Altice France Holding S.A.

Condensed Interim Special Purpose Financial Statements

As of and for the nine-month period ended September 30, 2023

Special purpose statement of income **(€m)**	**September 30,** **2023**	**September 30,** **2022**
Revenues	**8,228.9**	**8,374.7**
Purchasing and subcontracting costs	(2,206.2)	(2,351.3)
Other operating expenses	(1,440.4)	(1,399.2)
Staff costs and employee benefits	(864.6)	(794.1)
Depreciation, amortisation and impairment	(2,493.6)	(2,499.7)
Other expenses and income (*)	(106.8)	(141.7)
Operating profit	**1,117.3**	**1,188.7**
Interest relative to gross financial debt	(1,031.1)	(792.4)
Realised and unrealised gains/(loss) on derivative instruments linked to financial debt	(310.5)	1,013.7
Finance income	47.4	71.9
Other financial expenses	(505.6)	(689.3)
Net result on extinguishment of financial liabilities	(66.2)	-
Finance costs, net	**(1,865.9)**	**(396.1)**
Share of earnings of associates and joint ventures	(100.9)	(115.0)
Income tax benefit/(expenses)	105.3	(383.0)
Profit/(loss)	**(744.2)**	**294.6**
Attributable to equity holders of the parent	*(770.3)*	*267.8*
Attributable to non-controlling interests	*26.1*	*26.8*

(*) Refer to Note 4.2 – *Adjusted EBITDA.*

Special purpose statement of other comprehensive income **(€m)**	**September 30,** **2023**	**September 30,** **2022**
Profit/(loss)	**(744.2)**	**294.6**
Items that may be subsequently reclassified to profit or loss:		
Foreign currency translation adjustments	1.7	(0.8)
Cash flow hedges	45.5	11.0
Related taxes	(11.7)	(2.8)
Other items related to associates and joint ventures	-	0.3
Items that will not be subsequently reclassified to profit or loss:		
Actuarial gain/(loss)	7.8	36.9
Related taxes	(2.0)	(9.5)
Total Comprehensive Profit/(loss)	**(703.1)**	**329.5**
Of which:		
Attributable to equity holders of the parent	*(729.7)*	*303.1*
Attributable to non-controlling interests	*26.6*	*26.4*

The accompanying notes form an integral part of these condensed interim combined financial statements.

Special purpose statement of financial position (€m)	September 30, 2023	December 31, 2022
Assets		
Goodwill	10,371.7	10,446.8
Intangible assets	5,211.1	5,434.3
Contracts costs	159.9	211.2
Property, plant and equipment	6,367.9	6,258.7
Rights of use assets	3,514.4	3,441.3
Investments in associates and joint ventures	762.0	874.6
Financial assets	1,713.7	2,190.5
Deferred tax assets	648.8	541.8
Other assets	181.8	137.5
Total non-current assets	**28,931.1**	**29,536.8**
Inventories	455.9	426.2
Trade and other receivables	3,734.2	3,904.1
Contracts assets	157.8	195.8
Current tax assets	69.9	7.6
Financial assets	452.6	479.7
Cash and cash equivalents	356.9	367.8
Total current assets	**5,227.4**	**5,381.3**
Total assets	**34,158.5**	**34,918.0**

Special purpose statement of financial position (€m)	September 30, 2023	December 31, 2022
Equity and liabilities		
Issued capital	401.0	401.0
Additional paid in capital	2.2	2.2
Reserves	(6,171.9)	(5,442.4)
Equity attributable to owners of the company	**(5,768.8)**	**(5,039.2)**
Non-controlling interests	**43.0**	**28.0**
Total equity	**(5,725.8)**	**(5,011.2)**
Borrowings, financial liabilities and relating hedging instruments	24,062.7	23,749.2
Lease liabilities	5,431.5	5,318.5
Other financial liabilities	152.0	346.7
Provisions	227.8	238.5
Non-current contracts liabilities	455.2	467.5
Deferred tax liabilities	27.6	22.4
Other non-current liabilities	652.8	705.9
Total non-current liabilities	**31,009.6**	**30,848.8**
Borrowings, financial liabilities	911.7	628.0
Lease liabilities	612.5	613.6
Other financial liabilities	1,328.5	1,461.9
Trade and other payables	5,220.1	5,574.3
Contracts liabilities	521.7	507.3
Current tax liabilities	46.0	26.9
Provisions	194.6	215.2
Other current liabilities	39.5	53.2
Total current liabilities	**8,874.6**	**9,080.5**
Total equity & liabilities	**34,158.5**	**34,918.0**

The accompanying notes form an integral part of these condensed interim combined financial statements.

Special purpose statement of changes in equity (€m)	Equity attributable to owners of the Company						
	Capital	**Additional paid-in capital**	**Reserves**	**Other comprehensive income**	**Total**	**Non-controlling interests**	**Consolidated equity**
Position as of December 31, 2021	**401.0**	**-**	**(5,583.1)**	**(58.2)**	**(5,240.3)**	**19.3**	**(5,221.0)**
Dividends paid	-	-	-	-	-	(13.4)	(13.4)
Comprehensive income (loss)	-	-	267.8	35.3	303.1	26.4	329.5
Share-based compensation	-	-	0.4	-	0.4	-	0.4
Other movements	-	-	0.5	-	0.5	3.0	3.5
Position as of September 30, 2022	**401.0**	**-**	**(5,345.4)**	**(22.8)**	**(4,967.3)**	**31.9**	**(4,935.4)**
Dividends paid	-	-	-	-	-	(11.1)	(11.1)
Comprehensive income (loss)	-	-	(49.6)	0.5	(49.1)	4.4	(44.8)
Share-based compensation	-	-	(1.8)	-	(1.8)	-	(1.8)
Transactions with non-controlling interests	-	-	(2.8)	-	(2.8)	2.8	-
Other movements (a)	-	2.2	(20.4)	-	(18.2)	-	(18.2)
Position as of December 31, 2022	**401.0**	**2.2**	**(5,420.0)**	**(22.3)**	**(5,039.2)**	**28.0**	**(5,011.2)**
Dividends paid	-	-	-	-	-	(11.7)	(11.6)
Comprehensive income (loss)	-	-	(770.3)	40.6	(729.7)	26.6	(703.1)
Other movements	-	-	0.2	-	0.2	-	0.1
Position as of September 30, 2023	**401.0**	**2.2**	**(6,190.1)**	**18.2**	**(5,768.8)**	**43.0**	**(5,725.8)**

(a) Related mainly to the change in fair value of put/call option concerning ACS: €(23.9) million.

Breakdown of changes in equity related to other comprehensive income (€m)	**December 31, 2021**	**September 30, 2022**	***Change***	**December 31, 2022**	**September 30, 2023**	***Change***
Hedging instruments	(68.0)	(57.0)	*11.0*	(53.3)	(7.8)	*45.5*
Related taxes	17.6	14.7	*(2.8)*	13.8	2.0	*(11.7)*
Actuarial gains and losses	(17.9)	19.0	*36.9*	19.6	27.4	*7.8*
Related taxes	4.2	(5.4)	*(9.5)*	(5.1)	(7.1)	*(2.0)*
Foreign currency translation adjustments	2.3	1.4	*(0.8)*	(2.5)	(0.8)	*1.7*
Items related to associates and joint ventures	4.9	5.2	*0.3*	5.2	5.2	*(0.0)*
Total	**(56.9)**	**(22.0)**	***34.9***	**(22.2)**	**18.9**	***41.1***

The accompanying notes form an integral part of these condensed interim combined financial statements.

Special purpose statement of cash flows **(€m)**	**September 30, 2023**	**September 30, 2022**
Net income (loss), Group share	**(770.3)**	**267.8**
Adjustments:		
Result attributable to non-controlling interests	26.1	26.8
Depreciation, amortisation and provision	2,456.5	2,325.5
Share in net income (loss) of associates and joint ventures	100.9	115.0
Finance costs recognised in the statement of income	1,865.9	396.1
Income tax (benefit) expense recognised in the statement of income	(105.3)	383.0
Other non-cash items (a)	16.3	19.6
Income tax paid	(79.2)	(58.3)
Change in working capital (*)	(228.2)	(137.4)
Net cash flow provided (used) by operating activities	**3,282.7**	**3,338.1**
Payments to acquire tangible and intangible assets and contract costs	(1,858.4)	(1,863.1)
Payments for acquisition of combined entities, net of cash acquired	(52.0)	(400.0)
Net (payments)/proceeds to acquire or sell financial assets	4.9	(5.1)
Proceeds from disposal of tangible and intangible assets	4.2	4.5
Proceeds from disposal of combined entities, net of cash disposals (**)	-	68.6
Net cash flow provided (used) by investing activities	**(1,901.2)**	**(2,195.1)**
Dividends paid to non-controlling interests	(12.0)	(13.3)
Dividends received	4.6	1.5
Issuance of debt	6,325.2	1,010.0
Repayment of debt	(6,160.1)	(822.0)
Restructuring of swap instruments (***)	646.8	491.6
Interest paid on debt	(879.8)	(728.3)
Lease payment (principal) related to ROU	(470.9)	(565.8)
Lease payment (interest) related to ROU	(399.9)	(256.1)
Other cash (used in)/provided by financing activities (b)	(438.1)	(313.7)
Net cash flow provided (used) by financing activities	**(1,384.4)**	**(1,196.1)**
Net increase (decrease) in cash and cash equivalents	**(2.9)**	**(53.1)**
Effects of exchange rate changes on the balance of cash held in foreign currencies	(7.9)	(8.2)
Cash and cash equivalents at beginning of period	**367.8**	**466.8**
Cash and cash equivalents at end of period	**356.9**	**405.5**

(*) Includes settlements paid as part of the voluntary departure plan for an aggregate amount of €(109.3) million (€(112.2) million as of September 30, 2022).

(**) As of September 30, 2022, related to the disposal of Outremer Tower.

(***) Refer to Note 14 – *Derivative instruments*.

Net gain/loss on disposals	(1.6)	(27.1)
Other	17.9	46.7
(a) Other non-cash items	**16.3**	**19.6**

Commercial paper	(43.5)	(127.9)
Reverse factoring	(85.1)	64.5
Securitisation	(4.3)	(20.7)
Bank overdrafts	(2.5)	(11.3)
Transaction with non-controlling interests	(18.0)	(16.3)
Other interest paid	(59.3)	(41.0)
Loans to Altice Group affiliates and other	(225.4)	(161.0)
(b) Other cash (used in)/provided by financing activities	**(438.1)**	**(313.7)**

The accompanying notes form an integral part of these condensed interim combined financial statements.

Notes to the condensed interim combined financial statements

1. About Altice France Holding S.A. and the Group

Altice France Holding S.A. (hereinafter the "Company") is a limited liability corporation (*société anonyme*) incorporated in the Grand Duchy of Luxembourg with headquarters in Luxembourg. The Company is the parent company of a consolidated group (the "Group"). It is one of the largest companies operating in the telecommunications and media space and is thereby part of a larger group with a common activity (the "Altice Group").

The Company is controlled by Altice Luxembourg S.A. ("Altice Luxembourg"). The ultimate controlling shareholder of Altice Luxembourg is Next Alt S.à r.l. ("Next Alt"), which is itself controlled by Mr. Patrick Drahi.

As of September 30, 2023, the Company holds 100% of the capital of Altice France S.A. ("Altice France") minus one share held by Altice Luxembourg.

The Group's activities cover the French telecommunication market including technical and customers services (Altice Technical Services France ("ATSF") and Altice Customer Services ("ACS")) and the French audiovisual market.

Hence, the Group has major positions in all segments of the French B2C, B2B, local authorities and wholesale telecommunications market; it has also a Media division composed of NextRadioTV and its subsidiaries, which covers the Group's audiovisual activities in France (RMC Sport, BFM TV, Business FM, BFM Paris, RMC and RMC Découverte, amongst others).

1.1. Basis of preparation of financial information

These condensed interim special purpose financial statements have been prepared for the purpose of financial reporting as required under the debt covenants relating to the senior secured notes and term loans issued by Altice France and the senior notes issued by the Company. They have been drawn up based on the accounting data of the Company, Altice France and their subsidiaries.

In the absence of a specific IFRS text dealing with special purpose financial statements, the Group defined the principles and conventions presented in the Group's 2022 special purpose financial statements. The accounting policies applied for the condensed interim combined financial statements as of September 30, 2023, do not differ from those applied in the Group's 2022 special purpose financial statements, except for the adoption of new standards effective as of January 1, 2023. These condensed interim combined financial statements of the Group as of September 30, 2023, have been prepared on a going concern basis.

For a better reading of the financial report, the terms "combined" and "combination" will be used instead of "special purpose".

These condensed interim combined financial statements of the Group as of September 30, 2023, and for the nine-month period then ended, are presented in millions of Euros, except as otherwise stated. They should be read in conjunction with the Group's 2022 special purpose financial statements.

These condensed interim combined financial statements were approved by the Board of Directors of the Company at its meeting on November 21, 2023.

Combination scope

The scope of the combined financial statements thus excludes the legal entity that has been declared as 'unrestricted subsidiary', SportsCoTV S.A.S. ("SportsCoTV"), the company that houses the Altice TV activity. As a result, the combined financial statements prepared hereafter are not fully compliant with the requirements of IFRS 10 – *Consolidated Financial Statements*.

The legal entity excluded from the scope of the combined financial statements is presented in the Statement of Financial Position in the caption "Financial assets" and the shares are measured at cost, less any impairment loss. Dividend received is recorded in "Net Finance Cost" in the Income Statement and capital contribution is recorded as an increase of the shares.

The scope is presented in Note 34 – *List of combined entities* in the Group's 2022 special purpose financial statements.

1.2. New standards and interpretations

1.2.1. Standards and interpretations applied from January 1, 2023

The following standards have mandatory application for periods beginning on or after January1, 2023:

- International Tax Reform – Pillar Two Model Rules, effective on or after January 1, 2023,
- Amendments to IAS 1 – *Presentation of Financial Statements* and IFRS Practice Statement 2 titled *Disclosure of Accounting Policies*, effective on or after January 1, 2023,
- Amendments to IAS 8 – *Definition of Accounting Estimates*, effective on or after January 1, 2023,
- Amendments to IAS 12 *(Income Tax) – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*, effective for annual periods beginning on or after January 1, 2023.

The application of these amendments had no material impact on the amounts recognised and on the disclosures in these condensed interim combined financial statements.

1.2.2. Standards and interpretations not applicable at the reporting date

The Group has not early adopted the following standards and interpretations, for which application is not mandatory for periods starting from January 1, 2023, and that may impact the amounts reported:

- Supplier Finance Arrangements (Amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 – *Financial Instruments: Disclosures*), effective on or after January 1, 2024,
- Amendments in Classification of Liabilities as Current or Non-current (Amendments to IAS 1), effective on or after January 1, 2024,
- Amendments to IFRS 16 (*Leases*) – *Lease Liability in a Sale and Leaseback*, effective on or after January 1, 2024, and
- Amendments to 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.

The Board of Directors anticipates that the application of those amendments will not have a material impact on the amounts recognised in these combined financial statements.

1.3. Significant accounting judgments and estimates

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

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

These key areas of judgments and estimates are:

- Revenue recognition,
- Estimations of provisions for claims and restructuring plans,
- Measurement of post-employments benefits,
- Fair value measurement of financial instruments,
- Measurement of deferred taxes,
- Impairment of intangible assets,
- Estimation of useful lives of intangible assets and property, plant and equipment,
- Estimation of impairment losses for contract assets and trade receivables,
- Determination of the right-of-use and lease liabilities,
- Assessment of control over some companies,
- Allocation of goodwill for assets held for sale using the relative fair value method.

As of September 30, 2023, there has been no change in the key areas of judgments and estimates.

2. Significant events of the period

Amend and extend transaction

On January 31, 2023, the Group announced that its subsidiary Altice France had successfully refinanced 75%, or €5.9 billion (equivalent), of its 2025 and 2026 Term Loan maturities to August 2028. Additionally, Altice France raised €150 million of new money, following excess demand. Concurrently, Altice France extended its €1 billion Revolving Credit Facilities to January 2028, supported by its relationship banks. This transaction is in line with the Group's proactive liability management efforts to optimise its capital structure. The average maturity for Altice France's debt capital structure increased to 5.3 years, from 4.7 years previously. The new Term Loans, due August 2028, consist of (i) a $4.3 billion Term Loan priced at 5.50% over SOFR and (ii) a €1.7 billion Term Loan priced at 5.50% over Euribor.

The operation was accounted for as an extinguishment and the Group recorded a loss on extinguishment of debt for an amount of €66.2 million (Refer to Note 5 – *Finance costs*).

As part of the transaction, the Group also restructured certain swap instruments (Refer to Note 14 – *Derivative instruments* for more details).

Internal investigation and remedial actions

In mid-July of this year, Altice Portugal learned that the Public Prosecutor's Office in Portugal was investigating allegations of harmful practices and misconduct of certain individuals and entities affecting Altice Portugal and its subsidiaries.

The Group took immediate remedial actions, including enhancing internal control procedures and controls, strengthening the oversight of procurement processes and suspending certain employees that had potential connections to the misconduct under investigation.

Moreover, the Group immediately undertook to transition away from all suppliers potentially implicated in the Portuguese authorities' investigation. To date, the Group has substantially completed these transitions according to plan and will have completed the transition plan in full by the end of 2023. As previously noted, the Group confirms that these potentially implicated suppliers accounted for approximately less than 2% of its total expenditures.

In parallel, an internal investigation in Portugal and across other jurisdictions under the direction of a global investigation committee was launched to perform a thorough risk assessment in key jurisdictions. External legal counsels were appointed as global counsel, with the support of local external counsels in each jurisdiction. They are also being assisted by forensic experts in conducting this review and root cause analysis of the alleged conduct.

The investigative work initially scoped has been substantially completed and no material impact is expected on the Group's consolidated financial statements.

Importantly, following the Public Prosecutor Office's public statement on July 14, 2023 identifying Altice Portugal as a victim in this case, Altice Portugal's status as a victim has been further confirmed with its designation as an assistant to the prosecution led by the Public Prosecutor's Office in Portugal, as publicly reported on October 26, 2023. As such, given the Portuguese authorities' ongoing investigation, the Group will continue to take account of all available facts and circumstances in determining further investigative steps and making internal and external decisions necessary to protecting its rights in each geography in which it operates.

Enhanced processes, policies and procedures going forward

Although there were already robust control mechanisms in place in both companies, the Group has proactively initiated actions to enhance and strengthen several internal control processes, policies and procedures to effectively prevent, detect and mitigate the risk of any future potential individual misconduct and have appointed external advisors to support it in the implementation of such actions. This includes further strengthening the compliance team of each operating company under the leadership of the local general counsels. The whistleblowing procedures will be enhanced and made even more accessible to allow all employees and other relevant parties to feel comfortable using the various speak-up channels. A particular emphasis has been put on all policies and procedures related to: (i) conflict of interest; (ii) procurement; (iii) third-party due diligence, onboarding and ongoing monitoring; (iv) conduct of real estate transactions, and (v) accounting controls, as well as more general policies such as the Code of Ethics. Specifically on the procurement process, each operating company will be responsible for its own purchase orders independent of the other operating entities, while a coordination committee including all head of procurement departments will be set up in order to allow the operating entities to continue to benefit from economies of scale.

The Group will continue to take all necessary steps to protect its interests and rights in all jurisdictions.

3. Change in scope

Over the period ended September 30, 2023, there was no significant change in the combination scope.

4. 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:

- Revenues,
- Adjusted EBITDA,
- Capital expenditure ("Capex"),
- Operating free cash flow ("OpFCF") and
- Net financial debt.

Non-GAAP measures

Adjusted EBITDA, Capex, OpFCF and Net financial debt are non-GAAP measures. These measures are useful to readers of the Group's financial statements as they provide a measure of operating results excluding certain items that the Group's management believe are either outside of its recurring operating activities, or items that are non-cash. Excluding such items enables trends in the Group's operating results and cash flow generation to be more easily observable. The non-GAAP measures are used by the Group internally to manage and assess the results of its operations, make decisions with respect to investments and allocation of resources, and assess the performance of management personnel. Such performance measures are also, 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 covenants 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 amortisation, other expenses, and incomes (capital gains, non-recurring litigation, restructuring costs and management fees), share-based expenses and after operating lease expenses (i.e., straight-line recognition of the rent expense over the lease term as performed under IAS 17 – *Leases* for operating 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, amortisation, and impairment, excluded from Adjusted EBITDA, do ultimately affect the operating results. Operating results presented in the condensed interim combined 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 combined statement of cash flows in accordance with IAS 7.

- ***Net financial debt***

Net financial debt is a non-GAAP measure which is useful to the readers of the combined financial statements as it provides meaningful information regarding the financial position of the Group and its ability to pay its financial debt obligations compared to its liquid assets (Refer to Note 13. 4 – *Net financial debt)*.

4.1. Revenue

The following table presents the breakdown of the revenue:

Revenue (€m)	**September 30, 2023**	**September 30, 2022**
Residential - Fixed	1,959.4	2,029.5
Residential - Mobile	2,833.9	2,853.2
Business services	2,517.5	2,555.0
Total Telecom excluding equipment sales	**7,310.8**	**7,437.8**
Equipment sales	683.2	694.8
Media	235.0	242.1
Total	**8,228.9**	**8,374.7**

"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.

4.2. Adjusted EBITDA

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

Operating profit (€m)	September 30, 2023	September 30, 2022
Revenue	**8,228.9**	**8,374.7**
Purchasing and subcontracting costs	(2,206.2)	(2,351.3)
Other operating expenses	(1,440.4)	(1,399.2)
Staff costs and employee benefits	(864.6)	(794.1)
Total	**3,717.7**	**3,830.1**
Share-based expenses	-	0.4
Rental expense operating lease	(840.7)	(786.3)
Adjusted EBITDA	**2,877.0**	**3,044.2**
Depreciation, amortisation and impairment	(2,493.6)	(2,499.7)
Share-based expenses	-	(0.4)
Other expenses and income (a)	(106.8)	(141.7)
Rental expense operating lease	840.7	786.3
Operating profit	**1,117.3**	**1,188.7**

(a) As of September 30, 2023, this line includes the transactional compensation to Free Mobile settling a certain number of disputes (Refer to Note 21 – *Subsequent events).* As of September 30, 2022, concerns mainly litigation. In addition, this line includes margin elimination on sale and lease back transactions in accordance with IFRS 16 in 2022 and 2023.

The table below provides a reconciliation between profit/(loss) to Adjusted EBITDA:

Reconciliation of profit/(loss) to Adjusted EBITDA (€m)	September 30, 2023	September 30, 2022
Profit/(loss)	**(744.2)**	**294.6**
Income tax (benefit)/expenses	(105.3)	383.0
Share of earnings of associates and joint ventures	100.9	115.0
Finance costs, net	1,865.9	396.1
Operating profit	**1,117.3**	**1,188.7**
Depreciation, amortisation and impairment	2,493.6	2,499.7
Other expenses and income (a)	106.8	141.7
Share-based expenses	-	0.4
Rental expense operating lease	(840.7)	(786.3)
Adjusted EBITDA	**2,877.0**	**3,044.2**

(a) Refer to the table above.

4.3. 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 combined statement of cash flows.

Capital expenditure (€m)	September 30, 2023	September 30, 2022
Capital expenditure (accrued) (a)	1,720.1	1,790.5
Capital expenditure - working capital items and other impacts (b)	138.3	72.6
Payments to acquire tangible and intangible assets and contract costs	**1,858.4**	**1,863.1**

(a) Includes accruals related to a new IRU for an aggregate amount of €20.7 million (€13.9 million as of September 30, 2022).
(b) Includes the payment of €26.3 million related to the 2G licenses in 2023 and 2022.

4.4. Operating Free Cash-Flow

The table below details the calculation of Adjusted EBITDA less accrued Capex or operating free cash flow ("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.

Operating Free Cash Flow (€m)	**September 30, 2023**	**September 30, 2022**
Adjusted EBITDA	2,877.0	3,044.2
Capital expenditure (accrued)	(1,720.1)	(1,790.5)
Operating Free Cash Flow	**1,157.0**	**1,253.7**

5. Finance costs

Net finance costs amount to €1,865.9 million for the nine-month period ended September 30, 2023, compared to €396.1million for the nine-month period ended September 30, 2022.

The following table presents the breakdown of the finance costs:

Finance costs (€m)	**September 30, 2023**	**September 30, 2022**
Interest relative to gross financial debt	**(1,031.1)**	**(792.4)**
Realised and unrealised gains/(loss) on derivative instruments	**(310.5)**	**1,013.7**
Finance income	**47.4**	**71.9**
Provisions and unwinding of discount	(12.2)	(371.7)
Interest related to lease liabilities	(399.9)	(256.1)
Other	(93.4)	(61.4)
Other financial expenses	**(505.6)**	**(689.3)**
Net result on extinguishment of financial liabilities	**(66.2)**	**-**
Finance costs, net	**(1,865.9)**	**(396.1)**

Interest related to gross financial debt increased to €1,031.1 million in the nine-month period ended September 30, 2023, compared to €792.4 million for the nine-month period ended September 30, 2022.This increase was mainly due to the increase in the benchmark interest rate of the Group's Euro and USD term loans and the impact of the refinancing conducted in February 2023.

As of September 30, 2023, the net loss on derivative instruments was mainly due to an unfavourable variation of the interest rate portion of the Group's swaps, following the restructuring of certain interest rate swaps in the nine months ended September 30, 2023 (Refer to Note 14 – *Derivative instruments*). The positive change in the nine months ended September 30, 2022 (€1,013.7 million) was mainly related to the impact of the increase in interest rates compared to the year ended December 31, 2021.

Following the operations described in Note 2 – *Significant events of the period - Amend and extend transaction,* the Group recorded a net result of €(66.2) million on extinguishment of debt.

6. Income tax expense

For the condensed interim combined financial statements, the tax expense or tax income on profit or loss is determined in accordance with IAS 34 – *Interim Financial Reporting*, based on the best estimate of the annual average tax rate expected for the full fiscal year, restated for non-recurring items (which are recorded in the period as incurred).

7. Goodwill and impairment of goodwill

7.1. Goodwill

Goodwill recorded in the condensed interim combined statement of financial position was allocated to the different Cash Generating Units ("CGU") as defined by the Group.
The following tables present the change in goodwill:

Goodwill (€m)	**Opening**	**Recognised on business combination**	**Changes in foreign currency translation**	**Other**	**September 30, 2023**
Telecom (a)	9,920.1	(74.5)	0.1	-	9,845.7
Media	535.3	(0.8)	-	-	534.5
Gross value	**10,455.4**	**(75.3)**	**0.1**	**-**	**10,380.2**
Telecom	(8.6)	-	-	-	(8.6)
Media	-	-	-	-	-
Cumulative impairment	**(8.6)**	**-**	**-**	**-**	**(8.6)**
Telecom	9,911.5	(74.5)	0.1	-	9,837.2
Media	535.3	(0.8)	-	-	534.5
Net book value	**10,446.8**	**(75.3)**	**0.1**	**-**	**10,371.7**

(a) Business combination: mainly related to the impact of the finalisation of the PPA of Coriolis: €(78.7) million and Syma: €4.0 million.

Goodwill (€m)	Opening	Recognised on business combination	Changes in foreign currency translation	Other	December 31, 2022
Telecom (a)	9,389.2	531.8	(0.3)	(0.6)	9,920.1
Media	515.7	19.9	-	(0.2)	535.3
Gross value	**9,904.9**	**551.7**	**(0.3)**	**(0.8)**	**10,455.4**
Telecom	(8.6)	-	-	-	(8.6)
Media	-	-	-	-	-
Cumulative impairment	**(8.6)**	**-**	**-**	**-**	**(8.6)**
Telecom	9,380.7	531.8	(0.3)	(0.6)	9,911.5
Media	515.7	19.9	-	(0.2)	535.3
Net book value	**9,896.3**	**551.7**	**(0.3)**	**(0.8)**	**10,446.8**

(a) The business combination mainly concerns the acquisitions of Coriolis: €450.1 million and Syma: €82.4 million (Refer to the Group's 2022 combined financial statements in Notes 4.3 – *Closing of the Coriolis acquisition* and 4.4 – *Acquisition of Syma)*.

7.2. Purchase Price Accounting

In accordance with IFRS 3R - *Business Combinations*, the acquisitions of Coriolis and Syma were recognized as business combinations. The identifiable assets acquired, and liabilities assumed were measured at fair value at the acquisition date under Purchase Price Accounting ("*PPA*").

The fair value of the identifiable assets and liabilities was determined on the basis of their business plan available on the acquisition date using commonly used valuation methods:

- Customer relationships: fair value was determined based on the excess earnings method. This method is based on the discounting of the earnings attributable to customer relationships, net of the asset contributing charges. These charges represent the remuneration of the assets necessary to generate the profits associated with customer relationships such as, for example, the brand, licenses, working capital requirement or tangible assets.
- Brand: the valuation of the brand is based on the royalties' method. This method is based on the discounted sum of the royalties saved by the brand holder. These royalties are calculated by applying a market royalty rate to the future revenues generated by the sale of products and services associated with the brand.

The principal assumptions to which the assets on the opening balance sheet are sensitive are as follows:

- Customer relationships: attrition rate, change in ARPUs and operating margin.
- Brand: royalty rate and life span used.

Coriolis: the principal adjustments in 2023 are related to the fair value of the intangible assets, including:

- The creation of intangible assets representing (B2C, B2B and services) customer relationships for €85 million (respective useful life: 5.7 years, 9.7 years, and 8.7 years).
- The creation of intangible assets representing the "Coriolis Telecom brand" for €30.7 million (useful life: 15 years).
- Deferred tax liabilities for €27.4 million, corresponding to the tax effects associated with the adjustments in value made in the determination of the opening balance sheet.

Residual goodwill was €371.4 million and primarily represents the value of future custom relations, the human capital of the company and the synergies specific to the Group expected from this acquisition.

Syma: the principal adjustments in 2023 are related to the fair value of the intangible assets, including:

- The recognition of customer relationships in replacement of customer acquisition costs already recognised in the opening balance sheet, with a net impact of €(8.1) million (useful life: 1.6 year).
- The creation of intangible assets representing the "Syma brand" for €7.1 million (useful life: 15 years).
- Deferred tax liabilities for €1.4 million, corresponding to the tax effects associated with the adjustments in value made in the determination of the opening balance sheet.

Residual goodwill was €86.4 million and primarily represents the value of future customer relations, the human capital of the company and synergies specific to the Group expected from this acquisition.

Transition from provisional goodwill to definitive goodwill

The transition from provisional goodwill in Note 11 – *Goodwill and impairment of goodwill* to the Group's 2022 combined financial statements to definitive goodwill is presented below:

(€m)	Coriolis	Syma	Total
Provisional goodwill	**450.1**	**82.4**	**532.5**
Customer relationships	(85.0)	(10.0)	(95.0)
Brand	(30.7)	(7.1)	(37.8)
Other assets	-	18.1	18.1
Deferred tax liabilities	27.4	(1.4)	26.0
Provisions	9.6	4.5	14.0
Definitive goodwill	**371.4**	**86.4**	**457.8**

7.3. Impairment of goodwill

Goodwill is tested at the level of each CGU annually for impairment and whenever changes in circumstances indicate that its carrying amount may not be recoverable. Goodwill was tested at the CGU level for impairment as of September 30, 2023.

The CGU is based on the main activities Telecom and Media. The recoverable amounts of the CGUs are determined based on their value in use. The Group determined value in use for purposes of its impairment testing and, accordingly, did not determine the fair value less cost of disposal of the CGUs. The key assumptions for the value in use calculations are primarily the pre-tax discount rates, the terminal growth rate, revenue, Adjusted EBITDA and capital expenditures. Following the application of IFRS 16 – *Leases*, Adjusted EBITDA is defined as operating income before depreciation, amortization and impairment, other expenses and incomes (capital gains, non-recurring litigation, restructuring costs) and share-based expenses and after operating lease expenses (i.e., straight-line recognition of the rent expense over the lease term as performed under IAS 17 – *Leases* for operating lease).

The Board of Directors and the Group's senior executives have determined that there have not been any changes in circumstances indicating that the carrying amount of goodwill may not be recoverable. In addition, there were no significant changes in assets or liabilities in any CGU, while the recoverable amounts continue to significantly exceed the carrying amounts. Therefore, based on the annual impairment test performed as of September 30, 2023, no impairment of goodwill was recorded.

7.3.1.Key assumptions used in impairment testing

The Group has made use of various external indicators and internal reporting tools to assess and estimate the key assumptions used in the Group's impairment testing as of September 30, 2023.

7.3.1.1. Cash flows

The value in use of each CGU was determined by estimating cash flows for a period of five years for the operating activities. Cash flow forecasts are derived from the most recent business plans approved by the Board of Directors. Beyond the specifically forecasted period of five years, the Group extrapolates cash flows for the remaining years based on an estimated constant growth rate of 1.75%. The growth rate is estimated at an individual CGU level and does not exceed the average long-term growth rate for the relevant markets.

7.3.1.2. Discount rates

Discount rates have been estimated using pre-tax rates, which reflect current market rates for investments of similar risk. The discount rate for the CGUs was estimated using the weighted average cost of capital ("WACC") of companies that operate a portfolio of assets similar to the Group's. The pre-tax discount rates used across the Group for the calculation of the value in use as of September 30, 2023, range from 8.8% to 12.2%.

7.3.1.3. Other internal assumptions

The Groups makes operational and financial assumptions including customer subscriber additions, churn rates and Adjusted EBITDA (and the Adjusted EBITDA margin), for example. These assumptions were based on historical experience and expectations of future changes in the market. The Group also assumes that recurring Capex is expected to be proportional to sales, related to the acquisition of new clients, and thus is indexed to the growth in revenues. In addition, the Group has included in the assumptions a decrease in capital expenditure over the business plan period.

7.3.1.4. Assumptions about external factors

In addition to using internal indicators to assess the carrying amount in use, the Board of Directors also relies on external factors which can influence the cash generating capacity of the CGUs and indicate that certain factors beyond the control of the Board of Directors might influence the carrying amounts in use:

- Indicators of market slowdown in specific activities;
- Indicators of degradation in financial markets, that can impact the financing ability of the Group.

Key assumptions used in estimating value in use	Telecom	Media
As of September 30, 2023		
Average terminal growth rate (%)	1.8%	1.8%
5-year average Adjusted EBITDA margin (%)	36.4%	37.5%
5-year average Capex ratio (%)	(18.4)%	(9.0)%
Pre-tax discount rate (%)	8.8%	12.2%
Post-tax discount rate (WACC) (%)	7.0%	9.5%
As of September 30, 2022		
Average terminal growth rate (%)	1.5%	1.5%
5-year average Adjusted EBITDA margin (%)	37.4%	34.9%
5-year average Capex ratio (%)	(20.8)%	(10.5)%
Pre-tax discount rate (%)	7.4%	11.0%
Post-tax discount rate (WACC) (%)	6.0%	8.5%

7.3.2.Sensitivity analysis

In validating the value in use determined for the CGU, key assumptions used in the discounted cash-flow model were subject to a sensitivity analysis to test the resilience of value in use. The sensitivity analysis of the CGUs is presented below, given changes to the material inputs to the respective valuations:

Sensitivity to changes in key inputs in the value in use calculation	Telecom	Media
Amount by which the CGU exceeds the book value (€m)	13,484.0	483.1
Terminal growth rate for which recoverable amount is equal to carrying amount (%)	(3.5)%	(6.9)%
Post-tax discount rate for which recoverable amount is equal to carrying amount (%)	10.5%	14.0%
Adjusted EBITDA margin for which recoverable amount is equal to carrying amount (%)	27.7%	26.1%
0.5% increase in the discount rate (€m)	(2,913.7)	(80.0)
1.0% decrease in the terminal growth rate (€m)	(2,334.2)	(55.6)

The analysis did not result in any scenarios whereby a reasonable possible change in the key assumptions would result in a recoverable amount for the CGU which is inferior to the carrying value, if applied to any other CGU.

8. Investments in associates and joint ventures

There has been no significant change over the nine-month period ended September 30, 2023, except for the share of earnings of associates and joint ventures presented in the combined statement of income.

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

Main interests in associates and joint ventures (€m)	September 30, 2023	December 31, 2022
La Poste Telecom	-	-
Synerail Construction	1.1	1.1
Other associates	6.4	6.4
Associates	**7.5**	**7.5**
XpFibre Holding (a)	750.8	862.2
Synerail	3.3	4.4
Other joint ventures	0.4	0.4
Joint ventures	**754.5**	**867.1**
Total	**762.0**	**874.6**

(a) XpFibre Holding S.A.S. is a partnership between Altice France and a consortium led by OMERS Infrastructure, AXA IM - Real Assets and Allianz Capital Partners, to develop the "Fibre to the home" business within the framework of the private investment zone (AMII / AMEL areas and PIN and rural areas). XpFibre is the largest alternative FTTH infrastructure wholesale operator in France. XpFibre specialises in the design, construction and operation of telecommunications networks and infrastructures for local authorities. The Covage subsidiaries, acquired by XpFibre Holding in 2020, specialise 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 the Group's 2022 special purpose financial statements in Note 34 – *List of combined entities*.

9. Non-current financial assets

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

Non-current financial assets (€m)	September 30, 2023	December 31, 2022
Derivative financial instruments (a)	596.2	1,051.7
Loans and receivables with Altice Group affiliates	501.5	598.7
Other (b)	616.0	540.1
Non-current financial assets	**1,713.7**	**2,190.5**

(a) Related to swaps (Refer to Note 14 – *Derivative instruments)*.
(b) Of which a loan to XpFibre Holding for €486.9 million.

10. Current financial assets

The following table presents the breakdown of the current financial assets:

Current financial assets (€m)	September 30, 2023	December 31, 2022
Receivable SportsCoTV	253.2	53.0
Call options with non-controlling interests (a)	52.5	52.5
Derivative instruments	108.3	345.9
Other	38.6	28.4
Current financial assets	**452.6**	**479.7**

(a) Concerns the ACS call option.

11. Cash and cash equivalents

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

Cash and cash equivalents (€m)	September 30, 2023	December 31, 2022
Cash	322.2	348.6
Cash equivalents	34.8	19.2
Cash and cash equivalents	**356.9**	**367.8**

12. Equity

As of September 30, 2023, the Company's share capital amounted to €400,969,500 comprising 400,969,500 shares with a par value of €1 each.

The Group does not hold treasury shares.

The meeting of the Board of Directors of April 29, 2021 approved an exceptional dividend distribution at €11.37 per share, for an aggregate amount of €4,559.8 million, which was deducted from the "Additional paid-in capital" and "Reserves" captions.

The Group did not distribute dividends to its shareholders during the year 2022 and the nine-month period ended September 30, 2023.

13. Financial liabilities

13.1. Financial liabilities breakdown

The following table presents the breakdown of financial liabilities:

	Current		Non-current		Total	
Financial liabilities breakdown (€m)	**September 30, 2023**	**December 31, 2022**	**September 30, 2023**	**December 31, 2022**	**September 30, 2023**	**December 31, 2022**
Bonds	299.5	220.0	16,432.9	16,300.7	16,732.4	16,520.7
Loans from financial institutions	557.2	292.3	7,388.6	7,287.6	7,945.9	7,579.8
Derivative financial instruments	55.0	115.7	241.2	160.9	296.1	276.7
Borrowings, financial liabilities and related hedging instruments (*)	**911.7**	**628.0**	**24,062.7**	**23,749.2**	**24,974.4**	**24,377.2**
Finance lease liabilities	10.4	10.5	15.1	17.3	25.5	27.8
Operating lease liabilities	602.2	603.1	5,416.4	5,301.2	6,018.6	5,904.3
Lease liabilities	**612.5**	**613.6**	**5,431.5**	**5,318.5**	**6,044.0**	**5,932.0**
Perpetual subordinated notes	-	-	73.3	69.7	73.3	69.7
Deposits received from customers	12.6	15.4	65.8	71.0	78.4	86.3
Bank overdrafts	4.7	7.1	-	-	4.7	7.1
Securitisation	241.5	245.8	-	-	241.5	245.8
Reverse factoring	850.4	935.5	-	-	850.4	935.5
Commercial paper	-	43.5	-	-	-	43.5
Debt Altice Group and other	219.3	214.7	12.9	206.1	232.2	420.8
Other financial liabilities	**1,328.5**	**1,461.9**	**152.0**	**346.7**	**1,480.5**	**1,808.7**
Financial liabilities	**2,852.8**	**2,703.5**	**29,646.2**	**29,414.4**	**32,499.0**	**32,117.9**

(*) Including accrued interest.

Financial liabilities issued in US dollars are converted at the following closing rate:
- As of September 30, 2023: €1=1.0578 USD,
- As of December 31, 2022: €1=1.0711 USD.

As of September 30, 2023, the Revolving Credit Facility (“RCF”) was drawn for an aggregate amount of €358.4 million.

13.2. Bonds

The following table presents the breakdown of bonds:

Bonds			Outstanding amount at [(1)] (€m)	
Original currency	Maturity	Coupon in foreign currency	September 30, 2023	December 31, 2022
EUR	January 2025	2.500%	550.0	550.0
EUR	February 2025	2.125%	500.0	500.0
EUR	February 2027	5.875%	1,000.0	1,000.0
EUR	May 2027	8.000%	1,317.4	1,317.4
EUR	January 2028	3.375%	1,000.0	1,000.0
EUR	February 2028	4.000%	500.0	500.0
EUR	January 2029	4.125%	500.0	500.0
EUR	July 2029	4.000%	400.0	400.0
EUR	October 2029	4.250%	800.0	800.0
USD	February 2027	8.125%	1,654.4	1,633.8
USD	May 2027	10.500%	1,476.7	1,458.3
USD	January 2028	5.500%	1,039.9	1,027.0
USD	February 2028	6.000%	1,039.4	1,026.5
USD	January 2029	5.125%	449.0	443.5
USD	July 2029	5.125%	2,363.4	2,334.0
USD	October 2029	5.500%	1,890.7	1,867.2
Total			**16,480.9**	**16,357.8**

(1) Amounts expressed exclude accrued interest: €306.6 million (€226.8 million as of December 31, 2022) and exclude the impact of the effective interest rate (transaction costs (EIR)): €(55.1) million (€(63.8) million as of December 31, 2022). Including accrued interest and impact of EIR, the total bond borrowings amount to €16,732.4 million (€16,520.7 million as of December 31, 2022).

The bonds are listed on The International Stock Exchange (T.I.S.E) and on the Luxembourg Stock Exchange (Lux S.E.).

13.3. 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)]	September 30 , 2023	December 31, 2022
EUR	B11	July 2025	Euribor 3M	3.000%	205.9	1,082.0
EUR	B12	January 2026	Euribor 3M	3.000%	246.6	950.0
EUR	B14	August 2028	Euribor 3M	5.500%	1,717.2	-
USD	B11	July 2025	Libor 3M	2.750%	334.2	1,252.8
USD	B12	January 2026	Libor 3M	3.688%	517.7	1,906.9
USD	B13	August 2026	Libor 3M	4.000%	549.6	2,240.7
USD	B14	August 2028	Term Sofr 3M	5.500%	4,035.3	-
Revolving Credit Facility (RCF)					358.4	138.0
Total					**7,964.9**	**7,570.5**

(1) Interest is payable quarterly.
(2) Amounts expressed exclude accrued interest: €153.3 million (€101.2 million as of December 31, 2022) and exclude the impact of EIR: €(172.8) million (€(92.8) million as of December 31, 2022). Including accrued interest and impact of EIR, total bank borrowings amount to €7,945.5 million (€7,578.8 million as of December 31, 2022). These amounts do not include the bank loan raised by NextRadioTV: €0.4 million (€1.1 million as of December 31, 2022).

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

13.4. 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)**	**September 30,** **2023**	**December 31,** **2022**
Bonds	16,480.9	16,357.8
Loans from financial institutions	7,964.9	7,570.5
Finance lease liabilities	25.5	27.8
Commercial paper	-	43.5
Bank overdrafts	4.7	7.1
Other	16.0	90.9
Net derivative instruments - currency translation impact	(127.9)	(581.3)
Financial liabilities contributing to net financial debt (a)	**24,364.1**	**23,516.2**
Cash and cash equivalents (b)	356.9	367.8
Net financial debt (a) – (b)	**24,007.1**	**23,148.4**

(a) Liability items correspond to the nominal value of financial liabilities excluding accrued interest, impact of EIR, perpetual subordinated notes, operating "debt" (notably guarantee deposits, securitisation "debt" and reverse factoring) and include the portion of the fair value of derivatives related to the currency impact: €127.9 million (€581.3 million as of December 31, 2022). The fair value of derivatives related to the interest rate impact of €280.3 million (€539.6 million as of December 31, 2022) is not included. All these liabilities are converted at the closing exchange rates (Refer to Note 13.5 – *Reconciliation between net financial liabilities and net financial debt*).

13.5. 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 combined statement of financial position and the net financial debt:

Reconciliation between net financial liabilities and net financial debt **(€m)**	**September 30,** **2023**	**December 31,** **2022**
Financial liabilities	32,499.0	32,117.9
Cash and cash equivalents	(356.9)	(367.8)
Derivative instruments classified as asset	(704.4)	(1,397.6)
Net financial liabilities - combined statement of financial position	**31,437.6**	**30,352.6**
Reconciliation:		
Operating lease liabilities	(6,018.6)	(5,904.3)
Net derivative instruments - rate impact	280.3	539.6
Accrued interest	(467.8)	(331.9)
Transaction costs	227.9	156.7
Perpetual subordinated notes	(73.3)	(69.7)
Deposits received from customers	(78.4)	(86.3)
Securitization	(241.5)	(245.8)
Reverse factoring	(850.4)	(935.5)
Debt on share purchase	(206.0)	(201.2)
Dividend to pay	(1.5)	(1.9)
Current accounts	(1.2)	(6.5)
Debt Altice Group and other	(0.0)	(117.3)
Net financial debt	**24,007.1**	**23,148.4**

14. Derivative instruments

14.1. Fair value of derivative instruments

The following table presents the derivative instruments fair value:

Type (€m)	Underlying element	September 30, 2023	December 31, 2022
Cross-currency swaps	2027 USD bonds	132.5	267.0
	2028 USD bonds	111.3	178.4
	2029 USD bonds	69.4	243.8
	July 2025 USD term loan	-	133.3
	January 2026 USD term loan	-	82.4
	August 2026 USD term loan	-	217.1
	August 2028 USD term loan	39.7	-
Interest rate swaps	Fixed rate - Floating rate USD	(60.3)	(138.0)
	Fixed rate - Euribor 3 months	-	17.4
	Fixed rate - Euribor 6 months	115.8	119.4
	Derivative instruments classified as assets	704.4	1,397.6
	Derivative instruments classified as liabilities	(296.1)	(276.7)
	Net Derivative instruments	**408.3**	**1,120.9**
	O/w currency effect	*127.9*	*581.3*
	O/w interest rate effect	*280.3*	*539.6*

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

The fair value of derivative financial instruments (cross currency swaps) traded over the counter is calculated based on 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 Base II for calculating exposure risk and using market data to determine the probability of default.

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

14.2. Cross currency swaps and interest rate swaps

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

In the nine-month period ended September 30, 2023, the Group made changes to cross-currency and interest rate swaps and received net cash proceeds of €643.6 million as a result of these changes. The tables below provide a summary of derivatives portfolio following the restructuring.

Cross Currency Swaps						
Start Date-End Date	**Notional amount due from Counterparty (millions)**		**Notional amount due to Counterparty (millions)**		**Interest rate due from Counterparty**	**Interest rate due to Counterparty**
Altice France Holding						
… / May 2026	USD	1,012	EUR	884	10.50%	6.72%
… / May 2026	USD	350	EUR	306	6m Term Sofr	6m Euribor - 0.434%
… / May 2027	USD	200	EUR	185	10.50%	7.96%
… / February 2028	USD	1,094	EUR	995	6.00%	4.06%
Altice France						
…/August 2026	USD	670	EUR	620	3m Term Sofr + 3.59%	5.11%
Jan 2023 / Jan 2027	USD	787	EUR	794	3m Term Sofr + 3.59%	3m Euribor + 3.20%
…/February 2027	USD	1,736	EUR	1,671	8.13%	6.23%
…/January 2028	USD	1,100	EUR	1,026	5.50%	3.61%
…/July 2028	USD	55	EUR	51	3m Term Sofr + 3.59%	3m Euribor + 3.57%
Feb 2023 / Aug 2028	USD	2,546	EUR	2,398	3m Term Sofr + 5.50%	3m Euribor + 5.37%
Feb 2023 / Aug 2028	USD	1,516	EUR	1,471	3m Term Sofr + 5.50%	7.28%

Cross Currency Swaps						
Start Date-End Date	Notional amount due from Counterparty (millions)		Notional amount due to Counterparty (millions)		Interest rate due from Counterparty	Interest rate due to Counterparty
Feb 2023 / Apr 2029	USD	244	EUR	225	3m Term Sofr + 5.50%	6.58%
…/January 2029	USD	475	EUR	433	5.13%	4.24%
Jan 2027 / Apr 2029	USD	335	EUR	342	3m Term Sofr + 3.59%	3m Euribor + 3.05%
…/July 2029	USD	2,500	EUR	2,368	5.13%	3.81%
…/October 2029	USD	1,988	EUR	1,829	5.50%	4.19%

Interest Rate Swaps						
Start Date-End Date	Notional amount due from Counterparty (millions)		Notional amount due to Counterparty (millions)		Interest rate due from Counterparty	Interest rate due to Counterparty
Altice France Holding						
… / May 2024	USD	371	USD	371	3m Libor + 3.78%	8.00%
Altice France						
…/January 2027	EUR	750	EUR	750	6m Euribor + 3.00%	3.08%
…/April 2027	EUR	250	EUR	250	6m Euribor + 3.00%	3.16%
Sep 2024 / Jan 2029	USD	750	USD	750	3m Term Sofr	4.92%
May 2024 / May 2029	USD	750	USD	750	3m Libor	4.59%
July 2024 / July 2029	USD	1,375	USD	1,375	Sofr (compound)	4.71%

15. 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 as of September 30,2023 and December 31, 2022:

Fair values of assets and liabilities	September 30, 2023		December 31, 2022	
(€m)	Carrying value	Fair value	Carrying value	Fair value
Cash and cash equivalents	356.9	356.9	367.8	367.8
Put options with non-controlling interests	52.5	52.5	52.5	52.5
Derivatives	108.3	108.3	345.9	345.9
Other financial assets	291.8	291.8	81.3	81.3
Current assets	**809.5**	**809.5**	**847.5**	**847.5**
Derivatives	596.2	596.2	1,051.7	1,051.7
Other financial assets	1,117.5	1,117.5	1,138.8	1,138.8
Non-current assets	**1,713.7**	**1,713.7**	**2,190.5**	**2,190.5**
Short term borrowings and financial liabilities	856.7	856.7	512.3	512.3
Put options with non-controlling interests	128.0	128.0	128.0	128.0
Derivatives	55.0	55.0	115.7	115.7
Lease liabilities	612.5	612.5	613.6	613.6
Reverse factoring and securitisation	1,091.9	1,091.9	1,181.3	1,181.3
Accrued interest	8.0	8.0	4.0	4.0
Commercial paper	-	-	43.5	43.5
Other financial liabilities	100.6	100.6	105.2	105.2
Current liabilities	**2,852.8**	**2,852.8**	**2,703.5**	**2,703.5**
Long term borrowings and financial liabilities	23,821.5	19,131.7	23,588.3	19,902.1
Derivatives	241.2	241.2	160.9	160.9
Lease liabilities	5,431.5	5,431.5	5,318.5	5,318.5
Other financial liabilities	152.0	152.0	346.7	346.7
Non-current liabilities	**29,646.2**	**24,956.4**	**29,414.4**	**25,728.2**

During the nine-month period ended September 30, 2023, there has been 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.

Except for 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 amortised cost, which corresponds to the estimated value of the financial liability when initially recognised, minus repayments of principal, and plus or minus cumulative amortisation, measured using the effective interest rate method.

Derivatives are measured at fair value through the income statement. Put and call options are measured at fair value through equity.

16. Provisions

The following table presents the breakdown of provisions:

Provisions (€m)	**Opening**	**Addition**	**Utilization**	**Reversal and changes of accounting estimates**	**Other**	**September 30, 2023**
Employee benefit provisions	96.3	8.3	(0.7)	(0.2)	(7.7)	95.9
Restructuring charges	13.6	0.3	(3.8)	(0.1)	-	10.0
Technical site restoration (a)	31.1	-	(0.1)	-	0.1	31.0
Litigation and other (b)	312.7	6.1	(40.3)	(4.2)	11.2	285.5
Provisions	**453.7**	**14.6**	**(44.9)**	**(4.6)**	**3.6**	**422.4**
Current	*215.2*	*4.1*	*(35.4)*	*(3.1)*	*13.9*	*194.6*
Non-current	*238.5*	*10.6*	*(9.5)*	*(1.4)*	*(10.3)*	*227.8*

(a) 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) These items 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. All provisioned disputes are currently awaiting hearing or motions in a court. The unused portion of provisions recognised 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 2022 is presented below:

Provisions (€m)	**Opening**	**Addition**	**Utilisation**	**Reversal and changes of accounting estimates**	**Other**	**December 31, 2022**
Employee benefit provisions	121.5	13.2	(1.1)	-	(37.2)	96.3
Restructuring charges	194.0	0.4	(140.6)	(40.3)	-	13.6
Technical site restoration	46.8	1.5	-	(2.9)	(14.3)	31.1
Litigation and other	297.9	132.7	(102.9)	(27.9)	12.9	312.7
Provisions	**660.3**	**147.8**	**(244.7)**	**(71.1)**	**(38.5)**	**453.7**
Current	*308.2*	*116.0*	*(237.6)*	*(53.6)*	*82.1*	*215.2*
Non-current	*352.0*	*31.8*	*(7.1)*	*(17.6)*	*(120.6)*	*238.5*

17. Other non-current liabilities

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

Other non-current liabilities (€m)	**September 30, 2023**	**December 31, 2022**
Licenses (a)	337.1	350.2
Other	315.7	355.7
Other non-current liabilities	**652.8**	**705.9**

(a) Concerns 2G and 5G licenses.

18. Related parties' transactions

Parties related to the Group include:

- All companies included in the combination scope, regardless of whether they are fully combined or equity associates,
- All entities which are ultimately owned by the Group's controlling shareholder, and
- All the members of the Executive Committee and Board members of the Company and companies in which they hold a directorship.

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

18.1. Associates and joint ventures

Associates and joint ventures, measured through equity, are presented in Note 8 – *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) as part of the GSM-R public-private partnership,
- XpFibre Holding (JV) and its subsidiaries as part of the network deployment and maintenance in medium and low dense areas.

The overview of these transactions is as follows:

Associates and joint ventures (€m)	**September 30, 2023**	**December 31, 2022**
Assets	**1,666.1**	**1,230.7**
Non-current assets	1,093.4	886.5
Current assets	572.7	344.2
Liabilities	**1,088.8**	**894.9**
Non-current liabilities	591.4	459.8
Current liabilities	497.4	435.1

Associates and joint ventures (€m)	**September 30, 2023**	**September 30, 2022**
Revenue	730.5	833.6
Operating expenses	(113.1)	(135.8)
Financial income/(expense)	(45.3)	(13.0)

18.2. Shareholders

The overview of these transactions is as follows:

Related parties' transactions - shareholders (€m)	**September 30, 2023**	**December 31, 2022**
Assets	**1,222.7**	**1,204.6**
Non-current financial assets (a)	693.4	752.5
Non-current operating assets (b)	177.6	310.3
Current financial assets (c)	287.1	64.0
Current operating assets	64.6	77.8
Liabilities	**365.0**	**604.1**
Non-current financial liabilities (d)	185.9	423.8
Current financial liabilities (e)	19.4	36.7
Operating liabilities	159.7	143.6

(a) Of which a loan to Altice Group Lux: €23.6 million (same amount as of December 31, 2022), a loan to Altice Luxembourg: €477.9 million (€575.1 million as of December 31, 2022) and intercompany swap: €115.5 million (€115.8 million as of December 31, 2022).
(b) Concerns mainly the transaction with SCI Quadrans.
(c) Of which receivables with SportsCoTV: €253.2 million (€53.0 million as of December 31, 2022) and intercompany swap €17.8 million (€6.2 million as of December 31, 2022).
(d) Concerns the transaction with SCI Quadrans: €185.9 million (€306.5 million as of December 31, 2022); the liability with Altice Luxembourg (€117.3 million as of December 31, 2022) has been offset with a financial asset.
(e) Concerns mainly the transaction with SCI Quadrans.

The amounts related to right of use and financial liabilities concerning the transaction with SCI Quadrans are recorded under IFRS 16.

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

Related parties' transactions - shareholders (€m)	**September 30, 2023**	**September 30, 2022**
Operating income	29.6	17.5
Operating expenses	(226.6)	(205.8)
Financial income	60.9	188.4
Financial expenses	(21.0)	(15.1)

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

- HOT, Portugal Telecom: telecommunication services,
- SportsCoTV: television royalties and content,
- Altice Luxembourg: management fees,
- SCI Quadrans: rental of real estate.

The net finance income includes mainly the impact of swaps: €35.1 million (€187.2 million as of September 30, 2022).
The operating expenses include management fees for €1.7 million (€8.4 million as of September 30, 2022).
Investments made amount to €31.9 million (€25.2 million as of September 30, 2022).

19. Commitments and contractual obligations

During the nine-month period ended September 30, 2023, there has been no significant change in the commitments and contractual obligations undertaken or received by the Group as described in the Group's 2022 special purpose financial statements.

20. Litigation

In the normal course of business, the Group is subject to several lawsuits and governmental arbitration and administrative proceedings as a plaintiff or a defendant.

During the nine-month period ended September 30, 2023, there was no significant development in existing litigation or new litigation since the publication of the Group's 2022 special purpose financial statements that have had, or that may have, a significant effect on the financial position of the Group except the developments mentioned in Note 21 – *Subsequent events* related to the litigations with Free.

21. Subsequent events

Settlement Free

Please refer to Note 33.2 – *Civil and commercial disputes* in the Group's 2022 special purpose financial statements*,* for a description of the litigations with Free (Free against SFR: unfair practices for non-compliance with consumer credit provisions in a subsidised offer; Free Mobile against SFR: subsidised offers sold since 2017; Claim from Free concerning the acquisition of Virgin Mobile by the Group). The litigations mentioned above have been settled in November 2023.

Altice France announces the creation of UltraEdge– the first nationwide independent distributed datacenter operator in France–in partnership with Morgan Stanley Infrastructure Partners

On November 21, 2023, Altice France announced that it has entered into an exclusivity agreement to partner with Morgan Stanley Infrastructure Partners to establish the first nationwide independent distributed colocation provider in France through the sale of a 70%-majority stake in UltraEdge, a datacenter company to be formed and comprising 257 data centers plus office space currently operated by SFR across France.

The envisaged transaction values UltraEdge at an enterprise value of €764 million representing an attractive multiple of c.29x 2023 pro forma EBITDA of €26 million. In addition, SFR will enter into a build-to-suit agreement with UltraEdge by which SFR is expected to generate approximately €175 million of additional proceeds to SFR within the next 7 years.

The transaction reflects Altice France's strategy around balance sheet management, which notably includes executing inorganic deleveraging through pro-active management of our non-core asset portfolio. Furthermore, the transaction will strengthen Altice France on its objectives to provide best in class telecommunication services to its clients as the datacenter infrastructure continues to be upgraded, expanded and densified.

The transaction will be subject to customary conditions precedent for this type of transactions in France. Closing of the transaction, which will be subject to regulatory approvals, is expected to occur in the first half of 2024.