

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion and analysis provides information that we believe is relevant to an assessment and understanding of the financial condition and results of operations of the Issuers and their consolidated subsidiaries and should be read together with the Altice France Holding Special Purpose Financial Statements for the year ended December 31, 2021.*

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

*The Group applies International Financial Reporting Standards (IFRS) as endorsed in the European Union. Adjusted EBITDA, operating free cash flow and Capital Expenditures (accrued), and measures derived therefrom, are not defined in IFRS and are "non-IFRS measures". Management believes that these measures are useful to readers of the Group's financial statements as it provides a measure of operating results excluding certain items that we believe are either outside of our recurring operating activities, or items that are non-cash. Excluding such items enables trends in our operating results and cash flow generation to be more easily observable. We use the non-IFRS measures internally to manage and assess the results of our operations, make decisions with respect to investments and allocation of resources, and assess the performance of management personnel. Such performance measures are also the de facto metrics used by investors and other members of the financial community to value other companies operating in our industry, and thus are a basis for comparability between us and our peers. However, Adjusted EBITDA, as used herein, is not necessarily comparable to similarly titled measures of other companies. Furthermore, Adjusted EBITDA has limitations as an analytical tool and should not be considered in isolation from, or as an alternative to, net income or loss, operating income, cash flow or other combined income or cash flow data prepared in accordance with IFRS. For further details, see "Presentation of Financial and Other Information" included elsewhere in this Offering Memorandum.*

### **Basis of Presentation**

#### ***Adoption of IFRS 16***

The Group has adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of January 1, 2019. See note 1.2.3 to the 2019 Financial Statements included elsewhere in this Offering Memorandum, for more information. Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases for which it is the lessee. The Group recognised lease liabilities to make lease payments and right-of-use ("ROU") assets representing the right to use the underlying assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Group. The main effects of the adoption of IFRS 16 on assets and liabilities as of January 1, 2019, were a recognition of ROU assets of €3,233 million which are recognized and presented separately in the statement of financial position and include the lease assets in the amount of €121 million previously recognized under finance leases and reclassified from the Property, plant and equipment and Intangible assets line items, and an increase in lease liabilities by €3,214 million (current and non-current) (including the reclassification of finance lease liabilities already recorded as of December 31, 2018 in the amount of €79 million) of which the current and non-current liabilities increased by €663 million and €2,551 million, respectively.

#### ***Operational Activities***

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

On January 1, 2019, we amended the presentation of our revenue derived from operational activities, presenting revenue by activity under "Residential—Fixed," "Residential—Mobile," "Business Services," "Equipment Sales" and "Media" which we believe more accurately reflects the current day-to-day operational and strategic divisions in which our business is managed.

## *Unrestricted Perimeter*

Unless otherwise specified, the tables in this section represent the consolidated financial results of the Group (including (i) Altice TV with effect from July 8, 2020, following the completion of the reorganization of Altice Europe and the Group's content activities, (ii) Hivory, until its disposal by the Group pursuant to the Hivory Transaction which was completed on October 28, 2021 and (iii) Altice Finco France following its incorporation on December 21, 2020). XpFibre Holding (along with its subsidiaries) is accounted for as a joint venture and is therefore consolidated using the equity method in the Historical Consolidated Financial Information.

### *Altice TV*

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

### *Altice Finco France*

In connection with the Take-Private Transaction, Altice France and Altice France Holding designated the newly incorporated subsidiary, Altice Finco France, which primarily conducted certain financing activities, as an unrestricted subsidiary under the agreements, instruments and indentures governing the indebtedness of Altice France and Altice France Holding, including the Existing Senior Indentures, the Existing AFH Revolving Credit Facilities Agreement, the Existing Senior Secured Indentures, the Existing Revolving Credit Facilities Agreement and the Existing Term Loans Agreement, and will designate such entity as an unrestricted subsidiary under the Senior Secured Indenture and the Senior Indenture (and therefore will not be subject to any of the covenants set forth therein). The financial information, primarily including the indebtedness and interest expense thereon, pertaining to Altice Finco France has been consolidated in the Altice France Audited Financial Statements since its incorporation. The indebtedness incurred by Altice Finco France has been fully repaid as of December 31, 2021, mainly using the proceeds from the sale of Hivory. See note 4.3 to the 2021 Financial Statements, included elsewhere in this Offering Memorandum, for more information.

### *Hivory*

Altice France entered into an exclusivity agreement dated February 3, 2021 with Cellnex to sell its 50.01% stake in Hivory to Cellnex for an implied enterprise value at 100% of €5.2 billion. The transaction was completed on October 28, 2021. Prior to the consummation of the Hivory Transaction, Altice France and Altice France Holding designated Hivory as an unrestricted subsidiary under the agreements, instruments and indentures governing their respective indebtedness. The financial information pertaining to Hivory has been consolidated in the Altice France Audited Financial Statements until the completion of the Hivory Transaction, except that the assets and associated liabilities of Hivory were classified as held for sale as per the provisions of IFRS 5 since March 31, 2021.

### *XpFibre*

XpFibre Holding (formerly known as SFR FTTH Network Holding S.A.S.), a joint venture in which the Group owns a 50.01% interest (with the remaining held by the JV Consortium) was incorporated as a sole shareholder of (x) XpFibre Network (formerly known as SFR FTTH Network S.A.S.) and (y) XpFibre S.A.S. (formerly known as SFR FTTH S.A.S.), and the XpFibre business was contributed to XpFibre Holding on December 8, 2020.

XpFibre Holding and its subsidiaries have been designated as unrestricted subsidiaries under the agreements, instruments and indentures governing the indebtedness of Altice France and Altice France Holding, including [the Existing Senior Indentures, the Existing AFH Revolving Credit Facilities Agreement, the Existing Senior Secured Indentures, the Existing Revolving Credit Facilities Agreement, the Existing Term Loans Agreement, and will be designated as unrestricted subsidiaries under the Senior Secured Indenture and the Senior Indenture (and therefore will not be subject to any of the covenants set forth therein). XpFibre Holding (along with its subsidiaries) is accounted for as a joint venture and is therefore consolidated using the equity method in the Altice France Audited Financial Statements.

### **Key Factors Affecting Our Results of Operations**

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

### ***Acquisitions and Integration of Businesses, Disposals and Strategic Initiatives***

Altice France was created following the acquisition of SFR, France's then leading alternative mobile services provider, which occurred on November 27, 2014. Since then, we have, from time to time, made significant direct and indirect equity investments in, and divestments of, certain businesses, including, among others, the acquisition of a controlling interest in Next Radio T.V. in 2016 and the remaining interest therein in 2018, the disposal of i24News and acquisitions of FOT, ACS and ATS in 2018. In addition, in 2018, the Group entered into certain strategic transactions such as the sale of its 49.99% interest in XpFibre S.A.S. (now a subsidiary of XpFibre Holding, a joint venture in which the Group owns 50.01% interest) and the Towers Transaction. In 2020, XpFibre Holding acquired all of the equity interests in Covage. Due to the significant nature of certain of these acquisitions and disposals, the comparability of our results of operations based on the Historical Consolidated Financial Information may be affected. See “—Discussion and Analysis of Our Results of Operations—For the year ended December 31, 2021 compared to the year ended December 31, 2020—Significant Events Affecting Historical Results” and “—Discussion and Analysis of Our Results of Operations—For the year ended December 31, 2020 compared to the year ended December 31, 2019—Significant Events Affecting Historical Results”.

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

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

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

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

For the years ended December 31, 2021, December 31, 2020 and December 31, 2019, we incurred restructuring and other non-recurring cost and/or income of €(974) million, €(151) million and €2,601 million, respectively, which primarily include costs with respect to renegotiations or termination of contractual arrangements, employee redundancies, fees paid to external counsel, capital gain or loss on investing activities and other administrative expenses related to reorganization of existing or newly acquired businesses. For the year ended December 31, 2019, income mainly included a capital gain related to the divestment of 49.99% stake in XpFibre S.A.S. (now a subsidiary of XpFibre Holding, a joint venture in which the Group owns 50.01% interest) for an aggregate amount of €2,796 million. The business combinations performed by the Group generated a significant amount of goodwill. As of December 31, 2021 and December 31, 2020, the goodwill recorded on our balance sheet amounted to €9,896 million and €11,046 million (compared to €11,076 million as of December 31, 2019). Goodwill is subject to impairment reviews in accordance with IFRS and any impairment charge on goodwill would have a negative impact on operating profit /net operating income. For the year ended December 31, 2021, we did not incur any impairment losses, although we recognized a loss of €1,274 million related to the deconsolidation of goodwill allocated to Hivory pursuant to the sale of our entire stake in Hivory to Cellnex which was completed on October 28, 2021.

### ***Multi-Play Strategy***

We have implemented a business strategy focused on the provision and expansion of multi-play product offerings, including 3P and 4P bundles. Customers who elect to subscribe for our multi-play bundles rather than our individual services incur comparative cost savings on their monthly bill. We believe that the enhanced value proposition associated with our bundled services enables us to meet our customers' communication and entertainment requirements while concurrently both increasing customer loyalty and attracting new customers. As a result of our focus on providing subscribers with multi-play bundles, we have experienced an increase in the number of our fibre/cable customer relationships. We believe our bundled service offerings will be an important driver of our fixed-based services, partially offsetting the continued pressure on traditional fixed-based services.

### ***Introduction of New Products and Services and Investment in Content***

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

In addition, we regularly review and invest in the content that we offer to provide our subscribers with a flexible and diverse range of programming options, including high-quality local content and exclusive premium content. Altice France has acquired the rights, previously held by Altice Europe, to broadcast and distribute various premium sporting events, including the English Premier League (through an agreement with Canal+), the French Basketball League, the English Rugby Premiership, the UEFA Champions League, the UEFA Europa League, the UEFA Super Cup and the UEFA Europa Conference League (each of the UEFA leagues through an agreement with Canal+ for the 2021-2024 seasons), which are commercialised in France via exclusive RMC branded channels.

We also launched a single brand in July 2018 for all of our sports content: SFR Sport channel (which was rebranded RMC Sport in 2019). At the end of 2016, Altice Europe and the Group also announced strategic agreements with NBCUniversal International and Discovery which confer certain exclusive distribution rights in France. Furthermore, the Group has formed a partnership with Discovery Communications to launch two new exclusive Discovery channels and has obtained exclusive distribution rights to two existing Discovery channels, including the number one factual pay-TV channel in France, and three NBCUniversal channel brands in metropolitan France. The Group also offers 24-hour news through its TV news hub bundle, BFM. In June 2017, we entered into a multi-year partnership with Netflix to deliver Netflix's range of critically acclaimed series, movies, documentaries, stand-up comedy and children's programming to our customers in France.

On July 7, 2020, SportCoTV, a wholly-owned subsidiary of Altice France, acquired the shares of Altice Pictures, a subsidiary of Altice Europe incorporated in Luxembourg, which at the time held the rights for sports content,

including UEFA Champions League and other premium content. Prior to such acquisition, a reorganization of Altice Europe's structure relating to content activities was carried out, including the transfer of activities performed by AENS, an affiliate of the Group that previously provided the premium sports channels to Altice France, to Altice Pictures, thereby ensuring that the entire value chain would subsequently be transferred to Altice France, which is the entity that benefits the most from the marketing of the associated channels. Altice Pictures was subsequently merged into SportCoTV. SportCoTV has been designated, and will be designated, as an unrestricted subsidiary under the agreements, instruments and indentures governing the indebtedness of Altice France and Altice France Holding, including the Existing Senior Indentures, the Existing AFH Revolving Credit Facilities Agreement, the Existing Senior Secured Indentures, the Existing Revolving Credit Facilities Agreement, the Existing Term Loans Agreement and will be designated as an unrestricted subsidiary under the Senior Secured Indenture and the Senior Indenture (and therefore will not be subject to any of the covenants set forth therein).

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

In March 2019, we redesigned our offers, stripping out premium content, and making the telecom offers simpler and more comparable to competitors. These offers are now built around two separate blocks: one centred around telecoms and one centred on premium content (Sport, Cinema/Series, etc.); these are offered as paid options, at a rate still preferential for SFR customers, for fixed and mobile offers. Altice France also launched a single brand for all of its sports content in July 2018: SFR Sport (which was rebranded RMC Sport in 2019) at the time of the Champions League. This strategy paid off as there was a significant uplift on gross-adds ARPU for customers taking content options.

### ***Pricing***

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

### ***Cost Structure***

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

### ***Network Upgrades***

Our ability to provide new or enhanced fixed-based services, including HDTV and VoD television services, broadband internet network access at increasing speeds and fixed-line telephony services as well as 3G, 4G and 5G mobile services to additional subscribers depends in part on our ability to upgrade our (i) cable and DSL

networks by extending the fibre portion of our network, reducing the number of nodes per home passed and upgrading technical components of our network and (ii) mobile networks by investing in LTE as well as maintaining agreements with third parties to share mobile networks. Since 2015, we have increased our fibre deployment and upgraded a substantial part of our cable networks. For example, our cable networks are largely DOCSIS 3.0 enabled, which allows us to offer our customers high broadband internet access speeds and better HDTV services across our footprint. The Group accelerated the build-out of its 4G network over the last three years to have a 4G population coverage of 99.7% as of December 31, 2021. The Group also aims to continue the expansion of its fibre network in France and intends to capitalize on its past investments in improved fibre infrastructure. Furthermore, following the completion of the 5G spectrum allocation by the French government, we have obtained a total of 80 MHz of frequencies in the 3.4-3.8 GHz band. The Group became the first player in the market to offer 5G technology to its customers in certain areas on November 20, 2020 and has [245 MHz] in all the frequency bands put into service in France. On March 19, 2021 we launched 5G services in Paris, with close to 80 authorized sites and continue to expand the deployment of our 5G network in other locations. As of December 31, 2021, we have deployed 5G technology in approximately 3,697 municipalities (about 4,875 radio sites) across France. [As of January 1, 2022, SFR was the operator with the largest number of 5G technically operational sites in the 3.5 GHz band (Source: AFNR observatory). Additionally, SFR was the best ranked 5G operator in the 2021 nPerf Barometer.]

In each of the past three years, we have incurred significant capital expenditure (between 22-29% of total consolidated revenues) a significant portion of which was spent to improve our mobile network and to connect new fibre homes and we are among the market leaders in very high-speed internet in terms of number of fibre homes passed. Our capital expenditure (accrued) amounted to €2,914 million for the year ended December 31, 2021 and €3,138 million for the year ended December 31, 2020.

### ***Competition***

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

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

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

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

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

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

### ***Macroeconomic and Political Developments***

Our operations are subject to macroeconomic and political risks that are outside of our control. For example, high levels of sovereign debt in certain European countries, high inflation, weak growth, factors such as geopolitical tension and political unrest in international markets, interruptions in transportation systems, interruptions in production and supply chain systems, high unemployment, and continued uncertainty caused by the pandemic, could lead to low consumer demand, fiscal reforms (including austerity measures), sovereign debt restructurings, currency instability, increased counterparty credit risk, high levels of volatility and, potentially, disruptions in the credit and equity markets, as well as other outcomes that might adversely impact our financial condition.

The current macroeconomic environment is volatile, and continuing instability in global markets, including instability related to the conflict between Russia and Ukraine and related sanctions, international trade, tariffs, sovereign debt issues, Brexit, the risk of inflation and the stability of the euro, natural disasters and the COVID-19 pandemic, has contributed to a challenging global economic environment.

The evolution of the situation in Ukraine is uncertain and is closely followed by the Group with respect to potential indirect consequences on the financial markets that could impact refinancing conditions in the future. The Group has no direct interests in Ukraine and the areas of conflict and as a result, the Group estimates that the situation in Ukraine will have limited effects on its operations and financial performance for future periods.

### ***Debt Service Obligations***

We have significant outstanding debt and debt services requirements and may incur additional debt in the future. See “—*Liquidity and Capital Resources—Cash and Debt Profile*” below and “*Risk Factors—Risks Relating to Our Financial Profile*” and “*Description of Other Indebtedness*” included elsewhere in this Offering Memorandum. Our significant level of debt could have important consequences, including, but not limited to, our ability to invest in new technologies, products and content as well as restricting us from exploiting other business opportunities or making acquisitions. It could also increase our vulnerability to, and reduce our flexibility to respond to, adverse general economic or industry conditions. Our inability to make additional investments and acquisitions could also affect our ability to compete with other operators in the jurisdictions in which we operate. See “*Risk Factors—Risks Relating to Our Financial Profile—The Group’s significant leverage could adversely affect its business, financial condition and results of operations and prevent the Group from fulfilling its debt obligations under the Senior Secured Notes and the Senior Notes or impede its ability to raise additional capital to fund its operations*”.

### ***Fluctuations in Currency Exchange Rates and Interest Rates***

Our reporting currency is euros and most of our operations are conducted in euros. We are exposed to the US Dollar and variable interest rates as part of our debt obligations. However, we have entered into hedging operations to mitigate risk related to variations in the US Dollar and a majority of our debt is fixed rate debt, thus reducing the risk of an increase in benchmark interest rates having a material impact on our interest obligations. See “*Quantitative and Qualitative Disclosures about Market Risk—Interest Rate and Related Risk*” and “*Quantitative and Qualitative Disclosures about Market Risk—Foreign Currency Risk*”.

### ***COVID-19 Pandemic***

On March 11, 2020, the COVID-19 outbreak was declared by the World Health Organization (WHO) as a global pandemic, highlighting the health risks of the disease. There have also been extraordinary and wide-ranging actions taken by national, regional and local governmental authorities to contain and combat the outbreak and spread of the virus. In this context and following regulatory requirements published by the French government over the last year, the Group activated a response program in order to ensure the health and safety of, and minimize

the impact of the pandemic on, our employees, customers, business and operations. Please refer to note 4.3 of the 2020 Financial Statements, included elsewhere in this Offering Memorandum, for more information.

We have continued to provide our telecommunications services to our customers during this pandemic. The COVID-19 pandemic had a limited impact on the annual consolidated financial statements of the Group for the years ended December 31, 2020 and 2021 demonstrating the resilience of the Group's business model.

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

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

The Group has taken into account the impact of the COVID-19 pandemic in its accounting estimates, notably those related to the valuation of non-current and current assets (including goodwill). Based on the information above and available liquidity and cash requirements, the Group considers that the assessment of the going concern assumption for the Group is not impacted.

### ***Key Performance Indicators***

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

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

The table below details the Group's key operating data as of December 31, 2021.

	<b>As of December 31, 2021</b>
	<b>(in thousand)</b>
Fibre homes passed <sup>(1)</sup> .....	26,079
Total fibre customers <sup>(2)</sup> .....	3,951
Total fixed customers .....	6,706
Total mobile subscribers <sup>(3)</sup> .....	19,553

(1) [Includes fibre homes passed by XpFibre (after giving effect to the Covage Acquisition).



- (2) Total fibre customers represents the number of end users who have subscribed for one or more of our fibre/cable-based services (including pay television, broadband or telephony), without regard to how many services to which the end user subscribed. Fibre customer base for France includes FTTH, FTTB and 4G Box customers and excludes white-label wholesale customers.
- (3) Mobile subscribers is equal to the net number of lines or SIM cards that have been activated on the Group's mobile network and excludes M2M SIM cards. Includes mobile subscribers of Pritel and Afone, which were acquired by Altice France on June 25, 2021 and September 29, 2021, respectively (total of 1,254,000 subscribers as of December 31, 2021).

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

	<b>As of and for the year ended December 31,</b>	
	<b>2019</b>	<b>2020</b>
	<b>(in thousand)</b>	
Fibre/cable homes passed <sup>(1)</sup> .....	15,364	20,625
Fixed B2C.....		
Fibre/cable unique customers <sup>(2)</sup> .....	2,899	3,335
Fibre/cable customer net adds.....	264	437
Total fixed B2C unique customers.....	6,356	6,498
Total fixed B2C customer net adds.....	144	142
Mobile B2C.....		
Postpaid subscribers.....	14,400	14,673
Postpaid net adds.....	652	272
Prepaid subscribers.....	1,451	1,289
Total mobile B2C subscribers <sup>(3)</sup> .....	15,852	15,962

- (1) For the year ended December 31, 2020, includes fibre/cable homes passed by XpFibre (after giving effect to the Covage Acquisition).
- (2) Fibre/cable unique customers represents the number of individual end users who have subscribed for one or more of the Group's fibre/cable based services (including pay-TV, broadband or telephony), without regard to the number of services to which the end user subscribed. It is calculated on a unique premises basis. The total number of fibre/cable customers does not include subscribers to either the Group's mobile or ISP services. Fibre/cable customers for France excludes white-label wholesale subscribers.
- (3) Mobile subscribers is equal to the net number of lines or SIM cards that have been activated on the Group's mobile network and excludes M2M SIM cards.

## Key Income Statement Items

### Revenue

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

### Revenue by operating activity

On January 1, 2019, we amended the presentation of our revenue derived from operational activities, presenting revenue by activity under "Residential—Fixed," "Residential—Mobile," "Business Services," "Equipment Sales" and "Media" which we believe more accurately reflects the current day-to-day operational and strategic divisions in which our business is managed.

*Residential—Fixed:* Revenue from fixed-based services consists of revenue from pay-TV services, including related services such as Video on Demand ("VoD"), broadband internet services, fixed-line telephony services and ISP services to our B2C customers. This primarily includes (i) recurring subscription revenue for pay-TV services, broadband internet and fixed-line telephony (which are recognized in revenue on a straight-line basis over the subscription period), (ii) variable usage fees from VoD and fixed-line telephony calls (which are recognized in revenue when the service is rendered), (iii) installation fees (which are recognized in revenue when the service is rendered if consideration received is lower than the direct costs to acquire the contractual relationship) and (iv) interconnection revenue received for calls that terminate on our cable network.

*Residential—Mobile:* Revenue from mobile telephony services primarily consists of revenue generated from mobile services to our B2C customers, including (i) recurring subscription revenue for our post-paid mobile

services (which are recognized in revenue on a straight-line basis over the subscription period), (ii) revenue from purchases of our pre-paid mobile services (which are recognized in revenue when the service is rendered), (iii) variable usage fees for mobile telephony calls (which are recognized in revenue when the service is rendered) and (iv) interconnection revenue received for calls that terminate on our mobile network.

*Business Services:* Revenue from business services consists of (i) revenue generated from wholesale services, which primarily consists of revenues derived from renting our network infrastructure services, including IRUs, and bandwidth capacity on our network, to other telecommunications operators, including MVNOs as well as related maintenance services, (ii) revenue from B2B services, which is the same as the above fixed and mobile services, but for the business sector and (iii) revenues from our other services primarily consisting of revenue from businesses such as datacenter activities, customer services, technical services and other activities that are not related to our core fixed or mobile businesses.

*Equipment Sales:* Revenue from equipment sales consist of revenue from sale of equipment in residential and business services, including sale of handsets (which are recognized on the date of transfer of ownership).

*Media:* Revenues from the media segment includes mainly advertising and subscription revenues derived from news, radio and printed press businesses and, with effect from July 8, 2020, also includes revenues generated by Altice TV under distribution agreements with various third parties following the reorganization of the Group's and Altice Europe's content activities. Also includes revenues from content production and distribution. See "*Business of the Group—Media*" and "*Certain Relationships and Related Parties—Content activities*" for more information on Altice TV and distribution agreements.

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

### ***Purchasing and subcontracting***

Purchasing and subcontracting services consist of direct costs associated with the delivery of fixed-based services to our B2C and B2B customers, mobile services to our B2C and B2B customers, equipment sales, advertising costs, wholesale and other services.

### ***Other operating expenses***

Other operating expenses primarily consist of the following subcategories:

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

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

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

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

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

### ***Staff costs and employee benefit expenses***

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

### ***Depreciation, amortization and impairment***

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

### ***Other expenses and income***

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

### ***Financial income***

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

### ***Interest relative to gross financial debt***

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

### ***Other financial expenses***

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

### ***Share in net income/(loss) of associates and joint ventures***

Share in net income/(loss) profit of associates and joint ventures consists of the net result arising from activities that are accounted for using the equity method in the consolidation perimeter of the Group.

### ***Income tax income/(expenses)***

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

### ***Adjusted EBITDA***

Following the application of IFRS 16, Adjusted EBITDA is defined as operating income before depreciation and amortization, other expenses and incomes (capital gains, non-recurring litigation, restructuring costs and management fees), share-based expenses and after operating lease expenses (*i.e.*, straight-line recognition of the rent expense over the lease term as performed under IAS 17 (*Leases*) for operating leases).

Adjusted EBITDA is unaudited and is not required by or presented in accordance with IFRS or any other generally accepted accounting standards. We believe that this measure is useful to readers of our financial as it provides them with a measure of the operating results which excludes certain items we consider outside of our recurring operating activities or that are non-cash, making trends more easily observable and providing information regarding our operating results and cash flow generation that allows investors to better identify trends in its financial performance. Adjusted EBITDA should not be considered as a substitute measure for operating income and may not be comparable to similarly titled measures used by other companies.

## Discussion and Analysis of Our Results of Operations

*For the year ended December 31, 2021 compared to the year ended December 31, 2020*

The below table sets forth our consolidated statement of income for the year ended December 31, 2021 and 2020, in millions of euros with the variation between the periods:

Consolidated Statement of Income	As of December 31,		Change
	2021	2020	
	(in € million)		
<b>Revenues</b> .....	<b>11,164</b>	<b>11,025</b>	<b>1.3%</b>
Purchasing and subcontracting costs .....	(3,259)	(3,228)	1.0%
Other operating expenses .....	(1,758)	(1,700)	3.4%
Staff costs and employee benefits.....	(1,068)	(1,023)	4.5%
Depreciation, amortization and impairment .....	(3,515)	(3,559)	(1.2)%
Other expenses and income .....	(974)	(151)	545.0%
<b>Operating profit</b> .....	<b>590</b>	<b>1,364</b>	<b>(56.8)%</b>
Finance income .....	115	61	87.4%
Interest relative to gross financial debt.....	(794)	(791)	0.4%
Realized and unrealized gains/(loss) on derivative instruments linked to financial debt.....	(57)	(267)	(78.7)%
Other financial expenses.....	(270)	(307)	(12.0)%
Net result on extinguishment of financial liabilities .....	(177)	—	n.m.
<b>Finance costs, net</b> .....	<b>(1,184)</b>	<b>(1,304)</b>	<b>(9.2)%</b>
Share of earnings of associates and joint ventures.....	(239)	(237)	1.0%
<b>Profit/(loss) before income tax from continuing operations</b> .....	<b>(834)</b>	<b>(1,304)</b>	<b>372.2%</b>
Income tax benefit/(expenses).....	384	(23)	n.m.
<b>Profit/(loss) from continuing operations</b> .....	<b>(450)</b>	<b>(199)</b>	<b>125.6%</b>
Profit/(loss) after tax from discontinuing operations .....	—	—	—
Profit/(loss).....	<b>(450)</b>	<b>(199)</b>	<b>125.6%</b>
Attributable to equity holders of the parent .....	(535)	(255)	109.3%
Attributable to non-controlling interests.....	85	56	51.7%

## Significant Events Affecting Historical Results

*For the year ended December 31, 2021*

### *Transactions with Cellnex*

On February 3, 2021, Altice France announced it had entered into an exclusivity agreement with Cellnex to sell its 50.01% stake in Hivory, a tower company, to Cellnex for a value of €2.65 billion (the “**Hivory Transaction**”). The commitment to divest to Cellnex covers the entire capital and thus includes the 49.99% stake of co-shareholder KKR (representing €2.55 billion). 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. The Hivory Transaction was completed on October 28, 2021.

Prior to the consummation of the Hivory Transaction, Altice France and Altice France Holding had designated Hivory as an unrestricted subsidiary under the agreements, instruments and indentures governing their respective indebtedness. Since March 31, 2021, the assets and associated liabilities of Hivory had been classified as held for sale as per the provisions of IFRS 5 – *Non-current assets held for sale and discontinued operations*.

### *2025 Strategic Plan*

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

pursuant to voluntary departure plans. The Livre 2, the document that outlines the details of the restructuring, was officially presented to the workers' unions on April 8, 2021.

The Group booked a provision for restructuring amounting to €385 million related to the voluntary departure plan. The first departures occurred in December 2021. A reversal of retirement provision amounting to €196 million was recognized as of December 31, 2021, and €130 million (the part of the provision that was utilized) was recognized in payables, of which €7 million was paid out in 2021. Additionally, the restructuring provision was partially offset by a reversal of provision for retirement benefits amounting to €20 million. As of December 31, 2021, the restructuring provision related to the telecom division amounted to €188 million and payables amounted to €123 million.

#### *Issuance of debt by Altice Finco France*

On April 16, 2021, Altice Finco France, which has been designated as an unrestricted subsidiary under the agreements, instruments and indentures governing the indebtedness of Altice France and Altice France Holding, raised financing with relationship banks for an aggregate amount of €3,350 million. The proceeds thereof were used to repay certain indebtedness at Next Private B.V., via an intercompany loan made to Altice Group Lux, which was subsequently compensated through a dividend distribution. See note 4.5 to the 2021 Financial Statements, included elsewhere in this Offering Memorandum, for more information. The new debt carried interest at a rate of EURIBOR 3m+2.25% till December 20, 2021 and EURIBOR 3m+ 3.50% thereafter. The debt had been fully repaid as of December 31, 2021, mainly using proceeds from the Ivory Transaction.

#### *Issuance of new senior secured notes*

On April 27, 2021, Altice France issued €400 million aggregate principal amount of its euro-denominated senior secured notes due 2029 bearing a coupon of 4.000% (the “**Existing July 2029 Senior Secured Euro Notes**”) and \$2,500 million aggregate principal amount of its dollar-denominated senior secured notes due 2029 bearing a coupon of 5.125% (the “**Existing July 2029 Senior Secured Dollar Notes**”). The proceeds from the issuance of the Existing July 2029 Senior Secured Euro Notes and Existing July 2029 Senior Secured Dollar Notes were used by Altice France to partially redeem the 2026 Senior Secured Notes on May 4, 2021. Further, as part of the refinancing, Altice France also redeemed a portion of its existing swaps following a decrease in the amount of its dollar-denominated debt. Altice France obtained \$369 million in principal in exchange for a payment of €306 million.

On October 6, 2021, Altice France issued €800 million aggregate principal amount of its euro-denominated senior secured notes due 2029 bearing a coupon of 4.250% (the “**Existing October 2029 Senior Secured Euro Notes**”) and \$2,000 million aggregate principal amount of its dollar-denominated senior secured notes due 2029 bearing a coupon of 5.500% (the “**Existing October 2029 Senior Secured Dollar Notes**”). The proceeds of the issuance of the Existing October 2029 Senior Secured Euro Notes and the Existing October 2029 Senior Secured Dollar Notes were used to redeem the remaining portion of the 2026 Senior Secured Notes, as well as to finance the Afone Transaction and the acquisition of Coriolis. Following the issuance, the Group also restructured remaining swaps associated with the 2026 Senior Secured Notes. The Group booked the impacts related to the early redemption of the 2026 Senior Secured Notes in the statement of income. See note 9 to the 2021 Financials Statements, included elsewhere in this Offering Memorandum, for more information.

#### *Dividend distribution*

On April 29, 2021, the shareholder's meeting declared a dividend payment for an aggregate amount of €4,560 million to be paid to the shareholders. The dividend was fully paid via the compensation of existing upstream loans made by Altice France to Altice Group Lux and which were assigned to Altice France Holding through an internal restructuring in the Luxembourg entities.

#### *Settlement of disputes with Orange*

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

### *Acquisition of Afone Participations*

On May 18, 2021, Altice France announced it had signed an agreement to acquire a 100% stake in the MVNO (Mobile Virtual Network Operator) Afone Participations which further holds 50% of the “RégloMobile business” (with the other 50% owned by the Leclerc group) (the “**Afone Transaction**”). The Afone Transaction was completed on September 29, 2021. Following the completion of the Afone Transaction, Altice France is now a partner of the Leclerc group, reinforcing its mobile customer base by approximately 770,000 new consumers and benefitting from Leclerc’s distribution network. The consideration paid amounted to €110 million (including a vendor loan of €60 million due in 2022). A preliminary goodwill has been recorded for this transaction, which will be finalised within a twelve-month time frame as allowed under IFRS 3R (*Business Combinations*). See note 11.1 to the 2021 Financial Statements, included elsewhere in this Offering Memorandum, for more information.

### *Transaction with Coriolis S.A.*

On September 20, 2021, the Group announced that it had entered into an exclusivity agreement to acquire 100% of Coriolis S.A. (the “**Coriolis Acquisition**”).

Coriolis S.A. is a French independent telecom group, built over more than 30 years by French entrepreneur Pierre Bontemps. Through its brand Coriolis Telecom, Coriolis S.A offers mobile and fixed telecom services to more than 500,000 customers in small and medium French cities and approximately 30,000 companies. In addition, Coriolis S.A. has developed a customer relationship management division, Coriolis Service, serving both internal and third-party customers relying on five contact centers in France and abroad.

With this contemplated transaction, Altice France will bring onboard the existing expertise, partnerships, well-established distribution network, B2C and B2B customer bases and customer care capabilities of Coriolis, which are highly complementary to its SFR and Intelcia divisions.

The total cash consideration for the Coriolis Acquisition will comprise an upfront purchase price of €298 million and a deferred consideration of €117 million. The transaction is subject to customary regulatory approvals and is expected to be completed in the second quarter of 2022.

### *Sale of towers in the French Overseas Territories*

On October 9, 2021, the Group entered into an agreement to sell its mobile towers in the French Overseas Territories for an implied enterprise value of €75 million. The transaction was closed on March 10, 2022.

### ***For the year ended December 31, 2020***

#### *Issuance of Existing February 2025 Senior Secured Notes, Existing January 2029 Senior Secured Euro Notes and Existing January 2029 Senior Secured Dollar Notes*

On February 6, 2020, Altice France issued €500 million aggregate principal amount of its euro-denominated 2.125% senior secured notes due 2025 (the “**Existing February 2025 Senior Secured Notes**”), the proceeds of which were used to refinance €500 million of indebtedness outstanding under the Existing Revolving Credit Facilities.

On September 18, 2020, Altice France issued €500 million aggregate principal amount of its euro-denominated 4.125% senior secured notes due 2029 (the “**Existing January 2029 Senior Secured Euro Notes**”) and \$475 million aggregate principal amount of its dollar denominated 5.125% senior secured notes due 2029 (the “**Existing January 2029 Senior Secured Dollar Notes**”), the proceeds of which were used to (i) make funds available to Altice Group Lux (a subsidiary of Altice Europe and an indirect shareholder of Altice France Holding and Altice France) in an amount equal to €750 million to repay certain of Altice Group Lux’s indebtedness, (ii) repay €150 million of borrowings outstanding under the Existing Revolving Credit Facilities, (iii) pay fees and expenses in connection with the offering of the Existing January 2029 Senior Secured Notes and (iv) for general corporate purposes.

#### *Debt reorganization within the Altice Group and incurrence of indebtedness by Altice France Holding*

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

**Euro Senior Notes**” and, together with the 2028 Ypso Finance Bis Dollar Senior Notes, the “**2028 Ypso Finance Bis Senior Notes**”), the proceeds of which were used to refinance a portion of Altice Lux 2025 Notes.

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

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

#### *Financing flows with Altice Group entities*

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

- Upstream loans to Altice Group Lux in an aggregate amount of €1,201 million. These loans bear interest at a rate of 8.4% annually with a maturity of July 30, 2027; and
- Upstream loans to Altice France Holding in an aggregate amount of €226 million.

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

#### *Transfer of Libération by 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**”).

In connection with this transfer, Altice France made an initial donation to FDPI (comprising of cash and the shares of PI), which was invested by FDPI into PI, which in turn acquired the shares in *Libération* and consequently repaid *Libération*’s debts and financed its future operations. This will help ensure the editorial, economic and financial independence of *Libération* in the long term.

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

#### *Transfer of sports rights to Altice France*

On July 7, 2020, SportCoTV, a wholly-owned unrestricted subsidiary of Altice France, acquired the shares of Altice Pictures S.à r.l, a Luxembourg entity (“**Altice Pictures**”), which at the time held the rights for sports and other content, including UEFA Champions League and other premium content. Prior to such acquisition, a reorganization of Altice Europe’s structure relating to content activities was carried out, with the transfer of

activities performed by Altice Entertainment News and Sport (“AENS”), an affiliate of the Group that previously provided the premium sports channels to Altice France, to Altice Pictures, thereby ensuring that the entire value chain would subsequently be transferred to Altice France, which is the entity that benefits the most from the marketing of the associated channels. Altice Pictures was subsequently merged into SportCoTV on October 15, 2020.

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

SportCoTV has been declared as an unrestricted subsidiary for the purposes of the Existing Senior Indentures, the Existing AFH Revolving Credit Facilities Agreement, the Existing Senior Secured Indentures, the Existing Revolving Credit Facilities Agreement and the Existing Term Loans Agreement (and will also be an unrestricted subsidiary under the Senior Secured Indenture and the Senior Indenture) and hence certain financial information has been provided on the standalone performance of Altice TV on certain financial items commencing from the period covered by the 2020 Financial Statements.

#### *Restructuring plan at NextRadioTV*

On May 19, 2020, NextRadioTV announced a restructuring plan to take into account the changing environment for the media industry in France. 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. Management considered that the conditions for recording a provision were met and thus a provision was recorded under the caption “Other expenses and income” for an amount of €50 million. As of December 31, 2020, the remaining amount recorded was €21 million in provisions and €28 million in payables.

#### *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.

#### *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 15 years. The total price for the acquisition amounts to €728 million. Of the total amount, €350 million is payable over 15 years and €378 million over four years. The first payment of €118 million was made in January 2021.

#### *Completion of acquisition of 100% interest in Covage by XpFibre Holding*

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

On December 8, 2020, the Covage Acquisition was completed by XpFibre Holding. The newly enlarged company was rebranded as XpFibre. The acquisition was completed for a total cash consideration of over €1 billion, out of which €202 million cash was contributed by the Group. The European Commission, while approving the Covage Acquisition, proposed the following remedies in order to address certain competition concerns, which have been accepted by XpFibre: (i) divestment of certain assets corresponding to Covage’s local fibre loop business, comprising fibre-to-the-office (FTTO) networks (including several mixed FTTO and FTTH networks) and representing altogether approximately 95% of Covage’s FTTO business; and (ii) offer of a transitional service agreement to the buyer of the divested businesses, including access to all assets and services required to operate



the divested business competitively for a duration enabling the divested business to become fully independent from XpFibre.

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

XpFibre Holding (a joint venture in which the Group owns 50.01% interest) and its subsidiaries have been designated as unrestricted subsidiaries under the agreements, instruments and indentures governing the indebtedness of Altice France and Altice France Holding, including the Existing Senior Indentures, the Existing AFH Revolving Credit Facilities Agreement, the Existing Senior Secured Indentures, the Existing Revolving Credit Facilities Agreement, the Existing Term Loans Agreement, and will be designated as unrestricted subsidiaries under the Senior Secured Indenture and the Senior Indenture (and therefore will not be subject to any of the covenants set forth therein).

## Revenue

For the year ended December 31, 2021, we generated total revenues of €11,164 million, a 1.3% increase compared to €11,025 million for the year ended December 31, 2020. The increase was driven by an increase in all our business segments, except business services and media activities. Residential mobile, residential fixed and equipment sales revenues grew by 2.4%, 4.6% and 6.3%, respectively, while media and business services revenues decreased by 7.7% and 2.5%, respectively, for the year ended December 31, 2021 compared to the year ended December 31, 2020.

The tables below set forth the Group's revenue by lines of activity which the Group operates for the years ended December 31, 2021 and December 31, 2020:

Revenues	For the year ended December 31,		Change
	2021	2020	
	(in € million)		
Residential – Fixed.....	2,719	2,600	4.6%
Residential – Mobile .....	3,629	3,543	2.4%
Business services.....	3,440	3,530	(2.5)%
<b>Total Telecom excl. equipment sales.....</b>	<b>9,788</b>	<b>9,672</b>	<b>1.2%</b>
Equipment sales.....	967	909	6.3%
Media .....	409	443	(7.7)%
<b>Total.....</b>	<b>11,164</b>	<b>11,025</b>	<b>1.3%</b>

The Group's residential fixed segment revenues increased by 4.6% from €2,600 million for the year ended December 31, 2020 to €2,719 million for the year ended December 31, 2021. This increase was mainly due to the impact of positive net adds over the past 16 quarters and price increases for certain residential fixed consumers in the year ended December 31, 2021.

Revenues for the Group's residential mobile services grew by 2.4% to €3,629 million for the year ended December 31, 2021 compared to €3,543 million for the year ended December 31, 2020. This trend was driven primarily by the positive net adds in the residential mobile segment.

Revenues from our business services segment declined by 2.5% to €3,440 million for the year ended December 31, 2021 compared to €3,530 million for the year ended December 31, 2020. Business services revenue was impacted by lower FTTH construction activity for the year ended December 31, 2021 compared to the year ended December 31, 2020.

Equipment sales revenues increased by 6.3% from €909 million for the year ended December 31, 2020 to €967 million for the year ended December 31, 2021. Equipment sales revenues for year ended December 31, 2020 were low mainly as a result of lower equipment sales as a result of shop closures due to the COVID-19 pandemic.

Revenues from the Group's media activities totalled €409 million for the year ended December 31, 2021, a 7.7% decrease as compared to €443 million for the year ended December 31, 2020. Media business revenues for the year ended December 31, 2020 were impacted by the sale of *Libération* in September 2020 (nine months of revenues included for the year ended December 31, 2020 compared to nil for the year ended December 31, 2021).

### **Adjusted EBITDA**

For the year ended December 31, 2021, our Adjusted EBITDA was €4,285 million (excluding €(69) million Adjusted EBITDA of Altice TV), an increase of 0.2% compared to the €4,277 million Adjusted EBITDA for the year ended December 31, 2020 (excluding €(4) million Adjusted EBITDA of Altice TV perimeter since the Group commenced consolidation of Altice TV in its financial statements from July 8, 2020 following the completion of the reorganization of the Group's and Altice Europe's content activities). A reconciliation from revenues to Adjusted EBITDA is presented below. This increase was mainly due to the increase in revenues as explained above, offset by an increase in costs as described below.

- *Purchasing and subcontracting*: Purchasing and subcontracting costs increased by 1.0%, from €3,228 million in the year ended December 31, 2020 to €3,259 million in the year ended December 31, 2021. The increase in purchasing and subcontracting costs can be directly attributed to the increase in revenues (see above).
- *Other operating expenses*: Other operating expenses increased by 3.4% to €1,758 million in the year ended December 31, 2021 from €1,700 million in the year ended December 31, 2020, mainly due to an increase in network and maintenance costs (as a result of the deployment of our 5G network and increased network usage following an increase in the consumer base) and general and administrative costs (which were lower in 2020 due to the COVID-19 pandemic), offset by a decrease in sales and marketing and customer service costs.
- *Staff costs and employee benefit expenses*: Staff costs and employee benefit expenses increased by 4.5%, from €1,023 million in the year ended December 31, 2020 to €1,068 million in the year ended December 31, 2021, mainly due to an increase in headcount in our customer service business at ACS.
- *Share based expense*: The costs incurred in the year ended December 31, 2021 are related to recharge of costs related to the Altice Europe stock option plan allocated to employees of Altice France. The costs incurred in the year ended December 31, 2020 are related to the recharge of the costs related to the free preference shares allotted to the former CEO of Altice France by Altice Europe.

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

### **Depreciation, amortization and impairment**

For the year ended December 31, 2021, depreciation and amortization totalled €3,515 million, a decrease of 1.2% compared to €3,559 million for the year ended December 31, 2020. This decrease was mainly due to the disposal of Hivory to Cellnex in October 2021.

### **Other expenses and income**

For the year ended December 31, 2021, our other expenses and income amounted to an expense of €974 million, an increase compared to an expense of €151 million for the year ended December 31, 2020. The amount recognized in the year ended December 31, 2021 included (i) indemnity received from Orange in order to close certain outstanding litigation and a settlement gain in relation to the DSP 92 Litigation, (ii) a provision for restructuring related to the telecom and distribution business of the Group (in connection with the 2025 Strategic Plan) for an aggregate amount of €298 million and (iii) a net loss on the disposal of Hivory to Cellnex of €1,065 million comprising of a capital gain of €209 million on the disposal and subsequent lease back of towers from Hivory pursuant to application of IFRS 16, which was offset by a loss of €1,274 million related to the deconsolidation of goodwill allocated to Hivory.

<b>Other expenses and income</b>	<b>For the year ended December 31,</b>		<b>Change</b>
	<b>2021</b>	<b>2020</b>	
	<b>(in € million)</b>		
Net restructuring costs <sup>(1)</sup> .....	(291)	(56)	519.6%
Litigation <sup>(2)</sup> .....	374	(15)	n.m.
Gain and loss on disposal of property, plant, equipment and intangible assets.....	25	(1)	n.m.
Other (net) <sup>(3)</sup> .....	(1,082)	(82)	n.m.
<b>Other expenses and income</b> .....	<b>(974)</b>	<b>(151)</b>	<b>645%</b>

- (1) Net restructuring costs mainly include costs related to provisions for employee redundancies as part of the voluntary departure plans. For the year ended December 31, 2020, we recorded an expense of €50 million related to external costs from the departure plan initiated in our media business. For the year ended December 31, 2021, we recorded €298 million related to the voluntary departure plan that was announced in our telecom business.
- (2) For the year ended December 31, 2021, includes indemnity received from Orange in order to close certain outstanding litigation and a settlement gain in relation to the DSP 92 Litigation. See “*Business—Legal Proceedings—Civil and Commercial Disputes—Wholesale Disputes—Complaint against Orange to the French Competition Authority regarding the market in mobile telephony services for businesses*”.
- (3) For the year ended December 31, 2020, we recorded non-recurring expenses related to deal fees paid on M&A transactions and specific COVID-19 pandemic related costs. For the year ended December 31, 2021, we also recorded a loss relating to the intended sale of *Libération*. For the year ended December 31, 2021, we recorded a net loss on the disposal of Hivory to Cellnex of €1,065 million, comprising of a capital gain of €209 million on the disposal and subsequent lease back of towers from Hivory pursuant to application of IFRS 16, which was offset by a loss of €1,274 million related to the deconsolidation of goodwill allocated to Hivory.

### Finance costs (net)

Net finance costs amounted to €1,184 million for the year ended December 31, 2021, registering a decrease of 9.2% compared to €1,304 million for the year ended December 31, 2020. A breakdown is provided below:

<b>Financial Income</b>	<b>For the year ended December 31,</b>		<b>Change</b>
	<b>2021</b>	<b>2020</b>	
	<b>(in € million)</b>		
Interest relative to gross financial debt.....	(794)	(791)	0.4%
Realized and unrealized gains/(loss) on derivative instruments linked to financial debt.....	(57)	(267)	(78.7)%
<b>Finance income</b> .....	<b>115</b>	<b>61</b>	<b>87.4%</b>
Provisions and unwinding of discount.....	102	129	(178.9)%
Interest related to lease liabilities .....	(158)	(113)	39.5%
Other.....	(214)	(65)	227.6%
<b>Other financial expenses</b> .....	<b>(270)</b>	<b>(307)</b>	<b>(12.0)%</b>
<b>Net result on extinguishment of a financial liability</b> .....	<b>(177)</b>	<b>—</b>	<b>n.m.</b>
<b>Finance costs, net</b> .....	<b>(1,184)</b>	<b>(1,304)</b>	<b>(9.2)%</b>

The cost of financing remains stable (€794 million at the end of 2021 compared to €791 million at the end of 2020). The increase due to interest on Altice Finco France’s debt was partially offset by interest savings resulting from the refinancing performed by the Group in 2020 and 2021.

For the year ended December 31, 2021, the decrease in realized and unrealized loss related to derivative financial instruments was directly related to the appreciation of the USD/Euro exchange rate. This amount also includes €118 million related to the moving of expenses from other comprehensive income to the consolidated statement of income recorded as part of the restructuring of swaps following the redemption of the 2026 Senior Secured Notes.

For the year ended December 31, 2021, the net loss realized on derivative instruments was mainly due to an unfavourable variation in the fair value of our derivative instruments. This caption also included a one-off income related to the monetisation of certain cross currency swaps for an aggregate amount of €236 million, which has been offset by negative variation of the foreign exchange rate effect on the restructured cross currency swaps. The realized and unrealized foreign exchange gain on cross currency swaps was offset by the unrealized foreign exchange loss on the debts.

As of December 31, 2021, financial income includes interest income on intercompany upstream loans to Altice France Holding and Altice Group Lux for an amount of €71 million (compared to €55 million as of December 31, 2020) and €15 million related to accrued interest on upstream loan made to XpFibre in relation to Covage Acquisition.

Other financial expenses mainly include expenses related to reverse factoring and securitization arrangements.

Net result on extinguishment of financial liabilities includes fees and call premia related to the redemption of the of the 2026 Senior Secured Notes, which were redeemed in 2021.

### Share in net income/(loss) of associates and joint ventures

For the year ended December 31, 2021, our share in loss of associates and joint ventures remained flat at €239 million compared to €237 million for the year ended December 31, 2020. Changes in this line item are driven primarily by earnings of XpFibre Holding which is accounted for as a joint venture under the Group's financial statements, and the margin elimination on such activity.

### Income tax income/(expense)

For the year ended December 31, 2021, we recorded an income tax benefit of €384 million compared to an expense of €23 million for the year ended December 31, 2020. This change was mainly due to the provision for restructuring booked for the year ended December 31, 2021.

### Other Information related to Altice TV

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

	For the year ended December 31, 2021 <sup>(**)</sup>			Altice France (incl. Altice TV)	For the year ended December 31, 2020 <sup>(*)</sup> <sup>(**)</sup> <sup>(***)</sup>	Change
	Altice France (excl. Altice TV)	Altice TV stand-alone	IC flows <sup>(a)</sup> (in € million)			
<b>Operating Profit</b>	<b>11,101</b>	<b>240</b>	<b>(178)</b>	<b>11,164</b>	<b>11,025</b>	<b>1.3%</b>
Revenues.....	11,101	240	(178)	11,164	11,025	1.3%
Purchasing and subcontracting costs .....	(3,148)	(275)	164	(3,259)	(3,228)	1.0%
Other operating expenses.....	(1,741)	(31)	14	(1,758)	(1,700)	3.4%
Staff costs and employee benefits..	(1,066)	(3)	—	(1,068)	(1,023)	4.5%
<b>Total.....</b>	<b>5,147</b>	<b>(69)</b>	<b>0</b>	<b>5,078</b>	<b>5,074</b>	<b>0.1%</b>
Share-based expenses .....	4	—	—	4	9	(52.5)%
Rental expense operating lease .....	(867)	—	—	(866)	(810)	6.9%
<b>Adjusted EBITDA .....</b>	<b>4,285</b>	<b>(69)</b>	<b>0</b>	<b>4,217</b>	<b>4,273</b>	<b>(1.3)%</b>
Depreciation, amortization and impairment.....	(3,348)	(168)	—	(3,515)	(3,559)	(1.2)%
Share-based expenses .....	(4)	—	—	(4)	(9)	(52.5)%
Other expenses and income <sup>(b)</sup> .....	(974)	0	—	(974)	(151)	545.1%
Rental expense operating lease .....	866	—	—	866	810	6.9%
<b>Operating profit.....</b>	<b>825</b>	<b>(236)</b>	<b>0</b>	<b>590</b>	<b>1,364</b>	<b>(56.8)%</b>

(\*) Includes the results of Altice TV from July 8, 2020 onwards.

(\*\*) Includes Hivory, until completion of the Hivory Transaction on October 28, 2021.

(\*\*\*) For a detailed breakdown of the reconciliation of certain income and cash flow items of Altice France consolidated group (excluding Altice TV) to the corresponding consolidated results of Altice France (including Altice TV) for the year ended December 31, 2020, refer to “—Discussion and Analysis of Our Results of Operations—For the year ended December 31, 2020 compared to the year ended December 31, 2019—Other Information related to Altice TV”.

- (a) The Group has a distribution agreement with SportCoTV which provides for, *inter alia*, payment by Altice France to SportCoTV, pursuant to which the operating expenses incurred by the Group to SportCoTV for the year ended December 31, 2021 amounted to [240] million. See “*Certain Relationships and Related Party Transactions—Content Activities*”.
- (b) For the year ended December 31, 2021, includes (i) the indemnity received from Orange in order to close certain outstanding litigation and a settlement gain in relation to the DSP 92 litigation, (ii) a provision for restructuring related to the telecom and distribution business of the Group for an aggregate amount of €298 million and an allowance for certain litigation and (iii) a net loss on the disposal of Hivory to Cellnex of €1,065 million, comprising of a capital gain of €209 million on the disposal and subsequent lease back of towers from Hivory pursuant to application of IFRS 16, which was offset by a loss of €1,274 million related to the deconsolidation of goodwill allocated to Hivory. For the year ended December 31, 2020, mainly includes (i) the total impact of the transfer of *Libération* (donation and capital loss), which amounted to a €55 million net expense and (ii) a €50 million provision relating to the restructuring plan relating to the employee workforce in the Group’s media business (part time workers, freelancers and consultants) based on the agreement signed with the workers’ council on September 15, 2020 and other non-recurring charges, including deal fees related to M&A transactions.

<b>Capital expenditure</b>	<b>Altice France (consolidated, incl. Altice TV) December 31, 2021</b>	<b>December 31, 2020<sup>(*)</sup></b>
	<b>(in € million)</b>	
Capital expenditure (accrued) <sup>(a)</sup> .....	2,914	3,138
Capital expenditure (working capital items and other impacts) <sup>(b)</sup> .....	28	(694)
<b>Payments to acquire tangible and intangible assets.....</b>	<b>2,941</b>	<b>2,444</b>

<b>Capital expenditure</b>	<b>Altice TV stand-alone December 31, 2021</b>	<b>December 31, 2020</b>
	<b>(in € million)</b>	
Capital expenditure (accrued).....	2	11
Capital expenditure (working capital items and other impacts).....	3	120
<b>Payments to acquire tangible and intangible assets.....</b>	<b>5</b>	<b>131</b>

(\*) Includes the results of Altice TV from July 8, 2020 onwards.

(a) Accrued capital expenditure includes accruals related to a new IRU and the renewal of the 2G licences for an aggregate amount of €528 million. Of this amount, €291 million has been paid as of December 31, 2021.

(b) Includes the payment of €241 million related to the 5G license in the year ended December 31, 2021 and €23 million related to the 2G licenses in the year ended December 31, 2021.

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

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

<b>Consolidated Statement of Income</b>	<b>For the year ended December 31,</b>		<b>Change</b>
	<b>2020</b>	<b>2019</b>	
	<b>(in € million)</b>		
<b>Revenues.....</b>	<b>11,025</b>	<b>10,798</b>	<b>2.1%</b>
Purchasing and subcontracting costs .....	(3,228)	(2,898)	11.4%
Other operating expenses .....	(1,700)	(1,910)	(10.9)%
Staff costs and employee benefits.....	(1,023)	(1,060)	(3.5)%
Depreciations, amortizations and impairments.....	(3,559)	(3,475)	2.4%
Other expenses and income <sup>(*)</sup> .....	(151)	2,601	(105.8)%
<b>Operating profit.....</b>	<b>1,364</b>	<b>4,056</b>	<b>(66.4)%</b>
Finance income .....	61	18	248.6%
Interest relative to gross financial debt.....	(791)	(837)	(5.5)%
Realized and unrealized gains/(loss) on derivative instruments linked to financial debt.....	(267)	6	n.m.
Other financial expenses.....	(307)	(231)	32.9%
Net result on extinguishment of financial liabilities .....	—	(79)	—
<b>Finance costs, net.....</b>	<b>(1,304)</b>	<b>(1,124)</b>	<b>16.0%</b>
Share of earnings of associates and joint ventures.....	(237)	(201)	17.9%
<b>Profit/(loss) before income tax from continuing operations.....</b>	<b>(177)</b>	<b>2,731</b>	<b>(106.5)%</b>
Income tax benefit/(expenses).....	(23)	168	(113.7)%
<b>Profit/(loss) from continuing operations.....</b>	<b>(199)</b>	<b>2,899</b>	<b>(106.9)%</b>

Consolidated Statement of Income	For the year ended December 31,		Change
	2020	2019	
Profit/(loss) after tax from discontinuing operations .....	—	—	—
Profit/(loss).....	(199)	2,899	(106.9)%
Attributable to equity holders of the parent .....	(255)	2,853	(108.9)%
Attributable to non-controlling interests .....	56	46	21.7%

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

## Significant Events Affecting Historical Results

### For the year ended December 31, 2020

See “—Discussion and Analysis of Our Results of Operations—For the year ended December 31, 2021 compared to the year ended December 31, 2020—Significant Events Affecting Historical Results—For the year ended December 31, 2020” above.

### For the year ended December 31, 2019

#### *XpFibre*

On November 30, 2018, Altice France entered into an exclusivity agreement with Piaf BidCo BV, an entity held by Allianz Capital Partners, AXA Infrastructure and OMERS Infrastructure (collectively, the “**JV Consortium**”), regarding the sale of an equity interest of 49.99% in XpFibre S.A.S. (now a subsidiary of XpFibre Holding, a joint venture in which the Group owns 50.01% interest), an alternative FTTH infrastructure wholesale operator. As a consequence, the related assets and liabilities were classified as held for sale as of December 31, 2018. The transaction closed on March 27, 2019, upon which €522 million total assets and 1.1 million total homes passed were transferred to XpFibre S.A.S. The final proceeds amounted to €1.7 billion, based on an equity value at closing of €3.4 billion. The total capital gain recorded for the year ended December 31, 2019, was €2,796 million. Following the closing of the transaction, Altice France lost exclusive control over XpFibre S.A.S. as Altice France and the JV Consortium have joint control over the new entity. As of December 31, 2019, XpFibre S.A.S. was accounted for under the equity method in the scope of IFRS 11 (*Joint Arrangements*).

#### *Dividend payment*

On May 7, 2019, the general assembly of the Group approved the payment of a dividend for an aggregate amount of €820 million to its shareholders, Altice Luxembourg FR S.A., Altice Lux Bis and Altice Europe of which €500 million were paid in cash and €320 million via compensation of previous upstream loans made to Altice Luxembourg FR S.A.

#### *Partial redemption of 2024 Notes*

On June 10, 2019, the Group proceeded to partially redeem its euro and dollar denominated senior secured notes due in 2024 (the “**2024 Notes**”). An aggregate of €500 million and \$560 million were redeemed. The Group paid a call premium of €30 million as part of the redemption. The redemptions were treated as partial extinguishments of the debt instruments and per IFRS 9, unamortised transaction costs were recycled through the consolidated statement of income to the extent of the nominal repaid. The underlying derivative instruments were restructured as well.

#### *Financing flows with Altice Group entities*

On May 8, 2019, Altice France provided a short-term upstream loan to Altice Luxembourg FR S.A. for an aggregate amount of €750 million. This loan has a maturity of less than one year and is remunerated at Eonia+30 bps. This short-term loan was recorded in the line ‘*Other flows from financial activities*’ in the consolidated statement of cash flows (“**May Upstream Loan**”). On June 10, 2019, the Group issued a new dollar denominated

loan for an aggregate amount of \$840 million (€745 million equivalent). This loan was fully subscribed by Altice Luxembourg FR S.A. and bears interest at a rate of 10.50% (5.8572% swapped to euros). This issuance was recorded in the line “*Other flows from financial activities*” in the consolidated statement of cash flows.

## Revenue

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

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

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

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

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

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

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

Revenues from the Group’s media activities totalled €443 million for the year ended December 31, 2020, a 2.2% decrease as compared to €453 million for the year ended December 31, 2019. Media business revenues were significantly impacted by the loss of advertising revenues as a result of the COVID-19 pandemic from March

2020 onwards, after a strong start to the year in January and February. Media business revenues were also impacted by the disposal of the L'express magazine in July 2019 and Libération daily newspaper in September 2020.

### Adjusted EBITDA

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

- *Purchasing and subcontracting*: Purchasing and subcontracting costs increased by 11.4%, from €2,898 million in the year ended December 31, 2019 to €3,228 million in the year ended December 31, 2020. Direct costs were impacted by the COVID-19 related lockdown in line with revenues. Purchasing and subcontracting costs were also impacted by the acquisition of Altice TV and an associated increase in content costs. These costs were not included for the year ended December 31, 2019.
- *Other operating expenses*: Other operating expenses decreased by 11.0% to €1,700 million in the year ended December 31, 2020 from €1,910 million in the year ended December 31, 2019, mainly due to an increase in maintenance costs (related to higher network usage resulting from the COVID-19 pandemic), offset by a decrease in sales and marketing costs, customer service and G&A costs (as a result of lower commercial activity, customer service costs and travel restrictions due to the COVID-19 pandemic).
- *Staff costs and employee benefit expenses*: Staff costs and employee benefit expenses decreased by 3.6%, from €1,060 million in the year ended December 31, 2019 to €1,023 million in the year ended December 31, 2020, mainly due to the change in the method for bonus accruals between 2019 and 2020 (lower accruals at year end 2019 compared to year end 2018, leading to lower reversals in first quarter of 2020 compared to first quarter of 2019).
- *Share based expense*: The costs incurred in the year ended December 31, 2020 are related to the recharge of the costs related to the free preference shares allotted to the CEO of Altice France by Altice Europe.

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

### Depreciation, amortization and impairment

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

### Other expenses and income

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

Other expenses and income	For the year ended December 31,		Change
	2020	2019 (revised)	
	(in € million)		
Net restructuring costs <sup>(1)</sup> .....	(76)	(88)	(13.7)%
Litigation.....	(15)	(48)	(69.8)%



Gain and loss on disposal of property, plant, equipment and intangible assets.....	1	(29)	(103.7)%
Other (net) <sup>(2)(3)</sup> .....	(62)	2,766	(102.2)%
<b>Other expenses and income</b> .....	<b>(151)</b>	<b>2,601</b>	<b>(105.8)%</b>

- (1) Net restructuring costs mainly include costs related to provisions for employee redundancies as part of the voluntary departure plans. For the year ended December 31, 2020, we recorded an expense of €50 million related to the voluntary departure plan launched at our media business.
- (2) For the year ended December 31, 2020, we recorded non-recurring expenses related to deal fees related to M&A transactions in 2019 and a loss relating to the sale of *Libération*.
- (3) For the year ended December 31, 2019, we recorded a capital gain related to the divestment of a 49.99% stake in XpFibre S.A.S. for an aggregate amount of €2,796 million.

### Finance costs (net)

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

Financial Income	December 31, 2020	December 31, 2019	Change
	(in € million)		
Interest relative to gross financial debt.....	(791)	(837)	(5.5)%
Realized and unrealized gains/(loss) on derivative instruments linked to financial debt.....	(267)	6	(4,694.4)%
<b>Finance income</b> .....	<b>61</b>	<b>18</b>	<b>250.5%</b>
Provisions and unwinding of discount.....	(129)	(14)	834.0%
Interest related to lease liabilities .....	(113)	(118)	(4.0)%
Other.....	(65)	(100)	(34.3)%
<b>Other financial expenses</b> .....	<b>(307)</b>	<b>(231)</b>	<b>32.9%</b>
<b>Net result on extinguishment of a financial liability</b> .....	<b>—</b>	<b>(79)</b>	<b>(100.0)%</b>
<b>Finance costs, net</b> .....	<b>(1,304)</b>	<b>(1,124)</b>	<b>16.0%</b>

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

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

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

### Share in net income/(loss) of associates and joint ventures

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

### Income tax income/(expense)

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

## Other Information related to Altice TV

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

Operating Profit	December 31, 2020					
	Altice France (excl. Altice TV)	Altice TV stand-alone	IC flows <sup>(a)</sup> (in € million)	Altice France (consolidated incl. Altice TV)	December 31, 2019 (revised) <sup>(*)</sup>	Change
<b>Revenues</b> .....	<b>10,926</b>	<b>210</b>	<b>(112)</b>	<b>11,025</b>	<b>10,798</b>	<b>2.1%</b>
Purchasing and subcontracting costs .....	(3,126)	(214)	112	(3,228)	(2,898)	11.4%
Other operating expenses.....	(1,700)	(0)	—	(1,700)	(1,910)	(11.0)%
Staff costs and employee benefits..	(1,023)	—	—	(1,023)	(1,060)	(3.6)%
<b>Total</b> .....	<b>5,078</b>	<b>(4)</b>	<b>(0)</b>	<b>5,074</b>	<b>4,931</b>	<b>2.9%</b>
Share-based expenses .....	9	—	—	9	31	(71.9)%
Rental expense operating lease .....	(810)	—	—	(810)	(761)	6.4%
<b>Adjusted EBITDA</b> .....	<b>4,277</b>	<b>(4)</b>	<b>(0)</b>	<b>4,273</b>	<b>4,200</b>	<b>1.7%</b>
Depreciation, amortization and impairment.....	(3,438)	(121)	—	(3,559)	(3,475)	2.4%
Share-based expenses .....	(9)	—	—	(9)	(31)	(71.9)%
Other expenses and income <sup>(b)</sup> .....	(151)	—	—	(151)	2,601	(105.8)%
Rental expense operating lease .....	810	—	—	810	761	6.4%
<b>Operating profit</b> .....	<b>1,489</b>	<b>(125)</b>	<b>(0)</b>	<b>1,364</b>	<b>4,056</b>	<b>(66.4)%</b>

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

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

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

Capital expenditure	Altice France (consolidated, incl. Altice TV) December 31, 2020	December 31, 2019 <sup>(*)</sup>
	(in € million)	
Capital expenditure (accrued) <sup>(a)</sup> .....	3,138	2,355
Capital expenditure (working capital items and other impacts).....	(694)	(89)
<b>Payments to acquire tangible and intangible assets</b> .....	<b>2,444</b>	<b>2,266</b>

  

Capital expenditure	Altice TV stand-alone December 31, 2020	December 31, 2019
	(in € million)	
Capital expenditure (accrued).....	11	—
Capital expenditure (working capital items and other impacts).....	120	—
<b>Payments to acquire tangible and intangible assets</b> .....	<b>131</b>	—

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

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

## Liquidity and Capital Resources

### Cash and Debt Profile of the Group

As of December 31, 2021, our consolidated cash and cash equivalents amounted to €473 million on an actual basis.

Our most significant financial obligations are our debt obligations. Our total third-party debt on an amortized cost basis as of December 31, 2021 was €11,704 million relating to bonds and €7,123 million relating to loans from financial institutions. As of December 31, 2021, the Existing Revolving Credit Facilities, which provided for commitments in an aggregate amount of €1,035 million as of December 31, 2021, remained undrawn. See note 24 to the 2021 Financial Statements, including elsewhere in this Offering Memorandum, for more information.

The following table presents the maturity of the Existing Senior Secured Notes, Existing Term Loans and the Existing Revolving Credit Facilities as at December 31, 2021.

	As at December 31,				
	2021	2022	2023	2024 or later	Total
	(in € million)				
Existing 2027 Senior Secured Dollar Notes <sup>(1)</sup> .....	—	—	—	1,537	1,537
Existing 2028 Senior Secured Dollar Notes <sup>(1)</sup> .....	—	—	—	966	966
Existing January 2025 Senior Secured Notes <sup>(1)</sup> .....	—	—	—	550	550
Existing 2027 Senior Secured Euro Notes <sup>(1)</sup> .....	—	—	—	1,000	1,000
Existing 2028 Senior Secured Euro Notes <sup>(1)</sup> .....	—	—	—	1,000	1,000
Existing February 2025 Senior Secured Notes <sup>(1)</sup> .....	—	—	—	500	500
Existing January 2029 Senior Secured Euro Notes .....	—	—	—	500	500
Existing January 2029 Senior Secured Dollar Notes <sup>(1)</sup> .....	—	—	—	417	417
Existing July 2029 Senior Secured Euro Notes .....	—	—	—	400	400
Existing July 2029 Senior Secured Dollar Notes <sup>(1)</sup> .....	—	—	—	2,196	2,196
Existing October 2029 Senior Secured Euro Notes .....	—	—	—	800	800
Existing October 2029 Senior Secured Dollar Notes <sup>(1)</sup> .....	—	—	—	1,757	1,757
Existing Revolving Credit Facilities <sup>(1)</sup> .....	—	—	—	—	—
Existing Term Loans <sup>(1)</sup> .....	75	75	75	6,862	7,187
<b>Total</b>	<b>75</b>	<b>75</b>	<b>75</b>	<b>18,485</b>	<b>18,810</b>

- (1) The amount is based on the exchange rates as of December 31, 2021 of €1 = US\$1.1386. This does not reflect the impact of derivative instruments entered into with respect to such debt to reduce foreign currency exposure.

The following table sets forth details of the Group's financial liabilities on an amortized cost basis.

Financial Liabilities breakdown	Current		Non-Current		Total	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	(in € million)					
Bonds .....	118	249	11,586	10,485	11,704	10,735
Loans from financial institutions .....	97	84	7,026	6,733	7,123	6,817
Derivative financial instruments .....	—	429	860	1,219	860	1,648
<b>Borrowings, financial liabilities and related hedging instruments<sup>(*)</sup> .....</b>	<b>215</b>	<b>763</b>	<b>19,472</b>	<b>18,437</b>	<b>19,687</b>	<b>19,200</b>
Finance lease liabilities .....	15	20	21	33	36	53
Operating lease liabilities .....	717	713	5,578	2,939	6,295	3,651
<b>Lease liabilities.....</b>	<b>732</b>	<b>733</b>	<b>5,599</b>	<b>2,972</b>	<b>6,331</b>	<b>3,704</b>

Financial Liabilities breakdown	Current		Non-Current		Total	
	December	December	December	December	December	December
	31, 2021	31, 2020	31, 2021	31, 2020	31, 2021	31, 2020
Perpetual subordinated notes (“TSDI”).....	—	—	65	61	65	61
Deposits received from customers.....	15	32	83	161	99	193
Bank overdrafts .....	17	3	—	—	17	3
Securitization <sup>(a)</sup> .....	252	270	—	—	252	270
Reverse factoring <sup>(b)</sup> .....	744	704	—	—	744	704
Commercial paper .....	181	87	—	—	181	87
Debt owed to Altice Group and other .....	728	25	19	95	746	120
<b>Other financial liabilities .....</b>	<b>1,938</b>	<b>1,120</b>	<b>167</b>	<b>317</b>	<b>2,104</b>	<b>1,437</b>
<b>Financial liabilities .....</b>	<b>2,884</b>	<b>2,616</b>	<b>25,238</b>	<b>21,725</b>	<b>28,122</b>	<b>24,340</b>

(\*) Including accrued interest.

(a) As part of the measures implemented by the Group to manage its cash flow, certain subsidiaries in the Group have entered into a non-recourse securitization agreement for the Business services segment portfolio receivables with a financial institution that has committed to purchase these receivables for a new five year period starting February 2020 and for a total committed capacity of €380 million, on a monthly basis and via a revolving structure. The total amount of the portfolio of receivables assigned as of December 31, 2021 represents €252 million. The analysis of these contracts and the assigned receivables has led the Group to conclude that the program, while being non-recourse, does not meet the de-recognition criteria under IFRS 9 and hence a financial debt is recognized on the balance sheet corresponding to the outstanding balance of receivables. Does not include the off-balance sheet handset receivables securitization facility entered into by Altice France on December 30, 2020 for a net amount of €75 million as of December 31, 2021.

(b) The Group has entered into reverse factoring agreements with several financial institutions and 20 of its main services or equipment providers pursuant to which the relevant financial institutions pay the invoices of these suppliers at the original due date of the invoices. As part of these programs, the Group undertakes to pay to the financial institutions the invoice at the extended deadline, whose extension could not exceed 360 days after the provider issued it. As of December 31, 2021, the outstanding amount on the programs totalled €744 million (excluding accrual interest). When the supplier invoice is paid by the financial institution on behalf of the Group, the company recognizes a decrease in accounts payables and an increase in financial debt.

(c) As of December 31, 2021, this amount includes: (i) €81 million of liabilities related to the acquisition of non-controlling interests (in ERT Luxembourg for €12 million, Icart for €5 million, €5 million related to Pritel and €59 million for Afone), compared to €32 million as of December 31, 2020 (ERT Luxembourg for €18 million, Icart for €7 million and DSP €6 million); (ii) €120 million related to ACS put option; and (iii) €2 million related to a current account with Altice Luxembourg compared to €2 million as of December 31, 2020.

For the year ended December 31, 2021, we recorded liabilities related to the capitalisation of our operating leases, resulting from the application of IFRS 16. As of December 31, 2021, the total amount of lease liabilities amounted to €6,331 million.

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

### Sources of Liquidity

Our principal source of liquidity is expected to be the operating cash flows of our operating subsidiaries and, if required, borrowings under the Existing Revolving Credit Facilities. As of December 31, 2021, the Revolving Credit Facility, which provided for commitments in an aggregate amount of €1,035 million as of December 31, 2021, remained undrawn. We can also generate additional liquidity through our securitization and reverse factoring arrangements.

We expect to use these sources of liquidity to fund operating expenses, working capital requirements, capital expenditures, debt service requirements and other liquidity requirements that may arise from time to time. The availability of borrowings under the Revolving Credit Facility is conditioned upon compliance with specified leverage ratios. Our ability to generate cash from our operations will depend on our future operating performance, which is in turn dependent, to some extent, on general economic, financial, competitive, market, regulatory and other factors, many of which are beyond our control. We believe that our cash and cash equivalents, the cash

provided from the operations of our operating subsidiaries and any available borrowings under the Revolving Credit Facility will be sufficient to fund our currently anticipated working capital needs, capital expenditures, and debt service requirements during the next 12 months, although no assurance can be given that this will be the case. However, as our debt matures in later years, we anticipate that we will seek to refinance or otherwise extend our debt maturities. No assurance can be given that we will be able to complete such refinancing or otherwise extend our debt maturities. In this regard, it is not possible to predict how economic conditions, sovereign debt concerns and/or any adverse regulatory developments could impact the credit markets we access and accordingly, our future liquidity and financial position. In addition, sustained or increased competition, particularly in combination with adverse economic or regulatory developments, could have an unfavourable impact on our cash flows and liquidity.

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

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

The covenants applicable to Altice France and its subsidiaries provide that the Group's senior debt is subject to an incurrence test of 4.0:1.0 (Adjusted EBITDA to net debt), while the Group's senior secured debt is subject to an incurrence test of 3.25:1.0 (Adjusted EBITDA to net senior secured debt). The Group or its relevant subsidiaries are allowed to fully consolidate the EBITDA from any subsidiaries in which they have a controlling interest and that are contained in the restricted group as defined in the relevant debt instruments. In addition, the Group can rely on various 'baskets' specified under its debt covenants when incurring indebtedness.

Altice France has access to a Revolving Credit Facility which is subject to maintenance covenants in addition to the incurrence-based covenants described above. The Existing Revolving Credit Facilities Agreement requires Altice France and the Borrower Group to maintain a consolidated net leverage ratio of no more than 5.25 to 1.0 (only to be tested to the extent there are loans outstanding under the Existing Revolving Credit Facilities Agreement at the end of each financial quarter in a principal amount in excess of 40% of the total commitments under the Existing Revolving Credit Facilities).

### ***Working Capital***

As of December 31, 2021, the Group had a net current liability position of €3,435 million (comprising current liabilities net of current assets) (mainly due to trade payables and current contract liabilities amounting to €5,579 million) and a negative working capital of €1,443 million (comprising inventories, trade and other receivables and contract assets, minus trade and other payables and contract liabilities). The negative working capital position is structural and follows industry norms. Customers generally pay subscription revenues early or mid-month, with short days of sales outstanding, and suppliers are paid in the beginning of the following month, thus generating a negative working capital. Payables due the following month are generally covered by operating cash flow. We expect that our operating cash flows and, if required, available borrowings under the Existing Revolving Credit Facilities will be sufficient to meet our working capital requirements during the next 12 months.

### **Selected Cash Flow Data**

***For the year ended December 31, 2021 compared to the year ended December 31, 2020***

<u>Consolidated Statement of Cash Flows</u>	<u>For the year ended December 31,</u>		
	<u>2021</u>	<u>2020</u>	<u>Change</u>
	(in € million)		
Net income (loss), Group share .....	<u>(535)</u>	<u>(255)</u>	<u>109.3%</u>
Net cash flow provided by/(used in) operating activities .....	<u>4,782</u>	<u>4,599</u>	<u>4.0%</u>
Net cash flow provided by/(used in) investing activities .....	<u>(415)</u>	<u>(2,720)</u>	<u>(84.7)%</u>

Net cash flow provided by/(used in) financing activities .....	<u>(4,437)</u>	<u>(1,898)</u>	<u>133.8%</u>
Net increase/(decrease) in cash and cash equivalents .....	<u>(71)</u>	<u>(19)</u>	<u>264.2%</u>
Effects of exchange rate changes on the balance of cash held in foreign currencies .....	<u>8</u>	<u>(2)</u>	<u>(546.8)%</u>
Cash and cash equivalents at beginning of period .....	<u>536</u>	<u>557</u>	<u>(3.8)%</u>
Cash and cash equivalents at end of period.....	<u>473</u>	<u>536</u>	<u>(11.7)%</u>

*Net cash flow provided by/(used in) operating activities*

Net cash provided by operating activities increased to €4,782 million for the year ended December 31, 2021 compared to €4,599 million for the year ended December 31, 2020. This trend was the result of (i) less favorable working capital variation of (€320) million for the year ended December 31, 2021 compared to (€44) million for the year ended December 31, 2020) and (ii) a decrease in Adjusted EBITDA (€4,217 million for the year ended December 31, 2021 compared to €4,273 million for the year ended December 31, 2020 (both including Altice TV)) due to the full year integration of the results of Altice TV for the year ended December 31, 2021 (compared to only six months for the year ended December 31, 2020), which was offset by (a) lower income tax paid in the year ended December 31, 2021 compared to December 31, 2020 (€73 million and €294 million, respectively) and (b) indemnities resulting from settlement of litigation with Orange.

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

For the year ended December 31, 2021, the Group recorded a net cash inflow from investing activities for an amount of €415 million, compared to net cash outflow in investing activities of €2,720 million for the year ended December 31, 2020. The difference can mainly be attributed to the proceeds received from the disposal of Hivory (€2,636 million) for the year ended December 31, 2021.

*Net cash flow provided by/(used in) financing activities*

For the year ended December 31, 2021, the Group used more cash for financing activities (€4,437 million) compared to the year ended December 31, 2020 (€1,898 million). The difference was mainly due to higher dividends paid in 2021 (€4,560 million compared to €0 for the year ended December 31, 2020), lower net proceeds from refinancing activity in 2021 compared to 2020 (€562 million compared to €1,220 million) offset partially by higher net proceeds from other financing activities (mainly related to the redemption of intercompany loans issued to Altice Group Lux).

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

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

*Net cash flow provided by/(used in) operating activities*

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

had a one off impact of €83 million). This was partially offset by higher income tax paid for the year ended December 31, 2020 amounting to €294 million compared to €172 million for the year ended December 31, 2019.

#### *Net cash provided by/(used in) investing activities*

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

#### *Net cash flow provided by/(used in) financing activities*

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

### **Capital Expenditures**

Our capital expenditure (accrued) was €2,914 million for the year ended December 31, 2021 compared to €3,138 million for the year ended December 31, 2020, representing a decrease of 7.2%, primarily due to high capital expenditure expense in 2020 for the 5G spectrum acquisition.

Our capital expenditure (accrued) amounted to €3,138 million for the year ended December 31, 2020 and €2,355 million for the year ended December 31, 2019, representing an increase of 33.3%, primarily due to the acquisition of the 5G spectrum in 2020 for an amount of €728 million. Excluding the impact of the 5G spectrum, capital expenditure (accrued) amounted to €2,410 million, an increase of 2.3% compared to €2,355 million for the year ended December 31, 2019. This increase was due to deployment of mobile network to prepare for the launch of the Group's 5G network.

### **Contractual Obligations**

#### *Unrecognized Contractual Commitments*

We have other contractual obligations incurred in the ordinary course of business, including commitments relating to building or upgrading network infrastructure, purchase of set-top boxes, modems, mobile handsets and other end-user equipment and various maintenance and support contracts primarily relating to the maintenance and support of network infrastructure and equipment, purchase commitments for content, royalty payments to regulatory authorities and authors' rights to societies and commitments under interconnection contracts. See note 33 to the 2021 Financial Statements and the 2020 Financial Statements and note 32 to the 2019 Financial Statements, in each case, included elsewhere in this Offering Memorandum.

The following tables set forth our unrecognized contractual commitments as of December 31, 2021, 2020 and 2019, respectively.

	<b>As of December 31, 2021</b>			<b>Total</b>
	<b>Less than one year</b>	<b>Two to five years</b>	<b>More than five years</b>	
	<b>(in € million)</b>			
Commitments relating to assets (excluding network sharing) <sup>(a)</sup> .....	878	51	0	929
Commitments relating to long-term contracts.....	366	368	(61)	685
Other commitments .....	8	4	79	91
<b>Total<sup>(b)</sup> .....</b>	<b>1,252</b>	<b>423</b>	<b>18</b>	<b>1,693</b>

	As of December 31, 2020			
	Less than one year	Two to five years	More than five years	Total
	(in € million)			
Commitments relating to assets (excluding network sharing) <sup>(a)</sup> .....	843	36	0	878
Commitments relating to long-term contracts.....	373	191	(31)	533
Other commitments .....	7	2	81	90
<b>Total<sup>(b)</sup>.....</b>	<b>1,223</b>	<b>229</b>	<b>50</b>	<b>1,501</b>

  

	As of December 31, 2019			
	Less than one year	Two to five years	More than five years	Total
	(in € million)			
Commitments relating to assets (excluding network sharing) <sup>(a)</sup> .....	643	34	0	677
Commitments relating to long-term contracts.....	249	172	(13)	408
Other commitments .....	8	11	78	97
<b>Total.....</b>	<b>900</b>	<b>217</b>	<b>65</b>	<b>1,182</b>

(a) Excludes commitments pursuant to the mobile network sharing agreement entered into with Bouygues Telecom. The first roll-outs of the RAN sharing coverage were in September 2015, and 12,192 sites were rolled out the end of December 31, 2021. The Group estimates that as of late December 2021, this agreement corresponds to approximately €1,245 million in commitments given, and approximately €1,650 million in commitments received, for a net commitment of approximately €405 million, covering the entire long-term agreement. For further details, see note 33.3 of the 2021 Financial Statements, included elsewhere in this Offering Memorandum.

(b) For the years ended December 31, 2021, 2020 and 2019, following the implementation of IFRS 16 (*Leases*), commitments related to operating leases of €6,331 million, €3,704 million and 3,651 have been excluded from unrecognised contractual commitments.

### ***Defined Benefit and Defined Contribution Pension Plans***

In addition, we have obligations under defined benefit and defined contribution pension plans. Our cash outflow relating to these obligations will vary depending on many factors. In the case of defined benefit plans, we have recognized a liability regarding employee benefits in the statement of financial position of the Group which represents the present value of the defined benefits liability less the fair value of the plan assets, and the past service costs. The liability in respect of defined benefit plans is determined using actuarial valuations. The actuarial valuation involves making assumptions with regards to, among others, discount rates, expected rates of return on assets, future salary increases and mortality rates. Due to the long-term nature of these plans, such estimates are subject to uncertainty. Actuarial gains and losses are reflected in the statement of income and statement of other comprehensive income in the period in which they arise, as part of the salary costs. Deposits in a defined contribution plan in respect of severance pay or in respect of emoluments are recognized as an expense at the time of the deposit in the plan, in parallel to the receipt of the labor services from the employee and no additional provision is recognized in the financial statements. As of December 31, 2021, our total defined benefit plans liabilities were €137 million.

### **Post-Balance Sheet Date Events**

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

#### *Proposed acquisition of TFX and 6ter*

On February 28, 2022, the Group announced that it had entered into an exclusivity agreement with TF1 and M6 in order to acquire two channels (TFX and 6ter) in the context of the on-going merger between the two groups. This acquisition remains subject to customary anti-trust and regulatory clearances of both the proposed acquisition by the Group and of the TF1-M6 merger.

#### *Closing of the sale of towers in the French Overseas Territories*

On October 9, 2021, the Group entered into an agreement to sell its mobile towers in the French Overseas Territories for an implied enterprise value of €75 million. The transaction was closed on March 10, 2022.



## **Related Party Transactions**

Other than as disclosed in this Offering Memorandum and in the notes to the Historical Consolidated Financial Information, the Group did not have any material transactions with related parties during the year ended December 31, 2021 and the years ended December 31, 2020 and 2019. See “*Certain Relationships and Related Party Transactions*” as well as note 32 to the 2021 Financial Statements, note 32 to the 2020 Financial Statements and note 31 to the 2019 Financial Statements, in each case included elsewhere in this Offering Memorandum, for more information.

## **Off Balance Sheet Arrangements**

We are not party to any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on our financial condition, changes in financial condition, revenue or expenses, results of operations, liquidity, capital expenditure or capital resources, other than the handset receivables securitization facility for a net amount of [€75 million], the contractual commitments disclosed herein or as otherwise discussed in the notes to the Historical Consolidated Financial Information.

## **Quantitative and Qualitative Disclosures about Market Risk**

We are exposed to market risks relating to fluctuations in interest rates and foreign exchange rates, primarily as between the US Dollar and Euro, and use financial instruments to manage our exposure to interest rate and foreign exchange rate fluctuations. See notes 25 and 27 to the 2021 Financial Statements for more details.

### *Credit Risk*

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

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

### *Liquidity Risk*

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

Additionally, as of December 31, 2021, the Group has access to the Existing Revolving Credit Facilities, which provide for commitments in an aggregate amount of €1,035 million (which remained undrawn as of December 31, 2021) to cover any liquidity needs not met by operating cash flow generation. See “—*Liquidity and Capital Resources—Sources of Liquidity of Altice France*”.

Additionally, as of December 31, 2021, Altice France Holding has access to the Existing AFH Revolving Credit Facilities, which provide for commitments in an aggregate amount of approximately €186 million (which remained undrawn as of December 31, 2021) to cover any liquidity needs not met by operating cash flow generation. See “—*Liquidity and Capital Resources—Sources of Liquidity of Altice France Holding*”.

### *Interest Rate and Related Risk*

For fixed rate debt, changes in interest rates generally affect the fair value of the debt instrument, but not our earnings or cash flows. Accordingly, interest rate risk and changes in fair market value should not have a significant effect on the fixed rate debt until we would be required to refinance such debt at maturity. As of December 31, 2021, on a consolidated basis, taking into account our swap portfolio, the Group's primary fixed rate debt obligations were in an amount equivalent to €11,623 million, while our primary floating rate debt obligations were equivalent to €7,187 million.

### *Foreign Currency Risk*

As part of its financial risk management strategy, the Group has entered into certain hedging operations. These are split mainly into either fixed to fixed or floating to floating cross-currency and interest rate swaps that cover against foreign currency and interest rate risk, foreign exchange forwards that cover against foreign exchange risk only, or interest rate swaps covering interest rate risk only. For details regarding the Group's outstanding derivative instruments to secure foreign currency liabilities and to reduce foreign currency exposure, see note 25.4 to the 2021 Financial Statements, included elsewhere in this Offering Memorandum.

### **Critical Accounting Policies, Judgments and Estimates**

For details regarding the Group's critical accounting policies, judgments and estimates, see note 2 to the 2021 Financial Statements.

For details regarding the Group's adoption of IFRS 16 and its impact on its financial statements, see note 1.2 to the 2021 Financial Statements, included elsewhere in this Offering Memorandum.

IFRS 16 supersedes IAS: 17 (*Leases*), IFRIC 4 (*Determining whether an Arrangement contains a Lease*), SIC-15: (*Operating Leases-Incentives*) and SIC-27: (*Evaluating the Substance of Transactions Involving the Legal Form of a Lease*). The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

The change of definition of a lease mainly relates to the conception of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange of consideration. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of January 1, 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application. Therefore, 2018 financial statements were not restated under the new standard.

The Group has lease contracts related to mobile sites (land, space in cell towers or rooftop, agreement with towers company), network infrastructure (including local loop unbundling), buildings used for administrative or technical purposes and other assets (vehicles). Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease.

Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognized as finance costs) and reduction of the lease liability.

In an operating lease, the leased property was not capitalized and the lease payments were recognized as rent expense in the consolidated statement of income on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognized under "Trade and other receivables" and "Trade and other payables", respectively.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases that it is the lessee. The Group recognized lease liabilities to make lease payments and right of use assets representing

the right to use the underlying assets. The standard provides specific transition requirements and practical expedients, which have been applied by the Group:

- Right of use assets are reported separately in the statement of financial position.
- The recognition, measurement and disclosure requirements of IFRS 16 are also applied to short term leases and leases of low-value assets.
- A distinction is made in leases that contain both lease components and non-lease components except for agreements for which the separation is impracticable (master service agreements with towers company).
- Application of the portfolio approach for the recognition and measurements of certain asset categories with similar characteristics (same residual value, same economic environment), mainly for local loop unbundling.
- Application of the standard to contracts that were previously identified as finance leases under IAS 17/IFRIC 4 at the transition date (carry forward of existing finance lease liabilities).
- Calculate outstanding liability for existing operating leases using the incremental borrowing rate at date of transition.
- IFRS 16 is not applied to leases for intangible assets.
- The Group chooses to apply the relief option, which allows it to adjust the right of use asset by the amount of any provision for onerous leases recognised in the balance sheet immediately before the date of initial application.

Based on the aforementioned, as at January 1, 2019:

- Right of use assets of €3,233 million were recognised and presented separately in the statement of financial position. This includes the lease assets recognised previously under finance leases of €121 million that were reclassified from “Property, plant and equipment and intangible assets”.
- Additional lease liabilities of €3,214 million (current and non-current) were recognised (including the reclassification of finance lease liabilities already recorded as of December 31, 2018 of €79 million).
- Trade and other receivables of €39 million and trade and other payables of €60 million related to previous operating leases were derecognised.
- Deferred tax liabilities increased by €19 million because of the deferred tax impact of the changes in assets and liabilities.
- Provision for onerous contract (current and non-current) was reclassified in reduction on right of use assets for €60 million.
- The net effect of these adjustments had been adjusted to equity for €40 million.

The Group adopted the ‘COVID-19 Related Rent Concessions’ amendment to IFRS 16 with effect from June 1, 2020, which did not have any significant impact on the Group’s financial results as of the year ended December 31, 2020. See note 1.2 to the 2020 Financial Statements included elsewhere in this Offering Memorandum for more information.

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

In June 2019, the IFRIC issued a tentative agenda decision related to subsurface rights concluding that when a contract between a land owner and another party gives the other party the right to place an oil pipeline in a specified underground space, with the land owner retaining the right to use the surface area of the land above the pipeline, that contract contains a lease.

The Group has completed its assessment and has concluded that in its contracts, the suppliers have a substantive right to substitute the asset throughout the period of use and therefore, the contracts do not constitute a lease.

In April 2021, the IFRIC IC published a decision how a customer accounts for costs of configuring or customising the supplier's application software in a Software as a Service arrangement. Based on preliminary analysis, the Group anticipates that the application of the IFRIC IC decision will not have a material impact on the consolidated financial statements. In May 2021, the IFRS IC published a decision on the allocation of the expense related to defined benefit schemes: the amount of the expenses depends on the length of service and is capped above a certain length of service, while being subject to the presence of the beneficiary at the date of retirement. Thus, this decision has been implemented: (i) by applying the decision to the financial year ended December 31, 2021 (adjustment of the cost of services rendered over the period in return for the provision on the balance sheet) and (ii) by restating the opening equity of the first period presented in comparison (as at January 1, 2020) with the effects of previous periods. The impact of the services cost adjustment for the previous year is not material. See notes 1.2 and 35 to the 2021 Financial Statements, provided elsewhere in this Offering Memorandum, for more information.