NOTICE TO THE HOLDERS OF

ALTICE FINCO S.A.
€675 million 4.750% Senior Notes due 2028

ALTICE FINANCING S.A.
$2,750 million 7.500% Senior Secured Notes due 2026
€600 million 2.250% Senior Secured Notes due 2025
$1,200 million 5.000% Senior Secured notes due 2028
€1,100 million 3.000% Senior Secured Notes due 2028

Dated August 2, 2021

August 2, 2021 – Altice International S.à r.l. ("**Altice International**"), the indirect parent of Altice Financing S.A. (the "**Company**"), has announced that the Company proposes to offer up to $2,750 million (equivalent) in aggregate principal amount of senior secured notes (the "**Proposed Financing**"), the proceeds of which will be used to finance the Refinancing Transactions (as defined herein).

The information contained in this Notice will, among other information, be disclosed in connection with the Proposed Financing. The decision to proceed with the Proposed Finaning and/or the final amount and the terms of the Proposed Finacing is subject to determination by Altice International in its sole discretion and we disclaim any obligation to update or revise this Notice in connection with such final determination. This Notice contains a Q2 2021 trading update for Altice International on page 23.

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 Altice International and its subsidiaries.

DEFINITIONS

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

"2014 *Pari Passu* Revolving Credit Facility"..	has the meaning ascribed to it under "*Description of Indebtedness—Altice Financing Revolving Credit Facilities*".
"2015 Super Senior Revolving Credit Facility"	has the meaning ascribed to it under "*Description of Indebtedness—Altice Financing Revolving Credit Facilities*".
"2017 Altice Financing Guarantee Facility Agreement"	the guarantee facility agreement, dated June 23, 2017, as amended, restated, supplemented or otherwise modified from time to time between, *inter alios*, the Company, as borrower and guarantor, the lenders from time to time party thereto, J.P. Morgan Europe Limited, as facility agent, and Citibank, N.A., London Branch, as security agent.
"2018 Altice Financing Guarantee Facilities"	collectively, the 2018 Altice Financing Guarantee Facility and the 2018 Altice Financing Additional Financial Guarantee.
"2018 Altice Financing Guarantee Facility Agreements"..	collectively (i) the guarantee facility agreement, dated July 25, 2018, as amended, restated, supplemented or otherwise modified from time to time between, *inter alios*, the Company, as borrower and guarantor, the lenders from time to time party thereto, BNP Paribas SA, as facility agent, and Citibank, N.A., London Branch, as security agent and (ii) the guarantee facility agreement, dated July 26, 2018, as amended, restated, supplemented or otherwise modified from time to time, between, *inter alios*, the Company, as borrower and guarantor, and Credit Agricole Corporate and Investment Bank, as issuing bank.
"ACS"	Altice Customer Services S.à r.l., a private limited liability company (*société à responsabilité limitée*) organized under the laws of the Grand Duchy of Luxembourg, having its registered office at 5, rue Eugène Ruppert, L-2453 Luxembourg and registered with the Luxembourg Trade and Companies Register under number B-210139, 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 having its registered office at 5, rue Eugène Ruppert L-2453 Luxembourg and registered with the Luxembourg Trade and Companies Register under number B170036, and a subsidiary of Altice TV.
"Aggregate Portuguese Security and Guarantee Limit"	as applicable, (i) €95 million, representing the maximum aggregate amount of obligations guaranteed by Altice Portugal, which limitation applies to all indebtedness so guaranteed and/or secured on an aggregate basis and (ii) (a) up to €4,634 million for PT Portugal and (b) €968 million for PT OpCo, representing the maximum aggregate amount of obligations secured by PT Portugal and PT OpCo, respectively, and guaranteed by PT Portugal and PT OpCo, respectively, which limitation applies to all indebtedness so secured and/or guaranteed on an aggregate basis.

"AI Mandatory Convertible Notes"	the mandatory convertible notes issued by Altice International for and subscribed to by Altice Lux.
"Altice Blue Two"	Altice Blue Two S.A.S., a private limited liability company (*société par actions simplifiée*) organized under the laws of France.
"Altice Caribbean"................................	Altice Caribbean S.à r.l., a private limited liability company (*société à responsabilité limitée*) organized under the laws of the Grand Duchy of Luxembourg, having its registered office at 5, rue Eugène Ruppert, L-2453 Luxembourg and registered with the Luxembourg Trade and Companies Register under number B-172223.
"Altice Dominicana".............................	Altice Dominicana S.A. (formerly known as Altice Hispaniola S.A. and Orange Dominicana S.A.), a corporation (*sociedad anónima*) organized under the laws of the Dominican Republic.
"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.
"Altice Europe Group"...........................	Altice Europe and its consolidated subsidiaries as of the date hereof.
"Altice Financing" or the "Company"	Altice Financing S.A., a public limited liability company (*société anonyme*) organized under the laws of the Grand Duchy of Luxembourg, having its registered office at 5, rue Eugène Ruppert, L-2453 Luxembourg and registered with the Luxembourg Trade and Companies Register under number B-171162.
"Altice Financing 2023 Dollar Notes"	the \$2,060 million aggregate principal amount of $6^5/_8$% senior secured notes due 2023 issued by Altice Financing on February 4, 2015, which were redeemed in full on February 18, 2020.
"Altice Financing 2023 Euro Notes".......	the €500 million aggregate principal amount of 5¼% senior secured notes due 2023 issued by Altice Financing on February 4, 2015, which were redeemed in full on February 18, 2020.
"Altice Financing 2023 Notes"...............	collectively, the Altice Financing 2023 Dollar Notes and Altice Financing 2023 Euro Notes, which were redeemed in full on February 18, 2020.
"Altice Financing 2025 Notes"...............	the €600 million aggregate principal amount of 2.250% Senior Secured Notes due 2025 issued by Altice Financing on January 22, 2020.
"Altice Financing 2026 Notes"...............	the \$2,750 million aggregate principal amount of 7.500% Senior Secured Notes due 2026 issued by Altice Financing on May 3, 2016, which are expected to be redeemed in full out of the proceeds of the

	Proposed Financing. See "*General Description of Our Business—Refinancing Transactions*".
"Altice Financing 2028 Dollar Notes"	the $1,200 million aggregate principal amount of 5.000% Senior Secured Notes due 2028 issued by Altice Financing on January 22, 2020.
"Altice Financing 2028 Euro Notes".......	the €1,100 million aggregate principal amount of 3.000% Senior Secured Notes due 2028 issued by Altice Financing on January 22, 2020.
"Altice Financing 2028 Notes"...............	collectively, the Altice Financing 2028 Dollar Notes and Altice Financing 2028 Euro Notes.
"Altice Financing Guarantee Facilities"..	collectively, the guarantee facilities made available under the Altice Financing Guarantee Facilities Agreements.
"Altice Financing Guarantee Facilities Agreements"..	collectively, the 2017 Altice Financing Guarantee Facility Agreement and the 2018 Altice Financing Guarantee Facility Agreements.
"Altice Financing Notes"	collectively, the Altice Financing 2025 Notes, the Altice Financing 2026 Notes and the Altice Financing 2028 Notes, or, after giving effect to the Refinancing Transactions, solely the Altice Financing 2025 Notes and the Altice Financing 2028 Notes, as the context requires.
"Altice Financing Revolving Credit Facilities"	collectively, the 2014 *Pari Passu* Revolving Credit Facility and the 2015 Super Senior Revolving Credit Facility under the relevant Altice Financing Revolving Credit Facilities Agreements.
"Altice Financing Revolving Credit Facilities Agreements"...........................	collectively, the (i) revolving credit facilities agreement, dated on or about December 9, 2014, among, *inter alios*, the Company, the lenders from time to time party thereto, Deutsche Bank AG, London Branch as facility agent and Citibank N.A., London Branch as security agent, as amended, restated, supplemented or otherwise modified from time to time and (ii) revolving credit facilities agreement, dated on or about January 30, 2015, among, *inter alios*, the Company, the lenders from time to time party thereto, Deutsche Bank AG, London Branch as facility agent and the Citibank, N.A., London Branch as security agent, as amended, restated, supplemented or otherwise modified from time to time.
"Altice Financing Term Loans"..............	the various term loans established under the Altice Financing Term Loan Agreement.
"Altice Financing Term Loan Agreement"	the term loan agreement, dated January 30, 2015, among, *inter alios*, Altice Financing, the lenders from time to time party thereto and Citibank N.A., London Branch as security agent, as amended, restated, supplemented or otherwise modified from time to time
"Altice Finco" or "Holdco"	Altice Finco S.A., a public limited liability company *(société anonyme)* organized under the laws of the Grand Duchy of Luxembourg, having its registered office at 5, rue Eugène Ruppert, L-2453 Luxembourg and registered with the Luxembourg Trade and Companies Register under number B 171151.

"Altice Finco 2023 Notes"	the €250 million aggregate principal amount of 9% senior notes due 2023 issued by Altice Finco on June 19, 2013, which were redeemed in full on January 13, 2020.
"Altice Finco 2024 Notes"	the $400 million aggregate principal amount of 8⅛% senior notes due 2024 issued by Altice Finco on December 12, 2013, which were redeemed in full on January 10, 2020.
"Altice Finco 2025 Notes"	the $385 million aggregate principal amount of 7⅝% senior notes due 2025 issued by Altice Finco on February 4, 2015, which were redeemed in full on July 22, 2020.
"Altice Finco 2028 Notes"	the €675 million aggregate principal amount of 4.750% Senior Notes due 2028 issued by Altice Finco on October 11, 2017.
"Altice Finco Notes"	the Altice Finco 2028 Notes and any other senior notes issued by Altice Finco from time to time.
"Altice Finco Notes Guarantors"	collectively, Altice International, Altice Financing, Altice Caribbean, Cool Holding, Hadaros, Altice Holdings, Altice West Europe, Altice Portugal, Altice Bahamas, Altice Dominicana, PT Portugal and PT OpCo.
"Altice France".....................................	Altice France S.A. (formerly known as SFR Group S.A. and Numericable-SFR S.A.), a public limited liability company (*société anonyme*) organized under the laws of France.
"Altice France Group"	Altice France and its subsidiaries.
"Altice Group Lux"...............................	Altice Group Lux S.à r.l., a private limited liability company (*société à responsabilité limiteé*) organized under the laws of the Grand Duchy of Luxembourg, having its registered office at 5, rue Eugène Ruppert, L-2453 Luxembourg and registered with the Luxembourg Trade and Companies Register under number B-202171.
"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., having its registered office at 5, rue Eugène Ruppert, L-2453 Luxembourg and registered with the Luxembourg Trade and Companies Register under number B-143725.
"Altice Lux"	Altice Luxembourg 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 B197134, having its registered office at 5, rue Eugène Ruppert, L-2453 Luxembourg.
"Altice Lux 2025 Notes"	collectively, the $1,480 million aggregate principal amount of 7⅝% senior notes due 2025 and the €750 million aggregate principal amount of 6¼% senior notes due 2025 issued by Altice Lux on February 4, 2015, which were redeemed in full in January 2020.
"Altice Portugal"..................................	Altice Portugal S.A., a public limited liability company (*sociedade anónima*) organized under the laws of Portugal.
"Altice Portugal FTTH Transaction"	means the disposal of a 49.99% interest in FastFiber to Morgan Stanley Infrastructure Partners on April 17, 2020.

"Altice TV"	prior to the reorganization of the content activities by Altice Europe and Altice France, Altice Europe's content distribution division, and following such reorganization, Altice France's content distribution division relating to the business undertaken by SportCoTV S.A.S., 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.
"Altice West Europe"	Altice West Europe S.à r.l., a private limited liability company (*société à responsabilité limitée*) organized under the laws of the Grand Duchy of Luxembourg, having its registered office at 5, rue Eugène Ruppert, L-2453 Luxembourg and registered with the Luxembourg Trade and Companies Register under number B-178002.
"ATS"	the consolidated 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, having its registered office at 5, rue Eugène Ruppert, L-2453 Luxembourg and registered with the Luxembourg Trade and Companies Register under number B-204810, other than its consolidated French operations.
"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, having its registered office at 5, rue Eugène Ruppert, L-2453 Luxembourg and registered with the Luxembourg Trade and Companies Register under number B-204810.
"Auberimmo"	Auberimmo S.A.S., a private limited liability company (*société par actions simplifiée*) organized under the laws of France.
"Cool Holding"	Cool Holding Ltd., (i) a public limited liability company (*société anonyme*) organized under the laws of the Grand Duchy of Luxembourg, having its registered office at 5, rue Eugène Ruppert, L-2453 Luxembourg and registered with the Luxembourg Trade and Companies Register under number B-152495 and (ii) a private limited liability company organized under the laws of Israel.
"Cool Shareholder Loan"	the amended and restated interest free loan agreement dated January 11, 2013 between Altice International (as lender) and Cool Holding (as borrower).
"Dollar Notes"	the dollar denominated Senior Secured Notes due 2029 expected to be issued pursuant to the Proposed Financing.
"Dominican Towers Transaction"	has the meaning ascribed to it under "*Description of Our Business—Significant Contracts—Dominican Republic—Agreement to Dispose of Dominican Tower Assets*".
"DOP"	Dominican Peso, the currency of the Dominican Republic.
"EU"	the European Union.
"Euro Notes"	the euro denominated Senior Secured Notes due 2029 expected to be issued pursuant to the Proposed Financing.

"euro", "EUR" or "€"............................	the euro, the currency of the EU Member States participating in the European Monetary Union.
"European Economic Area" or "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.
"FastFiber"	has the meaning ascribed to it under "*General Description of Our Business*".
"FOT Business"...................................	Altice International's operations in the French Overseas Territories that was transferred to the Altice France Group on October 31, 2018.
"French Overseas Territories"	collectively, Guadeloupe, Martinique, French Guiana, La Réunion and Mayotte.
"Group"...	Altice International and its subsidiaries.
"Guarantors"...	collectively, Altice International, Altice Caribbean, Cool Holding, Hadaros, Altice Holdings, Altice West Europe, Altice Portugal, Altice Bahamas, Altice Dominicana, PT Portugal and PT OpCo.
"Hadaros"..	H. Hadaros 2012 Ltd., a company organized under the laws of Israel.
"HOT"...	HOT Telecommunication Systems Ltd. or HOT Telecommunication Systems Ltd. and its subsidiaries, as the context requires.
"HOT Intercreditor Agreement"	HOT intercreditor agreement dated May 20, 2013, among, *inter alios*, HOT and Citibank, N.A., London Branch, as security agent, as amended, restated, supplemented or otherwise modified from time to time.
"HOT Mobile"......................................	HOT Mobile Ltd., a company incorporated and existing under the laws of Israel, formerly known as MIRS Communications Ltd.
"HOT Net"	HOT Net Internet Services Ltd.
"HOT Proceeds RCF Note"...................	Notes issued by HOT to the Company, subject to the terms of the revolving loan agreement dated as of December 27, 2012 among the Company, HOT, the HOT Proceeds Note Guarantors and Citibank, N.A., London Branch as security agent, as amended by the amendment agreement dated as of March 15, 2019 by and between HOT and the Company, and as further amended, restated, modified, refinanced or replaced, in whole or in part.
"HOT Proceeds Term Note"..................	Notes issued by HOT to the Company, subject to the terms of the intercompany term note, dated as of December 27, 2012 among the Company and HOT, as amended by the amendment agreement dated as of March 15, 2019 by and between HOT and the Company, and as further amended, restated, modified, refinanced or replaced, in whole or in part.
"HOT Proceeds Note Guarantors"..........	collectively, HOT Net and HOT Telecom Limited Partnership.

"HOT Proceeds Notes"	collectively, HOT Proceeds RCF Note and the HOT Proceeds Term Note.
"IFRS"...	International Financial Reporting Standards as adopted in the EU.
"Indenture"..	the indenture expected to be entered into, among, *inter alios*, the Company and Trustee governing the Notes.
"Intercreditor Agreement"	Intercreditor agreement dated December 12, 2012 and made between (among others) the Company, Altice Finco, the security agent, the facility agent, the Mandated Lead Arrangers (as defined therein), certain financial institutions party thereto, the Hedging Banks (as defined therein) and the Trustee, as amended, restated, supplemented or otherwise modified from time to time.
"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.
"NIS"	Israeli New Shekel, the currency of the Israel.
"Notes"...	collectively, the Dollar Notes and the Euro Notes expected to be issued pursuant to the Proposed Financing.
"Portuguese Towers Transaction"...........	has the meaning ascribed to it under "*Description of Our Business—Significant Investments and Dispositions*".
"PT OpCo"	MEO—Serviços de Comunicações e Multimédia, S.A. (formerly known as PT Comunicações, S.A. and the surviving entity from the merger of Meo, S.A. into PT Comunicações, S.A. on December 29, 2014), a public limited liability company (*sociedade anónima*) organized under the laws of Portugal with registration number 504 615 947.
"PT Portugal"	PT Portugal SGPS, S.A., a public limited liability company (*sociedade anónima*) organized under the laws of Portugal.
"PT Portugal Acquisition"......................	acquisition by the Group of 100% of the issued share capital of PT Portugal on June 2, 2015.
"PT Portugal Group".............................	PT Portugal and its subsidiaries.
"PTC"..	PT Comunicações S.A., a public limited liability company (*sociedade anónima*) organized under the laws of Portugal and registered with the Commercial Registry Office of Lisbon under the registration number 504 615 947.
"Reference SSN Indenture"....................	has the meaning ascribed to it under "*Description of Indebtedness—HOT Proceeds Note"*
"Refinancing Transactions"....................	has the meaning ascribed to it under "*General Description of Our Business—The Refinancing Transactions*".
"Regulation S".......................................	Regulation S promulgated under the U.S. Securities Act.
"Restricted Group".................................	Altice International and its Restricted Subsidiaries.

"Restricted Subsidiary"	each subsidiary of Altice International other than an Unrestricted Subsidiary.
"Rule 144A"	Rule 144A promulgated under the U.S. Securities Act.
"Security Agent"....................................	(i) Citibank, N.A. London Branch and (ii) with respect to the Senior Secured Collateral and Security Documents located in and/or governed by the laws of the Dominican Republic, also includes Fiduciaria Popular, S.A.
"Security 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 Senior Secured Collateral as contemplated by the Indenture.
"Senior Secured Debt"	collectively, the Notes, the Altice Financing Revolving Credit Facilities, the Altice Financing Term Loans, the Altice Financing Guarantee Facilities and the Altice Financing Notes.
"Teads"...	Teads S.A., a public limited liability company (société anonyme) organized under the laws of the Grand Duchy of Luxembourg, having its registered office at 5, rue de la Boucherie L – 1247 Luxembourg and registered with the Luxembourg Trade and Companies Register under number B113995, and its subsidiaries, unless the context otherwise requires.
"Teads Acquisition"...............................	the acquisition by the Group of a 98.5% interest in Teads on June 22, 2017.
"Towers Transactions"...........................	collectively, the Portuguese Towers Transaction and the Dominican Towers Transaction.
"Trustee"	Deutsche Bank Trust Company Americas.
"Unrestricted Subsidiary".......................	collectively, (i) Altice Finco (in the case of the Altice Financing Notes only), (ii) Auberimmo, (iii) any Subsidiary of Altice International that at the time of determination is an Unrestricted Subsidiary (as designated by the Board of Directors of Altice International) and (iv) any Subsidiary of an Unrestricted Subsidiary.
"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." 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. Securities Act"..............................	the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Unless otherwise stated or the context otherwise requires, references to "IFRS" herein are to International Financial Reporting Standards as adopted in the EU.

Financial Statements Presented

The Company is incorporated under the name of Altice Financing S.A. as a public limited liability company (*société anonyme*), incorporated and existing under the laws of Luxembourg on August 17, 2012. The Company is a wholly-owned subsidiary of Altice International. This Notice includes the following historical consolidated financial information of Altice International:

- the audited consolidated financial statements for Altice International as of and for the year ended December 31, 2020 (which include comparative figures as of and for the year ended December 31, 2019) prepared in accordance with IFRS as adopted in the EU and which have been audited by KPMG Luxembourg, Société cooperative (the "**2020 Financial Statements**");

- the audited consolidated financial statements for Altice International as of and for the year ended December 31, 2019 (which include comparative figures as of and for the year ended December 31, 2018) prepared in accordance with IFRS as adopted in the EU and which have been audited by Deloitte Audit S.à r.l. (the "**2019 Financial Statements**" and together with the 2020 Financial Statements, the "**Audited Financial Statements**"); and

- the unaudited condensed interim consolidated financial statements for Altice International as of and for the three months ended March 31, 2021 (which include comparative figures for the three months ended March 31, 2020) prepared in accordance with IAS 34 as adopted in the EU and which have been reviewed by KPMG Luxembourg, Société cooperative (the "**Unaudited Financial Statements**").

The historical consolidated financial information of Altice International described above, including the accompanying notes thereto, are referred to herein as the "**Historical Consolidated Financial Information**".

The preparation of financial statements in conformity with IFRS as adopted in the EU requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying Altice International's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to Altice International's financial statements are disclosed in the Historical Consolidated Financial Information.

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

The Historical Consolidated Financial Information mentioned above does not indicate results that may be expected for any future period.

Significant Events Affecting Comparability of the Historical Consolidated Financial Information

Altice International is a holding company which, since its formation in 2008, has from time to time made significant investments and disposals in a number of cable, media and telecommunication businesses in various jurisdictions. As a result of such acquisitions and disposals that have been consummated by the Group during the periods presented in this Notice, and the intra-year timing of such acquisitions and disposals, the comparability of the Historical Consolidated Financial Information over each of such periods may be limited. For more information on the key investments and disposals made by Altice International since 2018 which have had a significant impact on the Historical Consolidated Financial Information, please see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Discussion and Analysis of Our Results of Operations—For the three months ended March 31, 2021 compared to the three months ended March 31, 2020—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" and "*Description of our Business—Significant Investments and Dispositions*" for more information. Unless otherwise specified, the Historical Consolidated Financial Information does not give *pro forma* effect to the acquisitions and disposals that have been consummated by the Group during the periods presented in this Notice, or to any acquisitions and disposals occurring after March 31, 2021.

LTM Financial Information

This Notice includes certain unaudited financial information for the twelve months ended March 31, 2021. This financial information has been calculated by adding Altice International's historical financial information for the three months ended March 31, 2021 (derived from the Unaudited Financial Statements), to Altice International's historical financial information for the year ended December 31, 2020 (derived from the 2020 Financial Statements), and subtracting Altice International's historical financial information for the three months ended March 31, 2020 (derived from the Unaudited Financial Statements) (the "**LTM Financial Information**"). Unless otherwise specified, no *pro forma* adjustments have been applied to the LTM Financial Information. The LTM Financial Information has been prepared solely for the purposes of this Notice, is not prepared in the ordinary course of our financial reporting and has not been audited or reviewed. It is for illustrative purposes only and is not necessarily representative of Altice International's results of operations, for any future period or Altice International's financial condition at any future date.

Non-IFRS Measures

This Notice contains measures and ratios (the "**Non-IFRS Measures**"), including Adjusted EBITDA, Operating Free Cash Flow, Capital Expenditures (Accrued), Total Net Debt and Senior Net Debt, that are not required by, or presented in accordance with, IFRS or any other generally accepted accounting standards. We present Non-IFRS Measures herein because we believe that they are of interest to the investors and similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity. We believe these measures are useful as they provide a measure of operating results excluding certain items that the Group's management believe are either outside of its recurring operating activities, or items that are non-cash. Excluding such items enables trends in the Group's operating results and cash flow generation to be more easily observable. The Non-IFRS Measures are used by the Group internally to manage and assess the results of its operations, make decisions with respect to investments and allocation of resources, and assess the performance of management personnel. Such performance measures are also the *de facto* metrics used by investors and other members of the financial community to value other companies operating in the same industry as the Group and thus are a basis for comparability between the Group and its peers.

The Non-IFRS Measures may not be comparable to similarly titled measures of other companies, have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our, or any of our subsidiaries', operating results as reported under IFRS or other generally accepted accounting standards. The Non-IFRS Measures may also be defined differently than the corresponding terms governing our indebtedness, including the Altice Financing Indentures (as defined herein) and the Indenture. Non-IFRS Measures, such as Adjusted EBITDA, Operating Free Cash Flow, Capital Expenditures (Accrued), Total Net Debt and Senior Net Debt are not measurements of our, or any of our subsidiaries', performance or liquidity under IFRS or any other generally accepted accounting principles. In particular, you should not consider Adjusted EBITDA, Operating Free Cash Flow, Capital Expenditures (Accrued), Total Net Debt and Senior Net Debt in isolation or as an alternative to (a) operating profit or profit for the period (as determined in accordance with IFRS) or as a measure of our, or any of our operating entities', operating performance, (b) cash flows from operating, investing and financing activities as a measure of our, or any of our subsidiaries', ability to meet our cash needs or (c) any other measures of performance under IFRS or other generally accepted accounting standards. Adjusted EBITDA, Operating Free Cash Flow, Capital Expenditures (Accrued), Total Net Debt and Senior Net Debt have certain limitations as analytical tools, including but not limited to:

- they do not reflect cash expenditures or future requirements for capital expenditures or contractual commitments;
- they do not reflect changes in, or cash requirements for, working capital needs;
- they do not reflect the significant interest expense or the cash requirements necessary to service interest or principal payments;

- although depreciation, amortization and impairment are non-cash charges, the assets being depreciated and amortized will generally need to be replaced in the future;

- Adjusted EBITDA, Operating Free Cash Flow and Capital Expenditures (Accrued) do not reflect any cash requirements that would be required for such replacements; and

- some of the other expenses and income items that we or our operating entities eliminate in calculating Adjusted EBITDA, Operating Free Cash Flow and Capital Expenditures (Accrued) reflect cash payments that were made, or will in the future be made.

Our primary Non-IFRS Measures include:

- "**Adjusted EBITDA**" is defined as, (i) for periods prior to the application of IFRS 16, operating profit before depreciation, amortization and impairment, other expenses and income (capital gains, non-recurring litigation, restructuring costs) and share-based expenses and (ii) following the application of IFRS 16, as operating profit before depreciation, amortization and impairment, other expenses and income (capital gains, non-recurring litigation, restructuring costs), 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. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Adjusted EBITDA*" for more information. For a reconciliation of the Group's profit/(loss) from continuing operations to Adjusted EBITDA, see "*Summary Financial Information and Other Financial Data—Revenue and Adjusted EBITDA—Reconciliation of profit/(loss) from continuing operations and operating profit/(loss) to Adjusted EBITDA*".

- "**Operating Free Cash Flow**" is defined as Adjusted EBITDA *less* Capital Expenditures (Accrued). See "*Summary Financial Information and Other Financial Data—Capital Expenditures (Accrued) and Operating Free Cash Flow*" for more information. Further, this measure should not be considered as an alternative for operating cash flow as presented in the consolidated statement of cash flows in accordance with IAS 7 (*Statement of Cash Flows*).

- "**Capital Expenditures (Accrued)**" is defined as additions in tangible and intangible assets and contracts costs and include the following by activities:

    - the fixed business has fixed capital expenditure requirements that are mainly discretionary (network, platforms, general) and variable capital expenditure requirements related to the connection of new customers and the purchase of customer premises equipment (TV decoder, modem, etc.);

    - mobile capital expenditures are mainly driven by investment in new mobile sites, upgrade to new mobile technology and licenses to operate; once engaged and operational, there are limited further capital expenditure requirements; and

    - other capital expenditures are mainly related to costs incurred in acquiring content rights.

We use the below mentioned terms and definitions, which are relevant when calculating the Non-IFRS Measures discussed above:

- "**Capital Expenditures (Working Capital Items)**" is defined as change in fixed asset payables included in 'Current Liabilities' caption of the consolidated statement of financial position.

- "**Total Capital Expenditures**" is equal to "payment to acquire tangible and intangible assets and contract costs" in our statement of cash flows, and can also be presented as the sum total of Capital Expenditures (Accrued) and Capital Expenditures (Working Capital Items). For a reconciliation of Capital Expenditures (Accrued) to payment to acquire tangible and intangible assets and contract costs, as presented in 'net cash used in investing activities' in the consolidated cash flow statement, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Total Capital Expenditures*".

- "**Working Capital**" is defined as the sum of inventories and trade and other receivables *less* trade and other payables. This computation may not be comparable to that of similarly titled measures presented by other companies. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—*

Liquidity and Capital Resources—Current assets and liabilities including Working Capital" for more information.

Certain As Adjusted Financial Information

This Notice also includes certain financial information, including Total Net Debt and Senior Net Debt, on an as adjusted basis to give effect to (a) the Refinancing Transactions, including the Proposed Financing and the application of the proceeds therefrom and (b) receipt of the cash proceeds expected to be received in 2021 from the Altice Portugal FTTH Transaction, as if such transactions had occurred on March 31, 2021. "**Total Net Debt**" is defined as total third-party financial debt (excluding other long term and short term liabilities, other than finance leases prior to giving effect to IFRS 16) after taking into account the currency impact of derivative instruments with respect to our existing debt as presented under the line 'Total third-party financial debt (after currency impact of derivative instruments)' in "*Capitalization*" *less* cash and cash equivalents. "**Senior Net Debt**" is defined as total third-party senior secured debt under the Altice Financing Notes, the Altice Financing Revolving Credit Facilities, the Altice Financing Term Loans and the finance leases prior to giving effect to IFRS 16 after taking into account the currency impact of derivative instruments with respect to our existing debt as presented under the line 'Total third-party senior secured debt (after currency impact of derivative instruments)' in "*Capitalization*" *less* cash and cash equivalents. The as adjusted financial information under "*Summary Financial and Other Information—Certain As Adjusted Information*" has been prepared for illustrative purposes only and does not represent what the Group's Total Net Debt or Senior Net Debt would have been had the Refinancing Transactions and the Altice Portugal FTTH Transaction occurred on such dates, nor does it purport to project the Group's indebtedness or cash interest expense at any future date. This as adjusted financial information has not been prepared in accordance with the requirements of Regulation S-X under the U.S. Securities Act, the EU Prospectus Regulation, IFRS or any generally accepted accounting standards. Neither the assumptions underlying the adjustments nor the resulting as adjusted financial information have been audited or reviewed in accordance with any generally accepted auditing or review standards. Management believes that Total Net Debt and Senior Net Debt are useful indicators of the Group's indebtedness, financial flexibility and capital structure because they indicate the level of borrowings after taking account of cash and cash equivalents within the Group's business that could be utilized to pay down the outstanding borrowings and since certain financial covenants and incurrence covenants under the Group's existing indebtedness are calculated on a net basis after taking into account the cash and cash equivalents.

Certain monetary amounts, percentages and other figures included in this Notice have been rounded. Accordingly, figures shown as totals in certain tables and charts may not be the arithmetic aggregation of the figures that precede them, and figures expressed as percentages in the text may not total 100%.

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, financial targets, 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 hereof, 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 debt;
- 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 the countries in which we operate;
- 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 the countries in which we operate or will operate in the future;
- changes in consumer demand for cable-based and mobile 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 fiber 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 in the jurisdictions in which we operate;
- 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 the countries in which we operate 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 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 interest may conflict with our interests;
- the impact from the 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, business services, wholesale and media 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 hereof.

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 Notice 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 are 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*" and "*Description of Our Business*" 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 our 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 our expectations or any change in events, conditions or circumstances on which any forward-looking statement contained in this Notice is based.

GENERAL DESCRIPTION OF OUR BUSINESS

This general description of our business highlights selected information contained elsewhere in this Notice regarding the Group. You should read the entire Notice carefully, including "Risk Factors" and the financial statements and notes thereto.

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

Overview

We are a multinational broadband and mobile communications, content and media group operating in Portugal, Israel and the Dominican Republic. We have major positions in a number of segments of the telecommunications markets in which we operate, including residential fixed, residential mobile and business services, which includes B2B services and wholesale, and also offer other services, which includes media, content and advertisement services. In the geographies in which we operate, we are either the largest or the second largest fixed services provider, and a leading provider of multi-play services offering bundled triple-play ("**3P**") services and, where possible, quad-play ("**4P**") services and focus our marketing on our multi-play offerings. We are also the largest mobile operator in Portugal, the second largest mobile operator in the Dominican Republic, and a significant competitor to the three largest mobile operators in Israel. As of March 31, 2021, we had approximately 10,159,000 total mobile B2C subscribers and approximately 3,011,000 total fixed B2C unique customers as well as a fiber network passing approximately 8,707,000 homes in our footprint (including homes accessed through wholesale fiber operators). Our service portfolio in each of the regions in which we operate is set forth below under "—*Overview of Service Portfolio*".

The Group was created through a number of price-disciplined acquisitions of telecommunications businesses, including: PT Portugal in Portugal, HOT in Israel, and Altice Dominicana in the Dominican Republic. Our acquisition strategy has allowed us to target fiber/cable and mobile operators with what we believe to be high-quality networks in markets we find attractive from an economic, competitive and regulatory standpoint and create value at the acquired businesses by implementing operational improvements and leveraging economies of scale, as well as pursuing in-market consolidation and attractive diversification with B2B, DSL and mobile add-on opportunities. Furthermore, this has enabled us to grow the acquired businesses organically while we continue to focus on cost optimization and increasing economies of scale and operational synergies as our Group develops. Moreover, as part of our strategy, we also focus on the convergence of telecommunications, media, content and advertising to offer more value to our customers. For example, since June 2017 we have owned Teads, which is a leading video advertising marketplace with, as of April 2021, 1.9 billion unique monthly users worldwide. In Portugal, in February 2017, we acquired a 25% stake in the capital of sports broadcaster SPORT TV.

We have invested in high quality cable and fiber-based network infrastructure which allows us to offer advanced multi-play and high bandwidth services in a vast majority of our service areas. Our fixed-line services in Portugal are primarily delivered over FTTH, DSL and DTH, in Israel are primarily delivered over HFC cables (and since April 2021, fiber-based internet services are also delivered over IBC Israel's fiber optic network in certain areas where the network had already been deployed) and in the Dominican Republic are delivered over both HFC cable and FTTH, in each case that are among the most technically advanced in the markets in which we operate. Our cable networks enable us to offer download speeds of at least 200 Mbps to a majority of homes passed in our footprint in Israel and the Dominican Republic. We believe that our cable networks are well positioned for future technological developments, while the fiber networks in Portugal are already set up to provide download speeds of up to 1 Gbps. We are focused on increasing our investment in fiber in Portugal. We own 50.01% of FastFiber - Infraestruturas de Comunicaçã, S.A. ("**FastFiber**") (formerly known as Altice Portugal FTTH), comprising all of our fiber assets in Portugal, including FTTH and dark fiber, which was created in April 2020 in partnership with Morgan Stanley Infrastructure Partners. Through FastFiber, we rolled out over 388,000 new fiber homes passed in 2018, 356,000 new fiber homes passed in 2019, 603,000 new fiber homes passed in 2020 and a further 73,000 new fiber homes passed in the three months ended March 31, 2021. Throughout our geographies, we are working to expand our fiber network. In Israel, in February 2021, we acquired a 23.3% stake in IBC Israel Broadband Company (2013) Ltd. ("**IBC Israel**"). In Portugal and the Dominican Republic, we continue to upsell our fiber/cable based services to our existing DSL subscriber base. For the twelve months ended March 31, 2021, without giving effect to intersegment eliminations, we generated residential fixed revenues of €631 million in Portugal, €563 million in Israel and €91 million in the Dominican Republic.

We operate an extensive mobile network, which provides 4G coverage for 99.6% of the population of Portugal, 99.9% of the population of Israel and 97.5% of the population of the Dominican Republic, in each case, as of March 31, 2021. In addition, we have relationships with the industry's significant mobile equipment providers and are able to offer customers top-of-the-market mobile equipment. In 2018, we completed the Towers Transactions, through which we monetized the value of our passive mobile infrastructure assets in Portugal and the Dominican Republic. For the twelve months ended March 31, 2021, without giving effect to intersegment eliminations, we generated residential mobile revenues of €463 million in Portugal, €210 million in Israel and €263 million in the Dominican Republic.

Further, we are in various stages of bidding for and investing in 5G spectrum in all jurisdictions in which we operate our mobile services. Following the completion of the 5G spectrum auction in Israel in August 2020, HOT along with Partner Communications Company Ltd. ("**Partner**") was awarded two bands of 700 MHz (10 MHz each band), two bands of 2,600 MHz (20 MHz each band) and 10 bands of 3,500 MHz (10 MHz each band). After completion of the required preconditions, on September 29, 2020 the spectrums were allocated to HOT and HOT's license was amended to allow the operation of 5G network. We launched 5G services in the first quarter of 2021 in certain areas in Israel. In Portugal, the 5G spectrum auction started on December 22, 2020 and the main auction is ongoing. The expected allocation of rights of use for frequencies is scheduled for the third quarter of 2021. In the Dominican Republic, the 5G spectrum auction started on February 9, 2021 and the auction is ongoing. The expected allocation of rights of use for frequencies is scheduled for the fourth quarter of 2021. We expect to participate in both of these auctions.

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, including live broadcasts of sports events and other sports- and lifestyle-related programs as well as the sports programming for which the Group has acquired broadcasting rights. For instance, this strategy is evidenced by our investment in SPORT TV for broadcasting premium sports content in Portugal. In July 2020, PT OpCo entered into a new distribution agreement with SPORT TV for a four-season period, pursuant to which PT Portugal committed to pay a non-contingent fixed price plus an additional variable fee component based on the number of subscribers and penetration rate. Between the end of 2015 and early 2016, we also entered into various agreements with other telecom operators and football clubs in Portugal to acquire reciprocal or exclusive broadcasting rights, including a sponsorship agreement with F.C. Porto. In Israel, we have entered into commitments to purchase content, mainly channels. We have also entered into various arrangements with Altice France Group's Altice TV division, including non-exclusive distribution rights in Portugal, Israel and the Dominican Republic of Netflix and Discovery channels. We intend to continue to selectively invest in local and value-added premium content as well as sports broadcasting and distribution rights in the future to differentiate our convergent communication services from those of our competitors.

Through Teads, the digital advertising business acquired in 2017, we operate a leading, cloud-based, end-to-end technology platform that enables programmatic digital advertising for a global, curated ecosystem of quality advertisers and their agencies and quality publishers. Teads operates in the internet ecosystem (the "**Open Web**") outside of advertising platforms, like Facebook and Google, which are known as the walled gardens (the "**Walled Gardens**"). As an end-to-end solution, Teads' platform consists of buy-side, sell-side, creative, data and artificial intelligence optimization modules. As a result, Teads has built deep partnerships with both the demand and supply sides of digital advertising. For advertisers and their agencies, Teads' platform offers a single access point to buy the inventory of many of the world's best publishers. Through exclusive partnerships with these premium publishers, Teads enables customers to reach 1.9 billion unique monthly users (as of April 2021), while improving the efficiency, quality and cost of digital ad transactions. For approximately 3,100 publishers, Teads is a trusted monetization partner, providing the technology required to monetize their most valuable ad inventory programmatically. By connecting both sides through Teads' integrated platform, known as the *Teads Global Media Platform*, Teads solves the digital programmatic advertising industry's most significant problems related to value chain fragmentation, inefficient digital advertising pricing and quality and scale of inventory. Teads refers to the ecosystem enabled by *Teads Global Media Platform* as the curated internet (the "**Curated Internet**"). For the twelve months ended March 31, 2021, without giving effect to intersegment eliminations, we generated revenues from Teads of €488 million. For more information, see "*Description of Our Business—Other Services—Media*".

For the twelve months ended March 31, 2021, the Group generated total consolidated revenues of €4,088 million, of which, without giving effect to intersegment eliminations, €2,148 million, €981 million, €475 million and €488 million was contributed by our Portugal, Israel, Dominican Republic and Teads segments, respectively, and Adjusted EBITDA of €1,575 million, of which, without giving effect to intersegment eliminations, €828 million,

€343 million, €233 million and €177 million was contributed by our Portugal, Israel, Dominican Republic and Teads segments, respectively.

Overview of Service Portfolio

Geographic Area	Portugal	Israel	Dominican Republic	Other(1)
Countries of Operation				Various
Bundling Strategy	4P and 5P	3P, 4P + Mobile	3P + Mobile	N/A
Mobile Services Offered	• 2G, 3G, 4G-LTE, 4G-LTE+ • B2B services • Wholesale services	• UMTS 2G, 3G, 4G-LTE, 5G	• 2G, 3G, 4G-LTE • B2B Services	N/A
Fixed (Very High Speed Fixed/ FTTH/ xDSL) Services Offered	• Pay TV • Broadband internet • Fixed line telephony • B2B services • Wholesale services	• Pay TV • Broadband internet • Fixed line telephony • Infrastructure access • ISP • B2B services	• Pay TV • Broadband internet • Fixed line telephony • B2B services	• B2B services
Content	• Television content	• Television content • Local Israeli content	• Television content	N/A
Other				• Advertising

(1) Primarily includes Teads

Our 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 and upgrade our fiber/cable and mobile networks across our geographic footprint and enter into strategic transactions, such as the Towers Transactions and the Altice Portugal FTTH Transaction. We continuously strive to improve our operational and financial performance, encouraging communication across the organization while empowering nimble and efficient decision-making that is focused at every level on enhancing the overall customer experience.

We enjoy leading positions in well diversified and attractive markets with favorable dynamics for fiber/cable and mobile operators.

We are the largest or second largest fixed services provider in each of our service areas. We are located in markets that we believe have a number of attractive trends for cable and mobile operators. Portugal is our largest geography by revenue and Adjusted EBITDA. In Portugal, we benefit from PT Portugal's number one market positions in broadband internet, fixed-line telephony and enterprise telecommunications services and number two market position in pay TV, which we provide through FastFiber's fiber network that passed 5,699,000 homes as of March 31, 2021 (including homes accessed through wholesale fiber operators) as well as through DSL and DTH networks. We are also the largest mobile operator in Portugal. PT Portugal's mobile network is 4G-LTE enabled, allowing speeds of up to 400 Mbps and reaching 99.6% of the population, as of March 31, 2021. In Israel, we are the leading fiber/cable operator with the number one market position in pay TV and number two market position in broadband internet. We benefit from nationwide fiber/cable network coverage, a unique feature in the cable sector, which we believe provides us with significant penetration upside potential. Further, in February 2021, HOT became an equal partner in IBC Partnership, an entity that holds 70% of IBC Israel's share capital, together with Cellcom and Israel Infrastructure Fund, and now HOT indirectly holds 23.3% of IBC Israel's share capital, through an investment of €45 million. We have entered into an agreement with IBC Israel under which we undertake to purchase an indefeasible right, or IRU, to use IBC Israel's fiber-optic network. There is also a service agreement between IBC Israel and HOT, under which IBC Israel undertakes to purchase certain services from HOT. As of April 2021, we offer fiber-based internet services in speeds of up to 1 Gbps over IBC Israel's fiber optic network in certain areas where the network had already been deployed.

Portugal and Israel have historically had high consumption of fixed and mobile services and we believe that we are well positioned to meet the growing demand for bandwidth-intensive services and premium content offerings in the future. The combination of our very-high-speed fiber/cable networks and our 4G and, in Israel, also 5G, networks enables us to offer attractive flat rate multi-play packages to meet the growing demand for speed and bandwidth coming from multi-screen households, for usage both in and outside the home.

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

We believe that we benefit from a fixed network advantage in our largest markets, Portugal and Israel. Our fixed-line services in Portugal are primarily delivered over proprietary FTTH, DSL and DTH, and in Israel are primarily delivered over our proprietary HFC network (and since April 2021, fiber-based internet services are also delivered over IBC Israel's fiber optic network in certain areas where the network had already been deployed), in each case that are among the most technically advanced in the markets in which we operate. In Portugal, we own 50.01% of FastFiber which in turn owns the largest fiber network in Portugal by penetration that passed 5,699,000 homes as of March 31, 2021 (including homes accessed through wholesale fiber operators). Pursuant to our fiber rollout strategy in Portugal, through FastFiber we rolled out 388,000 new fiber homes passed in 2018, 356,000 new fiber homes passed in 2019, 603,000 new fiber homes passed in 2020 and a further 73,000 fiber homes passed in the three months ended March 31, 2021. FastFiber connected more than 26,000 and 8,000 additional kilometers of dark fiber network in the three months ended March 31, 2021 and in the year ended December 31, 2020, respectively. We believe our state-of-the-art networks allow us to offer attractive and competitive services in terms of picture quality, speed and connection reliability. We are able to offer download speeds of at least 200 Mbps to a majority of homes passed in our footprint in Israel and the Dominican Republic. Given the existing technological capability of our networks, we have been offering download speeds of up to 300 Mbps and 400 Mbps in the Dominican Republic and Portugal, respectively, and with limited network, expect to offer download speeds of up to 500 Mbps in Israel, in each case, in certain areas covered by our network. We believe that with our fiber/cable technologies we are well positioned to meet the anticipated high bandwidth and speed requirements of our customers. We are also the largest mobile operator in Portugal, with a market-leading 4G-LTE enabled mobile network capable of delivering download speeds of up to 400 Mbps and reaching 99.6% of the population.

In the twelve months ended March 31, 2021, we incurred Capital Expenditures (Accrued) of €846 million, which includes network-related capital expenditures to improve our 4G and 5G (in the case of Israel) networks and continued fiber deployment as well as customer related capital expenditures. We believe our high level of prior investment and ownership of fiber and cable assets provides us with a greater ability to control costs compared to our alternative operator competitors, determine the most accurate incremental capital expenditures and generate higher margins. We have also capitalized on our passive mobile infrastructure in Portugal and the Dominican Republic by consummating the Towers Transactions. See "*Description of our Business—Significant Investments and Dispositions*", "*Description of our Business—Significant Contracts—Dominican Republic—Agreement to Dispose of Dominican Tower Assets*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Selected Consolidated Cash Flow Data*" for more information.

We are a primary convergence operator and a leading multi-play provider of fiber/cable- and/or mobile-based services in our markets 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, in most instances, 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.

We believe that we are well positioned to capitalize on this trend 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 fiber/cable offering, which provides an opportunity to significantly grow penetration on our network and to create upselling opportunities. Migrating existing DSL subscribers to our fiber/cable network also reduces the costs associated with renting the last mile and enables funds to be reallocated to accelerate the rollout of our fiber/cable network.

We offer a fully integrated fixed and mobile business in Portugal, Israel and the Dominican Republic. In Portugal, we have successfully capitalized on cross-selling opportunities through delivery of connected services and we believe that we are well positioned to benefit further from convergence between fixed and mobile service offerings by leveraging our high-speed fiber-based fixed network and 4G mobile network. We operate 3G, 4G, and 5G (in the case of Israel) mobile networks in Israel and the Dominican Republic, which, in each case, benefit from synergies with our cable networks.

We are also focused on delivering high quality content offerings to complement our fixed and mobile services, including producing proprietary content. For example, in Portugal, we offer a high-quality content package through more than 200 channels, most of which are offered in full HD 1080p resolution, and a leading VoD library, and own a 25% stake in SPORT TV, a sports broadcaster. Between the end of 2015 and early 2016, we entered into various agreements with other telecom operators and football clubs in Portugal to acquire reciprocal or exclusive broadcasting rights, including exclusive broadcasting rights to the F.C. Porto matches in the Portuguese Premier League. In November 2018, we launched a new *MEO Series* service aimed at broadcasting exclusive and other important series. Throughout the years 2017 and 2018, we added new channels to our portfolio, some of which are provided exclusively by us. In 2020, MEO was one of the few operators to have launched TV services in Apple TV and Android TV OTT SetTop boxes, providing a unique user interface, while maintaining appreciated features like Fast Zapping and personalized services like Continue Watching. In Israel, we co-develop and co-own high-quality original local content together with local producers and broadcast it on our proprietary channels, which supplements other third party content and channels that we broadcast on our network. We have also entered into various arrangements with Altice France Group's Altice TV division, including non-exclusive distribution rights in Portugal, Israel and the Dominican Republic of Netflix and Discovery channels. We believe that our high-quality proprietary local content along with premium local content that we purchase and/or distribute, together with our distinctive brand, which serve to differentiate our service offerings from those of our competitors.

Benefit of a strong brand and extensive retail distribution network.

We believe that our strong brands and our retail distribution networks enable us to leverage our extensive fixed and mobile infrastructure and best-in-class product offerings to drive growth. We continue to invest in strengthening our brands, such as MEO in Portugal, HOT in Israel and Altice in the Dominican Republic, by focusing on network reliability and high-quality customer care and believe that our brands benefit from a positive reputation among our customer base and target customers. 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 "*Description of Our Business—Marketing and Sales*".

Cash flow generation.

We generated Operating Free Cash Flow of €730 million, €740 million and €746 million, respectively, for the twelve months ended March 31, 2021, the year ended December 31, 2020 and the year ended December 31, 2019. Operating Free Cash Flow should not be considered as an alternative for operating cash flow as presented in the consolidated statement of cash flows in accordance with IAS 7 (*Statement of Cash Flows*). For further analysis on cash flows from operating, investing and financing activities, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Selected Consolidated Cash Flow Data*". 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 have an experienced management team and supportive shareholder with a proven track record.

Experienced management with proven integration track record. We manage our business by combining the expertise of the Altice Europe Group's senior management team with the local expertise of the CEOs and managers of our operating subsidiaries who have significant experience managing day-to-day operations at cable and telecommunications companies. The Altice Europe Group cross-deploys talent and expertise across its businesses, allowing the Group 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. Our senior management team has extensive experience in the cable and telecommunications industry and includes 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. For more information regarding the management of the Group.

Strong shareholder support. Altice Europe is supported by an entrepreneurial shareholder, Patrick Drahi, founder of Altice, with over 20 years of experience owning and managing cable and telecommunications companies globally. Mr. Drahi was the President of Altice Europe's board before the dissolution of the company on July 9, 2021.

Our Strategy

We intend to leverage and continue to modernize our advanced networks in order to compete in all market segments and 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 the 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 across geographies 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 fiber/cable network, migrating existing DSL subscribers to our fiber network and reducing the need for third party network services, (ii) improving and simplifying operational processes and reducing IT costs by investing in new platforms, (iii) integrating sales organizations, optimizing our sales channels and simplifying our brand portfolio, (iv) implementing further procurement efficiencies by leveraging our bargaining power and (v) further reducing overhead costs.

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

We aim to remain a technology leader in the jurisdictions in which we operate by investing in our fixed infrastructure including fiber network and mobile networks including 5G. We believe this will enable us to provide higher bandwidth, innovative and best-in-class services to our subscribers while also enhancing our wholesale business. 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 Expenditures (Accrued) of 20.7%, 19.6%, 19.4% and 20.8% of total consolidated revenue for the years ended December 31, 2020, 2019 and 2018 and the three months ended March 31, 2021, respectively, a significant portion of which has been spent to improve our mobile network and roll out new fiber/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.

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 the geographies in which we operate. 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 fiber and 5G infrastructure and leveraging our differentiated product offerings, access to premium content, large customer base and premium brands. Our significant investments in content services, such as our 25% stake in SPORT TV in Portugal and right to premium content, is evidence of 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 March 31, 2021, the Group had approximately 3,011,000 total fixed B2C unique customers and approximately 10,159,000 total mobile B2C subscribers.

Leverage our large customer base to up- and cross-sell our fiber/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 fiber/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 fiber/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 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. For example, at the end of 2015 and at the beginning of 2016, PT Portugal entered into contracts with several first and second division football clubs in Portugal, including F.C. Porto, Vitoria F.C., Rio Ave F.C. and Boavista F.C., to acquire the exclusive broadcasting rights for the home games of these clubs for up to ten football seasons and in February 2017 we acquired a 25% stake in the capital of the Portuguese sports broadcaster SPORT TV. In July 2020, PT Portugal entered into a new distribution agreement with SPORT TV for a four-season period. Further, Altice Dominicana is the exclusive distributor of NBA League Pass and NBA Channel. We believe that these arrangements will enhance our profile in the market and help us differentiate ourselves from our competitors.

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

We believe that our dense fiber/cable networks 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. A large portion of our fiber/cable network are both powerful and flexible, have the high capacity bandwidth necessary to offer these next generation services and are 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 the first quarter of 2021, FastFiber increased the coverage of its FTTH fiber network by 73,000 new homes passed, reaching a total coverage of approximately 5,699,000 homes passed (including homes accessed through wholesale fiber operators) as of March 31, 2021. FastFiber connected more than 26,000 and 8,000 additional kilometers of dark fiber network in the three months ended March 31, 2021 and in the year ended December 31, 2020, respectively.

In addition, as mobile internet traffic is expected to grow, 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. In Portugal, we benefit from PT Portugal's leading enterprise telecommunications infrastructure (including one of the largest data centers in the world) and strong customer relationships, as well as from its leading 4G mobile network and superior scale.

Recent Developments

Omega Sale Transaction

On May 26, 2021, PT Portugal entered into an exclusivity agreement with Cellnex Telecom S.A. ("**Cellnex**") for the sale of 100% interest in the business unit to be carved-out including a set of mobile towers and other passive mobile infrastructure ("**Omega**") for an implied enterprise value of approximately €209 million (the "**Omega Sale Transaction**"). The Omega Sale Transaction is expected to close in the second half of 2021, subject to customary regulatory approvals; however there can be no assurance that the Omega Sale Transaction will occur in a timely manner or at all. The Proposed Financing is not conditioned on the completion of the Omega Sale Transaction.

Upon completion of the Omega Sale Transaction, PT Portugal or its affiliates will enter into an agreement for the right to use the carved-out mobile tower infrastructure.

Teads IPO Postponement

On July 29, 2021, Altice International announced that Teads has postponed plans for its initial public offering due to unsatisfactory equity market conditions as compared to the growth prospects of the company.

Trading Update

Based on preliminary results, the Group's revenue for the three months ended June 30, 2021 was between €1,039 million and €1,060 million, an increase in the range of 10.1% to 12.3% from €944 million for the three months ended June 30, 2020. The increase in the Group's revenue was mainly driven by revenue increases in Portugal and Teads. For the three months ended June 30, 2021, compared to the three months ended June 30, 2020, the Group's revenue in Portugal increased in a range of 9.1% to 11.4%, from €499 million (for the three months ended June 30, 2020) to between €545 million and €556 million. This was supported by service revenue growth in the residential segment. As expected, roaming revenue increased year over year in both the residential and B2B segments, given the very low level of roaming in the second quarter of 2020. The Group's revenue in Israel decreased between 2.9% and 0.9% in the three months ended June 30, 2021 compared to the three months ended June 30, 2020. In addition, revenue for the Dominican Republic increased in the range of 1.2% to 3.2%. Both for Israel and the Dominican Republic, the depreciation of the shekel and peso, respectively, versus the euro, impacted the year over year trends on a reported basis. Teads revenue grew between 67.5% and 70.9% for the three months ended June 30, 2021 compared to the three months ended June 30, 2020, from €82 million for the three months ended June 30, 2020 to a range of €138 million to €141 million for the three months June 30, 2021, due to a strong commercial performance.

Based on preliminary results, the Group's Adjusted EBITDA for the three months ended June 30, 2021, was in a range of €396 million to €404 million, an increase between 4.7% and 6.8% from €378 million for the three months ended June 30, 2020. The increase in the Group's Adjusted EBITDA was mainly driven by Adjusted EBITDA increases in Portugal and Teads. Portugal EBITDA increased between 4.8% and 6.9%, driven by the increase in revenues year over year in both the residential and business segments and cost control. Teads EBITDA increased by a range of 104.3% to 108.4% for the three months ended June 30, 2021 when compared to the three months ended June 30, 2020.

Based on preliminary results, the Group's Capital Expenditures (Accrued) for the three months ended June 30, 2021 was between €205 million and €209 million, an increase between 0.2% and 2.2% compared to €204 million for the three months ended June 30, 2020. As a consequence, the Operating Free Cash Flow for the three months ended June 30, 2021, grew, by a range of 10.0% to 12.3%, to between €191 million and €195 million, compared to €174 million for the three months ended June 30, 2020.

The Group's total third-party financial debt (after currency impact of derivative instruments) less cash and cash equivalents, as of the three months ended June 30, 2021, as adjusted for the cash proceeds in an amount of €375 million expected to be received in December 2021 from the Altice Portugal FTTH Transaction, was €6,752 million.

The above information is based solely on preliminary results and is not intended to be a comprehensive statement of our financial or operational results for the three months ended June 30, 2021. The preliminary information provided herein is based on information available to management of the Group as of the date hereof. The information for the quarter ended June 30, 2021 is based on the Group management's internal reporting and is subject to adjustment for quarter-end closing procedures. Therefore, the above information may be subject to modification during the preparation of our consolidated financial statements and review thereof by our independent auditors. Accordingly, our actual results for the three months ended June 31, 2021 may vary from our preliminary results above, and such variations could be material. As such, you should not place undue reliance on them. See "*Forward-Looking Statements*" and "*Risk Factors*" for a more complete discussion of certain of the factors that could affect our future performance and results of operations.

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 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 local governments in jurisdictions in which we operate 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 1.4 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 demonstrating the resilience of the Group's business model. The Group has been impacted by a decline in handset sales in the context of the closure of shops in countries where the Group operates and a decrease in roaming revenue due to decreased travel. Although the situation continues to evolve, the Group expects that the COVID-19 pandemic will have limited effects on the Group's operations and financial performance for future periods.

In countries where the Group operates, the Group did not benefit from specific programs that required compliance with particular conditions.

For more information, please also refer to "*Risk Factors—Risks Relating to Our 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 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. As of the date hereof, Next Private owns indirectly 92.8% of the shares of Altice International and the Company. The transactions described above are referred to herein as the "**Take-Private Transaction**".

The Refinancing Transactions

We intend to use the proceeds of the Proposed Financing to (i) refinance in full the outstanding Altice Financing 2026 Notes, (ii) pay associated call premiums, fees, costs and expenses, and (iii) add cash on balance sheet (collectively, the "**Refinancing Transactions**").

The Company

The Company was incorporated as a public limited liability company (*société anonyme*) under the laws of Luxembourg on August 17, 2012 and is a wholly-owned direct subsidiary of Altice Finco, which is in turn a wholly-owned direct subsidiary of Altice International. The registered office (*siège social*) of the Company is at 5, rue Eugène Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg and the Company is registered with the Luxembourg Trade and Companies Register under number B-171162. The Company's business operations include only managing the financing activities of the Group.

The Company's ability to pay principal, interest and premium, if any, on the Notes, is dependent, in large part, upon payments received from the Group pursuant to the proceeds loans made to certain Restricted Subsidiaries.

Principal Shareholder

As of the date hereof 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, 92.8% of share capital and voting rights in the Company and Altice International.

Founded by telecommunications entrepreneur Patrick Drahi, the Altice Europe Group is a convergent leader in telecommunications, content, media, entertainment and advertising. The Altice Europe Group delivers innovative, customer-centric products and solutions that connect its over 30 million customers over fiber networks and mobile broadband. The Altice Europe Group is also a provider of enterprise digital solutions to millions of business customers. The Altice Europe Group 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. The Altice Europe Group delivers live broadcast premium sports events and enables its customers to enjoy the most well-known media and entertainment.

The financial and operating results of the Altice Europe Group include certain business and functions that are not included in the financial and operating results of the Group.

SUMMARY FINANCIAL INFORMATION AND OTHER DATA

The following tables set forth summary financial information of Altice International. The consolidated statement of income, consolidated statement of financial position and consolidated statement of cash flows presented below are derived from (i) in the case of financial information as of and for the three months ended March 31, 2021 and 2020, the unaudited condensed consolidated financial statements of Altice International as of and for the three month period ended March 31, 2021 (including comparative information as of and for the three month period ended March 31, 2020), prepared in accordance with the International Accounting Standard 34 for Interim Financial Reporting ("**IAS 34**"), which have been reviewed by KPMG Luxembourg, Société cooperative (the "**Unaudited Financial Statements**"), (ii) in the case of financial information as of and for the years ended December 31, 2020 and 2019, the consolidated financial statements of Altice International as of and for the year ended December 31, 2020 (including comparative information as of and for the year ended December 31, 2019), which have been audited by KPMG Luxembourg, Société cooperative (the "**2020 Financial Statements**") and (iii) in the case of financial information as of and for the year ended December 31, 2018, the consolidated financial statements of Altice International as of and for the year ended December 31, 2019 (including comparative information as of and for the year ended December 31, 2018), which have been audited by Deloitte Audit S.à r.l. (the "**2019 Financial Statements**" and together with the 2020 Financial Statements, the "**Audited Financial Statements**"), and in each case, prepared in accordance with IFRS. The historical consolidated financial information of Altice International described above, including the accompanying notes thereto, are referred to herein as the "**Historical Consolidated Financial Information**".

The summary financial information presented below should be read together with the sections entitled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", included elsewhere in this Notice, and the Historical Consolidated Financial Information, including the accompanying notes. As a result of certain significant acquisitions and disposals that have been consummated by Altice International during these periods, and the intra-year timing of such acquisitions and disposals, the comparability of the Historical Consolidated Financial Information over each of the periods presented below may be limited.

The Group has adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of January 1, 2019. The comparative financial information as of and for the year ended December 31, 2018 in the 2019 Financial Statements has not been restated for the impacts of IFRS 16. See Notes 1.3.3 and 2.12 to the 2019 Financial Statements.

Consolidated Statement of Income

	For the year ended December 31,			For the three months ended March 31,	
	2018[(1)(2)]	2019[(1)(2)]	2020[(2)]	2020[(2)]	2021[(2)]
			(€ in millions)		
Revenues	**4,185**	**4,084**	**4,065**	**991**	**1,015**
Purchasing and subcontracting costs	(1,104)	(1,001)	(1,009)	(247)	(282)
Other operating expenses	(986)	(933)	(869)	(221)	(197)
Staff costs and employee benefits	(479)	(470)	(477)	(116)	(133)
Depreciation, amortization and impairment	(1,141)	(1,256)	(1,206)	(303)	(302)
Other (expenses) and income	983	(367)	59	90	(245)
Operating profit/(loss)	**1,457**	**57**	**562**	**195**	**(145)**
Interest relative to gross financial debt	(604)	(606)	(469)	(140)	(90)
Realized and unrealized (losses)/gains on derivative instruments linked to financial debt	196	147	(230)	193	127
Other financial expenses	(241)	(113)	(110)	(177)	(118)
Financial income	265	209	338	28	48
Net result on extinguishment and remeasurement of financial liability	—	(10)	371	590	—
Finance income/(costs), net	**(384)**	**(372)**	**(100)**	**494**	**(33)**
Share of gain/(loss) of associates and joint ventures	5	(7)	3	(1)	(5)
Profit/(loss) before income tax	**1,078**	**(322)**	**466**	**688**	**(183)**
Income tax (expense)/income	(194)	(117)	(48)	17	24
Profit/(loss) for the period from continuing operations	**884**	**(439)**	**418**	**704**	**(159)**
Profit/(loss) after tax for the period from discontinued operations	19	—	—	—	—
Profit/(loss) for the period	**903**	**(439)**	**418**	**704**	**(159)**
Attributable to equity holders of the parent	*891*	*(439)*	*404*	*706*	*(168)*
Attributable to non-controlling interests	*12*	*0*	*14*	*(2)*	*9*

(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 comparative financial information as of and for the year ended December 31, 2018 in the 2019 Financial Statements has not been restated for the impacts of IFRS 16. See Notes 1.3.3 and 2.12 to the 2019 Financial Statements.

(2) The FOT Business was sold to the Altice France Group on October 31, 2018 and is not consolidated in the results of the Group for any period following such sale.

Consolidated Statement of Financial Position

	As of December 31,		As of March 31,
	2019	2020	2021
		(€ in millions)	
Goodwill	3,248	3,139	3,175
Other intangible assets	1,438	1,160	1,102
Property, plant and equipment	3,521	3,439	3,453
Right-of-use assets[(1)]	871	802	810
Contracts costs	104	108	110
Investments in associates and joint ventures	16	15	54
Financial assets	1,806	2,562	2,604
Deferred tax assets	67	154	221
Other non-current assets	192	182	178
Total non-current assets	**11,264**	**11,562**	**11,706**
Inventories	131	119	128
Contracts assets	37	37	40
Trade and other receivables	1,024	1,416	1,373
Current tax assets	51	23	14
Financial assets	39	208	226
Cash and cash equivalents	396	354	302
Restricted cash	38	39	39
Assets classified as held for sale[(2)]	119	—	5
Total current assets	**1,833**	**2,195**	**2,121**

Total assets	**13,096**	**13,757**	**13,833**
Issued capital	309	309	309
Other reserves	(256)	(159)	(145)
Accumulated gains/(losses)	(583)	606	447
Equity attributable to the owners of the entity	**(530)**	**756**	**611**
Non-controlling interests	(12)	(20)	(11)
Total equity	**(542)**	**736**	**600**
Long term borrowings, financial liabilities and related hedging instruments	8,156	7,396	7,440
Other financial liabilities	690	1,034	1,039
Non-current lease liabilities(1)	840	806	819
Provisions	978	861	1,063
Deferred tax liabilities	86	88	87
Non-current contract liabilities	62	54	53
Other non-current liabilities	32	26	26
Total non-current liabilities	**10,844**	**10,265**	**10,525**
Short-term borrowings, financial liabilities and related hedging instruments	288	92	93
Other financial liabilities	677	808	774
Current lease liabilities(1)	83	84	81
Trade and other payables	1,413	1,372	1,339
Contract liabilities	118	106	112
Current tax liabilities	116	189	206
Provisions	78	88	85
Other current liabilities	22	17	14
Liabilities directly associated with assets classified as held for sale(2)	—	—	4
Total current liabilities	**2,794**	**2,756**	**2,708**
Total liabilities	**13,638**	**13,021**	**13,233**
Total equity and liabilities	**13,096**	**13,757**	**13,833**

(1) The Group has adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of January 1, 2019. Following the adoption of IFRS 16, 'Right-of-use assets' and current and non-current lease liabilities have been included in the Consolidated Statement of Financial Position. See Notes 1.3 and 2.12 to the 2019 Financial Statements.

(2) During 2018, PT Portugal classified real estate properties as held for sale with a book value of €16 million as at December 31, 2018, following the execution of promise of sale agreements entered with the entity Almost Future, S.A., for a total consideration of €18 million. As of December 31, 2019, the real estate deeds were not yet entered into, and the assets were not derecognized. The book value of the assets held for sale as at December 31, 2019 was €9 million. On January 2, 2020, Altice Europe announced the sale of a 25% equity interest held by PT Portugal in Belmont Infra Holding S.A. ("**Belmont**"), that owns 100% of a tower company OMTEL, to Cellnex. The total cash proceeds were received in the first quarter of 2020 and amounted to €201 million. Following this announcement, the investment in Belmont was classified as assets held for sale as of December 31, 2019.

Selected Consolidated Cash Flow Data

	For the year ended December 31,			For the three months ended March 31,	
	2018(1)(2)	**2019(1)(2)**	**2020(2)**	**2020(2)**	**2021(2)**
			(€ in millions)		
Net cash flow provided by/(used in) operating activities	1,345	1,364	1,477	345	376
Net cash flow provided by/(used in) investing activities	595	(859)	(1,549)	(545)	(252)
Net cash flow provided by/(used in) financing activities(3)	(1,591)	(694)	47	40	(180)
Net change in cash and cash equivalents	**344**	**(202)**	**(42)**	**(163)**	**(52)**

(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 comparative financial information as of and for the year ended December 31, 2018 in the 2019 Financial Statements has not been restated for the impacts of IFRS 16. See Notes 1.3.3 and 2.12 to the 2019 Financial Statements.

(2) The FOT Business was sold to the Altice France Group on October 31, 2018 and is not consolidated in the results of the Group for any period following such sale.

(3) For the year ended December 31, 2020, advances paid to Group companies are included in 'net cash provided by/(used in) investing activities' and the comparative figures for the year ended December 31, 2019 included in the 2020 Financial Statements (as reflected in the table above) have been restated by reclassifying the amount of €64 million from 'net cash provided by/(used in)

financing activities of continuing operations' to 'net cash provided by/(used in) investing activities', corresponding to advances paid to other Altice entities. The figures provided in the 2019 Financial Statements for the year ended December 31, 2019 are as follows and have not been restated: net cash provided by/(used in) financing activities of continuing operations €(757 million) and net cash provided by/(used in) investing activities €(795 million).

Revenue and Adjusted EBITDA

The following table sets forth the revenues and Adjusted EBITDA by operating segments based on the Historical Consolidated Financial Information of Altice International.

	For the year ended December 31,			For the three months ended March 31,		For the twelve months ended March 31,
	2018[(1)]	2019[(1)]	2020	2020	2021	2021[(4)]
			(€ in millions)			
Revenue(*)						
Portugal	2,110	2,110	2,121	522	549	2,148
Israel	941	962	981	247	247	981
Dominican Republic	591	561	490	133	118	475
Teads	342	453	477	90	103	488
Altice TV[(2)]	29	—	—	—	—	—
Others[(2)]	180	2	1	—	—	1
Intersegment eliminations	(7)	(4)	(4)	(1)	(3)	(6)
Total Revenue	**4,185**	**4,084**	**4,065**	**991**	**1,015**	**4,088**
Adjusted EBITDA[(3)]						
Portugal	870	832	834	210	204	828
Israel	406	359	354	91	79	343
Dominican Republic	294	278	240	67	59	233
Teads	60	83	156	9	29	177
Altice TV[(2)]	(75)	—	—	—	—	—
Others[(2)]	60	(4)	(3)	(1)	(1)	(3)
Intersegment eliminations	2	—	(1)	—	(1)	(1)
Total Adjusted EBITDA	**1,616**	**1,548**	**1,580**	**375**	**371**	**1,575**

(*) The following table provides the detailed break-down of revenue per operating segment and operating activity for the year ended December 31, 2020, the three months ended March 31, 2020, the three months ended March 31, 2021 and the last twelve months ended March 31, 2021:

	For the year ended December 31,	For the three months ended March 31,		For the twelve months ended March 31,
	2020	2020	2021	2021
		(€ in millions)		
Revenue				
Portugal				
Fixed	622	155	164	631
Mobile	466	118	115	463
Residential service	**1,088**	**273**	**280**	**1,095**
Residential equipment	108	23	26	111
Total residential	**1,196**	**296**	**306**	**1,206**
Business services	925	226	243	942
Media	—	—	—	—
Total standalone revenues	**2,121**	**522**	**549**	**2,148**
Intersegment eliminations	(3)	0	(2)	(5)
Total consolidated revenues (Portugal)	**2,118**	**522**	**547**	**2,143**
Israel			—	
Fixed	573	146	136	563
Mobile	213	54	51	210
Residential service	**786**	**200**	**188**	**774**
Residential equipment	65	15	20	70

Total residential	**851**	**215**	**208**	**844**
Business services	130	31	39	138
Media	—	—	—	—
Total standalone revenues	**981**	**247**	**247**	**981**
Intersegment eliminations	—	—	—	—
Total consolidated revenues (Israel)	**981**	**247**	**247**	**981**
Dominican Republic				
Fixed	93	25	23	91
Mobile	273	75	65	263
Residential service	**366**	**101**	**88**	**353**
Residential equipment	39	9	9	39
Total residential	**405**	**110**	**97**	**392**
Business services	85	23	21	83
Media	—	—	—	—
Total standalone revenues	**490**	**133**	**118**	**475**
Intersegment eliminations	—	0	—	—
Total consolidated revenues (Dominican Republic)	**490**	**133**	**118**	**475**
Teads				
Fixed	—	—	—	—
Mobile	—	—	—	—
Residential service	**—**	**—**	**—**	**—**
Residential equipment	—	—	—	—
Total residential	**—**	**—**	**—**	**—**
Business services	—	—	—	—
Media	477	90	103	490
Total standalone revenues	**477**	**90**	**103**	**490**
Intersegment eliminations	(1)	0	0	(1)
Total consolidated revenues (Teads)	**476**	**90**	**102**	**488**
Others				
Fixed	—	—	—	—
Mobile	—	—	—	—
Residential service	**—**	**—**	**—**	**—**
Residential equipment	—	—	—	—
Total residential	**—**	**—**	**—**	**—**
Business services	1	0	0	1
Media	—	—	—	—
Total standalone revenues	**1**	**0**	**0**	**1**
Intersegment eliminations	—	—	—	—
Total consolidated revenues (Others)	**1**	**0**	**0**	**1**
Total Revenue	**4,065**	**991**	**1,015**	**4,088**

(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 comparative financial information as of and for the year ended December 31, 2018 in the 2019 Financial Statements has not been restated for the impacts of IFRS 16. See Notes 1.3.3 and 2.12 to the 2019 Financial Statements.

(2) For the year ended December 31, 2018, "Others" included the FOT Business (until the completion of the sale of the FOT Business on October 31, 2018), datacenter operations in Switzerland (until the completion of the sale of the telecommunications solutions business and data center operations in Switzerland, green.ch AG and Green Datacenter AG, to InfraVia Capital Partners on February 12, 2018), and i24 US LLC, which was as a subsidiary of i24 US Corp. until April 23, 2018. ATS France and ACS, which were sold to Altice France on May 16, 2018, were reported as discontinued and not reported under any segments. Altice TV (until the sale to Altice Group Lux on May 15, 2018) is reported as a separate operating segment for the year ended December 31, 2018. For the years ended December 31, 2019 and 2020, "Others" included mainly corporate entities.

(3) For definition of Adjusted EBITDA, see "*Presentation of Financial and Other Information—Non-IFRS Measures*". We believe this measure is useful to readers of Historical Consolidated Financial Information as it provides a measure of operating results excluding certain items that the Group's management believe are either outside of its recurring operating activities, or items that are non-cash. Excluding such items enables trends in the Group's operating results and cash flow generation to be more easily observable. The Non-IFRS Measures are used by the Group internally to manage and assess the results of its operations, make decisions with respect to investments and allocation of resources, and assess the performance of management personnel. Such performance measures are also the *de facto* metrics used by investors and other members of the financial community to value other companies operating in the same industry as the Group and thus are a basis for comparability between the Group and its peers. Further, this measure should not be considered as an alternative for operating profit as the effects of depreciation, amortization and impairment excluded from this measure do ultimately affect the operating results, which is also presented within the annual consolidated financial statements in accordance with IAS 1 (*Presentation of Financial Statements*).

Reconciliation of profit/(loss) from continuing operations and operating profit/(loss) to Adjusted EBITDA

The following table provides a reconciliation of profit/(loss) from continuing operations and operating profit/(loss) to Adjusted EBITDA:

	For the year ended December 31,			For the three months ended March 31,		For the twelve months ended March 31,
	2018[(a)]	2019[(a)]	2020	2020	2021	2021
	(€ in millions)					
Profit/(loss) for the period from continuing operations	**884**	**(439)**	**418**	**704**	**(159)**	**(445)**
Income tax benefit/(expense)	194	117	48	(17)	(24)	41
Share of gain/(loss) of associates and joint ventures	(5)	7	(3)	1	5	1
Finance income/(costs), net	384	372	100	(494)	33	626
Operating profit/(loss)	**1,457**	**57**	**562**	**195**	**(145)**	**222**
Depreciation, amortization and impairment	1,141	1,256	1,206	303	302	1,205
Other (expenses) and income[(b)]	(983)	367	(59)	(90)	245	276
Share-based expense	0	0	1	0	1	2
Rental expense operating lease	—	(133)	(132)	(32)	(32)	(131)
Adjusted EBITDA	**1,616**	**1,548**	**1,580**	**375**	**371**	**1,575**

(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 comparative financial information as of and for the year ended December 31, 2018 in the 2019 Financial Statements has not been restated for the impacts of IFRS 16. See Notes 1.3.3 and 2.12 to the 2019 Financial Statements.

(b) See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Discussion and Analysis of Our Results of Operations—For the three months ended March 31, 2021 compared to the three months ended March 31, 2020—Other expenses and income*", "*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—Other expenses and income*" 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—Other expenses and income*" for more information.

(4) Certain covenants applicable to the Altice Financing Notes, the Altice Financing Revolving Credit Facilities, the Altice Financing Term Loans and the Altice Finco 2028 Notes are calculated on the basis of *Pro Forma* EBITDA (as defined in such indebtedness) for the most recent two consecutive fiscal quarters on an annualized basis (*i.e.*, multiplied by 2). The *Pro Forma* EBITDA as set forth in this Notice calculated for the last two quarters ended March 31, 2021 on an annualized basis would have been €1,603 million.

Certain As Adjusted Information

	As of and for twelve months ended March 31, 2021	As of and for L2QA ended March 31, 2021, as applicable[(*)]
Total Net Debt (actual)[(1)]	7,150	7,150
As adjusted Total Net Debt[(2)]	6,867	6,867
Senior Net Debt (actual)[(3)]	6,475	6,475
As adjusted Senior Net Debt[(4)]	6,192	6,192
Adjusted EBITDA	**1,575**	**1,603**
Ratio of as adjusted Total Net Debt to Adjusted EBITDA	4.4x	4.3x
Ratio of as adjusted Senior Net Debt to Adjusted EBITDA	3.9x	3.9x

(*) L2QA refers to the results for period of the most recent two consecutive fiscal quarters multiplied by 2.0. Certain covenants applicable to the Altice Financing Notes, the Altice Financing Revolving Credit Facilities, the Altice Financing Term Loans and the Altice Finco 2028 Notes are calculated on the basis of *Pro Forma* EBITDA (as defined in such indebtedness) for the most recent two consecutive fiscal quarters on an annualized basis (*i.e.*, multiplied by 2).

(1) Total Net Debt (actual) reflects total third-party financial debt (after currency impact of derivative instruments) *less* cash and cash equivalents, in each case on an actual basis, as presented under "*Capitalization*".

(2) As adjusted Total Net Debt reflects total third-party financial debt (after currency impact of derivative instruments) *less* cash and cash equivalents, on an as adjusted basis after giving effect to the Refinancing Transactions, including the Proposed Financing and the application of the proceeds therefrom, in each case, as presented under "*Capitalization*", and for the purposes of the information presented in the above table, as further adjusted for the cash proceeds in an amount of €375 million expected to be received in December 2021 from the Altice Portugal FTTH Transaction.

(3) Senior Net Debt (actual) reflects total third-party senior secured debt (after currency impact of derivative instruments) *less* cash and cash equivalents, in each case on an actual basis, as presented under "*Capitalization*".

(4) As adjusted Senior Net Debt reflects total third-party senior secured debt (after currency impact of derivative instruments) *less* cash and cash equivalents, on an as adjusted basis after giving effect to the Refinancing Transactions, including the Proposed Financing and the application of the proceeds therefrom, in each case, as presented under "*Capitalization*", and for the purposes of the information presented in the above table, as further adjusted for the cash proceeds in an amount of €375 million expected to be received in December 2021 from the Altice Portugal FTTH Transaction.

Capital Expenditures (Accrued) and Operating Free Cash Flow(*)

	For the year ended December 31,			For the three months ended March 31,		For the twelve months ended March 31,
	2018(1)	**2019(1)**	**2020**	**2020**	**2021**	**2021**
			(€ in millions)			
Adjusted EBITDA	**1,616**	**1,548**	**1,580**	**375**	**371**	**1,575**
Capital Expenditures (Accrued)						
Portugal	(423)	(436)	(466)	(104)	(111)	(473)
Israel	(234)	(245)	(267)	(63)	(69)	(273)
Dominican Republic	(115)	(115)	(101)	(35)	(29)	(94)
Teads	(1)	(8)	(7)	(2)	(2)	(6)
Altice TV(2)	(4)	—	—	—	—	—
Others(2)	(34)	—	—	—	—	—
Eliminations	1	1	1	—	1	(1)
Total Capital Expenditures (Accrued)	**(811)**	**(802)**	**(840)**	**(205)**	**(211)**	**(846)**
Operating Free Cash Flow	**804**	**746**	**740**	**171**	**161**	**730**

(*) For a reconciliation of Capital Expenditures (Accrued) to the payment to acquire tangible and intangible assets and contract costs, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations of the Group—Total Capital Expenditures*".

(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 comparative financial information as of and for the year ended December 31, 2018 in the 2019 Financial Statements has not been restated for the impacts of IFRS 16. See Notes 1.3.3 and 2.12 to the 2019 Financial Statements.

(2) For the year ended December 31, 2018, "Others" included the FOT Business (until the completion of the sale of the FOT Business on October 31, 2018), datacenter operations in Switzerland (until the completion of the sale of the telecommunications solutions business and data center operations in Switzerland, green.ch AG and Green Datacenter AG to InfraVia Capital Partners on February 12, 2018), and i24 US LLC, which was as a subsidiary of i24 US Corp. until April 23, 2018. ATS France and ACS, which were sold to Altice France on May 16, 2018, were reported as discontinued and not reported under any segments. Altice TV (until the sale to Altice Group Lux on May 15, 2018) is reported as a separate operating segment for the year ended December 31, 2018. For the years ended December 31, 2019 and 2020, "Others" included mainly corporate entities.

Key Operating Measures

	As of March 31, 2021			
	Portugal	**Israel**	**Dominican Republic**	**Total**
		(thousands)		
Fiber/cable homes passed(1)	5,699	2,212	796	8,707
Fiber/cable unique B2C customers(2)	1,135	1,027	204	2,366
Total fixed B2C unique customers	1,630	1,027	354	3,011
Postpaid B2C subscribers	3,203	1,179	627	5,008
Prepaid B2C subscribers	2,747	199	2,205	5,151
Total mobile B2C subscribers(3)	5,950	1,378	2,831	10,159

	As of March 31, 2020			
	Portugal	Israel	Dominican Republic	Total
	(thousands)			
Fiber/cable homes passed[(1)]	5,097	2,174	770	8,041
Fiber/cable unique B2C customers[(2)]	986	1,029	194	2,209
Total fixed B2C unique customers	1,599	1,029	333	2,961
Postpaid B2C subscribers	3,116	1,171	623	4,910
Prepaid B2C subscribers	3,103	185	2,063	5,351
Total mobile B2C subscribers[(3)]	6,219	1,355	2,686	10,260

	As of December 31, 2020			
	Portugal	Israel	Dominican Republic	Total
	(thousands)			
Fiber/cable homes passed[(1)]	5,602	2,201	786	8,589
Fiber/cable unique B2C customers[(2)]	1,094	1,045	200	2,339
Total fixed B2C unique customers	1,623	1,045	345	3,013
Postpaid B2C subscribers	3,187	1,179	623	4,988
Prepaid B2C subscribers	2,824	194	2,108	5,126
Total mobile B2C subscribers[(3)]	6,011	1,373	2,731	10,114

	As of December 31, 2019			
	Portugal	Israel	Dominican Republic	Total
	(thousands)			
Fiber/cable homes passed[(1)]	4,915	2,164	764	7,844
Fiber/cable unique B2C customers[(2)]	952	1,015	193	2,160
Total fixed B2C unique customers	1,594	1,015	329	2,938
Postpaid B2C subscribers	3,081	1,169	622	4,872
Prepaid B2C subscribers	3,330	181	2,116	5,627
Total mobile B2C subscribers[(3)]	6,411	1,350	2,737	10,499

	As of December 31, 2018			
	Portugal	Israel	Dominican Republic	Total
	(thousands)			
Fiber/cable homes passed[(1)]	4,490	2,128	755	7,373
Fiber/cable unique B2C customers[(2)]	803	990	192	1,985
Total fixed B2C unique customers	1,581	990	318	2,889
Postpaid B2C subscribers	2,959	1,140	568	4,667
Prepaid B2C subscribers	3,558	159	2,532	6,248
Total mobile B2C subscribers[(3)]	6,516	1,299	3,100	10,915

(1) Portugal fiber homes passed figures include homes where PT OpCo has access through wholesale fiber operators (approximately 0.6 million as of March 31, 2021, approximately 0.5 million as of March 31, 2020, December 31, 2020 and December 31, 2019 and approximately 0.4 million as of December 31, 2018).

(2) Fiber/cable unique customers represents the number of individual end users who have subscribed for one or more of our fiber/cable based services (including pay television, broadband or telephony), without regard to how many services to which the end user subscribed. It is calculated on a unique premises basis. For Israel, it refers to the total number of unique customer relationships, including both B2C and B2B.

(3) Mobile subscribers is equal to the net number of lines or SIM cards that have been activated on the Group's mobile networks and excludes machine to machine. In Israel, iDEN technology was decommissioned by the end of 2019 and the split between iDEN and UMTS (B2C only, including prepaid) services for the year ended December 31, 2018 is as follows:

	As of December 31, 2018
Mobile Subscribers	
iDEN	5,000
UMTS	1,294,000
Total	**1,299,000**

RISK FACTORS

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

Risks Relating to Our Financial Profile

Our substantial leverage could adversely affect our business, financial condition and results of operations and prevent us from fulfilling our debt obligations under the Notes or impede our ability to raise additional capital to fund our operations.

We have significant outstanding debt and debt service requirements and may incur additional debt in the future. As of March 31, 2021, as adjusted for the Refinancing Transactions, including the Proposed Financing and the application of the proceeds therefrom, the Group had total third-party financial debt (after currency impact of derivative instruments) as presented under "*Capitalization*" of €7,690 million.

Our significant level of debt could have important consequences, including, but not limited to, the following:

- requiring that a substantial portion of our cash flows from operations be dedicated to servicing debt, thereby reducing the funds available to us to finance our operations, capital expenditures, research and development and other business activities, including maintaining the quality of and upgrading our network;
- impeding our ability to obtain additional debt or equity financing, including financing for capital expenditures, and increasing the cost of any such funding, particularly due to the financial and other restrictive covenants contained in the agreements governing our debt;
- impeding our 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 we operate;
- restricting us from exploiting business opportunities or making acquisitions or investments, including those aimed at modernizing our network;
- increasing our vulnerability to, and reducing our flexibility to respond to, a business slowdown or to adverse economic or industry conditions;
- limiting our flexibility in planning for, or reacting to, changes in our business and the competitive and economic environment in which we operate; and
- adversely affecting the public perception of the Group and its brands.

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

The terms of the agreements and instruments governing our debt restrict, but do not prohibit, us from incurring additional debt. We 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.

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

Our ability to service our debt and to fund our ongoing operations will depend on our ability to generate cash flows. We cannot provide any assurance that our businesses will generate sufficient cash flows from operations or that future debt or equity financing will be available to us in an amount sufficient to enable us to pay our debt obligations when due. Our ability to generate cash flow and to fund our capital expenditures, ongoing operations and debt service obligations is dependent on many factors, including:

- our future operating performance;

- the demand and price levels for our current and planned products and services;
- our ability to maintain the level of technical capacity required on our networks and in the subscriber equipment and other relevant equipment connected to our networks;
- our ability to successfully introduce new products and services;
- our ability to reduce the churn rate;
- general economic conditions and other conditions affecting consumer spending;
- competition;
- sufficient distributable reserves, as required under applicable law;
- the outcome of certain litigation/disputes in which we are involved; and
- legal, tax and regulatory developments affecting our business.

Some of these factors are beyond our control. If we are unable to generate sufficient cash flow, we might not be able to repay our debt, grow our business, respond to competitive challenges or fund our other liquidity and capital needs, including capital expenditures. If we are unable to meet our debt service obligations, we might have to sell assets, attempt to restructure or refinance our existing debt or seek additional funding in the form of debt or equity capital. We may not be able to do so on satisfactory terms, if at all.

We expect that a portion of our cash flow will consist of payments of dividends or interest by Israeli companies in our Group. In general, payments of dividends or interest by companies that are Israeli residents for tax purposes are subject to withholding tax. With respect to payments to Luxembourg tax residents or residents of other countries which have a tax treaty with Israel, such withholding tax may be reduced from the rates generally applicable under Israeli law to the rates applicable under the tax treaty between Israel and Luxembourg or the other applicable treaty. In order to enjoy the reduced rate of withholding tax, it is necessary to file with the Israel Tax Authority, a request for relief from withholding prior to payment of the dividend and/or interest. If a withholding tax exemption or relief certificate is received from the Israel Tax Authority prior to the payment of the dividend and/or interest, the payer will be able to make the dividend/interest payment at such reduced withholding tax rate. However, if such request is denied or delayed and such certificate is not available at the time of payment, withholding will be made at the full statutory rates. Any changes in the tax rates on dividends or interest could significantly affect our ability to meet our debt service obligations under the Notes. In addition, payments of dividends by companies resident or not in the Dominican Republic as well as payment of interests paid to non-resident companies are subject to a withholding tax of 10%.

The agreements and instruments governing our debt contain, and the Indenture will contain, restrictions and limitations that could adversely affect our ability to operate our business.

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

- pay dividends or make other distributions;
- make certain investments or acquisitions, including participating in joint ventures;
- 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, or will be, 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 our ability to finance our future operations and capital needs and our ability to pursue business opportunities and activities that may be in our interest. In addition, our ability to comply with these restrictions may be affected by events beyond our control. In addition, we are also subject to the affirmative covenants contained in certain of the debt agreements we are party to, which require us to maintain specified leverage ratios, see "*Description of Indebtedness*". Our ability to meet these leverage ratios may be affected by events beyond our control and, as a result, we cannot assure you that we 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 our 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 our indebtedness will mature before the Notes, and we may not be able to repay this indebtedness or refinance such indebtedness at maturity on favorable terms, or at all.

Of the €7,690 million of total third-party financial debt (after currency impact of derivative instruments) as presented under "*Capitalization*" we had outstanding as of March 31, 2021, as adjusted for the Refinancing Transactions, including the Proposed Financing and the application of the proceeds therefrom, it is expected that all outstanding borrowings will mature prior to the maturity dates of Notes. See "*Capitalization*".

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

We are exposed to interest rate risks. Shifts in such rates may adversely affect our debt service obligations.

We are exposed to the risk of fluctuations in interest rates, primarily under the Altice Financing Term Loans, Altice Financing Revolving Credit Facilities and Altice Financing Guarantee Facilities. In addition, any additional amounts we borrow under certain revolving credit facilities will bear interest at a floating rate. See "*Description of Indebtedness*". An increase in the interest rates on our debt will reduce the funds available to repay our debt and to finance our operations, capital expenditures and future business opportunities. Although we enter into various derivative transactions to manage our exposure to movements in interest rates, there can be no assurance that we will be able to continue to do so at a reasonable cost. There can be no guarantee that our hedging strategies will adequately protect us 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 EU 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 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 potential 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 EURIBOR or LIBOR 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 Altice Financing Revolving Credit Facilities, the Altice Financing Term Loans and/or and Altice Financing Guarantee Facilities 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 our ability to service debt that bears interest at floating rates of interest.

Changes or uncertainty in respect of LIBOR may affect our sources of funding.

Some of our sources of funding are linked to LIBOR. 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. On November 29, 2017, the Bank of England and the FCA announced that the market Working Group on Sterling Risk-Free Rates would have an extended mandate to catalyze a broad transition to the Sterling Over Night Index Average rate ("**SONIA**") across sterling bond, loan and derivatives markets so that SONIA is established as the primary sterling interest rate benchmark by the end of 2021. The Bank of England and FCA have stated that a key near-term priority for the Working Group will be to make recommendations relating to the potential development of term SONIA reference rates. 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 our 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 our ability to meet our obligations under our sources of funding and/or could have a material adverse effect on the liquidity of, and the amount payable under, our sources of funding. Changes in the manner of administration of LIBOR could result in adjustments to the conditions applicable to our sources of funding or other consequences relevant to our 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.

Our business is exposed to fluctuations in currency exchange rates. HOT's primary transactional currency is the NIS. The primary transactional currency of PT Portugal and its subsidiaries is the euro. The primary transactional currency of Altice Dominicana is DOP. The primary transactional currency of Teads is the local currency of the relevant jurisdiction. As a result, our reported results of operations can be significantly different compared to the results of our businesses, particularly in Israel and the Dominican Republic on a local currency basis. We conduct, and will continue to conduct, transactions in currencies other than such primary transactional currencies, particularly the U.S. dollar. Our existing debt is primarily denominated in U.S. dollar, euro and NIS although the amounts incurred in euros and NIS do not necessarily match the cash flows generated from operations in such currencies. The exchange rate between U.S. dollars and NIS, the U.S dollars and euro and U.S. dollars and DOP, which affect our operations, and the euro and NIS and euro and DOP, which affect the translation risk relating to the consolidation of our financial statements, has been volatile in the past and may continue to be so in the future. Moreover, the government of the Dominican Republic has imposed exchange controls and currency restrictions in the past and may do so in the future. This is beyond our control and may result in the DOP ceasing to be freely convertible or transferable abroad to service our then outstanding indebtedness or otherwise, or the DOP being significantly depreciated relative to other currencies, including the U.S. dollar, which may impede our ability to service our outstanding obligations and affect our earnings and cash flow. We have historically covered a portion of our U.S. dollar and euro 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 some of 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.

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 our 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 we are able to refinance existing debt or incur additional debt. In December 2018, the corporate family ratings of Altice International were downgraded by Moody’s from B1 to B2. As of the date hereof, the corporate family ratings of Altice International remain at B2 with Moody’s and B with Standard & Poor. 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.

Our credit rating may be impacted by a number of factors, including the effects of the economic conditions in the countries in which we operate and any future rating downgrades of the sovereign debt of these countries. For example, against the backdrop of the Eurozone crisis, Portuguese sovereign debt was consecutively downgraded by the rating agencies.

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.

Risks Relating to Our Business, Technology and Competition

We face significant competition in each of the industries in which we operate and competitive pressures could have a material adverse effect on our business.

We face significant competition from market incumbents and new competitors in each of our operating segments and operational activities. The nature and level of the competition that we face varies in each operating segment and for each of the products and services that we offer. For our fixed-based services, our competitors include, but are not limited to, providers of television, broadband internet, fixed-line telephony and business services using DSL or fiber connections, providers of television services using technologies such as IPTV and satellite, DTT providers, mobile network operators, providers of emerging digital entertainment technologies and other providers of wholesale carrier, infrastructure and white label services. For our mobile services we face competition from other mobile operators who own and operate a mobile network as well as from providers of VoIP and MVNOs. For our wholesale services our key competitors include, but are not limited to, wholesale providers of voice, data and fiber services.

In some instances, our competitors may have easier access to financing, more comprehensive product ranges, lower financial leverage, greater financial, technical, marketing and personnel resources, larger subscriber bases, wider geographical coverage for their fixed or mobile networks, greater brand name recognition and experience or longer established relationships with regulatory authorities, suppliers and customers. Some of our competitors may have fewer regulatory burdens with which they are required to comply because, among other reasons, they use different technologies to provide their services, do not own their own fixed-line network, or are not subject to obligations applicable to operators with significant market power.

There has been a trend of consolidation of telecommunications operations in certain of the countries in which we operate. Mergers, joint ventures and alliances among franchised, wireless or private cable operators, satellite providers, local exchange carriers and other telecommunication service providers in the jurisdictions in which we operate may provide additional benefits to some of our competitors, for example via access to financing, resources, efficiencies of scale or the ability to provide multiple services in direct competition with us. Public-private joint ventures may also increase competition. In relation to the Teads segment, some advertisers and agencies have their own relationships with publishers or are seeking to establish such relationships, and may choose to buy advertising inventory directly from them rather than leverage all the capabilities of our platform.

As a consequence of the telecommunications and mobile markets reaching saturation in certain geographies where we operate, there are a limited number of new subscribers entering the market and therefore in order to increase our subscriber base and market share, we are dependent on attracting our competitors' existing subscribers, which intensifies the competitive pressures that we are subject to. Moreover, the competitive landscape in our operating segments is generally characterized by increasing competition, tiered offerings that include lower priced entry-level products and a focus on multi-play offerings, including special promotions and discounts for customers who subscribe for multi-play services. We expect additional competitive pressure from media and telecommunications industries that seek to offer packages of fixed-based and mobile voice, internet and video broadcast services. In addition, we expect competition to increase as a result of changes to the regulatory regimes in the markets in which we operate, such as those attempting to increase competition by allowing third party access to cable networks on a wholesale basis.

The telecommunications services industry has undergone significant technological development over time and these changes continue to affect our business. Such changes have had, and will continue to have, a profound impact on consumer expectations and behavior. Our products and services are also subject to increasing competition from alternative new technologies or improvements in existing technologies. For example, our pay TV services in certain jurisdictions compete with IPTV service providers in our network areas utilizing DSL or VDSL broadband internet connections. In the broadband internet market, we face competition from mobile operators that are increasingly utilizing a combination of progressively powerful handsets and high bandwidth technologies, such as universal mobile telecommunications system ("**UMTS**") and LTE technology. Mobile services providers, including those offering advanced, high speed, high bandwidth technologies and MVNOs also contribute to the competitive pressures that we face in our fixed-based telephony business. In the past, mobile operators have engaged in 'cord-cutting' campaigns and have used attractive mobile calling tariffs to encourage customers with both fixed-line and mobile services to retain only their mobile services. This substitution, in addition to the increasing use of alternative communications technologies, negatively affects our fixed-line call usage volumes and subscriber growth. At the same time, incumbent fixed-line operators have also applied resources to 'win back' activities that can entice our existing telephony customers, as well as prospective telephony customers, to return or remain with the incumbent by offering certain economic incentives.

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 our 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 audio-visual 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 us, while simultaneously requiring us to increase capital expenditures to remain competitive, which could adversely affect our business, financial condition and results of operations.

Moreover, we are 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 ours, 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, Facebook 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 we, 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 our products and services, among other material adverse effects.

In addition, we 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 the existing infrastructure and to roll out public WiFi in a cost-efficient way, our 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 our ability to retain or acquire customers. Furthermore, our 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 we can. An increase in public WiFi networks could also cause declines in profitability as demand for our network and services decreases.

The following is an overview of the competitive landscape in Portugal, Israel and the Dominican Republic:

Portugal

In Portugal, we have experienced pressure from our competitors to reduce monthly subscription fees. The competitive landscape has changed significantly as a result of the merger in 2013 of ZON Multimédia—Serviços de Telecomunicações e Multimédia, SGPS, S.A. ("**ZON**"), the largest cable operator at that time, and Optimus SGPS, S.A. ("**Optimus**"), the third largest mobile operator at that time, to create NOS SGPS, S.A. ("**NOS**"), an integrated telecommunications operator in Portugal. We also face competition from Cabovisão (now Nowo), which we disposed of in January 2016, under its new ownership. In the broadband and mobile market, we face competition from Vodafone, NOS and Nowo, the latter operating through a MVNO with MEO. In the fixed telephony market, PT Portugal has experienced, and may continue to experience, erosion of market share of both access lines and of outgoing domestic and international traffic as result of the trend toward the use of mobile services instead of fixed telephone services. Additionally, all mobile players have launched fixed telephony services based on their mobile networks, which are directly competing for the same customers. Competition is intensified by mobile operators NOS and Vodafone with large mobile operations, particularly in light of their partnership relating to the reciprocal sharing of fiber and mobile towers across Portugal. The new network sharing agreement between NOS and Vodafone took effect from the beginning of 2018 and contemplates the development and sharing of dark fiber in fixed infrastructure at a national level. This agreement was subsequently extended to the mobile infrastructure, covering mobile networks. These and such similar other developments could have a material adverse effect on our business, financial condition and results of operations. Mobile operators can bypass PT Portugal's international wireline network by interconnecting directly with fixed-line and mobile networks either in its domestic network or abroad. Through FastFiber, the Portuguese operation continues expanding its proprietary fixed fiber infrastructure and rollout of FTTH, competing with Vodafone and NOS. In the business services market, competitors such as Vodafone and NOS are taking market share from MEO in traditional connectivity services, partly offset by MEO introducing new ICT services to its business customers. Competition is also forcing down the prices of fixed-line voice services for long distance and international calls, as operators have been offering unlimited voice communications for all national and several international fixed destinations. Lowering international call prices has caused a decline in PT Portugal's revenues from international fixed-line voice services. We expect competition from operators with services based on VoIP to also place increasing price pressure on voice tariffs. In addition, ANACOM (*The Autoridade Nacional de Comunicações*, the Portuguese telecommunications regulator) has in recent years approved significant reductions in fixed and mobile termination fees, as well as the prices charged by PT Portugal for leasing out its Continent-Azores-Madeira ("**CAM**") lines and ethernet circuits. These factors have significantly affected PT Portugal's overall revenues, and we expect these factors to continue to negatively affect revenues in the future.

Israel

In Israel, in the multi-channel television market, our main competitor is D.B.S. Satellite Services (1998) Ltd, a subsidiary of Bezeq, which provides satellite technology based multi-channel television services under the brand "YES". Cellcom Israel Ltd. ("**Cellcom**") and Partner Communications Company Ltd. ("**Partner**") also provide broadcasting offers to subscribers over the internet (OTT).

Other factors that have a material impact on competition in the market include the availability of free-to-air DTT channels and the increasing availability of video content and services that may be offered via the internet. In addition, we believe that the implementation of certain regulatory changes may have an impact on competition in the market, including the expansion in the number of free-to-air DTT channels, the 'narrow' television package and the increased scope of special broadcasting licenses pursuant to which we are required to broadcast television channels owned by special broadcasting license holders on our network under certain terms.

In the broadband market, we compete primarily with Bezeq, which provides high speed broadband Internet access over DSL, holds the highest market share in broadband Internet infrastructure access in Israel, and offers a range of products with different download speeds, data transfer limits and other value added services. Continued upgrades to the quality of Bezeq's DSL based broadband internet infrastructure access service to VDSL and potentially even faster DSL variants and the possibility of widespread FTTX installations which it launched in March 2021, could have a negative impact on our competitive position in the broadband internet infrastructure market and may also require us to revise our marketing strategy and make potentially significant capital expenditures. The regulatory changes since 2015, requiring Bezeq and HOT to provide certain wholesale services to service providers with a view to create a market for broadband infrastructure access and fixed telephony services, has also resulted in increased competition from other service providers such as ISPs and IPTV providers who utilize our cable networks to provide internet services. These and such similar other regulatory changes may have a negative impact on our business, financial condition and results of operations. Competition had also increased following the creation of a public-private joint venture in June 2013 between the government owned Israeli Electric Company ("**IEC**") and private owners which established IBC Israel, which use IEC's passive physical infrastructure in Israel to provide wholesale products to telecommunication services providers via an optical fiber network, and thus competed with HOT and Bezeq in the wholesale market as well as providing such services directly to large business customers. In June 2019, the Israeli Ministry of Communications approved a merger between IBC Israel, and Cellcom and Israel Infrastructure Fund, further to approving a significant decrease in IBC Israel's deployment obligations. In February 2021, HOT acquired an indirect stake of approximately 23.3% in IBC Israel, through its holdings in the partnership, similar to Cellcom and Israel Infrastructure Fund's share holding in IBC Israel. IEC continues to hold 30% of IBC Israel's shares. As an integral part of the transaction, HOT entered into an agreement for the purchase of indefeasible rights of use (IRU) in infrastructure lines in IBC Israel, according to certain committed gradual increases in the percentage of the customers' houses connected to IBC Israel's network. As of April 2021, HOT offers fiber-based internet services over IBC Israel's fiber optic network in certain areas where the network had already been deployed.

In addition to Cellcom and IBC Israel, Partner is also deploying an optical fiber based network in several areas. In December 2018, the Israeli Ministry of Communications published a public hearing regarding the proposed regulatory principles for the policy regarding the deployment of ultra broadband infrastructure in Israel in order to create a competitive environment and establish rules that will promote the deployment of fiber optic networks in Israel. Pursuant to the hearings and recommendations of a public committee appointed for this purpose, the Israeli government approved the policy regarding fiber optic deployment in Israel in September 2020, followed by an amendment to the Israeli Communication Law in December 2020. According to such policy, Bezeq is required to notify to the Israeli Ministry of Communications of the areas in which it plans to deploy fiber and is under an obligation to complete the deployment according to a timeline provided in its license. In order to also promote the deployment of advanced network in peripheral areas, a national fund will be established to conduct bid procedures for the deployment in such areas. The fund will be financed by all the telecommunication operators (including Bezeq) which will be obligated to pay 0.5% of their respective annual income to the fund, with the deduction of interconnect fees. Bezeq will not be entitled to participate in the bids.

Competition in providing fixed-line telephony service is intense and is expected to increase as a result of the creation of the wholesale market with providers having introduced substantial price reductions over the past few years. Bezeq, our principal competitor in the Israeli market and the largest provider of fixed-line telephony services, has an extensive fixed-line telephone network throughout Israel, strong market knowledge, high brand recognition and substantial capital resources. Other competitors provide fixed-line telephony services over broadband ("**VoB**"), among them Cellcom and Partner.

In Israel, our mobile service, HOT Mobile, competes with several mobile network operators, including Cellcom, Partner, Golan Telecom and Bezeq, who between them are estimated to directly represent approximately 95% of the total market for mobile services in Israel as of March 31, 2021 by number of mobile customers. The telecom market in Israel has changed significantly in recent years to become more fragmented, including nine players in the mobile market, underlying an increase of competition. The principal mobile operators in Israel benefit from strong brand recognition. In July 2019, the Israeli Ministry of Communications published a national bid for the allocation of 5G frequencies. HOT Mobile and Partner submitted a joint proposal. Following the bid, each leading mobile operator won certain frequency bands which allow them to provide 5G mobile cellular services. After the completion of the allocation in September 2020, HOT launched 5G services in the first quarter of 2021 in certain areas in Israel.

Competition in the provision of internet, data and voice products to business customers is intense, with Bezeq, several local telephony operators through VoB and several international telephony operators among our competitors. In addition to competitive activity, we continue to see challenges in this segment of the market as a result of price erosion in existing products and the need to invest in new product development to satisfy the evolving preferences of prospective customers.

Dominican Republic

We face significant competition from market incumbents, including Claro which has the largest market share in each of the residential mobile, residential fixed and business services segments, and other small competitors. For our fixed-based services, our competitors include local players such as Viva and Aster and also include, but are not limited to, providers of television, broadband internet, fixed-line telephony and business services using xDSL or fiber connections, providers of TV services using technologies such as IPTV and satellite, DTT providers, mobile network operators providing fixed wireless broadband access services, providers of emerging digital entertainment technologies, mobile voice and other providers of wholesale services. In the mobile market, Altice Dominicana mainly competes with Claro (with which it shares a comparable spectrum range and 4G-LTE population coverage), and with Viva in the low-end segment. We also face competition from other mobile operators who own and operate a mobile network as well as from providers of VoIP. Altice Dominicana also competes with niche players Wind and Sky. In the pay-TV segment, the market is still deeply fragmented with several regional cable operators. For our wholesale services our key competitors include, but are not limited to, wholesale providers of voice, data and fiber services.

The competitive landscape in the Dominican Republic is generally characterized by increasing competition, tiered offerings that include lower priced entry-level products and in the fixed-line segment, a focus on multi-play offerings, including special promotions and discounts for customers who subscribe for multi-play services. We expect additional competitive pressure from media and telecommunications industries that seek to offer packages of fixed-based and mobile voice, internet and video broadcast services. In addition, we expect competition to increase as a result of changes to the regulatory regimes in the Dominican Republic, such as those attempting to increase competition by allowing third party access to fixed networks that are considered an essential facility and the obligation to share access to passive elements of mobile networks with other operators.

With respect to the Teads segment, we face competition from various market participants, including the Walled Gardens such as Google and Facebook, TikTok, Twitter, Snap, Verizon, Iron Source, Xandr, Taboola, TripleLift, supply side platforms and demand side platforms. As we grow larger, we may face increased competition from the Walled Gardens should they choose to target our market share in the open internet as a growth opportunity. If the Walled Gardens begin to compete more directly with us in this manner, it could have an adverse effect on our business, financial performance, financial condition and cash flows. We also face competitive risks in our relationship with publishers. Although we currently have exclusivity for outstream video with over 80% of approximately 3,100 of our publishers, header bidding opportunities (whereby a publisher may offer ad space to numerous outlets at once) may lead publishers to exit their exclusive arrangements with us. We also face competition from alternative service providers who are able to compete directly with us on placements and who can offer revenue guarantees that are competitive with ours. If our partnerships with publishers decline or become non-exclusive, customers may choose to work with our competitors. Further, we may in the future face competition from powerful publishers or alliances of publishers that compete directly with us by building their own technology or using a competitive technology to sell outstream videos on their own or in combination with one of our competitors.

Our inability to compete successfully against companies that offer services similar to ours could result in increased customer churn, revenue loss, pressures on recruitment and retention of team members, service price reductions and increased research and development, marketing and promotional expenses or reduced operating margins, which could have a material adverse effect on our business, financial performance, financial condition and cash flows. Introduction of competent, competitive products, pricing strategies or other technologies by other competitors that are superior to or that achieve greater market acceptance than our products and services could adversely affect our business.

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

We believe that one of our major competitive advantages is the power and speed of our fiber optic/cable network. However, certain of our competitors are deploying and expanding their fiber and/or VDSL2 networks enabling download speeds and bandwidths that could rival those reached by our network, and thus strongly reducing our competitive advantage. Furthermore, other operators may obtain access to the infrastructure deployed by an operator including certain of our fiber/cable networks, through joint projects or wholesale arrangements. For instance, in Israel, IBC Israel operates on a wholesale model and several suppliers were already engaged with it, including Cellcom, to provide fiber-based services using IBC Israel’s fiber optic network.

In general, Portugal is a mature market with respect to fiber deployment. As of March 31, 2021, the total number of marketable homes in Portugal is approximately 7.2 million, with MEO’s proprietary homes passed at 4.7 million and Vodafone’s self-built homes at 3.4 million. NOS does not have significant proprietary fiber built, however, it is expanding its footprint and its fiber cable passes 4.9 million homes. The fiber market in Israel is not as mature and only Bezeq, IBC Israel and Partner are currently deploying fiber. With the total addressable homes being 2.5 million as of March 31, 2021, the homes passed for Bezeq is 1.5 million, for IBC Israel is 0.5 million and for Partner is 0.75 million. Through IBC Israel, HOT is targeting to expand its fiber footprint to approximately 1.7 million households in Israel in the next five years and Bezeq has indicated that 250,000 homes (10% of the total addressable homes in Israel) are ready to be connected, with the objective of reaching 1 million homes by the end of 2021 (40% of total addressable homes). This pace of deployment is significantly higher than the previous guidance consisting of reaching 50% of homes within four to five years. On March 14, 2021, Bezeq launched its fiber commercial offering, following several years of negotiations with the regulators. This fiber launch will potentially upsell a sizable chunk of its existing DSL subscribers thereby providing revenue tailwinds. Bezeq faces competition from Cellcom and Partner, which jointly have approximately 10% market share for their fiber offerings, with a large and growing addressable market.

Further, in the Dominican Republic, *Empresa de Transmision Electrica Dominicana* (“**ETED Dominicana**”) has launched the National Fiber Optic Network Backbone, a project pursuant to which its transmission facilities connecting multiple electrical nodes creates a reliable optic transport. ETED Dominicana has also installed a cabinet where local operators can perform a local loop connection to serve their customers or branches. Currently the coverage is in certain provinces, including the Gran Santo Domingo area, Santiago, San Pedro de Macoris and San Cristobal. ETED Dominicana provides connectivity for certain governmental agencies (including the police and national electricity companies). Pursuant to a permit concession granted by Indotel, ETED Dominicana may sell its services to local operators only, such as Claro, Altice Dominicana, Wind or local cable operators, and may no longer offer its services to end customers. This could result in increasing price pressure on our operations in the Dominican Republic.

If our competitors continue to deploy or significantly increase their access to fiber optic networks they could compete with us in terms of the offering of high-speed internet and television services of a quality and speed greater than or equal to ours, thus potentially eliminating our current competitive advantage, increasing the pressure upon prices and margins and leading us to make significant investments in order to match the services they offer. The deployment of VDSL2 and/or access to fiber optic networks by competitors also represents a risk for the business services segment 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 fiber/cable networks presently represent an advantage. Although we are preparing for this deployment by improving our product range and building our fiber/cable network, such deployment could have a material adverse effect on our business, financial position and results of operations.

With respect to our Teads segment, advertisers may choose to shift more spend to Walled Gardens as third-party cookies are deprecated among independent publishers operating outside the Walled Gardens.

In the last several of years, internet browsers have started deprecating third-party cookies, which are small text files created and placed by third-party technology websites (like Teads) other than the website a user is visiting. These cookies are used to track a user for targeting purposes and measure performance of digital advertising campaigns without collecting nor processing personally identifiable information. This shift by internet browsers stems from pressure from consumers and regulators to ensure the industry is respecting user privacy as some consumers and regulators deemed cookies to be impacting consumer privacy. This decline in the use of third-party cookies limits advertising technology companies' ability to track and target users, potentially resulting in advertising campaigns being less effective. Though we have developed our own cookie-less alternatives, there is no guarantee that advertisers will find our alternative solutions to be effective, and the perception that our or other solutions are not effective may cause advertisers to shift more spend away from the open internet and towards Walled Gardens such as Facebook and Google, which do not rely as much on cookies and are able to use logged-in user data for targeting and tracking purposes.

Further, with respect to the Teads segment, the prices we are able to charge for our services are affected by a number of factors, including price competition, our ability to accurately estimate revenues from customer engagements, our ability to estimate resources and other costs for long-term pricing and cash flows for long-term contracts, our customers' perceptions of our ability to add value through our services, introduction of new services or products by us or our competitors and general economic and political conditions. In addition, privacy regulations may further restrict customers' ability to run targeted advertising campaigns, which will lead to pricing decline since customers will want to pay less for less targeted advertising.

Changes in competitive offerings for content, including the potential rapid adoption of piracy-based video offerings, could adversely impact our 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. The ability of customers to obtain high quality content may lead to a decline in our pay television business. 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. Piracy, in particular, threatens to damage our 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. If we are unable to successfully or profitably compete with current and new competitors, our business will be adversely affected, and we may not be able to increase or maintain market share, revenues or profitability.

With respect to our Teads segment, our failure to maintain and grow our relationships with customers and publishers and increase spend through the Teads platform may negatively impact the Teads revenue and business.

To sustain or increase our revenue from the Teads segment, we must regularly add new customers (agencies and advertisers) and encourage existing customers to maintain or increase the amount of advertising spend placed through the Teads platform. If competitors introduce lower cost or differentiated offerings that compete with or are perceived to compete with Teads', our ability to grow the Teads business with new or existing customers could be impaired. It is possible that we may reach a point of saturation from which we cannot continue to grow our revenue because of internal limits that advertisers may place on the allocation of their advertising budgets for digital media to a particular provider or otherwise. Teads customers typically have relationships with different providers and there is limited cost to moving budgets to Teads' competitors. As a result, we may have limited visibility as to our future revenue streams. We cannot assure you that Teads customers will continue to use our platform or that we will be able to replace, in a timely or effective manner, departing customers with new customers and publishers that generate comparable revenue.

On the supply side, Teads is subject to the economic health and evolving business strategies of its publisher partners. Teads depends upon publishers to provide advertising space which it can offer to existing and prospective advertisers and agencies. While Teads has established exclusivity for outstream video with 80% of approximately 3,100 of our publisher partners, and has experienced a Publisher Retention Rate (defined as the number of our top 500 publishers retained from the prior period end) of approximately 99% in the year ended December 31, 2020, a decline in exclusivity levels or retention rates could have a material adverse effect on its ability to grow its revenues and execute its strategy. If Teads fails to provide sufficient advertising demand and expected levels of monetization, its publisher partners may consider renegotiating the terms of their contractual exclusivity or establishing relationships with our competitors. Furthermore, independent publishers struggle to compete with the Walled Gardens, which has driven some publishers out of business. When independent publishers go out of business, Teads experiences a decrease in access to premium advertising inventory, which may make its services less attractive to agencies and advertisers. Publishers may also opt to transition to a subscription model as an alternative method of providing their content, which would not include advertisements, which would also contribute to a decrease in our access to premium inventory. A decline in the market for programmatic advertising or the failure of that market to grow as expected could also adversely affect the business, results of operations and financial condition of Teads. Any of these developments may adversely affect the business, results of operations and financial health of Teads.

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

Our operations are subject to macroeconomic and political risks that are outside of our control. The current macroeconomic environment is highly volatile, and continuing instability in global markets, including instability related to the COVID-19 pandemic, international trade, tariffs, sovereign debt issues, the risk of inflation and deflation and the stability of the euro, has contributed to a challenging global economic environment. 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.

As the countries in which we operate seek to recover from any natural disasters and pandemics (such as the COVID-19 pandemic) or their governments seek new sources of revenue due to high fiscal deficit, such governments 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 the U.K.'s exit from the EU on January 31, 2020 (commonly referred to as "**Brexit**"), 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 EU 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 had been applied provisionally since January 1, 2021 subject to formal approval by the European Parliament and the Council of the European Union. The European Parliament approved it on April 28, 2021 and the Trade and Cooperation Agreement is now effective. 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 EU 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 EU, uncertainty in international financial markets and reduced economic growth in certain jurisdictions. It is possible that 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 in which we operate would require us to modify our billing and other financial systems. No assurance can be given that any required modifications could be made within a timeframe that would allow us to timely bill our customers or prepare and file required financial reports. In light of the significant exposure that we have to the euro through our euro-denominated borrowings, derivative instruments, cash balances and cash flows, a redenomination event could have a material adverse impact on our business.

Furthermore, continued hostilities in the Middle East and North Africa could adversely affect the Israeli economy. Additionally, the economy of the Dominican Republic depends to a significant degree on global tourism and the health of the U.S. economy and remains vulnerable to external shocks (e.g. economic declines in other emerging market countries). Any decrease in visitors, downturns in the U.S. economy or other similar external shocks could have a material adverse effect on economic growth in the Dominican Republic. Environmental factors, such as disruptions due to natural disasters, have in the past and may in the future have an adverse effect on the economies of the jurisdictions in which we operate, including the Dominican Republic. Negative macroeconomic and political conditions could also adversely affect access to capital and increase the cost of capital. As a result of disruptions in the credit markets, many lenders may increase interest rates, enact tighter lending standards, require more restrictive terms (including higher collateral ratios for advances, shorter maturities and smaller loan amounts) or refuse to refinance existing debt at all or on terms similar to pre-crisis conditions. Changes in interest rates and exchange rates may also adversely affect the fair value of our assets and liabilities. If there is a negative impact on the fair values of our assets and liabilities, we could be required to record impairment charges.

Negative macroeconomic developments in the markets in which we operate, 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 our 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 markets in which we operate 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 governments in various jurisdictions on deployment of new infrastructure, we may, or may be required to, delay certain capital investments, such as fibre deployment 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 three months ended March 31, 2021, we have been impacted by a decline in handset sales in the context of the closure of shops and a decrease in roaming revenue due to decreased travel.

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 conditions are being lifted in certain jurisdictions, significant restrictions and social distancing measures remain in place, which continue to adversely affect the overall world 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 governments across various jurisdictions to contain the COVID-19 pandemic are adequate and will be effective in achieving their goals. It is unclear when, if at all, the COVID-19 pandemic will be contained.

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.

During the course of the pandemic, financial markets have been experiencing extreme fluctuations. Any similar fluctuations 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 around the globe, which could adversely impact our results.

Further, political repercussions of responses to the COVID-19 pandemic by the EU institutions, other countries in the EU and other geographies where we operate could have complex and hard-to-predict consequences for the future, including a destabilization of the EU 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.

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

Although we seek to manage the credit risks associated with our financial instruments, cash and cash equivalents and undrawn debt facilities, disruptions in credit and equity markets could increase the risk that our counterparties could default on their obligations to us. Were one or more of our counterparties to fail or otherwise be unable to meet its obligations to us, our 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 our counterparties could (a) reduce amounts available under committed credit facilities and (b) adversely impact our ability to access cash deposited with any failed financial institution and (ii) sustained or further tightening of the credit markets could adversely impact our ability to access debt financing on favorable terms, or at all.

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 in the 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.

For instance, in January 2016, the International Accounting Standards Board issued a new standard (IFRS 16 (*Leases*)) which came into effect on January 1, 2019, superseding the previous standard (IAS 17) and its interpretations. The Group has applied IFRS 16 using the modified retrospective method, with the date of initial application of January 1, 2019. 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 right-of-use ("**ROU**") related to leased assets and corresponding lease liabilities. Moreover, our consolidated statement of profit or loss is impacted as operating lease fees corresponding to such ROU assets no longer comprise a part of operating expenses, but instead are recognized under depreciation and interest expenses. Our consolidated statement of cash flows is also impacted given that payment for lease liabilities is now presented within financing activities. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations of the Group—Basis of Presentation*" for more information. For further details on new accounting standards that may have a significant impact on our consolidated financial statements, see, Note 1.3 to the 2019 Financial Statements, Note 1.3 to the 2020 Financial Statements and Note 2.1.1.1 to the Unaudited Financial Statements.

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

Certain of our operations are conducted through subsidiaries or associates 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. Our 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 our 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.

We may have exposure to greater than expected tax liabilities.

The tax laws and regulations in the jurisdictions in which we operate 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, we 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 the jurisdictions in which we operate 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 our tax status and our 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.

We have structured our commercial and financial activities in compliance with various regulatory obligations to which we are subject, as well as in line with our commercial and financial objectives. Significant judgment is required in determining the Group's 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 positions, the tax treatment applied to our activities or our intra-group reorganizations is sometimes based on interpretations of the applicable tax regulations. We cannot guarantee that our interpretations will not be called into question by the tax authorities in the jurisdictions in which we operate, 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.

In addition, tax laws and regulations could change and could be subjected 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.

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 fiber/cable and mobile networks and of fixed-mobile convergence. At the core of the Group's strategy is customer, revenue, profitability and cash flow growth by efficiently running telecom assets, creating underlying organic growth, and as a result, achieving a leverage profile consistent with the stated target leverage range. Key elements of this strategy include: (i) building operational and financial turnaround in Portugal; (ii) optimizing the performance in each market with a particular focus on customer services; (iii) continuing to invest in best-in-class infrastructure commensurate with our market position; (iv) growing advertising revenue; and (v) the potential monetization of part of the Group companies' infrastructure and assets at attractive valuations. However, the Group is evolving in a market affected by economic, competitive and regulatory uncertainty and it 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 our 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.

Historically, our business has grown, in part, through a significant number of acquisitions. We may continue to grow our business through selective acquisitions of, or investments in, businesses that we believe will present opportunities to create value by generating strong cash flows and operational synergies. The success of this strategy of pursuing strategic opportunities through selective acquisitions or other combinations depends on our ability to identify the appropriate targets, audit such targets appropriately, negotiate favorable terms, and carry out these transactions and integrate the new acquisitions. We may experience difficulties in integrating acquired operations into our 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 our relationships with current and new employees, customers and suppliers. In addition, our management may be distracted by such acquisitions and the integration of acquired businesses. Such transactions may also be subject to the satisfaction of pre-closing conditions or 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. The failure to satisfy such conditions or obtain such approvals 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 addition, future consolidations in the sectors where we operate will reduce opportunities for acquisitions or combinations. We believe that some of our competitors are implementing similar acquisition strategies and these competitors may have greater financial resources to make investments or may be able to accept less favorable terms than us, thus depriving us of opportunities and reducing the number of potential acquisition targets. The implementation of our acquisition strategy could increase the level of indebtedness of the Group, which could create new or intensify existing risks faced by the Group. See "—*Risks Relating to our Financial Profile*". Furthermore, our ability to make acquisitions is limited by our financing agreements. See "*Description of Indebtedness*".

We periodically evaluate, and have engaged in, strategic transactions, such as the sale of international wholesale assets, the Towers Transactions and the Altice Portugal FTTH Transaction. 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 undertaken by us could adversely affect our financial condition and results of operations. In certain cases, the Group has entered into joint venture arrangements with a majority or minority interest in such joint ventures. Even in cases where the Group retained a majority interest, our joint venture partner may have significant influence over policies, including dividend policy and 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.

Revenue from certain of our services has been declining, or not growing, and we may be unable to offset such trends.

We have experienced declines in our consolidated revenues and the revenue and Adjusted EBITDA generated from certain of our operating segments and operating activities. We may continue to experience further declines, which we may not be able to offset with the introduction of new services, depending on technological trends, customer consumption patterns and competitive behavior in the market. Our total revenues decreased for the year ended December 31, 2020 compared to the year ended December 31 2019 and there was a decrease in revenues in the residential mobile and residential equipment segments. Similarly, our total revenue decreased for the year ended December 31, 2019 compared to the year ended December 31, 2018 and there was a decrease in revenues in the residential fixed, residential mobile, business services and media segments. On a consolidated basis, for the year ended December 31, 2020, and the three months ended March 31, 2021, we generated revenue of €4,065 million and €1,015 million, respectively, and Adjusted EBITDA of €1,580 million and €371 million, respectively, compared to revenue of €4,084 million and €991 million, and Adjusted EBITDA of €1,548 million and €375 million for the year ended December 31, 2019 and three months ended March 31, 2020, respectively. On a consolidated basis, for the year ended December 31, 2020, and the three months ended March 31, 2021, we generated profit from continuing operations of €418 million and loss from continuing operations of €159 million, respectively, compared to loss from continuing operations of €439 million and profit from continuing operations of €704 million for the year ended December 31, 2019 and three months ended March 31, 2020, respectively. For a reconciliation of the Group's profit/(loss) from continuing operations to Adjusted EBITDA, see "*Summary*

Financial Information and Other Data—Revenue and Adjusted EBITDA—Reconciliation of profit/(loss) from continuing operations and operating profit/(loss) to Adjusted EBITDA". For a detailed break-down of revenue per operating activity for each of the periods presented in the table above, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Discussion and Analysis of Our Results of Operations—For the three months ended March 31, 2021 compared to the three months ended March 31, 2020—Revenue*", "*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—Revenue*" 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—Revenue*".

Altice Dominicana's revenues decreased in the year ended December 31, 2020 compared to the year ended December 31, 2019 and in the three months ended March 31, 2021 compared to the three months ended March 31, 2020. The decrease in reported revenue was mainly driven by the unfavorable development of the foreign currency rate for DOP. On a local currency basis, the revenue of Altice Dominicana increased by 5.1% during this period. Adjusted EBITDA from Israel and the Dominican Republic decreased for the year ended December 31, 2020 compared to the year ended December 31, 2019. Adjusted EBITDA from each of Portugal, Israel and the Dominican Republic decreased for the year ended December 31, 2019 compared to the year ended December 31, 2018 and in the three months ended March 31, 2021 compared to the three months ended March 31, 2020, due to an increase in the operating costs and staff costs and employee benefit expenses while Group revenue increased.

We anticipate that the trend of declining revenues and Adjusted EBITDA in certain operating segments and operating activities may continue and there can be no assurance that the initiatives that we undertake to offset revenue and Adjusted EBITDA declines in certain activities will materialize. Our business, financial conditions and results of operations may be adversely affected if we are unable to introduce new, or enhance existing, products and services or implement cost-saving or revenue enhancing strategies.

We have a history of losses and may report losses in the future.

We have reported loss from continuing operations of €439 million for year ended December 31, 2019 compared to profit from continuing operations of €418 million for the year ended December 31, 2020. For the three months ended March 31, 2021, we reported loss from continuing operations of €159 million, compared to profit from continuing operations of €704 million for the three months ended March 31, 2020. We may incur losses in the future due to, among other things, interest expenses, depreciation and capital expenditure. While a portion of any future losses may consist of depreciation and amortization expenses, which do not directly impact our cash flow, future losses may adversely affect our business, financial condition and results of operations and may limit our ability to engage in equity or debt financings.

The political and military conditions in Israel may adversely affect our financial condition and results of operations.

Our operations in Israel are affected by political and military conditions. Since the establishment of the State of Israel in 1948, a number of armed conflicts have taken place between Israel and its neighboring countries. For instance, in April 2021 the conflict between Israel and Hamas escalated significantly before both sides entered into a ceasefire on May 21, 2021. There is no assurance that the ceasefire between Israel and Hamas will continue and that no further conflicts will arise. Hostilities involving Israel, any interruption or curtailment of trade between Israel and its trading partners and political instability within Israel or its neighboring countries are likely to have an adverse effect on our business, financial condition and results of operations. In particular, in recent conflicts, missile attacks have occurred on civilian areas, which could cause substantial damage to our networks, affecting our overall network capacity and reducing our ability to continue serving our customers. In addition, in the event that recent political unrest and instability in the Middle East, including changes in some of the governments in the region, cause investor concern resulting in a reduction in the value of NIS, our expenses in non-Shekel currencies may increase, which may result in a material adverse effect on our business, financial condition and results of operations.

During an emergency, including a major communications crisis in Israel's national communications network, a natural disaster, or a special security situation in Israel, control of our networks may be assumed by a lawfully authorized person in order to protect the security of the State of Israel or to ensure the provision of necessary services to the public. During such circumstances, the government also has the right to temporarily withdraw some of the mobile spectrum granted to us. Under the Equipment Registration and Mobilization to the Israel Defense

Forces Law, 1987, the Israel Defense Forces may mobilize our engineering equipment for their use, compensating us for such use and any consequent damage. This may materially harm our ability to provide services to our subscribers in such emergency circumstances and have a negative impact on our revenue and results of operations.

Moreover, the Prime Minister of Israel may, under powers which the Communications Law (Telecommunication and Broadcasting), 5742—1982 (the "**Communications Law**") grants him for reasons of state security or public welfare, order us to provide services to the security forces to perform telecommunications activities and to set up telecommunications facilities required by the security forces to carry out their duties.

Some of our officers and employees are currently obligated to perform annual reserve duty. All reservists are subject to being called to active duty at any time under emergency circumstances. In addition, some of our employees may be forced to stay at home during emergency circumstances in their area. We cannot assess the full impact of these requirements on our workforce and business if such circumstances arise.

More generally, any armed conflicts, terrorist activities or political instability in the region would likely negatively affect business conditions and could harm our results of operations, including following the cessation of such conflicts, due to a potential decrease in the number of tourists visiting Israel. Several countries in the region, in particular Syria, have been experiencing increased political instability and armed conflict, which have led to changes in the governments of some of these countries, the effects of which are currently difficult to assess. Further, tensions have increased recently as a result of the nuclear deal between Iran and the United States and following Russia's involvement in the Syrian war.

Terrorist attacks and threats as well as the escalation of military activity in response to such attacks or acts of war may negatively affect our business, financial condition and results of operations.

Our business is affected by general economic conditions, fluctuations in consumer confidence and spending and market liquidity which can decline as a result of numerous factors outside of our control, such as terrorist attacks and acts of war. In Israel, the ongoing hostilities with the Palestinians, future terrorist attacks, rumors or threats of war, actual conflicts in which Israel or its allies might be involved, or military or trade disruptions affecting us or our customers may adversely affect our operations.

Our 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 Internet, television and fixed-line telephony and mobile services in certain of the jurisdictions in which we operate has increased sharply in recent years. We have benefited from this growth in recent years and our growth and profitability depend, in part, on continued demand for these services in the coming years. We rely on our multi-play and premium television services in most of the jurisdictions in which we operate 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.

Our business is capital-intensive and our capital expenditures may not generate a positive return or we may be unable or unwilling to make additional capital expenditures.

Our business demands significant capital expenditures to add customers to our networks, including expenditures relating to equipment and labor. In particular, we incur and expect to continue to incur 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 our mobile operations and fiber optics (for the deployment of the fiber infrastructure) for our fixed operations. Moreover, as spectrum auctions are infrequent and we may need additional spectrum in the future, we will likely participate in future spectrum auctions even though we 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. For example, in Portugal, ANACOM recently approved regulation for rights of use of frequencies to be allocated in the 700 MHz, 900 MHz, 1800 MHz, 2.1 GHz bands, 2.6 GHz and 3.6 GHz, in which context only a limited number of rights of use shall be attributed. Furthermore, in July 2019, the Israeli Ministry of Communications published a tender for 5G frequencies, and HOT submitted a joint proposal with Partner and each service provider won the following frequency bids: 10 MHz in the 700 MHz frequency range, 20 MHz in the 2,600 MHz frequency range and 50 MHz in the 3,500 MHz frequency range. Following the completion of the allocation in September 2020, HOT started offering 5G services in the first quarter of 2021 in certain areas in

Israel. Further, in Portugal, the 5G spectrum auction started on December 22, 2020 and the allocation of rights of use for frequencies is expected in the third quarter of 2021. In the Dominican Republic, the 5G spectrum auction started on February 9, 2021 and the expected allocation of rights of use for frequencies is scheduled for the fourth quarter of 2021. We expect to participate in both of these auctions.

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 their infrastructure capacity. Moreover, we regularly invest 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. 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 in order to enrich our differentiated and convergent communication services from those of our competitors. Such investments are capital-intensive and no assurance can be given that our recent or future capital expenditures will decrease churn, increase ARPU, generate a positive return or that we will have adequate capital available to finance future upgrades or acquire additional content, programming or licenses. If we are unable to, or elect not to, pay for costs associated with adding new customers, expanding or upgrading our networks, or making our other planned or unplanned capital expenditures, our growth and competitive position may be materially adversely affected.

We are also bound by certain obligations of access and/or coverage for our fiber/cable and/or mobile network, such as obligations to allow roaming or sharing of networks in certain deployment zones. This requires us 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. Given such constraints, we may not be able to operate our network under economically favorable conditions, which could affect the profitability of our investments. We may be subject to similar obligations in the future, which could have a material effect on the manner in which we operate its business and, accordingly, on our outlook, financial position or results of operations.

It cannot be guaranteed that we will continue to have sufficient resources to maintain the quality of our network and of our other products and services, and to expand our network coverage, which are key elements for our 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 our business, outlook, financial position or results of operations.

We are subject to increasing operating costs and inflation risks which may adversely affect our earnings.

While we generally attempt to increase our subscription rates to offset increases in operating costs, there is no assurance that we 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 our cash flow and results of operations. We are also affected by inflationary increases in salaries, wages, benefits and other administrative costs which we may not be in a position to pass on to our customers, which in turn could have a material adverse effect on our business, financial condition and results of operations.

Our long-lived assets may become impaired in the future, which could cause a non-cash charge to our earnings.

The valuations of certain of our assets in connection with acquisitions has 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 our business, financial condition and results of operations.

A significant amount of our book value consists of intangible assets that may not generate cash in the event of a voluntary or involuntary sale.

As of March 31, 2021, we reported €13,833 million of consolidated total assets, of which €1,102 million were intangible (excluding goodwill) and €3,175 million was goodwill. Intangible assets primarily include customer relationships, trade names, franchises and patents, software and licenses and other amortizable intangibles. While we believe that the carrying values of our intangible assets are recoverable, you should not assume that we would receive any cash from the voluntary or involuntary sale of these intangible assets, particularly if we 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.

Our business is subject to risks of earthquakes, hurricanes, fire, power outages, floods, and other catastrophic events that can be further intensified due to the developing threat of climate change.

Our networks and operations may be subject to interruptions by natural disasters, including, but not limited to hurricanes, fire, floods, earthquakes and other events beyond our control. As we operate in certain jurisdictions in which existing infrastructure and telecommunications equipment (such as cables and mobile towers) may not be able to withstand a major natural disaster and/or in which emergency response time may be significant, prolonged recovery time could be required to resume operations. Moreover, certain countries and territories in which we operate are exposed to the developing threat of climate change and they may be affected by the environmental impact thereof, such as rising sea and air temperatures, extreme weather conditions or food shortages which, in turn, could have an effect on the habitability of such countries and territories and the cost and feasibility of providing telecommunications services. We have experienced similar disruptions in the past in our businesses in the Dominican Republic. Moreover, the economies of certain jurisdictions in which we operate, including the Dominican Republic, depend to a significant degree on global tourism, and environmental disruption has in the past and may in the future have an adverse effect on the number of tourists visiting affected areas. The effects of environmental disruption or other catastrophic events on our network infrastructure and equipment and on the economies of the jurisdictions in which we operate may have an adverse effect on our business, financial condition and results of operations.

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

We remain attentive to environmental risks that might arise or be discovered in the future and have 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, including lawsuits against HOT, which were settled during 2012 with no material expenses incurred in such settlements. The Israeli government has contemplated, and in Portugal the government has adopted, measures to regulate matters related to exposure to electromagnetic waves. These have not, thus far, had a material impact on our business but there can be no guarantee that any future measures adopted in a jurisdiction in which we operate will not have a material adverse impact on our business. The perception of increased health risks related to mobile network sites may also cause us 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 us by, for example, bringing actions demanding the withdrawal of antennas or towers, which could affect our conduct of operations and the deployment of our network, and could have a material adverse effect on our 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 devices or handsets, this would have a material adverse effect on our business, financial condition and results of operations, including through exposure to potential liability, a reduction in subscribers and reduced usage per subscriber. Furthermore, we do not expect to be able to obtain insurance with respect to such liability.

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

The success of 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. We rely on digital programming suppliers for a significant portion of our programming content and VoD services. We may not be able to obtain sufficient high quality programming and other content from third party producers for our digital cable television and other services on satisfactory terms or at all in order to offer compelling digital cable television services. We also rely on certain of our competitors for the provision of certain content offerings. In addition, to the extent that we are unable to reach agreements with certain content providers on terms that we believe are reasonable, we may be forced, or we determine for strategic or business reasons, to remove such content from our line-up and may decide to replace them with other programming, which may not be available on acceptable terms or be as attractive to customers. There can be no assurance that our expiring programming and other content contracts will be renewed on favorable or comparable terms or at all, or that the rights we negotiate will be adequate for us to execute our business strategy. Further, with respect to our operations in Israel, we cannot assure you that the local content we are required to develop in conjunction with our partner studios will continue to be successful. The inability to obtain high quality content, may also limit our ability to migrate customers from lower tier programming to higher tier programming, thereby inhibiting our ability to execute our business strategy. In addition, we are currently subject to "must carry" requirements in certain of the jurisdictions in which we operate that may consume channel capacity otherwise available for other services. Any or all of these factors could result in reduced demand for, and lower revenue and profitability from, our digital cable television and other content services.

Programming and content-related costs are one of our 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. We may not be able to pass these increased programming costs on to our subscribers due to the increasingly competitive environment that we operate in. If we are unable to pass these increased programming costs on to our subscribers, our 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 our ability to negotiate lower per-subscriber programming costs and which could impact our operating margins. The expiration dates of our various programming contracts are staggered, which results in the expiration of a portion of our programming contracts throughout each year. We 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 our costs deriving from broadcaster licences. We also face 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 our control, including due to termination of the rights or licenses held by third party content suppliers. We attempt to control our programming costs and, therefore, the cost of our video services we charge to our customers, by negotiating favorable terms for the renewal of our affiliation agreements with programmers. To the extent we are unable to reach agreements with certain programmers on terms we believe are reasonable, we may be forced to, or determine for strategic reasons to, remove certain programming from our 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 our carriage of particular programming services.

Some of our programming contracts require us 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 our programming contracts are based on a flat fee irrespective of the popularity of the content purchased under such contract. As a result, if we misjudge anticipated demand for the programming or if the programming we acquire does not attract the number of viewers we anticipated, the profitability of our television services may be impaired. Furthermore, as we purchase a significant portion of our content from various content providers under relatively short term contracts, the prices we pay to purchase such content are subject to change and may increase significantly in the future, which could have a material adverse effect on our results of operations.

In addition, 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 our subscribers and can lead to customer dissatisfaction and, in certain cases, the loss of customers, which may have a material adverse effect on our business, financial condition and results of operations.

Furthermore, as long as we continue to develop our VoD and other interactive services, our ability to acquire programs for our free VoD offerings (replay), VoD by subscription, and one-time VoD will become more and more crucial and will depend on our ability to maintain a relationship and cooperation with content providers and broadcasters, for both standard-definition as well as HD content.

If we cannot obtain and keep competitive programs at attractive prices on our networks, demand for our services could decline, thus limiting our 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 our business activities, our financial position and results of operations.

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

We have 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 us to quickly change supply and maintenance relationships in the event that our initial supplier refuses to offer us favorable prices or ceases to produce equipment or provide the support that we require. For example, while we continue to promote a rapid take up of our premium multi-play services in several geographies where we operate using a single set-top box, we face potential risks in securing the required customer set-top box equipment to maintain this roll out as we currently rely on a single provider. Currently, we have a sufficient supply of these boxes available, but any future shortages may involve significant delays in seeking alternative supplies, may constrain our ability to meet customer demand and may result in increased customer churn.

There was an impact of the COVID-19 pandemic in some categories of the supply chain in the Dominican Republic, Israel and Portugal due to an increase of lead times (specifically for chipsets), increase in transportation costs and delays in some shipments (mostly by sea). There has also been a shortage of chips globally.

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 our subscribers, in individual cases, or if the suppliers are insolvent, in whole or in part. In addition, there can be no assurances that we will be able to obtain the hardware, software and services we need for the operation of our business in a timely manner, at competitive terms and in adequate amounts. In particular, in the case of an industry wide cyclical upturn or high demand for a particular product, our 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. We have, 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. We may also not be able to recover monies paid to such suppliers or obtain contractual damages to which we may be entitled (if any) in the event our suppliers fail to comply with their obligations in a timely manner.

We also outsource some of our support services, including parts of our 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 our operations and could result in us incurring additional costs, including if the outsourcing counterparty increases pricing or if we are required to locate alternative service providers or in-source previously outsourced services.

Further, we are dependent on certain suppliers with respect to our mobile services in Israel who we may not be able to replace without incurring significant costs. With respect to our 3G/4G mobile operations, we have engaged Nokia Solutions and Networks ("**NSN**") as a turnkey contractor to plan and build the UMTS/LTE network core.

A cessation or interruption in the supply of the products and/or services by NSN may harm our ability to provide our mobile services to our subscribers.

We are dependent on various third parties in order to provide commercially viable services in the jurisdictions in which we operate. For example, among other agreements, we rely on the Partner Network Sharing Agreement to hold, develop and operate an advanced shared mobile network in Israel and a Fiber Sharing Agreement with Vodafone Portugal to deploy, share and manage fiber capacity in Portugal. We are 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, our telephony services are reliant on our ability to interconnect with the telecommunications networks of other fixed-line, mobile and international operators globally. We have 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 our business, financial condition and results of operations.

Our ability to renew our 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 our control. The occurrence of any of these risks or a significant disruption in our supply of equipment and services from key sourcing partners could create technical problems, damage our reputation, result in the loss of customer relationships and have a material adverse effect on our business, financial condition and results of operations.

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

Historically, our business has grown, in part, through a significant number of selective acquisitions that has enabled us to take advantage of existing networks, service offerings and management expertise. Since 2010, we have acquired HOT in Israel, PT Portugal in Portugal, Teads, a video advertising marketplace and Altice Dominicana in the Dominican Republic. We may continue to grow our 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. In addition, we have in the past few years entered into certain strategic transactions, such as the Towers Transactions, the sale of our voice carrier business, to monetize the value of certain of our noncore assets in Portugal and the Dominican Republic, the OMTEL Sale Transaction and the Altice Portugal FTTH Transaction. In the future, we may enter into similar transactions in one or more countries in which we operate.

Any acquisition, disposal or other strategic transaction we 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. We may experience difficulties in integrating acquired operations into our 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 our relationships with current and new employees, customers and suppliers. In addition, our management may be distracted by such acquisitions and the integration of acquired businesses. Thus, if we consummate any further acquisitions or fail to integrate any previous acquisitions, there could be a material adverse effect on our 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, our debt burden may increase if we borrow funds to finance any future transactions, which could have a negative impact on our cash flows and our 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, in connection with a merger transaction, may require restorative measures, such as mandatory disposition of assets or divestiture of operations. For example, in connection with the PT Portugal Acquisition, we entered into a commitment with the European Commission ("**EC**") to dispose of Cabovisão and ONI which was completed on January 20, 2016. Additionally, in connection with the PT Portugal Acquisition, the EC is conducting an ongoing investigation relating to Altice Europe's alleged infringement of the obligation of prior notification of concentrations under Article 4(1) of the EU Merger Regulation and/or of the standstill obligation laid down in Article 7(1) of the Merger

Regulation. The EC issued a statement of objections on May 18, 2017 alleging that Altice Europe breached the Merger Regulation by implementing the PT Portugal Acquisition before notification or approval by the EC as required under applicable law. On August 18, 2017, Altice Europe submitted a full response to the statement of objections in which it contested all of the objections and requested that a hearing take place. A hearing took place in Brussels on September 21, 2017. On April 24, 2018, the EC notified the Group of its decision to impose upon it a fine of approximately €125 million on the basis of a finding that the Group infringed the prior notification obligations of a concentration under Article 4(1) of the EU Merger Regulation as well as the stand-still obligation under Article 7(1) of the Merger Regulation. The Group disputed the EC's decision and on July 5, 2018, the Group filed an appeal against the decision before the General Court of the European Union ("**GCEU**") seeking an annulment of the decision or, at the very least, a significant reduction in the fine imposed. On November 6, 2018, the Council of the EU filed an application to intervene in the case. On July 25, 2018, the Group issued a bank guarantee to the EC. On November 30, 2018, the EC lodged a defense, to which the Group replied on February 25, 2019, in line with the submissions set forth in its appeal. These proceedings do not affect the approval granted by the EC for the PT Portugal Acquisition. See "*Description of our Business—Legal Proceedings—Portugal—Regulatory and Civil Proceedings—European Commission Investigation into PT Portugal Acquisition*" and "*Description of Indebtedness—2018 Altice Financing Guarantee Facility*".

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. Our 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 our 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. We 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 we consider the operational and financial systems and managerial controls and procedures that we currently have in place to be adequate for our purposes, we recognize that the effectiveness of these systems, controls and procedures needs to be kept under regular review as our business grows. We 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 and increased international operations may strain our managerial resources which may require us to hire additional managerial resources. We 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 our management, growth, operational and financial systems, managerial controls and procedures and, accordingly, our business, financial condition and results of operations.

Pressure on customer service could adversely affect our business.

The volume of contracts handled by our customer service functions can vary considerably over time. The introduction of new product offerings can initially place significant pressure on our 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, we rely on our experienced customer relations personnel to handle any customer issues or requests, and the loss of such personnel can result in the loss of customers.

We have 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 we fail to manage such improvements effectively and achieve such growth, we may in the future experience customer service problems and damage to our reputation, contributing to increased churn and/or limiting or slowing our future growth.

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

The brands under which we sell our products and services, including MEO, HOT, and Altice, are well recognized brands in Portugal, Israel and the Dominican Republic, as applicable. We have developed the brands we use through extensive marketing campaigns, website promotions, customer referrals, and the use of a dedicated sales force and dealer networks. For a description of our brands and offers, see "*Description of Our Business—Significant Contracts*".

Our success depends on our ability to maintain and enhance the image and reputation of our existing products and services and to develop a favorable image and reputation for new products and services. The image and reputation of our products and services may be adversely affected by several factors, including if concerns arise about (i) the quality, reliability and benefit/cost balance of our products and services, (ii) the quality of our support centers or (iii) our ability to deliver the level of service advertised. An event or series of events that threatens the reputation of one or more of our brands, or one or more of our products could have an adverse effect on the value of that brand or product and subsequent revenues therefrom. Restoring the image and reputation of our products and services may be costly and not always possible.

We rely upon copyright, trademark and patent laws to establish and protect our 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 our brand, which could lead to decreased consumer demand and have a material adverse effect on our business, results of operations or financial condition and prospects.

Although we try to manage our brands, we cannot guarantee that our brands will not be damaged by circumstances that are outside our control or by third parties such as hackers, sponsorees, or interfaces with our clients, such as subcontractors' employees or sales forces, with a resulting negative impact on our activities. In particular, our image is increasingly tied to our innovative set-top box which we source from a third party supplier. A failure on our part to protect our image, reputation and the brands under which we market our products and services may have a material adverse effect on our business and results of operations.

We are 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, including that of current, past and prospective employees, customers and the third parties with whom we work. We accumulate, store and use data in the ordinary course of our operations that is protected by data protection laws. Regulatory authorities in the jurisdictions in which we operate our businesses have the right to audit us as well as the right to impose fines if they find we have not complied with applicable laws or adequately protected customer data. Some jurisdictions allow individuals affected by our non-compliance to claim compensation or damages in certain circumstances.

In the EU, the European Parliament and the European Council adopted the regulation (EU) 2016/679 of the European Parliament and of the Council of April 27, 2016 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 EU Member States, and was implemented in the EEA countries with effect from the same date. The purpose of the GDPR is to provide for the protection of the individual's right to privacy with respect to the processing of personal data. The GDPR is directly applicable in all EEA Member States, creating a single legal framework that results in a more uniform application of data privacy laws across the EU. 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 of up to 4% of our annual turnover. 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), and in 2020 British Airways and Marriott were fined £20 million and £18 million, Telecom

Italia was fined €28 million by the Italian Authority (GRANTA), and H&M €35 million by the regulator in Hamburg, Germany (HmbBfDl). Many other and many cases are currently under investigation).

Following Brexit, the GDPR has been imposed in UK law pursuant to the U.K. General Data Protection Regulation ("**UK GDPR**"). The UK's data protection regime primarily consists of the UK GDPR and the U.K. Data Protection Act 2018 (the "**UK DP Laws**"). The relationship between the UK and the EU in relation to certain aspects of data protection law remains unclear, and it is also unclear how the UK DP Laws will develop in the medium to longer term. However, the UK government recently announced its intention to adopt a more flexible approach to the regulation of data, and as a result there remains a risk of future divergence between the EU and UK data protection regimes.

The GDPR creates two main roles in data processing that of data controller and that of data processor. We will be the data controller with respect to personal data that we collect and determine the use for, *i.e.*, processing employment related data of our employees, and a data processor where we act on behalf of clients, *i.e.*, hosting data or providing data-related services. In each role will be required to comply with the provisions of the GDPR and where applicable the UK DP Laws, which are extensive and require consistent and thorough application. The GDPR and UK DP Laws implement more stringent operational requirements and onerous accountability obligations for controllers and processors of personal data, including, for example, requiring expanded disclosures about how personal data is to be used, limitations on retention of personal data, mandatory data breach notification requirements, and higher standards for controllers to demonstrate that they have obtained valid consent or have another legal basis in place to justify their data processing activities.

Data controllers must put in place the necessary mechanisms to allow relevant individuals to exercise their data subject rights, such as the right to access and rectify their personal data, the right to impose restrictions on processing, and in certain circumstances the right to request the deletion of personal data, to request the transfer of such data to another controller and to object to the processing of their personal data. The GDPR and the UK GDPR provide that the Member States and the UK respectively may make their own additional laws and regulations in relation to certain data processing activities, and may impose stricter governance requirements, which could limit our ability to use and share personal data or could require localized changes to our operating models (if applicable).

Through our operations in Portugal, we do 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, we may be subjected to criminal and financial penalties likely to have a material adverse impact on our business, financial position and results of operations.

To the extent applicable, we are also subject to certain rules with respect to cross-border transfers of personal data out of the EEA and the UK. Recent legal developments in Europe have created complexity and uncertainty regarding transfers of personal data from the EEA and the United Kingdom to the U.S. Most recently, on July 16, 2020, the CJEU invalidated the EU-US Privacy Shield Framework ("**Privacy Shield**") under which personal data could be transferred from the EEA to US entities who had self-certified under the Privacy Shield scheme.

While the CJEU upheld the adequacy of the standard contractual clauses (a standard form of contract approved by the European Commission as an adequate personal data transfer mechanism, and potential alternative to the Privacy Shield), it made clear that reliance on them alone may not necessarily be sufficient in all circumstances. Use of the standard contractual clauses must now be assessed on a case-by-case basis taking into account the legal regime applicable in the destination country, in particular applicable surveillance laws and rights of individuals and additional measures and/or contractual provisions may need to be put in place, however, the nature of these additional measures is currently uncertain. The CJEU went on to state that if a competent supervisory authority believes that the standard contractual clauses cannot be complied with in the destination country and the required level of protection cannot be secured by other means, such supervisory authority is under an obligation to suspend or prohibit that transfer.

These recent developments are likely to require us to review and amend the legal mechanisms by which we make and/or receive personal data transfers to/in the U.S. and other countries outside the EEA and the UK. As supervisory authorities issue further guidance on personal data export mechanisms, including circumstances where the standard contractual clauses cannot be used, and/or start taking enforcement action, we could suffer additional costs, complaints and/or regulatory investigations or fines, and/or if we are otherwise unable to transfer personal data between and among countries and regions in which we operate, it could affect the manner in which we provide our services, the geographical location or segregation of our relevant systems and operations.

On January 1, 2021, following Brexit the UK became a third country for the purposes of EU law, such that transfers of personal data from the EU to the UK are permitted only where there is a lawful mechanism under the GDPR. In February 2021, the European Commission issued a draft finding of data protection adequacy for the UK, which is currently being assessed by the European Data Protection Board and will thereafter require approval from representatives of the EU Member States. If the draft finding is not finalised within six months of January 31, 2020, or the UK otherwise does not receive an adequacy finding, the business will no later than June 30, 2021 be required to safeguard transfers of personal data sent from the EU to the UK through the use of standard contractual clauses or other approved mechanisms. This could create additional legal and compliance costs for the business and could result in additional legal and regulatory risks where such transfers are not conducted in accordance with the GDPR, the UK DP Laws and the requirements set out in the CJEU's judgment.

Mirroring the scope of the GDPR local legislation is increasingly in favour of protecting personal data on an extra-territorial basis. Brazil has recently implemented the *Lei Geral de Proteção de Dados Pessoais* (the "**LGPD**"), enforcement of which began in May 2021 with penalties and sanctions for non-compliance provided therein being enforced from August 1, 2021. The LGPD applies to organizations in Brazil as well as organizations that process personal data for the purpose of offering or supplying goods and services to individuals in Brazil. In the United States, state consumer protection laws, including the California Consumer Privacy Act of 2018 (the "**CCPA**"), which became effective on January 1, 2020, also establish privacy and security standards for use and protection of data. The CCPA provides California residents with certain rights regarding the collection or processing of their personal data, against any organization processing their data irrespective of location. Additionally, a recent California ballot initiative, the California Privacy Rights Act (the "**CPRA**"), imposes additional data protection obligations on companies doing business in California, including additional consumer rights processes and opt-outs for certain uses of sensitive data and sharing of personal data starting in January 2023. As voted into law by California residents in November 2020, the CPRA could have an adverse effect on our business, results of operations and financial condition. We cannot yet fully predict the impact of the CCPA and CPRA, or subsequent related regulations or guidance, on business or operations of Teads, but it may require us to further modify our data processing practices and policies and to incur substantial costs and expenses in an effort to comply. Local data protection laws may have an impact on the business requiring changes to business models or processes and create significant costs associated with litigation, settlements, regulatory action, judgments, liabilities or penalties.

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 the EU 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 IP 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. This is now reflected in the drafting of the GDPR. 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 EU e-Privacy Regulation which will replace the Privacy and Electronic Communications Directive 2002/58/EC is currently in unagreed draft form. The EU e-Privacy Regulation covers not only personal data but all access of a user's equipment, which is usually made in relation to the placement of cookies, as well as issues relating to the use of email for commercial marketing and for commercial marketing and telecommunications. The current draft of the EU e-Privacy Regulation aligns issues such as consent with the GDPR. It also aligns the potential fines for non-compliance with the 4% of turnover as set out in the GDPR. The EU e-Privacy Regulation was first drafted to be implemented in May 2018 along with the GDPR, but as the text remains unapproved it is unlikely that the EU e-Privacy Regulation will be implemented before 2021.

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. We 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.

Our reputation and business could be materially harmed as a result of, and we could be held liable, including criminally liable, for, data loss, data theft, unauthorized access or successful hacking.

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

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

Our employees may engage in misconduct or other improper activities, which could harm our business.

Given the size and geographic spread of the Group, we are 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 our 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 our internal policies. In addition, because we delegate a number of operational responsibilities to our subsidiaries and our local managers retain autonomy regarding the management of our operations in their markets, we may face an increased likelihood of the risks described above occurring. We also subcontract certain of our maintenance, customer service, installation and other activities to third party suppliers acting on our 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 our brand and reputation. In addition, because we delegate a number of operational responsibilities to our subsidiaries and our local managers retain substantial autonomy regarding the management of our operations in their markets, we may face an increased likelihood of the risks described above occurring.

Our relations with our employees could be affected by changes in the competitive landscape.

We operate 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 our organizational structure and operations, which requires our employees to be flexible in responding to such changes. This process requires mobilization and motivation of teams with our objectives. As a result, our business could be affected by deterioration in labor relations with our employees, staff representative bodies or unions. Our 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 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 our business, financial situation and operational results.

We face 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. We may also be exposed to proceedings that could involve our independent distributor partners, as well as other telecommunications operators which are so exposed.

We are currently involved in number of disputes and proceedings referred to in "*Description of our Business—Legal Proceedings*". The costs that may result from these lawsuits are only recognized in our financial statements 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. In the Unaudited Financial Statements, tax and legal disputes have been provisioned for an amount of €150 million in the aggregate (recorded in the Statement of Financial Position under the lines 'Provisions - current and non-current', 'Current tax liabilities' and 'Deferred tax liabilities'), 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 amount relating to the EC Fine is included in our current liabilities, and hence a provision has not been recorded in the Unaudited Financial Statements. Our 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 our business, results of operations and financial position.

Our business may suffer if we cannot continue to license or enforce the intellectual property rights on which our business depends or if we are subject to claims of intellectual property infringement.

We rely 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.

We have 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 we own, we may be subject to intellectual property infringement claims with respect to programs broadcast on the other channels, including foreign channels that we carry. 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, we are particularly exposed to the risk of proceedings initiated by patent trolls. See "*—We may be subject to intellectual property infringement claims by "patent trolls"*".

Any such claims may require us 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 us 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 us to change our business practices and limit our 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.

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

We 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 licenses, without actively producing goods or providing services, and commonly litigate alleging that such patents or licenses have been infringed. We cannot exclude the possibility of risk from contentious claims from "patent trolls", which could have a material adverse effect on our business activities, financial condition and results of operations.

The operation of our conditional access systems is dependent on licensed technology and subject to illegal piracy risks.

We operate conditional access systems to transmit encrypted digital programs, including our digital pay TV packages and for billing our customers, which rely on the proper functioning of our conditional access systems. Even though we require our conditional access system providers to provide state of the art security for the conditional access systems, the security of our conditional access systems may be compromised by illegal piracy and other means. In addition, our set-top boxes require smart cards before subscribers can receive programming and our smart cards have been and may continue to be illegally duplicated, providing unlawful access to our television signals. While we work diligently to reduce the effect of piracy, there can be no assurance that we will be able to successfully eliminate the piracy we currently face. In addition, there can be no assurance that any new conditional access system security that we 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 our business, financial condition and results of operations.

If we fail to successfully introduce new technologies or services, or to respond to technological developments, our business and level of revenue may be adversely affected and we may not be able to recover the cost of investments that we have made.

Our 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 we introduce fail to achieve broad market acceptance or experience technical difficulties, our revenue growth, margins and cash flows may be adversely affected. As a result, we may not recover investments that we make 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 our competitors to offer not only new services, but to also offer existing standard services at lower prices. We 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 we currently provide may be developed. We may not obtain the expected benefits of our investments if more advanced technology is adopted by the market. While we attempt 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 our business. We 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 we adopt new technologies in a timely manner as they are developed, the cost of such technology may exceed their benefits. Our inability to obtain the funding or other resources necessary to expand or further upgrade our systems and provide advanced services in a timely manner, or successfully anticipate the demands of the marketplace, could adversely affect our ability to attract and retain customers and generate revenue.

Furthermore, given the pace at which we launch new offers into the market and the multitude of our bundled service offerings, we may experience vulnerability to revenue leakage as a result of the dynamic changes in networks and IT systems. Our revenue chain consists of a complex set of inter-related technologies and processes providing a seamless set of services to the end customer. Although we closely monitor the risks related to revenue loss and continuously improve controls in our 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 our margins and profitability.

We anticipate that, over time, new products and services we may introduce will require upgraded or new customer premises equipment, which may constrain our ability to market and distribute such new products and services. For example, we do not expect that previously installed internet modems or set-top boxes will be able to support all the enhancements we may introduce to our broadband internet or pay TV services over time. A portion of our 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 fulfill universal service obligations and to upgrade the parts of our networks that are xDSL. In particular, we must also continue to increase and improve the functionality, availability, and characteristics of our network, particularly by improving its bandwidth capacity and its 4G coverage, as well as 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 we operate 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.

We 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.

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

Our ability to provide commercially viable telephone services in the jurisdictions in which we operate depends upon our ability to interconnect with the telecommunications networks of fixed-line, mobile and international operators in such jurisdictions 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 the jurisdictions in which we operate are obliged by law to provide interconnection to, and not to discriminate against, any other licensed telecommunications operator. We have 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. In Israel, for instance, the implementation of number portability requires us to rely on other providers to a greater extent since our ability to implement number portability and to port numbers between operators is dependent on the manner of number portability implementation by interconnecting local operators.

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 the jurisdictions in which we operate. Reduced interconnection rates and other decisions by regulators may have a material impact on our business, financial condition and results of our operations.

Our business activities and our development depend on our ability to enter into and maintain joint arrangements with other players in the telecommunications field.

We have entered into various contracts and arrangements with other players in the telecommunications field, including mobile and wireless network sharing agreements and fiber sharing agreements. We are exposed to various risks related to these agreements and arrangements. For instance, under the network sharing agreements, we are dependent upon other players for a part of their networks. In particular, we 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, we will not be able to control the quality of the network through which we provide services to our customers 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, our arrangements may fail to generate the expected synergies, especially in terms of geographic coverage or quality of service. Delays in implementation may affect our ability 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 we will be able to make a return on such investment or recoup such investments.

Further, in the event of partial or total cessation and/or failure of such arrangements, we 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 our geographic coverage and the quality of services. Moreover, we cannot guarantee that we will be able, in such a scenarios, to implement coverage equivalent to that enjoyed by customers under our 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 us and our partners.

We have entered into roaming contracts, which provide our customers with international 3G and 4G roaming services, across all geographies where we operate. 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 we are 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 our agreements will be renewed on favorable or comparable terms. See "*Description of our Business—Significant Contracts—Portugal—Fiber Sharing Agreement with Vodafone Portugal*" and "*Description of our Business—Significant Contracts—Israel—Mobile Network Sharing Agreement with Partner in Israel*".

We rely on third parties for access to, and the operation of, certain parts of our network.

We are generally dependent on access to sites and land belonging to, and network infrastructure owned by, third parties, including for mobile infrastructure, cable duct space and antennas used for our networks and facility space (colocation). In this respect, we have generally obtained leases, rights and licenses from network operators, including incumbent operators, governmental authorities and individuals. For example, in July 2014, we signed the Vodafone Network Sharing Agreement with Vodafone Portugal to deploy, swap capacity and share fiber networks beginning in December 2014, for an initial term of 25 years. See "*Description of our Business—Significant Contracts—Portugal—Fiber Sharing Agreement with Vodafone Portugal*". In addition, in November 2013 we entered into a Network Sharing Agreement with Partner pursuant to which HOT Mobile and Partner own equal shares and have joint control of Phi Networks (2015) Limited Partnership ("**PHI**"), which holds, develops and operates an advanced shared mobile network for both companies in Israel. Regulatory approval for the network sharing agreement was obtained on April 20, 2015 and such agreement remains valid until December 31, 2028. Our 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 we are 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 fulfill 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 our 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 we are 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, we may not be able to find suitable alternatives at comparable cost or within a reasonable timeframe.

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

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

A flood, fire, other natural disaster, war, act of terrorism, power failure, cyber-attack, computer virus or other catastrophe affecting a portion of our network could have a material adverse impact on our business and our relations with customers. For example, our business in the Dominican Republic 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 we undertake or may undertake in the future, as well as the effects thereof on the performance of our network, could be insufficient to avoid losses. As we are insured against operating losses only up to a capped amount, any disaster or other damage affecting our network could result in significant uninsured losses. Our network may be subjected to disruptions and to significant technological problems, and such difficulties could escalate over time. For example, although our cable networks are generally built in resilient rings to ensure the continuity of network availability in the event of any damage to our underground fibers, if any ring is cut twice in different locations, transmission signals will not be able to pass through, which could cause significant damage to our 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 our network components. The occurrence of any such event could cause interruptions in service or reduce capacity for customers, either of which could reduce our revenue or cause us to incur additional expenses. In addition, the occurrence of any such event may subject us to penalties and other sanctions imposed by regulators. Further, we may incur costs and revenue losses associated with the unauthorized use of our networks, including administrative and capital costs associated with the unpaid use of our 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.

Additionally, our business depends on certain crucial systems, particularly our network operations center and our billing and customer service systems. In particular, the support for a large number of systems critical to our network is located at a relatively limited number of sites. While we have 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 our business services customers, to financial penalties. Moreover, we 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 inappropriate disclosure of confidential information.

Moreover, our technical projects 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 4G and 5G networks as well as by the concurrent work of renovating 2G and 3G networks, requiring, among other things, frequent technical interventions. Such work could also result in breakdowns or interruptions in services for our customers.

Furthermore, the development of the resources used by consumers (for example, videoconferencing, telepresence, and cloud computing for business services customers), of the IoT, 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, we avoid changes to our 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 our 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 our business, financial condition and results of operations.

Our 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, which we have rolled out in some geographies where we operate 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 loss of revenues, 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, we 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. We 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.

Customer churn, or the threat of customer churn, may adversely affect our business.

Our ability to attract and retain subscribers to our fixed-based services or to increase profitability from existing subscribers will depend in large part on our ability to stimulate and increase subscriber usage, convince subscribers to switch from competitors' services to our services and our 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 segment and between one and three years in the business services segment), competitive influences, the relocation of clients outside of the Group's network areas, introduction of new products and technologies, deterioration of personal financial circumstances, price increases and regulatory developments. Customer churn may also increase if we are unable to deliver satisfactory services over our network, or if we modify the types of services we make 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, we outsource many of our customer service functions to third party contractors over which we have less control than if we were performing those tasks ourselves. We have experienced significant churn in mobile and fixed customers in recent years due to intense competition.

For example, in Israel, the regulatory framework prohibits, among other things, fixed-based service providers and mobile operators from charging exit fees, except in limited circumstances, to subscribers who wish to terminate their services and mobile operators are prohibited from selling locked handsets or linking the terms of sale of handsets to the terms of mobile services, including discounts and other benefits, which has increased churn rates for many fixed-based service providers and mobile operators. If we fail to effectively communicate the benefits of our networks through our marketing and advertising efforts, we may not be able to attract new customers and our efforts to attract and retain customers may prove unsuccessful. In addition, any interruption of our services or the removal or unavailability of programming, which may not be under our control, could contribute to increased customer churn. Further our competitors may improve their ability to attract new customers, for example by offering new product bundles or product offerings at lower prices than us, which would make it difficult for us to retain our current subscribers, and the cost of retaining and acquiring new subscribers could increase. In addition, our 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 our business, financial condition and results of operations.

We have significant post-retirement benefit and healthcare obligations, the payment of which may have an adverse effect on our business and, therefore, our ability to service our debt obligations.

Our defined benefits obligations, including pension supplements, healthcare benefits and salaries payable to pre-retired and suspended employees, amounted to €958 million in the year ended December 31, 2020, compared to €1,075 million and €785 million in the years ended December 31, 2019 and December 31, 2018, respectively. Salaries payable to pre-retired and suspended employees are obligations under individual agreements with employees to pay employees a significant portion of their previous existing salary to refrain from working until retirement. In Portugal, we launched voluntary employee reduction programs in January 2019 and March 2021, aimed at employees aged 50 years or more, in accordance with which their employment agreements shall be terminated, and those employees will be entitled to receive a monthly fixed compensation up to retirement age corresponding to a significant percentage of their previous remuneration that varies based on the age of the employees. The January 2019 scheme covered approximately 850 employees (mainly in support functions). Under the March 2021 scheme, as of March 31, 2021, we have reached agreements with approximately 750 employees and recognized a liability of €241 million, corresponding primarily to the present value of salaries payable up to retirement age to the employees that agreed to terminate their employment agreements under pre-retirement schemes. Based on information up to date, we expect to record an additional liability in the second quarter of 2021 relating to approximately 200 employees.

Further, in certain jurisdictions in which we operate, such as Portugal, there is no legislation on the establishment of funds to cover the healthcare obligations and the salaries for pre-retired and suspended employees, and PT Portugal is required to pay for these benefits only when the salaries are paid to pre-retired and suspended employees, or when healthcare expenses are incurred. Accordingly, there is no requirement in Portugal to fund these benefits obligations at present. However, PT Portugal has nevertheless set up a fund managed by a subsidiary, PT Prestações—Mandatária de Aquisições e Gestão de Bens, S.A., to finance the such healthcare-related post-retirement liabilities. No similar fund has been established to pay salaries owed to pre-retired and suspended employees. The value of the obligations referred to above may also fluctuate, depending on demographic, financial, legal or regulatory factors that are beyond our control. For example, the legal retirement age in certain of the jurisdictions in which we operate, such as Portugal, has been raised in the past and may be raised further in the future which could increase our obligations to pay salaries to suspended and pre-retired employees. The payment of these obligations may have an adverse effect on our business, financial condition and results of operations. In addition, in Israel, employees are entitled to receive severance pay pursuant to law and we are required to maintain defined benefit plans in respect of such severance pay. For a discussion of certain significant defined benefit plans of the Group, see Note 2.24 of the 2020 Financial Statements.

We are exposed to local business risks in many different countries.

We operate our business in multiple jurisdictions, including Portugal, Israel and the Dominican Republic. In addition, we may expand into additional markets in the future by entering into acquisitions or other strategic transactions. Accordingly, our business is subject to risks resulting from differing legal, political, social and economic conditions, regulatory requirements and unforeseeable developments in a variety of jurisdictions, including in emerging markets (which may be more vulnerable to volatility as well as political and economic instability than developed markets). These risks include, among other things:

- differing economic cycles and adverse economic conditions;
- political instability (including expropriation and political violence or disturbance);
- the burden of complying with a wide variety of foreign laws and regulations;
- unexpected changes in the regulatory environment and/or governmental policies;
- varying tax regimes;
- fluctuations in currency exchange, interest rates and inflation (particularly in emerging markets, such as the Dominican Republic, which has historically experienced high rates of inflation);
- inability to collect payments or seek recourse under or comply with ambiguous or vague commercial or other laws;

- varying degrees of concentration among suppliers and customers;
- insufficient protection against violations of our intellectual property rights;
- foreign exchange controls and restrictions on repatriation of funds;
- added complexity and risk of deficiency in the risk management and internal control processes;
- difficulties in attracting and retaining qualified management and employees, or further rationalizing our work force;
- significant oil price increases; and
- challenges caused by distance, language and cultural differences.

Our overall success as a business depends to a considerable extent on our ability to anticipate and effectively manage differing legal, political, social and economic conditions and regulatory requirements and unforeseeable developments. We may not continue to succeed in developing and implementing policies and strategies which will be effective in each location in which we do business or may do business in the future.

We are exposed to economic, political and other risks related to the Dominican Republic.

The Dominican Republic is an emerging market economy and as such is more vulnerable to market volatility as well as political and economic instability than developed markets. Risks associated with operating in the Dominican Republic include, but are not limited to:

- high interest rates;
- devaluation or depreciation of the currency;
- inflation;
- changes in governmental economic, tax or other policies;
- the potential introduction of exchange controls;
- the imposition of trade barriers;
- dependence on remittances and tourism;
- the scarcity of available foreign exchange;
- significant oil price increases and commodity price volatility (especially with regards to gold);
- economic and political instability; and
- expropriation and political violence or disturbance.

Our operations could be affected by changes in the economic or other policies of the Dominican Republic government or other political, regulatory or economic authorities in the country. Historically, past governments have intervened in the nation's economy. Among other things, past governments have imposed import and export controls. There can be no assurance that controls, such as exchange controls, will not be introduced in the future. Future developments in the Dominican Republic politics, such as changes in economic, political or regulatory policies including government induced effects on inflation, devaluation and economic growth, could adversely affect our business, financial conditions or results of operations.

Historically, the Dominican Republic has experienced high rates of inflation. Inflation, as well as government efforts to combat inflation or stabilize DOP, has in the past had significant negative effects on the Dominican Republic economy, most recently in 2003 and 2004, when inflation rates, as measured by the Dominican

Consumer Price Index (*Indice de Precios al Consumidor, or the Dominican CPI*) were 42.7% and 28.7%, respectively, resulting from an acute economic crisis precipitated by the collapse of Baninter, the country's second largest commercial bank in terms of deposits, that required the government to finance a bailout. Inflation rates in the last five years, as measured by this index, were 1.7% in 2016, 4.2% in 2017, 1.2% in 2018, 3.7% in 2019 and 5.6% in 2020.

DOP has also been subject to volatility in the past and could be subject to significant fluctuations in the future given the prevalence of a free float exchange regime. The main drivers of exchange rate volatility in recent years have been significant fluctuations in commodity prices as well as general uncertainty and trade imbalances in regional and global markets. The value of DOP against the U.S. dollar may continue to fluctuate significantly in the future, which may negatively impact the strength of the Dominican Republic's economy and therefore adversely affect demand for our products and services.

The Dominican Republic also has significant external public debt and in the past has been required to restructure such debt, including in 1991 and 2005.

In addition, the Dominican Republic is facing an on-going crisis in the electricity sector. Electricity generators and distributors have been beset by financial problems that have resulted in frequent blackouts, widespread public protests and several temporary and permanent shutdowns of generating plants. As a consequence, the government has nationalized the three distribution companies and is regularly required to partially finance the current deficit of the electricity distributors. This crisis could have a material adverse impact on the Dominican Republic's economic growth, the penetration rate for telecommunication services and the non-availability or higher prices of electricity could directly impact our business and the businesses of our customers. In addition, we have been in the past, and may in the future be, subject to regulatory customer compensation obligations as a result of network shutdowns due to electricity blackouts that are beyond our control.

Each of these factors could, individually or in the aggregate, have a material adverse effect on Altice Dominicana's business, reputation, financial conditions or result of operations.

We are exposed to risks of consumer fraud.

As a telecommunications operator, we are exposed to risks of fraud in our 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 our business, financial condition and results of operations.

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

Our reputation is in part dependent on our relationship with our third party providers.

We rely on third-party suppliers to provide services to our customers and to perform our business activities. We utilize 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. We also employ the services of subcontractors to maintain our network, manage our call centers, and supply, install, and maintain equipment set up at private households and at the premises of business services customers. We cannot guarantee the quality of such services or that these services will comply with the quality and safety standards we impose or require. 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 us and our customers, as well as the reputation of our brand.

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

Risks Relating to Legislative and Regulatory Matters

We are subject to significant government regulation and supervision, which could require us to make additional expenditures or limit our revenues and otherwise adversely affect our business, and further regulatory changes could also adversely affect our business.

Our 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 the jurisdictions in which we operate. 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 our ability or make it more difficult to implement price increases, affect our 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 businesses vary depending on jurisdiction, such regulations may include, amongst other things:

- in certain jurisdictions, 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 businesses in the relevant jurisdictions are regulated and to which we would have to adapt.

In Israel, we are also subject to, among other things, regulations requiring us to maintain structural separation between our cable television, broadband internet infrastructure access and fixed-line telephony, and between our ISP and mobile subsidiaries, regulations restricting the number of channels we can own and specifying the minimum investment we are required to make in local content productions and requirements that we extend our cable television, broadband internet infrastructure access and fixed-line telephony services to areas of Israel even where it is not economically profitable to do so. In July 2019, the Ministry of Communications decided to enable us to provide our services in areas without cable infrastructure using technological alternatives, on a technological neutrality basis. The Israeli Ministry of Communications has taken active steps to increase competition in the fixed-line and mobile telecommunications industries, including providing licenses to MVNOs and eliminating termination fees that operators can charge, except in limited circumstances, and prohibiting the linkage of the price and terms of handsets to the services or benefits of the mobile contract. The Israeli Ministry of Communications has also introduced a policy for the establishment of a wholesale market for broadband internet infrastructure access pursuant to which certain limitations on structural separation and bundling of products may be reduced, but we would also be required to provide access to our network infrastructure to other service providers on a wholesale basis. In June 2020, the Israeli Ministry of Communications allowed HOT to offer packages including our triple-play services together with HOT Net's ISP services, subject to certain conditions. In February 2021, the Israeli Ministry of Communications published a decision allowing us to offer HOT Mobile's mobile services in our multi-play service packages as well, subject to the prior approval of the Israeli Ministry of Communications. On May 30, 2021, the Ministry of Communications approved the marketing of quad-play packages including triple-play services with HOT Net's ISP services and HOT Mobile's mobile cellular services.

Further, in November 2014 the Israeli Ministry of Communications issued regulatory instructions, including the method of setting wholesale service rates and, in the case of Bezeq, the maximum rates that can be collected by Bezeq from other license holders who make use of its infrastructure for the years 2014 to 2018, in an attempt to create a wholesale market for broadband internet infrastructure access and fixed-line telephony services which would allow service providers (such as ISPs, VOB providers and IPTV providers) to provide services to their customers by using our cable network. In June 2017, following a hearing, the Ministry of Communications published the maximum tariffs for supplying wholesale services over HOT Telecom Limited Partmership ("**Hot Telecom**")'s network for the years 2017 and 2018. Should the wholesale market develop, certain requirements for structural separation and bundling of products that apply to Bezeq and us may be lifted, and at the same time, competition in the broadband internet infrastructure access market may increase significantly which could negatively affect our business, financial condition and results of operations. In September 2019, the Ministry of Communications relaxed the requirements for structural separation within the HOT group relating to the business sector, which enables HOT to provide certain customers in the business sector with broadband internet infrastructure access and mobile telephony services. In addition, following a hearing published in 2014, the Ministry of Communications gave notice in August 2017 of a further hearing regarding the mechanism to examine retail offers made by HOT and Bezeq to new or existing subscribers, to avoid 'margin squeeze' practices but no decision was made in this respect. In October 2015, the Minister of Communications appointed an advisory committee to advise on the regulation of the broadcast market. In February 2016, the advisory committee published a report setting out its recommendations in relation to regulations that will apply to new and existing operators in the broadcasting area, regulations that will apply with respect to the commercial channels, the investments rates in local productions and other issues. On June 30, 2016, the Ministry of Communications published the committee's final report. In addition, in March 2016, the Cable & Satellite Broadcasting Council published a decision with respect to a new policy regarding setting tariffs and offerings of HOT. This policy may limit our ability to increase prices in existing plans. Furthermore, in December 2019, the Ministry of Communications published for review and hearing, updated regulations governing maximum tariffs for wholesale BSA services on HOT's network in 2019-2022. According to the hearing, the Ministry is considering a change in the method for determining the maximum tariffs, from a cost-reflected model to a "retail minus" model, due to the Ministry's claim that HOT used "margin squeeze" practices in its retail pricing. In June 2020, within the scope of the Israeli Ministry of Communications' decision to enable HOT to offer service bundles including HOT Net's

ISP services, the Israeli Ministry of Communications approved HOT's proposal regarding new wholesale tariffs in its network as an alternative for the hearing.

Further, on July 10, 2018, the Ministry of Communications proposed certain amendments to the current regulations governing the multichannel TV market, in order to adapt to recent technological changes in the market. Such proposed regulations will apply to audio-visual content providers that attain a certain market share, with the goal of encouraging competition and reducing the regulatory burden. In October 2020, a committee appointed by the Minister of Communications published a public hearing regarding the future macro-regulation of the broadcasting market in Israel, including with respect to reduction of regulation, local productions, regulators' structure, economic models in the market, regulating sports broadcasting and ratings measurement. HOT submitted its position, according to which, the regulation should be equal and technologically neutral.

In addition, we are subject to antitrust rules and regulations and are, from time to time, subject to review by authorities concerning whether we exhibit monopoly power in any of the market in which we operate. To the extent that we are deemed by relevant authorities to exhibit significant market power, we can be subject to various regulatory obligations adversely affecting our results of operations and profitability.

Regulatory authorities may also require us 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. Currently, we are considered to have significant market power with respect to certain services in Portugal, Israel and the Dominican Republic. No assurance can be given that we will not be identified as having significant market power in any relevant markets in the future and that we will not be subject to additional regulatory requirements.

The European Commission's "Digital Single Market" legislation could adversely affect our business.

The EU Regulation 531/2012, which initially set a rate for roaming, was further amended through the regulation 2015/2120 of November 25, 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 introduced measures relating to "net neutrality".

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

- implementing Regulation EU 2016/2286 of December 15, 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 EU 2017/920 of May 17, 2017 amending Regulation (EU) no. 531/2012 with respect to rules for wholesale roaming markets.

The EC's proposals on telecommunications markets presented in September 2016 were intended to fix rules to support the creation of Gigabit Society. The electronic communications code proposal aimed to make investment in very high capacity networks a binding objective and it also aimed 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 an impact on our operations. However, the EECC has not yet been enacted into its national laws by Portugal, but in case the Portuguese law is on the same lines as the EECC, the Group could be impacted by, among other things, reduction of the loyalty periods, introduction of automatic compensation rules when the entity does not meet minimum quality levels related to the reparation of services, new portability rules for the internet service and new information requirements to be provided to customers.

Directive (EU) 2018/1972 of the European Parliament and of the Council of December 11, 2018 establishing the European Electronic Communications Code.

The EECC was adopted on December 11, 2018 and came into force on December 20, 2018. 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 electronic communications services ("**ECN**" and "**ECS**"), (ii) associated facilities and services, (iii) the authorization 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 and service 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 the EU Member States.

Finally, national regulation authorities are responsible for ensuring access, interconnection, and the inter-operability of services. Consequently, and under certain circumstances, they can impose on undertakings obligations such as interconnecting networks, ensuring the inter-operability of their services and granting physical access to their infrastructure. EU Member States were required to enact the EECC into their national laws by December 21, 2020. As of the date hereof, Portugal has not enacted the EECC into its national laws.

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. See "*Regulation*".

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.

Burdensome regulation in an open market may put PT Portugal at a disadvantage to its competitors and could adversely affect its business.

The Portuguese electronic communications sector is fully open to competition. However, many regulatory restrictions and obligations are still imposed on PT OpCo. On October 9, 2014, the EC adopted a new European Relevant Markets Recommendation that replaced the 2007 Recommendation and further reduced the number of relevant markets subject to ex-ante regulation. ANACOM has reanalyzed the retail and wholesale markets identifying which markets are still relevant for regulatory intervention and which electronic communications operators and service providers have significant market power in those markets. The decisions relating to the conclusions of the analysis of markets 3a-3b/2014 (wholesale local and central access at a fixed location) and 4/2014 (wholesale high-quality access at a fixed location) were issued in March 2017 and June 2016, respectively. ANACOM decided not to impose regulatory obligations on PT OpCo's fiber network, concluding that they would not be proportional. ANACOM's latest decisions regarding the revision of markets 1/2014 (FTR), 2/2014 (MTR) and 2/2007 (for fixed call origination under the previous recommendation) were issued in October 2018, June 2018 and October 2018, respectively.

ANACOM has reanalyzed the markets defined under the European Relevant Market Recommendation and issued findings that PT OpCo had significant market power in these markets, namely the wholesale market for call termination on individual public telephone networks provided at a fixed location, the market for call termination on individual mobile networks, the markets for wholesale local and central access at a fixed location and the market for wholesale high-quality access at a fixed location, in which ANACOM included leased lines trunk segments.

In certain cases, such as in markets 3 and 4, ANACOM has segmented the markets into "C" (competitive) and "NC" (non-competitive) segments and issued a finding that PT OpCo had significant market power in the non-competitive segments, imposing remedies to increase competition in those markets. With respect to market 3, the obligations in ANACOM's March 2017 decision extended only to the granting of unbundled access to copper loops, ducts and poles at the national level. However, ANACOM required that the duct and poles offers be made on an equivalence of inputs (EoI) basis.

ANACOM's latest decisions in respect of markets 1/2014 (FTR) and 2/2014 (MTR) imposed ex-ante regulatory obligations on PT OpCo; conversely, in its latest decision on market 2/2007, ANACOM decided to end ex-ante regulatory obligations in this market, apart from the maintenance of price control obligations, which ended in March 2020.

Recently, the EC adopted a new European Relevant Markets Recommendation that replaced the 2014 Recommendation (EC's Recommendation of December 18, 2020 (SWD(2020) 337 final)). ANACOM has not yet performed any market analysis in the context of the new European Relevant Markets Recommendation.

We receive correspondence from ANACOM from time to time regarding compliance with such and other regulations. If we are found to be in breach of such regulations, the regulators may impose penalties, fines or additional obligations on us to rectify such breaches which may have an adverse effect on our business operations. Remedies imposed by ANACOM may also require PT OpCo to provide services in certain markets or geographic regions or to make investments that it would otherwise not choose to make. In addition, PT OpCo incurred, and may still have to incur, expenses to adapt its operations to changing regulatory requirements and to ensure regulatory compliance. The resources that may be required to fulfill our regulatory obligations in Portugal could adversely affect our ability to compete.

We can only operate our business for as long as we have licenses from the relevant authorities in the jurisdictions in which we operate and we may not be able to obtain, retain or review the licenses and authorizations necessary for conducting our activities.

We are required to hold licenses, franchises, permits and similar authorizations to own and operate our networks and to broadcast our signal to our customers. These authorizations generally require that we comply with applicable laws and regulations, meet certain solvency requirements and maintain minimum levels of service. Should we fail to comply with these, we 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 our 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, our ability to realize our strategic objectives may be compromised. In certain cases our mobile licenses require us to comply with certain obligations (population coverage, sharing in certain areas, national roaming) and we may suffer adverse consequences if we are not able to comply with these obligations. In certain countries, we have provided significant bank guarantees to guarantee our performance under our licenses. If we are found to be in material breach of our licenses, the guarantees may be forfeited and our licenses may be revoked.

In the Dominican Republic, Altice Dominicana was awarded a concession and is licensed to provide telecommunications services. Altice Dominicana’s concession was originally granted under a concession agreement with the Dominican State in 1996 and was due to expire on August 1, 2015. Altice Dominicana presented a formal renewal request to Indotel on April 27, 2015. This concession was *de facto* renewed, as all of the criteria for renewal were met by Altice Dominicana. In addition, Altice Dominicana currently holds a number of frequency license certificates issued by Indotel. These licenses have also been *de facto* renewed, as all of the criteria for renewal were met by Altice Dominicana. Indotel called for a renegotiation of our concession agreement in the first quarter of 2021 and negotiations are ongoing. As per the concession agreement, concessions can be terminated by Altice Dominicana, or an agreement between Altice Dominicana and Indotel in the event of bankruptcy, or upon Altice Dominicana being found guilty of committing multiple grave faults (as defined in the agreement). We make no assurances that our concession or licenses will continue to be renewed in the future. Furthermore, certain regulatory approvals, such as new build permits, may be required for Altice Dominicana to operate antenna sites with other frequencies/frequency bands, in particular where the shift is made from a higher frequency band (e.g. 1800 MHz) to a lower frequency band (e.g. 900 MHz). To the extent that Altice Dominicana seeks to operate antenna sites with other frequencies/frequency bands in the future, failure to obtain such regulatory approvals could have a negative impact on the coverage of its network. If Indotel does not continue to renew Altice Dominicana’s concession or frequency licenses or if Altice Dominicana fails to obtain any regulatory approvals that are required, our business, financial condition and results of operations could be materially adversely affected.

The acquisition of licenses 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 licenses necessary for performing, continuing or developing our activities, our ability to achieve our strategic objectives could be subjected to alteration. In addition, we may fail to be awarded the desired licenses, which could have an adverse effect on our business, financial position, results of operations or outlook.

For further information on the licenses and authorizations necessary for performance of the Group’s activities, see “*Regulation*”.

Altice Dominicana’s activities may be affected by Indotel’s decisions regarding the granting, amendment or renewal of frequency licenses.

Altice Dominicana’s activities as a mobile network operator in the Dominican Republic are subject to regulation and supervision by various Dominican authorities, in particular Indotel. Since 2010, the Executive Power issued Decree 520-11 and Indotel has issued a series of resolutions in order to implement the National Frequency Allocation Plan (“**PNAF**”), the objective of which is to reorganize the radio spectrum in the Dominican Republic and make more bands available for operators to provide mobile services. As a result of the PNAF, Altice Dominicana has in the past migrated, and may in the future be required to migrate from one frequency to another allocated to it by Indotel, which may result in disputes among the various telecom operators as to spectrum entitlement rights relating to the migrated bands. On January 23, 2019, Indotel ordered the beginning of a public consultation process to amend the PNAF.

On March 6, 2019, Indotel issued a Resolution (No. 013-19) ordering the reorganization of frequency allocations allocating 3460-3490 MHz to Altice Dominicana. Subsequently, on May 1, 2019, Indotel issued Resolution No. 031-19 whereby it opens the public consultation for the special procedures applicable to the modification of the PNAF. The modifications to the PNAF were approved by Indotel pursuant to Resolution No. 055-19, which was approved by way of a Presidential Decree on March 4, 2020. As of February 9, 2021, an auction of spectrum was launched to assign frequencies in the 700 MHz and 3.6 GHz band in order to promote the launch of 5G services, which is expected to be completed by the fourth quarter of 2021.

We may incur significant costs to comply with city planning laws.

We are subject to planning laws when we upgrade or expand our networks. In particular, our current installation of the UMTS/LTE network in Israel is subject to compliance with the National Zoning Plan 36 (TAMA 36) and the directives issued thereunder, which are aimed at reducing the danger of radiation and the damage to the environment. The cost of complying with TAMA 36 can be substantial and there is currently a regulatory process underway to amend TAMA 36 which would place substantial limitations and further increase the cost of erecting our UMTS/LTE network. In addition, the local loop of our networks is generally located aboveground. Local municipal governments generally have the authority to require us to move these network lines underground. Usually, we are able to coordinate with other utility suppliers to share the costs associated with moving lines underground but no assurance can be given that we will always be able to do so. Nevertheless, the costs of complying with municipal orders can be substantial and may not be subsidized by such municipal government, which may require us to incur significant costs in the future.

We have had difficulties obtaining some of the building and environmental permits required for the erection and operation of our mobile network sites in Israel. These difficulties could have an adverse effect on the coverage, quality and capacity of our mobile network.

Our ability to maintain and improve the extent, quality and capacity of our mobile network coverage in Israel depends in part on our ability to obtain appropriate sites and approvals to install our mobile network infrastructure, including mobile network sites. The erection and operation of most of these mobile network sites require building permits from local or regional planning and building authorities, as well as a number of additional permits from other governmental and regulatory authorities. In addition, as part of our UMTS/LTE network build-out, we are erecting additional mobile network sites and making modifications to our existing mobile network sites for which we may be required to obtain new consents and approvals.

For the reasons described in further detail below, we have had difficulties obtaining some of the building permits required for the erection and operation of our mobile network sites.

In addition, as we seek to improve the range and quality of our mobile telephony services, we need to further expand our mobile network, and difficulties in obtaining required permits may delay, increase costs or prevent us from achieving these goals in full. Our inability to resolve these issues in a timely manner could also prevent us from achieving or maintaining the mobile network coverage and quality requirements contained in our license.

Since June 2002, following the approval of TAMA 36, which regulates network site construction and operation, building permits for our mobile network sites (where required) have been issued in reliance on TAMA 36.

We have set up several hundred small communications devices, called wireless access devices, pursuant to a provision in the Planning and Construction Law, which exempts such devices from the need to obtain a building permit. A claim was raised that the exemption does not apply to mobile communications devices and the matter reached first instance courts a number of times, resulting in conflicting decisions. In May 2008, a district court ruling adopted the position that the exemption does not apply to wireless access devices. The mobile telephone operators filed a request to appeal this ruling to the Supreme Court. In May 2008, the Israeli Attorney General filed an opinion regarding this matter stating that the exemption applies to wireless radio access devices under certain conditions. Subsequently, two petitions were filed with the High Court of Justice in opposition to the Israeli Attorney General's opinion.

In September 2010, adopting the position of the Israeli Attorney General, the Israeli Supreme Court issued an interim order prohibiting further construction of radio access devices for mobile networks in reliance on the exemption mentioned above. In September 2011, the Supreme Court permitted HOT Mobile and Golan Telecom to use the exemption in order to erect their new UMTS networks until December 31, 2013, provided, however, that no more than 40% of the facilities that the operator erects are within the jurisdiction of any municipality, an affidavit is submitted in advance to the municipality's engineer and the safety zone does not exceed four meters and does not deviate from the boundaries of the lot. On August 28, 2013, we submitted a formal request with the Israeli Supreme Court, requesting a renewal of the exemption. On September 30, 2013, we received a response from the Supreme Court stating that they had requested a formal reply from the state on this subject matter. On October 1, 2013, the Israeli Supreme Court passed a decree nisi in relation to the petition to which the State filed a response on December 17, 2013, requesting a perpetual injunction to prevent the erecting of access network devices until legislation was put in place by the Israeli Ministry of Interior and the Ministry of Communication to regulate this matter. In its response, the State further claimed that the exemption relating to the erecting of access network devices for HOT Mobile and Golan Telecom should only be valid until June 30, 2014. The Supreme Court has not passed judgment on this, however, and until a final decision has been passed by the Supreme Court, HOT Mobile will be allowed to continue the deployment of its UMTS/LTE network. In March 2016, the Supreme Court permitted HOT Mobile and Partner to make several adjustments to their existing access devices in order to enable the companies to operate their joint network. On December 23, 2018, the Supreme Court gave a verdict rejecting the appeal, due to new bylaws issued by the Minister of Interior Affairs, regulating the conditions for exemptions granted for construction of radio access devices for mobile networks.

Further, the Israeli Ministry of Environmental Protection notified us of a new condition for all of our 3G/4G mobile network site operation permits, according to which we must install systems software (provided by the Israeli Ministry of Environmental Protection) that continuously monitors and reports the level of power created in real time from the operation of our 3G/4G mobile network sites (the "**Monitoring System**"). Since May 2012, we started erecting our new UMTS/LTE cell sites according to construction permits received in November 2011. We have also made practical examinations to all our new UMTS/LTE cell sites. All of the examinations showed that our new UMTS/LTE cell sites comply with the safety standard determined by the Israeli Ministry of Environmental Protection. As of August 2012, we began to apply requests for operation permits to our sites to the Commissioner. We also applied to the Commissioner for extended time to connect to the monitoring system. As of November 2012, we started receiving operation permits, which are subject to the demand to connect to the monitoring system no later than February 5, 2013. On February 4, 2013, we were notified by the Israeli Ministry of Environmental Protection that we have complied with all of its requirements for connecting to the monitoring system. Our mobile network has since been transferred to, and is currently the responsibility of, PHI. See "*Description of Our Business—Significant Contracts—Israel—Mobile Network Sharing Agreement with Partner in Israel*" for more information.

We believe that all of the antennas that we operate comply with the conditions of the safety permits that we were granted by the Israeli Ministry of Environmental Protection. However, if our antennas are found to not meet the conditions of the permits granted to us and the maximum permitted power, the Israeli Ministry of Environmental Protection may revoke existing permits, which would require us to dismantle existing mobile network sites. As a result, our network capacity and coverage would be negatively impacted, which could have an adverse effect on our revenue and results of operations.

We may be required to indemnify certain local planning and building committees in Israel with respect to claims against them.

In Israel, under the Planning and Building Law, 1965, local planning committees may be held liable for the depreciation of the value of nearby properties as a result of approving a building plan. Under the Non-Ionizing Radiation Law, 2006, the National Council for Planning and Building requires indemnification undertakings from mobile companies as a precondition for obtaining a building permit for new or existing mobile network sites. The National Council has decided that until the Plan is amended to reflect a different indemnification amount, mobile companies will be required to undertake to indemnify the committees in full against all losses resulting from claims against a committee for reductions in property values as a result of granting a permit to the mobile network site. On June 1, 2010, the National Council for Planning and Building approved the National Building Plan No. 36/A/1 version that incorporates all of the amendments to the Plan (the "**Amended Plan**"). The Amended Plan is subject to government approval in accordance with the Planning and Building Law.

We have several indemnification letters outstanding to local planning and building committees, although no claims have been filed against us under such letters. Calls upon our indemnification letters may have a material adverse effect on our financial condition and results of operations.

In 2007, the Israeli Ministry of Interior Affairs extended the limitation period within which depreciation claims may be brought under the Planning and Building Law from three years from approval of the building plan to the later of (i) one year from receiving a building permit for a mobile network site under the Plan and (ii) six months from the construction of a mobile network site. The Israeli Ministry retains the general authority to extend such period further. This extension of the limitation period increases our potential exposure to depreciation claims.

Portugal Telecom SGPS, S.A., the former parent of PT Portugal, is subject to an ongoing investigation by the Central Department of Penal Investigation and Action relating to purchase of commercial paper issued by Rio Forte Investments S.A.

There is an ongoing investigation by the Central Department of Penal Investigation and Action ("***Departamento Central de Investigação e Ação Penal***") involving Portugal Telecom SGPS, S.A., which is not a Group company, related to the purchase by PT International Finance BV and PT Portugal (subsidiaries of Portugal Telecom SGPS, S.A. at the date of the purchase) of certain commercial paper issued by Rio Forte Investments S.A. (the "**Rio Forte Investigation**"). In connection with this process, on January 6, 2015, investigators searched the Lisbon offices of Portugal Telecom SGPS, S.A. The Rio Forte Investigation concerns, among other things, suspicion of aggravated fraud ("*burla qualificada*"). According to the Portuguese media, in September 2017, part of the Rio Forte Investigation was joined to another investigation publicly known as "*Operação Marquês*", which involves, *inter alia*, a former Portuguese Prime Minister and two former directors of Portugal Telecom SGPS, S.A. Based on public statements by Portugal Telecom SGPS, S.A., they intend to cooperate fully with the authorities. As we did not control PT Portugal during the period to which the Rio Forte Investigation relates, we have very limited information with respect to the facts and circumstances surrounding the subject matter of the Rio Forte Investigation. In addition, because the Rio Forte Investigation is non-public, we do not know who is being investigated or if any PT Portugal employees are the subject of the Rio Forte Investigation. Oi S.A. has warranted in the PT Portugal Acquisition Agreement that, upon closing of the PT Portugal Acquisition, neither PT Portugal nor any of its subsidiaries would be bound by any ongoing obligation towards Portugal Telecom SGPS, S.A. in connection with the commercial paper of Rio Forte Investments S.A. In addition, the PT Portugal Acquisition Agreement contains certain undertakings regarding indemnity of PT Portugal by Oi S.A. for certain adverse consequences which may have been or may be incurred by PT Portugal as a result of the purchase, holding or transfer of the Rio Forte Investments S.A. commercial paper. We intend to assess any risk of liability under applicable bribery and corruption laws, understand if there has been any historic misconduct which involved PT Portugal and take any remedial measures we deem necessary. We cannot assure you that additional information will not come to light which may materially and adversely affect the value of our investment in PT Portugal or may expose any employees of PT Portugal to liability, sanctions or penalties by the authorities conducting the Rio Forte Investigation. If any such new information comes to light or if a member of management of PT Portugal is found liable and/or subjected to sanctions or penalties, this may have a material adverse effect on the operations of PT Portugal and on our business, financial condition and results of operations.

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

In contrast to more traditional licenses 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 License) 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 license terms.

OSS is commonly viewed as having two major risks. First, the OSS license 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 license. 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 licensed "as is" without any contractual warranties.

As a result, the Group would bear the risks in the event of defects with any OSS that it 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 our use 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 license. Moreover, we 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 our business, financial position, results of operations or outlook.

We may be held liable for the content hosted on our respective infrastructures or transmitted by our networks.

In our capacity as an internet and/or mobile service provider and host, we could be held liable for claims due to the content hosted on our 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 was 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 our reputation.

Risks Relating to Our Employees and Management, Majority Principal Shareholder and Related Parties

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.

We depend on the continued contributions of our senior management and other key personnel and, in particular, Mr. Patrick Drahi, who was President of the Board at Altice Europe before its dissolution on July 9, 2021 and is our principal shareholder.

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 our 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. We 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.

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 approximately 14,643 full time employees, some of whom are union members. We may have to negotiate at length with unions and works councils, and may suffer strikes, labor conflicts, work stoppages and other labor action, and we 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.

We are active in very competitive markets that are constantly evolving, thus requiring our constant adaptation to, anticipation and adoption of new operational practices and technologies to preserve our 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, our 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 our entities would have to consult their staff representative bodies, or will have to do so, in order to successfully execute our current and future projects, which is likely to slow down the performance of certain operations.

We also face 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. We 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.

From time to time, we have undertaken a simplification of our organization and implemented certain operating synergies measures. These transformation plans involve numerous situations of internal mobility, which may result in employee dissatisfaction or loss of personnel. In addition, from time to time, we have optimized our workforce and executed a voluntary retirement plans taken up by a significant number of employees, mainly in support functions. See "—*Risks Relating to Our Business, Technology and Competition—We have significant post-retirement benefit and healthcare obligations, the payment of which may have an adverse effect on our business and, therefore, our ability to service our debt obligations*".

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 we will not experience employee dissatisfaction or personnel loss in the future.

CAPITALIZATION

The following table presents, in each case, the cash and cash equivalents and debt capitalization as of March 31, 2021 of the Group (i) on a historical basis and (ii) on an as adjusted basis after giving effect to the Refinancing Transactions, including the Proposed Financing hereby and the application of the proceeds therefrom. The as adjusted amounts are estimates and may not accurately reflect the amounts outstanding upon completion of such transactions. As adjusted amounts may vary from the estimated amounts depending on several factors, including, among other things, changes in the exchange rate for U.S. dollars and euros.

This table should be read in conjunction with "*Description of Indebtedness*" included elsewhere in this Notice and the financial statements and notes thereto. Unless otherwise stated, amounts are based on the exchange rate as of March 31, 2021 of €1.00 = $1.1750.

	March 31, 2021	
	Actual	**As adjusted**
	(€ in millions)	
Cash and cash equivalents[(1)]	**302**	**448**
Third-party financial debt:		
Third-party senior secured debt		
Altice Financing Notes[(2)]	4,824	2,721
Altice Financing Revolving Credit Facilities[(3)]	—	—
Altice Financing Term Loans[(4)]	1,777	1,777
Notes[(5)]	—	2,340
Finance leases[(6)]	24	24
Total third-party senior secured debt[(7)]	**6,625**	**6,863**
Altice Finco 2028 Notes[(8)]	675	675
Total third-party financial debt[(7)]	**7,300**	**7,538**
Exchange rate effect of derivative instruments on senior secured debt[(9)]	152	152
Total third-party senior secured debt (after currency impact of derivative instruments)	**6,777**	**7,015**
Exchange rate effect of derivative instruments on Altice Finco 2028 Notes[(9)]	—	—
Total third-party financial debt (after currency impact of derivative instruments)	**7,452**	**7,690**

(1) As adjusted amount reflects an increase in cash to balance sheet from the proceeds of the Notes after giving effect to the Refinancing Transactions (including the payment of related call premium and transaction costs and expenses). The as adjusted amount does not give effect to the cash proceeds expected to be received in 2021 from the Altice Portugal FTTH Transaction.

(2) Actual amount reflects: (i) €600 million aggregate principal outstanding amount of 2.250% Senior Secured Notes due 2025 issued by Altice Financing, (ii) $2,471 million (€2,103 million equivalent) aggregate principal outstanding amount of 7.500% Senior Secured Notes due 2026 issued by Altice Financing, (iii) €1,100 million aggregate principal outstanding amount of 3.000% Senior Secured Notes due 2028 issued by Altice Financing and (iv) $1,200 million (€1,021 million equivalent) aggregate principal outstanding amount of 5.000% Senior Secured Notes due 2028 issued by Altice Financing. As adjusted amount gives effect to the Refinancing Transactions.

(3) As of March 31, 2021, there was no indebtedness drawn and outstanding under the Altice Financing Revolving Credit Facilities. As of the date hereof, there is €110 million drawn and outstanding under the Altice Financing Revolving Credit Facilities.

(4) Reflects the aggregate principal outstanding amounts under the Altice Financing Term Loan Agreement comprising (i) €290 million E+2.75% term loan maturing 2026, (ii) $876 million (€746 million equivalent) L+2.75% term loan maturing 2025 and (iii) $871 million (€741 million equivalent) L+2.75% term loan maturing 2026. See "*Description of Indebtedness—Altice Financing Term Loans*".

(5) Reflects the euro equivalent amount of the Notes.

(6) Reflects the amount of finance leases amounting to €24 million prior to giving effect to IFRS 16 (*Leases*) which applies to reporting periods beginning on or after January 1, 2019. As of March 31, 2021, after giving effect to IFRS 16 (*Leases*), total lease liabilities of the Group were €899 million (including €24 million of finance leases as described above).

(7) Excludes (i) operational lease liabilities prior to the application of IFRS 16, (ii) reverse factoring and securitization liabilities of €296 million, (iii) deeply subordinated instruments issued to affiliates of €1,206 million, (iv) put options with non-controlling interests of €213 million and (v) certain other liabilities and debt in the amount of €24 million as presented in Note 8.5 of the Unaudited Financial Statements. Also excludes guarantees issued under the HOT Credit Facility Agreement and the Altice Financing Guarantee Facilities, which represent contingent liabilities of the Group. The Company also has access to the (i) 2017 Altice Financing Guarantee Facility allowing for requests for guarantees to be issued up to a maximum of €15 million and (ii) 2018 Altice Financing Guarantee Facilities allowing for requests for guarantees to be issued up to a maximum of €124.5 million. Further,

HOT has access to the guarantee facility under the HOT Credit Facility Agreement. As of the date hereof, Altice Financing has made requests for guarantees of up to €131.5 million in aggregate principal amount to be issued under the Altice Financing Guarantee Facilities and HOT has made requests for guarantees of up to NIS 63 million (€16 million equivalent) in aggregate principal amount to be issued under the HOT Credit Facility Agreement.

(8) Reflects €675 million aggregate principal outstanding amount of 4.750% Senior Notes due 2028 issued by Altice Finco.

(9) Reflects the difference in notional amount of derivatives due from counterparty denominated in U.S. dollar converted in euro based on exchange rate as of balance sheet date and the notional amount of the derivatives due to counterparty.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE GROUP

*The following discussion and analysis is intended to assist in providing an understanding of the Group's financial condition, changes in financial condition and results of operations and should be read together with (i) in the case of financial information as of and for the three months ended March 31, 2021 and 2020, the unaudited condensed consolidated financial statements of Altice International as of and for the three month period ended March 31, 2021 (including comparative information as of and for the three months ended March 31, 2020), prepared in accordance with IAS 34, which have been reviewed by KPMG Luxembourg, Société cooperative (the "**Unaudited Financial Statements**"), (ii) in the case of financial information as of and for the years ended December 31, 2020 and December 31, 2019 the consolidated financial statements of Altice International as of and for the year ended December 31, 2020 (including comparative information as of and for the year ended December 31, 2019), which have been audited by KPMG Luxembourg, Société cooperative (the "**2020 Financial Statements**") and (iii) in the case of financial information as of and for the year ended December 31, 2018, the consolidated financial statements of Altice International as of and for the year ended December 31, 2019 (including comparative information as of and for the year ended December 31, 2018), which have been audited by Deloitte Audit S.à r.l. (the "**2019 Financial Statements**", and together with the 2020 Financial Statements, the "**Audited Financial Statements**"), and in each case, prepared in accordance with IFRS. The historical consolidated financial information of Altice International described above, including the accompanying notes thereto, are referred to herein as the "**Historical Consolidated Financial Information**". Some of the information in this discussion and analysis includes forward-looking statements that involve 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.*

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

*The Group applies International Financial Reporting Standards as endorsed in the EU ("**IFRS**"). 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 Adjusted EBITDA, Operating Free Cash Flow and Capital Expenditures (Accrued) are useful to readers of the Historical Consolidated Financial Information as they provide a measure of operating results excluding certain items that we believe are either outside of our recurring operating activities, or items that are non-cash. Excluding such items enables trends in our operating results and cash flow generation to be more easily observable. We use the non-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. Further, Adjusted EBITDA, Operating Free Cash Flow and Capital Expenditures (Accrued), as used herein, are not necessarily comparable to similarly titled measures of other companies. Furthermore, Adjusted EBITDA, Operating Free Cash Flow and Capital Expenditures (Accrued) have limitations as analytical tools and should not be considered in isolation from, or as an alternative to, net income or loss, operating profit, cash flow or other combined income or cash flow data prepared in accordance with IFRS. For further details, see "Presentation of Financial and Other Information" included elsewhere in this Notice.*

Basis of Presentation

This discussion and analysis for each of the periods presented is based on the financial information derived from the Historical Consolidated Financial Information. The Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16), have mandatory application for periods beginning on or after January 1, 2021, as described in Note 1.3.2 of the 2020 Financial Statements, and had no material impacts on the amounts recognized as of and for the three months ended March 31, 2021 and on the disclosure in the Unaudited Financial Statements.

The Group has adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of January 1, 2019. 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 ROU 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. 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 €896 million which are recognized and presented separately in the statement of financial position and include the lease assets in the amount of €19 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 €930 million (current and non-current) (including the reclassification of finance lease liabilities already recorded as of December 31, 2018 in the amount of €54 million) of which the current and non-current liabilities increased by €853 million and €77 million, respectively, as of December 31, 2019.

As of December 31, 2019, current and non-current lease liabilities increased by €83 million and €840 million, respectively, compared to December 31, 2018 mainly due to the adoption of IFRS 16, which was offset by lease payments for the year ended December 31, 2019. The variance in non-current and current lease liabilities is calculated by taking the difference between the non-current and current lease liabilities recorded as of December 31, 2019 compared to the non-current and current financial leases recorded as of December 31, 2018. In the year ended December 31, 2019, interest expenses related to lease liabilities amounted to €74 million following the adoption of IFRS 16 compared to nil for the year ended December 31, 2018. See Note 1.3.3 to the 2019 Financial Statements for more information.

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 1.3.3 to the 2019 Financial Statements for more information.

The Group has adopted IFRS 15 (*Revenue from Contracts with Customers*) and IFRS 9 (*Financial Instruments*) effective from January 1, 2018. Unless otherwise specified, the financial information provided in this section reflects the change in accounting standards.

Operational Activities

From time to time we review the presentation of revenues generated by our operational activities to more closely align to the day-to-day operational and strategic divisions in which our business is managed.

From January 1, 2020, we present revenue by activity under "Residential-Fixed", "Residential-Mobile", "Residential Equipment", "Business Services" and "Media", and for the purposes of discussion of results for the year ended December 31, 2020 compared to December 31, 2019 we have presented revenue by activity for the year ended December 31, 2019 under the same segments. Prior to January 1, 2020, we presented revenue by activity under "Residential-Fixed", "Residential-Mobile", "Business Services" and "Media" (with revenue from equipment sales included under "Residential-Fixed" and "Residential-Mobile", as applicable), and for the discussion of results for the year ended December 31, 2019 compared to December 31, 2018 we have presented revenue by activity under these segments.

For further details, see "*—Key Income Statement Items*".

Operating Segments

We discuss the results of operations for our business based on five operating segments, namely Portugal, Israel, the Dominican Republic, Teads and Others (which includes all other corporate entities). Each of the Portugal, Israel and the Dominican Republic segments includes the relevant Altice Technical Services entities in its jurisdictions. A sixth segment, Altice TV, comprising our content business through the use of content rights, was reported for the year ended December 31, 2018 and is included in the 2019 Financial Statements. Altice TV is no longer part of the Group following its sale to an affiliate that was closed on May 15, 2018.

Please refer to Note 4 of the Unaudited Financial Statements for further details on the description of each segment.

Please refer to Note 3 of the Historical Consolidated Financial Information for a complete overview of the changes in the scope of consolidation during the three months ended March 31, 2021 and 2020 and the years ended December 31, 2020, 2019 and 2018, respectively. In addition, please refer to "*—Discussion and Analysis of Our Results of Operations—For the three months ended March 31, 2021 compared to the three months ended March 31, 2020—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*".

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, among others, affecting the ordinary course of our business and our results of operations are discussed below.

Acquisitions and Integration of Businesses, Disposals and Strategic Initiatives

We have from time to time made significant direct and indirect equity investments in, and divestments of, several cable and telecommunication businesses and ancillary service providers in various jurisdictions. Due to the significant nature of certain of these acquisitions 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—Three Months Ended March 31, 2021 compared to the Three Months Ended March 31, 2020—Significant Events Affecting Historical Results*", "*—Discussion and Analysis of Our Results of Operations—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—Year Ended December 31, 2019 compared to the Year Ended December 31, 2018—Significant Events Affecting Historical Results*". In addition, we generally record goodwill relating to acquisitions. As of March 31, 2021, the goodwill recorded on our statement of financial position amounted to €3,175 million (compared to €3,139 million as of December 31, 2020 and €3,248 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. For the three months ended March 31, 2021, we did not identify any changes in circumstances indicating that the carrying amount of goodwill may not be recoverable. Therefore, in the first quarter of 2021 no impairment review has been performed and we did not incur any impairment losses.

In general, our results of operations in historical periods have been impacted by actions taken and expenditures incurred to improve the operational performance of our businesses. We have aimed to integrate and improve the businesses by focusing on several key areas, including (i) investing in the Group's fiber network, migrating existing DSL subscribers to the Group's own network and reducing the need for third party network services, (ii) continuous investments in the Group's mobile infrastructure, such as 5G, (iii) improving and simplifying operational processes and reducing IT costs by investing in new platforms, (iv) integrating sales organizations, optimizing the Group's sales channels and simplifying the Group's brand portfolio, (v) implementing procurement efficiencies by leveraging the Group's bargaining power and (vi) reducing overhead costs.

At the core of the Group's strategy is customer, revenue, profitability and cash flow growth by efficiently running telecom assets, creating underlying organic growth, and as a result, achieving a leverage profile consistent with the stated target leverage range. The Group benefits from a unique asset base which is fully convergent, fiber rich, active across residential consumers and businesses and holds number one or number two positions in each of its markets with nationwide coverage. The reinforced operational focus offers significant value creation potential. Key elements of the Group's growth strategy include:

- Building operational and financial turnaround in Portugal;
- Optimizing the performance in each market with a particular focus on customer services;
- Continuing to invest in best-in-class infrastructure commensurate with our market position;
- Growing advertising revenue; and
- The potential monetization of part of the Group companies' infrastructure and assets at attractive valuations.

For the years ended December 31, 2020 and 2019, we incurred other expenses and income of €(59) million and €367 million, respectively. For the year ended December 31, 2020, this comprised primarily of a net gain on sale of interest in associates of €101 million from the sale of PT Portugal's 25% equity stake in Belmont which was partially offset by restructuring costs relating to termination payments in connection with the voluntary employee reduction program in PT Portugal, and for the year ended December 31, 2019, this comprised primarily of restructuring costs relating to the voluntary employee reduction program undertaken in Portugal in 2019 for which a €293 million expense, which will be tax deductible upon payment, was recorded. For the three months ended March 31, 2021 and 2020, we incurred other expenses and income of €245 million and €(90) million, respectively. For three months ended March 31, 2021, this comprised primarily of €241 million costs relating to the pre-retirement program in Portugal launched in March 2021 and for three months ended March 31, 2020, this comprised primarily of net gain on sale of interest in associates of €98 million from the sale of PT Portugal's 25% equity stake in Belmont. Other expenses and income 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.

Multi-Play Strategy

Across the jurisdictions in which we operate, we have implemented a business strategy focused on the provision and expansion of multi-play product offerings, including triple-play ("**3P**") and quad-play ("**4P**") bundles. Customers who elect to subscribe for our multi-play bundles rather than our individual services realize comparative cost savings on their monthly bill. We believe that the enhanced value proposition associated with our bundled services enables us to meet our customers' communication and entertainment requirements while concurrently both increasing customer loyalty and attracting new customers. As a result of our focus on providing subscribers with multi-play bundles, we have experienced an increase in the number of our fiber/cable customer relationships from 2,160,000 as of December 31, 2019 to 2,339,000 as of December 31, 2020 to 2,366,000 as of March 31, 2021. 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 expanded our presence and product and service offerings in the past. The introduction of new products and services have impacted our result of operations in the periods presented by, among other things, opening new revenue streams and/or increasing the profitability of existing revenue streams (e.g. 4P and our fiber roll-out plan in Portugal through FastFiber, which involved extending our fiber proprietary network to in excess of 600,000 additional homes per year for 2020, and advertising services provided by Teads) and, in certain cases, increasing operating expenses and Total Capital Expenditures (*e.g.*, the fiber-roll out in Portugal and UMTS and LTE network build-out costs and roaming costs in Israel relating to our 3G, 4G and 5G mobile services). In addition, through Altice Labs, S.A. ("**Altice Labs**") we continue to invest in and make available technologically-advanced customer equipment in the jurisdictions in which we operate. In addition, we have 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. 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. In addition, the Group is focused on supplementing its own content offerings with premium content produced by or purchased from third parties. At the end of 2015 and at the beginning of 2016, PT Portugal entered into contracts with several first and second division football clubs in Portugal, including F.C. Porto, Vitoria F.C., Rio Ave F.C. and Boavista F.C., to acquire the exclusive broadcasting rights for the home games of these clubs for up to ten football seasons and in February 2017 we acquired a 25% stake in the capital of the Portuguese sports broadcaster SPORT TV. In June 2017, we announced a multi-year partnership with Netflix which allows customers to watch Netflix's content with eligible devices in Portugal, Israel and the Dominican Republic. 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.

Pricing

We focus our product offerings on multi-play offers. 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. Our ability to increase or maintain the prices for our fixed-based and mobile services is also limited by regulatory factors in each of the regions in which we operate. In Portugal, for example, the imposition by ANACOM of price controls on interconnection charges as well as the continuous reduction of mobile termination rates have caused interconnection revenues for fixed-line and mobile telephony to steadily decline, although this has been partially offset by the lower interconnection costs we incur. 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.

Cost Structure

We generally work towards achieving satisfactory operating margins in our businesses 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 continuously implement 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. We have simplified the services we offer, insourced our historical suppliers around technical services to better control quality and reduced costs through the negotiation of attractive interconnection rates and television content pricing.

Network Upgrades

Our ability to provide new or enhanced fixed-based services, including high-definition television ("**HDTV**") and VoD television services, broadband internet at increasing speeds and fixed-line telephony services as well as 3G and 4G mobile services to additional subscribers depends in part on our ability to upgrade our (i) cable and DSL networks by extending the fiber portion of our network, reducing the number of nodes per home passed and upgrading technical components of our network and (ii) mobile networks including to support 4G services and introduce 5G services in certain jurisdictions, as well as maintaining agreements with third parties to share mobile networks.

In recent years, we have increased our fiber deployment and upgraded a significant part of our cable networks. Our fixed-line services in Portugal are primarily delivered over FTTH, DSL and DTH, in Israel are primarily delivered over HFC cables (and since April 2021, fiber-based internet services are also delivered over IBC Israel's fiber optic network in certain areas where the network had already been deployed) and in the Dominican Republic are delivered over both HFC cable and FTTH, in each case that are among the most technically advanced in the markets in which we operate. Our cable networks enable us to offer download speeds of at least 200 Mbps to a majority of homes passed in our footprint in Israel and the Dominican Republic. In Portugal and the Dominican Republic, we continue to upsell our fiber/cable based services to our existing DSL subscriber base. In Portugal, we own 50.01% of FastFiber which in turn owns the largest fiber network by penetration that passed 5,699,000 homes as of March 31, 2021. We also implemented our fiber rollout strategy in Portugal and through FastFiber we rolled out 388,000 new fiber homes passed in 2018, 356,000 new fiber homes passed in 2019, 603,000 new fiber homes passed in 2020 and a further 73,000 fiber homes passed in the three months ended March 31, 2021. In the periods under review, the Group has also built-out its 4G network to have advanced mobile networks in place in each of its geographies (4G population coverage as of March 31, 2021 of 99.6% in Portugal, 99.9% in Israel and 97.5% in the Dominican Republic). We have also invested in our 5G network in Israel, and offer 5G services in certain areas since first quarter of 2021. We have undertaken certain strategic transactions in recent years to monetize the value of certain non-core assets, including the Towers Transactions. In Israel, the Partner Network Sharing Agreement enables HOT Mobile and Partner Communications Company Ltd. ("**Partner**") to share antennas and frequencies and facilitate optimum utilization of the spectrum thereby resulting in savings related to network and maintenance expenses and optimizing Total Capital Expenditures incurred in relation to the mandatory build-out of our mobile network. We continue to evaluate the need to upgrade our cable networks for the deployment of additional fiber, and our mobile networks for advancements in LTE technology and in Israel, to support the introduction of 5G services, on an ongoing basis.

During the periods under review, we have incurred significant Capital Expenditures (Accrued) (20.7%, 19.6%, 19.4% and 20.8% of total consolidated revenue for the years ended December 31, 2020, 2019 and 2018 and the three months ended March 31, 2021, respectively) in order to improve our mobile network and to roll out new fiber/cable homes. Our Capital Expenditures (Accrued) amounted to €211 million and €205 million for the three months ended March 31, 2021 and 2020, respectively, and €840 million, €802 million and €811 million for the years ended December 31, 2020, 2019 and 2018, respectively.

Competition

In each of the geographies and industries in which the Group operates, the Group faces significant competition and competitive pressures. Certain markets, such as Portugal, are mature markets, with a limited number of new customers entering the market. Moreover, the Group's products and services are subject to increasing competition from alternative new technologies or improvements in existing technologies.

With respect to its residential activities, the Group faces competition from telephone companies and other providers of DSL, VDSL2 and fiber network connections. With respect to pay TV services, the Group is faced with growing competition from alternative methods for broadcasting television services other than through traditional cable networks. For example, online content aggregators which broadcast 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 Group has experienced a shift from fixed-line telephony to mobile telephony and faces intensive competition from established telephone companies, mobile virtual network operators ("**MVNOs**") and providers of new technologies such as VoIP.

In the competitive B2B data services market, price pressure has been strong. Conversely, the use of data transmission services has significantly increased. The Group is currently facing competition from software providers and other IT providers of data and network solutions, and the line between them and the suppliers of data infrastructure and solutions, like the Group, has become increasingly blurred. Partnerships between IT providers and infrastructure providers are becoming more and more common and are an additional source of competition but also an opportunity for growth. Being able to face the competition efficiently depends in part on the density of the network, and certain of the Group's competitors in the markets in which we operate 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.

For a description of the competitive landscape in the key geographies in which the Group operates, see "*Industry and Market Overview*".

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 and countries in the Middle East, 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. For example, our results of operations in the periods under review have been affected by adverse economic conditions and austerity measures in Portugal which had a negative effect on consumer confidence. Moreover, in Israel, we are subject to the inherent risks associated with political and military conditions and the potential for armed conflicts with Israel's neighbors.

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 inflation and 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 service requirements and may incur additional debt in the future. See "—*Liquidity and Capital Resources*" and "—*Risks Relating to Our Financial Profile*" below and "*Description of Indebtedness*" included elsewhere in this Notice. 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 Our Financial Profile—Our substantial leverage could adversely affect our business, financial condition and results of operations and prevent us from fulfilling our debt obligations under the Notes or impede our ability to raise additional capital to fund our operations*".

Fluctuations in Currency Exchange Rates and Interest Rates

Our reporting currency is euro but a significant portion of our revenue and expenses are currently earned or incurred in other currencies due to which we are exposed to significant foreign currency exchange risk. As a result, our reported results of operations can be significantly different compared to the results of our businesses, particularly in Israel and the Dominican Republic on a local currency basis. In Israel, which accounted for 24.1% of the total revenue of the Group after eliminations in the year ended December 31, 2020, a substantial portion of our revenue is in NIS while a portion of our operational expenses and Total Capital Expenditures are incurred in other currencies, including the U.S. dollar. In the year ended December 31, 2020, 16% of our total operating expenses and 20% of our Total Capital Expenditures in Israel were incurred in currencies other than NIS. In the Dominican Republic, which accounted for 12.0% of the total revenue of the Group after eliminations in the year ended December 31, 2020, a substantial portion of our revenue is in DOP while a portion of our operational expenses and Total Capital Expenditures are incurred in other currencies, including the U.S. dollar. In the year ended December 31, 2020, 15% of our total operating expenses and 54% of our Total Capital Expenditures in the Dominican Republic were incurred in currencies other than the DOP. The exchange rate between U.S. dollars and NIS, the euro and NIS and U.S. dollars and DOP, which affect our operations, and the euro and NIS and euro and DOP, which affect the translation risk relating to the consolidation of our financial statements, has been volatile in the past and may continue to be so in the future. Although we attempt to mitigate currency risk to an extent through hedging, sharp changes in the exchange rate could have a material effect on our results of operations.

Our borrowings are denominated primarily in euro, U.S. dollars and NIS but do not necessarily match the cash flows generated from operations in such currencies. In addition, a portion of our borrowings bear a floating rate of interest. While we hedge the risk of certain currency and interest rate fluctuations in respect of a portion of our existing debt, these arrangements may not insulate us completely from such exposure. Please see Note 8.3 of the Unaudited Financial Statements for more information.

Moreover, the government of the Dominican Republic has imposed exchange controls and currency restrictions in the past and may do so in the future. This is beyond our control and may result in the DOP ceasing to be freely convertible or transferable abroad to service our outstanding indebtedness, or the DOP being significantly depreciated relative to other currencies, including the U.S. dollar, which may impede our ability to service our outstanding obligations and affect our earnings and cash flow.

Key Operating Measures

We use several key operating measures, including number of fiber/cable homes passed, number of fixed unique B2C customers and number of mobile B2C subscribers 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.

The tables below set forth our key operating measures by geographic segment as of for the three months ended March 31, 2021 and 2020 and as of the years ended December 31, 2020, 2019 and 2018:

	As of March 31, 2021			
	Portugal	**Israel**	**Dominican Republic**	**Total**
	(thousands)			
Fiber/cable homes passed[(1)]	5,699	2,212	796	8,707
Fiber/cable unique B2C customers[(2)]	1,135	1,027	204	2,366
Total fixed B2C unique customers	1,630	1,027	354	3,011
Postpaid B2C subscribers	3,203	1,179	627	5,008
Prepaid B2C subscribers	2,747	199	2,205	5,151
Total mobile B2C subscribers	5,950	1,378	2,831	10,159

	As of March 31, 2020			
	Portugal	**Israel**	**Dominican Republic**	**Total**
	(thousands)			
Fiber/cable homes passed[(1)]	5,097	2,174	770	8,041

Fiber/cable unique B2C customers(2)	986	1,029	194	2,209
Total fixed B2C unique customers	1,599	1,029	333	2,961
Postpaid B2C subscribers	3,116	1,171	623	4,910
Prepaid B2C subscribers	3,103	185	2,063	5,351
Total mobile B2C subscribers	6,219	1,355	2,686	10,260

	As of December 31, 2020			
	Portugal	Israel	Dominican Republic	Total
	(thousands)			
Fiber/cable homes passed(1)	5,602	2,201	786	8,589
Fiber/cable unique B2C customers(2)	1,094	1,045	200	2,339
Total fixed B2C unique customers	1,623	1,045	345	3,013
Postpaid B2C subscribers	3,187	1,179	623	4,988
Prepaid B2C subscribers	2,824	194	2,108	5,126
Total mobile B2C subscribers(3)	6,011	1,373	2,731	10,114

	As of December 31, 2019			
	Portugal	Israel	Dominican Republic	Total
	(thousands)			
Fiber/cable homes passed(1)	4,915	2,164	764	7,844
Fiber/cable unique B2C customers(2)	952	1,015	193	2,160
Total fixed B2C unique customers	1,594	1,015	329	2,938
Postpaid B2C subscribers	3,081	1,169	622	4,872
Prepaid B2C subscribers	3,330	181	2,116	5,627
Total mobile B2C subscribers(3)	6,411	1,350	2,737	10,499

	As of December 31, 2018			
	Portugal	Israel	Dominican Republic	Total
	(thousands)			
Fiber/cable homes passed(1)	4,490	2,128	755	7,373
Fiber/cable unique B2C customers(2)	803	990	192	1,985
Total fixed B2C unique customers	1,581	990	318	2,889
Postpaid B2C subscribers	2,959	1,140	568	4,667
Prepaid B2C subscribers	3,558	159	2,532	6,248
Total mobile B2C subscribers(3)	6,516	1,299	3,100	10,915

(1) Portugal fiber homes passed figures include homes where PT OpCo has access through wholesale fiber operators (approximately 0.6 million as of March 31, 2021, approximately 0.5 million as of March 31, 2020, December 31, 2020 and December 31, 2019 and approximately 0.4 million as of December 31, 2018).

(2) Fiber/cable unique customers represents the number of individual end users who have subscribed for one or more of our fiber/cable based services (including pay television, broadband or telephony), without regard to how many services to which the end user subscribed. It is calculated on a unique premises basis. For Israel, it refers to the total number of unique customer relationships, including both B2C and B2B.

(3) Mobile subscribers is equal to the net number of lines or SIM cards that have been activated on the Group's mobile networks and excludes machine to machine. In Israel, iDEN technology was decommissioned by the end of 2019 and the split between iDEN and UMTS (B2C only, including prepaid) services for the year ended December 31, 2018 is as follows:

	As of December 31, 2018
Mobile Subscribers	
iDEN	5,000
UMTS	1,294,000
Total	**1,299,000**

Key Income Statement Items

Revenue

Revenue consists of income generated from the delivery of fixed-based services to our B2C customers, mobile services to our B2C customers, equipment sales to residential customers, fixed, mobile and wholesale service and other revenues to our B2B customers and media service revenues. 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.

Residential-Fixed services: Revenue from residential fixed-based services consists of revenue from our B2C customers for pay TV services, including related services such as VoD, broadband internet, fixed-line telephony and ISP services. 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 services: Revenue from residential mobile services from our B2C customers primarily consists of (i) recurring subscription revenue for our postpaid mobile services (which are recognized in revenue on a straight-line basis over the subscription period), (ii) revenue from purchases of our prepaid 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) and (iv) interconnection revenue received for calls that terminate on our mobile network.

Residential equipment: Revenue from residential equipment consists of revenue from the sale of handsets and fixed equipment (which are recognized on the date of transfer of ownership). Prior to January 1, 2020 and for the purposes of discussion of results of operations for the year ended December 31, 2019 compared to the year ended December 31, 2018, revenues from equipment sales are included under "Residential-Fixed" and "Residential-Mobile", as applicable. See "*—Basis of Presentation—Operational Activities*".

Business services: Revenue from business services primarily consists of (i) revenue from the same services as the above fixed and mobile services and residential equipment, but for the business sector, (ii) revenue from wholesale services derived from renting our network infrastructure, including IRUs and bandwidth capacity on our network, to other telecommunications operators, including MVNOs as well as related maintenance services and (iii) revenue from other services consisting of: (a) data center activities, (b) content production and distribution, (c) advertising, (d) customer services, (e) technical services, (f) construction and (g) other activities that are not related to our core fixed or mobile businesses.

Media services: Revenue from media services consists of media and advertisement revenues in Teads recognized on a net basis after discounts.

Purchasing and subcontracting costs

Purchasing and subcontracting costs 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. Purchasing and subcontracting costs consist of the following subcategories:

Fixed-based services: Purchasing and subcontracting costs 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 cost of goods sold of customer premises equipment (such as modems, set-top boxes and decoders).

Mobile services: Purchasing and subcontracting costs associated with mobile services consist primarily of mobile interconnection fees, including roaming charges and cost of goods sold of mobile handsets.

Wholesale: Purchasing and subcontracting costs associated with wholesale primarily consist of costs associated with delivering wholesale services to other operators.

Others: Other purchasing and subcontracting costs consist of (i) cost of renting space for data centers (subject to certain exceptions), (ii) utility costs related to the operation of data centers (such as power and water supply costs), (iii) in relation to the content activity of the Group, technical costs associated with the delivery of content, such as satellite rental costs, (iv) 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 (v) direct costs related to our call center operations, such as service expenses, telecom consumption subscriptions and energy costs, in our customer services functions.

Other operating expenses

Other operating expenses mainly consist of the following subcategories:

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

Technical and maintenance: Technical and maintenance costs include all costs related to infrastructure rental not under the scope of IFRS 16, equipment, equipment repair, costs of external subcontractors, maintenance of backbone equipment and data center 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 not under the scope of IFRS 16, commissions for marketers, external sales and storage and other expenses related to sales and marketing efforts.

Staff costs and employee benefits

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

Depreciation, amortization and impairment

Depreciation and amortization includes depreciation of tangible assets related to production, sales and administrative functions, the amortization of intangible assets and contract costs. 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, restructuring and other non-recurring costs related to those acquisitions or the business in general, any non-cash operating gains or losses realized on the disposal of tangible and intangible assets and management fees paid to related parties.

Interest relative to gross financial debt

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

Realized and unrealized gains on derivative instruments

Realized and unrealized gains on derivative instruments include variations in fair value of financial derivative instruments.

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 lease liabilities under the scope of IFRS 16) incurred by the Group, net exchange rate losses and other financial expenses.

Financial income

Financial income consists of gains from the disposal of financial assets, net exchange rate gains, and other financial income.

Share of earnings of associates

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

Income tax benefit/(expense)

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

Adjusted EBITDA

"**Adjusted EBITDA**" is defined as, (i) for periods prior to the application of IFRS 16, operating profit before depreciation, amortization and impairment, other expenses and income (capital gains, non-recurring litigation, restructuring costs) and share-based expenses and (ii) following the application of IFRS 16, as operating profit before depreciation, amortization and impairment, other expenses and income (capital gains, non-recurring litigation, restructuring costs), 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.

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 the Historical Consolidated Financial Information 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 that allows investors to better identify trends in our financial performance. Adjusted EBITDA should not be considered as a substitute measure for net income or loss, operating profit, cash flow or other combined income or cash flow data prepared in accordance with IFRS and may not be comparable to similarly titled measures used by other companies. Further, this measure should not be considered as an alternative for operating profit as the effects of depreciation, amortization and impairment excluded from this measure do ultimately affect the operating results, which is also presented within the annual consolidated financial statements in accordance with IAS 1 (*Presentation of Financial Statements*). For a reconciliation of the Group's profit/(loss) from continuing operations to Adjusted EBITDA, see "*Summary Financial Information and Other Financial Data—Revenue and Adjusted EBITDA—Reconciliation of profit/(loss) from continuing operations and operating profit/(loss) to Adjusted EBITDA*".

Discussion and Analysis of Our Results of Operations

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

The below table sets forth the Group's consolidated statement of income for the three months ended March 31, 2021 and March 31, 2020.

Consolidated Statement of Income (€m)	For the three months ended March 31, 2021	2020	*Change*
Revenues	**1,015**	**991**	***2.4%***
Purchasing and subcontracting costs	(282)	(247)	*14.2%*
Other operating expenses	(197)	(221)	*(10.9)%*
Staff costs and employee benefits	(133)	(116)	*14.7%*
Depreciation, amortization and impairment	(302)	(303)	*(0.3)%*
Other (expenses) and income(1)	(245)	90	*(372.2)%*
Operating profit/(loss)	**(145)**	**195**	***(174.4)%***
Interest relative to gross financial debt	(90)	(140)	*(35.7)%*
Realized and unrealized gains on derivative instruments	127	193	*(34.2)%*
Other financial expenses	(118)	(177)	*(33.3)%*
Finance income	48	28	*71.4%*
Net result on extinguishment of a financial liability	—	590	*nm*
Finance income/(costs), net	**(33)**	**494**	***(106.7)%***
Share of losses/earnings of associates	(5)	(1)	*400.0%*
Profit/(loss) before income tax	(183)	688	*(126.6)%*
Income tax benefit/(expense)	24	17	*41.2%*
Profit/(loss) for the period from continuing operations	**(159)**	**704**	***(122.6)%***
Discontinued operations	—	—	—
Profit after tax for the year from discontinued operations	(159)	704	*(122.6)%*
Profit/(loss) for the period	**(159)**	**704**	***(122.6)%***
Attributable to equity holders of the parent	*(168)*	*706*	*(109.6)%*
Attributable to non—controlling interests	*9*	*(2)*	*550.0%*

(1) Other expenses and income for the three months ended March 31, 2021 include mainly the termination and employee benefit costs of €241 million recognized as part of the pre-retirement program for Portugal. Please see "*—Significant Events Affecting Historical Results—For the three months ended March 31, 2021—Portugal pre-retirement program*".

The below tables show the revenues, Adjusted EBITDA and operating profit for the periods indicated, respectively by operating segments.

	For the three months ended March 31, 2021						
(€m)	Portugal	Israel	Dominican Republic	Teads	Others	Inter-segment elimination	Total
Revenues	**549**	**247**	**118**	**103**	**0**	**(3)**	**1,015**
Purchasing and subcontracting costs	(162)	(94)	(28)	—	0	2	(282)
Other operating expenses	(84)	(47)	(18)	(47)	(1)	0	(197)
Staff costs and employee benefits	(81)	(20)	(7)	(25)	0	0	(133)
Total	**222**	**86**	**64**	**31**	**(1)**	**(1)**	**402**
Share-based expense	0	0	0	—	—	—	1
Rental expense operating lease	(19)	(7)	(5)	(2)	—	—	(32)
Adjusted EBITDA(1)	**204**	**79**	**59**	**29**	**(1)**	**(1)**	**371**
Depreciation, amortization and impairment	(182)	(82)	(32)	(6)	—	—	(302)
Share-based expense	0	0	0	—	—	—	(1)
Other (expenses) and income	(243)	(1)	(1)	0	(1)	0	(245)
Rental expense operating lease	19	7	5	2	—	—	32
Operating profit/(loss)	**(202)**	**3**	**32**	**25**	**(1)**	**(1)**	**(145)**

	For the three months ended March 31, 2020						
(€m)	Portugal	Israel	Dominican Republic	Teads	Others	Inter-segment elimination	Total
Revenues	**522**	**247**	**133**	**90**	**0**	**(1)**	**991**
Purchasing and subcontracting costs	(137)	(79)	(32)	—	—	1	(247)
Other operating expenses	(93)	(51)	(21)	(56)	(1)	0	(221)

(€m)	Portugal	Israel	Dominican Republic	Teads	Others	Inter-segment elimination	Total
	For the three months ended March 31, 2020						
Staff costs and employee benefits	(66)	(18)	(8)	(24)	—	—	(116)
Total	**227**	**99**	**72**	**10**	**(1)**	**—**	**408**
Share-based expense	0	—	—	—	—	—	0
Rental expense operating lease	(17)	(9)	(6)	(1)	—	—	(32)
Adjusted EBITDA[(1)]	**210**	**91**	**67**	**9**	**(1)**	**—**	**375**
Depreciation, amortization and impairment	(182)	(83)	(32)	(5)	—	—	(303)
Share-based expense	0	—	—	—	—	—	0
Other (expenses) and income	94	(2)	(1)	0	0	—	90
Rental expense operating lease	17	9	6	1	—	—	32
Operating profit/(loss)	**139**	**14**	**39**	**5**	**(1)**	**—**	**195**

(1) For a reconciliation of the Group's profit/(loss) from continuing operations to Adjusted EBITDA, see "*Summary Financial Information and Other Financial Data—Revenue and Adjusted EBITDA—Reconciliation of profit/(loss) from continuing operations and operating profit/(loss) to Adjusted EBITDA*".

Significant Events Affecting Historical Results

Our results of operations as of and for three months ended March 31, 2021 and 2020 were significantly impacted by the following events:

For the three months ended March 31, 2021:

Acquisition of IBC Israel

On September 15, 2020, HOT Telecommunications Systems Ltd (HOT) announced that it had taken a minority stake in IBC Israel. Post-closing, HOT became an equal partner in the IBC Partnership (that holds 70% of IBC Israel's share capital), together with Cellcom and Israel Infrastructure Fund ("**IIF**"), and HOT indirectly holds 23.3% of IBC Israel's share capital, through an investment of €45 million, substantially equal to the investment made by each of Cellcom and IIF. There is an agreement between IBC Israel and HOT, under which HOT undertakes to purchase an indefeasible right, or IRU, to use IBC Israel's fiber-optic network. There is also a service agreement between IBC Israel and HOT, under which IBC Israel undertakes to purchase certain services from HOT. The transaction was closed on February 11, 2021 following the regulatory and third-party approvals. Following the closing of the transaction, HOT exercises a significant influence over IBC Israel, that is accounted for under the equity method based on the provisions of IAS 28 (*Investments in Associates and Joint Ventures*).

Portugal pre-retirement program

In connection with an ongoing transformation process of the Group in Portugal, in a severe context resulting from the COVID-19 pandemic, some of the Group companies in Portugal have launched a voluntary employee reduction program in March 2021. This program is aimed at employees aged 50 years or more that decide to enroll in the program, subject to the relevant company's acceptance, who will have their employment agreements terminated and will be entitled to receive a monthly fixed compensation up to retirement age corresponding to a percentage of their previous remuneration. The deadline for employees to enroll in the program has finished in the second quarter of 2021, but the selection process of the employees that will be allowed to terminate their employment agreements under this pre-retirement scheme is still ongoing. As of March 31, 2021, management considered that the conditions for recording a liability were met under IAS 19 Employee benefits and thus a liability was recognized in the caption "provisions" in the statement of financial position and in the caption "other (expense) and income" of the income statement for an amount of €241 million, relating to approximately 750 employees and corresponding primarily to the present value of salaries payable up to retirement age to the employees that agreed to terminate their employment agreements under pre-retirement schemes. Based on information up to date, the Group expects to record an additional liability in the second quarter of 2021 relating to approximately 200 employees.

For the three months ended March 31, 2020:

Sale of 25% equity stake in OMTEL

On January 2, 2020, the Group announced the sale of a 25% equity interest held by PT Portugal in Belmont Infra Holding S.A. ("**Belmont**"), that owns 100% of the tower company OMTEL, to Cellnex. Total cash proceeds amounted to €201 million. The net gain on sale of interest in associates recorded for the three months ended March 31, 2020 amounted to €98 million. The sale by PT Portugal of its 25% equity interest in Belmont was part of a larger transaction pursuant to which Cellnex acquired 100% of the share capital of OMTEL. In September 2018, at the time of sale of OMTEL to a consortium including Morgan Stanley Infrastructure Partners and Horizon Equity Partners, PT Portugal had reinvested €109 million for a 25% equity interest in OMTEL.

Redemption of notes

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

- On January 13, 2020, Altice Finco redeemed in full the then outstanding Altice Finco 2023 Notes, in an aggregate principal amount of €250 million, in accordance with the indenture governing the Altice Finco 2023 Notes;

- On February 10, 2020, Altice Finco redeemed in full the then outstanding Altice Finco 2024 Notes, in an aggregate principal amount of $400 million, in accordance with the indenture governing the Altice Finco 2024 Notes; and

- On February 18, 2020, Altice Financing redeemed in full the then outstanding Altice Financing 2023 Notes, in an aggregate principal amount of €2,400 million equivalent, in accordance with the indenture governing the Altice Financing 2023 Notes.

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

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

Amendment of 2014 Pari Passu Revolving Credit Facility

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

Bridge Facility

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

Revenue

For the three months ended March 31, 2021, the Group generated total revenues of €1,015 million, a 2.4% increase compared to €991 million for the three months ended March 31, 2020. This increase in revenue was mainly the consequence of positive performances in residential equipment, business services and media, which was partially offset by a decrease in revenues from residential fixed and residential mobile. Revenue was also negatively impacted by the unfavorable development of the foreign currency rate for NIS and DOP. NIS average exchange rate decreased by 2.2% compared to the euro and DOP average exchange rate decreased by 18.2% compared to the euro.

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

Revenue (€m)	For the three months ended March 31, 2021					
	Portugal	**Israel**	**Dominican Republic**	**Teads**	**Others**	**Total**
Fixed	164	136	23	—	—	**323**
Mobile	115	51	65	—	—	**232**
Residential service	**280**	**188**	**88**	**—**	**—**	**555**
Residential equipment	26	20	9	—	—	**55**
Total residential	**306**	**208**	**97**	**—**	**—**	**610**
Business services	243	39	21	—	0	**304**
Media	—	—	—	103	—	**103**
Total standalone revenues	**549**	**247**	**118**	**103**	**0**	**1,017**
Intersegment eliminations	(2)	—	—	0	—	**(3)**
Total consolidated revenues	**547**	**247**	**118**	**102**	**0**	**1,015**

Revenue (€m)	For the three months ended March 31, 2020					
	Portugal	**Israel**	**Dominican Republic**	**Teads**	**Others**	**Total**
Fixed	155	146	25	—	—	**326**
Mobile	118	54	75	—	—	**247**
Residential service	**273**	**200**	**101**	**—**	**—**	**573**
Residential equipment	23	15	9	—	—	**48**
Total residential	**296**	**215**	**110**	**—**	**—**	**621**
Business services	226	31	23	—	0	**281**
Media services	—	—	—	90	—	**90**
Total standalone revenues	**522**	**247**	**133**	**90**	**0**	**992**
Intersegment eliminations	0	—	0	0	—	**(1)**
Total consolidated revenues	**522**	**247**	**133**	**90**	**0**	**991**

Operating segments

Portugal: For the three months ended March 31, 2021, Portugal generated revenue of €547 million, a 4.8% increase compared to €522 million for the three months ended March 31, 2020.

Revenue from Portugal's fixed residential service increased by 6.0% from €155 million for the three months ended March 31, 2020 to €164 million for the three months ended March 31, 2021. The increase in revenues is explained by market share gains over the recent quarters and the higher contributions from high-value convergent package fees, including migrations from customers being served by our DSL network to fiber.

Portugal's mobile residential service business reported a net revenue decrease of 2.1% from €118 million for the three months ended March 31, 2020, to €115 million for the three months ended March 31, 2021. This decline is the consequence of lower pre-paid revenues, primarily driven by migrations to both post-paid and convergent packages and lower roaming-out revenues, further impacted by the effects of the COVID-19 pandemic, all of which was partially offset by the increase in post-paid revenues.

Portugal reported a residential equipment revenue increase of 12.0% from €23 million for the three months ended March 31, 2020, to €26 million for the three months ended March 31, 2021. This increase was largely driven by the increasing commercial momentum after the opening of MEO shops from the end of the first quarter of 2021.

Revenue from Portugal's business services increased by 7.6% from €226 million for the three months ended March 31, 2020 to €243 million for the three months ended March 31, 2021. This increase is primarily explained by higher equipment sales from Altice Labs, equipment sales of laptops to schools and handsets to corporates.

Israel: For the three months ended March 31, 2021, Israel generated revenue of €247 million, a 0.3% increase compared to €247 million for the three months ended March 31, 2020. The negative effect of the COVID-19 pandemic on the revenues in the three months ended March 31, 2021 was higher compared to the corresponding period in 2020 with two weeks of lockdown in the three months ended March 31, 2020 compared to almost two months of lockdown in the three months ended March 31, 2021. The lower reported growth rate in comparison to the local currency growth rate is partially driven by the unfavorable development of the foreign currency rate for NIS during the first quarter of 2021 in comparison to the first quarter of 2020.

On a local currency basis, revenue increased by 2.5%. Fixed residential service revenue decreased by 4.6%, which was mainly driven by fierce competition in both fixed and mobile market. Mobile residential service revenue decreased by 2.8% on a local currency basis due a stabilization in the mobile subscriber base and an increasing price competition. Israel's residential equipment revenue increased by 36.9% largely due to the increase in digital sales channels as a consequence of the COVID-19 pandemic which was offset by the store closures. Business services revenue increased by 28.2%, mainly due to the increase in B2B equipment sales.

Dominican Republic: For the three months ended March 31, 2021, the Dominican Republic generated total revenue of €118 million, an 11.1% decrease compared to €133 million for the three months ended March 31, 2020. On a local currency basis, revenue increased by 5.1%. Therefore, the decrease in reported revenue was mainly driven by the unfavorable development of the foreign currency rate for DOP. On a local currency basis, fixed residential service revenue increased by 5.6% due to a growth in the subscriber base, stabilizing ARPU and decrease in churn. Mobile residential service revenue grew by 2.6% due to an increase in prepaid and postpaid subscriber base as a result of positive net additions. The Dominican Republic's residential equipment revenue increased by 15.5%, largely due to the reopening of shops and stands in the first three months of 2021. Business services revenue grew by 8.0%, largely due to an increase in revenues from fixed television as a result of the revenue generated pursuant to the contract for transmission of educational content with the Ministry of Education, as well as internet driven by customers increased demand for higher capacity plans.

Teads: For the three months ended March 31, 2021, Teads generated revenue of €102 million, compared to €90 million for the three months ended March 31, 2020. The increase in media revenue was mainly driven by a strong first quarter for Teads in 2021, where several geographies contributed positively to the growth.

Adjusted EBITDA

For the three months ended March 31, 2021, the Group's Adjusted EBITDA amounted to €371 million, a decrease of 1.1% compared to €375 million for the three months ended 31, 2020. This decrease can be attributed to a higher percentage increase in purchasing and subcontracting costs and staff costs and employee benefit expenses compared to total revenue.

Operating segments

Portugal: For the three months ended March 31, 2021, the Adjusted EBITDA in Portugal was €204 million, a decrease of 2.8% from €210 million for the three months ended March 31, 2020. This decrease can be attributed to a higher percentage increase in purchasing and subcontracting costs and staff costs and employee benefit expenses, compared to total revenue. The increase in purchasing and contracting costs is mainly related to higher cost of goods sold and higher raw materials consumption as a consequence the increase in residential equipment and B2B equipment sales from Altice Labs. The increase in staff costs reflects primarily the effect of the consolidation of Intelcia in the financial statements since March 2020. The decrease in other operating expenses is primarily explained by lower sales and marketing costs, reflecting lower commercial activity due to the impacts of the COVID-19 pandemic and lower call center expenses reflecting the internalization of some of these operations in Intelcia, partially offset by higher provisions for bad debt and higher general and administration expenses compared to pre-pandemic levels.

Israel: For the three months ended March 31, 2021, the Adjusted EBITDA in Israel was €80 million, a decrease of 12.7% compared to €91 million for the three months ended March 31, 2020. Adjusted EBITDA on a local currency basis decreased by 10.7% compared to the three months ended March 31, 2020. The decrease in Adjusted EBITDA is largely attributable to an increase in cost of goods sold as a consequence of the increase in mobile equipment related sales.

Dominican Republic: For the three months ended March 31, 2021, the Adjusted EBITDA in the Dominican Republic decreased by 10.6% from €67 million for three months ended March 31, 2020 to €60 million for the three months ended March 31, 2020 (an increase of 5.6% on a local currency basis). On a local currency basis, the increase in Adjusted EBITDA is largely attributable to the reactivation of commercial activity and residential customer base increase.

Teads: For the three months ended March 31, 2021, the Adjusted EBITDA for Teads amounted to €29 million, compared to €9 million for the three months ended March 31, 2020, an increase of 240.7%. The increase is explained by an increase in revenues and a reduction in operating expenses due to the renegotiation of contracts with advertisers, lower marketing costs and lower travel and entertainment expenses as a result of the COVID-19 pandemic.

Depreciation, amortization and impairment

For the three months ended March 31, 2021, depreciation, amortization and impairment totaled €302 million, stable compared to €303 million for the three months ended March 31, 2020.

Other expenses and income

For the three months period ended March 31, 2021, the Group's other expenses totalled €245 million compared to other income of €90 million for the three months ended March 31, 2020. A detailed breakdown of other expenses and income is provided below:

Other expenses and income (€m)	**For the three months ended March 31,**	
	2021	**2020**
Restructuring costs (including termination and employee benefit costs)	241	1
Net (gain)/loss on disposal of assets	—	1
Disputes and litigation	(2)	2
Net (gain)/loss on sale of interest in associates	—	(98)
Management fee	3	1
Other expenses and income, (net)	2	5
Other expenses and (income)	**245**	**(90)**

Restructuring costs (including termination and employee benefit costs)

For the three months ended March 31, 2021, termination and employee benefit costs of €241 million were recognized as part of the pre-retirement program launched in March 2021.

Net (gain)/loss on sale of interest in associates

For the three months ended March 31, 2020, this related to the net gain on sale of interest in associates of €98 million from the sale of Portugal's 25% equity stake in Belmont.

Operating profit

As a result of the above-mentioned factors, the Group recorded an operating loss of €145 million for the three months ended March 31, 2021 compared to an operating profit of €195 million for the three months ended March 31, 2020.

Finance income/(costs), net

Net finance costs amounted to €33 million for the three months ended March 31, 2021 compared to finance income of €494 million for the three months ended March 31, 2020. A detailed breakdown of finance income/(costs), net is provided below:

Finance income/(costs), net (€m)	For the three months ended March 31, 2021	2020
Interest relative to gross financial debt	(90)	(140)
Realized and unrealized gains on derivative instruments	127	193
Other financial expenses	(118)	(177)
Finance income	48	28
Net result on extinguishment of a financial liability	—	590
Finance income/(costs), net	**(33)**	**494**

Interest relative to gross financial debt

For the three months ended March 31, 2021, the Group's interest relative to gross financial debt totalled €90 million, a 35.8% decrease compared to €140 million for the three months ended March 31, 2020. The decrease is mainly explained by lower interest costs and a reduction in permanent debt related to various financing activities in 2020.

Realized and unrealized gains on derivative instruments

For the three months ended March 31, 2021, the Group's realized and unrealized loss on derivative instruments totalled €127 million compared to a realized and unrealized gain on derivative instruments of €193 million for the three months ended March 31, 2020. This decrease is mainly driven by foreign currency variations and floating interest rate fluctuations related to the Group's derivative financial instruments in Altice Financing.

Other financial expenses

For the three months ended March 31, 2021, the Group's other financial expenses totalled €118 million compared to €177 million for the three months ended March 31, 2020. This variation is mainly related to the decrease in the foreign exchange loss due to the revaluation of U.S. Dollar denominated intercompany debt in the Dominican Republic as at March 31, 2021.

Finance income

For the three months ended March 31, 2021, the Group's other financial income totalled €48 million compared to €28 million for the three months ended March 31, 2020. The increase in other financial income is mostly explained by an increase of interest income on interest bearing loans receivable from other Group companies and the revaluation of Teads minority call option of €11 million in the three months ended March 31, 2020 which is nil for three months ended March 31, 2021.

Net result on extinguishment of a financial liability

For the three months ended March 31, 2021, the Group's net gain on extinguishment of a financial liability amounted to nil, compared to a net gain on extinguishment of a financial liability of €590 million for the three months ended March 31, 2020. The gain on extinguishment of financial liability for the three months ended March 31, 2020 was the result of the derecognition of the net present value of future interest payments for the AI Mandatory Convertible Notes and redemptions of a portion of the Group's debt in 2020.

Share of gain/(loss) of associates

For the three months ended March 31, 2021, the Group's share of losses of associates totaled €5 million compared to a loss of €1 million for the three months ended March 31, 2020.

Income tax benefit/(expense)

The Group recorded an income tax benefit of €24 million for the three months ended March 31, 2021, reflecting an effective tax rate of 13% compared to an income tax benefit of €17 million for the three months ended March 31, 2020.

Profit/(loss) for the period

For the three months ended March 31, 2021, the loss after tax totaled €159 million compared to a profit after tax of €704 million for the three months ended March 31, 2020. The reasons for this decrease are disclosed in the sections above.

For the year ended December 31, 2020 compared to the year ended December 31, 2019

The below table sets forth the Group's consolidated statement of income for the years ended December 31, 2020 and 2019.

Consolidated Statement of Income (€m)	**For the year ended December 31, 2020**	**2019**	**Change**
Revenues	**4,065**	**4,084**	***(0.5)%***
Purchasing and subcontracting costs	(1,009)	(1,001)	*0.8%*
Other operating expenses	(869)	(933)	*(6.9)%*
Staff costs and employee benefits	(477)	(470)	*1.5%*
Depreciations, amortization and impairment	(1,206)	(1,256)	*(4.1)%*
Other (expenses) and income	59	(367)	*116.1%*
Operating profit/(loss)	**562**	**57**	***nm***
Interest relative to gross financial debt	(469)	(606)	*(22.7)%*
Realized and unrealized (losses)/gains on derivative instruments linked to financial debt	(230)	147	*(256.5)%*
Other financial expenses	(110)	(113)	*(2.7)%*
Financial income	338	209	*61.7%*
Net result on extinguishment and remeasurement of financial liabilities	371	(10)	*nm*
Finance income/(costs), net	**(100)**	**(372)**	***(73.1)%***
Share of gain/(loss) of associates and joint ventures	3	(7)	*142.9%*
Profit/(loss) before income tax	**466**	**(322)**	***244.7%***
Income tax (expense)/benefit	(48)	(117)	*(58.9)%*
Profit/(loss) for the year from continuing operations	**418**	**(439)**	***195.2%***
Profit/(loss) after tax for the year from discontinued operations	—	—	—
Profit/(loss) for the year	**418**	**(439)**	***195.2%***
Attributable to equity holders of the parent	*404*	*(439)*	*192.0%*
Attributable to non-controlling interests	*14*	*0*	—

The below tables show the revenues, Adjusted EBITDA and operating profit for the years indicated, respectively, by operating segments.

	For the year ended December 31, 2020						
(€m)	**Portugal**	**Israel**	**Dominican Republic**	**Teads**	**Others**	**Inter-segment elimination**	**Total**
Revenues	**2,121**	**981**	**490**	**477**	**1**	**(4)**	**4,065**
Purchasing and subcontracting costs	(567)	(323)	(121)	—	—	2	**(1,009)**
Other operating expenses	(368)	(197)	(78)	(224)	(4)	1	**(869)**
Staff costs and employee benefits	(281)	(74)	(30)	(92)	—	—	**(477)**
Total	**906**	**386**	**261**	**161**	**(3)**	**(1)**	**1,710**
Share-based expense	1	—	1	—	—	—	**1**
Rental expense operating lease	(73)	(32)	(22)	(5)	—	—	**(132)**
Adjusted EBITDA[(1)]	**834**	**354**	**240**	**156**	**(3)**	**(1)**	**1,580**
Depreciation, amortization and impairment	(726)	(332)	(126)	(23)	—	—	**(1,206)**
Share-based expense	(1)	—	(1)	—	—	—	**(1)**
Other (expense) and income	76	13	(1)	(4)	0	—	**59**
Rental expense operating lease	73	32	22	5	—	—	**132**
Operating profit/(loss)	**256**	**41**	**134**	**134**	**(2)**	**(1)**	**562**

(€m)	Portugal	Israel	Dominican Republic	Teads	Others	Inter-segment elimination	Total
	For the year ended December 31, 2019						
Revenues	**2,110**	**962**	**561**	**453**	**2**	**(4)**	**4,084**
Purchasing and subcontracting costs	(562)	(299)	(141)	—	(1)	2	**(1,001)**
Other operating expenses	(379)	(198)	(86)	(266)	(5)	1	**(933)**
Staff costs and employee benefits	(265)	(71)	(32)	(100)	(1)	—	**(470)**
Total	**904**	**394**	**301**	**87**	**(4)**	**0**	**1,681**
Share-based expense	—	0	—	—	—	—	**0**
Rental expense operating lease	(72)	(35)	(23)	(4)	—	—	**(133)**
Adjusted EBITDA(1)	**832**	**359**	**278**	**83**	**(4)**	**0**	**1,548**
Depreciation, amortization and impairment	(735)	(368)	(132)	(21)	—	—	**(1,256)**
Share-based expense	—	0	—	—	—	—	**0**
Other (expense) and income	(335)	(14)	(3)	(10)	(5)	0	**(367)**
Rental expense operating lease	72	35	23	4	—	—	**133**
Operating profit/(loss)	**(166)**	**11**	**166**	**56**	**(9)**	**(1)**	**57**

(1) For a reconciliation of the Group's profit/(loss) from continuing operations to Adjusted EBITDA, see "*Summary Financial Information and Other Financial Data—Revenue and Adjusted EBITDA—Reconciliation of profit/(loss) from continuing operations and operating profit/(loss) to Adjusted EBITDA*".

Significant Events Affecting Historical Results

Our results of operations as of and for the year ended December 31, 2020 and the year ended December 31, 2019 were significantly impacted by the following events:

For the year ended December 31, 2020

Sale of 25% equity stake in OMTEL

On January 2, 2020, the Group announced the sale of 25% equity interest held by PT Portugal in Belmont, that owns 100% in a tower company OMTEL, to Cellnex. Total cash proceeds amounted to €201 million. The net gain on sale of interest in associates recorded for the year ended December 31, 2020 amounted to €101 million.

The sale by PT Portugal of its 25% equity interest in Belmont was part of a larger transaction pursuant to which Cellnex acquired 100% of the share capital of OMTEL. In September 2018, at the time of sale of OMTEL to a consortium, including Morgan Stanley Infrastructure Partners and Horizon Equity Partners, PT Portugal had reinvested €109 million for a 25% equity interest in OMTEL.

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

On December 12, 2019, PT Portugal entered into an agreement with Morgan Stanley Infrastructure Partners regarding the sale of a 49.99% interest in the Portuguese fiber business to be carved-out into a dedicated wholesale vehicle, FastFiber (formerly Altice Portugal FTTH), comprising of the fiber passive infrastructure assets and rights, related contracts and underlying agreements, thereby creating a nationwide fiber wholesaler in Portugal. On April 17, 2020, the transaction was closed and the Group received a cash consideration of €1,576 million for the sale of 49.99% of the share capital of FastFiber (€773 million) and for the sale of 49.99% of the existing intercompany loan (€800 million), which was simultaneously converted into mandatory convertible notes. The proceeds from the transaction were partly used to further deleverage the Group's debt. Furthermore, the Group recorded a receivable representing the net present value of an earn-out of €375 million due in December 2021. A second earn-out is due in December 2026 subject to some performance conditions and the Group did not take into consideration the second earn-out in the valuation of the purchase price and thus the capital gain recognized at closing of the transaction. Following the closing of the transaction, PT Portugal continues to control and fully consolidate FastFiber. The transaction resulted in the recognition of a non-controlling interest of €4 million and a gain of €1,112 million in equity in the year ended December 31, 2020. FastFiber sells wholesale services to all operators at the same financial terms. MEO sells technical services to FastFiber for the construction, the subscriber connection and the maintenance of its fiber network.

Redemption of notes

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

- On January 13, 2020, Altice Finco redeemed in full the then outstanding Altice Finco 2023 Notes, in an aggregate principal amount of €250 million, in accordance with the indenture governing the Altice Finco 2023 Notes;

- On February 10, 2020, Altice Finco redeemed in full the then outstanding Altice Finco 2024 Notes, in an aggregate principal amount of $400 million, in accordance with the indenture governing the Altice Finco 2024 Notes;

- On February 18, 2020, Altice Financing redeemed in full the then outstanding Altice Financing 2023 Notes, in an aggregate principal amount of €2,400 million equivalent, in accordance with the indenture governing the Altice Financing 2023 Notes;

- Between June 4, 2020 and September 25, 2020, Altice Financing repurchased and cancelled the Altice Financing 2026 Notes in an aggregate principal amount equal to $279 million; and

- On July 22, 2020, Altice Finco redeemed in full the then outstanding Altice Finco 2025 Notes in an aggregate principal amount of $385 million (€333 million equivalent).

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

On January 22, 2020, Altice Financing issued the Altice Financing 2028 Notes and the Altice Financing 2025 Notes.

Amendment of 2014 Pari Passu Revolving Credit Facility

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

Bridge Facility

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

For the year ended December 31, 2019

Change in consolidation method in PHI

In January 2019, HOT Mobile and Partner signed an amendment to the Network Sharing Agreement with respect to the governance of the company PHI, effective on January 1, 2019. Following this amendment, the parties have joint control over PHI (compared to significant influence before the amendment); accordingly, PHI is accounted under the provisions of IFRS 11 (*Joint Arrangements*) as a joint operation (recognition of HOT Mobile's interests in PHI's assets, liabilities, revenues and expenses) instead of the equity method.

Sale of SIRESP by PT Portugal

At the end of June 2019, PT Portugal entered into an agreement with the Portuguese State to transfer the ownership of its shares in SIRESP's share capital in December 2019. The transfer of ownership was completed on December 1, 2019. The net gain on sale of interest in associates recorded for the year ended December 31, 2019 amounted to €1 million. The proceeds received amounted to €6 million.

Revenue

For the year ended December 31, 2020, the Group generated total revenues of €4,065 million, a 0.5% decrease compared to €4,084 million for the year ended December 31, 2019. This decrease in revenue was recorded in residential mobile, residential equipment and business services, but partially offset by increases in residential fixed and media services. Revenue was positively impacted by the favorable development of the foreign currency rate for NIS, which average exchange rate increased by 1.7%. However, this favorable foreign currency impact was partially offset by the adverse development of the average exchange rate of DOP, which decreased by 11.2%.

The tables below set forth the Group's revenue by lines of activity in the various operating segments in which the Group operates for the years ended December 31, 2020 and December 31, 2019, respectively:

	For the year ended December 31, 2020					
Revenue (€m)	**Portugal**	**Israel**	**Dominican Republic**	**Teads**	**Others**	**Total**
Fixed	622	573	93	—	—	**1,288**
Mobile	466	213	273	—	—	**952**
Residential service	**1,088**	**786**	**366**	**—**	**—**	**2,240**
Residential equipment	108	65	39	—	—	**211**
Total residential	**1,196**	**851**	**405**	**—**	**—**	**2,451**
Business services	925	130	85	—	1	**1,141**
Media	—	—	—	477	—	**477**
Total standalone revenues	**2,121**	**981**	**490**	**477**	**1**	**4,069**
Intersegment eliminations	(3)	—	—	(1)	—	**(4)**
Total consolidated revenues	**2,118**	**981**	**490**	**476**	**1**	**4,065**

	For the year ended December 31, 2019					
Revenue (€m)	**Portugal**	**Israel**	**Dominican Republic**	**Teads**	**Others**	**Total**
Fixed	613	563	103	—	—	**1,279**
Mobile	469	200	306	—	—	**975**
Residential service	**1,082**	**763**	**409**	**—**	**—**	**2,254**
Residential equipment	109	70	48	—	—	**227**
Total residential	**1,191**	**833**	**457**	**—**	**—**	**2,481**
Business services	919	129	104	—	2	**1,154**
Media	—	—	—	453	—	**453**
Total standalone revenues	**2,110**	**962**	**561**	**453**	**2**	**4,087**
Intersegment eliminations	(3)	—	—	(1)	—	**(4)**
Total consolidated revenues	**2,107**	**962**	**561**	**452**	**2**	**4,084**

Revenues for the Group's residential fixed business increased to €1,288 million for the year ended December 31, 2020, a 0.7% increase compared to €1,279 million for the year ended December 31, 2019. This increase was driven primarily by Portugal and Israel, as the residential fixed service revenue displayed a steady growth, reflecting the sustained contribution of positive net adds. This increase, however, was partially offset by a decrease in the Dominican Republic, which was largely driven by the adverse development of the average exchange rate of DOP.

The Group's revenue from residential mobile business decreased to €952 million for the year ended December 31, 2020, a 2.4% decrease compared to €975 million for the year ended December 31, 2019. This decrease was primarily driven by a decrease in prepaid revenue in the Dominican Republic, which was partially offset by an increase in postpaid revenues due to a higher subscriber base and negatively impacted by the adverse development of the average exchange rate of DOP. Residential mobile revenue for the year ended December 31, 2020 was also negatively impacted by a decrease in roaming revenue year over year, as a result of a decrease in international travel due to the COVID-19 pandemic.

The Group's residential equipment revenue decreased by 7.0% to €211 million for the year ended December 31, 2020, compared to €227 million for the year ended December 31, 2019. This decrease was mainly driven by the closure of shops in the first half of 2020 due to the COVID-19 pandemic.

The Group's business services revenue decreased to €1,141 million for the year ended December 31, 2020, a 1.1% decrease compared to €1,154 million for the year ended December 31, 2019. This decrease was mainly driven by the Dominican Republic due to a decrease in roaming revenue year over year, as a result of a decrease in international travel due to the COVID-19 pandemic, as well as the adverse development of the average exchange rate of DOP.

Revenue from the Group's media activities totaled €477 million for the year ended December 31, 2020, a 5.2% increase compared to €453 million for the year ended December 31, 2019. The increase in media revenue was mainly driven by a strong fourth quarter of Teads, after the second quarter and to a lesser extent the third quarter, were impacted due to the severe slowdown of the global advertising market as a result of the COVID-19 pandemic.

Operating segments

Portugal: For the year ended December 31, 2020, the Group generated revenues in Portugal of €2,118 million, a 0.5% increase compared to €2,107 million for the year ended December 31, 2019.

Revenues from Portugal's residential fixed business increased by 1.5%, from €613 million for the year ended December 31, 2019 to €622 million for the year ended December 31, 2020. This increase is explained by the sustained contribution of positive net adds and higher contributions from bundles, including migrations from DSL to fiber, leading to higher revenues from internet and TV. This effect was partially offset by lower revenues from sports premium channels because of their billing suspension due to the COVID-19 pandemic.

Portugal's residential mobile business posted a net revenue decrease of 0.6%, from €469 million for the year ended December 31, 2019 compared to €466 million for the year ended December 31, 2020. Postpaid revenue increased in line with a continued increase in the customer base. However, this increase was offset by lower prepaid service revenue, which was largely driven by the stay-at-home restrictions and lower roaming revenue as a result of decreased international travel, both driven by the COVID-19 pandemic.

Revenues from Portugal's residential equipment business decreased by 1.1%, from €109 million for the year ended December 31, 2019 to €108 million for the year ended December 31, 2020. This decrease was largely driven by the closing of the MEO shops from the end of March 2020 until the beginning of May 2020 due to the COVID-19 pandemic.

Revenues from Portugal's business services increased by 0.6%, from €919 million for the year ended December 31, 2019 to €925 million for the year ended December 31, 2020. This increase is mainly explained by higher equipment sales, which compensated for a decrease in commercial activity in the second quarter of 2020 due to the COVID-19 pandemic.

Israel: For the year ended December 31, 2020, the Group generated revenue in Israel of €981 million, a 1.9% increase compared to €962 million for the year ended December 31, 2019. On a local currency basis, revenue increased by 0.2%. On a local currency basis, the fixed residential service revenue increased by 0.1%, which was driven by a growth in the subscriber base, despite strong competition in the fixed market. Residential mobile revenue increased by 4.5% on a local currency basis due to an increase in the mobile subscriber base, supportive ARPU trends and the increased use of telecommunication services due to the COVID-19 pandemic, despite the increasing price competition. Israel's residential equipment revenue decreased by 9.1% largely due to the closure of shops and booths at shopping malls due to the COVID-19 pandemic. Business revenue decreased by 0.8%, mainly due to loss of B2B roaming revenue due to the COVID-19 pandemic and loss of iDEN revenue as the iDEN technology was decommissioned by the end of 2019. The increase in revenue on a reported basis was also partially driven by the favorable development of the foreign currency rate for NIS during the first half of 2020, although NIS depreciated in the second half year of 2020.

Dominican Republic: For the year ended December 31, 2020, the Group generated total revenue of €490 million in the Dominican Republic, a 12.7% decrease compared to €561 million for the year ended December 31, 2019. On a local currency basis, revenue decreased by 1.6%. On a local currency basis, fixed residential service revenue increased by 1.6% due to a growth in the subscriber base but which was largely offset by a decrease in reconnection and late payment fees due to government regulations. Residential mobile revenue increased by 0.5%, with a decrease in prepaid consumption largely offset by an increase in the postpaid subscriber revenues resulting from an increased subscriber base. The Dominican Republic's residential equipment revenue decreased by 9.6%, largely due to the closure of shops due to the COVID-19 pandemic and lower subsidies on equipment sales. Business services decreased by 7.5%, largely in wholesale revenue, mainly due to lower international voice traffic and pricing. The decrease in revenue was also partially driven by the unfavorable development of the foreign currency rate for DOP.

Teads: For the year ended December 31, 2020, Teads generated revenue of €476 million, a 5.3% increase compared to €452 million for the year ended December 31, 2019. The increase in revenue was mainly driven by a strong fourth quarter of Teads in 2020, after the second and third quarter were impacted due to the severe slowdown of the global advertising market as a result of the COVID-19 pandemic.

Adjusted EBITDA

For the year ended December 31, 2020, the Group's Adjusted EBITDA was €1,580 million, an increase of 2.0% compared to the year ended December 31, 2019 (€1,548 million). This increase can be attributed mainly to lower other operating expenses which offset the impact of lower revenue.

Operating segments

Portugal: For the year ended December 31, 2020, Adjusted EBITDA in Portugal was €834 million, an increase of 0.2% from €832 million for the year ended December 31, 2019. This increase in Adjusted EBITDA is largely attributable to higher revenues and lower operating expenses but which were largely offset by higher purchasing and contracting costs and staff costs and employee benefit expenses. The increase in purchasing and contracting, mainly related to costs of goods sold, are in line with the decrease in revenue. The increase in other operating expenses was driven by lower sales and marketing costs which reflect lower commercial activity during 2020 due to the COVID-19 pandemic, lower energy costs as a result of the acquisition of a participation in MEO Energia and lower call center expenses reflecting the internalization of certain call center activities, although this resulted in higher staff costs and employee benefit expenses.

Israel: For the year ended December 31, 2020, Adjusted EBITDA in Israel was €354 million, a decrease of 1.5% compared to €359 million for the year ended December 31, 2019. Adjusted EBITDA on a local currency basis decreased by 3.2% compared to 2019, which is mainly due to a decrease in high-margin revenue which was offset by an increase in purchasing and contracting, in line with the higher revenue.

Dominican Republic: For the year ended December 31, 2020, Adjusted EBITDA in the Dominican Republic decreased by 13.8% from €278 million for the year ended December 31, 2019 to €240 million for the year ended December 31, 2020 (a decrease of 3.0% on a local currency basis). On a local currency basis, the decrease in Adjusted EBITDA is largely attributable to the decrease in high-margin revenue and an increase in bad debt due to the COVID-19 pandemic, which was partially offset by lower cost of sales in line with the lower revenue.

Teads: For the year ended December 31, 2020, Adjusted EBITDA for Teads amounted to €156 million, compared to €83 million for the year ended December 31, 2019, an increase of 88.8%. The increase is explained by an increase in revenues and a reduction in operating expenses due to the renegotiation of contracts with advertisers, lower marketing costs and lower travel and entertainment expenses as a result of the COVID-19 pandemic.

Depreciation, amortization and impairment

For the year ended December 31, 2020, depreciation and amortization totaled €1,206 million, a 4.0% decrease compared to €1,256 million for the year ended December 31, 2019. This decrease is largely driven by lower depreciation in 2020 related to certain cable assets which were fully depreciated by the end of 2019.

Other expenses and income

For the year ended December 31, 2020, the Group's other income totaled €59 million, a 116.1% increase compared to an expense of €367 million for the year ended December 31, 2019. A detailed breakdown of other expenses and income is provided below:

Other expenses and income (€m)	For the year ended December 31, 2020	 2019
Restructuring costs	7	293
Disputes and litigation	14	27
Net gain on sale of interest in associates	(107)	—
Other expenses and income, net	27	47
Other expenses and (income)	**(59)**	**367**

Restructuring costs

For the year ended December 31, 2020, restructuring costs related to termination payments in connection with the voluntary employee reduction program in PT Portugal. For the year ended December 31, 2019, restructuring costs mainly related to restructuring plans in PT Portugal for which a €293 million expense, which will be tax deductible upon payment, was recorded in connection with the voluntary employee reduction program undertaken in 2019, covering approximately 850 employees (mainly in support functions) in order to improve operational flexibility of PT Portugal.

Net gain on sale of interest in associates

For the year ended December 31, 2020, this mainly related to the net gain on sale of interest in associates of €101 million from the sale of PT Portugal's 25% equity stake in Belmont.

Operating profit

As a result of the above-mentioned factors, for the year ended December 31, 2020, the Group recorded an operating profit of €562 million compared to €57 million for the year ended December 31, 2019.

Finance income/(costs), net

Net finance costs amounted to €100 million for the year ended December 31, 2020 compared to €372 million for the year ended December 31, 2019. A detailed breakdown of finance income/(costs), net is provided below:

Finance income/(costs), net (€m)	For the year ended December 31, 2020	 2019
Interest relative to gross financial debt	(469)	(606)
Realized and unrealized (losses)/gains on derivative instruments linked to financial debt	(230)	147
Other financial expenses	(110)	(113)
Finance income	338	209
Net result on extinguishment and remeasurement of financial liabilities	371	(10)
Finance income/(costs), net	**(100)**	**(372)**

Interest relative to gross financial debt

For the year ended December 31, 2020, the Group's interest relative to gross financial debt totaled €469 million, a 22.7% decrease compared to €606 million for the year ended December 31, 2019. The decrease is mainly explained by lower interest following the refinancing activities in 2019 and in the first quarter of 2020 and reduction of the average financial debt for the year ended December 31, 2020 compared to the year ended December 31, 2019.

Realized and unrealized (losses)/gains on derivative instruments linked to financial debt

For the year ended December 31, 2020, the Group's realized and unrealized loss on derivative instruments linked to financial debt totaled €230 million compared to a realized and unrealized gain on derivative instruments of €147 million for the year ended December 31, 2019, mainly driven by the variation in the mark to market of the Group's derivative financial instruments in Altice Financing.

Other financial expenses

For the year ended December 31, 2020, the Group's other financial expenses totaled €110 million, a 2.7% decrease compared to €113 million for the year ended December 31, 2019.

Finance income

For the year ended December 31, 2020, the Group's finance income amounted to €338 million, a 61.7% increase compared to €209 million for the year ended December 31, 2019. This increase was mainly due to the increase in net foreign exchange gains and an increase of interest income on loans and receivables, which increased from €1,598 million as of ended December 31, 2019 to €2,498 million as of December 31, 2020.

Net result on extinguishment and remeasurement of financial liabilities

For the year ended December 31, 2020, the Group's net gain on extinguishment and remeasurement of financial liabilities amounted to €371 million, compared to a net loss of €10 million for the year ended December 31, 2019. The gain on extinguishment of a financial liability for the year ended December 31, 2020 relates to the remeasurement of the net present value of future interest payments for the AI Mandatory Convertible Notes and redemptions of the Group's notes issued by Altice Financing and Altice Finco.

Share of gain/(loss) of associates

For the year ended December 31, 2020, the Group's share in the result of associates totaled €3 million compared to a loss of €7 million for the year ended December 31, 2019.

Income tax benefit/expense

The Group recorded an income tax expense of €48 million for the year ended December 31, 2020, reflecting an effective tax rate of 3% compared to an income tax expense of €117 million for the year ended December 31, 2019

Profit/(loss) for the period

For the year ended December 31, 2020, the Group's profit after tax from continued operations totaled €418 million compared to a loss after tax from continued operations of €439 million in the year ended December 31, 2019. The reasons for this increase are enumerated in the sections above.

For the year ended December 31, 2019 compared to the year ended December 31, 2018

The below table sets forth the Group's consolidated statement of income for the years ended December 31, 2019 and 2018.

Consolidated Statement of Income (€m)	**For the year ended December 31, 2019[1]**	**2018[1]**	***Change***
Revenues	**4,084**	**4,185**	***(2.4)%***
Purchasing and subcontracting costs	(1,001)	(1,104)	*(9.4)%*
Other operating expenses	(933)	(986)	*(5.3)%*
Staff costs and employee benefits	(470)	(479)	*(2.0)%*
Depreciations, amortization and impairment	(1,257)	(1,141)	*10.1%*
Other (expenses) and income	(367)	983	*(137.4)%*
Operating profit/(loss)	**57**	**1,457**	***(96.1)%***
Interest relative to gross financial debt	(606)	(604)	*0.3%*
Realized and unrealized (losses)/gains on derivative instruments linked to financial debt	147	196	*(25.3)%*
Other financial expenses	(113)	(241)	*(53.3)%*
Financial income	209	265	*(21.0)%*
Net result on extinguishment and remeasurement of financial liabilities	(10)	—	—
Finance income/(costs), net	**(372)**	**(384)**	***(3.1)%***
Share of gain/(loss) of associates and joint ventures	(7)	5	*(234.0)%*
Profit/(loss) before income tax	**(322)**	**1,078**	***(129.9)%***

Consolidated Statement of Income (€m)	**For the year ended December 31, 2019[1]**	**2018[1]**	***Change***
Income tax (expense)/benefit	(117)	(194)	*(40.0)%*
Profit/(loss) for the year from continuing operations	**(439)**	**884**	***(149.6)%***
Profit/(loss) after tax for the year from discontinued operations	—	19	*(100.0)%*
Profit/(loss) for the year	**(439)**	**903**	***(148.6)%***
Attributable to equity holders of the parent	*(439)*	*891*	*(149.2)%*
Attributable to non-controlling interests	*0*	*12*	*(100.7)%*

(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 comparative financial information as of and for the year ended December 31, 2018 in the 2019 Financial Statements has not been restated for the impacts of IFRS 16. See Notes 1.3.3 and 2.12 to the 2019 Financial Statements for more information.

The below tables show the revenue, Adjusted EBITDA and operating profit for the years indicated, respectively, by operating segments.

	For the year ended December 31, 2019[1]							
(€m)	**Portugal**	**Israel**	**Dominican Republic**	**Teads**	**Altice TV**	**Others**	**Inter-segment elimination**	**Total**
Revenues	2,110	962	561	453	—	2	(4)	**4,084**
Purchasing and subcontracting costs	(562)	(299)	(141)	—	—	(1)	2	**(1,001)**
Other operating expenses	(379)	(198)	(86)	(266)	—	(5)	—	**(933)**
Staff costs and employee benefits	(265)	(71)	(32)	(100)	—	(1)	—	**(470)**
Total	904	394	301	87	—	(4)	0	1,681
Share-based expense	—	0	—	—	—	—	—	**0**
Rental expense operating lease	(72)	(35)	(23)	(4)	—	—	—	(133)
Adjusted EBITDA[2]	**832**	**359**	**278**	**83**	**—**	**(4)**	**0**	**1,548**
Depreciation, amortization and impairment	(735)	(368)	(132)	(21)	—	—	—	**(1,256)**
Share-based expense	—	0	—	—	—	—	—	**0**
Other (expense) and income	(335)	(14)	(3)	(10)	—	(5)	0	**(367)**
Rental expense operating lease	72	35	23	4	—	—	—	**133**
Operating profit/(loss)	**(166)**	**11**	**166**	**56**	**—**	**(10)**	**(1)**	**57**

	For the year ended December 31, 2018[1]							
(€m)	**Portugal**	**Israel**	**Dominican Republic**	**Teads**	**Altice TV**	**Others**	**Inter-segment elimination**	**Total**
Revenues	2,110	941	591	342	29	180	(7)	**4,185**
Purchasing and subcontracting costs	(545)	(257)	(166)	—	(99)	(44)	7	**(1,104)**
Other operating expenses	(418)	(215)	(103)	(197)	(3)	(51)	2	**(986)**
Staff costs and employee benefits	(277)	(64)	(27)	(85)	(2)	(25)	—	**(479)**
Total	**870**	**406**	**294**	**60**	**(75)**	**60**	**2**	**1,616**
Share-based expense	—	0	0	—	—	—	—	**0**
Rental expense operating lease	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Adjusted EBITDA[2]	**870**	**406**	**294**	**60**	**(75)**	**(60)**	**2**	**1,616**
Depreciation, amortization and impairment	(680)	(319)	(126)	(16)	—	0	—	**(1,141)**
Share-based expense	—	0	—	—	—	—	—	**0**
Other (expense) and income	532	(7)	13	(1)	300	151	(6)	**983**
Rental expense operating lease	—	—	—	—	—	—	—	**—**
Operating profit/(loss)	**722**	**79**	**181**	**43**	**225**	**211**	**(4)**	**1,457**

(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 comparative financial information as of and for the year ended December 31, 2018 in the 2019 Financial Statements has not been restated for the impacts of IFRS 16. See Notes 1.3.3 and 2.12 to the 2019 Financial Statements for more information.

(2) For a reconciliation of the Group's profit/(loss) from continuing operations to Adjusted EBITDA, see "*Summary Financial Information and Other Financial Data—Revenue and Adjusted EBITDA—Reconciliation of profit/(loss) from continuing operations and operating profit/(loss) to Adjusted EBITDA*".

Significant Events Affecting Historical Results

Our results of operations as of and for the year ended December 31, 2019 and the year ended December 31, 2018 were significantly impacted by the following events:

For the year ended December 31, 2019

Change in consolidation method in PHI

In January 2019, HOT Mobile and Partner signed an amendment to the Network Sharing Agreement with respect to the governance of the company PHI, effective on January 1, 2019. Following this amendment, the parties have joint control over PHI (compared to significant influence before the amendment); accordingly, PHI is accounted under the provisions of IFRS 11 (*Joint Arrangements*) as a joint operation (recognition of HOT Mobile's interests in PHI's assets, liabilities, revenues and expenses) instead of the equity method.

Sale of SIRESP by PT Portugal

At the end of June 2019, PT Portugal entered into an agreement with the Portuguese State to transfer the ownership of its shares in SIRESP's share capital in December 2019. The transfer of ownership was completed on December 1, 2019. The net gain on sale of interest in associates recorded for the year ended December 31, 2019 amounted to €1 million. The proceeds received amounted to €6 million.

For the year ended December 31, 2018

Sale of the FOT Business to Altice France

On October 31, 2018, the Group completed the sale of a controlling interest in the FOT Business to Altice France. The total consideration transferred amounted to €476 million. The FOT Business generated €179 million in revenue and €71 million in Adjusted EBITDA for the year ended December 31, 2018.

Disposal of international wholesale voice carrier business in Portugal and the Dominican Republic

On July 18, 2018, two sale and purchase agreements had been separately signed by Altice Dominicana and PT OpCo with Tofane Global related to the sale of the international wholesale voice carrier business in the Dominican Republic and Portugal, respectively. The transaction closed on September 6, 2018. The Group's international wholesale voice carrier business generated revenue of €182 million and Adjusted EBITDA of €10 million for the year ended December 31, 2018. The total capital gain recorded for the year ended December 31, 2018 was €8 million. The total consideration received was €14 million.

Disposal of Altice Management International

On January 31, 2018, we completed the sale of 100% of the share capital of Altice Management International, a company based in Switzerland, which provides management services to group entities, to Altice Group Lux. The capital gain recorded in shareholders equity within the transaction with affiliates of the Group during the year amounted to €5 million, net of tax.

Sale of telecommunications solutions business and data center operations in Switzerland

On February 12, 2018, we completed the sale of the telecommunications solutions business and data center operations in Switzerland, green.ch AG and Green Datacenter AG, to InfraVia Capital Partners. The capital gain recorded during the year ended December 31, 2018 amounted to €89 million, net of tax. The total proceeds received related to the sale amounted to €156 million.

Teads Acquisition Earn-Out and Share Capital Increase

As the defined revenue targets for 2017 were met, an earn-out payment of €49 million was made to the former owners of Teads during in the second quarter of 2018, with an additional earn-out payment of €13 million was made on July 3, 2018.

On July 3, 2018, following an earn-out payment of Teads, the former owners of Teads reinvested part of the earn-out payment into the shares of Altice Teads S.A. The share capital of Altice Teads S.A. increased by €5 million as a result of an issuance of 43,546 new Class B Shares having a nominal value of €1 each, and the balance related to the payment of Share Premium B.

Closing of the sale of ACS and ATS France to Altice France

On May 16, 2018, we completed the sale of ACS and ATS France to Altice France. Altice France acquired a 65% interest in the capital of ACS from Altice International for a total consideration of €30 million. ACS comprises mainly of companies of the Intelcia group, a French language-focused player in the customer relations management outsourcing industry. The capital gain recorded in equity amounted to €3 million, net of tax.

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. The capital gain recorded in equity amounted to €25 million, net of tax.

Exercise of the ATS call option

In April 2018, prior to the sale to Altice France, the Group exercised the call option for the acquisition of the remaining 49% in ATS for a price determined on acquisition of ATS of €147 million, bearing interest at an annual rate of EURIBOR 1 month plus 3.5%. A total amount of €156 million was paid. As a result of the exercise of the call option, the Group's ownership in ATS prior to the sale to Altice France increased to 100%.

PT Portugal acquisition of the shares of SIRESP

On October 31, 2018, PT-Móveis-Serviços de Telecomunicações, SGPS, S.A., a subsidiary of PT Portugal, purchased the shares of SIRESP and thus became the majority stakeholder with 52.1% ownership. The number of shares purchased was 4,775 shares (equal to 9.55% share capital of SIRESP) from Datacomp S.A. for the price of €1 million and 6,000 shares (equal to 12% share capital of SIRESP) from Esegur S.A. for the price of €1 million. PT-Móveis-Serviços de Telecomunicações, SGPS, S.A.'s equity investment in SIRESP was classified as 'held for sale' following an agreement reached with the Portuguese government for the sale of the investment in December 2019.

Altice West Europe purchased shares and preferred equity certificates of Deficom Invest S.à r.l.

On November 2, 2018, a sale and purchase agreement was signed by Altice West Europe and Deficom Invest S.à r.l. to acquire 44,793 shares held by Deficom Invest in Deficom Telecom and 20,756,575 preferred equity certificates. The total transaction value was €23 million. As a result of the purchase, Altice West Europe's ownership in Deficom Telecom increased to 100%. On December 27, 2018, Deficom Telecom was dissolved.

Closing of the sale of Altice TV

During November and December 2017, the Board of Directors of Altice Europe decided to transfer shares of Altice TV to an affiliate of the Group. The transaction was closed on May 15, 2018. The capital loss was recorded in shareholders' equity (within the transaction with Altice International's shareholder) for an amount of €172 million, net of tax. The consideration received was €1.

Tower assets transactions

Portuguese Towers Transaction

On June 18, 2018, PT Portugal entered into an agreement with a consortium including Morgan Stanley Infrastructure Partners and Horizon Equity Partners (the "**Portuguese Tower Purchasers**") for the sale of 75% of the shares in a newly incorporated tower company ("**PT TowerCo**") comprising 2,961 sites operated by the Group. The transaction valued PT TowerCo at an enterprise value of €660 million.

The transaction closed on September 4, 2018. The capital gain for the year ended December 31, 2018 amounted to €602 million, which consisted of (i) a capital gain of €612 million corresponding to the difference between the purchase price of €648 million (including a cash consideration for the disposal of the 75% stake in the amount of €540 million and the acquisition of 25% stake in OMTEL by PT Portugal measured at a fair value of €108 million) and the carrying value of the net assets transferred, amounting to €37 million, including mainly the towers, prepaid rents and asset retirement obligations and (ii) €10 million of deferred capital gain.

On January 2, 2020, PT Portugal sold its 25% equity interest in OMTEL to Cellnex for total cash proceeds of €201 million, as part of a larger transaction pursuant to which Cellnex acquired 100% of the share capital of OMTEL.

Dominican Republic Towers Transaction

On October 3, 2018, Altice Europe announced the closing of the transaction to sell 100% in the tower company Teletorres del Caribe, which comprises 1,039 sites formerly operated by its subsidiary Altice Dominicana, to Phoenix Tower International, a portfolio company of Blackstone. The capital gain recorded amounted to €88 million. The consideration received was $168 million (€149 million).

Sale of Altice Blue Two to Altice France and Altice Group Lux

On October 31, 2018, the Group completed the sale of Altice Blue Two to Altice France and Altice Group Lux. This acquisition was part of the restructuring announced by Altice Europe in January 2018. Altice Blue Two includes the telecom operations of Outremer Telecom, a fixed and mobile operator present in the FOT. The total consideration received for the year ended December 31, 2018 amounted to €481 million in cash. The capital gain recorded in shareholders equity within the transactions with Altice shareholders for the year ended December 31, 2018 was €63 million. As of October 31, 2018, Altice France and its subsidiary, OMT Ocean 3 S.A.S, had a combined 94.9% ownership in Altice Blue Two and Altice Group Lux owned the remaining 5.01%.

Revenue

For the year ended December 31, 2019, the Group generated total revenues of €4,084 million, a 2.4% decrease compared to €4,185 million for the year ended December 31, 2018.

The tables below set forth the Group's revenue by lines of activity in the various operating segments in which the Group operates for the years ended December 31, 2019 and December 31, 2018, respectively:

	For the year ended December 31, 2019						
Revenue (€m)	**Portugal**	**Israel**	**Dominican Republic**	**Teads**	**Altice TV**	**Others**	**Total**
Residential – fixed	622	564	104	—	—	—	**1,290**
Residential – mobile	570	269	353	—	—	—	**1,191**
Business services	919	129	104	—	—	2	**1,154**
Media services	—	—	—	453	—	—	**453**
Total standalone revenues	**2,110**	**962**	**561**	**453**	**—**	**2**	**4,087**
Intersegment eliminations	(3)	—	—	(1)	—	—	**(4)**
Total consolidated revenues	**2,107**	**962**	**561**	**451**	**—**	**2**	**4,084**

	For the year ended December 31, 2018						
Revenue (€m)	**Portugal**	**Israel**	**Dominican Republic**	**Teads**	**Altice TV**	**Others**	**Total**

Residential – fixed	618	581	101	—	—	42	**1,342**
Residential – mobile	562	243	354	—	—	84	**1,244**
Business services	929	117	135	—	—	53	**1,235**
Media services	—	—	—	342	29	—	**371**
Total standalone revenues	**2,110**	**941**	**591**	**342**	**29**	**180**	**4,191**
Intersegment eliminations	(2)	0	(1)	(1)	(4)	0	**(7)**
Total consolidated revenues	**2,108**	**941**	**590**	**341**	**25**	**180**	**4,185**

Revenues for the Group's residential fixed business decreased from €1,342 million for the year ended December 31, 2018 to €1,290 million for the year ended December 31, 2019, a 3.9% decrease compared to the year ended December 31, 2018. This decrease was driven primarily by growing competition and the associated pricing pressure in Israel and the sale of the FOT Business to Altice France on October 31, 2018.

The Group's residential mobile business revenue decreased to €1,191 million for the year ended December 31, 2019, a 4.2% decrease compared to €1,244 million for the year ended December 31, 2018. This decrease was driven by the sale of the FOT Business to Altice France on October 31, 2018 but partially offset by an increase in mobile residential revenues in Israel due to higher equipment sales and an increase in the mobile subscriber base and a favorable foreign exchange impact, and in Portugal by an increase in post-paid customer base, although this was partly offset by a loss of prepaid customers.

The Group's business services revenue decreased to €1,154 million for the year ended December 31, 2019, a 6.6% decrease compared to €1,235 million for the year ended December 31, 2018. This decrease was driven by the sale of the FOT Business to Altice France on October 31, 2018, in addition to decreases in Portugal and the Dominican Republic due to the sale of the international wholesale voice carrier business, a transaction which closed on September 6, 2018, and lower international voice traffic.

Revenues from the Group's media activities totaled €453 million for the year ended December 31, 2019, a 22.2% increase compared to €371 million for the year ended December 31, 2018. The increase was mainly due to increases in Teads resulting from higher sales, which was partially offset by a reduction in revenues due to the sale of Altice TV, which is no longer part of the Group following the sale to an affiliate of the Group on May 15, 2018. The decrease in revenue was partially offset by a favorable development of the foreign currency rates for the Israeli Shekel and the Dominican Peso, which, based on the average exchange rate, increased by 5.9% and 1.7% respectively.

Operating segments

Portugal: For the year ended December 31, 2019, the Group generated revenues in Portugal of €2,107 million, a marginal decrease compared to €2,108 million for the year ended December 31, 2018.

Revenues from the Group's residential fixed business increased by 0.5% from €618 million for the year ended December 31, 2018 to €622 million for the year ended December 31, 2019. This increase is explained by the positive net adds reported during 2019, as compared to negative net adds during 2018, which was largely offset by a decline in fixed ARPU due to competitive pressure.

The Group's residential mobile business posted a net revenue increase of 1.3% from €562 million for the year ended December 31, 2018 compared to €569 million for the year ended December 31, 2019. This increase was driven by an increase in postpaid customer base, which was partially offset by a higher loss of prepaid subscribers in the year ended December 31, 2019 compared to the year ended December 31, 2018.

Revenues from the Group's business services decreased by 1.1% from €929 million for the year ended December 31, 2018 to €919 million for the year ended December 31, 2019. This decrease was mainly explained by the sale of the international wholesale voice carrier business, a transaction which closed on September 6, 2018, and lower international voice traffic.

Israel: For the year ended December 31, 2019, the Group generated revenue in Israel of €962 million, a 2.2% increase compared to €941 million for the year ended December 31, 2018, which is partially explained by the favorable development of the foreign currency rate for the Israeli Shekel, which, based on the average exchange rate, increased by 5.9%. On a local currency basis, revenues decreased by 3.9%, mainly due to a decrease in fixed residential revenues as a result of a strong competition in the fixed market, despite an increase in cable customer base in 2019. The decrease in the fixed market was partly offset by an increase in residential mobile revenues due to higher equipment sales and an increase in the mobile subscriber base while the market is still under price pressure. Business services continued to demonstrate high performance and steady growth in revenues, showing an increase of 3.4% in 2019 compared to 2018 and an increase of 12.7% excluding iDEN revenues, which commenced decommissioning by the end of 2018.

Dominican Republic: For the year ended December 31, 2019, the Group generated total revenue of €561 million, a 4.9% decrease compared to €589 million for the year ended December 31, 2018. The decrease was partially mitigated by the favorable development of the foreign currency rate for the Dominican Peso, which, based on the average exchange rate, increased by 1.7%. On a local currency basis, revenues decreased by 0.5%, which was largely driven by a decrease in mobile residential revenues as a result of voice erosion, and a decrease in wholesale revenues, mainly due to the sale of the international wholesale voice carrier business, a transaction which closed on September 6, 2018, and lower international voice traffic.

Teads: For the year ended December 31, 2019, the Group generated revenue in Teads of €452 million, compared to €341 million for the year ended December 31, 2018. This increase in revenues is explained by the commercial success of newly introduced services and product formats, as well as the continued growth in the United States and Asia-Pacific regions.

Altice TV: For the year ended December 31, 2019, the Group generated total revenue in Altice TV of nil, compared to €25 million for the year ended December 31, 2018. This decrease is explained by the sale of Altice TV, which is no longer part of the Group following the sale to an affiliate of the Group on May 15, 2018.

Others: For the year ended December 31, 2019, the Group generated total revenue in Others (which comprises of the Group's corporate entities) of €2 million, compared to €180 million for the year ended December 31, 2018. This decrease is mainly explained by the sale of the FOT Business to Altice France on October 31, 2018.

Adjusted EBITDA

For the year ended December 31, 2019, the Group's Adjusted EBITDA was €1,548 million, a decrease of 4.2% compared to the year ended December 31, 2018 (€1,616 million). This decrease can be attributed to lower revenues, which were partially offset by lower operating expenses. To an extent these movements were driven by the sale of Altice TV, which is no longer part of the Group following the sale to an affiliate of the Group on May 15, 2018 and the sale of the FOT Business to Altice France on October 31, 2018.

Operating segments

Portugal: For the year ended December 31, 2019, the Group's Adjusted EBITDA in Portugal was €832 million, a decrease of 4.3% from €870 million for the year ended December 31, 2018. The decrease in Adjusted EBITDA is largely attributable to an increase in expenses due to higher programming costs, mainly as a result of the football-related broadcasting rights which were acquired in 2016 but which started to be broadcasted as from the 2018/2019 football season, higher costs of goods sold related to mobile handsets, which are in line with the higher revenues, and an increase in infrastructure rental expenses due to the sale of the tower business and subsequent lease of towers. The negative impact of these drivers on Adjusted EBITDA was only partially offset by (i) lower international voice traffic costs, in line with the decline in associated business services revenues, (ii) lower customer service expenses related to bad debt and billing expenses due to electronic invoice penetration and call-center activities and (iii) lower staff costs and employee benefits due to the favorable impact related to employees who terminated their employment agreements in March 2019 under the voluntary employee reduction program.

Israel: For the year ended December 31, 2019, the Group's Adjusted EBITDA in Israel was €359 million, a decrease of 11.4% compared to €406 million for the year ended December 31, 2018. Adjusted EBITDA on a local currency basis decreased by 16.7% compared to 2018, mainly due to a decrease in residential fixed revenues in addition to an increase in purchasing and sub-contracting costs, mainly due to an increase in the cost of sale of mobile handsets associated to an increase in mobile revenues, an increase in sport channel content expense, and an increase in staff costs as a result of a new agreement with the labor unions.

Dominican Republic: For the year ended December 31, 2019, the Group's Adjusted EBITDA in the Dominican Republic decreased by 5.4% from €294 million for the year ended December 31, 2018 to €278 million for the year ended December 31, 2019. On a local currency basis, Adjusted EBITDA decreased 7.5% due to the reduction in business services revenues, mainly explained by the sale of the international wholesale voice carrier business, a transaction which closed on September 6, 2018, and lower international voice traffic. In addition, network operating costs increased due to network growth and due to the sale of the tower business and subsequent lease of towers. Staff costs and employee benefits increased due to the increase in the average number of FTEs due to additional sales and retention staff. These decreases in Adjusted EBITDA were partly offset by lower cost of sales related to the international wholesale voice carrier business and lower international voice traffic.

Teads: For the year ended December 31, 2019, the Group's Adjusted EBITDA for Teads amounted to €83 million, compared to €60 million for the year ended December 31, 2018, an increase of 37.1%. The increase is explained by higher revenues, as described above, but which were partly offset by higher other operating expenses, staff costs and employee benefits.

Altice TV: For the year ended December 31, 2019, the Group's Adjusted EBITDA for Altice TV is nil, compared to Adjusted EBITDA of €(75) million for the year ended December 31, 2018. The change is explained by the sale of Altice TV, which is no longer part of the Group following the sale to an affiliate of the Group on May 15, 2018.

Others: For the year ended December 31, 2019, the Group's Adjusted EBITDA in Others was €(4) million, compared to a Adjusted EBITDA of €60 million for the year ended December 31, 2018. This decrease is mainly explained by the sale of the FOT Business to Altice France on October 31, 2018.

Depreciation, amortization and impairment

For the year ended December 31, 2019, depreciation and amortization totaled €1,256 million, a 10.1% increase compared to €1,141 million for the year ended December 31, 2018. The increase is largely explained by the impact of the adoption of IFRS 16 (*Leases*) as of January 1, 2019, which resulted in additional amortization expenses relating to right-of-use assets in an amount of €100 million.

Other expenses and income

For the year ended December 31, 2019, the Group's other expenses totaled €367 million, a 137.4% decrease compared to other income of €983 million for the year ended December 31, 2018. A detailed breakdown of other expenses and income is provided below:

Other expenses and income (€m)	**For the year ended December 31,**	
	2019	**2018**
Restructuring costs	293	11
Net (gain)/loss on disposal of assets	4	5
Disputes and litigation	30	27
Net (gain)/loss on sale of consolidated entities	1	(786)
Deal fees	15	10
Break-up fee	—	(300)
Management fees	7	16
Other expenses and income, net	20	35
Other expenses and (income)	**367**	**(983)**

Restructuring costs

For the year ended December 31, 2019, restructuring costs mainly related to restructuring plans in PT Portugal for which a €293 million expense, which will be tax deductible upon payment, was recorded in connection with the voluntary employee reduction program undertaken in 2019, covering approximately 850 employees (mainly in support functions) in order to improve operational flexibility of PT Portugal. The payments made up to December 31, 2019 amounted to €20 million.

Disputes and litigation

For the year ended December 31, 2019, disputes and litigation mainly related to the provisions recorded in PT Portugal for labor and tax litigations. For the year ended December 31, 2018, disputes and litigation mainly related to €25 million litigation provision recorded in PT Portugal.

Net (gain)/loss on sale of consolidated entities

For the year ended December 31, 2019, this mainly related to the capital loss due to the purchase price adjustment in PT Portugal of €2 million and the loss related to the sale of the international wholesale voice carrier business to Tofane Global, which was partially offset by the gain from the sale of SIRESP of €1 million.

For the year ended December 31, 2018, this mainly related to the gain on the sale of the tower business in PT Portugal of €602 million, the sale of telecommunications solutions business and data center operations in Switzerland, green.ch AG and Green Datacenter AG and the sale of the wholesale business.

Break-up fee

For the year ended December 31, 2018, breakup fees of €300 million related to the breakup fees income from an affiliate of the Group payable to the Group as part of the content activities of the Group in 2018.

Management fees

For the year ended December 31, 2019, management fee expense amounted to €7 million payable to Altice Lux as compared to €16 million for the year ended December 31, 2018.

Other expenses and income (net)

For the year ended December 31, 2019, other expenses and income consisted mainly of expenses recorded in Teads of €10 million for bonus expenses and PT Portugal of €5 million for donations granted under social programs.

For the year ended December 31, 2018, other expenses and income consisted mainly of expenses in Altice Holdings of €13 million related to a share settlement with the management team of Altice Blue Two (part of FOT) and fines in PT Portugal of €3 million (mostly related to the termination fee of a real estate rental agreement of €2 million).

Operating profit

As a result of the above-mentioned factors, for the year ended December 31, 2019, the Group recorded an operating profit of €57 million, a 96.1% decrease compared to an operating profit of €1,457 million for the year ended December 31, 2018.

Finance income/(costs), net

Net finance costs amounted to €372 million for the year ended December 31, 2019 compared to €384 million for the year ended December 31, 2018. A detailed breakdown of finance income/(costs), net is provided below:

Finance income/(costs), net (€m)	**For the year ended December 31, 2019**	**2018**
Interest relative to gross financial debt	(606)	(604)
Realized and unrealized (losses)/gains on derivative instruments	147	196
Other financial expenses	(113)	(241)
Finance income	209	265
Net result on extinguishment and remeasurement of financial liabilities	(10)	—
Finance income/(costs), net	**(372)**	**(384)**

Interest relative to gross financial debt

For the year ended December 31, 2019, the Group's interest relative to gross financial debt totaled €606 million, a 0.3% increase compared to €604 million for the year ended December 31, 2018.

Realized and unrealized (losses)/gains on derivative instruments

For the year ended December 31, 2019 the Group's realized and unrealized (losses)/gains on derivative instruments totaled €147 million, a 25.3% decrease compared to €196 million for the year ended December 31, 2018, mainly driven by the variation in the mark to market of the Group's derivative financial instruments.

Other financial expenses

For the year ended December 31, 2019, the Group's other financial expenses totaled €113 million, a 53.3% decrease compared to €241 million for the year ended December 31, 2018. The change in other financial expenses is largely driven by a decrease in foreign exchange losses (foreign exchange losses of nil for the year ended December 31, 2019 compared to foreign exchange losses of €162 million for the year ended December 31, 2018). This decrease was partially offset by interest expenses related to lease liabilities following adoption of IFRS 16 (*Leases*), which amounted to €74 million for the year ended December 31, 2019 compared to nil for the year ended December 31, 2018.

Net result on extinguishment of a financial liability

For the year ended December 31, 2019, the Group's net result on extinguishment of a financial liability amounted to €10 million, compared to nil for the year ended December 31, 2018. The extinguishment of financial liabilities of €10 million related to the full redemption of the outstanding Altice Finco 2023 Notes in an aggregate principal amount of €250 million that occurred on January 13, 2020. As part of the redemption, Altice Finco recorded €10 million as costs of extinguishment of debt, of which €8 million pertaining to call *premia* and €2 million related to accelerated amortization of transaction costs.

Share of gain/(loss) of associates

For the year ended December 31, 2019, the Group's share of loss of associates totaled €7 million compared to a gain of €5 million for the year ended December 31, 2018.

Income tax benefit/expense

For the year ended December 31, 2019, the income tax loss totaled €117 million, reflecting a negative effective tax rate of 37%, compared to an income tax loss of €194 million in the year ended December 31, 2018, reflecting an effective tax rate of 18%. The variation is explained mainly by the decrease in the profit/(loss) before income tax and share of earnings of associates and joint ventures as well as change in the reassessment of tax losses and deferred tax assets during 2019 and 2018.

Profit/(loss) for the period

For the year ended December 31, 2019, the loss for the year totaled €439 million compared to a profit for the year of €903 million in the year ended December 31, 2018.

Total Capital Expenditures

We present Capital Expenditures (Accrued), Capital Expenditures (Working Capital Items) and Total Capital Expenditures (equal to "payment to acquire tangible and intangible assets and contract costs" in our statement of cash flows). For each definition, please see "*Presentation of Financial and Other Information—Non-IFRS Measures*". The Group has made substantial investments and will continue to make Total Capital Expenditures in the geographies in which it operates to expand its footprint and enhance its product and service offerings. In addition to continued investment in its infrastructure, the Group expects to continue to strategically invest in its operating segments to enrich its differentiated and convergent communication services as well as to reduce churn and increase ARPU. The Group expects to finance principal investments described below, to the extent they have not been completed, with cash flow from its operations.

Three Months Ended March 31, 2021 compared to the Three Months Ended March 31, 2020

The table below sets forth the reconciliation of Capital Expenditures (Accrued) and Capital Expenditures (Working Capital Items) to Total Capital Expenditures (*i.e.*, payment to acquire tangible and intangible assets and contract costs) for the three months ended March 31, 2021 and 2020, respectively, for each of the Group's operating segments:

	For the three months ended March 31, 2021						
(€m)	**Portugal**	**Israel**	**Dominican Republic**	**Teads**	**Others**	**Inter-segment elimination**	**Total**
Capital Expenditures (Accrued)	111	69	29	2	—	(1)	**211**
Capital Expenditures (Working Capital Items)..........................	3	2	(9)	—	—	0	**(5)**
Total Capital Expenditures ...	**114**	**71**	**20**	**2**	**—**	**(1)**	**206**
Total Capital Expenditures as a percentage of revenue.............	*20.8%*	*28.7%*	*17.0%*	*2.0%*	—	—	*20.3%*

	For the three months ended March 31, 2020						
(€m)	**Portugal**	**Israel**	**Dominican Republic**	**Teads**	**Others**	**Inter-segment elimination**	**Total**
Capital Expenditures (Accrued)	104	63	35	2	—	0	**205**
Capital Expenditures (Working Capital Items)..................	20	(2)	(1)	—	—	—	**18**
Total Capital Expenditures	**125**	**61**	**34**	**2**	**—**	**—**	**222**
Total Capital Expenditures as a percentage of revenue.......	*23.9%*	*24.7%*	*25.6%*	*2.2%*	—	—	*22.4%*

Operating segments

Portugal: For the three months ended March 31, 2021, Portugal's Total Capital Expenditures were €114 million (representing 20.8% of revenue in Portugal), an 8.5% decrease compared to €125 million for the three months ended March 31, 2020 (representing 23.9% of revenue in Portugal). Capital Expenditures (Accrued) increased by €7 million for the three months ended March 31, 2021 reflecting mainly higher network-related capital expenditures due to investments in the mobile network and the acquisition of satellite capacity. Capital Expenditures (Working Capital Items) decreased by €18 million for the three months ended March 31, 2021 in relation to March 31, 2020 due to phasing of capital expenditures.

Israel: Total Capital Expenditures for Israel amount to €71 million for the three months ended March 31, 2021 (representing 28.7% of revenue in Israel) compared to €61 million for the three months ended March 31, 2020 (representing 24.7% of revenue in Israel). On a local currency basis, Total Capital Expenditures increased by 17.6%, which was mainly driven by fixed customer and installation capital expenditure, in preparation of the launch of the fiber commercial offers and network investments due to new deployment and rerouting projects.

Dominican Republic: For the three months ended March 31, 2021, Total Capital Expenditures were €20 million (representing 17.0% of revenue in the Dominican Republic), a 40.5% decrease compared to €34 million for the three months ended March 31, 2020 (representing 25.6% of revenue in the Dominican Republic). On a local currency basis, Total Capital Expenditures decreased by 29.7%, mainly driven by a decrease in mobile network related capex due to phasing of Mobile Rollout and an improved network planning.

Teads: In general, Teads has limited Total Capital Expenditures due to the nature of its business.

Year Ended December 31, 2020 compared to the Year Ended December 31, 2019

The table below sets forth the reconciliation of Capital Expenditures (Accrued) and Capital Expenditures (Working Capital Items) to Total Capital Expenditures (*i.e.*, payment to acquire tangible and intangible assets and contract costs) for the years ended December 31, 2020 and 2019, respectively, for each of the Group's operating segments:

(€m)	For the year ended December 31, 2020 Portugal	Israel	Dominican Republic	Teads	Others	Inter-segment elimination	Total
Capital Expenditures (Accrued)	466	267	101	7	—	(1)	**840**
Capital Expenditures (Working Capital Items).........................	12	(15)	(8)	(3)	3	1	**(10)**
Total Capital Expenditures ..	**478**	**252**	**93**	**4**	**3**	**0**	**830**
Total Capital Expenditures as a percentage of revenue............	*22.6%*	*25.7%*	*19.0%*	*0.9%*	*nm*	*nm*	*20.4%*

(€m)	For the year ended December 31, 2019 Portugal	Israel	Dominican Republic	Teads	Others	Inter-segment elimination	Total
Capital Expenditures (Accrued)	436	245	115	8	—	(1)	**802**
Capital Expenditures (Working Capital Items)...........................	(6)	6	1	—	—	—	**2**
Total Capital Expenditures	**430**	**251**	**116**	**8**	**—**	**(1)**	**804**
Total Capital Expenditures as a percentage of revenue..............	*20.4%*	*26.1%*	*20.7%*	*1.7%*	*nm*	*0.0%*	*19.7%*

Operating segments

Portugal: For the year ended December 31, 2020, PT Portugal's Total Capital Expenditures were €478 million (representing 22.6% of revenue in Portugal), an 11.2% increase compared to €430 million for the year ended December 31, 2019 (representing 20.4% of revenue in Portugal). The increase in Total Capital Expenditures is explained by an increase in network-related capital expenditures due to the fiber roll-out program, in addition to an increase in Capital Expenditures (Working Capital Items).

Israel: Total Capital Expenditures in Israel were stable with €251 million (representing 26.1% of revenue in Israel) for the year ended December 31, 2019 and €252 million (representing 25.7% of revenue in Israel) in the year ended December 31, 2020. On a local currency basis, Total Capital Expenditures decreased by 1.3%, which was mainly driven by network upgrades during the second quarter of 2020, which was offset by a change in Capital Expenditures (Working Capital Items).

Dominican Republic: For the year ended December 31, 2020, Total Capital Expenditures were €93 million (representing 19.0% of revenue in the Dominican Republic), a 19.9% decrease compared to €116 million for the year ended December 31, 2019 (representing 20.7% of revenue in the Dominican Republic). On a local currency basis, Total Capital Expenditures decreased by 9.8%, mainly due to lower investments in customer premise equipment in addition to a change in Capital Expenditures (Working Capital Items).

Teads: In general, Teads has limited Total Capital Expenditures due to the nature of its business.

Year Ended December 31, 2019 compared to the Year Ended December 31, 2018

The table below sets forth the reconciliation of Capital Expenditures (Accrued) and Capital Expenditures (Working Capital Items) to Total Capital Expenditures (*i.e.*, payment to acquire tangible and intangible assets and contract costs) for the years ended December 31, 2019 and 2018, respectively, for each of the Group's operating segments:

(€m)	For the year ended December 31, 2019 Portugal	Israel	Dominican Republic	Teads	Altice TV	Others	Inter-segment elimination	Total
Capital Expenditures (Accrued)........................	436	245	115	8	—	—	(1)	**802**
Capital Expenditures (Working Capital Items) ..	(6)	6	1	—	—	—	—	**2**

Total Capital Expenditures..................	**430**	**251**	**116**	**8**	**—**	**—**	**(1)**	**804**
Total Capital Expenditures as a percentage of revenue......	*20.4%*	*26.1%*	*20.7%*	*1.7%*	—	—	*0.0%*	*19.7%*

	For the year ended December 31, 2018							
(€m)	**Portugal**	**Israel**	**Dominican Republic**	**Teads**	**Altice TV**	**Others**	**Inter-segment elimination**	**Total**
Capital Expenditures (Accrued)........................	423	234	115	1	4	34	(1)	**811**
Capital Expenditures (Working Capital Items) ..	36	9	(4)	—	5	2	—	**48**
Total Capital Expenditures..................	**460**	**243**	**112**	**1**	**8**	**36**	**(1)**	**859**
Total Capital Expenditures as a percentage of revenue......	*21.8%*	*25.8%*	*18.9%*	*0.4%*	*33.1%*	*20.2%*	*0.0%*	*20.5%*

Portugal: For the year ended December 31, 2019, PT Portugal's Total Capital Expenditures were €430 million (representing 20.4% of revenue in Portugal), a 6.5% decrease compared to €460 million for the year ended December 31, 2018 (representing 21.8% of revenue in Portugal). The Capital Expenditures (Accrued) increased due to higher network investments, but were offset by lower mobile network related capital expenditures due to the completion of the Mobile Access Network Transformation Project - Single RAN during 2018 and a decrease in Capital Expenditures (Working Capital Items).

Israel: Total Capital Expenditures in Israel increased by 3.6%, from €243 million (representing 25.8% of revenue in Israel) in the year ended December 31, 2018 to €251 million (representing 26.1% of revenue in Israel) in the year ended December 31, 2019. On a local currency basis, Total Capital Expenditures decreased by 2.6%, which was mainly driven by a decrease in network and call center investments and local content production, which was partially offset by higher capitalization of commissions and changes in Capital Expenditures (Working Capital Items).

Dominican Republic: For the year ended December 31, 2019, Total Capital Expenditures were €116 million (representing 20.7% of revenue in the Dominican Republic), a 3.8% increase compared to €112 million for the year ended December 31, 2018 (representing 18.9% of revenue in the Dominican Republic). On a local currency basis, Capital Expenditures (Accrued) increased by 1.4%, mainly due to higher CPE and installation spend, which was partially offset by changes in Capital Expenditures (Working Capital Items).

Teads: In general, Teads has limited Total Capital Expenditures due to the nature of its business.

Altice TV: For the year ended December 31, 2019, Total Capital Expenditures were nil, compared to €8 million for the year ended December 31, 2018. This decrease is explained by the sale of Altice TV, which is no longer part of the Group following the sale to an affiliate of the Group on May 15, 2018.

Others: For the year ended December 31, 2019, Total Capital Expenditures were nil, compared to €36 million for the year ended December 31, 2018. This decrease is mainly explained by the sale of the FOT Business to Altice France on October 31, 2018.

Liquidity and Capital Resources

General

The Group's principal sources of liquidity are (i) operating cash flow generated by the Group's subsidiaries and (ii) various revolving credit facilities and guarantee facilities that are available to the Group, for any requirements not covered by the operating cash flow generated. As of March 31, 2021, our consolidated cash and cash equivalents amounted to €302 million on an actual basis. Each of our operating subsidiaries maintains cash and cash equivalents to fund their day-to-day requirements.

Our most significant financial obligations are our debt obligations. As of March 31, 2021, as adjusted for the Refinancing Transactions, including the Proposed Financing and the application of the proceeds therefrom, the Group had total third-party financial debt (after currency impact of derivative instruments) as presented under "*Capitalization*" of €7,690 million.

Provided below is an overview of the Group's borrowings and loans from lenders as of March 31, 2021:

	Amount in millions (local currency)	Actual (in € millions)	Coupon / Margin	Maturity
Senior Secured Notes	EUR 600	600	2.250%	2025
Senior Secured Notes	USD 2,471	2,103	7.500%	2026
Senior Secured Notes	EUR 1,100	1,100	3.000%	2028
Senior Secured Notes	USD 1,200	1,021	5.000%	2028
Term Loan	USD 876	745	L+2.75%	2025
Term Loan	USD 871	741	L+2.75%	2026
Term Loan	EUR 290	290	E+2.75%	2026
Drawn Revolving Credit Facilities	-	-	E+3.00%	2025
Other debt and leases	-	24	-	-
Swap adjustment	-	151	-	-
Secured debt	-	6,777	-	-
Senior Notes	EUR 675	675	4.750%	2028
Gross debt	-	7,452	-	-

The following tables present the maturity profile of the Group's debentures and loans from financial institutions as of March 31, 2021, without giving effect to the Refinancing Transactions, including the Proposed Financing and the application of proceeds thereof.

Maturity	**Maturing in less than one year**	**Maturing in one year or more**	**Outstanding as of March 31, 2021**	**Outstanding as of December 31, 2020**
		(€ in millions)		
Altice Financing Debentures	-	4,798	4,798	4,675
Altice Finco Debentures	-	674	674	674
Altice Financing Loans from Financial Institutions (including Altice Financing Revolving Credit Facilities)*	18	1,751	1,770	1,716
Total	**18**	**7,223**	**7,241**	**7,065**

* Excludes the Altice Financing Guarantee Facilities

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 Altice Financing Revolving Credit Facilities. As of the date hereof, the Group has an aggregate of €393.2 million (equivalent) available borrowings under the 2014 Pari Passu Revolving Credit Facility and the 2015 Super Senior Revolving Credit Facility, of which €110 has been drawn. 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. Further, as of the date hereof, the Group had access to the Altice Financing Guarantee Facilities allowing for requests for guarantees to be issued up to a maximum of €139.5 million. As of the date hereof, Altice Financing has made requests for guarantees of up to €131.5 million in aggregate principal amount to be issued under the Altice Financing Guarantee Facilities, which represents a contingent liability of the Group. See "*Description of Indebtedness—Altice Financing Guarantee Facilities*". The availability of borrowings under the Altice Financing Revolving Credit Facilities and the Altice Financing Guarantee 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 Altice Financing 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 refinancing transactions or otherwise extend our debt maturities. In this regard, it is not possible to anticipate 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 unfavorable impact on our cash flows and liquidity.

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

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

Senior secured debt and senior debt of the Group is subject to the following incurrence tests:

Senior secured debt of the Group is subject to an incurrence test of 3:1 (L2QA Adjusted EBITDA to net secured debt) and senior debt is subject to an incurrence test of 4:1 (L2QA Adjusted EBITDA to net debt), as each term is defined in the Altice Financing Indentures and Altice Finco Indentures, respectively.

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

The Group has access to the Altice Financing Revolving Credit Facilities and the Altice Financing Guarantee Facilities, which are subject to maintenance covenants. The incurrence covenants terms of the Altice Financing Revolving Credit Facilities are no more restrictive than the incurrence covenants contained in other debt instruments.

The Company is a holding company with no direct source of operating income. Therefore, the Company will be dependent on payments from its operating subsidiaries under certain proceeds loans to meet its liquidity requirements.

Current assets and liabilities including Working Capital

As of March 31, 2021, the Group had net current liability position of €580 million (mainly due to trade and other payables amounting to €1,339 million) and a positive Working Capital in an amount of €162 million. Net current liability position as of March 31, 2021 consists of total current assets in an amount of €2,127 million and total current liabilities in an amount of €(2,707) million in the statement of financial position. Working Capital as of March 31, 2021 is calculated as: inventories in an amount of €128 million *plus* trade and other receivables in an amount of €1,373 million *less* trade and other payables in an amount of €1,339 million.

As of December 31, 2020, the Group had a net current liability position of €561 million (mainly due to trade and other payables amounting to €1,413 million) and a positive Working Capital in an amount of €163 million. Net current liability position as of December 31, 2020 consist of total current assets in an amount of €2,195 million and total current liabilities in an amount of €(2,756) million in the statement of financial position. Working Capital as of December 31, 2020 is calculated as: inventories in an amount of €119 million *plus* trade and other receivables in an amount of €1,416 million *less* trade and other payables in an amount of €1,413 million.

A net current liability 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 net current liability position. 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 Altice Financing Revolving Credit Facilities will be sufficient to meet our Working Capital requirements during the next 12 months.

Selected Consolidated Cash Flow Data

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

The following table presents primary components of the Group's cash flows (net) for the three months ended March 31, 2021and March 31, 2020, respectively.

Net Cash Flows	**For the three months ended March 31,**	
(€m)	**2021**	**2020**
Net cash provided by operating activities..	376	345
Net cash (used in) investing activities...	(252)	(545)
Net cash provided by/(used in) financing activities	(180)	40
Changes in cash and cash equivalents	**(56)**	**(160)**
Effects of exchange rate changes on cash held in foreign currencies	3	(3)
Net changes in cash and cash equivalents...	**(52)**	**(163)**

The Group recorded a net decrease of €52 million in cash and cash equivalents for the three months ended March 31, 2021, compared to a net decrease of €163 million for the three months ended March 31, 2020.

Net cash provided by/(used in) operating activities:

Net cash provided by operating activities increased by 9.0% to €376 million for the three months ended March 31, 2021 compared to €345 million for the three months ended March 31, 2020. The increase in net cash provided by operating activities, on a recurring business basis, is largely explained by an increase in working capital from €25 million working capital investment for the three months ended March 31, 2020 to €12 million working capital inflow for the three months ended March 31, 2021.

Net cash provided by/(used in) investing activities:

Net cash used in investing activities was €252 million for the three months ended March 31, 2021 compared to net cash used in investing activities of €545 million for the three months ended March 31, 2020.

For the three months ended March 31, 2021 the cash used in investing activities consisted mainly of €206 million of payments to acquire tangible and intangible assets and contract costs and a €45 million payment related to the acquisition of 23.3% stake in IBC Israel. For the three months ended March 31, 2020, the cash used in investing activities related to €222 million of payments to acquire tangible and intangible assets and contract costs, and a payment of €527 million upstreamed by the Group to Altice Lux which was offset by €201 million proceeds for the sale of Portugal's 25% equity stake in Belmont.

Net cash provided by/(used in) financing activities:

Net cash used in financing activities increased to €180 million for the three months ended March 31, 2021, compared to net cash received from financing activities of €40 million for the three months ended March 31, 2020.

For the three months ended March 31, 2021 the cash provided by financing activities consisted mainly of €142 million of interest paid on long term gross debt. For the three months ended March 31, 2020, the cash used in financing activities consisted mainly of (i) net of proceeds and redemptions relating to refinancing activities which resulted in a net inflow of cash of €336 million, (ii) interest paid of €202 million and (iii) €62 million of cash used as a result of call premia and transaction costs related to the redemptions of the Altice Financing 2023 Notes, Altice Finco 2024 Notes and the Altice Finco 2025 Notes which occurred during the three months ended March 31, 2020.

Year Ended December 31, 2020 compared to the Year Ended December 31, 2019

Net Cash Flows (€m)	**For the year ended December 31, 2020**	**2019**
Net cash provided by operating activities	1,477	1,364
Net cash (used in) investing activities	(1,549)	(859)
Net cash provided by/(used in) financing activities of continuing operations(*)	47	(694)
Changes in cash and cash equivalents	**(25)**	**(189)**
Classification of cash as held for sale	—	(12)
Effects of exchange rate changes on cash held in foreign currencies	(16)	0
Net changes in cash and cash equivalents	**(42)**	**(202)**

(*) For the year ended December 31, 2020, advances paid to Group companies are included in 'net cash provided by/(used in) investing activities' and the comparative figures for the year ended December 31, 2019 included in the 2020 Financial Statements (as reflected in the table above) have been restated by reclassifying the amount of €64 million from 'net cash provided by/(used in) financing activities of continuing operations' to 'net cash provided by/(used in) investing activities', corresponding to advances paid to other Altice entities. The figures provided in the 2019 Financial Statements for the year ended December 31, 2019 are as follows and have not been restated: net cash provided by/(used in) financing activities of continuing operations €(757 million) and net cash provided by/(used in) investing activities €(795 million).

The Group recorded a net decrease of €42 million in cash and cash equivalents for the year ended December 31, 2020, compared to a net decrease of €202 million for the year ended December 31, 2019.

Net cash provided by/(used in) operating activities:

Net cash provided by operating activities increased by 8.3% to €1,477 million for the year ended December 31, 2020 compared to €1,364 million for the year ended December 31, 2019. The increase in net cash provided by operating activities is largely explained by an increase of the operating profit for the year ended December 31, 2020 and a decrease in the income tax paid compared to income tax paid during the year ended December 31, 2019. These increases in net cash provided by operating activities were partially offset by an increase in negative changes in Working Capital.

Net cash provided by/(used in) investing activities:

Net cash used in investing activities amounted to €1,549 million for the year ended December 31, 2020 compared to cash used in investing activities of €859 million for the year ended December 31, 2019. The increase in cash used by investing activities is largely explained by the increase of the advances paid to affiliated companies during the year ended December 31, 2020. This increase was partially offset by higher proceeds related to sale of interests in associates of €201 million, largely due to the sale of Portugal's 25% equity stake in Belmont.

Net cash provided by/(used in) financing activities:

Net cash provided by/(used in) financing activities increased to net cash provided by financing activities of €47 million for the year ended December 31, 2020, compared to net cash used in financing activities of €694 million for the year ended December 31, 2019. The increase in net cash provided by financing activities can be largely attributed to the proceeds related to the sale of the 49.99% interest in the Portuguese FTTH business to Morgan Stanley Infrastructure Partners of €1,576 million, a transaction which was completed on April 17, 2020. These increases were partially offset by higher cash outflows related to refinancing activities. During the year ended December 31, 2020, refinancing activities resulted in a net outflow of cash of €823 million, whereas for the year ended December 31, 2019 a net cash outflow of €19 million was recorded. In addition, cash advances with group companies decreased from proceeds of €69 million during the year ended December 31, 2019 to payments of €72 million during the year ended December 31, 2020.

Year Ended December 31, 2019 compared to the Year Ended December 31, 2018

Net Cash Flows (€m)	**For the year ended December 31, 2019**	**2018**
Net cash provided by operating activities	1,364	1,345
Net cash flow provided by/(used in) investing activities	(795)	595
Net cash flow (used in) financing activities(*)	(757)	(1,591)
Changes in cash and cash equivalents	**(189)**	**350**

Classification of cash as held for sale	(12)	(6)
Effects of exchange rate changes on cash held in foreign currencies	0	1
Net changes in cash and cash equivalents	**(202)**	**344**

(*) For the year ended December 31, 2020, advances paid to Group companies are included in 'net cash provided by/(used in) investing activities' and the comparative figures for the year ended December 31, 2019 included in the 2020 Financial Statements have been restated by reclassifying the amount of €64 million from 'net cash provided by/(used in) financing activities of continuing operations' to 'net cash provided by/(used in) investing activities', corresponding to advances paid to other Altice entities. The figures provided in the 2019 Financial Statements for the year ended December 31, 2019 (as reflected in the table above) are as follows and have not been restated: net cash provided by/(used in) financing activities of continuing operations €(757 million) and net cash provided by/(used in) investing activities €(795 million).

The Group recorded a net decrease of €202 million in cash and cash equivalents for the year ended December 31, 2019, compared to a net increase of €344 million for the year ended December 31, 2018.

Net cash provided by/(used in) operating activities:

Net cash provided by operating activities increased by 1.4% to €1,364 million for the year ended December 31, 2019 compared to €1,345 million for the year ended December 31, 2018. The net cash provided by operating activities increased due to a positive change in Working Capital and other non-cash items which was offset by the decrease in the operating profit for the year ended December 31, 2019 compared to the operating profit for the year ended December 31, 2018, and an increase in payment for pension liabilities and income taxes.

Net cash provided by/(used in) investing activities:

Net cash from investing activities decreased by 233.6% to net cash used in investing activities of €795 million for the year ended December 31, 2019 compared to net cash from investing activities of €595 million for the year ended December 31, 2018. The increase in the cash used by investing activities is mainly attributed to the proceeds received from the disposal of businesses during 2018. During the year ended December 31, 2018, proceeds from the disposal of businesses included €540 million related to the sale of the tower business in Portugal, €157 million regarding the sale of the telecommunications solutions business and data center operations in Switzerland, €149 million regarding the sale of the tower business in the Dominican Republic and €14 million regarding the sale of the wholesale business in Portugal and the Dominican Republic. In addition it includes the proceeds for the sales of ATS France, ACS and FOT Business to Altice France for €178 million, €66 million and €481 million, respectively. The increase in cash used in investing activities due to these proceeds from the disposal of businesses was only partially offset by lower payments to acquire interests in associates.

Net cash provided by/(used in) financing activities:

Net cash used in financing activities decreased by 52.4% to net cash used in financing activities of €757 million for the year ended December 31, 2019 compared to net cash used in financing activities of €1,591 million for the year ended December 31, 2018. The decrease in net cash used in financing activities can largely be attributed to lower advances to Group companies and transactions with non-controlling interests during the year ended December 31, 2019, and refinancing activities. During the year ended December 31, 2019, refinancing activities resulted in a net outflow of cash of €19 million, whereas for the year ended December 31, 2018 there was a net outflow of cash of €358 million. These decreases in cash outflows were partially offset by increases in cash paid for lease liabilities. The adoption of IFRS 16 (*Leases*) as per January 1, 2019, resulted in lease payment and the interest related payments for right-of-use of €159 million. During the year ended December 31, 2018, operating lease payments were included in net cash provided by operating activities.

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.

The following tables set forth our unrecognized contractual commitments as of December 31, 2020. See note 29 to the audited consolidated financial statements of Altice International as of and for the year ended December 31, 2020.

Unrecognized contractual commitments December 31, 2020	**< 1 year**	**Between 1 and 2 years**	**Between 2 and 4 years**	**Five years or more**	**Total**
Goods and service purchase commitments	556	216	271	200	1,242
Investment commitments	212	9	4	—	225
Guarantees given to suppliers/customers	82	7	1	76	166
Guarantees given to lenders	—	—	—	—	—
Guarantees given to government agencies	4	10	0	90	104
Indemnities related to sales of businesses	—	—	—	—	—
Other commitments	0	—	—	—	0
Total	**853**	**241**	**276**	**366**	**1,736**

Defined Benefit and Defined Contribution Pension Plans

In addition, we have obligations under defined benefit and defined contribution pension plans. Our cash outflow relating to these obligations will vary depending on many factors. In the case of defined benefit plans, we have recognized a liability regarding employee benefits in the statement of financial position of Altice International 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 December 31, 2020, our present value of defined benefit obligations were €958 million.

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 handset receivables factoring facility in Israel for a net amount of €42 million utilized as of March 31, 2021 (out of total available facility of €56 million), the contractual commitments relating to purchase of property, plant and equipment or as disclosed herein or in the notes to the Historical Consolidated Financial Information.

Post-Balance Sheet Date Events

For a description of material post-balance sheet date events applicable to the Group, see "*General Description of Our Business—Recent Developments*" included elsewhere in this Notice.

Quantitative and Qualitative Disclosures about Market Risk

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

Credit Risk

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

The Group's income mainly derives from customers in Portugal, Israel and the Dominican Republic. 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 Directors, 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. As all external debt is issued and managed centrally, the Group has a significant amount of control and visibility over the payments required to satisfy obligations under the various tranches of its existing debt.

Additionally, as of the date hereof the Group had access to the Altice Financing Revolving Credit Facilities which provide for borrowings of up to €393.2 million (of which €110 million has been drawn) to cover any liquidity needs not met by operating cash flow generation. Further, as of March 31, 2021 the Group had access to the Altice Financing Guarantee Facilities allowing for requests for guarantees to be issued up to a maximum of €139.5 million. As of the date hereof, Altice Financing has made requests for guarantees of up to €131.5 million in aggregate principal amount to be issued under the Altice Financing Guarantee Facilities. 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. On a consolidated basis, taking into account our swap portfolio, our primary fixed rate debt obligations were in an amount equivalent to €5,692 million, while our primary floating rate debt obligations were equivalent to €1,759 million, in each case as of March 31, 2021.

Foreign Currency Risk

Our business is exposed to fluctuations in currency exchange rates. HOT's primary transactional currency is the NIS. Altice Dominicana's primary transactional currency is the DOP. The primary transactional currency of the Company and its other operating subsidiaries is the euro. We conduct, and will continue to conduct, transactions in currencies other than such primary transactional currencies, particularly the U.S. dollar. Our existing third party debt is primarily denominated in U.S. dollars and euro although the amounts incurred in U.S. dollars and euro do not necessarily match the amount we earn in the corresponding currency. We seek to manage such transactional foreign currency exposures though our hedging policy in accordance with our specific business needs.

As part of its financial risk management strategy, the Group has entered into certain hedging operations relating to its existing debt. 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 17.4 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.

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 three months ended March 31, 2021 and the years ended December 31, 2020 and 2019 and 2018. See "*Certain Relationships and Related Party Transactions*".

INDUSTRY AND MARKET OVERVIEW

Introduction

We primarily provide cable and fiber-based services comprising high-quality pay television, high- speed broadband internet, fixed-line and mobile telephony to residential customers, and, in certain countries, mobile and fixed-line enterprise telecom services to corporate and government customers. Through Teads, we also operate a cloud-based, end-to-end advertising technology platform. Across geographies, we benefit from an attractive competitive environment given the superiority of the services we can provide through our cable and fiber networks, in which we have significantly invested, as well as our advanced mobile networks. This has enabled us to (1) develop strong positions in multiple play segments as selling various services as part of bundles has become a growing trend in the markets in which we operate and (2) grow our market share in mobile telephony across our markets (Portugal, Israel, Dominican Republic and other geographies).

Pay Television

Cable is the leading platform to distribute pay television in Western Europe and the United States, with a few exceptions, for example in Italy where cable has not been introduced. Technologies that compete with cable include satellite, Internet Protocol television ("**IPTV**"), OTT television and digital terrestrial television ("**DTT**"). We believe that cable has certain advantages over these technologies, notably in terms of availability of interactive features, image quality and number of channels. Cable is only matched in quality by IPTV and OTT television when these technologies are delivered over fiber-to-the-home ("**FTTH**") networks. FTTH networks benefit from substantial bandwidth capabilities that are able to cope with the simultaneous provision of high-speed broadband and high-definition television services.

Satellite operators distribute digital signals nationally via satellite directly to television viewers. To receive programming distributed via satellite, viewers require a satellite dish, a satellite receiver and a set top box. Pay television services provided via satellite typically require the viewers to use a conditional access smart card. Satellite distribution has certain competitive advantages over cable television services, including a broader range of programs available to a wider geographic area. However, given the lack of an integrated return path, satellite struggles to deliver easy to handle interactive television services, including VoD services, to subscribers who do not have a broadband internet connection. We believe that satellite has the following additional competitive disadvantages compared to cable: (i) higher up front cost of procuring and installing a satellite dish needed to receive programming, as compared to the "plug and play" convenience of cable television; (ii) absence of an ongoing maintenance service, which cable network operators can offer to their subscribers; (iii) satellite providers of "free to air" satellite services typically do not have strong relationships with the viewers using their service as they do not receive subscription or other fees from them; and (iv) vulnerability of satellite reception to external interference, such as adverse weather conditions.

DTT based pay television packages benefit from the wide coverage of the terrestrial platform but suffer from the structurally limited number of channels available on DTT and the lack of interactive features that can be provided through cable services. Consequently, the success of pay DTT has been limited, even in geographies where free DTT is the primary television platform.

IPTV and OTT television are highly attractive ways of providing television content except when they rely on digital subscriber line ("**DSL**") networks. IPTV and OTT television that rely on DSL networks present a number of disadvantages compared to cable. For example, adding television services over a DSL network strains the network and decreases the amount of capacity available for other service offerings, particularly bandwidth intensive broadband internet. Under currently available technology, we believe that DSL based triple-play providers will have difficulty providing the same level of services that can be provided over fiber networks (in particular, for HDTV, viewing of TV and VoD on multiple screens or TV and VoD simultaneous viewing and recording) without having to make significant investments in extending fiber closer to the subscriber's home. When such investments in fiber are made, notably through FTTH networks, IPTV and OTT television are able to offer high quality television to viewers.

Compared to DTH services provided via cable and FTTH networks are characterized by easy to use technology, the efficient installation of customer equipment and the reliability of a protected signal delivered directly to the home. Given the trend towards offering bundled media and telecommunications services, the market share of pay television distribution is expected to benefit from cable and fiber's ability to deliver triple-play services with high bandwidth, high-speed and bi-directional capacity. Compared to standalone DTH, namely without a broadband internet connection, the number of advantages of bi-directional capabilities of digital cable television are substantial for both the users and the cable operator. Digital cable subscribers can order VoD products and use interactive television while the cable operator is able to track usage patterns and enable their customers, the television channels, to target advertising to customers more efficiently.

Broadband Internet

The main broadband internet access technologies are DSL and cable, with DSL being the leading platform in a number of countries for historical reasons, since internet access was initially provided on telephony copper lines; however is now increasingly provided on FTTH networks. We believe that the increasing demand for very-high-speed broadband internet to cope with advanced applications, such as multi-screen and multimedia, that require higher bandwidth and greater download speeds offer a sizable growth opportunity for cable- and fiber-based technologies in the near term. Furthermore, we believe that we are well positioned to benefit from the expected continued growth of the demand for very high speed internet, given that cable networks enable us to offer download speeds of at least 100 Mbps to a majority of homes passed in our footprint outside of the Dominican Republic and our cable and fiber-based networks will be able to handle the increased demand with limited additional upgrades. In contrast, many DSL based operators in some of the geographies where we operate would need to make substantial investments in fiber to meet customer needs; however it is possible, in some coverage areas, to upgrade DSL networks to fiber for a limited cost.

The existing DSL infrastructure offers consumers significantly lower speeds compared to cable maximum speeds of up to approximately 300 Mbps on US DOCSIS 3.0, 360 Mbps on Euro DOCSIS 3.0 and up to 1 Gbps on FTTH networks. For most users, the actual speed provided by DSL is lower than the advertised maximum speed as the speed is dependent on the distance between end-users' premises and DSL hubs. Furthermore, the maximum download speed of DSL networks has to be shared between broadband internet and competing simultaneous users of the line, such as IPTV. According to the "Quality of Broadband Services in the EU" report by the EC (published in October 2014 and updated as of 9 March 2021), cable and FTTx services achieved 86.5% and 83% of advertised download speeds, respectively, while DSL based services achieved only 63.3% of advertised download speed.

A substantial challenge facing the expansion of FTTH or Fiber-to-the-Building (FTTB) is that introducing such technology is capital and time intensive and requires significant digging and rewiring, with the exception of certain areas and buildings where upgrades can be performed at a limited cost.

Unlike DSL, cable networks are able to deliver consistent speeds irrespective of the distance to the customer. We are currently able to offer download speeds of at least 100 Mbps to a majority of homes passed in our footprint outside of the Dominican Republic.

The DOCSIS 3.1 standard, which is being developed by CableLabs, is a new DOCSIS specification enabling higher spectral efficiency support of up to 10 Gbps downstream and 1 Gbps upstream speeds. DOCSIS 3.1 is expected to work on existing HFC plant and be backwardly compatible with previous DOCSIS standards. This double backward compatibility will allow a smooth migration strategy and no plant changes required to deploy DOCSIS 3.1 equipment. Furthermore, limited investment will be needed to further maximize the capacity in the future.

Very-high-bit-rate digital subscriber line 2 ("**VDSL2**") is the latest and most advanced technology for DSL broadband internet wireline communications. It was originally designed to support the wide deployment of triple-play services such as voice, video, data, HDTV and interactive gaming and was intended to enable operators and carriers to gradually, flexibly, and cost efficiently upgrade existing xDSL infrastructure. VDSL2 allows the transmission of asymmetric and symmetric aggregate data rates of up to 200 Mbps downstream and upstream on twisted pairs using a bandwidth up to 30 MHz and further, allows for significantly lower signal deterioration caused by the distance between the cabinet and the customer's premises when compared to older DSL technologies. VDSL2 enabled networks could theoretically allow for up to 100 Mbps at 0.4 kilometers, 40 to 50 Mbps at 0.7 kilometer and approximately 30 Mbps at 1 kilometer.

On 9 March 2021, the European Commission presented a vision for Europe's digital transformation by 2030: "The Digital Compass". This vision for the EU's digital decade revolves around four main areas with specific targets for 2030: (i) Secure and sustainable digital infrastructures, (ii) Skills, (iii) Digital transformation of businesses and (iv) Digitalisation of public services.

Excellent and secure connectivity for everybody and everywhere in Europe is a prerequisite for a society in which every business and citizen can fully participate. The ambition for the Secure and sustainable digital infrastructures area is that by 2030: (i) all European households are covered by a Gigabit network, and (ii) all populated areas are covered by 5G.

This vision relies on three main strategic objectives for 2025: (i) Gigabit connectivity for all of the main socio-economic drivers, (ii) uninterrupted 5G coverage for all urban areas and major terrestrial transport paths, and (iii) access to connectivity offering at least 100 Mbps for all European households.

Fixed-line Telephony

Traditional switched voice lines have been declining steadily in recent years as they are replaced by Voice over Internet Protocol ("**VoIP**") lines. More generally, fixed-line telephony has become a commodity product that is now bundled into multiple play packages. Accordingly, fixed-line services have become dependent on the quality of the broadband internet offering and rate pricing for fixed-line telephony is now the market standard. Despite these changes, the decline in use of fixed-line telephony has been slow as most households still maintain a fixed-line at home.

Mobile Telephony and Mobile Broadband Internet

Consumption of mobile telephony and data services has continued to rise globally, driven by a growing penetration and a wider availability of smart phones. Mobile data traffic is forecasted to grow at an average rate of 46% between 2017 and 2022 according to third party sources, mainly driven by the development of smartphone devices supporting multiple wireless technologies. As mobile internet usage is mainly in the vicinity of home or office, we believe that operators' success in the mobile telephony services business will largely rely on their ability to access a high capacity backbone with compelling mobile tower backhaul offload solutions and a strong integration of their mobile telephony offers with residential broadband based offload capabilities to cope with increasing data consumption.

Despite this general trend, each mobile telephony market has a different structure and dynamic, depending on a variety of factors including, among other factors, the number of mobile network operators versus mobile virtual network operators, penetration of post-paid versus pre-paid subscription, regulation, available spectrum, and commercial strategies of operators such as handset subsidies. The success of mobile operators in the various markets is largely dependent on the overall environment and its competitive advantage. As such, we have decided to implement a versatile mobile strategy that takes advantage of the fixed mobile convergence. As part of this strategy, we operate a mobile network in Israel and we expect to benefit from synergies with our scalable cable networks in Israel.

Fixed-line Enterprise Telecom Services

We provide business-to-business ("**B2B**") telecom services, including voice and data to Enterprise customers, in a number of our geographies. We are increasingly migrating our Enterprise customers from voice-only products to integrated systems involving data connectivity, information and communications technology ("**ICT**") applications and cloud-based solutions. We believe our network infrastructure and pooled experience across the Group give us a competitive advantage in this segment.

Media

The media industry continues to shift to digital formats driven by technological advancements and changes in consumer behavior. Per International Data Corporation ("**IDC**"), the global advertising market was estimated to be $682 billion in 2020 and is expected to grow at a compounded annual growth rate ("**CAGR**") of 3.3% from 2020 through 2024. As consumers have spent increasingly more time online with the rise of mobile devices, social media platforms and the proliferation of online content, the global digital advertising market has experienced rapid growth. Digital advertising growth is expected to outpace the overall advertising market as digital continues to take market share from traditional media like print and radio. Of the global advertising market, $319 billion, or 47% was attributed to global digital advertising spend. Digital advertising has increased from 36% of total advertising in 2017 and is expected to grow to 55% of total advertising by 2024. Per IDC, in the U.S., digital advertising was estimated to be $128 billion in 2020 and is expected to grow at a 7.4% CAGR from 2020 through 2024.

Within the global digital advertising market, there are several segments that drive growth:

- Programmatic advertising. Programmatic advertising is the automated buying and selling of digital ads, optimizing performance and pricing through real-time signals. According to IDC, global programmatic digital ad spending was $142 billion in 2020 and is expected to grow at a 10% CAGR from 2020 through 2024. This does not include search advertising. Within programmatic advertising, programmatic digital video advertising spending was estimated at $53 billion in 2020 and is expected to grow at a 12.6% CAGR from 2020 through 2024.

- Mobile Advertising. For consumers, mobile is now the primary and preferred device format for consuming digital content and making purchases. According to third party sources, there are currently 14 billion mobile devices in use globally, and this is expected to expand at a 6.0% CAGR from 2020 through 2024 to an estimated 17.7 billion devices. As global mobile device growth explodes, facilitated by improved devices and connectivity, growth in mobile advertising is expected to continue. The digital mobile advertising market has grown at a 26% CAGR since 2017 to $197 billion in 2020 according to IDC and is expected to grow at a 12.7% CAGR going forward from 2020 through 2024.

- Video Ad Formats. According to IDC, in 2020 video advertising was $57 billion of the overall digital advertising market, or 18%. This is expected to increase to 20% of the total digital market by 2024 and grow at an 11% CAGR, which outpaces the market.

- Performance Advertising Growth. Performance advertising, as opposed to brand advertising, is used to achieve measurable results, including retaining an audience, generating leads, boosting sales or increasing loyalty, as a direct and immediate result of users seeing and interacting with an ad. According to IDC, the global performance advertising market was estimated to be $176 billion in 2020 and is expected to grow at an 8.1% CAGR from 2020 through 2024.

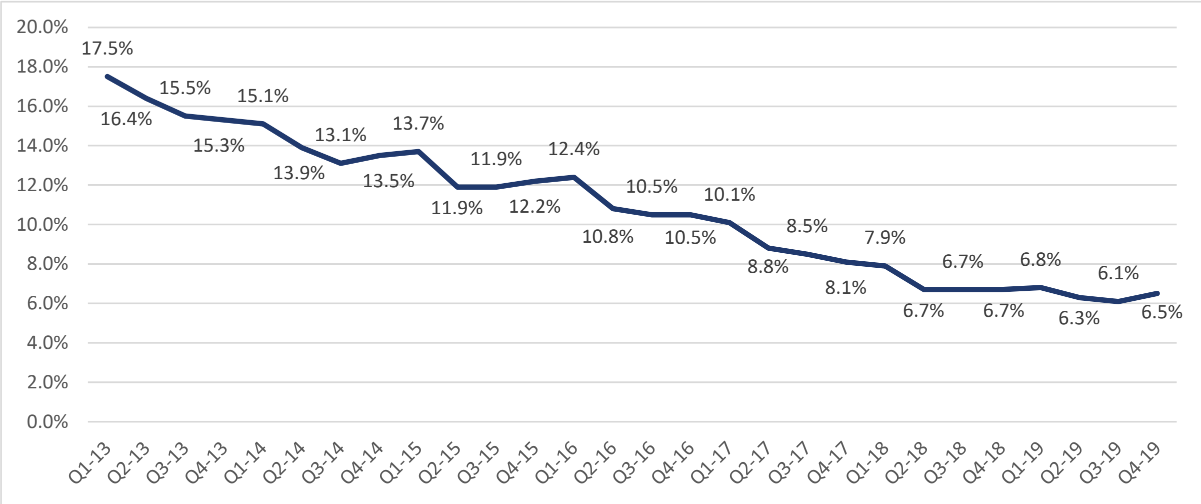
1. Portugal

Macroeconomic Overview

Portugal is our largest operating market after France. According to the IMF, Portugal has a population of approximately 10.3 million as of December 2020. It is a developed market economy with a GDP per capita in 2020 of $22.5 thousand, as compared to $45.7 thousand for Germany, $40.4 thousand for the UK and $39.9 thousand for France. According to the IMF, Portugal's GDP is expected to grow at 3.9% in 2021. This is in line with other developed European economies such as Germany, which is forecast to grow 3.6%, the U.K., which is expected to grow 7.0% and France, which is expected to grow 5.8%, respectively over the same period, according to IMF.

Similarly, Portuguese unemployment has significantly improved over the last decade, having declined from 17.5% in March 2013 to 6.5% as of December 2019 (pre COVID-19 outbreak) (*Source: IMF*). This compares with unemployment rates as of December 2019 of 3.2% in Germany (*Source: IMF*), 8.5% in France (*Source: IMF*), and 3.8% in the UK (*Source: IMF*).

Reduced Unemployment in Portugal



- Source: Instituto Nacional de Estatistica and IMF

Competitive Overview

1.1. Pay Television

According to third party sources, as of March 31, 2021 there were approximately 4.2 million pay television subscribers in Portugal. Pay television penetration has been rising over the past years driven by the high demand for a broad range of pay television channels and the relative weakness of free terrestrial television, which only transmits five channels. Pay television has historically been primarily provided over the cable platform, which has a higher roll out rate than many Western European countries with DTH a complementary platform in rural areas, and more recently, IPTV in areas where fiber is present. Most of the pay television market is divided between two players: Altice, the largest player by number of subscribers, and NOS. Vodafone is a third service provider, but it has a limited coverage in rural areas. Based on third party researches, excluding other small providers, as of March 31, 2021, Altice, NOS, and Vodafone had approximately 40%, 36% and 18% of market share nationwide, respectively. In recent years, Altice Portugal has been maintaining market share due to the provision of local and original content as well as innovative features (e.g. multi-screen and non-linear content). Altice Portugal has primarily offered low-priced IPTV, predominately in fiber areas and to a lesser extent on its DSL network; however, it also has a DTH offering for rural areas where its DSL network suffers from technological limitations. Altice Portugal’s IPTV offering, sold primarily as part of triple-play packages, has historically not taken customers away from cable. However, it has driven OM increase in pay television penetration.

1.2. Broadband internet

Introduction

According to third party sources, as of March 31, 2021, there were approximately 4.2 million broadband internet subscribers, with an average penetration rate (as a percentage of households) of slightly above 100%. There are a number of operators providing broadband internet services to residential customers in Portugal. Altice Portugal is ranked as the top player in this market with a 41% market share, while NOS has a 35% market share and Vodafone 19% market share as of March 31, 2021, according to third party reports. The Portuguese broadband market has strong growth prospects given penetration upside potential. Growth is also expected to be driven by upgrading to higher speed offerings, based on a cable or fiber network infrastructure.

1.3. Fixed-line Telephony

According to third party sources, as of December 2020, there were approximately 5.2 million fixed-line subscribers in Portugal, with a penetration rate (as a percentage of households) more than 125%. At the same time, PT Portugal's number of subscribers remains stable due to an increase in multiple-play penetration. Altice and NOS are the leading players with market shares of 46% and 35%, respectively, as of March 31, 2021, according to third party reports.

1.4. Mobile Telephony and Data

Introduction

According to third party sources, the Portuguese mobile market had 15.5 million mobile subscribers, representing a penetration level of >150% in March 2021, making it the fifth most saturated wireless market in Europe at that date.

Altice Portugal is strongly positioned as the market leader with 39% market share, significantly ahead of Vodafone with a market share of 29%, followed by NOS with a market share of 32%, as of 31 March, 2021. The introduction of Altice Portugal's quad-play offer M_4O in January 2013 has helped accelerate market convergence. All three players introduced 4G at the beginning of 2012.

1.5. Bundling

As a consequence of consumer preferences and the parallel consolidation of fixed and mobile players, Portugal's telecommunications market has been transitioning towards convergence relatively faster than other European markets, with an increasing number of residential and B2B customers taking triple-play and quadruple-play services from the same operator (such as the M_4O offer of Altice). From an operator perspective, offering bundled services from a single point of contact helps increase ARPU, improve customer loyalty and reduce churn. This trend favors integrated players with state-of-the art network and IT platforms that are able to offer innovative bundled offerings to customers.

1.6. Enterprise

We own the largest B2B telecom providers in Portugal. Our main competitor in these markets is NOS, a newcomer to the B2B telecom market with an opportunistic strategy leveraging fixed and mobile networks, Vodafone, a mobile telecommunications company, and AR Telecom.

Optimus has historically been one of the most aggressive competitors regarding pricing and through its merger with ZON has gained access to an enhanced backbone, last mile access and an enhanced ability to address both large and smaller companies. Vodafone and AR Telecom have adopted different strategies to realize B2B opportunities, but have both had limited success to date due to lack of knowledge of fixed networks and lack of credibility in the corporate market.

There is a general trend in the Enterprise segment to migrate customers away from voice services to higher margin data services and, increasingly, integrated solutions including ICT and outsourcing. PT Portugal will capture value from the trend to more data-intensive integrated solutions and to provide converged fixed mobile solutions leveraging our integrated HFC, fiber and 3G and 4G mobile networks. We benefit from a large sales force with strong distribution capabilities in the banking and public administrations sectors and broad supplier relationships, which enrich the range of our services.

2. Israel

Macroeconomic Overview

We operate a significant portion of our business in Israel, which has a population of approximately 9.2 million as of December 31, 2020, according to the IMF. According to the IMF, between 2015 and 2020, the population of Israel grew at an average rate of 1.9% per annum and is expected to continue to grow at an average rate of 1.8% per annum from 2020 to 2025, thus providing a natural floor to expansion in the number of inhabitants and households, the target market for our fixed-based and mobile services.

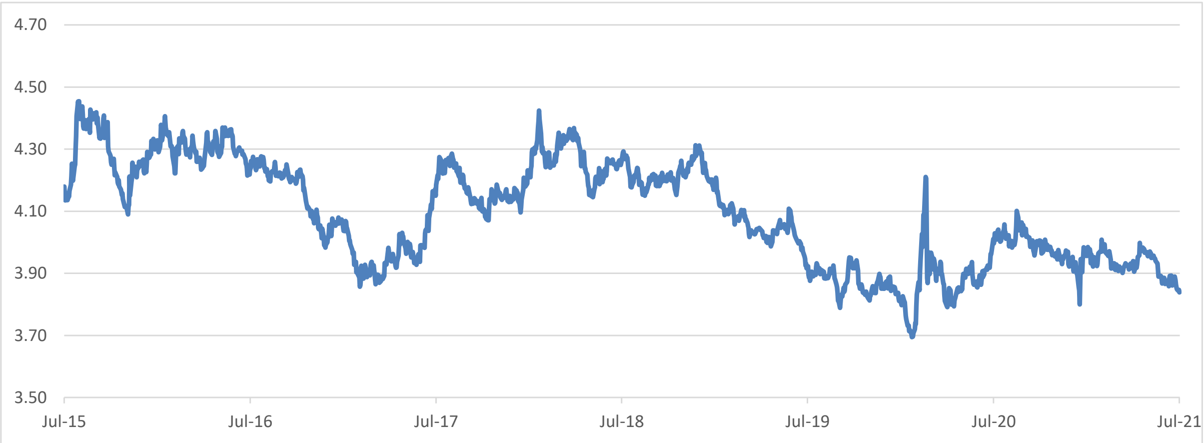
Israel has a developed market economy. In 2010, Israel joined the Organization for Economic Co-operation and Development ("**OECD**") and in 2020 had a GDP per capita of $43.7 thousand, compared to other European countries such as $45.7 thousand for Germany, $40.4 thousand for the UK and $39.9 thousand for France, according to the IMF. From 1992 to 2020, Israeli real GDP has grown at an average rate of 3.9%, according to

IMF. This compares favorably as against the average real GDP growth rate in other European countries such as 1.2% for Germany, 1.3% for France and 1.7% for UK, and 2.4% for the U.S. over the same period.

During this period, Israel faced a decline in real GDP in only two years, in 2002 and 2020. Since the beginning of the global economic slowdown in 2007 up to 2020, the Israeli economy has witnessed a high level of resilience: Israeli real GDP has grown at an average rate of 3.2%. Israel maintains a sovereign AA-, A+ and A1 rating from S&P, Fitch and Moody's, respectively. Israel's real GDP is expected to grow by 5.0% from 2020 to 2021 versus an average of Germany, which is forecast to grow 3.6%, the U.K., which is expected to grow 7.0% and France, which is expected to grow 5.8% according to the IMF over the same period.

Israel also enjoys high levels of literacy, life expectancy and disposable income. Israel's economy is diversified and competitive in an international arena with a significant level of exports focused around high technology equipment, cut diamonds and agricultural products. Israel usually posts sizable trade deficits, as it imports crude oil, grains, raw materials, and military equipment, predominately offset by tourism and other service exports, as well as significant foreign investment inflows, which contribute to the balance of payments, and a relatively stable currency.

Evolution of the EUR/NIS Exchange Rate over the last 5 Years



- Source: Bloomberg as of January July 28, 2021

The Israeli media and telecommunications markets have, over the past several years, slowly been converging as customers were inclined to subscribe to their media and telecommunications services from a single provider. Israel has relatively high estimated penetration rates for pay television, broadband internet infrastructure access and mobile telephony of 62% (2019), 88% (2019) and 385% (2019), according to third party reports. This environment fosters a market for packaged offerings or "multiple-play", whereby television, broadband internet infrastructure access and fixed-line telephony services are bundled into integrated offerings referred to as "dual play" or "double-play" (two services provided together), or "triple-play" (three services provided together).

HOT offers triple-play packages including pay television, broadband internet infrastructure across and fixed line telephony in Israel to its Cable/Fiber customers. We believe that offering bundled services allows media and telecommunication service providers to meet customers' communication and entertainment requirements increases customer loyalty and attract new customers as the value proposition of the offering is enhanced.

Competitive Overview

2.1. Pay Television

Introduction

Israel's primary television platforms are dominated by pay television with relatively limited penetration of free platforms such as terrestrial television or free DTH. As a result of the free-to-air platforms being relatively unattractive (given their access to only six channels offered by DTT) and limited local content for free DTH, Israel's pay television market has an estimated penetration level of approximately 62%, according to third party reports. The Israeli pay television market has been stable by the number of subscribers since 2009 at approximately 1.6 million subscribers. Similar to Western European markets, television consumer behavior in Israel is focused on digital, innovative, HDTV and interactive television services such as VoD and "start over".

Most Israeli households subscribe to pay television packages via cable or satellite, mostly digital, provided by HOT and YES, an associate of Bezeq, respectively. The established pay television operators face competition from free television (including DTT) and alternative ways of accessing television channels (such as OTT television). The competitive advantage of pay television via cable or DTH (reliability, image quality, diversified international and local language content and the ability to offer advanced interactive services among others) and the loyalty of the existing customer base lead to the pay television industry having relatively stable subscription revenues when compared to other countries where competition from other platforms is more prevalent. As of 2019, the Israeli pay television market had 1.6 million subscribers, 49.7% of which accessing through cable (HOT), 34.2% through satellite (Bezeq) and 16.1% through IPTV (Cellcom), according to third party sources.

Cable

HOT is the sole cable operator in Israel with a network covering nearly all Israeli homes (a unique situation in OECD countries) and generates revenues principally from subscription fees paid by customers for the services provided. HOT co-develops and co-owns a number of popular shows, movies and series. It offers a number of proprietary channels as part of its packages giving them a competitive advantage.

Satellite

Satellite television is the main alternative to cable television in Israel. Television viewers can receive free to air or paid satellite television, which is offered by YES. The ARPU generated by satellite television customers has historically expanded at a slower pace than cable ARPU. Digitalization and the emergence of a broader offering of channels and additional services will drive the ARPU development going forward.

DTT

DTT is an alternative way of receiving television services and watching certain television channels. The penetration rates of DTT are low due to several reasons: (i) DTT offers access to fewer channels than cable channels only; (ii) there is no access to premium or thematic content, such as sports, movies or children's programming; (iii) DTT has no interactive functionalities such as VoD or "start over"; (iv) DTT has limited capacity to transfer significant number of channels simultaneously; and (v) the quality of its transmission can be affected by weather. The expanded service will use three multiplexes up from the current one. However, we believe that cable television will maintain its advantage over DTT as the increase in the number of channels does not fundamentally address some of the key customer requirements such as interactivity and ability to choose individualized content packages, and DTT channels have struggled to be successful without the revenue generated by customer subscription charges.

Other Emerging Technologies

We face a growing but limited competition from other technologies in Israel when compared to the European markets. Players, such as websites and online aggregators of content that deliver broadcasts OTT of existing broadband internet networks may become significant competitors in the future.

The full extent to which these alternative technologies will compete effectively with our cable television system is not yet known; however we believe that the international IPTV market will have difficulty impacting the Israeli multichannel TV market due to various reasons, including: (i) the availability of certain local language content available through cable or satellite only; (ii) the quality of the signal on certain DSL enabled connections located far from exchanges; (iii) the inability to access HDTV content on most DSL connections during peak times; and (iv) the ability of cable operators to bundle pay television with other fixed-line products.

2.2. Broadband internet

Introduction

Israel is a mid-sized broadband internet market based on penetration compared to the large Western European or North American peer countries, with approximately 2.0 million broadband internet subscriptions (residential and business) as of December 31, 2013, and 2.4 million as of December 31, 2018. The broadband internet penetration rate in Israel (being the number of broadband internet subscriptions per 100 households in Israel) is 88%, according to third party reports, as of December 31, 2018, compared to 84% as of December 31, 2010.

Broadband internet in Israel is uniquely structured as households wishing to subscribe to broadband internet are required to purchase an internet access service from a licensed Internet Service Provider ("**ISP**") and a broadband internet infrastructure access service from HOT or Bezeq, the only telecommunication operators which own a nationwide physical fixed-line infrastructure.

Broadband Internet Infrastructure Access

HOT and Bezeq are the only fixed-infrastructure owners nationwide. HOT uses cable, while Bezeq is building out a fiber network to replace its DSL network. Growth in the Israel broadband internet infrastructure access market has been driven by (i) the number of subscribers to broadband internet infrastructure access and (ii) a significant growth in broadband internet ARPUs.

Bezeq is the leading broadband internet infrastructure access provider in Israel, with 1.7 million subscriptions as of December 31, 2018, including business and residential customers. Including business customers, Bezeq represents approximately 70% of the total broadband internet infrastructure access market by total number of subscribers as of December 31, 2018.

On August 29, 2012, Bezeq announced it had decided to broaden the deployment of the optical fibers so that they will arrive as close as possible to the customers through Fiber-to-the-Home (FTTH) or Fiber-to-the-Building (FTTB), to form the basis for the future supply of advanced communication services and with greater bandwidth than was being provided.

As of December 31, 2018, we had a market share of 30% of the broadband internet infrastructure market.

What differentiates us from Bezeq is our ability to offer the highest speeds in Israel on a large scale, allowing our customers to connect several devices (such as computers, tablets and smartphones (via WiFi connection)) simultaneously without impairing the quality of television signals or the speed and quality of the internet connections.

The telecom market in Israel has been opened to more competition through wholesale access, offered at a regulated price. The regulation allows internet service providers to lease infrastructure from Bezeq at a government controlled price, and offer a complete range of services including fixed voice, broadband internet and television.

The wholesale market has gained strong traction since launch in the first quarter of 2015. As of September 30, 2019, Bezeq provided wholesale services to 601 thousand active lines.

2.3. Fixed-line Telephony

Subscribers to fixed-line telephony services include households and enterprises. The number of lines has been declining slowly, which is in line with most Western European countries where fixed-line penetration of households has declined on the back of an increase in number of individuals who use mobile phones only. Bezeq, the incumbent fixed-line telephony service provider in Israel, is the largest provider of fixed-line telephony services. In line with Western European trends, the incumbent Bezeq saw a decline in its market share over the past years.

The market for residential telephony in Israel faces pressure from alternative carriers, declining mobile termination and interconnection rates, as well as alternative access technologies such as Voice over Internet Protocol (VoIP) (e.g. Skype). The fixed-line telephony services have been largely a commodity and uptake has become increasingly dependent on a quality broadband internet offering by the same provider. Fixed-line telephony is increasingly included in bundles, which benefit HOT because of its ability to provide attractive bundles offerings. Fixed-line telephony has experienced some price erosion over the past few years, partly driven by a reduction in termination fees and pressure from to bundle discount, and resulted in the decline in ARPUs.

2.4. Mobile Telephony

There were approximately 9.8 million mobile telephony customers in Israel as of March 31, 2021. Penetration was estimated to be 111% as of December 31, 2020, according to third party reports.

There are five licensed Mobile Network Operators ("**MNOs**") which offer mobile telephony services to the public and several players who operate MVNOs, although MVNOs currently have insignificant market share of the mobile telephony market. Market shares of the top three mobile operators, Cellcom, Partner Communications and Pelephone (Bezeq), have been relatively stable over the past years at approximately 25% each. New entrants like HOT Mobile (previously MIRS) were granted UMTS licenses in 2011 with services launched in the second quarter of 2012 through a combination of proprietary networks and national roaming agreements with existing operators. According to third party sources, as of March 31, 2021, HOT Mobile had approximately 1.3 million mobile subscribers, corresponding to a market share of approximately 14% compared to 4% as of December 31, 2011. The ARPU for mobile telephony subscribers of all mobile operators in Israel has declined substantially over the last decade, partly driven by a new mobile termination fee regulation in September 2010 which reduced mobile termination rates.

The Israeli mobile communications market is more competitive than some of the markets in Western Europe, notably given the recent legislation, enacted in April 2012, preventing operators from charging exit fees, except in limited circumstances. As a result, the Israeli mobile market now offers fewer barriers to entry for the new mobile license owners HOT Mobile and Golan Telecom.

The Israeli market features lower ARPUs than in most of the other developed markets, which makes mobile telecom services more attractive to consumers.

Mobile Broadband Internet

Most mobile subscribers today are active 3G and 4G subscribers. Mobile operators' network capability can be further enhanced by Long Term Evolution ("**LTE**") network roll out, which enable higher speeds for mobile broadband internet. Mobile broadband internet operators, however currently only offer speeds and capacities that are significantly lower than those offered by cable and DSL operators. As a result, we believe that, in the medium term, HFC cable will be the only broadband internet infrastructure access alternative to DSL with an extensive coverage and high bandwidth for the foreseeable future.

3. Dominican Republic

Industry Overview

The Dominican Republic is the third largest economy in the Caribbean and Central America after Cuba and Puerto Rico, with a GDP of $78.7 billion according to the IMF in 2020, and the third largest country in terms of population after Haiti and Cuba, with a population of 10.5 million according to the IMF. According to the IMF, 32% of the population was living in the Dominican Republic's two main cities, Santo Domingo and Santiago, in 2010. According to the IMF, between 2015 and 2019, the real GDP of the Dominican Republic grew at an average rate of 6.1%. The economy is predominantly based on services, in particular tourism. Its GDP per capita, however, is lower than other countries in the region, including Trinidad & Tobago, Panama and Costa Rica, and real GDP is expected to grow at 5.2% per annum in average between 2021 and 2025 according to the IMF. In addition, the Dominican Republic enjoys a strong commercial relationship with the United States, its largest export and import partner. These factors are expected to continue help drive personal consumption and usage of telecommunications products and services.

The Dominican Republic telecommunications markets is dominated by Claro, the incumbent owned by the Mexican telecom operator America Movil, and its main challenger, Altice, in both the fixed and mobile markets.

Both operators own and operate multiple fixed and mobile technologies running in parallel to ensure maximum coverage and reliability to their customers. Other players in the Dominican Republic telecommunications market are relatively small, with less advanced networks and more limited coverage. These include Wind Telecom, a wireless operator, Viva, a mobile operator and Aster, a cable operator.

In the broadband internet market, Altice is the second largest provider next to the incumbent Claro, our main competitor, with national market shares of approximately 62% (Claro) and 26% (Altice) as of December 2020, according to third party reports. In the mobile market, Altice Dominicana's key competitor is Claro.

Mobile Telephony

The mobile market is the largest telecom market in the Dominican Republic. Compared to other Western European markets, the Dominican Republic is characterized by a young population with lower purchasing power. According to third party sources, the mobile penetration rate in the Dominican Republic is approximately 83% as of 31 March 2021, lower than mobile penetration rates in Brazil, Argentina or Chile. Claro enjoys a 61% market share as of March, 2021, followed by Altice (34%).

Telecom concession attributions are decided by the regulator based on certain administrative criteria and the renewal of these concessions generate no meaningful incremental fees. Frequency licenses attribution and renewal processes typically occur concomitantly with the telecom concession processes. New frequencies are tendered with several parties typically bidding and the new license attributed to the highest bidder while renewal of frequency licenses gives rise to no incremental fees for telecom operators. The regulator does not typically impose MTR reductions and favors such bilateral agreements between operators. The law provides for the possibility of MVNOs. From a telecom infrastructure standpoint, the regulator favors passive and active sharing with bilateral negotiation being the preferred route.

Pay Television, Broadband and Fixed-Line Telephony

According to third party reports, the Dominican Republic has an estimated 33% broadband penetration rate as of March 2021 and 35% fixed voice line penetration rate as of March 2021. These penetration rates are typically lower than those measured in a number of Latin American countries and evidence significant potential for growth in the Dominican Republic according to third party reports. Mobile will play an increasingly important role, with only a limited part of broadband uptake expected to be attributable to fixed broadband. In addition, fixed-line telephony is expected to continue to decline going forward, in particular due to ongoing substitution of fixed-line by mobile services, in line with trends seen in other developed economies.

The pay television market in the Dominican Republic is highly fragmented with over 6 pay television operators, although only a limited number operate a two-way network, and a handful of other players have a subscriber base exceeding 10,000. Claro and Altice together represent approximately 97% market share (59% and 38% market share respectively, according to third party sources), as of December 2018, delivering services over IPTV and DTH and cable respectively. Other smaller players include Wind through its MMDS technology.

Broadband internet access is typically delivered by a mix of fixed-line infrastructure and mobile access, with the use of mobile broadband being primarily driven by the availability of fixed-line infrastructure in a given location.

The broadband and fixed telephony markets are relatively concentrated, with Claro and Altice together accounting for the large majority of the broadband market and of the fixed telephony market). Claro delivers broadband services through its xDSL and FTTx networks, while Altice uses its xDSL and cable infrastructure. Both Claro and Altice offer fixed-line telephony services using VoiP and Public Switched Telephone Network ("**PSTN**"). Other smaller players have a limited presence, with *e.g.*, Wind Telecom's wireless technology.

DESCRIPTION OF OUR BUSINESS

Overview

We are a multinational broadband and mobile communications, content and media group operating in Portugal, Israel and the Dominican Republic. We have major positions in a number of segments of the telecommunications markets in which we operate, including residential fixed, residential mobile and business services, which includes B2B services and wholesale, and also offer other services, which includes media, content and advertisement services. In the geographies in which we operate, we are either the largest or the second largest fixed services provider, and a leading provider of multi-play services offering bundled triple-play ("**3P**") services and, where possible, quad-play ("**4P**") services and focus our marketing on our multi-play offerings. We are also the largest mobile operator in Portugal, the second largest mobile operator in the Dominican Republic, and a significant competitor to the three largest mobile operators in Israel. As of March 31, 2021, we had approximately 10,159,000 total mobile B2C subscribers and approximately 3,011,000 total fixed B2C unique customers as well as a fiber network passing approximately 8,707,000 homes in our footprint (including homes accessed through wholesale fiber operators). Our service portfolio in each of the regions in which we operate is set forth below under "—*Overview of Service Portfolio*".

The Group was created through a number of price-disciplined acquisitions of telecommunications businesses, including: PT Portugal in Portugal, HOT in Israel, and Altice Dominicana in the Dominican Republic. Our acquisition strategy has allowed us to target fiber/cable and mobile operators with what we believe to be high-quality networks in markets we find attractive from an economic, competitive and regulatory standpoint and create value at the acquired businesses by implementing operational improvements and leveraging economies of scale, as well as pursuing in-market consolidation and attractive diversification with B2B, DSL and mobile add-on opportunities. Furthermore, this has enabled us to grow the acquired businesses organically while we continue to focus on cost optimization and increasing economies of scale and operational synergies as our Group develops. Moreover, as part of our strategy, we also focus on the convergence of telecommunications, media, content and advertising to offer more value to our customers. For example, since June 2017 we have owned Teads, which is a leading video advertising marketplace with, as of April 2021, 1.9 billion unique monthly users worldwide. In Portugal, in February 2017, we acquired a 25% stake in the capital of sports broadcaster SPORT TV.

We have invested in high quality cable and fiber-based network infrastructure which allows us to offer advanced multi-play and high bandwidth services in a vast majority of our service areas. Our fixed-line services in Portugal are primarily delivered over FTTH, DSL and DTH, in Israel are primarily delivered over HFC cables (and since April 2021, fiber-based internet services are also delivered over IBC Israel's fiber optic network in certain areas where the network had already been deployed) and in the Dominican Republic are delivered over both HFC cable and FTTH, in each case that are among the most technically advanced in the markets in which we operate. Our cable networks enable us to offer download speeds of at least 200 Mbps to a majority of homes passed in our footprint in Israel and the Dominican Republic. We believe that our cable networks are well positioned for future technological developments, while the fiber networks in Portugal are already set up to provide download speeds of up to 1 Gbps. We are focused on increasing our investment in fiber in Portugal. We own 50.01% of FastFiber, comprising all of our fiber assets in Portugal, including FTTH and dark fiber, which was created in April 2020 in partnership with Morgan Stanley Infrastructure Partners. Through FastFiber, we rolled out over 388,000 new fiber homes passed in 2018, 356,000 new fiber homes passed in 2019, 603,000 new fiber homes passed in 2020 and a further 73,000 new fiber homes passed in the three months ended March 31, 2021. Throughout our geographies, we are working to expand our fiber network. In Israel, in February 2021, we acquired a 23.3% stake in IBC Israel. In Portugal and the Dominican Republic, we continue to upsell our fiber/cable based services to our existing DSL subscriber base. For the twelve months ended March 31, 2021, without giving effect to intersegment eliminations, we generated residential fixed revenues of €631 million in Portugal, €563 million in Israel and €91 million in the Dominican Republic.

We operate an extensive mobile network, which provides 4G coverage for 99.6% of the population of Portugal, 99.9% of the population of Israel and 97.5% of the population of the Dominican Republic, in each case, as of March 31, 2021. In addition, we have relationships with the industry's significant mobile equipment providers and are able to offer customers top-of-the-market mobile equipment. In 2018, we completed the Towers Transactions, through which we monetized the value of our passive mobile infrastructure assets in Portugal and the Dominican Republic. For the twelve months ended March 31, 2021, without giving effect to intersegment eliminations, we generated residential mobile revenues of €463 million in Portugal, €210 million in Israel and €263 million in the Dominican Republic.

Further, we are in various stages of bidding for and investing in 5G spectrum in all jurisdictions in which we operate our mobile services. Following the completion of the 5G spectrum auction in Israel in August 2020, HOT along with Partner was awarded two bands of 700 MHz (10 MHz each band), two bands of 2,600 MHz (20 MHz each band) and 10 bands of 3,500 MHz (10 MHz each band). After completion of the required preconditions, on September 29, 2020 the spectrums were allocated to HOT and HOT's license was amended to allow the operation of 5G network. We launched 5G services in the first quarter of 2021 in certain areas in Israel. In Portugal, the 5G spectrum auction started on December 22, 2020 and the main auction is ongoing. The expected allocation of rights of use for frequencies is scheduled for the third quarter of 2021. In the Dominican Republic, the 5G spectrum auction started on February 9, 2021 and the auction is ongoing. The expected allocation of rights of use for frequencies is scheduled for the fourth quarter of 2021. We expect to participate in both of these auctions.

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, including live broadcasts of sports events and other sports- and lifestyle-related programs as well as the sports programming for which the Group has acquired broadcasting rights. For instance, this strategy is evidenced by our investment in SPORT TV for broadcasting premium sports content in Portugal. In July 2020, PT OpCo entered into a new distribution agreement with SPORT TV for a four-season period, pursuant to which PT Portugal committed to pay a non-contingent fixed price plus an additional variable fee component based on the number of subscribers and penetration rate. Between the end of 2015 and early 2016, we had entered into various agreements with other telecom operators and football clubs in Portugal to acquire reciprocal or exclusive broadcasting rights, including a sponsorship agreement with F.C. Porto. In Israel, we have entered into commitments to purchase content, mainly channels. We have also entered into various arrangements with Altice France Group's Altice TV division, including non-exclusive distribution rights in Portugal, Israel and the Dominican Republic of Netflix and Discovery channels. We intend to continue to selectively invest in local and value-added premium content as well as sports broadcasting and distribution rights in the future to differentiate our convergent communication services from those of our competitors.

Through Teads, the digital advertising business acquired in 2017, we operate a leading, cloud-based, end-to-end technology platform that enables programmatic digital advertising for a global, curated ecosystem of quality advertisers and their agencies and quality publishers. Teads operates in the Open Web outside of the Walled Gardens. As an end-to-end solution, Teads' platform consists of buy-side, sell-side, creative, data and artificial intelligence optimization modules. As a result, Teads has built deep partnerships with both the demand and supply sides of digital advertising. For advertisers and their agencies, Teads' platform offers a single access point to buy the inventory of many of the world's best publishers. Through exclusive partnerships with these premium publishers, Teads enables customers to reach 1.9 billion unique monthly users (as of April 2021), while improving the efficiency, quality and cost of digital ad transactions. For approximately 3,100 publishers, Teads is a trusted monetization partner, providing the technology required to monetize their most valuable ad inventory programmatically. By connecting both sides through Teads' integrated platform, known as the *Teads Global Media Platform*, Teads solves the digital programmatic advertising industry's most significant problems related to value chain fragmentation, inefficient digital advertising pricing and quality and scale of inventory. Teads refers to the ecosystem enabled by *Teads Global Media Platform* as the Curated Internet.

As of March 31, 2021, Teads had approximately 3,100 editorial publishers on its platform, representing more than 15,000 web and app properties that provide access to more than one trillion ad opportunities every year. Teads' number of customers, defined as customers who spent at least $1,000 in the trailing 12-month period, grew to approximately 2,000 as of December 31, 2020. Teads' retention rate of customers who spent above $150,000 with Teads in the prior period compared to those same customers in the current period irrespective of their spending (the "**Gross Customer Retention Rate**") was 94% for each of the years ended December 31, 2019 and December 31, 2020. For more information, see "*—Other Services—Media*". For the twelve months ended March 31, 2021, without giving effect to intersegment eliminations, we generated revenues from Teads of €488 million.

For the twelve months ended March 31, 2021, the Group generated total consolidated revenues of €4,088 million, of which, without giving effect to intersegment eliminations, €2,148 million, €981 million, €475 million and €488 million was contributed by our Portugal, Israel, Dominican Republic and Teads segments, respectively, and Adjusted EBITDA of €1,575 million, of which, without giving effect to intersegment eliminations, €828 million, €343 million, €233 million and €177 million was contributed by our Portugal, Israel, Dominican Republic and Teads segments, respectively.

Significant Investments and Dispositions

We have expanded internationally through a number of price-disciplined acquisitions of telecommunications businesses. Set forth below is a list of the significant investments we have made in the businesses that currently constitute the Group:

- In May 2010, we acquired MIRS Communications Ltd. ("MIRS"), an Israeli company providing iDEN-based mobile services. In March 2011, we acquired a controlling interest in HOT. In November 2011, HOT acquired MIRS from us and renamed the company HOT Mobile Ltd. In December 2012, we completed the take-private transaction of HOT whereby we acquired substantially all of the equity interests in HOT that we did not previously own.

- On March 12, 2014 and April 9, 2014, we completed, through our subsidiary Altice Caribbean, the acquisition of Dominican telecommunications providers Tricom S.A. ("Tricom") and Altice Hispaniola. Altice Hispaniola was renamed Altice Dominicana S.A. in November 2017. Altice Dominicana and Tricom merged with effect from January 1, 2018 to form the combined Altice Dominicana business.

- On June 2, 2015, we acquired all of the outstanding equity interests in PT Portugal, Portugal's incumbent telecom provider, through which we currently offer telecom services in Portugal.

- On February 24, 2017, PT Portugal acquired a 25% stake in the capital of SPORT TV. SPORT TV is a premium sports broadcaster based in Portugal. Following this investment, SPORT TV's shareholders are PT Portugal, its main competitors NOS and Vodafone, and Olivedesportos, each of which holds a 25% interest.

- On June 22, 2017, we completed the Teads Acquisition through Altice Teads S.A. Altice International directly and indirectly owns 96.8% of the share capital and voting rights of Teads. Altice International has entered into certain arrangements pursuant to which it has the option to purchase, and the managers of Teads have the option to sell to Altice International, certain minority interest in Teads (via an indirect holding company) with an exercise price based on a pre-determined formula. As of March 31, 2021, the financial liability relating to the put options based on the discounted cash flows valuation recognized in the consolidated financial statements is €205.9 million and the financial asset relating to the call option based on the Black and Scholes model recognized in the consolidated financial statements is €158.0 million. . Teads operates a leading, cloud-based, end-to-end technology platform that enables programmatic digital advertising for the programmatic ecosystem operating outside of the large advertising platforms. Through exclusive partnerships with premium publishers, as of April 2021, we enable customers to reach 1.9 billion unique monthly users.

- On September 15, 2020, HOT announced the acquisition of a minority stake in IBC Israel. The transaction was closed on February 11, 2021 following regulatory and third-party approvals. Post the closing of the acquisition, HOT became an equal partner in the IBC Partnership, an entity that holds 70% of IBC Israel's share capital, together with Cellcom and Israel Infrastructure Fund. HOT indirectly holds 23.3% of IBC Israel's share capital, through an investment of €45 million, substantially equal to the investment made by each of Cellcom and Israel Infrastructure Fund.

From time to time we may dispose of our interests in certain businesses within the Group. Set forth below is a list of the significant dispositions we have made since January 1, 2018:

- On January 31, 2018, we completed the sale of 100% of the share capital of Altice Management International S.A. ("AMI") to Altice Group Lux. AMI is a company based in Switzerland, which provides management services to group entities.

- On February 12, 2018, we completed the sale of our telecommunications solutions business and data center operations in Switzerland, green.ch AG and Green Datacenter AG, to InfraVia Capital Partners.

- On May 15, 2018, we completed the sale of 100% of the share capital of Altice TV, then a subsidiary of Altice International which, together with its subsidiaries, encompassed Altice Europe's content distribution division, to Altice Group Lux.

- On May 16, 2018, we completed the sale of 100% of the share capital of Altice Technical Service France, an all-around technical services company offering, among other things, network deployment, upgrade and maintenance services, to the Altice France Group.

- On May 16, 2018, we also completed the sale of 65% of the share capital of ACS, a French-language-focused operator in the customer relationship management outsourcing sector, to the Altice France Group. In addition, we transferred the ACS Put and Call Options (as defined below) to the Altice France Group. The "ACS Put and Call Options" is the option to purchase, and the managers' option to sell, the remaining 35% interest in the event of termination of managers' offices or as of the sixth anniversary of the closing date of the acquisition, provided that such options be exercised partly before that date (50% of their interest on the fourth anniversary of the closing date and the remaining 50% on the fifth anniversary of the closing date).

- On September 4, 2018, we completed the sale of a 75% stake in the newly incorporated company OMTEL, Estruturas de Comunicações, S.A. ("OMTEL"), comprising the mobile telecommunications passive infrastructure, corresponding to 2,961 mobile sites previously operated and demerged from PT OpCo. The above-mentioned stake in this tower business was sold to a consortium that included Morgan Stanley Infrastructure Partners and Horizon Equity Partners. On January 2, 2020, we announced the sale of a 25% equity interest held by PT Portugal in Belmont, that owns 100% of shares of OMTEL, to Cellnex. The total cash proceeds were received in the first quarter of 2020 and amounted to €201 million, as part of a larger transaction pursuant to which Cellnex acquired 100% of the share capital of OMTEL (the above mentioned transactions collectively, the "Portuguese Towers Transaction").

- On September 12, 2018, we completed the sale of the Group's international wholesale voice carrier business in Portugal and the Dominican Republic to Tofane Global, a Paris-based telecommunications and digital player specializing in international carrier services.

- On October 3, 2018, we completed the sale of 100% of the share capital in the tower company Teletorres del Caribe, which comprises 1,039 sites operated by Altice Dominicana, to Phoenix Tower International, a portfolio company of Blackstone (the "Dominican Towers Transaction").

- On October 31, 2018, we disposed of, and the Altice France Group acquired, Altice Blue Two, the holding company for our FOT Business.

- In April 2020, we carved-out all of our fiber assets in Portugal, including FTTH and dark fiber, into a dedicated wholesale vehicle FastFiber. On April 17, 2020, we disposed of a 49.99% interest in FastFiber to Morgan Stanley Infrastructure Partners for a cash consideration of €1,576 million received at closing, with €375 million to be received in December 2021 and, subject to certain performance ratchets, a further €375 million to be received in December 2026.

Products and Services

Through our various operating companies, we provide cable and fiber-based fixed services and mobile telephony services in all of the geographies in which we operate. In addition, we offer a variety of B2B, wholesale and other services. We also invest in specific content to complement and enrich the services we provide. Separately, through Teads we offer a platform that powers a global, curated ecosystem connecting quality advertisers and their agencies with quality publishers. As an end-to-end solution, the Teads platform consists of buy-side, sell-side, creative, data and artificial intelligence optimization modules.

We offer a variety of services over our fixed-line and mobile infrastructure, including, but not limited to, pay TV, broadband internet access, fixed-line telephony and mobile telephony to our residential customers, and, to a lesser extent and depending on the geography, telecom services to our business services customers. We also provide wholesale services across all our geographies (except international wholesale voice carrier business in Portugal and the Dominican Republic, which was sold to Tofane Global in 2018). We track the performance of our business by geography and further analyze our revenues by operational activity. From January 1, 2020, we present revenue by activity under "Residential-Fixed", "Residential-Mobile", "Residential Equipment", "Business Services" and "Media". Prior to January 1, 2020, we presented revenue by activity under "Residential-Fixed", "Residential-Mobile", "Business Services" and "Media" (with revenue from equipment sales included under "Residential-Fixed" and "Residential-Mobile", as applicable). 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 our revised presentation of our operational activities.

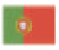
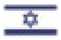
Our fixed-based services (high-quality pay TV, broadband internet and fixed-line telephony) are provided over our cable- and fiber-based network infrastructure which are either DOCSIS 3.0, DOCSIS 2.0 or DSL FTTH enabled, offering download speeds of between 30 Mbps and 1 Gbps depending on geography. As of March 31, 2021, our fiber network passed 8,707,000 homes (including homes accessed through wholesale fiber operators), with 3,011,000 total fixed B2C unique customers. We also offer mobile-based services in the geographies in which we operate, through 2G, 3G and 4G Long-Term-Evolution ("**4G-LTE**") technology, and we had 10,159,000 total mobile B2C subscribers (of which 5,008,000 were post-paid customers) as of March 31, 2021.

We are also focused on delivering high quality content offerings to complement our fixed and mobile services, including proprietary content and exclusive content. For more information regarding our content offerings, see "*—Other Services—Content*" below.

In all geographies in which we operate, we are focused on the convergence of fixed and mobile services by cross-selling and up-selling our offerings to further increase our multi-play penetration. Our cable, fiber and mobile technologies enable us to offer premium digital services, attractive interactive features (such as our "*Meo Go!*" offering in Portugal) and high-quality content. We have leveraged our network advantage to drive our multi-play strategy and offer an attractive combination of content, speed and functionality. We offer our residential customers bundled double- and triple-play services, and also quad-play services in Portugal, comprising of a combination of TV, broadband internet access and fixed-line telephony services at what we believe are attractive prices. We believe the demand for our multi-play packages is primarily driven by the inherent quality of the various products included in them, which we believe are among the best available in the markets in which we operate. Although we believe our products offer the best value for money and cost-savings for customers when purchased as part of multi-play packages, we typically also offer most of these services on a stand-alone basis in most of our geographies.

We use a variety of brands, trade names and trademarks to market our services, and, in each case, several associated trademarks. For more information regarding our branding strategy, see "*—Marketing and Sales*" and "*—Intellectual Property*" below.

The table below shows our service portfolio in each of the regions in which we operate.

Geographic Area	Portugal	Israel	Dominican Republic	Other[(1)]
Countries of Operation				Various
Bundling Strategy.........	4P and 5P	3P, 4P + Mobile	4P	N/A
Mobile Services Offered	• 2G, 3G, 4G-LTE, 4G-LTE+ • B2B services • Wholesale services	• UMTS 2G, 3G, 4G-LTE, 5G	• 2G, 3G, 4G-LTE • B2B Services	N/A
Fixed (Very High Speed Fixed/FTTH/xDSL) Services Offered........	• Pay TV • Broadband internet • Fixed line telephony • B2B services • Wholesale services	• Pay TV • Broadband internet • Fixed line telephony • Infrastructure access • ISP • B2B services	• Pay TV • Broadband internet • Fixed line telephony • B2B services	• B2B services
Content	• Television content	• Television content • Local Israeli content	• Television content	N/A
Other............................	• N/A	• N/A	• N/A	• Advertising

- (1) Primarily includes Teads.

We have implemented the Altice Labs initiative which aims to leverage our engineering talents and centralize and streamline innovative technological solutions development for the entire Group. Under the initiative, our development team across all of the jurisdictions in which we operate (i) creates products and technology to facilitate the build-out of our fixed and mobile network, (ii) develops systems to improve customer experience and handle disturbances and outages with speed and precision allowing for a near uninterrupted usage of our services and (iii) create user friendly and high quality customer interfaces and products, including new generation set-top boxes, portals and IoT. Altice Labs was first based in Portugal and now has a presence in Israel. In the Dominican Republic, some services are already running on the Altice Labs systems and we expect to continue collaborating on several projects for our customers. The Altice Labs teams work closely across geographies under the roadmap and leadership provided by the Group and share technologies and products to enhance the services we provide in each of the jurisdictions in which we operate. To promote further innovation, we also take part in various forums and groups throughout Europe and have a strong relationship with other service providers in order to enhance the infrastructure products and services we offer.

Fixed Services

Residential

We offer a variety of fixed residential services, primarily as part of multi-play packages.

Pay TV

Across our geographies, we offer digital television services which include basic and premium programming, and, in most markets, incremental product and service offerings such as enhanced pay-per-view programming, spanning from VoD to near-VoD ("**NVoD**"), digital video recorders ("**DVR**"), HDTV services and, in some cases, exclusive content. Our cable networks enable us to offer interactive digital services to most of our customers. Our pay TV offerings include content and channels purchased from a variety of local and foreign producers and we continue to focus on broadcasting high-quality content over all of our cable networks. To ensure we cater to local demand for content, we tailor both our basic and additional channel offerings to each country of operation according to culture, demographics, programming preferences and local regulation. See "*—Other Services—Content*".

Portugal

In Portugal, our television strategy is based on a multi-platform concept that aims to provide consistent content and user experiences across television, personal computers ("**PCs**") and mobile phones. "MEO" is our TV brand across the various platforms, primarily at home (through IPTV and satellite), mobile telephones (through *Meo Go! Mobile*) or PCs (through *Meo Go!*) and Apple TV and Android TV. MEO provides access to a comprehensive content offering, with more than 200 TV and radio channels and thousands of VoD titles, most of which are offered in full HD 1080p resolution. We offer tiered packages of channels, as well as on-demand availability that can be subscribed for, in real time, directly through the TV set. MEO also provides access to advanced features, such as network digital recording pause live-TV and seven day restart and catchup TV for most of the channel grid. The set-top boxes in the MEO service are all HD-compliant, using MPEG4. We were the first operator in Portugal to introduce HDTV and a 4K experience in pay TV. In March 2018, we launched (i) a 4K WiFi portable set top box more easily adjusted to the customer's needs in each home division, (ii) a new TV interface, which is based on content discovery, personalization and speed, including, among others, features that allow customers to access more easily their most viewed channels and recently viewed programs and to select programs based on theme and type of content and (iii) a new customer digital experience, including a new Video Chat. In 2020, MEO was one of the few operators to have launched TV services in Apple TV and Android TV OTT SetTop boxes, providing a unique user interface, while maintaining appreciated features like Fast Zapping and personalized services like Continue Watching.

Our quad-play offer of converged fixed-mobile services by MEO includes TV, broadband, fixed telephone and mobile telephone services under the brand "*M4O*". MEO designed this product after studying trends in the Portuguese market which revealed increasing consumer preference for quad-play services all reflected on the same invoice, a desire to include the entire family in a single plan and the importance of high-quality connectivity to the internet. The entry-level *M4O* currently offers approximately 150 TV channels, 100 Mbps broadband speed, unlimited national calls and 1,000 minutes to 50 international destinations, as well as one to four mobile SIM cards, including free of charge calls (500 minutes), text messages to all wireline and wireless networks and 500 MB of mobile data, using our 3G and 4G networks. There are three additional *M4O* offers, with higher fixed internet speeds and mobile internet allowances. The high end offer is the recently launched "*M4O Giga*", with 1 Gbps broadband speed and 10 GB of mobile data. There is also the "*M5O Giga*" plan, a multi-play offering which, in addition to increased mobile data allowances, also includes up to 30 GB of mobile broadband. MEO was the first operator to launch Giga offers, supported on the most advanced router on the Portuguese market, providing 10x faster WiFi. MEO was the first player in Portugal to launch convergence offers, in 2013 through a quad-play offer, and according to ANACOM currently leads the market of bundle offers, both for quad play and triple-play offers.

In May 2018, we launched *MEO BY*, an innovative and entirely digital offer that allows customers to customize their MEO package based on their preferences and needs, with no mandatory loyalty period, representing an extremely flexible offer with more than 16,000 possible combinations between fixed and mobile communications, fixed and mobile internet and television services.

MEO's content offering includes thousands of VoD titles and a variety of interactive offerings based on anchor programs. For example, we offer more than 70 interactive applications which focus on news, sports and music, other interactive portals such as our children's portal which provides access to combined VoD, music, games and educational content tailored to children audiences, as well as "red button" interactive applications (whereby viewers press a button on their remote controls to receive additional interactive services) often linked to popular TV programs. Between the end of 2015 and early 2016, we acquired broadcasting rights for new sports programming in Portugal, including exclusive broadcasting rights to the F.C. Porto matches in the Portuguese Premier League, and in July 2016, we reached an agreement with certain other Portuguese telecom operators, such as NOS Comunicações, NOS Audiovisuais, Vodafone Portugal and Cabovisão (currently Nowo), for the reciprocal sharing of broadcasting rights of football-related content for a period of eight years. See "*—Significant Contracts—Portugal—Contracts with football clubs*" for more information. Additionally, we have entered into various arrangements with Altice France Group's Altice TV division, including non-exclusive distribution rights in Portugal, Israel and the Dominican Republic of Netflix and Discovery channels. In November 2018, we launched a new SVOD *MEO Films & Series* service aimed at broadcasting exclusive and other important series. Throughout the years 2017 and 2018, we added new channels to our portfolio, some of which are provided exclusively by us.

Israel

We are the largest provider of pay TV services in Israel based on number of subscribers. We offer primarily digital television services in Israel under the "HOT" brand. Our standard digital television package consists of 95 base television channels and certain radio channels and gives customers the option to purchase extra content packages which give access to additional channels. We believe our standard offering includes more channels than that offered by our competitors and we offer a range of Israeli and international sports, current affairs, entertainment, music, film, documentaries, children, and adult channels, as well as channels in Arabic and Russian to address demand from the culturally diverse population of Israel. Our standard package includes the HOT suite of channels and others such as Eurosport, Fox News, MTV HITS and Zee TV as well as all the "must carry" channels that we are required to carry on our network under existing regulation. We regularly update our standard digital television package to reflect changes in viewer interest. Our higher-end packages include all six of our extra content packages as standard and exclude premium channels such as premium sport channels and other channels which are marketed à la carte, depending on the subscription. We also offer up to 57 television channels in HD.

In addition to a high-quality and diversified linear television offering, we offer our customers a variety of advanced services featuring interactivity. These are available to customers whether or not they also purchase our broadband internet services. In all of our digital television packages we provide customers with a replay service for certain television channels, enabling a viewer who misses the start of a program to replay it while the broadcast is in progress ("**start over**"), as well as "start next" service, enabling the viewer to start watching the next show prior to its scheduled broadcast. Our digital television offering also includes an extensive VoD library containing approximately 50,000 titles as of March 31, 2021. In addition, we offer access to additional content libraries not included in our standard VoD service on either a pay-per-view or monthly subscription basis.

In the pay-TV market, the Group's main competitor is D.B.S. Satellite Services (1998) Ltd, a subsidiary of Bezeq, which provides satellite technology-based television services under the brand "YES". According to an order issued by the Israeli Ministry of Communications, from February 23, 2014 until February 24, 2019, we and the local satellite company "YES" were required to offer a fixed-price, narrow-base package at a price not to exceed NIS 120 (approximately €28) per month. Although such obligation was not extended, according to the Cable and Satellite Council's decision dated March 27, 2019, we and "YES" are entitled to continue to offer our customers narrow packages at our option, for one year. Recently, HOT has sent a notice to the Cable and Satellite Council about its intention to offer a narrow package (without sport channels).

We bolster our Israeli pay TV service offering by significant investments in procurement and co-development of original local content which we undertake in partnership with local production partners and broadcast on our proprietary suite of channels. We package such original and purchased content into a range of television channels that we own and broadcast under the "HOT" brand to our television customers. The HOT suite of channels includes HOT 3, HOT 8 where we broadcast our co-developed local content, HOT HBO, four movie channels, the Israeli Entertainment Channel, sports channels and more than 10 children's channels, which we believe are highly popular in Israel, and run shows with top television ratings such as Zaguri Empire, Very Important Person, Asfur, The Arbitrator, Shababnikim, Juda, Foolish, Golestar, Connected and Malcote. We also purchase rights to broadcast popular foreign channels over our network. We believe the quality of content we provide over our network generally, and the HOT television channels in particular, has been a critical factor in attracting new customers, maintaining our existing customers and minimizing churn. Under existing regulations, we are subject to certain ownership restrictions that limit the number of television channels we are permitted to own. In addition, we are required by regulation to invest a minimum of 8% of our annual pay TV revenues from subscriber fees in the production of original local content.

In 2017, we launched internet-based content packages intended to be viewed using smartphones, tablets and computers under the Next TV brand, which include our local productions, movies and leading foreign series. As of August 2017, we have also been marketing an internet-based content package which in addition to local and foreign contents also includes over 40 channels for direct viewing, and may also be viewed on a television set. Recently, HOT has launched a new OTT service, HOT TV, which is carried on the fiber network and is a full service offering which includes the entire content offering of HOT, including all the linear channels and the VOD service.

Dominican Republic

We offer pay television services through our HFC and FTTH broadband and xDSL networks and we also launched our DTH TV services in regional areas covered by our mobile network in May 2017 enabling us to provide these services near-nationwide. Our HFC and FTTH broadband networks, which pass through densely populated urban areas, enable us to offer interactive digital services to most of our customers. In addition, we provide GPON-based services to our high-value residential customers. We offer over 300 channels through a choice of five different plans. Of those channels, approximately 60 are available in HD for basic packages with another 30 premium add-on channels (such as HBO, Fox and MLB) available in HD for an additional fee, which we believe represents one of the most extensive HD offerings available in the Dominican Republic as of March 31, 2021. Further, Altice Dominicana is the exclusive distributor of NBA League Pass and NBA Channel. Pursuant to the agreement with NBA, Altice Dominicana has full distribution rights in cable, TV Everywhere and DTH for access to residential subscribers. In addition, Altice Dominicana is the exclusive rights holder of the NBA's OTT mobile app NBA TV, for commercialization to mobile subscribers on *a la carte* basis for postpaid mobile users, and also as a pay-as-you go for prepaid mobile users under the paquetico/recharge scheme.

Others

We also offer our broadband internet subscribers IPTV services via an unbundled xDSL network.

Broadband Internet Access and Fixed-Line Telephony

We provide broadband internet access and fixed-line telephony services across our cable (and in certain areas xDSL) footprint, with a majority of homes passed outside of the Dominican Republic benefitting from download speeds of at least 100 Mbps, and with a majority of homes passed in the Dominican Republic benefitting from download speeds of at least 200 Mbps. In the short-to-medium term, we expect that the portions of our networks that are DOCSIS 3.0-enabled can offer download speeds of up to 500 Mbps with limited network and customer premises equipment upgrades given the existing technological capability of our networks. This technological capability can be realized with relatively low levels of capital expenditure and will enable us to better meet the needs of our residential and business services customers who demand higher download speeds.

Our fixed-line telephony services are based on either PacketCable or VoIP technologies. We offer a wide range of telephony packages and our triple-play offers tend to include flat-rate telephony packages with a significant number of minutes of use included in the price. We provide national and international connectivity to our customers either through our own interconnection capabilities or through our partners. We intend to phase out stand-alone telephony packages as our strategy is to offer fixed-line telephony as an add-on product in our multi-play packages.

Portugal

Pursuant to our fiber rollout strategy in Portugal we reached 5,699,000 fiber homes passed as of March 31, 2021, including 450,000 homes passed pursuant to our fiber sharing agreement with Vodafone Portugal (which is further described below under "*—Significant Contracts—Portugal—Fiber Sharing Agreement with Vodafone Portugal"*). In April 2020, we transferred our fiber assets including FTTH and dark fiber to FastFiber. On April 17, 2020, we disposed of a 49.99% interest in FastFiber to Morgan Stanley Infrastructure Partners. In Portugal, we have also tested NG-PON2 technology and despite the positive technical results of NG-PON2, XGS-PON became the industry choice due to the better cost effectiveness. During 2021 the first commercial tests will be done with a small group of friendly customers.

Over the last decade, total traffic for fixed-line telephony on our fixed-line network has decreased, primarily because consumers have increasingly used mobile services instead of fixed-line services and due to the migration of dial-up internet users to Asymmetric Digital Subscriber Lines ("**ADSL**"). The number of active mobile SIM cards exceeds the number of fixed-line main lines in Portugal. We have responded to this trend by encouraging the use of our fixed-line network for bundled services, including triple-play packages that include fixed-line telephone services, broadband internet access and pay TV services.

Additionally, we are required to provide carrier selection to our customers for all kinds of traffic. Carrier selection has been an additional factor that has contributed to the reduction in traffic on our network.

Israel

Internet service in Israel is structured into two segregated elements comprised of infrastructure or network access services and ISP services. Infrastructure access service relates to access to the physical network infrastructure within Israel that is required to connect the customer's device to the infrastructure access provider's operator. This service is provided by us and Bezeq, the only telecommunication operators in Israel that own a national fixed-line network infrastructure. In addition, Partner and Cellcom offer infrastructure access internet service in certain areas over fiber optic infrastructures. ISP services, which can be provided by any licensed provider, consist of providing access to the customer from the infrastructure provider's operator, through its own operator, to the local and global internet network. ISPs generally also provide certain value-added services such as data protection services, security solutions, e-mail services and system administration services. A customer wishing to subscribe to internet services in Israel effectively needs to purchase each of these services and may choose to subscribe to the broadband internet infrastructure access facilities of us or Bezeq while using a separate ISP provider. Under the terms of our ISP license, we are required to provide ISP services to any customer, including to customers of other broadband internet infrastructure access providers, on equal terms. In October 2020, the Israeli Ministry of Communications published a hearing according to which Bezeq and HOT's licenses will be amended so that they will be entitled to provide a full internet service including infrastructure and ISP service, subject to certain terms as detailed in the hearing. On February 22, 2021, the Israeli Ministry of Communications published a secondary hearing which includes certain amendments, including with respect to the effective date and the interim period. To date, no final decision has been published on the subject. Further, since February 2015 Bezeq and HOT are required to provide wholesale services to service providers, which enable them to offer a full internet service to their end-users (infrastructure and ISP services). In June 2017, the Israeli Ministry of Communications set the maximum tariffs for the provision of wholesale services over HOT's network. On December 30, 2019, the Israeli Ministry of Communications published a hearing regarding its intent to change the maximum tariffs method. In June 2020, the Israeli Ministry of Communications approved HOT's updated proposal for wholesale tariffs.

We offer ultra-fast broadband internet infrastructure access services to our residential customers under our "HOT" brand over our DOCSIS 3.0-enabled cable network which can support download speeds of up to 500 Mbps with new customer premises equipment. Currently we offer our customers download speeds ranging from 200 Mbps to 500 Mbps at competitive prices and our customers can choose from our single, double and triple-play packages which include broadband internet infrastructure access services along with our television and fixed-line telephony services. We provide ISP services under the "HOTnet" brand. Unlike our competitors who generally offer ISP services at prices that increase depending on access speeds, we offer our ISP services at a competitive monthly flat-rate irrespective of access speeds, which we believe make our ISP offerings very attractive. As of July 2020, we are permitted to provide ISP services as part of a package together with our other multi-play packages, subject to the approval of the Ministry of Communications for such packages.

As of April 2021, we also offer fiber-based internet services in speeds of up to 1 Gbps over IBC Israel's (an entity in which HOT acquired a 23.3% stake in September 2020) fiber optic network in certain areas where the network had already been deployed. See "*–Significant Contracts–Israel–Agreement with IBC Israel*" for more information.

Fixed-line telephony in Israel is segregated into two separate services comprised of domestic fixed-line telephony services and international long-distance services, each of which requires a separate license. We are currently licensed to provide both. Our domestic license is valid until 2023 and our international license is valid until 2032, and both may be extended for additional ten-year periods subject to the approval of the Israeli Ministry of Communications.

We provide fixed-line telephony services using PacketCable technology on our secure cable network by offering individual lines to our residential customers under our "HOT" brand, either on a stand-alone basis or as part of our multi-play packages. Our services include several ancillary value-added features for end users such as caller identity, call waiting and call waiting with caller identity, "follow me" (a call forwarding service enabling the user to be reached on several phone numbers), conference calling, last call return, blocking of calls with no caller identity, blocking of caller identity for outgoing calls and voicemail services.

Dominican Republic

In the Dominican Republic, we offer consumers broadband and fixed-line telephony services over our HFC, FTTH broadband and xDSL networks. Our HFC and FTTH broadband networks which are 95.4% Docsis 3.0-enabled, passed 833,600 homes in densely populated urban areas as of March 31, 2021, enabling us to offer current download speeds of up to 200 Mbps, with launch of download speeds of up to 300 Mbps from the second quarter of 2021. We selectively deployed new customer premise equipment in the first half of 2018 in order to support our broadband internet service to eligible customers which increased download speeds up to 200 Mbps and can also support further increases in download speeds up to 400 Mbps in the medium term. We also plan to leverage the large spectrum allocations available to Altice Dominicana, which are technology neutral and enable high mobile broadband speeds, by rolling out fixed wireless broadband access services through LTE and WTTX, in regional areas covered by our mobile network to complement our broadband services over our HFC and FTTH broadband networks concentrated in urban areas, thereby offering near-nationwide broadband coverage.

We offer both pre- and post-paid fixed-line telephony plans. While we continue to utilize our xDSL network to provide fixed-line telephony services, we also offer VoIP to homes passed by our HFC and FTTH broadband networks. We also leverage our wireless network to transmit fixed-line voice services.

Mobile Services

We operate mobile infrastructure in each of our geographies. The pre-paid subscriptions market represented 50.7% of our residential mobile customer base as of March 31, 2021, while the post-paid subscriptions market represented 49.3% of our residential mobile customer base as of March 31, 2021. Depending on geography and network technology deployed, we offer 2G, 3G, 4G-LTE and/or 5G services on a variety of plans, from "no frills" offers with no commitment or handset, to premium mobile telephony offers with varying voice and data limits, if any, at attractive prices. In some of our markets, we provide wireless broadband plans through nomadic broadband internet, giving customers access to our very-high-speed mobile networks.

Residential

We offered mobile services to approximately 10,159,000 total mobile B2C subscribers across our geographies as of March 31, 2021. In Israel, due to regulations, previously we only offered our mobile services either on a stand-alone basis or in a bundle with ISP or international call services. According to a regulatory amendment as of February 2021, we are entitled to include our mobile services in our other multi-services packages, subject to the approval of the Ministry of Communications for such packages. On May 30, 2021, the Ministry of Communications approved the marketing of quad-play packages including triple-play services with HOT Net's ISP services and HOT Mobile's mobile cellular services.

Portugal

In Portugal, in our residential customer segment, we offer a range of mobile products and services including: (i) a variety of voice and data tariff plans, both prepaid and post-paid, designed to integrate unlimited voice and data plans targeted at high-value post-paid customers and, in the prepaid market, to discourage migration to low-value tariff plans by offering additional voice and data services; (ii) a portfolio of smartphones, including exclusive handsets, with the capability to use an array of value-added and convergent services (mobile TV, music on demand, navigation app, social network aggregator, cloud storage, etc.); and (iii) mobile broadband offers of up to 400 Mbps speed, using 4G technology and offering free access to our national WiFi network. We also offer prepaid and discount products, which remain popular. As of March 31, 2021, approximately 46.2% of our Mobile B2C subscribers were using prepaid mobile products in Portugal.

Our 4G offering currently allows: (i) speeds of up to 400 Mbps; (ii) access to live TV channels through *Meo Go!*, a service that allows access to live TV channels on PCs, tablets, smartphones, Apple TV and Android TV set-top boxes, complementary broadband coverage through ADSL/DTH, enabling customers to access our high speed mobile broadband network in areas outside of our FTTH footprint; (iii) multi-play customers to access an extensive catalog of music tracks through our multi-platform music streaming service, *Meo Music*; (iv) *Multi-SIM*, for sharing of traffic among various devices, including PCs, through wireless dongles, tablets and smartphones; and (v) *Meo Drive*, a navigation app available in iOS and Android marketplaces. Our 4G and 4G+ services are respectively available to 99.6% and 89.6% of the Portuguese population as of March 31, 2021.

Following the launch of the *M4O* quad-play offering, MEO repositioned its voice and data tariff plans as a result of which we offer four unlimited voice and tiered data bundles in the post-paid category, at different price points: (i) the *unlimited S*, offering 500 MB of mobile internet, unlimited voice/SMS plus 250 minutes or SMS on all other networks; (ii) the *unlimited M*, offering 1 GB of mobile internet plus unlimited voice and SMS and 500 minutes or SMS on all other networks; (iii) the *unlimited L*, offering 3 GB of mobile internet plus unlimited voice and SMS on all networks; and (iv) the *unlimited XL*, offers 30 GB of mobile internet plus unlimited voice and SMS. All of these plans include unlimited WiFi access, which otherwise costs an additional fee.

In the prepaid market, MEO extended its daily and weekly tariff plans offering a range of tariff plans from “zero obligations” (daily plans without inclusive data) to frequent user plans (billed weekly with inclusive minutes and SMS), in which the customer can choose add-on data services for a fee, to address consumers who opt not to enter into post-paid loyalty contracts. MEO also extended the *Moche* offering targeted at customers below the age of 25. The *Moche* tariff plans include minutes and SMS and enables the customer to choose a variety of data allowances for different prices, and include traffic to a number of apps, including WhatsApp, Facebook and Instagram.

MEO’s tariff structure was established in response to price movements in the market and is aimed at maintaining MEO’s competitive position in the market. We believe that mobile services in Portugal are priced lower than the European average and are among the lowest in Europe. Fixed-to-mobile and mobile-to-mobile interconnection charges are regulated by ANACOM and have a significant impact on our business. Since 2005, when ANACOM declared all mobile operators to have significant market power in call termination in the mobile networks market, ANACOM has accordingly imposed price controls on interconnection rates for the termination of calls on mobile networks. Since the imposition of price controls, interconnection rates have been reduced steadily. ANACOM has issued successive decisions that have reduced mobile termination rates over time. In March 2012, ANACOM issued a decision reducing mobile termination rates progressively to €0.0127/min by December 2012. In August 2015, ANACOM issued a further decision approving an additional reduction to €0.0083/min. ANACOM further reduced the mobile termination rates to €0.0081/min. as of July 2016 and €0.0075/min. as of July 2017. On July 21, 2018, ANACOM approved its decision regarding the specification on price control obligations in the wholesale market for voice termination on individual mobile networks (Market 2/2014). The maximum price to be applied by the three mobile operators considered to have significant market power was set at €0.42/min., billed per second from the first second and independent of the origin of the call. From July 1, 2019, that price decreased to €0.40/min., following the yearly update of the inputs used in the model to determine such price. Moreover, on September 18, 2018, ANACOM issued a decision reducing the fixed termination rate to €0.00047/min. In February 2020, ANACOM issued a decision fixing the call termination rate on fixed networks at €0.046 from October 2020, and the call termination rate on mobile networks at €0.36 from July 2020. These reductions have had, and are expected to continue to have, a significant impact on our interconnection revenues.

Israel

We provide mobile services in Israel to residential customers under the "HOT Mobile" brand mainly on our 5G, UMTS and LTE networks. HOT Mobile competes with several principal mobile network operators, including Cellcom, Partner, Pelephone and Golan Telecom, and MVNOs. The telecom market in Israel has changed significantly in recent years to become more fragmented, including nine players in the mobile market, underlying an increase of competition.

Due to regulations, previously we only offered our mobile services either on a stand-alone basis or in a bundle with ISP or international call services. According to a regulatory amendment as of February 2021, we are entitled to include our mobile services in our other multi-services packages, subject to the approval of the Ministry of Communications for such packages. On May 30, 2021, the Ministry of Communications approved the marketing of quad-play packages including triple-play services with HOT Net's ISP services and HOT Mobile's mobile cellular services.

We offer residential subscribers packages of local calls (subject to fair usage), text messaging and internet access for what we believe to be an attractive and competitive monthly fixed price as well as international calls to selected destinations for an attractive fee. Prices for these services are subject to changes, predominantly driven by the competitive nature of the Israeli telecommunications market. We also offer users pay-as-you-use packages, which charge customers on a per-unit-used basis. Since the launch of our UMTS-based 3G mobile services in May 2012 and the launch of our UMTS prepaid services in April 2015, we added approximately 1,685,180 UMTS and LTE subscribers in the residential market as of March 31, 2021.

Dominican Republic

In the Dominican Republic, we currently offer 2G, 3G and/or 4G-LTE services on a variety of pay-as-you-go and monthly plans, from "no frills" offers with no commitment or handset, to premium mobile telephony offers with varying voice and data limits, if any, at attractive prices. We are a pioneer in unlimited data and offer a comprehensive range of data plans up to 125 GB, free unlimited data for social apps and exclusive access to premium Over The Top Content apps such as HBO GO, NBA League Pass, Altice Music, and the VoD/OTT proprietary Altice Play app, which was launched in the fourth quarter of 2019. In the pre-paid mobile segment, our strategy focusses on a volume-driven approach aimed at increasing top-up frequency and value while maintaining a healthy rate of customer growth. We also aim to monetize data service to offset a downward trend in mobile voice and SMS usage. As such, we aim to continually offer customers innovative voice, SMS, data and roaming add-ons to the core plans. We also offer a range of wireless broadband internet services (through dongles and WiFi devices) and Flybox, our customer premises equipment, as well as capacity-based plans and voice and data bundles on 3G and 4G-LTE.

We believe our strong footprint in areas with low mobile penetration positions us well to capture future growth. As of March 31, 2021, we had a total of 2,831,000 mobile subscribers of which 2,205,000 subscribe through pre-paid plans and 627,000 subscribe through post-paid plans. In the mobile market, Altice Dominicana mainly competes with Claro (with which it shares a comparable spectrum range and 4G-LTE population coverage), and with Viva in the low-end segment. Altice Dominicana also competes with niche actors Wind and Sky.

To service the Dominican Republic's significant tourist traffic, we also provide users of foreign mobile connections with international roaming services. We have entered into roaming agreements with various international telecom service providers for voice, internet, data, pre-paid, roaming hub on 2G, 3G and 4G-LTE services. Currently, we have agreements in place with leading international telecom companies from over 153 countries. We also attract international incoming traffic through our long-distance business.

Business Services

In addition to offering mobile services to our residential customers, we offer focused business services to large, SME and very small enterprise business customers in Portugal, Israel and the Dominican Republic. Our business services mobile products often include professional telephony services (such as business directory services, fleet management customer areas, usage alerts and financial management solutions) with devices chosen to respond to the needs of professionals and 24-hour on-site exchange service.

Portugal

Our business services in Portugal comprise: (i) network and voice services, which include fixed voice services, fixed and mobile convergence services, broadband data, Ethernet services, digital leased lines, satellite teleport and VSAT services, business high band fiber-based internet, VPN accesses and applications, and global services for multinational customers; (ii) IT services, which include datacenter services (such as housing and hosting), cloud-based solutions (primarily public and private virtual servers, remote backup and storage, hosted e-mail and web hosting), security managed services based on a security operations center, business continuity services and disaster recovery, IT infrastructure outsourcing and IT and security consultancy; and (iii) business solutions and applications, which include unified communications, IP Centrex and voice servers, digital signage, Corporate TV, messaging and interaction solutions, business video communications and telepresence solutions, Internet of Things ("**IoT**") managed connectivity, BPO, vertical solutions for special customer clusters (e.g. hospitality, health care, public sector, among others), special bundling services for small and medium-size enterprises (e.g. *Global Connect Pack* product) and outsourcing. We also operate *Cloud Office 5.0*, an innovative "*as a service*" package linked to the digital transformation of the workplace based on five pillars: productivity, cooperation, technical support, safety and equipment.

Global Connect Pack, one of business services' most successful integrated packaged offers, adds to the convergent positioning the possibility of having a virtual IP based call management console able to manage calls/contacts between mobile and fixed users of a specific master account. All packaged options come with a virtual domain, baseline email, cloud storage space per user and online fax; IPTV can also be added.

Business services' offer setup is based on a three-tiered approach targeting the following customer groups: (i) small office/home office ("**SOHO**") and small business customers, with an offering based on the convergence of voice, broadband, TV and mobile services through our MxO offer; (ii) multi-connected customers, served mainly with multi-employee connectivity services, including mobility solutions for traveling employees, and simple software solutions; and (iii) integrated customers, served with a full range of telecommunications and technological services, such as unified communications, outsourcing of information and communications technology ("**ICT**") services, application integration, IoT and specific IT/IS solutions, BPO and IT consultancy.

The provision of services to our corporate customers is guided by the following strategic objectives: (i) maximize value from traditional telecommunications services by upselling additional services, including fixed-mobile convergence on FTTH, VPN, LAN management and video services; (ii) IT transformation accelerated by cloud computing, where we aim to build upon partnerships with key suppliers to enable business process transformation and cost reductions to our corporate customers, with a special focus on "system on a chip" based security solutions; (iii) use specialization to achieve gains from scale, including by focusing on outsourcing and BPO to improve productivity; and (iv) introduce a business consulting approach in order to extend the services provided to corporations to video, multiscreen and other convergent services.

Israel

We provide fixed and mobile telephony services and a range of advanced telecommunications solutions to our business services customers in Israel. We market all of our business services in Israel under the "HOT" brand. Our fixed-line telephony services include offering individual lines to businesses as well as primary rate interface trunks (consisting of up to 30 voice lines per trunk) to our business services customers. We also provide business numbering services allowing for toll-free calls from anywhere in Israel to 1-800 numbers and a split billing calling service to businesses (1-700). Our portfolio of advanced telecommunications services include data and video transmission and VPN services aimed at business services customers and other telecommunication providers using synchronous digital hierarchy Synchronous Digital Hierarchy ("**SDH**") technology or IP technology. Among the solutions we offer are network services for transferring data from point to point, transferring data between computers and between different communications networks, communications network connection to the internet and remote business access services. In addition, we offer our business services customers, directly or through our subcontractors, complementary products and services such as telephony switchboards, security cameras, information security solutions and integration services, among others.

According to the Israeli Ministry of Communications' decision dated April 18, 2019, we are entitled to offer to our business services customers bundles of our fixed services with our mobile and ISP services, subject to the terms specified in the decision.

Dominican Republic

We have a significant presence in the Dominican Republic's business services market. We provide a variety of mobile and fixed business telecommunication services in the Dominican Republic, focused on high margin services in growth segments, with a high quality and diversified customer base. For our large commercial and public enterprise customers business services typically include Cloud Services, Cybersecurity, SD-WAN, IoT, VAS, M2M, SIP trunks, IP television, dedicated internet and data circuits and GPON-based services. For SMEs and SOHOs we provide Cloud, Cybersecurity, Voice, TV, internet HFC-, FTTH- and DTH-based services.

We are growing our business services offerings and continue to roll-out new products and services. We have also continued to expand our offerings to include data packages to distributed, launched value-added services and additional features such as mobile-to-mobile connection services and enhanced data security. We service our business services customers through a fiber GPON/FTTH network which we expect to build out opportunistically depending on demand. The key areas of focus with respect to our business services business are to increase penetration in the SOHO and SME segments while maintaining market share in the large, medium and public client segment and to drive convergence levels of our business services by cross-selling our services. We also have the platform *ABC* in our portfolio, exclusively for our business customers. This portal is the only convergent portal in the Dominican Republic, through which, mobile services converge (Voice, Data & SMS) with fixed voice services.

Other Services

We also offer a number of other services, depending on geography, such as bulk services to housing associations and multiple dwelling unit managers, cloud storage, such as on-demand IaaS services, content production, computer security services and storage and backup solutions. In various jurisdictions in which we operate, we also generate revenues from selling advertising time to national, regional and local customers.

Content

We are focused on delivering high quality content offerings to complement our fixed and mobile services, including proprietary content and exclusive content. For example, on June 12, 2017, Altice Europe had announced a multi-year partnership with Netflix which allows customers to watch Netflix's content with eligible devices in Portugal, Israel and the Dominican Republic. Additionally, we have entered into an agreement with Netflix that allows Altice Dominicana's subscribers to access the Netflix app via its proprietary STB device dubbed Minibox. In addition, Altice Dominicana offers Netflix codes giving free access to its subscribers to the Netflix service in different combinations of two to 12 months. We also have a multiyear deal with Discovery channel that gives Altice Dominicana rights to distribute the complete basic content offering of Discovery network on both its linear content proposition, as well as TV Everywhere. At the end of 2015 and at the beginning of 2016, PT Portugal entered into contracts with several first and second division football clubs in Portugal, including F.C. Porto, Vitoria F.C., Rio Ave F.C. and Boavista F.C., to acquire the exclusive broadcasting rights for the home games of these clubs for up to ten football seasons and in February 2017 we acquired a 25% stake in the capital of the Portuguese sports broadcaster SPORT TV. In July 2018, PT Portugal entered into a new distribution agreement with SPORT TV for a two-season period, the terms of which follow a similar methodology as the agreement entered into in July 2016. In July 2020, PT Portugal entered into a new distribution agreement with SPORT TV for a four-season period and for the sale of a portion of the broadcasting rights acquired at the end of 2015 and the beginning 2016 relating to the football clubs F.C. Porto, Vitoria F.C., Rio Ave F.C. and Boavista F.C., for a four-season period. See "*—Significant Contracts—Portugal—Contracts with football clubs*" for more information. In addition, Altice Dominicana is the exclusive licensee for NBA on cable and mobile, as well as MLB for the Extra Innings Package for digital and cable content broadcasting. We also intend to further develop and offer proprietary content through our "HOT 3" channel (in Israel). We intend to continue to selectively invest in more value-added premium content in the future in order to differentiate our telecoms bundles.

Media

Through Teads, we operate a leading, cloud-based, end-to-end technology platform that enables programmatic digital advertising for a global, curated ecosystem of quality advertisers and their agencies and quality publishers. We operate in the Open Web outside of the Walled Gardens. As an end-to-end solution, our platform consists of buy-side, sell-side, creative, data and artificial intelligence optimization modules. As a result, we have built deep partnerships with both the demand and supply sides of digital advertising. For advertisers and their agencies, our platform offers a single access point to buy the inventory of many of the world's best publishers. Through exclusive partnerships with these premium publishers, we enable customers to reach 1.9 billion unique monthly users (as of April 2021),while improving the efficiency, quality and cost of digital ad transactions. For approximately 3,100 publishers, we are a trusted monetization partner, providing the technology required to monetize their most valuable ad inventory programmatically. By connecting both sides through our integrated platform, known as the *Teads Global Media Platform*, we solve the digital programmatic advertising industry's most significant problems related to value chain fragmentation, inefficient digital advertising pricing and quality and scale of inventory. We refer to the ecosystem enabled by *Teads Global Media Platform* as the Curated Internet.

Our platform is also capable of delivering display ads, which are the preferred advertising format for performance-oriented campaigns, as well as other web and app formats. We offer advertisers and their agencies access to high-quality inventory at scale. Quality inventory, especially video inventory, is in short supply in digital advertising so our Curated Internet solves a major problem for leading customers. Advertisers and their agencies can work directly with us through our self-serve buying interface, *Teads Ad Manager*, or through third-party demand side platforms. Regardless of how or where advertisers transact, they have access to our quality inventory sources on behalf of our publisher partners. *Teads Ad Manager* has the advantage of leveraging our machine learning prediction models, which are focused specifically on our publisher partners and our in-article placements. We use our predictive machine learning algorithms to process large volumes of data based on thousands of campaigns to deliver superior outcomes for customers. As a result, we believe we can offer significant cost efficiencies and greater return on investment to agencies and advertisers who access our publisher partners' inventory directly through *Teads Ad Manager*. On average in 2020, *Teads Ad Manager* delivered 24% lower cost per thousand impressions, higher results on customers' key performance indicators (including more than doubling the click-through rate and higher completion rate and viewability), and 100% more scale compared to demand side platforms.

We enable publishers to monetize their digital advertising inventory through our *Teads for Publishers* platform, which provides them with direct sale capabilities and is directly connected to our buy side interface, *Teads Ad Manager*. This full monetization platform is comprised of our proprietary supply side platform, ad exchange, ad server, video player, ad quality management, a comprehensive self-serve interface, full set of ad formats and audience and other targeting capabilities. As a result, we are deeply embedded with our publisher partners, who rely upon our technology platform to monetize their most valuable sources of ad inventory. Our platform allows us to bring premium monetization to publishers. For the year ended December 31, 2020, the number of our top 500 publishers retained from the prior period end (the "**Publisher Retention Rate**") was approximately 99%. We operate exclusive partnerships with over 80% of our publishers for their in-article video inventory, demonstrating the value we deliver. Our longstanding publisher partnerships are aggregated into a highly curated version of the Open Web that includes many of the world's leading publishers like The BBC, ESPN, Meredith, The Guardian, Bloomberg, The Washington Post, Vogue, L'Equipe, El Mundo, Der Spiegel, South China Morning Post and El Universal. Our Curated Internet reaches 1.9 billion unique monthly users worldwide (as of April 2021) and presents a significant value proposition to advertisers and agencies. As of March 31, 2021, we had approximately 3,100 editorial publishers on our platform, representing more than 15,000 web and app properties that provide access to more than one trillion ad opportunities every year.

Our customers and publisher partners both have access to *Teads Audiences*, our suite of audience targeting features that deliver accuracy and scale in audience targeting through utilizing first-, second- and third-party data. They also have access to *Teads Studio*, our creative platform that provides a self-service creative production tool and dynamic creative optimization capabilities.

We operate an efficient go-to-market strategy. Our primary customer, in most cases, is the advertising agency, which can represent up to hundreds of advertisers, providing us an efficient point of contact to serve many advertisers. For larger advertisers, we have a dedicated team that advises on utilizing our services for various advertising needs, including leveraging our creative, data and research solutions. In these instances, we work very collaboratively with such advertisers' agencies. We also deploy a team exclusively focused on partnerships with demand side platforms. We work with leading global advertisers across various verticals such as technology, automotive, consumer packaged goods, finance and entertainment. Our number of customers, defined as customers who spent at least $1,000 in the trailing 12-month period, grew to approximately 2,000 as of December 31, 2020. 91% and 94% of our total revenue in the years ended December 31, 2019 and December 31, 2020, respectively, came from customers that contributed more than $1,000 in trailing 12-month revenue. Our Gross Customer Retention Rate was 94% for each of the years ended December 31, 2019 and December 31, 2020.

Customer Premises Equipment

In our residential fixed business, we believe advanced customer premises equipment is playing an increasingly crucial role as it enhances customer experience by facilitating access to a wide range of user-friendly features, offers a reliable channel for selling add-on and on-demand services, allows for multi-screen television viewing and broadband internet usage by multiple parties and, when set-top boxes and modems are combined in one box, allows cable operators to significantly reduce customer service expenses. Accordingly, we have continued to roll out advanced set top boxes, in Portugal, Israel and the Dominican Republic. Our innovative integrated set-top boxes and cable routers developed by Altice Labs are offered to customers subscribed to our premium multi-play packages. For example, Altice Labs has developed a fiber gateway device (joining the fiber modem together with a home router) that enables a premium home network and WiFi experience by using the novel 802.11ax wireless standard (now called WiFi 6), allowing set-top-boxes to be connected to this new gateway without the need for physical cables. This gateway is part of an ecosystem that provides an enhanced WiFi experience with Smart Mesh capabilities, enabling customers to access and control any of their networked equipment.

Marketing and Sales

Our marketing divisions use a combination of individual and segmented promotions and general brand marketing to attract and retain subscribers. We market our business services to institutional customers and businesses such as large corporates, governmental and administrative agencies, small and medium-sized enterprises ("**SMEs**"), nursing homes, hospitals and hotels. Our primary marketing channels are media advertising, including commercial television, telemarketing, e-marketing, door-to-door marketing, billboards, newspaper advertising and targeted mail solicitation. We continuously evaluate our marketing channels to allocate our resources most efficiently.

Our marketing strategy is based on increasing the penetration of multi-play services within our subscriber base, increasing distribution of television-based value-added services and ensuring a high level of customer satisfaction in order to maintain a low churn rate. We highlight our multi-play offerings in our marketing efforts and focus on transitioning our analog and digital video-only customers to multi-play packages. We believe that customers who subscribe for more than one service from us are significantly more loyal to us, thus reducing churn and associated subscriber acquisition costs. Our marketing and sales efforts are always geared towards demonstrating the high-quality and speed of our networks. In November 2015, we announced an exceptional partnership with Cristiano Ronaldo, five-time World Footballer of the Year and the current captain of the Portuguese national team, whereby he agreed to act as a brand ambassador across the markets in which we operate. Our partnership with Cristiano Ronaldo is illustrative of our ambition for success and our desire for excellence across our brands.

We use a broad range of distribution channels to sell our products and services throughout our operations, including retail outlets owned and run by the Group as well as third parties, dedicated sales booths, counters and other types of shops, door-to-door sales agents, inbound and outbound telesales and our websites.

In Portugal, we market our residential services through approximately 1,200 points of sale as of March 31, 2021, which include our own stores (managed either directly by us or by our partners or agents), shops in large retailers and through separate dealers, which represent approximately 16%, 17% and 67% of the total points of sale, respectively, as of March 31, 2021. In addition, we also market our residential services through door-to-door sales and sales through our website. In Israel, our sales distribution channels include dedicated sales booths, which are owned by the Group and some of which are operated by external dealers. Some of these sales booths also have service centers and other dealer outlets. We also use telemarketing, operate a door-to-door sales team and make sales through our website, and in the ultra-orthodox sector, we market our mobile services through an external distributor. In the Dominican Republic, our distribution network comprises approximately 506 retail points of sale as of March 31, 2021, including 35 stores owned and operated by Altice Dominicana, as well as dedicated sales booths or kiosks operated in a number of stores owned by franchisees or dealers. Though still a minor channel, online sales in the Dominican Republic are expected to grow as traffic on our website has been experiencing strong growth and we have launched a new digital sales channel in the first half of 2020 that focuses on improving the online sales experience of our customers.

We use a variety of brands, trade names and trademarks to market our services, including "*Meo*" and "*M4O*" in Portugal, "HOT" in Israel and "Altice" in the Dominican Republic, in each case, several associated trademarks.

We have been investing in digital marketing to accommodate for the consumption trends associated with new media, which include a greater emphasis on mobile services, social media and digital video, and have leveraged our digital profiling and segmentation capabilities in order to streamline our approach to new customer acquisitions.

Customer Contracts and Billing

We typically enter into standard-form contracts with our residential customers. We review the standard rates for our services on an on-going basis. In certain of our geographies, in addition to the monthly fees we charge, customers generally pay an installation fee upon connecting or re-connecting to our cable network. The terms and conditions of our contracts, including duration, termination rights, the ability to charge early exit fees, and the ability to increase prices during the life of the contract, differ across our operations primarily due to the different regulatory regimes our business is subject to in each of the jurisdictions in which we operate. Contracts with our business services customers are standard form contracts or bespoke, negotiated contracts, depending on the nature of the service.

We monitor payments and the debt collection process internally. We perform credit evaluation of our residential and business services subscribers and undertake a wide range of bad debt management activities to control our bad debt levels, including direct collections executed by our employees, direct collections executed in co-operation with third party collection agencies and pursuing legal remedies in certain cases.

Customer Service

Our customer service strategy is to increase customer satisfaction and decrease churn with high product quality and dedicated service offered through locally and internationally operated service centers and personnel. We have implemented initiatives aimed at improving our customers' experience, including enhanced customer relationship management systems, which allow us to better manage new subscribers, identify customers at risk of churning, handle complex customer issues, offer special retention offers to potential churners and repayment plans to insolvent customers. We aim to correlate sales incentives to churn, net promoter score ("**NPS**") as opposed to more traditional criteria of new sales, in order to refocus the organization away from churn retention to churn prevention. In order to pro-actively address proper churn prevention, a dedicated task force was put in place in 2018, composed of top managers from different services (marketing, network, call center, etc.).

The customer service function for our fixed and mobile services is carried out by call centers located in Beer Shera, Haifa, Nazareth, Nesher, Jerusalem and Migdal Ha'omek (servicing our Israeli customers) and Lisbon, Coimbra, Porto, Évora, Beja, Santo Tirso e Castelo Branco (key call centers servicing our customers in Portugal). The customer service function for our fixed and mobile services in the Dominican Republic is carried out by call centers located in the free zone of Santiago for the commercial calls. The Technical Call Center for the Dominican Republic (both for the fixed and mobile part) remains internal. Further, the Group has also started in-house operations of certain call centers in Portugal through Intelcia Portugal Inshore, S.A. The Group has entered into a shareholders' agreement with the minority shareholders of Intelcia Portugal Inshore, S.A. which includes a put and call option with the minority shareholders for the sale and purchase of a 35% stake in the entity. The option can be exercised during the two-month period after December 31, 2022. Our customer care centers function has an integrated system and utilize software programs that provide increased efficiencies and limited wait-times for customers requiring support. Our field technicians and schedulers utilize the same software programs for customers requiring in-person support. In most of the countries in which we operate, we provide service to our customers 24 hours a day, seven days a week, and we have systems that allow our customer care centers to be accessed and managed remotely in the event that systems functionality is temporarily lost, which provides our customers access to customer service with limited disruption. We also utilize our customer portal to enable our customers to view and pay their bills online, obtain useful information and perform various equipment troubleshooting procedures. Our customers may also obtain support through our on-line chat, e-mail functionality and social media websites, including Twitter and Facebook.

Visits to customers' premises are performed by a mix of in-house and outsourced technicians. In geographies where we offer business services, our institutional and business subscribers are served by dedicated business service and technical centers.

We have also launched and partially implemented initiatives aimed at improving our customers' experience. These initiatives include enhanced Customer Relationship Management systems, which allow us to better manage new subscribers, identify customers at risk of churning, handle complex customer issues, offer special retention offers to potential churners and repayment plans to insolvent customers.

Cloud and Cybersecurity Services

Sociedade de Serviços de Gestão de Portais na Internet e de Consultoria de Empresas, S.A. ("**SGPICE**"), a company in which PT OpCo holds 33.3% stake, offers a wide portfolio of private, public and hybrid cloud services. Since 2011 we have offered IaaS services, which includes private servers, and SaaS services like email and M365. Roadmap product strategy leverages on shared service platforms, installed in SGPICE's own data centers. The value proposition includes global end to end solutions, including cloud services, data center, managed services, network, security and support, within an integrated approach, with enterprise service level agreements.

In 2020, in line with market trends, SGPICE launched the multicloud offer, innovative in the Portuguese market by providing the customer with a unique experience subscribing and management main public clouds services. We recently launched the first hybrid cloud offering, with the Altice Azure Stack Hub, being an extension of the public Azure cloud with the local platform in Altice data center.

Cybersecurity services are also part of the portfolio reinforcing the protection, continuity and availability of business solutions, with cloud backup, disaster recovery, web content filtering and security operations center solutions being the main offerings.

SGPICE supports a unique ecosystem of partnerships with the main market leaders, in various technological areas, guaranteeing time to market, permanent updates and specialized support, and recently reinforced its partnership with Acronis (Covilhã data center elected to the new Acronis data center in Portugal). Through this initiative, Acronis has started to include Portugal in its worldwide network of data centers, providing backup and cybersecurity services located in Portugal. This architecture in an operating expenditure model provides greater competitiveness and agility.

Network

Portugal—Fixed

In Portugal, the PT Portugal Group owns a 50.01% stake in FastFiber, one of the largest FTTH networks by penetration in Europe reaching approximately 5,699,000 fiber homes as of March 31, 2021, including approximately 450,000 homes reached as a result of the fiber sharing agreement with Vodafone Portugal (which is further described below under "*—Significant Contracts—Portugal—Fiber Sharing Agreement with Vodafone Portugal"*). We are generally able to offer download speeds of at least 100 Mbps but we also offer 200 Mbps, 400 Mbps and 1 Gbps to a vast majority of homes passed in our footprint with limited network and customer premises equipment upgrades across a substantial portion of our network. We are focused on increasing our investment in fiber network, and through FastFiber we reached 5,699,999 homes passed (including homes accessed through wholesale fiber operators) as of March 31, 2021. We also provide high-speed internet access through ADSL and Ethernet (copper and FTTH). PT Portugal provides business services and residential services over the largest IP/Multiprotocol Label Switching ("**IP/MPLS**") backbone in Portugal, with almost 200 points of presence and a total capacity of more than 230 Tbps (equivalent interfaces) and high-speed 10/100 Gbps interfaces. Our fiber backbone supports transmission services directly over fiber cables or using Dense Wavelength Division Multiplexing ("**DWDM**") technology with a total capacity of more than 83 Tbps (equivalent ports) and high speed 10/100 Gbps interfaces and automatic restoration, SDH technology or IP/MPLS technology.

We own an IP/MPLS International Backbone co-located with the key Internet exchange points, namely in Miami, Washington, Madrid, London (two sites), Amsterdam and Frankfurt, with a total capacity of more than 26 Tbps (equivalent interfaces), with direct peering to more than 650 ISPs worldwide and direct transmission to three tier 1 and one leading transit provider. We have equity interests in eight international submarine cable consortiums with a total length of 155,000 km and a transport capacity of 250 Gbps, six of which have landing points in Portugal (Sesimbra, Carcavelos and Seixal), and own a total of approximately 6,380 km of domestic cables with a transport capacity of 1 Tbps between the Portuguese mainland and the islands of Azores and Madeira. This data transmission network provides high capacity, flexibility and security and can progressively incorporate current data infrastructures at lower costs than alternative networks.

Following a public tender launched by ANACOM in 2008, our subsidiary PT OpCo was granted the frequency usage rights for DTT associated with the transmission of the signal for free-to-air television programs, the so-called "Multiplex A" or "Mux A". This right allows us to have national geographic extension and is valid until December 2023. There is a coverage obligation associated to the right of frequency use, namely 87.2% of national territory covered by terrestrial platform (Mux A) and 12.8% by complementary means (satellite). In May 2013, ANACOM decided that the single frequency network, due to changes in spectrum international planning (700 MHz band), will evolve to a Multi Frequency Network ("**MFN**") topology. DTT refarming was executed and concluded in 2020 releasing the 700 MHz band used. The now former DTT band is subject to 5G auction that is still in place.

We launched DTT (using DVB-T, or terrestrial signals) in 2009 and by the end of 2011, we achieved 100% coverage of the Portuguese population (using approximately 90% DVB-T and 10% DVB-H (satellite signals)). DTT only encompasses broadcasting of free-to-air television programs, while our MEO offering comprises both free-to-air television programs, as well as pay TV channels provided over FTTH, ADSL and DTH technologies.

We continued PSTN consolidation, with the migration of customers to the renewed and virtualized IMS solution. Since 2015 to 2020, we have already consolidated 43% of PSTN switches, thus reducing the associated operational costs and allowing customers access to new services.

Portugal—Mobile

We provide mobile telephone services using GSM, UMTS, LTE and NR technologies (2G, 3G and 4G respectively). Within our GSM offering, we provide services in the 900 MHz and 1800 MHz band spectrums. Following a multiband auction for LTE technology spectrum, ANACOM formally allocated to us rights to the 2 × 10 MHz in the 800 MHz band, 2 × 20 MHz in the 1800 MHz band and 2 × 20 MHz in the 2.6 GHz band, each for 15 years. These rights are reflected in a license that includes and supersedes our previous GSM and UMTS licenses and which imposes certain requirements on us, including MVNO, national roaming and coverage obligations with respect to our 800 MHz spectrum. The backhaul for our 2G, 3G and 4G networks is provided through IP technology. Overall, approximately 97% of the sites are served by fiber optic as of March 31, 2021, and 3% of sites are using Microwave solutions. Our 2G, 3G and 4G networks cover approximately 99.8%, 96.6% and 99.6% of the population, respectively, as of March 31, 2021. Currently, our mobile network supports the following radio capacities: 2G/GSM: EDGE (240 Kbps); 3G/UMTS: HSPA+ Carrier Aggregation (42 Mbps); and 4G/LTE: Carrier Aggregation (900 Mbps).

Since 2019 we have carried out the technological renewal of mobile voice and packet data solutions, in a virtualized environment to allow greater agility and scalability, also guaranteeing the ability to provide new services such as VoLTE.

Through roaming agreements, our subscribers can make and receive mobile calls throughout Europe and in many other countries around the world. As of March 31, 2021, we have entered into roaming agreements with approximately 660 operators in 220 countries.

On October 22, 2019, ANACOM approved a draft decision on the designation of the 700 MHz band for electronic communications services, limiting the number of rights of use of frequencies to be allocated in the 700 MHz, 900 MHz, 1800 MHz, 2.1 GHz bands, 2.6 GHz and 3.6 GHz, subject to an auction procedure. On December 23, 2019, ANACOM approved the decision on the designation of the 700 MHz band for terrestrial electronic communications services, caps on the number of rights of use of frequencies to be allocated in the 700 MHz, 900 MHz, 1800 MHz, 2.1 GHz, 2.6 GHz and 3.6 GHz bands, as well as the definition of the respective allocation procedure. Under the terms of that decision, ANACOM concluded that a competitive selection process, in this case an auction, appeared to be most appropriate for selecting the entities to which the corresponding rights of use of frequencies may be allocated. At the same time, by decision of October 31, 2019, ANACOM approved the start of the procedure for preparing the Auction Regulation for the allocation of rights of use of frequencies in the aforementioned bands. The Auction Regulation was approved in October 2020. Under the terms of the Auction Regulation, PT OpCo submitted its application, which was approved. A bidding phase exclusive for new entrants started on December 22, 2020 and ended in early January 2021. The main bidding phase started on January 14, 2021 and is still in progress. This process is expected to be completed in the third quarter of 2021. This complies with the EU strategy for the "Digital Single Market", which recommended a coordinated introduction at the EU level to encourage investment in high-speed broadband networks and to facilitate the proliferation of advanced digital services, in particular by highlighting the need to ensure the provision of broadband services in rural areas.

Following the completion of the Portuguese Towers Transaction, PT OpCo entered into a 20-year agreement with OMTEL for the use of the above-mentioned 2,961 sites and the other sites to be built, for a monthly fee dependent on the type and location of each site. In addition, a build-to-suit agreement for 400 new sites was signed between PT OpCo and OMTEL.

In Portugal, the 5G spectrum auction started on December 22, 2020 and the main auction is ongoing. The expected allocation of rights of use for frequencies is scheduled for the third quarter of 2021.

Israel—Fixed

We provide our fixed services through our extensive fully-owned cable network which passes most of Israel's 2.2 million households and which we believe is one of most technologically advanced networks in the EMEA region. We rolled out 36,000 and 37,000 homes passed in Israel in 2019 and 2020, respectively, with an additional 11,000 homes in the three months ended March 31, 2021. We own one of the largest fiber/cable networks by penetration that passed 2.2 million homes as of March 31, 2021. The fiber-rich characteristic of our network, which is fully DOCSIS 3.0-enabled, generally provides speed up to 500 Mbps and other advantages as compared to copper-based xDSL networks. Our network allows fiber optic transmission services using DWDM technology, SDH technology or IP technology. We completed the migration process of switching telephony customers to a new telephony environment based on Genband (Class 4) and Broadsoft (Class 5) switches with advanced SIP switch which is used to create and control communication sessions over an IP network. We are currently upgrading our cable network to advanced technologies, including by way of segmentation by deploying fibers closer to the subscribers' homes, in order to allow for expansion of the transmission capacity on the network. Part of our cable network runs through ducts and poles owned by Bezeq and we are party to certain continuing arrangements with Bezeq relating to their use.

In September 2020, we entered into an IRU agreement with IBC Israel according to which we are committed to purchase indefeasible right of use in IBC Israel's fiber optic infrastructure lines in a certain percentage, increasing gradually, of the customers houses in buildings connected to IBC Israel's network. See "*—Significant Contracts—Israel—Agreement with IBC Israel*" for more information.

Israel—Mobile

We provide mobile telephony services using 5G, GSM, UMTS and LTE technology (2G, 3G, 4G, 4G-LTE and, from September 2021, also 5G NSA) which has enabled us to compete effectively in the mobile services market as we are able to provide up-to-date services to customers, including faster data transmission services (up to 2,000 Mbps) with a higher data rate. As of March 31, 2021, our mobile network provides 4G coverage to 99% of the population of Israel.

Our GSM/UMTS/LTE/5G network is operated and maintained by PHI (as defined below) and is among the most advanced nationwide networks in Israel. When we originally launched our mobile services in Israel in May 2012, we had relied on Pelephone's network to provide in-country roaming services to our customers in areas not covered by our UMTS network. On July 2, 2014, the Israeli Ministry of Communications initiated a tender process for 4G-LTE frequencies comprising a total of eight frequency bands in the area of 1,800 MHz to enable delivery of mobile services using LTE technology. The process was concluded on August 9, 2015, when two frequency bands at the width of 5 MHz in the 1.8 GHz were allocated to HOT Mobile, as a result of which HOT Mobile launched its LTE service.

The Network Sharing Agreement with Partner was approved by the Israeli Antitrust Authority and the Israeli Ministry of Communications on April 20, 2015 and is valid until December 31, 2028, and provides for automatic renewals in five-year increments after December 31, 2028. Pursuant to the Network Sharing Agreement, HOT Mobile shares 15 MHz in the 1.8 GHz, providing a total capacity of 20 MHz in the 1.8 GHz area. For further details, please see "*—Significant Contracts—Israel—Mobile Network Sharing Agreement with Partner in Israel*". HOT Mobile also has a number of roaming contracts with cellular companies outside of Israel that provide our 3G and LTE customers with international roaming capabilities. For further details, please see "*—Significant Contracts—General—Agreements relating to mobile roaming services*".

In July 2019, the Israeli Ministry of Communications published a tender for LTE and 5G frequencies in the 700 MHz, 2,600 MHz and 3,400 MHz areas. The tender offered in total 22 frequency range units in the 700 MHz, 2.6 GHz, 3.6-3.8 GHz and 3.5-3.6 GHz areas. Within the scope of the tender, the Ministry of Communications offered certain incentives to the operators, including the postponement of license fees payment until January 2022, the possibility to decrease frequency fees and grants that are subject to compliance with certain deployment milestones.

The 5G spectrum auction bid was completed on August 12, 2020. According to the results of the auction as announced by the Ministry of Communications on August 16, 2020, HOT together with Partner won the following spectrum (to be divided between HOT and Partner in equal parts):

- two bands of 700 MHz (10 MHz each band);
- two bands of 2,600 MHz (20 MHz each band); and
- 10 bands of 3,500 MHz (10 MHz each band).

The total price of the 5G spectrums is NIS 62,380,000, to be paid by HOT and Partner in equal parts, in September 2022. After completion of the required preconditions, on September 29, 2020 the spectrums were allocated to HOT and HOT's license was amended to allow the operation of 5G network. We launched 5G services in the first quarter of 2021 in certain areas in Israel.

Dominican Republic—Fixed

Our fixed network is generally designed with fiber architecture (both HFC and FTTH) that has proven to be highly flexible in meeting the increasing needs of our customers. We rolled out approximately 10,000 homes passed in the Dominican Republic in 2019 (all HFC) and approximately 22,000 homes passed in 2020 (of which approximately 13,000 were HFC and 9,000 were FTTH), with an additional 10,000 homes (of which 2,000 were HFC and 9,000 were FTTH) in the three months ended March 31, 2021. As of March 31, 2021, we delivered fiber/cable services to approximately 796,000 homes in the Dominican Republic primarily in urban areas, including Santo Domingo, Santiago, San Francisco, La Vega, La Romana, Nagua, Samaná, La Altagracia (touristic zones of Bayahibe and Bavaro) and San Pedro de Macoris, and also a small deployment in Peravia (touristic project Puntarena). As of March 31, 2021, we had upgraded 95.5% of our HFC and FTTH broadband networks to bi-directional capability, with a substantial majority of homes passed on 750 MHz or 1,000 MHz. Our HFC and FTTH broadband networks extend over 7,285 kilometers and include approximately 1,676 kilometers of optical fiber and 2,969 optical nodes with up to a maximum of 750 homes served by each optical node in our network. We believe that our HFC broadband network is currently underutilized and there is substantial room for increased penetration within our existing footprint without significant additional investment in the network. As of May 31, 2021, we service our business services customers through a fiber GPON network including 220 OLTS and 1,211 active ports. We are gradually migrating our xDSL customers to our HFC and FTTH or fixed wireless network according to the availability of our networks.

Though tropical storms, hurricanes and earthquakes are frequent in the Dominican Republic, our fiber network, which we estimate is 90% above ground, benefits from high redundancy (notably self-healing rings).

Dominican Republic—Mobile

We offer our mobile services through our 2G GSM/GPRS, 3G UMTS/HSPA and 4G-LTE mobile access network comprising approximately 1,680 antenna sites with approximately 1,617 2G GSM/GPRS base stations (BTS), approximately 1,392 3G UMTS/HSPA base stations (node-B) and 1,677 4G-LTE mobile base stations as of March 31, 2021. We achieved 97.5% population coverage through our 2G network, which is fully EDGE capable, 96.2% population coverage through our 3G network and 97.5% population coverage through our 4G network as of March 31, 2021. Our 2G, 3G and 4G services are capable of supporting mobile download speeds of up to 0.1 Mbps, 10 Mbps and 100 Mbps, respectively.

We are continuing to invest in our mobile network, including beginning the migration to the latest generation equipment ("**Single-RAN**") in April 2018, which enables 2G, 3G and 4G technology to be managed by means of a single item of equipment, and by connecting an increasing numbers of sites (currently 68% with fiber). Single-RAN technology enables our subscribers to benefit from a high-quality, very-high-speed network and offers certain other economic benefits, particularly due to the reduced amount of equipment necessary in our mobile network. In the Dominican Republic, the 5G spectrum auction was launched by Indotel (the Dominican Republic regulator) on February 9, 2021 and the auction is ongoing. The expected allocation of rights of use for frequencies is scheduled for the fourth quarter of 2021.

All of our mobile towers are Category 3 hurricane proof (resistant to sustained winds of 209-251 km/h) and have a back-up energy system (battery, generators, or both).

On October 3, 2018, we announced the closing of the Dominican Towers Transaction. Altice Dominicana sold its 100% stake in the tower company Teletorres del Caribe, comprising 1,039 sites operated by Altice Dominicana to Phoenix Tower International. In addition, Altice Dominicana as tenant also entered into a 20-year master agreement with Teletorres del Caribe. See "*—Significant Contracts—Dominican Republic—Agreement to Dispose of Dominican Tower Assets*".

Suppliers

We globalize and streamline our procurement processes by combining our aggregate purchasing power to leverage the combined scale of the Altice Europe Group and negotiate more favorable pricing and other commercial terms from suppliers. We believe that this has allowed us to realize significant cost savings. However, while we progress the globalization of our procurement functions, our businesses continue to purchase certain products and services under locally negotiated contracts, for example, due to the need for geography-specific products and services.

We have relationships with a number of suppliers across our geographies that provide us with hardware, software and various other products and services necessary to operate our businesses. In the Dominican Republic we have a strategy of supplier diversification in a number of different areas, thus mitigating the potential impact in terms of deliveries and eventual price effects. In Portugal and Israel, we have been constantly monitoring the market evolution and introducing supply chain adaptations to better deal with such scenarios. Our proactive approach has driven us to implement several actions during last year in order to significantly increase our supply chain resilience to deal with such situations without major disruptions. These improvements have been permanently under adaptations as the situation evolves, and some of these improvements are as follows:

- collaborative planning with vendors, providing better long term visibility with wider forecasting horizons;
- anticipation of purchase orders, according to revised lead times, while keeping stock levels under control;
- revision of CPE commercial rules, adapting the demand to the availability on each CPE type, while fulfilling the overall market needs;
- temporary reduction of capillarity on the maintenance distribution channels, still ensuring proper S&M levels while reducing stock dispersion and keeping the necessary availability to fully sustain out commercial performance; and
- reinforcement of used equipment retrieval and corresponding refurbishment.

We are also constantly revising our whole supply chain in order to anticipate shortage risks or transportation delays. We use a limited number of subcontractors to maintain our network, operate our call centers and supply, install and maintain installed consumer and on-site business and public sector terminals, with the Group's employees performing only a small portion of installations. Certain services can be self-installed by our customers, but most still require a professional installer. Our agreements with third-party providers generally require subcontractors to maintain certain quality levels and use trained personnel, and we monitor the efficiency and quality of these services on a regular basis.

Customer Premises Equipment

We purchase set-top boxes and other customer premises equipment from a number of suppliers. We purchase the integrated set-top boxes from Sagemcom, among others, for use across our operations. Moreover, Altice Labs has developed a fiber gateway device (joining the fiber modem together with a home router) that enables the evolution of the home network environment into a new WiFi experience by using the novel 802.11ax wireless standard (now called WiFi 6) allowing set-top-boxes to be connected to this new gateway without the need for any cable. This same gateway is part of an ecosystem that provides an enhanced WiFi experience to the customer giving the power to control the access of any equipment, and establishing rules and policies to use the WiFi connectivity using Smart Mesh capabilities.

Network Connectivity and Mobile Operations

We have entered into a number of interconnection agreements with fixed-line and mobile telephony operators in the geographies in which we operate. In certain countries, such as Israel, we have also entered into agreements providing for domestic roaming services and other roaming agreements with foreign mobile operators. We may also look to third-party suppliers for network infrastructure solutions and have entered into agreements with a number of key mobile device manufacturers.

Content

We obtain television content, including premium channels, from the Altice TV division of the Altice France Group and a number of national and international suppliers, and purchase rights to broadcast channels on our network and content for our TV services. In Israel, we contract with suppliers for the purchase of television programming content that we package and broadcast under the HOT suite. We also purchase rights to broadcast content for our VoD service. See "—*Other Services—Content*" above for additional information regarding our recent investments in, and partnerships with, new content suppliers. Also see "*Certain Relationships and Related Party Transactions*" for more information.

Several different relationships govern the content that we provide to our cable television subscribers. The terms and conditions of our contracts governing the payments and content providers of copyright fees to broadcasters vary by jurisdiction. We also enter into transportation and distribution agreements with commercial broadcasters. Through transportation contracts, we agree to carry a commercial broadcaster's signal across our fiber backbone to our head-end stations, where the signal is subsequently delivered to our subscribers. Broadcasters who transmit their signal to us by satellite can elect to deliver their signal directly to our head-end stations and, as a result, do not need to enter into a transportation agreement with us. We also enter into distribution arrangements with all of the commercial broadcasters whose channels we carry on our networks, pursuant to which we agree to carry the broadcaster's signal from the head-end station to our cable television subscribers. A variety of compensation arrangements have been made in respect of the contracts we enter into with the commercial broadcasters. In some situations, we do not charge the broadcasters any fee for transmitting their signal to our subscribers. Instead, the broadcasters benefit from increased advertising revenue they receive from reaching our basic cable television subscribers and we benefit by providing our subscribers added content. In certain situations, we pay broadcasters for the channels they transmit over our network. In other instances, we have entered into revenue-sharing arrangements or subscriber-based fixed fees. In addition to these arrangements, we have also entered into contracts with certain broadcasters pursuant to which we currently pay a fee in order to have the right to broadcast their signal on any digital cable television service that we may offer in the future.

We pay copyright and carriage fees to the foreign, national and thematic broadcasters carried on our cable television networks. In general, these fees are paid in part to copyright collection agencies and to broadcasters based on a combination of per program fees and the number of subscribers to our cable service. We also typically pay royalties based on our subscribers' usage of on-demand content.

Significant Contracts

The agreements described below are significant to the Group. The summary of each agreement set forth below is an overview of certain material terms of such agreement as in effect as of the date hereof.

General

Interconnection agreements

Interconnection is the means by which users of one telephony network are able to communicate with users of another telephony network and, as the case may be, through a third telephony network. For a subscriber located on one telephony network to complete a telephone call to an end-user served by another telephony network, the subscriber's network service provider must interconnect either to the end-user's network, or to the network that transfers the call to the end-user's network. Typically, the network transferring the call and the end-user's network charge the subscriber's service provider a fee to transfer or to terminate the communication. Interconnection fees are typically regulated by the telecommunications regulator in each of the countries in which we operate. Regulators also commonly impose on all participants in the fixed-line telephony and mobile telephony markets an obligation to negotiate in good faith interconnection agreements with every requesting operator who is seeking to provide a publicly available electronic communication service. Generally, the cost of interconnection fees that we pay is taken into account in the price we charge our subscribers.

We have entered into various domestic and international reciprocal interconnection agreements for our fixed-line telephony, mobile operations and ILD services with other providers of electronic communications services. Our interconnection agreements generally have terms that continue for the duration of the parties' licenses to pursue telecommunication activities and may be terminated in the event of a material breach or the commencement of liquidation or insolvency proceedings.

Agreements relating to mobile roaming services

Currently, we receive roaming services around the world from various network operators. Our roaming agreements enable our mobile customers to access other mobile networks while abroad. Although the particular terms depend on the country in which roaming services are accessed, the agreements regulate billing and accounting, settlement procedures, customer care, technical aspects of the roaming agreement, security and connectivity. The agreements may be terminated in the event of a material breach or the commencement of liquidation or insolvency proceedings, among other things.

Portugal

Agreements governing the reciprocal sharing of broadcasting rights with Portuguese competitors

In July 2016, PT Portugal reached an agreement with certain other Portuguese telecom operators, such as NOS Comunicações, NOS Audiovisuais, Vodafone Portugal and Cabovisão (currently Nowo), for the reciprocal sharing of broadcasting rights of football-related content for a period of eight years, with the cost of such broadcasting rights split among all operators based on their market share. Accordingly, PT Portugal pays its competitors a portion of the distribution and broadcasting rights based on PT Portugal's market share, and is entitled to recharge other operators the cost of its own exclusive broadcasting rights based on the market share of such operators.

Distribution agreement with SPORT TV

In July 2016, PT OpCo entered into a distribution agreement with the Portuguese sports premium channel SPORT TV for a two-season period, pursuant to which PT Portugal committed to pay a non-contingent fixed price plus an additional variable fee component based on the number of subscribers and penetration rate. PT OpCo's subsequent acquisition of a 25% stake in SPORT TV, as described under "*—Significant Investments and Dispositions*", did not affect the parties' respective rights and obligations under this agreement. In July 2018, PT OpCo entered into a new distribution agreement with SPORT TV for a two-season period, the terms of which follow a similar methodology as the previous agreement. In July 2020, PT OpCo entered into a new distribution agreement with SPORT TV for a four-season period, pursuant to which PT Portugal committed to pay a non-contingent fixed price plus an additional variable fee component based on the number of subscribers and penetration rate. Also in July 2020, PT OpCo entered into an agreement for the sale of a portion of the broadcasting rights acquired at the end of 2015 and the beginning 2016 relating to the football clubs F.C. Porto, Vitoria F.C., Rio Ave F.C. and Boavista F.C., for a four-season period.

Contracts with football clubs

At the end of 2015 and in the beginning of 2016, PT Portugal had entered into contracts with several first and second division football clubs in Portugal, including F.C. Porto, Vitoria F.C., Rio Ave F.C. and Boavista F.C., and three second division clubs. Under these contracts, we (i) acquired the exclusive broadcasting rights for the home games of these clubs for up to ten football seasons for certain clubs, (ii) acquired the broadcasting rights of "Porto Canal" (F.C. Porto's own TV channel) for a period of twelve and a half years from January 2016 onwards and (iii) entered into sponsorship agreements for periods of up to ten football seasons. The total value of these contracts amounts to €620 million (excluding VAT). The amounts payable under these contracts may change depending on the rank of the teams at the end of the season, particularly in case of promotion or relegation. Existing key agreements include:

(i) The agreements entered into with F.C. Porto, F.C. Porto-Futebol SAD and FCP Media, under which we (i) acquired the broadcasting rights of the games of these clubs for ten seasons (2018/2019 to 2027/2028), (ii) acquired the broadcasting rights of the Porto Canal for a period of twelve and a half years (January 2016 to June 2028) and (iii) obtained sponsorship rights for seven and a half seasons (January 2016 to June 2023).

(ii) The agreement entered into with Vitoria Sport Clube-Futebol SAD under which we (a) acquired the broadcasting rights of the games of these clubs for ten seasons (2018/2019 to 2027/2028) and (b) obtained sponsorship rights for ten seasons (2018/2019 to 2027/2028).

(iii) The agreement entered into with Rio Ave Futebol Clube-Futebol SDUQ, Lda, under which we (i) acquired broadcasting rights for the games of this club for ten seasons (2018/2019 to 2027/2028) and (ii) obtained sponsorship rights for twelve and a half seasons (January 2016 to June 2028).

(iv) The agreement entered into with Boavista F.C.-Futebol SAD, under which we acquired broadcasting rights for the games of this club for ten seasons (2016/2017 to 2025/2026).

Fiber Sharing Agreement with Vodafone Portugal

In July 2014, we signed an agreement with Vodafone Portugal to deploy, swap capacity and share fiber networks beginning in December 2014, for an initial term of 25 years. The initial term automatically renews for four year increments unless a party provides written objection to a renewal two years in advance of the termination date. The agreement includes sharing of dark fiber in approximately 900,000 homes, where each party grants to the other party an exclusive IRU for certain PON network cells it owns (totaling approximately 450,000 homes each). Since the model is based on a swap of capacity through IRUs, the title to the PON network cells remains with the granting party, which allows both parties to maintain full autonomy and flexibility in designing retail offers, including the provision of RF (analog) TV signal, and will ensure confidentiality of customer information.

During the first ten years of the agreement, there is an undertaking of partnership between the parties for the construction of new PON network cells. A party must notify the other party if it wishes to build new PON network cells in any geographical area which does not correspond to the PON network cells already covered by the agreement. If the other party is also willing to build new PON network cells, both parties must then commit to the construction of new PON network cells in partnership with each other. This undertaking from each party does not apply after the first ten years of the agreement, nor when a party decides to build PON network cells in partnership with another operator (provided that such PON network cells are not covered by the agreement).

Additionally, each party may transfer the entirety (but not part) of its PON network cells covered by the agreement to a third-party purchaser, provided that such purchaser also assumes the obligations of the selling party under the agreement. The non-selling party has a pre-emption right where the third party purchaser is a retail operator in the broadband market, which is not in the same “economic group” as the seller. If the selling-party does not comply with the conditions to transfer and the pre-emption right, it will be subject to a penalty. In the event of a material and/or continuous default of one party, the other party may unilaterally terminate the agreement by exercising a call option.

Pursuant to the Altice Portugal FTTH Transaction, this agreement has been transferred to FastFiber.

Agreement to Dispose of Portuguese Tower Assets

On July 18, 2018, PT Portugal reached an agreement with a consortium including Morgan Stanley Infrastructure Partners and Horizon Equity Partners for the sale of a 75% stake in the newly incorporated tower company called OMTEL, comprising PT OpCo’s mobile telecommunications passive infrastructure corresponding to 2,961 sites previously operated by PT OpCo. The transaction valued this tower business at an enterprise value of €660 million. The purchase price of €648 million included a cash consideration for the disposal of the 75% stake in the amount of €540 million and the acquisition of a 25% stake in OMTEL by PT Portugal measured at a fair value of €108 million. The agreement with the consortium includes an additional deferred payment based on an earn-out structure upon exit by the consortium.

In connection with this transaction, PT OpCo entered into a 20-year agreement with OMTEL for the use of the above-mentioned 2,961 sites and the other sites to be built, for a monthly fee dependent on the type and location of each site. In addition, a build-to-suit agreement for 400 new sites was signed between PT OpCo and OMTEL.

On January 2, 2020, PT Portugal sold its 25% equity interest in OMTEL to Cellnex Telecom SA for total cash proceeds of approximately €200 million, as part of a larger transaction pursuant to which Cellnex acquired 100% of the share capital of OMTEL.

Agreement to dispose of 49.99% interest in FTTH assets in Portugal

On December 12, 2019, PT Portugal entered into an agreement with Morgan Stanley Infrastructure Partners regarding the sale of a 49.99% interest in PT OpCo’s fiber business, comprising of the fiber passive infrastructure assets and rights, related contracts and underlying agreements, thereby creating a nationwide fiber wholesaler in

Portugal. In April 2020, we carved-out the fiber business into a dedicated wholesale vehicle FastFiber. On April 17, 2020, we disposed of a 49.99% interest in FastFiber to Morgan Stanley Infrastructure Partners for cash consideration of €1,576 million received at closing, with additional €375 million to be received in December 2021 and, subject to certain performance ratchets, a further €375 million to be received in December 2026.

The shareholders' agreement provides for, among other things, a board of directors, which comprises of five members, with three directors appointed by PT Portugal and two directors appointed by Morgan Stanley Infrastructure Partners, subject to change based on the parties' percentage of ownership interests in FastFiber. The shareholders' agreement also establishes customary minority protective rights and provides that certain specified decisions are not permitted to be made without the consent of at least one director appointed by Morgan Stanley Infrastructure Partners or the consent of Morgan Stanley Infrastructure Partners in the shareholders' general meeting, as applicable, subject to certain conditions including a minimum ownership percentage by Morgan Stanley Infrastructure Partners. The shareholders' agreement also contains customary provisions regarding restrictions on the transferability of shares in FastFiber, rights of first refusal and rights of first offer and anti-dilution rights, in addition to an agreed dividend policy.

Pursuant to the Altice Portugal FTTH Transaction, PT OpCo has entered into a 25-year agreement with FastFiber, renewable for five-year periods, for the usage of carved-out fiber network, composed of both the dark fiber and also the FTTH and FTTE networks. FastFiber has also entered into a deployment and maintenance agreement of the fiber network.

Israel

Agreement with the State of Israel relating to ownership of our cable network

In July 2001, our predecessor companies entered into an agreement with the State of Israel pursuant to which they agreed to waive all claims against the State of Israel arising out of the grant of a satellite broadcast license to D.B.S. Satellite Services (1998) Ltd, an associate of Bezeq which provides satellite technology based multi-channel television services under the "YES" brand. In exchange, the State of Israel agreed to waive all of its claims and rights concerning cable infrastructure, such that our predecessor companies would hold all rights and title to the cable infrastructure in their respective concession areas and have the right to operate the cable network even after the end of the concession periods. The agreement, which was transferred to the Group as part of the Israeli cable consolidation process, sets out a payment mechanism based on revenues deriving from the use of the cable infrastructure pursuant to which we were required to make annual payments to the State of Israel until January 1, 2015. As of 2015, we are no longer obligated to pay such annual payments. However, we are required to pay certain amounts to the State of Israel, as provided in the agreement, in the event we sell any of our cable network assets or operations carried out via the cable infrastructure or in the event we issue securities through a public offering, investment or similar transaction.

Agreements with Bezeq relating to installation and maintenance of portions of our cable network

In the 1990s, certain of our predecessor companies entered into agreements with Bezeq for the purpose of planning, installing and maintaining the cable networks pursuant to which they intended to provide cable television services. The cable networks and the related agreements with Bezeq were transferred to the Group as part of the Israeli cable consolidation process. The agreements are valid until we have valid broadcasting licenses.

Under the terms of the agreements, Bezeq is required to maintain the portion of our cable network that passes through its ducts on an on-going basis and is also responsible for repairing breakdowns in the network. The scope of the agreements extends to the possibility of expanding the cable network to additional sites, connecting new homes and connecting new neighborhoods. Bezeq is permitted to terminate the agreements if we breach the agreements and have not cured such breach within six months of written notice from Bezeq. The agreements set forth a payment mechanism pursuant to which we pay Bezeq an annual amount representing capital expenditure and maintenance costs based on the length of the cable network passing through its ducts as well as one-time payments in respect of certain services provided by Bezeq. Capital expenditure costs are staggered over a 12-year period and the amounts payable to Bezeq are accordingly reduced by approximately 65% after 12 years of the delivery of each segment of the cable network. In July 2020, we entered into a new agreement with Bezeq, replacing the previous agreement. According to the new agreement, HOT will continue to use Bezeq's infrastructure but the maintenance of the network in such areas as well as the establishment of new network segments will be carried by HOT. We incurred total costs of NIS 50 million, NIS 51 million and NIS 49 million for the years ended December 31, 2018, 2019 and 2020 respectively, for services provided by Bezeq under these agreements.

Agreement with IBC Israel

On September 15, 2020, HOT announced the acquisition of a stake in IBC Israel. The transaction closed on February 11, 2021 following regulatory and third-party approvals. Following the closing of the acquisition, HOT became an equal partner in the IBC Partnership, an entity that holds 70% of IBC Israel's share capital, together with Cellcom and Israel Infrastructure Fund. HOT indirectly holds 23.3% of IBC Israel's share capital, through an investment of €45 million, substantially equal to the investment made by each of Cellcom and Israel Infrastructure Fund. IEC, Israel's Electricity Corporation, holds 30% shares of IBC Israel. As an integral part of the investment transaction, HOT entered into an agreement for the purchase of indefeasible rights of use (IRU) in infrastructure lines in IBC Israel, according to certain committed percentage increasing gradually, of the customers houses connected to IBC Israel's network. In addition, the parties signed an agreement for the provision of fiber optic deployment services, maintenance and other technical services by a corporation held by HOT to IBC Israel.

Agreement with Nokia Solutions and Networks relating to installation of the UMTS/LTE network

In June 2011, we entered into an agreement with Nokia Solutions and Networks ("**NSN**") for the establishment of the new UMTS network infrastructure pursuant to which we provide 3G mobile services to our customers. Under the terms of the agreement, NSN has agreed to plan and erect the new network infrastructure on a turnkey basis. NSN has also agreed to provide maintenance with respect to our mobile network.

In the first stage, completed in 2012, NSN satisfied its requirement to complete the network with coverage extending to 20% of the Israeli population according to our mobile license requirements. During 2013 and 2014, several amendments were made to the agreement with NSN postponing payments due under the agreement in return for an obligation which was issued in favor of NSN and guaranteed by HOT. In this framework of agreements HOT Mobile also confirmed receipt of a final instalment of key parts in relation to the aforementioned project.

In July 2014, an agreement was signed between HOT Mobile and NSN for the provision of equipment, hardware and software. In addition, HOT Mobile acquired the construction and integration services of the LTE core network for purposes of providing domestic roaming services and for adapting its network pursuant to the requirements of the Network Sharing Agreement with Partner. In July 2016, an amendment was made to the agreement regarding purchase of additional equipment and software as well as maintenance services for the core of the network for the years 2016 and 2017. In December 2019 and August 2020, HOT Mobile signed an extension to the Nokia agreement, for the year 2019 and 2020, respectively, and is currently negotiating with NSN for an extension for 2021.

Mobile Network Sharing Agreement with Partner in Israel

On November 8, 2013, HOT Mobile entered into a network sharing agreement (the "**Network Sharing Agreement**") with Partner pursuant to which HOT Mobile and Partner own equal shares of PHI, a newly formed limited partnership, that holds, develops and operates an advanced shared mobile network for both companies. Each party is required to maintain and operate its own core network and independently provide mobile communication services, including marketing and sales of such services, to its respective customer base.

On April 20, 2015, the Israeli Antitrust Authority and the Israeli Ministry of Communications provided regulatory approval for the Network Sharing Agreement subject to certain conditions including, among others, the prevention of the transmission of business information and technology (which does not require joint activity), and conditions relating to the management of PHI. The decision further stipulated that each party shall be entitled at all times, and at its sole discretion, to call a third party for provision of mobile communication services which are used in the core network of such party, and that PHI will not be a party to the agreement and shall not be entitled to payments made thereunder. However, from May 22, 2021 the Commissioner may revoke such regulatory approval if the Commissioner finds the partnership, its existence or its actions harm competition. As of the date hereof, such regulatory approval is still in place.

On August 9, 2015, PHI received its license to render Radio Cellular Infrastructure services for a period of 10 years.

The Network Sharing Agreement, among other things, regulates the management and development of the shared network and the management and governance of PHI (including a mechanism for appointing directors, the approval of business plans and certain decisions that require the approval of both parties). As consideration, HOT Mobile was required to pay Partner an initial amount and, thereafter, each party bears half of the capital expenditures required to establish and upgrade the shared network. The shared network operational expenditures are allocated in accordance with a prescribed mechanism based on, *inter alia,* the traffic volume usage of each party. HOT has provided a guarantee with respect to HOT Mobile's obligations under the Network Sharing Agreement and the Group may be required to provide an additional guarantee or a bank guarantee to Partner in the event that the Group's corporate rating is downgraded below a specified level.

The Network Sharing Agreement with Partner is valid until December 31, 2028 and provides for automatic renewals in five-year increments after December 31, 2028. However, at any time after the eighth anniversary of the effective date of the Network Sharing Agreement, either party may terminate the agreement by providing 24 months' prior notice. The Network Sharing Agreement may also be terminated by a non-defaulting party upon certain specified events, including a material breach, failure of a party to meet its funding obligations, termination of a party's license by the Israeli Ministry of Communications and the occurrence of certain insolvency events. The Network Sharing Agreement also provides for an exit plan upon termination. In January 2019, HOT Mobile and Partner signed an amendment to the Network Sharing Agreement with respect to the governance of PHI, effective on January 1, 2019. Following this amendment, the parties have joint control over PHI (compared to significant influence before the amendment); accordingly, PHI is accounted under the provisions of IFRS 11 (*Joint Arrangements*) as joint operation (recognition of HOT Mobile's interests in PHI's assets, liabilities, revenues and expenses) instead of equity method.

Dominican Republic

Agreement to Dispose of Dominican Tower Assets

On July 30, 2018, Altice Dominicana entered into an agreement with Phoenix Tower International, a portfolio company of Blackstone, for the sale of 100% of the shares of Teletorres del Caribe, comprising 1,039 sites then operated by Altice Dominicana (the "**Dominican Towers Transaction**"). The transaction valued Teletorres del Caribe at an enterprise value of $170 million. The closing of the Dominican Towers Transaction was announced on October 3, 2018. The consideration received was $168 million.

In connection with the Dominican Towers Transaction, Altice Dominicana and Teletorres del Caribe also entered into a 20-year master agreement relating to the continued deployment of Altice Dominicana's mobile network, pursuant to which Altice Dominicana had committed to building 450 build-to-suit sites by 2021. In April 2021, Altice Dominicana renegotiated the periods of deployment, which was extended up to 2025.

Seasonality

Although our businesses are not subject to significant seasonal effects, revenue from our pay TV, broadband internet access and fixed-line telephony operations tend to be slightly higher in the fourth quarter of the year and slightly lower in the third quarter of the year. As such, a major failure in the information systems or any part of the production and logistics chain during the year-end period could have a significant adverse effect on revenues due to the concentration of sales during this period. In Portugal, promotional campaigns at the time of the Easter and Mother's Day holidays also tend to increase our revenues in the second quarter and our revenues from our operations tend to be lower during the third quarter when the Portuguese summer holidays occur.

Intellectual Property

We use a variety of trade names and trademarks in our business, including "*Meo*" and "*M4O*" in Portugal, "HOT" in Israel, "Altice" in the Dominican Republic, "Altice Labs", "Altice Technical Services" and "Teads" and, in each case, several associated trademarks. We own all of the trademarks we use. All of our trademarks are protected in the jurisdictions in which we operate. We also rely on our access to the proprietary technology of Altice Labs. We do not possess any material patents, nor do we believe that patents play a material role in our business.

We license some of the television programming content for our pay TV offering from third-party providers. We own the copyright that subsists in the content developed or co-developed by us.

Employees

The Group has optimized its workforce with a view to build 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, we had 14,643 full time employees compared to 12,874 full time employees as of December 31, 2019.

In connection with an ongoing transformation process of the Group in Portugal, in a severe context resulting from the COVID-19 pandemic, some of the Group companies in Portugal have launched a voluntary employee reduction program in March 2021. This program is aimed at employees aged 50 years or more and others that decide to enroll in the program, subject to the company's acceptance, to have their employment agreements terminated and be entitled to receive a monthly fixed compensation up to the retirement age corresponding to a percentage of their previous remuneration. The deadline for employees to enroll in the program has finished in the second quarter of 2021, but the selection process of the employees that will be allowed to terminate their employment agreements under this pre-retirement scheme is still ongoing. As of March 31, 2021, we have reached agreements with approximately 750 employees and recognized a liability of €241 million in our financial statements corresponding primarily to the present value of salaries payable up to retirement age to the employees that agreed to terminate their employment agreements under pre-retirement schemes. Based on the information up to date, the Group expects to record an additional liability in the second quarter of 2021 relating to approximately 200 employees.

Labor Relations

We are subject to various labor laws in each of the jurisdictions in which we operate which typically govern the length of the workday, minimum wages for employees, procedures for hiring and dismissing employees, determination of severance pay, annual leave, sick days, advance notice of termination of employment, equal opportunity and anti-discrimination laws and other conditions of employment. Further, we are generally required to provide severance pay upon the retirement, death or dismissal of an employee. We are also required to make national insurance payments on behalf of our employees to the government in each of the jurisdictions in which we operate.

Some of our employees in certain countries in which we operate belong to organized unions and works councils. In certain jurisdictions, our operating companies are also subject to collective bargaining agreements with trade unions (for example, Portugal and Israel). In certain jurisdictions we have, in the past, faced several strikes by personnel as a result of headcount optimization or changes in our workforce. Some of these strikes disrupted our business and attracted adverse publicity.

In Israel, since July 2014, HOT recognizes the New General Histadrut of Workers as an organization representing the workers of HOT and HOT Telecom. On February 10, 2016, HOT signed collective agreements with the workers union and the New General Histadrut of Workers for a three year period, pursuant to which, among other things, the following items were agreed: (i) salary increases of up to 16% on average during the period of the agreement, including one-time increases of up to 10% for persons having a monthly salary less than NIS 9,000 and who have been employed for more than three years with HOT; (ii) a variety of miscellaneous benefits, such as protection against dismissal and giving preference to internal workers for promotions and appointments to managerial positions; and (iii) support for workers and their families, such as additional salaries to finance childcare, summer camps and health insurance. Subsequently, on October 31, 2016 a new collective agreement was signed between HOT Mobile, the HOT Mobile workers' committee and the New Workers' Histadrut, as the representative organization for HOT Mobile, the key points of which are as follows: (i) the agreement became effective on October 31, 2016 and had a three-year term; (ii) the employees (as defined in the agreement) were entitled to salary increases averaging up to 1.5% in the first two years of the agreement, with the salary increase in the third year of the agreement being negotiable; and (iii) the employees were entitled to receive a variety of benefits, including: (a) increased employee welfare budgets and signing bonuses; (b) employment security, such as arranging for a termination protection mechanism and arranging for placement while giving preference to internal workers; and (c) employee support, such as salary increases to finance summer schools, health insurance and an increased holiday bonus. The agreement was renewed in August 2020 for an additional term ending December 31, 2022.

We consider our relations with our employees to be satisfactory.

Employee Benefit Plans

Depending on the laws and practices in force in the countries in which we operate, we are subject to a variety of employee benefits obligations. For more information regarding our employee benefit obligations, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Defined Benefit and Defined Contribution Pension Plans*" and the Audited Financial Statements.

In Portugal, we are liable for certain post-retirement benefits, including pension supplements, healthcare benefits and remuneration of employees under suspension and pre-retirement agreements (which remuneration is paid on a monthly basis until such suspended/pre-retired employees reach the statutory retirement age). Under several defined benefit plans, PT OpCo is responsible for paying pension supplements to a group of employees. In order to finance these pension supplement obligations, PT OpCo incorporated various funds which are supervised by the Portuguese Insurance and Pension Funds Supervisory Authority and are not fully capitalized. Additionally, under a defined benefit plan, PT OpCo is responsible for paying healthcare expenses to a group of employees (covering 19,800 beneficiaries as of December 31, 2020, approximately 18% of which are still in service) and their relatives (covering 7,075 beneficiaries as of December 31, 2020). In 2004, PT Portugal established PT Prestações—Mandatária de Aquisições e Gestão de Bens, S.A., an autonomous fund to finance these obligations, which is managed by a subsidiary of PT Portugal. These obligations are not subject to any legal funding requirements and the autonomous fund is not supervised by the Portuguese Insurance and Pension Funds Supervisory Authority.

In Israel, our employee benefit plans are normally financed by contributions to insurance companies and classified as defined contribution plans or as defined benefit plans. We have defined contribution plans under which we pay regular contributions and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient amounts to pay all employee benefits relating to employee service in the current and prior periods. In addition, we have a defined benefit plan in respect of severance pay pursuant to the Severance Pay Law, 5723-1963, according to which employees are entitled to receive severance pay upon dismissal or retirement. In respect of our severance pay obligations to certain employees, we make current deposits in pension funds and insurance companies. Plan assets comprise assets held by a long-term employee benefit fund or qualifying insurance policies and are not available to the Group's own creditors and cannot be returned directly to the Group.

Properties

We lease and own certain properties for our corporate offices, sales offices, broadcast centers, communication rooms, customer service centers, sales stores, mobile network sites, hubs, switches and head-end sites. The corporate offices with respect to our Portuguese operations are located in Lisbon, Portugal, our Israeli operations in Yakum (near Tel Aviv) and our Dominican Republic operations in Santo Domingo.

In each of the jurisdictions in which we operate we own or lease a mixture of real estate assets, including "office" sites made up of customer service centers or offices, "mixed" sites made up of both offices and technical sites, "technical" sites and premises for the hosting of telecommunications equipment and IT servers and "commercial" premises and sites of brick-and-mortar stores. Our principal network assets consist of cable operating plant and equipment, including signal receiving, encoding and decoding devices, headend facilities, fiber optic transport networks, coaxial and distribution systems and equipment at or near customers' homes or places of business for each of our networks. We also own datacenters in a number of countries in which we operate.

Further, in March 2021, HOT Mobile entered into an agreement with a company of the Israeli retail group FOX ("**FOX**") for the establishment of a new corporation, in which a 51% stake will be held by HOT and 49% by FOX. The new corporation will engage in the establishment and operation of concept stores for the sale of mobile devices, accessories and other communication and multimedia products, under a joint brand.

We believe that our properties meet our present needs and are generally well-maintained and suitable for their intended use. We believe that we generally have sufficient space to conduct our operations but maintain flexibility to move certain operations to alternative premises.

Environmental Matters

We are subject to a variety of laws and regulations relating to land use, environmental protection and health and safety in connection with our ownership of real property and other operations, including laws regulating non-ionic radiations emitted as a result of our mobile services. While we could incur costs, such as clean-up costs, fines and third party claims for property damage or personal injury, as a result of violations of or liabilities under such laws or regulations, we believe we substantially comply with the applicable requirements of such laws and regulations and follow standardized procedures to manage environmental risks. Given our activities and our current property, plant and equipment, we believe that there are no environmental factors likely to have a significant impact on the use of our current property, plant and equipment, other than as disclosed in "*Risk Factors—Risks Relating to Our Business, Technology and Competition—Our business may be adversely affected by actual or perceived health risks and other environmental requirements relating to exposure to electromagnetic fields through telecommunications equipment*".

Furthermore, we are also careful to offer our subscribers ecologically responsible products and services in order to reduce their energy consumption. Due to their versatility and multifunctionality, our set-top boxes represent a significant advance in this respect, since they combine several functions (Blu-Ray TM reader, TV-HD decoder and removable hard drive) into one device.

Insurance

We maintain a property insurance policy with wide coverage based on "extended fire" wording to cover our property on a new replacement basis. In certain of our geographies, including Israel, we also maintain a business interruption policy based upon the same perils. The property coverage is supported by coverage for electronic equipment. We maintain various liability insurance policies including general liability, comprehensive third-party liability, products liability and professional liability, multimedia liability and employer's liability insurance policies. In addition to these policies we maintain motor vehicle insurance policies, a heavy equipment policy, an open policy for contract works to cover maintenance and development works. We do not insure against certain operational risks for which insurance is unavailable or which can only be insured at what we believe to be on unreasonable terms.

In our view, the sum insured, the limits of liability, the deductibles and scope of cover in our policies are satisfactory and suitable for companies acting in the telecommunications sector (subject to the wording of the policies, conditions and exclusions). However, we cannot guarantee that no losses will be incurred or that no claims will be filed against us which go beyond the type and scope of the existing insurance coverage. With respect to the majority of our businesses, we do not insure against war and terrorism risks, but we believe we are covered in Israel by the Property Tax and Compensation Fund Law 1961.

Legal Proceedings

We are involved in a number of legal and administrative proceedings arising in the ordinary course of our business. The legal proceedings initiated against us include, amongst others, the following categories of claims: claims by or on behalf of customers on various grounds such as alleged misrepresentation or breach of service or license terms or breach of telecommunication, broadcasting, consumer or health and safety regulations, intellectual property claims primarily relating to alleged copyright infringement brought by copyright collection societies, claims by suppliers and other telecommunications providers, claims by employees and claims by the regulatory bodies whose jurisdiction we are subject to in the countries in which we operate. In Israel, a majority of legal proceedings against us are suits seeking certification as class action suits. The Israeli Class Action Law that was enacted in 2006 significantly expanded the grounds for certification of class action suits as well as the persons entitled to submit a class action suit as a result of which the number of such proceedings against us has increased significantly and may continue to increase in the future.

We proactively manage our litigation risks by assessing disputes where we believe the claimant may have merit and attempting to settle such disputes on favorable terms, including in the case of suits seeking certification as class action suits at a stage prior to such certification, and contesting others where we believe the claim does not have merit. We record a provision when there is a sufficient probability that a dispute will result in a loss for the Group and the amount of such a loss can be reasonably estimated. Other than as discussed below, as of the date hereof, we are not aware of any administrative, judicial or arbitral proceedings (including any pending or threatened proceedings) that are likely to have, or have had, over the course of the last twelve months a material adverse effect on our financial condition or results of operations. The outcome of legal proceedings, however, can be extremely difficult to predict with certainty, and we can offer no assurances in this regard.

We have recorded provisions for claims, legal actions and tax contingencies in Portugal, Israel and the Dominican Republic amounting to €101 million, €44 million and €5 million, respectively, in each case as of March 31, 2021, to cover the Group's probable future cash outflows relating to such matters. Those amounts are recorded in the

Statement of Financial Position under the lines ‘Provisions - current and non-current’, ‘Current tax liabilities’ and ‘Deferred tax liabilities’ in the Unaudited Financial Statements.

Portugal

The PT Portugal Group is subject to several claims, legal actions and tax contingencies for which the risk of loss is considered probable. Significant litigation involving the PT Portugal Group is further described below.

Tax proceedings

We estimate that the cumulative balance of probable tax contingencies arising from tax audits conducted by Portuguese tax authorities on various companies within the PT Portugal Group amount to €58 million as of March 31, 2021.

The provision covers risks related mainly to the deductibility of capital losses on the disposal of financial investments and VAT on indemnities charged as result of the breach of loyalty contracts, entered into with post-paid customers. The VAT contingency relates to both the fixed and mobile businesses and covers years since 2012. The assessment for the VAT of the mobile business in 2012 has been submitted to an arbitral tribunal, which decided to refer the matter to the Court of Justice of the EU (“**CJEU**”) for a preliminary ruling. On November 22, 2018, the CJEU issued a decision which was unfavorable to PT OpCo, concluding that, under certain circumstances, indemnities should be charged with VAT, and at the same time concluding that ultimately VAT should only be assessed based on indemnities received from customers. The tax assessments of the fixed-line business in 2012 and both the mobile and fixed-line businesses in 2013 and 2014, were submitted to the arbitral tribunal as well, and all proceedings were suspended pending the decision of the CJEU. Following the CJEU’s decision, PT OpCo was notified of the arbitral tribunal’s decisions, all unfavorable, although concluding that VAT should only be assessed based on indemnities received from customers, which is less than 20% of the overall indemnities invoiced. For all the processes against the arbitral court decisions PT OpCo presented appeals to the TCA (Central Administrative Court). For the year 2015, the contingency was annulled following the voluntary tax payment made by PT OpCo under that year’s tax inspection. A similar approach was followed in relation to the years 2016, 2017 and 2018. For the following years it is not certain that tax authorities will accept a similar adjustment.

In addition, we have received certain tax assessments from the tax authorities questioning the deductibility of certain interest expenses incurred between 2005 and 2010 for income tax purposes (€236 million as of March 31, 2021). We strongly disagree with these assessments and believe, based on the opinion of our tax advisors, that there are solid arguments to oppose the position of the tax authorities. We do not consider the losses related to these tax contingencies to be probable.

Further, PT OpCo has received a preliminary tax inspection report for the year 2018 in which the tax authorities are proposed a stamp tax correction of €29 million relating to the Portuguese Towers Transaction. PT OpCo submitted its preliminary defense on May 24, 2021, but the tax authorities maintained their position in their final tax inspection report. MEO is now required to pay or present a guarantee by the end of August 2021 and it has until the end of the year to present an administrative claim. PT OpCo intends to counter the possible correction. As of March 31, 2021, the amount of provision recorded in the Unaudited Financial Statements in relation to this tax inspection is €0 (nil).

Regulatory and Civil Proceedings

Optimus—Interconnection agreement

In 2001, Optimus—Comunicações S.A. (now “**NOS**”) brought an action against Telecomunicações Móveis Nacionais (“**TMN**”) relating to prices charged by TMN to NOS for mobile interconnection services. TMN transferred the receivables from NOS to PTC (PT Portugal’s fixed operation at the time, now PT OpCo) and subsequently PT OpCo offset those receivables with payables due to NOS. NOS argued for the annulment of the offset amount and claimed the amount of payables originally due to NOS plus accrued interest. In August 2015, the court decided that the transfer of the interconnection receivables from TMN to PT OpCo, and consequently the offset of such receivables, was invalid. The court therefore ruled against PT OpCo, ordering the payment of approximately €35 million in payables and interest. PT OpCo appealed to the Court of Appeal in October 2015. In September 2016, PT OpCo was notified of the decision from the Court of Appeal which confirmed the initial ruling against PT OpCo, as a result of which PT OpCo decided to appeal to the Supreme Court. On March 13, 2017, PT OpCo was notified of the Supreme Court's decision of dismissal of its appeal, following which it appealed to the Constitutional Court. On January 8, 2018, the Constitutional Court notified PT OpCo that it had dismissed the appeal. PT OpCo subsequently appealed to the Constitutional Court Conference which decided not to accept the appeal. In July 2018, PT OpCo paid €41 million to NOS as a result of these proceedings. NOS claimed an additional amount of interest during the judicial procedure and is now claiming an additional payment of €5 million. The legal action by PT OpCo was submitted in February 2019. On May 8, 2020, PT OpCo received the first instance sentence that absolves PT OpCo of the request by NOS. NOS appealed to the higher court that, on January 15, 2021, ordered PT OpCo to pay the total amount requested by NOS. PT OpCo appealed to the Supreme Court in February 2021.

ANACOM litigation

PT OpCo is subject to several outstanding proceedings filed by ANACOM, although PT OpCo has not yet received formal notifications for some of these proceedings. The proceedings include matters such as the violation of rules relating to portability, DTT, the non-compliance of obligations under the universal service obligations (fixed voice and public phones) and restricting the access to phone numbers starting at 760. Historically, PT OpCo paid amounts significantly lower than the administrative fines set by ANACOM in final decisions. The initial value of the proceedings is normally set at the maximum applicable amount of the administrative fine until the final decision is formally issued.

We are regularly involved in regulatory inquiries and investigations involving our operations, including by ANACOM, regarding our compliance with applicable laws and regulations. See "*Risk Factors—Risks Relating to Legislative and Regulatory Matters—We are subject to significant government regulation and supervision, which could require us to make additional expenditures or limit our revenues and otherwise adversely affect our business, and further regulatory changes could also adversely affect our business*" and "*Risk Factors—Risks Relating to Legislative and Regulatory Matters—We can only operate our business for as long as we have licenses from the relevant authorities in the jurisdictions in which we operate and we may not be able to obtain, retain or review the licenses and authorizations necessary for conducting our activities*".

As of March 31, 2021, we had ongoing administrative proceedings initiated by ANACOM in an aggregate amount of approximately €37 million (though the maximum possible fine for an individual proceeding is capped at €5 million). We believe that most of the complaints that have resulted in such investigations should be dismissed due to the nature of the alleged abuses. However, if we are found to be in violation of applicable laws and regulations in these or other regulatory inquiries and investigations, we could become subject to penalties, fines, damages or other sanctions.

Zon TV Cabo Portugal—Violation of portability rules

In 2011, NOS (known as Zon TV Cabo Portugal at the time of the proceeding) initiated legal proceedings against PT OpCo, claiming that the latter had not complied with the rules applicable to the portability of fixed numbers. NOS is seeking €22 million in damages corresponding to profits allegedly lost due to unreasonable rejections by PT OpCo and the delay in providing the portability of numbers. An expert appointed by each party as well as a third party expert evaluated this matter and presented a final report to the court in January 2019 and the final court hearing is scheduled for October 2021.

Municipal taxes and rights-of-way

Pursuant to a statute enacted on August 1, 1997, as an operator of a basic telecommunications network, we were exempt from municipal taxes and rights-of-way and other fees with respect to our network in connection with our obligations under the concession. The Portuguese government has advised us in the past that this statute confirmed the tax exemption under our concession and that it will continue to take the necessary actions in order for us to maintain the economic benefits contemplated by the concession.

Law 5/2004, dated February 10, 2004, established a new rights-of-way regime in Portugal whereby each municipality may establish a fee, up to a maximum of 0.25% of each wireline services bill, to be paid by the customers of those wireline operators whose network infrastructures are located in each such municipality. Meanwhile, Decree-Law 123/2009, dated May 21, 2009, clarified that no other tax should be levied by the municipalities in addition to the tax established by Law 5/2004. This interpretation was confirmed by the Supreme Administrative Court of Portugal in several legal actions.

Some municipalities, however, continue to hold the position that Law 5/2004 does not expressly revoke other taxes that the municipalities wish to establish because Law 5/2004 is not applicable to public municipalities. Currently, there are legal actions with some municipalities regarding this matter and some of the municipalities have initiated enforcement proceedings against us to demand the payment of those taxes.

Vodafone Portugal—Network Sharing Agreement

In 2014, Vodafone Portugal and PTC (now PT OpCo) signed an agreement for the acquisition of exclusive rights of use of the PON network. The agreement contained the possibility of access to the installed infrastructure owned by each of the parties to offer new generation services and integrated offerings of voice, internet and television services autonomously in the retail market. In 2015, PT OpCo informed Vodafone Portugal that it has decided to individually develop a new plan for the expansion of its fiber optic network, both in geographical areas already covered by a new generation network and in other geographical areas, while continuing to comply with their agreement. Vodafone Portugal nonetheless states that this was a breach of the agreement and submitted a claim for damages of approximately €132 million to an arbitral tribunal. In June 2018, PT OpCo filed a defense to the claim in which it opposed Vodafone Portugal's submissions. A preliminary hearing took place in February 2019, following which the court asked experts to review information provided by Vodafone Portugal supporting its alleged damages and losses. The experts' reports have been submitted to the court and the deadline for both parties to comment was the end of October 2020. PT OpCo and Vodafone responded to the experts analysis, asking for clarification on some of the elements of the expertise, and the court gave the experts a period of time until the end of March 2021 to respond. The experts' reports have been submitted to the court and the judgment sessions are scheduled to start in October 2021.

European Commission investigation into PT Portugal Acquisition

After having approved the PT Portugal Acquisition on April 20, 2015, the EC initiated an investigation into infringement by Altice Europe of the obligation of prior notification of concentrations under Article 4(1) of the Merger Regulation and/or of the stand-still obligation laid down in Article 7(1) of the Merger Regulation. The EC issued a statement of objections on May 18, 2017 alleging that Altice Europe breached the Merger Regulation by implementing the PT Portugal Acquisition before notification or approval by the EC as required under applicable law. On August 18, 2017, Altice Europe submitted a full response to the statement of objections in which it contested all of the objections and requested that a hearing take place. A hearing took place in Brussels on September 21, 2017. On April 24, 2018, the EC notified the Altice Europe Group of its decision to impose upon it a fine of €125 million on the basis of a finding that the Altice Europe Group infringed the prior notification obligation of a concentration under Article 4(1) of the EU Merger Regulation as well as the stand-still obligation under Article 7(1) of the Merger Regulation. The Altice Europe Group disputes the EC's decision and on July 5, 2018, the Altice Europe Group filed an appeal against the decision before the GCEU seeking annulment of the decision or, at the very least, a significant reduction in the fine imposed. On July 25, 2018, we issued a bank guarantee to the EC in relation to the fine for an amount of €125 million. The appeal proceedings before the GCEU are currently ongoing and certain details relating to the status of the matter are set out below.

On November 6, 2018, the Council of the EU filed an application to intervene in the case. On November 30, 2018, the EC lodged a defense, to which Altice Europe replied on February 25, 2019, in line with the submissions set forth in its appeal. On March 15, 2019, Altice Europe filed its observations on the Statement of intervention of the Council of European Union, to which Altice Europe received the EC's observations on March 18, 2019. The EU filed its rejoinder to Altice Europe's reply on May 10, 2019. Altice Europe submitted a reasoned request for a hearing on May 29, 2019. On March 10, 2020, Altice Europe received from the General Court an invitation addressed to all the parties to submit observations regarding the possible consequences of the CJEU judgment on another case. On March 25, 2020, Altice Europe lodged its observations and reiterated its submission filed on May 29, 2019. On March 23, 2020, the EC and the Council of the EU lodged their observations, wherein they concluded that Altice Europe's application should be rejected. On June 3, 2020, Altice Europe received the decision from the General Court to open the oral part of the procedure. On July 21, 2020, Altice Europe received the report for the hearing prepared by the Judge Rapporteur summarizing the facts relied on and the arguments of each party and of the Council as the intervener. The hearing took place on September 24, 2020 and on October 5, 2020, Altice Europe sent a letter to the General Court with some observations to respond to a question posed by the Judge Rapporteur during the hearing. On November 16, 2020, Altice Europe received the decision from the General Court to reopen the oral part of the procedure, to hear the other parties on Altice Europe's observations and to request the EC to produce certain documents. On December 10, 2020, Altice Europe received a copy of the EC's and the Council's responses. On January 7, 2021, Altice Europe sent its observations to the EC's reply. On

January 12, 2021, Altice Europe received the decision from the General Court to close the oral part of the procedure. The judgement on the matter is scheduled for September 22, 2021.

As of March 31, 2021, a liability of €130 million (including accrued interest) is recorded at Altice Portugal, as it is the acquiring entity of PT Portugal. These proceedings do not affect the approval granted by the EC for the PT Portugal Acquisition.

Potential claims

PTC is subject to a potential compensation claim brought by Estradas de Portugal relating to PTC's use of a technical road channel between 2007 and 2014. As of the date hereof, no formal legal proceedings have been initiated with regards to these claims.

National Commission for Data Protection

PT OpCo has several outstanding proceedings filed by the National Commission for Data Protection ("**CNPD**"), for some of which PT OpCo has not yet received formal condemnations. This includes matters such as the violation of rules relating to marketing contact with clients and alleged non-compliance of obligations under the database of debtors to telecom operators.

Historically, PT OpCo paid significantly lower (or even no amounts) of the administrative fines set by CNPD in final decisions. The initial value of the proceedings is normally set at the maximum applicable amount of the administrative fine until the final decision is formally issued. The existing processes are still in progress and the new ones are being prepared for the defense phase.

Portuguese Competition Authority investigation

On December 20, 2019, PT OpCo received a Statement of Objections from the Portuguese Competition Authority regarding its preliminary view that both PT OpCo and NOWO, which operates as an MVNO using PT OpCo's network, were part of a cartel for market sharing and price fixing of mobile services, sold either on a standalone basis or in bundles of fixed and mobile telecommunications services. The Portuguese Competition Authority concluded that this alleged illegal practice took place between 2017 and 2018. PT OpCo firmly denies the existence of any cartel.

On February 19, 2020, PT OpCo submitted its written defense to the Statement of Objections. On December 3, 2020, the Portuguese Competition Authority notified PT OpCo of its decision to impose a fine of €84 million for market sharing and price fixing of mobile and fixed telecommunications services with NOWO. On January 18, 2021, PT OpCo filed a judicial appeal against the decision before the Competition, Supervision and Regulation Court to request the decision to be annulled and to be acquitted of all charges. As of March 31, 2021, the provision recorded in relation to this matter in our financial statements is €0 (nil).

Portuguese Competition Authority investigation – Google AdWords

On July 17, 2020, the Portuguese Competition Authority issued a Statement of Objections regarding its preliminary view that PT OpCo, NOS Comunicações, NOWO – Communications, S.A. and Vodafone Portugal – Comunicações Pessoas, S.A. were part of an agreement in accordance with which these entities would not bid for certain key Google AdWords of the other operators, which in accordance with the Portuguese Competition Authority is similar to an agreement to indirectly fix the acquisition price of certain Google AdWords related to the retail telecommunications market. The Portuguese Competition Authority concluded that telecommunications operators distorted competition of the Portuguese online search advertising, between 2010 and 2018 in the case of PT OpCo. The maximum fine applicable for this kind of infraction corresponds to 10% of the entity's turnover.

PT OpCo submitted its written defense to the Statement of Objections on October 2, 2020 and is still awaiting a decision. Management determined that it cannot estimate the probability of the outcome of this case and as such no provision was recognized as of March 31, 2021.

Israel

Certain class action suits in Israel

From time to time, HOT and its subsidiaries are involved in class action litigation relating to claims arising out of its operations in the ordinary course of business. As of the date hereof, certain of the material pending class action suits filed against HOT and its subsidiaries include: (i) a suit for alleged breaches of certain subscribers' agreements and misleading subscribers when increasing prices of services, (ii) a suit alleging discrimination by HOT between customers in relation to subscription fees, (iii) a suit alleging that HOT has not upheld its obligations to (a) establish, maintain and operate a public, nation-wide telecommunication network and (b) use the network to provide telecommunications services and multi-channel television services to public subscribers throughout the country, specifically in Arab communities, (iv) a suit alleging broadcasting of commercials on sports channels in violation of the relevant regulation, (v) a suit alleging violation by HOT and HOT Telecom of regulatory obligations regarding response time in call centers, (vi) a suit regarding sales of channels, (vii) a suit regarding electricity charges for amplifiers in apartment buildings, (ix) a suit regarding invoicing of modems; (viii) a suit regarding delays in disconnecting subscribers and (ix) a suit regarding the allegedly unlawful extension of customer contracts. As of March 31, 2021, a provision of NIS 59 million is recorded at HOT in relation to the pending class action suits.

Historically, such class action litigation brought against us has either been dismissed or settled for an amount significant lower than the damages claimed. We do not believe any of these matters individually, or in the aggregate, will have a material adverse effect on our financial position or results of operation.

Tax proceedings

On July 4, 2019, HOT signed a compromise agreement with the Israeli Tax Authorities for an amount of €8 million (NIS 31 million) related to tax assessment for periods 2015-2016. As of March 31, 2021, there were several tax contingencies against Cool Holding and HOT for which the risk of loss is considered probable. For these contingencies, we recorded provisions amounting to €29 million (NIS 115 million) as of March 31, 2021.

VAT proceedings

On April 29, 2021, in relation to the VAT audit conducted by the Israeli VAT Authority for the tax years 2013-2019, Cool Holding and Hadaros received a VAT reassessment notice for a total amount of €151 million. The VAT assessment is related to accrued interest on intercompany bonds issued by Cool Holding and Hadaros. Cool Holding and Hadaros intend to dispute the reassessments and has been provided with an extension for filing a tax appeal until October 3, 2021. As of March 31, 2021, no provision has been recorded in the Unaudited Financial Statements in relation to these VAT reassessments.

REGULATION

General

Our business is subject to various regulatory requirements and obligations including communications and broadcasting laws, general antitrust law, environmental, health and safety laws, planning and construction laws, consumer protection laws as well as technical and other regulations in each of the jurisdictions in which we operate. Such laws and regulations are promulgated and enforced to varying degrees by supranational regulators such as the EC and national, state, regional and local authorities. The ever-changing regulatory environment can have a material effect on our activities. Certain key provisions of the regulations governing our activities in Israel, Portugal, Luxembourg and the Dominican Republic as of the date hereof are set forth below. This description is not intended to be an exhaustive description of all regulation in this area nor a review of specific obligations which have been imposed on us.

Portugal

Liberalization of the Portuguese telecommunications market

The first Portuguese telecommunications regulatory framework was enacted in 1989 under Law 88/89 of September 11, 1989, to regulate the opening of the telecommunications network to private enterprises. This initial regulatory package divided the industry into two main areas: (i) a state owned and monopolistic basic telecommunications network and services, which meant the fixed national telephony services and some associated facilities, run by the publicly owned companies that in 1995 merged to form the PT Group; and (ii) the so called complementary services which assembled a large group of mainly private operators ranging from mobile wireless operators (using GSM), paging, trunking, VSAT and data transmission (using mainly Frame Relay and X25 protocols).

Following the 1996 revision of the EU's ONP Directives (e.g. Directives 96/2/EC, 96/19/EC and 97/13/EC), in August 1997, the Portuguese government decided to revise the whole regulatory structure and submitted to Parliament a new Telecommunications Bill aimed at establishing "the general bases that regulate the establishment, management and operation of telecommunications networks and the provision of telecommunications services" later enacted as Law 91/97 of August 28, 1997. The adoption of a "full liberalization" principle accelerated the progressive opening of the Portuguese telecommunications market to new entrants, and was completed on January 1, 2000, with the end of Portugal Telecom's legal monopoly over fixed-telephony services.

Legal framework

Following the major review of existing EU telecommunications law that resulted in the adoption of a new regulatory framework for electronic communications in 2002, known as the "Review 99" Directives, the Portuguese Parliament enacted Law 5/2004 of February 10, 2004 (the "**2004 Communications Law**"). The new legislation transposed the EU Review 99 package Directives and regulations to national law and revoked all previous regulations containing provisions related to general market framework, licensing, interconnection and all telecommunications networks and service provision, with the exception of radio communications, telecommunications infrastructure and supply of electronic equipment.

In 2011, Law 51/2011 of September 13, 2011, amended the 2004 Communications Law, transposing other EU Directives into national law. The 2004 Communications Law was further amended several other times, including (among other statutory instruments) by Law 10/2013, of January 28, 2013, and Law 15/2016, of June 17, 2016, which introduced additional consumer protection rules. The last amendment occurred in 2020 with the enactment of Decree-Law 49/2020, of August 4, 2020. Although some provisions of the 2004 Communications Law already dealt with data privacy issues, the Privacy and Electronic Communications Directive (Directive 2002/58/EC) was transposed by Law 41/2004 of August 18, 2004, which was further amended by Law 46/2012, of August 29, 2012.

Regulatory Institutions

- *European Commission.* The Directorate General for Competition of the EC, is responsible for assessing, investigating and sanctioning potential conducts in breach of the key provisions of the Treaty on the Functioning of the European Union ("**TFEU**") relating to competition in the EU (in result of third party complaints, *ex officio* investigations or, if applicable, leniency requests). Among other things, the TFEU prohibits (i) agreements or coordinated action between competitors that may affect trade between the EU

Member States and have as their objective or effect the prevention, restriction or distortion of competition within the EU and (ii) any abuse of dominant position in certain markets within the EU that may affect trade between the EU Member States. The Directorate General for Competition enforces these rules in cooperation with national competition authorities. In addition, national courts have jurisdiction over violations of EU competition law. The Directorate General for Communications Networks, Content & Technology (DG Connect) of the EC is responsible for, among others, coordinating the regulatory framework for competition and growth over the entire range of issues in the telecommunications field: economic analysis, impact assessment, policy development and regulatory compliance. The EC can impose the termination of certain conducts, impose structural measures, if applicable, as well as impose fines not exceeding 10% of the turnover, in the last financial year, of the undertaking in breach.

- On December 20, 2018, Directive 2018/1972, of the European Parliament and of the Council, of December 11, 2018 formally adopted the European Electronic Communications Code ("**EECC**"). The EECC is expected to have an impact over both the activities of telecommunications networks and services providers as well as the national regulators in the EU Member States. Pursuant to Article 33 of EECC, the EC shall be afforded with certain veto powers over the decisions of national regulators, such as ANACOM, regarding imposition of remedies to operators found to have significant market power. Portugal had until December 2020 to transpose the EECC to domestic legislation.

- *ANACOM*. ANACOM (*The Autoridade Nacional de Comunicações*), the Portuguese telecommunications regulator advises the Portuguese government on telecommunications policy and legislation and monitors compliance with concessions, licenses and permits granted to telecommunications networks and services providers in Portugal. The Portuguese government has substantially increased the autonomy of ANACOM and has allowed it to become a more effective and independent regulatory body. ANACOM acts on complaints against us by our competitors, our customers and other interested parties. It can impose fines on us if we do not meet our obligations under the law or its determinations. ANACOM's decisions are subject to judicial review. The current version of the bylaws of ANACOM was approved by Decree Law 39/2015 of March 16, 2015.

- *Portuguese Competition Authority.* Our activities are also overseen by the Portuguese Competition Authority (*Autoridade da Concorrência*), which is responsible for the public enforcement of competition law in Portugal, derived from ex officio investigations, complaints by third parties and, when applicable, leniency requests. The relevant Portuguese provisions, Articles 9 and 11 of the Portuguese Competition Act, Law 19/2012, of May 8, mirror, respectively, Articles 101 and 102 of TFEU. The Portuguese Competition Authority is also competent to assess potential breaches of the TFEU's competition rules. The Portuguese Competition Authority can impose the termination of certain conducts, impose structural measures, if applicable, as well as impose fines not exceeding 10% of the turnover, in the last financial year, of the undertaking in breach. Under Portuguese law, we are permitted to appeal any adverse decision of the Portuguese Competition Authority. The Portuguese Competition Authority's decisions are subject to judicial review by the Competition Court, which also has jurisdiction over private enforcement action brought by private parties harmed by a potential competition law infringement.

- *ERC.* The Entidade Reguladora para a Comunicação Social (the "**ERC**"), is the independent regulatory authority for the Portuguese media. ERC's primary responsibilities are the regulation and supervision of all entities that undertake media activities in Portugal. The ERC is a legal entity endowed with administrative and financial autonomy. The ERC oversees compliance with respect to fundamental rights such as freedom of the press, right to information, independence from political and economic power and freedom of speech. It is also responsible for monitoring compliance by all companies operating in the media sector, with standards for media and broadcast content, as well as for promoting the proper and effective functioning of the market where such companies operate. The ERC's decisions may affect, among others, news agencies, periodicals, radio or television operators, and radio and television distribution operators.

- *CNPD—Comissão Nacional de Proteção de Dados*. The Comissão Nacional de Proteção de Dados is the Portuguese Data Protection Authority. It is an independent body, with powers of authority throughout the Portuguese national territory. It is endowed with the power to supervise and monitor compliance with the laws and regulations in the area of personal data protection.

Key legislation

The key statutes and regulations setting the current telecommunications legal framework in Portugal are:

- The 2004 Communications Law, as last amended by Decree Law 49/2020 of August 4, 2020;
- Decree Law 39/2015 of March 16, 2015, which approved the current by-laws of ANACOM;
- Law 67/2013 of August 28, 2013, which establishes a general framework for regulatory authorities, as amended;
- Law 42/2013 of July 3, 2013, which sets out rules on selective communication barring, namely regarding value added services;
- Law 23/96 of July 26, 1996, on the provision of essential public services, as amended;
- Law 10/2013 of January 28, 2013, on the strengthening of electronic communications services consumer protection;
- Law 55/2012 of September 6, 2012, on the financing of audio-visual and independent cinema works, as amended (the "Cinema Law");
- Decree Law 56/2010 of June 1, 2010, on the unlocking of terminal equipment to allow access to electronic communication services;
- Decree Law 123/2009 of May 21, 2009, as last amended by Decree Law 95/2019, of July 18, 2019, setting up rules on the access to infrastructure suitable for usage by telecom services (ITUR and ITED regulations);
- Law 99/2009 of September 4, 2009, approving the legal framework of administrative offences within the communications sector, as amended;
- Administrative Rule 1473-B/2008 of December 17, 2008, as last amended by Administrative Rule 157/2017 of May 10, 2017, on regulatory fees;
- ANACOM Regulation 58/2005 of August 18, 2005, as last amended by ANACOM Regulation 257/2018, of May 8, 2018 (in turn, amended by ANACOM Regulation 85/2019, of January 21, 2019), on number portability;
- Law 41/2004 of August 18, 2004, regulating the processing of personal data and the protection of privacy in the electronic communications sector, as amended;
- ANACOM Regulation 38/2004 of September 29, 2004, on the procedures for the collection and delivery of the MFRW to municipalities;
- Decree Law 7/2004 of January 7, 2004, on information society services and electronic commerce, as amended;
- Law 27/2007, of July 30, 2007, which approved the television law, as amended;
- Law 54/2010 of December 24, 2010, as last amended by Law 78/2015 of July 29, 2015, on radio activities;
- Decree Law 151-A/2000 of September 28, 2000, as last amended by Law 82-B/2014 of December 31, 2014, regarding the licensing of the radio-communications networks;
- Decree Law 57/2017 of June 9, 2017, which approves rules on the making available on the market of radio equipment, as amended by Decree Law 9/2021 of January 29, 2021;
- Law 59/2019 of August 8, 2019, on the protection of personal data;
- ANACOM Regulation 303/2019, on the security and integrity of the electronic communications services and networks;
- ANACOM Regulation 987-A/2020, on the attribution of rights of use for the 700 MHz, 900 MHz, 1800 MHz, 2.1 GHz, 2.6 GHz, and 3.6 GHz (5G) frequency bands; and

- Law 19/2012, of May 8, 2012, which approved the Portuguese Competition Act, as amended.

EU Regulatory Framework and Relevant Markets

The EU regulatory framework for electronic communications networks and services consists of five directives governing procedures, authorizations, access, universal service and data protection; a recommendation on relevant product and service markets within the electronic communications sector subject to "*ex ante*" regulation under a common regulatory framework for electronic communications networks and services; and two regulations, one concerning the Body of European Regulators for Electronic Communications (BEREC), the other concerning the so-called "TSM—Telecom Single Market" (which encompasses roaming on public mobile communications networks, net neutrality and international calls and SMS in the EU). EU directives, regulations and recommendations, which adopt competition law principles such as market dominance for the designation of significant market power and the definitions of relevant product and geographic markets, which may be subject to "*ex ante*" regulation, have involved constant changes and refinements to this framework. The framework focuses on issues such as reinforcing consumer rights, encouraging competitive conditions among operators to increase consumer choice, promoting investment in new communications infrastructure (such as by freeing spectrum for the provision of broadband services) and ensuring network security and integrity.

Directive (EU) 2018/1972, of the European Parliament and of the Council approved the EECC. The deadline for the transposition of this directive into national law was December 21, 2020. Directives 2002/19/EC, 2002/20/EC, 2002/21/EC and 2002/22/EC (part of the current EU regulatory framework for electronic communications networks and services) were repealed with effect as of December 21, 2020. As of the date hereof, Portugal has not yet transposed Directive (EU) 2018/1972 into national law.

Under the current regulatory framework, national regulators may impose *ex-ante* obligations on operators found to have significant market power in any of the five wholesale markets identified by the EC.

When considering that any of the abovementioned markets is not susceptible to *ex-ante* regulation in the specific national circumstances, national regulatory authorities should demonstrate, and the EC will verify, that at least one of the following criteria is not met: (i) the presence of high and non-transitory structural, legal or regulatory barriers to entry; (ii) a market structure which does not tend towards effective competition within the relevant time horizon, having regard to the state of infrastructure-based and other competition behind the barriers to entry; and (iii) competition law alone is insufficient to adequately address the identified market failure(s).

The aforementioned criteria are also relevant for the purposes of national regulatory authorities to identify markets other than the aforementioned for the purposes of determining any ex-ante regulations. This identification is subject to EC's verification.

Because we are active in all of the markets identified by the EC (and ANACOM), these regulatory measures have affected, and will affect, our businesses and operations.

Within the EU framework, ANACOM has identified, in the first round of analysis initiated in 2004, 19 retail and wholesale markets in Portugal. In a process it is required to undergo periodically, ANACOM has found Portugal Telecom to have significant market power in all but one of the analyzed markets, where ANACOM determined that no operator had significant market power (wholesale transit services). These markets included: (i) retail markets—access to the public telephone network at a fixed location (residential and business), publicly available local and/or national telephone services provided at a fixed location (residential and business), publicly available international telephone services provided at a fixed location (residential and business), telephone services at a fixed location using non-geographic numbers, such as toll-free numbers and leased lines; and (ii) wholesale markets—call origination on the fixed telephone network provided at a fixed location, call termination on individual public telephone networks provided at a fixed location and wholesale unbundled access to local metallic loops, wholesale leased lines (trunk segments and terminating segments) and wholesale broadband access.

In its second round of analysis, ANACOM conducted a market analysis to determine the regulatory obligations to be imposed on operators that at the time had a significant market power in the provision of wholesale (physical) network infrastructure access and wholesale broadband access. With respect to Wholesale Markets 4 and 5 (for the provision of wholesale (physical) network infrastructure access and wholesale broadband access), ANACOM has segmented the broadband market geographically between "C" (competitive) areas and "NC" (non-competitive) areas. In the "NC" areas we are obligated to provide a wholesale local loop unbundling reference offer (in relation to Market 4) and to provide a wholesale broadband (bitstream) reference offer (in relation to Market 5). Market 5 was deregulated in "C" areas, and hence all obligations in this market, including the wholesale bitstream reference offer, no longer apply. Nevertheless, while our obligation to provide a bitstream reference offer (Rede ADSL PT) in "C" areas expired after a transitional period, we have decided to maintain the bitstream reference offer. See "—*Areas of Recent Regulation and Updates—Next Generation Access Networks*".

In addition to PT OpCo, all other fixed-line operators in Portugal were determined to have significant market power in the call termination on individual public telephone networks provided at a fixed-location wholesale market. Likewise, all mobile network operators were found to have significant market power in the call termination on individual mobile networks. In 2010, ANACOM found PT OpCo to have significant market power in the wholesale leased lines terminal market and segmented the transit segments between "C" and "NC" routes. In these wholesale markets, ANACOM included Ethernet connections and imposed a retail-minus rule over Ethernet solutions (which was never specified). In the "C" routes, PT OpCo has no significant market power.

On August 14, 2014, ANACOM approved the final decisions regarding retail markets for fixed access and telephony services (Market 1/2007—Access to PSTN for residential and non-residential users and Markets 3, 4, 5, and 6/2003—publicly available telephone services provided at a fixed location), which are no longer regulated (https://www.anacom.pt/render.jsp?contentId=1311892).

On July 23, 2015, ANACOM approved an urgent and interim decision regarding the market for wholesale leased lines, by which it reduced by 50% the wholesale price of CAM (Continent - Azores - Madeira) leased lines.

On September 1, 2016, ANACOM approved the final decision regarding the analysis of the wholesale high-quality access at a fixed location (Market 4/2014), (https://www.anacom.pt/render.jsp?contentId=1394170):

- For wholesale terminating segments of leased lines (including Ethernet) two sub-markets were defined: low-bandwidth (≤ 24 Mbps) and high-bandwidth (> 24 Mbps). Trunk segments of leased lines and international submarine cables are included.

- ANACOM defined two geographic sub-markets (high-quality access and trunk segment of leased lines markets): competitive areas and non-competitive areas. Each submarine cable covers a different geographic market.

- PT OpCo is considered to have significant market power in non-competitive areas and submarine cables, for which it is under the following obligations: providing access; transparency, including publication of reference offer; accounting separation; and non-discrimination. In non-competitive areas of high-quality access, trunk segments of leased lines and submarine cables there are price control and cost accounting obligations. In 'almost competitive areas' of high-quality access (non-competitive areas that tend to be competitive in the future) there is a margin squeeze test.

On March 23, 2017, ANACOM approved the final decision regarding markets for wholesale local access at a fixed location – WLA (Market 3a/2014) and wholesale central access for mass-market products—WCA (Market 3b/2014) (https://www.anacom.pt/render.jsp?contentId=1407465).

Wholesale local access at a fixed location includes copper, fiber and cable (although there was no cable wholesale access product actually offered in the market) and covers the entire Portuguese territory. PT OpCo is considered to have significant market power and is subject to the following obligations regarding its copper and passive infrastructures: access to local loop unbundling (LLU); access to ducts and poles; cost orientation; non-discrimination (EoI for duct and pole access, equivalence of output (EoO) for LLU and dark fiber); cost accounting and accounting separation; and transparency, including publication of a reference offer. For fiber no remedies were imposed, except for access to dark fiber when there is no duct or pole availability.

Wholesale broadband access market includes the same products and two geographic sub-markets were defined: competitive areas and non-competitive areas. An area is considered to be competitive if: (i) there are at least two alternative operators (ANO) as well as PT OpCo, and each ANO has more than 50% NGA coverage (NGA meaning fiber and cable DOCSIS 3.0); or (ii) if there is one ANO with more than 50% NGA coverage, and PT OpCo's retail market share in the parish is below 50%. PT OpCo is considered to have significant market power in non-competitive areas, for which it is subject to the following obligations on copper: providing access; cost orientation (plus margin squeeze test); non-discrimination; cost accounting and accounting separation; and transparency. No remedies were imposed on fiber.

On October 4, 2018, ANACOM approved the final decision regarding retail market for call origination on fixed networks (Market 2/2007), which is no longer regulated (https://www.anacom.pt/render.jsp?contentId=1460547), except for price controls which remained in force for a period of 18 months.

Our Concessions and Existing Licenses and Authorizations

General

The EU prohibits any limitation on the number of new entrants in telecommunications markets, except as required to ensure efficient use of radio frequencies. Pursuant to this directive, which is part of the EU electronic communications framework, an operator must have a general authorization for the provision of electronic communications networks or services. A license for individual rights of use can be required for the use of radio frequencies or numbering resources. The objective of this authorization regime is to introduce more flexibility into the licensing framework.

Currently, regarding the two concessions we hold, one regarding the provision of public payphone services, and another regarding the provision of directory services, which permit us to provide fixed line publicly available payphones and directory (printed) and directory inquiry services (by phone and online) in Portugal, the status is the following: (i) provision of public payphone services—the contract that supported the provision of this service, which should have been terminated on April 8, 2019, and was initially extended by the government until ANACOM selected a new provider or until the Communications Law was amended in order to waive such selection, but the Portuguese Court of Auditors (*Tribunal de Contas*) did not approve the extension of the agreement's term so it was terminated with effects as of April 8, 2019; (ii) the provision of directory services—the contract that supported the provision of this service ended on September 14, 2018, however, at the request of the government, the provision of the directory inquiry services (by phone and online), was maintained; recently, the government has determined that the provision of this service should cease immediately. Until June 1, 2014, we were also the holders of the universal service public switched fixed-line concession, as described under "—*The Fixed-Line Concession*" below.

We also operate a DTT platform and provide mobile telephone services, data communications services and television distribution services under the licenses granted and authorizations issued by the relevant authorities (the Portuguese government and ANACOM).

The Ministry of Finance is responsible for monitoring financial issues with respect to our concessions. The Ministry of Planning and Infrastructure is responsible for all other issues regarding our concessions. Disputes concerning the application and interpretation of our concessions are resolved through arbitration. ANACOM is responsible for issuing regulations and is authorized to monitor and apply administrative penalties up to a maximum of €5 million and ancillary sanctions if we fail to fulfill our obligations under our concessions or other obligations imposed by law.

The Fixed-Line Concession

The Portuguese government granted us a concession, held by PT OpCo, with an initial term expiring in 2025, which was terminated early after PT OpCo and the Portuguese government reached an agreement in November 2013 on its revocation, following the designation of ZON and Optimus—currently NOS, after the merger of the two companies—as the universal service providers of access to a publicly available electronic communications network and telephone services at a fixed location. On March 7, 2014, Decree Law 35/2014 was published in the Portuguese official gazette, formally revoking our concession agreement pursuant to the November 2013 revocation agreement signed by us and the Portuguese government and also pursuant to Resolution of the Council of Ministers n. 66-A/2013, of October 18, 2013, that authorized that revocation agreement. The revocation became effective on June 1, 2014. As of that date, the fixed-line universal services are being provided by NOS, under a contract that ended on June 1, 2019 (the government has informed that after the termination of the contract it would not designate a new provider of this universal service). The revocation was due to, amongst other factors, a decision from the CJEU, of October 7, 2010, on the grounds that Law 5/2004, of February 10, 2004, whilst keeping in force PT OpCo's universal services concession until 2025, did not comply with Directive 2002/22/CE, of the European Parliament and the Council, of March 7, 2002, as amended by Directive 2009/36/CE, of the European Parliament and the Council, of November 25, 2009.

The fixed-line concession granted us the right to install, manage and operate the infrastructure that forms part of the basic telecommunications network. It also stipulated the provision of maritime mobile service, fixed telex service, fixed switched data transmission service and telegraph service, as services of public interest. Under the 2004 Communications Law, as the Universal Service Provider, PT OpCo was also obligated to provide a comprehensive directory and directory inquiry services. However, other than our ceasing to be the Universal Service Provider (except with respect to public payphones and directory services, which we have been awarded under new concession contracts), as described in "*—Areas of Recent Regulation and Updates—Universal Service Obligations*" below, the revocation of the fixed-line concession will not cause any material change in the telecommunications services we are able to provide.

Prior to the revocation of the fixed-line concession, the Portuguese government, by resolution of the Council of Ministers of January 10, 2013, determined that the maritime mobile service should cease to be provided as a service of public interest from April 30, 2013. After informing the subscribers of this service of the termination in advance, PT OpCo proceeded to terminate it. In addition, pursuant to the Resolution of the Council of Ministers published on October 18, 2013, fixed telex service, fixed switched data transmission service and telegraph service (telegrams) no longer had the nature of public services as of January 31, 2014, thus terminating PT OpCo's legal obligation to assure their provision. The clients of the first two services were informed of such discontinuation in advance. PT OpCo opted to commercially continue the provision of fixed telegraph service as of February 1, 2014.

Our Public Payphones and Directory Services Concessions

On October 12, 2012, in anticipation of the renegotiation of the fixed-line concession and following ANACOM's decision on the designation of a universal service provider under a competitive process, PT OpCo submitted the single bid in the public tender for the provision of the publicly available telephones service and was awarded with the concession contract. The concession contract was entered into on February 20, 2014, for a period of five years. The conclusion of the public payphone installation ended on June 30, 2015. This contract was extended for another year by government's ruling of April 9, 2019, but the Portuguese Court of Auditors (*Tribunal de Contas*) did not approve the extension of the agreement's term so it was terminated with effects as of April 8, 2019.

On July 29, 2013, the Portuguese government decided to initiate a direct award procedure in respect of the provision of comprehensive directory and directory inquiry services for a period of 12 months, with the possibility of such period being extended for an additional six months. As the only company that presented a proposal, on November 7, 2013, the Portuguese government awarded PT OpCo with the comprehensive directory and directory inquiry services concession. The concession contract was entered into on February 20, 2014.

As mentioned above, the contract that supported the provision of this service ended on September 14, 2018. Following a request of the government, the provision of the directory inquiry services (by phone and online), was maintained. However, recently, the government has determined that the provision of this service by PT OpCo should cease and be run by ANACOM instead. Currently, the service is being provided by PT OpCo only to its clients, and PT OpCo is still awaiting a contact from ANACOM in connection with the migration of the service.

DTT Services

For a summary of our usage rights for DTT, see "*—Areas of Recent Regulation and Updates—DTT Services*" below.

Our Fixed-line, Data and Frequency Use Licenses

We also hold the following licenses: (i) a non-exclusive license to provide fixed-line telephone services and be a "Public Telecommunications Networks" operator; (ii) the licenses formerly held by Telepac and other subsidiaries, including a data communications license; and (iii) frequency use licenses. Licenses have also been granted to other providers of data communications and internet access services, including companies associated with major international telecommunications providers. However, companies are not required to have a license to provide data communications services and internet access. Instead, it is sufficient to register their intended services with ANACOM under its service registration scheme. Since 1997, we have also held a license to provide data communications services using satellite infrastructure and a license to offer voice services to corporate networks and other closed groups of users.

PT OpCo Mobile Service License

Portuguese mobile telephone service licenses are valid for 15 years and are issued by ANACOM. These licenses authorize the use of radio spectrum and the installation of base stations, base station controllers and control switching centers and require the licensee to construct networks capable of reaching at least 75% of Portugal's population within a specified period. Charges for the provision of mobile telephone services are not subject to regulation.

Through PT OpCo we hold a renewable license to provide traditional and GSM digital mobile telephone services throughout Portugal. The authorization for the use of GSM radio spectrum is valid until March 16, 2022. We are required to comply with a number of mobile telephone service criteria, including satisfying minimum quality standards regarding blocked call rates, network effectiveness and servicing time, and providing certain services. We are also required to provide ANACOM with information about our mobile telephone operations, including the number of customers, number and average duration of calls on a quarterly basis, and annual information about the development of infrastructure.

ANACOM also issues UMTS licenses, which are the European version of the globally accepted technical standards for 3G mobile communications. The broadband capacity of the frequency spectrum allocated under the UMTS licenses enables operators to supply video and internet content to mobile telephones at higher transmission speeds. On January 5, 2012, ANACOM issued a final report on an auction for the allocation of rights of use of frequencies in the 450, 800, 900, 1800 MHz and 2.1 and 2.6 GHz bands. Following that auction, on March 9, 2012, ANACOM issued the final renewable license to PT OpCo, allowing the provision of electronic communications services based, among others, on LTE technology. This license is valid until March 2027, and it also unifies the previous GSM and UMTS licenses issued by ANACOM.

On February 18, 2016, following a public consultation on the subject, ANACOM renewed PT OpCo's right of use of the 1920-1980 MHz/2110-2170 MHz sub-bands by 15 years. The decision entered into effect on April 22, 2018.

On February 6, 2020, ANACOM approved the project for the regulation of the 5G auction for the attribution of rights of use of frequencies in the 700, 900, 1800 MHz, 2.1, 2.6 and 3.6 GHz bands (5G), and subjected the project to a public consultation. The regulation was finally approved in October 2020 and published in November 2020. PT OpCo submitted a request to participate in the auction, which was accepted. The main auction phase started on January 14, 2021, and is still ongoing.

Areas of Recent Regulation and Updates

Number Portability and Carrier Selection

Number portability allows a subscriber at a specific location to change service providers without having to change telephone numbers. Under ANACOM regulations, we are required to allow number portability for both fixed-line and mobile services within one working day, save for in exceptional circumstances duly identified. Call-by-call carrier selection enables customers to select the carrier of their calls by dialing a code connecting them to the selected carrier, while carrier pre-selection allows customers to select the carrier that will be their default carrier.

ANACOM's regulatory intervention in the wholesale market for call origination on the public telephone network provided at a fixed location for the provision of retail telephone services supported by indirect access (pre-selection or call-by-call selection) or the wholesale line reference offer ceased in 2018. Nevertheless, we were subject, on a temporary basis, to price control obligations, which were lifted 18 months following the decision of October 4, 2018.

DTT Services

PT OpCo holds frequency usage rights for DTT associated with the transport of the signal of free-to-air television channels (the RTP, SIC and TVI broadcast channels), the so-called "Multiplex A" or "Mux A". PT OpCo is entitled to receive compensation or reimbursement, to be provided pursuant to a governmental ordinance, for the costs related to the channel update process which occurred in 2011 to allow the release of the 800 MHz band. The switch-off of the analog television network in Portugal occurred on April 26, 2012. Designed to ensure equal access to DTT, the DTT usage rights require PT OpCo to subsidize the installation and purchase of DTT-related equipment for individuals with special needs (e.g. the elderly, low income groups, etc.).

In September 2014, ANACOM issued a decision authorizing PT OpCo to implement four additional MFN channels to function alongside its SFN network. In the decision ANACOM also expressed the view that in certain municipalities PT OpCo's network does not comply with its license and therefore PT OpCo must implement an additional five MFN channels to function alongside its SFN network. PT OpCo considers itself to have fulfilled its obligations with respect to the usage grant and to have successfully concluded the channel update process and therefore has expressed its disagreement to ANACOM over the alleged breach of its obligations under its DTT license. In October 2015 ANACOM issued a decision on that matter and considered that the implementation of an additional five MFN channels was not necessary.

In October 2015, ANACOM published a decision relating to DTT coverage in which it defined coverage obligations by municipality depending on population as well as what constituted a period of unavailability. PT OpCo had replied to the consultation that preceded this decision expressing its disagreement on certain matters, such as the definition of coverage obligations noted above, that, if implemented, may have a material impact on the fulfilment of its service obligations under its DTT license. PT OpCo initiated a legal proceeding against this decision which is still on-going.

On September 22, 2016, following the enactment of Law 33/2016, of August 24, 2016 and the approval of the Resolution of the Council of Ministers 37-C/2016, of July 8, 2016, ANACOM issued a public consultation on its draft decision regarding an amendment to the conditions attached to the right of use of frequencies allocated to PT OpCo for DTT. On December 21, 2016, ANACOM issued its decision, through which, namely, two capacity reservations were removed and four new capacity reservation obligations were imposed, which intended: (i) for the broadcast of two national television program services, RTP3 and RTP Memória, in SDTV definition; and (ii) for the broadcast of two free-to-air unrestricted television program services in SDTV definition, to be licensed under Law 27/2007, of July 30, 2007.

In June 2018 ANACOM issued the national roadmap for the release of the 700 MHz band, which is necessary for 5G mobile development within the framework of international agreements and the determinations of the European Parliament and of the Council. In October 2019 ANACOM issued its decision amending the national roadmap previously issued and approving the development plan for the migration of the DTT to the sub-700 MHz frequency band and the timeline to be followed by PT OpCo as well as imposing obligations to be followed by the latter necessary for the conclusion of the migration procedure. The decision established that the migration procedure would unfold gradually within a period of six months starting in January 2020, beginning from the country's south to the north regions ending in the autonomous regions of Madeira and Azores. In order to offer support to the users, ANACOM would make available a call centre with a free phone-line.

The national roadmap proposed by ANACOM and approved by the Secretary of State for Infrastructure provides for the adoption of the simplest migration scenario, through the maintenance of current technology and without the need for any period of simultaneous transmission. This scenario only entails the tuning of equipment to the new frequency, i.e. there will be no need to acquire any new equipment or repoint antennas. Despite the simplicity of the process, ANACOM offered support to users, as per the plan prepared accordingly.

On March 27, 2020, ANACOM approved an amendment to the national roadmap for the 700 MHz band, following the decision issued by ANACOM on March 12, 2020, in which it decided to suspend the DTT network migration process due to reasons of force majeure, as a consequence of the COVID-19 pandemic. On July 16, 2020, ANACOM approved the adjustment of the scheduling for the conclusion of the DTT network migration process in the context of the release of the 700 MHz band and the DTT network migration process resumed on August 12, 2020. On September 10, 2020, ANACOM approved the second amendment to the national roadmap for the process of release of the 700 MHz band, in which it sets out the amendments to the migration plan and schedule. The migration started in February 2020, was temporarily interrupted due to the impact of the COVID-19 pandemic, and was finally concluded on December 18, 2020.

Wholesale Reference Offers (Unbundling the Local Loop)

The EC requires fixed-line network operators found to have significant market power in the relevant wholesale market for physical network infrastructure access at a fixed location to make the local loops between their customers and the local switches on their networks available to competitors. This allows such competitors to connect their networks to the copper local loop and use it to provide their services directly to those customers without having to invest in the local loop or to rely upon the network operator's relationship with the customers. Under this regulation, we are required to maintain a reference offer for unbundled access to our local loops and related facilities and to meet reasonable requests for unbundled access to our local loops and related facilities under transparent, fair and non-discriminatory conditions. Prices charged must be cost-oriented. The conditions under which the local loop unbundling services are provided are set forth in a published reference offer for unbundled access to our local loops in accordance with terms established by ANACOM. This reference offer covers all of our main distribution framework buildings where technical and space conditions allow co-location. Co-location means providing space and technical facilities to competitors to the extent necessary to reasonably accommodate and connect the relevant equipment of the competitor.

Leased Lines Reference Offers and Ethernet Access Reference Offers

Our Leased Lines Reference Offer (*oferta de referência de circuitos alugados*), or "**ORCA**", sets forth the characteristics and the technical and commercial conditions associated with the provision of leased circuits by PT OpCo in the wholesale markets. Our Ethernet Accesses Reference Offer (*oferta de referência de circuitos Ethernet*), or "**ORCE**", sets forth the characteristics and the technical and commercial conditions associated with the provision of ethernet circuits by PT OpCo in the wholesale markets.

Following a decision by ANACOM on leased line markets, the retail leased-line market was deregulated meaning that our prices in this market ceased to be subject to a 26% retail-minus rule. However, for the wholesale leased-line markets, in which we were declared an operator with significant market power, ANACOM decided to make Ethernet circuits subject to a retail-minus rule (which remains undefined by ANACOM). On June 14, 2012, ANACOM approved a final decision amending our ORCA and ORCE, the draft decision of which has been provided to the EC (which has subsequently stated it had no comment to the action), BEREC and national regulatory authorities of other EU Member States. PT Opco challenged this decision before the courts, arguing that the decision was illegal in certain respects; however, PT OpCo dropped the proceedings in 2021.

On July 23, 2015, ANACOM approved an urgent and interim decision regarding the market for wholesale leased lines, by which it reduced by 50% the wholesale price of CAM (Continent - Azores - Madeira) leased lines.

On September 1, 2016, following the analysis of the market for high-quality wholesale access at a fixed location (market 4), ANACOM imposed a reduction of 72.8% in the price of Ethernet leased lines (capacity of up to 10 Gbps) between Mainland Portugal and the Autonomous Regions of the Azores and Madeira (CAM circuits) and between the various islands of each region (inter-island circuits), where supported on PT OpCo's submarine cables. The reduction came on top of a 50% reduction ordered by ANACOM in July 2015 as part of an urgent adopted measure. In total, the reduction in prices totaled 86% over one year. We have challenged the 2015 decision before the courts. Subsequently, (i) on March 1, 2019, ANACOM imposed a reduction of 10% in the price of Ethernet leased lines (capacity of up to 10 Gbps) for the CAM circuits and of 6% for the inter-island circuits, (ii) on February 2, 2020, it imposed a reduction of 10% in the price of Ethernet leased lines (capacity of up to 10 Gbps) for the CAM circuits and of 4% for the inter-island circuits and (iii) on March 3, 2021, it imposed a reduction of 10% in the price of Ethernet leased lines (capacity of up to 10 Gbps) for the CAM circuits and established the maintenance of the prices for the inter-island circuits.

On October 12, 2017, ANACOM approved the amendments to the ORCA and to the ORCE, whose final decision draft had been notified to the EC, the BEREC and the national regulatory authorities of the other EU Member States. By letter dated September 28, 2017, the EC stated it had no comments on the final decision draft.

Co-installation Obligations

The June 14, 2012, decision regarding PT OpCo's ORCA and ORCE, ANACOM extended PT OpCo's co-installation obligations under its regulated reference offers to its submarine cable landing stations (ECS). The obligation remains in place by force of the decision of September 1, 2016, which specifies that co-location may take place in the ECS itself, in spaces adjacent or remote.

Wholesale Market for Voice Call Termination on Individual Mobile Networks

The regulation of the market for wholesale voice call termination establishes a price control obligation on wholesale voice call termination services. Following EC recommendations on the regulatory treatment of fixed and mobile termination rates in the EU, this price control results in a cost-oriented price cap determined by a pure Long-Run Average Incremental Cost, or "LRIC", bottom-up cost model.

On July 21, 2018, ANACOM approved its decision regarding the specification on price control obligation in the wholesale market for voice call termination on individual mobile networks (Market 2/2014). The maximum price to be applied by the three mobile operators considered to have significant market power was set at €0.42 per minute, billed per second from the first second and independent of the origin of the call. From July 1, 2019 that price decreased to €0.40 per minute, following the yearly update of the inputs used in the model to determine such price.

On February 20, 2020, ANACOM determined that from July 1, 2020, the maximum termination price for voice calls in mobile networks to be applied by mobile operators with significant market power would be further decreased to €0.36 per minute.

Next Generation Access Networks

By decision of March 23, 2017, ANACOM approved the analysis of markets 3a and 3b, in which it identified as relevant for the purposes of ex ante regulation the wholesale local access market provided at a fixed location; and the market of wholesale central access provided at a fixed location (for major consumer products) in Areas NC (non-competitive). Areas C (competitive) are not subject to ex ante regulation, and correspond to 466 parishes out of a total of 3092.

ANACOM imposed in both markets (3a and 3b-NC) obligations of access to the network and use of specific network resources, of non-discrimination, transparency, accounting separation, price control and cost accounting and financial report. ANACOM didn't impose access to PT OpCo's optic fiber network, as it considered sufficient the obligations, imposed at national level, of access to ducts and poles, as well as copper network access obligations which PT OpCo is also required to meet.

In September 2019, ANACOM issued a decision regarding the amendments made by PT OpCo to its reference wholesale offer for the access to ducts (*Oferta de Referência de Acesso a Condutas*) and reference wholesale offer for the access to ducts (*Oferta de Referência de Acesso a Postes*).

With respect to the roll-out of optic fiber networks, current Portuguese law establishes a legal framework for the construction of and access to infrastructure suitable for the accommodation of electronic communications networks and the construction of infrastructure for telecommunications in housing developments, urban settlements and concentrations of buildings. The law addresses access to the public domain, expropriation and the constitution of public easements, and amendments to existing law in 2009 introduced a new level of harmonization and transparency in procedures. In particular, the 2009 changes set forth several obligations in order to allow electronic communications operators to enjoy better conditions necessary for the installation and development of electronic communications networks.

The current legal framework also foresees the implementation of a Centralized Information System ("**SIIA**"), to be managed and operated by ANACOM and whose main objective is to make available information on infrastructure appropriate for the installation of electronic communications networks based on information provided by the Portuguese government, autonomous regions, municipalities, publicly held companies or concessionaires, other entities owning or using infrastructure in the public domain, autonomous regions or municipalities and electronic communications undertakings. Other elements, such as the terms upon which objects will be geographically defined through the combination of their administrative location and georeferencing, are also set forth. SIIA became available on January 14, 2016.

On May 15, 2014, Directive 2014/61, on measures to reduce the cost of deploying high-speed electronic communications networks, was enacted and transposition by Member-States should have occurred no later than January 1, 2016. Directive 2014/61 was transposed by Decree Law 92/2017, of July 31, 2017, which has modified Decree Law 123/2009, of May 21, 2009. Decree Law 92/2017, of July 31, 2017, established several obligations regarding the Adequate Infrastructures Information System, formerly SIC, in order to make available permanently updated information on appropriate infrastructures. It has also extended the range of situations in which can be requested the intervention of ANACOM to dispute resolutions.

On September 9, 2013, the EC published the recommendation on non-discrimination and NGA cost models, included in the presentation and proposal of the so-called Connected Continent package. The (non-binding) recommendation aims to promote investment and innovation in new network infrastructures, while ensuring effective competition. In particular, it seeks to: (i) ensure an effective level playing field through the application of stricter rules on non-discrimination; (ii) set predictable and stable prices for access to copper networks; and (iii) increase regulatory certainty as to the circumstances that should lead to the non-imposition of regulated prices for wholesale access to next-generation networks.

*Cost Accounting System (“**CAS**”)*

PT OpCo runs an activity-based, fully-distributed historical cost model, first developed following the privatization of the company in 1995. The CAS is also a regulatory obligation imposed on PT OpCo within the scope of our concession and relevant market regulations.

On March 19, 2020, ANACOM declared the conformity of PT OpCo’s CAS for the exercise of 2017 with the applicable regulatory dispositions and approved determinations concerning the improvement of the CAS.

On June 30, 2020, PT OpCo submitted to ANACOM the results of its CAS for year 2019; complementary information was sent subsequently.

On December 4, 2020, ANACOM declared the conformity of PT OpCo’s CAS for the exercise of 2018 with the applicable regulatory dispositions and approved determinations concerning the improvement of the CAS.

Regulation on the settlement and collection of regulatory fees

According to the Administrative Rule 1473-B/2008 of December 17, 2008, all providers are subject to the payment of a regulatory fee for the provision of electronic communications networks and services, through which they cover the administrative regulatory costs of ANACOM.

By deliberation dated November 12, 2020, ANACOM approved the report concerning its administrative costs and the amount resulting from the collection of the fees owed by the suppliers of networks and electronic telecommunication services for 2020. The contributory percentage t2 was set at 0.8102% for a total of €33,819,903 of administrative costs.

It is worth noting that t2 has increased sustainably throughout the years (in spite of a small decrease in the 2019 contributory percentage), as can be seen from the series below:

- 2009 - 0,4040%
- 2010 - 0,4133%
- 2011 - 0,4361%
- 2012 - 0,4590%
- 2013 - 0,5490%
- 2014 - 0,5909%
- 2015 - 0,6214%
- 2016 - 0,6885%
- 2017 - 0,7195%
- 2018 - 0,7915%
- 2019 - 0,7851%
- 2020 - 0,8102%

Universal Service Obligations

Until June 1, 2014, we had obligations as a universal service provider under the fixed-line concession for public telecommunications service. Universal services are divided into three functions: (i) connection to a public telecommunications network at a fixed location and the provision of public telephone services; (ii) publicly available telephones; and (iii) comprehensive directory and directory inquiry services. Under the tender for designation of the Universal Service Provider described below, these functions are further divided into three geographic regions: North, Center and South and Islands. On October 12, 2012, following ANACOM's decision on the designation of a universal service provider, the Portuguese Ministries of Finance, Economy and Employment launched a public tender to designate universal service providers for each of the three functions described above (referred to as Tender 1, Tender 2 and Tender 3 respectively), which included a compensation fund for universal service providers, as described below, and a related renegotiation of our concession which led to its revocation. To select the company responsible for providing a comprehensive directory and a directory inquiry service, the criterion was the highest remuneration payable to the Portuguese government. The granting period for each of the services was set at five years. Pursuant to the qualifying report issued on February 2, 2013, PT OpCo qualified for each of the Tender 1, Tender 2 and Tender 3 categories. The deadline for the submission of proposals for each of these tenders was March 15, 2013. PT OpCo, ZON and Optimus presented bids for Tender 1, PT OpCo presented the only bid for Tender 2, and no bids were presented for Tender 3.

On April 18, 2013, ANACOM published a preliminary report regarding the bids for Tenders 1 and 2, as there was no bidder in Tender 3. In accordance with this report, PT OpCo did not present the lowest bid in Tender 1 (which was the relevant criterion for this tender) and, as such, it did not qualify to be designated as the universal service provider of access to a public telecommunications network at a fixed location. PT OpCo's services in this regard ceased on June 1, 2014. See "*—Our Concessions and Existing Licenses and Authorizations—The Fixed-Line Concession*" above.

PT OpCo submitted the lowest bid for Tender 2.

On October 18, 2013, the Portuguese government confirmed these results and determined the designation of Optimus and ZON as the universal service providers for the connection to a public electronic communications network at a fixed location and the provision of publicly available telephone services, and of PT OpCo as the universal service provider for publicly available telephone (payphones).

In addition, on November 7, 2013, PT OpCo was awarded by the Portuguese government with the comprehensive directory and directory inquiry services concession. See "*—Our Concessions and Existing Licenses and Authorizations—Our Public Payphones and Directory Services Concessions*".

Furthermore, even in the cases where PT OpCo is the universal services provider, we will be required to contribute to the compensation fund for universal services providers according to our share of the revenues of the national telecommunications sector.

By a deliberation dated August 1, 2013, ANACOM approved the draft decision on the final results of the audit to NCUS resubmitted by PT OpCo for 2007 to 2009: €23,584,976.93 in 2007, €20,168,431.93 in 2008 and €23,057,573.48 in 2009. This draft decision was submitted to prior hearing of the interested parties and public consultation. On September 19, 2013, ANACOM approved the final decision having maintained the values proposed on the draft decision.

On August 19, 2013, following a deliberation by ANACOM dated June 20, 2013, regarding the decision on the results of the audit to NCUS for 2007 to 2009, PT OpCo sent to ANACOM new values for the NCUS in 2010 and 2011, according to the final, settled methodology. According to Law 35/2012, which established the compensation fund for the universal service of electronic communications, for the financing of the NCUS, on October 31, 2013, PT OpCo submitted to ANACOM the calculation of the NCUS for 2012, taking into account the deliberations of the Regulatory Authority concerning the methodology of calculation of the NCUS and the recommendations made in the audit of the NCUS for 2007 to 2009.

After submission to prior hearing of the interest parties and to public consultation, ANACOM approved on June 12, 2014, the final results of the audit to NCUS submitted by PT OpCo for 2010 and 2011: €24,662,548.33 and €25,205,213.31, respectively.

On September 25, 2014, ANACOM approved the draft decision on the final results of the audit to NCUS resubmitted by PT OpCo for 2010 and 2011: €23,522,982.66 and €23,527,625.33, respectively. This draft decision was then submitted to prior hearing of the interested parties and public consultation. On November 20, 2014, ANACOM approved the final decision having maintained the values proposed on the draft decision.

On September 16, 2015, ANACOM approved the final results of the audit to NCUS submitted by PT OpCo for 2012, in the amount of €26,423,507.39, after being submitted to prior hearing of the interest parties and to public consultation.

On December 17, 2015, ANACOM approved—also after being submitted to prior hearing of the interest parties and to public consultation—the final results of the audit to NCUS submitted by PT OpCo for 2013, in the amount of €20,343,490.71.

On October 27, 2016, ANACOM approved—after being submitted to prior hearing of the interest parties and to public consultation—the final results of the audit to NCUS submitted by PT OpCo for 2014, in the amount of €7,724,670.71.

On January 26, 2017, ANACOM approved the final results of the NCUS incurred by PT OpCo in 2015, in the amount of €2,466,599.66 (Public Payphones concession) and €189,132.39 (Directory Services concession).

On January 26, 2018, ANACOM approved the final results of the NCUS incurred by PT OpCo in 2016, in the amount of €2,466,386.37 (Public Payphones concession) and €636,078.95 (Directory Services concession).

On January 17, 2019, ANACOM approved the final results of the NCUS incurred by PT OpCo in 2017, in the amount of €2,464,144.53 (Public Payphones concession) and €635,431.40 (Directory Services concession); however, on January 31, 2019, ANACOM dispensed PT OpCo from making the relevant contributions to the NCUS.

On January 17, 2020, ANACOM approved the final results of the NCUS incurred by PT OpCo in 2018, in the amount of €2,466,600.00 (Public Payphones concession) and €446,355.35 (Directory Services concession).

On January 28, 2021, ANACOM approved the final results of the NCUS incurred by PT OpCo in 2019, in the amount of €662,128.84 (Public Payphones concession).

Network Security

On December 12, 2013, ANACOM approved a decision on the circumstances, format, and procedures applicable to reports regarding security breaches or loss of integrity with a significant impact on the functioning of electronic communications networks and services available to the public. This decision also sets forth the conditions under which ANACOM considers there is a public interest in disclosing information regarding those events to the public. Further, we implemented all the necessary measures to comply with this decision by June 12, 2014, which required implementing new procedures and adapting information systems to produce the relevant information to notify to ANACOM.

On March 14, 2019, ANACOM approved the ANACOM Regulation 303/2019 on the security and integrity of electronic communications networks and services.

This Regulation establishes the obligation to identify the assets of companies whose operation is critical and should be classified and inventoried. It also establishes the strengthening of the capacity of articulation between ANACOM and the companies of the sector, whether in response times or in terms of contents, as well as with other sectors that depend on electronic communications. The new rules also foresee the appointment of a security officer and the adoption of a security policy at companies that offer public communications networks or electronic communications services accessible to the public. The regulation is based on the clear identification that the good operation of the networks and services is important in normal daily situations, but above all in emergency situations in which preparation and planning is crucial, and mutual assistance is determinant to achieving common goals. The diploma came into force on April 2, in its entirety but provides for several obligations to be implemented in a phased manner.

Cloud Computing

The EC issued a review of cloud computing in Europe with the goal of enabling and facilitating its adoption throughout all sectors of the economy with the goal of cutting ICT costs and boosting productivity, growth and jobs. The EC put forward a set of measures that, in its view, are key to promoting cloud computing and ensuring users' rights.

On December 12, 2012, the Directorate General for Justice organized a workshop on cloud computing contracts, with the purpose of exploring stakeholders' experiences and views on cloud computing contracts with the EC. The EC and stakeholders discussed possible future developments of the market, issues relating to cloud computing contracts, based on existing practice, the economic impact of these issues in cloud computing contracts and the possible ways forward. The EC considered the workshop a first step to find a precise feasible mandate for an expert group that was formed in September 2013 to address cloud computing issues pertaining to fair and balanced contract terms, trust of consumers and users and increased legal certainty. The EC published on June 24, 2014 its Cloud Service Level Agreement Standardisation Guidelines. On April 19, 2016, building on its earlier work on this area, the EC issued a communication (COM(2016) 178 final) on the European Cloud Initiative—Building a competitive data and knowledge economy in Europe, where it announced that the "European Cloud Initiative will be complemented by further action under the Digital Single Market Strategy covering cloud contracts for business users and switching of cloud services providers.

Cinema Law

The Law 55/2012, of September 6, 2012 (the "**Cinema Law**"), as amended by Law 28/2014, of May 19, 2014, by Law 82-B/2014, of December 31, 2014, and by Law 74/2020, of November 19, 2020, establishes the Portuguese government action principles in the promotion, development and protection of the art of cinema and cinematographic and audio-visual activities, which imposes obligations on television distributors and operators of video-on-demand services.

As a result, on one hand, television distributors are obligated to reverse charge an annual fee for each subscription of television services (€2 per subscription) by July 1 of the following year to which the data reported relates (as per the rules of Decree Law 25/2018, of April 24, 2018), as well as the obligation to provide to the Portuguese Cinema and Audiovisual Institute (*Instituto do Cinema e do Audiovisual*), or "**ICA**", with the reports that were sent to ANACOM regarding the number of television services subscribers.

On the other hand, operators of video-on-demand services are obligated to invest 1% of video-on-demand services revenues. Additionally, from 2021 onwards, operators of subscription video-on-demand services will also be obligated to deliver to ICA 1% of such service's revenues. A new regulation regarding these two obligations is still to be issued.

Roaming

The EC regulates the roaming charges that may be charged in the wholesale market and the retail market in Europe. These regulations extend to data and SMS, or text messaging. On July 1, 2012, the previous roaming regulations were replaced by a new version, known as "Roaming III", which will expire on June 30, 2022. In addition to setting maximum voice roaming rates (subject to a glide path) that may be charged with respect to the wholesale market, retail market, data and SMS, Roaming III also features (i) extended transparency and consumer-protection measures ("bill-shock") that go beyond the EU territory, (ii) a cap on retail data roaming communications, (iii) the introduction of an obligation for mobile operators in the wholesale market to provide reasonable network access in order to allow roaming services and (iv) the decoupling of roaming services from other services, while enabling a consumer to use the same number, no later than July 1, 2014.

On July 1, 2013, the new price caps, valid until July 2014, entered into force:

- For voice calls, €0.24 per minute (retail) for outgoing calls and €0.07 per minute (retail) and €0.10 per minute (wholesale) for incoming calls;
- For outgoing SMS, €0.08 (retail) and €0.02 (wholesale); and
- For data traffic, €0.45 per MB (retail) and €0.15 per MB (wholesale).
- As of July 1, 2014, the price caps, valid until June 30, 2017 (retail level), and June 30, 2022 (wholesale level), if not revised before, shall be:
- For voice calls, €0.19 per minute (retail) for outgoing calls and €0.05 per minute (retail and wholesale) for incoming calls;
- For outgoing SMS, €0.06 (retail) and €0.02 (wholesale); and

- For data traffic, €0.20/MB (retail) and €0.05/MB (wholesale).

On March 18, 2013, BEREC published its guidelines on the interpretation and implementation of Roaming Regulation III, except with regard to Articles 3, 4 and 5 concerning the wholesale access and the separate sale of roaming services. Issues concerning wholesale access had already been object of specific guidelines, published on September 27, 2012, and the separate roaming services (single IMSI and LBO—Local break-out) sale was also object of specific guidance, published on July 5, 2013.

Regulation (EU) 2015/2120 of 25 November, introduced the so called TSM ("Telecom Single Market") which, among other dispositions, brought very important modifications to Regulation (EU) No 531/2012 on roaming on public mobile communications networks within the Union.

As part of this regulation the Roam Like At Home (RLAH) regime entered into force on June 15, 2017. Since that date roaming providers are no longer allowed to levy surcharges in addition to the domestic retail price on roaming customers in any EU Member State for regulated roaming calls made or received, for regulated roaming SMS messages sent and for regulated data roaming services used (there was a transitory period of "RLAH+" between April 30, 2016 and June 14, 2017, in which providers could still apply a surcharge in addition to the domestic retail price for the provision of regulated retail roaming services).

Roaming providers may implement a 'fair use policy' ("**FUP**") in order to prevent abusive or anomalous usage, as per the Commission Implementing Regulation (EU) 2016/2286 of December 15. Above the FUP limit, surcharges may be applied as follows:

	Max. roaming surcharge	**Max. Σ domestic retail rate + roaming surcharge**
Voice—outgoing	3.20 €cent/min*	19 €cent/min
Voice—incoming	0.85 €cent/min**	n/a
SMS—outgoing......................	1 €cent/min*	6 €cent/min
Data	€4.40/GB* (until Dec. 31, 2019)***	20 €cent/MB (i.e. €20/GB)

- * Equivalent to the wholesale price caps (Regulation (EU) 2017/920 of 17 May regarding rules for wholesale roaming markets)
- ** Weighted average mobile termination rates across the Union
- *** 2020: €3.50/GB; 2021: €3/GB; 2022: €2.50/GB (Regulation (EU) 2017/920 of 17 May regarding rules for wholesale roaming markets)

BEREC published two sets of Guidelines regarding this regulation:

- Retail Roaming Guidelines (March 27, 2017)
- Wholesale Roaming Guidelines (June 9, 2017)

Net Neutrality

Besides its impact on roaming, Regulation (EU) 2015/2120 of 25 November ("**TSM**") also introduced measures concerning open internet access and amended Directive 2002/22/EC on universal service and users' rights relating to electronic communications networks and services.

The Regulation imposed EU-wide rules on safeguarding open internet access (net neutrality) from April 30, 2016, requiring providers of internet access services to treat all traffic equally, and establishing a right of all end-users to access and distribute legal content, applications and services of their choice.

Providers may use reasonable traffic management measures that are to be based on objective technical requirements, not commercial considerations. Blocking or throttling are allowed only in a limited number of circumstances listed in the Regulation, for instance to block illegal content, counter a cyber attack or deal with exceptional or temporary traffic congestion.

Agreements on services optimized for specific content are allowed where optimization is necessary, but providers must ensure the general quality of internet access services. Examples of such specialized services are managed IPTV and high-definition video conferencing.

‘Zero-rating’ practices are not explicitly banned. This means such practices will have to be assessed by the NRAs on a case-by-case basis to establish harm to end-users before they can be prohibited.

On August 2016, BEREC published a set of Guidelines regarding the implementation of the net neutrality rules by European NRAs.

Intra-EU communications

Regulation (EU) 2018/1971 of December 11, among other dispositions, amended TSM, by introducing rules regarding maximum retail prices for intra-EU communications. As such, from May 15, 2019, any retail price (excluding VAT) charged to consumers for regulated intra-EU communications shall not exceed EUR 0.19 per minute for calls and EUR 0.06 per SMS message.

The regulation covers only consumption based intra-EU communications services offered to consumers and is applicable to both fixed and mobile calls and SMS. In addition to the regulated tariff, providers may offer alternative tariffs covering non-EEA countries including intra-EU communications where the prices of intra-EU communications may exceed the caps; consumers should have the option to deliberately choose such tariffs.

On March 7, 2019, BEREC published a set Guidelines regarding this theme.

Interconnection

The Interconnection Framework. The EU Access and Interconnection Directive requires that interconnection services be made available in a non-discriminatory manner. The EU Access and Interconnection Directive encourages commercial negotiations among operators but requires national regulatory authorities to establish mechanisms for effective dispute resolution. According to the EU Access and Interconnection Directive, all telecommunications companies with significant market power in the call origination or termination markets must:

- make interconnection access to their networks available to other network operators;
- not discriminate between interconnection customers;
- provide to those requesting interconnection the information and technical specifications necessary for them to interconnect their networks;
- offer interconnection prices that are transparent and cost-oriented and do not discriminate between interconnection customers; and
- maintain a separate accounting system for interconnection activities.

The EU Access and Interconnection Directive established the general conditions for access and interconnection among telecommunications operators in competitive markets. It guarantees the rights of new entrants to obtain interconnection from telecommunications operators with significant market power. ANACOM is entitled to review and modify our proposed interconnection rates and arrangements in our reference interconnection offer. ANACOM has established an overall interconnection framework based on cost that is consistent with the EU legal framework for both wireline and mobile services.

Wireline Interconnection. ANACOM regulates call termination on individual public telephone networks provided at a fixed location within the scope of market analysis and significant market power designations. As a result, we are subject to price controls in these markets based on our costs and other factors and must publish a reference offer that includes these prices and quality of service standards. The obligation imposed on significant market power operators to meet all reasonable requests for supply of fixed call termination services, under fair and reasonable conditions, applies on an equal basis to TDM and IP interconnection. The specific conditions relating to IP interconnection were the object of a decision by ANACOM (dated January 5, 2018), following a proposal submitted by PT OpCo and discussed with the other providers.

Mobile Interconnection. All mobile operators are considered to have significant market power in call termination in mobile networks market. ANACOM has imposed price controls on interconnection rates for the termination of calls on mobile networks (see the evolution of values in section "—*Wholesale Market for Voice Call Termination on Individual Mobile Networks*" above). These reductions have had, and are expected to continue to have, a significant impact on PT OpCo's interconnection revenues and consequently its earnings.

Fixed Interconnection. All fixed operators are considered to have significant market power in call termination in fixed networks market. ANACOM has imposed price controls on interconnection rates for the termination of calls on fixed networks. In its decision of February 2020, it set a fixed termination rate ("**FTR**") at €0.046, which applies from October 2020.

ANACOM has issued successive decisions that have reduced mobile termination rates over time. The reductions in mobile termination rates have had, and will continue to have, a negative effect on our cash flows and revenues.

Pricing for Mobile Origination Rates

In January 2012, the Portuguese Competition Authority completed an analysis on mobile rates for originating calls, finding origination rates to be excessive and stating that mobile operators must reduce their rates to the level of their costs by July 2012 or face the possibility of being sanctioned. All three mobile network operators decided to reduce its mobile originating rates between €0.07 and €0.0975 and no subsequent action from the Authority is expected.

Internet and Related Services

Various regulatory developments may affect our internet business. A Data Retention Directive (Directive 2006/24/EC of the European Parliament and the Council, of March 15) was adopted by the EC in 2006, that imposed data-retention obligations on operators. The law implementing this directive, more specifically, Law 32/2008 of July 17, 2008, requires internet service providers and other electronic communications providers to preserve data for a specified period of time and imposes other obligations in this area.

Regulatory Proceedings

We are regularly involved in regulatory inquiries and investigations involving our operations. In addition, ANACOM, the EC, the Portuguese Competition Authority and ERC regularly make inquiries and conduct investigations concerning our compliance with applicable laws and regulations. These investigations are described in more detail in "*Description of Our Business—Legal Proceedings—Portugal*".

Regulatory obligations

For both mobile and fixed telephony services, operators are obligated to ensure the effective transfer of the number within a maximum period of one business day from the presentation of the request by the subscriber before the new operator pursuant to ANACOM Regulation 114/2012 on number portability.

Under Decree Law 7/2004 of January 7, 2004, as amended, internet service providers are not liable for information transmitted over their electronic communications network provided that they are not the disclosing party of the transmitted information, do not select or modify neither the information nor its recipients. Storage providers can only become liable for unlawfully stored information provided that they become aware of the unlawful use of that information and, upon becoming aware, do not take action to remove or to disable access to the information.

Under Law 41/2004 of August 18, 2004, regulating the processing of personal data and the protection of privacy in the electronic communications sector, as amended, it is necessary to obtain the prior consent of the user to store information and to access stored information in the user's equipment, as well as to send unrequested communications for direct marketing purposes. Electronic communications services providers are demanded to notify the *Comissão Nacional de Protecção de Dados* in cases of breach of personal data of the users.

Consumer protection

Law 23/96 of July 26, 1996 establishes that debts of consumers to electronic communications services providers are subject to a six month expiration period, starting from the moment the services were provided. Consumer protection was strengthened by Law 10/2013 of January 28, 2013, establishing rules on the mandatory suspension and/or termination of the service provision in a short period of time in case the consumer fails to pay an invoice on the due date.

Fees and contributions

ANACOM collects an annual regulation fee from electronic communications services providers and other regulation fees that are directly related to its activity, such as a fee for granting the usage of certain numbers or certain frequencies. Such fees were revised by Administrative Rule 157/2017 of May 10, 2017, amending Administrative Rule 1473-B/2008 of December 17, 2008.

ERC also collects annual regulation fees regarding some of our activities, namely regarding television distribution and social media (Portal SAPO—news aggregator).

Municipalities collect a municipal fee for rights of way (the "**MFRW**"), established in the 2004 Communications Law, based on the provider's turnover concerning end users in each municipality. The fee is freely established by each municipality, up to a maximum of 0.25% of each wireline services bill and is supported the operators whose network infrastructures are located in each such municipality (without the possibility of making them reflect on the customers). It is our, and the courts, understanding that this MFRW exempts us from the payment of other municipal taxes related with rights of way, so PT OpCo has challenged in court all the taxes applied by municipalities regarding rights of way, on the grounds that these represent double taxation, and the courts (in all instances, up to the Portuguese Supreme Administrative Court) ruled in favor of PT OpCo's position.

Dominican Republic

Overview

The legal framework of the telecommunications sector in the Dominican Republic is set forth by General Telecommunications Law 153-98 of May 27, 1998 (Mod.) ("**Law 153-98**"), resolutions issued by the telecommunications regulator on the grounds of Law 153-98 and various decrees of the Executive Power on matters related to the National Plan of Attribution of Frequencies ("**PNAF**").

We believe that we hold all necessary licenses to operate our business. On July 15, 1996, Altice Dominicana was awarded a nineteen-year universal telecom concession, which allows it to provide telecom services without any technological restrictions (e.g. fixed/wireless technologies, television and internet). An automatic twenty-year renewal process is set forth in the concession agreement unless either party served three years' notice of an intention not to renew. Since neither party served such a notice, the renewal process under the concession began automatically in August 2014. Altice Dominicana is also subject to Law No. 153-98 which provides for a renewal process of the concession. On April 4, 2014 Indotel authorized Orange Dominicana, S. A. to transfer its social control in favor of Altice Dominican Republic II, S.A.S. Further, on December 19, 2016 Indotel ordered the registration of the change of business name of the concessionaire Orange Dominicana, S.A. to Altice Hispaniola, S.A. Furthermore, on May 9, 2018, Indotel ordered the registration of the change of business name of the concessionaire Altice Hispaniola, S. A. to Altice Dominicana, S. A. Also, on April 27, 2015, Altice Dominicana presented a formal renewal request of its concession agreement to Indotel, and since Indotel has not expressly denied such request, the concession and all of its related authorizations and licenses have been renewed *de facto* for 20 years effective from August 2015 pursuant to article 27.2 of Law 153-98. However, Indotel has not yet provided a template of the proposed new concession agreements to be signed with local operators in similar situation (concessions granted on or before Law 153-98).

The Constitution of the Dominican Republic guarantees freedom of enterprise, trade and industry among other individual and social rights, in addition to the industry specific legal framework. The Constitution specifically sets forth that monopolies shall not be permitted except in favor of the Dominican State and must be created by law. The Dominican Constitution provides that the secrecy of telegraphic, telephonic, cable graphic, electronic, telematics or established by another means of communication, shall not be breached, except by an order of a judge or competent authority, in accordance with the law. Also, the Dominican Constitution guarantees public services of radio, television, library and information networks, to allow universal access to information.

General Telecommunications Law 153-98

Law 153-98 classifies telecommunications services as follows:

a) Carrier services to provide the necessary capacity to transport signals between two points of termination of a defined network;

b) Final services or teleservices to provide the complete capacity that makes communication possible among users (e.g. telephone, telex, telegraphic);

c) Value added services to work as support carrier services, adding some characteristic or facility to the service that is being used on the ground (e.g. internet/intranet systems, voice mail, SMS, electronic mail, digital transmission of information in general);

d) Broadcasting services: telecommunication services in which the communication takes place normally one way to various points of reception simultaneously (e.g. radio and television).

Law 153-98 provides a basic framework to regulate the installation, maintenance and operation of telecommunications networks and the rendering of telecommunications services. Law 153-98 reaffirms the "Universal Service Principle" by guaranteeing access to telecommunications services at affordable prices in low-income rural and urban areas. Law 153-98 created the "Contribution to the Development of Telecommunications" consisting of a 2% tax fund for the development of the telecommunications sector that is payable by customers and collected by telecommunications providers from customers based on billings to customers for telecommunications services.

According to Law 153-98, Indotel is the regulatory body created as a decentralized state entity, with operational, jurisdictional and financial autonomy, with its own patrimony and legal personality, responsible for guaranteeing the existence of sustainable, fair, and effective competition in the rendering of public telecommunications services as well as ensuring the efficient use of the public domain of the radio electric spectrum.

Law 153-98 sets forth the responsibilities, authorities and procedures of the regulator. Indotel is made up of a Board of Directors and an Executive Director. The Board of Directors is the highest authority of Indotel, composed of five members designated by the Executive Power.

Among other management powers, Indotel administers the entrance and participation of the telecommunications service providers in the Dominican telecommunications market, and has various functions including (i) granting, expanding and revoking concessions and licenses under the conditions provided for by the laws in force, allowing the entrance of new providers of telecommunications services; (ii) managing and administering the spectrum orbit resources, including the management of the orbital portions of the telecommunications satellites with their respective bands of frequencies, as well as the satellite orbits for Dominican satellites which may exist and coordinating their use and operation with international entities and organisms and with other countries; (iii) controlling the compliance with obligations of the concessionaires of public telecommunications services and of the users of the radio electric spectrum, protecting the right of defense of the parties in its actions.

Law 153-98 promotes competition in all telecommunications services by enforcing the right to interconnect with existing participants and ensuring against monopolistic practices, and at the same time upholding those concessions that are operational. Law 153-98 provides that the regulator shall ensure charges are non-discriminatory, strengthening effective and sustainable competition. In case of disagreement between the parties, the regulator shall intervene by means of a motivated resolution, taking as parameters the costs, including a reasonable remuneration for the investment, calculated according to the "Regulation of tariffs and costs of the services".

In accordance with Law 153-98 a concession granted by Indotel is required for providing public Telecommunications services to third parties, with the exceptions set forth in Law 153-98. The authorization process is governed by "Regulation for Telecommunication Services Authorizations" contained in Resolution No. 036-19, issued by the Board of Directors of Indotel ("**Resolution 036-19**").

Pursuant to Law 153-98 a license granted by Indotel shall be required for the use of the public radio electric domain, with the exceptions set forth in the corresponding regulations. The authorization process is governed by Resolution 036-19. When concessions and licenses are required for the rendering of a public telecommunications service, they shall be granted simultaneously.

According to Law No. 153-98 the transfer, assignment, lease or granting of rights of use of any title or the creation of a lien on licenses shall be performed, under penalty of forfeiture, prior to authorization of the regulating authority, which authorization may not be denied without justified cause. The acquirer shall meet all the conditions imposed on the grantor and shall be ruled by the same obligations as the concessionaire or licensee.

Law No. 153-98 constitutes the ratifying instrument of the Fourth Protocol attached to the General Agreement on Commerce of Services (GATS) concerning negotiations on basic telecommunications of the World Trade Organization (WTO), for liberalization of telecommunication services. Law No. 153-98 provides the corresponding regulatory framework to comply with the liberalization commitments undertaken pursuant to said agreement and to guarantee the efficient provision of telecommunications services.

Law 153-98 combined with technological advances and the sustained growth of private investment promotes the development of the telecommunications sector in the Dominican Republic.

Certain Relevant Resolutions of Indotel

On the grounds of Law 153-98 Indotel issued various resolutions. Some of such resolutions regulating certain areas of telecommunications in the Dominican Republic are as follows:

- Resolution 110-12 dated August 9, 2012 by means of which Indotel's Board of Directors approved the General Regulation for Telephone Services amended by Indotel's Board of Directors Resolutions numbers 62-17 dated October 25, 2017, that approved the Regulation on the Rights and Obligations of Users and Providers of Public Telecommunications Services and 003-13 of January 22, 2013, that approved the amendments to the General Regulation for Telephone Services. The principal purpose of this regulation is to set forth a regulatory framework governing relations between the public telephone service providers and their customers and users, in all its forms (post-paid or pre-paid), regardless of the technology used to provide the service, in order to guarantee the rights of each party explicitly maintaining their respective obligations.

  The abovementioned regulation sets forth basics rights of users, including: (i) access to telephone services in terms of continuity, generality, equality, neutrality, transparency and quality, in accordance with the principles of the Telecommunications General Law No. 153-98; (ii) their right to choose their service provider; (iii) their right to have a phone number and numeric portability; (iv) their right to sign a contract in accordance with terms, conditions and rights set forth in this regulation; (v) their right to cancel the service in accordance with the procedure indicated in this regulation.

  This regulation considers as "abusive clauses" those imposing conditions on users that affect their interests and rights, and those that are disproportionate, or contrary to the laws, regulations and standards. According to Article 14.2 of the General Regulation for Telephone Services approved by Indotel's Board of Directors Resolution 110-12 amended by Indotel's Board of Directors Resolution No. 003-13, abusive clauses on contracts will be unenforceable. Indotel shall require the amendment of abusive clauses such as to make them conform to reasonable standards. If telecommunications service providers do not amend the contract, Indotel may unilaterally enforce the amendment.

- Resolution No. 64-11 dated July 27, 2011, approved the bill of the National Frequency Allocation Plan (PNAF) drafted by Indotel to be submitted to the Executive Power for its final approval. Decree 520-11 dated August 25, 2011, issued by the Executive Power approved the new PNAF and repealed Decree of the Executive Power No. 518-02 dated July 5, 2002. The new PNAF approved by Decree 520-11 seeks to optimize and rationalize the use of the radio electric spectrum to efficiently satisfy present and future frequency needs with regard to all systems, equipment and devices that send or receive radio electric waves within the national territory. According to the PNAF, migration of services shall not restrain the correct functioning of services provided. Indotel is in charge of deciding, applying and resolving all matters arising in connection with the frequencies allocation and migration. On January 23, 2019 Indotel's Board of Directors ordered the beginning of a public consultation process to amend the PNAF approved by Decree 520-11 (Resolution No. 004-19).

- Resolution No. 156-06 dated August 30, 2006, issued by the Board of Directors of Indotel, that approves the General Regulation related to Numeric Portability, among other resolutions issued by the Board of Directors of Indotel related to numeric portability. This Resolution was modified by Indotel's Board of Directors Resolutions numbers 065-08 of April 22, 2008, 015-09 dated February 13, 2009, 015-15 dated July 8, 2015, 037-15 of December 9, 2015, issued by the Board of Directors of Indotel.

- Resolution No. 022-05 that approves Regulation on Free and Fair Competition for the Telecommunications Sector provides that Indotel will review, authorize, object or condition the operations related to economic concentration which must be previously informed pursuant to said Regulation, in order to comply with the purposes of Law 153-98. Indotel will also investigate and impose sanctions in the cases where the information obligation of the mentioned operations is not complied with.

- Resolution No. 022-05 defines economic concentration in the telecommunications sector as a juridical transaction by means of which the structure of direct or indirect control, total or partial, of one or more providers of public telecommunications services is modified permanently and stably, for the benefit of persons that control other providers of public telecommunications services, whenever such transaction has the potential to modify the structure and functioning of the markets in the telecommunications sector in accordance with the purposes set forth in article 3 of Law No. 153-98.

The providers of public telecommunications services, as well as any other persons subject to said Regulation must previously inform Indotel of all those operations that could result in an economic concentration in the telecommunications sector in the terms therein defined, in order to previously obtain the authorization of Indotel to do so.

In addition to the obligations set forth in Resolution 036-19, relating to requirements for the authorization to transfer the rights or permits, the assessment to determine if there is any economic concentration in the telecommunications sector, will be based in its restrictive, predictable and verified effects, mainly considering certain circumstances set forth in Resolution No. 022-05.

The failure to inform and/or apply for an authorization prior to an economic concentration operation in the telecommunications sector constitutes an infringement of Resolution No. 022-05 that will result in the sanctions set forth therein.

Application for an authorization related to economic concentration must be filed pursuant to the provisions set forth in Chapter VIII of Resolution 036-19, before the Indotel and shall be reviewed by the Executive Direction of such institution.

- Resolution No. 089-17, amended by Resolution 005-19 dated February 7, 2019, that approves the General Regulations for the Sharing of Passive Infrastructure and Related Telecommunications Facilities.

- Resolution No. 038-11 dated May 12, 2011 that amends the General Ruling concerning Interconnection;

- Resolution No. 025-10 dated March 2, 2010, that approves the Ruling concerning Resolution of Controversies between the Telecommunications Services Providers;

- Resolution No. 160-05 dated October 13, 2005, that approves the Regulation concerning Cable Broadcasts and Other Measures, including "Must Carry" provisions;

- Resolution No. 151-04 that approves the Regulation concerning the Installation and Use of Common Telecommunications Infrastructures in Properties of Joint Ownership;

- Resolution No. 128-04 that approves the General Regulation concerning the Use of the Radio Electric Spectrum;

- Resolution No. 120-04 that approves the Regulation concerning Television Broadcasting Service;

- Resolution No. 093-02 dated November 14, 2002, that amends several Articles of Resolution No. 045 02 that approved the Regulation concerning Sound Broadcasting Frequency Modulation (FM); and,

- Resolution No. 046-02 dated July 20, 2002, that approves the Regulation concerning Sound Broadcasting Amplitude Modulation (AM).

Trademark/Copyright Laws

From a technical standpoint, broadcasting services are essentially regulated by Law 153-98 and the regulations approved by the regulator. Now, in connection with the content of the broadcasting services, they shall be governed by the provisions of the specific legislation which regulates the social communications media and by the laws that regulate copyrights, whether they are national laws or resulting from international conventions or agreements signed and ratified by the Dominican Republic.

In the Dominican Republic, patents of invention, trademarks, service marks, commercial names, signs, logos and commercial slogans are governed by Industrial Property Law No. 20-00 dated May 8, 2000, modified by Law No.424-06 for the Implementation of the Free Trade Agreement between the Dominican Republic, Central America and the United States (DR CAFTA).

The Dominican Republic grants copyright protection to original literary, dramatic, musical and artistic work, under the Copyright Law No. 65-00 dated August 21, 2000, also modified by Law No.424-06 for the implementation of the free trade agreement between the Dominican Republic, Central America and the United States of America (DR CAFTA).

Israel

The communications and broadcasting industry in Israel is highly regulated and requires service providers to obtain licenses from, and comply with the terms of such licenses and policy statements of, the Israeli Ministry of Communications or the Council for Broadcasting by Cable and Satellite (the "**Broadcasting Council**") with respect to the various communications and broadcasting services, respectively, before offering them to the public. The ever-changing regulatory environment can have a material effect on our activities. In this section only, references to "we", "us", "our", "HOT" and the "Company" may refer to HOT Telecommunication Systems Ltd, HOT Telecom, HOT Mobile, HOT Net or, collectively, HOT Telecommunication Systems Ltd. and its subsidiaries, as the context requires.

As a general matter, the regulatory principles are set forth in the laws enacted by the Israeli legislature (the "**Knesset**"), primarily the Communications Law (Telecommunication and Broadcasting), 5742-1982 (the "**Communications Law**"), as described below. These laws are amended from time to time upon enactment of the Knesset. The laws authorize the Israeli Ministry of Communications (in some cases with the approval of the Economic Affairs Committee of the Knesset) and the Broadcasting Council to issue regulations which provide for specific requirements based upon the principles set forth in the laws. The Israeli Ministry of Communications grants licenses in accordance with the Communications Laws and regulations. In addition to the regulations, the Israeli Ministry of Communications issues policy statements after a public review and consultation process. These policy statements expand upon the Israeli Ministry of Communication's policy with respect to certain basic issues in the relevant market.

Television

Overview

Our television operations are subject to extensive legislative and regulatory requirements that apply to the telecommunication industry in Israel, including the Communications Law, and the regulations enacted in accordance with it. We are also subject to specific legislation applying to the television broadcasting industry in Israel, such as the Harmful Broadcasts Classification, Marking and Prohibition of Damaging Broadcasts Law, 5761-2001 (which imposes certain classification and marking obligations with respect to television broadcasts) and the Television Broadcasts Law (Sub Titles and Sign Language), 5765-2005 (which imposes certain obligations regarding the accompaniment of television broadcasts with sub titles and translation into sign language).

We provide our television services pursuant to a non-exclusive general cable broadcasting license issued by the Broadcasting Council that applies to all areas of the State of Israel (the "**Broadcasting Licenses**"). The Broadcasting Licenses contain certain conditions and restrictions relating to the provision of cable television services to our customers, including among others, a requirement to extend our services to customers in all areas of Israel which, in some cases, creates an obligation on us to provide services even though it would not be worthwhile economically to do so. There are certain places in Israel in which we do not currently provide services. In November 2014, the Israeli Ministry of Communications issued an order requiring us to provide services in some of those areas. Such decision was postponed a few times in order to enable the Ministry of Communications to examine changes in the market including technological developments. In July 2019, an Advisory Committee recommended that HOT be allowed to extend its services by alternative technology without the need for laying infrastructure. The Minister of Communications adopted these recommendations and HOT is currently offering services in some of these areas using alternative technology. Our Broadcasting License was extended in May 2017 for a period of 10 years and is in effect until April 30, 2027. We also have a special license (held by HOT Telecom) for operating a broadcasting hub which is valid until April 2023. As a general rule, the Broadcasting Licenses are non-transferable. In addition, the transfer of any means of control in the relevant license holders may be subject to prior approval of the Israeli Ministry of Communications and the Broadcasting Council.

Our operations in the pay television segment are subject to the supervision of the Israeli Ministry of Communications and the Broadcasting Council, including, among other things, in connection with broadcasting content and launching of new channels or ceasing to broadcast existing channels. In addition, we have been declared a monopoly in the area of multi-channel television broadcasts for subscribers, and accordingly, the Competition Commissioner (the "**Commissioner**") is permitted to issue instructions to us pursuant to the Competition Law, 5748-1988. Accordingly, our ability to make acquisitions in the broadcasting sector will be limited. The Commissioner has set various conditions which apply to us as part of its decision to approve the Israeli cable consolidation. These conditions include, among others, separation of broadcasting and cable infrastructure activities, limitations on possessing means of control and relationships with producers of the channels, limitations on the purchase of, and the exclusivity in, programs and ownership of broadcast programs, limitations on agreements with producers of channels, a requirement to provide telephony services, investing in infrastructure, and the provision of bank guarantees. We are also subject to general antitrust law which prohibits certain restrictive agreements and the abuse of dominant market positions. Certain key features of the regulations and Broadcasting Licenses governing our television operations, including certain proposed regulatory changes that may have a significant impact on our operations, are set forth below.

Obligation to Extend Services

Under the terms of the Broadcasting Licenses, we are required to extend our cable television services to customers in all areas of Israel even where it would not be economically profitable to do so. Although we extend our services to most of Israel, there are currently certain areas of the country where we do not. In November 2014, the Israeli Ministry of Communications issued an order requiring us to provide services in some of these areas. Such decision was postponed a few times, in order to enable the Ministry of Communications to examine changes in the market including technological developments. As noted below, in July 2019 the Minister of Communication adopted the advisory committee's decision enabling us to provide our services in areas without cable infrastructure using alternative technologies and HOT is currently offering broadcasting packages in areas without cable infrastructure over broadband infrastructure.

Access to DTT Channels

The Second Authority for Television and Radio (the "**Second Authority**"), a statutory body set up under the Second Television and Radio Authority Law (the "**Second Authority Law**"), is responsible for facilitating the development of, and regulating, commercially operated television and radio broadcasts in Israel. Pursuant to an amendment to the Second Authority Law, the Second Authority was charged with planning, establishing and operating, itself or via others, digital broadcasting stations for the free reception and distribution of television broadcasts ("**DTT**") to the general public. Accordingly, in August 2009, the Second Authority launched broadcasts on a nationwide basis, enabling the free distribution to the public of the following DTT channels: the Israeli Broadcasting Authority channels (Channels 1 and 33), the commercial television channels (Channels 2 and 10), the Knesset Channel (Channel 99) and, recently, the Educational Channel (Channel 23). The establishment of the digital broadcasting stations infrastructure enables subscribers to view the broadcasts of DTT channels free of charge upon purchasing a set-top box. We are also required to carry the DTT channels over our network.

In accordance with the Digital Broadcast Station Distribution Channels Law, 5762-2012 (the "**Broadcast Distribution Law**"), as amended in 2013, the Council shall be entitled to grant a license for the broadcast of a subject-oriented channel within the framework of the DTT broadcasts to a body selected in a tender. In accordance with the amendment to the Broadcast Distribution Law, the Minister of Finance and the Minister of Communications shall be able to appoint, via tender, a private operating body who will operate the digital land-based broadcasting array (the "**Array**") and use it to transmit broadcasts (the "**Operating Body**"). It was also decided, that the Operating Body would receive, in addition to the permit to operate digital broadcasting stations, a unique license from the Council to broadcast on the Array in such a manner that will allow it both to operate the

Array and to transmit additional channels, which will be financed by subscription fees or by commercials. Directives were also established on the matter of payments that a theme channel producer (as defined below) and a designated channel producer need to pay the license holder for the broadcasts.

As part of the amendment, it was decided that when a holder of a general license for broadcasting over the Array reaches an extensive scope of activity, as defined in the Broadcasting Distribution Law, the Council shall be entitled to issue a special license to broadcast one channel on the Array, through the general license holder, in accordance with the terms set in the license (a theme channel).

Narrow Package Proposal

According to the Broadcasting Council's resolutions in September 27, 2012, we begun offering a narrow package to our consumers, featuring a limited number of channels, in return for reduced subscription fees compared to the Company's basic package. On February 20, 2014, the Broadcasting Council published its position, which recommended making it obligatory to offer subscribers a basic package. Following this position, the Minister of Communications published a ruling instructing HOT and Yes to offer our subscribers a basic package at a price not exceeding 120 NIS per month. This decision was extended to February 23, 2018 under the same terms.

On March 27, 2019 the Broadcasting Council decided not to extend the decision obligating HOT and Yes to offer a narrow package as described above. At the same time, it approved Hot's and Yes' offering of channel packages that are smaller than the basic packages at a reduced prices comparing the broader packages offered. The approval expired in March 2020.

Ownership of Television Channels

We are subject to regulatory limitations in connection with the ownership and production of television channels, including the rules set forth in the Communications Rules (Telecommunication and Broadcasting) (Broadcasting Licensees), 5748-1987 ("**Communications Rules**"). Pursuant to the provisions of the Communications Rules we are subject to restrictions regarding the number of channels that we can produce ourselves or in collaboration with another broadcasting license holder, such that the number of such television channels does not exceed two fifths of the number of independent channels that we broadcast on our network. However, we are subject to more restrictive ownership rules pursuant to the decision of the Broadcasting Council approving the Israeli cable companies merger in 2006. Accordingly, the number of channels that we can produce, including channels produced by our predecessor companies at the date of approval, must not exceed 20% of the independent channels that we broadcast. In addition to those channels, we are also permitted to hold controlling interests in additional channels so long as the number of such channels does not exceed 4% of the total independent channels that we broadcast and we are not the controlling shareholder of such independent channels.

We are also subject to the decision of the Commissioner approving the cable merger in 2006, pursuant to which we are only permitted to hold means of control in the HOT 3 Channel and the HOT Movies Channel (previously Channels 3 and 4) and four additional channels which were not broadcasted in the cable infrastructure as of January 2005, or a similar channel to these channels, unless we obtain prior approval of the Commissioner.

On September 5, 2018 the Commissioner amended the conditions of the cable merger to implement certain amendments to the merger approval terms. In the scope of the decision, certain amendments were introduced, specifically with respect to the purchase of content and ownership of channels.

Minimum Investment in Local Content Productions

In accordance with the Communications Law, the Communications Rules and decisions of the Broadcasting Council, we are required to invest at least 8% of our annual television revenues from subscriber fees in local productions to be broadcast for the first time over our network.

In accordance with the Communications Law, the communications rules and Council's rulings, the rate of the Company's investment in local productions in 2017 remained 8% of its annual revenues from subscriber fees, paid for television broadcasts. The Broadcasting Council's December 2017 resolution stated that in 2018 the investment rate will remain 8% of our annual revenues, and increase to 9% starting 2019. According to the Broadcasting Council's decisions on December 13, 2018 and November 28, 2019, the investment rate for 2019 and 2020 will also remain 8%, and the rate for 2021 will be 9%, subject to certain terms and subject to further review by the Broadcasting Council during 2020, if needed, according to the developments in the market.

On September 5, 2018 the Commissioner amended the conditions of the cable merger to allow HOT to own also channels that broadcast only foreign content. The conditions prohibiting HOT to own channels that broadcast sports and local original content remain intact.

Special Licenses for Cable Broadcasts

Under the Communications Law, the Broadcasting Council is permitted to grant special licenses for cable broadcasts with a view to increasing the number of competitors involved in the broadcasting industry. In such cases, the general broadcasting licensees will be required to transmit the special licensee’s broadcasts over their networks subject to the condition that the capacity available to the general broadcasting licensee will not fall below five sixths of the total capacity available over its network. In August 2007, the Israeli Minister of Communications determined the minimum carriage fee to be paid by a special licensee for distribution of its channel by a general cable broadcasting licensee. We are also required to maintain a minimum level of capacity for transmitting special licensee broadcasts pursuant to the conditions established for approving the Israeli cable consolidation. In addition, in accordance with the Communications Law, the Broadcasting Council is permitted to grant special licenses to the broadcasters of designated channels. Unlike other special licensees, the designated channel licensees are not obliged to pay a carriage fee to the general broadcasting licensee although the parties are free to agree to such consideration contractually.

Prohibition of Termination Fees

In 2011, the Communications Law was amended to prohibit a license holder from collecting an exit or termination fee from residential and business subscribers whose monthly bill is under NIS 5,000 who terminate their agreement with the license holder before the end of the minimum term of such agreement. While a license holder is permitted to collect the balance of the payment in respect of end user equipment purchased by the subscriber and debts accumulated by the subscriber, if payment for end user equipment is due in instalments, the license holder is not permitted to demand immediate repayment of the entire balance.

In addition, pursuant to a decision of the Broadcasting Council in 2011, we are permitted to collect payments from new subscribers only in respect of services provided in the past month and cannot collect payment for service in advance. This decision has had an impact on our cash flows as we transition customers to a post-services billing basis.

Prohibition on Advertising

The Communications Law prohibits broadcasting licensees from including commercials in their broadcasts other than promotional advertisements for upcoming broadcasts. Commercial channels, including certain “must carry” channels, and foreign channels may be permitted to include commercials on their channels.

Proposed Changes in the Regulation of Audio-visual Content

In July 2018, a bill for the amendment of the Communication Law (Telecommunications and Broadcasting) (Regulation of Content Providers) was published (the “**Bill**”). According to the Bill, the purpose of the amendment is to change the regulation of the multi-channel TV market and adapt it to the technological changes, so that the regulation will apply to audio-visual content suppliers which carry contents to the public in Israel, as of a certain scope of income, while encouraging the competition and reducing the regulatory burden. According to the Bill, it is proposed that the regulation will apply on content providers under the principal of technological neutrality, i.e. it shall also apply with respect to content providers which carry their broadcasts over the internet, provided that such broadcasts are aimed primarily to the Israeli pubic. In addition, it is proposed to apply the regulation in a gradual manner, so that it will only apply to providers with a certain scope of activity. In addition, in order to unify the regulatory rules applicable to all license holders, it is proposed to cancel the cable broadcasting license and the satellite broadcasting license and the different regulation in this respect. Instead of that, it is proposed that any audio-visual content provider that meets the proposed conditions, regardless of the technology, will operate according to an audio-visual content license according to a unified regulatory framework. It is also proposed to update and adapt the Broadcasting Council’s authorities in a way that will reduce its authorities and focus them on subjects like broadcasting ethics, child protections and local production investments. It is further proposed to enable the license holders to offer their subscribers broadcasting packages upon their discretion, provided, however, that every channel will be also offered for purchase separately and not as part of a package. However, until the competition is established, it is proposed to maintain the existing regulation with respect to a narrow basic package and to authorize the Broadcasting Council to instruct a license holder to include in the basic package contents produced or purchased by it, in a rate that will be determined by the Council which shall not increase 20%.

On October 7, 2020, a committee appointed by the Minister of Communications for the purpose of reviewing the macro-regulation in the broadcasting market published a public hearing regarding the future regulation in the broadcasting market in Israel. The main issues that the committee will review include reducing and focusing the regulation, local productions, the structure of the regulatory bodies, economic models in the broadcasting market, regulation of sports broadcasting and ratings measurement. As of the date hereof, the committee has not published its recommendations.

Broadband Internet Infrastructure Access and Fixed Line Telephony

Overview

Our broadband internet infrastructure access and fixed line telephony operations are subject to extensive legislative and regulatory requirements that apply to the telecommunications industry in Israel, including the Communications Law, and the regulations enacted in accordance with it. Our operations are subject to the supervision of the Israeli Ministry of Communications (the "**Ministry**").

We provide our broadband internet infrastructure access, fixed line telephony services and certain other communication services pursuant to a general domestic operator license for the provision of fixed line services in Israel and a general license for provision of telecom services in several towns in Judea and Samaria (the "**Fixed Line Licenses**"). Among other things, the Fixed Line Licenses prohibit disconnection of any subscriber from the services other than in certain specified cases listed in therein. Our Fixed Line Licenses are valid until 2023 and may be extended for periods of 10 years at a time upon approval by the Ministry. As a general rule, these Licenses are non-transferable. In addition, the transfer of means of control in the relevant license holders may be subject to prior approval of the Ministry.

Certain key features of the regulations and licenses governing our broadband internet infrastructure access and fixed line telephony operations, including certain proposed regulatory changes that may have a significant impact on our operations, are set forth below.

Decision Regarding the Creation of a Wholesale Market

In accordance with the recommendations of a professional committee (the Hayek Committee) adopted by the Minister of Communications, on January 15, 2014 the Ministry of Communications published its decision on the list of wholesale services, that infrastructure owners (HOT and Bezeq) would be required to offer the service providers. Regarding some of the services, after hearing proceedings, service files were established regarding the service provision format. Also attached to the decision were regulations on maximum service rates on the Bezeq network. On June 15, 2017 HOT received the Minister of Communication's decision to adopt the recommendations of the Ministry's professional echelon on setting maximum rates for providing wholesale services on the HOT network for 2017-2018. In November 2018, the Ministry of Communications extended the maximum rates until 2020. In July 2019, the Ministry of Communications published a new proposal for setting the maximum rates for providing wholesale services.

The decision also noted that the recommendations of the Ministry's Engineering Department would be adopted, and that the Minister would instruct HOT to perform the required tests in order to test the required inputs needed to provide the multicast service, and that a directive on the test details, completed within 4 months of the instruction, shall be published in the near future. HOT currently provides wholesale services in accordance with the Minister's decision to service providers.

On December 30, 2019, the Ministry of Communications published a hearing proposing to change the method for the wholesale tariffs in HOT's network from cost-based model to a "retail-minus" basis. In the scope of the Ministry's decision in June 2020, to allow HOT to offer bundles including HOT Net's ISP services, the Ministry also decided that HOT will provide its wholesale services in consideration for decreased fees which were voluntarily proposed by HOT, and therefore the Ministry did not proceed with the change of tariffs as proposed in the hearing.

Use of Passive Infrastructure

On February 26, 2015, the Ministry of Communications published a resolution on the service file for access service to physical infrastructure, according to which the infrastructure owners (Bezeq and HOT) must allow service providers to use the passive infrastructure of the infrastructure owners (stems, dens, boxes and poles) starting August 1, 2015. Following this, pursuant to the 2017-2018 Arrangements Law, Section 5 of the Communications Law was amended, in such a manner so as to compel domestic operators to allow other domestic operators to use their passive infrastructure in such a manner so as to allow the other domestic operator to deploy cables or optical fibers through it or establish telecom facilities, in such a manner so as to allow the maintenance of the cables and facilities in question, in order to perform any telecom activity and provide any telecom service in accordance with the terms of the other domestic operator's license ("**Mutual Arrangement**"). It was also decided that the Minister of Communications, with the consent of the Minister of Finance, shall set the maximum or minimum tariffs for the use of the passive Bezeq infrastructure by a domestic operator who does not hold a unique general license (currently HOT and IBC Israel). In January 2019, the Ministry of Communications published draft regulations. Until these regulations are passed, the maximum payment set for access to passive infrastructure in the Communications Regulations (Telecom and Broadcasts) (Use of Domestic Operator Public Telecom Network), 5765-2014 (the "**Telecom and Broadcasts Communications Regulations**"), prior to the application of the Arrangements Law shall apply. If a difference exists between the payments paid by HOT for the use of the passive infrastructure in question, and the payments set by the Minister, retroactive accounting shall take place as the case may be. It was also decided that HOT's right to use the passive infrastructure of a different domestic operator would be postponed to October 1, 2017. According to draft regulations published by the Ministry of Communications on August 13, 2018, the Ministry considers to order that the rates for the use of Bezeq's passive infrastructures by HOT will be the same as the rates set for the use by other license holders.

Implementation of Universal Service Obligations and Deployment of Fixed Lines

Similar to the Broadcasting Licenses, the Fixed Line Licenses contain a requirement to extend our services to customers in all areas of Israel even where it would not be economically profitable to do so. Although we extend our services to most of Israel, there are currently certain areas of the country where we do not provide these services and we had applied for exemptions from the terms of the Fixed Line Licenses. Pursuant to the Fixed Line Licenses we are also required to provide network access service to other license holders on reasonable commercial terms so as to enable them to provide services to their subscribers and we must also avoid preferential provision of network access to our affiliated companies, including with regard to payment terms and service availability.

On June 22, 2014, a report (the "**Report**") was submitted to the Minister, by an Advisory Committee to the Minister in accordance with the Communication Regulations (Telecommunications and Broadcasts) (Advisory Committee), 5761-2011 (respectively, the "**Committee**" and "**Regulations**") recommending the considerations that should be applied in relation to applications submitted by Bezeq and HOT for exemption or deferral of the obligation to extend service. Among other things, the Committee recommended that there should be no justification to delay or limit the provision of telecommunications services in any area nationwide on the basis of cost-benefit considerations. The Report concludes that cost-benefit considerations should be taken into account only for applications to specifically restrict or deny the provision of communications services to specific customers (an "**Individual Application**"), rather than for a specific area or number of requests from the same area (a "**General Request**").

The Committee also recommended that limitations on the provision of communication services through exemptions or deferrals should, as a rule, be done only temporarily and recommended a temporary exemption for a fixed period of 24 months. It also recommended license holders must report any change in the circumstances surrounding an application for which an exemption was approved, and if the circumstances upon which the exemption was based no longer exist the universal obligation upon the licensee will apply immediately and without delay. In addition, the Committee recommended certain timelines for the implementation of the universal service obligation in case of rejection of an application for exemption or deferral.

The Committee further recommended the rejection of all existing applications made by HOT, except with regard to one specific application relating to a particular settlement for which it suggests a deferral for a period of 24 months, subject to the provision of an alternative solution by HOT.

On November 13, 2014, the Minister of Communications published his decision to adopt the recommendations of the Committee. As part of that decision, the Minister accepted the Committee's recommendations with respect to the rejection of all existing applications for deferral and/or exemption made by HOT (subject to the exception noted above). As a result, HOT is required to implement its universal service obligations with respect to the first stage of the deployment, in 60 local jurisdictions determined by the Minister, within 24 months from the date of the adoption of the Committee's recommendations (November 13, 2016). As noted above, the prescribed pace of implementation of the obligations will be reviewed annually, taking into account any technological and regulatory changes. It was further decided that the Committee shall submit to the Minister of Communications a list of recommended local jurisdictions for the next deployment stage, if required in accordance with the then-available technological alternatives.

The implementation of the decision that required HOT to complete deployment of its network by November 13, 2016, was postponed several times by the Minister of Telecommunications until July 30, 2019. In July 2019, an Advisory Committee recommended that HOT would be allowed to extend its services by alternative technology without the need for laying infrastructure. The Minister of Communications adopted these recommendations and HOT is currently providing services in some of these areas using alternative technology.

Fiber Optic Networks Deployment

On December 18, 2018, the Ministry of Communications published a call for public comments with respect to the principles for deployment of ultra-wide bandwidth infrastructure in Israel setting out the basis for the policy under consideration at the Ministry which, according to it, is intended to supplement the existing system of incentives and create regulatory certainty for the communications companies in terms of regulation. In the call for public comments, the Ministry presents initial principles according to which it is considering formulating regulation aimed at providing a solution for the different issues, mainly:

1. Freedom of action for infrastructure owners and service providers in terms of the technology mix, subject to the principle of non-infringement of the services that a competitor can offer.

2. Provision of wholesale services by the infrastructure owner as set out in the service portfolios, with any technological advancement in parallel to provision thereof in the existing networks.

3. A reasonable wholesale payment for BSA services, in accordance with Section 17 of the Communications Law, under the following restrictions:

   (a) A cost based tariff and not retail minus.

   (b) A uniform flat monthly tariff without a variable capacity allocation component.

   (c) The option of speed-based differential pricing will be weighed.

   (d) The existence of an effective margin squeeze prevention mechanism.

   (e) Quick implementation—the Ministry is considering, until completion of the up-to-date study of costs, to set the controlled price for fiber-based wholesale services, based on the data currently in its possession. It was indicated that a specific hearing on the subject would be published further to the call for public comments.

4. Formulation of an incentive mechanism for operation of advanced networks

   (a) The universal service obligation will not apply to HOT in respect of advanced fiber-based networks.

   (b) Bezeq and HOT will be given flexibility to establish a plan for operation of the network on a regional level (cities/neighborhoods). The regions in which the infrastructure owner intends to operate a fiber network will be published for the service providers several months in advance. In case of barriers to implementation of use of this service, the Ministry will act to remove them.

On February 10, 2019 an inter-ministerial team was established to review the policy for deployment of ultra-wide bandwidth fixed communication infrastructure in Israel that includes representatives from the Ministry of Communications, Ministry of Finance and the Competition Authority. The team was requested to review and formulate recommendations on the following subjects with attention to the good of the public and development of competition in the segment, all with respect to fixed ultra-wide bandwidth infrastructure: (i) Revision of the deployment obligations and/or obligations to provide the service applicable to the infrastructure owners and (ii) the need for tools to encourage deployment in regions in which it recommends stipulating that there is no deployment obligation, based on economic feasibility studies.

On November 5, 2019, the team published its recommendations for the next deployment stage to public's comments. The principal recommendations of the team are as follows: (i) Bezeq will be entitled to choose the areas for the deployment of optical fibers network, in which it will be obligated to complete its deployment within five years; (ii) in order to finance the deployment of fiber-optic networks in the areas that Bezeq will decide not to do so (the "**Incentivisation Areas**"), a fund will be established to provide financial incentives for fibers deployment to the residents in those areas (the "**Universal Fund**"), which will allocate its funds by way of competitive procedures with minimum governmental intervention. The winning proposals in such procedures will be the lowest ones; (iii) the Universal Fund will be financed by annual payments of all license holders (including Bezeq) in the amount of 0.5% of their annual income; and (iv) in order to motivate Bezeq to commit to a broad deployment, to limit the Incentivisation Areas, to decrease the deployment costs in such areas and to create a high level of competition in them, the team recommends: (a) to limit Bezeq's deployment in the Incentivisation Areas, (b) to exclude Bezeq from participating in the bidding process for the allocation of the Universal Fund sources; (c) that the cost for the use of Bezeq's physical infrastructures by other operators will be based on a different method, significantly lower than the payments in accordance with the wholesale market regulation; (d) the winning bidder(s) in a specific area will be obligated to provide wholesale BSA services in this area to other license holders.

The team mentioned in its recommendation, that the examination of HOT's deployment obligation should be further explored in the scope of another opinion, in accordance with the developments in HOT's network and in order to adapt its deployment obligation to the advantages of its network and to the scope of deployment of its passive network.

Following the call for public comments and the appointment of the inter-ministerial team, the Ministry of Communications published several additional hearings regarding various subjects related to the policy and regulation of deployment of advanced networks in Israel. Following these procedures, on July 20, 2020, the Minister of Communications decided to adopt the recommendations of the inter-ministerial team regarding the deployment obligations that will apply to the infrastructure owners, subject to several changes. In this scope, it was decided that Bezeq will be entitled to choose the areas for deployment and operation of its advanced network within five years, according to timelines which will be set in Bezeq's license. In the event that HOT decides to deploy an advanced network, it will be obligated to deploy at least 30% and to meet a 1:1 proportion rate between the center and peripheral areas. Bezeq also notified the Ministry of certain areas in which it will not deploy any network (the "**Incentive Areas**"). In order to promote the deployment in the Incentive Areas, a fund will be founded that will grant financial incentives for the deployment of competitive procedures (the "**Fund**") and Bezeq will not be entitled to participate in such procedures. The financing of the Fund will be done through annual payments by the license holders (including Bezeq) which have an infrastructure or a marketing relation (as such terms are defined in the report) in an amount equal to 0.5% of their respective annual income. The payments to the Fund will begin in 2021 based on the annual incomes of 2020. It was further decided that the cost for the use of Bezeq's physical infrastructures in the Incentive Areas will be significantly lower than the wholesale market tariffs and that the front-runners of the competitive procedures will be obligated to provide wholesale services (BSA) in the Incentive Areas to other license holders.

In September 2020, the Israeli government approved the fiber optic program and following that, in December 2020, the Communication Law was amended in order to implement the decisions of the MOC and the government regarding the policy for deployment in accordance with the principals described above, subject to several changes. It was decided that Bezeq will be obligated to complete the deployment in the areas chosen by it within six years and that it shall notify the Ministry of Communications within five months from January 1, 2020 (which may be extended by up to two months) regarding the areas for deployment. The Ministry of Communications' General Director will notify the license holders that are required to make payments towards the Fund, the amount owed by them for the applicable year by July 1 of each year. In the first year, however, such notice may be delayed.

Hearing regarding "margin squeeze"

Following the hearing published by the Ministry of Communications on setting a format for examining the limitation of margins by land-based broadband communications infrastructure owners, on August 29, 2017 HOT received a secondary hearing for determining a format for examining margin squeeze, published by the Ministry of Communications following references received from license holders. The hearing and the secondary hearing are intended to arrange the examination on whether owners of nationally-deployed infrastructure (Bezeq and HOT) are using margin squeeze practices in order to push service providers lacking national land-based infrastructure out of the market. This by lowering retail process and reducing the margin between the retail prices of an infrastructure owner and the retail price of the infrastructure input purchased by service providers. To this date, no decision has been made by the Ministry with respect to the subject matter.

Removal of Certain Restrictions on Bezeq

In May 2010, the Ministry of Communications announced that it was amending Bezeq's license and those of its subsidiaries, regarding the possibility of marketing joint product packages, in accordance with the terms set in the licenses, including the Ministry of Communications' approval for marketing packages. To the best of our knowledge, Bezeq marketed several communication packages. According to publications, in 2018 Bezeq's subsidiaries – Bezeq International, Yes and Pelephone – strengthened their synergies and announced that they would be cooperating, including by offering joint service packages. In June 2018, a dedicated team was appointed in the Ministry of Communications to review the need to update the structural separation obligations of Bezeq and HOT. In February 2019, Bezeq filed a petition to the High Court of Justice demanding to cancel the structural separation between it and its subsidiaries. On June 30, 2020, the inter-division team appointed by the Ministry of Communications in June 2018 for the purpose of review of the need to update the structural separation in Bezeq and HOT, published its recommendations. The team recommended that the structural separation should not be canceled, however, the Minister of Communications will later examine the need to change the separation between internet infrastructure service and ISP service. Following that, in October 2020, the Ministry of Communications published a hearing proposing to amend Bezeq and HOT's licenses so that as of January 1, 2022 they will be entitled to provide their customers a unified internet service. In February 2021, the Ministry of Communications published a secondary hearing in this matter, proposing certain changes to the previous hearing. As of the date hereof, no decision has been made in this hearing. In addition, in April 2021, the Competition Authority decided to amend the conditions for the merger of Bezeq and Yes in a way that enables Bezeq's subsidiary to provide subsidized triple-play packages.

Israel Electric Company Infrastructure

Following the government resolution, in June 2013 a group of investors was selected for the establishment of a Communications Venture, which is a new infrastructure company, headed by Via Europe, which holds 60% of the venture, along with the Israeli Electric Company, which holds 40% of the venture. On August 27, 2013, the Minister of Communications issued a general license for the provision of domestic land-based telecom services (infrastructure) to IBC Israel.

In August 2018, the Minister of Communications decided to amend the regulatory framework for the operation of IBC Israel, in a way that shall enable the reduction of its universal deployment obligation. Following that, it was decided that the new license that will be granted to IBC Israel will include a deployment obligation for 40% of the households in Israel within 10 years. In addition, it was decided that the Minister may allow a domestic fixed-line operator (except Bezeq or HOT) to be the control owner in IBC Israel, if he was convinced that this would not affect the competition or the public interest. In March 2019, Cellcom signed an agreement to purchase (together with Israel Infrastructure Fund ("**IIF**")) 70% of the share capital of IBC Israel and in August 2019 the Minister of Communications granted a new license to IBC Israel. Following the Ministry of Communications' approval, it was reported that such transaction was completed in July 2019.

In September 2020, HOT entered into an investment agreement with the partnership holding 70% share capital of IBC Israel, so that after the completion of the transaction HOT holds the partnership together with Cellcom and IIF and holds approximately 23.3% of IBC Israel. HOT also entered into an agreement for the purchase of indefeasible rights of use (IRU) in infrastructure lines in IBC Israel, according to certain committed percentage increasing gradually, of the customers houses connected to IBC Israel's network. In February 2021, following the receipt of all the required regulatory approvals from the Minister of Communications and the Competition Authority, the transaction was completed. The Minister of Communications' approval was subject to several conditions, including the following: (i) IBC Israel will enable any license holder interested to engage with it a shelf offer including various alternatives for a discount; (ii) IBC Israel will deploy its network so that after five years from March 7, 2021, 1.7 million households in Israel will be accessible to the network and as of the end of the third year following the grant of the license (July 31, 2019) and until reaching accessibility to 1.3 million households, the network deployment will be done in a 1:1 proportion rate between the center and peripheral areas as defined in IBC Israel's license. HOT's license was also amended to enable it to provide internet and landline telephony services over IBC Israel's fiber infrastructure. Following the required approvals, HOT began to provide its services over IBC Israel's optic fiber network including internet, land-line telephony and television.

Telephony Services over Broadband Internet

In 2007, the Israeli Ministry of Communications published the licensing policy for the provision of telephony services via broadband internet infrastructure or Voice Over Broadband. The policy stipulated that the provision of Voice Over Broadband services will be regulated via general specific licenses to be granted pursuant to the provisions of the Communications Regulations (Telecommunications and Broadcasting) (Processes and Conditions for Receipt of a General Specific License), 5764-2004. A general specific licensee will be permitted to provide telephony services using VoIP or VOB technology via the broadband internet infrastructure access service of a general fixed line licensee (currently only us and Bezeq). This policy thus permits a general specific licensee to provide services using a broadband licensee's network without the requirement to pay the owner of the network infrastructure charge, although they still must pay interconnection fees, whilst competing with it in providing fixed line telephony services.

Internet Service Provider

We provide our ISP services through our subsidiary, HOT Net, pursuant to a special license to provide internet access services (the "**ISP License**"). The ISP license permits us to provide various services, including internet access services, email services, installation and maintenance of a network for transmission of data, documents and electronic messages (EDI), processing, management and routing of messages and system administration services (including monitoring and handling malfunctions, information security, information systems and information compression and securing access to service recipient's computer). Under the terms of the ISP License, we are required to provide ISP services to any customer or other ISP license holders, including to customers of other broadband internet infrastructure access providers, without discrimination and under identical terms and conditions. Our ISP License is valid until December 31, 2015, and may be extended upon approval by the Ministry. As a general rule, the transfer of any means of control in a relevant license holder is subject to prior approval of the Ministry. On October 31, 2012, the Ministry published an amendment applicable to all licenses issued to ISP providers including our ISP License. The amendment introduced certain provisions mainly relating to consumer protection. On January 5, 2016, Hot Net's license was extended to December 31, 2020. As of January 2021, the provision of ISP services by HOT Net was incorporated into the Unified General License granted to HOT Net which is effective for 20 years as of May 12, 2012.

Mobile

Our mobile operations are subject to the Communications Law, the Telegraphy Ordinance New Version, 5732-1972, and the regulations enacted in accordance with them. We are also subject to the Planning and Construction Act and regulations with regard to site construction, the Consumer Protection Law, 5741-1981, the Non Ionising Radiation Law, 5766-2006, and the Law for the Prevention of Environmental Hazards (Civil Claims), 5752-1992, which enables class action claims in cases of radiation contamination. We provide our mobile services pursuant to a non exclusive license to erect, maintain and operate a mobile system and to provide mobile services (the "**Mobile License**"). The Mobile License was amended in September 2011 to add additional frequencies in relation to the creation of a UMTS network. The Mobile License with respect to the main original frequencies which we use to deliver our iDEN-based mobile services is valid until February 2016. Over the course of 2016 HOT Mobile has launched a new service, "MIRS4G", based on POC technology (PTT over cellular) on its network, to replace the service the Company had provided on the iDEN network. The Mobile License with respect to the additional frequencies which we will utilize to provide UMTS-based mobile services is valid until September 2031. The Mobile License may be extended for periods of six years at a time upon approval by the Israeli Ministry of Communications. As a general rule, the Mobile License is non transferable, and the transfer of any means of control in a relevant license holder is subject to prior approval of the Israeli Ministry of Communications.

Certain key features of the regulations and licenses governing our mobile operations, including certain proposed regulatory changes that may have a significant impact on our operations, are set forth below.

On July 2, 2014, the Israeli Ministry of Communications published a tender for a mobile phone license for the provision of advanced services using 4G-LTE technology, through which a total of eight frequency bands in the area of 1,800 MHz will be allocated (with a width of 5 MHz). On November 18, 2014, HOT Mobile submitted its offer in response to the tender.

The draft tender clarified that a licensee may enter into a network sharing agreement with another licensee subject to certain conditions. As a result, HOT Mobile has updated its request for approval by the Israeli Ministry of Communications of the Joint Network Agreement with Partner accordingly.

In connection with this tender process, the Israeli Ministry of Communications announced its decision to allow all existing mobile operators wishing to upgrade their systems immediately to use the frequency bandwidth of 5 MHz (X2) in the area of 1,800 MHz LTE technology. If the operator does not currently have such an allocation, the Israeli Ministry of Communications will assign them a temporary frequency bandwidth to use LTE technology until the end of the tender proceedings. However, companies will be required to avoid discrimination between operators that are being hosted on their networks, such as virtual operators or operators with domestic roaming agreements, in terms of the level of technology offered to their subscribers. In addition, companies will not be able to discriminate between subscribers with regards to the price of services, and will not be able to charge an additional cost for these 4G services, until such time as the launch of LTE after the publication of the tender winners and receiving their revised frequencies license. Companies may also not raise fares in light of this upgrade to customers, virtual operators or users of domestic roaming. During July and August 2014, Partner Communications Ltd., Cellcom Israel Ltd. and Pelephone Communications Ltd., announced the launch of LTE. HOT Mobile intends to launch such services in the coming months. The outcome of the 4G-LTE tender process was announced during 2015.

In July 2018, the Ministry of Communications temporarily allocated two bands, each of 5 MHz, in the 700 MHz spectrum, to HOT Mobile and Partner. According to the announcement by the Ministry on May 17, 2018, these temporary allocations were intended to enable technological preparations for providing advanced services and for efficient assimilation of the relevant technologies via this frequency. In view of the network sharing agreement between HOT Mobile and Partner, it was decided that Partner will also be allowed to use the frequencies allocated to HOT Mobile using the shared network (see below). In June 2019, the Ministry of Communications published a tender for 5G frequencies, which defers the first payment on the bands until 2022, in order to enable the companies to direct their financial resources to investments during first two years. The temporary allocation will be canceled based on the results of the tender. In accordance with the tender conditions, HOT Mobile and Partner submitted a joint proposal and won, each, the following frequencies: 10 MHz in the 700 MHz frequency range, 20 MHz in the 2,600 MHz frequency range and 50 MHz in the 3,500 MHz frequency range. The frequencies were allocated to HOT Mobile in September 9, 2020, and in that day HOT Mobile also received an amended license allowing it to operate a 5G network. Upon the receipt of the amended license and the frequencies allocation, HOT Mobile began to operate a 5G network.

Network Sharing

On April 20, 2015, the Ministry of Communications approved the network sharing agreement between HOT Mobile and Partner in accordance with Ministry policy and the relevant licenses. On August 9, 2015, the Ministry of Communications granted PHI (the general partner in the joint venture) a special license to provide cellular radio infrastructure services to a radio telephone operator, pursuant to which the joint venture, among other things, is responsible for maintaining, developing and operating an advanced radio network for HOT Mobile and Partner and the joint venture began operating. The license shall be in effect for a period of 10 years.

Construction of Network Sites

The regulation of network site construction and operation are primarily set forth in the Israeli National Zoning Plan 36A for Communications which was published in May 2002 ("**National Zoning Plan 36**"). The construction of radio access devices, which are cell sites of smaller dimensions, is further regulated in the Planning and Building Law and the Communications Law.

National Zoning Plan 36A

National Zoning Plan 36A (the "**Plan**") includes guidelines for constructing cell sites in order to provide mobile broadcasting and reception communications coverage throughout Israel, while preventing radiation hazards and minimizing damage to the environment and landscape. Plan sets forth the considerations that the planning and building authorities should take into account when issuing building permits for cell sites. These considerations include the satisfaction of safety standards meant to protect the public's health from non-ionizing radiation emitting from cell sites, minimizing damage to the landscape and examining the effects of cell sites on their physical surroundings. However, the Plan is in the process of being revised. Current proposed changes will impose additional restrictions and requirements on the construction and operation of cell sites. On June 1, 2010, the

National Council for Planning and Building approved the National Zoning Plan No. 36/A/1 version that incorporates all of the amendments to the Plan (the "**Amended Plan**"). The main amendments to the Plan are: (a) the Amended Plan provides for full liability for depreciated property claims on the mobile operators; (b) the Amended Plan prohibits the erection of poles in urban areas (excluding industrial zones) and in rural areas (excluding next to existing infrastructure); (c) the Amended Plan grants to the municipalities the authority to approve local zoning plans that will regulate the deployment of site; and (d) the Amended Plan demands a minimum distance of four meters between antenna poles on a rooftop.

The Amended Plan is subject to governmental approval, in accordance with the Planning and Building Law. It is unknown if, and when, the government intends to approve the Amended Plan. If the Amended Plan is approved, it may have a significant impact on our ability to get permits for our mobile sites. In addition, we may need to change the location of our future mobile network sites to less suitable locations, which may have an adverse effect on the quality and capacity of our mobile network coverage. The cost of complying with the Amended Plan might be substantial and may adversely affect our revenues and profits. The Amended Plan has not yet received the required approval.

Radio Access Devices

Most mobile operators have historically relied on an exemption from obtaining a building permit under the Construction and Planning Law for constructing rooftop mobile radio access devices, which was consistent with the Israeli Attorney General opinion on the matter.

In September 2010, the Supreme Court issued a temporary injunction that forbid the continued construction of access facilities in cellular basis on the basis of an exemption from building permits (requested in two petitions filed in July 2008 and June 2009). The temporary injunction, issued at the request of the Attorney General, will remain in effect until the proposed regulations are passed or the court decides otherwise. In his announcement, the Attorney General noted that when the winners are declared for the frequency tender in which HOT Mobile took part and won, he may ask that the injunction be reduced. The injunction will not apply to the replacement of existing access facilities under certain circumstances.

In September 2010, the Court issued a temporary injunction on the petitions. As part of its response to the petition, the Sate responded that he reduction in the scope of the order regarding the new operators shall be in effect until June 30 2014, and that after that date the sole opportunity for establishing access facilities will be after approving the relevant regulations, and in accordance with the restrictions set therein. In September 2014, a hearing was held on the petitions before the Court, with no ruling yet received. In March 2016, the Court updated the ordinance in such a manner that allows HOT Mobile and Partner to unify both companies access facilities in the joint network and as part of this, move the location of some of the facilities.

In December 2017, a discussion was held at the Knesset Economics Committee (the "**Economics Committee**") on the new wording of regulations issued by the Minister of Finance in coordination with the other relevant government ministries. The Economics Committee did not finish its discussion of all of the items, and therefore made clear that a follow-up meeting would be set for the regulations. The proposed wording was recommended by the National Council of Planning and Construction. Inasmuch as the wording is approved in the format sent to the Economics Committee, this will make it very difficult to move wireless access facilities from one place to another as well as make changes to existing access facilities.

Radio access devices also require permits from the Israeli Ministry of Environmental Protection. The local planning and building committee's engineer may object to the exemption for a permit requirement prior to installing radio access devices. An annulment of, or inability to rely on, or substantial limitation of, the exemption could adversely affect our existing network and network build out (particularly given the objection of some local planning and building authorities to grant due permits where required), could have a negative impact on our ability to obtain environmental permits for these sites, could negatively affect the extent, quality, capacity and coverage of our network and have a negative impact on our ability to continue to market our mobile services effectively.

The Non-Ionising Radiation Law

In accordance with the provisions of the Non-Ionizing Radiation Law and the amendment to the Planning and Construction Law, which among other things establish a requirement to deposit a letter of indemnification from suits for the loss of value of real estate as a condition for receiving a permit to build a broadcast facility. According to the National Council for Planning and Construction's guidelines, a 100% indemnity obligation was established.

After the law was passed, as of December 31, 2016, HOT Mobile has submitted 346 letters of indemnity as a condition for the receipt of building licenses at various sites around the country.

As of this date, no claims have been filed against the group by virtue of the letters of indemnity and according to the announcement of the Attorney General, claims by virtue of the letters of indemnification filed one year after receiving the building permit will not be recognized.

Note that to date, a partial version of the regulations has been ratified, and the chapter of the regulations pertaining to maximum radiation levels has yet to be completed. A version of the chapter in question approved by the Minister of Communications has been filed by the Ministry of the Environment, for the approval of the Knesset Interior and Environmental Committee, but did not secure its approval, as the Committee requested stricter criteria for permits issued by the environmental radiation supervisor. If the Committee's requests are accepted, HOT Mobile estimates that it may have a material impact on its ability to provide cellular services in the State of Israel.

Prohibition of Exit Fee

On March 21, 2012, the Knesset passed an amendment to the Communications Law in order to prohibit a license holder from collecting an exit or termination fee from new subscribers who cancel their agreement with the license holder. A license holder is still permitted to collect the balance of payment owed to it by the subscriber relating to the purchase of end user equipment. The amendment does not apply to large subscribers who have purchased 100 or more lines. Additionally, under the terms of the amendment, as of January 2013, it is not be possible to link a transaction for the purchase of end user equipment and the provision of mobile services.

Mobile Virtual Network Operator

A mobile virtual network operator, or MVNO, is a mobile operator that does not own its own spectrum and does not have its own radio network infrastructure. Instead, MVNOs have business arrangements with existing mobile operators to use their infrastructure and network for the MVNO's own customers. The Communications Law was amended in July 2009 to provide for MVNO licenses, and, in January 2010, the regulations necessary for the granting of an MVNO license were promulgated. The regulations regulate the operation of an MVNO pursuant to an agreement to be reached and entered between a mobile operator and an MVNO and sets, among others, the conditions for receiving an MVNO license, including a requirement to operate a mobile phone switch, a restriction on a mobile operator and a fixed line operator to receive an MVNO license and limitations on parties related to an existing mobile operator and on other communication licensees to receive an MVNO license. The amendment provides that in the event that an, MVNO and mobile operator will not have reached an agreement as to the provision of service by way of MVNO within six months from the date the MVNO has approached the mobile operator, and if the Ministry together with the Israeli Ministry of Finance determine that the failure to reach an agreement is due to unreasonable conditions imposed by the mobile operator, the Ministry will use its authority to provide instructions. Such instructions may include intervening in the terms of the agreement, including by setting the price of the service. Over the years, the Ministry has granted eleven MVNO licenses.

Fees and Royalty Payments

In accordance with our Mobile License, we were required to pay to the State of Israel a total license fee of NIS 705 million, out of which we paid NIS 10 million at the time of receiving the license. We then provided a bank guarantee to the State of Israel for the remaining NIS 695 million. As of the first testing date on September 26, 2013, we achieved a market share calculated in accordance with the license agreement that entitled us to a deduction of the entire amount of the NIS 695 million license fee outstanding. Accordingly, we requested the Ministry to reduce the amount of the bank guarantee to an amount of NIS 80 million as guarantee of our obligation to achieve certain territorial coverage requirements under our license. On November 21, 2013, the Ministry notified HOT Mobile that the license fees were to be decreased to NIS 10 million (which has already been paid) and the bank guarantee shall be decreased from the amount of NIS 695 million to an amount of NIS 80 million.

Reduction of Interconnection Fees

Effective December 1, 2013, interconnection fees between fixed line telephony service providers (including Bezeq, VoIP or VOB providers and us) were reduced by 60% and set at NIS 0.01.

Copyright/Trademark Law

Israel grants copyright protection to original literary, dramatic, musical and artistic works, as well as sound recordings and computer programs under the Copyright Law, 5767 2007. Copyright protection automatically exists with respect to works which comply with the terms set forth in the Copyright Law. Under the Copyright Law, generally, protection of a work runs from the date of creation until the end of the seventieth year after the year of the death of the author. Israel is party to a number of multinational treaties relating to copyrights, including the Berne Convention.

In Israel, trademarks are governed by Trade Marks Ordinance (New Version), 5732 1972. A trademark registration is valid for 10 years from the date of the trademark application. The registration may be renewed for further periods of 10 years after each renewal. The legal protection of a trademark is conditioned on it having distinctive character. Israeli law also provides for legal protection to unregistered trademarks. Under the Trade Marks Ordinance an owner of a trademark that is well known in Israel can exclude others from using the mark, even when the trademark was not registered in Israel. Israel is also party to a number of multinational treaties relating to trademarks.

Structural Separation

In November 2003, as part of the steps taken to merge the cable companies and expand of the activity of the cable companies into the communications sector, including providing telephony services, the cable companies, including the Company, set up HOT, as a joint corporation, designed to operate domestic fixed-line telephone services over the cable network. HOT began operating on January 1, 2004, and since the completion of the merger, it has coordinated all of the Company's communications activity.

As stated, as part of the policy of the Ministry of Communications for increasing competition in the communications market, provisions were stipulated in the domestic operator license regarding structural separation between the broadcasting license holder and the domestic operator license holder.

In accordance with the domestic operator license and the broadcasting license provisions, regarding structural separation between the Company and HOT, they are permitted to work together in offering joint product packages, which include multi-channel television services, telephony services and internet infrastructure access services.

In accordance with the provisions of the Licenses, the Group uses for its activity, various restrictions are placed on the activity of group companies, which prevent full synergy in the Group's activity, including the requirement for separate managements at some of the companies. On June 30, 2020, the Ministry of Communications allowed HOT to provide joined packages including triple-play services with HOT Net's ISP services, subject to certain conditions, and HOT began to provide such packages as of July 15, 2020. Further, in February 2021 the Ministry of Communications amended HOT Mobile's and HOT Net's licenses to enable them to provide triple-play packages together with HOT Mobile's mobile cellular services and HOT Net's international calls services, subject to the Ministry's approval. On May 30, 2021, the Ministry of Communications approved the marketing of quad-play packages including triple-play services with HOT Net's ISP services and HOT Mobile's mobile cellular services.

Centralization Law

On December 9, 2013, the Knesset Finance Committee approved the bill for promoting competition and reducing concentration. According to the law, a committee will be established with the objective to supervise the attempts to limit concentration, headed by the Antitrust Commissioner and hosting members such as the General Director of the Ministry of Finance and the head of the National Economic Council or one of his deputies appointed by the prime minister. Under the bill, among other things, the regulator may decide not to assign any right, including the right to grant or extend a license, to a concentrated factor as it is defined in the law, if it finds that it is unlikely that any real harm may be caused to the sector in which this rights is assigned and the regulation of such sector. Also, a regulator seeking to allow the assignment of a right, including the grant or extension of a license, will not do so, including not allowing any concentrated factor to participate in the assignment procedure of this right and not setting any conditions that allow its assignment, but only after taking into account considerations of cross market concentration in consultation with the entity in charge of the concentration reduction. In addition, the law provides, *inter alia*, that when assigning a right and setting its terms the regulator must consider, in addition to any other vital consideration as specified by law, considerations of promoting competition in the sector, and, if the right is included in the list of rights issued by the Antitrust Commissioner in this regard, the regulator may assign this right only after considering promoting competition in the sector in consultation with the Antitrust Commissioner. The group was included in the list of centralized bodies published by the antitrust authority.

Consumer Protection and Regulatory Bills

The Group's activity in Israel is subject to general legal provisions that regulate the relationship and the method of engagement between it and its customers. As such, the group's activity is subject to the Consumer Protection Law. Among other things, the Consumer Protection Law grants the court the option to rule compensation without providing damage in the cases denoted therein, which include consumer requests that a business cease billing them after the conclusion of the transaction or the commitment; failure to provide consumers with written notice that the engagement between them and the business will continue after the end of the commitment period, unless the consumer informs them that they wish to end it, up to level of 10,000 NIS. In cases of repeated or ongoing violations, the compensation level can reach a sum of 50,000 NIS.

Frequent changes in the Consumer Protection law influence the group's activity in Israel, as provider of services to a large number of private consumers, due to the expenses involving in implementing them, and due to changes that may occur to the format of the company's behavior with its customers.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The Group has entered into various agreements or transactions with its equity associates, its ultimate controlling shareholder and its principal shareholder, Altice Europe, as well as the companies that its ultimate controlling shareholder controls from time to time. These agreements and transactions are carried out on 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 28 to the 2020 Financial Statements and Note 30 to the 2019 Financial Statements for more information.

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 ATS, the Group relied on Altice Europe for the purchase of technical support services; and
- negotiation of programming contracts and acquisition of content, as further described below.

Transactions with Altice France and Altice TV

We completed the transfer of our Altice TV business to an affiliate of the Group on May 15, 2018. In connection with the renegotiation of the existing sports content wholesale contracts between Altice France and AENS, the content contracts were cancelled and replaced by new revenue sharing contracts with a lower guaranteed minimum income. Altice TV received an indemnity of €300 million from companies in the Altice France Group as part of the renegotiation in connection therewith. Following such sale and prior to the reorganization of the content activities, Altice Europe operated the Altice TV division which, with its subsidiaries (including AENS) and Altice Pictures S.à.r.l ("**Altice Pictures**"), a subsidiary of Altice Europe incorporated in Luxembourg, encompassed Altice Europe's content distribution division. On July 7, 2020, Altice Europe reorganized the corporate organizational structure for content activities. SportCoTV S.A.S. ("**SportCoTV**"), a wholly-owned subsidiary of Altice France, acquired the shares of Altice Pictures, which at the time held the rights for sports content, including UEFA champions league and other premium content. Business of the Altice TV division now conducted by SportCoTV is consolidated in the financial statements of Altice France.

The Group has entered into various arrangements with the Altice TV division, including non-exclusive distribution rights in Portugal, Israel and the Dominican Republic provided to the Group of Netflix and Discovery channels. The total expenses for the transactions with Altice TV for the year ended December 31, 2020 and for the three months ended March 31, 2021 amounted to €2 million and €11 million, respectively.

Further, PT Portugal and Altice Dominicana provide content distribution and other services (which consists mainly of the sale of Altice Labs), respectively, to the Altice France Group. For the three months ended March 31, 2021 and for the year ended December 31, 2020, revenues generated by the Group related to such services amounted to €23 million and €71 million, respectively.

For the services described above (Pay TV and other services), as of March 31, 2021, the outstanding trade receivables balance owed by Altice France to the Group was €27 million and the outstanding trade payables balance owed by the Group to Altice France was €9 million.

Recent Dividends and Intercompany Loans

On December 30, 2020, certain amendments relating to the maturity date and interest rate were made to the agreement pertaining to the AI Mandatory Convertible Notes, which were entirely subscribed by Altice

International's sole shareholder, Altice Lux. On December 30, 2020, the existing agreement was amended with a revised maturity date of December 31, 2023 and an interest rate which is based on the annual interest rate accrued on the Group's senior debt. Following the amended agreement, the existing liability was derecognized and a new liability was recorded, resulting in the recognition of an interest expense of €18 million and an extinguishment of debt of €478 million. The non-current portion of the AI Mandatory Convertible Notes liability recorded at December 31, 2020 and December 31, 2019 are €174 million and €490 million, respectively. The current portion of the AI Mandatory Convertible Notes liability recorded at December 31, 2020 and December 31, 2019 are €180 million and €140 million, respectively.

In the year ended December 31, 2020 and December 31, 2019, the total amount of dividends or other distributions via upstream loans to direct and indirect shareholders and affiliates made by the Group amounted to €10 million and €12 million, respectively. In the three months ended March 31, 2021, no dividends or other distributions via upstream loans to direct and indirect shareholders was made by the Group.

As of March 31, 2021, the aggregate principal amount of loans owed by the Group to its direct or indirect shareholders amounted to €357 million (including the AI Mandatory Convertible Notes) and the aggregate principal amount of loans owed to the Group by its direct or indirect shareholders amounted to €2,511 million. Since March 31, 2021, the total amount of dividends or other distributions via upstream loans to direct and indirect shareholders made by the Group amounted to €21.3 million.

Sale of the FOT Business to Altice France

On October 31, 2018, the Group completed the sale of a controlling interest in the FOT Business to Altice France. The total consideration transferred amounted to €476 million.

Transactions with AMI

On January 31, 2018, we completed the sale of 100% of the share capital of AMI to Altice Group Lux. The transaction value was 1 CHF.

AMI, a company based in Switzerland and a direct subsidiary of Altice Group Lux, acted as the global provider of call center and telemarketing services to the Group. These services improved the efficiency of the services provided by the Group for the benefit of its customers and were provided at price points that are lower relative to prior arrangements between the Group and multiple external suppliers that previously delivered such services. All of these services, for which AMI charged management fees to the Group, were terminated during 2018. As of March 31, 2021, the Group owed nil trade receivables to AMI.

European Commission gun jumping penalty

In connection with the EC's €125 million fine imposed on the Group and Altice Europe following the EC's investigation on gun jumping during the PT Portugal Acquisition, we agreed to reimburse Altice Europe in an amount equal to the penalty amount. As a result, a trade payable to Altice Europe of €130 million was outstanding as of March 31, 2021.

Brand license and service agreement

The Group licences the Altice brand from Next Alt as part of a brand licence and services agreement entered into in 2016. As part of this agreement, the Group has the exclusive right to use the Altice brand for corporate identification purposes and commercial purposes in the telecommunication, content and media sectors in the territory defined in the agreement (which, since the separation, excludes North America). In 2017, the brand licence and services agreement was amended. Instead of a fee, Next Alt was granted 30 million stock options. On June 7, 2018, Next Alt transferred the options to its parent company Next Luxembourg S.C.Sp.

Transactions with Altice USA

Teads and Altice Dominicana provide online advertising and long-distance traffic services, respectively, to Altice USA. In addition, PT Portugal sold equipment to Altice USA. For the three months ended March 31, 2021 and for the year ended December 31, 2020, revenues generated by the Group related to such services and sales amounted to €10 million and €41 million, respectively. As of March 31, 2021, the outstanding trade receivables balance owed by Altice USA to the Group was €11 million and related primarily to the transactions with Teads and PT Portugal.

Transactions with Teads Management

Pierre Chappaz and Bertrand Quesada

Teads and Pierre Chappaz, a founder and director of Teads, have agreed that Pierre Chappaz will be entitled to a one-time fee of $35 million. This one-time fee will be paid by Teads in October 2022. With respect to this fee, Teads does not expect that any Dutch income taxes, any Dutch wage withholding taxes or any value added taxes will be due. If, however, any Dutch income taxes would be due by Pierre Chappaz or any Dutch wage withholding taxes would have to be withheld by Teads on his behalf in connection with this fee, Teads will gross up the one-time fee to cover such taxes and, as the case may be, any related costs (including but not limited to late payment interest and penalties). In addition, if any value added taxes would be due in connection with this fee, Teads will bear such value added taxes itself as well as any related costs; it is uncertain what part, if any, of such value added tax charges would be recoverable by Teads. The Dutch maximum statutory progressive income and wage tax rate is 49.50% and the general Dutch value added tax rate is 21%. As a consequence, the total amount to be paid by Teads may be up to $70 million (excluding any possible related costs) plus any non-recoverable Dutch value added taxes.

Further, Teads and each of Pierre Chappaz and Bertrand Quesada (co-founder, director and CEO of Teads) have agreed that Pierre Chappaz and Bertrand Quesada, in connection with their appointment as executive directors of Teads, will each be granted a one-time bonus of $21 million by Teads. These one-time bonuses will be paid by Teads in May 2022. With respect to the one-time bonus of Pierre Chappaz, Teads will gross up the one-time bonus for all Dutch income taxes that will become due by him and all Dutch wage withholding taxes to be withheld by Teads on his behalf in connection with this bonus. Based on the Dutch maximum statutory progressive income and wage tax rate of 49.50%, the total amount to be paid by Teads in respect of Pierre Chappaz may be up to $41 million. Teads and Pierre Chappaz will file an application with the Dutch Revenue Service for the purpose of designating 30% of the appointment bonus as tax-exempt wages, which, if granted, may reduce the total amount of the cost with respect to the one-time bonus of Pierre Chappaz to no more than $35 million.

In addition to the above, Altice International has entered into certain arrangements pursuant to which it has the option to purchase, and the managers of Teads have the option to sell, certain minority interest in Teads (via an indirect holding company) with an exercise price based on a pre-determined formula. As of March 31, 2021, the financial liability relating to the put options based on the discounted cash flows valuation recognized in the consolidated financial statements is €205.9 million and the financial asset relating to the call option based on the Black and Scholes model recognized in the consolidated financial statements is €158.0 million.

Transactions with Equity Associates and Non-Controlling Interests

Transactions with SPORT TV

On February 24, 2017, PT Portugal acquired a 25% stake in the capital of SPORT TV, a sports broadcaster based in Portugal. The Group incurs certain operating expenses in connection with the acquisition of broadcasting rights to sports events from SPORT TV.

Transactions with Fibroglobal

The Group holds a 5% interest in Fibroglobal—Comunicações Electrónicas ("**Fibroglobal**"), a fiber network and infrastructure management company which provides services to PT Portugal. The Group generated revenues from Fibroglobal related to specialized works and the lease of ducts, posts and technical spaces through which its network passes. Over the same period, the Group incurred operating expenses with Fibroglobal related to a fee for any new customer installation and a monthly fee for PT Portugal's customer base that use Fibroglobal's network. As of March 31, 2021, PT Portugal has a loan receivable of €14 million from Fibroglobal and trade payable to Fibroglobal of €3 million.

Transactions with Associação de Cuidados de Saúde

As of March 31, 2021, the Group was owed receivables and owed trade payables of €11 million and €8 million, respectively, to—Associação de Cuidados de Saúde, the entity that provides health care services to certain active and retired employees of PT Portugal and their eligible relatives.

Transactions with Fundação Portugal Telecom

As of March 31, 2021, the Group was owed receivables and owed trade payables of €3 million and €4 million, respectively, to Fundação Altice Portugal, the entity that provides social responsibility project services to PT Portugal.

Transactions with IBC Israel

On February 11, 2021, HOT became an equal partner in the IBC Partnership, an entity that holds 70% of IBC Israel's share capital, together with Cellcom and Israel Infrastructure Fund. HOT indirectly holds 23.3% of IBC Israel's share capital. HOT has entered into an agreement with IBC Israel for the purchase of indefeasible rights of use (IRU) in infrastructure lines in IBC Israel, according to certain committed percentage increasing gradually, of the customers houses connected to IBC Israel's network. In addition, the parties signed an agreement for the provision of fiber optic deployment services, maintenance and other technical services by a corporation held by HOT to IBC Israel.

DESCRIPTION OF INDEBTEDNESS

The following contains a summary of the terms of our key items of indebtedness and is presented, unless otherwise indicated, as of the date hereof. 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.

Altice Financing 2026 Notes

On May 3, 2016, Altice Financing issued $2,750 million aggregate principal amount of its 7½% senior secured notes due 2026 (the "**Altice Financing 2026 Notes**"). Between June 4, 2020 and September 25, 2020, Altice Financing repurchased and cancelled the Altice Financing 2026 Notes in an aggregate principal amount equal to $279 million. The Altice Financing 2026 Notes mature on May 15, 2026. Interest on the Altice Financing 2026 Notes is payable semi-annually in cash in arrears on each January 15 and July 15. The Altice Financing 2026 Notes are governed by a New York law governed indenture entered into on May 3, 2016 (the "**Altice Financing 2026 Notes Indenture**").

The Altice Financing 2026 Notes are general obligations of Altice Financing and (i) rank *pari passu* in right of payment with any existing or future indebtedness of Altice Financing that is not subordinated in right of payment to the Altice Financing 2026 Notes, (ii) rank senior in right of payment to any existing or future indebtedness of Altice Financing that is expressly subordinated in right of payment to the Altice Financing 2026 Notes and (iii) are effectively subordinated to any existing or future indebtedness of Altice Financing that is secured by property or assets that do not secure the Altice Financing 2026 Notes, to the extent of the value of the property and assets securing such indebtedness.

The Altice Financing 2026 Notes are guaranteed on a senior secured basis by Altice International, Altice Caribbean, Cool Holding, Hadaros, Altice Holdings, Altice West Europe, Altice Portugal, Altice Bahamas, Altice Dominicana, PT Portugal and PT OpCo (the "**Altice Financing Notes Guarantors**"). Each such guarantee is a general obligation of the applicable Altice Financing Notes Guarantor and (i) ranks *pari passu* in right of payment with any existing and future indebtedness of the applicable Altice Financing Notes Guarantor that is not subordinated in right of payment to such Altice Financing Notes' guarantee; (ii) ranks senior in right of payment to all existing and future indebtedness of the applicable Altice Financing Notes Guarantor that is expressly subordinated in right of payment to such Altice Financing Notes' guarantee; (iii) is effectively subordinated to any existing and future indebtedness of the applicable Altice Financing Notes Guarantor, including any existing or future indebtedness of such Altice Financing Notes Guarantor that is secured by property or assets that do not secure such Altice Financing Notes Guarantor's guarantee, to the extent of the value of the property and assets securing such indebtedness; and (iv) is structurally subordinated to the indebtedness and other obligations of any subsidiary of such Altice Financing Notes Guarantor that does not guarantee the Altice Financing 2026 Notes. The guarantees of the Altice Financing 2026 Notes are subject to release under certain circumstances.

The Altice Financing 2026 Notes are secured by the Senior Secured Collateral.

On or after May 15, 2021, Altice Financing may redeem some or all of the Altice Financing 2026 Notes at the redemption prices, plus accrued and unpaid interest and additional amounts, if any, during the period of twelve months from May 15 of each year indicated below:

Year	Repurchase price
2021	103.750%
2022	102.500%
2023	101.250%
2024 and thereafter	100.000%

In addition, Altice Financing may redeem all of the Altice Financing 2026 Notes at a price equal to their principal amount plus accrued and unpaid interest and additional amounts, if any, upon the occurrence of certain changes in tax law. If we and our restricted subsidiaries sell certain of our assets or if Altice Financing or we experience specific kinds of changes in control, Altice Financing may be required to make an offer to repurchase the Altice Financing 2026 Notes at specified redemption prices.

The Altice Financing 2026 Notes Indenture, among other things, limits our ability, the ability of Altice International and its Restricted Subsidiaries (as defined therein) to (i) incur or guarantee additional indebtedness (subject to an incurrence-based consolidated 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. These covenants are subject to a number of important exceptions and qualifications. The Altice Financing 2026 Notes Indenture permits the incurrence of senior secured indebtedness by Altice Financing so long as the consolidated net senior secured leverage ratio (*pro forma* for such transaction) is not greater than 3 to 1. Subject to the consolidated net leverage ratio not exceeding 4 to 1 (*pro forma* for such transaction) and so long as there is no default or event of default outstanding, the Altice Financing 2026 Notes Indenture permits the distribution of dividends and other restricted payments so long as the aggregate amount of restricted payments does not exceed the sum of an amount equal to the Consolidated EBITDA (as defined therein) generated from the period beginning on the first day of the first full fiscal quarter commencing prior to December 12, 2012 until the most recently ended quarter, less 1.5 times the consolidated interest expense for such period (although compliance with such consolidated net leverage ratio is not required to make a restricted investment). The restricted payment capacity is also subject to increase based on certain provisions that are customary for an incurrence based covenant package. In addition, the Altice Financing 2026 Notes Indenture permits unlimited restricted payments so long as the consolidated net leverage ratio (*pro forma* for such transaction) is not greater than 4 to 1.

The Altice Financing 2026 Notes Indenture provides for certain events of default, including, amongst others, defaults under other debt instruments which (i) is caused by the failure to pay principal of indebtedness at its stated maturity prior to the expiration of the applicable grace period or (ii) results 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 Altice Financing 2026 Notes Indenture, the Altice Financing 2026 Notes and the guarantees thereof are governed by the laws of the State of New York. The Altice Financing 2026 Notes are expected to be redeemed in full in connection with the Refinancing Transactions.

Altice Financing 2025 Notes and Altice Financing 2028 Notes

On January 22, 2020, Altice Financing issued (i) €600 million aggregate principal amount of 2.250% Senior Secured Notes due 2025 (the "**Altice Financing 2025 Notes**"), (ii) $1,200 million aggregate principal amount of 5.000% Senior Secured Notes due 2028 and (iii) €1,100 million aggregate principal amount of 3.000% Senior Secured Notes due January 15, 2028 ((ii) and (iii) together, the "**Altice Financing 2028 Notes**", and together with the Altice Financing 2025 Notes and the Altice Financing 2026 Notes, the "**Altice Financing Notes**"). The Altice Financing 2025 Notes mature on January 15, 2025 and the Altice Financing 2028 Notes mature on January 15, 2028. Interest on the Altice Financing 2025 Notes and the Altice Financing 2028 Notes is payable semi-annually in cash in arrears on each January 15 and July 15. The Altice Financing 2025 Notes and the Altice Financing 2028 Notes are governed by a New York law governed indenture entered into on January 22, 2020 (the "**Altice Financing January 2020 Notes Indenture**" and together with the Altice Financing 2026 Notes Indenture, the "**Altice Financing Indentures**").

The Altice Financing 2025 Notes and the Altice Financing 2028 Notes are general obligations of Altice Financing and (i) rank *pari passu* in right of payment with any existing or future indebtedness of Altice Financing that is not subordinated in right of payment to the Altice Financing 2025 Notes and the Altice Financing 2028 Notes, (ii) rank senior in right of payment to any existing or future indebtedness of Altice Financing that is expressly subordinated in right of payment to the Altice Financing 2025 Notes and the Altice Financing 2028 Notes and (iii) are effectively subordinated to any existing or future indebtedness of Altice Financing that is secured by property or assets that do not secure the Altice Financing 2025 Notes and the Altice Financing 2028 Notes, to the extent of the value of the property and assets securing such indebtedness.

The Altice Financing 2025 Notes and the Altice Financing 2028 Notes are guaranteed on a senior secured basis by the Altice Financing Notes Guarantors. Each such guarantee is a general obligation of the applicable Altice Financing Notes Guarantor and (i) ranks *pari passu* in right of payment with any existing and future indebtedness of the applicable Altice Financing Notes Guarantor that is not subordinated in right of payment to such Altice Financing Notes' guarantee; (ii) ranks senior in right of payment to all existing and future indebtedness of the applicable Altice Financing Notes Guarantor that is expressly subordinated in right of payment to such Altice Financing Notes' guarantee; (iii) is effectively subordinated to any existing and future indebtedness of the applicable Altice Financing Notes Guarantor, including any existing or future indebtedness of such Altice Financing Notes Guarantor that is secured by property or assets that do not secure such Altice Financing Notes Guarantor's guarantee, to the extent of the value of the property and assets securing such indebtedness; and (iv) is structurally subordinated to the indebtedness and other obligations of any subsidiary of such Altice Financing Notes Guarantor that does not guarantee the Altice Financing 2025 Notes and the Altice Financing 2028 Notes. The guarantees of the Altice Financing 2025 Notes and the Altice Financing 2028 Notes are subject to release under certain circumstances.

The Altice Financing 2025 Notes and the Altice Financing 2028 Notes are secured by the Senior Secured Collateral.

Prior to January 15, 2023, Altice Financing may redeem all or a portion of the Altice Financing 2028 Notes at a price equal to 100% of the principal amount plus a make-whole premium. On or after January 15, 2023, Altice Financing may redeem some or all of the Altice Financing 2028 Notes at the redemption prices, plus accrued and unpaid interest and additional amounts, if any, during the period of twelve months from January 15 of each year indicated below:

	Repurchase price	
Year	Dollar-denominated Altice Financing 2028 Notes	Euro-denominated Altice Financing 2028 Notes
2023	102.500%	101.500%
2024	101.250%	100.750%
2025 and thereafter	100.000%	100.000%

Prior to January 15, 2022, Altice Financing may redeem all or a portion of the Altice Financing 2025 Notes at a price equal to 100% of the principal amount plus a make-whole premium. On or after January 15, 2022, Altice Financing may redeem some or all of the Altice Financing 2025 Notes at the redemption prices, plus accrued and unpaid interest and additional amounts, if any, during the period of twelve months from January 15 of each year indicated below:

Year	Repurchase price
2022	101.125%
2023	100.563%
2024 and thereafter	100.000%

In addition, Altice Financing may redeem all of the Altice Financing 2025 Notes and the Altice Financing 2028 Notes at a price equal to their principal amount plus accrued and unpaid interest and additional amounts, if any, upon the occurrence of certain changes in tax law. If we and our restricted subsidiaries sell certain of our assets or if Altice Financing or we experience specific kinds of changes in control, Altice Financing may be required to make an offer to repurchase the Altice Financing 2028 Notes and the Altice Financing 2025 Notes at specified redemption prices.

The Altice Financing January 2020 Notes Indenture, among other things, limits our ability, the ability of Altice International and its Restricted Subsidiaries (as defined therein) to (i) incur or guarantee additional indebtedness (subject to an incurrence-based consolidated 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. These covenants are subject to a number of important exceptions and qualifications. The Altice Financing January 2020 Notes Indenture permits the incurrence of senior secured indebtedness by Altice Financing so long as the consolidated net senior secured leverage ratio (*pro forma* for such transaction) is not greater than 3 to 1. Subject to the consolidated net leverage ratio not exceeding 4 to 1 (*pro forma* for such transaction) and so long as there is no default or event of default outstanding, the Altice Financing January 2020 Notes Indenture permits the distribution of dividends and other restricted payments so long as the aggregate amount of restricted payments does not exceed the sum of an amount equal to the Consolidated EBITDA (as defined therein) generated from the period beginning on the first day of the first full fiscal quarter commencing prior to December 12, 2012 until the most recently ended quarter, less 1.4 times the consolidated interest expense for such period (although compliance with such consolidated net leverage ratio is not required to make a restricted investment). The restricted payment capacity is also subject to increase based on certain provisions that are customary for an incurrence based covenant package. In addition, the Altice Financing January 2020 Notes Indenture permits unlimited restricted payments so long as the consolidated net leverage ratio (*pro forma* for such transaction) is not greater than 4 to 1.

The Altice Financing January 2020 Notes Indenture provides for certain events of default, including, amongst others, defaults under other debt instruments which (i) is caused by the failure to pay principal of indebtedness at its stated maturity prior to the expiration of the applicable grace period or (ii) results 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 Altice Financing January 2020 Notes Indenture, the Altice Financing 2025 Notes, the Altice Financing 2028 Notes and the guarantees thereof are governed by the laws of the State of New York.

Altice Finco 2028 Notes

On October 11, 2017, Altice Finco issued €675 million aggregate principal amount of its 4.750% senior notes due 2028 (the "**Altice Finco 2028 Notes**"). The Altice Finco 2028 Notes mature on January 15, 2028. Interest on the Altice Finco 2028 Notes is payable semi-annually in cash in arrears on each January 15 and July 15. The Altice Finco 2028 Notes are governed by a New York law governed indenture entered into on October 11, 2017 (the "**Altice Finco 2028 Notes Indenture**").

The Altice Finco 2028 Notes are general obligations of Altice Finco and (i) rank *pari passu* in right of payment with any existing or future indebtedness of Altice Finco that is not subordinated in right of payment to the Altice Finco 2028 Notes, (ii) rank senior in right of payment to any future indebtedness of Altice Finco that is expressly subordinated in right of payment to the Altice Finco 2028 Notes and (iii) are effectively subordinated to any existing or future indebtedness of Altice Finco that is secured by property or assets that do not secure the Altice Finco 2028 Notes, to the extent of the value of the property and assets securing such indebtedness.

The Altice Finco 2028 Notes are guaranteed on a senior subordinated basis by the Altice Finco Notes Guarantors. Each such guarantee is a general obligation of the applicable Altice Finco Notes Guarantor and (i) is subordinated in right of payment with any existing and future Indebtedness of the applicable Altice Finco Notes Guarantor that is not subordinated in right of payment to such Altice Finco Notes Guarantor's guarantee; (ii) ranks *pari passu* in right of payment to all existing and future senior subordinated indebtedness of the applicable Altice Finco Notes Guarantor; (iii) ranks senior in right of payment to all existing and future indebtedness of the applicable Altice Finco Notes Guarantor that is expressly subordinated in right of payment to such Altice Finco Notes Guarantor's guarantee; (iv) is effectively subordinated to any existing and future Indebtedness of the applicable Altice Finco Notes Guarantor that is secured by property or assets that do not secure such Altice Finco Notes Guarantor's guarantee, to the extent of the value of the property and assets securing such indebtedness; and (v) is structurally subordinated to the indebtedness and other obligations of any subsidiary of such Altice Finco Notes Guarantor that does not guarantee the Altice Finco 2028 Notes. The guarantees of the Altice Finco 2028 Notes are subject to release under certain circumstances.

The Altice Finco 2028 Notes are secured by (i) a first-ranking pledge over all of the share capital of Altice Finco, (ii) second-ranking pledges over all of the share capital of Altice Financing, Cool Holding and Altice Holdings (iii) a second-ranking pledge over the Cool Shareholder Loan and (iv) second-ranking pledges of certain proceeds loans from Altice Finco to Altice Financing.

Prior to October 15, 2022, Altice Finco may redeem all or a portion of the Altice Finco 2028 Notes at a price equal to 100% of the principal amount plus a make-whole premium. On or after October 15, 2022, Altice Finco may redeem some or all of the Altice Finco 2028 Notes at the redemption prices, plus accrued and unpaid interest and additional amounts, if any, during the period of twelve months from October 15 of each year indicated below:

Year	Repurchase price
2022	102.375%
2023	101.583%
2024	100.792%
2025 and thereafter	100.000%

In addition, Altice Finco may redeem all of the Altice Finco 2028 Notes at a price equal to their principal amount plus accrued and unpaid interest and additional amounts, if any, upon the occurrence of certain changes in tax law. If we and our restricted subsidiaries sell certain of our assets or if Altice Finco or we experience specific kinds of changes in control, Altice Finco may be required to make an offer to repurchase the Altice Finco 2028 Notes at specified redemption prices.

The Altice Finco 2028 Notes Indenture, among other things, limits our ability, the ability of Altice Finco and its Restricted Subsidiaries (as defined therein) to (i) incur or guarantee additional indebtedness (subject to an incurrence based consolidated 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. These covenants are subject to a number of important exceptions and qualifications. The Altice Finco 2028 Notes Indenture permits the incurrence of indebtedness by Altice Finco so long as the consolidated net leverage ratio (*pro forma* for such transaction) is not greater than 4 to 1. Subject to compliance with the same consolidated leverage ratio other than in the case of restricted investments (*pro forma* for such transaction) and so long as there is no default or event of default outstanding, the Altice Finco 2028 Notes Indenture permits the distribution of dividends and other restricted payments so long as the aggregate amount of restricted payments does not exceed the sum of an amount equal to the Consolidated EBITDA (as defined therein) generated from the period beginning on the first day of the first full fiscal quarter commencing prior to December 12, 2012 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. In addition, unlimited restricted payments under the terms of the Altice Finco 2028 Notes Indenture are permitted so long as the consolidated net leverage ratio (*pro forma* for such transaction) is not greater than 4 to 1.

The Altice Finco 2028 Notes Indenture provides for certain events of default, including, amongst others, defaults under other debt instruments which (i) is caused by the failure to pay principal of indebtedness at its stated maturity prior to the expiration of the applicable grace period or (ii) results 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 Altice Finco 2028 Notes Indenture, the Altice Finco 2028 Notes and the guarantees thereof are governed by the laws of the State of New York.

Altice Financing Term Loans

Overview

On January 30, 2015, Altice Financing, together with certain guarantors, entered into a senior secured term loan credit facility, as amended from time to time (the "**Altice Financing Term Loan Agreement**"), and borrowed Euro and U.S. dollar term loans in an aggregate principal amount equivalent to €841 million (the "**Initial 2015 Term Loan**"). On July 14, 2015, Altice Financing entered into an incremental loan assumption agreement under the Altice Financing Term Loan Agreement, and borrowed €450 million under an incremental facility (the "**2015 Incremental Loans**"). On June 21, 2016, Altice Financing entered into a refinancing amendment under the Altice Financing Term Loan Agreement, and borrowed in an aggregate amount of €448 million under a refinancing facility that refinanced in full the 2015 Incremental Loans (the "**2016 Refinancing Loans**"). The Initial 2015 Term Loan was refinanced in full with the proceeds from the issuance of the Altice Financing 2026 Notes.

On April 18, 2017, Altice Financing entered into a refinancing amendment and incremental loan assumption agreement under the Altice Financing Term Loan Agreement, and borrowed $485 million under a refinancing facility that refinanced in full the 2016 Refinancing Loans and $425 million under an incremental facility (collectively, the "**2017 April Term Loans**"). On November 2, 2017, Altice Financing entered into an incremental loan assumption agreement under the Altice Financing Term Loan Agreement, and borrowed $900 million (the "**2017 Dollar November Term Loans**") and €300 million (the "**2017 Euro November Term Loans**", together with the 2017 Dollar November Term Loans, the "**2017 November Term Loans**") under incremental facilities.

The following table shows all tranches of outstanding Altice Financing Term Loans under the Altice Financing Term Loan Agreement as of March 31, 2021:

	Borrower	Maturity	Original Principal Amount of Drawing	Outstanding as of March 31, 2021
			(in millions)	
2017 April Term Loans........................	Altice Financing	July 15, 2025	$910	$876
2017 Dollar November Term Loans	Altice Financing	January 31, 2026	$900	$871
2017 Euro November Term Loans........	Altice Financing	January 31, 2026	€300	€290

Interest Rate and Fees

Borrowings under the Altice Financing Term Loan Agreement bear interest at a rate per annum equal to the applicable margin plus (i) in the case of in the case of U.S. dollar denominated loans, at our option, either (a) a base rate determined by reference to the highest of (1) the U.S. Federal Funds Effective Rate as published by the Federal Reserve Bank of New York plus 0.50%, (2) the prime rate determined from time to time by the administrative agent under the Altice Financing Term Loan Agreement as the prime rate, (3) the LIBOR rate determined by reference to the costs of funds for U.S. dollar deposits for an interest period of one month adjusted for certain additional costs, plus 1% and (4) a "floor" or (b) a LIBOR rate equal to the greater of (A) a rate determined by reference to the costs of funds for U.S. dollar deposits for the interest period relevant to such borrowing adjusted for certain additional costs and (B) a "floor" and (ii) in the case of Euro-denominated loans, the greater of (A) a EURIBOR rate determined by reference to the costs of funds for Euro deposits for the interest period relevant to such borrowing adjusted for certain additional costs and (B) a "floor".

The applicable margin with respect to the 2017 April Term Loans and the 2017 Dollar November Term Loans is 2.75% per annum, the "floor" for the LIBOR rate is 0.0% per annum, and the "floor" for the base rate is 1%. The applicable margin with respect to the 2017 Euro November Term Loans is 2.75% per annum and the "floor" for the EURIBOR rate is 0.0% per annum.

Mandatory Prepayments

The Altice Financing Term Loan Agreement requires us to prepay outstanding Term Loans, subject to certain exceptions, with (i) 100% of the net cash proceeds of certain asset sales, subject to thereunder reinvestment rights and certain other exceptions; and (ii) 50% of our annual excess cash flow if the annual excess cash exceeds €15 million, which percentage will be reduced to 0% if our Consolidated Net Leverage Ratio is less than 4 to 1.

Voluntary Prepayments

Any outstanding Term Loans may be voluntarily prepaid at any time subject to customary "breakage" costs with respect to Eurodollar Loans.

Amortization and Final Maturity

We are required to make scheduled quarterly payments each equal to 0.25% of the original principal amount of the Altice Financing Term Loans with the balance, with respect to the 2017 April Term Loans, due on July 15, 2025 and, with respect to the 2017 November Term Loans, due on January 31, 2026.

Guarantees

The Altice Financing Notes Guarantors guarantees, on a senior basis, the obligations of each other obligor under the Altice Financing Term Loan Agreement and related finance documents subject to applicable guarantee limitations specified therein.

Security

Loans under the Altice Financing Term Loan Agreement are secured substantially by the Senior Secured Collateral.

Certain Covenants and Events of Default

The Altice Financing Term Loan Agreement includes negative covenants that substantially reflect the covenants contained in the indenture governing the Altice Financing 2026 Notes, and, 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 Altice Financing Term Loan Agreement also contains certain customary representations and warranties, affirmative 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 Altice Financing Term Loan Agreement will be entitled to take various actions, including the acceleration of amounts due under the Altice Financing Term Loan Agreement and all actions permitted to be taken by a secured creditor, subject to the Intercreditor Agreement.

The Altice Financing Term Loan Agreement permits the incurrence of senior secured indebtedness so long as the consolidated net senior secured leverage ratio (*pro forma* for such transaction) is not greater than 3 to 1. Subject to compliance with the 4 to 1 consolidated net leverage ratio (*pro forma* for such transactions) and so long as there is not default or event of default outstanding, the Altice Financing Term Loan Agreement permits the distribution of dividends and other restricted payments so long as the aggregate amount of restricted payments does not exceed the sum of an amount equal to the Consolidated EBITDA (as defined therein) generated from the period beginning on the first full fiscal quarter commencing prior to December 12, 2012 until the most recently ended quarter, less 1.5 times the consolidated interest expense for such period (although compliance with such consolidated net leverage ratio is not required to make a restricted investment). The restricted payment capacity is also subject to increase based on certain provisions that are customary for an incurrence based covenant package. In addition, unlimited restricted payments under the terms of the Altice Financing Term Loan Agreement are permitted so long as the consolidated net leverage ratio (*pro forma* for such transaction) is not greater than 4 to 1.

Altice Financing Revolving Credit Facilities

Altice Financing Revolving Credit Facilities

The Altice Financing Revolving Credit Facilities are comprised of: (i) a €501 million *pari passu* revolving facility (as amended from time to time, the "**2014 Pari Passu Revolving Credit Facility**") available under the agreement entered into on December 9, 2014 between, among others, Altice Financing, as original borrower and guarantor, certain lenders party thereto, Morgan Stanley Bank International Limited, Deutsche Bank AG, London Branch, Goldman Sachs Bank USA, J.P. Morgan Securities PLC, Credit Suisse AG, London Branch, BNP Paribas Fortis SA/NV, Crédit Agricole Corporate and Investment Bank, Barclays Bank plc and ING Bank France as mandated lead arrangers, Deutsche Bank AG, London Branch as facility agent and Citibank N.A., London Branch as security agent (as amended from time to time, the "**2014 Pari Passu Revolving Credit Facility Agreement**") and (ii) a €330 million super senior revolving facility (as amended from time to time, the "**2015 Super Senior Revolving Credit Facility**" and, together with the 2014 Pari Passu Revolving Credit Facility, the "**Altice Financing Revolving Credit Facilities**") available under the agreement entered into on January 30, 2015 between, among others, Altice Financing, as original borrower and guarantor, certain lenders party thereto, Goldman Sachs Bank USA, J.P. Morgan Securities PLC, Deutsche Bank AG, London Branch, Morgan Stanley Bank International Limited, Credit Suisse AG, London Branch, BNP Paribas Fortis SA/NV, Crédit Agricole Corporate and Investment Bank, Société Générale, Nomura International plc, HSBC France and Citigroup Global Markets Limited as mandated lead arrangers, the borrower, Deutsche Bank AG, London Branch as facility agent and the Citibank, N.A., London Branch as security agent (as amended from time to time, the "**2015 Super Senior Revolving Credit Facility Agreement**" and, together with the 2014 Pari Passu Revolving Credit Facility Agreement, the "**Altice Financing Revolving Credit Facility Agreements**"). Each Altice Financing Revolving Credit Facility Agreement provides for the accession of additional borrowers and guarantors subject to the requirements set out therein. References to the "borrower," "borrowers," "guarantor" or "guarantors" under this section refer to Altice Financing and any additional borrowers or guarantors (as applicable) who accede to the Altice Financing Revolving Credit Facility Agreements in that capacity. On November 7, 2019, Altice Financing (as original borrower and guarantor) provided a notice of cancellation to the facility agent, security agent and the lenders to the 2014 Pari Passu Revolving Credit Facility to reduce the facilities extended thereunder to €251 million, which reduction became effective as of November 15, 2019. Further, a tranche of €53 million under the 2015 Super Senior Revolving Credit Facility Agreement terminated at its scheduled maturity on June 2, 2020, and Crédit Agricole Corporate and Investment Bank increased its commitment by €10 million under the 2015 Super

Senior Revolving Credit Facility Agreement, effective September 30, 2020. As of March 31, 2021, the Altice Financing Revolving Credit Facilities were fully undrawn.

Structure of the Altice Financing Revolving Credit Facilities

On February 20, 2020 Altice Financing obtained requisite consents from the lenders under the 2014 *Pari Passu* Revolving Credit Facility Agreement to make certain amendments to the 2014 *Pari Passu* Revolving Credit Facility Agreement, including reduction of the margin and extension of the maturity date and on April 29, 2020, the 2014 *Pari Passu* Revolving Credit Facility Agreement was amended and restated to incorporate such amendments. The final maturity date of the 2014 *Pari Passu* Revolving Credit Facility is the earlier of (i) February 20, 2025 and (ii) the date on which each such Facility has been fully repaid and cancelled. On September 30, 2020 Altice Financing obtained requisite consents from the lenders under the 2015 Super Senior Revolving Credit Facility Agreement to make certain amendments to the 2015 Super Senior Revolving Credit Facility Agreement, including reduction of the margin and extension of the maturity date and on December 15, 2020, the 2015 Super Senior Revolving Credit Facility Agreement was amended and restated to incorporate such amendments. In connection with such amendment and restatement, the €288 million commitments under the 2015 Super Senior Revolving Credit Facility were divided into Facility A and Facility B. The €145 million commitments under Facility A have matured and lapsed. The final maturity date of the remaining €143 million of commitments under Facility B is the earlier of (i) January 31, 2025 and (ii) the date on which the 2015 Super Senior Revolving Credit Facility B has been fully repaid and cancelled. The borrowers are permitted to make drawdowns under the Altice Financing Revolving Credit Facility Agreements for terms of, at the relevant borrower's election, one, two, three or six months (or any other period agreed by Altice Financing and the relevant lenders), but no such period shall end beyond the final maturity date of the relevant Altice Financing Revolving Credit Facility Agreement. Drawdowns under the Altice Financing Revolving Credit Facility Agreements 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 (save for certain roll-over loans).

Limitations on Use of Funds

The Altice Financing Revolving Credit Facilities and the 2017 Altice Financing Guarantee Facility (as defined below) may be used by the borrowers for general corporate and working capital purposes of the applicable Restricted Group, including, but not limited to, the refinancing of all or part of any existing financial indebtedness of such Restricted Group.

The Intercreditor Agreement

To establish the relative rights of certain of our creditors, certain obligors under the Altice Financing Notes, the Altice Finco 2028 Notes, the Altice Financing Revolving Credit Facilities, the Altice Financing Guarantee Facilities, the Altice Financing Term Loans and certain counterparties to hedging obligations relating to the foregoing, have entered into an intercreditor agreement (the "**Intercreditor Agreement**") with, among others,:

- the creditors of the Altice Financing Revolving Credit Facilities (the "RCF Creditors");
- any persons that accede to the Intercreditor Agreement as counterparties to certain hedging agreements in accordance with the terms of the Intercreditor Agreement (the "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 "Hedging Banks" and, together with the RCF Creditors (excluding the creditors under the 2014 Pari Passu Revolving Credit Facility), the "Super Priority Creditors");
- any persons that accede to the Intercreditor Agreement under any future term facility (including the Altice Financing Term Loans) or revolving bank facility (including the 2017 Altice Financing Guarantee Facility and 2014 Pari Passu Revolving Credit Facility, but excluding the 2015 Super Senior Revolving Credit Facility) designated a senior bank facility in accordance with the terms of the Intercreditor Agreement (the "Senior Bank Creditors");
- any persons that accede to the Intercreditor Agreement as trustee (the "Senior Secured Notes Trustee") for the Altice Financing 2025 Notes, the Altice Financing 2026 Notes and the Altice Financing 2028 Notes (and together, the "Senior Secured Notes") on its behalf and on behalf of the holders of such Senior Secured Notes (the "Senior Secured Notes Creditors" and, together with any Senior Bank Creditors, the "Senior Creditors" and, together with the Super Priority Creditors, the "Senior Secured Creditors");

- any persons that accede to the Intercreditor Agreement as trustee (the "Senior Subordinated Notes Trustee") for the Altice Finco 2028 Notes (and together, the "Senior Subordinated Notes") on its behalf and on behalf of the holders of the Senior Subordinated Notes (the "Senior Subordinated Notes Creditors" or the "Senior Subordinated Creditors");
- certain intra-group creditors (the "Intercompany Creditors")
- certain members of the group who are or become structural creditors in respect of certain intra-group liabilities (the "Structural Creditors");
- certain investors (the "Shareholders" together with Intercompany Creditors, the "Subordinated Creditors");
- Citibank, N.A., London Branch, as security agent for the Senior Secured Creditors (the "Security Agent");
- Deutsche Bank AG, London Branch, as facility agent or any other administrative agent or replacement agent; and
- Citibank, N.A., London Branch as security agent for the Structural Creditors (the "Structural Creditor 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. Future Super Priority Debt may, however, only be in the form of a revolving credit facility, which is a working capital facility or hedging indebtedness to the extent permitted (or not prohibited) by the terms of each finance document (including the indentures) or consented to by the appropriate parties. The aggregate commitment under all revolving credit facilities (including the 2015 Super Senior Revolving Credit Facility) that are designated as Super Priority Debt cannot exceed the greater of $80 million or 4% of total assets at any time.

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 majority of creditors of that class of debt (or, in the case of the Super Priority Debt or Senior Bank Debt (as defined below), on the instructions of $66^2/_3$% of creditors of that class of debt) (a "**Relevant Majority**"). Hedging Banks will vote together with the Super Priority Creditors while any Super Priority Debt remains outstanding. In addition, 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 has not been incurred or, if incurred, has been discharged and while any Senior Secured Notes Debt remains outstanding) the Senior Secured Notes Creditors, (ii) (while Senior Bank Debt (as defined below) remains outstanding) the Senior Creditors and (iii) (if the Senior Secured Debt has been discharged and while the Senior Subordinated Notes Debt remains outstanding) the Senior Subordinated Creditors.

By accepting a Senior Secured Note or a Senior Subordinated Note, as the case may be, the relevant holder thereof 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 Creditor. 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.

Order of Priority

Ranking & 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**") (other than the issuers of the Senior Subordinated Notes) under or in respect of the 2015 Super Senior Revolving Credit Facility Agreement (the "**Super Priority RCF Debt**"), the Hedging Agreements (the "**Hedging Debt**" and, together with the Super Priority RCF Debt, the "**Super Priority Debt**"), any Senior Bank Facilities, including the 2014 *Pari Passu* Revolving Credit Facility Agreement, the Altice Financing Term Loans and the Altice Financing Guarantee Facilities (the "**Senior Bank Debt**"), the Senior Secured Notes (the "**Senior Secured Notes Debt**" and, together with the Senior Bank Debt, the "**Senior Debt**"), the Senior Subordinated Notes (the "**Senior Subordinated Notes**

Debt"), structural intra-group debt owed to the Structural Creditors (the "**Structural Debt**") and certain liabilities of members of the group owed to Altice Finco (the "**Holdco Debt**") and certain other liabilities will rank in right and order of payment in the following order:

i. *first*, the Obligors, the Super Priority RCF Debt, the Hedging Debt, the Senior Bank Debt, the Senior Secured Notes Debt, the Structural Debt and future permitted senior or super priority debt, *pari passu* without any preference among them;

ii. *second*, the Senior Subordinated Notes Debt and future permitted senior subordinated debt, *pari passu* without any preference among them;

iii. *third*, the intercompany debt and the Holdco Debt, *pari passu*, without any preference among them; and

iv. *fourth*, the shareholder debt.

To the extent any liability is owed by Altice Finco in respect of any debt, the debt will rank in right and order of payment:

i. *first*, the Senior Secured Debt (as defined below), *pari passu* without any preference among such debt; and

ii. *second*, the shareholder debt.

Priority of Security

The Intercreditor Agreement provides that the Security (other than any Security created pursuant to the pledge of the shares of Altice Finco) provided by the Obligors (and any other parties) for the Super Priority Debt, the Senior Debt (together, the "**Senior Secured Debt**"), the Senior Subordinated Notes Debt (together with the Senior Secured Debt, the "**Secured Debt**") will rank in the following order:

i. *firstly*, the Senior Secured Debt (*pari passu* among such class of debt); and

ii. *secondly*, the Senior Subordinated Notes 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 and the intercompany creditors and shareholders (the "Subordinated Debt");

- the ability of the Obligors and their subsidiaries to pay, purchase, redeem or acquire any of the Senior Subordinated Notes Debt or the Holdco Debt, or otherwise to provide financial support in relation to such liabilities, except in respect of any Senior Subordinated Notes Debt in connection with any such payment or acquisition of any Senior Subordinated Notes Debt by Altice Financing or Altice Finco in respect of the Senior Subordinated Debt (the "Senior Subordinated Notes Issuer"); and

- the ability of the Senior Subordinated Creditors to enforce the Senior Subordinated Notes Debt or the Holdco Debt and the security relating thereto, to demand or receive payments toward the discharge of any Senior Subordinated Notes Debt, any Holdco Debt or to apply money or property toward the discharge of any Senior Subordinated Notes Debt or any Holdco Debt,

in each case, unless consented to by the applicable Super Priority Creditors and whilst any Senior Debt is outstanding, to the extent prohibited by the Senior Designated Debt Documents, the applicable Senior Creditors.

In addition, the Intercreditor Agreement provides that the Security and guarantees relating to the Senior Secured Debt (and the Senior Subordinated Notes Debt) will be released in certain circumstances. Moreover, certain proceeds received by the Senior Secured Creditors and the Senior Subordinated Creditors or the Subordinated Creditors (other than in connection with the Senior Subordinated Notes Debt of the Senior Subordinated Notes Issuer) must be turned over to the Security Agent pursuant to the Intercreditor Agreement for application in accordance with the Intercreditor Agreement.

The Intercreditor Agreement provides for certain additional restrictions on the form, provisions and terms of the documents evidencing the Structural Debt. No Structural Creditor and no member of the Group will be entitled to make material amendments to the documents evidencing the Structural Debt without the prior written consent of the relevant Representative representing the Super Priority Creditors, the Senior Bank Creditors and the Senior Secured Notes Creditors.

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.

Permitted Payments

The Intercreditor Agreement permits Obligors to pay, *inter alia*:

1. while any Senior Secured Debt is outstanding, any amounts then due under the Senior Subordinated Notes Debt if:

    a. the payment is a Permitted Payment (as defined below) (or in lieu thereof, a payment of an amount to the Senior Subordinated Notes Issuer to enable it to make a corresponding Permitted Payment) or is not prohibited under the terms of any documents governing the Senior Secured Debt;

    b. on the date falling two days prior to the date of payment, no payment default is outstanding (or has been accelerated/placed on demand); and

    c. no Stop Notice (as defined below) is outstanding; or

    d. with the consent of each of:

        i. (while any of the Super Priority Debt is outstanding) the Representative representing the Relevant Majority of the Super Priority Creditors;

        ii. (while any Senior Bank Debt is outstanding) the Representative representing the Relevant Majority of (A) the Senior Bank Creditors and (B) (only to the extent prohibited by the indentures for the Senior Secured Notes (the "**Senior Secured Notes Indentures**")) the Senior Secured Notes Creditors; and

        iii. (if any Senior Bank Debt has been discharged and while the Senior Secured Notes Debt is outstanding) (only to the extent prohibited under the Senior Secured Notes Indentures) the Representative representing Relevant Majority of the Senior Secured Notes Creditors;

2. while any Senior Subordinated Debt is outstanding, any amounts under the intercompany debt and the shareholder debt if:

    a. except in relation to an intercompany debt to an Obligor, the amount is due and payable under the terms of the intercompany debt documents;

    b. the payment is not prohibited under the terms of any documents governing the Senior Secured Debt and/or the Senior Subordinated Notes Debt; and

c. in relation to an intercompany debt to a non-Obligor and any shareholder debt, no enforcement trigger event is outstanding; or

d. with the consent of each of:

i. (while any Super Priority Debt is outstanding) the Representative representing the Relevant Majority of the Super Priority Debt;

ii. (while any Senior Bank Debt is outstanding) the Representative representing the Relevant Majority of (A) the Senior Bank Creditors and (B) (only to the extent prohibited by the Senior Secured Notes Indentures) the Senior Secured Notes Creditors;

iii. (if any Senior Bank Debt has been discharged but while any Senior Secured Notes Debt is outstanding and only to the extent prohibited under the Senior Secured Notes Indenture) (to the extent prohibited by a Senior Secured Notes Designated Debt Documents (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, the Obligors will only be permitted to make payments of Holdco Debt:

a. with the prior written consent of:

i. (while any Super Priority Debt is outstanding) the relevant 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 (x) the Senior Bank Creditors and (y) (only to the extent prohibited by the Senior Secured Notes Indenture) the relevant Representatives Senior Secured Notes Creditors; and

iii. (if any Senior Bank Debt has been discharged and while the Senior Secured Notes Debt is outstanding) (only to the extent prohibited by the Senior Secured Notes Indenture) the relevant Representatives representing the Relevant Majority of the Senior Secured Notes Creditors; or

b. such payments are equal to the amount of payments in respect of the liabilities owed to the Senior Subordinated Notes Creditors.

A Representative representing (i) the relevant Senior Bank Lenders 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 Notes 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 Notes 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 the aforementioned Standstill Period expires, (iii) the date on which the event of default under the relevant Super Priority Debt document or Senior 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 and not more than one Stop Notice may be served in respect of the same event or set of circumstances. Notwithstanding the foregoing, the Senior Secured Notes Trustee will be entitled to receive and retain certain amounts payable for its own account. A Stop Notice shall be deemed to be in effect if a payment default is outstanding in respect of any Senior Secured Debt.

For purposes of the Intercreditor Agreement, "**Permitted Payments**" is defined to include: certain customary permitted payments which include scheduled payments of interest; amounts payable under Senior Subordinated Notes 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 Notes; principal amount of the Senior Subordinated Notes upon or after their originally scheduled maturity; any other amount not exceeding an agreed amount 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 and Senior Debt.

Restrictions on Enforcement

Subject to certain limited exceptions, and except with the consent of the Relevant Majority of Super Priority Creditors (while the Super Priority Debt is outstanding) and the Instructing Group (while Senior Secured Debt is outstanding) the Senior Subordinated Creditors cannot (i) demand payment of any Senior Subordinated Notes Debt or Subordinated Debt, (ii) accelerate any of the Senior Subordinated Notes Debt or the Subordinated Debt or otherwise declare any of the aforementioned debt prematurely due or payable on an event of default or otherwise, (iii) enforce any of the Senior Subordinated Notes Debt or Subordinated Debt by attachment, set-off, execution or otherwise, (iv) (in the case of Senior Subordinated Creditors) enforce the Security relating to the Senior Subordinated Notes Debt, (v) petition for, initiate, support or take any steps with a view to any insolvency or any voluntary arrangement or assignment for the benefit of creditors or any similar proceedings involving an Obligor, (vi) sue or bring or support any legal proceedings against any Obligor or its subsidiaries or (vii) otherwise exercise any remedy for the recovery of any Senior Subordinated Notes Debt or Subordinated Debt. The aforementioned does not prohibit the Senior Subordinated Creditors from, among others, (i) taking any necessary action to preserve the validity and existence of any claims, (ii) taking any action against any creditor to challenge the basis on which any sale or disposal is to take place pursuant to powers granted under any security documents, (iii) bringing proceedings in relation to violations of securities laws/regulations or for fraud, (iv) bringing proceedings solely for injunctive relief to restrain any actual or punitive breach of the indenture governing the Senior Subordinated Notes or for specific performance not claiming damages not inconsistent with the Intercreditor Agreement, (v) bringing proceedings against the Senior Subordinated Notes Issuer, or (vi) requesting judicial interpretation of any provision of any Senior Subordinated Creditor finance document. A Senior Subordinated Creditor or Subordinated Creditor will be allowed to bring or support proceedings to prevent the loss of any right to bring or support proceeding by reason of expiry of statutory limitation periods. Subject to the written instructions of the Security Agent (acting on the instructions of the relevant Creditors entitled to take enforcement action with respect to the Security) no Structural Creditor may, while any Senior Secured Debt is outstanding, take certain actions in respect of the Structural Debt including (i) accelerating any of the Structural Debt or otherwise declaring any of the Structural Debt prematurely due or payable as a result of a default or an event of default (howsoever described), (ii) enforcing any of the Structural Debt by attachment, set-off, execution or otherwise, (iii) enforcing (or giving instructions to the Structural Creditor Security Agent to enforce) the security securing the Structural Debt, (iv) petitioning (or voting in favor of any resolution in favor for) or initiating or taking any steps with a view to any insolvency or any voluntary agreement or assignment for the benefit of creditors or any similar proceedings involving HOT and/or its direct or indirect subsidiaries, (v) suing or bringing or supporting any legal proceedings against HOT and/or any of its direct or indirect Subsidiaries, or (vi) otherwise exercising any remedy for the recovery of any Structural Debt.

In addition to customary termination rights under the Hedging Agreements, the Hedging Banks benefit from certain additional termination rights permitting termination or close-out of the relevant Hedging Agreement prior to its stated maturity in the following circumstances (in each case subject to a grace period of at least 30 days from the date of occurrence of the relevant circumstance, and subject in each individual circumstance to the applicable grace periods set out in the relevant finance document):

(a) a payment default under any financial indebtedness (subject to any applicable grace period) of Altice Finco, any Covenant Party or their subsidiaries in excess of $20 million has occurred;

(b) a default (other than a payment default) and subsequent acceleration of any amounts of financial indebtedness equal to or greater than $20 million;

(c) failure by Altice Financing, an Obligor or a Significant Subsidiary (as defined in the Senior Secured Notes Indentures) to pay final judgments aggregating in excess of $20 million (exclusive of any amounts that a solvent insurance company has acknowledged liability for), which judgments are not paid, discharged or stayed for a period of 60 days after the judgment becomes final;

(d) any impairment of security and/or guarantees which constitutes an event of default under the Senior Secured Notes Indentures;

(e) any event of default or prepayment event under the Senior Secured Notes Indentures or any other finance document caused by a change of control; or

(f) any event of default or prepayment event under the Senior Secured Notes Indentures or any other finance document which is caused as a result of: (i) a cross-default, (ii) a breach of the covenant relating to indebtedness, (iii) a breach of the covenant relating to restricted payments, (iv) a breach of the covenant relating to certain distributions, (v) a breach of the covenant relating to asset sales and subsidiary stock, (vi) a breach of the covenant relating to issuer activities, (vii) a breach of the covenant relating to holding company activities, (viii) a breach of the covenant relating to impairment of security and (ix) a breach of the covenant relating to affiliate transactions.

Permitted Enforcement

Despite the restrictions of enforcement described above, the Intercreditor Agreement allows the Senior Subordinated Creditors to take the aforementioned enforcement actions while any Senior Secured Debt is outstanding if (i) payment of the Senior Secured Debt has been accelerated or declared prematurely due and payable or payable on demand or the Relevant Majority of Super Priority Creditors and/or Senior Creditors have taken any enforcement action under the security documents in relation to such debt, (ii) certain insolvency, liquidation or other similar enforcement events have occurred with respect to an Obligor (other than an Obligor that is not a borrower or guarantor under any Senior Secured Debt) and such actions are taken with respect to such Obligor, (iii) there is an event of default under the Senior Subordinated Notes Debt for failure to pay principal at its originally scheduled maturity, (iv) the proposed enforcement action has been consented to by the Relevant Majority of Super Priority Debt, Senior Bank Creditors, Senior Secured Notes Creditors or (v) a period (the "**Standstill Period**") of not less than 179 days has elapsed from the date any Representative of the Senior Secured Creditors received an Enforcement Notice from the Senior Subordinated Creditors relating to an event of default under the applicable documents relating to such Senior Subordinated Debt and such event of default is outstanding at (and has not been waived prior to) the end of the Standstill Period.

The Intercreditor Agreement will require the Security Agent to give prompt notice to the representative of the Senior Subordinated Notes Debt if it is instructed to enforce the Security relating to the equity/ownership interest securing Senior Secured Debt (a "**Senior Enforcement**"). During the period from the giving of that notice to the date that the Security Agent ceases to use all reasonable commercial efforts to carry out that Senior Enforcement as expeditiously as reasonably practicable having regard to the circumstances:

- the Security Agent will not be permitted to enforce any Security over such equity interests in a manner that would adversely affect such Senior Enforcement; and

- no Senior Subordinated Creditor will be permitted to take, or will be permitted to give any instructions to the Security Agent to take, any enforcement action prohibited by the preceding bullet,

provided that the foregoing will not prejudice any other rights of the Senior Subordinated Creditors to take any enforcement action against any other Obligor that are permitted under the Intercreditor Agreement. The Intercreditor Agreement will require the Security Agent to give prompt notice to the Representative of Senior Subordinated Notes Debt of its ceasing to carry out a Senior Enforcement.

Enforcement Instructions

No Senior Secured Creditor or Senior Subordinated Notes Creditor has any independent power to enforce, or has recourse to, any Security except through the Security Agent and the Security Agent shall enforce Security (if then enforceable) if so instructed by (i) while the Super Priority Debt is outstanding, the Relevant Majority of Super Priority Creditors or the Instructing Group and (ii) after the discharge of the Senior Secured Debt (or if permitted to do so as described above under "—*Restrictions on Enforcement*"), the Relevant Majority of Senior Subordinated 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 is not appropriately indemnified by the relevant Creditors.

No Structural Creditor has any independent power to enforce, or have recourse to, any security securing the Structural Debt.

To the extent any Super Priority Creditors or the Instructing Group wish to accelerate any debt owing to any Senior Secured Creditor, it must notify the Security Agent and each other Senior Secured Representative at least three business days prior to the date it intends to accelerate. To the extent that the Super Priority Creditors or the Instructing Group wish to enforce Security, they must notify the Security Agent and each other Senior Secured Representative 10 business days prior to the date it issues the enforcement instructions (the "**Proposed Enforcement Instruction Date**"). If the Security Agent receives conflicting enforcement instructions prior to the Proposed Enforcement Instruction Date, the Representatives of the Super Priority Creditors and the Representative of the Instructing Group shall consult with one another and with the Security Agent in good faith for 30 days (or such shorter date as may be agreed). Consultation will not be required if the Security has become enforceable as a result of an insolvency event relating to an Obligor against whom such enforcement action is taken or if any of such instructing Representatives determines in good faith that consultation (and thereby the delay) could reasonably be expected to have a material adverse effect on the ability to enforce the Security or the realization of proceeds of enforcement.

While the Super Priority Debt is outstanding, if the Security Agent receives conflicting enforcement instructions from the Representatives of the Super Priority Debt or the Instructing Group, and the 30 day consultation period between the two parties has passed, the Security Agent shall comply with the instruction from the Instructing Group. The failure by a relevant group of Creditors to issue enforcement instructions will be deemed to be conflicting, provided that if the Representatives of the Instructing Group fail to give instructions as to enforcement and the 30 day consultation period has elapsed without the Instructing Group issuing instructions, the Security Agent will comply with the instructions of the Representatives of the Super Priority Debt. The instructions of the Super Priority Creditors will prevail if (i) the Super Priority Creditors have not been fully and finally discharged in cash within six months of the Proposed Enforcement Date, or (ii) the Security Agent has not commenced any enforcement action within three months of the Proposed Enforcement Date. All enforcement instructions will need to comply with the following security enforcement principles:

1. It shall be the aim of any enforcement of the Security to achieve the Security Enforcement Objective (hereinafter defined). "**Security Enforcement Objective**" means maximizing, so far as is consistent with a prompt and expeditious enforcement of the Security, the recovery of the Super Priority Creditors and (without prejudice to the waterfall described in "—*Application of Proceeds*" below) the Senior Creditors.

2. The security enforcement principles may be amended, varied or waived with the prior written consent of the Relevant Majority of Super Priority Creditors, an Instructing Group and the Security Agent.

3. Without prejudice to the Security Enforcement Objective, the Security will be enforced and other action as to enforcement of the Security will be taken such that either:

    (a) in the event enforcement is being effected in accordance with the instructions of the Instructing Group either:

        (i) all proceeds of enforcement are received by the Security Agent in cash for distribution in accordance with the waterfall described in "—*Application of Proceeds*" below; or

        (ii) sufficient proceeds from enforcement will be received by the Security Agent in cash to ensure that when the proceeds are applied in accordance with the waterfall described in "—*Application of Proceeds*" below, the Super Priority Debt is repaid and discharged in full (unless the Relevant Majority of Super Priority Creditors agree otherwise); or

    (b) in the event enforcement is being effected in accordance with the instructions of the Super Priority Creditors either:

        (i) all proceeds of enforcement are received by the Security Agent in cash for distribution in accordance with the waterfall described in "—*Application of Proceeds*" below; or

(ii) with the consent of the Instructing Group, the proceeds are received by the Security Agent in cash and non-cash consideration for distribution in accordance with the waterfall described in "—*Application of Proceeds*" below.

4. The enforcement must be prompt and expeditious it being acknowledged that, subject to the other provisions of the Intercreditor Agreement, the time frame for realization of value from the enforcement of the Security pursuant to enforcement will be determined by (while any Super Priority Debt is outstanding) the Representatives representing the Relevant Majority of Super Priority Creditors or the relevant Representatives representing an Instructing Group provided that it is consistent with the Security Enforcement Objective.

5. On:

(a) a proposed enforcement of any of the Security over assets other than shares in a member of the Group, where the aggregate book value of such assets exceeds U.S.$3,000,000 (or its equivalent); or

(b) a proposed enforcement of any of the Security over some, but not all, of the shares in a member of the Holdco Group (being any Covenant Party and Altice Finco and their respective Subsidiaries from time to time) over which Security exists,

the Security Agent shall, if so requested by (while the Super Priority Debt is outstanding) the Representatives representing the Relevant Majority of Super Priority Creditors or the relevant Representatives representing an Instructing Group, and at the expense of such creditors, obtain an opinion from any (X) "big four" accounting firm, (Y) reputable and independent internationally recognized investment bank, or (Z) other reputable and independent professional services firm experience in restructuring and enforcement (a "**Financial Advisor**"), that the consideration for the sale is fair from a financial point of view after taking into account all relevant circumstances. If the Security Agent is unable to obtain such an opinion pursuant to this paragraph 5, it shall notify the Super Priority Representatives and the Senior Representatives representing an Instructing Group and may proceed to enforce the Security without obtaining such opinion.

6. The Security Agent shall be under no obligation to appoint a Financial Advisor or to seek the advice of a Financial Advisor, unless expressly required to do so by the security enforcement principles or any other provision of the Intercreditor Agreement.

7. The Financial Advisor's opinion will be conclusive evidence that the Security Enforcement Objective has been met.

8. If enforcement of any Security is conducted by way of public auction in any relevant jurisdiction, no Financial Advisor shall be required to be appointed in relation to such enforcement action. Nothing shall require the enforcement of Security to take place by way of public auction.

Release of Security and Guarantees

An Obligor may dispose of an asset outside of the Holdco Group if (i) the disposal is not 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, and, in each case, the Security Agent is authorized to release any Security or any security securing the Structural Debt 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 or any security securing the Structural Debt, 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 is applied in accordance with the relevant finance document and with the Intercreditor Agreement.

Where a disposal relates to (ii) or (iii) above, the Security Agent is only authorized to release the relevant Security and liabilities owing to the Senior Subordinated Creditors if: (i) the proceeds are received by the Security Agent in cash (or substantially all cash); (ii) the disposal is made pursuant to a public auction or with an opinion from a restructuring advisor confirming that the disposal price is fair (taking into account all relevant circumstances); (iii) the debt is simultaneously and unconditionally released (and not assumed by a purchaser or affiliate of a purchaser) and (iv) the proceeds are applied in accordance with the Intercreditor Agreement.

Where liabilities in respect of any Senior Secured Debt would otherwise be released, the relevant creditor may elect to transfer such liabilities to Altice Finco or the original Shareholder. 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: (a) 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 (b) 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 also provides that if any Super Priority Creditor, Senior Secured Creditor (with respect to proceeds from the enforcement of security and proceeds of certain disposals only), Structural Creditor (with respect to proceeds from the enforcement of security securing the Structural Debt only), Senior Subordinated Creditor or Subordinated Creditor receives or recovers a payment of any Senior Secured Debt, Structural Debt, Senior Subordinated Notes 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 Hedging Banks in relation to certain netting and set-off arrangements with Obligors, permitted refinancing or the loss sharing provisions of the Intercreditor Agreement.

Subordination on Insolvency

After the occurrence of an insolvency event in relation to any Obligor (the "**Insolvent Obligor**"), the Senior Subordinated Debt owed by the Insolvent Obligor will be subordinated in right of payment to the Super Priority Debt and Senior Debt owed by such Insolvent Obligor. Moreover, the shareholder debt and (unless otherwise required by (while the Super Priority Debt remains outstanding) the Relevant Majority of Super Priority Creditors or the Instructing Group) the Intercompany Debt owed by the Insolvent Obligor will be subordinate in right of payment to the Secured Debt owed by such Insolvent Obligor.

Filing of Claims

While any Senior Secured Debt is outstanding, the Security Agent is authorized (acting on the instructions of (while any Super Priority Debt excluding Hedging Debt is outstanding) the Relevant Majority of Super Priority Creditors or the Instructing Group) 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 Secured Creditor to take any action against the Senior Subordinated Notes Issuer in respect of the Senior Subordinated 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 Notes Creditor 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 or a Structural Creditor) with prior security or preferential claims, (i) 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) in connection with the realization or enforcement of all or any part of the security in favor of the Senior Secured Debt or Senior Subordinated Notes Debt (other than the pledge of the shares of Altice Finco), 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 and (ii) all amounts from time to time received or recovered by the Structural Creditor Security Agent in connection with the realization or enforcement of the security securing the Structural Debt, shall be held by the Security Agent or the Structural Security Agent, on trust, in each case to apply them at any time as the Security Agent or the Structural Creditor Security Agent sees fit 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 the Structural Creditor Security Agent and thereafter to the trustees to the Senior Subordinated Notes and Senior Secured Notes of any amounts due to each such party and (ii) pari passu and pro rata to each Representative of Super Priority Debt, Senior Bank Debt, Senior Secured Notes Debt and Senior Subordinated Notes Debt 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, the Structural Debt 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 in connection with such enforcement;

- third, in payment pari passu and pro rata to the Representative of the Super Priority Debt and the Hedging Banks for application towards the balance of the Super Priority Debt;

- fourth, in payment of the balance of the costs and expenses of each Senior Creditor in connection with such enforcement;

- fifth, in payment pari passu and pro rata to each Representative of Senior Debt for application towards (i) Senior Bank Debt and (ii) Senior Secured Notes Debt;

- sixth, (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;

- seventh, (only to the extent secured) in payment pari passu and pro rata to each Senior Subordinated Creditor towards the balance of the Senior Subordinated Notes Debt;

- eighth, in payment of the surplus (if any) to the Obligors or other person entitled to it.

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 or recovered by the Security Agent in connection with the realization or enforcement of Security created pursuant to the pledge of the shares of Altice Finco shall be held by the Security Agent on trust to apply them at any time as the Security Agent (in its discretion) sees fit in the following order:

- first, in payment of the following amounts in the following order of priority: (i) to the Security Agent and Senior Subordinated Notes Trustees and of any amounts due to each such party and (ii) *pari passu* and pro rata to each Representative of Senior Subordinated Notes Debt and of such other senior subordinated debt 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 Senior Subordinated Creditor and such other senior subordinated debt creditor in connection with such enforcement;

- third, in payment pari passu and pro rata to the Representative of the Senior Subordinated Notes Debt and of such other senior subordinated debt for application towards the balance of the Senior Subordinated Notes Debt;

- fourth, in payment of the surplus (if any) to the Obligors or other person entitles to it.

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 (including any Structural Debt Security document) if any such amendments, waivers or consents would adversely affect the nature or scope of the charged property or the nature or scope of the assets which are or expressed to be the subject of security for the Structural Debt (the "**Structural Debt Security**") or the manner in which the proceeds of enforcement of Security or the Structural Debt Security is distributed.

Any Senior Subordinated Notes documents may be amended in accordance with their terms (i) if permitted by the Senior Secured Debt documents or with the consent of (while Super Priority Debt excluding Hedging Debt is outstanding) the representatives representing the Super Priority Creditors, the Senior Bank Creditors and (but only to the extent prohibited by the Senior Secured Notes Indentures) the Senior Secured Note Creditors or (ii) in certain other limited circumstances.

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 Secured Creditors, the Senior Subordinated Creditors, the Super Priority Creditors, the Security Agent, Altice Finco and Altice Financing), the Intercreditor Agreement may be amended or waived or any consent may be given under it with the written agreement of the Majority Super Priority Creditors, the Majority Senior Bank Creditors, the Majority Senior Secured Notes Creditors and the Majority Senior Subordinated Creditors, Altice Financing, the Security Agent and the Structural Creditor Security Agent.

Altice Financing Guarantee Facilities

2017 Altice Financing Guarantee Facility

A guarantee facility agreement for an aggregate principal amount of €15 million (as amended from time to time, the "**2017 Altice Financing Guarantee Facility**") was entered into on June 23, 2017, by, among others, Altice Financing, as borrower and guarantor, certain lenders party thereto, BNP Paribas SA, J.P. Morgan Securities plc and Credit Agricole Corporate and Investment Bank, as original lenders, BNP Paribas SA and J.P. Morgan Limited, as mandated lead arrangers, J.P. Morgan Europe Limited, as facility agent and Citibank, N.A., London Branch, as security agent ("**2017 Altice Financing Guarantee Facility Agreement**"). The 2017 Altice Financing Guarantee Facility has been made available to the borrowers for general corporate and working capital purposes of the Restricted Group. The 2017 Altice Financing Guarantee Facility Agreement provides for the accession of additional borrowers and guarantors subject to the requirements set out therein. References to the "borrower", "borrowers", "guarantor" or "guarantors" under this section refer to Altice Financing and any additional borrowers or guarantors (as applicable) who accede to the 2017 Altice Financing Guarantee Facility Agreement in that capacity. The 2017 Altice Financing Guarantee Facility currently allows for requests for guarantees to be issued up to a maximum of €15 million.

Structure of the 2017 Altice Financing Guarantee Facility

The final maturity date of the 2017 Altice Financing Guarantee Facility is the date falling five years after June 23, 2017.

Conditions to Borrowings

Drawdowns under the Altice Financing Revolving Credit Facility Agreements and the 2017 Altice Financing Guarantee Facility Agreement are subject to certain customary conditions precedent on the date the drawdown is requested and on the drawdown date including the following (in the case of the Revolving Facility Agreements): (i) no default continuing or occurring as a result of that drawdown; and (ii) certain representations and warranties specified in the Altice Financing Revolving Credit Facility Agreements being true in all material respects. Drawdowns under the 2015 Super Senior Revolving Credit Facility Agreement and under the 2014 *Pari Passu* Revolving Credit Facility Agreement are subject to the following additional conditions precedent on the date the drawdown is requested and on the drawdown date: other than in respect of rollover loans, the facility agent having received certification from Altice Financing that, *pro forma* for the drawdown, the consolidated leverage ratio for the ratio period immediately preceding the drawdown is not greater than 5.25 to 1.

Interest Rates and Fees

The interest rate on each loan under the Altice Financing Revolving Credit Facility Agreements for each interest period is equal to the aggregate of: (x) the applicable margin; (y) LIBOR, or, in relation to any loan in euro, EURIBOR; and (z) any mandatory cost (which is the cost of compliance with reserve asset, liquidity, cash margin, special deposit or other like requirements).

The margin under the 2014 *Pari Passu* Revolving Credit Facility Agreement is 3.5% per annum. The margin under the 2015 Super Senior Revolving Credit Facility Agreement is 3.5% per annum. The margin under the 2017 Altice Financing Guarantee Facility is 2.5% per annum.

Interest under the Altice Financing Revolving Credit Facility Agreements 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) and is calculated on the basis of a 360 day year. With respect to any available but undrawn amounts under the Altice Financing Revolving Credit Facility Agreements and the 2017 Altice Financing Guarantee Facility, the borrowers are obligated to pay a commitment fee on such undrawn amounts at the rate of 40% of the margin calculated on undrawn and uncancelled commitments from the date falling 30 days after the date of the relevant Altice Financing Revolving Credit Facility Agreement and the 2017 Altice Financing Guarantee Facility (as applicable) until one month prior to the final maturity date of the relevant Altice Financing Revolving Credit Facility Agreement and the 2017 Altice Financing Guarantee Facility (as applicable). A guarantee fee is payable to the relevant issuing bank issuing guarantees under the 2017 Altice Financing Guarantee Facility in an amount equal to 0.125% of the face value of the relevant guarantee.

Guarantees

Each of the Altice Financing Notes Guarantors guarantees, on a senior basis, the obligations of each other obligor under the Altice Financing Revolving Credit Facility Agreements and related finance documents and each of the Altice Financing Notes Guarantors (except Altice Bahamas) guarantees, on a senior basis, the obligations of each other obligor under the 2017 Altice Financing Guarantee Facility Agreement and related finance documents.

Security

The Altice Financing Revolving Credit Facilities and the 2017 Altice Financing Guarantee Facility are substantially secured by the Senior Secured Collateral (except for the collateral provided by Altice Bahamas, which does not secure the 2017 Altice Financing Guarantee Facility).

Mandatory Prepayment

Upon the occurrence of a Change of Control (as defined in each of the Altice Financing Revolving Credit Facility Agreements and the 2017 Altice Financing Guarantee Facility, as applicable), the borrowers must repay the Altice Financing Revolving Credit Facilities and the 2017 Altice Financing Guarantee Facility in full together with accrued interest and all other amounts accrued under related finance documents and the Altice Financing Revolving Credit Facilities and the 2017 Altice Financing Guarantee Facility will be cancelled.

Subject to certain exceptions, if an amount in excess of 50% of the Senior Secured Debt (as defined in the 2015 Super Senior Revolving Credit Facility Agreement) is repaid, prepaid, purchased, redeemed or defeased or acquired directly or indirectly by a member of the Restricted Group, the relevant borrowers must apply a pro rata amount of such excess in cancellation of the 2015 Super Senior Revolving Credit Facility and, if applicable, prepayment of the loans drawn thereunder.

Certain excess proceeds received by the borrowers and guarantors from certain disposals of assets and not applied or invested or committed to be applied or invested to (i) prepay, repay, purchase or redeem certain indebtedness, (ii) invest in or purchase additional assets or (iii) make certain capital expenditure, must be applied in prepayment of the Altice Financing Revolving Credit Facilities.

Financial Covenants, Events of Default

Each of the Altice Financing Revolving Credit Facility Agreements and the 2017 Altice Financing Guarantee Facility requires Altice Financing and the applicable Restricted Group to maintain a Consolidated Leverage Ratio (as defined in each of the Altice Financing Revolving Credit Facility Agreements and the 2017 Altice Financing Guarantee Facility Agreement), of no more than 5.25 to 1, to be tested at the end of each fiscal quarter.

The Altice Financing Revolving Credit Facility Agreements and the 2017 Altice Financing Guarantee Facility Agreement contain certain events of default the occurrence of which, subject to certain exceptions and materiality qualifications would 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.

Pursuant to the terms of the Intercreditor Agreement, the proceeds of any enforcement of collateral will be applied towards repayment of the 2015 Super Senior Revolving Credit Facility and certain hedging obligations prior to repayment of the 2014 *Pari Passu* Revolving Credit Facility, the Altice Finco 2028 Notes, the Altice Financing Notes, the 2017 Altice Financing Guarantee Facility and the Altice Financing Term Loans.

Representations and Warranties

The Altice Financing Revolving Credit Facility Agreements and the 2017 Altice Financing Guarantee Facility Agreement contain certain representations and warranties customary for facilities of this type subject to certain exceptions and customary materiality qualifications.

Undertakings

The Altice Financing Revolving Credit Facilities and the 2017 Altice Financing Guarantee Facility 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 Altice Financing Revolving Credit Facility Agreements and the 2017 Altice Financing Guarantee Facility Agreement require the applicable Restricted Groups to observe certain affirmative undertakings subject to materiality and other customary and agreed exceptions. These affirmative 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) *pari passu* ranking of all payment obligations under the relevant Altice Financing Revolving Credit Facility Agreements or the 2017 Altice Financing Guarantee Facility Agreement, as appropriate, 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) the Facility Agent/Security Agent (as defined in the Altice Financing Revolving Credit Facility Agreements and the 2017 Altice Financing Guarantee Facility Agreement, as appropriate)/accountants/other professional advisers having access to investigate reasonably suspected events of default; (x) maintenance and protection of intellectual property rights; (xi) no amendments to constitutional documents that are likely to materially adversely affect the pledges over shares or partnership interests; (xii) an entity not moving its center of main interest from, or having an establishment in any jurisdiction other than, its jurisdiction of incorporation; (xiii) restricting the business and trading activities of and assets and liabilities held by Altice International, Cool Holding, Hadaros and Altice Financing; and (xiv) restricting the making of proceeds drawn under the Altice Financing Revolving Credit Facility Agreements or the 2017 Altice Financing Guarantee Facility available to any sanctioned person or sanctioned country.

2018 Altice Financing Guarantee Facility

A guarantee facility agreement for an aggregate principal amount of €93.375 million plus an additional amount equal to the interest accrued in respect of the proportionate amount of the EC Fine (as defined below) (as amended from time to time, the "**2018 Altice Financing Guarantee Facility**") was originally entered into on July 25, 2018, by, among others, Altice Financing, as borrower and guarantor, certain lenders party thereto, BNP Paribas SA and Credit Agricole Corporate and Investment Bank, as original lenders and mandated lead arrangers, BNP Paribas SA, as facility agent and issuing bank and Citibank, N.A., London Branch, as security agent (as amended, the "**2018 Altice Financing Guarantee Facility Agreement**"). The 2018 Altice Financing Guarantee Facility has been made available to Altice Financing to guarantee the obligations of Altice Europe to the EC in connection with the EC's Decision C(2018) 2418 final of April 24, 2018 (the "**EC Fine**").

The 2018 Altice Financing Guarantee Facility Agreement provides for the accession of additional borrowers and guarantors subject to the requirements set out therein. References to the "borrower", "borrowers", "guarantor" or "guarantors" under this section refer to Altice Financing and any additional borrowers or guarantors (as applicable) who accede to the 2018 Altice Financing Guarantee Facility Agreement in that capacity. As of March 31, 2021, the aggregate principal amount of issued and outstanding guarantees under the 2018 Altice Financing Guarantee Facility was €93 million plus an additional amount equal to the interest accrued in respect of a proportionate amount of the EC Fine.

Structure of the 2018 Altice Financing Guarantee Facility

The final maturity date of the 2018 Altice Financing Guarantee Facility is July 26, 2023.

The guarantee issued under the 2018 Altice Financing Guarantee Facility is provided on a one-year basis with automatic extensions until such time as BNP Paribas SA provides 45 day notice of termination thereof. The guarantee will expire upon (i) the date of repayment of the principal and interest thereunder, (ii) its replacement with another financial guarantee approved by the accounting officer of the EC or (iii) five years after the date of definitive judgement by the CJEU concerning the EC Fine.

Conditions to Utilizations

Guarantee issuances and renewals under the 2018 Altice Financing Guarantee Facility Agreement are subject to certain customary conditions precedent on the date the relevant guarantee issuance or renewal is requested and on the guarantee issuance or renewal date, including the following: (i) no default (or in the case of renewals only, no event of default) and/or insolvency event continuing or occurring as a result of that issuance or renewal; and (ii) certain representations and warranties specified in the 2018 Altice Financing Guarantee Facility Agreement being true in all material respects.

Interest Rates and Fees

The fee on each guarantee under the 2018 Altice Financing Guarantee Facility Agreement for each guarantee fee period is equal to the aggregate of: (i) the applicable margin and (ii) EURIBOR.

The margin under the 2018 Altice Financing Guarantee Facility A is 3.00% per annum, reduced to 0.25% per annum for any portion of any guarantee issued thereunder that is equal to the balance standing to the credit of the cash collateral account for each day during which such balance is a positive amount.

A guarantee fronting fee is payable to the relevant issuing bank issuing guarantees under the 2018 Altice Financing Guarantee Facility in an amount equal to 0.125% of the outstanding amount of each guarantee which is counter-indemnified by the other lenders (other than affiliates of the issuing bank) for the period from the issue of that guarantee until its expiry date.

The guarantee fee and the guarantee fronting fee under the 2018 Altice Financing Guarantee Facility accrue daily from the date of issuance of the relevant guarantee and are payable on the last day of each guarantee fee period (unless the guarantee fee period is longer than six months, in which case the relevant fee is payable on the last day of each six month period), calculated on the basis of a 360-day year and days elapsed.

With respect to any available but undrawn amounts under the 2018 Altice Financing Guarantee Facility, the borrowers are obligated to pay a commitment fee on such undrawn amounts at the rate of 40% of the margin calculated on undrawn and uncancelled commitments.

Guarantees

Each of the Altice Financing Notes Guarantors guarantees, on a senior basis, the obligations of each other obligor under the 2018 Altice Financing Guarantee Facility Agreement and related finance documents.

Security

The 2018 Altice Financing Guarantee Facility is substantially secured by the Senior Secured Collateral (except for the collateral provided by Altice Bahamas, which does not secure the 2018 Altice Financing Guarantee Facility).

Mandatory Cancellation

Upon the occurrence of a Change of Control (as defined in the 2018 Altice Financing Guarantee Facility), the borrowers must repay the 2018 Altice Financing Guarantee Facility in full together with accrued interest and all other amounts accrued under related finance documents and the 2018 Altice Financing Guarantee Facility will be cancelled.

Financial Covenants, Events of Default

The 2018 Altice Financing Guarantee Facility requires Altice Financing to maintain a Consolidated Net Leverage Ratio (as defined in the 2018 Altice Financing Guarantee Facility Agreement), of no more than 5.25 to 1, to be tested at the end of each fiscal quarter only if the amount of drawings under the guarantees that have not been reimbursed or cash collateralized exceeds zero on such date.

The 2018 Altice Financing Guarantee Facility Agreement contains certain events of default the occurrence of which, subject to certain exceptions and materiality qualifications would allow the lenders party thereto to: (i) cancel the total commitments; (ii) accelerate all outstanding utilizations together with other accrued amounts; (iii) declare that all or part of the utilizations be repayable on demand and/or (iv) declare that cash cover in respect of each guarantee be immediately due and payable and/or or payable on demand.

Representations and Warranties

The 2018 Altice Financing Guarantee Facility Agreement contains certain representations and warranties customary for facilities of this type subject to certain exceptions and customary materiality qualifications.

Undertakings

The 2018 Altice Financing Guarantee Facility 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, (viii) change the line of business and (ix) engage in mergers or consolidations.

The 2018 Altice Financing Guarantee Facility Agreement requires Altice International and its restricted subsidiaries to observe certain affirmative undertakings subject to materiality and other customary and agreed exceptions. These affirmative 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 2018 Altice Financing Guarantee Facility 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) the Facility Agent/Security Agent (as defined in the 2018 Altice Financing Guarantee Facility Agreement)/accountants/other professional advisers having access to investigate reasonably suspected events of default; (x) maintenance and protection of intellectual property rights; (xi) no amendments to constitutional documents that are likely to materially adversely affect transaction security interests; (xii) an entity not moving its center of main interest from, or having an establishment in any jurisdiction other than, its jurisdiction of incorporation; (xiii) further assurances; and (xiv) use of proceeds in breach of sanctions regulations.

2018 Altice Financing Additional Financial Guarantee

An additional standalone financial guarantee for an aggregate principal amount of €31.125 million plus an additional amount equal to the interest accrued in respect of the proportionate amount of the EC Fine (as defined above) (as amended from time to time, the "**2018 Altice Financing Additional Financial Guarantee**") was issued on July 26, 2018 by Credit Agricole Corporate and Investment Bank for the benefit of the EC.

The 2018 Altice Financing Additional Financial Guarantee is fully cash collateralized and has been made available to guarantee the obligations of Altice Europe to the EC in connection with the EC Fine.

The 2018 Altice Financing Additional Financial Guarantee is provided on a one-year basis with automatic extensions until such time as Credit Agricole Corporate and Investment Bank provides 45 day notice of termination thereof. The 2018 Altice Financing Additional Financial Guarantee will expire upon (i) the date of repayment of the principal and interest thereunder, (ii) its replacement with another financial guarantee approved by the accounting officer of the EC or (iii) five years after the date of definitive judgement by the CJEU concerning the EC Fine.

The fee in respect of the 2018 Altice Financing Additional Financial Guarantee is equal to 0.25% per annum, calculated on the amount of the guarantee as increased from time to time, payable quarterly in advance. Any amounts under the guarantee that are overdue and unpaid shall accrue interest equal to the aggregate of (i) a margin of 2.0% per annum and (ii) EURIBOR (subject to a 0.0% floor), calculated on the basis of actual number of days elapsed and a 365-day year.

HOT Proceeds Note

HOT Proceeds Term Note

On December 27, 2012, Altice Financing purchased an NIS 1,900,200,000 (€484 million equivalent as of March 31, 2021) intercompany term note issued by HOT, which was amended on March 15, 2019, to amend certain terms of the term note, including the interest rate and interest payment dates (the "**HOT Proceeds Term Note**").

Interest

The HOT Proceeds Term Note bears interest at a rate of 5.6% per annum, which is payable semi-annually in cash in arrears on the date which is two business days prior to each March 15 and September 15, and shall be calculated on the basis of a 360 day year composed of 12 months of 30 days each. The maturity date is the maturity date of the Reference SSN Indenture (as defined below) or any other Altice Financing instrument specified in the HOT Proceeds Term Note.

Guarantees and Security

The HOT Proceeds Term Note is a senior obligation of HOT and is guaranteed on a senior basis by the HOT Proceeds Note Guarantors. The HOT Proceeds Term Note is secured by a pledge over substantially all of the assets of the HOT and the HOT Proceeds Note Guarantors (including all of the share capital of HOT Mobile) but, in each case, excluding (a) licenses issued by the Israeli Ministry of Communications, which are not assignable as a matter of law and (b) certain end-user equipment (the "**HOT Proceeds Note Collateral**").

Repayment

HOT may not prepay the HOT Proceeds Term Note except (i) in the event of a Change of Control, as defined in the HOT Proceeds Term Note, (ii) upon certain asset sales and (iii) if duly approved by HOT and required in order to facilitate or accommodate a repayment of certain Senior Secured Debt of Altice Financing.

Change of Control

If a change of control occurs, Altice Financing will have the right to require HOT to prepay all or any part of the HOT Proceeds Term Note, together with a premium of 1% of the principal amount of the HOT Proceeds Term Note prepaid, plus accrued and unpaid interest, to the date of prepayment. Change of Control has the same definition as provided in the relevant Altice Financing senior secured notes indenture referenced to in the HOT Proceeds Term Note from time to time ("**Reference SSN Indenture**").

Covenants and Events of Default

HOT has agreed, and has agreed to cause each of its subsidiaries, for the sole benefit of Altice Financing, (i) to be bound by the covenants in Article 4 (*Covenants*) and Article 5 (*Successor Company*) of the Reference SSN Indenture that are applicable to HOT and its subsidiaries as Restricted Subsidiaries (as defined in the Reference SSN Indenture) and (ii) to comply with the obligations set forth in Section 11.01 (*Notes Collateral and Security Documents*) in the **Reference SSN Indenture**.

The HOT Proceeds Term Note contains events of default, substantially similar to those contained in the Reference SSN Indenture, as they apply to HOT, which, if such event of default occurs, permits Altice Financing to declare the HOT Proceeds Term Note due and payable immediately. However, upon an event of default under the Notes (or any other Senior Secured Debt), HOT and its subsidiaries shall not be liable in any way, including by way of cross-default, and shall not be required to repay any amounts outstanding, including any repayment premiums and accrued and unpaid interest thereon, under the Notes (or any other Senior Secured Debt). Further, the HOT Proceeds Note Guarantors will only guarantee HOT's obligations under the HOT Proceeds Notes (the "**HOT Proceeds Note Guarantees**"). The HOT Proceeds Note Guarantees will be limited to an aggregate amount equal to the amount outstanding under the HOT Proceeds Notes which may vary from time to time in accordance with the terms of the HOT Proceeds Notes. HOT and the HOT Proceeds Note Guarantors will only have liability to the holders of the Altice Financing Notes in the event of an event of default under the HOT Proceeds Notes, in each case, indirectly as a result of an assignment of the HOT Proceeds Notes and/or the ability of the holders of the Senior Secured Debt to direct the actions of Altice Financing in connection with the HOT Proceeds Notes in accordance with the terms of the Intercreditor Agreement, to the extent permitted thereby. The Altice Finco Notes do not benefit from any assignment of the HOT Proceeds Notes.

Conflicts

For the avoidance of doubt, and despite HOT not being party to such agreements, other than with respect to the covenants described above, in the event that any of the other terms or provisions of this HOT Proceeds Term Note conflict with any terms or provisions of the Reference SSN Indenture, the Intercreditor Agreement or related agreements that are applicable to HOT and the HOT Proceeds Term Note, Altice Financing has agreed and acknowledged that (as between HOT and Altice Financing only) the terms or provisions of the HOT Proceeds Term Note shall prevail.

HOT Proceeds RCF Note

On December 27, 2012, Altice Financing purchased an NIS 200 million (€51 million equivalent as of March 31, 2021) intercompany revolving credit facility note issued by HOT pursuant to which Altice Financing may make available to HOT amounts borrowed by Altice Financing under the 2015 Super Senior Revolving Credit Facility, amended on March 15, 2019, to change certain terms of the agreement, including the interest rate, the maturity date and certain other covenants (the "**HOT Proceeds RCF Note**" and, together with the HOT Proceeds Term Note, the "**HOT Proceeds Notes**"). The HOT Proceeds RCF Note provides for a specified unused commitment fee per annum which begins to accrue from March 15, 2019 and is payable on each interest payment date therein. The HOT Proceeds RCF Note contains substantially similar terms as the HOT Proceeds Term Note except that, in addition to the covenants contained in the HOT Proceeds Term Note, the HOT Proceeds RCF Note contains one leverage based maintenance covenant. The HOT Proceeds RCF Note is guaranteed by the HOT Proceeds

Note Guarantors and secured by the same HOT Proceeds Note Collateral that secures the HOT Proceeds Term Note.

HOT Credit Facility

On April 25, 2013, HOT entered into a facility agreement (as amended, restated, supplemented or otherwise modified from time to time, the "**HOT Credit Facility Agreement**") with Bank Hapoalim B.M., Israel Discount Bank Ltd., and First International Bank of Israel Ltd. as lenders, extending a credit facility and a guarantee facility for an aggregate principal amount of NIS 275 million. The maturity date of these facilities is September 12, 2021. As of March 31, 2021, the aggregate principal amount of issued and outstanding guarantees under the HOT Credit Facility Agreement was NIS 63 million.

HOT Intercreditor Agreement

On May 20, 2013, HOT entered into an intercreditor agreement (as amended, restated, supplemented or otherwise modified from time to time, the "**HOT Intercreditor Agreement**") with Citibank, N.A., London Branch, as the HOT Security Agent, in order to establish the relative rights of certain of HOT's creditors, including, without limitation, Altice Financing in its capacity as the RCF Proceeds Note Creditor and the Proceeds Note Creditor, certain Original Working Capital Creditors, Original Intercompany Creditors and Original Shareholders (each, as defined therein). The HOT Intercreditor Agreement provides that future indebtedness may be incurred by HOT and its subsidiaries subject to the terms of the HOT Intercreditor Agreement and each finance document with respect to HOT then existing.

Ranking and Priority

The HOT Intercreditor Agreement provides, subject to certain provisions, that the liabilities of each issuer, obligor or borrower subject to the HOT Intercreditor Agreement (the "**HOT Obligors**") under or in respect of (i) certain HOT Super Priority Debt (which includes the HOT Proceeds RCF Note to the extent it is designated as super priority debt) and HOT *Pari Passu* Debt (which includes the HOT Proceeds Note, HOT Proceeds RCF Note that is not designated as super priority debt and HOT Credit Facility) (HOT Super Priority Debt together with HOT *Pari Passu* Debt, the "**HOT Senior Secured Debt**") and (ii) certain intercompany debt and shareholder debt (collectively, the "**HOT Subordinated Debt**") governed by the HOT Intercreditor Agreement will rank in right and order of payment in the following order:

i. *first*, the HOT Senior Secured Debt, *pari passu* without any preference among such debt;

ii. *second*, the intercompany debt; and

iii. *third*, the shareholder debt.

The HOT Intercreditor Agreement provides that the security provided by the HOT Obligors shall only rank and secure the HOT Senior Secured Debt. The HOT Subordinated Debt is unguaranteed and unsecured.

Enforcement Instructions

Until the discharge of the HOT Senior Secured Debt, the HOT Security Agent, acting on the instructions of the relevant majority holders of the HOT Senior Secured Debt, may claim, enforce and prove for any debt owed by the insolvent obligor. Notwithstanding the foregoing, the HOT Intercreditor Agreement allows the holders of HOT Subordinated Debt to take enforcement actions while any HOT Senior Secured Debt is outstanding if such action is necessary to preserve the validity and existence of claims, but only where doing so would not conflict with any other provisions of the HOT Intercreditor Agreement.

Application of Proceeds

Subject to the rights of any creditor with prior security or preferential claims, all amounts from time to time received or recovered by the HOT Security Agent in connection with the realization or enforcement of security shall be held by the HOT Security Agent on trust, in each case, to apply them in the following order:

- first, in payment of the following amounts in the following order of priority: (i) firstly, to the HOT Security Agent in respect of certain amounts payable to the HOT Security Agent and (ii) secondly, pari passu and pro rata (to the extent not included in (i) above) the fees, costs, expenses and liabilities (and all interest thereon as provided in the HOT Finance Documents) of any receiver, attorney or agent appointed under the HOT Security Documents or the HOT Intercreditor Agreement (to the extent such Security has been granted in favor of such obligations);

- second, in payment pari passu and pro rata of the balance of the costs and expenses of each creditor of HOT Super Priority Debt in connection with such enforcement;
- third, in payment pari passu and pro rata to the creditors of HOT Super Priority Debt for application towards the balance of the HOT Super Priority Debt;
- fourth, in payment pari passu and pro rata of the balance of the costs and expenses of each creditor of HOT Pari-Passu Debt in connection with such enforcement;
- fifth, in payment pari passu and pro rata to the creditors of HOT Pari-Passu Debt for application towards the balance of the obligations owing to the creditors of HOT Pari-Passu Debt;
- sixth, in payment of the surplus (if any) to the Obligors or other person entitled to it.

HOT Intercompany Loan Agreement

On March 15, 2019, Altice Financing (as borrower) and HOT (as lender) entered into an intercompany master loan agreement (as amended, restated, supplemented or otherwise modified from time to time, the "**HOT Intercompany Loan Agreement**"), pursuant to which Altice Financing may borrow loans from time to time in accordance with the provisions of the agreement. The principal amount, interest payment date, interest rates and the maturity date shall be agreed upon and determined by Altice Financing and HOT in a manner provided under the HOT Intercompany Loan Agreement. As of March 31, 2021, pursuant to the HOT Intercompany Loan Agreement, Altice Financing has borrowed a loan of an aggregate principal amount of NIS 395 million with an interest of 5.6% per annum, payable on March 15 and September 15 of each year, with maturity on February 15, 2023.

GLOSSARY

Term	Definition
"**3G**"	The third generation of mobile communications standards, referred to in the industry as IMT-2000, capable of data speeds exceeding the 14.4 Kbps of GSM technology.
"**4G**"	The fourth generation of mobile communications standards, referred to the industry as IMT-advanced with a nominal data rate of 100 Mbit/s while the client physically moves at high speeds relative to the station, and 1 Gbit/s while client and station are in relatively fixed positions. Expected to provide a comprehensive and secure all-IP based mobile broadband solution to laptop computer wireless modems, smartphones, and other mobile devices. Facilities such as ultra-broadband internet access, IP telephony, gaming services, and streamed multimedia may be provided to users, which when fully implemented is expected to allow for higher data speeds than achievable with 3G and additional network features and capabilities.
"**5G**"	The fifth generation of mobile phone technology standards, providing very-high-speed broadband access.
"**ADSL**"	Asymmetrical DSL; an internet access technology that allows voice and high-speed data to be sent simultaneously over local copper telephone line.
"**ANACOM**"	*Autoridade Nacional das Comunicações*, the Portuguese electronic communications regulator.
"**ARPU**"	Average Revenue Per User; ARPU is an average monthly measure that we use to evaluate how effectively we are realizing revenues from subscribers. ARPU is calculated by dividing the revenue (for the services provided, in each case including the proportional allocation of the bundling discount) for the respective period by the average number of RGUs for that period and further by the number of months in the period. The average number of RGUs is calculated as the number of RGUs on the first day in the respective period plus the number of RGUs on the last day of the respective period, divided by two.
"**bandwidth**"	The width of a communications channel; in other words, the difference between the highest and lowest frequencies available for network signals. Bandwidth also refers to the capacity to move information.
"**broadband internet**"	Any circuit that can transfer data significantly faster than a dial-up phone line.
"**churn**"	The number of RGUs for a given service disconnected (either at the customer's request or due to termination of the subscription by us) during the period divided by the number of average RGUs for such service for such period; statistics do not include customers excluding transfers between our services (other than a transfer between our cable services and our mobile services).
"**CPE**"	Customer premise equipment, which typically comprises a modem or set top box and associated cabling and other fittings such as an NIU in order to deliver service to a subscriber.
"**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 a technology that provides high-speed internet access over traditional telephone lines.
"**DTH**"............................	Direct-to-home television.
"**DTT**"	Digital terrestrial television.
"**FTTH**"..........................	Fiber-to-the-home network.
"**FTTx**"...........................	Fiber optic infrastructure.
"**GPON**".........................	Gigabit passive optical networks. A high-bandwidth optical fiber network using point-to-multipoint architecture.
"**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.
"**HFC**"............................	Hybrid fiber coaxial.
"**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.
"**iDEN**"...........................	Integrated Digital Enhanced Network, a mobile telecommunications technology.
"**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.
"**IPTV**"...........................	Internet Protocol television.
"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 fiber.
"**ISP**"..............................	Internet Service Provider.
"**IT**"...............................	Information technology, a general term referring to the use of various software and hardware components when used in a business.
"**local loop**"	The network element used to connect a subscriber to the nearest switch or concentrator, commonly referred to as the "last mile" because it is the part of the network that is connected directly to the subscriber; alternatively the HFC access network.
"**LTE**"	Long term evolution technology being a standard in mobile network technology.
"**M2M**"...........................	Machine-to-machine.

"**Mbps**"...........................	Megabits per second; each megabit is one million bits.
"**MHz**"...........................	Megahertz; a unit of frequency equal to one million Hertz.
"**multi-play**"..................	The bundling of different telecommunications services, e.g. digital cable television, broadband internet and fixed telephony services, by one provider.
"**MVNO**"........................	Mobile virtual network operator. Refers to a company that provides mobile services but does not have its own licensed frequency allocation of radio spectrum, nor necessarily all of the infrastructure required to provide mobile telephony services.
"**network**"	An interconnected collection of components which would, in a telecommunications network, consist of switches connected to each other and to customer equipment by real or virtual links. Transmission links may be based on fiber optic or metallic cable or point to point radio connections.
"**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.
"**PacketCableTM**"	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 fiber cabling and signals all or most of the way to the end user.
"**PSTN**"	Public Switched Telephone Network, or the traditional circuit-switched telephone network, and the core of this network is based on switching centers.
"**quad-play**"	Triple-play with the addition of mobile service.
"**RGU**"	Revenue Generating Unit. RGUs relate to sources of revenue, which may not always be the same as customer relationships. For example, one person may subscribe for two different services, thereby accounting for only one subscriber, but two RGUs. RGUs for pay television and broadband internet infrastructure access are counted on a per source service basis and RGUs for fixed-line telephony are counted on a per line basis. Mobile RGUs is equal to the net number of lines or SIM cards that have been activated on our mobile network.
"**triple-play**"..................	Where a customer has subscribed to a combination of three products, digital cable television, broadband internet and fixed telephony services, from us.
"**UMTS**"........................	Universal Mobile Telecommunications Service, a 3G mobile networking standard commonly used to upgrade GSM networks to 3G standards.
"**VDSL**".........................	Very high speed DSL. A high speed variant of ADSL.
"**VoD**"............................	Video on demand; a service which provides subscribers with enhanced playback functionality and gives subscribers access to a broad array of on demand

programming, including movies, live events, local drama, music videos, children programming and adult programming.

“**VoIP**” .... Voice over internet Protocol; a telephone service via internet, or via TCP/IP protocol, which can be accessed using a computer, a sound card, adequate software and a modem.

“**VPN**” .... Virtual private network, a business service enabling users to obtain remote access to network functionality.