ALTICE FRANCE HOLDING

STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

ALTICE FRANCE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECMEBER 31, 2020

Contents

Basis of Presentation

The information presented below is prepared on a standalone basis to present the financial position, statement of income and cash flows for Altice France Holding S.A. for the year ended December 31, 2020. This document should be read in conjunction with the condensed consolidated financial statements of Altice France S.A. for the year ended December 31, 2020 (which are appended to this document for easy reference). The information below has been prepared in accordance with the International Financial Reporting Standards (IFRS).

Standalone financial information

Statement of Income

Consolidated Statement of Income (€m)	**December 31, 2020**	**December 31, 2019**
Revenues	-	
Purchasing and subcontracting costs	-	
Other operating expenses	-	
Staff costs and employee benefits	-	
Depreciations, amortizations and impairments	-	
Other expenses and income (**)	(2.5)	
Operating profit	(2.5)	
Finance income	11.0	
Interest relative to gross financial debt	(308.0)	
Realized and unrealized gains/(loss) on derivative instruments linked to financial debt	(67.2)	
Other financial expenses	204.4	
Net result on extinguishment of financial liabilities	-	
Finance costs, net	(159.8)	
Share of earnings of associates and joint ventures	-	
Profit/(loss) before income tax from continuing operations	(159.8)	
Income tax benefit/(expenses)	0.1	
Profit/(loss) from continuing operations	(159.7)	
Profit/(loss) after tax from discontinuing operations	(159.7)	
Profit/(loss)	(159.7)	
Attributable to equity holders of the parent	*(159.7)*	
Attributable to non-controlling interests	-	

Statement of financial position

Consolidated Statement of Financial Position (€m)	**December 31, 2020**	**December 31, 2019**
Assets		
Financial assets	12,135.9	
Total non-current assets	**12,135.9**	
Financial assets	8.5	
Cash and cash equivalents	5.5	
Total current assets	**14.1**	
Total Assets	**12,150.0**	

Consolidated Statement of Financial Position (€m)	**December 31, 2020**	**December 31, 2019**
Equity and liabilities		
Issued capital	401.0	
Additional paid in capital	3,663.2	
Reserves	3,083.9	
Equity attributable to owners of the company	**7,148.1**	
Non-controlling interests		
Total equity	**7,148.1**	
Borrowings, financial liabilities and relating hedging instruments	4,696.6	
Other financial liabilities	305.0	
Total non-current liabilities	**5,001.5**	
Trade and other payables	0.2	
Current tax liabilities	0.1	
Total Current liabilities	**0.3**	
Total Equity & liabilities	**12,150.0**	

Statement of Cash Flows

Consolidated Statement of Cash Flows (€m)	**December 31, 2020**	**December 31, 2019**
Net income (loss), Group share	(159.7)	
Adjustments:		
Finance costs recognised in the statement of income	159.8	
Income tax (benefit) expense recognised in the statement of income	(0.1)	
Change in working capital	(3.4)	
Net cash flow provided (used) by operating activities	(3.4)	
Net cash flow provided (used) by investing activities	-	
Issuance of debt	4,061.2	
Repayment of debt	(4,061.2)	
Interest paid on debt	(247.4)	
Other cash (used in)/provided by financing activities (a)	256.3	
Net cash flow provided (used) by financing activities	8.9	
Net increase (decrease) in cash and cash equivalents	5.5	
Effects of exchange rate changes on the balance of cash held in foreign currencies		
Cash and cash equivalents at beginning of period	-	
Cash and cash equivalents at end of period	**5.5**	

(a) Mainly advances received from Altice France S.A. for an aggregate amount of €218 million and Altice Luxembourg S.A. for €38.2 million.

Net Financial Debt

Net Financial Debt (€m)	**December 31, 2020**	**December 31, 2019**
Bonds	4,288.0	
Loans from financial institutions		
Finance lease liabilities		
Commercial paper		
Bank overdrafts		
Other		
Financial Liabilities contributing to net financial debt (a)	4,288.0	
Cash and cash equivalents	(5.5)	
Net derivative instruments - currency translation impact		
Other items contributing to net financial debt (b)	(5.5)	
Net financial debt (a) – (b)	4,282.5	

The details of Altice France Holding S.A. bonds are as follows:

1. €1,317 million Euro denominated Senior Notes paying a coupon of 8.00% and due in 2027. These bonds were acquired by Altice France Holding from Altice Luxembourg S.A. via the exchange mechanism described in note 2 of the condensed consolidated financial statements of Altice France S.A. for the nine months ended September 30, 2020
2. $ 1,562 million USD denominated Senior Notes (€1,278 million equivalent) paying a coupon of 10.5% and due in 2027. These bonds were acquired by Altice France Holding from Altice Luxembourg S.A. via the exchange mechanism described in note 2 of the condensed consolidated financial statements of Altice France S.A. for the nine months ended September 30, 2020
3. €500 million Euro denominated Senior Notes paying a coupon of 4.00% and due in 2028. These notes were originally issued by Ypso Finance bis S.a.R.L and then acquired by Altice France Holding S.A. see note 2 of the condensed consolidated financial statements of Altice France S.A. for more details.
4. $1,225 USD (€1,002 million) denominated Senior Notes paying a coupon of 6.00% and due in 2028. . These notes were originally issued by Ypso Finance bis S.a.R.L and then acquired by Altice France Holding S.A. see note 2 of the condensed consolidated financial statements of Altice France S.A. for more details.

Altice France S.A.

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AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2020

Consolidated statement of income (€m)	Note	December 31, 2020	December 31, 2019
Revenues	6.1	**11,024.5**	**10,797.8**
Purchasing and subcontracting costs		(3,228.0)	(2,897.6)
Other operating expenses	8	(1,700.0)	(1,909.5)
Staff costs and employee benefits	7	(1,022.5)	(1,060.1)
Depreciations, amortizations and impairments		(3,558.9)	(3,475.1)
Other expenses and income (*)		(151.0)	2,600.5
Operating profit		**1,364.1**	**4,055.9**
Finance income		61.4	17.5
Interest relative to gross financial debt		(791.3)	(837.4)
Realized and unrealized gains/(loss) on derivative instruments linked to financial debt		(266.6)	5.8
Other financial expenses		(307.3)	(231.2)
Net result on extinguishment of financial liabilities		-	(78.9)
Finance costs, net	9	**(1,303.8)**	**(1,124.2)**
Share of earnings of associates and joint ventures	16	(237.0)	(201.0)
Profit/(loss) before income tax from continuing operations		**(176.6)**	**2,730.6**
Income tax benefit/(expenses)	10	(22.7)	167.7
Profit/(loss) from continuing operations		**(199.3)**	**2,898.3**
Profit/(loss) after tax from discontinuing operations		**-**	**-**
Profit/(loss)		**(199.3)**	**2,898.3**
Attributable to equity holders of the parent		*(255.4)*	*2,852.6*
Attributable to non-controlling interests		*56.1*	*45.7*

(*) As of December 31, 2019, includes the capital gain due to the loss of control in SFR FTTH (€2,795.9 million).

Consolidated statement of other comprehensive income (€m)	Note	December 31, 2020	December 31, 2019
Profit (loss)		**(199.3)**	**2,898.3**
Items that may be subsequently reclassified to profit or loss:			
Foreign currency translation adjustments		0.6	0.4
Cash flow hedges		48.7	143.7
Related taxes	10.3	(12.6)	(37.1)
Other items related to associates		0.7	0.4
Items that will not be subsequently reclassified to profit or loss:			
Actuarial gain (loss)	28	(1.4)	(24.4)
Related taxes	10.3	(0.1)	5.6
Total Comprehensive Profit (loss)		**(163.3)**	**2,986.7**
Of which:			
Attributable to equity holders of the parent		*(219.7)*	*2,941.0*
Attributable to non-controlling interests		*56.4*	*45.7*

Consolidated statement of financial position (€m)	Note	December 31, 2020	December 31, 2019
Assets			
Goodwill	11	11,045.5	11,076.3
Intangible assets	12	5,826.4	5,483.4
Contracts costs	13	169.0	159.6
Property, plant and equipment	14	6,502.0	6,323.1
Rights of use assets	15	3,616.1	3,418.6
Investments in associates and joint ventures	16	1,316.5	1,551.4
Financial assets	17	2,098.0	1,028.5
Deferred tax assets	10	345.5	230.7
Other assets	17	212.5	247.7
Total non-current assets		**31,131.5**	**29,519.2**
Inventories	18	413.8	348.5
Trade and other receivables	19	3,403.3	3,421.5
Contracts assets	13	214.8	217.4
Current tax assets	10	55.8	48.8
Financial assets	20	449.0	24.1
Cash and cash equivalents	22	535.6	556.8
Assets classified as held for sale	21	-	-
Total current assets		**5,072.4**	**4,617.0**
Total Assets		**36,203.9**	**34,136.3**

Consolidated statement of financial position (€m)	Note	December 31, 2020	December 31, 2019
Equity and liabilities			
Issued capital	23	443.7	443.7
Additional paid in capital		3,533.1	3,533.1
Reserves		175.5	446.0
Equity attributable to owners of the company		**4,152.3**	**4,422.8**
Non-controlling interests		**281.2**	**226.3**
Total equity		**4,433.4**	**4,649.2**
Borrowings, financial liabilities and relating hedging instruments	24	18,436.6	17,336.5
Lease liabilities	24	2,971.7	2,804.3
Other financial liabilities	24	316.6	312.0
Provisions	27	473.1	460.0
Non-current contracts liabilities	13	466.1	520.8
Deferred tax liabilities	10	13.0	44.2
Other liabilities	29	415.9	24.8
Total non-current liabilities		**23,092.9**	**21,502.7**
Borrowings, financial liabilities	24	762.9	426.7
Lease liabilities	24	732.5	675.6
Other financial liabilities	24	1,120.1	1,170.1
Trade and other payables	30	5,247.1	4,828.6
Contracts liabilities	13	623.6	501.7
Current tax liabilities	10	34.0	145.1
Provisions	27	119.3	149.5
Other liabilities	30	38.0	87.2
Liabilities directly associated with assets classified as held for sale	21	-	-
Total Current liabilities		**8,677.5**	**7,984.4**
Total Equity & liabilities		**36,203.9**	**34,136.3**

Consolidated statement of changes in equity (€m)	Capital	Additional paid-in capital	Reserves	Other comprehensive income	Total	Non-controlling interests	Consolidated equity
	Equity attributable to owners of the company						
Position at December 31, 2018	**443.7**	**5,403.1**	**(1,718.2)**	**(306.9)**	**3,821.7**	**216.4**	**4,038.1**
Transition - IFRS 16	-	-	40.0	-	40.0	-	40.0
Position at January 1, 2019	**443.7**	**5,403.1**	**(1,678.1)**	**(306.9)**	**3,861.7**	**216.4**	**4,078.2**
Dividends paid	-	(1,870.0)	(501.4)	-	(2,371.4)	(47.7)	(2,419.1)
Comprehensive income	-	-	2,852.6	88.5	2,941.0	45.7	2,986.7
Share-based compensation	-	-	2.6	-	2.6	-	2.6
Business combination under common control	-	-	(0.6)	-	(0.6)	(0.2)	(0.8)
Additional participation in AB2 and GNP	-	-	(19.7)	-	(19.7)	14.0	(5.7)
Other movements	-	-	9.1	-	9.1	(1.8)	7.3
Position at December 31, 2019	**443.7**	**3,533.1**	**664.5**	**(218.4)**	**4,422.8**	**226.3**	**4,649.2**
Dividends paid	-	-	0.0	-	0.0	(1.1)	(1.0)
Comprehensive income (loss)	-	-	(255.4)	35.7	(219.7)	56.4	(163.3)
Share-based compensation	-	-	0.2	-	0.2	-	0.2
Business combination under common control (a)	-	-	5.7	-	5.7	(0.5)	5.1
Additional participation in Rhon Telecom	-	-	(12.0)	-	(12.0)	1.5	(10.5)
Additional participation in DSP (b)	-	-	(10.6)	-	(10.6)	(6.4)	(17.0)
Other movements (c)	-	-	(34.1)	-	(34.1)	4.8	(29.2)
Share-based compensation	**443.7**	**3,533.1**	**358.3**	**(182.8)**	**4,152.3**	**281.2**	**4,433.4**

(a) Of which Altice Picture €5.1 million; refer to Note 4.6 – *Transfer of sports rights to Altice France.*
(b) Refer to Note 5 – *Change in scope.*
(c) Of which change in fair value of put/call option concerning ACS: € (29.6) million.

Breakdown of changes in equity related to other comprehensive income (€m)	December 31, 2018	December 31, 2019	December 31, 2020	Change 2019 vs 2018	Change 2020 vs 2019
Hedging instruments	(418.3)	(274.6)	(225.9)	*143.7*	*48.7*
Related taxes	108.0	70.9	58.3	*(37.1)*	*(12.6)*
Actuarial gains and losses	0.8	(23.7)	(25.1)	*(24.4)*	*(1.4)*
Related taxes	(0.2)	5.4	5.3	*5.6*	*(0.1)*
Foreign currency translation adjustments	(1.0)	(0.8)	(0.2)	*0.4*	*0.6*
Items related to associates	3.7	4.0	4.7	*0.4*	*0.7*
Total	**(306.9)**	**(218.7)**	**(182.7)**	***88.4***	**36.0**

Consolidated statement of cash flows (€m)	December 31, 2020	December 31, 2019
Net income (loss), Group share	**(255.4)**	**2,852.6**
Adjustments:		
Result attributable to non-controlling interests	56.1	45.7
Depreciations, amortizations and provisions	3,522.3	3,495.4
Share in net income (loss) of associates and joint-ventures	237.0	201.0
Finance costs recognised in the statement of income	1,303.8	1,124.2
Income tax (benefit) expense recognised in the statement of income	22.7	(167.7)
Other non-cash items (a)	50.7	(2,759.3)
Income tax paid	(294.4)	(172.3)
Change in working capital (*)	(43.9)	(532.2)
Net cash flow provided (used) by operating activities	**4,598.9**	**4,087.4**
Payments to acquire tangible and intangible assets	(2,443.9)	(2,265.6)
Payments for acquisition of consolidated entities, net of cash acquired	4.1	(2.2)
Payments to acquire interests in associates	-	(19.6)
(Net) payments to acquire financial assets	(266.2)	(5.0)
Proceeds from disposal of property, plant and equipment and intangible assets	6.1	9.5
Proceeds from disposal of consolidated entities, net of cash disposals	(20.2)	1,616.4
Net cash flow provided (used) by investing activities	**(2,720.2)**	**(666.4)**
Dividends paid to owners of the company	0.0	(2,371.4)
Dividends paid to non-controlling interests	(1.1)	(47.9)
Dividends received	3.6	1.1
Issuance of debt	6,606.5	3,582.9
Repayment of debt	(5,386.5)	(3,331.6)
Interest paid on debt	(743.7)	(846.6)
Proceeds (repayments) from the sale of minority stake (purchase price adjustment)	-	(15.1)
Lease payment (principal) related to ROU	(752.9)	(703.3)
Lease payment (interest) related to ROU	(113.2)	(117.9)
Other cash (used in)/provided by financing activities (b)	(1,510.8)	(71.2)
Net cash flow provided (used) by financing activities	**(1,898.1)**	**(3,921.0)**
Net increase (decrease) in cash and cash equivalents	**(19.4)**	**(500.0)**
Effects of exchange rate changes on the balance of cash held in foreign currencies	(1.7)	(11.7)
Cash and cash equivalents at beginning of period	**556.8**	**1,068.5**
Cash and cash equivalents at end of period	**535.6**	**556.8**

(*) Including an impact of €(62.6) million related to Altice TV

Net income from sale of property, plant and equipment and intangible assets	(1.1)	28.9
Net income from disposal of SFR FTTH	4.4	(2,795.9)
Net expense related to the disposal of Libération	39.6	-
Other	7.9	7.8
(a) Other non-cash items	**50.7**	**(2,759.3)**

Commercial paper	(62.0)	42.0
Reverse factoring	(12.2)	1.2
Securitization	(6.8)	(76.5)
Bank overdrafts	(2.6)	(32.8)
Transaction with non-controlling interests	(45.1)	(11.1)
Restructuring of swap instruments	236.3	257.8
Redemption fees	-	(73.8)
Loan Altice Group Lux	(1,201.0)	(258.3)
Current account Altice France Holding	(226.1)	-
Current account Altice Luxembourg	(180.0)	182.2
Other interests paid	(42.1)	(58.5)
Other	31.0	(43.4)
b) Other cash (used in)/provided by financing activities	**(1,510.8)**	**(71.2)**

Notes to the annual consolidated financial statements

1. Basis of preparation of the consolidated financial statements

Altice France (hereinafter "the Company" or "the Group") is a limited liability corporation (*société anonyme*) formed under French law in August 2013 with headquarters in France.

Created subsequent to the merger of Numericable and SFR, the Group Altice France aims to become, on the back of the largest fiber optic network and a leading mobile network, the national leader in France in very-high-speed fixed-line/mobile convergence. The Group has major positions in all segments of the French B2C, B2B, local authorities and wholesale telecommunications market.

Altice France has adopted a new and increasingly integrated model around access and content convergence. Its Media division is composed of NextRadioTV and its subsidiaries, which covers the Group's audiovisual activities in France (RMC Sport, BFM TV, BFM Business, BFM Paris, RMC, and RMC Découverte amongst others). In 2018, it also insourced its major providers of technical and maintenance services and customer services (Altice Technical Services France and Altice Customer Services). It also has a marked presence in the French Overseas Territories, which it expanded with the acquisition of Outremer Telecom in 2018.

In 2020, Altice France further improved its content portfolio by acquiring the Pay TV division of Altice Europe and thus strengthening its ability to offer better and more innovative convergent products to its customers.

As of December 31, 2020, Altice France Holding S.A. ("Altice France Holding") holds 100% of the capital of Altice France minus one share of Altice France, with Altice Luxembourg Holding the one share.

The consolidated financial statements were prepared and approved by the Company's Board of Directors on February 26, 2021.

1.1. Basis of preparation of financial information

In accordance with French law, the consolidated financial statements will be considered final once they have been approved by the Group's shareholders at the Ordinary Shareholders' Meeting, which will be held on April 6, 2021.

The consolidated financial statements for the year ended December 31, 2020, comprise the consolidated statement of financial position, the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in equity and the accompanying notes, presented in euro millions. They have been prepared in accordance with International Financial Reporting Standards ("IFRS") published by the IASB (International Accounting Standards Board), as adopted by the European Union (EU) at December 31, 2020. These international standards include the IAS (International Accounting Standards), IFRS (International Financial Reporting Standards) and their interpretations (SIC and IFRIC).

The accounting and valuation principles defined in the IFRS as adopted by the European Union are available on the following website: https://ec.europa.eu/info/index_en

1.2. New standards and interpretations

Standards and interpretations applied from January 1, 2020

The application from January 1, 2020 of the mandatory standards and amendments are listed below and led to a change of accounting policies presented in Note 2 – *Accounting policies and methods*:

- Amendments to IAS 1 and IAS 8 - *Definition of material*, effective on or after January 1, 2020;
- Amendments to IFRS 3 - *Definition of a business*, effective on or after January 1, 2020;
- Amendments to References to the Conceptual Framework in IFRS Standards, effective on or after January 1, 2020;
- Interest Rate Benchmark Reform (Amendment to IFRS 9, IAS 39 and IFRS 7), effective on or after January 1, 2020;
- Amendments to IFRS 16 – *Leases, Covid-19 – Related Rent Concessions*, effective on or after June 1, 2020, with early application permitted.

The application of amendments to the standards IAS 1 – *Presentation of Financial Statements*, IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors*, IFRS 3 – *Business Combinations* and IFRS 16 – *Leases* and to References of the Conceptual Framework in IFRS standards had no material impact on the amounts recognised and on the disclosures in these special purpose annual consolidated financial statements.

In response to the COVID-19 pandemic, an amendment to IFRS 16 was issued in May 2020 in order to provide practical relief for lessees in accounting for rent concessions. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications. Rent concessions are eligible for practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all of the following criteria are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before June 30, 2021;
- There is no substantive change to the other terms and conditions of the lease.

The Group has applied the amendment retrospectively and the amendment has no impact on retained earnings as of January 1, 2020. The amount recognised in the income statement for the twelve-month period ended December 31, 2020 to reflect changes in lease payments arising from rent concessions to which the Group applies the practical expedient for COVID-19 related rent concession is not material.

In addition, the IFRIC published a decision ("Lease Term and Useful Life of Leasehold Improvements") in November 2019 which establishes that the determination of the enforceable period of the lease and the lease term itself consider broad economic circumstances beyond purely contractual terms. The committee considers that a lease arrangement remains enforceable as long as lessee, or lessor, would have to support a loss or a more than insignificant penalty in the event of termination of the contract. The assessment of the impact for the Group of the IFRIC decision has been finalised and there was no material impact on the amounts recognised as Right of use and Lease Liabilities at the date of first implementation of IFRS 16 as of January 1, 2019.

Standards and interpretations not yet applied

The Group has not early adopted the following standards and interpretations, for which application is not mandatory for periods before from January 1, 2020 and that may impact the amounts reported:

- Amendments to the standards IFRS 10 (*Consolidated Financial Statements)* and IAS 28 (*Investments in Associates and Joint Ventures*) – *Sale or contribution of assets between an investor and its associate or joint venture*, effective date of the amendments has not yet been determined by the IASB;
- Amendments in classification of liabilities as current or non-current (Amendments to IAS 1), effective on or after January 1, 2023;
- Annual Improvements to IFRS Standards 2018-2020, effective on or after January 1, 2022;
- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9 – *Financial Instruments*, IAS 39 – *Financial Instruments: Recognition and Measurement*, IFRS 7 – *Financial Instruments: Disclosures*, IFRS 4 – *Insurance Contracts* and IFRS 16), effective for annual periods beginning on or after January 1, 2021, with ealier application permitted.

The Group anticipates that the application of those amendments will not have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities.

2. Accounting policies and methods

2.1. Consolidation methods

The list of entities included in the scope of consolidation is presented in Note 35 – *List of consolidated entities.*

Subsidiaries

Entities are fully consolidated if the Group has all the following:

- Power over the investee;
- Exposure or rights to variable returns from its involvement with the investee; and
- Ability to use its power to affect its returns.

The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. If the Group does not have a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Group considers all relevant facts and circumstances in assessing whether the Group's voting rights in an investee are sufficient to give it power, including:

- The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

- Potential voting rights held by the Group, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of income and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Non-controlling interests in subsidiaries are identified separately from the Group's equity therein.

Adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra group transactions, balances, income and expenses are eliminated in full on consolidation.

Joint Arrangements

IFRS 11 – *Joint arrangements* provides financial reporting guidelines for entities that hold interests in joint arrangements. In a joint arrangement, the parties are bound by a contractual arrangement that gives them joint control of the company. The entity that is party to a joint arrangement must therefore determine if the contractual arrangement gives all the parties, or a group of some of them, joint control over the company. The existence of joint control is then assessed for decisions about the relevant activities that require the unanimous consent of the parties that jointly control the company.

Joint arrangements are classified into two categories:

- Joint undertakings (or joint operations); these are arrangements in which the parties that have joint control over the company have direct rights to its assets and obligations for its liabilities. The parties are called the "joint investors". The joint investor recognizes 100% of the joint operation's assets/liabilities/expenses/income that it owns itself and the share of the items that it owns jointly. These arrangements involve joint investment agreements signed by the Group.
- Joint ventures: these are partnerships in which the parties that have joint control over the company have rights to its net assets. The parties are called the "co-owners." Each co-owner recognizes its rights to the net assets of the entity using the equity method (see paragraph below).

In addition, following the closing of the sale of 49.99% in SFR FTTH in 2019, the Group adopted the following accounting policies:

- The margin realized on intercompany transactions between the Group and its joint ventures or associates (sales of assets from the Group to its joint ventures or associates) are eliminated in the income statement up to the Group's share in its joint ventures or associates based on the provision of IAS 28 – *Investments in associates and joint ventures*.
- In the absence of precise IFRS guidance related to the presentation of the margin elimination in the income statement, the Group has elected to eliminate the margin in the caption "Share of earnings of associates" in the consolidated statement of income in counterpart of the caption "Investment in associates and joint ventures" in the statement of financial position. The margin elimination on these transactions is reversed over the useful life of the assets in the same captions.

Associates

Investments, over which the Group exercises significant influence, but not control, are accounted for under the equity method. Such investees are referred to as "associates" throughout these Consolidated Financial Statements.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over these policies. Associates are initially recognised at cost at acquisition date. The Consolidated Financial Statements include the Group's share of income and expenses, from the date significant influence commences until the date that significant influence ceases.

The interest income and expenses recorded in the Consolidated Financial Statements of the Group on loans with associates have not been eliminated in the consolidated statement of income.

2.2. Foreign currency translation

The consolidated financial statements are presented in euros, the functional currency of a vast majority of Group companies and of the parent company. All financial data are rounded to the nearest million euros.

Foreign currency transactions are initially recorded in the functional currency at the exchange rate prevailing at the date of the transaction. At the closing date, monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate prevailing on that date. All foreign currency differences are recognized in profit or loss for the period.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of initial transaction. All foreign currency differences are recognized in profit or loss.

2.3. Revenue

In May 2014, the IASB issued IFRS 15 – *Revenues From contracts with Customers* which establishes a single comprehensive five-step model to account for revenue arising from contracts with customers. IFRS 15 supersedes all current revenue recognition guidance including IAS 18 – *Revenue*, IAS 11 – *Construction contracts* and the related Interpretations.

Revenue recognition

Revenue from the Group's activities mainly consists of services (telephone packages, TV subscriptions, high-speed Internet, telephony and installation services), equipment sales and telecommunications network leases.

Revenue includes also revenue from Media's activities, mainly the advertising revenue.

Revenue corresponds to the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating intragroup sales between entities included in the scope of consolidation.

In accordance with IFRS 15, the revenue recognition model includes five steps for analyzing transactions so as to determine when to recognize revenue and at what amount:

- Identifying the contract with the customer;
- Identifying separate performance obligations in the contract;
- Determining the transaction price;
- Allocating the transaction price to separate performance obligations;
- Recognizing revenue when the performance obligations are satisfied.

For bundled packages, the Group accounts for individual products and services separately if there are distinct – i.e. if a product or service is separately identifiable from other items in the bundled package and if a customer can benefit from it. The consideration is allocated between separate products and services in a bundle based on their stand-alone selling prices. The stand-alone selling prices are determined based on the market prices at which the Group sells the mobile devices and telecommunications services.

This leads to the recognition of a contract asset – a receivable arising from the customer contract that has not yet legally come into existence – in the statement of financial position. The contract asset is reversed over the enforceable period. Enforceable period has been determined for each company. It represents the period over which rights and obligation are enforceable. This period is determined not only by the commitment period as stated in the contract but also by business practices and contracts mechanisms (early renewal, exit options, penalties and other clauses).

Revenues from Mobile devices

The Group recognizes revenues when a customer takes possession of the device. This usually occurs when the customer signs a new contract. The amount of revenue includes the sale of mobile devices and ancillary equipment for those devices. For mobile devices sold separately, customers pay in full at the point of sale or in several installments (credit agreement). For mobile devices sold in bundled packages, customer usually pay monthly in equal installments over the contractual period.

Revenue from services

Proceeds from subscriptions (Internet access, basic cable service, digital pay TV) and telephone payment plans (fixed or mobile) are recognized on a straight-line basis over the duration of the relevant service.

The Group sells some telephone payment plans that allow the unused call minutes for a given month to be rolled over to the following month. Roll-over minutes are recognized for the share of revenue they represent in the telephone subscription at the time they are actually used or when they expire. Revenue on incoming and outgoing calls as well as on calls made outside plans is recognized when the service is rendered.

Revenue generated by the coupons sold to distributors and prepaid Mobile cards is recognized as and when the end customer uses them, starting when such coupons and cards are activated. The unused balance is recorded in deferred income at the closing date. The proceeds in any event are recognized on the date of the card's expiration or when use of the coupon is statistically improbable.

Sales of subscription services managed by the Group on behalf of content providers (mainly special numbers and SMS+) are recognized gross, or net of payments made to content providers based on the analysis of each transaction. Accordingly, revenue is recognized net when suppliers are responsible for the content delivered to end customers and for setting the subscription rates.

Connection and installation fees billed mainly to operators and business customers during the implementation of services such as ADSL connection, bandwidth capacity or IP connectivity are recognized over the estimated duration of the customer relationship and of the main service supplied, based on statistical data.

Installation and set-up services (including connection) for residential customers are recognized as revenue when the service is rendered.

Revenue related to switched services is recognized as and when traffic is routed.

Revenue from services for bandwidth capacity, IP connectivity, local high-speed access and telecommunications is recognized as and when the services are rendered to customers.

Installation revenue

Installation service revenue is deferred and recognized over the benefit period. For B2B customers, the benefit period is the contract term, which is defined and agreed for 2 years or more. For B2C customers, there is no commitment period and installation costs are recognized over the estimated benefit period.

Separable elements of a bundled offer

Revenue from telephone packages is recognized as a sale with multiple elements. Revenue from the sale of handsets (mobile phones and other) is recognized upon activation of the line, net of discounts granted to the customer at the point of sale and activation fees.

Where the elements of such transactions cannot be identified or analyzed as separable from a larger offer, they are considered to be related and the associated revenue is recognized in its entirety over the term of the contract or the expected duration of the customer relationship.

Agent versus principal

The Group determines whether it is acting as a principal or as an agent. The Group is acting as a principal if it controls a promised good or service before they are transferred to a customer.

Indicators for acting as a principal include: (i) the Group is primarily responsible for fulfilling the promise to provide the specified good or service, (ii) the Group has inventory risk in the specified good or service and (iii) the Group has discretion in establishing the price for the specified good or service.

On the other hand, the Group is acting as an agent or an intermediary, if these criteria are not met. When the Group is acting as an agent, revenue is presented on a net basis in the statement of income. When the Group is acting as principal, revenue is presented on a gross basis.

Access to telecommunications infrastructure

The Group provides access to its telecommunication infrastructure to its wholesale customers through various types of contracts: leases, hosting contracts or the granting of indefeasible rights of use (or "IRUs"). IRU agreements grant the use of property (cables, fiber optics or bandwidth) over a defined, usually long duration, with the Group retaining ownership. Revenue from lease agreements, hosting contracts in Netcenters and infrastructure IRUs is recognized over the term of the contract, except when they qualify as finance leases; in this case, the equipment is accounted for as sales on credit. In the case of IRUs and sometimes leases or service contracts, the service is paid in advance for the first year. These non-refundable prepayments are recorded as deferred income and amortized over the expected life of the contract.

Infrastructure sales

The Group builds infrastructure for some of its customers. Revenue related to infrastructure sales is recognized upon the transfer of ownership. When it is estimated that a contract will be unprofitable, a provision for onerous contract is booked.

Loyalty programs

In application of IFRIC 13 – *Customer loyalty programs*, the Group measures the fair value of the incremental benefit granted as part of its loyalty programs. For the periods presented, this value is not material, so no revenue has been deferred under it.

Media

The Group produces news on five themes (general information, sports, economy, high-tech and discovery) via mainly three types of media: radio, television and digital.
This income essentially represents advertising revenue and other related services. Advertising revenue is recognized as income when the advertising has effectively been broadcasted. Royalties and subsidies are recognized as they are acquired in accordance with the terms of the underlying agreement.

2.4. Financial income and expenses

Financial income and expenses primarily comprise:

- Interest charges and other expenses paid for financing operations recognized at amortized cost;
- Changes in the fair value of interest rate derivative instruments;
- Ineffective portion of hedges that qualify for hedge accounting;
- Foreign exchange gains and losses on monetary transactions;
- Interest income related to cash and cash equivalents;
- Gains/losses on extinguishment of financial liability;
- Investment securities and investment securities pledged as collateral are classified as trading securities and are stated at fair value with realized and unrealized holding gains and losses included in net financial result.

2.5. Current and deferred tax

Income tax expense comprises current, deferred tax and the contribution of added value of businesses. Current tax is the tax payable on the taxable income for the year, estimated using tax rates enacted or substantively enacted at the reporting date, at the contribution of added value of businesses and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences on the closing date between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: (i) the initial recognition of goodwill, (ii) the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; and (iii) investments in subsidiaries, joint ventures and associates when the Group is able to control the timing of the reversal of the temporary differences and when it is probable that these temporary differences will not be reversed in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, in accordance with the rules in effect at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and if they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities when the taxable entity intends to settle current tax liabilities and assets on a net basis or when tax assets and liabilities are to be realized simultaneously.

Deferred taxes are reviewed at each reporting date to take into account changes in tax legislation and the possibility of recovering deductible temporary differences and tax losses. A deferred tax asset is recognized when it is probable that future taxable profits against which the temporary difference can be utilized will be available.

Uncertain tax positions

The Group determines the accounting tax position when there is uncertainty over income tax treatments based on the provisions of IFRIC 23 - *Uncertainty over Income tax.* Based on the Interpretation, the Group determines whether uncertain tax positions are assessed separately or as a group and assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:

- If yes, the Group determines its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.
- If no, the Group reflects the effect of uncertainty in determining its accounting tax position using either the most likely amount or the expected value method.

2.6. Investment grants

Investment grants received are deducted from the gross carrying amount of property, plant and equipment to which they relate. They are recognized in the income statement as a reduction in the depreciation charge over the useful life of the related assets.

2.7. Site restoration

The Group has a contractual obligation to restore the network sites (both mobile and fixed) at the end of the lease, should the latter not be renewed. Due to this obligation, the capitalization of the costs of restoring the sites is calculated based on:

An average unit cost of site remediation;
Assumptions about the life of the dismantling assets; and
A discount rate.

2.8. Goodwill and business combinations

Business combinations are accounted for using the acquisition method. The assets and liabilities of the acquired business are recognized at their fair value at the acquisition date.

The consideration transferred corresponds to the fair value, at the acquisition date, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. The goodwill arising from a business combination is equal to the difference between:

- The sum of the consideration paid, the value of any non-controlling interest that remains outstanding after the business combination and, where applicable, the acquisition-date fair value of the acquirer's previously held equity interest in the target; and
- The net amount of the identifiable assets acquired and liabilities assumed at the acquisition date.

Goodwill is recognized in assets in the consolidated statement of financial position. When the difference is negative, it is directly recognized through profit or loss.

The secondary costs directly attributable to an acquisition giving control are recorded in expenses in the period during which the costs are incurred, except for the borrowing costs, which must be recorded in accordance with IAS 32 – *Financial instruments*: *Presentation* and IAS 39.

When goodwill is determined provisionally at the end of the period in which the combination is effected, any adjustments to the provisional values within 12 months of the acquisition date are recognized in goodwill.

Changes in the Group's share of ownership of equity securities in a subsidiary which do not lead to a loss of control over the latter are recognized as shareholders' equity transactions.

Goodwill resulting from the acquisition of associates and joint ventures is included in the carrying amount of the investment.

Goodwill is not amortized, but is subject to impairment testing whenever there is any indication that an asset may be impaired, and at least once a year in accordance with the methods and assumptions described in Note 11 – *Goodwill and impairment tests*.

After initial recognition, goodwill is recorded at cost less accumulated impairment losses.

<u>Specific case of business combination under common control</u>

Business combination under common control are combinations in which all of the combination (entities or businesses) are controlled by on party (or several), i) during a long period before and after the combination, ii) this control as defined in IFRS 10 is not temporary.

These combinations are excluded from IFRS 3 scope. These operations in the consolidated financial statements are prepared on historical cost basis. No new goodwill is generated and the difference between the acquisition price and the historical carrying value related to assets and liabilities of the acquired entity is recognized in equity.

2.9. Intangible assets

Intangible assets acquired

Intangible assets acquired separately are recognized at historical cost less accumulated amortization and any accumulated depreciations.

Cost comprises all directly attributable costs necessary to buy, create, produce and prepare the asset for use. Intangible assets consist mainly of operating licenses, IRUs, patents, purchased software, and internally developed applications.

They have also included, since January 1, 2015, the customer acquisition cost for packages with commitments, in accordance with IAS 38 – *Intangible assets* and in line with standards to be issued.

Licenses to operate telephone services in France are recognized for the fixed amount paid for the acquisition of the license. The variable portion of license fees, which amounts to 1% of the revenue generated by these activities, cannot be reliably determined and is therefore expensed in the period in which it is incurred.

- The UMTS license is recognized at historical cost and amortized on a straight-line basis from the service activation in June 2004 to the end of the license period (August 2021), corresponding to its expected useful life.
- The GSM license, renewed in March 2006, is recognized at the present value of 4% of the fixed annual fee of €25 million, and amortized on a straight-line basis from that date until the end of the license period (March 2021), corresponding to its expected useful life.
- The LTE license is recognized at historical cost and is amortized on a straight-line basis from the service activation date until the end of the license period. The 2.6 GHz band license acquired in October 2011 is amortized as of the end of November 2012 (end of license: October 2031). The 800 MHz band license acquired in January 2012 was activated on June 3, 2013 and is being amortized over a remaining duration of 18 years (end of license: January 2032). SFR acquired a new license for the 700 MHz band in December 2015 (end of license: December 2035). This license was activated on January 25, 2019 and is being amortized over a remaining duration of 16 years.
- The 5G license is regognized at historical cost and is amortized on a straight-line basis from the service activation date until the end of the license period. The 3.4 and 3.8 GHz band license acquired in October 2020 was activated on November 24, 2020 and is being amortized over a remaining duration of 15 years.

IRUs correspond to the right to use a portion of the capacity of a terrestrial or submarine transmission cable granted for a fixed period. IRUs are recognized as an asset when the Group has the specific indefeasible right to use an identified portion of the underlying asset, generally optical fiber or dedicated wavelength bandwidth, and the duration of the right is for the majority of the underlying asset's useful life. They are amortized over the shorter of the expected period of use and the life of the contract between 3 and 30 years.

Patents are amortized on a straight-line basis over the expected period of use (generally not exceeding 10 years).

Software is amortized on a straight-line basis over its expected useful life (which generally does not exceed 3 years).

Internally developed intangible assets

The acquisition cost of an intangible asset developed internally corresponds to the personnel costs incurred when the intangible asset meets the criteria for IAS 38. An intangible asset that results from the development of an internal project is recorded if the Group can demonstrate that all of the following conditions have been met:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- Its intention of completing the intangible asset and using or sell it;
- Its ability to use or sell the intangible asset;
- The capacity of the intangible asset to generate probable future economic benefits;
- Among other things, the Group may demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, its usefulness;
- The availability of adequate technical, financial and other resources to complete the development, and to use or sell the intangible asset;
- Its ability to reliably measure the expenditures attributable to the intangible asset during its development.

Capitalization of costs ceases when the project is finalized and the asset is available for use.

The cost of an internally developed intangible asset arising from the development phase of an internal IT project is amortized on a straight-line basis over its expected useful life (which is generally not greater than three years).

Intangible assets recognized in a business combination

During business combinations, intangible assets were recognized and measured at their fair value at the "acquisition date" according to IFRS 3:

- Customer bases: bases are amortized over their useful life from five to nine years;
- Telecom brands: SFR brand, main brand, initially amortized over 15 years, is amortized from the end 2017 over a residual life of five years (Refer to Note 12 – *Other intangible assets*);
- Press brands: these brands are not amortizable;
- Broadcasting rights: they are amortized over a life from three to ten years, depending on programs.

Investments made under public service concessions or delegations

Investments made as part of public service concessions or delegations and related to the roll-out of the telecommunications network are recognized as intangible assets in accordance with IFRIC 12 – *Service concession arrangements*.

The "intangible model" provided by this interpretation applies when the operator receives a right to charge users of the public service and is substantially paid by the user. Intangible assets are amortized over the shorter of the estimated useful life of the relevant asset categories and the duration of the concession.

2.10. Contracts costs

The Group recognizes as an asset the incremental costs of obtaining a contract with a customer if it expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Commissions to third parties and sales incentives to internal employees are considered as costs to obtain a contract and are recognized under the consolidated statement of financial position caption "contract costs".

Assets recognized as contract costs are amortized on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. The asset may relate to goods or services to be transferred under a specific anticipated contract. The amortization charge is recognized in the income statement caption "Depreciation, amortization and impairment".

As a practical expedient, the Group recognizes the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the Group otherwise would have recognized is one year or less.

2.11. Property, plant and equipment

Property, plant and equipment are measured at historical cost less cumulative amortizations and depreciations.

Historical cost includes the acquisition cost or the production cost, the costs directly attributable to using the asset on the site and to its conditions of operation, and the estimated costs of dismantling and removing the asset and remediating the site where it is installed, in line with the obligation incurred. In addition, borrowing costs attributable to qualifying assets whose construction period is longer than one year are capitalized as part of the cost of that asset. Conversely, subsequent maintenance costs (repairs and maintenance) of the asset are recognized in profit or loss. Other subsequent expenditures that increase productivity or the life of the asset are recorded as assets.

Material components of property, plant and equipment whose useful lives are different are recognized and depreciated separately.

Property, plant and equipment mainly comprise network equipment.

The main useful lives are as follows:

Technical buildings and constructions	15 to 25 years
Network equipment:	
Optical cables	30 to 40 years
Engineering facilities, pylons	20 to 40 years
Other equipment	4 to 15 years
Set-top box and access fees	3 to 5 years
Furniture and fixtures	5 to 10 years
Miscellaneous equipment	2 to 5 years

Estimated useful lives are reviewed regularly and any changes in estimates are recorded prospectively.

Materials and telecommunications equipment are investments that are strongly subject to technological changes: write-offs or impairments with prospective revision of the amortization period may be recognized if the Group has to prematurely write off certain technical equipment or if it is forced to revise the projected useful life of certain categories of equipment.

Gains or losses on disposal of property, plant and equipment are the difference between the profit from the disposal and the carrying amount of the asset, and are recognized in the caption "Non-recurring income and expenses" of the consolidated statement of income.

FTTH deployment

Decision No. 2009-1106 of *Autorité de Régulation des Communications Électroniques et des Postes* (Regulatory Authority on Electronic Communications and Postal Services (ARCEP)) dated December 22, 2009 regulates the use of fiber optics in very densely populated areas by establishing joint investment rules between phone operators.

The reference offers issued by the operators in accordance with this decision are dealt with in IFRS by the application of IFRS 11. Thus, when the Group is an *ab initio* joint investor, only its share of the assets is recorded in property, plant and equipment, and when the Group is an *a posteriori* investor, the IRU or the usage right is recognized in property, plant and equipment. The same treatment applies for joint investment in moderately dense areas defined by ARCEP.

2.12. Leases

The Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises right of use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated amortizations and depreciations, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term (Refer to Note 1.2.1 – *IFRIC decision "Lease Term and Useful Life of Leasehold Improvements"*). Right of use assets are subject to annual impairment tests.

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases, to lease the assets for additional terms. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal.

After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy). The Group included the renewal period as part of the lease term for leases of technical sites due to the significance of these assets to its operations.

The recognition and measurement requirements for lessee are also applied to short-term leases and leases of low-value assets.

The Group as a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental of ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

When the Group is an intermediate lessor, it accounts for its interest in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right of use asset arising from the head lease.

The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and amortized on a straight-line basis over the term of the lease.

2.13. Impairment of assets

Whenever events or changes in the economic environment indicate a risk of impairment of goodwill, of other intangible assets or property, plant and equipment, the Group re-examines the value of these assets. Besides, the residual life of customer bases and amortizable brands is analyzed whenever there is any indication that an asset may be impaired. In addition, goodwill, other intangible assets with indefinite useful lives and intangible assets in progress undergo an annual impairment test.

Impairment tests are performed in order to compare the recoverable amount of an asset or a Cash-Generating Unit ("CGU") with its carrying amount.

An asset's or CGU's net recoverable amount is the greater of its fair value less costs to sell or its value in use. The recoverable amount is determined for each individual asset, unless the asset does not generate cash inflows that are largely independent of those derived from other assets or groups of assets. In that case, the recoverable amount is determined for the CGU to which the asset belongs.

A CGU is the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Given the change in the Group and the significant pooling of assets and services within the Group, a single CGU is defined at the Group level. For the purposes of goodwill impairment testing, in conformity with IAS 36 – *Impairment of Assets*, goodwill is allocated as a value to each operating segment (Refer to Note 11.1 – *Change in goodwill*), and shared assets and liabilities are allocated through distribution keys to each of the operating segments (Refer to Note 11.3 – *Main assumptions used).* The principal allocation keys used to allocate shared assets and liabilities are based on revenues, use of the network or the information systems.

The value in use of each asset or group of assets is determined as the present value of future cash flows (discounted cash flow method or "DCF") by using a discount rate after tax specific to each asset or group of assets concerned.

The fair value less costs to sell is the amount obtainable on the measurement date from the sale of the asset or group of assets in an ordinary transaction between market participants, less costs to sell.

When the carrying amount of an asset exceeds its net recoverable amount, an impairment loss is recognized in the "Depreciation, amortization and impairment" caption of the consolidated statement of income. Only impairment losses recognized on assets other than goodwill such as depreciable intangible assets, intangible assets with indefinite useful lives and property, plant and equipment may be reversed.

2.14. Financial assets

The standard IFRS 9 includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting regarding financial instruments.

IFRS 9 allows two methods for measurement:

- Amortized cost: this is the original amount minus principal repayments, cumulative amortizations and impairments. The amortized cost must be determined by using the effective interest rate method.
- Fair value: this is the amount for which an asset could be exchanged or a liability paid, between two willing parties, in an arm's length transaction.

Classification and measurement

Except for certain trade receivables, under IFRS 9, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Under IFRS 9, debt financial assets are subsequently measured at fair value through profit or loss (FVPL), amortized cost, or fair value through other comprehensive income (FVOCI).

The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

The new classification and measurement of the Group's debt financial assets are, as follows:

- Debt instruments at amortized cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. This category includes the Group's trade and other receivables, and loans included under consolidated statement of financial position caption "Financial assets" (non-current and current portion).
- Debt instruments at FVOCI, with gains or losses recycled to profit or loss on derecognition. The Group has no instrument in this new category.

Other financial assets are classified and subsequently measured, as follows:

- Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition. This category only includes equity instruments, which the Group intends to hold for the foreseeable future and which the Group has irrevocably elected to so classify upon initial recognition or transition. The Group classified its quoted and unquoted equity instruments as equity instruments at FVOCI. Equity instruments at FVOCI are not subject to an impairment assessment under IFRS 9.
- Financial assets at FVPL comprise derivative instruments. This category would also include debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.

The assessment of the Group's business models was made as of the date of initial application, January 1, 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

IFRS 9 requires contingent consideration liabilities to be treated as financial instruments measured at fair value, with the changes in fair value recognized in the statement of profit or loss.

Under IFRS 9, embedded derivatives are no longer separated from a host financial asset. Instead, financial assets are classified based on their contractual terms and the Group's business model.

Impairment

IFRS 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at the asset's original effective interest rate.

For contract assets and trade and other receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2.15. Inventories

Inventories primarily consist of mobile devices, set-top boxes and technical equipment. They are valued at their acquisition cost or at their net recoverable amount, if it is lower. The acquisition cost is calculated according to the weighted average cost. It includes the cost of acquiring the materials.

Net recoverable amount is the estimated selling price in the ordinary course of business, less the estimated selling expenses.

The Group estimates the age and the condition of inventories and books provisions if necessary.

2.16. Cash and cash equivalents

The "Cash and cash equivalents" heading includes bank balances, money-market UCITS which meet the specifications of AMF Position n°2011-16, and very liquid short-term investments, which have an original maturity date that is less than or equal to three months, which can be easily converted to a known cash amount, and are subject to a negligible risk of change in value.

Investment securities are measured at their fair value through profit or loss.

2.17. Assets held for sale and discontinued operations

In accordance with IFRS 5 – *Non-current assets held for sale and discontinued operations*, the Group qualifies an asset (or a group of assets) held for sale when:

- The asset is available for immediate sale in its current estate, subject to any conditions that are usual in such disposals of assets;
- The sale is highly probable;
- Its carrying amount may be recovered principally through its disposal and not by its continued utilization.
- When all conditions of qualifications have been met the Group reclassifies the assets held for sale in a separate caption in the consolidated statement of financial position without offsetting liabilities related to assets held for sale, those are presented in a separate caption from other liabilities in the consolidated statement of financial position.
- In addition, if the asset or the group of assets for sale is significant, its contribution is presented:
- In the consolidated statement of income in a separate caption under the net income from continuing information;
- In the consolidated statement of cash flows in a separate caption in the net cash flow provided (used) by operating activities, investing activities, and financing activities.

2.18. Financial liabilities and equity instruments

Financial liabilities restructuring

Based on the IFRS 9, the Group removes a financial liability (or a part of a financial liability) from its statement of financial position when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expired.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the contractual arrangement.

Equity instruments

An equity instrument is any contract resulting in a residual interest in the assets of an entity after deducting all of its liabilities. The equity instruments issued by the Group are recorded for the proceeds received, net of direct issuance costs.

Financial liabilities

Financial liabilities other than derivatives mainly include bonds and term loans taken out in connection with the acquisition of SFR, liabilities related to finance and operating leases, guarantee deposits received from customers, advances received and bank overdrafts.

They are measured at amortized cost, using the effective interest method, in conformity with IFRS 9. The effective interest rate corresponds to the internal interest rate used to precisely update future cash flows throughout the term of the financial liability. Fees, debt issuance and transaction costs are included in the calculation of the effective interest rate over the expected life of the instrument. Accrued interest is included in the "Current liabilities" caption of the statement of financial position.

2.19. Derivative instruments

The Group uses various derivative instruments to hedge its exposure to foreign exchange rate fluctuations.

Derivatives are initially recognized at fair value on the date of execution of a derivative contract, and are subsequently revalued at their fair value on each closing date.

Hedge accounting is applicable if:

- The hedging relationship is clearly defined and documented at the date of establishment.

- The effectiveness of the hedging relationship is demonstrated at its inception and in subsequent periods: i.e., if at the beginning of the hedge and throughout its duration, the Group expects that the changes in fair value of the hedged item will be almost fully offset by changes in the fair value of the hedging instrument, and if actual results are within a range between 80% and 125%.

There are three types of hedge accounting:

- The fair value hedge is a hedge against exposure to changes in the fair value of a recognized asset or liability, which are attributable to a rate and/or currency risk and which would affect the result. The hedged portion of these items is remeasured at fair value in the statement of financial position. The change in fair value is recognized in the income statement where it is offset within the limits of the effectiveness of the hedge by symmetrical changes in the fair value of hedging instruments.
- The cash flow hedge is a hedge of the exposure to cash flow fluctuations attributable to interest rate risk and/or changes associated with a recognized asset or liability or a highly probable forecast transaction (e.g., an expected sale or purchase) and could affect profit. The hedged item is not recorded in the statement of financial position; thus the effective portion of the change in fair value of the hedging instrument is recognized in other comprehensive income. It is reclassified in profit or loss when the hedged item affects profit or is reclassified in the initial cost of the hedged item where it concerns covering acquisition cost of a non-financial asset.
- The net investment hedge is a hedge against exposure to changes in value attributable to the foreign currency risk of a net investment in a foreign operation that could affect profit when the investment is sold. The effective portion of net investment hedges is recognized through other comprehensive income and reclassified in profit or loss when the net investment is sold.

The cessation of hedge accounting may result in particular from the elimination of the hedged item, voluntary termination of the hedging relationship, or the cancelation or maturity of the hedging instrument. The accounting consequences are as follows:

- For fair value hedges: the fair value adjustment of debt at the date of cessation of the hedging relationship is amortized based on a recalculated effective interest rate on that date.
- For cash flow hedges: the amounts recorded in other comprehensive income are reclassified into profit or loss when the hedged item is eliminated. In other cases, they are taken straight to profit or loss over the remaining term of the hedging relationship as originally defined.

In both cases, the subsequent changes in value of the hedging instrument are recognized in profit or loss.

2.20. Provisions

Under IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets,* provisions are booked when, at the end of the reporting period, the Group has a legal, regulatory, contractual or implicit obligation resulting from past events and it is probable that an outflow of resources generating economic benefits will be required to meet the obligation and that the amount can be reliably estimated.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessments of the time value of money, taking into account the risks attached to the liability as appropriate. If a reliable estimate of the amount of the obligation cannot be made, no provision is recognized and a disclosure is made in the notes.

Provisions mainly include:

- Provisions to cover litigation and disputes concerning the Group's activities. Their amounts are estimated based on a case-by-case risk assessment. Events occurring during proceedings may lead at any time to a reassessment of such estimates.
- Provisions for restructuring, which are booked once the restructuring has been announced and a plan has been detailed or launched. Such provisions are generally not discounted due to their short-term nature.
- Provisions for site remediation, which are assessed based on the number of sites involved, an average unit cost of site remediation and assumptions about the life of the decommissioning asset and the discount rate. When a site is decommissioned, the corresponding provision is reversed.
- Provisions for employee benefits are detailed in the following section.

2.21. Employee benefits

The Group provides employee benefits through contributions to defined-contribution plans and defined-benefit plans. The Group recognizes pension costs related to defined-contribution plans as they are incurred under personnel expenses in the consolidated statement of income.

Estimates of the Group's pension and end-of-service benefit obligations are calculated annually, in accordance with the provisions of revised IAS 19 – *Employee Benefits*, with the assistance of independent actuaries, using the projected unit credit method and considering actuarial assumptions including the probable turnover of beneficiaries, salary increases, projected life expectancy, the probable future length of employees' service and an appropriate discount rate updated annually.

The Group recognizes the corresponding net expense over the entire estimated period of service of the employees. The actuarial gains and losses on post-employment benefits are recognized in their entirety as "Other items of comprehensive income" in the period in which they occur.

The cost of the plans is recognized through operating income, with the exception of the accretion cost, which is recognized as other financial expenses and income.

The cost of past services generated by plan changes and reductions is recognized immediately and in full in the consolidated statement of income.

2.22. Share-based payments

Altice Europe has established incentive plans based on Altice Europe share, settled either by the plans attribution or cash. Attribution of the plans is submitted for approval of the Board of Directors of Altice Europe. The acquisition of the right associated to this plan is based on vesting conditions (services and performance conditions). The portion of the plan linked to Altice France management and employees is rebilled by Altice Europe to Altice France.

In addition, GNP has established a plan for the allocation of free shares in 2018. In accordance with IFRS 2 – *Share-based Payments,* benefits based on the equity instruments are recognized as personnel expenses at the fair value of instruments granted. This expense is recognized over the vesting period, generally three years for the stock option plans and two years for the free share plans, conditional upon active employment within the Group at the vesting date and performance for the free share plans, except specific cases. As this plan is not significant at the Group level, no note will be disclosed.

2.23. Borrowing costs

Under IAS 23 – *Borrowing Costs,* a qualifying asset is an asset that takes a substantial period of time before it can be used or sold. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. The Group notes that it does not take a substantial amount of time to get assets ready for their intended use because of the incremental roll-out of the network. The application of IAS 23 consequently has no impact on the Group's consolidated financial statements.

3. Use of estimates and judgments

The preparation of the consolidated financial statements in accordance with IFRS requires the Group to make a certain number of estimates and assumptions that are realistic and reasonable. Thus, the application of accounting principles in the preparation of the consolidated financial statements described in this note implies decisions based on judgment, estimates and assumptions that have an influence on the amounts of the assets and liabilities and on income and expenses as well.

Such estimates are prepared based on the going concern assumption, established using currently available information and in view of the current economic environment. In the current economic environment, changes in facts and circumstances may result in revised estimates or assumptions, which could affect the consolidated statement of financial position, the consolidated statement of income and the consolidated statement of cash flows of the Group.

Significant estimates and assumptions relate to the measurement of the following items:

- *Provisions*: assessment of the risk on a case-by-case basis; it is stipulated that the occurrence of events during a proceeding period may at any time trigger a reassessment of the risk (Refer to Note 27 – *Provisions* and Note 34 – *Litigation*).
- *Employee benefits:* assumptions updated annually, such as the probability of personnel remaining with the Group until retirement, the projected change in future compensation, the discount rate and the mortality table (Refer to Note 28 – *Post-employment benefits).*
- *Revenue:* identification of the separable elements of a packaged offer and allocation on the basis of the relative fair values of each element; the period of deferred revenue related to costs to access the service on the basis of the type of product and the term of the contract; presentation as net or gross revenue depending on whether the Group is acting as agent or principal (Refer to Note 6 – *Financial Key Performance Indicators "KPIs").*
- *Fair value of financial instruments Level 1, Level 2 and Level 3:* Fair value is determined by reference to the market price at the end of the period, when the data is available. For financial instruments for which there is no active market such as interest rate swaps (which the Group currently may use to hedge its interest rate risk),

call options and put options granted to non-controlling interests, fair value is estimated based on models that rely on observable market data or using various valuation techniques, such as discounted future cash flows (Refer to Note 31 – *Financial instruments*).

- *Deferred taxes*: estimates for the recognition of deferred tax assets updated annually such as the future tax results of the Group or the likely changes in active and passive temporary differences (Refer to Note 10 – *Income tax expense).*
- *Impairment tests*: these tests concern goodwill and intangible assets with an indefinite life span; in the context of impairment tests, the assumptions related to the determination of Cash Generating Units (CGU), future cash flows and discount rates are updated annually (Refer to Note 11 – *Goodwill and impairment tests*).
- *Intangible assets and property, plant and equipment:* estimate of the useful life based in particular on the effective obsolescence of the assets and the use made of those assets (Refer to Note 12 – *Other intangible assets* and Note 14 – *Property, plant and equipment).*
- *Contract assets and trade and other receivables:* contract assets and trade receivables are provisioned (i) on the basis of the historically observed recovery rate and/or (ii) on the basis of a specific recoverability analysis *(*Refer to Note 13 – *Contract balances* and Note 19 – *Trade and other receivables).*
- *Determination of the right of use and lease liabilities*: the right of use and the lease liabilities are determined based on the lease term and the discount rate.
    - For the lease term, the Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.
    - The discount rate is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment.
      (Refer to Note 15 – *Rights of use)*.
- *Assessment of control over SFR FTTH Network Holding.*

4. Significant events of the period

4.1. Issuance of New Senior and Senior Secured Debt

On January 24, 2020, Altice France issued €500 million aggregate principal amount of its euro denominated 2.125% Senior Secured Notes due February 15, 2025 (the "2025 Altice France Senior Secured Notes").

On January 24, 2020, Ypso Finance Bis issued $1,225 million aggregate principal amount of its dollar denominated 6.000% Senior Notes due February 15, 2028 (the "2028 Ypso Finance Bis Dollar Senior Notes") and €500 million aggregate principal amount of its euro denominated 4.000% Senior Notes due February 15, 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 September 15, 2020, Altice France issued €500 million aggregate principal amount of its euro denominated 4.125% Senior Secured Notes due January 15, 2029 and $475 million aggregate principal amount of its dollar denominated 5.125% Senior Secured Notes due January 15, 2029 (or a total of €900 million equivalent).

4.2. Exchange offer completed by Ypso Finance Bis and automatic exchange

On February 6, 2020, Ypso Finance Bis commenced an exchange offer to noteholders of Altice Luxembourg's S.A. ("Altice Luxembourg") (i) 2027 Altice Luxembourg Dollar Senior Notes and (ii) 2027 Altice Luxembourg Euro Senior Notes, to exchange the 2027 Altice Luxembourg 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 Luxembourg 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 Exchange Dollar Notes, the "Ypso Finance Bis Exchange Notes"). At the expiration of the exchange offer, a total of $1,562 million (accounting for 97.63% of the outstanding aggregate principal) of the 2027 Altice Luxembourg Dollar Senior Notes and €1,317 million (accounting for 94.10% of the outstanding aggregate principal) of the 2027 Altice Luxembourg 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 Exchange Bis Euro Notes were issued by Ypso Finance Bis.

Upon satisfaction of certain conditions, comprising full discharge, cancellation and/or redemption of 2027 Altice Luxembourg Senior Notes and 2027 Altice Luxembourg Senior Notes, at the discretion of Ypso Finance Bis (i) the Ypso Finance Exchange Dollar Notes were automatically exchanged for an equal aggregate principal amount of dollar-denominated 10.500% Senior Notes due 2027 to be issued by Altice France Holding, (ii) the Ypso

Finance Exchange Euro Notes were automatically exchanged for an equal aggregate principal amount of euro-denominated 8.000% Senior Notes due 2027 to be 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 to be 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 to be issued by Altice France Holding (the actions described in sub-clauses (i)-(iv) collectively, the "Automatic Exchange").

4.3. Update on the 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. In this context and following regulatory requirements published by governments over the course of 2020 in the countries in which the Group operates, the Group activated a response program in order to minimize the impact of the COVID-19 pandemic.

The COVID-19 had a limited impact on the annual consolidated financial statements of the Group as of December 31, 2020 and for the twelve-month period then ended.Inded, the Group has been impacted by a decline in handsets sales (low margin activity) in the context of the closure of the shops mainly for the period from mid-March to mid-May 2020, a decrease in roaming revenue, some delays in the construction of FTTH homes passed in France and a decline in the advertising businesses (NextRadioTV). The impact has remained limited since the beginning of the crisis demonstrating a resilience of the Group's telecom business in the countries where the Group operates. Although the situation continues to evolve, the Group expects that the COVID- 19 pandemic will have limited impacts on the Group's operations and financial performance for future periods.

As part of economic measures intended to mitigate the impact of the COVID-19 pandemic on industry, the French State announced a series of measures, some of which the Group had recourse to during the mandatory stay at home period, especially partial unemployment. The Group decided to apply for partial unemployment for the period from mid-March to mid-May 2020 to approximately 4,200 employees whose jobs were directly impacted by the mandatory quarantine imposed by the French state. Thus, the French State paid the concerned employees the equivalent of 84% of their fixed and variable pay per month and the Group paid the remaining 16%. The Group received a wage subsidy of €16.0 million under this economic measure.

The Group has taken this situation into account in its estimates, notably those related to the non-current and current assets valuation (including goodwill). Please refer to Note 11 – *Goodwill and impairment tests.* Based on the information above, the Group determined that the going concern assumption is still appropriate.

4.4. Financing flows with Altice Group entities

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

- Upstream loans to Altice Group Lux S.à.R.L. ("Altice Group Lux") for an aggregate amount of €1,201 million. These loans all bear interest at a rate of 8.4% annually with a maturity of July 30, 2027
- Upstream loans to Altice France Holding for an aggregate amount of €226 million

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

4.5. Transfer of Libération by Altice France to a non-profit organization

On May 14, 2020, Altice France announced that it would transfer Libération, the daily newspaper, to Presse Indépendante S.A.S. ("PI"), a management and holding company to be owned by a non-profit organization Fonds de Dotation pour une Presse Indépendante ("FDPI"). As part of the project, Altice France made a donation to FDPI including cash and the shares of PI and then, PI acquired the shares of Libération.

The sale was closed on September 3, 2020. Following the closing of the transaction, the Group no longer exercises control over Libération and the impact of the transaction (donation and capital loss) has been recorded for €(54.6) million in the caption "Other expenses and income" in the income statement as of December 31, 2020.

4.6. Transfer of sports rights to Altice France

On July 8, 2020, SportCoTV S.A.S ("SportCoTV"), a fully owned, unrestricted subsidiary of the Group, acquired the shares of Altice Picture S.à.R.L ("Altice Picture"), a Luxembourg based entity, which houses the sports and other content rights mainly for the UEFA champions league and other premium content. Prior to the sale, a reorganization of the structure in Luxembourg was carried out, with the transfer of activities performed by Altice Entertainment News and Sport S.A. ("AENS"), (the entity that provided the premium sports channels to Altice France) to Altice Picture, thus ensuring that the entire value chain has subsequently been transferred to Altice France, the entity that benefits the most from the marketing of the associated channels. Altice Picture has been subsequently be merged into SportCoTV on October 15, 2020.

This operation has been treated as an acquisition under common control and hence no goodwill has been created as part of this transaction.

Altice TV has been declared as unrestricted perimeter for the purposes of the Altice France indenture and hence specific information will be provided on the stand-alone performance of Altice TV on certain Key Performance Indicators starting from the annual consolidated financial statements ended December 31, 2020.

4.7. Media restructuring

On May 19, 2020, NextRadioTV announced a restructuring plan to take into account the changing environment for the media industry in France. This plan, based on voluntary departures, aims at reducing the employee workforce by limiting the use of part time workers, freelancers and consultants. An agreement was signed with the workers' Council on September 15, 2020. As of September 30, 2020, management considered that the conditions for recording a provision were met and thus a provision was recorded in the caption "Other expenses and income" of the income statement for an amount of €50.0 million. As of December 31, 2020, the remaining amount recorded is €21.0 million in Provisions and €27.6 million in Payables.

4.8. Mediapro

On July 27, 2020, Altice France announced two agreements with Mediapro. Firstly, for the 2020/21 season, Altice France sub-licensed the UEFA rights to Mediapro in exchange for Altice France's right to distribute Mediapro's Téléfoot channel (including the main football matches for French Ligue 1 and Ligue 2). This allowed Mediapro to broadcast the UEFA Champions League and Europa League. Both the RMC Sport channel and Mediapro's Téléfoot channel broadcasted the two competitions from August onwards, respectively for the French Ligue 1 and the Champions League. SFR offered all of the football to its customers with RMC Sport, Téléfoot, Canal+ and BeIN Sports. Secondly, for the 2021/22, 2022/23 and 2023/24 seasons, Altice France entered into a distribution agreement with Mediapro to distribute the Téléfoot channel (including the main football matches for French Ligue 1 and Ligue 2) with 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, the agreements with Mediapro were null and void and the Group continued to broadcast the Telefoot channel untill its withdrawal in February 2021.

4.9. Reorganization of Altice France's shareholding structure

On July 10, 2020, Altice France's shareholding structure was simplified by way of a share transfer between Altice Europe and Altice France Holding, the direct shareholder of Altice France. Following the restructuring, Altice France Holding holds 100% minus one share of Altice France, with Altice Luxembourg Holding the one share.

As part of the reorganization, the upstream loan to Altice Group Lux was also reassigned to Altice France Holding.

4.10. 5G spectrum acquisition

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 fifteen years.

The total price for the acquisition amounts to €728.0 million. Of the total amount, €350.0 million is payable over fifteen years and €378.0 million over four years. The first payment of €118.0 million was made in January 2021.

5. Change in scope

Over the year ended December 31, 2020, the main changes in the consolidation scope are described as follows:

- Additional participation in Rhon'Telecom by Altice Technical Services France;
- Additional participation in Moselle Telecom, Irisé, Iris 64, Teloise and Medi@lys by SFR;
- Disposal of Libération;
- Entry of Keos Telecom and Azurconnect Technologies;
- Creation and merger of the company Ypso Finance Bis;
- Acquisition of RMC Films;
- Acquisition under common control and merger of Altice Picture by SportCoTV.

The consolidation scope updated is presented in Note 35 – *List of consolidated entities*.

6. Financial Key Performance Indicators ("KPIs")

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

The financial KPIs tracked by the Board of Directors are:

- Adjusted EBITDA;
- Revenues;
- Capital expenditure ("Capex"); and
- Operating free cash flow ("OpFCF").

Non-GAAP measures

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

- *Adjusted EBITDA*

  Following the application of IFRS 16, Adjusted EBITDA is defined as operating income before depreciation and amortization, other expenses and incomes (capital gains, non-recurring litigation, restructuring costs and management fees), share-based expenses and after operating lease expenses (i.e., straight-line recognition of the rent expense over the lease term as performed under IAS 17 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 annual consolidated financial statements are in accordance with IAS 1.

- *Capex*

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

- *Operating free cash flow*

  OpFCF is defined as Adjusted EBITDA less Capex. This may not be comparable to similarly titled measures used by other entities. Further, this measure should not be considered as an alternative for operating cash flow as presented in the consolidated statement of cash flows in accordance with IAS 7 – *Statement of Cash Flows*.

6.1. Revenue

The following table presents the breakdown of revenue:

Revenues (€m)	**December 31, 2020**	**December 31, 2019**
Residential - Fixed	2,599.5	2,528.8
Residential - Mobile	3,543.4	3,515.4
Business services	3,529.5	3,377.3
Total Telecom excl. equipment sales	**9,672.4**	**9,421.5**
Equipment sales	909.2	923.4
Media	442.8	452.9
Total	**11,024.5**	**10,797.8**

"Residential" corresponds to B2C services revenues, excluding equipment.
"Business services" includes revenues from B2B and wholesale including construction of the FTTH Network and excluding revenues from equipment and Media presented in the line below.
"Equipment sales" relates to equipment revenues from B2B and B2C segments.

The following table includes revenue expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at December 31, 2020:

Maturity of Revenues (€m)	**2021**	**2022**	**2023**	**Beyond 2024**	**Total**
Total	1,899.0	581.1	162.9	264.6	**2,907.5**

6.2. Adjusted EBITDA

The following table presents the reconciliation of the operating profit in the consolidated financial statements to Adjusted EBITDA:

Operating profit (€m)	**Altice France excl. Altice TV(*)**	**Altice TV stand-alone**	**IC flows**	**December 31, 2020**	**December 31, 2019**
Revenues	**10,926.1**	**210.2**	**(111.8)**	**11,024.5**	**10,797.8**
Purchasing and subcontracting costs	(3,125.5)	(214.3)	111.8	(3,228.0)	(2,897.6)
Other operating expenses	(1,700.0)	(0.0)	-	(1,700.0)	(1,909.5)
Staff costs and employee benefits	(1,022.5)	-	-	(1,022.5)	(1,060.1)
Total	**5,078.1**	**(4.1)**	**(0.0)**	**5,074.0**	**4,930.5**
Share-based expenses	8.6	-	-	8.6	30.8
Rental expense operating lease	(809.9)	-	-	(809.9)	(761.1)
Adjusted EBITDA	**4,276.9**	**(4.1)**	**(0.0)**	**4,272.7**	**4,200.2**
Depreciation, amortization and impairment	(3,437.8)	(121.1)	-	(3,558.9)	(3,475.1)
Share-based expenses	(8.6)	-	-	(8.6)	(30.8)
Other expenses and income (a)	(151.0)	-	-	(151.0)	2,600.5
Rental expense operating lease	809.9	-	-	809.9	761.1
Operating profit	**1,489.3**	**(125.2)**	**(0.0)**	**1,364.1**	**4,055.9**

(a) In 2020, include mainly the impact of the Libération transaction and the Media's voluntary departure plan. As of December 31, 2019, includes the capital gain due to the loss of control in SFR FTTH (€2,795.9 million).

(*) The information below pertains to the performance of the Altice France restricted group (excluding the TV business) and specific information related to the restricted group.

6.3. Capital expenditure

The following table presents the reconciliation of the capital expenditure to the payments to acquire capital items (tangible and intangible assets) as presented in the consolidated statement of cash flows.

Capital expenditure **(€m)**	**December 31, 2020**	**December 31, 2019**
Capital expenditure (accrued)	3,138.2	2,354.9
Capital expenditure - working capital items and other impacts	(694.3)	(89.3)
Payments to acquire tangible and intangible assets	**2,443.9**	**2,265.6**

Capital expenditure - Altice TV stand-alone **(€m)**	**December 31, 2020**	**December 31, 2019**
Capital expenditure (accrued)	11.4	-
Capital expenditure - working capital items and other impacts	119.9	-
Payments to acquire tangible and intangible assets	**131.3**	**-**

6.4. Adjusted EBITDA less accrued Capex

The table below details the calculation of Adjusted EBITDA less accrued Capex or operating free cash flows ("OpFCF"), as presented to the Board of Directors. This measure is used as an indicator of the Group's financial performance as the Board of Directors believes it is one of several benchmarks used by investors, analysts and peers for comparison of performance in the Group's industry, although it may not be directly comparable to similar measures reported by other companies. Adjusted EBITDA and accrued Capex are both reconciled to GAAP reported figures in this note; this measure is a calculation using these two non-GAAP figures, therefore no further reconciliation is provided.

Adjusted EBITDA less accrued capex **(€m)**	**December 31, 2020**	**December 31, 2019**
Adjusted EBITDA	4,272.7	4,200.2
Capital expenditure (accrued)	(3,138.2)	(2,354.9)
Operating free cash flow	**1,134.5**	**1,845.3**

7. Staff costs and average number of employees

The following table presents the breakdown of staff costs:

Staff costs and average number of employees (full-time equivalent) **(€m)**	**December 31, 2020**	**December 31, 2019**
Average annual headcount (Full-time equivalent)	**36,894.2**	**32,500.2**
Wages and salaries	(841.3)	(843.0)
Social security costs	(334.4)	(332.7)
Employee profit-sharing	(46.7)	(50.5)
Capitalized payroll costs	240.3	222.4
Staff costs	**(982.1)**	**(1,003.7)**
Costs related to stock option plans	(8.6)	(30.8)
Employee benefit plans	(11.3)	(9.6)
Other	(20.5)	(16.0)
Staff costs and employee benefit expenses	**(1,022.5)**	**(1,060.1)**

The amount of staff costs included in "Other income and expenses" in the statement of income corresponds mainly to:

- €(49.3) million which corresponds to the costs related to the voluntary departure plan of the media division after deduction of retirement benefits effects (Refer to Note 4.7 – *Media restructuring*); and
- €51.2 million related to credit notes received from Altice Europe concerning the free preference shares allotted in 2018 and 2019 to the Group CEO (Refer to Note 32.1 – *Senior executive compensation*).

8. Other operating expenses

The following table presents the breakdown of other operating expenses:

Other operating expenses **(€m)**	**December 31, 2020**	**December 31, 2019**
Network operations and maintenance	(625.7)	(689.3)
Sales and marketing	(388.0)	(444.4)
Customer services	(220.1)	(301.5)
General and administrative expenses	(222.5)	(226.1)
Taxes	(243.7)	(248.3)
Other operating expenses	**(1,700.0)**	**(1,909.5)**

9. Financial income

Net finance costs amounted to €(1,303.8) million for the year ended December 31, 2020, registering an increase of 16% compared to €1,124.2 million as of December 31, 2019.

The following table presents the breakdown of the financial income:

Financial income **(€m)**	**December 31, 2020**	**December 31, 2019**
Interest relative to gross financial debt	**(791.3)**	**(837.4)**
Realized and unrealized gains/(loss) on derivative instruments linked to financial debt	**(266.6)**	**5.8**
Finance income	61.4	17.5
Finance income	**61.4**	**17.5**
Provisions and unwinding of discount	(128.7)	(13.8)
Interest related to lease liabilities	(113.2)	(117.9)
Other	(65.3)	(99.5)
Other financial expenses	**(307.3)**	**(231.2)**
Net result on extinguishment of a financial liability	-	(78.9)
Net result on extinguishment of a financial liability	**-**	**(78.9)**
Finance costs, net	**(1,303.8)**	**(1,124.2)**

The interest relative to gross financial debt decreased from €837.4 million as of December 31, 2019 to €791.3 million as of December 31, 2020. This decrease was mainly driven by a decrease in our cost of debt, resulting from the refinancing of our debt performed in 2019 and 2020.

For the twelve-month period ended December 31, 2020, the net loss realized on derivative instruments is mainly due to an unfavourable 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 €236.3 million, which was offset by negative variation of the FX rate effect on the restructured cross currency swaps. The realized and unrealized FX gain on cross currency swaps is offset by the unrealized FX 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 €56.5 million. Other financial expenses mainly includes expenses related to reverse factoring and securitization arrangements.

10. Income tax expense

10.1. Income tax expense components

Income tax benefit/(expenses) **(€m)**	**December 31, 2020**	**December 31, 2019**
Income tax benefit/(expenses)		
Current	(157.5)	(264.7)
Deferred	134.9	432.3
Income tax benefit/(expenses)	**(22.7)**	**167.7**

10.2. Tax proof

Tax proof (€m)	December 31, 2020	December 31, 2019
Profit/(loss)	(199.3)	2,898.3
Neutralization:		
Income tax benefit (expenses)	(22.7)	167.7
Share of earnings of associates	(237.0)	(201.0)
Profit/(loss) before taxes	**60.4**	**2,931.7**
Statutory tax rate in France	32.02%	34.43%
Theoretical income tax benefit/(expenses)	**(19.3)**	**(1,009.4)**
Reconciliation between the theoretical tax rate and the effective tax rate:		
Effects of permanent differences (a)	57.1	919.3
Tax credits/tax assessments (b)	36.3	2.9
CVAE net of current and deferred taxes (c)	(58.6)	(59.1)
Differences on income tax rate (d)	(34.7)	(98.7)
Reassessments of deferred taxes (e)	(12.4)	399.7
Other	9.0	12.9
Income tax benefit/(expenses)	**(22.7)**	**167.7**
Effective tax rate	**37.53%**	**-5.72%**

(a) Includes mainly €74.5 million related to the Altice Picture transaction;
(b) Related to the Libération transaction;
(c) Corresponds to the French business tax (CVAE) reclassified as corporate income tax under the IFRS: €(85.8) million, net of tax €(27.3) million;
(d) Article 84 of the Act 2017-1837 dated December 31, 2017 prescribed a progressive decrease of the income tax rate in order to reach 25.83% (including the social surtax of 3.3%) in 2022.This rate has been applied to all temporary differences that matures in 2022 at the earliest. Article 4 of the Act 2019-759 dated July 24, 2019 moderates the decrease of the tax rate to 28.41% in 2021 This rate has been applied to all tempory differences that matures in 2021;
(e) The Group recognized deferred tax asset on the basis of projections of future use of the loss carry forward deemed probable.

10.3. Change in deferred taxes by basis

The following table presents the breakdown of the change in deferred taxes for the year:

Change in deferred tax (€m)	December 31, 2019	Income statement	Other *	December 31, 2020
Deferred tax assets				
Tax losses (a)	732.0	(165.1)	(12.5)	554.4
Provisions	80.3	2.1	(1.1)	81.3
Property, plant and equipment and intangible assets	160.9	8.7	4.6	174.3
Derivative instruments	177.7	79.8	(12.6)	244.9
Other	116.2	36.1	(5.4)	146.9
Offsetting (b)	(837.9)	-	165.5	(672.5)
Deferred tax assets, gross	**429.1**	**(38.5)**	**138.6**	**529.2**
Unrecognized tax assets				
Tax losses (a)	(177.0)	55.4	12.4	(109.2)
Other	(21.4)	(50.5)	(3.0)	(74.9)
Deferred tax assets, net	**230.7**	**(33.6)**	**148.0**	**345.2**
Deferred tax liabilities				
Property, plant and equipment and intangible assets	(633.5)	161.1	2.8	(469.7)
Derivative instruments	(164.6)	9.8	-	(154.8)
Other	(84.0)	(2.5)	25.8	(60.6)
Offsetting (b)	837.9	-	(165.5)	672.5
Deferred tax liabilities	**(44.2)**	**168.4**	**(136.9)**	**(12.7)**
Net deferred tax assets (liabilities)	**186.5**	**134.8**	**11.2**	**332.5**

* Corresponds mainly to the change in fair value of the financial instruments and actuarial losses in OCI and the variation of non-current income tax in application of IFRIC 23.
(a) At the year-end, the Group presents a deferred tax asset for loss carry forwards for €445.2 million (€554.9 million as of December 2019);
(b) In accordance with IAS 12 – *Income tax*, the deferred tax assets and liabilities of a same fiscal group are netted in so far there are related to the same fiscal authority for the income tax; the Group has an enforceable right to net the deferred tax assets and liabilities.

10.4. Tax receivables and payables

At year-end, tax receivables for €55.8 million correspond to the net corporate income tax advances paid in 2020. Tax payables for €34.0 million correspond to the net income tax payable for 2020.

11. Goodwill and impairment tests

11.1. Change in goodwill

Change in goodwill (€m)	**December 31, 2020**	**December 31, 2019**
Opening balance	**11,076.3**	**11,071.9**
Acquisitions	2.7	4.5
Disposals (a)	(33.4)	(0.2)
Exchange impact	(0.1)	0.1
Closing balance	**11,045.5**	**11,076.3**

(a) Concerns the disposal of Libération. Refer to Note 4.5 – *Transfer of Libération by Altice France to a non-profit organization.*

11.2. Impairment tests

The impairment tests described in this note were on the goodwill of the Group, on the basis of their useful value, assessed from projections of discounted future cash flows taking into consideration the operating segments as defined by the Group, namely, 'Telecom' and 'Media'.

The Altice TV business is integrated within the Media CGU, but for the purpose of impairment testing, it has been considered that its business is fully financed by the Telecom CGU, CGU that benefits from the activity of Altice TV.

For the purposes of the impairment tests, goodwill is allocated in defnite value at the level of the two operating segments monitored by the Group as follows:

Breakdown of goodwill (€m)	**December 31, 2020**	**December 31, 2019**
Telecom	10,530.3	10,527.7
Media	515.2	548.6
Total	**11,045.5**	**11,076.3**

11.3. Main assumptions used

The goodwill impairment test was conducted on the basis of the operating segments defined above. In accordance with IAS 36 on impairment of goodwill, the impairment test is performed by comparing the carrying amount with the recoverable amount for each of the operating segments. The conditions for allocation of assets and liabilities shared by the operating segments are described in Note 2.13 – *Impairment of assets*. The recoverable amount is determined based on the value in use using a discounted cash flow model. The value in use is determined by using cash projects based on financial budgets approved by Management covering a five-year period.

Projections of subscribers, revenue, costs and capital expenditure are based on reasonable and acceptable assumptions that represent Management's best estimates. These assumptions are based on the projected number of subscribers, the level of expenses to improve network infrastructures, and the savings related to the continued implementation of the synergies identified by the Group. The projections are based on both past experience and the expected future market penetration of the various products. All these elements have been assigned, either directly or indirectly, to the operating segments of the Group.

As indicated in Note 2.13 – *Impairment of assets*, the determination of the value in use also depends on assumptions such as the discount rate and the perpetuity growth rate.

Telecom

The value in use is determined from the following estimates at December 31, 2020:

Basis of recoverable amount	Value in use
Methodology	DCF
Projection period	5 years
Post-tax discount rate	6.0%
Perpetuity growth rate	1.25%

As of December 31, 2020, the recoverable value would be equal to the carrying value if one of the main assumptions changed as follows:

	Telecom
Discount rate increase	+1.5%
Growth rate decrease	-1.6%
Decrease in the adjusted EBITDA margin over the business plan and terminal value period	-4.0%

Media

The value in use is determined from the following estimates at December 31, 2020:

Basis of recoverable amount	Value in use
Methodology	DCF
Projection period	5 years
Post-tax discount rate	8.5%
Perpetuity growth rate	1.25%

As of December 31, 2020, the recoverable value would be equal to the carrying value if one of the main assumptions changed as follows:

	Media
Discount rate increase	+6.5%
Growth rate decrease	-10.1%
Decrease in the adjusted EBITDA margin over the business plan and terminal value period	-12.9%

12. Other intangible assets

12.1. Intangible assets by type

The following table presents the breakdown of intangible assets by type:

Intangible assets by type	**December 31, 2020**			**December 31, 2019**		
(€m)	**Gross**	**Amort. & dep.**	**Net**	**Gross**	**Amort. & dep.**	**Net**
SFR brand name (a)	1,050.0	(873.6)	176.4	1,050.0	(781.8)	268.2
Other brand names (b)	71.5	(41.0)	30.5	85.2	(37.9)	47.3
Licenses (c)	2,914.5	(963.0)	1,951.5	2,315.0	(784.8)	1,530.2
Customer relations (d)	2,921.7	(2,031.2)	890.5	2,913.7	(1,728.3)	1,185.5
Software	4,279.2	(3,009.3)	1,269.8	3,798.7	(2,520.2)	1,278.4
Other intangible assets (e)	5,078.3	(3,570.7)	1,507.6	3,277.4	(2,103.5)	1,173.9
Total	**16,315.2**	**(10,488.8)**	**5,826.4**	**13,439.9**	**(7,956.5)**	**5,483.4**

(a) The SFR brand was valued at the time of application of Purchase Price Accounting and was initially amortized over fifteen years. An accelerated amortization was applied on SFR brand in 2017. At the end of December 20, the residual useful life is two years.
(b) Includes mainly NextRadioTV brands for €29.7 million.
(c) Includes the licenses held by:
- SFR for a net amount of €1,926.4 million (Refer to Note 2.9 – *Intangible assets*);
- NextRadioTV for a net amount of €23.4 million.

(d) Includes mainly:
- The SFR customer base as valued at the time of application of Purchase Price Accounting for a gross value of €2,700.0 million amortized over nine years. This base is amortized for an aggregate amount of €1,825.0 million. At the end of December 2020, the residual useful life is three years;
- The Virgin Mobile customer base as valued at the time of application of Purchase Price Accounting for a gross value of €160.0 million amortized over five years. Since December 31, 2018, the Virgin customer base has a nil net carrying amount.

(e) Primarily include the rights to use the cable infrastructure and civil engineering facilities, the concession contracts (IFRIC 12), service access fees, television programs and sport rights (since entry of Altice Picture in the scope in 2020).

12.2. Change in net intangible assets

The following table presents the change in intangible assets:

Change in net intangible assets (€m)	December 31, 2020	December 31, 2019
Opening balance	**5,483.4**	**5,888.7**
Depreciations and amortizations	(1,394.1)	(1,253.9)
Additions (a)	1,534.5	718.4
Disposals	(1.4)	(2.1)
Change in scope (b)	336.9	110.2
IFRS 16 transition	-	(1.3)
Other (c)	(132.9)	23.3
Closing balance	**5,826.4**	**5,483.4**

(a) Include mainly 5G license in 2020;
(b) Include mainly sports rights at Altice Picture in 2020;
(c) Include mainly the impact of discounting related to additions in 2020.

12.3. Breakdown of amortizations and depreciations

The following table presents the breakdown of amortizations and depreciations:

Breakdown of amortizations and depreciations (€m)	December 31, 2020	December 31, 2019
Brands	(95.0)	(94.9)
Licenses	(178.2)	(177.0)
Customer relations	(303.0)	(302.5)
Software	(418.7)	(400.3)
Other intangible assets (a)	(399.2)	(279.1)
Total	**(1,394.1)**	**(1,253.9)**

(a) The change concerns sports rights acquired as part of the Altice TV transaction.

13. Contract balances

The following table presents the breakdown of contract balances:

Contract balances (€m)	December 31, 2020	December 31, 2019
Contract costs, net	169.0	159.6
Contract assets, net	214.8	217.4
Contract liabilities	(1,089.7)	(1,022.5)
Total	**(705.9)**	**(645.5)**

13.1. Contract costs

The following table presents the change in contract costs:

Contract costs, net	December 31, 2020			December 31, 2019		
(€m)	Gross	Amort. & dep.	Net	Gross	Amort. & dep.	Net
Opening balance	944.7	(785.2)	159.6	794.0	(637.1)	156.9
Additions	163.2	-	163.2	150.8	-	150.8
Depreciations and amortizations	-	(153.8)	(153.8)	-	(148.1)	(148.1)
Other	-	-	-	(0.1)	0.1	-
Closing balance	**1,108.0**	**(939.0)**	**169.0**	**944.7**	**(785.2)**	**159.6**

13.2. Contract assets

The following table presents the change in net contract assets:

Contract assets, net (€m)	December 31, 2020	December 31, 2019
Opening balance	**224.0**	**233.7**
Business related movements (a)	(3.2)	(9.7)
Closing balance	**220.8**	**224.0**
Impairment loss	(6.0)	(6.6)
Contract assets, net	**214.8**	**217.4**

(a) This line includes increase related to new contracts and decrease following the transfer from contract assets to trade receivables.

13.3. Contract liabilities

The following table presents the changes in contract liabilities:

Contract liabilities (€m)	December 31, 2020	December 31, 2019
Opening balance	**1,022.5**	**981.3**
Business related movements (a)	76.4	9.9
Change in scope	(10.7)	22.3
Translation adjustments	0.0	0.3
Assets classified in "held for sale"	-	-
Other	1.5	8.7
Closing balance	**1,089.7**	**1,022.5**

(a) This line includes increase related to cash received on new agreements and decrease related to the reversal of deferred revenue in the revenue line.

The following table presents the breakdown of contract liabilities:

Contract liabilities - breakdown (€m)	December 31, 2020	December 31, 2019
Current contract liabilities	623.6	501.7
Non-current contract liabilities	466.1	520.8
Total contract liabilities	**1,089.7**	**1,022.5**
Explained as follows :		
Prepaid revenue - IRU	176.2	207.4
Prepaid revenue - Telecom contract	325.1	336.9
Prepaid revenue - RAN sharing	292.6	307.2
Prepaid revenue - Other	295.8	170.9
Total	**1,089.7**	**1,022.5**

14. Property, plant and equipment

14.1. Property, plant and equipment by type

The following table presents the breakdown of property, plant and equipment by type:

Property, plant and equipment by type	December 31, 2020			December 31, 2019		
(€m)	Gross	Amort. & dep.	Net	Gross	Amort. & dep.	Net
Land	127.0	(4.7)	122.3	108.0	(3.0)	105.0
Buildings	2,222.3	(827.3)	1,394.9	1,994.1	(701.0)	1,293.1
Technical equipment	9,357.7	(5,866.8)	3,490.9	8,822.3	(5,268.1)	3,554.2
Assets under construction	459.5	(8.7)	450.8	370.0	(4.6)	365.5
Other tangible assets	3,629.5	(2,586.5)	1,043.0	3,156.5	(2,151.1)	1,005.3
Total	**15,796.0**	**(9,294.0)**	**6,502.0**	**14,450.9**	**(8,127.8)**	**6,323.1**

Buildings mainly consist of technical website hosting, constructed buildings and their respective amenities. Technical equipment include mainly network and transmission equipment.

Property, plant and equipment in progress consist of equipment and network infrastructures.
“Other tangible assets” item include boxes (ADSL, fiber and cable).

14.2. Change in net property, plant and equipment

The following table presents the change in net property, plant and equipment:

Change in net property, plant and equipment (€m)	**December 31, 2020**	**December 31, 2019**
Opening balance	**6,323.1**	**6,331.4**
Amortizations and depreciations	(1,215.6)	(1,314.3)
Additions	1,430.9	1,456.3
Disposals	(4.8)	(18.9)
Change in scope	0.2	(37.5)
IFRS 16 transition	-	(119.6)
Other	(31.8)	25.8
Closing balance	**6,502.0**	**6,323.1**

14.3. Breakdown of amortizations and depreciations

The following table presents the breakdown of amortizations and depreciations:

Breakdown of amortizations and depreciations (€m)	**December 31, 2020**	**December 31, 2019**
Buildings	(130.7)	(116.9)
Technical equipment	(636.7)	(753.5)
Assets under construction	(4.2)	0.6
Other tangible assets	(444.0)	(444.5)
Total	**(1,215.6)**	**(1,314.3)**

15. Rights of use

15.1. Rights of use by type

The following table presents the breakdown of rights of use by type:

Rights of use by type	**December 31, 2020**			**December 31, 2019**		
(€m)	**Gross**	**Amort. & dep.**	**Net**	**Gross**	**Amort. & dep.**	**Net**
Lands and buildings	891.6	(269.3)	622.3	812.9	(182.4)	630.5
Technical installations	4,429.3	(1,474.1)	2,955.2	3,559.2	(814.7)	2,744.5
Other	109.9	(71.3)	38.6	90.7	(47.1)	43.6
Total	**5,430.8**	**(1,814.6)**	**3,616.1**	**4,462.8**	**(1,044.3)**	**3,418.6**

15.2. Change in net rights of use

The following table presents the change in net rights of use:

Change in net rights of use (€m)	**December 31, 2020**	**December 31, 2019**
Opening balance	3,418.6	-
Application of IFRS 16 on January 1, 2019	-	3,233.1
Depreciations and amortizations	(795.4)	(758.8)
Additions	1,143.7	1,150.7
Contract modification/termination	(165.7)	(196.3)
Other	15.0	(10.1)
Closing balance	**3,616.1**	**3,418.6**

15.3. Breakdown of amortizations and depreciations

The following table presents the breakdown of amortizations and depreciations:

Breakdown of amortizations and depreciations **(€m)**	**December 31, 2020**	**December 31, 2019**
Lands and buildings	(95.9)	(101.5)
Technical installations	(675.8)	(629.7)
Other	(23.7)	(27.6)
Total	**(795.4)**	**(758.8)**

16. Investments in associates and joint ventures

16.1. Main interests in associates and joint ventures

The main investments in associates and joint ventures are as follows:

Main interests in associates and joint ventures **(€m)**	**December 31, 2020**	**December 31, 2019**
La Poste Telecom (a)	(0.0)	0.0
Synerail Construction (b)	9.0	8.1
Other associates	6.2	7.7
Associates	**15.3**	**15.8**
SFR FTTH Network Holding (c)	1,299.4	1,531.7
Synerail (b)	1.4	3.4
Foncière Rimbaud	0.5	0.5
Joint ventures	**1,301.3**	**1,535.6**
Total	**1,316.5**	**1,551.4**

(a) In 2011, SFR and La Poste formed La Poste Telecom, of which they own 49% and 51%, respectively. This subsidiary is a virtual mobile operator in the retail mobile telephony market under the trademark La Poste Mobile. The negative value of the equity interests in La Poste Telecom was adjusted to zero by offsetting against provisions totaling €26.8 million for the year ended December 31, 2020.

(b) On February 18, 2010, a group comprised of SFR, Vinci and AXA (30% each) and TDF (10%) signed a GSM-R public-private partnership contract with Réseau Ferré de France. This contract, worth a total of one billion euros over a 15-year term, is to finance, build, operate and maintain a digital telecommunications network. Synerail Construction, a subsidiary of Vinci (60%) and SFR (40%), is responsible for the construction of this network.

(c) SFR FTTH Network Holding S.A.S. ("SFR FTTH Network Holding") is a partnership, creadted in 2020, between Altice France and a consortium led by OMERS Infrastructure, AXA IM - Real Assets and Allianz Capital Partners, in order to hold SFR FTTH, created in 2019 and Covage, acquired in December 2020, and to develop the "Fiber to the home" business within the framework of the private investment zone (AMII / AMEL areas). SFR FTTH is the largest alternative FTTH infrastructure wholesale operator in France with five million homes to be covered within the next years and more to be franchised or acquired. SFR FTTH is specialized in the design, construction and operation of telecommunications networks and infrastructures for local authorities. Covage specializes in the deployment and exploitation of optical fibre operate networks of public or private initiative, in partnership with local communities.

The shareholding percentages of these principal equity associates are indicated in Note 35 – *List of consolidated entities*.

16.2. Condensed financial information on equity associates and joint ventures

The following table presents the breakdown of the condensed financial information on significant equity associates and joint ventures:

Condensed financial information on equity associates and joint ventures	**La Poste Telecom**		**Synerail**		**Synerail Construction**		**SFR FTTH Network Holding**	
(€m)	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Revenues	294.0	282.0	81.9	84.9	3.2	0.1	429.8	82.4
Net income (loss)	(14.0)	(53.0)	5.3	5.9	2.2	0.0	(75.8)	(51.7)
Equity	(91.0)	(76.0)	3.6	10.2	22.6	20.3	3,303.0	3,365.8
Cash (-) / Net debt (+)	31.0	50.7	282.4	334.4	(23.7)	(23.8)	2,391.6	643.7

Total equity and liabilites	58.0	64.0	352.5	414.4	23.7	23.8	7,296.5	4,981.8

These amounts may be subject to homogenization and consolidation restatements by the Group.

17. Other non-current assets

The following table presents the breakdown of other non-current assets:

Other non-current assets **(€m)**	**December 31, 2020**	**December 31, 2019**
Derivative financial instruments (a)	181.0	629.3
Call options with non-controlling interests (b)	27.1	28.5
Loans and receivables (c)	1,575.9	258.3
Other (d)	313.9	112.4
Non-current financial assets	**2,098.0**	**1,028.5**
Other non-current assets (e)	212.5	247.7
Other non-current assets	**2,310.4**	**1,276.2**

(a) Related to swaps (Refer to Note 25 – *Derivative instruments*);
(b) Related to ACS call option;
(c) Concerns a loan to Altice Group Lux for an amount of €1,123.2 million (€258.3 million as of December 31, 2019) and to Altice France Holding for an amount of €452.8 million;
(d) Of which loan to SFR FTTH Network Holding for €201,7 million in order to acquire Covage;
(e) Includes mainly non-current prepaid expenses.

18. Inventories

Inventories **(€m)**	**December 31, 2020**	**December 31, 2019**
Inventories of terminals and accessories	345.7	278.9
Inventories and work in progress	74.8	79.4
Other	22.3	19.0
Inventories - gross value	**442.8**	**377.3**
Impairment	(29.1)	(28.8)
Inventories - net value	**413.8**	**348.5**

Inventories are primarily comprised of handsets (mobile and boxes) and accessories.

The handsets inventories at year-end consist of €91.5 million classified as inventories on deposit with distributors (classified as agents) compared with €84.7 million in 2019.

The inventories and work in progress relate to the activity of ATSF.

19. Trade and other receivables

Trade and other receivables **(€m)**	**December 31, 2020**	**December 31, 2019**
Trade receivables (a) (b)	2,817.7	2,644.1
Impairment of doubtful debts (c)	(683.2)	(760.6)
Trade receivables, net	**2,134.5**	**1,883.5**
Receivables from suppliers	211.6	544.2
Tax and social security receivables	675.5	725.7
Prepaid expenses	351.2	163.2
Non-operating other receivables	30.6	104.9
Trade and other receivables, net	**3,403.3**	**3,421.5**

(a) The trade receivables disclosed above are measured at amortized cost. Due to their short-term maturity, fair value and amortized cost are an estimate for the nominal amount of trade receivables.

(b) On December 30, 2020, the Group entered into an agreement with a financial institution in order to sell receivables due from customers with handset bundles and a pre determined payment plan for the handsets. This program allowed the Group to monetize c. €83 million of receivables (€75 million net of fees) upfront in pursuit of a continuous improvement of its working capital needs. The transaction has been analysed as being an off balance sheet program per IFRS 9, so no debt was recorded against the cash advanced to the Group by the financial institution.

(c) The Group considers that there is no significant risk of not recovering unprovisioned receivables due. The concentration of counterparty risk connected with trade receivables is limited as the Group's customer portfolio is highly diversified and not concentrated given the large number of customers, especially in B2C activities, with many millions of individual customers.
In the B2B segment, the twenty principal customers of the Group represent less than 3% of Group revenue.
In the wholesale business, revenue is more concentrated as the largest customers are the telecommunication operators (Orange, Bouygues Telecom, Free, etc.) and *infrastructure wholesale operator* (as SFR FTTH) for which the risk is moderate given the reciprocal interconnection flows.

20. Current financial assets

Current financial assets **(€m)**	**December 31, 2020**	**December 31, 2019**
Loan Altice Group Lux.	22.4	-
Receivable Altice France Holding	256.9	7.6
Derivative instruments	157.8	-
Other	11.9	16.4
Current financial assets	**449.0**	**24.1**

21. Assets (and liabilities) held for sale

Following the disposal of Libération on September 3, 2020 and the disposal of Altice IO on December 29, 2020, the assets and associated liabilities classified as held for sale as per the provisions of IFRS 5 are nil as of December 31, 2020.

22. Cash and cash equivalents

The following table presents the breakdown of the cash and cash equivalents:

Cash and cash equivalents **(€m)**	**December 31, 2020**	**December 31, 2019**
Cash	511.4	501.5
Cash equivalents	24.3	55.2
Cash and cash equivalents	**535.6**	**556.8**

23. Equity

As of December 31, 2020, Altice France's share capital amounts to €443,706,618 comprising 443,706,618 ordinary shares with a par value of €1 each. There was no change on share capital over the year ended December 31, 2020.

The Group does not hold treasury shares.

The Shareholder's Meeting of May 7, 2019 approved an exceptional dividend distribution at €1.85 per share, for an aggregate amount of €820.0 million, which was deducted from the "Additional paid-in capital" caption.

The Shareholder's Meeting of August 14, 2019 approved an exceptional dividend distribution at €2.37 per share, for an aggregate amount of €1,050.0 million, which was deducted from the "Additional paid-in capital" caption.

The Board of December 19, 2019 approved an interim dividend distribution at €1.13 per share, for an aggregate amount of €501.4 million, which was deducted from the "Reserves" caption.

24. Financial liabilities

24.1. Financial liabilities breakdown

The following table presents the breakdown of financial liabilities:

Financial liabilities breakdown (€m)	Current		Non-current		Total	
	December 31, 2020	**December 31, 2019**	**December 31, 2020**	**December 31, 2019**	**December 31, 2020**	**December 31, 2019**
Bonds	249.4	257.2	10,485.0	9,677.4	10,734.5	9,934.6
Loans from financial institutions	84.3	169.4	6,732.8	7,203.3	6,817.1	7,372.7
Derivative financial instruments	429.2	-	1,218.8	455.8	1,648.0	455.8
Borrowings, financial liabilities and related hedging instruments (*)	**762.9**	**426.7**	**18,436.6**	**17,336.5**	**19,199.5**	**17,763.2**
Finance lease liabilities	20.0	24.3	33.0	42.5	53.0	66.8
Operating lease liabilities	712.5	651.3	2,938.6	2,761.8	3,651.1	3,413.2
Lease liabilities	**732.5**	**675.6**	**2,971.7**	**2,804.3**	**3,704.1**	**3,479.9**
Perpetual subordinated notes	-	-	60.8	56.8	60.8	56.8
Deposits received from customers	31.6	33.9	161.3	166.9	193.0	200.8
Bank overdrafts	2.7	6.2	-	-	2.7	6.2
Securitization	269.6	152.9	-	-	269.6	152.9
Reverse factoring	704.1	601.2	-	-	704.1	601.2
Commercial paper	87.0	149.0	-	-	87.0	149.0
Debt Altice Group	0.5	-	8.5	-	9.1	-
Other (a)	24.5	226.8	85.9	88.4	110.4	315.2
Other financial liabilities	**1,120.1**	**1,170.1**	**316.6**	**312.0**	**1,436.7**	**1,482.1**
Financial liabilities	**2,615.5**	**2,272.3**	**21,724.9**	**20,452.9**	**24,340.3**	**22,725.2**

(*) Including accrued interest.
(a) As of December 31, 2020, this amount includes:
- €31.7 million of liabilities related to the acquisition of non-controlling interests in ERT Luxembourg (€18.0 million), Icart (€6.8 million) and DSP (€5.5 million), compared to €50.1 million as of December 31, 2019 concerning ERT Luxembourg (€41.1 million) and Icart (€9.0 million);
- €68.2 million related to ACS put option.
- €2.2 million related to a current account with Altice Luxembourg (€182.2 million as of December 31, 2019).

Financial liabilities issued in US dollars are converted at the following closing rate:
- As of December 31, 2020: €1 = 1.2225 USD;
- As of December 31, 2019: €1 = 1.1229 USD.

On January 24, 2020, Altice France issued bonds for an aggregate amount of €500 million, due in 2025 and bearing a coupon of 2.125%. The bonds were issued at an OID of 0.5% and an issuance fee of 0.5%. The proceeds from the issuance of these bonds were used to fully repay the revolving credit facility.

On September 15, 2020, Altice France issued €500 million aggregate principal amount of its euro denominated 4.125% Senior Secured Notes due January 15, 2029 and $475 million (€400 million euro equivalent) aggregate principal amount of its dollar denominated 5.125% Senior Secured Notes due January 15, 2029. The bonds were issued at par. The proceeds from the issuance were used to subscribe a loan issued by Altice Group Lux for an aggregate amount of €750 million and repay the revolving credit faciltity which had been drawn for an aggregate amount of €150 million. The revolving credit facility remained undrawn as of December 31, 2020.

24.2. Bonds

The following table presents the breakdown of bonds:

Bonds			Outstanding amount at [1] (€m)	
Original currency	**Maturity**	**Coupon in foreign currency**	**December 31, 2020**	**December 31, 2019**
EUR	January 2025	2.500%	550.0	550.0
EUR	February 2025	2.125%	500.0	-
EUR	February 2027	5.875%	1,000.0	1,000.0
EUR	January 2028	3.375%	1,000.0	1,000.0
EUR	January 2029	4.125%	500.0	-
USD	May 2026	7.375%	4,245.4	4,622.0
USD	February 2027	8.125%	1,431.5	1,558.5
USD	January 2028	5.500%	899.8	979.6
USD	January 2029	5.125%	388.5	-
Total			**10,515.2**	**9,710.0**

(1) Amounts expressed exclude accrued interest (€255.7 million as of December 31, 2020 and €262.5 million as of December 31, 2019) and exclude the impact of the effective interest rate (EIR) (€(36.5) million as of December 31, 2020 and €(38) million as of December 31, 2019). Including accrued interest and impact of the effective interest rate (EIR), the total bond borrowings amounts to €10,734.5 million as of December 31, 2020 and €9,934.6 million as of December 31, 2019.

24.3. Bank borrowings

The following table presents the breakdown of bank borrowings:

Bank borrowings				Margin	Outstanding amount at [2] (€m)	
Currency	**Tranche**	**Maturity**	**Reference interest rate**	**in foreign currency [1]**	**December 31, 2020**	**December 31, 2019**
EUR	B11	July 2025	Euribor 3M	3.000%	1,104.9	1,116.4
EUR	B12	January 2026	Euribor 3M	3.000%	970.0	980.0
USD	B11	July 2025	Libor 3M	2.750%	1,120.9	1,233.0
USD	B12	January 2026	Libor 3M	3.000%	1,705.9	1,876.4
USD	B13	August 2026	Libor 3M	4.000%	2,004.1	2,204.1
Revolving Credit Facility (RCF)					-	90.0
Total					**6,905.8**	**7,499.8**

(1) Interest is payable quarterly at the end of January, April, July and October.

(2) Amounts expressed exclude accrued interest (€32.0 million as of December 31, 2020 and (€21.1 million as of December 31, 2019) and exclude the impact of the effective interest rate (€(126.8) million as of December 31, 2020 and (€(159.7) million as of December 31, 2019). Including accrued interest and impact of EIR, total bank borrowings amounts to €6,811.1 million as of December 31, 2020 and €7,361.3 million as of December 31, 2019. These amounts do not include the bank loan raised by NextRadioTV (€6.0 million as of December 31, 2020 and €11.4 million as of December 31, 2019).

As of December 31, 2020, the Revolving Credit Facility (“RCF”) was not drawn.

Bank loans, excluding the RCF, are amortizable at a rate of 0.25% of the nominal amount each quarter.

24.4. Net financial debt

The following table presents the breakdown of the net financial debt as defined and utilized by the Group:

Net financial debt (€m)	**December 31, 2020**	**December 31, 2019**
Bonds	10,515.2	9,710.0
Loans from financial institutions	6,905.8	7,499.8
Finance lease liabilities	53.0	66.8
Commercial paper	87.0	149.0
Bank overdrafts	2.7	6.2
Other	25.2	68.6
Financial liabilities contributing to net financial debt (a)	**17,589.1**	**17,500.5**
Cash and cash equivalents	535.6	556.8
Net derivative instruments - currency translation impact	(516.0)	755.3
Other items contributing to net financial debt (b)	**19.6**	**1,312.0**
Net financial debt (a) – (b)	**17,569.4**	**16,188.5**

Net financial debt - Altice TV stand-alone (€m)	**December 31, 2020**	**December 31, 2019**
Financial liabilities contributing to net financial debt (c)	**0.0**	**-**
Cash and cash equivalents	5.5	-
Financial assets contributing to net financial debt (d)	**5.5**	**-**
Net financial debt - Altice TV (c) – (d)	**(5.5)**	**-**

Net financial debt - excluding Altice TV	**17,575.0**	**16,188.5**

(a) Liability items correspond to the nominal value of financial liabilities excluding accrued interest, impact of EIR, perpetual subordinated notes, operating debts (notably guarantee deposits, securitization debts and reverse factoring). All these liabilities are converted at the closing exchange rates (Refer to Note 24.6 – *Reconciliation between net financial liabilities and net financial debt*).

(b) Asset items consist of cash and cash equivalents and the portion of the fair value of derivatives related to the currency impact (€516 million as of December 31, 2020 (and €755.3 million as of December 31, 2019). The fair value of derivatives related to the interest rate impacts €(793.2) million as of December 31, 2020 (and €(581.8) million as of December 31, 2019) is not included.

(c) Excluding intercompany current account debt. As of December 31, 2020, Altice TV had a current account liability towards the Altice France restricted Group of €185 million.

24.5. Senior secured debt liquidity risk

The following table breakdowns, for the Group's senior secured debt (bonds, bank loans and RCF) the future undiscounted cash flows (interest payments and repayment of the nominal amount):

Senior secured debt liquidity risk (€m)	**2021**	**2022**	**2023**	**2024**	**2025**	**2026 and beyond**	**Total**
USD bonds	462.9	458.1	439.0	699.9	571.5	7,825.2	10,456.5
USD term loans	184.6	389.5	295.4	266.1	1,297.1	3,613.5	6,046.2
EUR bonds	137.3	137.5	137.5	137.5	1,171.9	2,732.8	4,454.5
EUR term loans	84.2	84.0	82.9	82.4	1,121.3	928.2	2,383.1
RCF	13.0	12.1	8.4	-	-	-	33.5
Total	**882.0**	**1,081.2**	**963.3**	**1,185.9**	**4,161.8**	**15,099.7**	**23,373.9**

The main assumptions used in this schedule are as follows:

US dollar amounts are translated to euros at the closing rate (€1=$1.2225) and flows on USD Bonds and USD Term loans also include flows on derivative instruments (Refer to the specific assumptions for debts denominated in US dollars as described in Note 25.4 – *Liquidity risk on foreign currency debt*).

Calculations of interest are based on the Euribor and Libor rates as of December 31, 2020 (which leads at that date to the application of the floor to floating rate loans in euros but not to floating rate loans in US dollars).

The maturity dates of bonds and loans are positioned at the contractual maturity date (no early repayment is planned).

24.6. Reconciliation between net financial liabilities and net financial debt

In compliance with IAS 7, the following table presents the reconciliation between net financial liabilities in the consolidated statement of financial position and the net financial debt:

Reconciliation between net financial liabilities and net financial debt			
(€m)	**Note**	**December 31, 2020**	**December 31, 2019**
Financial liabilities	24.1	24,340.3	22,725.2
Cash and cash equivalents	22	(535.6)	(556.8)
Derivative instruments classified as asset	17	(338.8)	(629.3)
Net financial debt - consolidated statement of financial position		**23,465.9**	**21,539.2**
Reconciliation:			
Lease liabilities		(3,651.1)	(3,413.2)
Net derivative instruments - rate impact		(793.2)	(581.8)
Accrued interest		(291.6)	(288.9)
EIR		163.3	197.6
Perpetual subordinated notes		(60.8)	(56.8)
Deposits received from customers		(193.0)	(200.8)
Securitization		(269.6)	(152.9)
Reverse factoring		(704.1)	(601.2)
Debt on share purchase		(83.4)	(60.0)
Dividend to pay		(1.9)	(1.9)
Current accounts (a)		(2.3)	(182.4)
Other		(8.8)	(8.5)
Net financial debt		**17,569.4**	**16,188.5**

(a) Of which €2.2 million related to a current account with Altice Luxembourg (€182.2 as of December 31, 2019).

24.7. Reconciliation between change on financial liabilities and flows related to financing

This table presents the reconciliation between change on financial liabilities and flows related to financing as presented in the consolidated statement of cash flows.

Reconciliation between change on financial liabilities and flows related to financing (€m)	**Note**	**December 31, 2019**	**Consolidated statement of cash flows: Net cash flow - financing activities**	**Other flows - non cash**	**December 31, 2020**
Borrowings, financial liabilities and relating hedging instruments		17,336.5	1,319.2	(219.1) [2]	18,436.6
Lease liabilities	22.1	2,804.3	(41.7)	209.0 [1]	2,971.7
Other financial liabilities	23.1	312.0	(31.7) [2]	36.3	316.6
Non-current financial liabilities	**23.1**	**20,452.9**	**1,245.8**	**26.2**	**21,724.9**
Borrowings and financial liabilities	23.1	426.7	(94.1)	430.3 [2]	762.9
Lease liabilities		675.6	(711.2)	768.1 [1]	732.5
Other financial liabilities	23.1	1,170.1	(216.3) [2]	166.3	1,120.1
Current financial liabilities	**23.1**	**2,272.3**	**(1,021.6)**	**1,364.7**	**2,615.5**
Financial liabilities	**23.1**	**22,725.2**	**224.2**	**1,390.9**	**24,340.3**

1 IFRS 16 impacts;
2 Mainly impact of the renegotiation of derivative instruments.

Financing activities - Reconciliation of change in borrowings and other financial liabilities	**224.2**
Interest paid on debt	(743.7)
Lease payment (interest) related to ROU	(113.2)
Other interests paid	(41.6)
Loan to Altice Group	(1,427.6)
Restructuring of swap instruments	236.3
Other	(32.5)
Financing activities - Consolidated statement of cash flows	**(1,898.1)**

24.8. Reverse factoring and securitization

Reverse factoring

Since 2015, SFR has entered into reverse factoring agreements with several banking partners (BNP Paribas, Société Générale, Citibank) and twenty of its main services or equipments providers; each partner pays the invoices of these suppliers at the original due date of the invoices.

As part of these programs, SFR undertakes to pay to the banking partner 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 totaled €704.0 million (excluding accrual interests €4.0 million). When the supplier invoice is paid by the financial partner on behalf of SFR, the company recognises a decrease in accounts payables and an increase in financial debt.

Securitization

As part of the measures implemented by the Group to manage its cash flow, SFR and Completel have concluded since 2015 and 2016 a non-recourse securitization agreement for their Business services segment portfolio receivables with Ester Finance Titrisation, a 100% owned subsidiary of the Crédit Agricole Corporate and Investment Banking group. Ester Finance Titrisation has committed to purchase these receivables for a new 5-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 €269.6 million for these two programs. 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 recognised on the balance sheet corresponding to the outstanding balance of receivables.

On December 30, 2020, the Group entered into an agreement with Ester finance titration in order to sell receivables due from customers with handset bundles and a pre-determined payment plan for the handsets. Refer to Note 19 – *Trade and other receivables.*

25. Derivative instruments

25.1. Fair value of derivative instruments

The following table presents the derivative instruments fair value:

Note	Type (€m)	Underlying element	December 31, 2020	December 31, 2019
24.2		2026 USD bonds	(325.0)	240.7
		2027 USD bonds	43.8	120.8
		2028 USD bonds	(57.6)	3.6
24.3	Cross-currency Swaps	January 2026 USD term loan	(153.9)	(2.2)
		July 2025 USD term loan	(5.5)	167.9
		August 2026 USD term loan	(275.6)	(29.1)
		January 2029 USD term loan	(23.9)	-
		Fixed rate - Floating rate USD	(475.5)	(291.4)
	Interest rate swaps	Fixed rate - Euribor 3 months	(36.9)	(26.1)
		Swap Libor 1 month - Libor 3 months	1.0	(10.7)
17		Derivative instruments classified as assets	338.8	629.3
24.1		Derivative instruments classified as liabilities	(1,648.0)	(455.8)
		Net Derivative instruments	**(1,309.2)**	**173.5**
		O/w currency effect	*(516.0)*	*755.3*
		O/w interest rate effect	*(793.2)*	*(581.8)*

In accordance with IFRS 9, the Group uses the fair value method to recognize its derivative instruments.

The fair value of derivative financial instruments (cross currency swaps) traded over-the-counter is calculated on the basis of models commonly used by traders to measure these types of instruments. The resulting fair values are checked against bank valuations.

The measurement of the fair value of derivative financial instruments includes a "counterparty risk" component for asset derivatives and an "own credit risk" component for liability derivatives. Credit risk is measured using a simplified model derived from Basel II for calculating exposure risk and using market data to determine the probability of default.

As these swaps did not qualify for hedge accounting, the change in fair value is recognized directly in profit and loss.

For the year ended December 31, 2020, the following changes were made to the Group's derivative instruments:

- Altice France Holding mirror swap: the Group entered into a back to back swap with its direct shareholder, Altice France Holding, in order to hedge a new dollar denominated debt issued by Altice France Holding. The characteristics of the swap are as follows:
  - Altice France with financing counterparties: CCS with a USD leg of $1,150.9 million/ EUR leg of €1,046.0 million with a USD receiving rate of 6.00% and a EUR paying rate of 4.06%;
  - Altice France with Altice France Holding: CCS with a EUR leg of €1,046.0 million/USD leg of $1,150.9 million with a USD paying rate of 6.00% and a receiving rate of EUR 4.06%.
- The Group also entered into a new cross currency swap agreement in order to hedge the 2029 USD notes.
  - A EUR/USD CCS swap with a EUR leg of €400 million and a USD receiving leg of $475 million with a Eur paying rate of 4.156% and a USD receiving rate of 5.125%.

The Group modified the conditions of existing swaps associated with the 2026 USD notes and the TLB 11 loan:

Nominal USD Receiving	Nominal EUR paying - Old	Interest rate - EUR paying - Old	Nominal EUR paying - New	Interest rate - EUR paying - New	Cash premium received
262.0	189.5	6.790%	239.4	5.840%	49.8
96.0	69.0	6.790%	86.0	5.860%	17.0
280.0	202.0	6.770%	258.0	5.660%	56.0
120.0	87.0	7.070%	104.0	6.500%	17.0
213.0	177.5	5.990%	194.0	5.850%	16.5
117.0	84.0	6.780%	104.0	5.890%	20.0
204.0	148.0	Euribor 3m + 4.585%	189.0	Euribor 3m + 4.295%	41.0
130.0	94.0	Euribor 3m + 4.850%	113.0	Euribor 3m + 4.640%	19.0

Following these modifications, the Group received a net amount of €236.3 million as cash from the restrike of the CCS, which was also recorded as income in the consolidated statement of income. The income was offset by a negative variation of the fair value of the restructured CCS swaps. The realized and unrealized FX gain on CCS is offset by the unrealized FX loss on the debts.

Other modifications to the Group's derivative instruments are listed below.

- Modification of a USD receiving/EUR paying CCS ($851.9 million/€768.4 million), where the EUR paying rate was changed from 5.744% to 4.783%. The Group also entered into a new fixed to floating swap with the same counterparty, for the same nominal amounts, with USD receive rate of USD Libor 6m+ 3% and a EUR paying rate of 4.783%. This new swap has a forward start in May 2026, with a maturity date of May 2030.
- Removal of mandatory breaks on a swap nominal of $1,790 million associated with the USD TLB 12. Previous mandatory breaks were all positioned in 2020. Following the removal of the mandatory breaks, the Euro paying rate was adjusted for almost all legs of the swap. The new weighted average euro paying rate increased from Euribor 3m + 3.5598% to Euribor 3m + 3.68%.

25.2. Cross currency swaps

Cross currency swaps subscribed by the Group are intended to neutralize the exchange rate impacting future financial flows (nominal amount, coupons) or to convert the Libor exposure for drawdowns in US dollars for the Term Loan into Euribor exposure.

The following table details the hedges established:

(in items millions)	Notional USD	Notional EUR	Fixed rate / Margin USD	Fixed rate / Margin EUR	Initial exchange date	Final exchange date [1]
2026 bonds	1,989.0	1,644.0	7.375%	6.213%	none	July 15, 2024
2026 bonds	2,349.1	2,069.6	7.375%	5.759%	April 11, 2016	April 15, 2024
2026 bonds	851.9	768.4	7.375%	4.783%	July 15, 2019	May 1, 2026
2027 bonds	1,735.5	1,435.3	8.125%	6.147%	none	Feb. 1, 2027
2028 bonds	1,100.0	995.6	5.500%	3.322%	Sept. 27, 2019	Jan. 15, 2028
2029 bonds	475.0	400.2	5.125%	4.156%	Sept. 18, 2020	Jan. 15, 2029
2025 term loan	1,424.7	1,164.2	L+4.250%	E+4.415%	none	Jan. 15, 2024
2026 A term loan	550.0	498.1	L+3.250%	E+2.926%	August 3, 2015	July 31, 2022
2026 A term loan	1,240.0	1,095.6	L+4.000%	E+4.272%	Nov. 10, 2015	Jan. 31, 2023
2026 A term loan	350.0	298.1	L+3.000%	E+2.76%	Oct. 31, 2017	Jan. 15, 2026
2026 B term loan	2,514.5	2,072.9	L+4.000%	5.501%	April 30, 2015	August 15, 2026
Total	**14,579.7**	**12,442.2**				

1 Banks benefit from a five-year termination clause in their favor:

- In April, November 2022 and July 2024 for 2026 bonds;
- In July, August and September 2023 for 2027 bonds;
- In September and October 2024 for 2028 bonds;
- In September 2025 for 2029 bonds;
- In April 2021 and April 2022 for the 2025 loan;
- In January and October 2022 for the 2026 A loans;
- In May and July 2022 and January, June, July and August 2023 for the 2026 B loan.

Banks may thus unilaterally terminate the hedging agreement and have Altice France pay, or pay the balance under the agreement to Altice France (depending on the market conditions at such time).

25.3. Interest rate swaps

As of December 31, 2020, the interest rate swap listed below was still active:

- Principal: €4,000.0 million;
- Altice France pays a negative fixed rate of 0.121% against floating three-month Euribor;
- Maturity: January 2023;
- Frequency of swaps: quarterly (January, April, July, and October).

This swap has an early termination option (held by counterparty) starting from January 2021. As this swap did not qualify for hedge accounting, the change in its fair value is recognized directly in profit and loss.

During the year, the Group set up two new interest rate swaps in order to match the one month interest's period of the term loans TLB 11 and TLB 12 in US dollars.

Hedge transactions are detailed in the table below:

Hedged items	Currency	Notional (€m)	Fixed rate / Margin Pay USD	Fixed rate / Margin Receive USD	Initial exchange date	Final exchange date
B11	USD	1.377	L3M -0.205%	L1M	April 30, 2020	April 30, 2021
B12	USD	2.102	L3M -0.205%	L1M	April 15, 2020	Avril 15, 2021
Total		**3.479**				

As those swaps did not qualify for hedge accounting, the change in their fair value is recognized directly in profit and loss.

The Group also entered into new IRS swaps for a total nominal amount of €3,400 million, with two legs as described below:

Hedged items	Currency	Notional (€m)	Fixed rate / Margin Pay USD	Fixed rate / Margin Receive USD	Initial exchange date	Final exchange date
2026 Bond	EUR	3.400	E6M + 3%	6.1388%	January 15, 2020	April 15, 2024
2026 Bond	EUR	3.400	4.6269%	E6M + 3%	January 15, 2020	Avril 15, 2030

On an annual basis, the above IRS will allow the Group to economise €51.4 million in cash interest expense from 2020 to 2024.

Given that the swaps above were entered with the same counterparties at the same time, the Group has considered that the two legs constitute a single swap and hence has valued the swaps as such, especially for the calculations of the counterparty credit risk.

25.4. Liquidity risk on foreign currency debts

The following table breakdown, for the bonds and loans denominated in dollars, the future undiscounted cash flows (interest payments and repayment of the nominal amount).

(€m)	2021	2022	2023	2024	2025	2026 and beyond	Total
USD Bonds (a)	**462.9**	**458.1**	**439.0**	**699.9**	**571.5**	**7,825.2**	**10,456.6**
Flows in USD	498.6	498.8	498.8	498.8	498.8	7,578.3	10,072.2
Swap - Flows in USD	(3,035.9)	(420.7)	(1,670.6)	(2,490.0)	(409.3)	-	(8,026.4)
Swap - Flows in EUR	3,000.1	379.9	1,610.8	2,691.0	482.0	246.9	8,410.8
USD Term loans (b)	**184.6**	**389.5**	**295.4**	**266.1**	**1,297.1**	**3,613.5**	**6,046.2**
Flows in USD	223.9	231.7	232.3	237.4	1,297.1	3,613.5	5,835.9
Swap - Flows in USD	(700.2)	(2,073.3)	(2,346.2)	(276.2)	-	-	(5,395.9)
Swap - Flows in EUR	660.8	2,231.1	2,409.3	304.8	-	-	5,606.2
Total = (a)+(b)	**647.4**	**847.6**	**734.5**	**965.9**	**1,868.6**	**11,438.7**	**16,502.8**

The main assumptions used in this schedule are as follows:

- Amounts in dollars are translated to euros at the closing rate (€1 = $1.2225).
- Calculations of interest are based on the Euribor and Libor rates as of December 31, 2020 (which leads at that date to applying the floor on variable rate loans).
- The maturity dates of bonds and loans are positioned at the contractual maturity date (no early repayment is planned).
- The final trade date for the swaps was scheduled for the closer of (i) the final trade date provided for in the swap agreement and, where applicable, (ii) the date on which the banks have the option to terminate the agreement early.

26. Obligations under leases

26.1. Lessee

Following the adoption of IFRS 16, the Group recognizes right-of-use assets and lease liabilities for contract that contains a lease.

The following table presents, for the lessee, the contractual undiscounted cash flows related to lease payments:

Obligation under leases	December 31, 2020		December 31, 2019	
(€m)	Operating leases	Finance leases	Operating leases	Finance leases
Less than one year	815.6	21.6	753.8	26.2
Between one and two years	755.5	14.3	686.3	35.9
Between two and three years	713.6	8.3	652.4	5.6
Between three and four years	594.4	7.1	626.3	1.3
Five years and beyond	1,168.1	5.5	1,138.3	1.9
Total future payments	**4,047.2**	**56.7**	**3,857.2**	**70.8**
Future finance expenses	(396.1)	(3.6)	(444.1)	(4.0)
Discounted value of contracts	**3,651.1**	**53.0**	**3,413.2**	**66.8**
Included in the financial liabilities breakdown:				
- Lease liabilities current	712.5	20.0	651.3	24.3
- Lease liabilities non-current	2,938.6	33.0	2,761.8	42.5

26.2. Lessor

The following table presents, for the lessor, the contractual undiscounted cash flows related to lease income:

Lessor - operating lease revenues maturity (€m)	**31 Décembre 2020**	**31 Décembre 2019**
Less than one year	49.4	43.7
Between one and two years	44.4	36.3
Between two and three years	42.3	34.4
Between three and four years	39.9	32.3
Five years and beyond	315.7	214.9
Total future payments	**491.8**	**361.6**

The amount of lease income recognized in the income statement amounts to €51.0 million for the year ended December 31, 2020 compared to €47.6 million for the year ended December 31, 2019.

27. Provisions

The following table presents the breakdown of provisions:

Provisions	**December 31, 2020**					
(€m)	**Opening**	**Addition**	**Utilization**	**Reversal and changes of accounting estimates**	**Other**	**Closing**
Employee benefit provisions	164.7	14.0	(3.6)	(0.0)	(1.8)	173.3
Restructuring charges	6.7	53.7	(34.0)	(0.4)	(1.3)	24.6
Technical site restoration (a)	90.6	2.8	(4.2)	(0.4)	7.6	96.4
Litigation and other (b)	347.5	30.2	(61.1)	(27.8)	9.3	298.1
Provisions	**609.5**	**100.7**	**(102.8)**	**(28.7)**	**13.7**	**592.4**
Current	*149.5*	*77.4*	*(89.0)*	*(25.0)*	*6.4*	*119.3*
Non-current	*460.0*	*23.2*	*(13.8)*	*(3.7)*	*7.3*	*473.1*

(a) Site restoration expenses: the Group has an obligation to restore the technical sites of its network at the end of the lease when they are not renewed or are terminated early.

(b) Litigation and other: these are included in provisions mainly when their amounts and types are not disclosed, because disclosing them may harm the Group. Provisions for litigation cover the risks connected with court action against the Group (Refer to Note 34 – *Litigation*). All provisioned disputes are currently awaiting hearing or motions in a court. The unused portion of provisions recognized at the beginning of the period reflects disputes that have been settled by the Group paying amounts smaller than those provisioned, or to a downward re-assessment of the risk.

The table for fiscal year 2019 is presented below:

Provisions	**December 31, 2019**					
(€m)	**Opening**	**Addition**	**Utilization**	**Reversal and changes of accounting estimates**	**Other**	**Closing**
Employee benefit provisions	131.9	13.0	(1.0)	(0.4)	21.2	164.7
Restructuring charges	24.6	3.0	(13.5)	(7.4)	0.0	6.7
Technical site restoration	88.3	2.5	(4.0)	(0.0)	3.8	90.6
Litigation and other	448.0	168.6	(85.3)	(49.2)	(134.7)	347.5
Provisions	**692.9**	**187.0**	**(103.8)**	**(57.0)**	**(109.7)**	**609.5**
Current	*216.5*	*46.2*	*(48.1)*	*(25.7)*	*(39.5)*	*149.5*
Non-current	*476.4*	*140.9*	*(55.7)*	*(31.3)*	*(70.2)*	*460.0*

28. Post-employment benefits

All Group employees benefit from severance packages upon retirement based on the collective bargaining agreement with the company to which they are attached.

The rights to conventional retirement benefits vested by employees were evaluated individually, based on various parameters and assumptions such as the employee's age, position, length of service in the Group and salary, according to the terms of their employment agreement.

28.1. Assumptions used for defined-benefit plans

Assumptions used for defined-benefit plans	**December 31, 2020**	**December 31, 2019**
Discount rate	0.40%	0.60%
Expected salary increase rate	2.00%	2.00%
Inflation rate	2.00%	2.00%

Demographic assumptions are specific to each company.

28.2. Change in commitments

Change in commitments **(€m)**	**December 31, 2020**	**December 31, 2019**
Benefit obligation - opening balance	**164.7**	**131.9**
Service cost	13.0	10.5
Interest cost	1.0	2.0
Actuarial loss (gain)	1.3	24.2
Benefit paid	(1.6)	(1.0)
Business combinations	-	(2.3)
Restructuring	(1.9)	(0.0)
Reclassification to liabilities directly associated to assets held for sale	(3.1)	(0.6)
Benefit obligation - closing balance	**173.3**	**164.7**

The Group has no plan assets as of December 31, 2020 and as of December 31, 2019.

28.3. Breakdown of recognized expense in the consolidated statement of income

Breakdown of recognized expense in the consolidated statement of income **(€m)**	**December 31, 2020**	**December 31, 2019**
Service cost	13.0	10.5
Interest cost	1.0	2.0
Restructuring	(1.9)	(0.0)
Benefit paid	(1.6)	(1.0)
Net expense of post-employment benefits	**10.5**	**11.5**

28.4. Actuarial gains and losses recognized in comprehensive income

Actuarial gains and losses recognized in comprehensive income **(€m)**	**December 31, 2020**	**December 31, 2019**
Actuarial (losses) /gain from experience	1.1	(0.5)
Actuarial (losses)/ gain from changes of assumptions	(2.4)	(23.7)
Actuarial losses (gains) recognized in comprehensive income	**(1.3)**	**(24.2)**
Actuarial losses (gains) cumulated in comprehensive income (OCI)	**(24.7)**	**(23.4)**

28.5. Sensitivities

The following table presents the impact of a change in discount rate within more or less 0.25 point for the actuarial liability:

Sensitivities (€m)	December 31, 2020	December 31, 2019
Benefit obligation at 0.15%	179.1	171.6
Benefit obligation at 0.40%	**173.3**	**164.7**
Benefit obligation at 0.65%	165.6	158.1

28.6. Maturity of post-employment benefits

The estimated amount (in nominal value) of the benefits to be paid in the next ten years is as follows:

Maturity of post-employment benefits (€m)	Total	Under one year	Two to five years	Six to ten years
Estimated benefits payable	**66.4**	1.2	9.0	56.1

29. Other non-current liabilities

The following table presents the breakdown of other non-current liabilities:

Other non-current liabilities (€m)	December 31, 2020	December 31, 2019
Licenses (a)	395.4	1.0
Other	20.5	23.8
Other non-current liabilities	**415.9**	**24.8**

(a) Concerns 5G license.

30. Trade payables and other current liabilities

Trade payables and other current liabilities (€m)	December 31, 2020	December 31, 2019
Trade payables	2,706.6	2,767.9
Payables from purchase of intangible and tangible assets	1,122.3	634.8
Advances and deposits from customers, credit customers	334.9	283.4
Tax liabilities	697.0	761.0
Social security liabilities	386.4	381.5
Other current liabilities	38.0	87.2
Trade payables and other current liabilities	**5,285.1**	**4,915.8**

31. Financial instruments

31.1. Fair value of financial instruments

The following table presents the net carrying amount per category and the fair value of the Group's financial instruments at December 31 of each year:

Fair values of assets and liabilities (€m)	Note	December 31, 2020		December 31, 2019	
		Carrying value	Fair value	Carrying value	Fair value
Cash and cash equivalents	22	535.6	535.6	556.8	556.8
Other financial assets		291.2	291.2	24.1	24.1
Current assets		**984.7**	**984.7**	**580.8**	**580.8**
Derivatives		181.0	181.0	629.3	629.3
Call options on non-controlling interests		27.1	27.1	28.5	28.5
Other financial assets		1,889.9	1,889.9	370.7	370.7
Non-current assets	**17**	**2,098.0**	**2,098.0**	**1,028.5**	**1,028.5**
Short term borrowings and financial liabilities		333.7	333.7	426.7	426.7
Lease liabilities		732.5	732.5	675.6	675.6
Reverse factoring and securitisation		973.7	973.7	754.1	754.1
Accrued interest		3.8	3.8	5.2	5.2
Commercial paper		87.0	87.0	149.0	149.0
Other financial liabilities		55.6	55.6	261.8	261.8
Current liabilities	**24.1**	**2,615.5**	**2,615.5**	**2,272.3**	**2,272.3**
Long term borrowings and financial liabilities		17,217.8	17,671.0	16,880.7	17,622.0
Put options with non-controlling interests		68.2	68.2	40.0	40.0
Derivatives		1,218.8	1,218.8	455.8	455.8
Lease liabilities		2,971.7	2,971.7	2,804.3	2,804.3
Other financial liabilities		248.4	248.4	272.0	272.0
Non-current liabilities	**24.1**	**21,724.9**	**22,178.1**	**20,452.9**	**21,194.2**

During the year, there was no transfer of assets or liabilities between levels of the fair value hierarchy. The Group's trade and other receivables and trade and other payables are not shown in the table above as their carrying amounts approximate their fair values.

With the exception of derivatives and put and call options on non-controlling interests, loans and other short-term and long-term financial debts, and other current and non-current financial liabilities are measured at their amortized cost, which corresponds to the estimated value of the financial liability when initially recognized, minus repayments of principal, and plus or minus cumulative amortization, measured using the effective interest rate method.

Derivatives are measured at fair value through the income statement, or through other items of comprehensive income, for the effective portion of the change in fair value of derivatives qualifying as cash flow hedges. Put and call options are measured at fair value through equity. As of December 31, 2020, no derivative was qualified for hedge accounting.

Fair value measurement through the consolidated statement of financial position

Fair value is calculated using market prices. When market prices are not available, an analysis of discounted cash flow is carried out or a business model applied.

The following table provides information on the fair values of financial assets and financial liabilities, their valuation technique, and the fair value hierarchy of the instrument given the inputs used in the valuation method.

Fair value measurement (€m)	Fair value hierarchy	Valuation technique	31 Décembre 2020	31 Décembre 2019
Financial liabilities				
Derivative financial instruments	Level 2	Discounted cash flows	1,648.0	455.8
Minority put option - Intelcia	Level 3	Discounted cash flows	68.2	40.0
Financial assets				
Derivative financial instruments	Level 2	Discounted cash flows	338.8	629.3
Minority call option - Intelcia	Level 3	Black and Scholes model	27.1	28.5

31.2. Financial risk management and derivative instruments

The Group's treasury department provides services, coordinates access to national and international financial markets, measures and manages the financial risks connected with the Group's activities. These risks include market risks (mainly exchange rate and interest rate risks), credit risks and liquidity risks. The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures.

31.3. Currency risk

The Group's exchange rate risk relates to bond issues and bank borrowings denominated in US dollars.

The Group's borrowings arranged in US dollars are fully hedged by derivative instruments in the form of cross currency swaps.

The following table presents the impact of hedging on the initial debt (at the debt issue date), before and after hedging.

Original amount, expressed in millions		Initial position		Hedging instrument		Final position	
	Currency	In foreign currency	In euros	In foreign currency	In euros	In foreign currency	In euros
2026 Bonds	USD	(5,190.0)	-	5,190.0	(4,194.0)	-	(4,194.0)
2027 Bonds	USD	(1,750.0)	-	1,750.0	(1,300.3)	-	(1,300.3)
2028 Bonds	USD	(1,100.0)	-	1,100.0	(995.5)	-	(995.5)
2029 Bonds	USD	(475.0)	-	475.0	(400.2)	-	(400.2)
2025 Term Loan	USD	(1,370.3)	-	1,424.7	(1,164.2)	54.4	(1,164.2)
2026 A Term Loan	USD	(2,085.5)	-	2,140.0	1,891.9	54.5	1,891.9
2026 B Term Loan	USD	(2,450.0)	-	2,514.5	(2,072.9)	64.5	(2,072.9)
Total		**(14,420.8)**	**-**	**14,594.2**	**(8,235.2)**	**173.4**	**(8,235.2)**

The following table presents the impact of hedging on the residual debt as of December 31, 2019 before and after hedging:

Amounts as of December 31, 2019, expressed in millions		Initial position		Hedging instrument		Final position	
	Currency	In foreign currency	In euros	In foreign currency	In euros	In foreign currency	In euros
2026 Bonds	USD	(5,190.0)	-	5,190.0	(4,194.0)	-	(4,194.0)
2027 Bonds	USD	(1,750.0)	-	1,750.0	(1,300.3)	-	(1,300.3)
2028 Bonds	USD	(1,100.0)	-	1,100.0	(995.5)	-	(995.5)
2025 Term Loan	USD	(1,398.7)	-	1,391.7	(1,011.5)	(7.0)	(1,011.5)
2026 A Term Loan	USD	(2,128.5)	-	2,117.9	(1,881.7)	(10.6)	(1,881.7)
2026 B Term Loan	USD	(2,500.0)	-	2,500.0	(2,061.0)	-	(2,061.0)
Total		**(14,067.2)**	**-**	**14,049.6**	**(11,444.0)**	**(17.6)**	**(11,444.0)**

As of December 31, 2020, a 10% change in value of the euro against the US dollar would have, given the assets and liabilities on the consolidated statement of financial position, an immaterial impact on the Group's currency translation results given the hedging instruments set up by the Group. For the purposes of this analysis, all other variables, in particular interest rates, are assumed to remain unchanged.

31.4. Rate risk

Interest rate risk

The Group is exposed to interest rate risks mainly on bank borrowings on a variable interest rate basis. The Group limits such risks, when it considers appropriate, through interest rate swaps and interest rate caps.

Interest rate sensitivity analysis

The analysis of sensitivity to interest rate fluctuations for instruments at variable rates takes into accounts all variable flows of financial instruments. The analysis assumes that the liabilities and financial instruments on the consolidated statement of financial position as of December 31, 2020 remain unchanged over the year. For the purposes of this analysis, all other variables, in particular exchange rates, are assumed to remain unchanged.

A 50 basis point rise or fall in the Euribor at the period-end date would not have material impact on the cost of gross debt.

31.5. Liquidity risk management

The Group manages liquidity risk by maintaining adequate levels of cash, cash equivalents and lines of credit, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Cash position including cash equivalents

As of December 31, 2020, Altice France's cash position more than covered the repayment schedules of its current financial debt:

Liquidity risk management (€m)	**December 31, 2020**
Cash	511.4
Cash equivalents	24.3
Amount available for drawing from lines of credit (a)	1,414.9
Cash position	**1,950.6**

(a) Of which €1,114.9 million of undrawn RCF at Altice France and €300.0 million of undrawn RCF at Hivory.

31.6. Management of credit risk and counterparty risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. Financial instruments that could increase credit risk are mainly trade receivables, cash investments and derivative instruments.

Trade receivables

The Group considers that it has extremely limited exposure to concentrations of credit risk with respect to trade accounts receivable due to its large and diverse customer base (residential and public institutions) operating in numerous industries across France.

Cash investments and derivative instruments

Altice France is exposed to bank counterparty risk in its investments and derivatives, and therefore uses strict criteria when selecting public, financial or industrial institutions in which to invest or contract derivatives, in particular in terms of their financial rating.

To a lesser extent, Altice France is exposed to counterparty risk between companies of the Group by the contractualisation of derivatives

32. Related party transactions

Parties related to the Group include:

- All companies included in the consolidation scope, regardless of whether they are fully consolidated or equity associates.
- Altice Europe, the entities that it consolidates and its related parties.
- All the members of the Executive Committee of Altice France and companies in which they hold a directorship.

Transactions between fully consolidated entities within the consolidation scope have been eliminated when preparing the consolidated financial statements. Details of transactions between the Group and other related parties are disclosed below.

32.1. Senior executive compensation

The Group's senior executives include members of Altice France's Executive Committee.

The following table presents the compensation allocated to individuals who were, at period-end, or had been in previous years, members of the Executive Committee:

Senior executive compensation (€m)	**December 31, 2020**	**December 31, 2019**
Short-term benefits (a)	12.2	10.4
Share-based compensation (b)	(51.2)	27.1
Executive compensation	**(39.1)**	**37.5**

(a) Includes gross salaries (fixed component and variable component), profit-sharing as well as benefits in kind recognized during the year.

(b) In 2019, re-invoicing of the expense related to free preference shares allotted to the CEO of Altice France by Altice Europe. In 2020, this amount concerns the credit notes related to the cancellation of certain allocation of free preference shares allotted in 2018 and 2019.

32.2. Associates and joint ventures

Associates and joint ventures, measured through equity, are presented in Note 16 – *Investments in associates and joint ventures*.

The main transactions with equity associates (EA) and joint ventures (JV) relate to:

- La Poste Telecom (EA) as part of its telecommunication activities;
- Synerail (JV) part of the GSM-R public-private partnership;
- SFR FTTH Network Holding (JV) and its subsidiaries as part of the network deployment in AMII zones.

Associates and joint ventures **(€m)**	**December 31, 2020**	**December 31, 2019**
Assets	**575.3**	**225.0**
Non-current assets	211.1	10.4
Current assets	364.2	214.6
Liabilities	**132.0**	**106.2**
Non-current liabilities	-	-
Current liabilities	132.0	106.2
Off balance-sheet commitments	**66.2**	**58.7**
Operating	-	-
Financial	54.4	45.1
Pledges	11.8	13.6

Associates and joint ventures **(€m)**	**December 31, 2020**	**December 31, 2019**
Statement of income	**988.5**	**833.7**
Revenue	1,050.0	870.5
Operating expenses	63.4	37.3
Financial income	1.9	0.4

32.3. Shareholders

As of December 31, 2020, the overview of these transactions are as follows:

Related parties transactions - shareholders **(€m)**	**December 31, 2020**	**December 31, 2019**
Assets	**2,476.4**	**792.5**
Non-current financial assets (a)	1,691.2	290.5
Non-current operating assets (b)	429.1	439.1
Current financial assets (c)	288.7	10.7
Current operating assets	67.4	52.2
Liabilities	**523.7**	**703.2**
Non-current financial liabilities (d)	410.5	426.8
Current financial liabilities (e)	38.1	218.0
Operating liabilities	75.1	58.4

(a) Of which a loan to Altice Group Lux €1,123.2 million as of December 31, 2020 (€258.3 million as of December 31, 2019), a loan to Altice France Holding €452.8 million and intercompany swap for €86.4 million;
(b) Concerns mainly the transaction with SCI Quadrans;
(c) Of which receivables with Altice France Holding: €262.6 million;
(d) Concerns mainly the transaction with SCI Quadrans;
(e) Concerns mainly the transaction with SCI Quadrans in 2020; the current account with Altice Luxembourg (€182.2 million as of December 31, 2019) has been partially repaid in 2020.

The amounts related to right of use and financial liabilities concerning the transaction with SCI Quadrans (which is majority owned by the Company's controlling shareholder) are recorded under IFRS 16.

For the record, in 2020, the Group acquired Altice Picture from AENS; refer to Note 4.6 - *Transfer of sports rights to Altice France.*

The transactions with related parties in the income statement are presented below:

Related parties transactions - shareholders (€m)	December 31, 2020	December 31, 2019
Operating income	37.6	102.6
Operating expenses	89.2	247.0
Financial income	148.5	-
Financial expenses	37.5	38.2
Net income (loss)	**59.5**	**(182.5)**

These transactions are carried out as part of the Group's activity, mainly with the following entities:

- Hot, Portugal Telecom: telecommunication services;
- AENS: television royalties and content;
- Altice Europe and Altice Luxembourg: management fees;
- SCI Quadrans: rental of real estate.

As of December 31, 2020, the significant changes in the statement of income concern:

- Decrease in the operating income and expenses mainly due to sports rights previously invoiced by AENS. Following the transfer of sports rights by AENS to Altice Picture and the disposal of Altice Picture to SportCoTV on July 8, 2020, the related parties "Statement of Income" include transactions with Altice Picture until the disposal date; refer to Note 4.6 – *Transfert of sports rights to Altice France*.
- Increase in the financial income related to swaps €92.0 million and €56.5 million interests on Altice Group Lux and Altice France Holding loan.

The expenses include management fees from Altice Europe for €19.6 million as of December 31, 2020 (€18.2 million as of December 31, 2019).

Investments made amount to €17.5 million as of December 31, 2020 (€24.1 million as of December 31, 2019).

As of December 31, 2020, there are no commitment given to Altice Europe. The commitments disclosed in 2019 were related to Altice Picture which is now a subsidiary of Altice France.

33. Commitments and contractual obligations

The significant contractual commitments undertaken or received by the Group are disclosed below.

33.1. Commitments related to bonds and term loans

In May 2014, the Group issued bonds and set up term loans to refinance its historic debt and fund a portion of the SFR acquisition. In July 2015, in the form of an additional facility under the same legal documentation as the loans taken out in May 2014, the Group set up new term loan for the purpose of refinancing its revolving credit lines. Then, in order to fund a portion of the December 2015 distribution, the Group took out a term loan in October 2015. The latter was also structured as an additional tranche under the existing documentation. In April 2016, the Group set up new bonds and term loans for the purpose to refinance a portion of the loans raised in 2014. In October 2016, the Group set up new term loan tranches. The loans setting up in 2016 were structured as additional debt under the existing documentation. In April and October 2017, the Group refinanced some of its term loans and were structured as additional debt under the existing documentation. In July and August 2018, the Group refinanced bonds in euros and dollars with a maturity at 2022. In September 2019, the Group refinanced its USD and EUR notes due in 2024. During the year ended December 31, 2020, the Group issued new EUR and USD denominated notes due in 2029.

Those bonds have been structured as additional debt under the existing documentation.

As part of these various loans, established under the same financial documentation, a certain number of Group subsidiaries (Altice France, SFR, Ypso France, Altice B2B France, SFR Fibre, Numericable US LLC, Numericable US SAS, Completel, Ypso Finance merged by Ypso France, SFR Presse Distribution and SFR Presse) pledged certain assets to banks (equity instruments of Group companies, bank accounts intercompany loans, trademarks and goodwill).

Additionally, in the event of a change in control (should a company other than Altice Europe, an affiliate of Altice Europe or any successor of Altice Europe come to hold more than 50% of Altice France), the Group would have to offer to repay its debt for an amount equal to 101% of the amount outstanding on that debt.

Term loans and Bonds issued also include certain restrictions that limit the Group’s ability to:

- Incur or guarantee any additional debt, subject to a consolidated net debt leverage ratio (4.5x for total debt and 3.25x for bonds);
- Draw the RCF line subject to a consolidated net debt leverage ratio of 4.5x;
- Make investments or other payments that are subject to restrictions (including dividends);
- Grant sureties;
- Dispose of subsidiaries’ assets and equity instruments;
- Conclude certain transactions with its affiliates;
- Enter into agreements limiting the ability of its subsidiaries to pay it dividends or repay intercompany loans and advances; and
- Carry out mergers or consolidations.

33.2. Commitments related to assets (excluding network sharing)

The contractual commitments to acquire intangible assets and property, plant and equipment amount to €878.1 million as of December 31, 2020. The amount includes commitments related to the use of telecommunications systems.

The following table presents the commitment schedule:

Investment commitments (€m)	**Minimum future payments 2020**	**Maturity**			**December 31, 2019**
		Less than one year	**Two to five years**	**More than five years**	
Commitments related to Delegated Public Services	3.2	3.2	-	-	5.9
Commitments related to Less Dense Areas ZMD (a)	34.5	22.9	11.6	-	58.0
of which commitments given	*34.5*	*22.9*	*11.6*	-	*58.0*
of which commitments received	-	-	-	-	-
Other investment	840.5	816.4	24.0	0.1	613.4
Total net investment commitments	**878.1**	**842.5**	**35.5**	**0.1**	**677.3**

(a) Commitments related to the deployment of FTTH (“Fiber To The Home”) in less densely populated areas (ZMD).

33.3. Agreement to share part of SFR’s mobile network

On January 31, 2014, SFR and Bouygues Telecom signed a strategic agreement to share their mobile networks. They will deploy a new shared-access mobile network in an area covering 57% of the population. The agreement allows the two operators to improve their mobile coverage and to achieve significant savings over time.

The agreement is based on two principles:

- Create a special purpose joint venture (Infracos) to manage the shared assets of the radio sites, i.e., the passive infrastructures and geographical sites where the telecom infrastructures and equipment are deployed. SFR and Bouygues Telecom each retain full ownership of their own telecom equipment assets and frequencies.
- Set up a RAN-sharing service that 2G, 3G and 4G operators can use in the shared territory. Each operator is responsible for the part of the shared territory in which it designs, deploys, operates and maintains the RAN-sharing service.

The sharing agreement is similar to many mechanisms set up in other European countries. Each operator retains its own independent innovation capacity and total commercial and pricing independence. The first deliveries of cell plans were on April 30, 2014. On that occasion, each operator was informed of its partner’s deployment plans, as exchanges of technical information about the sites when developing the sharing agreement had been prohibited by ARCEP. This exchange of information led on October 24, 2014 to the agreement being adjusted, in particular regarding certain engineering choices that had been made at a time when the negotiating parties did not have full access to relevant data about each other’s networks. The target network completion date was pushed back to December 31, 2021, to take into account previous deployment delays encountered.

The first roll-outs of the RAN sharing coverage were in September 2015, and 12.072 sites were rolled out the end of December 31, 2020. SFR estimates that as of late December 2020, this agreement corresponds to approximately €1,200.0 million in commitments given, and approximately €1,597.0 million in commitments received, for a net commitment of approximately €396.0 million, covering the entire long-term agreement.

33.4. Intangible assets and property, plant and equipment related to SFR telecommunication activities

SFR is the holder of operating authorizations for its networks and the provision of its telecommunications services on the French territory, as presented below:

Band	Technology	Decisions	Start	End
700 MHz	4G (2 × 5 MHz)	ARCEP Dec. n° 15-1569	December 8, 2015	December 8, 2035
800 MHz	4G (2 × 10 MHz)	ARCEP Dec. n° 12-0039	January 17, 2012	January 17, 2032
900 MHz	2G/3G/4G (2 × 10 MHz)	ARCEP Dec. n° 06-0140 ARCEP Dec. n° 18-0683	March 25, 2006	March 25, 2021
	2G/3G/4G (2 × 8.7 MHz)	ARCEP Dec. n° 18-1393	March 25, 2021	March 25, 2031
1,800 MHz	2G/4G (2 × 20 MHz)	ARCEP Dec. n° 15-0976	May 25, 2016	March 25, 2021
	2G/3G/4G (2 × 20 MHz)	ARCEP Dec. n° 18-1393	March 25, 2021	March 25, 2031
2.1 GHz	3G (2 × 14.8 MHz)	Dec. Issued on July 18, 2001	August 21, 2001	August 21, 2021
	3G (2 × 5 MHz)	ARCEP Dec. n° 10-0633	June 8, 2010	June 8, 2030
	2G/3G/4G (2 × 9.8 MHz)	ARCEP Dec. n° 18-1393	August 21, 2021	August 20, 2031
2.6 GHz	4G (2 × 15 MHz)	ARCEP Dec. n° 11-1171	October 11, 2011	October 11, 2031
3.4-3.8 GHz	5G (80 MHz)	ARCEP Dec. n° 20-1257	November 18, 2020	November 18, 2035 (conditional extension until November 18, 2040)

The applicable financial terms are as follows:

- For the license in 900 MHz and 1,800 MHz bands granted from March 25, 2006: annual payments for 15 years which are broken down each year into two parts, a fixed component amounting to €25 million per year (this discounted amount was capitalized as €278 million in 2006) and a variable component corresponding to 1% of the annual revenue generated by the use of those frequencies.
- For the license in the 2.1 GHz band granted from August 21, 2001: the fixed component paid in 2001, i.e., €619 million, was recognized in intangible assets and the variable component of the royalty amounted to 1% of the annual revenue generated by the use of this frequency. Additionally, under this license, SFR acquired new frequencies for €300 million in June 2010, for a 20-year period.
- For the licenses in the 2.6 GHz, 800 MHz and 700 MHz bands: the fixed components paid in October 2011 (€150 million) and January 2012 (€1,065 million) were recognized in intangible assets on the license allocation dates respectively in 2.6 GHz, 800 MHz and 700 MHz bands. SFR acquired new frequencies in December 2015 in the 700 MHz band, for €466 million, payable in four installments. The variable portion of the royalty is 1% of the annual revenue generated by the use of those frequencies. The variable component of these license fees, which cannot be reliably measured in advance, are not recorded on the consolidated statement of financial position but are recognized under expenses for the period in which they are incurred.
- For the license in 900 MHz and 1,800 MHz bands granted from March 25, 2021: the fixed part of the annual license fee will amount to €1,068 per kHz duplex allocated in the 900 MHz and €571 per kHz duplex allocated in the 1,800 MHz band. The variable component will correspond to 1% of the annual revenue by the use of those frequencies.
- For the license in 2.1 GHz band granted from August 21, 2021: the fixed part of the annual license fee will amount to €571 per kHz duplex allocated. The variable component will correspond to 1% of the annual revenue by the use of those frequencies.
- For the license in 3.4 and 3.8 GHz granted from November 18, 2020: the fixed part of the annual license fee amounts to €350.0 million allocated in the 50 MHz and €378.0 million allocated in the 10 MHz band. The variable component corresponding to 1% of the annual revenue by use of those frequencies.

Furthermore, SFR is paying a contribution to the spectrum development fund for frequency bands which were thus developed, as decided by the French Prime Minister (700 MHz, 800 MHz, 2.1 GHz and 2.6 GHz,) as well as a tax to the National Frequencies Agency intended to cover the complete costs incurred by this establishment for the collection and treatment of claims of users of audiovisual communications services related to interference caused by the start-up of radio-electric stations (700 MHz and 800 MHz).

33.5. Coverage commitments related to SFR telecommunication licenses

As part of the allocation of the first block of LTE frequencies in October 2011 (2.6 GHz), SFR undertook to provide coverage for 25% of France's metropolitan population by October 11, 2015, 60% by October 11, 2019, and 75% by October 11, 2023.

As part of the allocation of the second block of 4G frequencies in January 2012 (800 MHz), SFR undertook to meet the following obligations:

(i) SFR must provide the following very-high-speed mobile services:

- 98% of France's metropolitan population by January 2024 and 99.6% by January 2027;
- Coverage in the primary deployment area (approximately 18% of the metropolitan population and 63% geographically): SFR must cover 40% of the population in this primary deployment area by January 2017 and 90% by January 2022 (this obligation is to comply using 800 MHz frequencies);
- Coverage at a departmental level: SFR must cover 90% of the population of each department by January 2024 and 95% by January 2027;
- Coverage of high-priority roads (about 50,000 kilometers): SFR must cover 100% of these axes by January 2027 (this obligation is to comply using 800 MHz frequencies).

(ii) SFR and Bouygues Telecom have a joint obligation to pool networks or share frequencies in the primary deployment area.

(iii) SFR has an obligation to allow roaming for Free Mobile in the primary deployment area once Free Mobile covers 25% of France's population with its own 2.6 GHz network and if it has not signed a national roaming agreement with another operator.

(iv) SFR must, jointly with the other holders of 800 MHz band licenses, cover the city centers identified by the public authorities in the "Zones blanches" program (more than 98% of the population) within no more than 15 years.

As part of the allocation of the third block of LTE frequencies in December 2015 (700 MHz), SFR undertook to comply with the following deployment obligation in very-high-speed mobile networks:

- Coverage of the primary deployment area: SFR must cover 50% of the population in this area by January 2022, 92% by January 2027 and 97.7% by December 2030 (this obligation is to comply using 700 ,MHz frequencies);
- Coverage of high-priority roads (about 50,000 kilometers): SFR must cover 100% of these axes by December 2030 (this obligation is to comply using 700 MHz frequencies);
- Coverage of regional railway network (at national level): at national level, SFR must comply with a 60% coverage rate of regional railway network by January 2022, 80% by January 2027 and 90% by December 2030;
- Coverage of regional railway network (at regional level): in each region, SFR must comply with a 60%;
- Coverage rate of regional railway network by January 2027 and 80% by December 2030.

In the context of the change of its current frequency authorizations in the 900 MHz, 1,800 MHz and 2.1 GHz bands (and in exchange for the lifting of technological limitation of frequency use in the 900 MHz band), SFR undertook to respect the following obligations:

- Participation in the targeted coverage to increase coverage of the metropolitan area;
- Widespread access to very high speed mobile access from all sites in its network in December 2020 (and by exception 75% of existing "Zones blanches" sites as of July 1, 2018);
- Coverage of priority roads outside the vehicles in December 2020;
- On-demand coverage inside buildings;
- Provide a fixed Internet access service on its very high speed mobile network;
- Participation in the extension of the "4G fixed" coverage.

On November 15, 2018, ARCEP adopted the decision related to the result of the allocation procedure in the 900 MHz band and the four decisions authorizing the use of frequencies in the 900 MHz, 1,800 MHz and 2.1 GHz bands allocated to the winners selected on October 23, 2018.

The new authorization for the use of frequencies delivered to SFR is part of the New Deal mobile, occurred between the Government, ARCEP and operators in January 2018. This authorization is granted from March 25, 2021 until March 24, 2031. It is accompanied by ambitious obligations for the digital development of the territory. In particular, SFR is committed to:

- Improve reception's quality in all the territory, especially in rural areas. The new standard of requirement applied to operators' obligations is the one of a good coverage.
- Increase the pace of targeted programs to improve coverage and in this context build at least 5,000 new sites in all the territory, sometimes pooled, which will now go beyond the "Zones blanches" and whose charge is now fully taken by the operators.
- Generalize reception in 4G which implies for the operators to cover more than one million French people out of 10,000 communes, by equipping in 4G all the mobile sites.

- Accelerate the coverage of transport routes, in order that the main roads and railways are covered in 4G.
- Generalize telephone coverage inside buildings, especially by offering its customers equipped with a compatible terminal the voice by Wi-Fi.

As part of the allocation of 5G frequencies in 3.4 and 3.8 GHz in November 2020, SFR undertook to comply with the following digital development obligations:

- Use of 3.4 and 3.8 GHz spectrum from :
  - 3,000 mobile network sites by December 31, 2022;
  - 8,000 mobile network sites by December 31, 2024;
  - 10,500 mobile network sites by December 31, 2025;
- Widespread increase in mobile network performance by 31 December 2030;
- Increase throughput on :
  - at least 75% of mobile network sites by December 31, 2022;
  - at least 85% of mobile network sites by December 31, 2024;
  - at least 90% of mobile network sites by December 31, 2025;
  - 100% of mobile network sites by December 31, 2030;
- Concurrent deployment obligations between territories;
- Roads coverage obligations: SFR must cover all type of highways roads by December 31, 2025 and all main-link roads by December 31, 2027.

33.6. Commitments related to the deployment of Fiber in AMII zones

To meet the expectations of French government, Altice France as made a commitment in May 2018, based upon the article L.33-13 of the French Postal and Electronic Communications to deploy 2.55 million fiber homes passed in the AMII zone, i.e. a perimeter composed of 641 communities.

In accordance with its commitments, at the end of 2020, the Group has connected more than 92% of the homes and business premises of this perimeter, by the end of 2020 (The remaining 8% will be "connectable upon request" within six months).

33.7. Commitment related to long-term contracts

Long-term contracts commitments (€m)	Minimum future payments 2020	Maturity Less than one year	Two to five years	More than five years	December 31, 2019
Commitments given (a)	656.6	407.3	239.1	10.3	543.0
Commitments received	(123.9)	(34.6)	(48.0)	(41.3)	(134.7)
Total net commitments	**532.7**	**372.6**	**191.1**	**(31.0)**	**408.4**

(a) The change concerns mainly commitments related to audiovisual rights.

33.8. Other commitments

Other commitments (€m)	2020	Maturity Less than one year	Two to five years	More than five years	2019
Bank security guarantee GSM-R (a)	38.3	-	-	38.3	38.3
Other bank security deposits, guarantees and commitments to purchase securities (b)	39.5	7.1	1.5	30.9	42.0
Pledges (c)	11.8	-	-	11.8	16.2
Commitments given	**89.6**	**7.1**	**1.5**	**81.0**	**96.5**

(a) Public-Private Partnerships (PPP) between the SFR, Vinci Construction groups and SNCF Réseau (Ex Réseau Ferré de France).
(b) This amount includes commitments given for Altice France subsidiaries in order to carry out their activities and unilateral promises to buy out non-controlling interests of a financial partner in certain entities. Such promises can be made only in the event that the Group's entities do not meet the contractual commitments made when signing the related shareholders' agreements.
(c) This amount does not include the pledges granted for Senior secured debt requirements.

34. Litigation

The Group is involved in legal and administrative proceedings that have arisen in the ordinary course of business.

A provision is recorded by the Group when there is sufficient probability that such disputes will lead to costs that the Group will bear and when the amount of these costs can be reasonably estimated. Certain Group companies are involved in some disputes related to the ordinary activities of the Group. Only the most significant litigation and proceedings in which the Group is involved are described below.

The Group is not aware of any governmental, legal or arbitration proceedings (including any proceedings of which the Group is aware that are pending or threatened) other than those described below in this section that may have or have had in the last twelve months significant effects on the financial position or profitability of the Group.

34.1. Tax disputes

Altice France estimated the probable tax contingencies arising from tax audit carried out by the French Tax authorities on various Group companies and recognized the appropriate amount of provision in its accounts according to the risk assessment as of December 31, 2020. The provision mainly covers risks related to the following topics:

VAT

The French Tax authorities have conducted various audits since 2005 with respect mainly to the VAT rates applicable to the Group's multi-play offerings, and to a lesser extent to the tax on telecommunication services. Pursuant to the French tax code, television services are subject to a reduced VAT rate at 10%, and press services are subject to a reduced VAT rate of 2.1%, whereas internet and telecommunication services are subject to the normal VAT rate at 20%. French tax authorities have reassessed the application of VAT rates on certain multi-play offerings for fiscal years 2011 to 2016. Finally, Group companies are subject to a tax audit for fiscal year 2017.

Tax on Television Services ("TST")

The CNC ("Centre National du Cinéma") has conducted an audit on the tax on television services ("TST") for 2014 to 2017, which led to a reassessment related to the scope of such tax, which should include, according to the Tax authorities, all services included in an offer and not only those allowing the access to a television service.

Income Tax

Tax authorities have conducted an audit on the taxable income of the tax group of Altice France for fiscal years 2014 to 2016. Main proposed tax reassessments relate to the amount of the fiscal losses inherited from previous tax groups pursuant to the mechanism of imputation on a broad base ("mécanisme d'imputation sur une base élargie"). In addition, Tax authorities have conducted an audit on deduction of certain intra-group charges on fiscal years 2016.

For all these litigations, Group companies are disputing all proposed reassessments and have filed appeals and litigation at various levels depending on fiscal years adjusted and have recognized the appropriate amount of provision in their accounts according to their risk assessments as of December 31, 2020.

The total amount of tax reassessment proposed by the Tax Authorities amounted to €410 million.

34.2. Civil and commercial disputes

Litigation in progress

<u>Complaint against Orange to the Competition Authority regarding the market in mobile telephony services for businesses</u>

On August 9, 2010, SFR filed a complaint against Orange with the Competition Authority for anticompetitive practices in the business mobile telephony services market.

On March 5, 2015 the Competition Authority sent a notice of complaints to Orange. Four complaints were filed against Orange. On December 17, 2015, the Authority ordered Orange to pay a fine of €350 million.

On June 18, 2015, SFR filed suit against Orange in the Commercial Court and is seeking €2.4 billion in damages subject to adjustment as remedy for the loss suffered as a result of the practices in question in the proceedings with the Competition Authority.

A hearing on the merits of the case was held in February 2020 regarding in particular the fault committed by Orange and the causal link between such fault and the damages suffered by SFR. A second hearing was held in March 2020 regarding the quantum of the prejudice claimed by SFR.

A last hearing which was scheduled for April 29, 2020 regarding the potential indexation of the prejudice suffered by SFR has been cancelled due to the COVID-19 outbreak.

Due to a change in the court's composition, as well as the long interruption due to the pandemic, a new hearing was held on October 2, 2020. It was a recapitulative hearing of the two previous ones, followed by questions of the court. A third and last hearing was held on December 10, 2020 regarding the quantum and the indexation of the prejudice. The court's ruling is expected mid-2021.

Potential failure to meet commitments made by Altice France as part of the takeover of exclusive control of SFR relating to the agreement signed by SFR and Bouygues Telecom on November 9, 2010 (Faber)

Following a complaint from Bouygues Telecom, the Competition Authority officially opened an inquiry on October 5, 2015 to examine the conditions under which Altice France performs its commitments relating to the joint investment agreement entered into with Bouygues Telecom to roll out fiber optics in very densely populated areas. A session before the Competition Authority board was held on November 22, and then on December 7, 2016. On March 8, 2017, the Competition Authority imposed a financial sanction of €40 million against Altice and Altice France, for not having respected the commitments set out in the "Faber Agreement" at the time of the SFR acquisition by NC Numéricable (now SFR Fibre). This amount was recognized in the consolidated financial statements as of March 31, 2017 and was paid during the second quarter of 2017. The Competition Authority also imposed injunctions (new schedule including levels of achievement, with progressive penalty, in order to supply all the outstanding access points).

A summary was lodged on April 13, 2017 before the Council of State. The judge in chambers of the Council of State said there is no matter to be referred. On September 28, 2017, the Council of State rejected the application for cancellation of the decision of the Competition Authority requested by Altice Europe and Altice France Group.

The French Competition authority withdrew all of SFR's commitments for the future on October 28, 2019. The control by the French Competition Authority of SFR commitments for the past is still ongoing. A decision is expected by mid-2021. As of December 31, 2020, the Group considers that the risk is difficult to estimate reliably and is hence considered to be a contingent liability under IAS 37.

SFR against Orange: abuse of dominant position in the second homes market

On April 24, 2012, SFR filed a complaint against Orange with the Paris Commercial Court for practices abusing its dominant position in the retail market for mobile telephony services for non-residential customers.

On February 12, 2014, the Paris Commercial Court ordered Orange to pay to SFR €51 million for abuse of dominant position in the second homes market.

On April 2, 2014, Orange appealed the decision of the Commercial Court on the merits. On October 8, 2014, the Paris Court of Appeals overturned the Paris Commercial Court's ruling of February 12, 2014 and dismissed SFR's requests. The Court of Appeals ruled that it had not been proven that a pertinent market limited to second homes actually exists. In the absence of such a market, there was no exclusion claim to answer, due to the small number of homes concerned. On October 13, 2014 SFR received notification of the judgment of the Paris Court of Appeals of October 8, 2014 and repaid the €51 million to Orange in November 2014. On November 19, 2014, SFR appealed the ruling.

On April 12, 2016, the French Supreme Court overturned the Court of Appeal's decision and referred the case back to the Paris Court of Appeal. Orange returned €52.7 million to SFR on May 31, 2016. Orange refilled the case before the Paris Court of Appeal on August 30, 2016.

On June 8, 2018, the Paris Court of Appeal rejected Orange's appeal. On December 24, 2018, Orange refiled an appeal with the Supreme Court. SFR filed its conclusions in defense on February 15, 2019. On September 16, 2020, the French Supreme court overturned the Court of Appeal's decision and referred the case back to the Paris Court of Appeal. Orange refiled the case before the Paris Court of Appeal on October 8, 2020.

SCT against SFR

On October 11, 2017, SCT summoned SFR before the Paris Commercial Court for some supposed dysfunctions and multiple failings in the delivery of its fixed services, such as the loss of final clients as part of the supply of mobile services (MVNO).

For this reason, SCT asks, on various grounds, for an amount around €48 million.

This case was subject to a conciliation proceeding between the parties. After the failure of this proceeding, the case was sent on the merits and the procedure is pending.

Free against SFR: unfair practices for non-compliance with consumer credit provisions in a subsidized offer

On May 21, 2012, Free filed a complaint against SFR in the Paris Commercial Court. Free challenged the subsidy used in SFR's "Carrés" offers sold over the web between June 2011 and December 2012, claiming that it constituted a form of consumer credit and, as such, SFR was guilty of unfair practices by not complying with the consumer credit provisions, in particular in terms of prior information to customers. Free asked the Paris Commercial Court to require SFR to inform its customers and to order it to pay €29 million in damages.

On January 15, 2013, the Commercial Court dismissed all of Free's requests and granted SFR €0.3 million in damages. On January 31, 2013, Free appealed the decision.

On March 9, 2016, the Paris Court of Appeal confirmed the Paris Commercial Court's ruling and denied all claims filed by Free. The amount of damages payable by Free to SFR was increased from €0.3 million to €0.5 million. On May 6, 2016, Free filed an appeal.

The court of cassation rendered a decision on March 7, 2018.This decision overturned and partially cancelled the decision rendered by the Court of Appeal and referred the case back to the Court of Appeal. The Court of Cassation considered that the Paris Court of Appeal had based its prior judgment on improper motives to exclude the mobile subsidy provided by SFR on its subscriptions from the scope of consumer credit. In addition, the Court of Cassation reaffirmed the sentencing for Free mobile to pay €0.5 million for the defamation suffered by SFR.

On April 24, 2019, the Court of Appeal considered that disputed "Carrés" offers have to be considered as consumer credit and that SFR is consequently liable for unfair commercial practices during the litigation period. However, the Court dismissed Free from its other claims and an expertise has been requested by the Court to determine the damage suffered by Free. This expertise is pending.

SFR against Iliad, Free and Free mobile: unfair competition by disparagement

On May 27, 2014, SFR filed a complaint against Iliad, Free and Free Mobile in the Paris Commercial Court for unfair competition claiming that when Free Mobile was launched and afterwards, Iliad, Free and Free Mobile were guilty of disparaging SFR services. SFR claimed €493 million in damages.

On September 9, 2016 by pleadings on counterclaims, Free requested the court to judge that SFR denigrated their capacities and services and claimed €475 million in damages. The Paris Commercial Court rendered its judgment on January 29, 2018. The Court sentenced Free Mobile to pay to SFR €20 million as moral damage as a result of unfair competition made by disparagement.

In addition, the court sentenced SFR to pay to Free Mobile €25 million as moral and material damage as a result of unfair competition made by disparagement.

Accordingly, the court sentenced, as compensation, SFR to pay to Free Mobile €5 million as damages. This decision was executed and the Group paid the €5 million net amount to Free Mobile in June 2018. SFR appealed this decision. The case is still pending.

Disputes regarding the transfer of customer call centres from Toulouse, Lyon and Poitiers

Following the transfer of customer call centres from Toulouse and Lyon to the company Infomobile and the Poitiers call centres to a subsidiary of the Bertelsmann Group, the former employees at those sites filed legal actions at Labor Tribunals in each city to penalize what they claim were unfair employment contracts constituting fraud under Article L. 1224-1 of the French Labour Code and also contravening the legal provisions regarding dismissal for economic reasons. The rulings in 2013 were mixed as the Toulouse Court of Appeal penalized SFR and Téléperformance in half of the cases while the Lyon and Poitiers courts ruled in favor of SFR. The cases are now at different stages of proceedings: Labour Tribunal, Court of Appeals and Court of Cassation.

Litigation over distribution in the independent network (Consumer market and SFR Business Team)

SFR, like companies operating an indirect distribution model, faces complaints from a certain number of its distributors and almost routinely from former distributors. Such recurring complaints revolve around claims of sudden breach of contractual relations, abuse of economic dependency and/or demands for requalification as a sales agent as well as, more recently, demands for requalification as a contractual branch manager and requalification as SFR contracted point of sale staff.

Free against SFR

In July 2015, Free filed suit against SFR in order to stop it from using the word "Fibre" claiming that the solution marketed by SFR is not a fibre to the home (FTTH) solution. Free considers SFR's communication to be deceptive about substantial qualities and, on that basis, is asking the court to find there is parasitism and unfair competition.

On January 19, 2018, the court rendered a decision. The decision condemned SFR to €1 million as moral damages;

Communicate, within 90 days following the date of the judgment notification, to each client having subscribed to SFR or SFR Fibre, of an offer including the term « fibre » (excluding FTTH offers) on IT support and paper support information relating to: i) the precise nature of its connection to optical fibre ii) the number of subscribers sharing coaxial connection and iii) the average connection speed at peak hours and off-peak hours.

Inform, within 90 days following the date of the judgment notification, each client having subscribed to SFR or SFR Fibre to an offer including the term « fibre » (excluding FFTH offers) that they benefit from a possibility of immediate termination to default of previous information about the exact characteristics of the offer.

€0.1 million as article 700 of the Civil Proceedings Code.

The court considered having made a material error in failing to mention provisional enforcement in the judgment. Accordingly, the court decided, by the judgment dated February 12, 2018, the provisional enforcement for all convictions in this case.

Despite its appeal before the Court of Appeal of Paris, SFR was obliged to execute the judgment.

Free challenged SFR's proper execution of the judgment and referred the matter to the enforcement judge, which confirmed the proper execution of the ruling by SFR. Free decided to appeal this judgment and the proceedings are still pending.

<u>In-depth inquiry of the European Commission into the assignment of cable infrastructures by certain local authorities</u>

On July 17, 2013, the European Commission signaled that it had decided to open an investigation to verify whether the transfer of public cable infrastructure between 2003 and 2006 by several French municipalities to SFR Fibre was consistent with European Union government aid rules. In announcing the opening of this in-depth investigation, the European Commission indicated that it believed that the sale of public assets to a private company without proper compensation gave the latter an economic advantage not enjoyed by its competitors, and that it therefore constituted government aid within the meaning of the rules of the European Union and that the free-of-charge transfer of the cable networks and ducts by 33 French municipalities to SFR Fibre, they have argued, conferred a benefit of this type and, as such, was government aid. The Group strongly denies the existence of any governmental aids.

<u>Action by Colt, Free and Orange in the General Court of the European Union concerning the DSP 92 project</u>

Colt, Free and Orange, in three separate motions filed against the European Commission before the General Court of the European Union seeking to annul the European Commission's final decision of September 30, 2009 (Decision C (2009) 7426), which held that the compensation of €59 million granted for the establishment and operation of a high-speed electronic communications network in the department of Hauts-de-Seine does not constitute government aid within the meaning of the rules of the European Union. The Group is not party to this proceeding. Its subsidiary Sequalum is acting as the civil party, as well as the French government and the department of Hauts-de-Seine. In three rulings dated September 16, 2013, the General Court of the European Union rejected the requests of the three applicants and confirmed the aforementioned decision of the European Commission. Free and Orange have appealed to the Court of Justice of the European Union. The procedure is pending.

<u>Litigation between Sequalum and CG 92 regarding DSP 92</u>

A disagreement arose between the Hauts-de-Seine General Council ("CG92") and Sequalum regarding the terms of performance of a utilities public service concession contract ("THD Seine") signed on March 13, 2006 between Sequalum, a subsidiary of the Group, and the Hauts-de-Seine General Council; the purpose of this delegation was to create a very-high-speed fibre optic network in the Hauts-de-Seine region. The Hauts-de-Seine General Council meeting of October 17, 2014 decided to terminate the public service delegation agreement signed with Sequalum "for misconduct by the delegatee for whom it is solely responsible". Pursuant to two decisions rendered on March 16, 2017, the Administrative Court of Cergy Pontoise rejected the actions brought by Sequalum against two enforcement measures issued by the department of Hauts-de-Seine in respect of penalties, for amounts of €51.6 million and €45.1 million. Sequalum appealed the two decisions before the Administrative Court of Versailles, but paid the amount of €97 million over the month of July 2017. Sequalum claims that the termination was unlawful and continued to perform the contract, subject to any demands that the delegator may impose. Should the competent courts confirm this interpretation of unlawful termination, Sequalum may primarily have (i) to repay the public subsidies received for the DSP 92 project, normally the outstanding component of the subsidies (the company received €25 million in subsidies from the General Council), (ii) to reimburse any deferred income (estimated at €32 million by the Department) and (iii) to compensate the Department for any losses suffered (amount estimated by the Department of €212 million). In turn, the department of Hauts-de-Seine received the returnable assets of the DSP on July 1, 2015. Furthermore, the General Council will have to pay compensation to Sequalum, which essentially corresponds to the net value of the assets. On October 16, 2014, Sequalum filed a motion in the Administrative Court of Cergy Pontoise requesting the termination of the public service concession because of *force majeure* residing in the irreversible disruption of the structure of the contract, with the resulting payment of compensation in Sequalum's favour. At December 31, 2015, the assets were removed from Sequalum's accounts in the amount of €116 million. Income receivable in the amount of €139 million related to the expected indemnification was also recognized, an amount fully depreciated given the situation.

On July 11, 2016, the department of Hauts-de-Seine established a breakdown of all amounts due (in its opinion) by each Party for the various disputes, and issued demands based on said breakdown. Each amount was subject to a decision by the public accountant dated July 13, 2016 (final amount established by the latter for a net amount of €181.6 million, taking into account the carrying amount due in his opinion to Sequalum). This breakdown, the various demands and the compensation decision were subject to applications for annulment filed by Sequalum with the Administrative Court of Cergy Pontoise on September 10, 12 and 14, 2016. These applications remain pending, except for the application for annulment relating to the breakdown (the court having considered that the breakdown was not a measure which could be appealed. Sequalum appealed this decision before the Versailles Administrative Court of Appeals). Altice France outlined that it had its own optical fiber in the Haut-de-Seine department enabling it to serve its customers.

In September 2017, the department issued three revenue orders (*titres de recette*) in order to minimize the balance due to Sequalum at the time of counting. These demands were contested:

- Order of an amount of €23.2 million for the unamortized portion of the subsidies: SFR's appeal dismissed;
- Order of an amount of €31.9 million for deferred income: successful appeal for SFR;
- Order of an amount of €5.7 million for amounts received as prepayment for connections: SFR's appeal dismissed.

The Department issued a revenue order of €212 million for damages suffered as a result of the faults based on which the contract was terminated. The judgment was rendered on February 15, 2018. It reduces the indemnity by €187 million and reduces, correlatively, the amount of the revenue order to €26 million. The department appealed this judgment; the judgment rendered on July 5, 2018 granted Sequalum's request for cancellation of the compensation. On the other hand, the request for repayment was rejected. This rejection was appealed.

<u>Claim from Free concerning the acquisition of Virgin Mobile by the Group</u>

On April 5, 2019, Altice France and Altice Luxembourg, *inter alios*, received a claim from Free stating that the practices sanctioned by the French Competition Authority in November 2016 in the SFR Fibre/SFR/Virgin Mobile gun jumping case caused said Free to lose the tender process for the acquisition of Virgin Mobile. Free is now seeking €216 million in monetary damages.

Altice France has submitted a request to the judge to acquire some of documents that will help Altice France to understand the damages suffered and the amounts claimed by Free. At this stage, the Group strongly challenges the merits of this claim. At a hearing held on February 5, 2021, the case was postponed to March 5, 2021 for Free to present its findings.

<u>Free against RMC Découverte, Diversité TV France, BFM BusinessTV, NextRadioTV, SFR, Altice France</u>

Following the dispute that occurred in 2019 between Free and various channels of the Group concerning their free-to-air broadcasting, and the messages broadcasted by these channels concerning the end of their broadcasting by Free, Free filed a complaint against them on December 11, 2020 before the Paris Commercial Court in order to obtain, in particular, the joint and several condemnation of the Group's companies to pay:

- €0.8 million in compensation for the damage suffered as the result of the alleged practices restricting competition;
- €14.4 million in damages for alleged acts of unfair competition;
- €1.9 million in compensation for the alleged moral prejudice resulting from these acts of unfair competition;
- €0.2 million under Article 700 of the french Code of Civil Procedure,
- and the publication of any unfavorable decision in various medias and on the Group's website.

The proceedings are ongoing. The Group challenges the merits of this claim.

<u>Litigation arising from the voluntary redundancy plan of 2017</u>

In the context of the voluntary redundancy plan initiated in 2017 by the Group, certain former employees have introduced claims before the "*Conseils de Prud'hommes*" (labor law ombudsman) based on the breach of the legal provisions in the French Labor code applicable to lay-off for economic reasons. The Group contested the foundation of these claims and decisions were rendered in favour of the Group. Several cases are still pending.

Closed litigation

<u>eBizcuss.com against Virgin</u>

eBizcuss.com filed a complaint against Virgin on April 11, 2012 before the French Competition Authority regarding an anticompetitive vertical agreement between Apple and its wholesale distributors (including Virgin). On March 16, 2020, the French competition authority fined Apple €1.1 billion for illegally restricting how wholesalers sell Apple products. As well as fining Apple itself, the French Competition authority also fined two of its wholesalers, Tech Data and Ingram Micro €76.1 million and €62.9 million respectively. The implication of Omea in this case has remained confidential. Omea, Virgin, Altice are not mentioned in the French competition authority decision.

This case is now closed regarding Altice France.

Complaint by Bouygues Telecom against SFR and Orange

The French Competition Council received a complaint from Bouygues Telecom against SFR and Orange claiming that the latter were engaged in anticompetitive practices in the mobile call termination and mobile telephony markets. On May 15, 2009, the French Competition Authority decided to postpone its decision and remanded the case for further investigation. On August 18, 2011, SFR received a complaint claiming unfair pricing. On December 13, 2012, the Competition Authority fined SFR €66 million for abuse of dominant position, which SFR has paid.

SFR appealed the decision. The case was heard by the Paris Court of Appeal on February 20, 2014. The Paris Court of Appeal rendered its judgment on June 19, 2014, dismissing SFR's appeal (the judgment was appealed to the Court of Cassation, the French Supreme Court, by SFR on July 9, 2014; on October 6, 2015, the Court of Cassation rejected SFR’s appeal) and asked the European Commission to provide an Amicus Curiae to shed light on the economic and legal issues raised by the case. The Court of Appeal postponed ruling on the merits of the case pending the Commission's opinion. The Commission rendered its opinion on December 1, 2014, which went against SFR. The Court of Appeal issued its ruling on May 19, 2016; it granted a 20% fine rebate to SFR due to the new nature of the infraction. The French treasury (Trésor Public) returned €13.1 million to SFR. SFR appealed on a point of law on June 20, 2016.

As a result of the French Competition Authority's decision of December 13, 2012, Bouygues Telecom, Omea Telecom and EI Telecom (NRJ Mobile) brought suit against SFR in the Commercial Court for damages. In accordance with the transaction between SFR and Bouygues Telecom in June 2014, the closing hearing of the conciliation proceedings was held on December 5, 2014. The motion for discontinuance granted on September 11, 2014 ended the legal action between the two companies. With respect to the claim by Omea Telecom and EI Telecom, SFR applied for stay on a ruling pending the decision of the Paris Court of Appeal, and obtained it. Omea Telecom withdrew its claim on May 24, 2016. EI Telecom decided to recommence its legal proceedings and updated the amount of its claim. On October 29, 2020, EI Telecom and SFR agreed on an out of court settlement to put an end to the litigation.

35. List of consolidated entities

Entity	Country Registered office	Group interest 2020	Group interest 2019	Method [(1)] 2020	Method [(1)] 2019
Altice France SA	France	100%	100%	Parent company	
Altice B2B France SAS	France	100%	100%	FC	FC
Ariège Telecom SAS	France	100%	100%	FC	FC
Cap Connexion SAS	France	100%	100%	FC	FC
CID SA	France	100%	100%	FC	FC
Completel SAS	France	100%	100%	FC	FC
FOD SNC	France	100%	100%	FC	FC
Foncière Velizy SCI	France	100%	100%	FC	FC
Haut-Rhin Telecom SAS	France	100%	100%	FC	FC
Iris 64 SAS	France	100%	70%	FC	FC
LD Communications Italie Srl	Italy	100%	100%	FC	FC
LD Communications Suisse SA	Switzerland	100%	100%	FC	FC
MACS THD SAS	France	100%	100%	FC	FC
Medi@lys SAS	France	100%	70%	FC	FC
Numergy SAS	France	100%	100%	FC	FC
Numericable US LLC	USA	100%	100%	FC	FC
Numericable US SAS	France	100%	100%	FC	FC
Omer Telecom LTD	United Kingdom	100%	100%	FC	FC
Opalys Telecom SAS	France	100%	100%	FC	FC
Pays Voironnais Network SAS	France	100%	100%	FC	FC
Rennes Métropole Telecom SAS	France	100%	100%	FC	FC
Rimbaud Gestion B SCI	France	100%	100%	FC	FC
Sequalum Participation SAS	France	100%	100%	FC	FC
Sequalum SAS	France	100%	100%	FC	FC
SFCM SA	France	100%	100%	FC	FC
SFR Business Distribution SA	France	100%	100%	FC	FC
SFR Développement SAS	France	100%	100%	FC	FC
SFR Distribution SA	France	100%	100%	FC	FC
SFR Fibre SAS	France	100%	100%	FC	FC
SFR Participation	France	100%	100%	FC	FC
SFR Presse Distribution SAS	France	100%	100%	FC	FC
SFR SA	France	100%	100%	FC	FC
SHD SA	France	100%	100%	FC	FC
SNC Les Manguiers	France	100%	100%	FC	FC
SRR SCS	France	100%	100%	FC	FC
Teloise SAS	France	100%	70%	FC	FC
TME France SA	France	100%	100%	FC	FC
Ypso Finance S.à.r.l (2)	Luxembourg	-	100%	-	FC
Ypso France SAS	France	100%	100%	FC	FC
Alsace Connexia SAS	France	70%	70%	FC	FC
Manche Telecom SAS	France	70%	70%	FC	FC
Moselle Telecom SAS	France	69%	39%	FC	FC
Inolia SA	France	60%	60%	FC	FC
Synerail Exploitation SAS	France	60%	60%	FC	FC
Irisé SAS	France	59%	25%	FC	FC
Moselle Telecom Part. SAS	France	56%	56%	FC	FC
Comstell SAS	France	50%	50%	FC	FC
Foncière Rimbaud 1 SAS	France	50%	50%	EM	EM
Foncière Rimbaud 2 SAS	France	50%	50%	EM	EM
Foncière Rimbaud 3 SAS	France	50%	50%	EM	EM
Foncière Rimbaud 4 SAS	France	50%	50%	EM	EM
Hivory SAS	France	50%	50%	FC	FC

Entity	Country Registered office	Group interest 2020	Group interest 2019	Method [(1)] 2020	Method [(1)] 2019
Infracos SAS	France	50%	50%	JO	JO
SFR FTTH SAS (4)	France	-	50%	-	EM
SFR FTTH Network Holding SAS (4)	France	50%	-	EM	-
La Poste Telecom SAS	France	49%	49%	EM	EM
Synerail Construction SAS	France	40%	40%	EM	EM
Fischer Telecom SAS	France	34%	34%	EM	EM
Synerail SAS	France	30%	30%	EM	EM
Ocealis SAS (6)	France	-	25%	-	EM
Sud Partner SARL	France	24%	24%	EM	EM
Sofialys SAS	France	24%	24%	EM	EM
Altice Customer Services S.à r.l	Luxembourg	65%	65%	FC	FC
ATEXO SA	Morocco	65%	65%	FC	FC
Emashore SA	Morocco	65%	65%	FC	FC
Inovendys SA	Morocco	65%	65%	FC	FC
Intelcia Cote d'Ivoire SAS	Ivory Coast	65%	65%	FC	FC
Intelcia France SAS	France	65%	65%	FC	FC
Intelcia Group SA	Morocco	65%	65%	FC	FC
Intelcia IT Solutions S.A.	Morocco	65%	65%	FC	FC
Intelcia Management International SARL	Morocco	65%	65%	FC	FC
Intelcia Maroc Inshore SA	Morocco	65%	65%	FC	FC
Intelcia Maroc Offshore SA	Morocco	65%	65%	FC	FC
Intelcia Maroc SA	Morocco	65%	65%	FC	FC
Intelcia Portugal SARL	Portugal	65%	65%	FC	FC
Intelcia Sénégal SAS	Senegal	65%	65%	FC	FC
IT Rabat SARL	Morocco	65%	65%	FC	FC
MeilleurTX Maroc SA	Morocco	65%	65%	FC	FC
SFR Business Solutions Morocco SA	Morocco	65%	100%	FC	FC
Smartshore SARL	Morocco	65%	65%	FC	FC
The Marketing Group SAS	France	65%	65%	FC	FC
TMG Succ	Morocco	65%	65%	FC	FC
Intelcia Cameroun SA	Cameroun	46%	46%	FC	FC
ATS France SARL	Luxembourg	100%	100%	FC	FC
ERT Holding SAS	France	100%	100%	FC	FC
ERT Luxembourg SA	Luxembourg	100%	100%	FC	FC
ERT Technologies SAS	France	100%	100%	FC	FC
ICART SAS	France	100%	100%	FC	FC
TRC Belgium SPRL	Belgium	100%	100%	FC	FC
Rhôn'Telecom SAS	France	90%	60%	FC	FC
Eos Telecom SAS	France	70%	70%	FC	FC
Sudtel France SAS	France	70%	70%	FC	FC
Keos Telecom SAS (7)	France	60%	-	FC	-
Azurconnect Technologies S.à r.l. (7)	France	51%	-	FC	-
Altice Blue Two SAS	France	100%	100%	FC	FC
City Call Ltd	Mauritius	100%	100%	FC	FC
Intelcia (Maurice) Ltee	Mauritius	100%	100%	FC	FC
Intelcia Madagascar SA	Madagascar	100%	100%	FC	FC
Martinique TV Câble SAS	France	100%	100%	FC	FC
OMT 15ième SAS (ex. O.P.S) (2)	France	-	100%	-	FC
Outremer Telecom SAS	France	100%	100%	FC	FC
World Satellite Guadeloupe SAS	France	100%	100%	FC	FC
Informatique Télématique Océan Indien SARL (5)	France	-	51%	-	FC
Altice Content Luxembourg SA	Luxembourg	100%	100%	FC	FC
Altice France IO SAS (5)	France	-	100%	-	FC
Altice Media Events SAS (2)	France	-	100%	-	FC
Altice Media Publicité SAS (5)	France	-	100%	-	FC

Entity	Country Registered office	Group interest 2020	Group interest 2019	Method (1) 2020	Method (1) 2019
A nous Paris SAS (2)	France	-	100%	-	FC
BFM Business TV SASU	France	100%	100%	FC	FC
BFM Lyon Métropole SA	France	95%	95%	FC	FC
BFM Paris SASU	France	100%	100%	FC	FC
BFM Publicité SASU	France	100%	100%	FC	FC
BFM Radio SASU	France	100%	100%	FC	FC
BFM Régions SAS	France	100%	100%	FC	FC
BFM TV SASU	France	100%	100%	FC	FC
Business FM SASU	France	100%	100%	FC	FC
Diversité TV France SAS	France	100%	100%	FC	FC
DTV Holding SAS (2)	France	-	100%	-	FC
Groupe News Participations SAS	France	100%	100%	FC	FC
Groupe Tests Holding SASU	France	100%	100%	FC	FC
Le Studio Next SASU	France	100%	100%	FC	FC
Libération SARL (5)	France	-	100%	-	FC
MCS SA	France	100%	100%	FC	FC
Media Consumer Group SA	France	100%	100%	FC	FC
Mediasquare SAS (6)	France	-	18%	-	EM
Newco B SASU	France	100%	100%	FC	FC
Newco C SASU (2)	France	-	100%	-	FC
Newco E SASU	France	100%	100%	FC	FC
NEXTDEV SASU (2)	France	-	100%	-	FC
Next Media Solutions SASU	France	100%	100%	FC	FC
NextInteractive SASU	France	100%	100%	FC	FC
Next Pictures SASU (2)	France	-	100%	-	FC
NEXTPROD SAS	France	100%	100%	FC	FC
NextRadioTV SA	France	100%	100%	FC	FC
RMC BFM Edition SASU (2)	France	-	100%	-	FC
RMC Découverte SAS	France	100%	100%	FC	FC
RMC Films SAS (7)	France	100%	-	FC	-
RMC Production SAS (ex. T2MP SAS)	France	100%	100%	FC	FC
RMC SA Monégasque	France	100%	100%	FC	FC
RMC Sport News SASU	France	100%	100%	FC	FC
RMC Sport SASU	France	100%	100%	FC	FC
SFR Presse SAS	France	100%	100%	FC	FC
Société Nouvelle de Télécommunication et Communication SARL (5)	France	-	100%	-	FC
SPORTSCOTV SASU	France	100%	100%	FC	FC
WMC SAS	France	100%	100%	FC	FC

(1) FC = Full Consolidation; EM = Equity Method; JO = Joint operation
(2) Company absorbed in 2020
(3) Change in consolidation method
(4) Business combination in 2020
(5) Company sold in 2020
(6) Company no longer consolidated in 2020
(7) Entry in consolidation scope in 2020

36. Entity consolidating the financial statements

The consolidated financial statements of Altice France are included in the consolidated financial statements of Altice Europe, a company listed for trading in the Netherlands until January 26, 2021.

37. Subsequent events

Sale of controlling stake in Hivory

On February 3, 2021, Altice France announced it has entered into an exclusivity agreement to sell its 50.01% stake in Hivory, a tower company, to Cellnex for an implied enterprise value at 100% of €5.2 billion. The commitment to divest to Cellnex covers the entire capital and thus includes the 49.99% stake of co-shareholder KKR.

Prior to consummation of the transaction, Altice France and Altice France Holding intend to designate Hivory as an unrestricted subsidiary under the documents governing their respective indebtedness.
The transaction is expected to close in the second half of 2021, following customary regulatory approvals.

Altice France was committed to a long-term partnership with KKR in relation with the development of Hivory. Nevertheless, both partners responded positively to the attractive unsolicited offer formulated by Cellnex.

Upstream loan to Altice Group Lux

On January 25, 2021, Altice France increased its receivable position with Altice Groupe Lux by €100 million. The terms and conditions of the new loan are the same as previous loans made to Altice Group Lux.

38. Auditors fees

The fees of the Altice France auditors and the members of their networks recognized as expenses in the Group consolidated financial statements at December 31, 2020 are presented in the table below:

Auditors fees **(€m)**	**KPMG**	**Deloitte**	**Total**
Audit services	1.3	1.8	3.1
Other assurance services	0.7	0.6	1.3
Total	**1.9**	**2.4**	**4.4**