Altice France Holding S.A.

altice

Condensed Interim Special Purpose Financial Statements

As of and for the nine-month period ended
September 30, 2022

Consolidated statement of income (€m)	September 30, 2022	September 30, 2021
Revenues	**8,374.7**	**8,155.1**
Purchasing and subcontracting costs	(2,351.3)	(2,130.5)
Other operating expenses	(1,399.2)	(1,412.0)
Staff costs and employee benefits	(794.1)	(778.7)
Depreciation, amortisation and impairment	(2,499.7)	(2,472.0)
Other expenses and income (*)	(141.7)	(19.3)
Operating profit	**1,188.7**	**1,342.5**
Interest relative to gross financial debt	(792.4)	(798.9)
Realized and unrealized gains/(loss) on derivative instruments linked to financial debt	1,013.7	(67.5)
Finance income	71.9	50.2
Other financial expenses	(689.3)	(200.8)
Net result on extinguishment of financial liabilities	-	(176.8)
Finance costs, net	**(396.1)**	**(1,193.9)**
Share of earnings of associates and joint ventures	(115.0)	(164.0)
Income tax benefit/(expenses)	(383.0)	(155.4)
Profit/(loss)	**294.6**	**(170.7)**
Attributable to equity holders of the parent	*267.8*	*(264.3)*
Attributable to non-controlling interests	*26.8*	*93.6*

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

Consolidated statement of other comprehensive income (€m)	September 30, 2022	September 30, 2021
Profit/(loss)	**294.6**	**(170.7)**
Items that may be subsequently reclassified to profit or loss:		
Foreign currency translation adjustments	(0.8)	2.5
Cash flow hedges	11.0	154.2
Related taxes	(2.8)	(39.8)
Other items related to associates and joint ventures	0.3	0.1
Items that will not be subsequently reclassified to profit or loss:		
Actuarial gain/(loss)	36.9	11.0
Related taxes	(9.5)	(2.8)
Total Comprehensive Profit/(loss)	**329.5**	**(45.6)**
Of which:		
Attributable to equity holders of the parent	*303.1*	*(140.3)*
Attributable to non-controlling interests	*26.4*	*94.7*

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

Consolidated statement of financial position (€m)	September 30, 2022	December 31, 2021
Assets		
Goodwill	10,419.8	9,896.3
Intangible assets	5,536.1	5,762.5
Contracts costs	208.3	189.5
Property, plant and equipment	6,253.8	6,185.2
Rights of use assets	3,717.4	4,003.8
Investments in associates and joint ventures	889.0	1,011.7
Financial assets	2,978.9	1,710.2
Deferred tax assets	419.1	772.2
Other assets	149.5	171.8
Total non-current assets	**30,572.0**	**29,703.2**
Inventories	447.9	389.1
Trade and other receivables	3,964.1	3,409.1
Contracts assets	201.4	224.2
Current tax assets	89.0	33.8
Financial assets	1,081.7	235.9
Cash and cash equivalents	405.5	466.8
Assets classified as held for sale	-	-
Total current assets	**6,189.7**	**4,758.9**
Total Assets	**36,761.7**	**34,462.1**

Consolidated statement of financial position (€m)	September 30, 2022	December 31, 2021
Equity and liabilities		
Issued capital	401.0	401.0
Additional paid in capital	-	-
Reserves	(5,368.3)	(5,641.3)
Equity attributable to owners of the company	**(4,967.3)**	**(5,240.3)**
Non-controlling interests	**31.9**	**19.3**
Total equity	**(4,935.4)**	**(5,221.0)**
Borrowings, financial liabilities and relating hedging instruments	25,059.0	23,720.4
Lease liabilities	5,465.3	5,599.0
Other financial liabilities	415.8	347.6
Provisions	220.4	352.0
Non-current contracts liabilities	457.8	454.7
Deferred tax liabilities	23.4	20.4
Other non-current liabilities	475.4	481.6
Total non-current liabilities	**32,117.1**	**30,975.8**
Borrowings, financial liabilities	915.7	268.0
Lease liabilities	682.1	732.0
Other financial liabilities	1,328.8	1,937.5
Trade and other payables	5,789.7	4,887.2
Contracts liabilities	536.8	499.3
Current tax liabilities	59.5	24.1
Provisions	221.7	308.2
Other current liabilities	45.7	51.0
Liabilities directly associated with assets classified as held for sale	-	-
Total current liabilities	**9,580.0**	**8,707.3**
Total Equity & liabilities	**36,761.7**	**34,462.1**

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

Consolidated statement of changes in equity (€m)	Capital	Additional paid-in capital	Reserves	Other comprehensive income	Total	Non-controlling interests	Consolidated equity
	Equity attributable to owners of the company						
Position at December 31, 2020	**401.0**	**3,663.2**	**(3,986.3)**	**(182.7)**	**(104.8)**	**281.2**	**176.4**
Dividends paid	-	(3,663.2)	(896.6)	-	(4,559.8)	(43.7)	(4,603.5)
Comprehensive income (loss)	-	-	(264.3)	124.1	(140.3)	94.7	(45.6)
Transactions with non controlling interests	-	-	(0.3)	-	(0.3)	(5.7)	(6.0)
Other movements	-	-	(0.1)	-	(0.1)	0.2	0.2
Position at September 30, 2021 restated (*)	**401.0**	**-**	**(5,147.6)**	**(58.7)**	**(4,805.3)**	**326.7**	**(4,478.6)**
Comprehensive income (loss)	-	-	(361.7)	0.5	(361.2)	(8.3)	(369.5)
Share-based compensation	-	-	1.1	-	1.1	-	1.1
Disposal of interests with loss of control (a)	-	-	-	-	-	(298.8)	(298.8)
Other movements (b)	-	-	(75.0)	-	(75.0)	(0.3)	(75.2)
Position at December 31, 2021	**401.0**	**-**	**(5,583.1)**	**(58.2)**	**(5,240.3)**	**19.3**	**(5,221.0)**
Dividends paid	-	-	-	-	-	(13.4)	(13.4)
Comprehensive income (loss)	-	-	267.8	35.3	303.1	26.4	329.5
Share-based compensation	-	-	0.4	-	0.4	-	0.4
Transactions with non controlling interests	-	-	(30.9)	-	(30.9)	(3.4)	(34.4)
Other movements	-	-	0.5	-	0.5	3.0	3.5
Position at September 30, 2022	**401.0**	**-**	**(5,345.4)**	**(22.8)**	**(4,967.3)**	**31.9**	**(4,935.4)**

(*) Related to IFRS IC IAS19 published in May 2021; refer to the Group's 2021 special purpose financial statements in Note 2.2.1 – *Standards and interpretations applied from January 1, 2021.*

(a) Related to the disposal of Hivory; refer to the Group's 2021 special purpose financial statements in Note 4.1 – *Hivory transaction with Cellnex.*

(b) Related to additional participation taken by XpFibre Holding (€(64.5) million) and the change in fair value of put/call option concerning ACS (€(10.5) million).

Breakdown of changes in equity related to other comprehensive income (€m)	December 31, 2020	September 30, 2021	*Change*	December 31, 2021	September 30, 2022	*Change*
Hedging instruments	(225.9)	(71.7)	*154.2*	(68.0)	(57.0)	*11.0*
Related taxes	58.3	18.5	*(39.8)*	17.6	14.7	*(2.8)*
Actuarial gains and losses	(25.0)	(14.0)	*11.0*	(17.9)	19.0	*36.9*
Related taxes	5.3	2.5	*(2.8)*	4.2	(5.4)	*(9.5)*
Foreign currency translation adjustments	(0.2)	2.3	*2.5*	2.3	1.4	*(0.8)*
Items related to associates and joint ventures	4.7	4.8	*0.1*	4.9	5.2	*0.3*
Total	**(182.7)**	**(57.6)**	***125.1***	**(56.9)**	**(22.0)**	***34.9***

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

Consolidated statement of cash flows **(€m)**	**September 30, 2022**	**September 30, 2021**
Net income (loss), Group share	**267.8**	**(264.3)**
Adjustments:		
Result attributable to non-controlling interests	26.8	93.6
Depreciation, amortisation and provision	2,325.5	2,787.6
Share in net income (loss) of associates and joint ventures	115.0	164.0
Finance costs recognised in the statement of income	396.1	1,193.9
Income tax (benefit) expense recognised in the statement of income	383.0	155.4
Other non-cash items (a)	19.6	(77.9)
Income tax paid	(58.3)	(66.1)
Change in working capital (*)	(137.4)	(64.8)
Net cash flow provided (used) by operating activities	**3,338.1**	**3,921.4**
Payments to acquire tangible and intangible assets and contract costs	(1,863.1)	(2,240.7)
Payments for acquisition of consolidated entities, net of cash acquired	(400.0)	(54.2)
(Net) payments to acquire financial assets	(5.1)	(82.9)
Proceeds from disposal of tangible and intangible assets	4.5	3.4
Proceeds from disposal of consolidated entities, net of cash disposals (**)	68.6	(3.8)
Net cash flow provided (used) by investing activities	**(2,195.1)**	**(2,378.1)**
Dividends paid to owners of the company	-	(4,559.8)
Dividends paid to non-controlling interests	(13.4)	(31.2)
Dividends received	1.5	9.2
Issuance of debt	1,010.0	3,572.4
Repayment of debt	(822.0)	(3,176.8)
Restructuring of swap instruments (***)	491.6	-
Interest paid on debt	(728.3)	(815.3)
Lease payment (principal) related to ROU	(565.8)	(576.5)
Lease payment (interest) related to ROU	(256.1)	(95.5)
Other cash (used in)/provided by financing activities (b)	(313.7)	3,933.3
Net cash flow provided (used) by financing activities	**(1,196.1)**	**(1,740.2)**
Net increase (decrease) in cash and cash equivalents	**(53.1)**	**(196.9)**
Effects of exchange rate changes on the balance of cash held in foreign currencies	(8.2)	4.2
Cash and cash equivalents at beginning of period	**466.8**	**535.6**
Cash and cash equivalents at end of period	**405.5**	**342.9**

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

(**) As of September 30, 2022, related to the disposal of Outremer Tower (Refer to Note 2.2 – *Outremer Tower transaction).*

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

Net gain/loss on disposals	(27.1)	-
Other	46.7	(77.9)
a) Other non-cash items	**19.6**	**(77.9)**

Commercial paper	(127.9)	36.0
Reverse factoring	64.5	(80.0)
Securitisation	(20.7)	(14.6)
Bank overdrafts	(11.3)	1.6
Transaction with non-controlling interests	(16.3)	(17.4)
Redemption fees	-	(88.4)
Loans to Altice Group affiliates and other	(161.0)	4,141.7
Other interest paid	(41.0)	(45.5)
b) Other cash (used in)/provided by financing activities	**(313.7)**	**3,933.3**

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

Notes to the condensed interim special purpose financial statements

1. About Altice France Holding and the Group

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

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

As of September 30, 2022, the Company holds 100% of the capital of Altice France S.A. ("Altice France") minus one share held by Altice Luxembourg.

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

1.1. Basis of preparation of financial information

These condensed interim special purpose financial statements have been prepared for the purpose of financial reporting as required under the debt covenants relating to the senior secured notes and term loans issued by Altice France and the senior notes issued by the Company.

They have been drawn up based on the accounting data of the Company, Altice France and their subsidiaries.

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

These condensed interim combined financial statements of the Group as of September 30, 2022, and for the nine-month period then ended, are presented in millions of Euros, except as otherwise stated. They should be read in conjunction with the Group's 2021 special purpose financial statements.

The conventions used to prepare the combined accounts are detailed in the Group's 2021 special purpose financial statements. The accounting policies applied for the condensed interim combined financial statements as of September 30, 2022, do not differ from those applied in the Group's 2021 special purpose financial statements, except for the adoption of new standards effective as of January 1, 2022. These condensed interim combined financial statements of the Group as of September 30, 2022, have been prepared on a going concern basis.

These financial statements were approved by the Board of Directors of the Company at its meeting on November 24, 2022.

Combination scope

The scope of the combined interim financial statements thus excludes legal entities that have been declared as 'unrestricted subsidiaries', notably SportsCoTV S.A.S, the company that houses the Altice TV activity as well as Altice Finco France S.A.S. ("Altice Finco France"), a financing company of the Group merged in June 2022. As a result, the combined financial statements prepared hereafter are not fully compliant with the requirements of IFRS 10 – *Consolidated Financial Statements*.

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

The scope is presented in Note 36 – *List of combined entities* in the Group's 2021 special purpose financial statements.

1.2. New standards and interpretations

1.2.1. Standards and interpretations applied from January 1, 2022

The following standards have mandatory application for periods beginning on or after January 1, 2022:

- Annual Improvements to IFRS Standards 2018-2020, effective on or after January 1, 2022, and
- Reference to the Conceptual Framework (Amendments to IFRS 3 – *Business combinations*), effective on or after January 1, 2022.

The application of the Annual Improvements to IFRS Standards 2018-2020 and the Reference to the Conceptual Framework (Amendments to IFRS 3) had no material impact on the amounts recognised in these condensed interim combined financial statements.

1.2.2. Standards and interpretations not applicable as of the reporting date

The Group has not early adopted the following standards and interpretations, for which application is not mandatory for periods starting from January 1, 2022, and that may impact the amounts reported:

- Amendments to the standards IFRS 10 – *Consolidated Financial Statements* and IAS 28 (*Investments in Associates and Joint Ventures*) – *Sale or contribution of assets between an investor and its associate or joint venture*, effective date of the amendments has not yet been determined by the IASB,
- Amendments in Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 – *Presentation of Financial Statements*), effective on or after January 1, 2023,
- Amendments to IAS 1 and IFRS Practice Statement 2 titled *Disclosure of Accounting Policies,* effective on or after January 1, 2023,
- Amendments to IAS 8 (*Accounting Policies, Changes in Accounting Estimates and Errors) – Definition of Accounting Estimates*, effective on or after January 1, 2023, and
- Amendments to IAS 12 *(Income Tax) – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*, effective for annual periods beginning on or after January 1, 2023.

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

1.3. Significant accounting judgments and estimates

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

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

These key areas of judgments and estimates are:

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

As of September 30, 2022, there has been no change in the key areas of judgments and estimates.

2. Significant events of the period

2.1. 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 remained subject to customary anti-trust and regulatory clearances of both the proposed acquisition by the Group and of the TF1-M6 merger. As the merger between TF1 and M6 was not approved by the French antitrust authority, the proposed acquisition of TFX and 6ter by the Group was not completed.

2.2. Outremer Tower transaction

On March 11, 2022, the Group closed the previously announced sale of its passive mobile infrastructure in the French Caribbean territories. The proceeds from the sale amounted to €75 million.

2.3. Closing of the Coriolis acquisition

On May 3, 2022, the Group successfully completed the closing of the Coriolis transaction. The acquisition was funded by drawing on the available revolving credit facility for an amount of €325 million (including purchase price adjustment and excluding deferred payment). The Group recorded a preliminary goodwill of €450.5 million related to the transaction. The allocation of the goodwill will be completed within the twelve-month period as stipulated in IFRS 3.

The impact of the entry of Coriolis into the scope is broken down below:

Change in Scope - Coriolis **(€m)**	**Net value**
Non-current assets	11.0
Current assets	98.9
Assets	**109.8**
Non-current liabilities	3.4
Current liabilities	97.1
Liabilities	**100.4**
Equity acquired (a)	**9.4**
Acquisition share's price (b)	**459.9**
Goodwill before acquisition price allocation (b) - (a)	**450.5**

2.4. Acquisition of Syma

In May 2022, the Group finalized the acquisition of a mobile virtual network operator, Syma. The total transaction price was €93.6 million (enterprise value). The Group paid €61.2 million at the time of closing (excluding deferred purchase price and net debt). The acquisition was funded by drawing on the revolving credit facility.

2.5. Debt buy back

Over the period from June 21, 2022, until September 30, 2022, the Company repurchased $125.5 million of its 6% $1,225 million Senior Notes due 2028. Refer to Note 13.1 – *Financial liabilities breakdown.*

2.6. Swap restructuring

The Group restructured certain cross currency swaps over the course of the second quarter and third quarter of 2022. As part of the restructuring, the Group received €491.6 million in cash. Refer to Note 14 – *Derivatives instruments.*

2.7. Change in governance

On August 23, 2022, the Group announced that Gregory Rabuel had step down from his role as CEO of Altice France and SFR. Following his departure, Arthur Dreyfuss was nominated to the post of CEO of Altice France and Mathieu Cocq was named as CEO of SFR.

3. Change in scope

Over the period ended September 30, 2022, the significant changes in the consolidation scope are:

- the disposal of Outremer Tower. Refer to Note 2.2 – *Outremer Tower transaction,*
- the acquisition of Coriolis S.A. ("Coriolis"). Refer to Note 2.3 – *Closing of the Coriolis acquisition,*
- the acquisition of Syma S.A.S. ("Syma"). Refer to Note 2.4 – *Acquisition of Syma.*

4. Financial Key Performance Indicators ("KPIs")

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

The financial KPIs tracked by the Board of Directors are:

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

Non-GAAP measures

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

Adjusted EBITDA

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

Capex

Capex is an important indicator to follow, as the profile varies greatly between activities:

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

Operating free cash flow

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

Net financial debt

Net financial debt is a non-GAAP measure which is useful to the readers of the consolidated financial statements as it provides meaningful information regarding the financial position of Group and its ability to pay its financial debt obligations compared to its liquid assets. Please refer to Note 13.2 – *Net financial debt*.

4.1. Revenue

The following table presents the breakdown of revenue:

Revenue (€m)	September 30, 2022	September 30, 2021
Residential - Fixed	2,029.5	2,043.4
Residential - Mobile	2,853.2	2,705.6
Business services	2,555.0	2,513.3
Total Telecom excl. equipment sales	**7,437.8**	**7,262.3**
Equipment sales	694.8	663.1
Media	242.1	229.7
Total	**8,374.7**	**8,155.1**

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

4.2. Adjusted EBITDA

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

Operating profit (€m)	September 30, 2022	September 30, 2021
Revenue	**8,374.7**	**8,155.1**
Purchasing and subcontracting costs	(2,351.3)	(2,130.5)
Other operating expenses	(1,399.2)	(1,412.0)
Staff costs and employee benefits	(794.1)	(778.7)
Total	**3,830.1**	**3,833.9**
Share-based expenses	0.4	3.0
Rental expense operating lease	(786.3)	(625.6)
Adjusted EBITDA	**3,044.2**	**3,211.2**
Depreciation, amortisation and impairment	(2,499.7)	(2,472.0)
Share-based expenses	(0.4)	(3.0)
Other expenses and income (a)	(141.7)	(19.3)
Rental expense operating lease	786.3	625.6
Operating profit	**1,188.7**	**1,342.5**

(a) As of September 30, 2022, this concerns mainly litigation (Refer to Note 20 – *Litigation*) and the margin elimination on sale and lease back transactions in accordance with IFRS 16. As of September 30, 2021, this mainly includes the indemnity received from Orange to close certain outstanding litigations (Refer to the Group's 2021 special purpose financial statements in Note 35 – *Litigation)*, a provision for restructuring related to the telecom and distribution business of the Group for an aggregate amount of €(384.5) million and a reversal related to the employee benefit provision for an aggregate amount of €26.6 million.

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

Reconciliation of profit/(loss) to Adjusted EBITDA (€m)	September 30, 2022	September 30, 2021
Profit/(loss)	**294.6**	**(170.7)**
Income tax (benefit)/expenses	383.0	155.4
Share of earnings of associates and joint ventures	115.0	164.0
Finance costs, net	396.1	1,193.9
Operating profit	**1,188.7**	**1,342.5**
Depreciation, amortisation and impairment	2,499.7	2,472.0
Other expenses and income (a)	141.7	19.3
Share-based expenses	0.4	3.0
Rental expense operating lease	(786.3)	(625.6)
Adjusted EBITDA	**3,044.2**	**3,211.2**

(a) Refer to the table above.

4.3. Capital expenditure

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

Capital expenditure **(€m)**	**September 30, 2022**	**September 30, 2021**
Capital expenditure (accrued) (a)	1,790.5	2,208.6
Capital expenditure - working capital items and other impacts (b)	72.6	32.1
Payments to acquire tangible and intangible assets and contract costs	**1,863.1**	**2,240.7**

(a) As of September 30, 2022, accrued capital expenditure includes accruals related to a new IRU for an aggregate amount of €13.9 million. As of September 30, 2021, accrued capital expenditure includes accruals related to a new IRU and the renewal of the 2G licenses in March 2021 for an aggregate amount of €498 million. Of this amount, €226 million have been paid as of September 30, 2021.

(b) As of September 30, 2022, includes the payment of €26.3 million related to the 2G licenses. As of September 30, 2021, includes the payment of €125 million related to the 5G spectrum and €16 million related to the 2G licenses.

4.4. Operating free cash flow

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

Operating free cash flow **(€m)**	**September 30, 2022**	**September 30, 2021**
Adjusted EBITDA	3,044.2	3,211.2
Capital expenditure (accrued)	(1,790.5)	(2,208.6)
Operating free cash flow	**1,253.7**	**1,002.7**

5. Financial income

Net finance costs amount to €(396.1) million for the nine-month period ended September 30, 2022, compared to €(1,193.9) million for the nine-month period ended September 30, 2021.

The following table presents the breakdown of the financial income:

Financial income **(€m)**	**September 30, 2022**	**September 30, 2021**
Interest relative to gross financial debt	**(792.4)**	**(798.9)**
Realized and unrealized gains/(loss) on derivative instruments	**1,013.7**	**(67.5)**
Finance income	**71.9**	**50.2**
Provisions and unwinding of discount	(371.7)	(13.2)
Interest related to lease liabilities	(256.1)	(95.5)
Other	(61.4)	(92.2)
Other financial expenses	**(689.3)**	**(200.8)**
Net result on extinguishment of a financial liability	**-**	**(176.8)**
Finance costs, net	**(396.1)**	**(1,193.9)**

(*) As of September 30, 2022, includes an impairment charge of €355 million related to the shares of Altice TV (unrestricted subsidiary).

Interest related to gross debt decreased slightly in the nine months ended September 30, 2022, compared to the nine months ended September 30, 2021. This decrease was mainly due to the effect of refinancing of the 2026 USD Senior Notes during the course of 2021, offset by the increase in gross debt of the Group.

For the nine-month period ended September 30, 2022, the net gain unrealized on derivative instruments was mainly due to a favourable variation in the fair value of interest rate swaps. (Refer to Note 14 – *Derivative instruments*).

6. Income tax expense

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

7. Goodwill and impairment of goodwill

7.1. Goodwill

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

Goodwill (€m)	Opening	Recognised on business combination	Changes in foreign currency translation	Held for sale	Other	September 30, 2022
Telecom (a)	9,389.2	524.5	(0.1)	-	(0.6)	9,912.9
Media	515.7	-	-	-	(0.2)	515.5
Gross value	**9,904.9**	**524.5**	**(0.1)**	**-**	**(0.8)**	**10,428.4**
Telecom	(8.6)	-	-	-	-	(8.6)
Media	-	-	-	-	-	-
Cumulative impairment	**(8.6)**	**-**	**-**	**-**	**-**	**(8.6)**
Telecom	9,380.7	524.5	(0.1)	-	(0.6)	9,904.4
Media	515.7	-	-	-	(0.2)	515.5
Net book value	**9,896.3**	**524.5**	**(0.1)**	**-**	**(0.8)**	**10,419.8**

(a) The business combination concerns the acquisition of Coriolis: €450.5 million and Syma: €74.6 million (Refer to Notes 2.3 – *Closing of the Coriolis acqusition* and 2.4 – *Acquisition of Syma)*. In 2021, concerns Afone Participations and H.D.A. acquisitions (Refer to the Group's 2021 special purpose financial statements in Note 5.4 – *Acquisition of Afone Participations*),

Goodwill (€m)	Opening	Recognised on business combination	Changes in foreign currency translation	Held for sale	Other	December 31, 2021
Telecom (a)	10 538,8	124,4	0,2	-	(1 274,2)	9 389,2
Media	515,2	0,4	-	-	-	515,7
Gross value	**11 054,1**	**124,8**	**0,2**	**-**	**(1 274,2)**	**9 904,9**
Telecom	(8,6)	-	-	-	-	(8,6)
Media	-	-	-	-	-	-
Cumulative impairment	**(8,6)**	**-**	**-**	**-**	**-**	**(8,6)**
Telecom	10 530,3	124,4	0,2	-	(1 274,2)	9 380,7
Media	515,2	0,4	-	-	-	515,7
Net book value	**11 045,5**	**124,8**	**0,2**	**-**	**(1 274,2)**	**9 896,3**

(a) The business combination concerns Afone Participations and H.D.A. acquisitions (Refer to the Group's 2021 combined financial statements in Note 5.4 – *Acquisition of Afone Participations*) and the decrease concerns the goodwill allocated to Hivory sold to Cellnex on October 28, 2021 (Refer to the Group's 2021 combined financial statements in Note 5.1 – *Hivory transaction with Cellnex*).

7.2. Impairment of goodwill

Goodwill is tested at the level of each CGU annually for impairment and whenever changes in circumstances indicate that its carrying amount may not be recoverable. Goodwill was tested at the CGU level for impairment as of December 31, 2021. In 2022, the Company decided to change the measurement date of the impairment test and to perform the impairment test as of September 30, 2022.

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

The Board of Directors and the Group's senior executives have determined that there have not been any changes in circumstances indicating that the carrying amount of goodwill may not be recoverable. In addition, there were no significant changes in assets or liabilities in any CGU, while the recoverable amounts continue to significantly exceed the carrying amounts. Therefore, based on the annual impairment test performed as at September 30, 2022, no impairment of goodwill was recorded.

7.2.1. Key assumptions used in impairment testing

The Group has made use of various external indicators and internal reporting tools to assess and estimate the key assumptions used in the Group's impairment testing as of September 30, 2022.

7.2.1.1. Cash flows

The value in use of each CGU was determined by estimating cash flows for a period of five years for the operating activities. Cash flow forecasts are derived from the most recent business plans approved by the Board of Directors. Beyond the specifically forecasted period of five years, the Group extrapolates cash flows for the remaining years based on an estimated constant growth rate of 1.5%. The growth rate is estimated at an individual CGU level and does not exceed the average long-term growth rate for the relevant markets.

7.2.1.2. Discount rates

Discount rates have been estimated using pre-tax rates, which reflect current market rates for investments of similar risk. The discount rate for the CGUs was estimated using the weighted average cost of capital ("WACC") of companies that operate a portfolio of assets similar to the Group's. The pre-tax discount rates used across the Group for the calculation of the value in use at September 30, 2022 range from 7.4% to 11.0%.

7.2.1.3. Other internal assumptions

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

7.2.1.4. Assumptions about external factors

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

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

Key assomptions used in estimating value in use	Telecom	Media
At September 30, 2022		
Average terminal growth rate (%)	1.5%	1.5%
5-year average Adjuted EBITDA margin (%)	37.4%	34.9%
5-year average Capex ratio (%)	(20.8)%	(10.5)%
Pre-tax discount rate (%)	7.4%	11.0%
Post-tax discount rate (WACC) (%)	6.0%	8.5%
At December 31, 2021		
Average terminal growth rate (%)	1.3%	1.3%
5-year average Adjuted EBITDA margin (%)	37.1%	33.8%
5-year average Capex ratio (%)	(20.0)%	(10.9)%
Pre-tax discount rate (%)	7.5%	11.0%
Post-tax discount rate (WACC) (%)	6.0%	8.5%

7.2.2. Sensitivity analysis

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

Sensivity to changes in key inputs in the value in use calculation	Telecom	Media
Amount by which the CGU exceeds the book value (€m)	19,036.1	405.2
Terminal growth rate for which recoverable amount is equal to carrying amount (%)	(4.3)%	(5.4)%
Post-tax discount rate for which recoverable amount is equal to carrying amount (%)	9.9%	12.9%
Adjusted EBITDA margin for which recoverable amount is equal to carrying amount (%)	26.9%	25.4%
0.5% increase in the discount rate (€m)	(4,091.0)	(70.0)
1.0% decrease in the terminal growth rate (€m)	(3,386.1)	(54.4)

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

8. Investments in associates and joint ventures

There has been no significant change over the nine-month period ended September 30, 2022, except for the income from investments in associates and joint ventures presented in the combined statement of income.

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

Main interests in associates and joint ventures (€m)	**September 30, 2022**	**December 31, 2021**
La Poste Telecom	-	-
Synerail Construction	1.1	1.1
Other associates	6.5	6.3
Associates	**7.6**	**7.4**
XpFibre Holding (a)	876.9	995.9
Synerail	4.2	5.0
Other joint ventures	0.4	3.4
Joint ventures	**881.5**	**1,004.2**
Total	**889.0**	**1,011.7**

(a) XpFibre Holding S.A.S. (formerly named SFR FTTH Network Holding S.A.S.) is a partnership between Altice France and a consortium led by OMERS Infrastructure, AXA IM - Real Assets and Allianz Capital Partners, to develop the "Fibre to the home" business within the framework of the private investment zone (AMII / AMEL areas and PIN and rural areas). XpFibre Holding is the largest alternative FTTH infrastructure wholesale operator in France with five million homes to be covered within the next years and more to be franchised or acquired. XpFibre specializes in the design, construction and operation of telecommunications networks and infrastructures for local authorities. The Covage's subsidiaries, acquired by XpFibre Holding in 2020, specialize in the deployment and exploitation of optical fiber operate networks of public or private initiative, in partnership with local communities.

The shareholding percentages of these principal equity associates are indicated in the Group's 2021 special purpose financial statements in Note 36 – *List of combined entities*.

9. Other non-current assets

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

Other non-current assets (€m)	**September 30, 2022**	**December 31, 2021**
Derivative financial instruments (a)	1,945.4	377.0
Loans and receivables with Altice Group affiliates	623.7	598.7
Other (b)	409.8	734.4
Non-current financial assets	**2,978.9**	**1,710.2**
Other non-current assets (c)	149.5	171.8
Other non-current assets	**3,128.4**	**1,882.0**

(a) Related to swaps (Refer to Note 14 – *Derivative instruments*);
(b) Of which a loan to XpFibre Holding for €278.0 million (€262.9 million as of December 31, 2021);
(c) Includes mainly non-current prepaid expenses.

10. Current financial assets

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

Current financial assets (€m)	**September 30, 2022**	**December 31, 2021**
Receivable SportsCoTV	198.7	70.5
Call options with non-controlling interests (a)	68.0	68.0
Receivable Altice Finco France	-	14.7
Derivative instruments	790.1	58.0
Other	25.0	24.7
Current financial assets	**1,081.7**	**235.9**

(a) Concerns the ACS call option.

11. Cash and cash equivalents

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

Cash and cash equivalents (€m)	September 30, 2022	December 31, 2021
Cash	371.0	443.3
Cash equivalents	34.5	23.5
Cash and cash equivalents	**405.5**	**466.8**

12. Equity

As of September 30, 2022, the Company's share capital amounts to €400,969,500 comprising 400,969,500 shares with a par value of €1 each.

The Group does not hold treasury shares.

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

13. Financial liabilities

13.1. Financial liabilities breakdown

The following table presents the breakdown of financial liabilities:

Financial liabilities breakdown	Current		Non-current		Total	
(€m)	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Bonds	327.2	170.8	17,216.8	15,819.7	17,544.0	15,990.5
Loans from financial institutions	460.1	97.2	7,798.0	7,026.2	8,258.1	7,123.4
Derivative financial instruments	128.4	-	44.1	874.5	172.6	874.5
Borrowings, financial liabilities and related hedging instruments (*)	**915.6**	**268.0**	**25,059.0**	**23,720.4**	**25,974.6**	**23,988.5**
Finance lease liabilities	10.1	14.6	19.7	21.3	29.8	36.0
Operating lease liabilities	671.9	717.3	5,445.6	5,577.6	6,117.5	6,295.0
Lease liabilities	**682.1**	**732.0**	**5,465.3**	**5,599.0**	**6,147.3**	**6,330.9**
Perpetual subordinated notes	-	-	68.5	65.1	68.5	65.1
Deposits received from customers	15.9	15.4	75.4	83.1	91.3	98.5
Bank overdrafts	5.2	16.6	-	-	5.2	16.6
Securitization	232.3	252.3	-	-	232.3	252.3
Reverse factoring	808.7	744.2	-	-	808.7	744.2
Commercial paper	53.5	181.4	-	-	53.5	181.4
Debt Altice Group and other	213.2	727.6	271.9	199.5	485.1	927.0
Other financial liabilities	**1,328.8**	**1,937.5**	**415.8**	**347.6**	**1,744.6**	**2,285.1**
Financial liabilities	**2,926.5**	**2,937.5**	**30,940.1**	**29,667.0**	**33,866.6**	**32,604.5**

(*) Including accrued interest.

Financial liabilities issued in US dollars are converted at the following closing rate:

- As of September 30, 2022: €1 = 0.9790 USD,
- As of December 31, 2021: €1 = 1.1386 USD.

As of September 30, 2022, the Revolving Credit Facility ("RCF") was drawn for an aggregate amount of €325.0 million. In the nine months ended September 30, 2022, the Company repurchased $125.4 million (€128.2 million equivalent) of its 6% $1,225 million Senior Notes due 2028. The debt was repurchased at a discount of $34.6 million, which was recognised as income in the statement of income.

13.2. Net financial debt

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

Net financial debt **(€m)**	**September 30, 2022**	**December 31, 2021**
Bonds	17,278.8	15,887.6
Loans from financial institutions	8,286.4	7,187.1
Finance lease liabilities	29.8	36.0
Commercial paper	53.5	181.4
Bank overdrafts	5.2	16.6
Other	95.4	15.1
Net derivative instruments - currency translation impact	(2,131.7)	(258.6)
Financial liabilities contributing to net financial debt (a)	**23,617.3**	**23,065.1**
Cash and cash equivalents (b)	405.5	466.8
Net financial debt (a) – (b)	**23,211.9**	**22,598.4**

(a) Liability items correspond to the nominal value of financial liabilities excluding accrued interest, impact of EIR, perpetual subordinated notes, operating debts (notably guarantee deposits, securitisation debts and reverse factoring) and include the portion of the fair value of derivatives related to the currency impact: €2,131.7 million (€258.6 million as of December 31, 2021). The fair value of derivatives related to the interest rate impact: €431.1 million (€(698.1) million as of December 31, 2021) is not included. All these liabilities are converted at the closing exchange rates (Refer to Note 13.3 – *Reconciliation between net financial liabilities and net financial debt*).

13.3. Reconciliation between net financial liabilities and net financial debt

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

Reconciliation between net financial liabilities and net financial debt **(€m)**	**September 30, 2022**	**December 31, 2021**
Financial liabilities	33,866.6	32,604.5
Cash and cash equivalents	(405.5)	(466.8)
Derivative instruments classified as asset	(2,735.5)	(435.0)
Net financial liabilities - combined statement of financial position	**30,725.7**	**31,702.7**
Reconciliation:		
Operating lease liabilities	(6,117.5)	(6,295.0)
Net derivative instruments - interest rate impact	431.1	(698.1)
Accrued interest	(416.6)	(226.4)
EIR	176.8	186.2
Perpetual subordinated notes	(68.5)	(65.1)
Deposits received from customers	(91.3)	(98.5)
Securitization	(232.3)	(252.3)
Reverse factoring	(808.7)	(744.2)
Debt on share purchase	(194.2)	(192.7)
Dividend to pay	(1.9)	(1.9)
Current accounts	(8.8)	(6.8)
Debt Altice Group and other	(181.9)	(709.7)
Net financial debt	**23,211.9**	**22,598.4**

14. Derivative instruments

The following table presents the derivative instruments fair value:

Type (€m)	Underlying element	September 30, 2022	December 31, 2021
Cross-currency Swaps	2027 USD bonds	536.5	185.8
	2028 USD bonds	355.2	(15.3)
	2029 USD bonds	728.4	7.4
	July 2025 USD term loan	253.1	82.9
	January 2026 USD term loan	283.0	(16.4)
	August 2026 USD term loan	445.5	(8.3)
Interest rate swaps	Fixed rate - Floating rate USD	(171.1)	(660.2)
	Fixed rate - Euribor 3 months	19.7	(15.5)
	Swap Libor 1 month - Libor 3 months	112.6	-
	Derivative instruments classified as assets	2,735.5	435.0
	Derivative instruments classified as liabilities	(172.6)	(874.5)
	Net Derivative instruments	**2,562.9**	**(439.5)**
	O/w currency effect	*2,131.7*	*258.6*
	O/w interest rate effect	*431.1*	*(698.1)*

In the nine months ended September 30, 2022, the Group modified certain swaps (cross-currency and interest rate swaps). The details are given below:

Cancelled IRS

Nominal amount	Start Date	End Date	Paying rate	Receive rate
1,000	January 15, 2020	April 15, 2024	Euribor 6M+3%	5.76%
1,000	January 15, 2020	April 15, 2030	4.4360%	Euribor 6M+3%
1,400	January 15, 2020	April 15, 2024	Euribor 6M+3%	6.68%
1,400	January 15, 2020	April 15, 2030	4.9320%	Euribor 6M+3%

Modified CCS

Nominal amount	Start Date	End Date	Paying rate	Receive rate
235($)/207.6(€)	November 10, 2015	January 31, 2023	Euribor 3m+2.5250%	Libor USD 3m+ 4%
466.4($)/401.2(€)	August 1, 2018	August 15, 2026	5.42%	Libor USD 3m+ 4%
360.4($)/260.6(€)		January 16, 2024	Euribor 3m+4.65%	Libor USD 3m+4.25%

Modified IRS

Nominal amount	Start Date	End Date	Paying rate	Receive rate
250(€)		January 15, 2030	3.7390%	Euribor 6m+ 3%

Partial CCS unwind

Old Nominal amount	New Nominal amount	End Date	Paying rate	Receive rate
49.5m($)/44.8m (€)	32.3m($)/29.3m (€)	January 30, 2026	Euribor 3m+ 3.446%	Libor 3m+ 3,25%

The following cross currency swaps were modified, with a restrike of the FX rate. The Group received €464.8 million as part of the operation.

Underlying debt instrument	Pre- restructuring					Post Restructuring					Cash impact (€m)
	Nominal €	Nominal $	Paying rate	Receiving rate	Floor	Nominal €	Nominal $	Paying rate	Receiving rate	Floor	
TLB11$	188.9	204.4	EUR 3M + 4.295%	USD 3M + 4.250%	-	195.3	204.4	EUR 3M + 3.92%	USD 3M + 4.250%	-	5.2
TLB11$	331.6	375.6	EUR 3M + 4.43%	USD 3M + 4.250%	-	357.7	375.6	EUR 3M + 4.42%	USD 3M + 4.250%	-	26.1
TLB12$	148.0	167.5	EUR 3M + 4.316%	USD 3M + 4.000%	0.75% $ leg	160.0	167.5	EUR 3M + 3.74%	USD 3M + 4.000%	-	11.4
TLB12$	44.8	49.5	EUR 3M + 3.234%	USD 3M + 3.250%	-	47.3	49.5	EUR 3M + 3.029%	USD 3M + 3.250%	-	2.1
TLB13$	270.1	314.5	5.4853%	USD 3M + 4.000%	-	300.3	314.5	5.6615%	USD 3M + 4.000%	-	34.2
TLB13$	388.0	502.0	5.7400%	USD 3M + 4.000%	-	478.1	502.0	5.4700%	USD 3M + 4.000%	-	90.1
TLB13$	478.1	502.0	5.4700%	USD 3M + 4.000%	-	521.6	502.0	5.3900%	USD 3M + 4.000%	-	43.5
Notes 27$	215.1	250.0	5.5600%	8.1250%	-	259.7	250.0	5.3800%	8.1250%	-	44.6
Notes 27$	258.8	287.2	5.7300%	8.1250%	-	298.4	287.2	5.5700%	8.1250%	-	39.7
Notes 28$	97.9	108.1	3.3800%	5.5000%	-	103.3	108.1	3.5540%	5.5000%	-	5.7
Notes 28$	171.7	189.8	3.3900%	5.5000%	-	197.1	189.8	3.5400%	5.5000%	-	25.4
Notes 29 (2)$	318.5	361.5	3.4100%	5.1250%	-	344.3	361.5	3.4700%	5.1250%	-	25.8
Notes 29 (2)$	239.3	262.1	3.1050%	5.1250%	-	272.3	262.1	3.2750%	5.1250%	-	32.9
Notes 29 (2)$	344.3	361.5	3.4700%	5.1250%	-	375.6	361.5	3.5600%	5.1250%	-	31.3
Notes 29 (3)$	768.4	851.9	4.1300%	5.5000%	-	813.8	851.9	4.2330%	5.5000%	-	46.8
Total											**464.8**

In addition to the modifications listed above, the Group also cancelled a cross currency swap at the Company in order to align the swap coverage with the repurchased debt. The details are given below:

- USD receive leg of 56.6 million / Euro pay leg of 51.4 million with paying rate of 3.9675% and a receiving rate of 6%. The counterparty paid a cash amount of €1.9 million as residual mark to market at the time of the cancellation.

The Group also restructured an existing cross currency swap related to its 2027 USD Notes by splitting it into two tranches as shown below; as part of the restructuring, the Group received cash proceeds.

Underlying debt instrument	**Pre- restructuring**					**Post Restructuring**					
	Nominal €	**Nominal $**	**Paying rate**	**Receiving rate**	**Floor**	**Nominal €**	**Nominal $**	**Paying rate**	**Receiving rate**	**Floor**	**Cash impact (€m)**
Notes 27$	1,189.5	1,362.0	7.9100%	10.5000%	-	883.8	1,012.0	6.7200%	10.5000%	-	-
						305.7	350.0	EUR 6M - 0.02%	USD 6M + 0.000%	-	
Total											**25**

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

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

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

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

15. Fair value of financial instruments

The following table presents the net carrying amount per category and the fair value of the Group's financial instruments as of September 30, 2022, and December 31, 2021:

Fair values of assets and liabilities	**September 30, 2022**		**December 31, 2021**	
(€m)	**Carrying value**	**Fair value**	**Carrying value**	**Fair value**
Cash and cash equivalents	405.5	405.5	466.8	466.8
Put options with non-controlling interests	68.0	68.0	68.0	68.0
Derivatives	790.1	790.1	58.0	58.0
Other financial assets	223.7	223.7	109.9	109.9
Current assets	**1,487.2**	**1,487.2**	**702.7**	**702.7**
Derivatives	1,945.4	1,945.4	377.0	377.0
Other financial assets	1,033.5	1,033.5	1,333.1	1,333.1
Non-current assets	**2,978.9**	**2,978.9**	**1,710.2**	**1,710.2**
Short term borrowings and financial liabilities	787.2	787.2	268.0	268.0
Put options with non-controlling interests	119.6	119.6	119.6	119.6
Derivatives	128.4	128.4	-	-
Lease liabilities	682.1	682.1	732.0	732.0
Reverse factoring and securitisation	1,041.1	1,041.1	996.6	996.6
Accrued interest	4.3	4.3	3.9	3.9
Commercial paper	53.5	53.5	181.4	181.4
Other financial liabilities	110.3	110.3	636.0	636.0
Current liabilities	**2,926.5**	**2,926.5**	**2,937.5**	**2,937.5**
Long term borrowings and financial liabilities	25,014.8	21,147.4	22,845.9	22,949.0
Derivatives	44.1	44.1	874.5	874.5
Lease liabilities	5,465.3	5,465.3	5,599.0	5,599.0
Other financial liabilities	415.8	415.8	347.6	347.6
Non-current liabilities	**30,940.1**	**27,072.6**	**29,667.0**	**29,770.1**

During the nine-month period ended September 30, 2022, there has been no transfer of assets or liabilities between levels of the fair value hierarchy. The Group's trade and other receivables and trade and other payables are not shown in the table above as their carrying amounts approximate their fair values.

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

Derivatives are measured at fair value through the income statement, or through other items of comprehensive income, for the effective portion of the change in fair value of derivatives qualifying as cash flow hedges. Put and call options are measured at fair value through equity.

As of September 30, 2022, no derivative was qualified for hedge accounting.

16. Provisions

The following table presents the breakdown of provisions as of September 30, 2022:

Provisions (€m)	Opening	Addition	Utilisation	Reversal and changes of accounting estimates	Other	September 30, 2022
Employee benefit provisions	121.5	9.1	(1.0)	-	(35.1)	94.5
Restructuring charges (a)	194.0	0.1	(139.4)	(38.4)	-	16.3
Technical site restoration (b)	46.8	-	-	(0.3)	(7.1)	39.3
Litigation and other (c)	297.9	100.8	(85.4)	(19.6)	(1.8)	291.9
Provisions	**660.3**	**110.1**	**(225.8)**	**(58.4)**	**(44.0)**	**442.1**
Current	*308.2*	*98.8*	*(220.7)*	*(36.7)*	*72.1*	*221.7*
Non-current	*352.0*	*11.3*	*(5.1)*	*(21.7)*	*(116.1)*	*220.4*

(a) Refer to the Group's 2021 special purpose financial statements in Note 5.2 – *2025 Strategic Plan*.
(b) Site restoration expenses: the Group has an obligation to restore the technical sites of its network at the end of the lease when they are not renewed or are terminated early.
(c) Litigation and other: those are included in provisions mainly when their amount and type are not disclosed, because disclosing them may harm the Group. Provisions for litigation cover the risks connected with court action against the Group (Refer to Note 20 – *Litigation*). All provisioned disputes are currently awaiting hearing or motions in a court. The unused portion of provisions recognised at the beginning of the period reflects disputes that have been settled by the Group paying amounts smaller than those provisioned, or to a downward re-assessment of the risk.

The table for fiscal year 2021 is presented below:

Provisions (€m)	Opening	Addition	Utilisation	Reversal and changes of accounting estimates	Other	December 31, 2021
Employee benefit provisions	137.1	13.7	(1.6)	(20.2)	(7.6)	121.5
Restructuring charges	24.6	385.5	(136.1)	(76.0)	(4.0)	194.0
Technical site restoration	96.4	1.1	(2.5)	(0.3)	(47.8)	46.8
Litigation and other	298.1	73.3	(20.3)	(63.1)	9.9	297.9
Provisions	**556.2**	**473.7**	**(160.5)**	**(159.6)**	**(49.5)**	**660.3**
Current	*119.3*	*404.1*	*(153.6)*	*(90.5)*	*29.0*	*308.2*
Non-current	*436.9*	*69.6*	*(6.9)*	*(69.0)*	*(78.5)*	*352.0*

17. Other non-current liabilities

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

Other non-current liabilities (€m)	September 30, 2022	December 31, 2021
Licenses (a)	462.7	472.9
Other	12.8	8.7
Other non-current liabilities	**475.4**	**481.6**

(a) Concerns 2G and 5G licenses.

18. Related parties transactions

Parties related to the Group include:

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

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

18.1. Associates and joint ventures

Associates and joint ventures, measured through equity, are presented in Note 8 – *Investments in associates and joint ventures*.

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

- La Poste Telecom (EA) as part of its telecommunication activities,
- Synerail (JV) as part of the GSM-R public-private partnership,
- XpFibre Holding (JV) and its subsidiaries as part of the network deployment and maintenance in medium and low dense area.

Associates and joint ventures **(€m)**	**September 30, 2022**	**December 31, 2021**
Assets	**1,277.6**	**620.9**
Non-current assets	807.0	269.3
Current assets	470.6	351.6
Liabilities	**824.0**	**175.0**
Non-current liabilities	488.9	-
Current liabilities	335.1	175.0

Associates and joint ventures **(€m)**	**September 30, 2022**	**September 30, 2021**
Revenue	833.6	699.3
Operating expenses	(135.8)	(77.0)
Financial income	(13.0)	11.4

18.2. Shareholders

As of September 30, 2022, the overview of these transactions are as follows:

Related parties' transactions - shareholders **(€m)**	**September 30, 2022**	**December 31, 2021**
Assets	**1,510.9**	**1,195.5**
Non-current financial assets (a)	861.2	678.3
Non-current operating assets (b)	347.0	371.4
Current financial assets (c)	224.5	89.0
Current operating assets	78.3	56.8
Liabilities	**661.6**	**1,232.1**
Non-current financial liabilities (d)	519.3	1,068.2
Current financial liabilities (e)	43.0	42.2
Operating liabilities	99.2	121.6

(a) Of which a loan to Altice Group Lux: €23.6 million (same amount as of December 31, 2021) and a loan to Altice Luxembourg: €600.1 million (€575.1 million as of December 31, 2021) and intercompany swap: €198.6 million (€50.4 million as of December 31, 2021).
(b) Concerns the transaction with SCI Quadrans,
(c) Of which receivables with SportsCoTV: €198.7 million (€70.5 million as of December 31, 2021) and intercompany swap: €21.3 million (€3.9 million as of December 31, 2021).
(d) Concerns the transaction with SCI Quadrans: €337.4 million (€359.2 million as of December 31, 2021), a liability with Altice Group Lux: €158.5 million (same amount as of December 31, 2021) and a liability with Altice Luxembourg: €22.2 million (same amount as of December 31, 2021),
(e) Concerns mainly the transaction with SCI Quadrans.

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

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

Related parties' transactions - shareholders **(€m)**	**September 30, 2022**	**September 30, 2021**
Operating income	17.5	12.4
Operating expenses	(205.8)	(216.5)
Financial income	188.4	114.7
Financial expenses	(15.1)	(49.0)

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

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

The net finance income includes mainly swaps for €187.2 million as of September 30, 2022 (€81.6 million as of September 30, 2021).

The expenses include management fees for €8.4 million as of September 30, 2022 (€12.2 million as of September 30, 2021).

Investments made amount to €25.2 million as of September 30, 2022 (€14.0 million as of September 30, 2021).

19. Commitments and contractual obligations

During the nine-month period ended September 30, 2022, there has been no signficant change in the commitments and contractual obligations undertaken or received by the Group as described in the Group's 2021 special purpose financial statements.

20. Litigation

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

During the nine-month period ended September 30, 2022, there was no significant development in existing litigation or new litigation since the publication of the Group's 2021 special purpose financial statements that have had, or that may have, a significant effect on the financial position of the Group, except for the litigation listed below:

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

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

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

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

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

On April 24, 2019, the Court of Appeal considered that disputed "Carrés" offers have to be considered as consumer credit and that SFR is consequently liable for unfair commercial practices during the litigation period. However, the Court dismissed Free from its other claims and an expertise has been requested by the Court to determine the damage suffered by Free (Free claimed €98 million in damages), while limiting the scope of damages claimed to €79 million.
On March 16, 2022, the Supreme Court of France rejected the appeal of SFR and confirmed the ruling of the Court of Appeal, thus classifying the "Carrés" offers marketed between June 15, 2011 and September 24, 2012 as consumer credit. The expert's final report is expected for November 30, 2022.

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

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

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

The French Competition authority withdrew part of SFR's injunctions for the future on October 28, 2019. On March 15, 2022, the investigation team of the Competition Authority issued a report alleging that Altice France failed to respect the injunctions. Considering all these elements, the French Competition Authority concluded in a decision n°22-D-15 of September 29, 2022 that Altice has not properly executed the injunctions and fined Altice Luxembourg and Altice France €75 million corresponding to the clearance (i) of the penalty payments and (ii) the fine imposed for non-compliance with the injunctions not subject to penalty payments.
Finally, at Altice France's request, the Competition Authority lifted all of the remaining injunctions imposed in 2017, considering that, for the future, their continuation was not justified.

New assignment: Free Mobile v. SFR: subsidized offers sold since 2017
On November 14, 2022, Free Mobile filed a complaint against SFR in the Paris Commercial Court to challenge the subsidy used in SFR mobile offers sold since 2017. Free Mobile is claiming that such subsidies constituted a form of consumer credit and, as such, SFR implemented unfair practices not compliant with consumer credit regulation.
Due to the early stage of the process, management determined that it is difficult to reliably estimate the probability of the outcome of this case at this time and thus no provision was recognized as of September 30, 2022.

21. Subsequent events

No significant subsequent events occurred after the interim period ended September 30, 2022.