MANAGEMENT'S DISCUSSION AND ANALYSIS

ALTICE FRANCE

FOR THE YEAR ENDED DECEMBER 31, 2020

Contents

Basis of Presentation

The discussion and analysis for each of the periods presented is based on the financial information derived from the unaudited consolidated financial statements as of and for the year ended December 31, 2020.

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

Disclaimers:

The following discussion and analysis is intended to assist in providing an understanding of the Group's financial condition, changes in financial condition and results of operations and should be read together with the consolidated financial statements of Altice France as of and for the year ended December 31, 2020, including the accompanying notes. Some of the information in this discussion and analysis includes forward-looking statements that involve risks and uncertainties.

Unless the context otherwise requires, when used in this section, the terms "we," "our," "Company," the "Group," and "us" refer to the business constituting the Group as of September 30, 2020, even though we may not have owned such business for the entire duration of the periods presented.

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

Key Factors Affecting Our Results of Operations

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

Acquisitions and Integration of Businesses

Altice France was created following the acquisition of SFR, France's then leading alternative mobile services provider, which occurred on November 27, 2014. Since then, we have, from time to time, made significant direct and indirect equity investments in, and divestments of, certain businesses, including, among others, the acquisition of a controlling interest in Next Radio T.V. in 2016 and the remaining interest therein in 2018, the disposal of i24News and acquisitions of FOT, ACS and ATS in 2018. In addition, in 2018, the Group entered into certain strategic transactions such as the sale of its 49.99% interests in SFR FTTH (now a subsidiary of SFR FTTH Network Holding, an associate of the Group) and the Towers Transaction. In 2019, SFR FTTH entered into an exclusivity agreement with Cube Infrastructure Fund and Partners Group (acting on behalf of its clients) regarding the acquisition of all of the equity interests in Covage and the transaction was completed on December 8, 2020. Due to the significant nature of certain of these acquisitions and disposals, the comparability of our results of operations based on the Historical Consolidated Financial Information may be affected. See "*—Discussion and Analysis of Our Results of Operations—For the year ended December 31, 2020 compared to the year ended December 31, 2019—Significant Events Affecting Historical Results*"

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

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

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

For the year ended December 31, 2020 and December 31, 2019, we incurred restructuring and other non-recurring cost and income of €(151) million and €2,601 million, respectively, which primarily include costs with respect to renegotiations or termination of contractual arrangements, employee redundancies, fees paid to external counsel, capital gain or loss on investing activities and other administrative expenses related to reorganization of existing or newly acquired businesses. For the year ended December 31, 2019, income mainly included a capital gain related to the divestment of 49.99% stake in SFR FTTH (now a subsidiary of SFR FTTH Network Holding, an associate of the Group) for an aggregate amount of €2,796 million. The business combinations performed by the group generated a significant amount of goodwill. As of December 31, 2020, the goodwill recorded on our balance sheet amounted to €11,046 million (compared to €11,076 million as of December 31, 2019). Goodwill is subject to impairment reviews in accordance with IFRS and any impairment charge on goodwill would have a negative impact on operating profit /net operating income. For the year ended December 31, 2020, we did not incur any impairment losses.

Multi-Play Strategy

We have implemented a business strategy focused on the provision and expansion of multi-play product offerings, including 3P and 4P bundles. Customers who elect to subscribe for our multi-play bundles rather than our individual services 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. We believe our bundled service offerings will be an important driver of our fixed-based services, partially offsetting the continued pressure on traditional fixed-based services.

Introduction of New Products and Services and Investment in Content

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

In addition, we regularly review and invest in the content that we offer to provide our subscribers with a flexible and diverse range of programming options, including high-quality local content and exclusive premium content. Altice France has acquired the exclusive rights, previously held by Altice Europe, to broadcast and distribute various premium sporting events, including the English Premier League (through an agreement with Canal+), French Basketball League and English Rugby Premiership and UEFA Champions League and UEFA Europa League (until the end of the 2020/2021 season), which are commercialised in France via exclusive RMC branded channels.

In July 2020, we entered into certain arrangements with Mediapro which provided for sub-licensing the UEFA broadcasting rights to Mediapro in exchange for a right to broadcast Mediapro's Téléfoot channel (including the main football matches for French Ligue 1 and Ligue 2) for the 2020/2021 season. In addition, for the 2021/22, 2022/23 and 2023/24 seasons, the arrangements provided for the right to broadcast the Téléfoot channel (including the main football matches for French Ligue 1 and Ligue 2) subject to a revenue share mechanism. On December 11, 2020, the French Professional League announced that following the non-payment of dues, it was cancelling its contract with Mediapro and that it will re-auction the rights for 2022-2024 seasons. Following this announcement, our agreements with Mediapro have become null and void and we continued to broadcast the Téléfoot channel until its withdrawal in February 2021.

We also launched a single brand in July 2018 for all of our sports content: RMC Sport, which replaced the SFR Sport channel. At the end of 2016, Altice Europe and the Group also announced strategic agreements with NBCUniversal International and Discovery which confer certain exclusive distribution rights in France. Furthermore, the Group has formed a partnership with Discovery Communications to launch two new exclusive Discovery channels and has obtained exclusive distribution rights to two existing Discovery channels, including the number one factual pay-TV channel in France, and three NBCUniversal channel brands in metropolitan France. Leading 24-hour news is also provided by the Group through its TV news hub bundle, BFM. In June 2017, we entered into a multi-year partnership with Netflix to deliver Netflix's range of critically acclaimed series, movies, documentaries, stand-up comedy and children's programming to our customers in France.

On July 7, 2020, SportCoTV, a wholly-owned subsidiary of the Issuer, acquired the shares of Altice Pictures, a subsidiary of Altice Europe incorporated in Luxembourg, which at the time held the rights for sports content, including UEFA champions league and other premium content. Prior to such acquisition, a reorganization of Altice Europe's structure relating to content activities was carried out, including the transfer of activities performed by AENS, an affiliate of the Group that previously provided the premium sports channels to the Issuer, to Altice Pictures, thereby ensuring that the entire value chain would subsequently be transferred to the Issuer, which is the entity that benefits the most from the marketing of the associated channels. Altice Pictures was subsequently merged into SportCoTV. SportCoTV has been designated, and will be designated, as an unrestricted subsidiary under the agreements, instruments and indentures governing the Group's indebtedness, including the Existing Senior Secured Indentures, the Existing Revolving Credit Facilities Agreement, the Existing Term Loans Agreement and will be designated as an unrestricted subsidiary under the Indenture (and therefore will not be subject to any of the covenants set forth therein).

We intend to continue to selectively invest in local and value-added premium content as well as sports broadcasting and distribution rights in the future to enrich our differentiated and convergent communication services from those of our competitors. We believe that such efforts will reduce our customer churn and increase revenue.

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

Pricing

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

Cost Structure

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

Network Upgrades

Our ability to provide new or enhanced fixed-based services, including HDTV and VoD television services, broadband internet network access at increasing speeds and fixed-line telephony services as well as UMTS, 3G and 4G mobile services to additional subscribers depends in part on our ability to upgrade our (i) cable and DSL networks by extending the fiber portion of our network, reducing the number of nodes per home passed and upgrading technical components of our network and (ii) mobile networks by building-out our UMTS-network and investing in LTE as well as maintaining agreements with third parties to share mobile networks. Since 2015, we have increased our fiber deployment and upgraded a substantial part of our cable networks. For example, as of December 31, 2020, our cable networks are largely DOCSIS 3.0 enabled, which allows us to offer our customers high broadband internet access speeds and better HDTV services across our footprint. The Group accelerated the build-out of its 4G network over the last three years to have a market-leading mobile network in place by the end of December 2020 (4G population coverage of 99.5% as of October 1, 2020). The Group also aims to continue the expansion of its fiber network in France and intends to capitalize on its past investments in improved fiber infrastructure. Furthermore, following the completion of the 5G spectrum allocation by the French government, we have obtained a total of 80 MHz of frequencies in the 3.4-3.8 GHz band. The Group became the first player in the market to offer 5G technology to its customers in certain areas on November 20, 2020 and has 244.6 MHz in all the frequency bands put into service in France. As of the end of 2020, we had deployed 5G technology in 200 cities (approximately 800 radio sites) across France and we continue to expand the deployment of our 5G network in other locations.

In each of the past three years, we have incurred significant capital expenditure (between 22-29% of total consolidated revenues) a significant portion of which was spent to improve our mobile network and to roll out new fiber homes and we are the market leader in very high-speed internet in terms of number of fiber homes passed. Our capital expenditure (accrued) amounted to €3,138 million for the year ended December 31, 2020 and €2,355 million for the year ended December 31, 2019.

Competition

We face significant competition and competitive pressures in the French market. Moreover, our products and services are subject to increasing competition from alternative new technologies or improvements in existing technologies.

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

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

In the French pay-TV market, we compete with providers of premium television packages such as CanalSat, DSL 3P and/or 4P operators such as Orange, Free and Bouygues Telecom, which provide Internet Protocol TV ("**IPTV**"), and providers of pay digital terrestrial television ("**DTT**"). In the broadband market, we compete primarily with xDSL, though increasingly with fiber providers such as Orange (the leading DSL provider in France), Free and Bouygues Telecom. Our competitors continue to invest in fiber network technology which has resulted in additional competition to its fiber-based services. In the French mobile telephony market, we compete with well-established mobile network operators such as Orange, Bouygues Telecom and Free, as well as other MVNOs such as La Poste.

In particular, price competition is significant since entry into the market by Free in early 2012 with low-priced no-frills packages.

Moreover, the competition in the fixed market has deteriorated recently with more aggressive promotions from competitors for longer periods, particularly at the low end of the market. However, while the acceleration of our fiber deployment in France, notably expanding FTTH coverage in low-density and rural areas, should support better fiber subscriber trends as the addressable market for very high-speed broadband services expands, FTTH deployment by the our competitors could accelerate and the share of FTTH on the high-speed internet market could grow significantly thereby eliminating or reducing our fixed network advantage. In the wholesale market, we compete with established players (the incumbent Orange mainly), and with local operators (including Covage, and Altitude Telecom, among others).

Macroeconomic and Political Developments

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

The current macroeconomic environment is volatile, and continuing instability in global markets, including instability related to international trade, tariffs, sovereign debt issues, Brexit, the risk of deflation and the stability of the euro, natural disasters and pandemics (such as the COVID-19 pandemic), has contributed to a challenging global economic environment.

Fluctuations in Currency Exchange Rates and Interest Rates

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

Discussion and Analysis of Our Results of Operations

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

The below table sets forth our consolidated statement of income for the year ended December 31, 2020 and 2019, in millions of euros with the variation between the periods:

Consolidated Statement of Income (in € millions)	**December 31, 2020**	**December 31, 2019**	**Change**
Revenues	11,025	10,798	*2.1%*
Purchasing and subcontracting costs	(3,228)	(2,898)	*11.4%*
Other operating expenses	(1,700)	(1,910)	*(10.9)%*
Staff costs and employee benefits	(1,023)	(1,060)	*(3.5)%*
Depreciations, amortizations and impairments	(3,559)	(3,475)	*2.4%*
Other expenses and income(*)	(151)	2,601	*(105.8)%*
Operating profit	1,364	4,056	*(66.4)%*
Finance income	61	17.5	*248.6%*
Interest relative to gross financial debt	(791)	(837)	*(5.5)%*
Realized and unrealized gains/(loss) on derivative instruments linked to financial debt	(267)	6	*(4,550.0)%*
Other financial expenses	(307)	(231)	*32.9%*
Net result on extinguishment of financial liabilities	—	(79)	—
Finance costs, net	(1,304)	(1,124)	*16.0%*
Share of earnings of associates and joint ventures	(237)	(201)	*17.9%*
Profit/(loss) before income tax from continuing operations	(177)	2,731	*(106.5)%*
Income tax benefit/(expenses)	(23)	168	*(113.7)%*
Profit/(loss) from continuing operations	(199)	2,899	*(106.9)%*
Profit/(loss) after tax from discontinuing operations	—	—	—
Profit/(loss)	(199)	2,899	*(106.9)%*
Attributable to equity holders of the parent	(255)	2,853	*(108.9)%*
Attributable to non-controlling interests	56	46	*21.7%*

(*) On September 3, 2020, the Issuer completed the transfer of *Libération* to *Presse Indépendante SAS*. Following the closing of the transaction, the Group no longer exercises control over *Libération*. This line item "Other expenses and income" includes the total impact of the transaction (donation and capital loss), which amounted to a €55 million net expense. This line item also includes €50 million provision relating to the restructuring plan relating to the employee workforce in our media business (part time workers, freelancers and consultants) based on the agreement signed with the workers' council on September 15, 2020 and other non-recurring charges, including deal fees related to M&A transactions.

Significant events of the period

Issuance of Existing $2^{1}/_{8}$% 2025 Senior Secured Notes, Existing $4^{1}/_{8}$% 2029 Senior Secured Euro Notes and Existing $5^{1}/_{8}$% 2029 Senior Secured Dollar Notes

On February 6, 2020, Altice France issued €500 million aggregate principal amount of its euro-denominated $2^{1}/_{8}$% senior secured notes due 2025 (the "**Existing $2^{1}/_{8}$% 2025 Senior Secured Notes**"), the proceeds of which were used to refinance €500 million of indebtedness outstanding under the Existing Revolving Credit Facility.

On September 18, 2020, Altice France issued €500 million aggregate principal amount of its euro-denominated $4^{1}/_{8}$% Senior Secured Notes due 2029 ("**Existing 2029 Senior Secured Euro Notes**") and $475 million aggregate principal amount of its dollar-denominated $5^{1}/_{8}$% Senior Secured Notes due 2029 ("**Existing 2029 Senior Secured Dollar Notes**"), the proceeds of which were used to (i) make funds available to Altice Group Lux (a subsidiary of Altice Europe and an indirect shareholder of Altice France Holding and the Issuer) in an amount equal to €750 million to repay certain of Altice Group Lux's indebtedness, (ii) repay €150 million of borrowings outstanding under the Existing Revolving Credit Facilities, (iii) pay fees and expenses in connection with the offering of the Existing 2029 Senior Secured Notes and (iv) for general corporate purposes.

Debt reorganization within the Altice Europe Group

On February 6, 2020, Ypso Finance Bis issued $1,225 million aggregate principal amount of its dollar-denominated 6.000% senior notes due 2028 (the "**2028 Ypso Finance Bis Dollar Senior Notes**") and €500 million aggregate principal amount of its euro-denominated 4.000% senior notes due 2028 (the "**2028 Ypso Finance Bis Euro Senior Notes**" and, together with the 2028 Ypso Finance Bis Dollar Senior Notes, the "**2028 Ypso Finance Bis Senior Notes**").

On January 24, 2020, Ypso Finance Bis commenced an exchange offer to noteholders of Altice Lux's (i) 2027 Altice Lux Dollar Senior Notes and (ii) 2027 Altice Lux Euro Senior Notes, to exchange the 2027 Altice Lux Dollar Senior Notes for an equal aggregate principal amount of corresponding dollar-denominated 10.500% senior notes due 2027 issued by Ypso Finance Bis (the "**Ypso Finance Bis Exchange Dollar Notes**") and the 2027 Altice Lux Euro Senior Notes for an equal aggregate principal amount of corresponding euro-denominated 8.000% senior notes due 2027 issued by Ypso Finance Bis (the "**Ypso Finance Bis Exchange Euro Notes**" and, together with the Ypso Finance Bis Exchange Dollar Notes, the "**Ypso Finance Bis Exchange Notes**"). At the expiration of the exchange offer, a total of $1,562 million (accounting for 97.6% of the outstanding aggregate principal) of the 2027 Altice Lux Dollar Senior Notes and €1,317 million (accounting for 94.10% of the outstanding aggregate principal) of the 2027 Altice Lux Euro Senior Notes were tendered and accepted. On February 27, 2020, $1,562 million of Ypso Finance Bis Exchange Dollar Notes and €1,317 million of Ypso Finance Bis Exchange Euro Notes were issued by Ypso Finance Bis.

On March 26, 2020, upon satisfaction of certain conditions and at the discretion of Ypso Finance Bis (i) the Ypso Finance Bis Exchange Dollar Notes were automatically exchanged for an equal aggregate principal amount of dollar-denominated 10.500% senior notes due 2027 issued by Altice France Holding, (ii) the Ypso Finance Bis Exchange Euro Notes were automatically exchanged for an equal aggregate principal amount of euro-denominated 8.000% senior notes due 2027 issued by Altice France Holding, (iii) the 2028 Ypso Finance Bis Dollar Senior Notes were automatically exchanged for an equal aggregate principal amount of dollar-denominated 6.000% senior notes due 2028 issued by Altice France Holding and (iv) the 2028 Ypso Finance Bis Euro Senior Notes were automatically exchanged for an equal aggregate principal amount of euro-denominated 4.000% senior notes due 2028 issued by Altice France Holding.

COVID-19 Pandemic

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

We have continued to provide our telecommunications services to our customers during this pandemic. The COVID-19 pandemic had a limited impact on the 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 handsets sales in the context of the closure of shops in France, a decrease in roaming revenue due to decreased travel, delays in the construction of FTTH homes passed in France and a decline in the advertising businesses.

As part of economic measures intended to mitigate the impact of the COVID-19 pandemic on businesses, the French government announced a series of measures, certain of which we were entitled to benefit from, including partial unemployment benefit for employee salaries. We decided to apply for such government benefit from mid-March to mid-May 2020 with respect to approximately 4,200 employees whose jobs were directly impacted by the mandatory lockdown imposed by the French government. Under such measure, the French government paid the relevant employees the equivalent of 84% of their fixed and variable pay per month for the period between March 2020 and May 2020 and the Group paid the remaining 16%. The Group received a wage subsidy of €16 million under this economic measure and there were no restrictions on the Group's business associated with subscribing to such measure.

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

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

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

Financing flows with Altice Group entities

For the year ended December 31, 2020, the Group made the following upstream loans to its direct and indirect shareholders:

Upstream loans to Altice Group Lux in an aggregate amount of €1,201 million. These loans bear interest at a rate of 8.4% per annum with a maturity of July 30, 2027; and

Short term upstream loans to Altice France Holding in an aggregate amount of €226 million.

The Group also repaid a portion of its debt towards Altice Lux in an aggregate amount of €180 million.

Transfer of Libération by the Issuer to a non-profit organization

On May 14, 2020, the Issuer announced that it would transfer *Libération*, the daily newspaper, to *Presse Indépendante SAS* ("**PI**"), a management and holding company to be owned by a non-profit organization *Fonds de Dotation pour une Presse Indépendante* ("**FDPI**"). Although FDPI will not manage PI nor *Libération*, it would be entitled to future profits that would in turn be redistributed to other non-profit organizations.

In connection with this transfer, the Issuer made a donation to FDPI comprising cash and the shares of PI, which was invested by FDPI into PI, which in turn acquired the shares in *Libération* and consequently repaid *Libération's* debts and finance its future operations. This transaction will help ensure the editorial, economic and financial independence of *Libération* in the long term.

The transfer was completed on September 3, 2020. Following the closing of the transaction, the Group no longer exercises control over *Libération* and the total impact of the transaction (donation and capital loss) has been recorded in the statement of income for the year ended December 31, 2020 for a €55 million net expense under "*other expenses and income*".

Transfer of sports rights to Altice France

On July 7, 2020, SportCoTV, a wholly-owned subsidiary of the Issuer, acquired the shares of Altice Pictures S.à.r.l, a subsidiary of Altice Europe incorporated in Luxembourg ("**Altice Pictures**"), which at the time held the rights for sports content, including UEFA champions league and other premium content. Prior to such acquisition, a reorganization of Altice Europe's structure relating to content activities was carried out, including the transfer of activities performed by Altice Entertainment News and Sport ("**AENS**"), an affiliate of the Group that previously provided the premium sports channels to the Issuer, to Altice Pictures, thereby ensuring that the entire value chain would subsequently be transferred to the Issuer, which is the entity that benefits the most from the marketing of the associated channels. Altice Pictures was subsequently merged into SportCoTV.

This transaction has been treated as an acquisition under common control and hence no goodwill has been created as part of this transaction. SportCoTV has been declared as an unrestricted subsidiary for the purposes of the Existing Senior Secured Indentures, the Existing Revolving Credit Facilities Agreement and the Existing Term Loans Agreement (and will also be an unrestricted subsidiary under the Indenture) and hence certain financial information has been provided on the standalone performance of Altice TV on certain financial items commencing from the period covered by the 2020 Financial Statements. Please refer to "*Other information related to the Altice TV*."

Restructuring plan at NextRadioTV

On May 19, 2020, NextRadioTV announced a restructuring plan to take into account the changing environment for the media industry in France and the impact of the COVID-19 pandemic on the advertising market. On July 24, 2020, the management of the Group's media business presented the Livre 2, the document that outlines the restructuring plan, to the workers' council. As per the document, the Group introduced a voluntary departure plan aimed at reducing the workforce by around 228 full time employees and by limiting the use of part time workers, freelancers and consultants. An agreement with respect to the restructuring plan was signed with the unions on September 15, 2020 and approved by the French Labor Authorities. The plan began on October 8, 2020 and ended on December 23, 2020, and the target redundancies have been met. As of September 30, 2020, management considers that the conditions for recording a provision were met and thus a provision was recorded in the income statement under "*other expenses and income*" for an amount of €50 million. As of December 31, 2020, the remaining amount recorded is €21 million in provisions and €28 million in payables.

Reorganization of the Issuer's shareholding structure

On July 10, 2020, the Issuer's shareholding structure was simplified by way of a share transfer between Altice Europe and Altice France Holding, the direct parent of the Issuer. Following the restructuring, Altice France Holding holds 100% minus one share of the Issuer, with Altice Lux holding one share in the Issuer. As part of such reorganization, certain upstream loans made by the Issuer to shareholders and affiliates of the Group were assigned to Altice France Holding.

Mediapro

In July 2020, we entered into certain arrangements with Mediapro which provided for sub-licensing the UEFA broadcasting rights to Mediapro in exchange for a right to broadcast Mediapro's Téléfoot channel (including the main football matches for French Ligue 1 and Ligue 2) for the 2020/2021 season. In addition, for the 2021/22, 2022/23 and 2023/24 seasons, the arrangements provided for the right to broadcast the Téléfoot channel (including the main football matches for French Ligue 1 and Ligue 2) subject to a revenue share mechanism. On December 11, 2020, the French Professional League announced that following the non-payment of dues, it was cancelling its contract with Mediapro and that it will re-auction the rights for 2022-2024 seasons. Following this announcement, our agreements with Mediapro have become null and void and we continued to broadcast the Téléfoot channel until its withdrawal in February 2021.

5G spectrum allocation

On October 1, 2020, Altice France announced that it had successfully acquired 80 MHz of spectrum in the 3.4 to 3.8 GHz band as part of the French government's spectrum auction to support the deployment of 5G mobile technology in France. The frequencies have been allotted for 20 years. The total price for the acquisition amounts to €728 million, of which €350 million is payable over 15 years and the balance of €378 million is payable over four years. The first payment of €118 million was made on January 13, 2021.

Completion of acquisition of 100% interest in Covage by SFR FTTH

On November 25, 2019, Altice Europe announced that SFR FTTH entered into an exclusivity agreement with Cube Infrastructure Fund and Partners Group (acting on behalf of its clients) regarding the acquisition of all of the equity interest of Covage, a fiber wholesale operator in France (the "**Covage Acquisition**"). In connection with the Covage Acquisition, SFR FTTH Network Holding S.A.S. ("**SFR FTTH Network Holding**") was incorporated as a sole direct shareholder of (x) SFR FTTH Network, a French *société par actions simplifiée* ("**SFR FTTH Network**") and (y) SFR FTTH, and SFR FTTH was contributed to SFR FTTH Network Holding on December 8, 2020.

On December 8, 2020, the Covage Acquisition was completed by SFR FTTH Network. The newly enlarged company has been rebranded as Xp Fibre. The acquisition was completed for a total cash consideration of over €1 billion, out of which €667 million was raised by way of non-recourse bridge loan at SFR FTTH Network and €202 million cash equity was contributed by the Group. The European Commission, while approving the Covage Acquisition, proposed the following remedies in order to address certain competition concerns, which have been accepted by SFR FTTH: (i) divestment of certain assets corresponding to Covage's local fiber loop business, comprising fiber-to-the-office (FTTO) networks (including several mixed FTTO and FTTH networks) and representing altogether approximately 95% of Covage's FTTO business; and (ii) offer of a transitional service agreement to the buyer of the divested businesses, including access to all assets and services required to operate the divested business competitively for a duration enabling the divested business to become fully independent from SFR FTTH. We expect SFR FTTH Network to be able to repay the bridge loan with the net proceeds from the divestment. The terms and timing of the divestment are uncertain and there can be no assurance that the proceeds of the divestment will be sufficient to repay the bridge loan. The Issuer has entered into a commitment to make an equity contribution to SFR FTTH Network in an amount corresponding to its indirect ownership interest therein that is sufficient to ensure that SFR FTTH Network does not become insolvent and is able to pay its debts as it comes due.

SFR FTTH Network Holding (which is an associate of the Group) and its subsidiaries have been designated as unrestricted subsidiaries under the agreements, instruments and indentures governing the Group's indebtedness, including the Existing Senior Secured Indentures, the Existing Revolving Credit Facilities Agreement, the Existing Term Loans Agreement, and will be designated as unrestricted subsidiaries under the Indenture (and therefore will not be subject to any of the covenants set forth therein).

Revenue

For the year ended December 31, 2020, we generated total revenues of €11,025 million, a 2.1% increase compared to €10,798 million for the year ended December 31, 2019. The increase was driven by an increase in all our business segments, except media business and equipment sales. Residential mobile and fixed business revenues grew by 0.8% and 2.8% respectively, while business services revenues grew by 4.5% for the year ended December 31, 2020 compared to the year ended December 31, 2019.

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

Revenues **(in € millions)**	**December 31, 2020**	**December 31, 2019**	**Change**
Residential – Fixed	2,600	2,529	*2.8%*
Residential – Mobile	3,543	3,515	*0.8%*
Business services	3,530	3,377	*4.5%*
Total Telecom excl. equipment sales	**9,672**	**9,422**	***2.7%***
Equipment sales	909	923	*(1.5)%*
Media	443	453	*(2.2)%*
Total	**11,025**	**10,798**	***2.1%***

The Group's residential fixed segment revenues increased by 2.8% from €2,529 million for the year ended December 31, 2019 to €2,600 million for the year ended December 31, 2020. This increase was mainly due to the impact of sustained net-adds for the residential fixed businesses since the first quarter of 2018 and an improvement in ARPU trends. For the year ended December 31, 2020, the Group added 142,000 new residential fixed customers (compared to 144,000 net-adds in 2019), with 264,000 fiber net adds in 2019, compared to 437,000 fiber net adds in 2020. Residential fixed revenue in 2020 was also partly impacted by the loss of favourable VAT treatment on telecom/press bundles (ended in February 2019). The COVID-19 pandemic had a limited impact on the residential fixed revenues mainly as a result of the closure of our shops in the second half of March 2020 till mid May 2020.

Revenues for the Group's residential mobile services grew to €3,543 million for the year ended December 31, 2020 compared to €3,515 million for the year ended December 31, 2019. This trend was driven primarily by the impact of consecutive positive net-adds in the residential mobile segment since the first quarter of 2018 and a stabilisation of market pricing, following a decrease in intensive promotional activities from competitors. For the year ended December 31, 2020, the Group continued its positive net-adds trend, adding 272,000 new residential mobile post-paid customers (compared to net adds of 652,000 for the year ended December 31, 2019). This is a result of investments made in improving network quality and successful churn reduction measures implemented by the Group since the end of 2017. The COVID-19 pandemic had a limited impact on the residential mobile revenues mainly as a result of the closure of our shops in the second half of March 2020 till mid May 2020.

Revenues from our business services segment grew by 4.5% to reach €3,530 million for the year ended December 31, 2020 compared to €3,377 million for the year ended December 31, 2019. Business services revenue was impacted by an increase in revenues derived from the construction business with SFR FTTH for the year ended December 31, 2020 which was offset by a decrease in revenues from roaming activities, which were impacted by travel limitation imposed as a result of the COVID-19 pandemic.

Equipment revenues decreased by 1.5% from €923 million for the year ended December 31, 2019 to €909 million for the year ended December 31, 2020, mainly as a result of the closure of shops due to the mandatory lockdown imposed due to the COVID-19 pandemic (from mid-March to mid-May), which erased the gains seen in equipment sales in the first quarter of 2020.

Revenues from the Group's media activities totalled €443 million for the year ended December 31, 2020, a 2.2% decrease as compared to €453 million for the year ended December 31, 2019. Media business revenues were significantly impacted by the loss of advertising revenues as a result of the COVID-19 pandemic from March 2020 onwards, after a strong start to the year in January and February. Media business revenues were also impacted by the disposal of the L'express magazine in July 2019 and *Libération* daily newspaper in September 2020.

Adjusted EBITDA

For the year ended December 31, 2020, our Adjusted EBITDA was €4,277 million (excluding €(4) million Adjusted EBITDA of Altice TV), an increase of 1.8% compared to the €4,200 million Adjusted EBITDA for the year ended December 31, 2019 (excluding Adjusted EBITDA of Altice TV perimeter since the Group commenced consolidation of Altice TV in its financial statements from July 8, 2020 following the completion of the reorganization of the Group's and Altice Europe's content activities). A reconciliation from revenues to Adjusted EBITDA is presented below. This increase was mainly due to the increase in revenues as explained above, offset by a decrease in customer service costs and a decrease in content and staff costs.

Purchasing and subcontracting:

Purchasing and subcontracting costs increased by 11.4%, from €2,898 million in the year ended December 31, 2019 to €3,228 million in the year ended December 31, 2020. Direct costs were impacted by the COVID-19 related lockdown in line with revenues. Purchasing and subcontracting costs were also impacted by the acquisition of Altice TV and an associated increase in content costs. These costs were not included for the year ended December 31, 2019.

Other operating expenses:

Other operating expenses decreased by 11.0% to €1,700 million in the year ended December 31, 2020 from €1,910 million in the year ended December 31, 2019, mainly due to an increase in maintenance costs (related to higher network usage resulting from the COVID-19 pandemic), offset by a decrease in sales and marketing costs, customer service and G&A costs (as a result of lower commercial activity, customer service costs and travel restrictions due to the COVID-19 pandemic).

Staff costs and employee benefit expenses:

Staff costs and employee benefit expenses decreased by 3.6%, from €1,060 million in the year ended December 31, 2019 to €1,023 million in the year ended December 31, 2020, mainly due to the change in the method for bonus accruals between 2019 and 2020 (lower accruals at year end 2019 compared to year end 2018, leading to lower reversals in first quarter of 2020 compared to first quarter of 2019).

Share based expense:

The costs incurred in the year ended December 31, 2020 are related to the recharge of the costs related to the free preference shares allotted to the CEO of the Issuer by Altice Europe.

For a reconciliation of the Adjusted EBITDA of the Altice France restricted group (excluding Altice TV) to the operating profit of Altice France (including Altice TV) please see "*—Other Information related to Altice TV*" below.

Depreciation, amortization and impairment

For the year ended December 31, 2020, depreciation and amortization totalled €3,559 million, an increase of 2.4% compared to €3,475 million for the year ended December 31, 2019. This increase was mainly due to an increase in the amortization of right of use assets in 2020 compared to 2019.

Other expenses and income

For the year ended December 31, 2020, our other expenses and income amounted to an expense of €(151 million, a decrease compared to an income of €2,601 million for the year ended December 31, 2019. The amount recognized in the year ended December 31, 2019 included capital gain related to the divestment of a 49.99% stake in SFR FTTH.

Other expenses and income **(in € millions)**	**December 31, 2020**	**December 31, 2019 (revised)**	**Change**
Net restructuring costs[1]	(76)	(88)	*(13.7)%*
Litigation	(15)	(48)	*(69.8)%*
Gain and loss on disposal of property, plant, equipment and intangible assets	1	(29)	*(103.7)%*
Other (net)[2][3]	(62)	2,766	*(102.2)%*
Other expenses and income	**(151)**	**2,601**	***(105.8)%***

(1) Net restructuring costs mainly include costs related to provisions for employee redundancies as part of the voluntary departure plans. For the year ended December 31, 2020, we recorded an expense of €50 million related to the voluntary departure plan launched at our media business.

(2) For the year ended December 31, 2020, we recorded non-recurring expenses related to deal fees related to M&A transactions in 2019 and a loss relating to the sale of *Libération*.

(3) For the year ended December 31, 2019, we recorded a capital gain related to the divestment of a 49.99% stake in SFR FTTH for an aggregate amount of €2,796 million.

Finance costs (net)

Net finance costs amounted to €1,304 million for the year ended December 31, 2020, registering an increase of 16.0% compared to €1,124 million for the year ended December 31, 2019. A breakdown is provided below:

Financial Income **(in € millions)**	**December 31, 2020**	**December 31, 2019**	**Change**
Interest relative to gross financial debt	**(791)**	**(837)**	***(5.5)%***
Realized and unrealized gains/(loss) on derivative instruments linked to financial debt	**(267)**	**6**	***(4694.4)%***
Finance income	**61**	**18**	***250.5%***
Provisions and unwinding of discount	(129)	(14)	*834.0%*
Interest related to lease liabilities	(113)	(118)	*(4.0)%*
Other	(65)	(100)	*(34.3)%*

Financial Income	**December 31, 2020**	**December 31, 2019**	**Change**
(in € millions)			
Other financial expenses	**(307)**	**(231)**	***32.9%***
Net result on extinguishment of a financial liability	**-**	**(79)**	***(100.0)%***
Finance costs, net	**(1,304)**	**(1,124)**	***16.0%***

The interest relative to gross financial debt decreased from €837 million as of December 31, 2019 to €791 million as of December 31, 2020. This decrease was mainly driven by a decrease in our cost of debt, resulting from the debt refinancing undertaken in 2019 and 2020.

For the year ended December 31, 2020, the net loss realized on derivative instruments is mainly due to an unfavorable variation in the fair value of our derivative financial instruments. This caption also includes a one off income related to the monetisation of certain cross currency swaps for an aggregate amount of €236 million, which was offset by negative variation of the foreign exchange rate effect on the restructured cross currency swaps. The realized and unrealized foreign exchange gain on cross currency swaps is offset by the unrealized foreign exchange loss on the debts.

As of December 31, 2020, financial income includes interest income on intercompany upstream loans to Altice France Holding and Altice Group Lux for an amount of €57 million. Other financial expenses mainly includes expenses related to reverse factoring and securitization arrangements.

Share in net income (loss) of associates

For the year ended December 31, 2020, our share of loss of associates amounted to €237 million compared to a loss of €201 million for the year ended December 31, 2019. This increase was mainly due to the inclusion of the share in income/loss of SFR FTTH in our results for the full year of 2020, compared to approximately nine months in the year ended December 31, 2019.

Income tax income (expense)

For the year ended December 31, 2020, we recorded an income tax expense of €23 million compared to a benefit of €168 million for the year ended December 31, 2019. The increase was mainly due to higher taxable income for the year ended December 31, 2020 compared to December 31, 2019.

Other Information related to Altice TV

The information below provides certain income statement and cash flow items of the Altice France restricted group (excluding Altice TV) to the corresponding consolidated results of Altice France (including Altice TV).

Operating Profit	**December 31, 2020**					
(in € millions)	**Altice France (excl. Altice TV)**	**Altice TV stand-alone**	**IC flows[(a)]**	**Altice France (consolidated incl. Altice TV)**	**December 31, 2019 (revised)[(*)]**	**Change**
Revenues	**10,926**	**210**	**(112)**	**11,025**	**10,798**	***2.1%***
Purchasing and subcontracting costs	(3,126)	(214)	112	(3,228)	(2,898)	*11.4%*
Other operating expenses	(1,700)	(0)	-	(1,700)	(1,910)	*(11.0)%*
Staff costs and employee benefits	(1,023)	-	-	(1,023)	(1,060)	*(3.6)%*
Total	**5,078**	**(4)**	**(0)**	**5,074**	**4,931**	***2.9%***
Share-based expenses	9	-	-	9	31	*(71.9)%*
Rental expense operating lease	(810)	-	-	(810)	(761)	*6.4%*
Adjusted EBITDA	**4,277**	**(4)**	**(0)**	**4,273**	**4,200**	***1.7%***
Depreciation, amortization and impairment	(3,438)	(121)	-	(3,559)	(3,475)	*2.4%*
Share-based expenses	(9)	-	-	(9)	(31)	*(71.9)%*
Other expenses and income[(b)]	(151)	-	-	(151)	2,601	*(105.8)%*
Rental expense operating lease	810	-	-	810	761	*6.4%*

Operating profit	**1,489**	**(125)**	**(0)**	**1,364**	**4,056**	***(66.4)%***

(*) Does not include Altice TV. The Group commenced consolidation of Altice TV in its financial statements from July 8, 2020 following the completion of the reorganization of the Group's and Altice Europe's content activities.

(a) The Group has a distribution agreement with SportCoTV which provides for, inter alia, payment by Altice France to SportCoTV, pursuant to which the Group paid €112 million to SportCoTV in the year ended December 31, 2020. See "*Certain Relationships and Related Party Transactions—Content Activities*".

(b) On September 3, 2020, the Issuer completed the transfer of *Libération* to *Presse Indépendante SAS*. Following the closing of the transaction, the Group no longer exercises control over *Libération*. The line item "Other expenses and income" includes the total impact of the transaction (donation and capital loss), which amounted to a €55 million net expense. This line item also includes €50 million provision relating to the restructuring plan relating to the employee workforce in our media business (part time workers, freelancers and consultants) based on the agreement signed with the workers' council on September 15, 2020 and other

Capital expenditure **(in € millions)**	**Altice France (consolidated, incl. Altice TV)** **December 31, 2020**	**December 31, 2019(*)**
Capital expenditure (accrued)[(**)]	3,138	2,355
Capital expenditure (working capital items and other impacts)	(694)	(89)
Payments to acquire tangible and intangible assets	**2,444**	**2,266**

Capital expenditure **(in € millions)**	**Altice TV stand-alone** **December 31, 2020**	**December 31, 2019**
Capital expenditure (accrued)	11	-
Capital expenditure (working capital items and other impacts)	120	-
Payments to acquire tangible and intangible assets	**131**	**-**

(*) Does not include Altice TV. The Group commenced consolidation of Altice TV in the financial statements from July 8, 2020 following the completion of the reorganization of the Group's and Altice Europe's content activities.

(**) For the year ended December 31, 2020, includes purchase price for the 5G spectrum allocation amounting to a nominal value of €728 million (of which €350 million is to be paid over a 15-year period in equal installments and the balance €378 million to be paid over four years also in equal installments).

Liquidity and Capital Resources

Cash and Debt Profile

As of December 31, 2020, our consolidated cash and cash equivalents amounted to €536 million on an actual basis.

Our most significant financial obligations are our debt obligations. Our total third-party debt (excluding other long term and short-term liabilities, other than finance leases prior to giving effect to IFRS 16 and operating lease debt generated by the first time application of IFRS 16) as of December 31, 2020 was €10,515 million relating to bonds and €6,906 million relating to loans from financial institutions. As of December 31, 2020, the Existing Revolving Credit Facilities and 2019 Hivory Senior Revolving Facilities, which provide for commitments in an aggregate amount of €1,415 million, remained fully undrawn and available. See notes 24 and 25 to the 2020 Financial Statements.

The following table presents the maturity of the Existing Senior Secured Notes, Existing Term Loans and the Existing Revolving Credit Facilities as at December 31, 2020.

	Period ending December 31,				
(in € millions)	**2021**	**2022**	**2023**	**2024 or later**	**Total**
Existing 2026 Senior Secured Dollar Notes[(1)]	—	—	—	4,245	4,245
Existing 2027 Senior Secured Dollar Notes[(1)]	—	—	—	1,431	1,431
Existing 2028 Senior Secured Dollar Notes[(1)]	—	—	—	900	900

Existing $2\frac{1}{2}$% 2025 Senior Secured Notes[1]	—	—	—	550	550
Existing 2027 Senior Secured Euro Notes[1]	—	—	—	1,000	1,000
Existing 2028 Senior Secured Euro Notes[1]	—	—	—	1,000	1,000
Existing $2\frac{1}{8}$% 2025 Senior Secured Notes[1]	—	—	—	500	500
Existing 2029 Senior Secured Euro Notes	—	—	—	500	500
Existing 2029 Senior Secured Dollar Notes[1]	—	—	—	389	389
Existing Revolving Credit Facilities[1]	—	—	—	—	—
Existing Term Loans[1]	71	71	71	6,693	6,906
Total	**71**	**71**	**71**	**17,208**	**17,421**

(1) The amount is based on the exchange rates as of December 31, 2020 of €1 = US$1.2225. This does not reflect the impact of derivative instruments entered into with respect to such debt to reduce foreign currency exposure.

The following table sets forth details of the Group's financial liabilities.

Financial Liabilities breakdown	**Current**		**Non-Current**		**Total**	
(in € millions)	**December 31, 2020**	**December 31, 2019**	**December 31, 2020**	**December 31, 2019**	**December 31, 2020**	**December 31, 2019**
Bonds	249	257	10,485	9,677	10,735	9,935
Loans from financial institutions	84	169	6,733	7,203	6,817	7,373
Derivative financial instruments	429	—	1,219	456	1,648	456
Borrowings, financial liabilities and related hedging instruments(*)	**763**	**427**	**18,437**	**17,337**	**19,200**	**17,763**
Finance lease liabilities(**)	20	24	33	43	53	67
Operating lease liabilities	713	651	2,939	2,762	3,651	3,413
Lease liabilities	**733**	**676**	**2,972**	**2,804**	**3,704**	**3,480**
Perpetual subordinated notes ("TSDI")	—	—	61	57	61	57
Deposits received from customers	32	34	161	167	193	201
Bank overdrafts	3	6	—	—	3	6
Securitization[a]	270	153	—	—	270	153
Reverse factoring[b]	704	601	—	—	704	601
Commercial paper	87	149	—	—	87	149
Debt owed to Altice Group	1	—	9	—	9	—
Other[c]	24	227	86	88	110	315
Other financial liabilities	**1,120**	**1,170**	**317**	**312**	**1,437**	**1,482**
Financial liabilities	**2,616**	**2,272**	**21,725**	**20,453**	**24,340**	**22,725**

(*) Including accrued interest.

(**) As of December 31, 2018, the opening balances of finance lease liabilities were reclassified from "Other financial liabilities" to "Finance lease liabilities".

(a) As part of the measures implemented by the Group to manage its cash flow, certain subsidiaries in the Group have entered into a non-recourse securitization agreement for the Business services segment portfolio receivables with a financial institution that has committed to purchase these receivables for a new five year period starting February 2020 and for a total committed capacity of €380 million, on a monthly basis and via a revolving structure. The total amount of the portfolio of receivables assigned as of December 31, 2020 represents €270 million. The analysis of these contracts and the assigned receivables has led the Group to conclude that the program, while being non-recourse, does not meet the de-recognition criteria under IFRS 9 and hence a financial debt is recognized on the balance sheet corresponding to the outstanding balance of receivables. Does not include the off-balance sheet handset receivables securitization facility entered into by Altice France on December 30, 2020 for a net amount of €75 million.

(b) The Group has entered into reverse factoring agreements with several financial institutions and 20 of its main services or equipment providers pursuant to which the relevant financial institutions pays the invoices of these suppliers at the original due date of the invoices. As part of these programs, the Group undertakes to pay to the financial institutions the invoice at the extended deadline, whose extension could not exceed 360 days after the provider issued it. As of December 31, 2020, the outstanding amount on the programs totalled €704 million (excluding accrual interests €4 million). When the supplier invoice is paid by the financial institution on behalf of the Group, the company recognizes a decrease in accounts payables and an increase in financial debt.

(c) As of December 31, 2020, this amount includes: (i) €32 million of liabilities related to the acquisition of non-controlling interests (in ERT Luxembourg for €18 million, Icart for €7 million and DSP €6 million), compared to €50 million as of December 31, 2019 (in ERT Luxembourg for €41 million and Icart €9 million); (ii) €68 million related to ACS put option; and (iii) €2 million related to a current account with Altice Luxembourg compared to €182 million as of December 31, 2019.

On February 6, 2020, the Issuer issued the Existing $2^1/_8$% 2025 Senior Secured Notes due in 2025, at an issue price of 99.408%. The proceeds from the issuance of the Existing $2^1/_8$% 2025 Senior Secured Notes were used to fully repay the revolving credit facility. On September 18, 2020, the Issuer issued the Existing 2029 Senior Secured Euro Notes and the Existing 2029 Senior Secured Dollar Notes, in each case, at par. The proceeds from the issuance of the Existing 2029 Senior Secured Notes were used to (i) make funds available to Altice Group Lux (a subsidiary of Altice Europe and an indirect shareholder of Altice France Holding and the Issuer) in an amount equal to €750 million to repay certain of Altice Group Lux's indebtedness, (ii) repay €150 million of borrowings outstanding under the Existing Revolving Credit Facilities, (iii) pay fees and expenses in connection with the offering of the Existing 2029 Senior Secured Notes and (iv) for general corporate purposes.

For the year ended December 31, 2020, we recorded liabilities related to the capitalisation of our operating leases, resulting from the application of IFRS 16. As of December 31, 2020, the total amount of lease liabilities amounted to €3,704 million.

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

Sources of Liquidity

Our principal source of liquidity is expected to be the operating cash flows of our operating subsidiaries and, if required, borrowings under the Existing Revolving Credit Facilities. As of December 31, 2020, the Existing Revolving Credit Facilities were undrawn. We can also generate additional liquidity through our securitization and reverse factoring arrangements. We expect to use these sources of liquidity to fund operating expenses, working capital requirements, capital expenditures, debt service requirements and other liquidity requirements that may arise from time to time. The availability of borrowings under the Existing Revolving Credit Facilities is conditioned upon compliance with specified leverage ratios. Our ability to generate cash from our operations will depend on our future operating performance, which is in turn dependent, to some extent, on general economic, financial, competitive, market, regulatory and other factors, many of which are beyond our control. We believe that our cash and cash equivalents, the cash provided from the operations of our operating subsidiaries and any available borrowings under the Existing Revolving Credit Facilities will be sufficient to fund our currently anticipated working capital needs, capital expenditures, and debt service requirements during the next 12 months, although no assurance can be given that this will be the case. However, as our debt matures in later years, we anticipate that we will seek to refinance or otherwise extend our debt maturities. No assurance can be given that we will be able to complete such refinancings or otherwise extend our debt maturities. In this regard, it is not possible to predict how economic conditions, sovereign debt concerns and/or any adverse regulatory developments could impact the credit markets we access and accordingly, our future liquidity and financial position. In addition, sustained or increased competition, particularly in combination with adverse economic or regulatory developments, could have an unfavourable impact on our cash flows and liquidity.

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

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

The Group's senior debt is subject to an incurrence test of 4.0:1 (Adjusted EBITDA to net debt), while the Group's senior secured debt is subject to an incurrence test of 3.25:1 (Adjusted EBITDA to net senior secured debt). The Group or its relevant subsidiaries are allowed to fully consolidate the EBITDA from any subsidiaries in which they have a controlling interest and that are contained in the restricted group as defined in the relevant debt instruments. In addition, the Group can rely on various 'baskets' specified under its debt covenants when incurring indebtedness.

The Group has access to a revolving credit facilities, which are subject to maintenance covenants in addition to the incurrence based covenants described above.

The Issuer is a holding company with no direct source of operating income. Therefore, the Issuer will be dependent on dividends and other payments from its operating subsidiaries to meet its liquidity requirements. See "*Risk Factors—Risks Relating to the Notes—The Issuer and certain Guarantors are holding companies and conduct no business of their own and will depend on payments from their direct and indirect subsidiaries to provide them with funds to meet their obligations under the Notes and the Notes Guarantees*".

Working Capital

As of December 31, 2020, the Group had a net current liability position of €3,605 million (comprising current liabilities net of current assets) (mainly due to trade payables and current contract liabilities amounting to €5,871 million) and a negative working capital of €1,839 million (comprising inventories, trade and other receivables and contract assets, minus trade and other payables and contract liabilities). The negative working capital position is structural and follows industry norms. Customers generally pay subscription revenues early or mid-month, with short days of sales outstanding, and suppliers are paid in the beginning of the following month, thus generating a negative working capital. Payables due the following month are generally covered by operating cash flow. We expect that our operating cash flows and, if required, available borrowings under the Existing Revolving Credit Facilities will be sufficient to meet our working capital requirements during the next 12 months.

Selected Cash Flow Data

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

Consolidated Statement of Cash Flows (in € millions)	**December 31, 2020**	**December 31, 2019**	**Change**
Net income (loss), Group share	**(255)**	**2,853**	***(108.9)%***
Net cash flow provided by (used in) operating activities	**4,599**	**4,087**	***12.5%***
Net cash flow provided by (used in) investing activities	**(2,720)**	**(666)**	***308.4%***
Net cash flow provided by (used in) financing activities	**(1,898)**	**(3,921)**	***(51.6)%***
Net increase (decrease) in cash and cash equivalents	**(19)**	**(500)**	***(96.2)%***
Effects of exchange rate changes on the balance of cash held in foreign currencies	(2)	(12)	*(83.3)%*
Cash and cash equivalents at beginning of period	**557**	**1,069**	***(47.9)%***
Cash and cash equivalents at end of period	**536**	**557**	***(3.8)%***

Net cash flow provided by (used in) operating activities

Net cash provided by operating activities increased to €4,599 million for the year ended December 31, 2020 compared to €4,087 million for the year ended December 31, 2019. This trend was the result of higher operating profit (excluding non-cash non-recurring income) recorded for the year ended December 31, 2020 and a more favourable working capital variation in the year ended December 31, 2020 compared to the year ended December 31, 2019 (€(44) million (including an impact of €(63) million related to Altice TV) compared to €(532) million). This variation was mainly due to higher payments in first quarter of 2019 related to the telecom voluntary departure plan and the implementation of the off balance sheet B2C handset securitisation program in 2020 (which had a one off impact of €83 million). This was partially offset by higher income tax paid for the year ended December 31, 2020 amounting to €294 million compared to €172 million for the year ended December 31, 2019.

Net cash provided by (used in) investing activities

For the year ended December 31, 2020, the Group recorded a net cash outflow in investing activities in an amount of €2,720 million, compared to net cash outflow in investing activities of €666 million for the year ended December 31, 2019. The difference can mainly be attributed to the closing of the SFR FTTH divestment for which the Group received net cash proceeds of €1,616 million for the year ended December 31, 2019. Capital expenditure amounted to €2,444 million (including payment of capital expenditure for Altice TV for an aggregate amount of €120 million) for the year ended December 31, 2020 compared to €2,266 million for the year ended December 31, 2019.

Net cash flow provided by (used in) financing activities

For the year ended December 31, 2020, the Group used less cash for financing activities (€1,898 million) compared to the year ended December 31, 2019 (€3,921 million). The difference was mainly due to (i) lower net distribution to shareholders via dividends and/or upstream loans in 2020 compared to 2019 (€1,607 million in 2020 as compared to €2,447 million in 2019), (ii) lower interests paid in 2020 compared to 2019 (€744 million in 2020 as compared to €847 million in 2019) and (iii) higher net proceeds from debt refinancing activity in 2020 compared to 2019 (€1,220 million in 2020 as compared to €251 million in 2019).

Other disclosures

Unrecognized Contractual Commitments

We have other contractual obligations incurred in the ordinary course of business, including commitments relating to building or upgrading network infrastructure, purchase of set-top boxes, modems, mobile handsets and other end-user equipment and various maintenance and support contracts primarily relating to the maintenance and support of network infrastructure and equipment, purchase commitments for content, royalty payments to regulatory authorities and authors' rights to societies and commitments under interconnection contracts. See Note 32 to the audited consolidated financial statements of Altice France for the year ended December 31, 2019.

Defined Benefit and Defined Contribution Pension Plans

In addition, we have obligations under defined benefit and defined contribution pension plans. Our cash outflow relating to these obligations will vary depending on many factors. In the case of defined benefit plans, we have recognized a liability regarding employee benefits in the statement of financial position of Altice France which represents the present value of the defined benefits liability less the fair value of the plan assets, and the past service costs. The liability in respect of defined benefit plans is determined using actuarial valuations. The actuarial valuation involves making assumptions with regards to, among others, discount rates, expected rates of return on assets, future salary increases and mortality rates. Due to the long-term nature of these plans, such estimates are subject to uncertainty. Actuarial gains and losses are reflected in the statement of income and statement of other comprehensive income in the period in which they arise, as part of the salary costs. Deposits in a defined contribution plan in respect of severance pay or in respect of emoluments are recognized as an expense at the time of the deposit in the plan, in parallel to the receipt of the labour services from the employee and no additional provision is recognized in the financial statements. As of September 30, 2020, our total defined benefit plans liabilities were €172.5 million. See Note 26 to the audited consolidated financial statements of Altice France for the year ended December 31, 2019 for more details.

Post-Balance Sheet Date Events

For a description of material post-balance sheet date events applicable to the Group, see "*Summary—Recent Developments*" included elsewhere in this Offering Memorandum.

Amendment to the Existing Revolving Credit Facilities Agreement

On April 6, 2021, the Issuer entered into an amendment to the Existing Revolving Credit Facilities Agreement, whereby, among other things, certain of the Existing RCF Lenders agreed to extend the maturity of their commitments.

Settlement of disputes with Orange

During the course of the first quarter of 2021, the Group received a lump sum amount of €350 million as settlement for various on-going litigation with Orange.

2025 Strategic Plan

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

Transactions with Cellnex

The Issuer entered into an exclusivity agreement dated February 3, 2021 with Cellnex pursuant to which the Issuer will sell its 50.01% stake in Hivory to Cellnex for an implied enterprise value at 100% of €5.2 billion (the "**Hivory Transaction**"). The transaction is expected to close in the second half of 2021 following customary regulatory approvals. Prior to consummation of the Hivory Transaction, we intend to designate Hivory as an unrestricted subsidiary under the agreements, instruments and indentures governing the Group's indebtedness, including the Existing Senior Secured Indentures, the Existing Revolving Credit Facilities Agreement, the Existing Term Loans Agreement and the Indenture prior to the consummation of the Hivory Transaction.

Loan to Altice Group Lux

On January 25, 2021, the Issuer made an additional loan of €100 million to Altice Group Lux. These loans bear interest at a rate of 8.4% per annum with a maturity of July 30, 2027.

Related Party Transactions

Other than as disclosed in note 32 to the consolidated financial statements of Altice France as of and for the year ended December 31, 2020, the Group had no other transactions with related parties.

Off Balance Sheet Arrangements

We are not party to any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on our financial condition, changes in financial condition, revenue or expenses, results of operations, liquidity, capital expenditure or capital resources, other than the contractual commitments relating to purchase of property plant, and equipment, operating leases or as disclosed below or in the audited consolidated financial statements of Altice France (*note 33*) as of and for the year ended December 31, 2020.

Quantitative and Qualitative Disclosures about Market Risk

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

Credit Risk

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

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

Liquidity Risk

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

Additionally, as of December 31, 2020, the Group has access to revolving credit facilities of up to €1,415.0 million (which remained undrawn as of December 31, 2020) to cover any liquidity needs not met by operating cash flow generation.

Interest Rate and Related Risk

For fixed rate debt, changes in interest rates generally affect the fair value of the debt instrument, but not our earnings or cash flows. Accordingly, interest rate risk and changes in fair market value should not have a significant effect on the fixed rate debt until we would be required to refinance such debt at maturity. On a consolidated basis, taking into account our swap portfolio, our primary fixed rate debt obligations were in an amount equivalent to €10,734.5 million, while our primary floating rate debt obligations were equivalent to €6,817.1 million.

Foreign Currency Risk

As part of its financial risk management strategy, the Group has entered into certain hedging operations. These are split mainly into either fixed to fixed or floating to floating cross-currency and interest rate swaps that cover against foreign currency and interest rate risk, FX forwards that cover against foreign exchange risk only, or interest rate swaps covering interest rate risk only. For details regarding the Group's outstanding derivative instruments to secure foreign currency liabilities and to reduce foreign currency exposure, see Note 24.5 to the audited consolidated financial statements of Altice France as of and for the year ended December 31, 2020.

Critical Accounting Policies, Judgments and Estimates

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

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

Key Income Statement Items

Revenue

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

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

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

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

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

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

Purchasing and subcontracting services

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

Fixed-based residential services: Purchasing and subcontracting services associated with fixed-based services consist of all direct costs related to the (i) procurement of non-exclusive television content, royalties and licenses to broadcast, (ii) transmission of data services and (iii) interconnection costs related to fixed-line telephony. In addition, it includes costs incurred in providing VoD or other interactive services to subscribers and accounting variations arising from changes in inventories of customer premises equipment (such as modems, set-top boxes and decoders).

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

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

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

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

Other operating expenses

Other operating expenses mainly consist of the following subcategories:

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

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

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

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

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

Staff costs and employee benefits

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

Depreciation, amortization and impairment

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

Non-recurring expenses and income

Non-recurring expenses and income includes any one-off or non-recurring income or expenses incurred during the on-going financial year. This includes deal fees paid to external consultants for merger and acquisition activities, restructuring and other non-recurring costs related to those acquisitions or the business in general, any non-cash operating gains or losses realized on the disposal of tangible and intangible assets and management fees paid to related parties.

Interest relative to gross financial debt

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

Other financial expenses

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

Financial income

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

Share in net income/(loss) of associates

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

Income tax expense/(income)

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

Adjusted EBITDA

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