, which could have a material adverse effect on the Group's business, financial condition and results of operations.

A significant amount of the Group's book value consists of goodwill and intangible assets that may not generate cash in the event of a voluntary or involuntary sale, and we may be required to record a significant charge to earnings if our goodwill or intangible assets become impaired.

As of June 30, 2021, the Group reported €35,100.3 million of consolidated total assets, of which €9,771.9 million were goodwill and €5,851.1 million were other intangible assets. Intangible assets primarily include customer relationships, trade names, franchises and patents, software and licences and other amortizable intangibles. While the Group believes that the carrying values of our intangible assets are recoverable, you should not assume that the Group would receive any cash from the voluntary or involuntary sale of these intangible assets, particularly if the Group were not continuing as an operating business. Moreover, we may be required in the future to record additional charges to earnings if a portion of our goodwill or intangible assets become impaired. Factors that could lead to impairment of goodwill and intangible assets include significant adverse changes in the business climate, a deterioration in our performance or a decline in expected future cash flows. Any such charges would adversely impact our financial results.

Risks Relating to Legislative and Regulatory Matters

The Group is subject to significant government regulation and supervision, which could require it to make additional expenditures or limit our revenues and otherwise adversely affect our business, and further regulatory changes could also adversely affect our business.

The Group's activities as a cable television, broadband internet infrastructure access provider, ISP, fixed-line and international long distance telephony and mobile operator are subject to regulation and supervision by various regulatory bodies, including local and national authorities in France. Such regulation and supervision, as well as future changes in laws or regulations or in their interpretation or enforcement that affect us, our competitors or our industry, strongly influence how we operate our business. Complying with existing and future law and regulations may increase our operational and administrative expenses, restrict the Group's ability or make it more difficult to implement price increases, affect the Group's ability to introduce new services, force us to change our marketing and other business practices, and/or otherwise limit our revenues. In particular, our business could be materially and adversely affected by any changes in relevant laws or regulations (or in their interpretation) regarding, for example, licensing requirements, access and price regulation, interconnection arrangements or the imposition of universal service obligations, or any change in policy allowing more favorable conditions for other operators or increasing competition. There can be no assurance to you that the provision of our services will not be subject to greater regulation in the future. Furthermore, a failure to comply with the applicable rules and regulations could result in penalties, restrictions on our business or loss of required licenses or other adverse consequences.

Although the regulations applicable to our business vary, such regulations may include, amongst other things:

- price regulation for certain of the services we offer, exit fees and cancellation charges;
- rules governing the interconnection between different telephone networks and the interconnection rates that we can charge and that we pay;
- requirements that, under specified circumstances, a cable system carry certain broadcast stations or obtain consent to carry a broadcast station;
- rules for authorizations, licensing, acquisitions, renewals and transfers of licenses and franchises;
- requirements that we provide or contribute to the provision of certain universal services;
- rules and regulations relating to subscriber privacy and data protection;
- rules and regulations relating to our networks, including universal access obligations imposed on us, co-installation and co-location obligations (including our submarine cable landing stations), right of way and ownership considerations;

- rules governing the copyright royalties; requirements on portability; and
- other requirements covering a variety of operational areas such as equal employment opportunity, emergency alert systems, disability access, technical standards, environmental standards, city planning rules and customer service and consumer protection requirements.

The regulations applicable to our operations within the EU often derive from EU Directives. The various Directives require EU Member States to harmonize their laws on communications and cover such issues as access, user rights, privacy and competition. These Directives are reviewed by the EU from time to time and any changes to them could lead to substantial changes in the way in which our business is regulated and to which we would have to adapt.

In addition, the Group is subject to antitrust rules and regulations and is, from time to time, subject to review by competition authorities concerning whether it holds market power in any of the market in which it operates. To the extent that the Group is deemed by relevant competition authorities to hold significant market power, we can be subject to various regulatory obligations, in particular in the context of acquisitions subject to merger control from competition authorities. Competition authorities may for instance require the Group (i) to grant third parties access to our bandwidth, frequency capacity, facilities or services to distribute their own services or resell our services to end customers, or (ii) to divest certain strategic assets. Recently, in the context of the Covage Acquisition, the Group was considered by the European Commission to have significant market power in France on the B2B market (although not holding a dominant position), and more particularly on the wholesale segment of fibre-to-the-office networks. As a result, the European Commission proposed a divestiture of certain assets in Covage, leading to the Covage Disposition. If the Group is deemed to hold significant market power and becomes subject to regulatory obligations, our business, results of operations and financial position can be materially adversely affected.

Future regulatory changes could have a material adverse effect on the Group's business.

The Group is subject to the provisions of the French Postal and Electronic Communications Code ("**CPCE**"), which imposes certain general obligations on all operators and certain specific obligations on mobile operators. The French regulatory framework applicable to operators is also subject to the analysis of the relevant markets carried out by the French telecom regulator ("**ARCEP**") which is charged with (i) defining the relevant markets in France, (ii) analyzing the markets or identifying the companies reputed for exercising significant influence on these markets and (iii) deciding whether or not to impose on these companies regulatory obligations to remedy the effects of such influence.

The Group is not considered by ARCEP to be an operator deemed to have significant influence over a relevant market, except over the markets for voice-call termination on its fixed and mobile networks. Nevertheless, it cannot be guaranteed that the Group, in the future, will not be identified by ARCEP as an operator deemed to exercise significant power in one or more relevant markets, and that ARCEP will not therefore impose additional regulatory obligations in this regard. For example, there can be no assurance that, in the future, particularly in the context of a growth in FTTH networks, the Group may be required to grant competitors some access to its fibre optic network, under conditions to be determined.

The Group is also subject to individual obligations imposed by ARCEP, the content of which may change or be clarified depending on ARCEP's analysis or new decisions, such as:

- Obligations arising from ARCEP's authorizations granted to use frequencies. Most obligations are detailed by the decisions but some of them still need to be elaborated upon in the future by ARCEP (e.g., the obligation to provide reasonable wholesale offer and fixed internet access for certain zones to be identified by ARCEP as of July 1, 2023);
- Obligations resulting from ARCEP decisions issued following disputes initiated by competitors. For example, ARCEP recently issued two decisions following disputes initiated by Bouygues Telecom and Free, requiring XpFibre S.A.S. to amend pricing conditions of FTTH network access contracts (ARCEP decision no. 2020-1168-RDPI of November 5, 2020 and decision no. 2020-1498-RDPI of December 17, 2020). These decisions, as well as potential future decisions related to disputes with competitors, shall set a reference framework pertaining to pricing conditions of such contracts.

Failure to comply with such obligations as well as general regulatory rules may result in sanctions from ARCEP ranging from penalties to suspension or withdrawal of authorizations (pursuant to Article L. 36-11 of the CPCE).

The Group monitors the regulations to which it is subject; however, the weight of the regulatory burden on "electronic" telecommunications operators, including the Group, may change and may lead to the application of different obligations in their regard depending on the level of ownership of direct access networks and the level of market power that may be more or less significant to or constrictive upon certain operators by virtue of changes in the technology used for providing services. If the Group becomes subject to regulations relatively more constrictive than its competitors, this could have a material adverse effect on its business, results of operations or financial position. Furthermore, as an "electronic" telecommunications operator and a distributor of television services, the Group is subject to special taxes. The burden of such taxes could increase in the future due to changes in legislation. In addition, the Group cannot guarantee that additional taxes will not be instituted in the telecommunications industry. Any future restrictions on the Group's ability to market its products or services in the way it wishes could have a material adverse effect on its business, results of operations or financial position.

The European Commission's "Digital Single Market" legislation could adversely affect the Group's businesses.

The EU Regulation 531/2012, which initially set a rate for roaming, was further amended through the regulation 2015/2120 of 25/11/2015 to establish the conditions and the viability of a removal of retail roaming charges from June 15, 2017 ("roam like at home" subject to fair-usage). Moreover, the regulation introduces measures relating to "net neutrality".

Furthermore, the roaming regulation was completed by other pieces of legislation:

- Implementing regulation EU 2016/2286 of 15/12/2016 laying down detailed rules on the application of fair use policy and on the methodology for assessing the sustainability of the abolition of retail roaming surcharges and on the application to be submitted by a roaming provider for the purposes of that assessment; and

- Regulation UE 2017/920 of 17/05/2017 amending Regulation (EU) No 531/2012 with respect to rules for wholesale roaming markets.

The Commission's proposals on telecommunications markets presented in September 2016 intends to fix rules to support the creation of Gigabit Society. The electronic communications code proposal aims to make investment in very high capacity networks a binding objective and it also aims to promote sustainable long term competition. It was adopted through Directive 2018/1972 of December 11, 2018 establishing the European Electronic Communications Code (the "**EECC**"), which entered into force on December 20, 2018.

This legislation is expected to have both a positive and adverse effect on revenue generated from the Group's operations due to anticipated price decreases, higher operational costs and increased competition. All of these factors may adversely affect the Group's business, financial condition and results of operations. The EECC brings together the rules on electronic communications networks and services and aligns them with the latest technological developments. The EECC regulates (i) electronic communications networks and services ("**ECN**" and "**ECS**"), (ii) associated facilities and services, (iii) the authorisation of networks and services, (iv) radio spectrum use and numbering resources, (v) access to and interconnection of electronic communications networks and associated facilities and (vi) the protection of end-users.

It aims to:

- Promote connectivity, access to and take-up of very high capacity networks by all citizens and businesses of the EU;

- Promote competition in the provision of electronic communication networks and services;

- Contribute to the development of the internal market in the field of electronic communications networks and services, radio spectrum, and connectivity; and

- Promote the interests of European citizens.

The EECC has singled out citizen connectivity as a key objective for the EU, since it is instrumental in guaranteeing freedom of expression, pluralism, democracy, culture, social cohesion, and even safety. The EECC also adopts a broader definition of ECS to regulate services delivered via internet (known as "over-the-top" or "**OTT**" services). ECS now includes internet access services, interpersonal communications services ("**ICS**"), and services consisting wholly or mainly in the conveyance of signals. The EECC also provides for strategic planning and coordination of a radio spectrum policy, as well as for effective management of radio spectrum by Member States.

Finally, national regulation authorities are responsible for ensuring access, interconnection, and the interoperability of services. Consequently, and under certain circumstances, they can impose on undertakings obligations such as interconnecting networks, ensuring the interoperability of their services and granting physical access to their infrastructure.

A public concertation was initiated on December 2019 with regard to the transposition into French national law of the EECC. The concertation covers the following topics:

- the maximum duration of the contracts between customers and service providers,
- framing the conditions under which bundled offers (mobile phone and plan) can be offered to the customers,
- the regulation of added value services,
- the termination conditions (to ensure that termination provisions do not carry any deterrent effect), and
- the conditions under which service providers who refuse to respect the provisions of the EECC (number portability, change of operator, etc.) can be sanctioned.

Member States were required to enact the EECC into their national laws by December 21, 2020. On December 3, 2020, the French government was authorized by the French Parliament to issue any act necessary to enact EECC into national law. An ordinance was adopted on May 26, 2021 for this purpose (ordinance no. 2021-650), which incorporated the content of the EECC in the CPCE and entered into force on May 28, 2021.

The legal status of the Group's network is complex and in certain cases subject to challenges or renewals.

The legal status of the Group's network is complex and the network is mainly governed by public law, which could affect the predictability of the Group's rights over its network.

The Group's telecommunications network is essentially composed of the physical infrastructure (conduits, network head-ends, switches and radio frequency stations) in which telecommunications (mainly cable) equipment is installed. These components of the Group's network are subject to different legal regimes. As the Group does not own certain land where such physical infrastructures are located and infrastructure is established on public or private property, it has entered into concessions, rights-of-way, leases or even IRUs with the owners of the land. In order to establish a substantial part of its telecommunications network and of its wireless network, the Group has thus entered into public and private property occupancy agreements with public and private entities or holds public property occupancy permits. Under these agreements or permits, the Group may install its network equipment along roads, highways, railways or canals, for example. No transfer of ownership takes place within this framework.

Such agreements are entered into for terms that vary greatly, from 3 to 25 years. The Group does not have any right to renewal of such agreements, although the agreements with the shortest terms generally provide for tacit renewal. The Group's occupancy of public property, as is the case for all occupants of public property, is always precarious and subject to considerations beyond the Group's control. The public entities with which the Group has entered into these agreements or that have issued permits to it can thus at any time terminate these public property occupancy agreements for misconduct or for reasons of public interest and some of the agreements even exclude any compensation in such case.

If the Group fails to obtain such renewal, the company involved would be obliged, upon expiration of these agreements, (i) to return the site to its original condition upon the demand of the manager or owner of the public

property involved and/or (ii) to transfer to the latter, in certain cases for the payment of compensation and in certain cases free of charge, ownership of the facilities established on the property involved.

If the Group loses all or part of the rights relating to its network, it could have a material adverse effect on the business, financial position, results of operations or outlook of the Group.

The Group can only operate its business for as long as it has licenses from the relevant authorities and it may not be able to obtain, retain or review the licenses and authorizations necessary for conducting its activities.

The Group is required to hold licenses, franchises, permits and similar authorizations to own and operate the Group's networks and to broadcast its signal to its customers. These authorizations generally require that we comply with applicable laws and regulations, meet certain solvency requirements and maintain minimum levels of service. Should the Group fail to comply with these, it may be subject to financial penalties from the relevant authorities and there may also be a risk that licenses could be partially or totally withdrawn. The imposition of fines and/or the withdrawal of licenses could have a material adverse effect on our results of operations and financial condition and prevent us from conducting the Group's business. In addition, such authorizations are generally granted for fixed terms and must be periodically renewed. The procedure for obtaining or renewing these licenses can be long and costly and authorities often demand concessions or other commitments as a condition for renewal. In addition, these licenses may not be obtainable or renewable in a timely manner or at all. In some instances, such authorizations have not been renewed at expiration, and we have operated and are operating under either temporary operating agreements or without an authorization while negotiating renewal terms with the local franchising authorities. Should we not be able to obtain or renew the licenses needed to operate or develop our business in a timely fashion, the Group's ability to realize our strategic objectives may be compromised. In certain cases the Group's mobile licenses require it to comply with certain obligations (population coverage, sharing in certain areas, national roaming) and the Group may suffer adverse consequences if is not able to comply with these obligations. In certain countries, we have provided significant bank guarantees to guarantee our performance under our licenses. If the Group is found to be in material breach of our licenses, the guarantees may be forfeited and our licenses may be revoked.

Some of the Group's activities depend on obtaining or renewing licences issued by regulatory authorities, particularly ARCEP in the telecommunications field and CSA in the audiovisual field. Under the licences allocated to the Group's subsidiaries, the latter have committed themselves to complying with certain obligations (population coverage, sharing in some areas, roaming allowance). The Group is required to deploy a 3G and 4G generation radio network adhering to certain rates of coverage for the metropolitan population according to a given timetable. Within the framework of its 4G licences, if certain conditions are met, the Group will eventually have to allow Free Mobile roaming on a portion of its 4G network. The Group will also have to provide coverage, in conjunction with other 800 MHz band holders and under its 2G licence, for the city centers identified under the "white zones" plan, and accede to reasonable requests for network sharing in a priority deployment zone. The Group will also have to accede to reasonable requests to allow MVNOs throughout its very-high-speed mobile network open to the public in Metropolitan France. A failure to adhere to any one of these commitments could put the Group at risk under its regulatory obligations and possibly expose it to penalties (fines, total or partial suspension or withdrawal of licence). This could have a material adverse effect on the Group's business, financial position, results of operations or outlook of the Group. To provide the Group's various stakeholders with certainty over the future of some spectrum resources and with a view to issuing a call for applications that will enable a reallocation of longstanding 2G and 3G frequency bands for a period of 10 years (the licences relating to which will begin to expire in 2021), ARCEP has laid the ground rules for public consultation on the terms and conditions for such reallocation in its decision no. 2018-0684. The frequencies concerned are the frequencies in the 900 and 1800 MHz bands that were allocated to Orange, the Group and Bouygues Telecom in 2006 and 2009 for 15 years, and the 2.1 GHz band frequencies allocated to these same three operators in 2001 and 2002 for 20 years. Some of the existing 900, 1800 and 2100 MHz frequency licences for Metropolitan France are set to expire in 2021, 2022 and 2024. The terms for allocating frequencies seek to satisfy two main goals: digital regional development and achieving fair and effective competition between operators. The call for applications procedures for the allocation of 900, 1800 and 2100 MHz band frequencies took into account the goal of ensuring fair and effective competition in the mobile market by implementing the conditions needed to ensure that all mobile operators have fair and equal access to spectrum. It has been approved by the Minister responsible for electronic communications who launched the allocation procedure in early August 2018. The licences were awarded by ARCEP on November 15, 2018, and the frequencies are available starting March 25, 2021. On December 23, 2019, the Minister responsible for electronic communications issued an order listing the zones in which the Group, along with Bouygues Telecom, Free Mobile and Orange, shall provide access to their network, pursuant to ARCEP's authorization.

On December 15, 2020, ARCEP lifted our obligation to share networks for new sites in certain deployment zones for 900, 1800 and 2100 MHz band frequencies; this decision will be effective for the duration of the lifting of Orange's same obligation granted the same day on the basis of the five-year co-construction agreement entered into by Orange and Free Mobile on January 15, 2020 (*ARCEP decisions nos. 2020-1486 and 2020-1485*).

The acquisition of licences also represents a high cost, the timing of which varies depending on when the frequencies involved are auctioned. Furthermore, this cost could rise due to strong competitive pressure in the telecommunications field. If we fail to obtain or retain, in a timely manner, the licences necessary for performing, continuing or developing our activities, the Group's ability to achieve our strategic objectives could be subjected to alteration. In addition, the Group may fail to be awarded the desired licences, which could have an adverse effect on the Group's business, financial position, results of operations or outlook.

The Group is subject to requirements in terms of protection of personal data and data security.

Within the context of our business activities, we must collect and process personal data.

In the EU, the European Parliament and the European Council adopted the regulation on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation, the "**GDPR**") on April 27, 2016. The GDPR has been directly applicable in all EU member states since May 25, 2018, replacing Directive 95/46/EC and current national data protection legislation in member states, and was implemented in the EEA countries with effect from the same date. The GDPR significantly changes the EU/EEA data protection landscape, including strengthening of individuals' rights, stricter requirements on companies processing personal data and stricter sanctions with substantial administrative fines. The GDPR also offers data subjects the option to let a privacy organization litigate on their behalf, including collecting the potential damages. After an initial transition period, data protection authorities across the EU have now begun using their new sanctioning powers (in 2019, Google was fined €50 million by the French authority (CNIL), British Airways and Marriott were provisionally fined £183 million and £99 million, respectively by the UK authority (ICO), and many cases are currently under investigation).

The Group does business in the hosting of data relating to the health of individuals, which subjects us to the specific obligations provided for by the Public Health Code such as obtaining and maintaining authorization or certification for the hosting of such data. If we breach our obligations or fail to adhere to the requirements applicable to sensitive data processing, the Group may be subjected to criminal and financial penalties likely to have a material adverse impact on our business, financial position and results of operations.

In its judgment on October 6, 2015 (known as the "**Schrems Judgment**"), the European Court of Justice overturned the decision by the European Commission that the transfer of European personal data to the United States under the "Safe Harbor" framework provides an adequate level of protection. The successor "Privacy Shield" agreement negotiated by representatives of the EU and the United States have been overturned by a judgment of the European Court of Justice of July 16, 2020 (case C-311/18, known as "**Schrems II**") which could impact our business and results.

In 2016, the CJEU further clarified what safeguards are required for data retention to be lawful. In the case of Tele2 Sverige and Home Secretary v. Watson, the court concluded that Member States cannot impose a general obligation on providers of electronic telecommunications services to retain data, but did not ban data retention altogether. Such retention is compatible with EU law if deployed against specific targets to fight serious crime. Retention measures must be necessary and proportionate regarding the categories of data to be retained, the means of communication affected, the persons concerned and the chosen duration of retention. Furthermore, national authorities' access to the retained data must be conditional and meet certain data protection safeguards. New data retention rules are currently being discussed at an EU level in response to this decision.

In the case of Breyer, the CJEU concluded that Internet Protocol addresses may constitute personal data where the individual concerned can be identified, even where a third party must obtain additional data for the identification to take place. The CJEU also held that website operators may rely on a legitimate interest as a legal basis when retaining and using their visitors' personal data. This is of major importance for data retention rules; it follows that online media service providers can lawfully store their visitors' personal data to pursue a legitimate interest, rather than just for the purposes previously outlined in the invalidated Data Retention Directive. Thus, the grounds justifying data retention have become broader.

The French legal framework for data protection has been gradually brought in line with the GDPR and the Police and Justice Directive. The French Data Protection Law of January 6, 1978 (Law no. 78-17), was amended by Law no. 2018-493 of June 20, 2018 and its implementing decree, and by decree no. 2018-687 of August 1, 2018. Such Law was rewritten and made consistent with GDPR by Order no. 2018-1225 of December 12, 2018. Finally, a new decree implementing the Law, no. 2019-536 of May 29, 2019 came into force on June 1, 2019. The French legal framework for data protection has now been stabilised. It imposes obligations on companies processing personal data in the context of the activities of an establishment in France concerning the conditions in which such a company may process personal data of individuals, the obtaining of their consent with respect to such processing (especially for the use of cookies) and carrying out the necessary measures for disclosure and transfer of data outside of the EU. Any breach of these obligations may lead to criminal and administrative financial penalties against us and damage to our reputation.

On June 28, 2019, the French data protection authority (CNIL) announced new guidelines on the use of cookies for direct marketing purposes (online targeted advertisement), ruling out the use of implied or “soft” consent to place cookies on users’ devices. To assist companies in complying with these new rules, the CNIL published a draft recommendation on cookies on January 14, 2020 and the new legal regime applicable in France regarding cookies should be stabilised by the end of 2020.

Regardless of the measures we adopt to protect the confidentiality, security of data and respect the rights of the people whose data we process, there remains the risk of possible attacks or breaches of data processing systems, which could give rise to penalties and damage our reputation. The Group could be compelled to incur additional costs in order to protect against these risks or to mitigate the consequences thereof, which could in turn have a material adverse impact on our business, financial position, results of operations or outlook. Furthermore, any loss of confidence on the part of our customers as a result of such events could lead to a significant decline in sales and have a material adverse impact on our business, financial position and results of operations.

The Group’s business may suffer if it cannot continue to license or enforce the intellectual property rights on which our business depends or if it is subject to claims of intellectual property infringement.

The Group relies primarily on copyright, trademark and trade secret laws and licenses and other agreements with our employees, customers, suppliers and other parties to establish and maintain our intellectual property rights in content, technology and products and services used to conduct our businesses. However, our intellectual property rights or those of our licensors could be challenged or invalidated, we could have difficulty protecting or obtaining such rights or the rights may not be sufficient to permit us to take advantage of business opportunities, which could result in costly redesign efforts, discontinuance of certain product and service offerings or other competitive harm.

The Group has received, and may receive in the future, claims of infringement or misappropriation of other parties’ proprietary rights, particularly creative rights with respect to broadcasted programs. In addition to claims relating to broadcasts on channels which the Group owns, it may be subject to intellectual property infringement claims with respect to programs broadcast on the other channels, including foreign channels that it carries. Moreover, the telecommunications industry is characterized by a high concentration of intellectual property rights, which increases the risk of litigation resulting from our activities upon the grounds of prior rights of third parties. Therefore, the Group is particularly exposed to the risk of proceedings initiated by patent trolls. See “—*The Group may be subject to intellectual property infringement claims by “patent trolls*”.”

Any such claims may require the Group to initiate or defend protracted and costly litigation, regardless of the merits of these claims. Successful challenges to our rights to intellectual property or claims of infringement of a third party’s intellectual property could require the Group to enter into royalty or licensing agreements on unfavorable terms, incur substantial monetary liability or be temporarily or permanently prohibited from further use of the intellectual property in question. This could require the Group to change our business practices and limit the Group’s ability to provide our customers with the content that they expect. Even if we believe that the claims of intellectual property infringement are without merit, defending against the claims can be time consuming and costly and may divert management’s attention and resources away from our business. An inability on our part to effectively protect certain important elements of our intellectual property rights and of our technology could have a material adverse effect on our activities, financial position, results of operations or outlook.

The Group may be subject to intellectual property infringement claims by "patent trolls".

The Group may be the target of so-called "patent trolls" (also referred to as "non-practicing entities"), which have as their core business the acquisition of patents and licences, without actively producing goods or providing services, and commonly litigate alleging that such patents or licences have been infringed. The Group cannot exclude the possibility of risk from contentious claims from patent trolls, which could have a material adverse effect on the Group's business activities, financial condition and results of operations.

The Group faces risks arising from the outcome of various legal, administrative and regulatory proceedings.

In the ordinary course of business, we become party to litigation and other legal proceedings, including administrative and regulatory proceedings, and may be subjected to investigations and audits. Some of the proceedings against us may involve claims for considerable amounts and may require that our general management devote time to addressing such issues, to the detriment of managing the business. In addition, such proceedings may result in substantial damages and/or may impair our reputation, which may result in a decline in the demand for our services which could have a material adverse effect on our business. The outcome of these proceedings and claims could have a material adverse effect on our financial position, our results of operations or our cash flows during the years when such disputes are decided or the sums potentially involved in them are paid. The Group may also be exposed to proceedings that could involve our independent distributor partners, as well as other telecommunications operators which are so exposed.

The Group is currently involved in a number of disputes and proceedings referred to in "*Business of the Group—Legal Proceedings*". The costs that may result from these lawsuits are only accrued when it is more likely than not that a liability, resulting from past events, will be incurred and the amount of that liability can be quantified or estimated within a reasonable range. The amount of the provisions recorded in the Unaudited Interim Financial Statements of the Group as of June 30, 2021 in respect of lawsuits amounted to €53 million in the aggregate, based on a case by case assessment of the risk level of each individual lawsuit, and events arising during the course of legal proceedings may require a reassessment of this risk. The Group's assessment of risk is based both on the advice of legal counsel and on our estimate of the probable settlement amounts that are expected to be incurred, if such a settlement would be agreed by both parties. Any increase in the frequency or size of such claims could have a material adverse effect on our profitability and cash flows and could have a material adverse effect on its business, results of operations and financial position.

The Group is subject to risk or litigation in the event of defective software or a claim by a third party as to software ownership.

In contrast to more traditional licences of standard (so-called "proprietary") software, users of open source software ("**OSS**") are generally permitted by the licensor to access, copy, modify and distribute the underlying source code. Such broad rights (such as in the GNU General Public Licence) are usually subject to the requirement that users not place any additional restrictions on access to the source code in any onward distribution of the software, and that such onward licensing be on the original licence terms.

OSS is commonly viewed as having two major risks. First, the OSS licence usually also covers onward distributions of derivative works (based on the original OSS), with the result that proprietary software integrated with the OSS becomes "infected" and the entire integrated software program (OSS and proprietary software components) is covered by the OSS licence. One notable result of this is that the publisher or distributor of the derivative work would have to make available the source code of the entire work, including the proprietary software portions. The second commonly viewed risk is that OSS software is usually licenced "as is" without any contractual warranties.

As a result, the Group would bear the risks in the event of defects with any OSS that the Group utilizes in its products and services without necessarily having any contractual recourse. Further, if the Group integrates OSS into any of the software that it publishes or distributes, then the use by the Group of OSS could have an impact on the ownership of the intellectual property in such software, particularly in terms of exclusivity, as the refusal to disclose any modifications made could be characterized as an infringement of the OSS licence. Moreover, the Group cannot rule out any risk of a request for disclosure or the request by a third party to access the modifications of the source code performed on such software. This situation could have a material adverse effect on the Group's business, financial position, results of operations or outlook.

The introduction into French law of a class action open to consumer protection associations could increase the exposure of the Group to material litigation.

As of October 1, 2014, French law allows consumers to join a class action brought by a consumer protection association in order to obtain compensation for property damage suffered by virtue of the activity of consumption. Considering the B2C activities of the Group, in the event of a challenge by consumers pertaining to the products or services offered by the Group, the Group could be faced, as could all operators in the industry, with possible class actions joining numerous customers desiring to obtain compensation for possible harm. Under such circumstance, if damages or prohibited practices are proven or even merely alleged the Group could face significant amounts in claims. Moreover, such actions could undermine the Group's reputation.

The Group may have exposure to greater than expected tax liabilities resulting from tax disputes, tax audits, adverse decisions by tax authorities or changes in tax treaties, laws, regulations or the interpretations thereof.

The tax laws and regulations in France may be subject to change and there may be changes in the content as well as in the interpretation and enforcement of tax law. As a result, the Group may face increases in taxes payable if tax rates increase, or if tax laws and regulations are modified by the competent authorities in an adverse manner. In addition, the tax authorities in France periodically examine our activities. Any change in local or international tax rules, for example prompted by the implementation of the OECD's recommendations on Base Erosion and Profits Shifting (a global initiative to improve the fairness and integrity of tax systems), or new challenges by tax authorities, may have an adverse effect on the Group's tax positions and its financial results. Any changes may also affect the return on an investors' investment in the Group and result in changes in personal tax rates and tax relief.

The Group has structured its commercial and financial activities in compliance with various regulatory obligations to which it is subject, as well as in line with our commercial and financial objectives. Significant judgment is required in determining our tax positions, including, amongst others, corporate income tax and value added tax ("**VAT**"). In the ordinary course of business, there are transactions where the ultimate tax determination is uncertain. To the extent that the laws and regulations of the various countries in which our companies are located or operate do not establish clear or definitive provisions, the tax treatment applied to our activities or our intra-group reorganizations is sometimes based on interpretations of the applicable tax regulations. The Group cannot guarantee that such interpretations will not be called into question by the competent tax administrations, which could have a material adverse effect on the financial position or results of our operations More generally, any breach of the tax regulations and laws of the countries in which our companies are located or operate could result in adjustments or the payment of late fees, fines or penalties. The French tax authorities have reassessed the application of VAT rates on certain multi-play offerings for fiscal years 2013 to 2016. The Group is disputing all of the proposed reassessments and has initiated appeals and dispute proceedings, which are at different stages for each of the years subject to reassessments. For more details, see "*Business of the Group—Legal Proceedings—Tax Audits*".

In addition, tax laws and regulations could change and could be subject to changes in their interpretation and in the application thereof. In particular, in the current macroeconomic environment, governmental authorities could decide to increase tax rates, to eliminate existing tax exemptions, to expand tax bases, or to introduce new taxes. As a result, we could undergo an increase in our tax burden if tax rates rise or if legislation or the interpretation thereof by the administration changes.

In particular, the Group is exposed to the risk of a further increase in the VAT (and / or sectorial taxes such as turnover taxes on electronic communications operators) and might not be able to pass along such increase, in full or in part, through subscription prices, and this would then have a negative impact on overall revenue. Furthermore, any such increase in subscription prices would expose the Group to a risk of an increased churn rate from of its existing subscribers and could limit the recruitment of new subscribers. Any such occurrence could have a material impact on the Group's business, financial condition and results of operations.

The future results of operations of the Group, French tax rules, tax audits or litigation and possible intra-group reorganizations could limit the ability of the Group to make use of its tax losses and could thus reduce its net cash position.

The Group has significant tax losses. The ability to effectively make use of such losses will depend on a combination of factors, including (i) the ability to earn tax profits and the degree of matching between the level of such profits realized and the level of the losses, (ii) the general limitation under French tax law pursuant to

which the percentage of carry forward tax losses that can be used to offset the portion of taxable profit exceeding €1 million is limited to 50% as well as certain more specific restrictions on the use of certain categories of losses, (iii) the consequences of present or future tax disputes or audits and (iv) possible changes in applicable laws and regulations.

The impact of these factors could increase the tax burden of the Group and thus have an adverse effect on its cash position, the effective tax rate, the financial position and the results of operations of the Group.

French tax rules could limit the ability of the Group to deduct interest for tax purposes, thus reducing the net cash position of the Group.

As a general rule, pursuant to Article 39,1-1° of the French Tax Code (*Code général des impôts*) ("**FTC**"), expenses incurred by a French company are deductible provided, among other conditions, that (i) they are incurred in its direct corporate interest and (ii) they correspond to actual and justified expenses. In this respect, French case law has developed the concept of "abnormal act of management", according to which the expenses incurred by a French company in relation with transactions that are not aligned with its direct corporate interest are not tax deductible.

Given the complex intragroup transactions within the Group, the risk that the French Tax Authorities might try to challenge the deductibility of interest expenses resulting from intragroup financings (*e.g.*, interest expenses on an intragroup loan), considering that such transactions (i) are not performed in the direct corporate interest of the French company of the Group at the level of which these interest expenses are incurred or (ii) have not been set at arm's length conditions, cannot be excluded.

Under Article 39.1.3° of the FTC, the deduction of interest paid by a French company to lenders who are direct shareholders of such company but are not related parties to such company within the meaning of Article 39.12 of the FTC, is subject to the conditions that (i) the share capital of the borrowing company is fully paid-in and (ii) the interest rate on the corresponding loans does not exceed a rate equal to the annual average rate of floating rate loans granted by financial establishments for a minimum term of two years (1.18% with respect to periods closed on August 31, 2021). By exception, pursuant to Article 212, I-(a) of the FTC, the deductibility of interest paid on loans granted by a related party within the meaning of Article 39.12 of the FTC is deductible within the limit of the interest that would have resulted from the application of the maximum tax rate computed as per Article 39, 1-3° of the FTC, or, if higher, from the rate that the borrower could have obtained from independent financial establishments in similar conditions.

Pursuant to Article 39.12 of the FTC, two entities will be regarded as related if (i) one of the entities holds directly or indirectly the majority of the other entity's share capital or actually exercises the power of decision in that entity or (ii) both entities are placed under the conditions defined in (i) to the control of a same third entity.

In both of the above mentioned cases of interest and deductibility limitation, non-deductible expenses might be recharacterized as constructive dividends pursuant to Article 109 *et seq*. of the FTC, which may be subject to the withholding tax set out under Article 119 *bis*, 2 of the FTC, at a rate of (i) 26.5% for payments benefiting legal persons who are not French tax residents for fiscal years beginning January 1, 2021 (such rate will be lowered to 25% for fiscal years beginning January 1, 2022) or (ii) 75% for payments made in non-cooperative jurisdictions within the meaning of Article 238-0 A of the FTC other than those mentioned in 2° of 2 *bis* of the same Article 238-0 A, subject in any case to the more favorable provisions of an applicable double tax treaty.

The French Finance Law for 2020 introduced new Articles 205 B, 205 C and 205 D in the FTC in order to implement under French tax law the provisions of the Council Directive (EU) 2017/952 of May 29, 2017 (the "**ATAD 2**") on hybrid mismatches. These new rules aim at challenging hybrid and residency mismatches (the "**Hybrid Mismatch Rules**") and apply as from fiscal years starting on or after January 1, 2020.

In substance, hybrid mismatches may result from the difference in the CIT tax treatment of (i) financial instruments, (ii) entities or (iii) payment attribution rules between two countries. Such differences may result in either:

i A deduction for tax purposes in one country (the payer's jurisdiction) without corresponding inclusion in the other (the payee's jurisdiction); or

ii A deduction in both countries (*i.e.*, in the jurisdiction in which the payment has its source and in the investor's jurisdiction).

The Hybrid Mismatch Rules provide for neutralization mechanisms of these mismatches which broadly lead to either (i) a non-deduction of payments or (ii) an inclusion in the taxable income of these payments.

In practice, the Hybrid Mismatch Rules may concern any type of expenditure (including financial expenses) but shall only apply if a mismatch outcome arises either (i) between associated enterprises or (ii) under a structured arrangement (i.e., an arrangement involving a hybrid mismatch where the mismatch outcome is priced into the terms of the arrangement or an arrangement that has been designed to produce a hybrid mismatch outcome). For the purposes of these rules, an associated enterprise is different from a related party within the meaning of Article 39.12 of the FTC and means:

- an entity in which the taxpayer (i) holds directly or indirectly a participation in terms of voting rights or capital ownership of 50% or more or (ii) is entitled to receive 50% or more of the profits of that entity;

- a person which (i) holds directly or indirectly a participation in terms of voting rights or capital ownership in a taxpayer of 50% or more or (ii) is entitled to receive 50% or more of the profits of the taxpayer;

- a taxpayer in which a person, who holds directly or indirectly a participation of 50% or more of the taxpayer's voting rights or capital, also holds an interest of 50% or more of the voting rights or capital;

- an entity that is part of the same consolidated group for financial accounting purposes as the taxpayer;

- an enterprise in which the taxpayer has a significant influence in the management or an enterprise that has a significant influence in the management of the taxpayer.

Pursuant to Article 212 *bis* of the FTC, subject to certain exceptions and safeharbour clauses, net financial charges, which are defined as the portion of financial charges exceeding financial income, accrued by companies that are subject to French corporate income tax, without distinction between third-party debts and related-party debts are deductible from their taxable result only up to a maximum amount equal to the higher of: (i) €3 million (to be adjusted on a *prorata temporis* basis for fiscal years which do no last twelve months) and (ii) 30% of the company's result before interest, taxes, depreciation, and amortization adjusted for tax purposes ("**Tax EBITDA**") generated in the same fiscal year (the "**30% EBITDA Limitation**").

By exception, subject to certain exceptions and safeharbour clauses, where the average amount of the related-party debts of a company within the meaning of Article 39.12 of the FTC during a fiscal year exceeds in respect of that fiscal year one and a half times the amount of its equity (*fonds propres*), net financial expenses borne by such company are deductible for a portion of their amount up to the higher of (i) 30% of its Tax EBITDA and (ii) €3 million multiplied by a ratio equal to (A) the average amount of non-related party debts increased by 1.5x the company's equity (assessed either at the beginning or at the closing date of the fiscal year) divided by (B) the average amount of all sums borrowed by or made available to the company during said year. The balance of net financial expenses is deductible for a portion of their amount up to the highest of (i) 10% of its Tax EBITDA and (ii) €1 million multiplied by a ratio equal to (A) the average amount of related-party debt exceeding 1.5x the company's equity (assessed either at the beginning or at the closing date of the fiscal year) divided by (B) the average amount of all sums borrowed by or made available to the company during said fiscal year

Under Article 223 B *bis* of the FTC, the above mentioned limitations apply, mutatis mutandis, to companies that belong to French tax-consolidated groups with respect to amounts made available by lenders outside such group.

Finally, pursuant to Article 223 B of the FTC (generally referred to as the "*Amendement Charasse*"), when the shares of a target company are purchased from a seller by a company controlled directly or indirectly by such seller (or placed under common control with the seller), and the target company and the acquiring company become members of the same French tax-consolidated group, a portion of the interest incurred by the French tax-consolidated group in respect of a fiscal year is considered as non-deductible and is therefore added back to the tax-consolidated income. This add-back of financial costs is applicable over a maximum period of nine fiscal

years (including the acquisition's fiscal year) unless the target company leaves the French tax consolidated group (other than as a result of a merger with a company of the tax group to which the acquiring company belongs).

If the limitation applies, the amount to be added back for each fiscal year is computed as follows:

$$\text{Non-deductible interest expenses} = \text{Interest expenses deducted from the tax-group's taxable income} \times \frac{\text{Purchase price of the shares}}{\text{Average amount of the tax-group's debts}}$$

The above mentioned tax rules may limit the Group's ability to deduct interest accrued on the Group's indebtedness incurred in France and, as a consequence, may increase the Group's tax burden, which could adversely affect the Group's business, results of operations and financial condition and reduce the cash flow available to service the Group's indebtedness.

Risks Relating to the Group's Employees and Management, Majority Principal Shareholder and Related Parties

The Group's employees may engage in misconduct or other improper activities, which could harm its business.

Given the size of the Group, it is likely to be exposed to instances of employee fraud, including, but not limited to, payroll fraud, falsification of expense claims, thefts of cash, assets or intellectual property, false accounting and other misconduct. Individual employees may also act against the Group's instructions and either inadvertently or deliberately violate applicable law, including competition laws and regulations, by engaging in prohibited activities such as price fixing or colluding with competitors regarding markets or clients, or the Group's internal policies. In addition, because the Group delegates a number of operational responsibilities to its subsidiaries and the Group's local managers retain autonomy regarding the management of the Group's operations in their markets, it may face an increased likelihood of the risks described above occurring. The Group also subcontracts, through ACS, ATS and certain other Group entities, certain of the Group's maintenance, customer service, installation and other activities to third party suppliers acting on the Group's behalf and instances of fraud perpetuated by employees of these suppliers might also expose us to claims and/or may have a detrimental impact on the Group's brand and reputation. In addition, because we delegate a number of operational responsibilities to the Group's subsidiaries and the Group's local managers retain substantial autonomy regarding the management of the Group's operations in their markets, it may face an increased likelihood of the risks described above occurring.

The Group's relations with its employees could be affected by changes in the competitive landscape.

The Group operates in highly competitive and changing markets, which requires us to constantly adapt, anticipate and adopt new measures in order to preserve our competitiveness and efficiency. This leads to regular changes in the Group's organizational structure and operations, which requires the Group's employees to be flexible in responding to such changes. This process requires mobilization and motivation of teams with the Group's objectives. As a result, the Group's business could be affected by deterioration in labor relations with its employees, staff representative bodies or unions. The Group's ability to maintain good relations with our employees, staff representative bodies and unions is crucial to the success of our various projects. Therefore, we must continuously consult with staff representatives in order to ensure the success of our current and future projects, which may delay the completion of certain projects. Furthermore, projects (including the 2025 Strategic Plan) may be poorly received by employees and lead to a deterioration in labor relations, which could, in turn, lead to declines in productivity and possible labor disputes (*e.g.*, strikes, disruptions), which could have a material adverse effect on our business, financial condition and results of operations.

In addition, planned decisions may not be well received by employees and may lead to a deterioration of the social climate, causing decreases in productivity and potential social conflicts (work interruptions, disruptions, etc.). Such situations could have a material adverse effect on the business, financial situation and operational results of the Group.

The loss of certain key executives and personnel, failure to apply the necessary managerial and operational resources to our growing business or failure to sustain a good working relationship with employee representatives, including workers' unions, could harm our business.

The Group depends on the continued contributions of our senior management and other key personnel and, in particular, Patrick Drahi, who is the founder of the Altice Europe Group.

There can be no assurance that we will be successful in retaining their services or that we would be successful in hiring and training suitable replacements without undue costs or delays. As a result, the loss of the support of our founder and controlling shareholder (including the allocation of his time to any other business interests) or any of these key executives and employees could cause disruptions in our business operations, which could materially adversely affect our business, financial condition and results of operations. Any failure to apply the necessary managerial and operational resources to our growing business and any weaknesses in our operational and financial systems or managerial controls and procedures may impact the Group's ability to produce reliable financial statements and may adversely affect our business, financial condition and results of operations.

In our business, we rely on sales forces and call center employees to interface with the major part of our customers. Their reliability is key, as is our relationship with employee representatives. Some of our employees currently belong to organized unions and works councils, and there can be no assurance that more employees will not form or join unions in the future. An increase in the number of our unionized employees could lead to an increased likelihood of strikes, work stoppages and other industrial actions. In addition, we also face the risk of strikes called by employees of our key suppliers of materials or services as well as our installation providers, which could result in interruptions in the performance of our services. The Group cannot predict the extent to which future labor disputes or disturbance could disrupt our operations, cause reputational or financial harm or make it more difficult to operate our businesses.

The interests of the Company's controlling shareholders may differ from the interests of the holders of the Notes.

The interests of the controlling shareholders of the Company, in certain circumstances, may conflict with your interests as holders of the Notes. Following the consummation of the Take-Private Transaction, and on the date of this Notice, Next Private owns 100% of New Altice Europe B.V. and indirectly 92.76% shares of the Company. When business opportunities, or risks and risk allocation arise, the interests of our controlling shareholder may be different from, or in conflict with, the Group's interests on a standalone basis. Our controlling shareholder may allocate certain of their risks to the Company or the Group and the Company cannot assure you that our controlling shareholder will permit the Group to pursue certain business opportunities.

As a result of its controlling position, Next Private has, directly or indirectly, the power, among other things, to affect the Group's legal and capital structure and day-to-day operations, as well as the ability to elect and change the Group's management and to approve any other changes to the Group's strategy, structure and operations. A change of strategy or management adversely affecting the Group's operations could indirectly have an adverse effect on the Company's abilities to meet its obligations under the Notes. In addition, our controlling shareholder has, directly or indirectly, the power to control the Group's ability to enter into any corporate transaction and prevent any transaction that requires the approval of shareholders, regardless of whether holders of the Notes believe that any such transactions are in their own best interests. For example, our controlling shareholder could exercise such power to cause us to incur additional indebtedness or sell certain material assets, in each case, so long as the Group's debt instruments and the Intercreditor Agreement permit. The incurrence of additional indebtedness would increase the Group's debt service obligations and the sale of certain assets could reduce the Group's ability to generate revenues, each of which could adversely affect the holders of the Notes.

Furthermore, Next Private and its other subsidiaries also have substantial indebtedness. To the extent permitted by the Indenture and other agreements governing the indebtedness of the Group, the Board of Directors of the Company may vote to distribute cash to its shareholders to allow them to service and repay such indebtedness or for other purposes.

Possible labor conflicts could disrupt our activities, affect our image or make the operation of our facilities more costly.

In the year ended December 31, 2020, we had on average approximately 36,894 employees, some of whom are union members. The Group may have to negotiate at length with unions and works councils, and may suffer strikes,

labor conflicts, work stoppages and other labor action, and it may also encounter difficulties in attracting and keeping staff due to local or general strikes. Strikes and other labor action, as well as the negotiating of new collective bargaining agreements or wage negotiations, could disrupt our activities and have a material adverse effect on our business, financial position and results of operations.

The Group is active in very competitive markets that are constantly evolving, thus requiring its constant adaptation to, anticipation and adoption of new operational practices and technologies to preserve its competitiveness and our efficiency. This entails regular changes in organizations, which requires adaptation on the part of the human resources involved. In particular, this process demands an ability to mobilize skills and motivate and orient teams toward our objectives. As a result, the Group's activities may sometimes be affected by a deterioration of the labor relations with our employees, staff representative bodies or labor unions. In such instances, certain of the Group's entities would have to consult their staff representative bodies, or will have to do so, in order to successfully execute the Group's current and future projects, which is likely to slow down the performance of certain operations.

The Group also faces the risk of strikes called by employees of our main suppliers of equipment or services, as well as our facility providers, the latter generally organized in regional unions, which could lead to interruptions in our services. The Group cannot guarantee that labor conflicts or difficulties in retaining our staff will not have a material adverse effect our business and, potentially, our results of operations and our financial position.

The Group has undertaken a simplification of its organization and implemented certain operating synergies measures. This transformation plan involves numerous situations of internal mobility, which may result in employee dissatisfaction or loss of personnel. In addition, from time to time, the Group has optimized its workforce and executed a voluntary retirement plans taken up by a significant number of employees, including most recently with respect to its media business.

There can be no assurance that these measures will generate the expected efficiencies or benefits. As a result of these initiatives, there can be no guarantee that the Group will not experience employee dissatisfaction or personnel loss in the future.

CAPITALIZATION

The following table and the notes thereto sets forth (i) the Group's and the Restricted Group's consolidated cash and cash equivalents and total financial debt as of June 30, 2021, on an actual basis and (ii) as adjusted to give effect to the Transactions as if such transactions had occurred on June 30, 2021. Each of Altice Finco France, SportCoTV (Altice TV), Hivory and XpFibre Holding has been designated as an Unrestricted Subsidiary by the Company under the agreements, instruments and indentures governing the Group's indebtedness, and will be designated as an Unrestricted Subsidiary under the Indenture (and therefore will not be subject to any of the covenants set forth therein). XpFibre Holding (along with its subsidiaries) is accounted for as a joint venture and is therefore consolidated using the equity method in the Historical Consolidated Financial Information as a result of which it is not included in the Group's cash and cash equivalents and total financial debt set forth below. The as adjusted amounts are estimates and may not accurately reflect the amounts outstanding upon completion of the Transactions. As adjusted amounts may vary from the estimated amounts depending on several factors, including, among other things, changes in the exchange rate for dollars and euro and timing of the completion of the Transactions. Unless expressly specified, the as adjusted amounts do not give effect to any other adjustments, including in connection with the other transactions described under "*Summary—Recent Developments*" or "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Post-Balance Sheet Date Events*".

This table should be read in conjunction with "*Summary—The Transactions*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Description of Indebtedness*" and the financial statements and notes thereto.

The amounts set forth below are based on an exchange rate as of June 30, 2021, of €1.00 = $1.1849.

	June 30, 2021	
	Actual	**As adjusted for the Transactions**
	(in millions of euros)	
Cash and cash equivalents[1]	361	346
Financial debt of the Restricted Group[9]:		
Notes[2]	—	2,532
Existing Senior Secured Notes[3]	10,814	8,866
Existing Term Loans[4]	7,023	7,023
Existing Revolving Credit Facilities[5]	337	337
Finance Leases and other liabilities[6]	170	170
Total third-party financial debt of the Restricted Group[7][9]	**18,343**	**18,927**
Exchange rate effect of derivative instruments on third-party financial debt of the Restricted Group[8]	143	143
Total third-party financial debt of the Restricted Group (after currency impact of derivative instruments)[9]	**18,486**	**19,070**
Third-party financial debt of Altice Finco France	3,350	3,350
Total consolidated third-party financial debt of the Group	**21,836**	**22,420**

(1) As of June 30, 2021, the total consolidated cash and cash equivalents of the Group (excluding Hivory whose assets have been classified as held for sale as per the provisions of IFRS 5 since March 31, 2021 in connection with the Hivory Transaction) and the Restricted Group were €371 million and €361 million, respectively. Actual amount excludes cash and cash equivalents at Hivory (which is included under assets held for sale in the Condensed Interim Consolidated Financial Statements), at Altice Finco France (which was nil) and Altice TV (amounting to €10 million). As adjusted amount reflects €15 million of cash on balance sheet used in connection with the Transactions.

(2) As adjusted amount reflects the euro equivalent aggregate principal amount of the Notes.

(3) Actual amount reflects (i) an aggregate principal amount of $2,308 million (€1,948 million equivalent) of Existing 2026 Senior Secured Notes outstanding as of June 30, 2021, (ii) an aggregate principal amount of $1,750 million (€1,477 million equivalent) of Existing 2027 Senior Secured Dollar Notes outstanding as of June 30, 2021 and an aggregate principal amount of €1,000 million of Existing 2027 Senior Secured Euro Notes outstanding as of June 30, 2021, (iii) an aggregate principal amount of $1,100 million (€928 million equivalent) of Existing 2028 Senior Secured Dollar Notes outstanding as of June 30, 2021, an aggregate principal amount of €1,000 million of Existing 2028 Senior Secured Euro Notes outstanding as of June 30, 2021 and an aggregate principal amount of €550 million of Existing January 2025 Senior Secured Notes outstanding as of June 30, 2021, (iv) an aggregate principal amount of €500 million of Existing February 2025 Senior Secured Notes outstanding as of June 30, 2021, (v) an aggregate principal

amount of $475 million (€401 million equivalent) of Existing January 2029 Senior Secured Dollar Notes outstanding as of June 30, 2021 and an aggregate principal amount of €500 million of Existing January 2029 Senior Secured Euro Notes outstanding as of June 30, 2021 and (vi) an aggregate principal amount of $2,500 million (€2,110 million equivalent) of Existing July 2029 Senior Secured Dollar Notes outstanding as of June 30, 2021 and an aggregate principal amount of €400 million of Existing July 2029 Senior Secured Euro Notes outstanding as of June 30, 2021. As adjusted amount reflects the redemption of $2,308 million (€1,948 million equivalent) aggregate principal amount of Existing 2026 Senior Secured Notes with a portion of the proceeds of the Notes.

(4) As of June 30, 2021, an aggregate principal amount of $5,876 million (€4,959 million equivalent) and €2,064 million of borrowings were outstanding under the Existing Term Loans Agreement.

(5) As of June 30, 2021, the Group had access to revolving credit facilities under the Existing Revolving Credit Facilities of up to €1,035 million (which was drawn in an amount of €337 million as of June 30, 2021) to cover any liquidity needs not met by operating cash flow generation. Actual amount reflects amount drawn under the Existing Revolving Credit Facilities as of June 30, 2021. As of August 31, 2021 and September 23, 2021, the total amount outstanding under the Existing Revolving Credit Facilities was €457 million and €381 million, respectively.

(6) These amounts do not give effect to IFRS 16. The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of January 1, 2019. See note 1.2.1 and note 1.2.3 to the 2020 Financial Statements and 2019 Financial Statements, respectively. As of June 30, 2021 (after applying IFRS 16), lease liabilities of the Group were €3,416 million. Other liabilities mainly include (i) indebtedness of the Group's media subsidiaries, (ii) liabilities relating to bank overdraft (€2 million) and commercial paper (€108 million) and (iii) the long-term portion of deferred consideration due to certain minority shareholders in certain of our subsidiaries. As of August 31, 2021 and September 23, 2021, the liabilities relating to commercial paper amounted to €129 million and €127 million, respectively.

(7) Excludes (i) customer deposits of €188 million (of which €29 million is short term) which are deposits by customers renting set-top boxes and broadband routers, repayable when customers return such devices in good functioning order at the end of their contracts, (ii) securitization debt of €251 million and the off-balance sheet handset receivables securitization facility for a net amount of €84 million, (iii) reverse factoring liabilities of €604 million, (iv) the perpetual subordinated notes issued by SFR Fibre to Vilorex, a subsidiary of GDF Suez (the "**Perpetual Subordinated Notes**") and (v) operational lease liabilities prior to the application of IFRS 16. The proceeds of the Perpetual Subordinated Notes have been earmarked for financing the construction of plugs in towns located in SIPPEREC's southern hub (*Syndicat Intercommunal de la Périphérie de Paris pour l'Electricité et les Réseaux de Communication*). The Perpetual Subordinated Notes bear interest at 7.0% per annum. Interest is capitalized. The total financial liabilities under the Perpetual Subordinated Notes amounted to €63 million as of June 30, 2021 (excluding accrued interest).

(8) Reflects the difference in notional amount of derivatives due from counterparty denominated in U.S. dollar converted in euro based on the exchange rate as of the balance sheet date and the notional amount of the derivatives due to counterparty in euros, as disclosed in note 15 of the Unaudited Interim Financial Statements.

(9) Does not include amounts incurred by the Unrestricted Subsidiaries, including (i) Altice Finco France, which incurred certain indebtedness in connection with the Take-Private Transaction in the principal amount of €3,350 million, (ii) Hivory (which has access to a senior revolving facility of up to €300 million (which remained undrawn as of June 30, 2021 and as of September 23, 2021) and (iii) XpFibre Holding (formerly known as SFR FTTH Network Holding S.A.S.) and XpFibre S.A.S. (formerly known as SFR FTTH S.A.S.) under the 2020 XpFibre Network Facilities Agreement and the 2019 XpFibre Senior Facilities Agreement, as amended by the 2021 XpFibre SFA Amendment, respectively. XpFibre Holding (and its subsidiaries) is accounted for as a joint venture and is therefore consolidated using the equity method in the Historical Consolidated Financial Information as a result of which its financial debt is not included in the information set forth above. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Basis of Presentation—Unrestricted Perimeter*" for more information.

INDUSTRY, COMPETITION AND MARKET OVERVIEW

Industry Overview

The French telecommunications market is the third largest in Europe (*Source: Paul Budde Communication Pty Ltd, www.budde.com.au; France—Telecoms, Mobile and Broadband—Statistics and Analyses, October-2019*), with revenues of approximately €35.2 billion in 2020 (*Source: ARCEP*). While the Group operates in all segments of the French telecommunications market, its activity focuses on fixed-line very-high-speed internet, pay-TV, mobile and next-generation B2B services (advanced data services, IP VPN, hosting and cloud services).

France is one of the largest European fixed-line high-speed internet markets, with nearly 30.9 million fixed-line subscriptions as of March 31, 2021 (*Source: ARCEP*). Higher bandwidth is becoming increasingly important for B2C. While only 51% of broadband lines were very-high-speed lines as of March 31, 2021, in France, access to very high speed internet continues to rapidly increase with a 11% increase in very high speed subscriptions over the twelve months ending March 31, 2021 (*Source: ARCEP*). As of March 31, 2021, 11.4 million subscribers had access to very-high-speed optical FTTH (*Source: ARCEP*).

In the mobile market, the total number of SIM cards (excluding M2M SIM cards) increased, from 74.5 million cards as of June, 2020, to 78.9 million cards as of June, 2021 (*Source: ARCEP*), with growth driven primarily by the post-paid segment. This growth has been sustained by an increase in the rate of penetration of mobile phones, smartphones and tablets and the growth of quadruple play offers.

In both the B2C and B2B segments, data usage has increased and data needs have become more complex, as the next-generation services require higher speeds and bandwidth capacity.

B2C market

The Group is present in metropolitan France, which as of January 1, 2021 had a population of approximately 65.3 million residents (*Source: INSEE*).

The French B2C internet access segment is a mature one, with 30.9 million fixed-line high- speed subscriptions as of March 31, 2021 (*Source: ARCEP*).

In terms of very-high-speed internet access, which ARCEP defines as internet access for which the peak download speed is greater or equal to 30 Mbps, the French market nevertheless presents a relatively low rate of penetration, with only 45% of households having very-high- speed internet access as of March 31, 2021 (*Source: ARCEP*). The Group estimates that such under-penetration could constitute an attractive opportunity for growth, as B2C subscribers are beginning to favor higher speed and bandwidth capacity for their internet use.

The French high-speed internet access market is one of the most competitive in Europe, with significant unbundling and strong incumbent competitors. The Orange fixed-line network includes a local loop serving the entire French population, and the unbundling allows other DSL access providers to access it at a price that is regulated by ARCEP. According to ARCEP, as of March 31, 2021, 8.1 million lines were unbundled (with 87.1% of all lines being totally unbundled). All operators reputed to exert significant influence are required to offer unbundled access to their local loop and associated infrastructure under non-discriminatory conditions, which leads to increased competition on the market.

As of June 30, 2021, Orange, Free (Iliad) and Bouygues Telecom reported a volume of subscribers with broadband services of 12.4 million, 6.8 million and 4.3 million respectively (*Source: Publicly available disclosure*).

The French B2C mobile telephony market is a mature market, even though it has experienced significant changes in recent years, with the entry of a fourth mobile telephony operator in January 2012. The penetration rate of mobile telephony (excluding M2M SIM cards) in France has continued to increase, in line with historical trends, from approximately 109.7% as of December 31, 2016 for the entire population, to 111.8% as of December 31, 2017, 112.8% as of December 31, 2018, 115.2% as of December 31, 2019, 116.4% as of December 31, 2020, 117.5% as of June 30, 2021 (*Source: ARCEP*).

1. Pay Television

Introduction

The French pay-TV television market is one of the largest in Europe. As with other European markets, the behavior of B2C consumers of television services in France is increasingly centered on digital, innovative, HD, Ultra-HD, and 3D-TV television services, as well as interactive television services such as VOD, which require large bandwidth, along with bi- directional distribution platforms.

Broadcast platforms

In France, television signal broadcasting platforms include satellite, IP (DSL/FTTH), the cable network of the Group, digital terrestrial television ("**DTT**") systems and OTT. TV viewers who have the appropriate television equipment may receive signals and watch programs on approximately 27 television channels free of charge (with no subscription) through DTT. In order to have access to more channels or content, TV viewers must subscribe to pay-TV services. The pay-TV market in France is divided between standard pay-TV in the form of packages of standard channels, in other words DTT channels, as well as low added-value channels, and premium pay-TV in the form of premium channel offers, which are specialized in sports, cinema and other thematic channels. The incumbent operators of pay-TV must confront growing competition in free television (including DTT) and other alternatives to pay-TV (OTT and catch-up TV), although the competitive advantage of pay-TV (excellent quality programming and premium services) and the loyalty of the existing subscriber base have contributed to its sustainability (low price sensitivity and weak churn).

The growth of IPTV has transformed the market, offering the possibility of providing pay-TV services over Internet Protocol (IP) that go beyond the traditional cable and satellite methods (which is limited by the impossibility of installing a satellite dish on the facade of buildings in certain areas, such as the center of Paris).

Even though pay-DTT (which now concerns only the Canal+ Group) currently represents a low share of pay-TV, providers of pay-DTT could in the future be able to offer a larger selection of channels to a broader audience at a price that is lower than the one billed by the Group for its cable television services.

The Canal+ Group distributes its offers on all broadcasting platforms: DSL, DTT, satellite and the cable network of the Group (in the latter case, only for channels that belong to Canal+, called Les Chaînes Canal+, excluding CanalSat). The Canal+ Group has two additional offers: a premium offer consisting of Les Chaînes Canal+ and a multi-channel package known as CanalSat. These two supplementary offers may be subscribed to individually or together. The Canal+ Group has developed numerous services with high added value to its offerings, such as CanalPlay (TV on-demand not available by satellite but available on the Group's cable network), HD or even multi-screen broadcasting. As of June 30, 2021, the Canal+ Group had 22.1 million individual subscribers, of which 8.9 million individual subscribers are in mainland France (*Source: Publicly available disclosure*). The Canal+ Group has negotiated agreements with broadcasters on the broadcasting platforms to which they hold rights. With regard to Canal+ Group, the Group's pay-TV offers are above all in competition with the CanalSat offers, as the content of their offers is similar (the content of the Canal+ channels is exclusive to the Canal+ Group).

(a) Cable

The Group is the only major cable operator in France. The revenue for cable network operators is primarily derived from subscription costs paid by subscribers for services provided. The Group estimates that direct access to its subscribers will allow it to identify and respond locally to their demand for specific products and services more easily, and thus to better serve them. The services provided by the cable networks feature easy-to-use technology, installation that is adapted to equipment at subscribers' homes, and reliable secure signals which are directly broadcast to their homes. Cable television subscribers can access the customer services provided by the cable operator upon request. Cable also offers subscribers a high quality of service, including excellent image quality, multiple HD channels, 3D-TV compatibility and VOD offers.

With the market trending towards group offers for multimedia and telecommunications services, the market share in cable television should benefit from the capacity of cable to provide triple play services that benefit from a broad bandwidth, fast speed and bi-directional capacity.

(b) DSL/VDSL2

Triple and quadruple play offers from the Group are in competition with DSL offers from Orange, Free and Bouygues Telecom, which are currently offering television services to subscribers connected to the Group's network by using high-speed DSL internet connections, and with CanalSat, which offers premium pay-TV on DSL and satellite networks. Even though DSL technology covers a potentially larger customer base (covering, for Orange, its local loop, and for the others, the part of Orange's local exchange which was unbundled), the Group believes that it benefits from the advantages of its fibre optic/cable technology in terms of quality, reliability and richness of content in the areas where the Group has rolled out its fibre optic/cable network. See "*Business of the Group—Network*". The Group estimates that DSL television presents a disadvantage as compared to cable: the addition of television services on a DSL network has the effect of saturating the network and decreasing the available bandwidth for the other services offered, in particular high-speed internet services which require broad bandwidth. However, the roll-out of FTTH by the Group's competitors could attenuate the effects of this disadvantage.

(c) FTTH

Operators are expanding their FTTH networks, with the most active players being Orange and the Group. The Group had approximately 23.1 million homes passed with fibre (as of June 30, 2021), Orange 26.1 million FTTH connectible homes (as of June 30, 2021), while Iliad had 19.9 million connectible sockets (as of December 31, 2020) and Bouygues was marketing 20.9 million FTTH premises (as of June 30, 2021) (*Source: Publicly available disclosure*). Triple and quadruple play offers from the Group are in competition with fibre offers from Orange, Free and Bouygues Telecom, which are currently offering television services to subscribers connected to the Group's network by using high-speed FTTH internet connections. These offers are more competitive than the historical xDSL offers. As of March, 2021, slightly below 90% of FTTH internet access holders were coupled with a pay-TV subscription (*Source: ARCEP*).

(d) Satellite

Satellite holds an important place on the French television market, in particular for premium products. Satellite subscribers may opt for free satellite television or pay satellite television. Satellite operators broadcast digital signals directly to television viewers at the national level. To receive the satellite signal, TV viewers must have a satellite dish, satellite receiver and a TV set-top box. They must also have a "smart card" to access subscription and premium television services that are broadcast by satellite. Satellite operators of free TV have no contractual relationship with television viewers and thus do not collect any subscription fees or other royalties.

Satellite broadcasting presents a certain number of competitive advantages compared to cable television services, in particular a wider range of available programs on a larger geographic zone, in particular in rural areas. Conversely, the Group estimates that satellites are less widely available in urban areas due to restrictions on the installation of satellite dishes. The Group considers that satellites also present the following disadvantages compared to cable: (i) high initial costs of obtaining and installing a dish; (ii) lack of regular maintenance services which, conversely, are provided by cable operators; and (iii) the vulnerable nature of the reception of satellite signals to external interference, such as unfavorable weather conditions.

(e) Pay digital terrestrial television

The Group's cable television services are likewise in competition with the pay-DTT operators, such as the Canal+ Group. DTT currently offers only a limited number of channels, and no interactive television service, providing above all free television, although the quality of the image provided is good.

(f) OTT and other emerging technologies

The Group is faced with growing competition for alternative methods for broadcasting television services other than through traditional cable networks. For example, online content aggregators which broadcast OTT programs on a high-speed network, such as Amazon, Apple, Google and Netflix, have already become competitors and are expected to grow stronger in the future. Connected or "smart" TVs facilitate the use of these services.

OTT refers to high speed broadcasting of video and audio content without the internet access provider being involved in the control or distribution of the program (its role is limited to transporting IP packages), as opposed to the purchase of video or audio programs from an internet access provider such as VOD video services or IPTV. In particular, OTT in France is affected by the "media chronology" in France, which forces subscription VOD services to comply with a minimum period of 36 months between when a film comes out in France and when it

becomes available in a subscription VOD catalogue, although this does not apply to series or films that are not shown in theatres.

Netflix launched offers in France on September 15, 2014. Bouygues Telecom and Orange signed agreements with Netflix under which their respective subscribers may directly access unlimited on-demand video service on their television via a Netflix subscription as of November 2014 (*Source: Publicly available disclosure*). The television offer with Google Play under the Group's "SFR" brand also includes access to Netflix.

Apple TV is also a competitor, and allows content to be broadcast on the television, with access to available content on iTunes and at other providers (CanalPlay, YouTube).

Google TV is also available, either directly on certain televisions, or with a set-top box, and offers on-demand content as well as access to applications such as YouTube. Amazon has also been available since 2016 with its Prime Video service. The latest entrant is Disney+, available since April 2020 which offers a large content portfolio of Disney, Pixar, Marvel, Star Wars and National Geographic.

The offers of these providers or of other providers of content and/or technologies could significantly increase the pressure for competition on the French market, impacting the prices and structure of the offers. Nevertheless, such technologies could contribute to increasing the demand for very-high-speed internet access services that are offered by the Group.

2. Broadband internet

Introduction

High-speed internet access, often referred to simply as "high-speed internet", is a high-speed data internet connection. Recommendation I.113 of the Standardization Sector of the International Telecommunication Union ("**ITU**") defines "high-speed internet" or "broadband" as a transmission capacity that is higher than the primary speed of the ISDN, which is approximately 1.5 to 2 Mbps. France, with 30.9 million high-speed internet subscribers as of March 31, 2021 (*Source: ARCEP*), is one of the largest high-speed internet access markets in Europe. However, in terms of very-high-speed internet access, the French market has a relatively low penetration rate, with just 51% of lines having very-high-speed internet access as of March 31, 2021 (*Source: ARCEP*). The Group estimates that these low penetration rates constitute an attractive growth opportunity for the Group as a reliable very-high-speed internet access provider. Smartphones and tablets are proliferating, and as they are increasingly used for multimedia functions, B2C subscriptions require both more bandwidth (to adapt to the increased average number of screens per household) and quicker download speeds (to adapt to the use of multimedia services).

The main high-speed internet access technologies are DSL (VDSL2) and fibre optics/cable. Digital analog modems, internet access via electric cable and local wireless loop technology are likewise available in France, although to a lesser extent.

Main distribution platforms—DSL, VDSL2, fibre optics and cable

DSL is the first high-speed internet access platform in France, with 14.5 million subscribers as of March 31, 2021, representing approximately 46.9% of the total French high-speed and very- high-speed market (*Source: ARCEP*). This situation is the result of several factors: the regulatory environment which encouraged competition for DSL thanks to unbundling and regulated wholesale prices; the relatively recent consolidation cable activity in France and the weak cable coverage level (cable represented only 6.1% of households that had access to very- high speed fixed services, as of September 30, 2020) (*Source: ARCEP*); the fact that the modernization of cable networks is relatively recent; and the relatively low levels of roll-out of fibre optics.

DSL currently offers consumers a maximum speed of approximately 29Mbps. The average speeds experienced by subscribers are likely to be lower than the maximum speeds. In particular, DSL speeds depend on the distances between the access point to the local loop and the home.

The Group's network uses both FTTH technology and FTTB technology. Both technologies currently offer consumers a maximum speed of 1 Gbps. The major difference between the FTTH networks and the FTTB network lies in the fact that for FTTB, the vertical connection (within the building) to the subscriber uses a coaxial cable.

The roll-out of FTTH networks in France began slowly. Installation of this type of technology represents an investment of capital and time, and requires civil engineering and cabling work, be it horizontally to increase the number of residents covered, or vertically within buildings. The government considers the FTTH networks to constitute a significant part of its long-term investment plan and in February 2013 announced an FTTH roll-out program of €20 billion (invested by private operators and local and regional authorities) and the objective of providing very-high-speed internet access to the entire country by 2022. As of 2020, the Government targets that by 2022 the very-high speed network (over 30Mbits/s) will be available to the entire French territory, and similarly to generalise FTTH accessibility by 2025 (*Source: https://www.amenagement-numerique.gouv.fr/fr/garantir-du-tres-haut- debit-tous-2022*). The government will provide a €3,300 million subsidy package, a portion of which comes from the Investments for the Future Program (*Programme des Investissements d'Avenir*) which is managed by France's General Commissariat for Investments and governed by the 2015 Budget Act. The roll-out has been divided in three zones: (i) very dense areas (5.5 million households) (ii) middle-density areas (12.5 million households); and (iii) low-density areas (15.2 million households). Very dense areas and middle-density areas are expected to be covered with privately-funded networks while private operators are expected to co-invest with public partners in the low-density areas (*Source: ARCEP*). Orange and the Group are leading the deployment of the very-high speed network in privately-funded, low density areas, with the Group being in charge of 20% of the network deployment. Various local and regional authorities have already extended subsidies to network operators to install FTTH connections, and as certain departments, municipalities and regions, such as Hauts-de-Seine, Amiens and Louvin, for example, have entered into public-private partnerships to encourage such investments. As of March 31, 2021, France had a total of 11.4 million very-high-speed internet subscribers via FTTH, a 49% increase in one year (*Source: ARCEP*). The Group signed agreements with Orange, as did Free, relating to the roll-out of fibre optics in less dense zones of France. In accordance with the conditions established by ARCEP, third-party operators may likewise have access to the infrastructure used by an operator, including by co-financing projects, for their own very-high-speed internet offers.

VDSL2 technology is an alternative solution. DSL networks may be improved, and a portion of them have already been improved due to the VDSL2 technology, which the government authorized for use in April 2013, and which may provide maximum bandwidth download speeds of up to 100 Mbps.

As of March 31, 2021, very-high-speed subscribers represented approximately 51% of all high- speed internet lines (*Source: ARCEP*), and the Group was the top player in this market. The Group currently offers cable subscribers internet speeds up to 1 Gbps through its modernized network and set top boxes.

The following table shows the distribution between high-speed internet services in France, between March 31, 2021 and March 31, 2020 (*Source: ARCEP*):

(in millions)	**Q1 2020**	**Q2 2020**	**Q3 2020**	**Q4 2020**	**Q1 2021**
High-speed subscriptions .					
xDSL subscriptions	17.348	16.854	16.136	15.342	14.481
Other high-speed subscriptions	0.582	0.583	0.592	0.610	0.624
Total number of high-speed subscriptions	**17.930**	**17.437**	**16.727**	**15.952**	**15.105**

	Q1 2020	**Q2 2020**	**Q3 2020**	**Q4 2020**	**Q1 2021**
Very-high-speed subscriptions					
of which very-high-speed >= 100Mbits/subscriptions...........	8.829	9.444	10.337	11.411	12.409
of which end-to-end fibre optics subscriptions............	*7.678*	*8.310*	*9.251*	*10.377*	*11.448*
of which cable subscriptions......................	*1.151*	*1.134*	*1.086*	*1.034*	*0.961*
of which other very-high-speed >= 30 and <100Mbits/s* subscriptions....	3.164	3.192	3.233	3.270	3.341
Total number of very-high-speed subscriptions...............	**11.993**	**12.635**	**13.571**	**14.681**	**15.570**
Total number of high-speed and very-high-speed	**29.923**	**30.073**	**30.298**	**30.633**	**30.855**

	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021
subscriptions on fixed-line networks................................					

* including subscriptions in VDSL2 for which speed is >=30 Mbits/s

As of June 30, 2021, in France, the Group had approximately 6.7 million total fixed customers (including in the B2C and B2B segments).

The Group is also in competition with operators who use alternative technologies for high- speed internet access, such as mobile 3G, 4G and 5G internet. As of June 30, 2021, there were a total of approximately 78.9 million SIM cards (excluding M2M) in the French market (including 76.6 million "active" cards) and, as of March 31, 2021, 65.7 million active mobile 3G subscribers and 61.1 million active mobile 4G subscribers (*Source: ARCEP*). The Group, along with Orange, Bouygues Telecom and Free, also rolled out offers based on 4G/LTE, which allow quicker high-speed mobile internet service to be provided. In October 2011, Orange, the Group, Bouygues Telecom and Free obtained licenses for the spectrum range of 2.6 GHz, adapted to the roll-out of the 4G/LTE networks. In 2020, the French Government initiated the 5G spectrum auction and the process for such auction included (i) the allocation of four blocks of 50 MHz (comprising five blocks of 10 MHz each) each to qualifying operators; and (ii) a competitive auction process for the remaining 11 blocks of 10 MHz. The Group qualified to obtain five blocks of 10 MHz each and also participated in the competitive auction for the remaining 11 blocks of 10 MHz each. On October 1, 2020, the Group obtained three blocks of 10 MHz each in the competitive auction bringing its total to 80 MHz of spectrum in the 3.4 to 3.8 GHz band. The Group became the first player in the market to offer 5G technology to its customers in certain areas on November 20, 2020 and has over 240 MHz in all the frequency bands put into service in France as of December 31, 2020. Bouygues Telecom, Orange and the Group are mainly using the 2.1 GHz band, and Free Mobile stands out for its use of the 700 MHz band. Orange and the Group are concentrating their sites in a few major cities, while Free, and Bouygues Telecom to a lesser extent, are opting to spread themselves out over larger geographies (*Source: ARCEP*).

Moreover, alternative internet access technologies could be introduced in the future. These technologies should further increase competition, or could lead operators to increase their investment costs to make additional upgrades. Competition in these alternative technologies, specifically in terms of pricing, could become more intense in the future.

3. Fixed-line telephony

Traditional switched voice lines have been on the decline for several years, being gradually replaced by VoIP lines and mobile telephony. More generally, fixed-line telephony has become a basic product, which is now generally grouped under multi-play offers. The fixed-line services have consequently become dependent on a quality high-speed internet offer. Flat rates for fixed-line telephony have become the market standard.

The fixed B2C telephony market in France is also facing the pressure exerted by alternate operators, with the decrease in the prices of mobile telephony and interconnection rates, as well as alternative access technologies and other internet telephony methods offered on high-speed internet connections. The Group is expecting competition to be increasingly intense in the future, in particular in terms of pricing.

Fixed-line traffic decreased approximately by 9.3% in Q1-2021, as compared to Q1-2020 (*Source: ARCEP*).

4. Mobile Telephony

Introduction

France is one of the largest mobile telephony markets in Europe. At June 30, 2021, there was a total of approximately 78.9 million SIM cards in France (excluding M2M), representing a 117.5% penetration rate in the French population (*Source: ARCEP*), a figure that has consistently increased over the past few years. The historically low mobile telephony penetration rate, combined with the drop in market prices, has led to a significant increase in mobile telephony subscriptions. This growth has been driven by the subscription contract segment, which increased by nearly 2.9% in volume between Q2-2020 and Q2-2021 (*Source: ARCEP*). The increase in the subscription contract segment and the decline in the prepaid contracts segment are primarily due to customers' desire to switch to post-paid and to the competition of flat-rate offers free of commitment and at reduced rates.

The income from mobile services on the retail market, which dropped since 2011, has been slightly growing in 2019 from approximately €13.1 billion to approximately €13.3 billion, representing a 1.5% growth in 2019 as compared to 2018 (including M2M revenues). In the twelve months leading to March 31, 2021, the income from mobile services has increased slightly to €13.5 billion (*Source: ARCEP*). This improvement can be partly explained by the steady increase in the number of contracts, whose revenue per SIM card is three times higher than prepaid. The drop in this income that was noted during the 2012-2014 period is primarily attributable to two effects:

- drops in rate are primarily a consequence of the arrival of a fourth mobile network operator, Free, in January 2012. This intensification in competition had the effect of lowering mobile offer rates in France. This trend is particularly found on the retail market, but has repercussions for the business and wholesale markets too;

- call termination fees were divided by 2.5 between 2011 and 2013, and then became stable (*Source: ARCEP—Major Files—call terminations*). Nevertheless, in the future, the impact that a potential decrease in these rates could have on the income of operators should be limited, given the particularly low level achieved in France as compared to the rest of Europe (€0.0070 for a mobile voice call termination in the metropolitan area as of January 1, 2019 for all operators and announced €0.0068 as of January 1, 2020 (*Source: ARCEP—Major Files—call terminations*); approximately €0.0067 on average in Europe as of January, 2021 (*Source: Body of European Regulators for Electronic Communications BEREC*). The drop in income drawn from roaming, which is linked to the reduction in wholesale and retail fees for intra-Europe roaming, also had an impact on the sector's revenues. This drop should continue in the upcoming years, due to the expected decreases in roaming fees, which simultaneously result from regulatory changes and commercial offers from operators.

Market segmentation

Historically, there were only three mobile network operators in France: Orange, the Group and Bouygues Telecom. Iliad was granted the fourth mobile license in 2009, and launched a mobile telephony service in January 2012 under the brand name Free. Free's entry disturbed the market, intensifying competition due to its price-setting strategy, which introduced new reduced-price commercial offers onto the market. Before Free's entry, the majority of subscription contracts were based on limited usage and subsidized cell phones. Free primarily introduced packages without cell phones, which contained limited outsourced services, but while providing unlimited data and communications offers (3G) at a very low cost. After years of intense competition in France post launch of new 4G offers (specifically after the launch by Free and B&You of 4G offers at the same price as 3G offers in 2013) and the development of low-cost brands, in 2019 the mobile telephony market has shown signs of recovery and rationalization notably due to the end of promotions and client repricing.

Other competitors also introduced low-price brands, such as B&You (Bouygues Telecom) and Sosh (Orange). The Group also adapted its strategy by launching its low-cost "SFR RED" brand. Free quickly gained market share, having attained approximately 13.4 million mobile customers as of June 30, 2021, and a market share of approximately 17.0%, eight years after its commercial launch (*Source: Publicly available disclosure and ARCEP*).

The French mobile market is also characterized by an important share of subscription services, i.e., 70.7 million as of March 31, 2021 (excluding M2M SIMs. *Source: ARCEP*).

Over the past few years, MVNOs such as NRJ Mobile and La Poste Mobile have also used mobile operator networks to sell mobile products that bear their own brand names. The migration of customers to MVNOs seems to have stabilized, with MVNOs representing only a small market share in the French mobile market.

As of June 30, 2021, Orange, Bouygues Telecom and Iliad (Free) reported a total of 21.6 million, 21.4 million and 13.3 million mobile customers, respectively (*Source: Publicly available disclosure*).

Price setting dynamics

In 2019, mobile services revenue returned to growth with a total of €13.3 billion revenues excluding VAT (1.5%, from €13.1 billion in 2018). In the twelve months leading to March 31, 2020, the income from mobile services has been flat at €13.5 billion (*Source: ARCEP*). After having reached a maximum of €19.5 billion in 2010, this income decreased over the next six years, with a decline reaching almost €2 billion in 2013 (*Source: ARCEP*).

Indeed, in the past few years, the increased competition on the French mobile market has resulted in a drop in market prices, primarily due to the change in offers of certain subscribers to the benefit of post- paid services.

Part of the reason for the return of revenue growth is the continued increase in the number of post-paid contracts, whose revenue per SIM is three times higher than of prepaid. Income attributable to post-paid, corresponding to €12.8 billion excluding tax, went up and represents 96.2% of all mobile operators' revenue (*Source: ARCEP*).

4G/LTE

The French market has historically been slower than other European markets in terms of mobile data consumption. Despite the high concentration of post-paid subscriptions, the market has been historically slower as concerns data services. Recently, this trend has changed, insofar as the operators have begun to launch 4G offers at reduced prices. As of March 31, 2021, 77.9% of SIM cards were 4G-enabled, representing an increase YoY of 5 million sim cards to reach 61.1 million sim cards (*Source: ARCEP*).

5G

As of December 15, 2020, Orange, Bouygues Telecom, Iliad and the Group opened respectively 646, 1,344, 5,303 and 278 5G sites. Bouygues Telecom, Orange and the Group are mainly using the 2.1 GHz band, and Free Mobile stands out for its use of the 700 MHz band. Orange and the Group are concentrating their sites in a few major cities, while Free, and Bouygues Telecom to a lesser extent, are opting to spread themselves out over a larger geographies (*Source: ARCEP*).

Mobile call termination rates

Mobile call termination rates have been reduced by regulators across Europe. In France, ARCEP announced in 2011 that it would reduce mobile call termination rates (symmetrically for the main operators, which did not include Free because it had not yet launched its commercial operations). In late June 2011, Orange and the Group billed €0.03 per minute while Bouygues Telecom billed €0.034. The new regulations required operators to reduce the rate to €0.02 per minute as of July 1, 2011, €0.015 as of January 1, 2012, €0.01 as of July 1, 2012, €0.008 as of January 1, 2013, €0.0078 as of January 1, 2015, €0.0076 as of January 1, 2016, €0.0074 as of January 1, 2017 and €0.0068 as of January 1, 2020 (*Source: ARCEP*). Consequently, France has one of the lowest mobile call termination rates in Europe, with limited margin for new rate reductions; in comparison, the average rate in Europe is €0.0067 as of January 2021 (*Source: Body of European Regulators for Electronic Communications*).

Mobile spectrum and network coverage

Mobile communications are provided through the use of a set of frequencies which the regulator allocates to the various operators. Currently, the four main operators benefit from a varied frequency spectrum, ranging from 800 to 2,600 MHz, which allows all 2G, 3G and 4G technologies to be offered. In 2020, the French Government initiated the 5G spectrum auction and the process for such auction included (i) the allocation of four blocks of 50 MHz (comprising five blocks of 10 MHz each) each to qualifying operators; and (ii) a competitive auction process for the remaining 11 blocks of 10 MHz. The Group qualified to obtain five blocks of 10 MHz each and also participated in the competitive auction for the remaining 11 blocks of 10 MHz each. On October 1, 2020, the Group obtained three blocks of 10 MHz each in the competitive auction bringing its total to 80 MHz of spectrum in the 3.4 to 3.8 GHz band in metropolitan France. The Group became the first player in the market to offer 5G technology to its customers in certain areas on November 20, 2020 and has over 240 MHz in all the frequency bands put into service in France as of December 31, 2020. Orange secured 90MHz in the band for €854 million, followed by the Group (80MHz, €728 million), Bouygues Telecom and Free Mobile (both 70MHz, respectively €602 million and €605 million).

The operating licenses for the spectrum in France are generally granted for a period of 20 years, and the operators can only use the technology covered by the license on each band of the spectrum. The other operators have very similar positions on the spectrum bands, which allows them to effectively compete in all of the technologies. The most recent frequency bid in France was for 700MHz in November 2015.

Technological developments

On mobile networks, in order to accompany the strong growth of mobile internet, operators have committed, in line with the evident desire of the public authorities, to the development of very-high speed-mobile infrastructure, which will supplement the 3G coverage already used.

In 2012, certain operators opened their fourth-generation networks (4G) by using different frequencies (800 MHz, 2,600 MHz or 1,800 MHz). 4G and 4+ allow much higher speeds and capacities to be offered (up to theoretical download speeds of 100 Mbps) than those of the previous generation 3G+. 5G is gradually being deployed and the Group became the first player in the market to offer 5G technology to its customers in certain areas on November 20, 2020 and has over 240 MHz (as of December 31, 2020) in all the frequency bands put into service in France.

5. Bundling

The convergence of the B2C segment in France is the result of consumers' desire to receive multimedia and telecommunications services from a single operator and at an attractive price. In response, operators offer television, high-speed internet and fixed-line telephony services, which are grouped into bundled offers known as "double play" (two services provided together), "triple play" (three services—telephone, internet, television—provided together) or "quadruple play" (telephone, internet, television and mobile telephony provided together). "Quadruple play" offers have been available in the French market since 2009 (Bouygues Telecom). The Group and Orange introduced "quadruple play" offers in 2010.

These bundled service offerings allow multimedia and telecommunications service providers to satisfy the communication and entertainment needs of consumers, and draw new subscribers thanks to the improved value of the offers. As of March 31, 2021, approximately 30% of mobile customers were subscribing to a mobile and fixed offer (*Source: ARCEP*), while a bit less than 90% of broadband subscriptions were coupled with pay-TV subscriptions.

The fibre optic/two-way cable networks are particularly adept at supplying triple play services which require wide bandwidth. Initially designed to transmit significant amounts of data, the hybrid fibre and coaxial cable network of the Group, which is based on FTTB technology, allows it to provide high speeds to the customer, regardless of distance. Conversely, the actual speed of the DSL networks varies according to the distance from the access point to the local loop, since the speed decreases as the geographic distance from the subscriber compared to this access point increases (the maximum speeds noted are for customers located within one kilometer of the nearest access point). In order to increase and align network speeds, Orange began to invest in the construction of an FTTH network. Iliad and the Group also began to roll out FTTH networks. As of March 31, 2021, approximately 11.4 million subscribers were connected to FTTH networks (*Source: ARCEP*).

6. Enterprise

Following the liberalization of the French telecommunications market in 1996, a large number of telecommunications operators penetrated the B2B segment, offering fixed telephony services, fixed- line internet access, data access links and, more recently, cloud computing services. The large corporate customer B2B market is very competitive and includes among its main players Orange, the Group, Bouygues Telecom, and Completel as well as international players. The market for other accounts is led by Orange, which competes with local players.

The expectations of B2B customers differ from those of B2C subscribers. B2B customers demand that services be extremely reliable, and that they be able to be quickly re-established in case of failures (generally subject to financial penalties). B2B customers also require symmetrical bandwidth speeds, even though B2C subscribers are generally satisfied with asymmetrical speeds which provide quicker download times but slower uploads. B2B customers also demand increased security and are able to impose penalties (monetary or other) on operators if the contractual conditions are not respected. These requirements have an impact on the technological solutions offered to B2B customers, and explain the higher prices for the B2B segment.

The penetration of mobile internet is increasing for the B2B market, specifically with more and more smartphones with a flat rate plan including data. In terms of fixed connectivity, the B2B market is now characterized by a growing penetration of fibre optics, which is linked to an increase in data consumption.

Customers' expectations are increasingly for convergent offers combining competitive services: fixed line telephony, which is increasingly converging with data via VoIP, mobile telephony and internet access (with an increasingly strong demand for very-high-speed access). These converging offers are specifically intended for micro-businesses and SMEs seeking all-in-one solutions.

They participate in the development of unified communications services for businesses and are characterized by the convergence of mobile and fixed-line telephony, and the development of collaborative tools (professional messaging service, instant messaging, video-conferencing, sharing tools).

Beyond business services, the operators with a presence on the B2B market offer adjacent and supplementary services, including unified communications services and collaboration tools, as well as call center services or internet presence management, and managed security services, whether hosted or not, which accompany internet protocol (IP) communications services and remote work (including online backup, firewall, management and protection of secure access terminals to resources located in a business network).

In terms of connectivity, the market features a growing penetration of fibre optics, which is linked to the increase in data consumption.

Voice

The B2B segment for voice call services is extremely sensitive to price trends; customers are well informed and contracts are relatively short-term (one year). Being able to face the competition efficiently depends in part on the density of the network, and certain competitors of the Group have a broader and denser network.

In recent years, the B2B market has experienced a structural change marked by a move from traditional switched voice services to VoIP services.

Data services

On the B2B segment, for data services, being able to transfer large amounts of data and to have access to the newest technologies is extremely important to customers. On the data market, consumption has significantly increased and, currently, customers are often looking for combined infrastructure and software solutions.

Price pressure has been strong in this competitive market. Conversely, the use of data transmission services has significantly increased. The Group is expecting the demand for data services and B2B bandwidth to continue growing, specifically due to the following factors:

- the convergence between voice call and data services, such as VoIP, which leads to greater demand for solid network solutions;
- an increase in the use of smartphones with a flat rate including data;
- the centralization of IT equipment for businesses with operations at several sites, including combining servers at a single site, which increases the connectivity needs of peripheral sites of these businesses;
- the emergence of new professional applications, such as videoconferencing;
- the demand of larger businesses for quicker access, growing virtualization, data centers and improved security services;
- the increase of digitalization in public administrations;
- greater use by medium-size businesses of complex data services, such as cloud computing; and
- professionals' increased use of internal wireless networks.

Customers are currently seeking to optimize and streamline their needs as much as possible through the use of data centers. Large corporations have a tendency to seek out specialized network solutions to control their chain

of services end-to-end, and often have their own infrastructure. Other businesses are more apt to act according to their needs:

- with "infrastructure as a service" (or IaaS/cloud) solutions to meet their needs in terms of data availability, storage and security. "Infrastructure as a service" can now offer these businesses data storage and safety solutions which would otherwise be too costly; or

- a tailored and secure infrastructure up to the "middleware" ("software as a service") level.

The Group is currently facing competition from software providers and other IT providers of data and network solutions, and the line between them and the suppliers of data infrastructure and solutions like the Group has become increasingly blurred. Partnerships between IT providers and infrastructure providers are becoming more and more common, and are an additional source of competition.

Particular growth is expected in data hosting outsourcing services. The complexity and growing management costs of IT systems are in effect pushing businesses to turn towards cloud solutions. This refers to a set of resources and services that are provided remotely, and which are thus accessible, for the user, in a flexible manner, on various terminals. Operators have already developed partnerships on "independent" cloud projects on French territory. This so- called "independent" cloud is intended for administrations, but also for private French businesses. It should allow sensitive information such as personal administrative data, information linked to e-health or even financial information requiring maximum security, to be stored.

The B2B market also includes the IoT. The IoT covers a set of connected objects: in the broad sense, this includes communication terminals, but also inert objects, equipped, for example, with RFID chips, and machines on which built-in electronic systems equipped with SIM cards have been installed (M2M). These connected objects and machines are being developed in a certain number of adjacent markets for uses in specific sectors, such as home automation, health and security, but also energy and transportation, which are at the heart of digital city projects. Accordingly, in France, the number of M2M SIM cards has gone from 3.4 million in late 2011 to 6.9 million in late 2013, to 22.5 million as of June, 2021 (*Source: ARCEP*).

Customers

The B2B segment is also defined by the different needs of customers, which vary according to a business' size. The major businesses are sophisticated customers, and are very sensitive to price trends. Speed, capacity, security and reliability are also very important. They have a tendency to unbundle services, and frequently subject them to invitations to bid. The smallest businesses are more likely to group them and ascribe more importance to the provider's proximity.

7. Wholesale market

The wholesale telecommunications market includes three sectors: voice call connectivity wholesale services (voice), data connectivity wholesale services and dark fibre infrastructure wholesale services. The Wholesale segment of voice services includes fixed-line and mobile call termination services, as well as interconnection for operators whose switched voice network is underdeveloped or non-existent. The wholesale data services segment includes the transportation of data for operators whose network is underdeveloped or non-existent, as well as mobile network services for MVNO operators. The new dark fibre optic infrastructure wholesale market, based on the sale of fibre optic connections, with no service linked to voice or data, is being developed in parallel with the roll-out of FTTH and 4G, and primarily involves horizontal optical fibre links and connection to the backbone. The Group's major competitor in the French wholesale communications market is Orange. The Group is likewise in competition with conglomerates of telecommunication operators and construction businesses, such as Altitude, Vinci, Eiffage and Axione (which can put optical fibre cables in their construction works in order to rent them on the wholesale market) as well as with public infrastructure networks.

In France, Orange holds a leading position on the wholesale telecommunications market and on the wholesale data market, in which local operators play an important role.

Voice. The wholesale market for voice call services is extremely volatile. Operators generally launch invitations to bid annually and choose the provider only according to availability and prices, due to the lack of difference in terms of quality of services between operators in the voice call services sector. Competition consequently primarily occurs for the prices and density of the network, as well as based on the flexibility of operators and their

capacity to offer tailored solutions to their customers. On the wholesale voice segment, pricing is generally based on the increased cost pricing model, with interconnection rates established by ARCEP. The regulated interconnection rates have decreased as the telecommunications sector has matured. The wholesale voice market likewise includes wholesale resales for MVNOs and mobile roaming:

Wholesale resales for MVNOs: The provision of end-to-end mobile services for MVNOs is a major issue for operators, and the degree of competition for these services has intensified in recent years. The MVNO wholesale market has evolved, especially after the signing of the first "Full MVNO" contracts in 2011. The status of "Full MVNO" allows virtual operators (for example, NRJ Mobile) to issue their own SIM cards, to have access to the central database managing subscribers' rights, as well as to certain elements of the network backbone. This model offers MVNOs greater control of services and increased commercial autonomy, but also entails higher costs for them (roll-out, technical maintenance). Moreover, the MVNO agreements have affected the flows of traffic and have led to an increase in the volumes of fixed-line telephony traffic to mobile, which generates higher wholesale prices. In particular, Free's arrival onto the mobile market in January 2012 has led to a significant increase in call volume from mobile to fixed lines, as well as intra- mobile.

Mobile roaming: In order to continue offering mobile communication services outside of their country of origin, operators also negotiate roaming agreements. The communication services within the European Union are subject to price caps on both the retail and wholesale markets. In France, mobile roaming services exist between national operators in so-called "white zone" geographical regions, in which a single operator has rolled out a network and takes in the traffic of other network operators. The roll-out of the mobile network as well as the welcome services related thereto are supervised by ARCEP.

Data services. The wholesale market for data services is less volatile than the voice call services market. Competition is primarily dependent, aside from price, on the quality of services and technological advances.

Infrastructure. The wholesale market for dark fibre optic infrastructure is more open than the voice connectivity and data wholesale markets, given that the provision of these services does not require having a dense national network, and does not include any service that would require technical expertise. For example, certain cities in France have constructed their own local fibre optic networks and are consequently wholesale providers of infrastructure (i.e., they rent the optical fibre to telecommunications operators).

The growth of the wholesale market is a result of the growth in the demand for network capacity, which has significantly increased in recent years.

Another French market trend consists of developing public-private partnerships between local authorities and infrastructure operators to install or modernize FTTB networks, or roll-out vertical FTTH/FTTO networks. The Group was already selected and hopes to be selected again in the future as the entity in charge of constructing certain new networks, or improving the existing ones.

Operators and consortia of operators and construction businesses have also begun to roll out their FTTH vertical fibre networks in residential buildings in order to rent the usage right from these networks to other telecommunications operators in conformity with the so-called status of building operators through public-private partnerships with local authorities, among other things. The Group intervenes in this area thanks to the relationships it has built from its public services activity, since this is one way of maintaining and building relationships with its customers.

BUSINESS OF THE GROUP

Overview

We are the second largest telecommunications operator and a leading alternative telecommunications operator in France by revenues and number of subscribers. We have major positions in all segments of the French telecommunications market, including residential mobile, residential fixed, business services, which includes B2B services, wholesale and other services and media, which includes media, content and advertisement services through our leading fibre/cable and mobile networks. As of June 30, 2021, we had approximately 18,159,000 total mobile subscribers and approximately 6,704,000 total fixed customers. We generated revenues of €11,264 million and Adjusted EBITDA of €4,346 million for the twelve months ended June 30, 2021. See "*Summary Financial Information and Other Data—Adjusted EBITDA and Pro Forma Adjusted EBITDA*".

We currently offer residential fixed services under the SFR and Red brands. We also offer business services under the SFR Business brand. We believe we are the leader in terms of 4G mobile antennas in service in France, with 53,086 antennas as of June 30, 2021 and our mobile network covers 99.6% of the population with 4G as of June 30, 2021. The Group has a state-of-the-art fibre/cable infrastructure, consisting of 88,000 km of fibre optic cable and more than 165 metropolitan loops as of December 31, 2020, passing approximately 23,083,000 fibre homes as of June 30, 2021, including fibre homes passed by XpFibre, a joint venture in which we own a 50.01% interest (with the remaining held by the JV Consortium), which we believe is the largest alternative FTTH infrastructure wholesale operator in France (without giving effect to the Covage Disposition). Moreover, XpFibre plans to significantly expand its network in low density areas, which has been supplemented by the Covage Acquisition which was completed on December 8, 2020.

We track the performance of our business and further analyze our revenues by activity, which, with effect from January 1, 2019, includes "residential – mobile," "residential – fixed," "business services," "equipment sales," and "media". See "*Management's Discussion and Analysis of Financial Condition and Results of Operations of the Group—Basis of Presentation—Operational Activities*" for a discussion of the revised presentation of our operational activities.

Residential - Mobile

We are the second-largest operator of mobile telephony in France by number of subscribers. We believe that we are also the leader in terms of 4G mobile antennas in service in France with 53,086 antennas as of June 30, 2021. Due to our strong market position in the mobile telephony market, we are one of the primary convergence operators in France with an attractive "4P" offer (consisting of pay-TV products, broadband internet, fixed telephony and mobile services).

We accelerated the build-out of our 4G network over the last two years to have a market-leading mobile network (with a 4G population coverage of 99.6% as of June 30, 2021).

In 2020, the French Government initiated the 5G spectrum auction and the process for such auction included (i) the allocation of four blocks of 50 MHz (comprising five blocks of 10 MHz each) at a price of €350 million each to qualifying operators; and (ii) a competitive auction process for the remaining 11 blocks of 10 MHz. We qualified to obtain five blocks of 10 MHz each and also participated in the competitive auction for the remaining 11 blocks of 10 MHz each. On October 1, 2020, we obtained three blocks of 10 MHz each in the competitive auction bringing our total to 80 MHz of spectrum in the 3.4 to 3.8 GHz band. The price for these 80 MHz frequencies will equal €728 million (of which €350 million is to be paid over a 15-year period in equal installments and the balance €378 million to be paid over four years also in equal installments). The first payment of €118 million was made on January 13, 2021. The Group became the first player in the market to offer 5G technology to its customers in certain areas on November 20, 2020 and has 245 MHz in all the frequency bands put into service in France. On March 19, 2021, we launched 5G services in Paris, with close to 80 authorized sites and continue to expand the deployment of our 5G network in other locations. As of June 30, 2021, we have deployed 5G technology in more than 600 municipalities (about 1,751 radio sites) across France.

In December 2018, we completed the Towers Transaction through which we partially monetized the value of our passive mobile infrastructure assets. Hivory, the tower company in which we currently own a 50.01% interest, is a high-quality telecommunications infrastructure provider with a nationwide presence. It is the largest independent telecommunications tower company in France and the third largest European tower company, benefiting from more than 10,000 strategically located sites with a diversified portfolio of ground-based towers and rooftops.

Hivory seeks to proactively partner with third party mobile operators to develop their coverage and densification objectives, including through the build-to-suit of 1,200 new sites by 2022. We expect to complete the monetization of Hivory's assets upon the closing of the Hivory Transaction. See "*Summary—Recent Developments—Transactions with Cellnex*" for more information.

In the six months ended June 30, 2021 and June 30, 2020, our mobile residential activity (excluding equipment) generated €1,783 million and €1,767 million of revenue, respectively.

Residential - Fixed

In recent years, we have increased our fibre/cable deployment and upgraded a substantial part of our fibre/cable networks. For example, our fibre/cable networks are largely DOCSIS 3.0 enabled, which allows us to offer customers high broadband internet access speeds and better HDTV services across our footprint. We believe that we are also France's leading fibre/cable provider, with approximately 23,083,000 fibre homes passed as of June 30, 2021, including fibre homes passed by XpFibre (without giving effect to the Covage Disposition). We intend to continue the expansion of our fibre network in France through engagement with local communities and government and capitalize on our past investments in improved fibre/cable infrastructure. Moreover, XpFibre plans to significantly expand its network in low density areas, which has been supplemented by the Covage Acquisition which was completed on December 8, 2020. We are able to upsell our existing DSL subscribers with fibre/cable broadband offers due to the overlapping fibre/cable and DSL networks and, moreover, the natural churn rate of broadband subscribers draws existing DSL subscribers to our cable and fibre products. This shift of subscribers from DSL has allowed, and is expected to continue to allow, us to reallocate investment expenses previously earmarked for DSL infrastructure to accelerating the rollout of our fibre/cable network.

In the six months ended June 30, 2021 and June 30, 2020, our residential fixed activity generated €1,356 million and €1,274 million of revenue, respectively.

Business Services

In the business services market, we benefit from our extensive combined fibre/cable and DSL network and strong customer relationships and the ability to respond to the growing demand of medium-sized businesses for increasingly sophisticated voice and data services. We offer data services, including IP VPN services (virtual private network on IP), LAN to LAN (local network), internet, security services, hosting and "cloud computing" and voice services, in particular voice call services, VoIP and Centrex.

We are the largest national alternative wholesale services player to the incumbent provider by revenues and number of subscribers. We offer a broad portfolio of wholesale products across the entire spectrum of the wholesale market including wholesale connectivity services for fixed-line and mobile voice calls, wholesale connectivity services for data, wholesale fibre infrastructure services as well as triple-play DSL white label packages and very-high-speed offers to a significant base of local, virtual, national and international operators.

In the six months ended June 30, 2021 and June 30, 2020, our business services activity generated €1,685 million and €1,693 million of revenue, respectively.

Equipment Sales

Our equipment sales relate to revenue derived from sales of equipment to residential and business services customers. This revenue segment was created in order to comply with the presentation requirements of IFRS 15, 'contracts with customers'. We have relationships with the industry's significant mobile and customer services equipment providers, and are able to offer customers with top-of-the-market mobile and fixed equipment.

In the six months ended June 30, 2021 and June 30, 2020, our equipment sales activity generated €440 million and €352 million of revenue, respectively.

Media

In furtherance of our convergence strategy, we are focused on delivering high quality content offerings to complement our fixed and mobile services, including producing proprietary content. This strategy is evidenced by our investment in NextRadioTV, through which the Group produces high quality television channels such as BFM TV and RMC Sport.

In addition, we are focused on supplementing our own content offerings with premium content produced by third parties, including high quality local content and exclusive premium content. Altice Europe and the Group reorganized the corporate organizational structure relating to premium sports content activities. On July 7, 2020, SportCoTV, a wholly-owned subsidiary of the Company, acquired the shares of Altice Pictures S.à.r.l, a subsidiary of Altice Europe incorporated in Luxembourg ("**Altice Pictures**"), which at the time held the rights for sports content and other premium content. Prior to such acquisition, a reorganization of Altice Europe's structure relating to content activities was carried out, including the transfer of activities performed by Altice Entertainment News and Sport ("**AENS**"), an affiliate of the Group that previously provided the premium sports channels to the Company, to Altice Pictures, thereby ensuring that the entire value chain would subsequently be transferred to the Company, which is the entity that benefits the most from the marketing of the associated channels. Altice Pictures was merged into SportCoTV on October 15, 2020. Therefore, we now hold the rights to broadcast and/or distribute various premium sporting events through our unrestricted subsidiary SportCoTV (which was previously held by a subsidiary of Altice Europe outside the Group), including the French Athletics Federation, the English Premier League (through an agreement with Canal+), the French Basketball League, and the English Rugby Premiership, and the UEFA Champions League, the UEFA Europa League, the UEFA Super Cup and the UEFA Europa Conference League (each of the UEFA leagues through an agreement with Canal+ for the 2021-2024 seasons), which are commercialized in France via exclusive RMC Sport branded channels.

In July 2018, we launched a single brand for all of our sports content: RMC Sport, which replaced the SFR Sport channel. At the end of 2016, Altice Europe and the Group also announced strategic agreements with NBCUniversal International and Discovery which confer certain exclusive distribution rights in France.

We intend to continue to selectively invest in local and value-added premium content as well as sports broadcasting and distribution rights in the future to enrich our differentiated and convergent communication services from those of our competitors.

In the six months ended June 30, 2021 and June 30, 2020, our media activity (which comprises revenues generated by the proprietary content produced by us, as described above) generated €219 million and €158 million of revenue, respectively.

Description of the Group's Operations

Residential Market

Overview

The Group believes it is the leading alternative telecommunications operator in France in the residential market and a leader in the very-high-speed fixed broadband segment in France.

Brand policy

The Group has streamlined its brand portfolio by focusing on two brands for the B2C Market: SFR for the premium offers (with services and multichannel propositions) and Red for post-paid basic subscription mobile telephony.

A strategy focused on very high-speed broadband/wireless and high-quality content

The Group's ambition is to offer its subscribers a better content "consumption" experience at all times, in all places and from all terminals. This is reflected in the Group's ambitious policy of investment in access networks. The Group increased the number of homes passed by fibre (including fibre homes now passed by XpFibre, a joint venture in which the Group owns a 50.01% interest, which we believe to be the largest alternative FTTH infrastructure wholesale operator in France) to approximately 23,083,000 as of June 30, 2021 (without giving effect to the Covage Disposition), and intends to continue the expansion of its fibre/cable network in France and capitalize its past investments in improved fibre/cable infrastructure.

The Group is also investing heavily in the development of its very-high-speed mobile network. We intend to continue the expansion of our fibre network in France through engagement with local communities and government and capitalize on our past investments in improved fibre/cable infrastructure. Moreover, XpFibre plans to significantly expand its network in low density areas, which has been supplemented by the Covage Acquisition which was completed on December 8, 2020. The Group has expanded its 4G network coverage to

approximately 99.6% of the French population as of June 30, 2021. The Group believes it is the leader in terms of 4G mobile antennas in service in France with 53,086 antennas as of June 30, 2021. In 2020, the French Government initiated the 5G spectrum auction and the process for such auction included (i) the allocation of four blocks of 50 MHz (comprising five blocks of 10 MHz each) at a price of €350 million each to qualifying operators; and (ii) a competitive auction process for the remaining 11 blocks of 10 MHz. We qualified to obtain five blocks of 10 MHz each and also participated in the competitive auction for the remaining 11 blocks of 10 MHz each. On October 1, 2020, we obtained three blocks of 10 MHz each in the competitive auction bringing our total to 80 MHz of spectrum in the 3.4 to 3.8 GHz band. The price for these 80 MHz frequencies will equal €728 million (of which €350 million is to be paid over a 15-year period in equal installments and the balance €378 million to be paid over four years also in equal installments). The first payment of €118 million was made on January 13, 2021. The Group became the first player in the market to offer 5G technology to its customers in certain areas on November 20, 2020 and has 245 MHz in all the frequency bands put into service in France. On March 19, 2021, we launched 5G services in Paris, with close to 80 authorized sites and continue to expand the deployment of our 5G network in other locations. As of June 30, 2021, we have deployed 5G technology in more than 600 municipalities (about 1,751 radio sites) across France.

This ambition is also driven by product innovation. In late 2015, the Group launched a new "all-in-one" box with innovative functions and advanced usages, at the heart of the home ("**LaBox**"). LaBox is notably equipped with a fibre 1 GB/s modem, a TV 4K/UHD set-top box, a 500 GB hard disk for recording and live-broadcast control, as well as 802.11ac Wifi. Alongside the launch, the Group also unveiled a new simple and ergonomic interface designed to offer the best multi-screen TV viewing experience and meet the needs of its subscribers' families as well as a new version of the SFR TV application, which offers continuity at home and when on the move. In 2016 and 2017, product innovation continued with the launch of several new pieces of equipment, including a new DSL and FTTH modem offering the latest generation of Wifi. In August 2019, the Group launched the SFR Box 8, integrated with the latest version of WiFi, providing enhanced image and sound (4K HDR, Dolby Vision, Dolby Atmos) and a vocal assistant, "OK SFR", to control the box.

SFR is proactively developing a policy of enriching the content offered to its customers. In 2018, the Group launched various content options, some of which (SFR Presse, RMC Sport, SFR Ciné séries) are available at a reduced price for SFR broadband and wireless customers.

BFM offers access to high quality live news and streaming including all BFM channels (such as BFM Business and BFM Paris), a news sports channel with RMC Sport News and international news with i24 channels in three languages.

RMC Sport, a collection of five exclusive sports channels, offers the largest sporting events (the UEFA Super Cup, the UEFA Champions League, the UEFA Europa League and the UEFA Europa Conference League, the English Premier League, the English Rugby Premiership, the Portuguese Liga, the French Basketball League, combat sports, extreme sports and others). The Group retains exclusive rights to broadcast and distribute premium sports events, including the French Athletics Federation, the French Basketball League, the European basketball cup and the English Rugby Premiership. In 2019, the Group obtained non-exclusive broadcast rights to the English Premier League through an agreement between Altice TV and Canal+. In July 2021 through an agreement with Canal+, RMC acquired the rights to continue to broadcast the UEFA Champions League, the UEFA Europa League and the UEFA Super Cup and has also acquired the rights to broadcast the UEFA Europa Conference League, in each case for the 2021-2024 seasons.

SFR Cinéma offers a set of regularly enriched premium content, including a Subscription Video On Demand ("**SVOD**") service and premium channels (Altice Studio, TCM Cinéma, Paramount Channel, Action and Filmo TV). SFR Cinéma includes an extensive array of HD channels as well as one of the largest SVOD catalog in the market, with around 5,000 programs available, and an extensive catalog of HD and 4K/UHD contents. The SVOD service includes exclusive and/or unabridged TV series (such as "Tin Star" or Medici: Masters of Florence"), cinema (with more than 1,000 films), youth and family content. SFR Cinéma is one of the leading French SVOD platforms.

The Group also offers a set of over 500 channels and TV services (including more than 100 in HD and more than 60 in replay, some exclusive). Since 2017, the Group became the exclusive broadcaster in France of four Discovery channels (Discovery Channel, Discovery Science, Discovery Investigation and Discovery Family), three entertainment channels, series and NBCU cinema (13th Street, Syfy, E!) and the historic broadcaster of Altice Studio, a series and cinema channel created and launched by the Group in 2017. In addition, the Group will

be able to offer films produced by NBCUniversal, including any next installments of its popular blockbusters such as “Downton Abbey”, “1917” and “The Invisible Man” as well as Paramount Pictures.

Fixed-based residential activity

Overview

The Group, through its various brands and products, offers a number of fixed-line telecommunications services. These are mainly available via fixed-line broadband or very-high-speed broadband internet and its subscriber premises equipment (i.e. a modem and/or set-top box). The Group’s services, in addition to unlimited broadband and very-high-speed broadband internet, include fixed telephony, IP television and access to video content. The Group’s fixed services are generally offered in double-, triple- or quadruple-play bundles over different access technologies (ADSL, VDSL, FTTB and FTTH) depending on particular offers and customer eligibility. The broadband speed offered to subscribers varies according to their access technology and can reach up to 2 GB/s shared download speed.

As of June 30, 2021, all or part of the Group’s residential fixed services were marketed under two brands: SFR and Red. The offers below represent fixed offers provided by the Group as of June 30, 2021.

SFR brand offers

(a) Internet and telephony bundled offers (“double-play”)

The Group offers broadband internet services (ADSL, VDSL or FTTx depending on subscribers’ eligibility) as part of double-play bundled offers which also include unlimited telephony services to fixed lines in metropolitan France, the French Overseas Territories and to more than 100 international destinations. These offers can be upgraded with unlimited telephony options to mobile lines and to other international destinations.

The “4G Box” is reserved for homes that have low ADSL speeds but good 4G coverage. The SFR Box 4G includes 200 GB of internet fair use and up to 220Mbit/s and also includes unlimited telephony services to fixed lines in metropolitan France.

(b) Internet, telephony and IP television bundled offers (“triple-play”)

Triple-play offers comprise the double-play services above and an IP television service. The Group offers three ranges of triple-play offers: Fibre, Fibre Power and Fibre Premium.

These offers notably include broadband internet (ADSL, VDSL, FTTB fibre technology with coaxial termination or FTTH fibre optic technology, depending on eligibility), from 10 GB to 1 TB of “SFR Cloud” storage, unlimited calls to fixed lines and, in the case of the Power and Premium offers, mobile calls in France and more than 100 destinations, unlimited calls to cell phones in France, North America and China, as well as access to “SFR TV” packages, including approximately 160 channels and services under the Starter offers, approximately 200 under the Power offers and the Premium offer, of which over 120 are accessible in multi-screen option with the SFR TV application.

The set-top box that accompanies such offers also provides access to several add-on services, such as catch-up television, program guide and VOD rental store.

Customers can also subscribe to pay-TV options including over 500 additional channels, optional TV Passes (Découverte, Jeunesse, Cinéma, BeIn Sports, OCS, Canal+, RMC Sport), and ethnic programming packages. The Netflix SVOD service is available for triple-play customers. The SFR Fibre set-top box includes native Netflix and YouTube apps. The Group (through SFR) announced a partnership with Amazon Prime Video that will enable our SFR customers to view Amazon originals.

(d) “Home by SFR” offer

The Group offers two products as part of its “Home by SFR” range, an automation and home surveillance service: the “Video Alarm Package” and the “Premium Video Alarm Package”. The Video Alarm Package includes a management center for connected equipment, a wide-angle camera, an internal siren, a smoke detector, an opening detector and a remote control. The “Premium Video Alarm Package” includes the equipment mentioned earlier,

a control keyboard, a 3G key, two motion sensors and 24/7 Europe Assistance support. The camera may be managed remotely from a computer or the Home by SFR application. "Home by SFR" customers can also purchase a set of additional accessories, as well as a "Heating Energy Pack", allowing intelligent, remote control heating management and usage monitoring. In November 2019, SFR launched a new smart-home option for connected houses with a video camera, a connected plug and a connected light, which can be managed and monitored by a mobile app or by voice control through the SFR Box 8.

(e) Convergent fixed-line/mobile offers ("4P")

To meet customer household needs, the Group offers the opportunity to combine fixed and mobile plans. These offers are provided at attractive rates through "Multi-Pack" discounts per mobile line.

In 2016, the Group launched SFR FAMiLY!, an innovative product designed for the family. SFR FAMiLY! allows customers to share their storage (from 10 GB up to 100 GB according to each customer's needs) and contents with family members. The owner of the line can easily manage and control, via an application, children's usage and Internet browsing.

These convergent offers are based on the Group's broadband price plans, and notably include broadband internet (ADSL, VDSL, FTTB fibre technology with coaxial termination or FTTH fibre optic technology, depending on eligibility), from 10 GB to 1 TB of "SFR Cloud" storage, unlimited calls to fixed lines and, in the case of the Power and Premium offers, mobile calls in France and more than 100 destinations, unlimited calls to cell phones in France, North America and China, as well as access to "SFR TV" packages, including approximately 160 channels and services under the Starter offers, approximately 200 under the Power offers and approximately 210 under the Premium offer, of which over 130 are accessible in multi-screen option with the SFR TV application.

The set-top box that accompanies such offers also provides access to several add-on services, such as catch-up television, program guide, SVOD offers, VOD rental store and cloud gaming.

(f) SFR Box+TV

In June 2020, SFR launched the first offer combining the purchase of an Internet subscription and the purchase of a latest generation 4K UHD television at a preferential rate. On the same principle as the mobile offers, the customer has access to a subsidized television with a 24-month commitment and exclusive services, including the "Bonus TV" package (Premium delivery, Multi-TV option for a second Set-Top Box and a 300-hour capacity hard drive). SFR has chosen to partner with Samsung to roll-out this initiative and extended the catalogue with a new partnership with Hisense.

(g) SFR HomeSound

In November 2020, SFR launched a connected speaker, available in two versions, in partnership with Devialet, a French audio technology expert and speaker producer, and developed by Sagemcom. The speakers benefit from the three acoustic Devialet technologies SAM®, SPACE™ and AVL™ for a better sound. These smart speakers are connected to both vocal assistants "OK SFR" and "Amazon Alexa". The customer is free to choose to buy the speaker or to rent it, with no commitment, with an internet offer.

Red brand offers

Red by SFR has been marketing an internet access offer, 'Red Box', that provides a premium fibre offer up to 200 Mbps or a standard ADSL/VDSL offer. These offers provide access to the Group's fixed-line very-high-speed broadband, DSL or FTTx (if eligible) networks, unlimited calls to fixed lines in metropolitan France and to more than 100 destinations in the world. Several other optional services are available for extra monthly fees, including a catalog of pay-TV and VoD options. The offer includes a standard TV access to 35 channels or a premium TV

option providing access to 100 channels. The customer can choose to buy an optional TV set-top box to access the RED TV app.

Mobile residential activity

Overview

The Group serves the entire French mobile market through its pre-paid and post-paid offers. Post-paid offers account for the significant majority of the Group's mobile activity. In the post-paid market, the Group offers a full range of voice and data solutions through its brands SFR and Red, covering all of the market's requirements. These offers are provided with or without commitment or a subsidized handset, and with premium or no-frills services. The offers below represent mobile offers provided by the Group as of June 30, 2021.

SFR brand offers

(a) Post-paid premium offers—mobile packages

The SFR brand offers three premium, post-paid, 4G mobile telephony packages with rates ranging from the price plan package of 2H+100 Mb to 80GB offer, which includes a 12-month commitment. The brand also offers four premium, post-paid, 5G mobile telephony packages ranging from 80GB to an unlimited plan of mobile internet and unlimited calls in France, which also includes a 12-month commitment. All of the Group's offers include the option of a subsidized handset (with a 24-month commitment), unlimited SMS and MMS (excluding the 2H plan) and come with a variable volume of voice and internet data according to the selected package.

At entry level, the Group offers two price plan packages, which are offered inclusive of calls within France ranging from 2 hours to unlimited usage and from 100MB to 5GB of mobile internet data in France per month. For more advanced needs, two packages are offered: 80GB 4G+, 80GB 5G, 120GB 5G, 160GB 5G and unlimited 5G. These packages include unlimited calls in France and French Overseas Territories, from 80 GB to unlimited mobile internet, SFR Cloud (100 GB of storage), and access to SFR TV. All of these packages also offer varying voice and data usage from abroad, the extent of which depending on the package.

Customers can also choose one or several content options, including RMC Sport, Cafeyn, SFR Cinéma, Sybel, Deezer and Napster. With respect to the broadband offer, Group customers benefit from a special price for these content options. Subscribers to the Group's 4G packages are eligible to receive multi-pack discounts if they also subscribe to a box offer and if they are also eligible for the FAMiLY! offer.

These offers are available across all of the Group's SFR brand's distribution channels.

(b) Remote access offers—"*Connecté Partout*" ("Connected Everywhere")

We launched a one price "pay as you go" offer under which customers are charged €3 per day for only the time during which the services are used. For subscribers that wish to buy a set-top box or tablets to accompany these offers, the Group offers one "Box de Poche 4G" and tablets. For occasional users, pre-paid "ready to surf" top-up kits are available, offering 2GB of internet and an access to SFR TV.

(c) "SFR La Carte" pre-paid offers

Pre-paid packages are offered under the "*SFR La Carte*" brand. After a SIM card is purchased it can then be topped up by vocal server, internet, purchasing coupons or tickets at physical points of sale (for example, tobacco shops, newsagents, SFR spaces and certain major food retailers) or through ATMs of certain banks that are partners of the Group. Several pre-paid top-up ranges are available to subscribers, offering voice, SMS, MMS, international calls and data packages.

Other available products also include mobile+ SIM card packs or tourist kits (SIM card with adapted content included).

Presentation of the Red brand offers

Commitment-free and handset-free post-paid packages are offered under the Red brand. Red by SFR brand offers a variety of data driven packages the content of which varies based on promotional activities in the market. An easy to use configurator enables to upgrade the data of initial package to 100Go or the international data to 15Go (with additional countries), for a monthly fee. These offers are available upon subscription mainly via the website redbysfr.fr, with the lines also being managed online via the same website. Subscribers with Red packages have access to the same network technologies as subscribers with SFR mobile offerings. However, Red subscribers do not enjoy services linked to SFR mobile offerings and are not eligible for multi-pack discounts.

Network

With the largest fibre/cable network in France, passing approximately 23,083,000 fibre homes (including fibre homes now passed by XpFibre but without giving effect to the Covage Disposition) and extending over more than 10,442 municipalities as of June 30, 2021, and a leading mobile network, the Group aims to become the national leader in the convergence of very-high-speed fixed-line and mobile technologies. See "*—Residential-Fixed*". The Group's ability to provide new or enhanced fixed-based services, including HDTV and VoD television services, broadband internet network access at increasing speeds and fixed-line telephony services as well as UMTS, 3G and 4G mobile services to additional subscribers depends in part on its ability to upgrade its (i) cable and DSL networks by extending the fibre portion of its network, reducing the number of nodes per home passed and upgrading technical components of its network and (ii) mobile networks by building-out its UMTS-network and investing in LTE as well as maintaining agreements with third parties to share mobile networks.

In the area of very-high-speed broadband, the Group intends to maintain its competitive edge and contribute to the success of the French government's very-high-speed internet plan through significant investments into its very-high-speed network. As a result of this investment, the Group intends to continue to lead the market and support residential and business subscribers' migration from ADSL to fibre technologies. Over the last four years, the Group has increased its fibre deployment and upgraded a substantial part of its cable networks. The Group's cable networks are largely DOCSIS 3.0 enabled, which allows it to offer its customers high broadband internet access speeds and better HDTV services across the Group's footprint.

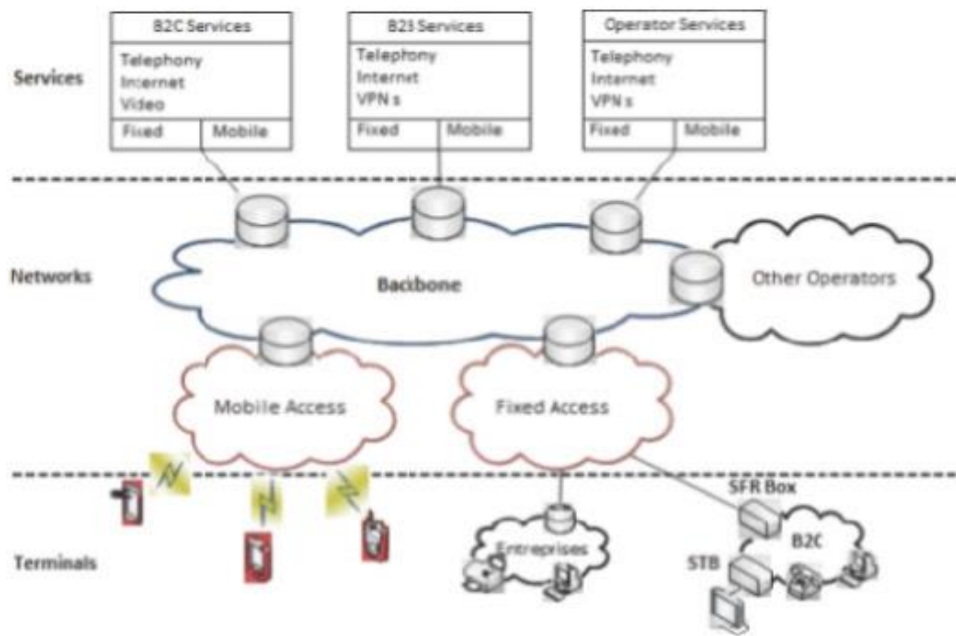
The Group aims to deliver quality experience in broadband and high-speed broadband to all its subscribers both for fixed-line and mobile services. As a result, the Group is investing in its own network infrastructure in order to be able to develop quality, innovative and convergent services while reducing its costs. The Group's networks not only allow the transmission of both fixed-line and mobile voice and data traffic across France, but they are also interconnected to the networks of the rest of the world due to the Group's interconnection arrangements or through transiting carriers.

The Group intends to continue investing in cutting-edge technologies that make it possible to anticipate market changes and meet future traffic needs. For example, on May 16, 2018, the Group acquired 100% of the share capital of ATS France from Altice International, a subsidiary of Altice Europe. See "*Certain Relationships and Related Party Transactions*" for more information. ATS France provided services and equipment relating to the deployment, maintenance and modernization of the Group's telecommunications networks.

Overview of architecture of a telecommunications network

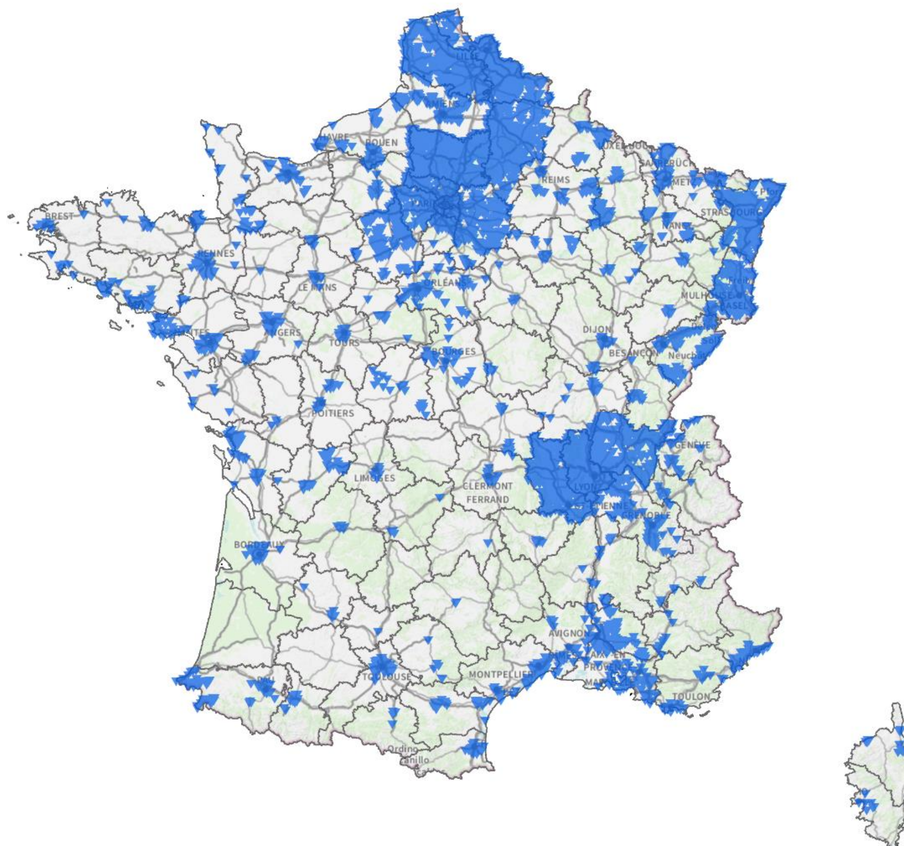
The pace of technological development and evolution in the telecommunications sector is intense and will continue to intensify in the face of rapid changes in consumer internet usage, both through fixed-line and mobile mediums. As a result, the Group has sought to streamline its networks over the past several years.

Overview of the Group's network



Fixed-line network

Fibre coverage as of June 30, 2021



Very-high-speed internet

With regards to very-high-speed internet, the Group is rolling out fibre in all existing technologies (FTTB and FTTH), with the goal of delivering the best quality very-high-speed internet to its subscribers. The Group is actively committed to the success of the French government's very-high-speed internet plan. With its fibre optic network, the Group provides its subscribers with bit rates of up to 2 GB/s with the SFR Box 8.

The Group owns its network infrastructure, headends, access nodes and other parts of its access network, including the long-distance backbone (see "—*Backbone*", below). The technical installations in which the cables of the Group's network are installed (e.g. pylons) are owned by the Group or Orange (to which the Group has access by means of long-term IRUs). Several telecommunications operators can occupy or use the same technical installation or even the same telecommunications equipment, without affecting the quality of the service provided to end subscribers. As of June 30, 2021, the Group had approximately 23,083,000 fibre homes passed (including fibre homes passed by XpFibre (without giving effect to the Covage Disposition)). The Group's fibre/cable services are already marketed in more than 10,442 municipalities across France and in the six months ended June 30, 2021, 2,190 municipalities were made eligible for access to the Group's fibre/cable network. See "—*Residential-Fixed*".

*Fibre to the building ("**FTTB**")*

With technical performance levels comparable to those of other FTTx technologies, FTTB is the most widespread technology in the world (including in the United States, Germany, Belgium, the Netherlands and other countries).

FTTB seeks to bring fibre optic as close to housing units as possible and to rely on the existing coaxial cable within buildings to connect the end subscriber to the fibre network. FTTB offers two key benefits: first, it allows for a simplified connection of subscribers and therefore a faster deployment of fibre in France, and secondly it offers a TV service quality recognized to be superior to all other available technologies.

*Fibre to the home ("**FTTH**")*

The Group has also been deploying its own subscriber connection links by means of FTTH fibre technology, which enables the delivery of bit rates of up to 2 GB/s with the SFR Box 8. The Group's FTTH technology relies on a network of 1,970 optical nodes from which the final links depart to connect its private and business customers in optical fibre. FTTH technology presents a significant technical opportunity given that, as with FTTB, network speed is not technically limited by distances to network connection nodes, unlike other technologies such as VDSL where actual speed decreases as the distance between network connection nodes and the end-user increases.

A pragmatic approach to promote deployment

In order to meet the growing needs of users, the Group is taking a pragmatic approach to the deployment of its very-high-speed broadband offers. In both very densely populated areas itself, and in less densely populated areas by private partnership, the Group is continuing its fibre deployment where it is the leading operator and it continues to co-invest with Orange in areas where Orange is responsible for deployment. The Group also continues to deploy its very-high-speed network in less densely populated areas as part of public initiative networks with local authorities. Since 2018, the Group has been chosen by the *Departements of Corse, Gard, Pyrénées Atlantique and Tarn* to operate the new Public Initiative Networks that allows approximately 800,000 households to be connected to the Group's fibre network. The acceleration of the Group's fibre deployment in France, notably expanding FTTH coverage in low-density and rural areas, should support better fibre subscriber trends as the addressable market for very high-speed broadband services expands.

In order to further accelerate the deployment of FTTH coverage in low density areas, the Group created XpFibre, which has the objective of fibre deployment in low density areas. Further, XpFibre Holding (formerly known as SFR FTTH Network Holding S.A.S.), a joint venture in which the Group owns 50.01% interest and the parent company of XpFibre S.A.S. (formerly known as SFR FTTH S.A.S.), completed the acquisition of all of the equity interest of Covage on December 8, 2020 has helped XpFibre expand its footprint in rural areas.

DSL

In providing its DSL fixed-line broadband services, the Group relies on a DSL network of 8,162 unbundled main distribution frames ("**MDFs**") as of December 31, 2020. While the Group benefits from what has historically been

very good DSL technology coverage, the Group also possesses the French market's largest fibre optic network and, as a result, is looking to support the migration of subscribers from ADSL to fibre optic technologies in order to meet the gradual increase in residential and business subscribers' internet usage.

Mobile network

The Group's mobile access network has more than 15,000 radio sites (excluding mobile network sharing and including Hivory) as of June 30, 2021, each comprising a transmitter/receiver (the base station), transmission equipment and environment infrastructure (for example, pylons, technical rooms, energy workshops and antennas). These radio sites are relayed to the fibre optic backbone through fibre optic connections or radio connections owned either by the Group or through the network links we lease from Orange.

The Group has made investments in mobile frequencies from different mobile spectrum auctions organized by the French regulatory authorities. As a result, the Group has a diversified portfolio of frequencies (which support 2G, 3G, 4G and 5G technologies) and a spectrum allocation that covers its current and future mobile network requirements.

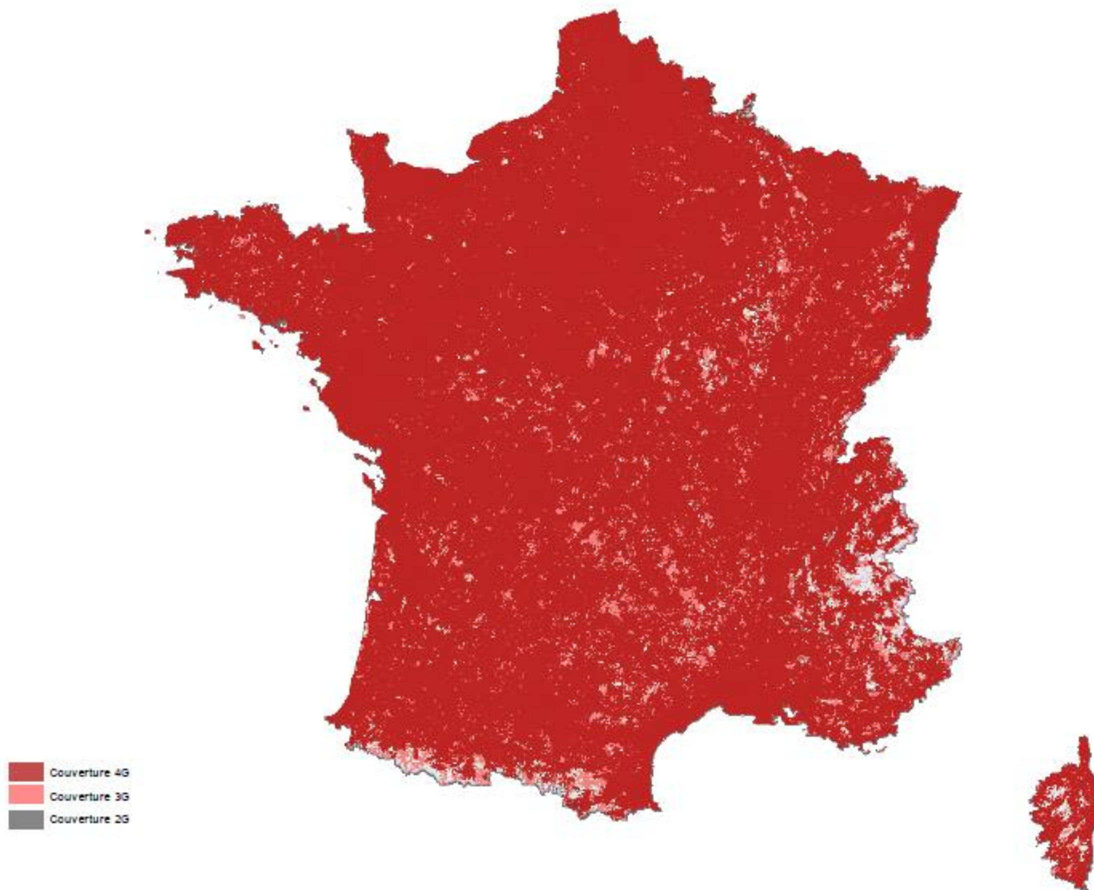
Following the spectrum auction organized by ARCEP in 2015 for the allocation of frequencies in the 700 MHz band, the Group expanded its spectrum portfolio with a new 5 MHz block. The Group's low frequency portfolio now comprises 23.7 MHz in total, broken down into 5 MHz in the 700 MHz band, 10 MHz in the 800 MHz band and 8.7 MHz in the 900 MHz band. Together with the 55 MHz the Group owns in high frequencies, the Group's total portfolio now has 78.7 MHz (after the refarming of the 1800 MHz band), making it one of the most advanced portfolios on the market. The Group thus believes it will be able to meet subscribers' coverage and performance needs, in particular in less densely populated areas, with respect to mobile internet and increasing data usage over the coming years.

Mobile coverage

As a result of significant deployments of its radio sites, the Group aims to cover all mobile connectivity needs in mainland France. As of June 30, 2021, the mobile network of the Group covered 99.8% of the French population in GSM/GPRS (2G) and 99.9% of the population on the UMTS/HSPA (3G/3G+) network.

As of June 30, 2021, the Group has access to a 4G network accessible to 99.6% of the population of mainland France and was the first operator to launch 4G technology in France.

With a view to increasing download speeds, making internet browsing more enjoyable and improving its service quality, the Group is also deploying 4G+ up to 500 Mb/s. Considered to be an updated version of 4G, 4G+ is able to deliver download rates of a maximum theoretical bit rates of 593 Mb/s due to the aggregation of 800 MHz, 1800 MHz, 2100 MHz and 2600 MHz frequencies and MIMO 4x4 technology. 4G+ technology makes it possible to speed up downloads and facilitates the sharing and viewing of HD content on the go.



4G deployment

Systematic deployment of Single-RAN technology

The Group's mobile network consists in total of more than 15,000 radio sites (excluding mobile network sharing and including Hivory), equipped with one or more items of transmission/reception equipment (base station), each dedicated to a single technology (2G or 3G) or latest generation equipment ("**Single-RAN**"), which enables 2G, 3G and 4G technology to be managed by means of a single item of equipment.

The Group uses the deployment of 4G technology as an opportunity to systematically replace its older antennas with Single-RAN technology, enabling its subscribers to benefit from a high-quality, very-high-speed network, while also making the most of the technical and financial benefits of Single-RAN technology.

Single-RAN technology provides certain technical advantages. First, it enjoys higher performance, both in terms of quality of mobile voice and capacity, due to its ability to use optimal technology (3G/4G) and frequencies (specifically 900 MHz). The effectiveness and reliability of its connectivity are also optimized due to the use of unique transmission technology. Secondly, it facilitates technological evolution (such as the introduction of 3G 900 or 4G 1800 for example), due to a simple software development which require no intervention with or amendment to the physical technology components.

The use of the Single-RAN technology also provides certain economic benefits, particularly due to the reduced amount of equipment necessary in the Group's mobile network. As a result, the deployment of Single-RAN technology reduces the amount of mobile network sites required in the Group's mobile network, reducing the need for investment, and maintenance work on the Group's network, generating operating savings, whilst at the same time facilitating technological evolution.

Finally, Single-RAN technology also improves customer experiences due to the increases in coverage and availability it delivers and the increased capacity over all frequencies and mobile technologies (2G, 3G and 4G).

Mobile networks sharing agreement

The Group and Bouygues Telecom entered into an agreement on January 31, 2014, whereby they agreed to pool part of their wireless networks. The goal of this agreement is to allow Bouygues Telecom and the Group to offer customers better geographic coverage and service quality, while optimizing costs and investments. The agreement calls for the roll-out of a new shared network in an area corresponding to 57% of the population of France (encompassing the entire territory, other than the 32 largest population centers described above and so-called "white spots"). The first roll-outs of the RAN sharing coverage were in September 2015, and the target network is expected to be completed in 2021. As of June 30, 2021, 12,174 sites have been rolled out jointly by the Group and Bouygues Telecom. See "*—Material Contracts—Wireless Network Agreements—Bouygues Telecom Agreement*" for more information.

Towers Transaction

In December 2018, the Group completed the Towers Transaction through which it monetized the value of its passive mobile infrastructure assets. Hivory, the tower company in which the Group owns a 50.01% interest, is a high-quality telecommunications infrastructure provider with a nationwide presence. It is the largest independent telecommunications tower company in France, benefiting from more than 10,000 strategically located sites with a diversified portfolio of ground-based towers and rooftops. Through Hivory, the Group and its joint venture partner KKR aimed to proactively partner with third party mobile operators to develop their coverage and densification objectives, including through the build-to-suit of 1,200 new sites by 2022. See "*—Material Contracts—Hivory—Agreement to Dispose of Tower Assets*".

5G Technology

The Group was the first network provider in France to conduct an over-the-air call on a 3GPP-compliant 5G New Radio system using 3.5 GHz spectrum in 2018, and conducted the first full-scale 5G experiment with a pre-commercial terminal on the Altice Campus in Paris. The Group also conducted the first 5G call on a commercial smartphone in France.

In 2020, the French Government initiated the 5G spectrum auction and the process for such auction included (i) the allocation of four blocks of 50 MHz (comprising five blocks of 10 MHz each) at a price of €350 million each to qualifying operators; and (ii) a competitive auction process for the remaining 11 blocks of 10 MHz. We qualified to obtain five blocks of 10 MHz each and also participated in the competitive auction of the remaining 11 blocks of 10 MHz each. On October 1, 2020, we obtained three blocks of 10 MHz each in the competitive auction bringing our total to 80 MHz of spectrum in the 3.4 to 3.8 GHz band. The price for these 80 MHz frequencies will equal €728 million (of which €350 million is to be paid over a 15-year period in equal installments and the balance €378 million to be paid over four years also in equal installments). The first payment of €118 million was made on January 13, 2021. The Group became the first player in the market to offer 5G technology to its customers in certain areas on November 20, 2020 and has 245 MHz in all the frequency bands put into service in France. On March 19, 2021, we launched 5G services in Paris, with close to 80 authorized sites and continue to expand the deployment of our 5G network in other locations. As of June 30, 2021, we have deployed 5G technology in more than 600 municipalities (about 1,751 radio sites) across France.

Backbone

In order to offer all its customers a top-quality user experience, the Group has developed its own, unique transport network, enabling the routing of all of the Group's mobile and fixed-line traffic. The Group's network is based on a modern, high-quality infrastructure, both with respect to its backbone and its mobile and fixed-line access networks.

The Group has one of the largest backbones in France. This backbone is a national transport infrastructure with more than 88,000 km of fibre optic cable enabling the connection of more than 165 metropolitan loops in the territory as of December 31, 2020. In addition, the Group's backbone is accompanied by a network of 11 national data centers spread across the French territory.

Technical characteristics

The backbone (which provides the main voice and data transmission routes between large, strategically interconnected networks and the network's main routers) is used by the Group to route the digital signals of

subscribers throughout France. The data backbone currently functions in "All-IP" and transports all Group communication using specific bandwidths for each of the Group's digital services (residential fixed, residential mobile and business services). The Group believes that its backbone is fully able to meet the needs of its subscribers.

Transmission network and IP transport network

For its optical transmission network, the Group has chosen a "meshed" architecture, namely one that is constructed in the form of inter-linked loops, thereby securing traffic flow as much as possible. In the past, the Group built its optical transmission network on the basis of national agreements with RFF and Voies Navigables de France. The Group has extended this vast transmission network by also renting fibres to third parties (for example, *Réseau de Transport d'Electricité*) and to Orange, specifically for the connection of MDFs.

To be able to handle increasing traffic, the Group has deployed the highest performing optical technology available to date. The Group has constructed an Internet Protocol ("**IP**") transport network that is multifunctional and features very high capacity. It is situated above the optical transmission network. The backbone routers use Nx100G technology and as a result can support connections of a unitary capacity of 100 GB/s.

The Group network can manage internet services using the addresses in IPv4 or IPv6 format for its Fixed and Wholesale customers. It can also transport voice, data and video flows (for example, television services on multicast IP or VOD).

Data centers

In order to meet the needs of its business services customers, the Group has 11 data centers in France. These data centers consist of one or more properties equipped with 24-hour security and surveillance services and include several rooms with cabinets containing the servers, kept at an ideal temperature and with permanent electricity supplies. The servers hold the data and applications to be used by business services customers, who benefit from a secured connection to the data center servers.

Marketing

Overview

The Group has a robust and multi-channel distribution network, combining local channels (stores, presence in the shelves of major food retailers, as well as door-to-door salespeople) and distance selling channels (such as websites and telesales) allowing it to cover the entire domestic market.

Stores

SFR spaces

As of June 30, 2021, the Group had approximately 585 "SFR spaces" in France which sell all of the SFR brand's fixed and mobile offers. This network of SFR spaces is operated by the Group's subsidiary, SFR Distribution, as well as independent partners. Regular investments are made to the SFR spaces network in order to modernize it and maintain the quality of in-store experience.

In addition to offering subscription services, SFR spaces offer subscribers (and prospective subscribers) a range of services including product demonstration and discovery services (such as LaBox workshops) and helpdesks.

The SFR brand has a multi-channel approach to its product marketing. As a result of its "web to shop" service, the Group allows its subscribers to order a product online or through telesales (for example a mobile phone handset as part of signing up for a new subscription or renewing an existing one), and to then collect that product at their nearest SFR space. Depending on the availability of the desired product, the customer may pick it up within 48 hours. Furthermore, we have developed the "*e-propale*" service, which allows estimates to be generated through all sales channels following a customer contact. These estimates can then be finalized by the subscribers themselves, either online or in person in a SFR space.

Door-to-door selling

Door-to-door selling is another mechanism for marketing of the Group's offers. The Group's door-to-door selling teams operate across the country and consist of both the Group's employees and independent contractors.

Websites

The Group is present on the internet via the websites of its current and historic brands: sfr.fr and redbysfr.fr. The purpose of the websites is to market offers through online stores, improve customer relations (by providing customer discussion spaces, online assistance and so forth) and to offer services (such as webmail).

Telesales

The Group also markets its offers via the telesales channel.

Customer service

Digital customer relations service

In order to give subscribers the autonomy they demand, the Group continues to develop and promote its digital customer service tools, in particular its "Customer Space" on the web and its MyAccount application for smartphones. These digital services, available 24/7, allow all subscribers to manage their services and find answers to their administrative, sales-related and/or technical questions. With the launch of the innovative self-diagnosis functions of its boxes, the Group now allows its subscribers to monitor the status of their boxes and get online technical support.

Multi-channel customer relation service

In addition to its digital solutions, the Group has advisors that help its subscribers on the telephone and/or through other contact modes such as chat-rooms, email, forums and social networks (Twitter, Facebook and others). SFR spaces play a key role in multi-channel customer service, offering subscribers on-the-spot support. The ability of points of sale to better assist its subscribers and resolve their problems is a priority for the Group. To improve the quality of how requests are handled, the Group is streamlining the tools used by its advisors.

Business Services Market

Overview

Changes in usage confirm new trends in the business services market, which raises challenges relating to performance, reliability and, more generally, security. Development of mobility and remote work capabilities, as well as proliferation of exchanges and collaborative work, have resulted in the growth of data usage, specifically in terms of mobility, for all customer terminals, and have created new needs for digitalization of applications and customers' tools. The COVID-19 pandemic has dramatically accelerated this trend, putting strong pressure on companies of all sizes in terms of remote-work capabilities and of associated security measures.

The Group offers a full range of fixed and mobile services including voice services for traditional switched voice services and VoIP, data services, such as the provision of very-high-speed internet access, provision of connection services for professional multi-site architectures (IP VPN, LAN to LAN, SAN to SAN, etc.), cloud and hosting services, and various ICT services solutions.

The Group's business services customers consist of small, medium and large businesses, as well as public administration entities, which often have numerous sites of operation. The Group currently meets the needs of its customers via a portfolio of standardized solutions, completed with an extended know-how on project-based customizations.

The Group has a sales team organized into direct and indirect distribution networks to market and service its business services customers. The Group's sales representatives combine know-how, motivation and experience, providing a strong regional and local presence, and have close relationships with the local authorities and administration.

The business services market is addressed through different channels according to customer activity:

(i) major accounts marketed through direct sale only. For major accounts, both public and private, the Group offers, through internal sales teams, tailor-made, reliable and secured solutions based on a combination of standardized products and more specific additional services. This segment is dealt with by the Commercial Department, "Major and International Accounts".

(ii) regional and local business market dealt with by six Regional sales organizations, decentralized and present everywhere in France via direct and indirect channels comprising of:

- large businesses and public procurement activity marketed through direct sale only;
- small to medium business activity (i.e. businesses with between 3 to 250 employees, "**SME**") marketed through indirect sales via a network of independent distributors and brokers and through SFR Business Distribution, a wholly-owned subsidiary of the Group;

A digital channel, including online shop and the telesales is used to generate additional sales to existing customers, to acquire new customers on the low-end of the market and to generate leads for the regional sales channels.

The Group employs a dedicated product and marketing department for its business services customers, in charge of the development and marketing of offers and services as well as the support and training of sales and pre-sales teams. The offers of the Group are adapted to the needs of each of its customers, including small, medium and large companies as well as public entities.

Finally, the Group manages its own customer services structure, through a Customer Relations Department, specifically suited to the needs of its business services customers and which is available 24/7. The Group's digitalized customer management interfaces (in particular Customer Extranet Portal) provide a centralized and multi-channel customer service approach suited to the needs of business services customers.

The Group's standard service contract for business services customers includes commitments to restore service, in particular within four hours for fixed-line voice and data services. The Group also offers additional value-added services suited to the needs of business services customers in terms of roll-out and operation.

Mobile Offers (Voice, Data, Management and control services)

The Group's mobile offers are intended for all activities within the business services market, which follow the same format as the Group's residential offers, containing additional options as well as various levels of data usage, in addition to specific data access packages for tablets and computers, which offer internet access ranging from a few GB to several tens of GB depending on the offers.

Since the launch of 5G in November 2020, new 5G options are available within the mobile packages, as well as 5G handsets.

The Group also offers cost management services to businesses. These include simple tools, such as a dashboard of telecommunications expenses and consumption, which allow businesses to effectively manage their fleet of handsets.

Handset management and security offers are available to all business customers. The Group's Mobile Device Management offer allows business customers to remotely manage and secure their fleet of smartphones and tablets, in particular by erasing the business' information in the event of theft. The handsets are configured in a centralized manner through a Cloud platform.

An optional service of Professional Mobile Radio (PMR) is available for specific usage including Push-to-Talk capabilities and prioritization services for rescue/security staff.

Fixed-line voice offers

The Group's business services fixed-line voice offers consist of various fixed-line telephony packages designed to suit all business customers' needs. They include calls to fixed and mobile lines with privileged support:

dedicated customer service, guaranteed restoration in less than four hours with the dispatch of a technician if necessary, and the choice of single, consolidated or separate billing.

In 2018, the Group has launched a new service called "Ligne Business IP" (=IP Business Line) which delivers an analog line telephony service over a data access in order to help business customers cope with the phasing out of traditional Switched Voice Services by the French incumbent operator.

The "Pack Business Entreprise" offer is an offer for enterprises, from SMEs to large companies wishing to use the service of a provider handling the overall management of the business communication services (managing telephony service, equipment and telecommunications usage). This package provides not only a standard telephone service including call forwarding, call transfer and conferences, among others, but also the convergence of fixed and mobile services such as single number, single email system and accessibility rules.

The Group provides a dedicated project manager during set-up and installation on the site by licensed technicians.

A new version of the service, "Pack Business Unified", developed on a Cisco platform, has been launched in the second quarter of 2021, bringing a full set of new functionalities.

Fixed data offers

The Group can provide its business customers with a complete range of fixed data offers:

1. Business private network offers

The "IPNet" offer connects businesses' different premises into a single virtual private network (VPN). Connections can be made using DSL or FTTx access technologies. Additional services allowing remote access, centralized and secure internet access or support can be added to this offer. The customer sites located outside of France can also be connected through partner operators.

The "LAN to LAN" offer, intended specifically for major accounts, connects the business's local networks through a very-high-speed broadband network. It thus makes it possible to allocate and share the network resources (LAN, servers) of the customer, and connect its main sites (head office, datacenters) via a flexible point-to-point architecture, with a broad range of speed and access options.

2. Internet access offers

The "Internet Connect" offer provides access to the Internet with a full range of access technology (FTTH, FTTB, FTTO, SDSL, VDSL, ADSL) and a choice of access speed (from 2Mbps to 10Gpbs) and of levels of service (guaranteed bandwidth, guaranteed Time To Repair, backup link, etc.).

The "Box Business" offer is an affordable professional Double Play service (Internet + voice) for SMBs and smaller businesses. It gives access to asymmetrical speed of up to 1Gbps through FTTB and FTTH technologies. A business voice access is provided which can be extended to several lines with enhanced services through the "Pack Business" offer.

3. SD-WAN offer

The "SDnet" offer is a packaged SD-WAN offer bringing the agility of SD-WAN technology with an easier set-up, more agility in the provisioning of connections at optimized costs. This offer is often combined with an Internet access offer or a VPN offer.

IT Services

In addition to connectivity solutions, the Group offers a range of IT infrastructure and telecommunications services, customized or packaged, on-site or as a service, the format depending on the needs and on the business market. To do so, it partners with major technology companies in each area of expertise. These offers can be supplemented with consulting and support services.

1. Network Service Line

This service line brings together all of the services that meet the needs for LAN, enterprise WiFi and WAN network optimization services for companies through packaged solutions or through project-based proposals.

2. Security Service Line

The Group offers a complete range of integrated and managed solutions for internet access protection and security. It works closely with security specialists to meet its customer's security requirements. The Group also offers secure terminal and remote access management solutions with virtual private networks ("**VPN**").

The Group provides answers to advanced cyber-threats such as system intrusion attempts or denial of service attacks (anti-DDos).

The Group's Service Internet Security range of solutions offers several levels of internet access protection, depending on the size of the company and the desired level of security. These offers are marketed either packaged with internet access links or as stand-alone dedicated solutions to secure complex multi-operator environments.

3. Datacenter and Cloud Service Line

This service line brings together hosting offers in the Group's datacenters, platform hosting in public or private cloud mode (in the Groups datacenters or on-premise). An Infrastructure as a Service ("**IaaS**") offer is also available for the customers, especially major accounts. The solution allows the company to host its servers in a shared environment to manage and optimize its information system infrastructure in a secured IT resource solution.

4. Unified Communications Service Line

This service line combines video conferencing, audio conferencing, messaging, collaboration and advanced business voice solutions. The portfolio notably includes:

- "Office 365 Collaboration", which regroups in the same user license Microsoft Office tools (professional messaging, conference and instant messaging, online document sharing site, and office automation applications), and thus makes them accessible online at any time.

- "Pack Business - Corporate", offered specifically to large companies. This cloud unified telephony and communications solution is adaptable to every company and is based on four main pillars: advanced corporate telephony and communications functions, an on-demand service with pay-per-use, the guarantee of a single contact for an end-to-end commitment and a customer portal allowing the customer to manage telephony and collaboration services autonomously on a daily basis. The Pack consists of a service platform in the network core and a centralized operator voice access, built on the existing network or the customer's SFR IPNet. It offers customized end-to-end support for design, roll-out and operation. In addition to corporate telephony and collaboration functions, users will get a softphone service (i.e. telephony software for making calls over the internet) and a single number. They can therefore be reached at any time both within and outside of the company and on all types of fixed and mobile terminals.

This offering also includes the capacity to deploy customized on-site and hosted-mode solutions.

5. Customer Relationship Management Service Line

The Group provides several solutions to meet the customer relationship management needs of its business services customers.

Special number offers: The Group has been a special number operator for many years. Despite some restrictive changes in French regulation, this activity remains strong within the Group.

Call contact offer is an interactive voice server and basic call center solution in cloud mode. Call Contact relies on an intuitive web interface for the call center manager and comes with special numbers.

For more evolved usage, the “Global Contact Center” solution covers call centers for very large accounts (above 500 call center advisors) and standard accounts (50 to 500 call center advisors). These hosted solutions allow companies to manage their in-bound contacts homogeneously, irrespective of the channel of communication used by the customer (for example telephone, e-mail, mail, fax, chatting, social networks or avatars). Providing customers with a 360-degree view, these solutions allow close integration with the customer’s information system.

Marketing campaign management offers (“Diffusion MultiChannel”): The Group offers an outbound multi-channel marketing campaign management solution allowing the sending of messages (per unit or in direct marketing mode) via a channel best suited to the target (for example, SMS, MMS, e-mail, fax or voice announcement). Campaigns are managed through an online portal or through Application Programming Interface.

6. Internet of Things Service Line

The Internet of Things service line provides standard or tailor-made connectivity integration of professional solutions for businesses. These offers allow a group of fixed or mobile machines to share information with a central server, for example geo-location or bank card payment services. To meet the specific needs of critical, sensitive and/or large volume projects, the Group is able to offer suitable services and pricing according to customers’ needs:

- “Connectivity” only solutions, which can easily connect sensors and devises in the existing infrastructure; and

- “Standardized Vertical” Internet of Things solutions, which are ready-to-use offers that are developed for specific needs such as power control, geo-location and employee protection. Each offer includes sensors, connectivity and a complete cloud platform.

Wholesale Market

Overview

The Group, via its Operator Services Division (“**DSO**”), is a leading operator next to the incumbent operator in France in wholesale telecommunications services. The Group also has a number of assets in this market, such as the broad spectrum of its catalog, close relationships with its customers and the experience gained over the past several years in this specific market.

The Group is involved in the operator market in France and abroad, dealing more specifically with operators serving the residential market, the business services major account market (international and infrastructure operators) and the business services micro business/SME market.

At the end of 2014, residential services were impacted by consolidation with the SFR Acquisition and Virgin Mobile Acquisition. This resulted in contraction of the market that can be served by the DSO and, correspondingly, its revenues. However, there remains significant market potential for the DSO, especially through new growth drivers in the very-high-speed fixed-line/mobile broadband and fibre infrastructure.

The business services major accounts market remains dynamic, due to, among others factors, the significant increase of speed and the requests for network security by large companies, increasing the sales volume of the DSO in this market, and also its technological evolutions, including the replacement of obsolete copper technology with fibre. The Group’s significant customers in the business services major accounts market are major international incumbent operators.

The SME/micro-business business services market is witnessing a number of emerging players every year. This activity has become a preferred target of the incumbent operator. Nonetheless, telecommunications operators in this market have high growth momentum. The biggest operators in this market are now offering their own telecommunications services and positioning themselves with respect to all products from fixed voice to fixed and mobile data. The DSO supports them in these evolutions and partly benefits from this growth.

Solutions offered

Through the DSO, the Group offers domestic and international operators, and in the real estate space, telecommunications solutions to help them meet the needs of their own residential and business services customers.

The Group is currently marketing telecommunications infrastructure solutions, fixed voice solutions, fixed data solutions, white label solutions, mobile solutions, and roaming solutions for foreign operators, contents for FVNO (3P ADSL and Very-High-Speed offer) and MVNO, and infrastructure and digital services solutions to the building.

(a) Infrastructure solutions

The Group has capacities for IT and telecommunications equipment hosting, which it markets in particular to international players, in addition to the connectivity and data transport solutions. Its infrastructure offer also comprises the marketing of access to its ducts or the provision of fibre optics.

This infrastructure allows an operator that wants to develop its own telecommunications network in France to do so using the solutions offered by the Group.

(b) Fixed voice solutions

The Group meets domestic and international voice transport needs through call transit, collection and termination offers. With these solutions, third-party operators in France can use the Group's network to connect to the networks of other operators.

The Group also offers turnkey solutions to local or national players such as pre-selection, VoIP (end-to-end product offer), resale of the Orange subscription (VGA) and marketing of value-added services (08xx numbers), allowing them to be the single contacts of their end-customers by managing all voice invoices.

(c) Fixed data solutions

To meet the internet connectivity requirements, the Group offers end-to-end internet access solutions, with or without a router, as well as IP VPN solutions. These solutions allow a third-party operator to use the network and get the Group's support.

The Group also meets collect-mode connectivity needs so that operators can recover data traffic directly on their network. It equally allows international operators to build seamless offers including France in their offerings (international IP VPN).

With these solutions, the Group offers dedicated fibre (FTTO, FTTE) and shared fibre accesses (FTTB, FTTH) and copper accesses (SDSL, ADSL and LL). The Group proposes to be the single point of contact for its operator customers by integrating Orange access and network solutions (fibre and copper) and PIN (Public Infrastructure Network) access and network solutions in order to complete its coverage of data services.

(d) White label solutions

The Group offers white label broadband and very-high-speed broadband access links in double-play and triple-play to operators wishing to position themselves in the consumer market. These solutions allow these operators to resell, under their own brand, turnkey solutions to their customers.

Triple-play white label service solutions are marketed under long-term contracts and are tailored to the needs and requirements of each of the Group's customers. These contracts include the provision of television content, internet access services and fixed telephony services. The Group also provides certain other products and services such as handset equipment.

(e) Mobile solutions

The Group offers comprehensive offers on the MVNO market. These offers are intended for operators without a network that wish to market a mobile offer. The Group offers Full MVNOs (a voice, SMS and data mobile collection offer), MVNOs light (end-to-end mobile services: national, calls abroad, and roaming, among others) and via MVNO aggregators that provided turnkey solutions.

(f) Roaming solutions for foreign operators

The Group receives roaming traffic of foreign operators on its mobile network in order to ensure continuity of their service in France. The hundreds of agreements that the Group has signed with most foreign mobile operators allow it to cover nearly 258 destinations, and to offer an equivalent service to its subscribers when they are in a foreign country.

This roaming solution is also available to MVNOs that wish to benefit from these agreements to meet the needs of their own subscribers.

(g) Content for FVNO and MVNO

The Group enriches its offerings for FVNO and MVNO by integrating the content developed by the Group (including TV, VoD and press) into its consumer offer.

(h) Infrastructure and digital services solutions for the building

The Group deploys very-high-speed solutions within existing buildings and in new real estate, mainly targeting residential real estate, service residences and the hospitality space (hotels and clinics, among others).

The Group deploys FTTH networks through contracting with the real estate operator for co-owned buildings or low-rent housing and through collective service contracts.

The services offered within the framework of collective services allow the residents of the buildings covered to have a maintenance contract enabling them to access, without individual subscription, either the collective television service or a collective triple-play service.

Media

The Group is focused on delivering high quality content offerings to complement its fixed and mobile services, including proprietary content and exclusive content, as evidenced by its investment in French media business NextRadioTV. In addition, the Group regularly reviews and invests in the content that it offers to provide its subscribers with a flexible and diverse range of programming options, including high-quality local content and exclusive premium content.

On June 12, 2017 the Group announced a multi-year partnership with Netflix, which will allow its customers to watch Netflix's content via eligible devices. Altice Europe and the Group reorganized the corporate organizational structure relating to premium sports content activities and we now hold the rights to broadcast and/or distribute various premium sporting events through our unrestricted subsidiary SportCoTV (which was previously held by a subsidiary of Altice Europe outside the Group), including the French Athletics Federation, the English Premier League (through an agreement with Canal+), the French Basketball League, the English Rugby Premiership and the UEFA Champions League, the UEFA Europa League, the UEFA Super Cup and the UEFA Europa Conference League (each of the UEFA leagues through an agreement with Canal+ for the 2021-2024 seasons). We also launched a single brand in July 2018 for all of our sports content: RMC Sport, which replaced the SFR Sport channel. At the end of 2016, Altice Europe and the Group also announced strategic agreements with NBCUniversal International and Discovery which confer certain exclusive distribution rights in France.

The Group intends to continue to selectively invest in local and value-added premium content as well as sports broadcasting and distribution rights in the future to enrich its differentiated and convergent communication services from those of its competitors.

Activities of Société Réunionnaise du Radiotéléphone

Société Réunionnaise du Radiotéléphone ("**SRR**"), a wholly-owned subsidiary of the Group, operates in Réunion and Mayotte in all mobile and fixed residential and business services retail markets.

SRR is a major operator in mobile telephony (historical incumbent) and fixed services in the retail markets in these two territories. SRR ensures proximity to its customers through its 19 shops in Réunion, its six boutiques in Mayotte and a dedicated customer service team.

SRR provides a wide range of different offers with low-cost services under the Redbysfr.re brand as well as premium offers with SFR Presse, BFM, SFR Sport and SFR Play services. SRR also offers packages under the

NRJ Mobile brand mainly for young people and under the La Poste Mobile brand for new customers. In addition, the SRR provides data offerings, which include M to M solutions as well as packages for tablets and internet dongles.

Since December 1, 2016, these offers are available in 4G (LTE). As part of the ARCEP 4G frequency allocation procedure, SRR has obtained new frequencies in the 800 Mhz, 2.1 Mhz and 2.6 Mhz bands.

In addition, SRR continues to deploy its FTTH network in Réunion, which launched in March 2016.

Activities of Equity-Accounted Affiliates and Joint Ventures

The material equity-accounted entities of the Group as of June 30, 2021, include:

XpFibre

See "*—Material Contracts—XpFibre—Sale of a 49.99% Interest in XpFibre S.A.S.*" below and "*Certain Relationships and Related Party Transactions—Transactions with Equity Associates and Joint Ventures—XpFibre Holding and its subsidiaries*" elsewhere in this Notice for more information.

In connection with the Covage Acquisition, XpFibre Holding (formerly known as SFR FTTH Network Holding S.A.S.) was incorporated as a sole direct shareholder of (y) XpFibre Network (formerly known as SFR FTTH Network S.A.S.) and (z) XpFibre S.A.S. (formerly known as SFR FTTH S.A.S.), and the XpFibre business was contributed to XpFibre Holding on December 8, 2020. Please also see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Significant Events Affecting Historical Results—For the year ended December 31, 2020—Completion of acquisition of 100% interest in Covage by XpFibre Holding*".

La Poste Telecom

The Group holds 49% of the share capital of La Poste Telecom that markets, under the La Poste Mobile brand, mobile telephony (subscription and pre-paid cards) as well as fixed services (DSL, very-high-speed internet) through the network of post offices. La Poste Mobile is an MVNO on the Group's network. See "*Certain Relationships and Related Party Transactions—Transactions with Equity Associates and Joint Ventures—Transactions with La Poste Telecom*" for more information.

Synerail and Synerail Construction

See "*—Material Contracts—Wireless Network Agreements—Agreement Related to the GSM-R Wireless Telecommunications Network*" below and "*Certain Relationships and Related Party Transactions—Transactions with Equity Associates and Joint Ventures—Transactions with Synerail and Synerail Construction*" elsewhere in this Notice for more information.

Seasonality

With regards to residential activity, the year-end period is a period of extremely sensitive sales. A major defect in information systems or in any component of the production and logistics chain during this period would adversely affect revenues. To prevent this risk, the Group avoids working on the network and information systems during this period of the year (from mid-November until year end).

With regards to fixed-line business services activity, revenues from standard analog pay-TV services and basic and high-end cable pay-TV, as well as broadband internet service, are mostly based on fixed monthly pricing and are therefore not subject to seasonal changes. The increase in the number of customers is generally higher from September to January, reflecting a greater tendency for households to equip themselves during back-to-school and year-end periods.

Sales to business services customers generally grow in June and December which are periods when private and public-sector businesses create their budgets, while revenues from business services telephony services tend to reflect the timing of school holidays, with a slight drop during summer and winter vacations as well as during May holidays.

Revenues from the Group's content business, which are mainly derived from advertising and, to a lesser extent, the paid circulation of newspapers (subscriptions, newsstand sales), are subject to seasonal variations. For example, the seasonality of advertising revenues can change each year depending on the economic situation, the school calendar, the general news and the ability to preserve advertising space in a context of high level of news as well as, current or sporting events (tournaments and international competitions).

Suppliers

The Group has introduced a multi-sourcing purchasing policy for some technologies and permanently monitors suppliers in the production chain.

The breakdown of the main suppliers for the major categories is as follows:

- nine main suppliers of mobile handsets and customer premises equipment;
- five main suppliers of telecommunications equipment;
- seven primary suppliers for the deployment of this equipment and maintenance;
- ten principal suppliers for IT systems;
- three main suppliers for call centers.

For mobile handsets, the Group works with the best known brands on the market, as well as with Original Design Manufacturers (ODM) for which SFR uses dedicated brands. It is very important for the Group to have access to all the leading brands on the market. Moreover, SFR may, for some very specific products or services, find itself dependent on certain suppliers. SFR considers itself to be commercially dependent on a handset supplier and on an access provider.

For customer premises equipment, the Group works with reputed equipment manufacturer, who produce integrated solutions to the specifications of the Group. The Group owns the IP rights to the technology used to manufacture this equipment.

For telecommunications equipment, the Group has a dual sourcing policy with leading companies in these markets for the network's main equipment, particularly radio equipment. As a result, the Group believes that there is no critical dependence. For the backbone, SFR has more of a mono-sourcing policy, based on the type of equipment, in order to simplify the process and because of smaller volumes of investments. The companies concerned are also leaders in their fields.

For the information systems, the Group uses either solutions recognized in the market (Oracle, SAP), or more advanced solutions for which specific provisions are stipulated in the contracts in order to protect access to the source code. SFR believes there is no critical dependence in this area.

Thus, the Group has developed and maintains relations with various suppliers who contributed to the development of innovations, service quality and operational excellence for its customers to ensure economic efficiency.

The purchasing process consists of five stages that describe the entire life cycle of the relationship between the Group and its suppliers.

The selection of suppliers is one of the critical steps. It is rigorous and applies objective criteria relating to product and service quality, delivery terms and conditions and their costs as part of the total cost of ownership.

This assessment also considers commitments relating to:

- compliance with applicable laws and regulations;
- compliance with rules of confidentiality and loyalty;

- the existence and application of an Environmental and Social Responsibility (ESR) policy suited to the nature of the products and services supplied.

These criteria are explicitly set forth in the contracts that govern the Group's relations with its suppliers.

Governance is set up with the principal suppliers. This enables a long-term, balanced relationship to be established and relates to both the monitoring of performance, the sharing and supervising of targets and the exchange of information regarding market and technology trends.

The SFR entity has been implementing a purchasing policy that takes into consideration the principles of social and environmental responsibility in its relations with its suppliers in order to improve risk control.

The main principles are as follows:

- give priority to suppliers that meet these challenges;
- take these criteria into consideration in supplier evaluations; and
- promote and ensure compliance with the code of ethics and commitments published by the Group.

All purchase contracts signed in the last few years include a clause on "compliance with laws and regulations—social responsibility". The Group uses the specialized company AFNOR to evaluate its main suppliers on a regular basis.

The use of protected sector businesses (recycling of equipment, telephone contacts, etc.) is an integral part of the purchasing policy and is regularly monitored.

As described above, the Group uses several suppliers in the course of its business activities. The Group believes that it is not dependent on any single supplier (with the exception of one single supplier for certain components for set-top boxes) and that the loss of one of its suppliers would not have any material adverse effect on the Group's business, and that the Group could replace its main suppliers without any major disturbance to its operations, with the exception of a very small number of suppliers (one terminal supplier and one access supplier).

Material Contracts

A summary of certain material agreements reached by the Group follows.

Telecommunications Agreements

Interconnection

Interconnection is the means by which the Group is connected with third-party operators, enabling the provision of electronic communications services to end users. For a subscriber of a telephone network to be able to call an end user located on another telephone network, the subscriber's network service provider must connect to the end user's network or to the network that transfers the call to the end user's network. As a general rule, the operator of the network that is transferring the call and the operator of the end user's network (if different to the former) bill the subscriber's service provider for the expenses incurred in transferring traffic and/or call termination. These expenses are calculated based on the rates for call establishment and the duration of the telephone calls. The interconnection rates and expenses are regulated by ARCEP.

The Group has entered into an interconnection agreement with Orange for an indefinite term. The agreement may be terminated by the Group subject to three months' written notice. The Group has also reached interconnection agreements with other operators for routing traffic.

Unbundling

Unbundling consists of the supply by Orange of local copper-wire loops to third-party operators, which then install their own transmission equipment on those local copper-wire loops, allowing such operators to ensure end-to-end

management of the network connecting it to its customers. The Group has entered into an agreement with Orange for accessing its local loops.

Supply Agreements

Content Agreements

The Group has entered into several agreements with publishers for broadcasting digital television channels, including TF1, Groupe M6 and Canal+. These agreements are generally for renewable three-year terms. Different compensation models are applicable, primarily regarding the provision of non-linear TV offerings (e.g. deferred broadcasts and catch-up TV), with compensation being determined on either a flat-rate price or based on the number of subscribers using such services (the latter of which is the market (and Group) trend).

In July 2020, the Group and Altice Europe reorganized the corporate organizational structure for content activities. SportCoTV, a wholly-owned subsidiary of the Company, acquired the shares of Altice Pictures, a subsidiary of Altice Europe incorporated in Luxembourg, which at the time held the rights for sports content and other premium content. Prior to such acquisition, a reorganization of Altice Europe's structure relating to content activities was carried out, including the transfer of activities performed by AENS, an affiliate of the Group that previously provided the premium sports channels to the Company, to Altice Pictures, thereby ensuring that the entire value chain would subsequently be transferred to the Company, which is the entity that benefits the most from the marketing of the associated channels. Altice Pictures was merged into SportCoTV on October 15, 2020. SportCoTV was designated as an unrestricted subsidiary under the agreements, instruments and indentures governing the Group's indebtedness, including the Existing Senior Secured Indentures, the Existing Revolving Credit Facilities Agreement and the Existing Term Loans Agreement and will be designated as an unrestricted subsidiary under the Indenture (and therefore will not be subject to any of the covenants set forth therein).

Therefore, through our unrestricted subsidiary SportCoTV, we hold the rights to broadcast and/or distribute various premium sporting events, including the French Athletics Federation, the English Premier League (through an agreement with Canal+), the French Basketball League, the English Rugby Premiership and the UEFA Champions League, the UEFA Europa League, the UEFA Super Cup and the UEFA Europa Conference League (each of the UEFA leagues through an agreement with Canal+ for the 2021-2024 seasons), which are commercialized in France via exclusive RMC Sport branded channels.

Prior to the reorganization of the content activities described above, the Group had entered into various arrangements with Altice Europe's Altice TV division (through its subsidiaries, AENS and Altice Pictures), including (i) exclusive distribution rights in France provided to the Group with respect to a subscription-based VOD service known as "SFR PLAY" produced by Altice TV division; (ii) exclusive distribution rights in France provided to the Group with respect to certain sports and other channels, which included certain exclusive premium sports content; (iii) exclusive distribution rights in France provided to the Group of the following channels Syfy, 13ème Rue, E!; (iv) exclusive distribution rights in France provided to the Group of Discovery Channels; and (v) non-exclusive distribution rights in France provided to the Group of Netflix. On January 8, 2018, Altice Europe announced that existing content wholesale contracts between the Group, and AENS, would be cancelled and replaced by new revenue sharing non-exclusive contracts with a lower guaranteed minimum amount payable by the Group, as applicable ("**AENS Contract Renegotiation**"). This arrangement included the transfer of other premium content contracts from the Group to AENS and allowed the Group to continue to distribute premium pay-TV content to its customers, including RMC Sport channels, BFM Paris, SFR PLAY, Altice Studio, SyFy, 13ème Rue, E!, Discovery Channels and BeIN.

Infrastructure and Network Agreements

Agreements Regarding the Group's Networks

For more information on agreements relating to infrastructure and network see "—*Network*".

Agreement Between Orange and the Group Relating to Fibre Optics Roll-Out

On November 14, 2011, the Group entered into a joint investment agreement with Orange for the roll-out of fibre cable in less densely populated areas in continental France, which account for some 10 million households. Under this agreement, the Group was required to roll out fibre to 2.4 million households and Orange was required to roll out fibre optics to 7.6 million households, each by 2020.

To avoid any overlaps, the agreement designates for each municipality the operator that is in charge of the roll-out, thus ensuring the most optimal timeline and coverage. Each of the parties will become a client of the other by signing IRU agreements in the areas where they will not themselves deploy the fibre. The other operators will have access to these infrastructures through standard operator market agreements. Each party undertakes to cover each municipality within five years of the start of the roll-out.

The French Competition Authority's decision of October 27, 2014 imposed certain obligations on the Group with regards to the implementation of this agreement. As part of the implementation of these commitments, the Group removed part of the exclusivity of deployments from which it benefited on nearly 900,000 homes, thus enabling Orange to supply its own infrastructure in such areas.

On June 27, 2018, Orange and SFR announced that they had reached an agreement ratified by the French Competition Authority pursuant to which the two operators have agreed that 80% of the available homes passed would be deployed by Orange and 20% by SFR. The accord was accepted by the French Competition Authority under the condition that non-compliance could expose both operators to a fine reaching up to 3% of revenues derived in France. This commitment, together with the Group's commitment under the roll agreement, required the Group to roll out fibre to 2.6 million households by 2020. As of December 31, 2020, the Group had met its commitments.

Agreement Between Bouygues Telecom and the Group Relating to Fibre Optics Roll-Out

On November 9, 2010 SFR and Bouygues Telecom entered into a joint investment agreement related to fibre optics roll-out ("**Faber Agreement**"). Under the terms of the Faber Agreement, SFR and Bouygues Telecom committed to jointly invest in the roll-out of a horizontal fibre optic network in a defined number of towns and districts located in high density areas.

By decision no.14-DCC-160 dated October 30, 2014, the French Competition Authority authorized the SFR Acquisition. As part of this decision, the French Competition Authority asked SFR to provide certain commitments related to the Faber Agreement.

These commitments covered three main points:

- The obligation to provide distribution services for all Distribution Points (DP) delivered as of October 30, 2014 within two years;
- The drafting of a rider to the Faber Agreement allowing Bouygues Telecom to order a list of buildings of its choice for the distribution to Distribution Points delivered after October 30, 2014 within three months (excluding performance constraints); and
- The provision of maintenance for the FTTH infrastructure in a transparent and non-discriminatory manner using specially introduced quality indicators.

By decision no.15-SO-14 dated October 5, 2015, the Competition Authority officially opened an inquiry into the conditions under which Altice and SFR Group respect these commitments.

See "*—Legal Proceedings—Civil and Commercial Disputes—Wholesale Disputes—Non-compliance with the commitments entered into by SFR, in the context of the SFR Acquisition, relating to the agreement concluded between SFR and Bouygues Telecom on November 9, 2010*" and "*—Legal Proceedings—Civil and Commercial Disputes—Wholesale Disputes—Bouygues Telecom against SFR (Faber CCI)*" for more information.

Wireless Network Agreements

Bouygues Telecom Agreement

The Group and Bouygues Telecom entered into an agreement on January 31, 2014, whereby they agreed to pool part of their wireless networks. The goal of this agreement is to allow the Bouygues Telecom and the Group to offer their respective subscribers better geographic coverage and service quality, while optimizing costs and investments. The agreement calls for the roll-out of a new shared network in an area corresponding to 57% of the population of France (encompassing the entire territory, other than the 32 largest population centers with more than 200,000 inhabitants and so-called "white spots").

The agreement is based on two principles:

(i) The creation of a special joint venture (Infracos) to manage the assets of the pooled radio sites, i.e. the passive infrastructures and geographic areas where the infrastructures and telecommunications equipment are deployed. The Group and Bouygues Telecom preserve the full ownership of their active telecommunications equipment and frequencies; and

(ii) The mutual provision of RAN-sharing service in 2G, 3G and 4G in the shared territory. Each operator is responsible for the part of the territory in which it assures the design, roll-out, operation and maintenance of the RAN-sharing service.

Under the agreement, the Group and Bouygues Telecom preserve their own innovation capabilities as well as full commercial and pricing independence, and continue proposing differentiated services due to the control of their network cores and frequencies. The agreement to partially pool wireless networks follows many similar arrangements implemented in other European countries.

On January 31, 2014, ARCEP approved the agreement, provided three conditions were met: (i) the preservation of the operators' strategic and commercial autonomy; (ii) the absence of an eviction effect on certain market competitors; and (iii) an improvement of the services provided to users in terms of both coverage and service quality.

The first roll-outs of the RAN sharing coverage were in September 2015, and 12,174 sites were rolled out by June 30, 2021. The Group estimates that as of June 30, 2021, this agreement corresponded to approximately €1,186 million in commitments given, and approximately €1,581 million in commitments received, for a net commitment of approximately €395 million, covering the entire long-term agreement. The target network completion date is expected to be in 2021.

On April 29, 2014, Orange filed a complaint with the French Competition Authority regarding the agreement, arguing that it constituted an anti-competitive practice. Investigations on the merits are currently underway. For more information on the proceedings, see "*—Legal Proceedings—Civil and Commercial Disputes—Wholesale Disputes—Orange v. SFR and Bouygues Telecom (Network Sharing Agreement)*".

Agreement Related to the GSM-R Wireless Telecommunications Network

The Group holds a 30% share in the company Synérail, along with Vinci Energies and Vinci Concessions (collectively, "**Vinci**"), AXA Infrastructure Investissement SAS, AXA UK Infrastructure Investissement SAS and AXA Infrastructure Partners FCPR (collectively, "**AXA**") and TDF, which signed with the public-private GSM-R partnership agreement with RFF. Vinci and AXA each hold a 30% share, while TDF holds the remaining 10%.

The agreement, which has a duration of 15 years from March 24, 2010, and an overall value of approximately €1,000 million, consists of ensuring the financing, construction, operation and maintenance of a digital telecommunications network that will assure communications (voice and data) in conference mode between trains and ground controllers. This allows the creation of a European rail network system with a single, compatible and harmonized communication system that replaces existing national radio systems. The network will be progressively deployed along 14,000 km of traditional and high-speed rail lines in France.

The Group is also a service provider in the construction and operation phase of the GSM-R network through the companies Synérail Construction and Synérail Exploitation, which it holds jointly with Vinci Energies. In the event of a change in control of the Group, Vinci Energies has a purchase option on the stock of these two companies. This option was not, however, exercised as a result of the SFR Acquisition.

*Agreement for the Occupation of the Public Domain of Réseau Ferré de France ("**RFF**")*

The Group has entered into a set of agreements with RFF regarding public domain occupation, through which the Group occupies the infrastructures to set up its network.

White Label Agreements

As part of its undertakings following the decision of the French Competition Authority approving the SFR Acquisition, the Group is now party to agreements with, EI Telecom (relating to 3P FTTB and FTTH white label

services for CIC-Crédit Mutuel Group), La Poste Mobile, Coriolis Telecom and Ciel Telecom (relating to 3P DSL and FTTH white label services), under which it provides content (television, press), very-high-speed internet and telephone services.

Pursuant to the white label agreements, the Group undertakes to abide by certain quality and performance standards, and penalties may be levied against it by its white label clients if these undertakings are not fulfilled. Each of these white label clients pays the Group monthly fees based on the number of end users to whom they sell bundled offers or, in the case of certain voice service agreements, based on usage. The Group's white label clients must pay additional amounts for any supplementary services they require, including customer and billing services. The billed amounts include (i) the subscription fee, which depends on the type of services subscribed, (ii) telephone service costs and (iii) VOD costs.

The Group reached an agreement in May 2009 with Bouygues Telecom for the provision of FTTB very-high-speed bitstream services, which expired in July 2021.

In October 2020, La Poste Mobile sold its 3P fixed customer base to SFR (approximately 120,000 end-customers). In December 2020, Bouygues Telecom acquired EIT Telecom, which will have a negative impact on FVNO and MVNO services sold by SFR to EIT Telecom.

MVNO Agreements

The Group is party to several end-to-end wireless service provision agreements with MVNOs whose activity depends on access to the mobile network of one or more mobile operators. As of the date of this Notice, the Group is party to 12 MVNO agreements, the most important of these being with La Poste Telecom (49% of which is held by the Group and the remaining 51% by Groupe La Poste), El Telecom (CIC Mobile, Crédit Mutuel Mobile and NRJ Mobile), Afone (Leclerc Mobile) and Coriolis Telecom.

On May 17, 2021, Altice France entered into an agreement to acquire 100% of MVNO Afone Participations which further holds 50% of the "RégloMobile business" (with the other 50% owned by the Leclerc group) for an upfront purchase price of €50 million and deferred consideration of €45 million. Following the completion of the Afone Transaction, Altice France will become a partner of the Leclerc group, reinforce its mobile customer base by 770,000 new consumers and benefit from Leclerc group's distribution network. The Afone Transaction is expected to be completed in the third quarter of 2021.

XpFibre

Sale of a 49.99% Interest in XpFibre S.A.S.

On January 31, 2019, the Company entered into an agreement with Piaf BidCo BV, an entity held by Allianz Capital Partners, AXA Infrastructure and OMERS Infrastructure (together, the "**JV Consortium**"), regarding the sale of a 49.99% interest in XpFibre S.A.S. (formerly known as SFR FTTH S.A.S.) an alternative FTTH infrastructure wholesale operator. The transaction closed on March 27, 2019, upon which €522 million total assets and 1,100,000 total homes passed were transferred to XpFibre S.A.S. The final proceeds amounted to €1.7 billion, based on an equity value at closing of €3.4 billion.

Subsequently, on November 25, 2019, XpFibre S.A.S. entered into an exclusivity agreement with Cube Infrastructure Fund and Partners Group (acting on behalf of its clients) regarding the Covage Acquisition which was completed on December 8, 2020. The newly enlarged business has been rebranded as XpFibre. In connection with the Covage Acquisition, XpFibre Holding (formerly known as SFR FTTH Network Holding S.A.S.) was incorporated as a sole direct shareholder of (x) XpFibre Network (formerly known as SFR FTTH Network S.A.S.) and (y) XpFibre S.A.S., and the XpFibre business was contributed to XpFibre Holding on December 8, 2020.

The acquisition was completed for a total cash consideration of over €1 billion, out of which €667 million was raised by way of non-recourse bridge loan at XpFibre Network and €202 million cash equity was contributed by the Group. The European Commission, while approving the Covage Acquisition, proposed the following remedies in order to address certain competition concerns, which have been accepted: (i) divestment of certain assets corresponding to Covage's local fibre loop business, comprising fibre-to-the-office (FTTO) networks (including several mixed FTTO and FTTH networks) and representing altogether approximately 95% of Covage's FTTO business; and (ii) offer of a transitional service agreement to the buyer of the divested businesses, including access to all assets and services required to operate the divested business competitively for a duration enabling the

divested business to become fully independent from XpFibre. The Company has entered into a commitment to make an equity contribution to XpFibre Network in an amount corresponding to its indirect ownership interest therein that is sufficient to ensure that XpFibre Network does not become insolvent and is able to pay its debts as it comes due. On July 1, 2021, XpFibre Holding and Covage entered into a share purchase agreement with Altitude Infra for the divestiture of certain assets of Covage, conforming to the remedies previously proposed by the European Commission as part of the Covage Acquisition (the "**Covage Disposition**"). The disposal relates to Covage's local fibre loop business, comprising fibre-to-the-office (FTTO) networks, including several mixed FTTO and FTTH networks. The transaction is expected to close in the fourth quarter of 2021, subject to the required approvals.

XpFibre Holding (along with its subsidiaries) is accounted for as a joint venture and is therefore consolidated using the equity method in the Company's financial statements. XpFibre Holding and its subsidiaries have been designated as unrestricted subsidiaries under the agreements, instruments and indentures governing the Group's indebtedness, including the Existing Senior Secured Indentures, the Existing Revolving Credit Facilities Agreement, the Existing Term Loans Agreement, and will be designated as unrestricted subsidiaries under the Indenture (and therefore will not be subject to any of the covenants set forth therein).

XpFibre S.A.S. is the largest alternative FTTH infrastructure wholesale operator in France. XpFibre S.A.S. plans to significantly expand its network in low density areas, which has been supplemented by the Covage Acquisition. XpFibre S.A.S. sells wholesale services to all operators, including the Group, on the same terms and conditions and with no minimum volume commitments. Altice France sells technical services to XpFibre S.A.S. for the construction, subscriber connection and maintenance of its FTTH network.

XpFibre Shareholders' Agreement

On March 27, 2019, Altice France, Altice Europe and PIAF Bidco B.V. entered into a shareholders' agreement governing the rights and obligations of such parties in their capacities as shareholders of SFR FTTH. Pursuant to the creation of XpFibre Holding as the holding company of XpFibre S.A.S., the shareholders' agreement now governs the rights and obligations of Altice France, Altice Europe and PIAF Bidco B.V. as shareholders of XpFibre Holding. The shareholders' agreement provides for, among other things, a board of directors, which shall be comprised of four members, with two appointed by Altice France and two appointed by PIAF Bidco B.V., and the make up of which is subject to change if the percentage of ownership of XpFibre Holding changes. The shareholders' agreement also contains standard restrictions regarding the transfer of shares. Subject to certain ownership concentrations, XpFibre Holding is not permitted to take the following actions, among others, without the due authorization of the board of directors, including the affirmative vote of at least one director designated by PIAF Bidco B.V.: the issuance of equity securities, the entry into agreements in excess of specified thresholds and the incurrence of indebtedness in contravention of XpFibre Holding's financing policy. The XpFibre shareholders' agreement also grants Altice France an option to purchase from PIAF Bidco B.V. between three and five percent of the share capital of XpFibre Holding, subject to certain conditions.

Agreements between XpFibre and telecommunication operators

XpFibre has entered into agreements with SFR S.A., Orange S.A., Free S.A.S. and Bouygues Telecom for the provision of electronic communication infrastructure by XpFibre to such operators.

Hivory

Agreement to Dispose of Tower Assets

On August 7, 2018, the Company and Starlight BidCo S.A.S., an entity controlled by funds affiliated with KKR, entered into an agreement in connection with the acquisition, by funds affiliated with KKR through Starlight BidCo S.A.S., of a 49.99% interest in the tower company, Hivory (the "**Towers Transaction**"). The transaction closed on December 18, 2018. The transaction valued Hivory at an enterprise value of €3,600 million. Hivory is a high-quality telecommunications infrastructure provider with a nationwide presence. It is the largest independent telecommunications tower company in France, benefiting from more than 10,000 strategically located sites with a diversified portfolio of ground-based towers and rooftops. Hivory seeks to proactively partner with third party mobile operators to develop their coverage and densification objectives, including through the build-to-suit of 1,200 new sites by 2022.

Hivory Shareholders' Agreement

In connection with the disposal of a 49.99% interest in Hivory to funds affiliated with KKR, Altice France and Starlight BidCo S.A.S entered into a shareholders' agreement governing the rights and obligations of such parties in their capacities as shareholders of Hivory. The shareholders' agreement provides for, among other things, standard restrictions regarding the transfer of shares, a board of directors, which shall be comprised of five members, with three appointed by Altice France and two appointed by KKR, and certain consent rights granted to KKR to protect its financial interest over specified matters relating to the operation and financing of Hivory. The shareholders' agreement also provides for a call option granted by KKR to Altice France in the event of a direct or indirect change of control of Starlight BidCo S.A.S (an entity controlled by KKR) as well as standard tag-along and drag-along rights. The shareholders' agreement will be terminated upon closing of the Hivory Transaction.

Agreements between Hivory and telecommunication operators

In connection with the Towers Transaction, Hivory has succeeded into certain hosting undertakings of SFR S.A. with Orange France S.A., Bouygues Telecom S.A. and Free Mobile S.A.S. and has entered into a 20-year master services agreement with the Group on November 30, 2018 for hosting, site development and ancillary services to be provided by Hivory to the Group as a tenant, in addition to certain agreements with operators relating to the installation of telecommunications equipment.

The Company entered into an exclusivity agreement dated February 3, 2021 with Cellnex pursuant to which the Company will sell its 50.01% stake in Hivory to Cellnex for an implied enterprise value at 100% of €5.2 billion (the "**Hivory Transaction**"). The transaction is expected to close in the fourth quarter of 2021 following customary regulatory approvals. The Company has designated Hivory as an unrestricted subsidiary under the documents governing the Group's indebtedness, including the Existing Senior Secured Indentures, the Existing Revolving Credit Facilities Agreement and the Existing Term Loans Agreement and will designate Hivory as an unrestricted subsidiary under the Indenture. The proceeds generated from the Hivory Transaction are expected to be used to repay indebtedness of certain holding companies or unrestricted subsidiaries of the Group. Since March 31, 2021, the assets and associated liabilities of Hivory have been classified as held for sale as per the provisions of IFRS 5 in the Group's consolidated financial statements.

Acquisition of Altice International's FOT Business

On October 31, 2018, the Group acquired the controlling interest in Altice Blue Two, previously the holding company for Altice International's operations in the French Overseas Territories of Guadeloupe, Martinique, Guyane, Mayotte and Réunion (the "**FOT Business**") for a total consideration of €476 million.

Agreement to dispose of International Wholesale Voice Carrier Business

On March 12, 2018, Altice Europe and the Group announced that they had entered into an exclusivity agreement with Tofane Global, a Paris-based telecommunications and digital player specializing in international carrier services, for the sale of its international wholesale voice carrier business in France. The sale was completed on September 12, 2018 at a disposal price of €21 million.

Call Centers

In order to optimize services, the Group outsourced certain of its call center operations to ACS. ACS coordinates with and outsources to various call center providers, including Randstad, Outremer Télécom (Mauritius and Madagascar) and Intelcia on behalf of the Group.

On May 16, 2018, the Group successfully acquired a 65% interest in ACS from Altice Europe, thereby internalizing its call center operations. The Group has a call option, and the minority shareholders of ACS have a put option, with respect to the 35% interest in ACS held by the minority shareholders.

Properties

As of June 30, 2021, the Group owned property, plant and equipment with a value of €6,057 million, of which the Group's telecommunications network represented most of this total value. For more information on the Group's

network, see "—*Network*", above. The Group leases some of its property, plant and equipment, particularly certain buildings and telecommunications network infrastructure.

The Group's headquarters are located at 16, rue du Général Alain de Boissieu, 75015 Paris, France, which are leased from SCI Quadrans. See "*Certain Relationships and Related Party Transactions—Transactions with our Controlling Shareholder—Transactions with SCI Quadrans*".

Technical sites

The technical sites of the Group are classified in three categories: (i) mobile switching centers ("**MSC**"), (ii) radio sites (transmitting/receiving sites with transmitting/receiving antennas) and (iii) fibre-optic exchanges.

The Group owns approximately 50 MSC buildings. Its radio network consists of approximately 22,000 sites (including Hivory) of various types (existing buildings, undeveloped land, water towers and pylons), of which the Group is lead operator of 15,000. Approximately 6,900 of the Group's sites have been transferred to Infracos, the Group's joint venture with Bouygues Telecom (see "—*Material Contracts—Wireless Network Agreements—Bouygues Telecom Agreement*" for more information). On December 18, 2018, the Group transferred approximately 10,198 tower sites to Hivory in connection with the Towers Transaction (see "—*Material Contracts—Hivory—Agreement to Dispose of Tower Assets*" for more information) and in February 2021, the Company entered into an exclusivity agreement with Cellnex pursuant to which the Company will sell its 50.01% stake in Hivory to Cellnex. Fibre-optic exchanges primarily include small local optical connection nodes, which are a priority acquisition for the Group. The Group owns the optical fibre and coaxial cables of its network, as well as its equipment, head-ends, nodes, switches, connection equipment and certain other parts of the access network, including the long-distance backbone network. The cable infrastructure used in the Group's network (such as ducts and pylons) is owned by the Group or Orange (in which case Orange makes them available to the Group under long-term IRUs). See "—*Network*", above.

Other property

The Group holds 305 commercial leases for its stores located throughout France. In addition, the Group's assets include movable assets, computer equipment and servers, particularly set-top boxes and other digital terminals and equipment installed on the premises of the Group's subscribers, of which the Group retains ownership and which must be returned to the Group at the end of customers' subscriptions. The Group believes that the usage rate of its property, plant and equipment is consistent with its activity and projected growth, as well as with its current and planned investments.

Environment and Sustainable Development

Given the Group's activities and its current property, plant and equipment, it believes that there are no environmental factors likely to have a significant impact on the use of its current property, plant and equipment. Nevertheless, the Group pays particular attention to its environmental footprint and aims to implement a policy of profitable, sustainable and responsible development with respect to labor, the environment and society at large. The Group has implemented a number of environmental procedures with respect to its activity and its employees and wishes to expand these procedures in the future.

Beyond limiting its direct environmental impact, the Group is also careful to offer its subscribers ecologically responsible products and services in order to reduce their energy consumption. Due to its versatility and multifunctionality, the Group's set-top boxes represent significant environmental advances in its products given that they combine several functions (TV-HD decoder, TV recording device and removable hard drive).

Employees

The Group has recently optimized its workforce with a view to building a more competitive and efficient organization in order to allow it to adapt more quickly to the demands of the telecommunications market. As of December 31, 2020, the Group had an average full-time equivalent employee headcount of 36,894 compared to 32,500 as of December 31, 2019 and 21,759 as of December 31, 2018. The headcount increase is mainly due to the full annual impact of the integration of ATS France, ACS and FOT Business.

In addition, on June 22, 2018, the Group entered into an agreement providing a new commitment to the unions to maintain its current number of employees until December 31, 2020. Under this agreement, the Group has also

provided a commitment to the effect that if it undertakes any minor restructuring, its employees will benefit from certain support and structured departure processes.

On May 19, 2020, NextRadioTV announced a restructuring plan to take into account the changing environment for the media industry in France and the impact of the COVID-19 pandemic on the advertising market. On July 24, 2020, the management of the Group's media business presented the Livre 2, the document that outlines the restructuring plan, to the workers' council. As per the document, the Group introduced a voluntary departure plan aimed at reducing the workforce by around 228 full time employees and by limiting the use of part time workers, freelancers and consultants. An agreement with respect to the restructuring plan was signed with the unions on September 15, 2020 and approved by the French Labor Authorities. The plan began on October 8, 2020 and ended on December 23, 2020, and the target redundancies were met.

On March 3, 2021, the Group unveiled its strategic mid-term plan, named, 'transformation et ambitions 2025', whereby the Group laid out its strategy in order to achieve certain business objectives by 2025, including, amongst others, fibre and 5G coverage targets. As part of the plan, the Group announced that it intends to reduce its headcount by approximately 1,700 employees, including 400 employees in its distribution business pursuant to voluntary departure plans. The Livre 2, the document that outlines the details of the restructuring was officially presented to the workers' unions on April 8, 2021.

Legal Proceedings

The Group is involved in legal and administrative proceedings that have arisen in the ordinary course of its business.

A provision is recorded by the Group when (i) there is sufficient probability that such disputes will give rise to liabilities borne by the Group and (ii) the amount of such liabilities can be reasonably estimated. Certain Group companies are involved in disputes related to the ordinary activities of the Group. Only the most significant litigation and proceedings in which the Group is involved are described below. See note 21 to the Unaudited Interim Financial Statements for more information regarding the Group's current legal and administrative proceedings.

Other than those described below in this section, the Group is not aware of any governmental, legal or arbitration proceedings (including any pending or threatened proceedings of which the Group is aware) that may have or have had in the last twelve months significant effects on the financial position or profitability of the Group.

Tax Audits

The Group is currently subject to a comprehensive tax audit for the year 2017.

VAT

The French tax authorities have conducted audits of various companies of the Group with respect to the VAT rates applicable to the Group's multi-play offerings, and to a lesser extent to the tax on telecommunication services. Pursuant to the French tax code rules applicable in 2010, television services are subject to a reduced VAT rate of 10%, press services are subject to a reduced VAT rate of 2.1%, while internet and telephony services are subject to the normal VAT rate of 20%. French tax authorities have reassessed the application of VAT rates on certain multi-play offerings for fiscal years 2013 to 2016. The Group is disputing all of the proposed reassessments and has initiated appeals and dispute proceedings, which are at different stages for each of the years subject to reassessments.

TST

The CNC ("Centre National du Cinéma") has conducted an audit on the tax on television services ("TST") for 2014 to 2017, which led to a reassessment related to the scope of such tax, which should include, according to the tax authorities, all services included in an offer and not only those allowing the access to a television service.

Income Tax

Tax authorities have conducted an audit on the taxable income of the tax group of Altice France for fiscal years 2014 to 2017. Main proposed tax reassessments relate to the amount of the fiscal losses inherited from previous

tax groups pursuant to the mechanism of imputation on a broad base ("mécanisme d'imputation sur une base élargie"). In addition, the tax authorities have conducted an audit on deduction of certain intra-group charges on fiscal years 2016 and 2017.

As of June 30, 2021, the cumulative amount of the tax reassessments described above amounted to €824 million. The Group companies are disputing the main proposed reassessments and have filed appeals and litigation at various levels depending on fiscal years adjusted. The proposed reassessments have been provisioned in the Unaudited Interim Financial Statements according to the Group companies' risk assessments, in accordance with the accounting standards.

Civil and Commercial Disputes

Wholesale disputes

Complaint by Bouygues Telecom against SFR and Orange regarding the wholesale market in mobile call termination and the retail market in mobile telephony

The French Competition Council received a complaint from Bouygues Telecom against SFR and Orange, claiming that SFR and Orange were engaged in anticompetitive practices in the mobile call termination and mobile telephony markets. On May 15, 2009, the French Competition Authority decided to postpone its decision and remanded the case for further investigation. On August 18, 2011, SFR received a complaint claiming unfair pricing. On December 13, 2012, the French Competition Authority fined SFR €66 million for abuse of dominant position, which SFR has paid.

SFR appealed the decision, and the case was argued in the Court of Appeal on February 20, 2014.

The Court of Appeal rendered its judgment on June 19, 2014, dismissing SFR's appeal (the judgment was appealed to the Court of Cassation (the French Supreme Court) by SFR on July 9, 2014 and on October 6, 2015, the Court of Cassation rejected SFR's appeal), and asked the European Commission to provide an Amicus Curiae brief to shed light on the economic and legal issues raised by this case. The Court of Appeal postponed the ruling on the merits of the case pending the European Commission's opinion. The European Commission rendered its opinion on December 1, 2014, against SFR. The hearing on the merits of the case was held December 10, 2015. The Court of Appeal delivered its judgment on May 19, 2016, granting a 20% fine rebate to SFR due to the new nature of the infraction. The French Treasury (*Trésor Public*) returned €13 million to SFR. SFR appealed on a point of law to the Court of Cassation on June 20, 2016.

As a result of the French Competition Authority's decision of December 13, 2012, Bouygues Telecom, OMEA Telecom and EI Telecom (NRJ Mobile) brought suit against SFR in the Commercial Court for damages. SFR and Bouygues Telecom entered into mediation in June 2014 and the hearing to close the mediation proceedings was held on December 5, 2014. The motion for discontinuance granted on September 11, 2014 ended the legal action between the two companies. With respect to the claim by OMEA Telecom (€68 million) and EI Telecom (€29 million), SFR applied for, and obtained, a stay on a ruling pending the decision of the Court of Appeal. On May 24, 2016, OMEA Telecom withdrew its case. EI Telecom reintroduced its case and updated the amount of its loss to up to €28 million. On October 29, 2020, EI Telecom and SFR agreed on an out of court settlement to put an end to the litigation.

Complaint against Orange to the French Competition Authority regarding the market in mobile telephony services for businesses

On August 9, 2010, SFR filed a complaint against Orange with the French Competition Authority for anticompetitive practices in the business mobile telephony services market.

On March 5, 2015, the French Competition Authority sent a notice of complaints to Orange. Four complaints were filed against Orange. On December 17, 2015, the French Competition Authority ordered Orange to pay a fine of €350 million.

On June 18, 2015, SFR filed a suit against Orange in the Commercial Court and is seeking €2,400 million in damages for the loss suffered as a result of the practices in question in the proceedings with the French Competition Authority.

A first hearing on the merits of the case was held in February 2020 regarding the fault committed by Orange and the causal link between such fault and the damages suffered by SFR. A second hearing was held in March 2020 regarding the quantum of the damages claimed by SFR. The last hearing for the matter was scheduled for April 29, 2020 regarding the potential indexation of the damages suffered by SFR, however the hearing was cancelled due to the COVID-19 pandemic. Further, due to changes in the court's composition, as well as the long interruption due to the COVID-19 pandemic, a recapitulative hearing of the two previous hearings was held on October 2, 2020, followed by questions from the court. The third and last hearing was held on December 10, 2020 regarding the quantum of damages and the indexation of the prejudice.

On March 16, 2021, Orange and SFR reached an agreement to settle several open lawsuits (including the lawsuit mentioned above). As a consequence, SFR and certain affiliate companies have received an indemnity from Orange which was recorded as other income in the consolidated financial statements.

Non-compliance with the commitments entered into by SFR, in the context of the SFR Acquisition, relating to the agreement concluded between SFR and Bouygues Telecom on November 9, 2010

Following a complaint by Bouygues Telecom, the French Competition Authority took legal action on October 5, 2015, to examine whether SFR fulfilled its commitments made to the French Competition Authority, in connection with the SFR Acquisition, under the Faber Agreement (the co-investment agreement with Bouygues Telecom) for the deployment of optical fibre in very densely populated areas.

A session before the French Competition Authority board was held on November 22, and then on December 7, 2016.

On March 8, 2017, the French Competition Authority imposed a financial sanction of €40 million against Altice Europe and the Group for not having complied with the commitments set out in the Faber Agreement at the time of the SFR Acquisition by NC Numericable S.A.S. (now SFR Fibre). This amount was recognized in the Company's consolidated financial statements as of December 31, 2016 and was paid during the second quarter of 2017. The French Competition Authority also imposed injunctions, including mandating a new schedule to supply all outstanding access points with progressive penalties imposed in the event of non-compliance.

A summary was lodged on April 13, 2017 before the Council of State. The judge in chambers of the Council of State said there is no matter to be referred. On September 28, 2017, the Council of State rejected the application of Altice Europe and the Group for cancellation of the decision of the French Competition Authority.

The French Competition Authority is currently monitoring the compliance by SFR of the commitment set out in the Faber Agreement. A decision is expected in second half of 2021. As of December 31, 2020, the Group considers that the risk is difficult to estimate reliably and is hence considered to be a contingent liability under IAS 37 (*Provision, Contingent Liabilities and Contingent Assets*).

SFR v. Orange: abuse of dominant position in the second homes market

On April 24, 2012, SFR filed a complaint against Orange with the Paris Commercial Court for abuse of dominant position in the retail market for mobile telephony services for non-residential customers.

On February 12, 2014, the Paris Commercial Court ordered Orange to pay to SFR €51 million for abuse of dominant position in the second homes market.

On April 2, 2014, Orange appealed the decision of the Commercial Court on the merits. On October 8, 2014, the Court of Appeal overturned the Paris Commercial Court's ruling and dismissed SFR's requests. The Court of Appeal ruled that it had not been proven that a pertinent market limited to second homes actually existed. In the absence of such a market, there was no exclusion claim to answer, due to the small number of homes concerned. On October 13, 2014, SFR received notification of the judgment of the Court of Appeal of October 8, 2014 and repaid the €51 million to Orange in November 2014. On November 19, 2014, SFR appealed the ruling.

On April 12, 2016, the French Supreme Court quashed the judgment of the Court of Appeal and referred the case to the Court of Appeal. Orange returned €53 million to SFR on May 31, 2016. Orange reintroduced the case in the Court of Appeal of Paris on August 30, 2016. On June 8, 2018, the Court of Appeal rejected Orange's appeal. On December 24, 2018, Orange refiled an appeal with the Supreme Court. SFR filed its conclusions in defense on February 15, 2019.

On September 16, 2020, the French Supreme Court overturned the Court of Appeal's decision and referred the case back to the Court of Appeal. Orange refiled the case before the Paris Court of Appeal on October 8, 2020. The procedure is pending.

SCT against SFR

On October 11, 2017, SCT summoned the Group before the Paris Commercial Court alleging certain dysfunctions and failings in the delivery of the Group's Fixed services, and the loss of certain clients as part of the supply of MVNO services.

SCT is claiming damages in the amount of approximately €48 million (comprised of €25 million for the fixed services, €15 million for loss of clients, €2 million for loss of revenues, €1 million for deployment delays, €4 million for dysfunctions which led a negative impact on their internal management, €1 million for overcharging, €1 million for purchases with Orange and €200,000 for damages to their image).

This case was subject to a conciliation proceeding between the parties. After the failure of this proceeding, the case was sent to be tried on the merits and the procedure is still pending.

Consumer Disputes

Free v. SFR: unfair practices for non-compliance with consumer credit provisions in a subsidized offer

On May 21, 2012, Free filed a complaint against SFR in the Paris Commercial Court.

Free challenged the subsidy used in SFR's "*Carrés*" offers sold over the web between June 2011 and December 2012, claiming that the subsidy constituted a form of consumer credit and, as such, SFR was therefore liable for unfair practices by not complying with the consumer credit provisions, in particular in terms of providing relevant information to customers.

Free asked the Paris Commercial Court to order SFR to provide customers with the relevant information and pay damages. On January 15, 2013, the Commercial Court dismissed all of Free's requests and granted SFR €300,000 in damages. On January 31, 2013, Free appealed the decision.

On March 9, 2016, the Court of Appeal upheld the judgment of the Paris Commercial Court and dismissed all of Free's claims. The amount of the compensation to be paid by Free to SFR increased from €300,000 to €500,000. On May 6, 2016, Free filed an appeal. SFR's defense was filed on November 8, 2016.

The Court of Cassation rendered a decision on March 7, 2018. This decision overturned and partially cancelled the decision rendered by the Court of Appeal and referred the case back to the Court of Appeal. The Court of Cassation considered that the Court of Appeal had based its prior judgment on improper motives to exclude the mobile subsidy provided by the Group on its subscriptions from the scope of consumer credit. In addition, the Court of Cassation reaffirmed the order requiring Free mobile to pay €1 million for the defamation suffered by the Group.

Free referred the matter to the Second Court of Appeal. On April 24, 2019, the Second Court of Appeal ruled that the "*Carrés*" offer was to be considered a form of consumer credit and therefore SFR is consequently liable for unfair commercial practices. However, the Court dismissed Free from its other claims and an expert opinion has been requested by the Court to determine the damage suffered by Free (Free claimed €98 million in damages), while limiting the scope of damages claimed to €79 million. The expert opinion is pending.

SFR v. Iliad, Free and Free mobile: unfair practices by disparagement

On May 27, 2014, SFR filed a complaint against Iliad, Free and Free Mobile in the Paris Commercial Court for unfair competition, claiming that since Free Mobile was launched, Iliad, Free and Free Mobile were liable for unfair practices by disparaging SFR's services. SFR claimed €493 million in damages.

On September 9, 2016, Free argued that SFR denigrated their capacities and services and claimed €475 million in damages. The Paris Commercial Court rendered its judgment on January 29, 2018. The Court ordered Free Mobile to pay to SFR €20 million as moral damage as a result of unfair competition made by disparagement. In addition, the Paris Commercial Court ordered that SFR pay €25 million to Free Mobile as moral and material damage as a

result of unfair competition made by disparagement. Accordingly, the Court ordered, as compensation, SFR to pay to Free Mobile €5 million as damages. This decision was executed and the Group paid the €5 million net amount to Free Mobile in June 2018. SFR appealed this decision and the case is still pending.

Disputes regarding the transfer of customer call centers from Toulouse, Lyon and Poitiers

Following the transfer of customer call centers in Toulouse and Lyon to Infomobile, and the transfer of the Poitiers call centers to a subsidiary of the Bertelsmann Group, the former employees at those sites filed legal actions at Human Rights Tribunals in each respective city, claiming that their employment contracts were unfair and constituted fraud under Article L. 1224-1 of the French *Code du travail (the* "**French Labor Code**") and that their dismissals were in breach of the legal provisions regarding dismissal for economic reasons.

The rulings in 2013 were mixed. The Toulouse Court of Appeals penalized SFR and Téléperformance in half of the cases, while the Lyon and Poitiers courts ruled in favor of SFR. The cases are now at various stages of proceedings in the Labor Tribunal, Court of Appeals and Court of Cassation.

Litigation over distribution in the independent network (consumer market and SFR's Business Team)

Like many other companies operating an indirect distribution model, SFR faces complaints from a number of its current and former distributors. These complaints revolve around claims of sudden breach of contract, unfair economic dependency and/or demands for requalification as a sales agent, as well as, more recently, demands for requalification as a contractual branch manager and requalification as SFR-contracted point-of-sale staff.

Free v. SFR

In July 2015, Free filed suit against SFR seeking to prevent SFR from using the word "Fibre", claiming that the solution marketed by SFR is not a fibre to the home (FTTH) solution. Free considers SFR's communication to be deceptive about substantial qualities and, on that basis, is asking the court to find that SFR is engaging in free-riding and unfair competition.

On January 19, 2018, a decision was rendered requesting SFR to:

- pay €1 million as moral damages;
- communicate, within 90 days following the date of the judgment notification, to each client having subscribed to SFR or Numericable, an offer including the term "fibre" (excluding FTTH offers) on IT support and paper support information relating to (i) the precise nature of its connection to optical fibre; (ii) the number of subscribers sharing coaxial connection; and (iii) the average connection speed at peak hours and off-peak hours;
- inform, within 90 days following the date of the judgment notification, each client having subscribed to SFR or Numericable, an offer including the term "fibre" (excluding FTTH offers) that they benefit from a possibility of immediate termination as a result of default in previous information provided about the exact characteristics of the offer; and
- pay €120,000 pursuant to article 700 of the French Code of Commerce.

The court considered that it made a material error in failing to mention provisional enforcement in the judgment. Accordingly, the court decided, by judgment dated February 12, 2018, that provisional enforcement applies for all convictions in this case.

Despite its appeal before the Court of Appeal of Paris, SFR was obliged to execute the judgment. Free challenged SFR's proper execution of the judgment and referred the matter to the enforcement judge which confirmed the proper execution of the ruling by SFR. Free appealed this decision and the proceedings are still pending.

Other disputes

In-depth inquiry of the European Commission into the assignment of cable infrastructures by certain local authorities

On July 17, 2013, the European Commission signaled that it had decided to open an investigation to verify whether the transfer of public cable infrastructure between 2003 and 2006 by several French municipalities to SFR Fibre (formerly NC Numericable S.A.S.) was consistent with European Union government aid rules. In announcing the opening of this in-depth investigation, the European Commission indicated that it believes that the sale of public assets to a private company without proper compensation gives the latter an economic advantage not enjoyed by its competitors, and that it therefore constitutes government aid within the meaning of the rules of the European Union. The free-of-charge transfer of the cable networks and ducts by 33 French municipalities to SFR Fibre, therefore, it was argued, confers a benefit of this type and constitutes government aid. The European Commission has expressed doubts about the compatibility of the alleged aid with the rules of the European Union. The Group firmly denies the existence of any government aid. In addition, the decision to open an investigation concerns a relatively small number of network connections (approximately 200,000), the majority of which have not been migrated to EuroDocsis 3.0 and only allow access to a limited number of the Group's television services.

The European Commission's decision of July 17, 2013 was published in the Official Journal of the European Union on September 17, 2013. Since then, discussions have continued within the framework of this process both in terms of comments from third parties as well as those from the parties to the proceedings as to the allegation of the existence of aid and its extent, with the Group firmly challenging the existence of any government aid.

Actions by Colt, Free and Orange against the European Commission regarding DSP 92

Colt, Free and Orange filed three separate motions against the European Commission before the General Court of the European Union ("**GCEU**") seeking to annul the European Commission's final decision of September 30, 2009 (decision C(2009) 7426), which held that the compensation of €59 million granted for the establishment and operation of a high-speed electronic communications network in the department of Hauts-de-Seine does not constitute state aid within the meaning of the rules of the European Union. The Group is not party to these proceedings. The Company's subsidiary Sequalum, as well as the French government and the department of Hauts-de-Seine, are acting as civil parties. In three rulings dated September 16, 2013, the GCEU dismissed all three actions and confirmed the aforementioned decision of the European Commission. Free and Orange have appealed to the Court of Justice of the European Union. The procedure is pending.

Litigation between Sequalum and Hauts-de-Seine General Council regarding the DSP 92 Litigation

A disagreement arose between the Hauts-de-Seine General Council and Sequalum regarding the terms of performance of a utilities concession contract ("**THD Seine**") signed on March 13, 2006 between Sequalum, a subsidiary of the Group, and the Hauts-de-Seine General Council, to create a very-high-speed fibre optic network in the Hauts-de-Seine region (the "**DSP 92 Litigation**").

The Hauts-de-Seine General Council decided in its October 17, 2014 meeting to terminate the public service delegation agreement signed with Sequalum "for gross misconduct by the delegatee for which it is solely responsible".

By two judgments dated March 16, 2017, the Administrative Court of Cergy Pontoise rejected the actions brought by Sequalum against the two demands issued by the Hauts-de-Seine General Council for the penalties in the amounts of €52 million and €45 million. Sequalum appealed the two decisions before the Administrative Court of Versailles, but paid €97 million over the month of July 2017.

On October 16, 2014, Sequalum filed a motion in the Administrative Court of Cergy Pontoise to have the public service delegation rescinded on the grounds of force majeure due to irreversible disruption of the contract, and for a payment of compensation.

Sequalum claimed that the termination was unlawful, and continued to perform the contract, subject to any demands that the delegator may impose. If the courts decide against Sequalum, Sequalum may have to (i) repay the public subsidies received for the DSP 92 project, equal to the outstanding component of the subsidies (Sequalum has received €25 million in subsidies from the Hauts-de-Seine General Council), (ii) reimburse any deferred income (estimated to be €32 million by the Department of Hauts-de-Seine) and (iii) compensate the

Department of Hauts-de-Seine for damages suffered (estimated to be €212 million by the Department of Hauts-de-Seine). The Hauts-de-Seine General Council received the returnable assets of the DSP 92 project on July 1, 2015. If the courts decide in favor of Sequalum, the Hauts-de-Seine General Council would have to pay compensation to Sequalum in an amount equal to the net value of the assets.

On December 31, 2015, the assets were removed from Sequalum's account in an amount of €116 million. A receivable in the amount of €139 million related to the expected indemnification due to Sequalum was also recognized and fully provisioned.

On July 11, 2016, the Department of Hauts-de-Seine issued a detailed account of all sums it believed to be due by each party in respect of the various disputes, and issued securities on the basis of the said account. The various sums were the subject of a decision of the public accountant dated July 13, 2016, with the final approved amount totaling €182 million. This statement, the securities and the compensation decision were the subject of motions for annulment filed by Sequalum before the Administrative Court of Cergy Pontoise on September 10, 12 and 14, 2016.

These applications remain pending, except for the application for annulment relating to the breakdown (the Court having considered that the breakdown was not a measure which could be appealed but Sequalum appealed this decision before the Versailles Administrative Court of Appeals). The Group outlined that it had its own optical fibre in the Haut-de-Seine department enabling it to serve its customers.

In September 2017, the department issued three revenue orders (*titres de recette*) in order to minimize the balance due to Sequalum at the time of counting. The following demands were contested:

- Order of an amount of €23 million for the unamortized portion of the subsidies (SFR's appeal was dismissed);
- Order of an amount of €32 million for deferred income (SFR's appeal was successful); and
- Order of an amount of €6 million for amounts received as prepayment for connections (SFR's appeal was dismissed).

The Department issued a revenue order of €212 million for damages suffered as a result of the faults based on which the contract was terminated. The judgment was rendered on February 15, 2018, and reduced the indemnity by €187 million and the amount of the revenue order to €26 million. The department appealed this decision. The judgement rendered on July 5, 2018 granted Sequalum's request for the cancellation of the compensation. On the other hand, the request for repayment was rejected. This rejection was appealed by Sequalum.

On June 7, 2021, the permanent commission of the department of Hauts de Seine unanimously approved a settlement agreement which put an end to the existing litigation between Sequalum and the Hauts-de-Seine General Council. This litigation is now closed. The accounting impacts of this settlement were recorded as other income in the consolidated financial statements.

Iliad/Free gun-jumping litigation against Altice Luxembourg, the Group, SFR and SFR Fibre

On April 5, 2019, the Company and Altice Luxembourg, *inter alios*, received a claim from Free stating that the practices sanctioned by the French Competition Authority in November 2016 in the SFR Fibre/SFR/Virgin Mobile gun jumping case caused Free to lose the tender process for the acquisition of Virgin Mobile. Free is now seeking €216 million in monetary damages.

The Company has requested certain documents from Free to understand the rationale for the damages claimed by Free. At this stage, the Group strongly challenges the merits of this claim. A hearing has been scheduled for September 23, 2021 for the Group to present its conclusions.

Free against RMC Découverte, Diversité TV France, BFM BusinessTV, NextRadioTV, SFR, Altice France

Following the dispute that occurred in 2019 between Free and various channels of the Group concerning their free-to-air broadcasting, and the messages broadcasted by the Group's channels concerning the end of their broadcasting by Free, Free filed a complaint against the Group's channels on December 11, 2020 before the Paris Commercial Court seeking:

- €0.8 million in compensation for the damage suffered as the result of the alleged practices restricting competition;
- €14.4 million in damages for alleged acts of unfair competition;
- €1.9 million in compensation for the alleged moral prejudice resulting from these acts of unfair competition;
- €0.2 million under Article 700 of the French Code of Civil Procedure; and
- the publication of any unfavorable decision in various medias and on the Group's website.

The proceedings are ongoing. The Group challenges the merits of this claim.

Litigation arising from the voluntary redundancy plan of 2017

In the context of the voluntary redundancy plan initiated by the Group in 2017, certain former employees of the Group have introduced claims before the Labor Law Ombudsman (*Conseils de Prud'hommes*) claiming breach of the legal provisions in the French Labor Code applicable to lay-off for economic reasons. The Group contested the foundation of these claims and decisions were rendered in favor of the Group. Several cases are still pending.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis provides information that we believe is relevant to an assessment and understanding of the Group's financial condition and results of operations and should be read together with the Unaudited Interim Financial Statements and the Audited Financial Statements. This discussion contains forward-looking statements that are subject to numerous risks and uncertainties. See "Forward-Looking Statements" and "Risk Factors" for a discussion of important factors to be evaluated in connection with an investment in the Notes.

In this section, unless the context otherwise requires or otherwise specifies, the term (i) "Group", "we", "us" and "our" refers to Altice France and its subsidiaries as of the applicable time period presented, even though we may not have owned such subsidiaries for the entire duration of such period presented and (ii) "Altice TV" refers to the businesses conducted by SportCoTV and its subsidiaries relating to the packaging and distribution of television content, including premium sports content.

The Group applies International Financial Reporting Standards (IFRS) as endorsed in the European Union. Adjusted EBITDA, operating free cash flow and Capital Expenditures (accrued), and measures derived therefrom, are not defined in IFRS and are "non-IFRS measures". Management believes that these measures are useful to readers of the Group's financial statements as it provides a measure of operating results excluding certain items that we believe are either outside of our recurring operating activities, or items that are non-cash. Excluding such items enables trends in our operating results and cash flow generation to be more easily observable. We use the non-IFRS measures internally to manage and assess the results of our operations, make decisions with respect to investments and allocation of resources, and assess the performance of management personnel. Such performance measures are also the de facto metrics used by investors and other members of the financial community to value other companies operating in our industry, and thus are a basis for comparability between us and our peers. However, Adjusted EBITDA, as used herein, is not necessarily comparable to similarly titled measures of other companies. Furthermore, Adjusted EBITDA has limitations as an analytical tool and should not be considered in isolation from, or as an alternative to, net income or loss, operating income, cash flow or other combined income or cash flow data prepared in accordance with IFRS.

Basis of Presentation

The Group has adopted IFRS 15 and IFRS 9 effective from January 1, 2018. Unless otherwise specified, the financial information presented in this section reflects the change in accounting standards.

The Group has adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of January 1, 2019. The financial information for the year ended December 31, 2018 in the 2019 Financial Statements has not been restated for the impacts of IFRS 16. See note 1.2.3 to the 2019 Financial Statements. Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases for which it is the lessee. The Group recognised lease liabilities to make lease payments and right-of-use ("**ROU**") assets representing the right to use the underlying assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Group. The main effects of the adoption of IFRS 16 on assets and liabilities as of January 1, 2019, were a recognition of ROU assets of €3,233 million which are recognized and presented separately in the statement of financial position and include the lease assets in the amount of €121 million previously recognized under finance leases and reclassified from the Property, plant and equipment and Intangible assets line items, and an increase in lease liabilities by €3,214 million (current and non-current) (including the reclassification of finance lease liabilities already recorded as of December 31, 2018 in the amount of €79 million) of which the current and non-current liabilities increased by €663 million and €2,551 million, respectively.

Operational Activities

From time to time we review the presentation of revenues generated by our operational activities to most closely align to the day-to-day operational and strategic divisions in which our business is managed.

On January 1, 2019, we amended the presentation of our revenue derived from operational activities, presenting revenue by activity under "Residential—Fixed," "Residential—Mobile," "Business Services," "Equipment Sales" and "Media" which we believe more accurately reflects the current day-to-day operational and strategic divisions in which our business is managed. For comparative purposes, we have revised the presentation for the year ended December 31, 2018.

Unrestricted Perimeter

Unless otherwise specified, the tables in this section represent the consolidated financial results of the Group (including (i) Altice TV with effect from July 8, 2020, following the completion of the reorganization of Altice Europe's and the Group's content activities, (ii) Hivory and (iii) Altice Finco France following its incorporation on December 21, 2020). XpFibre Holding (along with its subsidiaries) is accounted for as a joint venture and is therefore consolidated using the equity method in the Historical Consolidated Financial Information.

Altice TV

On July 7, 2020, the Group and Altice Europe reorganized the corporate organizational structure for content activities. SportCoTV, a wholly-owned subsidiary of the Company, acquired the shares of Altice Pictures, a subsidiary of Altice Europe incorporated in Luxembourg, which at the time held the rights for sports content, including UEFA Champions League and other premium content. Altice Pictures was subsequently merged into SportCoTV. The Group commenced consolidation of Altice TV in its financial statements from July 8, 2020 following the completion of the reorganization of the Group's and Altice Europe's content activities. SportCoTV has been designated as an unrestricted subsidiary under the agreements, instruments and indentures governing the Group's indebtedness, including the Existing Senior Secured Indentures, the Existing Revolving Credit Facilities Agreement and the Existing Term Loans Agreement, and will be designated as an unrestricted subsidiary under the Indenture (and therefore will not be subject to any of the covenants set forth therein). Certain stand-alone income statement and cash flow items for Altice TV and a reconciliation to the corresponding consolidated income statement and cash flow items of the Group is provided under "*—Discussion and Analysis of Our Results of Operations—For the six months ended June 30, 2021 compared to the six months ended June 30, 2020—Other Information related to Altice TV*" and "*—Discussion and Analysis of Our Results of Operations—For the year ended December 31, 2020 compared to the year ended December 31, 2019—Other Information related to Altice TV*".

Altice Finco France

In connection with the Take-Private Transaction, the Company designated its newly incorporated subsidiary, Altice Finco France, which primarily conducted certain financing activities, as an unrestricted subsidiary under the agreements, instruments and indentures governing the Group's indebtedness, and will designate such entity as an unrestricted subsidiary under the Indenture (and therefore Altice Finco France will not be subject to any of the covenants set forth therein). The financial information, primarily including the indebtedness and interest expense thereon, pertaining to Altice Finco France has been consolidated in the Unaudited Interim Financial Statements of the Company.

Hivory

The Company entered into an exclusivity agreement dated February 3, 2021 with Cellnex pursuant to which the Company will sell its 50.01% stake in Hivory to Cellnex for an implied enterprise value at 100% of €5.2 billion (the "**Hivory Transaction**"). The transaction is expected to close in the fourth quarter of 2021 following customary regulatory approvals. The Company has designated Hivory as an unrestricted subsidiary under the agreements, instruments and indentures governing the Group's indebtedness, and will designate such entity as an unrestricted subsidiary under the Indenture (and therefore Hivory will not be subject to any of the covenants set forth therein). The financial information pertaining to Hivory has been consolidated in the Unaudited Interim Financial Statements and the Audited Financial Statements of the Company, except that the assets and associated liabilities of Hivory have been classified as held for sale as per the provisions of IFRS 5 since March 31, 2021. For the *pro forma* impact of the Hivory Transaction on the Adjusted EBITDA and the capital expenditures (accrued) of the Group, see "*Summary Financial Information and Other Data—Adjusted EBITDA and Pro Forma Adjusted EBITDA*" and "*Summary Financial Information and Other Data—Capital Expenditures*".

XpFibre

XpFibre Holding (formerly known as SFR FTTH Network Holding S.A.S.), a joint venture in which the Group owns a 50.01% interest (with the remaining held by the JV Consortium) was incorporated as a sole shareholder of (x) XpFibre Network (formerly known as SFR FTTH Network S.A.S.) and (y) XpFibre S.A.S. (formerly known as SFR FTTH S.A.S.), and the XpFibre business was contributed to XpFibre Holding on December 8, 2020. XpFibre Holding and its subsidiaries have been designated as unrestricted subsidiaries under the agreements, instruments and indentures governing the Group's indebtedness, including the Existing Senior Secured Indentures,

the Existing Revolving Credit Facilities Agreement, the Existing Term Loans Agreement, and will be designated as unrestricted subsidiaries under the Indenture (and therefore will not be subject to any of the covenants set forth therein). XpFibre Holding (along with its subsidiaries) is accounted for as a joint venture and is therefore consolidated using the equity method in the Unaudited Interim Financial Statements and the Audited Financial Statements of the Company.

Key Factors Affecting Our Results of Operations

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

Acquisitions and Integration of Businesses, Disposals and Strategic Initiatives

Altice France was created following the acquisition of SFR, France's then leading alternative mobile services provider, which occurred on November 27, 2014. Since then, we have, from time to time, made significant direct and indirect equity investments in, and divestments of, certain businesses, including, among others, the acquisition of a controlling interest in Next Radio T.V. in 2016 and the remaining interest therein in 2018, the disposal of i24News and acquisitions of FOT, ACS and ATS in 2018. In addition, in 2018, the Group entered into certain strategic transactions such as the sale of its 49.99% interest in XpFibre S.A.S. (now a subsidiary of XpFibre Holding, a joint venture in which the Group owns 50.01% interest) and the Towers Transaction. In 2019, XpFibre S.A.S. entered into an exclusivity agreement with Cube Infrastructure Fund and Partners Group (acting on behalf of its clients) regarding the acquisition of all of the equity interests in Covage and the transaction was completed on December 8, 2020. Due to the significant nature of certain of these acquisitions and disposals, the comparability of our results of operations based on the Historical Consolidated Financial Information may be affected. See "—*Discussion and Analysis of Our Results of Operations—For the six months ended June 30, 2021 compared to the six months ended June 30, 2020—Significant Events Affecting Historical Results*", "*—Discussion and Analysis of Our Results of Operations—For the year ended December 31, 2020 compared to the year ended December 31, 2019—Significant Events Affecting Historical Results*" and "*—Discussion and Analysis of Our Results of Operations—For the year ended December 31, 2019 compared to the year ended December 31, 2018—Significant Events Affecting Historical Results*".

In general, our results of operations in historical periods have been impacted by actions taken and expenditures incurred to integrate these businesses. We have aimed to integrate and improve the businesses by focusing on several key areas including by (i) investing in the Group's fibre network, migrating existing DSL subscribers to the Group's own network and reducing the need for third party network services, (ii) improving and simplifying operational processes and reduce IT costs by investing in new platforms, (iii) integrating sales organizations, optimizing the Group's sales channels and simplifying the Group's brand portfolio, (iv) implementing procurement efficiencies by leveraging the Group's bargaining power and (v) reducing overhead costs.

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

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

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

For the six months ended June 30, 2021 and for the years ended December 31, 2020 and December 31, 2019, we incurred restructuring and other non-recurring cost and/or income of €10 million, €(151) million and €2,601 million, respectively, which primarily include costs with respect to renegotiations or termination of contractual arrangements, employee redundancies, fees paid to external counsel, capital gain or loss on investing activities and other administrative expenses related to reorganization of existing or newly acquired businesses. For the year ended December 31, 2019, income mainly included a capital gain related to the divestment of 49.99% stake in XpFibre S.A.S. (now a subsidiary of XpFibre Holding, a joint venture in which the Group owns 50.01% interest) for an aggregate amount of €2,796 million. The business combinations performed by the group generated a significant amount of goodwill. As of June 30, 2021 and December 31, 2020, the goodwill recorded on our balance sheet amounted to €9,772 million and €11,046 million (compared to €11,076 million as of December 31, 2019). Goodwill is subject to impairment reviews in accordance with IFRS and any impairment charge on goodwill would have a negative impact on operating profit /net operating income. For the six months ended June 30, 2021, we did not incur any impairment losses.

Multi-Play Strategy

We have implemented a business strategy focused on the provision and expansion of multi-play product offerings, including 3P and 4P bundles. Customers who elect to subscribe for our multi-play bundles rather than our individual services incur comparative cost savings on their monthly bill. We believe that the enhanced value proposition associated with our bundled services enables us to meet our customers' communication and entertainment requirements while concurrently both increasing customer loyalty and attracting new customers. As a result of our focus on providing subscribers with multi-play bundles, we have experienced an increase in the number of our fibre/cable customer relationships. We believe our bundled service offerings will be an important driver of our fixed-based services, partially offsetting the continued pressure on traditional fixed-based services.

Introduction of New Products and Services and Investment in Content

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

In addition, we regularly review and invest in the content that we offer to provide our subscribers with a flexible and diverse range of programming options, including high-quality local content and exclusive premium content. Altice France has acquired the rights, previously held by Altice Europe, to broadcast and distribute various premium sporting events, including the English Premier League (through an agreement with Canal+), the French Basketball League, the English Rugby Premiership, the UEFA Champions League, the UEFA Europa League, the UEFA Super Cup and the UEFA Europa Conference League (each of the UEFA leagues through an agreement with Canal+ for the 2021-2024 seasons), which are commercialised in France via exclusive RMC branded channels.

We also launched a single brand in July 2018 for all of our sports content: RMC Sport, which replaced the SFR Sport channel. At the end of 2016, Altice Europe and the Group also announced strategic agreements with NBCUniversal International and Discovery which confer certain exclusive distribution rights in France. Furthermore, the Group has formed a partnership with Discovery Communications to launch two new exclusive Discovery channels and has obtained exclusive distribution rights to two existing Discovery channels, including the number one factual pay-TV channel in France, and three NBCUniversal channel brands in metropolitan France. Leading 24-hour news is also provided by the Group through its TV news hub bundle, BFM. In June 2017, we entered into a multi-year partnership with Netflix to deliver Netflix's range of critically acclaimed series, movies, documentaries, stand-up comedy and children's programming to our customers in France.

On July 7, 2020, SportCoTV, a wholly-owned subsidiary of the Company, acquired the shares of Altice Pictures, a subsidiary of Altice Europe incorporated in Luxembourg, which at the time held the rights for sports content, including UEFA Champions League and other premium content. Prior to such acquisition, a reorganization of Altice Europe's structure relating to content activities was carried out, including the transfer of activities

performed by AENS, an affiliate of the Group that previously provided the premium sports channels to the Company, to Altice Pictures, thereby ensuring that the entire value chain would subsequently be transferred to the Company, which is the entity that benefits the most from the marketing of the associated channels. Altice Pictures was subsequently merged into SportCoTV. SportCoTV has been designated, and will be designated, as an unrestricted subsidiary under the agreements, instruments and indentures governing the Group's indebtedness, including the Existing Senior Secured Indentures, the Existing Revolving Credit Facilities Agreement, the Existing Term Loans Agreement and will be designated as an unrestricted subsidiary under the Indenture (and therefore will not be subject to any of the covenants set forth therein).

We intend to continue to selectively invest in local and value-added premium content as well as sports broadcasting and distribution rights in the future to enrich our differentiated and convergent communication services from those of our competitors. We believe that such efforts will reduce our customer churn and increase revenue.

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

Pricing

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

Cost Structure

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

Network Upgrades

Our ability to provide new or enhanced fixed-based services, including HDTV and VoD television services, broadband internet network access at increasing speeds and fixed-line telephony services as well as UMTS, 3G and 4G mobile services to additional subscribers depends in part on our ability to upgrade our (i) cable and DSL networks by extending the fibre portion of our network, reducing the number of nodes per home passed and upgrading technical components of our network and (ii) mobile networks by building-out our UMTS-network and

investing in LTE as well as maintaining agreements with third parties to share mobile networks. Since 2015, we have increased our fibre deployment and upgraded a substantial part of our cable networks. For example, as of December 31, 2020, our cable networks are largely DOCSIS 3.0 enabled, which allows us to offer our customers high broadband internet access speeds and better HDTV services across our footprint. The Group accelerated the build-out of its 4G network over the last three years to have a market-leading mobile network in place (4G population coverage of 99.6% as of June 30, 2021). The Group also aims to continue the expansion of its fibre network in France and intends to capitalize on its past investments in improved fibre infrastructure. Furthermore, following the completion of the 5G spectrum allocation by the French government, we have obtained a total of 80 MHz of frequencies in the 3.4-3.8 GHz band. The Group became the first player in the market to offer 5G technology to its customers in certain areas on November 20, 2020 and has 245 MHz in all the frequency bands put into service in France. On March 19, 2021 we launched 5G services in Paris, with close to 80 authorized sites and continue to expand the deployment of our 5G network in other locations. As of June 2021, we have deployed 5G technology in more than 600 municipalities (about 1,751 radio sites) across France.

In each of the past three years, we have incurred significant capital expenditure (between 22-29% of total consolidated revenues) a significant portion of which was spent to improve our mobile network and to roll out new fibre homes and we are the market leader in very high-speed internet in terms of number of fibre homes passed. Our capital expenditure (accrued) amounted to €1,575 million for the six months ended June 30, 2021 and €979 million for the six months ended June 30, 2020.

Competition

We face significant competition and competitive pressures in the French market. Moreover, our products and services are subject to increasing competition from alternative new technologies or improvements in existing technologies.

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

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

In the French pay-TV market, we compete with providers of premium television packages such as CanalSat, DSL 3P and/or 4P operators such as Orange, Free and Bouygues Telecom, which provide Internet Protocol TV ("**IPTV**"), and providers of pay digital terrestrial television ("**DTT**"). In the broadband market, we compete primarily with xDSL, though increasingly with fibre providers such as Orange (the leading DSL provider in France), Free and Bouygues Telecom. Our competitors continue to invest in fibre network technology which has resulted in additional competition to its fibre-based services. In the French mobile telephony market, we compete with well-established mobile network operators such as Orange, Bouygues Telecom and Free, as well as other MVNOs such as La Poste.

In particular, price competition is significant since entry into the market by Free in early 2012 with low-priced no-frills packages.

Moreover, the competition in the fixed market has deteriorated recently with more aggressive promotions from competitors for longer periods, particularly at the low end of the market. However, while the acceleration of our

fibre deployment in France, notably expanding FTTH coverage in low-density and rural areas, should support better fibre subscriber trends as the addressable market for very high-speed broadband services expands, FTTH deployment by the our competitors could accelerate and the share of FTTH on the high-speed internet market could grow significantly thereby eliminating or reducing our fixed network advantage. In the wholesale market, we compete with established players (the incumbent Orange mainly), and with local operators (including Covage, and Altitude Telecom, among others).

Macroeconomic and Political Developments

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

The current macroeconomic environment is volatile, and continuing instability in global markets, including instability related to international trade, tariffs, sovereign debt issues, Brexit, the risk of deflation and the stability of the euro, natural disasters and pandemics (such as the COVID-19 pandemic), has contributed to a challenging global economic environment.

Debt Service Obligations

We have significant outstanding debt and debt services requirements and may incur additional debt in the future. See "*—Liquidity and Capital Resources—Cash and Debt Profile*" below and "*Risk Factors—Risks Relating to Our Financial Profile*" and "*Description of Indebtedness*". Our significant level of debt could have important consequences, including, but not limited to, our ability to invest in new technologies, products and content as well as restricting us from exploiting other business opportunities or making acquisitions. It could also increase our vulnerability to, and reduce our flexibility to respond to, adverse general economic or industry conditions. Our inability to make additional investments and acquisitions could also affect our ability to compete with other operators in the jurisdictions in which we operate. See *"Risk Factors—Risks Relating to the Group's Financial Profile—The Group's significant leverage could adversely affect its business, financial condition and results of operations and prevent the Group from fulfilling its debt obligations under the Notes or impede its ability to raise additional capital to fund our operations*".

Fluctuations in Currency Exchange Rates and Interest Rates

Our reporting currency is euros and most of our operations are conducted in euros. We are exposed to the US Dollar and variable interest rates as part of our debt obligations. However, we have entered into hedging operations to mitigate risk related to variations in the US Dollar and a majority of our debt is fixed rate debt, thus reducing the risk of an increase in benchmark interest rates having a material impact on our interest obligations. See "*Quantitative and Qualitative Disclosures about Market Risk—Interest Rate and Related Risk*" and "*Quantitative and Qualitative Disclosures about Market Risk—Foreign Currency Risk*".

COVID-19 Pandemic

On March 11, 2020, the COVID-19 outbreak was declared by the World Health Organization (WHO) as a global pandemic, highlighting the health risks of the disease. There have also been extraordinary and wide ranging actions taken by national, regional and local governmental authorities to contain and combat the outbreak and spread of the virus. In this context and following regulatory requirements published by the French government over the last year, the Group activated a response program in order to ensure the health and safety of, and minimize the impact of the pandemic on, our employees, customers, business and operations. Please refer to Note 4.3 of the 2020 Financial Statements for more information.

We have continued to provide our telecommunications services to our customers during this pandemic. The COVID-19 pandemic had a limited impact on the annual consolidated financial statements of the Group for the year ended December 31, 2020 and the six months ended June 30, 2021 demonstrating the resilience of the Group's business model. The Group has been impacted by a decline in handsets sales in the context of the closure of shops in France, a decrease in roaming revenue due to decreased travel, delays in the construction of FTTH homes passed in France and, in the year ended December 31, 2020 a decline in the advertising businesses.

As part of economic measures intended to mitigate the impact of the COVID-19 pandemic on businesses, the French government announced a series of measures, certain of which we were entitled to benefit from, including partial unemployment benefit for employee salaries. We decided to apply for such government benefit from mid-March to mid-May 2020 with respect to approximately 4,200 employees whose jobs were directly impacted by the mandatory lockdown imposed by the French government. Under such measure, the French government paid the relevant employees the equivalent of 84% of their fixed and variable pay per month for the period between March 2020 and May 2020 and the Group paid the remaining 16%. The Group received a wage subsidy of €16 million under this economic measure and there were no restrictions on the Group's business associated with subscribing to such measure.

Our future results may be impacted, including if residential or business customers discontinue their service or are unable to pay for our products and services, if roaming revenue continues to decline due to reduced international travel or if advertising revenue continues to decline. Additionally, in order to prioritize the demands of the business, we may choose to delay certain capital investments or reassess our priorities relating to capital investments. Due to the uncertainty surrounding the magnitude and duration of business and economic impacts relating to the COVID-19 pandemic, including the effort to contain and combat the spread of the virus, and business impacts of government actions, we currently cannot reasonably estimate the ultimate impact of the COVID-19 pandemic on our business.

The Group has taken into account the impact of the COVID-19 pandemic in its accounting estimates, notably those related to the valuation of non-current and current assets (including goodwill). Based on the information above and available liquidity and cash requirements, the Group considers that the assessment of the going concern assumption for the Group is not impacted.

Key Performance Indicators

We use certain key performance indicators specified below to track the financial and operating performance of our business. None of these terms are measures of financial performance under IFRS, nor have these measures been audited or reviewed by an auditor, consultant or expert. All of these measures are derived from our internal operating and financial systems. As defined by our management, these terms may not be directly comparable to similar terms used by competitors or other companies.

With effect from January 1, 2021, we have revised the presentation of our key performance indicators, which differs from our presentation for the prior periods. As of January 1, 2021, our key performance indicators include fibre homes passed, total fibre customers, total fixed customers and total mobile subscribers. The fibre homes passed measure is comparable to the fibre/cable homes passed measure for the periods prior to January 1, 2021. Total fibre customers, total fixed customers and total mobile subscribers include the customers/subscribers in our B2C and B2B segments, while in the periods prior to January 1, 2021, we only presented customers/subscribers in our B2C segment. As a result, there is no directly comparable information available for any periods prior to January 1, 2021 with respect to the total fibre customers, total fixed customers and total mobile subscribers, due to which the comparability of our operating performance based on these measures is limited.

The table below details the Group's key operating data as of June 30, 2021.

	As of June 30, 2021[4]
	(in thousand)
Fibre homes passed[1]	23,083
Total fibre customers[2]	3,685
Total fixed customers	6,704
Total mobile subscribers[3]	18,159

(1) Includes fibre homes now passed by XpFibre. Does not give effect to the disposition of a portion of the homes passed by XpFibre in connection with certain remedies proposed by the European Commission, while approving the Covage Acquisition. The disposition is expected to close in the fourth quarter of 2021, subject to the required approvals. See "*Business of the Group—XpFibre*".

(2) Total fibre customers represents the number of end users who have subscribed for one or more of our fibre/cable-based services (including pay television, broadband or telephony), without regard to how many services to which the end user subscribed. Fibre customer base for France includes FTTH, FTTB and 4G Box customers and excludes white-label wholesale customers.

(3) Mobile subscribers is equal to the net number of lines or SIM cards that have been activated on the Group's mobile network and excludes M2M SIM cards. Does not give effect to the Afone Transaction.

(4) Includes the operating data in relation to the FOT Business.

The table below details the Group's key operating data as of December 31, 2018, 2019 and 2020 and June 30, 2020, respectively.

	As of and for the year ended December 31,			As of and for the six months ended June 30,
	2018[4]	2019[5]	2020[5]	2020[5]
		(in thousand)		(in thousand)
Fibre/cable homes passed[1]	12,295	15,364	20,625	17,457
Fixed B2C				
Fibre/cable unique customers[2]	2,515	2,899	3,335	3,070
Fibre/cable customer net adds	284	264	437	172
Total fixed B2C unique customers	6,129	6,356	6,498	6,401
Total fixed B2C customer net adds	186	144	142	45
Mobile B2C				
Postpaid subscribers	13,530	14,400	14,673	14,578
Postpaid net adds	1,022	652	272	177
Prepaid subscribers	1,534	1,451	1,289	1,300
Total mobile B2C subscribers[3]	15,064	15,852	15,962	15,877

(1) For the year ended December 31, 2020, includes fibre/cable homes now passed by XpFibre. Does not give effect to the disposition of a portion of the homes passed by XpFibre in connection with certain remedies proposed by the European Commission, while approving the Covage Acquisition. The disposition is expected to close in the fourth quarter of 2021, subject to the required approvals. See "*Business of the Group—XpFibre*".

(2) Fibre/cable unique customers represents the number of individual end users who have subscribed for one or more of the Group's fibre/cable based services (including pay-TV, broadband or telephony), without regard to the number of services to which the end user subscribed. It is calculated on a unique premises basis. The total number of fibre/cable customers does not include subscribers to either the Group's mobile or ISP services. Fibre/cable customers for France excludes white-label wholesale subscribers.

(3) Mobile subscribers is equal to the net number of lines or SIM cards that have been activated on the Group's mobile network and excludes M2M SIM cards.

(4) Does not include the operating data in relation to the FOT Business.

(5) Includes the operating data in relation to the FOT Business.

Key Income Statement Items

Revenue

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

Revenue by operating activity

On January 1, 2019, we amended the presentation of our revenue derived from operational activities, presenting revenue by activity under "Residential—Fixed," "Residential—Mobile," "Business Services," "Equipment Sales" and "Media" which we believe more accurately reflects the current day-to-day operational and strategic divisions in which our business is managed. For the year ended December 31, 2018, revenue derived from operational activities was presented under "Mobile Services," "Mobile Equipment," "Fixed," "Wholesale," "Media" and "Other". For comparative purposes, we have revised the presentation for the year ended December 31, 2018 in the discussion of our results for the year ended December 31, 2019 compared to the year ended December 31, 2018.

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

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

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

Equipment Sales: Revenue from equipment sales consist of revenue from sale of equipment in residential and business services.

Media: Revenues from the media segment includes mainly advertising and subscription revenues derived from news, radio and printed press businesses and, with effect from July 8, 2020, also includes revenues generated by Altice TV under distribution agreements with various third parties following the reorganization of the Group's and Altice Europe's content activities. See "*Business of the Group—Media*" and "*Certain Relationships and Related Parties—Content activities*" for more information on Altice TV and distribution agreements.

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

Purchasing and subcontracting

Purchasing and subcontracting services consist of direct costs associated with the delivery of fixed-based services to our B2C and B2B customers, mobile services to our B2C and B2B customers, wholesale and other services.

Residential—Fixed: Purchasing and subcontracting services associated with fixed-based services consist of all direct costs related to the (i) procurement of non-exclusive television content, royalties and licenses to broadcast, (ii) transmission of data services and (iii) interconnection costs related to fixed-line telephony. In addition, it includes costs incurred in providing VoD or other interactive services to subscribers and accounting variations arising from changes in inventories of customer premises equipment (such as modems, set-top boxes and decoders).

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

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

the supervision of such sub-contractors and (iv) direct costs related to our call centers operations, such as service expenses, telecom consumption subscriptions and energy costs, in our customer services functions.

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

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

Other operating expenses

Other operating expenses primarily consist of the following subcategories:

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

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

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

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

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

Staff costs and employee benefit expenses

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

Depreciation, amortization and impairment

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

Other expenses and income

Other expenses and income includes any one-off or non-recurring income or expenses incurred during the on-going financial year. This includes deal fees paid to external consultants for merger and acquisition activities, expenses and income related to non-recurring litigation, restructuring and other non-recurring costs related to those acquisitions or the business in general, any non-cash operating gains or losses realized on the disposal of tangible and intangible assets and management fees paid to related parties.

Financial income

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

Interest relative to gross financial debt

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

Other financial expenses

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

Share in net income/(loss) of associates and joint ventures

Share in net income/(loss) profit of associates and joint ventures consists of the net result arising from activities that are accounted for using the equity method in the consolidation perimeter of the Group.

Income tax income/(expenses)

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

Adjusted EBITDA

For periods prior to the application of IFRS 16, Adjusted EBITDA is defined as operating profit before depreciation and amortization, non-recurring items (capital gains, non-recurring litigation, restructuring costs) and share-based expenses. Following the application of IFRS 16, Adjusted EBITDA is defined as operating income before depreciation and amortization, other expenses and incomes (capital gains, non-recurring litigation, restructuring costs and management fees), share-based expenses and after operating lease expenses (*i.e.*, straight-line recognition of the rent expense over the lease term as performed under IAS 17 (*Leases*) for operating leases. As a result, Adjusted EBITDA presented in this Notice for periods from and after January 1, 2019 is comparable to Adjusted EBITDA for periods prior to January 1, 2019.

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

Discussion and Analysis of Our Results of Operations

For the six months ended June 30, 2021 compared to the six months ended June 30, 2020

The below table sets forth our consolidated statement of income for the six months ended June 30, 2021 and 2020, in millions of euros with the variation between the periods:

Consolidated Statement of Income (in € millions)	**June 30, 2021**	**June 30, 2020**	**Change**
Revenues	**5,483**	**5,244**	***4.6%***
Purchasing and subcontracting costs	(1,432)	(1,402)	*2.1%*
Other operating expenses	(988)	(913)	*8.2%*
Staff costs and employee benefits	(531)	(502)	*5.8%*
Depreciations, amortizations and impairments	(1,827)	(1,663)	*9.9%*
Other expenses and income(*)	10	(26)	*138.5%*
Operating profit	**715**	**739**	***(3.2)%***
Finance income	64	17	*276.5*
Interest relative to gross financial debt	(404)	(385)	*4.9%*

Consolidated Statement of Income **(in € millions)**	**June 30, 2021**	**June 30, 2020**	**Change**
Realized and unrealized gains/(loss) on derivative instruments linked to financial debt	16	69	*(76.8)%*
Other financial expenses	(112)	(81)	*38.3%*
Net result on extinguishment of financial liabilities	(98)	—	*n.m.*
Finance costs, net	**(534)**	**(380)**	***40.5%***
Share of earnings of associates and joint ventures	(167)	(114)	*46.5%*
Profit/(loss) before income tax from continuing operations	**15**	**244**	*(93.9)%*
Income tax benefit/(expenses)	(84)	(160)	*47.5%*
Profit/(loss) from continuing operations	**(70)**	**85**	*(182.3)%*
Profit/(loss) after tax from discontinuing operations	—	—	—
Profit/(loss)	**(70)**	**85**	*(182.3)%*
Attributable to equity holders of the parent	(138)	46	*(400)%*
Attributable to non-controlling interests	68	39	*74.3%*

Significant Events Affecting Historical Results

For the six months ended June 30, 2021

Transactions with Cellnex

Altice France entered into an exclusivity agreement dated February 3, 2021 with Cellnex pursuant to which Altice France will sell its 50.01% stake in Hivory to Cellnex for an implied enterprise value at 100% of €5.2 billion (the "**Hivory Transaction**"). The transaction is expected to close in the fourth quarter of 2021 following customary regulatory approvals. We have designated Hivory as an unrestricted subsidiary under the agreements, instruments and indentures governing the Group's indebtedness, including the Existing Senior Secured Indentures, the Existing Revolving Credit Facilities Agreement and the Existing Term Loans Agreement and will designate Hivory as an unrestricted subsidiary under the Indenture. The results of Hivory are consolidated in the Group's consolidated statement of income for all periods presented. Since March 31, 2021, the assets and associated liabilities of Hivory are classified as held for sale as per the provisions of IFRS 5. See Note 11 to the Unaudited Interim Financial Statements.

2025 Strategic Plan

On March 3, 2021, the Group unveiled its strategic mid-term plan, named, '*transformation et ambitions 2025*', whereby the Group laid out its strategy in order to achieve certain business objectives by 2025, including, amongst others, fibre and 5G coverage targets. As part of the plan, the Group announced that it intends to reduce its headcount by approximately 1,700 employees, including 400 employees in its distribution business pursuant to voluntary departure plans. The Livre 2, the document that outlines the details of the restructuring was officially presented to the workers' unions on April 8, 2021. As a result, the Group has booked a provision for restructuring of €385 million as at June 30, 2021.

Issuance of debt by Altice Finco France

On April 16, 2021, Altice Finco France, an unrestricted subsidiary of the Group, raised financing with relationship banks for an aggregate amount of €3,350 million. The proceeds thereof were used to repay certain indebtedness at Next Private B.V., via an intercompany loan made to Altice Group Lux, which was subsequently compensated. The new debt carries interest at a rate of EURIBOR 3m+2.25% till December 20, 2021 and EURIBOR 3m+ 3.50% thereafter. The debt falls due on April 16, 2022.

Settlement of disputes with Orange

During the course of the first quarter of 2021, the Group received a lump sum amount of €350 million as settlement for various on-going litigations with Orange.

Amendment to the Existing Revolving Credit Facilities Agreement

On April 6, 2021, Altice France entered into an amendment to the Existing Revolving Credit Facilities Agreement, whereby, among other things, certain of the Existing RCF Lenders agreed to extend the maturity of their commitments.

Issuance of Existing July 2029 Senior Secured Euro Notes and Existing July 2029 Senior Secured Dollar Notes

On April 27, 2021, Altice France issued €400 million aggregate principal amount of its euro-denominated senior secured notes due 2029 (the "**Existing July 2029 Senior Secured Euro Notes**") and $2,500 million aggregate principal amount of its dollar-denominated senior secured notes due 2029 (the "**Existing July 2029 Senior Secured Dollar Notes**"). The proceeds from the issuance of the Existing July 2029 Senior Secured Euro Notes and Existing July 2029 Senior Secured Dollar Notes were used by Altice France to partially redeem the Existing 2026 Senior Secured Notes on May 4, 2021. Further, as part of the refinancing, Altice France also redeemed a portion of its existing swaps following a decrease in the amount of its dollar-denominated debt. Altice France obtained $369 million in principal in exchange for a payment of €306 million.

Dividend Distribution

On April 29, 2021, the shareholder's meeting declared a dividend payment for an aggregate amount of €4,560 million to be paid to the shareholders. The dividend was fully paid via the compensation of existing upstream loans made by the Company to Altice Group Lux and which were assigned to Altice France Holding through an internal restructuring in the Luxembourg entities.

Agreement to acquire Afone Participations

On May 17, 2021, Altice France entered into an agreement to acquire 100% of MVNO Afone Participations which further holds 50% of the "RégloMobile business" (with the other 50% owned by the Leclerc group) (the "**Afone Transaction**") for an upfront purchase price of €50 million and deferred consideration of €45 million. Following the completion of the Afone Transaction, Altice France will become a partner of the Leclerc group, reinforce its mobile customer base by 770,000 new consumers and benefit from Leclerc group's distribution network. The Afone Transaction is expected to be completed in the third quarter of 2021.

For the six months ended June 30, 2020

Issuance of Existing February 2025 Senior Secured Notes

On February 6, 2020, Altice France issued €500 million aggregate principal amount of its euro-denominated $2^1/_8$% senior secured notes due 2025 (the "**Existing February 2025 Senior Secured Notes**"), the proceeds of which were used to refinance €500 million of indebtedness outstanding under the Existing Revolving Credit Facilities.

Debt reorganization within the Altice Europe Group

On February 6, 2020, Ypso Finance Bis issued $1,225 million aggregate principal amount of its dollar-denominated 6.000% senior notes due 2028 (the "**2028 Ypso Finance Bis Dollar Senior Notes**") and €500 million aggregate principal amount of its euro-denominated 4.000% senior notes due 2028 (the "**2028 Ypso Finance Bis Euro Senior Notes**" and, together with the 2028 Ypso Finance Bis Dollar Senior Notes, the "**2028 Ypso Finance Bis Senior Notes**").

On January 24, 2020, Ypso Finance Bis commenced an exchange offer to noteholders of Altice Lux's (i) 2027 Altice Lux Dollar Senior Notes and (ii) 2027 Altice Lux Euro Senior Notes, to exchange the 2027 Altice Lux Dollar Senior Notes for an equal aggregate principal amount of corresponding dollar-denominated 10.500% senior notes due 2027 issued by Ypso Finance Bis (the "**Ypso Finance Bis Exchange Dollar Notes**") and the 2027 Altice Lux Euro Senior Notes for an equal aggregate principal amount of corresponding euro-denominated 8.000% senior notes due 2027 issued by Ypso Finance Bis (the "**Ypso Finance Bis Exchange Euro Notes**" and, together with the Ypso Finance Bis Exchange Dollar Notes, the "**Ypso Finance Bis Exchange Notes**"). At the expiration of the exchange offer, a total of $1,562 million (accounting for 97.6% of the outstanding aggregate principal) of the 2027 Altice Lux Dollar Senior Notes and €1,317 million (accounting for 94.10% of the outstanding aggregate principal) of the 2027 Altice Lux Euro Senior Notes were tendered and accepted. On February 27, 2020, $1,562

million of Ypso Finance Bis Exchange Dollar Notes and €1,317 million of Ypso Finance Bis Exchange Euro Notes were issued by Ypso Finance Bis.

On March 26, 2020, upon satisfaction of certain conditions and at the discretion of Ypso Finance Bis (i) the Ypso Finance Bis Exchange Dollar Notes were automatically exchanged for an equal aggregate principal amount of dollar-denominated 10.500% senior notes due 2027 issued by Altice France Holding, (ii) the Ypso Finance Bis Exchange Euro Notes were automatically exchanged for an equal aggregate principal amount of euro-denominated 8.000% senior notes due 2027 issued by Altice France Holding, (iii) the 2028 Ypso Finance Bis Dollar Senior Notes were automatically exchanged for an equal aggregate principal amount of dollar-denominated 6.000% senior notes due 2028 issued by Altice France Holding and (iv) the 2028 Ypso Finance Bis Euro Senior Notes were automatically exchanged for an equal aggregate principal amount of euro-denominated 4.000% senior notes due 2028 issued by Altice France Holding.

Financing flows with Altice Group entities

For the six months ended June 30, 2020:

- The Group increased its receivable position with Altice Group Luxembourg S.A. for an additional amount of €175 million;

- The Group repaid a portion of an existing loan owed to Altice Lux for an aggregate amount of €180 million; and

- The Group provided a short term loan to its direct shareholder Altice France Holding for an aggregate amount of €118 million.

Transfer of Libération by the Company to a non-profit organization

On May 14, 2020, the Company announced that it would transfer *Libération*, the daily newspaper, to *Presse Indépendante SAS* ("**PI**"), a management and holding company to be owned by a non-profit organization *Fonds de Dotation pour une Presse Indépendante* ("**FDPI**"). Although FDPI will not manage PI nor *Libération*, it would be entitled to future profits that would in turn be redistributed to other non-profit organizations.

In connection with this transfer, the Company will make an initial donation to FDPI, which will be invested by FDPI into PI, which in turn will acquire the shares in *Libération* and consequently repay *Libération's* debts and finance its future operations. This will help ensure the editorial, economic and financial independence of *Libération* in the long term.

The transfer was completed on September 3, 2020. Following the closing of the transaction, the Group no longer exercises control over *Libération* and the assets and associated liabilities of *Libération* were classified as held for sale as per the provisions of IFRS 5 (*Non-currents assets held for sale and discontinued operations*) in the "Consolidated Statement of Financial Position" as of June 30, 2020. The estimated capital loss recorded in the statement of income for the six months ended June 30, 2020 for €32 million in the caption "*other expenses and income*".

Restructuring plan at NextRadioTV

On May 19, 2020, NextRadioTV announced a restructuring plan to take into account the changing environment for the media industry in France and the impact of the COVID-19 pandemic on the advertising market. This plan aims at reducing the employee workforce by limiting the use of part time workers, freelancers and consultants. Since as of June 30, 2020, the details had not been shared with the workers' council and the conditions of the departure plan were not yet final, management considers that the conditions for recording a provision are not met as per IAS 37 (*Provisions, contingent liabilities and contingent assets*) as of June 30, 2020.

Revenue

For the six months ended June 30, 2021, we generated total revenues of €5,483 million, a 4.6% increase compared to €5,244 million for the six months ended June 30, 2020. The increase was driven by an increase in all our business segments, except business services. Residential mobile and residential fixed business revenues grew by

0.9% and 6.4% respectively, while both equipment sales and media business revenues grew by 25% and 38.6%, respectively, for the six months ended June 30, 2021 compared to the six months ended June 30, 2020.

The tables below set forth the Group's revenue by lines of activity which the Group operates for the six months ended June 30, 2021 and June 30, 2020, respectively:

Revenues (in € millions)	**June 30, 2021**	**June 30, 2020**	**Change**
Residential – Fixed	1,356	1,274	*6.4%*
Residential – Mobile	1,783	1,767	*0.9%*
Business services	1,685	1,693	*(0.5)%*
Total Telecom excl. equipment sales	**4,825**	**4,734**	***1.9%***
Equipment sales	440	352	*25.0%*
Media	219	158	*38.6%*
Total	**5,484**	**5,244**	***4.6%***

The Group's residential fixed segment revenues increased by 6.4% from €1,274 million for the six months ended June 30, 2020 to €1,356 million for the six months ended June 30, 2021. This increase was mainly due to the impact of positive net adds over the past 14 quarters and price increases for certain residential fixed consumers in the six months ended June 30, 2021.

Revenues for the Group's residential mobile services grew to €1,783 million for the six months ended June 30, 2021 compared to €1,767 million for the six months ended June 30, 2020. This trend was driven primarily by the positive net adds in the residential mobile segment.

Revenues from our business services segment declined by 0.5% to reach €1,685 million for the six months ended June 30, 2021 compared to €1,693 million for the six months ended June 30, 2020. Business services revenue was impacted by lower FTTH construction activity for the six months ended June 30, 2021 compared to the six months ended June 30, 2020.

Equipment sales revenues increased by 25.0% from €352 million for the six months ended June 30, 2020 to €440 million for the six months ended June 30, 2021, mainly as a result of lower equipment sales for the six months ended June 30, 2020 as a result of shop closures due to the COVID-19 pandemic.

Revenues from the Group's media activities totalled €219 million for the six months ended June 30, 2021, a 38.6% increase as compared to €158 million for the six months ended June 30, 2020. Media business revenues for the six months ended June 30, 2020 were impacted by lower advertising revenues as a result of the COVID-19 pandemic.

Adjusted EBITDA

For the six months ended June 30, 2021, our Adjusted EBITDA was €2,107 million (excluding €12 million Adjusted EBITDA of Altice TV), an increase of 3.4% compared to the €2,038 million Adjusted EBITDA for the six months ended June 30, 2020 (excluding Adjusted EBITDA of Altice TV perimeter since the Group commenced consolidation of Altice TV in its financial statements from July 8, 2020 following the completion of the reorganization of the Group's and Altice Europe's content activities). A reconciliation from revenues to Adjusted EBITDA is presented below. This increase was mainly due to the increase in revenues as explained above, offset by an increase in customer service costs as described below.

- *Purchasing and subcontracting*: Purchasing and subcontracting costs increased by 2.1%, from €1,402 million in the six months ended June 30, 2020 to €1,432 million in the six months ended June 30, 2021. The increase in purchasing and subcontracting costs can be directly attributed to the increase in revenues (see above).

- *Other operating expenses*: Other operating expenses increased by 8.2% to €988 million in the six months ended June 30, 2021 from €913 million in the six months ended June 30, 2020, mainly due to an increase in network and maintenance costs (as a result of the deployment of our 5G network and increased network usage following an increase in the consumer base) and

general and administrative costs, offset by a decrease in sales and marketing and customer service costs.

- *Staff costs and employee benefit expenses*: Staff costs and employee benefit expenses increased by 5.8%, from €502 million in the six months ended June 30, 2020 to €531 million in the six months ended June 30, 2021, mainly due to an increase in headcount in our customer service business at ACS.

- *Share based expense*: The costs incurred in the six months ended June 30, 2021 are related to recharge of costs related to the Altice Europe stock option plan allocated to employees of Altice France. The costs incurred in the six months ended June 30, 2020 are related to the recharge of the costs related to the free preference shares allotted to the former CEO of the Company by Altice Europe.

For a reconciliation of the Adjusted EBITDA of the Altice France consolidated group (excluding Altice TV) to the operating profit of Altice France consolidated group (including Altice TV) please see "—*Other Information related to Altice TV*" below.

Depreciation, amortization and impairment

For the six months ended June 30, 2021, depreciation and amortization totalled €1,827 million, an increase of 9.9% compared to €1,663 million for the six months ended June 30, 2020. This increase was mainly due to the amortization of sports rights acquired as part of the Altice TV reorganization. Altice TV was not part of the Group as of June 30, 2020 and hence no amortization of its sports rights was included for the six month period ended June 30, 2020.

Other expenses and income

For the six months ended June 30, 2021, our other expenses and income amounted to an income of €10 million, an increase compared to an expense of €26 million for the six months ended June 30, 2020. The amount recognized in the six months ended June 30, 2021 included (i) indemnity received from Orange in order to close certain outstanding litigation and a settlement gain in relation to the DSP 92 litigation and (ii) a provision for restructuring related to the telecom and distribution business of the Group (in connection with the 2025 Strategic Plan) for an aggregate amount of €385 million.

Other expenses and income (in € millions)	**For the six months ended June 30, 2021**	**For the six months ended June 30, 2020**	**Change**
Net restructuring costs[(1)]	(378)	(3)	*n.m*
Litigation[(2)]	436	(1)	*n.m*
Gain and loss on disposal of property, plant, equipment and intangible assets	4	(2)	*(300)%*
Other (net)[(3)]	(34)	(20)	*70%*
Other expenses and income	**10**	**(26)**	***(138.5%)***

(1) Net restructuring costs mainly include costs related to provisions for employee redundancies as part of the voluntary departure plans. For the six months ended June 30, 2020, we recorded an expense of €2 million related to external costs from the departure plan initiated in our printed press business and external costs related to our telecom departure plan. For the six months ended June 30, 2021, we recorded €385 million related to the voluntary departure plan that was announced in our telecom business.

(2) Includes indemnity received from Orange in order to close certain outstanding litigation and a settlement gain in relation to the DSP 92 litigation. See "*Business—Legal Proceedings—Civil and Commercial Disputes—Wholesale Disputes—Complaint against Orange to the French Competition Authority regarding the market in mobile telephony services for businesses*" and "*Business—Legal Proceedings—Civil and Commercial Disputes—Wholesale Disputes—Litigation between Sequalum and Hauts-de-Seine General Council regarding the DSP 92 Litigation*".

(3) For the six months ended June 30, 2020, we recorded non-recurring expenses related to deal fees paid on M&A transactions and specific COVID-19 related costs. For the six months ended June 30, 2020, we also recorded a loss relating to the intended sale of *Libération*. For the six months ended June 30, 2021, we recorded various expenses related to cancellation of certain fibre construction contracts.

Finance costs (net)

Net finance costs amounted to €534 million for the six months ended June 30, 2021, registering an increase of 40.5% compared to €380 million for the six months ended June 30, 2020. A breakdown is provided below:

Financial Income **(in € millions)**	**For the six months ended June 30, 2021**	**For the six months ended June 30, 2020**	**Change**
Interest relative to gross financial debt	**(404)**	**(385)**	***4.9%***
Realized and unrealized gains/(loss) on derivative instruments linked to financial debt	**16**	**69**	***(76.8)%***
Finance income	**64**	**17**	***276.5%***
Provisions and unwinding of discount	(10)	3	*(433.3)%*
Interest related to lease liabilities	(62)	(52)	*19.2%*
Other	(40)	(32)	*25.0%*
Other financial expenses	**(112)**	**(81)**	***38.3%***
Net result on extinguishment of a financial liability	**(98)**	—	***n.m.***
Finance costs, net	**(534)**	**(380)**	***40.5%***

The interest relative to gross financial debt increased from €385 million as of June 30, 2020 to €404 million as of June 30, 2021. This increase was directly related to an increase in our gross debt between June 30, 2020 and June 30, 2021 (€17,713 million compared to €21,836 million), mainly driven by the issuance of debt at Altice Finco France. This impact was partially offset by interest savings due to previous refinancing performed by the Group in 2020.

For the six-month period ended June 30, 2021, the decrease in realised and unrealised gains related to derivative financial instruments was directly related to the appreciation of the USD/Euro exchange rate.

As of June 30, 2021, financial income includes interest income on intercompany upstream loans to Altice France Holding and Altice Group Lux for an amount of €54 million (compared to €16 million as of June 30, 2020). Other financial expenses mainly include expenses related to reverse factoring and securitization arrangements.

Share in net income/(loss) of associates and joint ventures

For the six months ended June 30, 2021, our share of loss of associates and joint ventures amounted to €167 million compared to a loss of €114 million for the six months ended June 30, 2020. This increase was mainly due to the increased FTTH construction services we provided to XpFibre S.A.S. (which is accounted as a joint venture) and the margin elimination on such activity.

Income tax income/(expense)

For the six months ended June 30, 2021, we recorded an income tax expense of €84 million compared to an expense of €160 million for the six months ended June 30, 2020. The decrease was mainly due to the provision for restructuring booked for the six months ended June 30, 2021.

Other Information related to Altice TV

The information below provides a reconciliation of certain income statement and cash flow items of the Altice France consolidated group (excluding Altice TV) to the corresponding consolidated results of Altice France (including Altice TV).

Operating Profit	**For the six months ended June 30, 2021(**)**				**For the six months ended June 30,**	
(in € millions)	**Altice France (excl. Altice TV)**	**Altice TV stand-alone**	**IC flows(a)**	**Altice France (incl. Altice TV)**	**2020(*)(**)**	**Change**
Revenues	**5,429**	**146**	**(91)**	**5,483**	**5,244**	***4.6%***
Purchasing and subcontracting costs	(1,399)	(122)	89	(1,432)	(1,402)	*2.1%*
Other operating expenses	(980)	(10)	2	(988)	(913)	*8.2%*

Staff costs and employee benefits	(530)	(1)	—	(531)	(502)	*5.8%*
Total...	**2,520**	**12**	**—**	**2,532**	**2,428**	***4.3%***
Share-based expenses	3	—	—	3	2	*50.0%*
Rental expense operating lease...	(416)	—	—	(416)	(392)	*6.1%*
Adjusted EBITDA	**2,107**	**12**	**—**	**2,119**	**2,038**	***4.0%***
Depreciation, amortization and impairment............................	(1,652)	(176)	—	(1,827)	(1,663)	*9.9%*
Share-based expenses	(3)	—	—	(3)	(2)	*50.0%*
Other expenses and income[(b)]	10	—	—	10	(26)	*138.5%*
Rental expense operating lease...	416	—	—	416	392	*6.1%*
Operating profit.......................	**879**	**(164)**	**—**	**715**	**738**	***(3.1)%***

(*) Does not include Altice TV. The Group commenced consolidation of Altice TV in its financial statements from July 8, 2020 following the completion of the reorganization of the Group's and Altice Europe's content activities.

(**) Includes Hivory.

(a) The Group has a distribution agreement with SportCoTV which provides for, *inter alia*, payment by Altice France to SportCoTV, pursuant to which the operating expenses incurred by the Group to SportCoTV for the six months ended June 30, 2021 amounted to €91 million. See "*Certain Relationships and Related Party Transactions—Content Activities*".

(b) For the six months ended June 30, 2021, includes (i) the indemnity received from Orange in order to close certain outstanding litigation and a settlement gain in relation to the DSP 92 litigation and (ii) a provision for restructuring related to the telecom and distribution business of the Group for an aggregate amount of €385 million.

Capital expenditure (in € millions)	**Altice France (consolidated, incl. Altice TV) June 30, 2021**	**June 30, 2020[(*)]**
Capital expenditure (accrued)[(a)]...	1,575	979
Capital expenditure (working capital items and other impacts)[(b)].....	144	119
Payments to acquire tangible and intangible assets....................	**1,719**	**1,098**

Capital expenditure (in € millions)	**Altice TV stand-alone June 30, 2021**	**June 30, 2020**
Capital expenditure (accrued)..	3	—
Capital expenditure (working capital items and other impacts)........	171	—
Payments to acquire tangible and intangible assets....................	**173**	—

(*) Does not include Altice TV. The Group commenced consolidation of Altice TV in the financial statements from July 8, 2020 following the completion of the reorganization of the Group's and Altice Europe's content activities.

(a) Includes accruals related to a new IRU and the renewal of the 2G licences in March 2021 for an aggregate amount of €428 million. Of this amount, €155 million has been paid as of June 30, 2021.

(b) Includes the payment of €125 million related to the payment of the 5G spectrum as of June 30, 2021.

For the year ended December 31, 2020 compared to the year ended December 31, 2019

The below table sets forth our consolidated statement of income for the year ended December 31, 2020 and 2019, in millions of euros with the variation between the periods:

Consolidated Statement of Income (in € millions)	**December 31, 2020**	**December 31, 2019**	**Change**
Revenues...	11,025	10,798	*2.1%*
Purchasing and subcontracting costs	(3,228)	(2,898)	*11.4%*
Other operating expenses	(1,700)	(1,910)	*(10.9)%*
Staff costs and employee benefits...	(1,023)	(1,060)	*(3.5)%*
Depreciations, amortizations and impairments.......................	(3,559)	(3,475)	*2.4%*
Other expenses and income[(*)]..	(151)	2,601	*(105.8)%*
Operating profit...	1,364	4,056	*(66.4)%*
Finance income	61	18	*248.6%*
Interest relative to gross financial debt..................................	(791)	(837)	*(5.5)%*

Realized and unrealized gains/(loss) on derivative instruments linked to financial debt	(267)	6	*(4,550.0)%*
Other financial expenses	(307)	(231)	*32.9%*
Net result on extinguishment of financial liabilities	—	(79)	—
Finance costs, net	(1,304)	(1,124)	*16.0%*
Share of earnings of associates and joint ventures	(237)	(201)	*17.9%*
Profit/(loss) before income tax from continuing operations	(177)	2,731	*(106.5)%*
Income tax benefit/(expenses)	(23)	168	*(113.7)%*
Profit/(loss) from continuing operations	(199)	2,899	*(106.9)%*
Profit/(loss) after tax from discontinuing operations	—	—	—
Profit/(loss)	(199)	2,899	*(106.9)%*
Attributable to equity holders of the parent	(255)	2,853	*(108.9)%*
Attributable to non-controlling interests	56	46	*21.7%*

(*) On September 3, 2020, the Company completed the transfer of *Libération* to *Presse Indépendante SAS.* Following the closing of the transaction, the Group no longer exercises control over *Libération.* This line item "Other expenses and income" includes the total impact of the transaction (donation and capital loss), which amounted to a €55 million net expense. This line item also includes €50 million provision relating to the restructuring plan relating to the employee workforce in our media business (part time workers, freelancers and consultants) based on the agreement signed with the workers' council on September 15, 2020 and other non-recurring charges, including deal fees related to M&A transactions.

Significant Events Affecting Historical Results

For the year ended December 31, 2020

Issuance of Existing February 2025 Senior Secured Notes, Existing January 2029 Senior Secured Euro Notes and Existing January 2029 Senior Secured Dollar Notes

On February 6, 2020, Altice France issued the Existing February 2025 Senior Secured Notes, the proceeds of which were used to refinance €500 million of indebtedness outstanding under the Existing Revolving Credit Facilities.

On September 18, 2020, Altice France issued €500 million aggregate principal amount of its euro-denominated 4$^{1}/_{8}$% Senior Secured Notes due 2029 ("**Existing January 2029 Senior Secured Euro Notes**") and $475 million aggregate principal amount of its dollar-denominated 5$^{1}/_{8}$% Senior Secured Notes due 2029 ("**Existing January 2029 Senior Secured Dollar Notes**"), the proceeds of which were used to (i) make funds available to Altice Group Lux (a subsidiary of Altice Europe and an indirect shareholder of Altice France Holding and the Company) in an amount equal to €750 million to repay certain of Altice Group Lux's indebtedness, (ii) repay €150 million of borrowings outstanding under the Existing Revolving Credit Facilities, (iii) pay fees and expenses in connection with the offering of the Existing January 2029 Senior Secured Euro Notes and the Existing January 2029 Senior Secured Dollar Notes and (iv) for general corporate purposes.

Debt reorganization within the Altice Europe Group

On February 6, 2020, Ypso Finance Bis issued the 2028 Ypso Finance Bis Senior Notes.

On January 24, 2020, Ypso Finance Bis commenced an exchange offer to noteholders of Altice Lux's (i) 2027 Altice Lux Dollar Senior Notes and (ii) 2027 Altice Lux Euro Senior Notes, to exchange the 2027 Altice Lux Dollar Senior Notes for an equal aggregate principal amount of corresponding Ypso Finance Bis Exchange Dollar Notes and the 2027 Altice Lux Euro Senior Notes for an equal aggregate principal amount of corresponding Ypso Finance Bis Exchange Euro Notes. At the expiration of the exchange offer, a total of $1,562 million (accounting for 97.6% of the outstanding aggregate principal) of the 2027 Altice Lux Dollar Senior Notes and €1,317 million (accounting for 94.10% of the outstanding aggregate principal) of the 2027 Altice Lux Euro Senior Notes were tendered and accepted. On February 27, 2020, $1,562 million of Ypso Finance Bis Exchange Dollar Notes and €1,317 million of Ypso Finance Bis Exchange Euro Notes were issued by Ypso Finance Bis.

On March 26, 2020, upon satisfaction of certain conditions and at the discretion of Ypso Finance Bis (i) the Ypso Finance Bis Exchange Dollar Notes were automatically exchanged for an equal aggregate principal amount of dollar-denominated 10.500% senior notes due 2027 issued by Altice France Holding, (ii) the Ypso Finance Bis Exchange Euro Notes were automatically exchanged for an equal aggregate principal amount of euro-

denominated 8.000% senior notes due 2027 issued by Altice France Holding, (iii) the 2028 Ypso Finance Bis Dollar Senior Notes were automatically exchanged for an equal aggregate principal amount of dollar-denominated 6.000% senior notes due 2028 issued by Altice France Holding and (iv) the 2028 Ypso Finance Bis Euro Senior Notes were automatically exchanged for an equal aggregate principal amount of euro-denominated 4.000% senior notes due 2028 issued by Altice France Holding.

Financing flows with Altice Group entities

For the year ended December 31, 2020, the Group made the following upstream loans to its direct and indirect shareholders:

- Upstream loans to Altice Group Lux in an aggregate amount of €1,201 million. These loans bear interest at a rate of 8.4% per annum with a maturity of July 30, 2027; and

- Short term upstream loans to Altice France Holding in an aggregate amount of €226 million.

The Group also repaid a portion of its debt towards Altice Lux in an aggregate amount of €180 million.

Transfer of Libération by the Company to a non-profit organization

On May 14, 2020, the Company announced that it would transfer *Libération*, the daily newspaper, to PI, a management and holding company to be owned by a non-profit organization FDPI. Although FDPI will not manage PI nor *Libération*, it would be entitled to future profits that would in turn be redistributed to other non-profit organizations.

In connection with this transfer, the Company made a donation to FDPI comprising cash and the shares of PI, which was invested by FDPI into PI, which in turn acquired the shares in *Libération* and consequently repaid *Libération's* debts and finance its future operations. This transaction will help ensure the editorial, economic and financial independence of *Libération* in the long term.

The transfer was completed on September 3, 2020. Following the closing of the transaction, the Group no longer exercises control over *Libération* and the total impact of the transaction (donation and capital loss) has been recorded in the statement of income for the year ended December 31, 2020 for a €55 million net expense under "*other expenses and income*".

Transfer of sports rights to Altice France

On July 7, 2020, SportCoTV, a wholly-owned subsidiary of the Company, acquired the shares of Altice Pictures S.à.r.l, a subsidiary of Altice Europe incorporated in Luxembourg ("**Altice Pictures**"), which at the time held the rights for sports content, including UEFA Champions League and other premium content. Prior to such acquisition, a reorganization of Altice Europe's structure relating to content activities was carried out, including the transfer of activities performed by Altice Entertainment News and Sport ("**AENS**"), an affiliate of the Group that previously provided the premium sports channels to the Company, to Altice Pictures, thereby ensuring that the entire value chain would subsequently be transferred to the Company, which is the entity that benefits the most from the marketing of the associated channels. Altice Pictures was subsequently merged into SportCoTV.

This transaction has been treated as an acquisition under common control and hence no goodwill has been created as part of this transaction. SportCoTV has been declared as an unrestricted subsidiary for the purposes of the Existing Senior Secured Indentures, the Existing Revolving Credit Facilities Agreement and the Existing Term Loans Agreement (and will also be an unrestricted subsidiary under the Indenture) and hence certain financial information has been provided on the standalone performance of Altice TV on certain financial items commencing from the period covered by the 2020 Financial Statements. Please refer to "*Other information related to the Altice TV*".

Restructuring plan at NextRadioTV

On May 19, 2020, NextRadioTV announced a restructuring plan to take into account the changing environment for the media industry in France and the impact of the COVID-19 pandemic on the advertising market. On July 24, 2020, the management of the Group's media business presented the Livre 2, the document that outlines the restructuring plan, to the workers' council. As per the document, the Group introduced a voluntary departure plan

aimed at reducing the workforce by around 228 full time employees and by limiting the use of part time workers, freelancers and consultants. An agreement with respect to the restructuring plan was signed with the unions on September 15, 2020 and approved by the French Labor Authorities. The plan began on October 8, 2020 and ended on December 23, 2020, and the target redundancies have been met. As of September 30, 2020, management considers that the conditions for recording a provision were met and thus a provision was recorded in the income statement under "*other expenses and income*" for an amount of €50 million. As of December 31, 2020, the remaining amount recorded is €21 million in provisions and €28 million in payables.

Reorganization of the Company's shareholding structure

On July 10, 2020, the Company's shareholding structure was simplified by way of a share transfer between Altice Europe and Altice France Holding, the direct parent of the Company. Following the restructuring, Altice France Holding holds 100% minus one share of the Company, with Altice Lux holding one share in the Company. As part of such reorganization, certain upstream loans made by the Company to shareholders and affiliates of the Group were assigned to Altice France Holding.

Mediapro

In July 2020, we entered into certain arrangements with Mediapro which provided for sub-licensing the UEFA broadcasting rights to Mediapro in exchange for a right to broadcast Mediapro's Téléfoot channel (including the main football matches for French Ligue 1 and Ligue 2) for the 2020/2021 season. In addition, for the 2021/22, 2022/23 and 2023/24 seasons, the arrangements provided for the right to broadcast the Téléfoot channel (including the main football matches for French Ligue 1 and Ligue 2) subject to a revenue share mechanism. On December 11, 2020, the French Professional League announced that following the non-payment of dues, it was cancelling its contract with Mediapro and that it will re-auction the rights for 2022-2024 seasons. Following this announcement, our agreements with Mediapro have become null and void and we continued to broadcast the Téléfoot channel until its withdrawal in February 2021.

5G spectrum allocation

On October 1, 2020, Altice France announced that it had successfully acquired 80 MHz of spectrum in the 3.4 to 3.8 GHz band as part of the French government's spectrum auction to support the deployment of 5G mobile technology in France. The frequencies have been allotted for 20 years. The total price for the acquisition amounts to €728 million, of which €350 million is payable over 15 years and the balance of €378 million is payable over four years. The first payment of €118 million was made on January 13, 2021.

Completion of acquisition of 100% interest in Covage by XpFibre Holding

On November 25, 2019, Altice Europe announced that XpFibre S.A.S. entered into an exclusivity agreement with Cube Infrastructure Fund and Partners Group (acting on behalf of its clients) regarding the acquisition of all of the equity interest of Covage, a fibre wholesale operator in France (the "**Covage Acquisition**"). In connection with the Covage Acquisition, XpFibre Holding (formerly known as SFR FTTH Network Holding S.A.S.) was incorporated as a sole direct shareholder of (x) XpFibre Network (formerly known as SFR FTTH Network S.A.S.), a French *société par actions simplifiée* ("**SFR FTTH Network**") and (y) XpFibre S.A.S. (formerly known as SFR FTTH S.A.S.), and the XpFibre business was contributed to XpFibre Holding on December 8, 2020.

On December 8, 2020, the Covage Acquisition was completed by XpFibre Holding. The newly enlarged company was rebranded as XpFibre. The acquisition was completed for a total cash consideration of over €1 billion, out of which €667 million was raised by way of non-recourse bridge loan at XpFibre Network and €202 million cash equity was contributed by the Group. The European Commission, while approving the Covage Acquisition, proposed the following remedies in order to address certain competition concerns, which have been accepted by XpFibre: (i) divestment of certain assets corresponding to Covage's local fibre loop business, comprising fibre-to-the-office (FTTO) networks (including several mixed FTTO and FTTH networks) and representing altogether approximately 95% of Covage's FTTO business; and (ii) offer of a transitional service agreement to the buyer of the divested businesses, including access to all assets and services required to operate the divested business competitively for a duration enabling the divested business to become fully independent from XpFibre. The Company has entered into a commitment to make an equity contribution to XpFibre Network in an amount corresponding to its indirect ownership interest therein that is sufficient to ensure that XpFibre Network does not become insolvent and is able to pay its debts as it comes due.

On July 1, 2021, XpFibre Holding and Covage entered into a share purchase agreement with Altitude Infra for the divestiture of certain assets of Covage, conforming to the remedies previously proposed by the European Commission as part of the Covage Acquisition. The disposal relates to Covage's local fibre loop business, comprising fibre-to-the-office (FTTO) networks, including several mixed FTTO and FTTH networks. The transaction is expected to close in the fourth quarter of 2021, subject to the required approvals.

XpFibre Holding (a joint venture in which the Group owns 50.01% interest) and its subsidiaries have been designated as unrestricted subsidiaries under the agreements, instruments and indentures governing the Group's indebtedness, including the Existing Senior Secured Indentures, the Existing Revolving Credit Facilities Agreement, the Existing Term Loans Agreement, and will be designated as unrestricted subsidiaries under the Indenture (and therefore will not be subject to any of the covenants set forth therein).

For the year ended December 31, 2019

XpFibre

On November 30, 2018, the Company entered into an exclusivity agreement with Piaf BidCo BV, an entity held by Allianz Capital Partners, AXA Infrastructure and OMERS Infrastructure (collectively, the "**JV Consortium**"), regarding the sale of an equity interest of 49.99% in XpFibre S.A.S. (now a subsidiary of XpFibre Holding, a joint venture in which the Group owns 50.01% interest), an alternative FTTH infrastructure wholesale operator. As a consequence, the related assets and liabilities were classified as held for sale as of December 31, 2018. The transaction closed on March 27, 2019, upon which €522 million total assets and 1.1 million total homes passed were transferred to XpFibre S.A.S. The final proceeds amounted to €1.7 billion, based on an equity value at closing of €3.4 billion. The total capital gain recorded for the year ended December 31, 2019, was €2,796 million. This partnership creates the leading FTTH infrastructure wholesaler in France and brings an additional €1.7 billion of cash to the Company. Following the closing of the transaction, the Company lost exclusive control over XpFibre S.A.S. as the Company and the JV Consortium have joint control over the new entity. As of September 30, 2019, XpFibre S.A.S. was accounted for under the equity method in the scope of IFRS 11 (*Joint Arrangements*).

Dividend payment

On May 7, 2019, the general assembly of the Group approved the payment of a dividend for an aggregate amount of €820 million to its shareholders, Altice Luxembourg FR S.A., Altice Lux Bis and Altice Europe of which €500 million were paid in cash and €320 million via compensation of previous upstream loans made to Altice Luxembourg FR S.A.

Partial redemption of 2024 Notes

On June 10, 2019, the Group proceeded to partially redeem its euro and dollar denominated senior secured notes due in 2024 (the "**2024 Notes**"). An aggregate of €500 million and $560 million were redeemed. The Group paid a call premium of €30 million as part of the redemption. The redemptions were treated as partial extinguishments of the debt instruments and per IFRS 9, unamortised transaction costs were recycled through the consolidated statement of income to the extent of the nominal repaid. The underlying derivative instruments were restructured as well.

Financing flows with Altice Group entities

On May 8, 2019, the Company provided a short term upstream loan to Altice Luxembourg FR S.A. for an aggregate amount of €750 million. This loan has a maturity of less than one year and is remunerated at Eonia+30 bps. This short term loan was recorded in the line '*Other flows from financial activities*' in the consolidated statement of cash flows ("**May Upstream Loan**"). On June 10, 2019, the Group issued a new dollar denominated loan for an aggregate amount of $840 million (€745 million equivalent). This loan was fully subscribed by Altice Luxembourg FR S.A. and bears interest at a rate of 10.50% (5.8572% swapped to euros). This issuance was recorded in the line "*Other flows from financial activities*" in the consolidated statement of cash flows.

Revenue

For the year ended December 31, 2020, we generated total revenues of €11,025 million, a 2.1% increase compared to €10,798 million for the year ended December 31, 2019. The increase was driven by an increase in all our business segments, except media business and equipment sales. Residential mobile and fixed business revenues

grew by 0.8% and 2.8% respectively, while business services revenues grew by 4.5% for the year ended December 31, 2020 compared to the year ended December 31, 2019.

The tables below set forth the Group's revenue by lines of activity which the Group operates for the year ended December 31, 2020 and December 31, 2019, respectively:

Revenues **(in € millions)**	**December 31, 2020**	**December 31, 2019**	**Change**
Residential – Fixed	2,600	2,529	*2.8%*
Residential – Mobile	3,543	3,515	*0.8%*
Business services	3,530	3,377	*4.5%*
Total Telecom excl. equipment sales	**9,672**	**9,422**	***2.7%***
Equipment sales	909	923	*(1.5)%*
Media	443	453	*(2.2)%*
Total	**11,025**	**10,798**	***2.1%***

The Group's residential fixed segment revenues increased by 2.8% from €2,529 million for the year ended December 31, 2019 to €2,600 million for the year ended December 31, 2020. This increase was mainly due to the impact of sustained net-adds for the residential fixed businesses since the first quarter of 2018 and an improvement in ARPU trends. For the year ended December 31, 2020, the Group added 142,000 new residential fixed customers (compared to 144,000 net-adds in 2019), with 264,000 fibre net adds in 2019, compared to 437,000 fibre net adds in 2020. Residential fixed revenue in 2020 was also partly impacted by the loss of favourable VAT treatment on telecom/press bundles (ended in February 2019). The COVID-19 pandemic had a limited impact on the residential fixed revenues mainly as a result of the closure of our shops in the second half of March 2020 till mid May 2020.

Revenues for the Group's residential mobile services grew to €3,543 million for the year ended December 31, 2020 compared to €3,515 million for the year ended December 31, 2019. This trend was driven primarily by the impact of consecutive positive net-adds in the residential mobile segment since the first quarter of 2018 and a stabilisation of market pricing, following a decrease in intensive promotional activities from competitors. For the year ended December 31, 2020, the Group continued its positive net-adds trend, adding 272,000 new residential mobile post-paid customers (compared to net adds of 652,000 for the year ended December 31, 2019). This is a result of investments made in improving network quality and successful churn reduction measures implemented by the Group since the end of 2017. The COVID-19 pandemic had a limited impact on the residential mobile revenues mainly as a result of the closure of our shops in the second half of March 2020 till mid May 2020.

Revenues from our business services segment grew by 4.5% to reach €3,530 million for the year ended December 31, 2020 compared to €3,377 million for the year ended December 31, 2019. Business services revenue was impacted by an increase in revenues derived from the construction business with XpFibre for the year ended December 31, 2020 which was offset by a decrease in revenues from roaming activities, which were impacted by travel limitation imposed as a result of the COVID-19 pandemic.

Equipment revenues decreased by 1.5% from €923 million for the year ended December 31, 2019 to €909 million for the year ended December 31, 2020, mainly as a result of the closure of shops due to the mandatory lockdown imposed due to the COVID-19 pandemic (from mid-March to mid-May), which erased the gains seen in equipment sales in the first quarter of 2020.

Revenues from the Group's media activities totalled €443 million for the year ended December 31, 2020, a 2.2% decrease as compared to €453 million for the year ended December 31, 2019. Media business revenues were significantly impacted by the loss of advertising revenues as a result of the COVID-19 pandemic from March 2020 onwards, after a strong start to the year in January and February. Media business revenues were also impacted by the disposal of the L'express magazine in July 2019 and *Libération* daily newspaper in September 2020.

Adjusted EBITDA

For the year ended December 31, 2020, our Adjusted EBITDA was €4,277 million (excluding €(4) million Adjusted EBITDA of Altice TV), an increase of 1.8% compared to the €4,200 million Adjusted EBITDA for the year ended December 31, 2019 (excluding Adjusted EBITDA of Altice TV perimeter since the Group commenced consolidation of Altice TV in its financial statements from July 8, 2020 following the completion of the

reorganization of the Group's and Altice Europe's content activities). A reconciliation from revenues to Adjusted EBITDA is presented below. This increase was mainly due to the increase in revenues as explained above, offset by a decrease in customer service costs and a decrease in content and staff costs.

- *Purchasing and subcontracting*: Purchasing and subcontracting costs increased by 11.4%, from €2,898 million in the year ended December 31, 2019 to €3,228 million in the year ended December 31, 2020. Direct costs were impacted by the COVID-19 related lockdown in line with revenues. Purchasing and subcontracting costs were also impacted by the acquisition of Altice TV and an associated increase in content costs. These costs were not included for the year ended December 31, 2019.

- *Other operating expenses*: Other operating expenses decreased by 11.0% to €1,700 million in the year ended December 31, 2020 from €1,910 million in the year ended December 31, 2019, mainly due to an increase in maintenance costs (related to higher network usage resulting from the COVID-19 pandemic), offset by a decrease in sales and marketing costs, customer service and G&A costs (as a result of lower commercial activity, customer service costs and travel restrictions due to the COVID-19 pandemic).

- *Staff costs and employee benefit expenses*: Staff costs and employee benefit expenses decreased by 3.6%, from €1,060 million in the year ended December 31, 2019 to €1,023 million in the year ended December 31, 2020, mainly due to the change in the method for bonus accruals between 2019 and 2020 (lower accruals at year end 2019 compared to year end 2018, leading to lower reversals in first quarter of 2020 compared to first quarter of 2019).

- *Share based expense*: The costs incurred in the year ended December 31, 2020 are related to the recharge of the costs related to the free preference shares allotted to the CEO of the Company by Altice Europe.

For a reconciliation of the Adjusted EBITDA of the Altice France restricted group (excluding Altice TV) to the operating profit of Altice France (including Altice TV) please see "*—Other Information related to Altice TV*" below.

Depreciation, amortization and impairment

For the year ended December 31, 2020, depreciation and amortization totalled €3,559 million, an increase of 2.4% compared to €3,475 million for the year ended December 31, 2019. This increase was mainly due to an increase in the amortization of right of use assets in 2020 compared to 2019.

Other expenses and income

For the year ended December 31, 2020, our other expenses and income amounted to an expense of €(151) million, a decrease compared to an income of €2,601 million for the year ended December 31, 2019. The amount recognized in the year ended December 31, 2019 included capital gain related to the divestment of a 49.99% stake in XpFibre S.A.S.

Other expenses and income (in € millions)	**December 31, 2020**	**December 31, 2019 (revised)**	**Change**
Net restructuring costs[1]	(76)	(88)	*(13.7)%*
Litigation	(15)	(48)	*(69.8)%*
Gain and loss on disposal of property, plant, equipment and intangible assets	1	(29)	*(103.7)%*
Other (net)[2][3]	(62)	2,766	*(102.2)%*
Other expenses and income	**(151)**	**2,601**	***(105.8)%***

(1) Net restructuring costs mainly include costs related to provisions for employee redundancies as part of the voluntary departure plans. For the year ended December 31, 2020, we recorded an expense of €50 million related to the voluntary departure plan launched at our media business.

(2) For the year ended December 31, 2020, we recorded non-recurring expenses related to deal fees related to M&A transactions in 2019 and a loss relating to the sale of *Libération*.

(3) For the year ended December 31, 2019, we recorded a capital gain related to the divestment of a 49.99% stake in XpFibre S.A.S. for an aggregate amount of €2,796 million.

Finance costs (net)

Net finance costs amounted to €1,304 million for the year ended December 31, 2020, registering an increase of 16.0% compared to €1,124 million for the year ended December 31, 2019. A breakdown is provided below:

Financial Income **(in € millions)**	**December 31, 2020**	**December 31, 2019**	**Change**
Interest relative to gross financial debt	**(791)**	**(837)**	***(5.5)%***
Realized and unrealized gains/(loss) on derivative instruments linked to financial debt	**(267)**	**6**	***(4,694.4)%***
Finance income	**61**	**18**	***250.5%***
Provisions and unwinding of discount	(129)	(14)	*834.0%*
Interest related to lease liabilities	(113)	(118)	*(4.0)%*
Other	(65)	(100)	*(34.3)%*
Other financial expenses	**(307)**	**(231)**	***32.9%***
Net result on extinguishment of a financial liability	—	**(79)**	***(100.0)%***
Finance costs, net	**(1,304)**	**(1,124)**	***16.0%***

The interest relative to gross financial debt decreased from €837 million as of December 31, 2019 to €791 million as of December 31, 2020. This decrease was mainly driven by a decrease in our cost of debt, resulting from the debt refinancing undertaken in 2019 and 2020.

For the year ended December 31, 2020, the net loss realized on derivative instruments is mainly due to an unfavorable variation in the fair value of our derivative financial instruments. This caption also includes a one off income related to the monetisation of certain cross currency swaps for an aggregate amount of €236 million, which was offset by negative variation of the foreign exchange rate effect on the restructured cross currency swaps. The realized and unrealized foreign exchange gain on cross currency swaps is offset by the unrealized foreign exchange loss on the debts.

As of December 31, 2020, financial income includes interest income on intercompany upstream loans to Altice France Holding and Altice Group Lux for an amount of €57 million. Other financial expenses mainly includes expenses related to reverse factoring and securitization arrangements.

Share in net income (loss) of associates and joint ventures

For the year ended December 31, 2020, our share of loss of associates and joint ventures amounted to €237 million compared to a loss of €201 million for the year ended December 31, 2019. This increase was mainly due to the inclusion of the share in income/loss of XpFibre Holding in our results for the full year of 2020, compared to approximately nine months in the year ended December 31, 2019.

Income tax income (expense)

For the year ended December 31, 2020, we recorded an income tax expense of €23 million compared to a benefit of €168 million for the year ended December 31, 2019. The increase was mainly due to higher taxable income for the year ended December 31, 2020 compared to December 31, 2019.

Other Information related to Altice TV

The information below provides certain income statement and cash flow items of the Altice France consolidated group (excluding Altice TV) to the corresponding consolidated results of Altice France (including Altice TV).

	December 31, 2020					
Operating Profit **(in € millions)**	**Altice France (excl. Altice TV)**	**Altice TV stand-alone**	**IC flows[a]**	**Altice France (consolidated incl. Altice TV)**	**December 31, 2019 (revised)[*]**	**Change**
Revenues	**10,926**	**210**	**(112)**	**11,025**	**10,798**	***2.1%***

Purchasing and subcontracting costs	(3,126)	(214)	112	(3,228)	(2,898)	*11.4%*
Other operating expenses	(1,700)	(0)	—	(1,700)	(1,910)	*(11.0)%*
Staff costs and employee benefits	(1,023)	—	—	(1,023)	(1,060)	*(3.6)%*
Total	**5,078**	**(4)**	**(0)**	**5,074**	**4,931**	***2.9%***
Share-based expenses	9	—	—	9	31	*(71.9)%*
Rental expense operating lease	(810)	—	—	(810)	(761)	*6.4%*
Adjusted EBITDA	**4,277**	**(4)**	**(0)**	**4,273**	**4,200**	***1.7%***
Depreciation, amortization and impairment	(3,438)	(121)	—	(3,559)	(3,475)	*2.4%*
Share-based expenses	(9)	—	—	(9)	(31)	*(71.9)%*
Other expenses and income[(b)]	(151)	—	—	(151)	2,601	*(105.8)%*
Rental expense operating lease	810	—	—	810	761	*6.4%*
Operating profit	**1,489**	**(125)**	**(0)**	**1,364**	**4,056**	***(66.4)%***

(*) Does not include Altice TV. The Group commenced consolidation of Altice TV in its financial statements from July 8, 2020 following the completion of the reorganization of the Group's and Altice Europe's content activities.

(a) The Group has a distribution agreement with SportCoTV which provides for, *inter alia*, payment by Altice France to SportCoTV, pursuant to which the operating expenses incurred by the Group to SportCoTV in the year ended December 31, 2020 amounted to €112 million. See "*Certain Relationships and Related Party Transactions—Content Activities*".

(b) On September 3, 2020, the Company completed the transfer of *Libération* to *Presse Indépendante SAS*. Following the closing of the transaction, the Group no longer exercises control over *Libération*. The line item "Other expenses and income" includes the total impact of the transaction (donation and capital loss), which amounted to a €55 million net expense. This line item also includes €50 million provision relating to the restructuring plan relating to the employee workforce in our media business (part time workers, freelancers and consultants) based on the agreement signed with the workers' council on September 15, 2020 and other non-recurring charges, including deal fees related to M&A transactions.

Capital expenditure	**Altice France (consolidated, incl. Altice TV)**	**December 31,**
(in € millions)	**December 31, 2020**	**2019(*)**
Capital expenditure (accrued)[(a)]	3,138	2,355
Capital expenditure (working capital items and other impacts)	(694)	(89)
Payments to acquire tangible and intangible assets	**2,444**	**2,266**

Capital expenditure	**Altice TV stand-alone**	
(in € millions)	**December 31, 2020**	**December 31, 2019**
Capital expenditure (accrued)	11	—
Capital expenditure (working capital items and other impacts)	120	—
Payments to acquire tangible and intangible assets	**131**	—

(*) Does not include Altice TV. The Group commenced consolidation of Altice TV in the financial statements from July 8, 2020 following the completion of the reorganization of the Group's and Altice Europe's content activities.

(a) For the year ended December 31, 2020, includes purchase price for the 5G spectrum allocation amounting to a nominal value of €728 million (of which €350 million is to be paid over a 15-year period in equal instalments and the balance €378 million to be paid over four years also in equal instalments).

For the year ended December 31, 2019 compared to the year ended December 31, 2018

The below table sets forth our consolidated statement of income for the year ended December 31, 2019 and 2018, in millions of euros:

	December 31, 2019	**December 31, 2018**	**Change**
		(in € millions)	
Revenues	**10,798**	**10,187**	***(6.0)%***
Purchasing and subcontracting	(2,898)	(3,383)	*(14.3)%*
Other operating expenses	(1,910)	(2,171)	*(12.1)%*
Staff costs and employee benefit expenses	(1,060)	(930)	*14.0%*
Depreciation, amortization and impairment	(3,475)	(2,672)	*30.1%*

	December 31, 2019	December 31, 2018	Change
		(in € millions)	
Other expenses and income	2,601	(520)	*n.m.*
Operating income	**4,056**	**512**	***692.4%***
Financial income	18	9	*96.8%*
Interest relative to gross financial debt	(837)	(807)	*3.8%*
Realized and unrealized gains/(loss) on derivative instruments	6	(9)	*(166.3)*
Other financial expenses	(231)	(120)	*92.9%*
Net result on extinguishment of financial liabilities	(79)	(149)	*(46.9)*
Finance costs (net)	**(1,124)**	**(1,075)**	***4.6%***
Share of earnings of associates and joint ventures	(201)	(13)	*n.m.*
Income (loss) before taxes from continuing operations	**2,731**	**(576)**	***n.m.***
Income tax benefit (expense)	168	99	*68.8%*
Net income (loss) from continuing operations	**2,898**	**(477)**	***n.m.***
Net income (loss)	**2,898**	**(477)**	***n.m.***
Attributable to equity holders of the parent	2,853	(476)	*n.m.*
Attributable to non-controlling interests	46	(1)	*n.m.*

Significant Events Affecting Historical Results

For the year ended December 31, 2019

XpFibre

On November 30, 2018, the Company entered into an exclusivity agreement with the JV Consortium, regarding the sale of 49.99% equity stake in XpFibre S.A.S. (now a subsidiary of XpFibre Holding, a joint venture in which the Group owns 50.01% interest), an alternative FTTH infrastructure wholesale operator. As a consequence, the assets and liabilities were classified as held for sale as of December 31, 2018. The transaction closed on March 27, 2019, upon which €522 million total assets and 1.1 million total homes passed were transferred to XpFibre S.A.S. The final proceeds amounted to €1.7 billion, based on an equity value at closing of €3.4 billion. The total capital gain recorded for the year ended December 31, 2019, was €2,796 million. This partnership creates a leading FTTH infrastructure wholesaler in France. Following the closing of the transaction, the Company lost exclusive control over XpFibre S.A.S. as the Company and the JV Consortium have joint control over the new entity. As of December 31, 2019, XpFibre S.A.S. was accounted for under the equity method in the scope of IFRS 11 (*Joint arrangements*).

Issuance of new debt instruments

On September 27, 2019, Altice France issued new debt instruments for an aggregate euro equivalent amount of €2,540 million. Altice France issued euro denominated notes for an aggregate amount of €550 million due in 2025 with a coupon of 2.5% and €1,000 million due in 2028 with a coupon of 3.375% respectively and dollar denominated notes for an amount of $1,100 million due in 2028 with a coupon of 5.5%. At the same time, the Group also restructured the swap instruments associated with the dollar denominated 2024 Notes. The proceeds from this issuance were used to repay the remainder of the 2024 Notes and to repay certain intercompany debts owed to Altice Lux.

Dividend payments

On May 7, 2019, the shareholder's meeting approved the payment of a dividend for an aggregate amount of €820 million to its shareholders, Altice Luxembourg FR S.A., Altice Lux Bis and Altice Europe of which €500 million were paid in cash and €320 million via compensation of previous upstream loans.

On August 14, 2019, the shareholder's meeting approved the payment of an exceptional dividend for an aggregate amount of €1,050 million to its shareholders, Altice Luxembourg FR S.A., Altice Lux Bis and Altice Europe of which €300 million were paid in cash and €750 million via compensation of a previous upstream loan.

On December 19, 2019, the board of directors approved the payment of an interim dividend for an aggregate amount of €501 million to its shareholders, Altice Luxembourg FR S.A., Altice Lux Bis and Altice Europe of which €319 million were paid via compensation of a previous upstream loan and €182 million was recognized as

a financial debt and will be paid before the end of year. Thus, the total dividends distributed by the Group to its shareholders amount to €2,371 million.

Partial redemption of 2024 Notes

On June 10, 2019, the Company proceeded to partially redeem its 2024 Notes. An aggregate of €500 million and $560 million were redeemed. The Company paid a call premium of €30 million as part of the redemption. The redemptions were treated as partial extinguishments of the debt instruments and per IFRS 9, unamortised transaction costs were recycled through the consolidated statement of income to the extent of the nominal repaid. The underlying derivative instruments were restructured as well. On October 15 and 16, 2019, the Company proceeded to redeem the remainder of the 2024 Notes for an aggregate euro equivalent amount of €1,489 million (excluding accrued interests and call premium). The proceeds from the issuance of the Existing January 2025 Senior Secured Notes and Existing 2028 Senior Secured Notes were used to finance these redemptions.

Financing flows with Altice Group entities

On June 10, 2019, the Group issued a new dollar-denominated loan for an aggregate amount of $840 million (€745 million equivalent). This loan was fully subscribed by Altice Lux with an interest rate of 10.50% (5.8572% swapped to euros). The proceeds from this issuance were used to partially redeem the 2024 Notes. On September 27, 2019, the Group fully redeemed the loan using a part of the proceeds from the issuance of the Existing January 2025 Senior Secured Notes and Existing 2028 Senior Secured Notes. The net impact of this issuance was recorded in the line "*Other flows from financial activities*" in the consolidated statement of cash flows. On July 30, 2019, the Group made an upstream loan to Altice Group Luxembourg S.A. for an aggregate amount of €175 million. The Group drew an equivalent amount on the Altice France revolving credit facility to finance the loan.

On September 27, 2019, the Group made an upstream loan to Altice Lux for an aggregate amount of €93 million. The proceeds from the issuance of the Existing January 2025 Senior Secured Notes and Existing 2028 Senior Secured Notes were used to finance this loan. Between October 1, 2019 and December 19, 2019, the Group made several new advances to both Altice Group Luxembourg and Altice Lux, for aggregate amounts of €130 million and €180 million respectively. On December 19, 2019, following the decision of the board of directors to distribute an interim dividend, the advances made were compensated against the outstanding dividend payment. Following this compensation, as of December 31, 2019, the Group had an outstanding debt position with Altice Lux for an aggregate amount of €182 million and a receivable position with Altice Group Luxembourg for an aggregate amount of €258 million.

Disposal of Groupe L'Express

On July 19, 2019, the board of directors approved the sale of Groupe L'Express S.A. to Altice Group Luxembourg SA for a transaction value of €1 for the shares of Groupe L'Express and €1 for the Group's receivables based on the perspectives and business plan of Groupe L'Express. Following the announcement and the finalization of the term sheet of the transaction at the end of June 2019, the related asset and liabilities have been classified as held for sale in accordance with IFRS 5 as at June 30, 2019. This transaction was closed on July 30, 2019. The disposal of Groupe L'Express has been definitively recorded as of December 31, 2019 with a net capital loss of €4 million in the caption "*Other expenses and income*" in the income statement.

Agreement to acquire 100% interest in Covage by XpFibre

On November 25, 2019, XpFibre S.A.S., alongside its consortium of financial investors comprising the JV Consortium, entered into an exclusivity agreement with Cube Infrastructure Fund and Partners Group (acting on behalf of its clients) regarding the acquisition of 100% of Covage. The parties entered into the share purchase agreement on December 24, 2019 and the transaction was closed on December 8, 2020 for a total cash consideration of over €1 billion, out of which €667 million was raised by way of non-recourse debt at XpFibre Network and €202 million cash equity was contributed by the Group.

For the year ended December 31, 2018

Altice Group Reorganization

On January 8, 2018, Altice Europe announced the separation of Altice USA from Altice Europe. The separation was effected by a spin-off of Altice Europe's 67.2% interest in Altice USA through a distribution in kind to Altice

Europe shareholders (the "**Spin-Off**"). Altice Europe announced completion of the Spin-Off on June 8, 2018. Following the Spin-Off, Altice N.V. changed its name to Altice Europe N.V. The Altice Europe Group reorganized its structure comprising the Group, Altice International and Altice TV.

In connection with the reorganization, Altice Europe also announced that existing content wholesale contracts between the Group and AENS, a subsidiary of Altice TV, would be cancelled and replaced by a new revenue sharing contract with a lower guaranteed minimum amount payable by Altice France ("**AENS Contract Renegotiation**"), pursuant to which AENS received a break-fee of €300 million. This amount has been recorded as a restructuring expense by Altice France for the year ended December 31, 2018. As a consequence of the AENS Contract Renegotiation, the total commitments of the Group have decreased by €1 billion.

Altice Europe entered into an exclusivity agreement for the sale of its international wholesale voice carrier business

On March 12, 2018, Altice Europe and the Company announced that it had entered into an exclusivity agreement with Tofane Global, a Paris-based telecommunications and digital player specializing in international carrier services, for the sale of its international wholesale voice carrier business in France.

This transaction is part of the Group's non-core asset disposal program and is intended to strengthen the Group's long-term balance sheet position with a view to improving the operational and financial results of its key franchises.

The transfer of assets to SFR International Carrier Services and its sale to Tofane Global were finalized on September 12, 2018. The disposal price amounted to €21 million. The international wholesale voice carrier business contributed revenue of €113 million and €240 million and EBITDA of €7 million and €10 million in the years ended December 31, 2018 and 2017, respectively.

Exclusive Control over NextRadioTV

On April 5, 2018, Altice France acquired the minority interest held by News Participations in Altice Content Luxembourg S.A. for the amount of €100 million by exercising the call option it held on News Participation's 25% interest in Altice Content Luxembourg, following which Altice Content Luxembourg become a wholly-owned subsidiary of Altice France. Altice Content Luxembourg is an indirect parent of NextRadioTV and the direct parent of Group News Participations ("**GNP**").

On May 31, 2018, the Group consummated the acquisition of the remaining 51.0% interest in NextRadioTV (via a conversion of convertible bonds).

The Group has been consolidating the results of GNP in application of IFRS 10 since May 2016, hence this transaction does not have any impact on the financial statements, except for a reclassification of non-controlling interests to Group equity. The net negative impact of the operation was €30 million as shown in the statement of changes in equity.

In the event of a change in control, the French Labor Code (Article L.7112-5) allows journalists to activate a five-year Exit clause ("**clause de cession**"). As of December 31, 2018, the Group has recorded the associated financial risk for an amount of €5 million.

Acquisitions of Altice Customer Services and Altice Technical Services France

On May 16, 2018, the Group closed the acquisitions of Altice Customer Services ("**ACS**") and Altice Technical Services France ("**ATS France**").

Altice France acquired a 65.0% interest in the capital of ACS from Altice International for a total consideration of €65 million. ACS contributed revenue of €27 million and EBITDA of €13 million for the period in 2018 since May 16, 2018.

The fair value of put and call options on the 35.0% minority interest, not held by Altice before the transaction, have been booked in equity for a negative amount of €24 million. ACS comprises mainly of companies of the Intelcia group, a French language-focused player in the customer relations management outsourcing industry.

Altice France also acquired a 100% interest in ATS France from Altice International for a total consideration of €175 million. ATS France is an all-round technical services company offering among others network deployment, upgrade and maintenance for the telecommunications industry. ATS France contributed revenue of €1 million and EBITDA of €9 million for the period in 2018 since May 16, 2018.

Redemption of Existing 2022 Notes

On July 31, 2018, Altice France issued $1,750 million aggregate principal amount of its 8.125% Senior Secured Notes due 2027 denominated in U.S. dollars and (ii) €1,000 million aggregate principal amount of its 5.875% Senior Secured Notes due 2027 denominated in euro (together, the "**Existing 2027 Senior Secured Notes**"). On August 14, 2018, Altice France also issued a USD term loan for a nominal amount of $2,500 million with an interest rate of three month Libor +4.00% due in 2026.

The proceeds from these issuances were used to fully redeem Altice France's $4,000 million 6.000% Senior Secured Notes due 2022 and €1,000 million 5.735% Senior Secured Notes due 2022 (together, the "**Existing 2022 Notes**"). The transactions were approved by the board of directors of Altice France on July 6, 2018 and were closed in August 2018. Additionally, cross currency interest rate swaps issued by the Group to hedge the dollar denominated debts were also restructured in order to reflect the new conditions of the new debt instruments.

As part of these transactions, the Group recorded a non-recurring expense of €149 million related to the restructuring of the debt and a net non-recurring expense of €8 million related to the restructuring of the cross currency swaps.

Acquisition of Altice Europe's FOT Business

On October 31, 2018, the Group completed the acquisition of a controlling interest in the FOT Business, an indirect subsidiary of Altice Europe, through which the Group conducts its business in the French Overseas Territories. The total consideration transferred amounted to €476 million. This operation was treated as an acquisition under common control and hence no goodwill was created as part of this transaction. The FOT Business contributed revenue of €36 million and Adjusted EBITDA of €15 million for the period in 2018 since October 31, 2018.

Sale of a 49.99% Interest in XpFibre S.A.S.

On November 30, 2018, the Company entered into an exclusivity agreement with Piaf BidCo BV, an entity held by the JV Consortium, regarding the sale of an equity interest of 49.99% in XpFibre S.A.S. (now a subsidiary of XpFibre Holding, a joint venture in which the Group owns 50.01% interest), an alternative FTTH infrastructure wholesale operator. The transaction closed on March 27, 2019. As of December 31, 2018, XpFibre S.A.S. was accounted for as an associate and hence was not fully consolidated in the Group's financial statements.

In accordance with IFRS 5 (*Non-current Assets Held for Sale and Discontinued Operations*), assets intended for sale and liabilities related to assets held for sale were placed on specific line items in the statement of financial position for the amounts of €522 million as of December 31, 2018; since the impact on the statement of income and the statement of cash flows is not substantial, these statements were not restated.

Revenue

For the year ended December 31, 2019, we generated total revenues of €10,798 million, a 6.0% increase compared to €10,187 million for the year ended December 31, 2018. The increase in revenues was mainly driven by an increase in our business services segment, which grew by 20.3% to €3,377 million for the year ended December 31, 2019. Residential business revenue declined by 1.0% year over year for the fixed segment, but grew by 1.2% for the mobile segment.

The tables below set forth the Group's revenue by lines of activity which the Group operates for the year ended December 31, 2019 and December 31, 2018, respectively:

Revenues **(in € millions)**	**December 31, 2019**	**December 31, 2018**	**Change**
Residential – Fixed	2,529	2,555	*(1.0)%*
Residential – Mobile	3,515	3,472	*1.2%*

Business services	3,377	2,808	*20.3%*
Total Telecom excl. equipment sales	**9,422**	**8,836**	***6.6%***
Equipment sales	923	889	*3.9%*
Media	453	463	*(2.2)%*
Total	**10,798**	**10,187**	***6.0%***

The Group's residential fixed segment revenues decreased by 1.0% from €2,555 million for the year ended December 31, 2018 to €2,529 million for the year ended December 31, 2019. This decrease was mainly due to customer losses experienced in previous quarters (consecutive losses throughout 2017), the loss of favourable VAT treatment on audiobook bundling (in 2019) and partly impacted by more intense market competition following SFR's successful churn reduction and more proactive retention activity. For the year ended December 31, 2019, the Group added 137,000 new B2C fixed customers (compared to 187,000 net-adds in 2018), with 262,000 fibre net adds in 2019 as compared to 284,000 fibre net adds in 2018. B2C fixed revenue was also impacted by the loss of favourable VAT treatment on telecom/press bundles (ended in February 2018).

Revenues for the Group's residential mobile services grew to €3,515 million for the year ended December 31, 2019 compared to €3,472 million for the year ended December 31, 2018. This trend was driven primarily by the impact of consecutive positive net-adds in the residential mobile segment for the past six quarters and a relative stabilisation of market pricing due to less intensive promotional activities from competitors. For the year ended December 31, 2019, the Group continued its positive net adds trend, adding 652,000 new B2C mobile post-paid customer (compared to net adds of 1,049,000 for the year ended December 31, 2018), as a result of an improved customer experience and anti-churn measures implemented at the end of 2017.

Revenues from our business services segment grew by 20.3% to reach €3,377 million for the year ended December 31, 2019 compared to €2,808 million for the year ended December 31, 2018. This revenue growth was mainly due to the inclusion of revenues for the full year from our technical services, customer services and overseas territories businesses (€195 million), which were not included in the revenues for the year ended December 31, 2018. The business services revenue was also impacted by revenues derived from the construction business with XpFibre S.A.S. for the year ended December 31, 2019.

Mobile equipment revenues grew by 3.6% from €889 million for the year ended December 31, 2018 to €923 million for the year ended December 31, 2019, mainly driven by the uptake of higher end smartphones by customers in 2019 compared to the year ended December 31, 2018.

Revenues from the Group's media activities totalled €453 million for the year ended December 31, 2019, a 2.2% decrease as compared to €463 million for the year ended December 31, 2018. This trend was driven by a decline in our printed press business, which was partially offset by continued growth of our radio/television business, which grew by 11.4% (from €348 million for the year ended December 31, 2018 to € 387 million for the year ended December 31, 2019).

Adjusted EBITDA

For the year ended December 31, 2019, our Adjusted EBITDA was €4,200 million, an increase of 13.3% compared to the year ended December 31, 2018 (€3,706 million). A reconciliation from revenues to adjusted EBITDA is presented below. This increase was mainly due to the increase in revenues as explained above and a decrease in customer service and maintenance costs, partially offset by an increase in content and staff costs.

- *Purchasing and subcontracting*: Purchasing and subcontracting costs decreased by 14.3%, from €3,383 million in the year ended December 31, 2018 to €2,898 million in the year ended December 31, 2019, mainly due to a decrease in interconnection costs.

- *Other operating expenses*: Other operating expenses decreased by 12.1% to € 1,910 million in the year ended December 31, 2019 from € 2,171 million in the year ended December 31, 2018, driven mainly due to a decrease in customer service (related to decreasing churn and hence a lower volume of call center activity) and sales and marketing costs (lower commercial activity driven by a relative stability in market prices), which was offset by an increase in business taxes (mainly related to the introduction of an IFER for the fixed business).

- *Staff costs and employee benefit expenses*: Staff costs and employee benefit expenses increased by 14.0%, from €930 million in the year ended December 31, 2018 to €1,060 million in the year

ended December 31, 2019, mainly driven by the inclusion of staff costs of our technical services and customer services entities, as well as for our French overseas territories business for the year ended December 31, 2019 (as these entities only contributed partially in for the year ended December 31, 2018).

- *Share based expense*: The costs incurred in the year ended December 31, 2019 are related to the recharge of the costs related to the free preference shares allotted to the CEO of the Company by Altice Europe.

Reconciliation of operating income to Adjusted EBITDA

Operating Profit (in € millions)	**December 31, 2019**	**December 31, 2018**	**Change**
Revenues	**10,798**	**10,187**	*6.0%*
Purchasing and subcontracting costs	(2,898)	(3,383)	*(14.3)%*
Other operating expenses	(1,910)	(2,171)	*(12.1)%*
Staff costs and employee benefits	(1,060)	(930)	*14.0%*
Total	**4,931**	**3,704**	***33.1%***
Share-based expenses	31	2	*n.m.*
Rental expense operating lease	(761)	—	—
Adjusted EBITDA	**4,200**	**3,706**	***13.3%***
Depreciation, amortization and impairment[(a)]	(3,475)	(2,672)	*30.1%*
Share-based expenses	(31)	(2)	*n.m.*
Other expenses and income[(b)]	2,601	(520)	*n.m.*
Rental expense operating lease	761	—	—
Operating profit	**4,056**	**512**	***n.m.***

(a) The Group has adopted IFRS 15 effective from January 1, 2018. The 2019 Financial Statements reflect the change in accounting standard. The Group has also adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of January 1, 2019. However, the financial information for the year ended December 31, 2018 in the 2019 Financial Statements have not been restated for the impacts of IFRS 16.

(b) Other expenses and income primarily include litigation costs, gain and loss on disposal of property, plant, equipment and intangible assets and other non-recurring income and expenses. See "—*Other expenses and income*" below.

Depreciation, amortization and impairment

For the year ended December 31, 2019, depreciation and amortization totalled €3,475 million, a 30.1% increase compared to €2,672 million for the year ended December 31, 2018. The increase was mainly due to the amortisation impact of customer acquisition cost assets created as part of the application of IFRS 15 and the first time implementation of IFRS 16 from January 1, 2019. Amortisation of right of use assets recorded under IFRS 16 amounted to €712 million for the year ended December 31, 2019. For the year ended December 31, 2018, due to the first time application of IFRS 15 and absence of IFRS 16, there was no such amortisation/impairment impact.

Other expenses and income

For the year ended December 31, 2019, our other expenses and income amounted to an income of €2,601 million, a 600.0% increase compared to an expense of €520 million for the year ended December 31, 2018:

	December 31, 2019	**December 31, 2018**	**Change**
	(in € millions)		
Net restructuring costs[(1)]	(1)	9	*(114.8)%*
Litigation[(2)]	(48)	64	*(175.2)%*
Gain and loss on disposal of property, plant, equipment and intangible assets	(29)	16	*(276.1)%*
Other non-recurring income and expenses[(3)]	2,679	(609)	*n.m.*
Other expenses and income	**2,601**	**(520)**	***n.m.***

(1) For the year ended December 31, 2018, we recorded restructuring costs which mainly include costs related to provisions for employee redundancies as part of the voluntary departure plan launched in 2017. For the year ended December 31, 2019, we

recorded an expense of €1 million related to external costs from the departure plan initiated in our printed press business and external costs related to our telecom departure plan.

(2) For the year ended December 31, 2018, we recorded a reversal in provision for certain litigation with Orange for an aggregate amount of €121 million, which was offset by provisions for certain VAT litigations and other litigations. For the year ended December 31, 2019, we recorded provisions for certain VAT litigations, which explains the expense of €48 million recorded in 2019.

(3) For the year ended December 31, 2019, we recorded a capital gain related to the divestment of a 49.99% stake in XpFibre S.A.S. for an aggregate amount of €2,796 million. For the year ended December 31, 2018, we recorded non-recurring expenses of €609 million, which were mainly related to the booking of the content break fee with AENS (€300 million).

Finance costs, net

Net finance costs amounted to €1,124 million for the year ended December 31, 2019, registering an increase of 4.6% compared to €1,075 million for the year ended December 31, 2018. A breakdown is provided below:

	December 31, 2019	December 31, 2018	Change
	(in € millions)		
Interest relative to gross financial debt	**(837)**	**(807)**	***3.8%***
Realized and unrealized gains/(loss) on derivative instruments linked to financial debt	**6**	**(9)**	***(166.3)%***
Financial income	**18**	**9**	***96.8%***
Provisions and unwinding of discount	(14)	(28)	*(51.4)%*
Interest related to lease liabilities	(118)	—	—
Other	(100)	(92)	*8.8%*
Other financial expenses	**(231)**	**(120)**	***92.9%***
Net result on extinguishment of a financial liability	**(79)**	**(149)**	***(46.9)%***
Finance costs (net)	**(1,124)**	**(1,075)**	***4.6%***

The interest relative to gross financial debt increased from €807 million as of December 31, 2018 to €837 million as of December 31, 2019. This increase was mainly driven by an increase in our cost of debt related to the refinancing from July and August 2018 (€43 million), an increase related to an increase in the nominal amount of the debt (€215 million), as well as an increase in the interest rate of the new debt following the refinancing in 2018.

As of December 31, 2019, the Group decided to separate impacts of the variations of derivative instruments in order to improve the comparability of its interest expense. For the year ended December 31, 2019, the net gain realized on derivative instruments included one-off income of €258 million related to the monetization of latent gain on certain cross currency swaps. There was no such income for the year ended December 31, 2018.

As of December 31, 2019, all fees related to refinancing were reclassified to the line item, "Net result on extinguishment of a financial liability". As of December 31, 2019, the other financial expenses line item include the interest and realized foreign exchange loss on the redemption of the $840 million intercompany loan with Altice Lux for an amount of €48 million.

Share of earnings/(loss) of associates

For the year ended December 31, 2019, our share of loss of associates amounted to €201 million, compared to €13 million for the year ended December 31, 2018. For the year ended December 31, 2019, we recorded the elimination of the margin on the construction business with XpFibre S.A.S. to the extent of the Group's shareholding (50.01%).

Income tax income/(expense)

For the year ended December 31, 2019, we recorded an income tax income of €168 million compared to an income of €99 million for the year ended December 31, 2018. The income recorded in 2019 was mainly as a result of the activation of certain carried over tax losses, resulting in a deferred tax income.

Liquidity and Capital Resources

Cash and Debt Profile

As of June 30, 2021, our consolidated cash and cash equivalents amounted to €371 million on an actual basis.

Our most significant financial obligations are our debt obligations. Our total third-party debt on an amortized cost basis as of June 30, 2021 was €11,265 million relating to bonds, including €279 million of bonds issued at Altice Finco France, and €10,367 million relating to loans from financial institutions, including €3,070 million of indebtedness incurred at Altice Finco France. As of June 30, 2021, an amount of €337 million was drawn under the Existing Revolving Credit Facilities, which provided for commitments in an aggregate amount of €1,035 million as of June 30, 2021. As of June 30, 2021, Hivory, the Group's unrestricted subsidiary, also has access to a senior revolving facility of up to €300 million (which remained undrawn as of June 30, 2021). See note 14 to the Unaudited Interim Financial Statements.

The following table presents the maturity of the Existing Senior Secured Notes, Existing Term Loans and the Existing Revolving Credit Facilities as at June 30, 2021, excluding the indebtedness incurred at Altice Finco France in the principal amount of €3,350 million, which matures in April 2022.

	As at June 30,				
(in € millions)	**2021**	**2022**	**2023**	**2024 or later**	**Total**
Existing 2026 Senior Secured Dollar Notes(1)	—	—	—	1,948	1,948
Existing 2027 Senior Secured Dollar Notes(1)	—	—	—	1,477	1,477
Existing 2028 Senior Secured Dollar Notes(1)	—	—	—	928	928
Existing January 2025 Senior Secured Notes(1)	—	—	—	550	550
Existing 2027 Senior Secured Euro Notes(1)	—	—	—	1,000	1,000
Existing 2028 Senior Secured Euro Notes(1)	—	—	—	1,000	1,000
Existing February 2025 Senior Secured Notes(1)	—	—	—	500	500
Existing January 2029 Senior Secured Euro Notes	—	—	—	500	500
Existing January 2029 Senior Secured Dollar Notes(1)	—	—	—	401	401
Existing July 2029 Senior Secured Euro Notes	—	—	—	400	400
Existing July 2029 Senior Secured Dollar Notes(1)	—	—	—	2,110	2,110
Existing Revolving Credit Facilities(1)	337	—	—	—	337
Existing Term Loans (1)	36	73	73	6,841	7,023
Total	**73**	**73**	**73**	**17,655**	**18,174**

(1) The amount is based on the exchange rates as of June 30, 2021 of €1 = US$1.1849. This does not reflect the impact of derivative instruments entered into with respect to such debt to reduce foreign currency exposure.

The following table sets forth details of the Group's financial liabilities on an amortized cost basis, including the indebtedness incurred at Altice Finco France.

Financial Liabilities breakdown	**Current**		**Non-Current**		**Total**	
(in € millions)	**June 30, 2021**	**December 31, 2020**	**June 30, 2021**	**December 31, 2020**	**June 30, 2021**	**December 31, 2020**
Bonds	484	249	10,782	10,485	11,265	10,735
Loans from financial institutions	3,510	84	6,857	6,733	10,367	6,817
Derivative financial instruments	52	429	1,199	1,219	1,251	1,648
Borrowings, financial liabilities and related hedging instruments(*)	**4,046**	**763**	**18,838**	**18,437**	**22,884**	**19,200**
Finance lease liabilities(**)	16	20	29	33	45	53
Operating lease liabilities	647	713	2,723	2,939	3,371	3,651
Lease liabilities	**663**	**733**	**2,752**	**972**	**3,416**	**3,704**
Perpetual subordinated notes ("TSDI")	—	—	63	61	63	61

Deposits received from customers	29	32	159	161	188	193
Bank overdrafts	2	3	—	—	2	3
Securitization[(a)]	251	270	—	—	251	270
Reverse factoring[(b)]	604	704	—	—	604	704
Commercial paper	108	87	—	—	108	87
Debt owed to Altice Group	—	1	8	9	8	9
Other[(c)]	24	25	78	86	102	110
Other financial liabilities	**1,018**	**1,120**	**308**	**317**	**1,325**	**1,437**
Financial liabilities	**5,727**	**2,616**	**21,898**	**21,725**	**27,624**	**24,340**

(*) Including accrued interest.

(**) As of December 31, 2018, the opening balances of finance lease liabilities were reclassified from "Other financial liabilities" to "Finance lease liabilities".

(a) As part of the measures implemented by the Group to manage its cash flow, certain subsidiaries in the Group have entered into a non-recourse securitization agreement for the Business services segment portfolio receivables with a financial institution that has committed to purchase these receivables for a new five year period starting February 2020 and for a total committed capacity of €380 million, on a monthly basis and via a revolving structure. The total amount of the portfolio of receivables assigned as of June 30, 2021 represents €251 million. The analysis of these contracts and the assigned receivables has led the Group to conclude that the program, while being non-recourse, does not meet the de-recognition criteria under IFRS 9 and hence a financial debt is recognized on the balance sheet corresponding to the outstanding balance of receivables. Does not include the off-balance sheet handset receivables securitization facility entered into by Altice France on December 30, 2020 for a net amount of €84 million.

(b) The Group has entered into reverse factoring agreements with several financial institutions and 20 of its main services or equipment providers pursuant to which the relevant financial institutions pays the invoices of these suppliers at the original due date of the invoices. As part of these programs, the Group undertakes to pay to the financial institutions the invoice at the extended deadline, whose extension could not exceed 360 days after the provider issued it. As of June 30, 2021, the outstanding amount on the programs totalled €604 million (excluding accrual interests). When the supplier invoice is paid by the financial institution on behalf of the Group, the company recognizes a decrease in accounts payables and an increase in financial debt.

(c) As of June 30, 2021, this amount includes: (i) €17 million of liabilities related to the acquisition of non-controlling interests (in ERT Luxembourg for €12 million and Icart for €5 million), compared to €32 million as of December 31, 2020 (ERT Luxembourg for €18 million, Icart for €7 million and DSP €6 million; (ii) €68 million related to ACS put option; and (iii) €2 million related to a current account with Altice Luxembourg compared to €2 million as of December 31, 2020.

On April 27, 2021, the Company issued the Existing July 2029 Senior Secured Dollar Notes and the Existing July 2029 Senior Secured Euro Notes. The proceeds from the issuance of the Existing July 2029 Senior Secured Dollar Notes and the Existing July 2029 Senior Secured Euro Notes were used by Altice France to partially redeem the Existing 2026 Senior Secured Notes on May 4, 2021.

For the six months ended June 30, 2021, we recorded liabilities related to the capitalisation of our operating leases, resulting from the application of IFRS 16. As of June 30, 2021, the total amount of lease liabilities amounted to €3,416 million.

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

Sources of Liquidity

Our principal source of liquidity is expected to be the operating cash flows of our operating subsidiaries and, if required, borrowings under the Existing Revolving Credit Facilities. As of June 30, 2021, an amount of €337 million was drawn under the Existing Revolving Credit Facilities. We can also generate additional liquidity through our securitization and reverse factoring arrangements. We expect to use these sources of liquidity to fund operating expenses, working capital requirements, capital expenditures, debt service requirements and other liquidity requirements that may arise from time to time. The availability of borrowings under the Existing Revolving Credit Facilities is conditioned upon compliance with specified leverage ratios. Our ability to generate cash from our operations will depend on our future operating performance, which is in turn dependent, to some extent, on general economic, financial, competitive, market, regulatory and other factors, many of which are beyond our control. We believe that our cash and cash equivalents, the cash provided from the operations of our operating subsidiaries and any available borrowings under the Existing Revolving Credit Facilities will be

sufficient to fund our currently anticipated working capital needs, capital expenditures, and debt service requirements during the next 12 months, although no assurance can be given that this will be the case. However, as our debt matures in later years, we anticipate that we will seek to refinance or otherwise extend our debt maturities. No assurance can be given that we will be able to complete such refinancings or otherwise extend our debt maturities. In this regard, it is not possible to predict how economic conditions, sovereign debt concerns and/or any adverse regulatory developments could impact the credit markets we access and accordingly, our future liquidity and financial position. In addition, sustained or increased competition, particularly in combination with adverse economic or regulatory developments, could have an unfavourable impact on our cash flows and liquidity.

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

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

The Group's senior debt is subject to an incurrence test of 4.0:1 (Adjusted EBITDA to net debt), while the Group's senior secured debt is subject to an incurrence test of 3.25:1 (Adjusted EBITDA to net senior secured debt). The Group or its relevant subsidiaries are allowed to fully consolidate the EBITDA from any subsidiaries in which they have a controlling interest and that are contained in the restricted group as defined in the relevant debt instruments. In addition, the Group can rely on various 'baskets' specified under its debt covenants when incurring indebtedness.

The Group has access to the Existing Revolving Credit Facilities, which are subject to maintenance covenants in addition to the incurrence based covenants described above.

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

Working Capital

As of June 30, 2021, the Group had a net current liability position of €4,651 million (comprising current liabilities net of current assets) (mainly due to trade payables and current contract liabilities amounting to €5,300 million) and a negative working capital of €1,264 million (comprising inventories, trade and other receivables and contract assets, minus trade and other payables and contract liabilities). The negative working capital position is structural and follows industry norms. Customers generally pay subscription revenues early or mid-month, with short days of sales outstanding, and suppliers are paid in the beginning of the following month, thus generating a negative working capital. Payables due the following month are generally covered by operating cash flow. We expect that our operating cash flows and, if required, available borrowings under the Existing Revolving Credit Facilities will be sufficient to meet our working capital requirements during the next 12 months.

Selected Cash Flow Data

For the six months ended June 30, 2021 compared to the six months ended June 30, 2020

Consolidated Statement of Cash Flows (in € millions)	**June 30, 2021**	**June 30, 2020**	**Change**
Net income (loss), Group share	**(138)**	**46**	***(400.0)%***
Net cash flow provided by/(used in) operating activities	**2,644**	**2,009**	***31.6%***
Net cash flow provided by/(used in) investing activities	**(1,764)**	**(1,105)**	***59.6%***
Net cash flow provided by/(used in) financing activities	**(1,048)**	**(974)**	***7.6%***
Net increase/(decrease) in cash and cash equivalents	**(167)**	**(70)**	***138.6%***
Effects of exchange rate changes on the balance of cash held in foreign currencies	3	(4)	*175.0%*

Cash and cash equivalents at beginning of period	**536**	**557**	***(3.8)%***
Cash and cash equivalents at end of period	**371**	**482**	***(23.0)%***

Net cash flow provided by/(used in) operating activities

Net cash provided by operating activities increased to €2,644 million for the six months ended June 30, 2021 compared to €2,009 million for the six months ended June 30, 2020. This trend was the result of more favorable working capital variation (€(144) million for the six months ended June 30, 2021 compared to €(213) million for the six months ended June 30, 2020), lower income tax paid in the six months ended June 30, 2021 compared to June 30, 2020 (€27 million and €196 million, respectively), an increase in adjusted EBITDA (€2,532 million for the six months ended June 30, 2021 compared to €2,428 million for the six months ended June 30, 2020) and due to indemnities resulting from settlement of litigation with Orange.

Net cash provided by/(used in) investing activities

For the six months ended June 30, 2021, the Group recorded a net cash outflow in investing activities in an amount of €1,764 million, compared to net cash outflow in investing activities of €1,105 million for the six months ended June 30, 2020. The difference can mainly be attributed to higher net capital expenditure in the six months ended June 30, 2021 compared to the six months ended June 30, 2020 (€1,719 million and €1,098 million, respectively).

Net cash flow provided by/(used in) financing activities

For the six months ended June 30, 2021, the Group used more cash for financing activities (€1,048 million) compared to the six months ended June 30, 2020 (€974 million). The difference was mainly due to higher interest paid (€419 million for the six months ended June 30, 2021 compared to €389 million for the six months ended June 30, 2020) and dividends paid to non-controlling interests for the six months ended June 30, 2021 (€38 million compared to €0 million in 2020).

For the year ended December 31, 2020 compared to the year ended December 31, 2019

Consolidated Statement of Cash Flows **(in € millions)**	**December 31, 2020**	**December 31, 2019**	**Change**
Net income (loss), Group share	**(255)**	**2,853**	***(108.9)%***
Net cash flow provided by/(used in) operating activities	**4,599**	**4,087**	***12.5%***
Net cash flow provided by/(used in) investing activities	**(2,720)**	**(666)**	***308.4%***
Net cash flow provided by/(used in) financing activities	**(1,898)**	**(3,921)**	***(51.6)%***
Net increase/(decrease) in cash and cash equivalents	**(19)**	**(500)**	***(96.2)%***
Effects of exchange rate changes on the balance of cash held in foreign currencies	(2)	(12)	*(83.3)%*
Cash and cash equivalents at beginning of period	**557**	**1,069**	***(47.9)%***
Cash and cash equivalents at end of period	**536**	**557**	***(3.8)%***

Net cash flow provided by/(used in) operating activities

Net cash provided by operating activities increased to €4,599 million for the year ended December 31, 2020 compared to €4,087 million for the year ended December 31, 2019. This trend was the result of higher operating profit (excluding non-cash non-recurring income) recorded for the year ended December 31, 2020 and a more favourable working capital variation in the year ended December 31, 2020 compared to the year ended December 31, 2019 (€(44) million (including an impact of €(63) million related to Altice TV) compared to €(532) million). This variation was mainly due to higher payments in first quarter of 2019 related to the telecom voluntary departure plan and the implementation of the off balance sheet B2C handset securitisation program in 2020 (which had a one off impact of €83 million). This was partially offset by higher income tax paid for the year ended December 31, 2020 amounting to €294 million compared to €172 million for the year ended December 31, 2019.

Net cash provided by/(used in) investing activities

For the year ended December 31, 2020, the Group recorded a net cash outflow in investing activities in an amount of €2,720 million, compared to net cash outflow in investing activities of €666 million for the year ended

December 31, 2019. The difference can mainly be attributed to the closing of the XpFibre S.A.S. divestment for which the Group received net cash proceeds of €1,616 million for the year ended December 31, 2019. Capital expenditure amounted to €2,444 million (including payment of capital expenditure for Altice TV for an aggregate amount of €120 million) for the year ended December 31, 2020 compared to €2,266 million for the year ended December 31, 2019.

Net cash flow provided by/(used in) financing activities

For the year ended December 31, 2020, the Group used less cash for financing activities (€1,898 million) compared to the year ended December 31, 2019 (€3,921 million). The difference was mainly due to (i) lower net distribution to shareholders via dividends and/or upstream loans in 2020 compared to 2019 (€1,607 million in 2020 as compared to €2,447 million in 2019), (ii) lower interests paid in 2020 compared to 2019 (€744 million in 2020 as compared to €847 million in 2019) and (iii) higher net proceeds from debt refinancing activity in 2020 compared to 2019 (€1,220 million in 2020 as compared to €251 million in 2019).

For the year ended December 31, 2019 compared to year ended December 31, 2018

Consolidated Statement of Cash Flows (in € millions)	December 31, 2019	December 31, 2018 (restated)[1]	Change
Net income (loss), Group share	**2,853**	**(476)**	***(699.1)%***
Net cash flow provided by/(used in) operating activities	**4,087**	**2,711**	***50.8%***
Net cash flow provided by/(used in) investing activities	**(666)**	**(3,116)**	***(78.6)%***
Net cash flow provided by/(used in) financing activities	**(3,921)**	**1,045**	***(475.1)%***
Net increase/(decrease) in cash and cash equivalents	**(500)**	**640**	***(178.2)%***
Effects of exchange rate changes on the balance of cash held in foreign currencies	(12)	(23)	*(47.9)%*
Cash and cash equivalents at beginning of period	**1,069**	**451**	***136.8%***
Cash and cash equivalents at end of period	**557**	**1,069**	***(47.9)%***

(1) These amounts were restated to take into account a change in the presentation of cash which now excludes bank overdrafts and acquisitions and disposals of property, plant and equipment and intangible assets which are now net of change in working capital.

Net cash flow provided by operating activities

Net cash provided by operating activities increased to €4,087 million for the year ended December 31, 2019 compared to €2,711 million for the year ended December 31, 2018. This trend was the result of (i) higher operating profit recorded for the year ended December 31, 2019 which was offset by a working capital unwinding effect in 2019 as compared to the same period in 2018 (€(532) million compared to €(245) million) and (ii) the first time implementation of IFRS 16 on January 1, 2019. For the year ended December 31, 2018, working capital was impacted by the recognition of the content break fee with AENS (€300 million) and the outstanding amount for the departure plan still booked as social payables at the end of that period (€116 million).

Net cash provided by (used in) investing activities

For the year ended December 31, 2019, we had a net cash outflow used in investing activities in an amount of €666 million, compared to net cash used in investing activities of €3,116 million for the year ended December 31, 2018. The difference can mainly be attributed to the closing of the XpFibre S.A.S. divestment for which the group received net cash proceeds of €1,616 million in the year ended December 31, 2019, whereas for the year ended December 31, 2018, the Group recorded cash outflows related to the acquisition of its technical services, customer service and French overseas territories businesses (€791 million). Capital expenditure for the year ended December 31, 2019 amounted to €2,266 million compared to €2,372 million for the year ended December 31, 2018.

Net cash flow provided by (used in) financing activities

For the year ended December 31, 2019, net cash used in financing activities amounted to €3,921 million, compared to €1,045 million provided by financing activities for the year ended December 31, 2018. This difference was mainly due to, (i) dividend payment of €2,371 million in 2019 compared to nil in 2018, (ii) receipt of proceeds from the sale of a 49.99% stake in Hivory for an aggregate amount of €1,767 million in the year ended December

31, 2018 and (iii) the first time implementation of IFRS 16 on January 1, 2019. We recorded an expense of €821 million related to the operating lease liabilities for the year ended December 31, 2019 compared to nil for the year ended December 31, 2018 (since IFRS 16 was not applicable in the year ended December 31, 2018).

Capital Expenditures

Our capital expenditure (accrued) was €1,575 million for the six months ended June 30, 2021 compared to €979 million for the six months ended June 30, 2020, representing an increase of 60.9%, primarily due to accruals for new IRUs and renewal of 2G licences (€428 million).

Our capital expenditure (accrued) amounted to €3,138 million for the year ended December 31, 2020 and €2,355 million for the year ended December 31, 2019, representing an increase of 33.3%, primarily due to the acquisition of the 5G spectrum in 2020 for an amount of €728 million. Excluding the impact of the 5G spectrum, capital expenditure (accrued) amounted to €2,410 million, an increase of 2.3% compared to €2,355 million for the year ended December 31, 2019. This increase was due to deployment of mobile network to prepare for the launch of the Group's 5G network.

For Altice TV's stand-alone capital expenditure (accrued) for the year ended December 31, 2020 and six months ended June 30, 2021, see "*—Discussion and Analysis of Our Results of Operations—For the six months ended June 30, 2021 compared to the six months ended June 30, 2020—Other Information related to Altice TV*" and "*—Discussion and Analysis of Our Results of Operations—For the year ended December 31, 2020 compared to the year ended December 31, 2019—Other Information related to Altice TV*".

Contractual Obligations

Unrecognized Contractual Commitments

We have other contractual obligations incurred in the ordinary course of business, including commitments relating to building or upgrading network infrastructure, purchase of set-top boxes, modems, mobile handsets and other end-user equipment and various maintenance and support contracts primarily relating to the maintenance and support of network infrastructure and equipment, purchase commitments for content, royalty payments to regulatory authorities and authors' rights to societies and commitments under interconnection contracts. See note 33 to the 2020 Financial Statements and note 32 to the 2019 Financial Statements.

The following tables set forth our unrecognized contractual commitments as of December 31, 2020, 2019 and 2018, respectively.

	As of December 31, 2020			
	Less than one year	**Two to five years**	**More than five years**	**Total**
		(in € millions)		
Commitments relating to assets (excluding network sharing)[(a)]	843	36	0	878
Commitments relating to long-term contracts	373	191	(31)	533
Other commitments	7	2	81	90
Total[(b)]	**1,223**	**229**	**50**	**1,501**

	As of December 31, 2019			
	Less than one year	**Two to five years**	**More than five years**	**Total**
		(in € millions)		
Commitments relating to assets (excluding network sharing)[(a)]	643	34	0	677
Commitments relating to long-term contracts	249	172	(13)	408
Other commitments	8	11	78	97
Total[(b)]	**900**	**217**	**65**	**1,182**

	As of December 31, 2018			
	Less than one year	Two to five years	More than five years	Total
	(in € millions)			
Commitments relating to assets (excluding network sharing)[(a)]	699	237	353	1,289
Commitments relating to operating leases	288	798	472	1,558
Commitments relating to long-term contracts.................................	244	382	(12)	614
Other commitments	10	5	107	122
Total	**1,241**	**1,422**	**920**	**3,583**

(a) Excludes commitments pursuant to the mobile network sharing agreement entered into with Bouygues Telecom. The first roll-outs of the RAN sharing coverage were in September 2015, and 12,072 sites were rolled out the end of December 31, 2020. The Group estimates that as of late December 2020, this agreement corresponds to approximately €1,200 million in commitments given, and approximately €1,597 million in commitments received, for a net commitment of approximately €396 million, covering the entire long-term agreement. For further details, see note 33.2 and 33.3 of the 2020 Financial Statements.

(b) For the years ended December 31, 2020 and 2019, following the implementation of IFRS 16 (*Leases*), commitments related to operating leases of €3,651 million and €3,413 million have been excluded from unrecognised contractual commitments.

As of December 31, 2018, following the reorganization announced by Altice Europe and as a consequence of the contract renegotiation with AENS, the total commitments of the Group decreased by €1.2 billion (representing the reduction in the minimum guaranteed amount over the life of the new content contract to be entered into with AENS).

Defined Benefit and Defined Contribution Pension Plans

In addition, we have obligations under defined benefit and defined contribution pension plans. Our cash outflow relating to these obligations will vary depending on many factors. In the case of defined benefit plans, we have recognized a liability regarding employee benefits in the statement of financial position of the Group which represents the present value of the defined benefits liability less the fair value of the plan assets, and the past service costs. The liability in respect of defined benefit plans is determined using actuarial valuations. The actuarial valuation involves making assumptions with regards to, among others, discount rates, expected rates of return on assets, future salary increases and mortality rates. Due to the long-term nature of these plans, such estimates are subject to uncertainty. Actuarial gains and losses are reflected in the statement of income and statement of other comprehensive income in the period in which they arise, as part of the salary costs. Deposits in a defined contribution plan in respect of severance pay or in respect of emoluments are recognized as an expense at the time of the deposit in the plan, in parallel to the receipt of the labor services from the employee and no additional provision is recognized in the financial statements. As of June 30, 2021, our total defined benefit plans liabilities were €168 million.

Post-Balance Sheet Date Events

For a description of material post-balance sheet date events applicable to the Group, see "*Summary—Recent Developments*".

Acquisition of Coriolis S.A.

On September 17, 2021, Altice France entered into an exclusivity agreement to acquire 100% of Coriolis S.A. (the "**Coriolis Acquisition**") for an upfront purchase price of €298 million and deferred consideration of €117 million. Coriolis S.A. is a French independent telecommunications group, built over more than 20 years by French entrepreneur Pierre Bontemps. Coriolis S.A., through its brand Coriolis Telecom, offers mobile and fixed telecommunications services. In addition, Coriolis S.A. has developed a customer relationship management division, Coriolis Service, serving both internal and third-party customers relying on five contact centers in France and abroad. The Coriolis Acquisition is subject to customary regulatory approvals and is expected to be completed in the first half of 2022.

Transactions with Altitude Infra

On July 1, 2021, XpFibre Holding and Covage entered into a share purchase agreement with Altitude Infra for the divestiture of certain assets of Covage, conforming to the remedies previously proposed by the European

Commission as part of the Covage Acquisition (the "**Covage Disposition**"). The disposal relates to Covage's local fibre loop business, comprising fibre-to-the-office (FTTO) networks, including several mixed FTTO and FTTH networks. The transaction is expected to close in the fourth quarter of 2021, subject to the required approvals.

Related Party Transactions

Other than as disclosed in this Notice and in the notes to the Historical Consolidated Financial Information, the Group did not have any material transactions with related parties during the six months ended June 30, 2021 and the years ended December 31, 2020, 2019 and 2018. See "*Certain Relationships and Related Party Transactions*" as well as note 19 to the Unaudited Interim Financial Statements, note 32 to the 2020 Financial Statements and note 31 to the 2019 Financial Statements.

Off Balance Sheet Arrangements

We are not party to any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on our financial condition, changes in financial condition, revenue or expenses, results of operations, liquidity, capital expenditure or capital resources, other than the handset receivables securitization facility for a net amount of €84 million, the contractual commitments disclosed herein or as otherwise discussed in the notes to the Historical Consolidated Financial Information.

Quantitative and Qualitative Disclosures about Market Risk

We are exposed to market risks relating to fluctuations in interest rates and foreign exchange rates, primarily as between the US Dollar and Euro, and use financial instruments to manage our exposure to interest rate and foreign exchange rate fluctuations. See notes 25 and 31 to the 2020 Financial Statements for more details.

Credit Risk

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

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

Liquidity Risk

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

Additionally, as of June 30, 2021, the Group has access to the Existing Revolving Credit Facilities, which provide for commitments in an aggregate amount of €1,035 million (which was drawn in an amount of €337 million as of June 30, 2021), and Hivory, the Group's unrestricted subsidiary, has access to a senior revolving facility of up to €300 million (which remained undrawn as of June 30, 2021) to cover any liquidity needs not met by operating cash flow generation. See "*—Liquidity and Capital Resources—Sources of Liquidity*".

Interest Rate and Related Risk

For fixed rate debt, changes in interest rates generally affect the fair value of the debt instrument, but not our earnings or cash flows. Accordingly, interest rate risk and changes in fair market value should not have a significant effect on the fixed rate debt until we would be required to refinance such debt at maturity. As of June 30, 2021, on a consolidated basis, taking into account our swap portfolio, our primary fixed rate debt obligations

were in an amount equivalent to €11,093 million (including €279 million of bonds issued at Altice Finco France), while our primary floating rate debt obligations were equivalent to €10,431 million (including €3,071 million of indebtedness incurred at Altice Finco France).

Foreign Currency Risk

As part of its financial risk management strategy, the Group has entered into certain hedging operations. These are split mainly into either fixed to fixed or floating to floating cross-currency and interest rate swaps that cover against foreign currency and interest rate risk, foreign exchange forwards that cover against foreign exchange risk only, or interest rate swaps covering interest rate risk only. For details regarding the Group's outstanding derivative instruments to secure foreign currency liabilities and to reduce foreign currency exposure, see note 25.4 to the 2020 Financial Statements.

Critical Accounting Policies, Judgments and Estimates

For details regarding the Group's critical accounting policies, judgments and estimates, see note 2 to the 2020 Financial Statements.

For details regarding the Group's adoption of IFRS 16 and its impact on its financial statements, see note 1.2 to the 2020 Financial Statements.

IFRS 16 supersedes IAS: 17 (*Leases*), IFRIC 4 (*Determining whether an Arrangement contains a Lease*), SIC-15: (*Operating Leases-Incentives*) and SIC-27: (*Evaluating the Substance of Transactions Involving the Legal Form of a Lease*). The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

The change of definition of a lease mainly relates to the conception of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange of consideration. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of January 1, 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application. Therefore, 2018 financial statements were not restated under the new standard.

The Group has lease contracts related to mobile sites (land, space in cell towers or rooftop, agreement with towers company), network infrastructure (including local loop unbundling), buildings used for administrative or technical purposes and other assets (vehicles). Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease.

Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognized as finance costs) and reduction of the lease liability.

In an operating lease, the leased property was not capitalised and the lease payments were recognized as rent expense in the consolidated statement of income on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognized under "Trade and other receivables" and "Trade and other payables", respectively.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases that it is the lessee. The Group recognized lease liabilities to make lease payments and right of use assets representing the right to use the underlying assets. The standard provides specific transition requirements and practical expedients, which have been applied by the Group:

- Right of use assets are reported separately in the statement of financial position.

- The recognition, measurement and disclosure requirements of IFRS 16 are also applied to short term leases and leases of low-value assets.

- A distinction is made in leases that contain both lease components and non-lease components except for agreements for which the separation is impracticable (master service agreements with towers company).

- Application of the portfolio approach for the recognition and measurements of certain asset categories with similar characteristics (same residual value, same economic environment), mainly for local loop unbundling.

- Application of the standard to contracts that were previously identified as finance leases under IAS 17/IFRIC 4 at the transition date (carry forward of existing finance lease liabilities).

- Calculate outstanding liability for existing operating leases using the incremental borrowing rate at date of transition.

- IFRS 16 is not applied to leases for intangible assets.

- The Group chooses to apply the relief option, which allows it to adjust the right of use asset by the amount of any provision for onerous leases recognised in the balance sheet immediately before the date of initial application.

Based on the aforementioned, as at January 1, 2019:

- Right of use assets of €3,233 million were recognised and presented separately in the statement of financial position. This includes the lease assets recognised previously under finance leases of €121 million that were reclassified from "Property, plant and equipment and intangible assets".

- Additional lease liabilities of €3,214 million (current and non-current) were recognised (including the reclassification of finance lease liabilities already recorded as of December 31, 2018 of €79 million).

- Trade and other receivables of €39 million and trade and other payables of €60 million related to previous operating leases were derecognised.

- Deferred tax liabilities increased by €19 million because of the deferred tax impact of the changes in assets and liabilities.

- Provision for onerous contract (current and non-current) was reclassified in reduction on right of use assets for €60 million.

- The net effect of these adjustments had been adjusted to equity for €40 million.

The Group adopted the 'COVID-19 Related Rent Concessions' amendment to IFRS 16 with effect from June 1, 2020, which did not have any significant impact on the Group's financial results as of the year ended December 31, 2020. See note 1.2 to the 2020 Financial Statements.

In addition, the Group is closely monitoring the work of IASB and the IFRS Interpretation Committee, aiming to clarify interpretation of IFRS 16, which could lead to a revision of the accounting policies applied by the Group.

In June 2019, the IFRIC issued a tentative agenda decision related to subsurface rights concluding that when a contract between a land owner and another party gives the other party the right to place an oil pipeline in a specified underground space, with the land owner retaining the right to use the surface area of the land above the pipeline, that contract contains a lease.

The Group has completed its assessment and has concluded that in its contracts, the suppliers have a substantive right to substitute the asset throughout the period of use and therefore, the contracts do not constitute a lease.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The Group has entered into various agreements or transactions with its equity associates and joint ventures, its ultimate controlling shareholder and Altice Europe, as well as the companies that Altice Europe controls from time to time. These agreements and transactions are carried out on an arm's length terms and the Group believes that the terms of these agreements are no more favorable to the related parties and the Group's affiliates than what they would have been with disinterested third parties.

The following summary describes the Group's material related party transactions. See note 19 to the Unaudited Interim Financial Statements, note 32 to the 2020 Financial Statements, note 33 to the 2019 Financial Statements and note 31 to the 2018 Financial Statements, respectively.

Transactions with Altice Europe

General

In the ordinary course of business, we have entered into arrangements with Altice Europe and its affiliates for the provision or sourcing of certain products and services (by Altice Europe to the Group and *vice versa*) and/or negotiation of related contractual arrangements, including the following:

- procurement of services, such as access to an international communications backbone, international carrier services and call termination services;
- prior to the acquisition of ACS and ATS France, the Group relied on Altice Europe for the purchase of customer and technical support services; and
- negotiation of programming contracts and acquisition of content, as further described below.

Content activities

Prior to the reorganization of the content activities described below, the Group had entered into various arrangements with Altice Europe's Altice TV division (through its subsidiaries, AENS and Altice Pictures), including: (i) exclusive distribution rights in France provided to the Group with respect to a subscription-based VOD service known as "SFR PLAY" produced by Altice TV division; (ii) exclusive distribution rights in France provided to the Group with respect to certain sports and other channels, which included certain exclusive premium sports content; (iii) exclusive distribution rights in France provided to the Group of the following channels Syfy, 13ème Rue, E!; (iv) exclusive distribution rights in France provided to the Group of Discovery Channels; (v) non-exclusive distribution rights in France provided to the Group of Netflix; and (vi) an agreement with Canal+ for the non-exclusive rights to broadcast the English Premier League.

On January 8, 2018, Altice Europe announced that existing content wholesale contracts between the Group, and AENS, would be cancelled and replaced by new revenue sharing non-exclusive contracts with a lower guaranteed minimum amount payable by the Group, as applicable. This new arrangement includes the transfer of other premium content contracts from the Group to AENS and allowed the Group to continue to distribute premium pay-TV content to its customers, including RMC Sport channels, BFM Paris, SFR PLAY, Altice Studio, SyFy, 13ème Rue, E!, Discovery Channels and BeIN.

In July 2020, SportCoTV, a wholly-owned subsidiary of the Company, acquired the shares of Altice Pictures, a subsidiary of Altice Europe incorporated in Luxembourg, which at the time held the rights for sports content, including UEFA Champions League and other premium content. Prior to such acquisition, a reorganization of Altice Europe's structure relating to content activities was carried out, including the transfer of activities performed by AENS, an affiliate of the Group that previously provided the premium sports channels to the Company, to Altice Pictures, thereby ensuring that the entire value chain would subsequently be transferred to the Company, which is the entity that benefits the most from the marketing of the associated channels. Altice Pictures was subsequently merged into SportCoTV. The Group has entered into a distribution agreement with SportCoTV which provides for, *inter alia*, payment by Altice France to SportCoTV of an annual minimum guarantee amount of €100 million and a revenue sharing mechanism over and above the minimum guarantee amount, pursuant to which the operating expenses incurred by the Group to SportCoTV in the six months ended June 30, 2021 amounted to €91 million (compared to €112 million in the year ended December 31, 2020). As of June 30, 2021, Altice TV had a current account liability towards the Group of €381 million (compared to €185 million as of

December 31, 2020). SportCoTV has been designated as an unrestricted subsidiary under the agreements, instruments and indentures governing the Group's indebtedness, including the Existing Senior Secured Indentures, the Existing Revolving Credit Facilities Agreement, the Existing Term Loans Agreement and will be designated as an unrestricted subsidiary under the Indenture.

Recent Dividends and Intercompany Loans

In the year ended December 31, 2019, the total amount of dividends or other distributions via upstream loans to direct and indirect shareholders and affiliates made by the Company amounted to €2,448 million. In the year ended December 31, 2020, the total amount of dividends or other distributions via upstream loans to direct and indirect shareholders made by the Company amounted to €1,607 million. As of December 31, 2020, the aggregate principal amount of loans owed by the Group to its direct or indirect shareholders amounted to €2 million and the aggregate principal amount of loans owed to the Group by its direct or indirect shareholders amounted to €1,576 million.

In the six months ended June 30, 2021, the total amount of dividends or other distributions via upstream loans to direct and indirect shareholders made by the Company amounted to €4,560 million. As of June 30, 2021, the aggregate principal amount of loans owed by the Group to its direct or indirect shareholders amounted to €10 million and the aggregate principal amount of loans owed to the Group by its direct or indirect shareholders amounted to €930 million.

Since June 30, 2021, no dividends, or other distributions via upstream loans were made by the Company to its direct and indirect shareholders.

Transactions with News Participations

Acquisition of NextRadioTV

On January 30, 2017, the Group announced that it intended to take over exclusive control of NextRadioTV by acquiring the 51% stake held by News Participations in GNP and, to that effect, had filed the necessary application with the CSA and the French Competition Authority in order to obtain their clearance of the proposed transaction, which would be implemented through the conversion of existing convertible bonds. On June 13, 2017, the French Competition Authority granted its clearance and authorized the transaction.

On April 5, 2018, the Group acquired the minority stake held by News Participations in Altice Content Luxembourg S.A., an indirect parent of NextRadioTV and direct parent of Groupe News Participations, for the amount of €100 million by exercising the call option it held on News Participation's 25% stake in Altice Content Luxembourg S.A.

On April 20, 2018, the CSA granted its clearance and authorized the transaction and on May 31, 2018 the transaction was consummated.

Sale of majority stake in L'Express

On February 12, 2019, Altice France and Groupe L'Express S.A. ("**L'Express**") announced the potential sale by Altice France to News Participations of a majority stake in L'Express. On July 19, 2019, the Board of Directors of Altice Europe approved the sale of a 51% equity stake to News Participations, the remaining 49% of the share capital of L'Express being held by Altice Group Lux. The sale closed on July 30, 2019. News Participations paid a nominal consideration of €18,890 for the subscription to 1,889,000 preference shares B, granting 51% of the financial interests in L'Express. The disposal of L'Express has been definitively recorded as of December 31, 2019 with a net capital loss of €4 million in the caption "*Other expense and income*" in the income statement.

Transactions with Altice USA

Sale of i24NEWS to Altice USA

On April 23, 2018, the Group completed the sale of i24 News (which was acquired as part of the acquisition of SFR Presse), an Israeli international 24-hour news and current affairs television channel, to Altice USA for $2.5 million.

Transactions with our Controlling Shareholder

Transactions with SCI Quadrans

In December 2016, the Group entered into a fixed twelve-year lease contract with SCI Quadrans, a company controlled by Altice Europe's ultimate beneficial owner, for office space in France. A letter of intent was also executed in connection with additional buildings that were under construction at the time. In March 2017, a second fixed 12-year lease contract for an administrative building was entered into with SCI Quadrans, in accordance with such letter of intent. The rental terms are on an arm's length basis. The Group also has a deposit with SCI Quadrans which amounted to €13 million both as of December 31, 2020 and June 30, 2021.

Transactions with Equity Associates and Joint Ventures

Transactions with La Poste Telecom

In 2011, the Group and La Poste formed La Poste Telecom, of which the Group owns 49% and La Poste owns 51%. This subsidiary is a virtual mobile operator in the retail mobile telephony market under the trademark La Poste Mobile. We are currently party to an MVNO agreement with La Poste Telecom. For the year ended December 31, 2020, the Group recognized €162 million of revenue for mobile services delivered to La Poste Telecom and incurred operating expenses of €15 million for use of mobile services.

In October 2020, the Group acquired LPT Fixe Customer from La Poste Telecom for €8 million. LPT Fixe Customer is engaged in the business of providing fixed B2C services by using the Group's fixed network infrastructure (FVNO).

Transactions with Synerail and Synerail Construction

On February 18, 2010, a consortium comprised of the Group, Vinci and AXA (owners of 30% each) and TDF (the owner of a 10% interest) signed a GSMR public-private partnership contract with Réseau Ferré de France. This contract, worth a total of €1 billion over a 15-year term, is to finance, build, operate and maintain a digital telecommunications network to provide voice and data communication between trains and ground control teams in conference mode. The network will be rolled out gradually on 14,000 km of traditional and high-speed rail lines in France. Synerail Construction, a subsidiary of Vinci (60% owner) and the Group (40% owner), is responsible for the construction of this network. As of June 30, 2021, the Group was owed a loan receivable of €5 million from Synerail.

XpFibre Holding and its subsidiaries

On January 31, 2019, the Company entered into an agreement with Piaf BidCo BV, an entity held by Allianz Capital Partners, AXA Infrastructure and OMERS Infrastructure (together, the "**JV Consortium**"), regarding the sale of a 49.99% interest in XpFibre S.A.S. (formerly known as SFR FTTH S.A.S.), an alternative FTTH infrastructure wholesale operator. The transaction closed on March 27, 2019, upon which €522 million total assets and 1,100,000 total homes passed were transferred to XpFibre S.A.S. The final proceeds amounted to €1.7 billion, based on an equity value at closing of €3.4 billion. The total capital gain recorded for the year ended December 31, 2019 was €2,796 million. This partnership creates the leading FTTH infrastructure wholesaler in France and brings an additional €1.7 billion of cash to the Company. Following the closing of the transaction, the Company lost exclusive control over XpFibre S.A.S. as the Company and the JV Consortium have joint control over the new entity.

On November 25, 2019, XpFibre S.A.S. entered into an exclusivity agreement with Cube Infrastructure Fund and Partners Group (acting on behalf of its clients) regarding the Covage Acquisition which was completed on December 8, 2020. The newly enlarged business has been rebranded as XpFibre. In connection with the Covage Acquisition, XpFibre Holding (formerly known as SFR FTTH Network Holding S.A.S.) was incorporated as a sole direct shareholder of (x) XpFibre Network (formerly known as SFR FTTH Network S.A.S.) and (y) XpFibre S.A.S., and the XpFibre business was contributed to XpFibre Holding on December 8, 2020. The acquisition was completed for a total cash consideration of over €1 billion, out of which €667 million was raised by way of a non-recourse bridge loan at XpFibre Network and €202 million cash equity was contributed by the Group. The European Commission, while approving the Covage Acquisition, proposed the following remedies in order to address certain competition concerns, which have been accepted: (i) divestment of certain assets corresponding to Covage's local fibre loop business, comprising fibre-to-the-office (FTTO) networks (including several mixed

FTTO and FTTH networks) and representing altogether approximately 95% of Covage's FTTO business; and (ii) offer of a transitional service agreement to the buyer of the divested businesses, including access to all assets and services required to operate the divested business competitively for a duration enabling the divested business to become fully independent from XpFibre. The Company has entered into a commitment to make an equity contribution to XpFibre Network in an amount corresponding to its indirect ownership interest therein that is sufficient to ensure that XpFibre Network does not become insolvent and is able to pay its debts as it comes due. On July 1, 2021, XpFibre Holding and Covage entered into a share purchase agreement with Altitude Infra for the divestiture of certain assets of Covage, conforming to the remedies previously proposed by the European Commission as part of the Covage Acquisition (the "**Covage Disposition**"). The transaction is expected to close in the fourth quarter of 2021, subject to the required approvals.

XpFibre Holding (along with its subsidiaries) is accounted for as a joint venture and is therefore consolidated using the equity method in the Company's financial statements. XpFibre Holding and its subsidiaries have been designated as unrestricted subsidiaries under the agreements, instruments and indentures governing the Group's indebtedness, including the Existing Senior Secured Indentures, the Existing Revolving Credit Facilities Agreement, the Existing Term Loans Agreement, and will be designated as unrestricted subsidiaries under the Indenture (and therefore will not be subject to any of the covenants set forth therein).

XpFibre S.A.S. is the largest alternative FTTH infrastructure wholesale operator in France. XpFibre S.A.S. plans to significantly expand its network in low density areas, which has been supplemented by the Covage Acquisition. XpFibre S.A.S. sells wholesale services to all operators, including the Group, on the same terms and conditions and with no minimum volume commitments. Altice France sells technical services to XpFibre S.A.S. for the construction, subscriber connection and maintenance of its FTTH network.

For additional information regarding the Group's sale of a 49.99% interest in XpFibre S.A.S., including certain related debt, shareholder and operational arrangements, see "*Business of the Group—Material Contracts—XpFibre*".

Transactions with Unrestricted Subsidiaries

Hivory

On August 7, 2018, the Company and Starlight BidCo S.A.S., an entity controlled by funds affiliated with KKR, entered into an agreement in connection with the acquisition, by funds affiliated with KKR through Starlight BidCo S.A.S., of a 49.99% interest in the tower company, Hivory (the "**Towers Transaction**"). The transaction closed on December 18, 2018. The transaction valued Hivory at an enterprise value of €3,600 million. Hivory is a high-quality telecommunications infrastructure provider with a nationwide presence. It is the largest independent telecommunications tower company in France, benefiting from more than 10,000 strategically located sites with a diversified portfolio of ground-based towers and rooftops.

In connection with the Towers Transaction, Hivory has succeeded into certain hosting undertakings of SFR S.A. with Orange France S.A., Bouygues Telecom S.A. and Free Mobile S.A.S. and has entered into a 20-year master services agreement with the Group on November 30, 2018 for hosting, site development and ancillary services to be provided by Hivory to the Group as a tenant, in addition to certain agreements with operators relating to the installation of telecommunications equipment.

The Company entered into an exclusivity agreement dated February 3, 2021 with Cellnex pursuant to which the Company will sell its 50.01% stake in Hivory to Cellnex for an implied enterprise value at 100% of €5.2 billion (the "**Hivory Transaction**"). The transaction is expected to close in the fourth quarter of 2021 following customary regulatory approvals. Since March 31, 2021, the assets and associated liabilities of Hivory have been classified as held for sale as per the provisions of IFRS 5 in the Group's consolidated financial statements. Hivory has been designated as an unrestricted subsidiary under the agreements, instruments and indentures governing the Group's debt and will be designated as an unrestricted subsidiary under the Indenture.

For the *pro forma* impact of the Hivory Transaction on the Adjusted EBITDA and the capital expenditures (accrued) of the Group, see "*Summary Financial Information and Other Data—Adjusted EBITDA and Pro Forma Adjusted EBITDA*" and "*Summary Financial Information and Other Data—Capital Expenditures*".

SportCoTV

Please see "*Content activities*" above.

DESCRIPTION OF INDEBTEDNESS

The following contains a summary of the terms of our key items of indebtedness. It does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the underlying documents. Capitalized terms not otherwise defined in this section shall, unless the context otherwise requires, have the same meanings set out in the underlying debt documents, as applicable.

Existing Senior Secured Notes

On April 11, 2016, Altice France issued $5,190 million aggregate principal amount of its $7^{3}/_{8}\%$ senior secured notes due 2026 denominated in U.S. dollars, of which $2,308 million aggregate principal amount are outstanding (the "**Existing 2026 Senior Secured Notes**"). The Existing 2026 Senior Secured Notes are expected to be fully redeemed from the proceeds of the Notes.

The Existing 2026 Senior Secured Notes will mature on May 1, 2026. Interest on the Existing 2026 Senior Secured Notes is payable semi-annually in cash in arrear on each January 15 and July 15. The Existing 2026 Senior Secured Notes are governed by the indenture entered into on April 11, 2016, between, among others, Altice France, as issuer and Deutsche Bank Trust Company Americas, as trustee (the "**Existing 2026 Senior Secured Notes Indenture**").

On July 31, 2018, Altice France issued (i) $1,750 million aggregate principal amount of its $8^{1}/_{8}\%$ senior secured notes due 2027 denominated in U.S. dollars (the "**Existing 2027 Senior Secured Dollar Notes**") and (ii) €1,000 million aggregate principal amount of its $5^{7}/_{8}\%$ senior secured notes due 2027 denominated in euro (the "**Existing 2027 Senior Secured Euro Notes**" and, together with the Existing 2027 Senior Secured Dollar Notes, the "**Existing 2027 Senior Secured Notes**").

The Existing 2027 Senior Secured Notes will mature on February 1, 2027. Interest on the Existing 2027 Senior Secured Notes is payable semi-annually in cash in arrear on each February 1 and August 1. The Existing 2027 Senior Secured Notes are governed by the indenture entered into on July 31, 2018, between, among others, Altice France, as issuer, and Deutsche Bank Trust Company Americas, as trustee (the "**Existing 2027 Senior Secured Notes Indenture**").

On September 27, 2019, Altice France issued (i) $1,100 million aggregate principal amount of its $5^{1}/_{2}\%$ senior secured notes due 2028 denominated in U.S. dollars (the "**Existing 2028 Senior Secured Dollar Notes**"), (ii) €1,000 million aggregate principal amount of its $3^{3}/_{8}\%$ senior secured notes due 2027 denominated in euro (the "**Existing 2028 Senior Secured Euro Notes**", and together with the Existing 2028 Senior Secured Dollar Notes, the "**Existing 2028 Senior Secured Notes**") and (iii) €550 million aggregate principal amount of its $2^{1}/_{2}\%$ senior secured notes due 2025 denominated in euro (the "**Existing January 2025 Senior Secured Notes**").

The Existing 2028 Senior Secured Notes will mature on January 15, 2028. The Existing January 2025 Senior Secured Notes will mature on January 15, 2025. Interest on the Existing 2028 Senior Secured Notes and the Existing January 2025 Senior Secured Notes is payable semi-annually in cash in arrear on each April 15 and October 15. The Existing 2028 Senior Secured Notes and the Existing January 2025 Senior Secured Notes are governed by the indenture entered into on September 27, 2019, between, among others, Altice France, as issuer, and Deutsche Bank Trust Company Americas, as trustee (the "**Existing 2028 Senior Secured Notes Indenture**" or the "**Existing January 2025 Senior Secured Notes Indenture**", as applicable).

On February 6, 2020, Altice France issued €500 million aggregate principal amount of its $2^{1}/_{8}\%$ senior secured notes due 2025 denominated in euro (the "**Existing February 2025 Senior Secured Notes**" and, together with the Existing January 2025 Senior Secured Notes, the "**Existing 2025 Senior Secured Notes**").

The Existing February 2025 Senior Secured Notes will mature on February 15, 2025. Interest on the Existing February 2025 Senior Secured Notes is payable semi-annually in cash in arrear on each February 15 and August 15. The Existing February 2025 Senior Secured Notes are governed by the indenture entered into on February 6, 2020, between, among others, Altice France, as issuer, and Deutsche Bank Trust Company Americas, as trustee (the "**Existing February 2025 Senior Secured Notes Indenture**" and, together with the Existing January 2025 Senior Secured Notes Indenture, the "**Existing 2025 Senior Secured Notes Indentures**").

On September 18, 2020, Altice France issued (i) €500 million aggregate principal amount of its euro-denominated $4^{1}/_{8}\%$ senior secured notes due 2029 (the "**Existing January 2029 Senior Secured Euro Notes**") and

(ii) \$475 million aggregate principal amount of its dollar-denominated $5^1/_8$% senior secured notes due 2029 (the "**Existing January 2029 Senior Secured Dollar Notes**", and together with the Existing January 2029 Senior Secured Euro Notes, the "**Existing January 2029 Senior Secured Notes**").

The Existing January 2029 Senior Secured Notes will mature on January 15, 2029. Interest on the Existing January 2029 Senior Secured Notes is payable semi-annually in cash in arrear on each March 15 and September 15. The Existing January 2029 Senior Secured Notes are governed by the indenture entered into on September 18, 2020, between, among others, Altice France, as issuer, and Deutsche Bank Trust Company Americas, as trustee (the "**Existing January 2029 Senior Secured Notes Indenture**").

On April 27, 2021, Altice France issued (i) €400 million aggregate principal amount of its euro-denominated 4.000% senior secured notes due 2029 (the "**Existing July 2029 Senior Secured Euro Notes**") and (ii) \$2,500 million aggregate principal amount of its dollar-denominated $5^1/_8$% senior secured notes due 2029 (the "**Existing July 2029 Senior Secured Dollar**", and together with the Existing July 2029 Senior Secured Euro Notes, the "**Existing July 2029 Senior Secured Notes**", together with the Existing 2025 Senior Secured Notes, the Existing 2026 Senior Secured Notes, the Existing 2027 Senior Secured Notes, the Existing 2028 Senior Secured Notes, and the Existing January 2029 Senior Secured Notes, the "**Existing Senior Secured Notes**").

The Existing July 2029 Senior Secured Notes will mature on July 15, 2029. Interest on the Existing July 2029 Senior Secured Notes is payable semi-annually in cash in arrear on each April 15 and October 15. The Existing July 2029 Senior Secured Notes are governed by the indenture entered into on April 27, 2021, between, among others, Altice France, as issuer, and Deutsche Bank Trust Company Americas, as trustee (the "**Existing July 2029 Senior Secured Notes Indenture**" and together with the Existing 2025 Senior Secured Notes Indentures, the Existing 2026 Senior Secured Notes Indenture, the Existing 2027 Senior Secured Notes Indenture, the Existing 2028 Senior Secured Notes Indenture and the Existing January 2029 Senior Secured Notes Indenture, the "**Existing Senior Secured Notes Indentures**").

The Existing Senior Secured Notes are general obligations of Altice France and (i) rank *pari passu* in right of payment with all existing and future indebtedness of Altice France that is not subordinated in right of payment to the Existing Senior Secured Notes, including indebtedness under the Existing Term Loans, the Existing Revolving Credit Facilities Agreement and certain hedging obligations, (ii) rank senior in right of payment to all existing and future indebtedness of Altice France that is expressly subordinated in right of payment to the Existing Senior Secured Notes and (iii) will be effectively subordinated to any existing and future indebtedness of Altice France that is secured by property or assets that do not secure the Existing Senior Secured Notes, to the extent of the value of the property and assets securing such indebtedness.

The Existing Senior Secured Notes are guaranteed on a senior basis by each of SFR Presse, SFR Presse Distribution, Ypso France, SFR Fibre, Altice B2B France, Completel, Numericable US S.A.S., Numericable U.S. LLC and SFR (the "**Existing Guarantors**"). On August 30, 2021, Altice France filed for a *transmission universelle de patrimoine* of all assets and liabilities of Numericable US S.A.S. to Altice France, with Altice France being the surviving entity. The *transmission universelle de patrimoine* is expected to become effective on October 1, 2021 pursuant to which Numericable US S.A.S. will be dissolved and all guarantees provided by Numericable US S.A.S. under the existing indebtedness of the Group will be released.

Subject to certain limitations on the validity and enforceability of guarantees and the security interests pursuant to the laws of France, and after the dissolution of Numericbale US S.A.S., the Existing Senior Secured Notes are secured by (i) senior pledges over all of the capital stock of SFR Presse, SFR Presse Distribution, Ypso France, SFR Fibre, Altice B2B France, Completel and Numericable U.S. LLC; (ii) senior pledges over certain intercompany loans; (iii) senior pledges over the business (*fonds de commerce*) of SFR Fibre; (iv) senior pledges over certain bank accounts, intercompany receivables and intellectual property rights of SFR Presse, SFR Presse Distribution, Ypso France, SFR Fibre, Altice B2B France, Completel and Numericable U.S. LLC and (v) senior pledges over certain bank accounts of, and intercompany receivables owed to, Altice France. Additionally, the Existing Senior Secured Notes benefit from senior pledges over the capital stock of SFR held by the Group, a senior pledge over certain bank accounts of SFR and the intragroup loan between Altice France and SFR (the "**SFR Intragroup Loans**"); a senior pledge over the business (*fonds de commerce*) and intellectual property rights of SFR; and senior pledges over receivables owed to SFR by certain of its subsidiaries (all such security described in this paragraph, the "**Collateral**"). None of the network assets of the Group are pledged as security for the Existing Senior Secured Notes. The Collateral also secures indebtedness due under the Existing Term Loans, the Existing Revolving Credit Facilities and certain related hedging obligations.

Under the terms of the Existing Intercreditor Agreement, in the event of an enforcement of the Collateral, the holders of the Existing Senior Secured Notes will receive proceeds from such Existing Collateral *pari passu* with the lenders under the Existing Term Loans, the lenders under the Existing Revolving Credit Facilities Agreement, and counterparties to certain hedging agreements.

Prior to May 1, 2021, Altice France may redeem all or a portion of the Existing 2026 Senior Secured Notes at a price equal to 100% of the principal amount plus a make whole premium. From May 1, 2021, Altice France may redeem all or part of the Existing 2026 Senior Secured Notes at the following repurchase price (expressed as a percentage of the principal amount), plus interest accrued and not paid and any additional amounts, if the redemption occurs during the period of twelve months beginning on May 1 of each year indicated below:

	Repurchase price
Year	**Existing 2026 Senior Secured Dollar Notes**
2021	103.688%
2022	102.458%
2023	101.229%
2024 and thereafter	100.000%

Prior to February 1, 2022, Altice France may redeem all or a portion of the Existing 2027 Senior Secured Notes at a price equal to 100% of the principal amount plus a make whole premium. From February 1, 2022, Altice France may redeem all or part of the Existing 2027 Senior Secured Notes at the following repurchase price (expressed as a percentage of the principal amount), plus interest accrued and not paid and any additional amounts, if the redemption occurs during the period indicated below:

	Repurchase price	
Year	**Existing 2027 Dollar Notes**	**Existing 2027 Euro Notes**
February 1, 2022 until August 1, 2022	106.094%	104.406%
August 1, 2022 until August 1, 2023	104.063%	102.938%
August 1, 2023 until August 1, 2024	102.031%	101.469%
August 1, 2024 and thereafter	100.000%	100.000%

Prior to September 15, 2022, Altice France may redeem all or a portion of the Existing 2028 Senior Secured Notes at a price equal to 100% of the principal amount plus a make whole premium. From September 15, 2022, Altice France may redeem all or part of the Existing 2028 Senior Secured Notes at the following repurchase price (expressed as a percentage of the principal amount), plus interest accrued and not paid and any additional amounts, if the redemption occurs during the period of twelve months beginning on September 15 of each year indicated below:

	Repurchase price	
Year	**Existing 2028 Dollar Senior Secured Notes**	**Existing 2028 Euro Senior Secured Notes**
2022	102.750%	101.688%
2023	101.375%	100.844%
2024	100.000%	100.000%

Prior to September 15, 2021, Altice France may redeem all or a portion of the Existing January 2025 Senior Secured Euro Notes at a price equal to 100% of the principal amount plus a make whole premium. From September 15, 2021, Altice France may redeem all or part of the Existing January 2025 Senior Secured Euro Notes at the following repurchase price (expressed as a percentage of the principal amount), plus interest accrued and not paid and any additional amounts, if the redemption occurs during the period of twelve months beginning on September 15 of each year indicated below:

	Repurchase price
Year	**Existing January 2025 Senior Secured Notes**
2021	101.250%

2022	100.625%
2023	100.000%

Prior to February 15, 2022, Altice France may redeem all or a portion of the Existing February 2025 Senior Secured Euro Notes at a price equal to 100% of the principal amount plus a make whole premium. From February 15, 2022, Altice France may redeem all or part of the Existing February 2025 Senior Secured Euro Notes at the following repurchase price (expressed as a percentage of the principal amount), plus interest accrued and not paid and any additional amounts, if the redemption occurs during the period of twelve months beginning on February 15 of each year indicated below:

	Repurchase price
Year	**Existing February 2025 Senior Secured Notes**
2022	101.063%
2023	100.531%
2024	100.000%

Prior to September 15, 2023, Altice France may redeem all, or a portion of the Existing January 2029 Senior Secured Notes at a price equal to 100% of the principal amount plus a make whole premium. From September 15, 2023, Altice France may redeem all or part of the Existing January 2029 Senior Secured Notes at the following repurchase price (expressed as a percentage of the principal amount), plus interest accrued and not paid and any additional amounts, if the redemption occurs during the period of twelve months beginning on September 15 of each year indicated below:

	Repurchase price	
Year	**Existing January 2029 Senior Secured Dollar Notes**	**Existing January 2029 Senior Secured Euro Notes**
2023	102.563%	102.063%
2024	101.281%	101.031%
2025 and thereafter	100.000%	100.000%

Prior to April 15, 2024, Altice France may redeem all, or a portion of the Existing July 2029 Senior Secured Notes at a price equal to 100% of the principal amount plus a make whole premium. From April 15, 2024, Altice France may redeem all or part of the Existing July 2029 Senior Secured Notes at the following repurchase price (expressed as a percentage of the principal amount), plus interest accrued and not paid and any additional amounts, if the redemption occurs during the period of twelve months beginning on April 15 of each year indicated below:

	Repurchase price	
Year	**Existing July 2029 Senior Secured Dollar Notes**	**Existing July 2029 Senior Secured Euro Notes**
2024	102.563%	102.000%
2025	101.281%	101.000%
2026 and thereafter	100.000%	100.000%

The Existing Senior Secured Indentures, among other things, further limit the ability of Altice France and the ability of the its restricted subsidiaries to (i) make investments or other restricted payments; (ii) create liens; (iii) sell assets and subsidiary stock; (iv) pay dividends or make other distributions or repurchase or redeem capital stock or subordinated debt; (v) engage in certain transactions with affiliates; (vi) enter into agreements that restrict the payment of dividends by subsidiaries or the repayment of intercompany loans and advances; and (vii) engage in mergers or consolidations. These covenants are subject to a number of important exceptions and qualifications.

Among other exceptions, the Existing Senior Secured Indentures permit the incurrence of indebtedness by Altice France or a Guarantor so long as the consolidated net leverage ratio (*pro forma* for such transaction) is not greater than 4.0 to 1.0, and such indebtedness may be secured if the consolidated net senior secured leverage ratio (*pro forma* for such transaction) is not greater than 3.25 to 1.0. Subject to compliance with the 4.0 to 1.0 consolidated net leverage ratio (*pro forma* for such transaction) and so long as there is no default or event of default outstanding, the Existing Senior Secured Indentures permit the distribution of dividends and other restricted payments in an unlimited amount. In addition, subject to compliance with the 4.0 to 1.0 consolidated net leverage ratio (*pro forma*

for such transactions) (other than with respect to certain investments which do not require such compliance), so long as there is not a default or an event of default outstanding and so long as the aggregated amount of restricted payments does not exceed the sum of an amount equal to 100% of the consolidated EBITDA generated from the period beginning on the first full fiscal quarter commencing prior to May 8, 2014 until the most recently ended quarter, less 1.4 times the consolidated interest expense for such period, the Existing Senior Secured Indentures permit the distribution of dividends and other restricted payments in an unlimited amount. Further, subject to certain payment blocking events (*i.e.*, a payment default or acceleration of Existing Senior Secured Notes), the Existing Senior Secured Indentures permit Altice France to pay dividends or other distributions to its shareholders in an amount required for the payment of regularly scheduled interest as such amounts come due under certain indebtedness of its shareholders.

The Existing Senior Secured Indentures provide for certain events of default, including, among others, defaults under other debt instruments which (i) are caused by the failure to pay principal of, the indebtedness at its stated maturity prior to expiration of any applicable grace period or (ii) result in the acceleration of such indebtedness prior to its maturity, and, in each case, the principal amount of such indebtedness (together with the principal amount of any other such indebtedness under which there has been a payment default or the maturity of which has been accelerated) aggregates €25 million or more.

The Existing Senior Secured Indentures are governed by the laws of the State of New York.

Existing Term Loans

Overview

On May 8, 2014, Altice France entered into a senior secured term loan credit facility which provided for euro and U.S. dollar term loans in an initial aggregate principal amounts of €1,900 million and $2,600 million, with Altice France, YPSO France S.A.S and Numericable U.S. LLC as borrowers (the "**Existing Term Loans Borrowers**"), certain lenders party thereto, Deutsche Bank AG, London Branch as euro administrative agent and as security agent and Deutsche Bank AG, New York Branch, as dollar administrative agent (as amended, restated, supplemented or otherwise modified from time to time, the "**Existing Term Loans Agreement**").

The following table shows all outstanding tranches of the term loans under the Existing Term Loans Agreement (the "**Existing Term Loans**") and balances outstanding as of June 30, 2021:

	Borrower	Maturity	Original Principal Amount of Drawing	Outstanding as of June 30, 2021
			(in millions)	
EUR Term Loan B11	Altice France and Ypso France	July 31, 2025	€1,145	€1,099
EUR Term Loan B12	Altice France	January 31, 2026	€1,000	€965
USD Term Loan B11	Altice France	July 31, 2025	$1,420	$1,151
USD Term Loan B12	Altice France	January 31, 2026	$2,150	$1,751
USD Term Loan B13	Altice France	August 14, 2026	$2,500	$2,057

Interest Rate and Fees

Borrowings under USD Term Loan B11 bear interest at an annual rate equal to (i) the higher rate between (a) the LIBO rate for the period of interest corresponding to the loans in question adjusted for certain additional costs and (b) 0.00% plus (ii) a margin of 2.75%. Borrowings under USD Term Loan B12 bear interest at an annual rate equal to (i) the higher rate between (a) the LIBO rate for the period of interest corresponding to the loans in question adjusted for certain additional costs and (b) 0.00% plus (ii) a margin of 3.6875%. Borrowings under USD Term Loan B13 bear interest at an annual rate equal to (i) the higher rate between (a) the LIBO rate for the period of interest corresponding to the loans in question and (b) 0.00% plus (ii) a margin of 4.00%.

Borrowings under EUR Term Loan B11 and EUR Term Loan B12 bear interest at an annual rate equal to (i) the higher rate between (a) the EURIBOR for the period of interest corresponding to the loans in question and (b) 0.00% plus (ii) a margin of 3.00%.

Mandatory Prepayments

The Existing Term Loans Agreement requires us to prepay outstanding term loans thereunder, subject to certain exceptions, with (i) 100% of the net cash proceeds of certain asset sales, subject to reinvestment rights and certain other exceptions and (ii) 50% of our annual excess cash flow, which percentage will be reduced to 0% if our consolidated net leverage ratio is less than or equal to 4.0 to 1.0.

Voluntary Prepayments

The Existing Term Loans may be voluntarily prepaid at any time subject to customary "breakage" costs with respect to Eurodollar Loans.

Amortization and Final Maturity

Altice France is required to make quarterly repayments of the principal amount outstanding under the Existing Term Loans according to an agreed timetable, with each payment being equal to 0.25% of the principal amount of Existing Term Loans, with payment of the balance due on July 31, 2025 with respect to the USD Term Loan B11 and EUR Term Loan B11, January 31, 2026 with respect to USD Term Loan B12 and EUR Term Loan B12 and August 14, 2026 with respect to USD Term Loan B13.

Guarantees

Each Guarantor and Altice France guarantees, or will guarantee on a senior basis, the obligations of each other obligor under the Existing Term Loans Agreement and related finance documents subject to applicable guarantee limitations specified therein. Altice France is required to maintain, on an annual basis, a guarantor coverage test of at least 80% of the consolidated EBITDA and gross assets of Altice France and its subsidiaries.

Security

The Existing Term Loans are secured by the same collateral securing the Existing Revolving Credit Facilities and the Existing Senior Secured Notes.

Most Favored Nation

Borrowings under USD Term Loan B13 are subject to a "most favored nation" provision until the maturity date of the loan (August 14, 2026). Accordingly the margin and/or "floor" relating to these tranches are subject to change, depending on the yield applicable to any future incurrence of incremental loans in the relevant currency.

Certain Covenants and Events of Default

The Existing Term Loans Agreement includes negative covenants that, among other things and subject to certain significant exceptions and qualifications, limit our ability and the ability of our restricted subsidiaries to: (i) incur or guarantee additional Indebtedness, subject to an incurrence based consolidated net leverage ratio or consolidated net senior secured leverage ratio test, (ii) make investments or other restricted payments, (iii) create liens, (iv) sell assets and subsidiary stock, (v) pay dividends or make other distributions or repurchase or redeem our capital stock or subordinated debt, (vi) engage in certain transactions with affiliates, (vii) enter into agreements that restrict the payment of dividends by subsidiaries or the repayment of intercompany loans and advances and (viii) engage in mergers or consolidations.

The Existing Term Loans Agreement also contains certain customary representations and warranties, covenants and events of default (including, among others, an event of default upon a change of control trigger event). If an event of default occurs, the lenders under the Existing Term Loans will be entitled to take various actions, including the acceleration of amounts due under the Existing Term Loans and all actions permitted to be taken by a secured creditor, subject to the Existing Intercreditor Agreement.

The Existing Term Loans Agreement permits the incurrence of indebtedness so long as the consolidated net leverage ratio (*pro forma* for such transaction) is not greater than 4.0 to 1.0 and such indebtedness may be secured if the consolidated net senior secured leverage ratio (*pro forma* for such transaction) is not greater than 3.25 to 1.0. Subject to compliance with the 4.0 to 1.0 consolidated net leverage ratio (*pro forma* for such transaction) (other than with respect to certain investments which do not require such compliance) and so long as there is no

default or event of default outstanding, the Existing Term Loans Agreement permits the distribution of dividends and other restricted payments in an unlimited amount. In addition, subject to compliance with the 4.0 to 1.0 consolidated net leverage ratio (*pro forma* for such transactions), so long as there is not a default or an event of default outstanding and so long as the aggregated amount of restricted payments does not exceed the sum of an amount equal to 100% of the consolidated EBITDA generated from the period beginning on the first full fiscal quarter commencing prior to May 8, 2014 until the most recently ended quarter, less 1.4 times the consolidated interest expense for such period, the Existing Term Loans Agreement permits the distribution of dividends and other restricted payments in an unlimited amount.

The Existing Term Loans Agreement also provides that, for so long as no payment block events have occurred and are continuing, Altice France may pay dividends or other distributions to its shareholders in an amount required for the payment of regularly scheduled interest as such amounts come due under certain indebtedness of its shareholders.

Existing Revolving Credit Facilities

Altice France entered into a revolving credit facilities agreement (as amended, restated, supplemented or otherwise modified from time to time, the "**Existing Revolving Credit Facilities Agreement**") on May 8, 2014, as most recently amended on April 6, 2021, between, among others, certain lenders party thereto from time to time (the "**Existing RCF Lenders**"), the mandated lead arrangers party thereto and Deutsche Bank AG, London Branch as facility agent and as security agent, pursuant to which the Existing RCF Lenders agreed to provide Altice France and certain of its subsidiaries, including SFR, senior secured revolving credit facilities.

On April 6, 2021, Altice France obtained consents from a majority of Existing RCF Lenders to amend the Existing Revolving Credit Facilities Agreement. Certain of the Existing RCF Lenders also agreed to extend the maturity of their commitments such that the tranches of commitments under the Existing Revolving Credit Facilities Agreement as of the date of this Notice are:

- the facility E commitment in the aggregate principal amount of €5,000,000 maturing August 16, 2023 (the "**Existing Revolving Credit Facility E**"); and
- an extended facility commitment in the aggregate principal amount of €1,029,947,170 maturing April 6, 2026 (the "**Existing Revolving Credit Facility F**" and together with Existing Revolving Credit Facility E, the "**Existing Revolving Credit Facilities**").

Limitations on Use of Funds

The Existing Revolving Credit Facilities are used by Altice France and certain of its subsidiaries for general corporate and working capital purposes of Altice France and its subsidiaries (excluding certain unrestricted subsidiaries) (the "**Borrower Group**").

Conditions to Borrowing

Drawdowns under the Existing Revolving Credit Facilities Agreement are subject to certain customary conditions including, among other things, that on the date the drawdown is requested and on the drawdown date (i) no default is continuing or occurring as a result of that drawdown and (ii) certain specified representations and warranties are true in all material respects.

Incremental Facility

Subject to the satisfaction of certain conditions set out in the Existing Revolving Credit Facilities Agreement, a new commitment lender (selected by Altice France) may provide new or additional commitments under the Existing Revolving Credit Facilities Agreement.

Interest Periods, Interest Rates and Fees

Altice France and certain of its subsidiaries are permitted to make a specified number of drawdowns under each of the Existing Revolving Credit Facilities for terms of one, two, three or six months (or any other period agreed by Altice France and the facility agent), but no such period shall end beyond the final maturity date of the Existing Revolving Credit Facilities Agreement. Drawdowns under the Existing Revolving Credit Facilities must be repaid

at the end of the interest period for the relevant loan and repaid amounts may be re-borrowed up to one month prior to the final maturity date, except rollover loans and renewal of bank guarantees that may not be rolled or renewed up to final maturity date.

The interest rate on each loan under the Existing Revolving Credit Facilities Agreement for each interest period is equal to the aggregate of: (x) the applicable margin and (y) EURIBOR (with a 0% floor). The margin under the Existing Revolving Credit Facilities Agreement is 3.25% per annum. Interest accrues daily from and including the first day of an interest period and is payable on the last day of each interest period (unless the interest period is longer than six months, in which case interest is payable on the last day of each six-month period).

Until one month prior to the final maturity date of the Existing Revolving Credit Facilities Agreement, Altice France is obligated to pay a commitment fee on the available but undrawn amounts under the Existing Revolving Credit Facilities Agreement at the rate of 40% of the margin calculated on undrawn and un-cancelled commitments.

Repayment

The final maturity date of the Existing Revolving Credit Facility E will be the earlier of (i) August 16, 2023 and (ii) the date on which the Existing Revolving Credit Facility E is fully repaid and cancelled.

The final maturity date of the Existing Revolving Credit Facility F will be the earlier of (i) April 6, 2026 and (ii) the date on which the Existing Revolving Credit Facility F is fully repaid and cancelled.

Automatic Cancellation

Customary partial or total cancellation events apply to the Existing Revolving Credit Facilities Agreement, including where it becomes unlawful for any Existing RCF Lender to fund, issue or maintain its participation in the Existing Revolving Credit Facilities Agreement.

Mandatory Prepayment

Upon the occurrence of a Change of Control Triggering Event, Altice France and the other borrowers thereunder must repay the Existing Revolving Credit Facilities in full together with accrued interest and all other amounts accrued under related finance documents and the Existing Revolving Credit Facilities Agreement will be cancelled.

Guarantees

Subject to certain agreed security and guarantee principles, each of the Existing Guarantors is required to guarantee the obligations of each obligor under the Existing Revolving Credit Facilities Agreement and related finance documents subject to applicable guarantee limitations specified therein. Altice France is required to maintain, on an annual basis, a guarantor coverage test of at least 80% of the consolidated EBITDA and gross assets of Altice France and its restricted subsidiaries.

Security

Subject to certain agreed security and guarantee principles, the Existing Revolving Credit Facilities Agreement is required to be secured by the Collateral that secures the Existing Term Loans and the Existing Senior Secured Notes.

Representations and Warranties

The Existing Revolving Credit Facilities Agreement contains representations and warranties usual for facilities of this type subject to certain exceptions and customary materiality qualifications.

Undertakings

The Existing Revolving Credit Facilities Agreement contains certain restrictive covenants which substantially reflect the covenants contained in the Existing Senior Secured Indentures.

The Existing Revolving Credit Facilities Agreement also requires Altice France and the Borrower Group to observe certain general undertakings subject to materiality and other customary and agreed exceptions. These general undertakings, include, but are not limited to, undertakings related to: (i) obtaining and maintaining all necessary consents, licenses and authorizations; (ii) compliance with applicable laws; (iii) compliance with environment laws/approvals and notification of potential environmental claims; (iv) compliance with all necessary taxation requirements; (v) ensuring that any necessary authorization is not likely to be challenged, revoked, suspended or withdrawn so as to cause a material adverse effect; (vi) at least *pari passu* ranking of all payment obligations under the Existing Revolving Credit Facilities Agreement and related finance documents with other unsecured unsubordinated payment obligations; (vii) the maintenance of insurance; (viii) compliance with laws and contracts relating to pension schemes and the maintenance of such pension schemes; (ix) maintenance and protection of intellectual property rights; (x) no amendments to constitutional documents that are likely to materially adversely affect the Collateral; (xi) an Obligor not moving its center of main interest from, or having an "establishment" in any jurisdiction other than, its jurisdiction of incorporation; and (xii) restricting the making of proceeds drawn under the Existing Revolving Credit Facilities Agreement to any sanctioned person or sanctioned country.

Financial Covenants, Events of Default

The Existing Revolving Credit Facilities Agreement requires Altice France and the Borrower Group to maintain a consolidated net senior secured leverage ratio of no more than 4.5 to 1.0 only to be tested to the extent there are loans outstanding under the Existing Revolving Credit Facilities Agreement at the end of each financial quarter in a principal amount in excess of 40% of the total commitments under the Existing Revolving Credit Facilities.

The Existing Revolving Credit Facilities Agreement contains certain events of default the occurrence of which, subject to certain exceptions and materiality qualifications, will allow the lenders party thereto to: (i) cancel the total commitments; (ii) accelerate all outstanding loans together with other accrued amounts; and/or (iii) declare that all or part of the loans be repayable on demand. The proceeds of any enforcement of collateral will be applied in accordance with the Existing Intercreditor Agreement.

The Existing Revolving Credit Facilities Agreement permits the incurrence of indebtedness so long as the consolidated net leverage ratio (*pro forma* for such transaction) is not greater than 4.0 to 1.0 and such indebtedness may be secured if the consolidated net senior secured leverage ratio (*pro forma* for such transaction) is not greater than 3.25 to 1.0. Subject to compliance with the 4.0 to 1.0 consolidated net leverage ratio (*pro forma* for such transaction) and so long as there is no default or event of default outstanding, the Existing Revolving Credit Facilities Agreement permits the distribution of dividends and other restricted payments in an unlimited amount. In addition, subject to compliance with the 4.0 to 1.0 consolidated net leverage ratio (*pro forma* for such transactions) (other than with respect to certain investments which do not require such compliance) and so long as there is no default or event of default outstanding, the Existing Revolving Credit Facilities Agreement permits the distribution of dividends and other restricted payments so long as the aggregated amount of restricted payments does not exceed the sum of an amount equal to 100% of the consolidated EBITDA generated from the period beginning on the first full fiscal quarter commencing prior to May 8, 2014 until the most recently ended quarter, less 1.4 times the consolidated interest expense for such period. The restricted payment capacity is also subject to increase based on certain provisions that are customary for an incurrence based covenant package. The Existing Revolving Credit Facilities Agreement also provides that, for so long as no payment block events have occurred and are continuing, Altice France may pay dividends or other distributions to its shareholders in an amount required for the payment of regularly scheduled interest as such amounts come due under certain indebtedness of its shareholders.

Intercreditor Agreement

To establish the relative rights of certain of our creditors, the obligors under the Existing Senior Secured Notes, the Existing Revolving Credit Facilities Agreement, the Existing Term Loans, certain other future indebtedness, including, the Notes, and certain counterparties to hedging obligations relating to the foregoing, entered into, and will accede thereto as applicable, an intercreditor agreement (the "**Intercreditor Agreement**"), dated May 8, 2014 with:

- any creditors (the "**Super Priority RCF Creditors**") that accede to the Intercreditor Agreement as lenders under a revolving credit facility agreement in accordance with the terms of the Intercreditor Agreement and which is designated as "Super Priority Debt" under the Intercreditor Agreement (the "**Super Priority RCF**");

- any persons that accede to the Intercreditor Agreement as counterparties to certain hedging agreements in accordance with the terms of the Intercreditor Agreement and which are designated as "Super Priority Debt" under the Intercreditor Agreement (the "**Super Priority Hedging Agreements**" and such debt together with the Super Priority RCF, is referred to as "**Super Priority Debt**") and any person that accedes to the Intercreditor Agreement as counterparties to the Super Priority Hedging Agreements are referred to in such capacity as the "**Super Priority Hedging Banks**");

- the creditors of the Existing Revolving Credit Facilities (the "**Existing RCF Creditors**");

- the creditors of the Existing Term Loans (the "**Existing TLB Creditors**");

- any persons that accede to the Intercreditor Agreement as counterparties to certain hedging agreements in accordance with the terms of the Intercreditor Agreement and which are designated as "Senior Debt" under the Intercreditor Agreement (the "**Senior Hedging Agreements**" and any person that accedes to the Intercreditor Agreement as counterparties to the Hedging Agreements are referred to in such capacity as the "**Senior Hedging Banks**");

- any persons that accede to the Intercreditor Agreement under any future term facility or revolving credit facilities designated a senior bank facility (but excluding any facility providing for Super Priority Debt) (a "**Senior Bank Facility**") in accordance with the terms of the Intercreditor Agreement (the "**Future Bank Creditors**", together with the Existing RCF Creditors, the Existing TLB Creditors, the "**Senior Bank Creditors**");

- the trustee for the Existing Senior Secured Notes on its behalf and on behalf of the holders of the Existing Senior Secured Notes (the "**Existing Senior Secured Notes Creditors**");

- upon its accession, the Trustee for the Notes, on its behalf and on behalf of the holders of the Notes (the "**New Senior Secured Notes Creditors**");

- any persons that accede to the Intercreditor Agreement as trustee for any future senior secured notes (the "**Additional Senior Secured Notes**") on its behalf and on behalf of the holders of such senior secured notes (the "**Additional Senior Secured Notes Creditors**" and, together with the New Senior Secured Notes Creditors and the Existing Senior Secured Notes Creditors, the "**Senior Secured Notes Creditors**", and together with the Senior Bank Creditors and Hedging Banks, the "**Senior Creditors**");

- any persons that accede to the Intercreditor Agreement as trustee for any future senior subordinated notes ("**Senior Subordinated Notes**") or under any future senior subordinated debt facility (together with any Senior Subordinated Notes, the "**Senior Subordinated Debt**"), in each case, on its own behalf and/or on behalf of the holders of such senior subordinated notes or the lenders of such senior subordinated debt facilities, as applicable (the "**Senior Subordinated Creditors**");

- certain intra group creditors (the "**Intercompany Creditors**");

- any persons that accede to the Intercreditor Agreement in their capacity as creditors of any shareholder debt (the "**Shareholders**" and together with Intercompany Creditors, the "**Subordinated Creditors**"); and

- Deutsche Bank AG, London Branch, as security agent for the Senior Creditors (the "**Security Agent**").

The Intercreditor Agreement provides that future indebtedness may be incurred by us and our subsidiaries subject to the terms of the Intercreditor Agreement and each finance document then existing. Any future indebtedness to be designated under the Intercreditor Agreement as ranking in respect of proceeds of enforcement of the Security and distressed disposal proceeds in priority to the liabilities owed to the Senior Creditors (the "**Super Priority Debt**") may, however, only be a working capital facility or hedging indebtedness to the extent permitted (or not prohibited) by the terms of each finance document.

For the purposes of the Intercreditor Agreement, the creditors of each class of debt will vote together and a representative trustee or agent of debt within that class of debt (a "**Representative**") may act on the instructions of the requisite majority of creditors of that class of debt (a "**Relevant Majority**"). In certain circumstances (as set out in the Intercreditor Agreement) certain classes of creditors will vote together as part of an instructing group (the "**Instructing Group**"), which is the Relevant Majority of (i) (if Senior Bank Debt and Hedging Debt has

been discharged and while any Senior Secured Notes Debt (each as defined below) remains outstanding) the Senior Secured Notes Creditors, (ii) (while Senior Bank Debt (and/or Hedging Debt) remains outstanding) the Senior Creditors and (iii) (if the Senior Secured Debt has been discharged and while the Senior Subordinated Notes Debt (each as defined below) remains outstanding) the Senior Subordinated Creditors.

By accepting a Note the relevant Noteholder shall be deemed to have agreed to and accepted the terms and conditions of the Intercreditor Agreement.

The following description is a summary of certain provisions, among others, that are contained in the Intercreditor Agreement that relate to the rights and obligations of the Senior Secured Notes Creditors and the Senior Subordinated Notes Creditors. It does not restate the Intercreditor Agreement nor does it describe provisions relating to the rights and obligations of holders of other classes of our debt or capital expenditures.

Ranking and Priority

The Intercreditor Agreement provides, subject to certain provisions, that the liabilities of each issuer, obligor or borrower subject to the Intercreditor Agreement (the "**Obligors**") under or in respect of, amongst others, the Super Priority Debt, the Existing Revolving Credit Facilities Agreement (the "**RCF Debt**"), the Senior Hedging Agreements (the "**Hedging Debt**"), any other Senior Bank Facility (the "**Future Bank Debt**"), the Existing Term Loans (the "**TLB Debt**", together with the RCF Debt and any Future Bank Debt, the "**Senior Bank Debt**"), the Existing Senior Secured Notes, any Additional Senior Secured Notes and the Notes (together with the Existing Senior Secured Notes and any Additional Senior Secured Notes, the "**Senior Secured Notes Debt**" and, together with the Hedging Debt and the Senior Bank Debt, the "**Senior Debt**"), the Senior Subordinated Debt (including the Senior Subordinated Notes (the "**Senior Subordinated Notes Debt**" and any other indebtedness designated as Senior Subordinated Debt in accordance with the terms of the Intercreditor Agreement)), liabilities owed by a Holdco in its capacity as "**Senior Subordinated Notes Issuer**" under the Intercreditor Agreement to any Senior Subordinated Creditor (the "**Senior Subordinated Notes Issuer Debt**"), liabilities owed by the guarantors of any Senior Subordinated Notes Debt to any Senior Subordinated Creditors (the "**Senior Subordinated Guarantee Debt**") and certain liabilities of members of the Group owed to a Holdco (the "**Holdco Debt**") and certain other liabilities will rank in right and order of payment in the following order:

i. first, the Senior Debt, Senior Subordinated Notes Issuer Debt, and future permitted Senior Debt or Super Priority Debt and amounts due to any notes trustee or any security agent, *pari passu* without any preference among them;

ii. second, the Senior Subordinated Guarantee Debt, Holdco Debt and future permitted Senior Subordinated Debt, *pari passu* without any preference among them;

iii. third, the intercompany debt, pari passu, without any preference among them; and

iv. fourth, the shareholder debt.

Priority of Security

The Intercreditor Agreement provides that the Security provided by the Obligors (and any other parties) for the Senior Debt and any future permitted Super Priority Debt (together, the "**Senior Secured Debt**"), the Senior Subordinated Debt, the Senior Subordinated Guarantee Debt and the Senior Subordinated Notes Issuer Debt (together with the Senior Secured Debt, the "**Secured Debt**") and the creditors of such Secured Debt (the "**Secured Creditors**") will rank in the following order:

i. firstly, the Senior Secured Debt (*pari passu* among such class of debt) *pari passu* and without any preference between them); and

ii. secondly, the Senior Subordinated Debt, the Senior Subordinated Guarantee Debt and the Subordinated Notes Issuer Debt.

Restrictions

Subject to certain limited exceptions and subject to, *inter alia*, the provisions set forth under the captions "—*Permitted Payments*" and "—*Restrictions on Enforcement*", while any Senior Secured Debt is outstanding, the Intercreditor Agreement restricts:

- the ability of the Obligors and their subsidiaries to create or permit to subsist any security interest over any of their assets for any debt owed to the Senior Subordinated Creditors, a Holdco, and the intercompany creditors and shareholders, unless not prohibited by the documents governing the Senior Secured Debt;

- the ability of the Obligors and their subsidiaries to pay, purchase, redeem or acquire any of the Senior Subordinated Debt or the Holdco Debt or any intercompany debt or shareholder debt (together with the intercompany debt, the "**Subordinated Debt**"), or otherwise to provide financial support in relation to such liabilities, except for any Senior Subordinated Guarantee Debt in connection with any such payment, purchase, redemption or acquisition of any Senior Subordinated Debt by the issuer of the Senior Subordinated Debt.

Limitation of Credit Support

Pursuant to the Intercreditor Agreement, the Obligors are prohibited from granting any security in favor of any Senior Secured Debt unless that security is given in favor of the Security Agent to hold for the benefit of all other Senior Secured Debt. The Obligors are also prohibited from granting any security in favor of the Senior Subordinated Debt or the Subordinated Debt except (in respect of the Senior Subordinated Debt) for security that is permitted under documents governing the Senior Secured Debt and given in favor of the Security Agent to hold for the benefit of all other Senior Secured Debt, and other security agreed by the Relevant Majority of the Super Priority Creditors (if applicable) and the Relevant Majority of the Senior Bank Creditors and the Relevant Majority of the Senior Subordinated Creditors or otherwise required by the relevant debt documents.

Permitted Payments

The Intercreditor Agreement permits Obligors to pay, *inter alia*:

1. while Senior Debt is outstanding and prior to the incurrence of any Super Priority Debt or after the discharge of any Super Priority Debt, any amounts payable in respect of such Senior Debt at any time, provided that no such payment may be made by the relevant Obligor or received by a Senior Creditor following the occurrence of enforcement trigger event, other than any payments distributed in accordance with the terms of the Intercreditor Agreement and as described under "—*Application of Proceeds*";

2. while any Senior Subordinated Debt is outstanding, any amounts under the Subordinated Debt if:

    a. the payment is permitted or not prohibited under the terms of any documents governing the Senior Secured Debt and/or the Senior Subordinated Debt; and

    b. in relation to an intercompany debt to a non-Obligor and any shareholder debt, no enforcement trigger event is outstanding in respect of any Senior Debt; or

    c. with the consent of each of:

        i. (while any Super Priority Debt is outstanding, the Representatives representing the Relevant Majority of the creditors of the Super Priority Debt (the "**Super Priority Creditors**");

        ii. (while any Senior Bank Debt is outstanding) the Representatives representing the Relevant Majority of the Senior Bank Creditors;

        iii. (while any Senior Secured Notes Debt is outstanding and only to the extent prohibited under their respective indenture (to the extent prohibited by a Senior Secured Notes Designated Debt Document (as defined below)) the Representative representing the Relevant Majority of the Senior Secured Notes Creditors; and

iv. (while any Senior Subordinated Debt is outstanding), the Representative representing the Relevant Majority of Senior Subordinated Creditors; and

3. while any Senior Secured Debt is outstanding, any amounts under the Senior Subordinated Debt (including any amount to a Holdco for purposes of paying such amount not otherwise permitted) if:

   a. the payment is either a Permitted Payment (as defined below) or not prohibited under the terms of any documents governing the Senior Secured Debt; and

   b. on the date falling two days prior to the date of payment, there is no outstanding Senior Secured Debt payment default; and

   c. no Stop Notice (as defined below) is then outstanding; or

   d. with the consent of each of:

      i. (while any Super Priority Debt is outstanding) the Representatives representing the Relevant Majority of the Super Priority Creditors;

      ii. (while any Senior Bank Debt is outstanding) the Representatives representing the Relevant Majority of the Senior Bank Creditors; and

      iii. (while any Senior Secured Notes Debt is outstanding) the Representatives representing the Relevant Majority of the Senior Secured Notes Creditors.

A Representative representing (i) the relevant Senior Bank Creditors or (ii) the relevant Senior Secured Notes Creditors or (iii) the relevant Super Priority Creditors (each in accordance with its underlying documents) may serve a notice specifying that an event of default is outstanding and suspend the payment of any Senior Subordinated Debt (a "**Stop Notice**") until the earlier of:

(i) 179 days after the Stop Notice,

(ii) if an enforcement notice specifying a default under the Senior Subordinated Debt has been served by a Representative of the Relevant Majority of the Senior Subordinated Creditors (an "**Enforcement Notice**") and a standstill period of 179 days (a "**Standstill Period**") is already in effect, the date on which such Standstill Period expires,

(iii) the date on which the event of default under the relevant Senior Secured Debt document has been remedied or waived in accordance with the relevant debt document,

(iv) the date on which each Representative that served the Stop Notice cancels such Stop Notice,

(v) the date on which the creditors with respect to the Senior Subordinated Debt take enforcement action in accordance with (and as permitted by) the Intercreditor Agreement, and

(vi) the date the Senior Secured Debt is no longer outstanding.

The Stop Notice is to be issued within 45 days of receipt of notice of such default and only one such notice may be served within any 360 day period (or prior to all interest current on the Senior Subordinated Debt at the time the previous Stop Notice expired having been paid in full) and not more than one Stop Notice may be served in respect of the same event or set of circumstances. Notwithstanding the service of a Stop Notice, the payment of any notes trustee or security agent amounts may be made during the period when such Stop Notice is in effect.

For purposes of the Intercreditor Agreement, "**Permitted Payments**" is defined to include, in the case of the Senior Subordinated Debt, certain customary permitted payments which include scheduled payments of interest; amounts payable under Senior Subordinated Debt by way of default interest, liquidated charges or penalty interest; amounts payable under applicable gross up provisions or currency indemnities; fees, costs, expenses and taxes incurred in respect of the issuance and offering of the Senior Subordinated Notes or the ordinary day-to-day administration of the Senior Subordinated Notes; principal amount of the Senior Subordinated Notes upon or after

their originally scheduled maturity; any other amount not exceeding US$1 million in any 12-month period; note trustee costs and security agent costs; certain permitted defeasance trust payments; amounts funded from the proceeds of issuance of, or exchanged for or converted into certain defined permitted junior securities any other amounts consented to by the Representatives representing the Relevant Majority of each of the Super Priority Debt, Senior Bank Debt, or to the extent prohibited by relevant underlying documents, the Senior Secured Notes.

Enforcement Instructions

No Senior Secured Creditor has any independent power to enforce, or have recourse to, any Security except through the Security Agent and the Security Agent shall enforce Security (if then enforceable) if so instructed by the Representatives of the Instructing Group or by the Relevant Majority of Super Priority Creditors. The Security Agent may disregard any instructions from any other person to enforce the Security and may disregard any instructions to enforce any Security if those instructions are inconsistent with the Intercreditor Agreement. The Security Agent is not obliged to enforce the Security if it has not received security and/or indemnity to its satisfaction from the relevant creditors.

Release of Security and Guarantees

If a disposal of an asset owned by an Obligor is made to a person or persons outside the Group and either (i) the disposal is not permitted or prohibited by the underlying finance documents, or (ii) the disposal is being effected at the request of the relevant creditor in circumstances where it is entitled to take enforcement action under the Intercreditor Agreement (and such disposal is consistent with certain security enforcement principles) or (iii) the disposal is pursuant to enforcement action in accordance with the Intercreditor Agreement the Security Agent is authorized to release any Security and other claims (including guarantees) under any finance document over that asset and, if that asset comprises of the shares in the capital of an Obligor or any of its subsidiaries which are subject to Security, release on behalf of the relevant creditor and each Obligor and its Subsidiaries that subsidiary and its subsidiaries from all present and future obligations and liabilities under the relevant finance document provided that the proceeds of the disposal are applied in accordance with the relevant finance document and with the Intercreditor Agreement.

If shares in an Obligor or its holding company are being disposed of and the Security Agent decides to dispose of all or part of the liabilities of such Obligor, holding company or any subsidiary under the finance documents, the Security Agent may: (i) dispose of all or part of such liabilities such that the transferee shall not be treated as a Senior Secured Creditor or a secured party; and (ii) dispose of all (and not part) of such liabilities owed to the Senior Secured Creditors on behalf of the relevant creditors and Obligors such that the transferee be treated as a Senior Secured Creditor or a secured party.

Turnover

The Intercreditor Agreement provides that if any Senior Secured Creditor or (where applicable as a result of a judicial foreclosure or other similar sale of assets of an Obligor upon enforcement) any special purpose vehicle acquiring or holding assets on behalf of Senior Secured Creditors, Senior Subordinated Creditor or Subordinated Creditor receives or recovers a payment of any Senior Secured Debt, Senior Subordinated Debt or Subordinated Debt which is prohibited by the Intercreditor Agreement or not paid in accordance with the provisions described under "—*Application of Proceeds*", subject to certain exceptions, the receiving or recovering creditor will promptly notify the Security Agent and hold any amount on trust for the creditors and, upon demand by the Security Agent, pay that amount to the Security Agent or, if lower, the amount of debt owed to the relevant category of creditor, in each case less the third party costs and expenses (if any) reasonably incurred in receiving or recovering such amount, for application by the Security Agent in accordance with the order of priority described under "—*Application of Proceeds*". These provisions will not apply to any receipt or recovery by the Super Priority Hedging Banks or the Senior Hedging Banks in relation to certain netting and set-off arrangements with Obligors, permitted refinancing, or otherwise in accordance with the loss sharing provisions of the Intercreditor Agreement.

If the Security Agent is not entitled for reasons of applicable law, to pay any proceeds of enforcement to the relevant Representatives, but can distribute such amounts to Secured Creditors who are subordinated in accordance with the terms of the Intercreditor Agreement, such Secured Creditors shall make such payments as required to place all Secured Creditors in the position they would have been in had such amounts been applied in accordance with the order of priority set out under "—*Application of Proceeds*".

Subordination on Insolvency

After the occurrence of an insolvency event in relation to any Obligor (the "**Insolvent Obligor**"), the shareholder debt and (unless otherwise required by the Representatives of the Instructing Group or the Relevant Majority of Super Priority Creditors) the intercompany debt owed by the Insolvent Obligor will be subordinate in right of payment to the Secured Debt owed by such Insolvent Obligor and the Senior Subordinated Debt owed by the Insolvent Obligor (excluding for the avoidance of doubt, any Senior Subordinated Notes Issuer Debt) will be subordinate in right of payment to the Senior Secured Debt owed by such Insolvent Obligor.

If any Obligor commences a case under the United States Bankruptcy Code, 11 U.S.C. § 101 et seq., as amended (the "**U.S. Bankruptcy Code**") (a "**U.S. Insolvency Proceeding**"), the Intercreditor Agreement provides that it shall be effective during the U.S. Insolvency Proceeding of any such Obligor and the relative rights as to the Security and proceeds thereof shall continue on the same basis as prior to the date of the petition. Under any such U.S. Insolvency Proceeding consent for the provision of any debtor-in-possession financing under section 364 of the U.S. Bankruptcy Code that is secured by liens senior to or *pari passu* with the liens securing the Senior Debt or to the use of cash collateral under section 363 of the U.S. Bankruptcy Code shall only require the consent of the majority of the Senior Creditors. Notwithstanding anything to the contrary in the Intercreditor Agreement, that agreement provides that the parties to the Intercreditor Agreement shall retain all rights to vote to accept or reject any plan of reorganization, composition, arrangement or liquidation in connection with any U.S. Insolvency Proceeding. In the event of a U.S. Insolvency Proceeding, the provisions of the Intercreditor Agreement will be subject to interpretation and enforcement by the United States Bankruptcy Court with jurisdiction over the U.S. Insolvency Proceeding and to the provisions of the U.S. Bankruptcy Code.

Filing of Claims

While any Senior Secured Debt is outstanding, the Security Agent is authorized (acting on the instructions of the Representatives of the Instructing Group or the Relevant Majority of Super Priority Creditors) to: (i) claim, enforce and prove for any debt owed by the Insolvent Obligor (ii) only with respect to shareholder debt, exercise all powers of convening meetings, voting and representations in respect of the shareholder debt owed by the Insolvent Obligor (iii) file claims and proofs, give receipts and take all such proceedings and do all such things as the Security Agent considers reasonably necessary to recover any debt owed by the Insolvent Obligor and (iv) receive all payments of or in respect of any debt owed by the Insolvent Obligor for application in accordance with the provisions set forth under "—*Application of Proceeds*". Notwithstanding the foregoing, nothing shall (i) entitle any party to exercise or require any other party to exercise such power of voting or representation to waive, reduce, discharge, extend the due date for payment of or reschedule any of the Senior Subordinated Debt, or (ii) be deemed to require any Senior Subordinated Notes Creditor to hold a meeting or pass any resolution at such meeting or give any consent pursuant to the terms of any finance documents or (iii) authorize any Super Priority Creditor or Senior Creditor to take any action in respect of the Senior Subordinated Notes Issuer Debt.

If the Security Agent is not entitled or does not take any of the actions referred to above, the representatives of Senior Subordinated Debt, the Senior Subordinated Creditors and the Subordinated Creditors (i) will each do so promptly when requested by the Security Agent (acting on the instructions of (while Super Priority Debt is outstanding) the Relevant Majority of Super Priority Creditors or the Instructing Group subject, in the case of Senior Subordinated Creditors only, to either or both the Super Priority Creditors or the Senior Creditors giving an appropriate indemnity for any costs and expenses which may be reasonably incurred by the Senior Subordinated Creditors and their representative in doing or taking the actions so requested); and (ii) may each do so to the extent permitted as described under "—*Restrictions on Enforcement*".

Application of Proceeds

Subject to the rights of any creditor (other than a Secured Creditor) with prior security or preferential claims, all amounts from time to time received pursuant to the provisions described under "—*Turnover*" or otherwise recovered by the Security Agent (or any other creditors), (i) pursuant to the terms of any relevant finance document or (ii) in connection with the realization or enforcement of all or any part of the security in favor of the Secured Debt, the sale of any asset of any Obligor pursuant to an insolvency event or, an enforcement action, judicial supervised or sanctioned reorganization or administrative work-out restructuring or otherwise shall be held by the Security Agent on trust for the Secured Creditors or (in the case of a foreclosure over the assets of any Obligor) for the Secured Creditors in their capacity as holders of the secured assets (each a "**Foreclosed Assets Holder**") ("**Enforcement Proceeds**") to apply them at any time as the Security Agent sees fit, and to the extent permitted by law, in the following order:

- first, in payment of the following amounts in the following order of priority: (i) *pari passu* and pro rata to the Security Agent and thereafter to any notes trustee in respect of any amounts due to each such party and (ii) *pari passu* and *pro rata* to each representative of Super Priority Debt (if any), Senior Bank Debt, Senior Secured Notes Debt and Senior Subordinated Debt (if any) of the fees, costs, expenses and liabilities (and all interest thereon as provided in the relevant finance documents) of each such representative and any receiver, attorney or agent appointed by such representative under the security documents or the Intercreditor Agreement;

- second, in payment *pari passu* and pro rata of the balance of the costs and expenses of each Super Priority Creditor and each Senior Creditor in connection with such enforcement;

- third, in payment *pari passu* and pro rata to any Foreclosed Assets Holder in an amount equal to the amount of its tax liabilities arising from the relevant foreclosure proceedings and holding of the applicable assets;

- fourth, in payment *pari passu* and pro rata to the representative of the Super Priority Debt and the Hedging Banks (to the extent any Super Priority Debt may be owed to them) for application towards the balance of the Super Priority Debt (if any);

- fifth, in payment *pari passu* and pro rata to any Foreclosed Assets Holder which has paid Soulte (being the amount by which the value of the foreclosed assets exceeds the obligations discharged as a result of the foreclosure) in an amount equal to the Soulte paid by it;

- sixth, in payment *pari passu* and pro rata to each representative of Senior Debt and the Hedging Banks for application towards (i) Senior Bank Debt, (ii) Senior Secured Notes Debt and (iii) the Hedging Debt;

- seventh, (only to the extent secured) in payment of the balance of the costs and expenses of each Senior Subordinated Creditor in connection with such enforcement;

- eighth, (only to the extent secured) in payment *pari passu* and pro rata to each Senior Subordinated Creditor towards the balance of the Senior Subordinated Debt;

- ninth, if a foreclosure has occurred whilst no Senior Secured Debt is outstanding, to any Obligor or Subordinated Creditor to which a Soulte has been paid or remains payable, in payment or distribution in an amount equal to such Soulte; and

- tenth, in payment of the surplus (if any) to the Obligors or other person entitled to it.

If the application of any enforcement proceeds or recoveries (the "**Relevant Proceeds**") applied in accordance with the foregoing is made in or towards the discharge of any one or more categories of debt and would result in or have the effect of an unlawful payment or discharge then: (i) those Relevant Proceeds will be applied in or towards the discharge in full only of any such debt (but subject at all times to the other provisions of the Intercreditor Agreement) guaranteed or secured by the rights the enforcement or realization of which gave rise to the Relevant Proceeds; and (ii) those Relevant Proceeds will only be applied in or towards discharge of any such debt the discharge of which would not result in or have the effect of an unlawful payment or discharge, and thereafter as described under "*—Turnover*".

Equalization of the Senior Creditors

The Intercreditor Agreement provides that if prior to the incurrence of any Super Priority Debt or after the discharge of all Super Priority Debt, for any reason, any Senior Debt remains unpaid after the enforcement date and the resulting losses are not borne by the Senior Creditors in the proportions which their respective exposures at the enforcement date bore to the aggregate exposures of all the Senior Creditors at the enforcement date, the Senior Creditors (subject, in the case of amounts owing to the trustees, to the terms of the Intercreditor Agreement) will make such payments amongst themselves as the Security Agent shall require to put the Senior Creditors in such a position that (after taking into account such payments) those losses are borne in those proportions.

Amendment

Prior consent of each Representative (other than any Senior Subordinated Representative unless in respect of an amendment, waiver or consent under any security document evidencing Security in favor of the Senior

Subordinated Creditors) is required for any waivers, consents, or amendments in relation to any security documents if any such amendments, waivers or consents would adversely affect the nature or scope of the charged property or the manner in which the proceeds of enforcement of Security is distributed unless such amendment, or waiver, is expressly permitted by the terms of any finance document.

The Intercreditor Agreement may be amended by the Obligors and the Security Agent without consent of the other parties if the amendment is to cure defects, typographical errors, resolve ambiguities or reflect changes, in each case, of a minor technical or administrative nature. Where an amendment affects the rights and obligations of one or more parties to the Intercreditor Agreement and could not reasonably be expected to be adverse to the interests of other parties or class of parties, only the parties affected by such amendment need to agree to the amendments.

Other than in respect of certain customary amendments and waivers (which require the consent of each of the Senior Creditors, the Senior Subordinated Creditors, the Super Priority Creditors, the Security Agent and the Company), the Intercreditor Agreement may be amended or waived or any consent may be given under it with the written agreement of the Relevant Majority of each of the Super Priority Creditors, the Senior Bank Creditors, the Senior Secured Notes Creditors and the Senior Subordinated Creditors, Altice France and the Security Agent thereunder.

Notwithstanding any other provision of the Intercreditor Agreement, if at any time a member of the Group wishes to incur additional debt which is permitted or not prohibited by the Intercreditor Agreement and each other finance document in force at such time, to be incurred and to have the benefit of the Intercreditor Agreement (including, as applicable, to share in the Security and/or rank behind either or all of the liabilities owed by any Obligor under any finance document (the "**Existing Liabilities**") and/or to share in any Security behind such Existing Liabilities) Altice France and the Security Agent thereunder may enter into such amendments, changes and other modifications (including, but not limited to, providing for the accession of further creditors or their representatives under the Intercreditor Agreement) to the Intercreditor Agreement as may be necessary or appropriate to accommodate the terms of, and (if applicable) any guarantees and any security provided in respect of, any such additional debt so as to ensure that such additional debt may benefit from the Intercreditor Agreement. Such changes shall be binding on all parties to the Intercreditor Agreement (without requiring the consent of any Representative or other party) provided that no additional obligations, other than those set forth in the Intercreditor Agreement, may be imposed on any Representative without its consent. The Security Agent shall promptly provide a copy of any such amendments, changes or other modifications made to the Intercreditor Agreement in accordance to each Representative.

Perpetual Subordinated Notes

In 2006, one of the subsidiaries of the Group, SFR Fibre issued perpetual subordinated notes (the "**Perpetual Subordinated Notes**") for the benefit of Vilorex, a subsidiary of GDF SUEZ. The proceeds of the Perpetual Subordinated Notes have been allocated to the funding of the construction of connectors in cities in the southern part of SIPPEREC (*Syndicat Intercommunal de la Périphérie de Paris pour l'Electricité et les Réseaux de Communication*). The Perpetual Subordinated Notes bear interest at an annual rate of 7%. The interest on the Perpetual Subordinated Notes is capitalized. As of June 30, 2021, total financial liabilities, excluding interest, under the Perpetual Subordinated Notes amounted to €63 million. The Perpetual Subordinated Notes have been issued for an indefinite period and are repayable either in the case of liquidation or dissolution of SFR Fibre, or when SFR Fibre reaches a certain level of turnover generated by the customers covered by the connectors. These trigger thresholds have not been attained since the date of the issuance of Perpetual Subordinated Notes. SFR Fibre may choose to pay in advance all or part of the Perpetual Subordinated Notes upon ten days' notice.

Security Deposits Received from Subscribers

Security deposits received from subscribers amounted to €193 million, €201 million and €200 million as of December 31, 2020, 2019 and 2018, respectively. As of June 30, 2021, security deposits received from subscribers amounted to €188 million. These deposits are made when subscribers receive equipment from the Group. The subscribers' deposits are reimbursed upon cancellation of their subscription, on the condition of subscribers having paid outstanding invoices and returning the equipment. The guarantee deposits are recorded in the statement of financial position as long-term debt.

Finance Leases

Several companies of the Group have entered into contracts of finance leases on real estate properties (usually for periods of 20 to 30 years), office equipment (mainly for periods of four years) and technical equipment. All of our lease contracts are denominated in euro. Some real estate leases provide that at the beginning of the rental period annual rents will be fixed but will subsequently become linked to an index based on the rate of inflation (corresponding to a specific percentage increase).

See "*Capitalization*" elsewhere in this Notice for the commitments of the Group (the current value of minimum rents) under its finance leases.

GLOSSARY

"3D-TV" .... Three dimensional television is a technology used to project a television program into a realistic three-dimensional field.

"3G/3G+" .... See UMTS (3G) and HSDPA (3G+).

"4G".. The fourth generation of mobile phone technology standards, providing very-high-speed broadband access.

"5G" .... The fifth generation of mobile phone technology standards, providing very-high-speed broadband access.

"5G New Radio" .... A new air interface being developed for 5G mobile communications.

"ADSL" (Asymmetrical Digital Subscriber Line) .... ADSL is the most commonly used variant of DSL; an internet access technology that allows voice and high-speed data to be sent simultaneously over copper telephone lines. Asymmetric Digital Subscriber Lines normally have three to four times more bandwidth available for purposes of data downloads as compared to data uploads.

"All-IP" .... All services (internet, telecommunications and video) are carried through Internet Protocol by a federative IP backbone.

"Analog".. Comes from the word "analogous". In telephone transmission, the signal being transmitted (voice, video or image) is "analogous" to the original signal.

"ARCEP" .... French telecommunications and posts regulator (*Autorité de régulation des communications électroniques et des postes*).

"Backbone" .... The principal data routes between interconnected networks.

"Backbone network" .... Fibre optic backbone transmission network for long distance and very high capacity.

"Backhauling" .... Transporting data to the backbone network.

"Bandwidth" .... The width of a communications channel.

"Bit" (Binary Digit) .... Elementary information unit with binary coding (0 or 1) used by digital systems.

"Broadband" .... A general term used to describe wide bandwidth equipment or systems. Broadband communications systems can deliver multiple channels and other services.

"Bulk subscriber" .... Cable subscribers through a collective contract entered into between a cable operator and a property agent or housing association.

"Cable TV" .... A broadband network employing radio frequency transmission over coaxial and/or fibre optic cable to transmit multiple channels

carrying images, sound and data between a central facility and individual customers' television sets.

"Catch-Up Television".......................... A television service that allows viewing programs after their original broadcast.

"Centrex".. A private branch exchange-like service providing switching at a central office instead of at the customer's premises. The telecommunications provider owns and manages the communications equipment necessary to implement the Centrex service and sells services to the customer.

"Churn"... In the B2C market, the discontinuance of services to a customer either voluntarily or involuntarily. It is the percentage measure of the number of subscribers disconnected during a particular period (either at the subscriber's request or due to a termination of the subscription by the Group) divided by the number of subscribers at the beginning of the period, excluding transfers between the Group's products. This definition may be different for other companies, including SFR.

"Cloud computing"............................... Concept which allows the transfer on distant servers of storage and data processing traditionally held on local servers or the user's hardware.

"Coaxial Cable".................................... Electrical cable with an inner conductor, surrounded by a tubular insulating layer.

"CPE" (Customer Premises Equipment)... Material set up at the customer's home which provides broadband services use such as voice ports, channel banks, set-top boxes, cable broadband routers or embedded Multimedia Terminal Adaptor.

"CRM"... Customer Relationship Management.

"Digital"... The use of a binary code to represent information in telecommunications recording and computing. Analog signals, such as voice or music, are encoded digitally by sampling the voice or music analog signals many times a second and assigning a number to each sample. Recording or transmitting information digitally has two major benefits: first, digital signals can be reproduced more precisely so digital transmission is "cleaner" than analog transmission and the electronic circuitry necessary to handle digital is becoming cheaper and more powerful; and second, digital signals require less transmission capacity than analog signals.

"DOCSIS 2.0".. Data over cable service interface specification, a technology that enables the addition of high-speed data transfer over an existing cable television system.

"DOCSIS 3.0".. Data over cable service interface specification, a technology that enables the addition of high-speed data transfer over an existing cable television system with enhanced transmission bandwidth and support for Internet Protocol version 6.

“DSL” (Digital Subscriber Line).......... DSL is generic name for a range of digital technologies relating to the transmission of internet and data signals from the telecommunications service provider’s central office to the end customer’s premises over the standard copper wire used for voice services.

“DTH”... Direct-to-home television.

“DTT” (Digital Terrestrial Television) A terrestrial broadcasting mode using digital technology, in which video and audio signals are digitized and organized within a single stream. They are then modulated and broadcast terrestrially (through airwaves). DTT provides a clearer picture and superior sound quality when compared to analog television, with less interference. DTT is an alternative to receiving broadcasts through cable and satellite operators.

“Dual-play” or “double-play”............. Broadband subscriber package including two services: internet access and IP telephony.

“Ethernet”... Technology for local network connections with computers connected by a combination of network interface cards installed on each PC and by cables linking the workstations at a rate of 10 Mbps, 100 Mbps, 1 Gbps or 10 Gbps. In an Ethernet network, each workstation may initiate a transmission at any time.

“EuroDocsis 2.0”.................................. International telecommunications standard that permits the addition of high-speed data transfer to an existing cable television system. EuroDocsis 2.0 broadband routers have the capacity to achieve download speeds of up to 30 Mbps with the use of one downstream port. EuroDocsis 2.0B (or “wide-band Docsis”) broadband routers have the capacity to achieve download speeds of up to 100 Mbps with the use of three downstream ports.

“EuroDocsis 3.0”.................................. International telecommunications standard that permits the addition of high-speed data transfer to an existing cable television system. EuroDocsis 3.0 broadband routers have the capacity to achieve download speeds of up to 400Mbps with the use of eight downstream ports.

“Free-to-air”... Transmission of content for which television viewers are not required to pay a fee for receiving transmissions.

“FTTB” (Fibre-To-The-Building)........ Fibre optics to the entry point of a building.

“FTTH” (Fibre-To-The-Home)............ Connection by optical fibre directly to the subscriber’s home, ensuring very-high-speed transmission compatible with triple-play packages.

“FTTO” (Fibre-To-The-Office)........... Fibre optic access dedicated to offices.

“FTTx”... Fibre optic infrastructure.

"GB"(gigabyte) .... Gigabyte, commonly abbreviated as GB. See "MB".

"Gbits/s" .... Billions of bits (10 power 9) transferred per second on a transmission network. See "—Bit".

"GHz" (gigahertz) .... One billion hertz (a unit of frequency).

"GPON" .... Gigabit passive optical networks. A high-bandwidth optical fibre network using point-to-multipoint architecture.

"GSM" (Global System for Mobile Communications) .... A comprehensive digital network for the operation of all aspects of a cellular telephone system.

"HD" (High Definition) .... A technology used notably in video, television and photography that has a resolution substantially higher than that of standard systems and is capable of producing an image characterized by fine detail, greater quality and better sound reproduction.

"HDTV" (High Definition Television). A type of television image transmission that uses HD resolution. HDTV has twice as many scan lines per frame as a standard definition television system, a sharper image, better sound reproduction and a wide-screen format.

"Head-ends" .... A collection of hardware, typically including a backbone router, satellite receivers, modulators and amplifiers which collects, processes and combines signals for distribution within the cable network.

"HFC" (Hybrid Fibre Coaxial) .... A technology developed by the cable TV industry to provide two-way high-speed data access to the home using a combination of fibre optics and traditional coaxial cable.

"High Speed Broadband Market" .... Broadband with above 30 Mbps speed capability.

"Homes connected/passed" .... A home is deemed "connected" or "passed" if it can be connected to the distribution system without further extension of the network.

"HSDPA" (High Speed Downlink Package Access) .... Evolution of the third generation (3G) mobile telephony norm UMTS, also called 2.5G or 3G+. It offers, thanks to an upgraded software, performances tend times greater than 3G technology (UMTS). It supports high speeds in bundled form on the download side.

"HSPA" .... High Speed Packet Access, a type of UMTS3G network that supports both mobile communications technology that provides enhanced download and upload speeds.

"HSPA+" .... Evolved High Speed Packet Access, an enhanced UMTS3G network that offers higher download and upload speeds than HSPA.

"HTML5" (HyperText Markup Language 5)" .... The fifth and most recent revision of HTML, the standard programming language for structuring and presenting content on the internet.

"iDEN" .... Integrated Digital Enhanced Network, a mobile telecommunications technology.

"INSEE".. The national statistics bureau of France (*Institut national de la statistique et des études économiques*).

"internet" .... A collection of interconnected networks spanning the entire world, including university, corporate, government and research networks. These networks all use the IP (Internet Protocol) communications protocol.

"IoT" .... Internet of Things. A network of physical objects that feature an IP address for internet connectivity, and the communication that occurs between such objects and other devices and systems.

"IP" (Internet Protocol)...................... Internet Protocol is used for communicating data across a packet switched network. It is used for transmitting data over the internet and other similar networks. The data are broken down into data packets, each data packet is assigned an individual address, and then the data packets are transmitted independently and finally reassembled at the destination.

"IP Centrex"... IP servers are located in the Group's data center and used by SMEs for VoIP.

"IPTV" (Internet Protocol Television) The transmission of television content using IP over a network infrastructure, such as a broadband connection.

"ISP" .... Internet Service Provider.

"IRU" (Indefeasible Right of Use) .... Long-term contract ensuring the temporary ownership, over the term of the contract, of a portion of the capacities of a duct, a cable or a fibre.

"IT" (Information Technology) .... A general term referring to the use of various software and hardware components when used in a business.

"LAN" (Local Area Network) .... A network that interconnects computers in a limited area such as within a building.

"LAN to LAN"...................................... Ethernet interconnection service between sites through a LAN connection at long distances.

"Local loop"... Section of the network connecting the operator's point of presence to individual subscriber households.

"LTE" (Long Term Evolution) .... Name of a project aiming to produce technical specifications of future fourth generation (4G) mobile network norms. By extension, LTE designates fourth generation mobile systems, which arose out of this project.

"M2M" .... Machine to machine.

"Mb" (megabyte).................................. Megabyte, commonly abbreviated as Mb, is a multiple of the unit byte for digital information storage or transmission, generally used to refer to for computer storage. A megabyte (Mb) is different from a megabit (Mbit): a byte is a unit of information which is defined as a multiple of a bit (one byte equals eight bits).

"Mbps"... Megabits per second; a unit of data transfer rate equal 1,000,000 bits per second. The bandwidths of broadband networks are often indicated in Mbps.

"Middleware".. Middleware is computer software that provides services to software applications beyond those available from the operating system.

"MHz".. Megahertz; a unit of frequency equal to one million Hertz.

"MMS" (Multimedia Message Service) .... A system that enables cellular phones to send and receive pictures and sound clips as well as text messages between wireless devices.

"MNO" (Mobile Network Operator)... Access solution for multiple services (internet, television and VoIP) through a single broadband access point.

"Multi-play"... Access solution for multiple services (internet, television and VoIP) through a single broadband access point.

"MVNO" (Mobile Virtual Network Operator)... Mobile operators that use third party network infrastructures to provide their own mobile telephone services.

"NG-PON2"... Next Generation Passive Optical Network 2. A network standard for passive optical networks with enhanced bandwidth capabilities.

"OTT content" or "over-the-top content"... Broadband delivery of video and audio without the internet service provider being involved in the control or distribution of the content itself. It refers to content received from a third party and delivered to the end-user device with the internet provider being exclusively responsible for transporting IP packets.

"PacketCable" .... A CableLabs-led initiative to develop interoperable interface specifications for delivering advanced, real-time multimedia services over two-way cable plant. PacketCable networks use internet protocol (IP) technology to enable a wide range of multimedia services, such as IP telephony, multimedia conferencing, interactive gaming and general multimedia applications.

"PON" .... Passive optical network, a system that implements a point-to-multipoint architecture to bring optical fibre cabling and signals all or most of the way to the end user.

"Premium pay-TV".............................. Premium pay-TV includes high-value channels providing premium content and corresponds to CanalSat and Canal+ content. Other channels included in pay-TV are low-value and low-price channels.

"PVR" .... Personal video recording.

"Quadruple-play"	Triple-play and mobile telephony.
"RGU" (Revenue Generating Unit)	Each subscriber receiving cable TV, broadband internet, fixed telephony or mobile telephony services over the Group's network. Thus, one subscriber who receives all of the Group's services would be counted as four RGUs.
"Router"	A device that provides access to the internet for multiple computers. It typically includes a network switch with several Ethernet ports for wired connections to desktop and laptop computers. The router also provides network address translation, which allows multiple users to reach the internet with one public IP address assigned by the cable or telephone company to the service.
"SAN" (Storage Area Network)	A high-speed special purpose network that interconnects data storage devices with associated data servers.
"SAN to SAN"	Interconnection service provided through a SAN connection.
"SD" (Standard Definition)	Television and video broadcasting standard, offering viewers an image with a resolution of 720 pixels (horizontal) by 576 pixels (vertical).
"SDH" (Synchronous Digital Hierarchy)	A standard technology for synchronous data transmission on optical media.
"Set-top box"	The electronics box which connects television to incoming digital video signal.
"Sites connected"	A corporate or public sector site is deemed "connected" if it is connected to the Group's network.
"Smart card"	A pocket sized card with embedded integrated circuits which, when used with a digital receiver, enables the Group's subscribers to decrypt and receive the Group's digital television service.
"SME" (Small and Medium-sized companies)	The computing market for companies with between 2 and 200 employees.
"SMS" (Short Message Service)	A system that allows mobile telephone users to send and receive text messages between wireless devices.
"Subscriber access nodes"	Points on the edge of the access network that concentrate individual access lines into a smaller number of feeder lines.
"Symmetric regulation"	Regulation applicable to all operators offering the same service, in contrast to asymmetric regulation, applicable only to operators recognized as having significant market power by a regulatory authority.
"TNT" (*Télévision Numérique Terrestre*) (Digital Terrestrial Television)	A land-based (terrestrial) broadcast television system.

“Triple-play”	Subscriber offering telephony, internet and cable TV services through one access channel.
“UMTS” (Universal Mobile Telecommunications System)...........	Third generation (3G) mobile telephony norm allowing a high speed communication (up to 2 Mbit/s, theoretically symmetrical).
“unbundling”	Procedure which allows other providers to use the passive infrastructures of the historical operator’s proprietary local copper-wire loop in order to market their own services to end-users. In order to do this, B2B unbundling customers must install their own equipment at the historical operator’s main distribution frames (subscriber access nodes). These wholesale services are regulated by ARCEP.
“unlimited”	With respect to quadruple-play packages, refers to unlimited calls within the limit of a fair usage, as is customarily applied in the French mobile market.
“VDSL” (Very-high-bit-rate Digital Subscriber Line)................................	A variant of DSL; an internet access technology that provides faster data transmission than ADSL over copper telephone lines, at speeds of up to 52 Mbps downstream and 16 Mbps upstream and up to 100 Mbps downstream in VDSL2.
“VGA”..	Video graphics array; a computing standard that has a resolution of 640 x 480 pixels with colours or 320 x 200 pixels with 256 colours.
“VOD” (Video-On-Demand)	VOD is service that provides subscribers with enhanced playback functionality and gives them access to a broad array of on-demand programming.
“VoIP” (Voice over Internet Protocol)	The transportation of voice services using IP technologies.
“VPN” (Virtual Private Network)	A VPN extends a private network across a public network.
“White Label”..	A production service produced by one entity, the producer, that another entity, the marketer, rebrands and distributes to make it appear as if it had made it.
“xDSL”	Asymmetrical DSL connection where the download speed (from the network to the client) is higher speed than the upload speed (from the client to the network).
“Wifi” (Wireless Fidelity)	Technology enabling the connection of wireless equipment using radio waves in the 2.4 GHz wavelength, at speeds of 11 Mbps (802.11b standard), 54 Mbps (802.11g standard) or 540 Mbps (802.11n standard). By extending the Ethernet protocol to cover radio services, Wifi offers businesses and individuals the ability to wirelessly connect several computers or shared devices in a network over distances that may reach several dozen meters.
“Wholesale”	The carrier-to-carrier market for telecommunication services.