

Altice France Holding S.A.



Consolidated Financial Statements

**As of and for the three-month period ended
March 31, 2021**

Altice France Holding S.A. - Consolidated Financial Statements - March 31, 2021

Consolidated statement of income	Note	March 31, 2021	March 31, 2020
(€m)			
Revenues	6.1	2,703.7	2,642.7
Purchasing and subcontracting costs		(721.4)	(703.0)
Other operating expenses		(527.4)	(514.5)
Staff costs and employee benefits		(271.3)	(264.4)
Depreciations, amortizations and impairments		(828.6)	(846.1)
Other expenses and income		339.5	(18.0)
Operating profit	6.2	694.5	296.8
Finance income		27.9	7.6
Interest relative to gross financial debt		(269.7)	(225.3)
Realized and unrealized gains/(loss) on derivative instruments linked to financial debt		9.2	388.2
Other financial expenses		(52.7)	(52.7)
Finance costs, net	7	(285.2)	117.8
Share of earnings of associates and joint ventures		(103.8)	(42.3)
Profit/(loss) before income tax from continuing operations		305.5	372.3
Income tax benefit/(expenses)	8	(159.1)	(146.7)
Profit/(loss) from continuing operations		146.3	225.6
Profit/(loss) after tax from discontinuing operations		-	-
Profit/(loss)		146.3	225.6
<i>Attributable to equity holders of the parent</i>		<i>115.7</i>	<i>202.7</i>
<i>Attributable to non-controlling interests</i>		<i>30.6</i>	<i>22.9</i>

Consolidated statement of other comprehensive income		March 31, 2021	March 31, 2020
(€m)			
Profit (loss)		146.3	225.6
Items that may be subsequently reclassified to profit or loss:			
Foreign currency translation adjustments		2.7	(0.9)
Cash flow hedges		12.0	12.1
Related taxes		(3.1)	(3.1)
Other items related to associates		(0.2)	0.1
Items that will not be subsequently reclassified to profit or loss:			
Actuarial gain (loss)		7.6	19.6
Related taxes		(2.1)	(5.1)
Total Comprehensive Profit (loss)		163.3	248.3
<i>Of which:</i>			
<i>Attributable to equity holders of the parent</i>		<i>131.9</i>	<i>225.6</i>
<i>Attributable to non-controlling interests</i>		<i>31.4</i>	<i>22.7</i>

Altice France Holding S.A. - Consolidated Financial Statements - March 31, 2021

Consolidated statement of financial position	Note	March 31,	December 31,
(€m)		2021	2020
Assets			
Goodwill	9	9,771.9	11,045.5
Intangible assets		5,894.7	5,639.8
Contracts costs		180.5	169.0
Property, plant and equipment		6,097.5	6,502.0
Rights of use assets		3,393.4	3,616.1
Investments in associates and joint ventures	10	1,212.5	1,316.5
Financial assets	11	2,387.3	2,100.4
Deferred tax assets		175.6	345.5
Other assets		200.7	212.5
Total non-current assets		29,314.2	30,947.3
Inventories		416.3	413.8
Trade and other receivables		3,186.5	3,154.8
Contracts assets		213.8	214.8
Current tax assets		60.3	55.7
Financial assets	12	313.4	374.5
Cash and cash equivalents	14	464.7	535.6
Assets classified as held for sale	13	2,135.6	-
Total current assets		6,790.6	4,749.1
Total Assets		36,104.8	35,696.4

Consolidated statement of financial position	Note	March 31,	December 31,
(€m)		2021	2020
Equity and liabilities			
Issued capital	15	401.0	401.0
Additional paid in capital		3,663.2	3,663.2
Reserves		(4,064)	(4,196)
Equity attributable to owners of the company		0.4	(132)
Non-controlling interests		312.6	281.2
Total equity		312.9	149.6
Borrowings, financial liabilities and relating hedging instruments	16	22,989.6	22,527.7
Lease liabilities	16	2,801.8	2,971.7
Other financial liabilities	16	366.5	376.2
Provisions	18	334.6	473.0
Non-current contracts liabilities		483.7	466.1
Deferred tax liabilities		13.6	13.1
Other liabilities	19	456.4	415.9
Total non-current liabilities		27,446.3	27,243.6
Borrowings, financial liabilities	16	573.7	854.4
Lease liabilities	16	681.7	732.5
Other financial liabilities	16	1,070.3	1,120.1
Trade and other payables		4,825.9	4,909.0
Contracts liabilities		554.7	499.7
Current tax liabilities		43.3	34.3
Provisions	18	175.9	119.3
Other liabilities		32.0	34.0
Liabilities directly associated with assets classified as held for sale	13	388.0	-
Total Current liabilities		8,345.6	8,303.2
Total Equity & liabilities		36,104.8	35,696.4

Altice France Holding S.A. - Consolidated Financial Statements - March 31, 2021

Consolidated Statement of Changes in Equity	Capital	Additional paid-in capital	Reserves	Other comprehensive income	Total	Non- controlling interests	Consolidated equity
(€m)							
Position at December 31, 2020	401.0	3,663.2	(4,013.0)	(182.7)	(131.5)	281.2	149.6
Dividends paid	-	-	-	-	-	-	-
Comprehensive income (loss)	-	-	115.7	16.1	131.9	31.4	163.3
Share-based compensation	-	-	-	-	-	-	-
Other movements (c)	-	-	0.0	-	0.0	0.0	0.0
Position at March 31, 2021	401.0	3,663.2	(3,897.3)	(166.6)	0.4	312.6	312.9

Breakdown of changes in equity related to other comprehensive income	December 31,	March 31,	Change
(€m)	2020	2021	
Hedging instruments	(225.9)	(213.9)	12.0
Related taxes	58.3	55.3	(3.1)
Actuarial gains and losses	(25.0)	(17.4)	7.6
Related taxes	5.3	3.3	(2.1)
Foreign currency translation adjustments	(0.2)	2.5	2.7
Items related to associates	4.7	4.5	(0.2)
Total	(182.7)	(165.8)	16.9

Altice France Holding S.A. - Consolidated Financial Statements - March 31, 2021

Consolidated statement of cash flows	March 31,	March 31,
(€m)	2021	2020
Net income (loss), Group share	115.7	202.7
<i>Adjustments:</i>		
Result attributable to non-controlling interests	30.6	22.9
Depreciations, amortizations and provisions	809.2	821.9
Share in net income (loss) of associates and joint ventures	103.8	42.3
Finance costs recognised in the statement of income	285.2	(117.8)
Income tax (benefit) expense recognised in the statement of income	159.1	146.7
Other non-cash items	(1.2)	10.8
Income tax paid	(15.3)	(4.3)
Change in working capital	(107.5)	(103.0)
Net cash flow provided (used) by operating activities	1,379.7	1,022.2
Payments to acquire tangible and intangible assets	(850.4)	(700.7)
Payments for acquisition of consolidated entities, net of cash acquired	(0.0)	0.4
(Net) payments to acquire financial assets	(8.5)	(0.3)
Proceeds from disposal of property, plant and equipment and intangible assets	2.1	(0.0)
Proceeds from disposal of consolidated entities, net of cash disposals	(6.8)	(9.3)
Net cash flow provided (used) by investing activities	(863.6)	(709.8)
Contribution to (allocation) special reserve account 115	-	(4,325.1)
Dividends paid to non-controlling interests	(0.1)	-
Dividends received	0.3	0.3
Issuance of debt	470.0	5,391.2
Repayment of debt	(289.0)	(568.7)
Interest paid on debt	(327.7)	(277.8)
Lease payment (principal) related to ROU	(220.5)	(217.3)
Lease payment (interest) related to ROU	(29.6)	(22.0)
Other cash (used in)/provided by financing activities (a)	(192.3)	(462.1)
Net cash flow provided (used) by financing activities	(588.9)	(481.5)
Net increase (decrease) in cash and cash equivalents	(72.8)	(169.2)
Effects of exchange rate changes on the balance of cash held in foreign currencies	1.9	(5.3)
Cash and cash equivalents at beginning of period	535.6	556.8
Cash and cash equivalents at end of period	464.7	382.3
Commercial paper	4.0	(57.5)
Reverse factoring	(55.0)	(75.9)
Securitization	3.9	0.5
Bank overdrafts	4.2	2.7
Transaction with non-controlling interest	(11.5)	(27.7)
Restructuring of swap instruments	-	49.8
Loan Altice Group Lux.	(100.0)	(175.0)
Loan Altice Luxembourg	-	30.1
Current account SportCoTV	(20.0)	-
Current account Altice Luxembourg	-	(180.0)
Other interest paid	(14.2)	(8.5)
Other	(3.6)	(20.5)
a) Other cash (used in)/provided by financing activities	(192.3)	(462.1)

Notes to the consolidated financial statements

1.	About Altice France Holding S.A.	6
2.	Basis of preparation	6
3.	Accounting policies and methods	7
4.	Significant events of the period	19
5.	Change in scope	20
6.	Financial Key Performance Indicators (“KPIs”)	20
7.	Financial income	22
8.	Income tax expense	22
9.	Change in goodwill	23
10.	Investments in associates and joint ventures	23
11.	Other non-current assets	24
12.	Current financial assets	24
13.	Assets (and liabilities) held for sale	24
14.	Cash and cash equivalents	24
15.	Equity	24
16.	Financial liabilities	25
17.	Derivative instruments	28
18.	Provisions	28
19.	Other non-current liabilities	29
20.	Fair value of the financial instruments	29
21.	Related party transactions	30
22.	Commitments and contractual obligations	31
23.	Litigation	31
24.	List of consolidated entities	32
25.	Subsequent events	34

1. About Altice France Holding S.A.

Altice France Holding S.A. (hereinafter “the Company” or “the Group”) is a limited liability corporation (*société anonyme*) incorporated in the Luxembourg with headquarters in the Luxembourg.

As of March 31, 2021, Altice France Holding holds 100% of the capital of Altice France S.A. (“Altice France”) minus one share held by Altice Luxembourg S.A. (“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).

2. Basis of preparation

2.1. Basis of preparation of financial information

The consolidated financial statements of Altice France Holding were established using historical bases in the assets, liabilities and results of operations and cash flows for each period presented in the consolidated financial statements of Altice France. They should be read in conjunction with the Altice France Group’s 2020 consolidated financial statements.

These accounts were approved for release by the Board of Managers on May 20, 2021.

These financial statements were 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 S.A. and the senior notes issued by Altice France Holding S.A. The perimeter of consolidation for this scope thus excludes legal entities that have been declared as ‘unrestricted subsidiaries’, notably SportCo TV S.A.S, the company that houses the Altice TV activity as well as Altice Finco France S.A.S. (“Altice Finco France”). As a result, the financial statements prepared hereafter are not fully compliant with the requirements of IFRS 10 – *Consolidated Financial Statements*.

Accordingly, the consolidated financial statements as at and for the year ended December 31, 2020 and as at and for the three-month period ended March 31, 2021 or March 31, 2020 reflect the historical assets, liabilities, revenues, expenses and cash flows that were directly related to Altice France and adjustments related to Altice France Holding. Consequently, IFRS 1 – *First time Adoption of International Financial Reporting Standards* has not been applied in those consolidated financial statements.

These condensed interim consolidated financial statements of the Group as of March 31, 2021 and for the three-month period then ended, have been prepared in accordance with International Accounting Standard (“IAS”) 34 – *Interim Financial Reporting*.

2.2. New standards and interpretations

2.2.1. Standards and interpretations applied from January 1, 2021

The following standard has mandatory application for periods beginning on or after January 1, 2021:

- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9 – *Financial Instruments*, IAS 39 – *Financial Instruments: Recognition and Measurement*, IFRS 7 – *Financial Instruments: Disclosures*, IFRS 4 – *Insurance Contracts* and IFRS 16 – *Leases*), effective for annual periods beginning on or after January 1, 2021.

The application of the Interest Rate Benchmark Reform – Phase 2 had no material impact on the amounts recognized and on the disclosures in these condensed interim consolidated financial statements.

2.2.2. Standards and interpretations not yet applied

The Group has not early adopted the following standards and interpretations, for which application is not mandatory for periods before from January 1, 2021 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;

- Annual Improvements to IFRS Standards 2018-2020, effective on or after January 1, 2022.

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

2.2.3. Significant accounting judgments and estimates

In the application of the Group's accounting policies, the Board of Managers 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 recognized 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-employment 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; and,
- Assessment of control over XpFibre Holding (formerly named SFR FTTH Network Holding);
- Allocation of goodwill for assets held for sale using the relative fair value method.

As of March 31, 2021, there has been no change in the key areas of judgments and estimates except for the allocation of goodwill for assets held for sale using the relative fair value method.

3. Accounting policies and methods

3.1. Consolidation methods

The list of entities included in the scope of consolidation is presented in Note 24 – *List of consolidated entities*.

Subsidiaries

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

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

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

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

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

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

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

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

Joint Arrangements

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

Joint arrangements are classified into two categories:

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

In addition, the Group adopted the following accounting policies:

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

Associates

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

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

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

3.2. Foreign currency translation

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

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

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

3.3. Revenue

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

Revenue recognition

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

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

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

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

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

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

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

Revenues from Mobile devices

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

Revenue from services

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

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

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

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

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

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

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

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

Installation revenue

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

Separable elements of a bundled offer

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

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

Agent versus principal

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

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

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

Access to telecommunications infrastructure

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

Infrastructure sales

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

Loyalty programs

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

Media

The Group produces news on five themes (general information, sports, economy, high-tech and discovery) via mainly three types of media: radio, television and digital.

This income essentially represents advertising revenue and other related services. Advertising revenue is recognized as income when the advertising has effectively been broadcasted. Royalties and subsidies are recognized as they are acquired in accordance with the terms of the underlying agreement.

3.4. Financial income and expenses

Financial income and expenses primarily comprise:

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

3.5. Current and deferred tax

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

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

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

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

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

Uncertain tax positions

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

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

3.6. Investment grants

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

3.7. Site restoration

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

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

3.8. Goodwill and business combinations

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

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

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

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

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

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

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

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

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

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

Specific case of business combination under common control

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

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

3.9. Intangible assets

Intangible assets acquired

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

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

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

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

- The Universal Mobile Telecommunications System license is recognized at historical cost and amortized on a straight-line basis from the service activation in June 2004 to the end of the license period (August 2021), corresponding to its expected useful life.
- The Global System for Mobile Communications license, renewed in March 2006, is recognized at the present value of 4% of the fixed annual fee of €25 million, and amortized on a straight-line basis from that date until the end of the license period (March 2021), corresponding to its expected useful life. This license has been renewed in March 2021 for a period of ten years.
- The LTE license is recognized at historical cost and is amortized on a straight-line basis from the service activation date until the end of the license period. The 2.6 GHz band license acquired in October 2011 is amortized as of the end of November 2012 (end of license: October 2031). The 800 MHz band license acquired in January 2012 was activated on June 3, 2013 and is being amortized over a remaining duration of 18 years (end of license:

January 2032). SFR acquired a new license for the 700 MHz band in December 2015 (end of license: December 2035). This license was activated on January 25, 2019 and is being amortized over a remaining duration of 16 years.

- The 5G license is recognized at historical cost and is amortized on a straight-line basis from the service activation date until the end of the license period. The 3.4 and 3.8 GHz band license acquired in October 2020 was activated on November 24, 2020 and is being amortized over a remaining duration of 15 years.

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

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

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

Internally developed intangible assets

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

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

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

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

Intangible assets recognized in a business combination

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

- Customer bases: bases are amortized over their useful life from five to nine years;
- Telecom brands: SFR brand, main brand, initially amortized over 15 years, is amortized from the end 2020 over a residual life of ten years (Refer to Note 12 – *Other intangible assets* in the Altice France Group's annual consolidated financial statements);
- Broadcasting rights: they are amortized over a life from three to ten years, depending on programs.

Investments made under public service concessions or delegations

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

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

3.10. Contracts costs

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

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

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

3.11. Property, plant and equipment

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

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

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

Property, plant and equipment mainly comprise network equipment.

The main useful lives are as follows:

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

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

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

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

FTTH deployment

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

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

3.12. Leases

The Group as a lessee

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

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives

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

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

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

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

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

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

The Group as a lessor

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

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

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

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

3.13. Impairment of assets

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

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

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

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

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

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

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

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

3.14. Financial assets

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

IFRS 9 allows two methods for measurement:

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

Classification and measurement

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

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

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

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

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

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

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

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

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

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

Impairment

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

For contract assets and trade and other receivables, the Group has applied the standard’s simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on

the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

3.15. Inventories

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

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

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

3.16. Cash and cash equivalents

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

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

3.17. Assets held for sale and discontinued operations

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

- The asset is available for immediate sale in its current estate, subject to any conditions that are usual in such disposals of assets;
- The sale is highly probable;
- Its carrying amount may be recovered principally through its disposal and not by its continued utilization.

When all conditions of qualifications have been met the Group reclassifies the assets held for sale in a separate caption in the consolidated statement of financial position without offsetting liabilities related to assets held for sale, those are presented in a separate caption from other liabilities in the consolidated statement of financial position.

In addition, if the asset or the group of assets for sale is significant, its contribution is presented:

- In the consolidated statement of income in a separate caption under the net income from continuing information;
- In the consolidated statement of cash flows in a separate caption in the net cash flow provided (used) by operating activities, investing activities, and financing activities.

3.18. Financial liabilities and equity instruments

Financial liabilities restructuring

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

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

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

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

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

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

3.19. Derivative instruments

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

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

Hedge accounting is applicable if:

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

There are three types of hedge accounting:

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

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

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

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

3.20. Provisions

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

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

Provisions mainly include:

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

3.21. Employee benefits

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

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

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

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

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

3.22. Borrowing costs

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

4. Significant events of the period

4.1. Ivory transaction with Cellnex

On February 3, 2021, Altice France announced it has entered into an exclusivity agreement to sell its 50.01% stake in Ivory, a tower company, to Cellnex for an enterprise value of €2.65 billion. 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).

Prior to consummation of the transaction, Altice France and Altice France Holding intend to designate Ivory as an unrestricted subsidiary under the documents governing their respective indebtedness.

The transaction is expected to close in the second half of 2021, following customary regulatory approvals.

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

As of March 31, 2021, the assets and associated liabilities of Ivory were classified as held for sale as per the provisions of IFRS 5 (Refer to Note 13 – *Assets (and liabilities) held for sale*).

4.2. Upstream loan to Altice Group Lux

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

4.3. 2025 Strategic Plan

On March 3, 2021, the Group unveiled its strategic mid-term plan, named, 'transformation et ambitions 2025', whereby the Group laid out its strategy in order to achieve certain business objectives by 2025, including, amongst others, fibre

and 5G coverage targets. As part of the plan, the Group announced that it intends to reduce its headcount by approximately 1,700 employees, including 400 employees in its distribution business pursuant to voluntary departure plans. As the *Livre 2*, the document that outlines the details of the restructuring had not been officially presented to the workers' unions as of March 31, 2021, the Group did not book a provision, as it considers that the conditions outlined in IAS 37 were not met.

5. Change in scope

Over the period ended March 31, 2021, there has been no significant change in the consolidation scope. The consolidation scope updated is presented in Note 24 – *List of consolidated entities*.

6. 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 Managers 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 Managers are:

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

Non-GAAP measures

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

Adjusted EBITDA

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

Capex

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

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

Operating free cash flow

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

6.1. Revenue

The following table presents the breakdown of revenue:

Revenues	March 31,	March 31,
(€m)	2021	2020
Residential - Fixed	684.2	640.8
Residential - Mobile	888.4	899.9
Business services	824.3	823.4
Total Telecom excl. equipment sales	2,396.8	2,364.1
Equipment sales	232.9	183.0
Media	74.0	95.6
Total	2,703.7	2,642.7

“Residential” corresponds to B2C services revenues, excluding equipment.

“Business services” includes revenues from B2B and wholesale including construction of the FTTH Network and excluding revenues from equipment and Media presented in the line below.

“Equipment sales” relates to equipment revenues from B2B and B2C segments.

6.2. Adjusted EBITDA

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

Adjusted EBITDA	March 31,	March 31,
(€m)	2021	2020
Revenues	2,703.7	2,642.7
Purchasing and subcontracting costs	(721.4)	(703.0)
Other operating expenses	(527.4)	(514.5)
Staff costs and employee benefits	(271.3)	(264.4)
Total	1,183.6	1,160.8
Share-based expenses	3.3	6.8
Rental expense operating lease	(207.7)	(193.1)
Adjusted EBITDA	979.3	974.5
Depreciation, amortization and impairment	(828.6)	(846.1)
Share-based expenses	(3.3)	(6.8)
Other expenses and income (a)	339.5	(18.0)
Rental expense operating lease	207.7	193.1
Operating profit	694.5	296.8

(a) As at March 31, 2021, this mainly includes the indemnity received from Orange in order to close certain outstanding litigations (Refer to note 23 – *Litigation*).

6.3. Capital expenditure

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

Capital expenditure	March 31,	March 31,
(€m)	2021	2020
Capital expenditure (accrued) (a)	999.5	518.6
Capital expenditure - working capital items and other impacts (b)	(149.1)	182.1
Payments to acquire tangible and intangible assets	850.4	700.7

(a) Accrued capital expenditure includes accruals related a new IRU for an amount €183 million, the renewal of the 2G licences in March 2021 for an amount of €212 million and 5G spectrum frequency reorganization for an amount of €7 million. These amounts, in aggregate €402 million, remain unpaid as of March 31, 2021, with no cash impact in the first three months ended March 31, 2021.

(b) Includes the payment of €118 million related to the payment of the 5G spectrum

6.4. Adjusted EBITDA less accrued Capex

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

Adjusted EBITDA less accrued capex	March 31,	March 31,
(€m)	2021	2020
Adjusted EBITDA	979.3	974.5
Capital expenditure (accrued)	(999.5)	(518.6)
Operating free cash flow	(20.2)	455.8

7. Financial income

Net finance costs amounted to €(285.2) million for the year ended March 31, 2021, compared to €117.8 million as of March 31, 2020.

The following table presents the breakdown of the financial income:

Financial income	March 31,	March 31,
(€m)	2021	2020
Interest relative to gross financial debt	(269.7)	(225.3)
Realized and unrealized gains/(loss) on derivative instruments linked to financial debt	9.2	388.2
Finance income	27.9	7.6
Finance income	27.9	7.6
Provisions and unwinding of discount	(4.6)	3.4
Interest related to lease liabilities	(29.6)	(22.0)
Other	(18.4)	(34.0)
Other financial expenses	(52.7)	(52.7)
Net result on extinguishment of a financial liability	-	-
Finance costs, net	(285.2)	117.8

Interest relative to gross debt increased between March 31, 2020 and March 31, 2021 mainly owing to the timing of issuance of debt at Altice France Holding (1 month accrual in 2020 compared to a full quarter in 2021). Apart from this, interest relative to gross financial debt for the Altice France silo remained stable at €188 million.

For the three-month period ended March 31, 2021, the increase in realised and unrealised gains related to derivative financial instruments was directly related to the restructuring of our swaps in 2020.

As of March 31, 2021, financial income includes interest income on intercompany upstream loans to Altice Group Lux for an amount of €27.9 million (€7.6 million as of March 31, 2020). Other financial expenses mainly includes expenses related to reverse factoring and securitization arrangements.

8. Income tax expense

For interim condensed 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).

9. Change in goodwill

Change in goodwill	March 31,	December 31,
(€m)	2021	2020
Opening balance	11,045.5	11,076.3
Acquisitions	0.4	2.7
Disposals (a)	-	(33.4)
Exchange impact	0.1	(0.1)
Assets classified in "held for sale" (b)	(1,274.2)	-
Closing balance	9,771.9	11,045.5

(a) Concern the sale of Libération in 2020;

(b) Concerns the goodwill of Hivory classified in assets held for sale as of March 31, 2021 (Refer to Note 4.1 – *Hivory transaction with Cellnex*).

10. Investments in associates and joint ventures

There has been no change over the period ended March 31, 2021 except for the income from investments in associates and joint ventures presented in the consolidated income statement.

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

Main interests in associates and joint ventures	March 31,	December 31,
(€m)	2021	2020
La Poste Telecom (a)	(0.0)	(0.0)
Synerail Construction (b)	9.0	9.0
Other associates	6.2	6.2
Associates	15.3	15.3
XpFibre Holding (c)	1,191.1	1,299.4
Synerail (b)	5.7	1.4
Foncière Rimbaud	0.5	0.5
Joint ventures	1,197.3	1,301.3
Total	1,212.5	1,316.5

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

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

(c) XpFibre Holding S.A.S. (formerly named SFR FTTH Network Holding S.A.S.) is a partnership, created in 2019, between Altice France and a consortium led by OMERS Infrastructure, AXA IM - Real Assets and Allianz Capital Partners, to develop the "Fiber to the home" business within the framework of the private investment zone and via concessions awarded by local authorities (AMII / AMEL / DSP 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.

11. Other non-current assets

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

Other non-current assets	March 31,	December 31,
(€m)	2021	2020
Derivative financial instruments (a)	278.2	94.6
Call options with non-controlling interests (b)	27.1	27.1
Loans and receivables Altice Group Lux	1,149.6	1,049.6
Loans and receivables Altice Luxembourg	575.1	575.1
Other (c)	357.3	353.9
Non-current financial assets	2,387.3	2,100.4
Other non-current assets (d)	200.7	212.5
Other non-current assets	2,588.0	2,312.8

(a) Related to swaps;

(b) Related to Altice Customer Services (ACS) call option;

(c) Of which loan to XpFibre Holding for €209.1 million (€201.7 million as of December 31, 2020 in order to acquire Covage);

(d) Includes mainly non-current prepaid expenses.

12. Current financial assets

Current financial assets	March 31,	December 31,
(€m)	2021	2020
Loan Altice Group Lux	42.8	19.8
Receivable SportCoTV	205.0	185.0
Derivative instruments	53.8	157.8
Other	11.8	11.9
Current financial assets	313.4	374.5

13. Assets (and liabilities) held for sale

As described in the Note 4.1 – *Hivory transaction with Cellnex*, the assets and associated liabilities of Hivory were classified as held for sale as per the provisions of IFRS 5.

The following table presents the details of the assets and liabilities held for sale as of March 31, 2021:

Held for Sale	March 31,	December 31,
(€m)	2021	2020
Goodwill	1,274.2	-
Tangible and intangible assets	468.9	-
Other non-current assets	263.9	-
Current assets	128.6	-
Total assets held for sale	2,135.6	-
Non-current liabilities	212.8	-
Current liabilities	175.2	-
Total liabilities related to assets held for sale	388.0	-

14. Cash and cash equivalents

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

Cash and cash equivalents	March 31,	December 31,
(€m)	2021	2020
Cash	427.1	511.3
Cash equivalents	37.6	24.3
Cash and cash equivalents	464.7	535.6

15. Equity

As of March 31, 2021, Altice France Holding's share capital amounts to €400,969,500 comprising 400,969,500 ordinary shares with a par value of €1 each. There has been no change on share capital since year ended December 31, 2020.

The Group does not hold treasury shares.

16. Financial liabilities

16.1. Financial liabilities breakdown

The following table presents the breakdown of financial liabilities:

Financial liabilities breakdown (€m)	Current		Non-current		Total	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Bonds	260.3	309.4	14,921.9	14,546.2	15,182.2	14,855.6
Loans from financial institutions	274.5	84.3	6,909.8	6,732.8	7,184.3	6,817.1
Derivative financial instruments	38.9	460.7	1,157.9	1,248.7	1,196.8	1,709.3
Borrowings, financial liabilities and related hedging instruments (*)	573.7	854.4	22,989.6	22,527.6	23,563.4	23,382.0
Finance lease liabilities	18.3	20.0	31.1	33.0	49.4	53.0
Operating lease liabilities	663.4	712.5	2,770.7	2,938.6	3,434.1	3,651.1
Lease liabilities	681.7	732.5	2,801.8	2,971.7	3,483.5	3,704.1
Perpetual subordinated notes	-	-	61.8	60.8	61.8	60.8
Deposits received from customers	30.6	31.6	158.5	161.3	189.1	193.0
Bank overdrafts	6.9	2.7	-	-	6.9	2.7
Securitization	273.4	269.6	-	-	273.4	269.6
Reverse factoring	649.1	704.1	-	-	649.1	704.1
Commercial paper	91.0	87.0	-	-	91.0	87.0
Debt Altice Group	0.5	0.5	68.7	68.1	69.2	68.7
Other (a)	18.8	24.5	77.5	85.9	96.3	110.4
Other financial liabilities	1,070.3	1,120.1	366.5	376.2	1,436.9	1,496.2
Financial liabilities	2,325.8	2,707.0	26,158.0	25,875.5	28,483.8	28,582.4

(*) Including accrued interest.

(a) As of March 31, 2021, this amount includes:

- €16.9 million of liabilities mainly related to the acquisition of non-controlling interests in ERT Luxembourg (€12.0 million), Icart (€4.5 million) compared to €31.7 million as of December 31, 2020 concerning ERT Luxembourg (€18.0 million) and Icart (€6.8 million) and DSP (€5.5 million);
- €68.2 million related to ACS put option.

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

- As of March 31, 2021: €1 = 1.1750 USD;
- As of December 31, 2020: €1 = 1.2225 USD.

The revolving credit facility was drawn for an aggregate amount of €200 million as of March 31, 2021.

16.2. Bonds

The following table presents the breakdown of bonds:

Bonds			Outstanding amount at ⁽¹⁾ (€m)	
Original currency	Maturity	Coupon in foreign currency	March 31, 2021	December 31, 2020
EUR	January 2025	2.500%	550.0	550.0
EUR	February 2025	2.125%	500.0	500.0
EUR	February 2027	5.875%	1,000.0	1,000.0
EUR	January 2028	3.375%	1,000.0	1,000.0
EUR	January 2029	4.125%	500.0	500.0
EUR	May 2027	8.000%	1,317.4	1,317.4
EUR	February 2028	4.000%	500.0	500.0
USD	May 2027	10.500%	1,329.4	1,277.7
USD	February 2028	6.000%	1,042.6	1,002.0
USD	May 2026	7.375%	4,417.0	4,245.4
USD	February 2027	8.125%	1,489.4	1,431.5
USD	January 2028	5.500%	936.2	899.8
USD	January 2029	5.125%	404.3	388.5
Total			14,986.1	14,612.4

(1) Amounts expressed exclude accrued interest (€266.8 million as of March 31, 2021 and €315.7 million as of December 31, 2020) and exclude the impact of the effective interest rate (EIR) (€(70.7) million as of March 31, 2021 and €(72.5) million as of December 31, 2020). Including accrued interest and impact of the effective interest rate (EIR), the total bond borrowings amounts to €15,182.2 million as of March 31, 2021 and €14,855.6 million as of December 31, 2020.

16.3. Bank borrowings

The following table presents the breakdown of bank borrowings:

Bank borrowings				Margin	Outstanding amount at ⁽²⁾ (€m)	
Currency	Tranche	Maturity	Reference interest rate	in foreign currency ⁽¹⁾	March 31, 2021	December 31, 2020
EUR	B11	July 2025	Euribor 3M	3.000%	1,102.1	1,104.9
EUR	B12	January 2026	Euribor 3M	3.000%	967.5	970.0
USD	B11	July 2025	Libor 3M	2.750%	1,163.2	1,120.9
USD	B12	January 2026	Libor 3M	3.000%	1,770.3	1,705.9
USD	B13	August 2026	Libor 3M	4.000%	2,079.8	2,004.1
Revolving Credit Facility (RCF)					200.0	-
Total					7,282.9	6,905.8

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

(2) Amounts expressed exclude accrued interest (€22.3 million as of March 31, 2021 and €32 million as of December 31, 2020) and exclude the impact of the effective interest rate (€(126.0) million as of March 31, 2021 and €(126.8) million as of December 31, 2020). Including accrued interest and impact of EIR, total bank borrowings amounts to €7,179.2 million as of March 31, 2021 and €6,811.1 million as of December 31, 2020. These amounts do not include the bank loan raised by NextRadioTV (€5.1 million as of March 31, 2021 and €6.0 million as of December 31, 2020).

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

16.4. Net financial debt

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

Net financial debt	March 31,	December 31,
(€m)	2021	2020
Bonds	14,986.1	14,612.4
Loans from financial institutions	7,282.9	6,905.8
Finance lease liabilities	49.4	53.0
Commercial paper	91.0	87.0
Bank overdrafts	6.9	2.7
Other	16.0	25.2
Net derivative instruments - currency translation impact	135.3	707.1
Financial liabilities net of swap impact (a)	22,567.6	22,393.3
Cash and cash equivalents (b)	464.7	535.6
Net financial debt (a) – (b)	22,102.9	21,857.7

(a) Liability items correspond to the nominal value of financial liabilities excluding accrued interest, impact of EIR, perpetual subordinated notes, operating debts (notably guarantee deposits, securitization debts and reverse factoring). All these liabilities are converted at the closing exchange rates (Refer to Note 16.5 – *Reconciliation between net financial liabilities and net financial debt*).

(b) Asset items consist of cash and cash equivalents and the portion of the fair value of derivatives related to the currency impact (€(135.3) million as of March 31, 2021 and €(707.1) million as of December 31, 2020). The fair value of derivatives related to the interest rate impacts €(729.5) million as of March 31, 2021 and €(749.8) million as of December 31, 2020 is not included.

16.5. Reconciliation between net financial liabilities and net financial debt

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

Reconciliation between net financial liabilities and net financial debt	March 31,	December 31,
(€m)	2021	2020
Financial liabilities	28,483.8	28,582.4
Cash and cash equivalents	(464.7)	(535.6)
Derivative instruments classified as asset	(332.0)	(252.4)
Net financial debt - consolidated statement of financial position	27,687.1	27,794.4
<i>Reconciliation:</i>		
Lease liabilities	(3,434.1)	(3,651.1)
Net derivative instruments - rate impact	(729.5)	(749.8)
Accrued interest	(293.8)	(351.6)
EIR	196.8	199.2
Perpetual subordinated notes	(61.8)	(60.8)
Deposits received from customers	(189.1)	(193.0)
Securitization	(273.4)	(269.6)
Reverse factoring	(649.1)	(704.1)
Debt on share purchase	(76.8)	(83.4)
Dividend to pay	(1.9)	(1.9)
Current accounts	(2.3)	(2.3)
Other	(68.9)	(68.4)
Net financial debt	22,102.9	21,857.7

17. Derivative instruments

The following table presents the derivative instruments fair value:

Type	Underlying element	March 31,	December 31,
(€m)		2021	2020
Cross-currency Swaps	2026 USD bonds	(104.4)	(325.0)
	2027 USD bonds	76.5	16.8
	2028 USD bonds	(106.2)	(144.0)
	2029 USD bonds	(20.4)	(23.9)
	July 2025 USD term loan	46.2	(5.5)
	January 2026 USD term loan	(81.1)	(153.9)
	August 2026 USD term loan	(151.2)	(275.6)
Interest rate swaps	Fixed rate - Floating rate USD	(492.0)	(509.8)
	Fixed rate - Euribor 3 months	(32.2)	(36.9)
	Swap Libor 1 month - Libor 3 months	0.1	1.0
	Derivative instruments classified as assets	332.0	252.4
	Derivative instruments classified as liabilities	(1,196.8)	(1,709.3)
	Net Derivative instruments	(864.8)	(1,456.9)
	<i>O/w currency effect</i>	<i>(135.3)</i>	<i>(707.1)</i>
	<i>O/w interest rate effect</i>	<i>(729.5)</i>	<i>(749.8)</i>

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 Basel II for calculating exposure risk and using market data to determine the probability of default.

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

18. Provisions

The following table presents the breakdown of provisions:

Provisions	March 31, 2021					
	Opening	Addition	Utilization	Reversal and changes of accounting estimates	Other (c)	Closing
(€m)						
Employee benefit provisions	173.2	3.3	(0.5)	(0.0)	(9.0)	167.0
Restructuring charges	24.6	0.6	(3.6)	(10.2)	0.0	11.4
Technical site restoration (a)	96.4	0.2	(0.1)	-	(52.5)	44.0
Litigation and other (b)	298.1	2.1	(5.9)	(4.8)	(1.4)	288.1
Provisions	592.3	6.2	(10.2)	(15.0)	(62.8)	510.5
<i>Current</i>	<i>119.3</i>	<i>1.7</i>	<i>(9.2)</i>	<i>(12.5)</i>	<i>76.6</i>	<i>175.9</i>
<i>Non-current</i>	<i>473.0</i>	<i>4.5</i>	<i>(1.0)</i>	<i>(2.5)</i>	<i>(139.4)</i>	<i>334.6</i>

- (a) Site restoration expenses: the Group has an obligation to restore the technical sites of its network at the end of the lease when they are not renewed or are terminated early.
- (b) Litigation and other: these are included in provisions mainly when their amounts and types are not disclosed, because disclosing them may harm the Group. Provisions for litigation cover the risks connected with court action against the Group (Refer to Note 34– *Litigation* in the Altice France Group’s annual consolidated financial statements). All provisioned disputes are currently awaiting hearing or motions in a court. The unused portion of provisions recognized at the beginning of the period reflects disputes that have been settled by the Group paying amounts smaller than those provisioned, or to a downward re-assessment of the risk.
- (c) Of which Hivory’s provisions: €53.8 million (Refer to Note 4.1 – Hivory transaction with Cellnex).

The table for fiscal year 2020 is presented below:

Provisions	December 31, 2020					
	Opening	Addition	Utilization	Reversal and changes of accounting estimates	Other	Closing
(€m)						
Employee benefit provisions	164.7	14.0	(3.6)	(0.0)	(1.9)	173.2
Restructuring charges	6.7	53.7	(34.0)	(0.4)	(1.3)	24.6
Technical site restoration	90.6	2.8	(4.2)	(0.4)	7.6	96.4
Litigation and other	347.5	30.2	(61.1)	(27.8)	9.3	298.1
Provisions	609.5	100.7	(102.8)	(28.7)	13.6	592.3
<i>Current</i>	<i>149.5</i>	<i>77.4</i>	<i>(89.0)</i>	<i>(25.0)</i>	<i>6.3</i>	<i>119.3</i>
<i>Non-current</i>	<i>460.0</i>	<i>23.2</i>	<i>(13.8)</i>	<i>(3.7)</i>	<i>7.3</i>	<i>473.0</i>

19. Other non-current liabilities

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

Other non-current liabilities	March 31, 2021	December 31, 2020
(€m)		
Licenses (a)	441.9	395.4
Other	14.6	20.5
Other non-current liabilities	456.4	415.9

(a) Concerns 2G and 5G licenses.

20. Fair value of the financial instruments

The following table presents the net carrying amount per category and the fair value of the Group's financial instruments at March 31, 2021 and December 31, 2020:

Fair values of assets and liabilities	March 31, 2021		December 31, 2020	
	Carrying value	Fair value	Carrying value	Fair value
(€m)				
Cash and cash equivalents	464.7	464.7	535.6	535.6
Derivatives	53.8	53.8	157.8	157.8
Other financial assets	259.6	259.6	216.7	216.7
Current assets	778.1	778.1	910.1	910.1
Derivatives	278.2	278.2	94.6	94.6
Call options on non-controlling interests	27.1	27.1	27.1	27.1
Other financial assets	2,082.0	2,082.0	1,978.6	1,978.6
Non-current assets	2,387.3	2,387.3	2,100.4	2,100.4
Short term borrowings and financial liabilities	534.9	534.9	393.7	393.7
Derivatives	38.9	38.9	460.7	460.7
Lease liabilities	681.7	681.7	732.5	732.5
Reverse factoring and securitisation	922.5	922.5	973.7	973.7
Accrued interest	4.6	4.6	3.8	3.8
Commercial paper	91.0	91.0	87.0	87.0
Other financial liabilities	52.2	52.2	55.6	55.6
Current liabilities	2,325.8	2,325.8	2,707.0	2,707.0
Long term borrowings and financial liabilities	21,831.7	22,421.8	21,279.0	22,001.5
Put options with non-controlling interests	68.2	68.2	68.2	68.2
Derivatives	1,157.9	1,157.9	1,248.7	1,248.7
Lease liabilities	2,801.8	2,801.8	2,971.7	2,971.7
Other financial liabilities	298.3	298.3	308.0	308.0
Non-current liabilities	26,158.0	26,748.1	25,875.5	26,598.0

During the three-month period ended March 31, 2021, 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 amortized cost, which corresponds to the estimated value of the financial liability when initially recognized, minus repayments of

principal, and plus or minus cumulative amortization, measured using the effective interest rate method.

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

As of March 31, 2021, no derivative was qualified for hedge accounting.

21. Related party transactions

Parties related to the Group include:

- All companies included in the consolidation scope, regardless of whether they are fully consolidated or equity associates;
- All entities which are ultimately owned by the Group's controlling shareholder;
- All the members of the Executive Committee of Altice France and companies in which they hold a directorship.

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

21.1. Associates and joint ventures

Associates and joint ventures, measured through equity, are presented in Note 10 – *Investments in associates and joint ventures*.

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

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

Associates and joint ventures	March 31,	December 31,
(€m)	2021	2020
Assets	697.5	575.3
Non-current assets	217.3	210.3
Current assets	480.2	365.0
Liabilities	168.7	132.0
Non-current liabilities	-	-
Current liabilities	168.7	132.0

Associates and joint ventures	March 31,	March 31,
(€m)	2021	2020
Revenue	219.9	212.1
Operating expenses	(26.8)	(13.6)
Financial income	3.6	0.3
Statement of income	196.7	198.9

21.2. Shareholders

As of March 31, 2021, the overview of these transactions are as follows:

Related parties transactions - shareholders	March 31,	December 31,
(€m)	2021	2020
Assets	2,478.6	2,379.5
Non-current financial assets (a)	1,753.7	1,653.6
Non-current operating assets (b)	401.9	429.1
Current financial assets (c)	257.6	208.5
Current operating assets	65.4	88.3
Liabilities	584.5	624.8
Non-current financial liabilities (d)	454.9	497.1
Current financial liabilities (e)	36.5	38.1
Operating liabilities	93.2	89.7

(a) Of which a loan to Altice Group Lux: €1,149.6 million as of March 31, 2021 (€1,049.6 million as of December 31, 2020) and a loan to Altice Luxembourg: €575.1 million (same amount as of December 31, 2020);

(b) Concerns mainly the transaction with SCI Quadrans;

(c) Of which receivables with Altice Group Lux: €42.8 million (€19.8 million as of December 31, 2020) and receivables with SportCoTV: €205.0 million (€185.0 million as of December 31, 2020);

(d) Concerns the transaction with SCI Quadrans: €386.2 million (€410.0 million as of December 31, 2020), a liability from Altice Group Lux: €40.0 million as of March 31, 2021 (same amount as of December 31, 2020) and a liability with Altice Luxembourg: €20.8 million as of March 31, 2021 (same amount as of December 31, 2020);

(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	March 31,	March 31,
(€m)	2021	2020
Operating income	1.5	16.1
Operating expenses	(76.4)	(64.5)
Financial income	57.0	7.2
Financial expenses	(4.7)	(164.1)
Net income (loss)	(22.6)	(205.2)

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

- Hot, Portugal Telecom: telecommunication services;
- SportCoTV (Altice Entertainment News and Sport in 2020): television royalties and content;
- Altice Luxembourg: management fees;
- SCI Quadrans: rental of real estate.

As of March 31, 2021, the significant change in the statement of income concern the increase in the net financial income related to intercompany swaps: €193.3 million.

The expenses include management fees from Altice Luxembourg for €8.7 million as of March 31, 2021 (€5.3 million as of March 31, 2020).

Investments made amount to €6.8 million as of March 31, 2021 (€17.5 million as of December 31, 2020).

22. Commitments and contractual obligations

During the three-month period ended March 31, 2021, there has been no significant change in the commitments and contractual obligations undertaken or received by the Group as described in the Altice France Group's 2020 annual consolidated financial statements.

23. Litigation

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

During the three-month period ended March 31, 2021, there has been no significant development in existing litigation or new litigation since the publication of the Altice France Group's 2020 annual consolidated 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.

Complaint against Orange to the Competition Authority regarding the market in mobile telephony services for businesses

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

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

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

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

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

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

On March 16, 2021, Orange and SFR reached an agreement to settle several open lawsuits (including the lawsuit mentioned above). As a consequence, SFR and certain affiliate companies have received an indemnity from Orange which was recorded as non-recurring income in the consolidated financial statements.

Other litigations

Furthermore, in the context of the on-going COVID-19 pandemic, most of planned audiences and legal procedures were postponed to a further date.

24. List of consolidated entities

Entity	Country	Group interest		Method ⁽¹⁾	
	Registered office	2021	2020	2021	2020
Altice France Holding SA	Luxembourg	100%	100%	Parent company	
Altice France SA	France	100%	100%	FC	FC
Altice B2B France SAS	France	100%	100%	FC	FC
Ariège Telecom SAS	France	100%	100%	FC	FC
Cap Connexion SAS	France	100%	100%	FC	FC
CID SA	France	100%	100%	FC	FC
Completel SAS	France	100%	100%	FC	FC
FOD SNC	France	100%	100%	FC	FC
Foncière Velizy SCI	France	100%	100%	FC	FC
Haut-Rhin Telecom SAS	France	100%	100%	FC	FC
Iris 64 SAS	France	100%	100%	FC	FC
LD Communications Italie Srl	Italy	100%	100%	FC	FC
LD Communications Suisse SA	Switzerland	100%	100%	FC	FC
MACS THD SAS	France	100%	100%	FC	FC
Medi@lys SAS	France	100%	100%	FC	FC
Numergy SAS	France	100%	100%	FC	FC
Numericable US LLC	USA	100%	100%	FC	FC
Numericable US SAS	France	100%	100%	FC	FC
Omer Telecom LTD	United Kingdom	100%	100%	FC	FC
Opalys Telecom SAS	France	100%	100%	FC	FC
Pays Voironnais Network SAS	France	100%	100%	FC	FC
Rennes Métropole Telecom SAS	France	100%	100%	FC	FC
Rimbaud Gestion B SCI	France	100%	100%	FC	FC
Sequalum Participation SAS	France	100%	100%	FC	FC
Sequalum SAS	France	100%	100%	FC	FC
SFCM SA	France	100%	100%	FC	FC
SFR Business Distribution SA	France	100%	100%	FC	FC

Altice France Holding S.A. - Consolidated Financial Statements - March 31, 2021

Entity	Country	Group interest		Method ⁽¹⁾	
	Registered office	2021	2020	2021	2020
SFR Développement SAS	France	100%	100%	FC	FC
SFR Distribution SA	France	100%	100%	FC	FC
SFR Fibre SAS	France	100%	100%	FC	FC
SFR Participation	France	100%	100%	FC	FC
SFR Presse Distribution SAS	France	100%	100%	FC	FC
SFR SA	France	100%	100%	FC	FC
SHD SA	France	100%	100%	FC	FC
SNC Les Manguiers	France	100%	100%	FC	FC
SRR SCS	France	100%	100%	FC	FC
Teloise SAS	France	100%	100%	FC	FC
TME France SA	France	100%	100%	FC	FC
Ypso France SAS	France	100%	100%	FC	FC
Alsace Connexia SAS	France	70%	70%	FC	FC
Manche Telecom SAS	France	70%	70%	FC	FC
Moselle Telecom SAS	France	69%	69%	FC	FC
Inolia SA	France	60%	60%	FC	FC
Synerail Exploitation SAS	France	60%	60%	FC	FC
Irisé SAS	France	59%	59%	FC	FC
Moselle Telecom Part. SAS	France	56%	56%	FC	FC
Comstell SAS	France	50%	50%	FC	FC
Foncière Rimbaud 1 SAS	France	50%	50%	EM	EM
Foncière Rimbaud 2 SAS	France	50%	50%	EM	EM
Foncière Rimbaud 3 SAS	France	50%	50%	EM	EM
Foncière Rimbaud 4 SAS	France	50%	50%	EM	EM
Hivory SAS	France	50%	50%	FC	FC
Infracos SAS	France	50%	50%	JO	JO
XpFibre Holding SAS (ex SFR FTTH Network Holding SAS)	France	50%	50%	EM	EM
La Poste Telecom SAS	France	49%	49%	EM	EM
Synerail Construction SAS	France	40%	40%	EM	EM
Fischer Telecom SAS	France	34%	34%	EM	EM
Synerail SAS	France	30%	30%	EM	EM
Sud Partner SARL	France	24%	24%	EM	EM
Sofialys SAS	France	24%	24%	EM	EM
Altice Customer Services S.à r.l	Luxembourg	65%	65%	FC	FC
ATEXO SA	Morocco	65%	65%	FC	FC
Emashore SA	Morocco	65%	65%	FC	FC
Inovendys SA	Morocco	65%	65%	FC	FC
Intelcia Cote d'Ivoire SAS	Ivory Coast	65%	65%	FC	FC
Intelcia France SAS	France	65%	65%	FC	FC
Intelcia Group SA	Morocco	65%	65%	FC	FC
Intelcia IT Solutions S.A.	Morocco	65%	65%	FC	FC
Intelcia Management International SARL	Morocco	65%	65%	FC	FC
Intelcia Maroc Inshore SA	Morocco	65%	65%	FC	FC
Intelcia Maroc Offshore SA	Morocco	65%	65%	FC	FC
Intelcia Maroc SA	Morocco	65%	65%	FC	FC
Intelcia Portugal SARL	Portugal	65%	65%	FC	FC
Intelcia Sénégal SAS	Senegal	65%	65%	FC	FC
IT Rabat SARL	Morocco	65%	65%	FC	FC
MeilleurTX Maroc SA	Morocco	65%	65%	FC	FC
SFR Business Solutions Morocco SA	Morocco	65%	65%	FC	FC
Smartshore SARL	Morocco	65%	65%	FC	FC
The Marketing Group SAS	France	65%	65%	FC	FC
TMG Succ	Morocco	65%	65%	FC	FC
Intelcia Cameroun SA	Cameroon	46%	46%	FC	FC
ATS France SARL	Luxembourg	100%	100%	FC	FC
ERT Holding SAS	France	100%	100%	FC	FC
ERT Luxembourg SA	Luxembourg	100%	100%	FC	FC

Altice France Holding S.A. - Consolidated Financial Statements - March 31, 2021

Entity	Country	Group interest		Method ⁽¹⁾	
	Registered office	2021	2020	2021	2020
ERT Technologies SAS	France	100%	100%	FC	FC
ICART SAS	France	100%	100%	FC	FC
TRC Belgium SPRL	Belgium	100%	100%	FC	FC
ERT Mobile SAS (2)	France	100%	-	FC	-
Rhôn*Telecom SAS	France	90%	90%	FC	FC
Eos Telecom SAS	France	70%	70%	FC	FC
Sudtel France SAS	France	70%	70%	FC	FC
Keos Telecom SAS	France	60%	60%	FC	FC
Azurconnect Technologies S.à r.l.	France	51%	51%	FC	FC
Altice Blue Two SAS	France	100%	100%	FC	FC
City Call Ltd	Mauritius	100%	100%	FC	FC
Intelcia (Maurice) Ltee	Mauritius	100%	100%	FC	FC
Intelcia Madagascar SA	Madagascar	100%	100%	FC	FC
Martinique TV Câble SAS	France	100%	100%	FC	FC
Outremer Telecom SAS	France	100%	100%	FC	FC
World Satellite Guadeloupe SAS	France	100%	100%	FC	FC
Altice Content Luxembourg SA	Luxembourg	100%	100%	FC	FC
BFM Business TV SASU	France	100%	100%	FC	FC
BFM Lyon Métropole SA	France	95%	95%	FC	FC
BFM Paris SASU	France	100%	100%	FC	FC
BFM Publicité SASU	France	100%	100%	FC	FC
BFM Radio SASU	France	100%	100%	FC	FC
BFM Régions SAS	France	100%	100%	FC	FC
BFM TV SASU	France	100%	100%	FC	FC
Business FM SASU	France	100%	100%	FC	FC
Diversité TV France SAS	France	100%	100%	FC	FC
Groupe News Participations SAS	France	100%	100%	FC	FC
Groupe Tests Holding SASU	France	100%	100%	FC	FC
Le Studio Next SASU	France	100%	100%	FC	FC
MCS SA	France	100%	100%	FC	FC
Media Consumer Group SA	France	100%	100%	FC	FC
Newco B SASU	France	100%	100%	FC	FC
Newco E SASU	France	100%	100%	FC	FC
Altice Media Ads & Connect SASU (ex. Next Media Solutions SASU)	France	100%	100%	FC	FC
NextInteractive SASU	France	100%	100%	FC	FC
NEXTPROD SAS	France	100%	100%	FC	FC
NextRadioTV SA	France	100%	100%	FC	FC
RMC Découverte SAS	France	100%	100%	FC	FC
RMC Films SAS (2)	France	100%	-	FC	-
RMC Production SAS (ex. T2MP SAS)	France	100%	100%	FC	FC
RMC SA Monégasque	France	100%	100%	FC	FC
RMC Sport News SASU	France	100%	100%	FC	FC
RMC Sport SASU	France	100%	100%	FC	FC
SFR Presse SAS	France	100%	100%	FC	FC
WMC SAS	France	100%	100%	FC	FC

(1) FC = Full Consolidation; EM = Equity Method; JO = Joint operation;

(2) Entry in consolidation scope in 2021.

25. Subsequent events

Issuance of new 2029 Euro and USD Notes

On April 27, 2021, the Group issued €400 million and \$2,500 million Senior Secured Notes falling due in 2029. The Euro notes pay a coupon of 4% and fall due in 2029, while the USD notes pay a coupon of 5.25%.

On May 04, 2021, the Group used the proceeds from new debt issuance to repay a portion of its \$5,290 million 2026 Senior Secured Notes.

As part of the refinancing, the Group also redeemed a portion of its existing swaps following a decrease in the amount of its USD debt. The Group obtained \$369.3 million in principal in exchange for a payment of €305.8 million.

Agreement to acquire Afone Participations

On May 18, 2021, Altice France announced it has signed an agreement to acquire a 100% stake in the MVNO Afone Participations which itself holds 50% of the “RégloMobile business” (with the other 50% owned by the Leclerc group). Following this transaction, Altice France will become a partner of the Leclerc Group, reinforce its mobile customer base by 770k new consumers and benefit from Leclerc’s distribution network.

This acquisition is subject to the approval of the French Competition Authority.